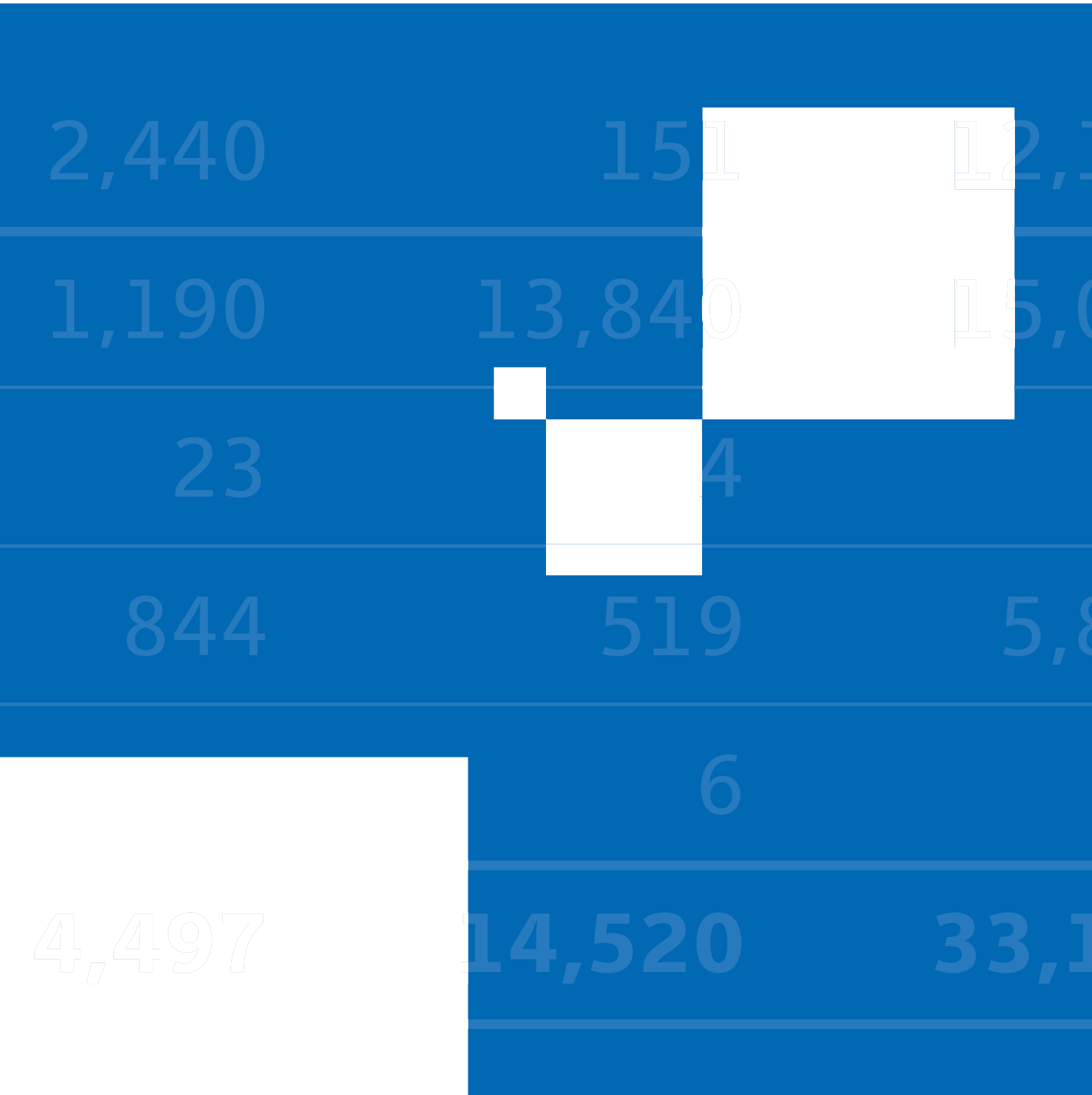


Financial Statements 2006 of RWE AG



Financial Statements of RWE AG

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The financial statements and review of operations of RWE AG for the 2006 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 18 to 92.

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.

Balance Sheet at December 31, 2006

Assets € million	Note	12/31/06	12/31/05
Non-current assets	(1)		
Financial assets		32,899	43,155
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		7,134	6,620
Other assets		800	316
Marketable securities	(3)	7,039	1,503
Cash and cash equivalents	(4)	1,501	597
		16,474	9,036
Prepaid expenses	(5)	61	89
		49,434	52,280
<hr/>			
Equity and liabilities € million	Note	12/31/06	12/31/05
Equity	(6)		
Subscribed capital			
Common shares		1,340	1,340
Preferred shares		100	100
(contingent capital: €51 million)		1,440	1,440
Capital reserve		1,288	1,288
Retained earnings		2,728	2,283
Distributable profit		1,968	984
		7,424	5,995
Provisions	(7)		
Provisions for pensions and similar obligations		7,170	5,704
Provisions for taxes		2,084	1,728
Other provisions		1,214	1,133
		10,468	8,565
Liabilities	(8)		
Bonds		1,806	2,069
Bank debt		438	1,170
Trade accounts payable		56	7
Accounts payable to affiliated companies		28,563	30,901
Other liabilities		590	3,473
		31,453	37,620
Deferred income	(9)	89	100
		49,434	52,280

Income Statement for the period from January 1, 2006 to December 31, 2006

€ million	Note	2006	2005
Net income from financial assets	(12)	4,279	3,209
Net interest	(13)	-1,457	-1,301
Other operating income	(14)	1,718	1,523
Staff costs	(15)	-138	-139
Other operating expenses	(16)	-1,752	-1,107
Profit from ordinary activities		2,650	2,185
Taxes on income	(17)	-237	-327
Net profit		2,413	1,858
Profit carried forward from the previous year		□	□
Transfer to retained earnings		-445	-874
Distributable profit		1,968	984

□ Negligible amount.

Notes at December 31, 2006

Roll-Forward of Non-Current Assets	Cost			Accumulated depreciation		Carrying amounts		Depreciation for the reporting period
	Balance at 12/31/2005	Additions	Disposals	Balance at 12/31/2006	Balance at 12/31/2006	Balance at 12/31/2005	Balance at 12/31/2006	
€ million								
Financial assets								
Shares in affiliated companies	9,901	2,440	151	12,190	241	9,888	11,949	228
Loans to affiliated companies	27,656	1,190	13,840	15,006		27,656	15,006	
Investments	60	23	4	79	3	60	76	3
Long-term securities	5,549	844	519	5,874	8	5,549	5,866	8
Other loans	2			2		2	2	
	43,168	4,497	14,514	33,151	252	43,155	32,899	239

- [Income Statement](#)
- [Notes](#)
- [Basis of presentation](#)
- [Accounting policies](#)

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 ex-

plained 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 2006 financial year is provided on page 4. The following is an overview of material changes in the fiscal year:

The carrying amount of Scaris Investment Ltd., Valetta/Malta, increased by a total of €2,281 million as a result of the inclusion of outstanding loans vis-à-vis RWE Npower plc., Swindon/UK, and four additional capital increases.

As per its resolution of April 12, 2006, the Annual General Meeting of GfV Gesellschaft für Vermögensverwaltung AG, Dortmund, (formerly known as Harpen AG) approved the spin-out and takeover agreements for the spin-out of the Distributed Power Generation Division into RWE Key Account Contracting GmbH, Essen, and of the Renewable Energy Division to RWE Power AG, Essen. Pursuant to the contribu-

tion and transfer agreement dated May 24, 2006, RWE AG contributed the resulting stake in RWE Key Account Contracting GmbH, Essen, to RWE Energy AG, Dortmund, through a non-cash contribution. This transaction had an effect of €151 million and €142 million on additions and disposals relating to shares in affiliated companies, respectively.

The decrease in loans to affiliated companies is affected by the sale of Thames Water, which was completed in the fiscal year, and primarily relates to the repayment of loans by Thames Water Aqua Holdings GmbH, Essen, and the RWE Thames Water Division. Further repayments relate to the RWE npower Division.

Long-term securities nearly exclusively include special funds. Additions consist of purchases of additional securities and the reinvestment of distributions.

(2) Accounts receivable and other assets

€ million	12/31/2006	Thereof RT ¹ > 1 y.	12/31/2005	Thereof RT ¹ > 1 y.
Accounts receivable from affiliated companies	7,134	1,002	6,620	36
Other assets	800	624	316	156
	7,934	1,626	6,936	192

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. In the fiscal year, this led to tax proceeds of €0.6 billion. 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 pay-

ments 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, notes payable as well as option premiums are disclosed.

(3) Marketable securities

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

In the 2006 fiscal year, RWE bought 447,139 RWE common shares on the capital market at an average purchase price of €77.23 per individual share certificate. They account for €1,221,475.84 of the corporation's share capital (0.1% of the subscribed capital). Employees of RWE AG and its affiliated companies received a total of 460,844 common shares at an average price of €52.81 per individual share certificate within the scope of capital formation and 16,295 common shares at

an average price of €49.79 on the occasion of service anniversaries. Aggregate proceeds amounted to €25,148,499.69 million. 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	12/31/2006	12/31/2005
Discount	50	77
Other	11	12
	61	89

Other prepaid expenses predominantly consist of accrued prepayment of rent.

(6) Equity

Changes in equity € million	Balance at 12/31/2005	Dividend payments	Net profit	Balance at 12/31/2006
Subscribed capital	1,440			1,440
Capital reserve	1,288			1,288
Retained earnings				
Other retained earnings	2,283		445	2,728
Distributable profit	984	-984	1,968	1,968
	5,995	-984	2,413	7,424

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

Common shares: 523,405,000 non-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 non-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.

Contingent capital in the amount of €51,200,000.00 is available to offer subscription rights for common shares in the name of the bearer. Subscription rights were granted to members of the Executive Board and to other executives of RWE AG and subordinate affiliated companies.

Pursuant to the resolution passed by the Annual General Meeting on April 13, 2006, the Executive Board was authorized to purchase shares of any class in RWE until October 12, 2007, totalling up to 10% of the company's share capital.

In the year under review, the groupwide share-based payment systems for executives of RWE AG and subordinate affiliated companies consisted of the following: the Executive Stock Option Plan (AOP-F), the Long-Term Incentive Plan (LTIP) and the new long-term incentive plan '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.

	AOP-F ¹	LTIP ²		
	2001A Tranche	2002 Tranche	2003 Tranche	2004 Tranche
Grant date	08/02/01	09/20/02	07/01/03	05/25/04
Number of options granted	5,262,300	5,950,350	6,677,450	9,192,800
Term	5 years	5 years	5 years	5 years
Vesting conditions	<p>Three-year waiting period, the quoted market price of the common share—calculated on the basis of the total shareholder return approach—must increase prior to the exercise date by at least 6% annually on average and may not trail the Dow Jones STOXX share index by more than ten percentage points over the same period.</p> <p>Four-week exercise periods, starting on the 21st trading day following the publication of the revenue and earnings figures for the completed fiscal year and of the semi-annual results.</p>	<p>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.</p>		
Exercise price	The exercise price equals the quoted market price of the common share on the first trading day after expiry of the relevant exercise period, minus a performance-related markdown. The markdown is limited to 40 percentage points.	€ 34.24	€ 26.37	€ 35.45
Form of settlement	Shares from contingent capital, existing common shares or cash settlement amounting to the difference between the share price upon exercise and the exercise price (at the discretion of RWE AG)	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 Executive Stock Option Plan.

2 Long-Term Incentive Plan.

	Beat	
	Tranche 2005	Tranche 2006
Grant date	01/01/05	01/01/06
Number of conditionally granted performance shares	2,551,800	2,444,191
Term	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"> 1. Determination of the index weighting of the peer group companies which exhibit a lower TSR than RWE at the end of the term 2. Performance factor is calculated by squaring this percentage rate and multiplying it by 1.25 3. Total number of performance shares which can be paid out is calculated by multiplying the performance shares conditionally granted by the performance factor 4. Payment corresponds to the final number of performance shares valued at the average RWE share price during the last 20 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 tranche and the 2005 tranche, respectively) 	
Change in corporate control/merger	<ul style="list-style-type: none"> ▪ 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. ▪ In the event of 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 ratio between the total waiting period and the waiting period until the merger takes place. 	
Form of settlement	Cash settlement	

Executive Stock Option Plan (AOP-F). The following changes in the number of outstanding AOP-F options occurred in the year under review:

AOP-F	2001A tranche
Outstanding at the start of the fiscal year	14,500
Forfeited	-4,500
Exercised	-10,000
Outstanding at the end of the fiscal year	0
Exercisable at the end of the fiscal year	0

The weighted average share price as of the exercise date was €71.82 for the options from AOP-F exercised in the year under review.

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	7,900	201,900	9,062,100
Forfeited	-4,000	-31,000	-176,207
Exercised	-2,700	-146,700	-8,769,043
Outstanding at the end of the fiscal year	1,200	24,200	116,850
Exercisable at the end of the fiscal year	1,200	24,200	116,850

The average weighted share price as of the exercise date amounted to €64.87 for the options from LTIP exercised fiscal 2006. The exercise prices of the outstanding LTIP options as of the balance-sheet date ranged from €26.37 to €35.45. The weighted average remaining contractual term amounted to 2.4 years.

Beat. The fair value of the performance shares (PS) conditionally granted in the Beat programme amounted to €17.48 per share for the 2006 tranche and to €18.62 per share for the 2006 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:

Beat	2005 tranche	2006 tranche
Outstanding at the start of the fiscal year	2,551,300	0
Granted	0	2,444,191
Forfeited	-263,414	-15,036
Outstanding at the end of the fiscal year	2,287,886	2,429,155
Exercisable at the end of the fiscal year	0	0

The remaining contractual term amounted to one year for the 2005 tranche and two years for the 2006 tranche.

(7) Provisions

€ million	12/31/2006	12/31/2005
Provisions for pensions and similar obligations	7,170	5,704
Provisions for taxes	2,084	1,728
Other provisions	1,214	1,133
	10,468	8,565

Disclosed provisions for pensions also include benefits payable to current and former employees of RWE Energy AG, 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.

In fiscal 2006, provisions for pensions were determined on the basis of an imputed interest rate that was reduced from 6% to 5%.

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	12/31/2006	Thereof RT ¹ < 1 y.	Thereof RT ¹ > 1 y.	12/31/2005	Thereof RT ¹ < 1 y.
Bonds	1,806	663	850	2,069	
of which convertible					
Bank debt	438	234	148	1,170	945
Trade accounts payable	56	56		7	7
Accounts payable to affiliated companies	28,563	3,769	13,683	30,901	1,624
Other liabilities	590	5	106	3,473	3,291
of which tax	(70)	(70)		(48)	(48)
of which social security	(7)	(4)	(1)	(9)	(2)
	31,453	4,727	14,787	37,620	5,867

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 liquid funds raised on the money market as part of a commercial paper programme, interest accruals and option premiums received.

(9) Deferred income

This item exclusively relates to accrued interest equalization payments.

current business conducted by affiliated companies. One guarantee has not been recorded in figures.

(10) Contingent liabilities & other financial obligations

Contingent liabilities include liabilities from guarantees and warranty agreements.

Furthermore, the warranty agreements reflect €358 million in warranties granted to third parties by affiliated companies.

Guarantees are performance and warranty guarantees totalling €257 million, €199 million of which are from

The following payment guarantees to the creditors of the bonds of RWE Finance B. V., Zwolle, 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.	€1.357 million	5.5	October 2007
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.	€2.200 million	6.125	October 2012
RWE Finance B.V.	£ 750 million	6.375	June 2013
RWE Finance B.V.	€650 million	4.625	July 2014
RWE Finance B.V.	€850 million	6.25	April 2016
RWE Finance B.V.	€1.200 million	5.125	July 2018
RWE Finance B.V.	£ 650 million	6.5	April 2021
RWE Finance B.V.	£ 600 million	5.625	December 2023
RWE Finance B.V.	£ 950 million	6.25	June 2030

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

damages. RWE AG has a 25.879% (25.851% from January 1, 2007 onwards) contractual share in the liability, plus 5% for damage settlement costs.

Additionally, there are joint and several liabilities from the transfer of pension obligations to eight affiliated companies in the amount of €34 million and to an investment of an affiliate in the amount of €11 million.

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.

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

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.

In the year under review, the EU Commission conducted several follow-up sector inquiries targeting energy utilities in Germany and other European Union member states. The measures were founded on initial suspicion of anti-competitive arrangements and abuse of market power. The EU Commission has not brought charges against RWE in this regard thus far. However, due to the protracted debate surrounding the future of Europe's energy industry, we expect the EU Commission to continue to investigate companies in countries including Germany in this respect and seek to file antitrust suits.

On December 18, 2006, the German Federal Cartel Office served a notice on RWE AG within the scope of the "CO₂ Emissions Trading and Electricity Price Formation" antitrust abuse proceedings that have been underway since August 2005. The Federal Cartel Office deems the formation of prices charged to industrial customers (excluding small commercial customers) for base-load power and general sup-

ply by RWE AG and its affiliated companies in the bilateral sales business in the 2005 calendar year abusive since the prices include more than 25% of the prorated market value of the CO₂ certificates allocated free of charge. It is to be expected that the Cartel Office will hand down a ruling on this basis in the first half of 2007.

RWE is convinced that it has a good case in these anti-trust suits and will defend itself with resolve. Given the current assessment of the legal situation, there was no need to accrue provisions for risks arising from the anti-trust suits as of December 31, 2006.

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.

€7 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 €208 million as of December 31, 2006. €137 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 €20.5 billion as of the balance-sheet date.

Offsetting derivatives with a nominal volume of €12.2 billion have been concluded with group companies.

The following overview shows our derivative financial instruments as of December 31, 2006:

€ 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	3,911	7,059	932	2,060	-65	142
Interest rate currency swaps	12,254	4,804	2,166	634	21	-41
	16,165	11,863	3,098	2,694	-44	101
Interest rate derivatives	4,355	290	3,729	290	18	-1
Options	13	13			-51	51
Total	20,533	12,166	6,827	2,984	-77	151

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, notes payable and commercial papers.

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. Some of them were passed on to group companies congruently.

Offsetting options were concluded with a wholly-owned subsidiary holding underlying shares for the option rights to shares of HDM included in the exchangeable bonds. Additional associated options were passed on internally with an offsetting effect, too. At RWE AG, external and internal options form a valuation unit. The carrying amounts of the other assets and other liabilities each total €46 million.

Changes in the market value of derivatives are offset by corresponding offsetting changes in the market value of existing underlying transactions. €53 million in provisions to cover possible losses from negative market values of finan-

cial instruments were accrued for 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 top-notch credit ratings.

Notes to the Income Statement

(12) Net income from financial assets

€ million	2006	2005
Income from profit and loss transfer agreements with affiliated companies	2,734	2,511
Income from investments in		
affiliated companies	1,070	5
other companies	1	7
	1,071	12
Expenses from profit and loss transfer agreements with affiliated companies	-302	-704
Income from other securities and loans held as financial assets	1,040	1,412
from affiliated companies	(835)	(986)
Amortization of financial assets and current securities	-264	-22
	4,279	3,209

Income from profit and loss transfer agreements includes the following net transfers:

€ million	2006	2005
Thames Water Aqua Holdings GmbH	1,251	
RWE Dea AG	523	100
RWE Trading GmbH	415	
RWE Power AG	225	1,167
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH	157	132
RWE Energy AG	98	981
GBV Fünfte Gesellschaft für Beteiligungsverwaltung mbH	62	
RWE Solutions AG		108
RWE Systems AG		20
Other	3	3
	2,734	2,511

Expenses from profit and loss transfer agreements relate to the following companies:

€ million	2006	2005
RWE Solutions AG	-152	
RWE Systems AG	-150	
RWE Trading GmbH		-612
Thames Water Aqua Holdings GmbH		-79
GBV Fünfte Gesellschaft für Beteiligungsverwaltung mbH		-13
	-302	-704

The amortization of financial assets and current securities largely relates to two affiliated companies in connection with the focus on the core business.

(13) Net interest

€ million	2006	2005
Other interest and similar income	554	695
of which from affiliated companies	(223)	(182)
Interest and similar expenses	-2.011	-1.996
of which from affiliated companies	(-1.403)	(-1.380)
	-1.457	-1.301

(14) Other operating income

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

financial derivatives and the use and release of investment risk provisions.

(15) Staff costs

€ million	2006	2005
Wages and salaries	-72	-117
Cost of social security, pensions and other benefits	-66	-22
of which for pensions	(-61)	(-17)
	-138	-139
<hr/>		
Annual average full time equivalents	2006	2005
Salaried staff	360	354
of which part-time and fixed-term employees	(40)	(42)
Apprentices	10	9
	370	363

(16) Other operating expenses

Other operating expenses primarily concern expenses associated with financial derivatives and 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 26 to 30.

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 €9,471,000 in short-term compensation components in fiscal 2006. In addition to this, long-term compensation components from the 2006

tranche of the Beat programme amounting to €6,667,000 were allocated (381,406 performance shares). Total compensation of the Executive Board for fiscal 2006 thus amounts to €16,138,000. This sum does not include €18,827,000 in stock appreciation rights granted in 2004 and paid out in 2006. The fixed remuneration paid to members of the Supervisory Board was €1,195,000, and the variable remuneration amounted to €2,286,000.

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 €9,881,000. Long-term incentive components totalled €2,787,000. €80,854,000 in provisions have been made to cover pension obligations to former members of the Executive Board and their surviving dependants.

The Economic Advisory Board received €363,000.

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) and 381,406 performance shares from the 2006 tranche. The long-term incentive plan is described in detail in the section on equity.

On January 19, 2006, Vereinigung ehemaliger kommunaler Aktionäre der VEW GmbH, Dortmund, informed us in accordance with Secs. 21, 22 and 41 of the German Securities Trading Act (WpHG) in their name as well as in the name and on behalf of the legal entities mentioned in the communication that, on January 12, 2006, the voting stock in RWE AG held by the legal entities mentioned in the communication had fallen below 5%, 10% and 25%, respectively, and that these held the share of voting stock in RWE AG stated in the communication.

The aforementioned association informed us correctively on the same date in the name of and by order of KEB Holding AG, Dortmund, that, on May 6, 2004, Kommunale Energie-Beteiligungsgesellschaft mit beschränkter Haftung had been folded into KEB Holding AG as assuming legal entity and that, in consequence, it no longer had a right to voting stock in RWE AG.

On January 19, 2006, Verband der kommunalen RWE-Aktionäre GmbH, Essen, informed us in accordance with Secs. 21, 22 and 41 of the German Securities Trading Act (WpHG) in their name as well as on behalf of the legal entities mentioned in the communication that, on January 12, 2006, the voting stock in RWE AG held by the legal entities mentioned in the communication had fallen below 5% and 10%, respectively, and that these held the share of voting stock in RWE AG stated in the communication.

On January 25, 2006, RW Holding AG, Düsseldorf, informed us in accordance with Secs. 21, 22 and 24 of the German Securities Trading Act (WpHG) that its share had fallen below 5% and 10% and that it no longer had a right to voting stock in RWE AG.

The aforementioned communications in accordance with Sec. 25 of the German Securities Trading Act (WpHG) were published in the Börsen-Zeitung (stock exchange journal) on January 28, 2006.

On February 9, 2006, RW Holding AG, Düsseldorf, informed us correctively in accordance with Secs. 21, 22 and 24 of the German Securities Trading Act (WpHG) that, on the basis of a previous allocation of voting rights in accordance with Sec. 22 of the German Securities Trading Act (WpHG), on January 12, 2006, its share of voting stock had fallen below 5% and 10% and that it now holds a 0.001% stake in RWE AG. These communications in accordance with Sec. 25 of the German Securities Trading Act (WpHG) were published in the Börsen-Zeitung (stock exchange journal) on February 17, 2006.

The following fees were recognized as expenses for the services rendered in fiscal 2006 by the auditor of the financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

€ million	2006
Audit services	0.4
Other assurance and valuation services	0.4
Tax services	0.2
	1.0

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, insofar as these are directly borne by RWE AG. Fees for other assurance and valuation services related principally to consulting services relating to, and the audit of, the implementation of group-wide accounting principles and ongoing or planned transactions as well as to the audit of the sustainability report. 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. Fees for tax services as of October 31, 2006 mainly include fees for consulting services rendered to expatriate employees.

Dividend proposal

Distributable profit developed as follows:

Net profit	€2,413,027,179.76
Profit carried forward from the previous year	€71,077.47
Transfer to retained earnings	€444,600,000.00
Distributable profit	€1,968,498,257.23

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2006 be appropriated as follows:

Distribution of a dividend of €3.50 per individual share certificate on the dividend-bearing

capital stock of €1.439.756.800,00	€1,968,417,500.00
Profit carryforward	€80,757.23
Distributable profit	€1,968,498,257.23

Essen, February 12, 2007

The Executive Board

Roels

Bonekamp

Fitting

Pohlig

Sturany

Zilius

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 combined review of operations of the RWE Aktiengesellschaft, Essen, for the business year from January 1, to December 31, 2006. The maintenance of the books and records and the preparation of the annual financial statements and review of operations in accordance with German commercial law and supplementary provisions in the articles of incorporation are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined review of operations based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 review of operations are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial

statements and the review of operations 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 Executive Board, as well as evaluating the overall presentation of the annual financial statements and combined review of operations. 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 review of operations 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 13, 2007

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

M. Wiegand
Wirtschaftsprüfer
(German Certified
Public Auditor)

Dr. N. Schwieters
Wirtschaftsprüfer
(German Certified
Public Auditor)

Material Investments as of December 31, 2006

I. Affiliated companies	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	External revenue 2006 €million	Employees ² 2006 average
RWE Aktiengesellschaft, Essen		7,423,562	2,413,027	-	360
RWE Power					
RWE Power Aktiengesellschaft, Cologne and Essen	100	2,171,058	- ¹	7,243	12,909
GfV Gesellschaft für Vermögensverwaltung AG, Dortmund	100	109,390	58,290	-	41
Kernkraftwerke Lippe-Ems GmbH, Lingen (Ems)	99	165,545	- ¹	378	299
Kernkraftwerk Gundremmingen GmbH, Gundremmingen	75	84,762	8,343	225	701
Mátra Erőmű Zártkörűen Működő Rt. (MÁTRA), Visonta/Hungary	51	184,619	36,264	227	2,454
Rheinbraun Brennstoff GmbH, Cologne	100	63,294	- ¹	567	155
RWE Dea AG, Hamburg	100	1,323,905	- ¹	1,190	743
RWE Dea Norge AS, Oslo/Norway	100	95,013	-13,654	212	63
RWE Dea Suez GmbH, Hamburg	100	87,226	- ¹	172	92
RWE Trading GmbH, Essen	100	51,100	- ¹	12,091	502
RWE Energy					
RWE Energy Aktiengesellschaft, Dortmund	100	1,022,905	- ¹	8,057	509
Budapesti Elektromos Művek Nyrt. (ELMÜ), Budapest/Hungary	55	343,915	58,648	814	1,856
Emscher Lippe Energie GmbH, Gelsenkirchen	79	87,626	11,456	485	651
Energis GmbH, Saarbrücken	66	134,779	20,592	312	338
envia Mitteldeutsche Energie AG, Chemnitz	64	888,772	72,145	2,337	2,201
envia Netzservice GmbH, Chemnitz	100	4,045	- ¹	365	7
envia Verteilnetz GmbH, Halle	100	24	- ¹	1,538	4
Észak-magyarországi Áramszolgáltató Nyrt. (ÉMÁSZ), Miskolc/Hungary	54	155,864	16,875	336	1,063
EWV Energie- und Wasser-Versorgung GmbH, Stolberg	54	36,204	11,007	322	374
Jihomoravská plynárenská, a.s., Brno/Czech Republic	50	209,535	34,274	639	1,004
Koblenzer Elektrizitätswerk und Verkehrs-Aktiengesellschaft, Koblenz	58	87,329	18,743	389	539
Lechwerke Aktiengesellschaft, Augsburg	90	226,773	66,900	925	1,166
LEW Verteilnetz GmbH, Augsburg	100	25	- ¹	497	3
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle	60	120,174	26,388	690	290
rhenag Rheinische Energie Aktiengesellschaft, Cologne	100	114,242	- ¹	296	330
RWE Energy Beteiligungsgesellschaft mbH, Dortmund	100	2,644,409	- ¹	-	-
RWE Energy Nederland N.V., Hoofddorp/Netherlands	100	357,310	23,698	842	107
RWE Gas International B.V., Hoofddorp/Netherlands	100	4,464,084	305,042	-	-
RWE Key Account GmbH, Essen	100	25	- ¹	1,761	87
RWE Kundenservice GmbH, Bochum	100	25	- ¹	310	14
RWE Obragas N.V., Helmond/Netherlands	100	94,111	16,074	328	136

¹ Profit- and loss-pooling agreement.

² Converted to full-time positions.

I. Affiliated companies	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	External revenue 2006 €million	Employees ³ 2006 average
RWE Energy					
RWE Rhein-Ruhr Aktiengesellschaft, Essen	100	238,405	- ¹	5,694	4,773
RWE Rhein-Ruhr Netzservice GmbH, Siegen	100	25	- ¹	984	31
RWE Rhein-Ruhr Verteilnetz GmbH, Wesel	100	25	- ¹	2313	6
RWE Solutions Aktiengesellschaft, Alzenau	100	186,856	- ¹	-	36
RWE Transgas, a.s., Prague/Czech Republic	100	3,022,606	289,743	2,781	306
RWE Transportnetz Gas GmbH, Essen	100	55	- ¹	274	66
RWE Transportnetz Strom GmbH, Dortmund	100	613,025	- ¹	4,582	365
RWE Westfalen-Weser-Ems Aktiengesellschaft, Dortmund	80	283,185	- ¹	5,140	2,662
RWE Westfalen-Weser-Ems Netzservice GmbH, Dortmund	100	25	- ¹	1,125	24
RWE Westfalen-Weser-Ems Verteilnetz GmbH, Recklinghausen	100	25	- ¹	1607	4
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr	80	63,238	10,019	109	458
Severočeská plynárenská, a.s., Ústí nad Labem/Czech Republic	100	110,771	18,974	355	414
Severomoravská plynárenská, a.s., Ostrava/Czech Republic	68	172,091	25,438	498	705
Stadtwerke Düren GmbH, Düren	75	27,224	6,493	153	215
STOEN S.A., Warsaw/Poland	99	197,209	32,882	474	1,310
Stredočeská plynárenská, a.s., Prag/Czech Republic	97	97,308	16,442	300	404
Süwag Energie AG, Frankfurt am Main	78	268,309	48,000	1,513	1,471
Süwag Netz GmbH, Frankfurt am Main	100	25	- ¹	505	10
Thyssengas GmbH, Duisburg	100	179,695	- ¹	97	-
VSE Aktiengesellschaft, Saarbrücken	69	133,247	14,366	285	297
Východočeská plynárenská, a.s., Hradec Králové/Czech Republic	67	111,545	10,213	280	508
Západočeská plynárenská, a.s., Plzen/Czech Republic	98	65,022	7,524	216	367
RWE npower					
RWE Npower Holdings plc, Swindon/UK ²	100	718,739	-79,351	8,493	11,066
Water Division					
Thames Water Aqua US Holdings, Inc., Wilmington/Delaware/USA; American Water Group ² with 72 subsidiaries in the US and Canada	100	3,453,897	-263,140	1,702	6,914
Other subsidiaries					
RWE Finance B.V., Zwolle/Netherlands	100	10,345	2,251	-	-
RWE Systems Aktiengesellschaft, Dortmund	100	150,507	- ¹	1,988	1,461

¹ Profit- and loss-pooling agreement.

² Figures from the company's financial statements.

³ Converted to full-time positions.

II. Companies accounted for using the equity method	Investment in acc. with Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year €'000	Net income/loss of the last fiscal year €'000
RWE Power			
TCP Petcoke Corporation, Dover/Delaware/USA ¹	50	8,869	10,934
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim	40	114,141	6,647
RWE Energy			
AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg	50	94,481	10,796
Cegedel S.A., Luxembourg/Luxembourg ¹	30	328,915	53,396
Dortmunder Energie- und Wasserversorgung GmbH, Dortmund	47	150,437	61,815
EVH GmbH, Halle (Saale)	30	76,736	12,927
Fővárosi Gázművek Zrt., Budapest/Hungary	50	143,414	17,557
Kärntner Energieholding Beteiligungs-GmbH, Klagenfurt/Austria ¹	49	403,807	36,466
Kommunale Energie- und Wasserversorgung Neunkirchen AG, Neunkirchen	29	71,478	8,840
Niederrheinische Versorgung und Verkehr AG, Mönchengladbach ¹	50	435,635	39,569
Pfalzwerke Aktiengesellschaft, Ludwigshafen	27	182,843	17,176
Regionalgas Euskirchen GmbH & Co. KG, Euskirchen	43	48,006	11,399
RheinEnergie AG, Cologne	20	564,045	166,833
RWE-Veolia Berlinwasser Beteiligungs AG, Berlin	50	263,928	11,477
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus	33	20,628	6,206
Stadtwerke Duisburg AG, Duisburg	20	152,223	26,280
Stadtwerke Essen AG, Essen	29	116,557	17,608
TIGÁZ Tiszántúli Gázszolgáltató Zrt., Hajdúszoboszló/Hungary	44	148,729	12,428
Východoslovenská energetika, a.s. (VSE), Košice/Slovakia	49	163,907	43,303
ZOV Zagrebacke Optpadne Vode d.o.o., Zagreb/Croatia	49	52,490	21,351

¹ Figures from the company's financial statements.

III. Other Investments	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
RWE Energy			
Stadtwerke Chemnitz AG, Chemnitz	19	255,562	17,635
Others			
RAG Aktiengesellschaft, Essen ¹	30	4,576,600	273,400

¹ Figures from the company's financial statements.

Supervisory Board

Dr. Thomas R. Fischer

Düsseldorf

Chairman

Chairman of the Board of Management of WestLB AG

- Audi AG
- AXA Konzern AG
- Hapag-Lloyd AG
- Weberbank Actiengesellschaft (Chairman)
- DekaBank Deutsche Girozentrale
- Deutscher Sparkassen Verlag GmbH
- KfW – Kreditanstalt für Wiederaufbau
- Landwirtschaftliche Rentenbank

Frank Bsirske

Berlin

Deputy Chairman

Chairman of ver.di

Vereinte Dienstleistungsgewerkschaft

- Deutsche Lufthansa AG
- IBM Central Holding GmbH

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

– since April 13, 2006 –

Trade Union Secretary of ver.di

Vereinte Dienstleistungsgewerkschaft

Werner Bischoff

Monheim am Rhein

– since April 13, 2006 –

Member of the Main Executive Board of IG Bergbau, Chemie, Energie

- CHEMIE Pensionsfonds AG
- Continental AG
- Degussa 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

– since April 13, 2006 –

Chairman of the General Works Council of RWE Rhein-Ruhr AG

- RWE Energy AG

Wilfried Donisch*

Mülheim an der Ruhr

– until August 8, 2006 –

Chairman of the General Works Council of SAG GmbH

- RWE Energy AG
- RWE Solutions 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 Holl

Osnabrück
Former Chief Administrative Officer,
Osnabrück Rural District

- Georgsmarienhütte GmbH
- Georgsmarienhütte Holding GmbH

Berthold Huber*

Oberursel
– until April 13, 2006 –
Trade Union Secretary of IG Metall

- Audi AG
- Siemens AG

Dr. Dietmar Kuhnt*

Essen
– until April 13, 2006 –
Former CEO of RWE AG

- Allianz Versicherungs-AG
- Dresdner Bank AG
- GEA Group AG
- Hapag-Lloyd AG
- HOCHTIEF AG
- TUI AG
- Société Electrique de l'Our S.A.

Dr. Gerhard Langemeyer

Dortmund
Mayor of the City of Dortmund

- Dortmunder Stadtwerke AG (Chairman)
- Harpen 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
– since April 13, 2006 –
M.A. 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

- 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.

Bernhard von Rothkirch*

Frechen
 – until April 13, 2006 –
 M.A. in mining engineering

Dagmar Schmeer

Saarbrücken
 – since August 9, 2006 –
 Chairman of the Works Council of VSE AG

- VSE AG

Dr. Manfred Schneider

Leverkusen
 Chairman of the Supervisory Board of Bayer AG

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

Prof. Dr. Ekkehard D. Schulz

Krefeld
 – since April 13, 2006 –
 Chairman of the Executive Board of ThyssenKrupp AG

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

Klaus-Dieter Südhofer*

Recklinghausen
 – until April 13, 2006 –
 Former Trade Union Secretary of IG Bergbau,
 Chemie, Energie

- RWE Dea AG

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 Persgroup
- Koninklijke Philips Electronics N.V.
- SIBELCO N.V.
- SOLVAY S.A.
- Vivendi Universal S.A.

Jürgen Wefers*

Goch
 – until April 13, 2006 –
 Chairman of the Works Council of RWE Rhein-Ruhr AG,
 Wesel site

- 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 – since April 13, 2006 –

Dieter Faust

Simone Haupt – since April 13, 2006 –

Dr. Wolfgang Reiniger

Günter Reppien – until April 13, 2006 –

Dr. Manfred Schneider

Uwe Tigges – until April 13, 2006 –

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 – since April 13, 2006 –

Dr. Manfred Schneider

Uwe Tigges – until April 13, 2006 –

Personnel Affairs Committee

Dr. Thomas R. Fischer (Chairman)

Frank Bsirske

Dr. Paul Achleitner

Heinz-Eberhard Holl

Günter Reppien – since April 13, 2006 –

Klaus-Dieter Südhofer – until April 13, 2006 –

Uwe Tigges – since April 13, 2006 –

Audit Committee

Carl-Ludwig von Boehm-Bezing (Chairman)

Werner Bischoff – since April 13, 2006 –

Dr. Dietmar Kuhnt – until April 13, 2006 –

Dr. Gerhard Langemeyer

Günter Reppien

Bernhard von Rothkirch – until April 13, 2006 –

Prof. Dr. Ekkehard D. Schulz – since April 13, 2006 –

Uwe Tigges

Executive Board

Harry Roels

Essen

CEO of RWE AG

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

Berthold Bonekamp

Grevenbroich

Executive Vice-President of RWE AG

- Berlinwasser Holding AG
- RAG AG
- RAG Beteiligungs-AG
- RheinEnergie AG
- RWE Rhein-Ruhr AG (Chairman)
- RWE Westfalen-Weser-Ems AG (Chairman)
- Berliner Wasserbetriebe AöR
- RWE Energy Nederland B.V.
- RWE Npower Holdings plc
- STOEN S.A. (Chairman)
- VSE a.s.

Alwin Fitting

Westhofen

Executive Vice-President of RWE AG

- Harpen AG
- RWE Energy AG
- RWE Systems AG (Chairman)

Dr. Rolf Pohlig

Mülheim an der Ruhr

– since January 1, 2007 –

Executive Vice-President of RWE AG

- RWE Energy AG
- RWE Power AG
- RWE Npower Holdings plc

Dr. Klaus Sturany

Dortmund

Executive Vice-President of RWE AG

- Commerzbank AG
- Hannover Rückversicherung AG
- Heidelberger Druckmaschinen AG
- RAG AG
- RAG Beteiligungs-AG
- Österreichische Industrieholding AG

Jan Zilius

Cologne

Executive Vice-President of RWE AG

- Harpen AG (Chairman)
- RAG AG
- RAG Beteiligungs-AG
- RWE Dea AG (Chairman)

- 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.

Dr. Gerhard Cromme

Düsseldorf
– until August 31, 2006 –
Chairman of the Supervisory Board of ThyssenKrupp AG

Jürgen Dormann

Zurich
Chairman of the Administrative Council of ABB

Dr. Michael Frenzel

Hanover
Chairman of the Executive Board of TUI AG

Dr. Jürgen Großmann

Hamburg
Partner in Georgsmarienhütte Holding GmbH

Helmut Haumann

Cologne
– until December 14, 2006 –
Chairman of the Executive Board of
RheinEnergieStiftungen

Dr. Dietmar Kuhnt

Essen
– since April 14, 2006 –
Former CEO of RWE AG

Prof. Dr. Hubert Markl

Konstanz
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
KarstadtQuelle AG

Klaus-Peter Müller

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

Dr. Udo Oels

Odenthal
Former Executive Vice-President of Bayer AG

Dr. Heinrich von Pierer

Munich

Chairman of the Supervisory Board of Siemens AG

Dr. Bernd Pischetsrieder

Wolfsburg

Volkswagen AG

Prof. Dr. Dieter Schmitt

Essen

– until September 30, 2006 –

Duisburg-Essen University, Essen Campus

Klaus Schneider

Munich

Chairman of Schutzgemeinschaft der

Kapitalanleger e.V.

Prof. Dr. Jürgen Strube

Ludwigshafen

Chairman of the Supervisory Board of BASF AG

Dr. Alfons Friedrich Titzrath

Cologne

Former Chairman of the Supervisory Board of

Dresdner Bank AG

Marilyn Ware

Pennsylvania

– until January 31, 2006 –

CEO Ware Family Office

Anton Werhahn

Neuss

– since January 1, 2007 –

Chairman of the Board of Management of

Wilh. Werhahn KG

Wilhelm Werhahn

Neuss

– until December 31, 2006 –

Personally liable partner in Wilh. Werhahn KG

Group Business Committee

Harry Roels

Chairman of the Group Business Committee
CEO of RWE AG

Berthold Bonekamp

CEO of RWE Energy AG
Executive Vice-President of RWE AG

Alwin Fitting

Executive Vice-President of RWE AG

Dr. Rolf Pohlig

Executive Vice-President of RWE AG

Dr. Klaus Sturany

Executive Vice-President of RWE AG

Jan Zilius

CEO of RWE Power AG
Executive Vice-President of RWE AG

Andrew Duff

CEO of RWE Npower Holdings plc

Stefan Judisch

Chairman of the Board of Directors of
RWE Gas Midstream GmbH

Chittur Ramakrishnan

CEO of RWE Systems AG

Dr. Georg Schöning

CEO of RWE Dea AG

Peter Terium

Chairman of the Board of Directors of
RWE Trading GmbH

Dr. Manfred Döss

Vice President Legal of RWE AG

Andreas Zetzsche

Vice President Corporate Development/
Mergers & Acquisitions of RWE AG

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)

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In case of divergence from the German version, the German version shall prevail.

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the German Investor Relations Association.

Financial Calendar 2007/2008*

04/18/2007 Annual General Meeting

04/19/2007 Ex-dividend date

05/15/2007 Interim report for the first quarter of 2007
with analyst conference call

08/09/2007 Interim report for the first half of 2007

- Press conference
- Analyst conference

11/14/2007 Interim report for the first three quarters of 2007
with analyst conference call

02/22/2008 Annual report for fiscal 2007

- Press conference
- Analyst conference

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

* All events will be broadcasted 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 three months.

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90	241	9,888
06		27,656
79	3	964
74	2,003	5,549
2	-	2
51	3,101	46,155