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Check against delivery

Fellow shareholders,

Welcome to the Cultural Capital of Europe and welcome to your RWE – either here in the Grugahalle in Essen or via our live webcast.

I also extend a warm welcome to our guests and representatives from the media.

What do we have to offer you today apart from – in the view of the Executive Board – an attractive dividend proposal?

I'd like to begin by reviewing the year 2009. What did RWE do for you – and I mean for each and every one of you – our shareholders, our customers, society and the environment, the country and, last but not least, our employees?

Then we will take a look at the figures for the past fiscal year. How did RWE perform in year two of the economic crisis? And how do we rate our medium-term prospects?

And finally but maybe most importantly:

what is happening in the environment surrounding RWE and – above all else – what is RWE doing in this environment to ensure its continuing and sustainable success in the future?

But let's begin with a review of the past year from the stakeholder perspective.

Let's start with our customers.

What did we do for them?

I would very much hope that most of you in this room here today fall into this category.

We supplied our customers with energy – and, what's more, without interruption and at fair prices.

That may sound obvious – but you may have seen some of the recent headlines:

“Power outage: the whole of Chile founders in the dark” or, earlier this year,

“Blackout: power outage plunges Lausanne into darkness”.

Mere exceptions to the rule? I'm afraid not.

In France the power fails for around 60 minutes per end customer every year, and in Spain for over 100 minutes. Germany, with only 20 minutes, is one of the frontrunners internationally. We also lead the way with our German grids, which provide the highest possible level of security of supply. We all benefit from this – residential and industrial customers alike.

Due to the heavy storms, outages in Europe are expected to be higher this year.

In 2009, we applied an even stronger customer focus to our retail activities than ever before – in terms of both manpower and concepts.

RWE products are designed to meet the customers' needs – not ours.

Guaranteed price rates were a stand-out success last year.

As our customers, ladies and gentlemen, you hold all the cards. If market prices go up, you do nothing, but if they go down, you can always switch supplier each year.

And that peace of mind is yours until the end of 2011 – guaranteed.

SmartLine is a new electricity tariff with no basic fee. You only have to pay for the actual power you consume.

Innovations like these pay off.

On the German electricity market, we made a net gain of 90,000 residential customers in 2009 and a further 36,000 in the gas market.

We also have our retail company eprimo to thank for this growth.

By the end of 2009, eprimo was selling electricity to 626,000 customers – around 50 percent more than one year earlier.

This makes eprimo one of the fastest growing energy retailers in Germany.

Ladies and Gentlemen,

What's good for residential customers is also good for our business customers. RWE offers them products geared to the demands of their business model.

If you need price security, that is what you get.

If you need or want to remain flexible, you get a flexible product. After all, when production has to be cut back during the recession or picks up quickly again as we all expect to happen now, key cost items must be able to respond quickly.

We offer major industrial customers the option of protecting part of their electricity supply needs from fluctuating of market prices.

They were able to prepurchase baseload electricity volumes for the period up to 2020 at a price geared to the cost structure of a lignite power station. It is almost as if our customers become shareholders in a power station themselves.

For the past two years, we have been offering our municipal partners something similar, based on hard coal and now also on renewable energy sources.

We have just set up Green GECCO, a joint venture between RWE Innogy and 26 local authorities with a planned investment of €1 billion by 2020.

We are already putting this cooperative approach into practice on the construction of our new hard coal power station in Hamm. Some 23 municipal utilities are involved in this project.

The value of such partnerships is particularly evident at the moment.

The kind of delays that we are unfortunately experiencing at the Hamm construction site would threaten the survival of individual, smaller investors, but for members of a strong consortium, such setbacks are not as crucial.

Now on to the people behind the products, working in the power stations, grid companies and retail operations – our employees.

In 2009 not only were their jobs secure, but RWE demonstrated the energy to lead in this regard by also creating new jobs – almost 1,000 in Germany. Overall, the number of RWE employees rose worldwide by 4,800.

Others are resorting to shorter working weeks or simply laying off staff. But at RWE, cutting costs does not mean axing jobs – quite the reverse.

We value young people highly.

At the end of 2009, a total of nearly 3,100 trainees were working for RWE. That is far in excess of our own needs. RWE remains one of the biggest providers of vocational training in Germany – regardless of the economic crisis.

Incidentally, around 100 trainees are once again working here in the Grugahalle for you today, both up front and behind the scenes and at the same time they are getting a sense of what it means to be part of a publicly listed company – the capital market live.

Our trainees had already made their mark in Biblis back in late August, when around 1,800 of them demonstrated for a broad energy mix under the banner “Biblis – the nucleus of our future”.

I had the privilege to experience this in person and was proud of the image our young RWE portrayed to the public.

Thank you too to all the employees at our nuclear power stations who are raising their voices here today outside the Grugahalle to fight for their jobs. I will be interested to see whether their justified efforts will attract sufficient attention.

Since 2005, the motivation and job satisfaction of our employees have constantly risen. This was the conclusion reached from the results of 10 questions in the staff survey we carry out every two years. In the current survey from 2009, we achieved the highest levels so far.

And our employees are paying us back with plenty of commitment, good ideas and high productivity. In 2009, the staff of our German companies alone submitted more than 9,000 new ideas and suggestions for improvement. In total, all of the measures implemented have boosted RWE's earnings by €115 million.

RWE staff are loyal employees.

The average length of service in the RWE Group is currently 15 years.

Compare that to German employees as a whole, who tend to work for an average of four to six years for the same company.

Overall, our staff achieved added value of €46,000 per employee in 2009.

So much for our staff.

What is your RWE doing for society and the environment around us, in Germany and in Europe?

Let me start with some initiatives that are not widely publicised – the voluntary work of our employees on projects they run on their own initiative, and usually after finishing a day's work.

In December, for instance, 15 RWE staff helped renovate the common rooms for the Blumenwiese children's crèche in Essen.

Why am I telling you this here today?

We make big things happen by taking many small steps:

a total of 2,300 projects were undertaken last year.

This is what we call our Companius Programme.

RWE staff also helped the earthquake victims in Haiti, collecting around half a million euros within a very short time. The Group doubled this figure to provide €1 million for a hospital to be built by the German Red Cross.

RWE is also strongly committed to the people here in the Ruhr Region.

For instance we are the main sponsor supporting the Ruhr Region in its year as the Cultural Capital of Europe and we are boosting the RUHR.2010 programme by undertaking many initiatives of our own.

Our flagship project is the "Ruhr Atoll" – a series of artificial islands on Lake Baldeney, where artists address the issues of energy supply and climate change.

Overall we have committed around €5 million to the Cultural Capital of Europe 2010. Our sponsorship activities in the Ruhr Region totalled more than €10 million in 2009.

It is part of our corporate culture to sponsor such cultural events.

So what else did your RWE do for the public in the past year?

Investment in the future and taxes.

We invested around €6 billion last year in capital expenditure on property plant and equipment – €4 billion of that in Germany alone – primarily on new power stations and grids.

While others have postponed their investment plans or abandoned them entirely, we are remaining on track and carrying out the largest investment programme in the history of RWE, one step at a time.

Everyone benefits from our longterm, consistent business model: shareholders, employees, suppliers, and not least the public budget in the form of taxes.

Let me give you some examples from 2009:

- €3.5 billion went to the government
- almost €2 billion to our shareholders
- €4.6 billion to our employees and
- and €3.7 billion to our lenders.

And let's not forget that in addition to all that, over €1 billion in income tax was paid on staff salaries.

In the two German locations of Neurath and Hamm, new power station construction is securing 13,000 jobs with subcontractors and service providers.

SMEs in particular benefit from this.

As a general rule of thumb, it is fair to say that every new power station creates five times as many jobs again as the number of jobs associated directly with the plant. And these are only two out of a total of seven projects entailing billions of euros of investment currently under construction in Europe!

We have just celebrated the commissioning of our new combined-cycle gas turbine power station in Lingen. With 887 megawatts of capacity and an efficiency rating of almost 60 percent, it is one of the most advanced of its kind in the world. The film clip you just saw gave you a glimpse of the sights and sounds of this event.

Climate protection is a major focus in all of our projects. RWE has a particularly significant role to play in avoiding CO₂ emissions due to our historically high emission levels.

That is why we are investing in new power stations.

One example of this would be our new lignite power station in Neurath outside Cologne, which, once it is completed and old generating capacity has been shut down, will reduce CO₂ emissions by 6 million tons. That is equivalent to the annual emissions of 3 million medium-sized cars.

Another step in this direction are the investments of our RWE Innogy subsidiary in the expansion of renewables. We have more than doubled our generating capacity from wind power, hydro power and biomass, from 1,100 megawatts at the end of 2007 to 2,500 megawatts at the end of 2009.

Energy generation is one side of the coin and energy consumption is the other. Energy efficiency has become a catch phrase.

This is an area where we can make big things happen for climate protection. You only have to think of building insulation, heat pumps, solar heating and combined heat and power solutions. Think too of energy-efficient appliances and electrical devices in private households, commercial enterprise and the industrial sector. The potential is huge.

Helping to maximise such potential is the task of RWE Effizienz GmbH, which we established last year.

We see enormous potential in the area of electric vehicles. As a high-tech nation, Germany has a huge opportunity here that needs to be exploited now. But we must act quickly, before other countries have time to overtake.

RWE is lightning fast – faster than all other utilities in this regard. So far we have installed more than 280 electricity charging points in a total of 41 cities, including Essen, Berlin and Frankfurt. Incidentally you will find electric car technology you can reach out and touch right here in the foyer. Go and try it out! Tap into the trend!

Ladies and Gentlemen,

What did your RWE achieve for you as shareholders in 2009?

An attractive dividend, of course. Every year we pay out a high percentage of our recurrent net income. This year we are proposing a dividend of €3.50 per share. This represents a payout ratio of 53 percent.

It is a return to be proud of. If you take the closing rate at the end of December as the benchmark, you arrive at 5.2 percent for ordinary shares and 5.6 percent for preferred shares.

This means we are one of the top 3 on the DAX and around 2 percentage points better than the current return on ten-year German government bonds.

You should also be encouraged by the trend of your RWE shares.

If we factor in the dividend, ordinary shares put in a 16 percent performance and preferred shares achieved 28 percent. In the case of ordinary shares that is slightly lower than the DAX. But the decline in the previous recessionary year was far more moderate than for most other shares.

RWE: a safe haven.

Incidentally, thanks to our sound performance, the RWE share was included in the renowned Dow Jones STOXX 50 index in September of last year. This makes us one of the top 50 European shares – based on free-float market capitalisation. This gives us a higher profile, which should attract further investors.

Paying dividends, creating jobs, investing billions and contributing to society are things that can only be done by companies who have their business under firm control and post good figures.

In that sense, we can be more than proud of our fiscal year 2009.

With an operating result of €7.1 billion, we not only performed 4 percent better year-on-year, but also achieved the highest earnings in the Group's history.

That is more than we promised you this time last year.

But this achievement was not easy by any means.

As a result of the economic crisis, we experienced an unprecedented and historic drop in the demand for energy. More than 5 percent less electricity and 5 percent less gas were consumed in 2009. That is the average figure for all consumers. The figure for industry was much higher.

Electricity prices were severely affected as a result – on the German spot market, the price of baseload electricity fell by an average of 40 percent year-on-year. The same was true for the forward market. Supply contracts for 2010 were 30 percent cheaper in 2009 than comparable contracts for 2008.

Yet this had no devastating effect on our earnings. Why not?

Because we were prudent enough to hedge the prices of our electricity generation on the forward markets.

We pre-sell our production up to three years prior to the date of supply, through forward sales at fixed terms and conditions. This makes us independent of short-term fluctuations.

We had already sold virtually all our production for 2009 before the onset of the financial crisis. For these forward sales, we achieved prices significantly above the current market level and, more importantly, above the average level of 2008.

In the sales and distribution networks division, there were three main reasons for our positive performance.

- Our regulated grid business generated robust and crisis-proof income.
- Our residential customers continue to do the washing, even in a recession, they turn on the outdoor lights and keep their computers and televisions running as often as before. The energy consumption of household customers

was hardly affected by the economic crisis. The weather played a much more significant role.

- The dramatic drop in industrial business did not affect our earnings to the same extent, thanks to the nature of our supply agreements.

Our efficiency enhancement and cost-cutting drive also acted as a shock absorber. For 2009 we had set ourselves the target of generating an annual contribution to the result of €450 million compared to 2006.

An increase of €250 million over year-end 2008 is what we achieved.

In another area of the Group, the drop in commodity prices took its toll.

As a result of the lower gas and oil prices, the earnings of RWE Dea were almost halved.

Our Biblis nuclear power station was also off the grid for longer than originally planned. That cost us a total of around €1 billion.

The first-time consolidation of our Dutch subsidiary Essent helped.

The company not only contributed €141 million to the operating result in the fourth quarter of 2009 but made an early contribution to recurrent net income – and thus to your dividend.

Incidentally, the Group would have exceeded its performance targets even if Essent hadn't been taken into account.

Of particular interest to you, no doubt, is recurrent net income, since it forms the basis for determining the dividend. We increased this by 5 percent to €3.5 billion.

Once again this is more than we had promised.

We also met our net debt target. In order to enhance the balance sheet we increased our level of debt capital. This was the clear message being sent by the financial markets.

By year-end 2009, net debt had risen to almost €26 billion. The ratio of net debt to EBITDA rose to a value of 2.8. We had originally set ourselves a target of between 2.8 and 3.4.

But now the mood has changed.

For 2010 and beyond, we are taking a more cautious approach to net debt and have set ourselves an upper limit of 3.0 as the ratio of net debt to EBITDA, thus securing our current credit rating.

The reasons for such a rise in net debt last year are clear.

RWE invested more in 2009 than ever before.

Capital expenditure on property, plant and equipment of almost €6 billion was roughly a third above that of the previous year. Investment in financial assets totalled €9.7 billion. The acquisition of Essent was a particularly significant factor and the extraordinary high dividend of €4.50 per share paid out to you last year also played a role.

Over 73,000 RWE employees in 15 different countries worked to achieve this result over the past fiscal year – including our trainees.

For this alone I'd like to say a big thank-you – and look forward to a repeat performance this year and in the following years.

Now let's look at the future of your RWE.

The economic situation this year is still anything but rosy.

But we are confident of being able to retain our “safe haven” image.
This is because we are pursuing a comparatively robust business model.

The goal for 2010 is to again exceed our performance of the previous year and post another record result.

Why are we so optimistic?

Firstly, Essent will have a positive impact.

Last year it only had an effect on the fourth quarter result, but in 2010 the impact will be spread over the full 12 months of the fiscal year.

Secondly, we anticipate higher availability from our Biblis nuclear power station. The two units ran for a total of only about 3 months in 2009. In 2010 we expect them to operate for a much longer period.

As in the previous years, we sold virtually all our German electricity production for 2010 on the forward market. Although we managed to achieve average prices of more than €60 per megawatt hour, or well above the current market level, we are unlikely to equal the €70 per megawatt hour achieved in 2009.

Incidentally, we have already sold more than 70 percent of our 2011 production and more than 30 percent of our 2012 production – once again at average prices in excess of €60 per megawatt hour.

This already gives us an element of planning certainty for the coming years.

Overall, we want to increase the operating result and recurrent net income in the current fiscal year by around 5 percent in each case.

The dividend payout ratio of 50 to 60 percent of recurrent net income will continue to apply. If you add two and two together, you can see there is a good chance of increasing the dividend even further.

In February 2009, we gave you our prediction for the trend through to 2012. That outlook still applies, with the exception of the forecast for recurrent net income.

As far as improving the operating result is concerned, we expect to achieve the lower end of the quoted range of 5 to 10% per annum.

The reasons for this are on the one hand delays encountered with major new-build power stations and gas and oil production projects. On the other hand we had to become more conservative in our assessment of achievable electricity and gas margins.

As far as recurrent net income is concerned, we were working on the assumption of an average increase of around 10% per annum. We now anticipate an average rise of about 5% for the same reasons.

So what is the situation going forward? 2013 is the dawn of a new era in the energy industry. CO₂ is the challenge here.

In the past, electricity generators have been allocated the majority of CO₂ allowances free of charge, as have other CO₂ emitters that are subject to emissions trading. For RWE, this amounted to allowances for 105 million tons of emissions in 2009. The remaining allocations of 44 million tons had to be purchased on the open market.

From 2013 on, everything changes. From that point on, we will be entitled to no CO₂ allocations free of charge.

This will have a significant effect on our performance.

However, I can offer you some reassurance.

From today's perspective, we anticipate that the operating result and recurrent net income for 2013 will exceed the already high level of 2009 – which as we all know was a record year for RWE.

Naturally the lack of emission allowances will have an impact on us.

But the new power stations we will have on the grid by then – 12,000 megawatts from coal and gas alone – will help.

And other divisions of the Group will step into the breach.

At RWE Innogy, the considerable investments will be reflected in an earnings contribution of €500 million by 2013.

RWE Dea anticipates an operating result of €900 million for the same year, or four and a half times as high as in 2009, assuming an oil price of at least US\$80 per barrel.

And bear in mind, too, that Essent will boost its performance by an average of 10 percent per year.

Let's not forget the positive effect of our efficiency enhancement programme, either.

The earnings outlook for 2012 and 2013 is based on the expectation of securing an average price for our electricity of at least €60 per megawatt hour.

We expect the CO₂ price to be between €20 and €30 per ton.

Is this realistic?

Well, the current wholesale price of electricity due to be supplied in 2012 is about €53 per megawatt hour or €56 for supply in the year 2013.

By the way, this would have to be the most frequently asked question put to me by individual investors over the past few months.

The Executive Board's answer to this question is: yes, €60 is achievable.

The reason for today's low electricity prices is primarily the low price of gas and CO₂ allowances. This in turn is caused by weak demand in the wake of the economic crisis and a significant over-supply of gas in Europe.

What we now need and already see first signs of is an economic recovery, which will trigger a renewed demand for energy.

In Germany and the rest of Europe, however, we are not expecting to see the same momentum as is currently occurring in the Pacific region any time soon.

A boost in demand is more likely to come from emerging nations like China, India or Brazil, when the pace of their growth picks up again.

We see this immense hunger for energy in the pricing of the globally traded energy sources, oil and coal. This will have an impact on gas as a regional energy source and thus lead to an increase in electricity prices.

And don't forget that part of our future production has already been sold at prices above the €60 threshold.

Fellow shareholders,

You can see that the outlook for ongoing increases in earnings is good.

And there is some more good news, too:

it is our goal to keep the dividend at least constant year-on-year until 2013 and in the order of the previous year in each case.

This is a level of dividend transparency rarely found elsewhere – even among utilities – and especially in such uncertain times as these.

Ladies and Gentlemen,

I have talked about what we achieved last year and also about what you can expect from us in the next few years.

But what does the longer term success of your RWE depend on?

What is happening in and around the company and – above all – what is RWE doing in this environment to ensure its future success?

The economic crisis is by no means over, at least in Europe.

We anticipate it will take several years for the European economy and electricity and gas consumption to return to 2008 levels.

But: an economic recovery will also be of little help to us, if the basic energy-policy conditions are unfavourable.

Resource management and climate protection will be the prevailing themes for RWE for a long time to come. And it is precisely here that we find ourselves at a turning point, both nationally and internationally. Now is the time to set the course for the next few years, if not decades.

At an international, global level, initial attempts to do so recently failed. The UN Climate Conference in Copenhagen last December was a dismal failure. I was able to experience the atmosphere at this conference for myself. Some 190 participating countries spent 12 whole days debating, only to reach a minimal level of consensus.

The aim is to limit global warming to less than two degrees centigrade compared to pre-industrial levels. But the world was unable to agree on how to do it. And what mother nature does of her own accord, for example volcano eruptions, is also impossible to predict.

The world will probably not achieve any significant progress this year, nor at the next climate summit in Mexico at the end of the year.

What this means for the future is that, if no global accord is reached in the foreseeable future, climate protection will increasingly become a national exercise or the task of smaller groups of nations like the EU or the G8.

This will of course be problematic for the world's climate in particular – but also for us here in Germany.

The amount of CO₂ we manage to avoid is being blown out into the atmosphere many times over by other nations creating new emissions.

CO₂ emissions from Germany in 2008 were a good 200 million tons down on the year 1990 – some two decades earlier.

Yet that is precisely the amount of extra CO₂ China emitted over the same period on average – but annually!

Where others hesitate to set new goals, Germany is driving ahead.

Our country is the only one aiming for a 40 percent reduction in emissions by 2020 compared to 1990.

What was part of the coalition agreement was confirmed again by Environment Minister Norbert Roettgen in Copenhagen – without any other industrial nations showing signs of following suit.

This is an expensive move – but will achieve little in a global context.

Sustainable climate protection can only work if the rules are the same for everyone involved in climate policy.

The domestic political situation looks somewhat better. As a result of the change of government in autumn 2009, CO₂-free nuclear energy will be given another chance. It was announced that the limits imposed on the operating life of nuclear reactors will be lifted as part of a comprehensive energy concept.

Hardly any other subject is currently attracting such vehement and controversial debate in Germany.

Yet the same old stories and fallacies about nuclear energy are doing the rounds. I simply can't let the most persistent of them go unchallenged.

Many people claim that nuclear energy impedes the expansion of renewables.

That is at best an amusing theory.

After all, renewables are not even part of the competitive market. They attract statutory incentive payments for defined running periods. They are given priority over other energy waiting to be fed into the grid.

This means any suspension of the limit on the operating life of nuclear power stations would have no impact on the appeal of investing in wind power, biomass or solar energy.

On the contrary, the truth is that nuclear energy is the ideal partner for renewables.

Let me explain why.

The marked increase in generating capacity from renewable energy sources means more fluctuation in the electricity market. Sometimes the wind blows and sometimes it doesn't; sometimes the sun shines, but usually it doesn't – at least here in Germany. Even in so-called sunny Bavaria, it makes an appearance for only about 1,100 hours a year – or roughly one eighth of all the hours in a year.

Some days, wind power feeds can fluctuate by up to 20,000 megawatts over a 24-hour period – which equals 25 to 50 percent of daily German power requirements. This presents an enormous challenge for grid operators.

The more unreliable renewables we have in the system, the more reliable, conventional power stations we need to offset such fluctuations.

Which is precisely why we need more of our flexible hard-coal and gas-fired power stations.

But which power stations are among the most flexible of all? You've probably already guessed: nuclear power stations.

They are capable of supplying 9,600 megawatts of top-up capacity nationwide within the space of just 30 minutes. If we shut these plants down, that power still has to come from somewhere – which means more coal, more gas and consequently more

CO₂. We demonstrated this, for example, on 26 December 2009 when we had to stabilise the electricity grid.

Which brings me to the next fallacy:

Germany can meet its climate protection targets without nuclear energy.

This is another politically entertaining but, alas, factually incorrect claim.

You will have no doubt heard or read it too.

The Federal Environment Ministry suggests using nuclear energy only until the equivalent capacity can be replaced by additional renewables.

According to current plans, that will be the case in 2030.

It is also the year when at least 40 percent of our energy generation is supposed to be derived from renewables.

But the numbers simply do not add up.

After all, one virtually CO₂-free generating method – renewables – will be replacing another – nuclear energy.

The reduction in CO₂ emissions by 2030 would amount to “nil”.

And security of supply would no longer be guaranteed. Renewables already account for 28 percent of installed capacity.

But they cover only 16 percent of our electricity consumption. Today, there are wind energy plants with over 25,000 megawatts of capacity on the grid – and this trend is increasing fast. And only around one tenth of this power can be relied on to be available at any given time.

Nuclear energy offers nine times as much certainty of supply!

So it is obvious that, even if we meet these ambitious goals for expanding renewables, there will be nowhere near enough to make up for the nuclear energy they are designed to replace. Any shortfall will have to be covered by conventional power stations.

And that will not lead to a reduction in CO₂ emissions. On the contrary, CO₂ allowances will become more scarce and more expensive – pushing up the price of electricity in the process.

It will rise to €90 per megawatt hour by 2030, according to a study by the German Federation of Industries (BDI) – always presuming, of course, that we do without the cost-effective option of electricity generated by our safe and modern nuclear power stations.

Goethe hit the nail on the head some 200 years ago, even if he was obviously referring to something else at the time: “If you make yourself go too green, the goats will eat you” – or your electricity customers will.

Finally, I would like to mention a particularly topical fallacy about nuclear energy: Extending the operating life of nuclear plants would be detrimental to the electricity market and to competition.

The decommissioning of power station capacity has been advocated as one form of compensation.

It's easy to see through such assertions.

People advocating such things are simultaneously lobbying for a shortage of supply and, inevitably, higher electricity prices. After all, that would increase the returns they derive from their own power station projects.

The supposed argument against is in fact an argument for an operating life extension.

For the truth is that it would curb any further increases in electricity prices. There would simply be more affordable capacity on the market. CO₂ allocations would then not become even more scarce and more expensive than they already are.

The new President of the German Federal Cartel Office has expressed his view on the subject of competition.

In his opinion, competition within the electricity market is intensifying more and more.

And that is why the energy sector is not the focus of discussions about a tightening of anti-trust legislation.

I quote: “In view of the ongoing consolidation of the European energy market, we may well prove to be quite glad that our energy groups are as big as they are.”

That’s a fascinating comment, especially coming from that particular source, and I agree with it.

Thank-you Andreas Mundt.

RWE wants to remain a European champion.

Fellow shareholders,

We stand by our view that German nuclear power stations are safe and make a clean and economical contribution to our economy.

But let me make one thing clear.

The crucial factor is how any such extensions are applied.

There must be an extension to the operating life of each of the 17 units.

Either the plants are safe, and they continue operating – or they are not, and they are shut down.

We are willing to relinquish a substantial amount of the additional revenue.

But there are limits.

If it does not make economic sense to us, there can be no agreement reached with us.

I remain confident that the German Federal Government will make the right decisions.

Ladies and Gentlemen,

What is your RWE doing to ensure its long-term success in this environment?

We are growing by investing.

We are gearing up to be more efficient.

We are innovative and we think beyond our own horizons.

As a result we will be greener, more international and more robust.

And we are also in it for the long haul.

The business of supplying energy is a long-term one, where it is important to think in decades rather than years.

We address our long-term challenges by investing.

We are not nervously putting on the investment brakes merely because we find ourselves in a recession.

With €28 billion capital expenditure on property, plant and equipment through to 2013, we are building the RWE of tomorrow and beyond.

That means 12,000 megawatts of flexible, climate-friendly gas and coal-fired power stations.

It also means investing in a further 2,000 megawatts of renewables. In the process, we will more or less double our current capacity by 2012.

If sensible policy-making is carried out in Germany, we will have a power station fleet in Europe by 2025, three quarters of which will be CO₂-free or low in CO₂. With renewables, gas and nuclear energy.

While RWE here at home is battling for a suspension of the limit on the operating life of nuclear power stations, we are also building new capacity abroad.

For instance, we are planning a joint venture with E.ON in the United Kingdom to build new nuclear power stations – with up to 6,000 megawatts of capacity.

As part of an international consortium, we want to build two new twin-block nuclear power stations with a total capacity of 1.4 gigawatts in Cernavoda, Romania.

Our share of this project is around 9 percent.

But we will not be able to go without our highly efficient coal-fired power stations.

Every fourth megawatt of electricity generated will come from them.

However – and I must make this very clear too – the future of coal depends on the conditions imposed by the government and the degree of public acceptance of new power stations in each location.

With our investments, we are reducing CO₂ emissions by some 25 million tons by the end of 2013.

We have redefined our CO₂-avoidance target.

By 2020 we want to almost halve our average CO₂ emissions per megawatt hour of electricity generated.

For the past three years, this amounted to an average of 0.8 tons.

We want to lower the so-called CO₂ intensity of our power station portfolio to the level of the average competitor in our markets. This would make it about 0.45 tons.

The prices for CO₂ emissions will increase – this is part of government policy. Higher CO₂ prices make electricity production more expensive and will be reflected in an increase of electricity prices.

In view of our high CO₂ intensity levels today, rising CO₂ prices will have a more significant effect on our costs.

If we achieve our CO₂ targets, we will be able to compensate for the expected increase in costs on the market.

In other words: RWE has addressed the issue of CO₂.

Fellow shareholders,

Your RWE is becoming more international.

More than 60% of our planned investments through to the end of 2013 will be made in the international arena.

We will increase the earnings contribution of our international operations to around 50% by 2013.

In 2009 it made up 34%.

RWE Innogy is a prime example.

Our objective for 2013 is to have 4,500 megawatts of capacity generated from renewable energy sources either in operation or under construction.

By 2020 we want to boost this to 10,000 megawatts.

To achieve this, we are investing €1.4 billion every year, particularly in the utilisation of on-shore and off-shore wind power.

A great deal of that investment is in projects in other European countries, making RWE one of the three biggest investors in European renewables.

Take offshore wind power, for instance.

We are not holding back, as European utilities are often accused of doing.

Quite the reverse, in fact. RWE Innogy has a 50 percent share in the Greater Gabbard offshore wind farm in the UK. This is currently under construction and will be commissioned in 2011.

The Rhyl Flats wind farm off the coast of Wales has been producing electricity since December 2009.

In 2011, we will be starting construction of the Nordsee Ost offshore wind farm just off the North Sea coast of Germany, with almost 300 megawatts of capacity.

This was originally an Essent project, by the way.

In the period from 2010 to 2013, we will be investing over €2 billion in offshore wind projects with more than 600 megawatts of capacity.

Does that sound like holding back to you?

And let me take the opportunity to emphasise one more thing at this point.

Without the billions being invested by utilities like us, the ambitious CO₂ targets of the German government and the EU simply cannot be met.

Many are reluctant to acknowledge that we are financing the transition to a more climate-friendly energy mix with the cash flow derived from existing nuclear power stations and coal- and gas-fired units.

We are literally stepping on the gas at RWE Dea. Our annual gas and oil production is expected to reach the equivalent of 70 million barrels of oil by 2015 at the latest. That is double the volume of last year.

But the best example of profitable and international growth would have to be our acquisition of Essent.

We began the process of integrating Essent at an early stage and we are making good progress.

So good, in fact, that by today's reckoning we will be able to leverage the anticipated synergies of over €100 million even sooner than expected.

And this does not even take technical synergies into account. Essent is a world leader in the burning of biomass in hard-coal power stations.

The whole RWE Group will benefit from this expertise.

We intend to complete the process of integrating Essent into the Group by the end of this year.

Here in Germany, we have also done our homework.

We have streamlined our German retail and grid business.

RWE Energy is already the second interim holding to be dissolved following RWE Systems in the previous year.

We are now working on streamlining our Group holding.

As far as our international activities are concerned, full responsibility for all operational and regulatory matters in the respective countries now rests with the local companies. They are thus the contact partners for their national governments.

Ladies and Gentlemen,

We are making investments and becoming more efficient.

At the same time, we are working on the energy concepts of tomorrow and beyond.

Innovation is an everyday event for us.

A year ago I told you about our commitment to CCS technology, or carbon capture, transport and storage.

I also mentioned CO₂ flue gas scrubbing, pre-drying lignite, our algae project, small wind turbines and the development of compressed air storage.

We are forging ahead with all these important, trail-blazing projects, which are already showing signs of progress.

Today I would like to tell you what else we are doing.

Let me give you a few examples: from tomorrow's home energy and tomorrow's power station to tomorrow's storage system and tomorrow's grid.

The house of the future is electric, from the electric toothbrush right up to the heat pump.

Combined with good building insulation, modern electricity-based heating systems considerably improve the CO₂ balance and cost less.

The ban on night-time energy storage systems seems to have been a little premature.

Of course the climate only benefits if the electricity is generated with little or no CO₂ emissions.

It will most definitely have a positive impact on our security of supply as we reduce our dependency on fuels such as oil and gas, most of which we have to import today.

More electricity in homes means new challenges for energy technology.

Our buzz word here is SmartHome, cost-saving, computer-based home automation.

We are demonstrating this technology in the foyer outside. Many of you will have already had the chance to take a look at it.

Digital, intelligent electricity meters will in future track our customers' energy consumption and make it transparent.

Smart Meters are the first step towards enabling customers to better manage the timing of their own electricity consumption and make savings in the process.

We are already testing the system in what will soon be 100,000 households in the city of Muelheim.

Almost 20,000 have been installed.

It could have been more, but as with any state-of-the-art technology, teething problems are not uncommon.

While the metering process worked well, there were a few bugs in the transmission of consumption data.

So to be on the safe side, we have built in an additional trial period. It will take a bit longer now, but the end product will be all the more reliable.

These examples indicate that our attitude to electricity is changing.

The same applies to road traffic.

With the electric car, we are bringing renewables to the road and reducing CO₂ traffic emissions.

Even with the current generating mix in Germany, the CO₂ emissions of an electric Smart car are 35% lower than those of the petrol-powered version. With ongoing advances in electricity generation with less CO₂, that ratio will improve even further.

Electric cars are also an opportunity to make better use of the fluctuating electricity generated from renewables.

Just think of the opportunities presented by 2 million car batteries on our roads.

In the area of renewables, we are also working with others to develop pioneering future-oriented concepts such as Desertec. We are co-operating with a group of other international companies to investigate whether and how Europe could be

supplied with climate-friendly solar and wind power from North Africa and the Middle East.

The Desertec concept is based on an assumption that by 2050 clean, green power stations in desert locations could cover around 15 percent of Europe's demand for electricity.

This is but a vision for now.

There is no guarantee that this project will actually work, or that it can be financed and developed to the point where it can supply an economical and reliable volume of electricity. But we are putting all our efforts into it.

The same applies to the idea of building a super-sized electricity grid in the North Sea.

We are also involved in this project.

Together with other companies we are investigating the best way to link planned offshore wind farms to the grid and the most efficient way to link the many countries bordering the North Sea.

Ladies and Gentlemen,

RWE is becoming greener, more international and more robust. We are doing this to ensure your RWE remains a healthy and high-performing Group.

All of you benefit from this: our shareholders, our customers, our society and our employees.

We are focusing on sustainable growth for our Group.

We will measure and document each step forward and also each setback in a way that is comprehensible to everyone concerned.

Transparency is very important to us.

We have set ourselves some clear goals.

We have even taken it one step further.

In future, our performance in the area of sustainability will be a factor in the remuneration of RWE Executive Board members.

This brings me, ladies and gentlemen, to the end of my report as the CEO of your company.

Let me leave you now with the following maritime metaphor:

RWE, the ocean liner is not deterred by the prevailing stormy seas and is holding its course.

Without losing speed, it is making major improvements to the vessel and expanding its capacity.

Its crew is doing everything it can to ensure the engines run for more and more sea miles on less and less fuel – and mixing in plenty of bio-diesel along the way.

This ocean liner is servicing the needs of its customers in more and more European ports.

They value its reliability and critical mass, and also its increasingly flexible supply options and reasonable pricing.

And the ship's owners are reaping the benefits of high interest and a crisis-proof return on investment by any long-term comparison.

Ladies and Gentlemen,

You are the owners of this ship.



My colleagues and I here on the bridge, together with the whole of the RWE crew, trust that you will see fit to retain our ocean liner as part of your fleet in the future.

We now look forward to your questions, which we will answer honestly and in full.