External revenue € million 48,950
Germany € million 30,694
Outside Germany € million 18,256
EBITDA € million 8,314
Electricity production kWh billion 334.2
Electricity sales kWh billion 317.1
Power station capacity MW 45,196
Gas sales kWh billion 327.8
Workforce full-time equivalent 65,908

RWE Group in 2008

RWE Group revenue by region in 2008 in %

Shareholder structure of RWE AG in %

Sources: Shareholder identification and notifications of shareholdings in accordance with the German Securities Trading Act (WpHG), as of December 31, 2008.
RWE Group:

RWE is one of Europe’s five leading electricity and gas companies. It is active in the generation, trading, transmission and supply of electricity and gas. This integrated-business model enables RWE to take advantage of the rising demand for energy. Through the fully consolidated investments, 66,000 RWE employees supply over 14 million customers with electricity and 6 million customers with gas. In fiscal year 2008, RWE recorded €49 billion in revenue. Europe is the core market for the company. RWE is the No. 1 power producer in Germany and No. 3 in the UK. RWE continues to maintain its position in Central and South-Eastern Europe.

RWE’s power plant portfolio and investment programme for building new, environmentally friendly generation capacity are the basis for growing earnings in the future. Energy from renewables plays a key role. RWE’s environmentally friendly generation capacity are the basis for growing earnings in the future. Energy from renewables plays a key role.

RWE’s gas and oil production businesses are displaying above-average profit margins. As a result of the rising demand for energy, RWE plans to steadily increase the share it produces in-house. RWE’s strategy revolves on profitable, organic growth, supplemented by value-increasing acquisitions.

RWE’s No. 1 power producer in Germany and No. 3 in the UK. RWE is the No. 1 power producer in Germany and No. 3 in the UK. RWE's strategy centres on continuing to take part in the Group’s success to a great extent in the future.

Profitable, organic growth, supplemented by value-increasing acquisitions.

RWE's takeover offer for the Dutch-based energy utility Essent will take the company a major step forward in this direction. RWE wants its shareholders to act as the European energy trading helps the company make

leading position in European energy trading helps the company make

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- Gas sales kWh billion: 327.8
- Workforce full-time equivalent: 65,908

Shareholder structure of RWE AG in %:
- RW Energie-Beteiligungsgesellschaft 15%
- Capital Research & Management 5%
- Other institutional shareholders 1%
- Employee shareholders 6%
- Own shares 14%
- Individual shareholders 79%
- Institutional shareholders 39%
- Germany 17%
- US/Canada 11%
- UK/Ireland 11%
- Continental Europe excl. Germany 1%
- Rest of the world

RWE Group revenue by region in 2008 in %:
- Germany 62.6%
- Other 16.5%
- Rest of Europe 20.3%

RWE in Poland
RWE's takeover offer for the Dutch-based energy utility Essent will take the profitable, organic growth, supplemented by value-increasing acquisitions. Investors, customers and employees. Therefore, RWE's strategy centres on increasing the share it produces in-house. RWE's aim is to create value for the future. Through the fully consolidated investments, €49 billion in revenue. Europe is the core market for the company: RWE is the No. 1 power producer in Germany and No. 3 in the UK. RWE continues to expand its position in Central and South Eastern Europe.

RWE's gas and oil production businesses are displaying above-average earnings in the near future. In light of the global rise in demand for gas, RWE plans to steadily increase the share it produces in-house. RWE aims to be a major player in this industry. RWE's leading position in European energy trading helps the company make optimal use of the power plants on the market. RWE reacts to changes in customer needs by offering new products. In this context, climate protection and energy efficiency are becoming increasingly important.

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Being a leading European energy company, RWE takes responsibility for the customers, shareholders and employees. And also for the environment. Long term. Because energy supply is a promise to future generations.

This means that RWE has to think and act far beyond the day-to-day business: identifying market changes in good time. Developing supply concepts for decades ahead. Deciding early to invest billions. Always keeping its ambitions high, offering the best possible service to the customers, along with the most environmentally friendly technology and the most efficient processes.

And RWE’s driving force is clearly: The energy to lead.

How does RWE do that?

Don’t delay. Decide.
Don’t wait. Make it happen.
Don’t stand still. Go the extra mile.
Don’t cling to the old. Embrace the new.
Don’t hesitate. Make ideas reality.
Don’t hinder. Enable.
Don’t follow. Lead.
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Since the beginning of 2008 I have had the pleasure of representing the RWE Group in Poland at a time that is very important to the Polish energy sector, when the energy issues, just like in other parts of Europe, are exceptionally important and subject to on-going public debate.

RWE has been active in Poland since 1991 and is consistently building up its position in Poland and in Central Europe. In the "List of 500", presenting the 500 biggest companies of Central Europe, published in September 2008 by reputable Polish daily "Rzeczpospolita", RWE is among the top 10 biggest foreign investors in the region. In 2009 RWE Polska - the largest RWE company in Poland - is ranked by "Rzeczpospolita" as the 33rd most valuable firm in Poland.

RWE Polska is responsible for further development of RWE in Poland and it is the energy sales company, which supplies electricity to over 880,000 customers, including the largest public and private institutions.

The Group also owns RWE Stoen Operator – the operator of the electricity network of Warsaw, RWE Power Plant Czeczott – responsible for development of planned investment in power plant in Silesia, RWE Renewables Polska, which is building renewable energy sources and RWE Polska Contracting – provider of district heating and energy related services. RWE has majority stake in Będzin Cogeneration Power Station and stock of Dąbrowa Górnicza Water and Sewers Company. A local division of RWE Dea, dealing with natural gas and oil exploration, is also present in Poland.

The three biggest challenges the Polish energy sector is facing at the moment are: need for clear distinction between regulated and free market energy business, CO2 issues and lack of sufficient generating capacities in Poland.

Firstly, based on legal guidelines arising from EU directives, Poland needs to define the right balance between the regulated and non-regulated areas of the energy business. We have to differentiate between the transmission and the distribution grid, which are naturally regulated activities, and energy sales, which should be driven by market supply and demand.

Secondly, the implementation of the Climate Package obviously influences the European and the national energy sectors, as well as every energy sector company. However, the consequences will be primarily felt by the customers that is both the industrial clients as well as the households. CO2 has a price and in future it will be an important factor influencing the wholesale electricity market. Even though individual forecasts differ, all of them assume an increase of wholesale prices in the coming years.

Obligations resulting from the EU Climate Package are particularly significant and expensive for countries like Poland, where over 90% of power generation is based on coal. Despite development of alternative sources of energy, the energy fuel mix will not change radically over the coming ten to twenty years, with coal remaining the primary energy source. The obligation to continually increase the share of renewable and cogenerated energy as well as the power stations’ need to purchase additional CO2 emission allowances, will not be without consequences for the energy price.
Thirdly, despite the economic downturn, Poland needs to invest in new generating capacity and needs this as soon as possible. Energy is a long-term business and investment projects last many years before they are connected to the system. According to industry experts, to avoid an energy deficit in 2012-2015, Poland will need around 1,000 MW of additional generating capacity every year. Over a span of ten years we are talking about 10,000 MW and investments in the range of €16-19 billion.

RWE’s operations in Europe include all stages of the supply chain, commencing with electricity generation, through its distribution, up to sales to the end-users. Being one of the largest coal-based energy producers, RWE has specialised know how of safe and efficient operation of hard-coal and lignite power stations, but also has long-term experience in the generation of energy from other sources - gas, renewable and nuclear.

I am very proud that RWE plans to make significant investments in the Polish generation sector, both in conventional power stations and in renewable sources. Thanks to already implemented investments and planned projects to build wind farms and a hard-coal power generating unit, RWE is becoming one of the largest foreign investors in Poland.

The 800 MW hard-coal power station worth €1.5 billion is planned to be located at the premises of the Piast Ruch II coal mine (earlier known as KWK Czeczott) in Wola village in Silesia, belonging to Polish partner of the project – Kompania Węglowa. The new plant will help to meet the growing energy demand and will improve security of supply. It will be built using highly efficient cutting-edge technologies. It is planned to come on-stream in 2015.

We are also well positioned to build wind power stations with an output of 300 MW in Poland by 2015, which will significantly contribute to Poland’s achievement of its EU goal of 15% share of renewable energy by 2020. The wind farms will be located in the regions of Pomerania, Mazuria and Wielkopolska. The first one goes on-stream in Suwałki in 2009.

The investments in the Polish generation sector are part of RWE’s strategy of “More growth, less CO2”, announced in 2008, which includes the largest investment programme in the Group’s history. I am glad that some of these projects are planned to be located in Poland.

Poland is one of the largest and most promising European markets. I am convinced that as one of the leading energy companies in Europe, RWE is a good strategic partner for Poland. We contribute not only to the capital, but also the expertise, know-how, access to advanced technologies and innovative solutions that will allow reduction of CO2 emissions and a significant improvements of efficiency.

I believe the Group will keep developing in Poland for the benefit of the company and its employees, as well as for the Polish energy industry and the Polish people.

Yours faithfully,

Filip Thon
RWE – ONE OF EUROPE’S LARGEST ENERGY COMPANIES

RWE is one of Europe’s five leading electricity and gas companies. The Group is active in the generation, trading, transmission and supply of electricity and gas. This integrated business model enables RWE to take advantage of the rising demand for energy. 66,000 RWE employees supply over 14 million customers with electricity and 6 million customers with gas. In fiscal year 2008, RWE recorded €49 billion in revenue.
RWE becomes greener, more robust and more international. Foundation for development is a strong, integrated business. Innovative technologies, business models and products set the stage for future success.

**Geographical structure**
In 2008 the Group sold to external customers 317.1 billion kWh of electricity, of which 75% in Germany, 17% in the UK, 6% in Hungary and the remaining 2% in other countries. At the same time, RWE sold 327.8 billion kWh of gas, of which 47% went to Germany, 25% to the Czech Republic, 18% to the UK and 11% to other countries.

**Fuel mix**
RWE has experience in generating power from many sources. Currently the RWE fuel mix consists of 55% hard coal and lignite, 16% natural gas, 14% nuclear, 3.4% renewables and 11.6% from other sources, including pumped storage hydrogeneration, fuel oil and others. Although RWE plans changing its generation mix structure over the coming 12 years towards a larger share of gas and renewable sources, coal will remain one of its most important fuels. Coal-fired power stations are a pivotal element in the energy supply sector. To do justice to climate protection goals, RWE has been making progress in various areas since the 1990s through its power stations: higher output, less emissions and improved efficiency.

RWE IS THE BIGGEST POWER PRODUCER IN GERMANY AND NO. 3 IN THE UK

RWE’s fuel mix 2008 (capacity in percent)
Innovations
Research and development at RWE is of strategic importance. RWE’s scientists and engineers find answers to vital technological issues and their expertise is in international demand. This innovative power strengthens the company in a setting of growing competition and on its road towards the future. It creates the prerequisite for a high security of supplies and economic success.

RWE plans to expand installed renewable energy capacity, but first of all wants to develop by building new, highly efficient power stations, modernising its power station portfolio and investing in clean-coal technologies.

RWE engineers are on a constant quest for new records: they have already used cutting-edge plant technologies to achieve efficiency rates of 43% in lignite-fired power stations and 46% in hard-coal power stations. Most recently, they have set their sights on obtaining efficiencies in excess of 50% using novel materials and methods. RWE plans to build one of the world’s first large-scale coal-fired power plants featuring carbon capture and underground storage if the company can count on state subsidies. The plant is to be constructed near Cologne by 2014.

Innovation is an integral part of the company’s motto “The energy to lead”. Major highlights in innovations include an algae harvesting plant for capturing carbon dioxide, electricity production from tidal and wave movements and “smart” power meters, thanks to which around 100,000 households will constantly monitor their energy consumption on the Internet by the end of 2010.

A new trend supported strongly by RWE is electromobility. In Berlin, RWE has already set up 56 charging points for electric cars. By mid 2010 this number will grow to some 500. Electromobility will increase the share of environmentally friendly power generation. Since the batteries of the electric cars can be charged for variable periods of time, the share of renewables in the grid, which fluctuate depending on time of day or year, can be utilised more efficiently. Charging points will be set up in Dortmund, Düsseldorf, Essen, Frankfurt/Main, Hamburg, Stuttgart and Munich before the end of 2009. The long-term aim is to have a network of charging points to cover the whole of Europe.
RWE ranks among Europe’s five leading energy companies and wants to improve this position. Growing competition, increased customer expectations, a more complex regulatory and political situation, as well as the convergence of the European energy market, significantly influence the environment RWE is operating in. By implementing The Strategy Agenda 2012 RWE intends to take advantage of the undergoing changes.

Roadmap
The roadmap for RWE’s medium-term development focuses on six major goals, which the company intends to achieve by 2012:

- Earnings growth in the core markets: RWE’s focus is directed especially at markets, which are most important to the company at present – Germany and the UK.
- Stronger regional diversification: RWE wants the share of earnings achieved by the activities outside of Germany to increase to between 40 and 50%. In fiscal year 2008, it was 27%.
- Value-added growth by expanding the renewable energy business: by 2012, RWE aims to have 4,500 MW of renewables-based generation capacities in operation or under construction. This would be more than three times its current level.
- Improved emissions balance: RWE plans to reduce CO₂ emissions substantially. The target for 2012 is 20% less than the current level. This excludes the impact of growth investments on RWE’s emissions balance.
- Expansion of the midstream gas position: RWE intends to increase its purchasing volume from 40 to 60 billion cubic metres a year.
Strengthening of the upstream position: RWE wants to increase annual gas and oil production to the equivalent of about 12 million cubic metres of oil by 2012/2013.

**Regional strategy**

Along with the two largest markets – Germany and the UK – RWE is aiming to expand its position in the markets of the Benelux countries as well as Central and South Eastern Europe. Furthermore the fast growing markets of Russia and Turkey are being closely monitored. The region of South-Western Europe is particularly interesting when it comes to renewables.

In Central and South Eastern Europe the objective is to build a well-balanced, low CO₂-emitting generation portfolio. In Central Eastern Europe focus is also on optimising the grid business, increasing gas storage capacity, and expanding sales.

**IN 2008-2012 RWE PLANS TO INVEST ABOUT €30 BILLION**
1. **RWE Polska**
   - Electricity sales and support for RWE development in Poland

2. **RWE Stoen Operator**
   - Electricity distribution company, the Warsaw electricity network operator

3. **RWE Renewables Polska**
   - Developing, building and operating wind farm projects

4. **RWE Polska Contracting**
   - Energy contracting and selling heat generated in its own boiler houses

5. **Będzin Cogeneration Power Station**
   - Production of heat and electricity using cogeneration

6. **Dąbrowa Górnicza Water and Sewers Company**
   - Water supply and sewage treatment services

7. **RWE Dea Polska**
   - Exploration of natural gas and crude oil

8. **RWE Power Plant Czeczott**
   - Construction of 800 MW hard-coal power station planned in Wola in Silesia
RWE IN POLAND

RWE has been present in Poland since 1991. The largest companies of the Group in Poland are: RWE Polska – responsible for support of RWE development in Poland and a trading company selling electricity to 900,000 customers and RWE Stoen Operator, which operates the distribution system and manages the Warsaw electricity network.

Today RWE Polska and RWE Stoen Operator belong to the leading energy companies in Poland. They have been transformed into efficient private firms paying special attention to customer care, high network reliability, efficiency and cooperation with local communities.

The RWE Group is interested in continuing its development in Poland, especially in the energy generation sector. Jointly with Kompania Węglowa, RWE is planning the construction of a new 800 MW power station using state-of-the-art low CO₂ emission technologies. This investment will amount to €1.5 billion. Simultaneously, RWE is investing in other energy sources including renewables. 300 MW of wind power plants is the target by 2015. The Suwałki Wind Park is RWE’s first wind farm in Poland and will be commissioned in autumn 2009.

RWE Group also owns other companies in Poland: RWE Power Plant Czczott – developing planned investment in 800 MW hard-coal power plant in Silesia, RWE Renewables Polska – in charge of construction of wind power stations in the regions of Mazuria, Pomerania and Wielkopolska, RWE Polska Contracting – providing contracting services related to heat and electrical energy, and RWE Dea Polska – exploring natural gas and crude oil deposits. RWE also has stakes in Będzin Cogeneration Power Station and Dąbrowa Górnicza Water and Sewers Company.

Poland has always been an important country on the RWE roadmap. Poland’s strategic position in the European energy sector opens up significant opportunities for further investments and allows leveraging the solid business foundations achieved by RWE on the Polish market.
RWE POLSKA

RWE Polska’s history dates over 100 years. Today, after nearly seven years as part of the RWE Group, the company is one of the most advanced and competitive electricity suppliers in Poland.
RWE Polska strives to observe the highest world standards of management, employee development, customer care and social responsibility. The company draws on the experience of the RWE Group, which operates on the most competitive European markets. Thanks to the commitment of its employees and the support from the RWE Group, RWE Polska provides its customers with good service and attractive prices. The company conducts regular surveys and listens to customer feedback, allowing it to introduce the requested changes and adapt its offer to new trends in lifestyle.

**Round-the-clock customer support**

RWE Polska was the first energy sector company in Poland to offer its customers a 24/7 telephone and mail customer call centre. There are also seven customer care centres for individual customers and an additional centre for business clients.

All customer data is at the same time available to all the centres as well as to the customer call centre, so all formalities may be dealt with in any place. On-line services are being developed to streamline customer support further.

RWE Polska offers flexible payment mechanisms, allowing its customers to pay their bills in cash or using other payment methods. RWE Polska was the first energy supplier in Poland to introduce the direct debit functionality. All RWE Polska customers are billed using the SAP IS-U system, one of the most modern IT tools in its class.

**For business customers**

Corporate customers are supported by dedicated key account managers. The scope of auxiliary services is being continually expanded. RWE Polska introduces new products like fixed energy prices for a predefined volume throughout the year. In preparing the solutions for its corporate customers RWE Polska leverages the experience of other Group companies from the UK or Germany. Thanks to this, the company is ready to provide tailored services to large business accounts.

Customer opinion polls on the company, its offering and quality of service show that customers do notice the changes taking place at RWE Polska: the modernisation of the care centres, call centre functionality, a friendly approach to customers and
a higher level of employee competence. The company is regarded as a reliable and competent supplier.

**Good preparation for energy market deregulation**

According to the provisions of the Polish Energy Law resulting from the alignment of Polish legislation with EC directives, the Polish electricity market became deregulated from 1st July 2007. As a result, not only business customers but also private customers are free to choose their electricity provider. At the same time, the energy companies had to unbundle their trading and distribution activities by creating independent Distribution Systems’ Operators. RWE Polska spun off RWE Stoen Operator, which manages electricity grid in Warsaw.

RWE Polska was recognized for its activities and in 2008 it was honoured with the title of “The company that changes the Polish industry” for “exceptionally successful privatisation, and thus demonstrating that privatisation in the energy sector may be a process that is beneficial to the economy and society.” RWE Polska was considered as one of the companies best prepared for the energy market deregulation that took place in mid-2007.
RWE STOEN OPERATOR

RWE Stoen Operator manages the Warsaw electricity network and is the operator of the capital’s distribution system. It delivers electricity to 900,000 customers in Warsaw and its suburbs. By employing highly experienced specialists, making significant investments as well as using the latest technologies, RWE Stoen Operator maintains the highest network operation standards.
RWE Stoen Operator began its operations on 1st July 2007, as a result of mandatory unbundling of sale and distribution operations, continuing the investments in the Warsaw grid. Investments into the development and modernisation of the energy infrastructure of the Warsaw network from 2002–2008 amounted to over 890 million PLN (approximately €251 million).

The strategic investment projects were focused on the modernisation and expansion of a high voltage grid. The “Pałac” 110/15 kV substation is unique in Poland, as it was the first underground substation of this type. It was installed in chambers built during the construction of the Warsaw subway under the Plac Defilad square. The “Pałac” substation plays an important role in supplying electricity to Warsaw city centre.

The “Pałac” substation puts the idea of re-utilisation of part of the losses into practical use for the first time. The power transformer chambers are designed to allow utilisation of heat generated during the operation of transformers to heat other spaces, e.g. the underground parking lot neighbouring the substation. The idea to reutilise the transformer’s waste heat was subsequently adopted as the standard design guideline for new facilities and was implemented in three new substations, “Południowa”, “Imieliń” and “Pawiśle”.

In 2008 the “Pawiśle” substation was put into operation. It is important to Warsaw, as it improves electricity supply security and powers the areas of Śródmieście and Pawiśle. Placing a latest generation substation in a historical building supervised by the Polish National Inspector of Historical Monuments relates to the traditions of the first Warsaw “Pawiśle power station.”

The building housing the new substation was erected in 1936 and was designed as a building for electrical equipment, with zoning regulations provided for such a use right from the start.

In 2009 RWE Stoen Operator plans to invest over 165 million PLN (approximately €37 million) in the infrastructure. The investment development in Warsaw, intensive development of infrastructure, as well as plans

ACCORDING TO DATA FROM THE POLISH ENERGY MARKET AGENCY, RWE STOEN OPERATOR’S NETWORK IS ONE OF THE MOST RELIABLE NETWORKS IN POLAND

In 2006 the high-voltage “Południowa” substation was commissioned, which supplies electricity to the districts of Mokotów, Ochota and Włochy.
related to UEFA Euro 2012 cause the electricity network to develop alongside the city. Estimates indicate that in the coming years the fastest developing areas will be the outskirts of Warsaw: Targówek, Białołęka, Wawer and Powsin. RWE Stoen Operator plans the construction of new substations as well as high- and medium-voltage lines. This will significantly improve the quality of power supply in southern areas of Wawer, boost the power supply to the districts of Ochota, Okęcie and Włochy. New “Stadion” substation, related to UEFA Euro 2012, will supply the centre of Praga.

The “Centrum” substation will be a very interesting facility. It will be built underground like the “Pałac” substation, and the equipment will be installed in basements at levels -1 and -2 of the new office building currently under construction at Bagno Street.

RWE Stoen Operator makes sure the inhabitants of Warsaw are provided with reliable power supply. In-house technical services constantly monitor the state of the electrical network. They also perform the necessary maintenance work around the clock to assure security of energy supply for the city.

The operation of the network of RWE Stoen Operator is supported by state-of-the-art technologies, like the Scada EX dispatch system, which allows remote monitoring and control of network operation and the Geographical Information System (GIS) used for storing, validating, analysing and visualising data on power system facilities. The SAP-integrated Workforce Management IT system will improve efficiency of network operation, streamline the procedures for documenting work performed and will allow more efficient customer technical support.

The activity of distribution system operators, including RWE Stoen Operator, is subject to regulation and mandatory submission of distribution tariffs for approval of the Polish Energy Regulatory Office.
RWE PLANS TO INVEST €1.5 BILLION IN THE POLISH COAL POWER GENERATION SECTOR

The largest hard-coal power station unit in Poland will have an output of 800 MW, will be built using state-of-the-art technology and will achieve low level of emissions. The project will be carried out in partnership with Kompania Weglowa. The new plant will help meet growing energy demand and improve energy security.
The new power station will significantly contribute to meeting the long-term growth of demand for energy in Poland and will improve country’s energy security of supply. The planned investment will amount to €1.5 billion. RWE Power Plant Czeczott – newly established company – is responsible for construction of the new plant.

The planned location of the power station is the premises of the Piast Ruch II coal mine (earlier known as KWK Czeczott) in Wola village, Silesian voivodship, which belongs to Kompania Węglowa. It will come on-stream in 2015.

High efficiency
The new power station, like other units currently being built by RWE in Germany and planned in Netherlands, will have very high efficiency level of 46%. Therefore, it will belong to the most modern power stations of its kind worldwide and will be the most modern in Poland. In comparison the current efficiency of Polish power stations amounts to 33–35%. The new unit will emit significantly less CO₂ than today’s systems in Poland. The power station will need up to 30% less coal per generated kWh and annual CO₂ emissions will be reduced by 1.3 million tons.

Joint venture
The project will be implemented through a joint venture between RWE and Kompania Węglowa, EU’s largest coal company, in which RWE has a dominant shareholding. Kompania Węglowa contributes the location as well as the infrastructure, which will be required during the construction period. A final investment decision based on economic viability has yet to be made.

The new investment is very important to the region and it will support its social and economic revival. Several thousand jobs will be created or secured during the construction phase and when the plant begins operation. There are hundreds of long-term positions at the plant and in companies, which will be established in the vicinity of the power station e.g. for overhauls and maintenance. In addition, the partnership with RWE will ensure Kompania Węglowa a long-term contract for delivery of about 2.5 million tons of coal per annum.

It is important to the Polish power generation sector to construct new generation capacity as soon as possible. In the long term, despite the current economic downturn, demand for the energy will be growing. In addition 60% of Polish power stations are older than 30 years and there is also a CO₂ emissions issue. All this means that if no significant investments into generating capacity take place, Poland may face problems with its electricity
RWE in Poland

To avoid an energy deficit in 2012–2015, Poland will need an additional generating capacity of around 1,000 MW per annum. In a 10-year horizon, this means about 10,000 MW and investments of around €16–19 billion.

As one of the largest European utilities, RWE is a serious partner for Poland, and can bring not only the necessary capital, but also the know-how, advanced technologies and its long-term extensive experience in generation of energy, particularly from coal.

Just for comparison – the total installed power in Poland is equal to RWE’s installed power in Germany, of which around 60% is coal-based. The Group produces over 73 billion kWh of lignite-based and 62 billion kWh of hard coal-based energy. In 2008 the total capacity of power stations owned or contractually secured by RWE amounted to 45.2 GW.

**RWE – one of the largest foreign investors in Poland**

With the already implemented investments and the planned projects which total around €2.5 billion, RWE is becoming one of the top foreign investors in Poland.

In partnership with Kompania Węglowa, RWE was awarded the “White Coal” prize for improving the independance of the Polish energy and fuel sector and the security of energy supply. This was achieved through plans of the joint construction of an energy-efficient hard coal power station.

In addition, in 2009 RWE Polska and Kompania Węglowa received the ”New Impulse” award presented to persons and institutions contributing to the development of the electricity and gas sector. The companies were distinguished for the planned new power station joint project.
RWE in Poland
RWE RENEWABLES POLSKA

RWE Renewables Polska is developing, building and operating wind farms, generating electricity and delivering renewables obligation certificates. By investing in wind farms of 300 MW total power until 2015, RWE has become one of the most important players on the Polish renewable energy market.
RWE PLANS TO BUILD WIND FARMS IN POLAND WITH A TOTAL CAPACITY OF 300 MW BY 2015

By 2015, RWE Renewables Polska, owned by RWE Innogy, is planning to build wind farms in Poland with a capacity of 300 MW. The farms will be built in the Polish regions of Mazuria, Pomerania and Wielkopolska. It will significantly support Poland in meeting the EU requirements to generate 15% energy from renewable sources by 2020.

In 2009 RWE erected the first turbines in windfarm in Poland. The first investment, the Suwałki Wind Park in the Podlaski district consists of 18 wind turbines, each with 2.3 MW installed capacity. Once in operation it will produce at least 80 million kWh of electricity, equivalent to the electricity consumption of around 40,000 statistical households. It will be commissioned in autumn 2009. The next farm – in Tychowo – is planned to be completed by 2010.

As Polish law is being adapted to the European Commission’s directives, the demand for renewable energy in Poland will grow significantly – from the level of 5.8 TWh in 2007 to 10.8 TWh forecasted for 2010, and will constitute 5.1% and 10.4% respectively of the total energy delivered to end users. At the same time, the government plans to install around 1,000 MW in the wind energy sector and reach a 2.7% share in the total electricity capacities in Poland by 2010. This means that from 2007-2010 there will be a requirement for power growth of around 800 MW, translating to an annual input of about 200 MW.

RWE/plans to build wind farms in Poland with a total capacity of 300 MW by 2015

RWE invests €1 billion p.a. in renewables in Europe

At the beginning of 2008, RWE announced its new strategy of “More growth, less CO$_2$” and the largest investment plan in the history of RWE. The Group intends to invest at least €1 billion per year, from 2008 until 2012 in the development of projects related to wind, hydro and biomass energy as well as to new technologies in the renewable energy sector.

Growth is not the only top priority – adding value is also of special importance. RWE recorded a strong growth in offshore wind capacity over 2008. In the UK, RWE already operates the 60 MW North Hoyle offshore wind farm off the coast of Wales and is in the process of putting into operation the Rhyl Flats wind farm with an installed capacity of 90 MW. In addition, RWE Innogy acquired a 50% stake in the Greater Gabbard wind farm off the South-Eastern coast of England. On completion in 2011, the wind farm will have an installed capacity of 509 MW. The partner companies – RWE Innogy and Scottish and Southern Energy – will invest a total of £1.3 billion, excluding grid connections.
At the end of 2008, RWE was granted consent to the construction of the Gwynt y Môr wind farm off the Welsh coast, which is planned to have an installed capacity of 750 MW. Full commissioning is forecast for 2014. In Germany, RWE Innogy plans to build the Innogy Nordsee 1 offshore wind farm with some 1,000 MW of installed capacity 40 km north of Juist island in the North Sea. Total capital expenditure for this project alone amounts to approx. €2.8 billion. In addition, RWE Innogy and Fri-El Green Power established a joint venture to develop wind power and biomass plants in Italy. The company also acquired the Spanish-based Urvasco Energía wind power operator.

RWE is also one of the largest operators of biomass facilities in Germany. One of RWE Innogy’s biggest biomass-fired power station is located in Berlin and supplies about 20,000 households with electricity.

By focussing on mature technologies, RWE Innogy gives priority to the safety and security of energy production in the renewables sector. At the same time, the company is looking ahead and is advancing the development of new technologies. Thus RWE Innogy has firm ambitions to build and operate power stations such as wave and tidal stream or biogas plants, and provide companies in the foundation or growth phase with equity capital or similar financial resources for a limited period. The corporate goals are clearly defined: by 2012, RWE aims to have 4,500 MW of renewables-based generation capacities in operation or under construction. By 2020 the company intends to reach more than 10 GW, allowing RWE to become one of the leading European producers of renewable energy.
RWE Polska Contracting deals in energy sector contracting, mainly in the area of thermal energy. The company sells heat generated in its own 49 gas, oil and coal-fired boiler houses with a total installed thermal power of 111 MW. The boiler houses are located in nine regions of Poland, mainly in the West and the South.

The company builds new heat sources in the design-finance-build-and-operate model. It also has two older district heating systems fired by coal dust. The long-term heat delivery contracts with customers guarantee the ability to recover the investments made by the company and after the contracts expire the boiler houses will become the property of the customers.

The delivery of heat is an end-to-end operation including the purchase of fuel, production and distribution of heat, operation, modernisation and overhauls of boiler houses as well as customer support beginning with the preparation of contracts, through to billing and invoicing the heat supplies.

The company is also implementing pilot contracting projects related to electricity. They are concerned with the modernisation of metering systems for customers supplied with high and medium voltages, reactive power compensation circuits and emergency power supplies, energy-saving lighting systems as well as heat pumps and intelligent electrical heating systems. Subsequent plans include entry to the renewable energy market with investments in small-scale cogeneration sources based on biomass.

In 2008 the company’s revenues were 23.6 million PLN (approximately €6.7 million).
BĘDZIN COGENERATION POWER STATION

RWE Group is the majority stakeholder in Będzin Cogeneration Power Station – an important producer of heat and electricity using high-efficiency cogeneration with primary energy saving technology.

The heat is generated for the Dąbrowa Basin (Zagłębie Dąbrowskie), while electricity is supplied to the national grid. The company was established in 1913 and is one of the oldest professional power companies in Silesia and Dąbrowa Basin.

Since 1998 Będzin Cogeneration Power Station is listed on the Warsaw Stock Exchange. Currently it is on the primary market with single price auctions held twice a day.

The company’s main shareholder is envia Mitteldeutsche Energie AG, a member of the RWE Group, holding 69.56% of the shares.

The share capital of Będzin Cogeneration Power Station is 15,746,000 PLN (approximately €4.5 million) and is divided into 3,149,200 A-series shares.


In 2008 the company’s revenues were over 120 million PLN (approximately over €34 million).
RWE in Poland
Besides electricity and gas-related operations, RWE has experience in the water supply and sewage treatment market. Since 2002, RWE is a strategic investor in City Water and Sewers Company in Dąbrowa Górnicza Poland with 34% of the stock.

The City Water and Sewers Company in Dąbrowa Górnicza supplies water to inhabitants of the commune spanning an area of 188 km². The company provides water supply and sewage treatment services to about 130,000 residents in the city.

The water comes from both surface sources (Goczałkowice) as well as deep well sources (Ujejsce, Łazy Błędowskie, Trzebiesławice). To provide the best quality, the company systematically tests water from all sources and in the water distribution system in a state-of-the-art laboratory.

The company also caters for the city’s needs regarding the collection and treatment of liquid waste, operating three mechanical-biological sewage treatment plants. The largest – “Centrum” Wastewater Treatment Plant – is equipped with a central treatment process control and visualisation system.

The company also provides value added services: laboratory water and wastewater tests, pipeline inspections using CCTV cameras, high pressure cleaning of the sewage network, overhauls of facilities, construction of water pipelines and connections, water network diagnostics and operation.

The business model used by PWiK Sp. z o.o. employs state-of-the-art management techniques, including the balanced scorecard, risk management system, assets management system and applies Corporate Social Responsibility principles that increase the company value.

The solid and trustworthy position of the company was confirmed by numerous awards: Fair Play Company, Solid Company, Sustainable Company, Business Gazelles.

For its care for the natural environment, raising standards and environmental education, in 2009 Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. w Dąbrowie Górniczej, as one of six companies in Poland, was awarded the title of “Ekostrateg” (Ecostrategist) in the Polish nationwide competition held under the auspices of the Minister for Environment.

In 2008 company revenues amounted to 45 million PLN (approximately €12.7 million).
RWE DEA POLSKA

RWE DEA Polska is a subsidiary of RWE DEA – an international operator in the field of exploration and production of natural gas and crude oil. The company deploys state-of-the-art drilling and production technologies along with the vast know-how and skills acquired in 111 years of corporate history. RWE DEA is also a leader in terms of safety and environmental protection.

RWE DEA operates production facilities in Germany, the UK, Norway, Denmark and Egypt, and also holds exploration licences in Poland, Algeria, Libya and Malta. In Germany, RWE DEA also operates high-volume underground storage facilities for natural gas. In 2008 RWE DEA produced 3.32 billion cubic metres of gas and 2.52 million cubic metres of oil.

Technical expertise of RWE DEA:
- In-house know-how of state-of-the-art E&P technologies e.g. formation evaluation, geostatistical modelling
- Laboratory for applied geoscience, core analysis, production chemistry
- Extended-reach drilling
- Offshore operation in sensitive National Park environments
- High-pressure and high-temperature drilling
- Gas storage construction and operation

In south-east Poland, RWE DEA has rights to hydrocarbon exploration and production within 5 concession blocks with a total area of 3,296 km². Work is proceeding on the interpretation for the definition of drilling prospects and also recently seismic analyses and intensive drilling are being carried out.
What can we do to combat climate change without jeopardizing the security and economic viability of the electricity supply? Will RWE have access to enough skilled staff 20 years from now? Sustainable action requires that such questions be asked.

RWE develops responsibly, bearing in mind the main interest of the company’s stakeholders. The Group is a member of the United Nations Global Compact and follows the ten principles of ethical and sustainable development in its day-to-day operations. RWE is also included in the internationally renowned Dow Jones Sustainability Index.

In Poland RWE integrates the sustainability issues in its strategies and focuses on the following areas:

**Climate protection**
RWE’s planned investments in 300 MW wind farms as well as an 800 MW highly-efficient cutting edge technology coal-based power plant, will significantly contribute to Poland’s CO₂ reduction plan. The coal plant will emit 1.3 million tonnes of CO₂ less annually in comparison to present power plants.

**Energy efficiency**
RWE is one of the first companies to promote the efficient use of energy both among the customers and within the company. “RWE Conscious Energy” is the flagship programme in Poland.

**Security of supply**
The energy distribution network in Warsaw is among the most reliable in Poland. RWE Stoen Operator continuously invests in the new infrastructure of the expanding Warsaw city.

**Pricing**
Warsaw households pay one of the lowest total energy bills in Poland. RWE aims to establish a fair and transparent pricing structure and to enable the customers to have more control over their energy consumption rates and energy costs.

**Engagement in the Community**
RWE supports the local communities in which it operates. The RWE Foundation in Poland is a unique example of a corporate foundation, which plans and develops its own original programmes. RWE also established the employees’ volunteering programme.

**Demographic change**
RWE will support the health and well-being of the employees, help them to remain productive and recruit a more diverse workforce.

**Supply chain**
RWE will ensure that all its suppliers and service providers work according to internationally recognised standards.

**Occupational health and safety**
RWE supports the health and safety of both its own and its subcontractors’ employees. The company also promotes the “RWE Safe Energy” programme among children at primary schools, teaching them how to safely use the electricity. Additionally RWE trains its staff to give first aid to the inhabitants of Warsaw.

**Environmental protection**
RWE strives to minimise the environmental impact of its operations.
The employees and their skills are the most important potential of a company. This is why human resources management issues are given a great deal of attention at RWE Polska, RWE Stoen Operator and other RWE Group companies. It is primarily about staff development, employee motivation and a friendly and creative working environment.

Every two years, an anonymous opinion poll is conducted among the employees in order to assess their perception of the company. There is also an “Idea Management” programme through which the staff can submit their proposals for improvements to company operations in technical, commercial and organisational areas. The “Employee of the Year” contest allows us to find the most committed persons, admired by their supervisors and peers.

The company also supports students and university graduates in their first steps in the labour market through a 15-month internship programme called “Trainee – Generation of the Future.” The graduates perform tasks in selected departments of RWE Polska and RWE Stoen Operator and take part in national and international RWE Group projects.
ENERGY EFFICIENCY:
“RWE CONSCIOUS ENERGY”

RWE was one of the first companies in Poland to educate on the rational use of electricity and promote the idea of energy conservation. In 2009 the campaign was awarded the European Energy Trophy presented during EU Sustainability Week in Brussels and nominated to the international Stevie Business Award in New York.

The “RWE Conscious Energy” long-term social campaign was launched in October 2007. It is a response to customers’ needs and the growing prices of electricity and gas.

From the customers’ perspective “advising on efficiency as well as promoting the use of energy-efficient equipment and light sources” is one of the most sought-after methods of demonstrating that the company is considering their needs. The important factors that led to the commencement of the programme were also: low awareness among Poles of the possibilities of more rational use of electricity and their willingness to receive guidelines in this area as well as the RWE Group’s activities supporting the European Energy Conservation Policy. The goal of the “RWE Conscious Energy” programme is to demonstrate to energy consumers that by changing their day-to-day behaviour and paying attention to the energy efficiency of household electrical appliances, they can lower their consumption of electricity in the long term even by 40% without decreasing quality of life.

The campaign is based on the dissemination of information and advice on the conscious use of electricity addressed to individuals and households. Detailed information on the energy consumption of individual household appliances as well as practical tips can be found in the “Home user’s guide”, developed in collaboration with the Polish National Energy Conservation Agency. The publication is available free of charge at all RWE Polska customer care centres, and can also be downloaded in electronic format from the programme’s website: www.swiadomaenergia.pl. The campaign also included the “Guide for businesses”, promoting energy efficiency in companies and institutions. The campaign was awarded the European Energy Trophy, a prize recognised throughout Europe and supported by the EU – RWE Poland won second place in the category for the “Best Information and Motivation campaign for employees”. RWE Polska was the only Polish company awarded among over 155 candidates from all over Europe.

Thanks to the campaign addressed to employees and the low budget investments, the “RWE Conscious Energy” has also brought internal benefits to the company. The energy consumption in one of the office buildings was reduced by nearly 24%.
RWE in Poland
The “Enlightened Warsaw” initiative was established to improve the public safety perception of inhabitants of Warsaw. The main goal of the initiative was to install lighting in places considered unsafe after dark. By putting up 100 streetlights in the most dangerous spots of Warsaw, the Foundation wanted to eliminate “dark alleys” and, as a result, decrease the number of robberies in Warsaw.

The “Enlightened Warsaw” programme was established by the RWE in Poland Foundation in response to the needs of the inhabitants of Warsaw. The “Warsaw Safety Map” report indicated that lighting is one of the key factors contributing to a feeling of security. There are many places in Warsaw that are unsafe because of insufficient lighting or no lighting at all. This can be seen in the information gathered by the Warsaw Police and the City Hall, as well as in results of opinion polls conducted by a research institute engaged by the RWE in Poland Foundation.

The poll indicates that 77% of inhabitants of Warsaw encounter dark unlit places when crossing the city at night. Almost one in four respondents came across a dangerous situation in such areas, and 70% said they feel uneasy in dark places. According to 85% of those polled, security could be improved by installing streetlights.

As a result of a poll in which the inhabitants of Warsaw actively participated, the RWE in Poland Foundation installed 100 new streetlights in 10 locations throughout Warsaw. Dark spots had been selected from among several dozen deemed by the Warsaw City Hall and the Warsaw Police as particularly dangerous.

“Enlightened Warsaw” programme was accomplished thanks to strong support of the partners: the Warsaw City Hall, the Warsaw Police and local media.

Detailed information about the enlightened locations can be found at: www.oswieconawarszawa.pl.
COMMUNITY ENGAGEMENT: FOR STUDENTS

RWE caters to the development of the Polish power sector by cooperating with the leading technical universities in Poland, including the AGH University of Science and Technology in Cracow, Warsaw University of Technology and Wrocław University as well as Wrocław University of Technology.

As of October 2008, students of the Mining and Geoengineering, Mechanical Engineering and Robotics, Electrical Engineering, Automatics, Computer Science and Electronics as well as Metal Engineering and Industrial Computer Science faculties of AGH University of Science and Technology in Cracow may apply for the RWE in Poland Foundation scholarships.

About one hundred students from the faculties mentioned above filled in applications for scholarship in the first edition of the scholarship programme at AGH. The programme is run in cooperation with RWE Power.

The RWE in Poland Foundation has already conducted scholarship programmes for students of technical universities for several years. In the period 2005–2008 the Foundation offered a similar scholarship programme for students of the Electrical Engineering Faculty of the Warsaw University of Technology.

For future engineers, participation in such a scholarship programme is an excellent opportunity not only to obtain funding, but also to undertake internship in Polish and foreign companies belonging to one of the largest utility groups in Europe. For RWE, in turn, this is an opportunity to attract good employees who, beside having excellent grades, are truly passionate about their specialties and are looking for innovative solutions and challenges.

The most talented students are offered internships at RWE Polska, RWE Stoen Operator and are given the opportunity to visit foreign companies of RWE Group.
COMMUNITY ENGAGEMENT: “RWE SAFE ENERGY”

The objective of this programme is to teach children the principles of using electricity and to train them in the safe handling of electrical equipment and installations. The programme is aimed mainly at seven-year-old children. It is conducted free of charge in public primary schools in Warsaw and in Podlaskie Voivodship.

“RWE Safe Energy” expresses concern for children’s safety. Despite the widespread use of electricity, the number of accidents caused by the inappropriate handling of electrical equipment has remained constant for many years. Electrical injury statistics show that electrical incidents result in an average of 200 deaths annually in Poland. The vast majority of accidents happen during daily household activities. By implementing a long-term educational programme, the Foundation intends to increase public awareness of how electricity works and reduce the number of electrical injuries among children.

The programme was established as an initiative of the employees of the Emergency Repair Service. During its first round in the 2005/2006 school year, the Foundation conducted over 340 lessons in roughly one hundred Warsaw primary schools. Since 2006 the “RWE Safe Energy” programme operates as a series of classes delivered by the teachers themselves. Teaching consultants from the Mazovia Local Government Teaching Skills Competence Centre and RWE experts designed scenarios and educational materials for six lessons. A special handbook in cartoon format and the website www.bezpiecznaenergia.pl were designed for the programme. The children from the Podlaskie region, where RWE constructed its first wind park in Poland, have been taking part in the programme since the beginning of 2009.

Since 2005 four series of “RWE Safe Energy” were attended by about 20,000 children.

The programme was very highly regarded by the teachers and is endorsed by the Mazovia Education Supervision Body and by the Podlaski Education Supervision Body.
COMMUNITY ENGAGEMENT:
“ORLIKI RWE”

„Orliki RWE” programme initiated the activity of RWE in Poland Foundation in 2005 and was supported by proceeds from charity football game between Bayer Leverkusen and Legia Warszawa organised by RWE. The programme is designed for talented and promising young football players from low-income families. The RWE in Poland Foundation provides the boys with sports gear and a subsidy for training camps.

The RWE in Poland Foundation supports the most talented 10-year-old football players from Warsaw and its suburban football clubs, taking part in playoffs of Mazovia Soccer Association. The name of the programme – “Orliki RWE” – means Eagles and relates to the name of the youngest player divisions in Polish football clubs.

The list of clubs invited to take part in the programme is made with the Mazovia Football Association, while household income is validated via the Institute of Labour and Welfare. Team trainers’ opinions are essential for the organisation of the programme, as they constitute an important support allocation criterion.

During the four rounds of the programme since 2005, the Foundation has provided support to 217 young football players from dozens of football clubs.

Perhaps there are future professionals among the young Orliks. Let’s hope we will have the opportunity to applaud them at the future UEFA Championships. However, the most important goal of the Foundation is to provide equal opportunities, a good start, motivate the boys to train harder and teach them persistence in pursuing objectives.
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RWE is one of Europe’s five leading electricity and gas companies. It is active in the generation, trading, transmission and supply of electricity and gas. This integrated business model enables RWE to take advantage of the rising demand for energy. Through the fully consolidated investments, 66,000 RWE employees supply over 14 million customers with electricity and 6 million customers with gas. In fiscal year 2008, RWE recorded €68 billion in revenue. Europe is the core market for the company. RWE is the No. 1 power producer in Germany and No. 3 in the UK. RWE continuously expands its position in Central and South Eastern Europe.

RWE’s power plant portfolio and investment programme for building new, continuously expands its position in Central and South Eastern Europe.

RWE’s gas and oil production businesses are displaying above-average growth. In light of the global rise in demand for gas, RWE plans to steadily increase the share it produces in-house. RWE's aim is to create value for the benefit of shareholders. RWE's strategy relies on profitable, organic growth, supplemented by value-increasing acquisitions. RWE's takeover offer for the Dutch-based energy utility Essent will take the profitable, organic growth, supplemented by value-increasing acquisitions.

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RWE Group in 2008:
- External revenue € million 48,950
- Germany € million 30,694
- Outside Germany € million 18,256
- EBITDA € million 8,314
- Electricity production kWh billion 334.2
- Electricity sales kWh billion 317.1
- Power station capacity MW 45,196
- Gas sales kWh billion 327.8
- Workforce full-time equivalent 65,908

RWE Group revenue by region in 2008 in %
- 62.6% Germany
- 0.6% Other
- 16.5% Other
- 20.3% Rest of Europe

Shareholder structure of RWE AG in %
- 15% RW Energie-Beteiligungsgesellschaft
- 5% Capital Research & Management
- 59% Other institutional shareholders
- 1% Employee shareholders
- 6% Own shares
- 79% Individual shareholders

Percentages reflect shares in the subscribed capital.
Sources: Shareholder identification and notifications of shareholdings in accordance with the German Securities Trading Act (WpHG), as of December 31, 2008.

RWE in Poland