

RWE Aktiengesellschaft
Essen

Financial Statements as of 31 December 2010
and Review of Operations for Fiscal 2010

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1.0 REVIEW OF OPERATIONS

WHAT YOU CAN MEASURE OUR SUCCESS BY.

EBITDA

- ✓ **Forecast for 2010:** Increase of 5% to 10%
 - 2010 actual:** Increase of 12% to €10.3 billion
 - Forecast for 2011:** Decrease of about 15%
-

OPERATING RESULT

- ✓ **Forecast for 2010:** Increase of about 5%
 - 2010 actual:** Increase of 8% to €7.7 billion
 - Forecast for 2011:** Decrease of about 20%
-

RECURRENT NET INCOME

- ✓ **Forecast for 2010:** Increase of about 5%
 - 2010 actual:** Increase of 6% to €3.8 billion
 - Forecast for 2011:** Decrease of about 30%
-

DIVIDEND

- ✓ **Forecast for 2010:** Payout ratio of 50% to 60% of recurrent net income
 - 2010 actual:** Payout ratio of 50%
(proposed dividend: €3.50 per share)
 - Forecast for 2011:** Payout ratio of 50% to 60% of recurrent net income
-

EFFICIENCY ENHANCEMENT

- ✓ **Forecast for 2010:** €700 million compared to 2006
- 2010 actual:** €700 million compared to 2006
- Forecast for 2011:** €900 million compared to 2006

1.1 STRATEGY AND STRUCTURE

RWE ranks among Europe's five leading electricity and gas companies. We want to strengthen this position. However, the market environment is likely to remain difficult. Competition is becoming fiercer, and the demands placed by customers on our service levels and product offerings are rising. Furthermore, regulatory intervention is changing established business models. At the same time, we are witnessing low prices on the electricity and gas wholesale markets. We are tackling these challenges by developing innovative products and services and continuing to invest in environmentally friendly energy supplies for the future.

Major challenges for power utilities. Energy supply requires a long-term business model. Investments in power plants, networks as well as oil and gas production are usually planned for decades in advance – not just for years. Therefore, our strategy builds on fundamental trends. However, Europe's energy markets are undergoing change, which requires utilities to adapt their business models. This change is characterised by:

- the European Union's ambitious goals to reduce greenhouse gas emissions, which cause CO₂-intensive generation technologies to be increasingly replaced by methods that are more gentle on the climate;
- a persistently substantial need for investment in energy infrastructure, especially to convert the generation portfolio to accommodate more renewables and the ensuing need to modernise and expand network infrastructure;
- the increasing need for flexible power plant deployment, triggered by the expansion of renewable generation and its strongly fluctuating electricity feed-ins;
- the convergence of regional markets resulting from increasing international trading and the expansion of cross-border transmission capacity;
- the mounting political influence exerted on the supply structure and price formation on energy markets and the general public's ever more frequent resistance to infrastructure projects such as the construction of power plants, networks and CO₂ storage facilities; and
- unexpected structural rifts in the markets, e.g. the decoupling witnessed since 2009 of wholesale gas prices from those established in oil-indexed gas purchasing agreements.

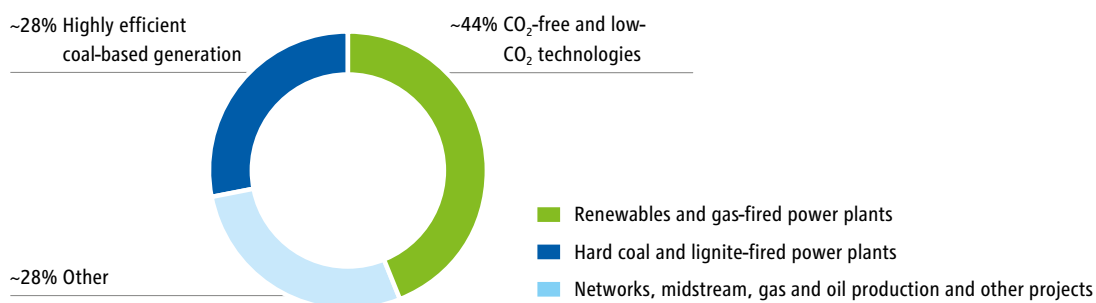
Covering all stages of the value chain creates stability. This challenging environment provides new opportunities for powerful and broadly positioned market players. We recognised the aforementioned challenges early on. The cornerstone of our current and future success is our strong, integrated business model, which adds substantial value. We cover all of the major stages of the energy value chain. In the field of electricity, we are not simply a generator, but a trader, network operator and sales company as well. We are also active at all value-creation stages in the gas sector, from the well to the end customer. Thanks to this structure, we can flexibly offset market fluctuations in individual areas.

Climate protection is the centrepiece of our strategy. We can only be successful in the long run if we manage to provide affordable, safe and environmentally friendly energy. Lowering carbon dioxide emissions is among our prime strategic targets. It provides the direction for the modernisation and expansion of our generation portfolio. Furthermore, by spending heavily on networks and pipelines, we are making a contribution to ensuring the reliable supply of electricity and gas. Another pillar of our strategy is the expansion of our gas and oil production. In addition, we want to give our activities a stronger regional diversification. The following guidelines will determine our action in the next few years:

- **Improving our CO₂ emissions balance:** Our current new-build power plant programme, which is in the last third of its implementation phase, will make a substantial contribution to reducing our carbon footprint. However, this will not be the end of the transformation of our power plant portfolio. In the long run, we are considering supplementing our generation base with additional state-of-the-art combined-cycle gas turbine power stations, as their ability to rapidly vary their load factor ideally complements renewable energy. The decision to extend the lifetimes of German nuclear power plants helps us cut down on CO₂. Our medium-term reduction target orientates itself towards the average carbon emissions per megawatt hour (MWh) of generated electricity. Our goal is to use physical and financial measures to lower our CO₂ intensity to the average level of the competition in our markets no later than 2020. Our assumption is that the customary emission factor in these markets will be roughly 0.45 metric tons of CO₂ per MWh in 2020. By comparison, RWE emitted 0.73 metric tons per MWh in the financial year that just ended (2009: 0.80 metric tons per MWh).
- **Value-added growth by expanding our renewable energy business:** RWE Innogy wants to enlarge its renewable electricity generation base substantially. The aim is to have 4.5 gigawatts (GW) under construction or in operation by 2014. Due to reductions in capital expenditure and project delays, we will not be able to achieve this goal as early as 2012, which was our original plan. The majority of the funds are earmarked for onshore and offshore wind projects. We are also investing in the production of electricity and heat from biomass and are investigating the construction of new hydroelectric power plants. In addition, we are active in the field of solar thermal power, albeit only on a small scale.
- **Strengthening of our upstream position:** We want our annual gas and oil production to reach about 70 million barrels of oil equivalent by 2016. As a result, we would produce more than twice as much gas and oil as in the financial year just ended. We had originally sought to achieve this target as early as 2015, but we are not progressing as quickly as anticipated at the outset, mainly due to reductions in capital expenditure and delays in approval procedures.
- **Stronger international diversification:** In view of mounting location-related risks, it is becoming increasingly important to give our company a large regional footprint. Over two thirds of our growth investments are already being made abroad. In 2010, the share of the operating result achieved by our activities outside Germany amounted to about a quarter. We aim to increase it significantly over the medium term.

From strategy to implementation: the largest investment programme in RWE's history. A main building block of our strategy is capital expenditure on power plants and networks. In the financial year that just ended, we commissioned two state-of-the-art gas-fired power stations, an 876 MW facility in Lingen (Germany) and a 1,650 MW plant at Staythorpe (UK). By the middle of 2014, we want to have commissioned about 12 GW in new capacity, with more than half of this being based on CO₂-free and low-CO₂ technologies. We largely finance our capital expenditure with the earnings of our generation and network activities. However, from 2011 onwards, we expect to experience substantial earnings shortfalls due to the introduction of the nuclear fuel tax in Germany. Persistently low prices of electricity and gas on the wholesale markets will also curtail our earnings. This forces us to cut spending. We originally envisaged investing a total of €28 billion in property, plant and equipment from 2010 to 2013. Now we plan to achieve a target of about €25 billion for that period, which equates to approximately €18 billion from 2011 to 2013. Nevertheless, our capital expenditure programme is still by far the biggest in RWE's history.

Some €12 billion of the €18 billion in capital expenditure on property, plant and equipment between 2011 and 2013 is earmarked for growth and replacement investments, of which:



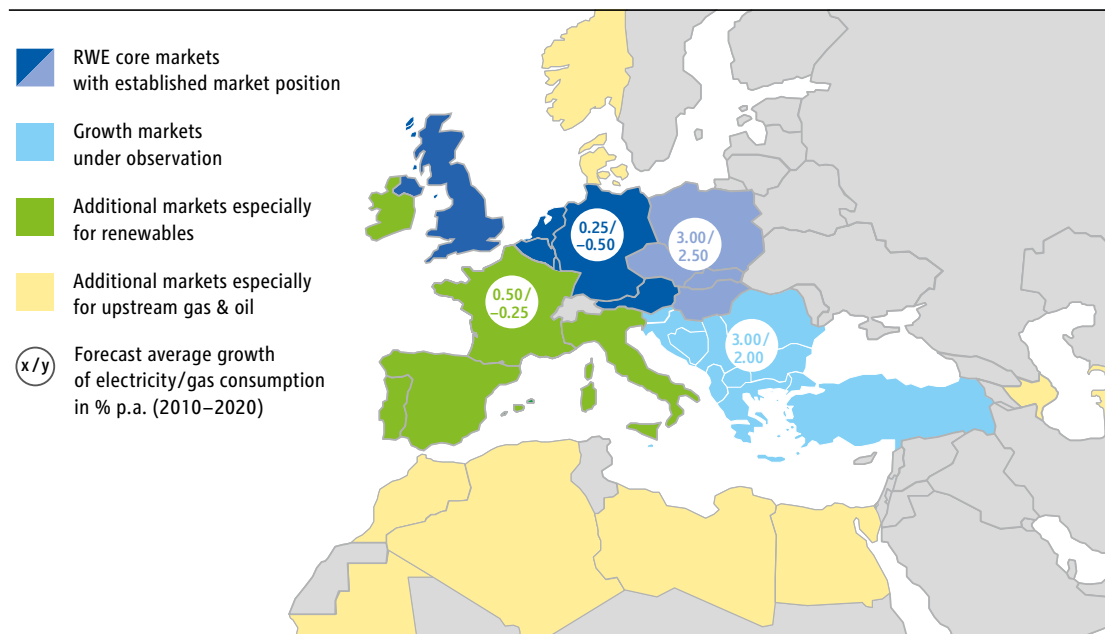
In addition to power plants and networks, our investment activity also centres on the expansion of our gas and oil production. More than €3 billion has been set aside for this for the period from 2011 to 2013. Our investment in the gas business is also earmarked for the construction of new storage and transmission pipelines. One example of this is the Nabucco pipeline, which will give European customers access to new gas sources in the Caspian region and the Middle East via a new route. We are also on course for expansion in activities relating to the transport of liquefied natural gas (LNG).

Above and beyond this, energy efficiency is becoming more important for us. Thanks to the innovative products and services of RWE Effizienz GmbH for households, corporate customers and municipal facilities, we are setting standards in this field.

Organic growth takes centre stage for us. However, this does not mean that we rule out minor acquisitions which complement our portfolio. We believe that Central Eastern and South Eastern Europe, including Turkey, provide particular opportunities.

We measure all investment projects by whether they help us achieve the aforementioned goals. The key financial yardstick is the internal rate of return (IRR), which must at least match the cost of capital, plus a return premium. The latter reflects the risk profile of the division and country in question. We increased this premium significantly in 2010. As a result, some projects no longer achieve the required return and will therefore be discontinued. Besides saving funds, this frees up room for more attractive projects.

Europe remains our market. The regional focus of our activities is and will remain Europe. Among our core markets are Germany, the United Kingdom, the Benelux countries as well as Central Eastern and South Eastern Europe. These markets are relatively stable, despite the heightened political risks. In particular, the Central Eastern European countries and Turkey distinguish themselves through good growth prospects. Due to the need of these countries to bridge the gap to the rest of Europe, their energy consumption will rise more than the European average. At the same time, there will be a substantial need for investment due to the outdated energy infrastructure. The markets of North Western Europe continue to be attractive for us, although they still harbour weak growth potential in terms of electricity and gas consumption. Energy utilities can set themselves apart in these markets by offering intelligent solutions for increased climate protection and energy efficiency as well as through tailor-made products and services. We intend to establish the prerequisites for this on the strength of our record investment programme, thus further improving our market share in the face of increasingly fierce competition.



As illustrated by the chart on page 55, our activities go beyond our core regions, particularly in our upstream business. We produce gas and oil not only in Europe, but also in North Africa. In addition, we launched an upstream project in the Caspian region and are looking into projects in other areas around the world. We have also widened our regional focus in the expansion of renewable energy. In this respect, our growth strategy includes countries such as France, Spain and Italy. It is natural for certain activities to take place outside our core markets, for instance climate protection measures within the scope of the Kyoto Clean Development Mechanism and Joint Implementation schemes. The same applies to our LNG business. In addition, energy trading is becoming increasingly global. This is a growing field of activity for us in Asia and North America.

In our core markets, we command a leading position in terms of sales volume with at least one of our main products, namely electricity and gas. This is also what we strive for when entering new markets.

Market positions of the RWE Group in terms of sales	Electricity	Gas
Germany	No. 1	No. 3
United Kingdom	No. 4	No. 4
Netherlands	No. 2	No. 1
Central Eastern and South Eastern Europe	No. 2 in Hungary No. 3 in Slovakia Presence in the Czech Republic No. 6 in Poland Presence in Turkey	Leading position in Hungary No. 2 in Slovakia No. 1 in the Czech Republic – –
Total Europe	No. 3	No. 6

Efficient structure and business management. Our organisation is the platform with which we achieve our goals, so it must adapt itself to new market conditions and strategic guidelines. We constantly work on making our Group's structure more efficient. We also set the stage in some important respects in 2010. For example, we pooled the German sales and distribution network businesses in the new RWE Deutschland AG (formerly RWE Rheinland Westfalen Netz AG). Our activities in Central Eastern Europe and Turkey were also reorganised. Our operations in that region now report to the newly established RWE East, s.r.o., headquartered in Prague (Czech Republic). The aforementioned reorganisation measures entered into force on 1 January 2011. More detailed information can be found on page 69 of this report.

Value-oriented growth: our internal control instrument. RWE's central control instrument is value added. This is how we embed our goal of adding value over the long term in the Group's and the divisions' management processes. Value added is the return on capital employed, minus the cost of capital. In addition to other individually agreed targets, this added value is also the yardstick for the performance-linked compensation of our executives and salaried staff. Details on RWE's value management are described on pages 90 et seq. and 231 et seq.

1.2 ECONOMIC ENVIRONMENT

The business cycle picked up again following 2009, the year of the crisis. Germany's economy expanded by 3.6%, posting especially strong growth. Signs of recovery can also be seen on the energy markets. During periods of the year, electricity and gas consumption displayed more dynamic development than predicted. Energy fuels such as oil and hard coal became much more expensive. Conversely, wholesale electricity prices have so far failed to reflect this upturn.

World economy gets back on track for growth. Based on data currently available and in-house estimates, last year's global economic output was 4% higher than in 2009. The upswing was led by the emerging economies of China and India, with both countries posting growth of approximately 10%. In contrast, the gain recorded by the Eurozone was relatively modest at 1.7%. In this region, the revitalisation came primarily from exports, whereas the financial crisis faced by some member states and declining investments in construction slowed growth. Driven by industrial production, capacity utilisation has also risen. However, it still remains much lower than before the recession.

In Germany, 2010 real gross domestic product (GDP) was an estimated 3.6% up year on year. Our main market is thus among the most dynamic economies in the Eurozone. The basis for this was exports, traditionally the engine of Germany's economy, which nearly matched the pre-crisis level. A contribution to growth was also made by expenditure on equipment and consumer spending.

Growth rates experienced in the Netherlands and Belgium were much lower. According to our estimates, they amounted to 1.7% and 2%, respectively. Again, exports were instrumental in achieving the upturn.

In contrast, the UK economy is much more dependent on domestic consumption, which is significantly affected by developments on the real-estate market. The UK property market experienced a crisis in 2008 and 2009, which considerably eroded the assets of many households. In the interim, property prices have recovered. This and higher discretionary income were the determinants of a significant revitalisation in consumer spending, which was still on the decline in 2009. GDP rose by an estimated 1.4% in 2010.

In our Central Eastern European markets, Slovakia and Poland posted the strongest growth, each expanding by 3.7%. Slovakia, which joined the European Monetary Union in 2009, benefited from the euro's intermittent weakness and the ensuing drop in export prices. Poland is one of the EU countries that were least affected by the recession. Thanks to robust domestic demand, the country's GDP even advanced in 2009, the year of the crisis. In 2010, the Czech Republic posted 2.3% growth. In Hungary, measures taken to consolidate the state finances slowed economic activity. This is one of the reasons GDP was only up an estimated 1.1%.

Low temperature, low wind levels. Whereas the economic trend is primarily reflected in demand for energy among industrial enterprises, residential energy consumption is significantly influenced by weather conditions. In our European core markets, 2010 temperatures were much lower than a year earlier. In Germany, they hit their lowest level since 1996. The month of December was exceptionally cold. Besides energy usage, electricity supply is also subject to weather-related influences, especially with respect to wind turbines and solar panels. In Germany, the United Kingdom and the Netherlands, wind levels were the weakest since 2003. Consequently, use of wind power capacity was low. In Spain, however, wind levels were higher than the long-term average.

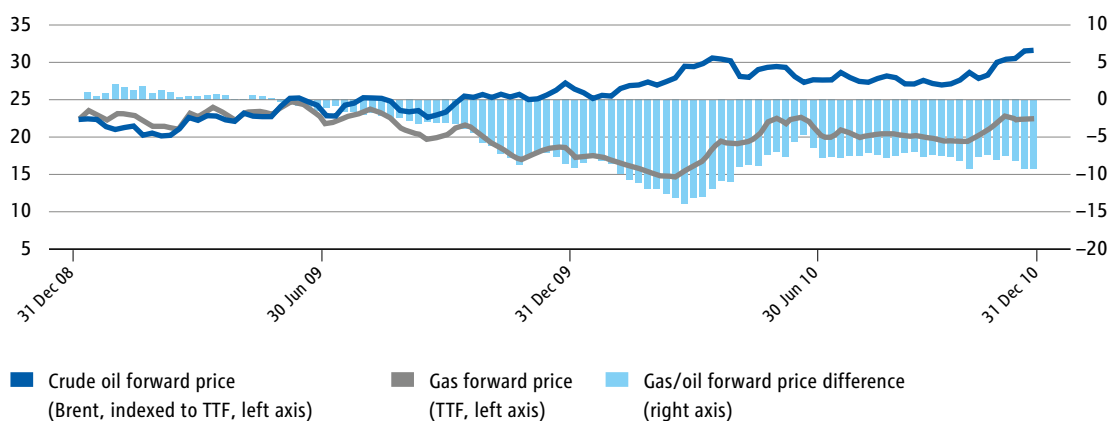
Cold weather and strong industrial activity stimulate energy consumption. The economic recovery and cold weather revitalised demand for energy in our core markets. Electricity usage increased significantly in some cases, but was unable to reach the level witnessed before the recession. In Germany, based on available data, nearly 4% more electricity was used than in 2009. Production growth in energy-intensive industries played a major part in this. Demand for electricity is also likely to have risen in the Netherlands, if only to a marginal extent. Based on current information, the United Kingdom recorded a gain of 1.7%. The growth rates we estimated for our Central Eastern European markets are relatively high. Slovakia leads the way with 5%, followed by the Czech Republic and Poland, each with 4%, and Hungary with 2.7%. Developments in gas consumption were even more dynamic. Gas usage probably increased by 5% in Germany, 7% in the Czech Republic, 8% in Hungary, and 9% in the United Kingdom. According to initial estimates, the Netherlands recorded 15% growth.

Price recovery on crude oil markets. Despite the improved macroeconomic prospects, prices on fuel markets are still far below the level just before the financial and economic crises. However, they have recovered somewhat compared to 2009. This holds true especially for crude oil quotations. A barrel of Brent crude traded at an average of US\$79, which was much more expensive than the previous year (US\$62). Asia's fast-growing economies made a substantial contribution to this due to their strong demand. The price trend also reflected the general expectation of a cyclically-induced rise in crude oil consumption.

End-customer gas prices down year on year. As a large share of gas imports to Continental Europe is based on long-term agreements linked to the price of oil, developments on the oil market also influence the price of gas. However, this typically occurs with a time lag of several months. In addition to the oil-indexed supply contracts, short-term trades of freely available quantities also increasingly determine the situation on gas markets. Oil does not have a direct impact on the formation of prices for these transactions. Major trading hubs are the National Balancing Point (NBP) in the United Kingdom and the Title Transfer Facility (TTF) in the Netherlands. Since 2009, prices on these markets have been far below those in oil-indexed contracts. In the meantime, some of these contracts have been revised. Certain contingents are no longer indexed to oil and are instead priced on the basis of

wholesale spot prices. This was one of the reasons why prices for gas imports to Germany declined slightly, despite higher oil quotations.

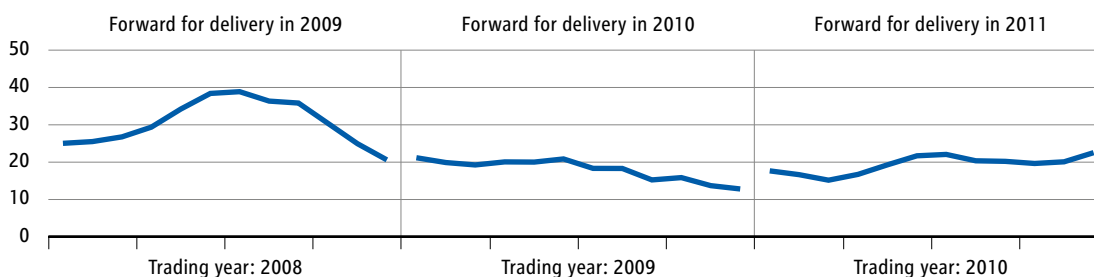
Crude oil (Brent) and gas (TTF wholesale market) forward prices for 2011
 €/MWh (average weekly figures)



Source: RWE Supply & Trading.

Prices also fell in the German end-customer business, by 9% for households and by 7% for industrial enterprises. Gas also became much cheaper outside Germany. In the Czech Republic, the aforementioned customer groups paid 5% and 4% less, respectively. The drops amounted to 7% and 4% in the United Kingdom and 9% and 6% in the Netherlands. Hungary witnessed opposite developments. Gas bills for households in that country were marginally higher, and those for industrial operations were up as much as 20%. The situation in gas forward trading was as follows: supply contracts for the coming calendar year (2011 forward) were settled for an average of €19 per MWh on the TTF wholesale market. This is €1 more than what had to be paid for the 2010 forward in 2009.

One-year forward prices on the TTF gas wholesale market
 €/MWh (average monthly figures)

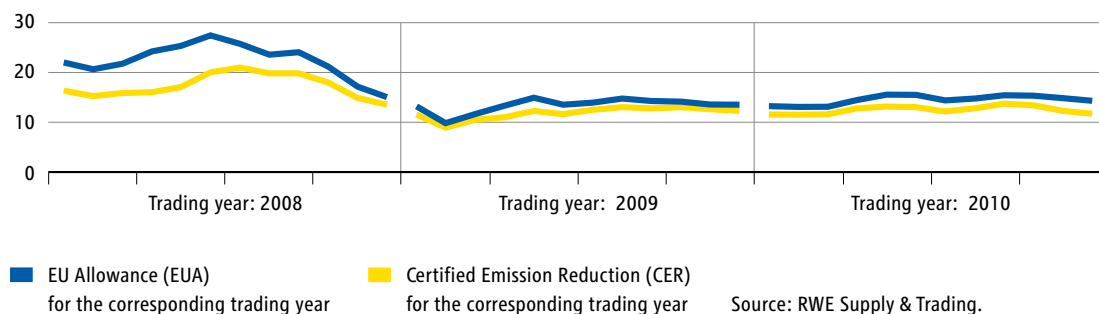


Source: RWE Supply & Trading.

Hard coal prices markedly higher than in 2009. In 2010, prices of thermal coal on international markets returned to levels far above those witnessed during the recession. Similar to crude oil, stimulus was particularly provided by Asia’s high demand. A metric ton cost an average of US\$93 (including freight and insurance) in Rotterdam spot trading, 31% up on 2009 and as much as 38% up in euro terms. Sea freight rates are a major component of hard coal quotations. The standard route from South Africa to Rotterdam cost an average of US\$12.50 per metric ton, which was slightly less than the year-earlier level (US\$13.50). Demand for sea cargo has increased considerably as of late, but shipping capacity has also risen. The price of hard coal produced in Germany is determined by the German Federal Office of Economics and Export Control (BAFA). The Office orientates itself towards quotations for imported hard coal. Therefore, the BAFA price follows developments on international markets, albeit with a certain time lag. No average figure was available for 2010 when this report went to print, but experts estimate it to be €85 per metric ton of hard coal unit. This would be €6 more than in the preceding year.

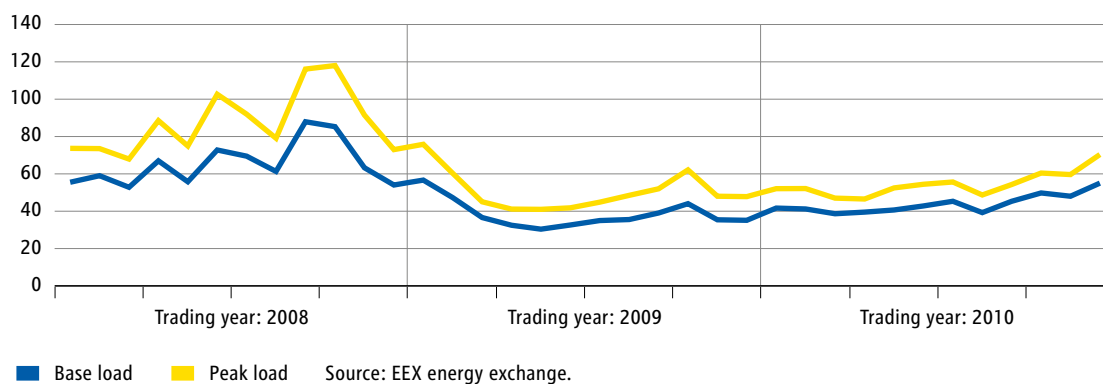
Price stability in CO₂ emissions trading. The reinvigorated industrial business cycle only made a small impression on European trading of CO₂ emission allowances (referred to as EU Allowances – EUAs). EUAs for 2010 were quoted at an average of €14.50 per metric ton of CO₂ in the year under review, which was slightly more than the price paid for 2009 certificates a year earlier (€13.40). European companies may cover domestic emissions up to a predetermined level by submitting Certified Emission Reductions (CERs) obtained through projects within the scope of the Clean Development Mechanism (CDM) created by the Kyoto Protocol. These are credits earned from emission-reduction measures taken in developing and newly industrialising countries. CERs have been quoted at €1 to €3 below the price of EUAs for quite some time. Last year, certificates for 2010 traded at an average of €12.40. The comparable figure for 2009 was €11.80.

CO₂ certificate prices in the European emissions trading system
 €/metric ton of CO₂ (average monthly figures)

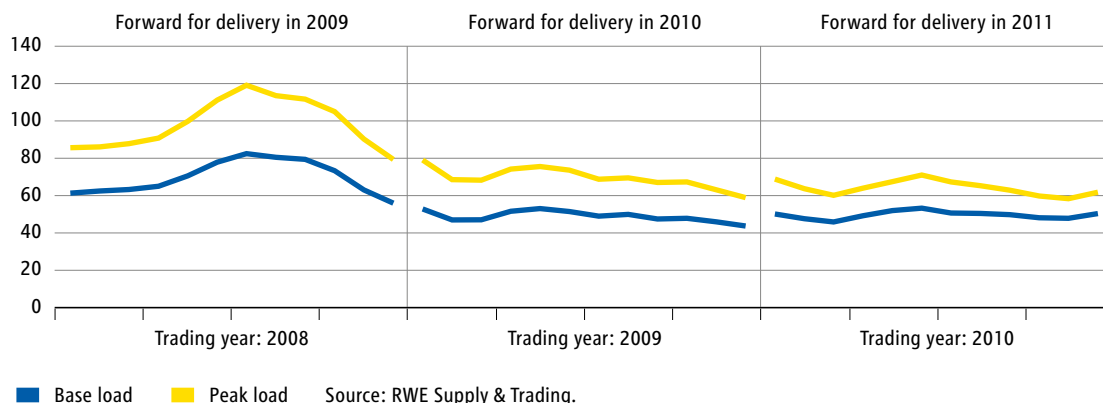


Still no upturn in electricity prices. The rise in fuel prices was barely reflected in the price of electricity. Only at the end of 2010 did quotations pick up slightly. In German spot trading on the European Energy Exchange (EEX), base-load power sold for an average of €44 per MWh, while peak-load electricity was settled for €55 per MWh. In 2009, these figures amounted to €39 per MWh and €51 per MWh, respectively. In German forward trading, contracts for the following calendar year (2011 forward) averaged €50 for base-load power, which was slightly more expensive than the 2010 forward a year earlier (€49). Peak-load power actually became cheaper, dropping in price from €70 per MWh to €65 per MWh. The fact that electricity forward prices are persistently low despite higher fuel costs is partly due to the unexpected significant expansion of renewables with photovoltaics leading the way. Based on information from the German environment ministry, total installed solar capacity rose by over 7 GW to approximately 17 GW. Solar panels largely feed electricity into the system during peak periods. This decreased the deployment potential primarily of hard coal and gas-fired power stations. Moreover, the rise in solar power feed-ins contributed to reducing the gap between peak-load and base-load quotations.

Wholesale electricity spot prices in Germany
€/MWh (average monthly figures)



One-year forward wholesale electricity prices in Germany
€/MWh (average monthly figures)

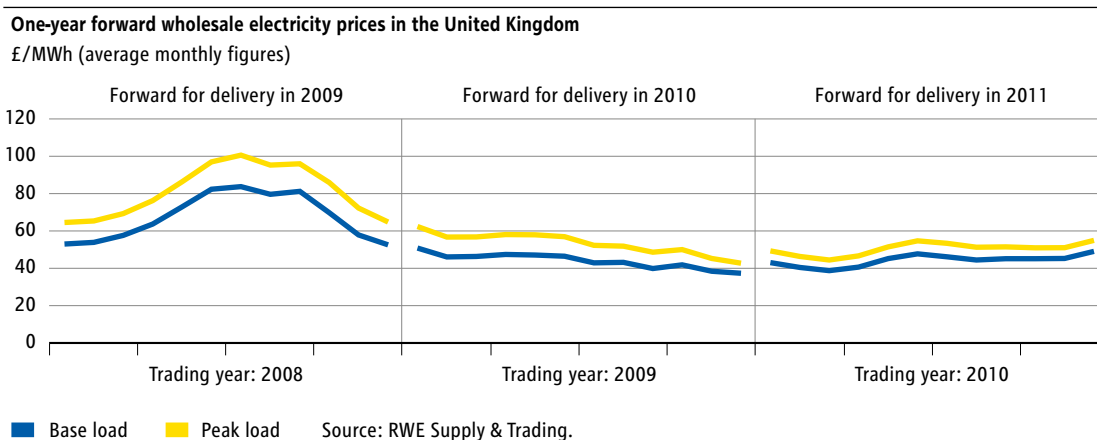
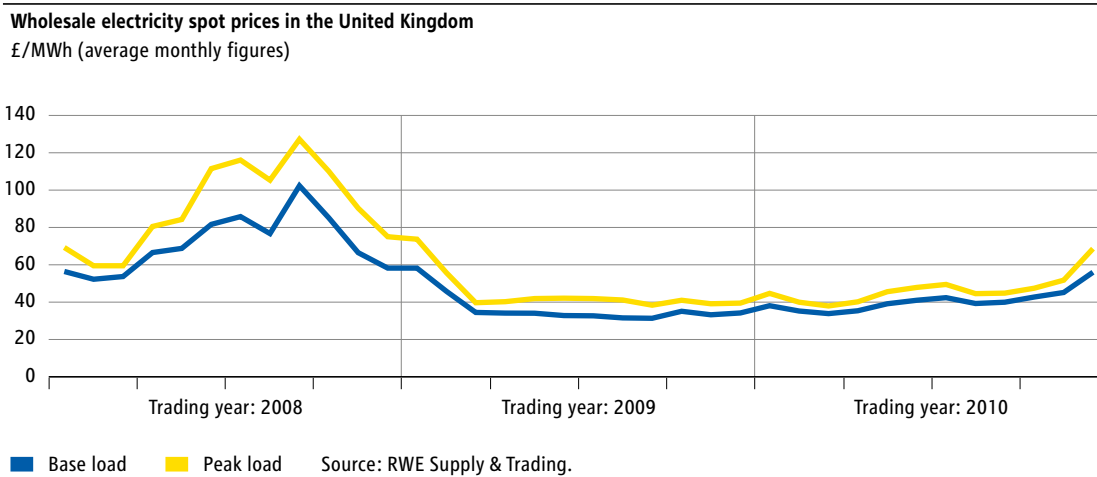


We sell forward nearly all of the output of our power plants in order to reduce volume and price risks. Therefore, current electricity prices only had a minor impact on our income in the period under review. What is much more decisive is the price at which we concluded contracts for delivery in 2010 in preceding years. Since some of the sales were concluded during the energy market boom, the prices fetched were far above present levels. Our 2010 German generation sold for an average of €67 per MWh. The corresponding figure for our 2009 production was €70 per MWh.

When concluding electricity forward sales, we usually procure fuel or secure the price of fuel and CO₂ emission allowances required for the generation at the same time as signing the supply agreement. First and foremost, this applies to our hard coal and gas-fired power plants. The earnings of these power stations are predominantly influenced by so-called clean dark spreads (hard coal) and clean spark spreads (gas). These are calculated by deducting the cost of the respective fuel used and of emission allowances from the price of electricity. Since we purchased hard coal and CO₂ certificates on the forward market for 2010 at prices that were lower than for 2009, the spreads we realised actually improved somewhat. Conversely, the cost of fuel used by our lignite-fired and nuclear power plants is much more stable. Therefore, spreads usually trend in the same direction as electricity prices.

Changes in wholesale power prices generally affect the German end-customer business with a time lag, because sales companies buy electricity mostly in advance. Their procurement costs for 2010 were therefore still influenced by wholesale prices in preceding years. Levies included in power bills in accordance with the German Renewable Energy Act (REA) rose significantly, as increasing amounts of electricity are being fed into the grid due to the progressive expansion of wind, biomass and – above all – solar generation capacity. Electricity tariffs charged to households and small commercial enterprises were an average of about 3% higher than in 2009. Prices paid by industrial companies were up about 1%. The marked rise in REA levies will make electricity more expensive in 2011 as well. For example, RWE Vertrieb, our largest German sales company, raised its basic tariff by 3.6% as of 1 January 2011, meaning it is passing through only part of the additional burden from the REA.

In the UK, our second-largest electricity market, developments were as follows: contracts in spot trading cost an average of £41 per MWh (€48) for base-load power, £4 above the level in 2009. They increased in price from £45 per MWh to £47 per MWh (€55) for peak-load electricity. The 2011 forward was settled for £45 per MWh (€52) of base-load power, which was marginally more than was paid for the 2010 forward in the year-earlier period. In contrast, drawing the same comparison, peak-load power dropped in price from £53 per MWh to £51 per MWh (€59).



RWE sells forward most of its UK electricity production, similar to the policy it pursues in Germany. As our UK generation portfolio largely consists of hard coal and gas-fired power plants, the earnings trend was significantly influenced by realised clean dark spreads and clean spark spreads. The former were much smaller, and the latter slightly bigger than in 2009. The spreads on short-term spot market transactions achievable by operators of hard coal and gas-fired power plants remain small. These power plants, which are largely mid-merit and peak-load facilities, are especially hard hit by the fact that demand for electricity remains low due to the economic situation.

All major UK energy suppliers lowered their electricity tariffs for customers in the last two years, some of them repeatedly. Prices were on average 3% lower year on year for households and small commercial enterprises and down more than 12% for industrial and corporate customers. However,

electricity became more expensive at the end of 2010. Slightly higher quotations on the wholesale market caused several major utilities to raise their tariffs in the fourth quarter. As of 4 January 2011, RWE npower increased prices for residential customers by 5.1 %.

Wholesale electricity prices in the Netherlands displayed a development similar to that in Germany. End-customer electricity bills shrank by 7 % for households and nearly 5 % for industrial enterprises.

Price adjustments in our Central Eastern European end-customer markets varied greatly. Residential electricity bills were 4 % and 2 % up in Poland and Hungary, whereas they were marginally down in Slovakia. On average, industrial customers had to pay less than in 2009: 5 % in Poland, 9 % in Slovakia, and 20 % in Hungary.

1.3 POLITICAL ENVIRONMENT

The year under review was marked by decisions made in the field of energy policy, which will have major ramifications. In the autumn, the German government established the cornerstones of the country's energy policy through to 2050. Top priority has been given to the expansion of renewables. The autumn also saw the extension of nuclear power plant lifetimes. However, there is a substantial trade-off for utilities, in particular due to the introduction of a nuclear fuel tax. The framework of energy policy in the United Kingdom is also undergoing change. The UK government plans to take measures designed to accelerate the expansion of nuclear and renewable generation capacity.

Government adopts energy concept for Germany. At the end of September, the German government adopted a comprehensive energy concept in which it established the guidelines for an overall strategy for an environmentally friendly, reliable and affordable supply of energy through to 2050. The government's aim is to have the future energy mix largely consist of renewables. In 2010, the share of gross electricity consumption accounted for by renewable energy was 17%. According to the concept, it should amount to 80% by 2050. The government believes the use of offshore wind turbines harbours substantial potential and wants to establish a €5 billion credit programme for the first ten offshore wind farms. Nuclear energy has been classified by the government as a bridge technology, so the concept envisages extending the lifetimes of German nuclear power plants, which has now been given a legal basis. Moreover, the government wants to pave the way for carbon capture and underground storage demonstration projects. Such projects lack a legal framework in Germany, because a corresponding EU directive is still to be translated into national law. The government attaches high priority to the expansion of electricity networks and the development of electricity storage technologies. The primary energy consumption of existing buildings is envisaged to be reduced by 80% by 2050 through refurbishment to maximise energy efficiency. To achieve this goal, the government will build on incentives provided by state subsidies. Road traffic is also being addressed by the energy concept. The aim is to have one million electric cars in Germany by 2020 and six million by 2030. The government expects that German greenhouse gas emissions can be lowered by between 80% and 95% by 2050 compared to 1990 levels as a result of these and further measures.

German Lower House decides to introduce nuclear fuel tax and extend nuclear power plant lifetimes. On 28 October 2010, the German Lower House passed the German Nuclear Fuel Tax Act, which envisages the introduction of a tax for nuclear power plant operators. The tax amounts to €145 per gram of fissionable material. It will be levied from 2011 through to 2016 and will be used to help restructure the state budget. The government expects €2.3 billion in annual revenues from this. The tax does not have a notable impact on the formation of prices on the wholesale market, and so cannot be passed through to electricity customers. It will probably curtail RWE's operating result by an average of €600 million to €700 million per annum. The Nuclear Fuel Tax Act entered into force with effect from 1 January 2011. We reserve the right to take legal action against the new tax, as we believe it is questionable in terms of constitutional and European law.

Also on 28 October 2010, the German Lower House passed the 11th amendment to the German Nuclear Energy Act, which envisages additional generation output for nuclear power plants, resulting in lifetime extensions. Facilities commissioned after 1980 can continue to operate for a maximum of 14 years longer than previously envisaged. RWE's Gundremmingen B/C and Emsland units fall into this category. The additional production volume for older plants, including our Biblis A/B units, corresponds to a lifetime extension of about eight years. On the same day, additional safety standards were established for nuclear power plants in the 12th amendment to the German Nuclear Energy Act. This will give rise to investments, the sum of which is still uncertain. Both amendments became effective in December. The government expects that the laws will not require Upper House approval. However, the opposition and certain German states are of a different opinion and have announced that they will file constitutional suits.

In light of the lifetime extensions, operators of nuclear power plants will make payments into a fund that is yet to be created. It will be used to promote measures taken to implement the government's energy concept. A corresponding agreement with the government was signed on 10 January 2011. It envisages that, from 2017 onwards, nuclear power plant operators pay a levy for all the electricity they generate during the lifetime extensions. It has been set at €9 per MWh, but is subject to adjustment in line with the development of consumer prices and wholesale electricity quotations. The levy will decline if the nuclear fuel tax is increased or its assessment period is extended beyond 2016. The same will apply if the allocated production volumes from the lifetime extensions are changed to the nuclear power plant operators' disadvantage, or if plant retrofits or safety features required by the government or agreed with the authorities result in expenses exceeding €500 million per unit. From 2011 to 2016, nuclear power plant operators will make lump-sum advance payments on the levy, totalling €1.4 billion for the period as a whole. The prepayments do not bear interest and will be offset against the levy for 2017 to 2022 in equal instalments.

Promotion of solar energy under scrutiny. The promotion of solar power has led to an unexpected acceleration of the construction of photovoltaic plants. Based on statements made by the German environment ministry, the installed capacity rose by more than 70% to some 17 GW in 2010. According to estimates by the German Energy and Water Association, solar panels account for more than half of the subsidies paid within the scope of the German Renewable Energy Act (REA) in 2011, although they only produce a fifth of the REA electricity. The substantial growth in installed capacity has led to an increase in the REA levy charged to electricity consumers via their power bills from 2.05 euro cents (2010) to 3.53 euro cents (2011) per kilowatt hour. This created huge controversy. The government cut the subsidy rates for solar power by roughly 13% as of 1 January 2011 and is preparing to implement another reduction with effect from 1 July 2011. Furthermore, it will amend the REA fundamentally as of 1 January 2012.

Special tax for energy companies in Hungary. In October 2010, the Hungarian parliament decided to introduce a special tax for companies in the energy, telecommunications and retail sectors, which will remain in effect until 2012. It is estimated to total €600 million per annum. The tax is intended to reduce the state deficit. The first payment was due in 2010, based on 2009 revenues. Power utilities have to pay 1.05% of their net revenues. The law stipulates that the tax applies not just to external revenue, but also to all intragroup revenue. In the year under review, the negative impact on the earnings of our Hungarian subsidiaries totalled €25 million. The tax is legally debatable and is being reviewed by the EU Commission.

United Kingdom: government plans legislative package for increased climate protection. The UK's general elections in May 2010 resulted in a conservative/liberal democrat coalition. The two governing parties intend to launch a series of legislative initiatives designed to improve the regulatory framework conditions for climate-friendly electricity generation. The plan includes taxing fossil fuels depending on their carbon intensity. This would give the generation of electricity from gas, nuclear fuel and renewables another cost advantage over hard coal, going above and beyond emissions trading. In addition, a new tariff scheme for electricity from nuclear reactors and renewables is to provide greater planning certainty for investors. Two new models are being evaluated: a fixed surcharge on the wholesale price on the one hand and a guaranteed sales price on the other. Furthermore, new power stations would only be approved if their carbon emissions do not exceed a cap that is yet to be determined. The government wants to make the upper limit so low that only those power plants that can at least partially capture and store carbon dioxide emissions can be built. In addition, the government is weighing up the introduction of a capacity market. This would mean that power plant operators would be compensated for keeping flexible back-up capacity in reserve, even when it is not generating electricity. There is a mounting need for such back-up capacity, as the expansion of renewables is causing the amount of intermittent generation on the system to increase. In December 2010, the UK government published a position paper for reforming the electricity market. The general public, associations and companies have until March 2011 to comment on the reform proposals. On conclusion of the consultation, the government intends to prepare a bill. The reforms are to take effect no later than 2014.

1.4 MAJOR EVENTS

Fiscal 2010 was not only dominated by major political decisions. We also made significant progress in modernising our generation portfolio: over the course of the year, we commissioned two cutting-edge gas-fired power stations. We also passed some important milestones in the expansion of our renewable generation base. And, in the upstream business, we paved the way for the biggest investment in RWE Dea's history.

German Lower House decides to introduce nuclear fuel tax and extend nuclear power plant lifetimes. On 28 October 2010 the German Lower House passed the German Nuclear Fuel Tax Act. The Act envisages the introduction of a tax for nuclear power plant operators. Also on 28 October, the members of the Lower House passed the 11th amendment to the German Nuclear Energy Act. It enables the lifetimes of nuclear power stations to be prolonged by an average of twelve years. The acts entered into force on 1 January 2011 and 14 December 2010, respectively. In light of the lifetime extensions, operators of nuclear power plants will make payments into a newly created fund, which will be used to promote measures taken to implement the government's energy concept. The details have been set out in an agreement between the utilities and the Federal Republic of Germany, which was signed on 10 January 2011. We have reported on the subject in detail on pages 66 et seq.

RWE purchases electricity contingent from the Stade nuclear power plant. In the run-up to the 11th amendment to the Nuclear Energy Act, we had already established the possibility of slightly extending the operation of the Biblis A nuclear power station. In May, RWE Power acquired the generation allotment of the decommissioned Stade nuclear power plant from E.ON Kernkraft GmbH. The facility was online from 1972 to 2003. The transferred allotment of 4.8 billion kilowatt hours allows us to run the 1,167 megawatt Biblis A unit at full load for about six months longer.

Pooling of activities in Germany and Eastern Europe. We have progressed in creating a more efficient Group structure since 2007. In September, the Executive Board adopted a number of reorganisation measures, which took effect on 1 January 2011. The German sales and distribution network businesses were incorporated into RWE Rheinland Westfalen Netz AG. Operating under the new name RWE Deutschland AG since the beginning of 2011, this is the company to which RWE Vertrieb (including eprimo, RWE Energiedienstleistungen and RWE Aqua), the regional companies, RWE Effizienz, and the investments previously held by RWE Rheinland Westfalen Netz have been assigned. We also realigned our Eastern European activities. From now on local operations will be overseen by the new company RWE East, s.r.o., headquartered in Prague, Czech Republic. This does not apply to the Czech long-distance gas pipeline business, which is directly assigned to the area of responsibility of the President and CEO of RWE AG to comply with regulatory requirements.

Holding company Executive Board reduced to five mandates. Dr. Ulrich Jobs, the RWE AG Executive Board member who was in charge of the operational management of our international business, retired by mutual agreement with effect from 30 September 2010. This reduced the size of the holding company's Executive Board, which went hand in hand with a redefinition of the Board's areas of responsibility. Dr. Leonhard Birnbaum is now in charge of managing all of the Group's commodity positions as Chief Commercial Officer. As a result, RWE Supply & Trading has been assigned to him, along with the following internationally active companies: RWE Innogy, RWE Dea and RWE Technology. As Chief Operating Officer, Dr. Rolf Martin Schmitz now oversees the nationally orientated companies, i.e. RWE Deutschland and RWE Power, along with RWE's activities in the Netherlands and Belgium, the United Kingdom, and Central Eastern and South Eastern Europe.

RWE divests German long-distance gas network. In December, we signed an agreement to sell Thyssengas GmbH. The buyers of the company, in which our German gas network is subsumed, are infrastructure funds managed by Australian financial services provider Macquarie. In the meantime, all of the required approvals have been obtained. Thyssengas transmits nearly 10 billion cubic metres of natural gas over a long-distance network with an aggregate length of approximately 4,100 kilometres. We had made a commitment to the EU Commission to sell this activity.

New gas-fired power plants commence production in Germany and the UK. We completed construction on the combined-cycle gas turbine (CCGT) power stations in Lingen and at Staythorpe in fiscal 2010. Both facilities are online. The dual-unit Lingen plant has an installed capacity of 876 MW and was commissioned on 14 April in the presence of Germany's current Federal President, Christian Wulff. We spent €0.5 billion in capital on the state-of-the-art power station, which has an efficiency of nearly 60%. The four units at Staythorpe (Nottinghamshire) have an aggregate installed capacity of 1,650 MW and commenced production between August and November. They have an efficiency of 58%, also ranking them at the highest level. The capex budget for this facility amounted to €0.8 billion.

RWE decides to build a gas-fired power plant in Turkey. In April 2010, we decided to invest in a combined-cycle gas turbine (CCGT) power plant in Denizli (west Turkey). Construction work began shortly afterwards. The power station will have an installed capacity of 775 MW and is scheduled to go online in 2013. It will be owned and operated by a joint venture between RWE (70%) and the Turkish energy company Turcas (30%). The investment budget is expected to total around €0.5 billion.

Expansion of the upstream position in Egypt. RWE Dea has paved the way for the single-largest investment in its history. In the next two decades, our upstream subsidiary will spend US\$3.6 billion developing gas fields in Egypt's North Alexandria and West Mediterranean Deep Water concessions. In July, we signed the respective agreements with the Egyptian oil minister, the Egyptian state-owned company EGPC and BP. The contracts had been pre-approved by the Egyptian parliament. Production is scheduled to begin by the end of 2014. The field development budget totals about US\$9 billion, of which roughly 40% is allocable to us and some 60% to our partner BP, who will assume the operating lead. The natural gas reserves from the concessions to which we will have access amount to more than 50 billion cubic metres. The North Alexandria and West Mediterranean Deep Water concessions are located in the western Nile delta, roughly 40 kilometres off the Egyptian coast. The water in the area in which field development is beginning is between 300 and 800 metres deep. Following a start-up phase, RWE Dea's share of annual production is envisaged to total over 3 billion cubic metres of gas. Against this backdrop, we are monitoring Egypt's current political situation very closely.

Major progress in the expansion of renewable generation capacity. RWE Innogy stayed on course for growth in the field of renewable energy in the year under review. By the end of the year, the company had a renewable generation portfolio of 2.3 gigawatts (GW), and the Group's total was 2.9 GW. Another 1.1 GW is under construction. In addition, we are developing projects with a combined installed capacity of 18.2 GW, with wind farms as the focal point. Furthermore, we are investing in electricity and heat generation from biomass and – on a smaller scale – in solar thermal power.

Above all, we passed significant milestones in the expansion of offshore wind power generation:

- Within the scope of a tender process, in January 2010, the UK government granted us permission to develop the Atlantic Array and Dogger Bank offshore wind projects. We will initially develop the Atlantic Array project alone, which will have up to 1.5 GW in generation capacity. For Dogger Bank, however, we placed the winning bid as part of a consortium called 'Forewind', in which RWE Innogy holds a 25% stake. Wind turbines with a total installed capacity of 9 GW are to be built in this area.
- In 2010, RWE Innogy fired the starting shot for the construction of our first German offshore wind farm. Measures to prepare for construction are underway, and the first foundations are scheduled to be erected by the end of 2011. The wind farm, called 'Nordsee Ost', is located some 35 kilometres north of the Isle of Helgoland and is intended to have over 48 turbines with a combined installed capacity of 295 MW. We plan to complete the project in 2013. Associated capital spending is estimated at €1 billion.

- In November 2010, RWE Innogy and the partner companies of the C-Power consortium took the decision to expand the Belgian Thornton Bank offshore wind farm. A total of 30 MW in capacity has been installed so far. Another 295 MW will be added by 2013. All of the required approvals have been obtained. Related capital expenditure totals €1.3 billion. RWE Innogy holds a 26.7% stake in the project.

RWE Innogy also made progress in onshore wind power generation. We commissioned two new wind farms in Italy: San Basilio (25 MW) and Ururi (26 MW). We developed and built both of these projects with our Italian partner Fri-El Green Power. Two new RWE Innogy wind farms went online in Poland as well: one in Piecki (32 MW) and the other in Tychowo (35 MW). Furthermore, installations in France and Scotland also began production.

RWE Innogy also successfully continued to expand in the field of electricity and heat generation from biomass. In March 2010, the company started to build a large-scale wood pelletising plant in the US state of Georgia. The factory will have an annual production of 750,000 metric tons and will be one of the biggest and most modern of its type in the world. The pellets will be used in pure biomass power plants as well as for the co-firing of coal and biomass. The factory is due to begin operation in 2011, with a total investment of €120 million.

New partnerships for the expansion of renewable energy. In the financial year that just ended, RWE Innogy entered into two partnerships which are conducting renewable energy projects. In April 2010, the Green GECCO joint venture was established with 26 municipal and regional utilities, with RWE Innogy owning a 51% stake. By 2020, the new company intends to have invested about €1 billion in the generation of electricity and heat from renewables, both within and outside Germany. Another partnership followed in June 2010: RWE Innogy set up a joint venture with the Munich municipal utility (Stadtwerke München) and Siemens to build and operate the Gwynt y Môr offshore wind farm in the UK. We own 60% of the project, with Stadtwerke München and Siemens holding stakes of 30% and 10%, respectively. The investment in Gwynt y Môr exceeds €2 billion, including the grid connection to the coast. The wind farm will have 160 turbines, an installed capacity of 576 MW and will be erected off the coast of North Wales. Siemens will supply, install and maintain the turbines and has also been commissioned to handle the grid connection.

RWE issues hybrid bond with record volume. In September 2010, we issued a hybrid bond with a volume of €1.75 billion. This was the largest issuance of a security of this type ever placed by an industrial enterprise in Europe. It drew keen interest from investors. Further information on the hybrid bond can be found on pages 102 and 195.

Major events after the period under review:

Exit from the Romanian nuclear energy project. In January 2011, RWE, GDF Suez (France) and Iberdrola (Spain) announced their exit from the ongoing Cernadova nuclear power plant project in Romania. Two new units, each with an installed capacity of 720 MW, are to be built at the site. The project is spearheaded by a joint venture, in which state-owned SN Nuclearelectrica owns a majority stake and further European utilities hold interests. RWE had a stake of 9.15%. Our withdrawal will not have a material financial impact on us. The reasons for our decision are economic and market-induced uncertainties, which are primarily caused by the after-effects of the financial crisis.

RWE divests minority interest in coal-fired power plant in Rostock. In February 2011, we sold our 24.6% interest in a hard coal-fired power station in Rostock, Germany, to RheinEnergie AG. In addition, RheinEnergie is also acquiring Vattenfall's 25% stake. The remaining 50.4% is still owned by EnBW. The power station has an electricity generation capacity of 553 MW and supplies district heat to the grid of the Rostock municipal utility (Stadtwerke Rostock).

1.5 NOTES ON REPORTING

Commentary on the segment structure. This report is based on the segment structure we introduced in the 2009 financial statements. The RWE Group is divided into seven divisions based on national and functional criteria. We have made some adjustments with respect to the assignment of activities among the divisions, compared to 2009. These predominantly relate to parts of the business of the Dutch energy utility Essent, which was acquired at the end of September 2009. The following is an overview of the divisions.

- **Germany:** This division consists of the 'Power Generation' and 'Sales and Distribution Networks' Business Areas. The first one includes RWE Power's activities and the second one encompasses RWE Rheinland Westfalen Netz AG, which has been renamed RWE Deutschland AG, including its investments; RWE Vertrieb (including eprimo, RWE Energiedienstleistungen and RWE Aqua); RWE Effizienz and the German regional utilities. The latter operate their own electricity generation facilities to a small extent, as well as managing the network and end-customer operations. The business area also includes some non-German activities: our minority interests in Austrian-based KELAG and Luxembourg-based Enovos as well as our water operations in Zagreb, Croatia, which are run by RWE Aqua. We assigned Essent's German gas storage activities to the Sales and Distribution Networks Business Area with effect from 1 April 2010.
- **Netherlands/Belgium:** This is the division under which we report on Essent, which was consolidated for the first time as of 30 September 2009. However, in addition to the aforementioned reassignment, we made the following adjustments: in 2010, we started disclosing Essent's wind power generation under the Renewables Segment and the trading business (including key account activities) under the Trading/Gas Midstream Segment. To ensure transparency, we state the results from these two Essent activities as a separate item. Our former Dutch energy sales activities (RWE Energy Nederland) were transferred to Essent with effect from 1 October 2009. It has been assigned to the 'Other, consolidation' line for the first nine months of 2009. Furthermore, the power plant project in Eemshaven initiated by RWE Power was transferred to Essent in the third quarter of 2010. We are building a hard coal-fired twin unit with a net installed capacity of 1,560 MW at the site in the province of Groningen.
- **United Kingdom:** RWE npower is presented in this item. It encompasses our UK generation and supply businesses with the exception of electricity production from renewables, which is overseen by RWE Innogy.
- **Central Eastern and South Eastern Europe:** This division covers our companies in Poland, Hungary, the Czech Republic and Slovakia. We recently began stating our Turkish operations as part of this division as well. We therefore amended the division's name (formerly Central and Eastern Europe). In Poland, we focus on electricity supply and the power distribution network. In Hungary, we also have a lignite-based electricity generation business, which is managed by our subsidiary Mátra. Via minority interests, we are also active in the gas sector and water supply business in Hungary. Our

Czech activities concentrate on the supply, distribution, supraregional transmission, transit and storage of gas. In Slovakia, we are active in the power network and electricity end-customer businesses through our minority interest in VSE and in the gas supply sector via RWE Gas Slovensko. In Turkey, we are going to build a gas-fired power station with a partner, which is scheduled to begin commercial operation in 2013.

- **Renewables:** This division comprises all of the activities of RWE Innogy, which specialises in electricity and heat generation from renewables. As mentioned earlier, we started reporting Essent's wind power generation under this division in 2010.
- **Upstream Gas & Oil:** This segment consists of RWE Dea's business. The company produces gas and oil, focusing on Europe and North Africa.
- **Trading/Gas Midstream:** This division encompasses energy trading, gas midstream activities, and sales to our major German industrial and corporate customers. Since 1 January 2010, Essent's energy trading and key account operations have also been subsumed under this division.

The 'Other, consolidation' item covers our electricity transmission system operator, Amprion; the Group holding company, RWE AG; our internal service providers, namely RWE Service, RWE IT and RWE Consulting; as well as RWE Technology, which was established with effect from 1 January 2010. It also includes Thyssengas, the assets and liabilities of which are classified as 'held for sale' on the balance sheet.

1.6 BUSINESS PERFORMANCE

RWE stayed on course for success in 2010. The operating result was the highest in the company's history. Rising by 8% compared to 2009, it exceeded our expectations. Recurrent net income, which was up 6%, also surpassed our forecast. Once again, our German electricity generation was the driver of our success. In addition, we benefited from the inclusion of the Dutch utility Essent, which we acquired in 2009, in our figures on a full-year basis for the first time.

Electricity production by division	Germany		Netherlands/ Belgium		United Kingdom		Central Eastern and South Eastern Europe		Renewables		RWE Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Billion kWh												
In-house generation	165.1 ¹	146.0 ¹	14.3	4.5	34.3	26.7	5.7	5.7	5.9	4.3	225.3	187.2
Lignite	65.4	65.3	–	–	–	–	5.6	5.6	–	–	71.0	70.9
Hard coal	39.0	31.8	5.7	1.6	10.4	10.7	–	–	0.1	–	55.2	44.1
Nuclear	45.2	33.9	–	–	–	–	–	–	–	–	45.2	33.9
Gas	11.9	11.5	6.8	2.1	23.8	15.8	0.1	0.1	0.2	0.2	42.8	29.7
Renewable energy	1.5	1.6	1.8	0.8	–	–	–	–	5.6	4.1	8.9	6.5
Pumped storage, oil, other	2.1	1.9	–	–	0.1	0.2	–	–	–	–	2.2	2.1
Electricity purchased from third parties	27.2	33.9	8.6 ²	1.5	18.0 ²	25.9 ²	20.5 ²	20.3 ²	0.1	0.1	104.4 ³	112.8 ³
Total	192.3	179.9	22.9	6.0	52.3	52.6	26.2	26.0	6.0	4.4	329.7	300.0

1 Including electricity procured from power plants not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In fiscal 2010, it amounted to 25.6 billion kWh, of which 23.4 billion kWh were generated from hard coal.

2 Electricity stated was fully or partially purchased through our trading business.

3 Including purchases by RWE Supply & Trading and companies subsumed under 'Other, consolidation' (mainly Amprion).

Electricity generation up 20%. In the financial year that just came to a close, the RWE Group produced 225.3 billion kilowatt hours (kWh) of electricity, 20% more than in 2009. In-house generation and power purchases combined for 329.7 billion kWh. This was 10% more than in fiscal 2009. In the year under review, 32% of electricity generation was from lignite, 25% from hard coal, 20% nuclear, and 19% gas. The share of renewable energy amounted to 4%.

- Germany: The Germany Division produced 165.1 billion kWh of electricity. Relative to the Group, this corresponds to a share of 73%. In addition to RWE Power's German generation, this figure includes small amounts of electricity produced by regional companies. It also encompasses electricity generated by power plants not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. These are primarily hard coal units. Compared to 2009, generation by the Germany Division was up 13%, mostly due to the increased availability of the Biblis nuclear power plant. In addition, our contractually secured hard coal-fired power stations

were also used much more than in 2009, as a result of the improved market conditions for these facilities. The commissioning of our new 876 MW combined-cycle gas turbine power plant in Lingen also had a positive impact.

- Netherlands/Belgium: Essent's electricity production totalled 14.3 billion kWh. As the Dutch energy utility was consolidated on a twelve-month basis for the first time, the preceding year's figure (4.5 billion kWh) was significantly surpassed. We started consolidating Essent as of 30 September 2009. Therefore, we only disclosed generation for the fourth quarter of 2009.
- United Kingdom: The amount of electricity generated by RWE npower rose by 28% to 34.3 billion kWh. Following maintenance work performed in the preceding year, our gas-fired power plant at Didcot ran much more in 2010. Furthermore, the new 1,650 MW combined-cycle gas turbine power station at Staythorpe went online in the second half of the year. Conversely, capacity utilisation at our hard coal-fired power plants experienced a marginal market-induced decrease compared to 2009.
- Central Eastern and South Eastern Europe: At 5.7 billion kWh, production by this division was unchanged. It primarily stems from the Hungarian lignite-based power producer Mátra.
- Renewables: The division generated 5.9 billion kWh of electricity, nearly all of which came from renewable sources. Compared to 2009, this represents an increase of 37%, which is primarily due to the fact that we started stating production from Essent's wind turbines in this division in 2010. The inclusion of Danta de Energías in our figures on a full-year basis for the first time also had a positive effect. In May 2009, we had increased our stake in the Spanish wind farm operator from 49.33% to 98.65%. Organic growth also contributed to the rise in generation. For instance, the Rhyl Flats offshore wind farm in the UK, which has an aggregate installed capacity of 90 MW, went online in December 2009.

In addition to our in-house generation, we procure electricity from external suppliers. These purchases totalled 104.4 billion kWh (2009: 112.8 billion kWh). This included electricity fed into RWE's network by third parties, in accordance with the German Renewable Energy Act (REA).

Among Europe's leading electricity generators, with over 52 gigawatts in power plant capacity.

At the end of the 2010 financial year, the RWE Group had an installed capacity of 52.2 GW. We rank fifth among Europe's energy utilities. These figures include the contractually secured capacities mentioned earlier that are not owned by RWE. Our electricity generation capacity increased by 2.6 GW compared to 2009. Contributing to this, among other things, was the commissioning of our new gas-fired power stations in Lingen and at Staythorpe. Hard coal accounts for the biggest share of our installed capacity at 29% (preceding year: 31%), followed by gas at 22% (18%), lignite at 21% (22%), and nuclear power at 12% (13%). Renewables have a share of 6% (5%). The Germany Division accounts for 65% of our power plant capacity, with the United Kingdom and Netherlands/Belgium Divisions making up 23% and 6%, respectively.

Power plant capacity by division as of 31 Dec 2010, in MW	Germany ¹	Netherlands/ Belgium	United Kingdom	Central Eastern and South Eastern Europe	Renewables	RWE Group
Primary energy source						
Hard coal	9,673	885	4,575	-	10 ²	15,143
Gas	5,086	1,927	4,525	147	44 ²	11,729
Lignite	10,172	-	-	763	19 ²	10,954
Nuclear	6,295	-	-	-	-	6,295
Renewable energy	313	331	-	1	2,302	2,947
Pumped storage, oil, other	2,489	-	2,657	-	-	5,146
Total	34,028	3,143	11,757	911	2,375	52,214

1 Including capacities of power stations not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. As of 31 December 2010, these capacities amounted to 8,672 MW, of which 6,507 MW were based on hard coal.

2 Mostly plants belonging to RWE Innogy Cogen.

Specific CO₂ emissions down 8%. In fiscal 2010, our electricity generation operations emitted 164.9 million metric tons of carbon dioxide. RWE-owned power plants accounted for 142.7 million metric tons, and the remaining 22.2 million metric tons came from contractually secured capacity. Our emissions were 15.8 million metric tons, or 11%, higher year on year. This is a consequence of the marked rise in electricity generation by hard coal and gas-fired power plants, to which the inclusion of Essent on a twelve-month basis for the first time contributed. By contrast, our specific emission factor, reflecting the carbon dioxide emissions per megawatt hour of electricity produced, improved. It dropped by 8%, from 0.796 metric tons per MWh to 0.732 metric tons, because the share of CO₂-free or low-CO₂ generation in our total production increased. The improved utilisation of the capacity of the Biblis nuclear power station was one of the factors.

In the year under review, we were allocated free state emission allowances (known as EU allowances, or EUAs) corresponding to 115.1 million metric tons in CO₂ emissions. We received emissions allowances for 84.9 million metric tons in Germany, 16.2 million metric tons in the UK, and 8.5 million metric tons in the Netherlands. In total, the allocation was far from being enough to cover our emissions. Therefore, we had to purchase certificates. At the Group level, the shortage amounted to 49.8 million metric tons.

Emissions balance by country	Germany ¹		Netherlands/ Belgium ²		United Kingdom		Central Eastern and South Eastern Europe		RWE Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Million metric tons of CO ₂										
CO ₂ emissions	130.6	123.3	8.3	2.7	18.9	16.6	7.1	6.5	164.9	149.1
Free allocation of CO ₂ certificates	84.9	83.1	8.5	2.4	16.2	14.9	5.5	4.8	115.1	105.2
Shortage of CO ₂ certificates	45.7	40.2	-0.2	0.3	2.7	1.7	1.6	1.7	49.8	43.9

1 Includes power stations not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In the year under review, they produced 22.2 million metric tons of CO₂ and were allocated certificates for 19.7 million metric tons.

2 In fiscal 2009, Essent was only included on a three-month basis.

In the emission trading period from 2008 to 2012 and thereafter, we are allowed to cover a maximum of 100 million metric tons of our CO₂ emissions by submitting certificates obtained through emission reductions within the scope of Kyoto Clean Development Mechanism and Joint Implementation projects. This is advantageous because the cost of these certificates is usually below the market price of EUAs. By the end of the 2010 financial year, we had contractually secured certificates for 68.6 million metric tons of carbon dioxide. However, it cannot be ruled out that some projects may not be implemented or that their emission savings may lag behind expectations. Taking such risks into account, we estimate that we will receive emissions certificates covering 41.4 million metric tons. By the end of 2010, we had already received certificates for 14.5 million metric tons, of which we have already used an equivalent of 4.6 million metric tons.

Marked growth of gas and oil reserves. RWE Dea, our upstream company, aims to expand its gas and oil production to roughly 70 million barrels of oil equivalent (OE) by 2016. The main growth projects we are implementing are in North Africa, the UK North Sea, and off the coast of Norway. As of 31 December 2010, our oil and gas reserves totalled 137 million cubic metres of OE, some 70% up on the previous year's level (81 million cubic metres of OE). The main reason is that we concluded contracts for the development of major gas reserves in two Egyptian concessions (see page 71). Reserves is the term used for hydrocarbons stored under the ground, the existence of which has been proven, and the production of which is economically feasible and legally secured. These are different to resources, which are hydrocarbons that fail to meet all the aforementioned criteria, or which have not yet been clearly identified geologically. By the end of 2010, RWE Dea had 91 million cubic metres of OE in proven resources (preceding year: 143 million cubic metres of OE).

Slight decline in gas and oil production. In the financial year that just ended, RWE Dea produced 2,786 million cubic metres of gas and 2,266 thousand cubic metres of oil. Converting the gas to oil equivalent and adding it to crude oil production results in a total production of 4,963 thousand cubic metres, or 31.2 million barrels of OE. This was 4% less than in 2009. Gas production was down 5%. The depletion of existing reserves resulted in a natural decrease in production, which primarily related to our German and UK concession areas. Conversely, additional wells at the site in Völkersen, Germany, had a positive impact. Furthermore, we began production in a newly developed gas field in the Norwegian North Sea. Oil volumes were 3% lower than the year-earlier figure. The progressive exhaustion of reserves was felt here as well, especially in our German Mittelplate oil field. Our concessions in the Gulf of Suez (Egypt) were also affected. A positive effect came from the commencement of production in a Danish oil field. Furthermore, we took measures to improve production yield in Germany and Egypt.

Electricity sales markedly higher due to full-year inclusion of Essent. In fiscal 2010, we supplied 311.2 billion kWh of electricity to external customers. Electricity sales are typically lower than generation levels, mainly due to transmission losses and in-house use by lignite production operations and pumped storage power stations. Electricity sales were 10% up on 2009, in part because Essent was included on a twelve-month basis for the first time. Furthermore, we benefited from the cyclically-induced rise in demand, especially in Germany.

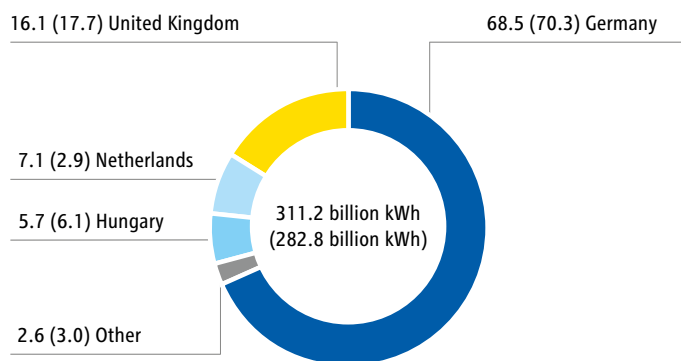
External electricity sales volume	Private and commercial customers		Industrial and corporate customers		Distributors		Electricity trading		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Billion kWh										
Germany	26.0	26.1	29.1	27.3	58.0	54.6	-	-	113.1	108.0
Netherlands/Belgium	11.9	3.5	10.1	2.0	-	-	-	1.3	22.0	6.8
United Kingdom	19.1	20.1	30.8	29.8	-	-	-	-	49.9	49.9
Central Eastern and South Eastern Europe	7.9	8.7	10.2	9.0	6.5	7.1	-	-	24.6	24.8
Trading/Gas Midstream	-	-	30.5	26.8	-	-	32.8	32.6	63.3	59.4
RWE Group¹	65.3	59.3	110.8	95.7	102.3	93.9	32.8	33.9	311.2	282.8

¹ Including sales of the Renewables Division and of companies stated under 'Other, consolidation' (primarily Amprion).

- Germany: The division sold 113.1 billion kWh of electricity, 5% more than in the preceding year. In particular, we sold more to distributors. Sales to industrial and corporate customers were also up, due to the economic recovery. Customer losses in the residential and small commercial enterprise business led to marginal drops in volume. By the end of 2010, the Germany Division's fully consolidated companies were supplying a total of 6,712,000 customers with electricity, 151,000 fewer than a year earlier. The decline related to RWE Vertrieb and the regional business, whereas our discounter eprimo grew its share of the market. At year-end, the company was serving 736,000 electricity customers, which was 110,000 more than in the prior year.
- Netherlands/Belgium: Essent sold 22.0 billion kWh of electricity. The prior year's comparable figure, which only reflected the fourth quarter, was 6.8 billion kWh. As of 31 December 2010, Essent was supplying 2,329,000 customers with electricity. We had 2,169,000 electricity customers in the Netherlands and 160,000 in Belgium. This compares to 2,144,000 and 172,000 in the preceding year.

- United Kingdom: Electricity sales by RWE npower amounted to 49.9 billion kWh, equalling the year-earlier level. While our share of the industrial and corporate customer market improved slightly, it deteriorated in the residential and small commercial enterprise sector. As of 31 December 2010, RWE npower served 4,003,000 electricity customers, 144,000 fewer than a year before. Our share of the UK residential market was 14%.
- Central Eastern and South Eastern Europe: We sold 24.6 billion kWh of electricity in this division. The slight decline compared to 2009 is due to the fact that, in 2010, we started netting out certain sales volumes against wholesale purchases. The cyclically-driven rise in demand had a positive impact. Moreover, our electricity customer bases in Hungary and Poland posted a marginal increase to 2,236,000 and 910,000, respectively. We started marketing electricity in the Czech Republic at the beginning of 2010. By year-end, we were serving 13,000 customers in that country.
- Trading/Gas Midstream: External electricity sales achieved by this division totalled 63.3 billion kWh, 7% up on the prior year. The main reason is that we have been stating Essent's key account business under Trading/Gas Midstream since 2010.

Electricity sales volume of the RWE Group by country in 2010 (2009)
 %



External gas sales volume	Private and commercial customers		Industrial and corporate customers		Distributors		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Billion kWh								
Germany ¹	29.0	27.6	23.7	19.9	44.9	47.4	97.6	94.9
Netherlands/Belgium	63.8	17.9	49.0	16.2	-	2.0	112.8	36.1
United Kingdom	48.8	45.1	4.5	6.8	-	-	53.3	51.9
Central Eastern and South Eastern Europe	35.6	33.1	29.4	27.5	8.5	15.3	73.5	75.9
Upstream Gas & Oil	-	-	2.1	2.8	16.5	16.2	18.6	19.0
Trading/Gas Midstream	-	-	26.4	18.9	12.6	14.2	39.0	33.1
RWE Group²	177.2	130.5	135.1	106.4	83.1	95.1	395.4	332.0

1 Prior-year figures adjusted due to customer reassignment.

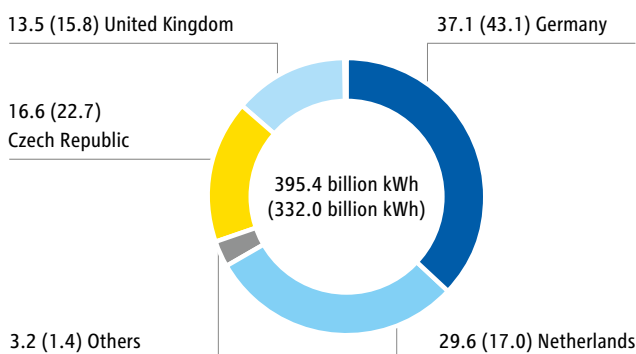
2 Including sales volumes achieved by RWE Energy Nederland in the first three quarters of 2009.

Big gain in gas sales volume thanks to Essent. External gas sales amounted to 395.4 billion kWh, up 19% on the year-earlier level. Excluding the effect of Essent's consolidation on a twelve-month basis for the first time, they would have risen by 2%. We benefited from the increase in residential demand for heating purposes, whereas customer losses in the Czech Republic had a counteracting effect.

- **Germany:** The division sold 97.6 billion kWh of gas. Compared to 2009, this represents a gain of 3%. Our deliveries to industrial and corporate customers, households and small commercial operations all rose. The economic recovery and colder weather benefited us in this respect. Furthermore, we won customers in these segments. Conversely, we suffered declines in volume in business with distributors, some of which switched providers or started purchasing increasing amounts of gas from competitors. At the balance sheet date, our fully consolidated German sales companies were supplying gas to 1,106,000 customers. This is 34,000 more than in the preceding year.
- **Netherlands/Belgium:** Essent contributed 112.8 billion kWh to the RWE Group's gas sales volume, which was much more than in 2009 due to the aforementioned consolidation effect. The company had 2,015,000 gas customers on 31 December 2010, split between 1,959,000 in the Netherlands and 56,000 in Belgium. The comparable figures for 2009 were 1,920,000 and 59,000, respectively.
- **United Kingdom:** RWE npower's gas sales amounted to 53.3 billion kWh, 3% higher than the year-earlier figure. This was due to the colder weather, however, we also suffered competition-induced customer losses. This applies to business with industrial enterprises as well as to households and small commercial operations. By the end of the year, RWE npower was serving 2,571,000 gas customers, 70,000 fewer than in 2009. Customers who obtain both electricity and gas from us declined by 69,000 to 2,279,000.

- Central Eastern and South Eastern Europe: Gas sales decreased by 3% to 73.5 billion kWh in this division, despite the colder weather. In the Czech Republic, our main market, some of the distributors we supply switched providers or started diversifying their gas procurement. We felt the impact of the mounting competitive pressure in that country in other customer groups as well. The number of gas customers we serve in the Czech Republic declined by 89,000 to 2,192,000. In contrast, we observed a positive trend in Slovakia, where RWE Gas Slovensko, the sales subsidiary we founded in July 2008, is stepping up gas sales to corporate customers. In the year being reported, the company achieved sales of 7.8 billion kWh, which was 5.6 billion kWh more than in 2009.
- Upstream Gas & Oil: RWE Dea delivered 18.6 billion kWh of gas to external customers, falling below the prior-year figure by 2%. This mirrored the decline in gas production.
- Trading/Gas Midstream: The division sold 39.0 billion kWh of gas outside the Group. RWE Supply & Trading focuses on procuring gas for RWE companies and therefore predominantly generates internal sales. The company's external gas sales consist of surplus purchases. We also generate external sales within the scope of the key account business with industrial enterprises. As mentioned earlier, we also started stating the key account business of Essent's trading companies under Trading/Gas Midstream in 2010. The reassignment was a major reason why external sales in the financial year being reviewed were up 18%.

Gas sales volume of the RWE Group by country in 2010 (2009)
 %



External revenue € million	2010	2009	+/- %
Germany	19,528	19,386	0.7
Power Generation	1,072	1,056	1.5
Sales and Distribution Networks	18,456	18,330	0.7
Netherlands/Belgium	6,510	1,799	-
United Kingdom	7,759	7,843	-1.1
Central Eastern and South Eastern Europe	5,297	5,254	0.8
Renewables	366	245	49.4
Upstream Gas & Oil	1,353	1,208	12.0
Trading/Gas Midstream	7,517	6,937	8.4
Other, consolidation	4,990	5,069	-1.6
RWE Group	53,320	47,741	11.7
of which:			
Electricity revenue	34,803	31,225	11.5
Direct electricity tax	1,323	1,041	27.1
Gas revenue	14,491	12,443	16.5
Oil revenue	1,049	1,024	2.4

External revenue 12% up year on year. In 2010, the RWE Group generated €53,320 million in external revenue, surpassing the year-earlier figure by 12%. This was mainly due to Essent's twelve-month consolidation for the first time, whereas lower gas sales prices had a counteracting effect. Foreign exchange effects had a positive impact on the development of revenue, as our main foreign currencies appreciated over the euro. The British pound cost an average of €1.17, compared to €1.12 in the previous year. The US dollar rose in price from €0.72 to €0.76, the Czech crown from €0.038 to €0.040, the Hungarian forint from €0.0035 to €0.0036, and the Polish zloty from €0.23 to €0.25. Disregarding material consolidation and currency effects, revenue was unchanged.

- **Germany:** External revenue achieved by this division totalled €19,528 million, which was marginally up on 2009. Electricity revenue rose by 4% to €14,124 million, above all due to the sales increases mentioned earlier. Moreover, there was a rise in third-party electricity transit through our networks. In the gas business, revenues declined by 6% to €3,826 million. This development results from price adjustments. Our German regional utilities lowered their tariffs in 2009/2010 – in some cases several times – in order to pass the advantages of the decreasing procurement costs through to their customers.
- **Netherlands/Belgium:** The division posted a consolidation-driven gain in revenue to €6,510 million. The electricity and gas businesses accounted for €2,195 million and €4,108 million, respectively.
- **United Kingdom:** At €7,759 million, revenue generated by RWE npower fell just short of the prior year's figure. Excluding currency effects, it dropped by 5%. Electricity revenue declined by 2% and by 6% net of the currency impact. Price reductions made in the preceding year played a role. RWE npower lowered residential tariffs by an average of 8% on 31 March 2009. Gas revenue recorded a slight increase to €2,016 million. In sterling terms, however, it decreased by 3%. Again, price effects were the determining factor. RWE npower lowered residential gas tariffs by an average of 7% with effect from 26 March 2010.
- **Central Eastern and South Eastern Europe:** The division realised €5,297 million in revenue, slightly more than in 2009. Excluding foreign exchange effects, revenue would have dropped by 3%. Electricity revenue rose by 2% to €2,492 million, whereas net of currency movements, it declined by 2%. Price reductions in the industrial and corporate customer account business played a role. At €2,706 million, gas revenue was on a par year on year. Excluding the foreign exchange impact, it decreased by 4%, largely due to the aforementioned volume drops in the Czech Republic.
- **Renewables:** External revenue generated by this division jumped 49% to €366 million, in part because it has included Essent's wind power revenue (€76 million) since 2010. The commissioning of new generation capacity and the inclusion of the Spanish wind farm operator Danta de Energías on a twelve-month basis for the first time also contributed to this growth.
- **Upstream Gas & Oil:** RWE Dea improved external revenue by 12% to €1,353 million, despite a slight drop in production volume. The company realised much higher dollar prices for its crude oil production than in 2009. The appreciation of US currency over the euro also had a positive impact, whereas lower realised gas prices had a counteracting effect.
- **Trading/Gas Midstream:** External revenue generated by the division advanced by 8% to €7,517 million. The main reason is that revenue from Essent's trading business was included for the first time (€1,505 million).

Reconciliation of income from operating activities to EBITDA € million	2010	2009	+/- %
Income from operating activities ¹	6,507	7,326	-11.2
+ Operating income from investments	345	321	7.5
+ Non-operating income from investments	62	-59	-
- Non-operating result	767	-498	-
Operating result	7,681	7,090	8.3
+ Operating depreciation and amortisation	2,575	2,075	24.1
EBITDA	10,256	9,165	11.9

¹ See the income statement on page 162.

EBITDA € million	2010	2009	+/- %
Germany	6,728	5,811	15.8
Power Generation	4,510	3,889	16.0
Sales and Distribution Networks	2,218	1,922	15.4
Netherlands/Belgium	660	277	-
United Kingdom	504	445	13.3
Central Eastern and South Eastern Europe	1,440	1,285	12.1
Renewables	211	126	67.5
of which: Essent wind activities	69	-	-
Upstream Gas & Oil	619	437	41.6
Trading/Gas Midstream	-7	986	-100.7
of which: Essent trading activities	108	-	-
Other, consolidation	101	-202	-
RWE Group	10,256	9,165	11.9

Operating result € million	2010	2009	+/- %
Germany	5,575	4,780	16.6
Power Generation	4,000	3,428	16.7
Sales and Distribution Networks	1,575	1,352	16.5
Netherlands/Belgium	391	180	117.2
United Kingdom	272	247	10.1
Central Eastern and South Eastern Europe	1,173	1,055	11.2
Renewables	72	56	28.6
of which: Essent wind activities	23	-	-
Upstream Gas & Oil	305	203	50.2
Trading/Gas Midstream	-21	985	-102.1
of which: Essent trading activities	96	-	-
Other, consolidation	-86	-416	79.3
RWE Group	7,681	7,090	8.3

Operating result increased by 8%. The RWE Group's earnings improved further in 2010. EBITDA rose by 12% to €10,256 million, with the operating result growing by 8% to €7,681 million. With the exception of Trading/Gas Midstream, all divisions posted significant gains. We therefore exceeded our forecast of February 2010. We had expected EBITDA to increase by between 5% and 10% and the operating result to rise by approximately 5%. In particular, our Czech gas business exceeded expectations. Furthermore, the release of provisions caused the 'Other, consolidation' item to record a bigger improvement than anticipated. Conversely, earnings generated by RWE Supply & Trading were even weaker than expected. Disregarding material consolidation and currency effects, the RWE Group's EBITDA and operating result rose by 5% and 3%, respectively.

- **Germany:** The division posted an operating result of €5,575 million, up 17% on the previous year. The following development was observed in the Power Generation and Sales and Distribution Networks Business Areas:

Power Generation: Here, we recorded a gain of 17% to €4,000 million. A major contributor was our higher generation output, which partially stemmed from the Biblis nuclear power plant's improved availability. Furthermore, we benefited from price-induced relief with respect to our hard coal purchases (€679 million). As mentioned earlier, we had already sold our electricity for 2010 early on the forward market, purchasing the fuel required to produce it at the same time. We also bought emission allowances early on, realising price advantages over the prior year. The expense associated

with the shortage of emission allowances therefore decreased by €269 million to €689 million. However, there was also a decrease in the prices we realised for our electricity generation, which averaged €67 per MWh (prior year: €70 per MWh). On balance, changes in nuclear provisions led to burdens. Furthermore, the positive exceptional effects of the release of provisions in the preceding year did not recur. They related to nuclear waste disposal and the recultivation of opencast lignite mining sites.

Sales and Distribution Networks: This business area increased its operating result by 16% to €1,575 million, partly on the strength of cost-cutting measures. In the network business, higher electricity and gas throughput caused earnings to rise. On top of that, the cost of compensation for grid losses dropped, because the power used to do so became cheaper. Conversely, the following issue had a negative effect: the German Federal Network Agency is of the opinion that our revenue from the network fees we charged at the beginning of network regulation (2005 to 2007) was too high. The excess amounts must be refunded via reduced network fees from 2010 onwards. In the sales business, we took advantage of the positive effect the weather had on gas sales volumes, while electricity margins shrank.

- **Netherlands/Belgium:** In this division, we recorded an operating result of €391 million, which was much higher than the year-earlier figure (€180 million) due to the consolidation effect. Gas activities achieved a particularly strong operating result. The unusually cold winter weather was a contributing factor. However, earnings performance suffered, partially because the power plant project in Eemshaven (Netherlands) initiated by RWE Power was transferred to Essent, which refunded RWE Power for all of the project costs incurred since 2009. We are building a hard coal twin unit with a net installed capacity of 1,560 MW at the site in the Province of Groningen.
- **United Kingdom:** RWE npower's operating result improved by 10% to €272 million. Net of foreign exchange effects, the increase amounted to 6%, which was mainly attributable to the supply business. We benefited from efficiency-enhancement measures and the weather-driven rise in demand for gas, but also suffered from an increase in bad debt. Electricity and gas procurement prices rose in the second half of the year, but RWE npower did not increase its residential tariffs until January 2011. RWE npower's generation business closed the period being reviewed significantly down year on year. The deterioration in conditions on the market for our hard coal-fired power stations led to earnings shortfalls, which could not be fully offset by the increased generation of our gas-fired power plants and cost reductions.

- **Central Eastern and South Eastern Europe:** The operating result we achieved in this division grew by 11 % to €1,173 million. In the forecast we issued in February 2010, we had expected to fall short of the prior year's result. The fact that we actually managed to exceed it substantially is in part due to the impact of foreign exchange rates. Moreover, contrary to expectations, earnings in the Czech gas business improved. This was due to the increase in network and sales margins, whereas shortfalls in sales to distributors had a counteracting effect. The earnings contribution made by our Polish electricity activities also grew. We benefited from one-off effects as well as from cost reductions. In Hungary, we capitalised on volume and price-induced earnings improvements in the electricity business, but experienced earnings shortfalls at the electricity generator Mátra. Additional burdens arose from the retrospective introduction of a special tax for energy utilities (€25 million), on which we reported on page 68.
- **Renewables:** Here, the operating result improved by €16 million to €72 million. Of this sum, €23 million came from Essent's wind power activities, which we stated as part of the Renewables Division in 2010. However, the result clearly lagged behind expectations because wind levels in North Western Europe were unusually low. A positive effect was felt from the commissioning of the Rhyl Flats wind farm off the coast of Wales at the end of 2009 and the inclusion of Danta de Energías in our figures for a full year for the first time. Conversely, anticipated burdens arose in connection with RWE Innogy's growth strategy as its ongoing and planned capital expenditure projects go hand in hand with high run-up costs.
- **Upstream Gas & Oil:** RWE Dea increased its operating result by 50 % to €305 million due to currency movements and higher oil prices. In addition, production levies and exploration costs declined. The fact that production volumes and gas prices were lower and write-downs were higher year on year had a counteracting effect.
- **Trading/Gas Midstream:** The division closed the year under review with an operating loss of €21 million. The result was thus much lower than the unusually high figure posted in the previous year (€985 million). In energy trading, we were successful, but failed to match the very good performance recorded in 2009. There was an even steeper drop in earnings in the gas midstream business, which had benefited from positive one-off effects a year earlier. In contrast, there were heavy burdens in the year under review. This is because, in most cases, gas purchases for Germany and the Czech Republic are based on long-term contracts linked to the price of oil, while our customers increasingly look to quotations on the liquid TTF and NBP trading hubs (see page 59). These have been much lower than the oil-indexed purchasing prices since as early as the middle of 2009. As we largely settle internal gas deliveries under wholesale conditions, the price differences have an impact on the operating result of RWE Supply & Trading, which is responsible for gas procurement. A positive effect on the Trading/Gas Midstream Division was felt from the first-time inclusion of Essent's trading activities, which posted an operating result of €96 million in 2010.

Key figures for value management	Operating result	Capital employed	ROCE	Capital costs before taxes	Absolute value added	Weighted average cost of capital (WACC) before tax	Absolute value added
	2010	2010 ¹	2010	2010	2010	2009	2009
	€ million	€ million	%	%	€ million	%	€ million
Germany	5,575	29,575	18.9	9.5	2,765 ²	9.5	2,164 ²
Power Generation	4,000	13,803	29.0	10.0	2,620	10.0	2,146
Sales and Distribution Networks	1,575	15,772	10.0	8.75	195	9.0	27
Netherlands/Belgium	391	4,564	8.6	9.5	-42	9.0	56
United Kingdom	272	5,147	5.3	9.5	-217	10.0	-254
Central Eastern and South Eastern Europe	1,173	5,596	21.0	8.5	697	9.0	578
Renewables	72	3,797	1.9	9.5	-289	9.5	-165
Upstream Gas & Oil	305	2,509	12.2	12.5	-8	13.0	-72
Trading/Gas Midstream	-21	3,222	-0.6	9.5	-327	10.0	821
Other, consolidation	-86	-1,024	-	-	297	-	49
RWE Group	7,681	53,386	14.4	9.0	2,876	9.0	3,177

1 Averaged for the year.

2 Due to the differences in the costs of capital, this figure is not the sum of value added by Power Generation and Sales and Distribution Networks.

RWE achieves a return on capital employed of 14.4%. One of the main goals of our business activity is to increase the company's value. In order to accomplish this, we must earn a return on our capital employed (ROCE) that exceeds the cost of capital. In fiscal 2010, our ROCE was 14.4%, clearly surpassing the Group's cost of capital, which was 9.0% before tax. ROCE minus the cost of capital, multiplied by capital employed, equals absolute value added. It is an important criterion for assessing investments and determining our executives' performance-linked payments. In the financial year that just ended, value added amounted to €2,876 million. This was 9% less than in 2009, despite the improvement in the operating result. The reason for this is the increase in capital employed. Our intensified investment activity played a role on the one hand, as new plants already affect ROCE during the construction phase, although they do not contribute to earnings yet. On the other hand, we had only recognised a quarter of Essent's capital employed in the previous year, because the company was not included in the consolidated financial statements until the end of September. The development of value added was also influenced by adjustments we made to the cost of capital. This affects individual divisions, but not the Group as a whole.

- **Germany:** The biggest contribution by far, i.e. €2,765 million, to increasing value within the RWE Group came from this division. Most of it is attributable to our power generation activities. The earnings growth posted by this business area was the main reason why value added rose by €601 million. The improved earnings of the sales and distribution network business were also a factor.
- **Netherlands/Belgium:** Value added by this division dropped by €98 million to –€42 million. Despite consolidation effects, the operating result was much higher than in the preceding year. But this also applies to capital employed, which we had only considered pro rata in 2009, as explained earlier. Another negative effect arose from the takeover of the new-build power plant project in Eemshaven (–€54 million), as this caused capital employed to rise, while earnings were burdened. Excluding this effect, the division would have earned back its cost of capital.
- **United Kingdom:** RWE npower's value added was also negative. At –€217 million, however, it improved by €37 million year on year. Among other things, this was due to the improved operating result.
- **Central Eastern and South Eastern Europe:** At €697 million, the division made the second-largest contribution to value added within the RWE Group, posting a gain of €119 million compared to 2009. The development of earnings was the major influential factor.
- **Renewables:** RWE Innogy's value added fell by €124 million to –€289 million, despite improved earnings. This reflects the substantial investment in the expansion of the generation portfolio.
- **Upstream Gas & Oil:** Value added by RWE Dea was slightly negative, i.e. –€8 million, but €64 million higher than in 2009. The division benefited from a vastly improved operating result. The rise in capital employed caused by capital expenditure had a counteracting effect.
- **Trading/Gas Midstream:** The significant drop in earnings at RWE Supply & Trading led to negative value added of –€327 million. However, at €821 million, the prior-year figure had been unusually high.

You will find detailed information on the value management concept on pages 231 et seq.

Reconciliation to net income: negative special items due to commodity derivatives. The reconciliation from the operating result to net income is characterised by negative one-off effects. These primarily arose from the fair valuation of commodity derivatives and impairments on our UK hard coal and oil-fired power plants. The positive impact of the release of provisions fell short of offsetting this. In consequence, net income decreased despite the good operating earnings.

Non-operating result € million	2010	2009	+/- € million
Capital gains	68	35	33
Goodwill impairment losses	-	-	-
Impact of commodity derivatives on earnings	-337	720	-1,057
Restructuring, other	-498	-257	-241
Non-operating result	-767	498	-1,265

Negative influences occurred especially in the non-operating result, which deteriorated by €1,265 million to –€767 million. Its components developed as follows:

- As in 2009, there were no notable capital gains. The single largest earnings contribution came from the sale of a minority interest in a customer's power station in the Czech Republic.
- The accounting treatment of derivative transactions had a negative impact of €337 million, compared to the €720 million in profit recorded a year earlier. Pursuant to International Financial Reporting Standards (IFRS), certain derivatives used to hedge the prices of forward contracts (underlying transactions) are accounted for at fair value at their respective balance sheet date, whereas the underlying transactions (which display the exact opposite development) are only recognised as a profit or loss when they are realised. These timing differences result in short-term effects on earnings, which are neutralised over time. The derivatives largely related to RWE Supply & Trading's gas midstream business. Moreover, the non-operating result was negatively affected because, in 2010, we started accounting for our German gas purchasing agreements at fair value instead of as pending transactions. As commented on earlier, oil-indexed procurement prices for parts of our gas sales are much higher than the sales prices realisable on the market. Therefore, the change in accounting treatment in the first quarter had a very negative effect on earnings. However, this impact weakened considerably over the course of the year, as most of the affected contracts were fulfilled and the influence on earnings of their realisation was considered in the operating result of RWE Supply & Trading.
- The result stated under 'Restructuring, other' amounted to –€498 million. This was €241 million down on the year-earlier figure, which included substantial extraordinary income from the change in nuclear and mining provisions (€411 million). In 2010, we stopped reflecting such effects, which amounted to €197 million in the year under review, in the non-operating result, recognising them

in the operating result instead. A charge of €296 million stemmed from an impairment recognised for our UK hard coal and oil-fired power stations. Thereby, we acknowledged that the margins realisable through these plants on the market deteriorated considerably. The earnings trend was positively influenced by the absence of negative effects from the preceding year, which included a write-down on our stake in US-based Excelerate Energy of US\$250 million (€179 million). We amortised RWE npower's customer base in the period being reviewed by €262 million. This figure was slightly higher than in 2009 (€252 million) due to movements in foreign exchange rates.

Financial result € million	2010	2009	+/- € million
Interest income	448	589	-141
Interest expenses	-1,258	-1,224	-34
Net interest	-810	-635	-175
Interest accretion to non-current provisions	-940	-957	17
Other financial result	-186	-398	212
Financial result	-1,936	-1,990	54

The financial result improved by €54 million to –€1,936 million. Its components developed as follows:

- Net interest deteriorated by €175 million to –€810 million. Our growth investments and the acquisition of Essent increased our need for financing. We covered part of it by selling securities, which caused interest income to drop. Furthermore, we issued new bonds.
- At €940 million, the interest accretion to non-current provisions was essentially unchanged.
- The other financial result, which includes numerous expense items, improved by €212 million to –€186 million. This was due to the absence of charges from the preceding year incurred in part due to the crisis on financial markets. For example, we had realised write-downs on securities and book losses on the sale of securities. Conversely, we generated income from such sales in 2010.

Reconciliation to net income		2010	2009	+/- %
Operating result	€ million	7,681	7,090	8.3
Non-operating result	€ million	-767	498	-
Financial result	€ million	-1,936	-1,990	2.7
Income from continuing operations before tax	€ million	4,978	5,598	-11.1
Taxes on income	€ million	-1,376	-1,858	25.9
Income from continuing operations	€ million	3,602	3,740	-3.7
Income from discontinued operations	€ million	-	91	-
Income	€ million	3,602	3,831	-6.0
Minority interest	€ million	279	260	7.3
RWE AG hybrid investors' interest	€ million	15	-	-
Net income/RWE AG shareholders' share in net income	€ million	3,308	3,571	-7.4
Recurrent net income	€ million	3,752	3,532	6.2
Earnings per share	€	6.20	6.70	-7.5
Recurrent net income per share	€	7.03	6.63	6.0
Effective tax rate	%	28	33	-

RWE earned €4,978 million in income from continuing operations before tax, 11% less than in 2009. The effective tax rate dropped from 33% to 28%, in part because our corporate tax credit rose and we were able to capitalise loss carryforwards. After tax, income from continuing operations declined by 4% to €3,602 million. Discontinued operations did not contribute to income in 2010, whereas the prior-year figure still included income from American Water, which has since been sold. The minority interest amounted to €279 million, 7% higher than in 2009. For the first time, we are also stating the minority interest allocable to the holders of the hybrid bond issued in September 2010. At €15 million, it corresponds to the post-tax financing costs allocable to the year under review. You can find detailed information on our hybrid bond on pages 102 and 195 of this report.

The RWE Group's net income declined by 7% to €3,308 million. Accordingly, our earnings per share dropped from €6.70 to €6.20. The number of RWE shares outstanding in the period being reviewed averaged 533.6 million (prior year: 533.1 million).

Recurrent net income improved by 6%. The yardstick for determining our dividend is recurrent net income. It does not include the non-operating result. If major non-recurrent effects in the financial result and income taxes occur, these are also excluded. In the year under review, recurrent net income totalled €3,752 million, 6% up year on year. We were therefore slightly up on the forecast issued in February 2010, which envisaged an increase of approximately 5%.

Planned efficiency enhancements compared to 2006 € million (accumulated)	2007	2008	2009	2010	2011	2012
Initial target	100	200	450	700	900	1,200
Increase						200
New target						1,400

Efficiency-enhancement programme: target for 2010 achieved. We are making good progress with the efficiency-enhancement programme we initiated in 2007. By taking measures to reduce costs and increase revenue, we aim to tap additional earning potential – and do so more and more every year. One of the project’s goals is to enhance the performance of our German electricity and gas network business, which should limit the impact on our earnings from tariff cuts mandated by the network regulator. Further savings will be achieved through improvements in IT services and purchasing as well as the pooling of back-office functions. Moreover, we intend to increase revenue by improving the availability of our power plants.

By 2009, we had already achieved a positive effect on earnings of €450 million through the programme. The baseline year is 2006. With respect to 2010, we had envisaged increasing the programme’s impact on earnings to €700 million. We have achieved this target. The efficiency-enhancement programme will run until the end of 2012 and we want to intensify our efforts by then. For instance, we have identified additional potential for savings in terms of project and material costs. Furthermore, RWE npower will introduce a new IT system, which will allow the company to reduce its sales costs considerably. Therefore, we can raise our overall goal for the programme by 2012. Initially, we wanted to achieve positive effects every year, totalling €1.2 billion from 2006 to 2012. We are now targeting a figure of €1.4 billion.

Capital expenditure on property, plant and equipment and on intangible assets € million	2010	2009	+/- € million
Germany	2,410	2,813	-403
Power Generation	1,180	1,791	-611
Sales and Distribution Networks	1,230	1,022	208
Netherlands/Belgium	1,144	156	988
United Kingdom	876	853	23
Central Eastern and South Eastern Europe	430	368	62
Renewables	614	447	167
Upstream Gas & Oil	507	855	-348
Trading/Gas Midstream	4	2	2
Other, consolidation	394	419	-25
RWE Group	6,379	5,913	466

Capital expenditure on financial assets € million	2010	2009	+/- € million
Germany	45	1,325	-1,280
Power Generation	2	45	-43
Sales and Distribution Networks	43	1,280	-1,237
Netherlands/Belgium	3	7,794	-7,791
United Kingdom	23	114	-91
Central Eastern and South Eastern Europe	8	3	5
Renewables	95	286	-191
Upstream Gas & Oil	-	-	-
Trading/Gas Midstream	61	141	-80
Other, consolidation	29	61	-32
RWE Group	264	9,724	-9,460

Capital expenditure on property, plant and equipment 8% higher year on year. The RWE Group spent €6,643 million in capital in the year under review, compared to €15,637 million in 2009. The significant decline is attributable to financial investments, which barely had an impact in 2010, after having been exceptionally high in 2009 (€9,724 million) due to the acquisition of Essent. Conversely, capital expenditure on property, plant and equipment and intangible assets rose by 8% to €6,379 million. This was in part because Essent's capex was included on a twelve-month basis for the first time. Nevertheless, on the whole, we spent a little less than expected, due, amongst other things, to delays in the construction of power plant projects. In February 2010, we had forecast Group capital expenditure on property, plant and equipment and intangible assets to be in the order of €7.0 billion.

- Germany: Capital expenditure by this division amounted to €2,455 million. This represents a decrease of 41% compared to 2009. The division's business areas displayed the following development:

Power Generation: Capital spending by this business area was down 36% to €1,182 million. As in the preceding year, almost all of this was spent on property, plant and equipment. The decline is partly due to RWE Power's transfer of the Eemshaven power plant project to Essent. As mentioned earlier, we are building a 1,560 MW twin-unit hard coal facility at the Dutch site. We completed work on the new gas-fired power station in Lingen in the year being reviewed. It has an installed capacity of 876 MW and was commissioned in April. The major ongoing project is the 2,100 MW dual-block lignite-fired power plant in Neurath near Cologne, Germany. We are behind schedule, primarily due to quality-related problems experienced by suppliers. Based on our current planning, both units will go online this year. On top of this, RWE Power is building a 1,528 MW twin-unit hard coal facility in Hamm, Germany. Suppliers caused delays here as well. Therefore, the facility will not go online until 2013. These new-build power plants will enable us to achieve

significant efficiency improvements and emission reductions. Furthermore, the new units will be capable of switching loads much faster than older facilities. This enables us to take advantage of price fluctuations in electricity spot trading by making more flexible use of our power plants. These fluctuations are expected to become more frequent in view of the rising share of electricity production accounted for by weather-dependent sources such as wind and solar.

Sales and Distribution Networks: We spent €1,273 million in capital on this business area, 45% less than in the previous year. Capital expenditure on financial assets declined significantly, following several sizeable transactions we had concluded in 2009. These included the acquisition of a 20% stake in the former RWE Westfalen-Weser-Ems held by municipal shareholders for €800 million. Capital expenditure on property, plant and equipment and intangible assets amounted to €1,230 million, 20% up on the preceding year's level. These funds were mainly allocated to upgrades to the network infrastructure. In addition, we invested in new gas storage capacity.

- **Netherlands/Belgium:** At €1,147 million, capital expenditure by this division was 86% down on the previous year's figure, which was unusually high due to the acquisition of Essent. Including ancillary purchasing costs, we spent €7,794 million on the acquisition of the Dutch energy utility. In contrast, no notable funds were dedicated to financial assets in 2010. Conversely, capital expenditure on property, plant and equipment and intangible assets totalled €1,144 million, which was over seven times higher than in 2009. However, the year-earlier figure only included fourth-quarter spending. The division's single largest undertaking is the power plant project taken over from RWE Power in Eemshaven, the Netherlands. Furthermore, Essent is constructing the Moerdijk 2 and Claus C combined-cycle gas turbine power plants. The former is being built directly adjacent to the existing Moerdijk power plant. It will have an installed capacity of 426 MW and is scheduled to go online in the fourth quarter of 2011. Claus C is envisaged to have an installed capacity of 1,304 MW and replace the existing Claus B (640 MW) gas-fired power station. We plan to commission the plant in the first half of 2012. We expect to spend a total of €1.5 billion on these two projects.
- **United Kingdom:** RWE npower invested €899 million, 7% less than in 2009. Once again, decreasing spending on financial assets was the main reason. Capital expenditure on property, plant and equipment and intangible assets rose by 3% to €876 million. Centre stage was taken by the construction of two state-of-the-art combined-cycle gas turbine power stations. All four units at our facility at Staythorpe (Nottinghamshire) went online between August and November 2010. It has an aggregate installed capacity of 1,650 MW. The second plant is located at Pembroke, Wales. It will have an installed capacity of 2,188 MW, and is scheduled to begin generation in 2012.
- **Central Eastern and South Eastern Europe:** Capital expenditure advanced by 18% to €438 million. It was almost exclusively used on property, plant and equipment. The focus continues to be on measures to improve electricity and gas network infrastructure. However, in the year being reviewed, we stepped up our investment in the expansion of our Czech gas storage capacities. Additional funds were dedicated to the construction of a 775 MW combined-cycle gas turbine power station in the Turkish town of Denizli, which we started in mid-2010.

- **Renewables:** RWE Innogy aims to expand its renewable generation base significantly and is making good progress. At €709 million, capital expenditure in 2010 was in the order of the previous year. Most of it was dedicated to property, plant and equipment. Funds were primarily spent on building new wind power capacity. Our single largest project is the Gwynt y Môr wind farm off the coast of North Wales, which will have a total installed capacity of 576 MW. By the end of 2011, laying of the first foundations for a total of 160 wind turbines should have commenced, with completion scheduled for 2014. Another investment is the planned Nordsee Ost wind farm north of the Isle of Helgoland, which will have an aggregate installed capacity of 295 MW. Construction has begun, with the project due to be completed in 2013. To build the Gwynt y Môr and Nordsee Ost wind farms, we will use our own special construction ships, for which we made down payments in the year under review. Another major project is the expansion of the Thornton Bank wind farm off the Belgian coast from 30 MW to 325 MW. Furthermore, RWE Innogy granted loans to associated companies, but these are not stated as capital expenditure: €300 million (previous year: €220 million) was earmarked for the Greater Gabbard Offshore Winds Ltd. joint venture, which is erecting the namesake wind farm off the UK coast. We own 50% of the company. In addition, we invested in onshore wind energy, for example at sites in Poland, Italy and Scotland. Besides wind power, biomass plays a significant role for us. In the year being reported, we began to construct a 42 MW combined heat and power plant in the Scottish town of Markinch. Moreover, we are building several such facilities at locations in the German state of North Rhine-Westphalia. We also spent capital on hydroelectric projects in 2010, albeit to a lesser extent, for example on the expansion of a run-of-river power station on the upper Rhine.
- **Upstream Gas & Oil:** Capital spending at RWE Dea amounted to €507 million, clearly down on the previous year's high figure (€855 million). The latter was greatly influenced by the acquisition of a 70% stake in the Breagh gas field in the North Sea. We spent roughly €260 million on it, whereas we did not conclude any transactions of a similar order in 2010. As in the preceding year, RWE Dea's focus was placed on developing existing reserves and resources.
- **Trading/Gas Midstream:** RWE Supply & Trading roughly halved its capital expenditure to €65 million. As in the preceding year, additions to Excelerate Energy's equity were the single largest item.

Other, consolidation: This item includes €423 million in capital expenditure for 2010, largely relating to property, plant and equipment. Most of the funds were used by Amprion to modernise and expand the electricity transmission network.

Workforce¹	31 Dec 2010	31 Dec 2009	+/- %
Germany	34,184	33,605	1.7
Power Generation	15,409	15,346	0.4
Sales and Distribution Networks	18,775	18,259	2.8
Netherlands/Belgium	3,899	4,695	-17.0
United Kingdom	11,711	12,224	-4.2
Central Eastern and South Eastern Europe	11,163	11,289	-1.1
Renewables	1,232	980	25.7
Upstream Gas & Oil	1,363	1,279	6.6
Trading/Gas Midstream	1,512	989	52.9
Other	5,792 ²	5,665	2.2
RWE Group	70,856	70,726	0.2

1 Converted to full-time positions.

2 Of which 2,271 at RWE IT and 1,406 at RWE Service.

Employee headcount marginally higher. As of the balance-sheet date, the RWE Group employed 70,856 people, 41,039, or 58%, of whom worked at German sites. Part-time positions were calculated in these figures on a pro-rata basis. The workforce increased by 130 personnel compared to 31 December 2009, due to operating changes. In contrast, acquisitions and divestments caused a net 311 employees to leave the Group. There were major shifts of personnel between the divisions, because, in 2010, Essent's trading business and wind power activities were reclassified to the Trading/Gas Midstream and Renewables Segments, respectively. In addition, employees transferred from RWE IT to RWE npower and RWE Supply & Trading. As in previous years, we trained far more people than required to cover our own needs. By 31 December 2010, 3,079 young adults were in a professional training programme at RWE. Staff figures do not include trainees.

Cost reductions and efficiency improvements in Group purchasing. RWE Service, our internal service provider, is in charge of purchasing goods and services. This does not include the procurement of electricity, commodities, insurance services, or power plant components needed for new-build projects. RWE Service uses standardised purchasing systems and complies with the principles of best practice. Yet again, the company realised substantial savings in fiscal 2010. For instance, it took charge of nearly all purchases of management, personnel, legal consulting and marketing services. Moreover, we completed the integration of Essent into our corporate purchasing process and refined RWE standards for occupational safety and sustainability into our supplier management system.

Raw materials are sourced by our generation companies either directly on the market, or via RWE Supply & Trading. In 2010, the amount of hard coal procured to generate electricity totalled 16.3 million metric tons of hard coal unit (HCU), compared to 16.2 million metric tons in the previous year. This includes coal for power plants not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In the financial year that just came to a close, RWE Power sourced 12.2 million metric tons of HCU (previous year: 10.5 million metric tons), and RWE npower purchased 2.2 million metric tons (previous year: 5.2 million metric tons). Essent accounts for 1.8 million metric tons of HCU (prior year: 0.5 million metric tons). Furthermore, the company used 0.8 million metric tons of biomass to co-fire at coal power stations (previous year: 0.2 million metric tons). The slight increase in hard coal volumes is due to the higher utilisation of our power stations in Germany and Essent's first-time inclusion on a twelve-month basis. A counteracting effect was felt from the fact that RWE npower largely met its need by reducing inventory. We cover roughly half of coal demand from our own power plants in Germany from domestic production sources. Russia is RWE npower's major supplier region, and Essent procures two thirds of the hard coal it uses from Colombia. Biomass used for the co-firing of our Dutch coal power plants is largely sourced from North America.

RWE sources lignite from proprietary opencast mines. In the Rhineland, our main mining region, we produced 91 million metric tons of lignite in the year under review (previous year: 92 million metric tons). We used 80 million metric tons to generate electricity and 11 million metric tons to manufacture refined products.

Our gas purchasing is pooled in RWE Supply & Trading. In 2010, our procurement volume amounted to roughly 50 billion cubic metres. About half of it is sourced on the basis of long-term take-or-pay agreements, the conditions of which are orientated towards the development of oil prices. We concluded such supply agreements largely with companies in Russia, Norway, the Netherlands and Germany. In addition, we buy gas on wholesale markets, namely the Title Transfer Facility (Netherlands) and the National Balancing Point (UK). Approximately 3% of our gas purchase volume is covered by in-house production.

1.7 FINANCIAL POSITION AND NET WORTH

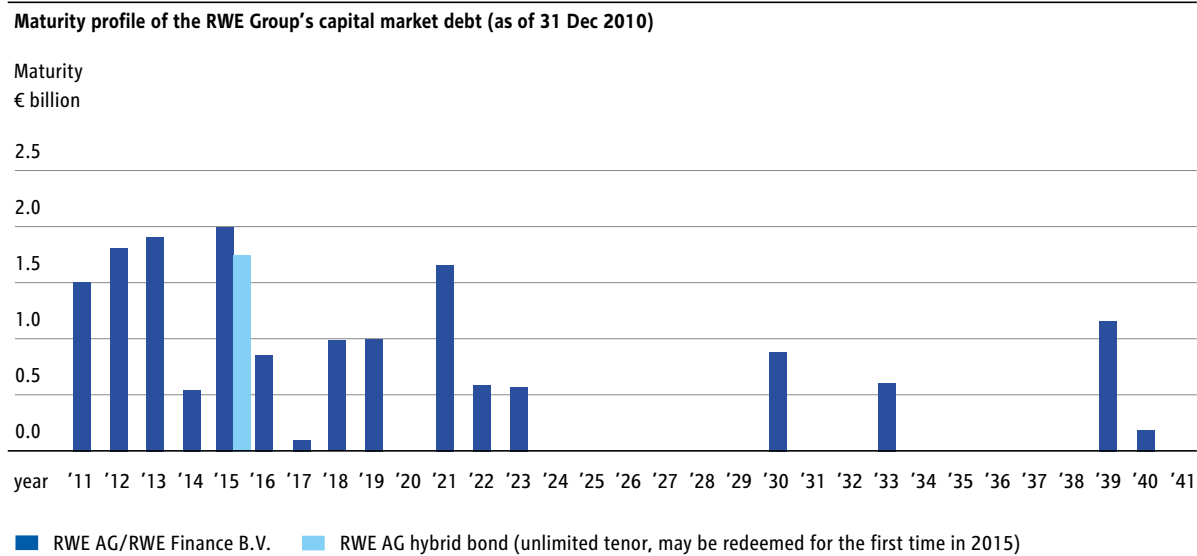
In fiscal 2010, we spent more on property, plant and equipment than ever before – and paid our shareholders a large dividend. Our operating cash flow alone would not have been enough to finance this. Our good creditworthiness enabled us to raise debt at favourable conditions. In addition, we made use of an innovative financial tool by issuing a hybrid bond. This was the largest issuance of a security of this type ever placed by a European industrial enterprise.

Central financing through RWE AG. The RWE Group's financing is the responsibility of RWE AG. The corporate headquarters does not usually issue bonds itself, instead transferring this task to Netherlands-based RWE Finance B.V. Only in specific cases do other subsidiaries raise capital directly, especially if it is more advantageous economically to make use of local credit and capital markets. Furthermore, RWE AG acts as co-ordinator when Group companies assume a liability: the company decides on the scope of warranties issued and letters of comfort signed. Pooling these activities is a basic prerequisite for managing and monitoring financial risks centrally. Moreover, this strengthens our position when negotiating with banks, business partners, suppliers and customers.

Substantial financial flexibility. We primarily meet our financing needs with the high and stable cash flows from our operating activities. In addition, we have access to a number of flexible financing instruments. One of our major tools is the Debt Issuance Programme (DIP) for long-term refinancing on the capital market. The maximum countervalue of the bonds that we can issue through the DIP totals €30 billion. Last, but not least, a commercial paper programme gives us a maximum of US\$5 billion in headroom for short-term financing on the money market. €0.5 billion in RWE commercial paper was outstanding as of 31 December 2010.

A €4.0 billion credit line we obtained in November 2010 serves as an additional liquidity reserve. It has a tenor of an initial five years and replaces two €2.0 billion lines of credit, which would have expired in October 2011. RWE has the option in 2011 and 2012 to file for an extension of the credit line until November 2016 and 2017, respectively.

Neither the aforementioned financing instruments, nor the current credit facilities, contain specific financial covenants such as interest coverage, leverage or capitalisation ratios that could trigger actions, such as acceleration of repayment, provision of additional collateral, or higher interest payments. Likewise, they do not contain rating triggers.



RWE issues hybrid bond with record volume. In September, we issued a hybrid bond with a volume of €1.75 billion. This was the largest and lowest-interest issuance of a security of this type ever placed by an industrial enterprise in Europe. With an annual coupon of 4.625% and an issue price of 99.7%, the bond drew keen interest from investors. Hybrid bonds are a mix of equity and debt financing. In the event of insolvency, they are settled only once all of the company's other debt instruments have been serviced. In exchange, this paper usually has a higher coupon than conventional bonds. RWE's hybrid bond theoretically has an unlimited tenor. However, we have the right to redeem it for the first time after five years. Further information on the hybrid bond can be found in the notes on page 195.

Total volume of bonds outstanding rises to €18.1 billion. Besides the hybrid bond, we only had two minor issuances on the capital market in 2010, whereas we redeemed a total of €0.6 billion in bonds. By 31 December 2010, outstanding paper including the hybrid bond had a value of €18.1 billion. This is €1.7 billion more than in the previous year. The bonds are denominated in euros, sterling, US dollars and Japanese yen. We concluded hedges to manage our currency exposure. Taking such transactions into account, our debt broke down into 72% in euros and 28% in sterling. This means that we do not have any currency exposure from capital market debt in US dollars or in yen. Our bonds' initial tenors range from 2 to 30 years. Their weighted average remaining term to maturity at the end of 2010 was 8.1 years. The hybrid bond is not included in this figure. €1.5 billion in bonds are due for repayment in 2011.

RWE Group's capital market debt as of 31 Dec 2010 by maturity¹		2011-2014	2015-2018	2019-2023	from 2024
Nominal volume	€ billion	5.8	3.9	3.8	2.8
Relative share of total volume of capital market debt	%	36	24	23	17

¹ Excluding the hybrid bond, which has an unlimited tenor.

Net debt rises to €29.0 billion. Our net debt rose by €3.2 billion to €29.0 billion during the 2010 financial year. Capital expenditure on property, plant and equipment played an especially significant role, achieving a new record high of €6.4 billion. The dividend payments of €2.2 billion also made a contribution. In addition, provisions for nuclear waste management increased by €0.5 billion. Conversely, cash provided by operating activities dampened the rise in liabilities. This also applies to the hybrid bond, which was issued in September, because in determining net debt, we classify half of the €1.75 billion in hybrid capital as equity, in line with the procedure followed by the rating agencies. In contrast, our consolidated balance sheet is subject to International Financial Reporting Standards (IFRS), which stipulate that the hybrid capital be fully classified as equity.

Net debt € million	31 Dec 2010	31 Dec 2009	+/- %
Cash and cash equivalents	2,476	3,074	-19.5
Marketable securities	3,445	3,443	0.1
Other financial assets	1,985	3,247	-38.9
Financial assets	7,906	9,764	-19.0
Bonds, other notes payable, bank debt, commercial paper	17,572	17,707	-0.8
Other financial liabilities	2,238	2,439	-8.2
Financial liabilities	19,810	20,146	-1.7
Net financial debt	11,904	10,382	14.7
Provisions for pensions and similar obligations	3,318	3,281	1.1
Surplus of plan assets over benefit obligations	56	79	-29.1
Provisions for nuclear waste management	10,010	9,491	5.5
Mining provisions	2,920	2,712	7.7
Hybrid capital (share of relevance to rating)	880	-	-
Net assets held for sale	12	-	-
Net debt of the RWE Group	28,964	25,787	12.3

Securing current A rating is a high priority. Assessments of creditworthiness made by independent rating agencies have a substantial influence on a company's options to raise capital. The better the rating, the easier it is to gain access to international capital markets and the better the conditions for debt financing. Therefore, we benefit from the fact that the two leading rating agencies, Moody's and Standard & Poor's, have given RWE high credit ratings. The following table provides an overview of our credit ratings at the end of January 2011:

Credit rating	Moody's	Standard & Poor's
Long-term	A2 / negative outlook	A / negative outlook
Short-term	P-1	A-1

Leverage factor remains at 2.8. We manage our debt based on recognised parameters. One of the key figures is the ratio of net debt to EBITDA, which we refer to as the 'leverage factor.' This key performance indicator is of more informational value than the debt total as it reflects the company's earning power and, in turn, the company's ability to service the debt. In February 2010, we set ourselves the goal to orientate our leverage factor towards an upper limit of 3.0. We hit this target. In the financial year that just ended, it was 2.8, matching the 2009 factor.

Cost of debt slightly lower. In 2010, our cost of debt amounted to 4.9%. This figure relates to the RWE Group's average bonds and commercial paper outstanding, including interest derivatives. Hybrid capital is not considered. Our financing costs were marginally down on 2009 (5.0%). The bonds issued in the fiscal year made a contribution to this, bearing a below-average interest rate of 2.7% (including hedges).

Cash flow statement € million	2010	2009	+/- € million
Cash flows from operating activities	5,500	5,299	201
of which: changes in working capital	-2,349	-795	-1,554
Cash flows from investing activities	-6,683	-8,326	1,643
Cash flows from financing activities	638	4,839	-4,201
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	6	13	-7
Total net changes in cash and cash equivalents	-539	1,825	-2,364
Cash flows from operating activities	5,500	5,299	201
Minus capital expenditure on property, plant and equipment and on intangible assets	-6,379	-5,913	-466
Free cash flow	-879	-614	-265

Cash flows from operating activities improved by 4%. In fiscal 2010, we generated €5,500 million in cash flows from operating activities. This was 4% more than in the previous year (€5,299 million). The main driver was the good earnings, whereas effects in working capital had a counterproductive impact. Cash outflows for investing activities totalled €6,683 million. This is the sum by which our cash outflows for investing activities (including changes in cash investments) exceeded proceeds from the disposal of assets and the sale of companies. Cash flows from financing activities amounted to €638 million, despite the high dividend payment for the 2009 financial year. They primarily stem from the bond issuances, which had a total volume of €2.1 billion. Cash and cash equivalents declined by €539 million over the course of the year.

Cash flows from operating activities, minus capital expenditure on property, plant and equipment and intangible assets, result in free cash flow, which amounted to –€879 million. This was lower than the year-earlier figure, which was already negative (–€614 million). It reflects our extensive investing activity.

Balance sheet structure	31 Dec 2010		31 Dec 2009	
	€ million	%	€ million	%
Assets				
Non-current assets	60,465	65.0	56,563	60.5
Intangible assets	17,350	18.6	17,320	18.5
Property, plant and equipment	32,237	34.6	28,627	30.6
Current assets	32,612	35.0	36,875	39.5
Receivables and other assets ¹	23,258	25.0	27,396	29.3
Total	93,077	100.0	93,438	100.0
Equity and liabilities				
Equity	17,417	18.7	13,717	14.7
Non-current liabilities	45,162	48.5	45,633	48.8
Provisions	23,485	25.2	22,315	23.9
Financial liabilities	15,908	17.1	17,019	18.2
Current liabilities	30,498	32.8	34,088	36.5
Other liabilities ²	20,881	22.4	25,132	26.9
Total	93,077	100.0	93,438	100.0

¹ Including financial accounts receivable, trade accounts receivable, and tax refund claims.

² Including trade accounts payable and income tax liabilities.

Balance sheet structure: equity ratio rises to 18.7%. As of 31 December 2010, the RWE Group's balance sheet total amounted to €93.1 billion. This is €0.3 billion less than in the preceding year. Major changes occurred with respect to the derivative positions: they were each down €3.3 billion on both the equity and liabilities side of the balance sheet. Our financial accounts receivable from sureties (margins and collateral) declined by €1.3 billion, whereas property, plant and equipment rose by €3.6 billion year on year due to our extensive investment activity. Changes in foreign exchange rates caused the balance sheet total to increase by €0.7 billion. In the year being reviewed, the RWE Group's equity ratio rose from 14.7% to 18.7%. Drivers were the company's considerable earning power and the issuance of the hybrid bond. Equity and non-current liabilities covered all our non-current assets at the balance sheet date.

1.8 NOTES TO THE FINANCIAL STATEMENTS OF RWE AG (HOLDING COMPANY)

RWE AG's role in the Group. As the management holding company of the RWE Group, RWE AG handles central management tasks. Its economic situation is largely determined by the subsidiaries' activities.

Financial statements. RWE AG prepares its financial statements in compliance with the rules set out in the German Commercial Code and the German Stock Corporation Act. The rules of the German Accounting Modernisation Act (BilMoG) were applied to the financial year ending on 31 December 2010 for the first time. Adjustments to prior-year figures only reflect the change in the accounting treatment of our own shares. The financial statements are submitted to Bundesanzeiger Verlagsgesellschaft mbH, Cologne, Germany, the operator of the electronic Federal Gazette (Bundesanzeiger) and published in the electronic Bundesanzeiger. They can be ordered from us and are also available on the internet.

Balance sheet of RWE AG (abridged)¹ € million	31 Dec 2010	31 Dec 2009
Non-current assets		
Financial assets	39,849	40,039
Current assets		
Accounts receivable from affiliated companies	3,950	3,896
Other accounts receivable and other assets	876	778
Marketable securities and cash and cash equivalents	1,679	1,751
Total assets	46,354	46,464
Equity	8,146	7,493
Provisions	4,851	7,360
Accounts payable to affiliated companies	29,462	29,966
Other liabilities	3,895	1,645
Total equity and liabilities	46,354	46,464

¹ Prior-year figures adjusted.

Income statement of RWE AG (abridged) € million	2010	2009
Net income from financial assets	3,184	3,662
Net interest	-681	-1,091
Other income and expenses	1,413	982
Profit from ordinary activities	3,916	3,553
Extraordinary income and expenses	1	-
Taxes on income	-1,397	-1,115
Net profit	2,520	2,438
Profit carried forward	-	7
Allocation to retained earnings	-653	-578
Distributable profit	1,867	1,867

Assets. The net worth of RWE AG is determined by the management of investments and the performance of management functions for the Group companies. The holding company holds the shares in the Group companies and performs financing functions for them. The presentation of the assets changed due to the new rules set out in the BilMoG. Accordingly, assets used to hedge pension obligations are set off against the latter. In the year under review, this primarily affected non-current securities. In consequence, assets were reduced by €3.0 billion. Furthermore, 28.8 million of our own shares stated as current assets with a carrying amount of €2.0 billion must be directly set off against equity. The figure stated for the preceding year was adjusted accordingly. The €1.75 billion hybrid bond we issued in September 2010, which is classified as debt in accordance with German commercial law, was largely responsible for the rise in other liabilities.

As of 31 December 2010, RWE AG's equity ratio was 17.6%. It exceeded the previous year's adjusted figure (16.1%). €0.7 billion was transferred to retained earnings.

Financial position. One of RWE AG's key tasks is to procure funds for its subsidiaries' ongoing business activities. The subsidiary RWE Finance B.V. handles most of the company's external refinancing on the capital market by issuing bonds backed by RWE AG. As mentioned earlier, RWE AG issued a hybrid bond in the financial year that just ended. It has an unlimited tenor and RWE AG can redeem it for the first time after five years. As of 31 December 2010, outstanding bonds and commercial paper issued by RWE including the hybrid bond amounted to €18.1 billion and €0.5 billion, respectively. In 2010, RWE took out a syndicated credit line with several banks for a total of €4.0 billion. It has a term of five years and replaces two tranches, each of which had a volume of €2.0 billion and would have expired in October 2011.

Earnings position. RWE AG's earnings are largely determined by those achieved by its subsidiaries. The net profit generated in 2010 was marginally up year on year. Income from financial assets, which was primarily contributed by RWE Power as well as the network and sales companies in Germany and Central Eastern Europe, declined slightly. Conversely, net interest improved. This is primarily because, pursuant to the BilMoG, income from securities held to hedge pension obligations is set off against interest expenses associated with provisions for pensions. The 'Other income and expenses' item also improved, especially as income tax apportionments from subsidiaries were higher than in 2009. Accordingly, the tax expense rose compared to 2009.

The Supervisory and Executive Boards of RWE AG will propose to the Annual General Meeting on 20 April 2011 that a dividend of €3.50 per share be paid for fiscal 2010. Relative to the Group's recurrent net income, this results in a payout ratio of 50%. It is thus at the low end of the target range of 50% to 60%.

Takeover provisions: disclosure in compliance with Secs. 315, Para. 4 and 289, Para. 4 of the German Commercial Code (HGB) and report of the Executive Board in accordance with Sec. 176, Para. 1, Sentence 1 of the German Stock Corporation Act (AktG). RWE AG's subscribed capital remained unchanged, consisting of 523,405,000 no-par-value common shares in the name of the bearer (93.1% of the subscribed capital) and 39,000,000 no-par-value preferred shares in the name of the bearer without voting rights (6.9% of the subscribed capital). The remaining rights and obligations are determined by the German Stock Corporation Act (AktG). Holders of non-voting preferred shares have a right to a preferred share of profits of €0.13 per share when the distributable profit is distributed. The composition of subscribed capital and, above all, the legal definition of the non-voting preferred shares issued by RWE are in compliance with the provisions of the law and of the Articles of Incorporation.

In compliance with Sec. 21, Para. 1 of the German Securities Trading Act (WpHG), on 21 December 2007, RW Energie-Beteiligungsgesellschaft mbH & Co. KG, Dortmund, informed us that it held 16.089% of RWE AG's voting stock at the time.

Executive Board members are appointed and dismissed in accordance with Secs. 84 et seq. of the German Stock Corporation Act (AktG) in connection with Sec. 31 of the German Co-Determination Act (MitbestG). Amendments to the Articles of Incorporation are made pursuant to Secs. 179 et seqq. in connection with Sec. 16, Para. 6 of the Articles of Incorporation of RWE AG. According to Sec. 16, Para. 6 of the Articles of Incorporation, unless otherwise provided for by law or in the Articles of Incorporation, the Annual General Meeting shall adopt all resolutions with a simple majority of the votes cast; in so far as a majority of the capital stock represented is required, the simple majority shall suffice. We thus made use of the legal possibility of determining a different capital majority for amendments to the Articles of Incorporation than prescribed by law. Amendments to the Articles of Incorporation that only concern the wording, without changing content, may be decided upon by the Supervisory Board (Sec. 10, Para. 9 of the Articles of Incorporation).

Pursuant to the resolution passed by the Annual General Meeting on 22 April 2010, the company was authorised to purchase shares of any class in RWE until 21 October 2011, totalling up to 10% of the share capital. The purchase may be limited to shares of a single class. It is at the Executive Board's discretion to purchase the shares on the stock market or by making a public call for shares. This can be done through the use of put or call options. The own shares may then be called in. If common shares are bought back, they can also be transferred to third parties within the scope of mergers or acquisitions, or sold in another manner. A sale not conducted on the stock exchange or via a tender to all shareholders may only be made in exchange for cash. Moreover, the price at the time of sale may not be significantly lower than the stock-market price for common shares bearing the same rights. Common shares bought back may be used to redeem convertible and option bonds issued on the basis of the resolutions passed by the Annual General Meeting held on 22 April 2009. The authorisation may be exercised in full or in part and also for partial amounts.

Pursuant to the resolution passed by the Annual General Meeting on 22 April 2009, the Executive Board was authorised to issue option or convertible bonds until 21 April 2014. The bonds' combined nominal value is limited at €6 billion. The shareholders' subscription rights can be waived if the bonds are issued at a price in line with the market and the new shares do not account for more than 10% of the share capital. The Executive Board may also waive the shareholders' subscription rights in order to avoid allocation of fractions of shares that would result from the subscription. This can also be done in order to offer the shares to holders of earlier convertible and option bonds in a number to which they would be entitled on conversion or exercise of the option as shareholders. Pursuant to Sec. 4, Para. 3a and 3b of the Articles of Incorporation, €143,975,680 in conditional capital, divided among 56,240,500 common shares in the name of the bearer, may be used to exercise convertible and option rights.

Pursuant to Sec. 4, Para. 2 of the Articles of Incorporation, the Executive Board is authorised to increase the company's capital stock with the Supervisory Board's approval by up to €287,951,360 until 16 April 2013 either at once or in several increments through the issuance of no-par-value common shares in the name of the bearer in exchange for contributions in cash or in kind (authorised capital). The shareholders' subscription rights can be waived with the Supervisory Board's approval, in order to avoid allocation of fractions of shares. The subscription rights can also be waived in order to issue shares in exchange for contributions in kind within the scope of mergers or for the purpose of acquiring stakes in companies. Subscription rights can also be waived in the event of a cash capital increase if the price at which the new shares are issued is not significantly lower than the price at which shares outstanding are traded on the stock market, and if the portion of the capital stock accounted for by the new shares, for which subscription rights are waived, does not exceed 10% in total. The Executive Board shall be empowered, subject to the consent of the Supervisory Board, to determine the further details and conditions of the share issuance. Shares from authorised capital are added to shares from conditional capital in cases where they are both issued waiving the shareholders' subscription rights. In such cases, the capital stock may not be increased by more than 20% through the issuance of new shares.

RWE AG's syndicated credit line has a change of control clause including the following main provisions: in the event of a change of control or majority at RWE, further drawings are suspended until further notice and the lenders shall enter into negotiations with us on a continuation of the credit line. Should an agreement with the majority of the lenders not be reached within 30 days from such a change of control, the lenders shall cancel the line of credit. RWE's non-subordinated bonds have a change of control clause with the following essential provisions: in the event of a change of control in conjunction with a drop in RWE AG's credit rating below investment-grade status, creditors have the right to demand that their bonds be redeemed. The redemption amount is calculated on the basis of the corresponding bond conditions. The hybrid bond has a change of control clause

according to which we may fully cancel and redeem the hybrid bond within a defined change of control period in the event of a change of control. If it is not redeemed and the credit rating drops below investment-grade status during the change of control period, the rate of remuneration for the hybrid bond increases by 500 basis points p.a.

Executive Board members have a special right of termination in the event of a change of control. On execution of this special right of termination, Executive Board members receive a one-off payment in the amount of the compensation due until the end of the duration of the contract originally agreed, which shall correspond to at least twice their total contractual annual compensation and shall not correspond to more than three times their total contractual annual compensation. This is in line with the requirements of the German Corporate Governance Code. Dr. Jürgen Großmann was granted this special right of termination before the amendment to the German Corporate Governance Code, which took effect in 2008. His employment contract envisages a one-off payment that covers all of the remuneration due until the end of the contractual term as well as the sum contractually agreed instead of a pension commitment.

Furthermore, in the event of a change of control, retained Executive Board bonuses are prematurely valued and possibly paid. This is done on the basis of the average bonus-malus factor of the last three years. Whether retained bonuses are paid out and the amount of the payout depend on this factor.

The 2005 long-term incentive plan (Beat) and the 2010 RWE performance share plan (Beat 2010) for the Executive Board and executives of RWE AG and of affiliated companies include a provision for a change of control. In such events, all holders of performance shares receive a compensatory payment. The amount of the compensatory payment is determined by multiplying the price paid for RWE shares as part of the takeover by the final number of performance shares as of the date of the takeover offer, in line with the corresponding plan conditions.

The authorisation to conduct share buybacks, the authorised capital, the provision governing changes of control over the syndicated credit line and the RWE bonds as well as the provisions effective in the event of a change of control in the Executive Board members' contracts as well as in the 2005 long-term incentive plan (Beat) and the 2010 RWE performance share plan (Beat 2010) are in line with generally accepted German capital market standards.

1.9 INNOVATION

Efficient, climate-friendly and intelligent – this is our vision for the energy supply of the future. Our extensive research and development work contributes to turning this vision into reality. However, progress in climate protection must not result in setbacks in terms of efficiency or security of supply. Therefore, we focus on solutions that are comprehensively sustainable, from the use of carbon dioxide as a raw material and new electricity storage technologies to electric cars.

Research and development costs up 35%. Our research and development (R&D) is designed to create solutions for an environmentally friendly, reliable and affordable supply of energy, thereby safeguarding our competitiveness over the long term. This is an area in which we greatly rely on our co-operation with partners in plant engineering and the chemical industry as well as research institutes. As a result, our range of action is larger than the following figures might otherwise indicate. Last financial year, we spent €149 million on R&D, €39 million more than in 2009. Part of the reason for this is that we included Essent, and thus its R&D expenditure, on a twelve-month basis for the first time in the year under review. Three hundred and sixty of our employees were solely or partially dedicated to R&D work.

Research and development		2010	2009	2008	2007	2006
R&D costs	€ million	149	110	105	74	73
R&D employees		360	350	330	270	273

Carbon dioxide: from pollutant to commodity. How can we reconcile generating electricity from fossil fuel – especially coal – with the goal of protecting the climate? An answer to this question is provided by technologies which prevent carbon dioxide from power plants entering into the atmosphere. What needs to be done first is to isolate the CO₂. Several methods can be employed to do so. The most advanced technology by far is the separation of the carbon dioxide from the flue gas that is produced when coal or gas is combusted. This technique is known as ‘CO₂ washing.’ We built a pilot plant at our Niederaußem site to test it. Since 2009, we have been testing new ‘CO₂ detergents’ for large-scale technical use there, together with BASF and Linde. The results are promising: compared to the substances commonly used today, the new solvents consume up to 20% less energy when isolating the carbon dioxide. In addition, we have proven that they withstand several wash cycles. We intend to test additional detergents in a second pilot plant, which is located at our Aberthaw power station in the UK. Preparations for construction are underway. Our goal is to be in a position to use CO₂ washing commercially no later than 2020.

However, capturing the carbon dioxide is only the first step. In addition, the gas has to be kept from the atmosphere permanently, for example by storing it in rock formations deep under the surface of the earth. We are looking into ways of separating and storing carbon dioxide in Eemshaven (Netherlands) where we are building a twin-unit hard coal-fired power plant with an aggregate installed capacity of 1,560 MW. We could supplement it with a CO₂ separation demonstration unit if we received support from an EU subsidy programme. In Germany, however, there is still no legal framework for the underground storage of CO₂. Furthermore, it has become clear that it meets with resistance from local residents. Against this backdrop, we are taking another step forward. We are investigating how to turn a harmful greenhouse gas into a valuable commodity in times of increasingly scarce resources, although the emission reduction potential of this method is much lower than through storage. Our ideas centre on how CO₂ can be used as a carbon building block in the fields of biotechnology, chemistry and biology. We launched three co-operation projects in 2010 to address this issue. The first undertaking was initiated by RWE Power in January together with the Hessian company BRAIN. The task at hand is to use micro-organisms to convert carbon dioxide into biomass, bio-plastics and chemical intermediates. BRAIN is a leader in the field of 'white biotechnology,' the term used to describe the use of biotechnological methods in industrial production. A second project was started by RWE Power in June 2010 in conjunction with Bayer and the Institute for Technical and Macromolecular Chemistry at RWTH Aachen University. In this undertaking, we are looking into ways to manufacture plastics from CO₂. Germany's federal education and research ministry (BMBF) is subsidising this project. Our project list is rounded off by the third research activity we initiated called 'CO₂RRECT.' The idea behind this is that experts from RWE, Bayer, Siemens and several universities and research centres use electricity from renewable sources in order to produce hydrogen through electrolysis. In a second step, the hydrogen is brought into contact with CO₂. The result is chemical intermediates such as carbon monoxide and formic acid. In this manner, carbon dioxide can be used as a starting material for products in daily use such as CDs. This project is also being subsidised by the BMBF.

More efficient lignite-based electricity generation. A serious disadvantage in capturing CO₂ is that it leads to efficiency drops in electricity generation. It is therefore all the more important that we constantly work on raising the efficiency of our power stations. A milestone passed on the way to achieving this is the demonstration unit for drying lignite prior to combustion, which we commissioned at our Niederaußem site in 2009. The method employed – fluidised bed drying with integrated waste heat use – increases the efficiency of lignite-based electricity generation by up to 10%. RWE developed this technology and had it patented. Since selling a license for the use of this method in an Australian project, Linde-KCA-Dresden GmbH and Uhde Services GmbH have also obtained our permission to employ the technology from 2010 onwards. We intend to market it worldwide, which will contribute to ensuring that the lignite-fired power plants of other companies also have higher efficiencies and lower emissions.

Energy from the force of the ocean. Our R&D activity in the field of electricity production also addresses energy from renewables. We are taking various approaches in this area, such as harnessing the energy of the sea. In June 2010, RWE Innogy and Voith Hydro decided to build an ocean current power generation plant in the waters of the Orkney Islands (Scotland). The joint venture, named Voith Hydro Ocean Current Technologies, will install a marine tidal current turbine there, with an installed capacity of 1 MW. We plan to put it through a two-year test so we can gain important expertise concerning the operation of this type of plant. In addition, we want to pave the way for new methods of using energy from renewables by providing third parties with financial assistance for putting their ideas into practice. Via the subsidiary we established in October 2010, Innogy Venture Capital GmbH, we acquire stakes in young companies working on implementing promising technologies.

RWE plans highly efficient compressed air storage facility. Due to the rapid rise in the number of wind turbines and solar panels, electricity on the system is increasingly influenced by weather conditions. However, the supply of electricity must always meet demand in order for the grid voltage to remain stable. Striking this balance is becoming an ever-more ambitious task, which cannot be accomplished without new electricity storage techniques. Against this backdrop, RWE Power joined forces with the German Aerospace Centre as well as General Electric Group and Züblin to develop key components for an innovative pressurised-air storage facility. If we accomplish this successfully, the next step would be to build a demonstration facility in Staßfurt (Saxony-Anhalt). When electricity supply is high, air is compressed and forced into subterranean cavities, where it is stored. This compressed air can be used to generate electricity when needed. We plan to build a demonstration plant capable of storing 1,000 MWh and an electric capacity of up to 200 MW. It should have an efficiency of 70%. We intend to accomplish this by capturing the heat generated during the compression process and returning it to the facility's energy cycle. It would be the first time this method is used on a large scale anywhere in the world.

RWE conducts research on the intelligent networking of decentralised electricity sources. In the energy world of the past, electricity was fed into the grid almost exclusively by large-scale power plants, whereas the role assumed by homes was limited to that of consumer. In the meantime, this picture has changed. More and more households are equipped with solar panels and produce electricity themselves, feeding their surplus energy into the system. This translates into additional co-ordination work for operators of medium and low-voltage networks. Therefore, in the energy world of the future, smart grids will play a key role. Networks of this type feature new control technology enabling a more efficient use of their capacity. In the last financial year, we gave the go-ahead for the construction of such an intelligent electricity network in Bitburg/Prüm in Eifel County. The project is being supported by the German economics and technology ministry. It is being carried out by a consortium led by RWE Deutschland AG, which includes ABB and Consentec as well as Dortmund Technical University, all of which are located in Germany.

Another step towards the future consists of forming IT links between small decentralised power producers and users. Within the scope of the EU-subsidised PowerMatching City Hoogkerk demonstration project in the Netherlands, we are testing the technical prerequisites and commercial impact of such networks. For example, customers can consult price data to determine when to switch on their washing machines or heat pumps. This brings demand for electricity more in line with supply, reducing both costs and system load. In addition, we are testing a novel control programme, which conveniently takes automatic energy usage decisions for customers.

Charging instead of filling: the mobility of the future. In addition to smart grids, another integral component of tomorrow's energy world is electric cars. They are occasionally seen on Germany's roads, sometimes bearing the RWE logo. The German government has set itself the goal of having a million electric cars on the country's roads by 2020. We are supporting this undertaking by setting up and constantly refining a network of charging stations with a user-friendly billing system. To supplement these efforts, we started investigating with our partners Renault, RWTH Aachen University and Aachener Forschungsgesellschaft Kraftfahrwesen mbH how suitable electric cars are for commuters. We are examining how specific driving styles on short routes affect the performance of an electric motor. Beside technical aspects, we want to use our study to analyse customer acceptance and develop ideas for new products. Here again, we are receiving assistance from the realm of politics, as the project is being subsidised by the German transport, building and urban development ministry.

1.10 DEVELOPMENT OF RISKS AND OPPORTUNITIES

Traditionally, the energy sector is considered a crisis-proof industry. Nevertheless, last year, it also experienced a rise in risks. Uncertain political framework conditions, changing market structures and fluctuating electricity and fuel prices bring entrepreneurial challenges, making professional risk management more important than ever. To us, the systematic recording, assessment and control of risks is a key element of solid business management. It is equally important to identify – and take advantage of – opportunities.

Organisation of risk management in the RWE Group. Overall responsibility for the groupwide risk management system sits with the Executive Board of RWE AG. It establishes the rules and minimum standards, defines the caps for the aggregated market and credit risks and takes decisions on transactions that can result in substantial risks.

Within the scope of restructuring the RWE Group, we also refined the organisation of our risk management. The Controlling/Organisational Efficiency Department within the CFO's mandate has taken overall responsibility for the control, steering and co-ordination of the risk management system since the beginning of the 2011 financial year. This organisational unit regularly reports on the Group's risk situation to the Executive Board and the Risk Management Committee.

The Risk Management Committee is in charge of monitoring and refining the risk management system. It is composed of the heads of the following RWE AG corporate departments: Commodity Management, Compliance, Controlling/Organisational Efficiency, Finance, Accounting, Legal/Board Affairs, Audit and Strategy. The Committee is chaired by the head of the Corporate Controlling/Organisational Efficiency Department.

In addition, the following organisational units have been entrusted with corporate risk management tasks:

Commodity Management, the corporate department created in January 2011, controls commodity positions. This department reports to the Executive Board member in charge of commercial management. Within a framework determined by the Executive Board, it grants approvals for hedging strategies and large commodity transactions. In addition, it derives limits for the commodity risks of the operating companies from the risk caps established by the Executive Board.

The CFO of RWE AG is in charge of tracking and monitoring commodity risks. In fulfilling this task, he is assisted by the CFOs and managing directors in charge of finance of our major Group companies. The Risk Controlling Unit, which belongs to the Controlling/Organisational Efficiency Department, establishes performance targets for risk measurement, monitors commodity risks and reports on this to the Executive Board. This is how we ensure that these risks, which are very important to us, are closely monitored and that guidelines are implemented uniformly throughout the Group.

The controlling of the RWE Group's credit risks is handled by the Credit Risk Controlling Unit, which also belongs to the Controlling/Organisational Efficiency Department.

The operating management of financial risks at the RWE AG level is the responsibility of the Financial Controlling Organisational Unit, which belongs to the Finance Department. Its tasks include reporting on currency, interest and liquidity risks.

The strategic guidelines for the management of our financial assets (including the funds of RWE Pensionstreuhand e.V. and RWE Pensionsfonds AG) are determined by the Asset Management Committee. It evaluates the earnings prospects and risks against each other, selects suitable asset classes (bonds, stocks, etc.) and decides on the allocation of the company's funds to them. The members of the Asset Management Committee are the CFO of RWE AG, the Head of Corporate Finance and the CFOs of RWE Power, RWE Dea, RWE npower, Lechwerke, enviaM and Süwag.

Risks in financial reporting are monitored by RWE AG's Corporate Accounting Department. This department also reports directly to the CFO. It uses an internal control system, which is described in detail on pages 125 et seq. In addition, the Corporate Compliance Department focuses on ensuring compliance with RWE's code of conduct and the avoidance of corruption risks. It reports to the President and CEO of RWE AG or, if members of the Executive Board are affected, directly to the Chairman of the Supervisory Board and the Chairman of the Audit Committee.

Under the expert management of the aforementioned areas, our Group companies see to it that the risk management guidelines are implemented throughout the Group.

Risk management as a continuous process. Risk management has been integrated into our operating workflow as a continuous process. In the RWE Group, risks and opportunities, defined as negative or positive deviations from target figures, are identified and classified early on. We evaluate risks according to their probability of occurrence and damage potential and aggregate them at the Group company or Group level. Risk monitoring covers the three-year horizon of our medium-term planning. However, it may extend beyond that for material strategic risks. Risks that share the same cause are aggregated to one position. If a risk can be reduced, the residual risk is reported together with the countermeasures already taken. The damage potential is defined in relation to the operating result and equity of the business unit concerned and the Group as a whole. Using a risk matrix, the corresponding risks thus become visible in terms of their probability of occurrence and potential damage. We can derive from this, among other things, the need for action with respect to individual risks. Risks with a high probability of occurrence or damage potential are mitigated by taking operational measures. Where necessary, we account for them by taking precautionary steps on the balance sheet, e.g. provisions. We evaluate and manage opportunities as part of our regular planning process.

We prepare standardised reports on our risks and opportunities for our management and supervisory committees on a quarterly basis. The Executive Board of RWE AG is immediately informed of unforeseen material changes to the risk situation. Our Group Audit Department regularly appraises the quality and functionality of our risk management system. Nevertheless, we cannot guarantee with absolute certainty that all relevant risks are identified and that the controls work. For example, human error can never be ruled out completely.

Overall assessment of the risk and opportunity situation by executive management. As an energy company, RWE is especially dependent on reliable political framework conditions in the energy sector. However, these have recently become more uncertain, as evidenced by the introduction of the German nuclear fuel tax. State budgetary deficits are increasing the pressure on governments in numerous European countries to impose new burdens on companies such as energy utilities, which are bound to certain locations. Substantial risks also exist in connection with the extension of nuclear power plant lifetimes voted for by the German Lower House. Important details which significantly affect the profitability and continuing operation of our plants remain to be clarified. It is also uncertain whether the lifetime extension is legally valid. In addition to energy policy, the development of supply and demand on electricity and gas markets affects our earning power in particular. Cyclical influences as well as changes in market structure come to bear in this respect. For instance, the continued rise in the number of wind turbines and solar panels is crowding out conventional generation. Changes in fuel prices can have a substantial impact on earnings if electricity quotations do not move accordingly. We limit sudden market price risks by selling forward electricity up to three years before it is delivered and generally hedging the price of the fuel and emission certificates needed to generate it on conclusion of these forward transactions. We also hedge via forward transactions in the gas business. Risks exist in this context, because we purchase some of our gas on the basis of long-term contracts linked to the price of oil and the market price of gas has been decoupled from that of oil since the middle of 2009. In some cases, the price of the gas we buy is higher than the price we can realise when we sell it on. To obtain better purchasing conditions, we entered into contract renegotiations with our gas suppliers. Their outcome is uncertain. Despite this and other imponderables, there are no identifiable risks that jeopardise the continued operation of RWE AG or the RWE Group.

Major risk and opportunity categories. The following illustrates the risks and opportunities which may have a substantial impact on our asset, financial and earnings positions. They can be divided among the following categories:

- **Risks and opportunities arising from the volatility of commodity prices:** The development of prices on commodity markets greatly influences our earnings, especially in the field of electricity generation. For example, decreasing electricity prices or rising fuel costs may lead to a decline in

generation margin contributions and reduce the value of our power plants. RWE Dea's upstream business is also exposed to price risks. Moreover, unfavourable market developments can cause our electricity and gas purchase prices to exceed the prices we can realise through sales to end-customers and distributors. This primarily relates to those of our gas procurement contracts which are linked to the price of oil. However, the aforementioned risks are contrasted by the possibility that the prices may develop in RWE's favour. We assess the price risks to which we are exposed on the procurement and sales markets taking account of current forward prices and expected price volatility. Commodity and credit risks faced by generation and sales companies are managed by following hedging rules established by RWE AG. As already mentioned, in the generation business, we limit risks by selling most of our electricity early on, via forward contracts, and hedging the price of the required fuel and emission certificates. We also make use of forward markets to limit risks in RWE Dea's upstream business and in RWE Supply & Trading's midstream business.

RWE Supply & Trading plays a central role when it comes to managing commodity price risks. The company is the RWE Group's interface to the world's wholesale markets for energy and energy commodities. It markets large portions of the Group's generation position and purchases the fossil fuels and CO₂ emission certificates needed to produce electricity. RWE Supply & Trading thus pools the risk and value added from commodity transactions for the Group and combines the expertise for these transactions centrally. Its role as internal transaction partner makes it easier for us to limit the earnings risks for the generation and sales businesses stemming from price swings on energy markets. RWE Supply & Trading also uses commodity derivatives to minimise risk in the procurement and sales businesses. The trading activities are not exclusively orientated towards reducing risks. RWE Supply & Trading undertakes proprietary trading to a strictly limited extent in order to take advantage of changes in prices on energy markets.

The RWE Group's risk management system for energy trading is firmly aligned with best practice as applied to the trading transactions of banks. Transactions are concluded with third parties only if credit risks are within approved limits. Groupwide guidelines provide structures and processes for the treatment of commodity risks and associated credit risks. The commodity positions in our subsidiaries are constantly monitored, and findings are reported to the responsible committees. Furthermore, the Executive Board of RWE AG receives detailed updates on our consolidated commodity risk positions on a quarterly basis. The Group companies inform the Corporate Risk Controlling Department about their positions, which consolidates them. This procedure is not followed for market risks arising in connection with the pure trades conducted by RWE Supply & Trading. Such risks are monitored daily and stated separately.

The upper risk limits in the energy trading business are set and constantly monitored by the Executive Board of RWE AG. Among other things, we calculate the Value at Risk (VaR) to quantify price risks. In principle, the VaR figures within the RWE Group are based on a confidence interval of 95% and a holding period of one day. This means that, with a probability of 95%, the maximum daily loss does not exceed the VaR. Our central risk controlling parameter for the energy trading activities of RWE Supply & Trading is the Global VaR, which may not exceed €40 million. In fiscal 2010, it averaged €11 million, and the maximum was €17 million. However, our risk analysis is not only based on the amount of VaR. We also factor extreme scenarios into stress tests, determine the influence they can have on liquidity and earnings, and take countermeasures whenever the risks are too high.

- **Risks and opportunities resulting from gas procurement contract price renegotiations:** Some of our gas purchases are based on long-term agreements linked to the price of oil. However, gas prices have been decoupled from the price of oil on international markets since the middle of 2009. As a result, the gas we buy is more expensive than at the TTF (Netherlands) and NBP (United Kingdom) trading hubs, exposing us to potential declines in margins and customer losses. This primarily affects our German and Czech activities. To obtain better purchase conditions, we entered into contract renegotiations with our gas suppliers, some of which have already turned into arbitration proceedings. Their outcomes will have a substantial influence on our medium-term earnings. Our expectations are based on detailed legal assessments which we carried out in the run-up to the renegotiations. There is a risk that the outcomes of the price renegotiations may lag behind our expectations. But they may also offer us the opportunity to enforce conditions that are more favourable than assumed initially.
- **Legal risks:** The RWE Group's exposure to the constant change in the political, legal and social environment in which it does business can be expected to have a substantial impact on earnings. Lignite and hard coal power plants account for a significant portion of our electricity generation portfolio. The costs we incur to purchase CO₂ certificates are, as a result, far above the sector average. In December 2008, the EU member states agreed that the Western European electricity sector will be allocated hardly any free certificates from 2013 onwards. This will cause our CO₂ costs to be much higher than in the current trading period, which will last until 2012. We intend to significantly reduce our specific carbon dioxide emissions and make our power generation portfolio more efficient through our investment programme. Furthermore, we limit our CO₂ risk by participating in climate-protection projects in developing and newly industrialising countries within the scope of the Kyoto Clean Development Mechanism and Joint Implementation programme. Another measure involves the virtual swapping of power plant capacity with various contracting parties. In addition, we conclude long-term electricity supply agreements, in which the CO₂ price risk is borne by the customer, and purchase CO₂ certificates for future periods early on.

As a utility, we plan our capital expenditure for periods extending over decades, making us especially dependent on reliable political framework conditions in the energy sector. However, there are substantial uncertainties. In particular, this affects the use of nuclear energy in Germany. As explained earlier, the new German nuclear fuel tax has considerable negative effects on our earnings, financial and capital expenditure planning. However, we believe that the legal admissibility of such a levy is fundamentally questionable. Substantial uncertainty surrounds the German Lower House's decision to extend the lifetimes of nuclear power stations. For instance, the additional safety requirements for the plants' operation and the investments required as a result have yet to be determined. In addition, there is a risk that the lifetime extension may be annulled if it is found that it required approval from the German Upper House, or because later governments repeal it. Some opposition parties and federal states have already announced that they will file suits against the lifetime extension at the German Constitutional Court.

We are exposed to risks associated with approvals when building and operating production facilities. This particularly affects our opencast mines and power plants. If their operation is interrupted or curtailed, this can result in significant production and earnings shortfalls. Furthermore, there is a danger of new-build projects either receiving late or no approval, or of granted approvals being withdrawn. Depending on the construction progress made and the contractual obligations to suppliers, this can have a significant negative financial impact. We take precautionary measures against this by preparing our applications for approval with great care and ensuring that approval processes are handled competently.

In Germany, risks also arise from the monitoring of anti-competitive pricing practices, the legal framework of which became stricter at the end of 2007. The investigations into the wholesale electricity market initiated by the German Federal Cartel Office in the spring of 2009 ended without any violation of antitrust law having been identified. Legislative initiatives exist at national and European levels aiming to constantly monitor electricity generation and wholesale electricity markets, which could result in new transparency obligations for the companies.

The incentive-based regulation of our German electricity and gas network companies in effect since 2009 is also associated with earnings risks. Uncertainty exists in particular with respect to the recognition of costs and efficiency figures for the second regulatory period. Irrespective of this, the return on equity and debt needs to be improved. Furthermore, the influence of other factors used to calculate revenue has not been determined conclusively.

- **Other legal and arbitration procedures:** Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or sale of companies. Out-of-court claims have been filed against some of them. Furthermore, Group companies are directly involved in various procedures with public authorities or are at least affected by their results. However, we do not expect any material effects on the RWE Group.

Conciliation proceedings in connection with the legal restructuring of companies are currently pending. They were initiated by outside shareholders in order to examine the appropriateness of conversion ratios or cash compensation. Since these figures were calculated by independent experts, we believe the associated risks are low. If different legally enforceable decisions are reached, we will pay compensation to the affected shareholders, including those who are not directly involved in the conciliation proceedings.

- **Financial risks and opportunities:** The volatility of foreign exchange rates, interest rates and share prices can also have a significant effect on our earnings. The management of financial risks is governed by a specific guideline and is the responsibility of the CFO of RWE AG.

Due to our international activities, currency risk management is very important. Group companies are generally obliged to hedge their currency risks via RWE AG. The parent company determines the net financial position for each currency and hedges it, if necessary with external market partners. The VaR concept is one of the tools used to measure and limit risk. In the year under review, the average VaR for RWE AG's foreign currency position was less than €1 million.

We also give significant importance to the management of interest rate risks. We differentiate between two risk categories. On the one hand, rises in interest rates can lead to reductions in the price of securities held by RWE AG. This primarily relates to fixed-interest bonds. On the other hand, interest rate increases also cause our financing costs to rise. The VaR for the securities price risk of our capital investments in 2010 averaged €9 million (previous year: €21 million). We measure the sensitivity of the interest expense with respect to rises in market interest rates using the Cash Flow at Risk. We apply a confidence level of 95% and a holding period of one year. The Cash Flow at Risk amounted to €5 million at the balance sheet date.

The securities we hold in our portfolio include shares. The VaR for the risk associated with changes in share prices averaged €11 million (previous year: €21 million).

Risks and opportunities from changes in the price of securities are controlled by a professional fund management system. The Group's financial transactions are recorded centrally using special software and monitored by RWE AG. This enables the balancing of risks across individual companies. Range of action, responsibilities and controls are set out in internal guidelines, to which our Group companies are obliged to adhere.

- **Creditworthiness of business partners:** Our business relations with financial institutions, trading partners, customers and suppliers expose us to credit risks. We counter them in part by closely tracking the creditworthiness of our counterparties. Credit risk management is governed by a dedicated guideline which is valid throughout the Group. Compliance with the groupwide standards for measuring and managing credit risks established in this guideline is monitored by the Credit Risk Controlling Department.

We manage credit risks by setting limits and by adjusting them on a timely basis, especially in the event of changes in creditworthiness. If necessary, we request cash collateral or bank guarantees. We also take out credit insurance policies or make use of credit default swaps insofar as economically feasible. Most of the banks and trading partners with which we have credit relationships are of good creditworthiness. We determine their credit standing using an internal assessment method. For banks, we use external ratings and an early warning indicator, which we developed in light of the financial market crisis. We sell a significant portion of our electricity generation on the exchange. The credit risk for these sales is assumed by a clearing unit. As a rule, over-the-counter trading transactions are concluded on the basis of framework agreements, e.g. those prescribed by the European Federation of Energy Traders (EFET). In addition, we agree on collateral. We measure the credit risks of the energy trading and financial activities on a daily basis.

- **Liquidity risk:** Liquidity risks consist of the danger of our liquidity reserves no longer being sufficient to meet financial obligations in a timely manner. At RWE, such obligations result above all from the refinancing of due financial liabilities. Furthermore, we must put up collateral if trading contracts (e.g. with exchanges) marked to market result in a loss. We classify our liquidity risk as low. The basis for this is our solid financing. We have strong cash flows from operating activities, substantial cash and cash equivalents, unused credit lines, and further financial latitude through our Commercial Paper and Debt Issuance Programmes (see page 101). Our careful planning ensures that we are liquid at all times. Among other things, we make use of a groupwide notification system, which records the Group companies' short, medium and long-term liquidity needs.

- **Risks and opportunities associated with corporate strategy:** Decisions on capital expenditure on property, plant and equipment and acquisitions are associated with major risks and opportunities, due to the amount of capital employed and the fact that it is tied up long term. When a company is acquired, problems can arise in relation to the integration of employees, processes and technologies. RWE has specific accountability provisions and approval processes in place to prepare and implement strategic decisions concerning capital expenditure on property, plant and equipment and acquisitions. Closely monitoring both our markets and competitors helps us record strategic risks and opportunities adequately and early on. We are following the situation in North Africa closely. Most of our local capital expenditure is backed by federal guarantees against political risks.
- **Continuity of business activities:** We operate technologically complex and interconnected production plants in all parts of our value chain. Uninsured damage can be incurred by our lignite mining equipment, power stations, power plant components and grids. There is an increasing risk of outages in our power plants due to the ageing of their components. In addition, the construction of new plants can be delayed due to accidents, faulty material or time-consuming approval procedures. Our grid business is exposed to the risk of facilities being damaged by force majeure such as severe weather conditions. We limit these risks through high safety standards as well as regular inspection, maintenance and servicing work. If economically viable, we take out appropriate insurance policies.
- **IT security:** Our business processes are supported by efficient data processing systems. Nevertheless, we cannot fully rule out a lack of availability of IT infrastructure or a breach in the security of our data. We mitigate these risks by applying high security standards as well as raising user awareness and limiting access privileges. In addition, we regularly invest in hardware and software upgrades. Our IT is largely based on standards common in the market. Its operations are run in modern data centres. We have established a mandatory groupwide process for managing risks associated with engineering IT solutions.
- **Human resources:** Competition for the best talent is becoming increasingly fierce. To secure and strengthen our position in this area, when recruiting staff, we highlight RWE's attractiveness as an employer and strive to retain experts and executives over the long term. In addition to performance-based compensation and progressive employee benefits, we put a great deal of effort

into the varied prospects offered throughout the RWE Group: trainee programmes, cross-disciplinary career paths, assignments in various European Group companies as well as attractive continued education and advanced training offerings. We limit staff fluctuation risks by ensuring suitable replacements are in place and by early succession planning.

Report on the Internal Control and Risk Management System – statements in accordance with Sec. 315, Para. 2, No. 5 and Sec. 289, Para. 5 of the German Commercial Code (HGB). Risks associated with financial reporting reflect the fact that our annual and interim financial statements may contain misrepresentations that could have a significant influence on the decisions made by their addressees. Our accounting-based internal controlling system (ICS) aims to detect potential sources of error and limit the resulting risks. It covers the financial reporting of the entire RWE Group. This enables us to ensure with sufficient certainty that the parent company and consolidated financial statements are prepared in compliance with statutory regulations.

The design of the accounting-related ICS largely mirrors the organisation of our accounting and financial reporting process. One of the main features of this process is the control over the Group and its operating units. The basis is provided by the target parameters determined by the Executive Board of RWE AG. Building on them and our expectations concerning the operating business trend, we develop our medium-term budget once a year. It includes the figures budgeted for the following fiscal year as well as the figures planned for subsequent years. We prepare forecasts in line with the budget for financial years underway. The Executive Board of RWE AG and the management boards of its major subsidiaries convene once a quarter in order to evaluate the interim and annual financial statements and update the forecasts.

Accounting is mostly handled locally. Occasionally, this function is performed by Group companies for their subsidiaries. Certain processing tasks such as payroll accounting are pooled at internal service providers like RWE Service GmbH or are at least subject to uniform groupwide quality standards. As holding company, RWE AG performs central accounting tasks. These include consolidation, the accounting treatment of provisions for pensions in Germany, and goodwill impairment tests. RWE AG is also in charge of tasks relating to the management and monitoring of financial instruments, money transactions, cash investments and tax group accounting. External service providers are commissioned in certain cases.

The CEOs and CFOs or the managing directors of major subsidiaries as well as select RWE AG department heads must take an internal balance-sheet oath for external half and full-year reporting.

Only then do the members of the Executive Board of RWE AG take an external half and full-year balance-sheet oath and sign the responsibility statement. Thereby, they confirm that the prescribed accounting standards and the RWE Group's accounting guidelines have been adhered to and that the figures give a true and fair view of the net assets, financial position and results of operations.

We prepare our financial statements using a groupwide reporting system that we also use to prepare the budgets and forecasts. All fully consolidated subsidiaries use this system. It forms the basis for a standardised data reporting process within the Group. The financial accounting systems are largely maintained by RWE IT GmbH.

We identify risks in financial reporting at the divisional level on the basis of quantitative, qualitative and process-related criteria. The foundations of the ICS are our generally binding guidelines and ethical values, which are also set out in RWE's Code of Conduct. Building on this, the minimum requirements of the major processing steps ensure the integrity of data collection and management. The risks of individual balance-sheet items resulting from subjective discretion or complex transactions are recorded in a groupwide risk and control matrix. Once a year, we prove that the necessary controls have actually been implemented and carried out properly. This is done by the Internal Audit Department, external auditors, or the management in charge of performing the controls.

When in session, the Audit Committee of the Supervisory Board regularly concerns itself with the effectiveness of the accounting-related ICS. Once a year, the CFO of RWE AG holds a presentation on the risks of financial reporting before this committee. He also explains which control measures were taken and how the proper implementation of the controls was verified.

Our Group Audit Department is certified to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA). In organisational and disciplinary matters, it reports directly to the CEO.

Corporate Governance Declaration in accordance with Sec. 289a of the German Commercial Code (HGB). The Executive Board of RWE Aktiengesellschaft issued a corporate governance statement in accordance with Sec. 289a of the German Commercial Code on 11 February 2011 and published it on the internet at www.rwe.com/corporate-governance-declaration-sec-289a-HGB.

1.11 OUTLOOK FOR 2011

Whereas the economy continues to recover, the conditions underlying our business are becoming more difficult. Germany's new nuclear fuel tax and the unfavourable development of electricity and gas prices will have extremely negative effects in 2011. We expect that our operating result will be about 20% below the record level set in 2010. By reducing capital expenditure, making divestments and cutting more costs, we intend to stabilise our financial and earnings power. Nevertheless, our medium-term earnings forecast is also cautious.

World economy maintains course for growth. Based on initial forecasts, global economic output will rise by more than 3% in 2011, with China remaining the economy's engine. However, growth in that country will probably slow, as the government recently started to pursue a less expansionary monetary and fiscal policy. In the Eurozone, measures to consolidate the state budgets will dampen the upturn. However, given the increased utilisation of industrial capacity, investing activity is likely to pick up. Economic growth in the Eurozone may come close to last year's level (1.7%). The economic forecast for Germany is somewhat better. The country's council of experts believes that a gain of more than 2% is possible. As a result, Germany would return to the gross domestic product achieved in 2008. In addition to the traditional driving forces, consumer spending will also support the country's growth. The reasons are the encouraging employment trend and the rise in discretionary income. Prognoses for the Netherlands and Belgium are slightly more cautious, with growth anticipated at 1.5%. The same applies to the United Kingdom. Savings programmes mandated by the state and the increase in value-added tax will probably curtail consumer spending. Initial estimates for our Central Eastern European core markets indicate a continued recovery. Poland and the Czech Republic could achieve growth rates in excess of 3%. Hungary's currently slow expansion is likely to pick up slightly.

Economy has a positive impact on energy consumption. The development of energy usage will probably benefit from the economy's positive effects in 2011 as well. We expect that production growth in Germany's energy-intensive sectors will normalise in single-digit percentage territory. If demand in the other consumption sectors remains stable, the need for electricity should increase marginally. In the United Kingdom, it was on a slight decline even before the economic crisis due to progress made in terms of energy efficiency. Even if industrial production expands, it is unlikely to surpass last year's level in 2011. Our forecast for the Netherlands is similar. In contrast, electricity consumption in our Central Eastern European markets may rise by more than 2%. Given the economy's momentum in these countries, it should grow considerably in the next few years as well.

Since demand for gas is more dependent on temperatures than for electricity, it is subject to higher fluctuation and is difficult to predict. Excluding potential weather-related effects, German gas usage should be in the order of last year. Minor economic stimulus is expected. However, the continued expansion of renewables might reduce the utilisation of gas power plant capacities. Gas consumption in the Netherlands is also likely to stagnate if we exclude weather-related effects. In the United

Kingdom, it could actually drop due to measures to improve energy efficiency. Conversely, in our Central Eastern European markets, we expect to see marginal gains. Besides cyclical effects, the mounting importance of gas over other energy sources will play a role.

Fuel expected to be more expensive than in 2010. The price curve on international crude oil, hard coal and natural gas markets recently trended upward. Dynamic economic development displayed by emerging countries such as China and India was the main reason. On top of this, exceptional effects on hard coal came to bear – most notably the flood disaster in Australia, which brought operations at numerous mines to a halt. On 31 January 2011, a metric ton of thermal hard coal cost US\$122 (including freight and insurance) in Rotterdam spot trading. Monthly forward prices through to the end of 2011 witnessed on that day reveal that market participants expect the average for the year as a whole to also be around US\$120. This would represent a significant rise compared to 2010 (US\$93). The situation on crude oil markets is similar. At the end of January, a barrel of Brent crude traded at US\$98. The price expected for the full year is approximately US\$100, which is also far above the 2010 level (US\$79). This is due to fears that the unrest in North Africa may curtail oil supplies. The appreciation of crude oil will be reflected on the Continental European gas market with a time lag, resulting from the link to oil prices in numerous import agreements. However, the contracts also increasingly take developments in gas spot trading into account. Corresponding contractual adjustments should dampen the rise in import prices. Gas quotations on Europe's major trading hubs have risen recently, but remain clearly below the price of oil-indexed supply agreements due to the ample supply of gas. Market signals indicate that this situation may persist for the rest of the year. In European trading of CO₂ emission allowances, prices have been moving sideways in a narrow corridor since 2009. At present, there are no signs of prices rising above or falling below the corridor.

Realised electricity price lower year on year. Quotations on electricity forward markets stagnated recently, despite the fact that fuel has become more expensive. However, we assume that they will rise if the hard coal and natural gas price trends currently observed prove sustainable. But this would not have a notable effect on our earnings in 2011, as we have sold forward nearly all of our generation for this year. The price we realised for our German production was below the comparable figure of €67 per MWh for 2010. Part of our generation for the years ahead has also already been placed on the market. In Germany, this applies to over 50% of production for 2012 and over 10% for 2013 (as of the end of 2010). With respect to forward sales, we generally purchase or hedge the prices of the fuel required to generate the electricity when we enter into the agreements. This also holds true for the purchase of emission allowances.

Organic growth despite difficult framework conditions. Climate protection, resource conservation and organic growth continue to top our agenda as we maintain our strategic course, despite difficult economic and political conditions. However, we will slow our pace somewhat. The burdens stemming from the nuclear fuel tax and the unfavourable development of electricity and gas prices will weigh heavily on us in the years to come. We will scale back our capital expenditure on property, plant and equipment somewhat. Initially, we had budgeted a total of €28 billion for the period from 2010 to 2013. We have subsequently reduced this sum by about €3 billion, which means that we plan to spend a total of about €18 billion in 2011 and the two following years. Attractive projects that are not urgent will be postponed, and we will fully renounce undertakings that only stand a chance of earning moderate returns. The cuts will largely have an impact after 2011. Our ongoing new-build power plant projects remain unaffected by this.

Fast pace of expansion of renewable energy and the upstream position. The increase of our generation capacity based on renewables will accelerate in the next few years. RWE Innogy will invest an average of €1.2 billion per annum on this until 2013. New offshore wind projects are the focal point. The 504 MW Greater Gabbard wind farm off the UK coast, in which we hold a stake of 50%, is scheduled for completion in 2011. By the end of 2010, roughly half of the 140 wind turbines had already been erected. The first set of wind turbines at our German Nordsee Ost project will go online in 2012. The wind farm will have an aggregate installed capacity of 295 MW when it is completed in 2013. The 576 MW Gwynt y Môr wind farm off the coast of Wales should be fully commissioned by 2014. We will also expand our onshore wind power capacity, above all in the United Kingdom, Italy and Poland. Furthermore, we are building biomass thermal power plants in the UK and a facility for the manufacture of wood pellets in the USA. This course for growth will also be reflected in the operating result of RWE Innogy. We expect it to post double-digit percentage annual growth rates until 2013.

We intend to increase our oil and gas production to approximately 70 million barrels of oil equivalent by 2016. RWE Dea will spend more than €3 billion developing its reserves from 2011 to 2013. The main areas in Europe are the UK North Sea and the Norwegian coast. In addition, we plan to set aside a large share of capital expenditure for North Africa. We are therefore observing the region's political situation with keen interest.

All eyes still on climate protection. Lowering our carbon emissions remains one of our major strategic goals. Given that we are among Europe's biggest power producers, we believe we shoulder a special responsibility in this regard. The cash flows from our current power plant activities give us the financial strength to manage the gradual conversion of our generation portfolio ourselves. We want to reduce our CO₂ exposure to the level of an average competitor in our markets by no later than 2020 by taking emissions-reducing and financial measures (see page 53). In view of the high proportion of our portfolio accounted for by lignite and hard coal-fired power stations, this is an ambitious target. Massive investments will have to be made to accomplish this. Of the just over €8 billion we have set aside for the expansion and modernisation of our generation portfolio until

2013, over 60% is allocable to carbon-free or low-carbon technologies. The remaining expenditure has been earmarked for the newest generation of coal-fired power plants, the efficiency of which is up to 30% higher than that of their predecessors. Moreover, we are also spending capital on CO₂ reduction projects outside Europe within the scope of the Kyoto Clean Development Mechanism and Joint Implementation scheme. Furthermore, we are looking into the possibility of conducting virtual power plant swaps with other electricity generators, are concluding long-term agreements pursuant to which the customers bear the CO₂ risk for the electricity they procure, and we purchase CO₂ certificates for future periods on the wholesale market.

Divesting to preserve financial headroom. The acquisition of Essent will remain our biggest growth step via a takeover in the next few years. We do not rule out further acquisitions, but if at all, they would be on a much smaller scale. We are evaluating how to grow our market share or establish starting positions – above all in Central Eastern and South Eastern Europe – by taking interests in established local energy companies. However, as a rule, we only consider acquisitions if they meet our financial criteria. The key yardstick is the internal rate of return (IRR). It must at least match the cost of capital plus a return premium. However, the most important items on our agenda when it comes to financing our growth investments and safeguarding our financial room for manoeuvre are divestments. By the end of 2013, we want to have sold Group companies and investments with a combined value of €8 billion. By divesting our long-distance gas transmission operator Thyssengas and our minority interest in a hard coal-fired power plant in Rostock, we have already taken the first few steps in this direction.

Forecast for 2011: revenue lower year on year. Our external Group revenue is expected to be down on 2010. The main reason is that we anticipate that we will have to switch the accounting treatment of our electricity transmission system operator, Amprion, over the course of the year to the equity method. Should certain EU unbundling regulations be translated into German law in 2011, we would no longer be able to exert entrepreneurial control over the company. Pursuant to IFRS, this is a prerequisite for full consolidation. Companies stated at equity are not considered in external revenue. They are factored into EBITDA and the operating result based on their net income.

Significant drop in earnings expected. In the current financial year, the deterioration of economic and political framework conditions will have a significant impact on our earnings. Whereas the considerable decline in prices on wholesale electricity markets compared to 2008 has not had a sizeable effect so far due to our early forward sales, it will cause margins to shrink markedly in 2011. On top of that, we will be faced with the burdens imposed by the nuclear fuel tax introduced in Germany in 2011. Charges in the gas midstream business will again be higher year on year. In some cases, we still have to pay much more for gas purchases based on oil-indexed contracts than we can realise when selling it on. Positive effects on earnings from ongoing contract renegotiations with our gas suppliers are expected to be felt no earlier than 2012.

Outlook for 2011 € million	2010	2011 forecast vs. 2010
External revenue	53,320	Below previous year
EBITDA	10,256	Approx. -15%
Operating result	7,681	Approx. -20%
Germany	5,575	Significantly below previous year
Power Generation	4,000	Significantly below previous year
Sales and Distribution Networks	1,575	Below previous year
Netherlands/Belgium	391	Significantly below previous year
United Kingdom	272	Above previous year
Central Eastern and South Eastern Europe	1,173	Significantly below previous year
Renewables	72	Significantly above previous year
Upstream Gas & Oil	305	Significantly above previous year
Trading/Gas Midstream	-21	Significantly below previous year
Recurrent net income	3,752	Approx. -30%

We anticipate that the RWE Group's EBITDA will close some 15% down on last year's level (€10,256 million). The operating result (€7,681 million) is expected to decline by approximately 20%. Our forecast for recurrent net income (€3,752 million), the basis for determining the dividend, is a decrease of about 30%.

- **Germany:** From our current perspective, the division's operating result is anticipated to decline significantly.

Power Generation: The earnings drop predicted for the Germany Division will largely come from RWE Power. We have already sold forward nearly all of our German generation for the current year. The realised price is lower than the €67 per MWh recorded in 2010. The nuclear fuel tax levied for the first time in 2011 and retrofitting measures at the Biblis nuclear power station will also lead to earnings shortfalls. We expect that nuclear energy provisions will provide positive effects over 2010.

Sales and Distribution Networks: We also expect this business area to close with lower earnings. If weather conditions normalise, our earnings in the gas sales business will fall short of last year's high level. In addition, we anticipate that expenses incurred to improve network infrastructure will be higher. Conversely, our refunds of excess fees (see page 88) will be lower than in 2010.

- **Netherlands/Belgium:** The operating result posted by this division will close the year significantly down on last year's good result. This is primarily because we transferred parts of Essent's gas midstream activities to RWE Supply & Trading. In 2010, these had recorded strong earnings, in part due to the cold weather. Essent's electricity generation is also expected to make a smaller contribution to earnings, as we anticipate that the margins of our Dutch gas and hard coal-fired power plants will shrink. In contrast, IT and staff cost savings will have a positive impact.

- **United Kingdom:** We expect this division to continue growing its operating result, in part driven by extensive measures taken to improve efficiency. Furthermore, we believe that margins in the residential customer business will recover. RWE npower raised residential electricity and gas tariffs by an average of 5.1 % with effect from 4 January 2011. Conversely, upfront network costs are likely to rise. In addition, we expect to incur higher expenses for measures to promote energy savings in households. UK utilities are obliged to do this within the scope of government programmes. Earnings in the generation business are likely to deteriorate again, although the new gas-fired power plant at Staythorpe will contribute to our electricity production for a full year for the first time. Due to the current difficult market conditions in the UK, the margins of our hard coal and gas-fired power plants will probably be lower than in 2010. Moreover, the high level of capital expenditure will be reflected in an increase in depreciation.
- **Central Eastern and South Eastern Europe:** From our current perspective, the operating result achieved by this division is likely to be much lower than the unexpectedly good figure posted last year. Margins in the Czech gas supply and gas storage businesses are expected to deteriorate. The earnings contribution by the Hungarian electricity business is also anticipated to be smaller than in 2010. However, we predict that in Poland, we will benefit from improved electricity network margins.
- **Renewables:** The progressive expansion of RWE Innogy's renewable generation portfolio will add to revenue, thus contributing to a significant improvement in the operating result. We expect to be able to complete the construction of the Greater Gabbard offshore wind farm over the course of the year. In addition, we assume that weather conditions will normalise, following the extremely low wind levels in 2010. This would also have a positive impact on earnings. A counteracting effect will stem from the fact that ongoing and planned investment projects are causing substantial run-up costs.
- **Upstream Gas & Oil:** RWE Dea's operating result should improve significantly, as we anticipate being able to realise higher oil and gas prices. Furthermore, we expect that higher oil production volume and lower exploration costs will have a positive impact. However, our gas production is likely to remain below the 2010 level. This is a result of the natural decline in production caused by the progressive depletion of existing reserves, mainly affecting gas fields in Germany and the United Kingdom. Anticipated production increases in Norway and Egypt will have a positive effect.
- **Trading/Gas Midstream:** We expect this division to close the year with another operating loss, which might be more significant than in 2010 (–€21 million). This is due to burdens in the gas midstream business. As explained earlier, since 2009, oil-indexed gas purchase prices have been much higher in some cases than the sale prices realisable on the market. The resulting effects on earnings will be even more substantial in 2011. We are renegotiating our procurement contracts with our gas suppliers, the outcome of which will have a significant influence on medium-term earnings. However, most of the decisions will probably not be taken until 2012 or 2013. We expect that the trading activities of RWE Supply & Trading will post a stable performance compared to 2010.

Lower dividend for fiscal 2011. Our dividend proposal for fiscal 2011 will be in line with our usual payout ratio of 50% to 60%. The basis for calculating the dividend is recurrent net income. As set out earlier, we expect the latter to decline by approximately 30%. Our dividend will therefore be lower than the one for 2010.

Capex of more than €7 billion planned. Our capital expenditure on property, plant and equipment in 2011 will amount to between €7.0 billion and €7.5 billion. This would clearly exceed the record figure of €6.4 billion posted in 2010. We plan to increase spending above all in the Renewables, Central Eastern and South Eastern Europe, Germany and Upstream Gas & Oil Divisions. As before, the focus of the RWE Group's investing activity in 2011 will be the construction of highly efficient fossil fuel-fired power plants, the enlargement of our renewable generation base, the modernisation of network infrastructure and the development of oil and gas fields.

Leverage factor: upper limit likely to be exceeded. Our net debt, which amounted to €29.0 billion at the end of 2010, is expected to continue to increase over the course of the year due to our comprehensive investment programme. We expect a rise in the order of €1 billion. This and the earnings trend presented above will cause the leverage factor, which reflects the ratio of net debt to EBITDA, to increase considerably. It will probably exceed the upper limit of 3.0 to which we are orientating ourselves. We intend to return the leverage factor closer to this limit over the medium term, in order to secure our solid A rating. The aforementioned capital expenditure cuts and divestments will help us to accomplish this.

Headcount: marginal growth expected. Our workforce will grow somewhat in the current financial year, as a result of our investment programme. Jobs are being created above all in the Germany and Renewables Divisions. A counteracting effect will come from the fact that we will probably account for Amprion at equity from 2011 onwards and therefore no longer consider the company when calculating our personnel figures. In addition, the sale of Thyssengas will reduce the Group's workforce.

New earnings forecast for 2012 and 2013. In February 2010, we provided an outlook on our medium-term earnings trend. We had anticipated being able to increase our operating result and recurrent net income by an average of 5% per year for the period until 2012. The baseline year for this forecast was 2008. Due to the unexpected deterioration in economic and political framework conditions, we will not manage to achieve this goal. The German nuclear fuel tax and persistently low prices on electricity and gas wholesale markets will curtail our earnings also beyond 2011. This will primarily affect our German electricity generation and the gas midstream business. In contrast, the Renewables and Upstream Gas & Oil growth segments are likely to continue their positive earnings trends. On the whole, we expect that the RWE Group's operating result will continue to decline in 2012 and the following year, albeit not as much as in 2011.

Therefore, we cannot uphold the outlook for 2013 we published in February 2010, either. We had anticipated being able to close with EBITDA, an operating result and recurrent net income up on 2009 levels. Based on our current planning, EBITDA and the operating result will be in the order of €8 billion and €5 billion in 2013. The figure we expect to post in terms of recurrent net income is approximately €2 billion. In 2013, earnings in the electricity generation business will again worsen considerably year on year, because we will no longer be allocated any CO₂ emission allowances free of charge. The expected earnings growth in the Renewables and Upstream Gas & Oil Divisions will not be able to compensate for this. We anticipate that RWE Innogy's operating result will reach €500 million after 2013, the year originally scheduled. Our planned €8 billion in divestments have already been considered in the forecast for 2012/2013.

Dividend remains attractive. We uphold our payout ratio of 50% to 60% over the medium term as well. This means that we still want to pay out at least half our recurrent net income to our shareholders. RWE will therefore continue to pay an attractive dividend.

2.3 COMPENSATION REPORT

For us, transparent reporting on Executive and Supervisory Board compensation is one of the core elements of good corporate governance. On the following pages, we have presented the principles of RWE AG's compensation system as well as its structure and the payments. The 2010 compensation report fully complies with the recommendations of the German Corporate Governance Code. It is part of the combined review of operations and the corporate governance report.

Executive Board compensation

Compensation structure. The structure and amount of Executive Board member compensation are determined by the Supervisory Board and reviewed on a regular basis. The existing compensation system ensures that Executive Board members are compensated in a manner commensurate with their activities and responsibilities, in line with common practice within the Group and on the external market. It takes into account not only their personal performance, but also the company's business situation, its performance and prospects for the future.

In light of the German Act on the Appropriateness of Management Board Compensation (VorstAG) which came into force on 5 August 2009, the Supervisory Board reviewed the compensation system and brought the compensation structure more in line with sustainable business development. On 22 April 2010, the updated compensation system was presented to the Annual General Meeting, which approved it by a significant majority vote.

Short-term compensation components. The total cash compensation consists of a non-performance-based fixed component and a variable performance-related component. If the degree to which targets have been achieved is 100%, the total cash compensation breaks down into approximately 45% (formerly 40%) for the fixed component and approximately 55% (formerly 60%) for the variable component.

The variable component consists of a company bonus, accounting for approximately 70%, and an individual bonus, accounting for approximately 30%. The company bonus is based on the Group's value added. If the figure budgeted for the fiscal year in question is achieved, the degree to which the target has been achieved is 100%; the degree can amount to between 0% (formerly 50%) and, as before, 150%. The personal bonus depends on the degree to which an Executive Board member achieves the performance goals agreed with the Chairman of the Supervisory Board at the beginning of the financial year. The maximum degree to which this target can be achieved is 120%.

In order to enable the members of the Executive Board to partake in an even more measurable manner of both positive and negative company performance over the long term, payment of 25% of the bonus is withheld for three years. This corresponds to nearly 15% of the total cash compensation. A review based on what is termed a 'bonus malus factor' is conducted by the Supervisory Board at the end of the three-year period, in order to determine whether the Executive Board has managed the company sustainably. Only if this applies is the retained bonus paid.

The development of the Group's added value determines 45% of the bonus malus factor. Another 45% is determined on the basis of a company-specific index, which reflects the Group's success in the field of corporate responsibility (CR). This CR Index, which builds on the sustainability reporting that has been a fixture at RWE for many years, reflects the Group's environmental and social activity. The remaining 10% of the bonus malus factor is determined by the Group-internal Motivation Index, which measures employee satisfaction and motivation.

At the beginning of the three-year period, the Supervisory Board establishes binding target figures for value added, the CR Index, and the Motivation Index, which may not be altered during the observation period. These target figures are compared to the figures actually achieved at the end of the three-year period. The bonus malus factor calculated by this method determines whether the retained bonus is paid as well as its amount. The better the figures actually achieved, the higher the bonus malus factor. It may vary between 0% and 130%.

The presented amendments to the compensation scheme will be implemented in accordance with statutory regulations for the Chairman of the Executive Board as soon as his contract has been adapted. In particular, the rules concerning the partial retention of the bonus and the bonus malus factor do not apply yet, and the bonus for fiscal 2010 will be fully paid out after the 2011 Annual General Meeting. In contrast, the new rules apply to the other members of the Executive Board as they agreed to an advance application of the refined compensation system with effect from the year under review.

In addition to cash compensation, Executive Board members receive non-cash remuneration and other compensation, consisting primarily of sums reflecting the use of company cars according to German fiscal guidelines and accident insurance premiums.

Compensation also includes payment for exercising Supervisory Board mandates held by Executive Board members at affiliates. All this income is deducted from the variable compensation and therefore does not increase the total remuneration.

The short-term compensation components paid to members of the Executive Board for fiscal 2010 were as follows:

Short-term Executive Board compensation in 2010	Non-performance-based compensation		Performance-based compensation		Non-cash and other remuneration		Payment for exercise of mandates ¹		Other payments		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
€ '000												
Dr. Jürgen Großmann ²	2,700	2,700	3,898	4,431	30	24	37	7	2,000	2,000	8,665	9,162
Dr. Leonhard Birnbaum	750	680	779	1,259	24	22	0	0	0	0	1,553	1,961
Alwin Fitting	769	680	794	1,246	18	16	3	13	0	0	1,584	1,955
Dr. Ulrich Jobs ³	630	760	789	1,282	17	23	80	125	0	0	1,516	2,190
Dr. Rolf Pohlig	840	760	809	1,340	32	31	60	67	0	0	1,741	2,198
Dr. Rolf Martin Schmitz	750	453	543	742	20	12	236	97	0	0	1,549	1,304
Total	6,439	6,033	7,612	10,300	141	128	416	309	2,000	2,000	16,608	18,770

- 1 Income from the exercise of mandates is part of variable compensation.
- 2 Dr. Jürgen Großmann receives an annual €2,000,000 instead of a pension commitment.
- 3 Dr. Ulrich Jobs retired from the Executive Board as of 30 September 2010.

The retained 25% of the bonus is not included in 2010 compensation because it does not have an impact on remuneration until the end of the three-year period and only affects it if the necessary prerequisites are met. The following presentation is therefore voluntary, and aims to convey a complete picture of the compensation components.

Bonus retention	2010	2009
€ '000		
Dr. Jürgen Großmann	0	0
Dr. Leonhard Birnbaum	260	0
Alwin Fitting	266	0
Dr. Ulrich Jobs ¹	0	0
Dr. Rolf Pohlig	290	0
Dr. Rolf Martin Schmitz	260	0
Total	1,076	0

- 1 Dr. Ulrich Jobs retired from the Executive Board as of 30 September 2010.

Long-term incentive compensation. With the exception of the Chairman of the Executive Board, performance shares were awarded to members of the Executive Board as part of the Beat 2010 long-term incentive plan ("Beat" for short). Performance shares are granted on condition that the Executive Board members invest in RWE common shares a sum which is equal to one-third of the

value of the performance shares granted after taxes. The shares must be held for the respective Beat tranche's entire waiting period. Any necessary notifications of directors' dealings were published.

The former Beat 2005 long-term incentive plan was adapted in view of the VorstAG. Most importantly, the former waiting period was extended from three to four years, and additional exercise dates after the term were included. Beat thus supplements the compensation system with an even longer-term incentive component, rewarding the sustainable contribution made by executives to the company's success to an even greater extent. As before, the company's performance is measured using the Total Shareholder Return (TSR) of RWE shares, which covers both the development of the share price and reinvested dividends. The payout factor is determined by comparing RWE's TSR with the TSR of other companies in the Dow Jones STOXX Utilities Index.

Executives entitled to participate in Beat receive a conditional allocation of performance shares every year. A performance share allocated in the fiscal year consists of the conditional right to receive a payout in cash following a waiting period of four (previously three) years. However, a payout only takes place if, on conclusion of the waiting period, the RWE share's performance is better than the performance of 25% of the companies in the peer group, measured in terms of their index weighting as of the inception of the programme. Consequently, the decisive factor is not only RWE's position among the companies in the peer group, but also which of the companies RWE outperforms.

Payment in the fiscal year corresponds to the average RWE share price during the last 60 (previously 20) trading days prior to the expiry of the programme, the number of conditionally allocated performance shares, and the payout factor. Payment for Executive Board members is limited to one-and-a-half times the value of the performance shares at grant.

Performance shares granted under Beat in the year under review break down as follows:

Long-term incentive share-based payment	Beat 2010: 2010 tranche	
	No.	Allocation value at grant €'000
Dr. Leonhard Birnbaum	28,891	750
Alwin Fitting	28,891	750
Dr. Ulrich Jobs	28,891	750
Dr. Rolf Pohlig	28,891	750
Dr. Rolf Martin Schmitz	28,891	750
Total	144,455	3,750

In the year under review, the 2007 long-term incentive tranche of the Beat 2005 programme was paid out as follows:

Long term incentive share-based payment	Beat 2005: 2007 tranche payout € '000
Alwin Fitting	590
Dr. Ulrich Jobs	590
Dr. Rolf Pohlig	590
Total	1,770

Executive Board members still hold performance shares from the Beat 2005 programme's 2008 and 2009 tranches from Executive Board activity in previous years. These allocations are not part of total compensation for the 2010 financial year. Instead, they are part of total compensation for the two preceding fiscal years. As such, they are presented in the compensation reports for 2008 and 2009.

German Accounting Standard (DRS) 17 mandates that the total expense recognised for share-based payments allocable to each Executive Board member be disclosed and itemised. Due to the development of the share price, no expenses were recognised for share-based payments in the period under review. Instead, part of the existing provision was released in the period being reviewed as follows:

Allocation to expenses for long-term incentive share-based payments 2008/2009/2010 tranches	2010 € '000	2009 € '000
Dr. Leonhard Birnbaum	-65	433
Alwin Fitting	-161	941
Dr. Ulrich Jobs	-161	941
Dr. Rolf Pohlig	-161	941
Dr. Rolf Martin Schmitz	-29	319
Total	-577	3,575

Total compensation. In total, the Executive Board received €16,608,000 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 €3,750,000 were allocated. Total compensation of the Executive Board for fiscal 2010 therefore amounted to €20,358,000.

Employment termination benefits. Executive Board members receive the following benefits from RWE when they retire from the Board:

Pension commitments. The members of the Executive Board – with the exception of its Chairman, Dr. Jürgen Großmann – receive pension commitments (direct commitments), which grant them or their surviving dependants entitlement to a life-long pension or surviving dependants' benefits. These benefits are due in the event of retirement upon reaching the age of 60 (retirement age), permanent disability, death and early termination or non-extension of the employment contract by the company. The amount of qualifying income and the level of benefits determined by the duration of service are taken as a basis for each member's individual pension and surviving dependants' benefits. Profit participation and other fringe benefits are not factored into the pension. The ceiling for pension benefits for members of the Executive Board is 60% of the last qualifying income on the day before they reach retirement age. The widow's pension amounts to 60% of her husband's pension, the orphan's pension amounts to 20% of the widow's pension. Vested old-age pension benefits do not expire. The amount of the old-age pension and the surviving dependants' benefits are reviewed every three years, taking account of all major circumstances, with due regard to changes in the cost of living. Due to earlier provisions, there are some differences in the pension commitments in terms of the calculation of the level of benefits, the crediting of other pensions and benefits, and the adjustment mode selected for pensions and surviving dependants' benefits.

In the event of an early termination or non-extension of an employment contract, Executive Board members shall only receive payment if the termination or non-extension was occasioned by the company and effected without due cause. In such cases, they start receiving pension payments when they leave the company, but no earlier than on completion of their 55th year of age. In the event of a non-extension or early termination of an employment contract, 50% of the income earned through other activities until the end of the Executive Board member's 60th year of age or the beginning of the member's occupational disability is taken into account in determining the pension payments.

The service cost of pension commitments in fiscal 2010 totalled €776,000. At the end of the year under review, the present value of the defined benefit obligation was €17,007,000. The following is a breakdown of service costs and the present value of pension benefits, taking into account both age and years of service.

Pensions	Age	Predicted annual pension on reaching the company age limit (60 years) ¹		Service cost		Defined benefit obligation	
		€ '000		€ '000		€ '000	
		2010	2009	2010	2009	2010	2009
Dr. Leonhard Birnbaum	44	270	245	111	85	889	635
Alwin Fitting	57	312	283	188	136	4,648	3,935
Dr. Ulrich Jobs ²	57	302	274	149	155	4,251	3,761
Dr. Rolf Pohlig	58	302	274	84	63	2,733	2,159
Dr. Rolf Martin Schmitz ³	53	408	370	244	0	4,486	3,713
				776	439	17,007	14,203

1 Based on compensation qualifying for pensions as of 31 December 2010.

2 Dr. Ulrich Jobs retired from the Executive Board as of 30 September 2010. This led to a one-off increase in the service cost of €520,000.

3 Dr. Rolf Martin Schmitz's projected pension includes pensions due from former employers.

With regard to Executive Board members, vested pension benefits from earlier employment and years of service for previous employers which have been recognised, are credited to the company's pension payments by contractual arrangement.

Change of control. Executive Board members have a special right of termination in the event that the company loses its independence as the result of control being taken over by shareholders or third parties. In such cases, they have the right to retire from the Executive Board within six months of the time at which the change of control becomes known and to request that their employment contract be terminated in combination with a one-off payment. To the extent necessary to ensure the company's survival, however, the Supervisory Board can demand that the Executive Board member remain in office until the end of the six-month period.

A change of control as defined by this provision occurs when a shareholder or a group of shareholders acting jointly, or third parties acting jointly, acquire at least 30% of the voting rights in a company, or if any of the aforementioned can exert a controlling influence on the company in another manner. A controlling influence may also exist if one or several jointly acting shareholders or third parties hold more than half of the voting stock represented at three consecutive Annual General Meetings. The aforementioned provisions do not apply if the change of control puts the control of the company in the hands of individual or jointly acting cities or communities or companies which are majority-owned by an entity under public law in the Federal Republic of Germany.

On termination of their employment contracts, Executive Board members receive a one-off payment in the amount of the compensation due until the end of the duration of the contract originally agreed, which shall not be higher than three times their total contractual annual compensation and shall not be less than twice their total contractual annual compensation.

As regards benefits, effective as of the end of the employment contract's agreed duration, Executive Board members are treated as if the company had not extended their employment contracts at that time, without there being a material reason in the sense of Section 626 of the German Civil Code (BGB).

The Chairman of the Executive Board, Dr. Jürgen Großmann, was granted a special right of termination before the amendment to the German Corporate Governance Code with effect from 6 June 2008. On exercise of his contractually secured special right of termination, Dr. Großmann shall receive a one-time payment that covers all of the remuneration due until the expiry of his employment contract, including the amount contractually agreed instead of a pension commitment.

In the event of a change of control, all the performance shares granted to the Executive Board and entitled executives shall expire. Instead, a compensatory payment shall be made, which shall be determined when the takeover offer is made. The amount shall be in line with the price paid for RWE shares at the time of the takeover. This shall then be multiplied by the final number of performance shares. Performance shares shall also expire in the event of a merger with another company. In this case, the compensatory payment shall be calculated based on the expected value of the performance shares at the time of the merger. This expected value shall be multiplied by the number of performance shares granted, pro-rated up to the date of the merger.

In the event of a change of control, the Executive Board's retained bonuses are valued early and, if applicable, paid out. This is done based on the average bonus malus factor for the last three years. The average calculated by this method determines whether the retained bonuses are paid out as well as the amount of the payout.

Severance cap. If an Executive Board mandate is otherwise terminated early without due cause, Executive Board members shall receive a severance payment of no more than two total annual compensations and no more than the compensation due until the end of the employment contract. This rule shall be applied to the Chairman of the Executive Board in line with the German Corporate Governance Code only once his contract has been adapted or extended.

Other commitments. Dr. Ulrich Jobs reached an agreement with the company to retire from the Executive Board early, with effect from 30 September 2010. He received a total of €3,149,000, consisting of a base salary and bonuses for the period from 1 October 2010 through to 31 March 2012, to which he was entitled on the basis of his contract, which would have expired on 31 March 2012. He shall also be conditionally allocated the same number of performance shares for this period as the other Executive Board members. Performance shares granted earlier shall remain valid in accordance with the plan conditions. Dr. Jobs shall receive a company pension from 1 April 2012 onwards, in line with the contractual arrangements.

Supervisory Board compensation

The compensation of the Supervisory Board is set out in the Articles of Incorporation and is determined by the Annual General Meeting. Supervisory Board members receive a fixed compensation of €40,000 per fiscal year for their services after each fiscal year. The compensation increases by €225 for every €0.01 by which the dividend exceeds €0.10 per common share.

The Chairperson of the Supervisory Board receives three times and the Deputy Chairperson receives twice the aforementioned amount. If a committee has been active at least once in a fiscal year, committee members receive one-and-a-half times the compensation and the committee chairperson receives twice the compensation. If a member of the Supervisory Board holds several offices on the Supervisory Board of RWE AG concurrently, he or she receives compensation only for the highest-paid position. Out-of-pocket expenses are refunded.

Supervisory Board compensation € '000	2010 base compensation		2010 committee compensation		Total	
	Fixed	Variable	Fixed	Variable	2010	2009
Dr. Manfred Schneider, Chairman	40	77	80	153	350	292
Frank Bsirske, Deputy Chairman	40	77	40	77	234	234
Dr. Paul Achleitner	40	77	20	38	175	175
Werner Bischoff	40	77	20	38	175	175
Carl-Ludwig von Boehm-Bezing	40	77	40	77	234	234
Heinz Büchel	40	77	20	38	175	175
Dieter Faust	40	77	20	38	175	175
Dr. Thomas R. Fischer (until 31 Jan 2010)	3	6	0	0	9	193
Andreas Henrich	40	77	0	0	117	117
Heinz-Eberhard Holl (until 31 Jan 2010)	3	6	2	3	14	175
Frithjof Kühn (since 1 Feb 2010)	37	70	18	35	160	0
Hans Peter Lafos	40	77	0	0	117	21
Dr. Gerhard Langemeyer	40	77	20	38	175	175
Dagmar Mühlenfeld	40	77	20	38	175	175
Dr. Wolfgang Reiniger	40	77	0	0	117	117
Günter Reppien	40	77	20	38	175	175
Dagmar Schmeer	40	77	20	38	175	175
Dr.-Ing. Ekkehard D. Schulz	40	77	20	38	175	175
Dr. Wolfgang Schüssel (since 1 Mar 2010)	34	64	0	0	98	0
Uwe Tigges	40	77	20	38	175	175
Manfred Weber	40	77	0	0	117	117
Dr. Dieter Zetsche	40	77	0	0	117	54
Total	797	1,532	380	725	3,434	3,304

In total, the emoluments of the Supervisory Board amounted to €3,434,000 in fiscal 2010. Additionally, certain Supervisory Board members were paid compensation totalling €243,000 for exercising mandates at subsidiaries.

FIVE-YEAR OVERVIEW (PART OF THE REVIEW OF OPERATIONS)

Five-year overview		2010	2009	2008	2007	2006
RWE Group						
External revenue	€ million	53,320	47,741	48,950	42,507	42,554
Income						
EBITDA ¹	€ million	10,256	9,165	8,773	7,915	7,172
Operating result	€ million	7,681	7,090	6,826	6,533	5,681
Income from continuing operations before tax	€ million	4,978	5,598	4,866	5,246	3,537
Net income/RWE AG shareholders' share in net income	€ million	3,308	3,571	2,558	2,667	3,847
Earnings per share	€	6.20	6.70	4.75	4.74	6.84
Recurrent net income per share	€	7.03	6.63	6.25	5.29	4.38
Return on equity	%	23.1	28.5	20.7	20.1	30.3
Return on revenue	%	12.3	14.8	12.3	16.0	15.2
Value management²						
Return on capital employed (ROCE)	%	14.4	16.3	17.2	16.5	14.2
Value added	€ million	2,876	3,177	3,453	2,970	2,074
Capital employed	€ million	53,386	43,597	39,809	39,710	40,206
Cash flow/capital expenditure/depreciation and amortisation						
Cash flows from operating activities	€ million	5,500	5,299	8,853	6,085	6,783
Free cash flow	€ million	-879	-614	4,399	2,020	2,289
Free cash flow per share	€	-1.65	-1.15	8.17	3.59	4.07
Capital expenditure including acquisitions	€ million	6,643	15,637	5,693	4,227	4,728
of which: Property, plant and equipment and intangible assets	€ million	6,379	5,913	4,454	4,065	4,494
Depreciation, amortisation, impairment losses and asset disposals	€ million	3,410	2,553	2,416	2,629	3,164
Degree of asset depreciation	%	61.8	64.0	69.4	70.9	66.0
Asset/capital structure						
Non-current assets	€ million	60,465	56,563	41,763	41,360	51,999
Current assets	€ million	32,612	36,875	51,667	42,060	41,456
Balance sheet equity	€ million	17,417	13,717	13,140	14,659	14,111
Non-current liabilities	€ million	45,162	45,633	36,793	36,796	52,402
Current liabilities	€ million	30,498	34,088	43,497	31,965	26,942
Balance sheet total	€ million	93,077	93,438	93,430	83,420	93,455
Fixed asset intensity of investments	%	53.4	49.4	35.5	38.4	44.0
Current asset intensity of investments	%	35.0	39.5	55.3	50.4	44.4
Asset coverage	%	103.5	104.9	119.6	124.4	127.9
Equity ratio	%	18.7	14.7	14.1	17.6	15.1

Five-year overview		2010	2009	2008	2007	2006
RWE Group						
Net financial debt	€ million	11,904	10,382	-650	-2,064	-4,720
Net debt of the RWE Group	€ million	28,964	25,787	18,659	16,514	17,827
Leverage factor		2.8	2.8	2.1	2.1	-
Workforce						
Workforce at end of the year ³		70,856	70,726	65,908	63,439	61,725
Research & development						
R&D costs	€ million	149	110	105	74	73
R&D employees		360	350	330	270	273
Emissions balance						
CO ₂ emissions	million metric tons	165	149	172	187	178
Free allocation of CO ₂ certificates	million metric tons	115	105	105	170	167
Shortage of CO ₂ certificates	million metric tons	50	44	67	17	11
Specific CO ₂ emissions	metric tons/MWh	0.732	0.796	0.768	0.866	0.797

Five-year overview		2010	2009	2008	2007	2006
RWE Aktiengesellschaft						
Dividend/dividend payment						
Dividend payment	€ million	1,867 ⁴	1,867	2,401	1,689	1,968
Dividend per share	€	3.50 ⁴	3.50	4.50	3.15	3.50
Market capitalisation						
Market capitalisation at the end of the year	€ billion	28.0	38.0	35.4	53.5	46.5
Long-term credit rating						
Moody's		A2	A2	A1	A1	A1
(outlook)		(negative)	(negative)	(negative)	(stable)	(stable)
Standard & Poor's		A	A	A	A+	A+
(outlook)		(negative)	(negative)	(stable)	(negative)	(negative)

1 Since 2008, EBITDA has also included operating income from investments.

2 Figures from 2006 according to the new value management concept; see Annual Report 2007, page 208.

3 Converted to full-time positions.

4 Proposed dividend for RWE AG's 2010 fiscal year, subject to approval by the 20 April 2011 Annual General Meeting.

2010

Financial Statements of RWE AG

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	Of which:	Of which:	31 Dec	Of which:
	2010	RT ¹ < 1 year	RT ¹ > 5 year	2009	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

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.

Appendix (A): List of investments pursuant to Sec. 285 No. 11 and Sec. 313 Para. 2 (in relation to Sec. 315a I) HGB as of 31 Dec 2010

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
Affiliated companies included in the scope of consolidation					
1	A/V/E GmbH, Halle (Saale)		76	2.163	616
	Agrupació Energías Renovables, S.A.U. - Gruppe/Spanien			293.897	287 2)
2	Agrupació Energías Renovables, S.A.U., Barcelona/Spanien		100		
3	Danta de Energías, S.A., Barcelona/Spanien		99		
4	Explotaciones Eólicas de Muel, S.L., Barcelona/Spanien		95		
5	Explotaciones Eólicas Los Labrados, S.L., Barcelona/Spanien		95		
6	Explotaciones Eólicas Plana de la Balsa, S.L., Barcelona/Spanien		95		
7	Explotaciones Eólicas Plana de Zaragoza, S.L., Barcelona/Spanien		100		
8	General de Mantenimiento 21, S.L.U., Barcelona/Spanien		100		
9	Hidroeléctrica del Trasvase, S.A., Barcelona/Spanien		60		
10	Prodenergías-2, S.L., Barcelona/Spanien		90		
11	Aktivabedrijf Wind Nederland B.V., Zwolle/Niederlande		100	176.014	12.396
12	Amergas B.V., Geertruidenberg/Niederlande		100	5.214	-170
13	Amprion GmbH, Dortmund	100	100	613.025	118.527
14	An Suidhe Wind Farm Limited, Swindon/Großbritannien		100	0	0
15	Andromeda Wind S.r.l., Rom/Italien		51	356	-119
16	Artelis S.A., Luxemburg/Luxemburg		53	36.328	3.065
17	B E B Bio Energie Baden GmbH, Kehl		51	33.623	1.496
18	Bayerische Bergbahnen Beteiligungs-Gesellschaft mbH, Gundremmingen		100	20.291	1.002
19	Bayerische Elektrizitätswerke GmbH, Augsburg		100	23.008	1)
20	Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen		62	86.870	8.509
21	BC-Therm Energiatermelő és Szolgáltató Kft., Budapest/Ungarn		100	4.145	610
22	BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	4.317.944	1)
23	Bilbster Wind Farm Limited, Swindon/Großbritannien		100	547	457
24	Biogas Rheinland GmbH, Essen		100	1.317	1)
25	Biomasse Sicilia S.p.A., Enna/Italien		100	-440	-1.246
26	BPR Energie Geschäftsbesorgung GmbH, Essen		100	17.247	27
27	Bristol Channel Zone Limited, Swindon/Großbritannien		100	-306	-307
28	BTB Netz GmbH, Berlin		100	25	1)
29	BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin, Berlin		100	18.122	1)
30	Budapesti Elektromos Művek Nyrt., Budapest/Ungarn		55	929.519	27.068
31	Burgar Hill Wind Farm Limited, Swindon/Großbritannien		100	0	0
32	Carl Scholl GmbH, Köln		100	1.423	131
33	Carsphairn Windfarm Limited, Glasgow/Großbritannien		100	1	0
34	Cegecom S.A., Luxemburg/Luxemburg		100	13.452	3.836
35	Central de Biomasa Lebrija, S.L.U., Alcobendas/Spanien		100	-116	-119
36	Channel Energy Limited, Swindon/Großbritannien		100	-120	-20
37	Danij Wind B.V., Ens / Gemeente Noordoostpolder/Niederlande		100	-10	-2
38	Delta Gasservice B.V., Middelburg/Niederlande		100	-979	6
39	Dorcogen B.V., 's Hertogenbosch/Niederlande		100	3.522	-142
40	E & Z Industrie-Lösungen GmbH, Duisburg		100	18.006	3.069
41	EDON Warmte/kracht Emmen B.V., Zwolle/Niederlande		100	-741	-75
42	Eemspolder L.P. B.V., Groningen/Niederlande		100	0	0
43	ELE Verteilnetz GmbH, Gelsenkirchen		100	25	-1.109
44	Electra Insurance Limited, Hamilton/Bermudas		100	23.876	2.240
45	Electricity Plus Supply Ltd., Oak House/Großbritannien		100	8.067	13.472
46	Elektrizitätswerk Landsberg GmbH, Landsberg am Lech		100	6.364	-1.349
47	Elektrocieplownia Bedzin S.A., Katowice/Polen		70	19.323	3.065
48	ELES BV, Arnhem/Niederlande		100	79.777	-24.574
49	ELMŰ Hálózati Elosztó Kft., Budapest/Ungarn		100	977.568	37.201
50	ELMŰ-ÉMÁSZ Hálózati Szolgáltató Kft., Budapest/Ungarn		100	2.288	874

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
51	ELMŰ-ÉMÁSZ Ügyfélszolgálati Kft., Budapest/Ungarn		100	1.716	478
52	ÉMÁSZ Hálózati Kft., Budapest/Ungarn		100	318.160	14.027
53	Emscher Lippe Energie GmbH, Gelsenkirchen		79	77.955	23.301
54	Energie Direct B.V., Waalre/Niederlande		100	-25.789	-4.167
	Energies France S.A.S. - Gruppe/Frankreich			32.657	-636 2)
55	Angerville Energies S.A.S., Paris/Frankreich		100		
56	Bourg Dun Energies S.A.S., Paris/Frankreich		100		
57	Centrale Hydroelectrique d'Oussiat S.A.S., Paris/Frankreich		100		
58	Chauvé Energies S.A.S., Paris/Frankreich		100		
59	Energies Bocage S.A.S., Paris/Frankreich		100		
60	Energies Charentus S.A.S., Paris/Frankreich		100		
61	Energies des Forières S.A.S., Paris/Frankreich		100		
62	Energies des Hauts Traits S.A.S., Paris/Frankreich		100		
63	Energies des Longs Champs S.A.S., Paris/Frankreich		100		
64	Energies du Petit Caux S.A.S., Paris/Frankreich		100		
65	Energies France S.A.S., Paris/Frankreich		100		
66	Energies Maintenance S.A.S., Paris/Frankreich		100		
67	Energies Saint Remy S.A.S., Paris/Frankreich		100		
68	Energies VAR 1 S.A.S., Paris/Frankreich		100		
69	Energies VAR 2 S.A.S., Paris/Frankreich		100		
70	Energies VAR 3 S.A.S., Paris/Frankreich		100		
71	LAM Energies S.A.S., Paris/Frankreich		100		
72	Nort Energies S.A.S., Paris/Frankreich		100		
73	RWE Innogy Développement France S.A.S., Paris/Frankreich		100		
74	SAS Île de France S.A.S., Paris/Frankreich		100		
75	Usson Energies S.A.S., Paris/Frankreich		100		
76	Energis GmbH, Saarbrücken		64	140.934	26.867
77	energis-Beteiligungsgesellschaft mbH, Saarbrücken		100	48.253	1)
78	energis-Netzgesellschaft mbH, Saarbrücken		100	25	1)
79	Energy Direct Limited, Swindon/Großbritannien		100	290.302	5.290
80	Energy Direct Supply Limited, Swindon/Großbritannien		100	257.286	1
81	Enerservice Maastricht B.V., Maastricht/Niederlande		100	-94.401	-698
82	envia AQUA GmbH, Chemnitz		100	510	1)
83	envia INFRA GmbH, Bitterfeld-Wolfen		100	18.546	6.888
84	envia Mitteldeutsche Energie AG, Chemnitz	1	59	1.200.692	276.468
85	envia Netzservice GmbH, Kabelsketal		100	4.046	1)
86	envia SERVICE GmbH, Cottbus		100	1.335	335
87	envia TEL GmbH, Markkleeberg		100	8.610	1.627
88	envia THERM GmbH, Bitterfeld-Wolfen		100	62.844	1)
89	envia Verteilnetz GmbH, Halle (Saale)		100	24	1)
90	enviaM Beteiligungsgesellschaft mbH, Essen		100	175.673	31.659
91	enviaM Beteiligungsmanagement GmbH, Chemnitz		100	28.431	1)
92	Epe Gasspeicher Verwaltungs GmbH, Düsseldorf		100	22	-4
93	eprimo GmbH, Neu-Isenburg		100	4.600	1)
94	Essent Belgium N.V., Antwerpen/Belgien		100	143	-13.068
95	Essent Corner Participations B.V., 's-Hertogenbosch/Niederlande		100	40.913	2.188
96	Essent Energie Belgie N.V., Antwerpen/Belgien		100	9.036	650
97	Essent Energie Gastransport GmbH, Düsseldorf		100	3.851	1)
98	Essent Energie Productie B.V., 's-Hertogenbosch/Niederlande		100	599.732	-16.118
99	Essent Energie Verkoop Nederland B.V., 's Hertogenbosch/ Niederlande		100	82.757	24.135
100	Essent energy Gas Storage B.V., 's-Hertogenbosch/Niederlande		100	1.149	684
101	Essent Energy Generation B.V., Arnhem/Niederlande		100	9.270	-378
102	Essent Energy Group B.V., Arnhem/Niederlande		100	137	14
103	Essent Energy LNG Holdings B.V., 's-Hertogenbosch/Niederlande		100	-47	23
104	Essent Energy Systemen B.V., Arnhem/Niederlande		100	1.845	0
105	Essent Energy Systems Noord B.V., Zwolle/Niederlande		100	4.128	62
106	Essent Energy Trading Czech Republic SRO, Prag/Tschechische Rep.		100	47	-1
107	Essent Energy Trading Germany GmbH i.L., Düsseldorf		100	355	-104
108	Essent Energy Trading Poland ZOO, Warschau/Polen		100	50	3

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
109	Essent IT B.V., Arnhem/Niederlande		100	-177.677	-3.593
110	Essent LNG Maasvlakte Participations B.V., 's-Hertogenbosch/ Niederlande		100	-494	0
111	Essent Meetdatabedrijf B.V., 's-Hertogenbosch/Niederlande		100	-5.814	0
112	Essent N.V., 's-Hertogenbosch/Niederlande		100	3.113.436	-16.888
113	Essent Nederland B.V., Arnhem/Niederlande		100	4.361.349	37.001
114	Essent New Energy B.V., 's-Hertogenbosch/Niederlande		100	-4.882	-2.160
115	Essent Participants Holding B.V., Arnhem/Niederlande		100	1.560.381	-408
116	Essent Peelland B.V., Arnhem/Niederlande		100	121.614	-246
117	Essent Personeel Service B.V., Arnhem/Niederlande		100	5.338	626
118	Essent Productie Geleen B.V., 's-Hertogenbosch/Niederlande		100	-3.004	1.289
119	Essent Projects B.V., 's-Hertogenbosch/Niederlande		100	-19.987	-2.077
120	Essent Re Ltd., Dublin/Irland		100	14.841	-3.131
121	Essent Retail Bedrijven B.V., Arnhem/Niederlande		100	-375.259	-6.220
122	Essent Retail Energie B.V., 's-Hertogenbosch/Niederlande		100	65.552	50.552
123	Essent Shared Service Center B.V., 's-Hertogenbosch/Niederlande		100	18.848	537
124	Essent Support Group B.V., Arnhem/Niederlande		100	-25.008	-157
125	Essent Wind Bartelsdorf Windparkbetriebsgesellschaft mbH, Hannover		100	25	1)
126	Essent Wind Kaskasi Planungs- und Betriebsgesellschaft mbH, Hannover		100	25	1)
127	Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH, Helgoland		100	256	1)
128	Essent Wind Windparkverwaltungsgesellschaft mbH, Hannover		100	25	1)
129	Essent Zuid B.V., Waalre/Niederlande		100	106.027	-17
130	Észak-magyarországi Áramszolgáltató Nyrt., Miskolc/Ungarn		54	327.131	19.928
131	EuroSkyPark GmbH, Illingen		51	78	24
132	EWK Nederland B.V., Groningen/Niederlande		100	-275	391
133	EWV Energie- und Wasser-Versorgung GmbH, Stolberg		54	39.539	13.586
134	EZN Swentibold B.V., Geleen/Niederlande		100	20.315	1.130
135	FAMIS Gesellschaft für Facility Management und Industrieservice mbH, Saarbrücken		63	13.301	1.213
136	Fri-El Anzi Holding S.r.l., Bozen/Italien		51	2.387	-77
137	Fri-El Anzi S.r.l., Bozen/Italien		100	59	-39
138	Fri-El Guardionara Holding S.r.l., Bozen/Italien		51	11.543	-14
139	Fri-El Guardionara S.r.l., Bozen/Italien		100	21.797	-80
140	Frijling Milieu Technologie (FMT) B.V., Waddinxveen/Niederlande		100	23	-35
141	Gas Plus Supply Ltd., Oak House/Großbritannien		100	-61.056	747
142	Gasedon Emmen V.O.F., Emmen/Niederlande		100	23.377	1.640
143	Gasgestookte Warmte/Kracht Emmen B.V., Amsterdam/Niederlande		100	-266	-188
144	GBE - Gocher Bioenergie GmbH, Goch		80	606	-274
145	GBV Dreizehnte Gesellschaft für Beteiligungsverwaltung mbH & Co. KG, Essen	94	94	-17.490	-776
146	GBV Fünfte Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	3.876	1)
147	GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	1)
148	Gemeinschaftskraftwerk Bergkamen A OHG der Evonik Steag GmbH und der RWE Power AG, Bergkamen		51	16.337	1.453
149	Gemeinschaftskraftwerk Steinkohle Hamm GmbH & Co. KG, Essen		77	50.193	-96.807
150	GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund		100	57.337	-40.186
151	GISA GmbH, Halle (Saale)		75	7.332	1.732
152	Great Yarmouth Power Ltd., Swindon/Großbritannien		100	115.040	0
153	Green Gecco GmbH & Co. KG, Essen		51	39.476	25
154	Hameldon Hill Wind Farm Limited, Swindon/Großbritannien		100	0	0
155	Hanze Essent N.V., Zwolle/Niederlande		100	244.837	0
156	Hanze Re-use N.V., Rotterdam/Niederlande Hortimax-Gruppe/Niederlande		100	-1.378	-512 2)
157	Hortimax B.V., Pijnacker/Niederlande		100		
158	Hortimax BVBA, Mechelen/Belgien		100		
159	Hortimax Growing Solutions SL, Almeria/Spanien		100		
160	Hortimax Holding B.V., Pijnacker/Niederlande		100		
161	Hortimax Ltd., York /Großbritannien		100		

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
162	Hortimax SARL, Saint Brevin/Frankreich		100		
163	Hortimax-Beeckman N.V., Boom/Belgien		100		
164	Montera Techniek B.V., Pijnacker/Niederlande		100		
165	ICS adminservice GmbH, Leuna		100	566	73
166	Industriepark LH Verteilnetz GmbH, Chemnitz		100	100	1)
167	Infrastrukturgesellschaft Netz Lüz mbH, Hannover		100	25	1)
168	Innogy Nordsee 1 GmbH, Bunderhee		100	10.330	-970
169	Innogy Renewables Technology Fund I GmbH & Co. KG, Essen		100	40.543	-5.200
170	Innogy Venture Capital GmbH, Essen		100	25	1)
	INVESTERG - Investimentos em Energias, SGPS, Lda. - Gruppe/Portugal			11.903	3.075 2)
171	INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100		
172	LUSITERG - Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74		
173	Jihomoravská plynárenská, a.s., Brno/Tschechische Rep.		50	328.653	74.793
174	JMP Net, s.r.o., Brno/Tschechische Rep.		100	433.148	49.806
175	KA Contracting CR s.r.o., Prag/Tschechische Rep.		100	17.871	2.039
176	Kazinc-Therm Fűtőerőmű Kft., Kazincbarcika/Ungarn		100	2.927	1.011
177	Kernkraftwerk Gundremmingen GmbH, Gundremmingen		75	84.184	8.343
178	Kernkraftwerk Lingen GmbH, Lingen (Ems)		100	20.034	1)
179	Kernkraftwerke Lippe-Ems GmbH, Lingen (Ems)		99	432.269	1)
180	KEVAG Verteilnetz GmbH, Koblenz		100	25	1)
181	Kirkby Moor Windfarm Limited, Swindon/Großbritannien		100	2.068	0
182	KMG Kernbrennstoff-Management Gesellschaft mbH, Essen		100	696.225	1)
183	Knabs Ridge Wind Farm Limited, Swindon/Großbritannien		100	2.151	968
184	Koblenzer Elektrizitätswerk und Verkehrs-Aktiengesellschaft, Koblenz		58	78.542	15.273
185	Koblenzer Verkehrs-Service GmbH, Koblenz		100	1.407	1)
186	Kraftwerksbeteiligungs-OHG der RWE Power AG und der E.ON Kernkraft GmbH, Lingen (Ems)		88	144.407	8.534
187	KUP Berlin Brandenburg GmbH, Berlin		100	1.424	-359
188	KUP Nordrhein-Westfalen GmbH, Dortmund		100	501	-86
189	Lechwerke AG, Augsburg		90	385.369	70.903
190	LEW Anlagenverwaltung GmbH, Gundremmingen		100	203.353	14.482
191	LEW Beteiligungsgesellschaft mbH, Gundremmingen		100	199.356	9.480
192	LEW Netzservice GmbH, Augsburg		100	87	1)
193	LEW Service & Consulting GmbH, Augsburg		100	1.217	1)
194	LEW TelNet GmbH, Neusäß		100	5.616	4.259
195	LEW Verteilnetz GmbH, Augsburg		100	4.816	1)
196	Little Cheyne Court Wind Farm Limited, Swindon/Großbritannien		100	3.014	3.506
197	Magyar Áramszolgáltatató Kft., Budapest/Ungarn		100	39.191	37.780
198	Mátrai Erőmű Zártkörűen Működő Részvénytársaság, Visonta/Ungarn		51	309.034	71.715
199	MEWO Wohnungswirtschaft GmbH & Co. KG, Halle (Saale)		100	9.486	537
200	MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)		75	134.041	40.255
201	MITGAS Verteilnetz GmbH, Kabelsketal		100	25	1)
202	Mittlere Donau Kraftwerke AG, München		40	5.113	0
203	N.V. Provinciale Noordbrabantse Energie Maatschappij (PNEM), 's-Hertogenbosch/Niederlande		100	102.860	847
204	Naturstrom Rheinland-Pfalz GmbH, Koblenz		100	697	117
205	NET4GAS, s.r.o., Prag/Tschechische Rep.		100	2.119.563	198.936
206	Novar Windfarm Limited, Glasgow/Großbritannien		100	0	0
207	Npower Cogen (Hythe) Limited, Swindon/Großbritannien		100	15.508	5.471
208	Npower Cogen Energy Limited, Swindon/Großbritannien		100	0	0
209	Npower Cogen Ireland Limited, Dublin/Irland		100	0	0
210	Npower Cogen Limited, Swindon/Großbritannien		100	189.884	37.688
211	Npower Cogen Trading Limited, Swindon/Großbritannien		100	-8.231	334
212	Npower Commercial Gas Limited, Swindon/Großbritannien		100	-27.519	3.915
213	NPower Direct Ltd, Swindon/Großbritannien		100	79.978	45.583
214	Npower Financial Services Limited, Swindon/Großbritannien		100	-20.192	-686
215	Npower Gas Limited, Swindon/Großbritannien		100	-338.830	-66.386

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
216	Npower Limited, Swindon/Großbritannien		100	-255.836	-26.064
217	Npower Northern Limited, Swindon/Großbritannien		100	-182.340	-190.257
218	Npower Renewables and Consolidation Services Limited, Swindon/Großbritannien		100	0	0
219	Npower Yorkshire Limited, Swindon/Großbritannien		100	-748.431	-48.747
220	Npower Yorkshire Supply Limited, Swindon/Großbritannien		100	0	0
221	NRW Pellets GmbH, Erndtebrück		90	13.821	-204
222	Octopus Electrical Limited, Swindon/Großbritannien		100	3.756	-141
223	OIE Aktiengesellschaft, Idar-Oberstein		100	76.995	1)
224	Oval (2205) Ltd, Swindon/Großbritannien		100	-5.730	-5.610
225	Ózdi Erőmű Távhőtermelő és Szolgáltató Kft., Kazincbarcika/Ungarn		100	2.001	451
226	Park Wiatrowy Suwalki Sp. z o.o., Warschau/Polen		100	2.801	-1.086
227	Park Wiatrowy Tychowo Sp. z o.o., Warschau/Polen		100	2.895	68
228	Plus Shipping Services Ltd., Oak House/Großbritannien		100	9.909	3.408
229	Powerhouse B.V., Almere/Niederlande		100	10.521	5.289
230	Projecta 10 GmbH, Saarbrücken		100	54.303	1)
231	Projecta 13 GmbH, Saarbrücken		100	58	1)
232	Projecta 9 - Entwicklungsgesellschaft für kommunale Dienstleistungen mbH, Saarbrücken		100	84	1)
233	RE GmbH, Köln		100	12.776	314
234	Recuperación y Tratamiento de Biomasa Trabisa, S.L., Requena/Spanien		84	974	-746
235	Regenesys Group Limited, Swindon/Großbritannien		100	0	0
236	Regenesys Holdings Limited, Swindon/Großbritannien		100	-1.927	-51
237	Regenesys Technologies Ltd., Swindon/Großbritannien		100	706	-5
238	regionetz GmbH, Düren		100	64	1
239	Restabwicklung SNR 300 GmbH, Essen		100	4.470	-154
240	Rheinbraun Benelux N.V., Lokeren/Belgien		100	9.249	660
241	Rheinbraun Brennstoff GmbH, Köln		100	63.316	1)
242	Rheinische Baustoffwerke GmbH, Bergheim		100	9.236	1)
243	Rheinische Epe Gasspeicher GmbH&Co KG, Köln		100	30.650	-21.343
244	Rheinkraftwerk Albrück-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	30.421	1.757
245	rhenag Beteiligungs GmbH, Köln		100	25	1)
246	rhenag Rheinische Energie Aktiengesellschaft, Köln		67	272.158	158.093
247	Rhenas Insurance Limited, Sliema/Malta		100	46.635	1.417
248	Rhyl Flats Wind Farm Limited, Swindon/Großbritannien		100	-5.726	-2.011
249	RL Beteiligungsverwaltung beschr. haft. OHG, Norderfriedrichskoog	51	100	350.274	21.687
250	RSB LOGISTIC GMBH, Köln		100	19.304	1)
251	RV Rheinbraun Handel und Dienstleistungen GmbH, Köln		100	59.162	22.468
252	RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Türkei		70	130.309	-1.024
253	RWE Aktiengesellschaft, Essen			8.146.208	2.520.741
254	RWE Aqua GmbH, Berlin		100	233.106	1)
255	RWE Aqua Holdings GmbH, Essen	100	100	500.950	1)
256	RWE Benelux Holding B.V., 's-Hertogenbosch/Niederlande		100	3.709.689	-112.679
257	RWE Beteiligungsgesellschaft mbH, Essen	100	100	7.820.490	1)
258	RWE Beteiligungsverwaltung Ausland GmbH, Essen	100	100	435.420	1)
259	RWE Consulting GmbH, Essen		100	2.236	1)
260	RWE Dea AG, Hamburg		100	1.407.378	1)
261	RWE Dea Cyrenaica GmbH, Hamburg		100	26	1)
262	RWE Dea E & P GmbH, Hamburg		100	32.930	1)
263	RWE Dea Idku GmbH, Hamburg		100	78.772	1)
264	RWE Dea International GmbH, Hamburg		100	290.741	1)
265	RWE Dea Nile GmbH, Hamburg		100	581	1)
266	RWE Dea Norge AS, Oslo/Norwegen		100	160.130	36.336
267	RWE Dea North Africa/Middle East GmbH, Hamburg		100	130.025	1)
268	RWE Dea Polska Sp. z o.o., Warschau/Polen		100	72	11.779
269	RWE Dea Suez GmbH, Hamburg		100	87.226	1)
270	RWE Dea Trinidad & Tobago GmbH, Hamburg		100	25	1)
271	RWE Dea UK Holdings Limited, Aberdeen/Großbritannien		100	319.512	18.475
272	RWE Dea UK SNS Limited, London/Großbritannien		100	185.325	22.734

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
273	RWE Deutschland Aktiengesellschaft, Essen	12	100	504.974	1)
274	RWE Distribuèní služby, s.r.o., Prag/Tschechische Rep.		100	11.876	8.516
275	RWE Eemshaven Holding B.V., Arnhem/Niederlande		100	20	0
276	RWE Effizienz GmbH, Dortmund		100	25	1)
277	RWE Energie, a.s., Ústí nad Labem/Tschechische Rep.		100	381.092	119.851
278	RWE Energiedienstleistungen GmbH, Dortmund		100	15.363	1)
279	RWE Energy Beteiligungsverwaltung Luxemburg S.A.R.L., Luxemburg/Luxemburg		100	86.295	15.898
280	RWE Energy Nederland N.V., Hoofddorp/Niederlande		100	50.330	12.984
281	RWE Finance B.V., 's-Hertogenbosch/Niederlande	100	100	9.749	2.441
282	RWE Gas International B.V., Hoofddorp/Niederlande	100	100	4.389.763	775.287
283	RWE Gas Slovensko, s.r.o., Kosice/Slowakei		100	7.577	0
284	RWE Gas Storage, s.r.o., Prag/Tschechische Rep.		100	600.468	53.112
285	RWE GasNet, s.r.o., Ustí nad Labem/Tschechische Rep.		100	581.831	87.885
286	RWE Gasspeicher GmbH, Dortmund	100	100	115.426	1)
287	RWE Hungária Tanácsadó Kft., Budapest/Ungarn		100	7.304	-111
288	RWE Innogy (UK) Ltd., Swindon/Großbritannien		100	849.404	-9.587
289	RWE Innogy Benelux B.V., Hoofddorp/Niederlande		100	499	-3.019
290	RWE Innogy Cogen GmbH, Dortmund	5	100	54.813	1)
291	RWE Innogy GmbH, Essen	100	100	514.582	1)
292	RWE Innogy Iberia Biomasa S.L.U., Alcobendas/Spanien		100	3.788	277
293	RWE Innogy Italia S.p.A., Bozen/Italien		100	41.879	-8.796
294	RWE Innogy Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	-8
295	RWE Innogy Nordost Windparkbetriebsgesellschaft mbH, Marienfließ		100	25	1)
296	RWE Innogy Nordwest Windparkbetriebsgesellschaft mbH, Sassnitz		100	25	1)
297	RWE Innogy Windpower Hannover GmbH, Hannover		100	93.480	1)
298	RWE Innogy Windpower Netherlands B.V., 's-Hertogenbosch/ Niederlande		100	4.870	-1.508
299	RWE Interní služby, s.r.o., Prag/Tschechische Rep.		100	7.871	4.444
300	RWE IT Czech s.r.o., Brno/Tschechische Rep.	1	100	6.948	-265
301	RWE IT GmbH, Essen	100	100	22.724	1)
302	RWE IT MAGYARORSZÁG Kft., Budapest/Ungarn		100	197	787
303	RWE IT Poland Sp. z o.o., Warschau/Polen		100	1.846	1
304	RWE IT Slovakia s.r.o., Kosice/Slowakei	15	100	3.218	3.177
305	RWE IT UK Ltd., Swindon/Großbritannien		100	19.400	-1.908
306	RWE KAC Dezentrale Energien GmbH & Co. KG, Dortmund		100	9.417	1.234
307	RWE Key Account CZ, s.r.o., Prag/Tschechische Rep.		100	4.229	2.554
308	RWE Kundenservice GmbH, Bochum		100	25	1)
309	RWE Npower Holdings plc, Swindon/Großbritannien	0	100	1.963.834	70.128
310	RWE Npower plc., Swindon/Großbritannien		100	1.678.511	16.363
311	RWE Npower Renewables (Markinch) Limited, Swindon/ Großbritannien		100	0	0
312	RWE Npower Renewables (NEWCO)1 Limited, Swindon/Großbritannien		100	-422	-424
313	RWE Npower Renewables (NEWCO)2 Limited, Swindon/Großbritannien		100	-422	-424
314	RWE Npower Renewables (NEWCO)3 Limited, Swindon/Großbritannien		100	-422	-424
315	RWE Npower Renewables (NEWCO)4 Limited, Swindon/Großbritannien		100	-1.265	-1.272
316	RWE Npower Renewables (Stallingborough) Limited, Swindon/Großbritannien		100	-4.906	-259
317	RWE Npower Renewables Limited, Swindon/Großbritannien		100	452.547	-24.662
318	RWE Offshore Logistics Company GmbH, Essen		100	49.524	-1
319	RWE Offshore Wind Nederland B.V., Hoofddorp/Niederlande		100	485	-1.672
320	RWE Plynoprojekt, s.r.o., Prag/Tschechische Rep.		100	6.520	486
321	RWE Polska Contracting Sp. z o.o., Wroclaw/Polen		100	2.446	362
322	RWE Polska S.A., Warschau/Polen		100	522.916	42.293
323	RWE Power Aktiengesellschaft, Köln und Essen	100	100	3.476.964	1)

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
324	RWE Power Erste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	630.300	1)
325	RWE Renewables Polska Sp. z o.o., Warschau/Polen		100	57.594	2.300
326	RWE Rheinhessen Beteiligungs GmbH, Essen		100	57.840	1)
327	RWE Rhein-Ruhr Netzservice GmbH, Siegen		100	25	1)
328	RWE Rhein-Ruhr Verteilnetz GmbH, Wesel		100	25	1)
329	RWE RWN Beteiligungsgesellschaft Mitte mbH, Essen		100	286.356	1)
330	RWE Seabreeze I GmbH & Co. KG, Essen		100	26.724	0
331	RWE Seabreeze II GmbH & Co. KG, Essen		100	26.724	0
332	RWE Service GmbH, Dortmund	100	100	248.451	1)
333	RWE Solutions Aktiengesellschaft, Karlstein	100	100	186.856	1)
334	RWE Solutions Ireland Ltd, Dublin/Ireland/Irland		100	8.420	1.172
335	RWE Solutions UK Ltd, London/Großbritannien		100	25.734	-197.534
336	RWE Stoen Operator Sp. z o.o., Warschau/Polen		100	670.597	9.165
337	RWE Supply & Trading GmbH, Essen	100	100	426.294	1)
338	RWE Supply & Trading Hungary Karlátolt Felelősségű Társaság, Budapest/Ungarn		100	402	-12
339	RWE Supply & Trading Iberia S.L., Madrid/Spanien		100	4.277	-258
340	RWE Supply & Trading Italy S.r.l., Rom/Italien		100	667	102
341	RWE Supply & Trading Netherlands B.V., Eindhoven/Niederlande		100	1.870.231	-57.561
342	RWE Supply & Trading Nordic AS, Oslo/Norwegen		100	195	-140
343	RWE Supply & Trading Participations Limited, London/Großbritannien		100	182.995	-4.786
344	RWE Supply & Trading Switzerland S.A., Genf/Schweiz		100	373.941	-43.874
345	RWE Systems Development GmbH & Co. KG, Dortmund		100	23	-1.598
346	RWE Technology GmbH, Essen		100	25	1)
347	RWE Technology UK Limited, Swindon/Großbritannien		100	282	283
348	RWE Transgas, a.s., Prag/Tschechische Rep.		100	3.070.682	-192.336
349	RWE Turkey Holding A.S., Istanbul/Türkei	100	100	78.796	-24
350	RWE Vertrieb Aktiengesellschaft, Dortmund		100	11.002	1)
351	RWE Westfalen-Weser-Ems Netzservice GmbH, Dortmund		100	25	1)
352	RWE Westfalen-Weser-Ems Verteilnetz GmbH, Recklinghausen		100	25	1)
353	RWE Zákaznické služby, s.r.o., Prag/Tschechische Rep.		100	3.414	2.951
354	RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr		80	75.730	10.267
355	Saarwasserkraftwerke GmbH, Essen		100	14.368	1)
356	Scarcroft Investments Limited, Swindon/Großbritannien		100	15.168	0
357	Scaris Investment Limited, Sliema/Malta	100	100	4.691.317	95.298
358	Scaris Limited, Sliema/Malta		100	4.724.337	64.572
359	Schwäbische Entsorgungsgesellschaft mbH, Gundremmingen		100	17.632	811
360	Severomoravská plynárenská, a.s., Ostrava/Tschechische Rep.		68	230.836	66.608
361	Sinergy Energiaszolgáltató, Beruházó és Tanácsadó Kft., Budapest/Ungarn		100	25.802	4.178
362	SMP Net, s.r.o., Ostrava/Tschechische Rep.		100	291.307	46.688
363	Speicher Breitbrunn/Eggstätt RWE Dea & Mobil, Hamburg		80		19.462
364	Speicherbecken Geeste OHG der RWE Power AG und der E.ON Kernkraft GmbH, Geeste		94	26	3
365	SPER S.p.A., Rom/Italien		51	-208	-1.093
366	SPM Sales Portfolio Management BV, Arnhem/Niederlande		100	100	205.381
367	SRS EcoTherm GmbH, Salzbergen		90	6.103	-92
368	Stadtwärme Kamp-Lintfort GmbH, Kamp-Lintfort		100	2.970	1.879
369	Stadtwerke Düren GmbH, Düren		75	23.345	2.614
370	Stadtwerke Kamp-Lintfort GmbH, Kamp-Lintfort		51	14.209	4.219
371	Superior Plumbing Installations Group Limited, Swindon/Großbritannien		100	39	1.594
372	Superior Plumbing Installations Holdings Limited, Swindon/Großbritannien		100	0	0
373	Superior Plumbing Installations Limited, Swindon/Großbritannien		100	5.303	-636
374	Süwag Beteiligungs GmbH, Frankfurt/Main		100	4.425	1)
375	Süwag Energie AG, Frankfurt/Main		78	347.675	82.300
376	Süwag Kundenservice GmbH, Frankfurt/Main		100	180	1)

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
377	Süwag Netz GmbH, Frankfurt/Main		100	961	1)
378	Süwag Netzservice GmbH, Frankfurt/Main		100	28	1)
379	Süwag Wasser GmbH, Frankfurt/Main		100	318	1)
380	Taff-Ely Wind Farm Project Limited, Swindon/Großbritannien		100	102	-1
381	The Hollies Wind Farm Limited, Swindon/Großbritannien		100	114	81
382	Thyssengas GmbH, Dortmund		100	65.730	-45.995
383	Tisza-Therm Fűtőerőmű Kft., Tiszaújváros/Ungarn		100	1.798	466
384	Tisza-WTP Vízelőkészítő és Szolgáltató Kft., Tiszaújváros/Ungarn		100	2.122	341
385	Transpower Limited (Republic of Ireland), Dublin/Irland		100	2.647	595
386	Triton Knoll Offshore Wind Farm Ltd., Swindon/Großbritannien		100	7.087	-5.156
387	Überlandwerk Krumbach GmbH, Krumbach		75	4.055	411
388	Uniti Limited, Swindon/Großbritannien		100	2.527.698	84.962
389	VCP Net, s.r.o., Hradec Kralove/Tschechische Rep.		100	217.374	27.253
390	Volta Limburg B.V., Schinnen/Niederlande		89	21.536	1.490
391	VSE Aktiengesellschaft, Saarbrücken		69	159.255	28.766
392	VSE Net GmbH, Saarbrücken		100	11.997	-107
393	VSE NET IP GmbH, Saarbrücken		100	2.186	1.106
394	VSE Verteilnetz GmbH, Saarbrücken		100	25	1)
395	VSW Netz GmbH, Crimmitschau		100	199	-55
396	VSW Verbundwerke Südwestsachsen GmbH, Lichtenstein		96	26.666	2.024
397	Východočeská plynárenská, a.s., Hradec Kralove/Tschechische Rep.		67	152.041	40.776
398	Wendelsteinbahn GmbH, Brannenburg		100	2.091	168
399	Wendelsteinbahn Verteilnetz GmbH, Brannenburg		100	25	-93
400	Westland Energie Services B.V., Poeldijk/Niederlande		100	19.988	2.440
401	Windpark Westereems B.V., Zwolle/Niederlande		100	6.476	192
402	WINKRA Barbecke Windparkbetriebsgesellschaft mbH, Lengede		100	25	1)
403	WINKRA Dransfeld Windparkbetriebsgesellschaft mbH, Dransfeld		100	25	1)
404	WINKRA Eicklingen Windparkbetriebsgesellschaft mbH, Eicklingen		100	25	1)
405	WINKRA Eystrup Windparkbetriebsgesellschaft mbH, Hassel		100	25	1)
406	WINKRA Friedrichsgabekoog Windparkbetriebsgesellschaft mbH, Friedrichsgabekoog		100	26	1)
407	WINKRA Gethsemane Windparkbetriebsgesellschaft mbH, Philippsthal		100	26	1)
408	WINKRA Grömitz Windparkbetriebsgesellschaft mbH, Grömitz		100	26	1)
409	WINKRA Halle Windparkbetriebsgesellschaft mbH, Halle		100	25	1)
410	WINKRA Helmstedt Windparkbetriebsgesellschaft mbH, Grasleben		100	25	1)
411	WINKRA Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	1)
412	WINKRA Krokhorst Windparkbetriebsgesellschaft mbH, Schwanewede		100	25	1)
413	WINKRA Krusemark 5 Windparkbetriebsgesellschaft mbH, Lindtorf		100	25	1)
414	WINKRA Krusemark 6 Windparkbetriebsgesellschaft mbH, Lindtorf		100	25	1)
415	WINKRA Krusemark 7 Windparkbetriebsgesellschaft mbH, Lindtorf		100	25	1)
416	WINKRA Krusemark 8 Windparkbetriebsgesellschaft mbH, Lindtorf		100	25	1)
417	WINKRA Krusemark Windparkbetriebsgesellschaft mbH, Hohenberg- Krusemark		100	26	1)
418	WINKRA Lasbek Windparkbetriebsgesellschaft mbH, Lasbek		100	25	1)
419	WINKRA Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	1)
420	WINKRA Lesse Windparkbetriebsgesellschaft mbH, Salzgitter		100	25	1)
421	WINKRA Lichtenau Windparkbetriebsgesellschaft mbH, Lichtenau		100	26	1)
422	WINKRA Malterhausen Windparkbetriebsgesellschaft mbH, Malterhausen		100	26	1)
423	WINKRA Messingen Windparkbetriebsgesellschaft mbH, Messingen		100	25	1)
424	WINKRA Oedelum Windparkbetriebsgesellschaft mbH, Schellerten		100	25	1)
425	WINKRA Ottersberg Windparkbetriebsgesellschaft mbH, Ottersberg		100	25	1)
426	WINKRA Regesbostel Windparkbetriebsgesellschaft mbH, Regesbostel		100	25	1)
427	WINKRA Rethen Windparkbetriebsgesellschaft mbH, Vordorf		100	25	1)
428	WINKRA Riepsdorf Windparkbetriebsgesellschaft mbH, Riepsdorf		100	26	1)
429	WINKRA Schneverdingen Windparkbetriebsgesellschaft mbH, Schneverdingen		100	25	1)
430	WINKRA Seedorf Windparkbetriebsgesellschaft mbH, Seedorf		100	25	1)

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
431	WINKRA Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	1)
432	WINKRA Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	26	1)
433	WINKRA Welper Windparkbetriebsgesellschaft mbH, Welper		100	25	1)
434	WINKRA Windparkverwaltungsgesellschaft mbH, Hannover		100	25	1)
435	WINKRA Zicherie Windparkbetriebsgesellschaft mbH, Brome		100	25	1)
436	WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hannover		100	0	0
437	WVP-Wärmeversorgung Plauen GmbH, Plauen		100	260	1)
438	YE Gas Limited, Swindon/Großbritannien		100	105.447	0
439	YELECO 29 Ltd, Swindon/Großbritannien		100	0	0
440	Yorkshire Energy Limited, Swindon/Großbritannien		100	13	0
441	Zuidermeerwindenergie B.V., Heerenveen/Niederlande		100	83	64

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
Affiliated companies not included in the scope of consolidation+A997 due to secondary importance in relation to the Group's assets, liabilities, financial position and profit or loss					
442	Aberdare Windfarm Limited, Swindon/Großbritannien		100	0	0
443	AFE Bohemia, s.r.o., Pilsen/Tschechische Rep.		100	253	-279
444	Agenzia Carboni S.R.L., Genua/Italien		100	565	56
445	Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		100	5.113	0
446	Allt Dearg Wind Farm Limited, Swindon/Großbritannien		100	0	0
447	Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-71.422	-12.006
448	aqua.t Wassergesellschaft Thüringen mbH, Hermsdorf		100	100	1)
449	Ardoch Over Enoch Windfarm Limited, Glasgow/Großbritannien		100	0	0
450	Ballindalloch Muir Wind Farm Limited, Swindon/Großbritannien		100	0	0
451	Bildungszentrum Energie GmbH, Halle (Saale)		100	941	466
452	Biogas Münsterland GmbH, Essen		100	6	-19
453	BRAWA, a.s., Prag/Tschechische Rep.		100	80	-1
454	Brims Ness Tidal Power Limited, Swindon/Großbritannien		100	0	0
455	Carnedd Wen Wind Farm Limited, Swindon/Großbritannien		100	0	0
456	Carr Mor Windfarm Limited, Glasgow/Großbritannien		100	0	0
457	Causeymire Two Wind Farm Limited, Swindon/Großbritannien		100	0	0
458	Central de Biomasa de la Demanda, S.L.U., Alcobendas/Spanien		100	3	-1
459	Central de Biomasa de la Vega, S.L.U., Alcobendas/Spanien		100	89	-91
460	Central de Biomasa Sierra Nevada, S.L.U., Alcobendas/Spanien		100	778	-330
461	Cilciffeth Windfarm Limited, Swindon/Großbritannien		100	0	0
462	Comco MCS S.A., Luxemburg/Luxemburg		95	368	188
463	Company for Services Hydro Power Macedonia d.o.o. Skopje/Mazedonien		100	5	0
464	Craigenlee Wind Farm Limited, Swindon/Großbritannien		100	0	0
465	Culbin Farm Wind Farm Limited, Swindon/Großbritannien		100	0	0
466	CUROS Gesellschaft zur Verwertung von Deponiegas und Entsorgung von Reststoffen mbH, Saarbrücken		100	0	1)
467	Cuthberts Hill Windfarm Limited, Swindon/Großbritannien		100	0	0
468	ECS - Elektrárna Cechy-Stred, a.s., Prag/Tschechische Rep.		51	3.416	14
469	EDON Group Costa Rica S.A., San Jose/Costa Rica		100	1.481	0
470	Elektrownie Wiatrowe Dolice Sp. z o.o., Stettin/Polen		100	127	-12
471	EL-Pöför Epitési és Üzemeltetési Kft., Budapest/Ungarn		100	582	9
472	Energetyka Wschod Sp. z o.o., Wroclaw/Polen		100	21	5
473	Energetyka Zachod Sp. z o.o., Wroclaw/Polen		100	42	29
474	envia future GmbH in Liquidation, Chemnitz		100	3.057	34
475	enviaM Beteiligungsgesellschaft Chemnitz GmbH, Chemnitz		100		
476	Erdgasspeicher Kalle GmbH, Dortmund		100	128	1)
477	ESM Entwicklungsgesellschaft für kommunale Dienstleistungen mbH, Saarbrücken		100	56	-1
478	Executive Aviation Centre Limited (i.L.), London/Großbritannien		100	-6.054	-1
479	FAMIS Energieservice GmbH, Saarbrücken		100	687	1)
480	Fernwärme Saarlouis-Steinrausch Investitionsgesellschaft mbH, Saarlouis		95	7.567	1)
481	Finelectra' Finanzgesellschaft für Elektrizitäts-Beteiligungen AG, Hausen/Schweiz		100	13.509	557
482	GASFINAL, a.s., Ostrava/Tschechische Rep.		100	906	162
483	GBV Achtundzwanzigste Gesellschaft für Beteiligungsverwaltung, Essen	100	100	25	0
484	GbV Achtzehnte Gesellschaft für Beteiligungsverwaltung, Essen	100	100	23	0
485	GBV Einundzwanzigste Gesellschaft für Beteiligungsverwaltung, Essen	100	100	25	0
486	GBV Neunundzwanzigste Gesellschaft für Beteiligungsgesellschaft, Essen	100	100	25	0
487	GBV Siebenundzwanzigste Gesellschaft für Beteiligungsverwaltung, Essen	100	100	25	0
488	GBV Verwaltungsgesellschaft mbH, Essen	94	94	20	0
489	GBV Vierundzwanzigste Gesellschaft für Beteiligungsverwaltung, Essen	100	100	24	0

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
490	GBV Zweiundzwanzigste Gesellschaft für Beteiligungsverwaltung, Essen	100	100	25	0
491	Gelligaer Windfarm Limited, Swindon/Großbritannien		100	0	0
492	Georgia Biomass Holding LLC, Savannah/USA		100	1	0
493	Georgia Biomass LLC, Savannah/USA		100	0	0
494	Gesellschaft für Kommunikationstechnik und Medienarbeit mbH, Essen		100	261	1)
495	Gesellschaft für Personalabrechnung und -verwaltung mbH, Halle (Saale)		100	23	0
496	GKB Gesellschaft für Kraftwerksbeteiligungen mbH, Cottbus		100	122	-7
497	GkD Gesellschaft für kommunale Dienstleistungen mbH, Siegburg		100	83	-2
498	Green Gecco Verwaltungs GmbH, Essen		51	21	-3
499	Gunson Height Windfarm Limited, Swindon/Großbritannien		100	0	0
500	High Moor Windfarm Limited, Swindon/Großbritannien		100	0	0
501	HM&A GmbH & Co. KG, Essen		100	284	59.953
502	HM&A UK Limited (i.L.), London/Großbritannien		100	-2.334	-6
503	HM&A Verwaltungs GmbH, Essen		100	79	5
504	Hospitec Facility Management GmbH, Saarbrücken		100	-1.788	5
505	Inch Cape Offshore Wind Farm Limited, Swindon/Großbritannien		100	0	0
506	Inntal Netz- und Servicegesellschaft mbH, Brannenburg		100	18	-9
507	Jordanston Windfarm Limited, Swindon/Großbritannien		100	0	0
508	KA Contracting SK s.r.o., Banská Bystrica/Slowakei		100		
509	Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	193	-907
510	Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	27	0
511	Kildrummy Wind Farm Limited, Swindon/Großbritannien		100	0	0
512	Kiln Pit Hill Wind Farm Limited, Swindon/Großbritannien		100	0	0
513	KMC Services GmbH, Kaiserslautern		100	37	-2
514	Kommunale Wasserversorgung Saar GmbH, Saarbrücken		100	30	1)
515	Leithhope Hill Wind Farm Limited, Swindon/Großbritannien		100	0	0
516	Lindhurst Wind Farm Limited, Swindon/Großbritannien		100	0	0
517	Lochelbank Wind Farm Limited, Swindon/Großbritannien		100	0	0
518	Low Houses Windfarm Limited, Swindon/Großbritannien		100	0	0
519	Magyar Elektrotechnikai Múzeum Közhasznú Társaság, Budapest/Ungarn		100	52	-28
520	Mátrai Erömu Központi Karbantartó KFT, Visonta/Ungarn		100	2.353	590
521	Mekanische Kolenveredeling (MEKOL) N.V., Gent/Belgien		100	345	9
522	Meterplus Limited, Swindon/Großbritannien		100	0	0
523	MEWO Wohnungswirtschaft Verwaltungs-GmbH, Halle (Saale)		100	41	2
524	Middlemoor Wind Farm Limited, Swindon/Großbritannien		100	0	0
525	MIROS Mineralische Rohstoffe, GmbH i.L., Bergheim		100		-10
526	Naturstrom Betriebsgesellschaft Oberhonnefeld mbH, Koblenz		100	155	-740
527	NBG Nord Beteiligungs Gesellschaft Geschäftsführungs GmbH, Norderfriedrichskoog	100	100	65	4
528	NBG Nord Beteiligungs GmbH & Co. KG, Norderfriedrichskoog	100	100	91	-282
529	NDG Naturdünger Westmünsterland GmbH, Essen		100	24	-1
530	Neue Energie Groß-Gerau GmbH, Frankfurt/Main		100	24	-1
531	North Kintyre Wind Farm Limited, Swindon/Großbritannien		100	0	0
532	Novar Two Wind Farm Limited, Swindon/Großbritannien		100	0	0
533	Npower Northern Supply Limited, Swindon/Großbritannien		100	0	0
534	NRF Neue Regionale Fortbildung GmbH, Halle (Saale)		100	149	17
535	NWS Saarwellingen GmbH, Saarwellingen		100	50	1)
536	Park Wiatrowy Gaworzycze Sp.z o.o., Warschau/Polen		100	3	2
537	Park Wiatrowy Msciwójów Sp.z o.o., Warschau/Polen		100	-4	-5
538	Park Wiatrowy Smigiel I Sp.z o.o., Warschau/Polen		100	-4	-6
539	Park Wiatrowy Smigiel II Sp.z o.o., Warschau/Polen		100	-4	-6
540	Park Wiatrowy Znin Sp.z o.o., Pruszcz Gdanski/Polen		100	7	-5
541	Piecki Sp. z o.o., Warschau/Polen		51	-99	-107
542	Projecta 12 GmbH, Saarbrücken		100	148	1)
543	Projecta 15 GmbH, Saarbrücken		100	19	-2

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
544	Projecta 5 - Entwicklungsgesellschaft für kommunale Dienstleistungen mbH, Saarbrücken		100	22	-6
545	Raera Wind Farm Limited, Swindon/Großbritannien		100	0	0
546	RD Hanau GmbH, Hanau		100	955	580
547	Rebyl Limited, Swindon/Großbritannien		100	0	0
548	Rheinland Westfalen Energiepartner GmbH, Essen		100	5.369	1.892
549	rhenagbau GmbH, Köln		100	1.258	184
550	ROTARY-MATRA Kútfúró és Karbantartó KFT, Visonta/Ungarn		100	787	44
551	Rowantree Wind Farm Limited, Swindon/Großbritannien		100	0	0
552	RWE & Turcas Kuzey Elektrik Üretim Anonim Sirketi, Ankara/Türkei		70	51	-18
553	RWE Aqua International GmbH, Essen		100	50	1)
554	RWE Dea UK Development Limited, London/Großbritannien		100	0	0
555	RWE Dea UK EC Limited, London/Großbritannien		100	0	29.962
556	RWE Dea UK Exploration Limited, London/Großbritannien		100	0	0
557	RWE Dea UK Limited, Aberdeen/Großbritannien		100	0	0
558	RWE Dea UK PV Limited, London/Großbritannien		100		16.492
559	RWE DEA Ukraine LLC, Kiew/Ukraine		100	62	-206
560	RWE East, s.r.o., Prag/Tschechische Rep.	2	100		
561	RWE Elektrownia Czeczott Sp. z o.o., Katowice/Polen		75	12	0
562	RWE Energetyka Trzemeszno Sp. z o.o., Wroclaw/Polen		100	1.117	51
563	RWE EUROtest Gesellschft für Prüfung-Engineering-Consulting mbH, Dortmund		100	51	1)
564	RWE FiberNet GmbH, Essen		100		
565	RWE Güney Holding Anonim Sirketi, Istanbul/Türkei	0	100	14	-14
566	RWE Hrvatska d.o.o., Zagreb/Kroatien		100		
567	RWE Innogy Cogen Beteiligungs GmbH, Dortmund		100		
568	RWE Innogy d.o.o. za koristenje obnovljivih izvora energije, Sarajevo/Bosnien-Herzegowina		100	125	-80
569	RWE Innogy Windpark GmbH, Essen		100	123	1)
570	RWE KAC Dezentrale Energien Verwaltungsgesellschaft mbH, Dortmund		100	23	0
571	RWE Kuzey Holding Anonim Sirketi, Istanbul/Türkei	0	100	-2	-19
572	RWE Metering GmbH, Essen		100		
573	RWE Npower Renewables (Gallop) No.1 Limited, Swindon/Großbritannien		100		
574	RWE Npower Renewables (Gallop) No.2 Limited, Swindon/Großbritannien		100		
575	RWE Pensionsfonds AG, Essen	100	100	3.941	-657
576	RWE Power Benelux B.V., Hoofddorp/Niederlande		100	472	392
577	RWE Power Bulgaria EOOD, Sofia/Bulgarien		100	6	-71
578	RWE Power Climate Protection China GmbH, Essen		100	25	1)
579	RWE Power Climate Protection Clean Energy Technology (Beijing) Co., Ltd., Beijing/China		100	1.700	0
580	RWE Power Climate Protection GmbH, Essen		100	23	1)
581	RWE Power România S.A., Bukarest/Rumänien		100	-569	-590
582	RWE Rhein Oel Ltd., London/Großbritannien		100	-1	-1
583	RWE Seabreeze I Verwaltungs GmbH, Essen		100	19	-6
584	RWE Seabreeze II Verwaltungs GmbH, Essen		100	19	-6
585	RWE Stiftung gemeinnützige GmbH, Essen	100	100	57.030	359
586	RWE Supply & Trading Asia-Pacific PTE. LTD., Singapur/Singapur		100		-46
587	RWE Systems Development Geschäftsführung GmbH, Dortmund		100	124	-24
588	RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Türkei		99	2	0
589	RWE Trading Americas Inc., Houston/USA		100	-42	2
590	RWE Trading New Business Ltd., London/Großbritannien		100	1.238	127
591	RWE Trading Services GmbH, Essen		100	735	1)
592	RWE Trading Services Ltd., Swindon/Großbritannien		100	820	66
593	RWE Trading UK Ltd., London/Großbritannien		100	4.487	120
594	RWE Trading US Coal Limited, Swindon/Großbritannien		100	0	0
595	RWE WP 4 Sp.z o.o., Warschau/Polen		100	306	-8

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
596	RWE-EnBW Magyarország' Energiaszolgáltató Korlátolt Felelősségű Társaság, Budapest/Ungarn		70	990	60
597	Sabloal Energie Eoliana S.R.L., Oradea/Rumänien		90	-505	-258
598	SASKIA Informations-Systeme GmbH, Chemnitz		90	577	163
599	SchlauTherm GmbH, Saarbrücken		75	52	53
600	SE SAUBER ENERGIE Verwaltungs-GmbH, Köln		72	85	6
601	Securum AG, Zug/Schweiz		100	4.372	-4
602	Snowgoat Glen Wind Farm Limited, Swindon/Großbritannien		100	0	0
603	Societe Nouvelle Sidechar S.A., Paris/Frankreich	100	100	85	-14
604	Stadtwerke - Strom Plauen GmbH & Co. KG, Plauen		100		
605	Stadtwerke - Strom Plauen Verwaltungs-GmbH, Plauen		100	24	0
606	Steinkohlendoppelblock Verwaltungs GmbH, Essen		100	108	46
607	Stoen Nieruchomosci Sp. z o.o., Warschau/Polen		100	-617	0
608	Stroupster Wind Farm Limited, Swindon/Großbritannien		100	0	0
609	Süwag Erneuerbare Energien GmbH, Frankfurt am Main		100	124	0
610	T.B.E. TECHNISCHE BERATUNG ENERGIE für wirtschaftliche Energieanwendung GmbH, Duisburg		100	337	0
611	Tarskavaig Wind Farm Limited, Swindon/Großbritannien		100	0	0
612	TEPLO Rumburk s.r.o., Rumburk/Tschechische Rep.		98	226	111
613	Thyssengas-Unterstützungskasse GmbH, Duisburg		100	156	-46
614	Trenwydd Windfarm Limited, Swindon/Großbritannien		100	0	0
615	TWS Technische Werke der Gemeinde Saarwellingen GmbH, Saarwellingen		51	3.188	506
616	Versuchsatomkraftwerk Kahl GmbH, Karlstein		80	542	31
617	Verteilnetz Plauen GmbH, Plauen		100		
618	viavera GmbH, Dortmund		100	3.700	21
619	VKN Geschäftsführungs GmbH, Ensdorf		51	40	2
620	VKN Saar Gesellschaft für Verwertung von Kraftwerksnebenprodukten und Ersatzbrennstoffen GmbH, Ensdorf		51	50	301
621	VSE Stiftung gGmbH, Saarbrücken		100	2.558	474
622	VSE Windpark Merchingen GmbH & Co. KG, Saarbrücken		100	2.703	-97
623	VSE-Windpark Merchingen Verwaltungs GmbH, Saarbrücken		100	51	1
624	Wabea Wasserbehandlungsanlagen Berlin GmbH, Berlin		100	358	-9
625	Wärmeversorgung Schwaben GmbH, Augsburg		100	64	0
626	Windpark Westerwald GmbH, Waigandshain		54	1.672	55
627	Windpark Zuidermeerdijk C.V., Soest/Niederlande		100	323	-88

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
Affiliated companies accounted for using the equity method					
628	Arena Recycling VOF, Helmond/Niederlande		20		
629	AS 3 Beteiligungs GmbH, Essen		51	2.765	-182
630	ATBERG - Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	2.094	-71
631	AVA Abfallverwertung Augsburg GmbH, Augsburg		25	28.641	2.641
632	AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg		50	117.176	12.672
633	BC-Erörmü Kft., Miskolc/Ungarn		74	15.534	3.816
634	Bergische Energie und Wasser - Netzgesellschaft GmbH, Wipperfürth		61	8.934	1.253
635	Budapesti Disz- es Közvilagitsi Korlatolt Felelőssegü Tarsasag, Budapest/Ungarn		50	32.442	1.783
636	C-Power N.V., Zwijndrecht/Belgien		27	45.112	-2.999
637	Delesto B.V., Delfzijl/Niederlande		50	52.680	4.206
638	Desco B.V., Dordrecht/Niederlande		33	11	0
639	Desco C.V., Dordrecht/Niederlande		33	11.235	-1.482
640	Dortmunder Energie- und Wasserversorgung GmbH (DEW 21), Dortmund		47	157.589	23.741
641	EAH Holding B.V., Heerenveen/Niederlande		33	3.618	0
642	EdeA VOF, Geleen/Niederlande		50	42.682	6.400
643	Eemshaven LNG Terminal B.V., Eemshaven/Niederlande		50	18	0
644	EKG Holding BV, 's-Hertogenbosch/Niederlande		50	629	375
645	Electrorisk Verzekeringsmaatschappij N.V., Arnhem/Niederlande		25	10.974	0
646	Elsta B.V. & CO C.V., Middelburg/Niederlande		25	-4.756	27.372
647	Elsta B.V., Middelburg/Niederlande		25	228	0
648	Energie Nordeifel GmbH & Co. KG, Kall		50	5.645	2.700
649	Energie- und Wasserversorgung Altenburg GmbH, Altenburg		30	29.676	3.157
650	Energie Wasser Niederrhein GmbH, Moers		20	32.152	9.464
651	Energieversorgung Guben GmbH, Guben		45	4.936	359
652	Energieversorgung Hürth GmbH, Hürth		25	4.961	3.053
653	Energieversorgung Oberhausen AG, Oberhausen		10	30.224	11.241
654	Energiewacht B.V., Veendam/Niederlande		50	18.352	1.622
655	Enovos International S. A., Luxemburg/Luxemburg		20	469.083	140.541
656	Éoliennes de Mounés S.A.S., Paris/Frankreich		50	-4.522	-3.316
657	EWR Aktiengesellschaft, Worms		2	74.307	14.561
658	EWR Dienstleistungen GmbH & Co. KG, Worms		50	14.395	14.395
659	Excelerate Energy LLC, The Woodlands/USA		50	176.235	0
660	Excelerate Energy LP, The Woodlands/USA		50	310.220	-183.626 2)
661	Exemplar NV, Brüssel/Belgien		15	84	-24
662	Expedient NV, Antwerpen/Belgien		15	84	-24
663	Explotaciones Eólicas de Aldehuelas, S.L., Barcelona/Spanien		48	12.472	4.672
664	Exquisite NV, Antwerpen/Belgien		15	84	-24
665	Fövárosi Gázművek Zrt., Budapest/Ungarn		50	136.888	16.717
666	Freiberger Stromversorgung GmbH (FSG), Freiberg		30	8.832	2.974
667	Fri-El S.p.A., Bozen/Italien		50	16.622	-1.421 2)
668	FSO GmbH & Co. KG, Oberhausen		50	49.503	6.228 2)
669	Gaswacht Friesland B.V., Sneek/Niederlande		50	6.191	425
670	Geas Energiewacht B.V., Enschede/Niederlande		26	8.032	700
671	GNS Gesellschaft für Nuklear-Service mbH, Essen		28	5.588	14.189 2)
672	Greater Gabbard Offshore Winds Limited, Reading/Großbritannien		50	40	89
673	Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	114.141	6.647
674	Gwynt Y Môr Offshore Wind Farm Limited, Swindon/Großbritannien		60	-2.914	-1.230
675	Hastrabau-Kommunale Entsorgungsdienste GmbH & Co. KG, Langenhagen		50	128	581
676	HIDROERG - Projectos Energéticos, Lda., Lissabon/Portugal		32	6.764	893
677	Horizon Nuclear Power Limited, London/Großbritannien		50	59.383	-11.990
678	Hungáriavíz Vagyongézelő Zrt., Budapest/Ungarn		49	41.610	4.845
679	Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Österreich		49	543.739	49.686 2)
680	KBM Kommunale Beteiligungsgesellschaft mbH an der envia Mitteldeutsche Energie AG, Bitterfeld		23	176.876	8.482

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
681	Kemkens B.V., Oss/Niederlande		49	46.408	2.000
682	KEW Kommunale Energie- und Wasserversorgung AG, Neunkirchen		29	71.803	9.165
683	Konsortium Energieversorgung Opel oHG der RWE Innogy Cogen GmbH und der Kraftwerke Mainz-Wiesbaden AG, Karlstein		67	27.471	9.062
684	medl GmbH, Mülheim an der Ruhr		49	25.873	-15.412
685	Mingas-Power GmbH, Essen		40	3.888	3.398
686	Nebelhornbahn-Aktiengesellschaft, Oberstdorf		27	4.673	123
687	Niederrheinische Versorgung und Verkehr Aktiengesellschaft, Mönchengladbach		50	471.315	42.250 2)
688	Nordrheinische Erdgastransportleitungsgesellschaft mbH und Co. KG, Haan		50	39.939	16.420
689	NV Energiewacht Groep, Zwolle/Niederlande		50	4.626	325
690	NV KEMA, Arnhem/Niederlande		25	66.096	0
691	Pfalzwerke Aktiengesellschaft, Ludwigshafen		27	194.732	17.763
692	Pistazit Anlagen-Vermietungs GmbH & Co. Objekt Willich KG, Mainz		100	151	732
693	PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mbH, Neuss		50	287	-18
694	Projecta 14 GmbH, Saarbrücken		50	12.207	86
695	Propan Rheingas GmbH & Co KG, Brühl		30	13.482	2.038
696	Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o., Dabrowa Gornica/Polen		34	32.583	1.673
697	Regionalgas Euskirchen GmbH & Co. KG, Euskirchen		43	53.482	11.381
698	RheinEnergie AG, Köln		20	564.045	184.476
699	Rhein-Main-Donau AG, München		23	110.169	
700	RWE-Veolia Berlinwasser Beteiligungs GmbH, Berlin		50	305.559	87.167
701	Sampi Anlagen-Vermietungs GmbH & Co. Objekt Meerbusch KG, Mainz		100	16	1.252
702	Schluchseewerk Aktiengesellschaft, Laufenburg		50	59.339	2.809
703	SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb/Kroatien		50	1.926	417
704	Siegener Versorgungsbetriebe GmbH, Siegen		25	21.975	3.501
705	Société Electrique de l'Our S.A., Luxemburg/Luxemburg		40	4.201	1.095 2)
706	SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus		33	46.246	11.677
707	SSW Stadtwerke St. Wendel GmbH & Co. KG, St. Wendel		50	20.215	1.571
708	Stadtwerke Bernburg GmbH, Bernburg		45	23.702	6.392
709	Stadtwerke Bitterfeld - Wolfen GmbH, Bitterfeld-Wolfen		40	19.416	2.171
710	Stadtwerke Bühl GmbH, Bühl		30	21.157	3.349
711	Stadtwerke Duisburg Aktiengesellschaft, Duisburg		20	154.409	40.733
712	Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, Dülmen		50	25.714	2.954
713	Stadtwerke Emmerich GmbH, Emmerich		25	12.115	4.080
714	Stadtwerke Essen Aktiengesellschaft, Essen		29	117.257	22.568
715	Stadtwerke Geldern GmbH, Geldern		49	10.579	2.598
716	Stadtwerke GmbH Bad Kreuznach, Bad Kreuznach		25	39.925	3.267
717	Stadtwerke Kirn GmbH, Kirn		49	1.578	309
718	Stadtwerke Lutherstadt Eisleben GmbH, Lutherstadt-Eisleben		43	16.035	3.243
719	Stadtwerke Meerane GmbH, Meerane		25	10.115	1.499
720	Stadtwerke Merseburg GmbH, Merseburg		40	15.112	4.311
721	Stadtwerke Neuss Energie und Wasser GmbH, Neuss		25	57.194	14.238
722	Stadtwerke Radevormwald GmbH, Radevormwald		50	2.492	2.421
723	Stadtwerke Ratingen GmbH, Ratingen		25	41.428	4.202
724	Stadtwerke Reichenbach/Vogtland GmbH, Reichenbach		25	10.746	1.249
725	Stadtwerke Remscheid GmbH, Remscheid		25	113.503	5.767
726	Stadtwerke Saarlouis GmbH, Saarlouis		49	33.522	4.030
727	Stadtwerke Velbert GmbH, Velbert		50	76.466	8.312
728	Stadtwerke Weißenfels GmbH, Weißenfels		25	19.754	3.261
729	Stadtwerke Willich GmbH, Willich		25	12.581	0
730	Stadtwerke Zeitz GmbH, Zeitz		25	19.760	3.500
731	Südwestfalen Energie und Wasser AG, Hagen		19	287.283	20.272
732	SW Merzig GmbH, Merzig		50	15.906	1.361

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
733	TCP Petcoke Corporation, Dover/USA		50	10.957	14.832 2)
734	TE Plomin d.o.o., Plomin/Kroatien		50	37.062	2.527
735	TIGÁZ Tiszántúli Gázszolgáltató Zrt., Hajdúszoboszló/Ungarn		44	508.633	-9.481
736	TVK Erömu Termelő es Szolgáltató Korlátolt Felelőségi Társaság, Tiszaújváros/Ungarn		74	15.126	3.607
737	URANIT GmbH, Jülich		50	86.619	24.586
738	Vliegasunie B.V., De Bilt/Niederlande		32	2.013	
739	VOF Dobbestroom, Veendam/Niederlande		50	14.040	1.308
740	VOF Hunzestroom, Veendam/Niederlande		50	10.540	1.564
741	VOF Trafo, 's-Hertogenbosch/Niederlande		50		
742	Východoslovenská energetika a.s., Kosice/Slowakei	49	49	672.621	54.344 2)
743	Wasser- und Energieversorgung Kreis St. Wendel GmbH, St. Wendel		28	18.943	936
744	WBM Wirtschaftsbetriebe Meerbusch GmbH, Meerbusch		40	18.234	1.872
745	Zagrebacke otpadne vode d.o.o., Zagreb/Kroatien		49	123.559	11.529
746	Zagrebacke otpadne vode-upravljanje i pogon d.o.o., Zagreb/Kroatien		33	4.684	4.666
747	Zephyr Investments Limited, Swindon/Großbritannien		33	-12.234	-4.265 2)
748	Zwickauer Energieversorgung GmbH, Zwickau		27	34.360	8.922

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
Affiliated companies not not accounted for using the equity method, due to secondary importance in relation to the Group's assets, liabilities, financial position and profit or loss					
749	Abwasser-Gesellschaft Knapsack, GmbH, Hürth		33	493	263
750	Astralis S.A., Betzdorf/Luxemburg		49	-43	-6
751	Awotec Gebäude Servicegesellschaft mbH, Saarbrücken		48	96	4
752	Bäderbetriebsgesellschaft St. Ingbert GmbH, St. Ingbert		49	49	2
753	Berliner Erdgasspeicher Besitz- und Verwaltungsgesellschaft bürgerlichen Rechts, Berlin		50	31.717	31.749
754	Breer Gebäudedienste Heidelberg GmbH, Heidelberg		45	166	67
755	Brockloch Rig Windfarm Limited, Glasgow/Großbritannien		50	1	0
756	CARBON CDM Korea Ltd., Seoul/Südkorea		49	6.866	4.522
757	CARBON Climate Protection GmbH, Langenlois/Österreich		50	-1.594	-116
758	CARBON Egypt Ltd., Kairo/Ägypten		49	4.480	4.538
759	Caspian Energy Company Limited, London/Großbritannien		50	1	0
760	Ceram Hyd S.A.S., Avon/Frankreich		49	1.466	-334
761	CZT Valašské Mezíříčí s.r.o., Valasske Mezirici/Tschechische Rep.		20	51	24
762	D&S Geo Innogy GmbH, Essen		50	971	-29
763	Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Gorleben		31	779	268
764	ELE-GEW Photovoltaikgesellschaft mbH, Gelsenkirchen		50		
765	ELE-Scholven-Wind GmbH, Gelsenkirchen		30	519	-6
766	Energie Nordeifel Beteiligungs-GmbH, Kall		50	26	1
767	Energie Service Saar GmbH, Völklingen		50	635	-240
768	Energie-Service-Mittelrhein GmbH & Co. KG, Neuwied		50		-350
769	Energie-Service-Mittelrhein Verwaltungsgesellschaft mbH, Neuwied		50	29	1
770	Energieversorgung Beckum GmbH & Co. KG, Beckum		49	5.774	3.624
771	Energieversorgung Beckum Verwaltungs-GmbH, Beckum		49	42	2
772	Energieversorgung Marienberg GmbH, Marienberg		49	1.310	737
773	Energieversorgung Oelde GmbH, Oelde		46	4.937	2.007
774	Enerventis GmbH & Co.KG, Saarbrücken		33	1.090	69
775	Ensys AG, Frankfurt am Main		25	1.336	-9.061
776	Eólica de la Mata, S.A., Soria/Spanien		26	58	0
777	Eólica de Sarnago, S.A., Soria/Spanien		50	58	1
778	Erdgasversorgung Industriepark Leipzig Nord GmbH, Leipzig		50	642	236
779	Erdgasversorgung Oranienburg GmbH, Oranienburg		25	5.959	1.076
780	EWC Windpark Cuxhaven GmbH, München		50	0	0
781	Facility Management Osnabrück GmbH, Osnabrück		49	79	25
782	Fernwärmeversorgung Zwönitz GmbH (FVZ), Zwönitz		50	2.275	99
783	Forewind Limited, Swindon/Großbritannien		25	0	0
784	FSO Verwaltungs-GmbH, Oberhausen		50	39	1
785	Galloper Wind Farm Limited, Reading/Großbritannien		50		
786	Gas Service Freiberg GmbH, Freiberg		29	258	207
787	Gas- und Wasserwerke Bous-Schwalbach, Bous		49	11.634	1.797
788	Gasgesellschaft Kerken Wachtendonk mbH, Geldern		49	2.092	232
789	Gasversorgung Delitzsch GmbH, Delitzsch		49	5.479	734
790	Gemeindewerke Everswinkel GmbH, Everswinkel		45	3.715	61
791	Gemeindewerke Namborn GmbH, Namborn		49	650	105
792	Gemeindewerke Schwalbach GmbH, Schwalbach		49	550	44
793	Gemeinschaftswerk Hattingen GmbH, Essen		52	4.499	0
794	GfB, Gesellschaft für Baudenkmalpflege mbH, Idar-Oberstein		20	58	-9
795	GfS Gesellschaft für Simulatorschulung mbH, Essen		31	54	3
796	GKW Dillingen GmbH & Co.KG, Saarbrücken		25	11.950	-159
797	GWE-energis Netzgesellschaft mbH & Co. KG, Eppelborn		50	96	71
798	GWE-energis-GeschäftsführungsGmbH, Eppelborn		50	28	1
799	Hastrabau Kommunale Entsorgungsdienste Verwaltungsgesellschaft mbH, Langenhagen		50	59	5
800	HOCHTEMPERATUR-KERNKRAFTWERK GmbH (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0
801	Hochtief Hungária Facility Management Kft., Budapest/Ungarn		25	135.143	79.397

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
802	Homepower Retail Limited, Leeds/Großbritannien		50	37	0
803	Industriekraftwerke Oberschwaben beschränkt haftende OHG, Biberach		50	9.307	5.655
804	Infraestructuras de Aldehuelas, S.A., Soria/Spanien		39	428	0
805	ISP Infrastructure Solutions Partners GmbH & Co.KG, Düsseldorf		30	4	0
806	IWW Rheinisch-Westfälisches Institut für Wasserforschung gemeinnützige GmbH, Mülheim an der Ruhr		27	1.496	-91
807	Kavernengesellschaft Staßfurt mbH, Staßfurt		50	1.086	961
808	KELAG Eco Heat GmbH, Villach/Österreich		49	5.450	-992
809	KEVAG Telekom GmbH, Koblenz		65	1.637	486
810	Klärschlamm Entsorgung Hesselberg Service GmbH, Unterschwaningen		49	23	0
811	K-net GmbH, Kaiserslautern		25	885	59
812	KNG Kraftwerks- und Netzgesellschaft mbH, Berlin		25	232	8
813	Kommunale Dienste Marpingen GmbH, Marpingen		49	3.034	60
814	Kommunale Dienste Tholey GmbH, Tholey		49	517	117
815	Kommunale Entsorgung Neunkirchen (KEN) GmbH & Co. KG, Neunkirchen		46	2.734	109
816	Kommunale Entsorgung Neunkirchen Geschäftsführungsgesellschaft mbH, Neunkirchen		50	53	2
817	Kraftwagen-Verkehr Koblenz GmbH, Koblenz		23	1.396	127
818	Kraftwerk Buer Betriebsgesellschaft mbH, Gelsenkirchen		50	15	3
819	Kraftwerk Buer GbR, Gelsenkirchen		50	5.113	0
820	Kraftwerk Voerde OHG der Evonik Steag GmbH und RWE Power AG, Voerde		25	5.520	458
821	Kraftwerk Wehrden GmbH, Völklingen		33	10.627	0
822	KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		31	538	26
823	KSP Kommunaler Service Püttlingen GmbH, Püttlingen		40	97	112
824	K-Tec GmbH, Kaiserslautern		33	227	79
825	KÜCKHOVENER Deponiebetrieb GmbH & Co. KG, Bergheim		50	279	24
826	KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	32	2
827	Maingau Energie GmbH, Obertshausen		47	16.700	3.899
828	Mantex Aktiebolag, Kista/Schweden		32	223	-402
829	Mátrai Villamos Művek Termelő Zártkörűen Működő Részvénytársaság, Visonta/Ungarn		25	4.128	-48
830	Netzanbindung Tewel OHG, Cuxhaven		27	1.150	0
831	Nordrheinische Erdgastransportleitungs-Verwaltungs-GmbH, Haan		50	30	1
832	Objektverwaltungsgesellschaft Dampfkraftwerk Bernburg mbH, Hannover		58	568	56
833	Offshore Trassenplanungs-GmbH OTP, Hannover		50	89	5
834	Peißenberger Wärmegesellschaft mit beschränkter Haftung, Peißenberg		50	387	-148
835	Prego - Gesellschaft für IT- und HR-Services mbH, Saarbrücken		37	8.696	2.025
836	Propan Rheingas GmbH, Brühl		28	38	2
837	Quiet Revolution Limited, London/Großbritannien		37	2.164	-3.230
838	rhenag - Thüga Rechenzentrum GbR, Köln		50	234	176
839	RIWA GmbH Gesellschaft für Geoinformationen, Kempten		33	1.286	259
840	RKH Rheinkies Hitdorf GmbH & Co. KG, Bergheim		33	420	-107
841	RKH Rheinkies Hitdorf Verwaltungs GmbH, Bergheim		33	42	2
842	SE SAUBER ENERGIE GmbH & Co. KG, Köln		33	974	-99
843	SSW Stadtwerke St. Wendel Geschäftsführungsgesellschaft mbH, St. Wendel		50	95	3
844	Stadtentwässerung Schwerte GmbH, Schwerte		48	51	306
845	Städtische Werke Borna GmbH, Borna		37	4.142	1.200
846	Städtisches Wasserwerk Eschweiler GmbH, Eschweiler		25	4.073	943
847	Stadtwerke Aschersleben GmbH, Aschersleben		35	13.423	1.406
848	Stadtwerke Attendorn GmbH, Attendorn		20	7.027	180
849	Stadtwerke Aue GmbH, Aue		25	12.318	1.457
850	Stadtwerke Dillingen/Saar Gesellschaft mbH, Dillingen		49	5.090	1.065
851	Stadtwerke Dülmen Verwaltungs-GmbH, Dülmen		50	29	0

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
852	Stadtwerke Gescher GmbH, Gescher		42	2.904	475
853	Stadtwerke Langenfeld GmbH, Langenfeld		20	4.766	2.383
854	Stadtwerke Lingen GmbH, Lingen		40	11.171	1.500
855	Stadtwerke Lübbecke GmbH, Lübbecke		25	16.894	1.003
856	Stadtwerke Meinerzhagen GmbH, Meinerzhagen		27	20.914	929
857	Stadtwerke Roßlau Fernwärme GmbH, Dessau-Roßlau		49	1.678	498
858	Stadtwerke Schwarzenberg GmbH, Schwarzenberg		25	12.708	401
859	Stadtwerke Steinfurt GmbH, Steinfurt		48	6.728	1.413
860	Stadtwerke Vlotho GmbH, Vlotho		25	5.798	278
861	Stadtwerke Wadern GmbH, Wadern		49	3.272	115
862	Stadtwerke Weilburg GmbH, Weilburg		20	8.414	1.184
863	Stadtwerke Werl GmbH, Werl		25	5.835	1.758
864	STEAG - Kraftwerksbetriebsgesellschaft mbH, Essen		21	327	2
865	Stirling.DK ApS, Lyngby/Dänemark		25	2.521	-3.151
866	SVS-Versorgungsbetriebe GmbH, Stadtlohn		38	19.014	2.953
867	SW Oberkirch GmbH, Oberkirch		33	6.190	0
868	SWL-energis Netzgesellschaft mbH & Co. KG, Lebach		50	3.388	362
869	SWL-energis-Geschäftsführungs-GmbH, Lebach		50	28	1
870	Talsperre Nonnweiler Aufbereitungsgesellschaft mbH, Saarbrücken		23	369	31
871	Technische Werke Naumburg GmbH, Naumburg		49	6.821	346
872	Teplarna Kyjov, a.s., Kyjov/Tschechische Rep.		32	27.285	21
873	TEPLO Votice s.r.o., Votice/Tschechische Rep.		20	97	8
874	The Bristol Bulk Company Limited, London/Großbritannien		25	1.194	0
875	Toledo PV A.E.I.E., Madrid/Spanien		33	609	278
876	Topell Energy B.V., The Hague/Niederlande		39		
877	Topell Nederland B.V., The Hague/Niederlande		50	3.252	-713
878	trilan GmbH, Trier		26	473	123
879	TWE Technische Werke Ensdorf GmbH, Ensdorf		49	2.351	50
880	TWL Technische Werke der Gemeinde Losheim GmbH, Losheim		50	4.181	299
881	TWM Technische Werke der Gemeinde Merchweiler GmbH, Merchweiler		49	1.749	84
882	TWR Technische Werke der Gemeinde Rehlingen - Siersburg GmbH, Rehlingen		35	4.687	162
883	Umspannwerk Putlitz GmbH & Co. KG, Frankfurt/Main		25	40	-283
884	Untere Iller AG, Landshut		40	1.134	41
885	Verteilnetze Energie Weißenhorn GmbH & Co. KG, Weißenhorn		25	548	184
886	Verwaltungsgesellschaft GW Dillingen mbH, Saarbrücken		25	134	8
887	Verwaltungsgesellschaft Energie Weißenhorn GmbH, Weißenhorn		25	25	0
888	VEW-VKR Fernwärmeleitung Shamrock-Bochum GbR, Gelsenkirchen		45	0	0
889	Voith Hydro Ocean Current Technologies GmbH & Co. KG, Heidenheim		20	10.400	-2.169
890	Voltaris GmbH, Maxdorf		50	2.887	1.415
891	Wärmeversorgung Mücheln GmbH, Mücheln		49	901	137
892	Wärmeversorgung Wachau GmbH, Marklkeeberg		49	98	0
893	Wärmeversorgung Würselen GmbH, Stolberg		49	746	5
894	Wasser- und Abwassergesellschaft Elsterwerda GmbH, Elsterwerda		49	79	4
895	Wasserverbund Niederrhein GmbH, Essen		29	8.485	810
896	Wasserversorgung Main-Taunus GmbH, Frankfurt/Main		49	113	2
897	Wasserwerk Wadern GmbH, Wadern		49	3.172	203
898	WEV Warendorfer Energieversorgung GmbH, Warendorf		25	2.173	523
899	WINDTEST Grevenbroich GmbH, Grevenbroich		38	-201	55
900	Wohnungsbaugesellschaft für das Rheinische Braunkohlenrevier GmbH, Köln		50	44.521	330
901	WPD Windpark Damme Beteiligungsgesellschaft mbH, Damme		30	45	0
902	WVG-Warsteiner Verbundgesellschaft mbH, Warstein		35	1.617	517
903	WVL Wasserversorgung Losheim GmbH, Losheim		50	4.896	251
904	WWS Wasserwerk Saarwellingen GmbH, Saarwellingen		49	3.026	130
905	Zandvliet Power N.V., Antwerpen/Belgien		50	26.980	4.508
906	Zugló-Therm Kft., Budapest/Ungarn		49	5.794	2.248
907	Zweckverband Wasser Nalbach, Nalbach		49	1.420	79

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
Other investments					
908	Aarewerke AG, Koblenz/Schweiz		30	19.514	1.153
909	Adria LNG Study Limited, Valleta/Malta		16	15	182
910	Agrinergy PTE Ltd., Singapur/Singapur		50	819	-1.046 2)
911	APEP Dachfonds GmbH & Co. KG, München	48	48	698.218	14.821
912	AURICA AG, Aarau/Schweiz		8	80	56
913	Bernburger Freizeit GmbH, Bernburg		1	11.135	-1.683
914	BEW Bergische Energie- und Wasser GmbH, Wipperfürth		19	24.641	4.701
915	Capacity Allocation Service Company.eu S.A., Luxemburg/Luxemburg		8	3.572	0
916	CELP II Chrysalix Energy II US Limited Partnership, Vancouver/ Kanada		6	1.929	0
917	CELP III Chrysalix Energy III US Limited Partnership, Vancouver/ Kanada		11	902	0
918	DII GmbH, München	8	8		
919	eins energie in sachsen GmbH & Co. KG, Chemnitz		9	255.386	22.543
920	Energías Renovables de Ávila, S.A., Madrid/Spainien		17	467	0
921	Energieagentur für die Region Trier GmbH, Trier		10		
922	Energieallianz Bayern GmbH & Co. KG, Freising		4	540	-1.485
923	Energiehandel Saar GmbH & Co. KG, Neunkirchen		1	428	-6
924	Energiehandel Saar Verwaltungs-GmbH, Neunkirchen		2	25	0
925	Energiepartner Dörth GmbH, Dörth		49	25	-215
926	Energieversorgung Limburg GmbH, Limburg		10	19.954	3.395
927	EnergioNuclear S.A., Bukarest/Rumänien		9	3.877	-761
928	ENO Entwicklungsgesellschaft Neu Oberhausen mbH, Oberhausen		2	1.013	-887
929	Erdgas Münster GmbH, Münster		5	6.024	13.956
930	Erdgas Westthüringen Beteiligungsgesellschaft mbH, Bad Salzungen		10	23.169	4.884
931	ESMA Spanyol-Magyar Reklám Kft., Budapest/Ungarn		17	15.842	2.840
932	ESV-ED GmbH & Co. KG, Buchloe		4	135	20
933	European Energy Exchange AG, Leipzig		4	50.050	7.202
934	Fernkälte Geschäftsstadt Nord GbR, Hamburg		9	0	0
935	Fövárosi Vízművek Zrt., Budapest/Ungarn		1	262.015	6.829
936	GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen		10	52	2
937	GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, Straelen		10	41.000	35.921
938	Gemeinschafts-Lehrwerkstatt Neheim-Hüsten GmbH, Arnsberg		7	992	62
939	Gesellschaft für Stadtmarketing Bottrop GmbH, Bottrop		1	202	-335
940	Gesellschaft für Wirtschaftsförderung Duisburg mbH, Duisburg		1	726	-1.861
941	Green Gecco Beteiligungsgesellschaft mbH & Co. KG, Troisdorf		13		
942	GSG Wohnungsbau Braunkohle GmbH, Köln		15	40.356	2.552
943	Heliatek GmbH, Dresden		12	17.972	-2.466
944	ISR Internationale Schule am Rhein in Neuss GmbH, Neuss		6	19	-55
945	IZES GmbH, Saarbrücken		9	699	0
946	Kreis-Energie-Versorgung Schleiden GmbH, Kall		3	7.966	1.896
947	Nabucco Gas Pipeline International GmbH, Wien/Österreich		17	6.341	-16.491
948	Neckar-Aktiengesellschaft, Stuttgart		13	10.000	0
949	Ningxia Antai New Energy Resources Joint Stock Co., Ltd., Yinchuan/China		25	13.669	43
950	Ökostrom Saar Biogas Losheim KG, Merzig		8	-387	59
951	Oppenheim Private Equity Institutionelle Anleger GmbH & Co. KG, Köln	26	26	15.181	274
952	Parque Eólico Cassiopea, S.L., Oviedo/Spainien		10	-7	-10
953	Parque Eólico Leo, S.L., Oviedo/Spainien		10	-6	-9
954	Parque Eólico Sagitario, S.L., Oviedo/Spainien		10	-4	-7
955	PEAG Personalentwicklungs- und Arbeitsmarktagentur GmbH, Dortmund	12	12	13.500	1.325
956	Promoción Industrial y Gestión, S.A., Oviedo/Spainien		10	600	-61
957	Promocion y Gestion Cáncer, S.L., Oviedo/Spainien		10	-3	-6
958	Promocion y Gestion Capricornio, S.L., Oviedo/Spainien		10	-2	-5

1) Profit- and loss-pooling agreements

2) Data from the Group's consolidated financial statements

No.	Company name	Investment in %		Equity	Net
		Direct	Total	€'000	income €'000
959	Promocion y Gestion Virgo, S.L., Oviedo/Spainien		10	-4	-7
960	PSI AG für Produkte und Systeme der Informationstechnologie, Berlin		18	66.289	6.603
961	ReVolt Technology AS, Trondheim/Norwegen		15	22.431	71
962	Rheinisch-Bergischer Stadtwerke-Verbund, Solingen		18	595	-2
963	ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG, Düsseldorf		100	65	161
964	SALUS Grundstücks-Vermietungsges. mbH & Co. Objekt Leipzig KG, Düsseldorf		100	-77	15
965	Sdružení k vytvoření a využívání digitální technické mapy mesta Pardubic, Pardubice/Tschechische Rep.		12	4	1
966	Shanxi Baolai Power Development Co., Ltd., Taiyuan/China		25	508	-103
967	Simon & Weyel GbR, Niederfischbach		13	22	0
968	Solar & Spar Contract GmbH & Co. KG, Wuppertal		3	311	17
969	Solar Projekt Mainaschaff GmbH, Mainaschaff		50	25	0
970	SolarProjekt Rheingau-Taunus GmbH, Bad Schwalbach		50	38	0
971	Stadtmarketing-Gesellschaft Gelsenkirchen mbH, Gelsenkirchen		2	203	-31
972	Stadtwerke Ahaus GmbH, Ahaus		47	9.273	0
973	Stadtwerke Detmold GmbH, Detmold		12	31.495	4.435
974	Stadtwerke ETO GmbH & Co. KG, Telgte		3	29.769	2.918
975	Stadtwerke Porta Westfalica GmbH, Porta Westfalica		12	6.369	422
976	Stadtwerke Sulzbach GmbH, Sulzbach		15	11.431	2.668
977	Stadtwerke Unna GmbH, Unna		24	12.517	3.723
978	Stadtwerke Völklingen Netz GmbH, Völklingen		18	16.387	1.318
979	Stadtwerke Völklingen Vertriebs GmbH, Völklingen		18	7.283	998
980	Store-X storage capacity exchange GmbH, Leipzig		12	1.332	268
981	Studiengesellschaft Kohle mbH, Mülheim an der Ruhr		10	32	0
982	SWT Stadtwerke Trier Versorgungs-GmbH, Trier		19	50.485	10.778
983	Technologiezentrum Jülich GmbH, Jülich		5	448	46
984	TGZ Halle TECHNOLOGIE- UND GRÜNDERZENTRUM HALLE GmbH, Halle (Saale)		15	13.915	158
985	Towarowa Gielda Energii S.A., Warschau/Polen		2	27.746	12.369
986	trac-x Transport Capacity Exchange GmbH, Leipzig		19	1.816	190
987	Transport- und Frischbeton-GmbH & Co. KG Aachen, Aachen		17	390	213
988	Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	43.439	-335
989	Umspannwerk Lübz GbR, Lübz		18	2	-14
990	Union Group, a.s., Ostrava /Tschechische Rep.		2	83.674	0
991	URSUS, Warschau/Polen		1	-121.723	-1.274
992	Versorgungsbetriebe Hoyerswerda GmbH, Hoyerswerda		10	27.159	15.793
993	Wasserver- und Abwasserentsorgungsgesellschaft 'Thüringer Holzland' mbH, Hermsdorf		49	4.717	428
994	Wasserwerke Paderborn GmbH, Paderborn		10	24.323	887
995	WiN Emscher-Lippe GmbH, Herten		2	-203	-749
996	Windpark Saar GmbH & Co. KG, Merzig		11	1.005	165
997	WPD Windpark Damme GmbH & Co. KG, Damme		10	4.995	0
998	Zellstoff Stendal GmbH, Arneburg		25	13.508	-24.016

Auditor's Report

We have audited the annual financial statement - comprising the balance sheet, the income statement and the notes to the financial statements - together with the bookkeeping system and the management report of the RWE Aktiengesellschaft, Essen, which is combined with the group management report, for the business year from January 1 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). 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 annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual 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 accounting principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Essen, February 14, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Manfred Wiegand
Wirtschaftsprüfer
(German Public Auditor)

Markus Dittmann
Wirtschaftsprüfer
(German Public Auditor)