


# 2007



Financial Statements 2007 of RWE AG



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The financial statements and review of operations of RWE AG for the 2007 fiscal year are submitted to Bundesanzeiger Verlagsgesellschaft mbH, Cologne, Germany, the operator of the electronic Bundesanzeiger (Federal Gazette) and published in the electronic Bundesanzeiger. The review of operations of RWE AG has been combined with the review of operations of the RWE Group and has been published in our annual report on pages 38 to 111.

The joint list of RWE AG's investments has been prepared in accordance with Sec. 285, Item 11, and Sec. 313, Para. 2, Items 1 through 4 of the German Commercial Code (HGB) and published in the electronic Bundesanzeiger.

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## Balance Sheet at December 31, 2007

Assets € million	Note	12/31/07	12/31/06
<b>Non-current assets</b>	(1)		
Financial assets		<b>29,546</b>	<b>32,899</b>
<b>Current assets</b>			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		5,542	7,134
Other assets		886	800
Marketable securities	(3)	4,184	7,039
Cash and cash equivalents	(4)	595	1,501
		<b>11,207</b>	<b>16,474</b>
<b>Prepaid expenses</b>	(5)	<b>39</b>	<b>61</b>
		<b>40,792</b>	<b>49,434</b>
<b>Equity and liabilities</b> € million	Note	12/31/07	12/31/06
<b>Equity</b>	(6)		
Subscribed capital			
Common shares		1,340	1,340
Preferred shares		100	100
		<b>1,440</b>	<b>1,440</b>
Capital reserve		1,288	1,288
Retained earnings		3,900	2,728
Distributable profit		1,772	1,968
		<b>8,400</b>	<b>7,424</b>
<b>Provisions</b>	(7)		
Provisions for pensions and similar obligations		2,987	7,170
Provisions for taxes		2,666	2,084
Other provisions		1,335	1,214
		<b>6,988</b>	<b>10,468</b>
<b>Liabilities</b>	(8)		
Bonds		913	1,806
Bank debt		516	438
Trade accounts payable		23	56
Accounts payable to affiliated companies		23,515	28,563
Other liabilities		359	590
		<b>25,326</b>	<b>31,453</b>
<b>Deferred income</b>	(9)	<b>78</b>	<b>89</b>
		<b>40,792</b>	<b>49,434</b>

## Income Statement for the period from January 1, 2007 to December 31, 2007

€ million	Note	2007	2006
Net income from financial assets	(12)	4,130	4,279
Net interest	(13)	-1,210	-1,457
Other operating income	(14)	1,964	1,718
Staff costs	(15)	-114	-138
Other operating expenses	(16)	-1,048	-1,752
<b>Profit from ordinary activities</b>		<b>3,722</b>	<b>2,650</b>
Taxes on income	(17)	-777	-237
<b>Net profit</b>		<b>2,945</b>	<b>2,413</b>
Profit carried forward from the previous year		1	1
Transfer to retained earnings		-1,173	-445
<b>Distributable profit</b>		<b>1,772</b>	<b>1,968</b>

1 Negligible amount.

## Notes at December 31, 2007

Roll-forward of non-current assets	Cost				Accumulated depreciation	Carrying amounts		Depreciation for the reporting period
	Balance at 12/31/06	Additions	Disposals	Balance at 12/31/07	Balance at 12/31/07	Balance at 12/31/06	Balance at 12/31/07	
€ million								
<b>Financial assets</b>								
Shares in affiliated companies	12,190	154	287	12,057	89	11,949	11,968	
Loans to affiliated companies	15,006		2,825	12,181		15,006	12,181	
Investments	79	46	25	100	6	76	94	3
Long-term securities	5,874	7,017	7,464	5,427	126	5,866	5,301	118
Other loans	2			2		2	2	
	33,151	7,217	10,601	29,767	221	32,899	29,546	121

## *Basis of presentation*

The financial statements of RWE AG 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. Current securities are valued at cost or lower market value.

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 entry age normal method and an interest rate of 5%.

All identifiable risks, uncertain liabilities and anticipated losses from pending business transactions are taken into account in the assessment of other provisions.

Liabilities are on principle valued at repayable 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. As regards receivables, liabilities and foreign currency holdings, losses arising from exchange-rate fluctuations are included in the results as of the balance sheet date.

## Notes to the Balance Sheet

### (1) Non-current assets

An analysis and description of the movements of non-current assets summarized in the balance sheet for the 2007 financial year is provided on page 2. The following is an overview of material changes in the fiscal year:

As per the contribution and transfer agreement dated September 3, 2007, RWE AG contributed 94.9% of its shares in GfV Gesellschaft für Vermögensverwaltung AG, Dortmund, to RWE Systems AG, Dortmund. This transaction had an effect of €125 million on additions and disposals relating to shares in affiliated companies, respectively.

The carrying amount of RWE Gas Midstream GmbH, Essen, increased as a result of an addition to the capital reserve of €15 million and a capital increase of €5 million.

As per an agreement dated August 7, 2007, the 30.2% stake in RAG Aktiengesellschaft, Essen, held indirectly and directly was sold to RAG-Stiftung, Essen. The transfer of the shares took legal effect as of November 30, 2007.

The decrease in loans to affiliated companies predominantly relates to the repayment of loans by RWE Finance B.V., Hoofddorp/Netherlands, and the Water Division.

Long-term securities nearly exclusively include special funds. Additions and disposals in the year under review are primarily affected by the establishment of a contractual trust arrangement (CTA) as of March 30, 2007, and of a non-insurance-like Pensionsfonds as of November 1, 2007.

### (2) Accounts receivable and other assets

€ million	12/31/07	Thereof RT <sup>1</sup> > 1 y.	12/31/06	Thereof RT <sup>1</sup> > 1 y.
Accounts receivable from affiliated companies	5,542	146	7,134	1,002
Other assets	886	630	800	624
	<b>6,428</b>	<b>776</b>	<b>7,934</b>	<b>1,626</b>

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. The enactment of the Societas Europaeae Introduction Tax Law (SEStEG) on December 13, 2006, resulted in a legally unconditional claim to the reimbursement of corporate tax credits from the tax imputation period (Sec. 37 of the German Corporate Tax Act (KStG)—new version) at the end of the day on December 31, 2006. The credit is a result of the system switch from the imputation method to the

half-income procedure in 2001 and is based on the fact that the tax burden of retained earnings in the past was higher than the tax burden on the profits which were distributed. The distribution-dependent realization of the credit applicable in the past was replaced by a procedure by which payments are made in instalments over a period of 10 years (2008 to 2017; generally effective September 30). Since the instalments do not bear interest, the receivable is stated at its present value.

In addition, interest accruals and receivables are disclosed.

### (3) Marketable securities

Marketable securities are fixed-interest securities obtained from the placement of liquid funds.

In the 2007 fiscal year, RWE AG bought 465,629 RWE common shares on the capital market at an average purchase price of €94.06 per individual share certificate. They account for €1,192,010.24 of the corporation's share capital (0.1% of the subscribed capital). Employees of RWE AG and its affiliated companies received a total of 457,354 common shares at an average price of €57.27 per individual share certificate within the scope of capital formation and 6,902 common shares at an average price of €62.70 on the occasion of service anniversaries. A total of 1,373 unneeded common shares were sold on the capital market at a price of €94.20 per share. Aggregate proceeds amounted to

€26,754,755.58. Differences to the purchase price were recorded with an effect on results.

### (4) Cash and cash equivalents

Cash and cash equivalents nearly exclusively relate to bank balances.

### (5) Prepaid expenses

€ million	12/31/07	12/31/06
Discount	30	50
Other	9	11
	<b>39</b>	<b>61</b>

Other prepaid expenses predominantly consist of accrued prepayment of rent.

### (6) Equity

Changes in equity € million	Balance at 12/31/06	Rounding adjustment	Dividend payments	Net profit	Balance at 12/31/07
Subscribed capital	1,440				1,440
Capital reserve	1,288				1,288
Retained earnings					
Other retained earnings	2,728	-1		1,173	3,900
Distributable profit	1,968		-1,968	1,772	1,772
	<b>7,424</b>	<b>-1</b>	<b>-1,968</b>	<b>2,945</b>	<b>8,400</b>

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 shall be entitled to a preferred dividend of €0.13 per preferred share under certain conditions.

Contingent capital in the amount of €51,200,000 as of December 31, 2006, to offer subscription rights for common shares in the name of the bearer to members of the Executive Board and to other executives of RWE AG and subordinate affiliated companies no longer exists. The Articles of Association of RWE AG were reworded appropriately, as per a Supervisory Board resolution.

Pursuant to the resolution passed by the Annual General Meeting on April 18, 2007, the Executive Board was authorized to purchase shares of any class in RWE, totaling up to 10% of the company's share capital until October 17, 2008. In addition, authorization was granted to acquire the company's shares by exercising put or call options.

In the year under review, the groupwide share-based payment systems for executives of RWE AG and subordinate affiliates consisted of the following: the Long-Term Incentive Plan (LTIP) and 'Beat'. If the persons holding stock options are not employed by RWE AG, the expenses associated with the exercise of the options are borne by the respective Group company.

	LTIP <sup>1</sup>		
	2002 tranche	2003 tranche	2004 tranche
Grant date	09/20/02	07/01/03	05/25/04
Number of options granted	5,950,350	6,677,450	9,192,800
Term	5 years	5 years	5 years
Vesting conditions	Two-year waiting period; the common share price must have risen by at least 10% prior to the exercise date and must have outperformed the Dow Jones STOXX Utilities Price Index on ten consecutive days in the same period (this last condition does not apply if the common share price increases by at least 20%). Upon achievement of the above performance targets, the options can be exercised on a daily basis following expiration of the waiting period, with the exception of short blocking periods prior to the publication of corporate data. The number of options which may be exercised depends on the increase in the price of the common share compared to the exercise price determined when the options are granted. In the event of a 20% price increase all of the options can be exercised; for a 15 or 10% increase, 60 or 25% of the options can be exercised, respectively.		
Exercise price	€34.24	€26.37	€35.45
Form of settlement	Cash settlement amounting to the difference between the share price upon exercise and the exercise price or provision of common shares (at the discretion of RWE AG). Settlement is limited to 50% of the exercise price.		

1 Long-Term Incentive Plan.

	Beat		
	2005 tranche	2006 tranche	2007 tranche
Grant date	01/01/05	01/01/06	01/01/07
Number of conditionally granted performance shares	2,551,800	2,444,191	1,468,132
Term	3 years	3 years	3 years
Pay-out conditions	Automatic pay-out if following a waiting period of three years an outperformance of at least 25% compared to the Dow Jones STOXX Utilities Index peer group 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 and reinvested dividends.		
Determination of payment	<ol style="list-style-type: none"> <li>1. Determination of the index weighting of the peer group companies which exhibit a lower TSR than RWE at the end of the term.</li> <li>2. Performance factor is calculated by squaring this percentage rate and multiplying it by 1.25.</li> <li>3. Total number of performance shares which can be paid out is calculated by multiplying the performance shares conditionally granted by the performance factor.</li> <li>4. Payment corresponds to the final number of performance shares valued at the average RWE share price during the last 20 trading days prior to expiration of the programme (with a ceiling of two times and three times the value of the performance shares as of the grant date, for the 2006 and 2007 tranche and the 2005 tranche, respectively).</li> </ol>		
Change in corporate control/merger	<ul style="list-style-type: none"> <li>▪ If during the waiting period there is a change in corporate control, a compensation 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 regulations of the compensation plan with regard to the time when the bid for corporate control is submitted.</li> <li>▪ In the event of a merger with another company, compensation shall be calculated on the basis of the expected 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.</li> </ul>		
Form of settlement	Cash settlement		

**Long-Term Incentive Plan.** The following changes in the number of outstanding LTIP options occurred in the year under review:

LTIP	2002 tranche	2003 tranche	2004 tranche
Outstanding at the start of the fiscal year	1,200	24,200	116,850
Change in grant/expired	-1,200	-3,000	5,000
Exercised	0	-8,000	-36,850
Outstanding at the end of the fiscal year	0	13,200	85,000
Exercisable at the end of the fiscal year	0	13,200	85,000

The average weighted share price as of the exercise date amounted to €80.63 for the options from LTIP exercised fiscal 2007. The exercise prices of the outstanding LTIP options as of the balance-sheet date ranged from €13.19 to €17.73. The weighted average remaining contractual term amounted to 1.4 years.

**Beat.** The fair value of the performance shares (PS) conditionally granted in the Beat programme amounted to €24.99 per share as of the grant date for the 2007 tranche, to €17.48 per share for the 2006 tranche and to €18.62 per

share for the 2005 tranche. These values were calculated externally using a 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, discount rates for the remaining term, volatilities and the expected dividends of peer companies as well as the expected dividends of RWE AG.

In the year under review, the number of performance shares issued in the Beat programme developed as follows:

<b>Beat</b>	2005 tranche	2006 tranche	2007 tranche
Outstanding at the start of the fiscal year	2,287,886	2,429,155	0
Granted			1,468,132
Change in grant/expired	-4,768	-7,794	-4,582
Outstanding at the end of the fiscal year	2,283,118	2,421,361	1,463,550
Payable at the end of the fiscal year	2,283,118	0	0

The remaining contractual term amounted to one year for the 2006 tranche and two years for the 2007 tranche. The contractual term for the 2005 tranche ended upon completion of the year under review. In accordance with the plan

regulations, the payment amount is determined based on a share price of €55.86.

## (7) Provisions

€ million	12/31/07	12/31/06
Provisions for pensions and similar obligations	2,987	7,170
Provisions for taxes	2,666	2,084
Other provisions	1,335	1,214
	<b>6,988</b>	<b>10,468</b>

Disclosed provisions for pensions also include benefits payable to current and former employees of RWE Energy AG, RWE Gas Midstream GmbH, RWE Power AG, RWE Rhein-Ruhr AG, RWE Systems AG, RWE Systems Applications GmbH, RWE Systems Computing GmbH, RWE Systems Immobilien GmbH & Co. KG, RWE Trading GmbH, RWE Transportnetz Strom GmbH and RWE Westfalen-Weser-Ems AG. Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

As of November 1, 2007, RWE AG transferred certain benefit obligations to RWE Pensionsfonds AG. In the future, company pension plan benefits for this group of beneficiaries will be administered by a non-insurance-like Pensionsfonds. Companies affiliated with RWE AG, whose pension

obligations are carried on RWE AG's balance sheet due to cumulative debt assumption agreements, entered the Pensionsfonds agreement that was concluded on October 22, 2007. The redemption contribution, which was calculated actuarially in compliance with statutory regulations, amounted to €4,655 million. The transfer resulted in a disposal of pension obligations accounted for under commercial law in the amount of €4,218 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.

**(8) Liabilities**

€ million	12/31/07	Thereof RT <sup>1</sup> < 1 y.	Thereof RT <sup>1</sup> > 5 y.	12/31/06	Thereof RT <sup>1</sup> < 1 y.
Bonds	913		700	1,806	663
Bank debt	516	378	83	438	234
Trade accounts payable	23	23		56	56
Accounts payable to affiliated companies	23,515	8,000	10,475	28,563	3,769
Other liabilities	359	248	107	590	477
of which tax	-198	-198		-70	-70
of which social security	-6	-1	-1	-7	-4
	25,326	8,649	11,365	31,453	5,199

1 RT = remaining term.

Bonds largely comprise medium term notes of RWE AG with varying maturities and interest rates.

Bank debt principally relates to obligations arising from bank loans and interest accruals from existing swap agreements.

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

Other liabilities primarily include accounts payable related to taxes and interest accruals.

**(9) Deferred income**

This item exclusively relates to accrued interest equalization payments.

**(10) Contingent liabilities & other financial obligations**

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

Warranty agreements reflect €688 million in warranties granted to third parties for the benefit of affiliated companies.

Accounts payable due to bank guarantees amount to €348 million and exclusively relate to current business conducted by affiliated companies.

Furthermore, the guarantees are performance and warranty guarantees totalling €83 million, €17 million of which are from current business conducted by affiliated companies.

The following payment guarantees to the creditors of the bonds of RWE Finance B. V., Hoofddorp, Netherlands, (a subsidiary wholly owned by RWE AG) were in existence as

of the balance-sheet date within the scope of the debt issuance programme:

Issuer	Issue volume	Coupon in %	Maturity
RWE Finance B.V.	€1,282 million	5,375	April 2008
RWE Finance B.V.	CHF 500 million	2.0	December 2008
RWE Finance B.V.	£ 500 million	4,625	August 2010
RWE Finance B.V.	€1,808 million	6,125	October 2012
RWE Finance B.V.	£886 million	6,375	June 2013
RWE Finance B.V.	€530 million	4,625	July 2014
RWE Finance B.V.	€850 million	6,250	April 2016
RWE Finance B.V.	€980 million	5,125	July 2018
RWE Finance B.V.	£801 million	6.5	April 2021
RWE Finance B.V.	£685 million	5,625	December 2023
RWE Finance B.V.	£1,068 million	6.25	June 2030

Furthermore, RWE AG has assumed €17 million in liabilities on behalf of one affiliate.

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in the year under review, 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.

Additionally, there are joint and several liabilities from the transfer of pension obligations to eight affiliated companies in the amount of €35 million and to an investment of an affiliate in the amount of €11 million.

By signing a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide €2,244.4 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.

Pursuant to the shareholders' agreement of December 22, 2003, RWE Energy will purchase all of RWE Westfalen-Weser- Ems AG's outstanding shares that were granted to the former shareholders of RWE Gas AG in connection with

the split-up of RWE Gas AG for €800 million effective December 31, 2008. RWE AG accepted the obligation to pay the purchase price through a cumulative assumption of debt, which results in a collective liability.

RWE AG is a co-guarantor for a joint and several liability of GBP 146 million within the scope of a notional cashpool between affiliates.

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 the legally enforceable decisions come up with a different result, 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.

In May and December 2006, the EU Commission conducted EU-wide follow-up sector inquiries. Among those affected were companies belonging to the RWE Group in Germany. Subsequently, the EU Commission requested information on specific issues concerning the energy market from RWE, among others, which it will process further.

The EU Commission instigated market abuse proceedings against RWE at the beginning of May 2007, based on the suspicion that RWE obstructed access to the German gas transmission system, in order to safeguard RWE's alleged market-leading position as a gas supplier. In particular, this accusation is being levelled at RWE Transportnetz Gas, a subsidiary of RWE Energy. The Commission, however, expressly notes that its instigation of legal proceedings does not mean that the Commission has conclusive proof of any wrongdoing by RWE.

At the end of March 2007, €7,856 million in assets were transferred to the trust RWE Pensionstreuhand e.V. to finance parts of the corporate pension plan externally via a contractual trust arrangement (CTA). Due to the transfer of certain pension obligations to RWE Pensionsfonds AG, which also took place in the fiscal year, RWE AG's assets held in trust as of the balance-sheet date amounted to €3,073 million (of which €2,987 million were financial assets and €86 million were other assets).

Marketable securities with a nominal value of €50 million 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.

€8 million in accounts receivable from reinsurance policies have been pledged in connection with company pension benefit obligations from deferred compensation schemes.

Other future—undiscounted—financial obligations from leases and rent amounted to €186 million as of December 31, 2007. €123 million thereof are payable to affiliated companies.

### (11) Derivative financial instruments

We use derivative financial instruments 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 €18.6 billion as of the balance-sheet date.

Offsetting derivatives with a nominal volume of €15.3 billion have been concluded with group companies.

The following overview shows our derivative financial instruments as of December 31, 2007:

€ 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	2,555	10,046	461	2,753	-39	3
Interest-rate/cross-currency swaps	12,035	5,238	2,604	2,723	214	-271
	<b>14,590</b>	<b>15,284</b>	<b>3,065</b>	<b>5,476</b>	<b>175</b>	<b>-268</b>
Interest rate derivatives	4,000		4,000		-41	
<b>Total</b>	<b>18,590</b>	<b>15,284</b>	<b>7,065</b>	<b>5,476</b>	<b>134</b>	<b>-268</b>

The fair value generally corresponds to the market value of the derivative financial instrument if it 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 (discounted cash flow method, option price model).

Within the scope of currency hedging, among other things, interest-rate/cross-currency swaps as well as matching offsetting transactions have been concluded with wholly-owned subsidiaries. RWE AG's derivative transactions concluded with banks and the respective offsetting transactions form an evaluation unit to avoid an evaluation result. The companies use these interest-rate/cross-currency swaps

in addition to 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 investments without an effect on profits or losses.

RWE AG concluded cross-currency swap transactions in order to hedge its group companies' foreign-currency receivables and liabilities.

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

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.

Changes in the market value of derivatives are offset by corresponding offsetting changes in the market value of existing underlying transactions. €29 million in provisions to cover possible losses from negative market values of financial instruments were accrued for negative currency portfolio balances and financial instruments which do not have a counteracting transaction on the balance sheet.

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 arbitrage deals in energy trading, 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.

## Notes to the Income Statement

### (12) Net income from financial assets

€ million	2007	2006
Income from profit and loss transfer agreements with affiliated companies	3,918	2,734
Income from investments in		
affiliated companies	107	1,070
other companies	1	1
	<b>108</b>	<b>1,071</b>
Expenses from profit and loss transfer agreements with affiliated companies	-591	-302
Income from other securities and loans held as financial assets	831	1,040
of which from affiliated companies	(629)	(835)
Amortization of financial assets and current securities	-136	-264
	<b>4,130</b>	<b>4,279</b>

Net income from financial assets largely consists of income transferred from RWE Power AG and RWE Energy AG.

The amortization of financial assets and current securities largely relates to special funds.

**(13) Net interest**

€ million	2007	2006
Other interest and similar income	568	554
of which from affiliated companies	(211)	(223)
Interest and similar expenses	-1,778	-2,011
of which from affiliated companies	(-1,355)	(-1,403)
	<b>-1,210</b>	<b>-1,457</b>

**(14) Other operating income**

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

sale of marketable securities and the use and release of investment risk provisions.

**(15) Staff costs**

€ million	2007	2006
Wages and salaries	-67	-72
Cost of social security, pensions and other benefits	-47	-66
of which for pensions	(-43)	(-61)
	<b>-114</b>	<b>-138</b>

Annual average full time equivalents	2007	2006
Salaried staff	355	360
of which part-time and fixed-term employees	(41)	(40)
Apprentices	11	10
	<b>366</b>	<b>370</b>

**(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. This item also includes other taxes.

**(17) Taxes on income**

Taxes on income primarily relate to the fiscal year and prior years as well as to an addition to provisions for corporate and trade tax risks.

## 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 21 to 26.

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.

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 review of operations.

In total, the Executive Board received €10,882,000 short-term compensation components in fiscal 2007. In addition to this, long-term compensation components from the 2007 tranche of the Beat programme amounting to €4,594,000 were allocated (183,824 performance shares). Total compensation of the Executive Board for fiscal 2007 thus amounts to €15,467,000. The fixed remuneration paid to members of the Supervisory Board was €1,191,000, and the variable remuneration amounted to €2,046,000.

No loans or advances were granted to members of the Executive Board or Supervisory Board in the year under review.

Former members of the Executive Board of RWE AG and their surviving dependants received €5,961,000. No long-term incentive components were awarded. €28,483,000 in provisions have been made to cover pension obligations to former members of the Executive Board and their surviving dependants. The aforementioned figures are influenced by the transfer of pension obligations to RWE Pensionsfonds AG, which was carried out effective November 1, 2007.

The Economic Advisory Board received €289,000.

As of the balance-sheet date, the Executive Board held 359,100 performance shares from the 2005 tranche of the long-term incentive plan (Beat), 324,198 performance shares from the 2006 tranche and 183,824 performance shares from the 2007 tranche. The long-term incentive plan is described in detail in the section on equity.

On February 27, 2007, Capital Research and Management Company, Los Angeles/USA, informed us pursuant to Secs. 21 and 22 of the German Securities Trading Act (WpHG) that its share of voting rights in RWE AG crossed the threshold of 3% as of February 27, 2007, and that it held 3.41% of the voting rights in RWE AG on that day.

On March 29, 2007, Allianz SE, Munich, informed us in accordance with Secs. 21, 22 and 24 of the German Securities Trading Act (WpHG) that its shareholding exceeded the 3% hurdle on March 26, 2007, amounting to 3.69%. This includes 3.68% of the voting rights in RWE AG, which are allocable to Allianz SE pursuant to Sec. 22 of the German Securities Trading Act (WpHG). Furthermore, Allianz SE informed us in connection with Sec. 24 of the German Securities Trading Act (WpHG) that Allianz Deutschland AG, Munich, and Allianz Versicherungs-Aktiengesellschaft, Munich, each exceeded the 3% hurdle of voting rights on March 26, 2007. In this connection, the voting rights of Allianz Versicherungs-Aktiengesellschaft, Munich, are allocable to Allianz Deutschland AG, Munich, in accordance with Sec. 22 of the German Securities Trading Act (WpHG).

On April 11, 2007, RW Energie-Beteiligungsgesellschaft mbH & Co. KG, Dortmund, informed us that the 11.10% share of voting rights in RWE AG, previously held by RW Energie-Beteiligungsgesellschaft mbH, was transferred to it effective December 13, 2006, the date on which the company changed its legal form. Furthermore, RWEB Verwaltungs GmbH, Dortmund, informed us that, as general partner in RW Energie-Beteiligungsgesellschaft mbH & Co. KG, its share of voting rights in RWE AG exceeded the thresholds of 5% and 10% on December 13, 2006, and amounted to 11.10% on that day. These voting rights are

allocable to it via RW Energie-Beteiligungsgesellschaft mbH & Co. KG in accordance with Sec. 22 of the German Securities Trading Act (WpHG).

On May 7, 2007, Allianz SE, Munich, informed us in accordance with Secs. 21, 22 and 24 of the German Securities Trading Act (WpHG) that its shareholding fell below the 3% hurdle on May 2, 2007, and that it amounted to 1.52% on that day. This includes 1.52% of the voting rights in RWE AG, which are allocable to it in accordance with Sec. 22 of the German Securities Trading Act. Furthermore, Allianz SE, Munich, informed us in connection with Sec. 24 of the German Securities Trading Act (WpHG) that the shares of voting rights held by Allianz Deutschland AG, Munich, and Allianz Versicherungs-Aktiengesellschaft, Munich, each fell below the 3% hurdle of voting rights on May 2, 2007. According to Sec. 22 of the German Securities Trading Act (WpHG), the share of voting rights held by Allianz Versicherungs-Aktiengesellschaft, Munich, is allocable to Allianz Deutschland AG, Munich.

On May 9, 2007, UBS AG, Zurich/Switzerland, informed us in accordance with Secs. 21 and 22 of the German Securities Trading Act (WpHG) that its share of voting rights in RWE AG exceeded the threshold of 3% on May 3, 2007, and amounted to 3.14% of the voting rights in RWE AG on that day. This includes 0.02% in voting rights that are allocable to UBS AG in accordance with Sec. 22 of the German Securities Trading Act (WpHG).

On May 10, 2007, UBS AG, Zurich/Switzerland, informed us in accordance with Secs. 21 and 22 of the German Securities trading Act (WpHG) that its share of voting rights in RWE AG fell below the 3% hurdle on May 4, 2007, and amounted to 1.43% on that day. This includes 0.05% in voting rights that are allocable to UBS AG in accordance with Sec. 22 of the German Securities Trading Act (WpHG).

On May 30, 2007, Capital Research and Management Company, Los Angeles/USA, informed us in accordance with Secs. 21 and 22 of the German Securities Trading Act (WpHG) that its share of voting rights in RWE AG exceeded the threshold of 5% on May 24, 2007, and amounted to 5.12% on that day.

On December 19, 2007, Capital World Growth and Income Fund, Los Angeles/USA, informed us in accordance with Secs. 21 and 22 of the German Securities Trading Act (WpHG) that its share of voting rights in RWE AG exceeded the threshold of 3% on December 13, 2007, and amounted to 3.02% on that day.

On December 21, 2007, RW Energie-Beteiligungsgesellschaft mbH & Co. KG, Dortmund, informed us in accordance with Secs. 21 and 22 of the German Securities Trading Act (WpHG) that its share of voting rights in RWE AG exceeded the threshold of 15% on December 21, 2007, and amounted to 16.09% on that day. Furthermore, RWEB Verwaltungs GmbH, Dortmund, informed us that it fell below the 10%, 5% and 3% thresholds on December 10, 2007, and that no voting rights in RWE AG are allocable to it any longer.

The following fees were recognized as expenses for the services rendered in fiscal 2007 by the auditor of the financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

€ million	2007	2006
Audit services	1.9	0.4
Other assurance and valuation services	0.5	0.4
Other	0.1	0.2
	<b>2.5</b>	<b>1.0</b>

The fees for audit services contain the fees for the legally required audit of the financial statements of the parent company (RWE AG) and of the RWE Group and for the audit-like review of the interim Group financial statements of RWE AG, insofar as these are directly borne by RWE AG. Fees for other assurance and valuation services related principally to due diligence, consulting services relating to, and the audit of, the implementation of groupwide 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.

## Dividend proposal

Distributable profit developed as follows:

Net profit	2,944,905,865.32 €
Profit carried forward from the previous year	80,757.23 €
Transfer to retained earnings	1,173,400,000.00 €
Distributable profit	1,771,586,622.55 €

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2007 be appropriated as follows:

Distribution of a dividend of €3.15 per dividend-bearing individual share certificate:

Dividend	1,771,575,750.00 €
Profit carryforward	10,872.55 €
Distributable profit	1,771,586,622.55 €

Essen, February 13, 2008

The Executive Board

Großmann

Bonekamp

Fitting

Jobs

Pohlig

## Auditor's Report

We have audited the annual financial statements—comprising the balance sheet, the income statement and the notes to the financial statements—together with the bookkeeping system and the management report of RWE Aktiengesellschaft, Essen, which is combined with the group management report, for the business year from January 1 to December 31, 2007. 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 evi-

dence 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 in 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, 2008

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

M. Wiegand  
Wirtschaftsprüfer  
(German Certified  
Public Auditor)

Markus Dittmann  
Wirtschaftsprüfer  
(German Certified  
Public Auditor)

## Material Investments as of December 31, 2007

<b>I. Affiliates</b>	Investment in acc. With Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year €'000	Net income/ loss of the last fiscal year €'000	Revenue 2007 € million	Employees <sup>2</sup> 2007 average
<b>RWE Aktiengesellschaft, Essen</b>		<b>8,400,050</b>	<b>2,944,906</b>	<b>-</b>	<b>355</b>
<b>RWE Power</b>					
RWE Power Aktiengesellschaft, Cologne and Essen	100	2,171,058	- <sup>1</sup>	8,579	13,184
Kernkraftwerke Lippe-Ems GmbH, Lingen (Ems)	99	165,545	- <sup>1</sup>	267	303
Kernkraftwerk Gundremmingen GmbH, Gundremmingen	75	84,184	8,343	256	712
Mátrai Erőmű Zártkörűen Működő Részvénytársaság (MÁTRA), Visonta/Hungary	51	200,203	47,002	277	2,420
Rheinbraun Brennstoff GmbH, Cologne	100	63,294	- <sup>1</sup>	543	164
RWE Dea AG, Hamburg	100	1,323,905	- <sup>1</sup>	1,020	807
RWE Dea Norge AS, Oslo/Norway	100	153,201	54,506	251	59
RWE Dea Suez GmbH, Hamburg	100	87,226	- <sup>1</sup>	185	106
RWE Trading GmbH, Essen	100	51,100	- <sup>1</sup>	13,760	511
<b>RWE Energy</b>					
RWE Energy Aktiengesellschaft, Dortmund	100	1,017,905	- <sup>1</sup>	7,785	488
Budapesti Elektromos Művek Nyrt. (ELMŰ), Budapest/Hungary	55	1,041,267	767,498	1,080	695
Emscher Lippe Energie GmbH, Gelsenkirchen	79	73,371	12,317	485	649
Energis GmbH, Saarbrücken	64	136,782	22,588	345	327
envia Mitteldeutsche Energie AG, Chemnitz	64	888,810	99,286	2,348	2,173
envia Netzservice GmbH, Chemnitz	100	4,045	- <sup>1</sup>	341	7
envia Verteilnetz GmbH, Halle (Saale)	100	24	- <sup>1</sup>	1,653	4
eprimo GmbH, Neu-Isenburg	100	4,600	- <sup>1</sup>	87	30
Észak-magyarországi Áramszolgáltató Nyrt. (ÉMÁSZ), Miskolc/Hungary	54	366,442	229,688	387	356
EWV Energie- und Wasser-Versorgung GmbH, Stolberg	54	36,457	11,261	349	370
Jihomoravská plynárenská, a.s., Brno/Czech Republic	50	205,446	24,540	595	945
Koblenzer Elektrizitätswerk und Verkehrs-Aktiengesellschaft, Koblenz	58	71,793	5,539	412	532
Lechwerke AG, Augsburg	90	226,756	53,150	883	1,142
LEW Verteilnetz GmbH, Augsburg	100	25	- <sup>1</sup>	530	4
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle	60	93,786	25,004	677	293
rhenag Rheinische Energie Aktiengesellschaft, Cologne	75	278,434	164,192	267	325
RWE Energy Beteiligungsgesellschaft mbH, Dortmund	100	4,350,032	- <sup>1</sup>	-	-
RWE Energy Nederland N.V., Hoofddorp/Netherlands	100	368,240	35,730	1,198	166
RWE Gas International B.V., Hoofddorp/Netherlands	100	4,507,949	241,407	-	-
RWE Key Account GmbH, Essen	100	25	- <sup>1</sup>	1,999	98
RWE Kundenservice GmbH, Bochum	100	25	- <sup>1</sup>	260	14
RWE Obragas N.V., Helmond/Netherlands	100	99,211	20,643	240	78

1 Profit- and loss-pooling agreement.

2 Converted to full-time positions.

I. Affiliates	Investment in acc. With Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year	Net income/ loss of the last fiscal year	Revenue 2007	Employees <sup>3</sup> 2007 average
		€'000	€'000	€ million	
<b>RWE Energy</b>					
RWE Rhein-Ruhr Aktiengesellschaft, Essen	100	238,405	- <sup>1</sup>	5,114	4,816
RWE Rhein-Ruhr Netzservice GmbH, Siegen	100	25	- <sup>1</sup>	704	30
RWE Rhein-Ruhr Verteilnetz GmbH, Wesel	100	25	- <sup>1</sup>	2,241	6
RWE Stoen S.A., Warschau/Poland	100	190,384	15,042	516	919
RWE Transgas, a.s., Prag/Czech Republic	100	3,465,323	461,602	2,579	315
RWE Trangas Net, s.r.o., Prag/Czech Republic	100	2,054,020	243,586	369	710
RWE Transportnetz Gas GmbH, Dortmund	100	55	- <sup>1</sup>	299	76
RWE Transportnetz Strom GmbH, Dortmund	100	613,025	- <sup>1</sup>	4,860	276
RWE Westfalen-Weser-Ems Aktiengesellschaft, Dortmund	80	283,185	- <sup>1</sup>	4,784	2,646
RWE Westfalen-Weser-Ems Netzservice GmbH, Dortmund	100	25	- <sup>1</sup>	912	23
RWE Westfalen-Weser-Ems Verteilnetz GmbH, Recklinghausen	100	25	- <sup>1</sup>	1,663	3
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr	80	74,690	8,433	106	433
Severočeská plynárenská, a.s., Ústí nad Labem/Czech Republic	100	117,107	20,226	308	380
Severomoravská plynárenská, a.s., Ostrava/Czech Republic	68	190,149	36,655	442	640
Stadtwerke Düren GmbH, Düren	75	27,044	6,312	155	214
Středočeská plynárenská, a.s., Prag/Czech Republic	97	92,267	2,270	258	366
Süwag Energie AG, Frankfurt am Main	78	264,359	44,050	1,501	1,441
Süwag Netz GmbH, Frankfurt am Main	100	25	- <sup>1</sup>	481	13
Thyssengas GmbH, Duisburg	100	179,695	- <sup>1</sup>	101	-
VSE Aktiengesellschaft, Saarbrücken	69	133,212	14,301	327	297
Východočeská plynárenská, a.s., Hradec Králové/Czech Republic	67	121,360	16,373	269	461
Západočeská plynárenská, a.s., Plzen/Czech Republic	100	99,893	24,030	201	343
<b>RWE npower</b>					
RWE Npower Holdings plc, Swindon/UK <sup>2</sup>	100	940,138	216,912	8,925	11,845
<b>Water Division</b>					
American Water Works Company, Inc., Wilmington/Delaware/USA American Water-Group <sup>2,4</sup> with 65 subsidiaries in the US and Canada	100	3,801,662	-117,592	1,601	5,257
<b>Other subsidiaries</b>					
RWE Finance B.V., Hoofddorp/Netherlands	100	10,309	4,214	-	-
RWE Systems Aktiengesellschaft, Dortmund	100	275,775	- <sup>1</sup>	2,009	1,506

1 Profit- and loss-pooling agreement.

2 Figures from the company's financial statements.

3 Converted to full-time positions.

4 Discontinued operation.

<b>II. Companies accounted for using the equity method</b>	Investment in acc. With Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year €'000	Net income/loss of the last fiscal year €'000
<b>RWE Power</b>			
TCP Petcoke Corporation, Dover/Delaware/USA <sup>1</sup>	50	5,649	10,607
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim	40	114,141	6,647
<b>RWE Energy</b>			
AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg	50	62,965	14,436
Cegedel S.A., Luxemburg/Luxembourg <sup>1</sup>	30	488,450	75,286
Dortmunder Energie- und Wasserversorgung GmbH (DEW 21), Dortmund	47	150,437	65,406
EVH GmbH, Halle (Saale)	30	76,736	236
Fővárosi Gázművek Zrt., Budapest/Hungary	50	162,886	20,765
Kärntner Energieholding Beteiligungs-GmbH, Klagenfurt/Austria <sup>1</sup>	49	418,262	31,470
KEW Kommunale Energie- und Wasserversorgung AG, Neunkirchen	29	71,171	8,533
Niederrheinische Versorgung und Verkehr Aktiengesellschaft, Mönchengladbach <sup>1</sup>	50	437,706	32,558
Pfalzwerke Aktiengesellschaft, Ludwigshafen	27	186,256	19,089
Regionalgas Euskirchen GmbH & Co. KG, Euskirchen	43	48,803	9,297
RheinEnergie AG, Cologne	20	564,045	185,358
RWE-Veolia Berlinwasser Beteiligungs AG, Berlin	50	275,854	11,925
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus	33	21,044	6,616
Stadtwerke Duisburg Aktiengesellschaft, Duisburg	20	153,223	26,543
Stadtwerke Essen Aktiengesellschaft, Essen	29	116,557	33,945
Südwestfalen Energie und Wasser AG, Hagen	19	277,865	13,261
TIGÁZ Tiszántúli Gázzszolgáltató Zrt., Hajdúszoboszló/Hungary	44	141,190	-2,854
Východoslovenská energetika, a.s., Košice/Slovakia	49	194,940	61,089
ZOV Zagrebacke Optpadne Vode d.o.o., Zagreb/Croatia	49	81,835	29,863

1 Figures from the company's financial statements.

<b>III. Other Investments</b>	Investment in acc. With Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year €'000	Net income/loss of the last fiscal year €'000
<b>RWE Energy</b>			
Stadtwerke Chemnitz Aktiengesellschaft, Chemnitz	19	255,387	20,967

## Boards and Committees

### Supervisory Board

#### **Dr. Thomas R. Fischer**

Berlin

Chairman

Banker

- Audi AG
- Hapag-Lloyd AG

#### **Frank Bsirske**

Berlin

Deputy Chairman

Chairman of ver.di

Vereinte Dienstleistungsgewerkschaft

- Deutsche Lufthansa AG
- IBM Central Holding GmbH
- KfW – Kreditanstalt für Wiederaufbau

#### **Dr. Paul Achleitner**

Munich

Member of the Board of Management of Allianz SE

- Allianz Deutschland AG
- Allianz Global Investors AG
- Allianz Lebensversicherungs-AG
- Bayer AG
- Allianz Elementar Versicherungs-AG (Chairman)
- Allianz Elementar Lebensversicherungs-AG (Chairman)

#### **Sven Bergelin\***

Berlin

– until August 15, 2007 –

General Manager for Energy at

ver.di Vereinte Dienstleistungsgewerkschaft

- E.ON AG
- E.ON Avacon AG

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

\* Information valid as of the date of retirement from the Supervisory Board.

#### **Werner Bischoff**

Monheim am Rhein

Member of the Main Executive Board of

IG Bergbau, Chemie, Energie

- Continental AG
- Evonik-Degussa GmbH
- RWE Dea AG
- Sanofi-Aventis Deutschland GmbH
- Hoechst GmbH
- RWE Power AG
- BGAG Beteiligungsgesellschaft der Gewerkschaften GmbH
- THS TreuHandStelle für Bergmannswohnstätten im rheinisch-westfälischen Steinkohlenbezirk GmbH

#### **Carl-Ludwig von Boehm-Bezing**

Bad Soden

Former member of the Board of Management of

Deutsche Bank AG

#### **Heinz Büchel**

Trier

Chairman of the General Works Council of

RWE Rhein-Ruhr AG

- RWE Energy AG

#### **Dieter Faust**

Eschweiler

Chairman of the Works Council, Plant Services/

Materials Management of RWE Power AG

#### **Simone Haupt**

Hagen

Chairman of the General Works Council of

RWE Systems AG

### **Heinz-Eberhard Hoil**

Osnabrück

Former Chief Administrative Officer,  
Osnabrück Rural District

- Georgsmarienhütte GmbH
- Georgsmarienhütte Holding GmbH

### **Dr. Gerhard Langemeyer**

Dortmund

Mayor of the City of Dortmund

- Dortmunder Stadtwerke AG (Chairman)
- Gesellschaft für Vermögensverwaltung AG
- KEB Holding AG (Chairman)
- Klinikum Dortmund gGmbH (Chairman)
- Schüchtermann Schiller'sche Kliniken KG
- Sparkasse Dortmund (Chairman)

### **Dagmar Mühlenfeld**

Mülheim an der Ruhr

Mayor of the City of Mülheim an der Ruhr

- Mülheimer Wohnungsbau e.G. (Chairman)
- Beteiligungsholding Mülheim an der Ruhr GmbH
- Flughafen Essen/Mülheim GmbH (Chairman)
- medl GmbH (Chairman)
- Mülheim & Business GmbH (Chairman)
- Ruhrbania Projektentwicklungsgesellschaft mbH (Chairman)
- Ruhrgebiet Tourismus Management GmbH

### **Erich Reichertz**

Mülheim an der Ruhr

Diploma in engineering

- RWE Energy AG

### **Dr. Wolfgang Reiniger**

Essen

Mayor of the City of Essen

- EGZ Entwicklungsgesellschaft Zollverein mbH
- EMG Essen Marketing GmbH Gesellschaft für Stadtwerbung, Touristik und Zentrenmanagement (Chairman)
- Entwicklungsgesellschaft Universitätsviertel Essen mbH (Chairman)
- Essener Wirtschaftsförderungsgesellschaft mbH (Chairman)
- Margarethe Krupp-Stiftung für Wohnungsfürsorge (Chairman)
- Messe Essen GmbH (Chairman)
- Sparkasse Essen (Chairman)

### **Günter Reppien**

Lingen

Chairman of the General Works Council of

RWE Power AG

- RWE Power AG
- Stadtwerke Lingen GmbH

### **Karl-Heinz Römer**

Mülheim an der Ruhr

– since October 2, 2007 –

District General Manager of

ver.di Vereinte Dienstleistungsgewerkschaft

- RWE Energy AG
- RWE Rhein-Ruhr AG
- RWE Westfalen-Weser-Ems AG

### **Dagmar Schmeer**

Saarbrücken

Chairman of the Works Council of VSE AG

- VSE AG

- Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.
- \* Information valid as of the date of retirement from the Supervisory Board.

***Dr. Manfred Schneider***

Leverkusen

Chairman of the Supervisory Board of Bayer AG

- Daimler AG
- Linde AG (Chairman)
- Metro AG
- TUI AG

***Dr.-Ing. Ekkehard D. Schulz***

Krefeld

Chairman of the Executive Board of ThyssenKrupp AG

- AXA Konzern AG
- Bayer AG
- MAN AG
- ThyssenKrupp Services AG (Chairman)
- ThyssenKrupp Steel AG (Chairman)
- ThyssenKrupp Technologies AG (Chairman)

***Uwe Tigges***

Bochum

Chairman of the General Works Council of

RWE Westfalen-Weser-Ems AG

- RWE Energy AG
- RWE Westfalen-Weser-Ems AG

***Prof. Karel Van Miert***

Beersel

Professor, Nyenrode University

- Münchener Rückversicherungs-Gesellschaft AG
- Agfa-Gevaert N.V.
- Anglo American plc
- De Persgroep
- Koninklijke Philips Electronics N.V.
- SIBELCO N.V.
- SOLVAY S.A.
- Vivendi Universal S.A.

- Member of other mandatory supervisory boards.
  - Member of comparable domestic and foreign supervisory bodies of commercial enterprises.
- \* Information valid as of the date of retirement from the Supervisory Board.

## ***Supervisory Board Committees***

### ***Executive Committee of the Supervisory Board***

Dr. Thomas R. Fischer (Chairman)

Frank Bsirske

Dr. Paul Achleitner

Heinz Büchel

Dieter Faust

Simone Haupt

Dagmar Mühlenfeld – since September 20, 2007 -

Dr. Wolfgang Reiniger – until July 5, 2007 -

Dr. Manfred Schneider

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

Dr. Thomas R. Fischer (Chairman)

Frank Bsirske

Werner Bischoff

Dr. Manfred Schneider

### ***Personnel Affairs Committee***

Dr. Thomas R. Fischer (Chairman)

Frank Bsirske

Dr. Paul Achleitner

Heinz-Eberhard Holl

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. Thomas R. Fischer (Chairman)

Dr. Paul Achleitner

Heinz-Eberhard Holl

## Executive Board

### **Dr. Jürgen Großmann**

- since October 1, 2007 -

CEO of RWE AG

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

### **Harry Roels\***

- until September 30, 2007 -

Former CEO of RWE AG

- Deutsche Post AG
- RWE Dea AG (Chairman)
- RWE Energy AG (Chairman)
- RWE Power AG (Chairman)
- RWE Npower Holdings plc (Chairman)
- RWE Trading GmbH (Chairman)

### **Berthold Bonekamp**

Executive Vice-President of RWE AG

- Berlinwasser Holding AG
- RWE Energy AG
- RWE Rhein-Ruhr AG (Chairman)
- RWE Westfalen-Weser-Ems AG (Chairman)
- Berliner Wasserbetriebe AöR
- RWE Npower Holdings plc
- VSE a. s.

### **Alwin Fitting**

Executive Vice-President of RWE AG

- RWE Energy AG
- RWE Pensionsfonds AG
- RWE Systems AG (Chairman)
- European School of Management and Technology GmbH

### **Dr. Ulrich Jobs**

- since April 1, 2007 -

Executive Vice-President of RWE AG

- Deutsche Steinkohle Aktiengesellschaft
- RAG AG
- RheinEnergie AG
- RWE Dea AG
- RWE Energy AG (Chairman)
- RWE Power AG (Chairman)
- RWE Npower Holdings plc (Chairman)
- RWE Trading GmbH (Chairman)

### **Dr. Rolf Pohlig**

Executive Vice-President of RWE AG

- RWE Energy AG
- RWE Pensionsfonds AG (Chairman)
- RWE Power AG
- American Water plc
- RWE Npower Holdings plc
- RWE Rhenas Versicherungsvermittlung GmbH (Chairman)

### **Dr. Klaus Sturany\***

- until April 30, 2007 -

Former Executive Vice-President of RWE AG

- Bayer AG
- Commerzbank AG
- Hannover Rückversicherung AG
- Heidelberger Druckmaschinen AG
- Österreichische Industrieholding AG

### **Jan Zilius\***

- until April 30, 2007 -

Former Executive Vice-President of RWE AG

- RAG AG
- RAG Beteiligungs-AG

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

\* Information valid as of the date of retirement from the Supervisory Board.

## **Economic Advisory Board**

### ***Prof. Dr. Dr. Theodor Baums***

Frankfurt am Main  
Member of the Executive Committee of Deutsche  
Schutzvereinigung für Wertpapierbesitz e.V.

### ***Jürgen Dormann***

Glattbrugg  
- until October 31, 2007 -  
Chairman of the Administrative Council of  
Adecco management & consulting S. A.

### ***Dr. Michael Frenzel***

Hanover  
Chairman of the Executive Board of TUI AG

### ***Dr. Jürgen Großmann***

- until September 30, 2007 -

### ***Dr. Dietmar Kuhnt***

Essen  
Former CEO of RWE AG

### ***Prof. Dr. Hubert Markl***

Constance  
Former President of Max-Planck-Gesellschaft

### ***Wolfgang Mayrhuber***

Frankfurt am Main  
CEO of Deutsche Lufthansa AG

### ***Dr. Thomas Middelhoff***

Essen  
Chairman of the Management Board of Arcandor AG

### ***Klaus-Peter Müller***

Frankfurt am Main  
Chairman of the Board of Managing Directors  
of Commerzbank AG

### ***Dr. Udo Oels***

Odenthal  
- until September 30, 2007 -  
Former Executive Vice-President of Bayer AG

### ***Dr. Heinrich von Pierer***

Munich

### ***Dr. Bernd Pischetsrieder***

Wolfsburg  
- until September 30, 2007 -  
Volkswagen AG

### ***Klaus Schneider***

Munich  
Chairman of Schutzgemeinschaft der Kapitalanleger e.V.

### ***Prof. Dr. Jürgen Strube***

Ludwigshafen  
Chairman of the Supervisory Board of  
BASF Aktiengesellschaft

### ***Dr. Alfons Friedrich Titzrath***

Cologne  
- until May 15, 2007 -  
Former Chairman of the Supervisory Board of  
Dresdner Bank AG

### ***Anton Werhahn***

Neuss  
Business executive

## Imprint

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Phone 0180 1 451280 (callers in Germany)  
Phone +49 180 1 451280 (callers outside Germany, excluding the USA)  
Phone +11 49 180 1 451280 (from the USA)

This is a translation of the German financial statements. In case of divergence from the German version, the German version shall prevail.

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# > Financial Calendar 2008/2009<sup>1</sup>

- 04/17/2008** Annual General Meeting
- 04/18/2008** Ex-dividend date
- 05/15/2008** Interim report for the first quarter of 2008  
with analyst conference call
- 08/14/2008** Interim report for the first half of 2008
  - Press conference
  - Analyst conference
- 11/11/2008** Interim report for the first three quarters of 2008  
with analyst conference call
- 02/26/2009** Annual report for fiscal 2008
  - Press conference
  - Analyst conference
- 04/22/2009** Annual General Meeting
- 04/23/2009** Ex-dividend date
- 05/14/2009** Interim report for the first quarter of 2009  
with analyst conference call
- 08/13/2009** Interim report for the first half of 2009
  - Press conference
  - Analyst conference
- 11/12/2009** Interim report for the first three quarters of 2009  
with analyst conference call

<sup>1</sup> All events will be broadcast live on the Internet and can thus be followed by the public at large, investors and analysts simultaneously. We will keep the recordings on our website for at least twelve months.

07 23.0

49 17.6

61 7.0

06 5.3

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