RWE Credit Factbook 2015 contains certain forward-looking statements as defined by US federal securities laws. This predominantly relates to the following statements:

> Projections of revenue, income, earnings per share, capital expenditure, dividends, the capital structure and other financials;
> Statements of plans or objectives for future operations or concerning the company’s future competitive position;
> Expectations of future economic performance; and
> Statements of assumptions underlying several of the foregoing types of statements, all of which are forward-looking statements.

Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project”, “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in the general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grids, creating a regulation agency for electricity and gas or the introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain, or to obtain on acceptable terms, necessary regulatory approvals regarding future transactions, the inability to successfully integrate new companies within the RWE Group to realise synergies from such integration and the potential liability for remedial actions under existing or future environmental regulations and the potential liability resulting from pending or future litigation. Any forward-looking statement is valid only as of the date on which it is made. RWE neither intends to, nor assumes any, obligation to update these forward-looking statements. For additional information regarding risks, investors are urged to consult RWE’s latest annual report, other reports recently filed with the Frankfurt Stock Exchange and the material furnished to the US Securities and Exchange Commission by RWE.
# Agenda

<table>
<thead>
<tr>
<th>I.</th>
<th>RWE Group</th>
<th>p. 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>II.</td>
<td>Financial Policy</td>
<td>p. 9</td>
</tr>
<tr>
<td>III.</td>
<td>Financial Instruments</td>
<td>p. 19</td>
</tr>
<tr>
<td>IV.</td>
<td>Rating</td>
<td>p. 36</td>
</tr>
<tr>
<td>V.</td>
<td>Risk Management</td>
<td>p. 43</td>
</tr>
<tr>
<td>VI.</td>
<td>Financial Asset Management</td>
<td>p. 53</td>
</tr>
<tr>
<td>VII.</td>
<td>Provisions</td>
<td>p. 57</td>
</tr>
<tr>
<td>VIII.</td>
<td>Investor Relations</td>
<td>p. 65</td>
</tr>
</tbody>
</table>
RWE Group
Board and reporting segments

Peter Terium
Chief Executive Officer since 1 July 2012
Deputy Chairman of the RWE AG Executive Board from 1 September 2011 to 30 June 2012
Appointed until 28 February 2021

Dr. Rolf Martin Schmitz
Deputy Chairman of the Executive Board of RWE AG and Chief Operating Officer since 1 July 2012
Member of the Executive Board of RWE AG since 1 May 2009
Appointed until 31 January 2019

Dr. Bernhard Günther
Chief Financial Officer since 1 January 2013
Member of the Executive Board of RWE AG since 1 July 2012
Appointed until 30 June 2017

Uwe Tigges
Chief Human Resources Officer since 1 January 2013
Appointed until 31 December 2020

RWE Group

<table>
<thead>
<tr>
<th>Conventional Power Generation</th>
<th>Supply / Distribution Networks Germany</th>
<th>Supply Netherlands / Belgium</th>
<th>Supply United Kingdom</th>
<th>Central Eastern and South Eastern Europe</th>
<th>Renewables</th>
<th>Trading / Gas Midstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWE Generation</td>
<td>RWE Deutschland</td>
<td>Essent</td>
<td>RWE npower</td>
<td>RWE East</td>
<td>RWE Innogy</td>
<td>RWE Supply &amp; Trading</td>
</tr>
</tbody>
</table>

Internal Service Providers
- RWE Consulting
- RWE Group Business Services
- RWE IT
- RWE Service
Becoming faster and getting closer to customers

Main steps

> Transformation of RWE AG from a holding into an operating company
> Merger of most 100% German subsidiaries into RWE AG
> Future divisional steering through Chief Operating Officers
> Full implementation by 1 January 2017

Key achievements

> Faster decision making processes through alignment of steering model and legal governance
> Reduction of intercompany interfaces
> Reduction of management boards and supervisory boards
> Elimination of individual company accounts, tax returns and their independent audits

New organisational and management structure as of 1 January 2017

RWE AG Board

- CEO
- CFO
- CHO
- COO Generation
- COO Retail
- COO Grid
- COO Renewables

New RWE AG includes former

- RWE Vertrieb AG
- RWE Deutschland AG (only employees)
- RWE GBS GmbH

RWE IT GmbH
RWE Energiedienstleistungen GmbH
RWE Effizienz GmbH
RWE Consulting GmbH
RWE Netzservice GmbH
RWE Service GmbH (only employees)

Westnetz GmbH
RWE Generation AG
RWE Innogy GmbH
RWE Supply & Trading GmbH

1 RWE companies to be merged as well as largest companies under the RWE AG umbrella.
RWE Group fully integrated along the value chain

**Upstream**
Production and generation
- Raw material production
- Power generation
  - Lignite
  - Conventional generation
  - Renewable energy

**Midstream**
Transportation and storage
- Energy trading/gas midstream

**Downstream**
Distribution and retail
- Networks
- Supply
  - Electricity
  - Gas
  - Energy+
  - Electricity
  - Gas
  - Energy+

- RWE Generation
- RWE Generation
- RWE Supply & Trading
- RWE East
- RWE East
- RWE Innogy
- RWE Deutschland
- RWE East
- RWE npower
- Essent
Attractive regulated portfolio: medium term 40-50% of operating result derived from regulated operations

**EBITDA (2014)**
- Unregulated business 63%
- Regulated business 37%
- €7,131 million

**Operating result (2014)**
- Unregulated business 59%
- Regulated business 41%
- €4,017 million
Financial Policy
Main aspects of our financial policy

| Access to the capital market at all times through … | > Keeping solid investment grade corporate rating  
| | > First funding of provisions  
| | > Targeting ongoing positive cash balance |
| Strong liquidity profile | > Ample liquidity from strong operational cash flows and committed back-up line  
| | > Commercial paper market readily accessible  
| | > Smooth maturity profile  
| | > Defined minimum liquidity internally due to margining requirements from trading business |
| Prudent financial policy | > Long-term and fixed interest financing matching a long-term business  
| | > Conservative definition of net debt (including all major long-term provisions)  
| | > ~70-80% of pension obligations funded by Contractual Trust Arrangement |
Excellent access to the capital market is key to us

---

### Significant reduction of net financial debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt incl. 50% of hybrids</th>
<th>Pension, mining and nuclear provisions</th>
<th>Leverage factor¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>13.0</td>
<td>16.9</td>
<td>3.5x</td>
</tr>
<tr>
<td>2012</td>
<td>13.1</td>
<td>19.9</td>
<td>3.5x</td>
</tr>
<tr>
<td>2013</td>
<td>11.1</td>
<td>19.6</td>
<td>3.5x²</td>
</tr>
<tr>
<td>2014</td>
<td>9.3</td>
<td>20.6</td>
<td>3.8x²</td>
</tr>
<tr>
<td>2015e</td>
<td>&lt; 2014</td>
<td>&gt; 2014</td>
<td></td>
</tr>
</tbody>
</table>

1 Leverage factor = (Net financial debt (incl. 50% of hybrids) + pension, mining and nuclear provisions)/EBITDA.
2 Pro-forma leverage factor including the EBITDA of RWE Dea, as reported net debt still includes RWE Dea.
3 Including €1.1 bn net debt from discontinued operations (= RWE Dea).
Capex programme reduced to maintenance level

Further growth projects have to be financed debt-neutral, e.g. by the disposal of other assets or partnering solutions

- Approx. €6.5 – 7.0 bn capex programme for 2015 – 2017:
  - ~ €1.5 – 2.0 bn for major projects
  - ~ €5.0 bn for day-to-day incl. grids
- Completion of new-build power plant programme
- Completion of large offshore wind farm projects in 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>RWE Dea</th>
<th>Distribution</th>
<th>Renewables</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.4</td>
<td>5.1</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>2013</td>
<td>3.8</td>
<td>4.5</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>2014</td>
<td>3.2</td>
<td>3.2</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>2015e</td>
<td>2.5 – 3.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>2016e</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017e</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Composition of net debt\(^1\)

<table>
<thead>
<tr>
<th>€ million</th>
<th>2015 H1</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>3,961</td>
<td>3,171</td>
<td>3,950</td>
<td>2,672</td>
<td>2,009</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>6,762</td>
<td>4,777</td>
<td>3,262</td>
<td>3,047</td>
<td>5,353</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>1,442</td>
<td>2,099</td>
<td>1,156</td>
<td>1,892</td>
<td>2,322</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td><strong>12,165</strong></td>
<td><strong>10,047</strong></td>
<td><strong>8,368</strong></td>
<td><strong>7,611</strong></td>
<td><strong>9,684</strong></td>
</tr>
<tr>
<td>Bonds, other notes payable, bank debt, commercial paper</td>
<td>16,495</td>
<td>16,155</td>
<td>16,224</td>
<td>17,748</td>
<td>19,959</td>
</tr>
<tr>
<td>Hedge transactions related to bonds</td>
<td>-171</td>
<td>-38</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>2,433</td>
<td>2,411</td>
<td>2,464</td>
<td>2,198</td>
<td>1,964</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td><strong>18,757</strong></td>
<td><strong>18,528</strong></td>
<td><strong>18,688</strong></td>
<td><strong>19,946</strong></td>
<td><strong>21,923</strong></td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td><strong>6,592</strong></td>
<td><strong>8,481</strong></td>
<td><strong>10,320</strong></td>
<td><strong>12,335</strong></td>
<td><strong>12,239</strong></td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>5,976</td>
<td>7,871</td>
<td>6,227</td>
<td>6,856</td>
<td>3,846</td>
</tr>
<tr>
<td>Provisions for nuclear waste management</td>
<td>10,497</td>
<td>10,367</td>
<td>10,411</td>
<td>10,201</td>
<td>10,366</td>
</tr>
<tr>
<td>Mining provisions</td>
<td>2,420</td>
<td>2,401</td>
<td>2,952</td>
<td>2,874</td>
<td>2,780</td>
</tr>
<tr>
<td>Adjustment for hybrid capital (portion of relevance to the rating)</td>
<td>83</td>
<td>766</td>
<td>817</td>
<td>785</td>
<td>777</td>
</tr>
<tr>
<td>Plus 50% of the hybrid capital stated as equity</td>
<td>1,357</td>
<td>1,353</td>
<td>1,351</td>
<td>1,351</td>
<td>880</td>
</tr>
<tr>
<td>Minus 50% of the hybrid capital stated as debt</td>
<td>-1,274</td>
<td>-587</td>
<td>-534</td>
<td>-566</td>
<td>-103</td>
</tr>
<tr>
<td>Net debt of continuing operations</td>
<td>25,568</td>
<td>29,886</td>
<td>30,727</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net debt of discontinued operations</td>
<td>-</td>
<td>1,086</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net debt of the RWE Group</strong></td>
<td><strong>25,568</strong></td>
<td><strong>30,972</strong></td>
<td><strong>30,727</strong></td>
<td><strong>33,015</strong></td>
<td><strong>29,948</strong></td>
</tr>
</tbody>
</table>

| EBITDA                                        | 3,186   | 7,131 | 7,904 | 9,314 | 8,460 |
| Leverage factor                               | -       | 3.8\(^2\) | 3.5\(^2\) | 3.5   | 3.5   |

---

1 Prior-year figures were adjusted due to the first-time application of IFRS 11.
2 Adjusted ratio.
Positive cash balance reached one year ahead of plan

Cash flows from operating activities to cover investments and dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash balance</th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-2.7</td>
<td>-4.4</td>
</tr>
<tr>
<td>2013</td>
<td>-0.7</td>
<td>-4.8</td>
</tr>
<tr>
<td>2014</td>
<td>1.1</td>
<td>5.5</td>
</tr>
<tr>
<td>2015e</td>
<td>&lt;0</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Target: ≥0

1 From continuing operations (excluding RWE Dea).
Development of net debt, EBITDA and leverage factor

As of 30 June 2015.

1 Adjusted ratio.
Balanced maturity profile of RWE’s bonds

Balanced profile with a total outstanding amount of €17.9 bn bonds, thereof €12.5 bn senior and €5.3 bn hybrid capital

Target of max. €2 bn redemption per year (excl. hybrid bonds)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>€1.0 bn 8%</td>
<td>€2.7 bn 21%</td>
<td>€4 bn 32%</td>
<td>€4.9 bn 39%</td>
</tr>
</tbody>
</table>

Cumulated maturities excl. hybrid bonds

RWE AG and RWE Finance B.V bonds
RWE AG hybrid bonds (first call dates)
Accumulated outstanding debt (incl. hybrid capital)

1 Remark: capital market debt as of 31 August 2015 amounts to €18.1 bn, thereof €12.4 bn senior and €5.7 bn hybrid capital.

As of 30 June 2015.
Capital market debt currency and interest exposure

Currency exposure

- 37% (€)
- 63% (£)

Interest exposure

- 3% (Interest rate fixing expiry > 1 year)
- 97% (Interest rate fixing expiry ≤ 1 year)

1 Capital market debt (senior bonds and hybrids) including cross-currency swaps.
2 Capital market debt plus other interest rate-related positions such as commercial paper and cash; including interest and cross-currency swaps.

As of 30 June 2015.
Financial liabilities and assets

Financial liabilities € billion

<table>
<thead>
<tr>
<th></th>
<th>Short term (≤ 12 months)</th>
<th>Long term (&gt; 12 months)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds, incl. other notes payable¹</td>
<td>2.1</td>
<td>14.0</td>
<td>16.7</td>
</tr>
<tr>
<td>Loans with banks</td>
<td>1.3</td>
<td>1.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Collateral, margin payments received²</td>
<td>0.8</td>
<td>0.3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Financial assets € billion

<table>
<thead>
<tr>
<th></th>
<th>Short term (≤ 12 months)</th>
<th>Long term (&gt; 12 months)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities</td>
<td>11.7</td>
<td>4.0</td>
<td>15.7</td>
</tr>
<tr>
<td>Other: other financial receivables</td>
<td>0.3</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Cash/cash equivalents</td>
<td>6.5</td>
<td>0.3</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Split of securities

<table>
<thead>
<tr>
<th></th>
<th>Securities</th>
<th>Collateral, margin payments¹</th>
<th>Other: other financial receivables</th>
<th>Cash/cash equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing instruments</td>
<td>22%</td>
<td>78%</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Including currency rate hedges of bonds.
² Excluding variation margins which are netted against the fair values of the respective derivatives.

As of 30 June 2015.
Financial Instruments
## RWE’s flexible external funding tools

<table>
<thead>
<tr>
<th>Sources of funding</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Syndicated loan facility</strong>&lt;br&gt;(until March 2020)</td>
<td>0 out of €4 bn (Back up liquidity)&lt;br&gt;Unused credit line which serves as an liquidity back-up committed by an international banking group</td>
</tr>
<tr>
<td><strong>Commercial papers</strong>&lt;br&gt;(up to 1 year)</td>
<td>0 out of €4.5 bn ($5.0 bn)&lt;br&gt;Short-term financing on the money market under a Commercial Paper Programme of up to $5 bn</td>
</tr>
<tr>
<td><strong>EIB loans</strong></td>
<td>€1.1 bn out of €1.1 bn&lt;br&gt;Low-interest programme loans by European Investment Bank (EIB)</td>
</tr>
<tr>
<td><strong>Senior bonds</strong>&lt;br&gt;(up to 30 years)</td>
<td>€12.4 out of €30 bn&lt;br&gt;Long-term bond financing on the debt capital market under a Debt Issuance Programme of up to €30 bn</td>
</tr>
<tr>
<td><strong>Hybrid bonds</strong>&lt;br&gt;(60 years or more)</td>
<td>€5.7 bn&lt;br&gt;Subordinated bonds which provide for equity credit with the rating agencies</td>
</tr>
</tbody>
</table>

---

1 RWE AG and RWE Finance B.V. as of 31 August 2015.
Syndicated loan facility

Key facts on RWE’s Syndicated Loan

> Back-up liquidity for general corporate purpose
> Size of €4 billion
> Consortium of more than 30 international banks
> No financial covenants and no rating trigger
> Agreed in 2014 with an original term of 5 years plus two extension options
> The facility will mature in March 2020
Commercial Paper Programme

Key facts on RWE’s Commercial Paper Programme

> The global Commercial Paper Programme enables RWE to issue short-term notes without major pre-arrangement based on the given documentation

> Issues in the form of Euro commercial paper (ECP) or U.S. commercial paper (USCP)

> Key facts:
  - Issuer: RWE AG
  - Volume: $5 bn
  - Term of the notes: up to 364 days
  - Currencies: no restrictions for ECP, USCP only in USD
  - Interest: based on Euribor/ Libor
Commercial papers are a very attractive and flexible financing tool

> Commercial papers (CP) are important instruments for corporate borrowers to bridge short-term financing needs. RWE usually issues notes of up to 6 months, longer maturities are used from time to time. The rates are very attractive – close to Euribor.
> The utilisation of RWE’s CP programme is usually in the low to mid three digit million Euro range.
> At the end of 2011, RWE increased the utilisation of CPs short-term and reduced it substantially after the equity transaction which took place in December 2011.
> Since then the CP programme has been used mainly to bridge larger financial needs for a short period of time (e.g. in expectation of larger disposal inflows).
European Investment Bank loans

Key facts on RWE’s EIB loan

> Low interest programme loan by European Investment Bank (EIB)

> €645 million drawn in the second half of 2011 with a maturity of 9 years

  > Funds are used to finance capital expenditure on RWE’s electricity distribution network

> £350 million drawn in the first half of 2015 with a maturity of 8 years

  > Funds are used to finance capital expenditure on RWE’s renewable projects
Debt Issuance Programme (DIP)

Key facts on RWE’s Debt Issuance Programme

> RWE’s Euro Medium-Term Notes (EMTN) Programme
> Flexible tool for issuance of public or private bonds based on the given documentation without major pre-arrangements
> Key facts:
  - Issuer: RWE AG or RWE Finance B.V.
  - Volume: €30 bn
  - Term: up to 30 years
  - Currencies: no restrictions
  - Interest structure: fixed coupons, floating coupons or zerobonds
  - Unsecured and unsubordinated, pari passu, negative pledge, cross default, no financial covenants
  - Listing: Luxembourg SE, passporting to Germany, the Netherlands, Austria, Ireland and the UK
  - Documentation updated once a year with one year validity
Bond financing via RWE Finance B.V.

Key facts on financing via RWE Finance B.V

- RWE Finance B.V., based in the Netherlands, is a 100% RWE Group member solely established for refinancing RWE AG via the capital markets
- RWE Finance B.V. only issues senior bonds; all senior bonds are issued under the guarantee of RWE AG
- Issued bonds are forwarded to RWE AG or RWE Group companies
- Hybrid bonds and private placements are issued by RWE AG

RWE Finance B.V. Board of Directors

- **Dr. Markus Coenen** (Head of Finance, RWE AG)
- **Hub Dullens** (Head of Tax, Essent)
- **Dr. Volker Heischkamp** (Head of Treasury, RWE AG)
- **Jacob Stollenga** (Director Reporting, Essent)
# Outstanding RWE senior bonds (currencies)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Launch date</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>Coupon (%)</th>
<th>Currency</th>
<th>Amount Out. (million)</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EUR Senior</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>08.10.2013</td>
<td>Baa1</td>
<td>BBB</td>
<td>3.000</td>
<td>EUR</td>
<td>800</td>
<td>17.01.2024</td>
</tr>
<tr>
<td>RWE AG</td>
<td>01.02.2013</td>
<td>Baa1</td>
<td>BBB</td>
<td>3.550</td>
<td>EUR</td>
<td>150</td>
<td>13.02.2043</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>16.01.2013</td>
<td>Baa1</td>
<td>BBB</td>
<td>1.875</td>
<td>EUR</td>
<td>750</td>
<td>30.01.2020</td>
</tr>
<tr>
<td>RWE AG</td>
<td>03.12.2012</td>
<td>Baa1</td>
<td>BBB</td>
<td>3.500</td>
<td>EUR</td>
<td>100</td>
<td>03.12.2042</td>
</tr>
<tr>
<td>RWE AG</td>
<td>30.08.2012(^1,(^2))</td>
<td>Baa1</td>
<td>BBB</td>
<td>3.500</td>
<td>EUR</td>
<td>500</td>
<td>26.10.2037</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>03.02.2009</td>
<td>Baa1</td>
<td>BBB</td>
<td>6.500</td>
<td>EUR</td>
<td>1.000</td>
<td>10.08.2021</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>12.11.2008</td>
<td>Baa1</td>
<td>BBB</td>
<td>6.625</td>
<td>EUR</td>
<td>1.000</td>
<td>31.01.2019</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>11.07.2003</td>
<td>Baa1</td>
<td>BBB</td>
<td>5.125</td>
<td>EUR</td>
<td>980</td>
<td>23.07.2018</td>
</tr>
<tr>
<td>RWE AG</td>
<td>31.01.2003</td>
<td>Baa1</td>
<td>BBB</td>
<td>5.750</td>
<td>EUR</td>
<td>600</td>
<td>14.02.2033</td>
</tr>
<tr>
<td>RWE AG</td>
<td>13.11.2002</td>
<td>Baa1</td>
<td>BBB</td>
<td>Floating</td>
<td>EUR</td>
<td>100</td>
<td>15.11.2017</td>
</tr>
<tr>
<td><strong>GBP Senior</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>17.01.2012</td>
<td>Baa1</td>
<td>BBB</td>
<td>4.750</td>
<td>GBP</td>
<td>600</td>
<td>31.01.2034</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>25.06.2009</td>
<td>Baa1</td>
<td>BBB</td>
<td>6.125</td>
<td>GBP</td>
<td>1.000</td>
<td>06.07.2039</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>25.06.2009</td>
<td>Baa1</td>
<td>BBB</td>
<td>5.500</td>
<td>GBP</td>
<td>500</td>
<td>06.07.2022</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>11.06.2003</td>
<td>Baa1</td>
<td>BBB</td>
<td>5.625</td>
<td>GBP</td>
<td>488</td>
<td>06.12.2023</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>18.04.2002</td>
<td>Baa1</td>
<td>BBB</td>
<td>6.250</td>
<td>GBP</td>
<td>760</td>
<td>03.06.2030</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>06.04.2001</td>
<td>Baa1</td>
<td>BBB</td>
<td>6.500</td>
<td>GBP</td>
<td>570</td>
<td>20.04.2021</td>
</tr>
<tr>
<td><strong>USD Senior</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE AG</td>
<td>20.03.2013</td>
<td>Baa1</td>
<td>BBB</td>
<td>3.800</td>
<td>USD</td>
<td>50</td>
<td>05.04.2033</td>
</tr>
<tr>
<td><strong>JPY Senior</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE AG</td>
<td>04.02.2010</td>
<td>Baa1</td>
<td>BBB</td>
<td>Private</td>
<td>JPY</td>
<td>2.000</td>
<td>17.02.2040</td>
</tr>
</tbody>
</table>

1 Delayed settlement to 26.10.2012.
2 Tapped after the issue date.

As of 31 August 2015.
# Outstanding RWE senior bonds (time to maturity)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Currency</th>
<th>Placement</th>
<th>Volume in currency (million)</th>
<th>Volume in € (million)</th>
<th>Tenor (years)</th>
<th>Launch date</th>
<th>Maturity date</th>
<th>Coupon (%)</th>
<th>German securities code</th>
<th>ISIN Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>850.0</td>
<td>850.0</td>
<td>15</td>
<td>06.04.2001</td>
<td>20.04.2016</td>
<td>6.250</td>
<td>648661</td>
<td>XS0127984747</td>
</tr>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Private</td>
<td>100.0</td>
<td>100.0</td>
<td>15</td>
<td>13.11.2002</td>
<td>15.11.2017</td>
<td>Floating</td>
<td>748536</td>
<td>XS0158243013</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>980.0</td>
<td>980.0</td>
<td>15</td>
<td>11.07.2003</td>
<td>23.07.2018</td>
<td>5125</td>
<td>957955</td>
<td>XS0172851650</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>1,000.0</td>
<td>1,000.0</td>
<td>10</td>
<td>12.11.2008</td>
<td>31.01.2019</td>
<td>6.625</td>
<td>A0T3SP</td>
<td>XS0399647675</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>750.0</td>
<td>750.0</td>
<td>7</td>
<td>16.01.2013</td>
<td>30.01.2020</td>
<td>1.875</td>
<td>A1HE5D</td>
<td>XS0878010718</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>570.0</td>
<td>783.5</td>
<td>20</td>
<td>06.04.2001</td>
<td>20.04.2021</td>
<td>6.500</td>
<td>648663</td>
<td>XS0127992336</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>1,000.0</td>
<td>1,000.0</td>
<td>12.5</td>
<td>03.02.2009</td>
<td>10.08.2021</td>
<td>6.500</td>
<td>A0T6L6</td>
<td>XS0412842857</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>500.0</td>
<td>687.3</td>
<td>13</td>
<td>25.06.2009</td>
<td>06.07.2022</td>
<td>5.500</td>
<td>A1AJN3</td>
<td>XS0437307464</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>487.5</td>
<td>670.1</td>
<td>20</td>
<td>11.06.2003</td>
<td>06.12.2023</td>
<td>5.625</td>
<td>878761</td>
<td>XS0170732738</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>EUR</td>
<td>Public</td>
<td>800.0</td>
<td>800.0</td>
<td>10.3</td>
<td>08.10.2013</td>
<td>17.01.2024</td>
<td>3.000</td>
<td>A1HR28</td>
<td>XS0982019126</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>760.0</td>
<td>1,044.6</td>
<td>28</td>
<td>18.04.2002</td>
<td>03.06.2030</td>
<td>6.250</td>
<td>855328</td>
<td>XS0147048762</td>
</tr>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Public</td>
<td>600.0</td>
<td>600.0</td>
<td>30</td>
<td>31.01.2003</td>
<td>14.02.2033</td>
<td>5.750</td>
<td>748537</td>
<td>XS0162513211</td>
</tr>
<tr>
<td>RWE AG</td>
<td>USD</td>
<td>Private</td>
<td>50.0</td>
<td>44.6</td>
<td>20</td>
<td>20.03.2013</td>
<td>05.04.2033</td>
<td>3.800</td>
<td>A1R1BH</td>
<td>XS0909427782</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>600.0</td>
<td>824.7</td>
<td>22</td>
<td>17.01.2012</td>
<td>31.01.2034</td>
<td>4.750</td>
<td>A1GZLK</td>
<td>XS0735770637</td>
</tr>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Private</td>
<td>500.0</td>
<td>500.0</td>
<td>25</td>
<td>30.08.2012</td>
<td>26.10.2037</td>
<td>3.500</td>
<td>A1PGV8</td>
<td>XS0826313990</td>
</tr>
<tr>
<td>RWE Finance BV</td>
<td>GBP</td>
<td>Public</td>
<td>1,000.0</td>
<td>1,374.5</td>
<td>30</td>
<td>25.06.2009</td>
<td>06.07.2039</td>
<td>6.125</td>
<td>A0AJN2</td>
<td>XS0437306904</td>
</tr>
<tr>
<td>RWE AG</td>
<td>JPY</td>
<td>Private</td>
<td>20,000.0</td>
<td>147.0</td>
<td>30</td>
<td>04.02.2019</td>
<td>17.02.2040</td>
<td>Private</td>
<td>No listing</td>
<td>No listing</td>
</tr>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Private</td>
<td>100.0</td>
<td>100.0</td>
<td>30</td>
<td>03.12.2012</td>
<td>03.12.2042</td>
<td>3500</td>
<td>A1R0S7</td>
<td>XS0858598898</td>
</tr>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Private</td>
<td>150.0</td>
<td>150.0</td>
<td>30</td>
<td>01.02.2013</td>
<td>13.02.2043</td>
<td>3.550</td>
<td>A1TM2X</td>
<td>XS0887582186</td>
</tr>
</tbody>
</table>

As of 31 August 2015.
Ranking of hybrid capital (schematic)

Assets | RWE Balance Sheet | Equity and liabilities
--- | --- | ---
Assets | Equity | Hybrid bonds
Senior unsecured debt and other liabilities

Hybrid bonds are deeply subordinated and support RWE’s financial strength

- Junior to all other present or future obligations
- Senior only to shares
Comparison between the characteristics of hybrid and senior bond

<table>
<thead>
<tr>
<th>Key features</th>
<th>EUR senior bond (January 2013)</th>
<th>EUR hybrid bond NC 5.5 (April 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>750.000.000 EUR</td>
<td>700.000.000 EUR</td>
</tr>
<tr>
<td>Tenor</td>
<td>January 2020</td>
<td>April 2075</td>
</tr>
<tr>
<td>Right of early termination by RWE</td>
<td>No</td>
<td>Yes, first call date in October 2020</td>
</tr>
<tr>
<td>Extraordinary right of early termination by RWE</td>
<td>No</td>
<td>Yes, on occurrence of special events</td>
</tr>
<tr>
<td>Coupon</td>
<td>1.875%</td>
<td>2.750%</td>
</tr>
<tr>
<td>Issue price</td>
<td>99.384%</td>
<td>99.382%</td>
</tr>
<tr>
<td>Yield</td>
<td>1.970%</td>
<td>2.875%</td>
</tr>
<tr>
<td>Ranking</td>
<td>Senior, not subordinated, unsecured</td>
<td>Deeply subordinated, unsecured</td>
</tr>
<tr>
<td>Coupon step-up</td>
<td>No</td>
<td>+0.25% from October 2025 onwards +1.00% from October 2040 onwards</td>
</tr>
<tr>
<td>Coupon deferral</td>
<td>Not possible</td>
<td>Possible</td>
</tr>
<tr>
<td>Equity credit by rating agencies</td>
<td>No</td>
<td>50%</td>
</tr>
</tbody>
</table>
Main characteristics of the three RWE hybrid bonds issued in 2015

<table>
<thead>
<tr>
<th>Key features</th>
<th>EUR Hybrid Bond NC 5.5 (April 2015)</th>
<th>EUR Hybrid Bond NC 10 (April 2015)</th>
<th>USD Hybrid Bond NC 10.7 (July 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td>700.000.000 EUR</td>
<td>550.000.000 EUR</td>
<td>500.000.000 USD</td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
<td>April 2075</td>
<td>April 2075</td>
<td>July 2075</td>
</tr>
<tr>
<td><strong>Right of early termination by RWE</strong></td>
<td>Yes, first call date in October 2020</td>
<td>Yes, first call date in April 2025</td>
<td>Yes, first call date in March 2026</td>
</tr>
<tr>
<td><strong>Extraordinary right of early termination by RWE</strong></td>
<td>Yes, on occurrence of special events</td>
<td>Yes, on occurrence of special events</td>
<td>Yes, on occurrence of special events</td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
<td>2.750%</td>
<td>3.500%</td>
<td>6.625%</td>
</tr>
<tr>
<td><strong>Issue price</strong></td>
<td>99.382%</td>
<td>100%</td>
<td>99.117%</td>
</tr>
<tr>
<td><strong>Yield</strong></td>
<td>2.875%</td>
<td>3.500%</td>
<td>6.75%</td>
</tr>
<tr>
<td><strong>Ranking</strong></td>
<td>Deeply subordinated, unsecured</td>
<td>Deeply subordinated, unsecured</td>
<td>Deeply subordinated, unsecured</td>
</tr>
<tr>
<td><strong>Coupon step-up</strong></td>
<td>+0.25% from October 2025 onwards</td>
<td>+0.25% from April 2025 onwards</td>
<td>+0.25% from March 2026 onwards</td>
</tr>
<tr>
<td></td>
<td>+1.00% from October 2040 onwards</td>
<td>+1.00% from April 2045 onwards</td>
<td>+1.00% from March 2046 onwards</td>
</tr>
<tr>
<td><strong>Coupon deferral</strong></td>
<td>Possible, cumulative, non compounding</td>
<td>Possible, cumulative, non compounding</td>
<td>Possible, cumulative, non compounding</td>
</tr>
<tr>
<td><strong>Equity credit by rating agencies</strong></td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Example: structure of the “EUR Hybrid Bond NC 5.5”

RWE has the right to call the notes at par plus any accrued or outstanding deferred coupon payments after 5.5 years and on every interest payment date thereafter. The final maturity is October 2075.

In addition, RWE has special redemption rights upon the occurrence of a rating agency event, tax event, minimal outstanding aggregate principal amount, change of control (each at 101% until first call date and at 100% thereafter) and gross up event (at 100%).

The equity credit is 50% with both agencies until the first call date in year 5.5, and falls to 0% from S&P thereafter, whilst Moody’s remains at 50% until 10 years prior to maturity date.
Example hybrid bond: Optional coupon deferral

RWE exercises its option to defer the coupon payment

Yes

- No payment of current coupon
- Deferred coupon remains outstanding (cumulative)

Shareholders resolve on proposal to pay dividends at the Annual General Meeting

Yes

- Any deferred coupon must be settled in cash

No

Deferred coupon remains outstanding (cumulative), if not settled voluntarily

No

- Current coupon paid in cash
- Simultaneously, any previously deferred coupon must be cash settled

Remuneration Date

Annual General Meeting

> RWE has the option to suspend coupon payments at any remuneration date. However, once shareholders resolve on a proposal to pay a dividend at the Annual General Meeting, all deferred coupons must be settled in cash.
### Outstanding RWE hybrid bonds (currencies)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Launch date</th>
<th>IFRS classification</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>Coupon (%)</th>
<th>Currency</th>
<th>Amount (million)</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR Hybrid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF Hybrid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD Hybrid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE AG</td>
<td>29.03.2012</td>
<td>Debt</td>
<td>Baa3</td>
<td>BB+</td>
<td>7.000</td>
<td>USD</td>
<td>1,000</td>
<td>12.10.2072 / Next call: 12.10.2017</td>
</tr>
<tr>
<td>RWE AG</td>
<td>23.07.2015</td>
<td>Debt</td>
<td>Baa3</td>
<td>BB+</td>
<td>6.625</td>
<td>USD</td>
<td>500</td>
<td>30.07.2075 / Next call: 30.03.2026</td>
</tr>
<tr>
<td>GBP Hybrid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE AG</td>
<td>13.03.2012</td>
<td>Equity</td>
<td>Baa3</td>
<td>BB+</td>
<td>7.000</td>
<td>GBP</td>
<td>750</td>
<td>Perpetual / Next call: 20.03.2019</td>
</tr>
</tbody>
</table>

**Notes to IFRS classification:**
Hybrid bonds are a mix of equity and debt financing. RWE only recognises this on a 50% basis in the net debt calculation. This is in line with the procedure followed by the rating agencies. In contrast, International Financial Reporting Standards (IFRS) apply different rules, according to which hybrid bonds are fully classified as equity or debt. The determining factors are the conditions established at the time of the issuance. Due to their theoretically perpetual tenors, our €1,750 million and £750 million bonds are fully classified as equity in the IFRS balance sheet, whereas our other hybrid bonds are fully recognised as debt.

As of 31 August 2015.
### Outstanding RWE hybrid bonds (time to first call)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Currency</th>
<th>Placement</th>
<th>Volume in currency (million)</th>
<th>Volume in € (million)</th>
<th>Tenor</th>
<th>Launch date</th>
<th>First call date</th>
<th>Coupon (%)</th>
<th>German securities code</th>
<th>ISIN Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWE AG</td>
<td>EUR</td>
<td>Public</td>
<td>1,750</td>
<td>1,750</td>
<td>Perpetual</td>
<td>20.09.2010</td>
<td>28.09.2015</td>
<td>4.625</td>
<td>A1EWR0</td>
<td>XS0542298012</td>
</tr>
<tr>
<td>RWE AG</td>
<td>CHF</td>
<td>Public</td>
<td>150</td>
<td>139</td>
<td>Limited</td>
<td>28.06.2012</td>
<td>26.07.2017</td>
<td>5.000</td>
<td>A1PGUU</td>
<td>CH0185843049</td>
</tr>
<tr>
<td>RWE AG</td>
<td>USD</td>
<td>Public</td>
<td>1,000</td>
<td>892</td>
<td>Limited</td>
<td>29.03.2012</td>
<td>12.10.2017</td>
<td>7.000</td>
<td>A1ML2E</td>
<td>XS0767140022</td>
</tr>
<tr>
<td>RWE AG</td>
<td>GBP</td>
<td>Public</td>
<td>750</td>
<td>1,031</td>
<td>Perpetual</td>
<td>13.03.2012</td>
<td>20.03.2019</td>
<td>7.000</td>
<td>A1ML0G</td>
<td>XS0652913988</td>
</tr>
<tr>
<td>RWE AG</td>
<td>USD</td>
<td>Public</td>
<td>500</td>
<td>446</td>
<td>Limited</td>
<td>23.07.2015</td>
<td>30.03.2026</td>
<td>6.625</td>
<td>A13SHX</td>
<td>XS1254119750</td>
</tr>
</tbody>
</table>

As of 31 August 2015.
Rating
RWE has been rated Baa1/negative with Moody’s

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Business risk profile</th>
<th>Financial risk profile</th>
<th>Weight</th>
<th>Single rating RWE per category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>Scale</td>
<td>Financial policy</td>
<td>10%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Market diversification</td>
<td>Market diversification</td>
<td>Cash flow / interest</td>
<td>10%</td>
<td>A</td>
</tr>
<tr>
<td>Hedging &amp; Integration</td>
<td>Hedging &amp; Integration</td>
<td>Cash flow / net debt</td>
<td>5%</td>
<td>Aa</td>
</tr>
<tr>
<td>Market framework &amp; Positioning</td>
<td>Market framework &amp; Positioning</td>
<td>Retained cash flow / net debt</td>
<td>10%</td>
<td>Baa</td>
</tr>
<tr>
<td>Capital requirements</td>
<td>Capital requirements</td>
<td></td>
<td>5%</td>
<td>B</td>
</tr>
<tr>
<td>Share low-risk business</td>
<td>Share low-risk business</td>
<td></td>
<td>10%</td>
<td>Ba</td>
</tr>
</tbody>
</table>

Financial policy
- Cash flow / interest: 10%
- Cash flow / net debt: 15%
- Retained cash flow / net debt: 15%

Final rating: Baa1 negative
RWE has been rated BBB/negative with S&P

1. Criteria
   - Country risk: Very low
   - Industry risk: Intermediate
   - Competitive position: Strong

2. Single rating RWE
   - Financial risk profile:
     - Cash flow and leverage: Significant
     - Core and supplement ratios (most relevant is FFO/Net debt)

3. Final
   - BBB negative

RWE Group
Financial Policy
Financial Instruments
Rating
Risk Management
Financial Asset Management
Provisions

RWE Credit Factbook | September 2015
Definition of major financial ratios applied by S&P and Moody’s

**Funds from operations (FFO)**

Cash flow from operating activities before working capital movements

**Retained cash flow (RCF)**

FFO minus dividends

**FFO / Net debt**

Ability of a company to generate cash before working capital movements in relation to the level of outstanding debt

**RCF / Net debt**

Companies with higher level of retained cash flow generation appear to be better able to repay debt over time

**Development of RWE’s key rating ratios over time (before agencies adjustments)**
Key statements on RWE by the rating agencies

| Standard & Poor's  
<table>
<thead>
<tr>
<th>(BBB, “negative outlook”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; On <strong>27 August 2015</strong> S&amp;P revised its rating view for RWE to „BBB/negative outlook“ from „BBB+/negative outlook“.</td>
</tr>
<tr>
<td>&gt; The downgrade reflects the persistent pressure on power prices in Central Europe linked to the low commodity price environment. In addition the political environment in Germany remains adverse for RWE. Although the threat of a climate levy has abated, RWE's lignite operations remain exposed to political risk in Germany, in light of national elections scheduled in 2017 and national CO2 reduction targets.</td>
</tr>
<tr>
<td>&gt; Nevertheless RWE’s business profile is seen as “strong”, supported by the good diversification of its overall business mix, by the growing weight of power and gas distribution in Germany, by the stability of low capital expenditure-intensive supply operations in Germany, and by the targeted growth in renewable generation.</td>
</tr>
<tr>
<td>&gt; RWE's financial risk profile is continuously viewed as “significant” as one-third of cash flows derive from stable regulated activities and the unregulated activities having at least a &quot;satisfactory&quot; competitive assessment. This would be reviewed if RWE’s share of regulated activities were to decline or if profitability in the unregulated part of the business were to weaken further.</td>
</tr>
</tbody>
</table>

| Moody's  
<table>
<thead>
<tr>
<th>(Baa1, “negative outlook”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; On <strong>23 June 2015</strong> Moody’s revised its rating view for RWE to „Baa1/negative outlook“ from „Baa1/stable outlook“.</td>
</tr>
<tr>
<td>&gt; The change in outlook to negative reflects a number of political uncertainties and operating challenges facing RWE. These include German government reforms to address energy market design and reduce greenhouse gas emissions, ongoing government debate as to the creation of a public fund for nuclear decommissioning and persistently low wholesale power prices in Germany, which have weakened since 2014.</td>
</tr>
<tr>
<td>&gt; Nevertheless RWE’s business profile is seen as “strong”, supported by the good diversification of its overall business mix, by the growing weight of power and gas distribution in Germany, by the stability of low capital expenditure-intensive supply operations in Germany, and by the targeted growth in renewable generation.</td>
</tr>
<tr>
<td>&gt; The affirmation of the Baa1 rating considers the fact that RWE continues to take measures to defend its financial profile, including a significant reduction in net financial debt as a result of the successful divestment of Dea in early 2015, significant cost cutting measures and divestments, and a reduction of capex spending in the future. Business profile: RWE will increasingly derive a higher proportion of earnings from lower risk regulated networks and renewable assets as the group focuses growth capex in those areas.</td>
</tr>
<tr>
<td>&gt; RWE’s financial risk profile reflects Moody’s view that RWE’s credit metrics have weakened over the last couple of years, notwithstanding remedial measures taken.</td>
</tr>
</tbody>
</table>
RWE’s rating by credit agencies

<table>
<thead>
<tr>
<th></th>
<th>Standard &amp; Poor’s</th>
<th>Moody’s</th>
<th>Fitch (unsolicited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current financial liability</td>
<td>BBB</td>
<td>Baa1</td>
<td>BBB+</td>
</tr>
<tr>
<td>Outlook</td>
<td>Negative</td>
<td>Negative</td>
<td>Negative</td>
</tr>
<tr>
<td>Subordinated debt (hybrid)</td>
<td>BB+</td>
<td>Baa3</td>
<td>BBB-</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>A-2</td>
<td>P-2</td>
<td>F-2</td>
</tr>
</tbody>
</table>
## RWE’s rating history

<table>
<thead>
<tr>
<th>Rating Date</th>
<th>Rating</th>
<th>Credit watch/outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 2015</td>
<td>BBB</td>
<td>Negative</td>
</tr>
<tr>
<td>Apr 2015</td>
<td>BBB+</td>
<td>Negative</td>
</tr>
<tr>
<td>Jul 2012</td>
<td>BBB+</td>
<td>Stable</td>
</tr>
<tr>
<td>Jun 2011</td>
<td>A-</td>
<td>Negative</td>
</tr>
<tr>
<td>Apr 2011</td>
<td>A</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Jan 2009</td>
<td>A</td>
<td>Negative</td>
</tr>
<tr>
<td>Jun 2008</td>
<td>A</td>
<td>Stable</td>
</tr>
<tr>
<td>Feb 2008</td>
<td>A+</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Mar 2003</td>
<td>A+</td>
<td>Negative</td>
</tr>
<tr>
<td>Jun 2002</td>
<td>A+</td>
<td>Stable</td>
</tr>
<tr>
<td>Mar 2002</td>
<td>AA-</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Dec 2001</td>
<td>AA-</td>
<td>Negative</td>
</tr>
<tr>
<td>Dec 2001</td>
<td>AA-</td>
<td>Stable</td>
</tr>
<tr>
<td>Sep 2001</td>
<td>AA-</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Feb 2000</td>
<td>AA-</td>
<td>Stable</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating Date</th>
<th>Rating</th>
<th>Credit watch/outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2015</td>
<td>Baa1</td>
<td>Negative</td>
</tr>
<tr>
<td>Jun 2013</td>
<td>Baa1</td>
<td>Stable</td>
</tr>
<tr>
<td>Jul 2011</td>
<td>A3</td>
<td>Negative</td>
</tr>
<tr>
<td>Apr 2011</td>
<td>A2</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Nov 2009</td>
<td>A2</td>
<td>Negative</td>
</tr>
<tr>
<td>Jan 2009</td>
<td>A1</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Feb 2008</td>
<td>A1</td>
<td>Negative</td>
</tr>
<tr>
<td>Apr 2005</td>
<td>A1</td>
<td>Stable</td>
</tr>
<tr>
<td>Mar 2002</td>
<td>A1</td>
<td>Negative</td>
</tr>
<tr>
<td>Dec 2001</td>
<td>Aa3</td>
<td>Negative</td>
</tr>
<tr>
<td>Sep 2001</td>
<td>Aa3</td>
<td>Watch negative</td>
</tr>
<tr>
<td>Feb 2000</td>
<td>Aa3</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Risk Management
Organisation of risk management at RWE

- The **RWE AG Board** bears ultimate responsibility for the risk management system.
- **Group Controlling** exercises the overarching risk governance.
- The **Risk Management Committee** supports Group Controlling in creating transparency on the overall risk situation and in supervising the effectiveness of the Risk Management Framework.
- For **business specific** risks, **risk ownership** is with the respective **Chief Commercial Officer / Chief Operational Officer** (CCO / COO) of Functional Units (FU) and **risk governance** with the corresponding **Chief Financial Officers** (CFO).
- Given its **centralised nature**, for **financial risks** ownership resides with the Heads of Treasury/Asset Management and governance with the Head of Financial Controlling; for **credit risks** governance resides with the CFO of RWE Supply & Trading (RWEST).

---

**Risk Governor**

- **Executive Board of RWE AG**
- **Group Controlling**
- **Overarching risk governance**
  - **CFO RWEST/Innogy**
  - **CFO RWE Retail**
  - **Head of Financial Controlling**
  - **CFO RWEST**
  - **CFOs of FUs**

**Risk Owner**

- **CCOs/COOs of RWEST / Innogy**
- **CCOs/COOs RWE Retail**
- **Heads of Treasury/Asset Management**
- **CCOs/COOs of FUs**
- **CCOs/COOs of FUs**

- **Commodity risks generation & trading**
- **Commodity risks retail**
- **Financial risks**
- **Credit risks**
- **Operational, legal, regulatory and other risks**

---

RWE Credit Factbook | September 2015
# Responsibilities for risk management at RWE

## Executive Board of RWE AG
- Overall responsibility for the group-wide risk management system
- Taking decisions on mandates of risk owners and governors
- Defining RWE’s risk management strategy

## Overarching Risk Governor
- Developing and implementing a group-wide risk management system
- Creating aggregate reports on RWE’s risk situation
- Providing decision support on the risk management strategy and breaking down the risk management strategy into global limits

## Risk Specific Governor
- Measuring, monitoring, reporting of risks and assessing performance of risk owner
- Ensuring adherence to limits
- Detailing and allocating limits
- E.g. risk controlling RWE Supply & Trading ensures that all deals are within limits

## Risk Owner
- Managing risks within respective limits (e.g. commercial asset optimisation)
- Assuming full accountability for risk materialisation
- Application for new or extended limits if and when required
Delegation of authority for risk management decisions

Management of ‘standard’ market risks

> For each risk category a delegation of authority is specified such that limits are determined on the level where respective decisions can be taken best

> In a top-down process the risk management strategy is defined and broken down into detailed limit systems; in a bottom-up process new and extended limits are requested by the respective risk owner

Management of large and complex risks

> Risk Committees consisting of responsible risk governors and risk owners ensure that best available knowledge is considered and biases are avoided:

– Treasury Committee/Asset Management Committee (TC/AMC)
  ⇒ Financial risks

– Commodity Management Committee
  ⇒ Power generation and gas supply risks

– Retail Hedge Committee
  ⇒ Volume and market price risks of retail activities

---

1 E.g. Retail risk control („Local risk control“).
2 E.g. Traders, sales portfolio management.
RWE Supply & Trading as interface between the Group and global wholesale energy markets

RWE's generating companies:
- Investment decisions
- Technical optimisation to increase value of assets
- Operation and maintenance of generation assets

RWE's retail companies:
- Sale to customers (power, gas)
- Back-to-back procurement
- Lock-in sales margin
- Bear volume and credit risk

Retail, small/medium sized industrials, municipals

RWE Supply & Trading

Trading
- Face to the wholesale market
- Trading activities

Commercial asset optimisation
- Commercial optimisation of assets, fuel supply and asset hedging on behalf of generating companies
- Asset-backed trading activities
- Reserve & balancing, ancillary services, face to TSOs

Sales & origination
- Physical and financial customer business, principal investments, complex illiquid transactions and services
- Internal/external back-to-back procurement

Embedded lignite supply

Power, Gas, Oil, Coal, Freight, Weather, Emission certificates, Biomass

Sale of power, gas and emission certificates

Power and gas to end customers

Sale of power

Sale of fuels, emission certificates

Sale of power and gas

Transfer of commercial responsibility

1 TSO = Transmission system operator.
Credit risk management at RWE

<table>
<thead>
<tr>
<th>High-level credit policy</th>
<th>A Group-wide credit policy has been established, based on overall limitation and maximum individual counterparty limits and tenors (in turn based on the creditworthiness of a counterparty)</th>
</tr>
</thead>
</table>
| Robust counterparty risk assessment and monitoring | Counterparties are assessed using either internal rating tools and/or external data from rating agencies/credit insurers  
> Counterparties are monitored on an ongoing basis and reviewed regularly |
| Measurement and monitoring of exposures | For a large number of counterparties, potential future credit exposure is calculated via a “VaR”-like methodology. Current and future settlement exposure is also measured  
> Central exposure database for supplier counterparties  
> Counterparty credit exposures are assessed on a near-term basis |
| Clear credit incentives | Whenever applied, credit capital costs incorporate the rating and resulting probability of default (PD) of a counterparty  
> For those cases, an RWE-internal performance determination includes credit risk charges |
| Driver of credit risk mitigation | Bundling of know-how in a central Credit Risk Management and Controlling unit  
Application of international standards (e.g., EFET\(^2\)) for power and gas trading  
Application and harmonization of credit risk mitigation instruments (i.e., bank bonds, material adverse change clauses, credit insurance etc.)  
Central decision-making about the utilization and recourse of securities |
Overarching risk governance is exercised by Group Controlling.

The Asset Management Committee (AMC) acts as a decision body for strategic asset allocation and is headed by the CFO of RWE AG.

Major treasury decisions require approval by the RWE AG board. For such decisions, the Treasury Committee (TC) is a sounding board and likewise headed by the CFO of RWE AG.

Given its centralised nature, for financial risks ownership resides with the Heads of Treasury/Asset Management and governance with the Head of Financial Controlling; for credit risks governance resides with the CFO of RWEST (with support from the Head of CoE Credit).
Financial risk management at RWE

- RWE Group companies are subject to strict risk management which is regulated by group-wide directives
- Financial derivatives are not to be used for speculative purposes and serve only to hedge risks arising from operations

**Foreign exchange (FX) risk**
- RWE Group companies have to hedge any FX risk with RWE AG
- RWE AG measures the net position for each currency and hedges itself with external counterparties (banks)
- Measurement and limitation of FX risks is mainly based on an FX value at risk concept [VaR (95/1d) < €1 m]

**Liquidity risk**
- Balanced maturity profile of debt
- Detailed liquidity planning
- Liquidity reserves
  - Minimum cash on hand to cover short-term deviations from liquidity plan
  - Commercial paper line / syndicated credit line
  - Financial assets (securities)

**Interest rate risk: two different categories**
- Bonds which are held as fixed income assets:
  - Rising interest rates may lead to lower bond prices
  - Average Value at Risk (95/1d) in 2014: €4 m
- Financing costs:
  - Rising interest rates may lead to higher financing cost
  - Interest rate exposure from financing activities is measured with Cash Flow at Risk
  - Average Cash Flow at Risk (95/1y) in 2014: €9 m

**Financial asset portfolio risk**
- Shares are part of RWE's asset portfolio
- Average Value at Risk (95/1d) of share price changes in 2014: €5 m

**Counterparty risk (banks)**
- Measurement of exposure (caused by cash, term deposits, FX/IR derivatives etc.) for each bank
- RWE allocates for each bank a limit which is usually derived from the bank's equity, rating and CDS

1 Confidence level: 95%; holding period: 1 day.
2 Confidence level: 95%; holding period: 1 year.
RWE's treasury – central platform for group-wide financial transactions

> RWE AG acts solely as external counterparty for financial transactions excluding regulatory requirements
> Group Treasury has the overall responsibility for treasury operations
> Central database for group-wide financial risk management
Cash management is centralised at RWE AG

- RWE AG uses cashpooling almost throughout the entire holding structure
- As a result, RWE AG has available the entire cash of the Group on a daily basis
- RWE Group uses zero balancing or – in some cases – notional pooling to consolidate cash on RWE AG
- RWE AG administrates internal accounts for RWE´s Group entities
- To avoid external payment risks, payments between RWE Group companies can be made through these internal accounts without touching external bank accounts
Financial Asset Management
Management of financial assets centralised

Asset Management Committee (AMC)

- Defines investment strategy
- Sets guidelines for the implementation

Members: CFOs of RWE AG, RWE Innogy, and RWE Supply & Trading, Head of Finance, Head of Accounting and Head of Controlling of RWE AG

Group Finance of RWE AG

- Centralised asset management by RWE AG

Balance sheet assets:
- RWE Group & subsidiaries: €5.8 bn
- Domestic plan assets (CTA¹):
  - RWE Pensionstreuhand e.V.: €5.5 bn
  - RWE Pensionsfonds AG: €6.9 bn
- UK Pension Trust (RWE npower): £4.9 bn

Balance sheet assets
- Alternative Investment Funds (AIF²): 6
- Subfunds: 42

Domestic plan assets
- Alternative Investment Funds (AIF²): 4
- Subfunds: 73

¹ Contractual Trust Arrangement.
² “Spezial-AIF” according to the German “Kapitalanlagegesetzbuch”.

As of 30 June 2015.
Investment strategy regarding RWE’s balance sheet assets

Strategic Asset Allocation

> The focus of the strategic investment policy is on Eurozone government bonds and covered bonds.
> To increase the average yield, corporate bonds with higher yields are also included in the portfolio.
> The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions.

Target portfolio defined by asset classes

- Bonds: 75%
- Equities: 25%

Equity range

- Europe: 25% - 30%
- Pacific: 15% - 20%
- USA: 10% - 15%

Total equity range: 10% - 30%

Bond range

- European bonds: 75% - 90%
- US high yield: 10% - 15%

Total bonds: 85% - 95%

1 The Strategic Asset Allocation is reviewed each year.
Investment strategy regarding RWE’s domestic plan assets

Strategic Asset Allocation\(^1\)

> Based on an analysis of the plan assets and the pension liabilities the best possible investment strategy is determined (Asset Liability Management Study).
> Long duration bonds are an important part of the investment strategy.

Target portfolio defined by asset classes

- Bonds 57%
- Equities 23%
- Balanced 10%
- Alternative investments\(^2\) 10%

Equity range

<table>
<thead>
<tr>
<th>Region</th>
<th>Max.</th>
<th>Min.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>Pacific</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>USA</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Bond range

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Max.</th>
<th>Min.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds 10+</td>
<td>90%</td>
<td>75%</td>
</tr>
<tr>
<td>Corporates</td>
<td>60%</td>
<td>45%</td>
</tr>
<tr>
<td>US corporates 10+</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>US high yield</td>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>Total bonds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Provisions
Development of RWE’s long-term provisions

Remark: In 2007, almost €8 bn were transferred to the RWE Pensionstreuhand e.V., as part of a Contractual Trust Arrangement, thereby reducing the pension provisions.

As of 30 June 2015.
Discount rates applied to RWE’s provisions

Remark: The discount rate applied to pension provisions for UK is 3.7%.

As of 30 June 2015.
Determination of nuclear provisions

Nuclear provisioning at RWE

1. Provision for uncertain liabilities as per IAS 37
2. Public-law liabilities under Sec.9a of the German Nuclear Energy Act
3. Provisions are built for:
   - Disposal of spent nuclear fuel assemblies flaks, transport, conditioning, intermediate and final storage
     30.06.2015: €4,716 million
   - Decommissioning of nuclear power plants post-operation phase, dismantling, removal, final storage
     30.06.2015: €4,876 million
   - Disposal of radioactive operating waste (e.g. cleaning cloths, oils) conditioning, flaks, intermediate and final storage
     30.06.2015: €904 million
4. Inflation of current cost to the assumed disposal date by a set of inflation rate; then discounting of the result back to today (discount rate: 4.6%)
Decommissioning options - cash flow and decision criteria

Immediate dismantling:
+ Staff / know-how available
+ Higher public & political acceptance
+ Site available for future use
- Earlier cash-out
- Interim storage facilities necessary

Safe enclosure:
+ Dose reduction by radioactive decay
+ Costs postponed to the future
+ Independent from interim storage / final repository
- Irreversible loss of staff / know-how
- Rise of provisions, impact on debt ratio

Decision about a decommissioning option is taken with regard to economic, technical and organisational facts and general public and political interest.
RWE’s nuclear decommissioning concept

**Post operational period 5 - 7 years**

- Power production has ceased
- In some cases, technical infrastructure needs to be operated for an additional period
- For the time being, fuel elements are being cooled in pond storage facilities until they are suitable for dry-cask (CASTOR) storage on site
- Shut down of systems which are no longer needed
- Treatment of operating materials and waste

**About 50% share of costs**

- Nuclear dismantling
  - (immediate, deferred\(^1\))
  - 10 – 15 years
- Conventional dismantling/ Demolition
  - 2 – 3 years

**Decommissioning**

- Dismantling of contaminated and activated systems, structures and components
- Materials and waste management (treatment, conditioning, packaging)

**Final disposal**

- Conventional demolishing of buildings/ components which no longer fall under the German Nuclear Energy Act (NEA)
- Final disposal of decommissioning waste

---

1 For deferred dismantling the facility will be prepared for long-term safe storage operation of ~30 years.
## RWE decommissioning experience - examples

<table>
<thead>
<tr>
<th>Immediate Dismantling</th>
<th>Planning/Preparation</th>
<th>Deferred Dismantling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kahl (16 MW&lt;sub&gt;el&lt;/sub&gt;)</td>
<td>Gundremmingen Unit A (250 MW&lt;sub&gt;el&lt;/sub&gt;)</td>
<td>Mülheim-Kärlich (1,219 MW&lt;sub&gt;el&lt;/sub&gt;)</td>
</tr>
<tr>
<td>Green field (10/2010)</td>
<td>Dismantling completed</td>
<td>Dismantling of contaminated parts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biblis (1,146/1,240 MW&lt;sub&gt;el&lt;/sub&gt;)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Post operational period</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lingen (240 MW&lt;sub&gt;el&lt;/sub&gt;)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transition from safe enclosure to dismantling</td>
</tr>
</tbody>
</table>

### Experiences:

- Dismantling and decontamination technology developments
- Waste treatment optimisation
- Final release of buildings and site
- Future nuclear use (Technology Centre Unit A)
- Shut down and simplification of systems
- New “mobile” systems as surrogate for existing residual operation systems
- Partial release of buildings and terrain
- Shut down and simplification of systems
- Efficient application and approval procedures
- Development of a dismantling strategy for a double unit
- Preparation and operation of safe enclosure
- Preparation of “deferred” dismantling

### Conclusions:

- Extensive experiences from decommissioning of nuclear power plants for more than 2 decades
- Technical feasibility in compliance with safety and radiation protection standards has been proven
- All necessary technologies are available and were employed effectively several times
- Qualified service providers are available
- Provision calculation model is established, well accepted and reliable
Net debt mainly driven by provisions with ultra-long duration

Net debt as of 30 June 2015 comprises €6.6 bn net financial debt (incl. 50% of hybrids) and €18.8 bn provisions.

Provisions are not subject to financial covenants, undertakings, cross default clauses, or rating triggers.

As of 30 June 2015.
Investor Relations
RWE Investor Relations – contacts

Contacts for Institutional Investors & Financial Analysts

Dr. Stephan Lowis
Vice President Investor Relations
Tel. +49 201 12-15031
stephan.lowis@rwe.com

Martin Vahlbrock
Tel.: +49 201 12-15055
martin.vahlbrock@rwe.com

Gunhild Grieve
Tel.: +44 207 015-5459
gunhild.grieve@rwe.com

Dr. Holger Perlwitz
Tel.: +49 201 12-15141
holger.perlwitz@rwe.com

Dr. Burkhard Pahnke
Tel.: +49 201 12-15182
burkhard.pahnke@rwe.com

Marcel Rohrbach
Tel.: +49 201 12-15043
marcel.rohrbach@rwe.com

Martin Jäger
Tel.: +49 201 12-15106
martin.jaeger@rwe.com

Contact for Private Shareholders

Marisa Weiskirch
Tel.: +49 201 12-44915
marisa.weiskirch@rwe.com
Keep up with RWE …

Follow us on twitter.com/RWE_IR and have a look at www.rwe.com/ir

Important links

- Annual and Interim Reports
  http://www.rwe.com/ir/reports/
- Investor and Analyst Conferences
  http://www.rwe.com/ir/investor-and-analyst-conferences/
- Facts & Figures – the Guide to RWE and the Utility Sector
  http://www.rwe.com/ir/facts-figures/
- IR presentations & further factbooks
  http://www.rwe.com/ir/presentations/
- IR videos
  http://www.rwe.com/ir/videos/
- Consensus of analysts’ estimates
  http://www.rwe.com/ir/consensus-estimates

Financial Calendar

- 12 November 2015
  Interim Report on Q1-Q3 2015
- 08 March 2016
  Annual Report on fiscal 2015
- 20 April 2016
  Annual General Meeting