

Review of Operations of RWE Innogy GmbH
for the
2013 Financial Year

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 50 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 is 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. Furthermore, the Company also generates and sells heat.

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 1,864 MW (10.0 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 477 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 the United Kingdom, these are the Rhyl Flats and North Hoyle wind farms (33% stake), which have net installed capacities of 90 MW and 60 MW, respectively, and Greater Gabbard, the wind farm built in cooperation with SSE Plc (SSE). 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, via C-Power N.V. RWE Innogy holds a 26.73% interest in Thornton Bank, the Belgian offshore wind farm which has a total net installed capacity of 326 MW (of which a prorated 87 MW are assigned to RWE Innogy) as the installation of the third and last expansion unit was completed in the financial year that just ended. The Nordeee Ost and Gwynt y Môr offshore wind projects are currently under construction in Germany and the United Kingdom, respectively.

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 523 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 MW_{el} (14 MW_{el} 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. Plants in operation in Germany combine for a net installed capacity of 48 MW_{el} (48 MW_{el} of which are assigned to RWE Innogy). Our station in Italy has a net installed capacity of 19 MW_{el}. Our plant in the United Kingdom, which has a preinstalled net capacity of 45.7 MW_{el}, is still being built.

To secure the fuel required to run the RWE Group's biomass-fired power stations, the Company operates one of the world's largest pellet factories, which has an annual production capacity of some 750,000 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 offices in Dortmund, Hamburg, Hanover and Berlin.

Employees at our Dortmund and Berlin sites are primarily dedicated to our biomass activities. Onshore wind operations are mainly managed in Hanover, while offshore wind activities are overseen by our Hamburg office.

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

In the financial year that just ended, research and development work focussed on the fields of offshore wind, onshore wind, hydro and biogas.

Our main project in the field of **offshore wind** deals with innovative measuring buoys. 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. For example, in July 2013, the second of two innovative buoys was successfully set afloat at the UK wind farm Gwynt Y Môr. The buoy was installed right next to the Gwynt y Môr measurement pylon for validation purposes.

At the end of 2013, another production contract between RWE Innogy and the Carbon Trust was signed within the scope of the Offshore Wind Accelerator Programme for the 'Vibro' project. Developed by RWE Innogy, the Vibro project aims to obtain approvals for the vibration installation of offshore wind foundations (monopiles). RWE Innogy has the project lead and concludes contracts with interested project partners as well as with suppliers. The first step, which will be taken in 2014, will entail installing six monopiles, three of which will be anchored in the seabed using the vibration installation, with the other three being anchored using the standard method, which is akin to 'hammering in' the monopiles. This will be followed by measurements of the foundations' noise level, installation speed and bearing strength. The results of this investigation are expected to be available between the middle and the end of 2014. On successful completion of the Vibro project, the vibration installation will be certified, after which it will be used in the Nordsee One offshore wind project.

In the financial year that just ended, a power curve upgrade kit was tested in the **Onshore Wind** Business Area. The kit includes components that can be retrofitted to old wind turbine blades in order to improve aerodynamics. These measures have the potential to improve wind yield by a maximum of 1.5%. We also aim to reduce the noise made by wind turbines. The project's test phase was successfully concluded during the fiscal year under review. The evaluation of the test results will be completed in the next financial year.

In the **Hydro** Business Area, fish behaviour near barriers and the dynamics of fish migration were examined in the fiscal year that just ended, primarily in cooperation with the fellow subsidiary RWE Power. The objective is to improve the protection of fish near our hydroelectric power stations.

The main research project in the field of biogas in the financial year being reviewed was the cultivation of 'Silphium perfoliatum' as an energy crop. 'Silphium perfoliatum' is to be tested as an alternative raw material for the production of biogas. This will involve comparing gas yield and biogas quality to those of other energy crops.

The future focus of research and development work will primarily be on optimising operating procedures and concentrate on the Innogy Group's key technologies (both onshore and offshore).

1.5. Employees

By the end of the financial year that just came to a close, RWE Innogy had a total of 604 people on its payroll. Compared to the previous year, this corresponds to a decline of 18, which was mainly caused by attrition. In addition, by the end of the year, the Company had 8 apprentices in training for commercial professions (prior year: 7) and 19 student trainees (prior year: 27) as well as 7 interns (prior year: 14).

We continue to attach high importance to occupational safety. As in the preceding year, in 2013, RWE Innogy experienced only one employee accident and five contractor accidents.

1.6. Supervisory Board

In accordance with Section 1 of the German One-Third Participation Act in conjunction with Section 95 of the German Stock Corporation Act, the Supervisory Board, which must be formed in compliance with Section 1 of the German One-Third Participation Act, consists of six members, of which two are employee representatives pursuant to Section 4 of the German One-Third Participation Act. It convened for two meetings in the financial year that just ended. Its main task consists of advising and monitoring the Board of Directors in managing the Company. The Supervisory Board is involved in making decisions of fundamental importance to the Company.

2. Business performance and situation of the Company

2.1. Economic environment

Based on initial estimates, global economic output in 2013 was about 2% 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 0.5% year on year. In particular, consumer spending had a positive 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 overall, but were slightly below the long-term average. Wind levels in 2013 were markedly down year on year and on the long-term average. Sunshine hours were also substantially below the year-earlier level, but only just fell short of the long-term average.

Based on available data, electricity consumption in Germany declined by an estimated 2% in 2013. Weak industrial output to date and general efficiency improvements played a role. Rising by an estimated 7%, demand for gas was significantly up on the level recorded a year before. The colder weather in the first six months, 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 growth.

In 2013, electricity prices on the EEX wholesale exchange dropped considerably compared to the previous year, declining by 11% to just under €38 per MWh (base contract) and to approximately €43 per 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 the following developments last year: On average, prices were up by about 12% for residential customers and by nearly 4% for industrial customers.

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 €4.5 EUR per metric ton of CO₂ in 2013 due to the cyclically-induced dampening in industrial output and the rise in the amount of electricity generated from renewables and was thus some 40% 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 RWE Innogy's major direct investments by carrying amount as of 31 December 2013:

Investment	Carrying amount € million	Share
RWE Innogy (UK) Ltd.	1,859.0	100.00%
RWE Renewables Polska Sp. z o.o.	309.4	100.00%
RWE Innogy Windpower Hannover GmbH	158.3	100.00%
RWE Innogy AERSA, S.A.U.	151.7	100.00%
C-Power N.V.	73.4	26.73%
Nordsee One GmbH	53.7	100.00%
Green Gecco GmbH & Co. KG	44.8	51.00%
Georgia Biomass Holding LLC	42.3	95.00%
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin	41.8	100.00%
Energies France S.A.S.	28.9	100.00%

KAC Dezentrale Energien GmbH & Co. KG and Industriekraftwerke Oberschwaben beschränkt haftende OHG were folded into RWE Innogy with effect from 1 January 2013 and 18 December 2013, respectively.

2.2.1. Establishment of new material subsidiaries

No new companies were established in the financial year that just ended.

2.2.2. Acquisition and sale of material investments

2.2.2.1. Acquisitions of investments

No acquisitions took place in 2013.

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.

RWE Innogy's two largest transactions were the sale of the stakes in BEB Bioenergie Baden GmbH and GBE – Gocher Bioenergie GmbH for a combined sales price of €52.7 million.

Furthermore, all of the shares in Wind-Onshore Projektgesellschaft RWE Innogy Windpark GmbH were sold to our subsidiary Green Gecco GmbH for a purchase price of €36.1 million.

No further investments were sold in the Biomass or Technologies Business Areas. This course of action is in line with our strategy according to which focussing on our key markets and technologies takes centre stage.

Moreover, the Company sold the project companies dedicated to the Jüchen wind farm. The sales process also afforded the employees of the RWE Innogy Group the possibility of buying shares.

In addition, interests in four material onshore and offshore investments were sold via our indirect UK subsidiary Npower Renewables Ltd., which remains the majority owner and operator of these wind farms. Proceeds on the divestment of minority stakes in these wind farms amounted to an equivalent of about €280 million.

RWE Innogy plans to involve both public and private investors in projects using partnering models in the future as well. Furthermore, there are plans to sell increasing numbers of in-house development projects in the next few years. The goal is to raise additional capital for the expansion of renewable energy. In the medium term, capital expenditure required to expand renewable energy is to be financed exclusively from cash flows generated by the Company.

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 €190.2 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 Gwynt Y Môr offshore project as well as the Markinch biomass project are especially noteworthy in this respect.

A capital increase totalling €7.2 million was also conducted at the Polish subsidiary RWE Renewables Polska Sp. z o.o. in connection with the construction of the Nowy Staw wind farm, which was completed in the financial year that just ended.

€11.3 million was added to the capital reserve of RWE Innogy Italia S.p.A. in connection with the completion of our biomass-fired power station Enna in Sicily.

The equity base of our subsidiary NRW Pellets GmbH was strengthened via a €2.3 million increase in its capital reserve.

A capital increase of €2.0 million was conducted at the onshore wind subsidiary RWE Innogy Windpark Bedburg GmbH & Co. KG for the purpose of financing the development of the Königshovener Höhe wind farm.

In the fiscal year under review, our subsidiary Innogy Renewables Technology Fund I GmbH & Co. KG (Fund I) received a total of €6.6 million in capital in several tranches from RWE Innogy. In turn, RWE Innogy received a €4.7 million transfer from the subsidiary's equity. Fund I raised the necessary funds through the sale of its investment Voith Hydro Ocean Current Technologies GmbH & Co. KG.

As we sharpened our focus on our core markets, the capital of our Romanian management company was reduced to zero, after which the company was liquidated.

2.2.4. Material impairments and assumptions of losses in the investment business

The largest impairment for an investment in the financial year being reviewed was recognised for RWE Innogy AERSA S.A.U., in the amount of €102.7 million. The reason for the impairment was the extensive intervention by the Spanish government in the regulatory framework for renewable energy, which has caused the wind farms to become much less profitable.

Further impairments of €55.5 million were recognised for other investments, the lion's share of which is allocable to Fund I und AS 3 Beteiligungs GmbH (AS 3).

The significant rise in expenses associated for the assumption of losses was primarily caused by the substantial loss suffered by our offshore wind company Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH (NSO). An impairment test revealed the need to recognise an impairment of €215.3 million for construction in progress at NSO due to budget overruns and delays in building our offshore wind farm in the North Sea.

2.3. Development of operations

2.3.1. Electricity and heat generation

RWE Innogy had a total net installed capacity of 317 MW (electric) and 327 MW (thermal) (prior year: 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	2013		2012	
	Electricity	Heat	Electricity	Heat
Hydro	244.1	-	244.1	-
Biomass	48.1	142.2	48.1	142.2
Gas	13.9	185.0	13.9	185.0
Wind	10.0	-	11.5	-
Other	1.0	-	1.0	-
	317.1	327.2	318.6	327.2

In the financial year that just came to a close, RWE Innogy **produced** a total of 1,518,466 MWh of **electricity** (prior year: 1,302,979 MWh) and 723.181 MWh of **heat** (prior year: 651,548 MWh) in its proprietary power plants.

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

RWE Innogy's generation in MWh	2013		2012	
	Electricity	Heat	Electricity	Heat
Hydro	1,122,814	-	887,847	-
Biomass	306,288	396,225	319,719	351,750
Gas	78,170	326,956	83,172	299,798
Wind	10,430	-	11,459	-
Other	763	-	782	-
	1,518,466	723,181	1,302,979	651,548

Another strong rise in electricity production was recorded in the Hydro Business Area. As in 2012, in 2013, there was a rise in electricity generated by the Company's hydroelectric power plants as a result of an increase 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.

A moderate rise in generation volume was also posted in the heat production business. This was largely due to the cold and long winter, which resulted in an increase in demand for heating in the first quarter of the financial year that just ended.

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). A substantial portion of the electricity produced by these plants is sold on the wholesale market via RWE Supply & Trading GmbH (direct sales/market bonus model) 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. A small portion is fed into the public grid at legally mandated fixed prices.
- 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 12% 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 we hold 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

2.4.1 Assets

Compared to the previous year, the balance-sheet total recorded a substantial gain of 8.8%, climbing from €6,654.2 million to €7,238.2 million.

The main reason for this strong increase was the granting of new loans to various subsidiaries totalling €459.7 million. The single-largest item related to €301.3 million in loans granted to NSO in order to finance the construction of the offshore wind farm. Loans also rose predominantly due to the new loan granted to the UK subsidiary RWE Innogy (UK) Ltd., most of which has been earmarked to finance capital expenditure on expansion.

Furthermore, there was an increase in shares in affiliated companies due to the €190.2 million in new equity paid into several companies, in particular RWE Innogy (UK) Ltd. 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.

The €158.2 million in impairment losses recognised for investments in affiliated companies 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 86%, representing a 1 percentage point drop compared to the previous year.

2.4.2. Finances

At 9%, RWE Innogy's equity ratio (preceding year: 10%) was robust in view of the profit and loss pooling agreement with RWE AG. 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 €190.9 million in loans by RWE AG in order to secure capital expenditure by subsidiaries. The leverage factor (the ratio of debt to equity) was marginally up on the previous year, rising from 9.1 to 10.1. As of 31 December 2013, financial accounts payable to RWE AG totalled €5,794.5 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 €4.2 million. Broken down by cash flow item, cash and cash equivalents developed as follows:

Cash flows from operating activities	-€169,6 million
Cash flows from investing activities	-€555.2 million
Cash flows from financing activities	€729.0 million
Change in cash and cash equivalents	€4.2 million

2.4.3. Earnings position

In the fiscal year that just ended, the profit from ordinary activities dropped by €224.9 million to -€489.7 million from -€264.8 million. This was primarily due to the significant rise in expenses associated with the assumption of losses. In the preceding year's forecast, we had anticipated an improvement in the profit from ordinary activities. This expectation was not met, above all owing to the impairment losses recognised for joint ventures and within certain subsidiaries, which were substantial yet again in the year being reviewed.

The lion's share of the €158.2 million in write-downs of financial assets (prior year: €237.3 million) was accounted for by the €102.7 million write-down of RWE Innogy AERSA S.A.U. to the investment's carrying amount.

Income from investments declined from €33.0 million in the previous year to €9.1 million, largely due to one-off effects in the preceding year.

Income from profit and loss pooling agreements in the financial year that just came to a close was marginally down, dropping from €24.1 million to €17.3 million. The decline was essentially due to the lower profit transferred by Innogy Windpower Hannover GmbH.

Conversely, expenses associated with the assumption of losses rose from €11.8 million in the previous year to €165.4 million, predominantly due to the impairment loss recognised for the facilities in NSO.

Revenue grew from €347.0 million to €355.4 million. This increase was mainly 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. Two counteracting factors were the decrease in the management bonus, which is paid under the market bonus model, and the decline in prices realised for electricity sold on the wholesale market. These opposing effects were perfectly in line with the expectations we had of this financial year last year.

At €271.1 million, the cost of materials was essentially unchanged compared with the preceding year (€263.4 million).

The Company's staff costs were also virtually flat, amounting to €65.5 million (prior year: €63.5 million).

Other operating expenses in the fiscal year that just came to a close included €33.6 million in expenses incurred to accrue a restructuring provision.

Taking account of income from loans classified as financial assets, interest income deteriorated from -€80.2 million to -€96.9 million. This was largely caused by the fact that, in the fourth quarter of 2012, several loans were taken out from RWE AG in order to strengthen the equity base of subsidiaries, which were reflected in the interest expense for the duration of the financial year that just ended. Loans taken out from RWE AG are only partially passed on to subsidiaries as loans.

Profit from ordinary activities	-€490.7 million
+ Extraordinary result	+ €1.0 million
= Income before tax	-€489.7 million
+ Taxes on income	+ €54.3 million
= Profit before the assumption of losses	- €435.4 million

The resulting €435.4 million in profit before the assumption of losses will be 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.

The key performance indicator used by RWE Innogy to manage its business is the operating result according to the definition in the consolidated financial statements of RWE AG, which are prepared in compliance with International Financial Reporting Standards (IFRS). To obtain this figure, the profit before tax according to IFRS is adjusted to exclude the financial result and non-operating earnings components resulting from business transactions that are not recurrent, not related to the reporting period, or not classified as a key element of the Company's operating activities. In the financial year that just ended, transactions classified under the last item in the above list included material impairments, sales of operating joint ventures, and expenses incurred for restructuring measures.

In its financial statements according to the German Commercial Code, RWE Innogy stated a negative profit from ordinary activities of -€490.7 million. Adjusted to exclude the €22.6 million in accounting and valuation differences between IFRS and the German Commercial Code with an effect on profit or loss, the profit before tax according to IFRS amounted to -€468.1 million. The difference between these two figures is primarily due to differences in the valuation of foreign currencies and timing differences in the recognition of the expense associated with a premium in connection with the intragroup refinancing of our UK activities.

The profit before tax according to IFRS is made up of the negative operating result of €26.8 million, the negative non-operating result of €346.7 million, and the negative financial result of €94.6 million. In contrast, the operating result deteriorated by €57.6 million compared to the previous year. This development was primarily caused by the two impairment losses recognised for the carrying amounts of the investments AS 3 and Fund I as well as by the reduction in the profit resulting from profit transfers.

In sum, impairments in the investment business had a very negative effect on the Company in the year under review. This development was largely due to the change in the regulatory environment. This is proof of the fact that our business greatly depends on external factors which we can only influence to a limited extent.

3. Opportunities and risks and outlook

3.1. Opportunities and risks associated with 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 instrument 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 is constantly 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 risks

RWE Innogy is exposed to regulatory risks largely arising from potential changes in the legal framework which have an impact on business activities. This can occur at the EU level or in the European Union's members states.

The EU Commission is working on new guidelines for the grant of subsidies in the energy and environmental sectors. This will have ramifications for future renewable energy subsidy systems as

they will have to satisfy certain requirements pertaining to the market economy. However, changes affecting the future can be managed. Furthermore, in the middle of December 2013, the EU Competition Commissioner launched a probe into the subsidy provisions of the German Renewable Energy Act (REA). The probe is focussed on the exemption of energy-intensive industry from the REA apportionment and will not examine the REA in its entirety. Therefore, this will not have a direct effect on RWE Innogy's business for the time being.

Now that the German Lower House elections have been held and the new government has been formed, the REA can be expected to be reformed quickly. The objectives include implementing the requirements imposed by Brussels and establishing a stronger link between the expansion of renewable energy and the speed at which the whole energy system is transformed. It is safe to assume that there will not be any retrospective intervention. Nevertheless, subsidy levels and the green electricity marketing environment can be expected to change. However, the German government has confirmed its endorsement of the transformation of the energy sector and, in turn, the expansion of renewable energy. In the middle of January, Germany's new Minister of Economics submitted a white paper on the reform of the REA. It confirms the protection of existing plants and proposes a transitional scheme for projects under construction that have progressed very far. This means that offshore wind installations will continue to receive compensation at unchanged conditions in accordance with the 2012 version of the REA and benefit from the acceleration model until 31 December 2017 and that onshore projects built before 31 December 2014 and possessing an emission permit on 21 January 2014 will receive compensation in accordance with the 2012 version of the REA.

Conversely, the Spanish government has already made retroactive changes, and further planned steps remain to be defined in detail. This will have a direct effect on our plant portfolio in Spain. Since the Spanish government is of the opinion that the measures taken in its country will primarily help to restructure state finances and to reduce the renewable energy subsidy deficit, retrospective intervention cannot be ruled out.

The Energy Market Reform in the United Kingdom is redesigning the entire market. This means that renewable energy will transition from a quota scheme to what are termed 'contracts for difference,' which are more similar to feed-in tariffs. A large number of the details is still in the consultation phase. Furthermore, the system switch is yet to be examined by the EU. No changes have been announced for existing plants.

A new subsidy scheme is also being introduced in Poland, which has been designed to reduce the cost of expansion. Since this is currently pending consultation, further conclusions with respect to the impact it may have on RWE Innogy's plants cannot be drawn yet.

Subsidy conditions in the Netherlands may generally improve somewhat so that the new expansion goals can be achieved. We do not currently expect any changes in Italy.

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 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.

Should the specification of the changes to the Spanish renewable energy subsidy mechanisms announced for the first half of 2014 exceed our expectations, the worst case would be the need to recognise further impairments for our Spanish activities in an order similar to that of the year under review.

3.1.3. Weather-related production opportunities and risks

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

Wind levels are decisive to 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. This is both an opportunity as well as a risk.

Hydroelectric power stations face a similar situation. Electricity generated by run-of-river power plants is strongly dependent on the water levels of river systems and reservoirs. These water levels are significantly affected by precipitation and melting snow. Therefore, 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 spread – 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 plants 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. Operators of plants subject to an availability guarantee can be billed for negative deviations from the guaranteed availability.

An availability of 97% is used as the target parameter for the internal control of the Onshore Wind Germany Business Area. Actual availability is monitored on a monthly basis, enabling countermeasures to be taken in the event of negative deviations. All things remaining equal, a 1% deviation in plant availability causes revenue to change by €0.7 million.

Like all technical facilities, hydroelectric power stations are 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.

Potential delays in the construction of our wind farm projects constitute a further operating risk. Therefore, progress made in new build projects is constantly monitored by the Company and reported to the Company's Board of Directors.

The biggest danger of a delay in construction is faced by our large-scale project Nordsee Ost, for which an impairment had to be recognised in the financial year that just ended due to delays in construction and increases in costs. Further delays to the construction of the wind farm may result in an additional expense caused by an impairment loss being incurred by our joint venture NSO, which would be assumed by RWE Innogy in accordance with the profit and loss pooling agreement.

3.1.5. Market & credit risks

The volatility of electricity prices is the largest market risk – and opportunity – to which the Company is exposed. In addition, credit risks can arise from sales and purchase transactions.

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 apply to electricity which is generated in our hydroelectric power stations and does not qualify for REA subsidies. 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. If prices rise, the situation is reversed, resulting in price opportunities for the Company.

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 and interest-rate 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.

Since Group financing is largely cascaded, the risk associated with changes in interest rates to which RWE Innogy is exposed is of subordinate importance.

3.1.7. Global view of risks and opportunities

Although the risks outweigh the opportunities, the Company does not believe that any of the aforementioned risks jeopardise the Company's existence.

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. The strategic use of derivative financial instruments to mitigate risks is governed by groupwide guidelines.

3.3. Outlook

3.3.1. Outlook on the economy and the energy sector

Based on initial prognoses, global economic output will rise by approximately 3% in 2014. Measures required to consolidate state budgets in the Eurozone will probably continue to dampen growth. As a result, the Eurozone's gross domestic product may increase by some 1%. Prospects concerning the German economy appear to be brighter: Following growth of about 0.5% last year, the German Council of Experts is of the opinion that economic output may rise by 1.6% in 2014. Stimulus is expected to be provided primarily by the strong labour market and the rise in disposable income.

After having been significantly below the long-term average during the heating period at the beginning of 2013, if temperatures normalise in 2014, the weather-dependent consumption of gas and electricity will probably be lower year on year. In contrast, the portion of demand for electricity and gas that depends on the economy should be higher year on year as the economic growth prospects for 2014 are better than those for 2013. In view of the fact that carbon dioxide and coal prices are likely to be relatively low, if gas prices remain high, gas usage by power plants is not currently expected to rise significantly.

3.3.2. Planned capital expenditure

Next year, RWE Innogy will continue to spend capital on projects that are to be implemented by subsidiaries. However, due to the unfavourable economic environment in which the RWE Group finds itself, the Company will have a much smaller investment budget at its disposal compared to the fiscal year under review.

As in the financial year that just ended, capital expenditure in the next fiscal year will focus on offshore wind – above all on the Nordsee Ost and Gwynt y Môr wind farms.

Furthermore, capital will be spent on the development and construction on an onshore wind farm in Bedburg, which is to be implemented in cooperation with the City of Bedburg.

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

We intend to increasingly attract investors to partner with in the fields of offshore and onshore wind in order to be able to implement projects using less of our own capital and to raise capital for further capex undertakings. These measures will be taken against the backdrop of the reduction in the capex budget which RWE AG will put at our disposal in the future and to increase the risk diversification of our projects.

3.3.3. Revenue and earnings expectations

Next year, 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 for the production of electricity by renewables-fired facilities – the wind and weather conditions next year.

We expect revenue to decrease considerably in the next financial year, due to various effects. For example, our production capacity in terms of electricity and particularly in terms of heat will decline substantially as a result of the lease and subsequent spin-off of a large portion of our German biomass activities into our fellow subsidiary RWE Energiedienstleistungen GmbH as of 1 January 2014.

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

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

The 'Fit for Future All' cost-cutting programme was launched in 2012. The primary objective of the programme is to adapt the Company's personnel and cost structures to the new strategic focus. In the fiscal year under review, the strategic focus was brought in line with the progressive deterioration of the Group's market environment. As a result of this adjustment, it became clear that further cost-cutting measures have become necessary, going beyond the extent approved. Therefore, 'Fit for Future All' was expanded and will play a major role in the next financial year as well.

In addition, the groupwide efficiency-enhancement and cost-cutting programme 'RWE 2015' is in place, with which the RWE Group intends to improve earnings sustainably. To this end, clear efficiency goals are established for each Group company, which must be achieved through savings at the operational level or through improvements in earnings.

In the last two years, the Company benefited significantly from the sale of investments by the RWE Innogy Group. The divestment programme will be continued next year as well. The objective is to focus the portfolio on the core business. For instance, we intend to sell the remaining German biomass activities and the international biomass business to external investors. Against this backdrop, substantial income from the sale of investments is expected to be earned in 2014. However, the divestment of the German biomass activities will not have an effect on earnings.

In turn, income from investments will probably decline marginally next year.

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 next year.

In sum, for the reasons set out above, we expect the profit from ordinary activities in 2014 to clearly surpass the profit achieved in 2013. We also anticipate that the operating result according to IFRS will improve slightly.

3.4. Sustainability

Our sustainability reporting at the group level is based on the principles and requirements of the Global Reporting Initiative (GRI). Sustainability is a key issue for RWE Innogy. The Company makes important contributions to achieving groupwide sustainability goals – above all in the fields of climate and environmental protection.

4. Supplementary report

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

Financial Statements

for the Financial Year

from 1 January to 31 December 2013

RWE Innogy GmbH
Balance Sheet at 31 December 2013

ASSETS	31 Dec 2013	31 Dec 2012
(€'000)		
	(See Note)	
A. Non-current assets	1	
I. Intangible assets		
Licenses, commercial and similar rights an assets as well as licenses to such rights and assets acquired for consideration	1.185	1.211
	1.185	1.211
II. Property, plant and equipment		
1. Land and buildings including buildings on land held by third parties	12.658	12.789
2. Technical plant and machinery	34.208	33.755
3. Other equipment, factory and office equipment	915	777
4. Advance payments and construction in progress	7.228	5.023
	55.009	52.344
III Financial assets		
1. Shares in affiliated companies	2.836.583	2.827.383
2. Loans to affiliated companies	3.289.902	2.830.220
3. Investments	74.307	90.628
4. Loans to companies in which an equity interest is held	30.951	30.951
5. Other loans	744	702
	6.232.487	5.779.884
	6.288.681	5.833.439
B. Current assets		
I. Inventories	2	
Raw materials and supplies	4.648	5.172
	4.648	5.172
II. Accounts receivable and other assets	3	
1. Trade accounts receivable	17.435	6.681
2. Accounts receivable from affiliated companies	842.378	708.458
3. Accounts receivable from companies in which an equity interest is held	18.015	12.700
4. Other assets	4.663	15.455
	882.491	743.294
III Cash on hand and bank balances	4.737	526
	891.876	748.992
C. Prepaid expenses	4	
1. Surplus capital	57.597	71.703
2. Other prepaid expenses	56	61
	57.653	71.764
	7.238.210	6.654.195

RWE Innogy GmbH
Balance Sheet for the Financial Year Ended 31 December 2013

EQUITY AND LIABILITIES

		31 Dec 2013	31 Dec 2012
(€'000)	(See Note)		
A. Equity	5		
I. Subscribed capital		50.002	50.002
II. Capital reserve		603.469	603.469
		653.471	653.471
B. Exceptional items with a reserve element	6	507	556
		507	556
C. Provisions	7		
1. Provisions for pensions and similar obligations		26.853	21.757
2. Provisions for taxes		261	261
3. Other provisions		68.937	44.358
		96.051	66.376
D. Liabilities	8		
1. Trade accounts payable		18.886	14.911
2. Accounts payable to affiliated companies		6.457.540	5.907.291
3. Accounts payable to companies in which an equity investment is held		624	673
4. Other liabilities		5.949	4.340
		6.482.999	5.927.215
E. Deferred income		5.182	6.577
		5.182	6.577
		7.238.210	6.654.195

RWE Innogy GmbH
Income Statement
for the Period from 1 January to 31 December 2013

(€ '000)	Note	1 Jan to 31 Dec 2013	1 Jan to 31 Dec 2012
1. Revenue	12	355.369	347.036
2. Own work capitalised		53	-
3. Other operating income	13	67.476	58.416
4. Cost of materials	14	- 271.116	- 263.364
5. Staff costs	15	- 65.535	- 63.472
6. Amortisation of non-current intangible assets and property, plant and equipment	16	- 4.631	- 4.505
7. Other operating expenses	17	- 178.121	- 66.769
8. Income from profit and loss pooling agreements	18	17.256	24.113
9. Expenses associated with profit and loss pooling agreements	19	- 165.435	- 11.770
10. Income from investments	20	9.068	33.012
11. Income from loans held as financial assets	21	144.567	79.611
12. Write-downs of financial assets	22	- 158.178	- 237.273
13. Net interest	23	- 241.465	- 159.822
14. Profit from ordinary activities	-	490.692	264.787
15. Extraordinary result	24	1.033	- 4.051
16. Taxes on income (refunds)	25	54.303	12.507
17. Income from the assumption of losses	27	435.356	256.331
18. Net profit/net loss		0	0

Notes for the 2013 Financial Year
of
RWE Innogy GmbH

Basis of presentation

The sole shareholder of RWE Innogy GmbH, Essen ("RWE Innogy" or "Company"), is RWE Aktiengesellschaft, Essen (RWE AG).

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.

Due to the exit of the co-shareholder, RWE Innogy took over the trading business of Industriekraftwerke Oberschwaben beschränkt haftende OHG, Biberach, including all rights and duties by way of a merger by incorporation in accordance with a takeover agreement dated 18 December 2013.

Per a contract dated 18 June 2013, RWE KAC Dezentrale Energien Verwaltungsgesellschaft, Dortmund, ceased to be an unlimited partner in RWE KAC Dezentrale Energien GmbH & Co. KG, Dortmund, with effect from 30 June 2013. The limited partner RWE Innogy then took over the trading business of RWE KAC Dezentrale Energien GmbH & Co. KG including all rights and duties by way of a merger by incorporation with retroactive effect from 1 January 2013.

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

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 fulfil the preparation and disclosure obligations complying with the provisions of the German Commercial Code applicable to corporations. The company prepares reviews of operations.

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 financial statements are prepared in euros (€). For reasons of presentation, all amounts and prior-year figures are stated 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.

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 prudent commercial reasoning.

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.

Bank balances and **cash on hand** 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 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**. This item also includes provisions accrued in accordance with Section 6b of the German Income Tax Act.

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 (Section 253, Paragraph 2, Sentence 2 of the German Commercial Code). This interest rate is 4.90% 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 pension obligation calculated based on the projected unit credit method is netted against the assets covering the obligation accounted for at fair value in accordance with Section 246, Paragraph 2 of the German Commercial Code. Income on the assets covering the obligation is netted in net interest against the interest expenses resulting from the interest accretion to the obligation.

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

Other provisions take account of all uncertain liabilities as well as of pending losses on executory contracts. They are valued at the settlement amount required in line with sound commercial reasoning based on 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 3.41% p.a. and 3.50% 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 2013. 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. Items with a remaining term of more than one year are valued according to the imparity principle. 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 31 Dec 2013 (€/foreign currency)	Average exchange in 2013 (€/foreign currency)
CHF	0.81460	0.81363
GBP	1.19947	1.17637
USD	0.72511	0.75141
PLN	0.24071	0.23734

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 pending losses on executory contracts 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. Information on investments in accordance with Section 285, Sentence 1, Item 11 of the German Commercial Code has been presented in a further annex to these notes.

The Company is an unlimited partner 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 Dec 2013	31 Dec 2012
Trade accounts receivable	17,435	6,681
Accounts receivable from affiliated companies	842,378	708,458
- of which from the shareholder	506,715	270,366
Accounts receivable from companies in which an equity interest is held	18,015	12,700
Other assets	4,663	15,455
	882,491	743,294

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 €37,070,000 (prior year: €60,652,000) in trade accounts receivable and €805,308,000 (prior year: €647,806,000) in other assets.

Accounts receivable from investments totalled €18,015,000 (prior year: €12,700,000) and related to trade accounts receivable.

(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 in monthly

instalments of €1,175,000 with an effect on profit or loss through to the end of the term of the loan (31 January 2018) and amounted to €57,597,000 as of 31 December 2013.

(5) Equity

€ '000	31 Dec 2013	31 Dec 2012
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 (prior year: €49,000).

(7) Provisions

Provisions for pensions are calculated based on an actuarial report.

Funded assets covering the obligation amounted to €824,000 (prior year: €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 consisted of €48,042,000 in provisions for personnel, €1,451,000 in provisions covering uncertain obligations, €3,261,000 in provisions in connection with outstanding invoices, and €6,548,000 in provisions for pending losses. Provisions for anniversaries were overfunded by €15,000 within the meaning of Article 67, Paragraph 1, Sentence 4 of the Introductory Law to the German Commercial Code.

(8) Liabilities

€ '000	31 Dec 2013	Of which RT ≤ 1 year	Of which RT > 5 years	31 Dec 2012	Of which RT ≤ 1 year
Trade accounts payable	18,886	18,886	0	14,911	14,911
Accounts payable to affiliated companies	6,457,540	818,811	4,752,193	5,907,921	378,773
- of which to the shareholder	5,794,518	156,280	4,752,193	5,767,060	238,542
Accounts payable to companies in which an equity interest is held	624	624	0	673	673
Other liabilities	5,949	5,317	0	4,340	4,340
- of which taxes	883	883	0	888	888
	6,482,999	843,638	4,752,193	5,927,215	398,697

Accounts payable to affiliated companies included €20,835,000 (prior year: €17,083,000) in trade accounts payable and €6,436,705,000 (prior year: €5,890,208,000) 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

RWE Innogy assumed the following contingent liabilities.

Contingent liabilities	Currency	Value in foreign currency '000	Value in € '000
Contingent liabilities from warranty agreements	EUR	-	364,564
	USD	113,200	82,082
	GBP	1,690,324	2,027,493
	DKK	4,045,350	542,320
			3,016,459
Indemnity obligations	GBP	230,713	276,733
			3,293,192

RWE Innogy assumed these guarantees and warranties in order to support the business operations of its subsidiaries, enable capital expenditure projects, and to implement sales of subsidiaries. Exposure to the risk of claims in this context is less than 10% as RWE Innogy has either direct or indirect control of the projects.

(10) Other financial obligations

Capital commitments arising from awarded contracts amounted to €24,822,000. Long-term leasehold and rental agreements gave rise to €29,281,000 in other financial obligations, €29,032,000 of which was attributable to affiliated companies. Other financial obligations not disclosed on the balance sheet thus totalled €54,103,000, €29,032,000 of which 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 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 within valuation units as of the balance-sheet date:

Derivatives within valuation units € '000	Nominal volume	Fair value	
		positive	negative
Currency forward transactions	134,327	4,728	0
	134,327	4,728	0

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. As the forward component was negative as of the balance-sheet date, a €661,000 provision for impending losses was accrued. If this valuation unit had not been formed, the loan to Georgia Biomass Holding LLC would have had to be written down by €4,255,000.

PLN-denominated loans matching the PLN 1,168 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 loan would have had to be reduced by €5,189,000.

Moreover, a GBP 1,456 million financial investment in RWE Innogy (UK) Ltd. and a GBP 1,344 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 €34,779,000 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 valuation units € '000	Nominal volume	Fair value	
		positive	negative
Currency forward transactions	21,476	94	-536
	21,476	94	-536

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

A €536,000 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	2013	2012
Electricity revenue from direct sales	292,781	275,129
Revenue from heating bills	45,445	44,265
Revenue from avoided network usage	3,785	9,209
Revenue from cooling bills	3,286	2,903
Revenue from tax group accounting	1,424	3,305
Electricity revenue in accordance with the German Renewable Energy Act (excluding direct sales)	809	1,771
Other revenue	7,839	10,454
	355,369	347,036

€341,418,000 of the revenue was domestic and €13,951,000 was achieved in Switzerland.

(13) Other operating income

€2,707,000 of other operating income (prior year: €16,691,000) was from currency translation and €12,044,000 was from the tax apportionment due to the tax unit. Income not related to the period under review amounted to €13,875,000 from the release of provisions (prior year: €13,334,000), €179,000 from the release of construction cost subsidies (prior year: €186,000) 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	2013	2012
Expenses incurred for raw materials and supplies	-230,118	-224,075
Expenses incurred for procured services	-40,998	-39,289
	-271,116	-263,364

(15) Staff costs

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

€ '000	2013	2012
Wages and salaries	-54,630	-55,007
Social security contributions, pension costs and other employee benefits	-10,905	-8,465
- of which pension costs	-2,919	-1,352
	-65,535	-63,472

Averaged for the year, headcount totalled:

Average employee headcount	2013
Salaried staff	625
- of which executives	55
	625

(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

€9,643,000 of other operating expenses (prior year: €13,157,000) was from currency translation and €75,698,000 was from the tax apportionment to subsidiaries due to the tax unit.

(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 Saarlagerkraftwerke 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 were particularly attributable to Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH, Essen, and Innogy Nordsee One GmbH, Hamburg.

(20) Income from investments

€3,036,000 of the income from investments was attributable to affiliated companies (prior year: €25,767,000).

(21) Income from loans held as financial assets

€130,226,000 of the €144,567,000 in income from loans held as financial assets was attributable to affiliated companies (prior year: €74,351,000).

(22) Write-downs of financial assets

Write-downs occasioned by impairments which are expected to be permanent amounted to €104,684,000 and were recognised for the investment in RWE Innogy AERSA, S.A.U., Barcelona, Spain.

(23) Interest income (net)

€ '000	2013	2012
Other interest and similar income	24,638	37,528
- of which from affiliated companies	24,637	33,062
Interest and similar expenses	-266,103	-197,350
- of which paid to affiliated companies	-263,679	-195,729
- of which interest accretion to provisions	-2,287	-1,509
	-241,465	-159,822

In relation to interest and similar expenses, €294,000 in interest income from assets covering obligations was netted against €1,913,000 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 €1,619,000 is included in interest and similar expenses.

(24) Extraordinary result

€ '000	2013	2012
Extraordinary income	1,334	0
- of which from the merger	1,334	0
Extraordinary expenses	-301	-4,051
- of which expenses associated with the merger	-301	-4,051
	1,033	-4,051

The extraordinary result of the financial year that just ended was due to the folding of RWE KAC Dezentrale Energien GmbH & Co. KG and Industriekraftwerke Oberschwaben beschränkt haftende OHG into RWE Innogy. The extraordinary result achieved in 2012 exclusively related to the loss on the merger with RWE Innogy Cogen GmbH, Dortmund.

(25) Taxes on income (refunds)

As in the preceding year, the €54,303,000 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. €813,000 of this sum was attributable to tax not related to the period under review (prior year: €829,000). 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 €195,000 (prior year: €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 2013	Volume of products and services received in 2013
Services	13,034	42,178
Rent	254	5,520
	13,288	47,698

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

Services and rent received also stem from affiliated companies. Services primarily consisted of operational management, IT and commercial services as well as 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

Dirk Simons, Ratingen, Commercial Director

Paul Coffey, Cirencester (United Kingdom), Technical Director

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 Board of Directors. The remuneration of former members of the Board of Directors amounted to €178,000 and stemmed from a one-off payment of €158,000 in connection with the payment of a pension benefit by way of a salary renouncement (deferred compensation) and the €20,000 allocation of performance shares within the scope of RWE's Long-Term Incentive Plan BEAT.

Members of the Board of Directors were granted interest-free loans, which had a balance of €11,000 on the balance-sheet date. These loans have terms expiring in September 2016 and February 2021. Repayments in the financial year totalled €2,000.

Members of the Supervisory Board

The company's **Supervisory Board** 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 (until 22 March 2013)

Dr Rolf-Martin Schmitz, Essen, Deputy Chairman of the Executive Board of RWE AG (as of 23 March 2013) and Deputy Chairman of the Supervisory Board

Dr Frank-Detlef Drake, Essen, Director Group Research & Development at RWE AG

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

Dr Arndt Brauckmann (Employee Representative), Willich, Employee of the Heat Sales Management Department of RWE Energiedienstleistungen GmbH

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

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

Related parties

All transactions with related parties are generally concluded at arm's length conditions. The €25,667,000 loan granted to the subsidiary Rheinkraftwerk Albrück-Dogern Aktiengesellschaft, the €30,951,000 loan granted to the investment C-Power N.V., the €34,146,000 loan granted to AS 3 Beteiligungs GmbH, and the €2,329,000 loan granted to NRW Pellets 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, Item 11 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 2013, 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, 4 February 2014

RWE Innogy GmbH

The Board of Directors

Dr Hans Bunting

Paul Coffey

Dirk Simons

RWE Innogy GmbH
Roll-Forward of Non-Current Assets in the 2013 Financial Year

VORWEG GEHEN

	Acquisition and production costs						Accumulated amortisation					Carrying amounts	
	01 Jan 2013	Mergers/accretions	Additions	Transfers	Disposals	31 Dec 2013	01 Jan 2013	Mergers/accretions	Additions	Disposals	31 Dec 2013	31 Dec 2013	31 Dec 2013
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
I. Intangible assets													
Licenses, commercial and similar rights and assets as well as licenses to such rights and assets acquired for consideration	1.906	202	1		5	2.104	695	182	47	5	919	1.185	1.211
	1.906	202	1		5	2.104	695	182	47	5	919	1.185	1.211
II. Property, plant and equipment													
1. Land and buildings	19.826		166		210	19.782	7.037		224	137	7.124	12.658	12.789
2. Technical plant and machinery	479.656		3.351	1.448	5.710	478.745	445.901		4.117	5.481	444.537	34.208	33.755
3. Other equipment, factory and office equipment	3.582	1.399	19		109	4.891	2.805	1.034	243	106	3.976	915	777
4. Advance payments and construction in progress	5.023		3.692	-1.448	39	7.228						7.228	5.023
	508.087	1.399	7.228		6.068	510.646	455.743	1.034	4.584	5.724	455.637	55.009	52.344
III. Financial assets													
1. Shares in affiliated companies	3.164.897	-8.215	242.367		71.912	3.327.137	337.514		156.438	3.398	490.554	2.836.583	2.827.383
2. Loans to affiliated companies	2.830.220		544.175		84.493	3.289.902						3.289.902	2.830.220
3. Investments	106.931	-15.242	496		17.840	74.345	16.303	-13.415	1.740	4.590	38	74.307	90.628
4. Loans to investments	30.951					30.951						30.951	30.951
5. Other loans	702		318		276	744						744	702
	6.133.701	-23.457	787.356		174.521	6.723.079	353.817	-13.415	158.178	7.988	490.592	6.232.487	5.779.884
	6.643.694	-21.856	794.585		180.594	7.235.829	810.255	-12.199	162.809	13.717	947.148	6.288.681	5.833.439

List of Shareholdings

1375 RWE Innogy GmbH

As of 31/12/2013

ser.no	group no	Company name	Domicile	Country	Share in %			Equity (€ '000)	Income (€ '000)	Financial year	
					Direct	Indirect	Tota			from	to
1	8754	BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin	Berlin	Deutschland	100		100	18.094*	**	01.01.2012	31.12.2012
2	4391	ENB Energienetze Berlin GmbH	Berlin	Deutschland		100	100	25*	**	01.01.2012	31.12.2012
3	6284	Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH	Helgoland	Deutschland	100		100	256*	**	01.01.2012	31.12.2012
4	4424	Green Gacco GmbH & Co. KG	Essen	Deutschland	51		51	62.425*	1.607*	01.01.2012	31.12.2012
5	4427	Nordsee One GmbH	Hamburg	Deutschland	100		100	11.300*	**	01.01.2012	31.12.2012
6	4455	NRW Pellets GmbH	Emdebrück	Deutschland	90		90	438*	-2.761*	01.01.2012	31.12.2012
7	1112	Rheinkraftwerk Albrück-Dogern Aktiengesellschaft	Waldshut-Tiengen	Deutschland	52	25	77	30.816	1.757	01.01.2013	31.12.2013
8	6325	RWE Innogy Brise Windparkbetriebsgesellschaft mbH	Hannover	Deutschland		100	100	226*	**	01.01.2012	31.12.2012
9	4478	RWE Innogy Cogen Beteiligungs GmbH	Dortmund	Deutschland	100		100	7.350*	**	01.01.2012	31.12.2012
10	4185	RWE Innogy Grebbin Windparkbetriebsgesellschaft mbH	Obere Warnow (OT Grebbin)	Deutschland		100	100	***	***		
11	6605	RWE Innogy Lüneburger Heide Windparkbetriebsgesellschaft mbH	Walsrode	Deutschland		100	100	25*	**	01.01.2012	31.12.2012
12	6304	RWE Innogy Mistral Windparkbetriebsgesellschaft mbH	Hannover	Deutschland		100	100	553*	**	01.01.2012	31.12.2012
13	6355	RWE Innogy Sandbostel Windparkbetriebsgesellschaft mbH	Sandbostel	Deutschland		100	100	25*	**	01.01.2012	31.12.2012
14	1373	RWE Innogy Windpark GmbH	Essen	Deutschland		100	100	31.825*	**	01.01.2012	31.12.2012
15	6242	RWE Innogy Windpower Hannover GmbH	Hannover	Deutschland	100		100	77.373*	**	01.01.2012	31.12.2012
16	4449	RWE Offshore Logistics Company GmbH	Hamburg	Deutschland	100		100	30*	**	01.01.2012	31.12.2012
17	4452	RWE Seabreeze I GmbH & Co. KG	Bremerhaven	Deutschland	100		100	31.100*	5.771*	01.01.2012	31.12.2012
18	4453	RWE Seabreeze II GmbH & Co. KG	Bremerhaven	Deutschland	100		100	20.438*	-2.721*	01.01.2012	31.12.2012
19	1137	Saarwasserkraftwerke GmbH	Essen	Deutschland	100		100	14.358*	**	01.01.2012	31.12.2012
20	6314	Windpark Barmrup Betriebsgesellschaft mbH	Barmrup	Deutschland		100	100	25*	**	01.01.2012	31.12.2012
21	6345	WINKRA Hörup Windparkbetriebsgesellschaft mbH	Hörup	Deutschland		100	100	7.397*	**	01.01.2012	31.12.2012
22	6308	WINKRA Lengerich Windparkbetriebsgesellschaft mbH	Gersten	Deutschland		100	100	25*	**	01.01.2012	31.12.2012
23	6322	WINKRA Sommerland Windparkbetriebsgesellschaft mbH	Sommerland	Deutschland		100	100	26*	**	01.01.2012	31.12.2012
24	6323	WINKRA Süderdeich Windparkbetriebsgesellschaft mbH	Süderdeich	Deutschland		100	100	106*	**	01.01.2012	31.12.2012
25	6361	WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG	Hannover	Deutschland	100		100	180*	60*	01.01.2012	31.12.2012
26	5574	An Sulthe Wind Farm Limited	Swindon	Großbritannien		100	100	20.616*	372*	01.01.2012	31.12.2012
27	4487	Andromeda Wind S.r.l.	Bozzen	Italien		51	51	9.573*	2.239*	01.01.2012	31.12.2012
28	5576	Bilbster Wind Farm Limited	Swindon	Großbritannien		100	100	2.133*	507*	01.01.2012	31.12.2012
29	4596	Biomasse Sicilia S.p.A.	Enna	Italien		100	100	1.480*	-1.455*	01.01.2012	31.12.2012
30	4483	Bristol Channel Zone Limited	Swindon	Großbritannien		100	100	-633*	-162*	01.01.2012	31.12.2012

List of Shareholdings

1375 RWE Innogy GmbH

As of 31/12/2013

ser.no	group no	Company name	Domicile	Country	Share in %			Equity (€'000)	Income (€'000)	Financial year	
					Direct	Indirect	Tota			from	to
31	4401	Channel Energy Limited	Swindon	Großbritannien		100	100	-781*	-432*	01.01.2012	31.12.2012
32	8712	Centrale Hydroelectrique d'Oussiat S.A.S.	Paris	Frankreich	0	100	100	845*	28*	01.01.2012	31.12.2012
33	8713	Energies Charentus S.A.S.	Paris	Frankreich	0	100	100	3.177*	279*	01.01.2012	31.12.2012
34	8714	Energies France S.A.S.	Paris	Frankreich	100		100	32.207*	1.049*	01.01.2012	31.12.2012
35	8768	Energies Maintenance S.A.S.	Paris	Frankreich		100	100	-566*	-97*	01.01.2012	31.12.2012
36	8715	Energies Saint Remy S.A.S.	Paris	Frankreich	0	100	100	569*	277*	01.01.2012	31.12.2012
37	8716	Energies VAR 1 S.A.S.	Paris	Frankreich	0	100	100	1.242*	311*	01.01.2012	31.12.2012
38	8717	Energies VAR 2 S.A.S.	Paris	Frankreich	0,04	99,96	100	-124*	-123*	01.01.2012	31.12.2012
39	8718	Energies VAR 3 S.A.S.	Paris	Frankreich	0	100	100	2.615*	-110*	01.01.2012	31.12.2012
40	6336	RWE Innogy Développement France S.A.S.	Paris	Frankreich		100	100	-36*	-12*	01.01.2012	31.12.2012
41	8731	SAS Île de France S.A.S.	Paris	Frankreich	0	100	100	2.589*	647*	01.01.2012	31.12.2012
42	2788	Fri-EI Anzi Holding S.r.l.	Bozen	Italien		51	51	7.039*	-688*	01.01.2012	31.12.2012
43	4402	Fri-EI Anzi S.r.l.	Bozen	Italien		100	100	26.954*	2.791*	01.01.2012	31.12.2012
44	4461	Fri-EI Guardionara Holding S.r.l.	Bozen	Italien		51	51	12.672*	-622*	01.01.2012	31.12.2012
45	4435	Fri-EI Guardionara S.r.l.	Bozen	Italien		100	100	39.864*	1.809*	01.01.2012	31.12.2012
46	4481	Georgia Biomass Holding LLC	Savannah	USA	95	5	100	47.949	2.442	01.01.2013	31.12.2013
47	4482	Georgia Biomass LLC	Savannah	USA		100	100	13.597	-20.658	01.01.2013	31.12.2013
48	8750	INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda.	São João do Estoril	Portugal	99,97	0,03	100	10.212****	1.234****	01.01.2011	31.12.2011
49	8729	LUSITERG - Gestão e Produção Energética, Lda.	São João do Estoril	Portugal		74	74	8.919*	-20*	01.01.2012	31.12.2012
50	5583	Knabs Ridge Wind Farm Limited	Swindon	Großbritannien		100	100	5.290*	1.081*	01.01.2012	31.12.2012
51	4161	Krzecin Sp. z o.o.	Warschau	Polen		100	100	22.540*	167*	01.01.2012	31.12.2012
52	5572	Little Cheyne Court Wind Farm Limited	Swindon	Großbritannien		59	59	27.050*	7.979*	01.01.2012	31.12.2012
53	4186	ML Wind LLP	Swindon	Großbritannien		51	51	***	***		
54	4157	Park Wiatrowy Nowy Staw Sp. z o.o.	Warschau	Polen		100	100	26.503*	-2.115*	01.01.2012	31.12.2012
55	3818	Park Wiatrowy Suwalki Sp. z o.o.	Warschau	Polen		100	100	77.039*	-195*	01.01.2012	31.12.2012
56	1654	Park Wiatrowy Tychowo Sp. z o.o.	Warschau	Polen		100	100	65.837*	-1.999*	01.01.2012	31.12.2012
57	4486	Piecki Sp. z o.o.	Warschau	Polen		51	51	44.012*	2.258*	01.01.2012	31.12.2012
58	5716	Rhyl Flats Wind Farm Limited	Swindon	Großbritannien		50,1	50,1	13.982*	8.032*	01.01.2012	31.12.2012
59	8766	Danta de Energías, S.A.	Soria	Spanien		98,65	98,65	26.961*	12.574*	01.01.2012	31.12.2012
60	8769	Explotaciones Eólicas de Añehuelas, S.L.	Soria	Spanien		95	95	15.219*	4.981*	01.01.2012	31.12.2012

List of Shareholdings

1375 RWE Innogy GmbH

As of 31/12/2013

ser.no	group no	Company name	Domicile	Country	Share in %			Equity (€'000)	Income (€'000)	Financial year	
					Direct	Indirect	Tota			from	to
61	8756	General de Mantenimiento 21, S.L.U.	Barcelona	Spanien		100	100	259*	166*	01.01.2012	31.12.2012
62	8762	Hidroeléctrica del Trásvase, S.A.	Barcelona	Spanien		60	60	3.285*	723*	01.01.2012	31.12.2012
63	8770	RWE Innogy AERSA, S.A.U.	Barcelona	Spanien	100		100	226.710*	-6.827*	01.01.2012	31.12.2012
64	1446	RWE Innogy Italia S.p.A.	Bozen	Italien	100		100	20.737*	-165.060*	01.01.2012	31.12.2012
65	1376	RWE Innogy (UK) Ltd.	Swindon	Großbritannien	100		100	1.545.445*	-41.714*	01.01.2012	31.12.2012
66	4592	RWE Npower Renewables (Gallopier) No.1 Limited	Swindon	Großbritannien		100	100	-96*	-88*	01.01.2012	31.12.2012
67	4593	RWE Npower Renewables (Gallopier) No.2 Limited	Swindon	Großbritannien		100	100	-96*	-86*	01.01.2012	31.12.2012
68	5875	RWE Npower Renewables Limited	Swindon	Großbritannien		100	100	1.153.214*	2.359*	01.01.2012	31.12.2012
69	5624	RWE Npower Renewables (Markinch) Limited	Swindon	Großbritannien		100	100	-14.816*	-9.542*	01.01.2012	31.12.2012
70	4491	RWE Npower Renewables (NEWCO)1 Limited	Swindon	Großbritannien		100	100	4*	-18*	01.01.2012	31.12.2012
71	4492	RWE Npower Renewables (NEWCO)2 Limited	Swindon	Großbritannien		100	100	2*	-20*	01.01.2012	31.12.2012
72	4493	RWE Npower Renewables (NEWCO)3 Limited	Swindon	Großbritannien		100	100	2*	-20*	01.01.2012	31.12.2012
73	4494	RWE Npower Renewables (NEWCO)4 Limited	Swindon	Großbritannien		100	100	11*	-56*	01.01.2012	31.12.2012
74	4411	RWE Npower Renewables (Stellingborough) Limited	Swindon	Großbritannien		100	100	-8.294*	-2.969*	01.01.2012	31.12.2012
75	4719	RWE Renewables Polska Sp. z o.o.	Warschau	Polen	100		100	300.151*	786*	01.01.2012	31.12.2012
76	4595	SPER S.p.A.	Enna	Italien		70	70	11.823*	-1.422*	01.01.2012	31.12.2012
77	4160	Taciewo Sp. z o.o.	Warschau	Polen		100	100	37.787*	-83*	01.01.2012	31.12.2012
78	5595	The Hollies Wind Farm Limited	Swindon	Großbritannien		100	100	529*	93*	01.01.2012	31.12.2012
79	5507	Triton Knoll Offshore Wind Farm Ltd.	Swindon	Großbritannien		100	100	-7.755*	-333*	01.01.2012	31.12.2012
80	4422	Green Gecco Verwaltungs GmbH	Essen	Deutschland	51		51	29*	3*	01.01.2012	31.12.2012
81	6285	Infrastrukturgesellschaft Netz Lüz mbH	Hannover	Deutschland		100	100	44*	-11*	01.01.2012	31.12.2012
82	3047	RWE Innogy Kaskasi GmbH	Hamburg	Deutschland	100		100	99*	**	01.01.2012	31.12.2012
83	4184	RWE Innogy Windpark Bedburg GmbH & Co. KG	Essen	Deutschland	100		100	995*	-5*	08.06.2012	31.12.2012
84	4182	RWE Innogy Windpark Bedburg Verwaltungs GmbH	Essen	Deutschland	100		100	27*	2*	09.08.2012	31.12.2012
85	4457	RWE Seabreeze I Verwaltungs GmbH	Bremerhaven	Deutschland	100		100	37*	6*	01.01.2012	31.12.2012
86	4458	RWE Seabreeze II Verwaltungs GmbH	Bremerhaven	Deutschland	100		100	37*	6*	01.01.2012	31.12.2012
87	5573	Allt Dearg Wind Farm Limited	Swindon	Großbritannien		100	100	0*	0*	01.01.2012	31.12.2012
88	5409	Ardoch Over Enoch Windfarm Limited	Glasgow	Großbritannien		100	100	0*	0*	01.01.2012	31.12.2012
89	5575	Ballindalloch Muir Wind Farm Limited	Swindon	Großbritannien		100	100	0*	0*	01.01.2012	31.12.2012
90	4484	Brims Ness Tidal Power Limited	Swindon	Großbritannien		100	100	0*	0*	01.01.2012	31.12.2012

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					Direct	Indirect	Tota			from	to
91	5621	Burgar Hill Wind Farm Limited	Swindon	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
92	5585	Carnedd Wen Wind Farm Limited	Swindon	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
93	5890	Carr Mor Windfarm Limited	Glasgow	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
94	5891	Carsphairn Windfarm Limited	Glasgow	Großbritannien	100	100	1*	0*	01.01.2012	31.12.2012	
95	5578	Causeymire Two Wind Farm Limited	Swindon	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
96	5579	Craigenlee Wind Farm Limited	Swindon	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
97	5580	Culbin Farm Wind Farm Limited	Swindon	Großbritannien	100	100	0*	0*	01.01.2012	31.12.2012	
98	5376	Doggerbank Project 1A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	27.09.2011	31.12.2012	
99	5377	Doggerbank Project 1B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	28.09.2011	31.12.2012	
100	5379	Doggerbank Project 2A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	28.09.2011	31.12.2012	
101	5380	Doggerbank Project 2B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	28.09.2011	31.12.2012	
102	5382	Doggerbank Project 3A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	28.09.2011	31.12.2012	
103	5383	Doggerbank Project 3B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	28.09.2011	31.12.2012	
104	4167	Doggerbank Project 4A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
105	4168	Doggerbank Project 4B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
106	4170	Doggerbank Project 5A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
107	4172	Doggerbank Project 5B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
108	4175	Doggerbank Project 6A RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
109	4176	Doggerbank Project 6B RWE Limited	Swindon	Großbritannien	100	100	0*	0*	16.01.2012	31.12.2012	
110	2710	'Finelectra' Finanzgesellschaft für Elektrizitäts-Beteiligungen AG	Hausen	Schweiz	40	60	100	13.724	585	01.01.2013	31.12.2013
111	8798	Infraestructuras de Aldehuelas, S.A.	Soria	Spanien	100	100	100	428*	0*	01.01.2012	31.12.2012
112	4476	Kiln Pit Hill Wind Farm Limited	Swindon	Großbritannien	100	100	100	0*	0*	01.01.2012	31.12.2012
113	5686	Lochelbank Wind Farm Limited	Swindon	Großbritannien	100	100	100	0*	0*	01.01.2012	31.12.2012
114	5687	Middlemoor Wind Farm Limited	Swindon	Großbritannien	100	100	100	0*	0*	01.01.2012	31.12.2012
115	5689	North Kintyre Wind Farm Limited	Swindon	Großbritannien	100	100	100	0*	0*	01.01.2012	31.12.2012
116	5690	Novar Two Wind Farm Limited	Swindon	Großbritannien	100	100	100	0*	0*	01.01.2012	31.12.2012
117	4591	Park Wiatrowy Dolice Sp. z o.o.	Warschau	Polen	100	100	100	1.334*	-13*	01.01.2012	31.12.2012
118	4181	Park Wiatrowy Elk Sp. z o.o.	Warschau	Polen	100	100	100	898*	-13*	01.01.2012	31.12.2012
119	4432	Park Wiatrowy Gaworzyce Sp. z o.o.	Warschau	Polen	100	100	100	3.095*	110*	01.01.2012	31.12.2012
120	4428	Park Wiatrowy Msciwójów Sp. z o.o.	Warschau	Polen	100	100	100	2.148*	-9*	01.01.2012	31.12.2012

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					Direct	Indirect	Tota			from	to
121	3048	Park Wiatrowy Prudziszki Sp. z o.o.	Warschau	Polen	100	100	109*	-24*	01.01.2012	31.12.2012	
122	4429	Park Wiatrowy Smigiel I Sp. z o.o.	Warschau	Polen	100	100	2.763*	29*	01.01.2012	31.12.2012	
123	4448	Park Wiatrowy ZnIn Sp. z o.o.	Warschau	Polen		100	2.493*	-44*	01.01.2012	31.12.2012	
124	4437	RWE Innogy d.o.o. za korištenje obnovljivih izvora energije	Sarajevo	Bosnien- Herzegowina	100	100	38*	-68*	01.01.2012	31.12.2012	
125	4150	RWE Innogy Serbia d.o.o.	Belgrad	Serbien	100	100	0*	0*	01.01.2012	31.12.2012	
126	2711	Securum AG	Zug	Schweiz	49,17	50,83	3.027	31	01.01.2013	31.12.2013	
127	5592	Snowgoat Glen Wind Farm Limited	Swindon	Großbritannien		100	0*	0*	01.01.2012	31.12.2012	
128	5593	Stroupster Wind Farm Limited	Swindon	Großbritannien		100	0*	0*	01.01.2012	31.12.2012	
129	5918	Taff-Ely Wind Farm Project Limited	Swindon	Großbritannien		100	105*****	0*****	01.01.2010	31.12.2010	
130	5594	TerskaValg Wind Farm Limited	Swindon	Großbritannien		100	0*	0*	01.01.2012	31.12.2012	
131	4458	AS 3 Beteiligungs GmbH	Essen	Deutschland	51	51	0*	-25.644*	01.01.2012	31.12.2012	
132	4152	Innogy Renewables Technology Fund I GmbH & Co. KG	Essen	Deutschland	78,31	78,31	45.356*	-16.550*	01.01.2012	31.12.2012	
133	4151	Innogy Venture Capital GmbH	Essen	Deutschland	74,9	74,9	199*	60*	01.01.2012	31.12.2012	
134	3660	Konsortium Energieversorgung Opel oHG der RWE Innogy GmbH und der Kraftwerke Mainz- Wiesbaden AG	Karlsruhe	Deutschland	66,67	66,67	35.206*	16.707*	01.01.2012	31.12.2012	
135	8702	ATBERG - Eólicas do Alto Tâmega e Barroso, Lda.	Ribeira de Pena	Portugal		40	2.142*	-191*	01.01.2012	31.12.2012	
136	4447	C-Power N.V.	Oostende	Belgien	26,73	26,73	170.695*	6.918*	01.01.2012	31.12.2012	
137	4419	Greater Gabbard Offshore Winds Limited	Reading	Großbritannien		50	139.504	50.244	01.04.2012	31.03.2013	
138	4495	Gwynn Y Môr Offshore Wind Farm Limited	Swindon	Großbritannien		60	-3.380*	4*	01.01.2012	31.12.2012	
139	8211	HIDROERG - Projectos Energéticos, Lda.	Lissabon	Portugal		32,33	9.045*	301*	01.01.2012	31.12.2012	
140	5973	Zephyr Investments Limited	Swindon	Großbritannien		33,33	-41.740*****	-13.910*****	01.01.2012	31.12.2012	
141	6424	EWC Windpark Cuxhaven GmbH	München	Deutschland		50	910*	257*	01.01.2012	31.12.2012	
142	6327	Netzanbindung Tewel OHG	Cuxhaven	Deutschland		24,73	1.178*	14*	01.01.2012	31.12.2012	
143	8224	Objektverwaltungsgesellschaft Dampfkraftwerk Bernburg mbH	Hannover	Deutschland	48,32	48,32	568*	56*	01.01.2012	31.12.2012	
144	6286	Offshore Trassenplanungs-GmbH OTP	Hannover	Deutschland		50	90*	0*	01.01.2012	31.12.2012	
145	6329	Umspannwerk Püttitz GmbH & Co. KG	Frankfurt am Main	Deutschland		24,8	0*	-169*	01.01.2012	31.12.2012	
146	3530	WINDTEST Grevenbroich GmbH	Grevenbroich	Deutschland	37,5	37,5	272*	132*	01.01.2012	31.12.2012	
147	5963	Brockloch Rig Windfarm Limited	Glasgow	Großbritannien		50	1*	0*	01.01.2012	31.12.2012	
148	5523	Eólica de la Mata, S.A.	Soria	Spanien	26,25	26,25	607*	0*	01.01.2012	31.12.2012	
149	3336	Eólica de Samago, S.A.	Soria	Spanien		50	78*	0*	01.01.2012	31.12.2012	
150	4475	Forewind Limited	Swindon	Großbritannien		25	0*	0*	01.01.2012	31.12.2012	

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151	4594	Galoper Wind Farm Limited	Reading	Großbritannien		50	50	-2	-4	01.04.2012	31.03.2013
162	4153	Moravske Hidroelektrane d.o.o.	Belgrad	Serbien	51		51	3.890*	-54*	01.01.2012	31.12.2012
153	3880	Toledo PV A.E.I.E.	Madrid	Spanien		33,33	33,33	908*	265*	01.01.2012	31.12.2012
154	4609	Aarewerke AG	Klingnau	Schweiz	0,6	29,4	30	20.043	1.286	01.07.2012	30.06.2013
155	5378	Doggerbank Project 1 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	29.09.2011	31.12.2012
156	5381	Doggerbank Project 2 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	29.09.2011	31.12.2012
157	5384	Doggerbank Project 3 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	29.09.2011	31.12.2012
158	4169	Doggerbank Project 4 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	18.01.2012	31.12.2012
159	4174	Doggerbank Project 5 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	18.01.2012	31.12.2012
160	4177	Doggerbank Project 6 Bizco Limited	Reading	Großbritannien		25	25	0*	0*	18.01.2012	31.12.2012

* Figures taken from the 2012 financial statements.

** Profit and loss pooling agreement.

*** Financial statements not yet available.

**** Figures taken from the 2011 financial statements.

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

***** Figures taken from the 2012 financial statements.