

Management Report of RWE Innogy GmbH
for the Period Ended 31 December 2012

Review of Operations

1. Business and economic environment

1.1. Object of the company and positioning within the RWE Group's structure

RWE Innogy GmbH ("RWE Innogy" or "Company") is a subsidiary wholly owned by RWE Aktiengesellschaft (RWE AG) which pools the expertise of the RWE Group's power plants in the field of renewables. To this end, the Company holds approximately 60 investments in Germany, the rest of Europe and the USA, in particular including RWE Innogy Windpower Hannover GmbH (Germany), RWE Innogy (UK) Ltd. (UK), RWE Renewables Polska Sp. z o.o. (Poland), RWE Innogy Italia S.p.A. (Italy), Georgia Biomass Holding LLC (USA) and RWE Innogy AERSA S.A.U. (Spain), which operate as management companies in their respective countries.

In order to achieve the prescribed goal of increasing the share of the RWE Group's electricity generation capacity accounted for by renewables, RWE Innogy and its joint ventures plan, build and operate plants which produce electricity primarily from renewables in Germany and the rest of Europe. One of the focal points of these activities are onshore and offshore wind farm projects. However, the Company is also active in the fields of hydroelectric power and biomass. Furthermore, it provides assistance in developing forward-looking technologies. For instance, RWE Innogy plans and operates biogas facilities as well as solar power stations either directly or via its joint ventures while providing support to innovative enterprises in their startup and growth phases via a venture capital firm.

1.2. Products and technologies

The main product of RWE Innogy and the investments it holds is electricity from renewables. In addition, the company has also been producing and selling heat since 1 January 2012 due to its merger with the subsidiary RWE Innogy Cogen GmbH ("Cogen") in which a stake of 94.8% was previously held.

RWE Innogy and its subsidiaries largely employ generation techniques from the fields of wind (onshore and offshore), hydroelectric power and biomass in order to generate the aforementioned products.

The main activities conducted by RWE Innogy itself are in the fields of hydroelectric power and biomass in Germany. Operations in the fields of onshore and offshore wind as well as biomass outside Germany are largely managed by joint ventures of RWE Innogy.

In sum, RWE Innogy and its subsidiaries have at their disposal **onshore** wind farms with a net installed capacity of 1,736 MW (11.5 MW of which are attributable to RWE Innogy itself). Besides Germany, the wind farms are located in the United Kingdom, Spain, Italy and Poland. With a net installed capacity of 471 MW in Germany, together with the RWE Innogy Windpower Hannover Group, RWE Innogy ranks among the country's leading wind farm operators.

A total of four offshore wind farms are in operation in the **Offshore Wind** Business Area. In addition to the Rhyl Flats and North Hoyle wind farms, which have net installed capacities of 90 MW and 60 MW, respectively, Greater Gabbard, the wind farm built in cooperation with SSE Plc (SSE), also went online in the financial year that just ended. Greater Gabbard has 140 wind turbines combining for a net installed capacity of 504 MW, of which 252 MW are assigned to the RWE Innogy Group in line with its 50% stake. Moreover, RWE Innogy holds a 26.73% interest in Thornton Bank, the Belgian offshore wind farm which currently has a total net installed capacity of 178 MW (of which a prorated 48 MW are assigned to RWE Innogy). The following offshore projects are presently under construction: Nordsee Ost, Gwynt Y Môr and the Thornton Bank wind farm expansion.

In the **Hydro** Business Area, which encompasses both run-of-river as well as pumped-storage power stations, RWE Innogy and its investments have a combined net installed capacity of about 545 MW at their disposal (244 MW of which are assigned to RWE Innogy). The hydroelectric power plants are located in Germany, the United Kingdom, France and on the Iberian Peninsula.

In the **Gas** Business Area, we have a variety of facilities in Germany at our disposal, which account for a net installed capacity of 44 MWe1 (14 MWe1 of which are assigned to RWE Innogy).

In the **Biomass** Business Area, RWE Innogy runs operations directly and via its joint ventures in Germany, the United Kingdom and Italy. Until the financial year that just ended, this also applied to Spain. Plants in operation in Germany combine for a net installed capacity of 65 MWe1 (48 MWe1 of which are assigned to RWE Innogy). The facilities in the United Kingdom and Italy are under construction.

To secure the fuel required to run the RWE Group's biomass-fired power stations, since the 2011 financial year, the Company has been operating one of the world's largest pellet factories, which has an annual production capacity of some 800,000 metric tons, via its subsidiary Georgia Biomass Holding LLC in the US state of Georgia.

1.3. Sites and sales markets

The Company is headquartered in Essen and maintains further administrative offices in Dortmund, Hamburg and Berlin.

With effect from 1 January 2012, Cogen, the subsidiary domiciled in Dortmund in which the Company held a 94.8% stake, was folded into RWE Innogy. The Dortmund site, which mainly runs biomass operations, was maintained. Another biomass site is Berlin. Employees in Hamburg are primarily dedicated to activities in the fields of onshore and offshore wind. In 2013, the Company will start establishing a further administrative site in Hanover. Employees at this location will primarily be dedicated to activities in the Onshore Wind Germany Business Area.

All of RWE Innogy's proprietary power stations are located in Germany. The joint ventures' facilities are situated in their respective countries of domicile, in particular in Germany, the United Kingdom, Poland, Spain and Italy.

The main sales market of RWE Innogy and its German subsidiaries is Germany. Going beyond Germany's borders, part of the electricity produced by RWE Innogy is sold to partners in Switzerland.

Foreign joint ventures sell their electricity generation solely on their respective local markets.

1.4. Research and development

The Research and Development Business Area is playing an increasingly important role for RWE Innogy and its investments. Research and development activities pursue two major goals:

- Reduce the cost of generating electricity from renewables over the long term by taking measures along the entire value-added chain: lower investment and operating costs, reduce the technology risk and raise the efficiency and availability of existing plants, and
refine new technologies in order to make them available on the market when they are needed.

In the financial year that just ended, research and development work focussed on the fields of offshore wind, biomass and marine energy.

For example, in 2012, two innovative wind measuring buoys were successfully set afloat in the UK wind farm Gwynt Y Môr. This project is part of the Offshore Wind Accelerator Programme launched by the Carbon Trust in which RWE Innogy is involved in cooperation with seven project partners. The project aims to develop a way of reducing the cost and effort required to collect wind speed data, which is of fundamental significance to the engineering, construction and operation of **offshore wind turbines**. This kind of data is

currently being collected by on-site weather masts. Should the tests run on the new wind measuring buoys prove successful, they may become a simpler, faster, more efficient and less costly alternative to weather masts when developing offshore wind projects. This project is expected to start producing findings in 2013.

Another project attributable to the Offshore Wind Business Area is ESRa (Evaluation of Systems for Ram Noise Mitigation on an Offshore Test Pylon), which was subsidised by the German Ministry of the Environment, Nature and Wildlife Conservation and Reactor Safety, among others. RWE Innogy was involved in this undertaking via its wholly-owned subsidiary RWE Offshore Logistics Company GmbH (OLC) and seven other project partners. OLC took the project lead. The project entailed examining various methods of reducing noise made when building offshore wind turbines at a site under identical conditions. The long-term objective is to be as unobtrusive as possible to marine life – especially harbour porpoises – when constructing offshore wind farms.

The main research project in the field of **marine energy** in the financial year that just came to an end was the completion of the development and construction of prototypes of a marine current turbine with a net installed capacity of 1 MW, making it the first commercial-scale demonstration unit. The project is being conducted in cooperation with Voith Hydro Ocean Current Technologies GmbH & Co. KG, a joint venture between Innogy Renewables Technology Fund I GmbH & Co. KG and Voith Hydro Holding GmbH & Co. KG. On completion, the unit is scheduled to be installed in the waters of the Orkney Islands off the coast of Wales in early 2013. Once installed, the turbine will be subjected to a two-year trial run to gain much-needed experience with this technology. Forecasts of electricity generated using this technique are much more accurate than those using other methods in the field of renewable energy as it enables tidal currents to be predicted years in advance. The Company considers this research and development work to be an important step towards ensuring reliable electricity generation with less volatility.

A major research project in the field of **biomass** is the exploration of biomass torrefaction, which is being carried out together with Topell Nederland B.V. The objective of this research endeavour is to increase the mass and volume-related energy density of biomass which goes hand in hand with raising the calorific value of the raw material while boosting transport efficiency.

1.5. Employees

By the end of the financial year that just came to a close, RWE Innogy had a total of 622 people on its payroll. This corresponds to a gain of 241 staff members compared to the preceding year, which is primarily due to the Company's merger with Cogen. In addition, by the end of the year, the Company had seven apprentices in training for commercial professions and 27 student trainees (prior year: 13) as well as 14 interns (prior year: 13).

In 2012, RWE Innogy experienced only one employee accident and five contractor accidents. This exemplifies the high significance attached to occupational safety at RWE Innogy and represents a further decrease in accident frequency compared to the previous year, during which there were one in-house staff and ten contractor accidents.

1.6 Supervisory Board

As the Company will usually have a workforce of over 500 employees as a result of its merger with Cogen, a supervisory board had to be formed in the financial year that just ended in order to comply with Section 1 of the German One-Third Participation Act. In accordance with Section 1 of the German One-Third Participation Act in conjunction with Section 95 of the German Stock Corporation Act, it consists of six members, of which two are employee representatives pursuant to Section 4 of the German One-Third Participation Act. The Supervisory Board held a constituent meeting on 6 August 2012, and the Advisory Board, which had fulfilled advisory tasks until then, was dissolved.

2. Business performance and situation of the Company

2.1. Economic environment

Based on initial estimates, global economic output in 2012 was 2.3% higher than in the preceding year. In contrast, the Eurozone's gross domestic product is likely to have declined by some 0.5% last year, primarily due to the uncertainty caused by the sovereign debt crisis. Economic output in Germany, the currency area's fourth-largest economy, probably rose by about 1% year on year. In particular, consumer spending had a stabilising effect.

The weather plays a significant role as regards demand for energy and the generation of electricity from renewables by our Company. Last year, temperatures in Germany were higher than the figures recorded a year earlier, but were roughly in line with the long-term average. Wind levels in 2012 were slightly down year on year and on the long-term average.

Based on available data, electricity consumption in Germany declined by an estimated 1% in 2012. Curtailed industrial output was an especially prominent contributing factor. At an estimated 1%, demand for gas was slightly up on the level recorded a year before. The colder weather, which more than offset the impact of the reduced use of gas to generate electricity, is likely to have been the main reason for the rise.

In 2012, electricity prices on the EEX wholesale exchange dropped considerably compared to the previous year, declining by 17% to about 43 EUR/MWh (base contract) and 15% to just under 49 EUR/MWh (peak contract). This development can largely be traced back to the decrease in the prices of hard coal and emission allowances as well as to the increasing amount of electricity put on the system by wind turbines and solar panels. The end-customer business displayed disparate developments last year: On average, residential customers had to pay approximately 3.5% more, whereas industrial customers had to pay about 1.5% less.

Within the scope of the European Emissions Trading System, companies producing electricity from fossil fuels have to purchase allowances corresponding to their carbon dioxide (CO₂) emissions. The price of these allowances, which are referred to as EUAs (EU Allowance Units), dropped to about 7.4 EUR/mt CO₂ in 2012 due to the cyclically-induced dampening in industrial output and the rise in the amount of electricity generated from renewables and was thus some 43% lower year on year.

2.2. Development of investments

As more than 85% of RWE Innogy's balance-sheet total is attributable to financial assets, the development of investments is of major importance to the Company.

The following is an overview of the RWE Innogy's major direct investments by carrying amount as of 31 December 2012:

Investment	Carrying amount € million	Share
RWE Innogy (UK) Ltd.	1,668.7	94.54%
RWE Renewables Polska Sp. z o.o.	302.1	100.00%
RWE Innogy AERSA, S.A.U.	259.5	100.00%
RWE Innogy Windpower Hannover GmbH	158.3	100.00%
C-Power N.V.	73.4	26.73%
Green Gecco GmbH & Co. KG	46.3	51.00%
Georgia Biomass Holding LLC	42.1	95.00%
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin	41.8	100.00%

A controlling influence within the meaning of Section 290, Paragraph 3 of the German Commercial Code cannot be exerted on C-Power N.V.

2.2.1. Establishment of new material subsidiaries

With a view to expanding capacity in the Onshore Wind Germany Business Area even further, in the financial year, four additional companies were founded, which are dedicated to developing and building two wind farms: one in Jüchen and one in Bedburg. The Jüchen wind farm (net installed capacity of 7 MW) was commissioned at the end of the financial year that just came to a close.

2.2.2. Acquisition and sale of material investments

2.2.2.1. Acquisitions of investments

Capacity in the field of onshore wind energy was expanded in the financial year that just ended not just by way of in-house developments in Germany, but also via acquisitions of completed wind farms by our Polish subsidiary RWE Renewables Polska Sp. z o.o. In fact, in addition to the three wind farms in Tychowo, Piecki and Suwalki, our Polish subsidiary acquired two further wind farm companies at the Taciewo (net installed capacity of 30 MW) and Krzecin (net installed capacity of 14 MW) sites in Poland from the Spanish plant manufacturer Gamesa in 2012. A total of some €51.8 million (including the repayment of existing shareholder loans) was spent on purchasing the two wind farms in 2012. As a result of the two acquisitions, our total net installed capacity in Poland rose to 152 MW.

2.2.2.2. Sales of investments

Several investments were sold in the financial year that just ended with a view to strengthening our financial clout.

The largest transaction of this kind was the intragroup sale of the stake in KA Contracting CR s.r.o. held by RWE KAC Dezentrale Energien GmbH & Co. KG (a subsidiary wholly owned by RWE Innogy) to Czech-based RWE Transgas Net s.r.o. (a subsidiary wholly owned by RWE AG) for a sales price of €24.2 million. Additional divestments related to our Spanish biomass activities.

2.2.3. Major capital-related measures at subsidiaries

In the financial year that just came to a close, several capital increases were performed in order to finance our subsidiaries' capital expenditure.

For instance, the capital increase conducted at RWE Innogy (UK) Ltd. equivalent to €286.3 million was passed on to its subsidiary RWE Npower Renewables Ltd. These capital-related measures are to enable the UK companies to continue spending capital and ensure further, stable growth in this sector. The Greater Gabbard and Gwynt Y Môr offshore projects as well as the Markinch biomass project are especially noteworthy in this respect.

€133.4 million was transferred to the capital reserve of RWE Innogy Italia S.p.A. in connection with the construction of the Enna biomass-fired power plant in Sicily, in which RWE Innogy holds a majority stake via its Italian subsidiary RWE Innogy Italia S.p.A., and with the strengthening of the company's equity base.

Two capital increases totalling €243.9 million were conducted at the Polish subsidiary RWE Renewables Polska Sp. z o.o. in 2012. They were associated with the acquisitions of Taciewo and Krzecin, the construction of the Nowy Staw wind farm and the restructuring of the finance structure of the Polish business into full equity equity financing.

2.2.4. Major impairments in the investments business

A total of €236.9 million in impairments were recognised for investments in the financial year that just ended.

They were mainly occasioned by the €214.5 million write-down of the carrying amount of the Italian management company RWE Innogy Italia S.p.A. Negative changes to the regulatory framework in Italy, caused in particular by a decrease in renewable energy subsidies granted by the government, significantly reduced the value of the project development company Fri-El S.p.A. and of the Enna biomass-fired power plant, which is under construction, requiring an impairment to be recognised for the carrying amount of the investment in the Italian management company.

2.3. Development of operations

2.3.1. Electricity and heat generation

Taking account of the merger with Cogen, as in the previous year, RWE Innogy had an aggregate net installed capacity of 319 MW (electric) and 327 MW (thermal).

The following table contains a breakdown of **net installed electric capacity** by technology:

RWE Innogy's net installed capacity in MW	2012		2011 ¹	
	Electricity	Heat	Electricity	Heat
Hydro	244.1	-	244.0	-
Biomass	48.1	142.2	48.1	142.2
Gas	13.9	185.0	13.9	185.0
Wind	11.5	-	11.5	-
Other	1.0	-	1.0	-
	318.6	327.2	318.5	327.2

1 To ensure comparability, figures for 2011 take into account the activities of Cogen.

Compared to the preceding year, there were no material changes in net installed electricity generation capacity that were not caused by the addition of Cogen stations owing to its folding into RWE Innogy.

In the financial year that just came to a close, RWE Innogy **produced** a total of 1,302,979 MWh of **electricity** (prior year: 1,090,111 MWh) and 651,548 MWh of **heat** (prior year: 662,441 MWh) in its proprietary power plants. For 2011, this data for RWE Innogy also includes Cogen's prior-year figures in order to improve comparability.

The following is a breakdown of RWE Innogy's electricity generation by technology:

RWE Innogy generation in MWh	2012		2011 ¹	
	Electricity	Heat	Electricity	Heat
Hydro	887,847	-	692,858	-
Biomass	319,719	351,750	320,570	353,045
Gas	83,172	299,798	63,656	309,396
Wind	11,459	-	12,138	-
Other	782	-	889	-
	1,302,979	651,548	1,090,111	662,441

1 Figures for 2011 take into account the activities of Cogen.

A strong rise in electricity production was recorded in the Hydro Business Area. In 2011, there was a drop in electricity generated by the Company's hydroelectric power plants as a result of a reduction in precipitation. Fluctuations of this nature are common in hydro operations as renewables depend on the forces of nature such as prevailing weather, in particular wind strengths and precipitation levels.

In terms of heat generation, there were no major deviations in generation compared to the previous year.

2.3.2. Electricity and heat sales

Electricity generated by RWE Innogy and its German investments is marketed in two manners:

- Some of the stations are obliged to comply with the provisions of the German law promoting renewable energy (German Renewable Energy Act). Electricity produced by these plants is either fed into the live grid for fees mandated by law or – in order to obtain what is termed a market bonus, with which the legislator wants to reward the market-oriented operation of facilities covered by the German Renewable Energy Act – sold on the wholesale market via RWE Supply & Trading GmbH (direct sales/market bonus model).
- Generation which is not subject to the provisions of the German Renewable Energy Act is also sold on the wholesale market via RWE Supply & Trading GmbH. However, this output does not qualify for a market bonus.

The share of production qualifying for subsidies under the German Renewable Energy Act differs from one generation method to the next. For instance, 100% of the electricity generated by **wind farms and biomass-fired power stations** is subject to the provisions of the German Renewable Energy Act and was marketed by the network operators for the fees prescribed by the German Renewable Energy Act or using the market bonus model.

In the **Hydro** Business Area, about 11% of the electricity generated in compliance with the German Renewable Energy Act was sold for a feed-in fee or using the market bonus model. This applied in particular to small facilities and power plant expansions. In contrast, electricity produced by large stations not qualifying for subsidies was sold on the wholesale market.

Nearly all of the heat generated in the Berlin-Neukölln **biomass-fired power plant** was sold to a local residential construction company which uses the heat for the residential real estate in its ownership. All of the steam produced in the Wittgenstein biomass-fired thermal power station was purchased by NRW Pellets GmbH, a subsidiary in which the Company holds a 90% stake.

Foreign **joint ventures** sold the electricity they generated on their local markets at their respective regulatory conditions.

2.4. Situation of the Company taking account of financial performance indicators

The following is an overview of the Company's situation – primarily from a financial perspective – based on financial performance indicators, which can mainly be derived from the Company's balance sheet and income statement.

To improve comparability, commentary implies that prior-year figures have been adjusted as a result of the merger with Cogen, which took place on 1 January 2012. In particular, reference is made to the balance sheet and income statement presented in the financial statements, which include the adjusted prior-year figures.

2.4.1. Assets

Compared to the previous year, the balance-sheet total recorded a substantial year-on-year gain, climbing from €4,269.4 million to €6,654.2 million.

The main reason for this strong increase was the granting of new loans to various subsidiaries totalling €1,755.5 million. This includes €1,680.7 million in loans granted to the UK subsidiary RWE Innogy (UK) Ltd., which were essentially occasioned by an intragroup restructuring of the financing of our UK operations.

Furthermore, there was an increase in shares in affiliated companies due to the €719.4 million in new equity paid into several subsidiaries. Capital measures conducted in the financial year that just ended have been described in detail in the commentary on the investments held by the Company in section 2.2. Loans granted to subsidiaries serve the purpose of financing capital expenditure projects.

The €236.9 million in impairment losses recognised for investments described in section 2.2.4 had a counteracting effect.

By the end of the financial year, the share of the balance-sheet total accounted for by financial assets amounted to 87%, representing a 2 percentage point drop compared to the previous year.

2.4.2. Finances

At 10%, RWE Innogy's equity ratio was lower than in the preceding year (15%), but was robust in view of the profit and loss pooling agreement with RWE AG. The decline in the equity ratio was caused by the marked rise of the balance-sheet total, with equity remaining unchanged. The net loss of the financial year was offset by RWE AG according to the control and profit and loss pooling agreement with RWE AG, keeping it from leading to a reduction in equity.

RWE Innogy exclusively finances itself via capital raised from its parent company RWE AG. In the financial year that just came to a close, RWE Innogy was granted €2,695.8 million in loans by RWE AG in order to secure capital expenditure by subsidiaries and to restructure the financing of our UK activities (€1,330.4 million). Gearing (the ratio of debt to equity) was up to 9.1 from 5.6 in the previous year, primarily due to the aforementioned transactions. As of 31 December 2012, financial accounts payable to RWE AG totalled €5,767.1 million.

The Company's liquidity is secured at all times as the Company is included in RWE AG's cash management system.

In the year under review, cash and cash equivalents advanced by some €0.5 million. Broken down by cash flow item, cash and cash equivalents developed as follows:

Cash flows from operating activities	€7.4 million
Cash flows from investing activities	-€2,189.3 million
Cash flows from financing activities	€2,182.4 million
Change in cash and cash equivalents	€0.5 million

In the year being reviewed, cash flows from investing and financing activities each included a special item of €1,330.4 million resulting from the refinancing of our UK operations.

2.4.3. Earnings

Despite the encouraging development posted by operating activities, the profit from ordinary activities in the financial year which just came to an end deteriorated by €110.5 million to -€264.8 million owing to the impairment losses recognised for investments.

The lion's share of the €237.3 million in amortisation of financial assets (prior year: €69.0 million) was attributable to the €214.5 in amortisation of the carrying amount of the investment in RWE Innogy Italia S.p.A.

Conversely, income from investments rose from €8.9 million in the previous year to €33.0 million, predominantly due to the special items on the books of RWE KAC Dezentrale Energien GmbH & Co. KG (+€16.0 million) and Energies France S.A.S. (+€7.7 million) caused by divestments conducted by these companies.

Income from profit and loss pooling agreements in the financial year that just came to a close was marginally up, rising from €18.7 million to €24.1 million. The increase is primarily due to the fact that RWE Innogy Windpark GmbH transferred its profit (€2.1 million) for the first time and that RWE Innogy Windpower Hannover GmbH posted a higher profit (+€2.7 million).

In contrast, expenses associated with the assumption of losses advanced from 6.6 million in the preceding year to €11.8 million, predominantly due to the deterioration in the earnings of two offshore companies that had not yet taken up operation: Innogy Nordsee I GmbH (deterioration of -€1.6 million to -€2.4 million) and Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH (deterioration of -€3.8 million to -€9.2 million).

Revenue grew from €238.6 million to €347.0 million. This considerable increase was partly due to the marked rise in electricity generated by hydroelectric power plants. A detailed description of the development of electricity and heat production in the financial year that just ended can be found in section 2.3.1. of this review of operations. Another factor contributing to the rise in revenue was the introduction of the market bonus model described in section 1.3 of this review of operations. Electricity subject to the German Renewable Energy Act sold directly to the network operators by the operating subsidiaries in the preceding year was sold to RWE Innogy in 2012 in cases in which the market bonus model was opted for, with RWE Innogy selling most of it on to RWE Supply & Trading GmbH.

Accordingly, the rise in the cost of materials from €167.3 million in the previous year to €263.4 million in the financial year that just came to a close was primarily due to electricity purchases by subsidiaries making use of the market bonus model for the first time.

The Company's staff costs also increased, climbing from €54.4 million to €63.5 million, largely owing to new hirings in the financial year that just ended.

Compared to the previous year (-€88.0 million) earnings before interest and taxes (EBIT) amounted to -€184.6 million.

Net interest dropped from -€123.6 million to -€159.8 million. This was largely caused by the net €2,422.3 million in credit drawn from RWE AG, only some of which was passed on to subsidiaries as interest-bearing loans, with the remainder being used to increase their equity base.

The resulting deficit for the year of €256.3 million was offset by RWE AG on the basis of the control and profit and loss pooling agreement in accordance with Section 302 of the German Stock Corporation Act.

2.5. Information in accordance with Section 6b, Paragraph 7 of the German Energy Act

As it is classified as a vertically integrated power utility pursuant to Section 3, Item 28 of the German Energy Act, RWE Innogy is obliged to maintain separate accounts for its activities in the electricity sector and outside of the electricity and gas sector. Section 6b, Paragraph 3 of the German Energy Act stipulates that the separate accounts be kept as if these activities had been performed by legally independent enterprises.

The generation of electricity is assigned to "other activities within the electricity sector." Based on the definition established by Section 6b, Paragraph 3 of the German Energy Act, heat-generation activities are classified as "activities outside of the electricity and gas sector."

As a rule, these accounts are assigned individually. If a direct assignment is impossible or unreasonably expensive and time-consuming, these activities are assigned by way of appropriate codes.

3. Opportunities and risks and outlook

3.1. Opportunities and risks of future developments

All entrepreneurial actions harbour both opportunities and risks. RWE Innogy aims to seize opportunities with a view to maximising profits and to obtain information on risks and their impact as early as possible, in order to be able to counteract them with suitable measures.

To this end, RWE Innogy's controlling system provides a comprehensive overview of the current economic situation and future developments through regular reporting and forecasting.

The refinement and constant use of the management information system as a key control tool and the conduct of regular strategy, budget and outlook talks both within RWE Innogy and together with the sole shareholder RWE AG ensure that information is complete and up to date.

The internal control system was further expanded in order to allow for the introduction of additional controls – some of which automated – of the orderly processing of commercial tasks.

3.1.1. Regulatory opportunities and risks

RWE Innogy is exposed to regulatory risks largely arising from potential changes in the legal framework which have an impact on business activities.

In principle, the Federal Republic of Germany still aims to increase the share of the country's electricity generation accounted for by renewables to at least 35% by 2020 and raise it to 80% by 2050. Whereas this goal is likely to remain in place in the future, the framework within which these targets will have to be hit may change.

The German Renewable Energy Act has a significant impact on the framework within which daily operations and – above all – future capital expenditure are planned.

A strong trend towards reducing the feed-in fees for renewable energy established by the German Renewable Energy Act has been observed in recent years. It is safe to assume that this trend will persist. However, given the protection of legacy plants, changes of this nature will only apply to facilities that are built in the future.

In the recent past, the German government's intention to introduce economic incentives for direct marketing and a more integrated market for renewable energy has been extremely apparent. This is the context in which the market bonus model was introduced in the financial year that just ended. However, the market bonus paid to generators of renewable energy for 2013 has already been reduced.

The legislator is likely to continue introducing tools designed to motivate renewable energy producers to sell their output on the wholesale market instead of feeding it directly into the system.

3.1.2. Investment risks

The investment risk plays a particularly important role as RWE Innogy has a large number of subsidiaries and other investments in Germany, the rest of Europe and in the USA, which operate in the most diverse fields of activity and in various regulatory environments.

Investments are constantly monitored to ensure that they maintain their value. The objective is to identify problems and unexpected events in the companies in time for their financial impact on the affected companies to be assessed early on.

Moreover, material investments are tested for impairment using a DCF valuation model whenever financial statements are prepared.

3.1.3. Weather-induced production risks

Weather plays an especially pivotal role in the generation of electricity from renewables.

Wind levels are decisive regarding the output of wind-driven power plants. However, wind is a production factor that is subject to both seasonal and annual fluctuation, which has a direct impact on the amount of electricity produced by wind farms.

Hydroelectric power stations are exposed to a similar risk. Electricity generated by run-of-river power plants is strongly dependent on the water levels of river systems and reservoirs. Since these water levels are significantly affected by precipitation and melting snow, dry and lengthy summers, winters with little snow and cold springs, which delay

the melting of snow, constitute a production risk, whereas conditions to the contrary, resulting in a very good supply of water, provide additional production opportunities. The wide distribution of hydroelectric power stations in Germany and Europe helps to distribute – and thus mitigate – weather-induced risks.

Plants are inspected and their state is recorded regularly in order to assess and minimise risks to which hydroelectric power stations would be exposed as a result of floods and big waves in bodies of water. Regular maintenance work is indispensable when it comes to providing appropriate protection against floods.

3.1.4. Operational risks

As a result of varying wind strengths and gusty winds, wind turbines are subjected to significant fluctuations in load, exposing them to an increased risk of unscheduled maintenance, occasioned e.g. by failures and technical malfunction, which can cause production to drop.

Maintenance work and measurements are performed on a regular basis in order to counteract potential failures and to minimise costs incurred to repair and maintain wind farms. Furthermore, nearly all wind-driven power plants have an availability guarantee backed by service agreements.

Like all technical facilities, hydroelectric power stations are also subject to the risk of failure. An innovative status-assessment system as well as extensive maintenance management, the online monitoring of most power plants and qualified operating personnel ensure that these risks are kept to levels that are common on the market and justifiable. RWE Innogy's hydroelectric power stations are insured against risks going above and beyond the aforementioned via policies providing damage and production downtime coverage.

3.1.5. Market risks

The volatility of electricity prices and credit risks are the largest market risks to which the Company is exposed.

Prices realisable on the wholesale market for electricity generated play a significant role for the Company. Electricity produced by biomass, wind and photovoltaic facilities, which is covered by the purchase obligation set forth in Section 2 of the German Renewable Energy Act and the feed-ins of which are guaranteed a fixed rate of remuneration, is not exposed to long-term market risks that would have to be hedged.

However, this does not hold true for electricity that is sold based on the market bonus model or for electricity that is generated in our in-house hydroelectric power stations and does not qualify for subsidies under the German Renewable Energy Act. Since most of the plants used to generate electricity are not covered by the provisions of the German Renewable Energy Act, their output has to be sold on the wholesale market. This is an area in which the Company is generally exposed to both purchase and price risks.

The marketing of this electricity is largely conducted via forwards concluded with the subsidiary RWE Supply & Trading GmbH which generally trades electricity generated within the RWE Group and sells it forward on the wholesale electricity market. This

enables electricity prices to regularly be secured for up to three years, significantly reducing the existing market risk.

In order to limit the credit risk arising from operating activities, every major contracting party is subjected to a thorough credit check. Contracts underlying the transactions are structured based on the results of the creditworthiness checks.

3.1.6. Currency risks

The operations RWE Innogy runs in international environments also expose the Company to risks resulting from fluctuations in foreign exchange rates.

These risks are hedged within the RWE Group through foreign exchange forwards, which are uniformly concluded across all Group companies with RWE AG. Pursuant to the Group financing policy, the risk period for hedging currency risks is a rolling 12 months.

3.2. Risk management goals and methods

Risk management is a constant process, which is integrated in operational procedures. RWE Innogy is integrated in RWE AG's holistically organised risk-management system which constitutes an essential element of corporate governance and ensures that risks are constantly identified, assessed and mitigated.

Potential risks are regularly assessed in terms of their possible damage and probability of occurrence and assigned to risk categories. Liquidity risks are thus subjected to constant monitoring. Risks are assessed for each completed financial year as well as for all budgeted years.

3.3. Outlook

3.3.1. Outlook on the economy and the energy sector

Initial forecasts have global economic output rising by an estimated 2.5% in 2013 – as long as the sovereign debt crisis does not escalate. Measures required to consolidate state budgets in the Eurozone will probably curtail growth. As a result, the Eurozone's gross domestic product may well stagnate overall. Prospects concerning the German economy appear to be a little brighter: Following growth of about 1% last year, the German Council of Experts is of the opinion that economic output may rise by nearly 1% in 2013 as well. The difficult situation faced by neighbouring European countries will probably weigh on exports, but robust employment and the rise in discretionary income are expected to inject stabilising stimuli.

With the past year's climate having roughly been in line with the long-term average, if temperatures are normal in 2013, the weather-dependent consumption of gas and electricity will probably be of the preceding year's order. Given the moderate economic growth prospects for 2013, the cyclically-dependent portion of electricity and gas demand is likely to match the levels seen in 2012. The anticipated reduction in carbon dioxide and coal prices and the expected increase in gas prices, which will continue to curtail the profitability of gas-based electricity generation, will probably have a negative effect on demand for gas.

3.3.2. Planned capital expenditure

RWE Innogy will continue to grow in the years ahead. Renewable energy will remain a growth sector within the RWE Group. Despite the adverse economic environment in which the RWE Group operates, RWE Innogy will continue to be provided with a capex budget.

A substantial portion of the electricity produced by wind turbines still comes from onshore facilities, but there will be a shift towards offshore wind farms in the next few years. The main advantage of generating electricity in offshore wind farms besides their more widespread public acceptance is that wind on the open sea is both steadier and stronger. RWE Innogy is in the process of building offshore wind-driven power plants in Europe with a net installed capacity of approximately 1,000 MW either alone or with partners via subsidiaries.

Against this backdrop – as in 2012 – in the next two years, a significant share of the capex budget will be spent on developing and completing offshore wind farms – especially the Nordsee Ost and Gwynt Y Môr wind farms.

The remainder will largely be spent in the Onshore Wind Business Area.

3.3.3. Revenue and earnings expectations

In the next two years, RWE Innogy's revenue trend will essentially hinge on the development of net installed capacity, prices realisable for generated electricity and – given the importance of the weather regarding the production of electricity by renewables-fired facilities – the wind and weather conditions in the years ahead.

The net installed capacity of the Company itself is not anticipated to rise as future capital expenditure on property, plant and equipment has been entirely earmarked for its joint ventures.

The reduction in the management bonus within the scope of the market bonus model will have a negative effect on revenue.

Furthermore, realisable electricity and heat prices are expected to decline marginally, also resulting in a drop in revenue.

In 2011 and 2012, the Company benefited from the sale of investments by the RWE Innogy Group. This divestment programme will be continued with a view to focussing on key markets and technologies. Accordingly, further divestment options are being examined – particularly in the biomass sector. Sales negotiations for two investments reached a successful conclusion in the financial year that just ended. Subject to antitrust approval, the sale of the two companies will take place in the 2013 financial year. Against this backdrop, income from the sale of investments is expected to be earned in 2013.

In the financial year that just came to a close, the profit from ordinary activities was curtailed by significant impairments recognised for investments. Based on present knowledge, the Company does not expect to recognise further impairments of this order in the forecast period.

Moreover, RWE Innogy management is striving to optimise processes and structures, enhance efficiency and save costs. In line with this approach, it launched the Fit for Future All Programme, the results of which will be put into practice in 2013.

In sum, the profit from ordinary activities for the forecast period (2013 and 2014) is expected to be clearly up year on year in 2013 and slightly negative in 2014.

4. Supplementary report

There were no reportable transactions of special significance after the balance-sheet date.

Financial Statements of

for the Financial Year from

1 January to 31 December 2012

Balance Sheet

ASSETS

(€ '000)	(See Note)	31/12/2012	31/12/2011	'Cons. Balance Sheet' 31/12/2011
A. Non-current assets	1			
I. Intangible assets				
Commercial and similar rights and assets acquired for consideration as well as licenses to such rights and assets		1,211	986	1,237
		1,211	986	1,237
II. Property, plant and equipment				
1. Land and buildings, including buildings on land held by third parties		12,789	2,774	9,495
2. Technical plant and machinery		33,755	17,343	34,975
3. Other equipment, factory and office equipment		777	465	659
4. Advance payments and construction in progress		5,023	2,263	4,220
		52,344	22,845	49,349
III. Financial assets				
1. Shares in affiliated companies		2,827,383	2,424,399	2,345,284
2. Loans to affiliated companies		2,830,220	1,312,956	1,340,905
3. Investments		90,628	87,890	89,981
4. Loans to companies in which an equity interest is held		30,951	29,481	29,481
5. Other loans		702	389	682
		5,779,884	3,855,115	3,806,333
		5,833,439	3,878,946	3,856,919

(€ '000)	(See Note)	31/12/2012	31/12/2011	'Cons. Balance Sheet' 31/12/2011
B. Current assets				
I. Inventories 2				
Raw materials and supplies		5,172	2,104	5,061
II. Accounts receivable and other assets 3				
1. Trade accounts receivable		6,681	8,770	15,373
2. Accounts receivable from affiliated companies		708,458	368,010	362,052
3. Accounts receivable from investments		12,700	13,163	19,282
4. Other assets		15,455	1,118	10,564
		743,294	391,061	407,271
III. Cash on hand and bank balances		526	65	77
		748,992	393,230	412,409
C. Prepaid expenses 4				
1. Debt discount		71,703	0	0
2. Other prepaid expenses		61	0	67
		71,764	0	67
		6,654,195	4,272,176	4,269,395

Equity and liabilities				
(€ '000)	(See Note)	31/12/2012	31/12/2011	'Cons. Balance Sheet' 31/12/2011
A. Equity	5			
I. Subscribed capital		50,002	50,002	50,002
II. Capital reserve		603,469	603,469	599,419
		653,471	653,471	649,421
B. Exceptional items with a reserve element	6	556	605	605
		556	605	605
C. Provisions	7			
1. Provisions for pensions and similar obligations		21,757	13,951	18,745
2. Provisions for taxes		261	0	261
3. Other provisions		44,358	37,459	61,366
		66,376	51,410	80,372
D. Liabilities	8			
1. Trade accounts payable		14,911	1,384	2,699
2. Accounts payable to affiliated companies		5,907,291	3,562,318	3,524,895
3. Accounts payable to investments		673	278	278
4. Other liabilities		4,340	2,710	4,342
		5,927,215	3,566,690	3,532,214
C. Deferred income		6,577	0	6,783
		6,577	0	6,783
		6,654,195	4,272,176	4,269,395

Income Statement

(€ '000)	Note	1/1 - 31/12/2012	1/1 - 31/12/2011	Consolidated Income Statement 1/1 - 31/12/2011
1. Revenue	12	347,036	169,189	238,615
2. Own work capitalised				75
3. Other operating income	13	58,416	41,038	64,508
4. Cost of materials	14	- 263,364	- 117,018	- 167,302
5. Staff costs	15	- 63,472	- 37,057	- 54,387
6. Amortisation of intangible non-current assets and property, plant and equipment	16	- 4,505	- 2,717	- 33,841
7. Other operating expenses	17	- 66,769	- 71,270	- 87,721
8. Income from profit and loss pooling agreements	18	24,113	14,568	18,744
9. Expenses associated with profit and loss pooling agreements	19	- 11,770	- 33,613	- 6,571
10. Income from investments	20	33,012	3,130	8,916
11. Income from loans held as financial assets	21	79,611	60,000	57,302
12. Write-downs of financial assets	22	- 237,273	- 48,000	- 69,015
13. Net interest	23	- 159,822	- 126,598	- 123,648
14. Profit from ordinary activities		- 264,787	- 148,348	- 154,325
15. Extraordinary result	24	- 4,051	- 249	- 967
16. Taxes on income (refunds)	25	12,507	26,134	32,829
17. Income from the assumption of losses	27	256,331	122,463	122,463
18. Net profit/net loss		0	0	0

Notes

Basis of presentation

The shareholder of RWE Innogy GmbH, Essen ("RWE Innogy" or "Company"), is RWE Aktiengesellschaft, Essen (RWE AG), which continues to hold a 100% stake.

RWE Innogy, Essen, was established on 20 November 2007 and registered in the Essen Commercial Register under HRB 20302. The object of the company consists of the planning, acquisition, construction, operation, logistics and sale of energy facilities, the generation and sale of energy - primarily from renewable sources (especially wind, water, the sun and biomass) - the production and sale of renewable raw materials, the development of new technologies and products associated with renewable energy as well as the provision of services in the aforementioned fields. The Company signed a profit and loss pooling agreement with RWE AG on 20 November 2007.

RWE Innogy and RWE AG form a sales, commercial and corporate tax unit.

RWE Innogy is integrated in RWE AG's cash management system.

RWE Innogy is a small corporation as defined by Section 267, Paragraphs 3 and 4 of the German Commercial Code.

Per an agreement dated 22 March 2012, RWE Innogy Cogen GmbH was folded into the Company within the scope of a merger via absorption in accordance with Section 2, Item 1 of the German Company Transformation Act with retroactive effect from 1 January 2012. The merger entered into force on 3 April 2012 through its entry in the Commercial Register of the Essen District Court.

RWE Innogy Cogen GmbH's activities have been largely unchanged and continued within RWE Innogy since 1 January 2012.

These financial statements have been prepared in accordance with the German Commercial Code and the German Limited Liability Company Act.

As a power utility, the Company is subject to the provisions of the valid version of the German Energy Act. Section 6b, Paragraph 1 of the German Energy Act stipulates that the financial statements for the period ending on 31 December 2012 fulfil the preparation and disclosure obligations complying with the provisions of the German Commercial Code applicable to corporations.

The Company is a vertically integrated power utility as defined by Section 3, Item 38 of the German Energy Act, requiring it to maintain separate accounts in accordance with Section 6b, Paragraph 3 of the German Energy Act.

The balance sheet, income statement and roll-forward of non-current assets have been prepared in thousands of euros (€ '000).

In the income statement and the commentary on the income statement, income is presented in figures preceded by a plus sign, while expenses are presented with figures preceded by a minus sign.

Comparisons cannot be made to prior-year figures because RWE Innogy Cogen GmbH was folded into the Company. Therefore, we have supplemented the balance sheet and income statement by a third column containing the consolidated balance sheet and income statement to improve comparability. This is the column in which the prior-year figures of the financial statements of RWE Innogy and RWE Innogy Cogen GmbH have been presented after consolidating their mutual relationships.

Individual balance sheet and income statement items have been combined in order to improve clarity. These items are stated and explained separately in the notes to the financial statements. The income statement has been prepared using the nature of expense method.

The financial year is the calendar year.

Accounting policies

Asset and liability items are valued taking account of all identifiable risks based on the principles of cautious commercial reasoning.

Within the scope of the merger, the Company exercised the option granted by Section 24 of the German Company Transformation Act to assume and amortise the assets and liabilities transferred by RWE Innogy Cogen GmbH at their carrying amounts.

Non-current **intangible assets** purchased for consideration are stated at acquisition cost and amortised using the straight-line method according to their anticipated useful lives. Self-produced non-current intangible assets are not capitalised.

Property, plant and equipment is stated at acquisition or production cost, less amortisation through use. Production costs encompass both individual and appropriate overhead costs. The option of including the costs mentioned in Section 255, Paragraph 2, Sentence 3 of the German Commercial Code was not exercised. Interest on debt is not included. Additions to property, plant and equipment until 31 December 2009 are amortised using both the declining-balance as well as the straight-line method insofar as fiscally permissible. A switch from the declining-balance to the straight-line method of amortisation is made once the latter leads to higher amortisation. Additions from 1 January 2010 onwards are amortised using the straight-line method. Amortisation is prorated over anticipated useful lives, which amount to between 10 and 66 years for renewable facilities. Individually usable non-current movable assets with a limited life, the acquisition or production costs of which do not exceed €150 before taxes, are fully recognised as an expense in their year of acquisition. Since 1 January 2009, a collective item has been formed for individually usable non-current movable assets, the acquisition or production costs of which exceed €150 but are no more than €1,000 before taxes. One-fifth of the collective item is released in the financial year in which it is formed, as well as in each of the four subsequent years, with a profit-reducing effect.

Advance payments are stated at nominal value.

Impairments are recognised for anticipated permanent reductions in value exceeding the decline in value through use.

Investments in affiliated companies and **investments** are classified as **financial assets** and stated at acquisition cost, or at lower fair values in cases in which the drop in value is

expected to be permanent. The Company does not exercise the option to recognise impairments for reductions in value that are not permanent.

Loans are accounted for at nominal value, applying the moderate minimum value principle.

Raw materials and supplies classified as inventories are stated at acquisition cost, applying the minimum value principle. The simplified valuation defined in Section 240, Paragraph 4 (group assessment) and Section 256, Sentence 1 of the German Commercial Code (first-in, first-out procedure) is performed.

Accounts receivable and other assets are accounted for at nominal value. Value adjustments are made to account for all recognisable individual risks. Other assets classified as special-purpose vehicles to hedge pension obligations are netted against provisions for pensions and similar obligations.

Cash on hand and bank balances are stated in nominal terms. Credits in foreign currency are converted based on the mean spot rate as of the cut-off date for the financial statements.

Prepaid expenses are expenses incurred before the balance-sheet date for a certain period after this cut-off date.

Due to the income tax unit formed with RWE AG, **deferred tax assets** are not recognised by the Company.

Equity is accounted for at nominal value.

The difference between the excess amortisation performed in compliance with fiscal regulations and the amortisation of non-current assets according to German commercial law is recognised as an **exceptional item with a reserve element**.

RWE Innogy exercises the retention option granted by Article 67, Paragraph 3, Sentence 1 of the Introductory Law to the German Commercial Code. New exceptional items with a reserve element and exceptional items for investment subsidies stopped being recognised as of 1 January 2010.

Provisions for pensions and similar obligations as well as **provisions for anniversaries** recognised as other provisions are accrued using the projected unit credit method based on actuarial calculations taking account of Prof Dr Klaus Heubeck's 2005 G mortality tables, which reflect generation-dependent life expectancies. They were discounted by applying the average market interest rate of the last seven years based on an assumed remaining term of 15 years published by Deutsche Bank in October 2012 (Section 253, Paragraph 2, Sentence 2 of the German Commercial Code). The interest rate is 5.06% p.a. Further assumptions made in relation to these provisions were annual pension increases of 1.75% and company-specific churn. Wage and salary increases of 2.75% p.a. are also assumed for provisions for pensions and similar obligations as well as provisions for anniversaries. The transfer of funds required due to the underfunding of provisions for pensions as defined by Article 67, Paragraph 1, Sentence 1 of the Introductory Law to the German Commercial Code was fully conducted in the previous year. As a result, there were no off-balance-sheet amounts as of 31 December 2012.

Provisions for taxes equal the anticipated tax burden after deducting advance payments.

Other provisions take account of all uncertain liabilities. They are valued at the settlement amount required based on sound commercial reasoning on the basis of their amount.

Provisions with a remaining term of more than one year take future price and cost increases into account and are discounted to the balance-sheet date. The discount rates used are the average market interest rates of the preceding seven financial years matching the remaining terms of the provision as determined and published monthly by the German Central Bank in accordance with the German Provision Discounting Regulation.

Old-age part-time employment provisions (block model) are stated at net present value applying an imputed interest rate of 3.74% p.a. and 3.83% p.a. (for potential employees) and are recognised as other provisions.

The provision for the **stock option plan** included in other provisions is a long-term incentive plan of RWE AG (BEAT 2005). The provision contains the tranches for 2010 to 2012. It was accounted for at the settlement amount determined based on sound commercial reasoning. It is also recognised as a part of other provisions.

Due to the overfunding of provisions caused by changes to the German Accounting Law Modernisation Act as of 1 January 2010, the retention option is exercised in cases in which a write-up to the releasable amount is performed by 31 December 2024.

Liabilities are valued at their settlement amount.

Contingent liabilities disclosed in the notes are valued according to the extent of liability existing as of the balance-sheet date.

Deferred income is generated before the balance-sheet date for a certain period after this cut-off date. This item also includes construction subsidies which are written back over the subsidised non-current asset's useful life.

Business transactions in foreign currency are accounted for at the exchange rates valid as of their initial recognition. If they are covered by hedges, they are accounted for at the exchange rates prevailing as of the dates on which the hedges were concluded. Assets denominated in foreign currency and current liabilities are converted applying the mean spot rate as of the balance-sheet date. Accounts receivable and payable with a remaining term of up to one year and currency holdings consider gains and losses on changes in foreign exchange rates with an effect on profit or loss as of the balance-sheet date unless they are subsumed in a valuation unit.

We applied the following major currency exchange rates:

Foreign currency	Exchange rate as of the cut-off date (€/foreign currency)	Average exchange rate in 2012 (€/foreign currency)
CHF	0.82836	0.83030
GBP	1.22534	1.23163
USD	0.75792	0.77330
PLN	0.24546	0.23994

Derivative financial instruments are used to hedge currency and interest-rate risks.

Valuation units as defined by Section 254 of the German Commercial Code are formed whenever possible. These valuation units are accounted for on the balance sheet using the freezing method. Provisions for valuation units are accrued for derivatives outside of valuation units which have a negative market value as of the balance-sheet date.

Due to the income tax unit formed with RWE AG, **deferred tax liabilities** are not recognised by the controlled company.

Notes to the Balance Sheet

The following is a breakdown and commentary of the items summarised on the balance sheet.

(1) Non-current assets

The breakdown of the non-current assets summarised on the balance sheet and their development in the year under review are presented in the roll-forward of non-current assets which has been annexed to these notes. Furthermore, the roll-forward discloses assets added at historical acquisition costs and accumulated amortisation as a result of a merger in separate columns. Information on investments in accordance with Section 285, Sentence 1, Items 11 and 11a of the German Commercial Code has been presented in a further annex to these notes.

The Company is an unlimited partner in Industriekraftwerke Oberschwaben beschränkt haftende oHG, Biberach an der Riß, and in Konsortium Energieversorgung Opel oHG der RWE Innogy GmbH und der Kraftwerke Mainz-Wiesbaden AG, Karlstein.

(2) Inventories

The application of the simplified valuation method defined in Section 240, Paragraph 4 (group assessment) and Section 256, Sentence 1 of the German Commercial Code (first-in, first-out procedure) resulted in negligible valuation differences.

(3) Accounts receivable and other assets

€ '000	31/12/2012	31/12/2011
Trade accounts receivable	6,681	8,770
Accounts receivable from affiliated companies	708,458	368,010
- thereof from the shareholder	270,366	160,392
Accounts receivable from investments	12,700	13,163
Other assets	15,455	1,118
	743,294	391,061

As in the preceding year, all accounts payable and other assets had a remaining term of up to one year.

Accounts receivable from affiliated companies included €60,652,000 (prior year: €54,634,000) in trade accounts receivable and €647,806,000 (prior year: €313,376,000) in other assets.

Accounts receivable from investments totalled €12,700,000 (prior year: €13,163,000) and related to trade accounts receivable.

€558,000 of the accounts receivable from affiliated companies was legally added only after the cut-off date for the financial statements. It relates to accounts receivable with a remaining term of less than one year from the shareholder due to the sales tax unit.

(4) Prepaid expenses

Prepaid expenses included a prepayment penalty recognised as a premium, which was associated with the acquisition of a GBP loan with an original volume of €75,229,000. This item will be released with an effect on profit or loss through to the end of the term of the loan (31 January 2018) and amounted to €71,703,000 as of 31 December 2012.

(5) Equity

€ '000	31/12/2012	31/12/2011
Subscribed capital	50,002	50,002
Capital reserve	603,469	603,469
	653,471	653,471

€464,580,000 of the capital reserve was funded in accordance with Section 272, Paragraph 2, Item 1 of the German Commercial Code, and €138,889,000 of the capital reserve was funded in accordance with Section 272, Paragraph 2, Item 4 of the German Commercial Code.

(6) Exceptional item with a reserve element

Provisions in compliance with fiscal law were accrued and transferred in accordance with Section 6b of the German Income Tax Act and maintained and amortised in compliance with Article 67 of the Introductory Law to the German Commercial Code until 31 December 2008.

The change in the **exceptional item with a reserve element** had a positive impact on the profit of the financial year of €49,000.

(7) Provisions

Provisions for pensions are calculated based on an actuarial report.

Funded plan assets amounted to €1,195,000 and were netted against provisions for pensions and similar obligations of the same amount. The fair value of the pledged reinsurance policy corresponded to the amortised acquisition costs.

Other provisions mainly consist of €15,088,000 in provisions for personnel, €10,189,000 in provisions covering uncertain obligations and €5,232,000 in provisions in connection with outstanding invoices. Provisions for anniversaries and removal obligations were overfunded by €15,000 and €87,000 within the meaning of Article 67, Paragraph 1, Sentence 4 of the Introductory Law to the German Commercial Code.

(8) Liabilities

€ '000	31/12/2012	Thereof RT ≤ 1 year	Thereof RT > 5 years	31/12/2011	Thereof RT ≤ 1 year
Trade accounts payable	14,911	14,911	0	1,384	1,384
Accounts payable to affiliated companies	5,907,291	378,773	4,530,893	3,562,318	492,420
- thereof to the shareholder	5,767,060	238,542	4,530,893	3,360,957	274,819
Accounts payable to investments	673	673	0	278	278
Other liabilities	4,340	4,340	0	2,710	2,710
- thereof taxes	888	888	0	253	253
	5,927,215	398,697	4,530,893	3,566,690	496,792

Accounts payable to affiliated companies included €17,083,000 (prior year: €17,655,000) in trade accounts payable and €5,890,208,000 (prior year: €3,544,663,000) in other liabilities.

As in the preceding year, **accounts payable to investments** solely related to products and services.

The amount disclosed for **trade accounts payable** has been secured by the usual reservation of ownership rights by suppliers.

(9) Contingent liabilities

Contingent liabilities were as follows:

Contingent liabilities	Currency	Value (foreign currency '000)	Value € '000
Liabilities arising from	EUR	-	641,488
guarantees	USD	145,724	109,876
	GBP	1,720,870	2,114,089
	DKK	4,045,350	542,077
			3,407,530
Contingent liabilities arising from collateral pledged for third-party liabilities	EUR	-	25,128
Indemnity obligations	GBP	230,713	283,431
			3,716,089

Contingent liabilities are only assumed within the scope of business activities and after a thorough review of associated risks. The Company is integrated in RWE AG's risk management system. The risk management system constantly monitors the aforementioned circumstances. Based on our assessment, the underlying liabilities can probably be settled due to the solvency

of the companies in question. Against this backdrop, drawings are not anticipated and the contingent liability assumed does not need to be classified as a liability.

(10) Transactions and other financial obligations not disclosed on the balance sheet

Capital commitments arising from awarded contracts amounted to €10,062,000. Long-term leasehold and rental agreements gave rise to €4,806,000 in other financial obligations, €3,898,000 of which was attributable to affiliated companies. Furthermore, the Company is obliged to increase the equity of Innogy Renewables Technologie Fund I GmbH & Co. KG, Essen, by €28,106,000. Other financial obligations not disclosed on the balance sheet thus totalled €42,974,000, of which €32,004,000 was attributable to affiliated companies.

(11) Derivative financial instruments and valuation units

As in the previous year, in the year under review, derivative financial instruments were used to hedge interest-rate, currency and commodity risks with RWE AG or RWE Supply & Trading GmbH, Essen. All of the derivatives on the books as of the balance-sheet date were foreign exchange forward transactions. Their use, monitoring and accountabilities are clearly governed by groupwide guidelines.

As a rule, the fair value of the derivative financial instruments corresponds to their market value as long as it can be determined reliably. If a market value cannot be reliably determined, the fair value is derived from the market value of similar financial instruments or determined using generally accepted valuation methods such as the Discounted Cash Flow method, whereas the Black-Scholes model is used for options. This is done taking account of current changes in currency exchange rates and interest-rate structure curves in line with the market, among other things.

The following is an overview of the derivative financial instruments on the books as of the balance-sheet date:

Derivatives within valuation units € '000	Nominal volume	Fair value	
		Positive	Negative
Foreign exchange forwards	139,338	0	-1,066
	139,338	0	-1,066

Foreign-currency derivatives matching the USD 55,575,000 investment in Georgia Biomass Holding LLC, USA, and a USD 129,675,000 loan granted to the Company were concluded and combined into a valuation unit to hedge these positions. The derivative financial instruments are very effective as the forward component is excluded from the valuation unit and the change in the value of the underlying transaction and the hedge occurs until the end of the investment or the repayment of the loan with a counteracting effect. They are accounted for on the balance sheet using the freezing method. Since the forward component was not negative as of the balance-sheet date, no provision was accrued from valuation units. If this valuation unit had not been formed, a €1,066,000 provision for impending losses on executory contracts would have been accrued.

PLN-denominated loans matching the PLN 1,138 million financial investment in RWE Renewables Polska Sp. z o.o., Poland, were taken out to hedge the financial investment and

combined with it to form a valuation unit. The changes in the value of the underlying transaction and hedge will occur with a counteracting effect until the end of the investment. They are accounted for on the balance sheet using the freezing method. If this valuation unit had not been formed, the loans would have increased by €5,189,000 as of the balance-sheet date since they are valued in foreign currency.

Moreover, a GBP 1,294 million financial investment in RWE Innogy (UK) Ltd. and a GBP 1,345 million loan have been hedged by matching GBP-denominated loans granted by RWE AG and combined to form a valuation unit. The changes in the value of the underlying transaction and hedge will occur with a counteracting effect until the end of the investment and the repayment of the loan. They are accounted for on the balance sheet using the freezing method. If this valuation unit had not been formed, the loan would have been devalued by €33,198,000 as of the balance-sheet date since it is valued in foreign currency.

All of the aforementioned valuation units are micro-hedges. The effectiveness of the valuation units is assessed prospectively using the Critical Term Match method.

Derivatives outside of valuation units € '000	Nominal volume	Fair value	
		Positive	negative
Foreign exchange forwards	50,997	425	-526
	50,997	425	-526

As a rule, the fair value of the derivative financial instruments corresponds to their market value as long as it can be determined reliably.

A €526,000 provision for impending losses was recognised as a liability to cover the negative market value of financial derivatives which were not included in a valuation unit.

Notes to the Income Statement

(12) Revenue

€ '000	2012	2011
Electricity revenue from direct sales	275,129	148,801
Revenue from heating bills	44,265	0
Revenue from avoided network usage	9,209	9,375
Revenue from tax group accounting	3,305	2,627
Revenue from cooling bills	2,903	0
Electricity revenue in accordance with the German Renewable Energy Act	1,771	3,401
Revenue from electricity bills	1,026	0
Other revenue	9,428	4,985
	347,036	169,189

Most of the revenue was generated in Germany.

(13) Other operating income

€16,691,000 in income from currency translation was included in other operating income (prior year: €16,784,000). Income not related to the period under review amounted to €13,334,000 from the release of provisions and from the release of construction cost subsidies (prior year: €61,000) as well as €49,000 from the release of the exceptional item with a reserve element (prior year: €49,000).

(14) Cost of materials

€ '000	2012	2011
Expenses incurred for raw materials and supplies	-224,075	-91,881
Expenses associated with procured services	-39,289	-25,137
	-263,364	-117,018

(15) Staff costs

In the year being reviewed, staff costs broke down as follows:

€ '000	2012	2011
Wages and salaries	55,007	31,050
Social security contributions, pension costs and other employee benefits	-8,465	-6,007
- thereof pension costs	-1,352	-2,130
	-	-
	63,472	37,057

Averaged for the year, headcount totalled:

Average employee headcount	2012
Salaried staff	586
- thereof executives	60
	586

(16) Amortisation of intangible non-current assets and property, plant and equipment

Amortisation did not involve any impairments and can be seen in the roll-forward of non-current assets.

(17) Other operating expenses

€13,157,000 in expenses associated with currency translation was included in other operating expenses (prior year: €14,665,000).

(18) Income from profit and loss pooling agreements

Income from profit and loss pooling agreements primarily consisted of profits transferred by RWE Innogy Windpower Hannover GmbH, Hanover; BTB-Blockheizkraftwerks-, Träger- und Betreibergesellschaft mbH Berlin, Berlin; and RWE Innogy Windpark GmbH, Essen, due to existing profit and loss pooling agreements.

(19) Expenses associated with the assumption of losses

Expenses associated with the assumption of losses are particularly attributable to Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH, Essen; Innogy Nordsee I GmbH, Hamburg; and RWE Offshore Logistic Company GmbH, Hamburg.

(20) Income from investments

€25,767,000 of the income from investments was attributable to affiliated companies (prior year: €3,126,000).

(21) Income from loans held as financial assets

€74,351,000 of the €79,611,000 in income from loans held as financial assets was attributable to affiliated companies (prior year: €55,026,000).

(22) Write-downs of financial assets

As in the previous year, these are impairments. Write-downs occasioned by impairments which are expected to be permanent amounted to €214,500,000 and were recognised for the investment in RWE Innogy Italia S.p.A., Italy.

(23) Interest income (net)

€ '000	2012	2011
Other interest and similar income	37,528	27,844
- thereof from affiliated companies	33,062	27,803
Interest and similar expenses	-197,350	-154,442
- thereof paid to affiliated companies	-195,729	-152,496
- thereof interest accretion to provisions	-1,509	-766
	-159,822	-126,598

In relation to interest and similar expenses, €146,000 in interest income from assets covering obligations was netted against €1,463,000 in interest expenses associated with provisions for pensions in accordance with Section 246, Paragraph 2, Sentence 2 of the German Commercial Code. The resulting balance of €1,317,000 is included in interest and similar expenses.

(24) Extraordinary result

€ '000	2012	2011
Extraordinary income	0	6
- thereof income from the merger	0	6
Extraordinary expenses	-	-255
- thereof expenses associated with the merger	4,051	-64
- thereof expenses due to changes caused by the German Accounting Law Modernisation Act	0	-191
	-	-249
	4,051	

The extraordinary result achieved in 2012 exclusively relates to the loss on the merger with RWE Innogy Cogen GmbH, Dortmund.

(25) Taxes on income (refunds)

As in the preceding year, the €12,507,000 stated for the item regarding taxes on income (refunds) related to the income taxes credited to the company by RWE AG based on the tax unit. €829,000 of this sum was attributable to taxes that were not related to the period under review. They were fully attributable to the profit from ordinary activities.

(26) Other taxes

In accordance with Section 265, Paragraph 7, Item 1 of the German Commercial Code, **other taxes**, which amounted to €856,000, were classified as other operating expenses.

(27) Income from the assumption of losses

The net loss incurred for the financial year will be refunded by the shareholder in accordance with the profit and loss pooling agreement.

(28) Information in accordance with Section 6b, Paragraph 2 of the German Energy Act

€ '000	Volume of products and services provided in 2012	Volume of products and services received in 2012
Services	13,355	46,181
Rent	337	5,013
	13,692	51,194

Commercial services are provided between affiliated companies in accordance with service agreements.

Services and rent received also stem from affiliated companies. Services primarily consisted of operational management and other work.

Additional information

Members of the Board of Directors

The following individuals sat on the Board of Directors in the financial year:

Dr Hans Bunting, Mülheim an der Ruhr, Chairman of the Board of Directors

(Chairman since 1 July 2012)

Dirk Simons, Ratingen, Commercial Director (since 1 July 2012)

Paul Coffey, Cirencester (United Kingdom), Technical Director

Prof Dr Fritz Vahrenholt, Hamburg, Chairman of the Board of Directors (until 30 June 2012)

In the financial year, the managing directors received a total of €1,447,000 in compensation.

Members of the Board of Directors were granted interest-free loans, which had a balance of €13,000 on the balance-sheet date. These loans have terms expiring in September 2016 and February 2021. Repayments in the financial year totalled €2,000.

The salvatory clause in Section 286, Paragraph 4 of the German Commercial Code has been invoked regarding the disclosure of the total emoluments of the former member of the Board of Directors. A €158,000 provision for pensions was accrued for the former managing director.

Members of the Supervisory and Advisory Boards

The Company's **Supervisory Board**, which was constituted on 6 August 2012, consists of:

Prof Dr Fritz Vahrenholt, Hamburg, former Chairman of the Board of Directors of RWE Innogy GmbH, Chairman of the Supervisory Board

Dr Leonhard Birnbaum, Meerbusch, Member of the Executive Board of RWE AG

Dr Rolf Pohlig, Mülheim an der Ruhr, Member of the Executive Board of RWE AG (until 31 December 2012)

Dr Frank-Detlef Drake, Essen, Director Group Research & Development at RWE AG (as of 1 January 2013)

Thomas Birr, Warendorf, Director Corporate Development & Strategy at RWE AG

Dr Arndt Brauckmann (Employee Representative), Willich, Employee of the Operative Corporate Investment Management Department of RWE Innogy GmbH

Dr Winfried Luh (Employee Representative), Berlin, Employee of the Offshore Development Department of RWE Innogy GmbH

The following individuals had been appointed deputies:

Phillip Ronellenfitsch (Employee Representative), Düsseldorf, Employee of the Project Management Department of RWE Innogy GmbH

Andreas Moch (Employee Representative), Hattingen, Employee of the Energy Management Department of RWE Innogy GmbH

The members of the Supervisory Board were not compensated for their work in the financial year.

The Company's Advisory Board consisted of the following individuals until it was dissolved on 30 June 2012:

Stephan Kohler, Chairman of the Board of Directors of Deutsche-Energieagentur GmbH,
Chairman

Michaele Hustedt, Facilitator of Netzwerk Bioenergie, Deputy Chairman

Manfred Hülsmann, Chairman of Stadtwerke Osnabrück AG

Prof Dr Eva Schill, Professor of Geothermal Sciences, Université de Neuchâtel

Prof Dr Dr h.c. Reinhard F. Hüttl, Scientific Director and Chairman of the Board of Helmholtz-Zentrum Postdam, Deutsches GeoForschungsZentrum GFZ

Jens Eckhoff, President of the German Foundation for the Promotion of Offshore Wind Power

Rainer Schmitz, Employee of RWE Power AG

Gabriele Sassenberg (Employee Representative) IBR-E Organisational Unit, Member of the Works Council of RWE Innogy GmbH

Philipp Ronellenfitsch (Employee Representative), Employee of the Project Management Department of RWE Innogy GmbH

Remuneration paid to the Advisory Board in 2012 totalled €14,000.

Related parties

All transactions with related parties are generally concluded at arm's length conditions. The €24,559,000 loan granted to the subsidiary Rheinkraftwerk Albrück-Dogern Aktiengesellschaft, the €30,951,000 loan granted to the investment C-Power N.V., the €34,038,000 loan granted to AS 3 Beteiligungs GmbH, the €2,314,000 loan granted to NRW Pellets GmbH and the €24,000,000 loan granted to GBE - Gocher Bioenergie GmbH were unsecured.

Independent auditor's fees

As the fees invoiced for the financial year by the independent auditor in accordance with Section 285, Item 17 of the German Commercial Code have been disclosed in the notes to the consolidated financial statements of RWE AG, we have renounced stating them here.

Intragroup relations

The companies in which RWE Innogy holds stakes pursuant to Section 285, Items 11 and 11a of the German Commercial Code are included in the annexed list of shareholdings.

In accordance with Section 291 of the German Commercial Code, there is no legal obligation to prepare consolidated financial statements or a review of group operations for this division because RWE Innogy and its subsidiaries will be included in the consolidated financial statements of RWE AG for the period ended 31 December 2012, which have been audited and presented in German in accordance with Section 325 of the German Commercial Code and thus qualify RWE Innogy for this exemption.

The consolidated financial statements of RWE AG are submitted to the operator of the German Federal Gazette (Bundesanzeiger Verlagsgesellschaft mbH, Cologne) and announced in the German Federal Gazette.

Essen, 29 January 2013

RWE Innogy GmbH

The Board of Directors

Dr Hans Bünting

Paul Coffey

Dirk Simons

Roll-Forward of Non-Current Assets

	Acquisition and production costs					31/12/2012 € '000
	1/1/2012	Merger	Additions	Transfers	Disposals	
	€ '000	€ '000	€ '000	€ '000	€ '000	
I. Intangible assets						
1. Commercial and similar rights and assets acquired for consideration as well as licenses to such rights and assets	1,392	510	4			1,906
	1,392	510	4			1,906
II. Property, plant and equipment						
1. Land and buildings, including buildings on land held by third parties	7,840	8,507	1,561	1,918	*	19,826
2. Technical plant and machinery	224,415	252,351	2,147	743		479,656
3. Other equipment, factory and office equipment	2,262	1,041	308			0
					29	3,582
4. Advance payments and construction in progress	2,263	1,957	3,464	-2,661		5,023
	236,780	263,856	7,480		29	508,087
III. Financial assets						
1. Shares in affiliated companies	2,512,399	-63,602	719,405		3,305	3,164,897
2. Loans to affiliated companies	1,312,956	27,948	1,755,530		266,214	2,830,220
3. Investments	87,928	15,506	3,497			106,931
4. Loans to companies in which an equity interest is held	29,481		1,470			30,951
5. Other loans	389	293	130		110	702
	3,943,153	-19,855	2,480,032		269,629	6,133,701
	4,181,325	244,511	2,487,516		269,658	6,643,694

	Accumulated amortisation					Write-ups € '000	31/12/2012 € '000
	1/1/2012 € '000	Merger € '000	Additions € '000	Transfers € '000	Disposals € '000		
I. Intangible assets							
1. Commercial and similar rights and assets acquired for consideration as well as licenses to such rights and assets	406	258	31				695
	406	258	31				695
II. Property, plant and equipment							
1. Land and buildings, including buildings on land held by third parties	5,066	1,786	185				7,037
2. Technical plant and machinery	207,072	234,719	4,110				445,901
3. Other equipment, factory and office equipment	1,797	847	179		18		2,805
4. Advance payments and construction in progress							
	213,935	237,352	4,474		18		455,743
III. Financial assets							
1. Shares in affiliated companies	88,000	15,514	234,000				337,514
2. Loans to affiliated companies			423		423		
3. Investments	38	13,415	2,850				16,303
4. Loans to companies in which an equity interest is held							
5. Other loans							
	88,038	28,929	237,273		423		353,817
	302,379	266,539	241,778		441		810,255

	Carrying amounts	
	31/12/2012	31/12/2011
	€ '000	€ '000
I. Intangible assets		
1. Commercial and similar rights and assets acquired for consideration as well as licenses to such rights and assets	1,211	986
	1,211	986
II. Property, plant and equipment		
1. Land and buildings, including buildings on land held by third parties	12,789	2,774
2. Technical plant and machinery	33,755	17,343
3. Other equipment, factory and office equipment	777	465
4. Advance payments and construction in progress	5,023	2,263
	52,344	22,845
III. Financial assets		
1. Shares in affiliated companies	2,827,383	2,424,399
2. Loans to affiliated companies	2,830,220	1,312,956
3. Investments	90,628	87,890
4. Loans to companies in which an equity interest is held	30,951	29,481
5. Other loans	702	389
	5,779,884	3,855,115
	5,833,439	3,878,946

* Less than €1,000.

List of Shareholdings

RWE Innogy GmbH		As of 31/12/2012								Profit and loss pooling agreement	Group KPIs
Company name	Domicile	Country	Share in %			Equity	Income	Financial year			
			Direct	Indirect	Total	(€ '000)	(€ '000)	from	to		
1 B E B Bio Energie Baden GmbH	Kehl	Germany	66.67		51	37.633*	2.321*	1/1/2011	31/12/2011		
2 BTB Netz GmbH	Berlin	Germany		100	100	25*	**	1/1/2011	31/12/2011	X	
3 BTB-Blockheizkraftwerks, Träger- und Betreiber-gesellschaft mbH Berlin	Berlin	Germany	26.73		100	18.094*	**	1/1/2011	31/12/2011	X	
4 Essent Wind Nordsee Ost Planungs- und Betriebs-gesellschaft mbH	Heligoland	Germany			100	256*	**	1/1/2011	31/12/2011	X	
5 GBE - Gocher Bioenergie GmbH	Goch	Germany			80	1.375*	-457*	1/1/2011	31/12/2011		
6 Green Gecco GmbH & Co. KG	Essen	Germany			51	49.640*	1.280*	1/1/2011	31/12/2011		
7 Infrastrukturgesellschaft Netz Lübz mbH	Hanover	Germany		100	100	4*	-13*	1/1/2011	31/12/2011		
8 Innogy Nordsee 1 GmbH	Hamburg	Germany			100	11.300*	**	1/1/2011	31/12/2011	X	
9 NRW Pellets GmbH	Erndtebrück	Germany			90	3.199*	-17.780*	1/1/2011	31/12/2011		
10 Rheinkraftwerk Albrück-Dogern Aktiengesellschaft	Waldshut-Tiengen	Germany	50	25	77	30,728	1,757	1/1/2012	31/12/2012		

11 RWE Innogy Brise Windparkbetriebsgesellsch aft mbH	Hanover	Germany		100	100	201*	**	1/1/2011	31/12/2011	X
12 RWE Innogy Cogen Beteiligungs GmbH	Dortmund	Germany	50		100	7.350*	**	1/1/2011	31/12/2011	X
13 RWE Innogy Lüneburger Heide Windparkbetriebsgesellsch aft mbH	Walsrode	Germany		100	100	25*	**	1/1/2011	31/12/2011	X
14 RWE Innogy Mistral Windparkbetriebsgesellsch aft mbH	Hanover	Germany	48.32	100	100	25*	**	1/1/2011	31/12/2011	X
15 RWE Innogy Sandbostel Windparkbetriebsgesellsch aft mbH	Sandbostel	Germany		100	100	25*	**	1/1/2011	31/12/2011	X
16 RWE Innogy Windpark GmbH	Essen	Germany			100	31.825*	**	1/1/2011	31/12/2011	X
17 RWE Innogy Windpower Hannover GmbH	Hanover	Germany	37.5		100	77.373*	**	1/1/2011	31/12/2011	X
18 RWE KAC Dezentrale Energien GmbH & Co. KG	Dortmund	Germany			100	9.401*	-3*	1/1/2011	31/12/2011	
19 RWE Offshore Logistics Company GmbH	Hamburg	Germany			100	30*	**	1/1/2011	31/12/2011	X
20 RWE Seabreeze I GmbH & Co. KG	Bremerhave n	Germany			100	25.328*	-378*	1/1/2011	31/12/2011	
21 RWE Seabreeze II GmbH & Co. KG	Bremerhave n	Germany			100	23.159*	-2.735*	1/1/2011	31/12/2011	

22 Saarwasserkraftwerke GmbH	Essen	Germany		100	14.368*	**	1/1/2011	31/12/2011	X	
23 Windpark Bentrup Betriebsgesellschaft mbH	Barntrup	Germany		100	100	25*	**	1/1/2011	31/12/2011	X
24 WINKRA Hörup Windparkbetriebsgesellschaft mbH	Hörup	Germany	51	100	100	26*	**	1/1/2011	31/12/2011	X
25 WINKRA Lengerich Windparkbetriebsgesellschaft mbH	Gersten	Germany		100	100	25*	**	1/1/2011	31/12/2011	X
26 WINKRA Messingen Windparkbetriebsgesellschaft mbH	Messingen	Germany	51	100	100	25*	**	1/1/2011	31/12/2011	X
27 WINKRA Sommerland Windparkbetriebsgesellschaft mbH	Sommerland	Germany	0.6	100	100	26*	**	1/1/2011	31/12/2011	X
28 WINKRA Süderdeich Windparkbetriebsgesellschaft mbH	Süderdeich	Germany		100	100	372*	591*	1/1/2011	31/12/2011	
29 WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG	Hanover	Germany		100	120*	441*		1/1/2011	31/12/2011	
30 An Suidhe Wind Farm Limited	Swindon	UK		100	100	20.673*	730*	1/1/2011	31/12/2011	
31 Andromeda Wind S.r.l.	Bolzano	Italy		51	51	7.334*	1.452*	1/1/2011	31/12/2011	
32 Bilbster Wind Farm Limited	Swindon	UK		100	100	1.650*	623*	1/1/2011	31/12/2011	
33 Biomasse Sicilia S.p.A.	Enna	Italy		100	100	835*	-805*	1/1/2011	31/12/2011	

34 Bristol Channel Zone Limited	Swindon	UK	100	100	-457*	-279*	1/1/2011	31/12/2011
35 Channel Energy Limited	Swindon	UK	100	100	-348*	-131*	1/1/2011	31/12/2011
36 Centrale Hydroelectrique d`Oussiat S.A.S.	Paris	France	100	100	817*	12*	1/1/2011	31/12/2011
37 Energies Charentus S.A.S.	Paris	France	100	100	3.206*	307*	1/1/2011	31/12/2011
38 Energies France S.A.S.	Paris	France		100	38.810*	10.363*	1/1/2011	31/12/2011
39 Energies Maintenance S.A.S.	Paris	France	100	100	-499*	-56*	1/1/2011	31/12/2011
40 Energies Saint Remy S.A.S.	Paris	France	100	100	322*	-51*	1/1/2011	31/12/2011
41 Energies VAR 1 S.A.S.	Paris	France	100	100	1.619*	675*	1/1/2011	31/12/2011
42 Energies VAR 2 S.A.S.	Paris	France	99.96	100	0*	-35*	1/1/2011	31/12/2011
43 Energies VAR 3 S.A.S.	Paris	France	100	100	2.725*	-142*	1/1/2011	31/12/2011
44 RWE Innogy Développement France S.A.S.	Paris	France	100	100	-24*	-64*	1/1/2011	31/12/2011
45 SAS Île de France S.A.S.	Paris	France	100	100	2.229*	268*	1/1/2011	31/12/2011
46 Fri-El Anzi Holding S.r.l.	Bolzano	Italy	51	51	7.727*	-319*	1/1/2011	31/12/2011
47 Fri-El Anzi S.r.l.	Bolzano	Italy	100	100	24.163*	547*	1/1/2011	31/12/2011
48 Fri-El Guardionara Holding S.r.l.	Bolzano	Italy	51	51	13.294*	413*	1/1/2011	31/12/2011
49 Fri-El Guardionara S.r.l.	Bolzano	Italy	100	100	37.856*	5.107*	1/1/2011	31/12/2011

50 Georgia Biomass Holding LLC	Savannah	USA	5	100	47,656	2,489	1/1/2012	31/12/2012
51 Georgia Biomass LLC	Savannah	USA	100	100	34,126	-4,118	1/1/2012	31/12/2012
52 INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda.	São João do Estoril	Portugal	0.03	100	10.212*	1.234*	1/1/2011	31/12/2011
53 LUSITERG - Gestão e Produção Energética, Lda.	São João do Estoril	Portugal	74	74	9.353*	1.456*	1/1/2011	31/12/2011
54 Knabs Ridge Wind Farm Limited	Swindon	UK	100	100	4.277*	1.275*	1/1/2011	31/12/2011
55 Krzecin Sp. z o.o.	Warsaw	Poland	100	100	-16*	-17*	1/1/2011	31/12/2011
56 Lindhurst Wind Farm Limited	Swindon	UK	100	100	1.060*	704*	1/1/2011	31/12/2011
57 Little Cheyne Court Wind Farm Limited	Swindon	UK	100	100	19.322*	8.646*	1/1/2011	31/12/2011
58 Park Wiatrowy Nowy Staw Sp. z o.o.	Warsaw	Poland	100	100	4*	-5*	1/1/2011	31/12/2011
59 Park Wiatrowy Suwalki Sp. z o.o.	Warsaw	Poland	100	100	7.895*	-1.132*	1/1/2011	31/12/2011
60 Park Wiatrowy Tychowo Sp. z o.o.	Warsaw	Poland	100	100	1.379*	-1.424*	1/1/2011	31/12/2011
61 Piecki Sp. z o.o.	Warsaw	Poland	51	51	49.512*	2.608*	1/1/2011	31/12/2011
62 Rhyl Flats Wind Farm Limited	Swindon	UK	100	100	5.918*	7.335*	1/1/2011	31/12/2011
63 Danta de Energías, S.A.	Soria	Spain	98.65	98.65	20.487*	6.103*	1/1/2011	31/12/2011

64 Explotaciones Eólicas de Aldehuelas, S.L.	Soria	Spain	95	95	14.439*	4.269*	1/1/2011	31/12/2011
65 General de Mantenimiento 21, S.L.U.	Barcelona	Spain	100	100	152*	65*	1/1/2011	31/12/2011
66 Hidroeléctrica del Trásvase, S.A.	Barcelona	Spain	60	60	3.154*	619*	1/1/2011	31/12/2011
67 RWE Innogy AERSA, S.A.U.	Barcelona	Spain		100	239.565*	2.056*	1/1/2011	31/12/2011
68 RWE Innogy Italia S.p.A.	Bolzano	Italy		100	52.432*	-55.352*	1/1/2011	31/12/2011
69 RWE Innogy (UK) Ltd.	Swindon	UK		94.5 4	1.342.850 *	-7.400*	1/1/2011	31/12/2011
70 RWE Npower Renewables (Galloper) No.1 Limited	Swindon	UK	100	100	-7*	-7*	20/7/2010	31/12/2011
71 RWE Npower Renewables (Galloper) No.2 Limited	Swindon	UK	100	100	-7*	-7*	20/7/2010	31/12/2011
72 RWE Npower Renewables Limited	Swindon	UK	100	100	896.252*	-9.186*	1/1/2011	31/12/2011
73 RWE Npower Renewables (Markinch) Limited	Swindon	UK	100	100	-5.196*	-3.898*	1/1/2011	31/12/2011
74 RWE Npower Renewables (NEWCO)1 Limited	Swindon	UK	100	100	23*	34*	1/1/2011	31/12/2011

75 RWE Npower Renewables (NEWCO)2 Limited	Swindon	UK	100	100	23*	34*	1/1/2011	31/12/2011	
76 RWE Npower Renewables (NEWCO)3 Limited	Swindon	UK	100	100	23*	34*	1/1/2011	31/12/2011	
77 RWE Npower Renewables (NEWCO)4 Limited	Swindon	UK	100	100	70*	103*	1/1/2011	31/12/2011	
78 RWE Npower Renewables (Stallingborough) Limited	Swindon	UK	100	100	-5.380*	-68*	1/1/2011	31/12/2011	
79 RWE Renewables Polska Sp. z o.o.	Warsaw	Poland		100	58.866*	-29*	1/1/2011	31/12/2011	
80 SPER S.p.A.	Enna	Italy	70	70	13.246*	-408*	1/1/2011	31/12/2011	
81 Taciewo Sp. z o.o.	Warsaw	Poland	100	100	-62*	-30*	1/1/2011	31/12/2011	
82 The Hollies Wind Farm Limited	Swindon	UK	100	100	444*	155*	1/1/2011	31/12/2011	
83 Triton Knoll Offshore Wind Farm Ltd.	Swindon	UK	100	100	-7.576*	-98*	1/1/2011	31/12/2011	
84 Green Gecco Verwaltungs GmbH	Essen	Germany		51	26*	9*	1/1/2011	31/12/2011	
85 KUP Berlin Brandenburg GmbH	Berlin	Germany		100	372*	-1.952*	1/1/2011	31/12/2011	
86 KUP Nordrhein- Westfalen GmbH	Dortmund	Germany		100	199*	-301*	1/1/2011	31/12/2011	
87 RWE Innogy Kaskasi GmbH	Hamburg	Germany		100	76*	**	1/1/2011	31/12/2011	X

88 RWE Innogy Windpark Bedburg GmbH & Co. KG	Essen	Germany	100		***	***		
89 RWE Innogy Windpark Bedburg Verwaltungs GmbH	Essen	Germany	100		***	***		
90 RWE Innogy Windpark Jüchen GmbH & Co. KG	Essen	Germany	100		***	***		
91 RWE Innogy Windpark Jüchen Verwaltungs GmbH	Essen	Germany	100		***	***		
92 RWE KAC Dezentrale Energien Verwaltungsgesellschaft mbH	Dortmund	Germany	100		19*	-1*	1/1/2011	31/12/2011
93 RWE Seabreeze I Verwaltungs GmbH	Bremerhaven	Germany	100		31*	28*	1/1/2011	31/12/2011
94 RWE Seabreeze II Verwaltungs GmbH	Bremerhaven	Germany	100		31*	28*	1/1/2011	31/12/2011
95 Allt Dearg Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
96 Ardoch Over Enoch Windfarm Limited	Glasgow	UK	100	100	0*		1/1/2011	31/12/2011
97 Ballindalloch Muir Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
98 Brims Ness Tidal Power Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
99 Burgar Hill Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011

100 Carnedd Wen Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
101 Carr Mor Windfarm Limited	Glasgow	UK	100	100	0*		1/1/2011	31/12/2011
102 Carsphairn Windfarm Limited	Glasgow	UK	100	100	1*		1/1/2011	31/12/2011
103 Causeymire Two Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
104 Central de Biomasa de la Vega, S.L.U.	Alcobendas	Spain	100	100	114*	-159*	1/1/2011	31/12/2011
105 Craigenlee Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
106 Culbin Farm Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
107 Doggerbank Project 1A RWE Limited	Swindon	UK	100	100	***	***		
108 Doggerbank Project 1B RWE Limited	Swindon	UK	100	100	***	***		
109 Doggerbank Project 2A RWE Limited	Swindon	UK	100	100	***	***		
110 Doggerbank Project 2B RWE Limited	Swindon	UK	100	100	***	***		
111 Doggerbank Project 3A RWE Limited	Swindon	UK	100	100	***	***		
112 Doggerbank Project 3B RWE Limited	Swindon	UK	100	100	***	***		
113 Doggerbank Project 4A RWE Limited	Swindon	UK	100	100	***	***		

114 Doggerbank Project 4B RWE Limited	Swindon	UK	100	100	***	***		
115 Doggerbank Project 5A RWE Limited	Swindon	UK	100	100	***	***		
116 Doggerbank Project 5B RWE Limited	Swindon	UK	100	100	***	***		
117 Doggerbank Project 6A RWE Limited	Swindon	UK	100	100	***	***		
118 Doggerbank Project 6B RWE Limited	Swindon	UK	100	100	***	***		
119 'Finelectra' Finanzgesellschaft für Elektrizitäts- Beteiligungen AG	Hausen	Switzerland	60	100	13.952*	594*	1/1/2011	31/12/2011
120 Infraestructuras de Aldehuelas, S.A.	Soria	Spain	100	100	428*		1/1/2011	31/12/2011
121 Kiln Pit Hill Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
122 Lochelbank Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
123 Middlemoor Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
124 North Kintyre Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
125 Novar Two Wind Farm Limited	Swindon	UK	100	100	0*		1/1/2011	31/12/2011
126 Park Wiatrowy Dolice Sp. z o.o.	Warsaw	Poland	100	100	46*	-69*	1/1/2011	31/12/2011

127 Park Wiatrowy Elk Sp. z o.o.	Warsaw	Poland	100	100	9*	-1*	1/1/2011	31/12/2011
128 Park Wiatrowy Gaworzycze Sp. z o.o.	Warsaw	Poland	100	100	-261*	-284*	1/1/2011	31/12/2011
129 Park Wiatrowy Msciwojów Sp. z o.o.	Warsaw	Poland	100	100	-62*	-51*	1/1/2011	31/12/2011
130 Park Wiatrowy Prudziszki Sp. z o.o.	Warsaw	Poland	100	100	2*	-7*	1/1/2011	31/12/2011
131 Park Wiatrowy Smigiel I Sp. z o.o.	Warsaw	Poland	100	100	-99*	-75*	1/1/2011	31/12/2011
132 Park Wiatrowy Znin Sp. z o.o.	Warsaw	Poland	100	100	9*	1*	1/1/2011	31/12/2011
133 RWE Innogy d.o.o. za koristenje obnovljivih izvora energije	Sarajevo	Bosnia-Herzegovina		100	105*	-135*	1/1/2011	31/12/2011
134 RWE Innogy Holding S.R.L.	Bucharest	Romania	15	100	-44*	-43*	19/10/2011	31/12/2011
135 RWE Innogy Serbia d.o.o.	Belgrade	Serbia		100	1*		19/8/2011	31/12/2011
136 RWE WP 4 Sp.z o.o.	Warsaw	Poland	100	100	272*	-19*	1/1/2011	31/12/2011
137 Securum AG	Zug	Switzerland	50.83	100	3.015*	33*	1/1/2011	31/12/2011
138 Snowgoat Glen Wind Farm Limited	Swindon	UK		100	0*		1/1/2011	31/12/2011
139 Stroupster Wind Farm Limited	Swindon	UK		100	0*		1/1/2011	31/12/2011
140 Taff-Ely Wind Farm Project Limited	Swindon	UK	100	100	107****		1/1/2010	31/12/2010

141 Tarskavaig Wind Farm Limited	Swindon	UK	100		0*		1/1/2011	31/12/2011	
142 AS 3 Beteiligungs GmbH	Essen	Germany	51		23.167*	204*	1/1/2011	31/12/2011	
143 Innogy Renewables Technology Fund I GmbH & Co. KG	Essen	Germany	78.3 1		47.433*	-6.161*	1/1/2011	31/12/2011	
144 Innogy Venture Capital GmbH	Essen	Germany	74.9		118*	93*	1/1/2011	31/12/2011	
145 Konsortium Energieversorgung Opel oHG der RWE Innogy GmbH und der Kraftwerke Mainz-Wiesbaden AG	Karlstein	Germany	66.6 7		29.299*	10.804*	1/1/2011	31/12/2011	
146 ATBERG - Eólicas do Alto Tâmeiga e Barroso, Lda.	Ribeira de Pena	Portugal	40	40	2.347*	21*	1/1/2011	31/12/2011	
147 C-Power N.V.	Zwijndrecht	Belgium	26.7 3		166.276*	-3.050*	1/1/2011	31/12/2011	
148 Éoliennes de Mounés S.A.S.	Paris	France	50	50	-3.587*	935*	1/1/2011	31/12/2011	
149 Fri-El S.p.A.	Bolzano	Italy	50	50	15.432 *****	-1.550 *****	1/1/2011	31/12/2011	X
150 Greater Gabbard Offshore Winds Limited	Reading	UK	50	50	90,280	7,512	4/1/2011	31/3/2012	
151 Gwynt Y Môr Offshore Wind Farm Limited	Swindon	UK	60	60	-3.458*	-37*	1/1/2011	31/12/2011	

152 HIDROERG - Projectos Energéticos, Lda.	Lisbon	Portugal	32.33	32.3 3	9.139*	898*	1/1/2011	31/12/2011	
153 Zephyr Investments Limited	Swindon	UK	33.33	33.3 3	-30.173 *****	1.480 *****	1/1/2011	31/12/2011	X
154 D&S Geo Innogy GmbH	Essen	Germany		50	661*	-80*	1/1/2011	31/12/2011	
155 EWC Windpark Cuxhaven GmbH	Munich	Germany	50	50	653*	385*	1/1/2011	31/12/2011	
156 Industriekraftwerke Oberschwaben beschränkt haftende OHG	Biberach an der Riß	Germany		50	3.153*	-573*	1/1/2011	31/12/2011	
157 Netzanbindung Tewel OHG	Cuxhaven	Germany	24.73	24.7 3	1.164*	7*	1/1/2011	31/12/2011	
158 Objektverwaltungsgesellschaft Dampfkrftwerk Bernburg mbH	Hanover	Germany		48.3 2	568*	56*	1/1/2011	31/12/2011	
159 Offshore Trassenplanungs-GmbH OTP	Hanover	Germany	50	50	93*	3*	1/1/2011	31/12/2011	
160 Umspannwerk Putlitz GmbH & Co. KG	Frankfurt am Main	Germany	24.8	24.8	40*	-216*	1/1/2011	31/12/2011	
161 WINDTEST Grevenbroich GmbH	Grevenbroich	Germany		37.5	140*	314*	1/1/2011	31/12/2011	
162 WPD Windpark Damme Beteiligungsgesellschaft mbH	Damme	Germany	30	30	50*	3*	1/1/2011	31/12/2011	

163 Brockloch Rig Windfarm Limited	Glasgow	UK	50	50	1*		1/1/2011	31/12/2011
164 Eólica de la Mata, S.A.	Soria	Spain	26.25	26.25	607*	0*	1/1/2011	31/12/2011
165 Eólica de Sarnago, S.A.	Soria	Spain	50	50	78*	4*	1/1/2011	31/12/2011
166 Forewind Limited	Swindon	UK	25	25	0*		1/1/2011	31/12/2011
167 Galloper Wind Farm Limited	Reading	UK	50	50	3	3	1/4/2011	31/3/2012
168 Moravske Hidroelektrane d.o.o.	Belgrade	Serbia		51	184*	1*	23/8/2011	31/12/2011
169 Toledo PV A.E.I.E.	Madrid	Spain	33.33	33.33	823*	237*	1/1/2011	31/12/2011
170 Topell Nederland B.V.	The Hague	Netherlands		51	1.694*	-3.809*	1/1/2011	31/12/2011
171 Aarewerke AG	Klingnau	Switzerland	29.4	30	20,325	1,312	1/7/2011	30/6/2012
172 Doggerbank Project 1 Bizco Limited	Reading	UK	25	25	***	***		
173 Doggerbank Project 2 Bizco Limited	Reading	UK	25	25	***	***		
174 Doggerbank Project 3 Bizco Limited	Reading	UK	25	25	***	***		
175 Doggerbank Project 4 Bizco Limited	Reading	UK	25	25	***	***		
176 Doggerbank Project 5 Bizco Limited	Reading	UK	25	25	***	***		
177 Doggerbank Project 6 Bizco Limited	Reading	UK	25	25	***	***		

* Figures taken from the 2011 financial statements.

** Profit and loss pooling agreement.

*** Financial statements not yet available.

**** Figures taken from the 2010 financial statements.