

Annual Financial Statements

of

RWE Service GmbH, Dortmund,

for the Financial Year

from January 1 to December 31, 2013

Balance Sheet

of RWE Service GmbH as of December 31, 2013

Assets

in € million	Notes	12/31/2013	Previous year
Fixed assets	(1)		
Intangible assets		0.6	0.5
Tangible assets		387.5	408.7
Financial assets		183.3	181.0
		571.4	590.2
Current assets			
Inventories	(2)	0.2	0.6
Receivables and other assets	(3)	536.7	501.6
Cash and cash equivalents	(4)	0.2	0.2
		537.1	502.4
Prepaid expenses and deferred charges	(5)	2.2	3.0
		1,110.7	1,095.6

Shareholders' equity and liabilities

in € million	Notes	12/31/2013	Previous year
Shareholders' equity	(6)		
Subscribed capital		140.0	140.0
Capital reserves		107.9	107.9
Other revenue reserves		0.6	0.6
		248.5	248.5
Special item	(7)	101.1	105.2
Provisions	(8)	293.8	267.5
Liabilities	(9)	440.8	445.4
Deferred income	(10)	26.5	29.0
		1,110.7	1,095.6

Income Statement

of RWE Service GmbH from January 1 to December 31, 2013

in € million	Notes	2013	Previous year
Sales	(13)	2,625.8	2,680.9
Increase or decrease in finished goods and work in process		-0.2	0
Other own work capitalized		.	0.2
Other operating income	(14)	34.5	26.3
Cost of materials	(15)	-2,415.5	-2,453.0
Personnel expenses	(16)	-145.4	-152.0
Amortization and depreciation	(17)	-27.1	-30.6
Other operating expenses	(18)	-86.0	-112.2
Income from financial assets	(19)	0.3	0.3
Net interest loss	(20)	-12.2	-7.3
Loss on ordinary activities		-25.8	-47.4
Taxes on income	(21)	13.4	4.4
Income from the transfer of losses	(22)	12.4	43.0
Net income for the year		-	-

. = minor amount

Fixed Asset Movement Schedule

of RWE Service GmbH from January 1 to December 31, 2013

in € million	Cost				Accumulated depreciation				Net book values				
	As of 01/01/2013	Additions	Transfers	Disposals	As of 12/31/2013	As of 01/01/2013	Write-down	Transfers	Write-up	Disposals	As of 12/31/2013	As of 12/31/2012	
Intangible assets													
Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	5.3	•	0.2	5.5	5.5	4.8	0.1				4.9	0.6	0.5
	5.3		0.2	5.5	5.5	4.8	0.1				4.9	0.6	0.5
Tangible assets													
Land, similar rights and buildings, including buildings on leasehold land	835.7	3.6	2.7	839.3	839.3	446.5	22.8	1.2	-2.1	-1.0	467.4	372.4	389.2
Technical equipment and machinery	40.2	•		40.2	40.2	33.4	0.6				34.0	6.2	6.8
Other equipment, factory and office equipment	93.3	1.7	•	93.0	93.0	82.3	3.6			-8.7	77.2	8.8	11.0
Prepayments and construction in process	2.9	0.1	-2.9	0.1	0.1	1.2		-1.2				0.1	1.7
	972.1	5.4	-0.2	986.1	986.1	563.4	27.0		-2.1	-9.7	578.6	387.5	408.7
Financial assets													
Shares in affiliated companies	140.1	1.5		141.6	141.6	7.7	1.5				9.2	132.4	132.4
Loans to affiliated companies of which to the shareholder	111.5			111.5	111.5	75.9			-1.7		74.2	37.3	35.6
Other long-term equity investments	(40.0)			(40.0)	(40.0)	(4.4)			(-1.7)		(2.7)	(37.3)	(35.6)
Other loans	13.0	1.3		13.6	13.6							•	•
	284.6	2.8		288.7	288.7	83.6	1.5		-1.7		83.4	183.3	181.0
	1,242.0	8.2		1,258.3	1,258.3	651.8	28.6		-3.8	-9.7	666.9	571.4	590.2

• = Minor amount

Notes

**to the Annual Financial Statements of RWE Service GmbH
for the Financial Year from January 1 to December 31, 2013**

Background

RWE Service GmbH, domiciled in Dortmund, registered in the commercial register of the Dortmund Local Court under number HR B 21573, provides – mainly on an intragroup basis – all kinds of services in the fields of purchasing, human resources, accounting, communications, fleet management, real estate management, as well as in other areas designed to serve the operating business within the RWE Group. The sole shareholder of RWE Service GmbH is RWE AG, Essen. A control and profit and loss transfer agreement between RWE Service GmbH and RWE AG exists. Furthermore, RWE Service GmbH is integrated into the central cash management system of the RWE Group, which involves, inter alia, liquidity transfers (pooling) based on transfer procedures in line with banking practice.

The present financial statements refer to the financial year from January 1 to December 31, 2013. They comply with the accounting requirements of the German Commercial Code (HGB) with due regard to the supplementary provisions for large corporations and include the information additionally required by the German Energy Industry Act (EnWG) for energy supply companies. As against the preceding year, the form of presentation has not changed. In order to improve the clarity of presentation, individual items on the balance sheet and in the income statement have been summarized; these summarized items are disclosed separately in the notes to the financial statements.

The income statement has been prepared in accordance with the cost summary method.

Pursuant to the provisions with regard to full consolidation, RWE Service GmbH is included in the consolidated financial statements of RWE AG, Essen, which are prepared following International Financial Reporting Standards (IFRS). The Company is therefore exempt from the duty to prepare consolidated financial statements and a group management report on its part. The consolidated financial statements and the group management report of RWE AG are available at the Group Center, Opernplatz 1, 45128 Essen.

Accounting and valuation methods

Compared with the preceding year, the accounting and valuation methods applied did not change.

Intangible fixed assets acquired for a consideration are recognized at acquisition cost and subject to amortization according to the straight line method over their estimated useful life, which is usually three years. Self-developed intangible assets are not capitalized.

Tangible assets are accounted for at the cost of acquisition or production, in the case of depreciable tangible assets reduced by wear-and-tear depreciation. Regular depreciation for office and factory equipment is effected over three to twenty years and for real estate over ten to fifty years.

In so far as permissible under tax law, assets acquired or produced before January 1, 2008, are depreciated on a declining basis; depreciation changes to the straight-line method as soon as this would lead to higher depreciation charges. Depreciation amounts for movable tangible fixed assets acquired or produced after December 31, 2007 are determined according to the straight-line method of depreciation. As regards low-value assets purchased in financial years 2008 and 2009 at a cost of between €150.00 and €1,000.00, a collective item has been set up in the year of addition pursuant to the tax rule of Section 6 (2a) EstG. This item is reversed with a profit-reducing effect at one fifth each in the year of formation and in the following four financial years. Assets the cost of which amounts to maximally €150.00 are reported as operating expenses in the year of acquisition. On the basis of the German Growth Acceleration Act, low-value assets the acquisition cost of which is between €150.00 and €410.00 € purchased after January 1, 2010 are fully written off in the year of addition and transferred to disposals.

Any probably permanent reduction in value exceeding wear-and-tear depreciation is taken into account by irregular depreciation.

Shares in affiliated companies, long-term equity investments and loans are in general accounted for at acquisition cost or nominal value, in particular cases at the lower fair value.

Inventories are reported in accordance with the strict lower-of-cost-or-market principle at purchase cost or the lower market value, or at any lower fair value.

Receivables and other assets have been accounted for at nominal value, with any identifiable individual risks and the general credit risk taken into account by appropriate write-downs.

Cash and cash equivalents are reported in the balance sheet at nominal value.

The **subscribed capital** is reported at nominal value.

The **special item** contains mainly the special reserves according to Section 6b EstG [German Income Tax Act]. Reserves set up before January 1, 2010 are disclosed as special reserves in accordance with Section 67 (4) EGHGB [Introductory Act to the German Commercial Code] using the retention option. They are reversed in line with the regular amortization process.

Provisions for pensions are accounted for by actuarial calculations based on the 2005 G mortality tables by Professor Dr. Klaus Heubeck, which consider a generation-dependent life expectancy, in accordance with the projected unit credit method. Expected future salary and pension increases have been taken into account in the calculation of obligations. An annual 2.75% adjustment of salaries and a 1.75% adjustment of pensions is in this connection currently assumed. The assumed interest rate used as a basis for discounting pension obligations in the current financial year is 4.90%. This interest rate is the average market interest rate of the past seven financial years for an assumed residual term of 15 years determined and published by Deutsche Bundesbank as of October 31, 2013. Part of the provisions for pensions has been set off against cover funds pursuant to Section 246 (2) clause 2 HGB. Cover funds are accounted for at fair value.

The **other provisions** allow for all identifiable risks and contingent liabilities. Valuation has in each case been effected at the settlement amount necessary to cover any future payment obligations according to sound business judgment. Future price and cost increases are taken into account provided that there is sufficient objective evidence that they will occur. Provisions for downsizing are in this respect valued on the basis of actuarial opinions using the mortality tables by Prof. Dr. Klaus Heubeck. While a salary trend of 2.75% and an assumed

interest rate of 3.65% are considered in the valuation of provisions for semi-retirement benefits, the calculation of the provision for severance pay is based on an assumed interest rate of 3.82% and a salary trend of 2.3% and a pension trend of 1% respectively. The other provisions with a residual term of more than one year are discounted at the average market interest rate of the past seven years corresponding to their residual term, with the value retention option pursuant to Art. 67 (1) clause 2 EGHGB having been exercised except for mining-related provisions. Obligations from warranties have been determined based on experience values at 1% of the sales subject to warranties. The provision for contingent losses from pending transactions is calculated on an absorbed cost basis.

Payables are reported in the balance sheet at settlement amount. The valuation of early retirement benefit obligations takes account of biometric risks based on the 2005 G mortality tables by Professor Dr. Klaus Heubeck. They are discounted at the average market interest rate of the past seven years published by Deutsche Bundesbank in October 2013 resulting for an assumed residual term of one year (discount rate of 3.41%; previous year: 3.83%). Furthermore, an annual salary trend of 1% is assumed.

Due to the existing tax group for corporate income and trade tax purposes, RWE Service GmbH's income and trade income respectively is attributable to RWE AG as the controlling company. As a result, **deferred taxes** are recognized and valued in the annual financial statements of RWE AG.

Currency translation

Business transactions in foreign currency are valued at the exchange rate ruling on the date of initial posting. Receivables and liabilities in foreign currency existing as of the reporting date are translated using the mean spot rate. Any losses from exchange rate changes as of the balance sheet date are in this respect always recognized in income, whereas gains are only recognized affecting income if they relate to receivables and liabilities falling due within one year.

Notes to the Balance Sheet

(1) Fixed assets

The classification of fixed asset items summarized in the balance sheet and their development in the year under review are shown in the fixed asset movement schedule preceding these notes.

Capital expenditure for intangible and tangible fixed assets related to the following:

in € million	2013	Previous year
Software	0.1	0.1
Land, similar rights and buildings, including buildings on leasehold land	3.6	2.0
Technical equipment and machinery	0.1	0.1
Other equipment, factory and office equipment	1.7	2.3
Construction in process	0.1	2.8
	5.4	7.3

Disposals of factory and office equipment result mainly from the sale of assets to Ampri-on GmbH, which formerly belonged to the Group.

Additions to shares in affiliated companies include a contribution to the capital reserves of Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund, in the amount of €1.5 million.

Additions to other loans refer mainly to lessee loans from leasing agreements. Disposals with regard to other loans result from the repayment of building loans extended to employees.

The write-up of loans to affiliated companies results from the compounding of a low-interest bearing loan originally granted to the former RWE Systems Applications GmbH by an agreement of July 27, 2007. With effect as of November 9, 2007, RWE AG assumed from RWE Systems Applications GmbH all rights and obligations arising from the loan agreement against payment of the current market price on the basis of a debt assumption agreement. As of the balance sheet date, the loan has a market value of €37.3 million (previous year: €35.6 million).

Page 24 shows a list of shareholdings within the meaning of Section 285 No. 11 HGB as of December 31, 2013.

(2) Inventories

Real estate held for sale located in Essen is disclosed in inventories.

(3) Receivables and other assets

in € million	12/31/2013	of which falling due within 1 year	Previous year	of which falling due within 1 year
Trade receivables	3.7		3.2	
Receivables from affiliated companies	391.2		340.9	
of which from the shareholder	(310.2)		(221.2)	
Other assets	141.8	0.2	157.5	0.2
	536.7	0.2	501.6	0.2

Out of the receivables from affiliated companies, €146.7 million (previous year: €229.3 million) relate to supplies and services.

Other assets include in particular

- prepayments of €137.9 million (previous year: €154.4 million);
- suppliers with debit balances in the amount of €1.9 million (previous year: €2.0 million);
- insurance premiums of €1.2 million not yet recharged (previous year: €0 million);
- receivables from employees in the amount of €0.6 million (previous year: €0.7 million, and
- tax refund claims of €0.1 million (previous year: €0.1 million).

(4) Cash and cash equivalents

Cash and cash equivalents consist of postage stamps, cash on hand, and bank balances.

(5) Prepaid expenses and deferred charges

Prepaid expenses and deferred charges include in particular payments for rentals and leases made in advance.

(6) Shareholders' equity

Compared with the preceding year, the shareholders' equity has not changed. The subscribed capital of €140.0 million is fully paid-up and held by RWE AG at 100%.

(7) Special item

The special item includes mainly special reserves set up and transferred in preceding years in accordance with Section 6b EStG [German Income Tax Act] in the amount of €99.7 million (previous year: €104.5 million).

(8) Provisions

in € million	12/31/2013	Previous year
Provisions for pensions and similar obligations	86.5	81.0
Tax provisions	0.3	10.8
Mining-related provisions	7.1	7.1
Other sundry provisions	199.9	168.6
	293.8	267.5

Part of the retirement benefit obligations is offset by trust assets or congruent reinsurance. Pursuant to Section 255 Abs. 4 HGB, the cover assets have been accounted for at fair value, which is equal to the market value on December 31, 2013. This resulted in gains of €0.2 million. Due to the netting requirement in Section 246 (2) clause 2 HGB [German Commercial Code], the provisions for pensions and similar obligations have been set off against the plan **assets** from the Contractual Trust Arrangement (CTA) and the **cover assets** from reinsurance.

in € million	Historical acquisition cost	Fair value	Settlement value
Netted assets			
Long-term securities	6.5	7.2	
Other assets	5.3	5.3	
Netted debt			
Provisions for pensions and similar obligations			14.4
Excess liabilities			1.9

The income from cover assets of €0.2 million and the income from valuation based on the market price of €0.2 million has been set off against interest in the amount of €0.8 million transferred to pension obligations pursuant to Section 246 (2) clause 2 HGB. The resulting balance of €0.4 million is included in expenses from interest added to provisions for pensions.

Other provisions have been set up mainly for

- obligations from restructuring measures for a socially compatible headcount reduction €90.8 million (previous year: €51.7 million);
- obligations from semi-retirement in the amount of €37.3 million (previous year: €36.3 million);
- obligations with regard to human resources of €26.0 million (previous year: €26.7 million);
- obligations from environmental protection measures and the rehabilitation of contaminated sites in the amount of €14.9 million (previous year: €26.0 million);
- obligations under public law in respect of real estate of €10.3 million (previous year: €3.7 million);
- obligations from the shutdown of former mining operations and mining damage of €7.1 million (previous year: €7.1 million), and
- contingent losses from pending transactions and obligations from contracts already paid but not yet fulfilled in the amount of €6.0 million (previous year: €6.6 million).

The excess cover resulting from the value retention option under Section 67 (1) clause 2 EGHGB amounts to €0.1 million at the balance sheet date

(9) Liabilities

in € million	12/31/2013	of which falling due in ≤ 1 year	of which falling due in > 5 years	Previous year	of which falling due in ≤ 1 year	of which falling due in > 5 years
Trade payables	209.0	206.2	1.1	257.4	254.5	1.4
Payables to affiliated companies	184.9	184.9		148.9	148.9	
Payables to other long-term investees and investors	•	•		•	•	
Other liabilities	46.9	40.8	1.1	39.1	28.1	1.5
of which taxes	(28.0)	(28.0)		(15.9)	(15.9)	
of which social security payables	(11.9)	(6.0)	(1.0)	(16.9)	(6.5)	(1.3)
	440.8	431.9	2.2	445.4	431.4	2.9

• = minor amount

Out of the payables to affiliated companies, €79.6 million (previous year: €48.4 million) relate to supplies and services.

All payables from the supply of goods have been secured by customary retention of title on the part of the suppliers.

(10) Deferred income

Mainly rental and leasing payments collected in advance are reported as deferred income on the liabilities side of the balance sheet.

(11) Contingencies

A warranty in the amount of €325.4 million (previous year: €300.5 million) for pension obligations reported on the balance sheet of RWE AG exists.

Because of the transfer of certain retirement benefit obligations to RWE Pensionsfonds AG effected in the financial year and earlier, the Company in its capacity as employer will be obligated by law to make an additional contribution in the event of any future shortage of pension funds.

Within the scope of RWE AG's central cash pooling, RWE Service GmbH is jointly liable for the borrowings it gives rise to.

In connection with the spin-off of RWE Systems Applications GmbH and RWE Systems Computing GmbH in financial year 2009, the Company is jointly and severally liable pursuant to Section 133 UmwG [German Reorganization Act] for the liabilities of the transferring companies which have been or will be created before the spin-offs take effect.

The contingencies described here have mainly been provided in favor of affiliated companies. According to our findings, the companies concerned are able to fulfil the underlying obligations in all cases; recourse to the Company is not expected.

(12) Other financial obligations not evident from the balance sheet

Commitments from awarded investment contracts amount to €0.4 million (previous year: €1.9 million).

RWE Service GmbH has other financial obligations from rental and leasing agreements in respect of which the beneficial ownership of the rental or leasing asset is not attributable to RWE Service GmbH. As a consequence, RWE Service GmbH does not capitalize these assets. The subject matter of these agreements are mainly real estate and vehicles. The nominal value of the obligations from vehicle and other leases amounts to €15.6 million (previous year: €17.1 million). The obligations from real estate rental lasting over several years amount to €134.7 million (previous year: €142.0 million), €5.2 million (previous year: €6.0 million) of which relate to affiliated companies, of which, in turn, €0.1 million (previous year: €0.1 million) relate to the shareholder.

The amounts due with regard to rental and leasing agreements may be gathered from the following table:

in € million	
in 2014	32.8
in 2015	28.2
in 2016	24.3
in 2017	19.0
in 2018	14.4
as from 2019	31.4

Notes to the Income Statement

(13) Sales

in € million	2013	Previous year
Sales from remuneration for services provided by the business units		
Real estate	147.2	158.7
Group purchasing	46.5	53.2
Media, event and mobility services	44.1	52.6
Infrastructure services	40.4	39.0
Personnel services	29.1	28.2
Development center	22.8	28.7
Group settlement logistics	14.0	16.0
HR corporate processes	9.0	8.5
Group auditing	8.4	8.1
Security services	6.0	5.2
Group insurance	3.6	3.9
Corporate documentary logistics	2.4	
Personnel management	1.6	
	374.1	402.1
Other sales	25.2	21.3
Sales from the recharging of goods and services procured for third parties	2,226.5	2,257.5
	2,625.8	2,680.9

The group settlement logistics and personnel services business units were reorganized in the financial year. The new group documentary logistics and personnel management business units emerged from this reorganization. As a result, the prior-year figures for these units are not comparable. Sales have almost exclusively been generated within the country.

(14) Other operating income

Other operating income relates mainly to income from

- the reversal of provisions in the amount of €15.5 million (previous year: €7.7 million);
- the reversal of special reserves in the amount of €4.8 million (previous year: €6.3 million);

- the disposal of tangible fixed assets in the amount of €4.2 million (previous year: €2.4 million);
- the write-up of €2.1 million (previous year: €0 million) with regard to real estate;
- the write-up of long-term loans in the amount of €1.6 million (previous year: €1.6 million);
- the reimbursement of cost in the amount of €1.0 million (previous year: €4.1 million), and
- foreign exchange gains of €0.3 million (previous year: €1.1 million).

Other operating income includes income unrelated to the accounting period of €20.4 million (previous year: €14.3 million).

(15) Cost of materials

in € million	2013	Previous year
Cost of raw materials, supplies and merchandise	-47.1	-44.7
Cost of purchased services	-141.9	-150.8
	-189.0	-195.5
Expenses from the procurement of goods and services for third parties	-2,226.5	-2,257.5
	-2,415.5	-2,453.0

The expenses for raw materials, supplies and merchandise do not contain any depreciation according to the lower-of-cost-or-market principle in neither the year under review nor the preceding year.

(16) Personnel expenses

in € million	2013	Previous year
Wages and salaries	-108.3	-106.1
Social security, pension and other benefits	-37.1	-45.9
of which relating to pensions	(-20.5)	(-30.3)
	-145.4	-152.0

Full-time equivalents on an annual average	2013	Previous year
Wage earners	205	221
Salaried employees	1,221	1,236
	1,426	1,457
Apprentices	66	77
	1,492	1,534

(17) Amortization and depreciation

Amortization and depreciation relates to

- intangible assets at €0.1 million (previous year: €0.1 million), and
- to tangible assets at €27.0 million (previous year: €30.5 million).

Amortization and depreciation includes irregular depreciation in the amount of €0.3 million (previous year: €1.9 million) in order to allow for permanent decreases in value with tangible fixed assets.

(18) Other operating expenses

Other operating expenses relate mainly to expenses for

- transfers to the provisions for socially compatible headcount reductions in the amount of €33.1 million (previous year: €47.2 million);
- services rendered by RWE IT GmbH in the amount of €21.8 million (previous year: €26.1 million);
- transfers to the provisions for obligations under public law in respect of real estate of €7.4 million (previous year: €2.3 million);
- other taxes of €6.6 million (previous year: €6.9 million),
- travel expenses and transportation expenses in the amount of €2.1 million (previous year: €2.3 million),
- consulting services in the amount of €2.0 million (previous year: €1.1 million),

- transfers to the provisions for the rehabilitation of contaminated sites in the amount of €1.7 million (previous year: €0.7 million);
- services rendered by RWE Gastronomie GmbH in the amount of €1.6 million (previous year: €1,8 million);
- fees due under public law in the amount of €1.6 million (previous year: €1.6 million);
- transfer to the provisions for the payment of damages, as well as damages already paid in the financial year in the amount of €1.6 million (previous year: €0.1 million);
- insurance premiums of €1.0 million (previous year: €0.8 million);
- monetary compensation related to office and building management of €0.8 million (previous year: €11.9 million), and
- foreign exchange losses in the amount of €0.3 million (previous year: €0.3 million).

Expenses unrelated to the accounting period incurred in the financial year are of minor importance.

(19) Result from financial assets

in € million	2013	Previous year
Income from profit transfer	1.6	
of which from affiliated companies	(1.6)	
Expenses from the assumption of losses		-0.2
of which from affiliated companies		(-0.2)
Write-down of financial assets	-1.5	
of which from affiliated companies	(-1.5)	
Income from other long-term equity investments	0.1	-0.2
of which from affiliated companies	(0.1)	(-0.2)
Income from other long-term securities and loans	0.2	0.5
of which from affiliated companies	(0.2)	(0.2)
	0.3	0.3

• = Minor amount

(20) Interest result

in € million	2013	Previous year
Other interest and similar income	1.2	2.5
of which from affiliated companies	(1.1)	(2.1)
Interest and similar expenses	-13.4	-9.8
of which to affiliated companies	(-0.7)	(-1.7)
of which from the compounding of provisions and liabilities	(-12.7)	(-7.9)
	-12.2	-7.3

(21) Taxes on income

Except for any taxes owed by the Company itself, taxes on income have been reimbursed by RWE AG by virtue of the existing tax group with the latter.

(22) Income from the transfer of loss

The result has been compensated by RWE AG in accordance with the existing profit and loss transfer agreement. There are no amounts subject to pay-out restrictions within the meaning of Section 268 (8) HGB.

Additional disclosures pursuant to the Energiewirtschaftsgesetz [German Energy Industry Act – EnWG]

RWE Service GmbH has concluded agreements for the supply of electricity with affiliated companies, with a company outside the Group, and with employees from Corporate Services and is thus an energy supply company within the meaning of Section 3 No. 18 EnWG. The sales of €2,625.8 million (previous year: €2,680.9 million) include revenues from energy supply services in the amount of €31.3 million (previous year: €30.1 million). Electricity is procured mainly from affiliated companies; the purchase price is included in the cost of materials at €27.7 million (previous year: €26.8 million).

Regardless of the above, the purpose of RWE Service GmbH involves mainly services in the fields of group purchasing, real estate, facility management and human resources for the companies of the RWE Group. Almost all of the business transacted by RWE Service GmbH with affiliated or associated companies of RWE AG within the meaning of the Energy Industry Act does insofar not fall within the scope of usual energy supply services.

Other disclosures

The Company's management consists of

- **Georg Petrich**, Essen, Managing Director, and
- **Dr. Ulrich Piepel**, Düsseldorf, Managing Director.

The Company's **supervisory board** is composed of the following members:

- **Alwin Fitting**, Chief Human Resources Officer of RWE AG, Essen, Chairman (until February 14, 2013);
- **Uwe Tigges**, Chief Human Resources Officer of RWE AG, Essen, Chairman (since February 14, 2013);
- **Wilhelm-Peter Plocieniczak**, Chairman of the Works Council of RWE Service GmbH, Region Essen, Essen, Deputy Chairman;
- **Ingo Alphéus**, Managing Director of RWE Group Business Services GmbH, Essen (since February 14, 2013);
- **Carl-Ernst Giesting**, Chief Executive Officer of envia Mitteldeutsche Energie AG, Chemnitz (until February 14, 2013);
- **Michael Korinth**, Chairman of the Works Council of RWE Service GmbH, Dortmund region, Dortmund (until February 14, 2013);
- **Fred Riedel**, head of Accounting at RWE AG, Essen;
- **Axel Schmale**, Chairman of the Works Council of RWE Service GmbH, Northern Region, Osnabrück (since February 14, 2013);
- **Antonius Voß**, Chief Financial Officer of RWE Power AG, Essen (until February 14, 2013), and
- **Dr. Frank Weigand**, Chief Financial Officer of RWE Generation SE and RWE Power AG, Essen (since February 14, 2013).

With reference to Section 286 (4) HGB, disclosure of the remuneration paid to active members of the management is dispensed with. As in the preceding year, no remuneration was paid to the members of the supervisory board for their work. At the balance sheet date, building and share loans in the total amount of €2,320.38 (previous year: €377.10) extended to members of the supervisory board exist; the loans are interest-free.

All pension obligations vis-à-vis former members of the executive board have been transferred to RWE Pensionsfonds AG by means of the transfer of retirement benefit obligations which took effect as of November 1, 2011. As a consequence, no remuneration was paid to former members of the executive board of former RWE Systems AG in the year under review as had already been the case in the preceding year.

The auditor's fee according to Section 285 No. 17 HGB is included in the consolidated financial statements of RWE AG.

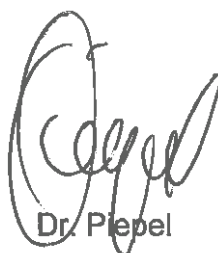
No non-arm's length transactions with related parties have been effected.

Dortmund, January 31, 2014

The Management



Petrich



Dr. Piepel

Shareholdings as of December 31, 2013

	Share according to Section 16 AktG		Equity	Result
	total %	of which Indirectly %	T€	T€
(1) Affiliated companies				
Germany				
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen	100.00		5,113	
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund	100.00		-68,631	849
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100.00		74,596	-675
RWE Gastronomie GmbH, Essen	100.00		275	*
Foreign countries				
RWE Group Business Services CZ s.r.o, Prague.	51.00		860	514
(2) Long-term equity investments				
Germany				
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG, Düsseldorf	100.00		907	419
Salus Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Leipzig KG, Düsseldorf	100.00		-34	15

* = profit and loss transfer agreement

Management Report

of

RWE Service GmbH, Dortmund,

for the Financial Year from

January 1, 2013 to December 31, 2013

General information

RWE Service GmbH, domiciled in Dortmund, emerged from RWE Systems AG, Dortmund, as a result of a change in legal form authorized by a transformation resolution of October 24, 2008 pursuant to the provisions of the Umwandlungsgesetz [German Reorganization Act]. RWE Service GmbH meets the requirements for a large corporation within the meaning of Section 267 (3) and (4) HGB. RWE Service GmbH is part of the RWE Group and, as a multi-functional Shared Service Center, pools services with synergy potential in the areas of purchasing, real estate management and human resources, as well as in other fields, for example, group auditing or group insurance, which support the operating business within the RWE Group. The Company operates at approximately 30 locations in Germany and in the UK. The sole shareholder of RWE Service GmbH is RWE AG, Essen, with whom a control and profit and loss transfer agreement exists. RWE Service GmbH is included in the consolidated financial statements prepared by RWE AG, Essen.

Economic environment

Although RWE Service GmbH established a branch in the UK in financial year 2011, the main focus of its economic activities continues to be in Germany. The Company has only a few customers outside the RWE Group. Its intragroup customers operate in the energy industry. RWE Service GmbH itself supplies electricity to only one major account, to affiliated companies and private households. Therefore, this line of business is of minor importance. As a consequence, the economic position of RWE Service GmbH is only indirectly affected by the economic trend, which has a significant effect on industrial enterprises, or by weather conditions which, to a large extent, decide on the energy demand from private households.

Results of operations and Company performance

The Company's results of operations in the year under review are as follows:

in € million	2013	Previous Year
Total operating performance	2,625.6	2,681.1
Other operating income	34.5	26.3
Cost of materials	-2,415.5	-2,453.0
Personnel expenses	-145.4	-152.0
Amortization and depreciation	-27.1	-30.6
Other operating expenses	-86.0	-112.2
Financial result	-11.9	-7.0
Loss on ordinary activities	-25.8	-47.4

Sales in the amount of €2,625.8 million adjusted by sales from the recharge of goods and services procured for third parties in the amount of €2,226.5 million run up to €399.3 million (previous year: €423.4 million) in the financial year. The decrease in sales in the reporting year is in the first place due to divestments within the investment portfolio – Amprion GmbH and Thyssengas GmbH – of RWE AG and, in the second place, to cost-saving programs covering the entire group, leading inter alia to a decline in the procurement volume and thus causing drops in sales in the group purchasing line of business.

Compared with the previous year, expenses for wages and salaries increased by €2.2 million to €108.3 million in the reporting year due to an increase in pay rates which was not entirely absorbed by a headcount reduction, whereas overall personnel expenses decreased year-on-year by €6.6 million to €145.4 million in the current financial year, because non-recurring components had a positive effect on the expenses for pensions in the reporting year.

The decrease in other operating expenses is mainly due to lower expenses for restructuring measures.

The interest result had a €-12.2 million (previous year: €-7.3 million) impact on the result on ordinary activities. This is primarily due to the average market interest rates for the past seven years (which declined more strongly in 2013 than in 2012) which are to be used for discounting the provisions under Section 253 (2) HGB, taking account of individual terms to maturity.

A loss on ordinary activities of €-25.8 million (previous year: €-47.4 million) was generated in the year under review. The result has been burdened by a transfer to provisions for restructuring measures in the amount of €33.1 million (previous year: €47.2 million) in the reporting year. Within the real estate business, the reversal and formation respectively of provisions had a positive effect on the result of on balance €4.5 million. Adjusted by these exceptionals, a profit on ordinary activities of €2.8 million would have been generated. This exceeds the result of €-0.2 million forecast in the last year by €3.0 million.

The loss after taxes of €12.4 million has been covered for by RWE AG owing to the existing control and profit and loss transfer agreement.

The Company belongs to the Group of RWE AG for which consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) are prepared. The Group is managed on the basis of the operating result derived from the IFRS result. The result before taxes according to IFRS in the amount of €-30.3 million is divided into operating result (€14.2 million), non-operating result (€-40.7 million) and financial result (€-3.8 million). The non-operating result comprises mainly expenses for restructuring measures in the amount of €36.8 million. The €4.5 million higher HGB result is mainly due to the reversal of special items in the amount of €4.8 million, to a lower transfer to the “severance pay by monthly fractional amounts” provision for restructuring measures under HGB due to different discount rates, and, with a contrary effect, to higher interest expenses from the compounding of long-term provisions in the amount of €4.6 million.

Employees

Seven employees transferred from RWE Group Business UK Ltd to the UK branch of RWE Service GmbH to the personnel services business unit, whereas 24 full-time equivalents transferred from RWE Power AG to the group documentary logistics business unit of RWE Service GmbH. The average number of employees – measured in full-time equivalents – at

RWE Service GmbH decreased by 42 to 1,492 full-time equivalents, mainly on the basis of socially compatible labor force reduction measures.

In financial year 2014, the workforce will noticeably decrease due to several partial transfers of business to RWE Group Business Services GmbH.

Investing activities

RWE Service GmbH's fixed assets include intangible assets, tangible assets, and financial assets. While financial assets of €183.3 million are almost at their prior-year level, the value reported for tangible assets decreased by €21.2 million to €387.5 million. This is primarily due to the fact that investing activities in the amount of €5.4 million stay clearly under amortization and depreciation for the current financial year of €27.0 million. Capital expenditure concerns mainly real estate in Cologne and Essen, as well as subsequent production costs for buildings, including technical equipment, incurred in the financial year. Land, similar rights and buildings account for 96.1% of tangible fixed assets. In the year under review, RWE Service GmbH invested €13.4 million in maintenance measures for protecting the real estate portfolio and maintaining the real estate value (previous year: €16.6 million).

Environmental risks and environmental protection

Since 2007, the former hard coal mining activities for which the RWE Group is responsible have been pooled in RWE Service GmbH and its affiliated companies Alte Haase Bergwerks-Verwaltungsgesellschaft mbH and GfV Gesellschaft für Vermögensverwaltung mbH. Consequently, RWE Service GmbH manages the mining fields owned by these companies covering a total area of 138 square kilometers. In order to realize all mining risks, a mining risk management system has been designed for recording, categorizing and prioritizing all potential mining-related danger points. As of the balance sheet date, RWE Service GmbH recognized provisions in the amount of €7.1 million to cover for the risk RWE Service GmbH is responsible for. Furthermore, contaminated sites of RWE Service GmbH are included in risk management, their potential danger being assessed. The Company reports provisions in the amount of €8.7 million to cover for these risks.

Significant events

Significant events occurred neither in the year under review nor after the balance sheet date.

Net assets and financial position

The Company is integrated into the central cash management of the RWE Group by contract. By virtue of this contract, any free liquidity is transferred to RWE AG, bearing interest in line with banking practice. As of the balance sheet date, the credit balance is €244.4 million. The Company's liquidity is ensured this way.

Net assets and capital structure	2013		2012	
	in € million	%	in € million	%
Fixed assets	571.4	51.4	590.2	53.9
Current assets/prepaid expenses and deferred charges	539.3	48.6	505.4	46.1
Assets	1,110.7	100.0	1,095.6	100.0
Shareholders' equity and pro rata special item	317.9	28.6	321.7	29.4
Long-term liabilities and pro rata special item	296.7	26.7	277.2	25.3
Medium- and short-term liabilities	496.1	44.7	496.7	45.3
Shareholders' equity and liabilities	1,110.7	100.0	1,095.6	100.0

Asset intensity, i.e. the relationship between fixed assets and total assets, decreased in the reporting year by 2.5% from 53.9% to 51.4%, because capital expenditure lies below divestment and amortization and depreciation.

The special reserves in the amount of €101.1 million have been allocated to the shareholders' equity at 68.6% and to long-term liabilities at 31.4% (this percentage rate corresponds to the Group's tax rate).

Owing to a control and profit and loss transfer agreement, the shareholders' equity remained unchanged year-on-year. As of the balance sheet date, RWE Service GmbH therefore reports an almost unchanged equity ratio of 28.6% (previous year: 29.4%).

Strengths and weaknesses

RWE Service's strategy is focused on the achievement of business excellence. This general goal of all business activities is based on the Company's integrated management. For this purpose, RWE Service GmbH features a management system designed to facilitate a continuous development towards an enterprise of excellence. The quality management system is a key element for achieving this ultimate corporate objective. Through its quality management

system, RWE Service GmbH makes sure that its service processes are permanently focused on customer needs and are being optimized. This applies to both products and services as well as to the internal processes within RWE Service GmbH. The procurement process for the group purchasing upstream utility function has already been certified under KTA 1401, and retirement arrangement services in the personnel services business have been certified under DIN ISO 9001. Corporate quality management emphasizes RWE Service GmbH's ambition to provide professional services.

Major opportunities of and risks to future development

Due to the „Services“ partial project of the „RWE 2015“ program, both sales and personnel expenses as well as personnel-related expenses will decrease markedly in 2014. According to the future organization model for the group, the operating group companies shall no longer have a full range of own administrative functions. Similar tasks are intended to be separated from the operating units and bundled in so-called Shared Service Centers or Centers of Expertise (CoE), in order to further concentrate and standardize internal services with the objective of increasing efficiency and cost savings at group level. In the course of this project, the Group Purchasing organizational unit will at first transfer to RWE Group Business Services GmbH on the basis of a partial transfer of business within the meaning of Section 613a (1) clause 1 BGB as of February 1, 2014. A large number of further Centers of Expertise will be located within RWE Group Business Services GmbH. For RWE Service GmbH, this means that a substantial number of services which have until now been rendered by it will be relocated from RWE Service GmbH to RWE Group Business Services GmbH.

According to the last planning, an operating result of €-1.6 million has been forecast for the remaining business units. Since the transfer of the individual operations has not yet been finally fixed, RWE Service GmbH's operating result will be affected by these transferred units in 2014 as well.

Following the various scheduled partial transfers of business, RWE Service GmbH would especially focus on services relating to real estate. On the one hand, this runs the risk of potential market-induced losses in the real estate portfolio, on the other hand it will offer an opportunity to sell further not operationally necessary assets in the real estate market revitalized after the financial crisis and thus to disclose hidden reserves. Aside from this, there are further

risks and opportunities with regard to the removal of mining dangers and residual pollution due to current damaging events or new findings, which could also cause the provisions for risks to decrease, as well as with regard to the investment portfolio or the performance of the investments held.

Dortmund, January 31, 2014

The Management



Petrich



Dr. Piepel