RWE Capital Market Day

London, 28 March 2017

Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

Management team attending today

RWE AG

Rolf Martin Schmitz
CEO

Markus Krebber
CFO

Power Generation

Frank Weigand
CFO

Roger Miesen
CTO
Hard Coal, Gas, Biomass, Nuclear

Lars Kulik
CTO
Lignite

Supply & Trading

Tom Glover
CCO
Commercial Asset Optimisation

Andree Stracke
CCO
Origination & Gas Supply

Peter Krembel
CCO
Trading

Michael Müller
CFO

Today’s agenda

I.	**Strategic outlook**	Rolf Martin Schmitz
II.	**Financial highlights**	Markus Krebber
III.	**Lignite & Nuclear**	Frank Weigand
IV.	**European Power**	Roger Miesen
V.	**Commercial Asset Optimisation**	Tom Glover
VI.	**Supply & Trading**	Andree Stracke

Investment highlights

- ✔ Leading integrated European generation and trading business
- ✔ Strong track record of operational excellence and commercial optimisation
- ✔ Well placed to benefit from fundamental changes in energy markets
- ✔ Solid financial position and focus on cash flow generation
- ✔ Committed to value creation and sustainable dividend with upside potential

Strategic outlook

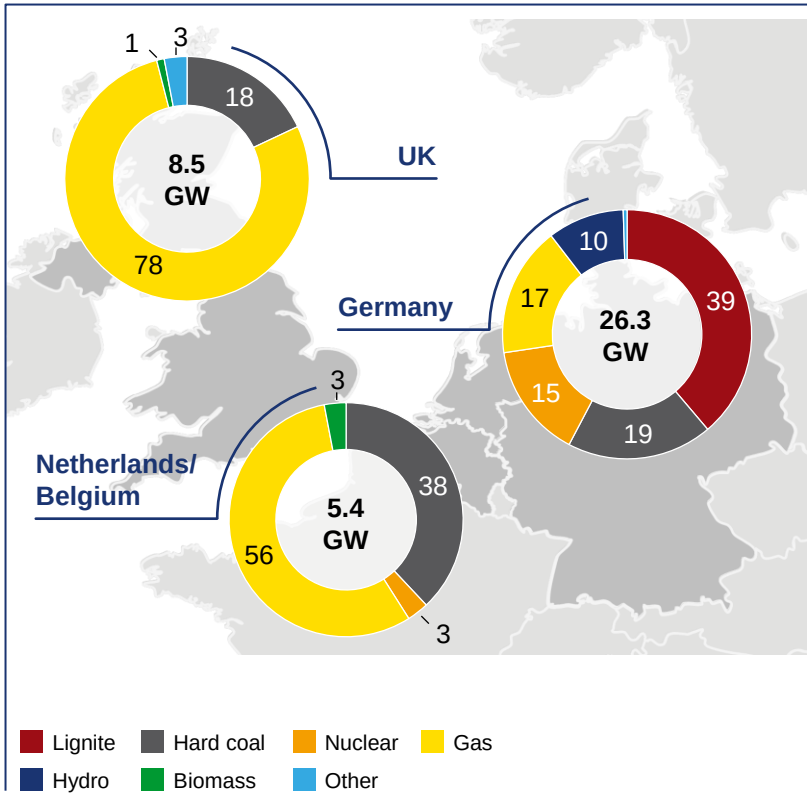
Leading provider of security of supply with attractive positioning for future market developments

Rolf Martin Schmitz
Chief Executive Officer
RWE AG

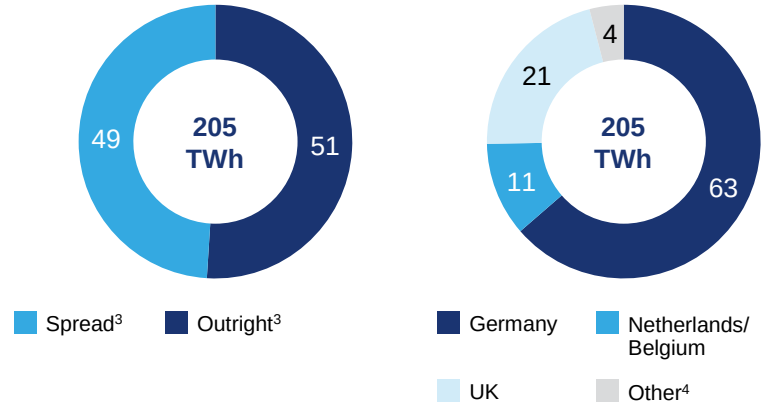
Continuing to actively shape our future

Leading and diversified provider of reliable energy

Core generation markets[1] (%)



Production volumes[2] (%)

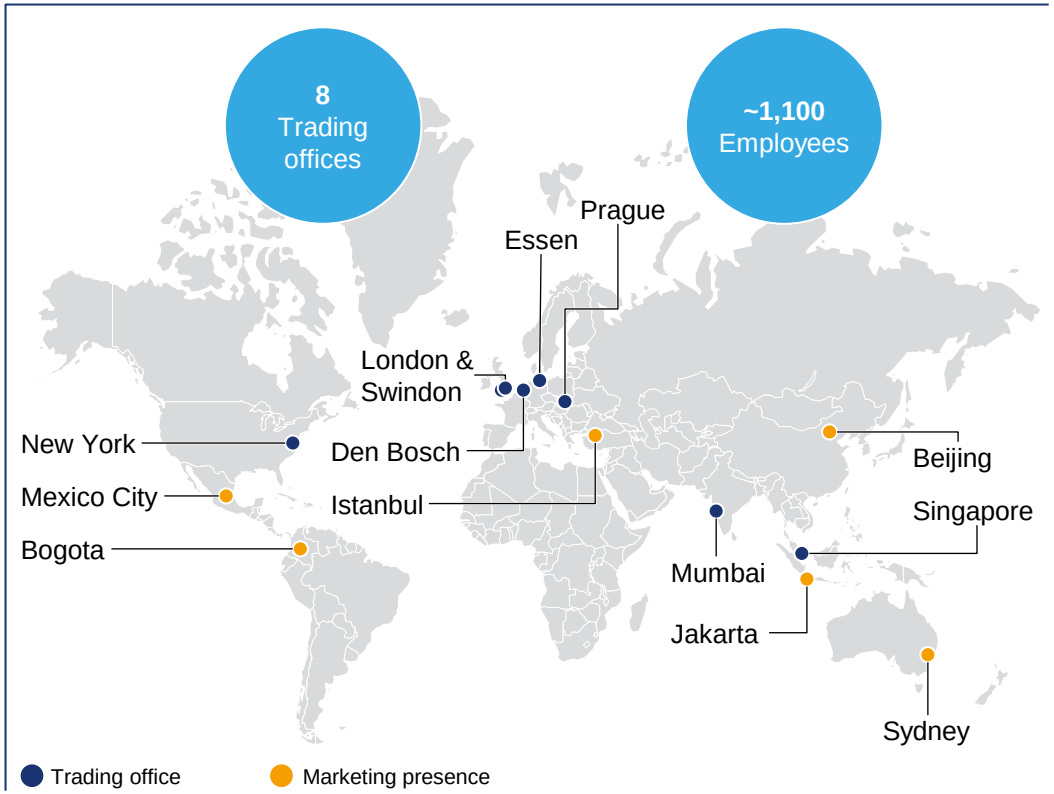


- ✓ Highly relevant position in all core markets
- ✓ Efficient and flexible portfolio across technologies
- ✓ Sophisticated commercial management of operations
- ✓ Well positioned to provide security of supply

[1] 2016 net capacity. Excluding Mátra in Hungary (0.8 GW) and Denizli in Turkey (0.8 GW) | [2] 2016 production volumes (including Mátra and Denizli)
[3] Spread: Hard coal, gas, hydro, biomass. Outright: Lignite, nuclear | [4] Including Mátra and Denizli

Attractive value contribution from Supply & Trading

Global footprint



Strong track record

~50%
Return on risk capital employed[1]

Average of last 5 years

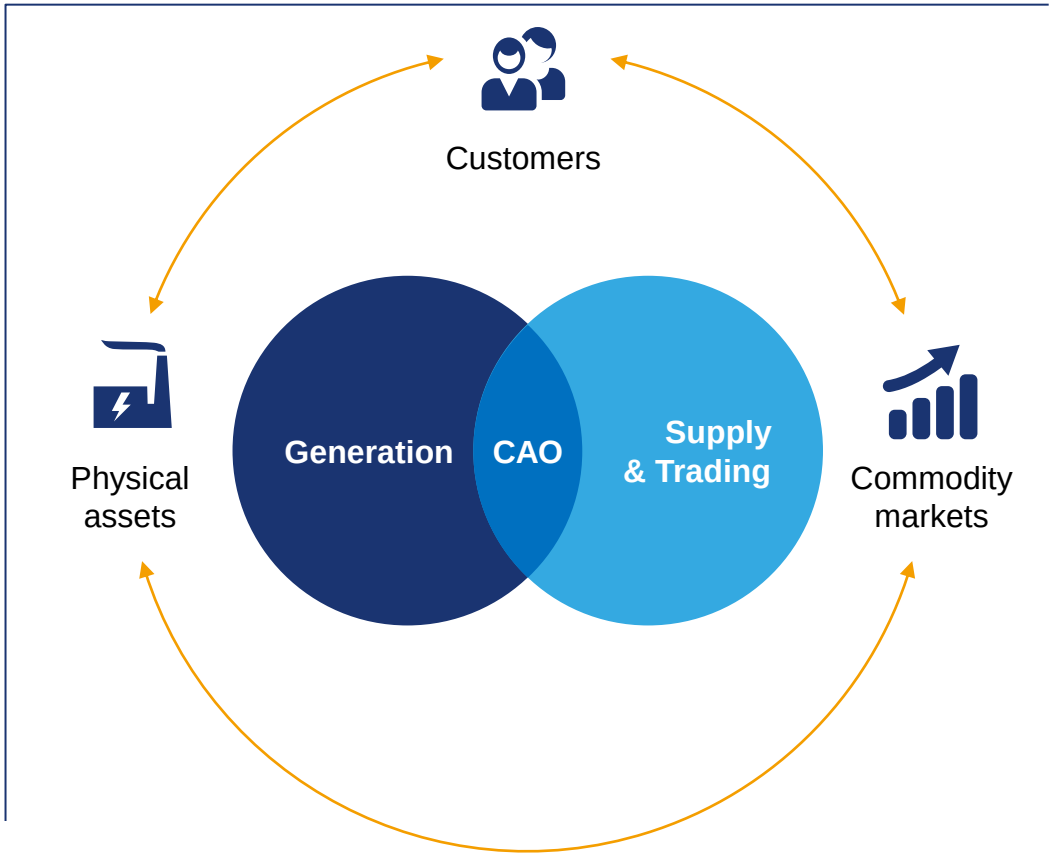
~€400 m
Risk capital employed[2]

- ✓ Significant cash flow contribution to Group
- ✓ Track record of long-term value creation
- ✓ Successful restructuring of gas legacy business

[1] Adjusted EBITDA (excluding non-recurring items) / risk capital employed | [2] Includes risk capital for Trading and Origination, invested capital for Principal Investments, Gas & LNG and Commodity Solutions

Integrated platform extracts maximum value from assets

Business interaction



Commercial Asset Optimisation

- Commercial asset management
- Hedging
- Short-term optimisation
- Capacity markets, reserve & ancillary services
- Fuel procurement & logistics

Strategy designed to benefit from market requirements

Traditional energy markets

- Established merit order
- Focus on volume and fuel efficiency
- CO_2 reduction via conventional new-build

Renewables expansion

- Decreasing conventional volumes
- Intermittent production
- Reduction of firm capacity

Future energy markets

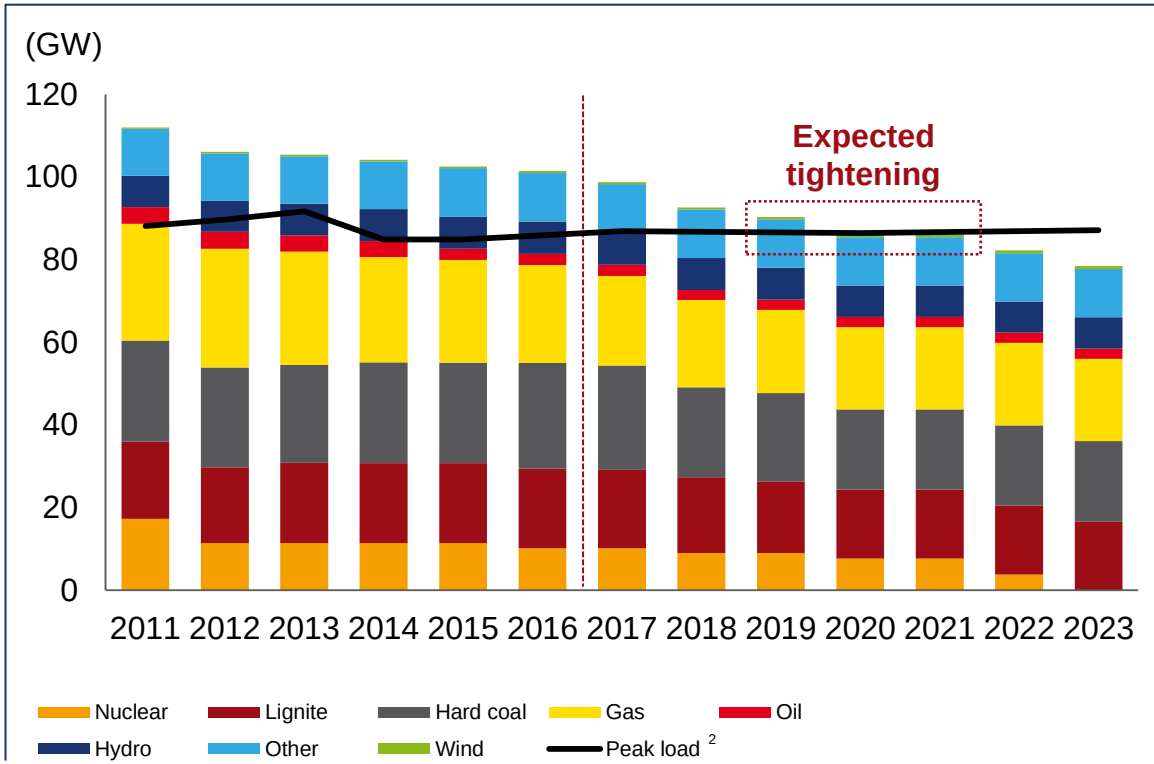
- Increasing use of electricity
- Emerging technologies
- Remuneration of firm capacity

Strategic approach

Optimise existing operations → Enhance portfolio → Tap into evolving opportunities

Expected tightening due to decline of firm capacity

Demand-supply balance at peak load in Germany[1]

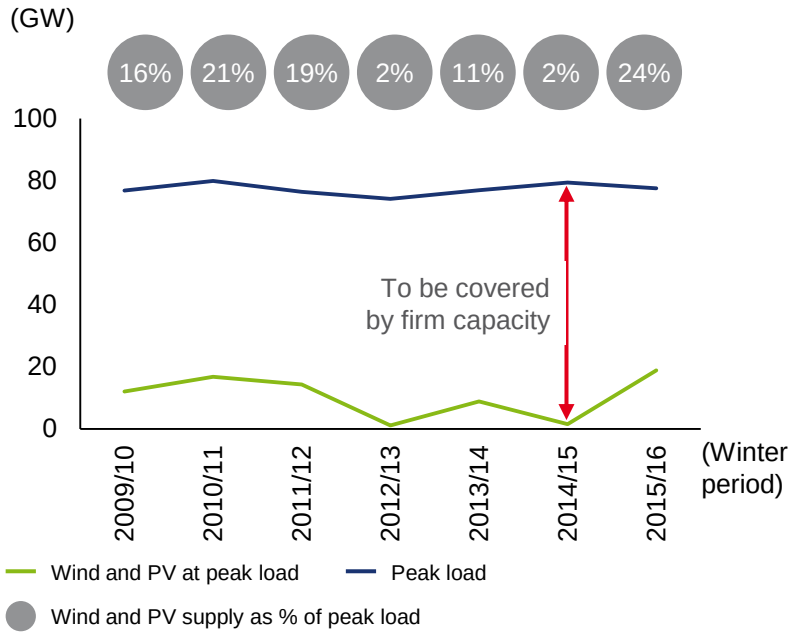


- Conventional capacity expected to shrink
- Reduction driven by nuclear phase-out and recently announced hard coal closures
- No corresponding amount of capacity currently under construction or planned

[1] Calculated without reserve, mothballed power plants and interconnectors. Derating factors as of 'Leistungsbilanzbericht 2014' of German TSOs, including 1% and 0% availability for wind and solar respectively | [2] Peak load calculated from ENTSO-E hourly load, scaled up to total German demand
Source: BNetzA power plant list, BNetzA list of plant additions and shut-downs, KWSAL, own calculations

Increasing reliance on intermittent renewables and interconnectors risks security of supply

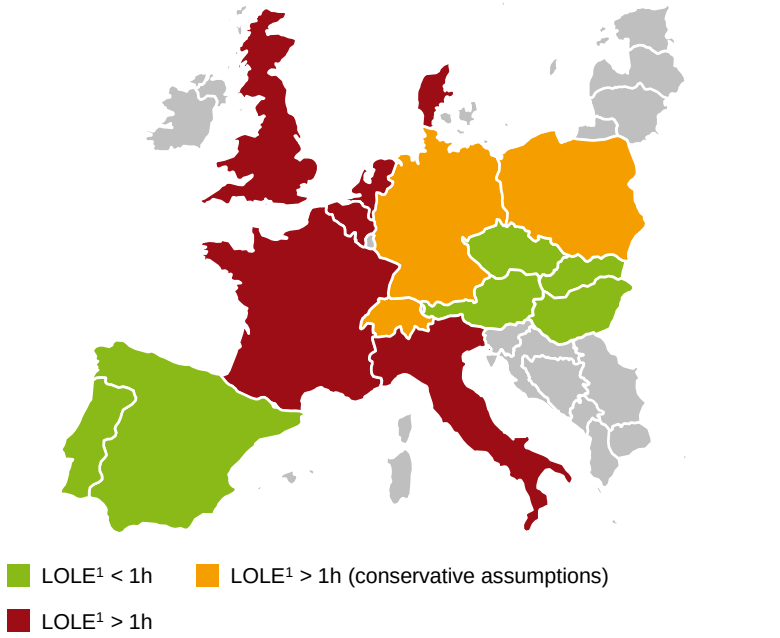
German renewables production (at peak load)



> Often very low wind and PV production at times of highest load

> Only 1% of German wind and PV capacity regarded as firm by German TSOs (for system stability considerations)

Loss of load expectation[1] in Europe 2025



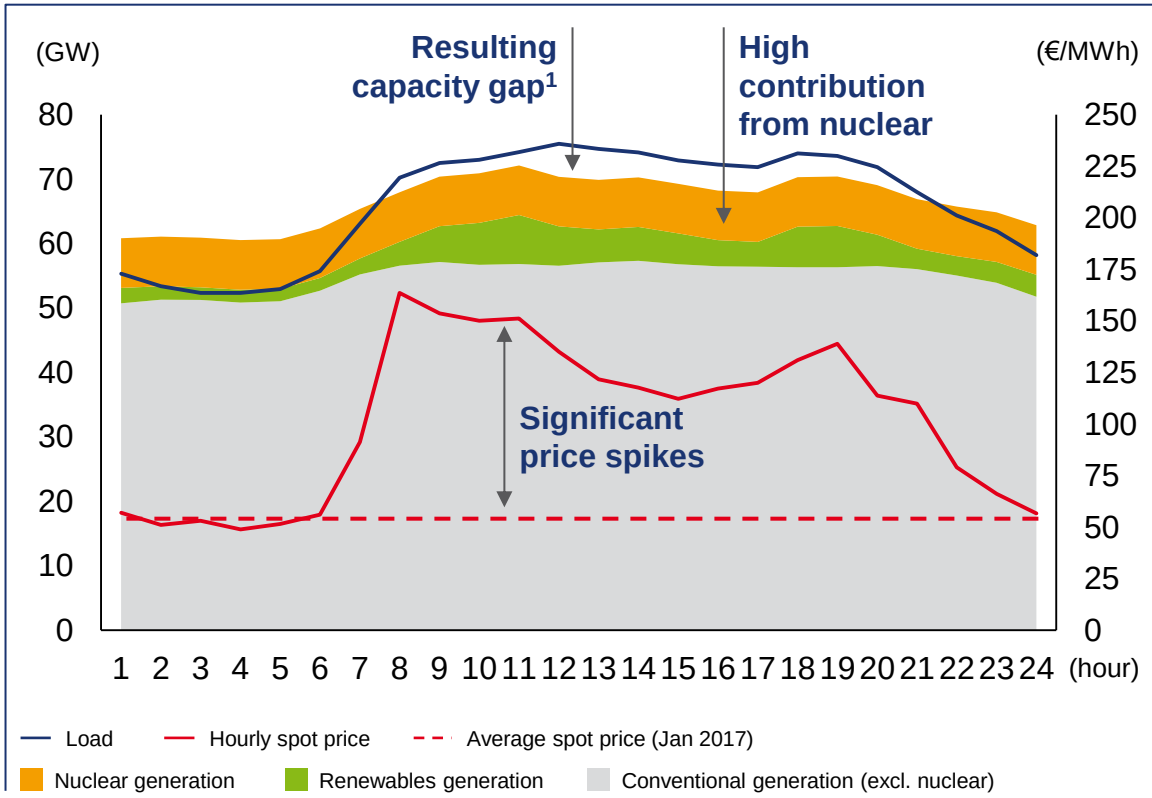
> Interconnectors can only contribute if surrounding countries have sufficient spare capacities

> German situation aggravated by tighter demand-supply situation in neighbouring countries

[1] Loss of Load Expectation: Expected number of hours where load cannot be supplied by local resources and imports | Source: Entso-E Mid term adequacy forecast 2016

Capacity tightness already seen in certain situations

German generation capacity on 24 January 2017



- Low contribution from renewables
  - Wind: common high pressure situation in winter
  - PV: shorter daytime hours accompanied by fog
- Highest annual load in winter (heating, lighting)
- Significant current capacity from nuclear power plants

Note: Renewables includes hydro, wind and PV; other generation includes nuclear, lignite, hard coal, gas, biomass and other | [1] Imports and unreported generation |
Source: Entso-E Transparency Platform

Strategic focus on evolution of existing business portfolio

Optimise existing operations

Lignite & Nuclear/ European Power

- > Manage cost base
- > Apply capital allocation discipline
- > Actively manage portfolio

Supply & Trading

- > Restore profitability

Enhance portfolio

European Power

- > Develop portfolio for future market requirements
- > Participate in opportunistic asset consolidation (core markets)

Supply & Trading

- > Expand organically

Tap into evolving opportunities

- > Explore technologies suitable to provide security of supply
- > Invest selectively into new technologies (e.g. batteries)

Well positioned to optimise cash flows from operations

RWE's competitive success factors

Asset base and sites

- Modern and restructured asset base
- Established infrastructure at attractive locations
- Highly skilled workforce

Operational and commercial excellence

- Efficient and flexible operations
- Strong track record of cost reductions
- Proven commercial optimisation

Technological expertise and know-how

- Existing portfolio across all reliable technologies
- Proven system capabilities
- Excellent market knowledge

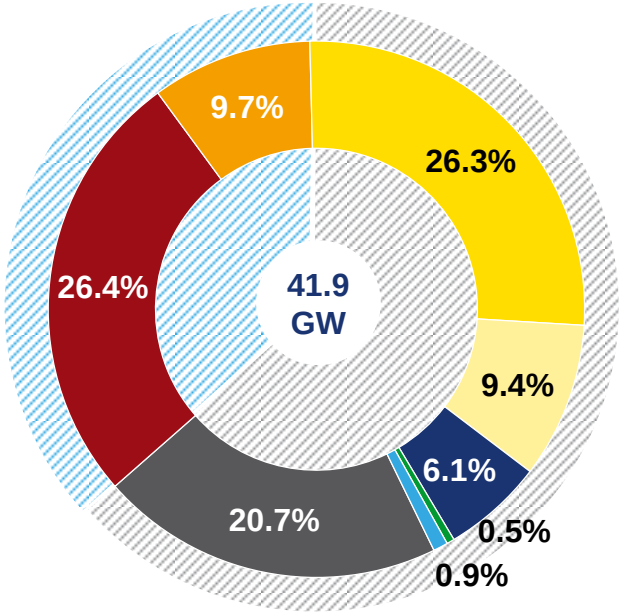
- Management of complex technological and commercial interdependencies
- Assessment of market developments and active stakeholder management
- Creation of optionality with respect to commercialisation of emerging technologies

Asset base set up to benefit from market opportunities

Balanced capacity split

Lignite & Nuclear

- Fixed fuel price generation portfolio
- Focus on cost efficiencies
- Significant power price exposure



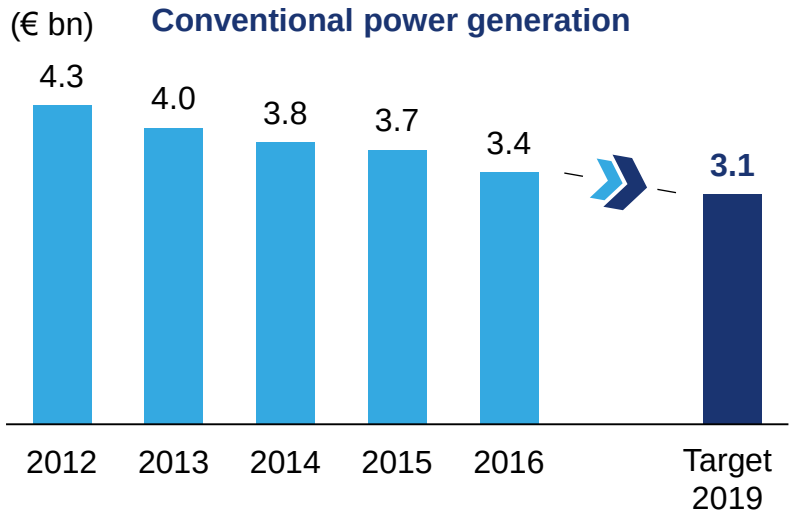
European Power

- Highly flexible generation portfolio
- Largely variable cost base
- Structural market upside

Lignite | Nuclear | Gas | Gas mothballed | Hydro | Biomass | Other | Hard coal

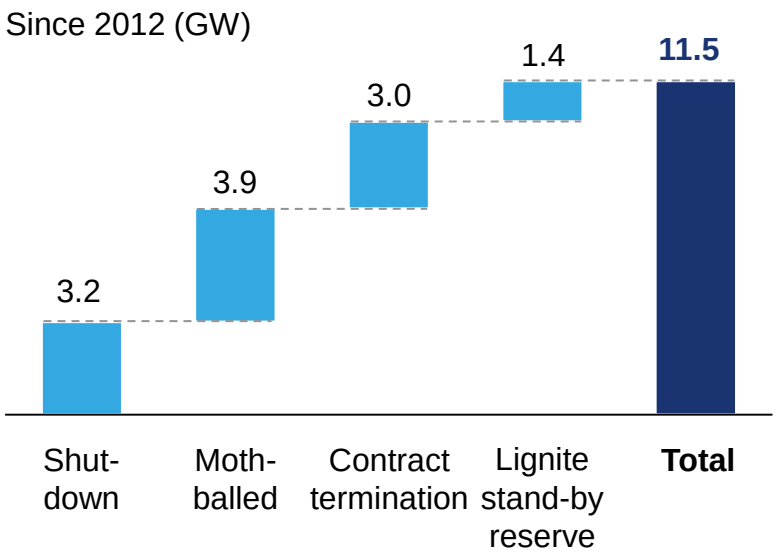
Ongoing cost reduction and active portfolio measures

Operational cash cost development[1]



- Focus on total cash costs (opex and capex)
- Additional measures being implemented
  - Organisational optimisations
  - Continuous process optimisations
  - Reduced service levels

Active portfolio measures



- Systematic cash flow analysis on plant-by-plant level
- Disciplined decision making process (watch list)
- PPAs re-negotiated to reduce cash burden

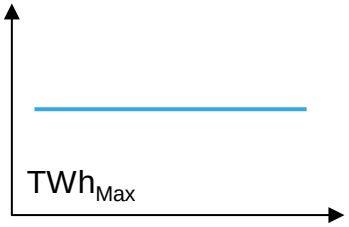
[1] Opex and capex excluding large projects

Powering. Reliable. Future.

Evolution of technologies for firm capacity

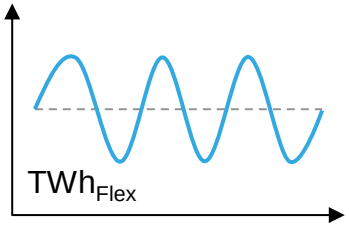
Conventional plants

- Operational excellence across all technologies
- Strong cost optimisation track record



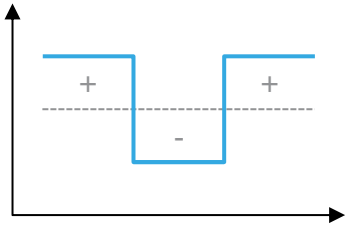
Flexible plants

- Proprietary engineering know-how
- Dedicated commercial optimisation unit



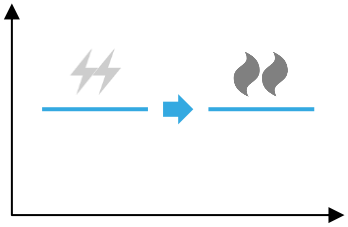
Storage

- Sizeable pumped storage facilities
- Operational battery storage project (in Q2 2017)



Sector coupling

- Strong R&D track record
- Scalable projects (once commercially viable)



- Growing reliance on electricity increases need for firm capacity
- Broader framework decisions drive implementation rate of technologies
- Comprehensive system integration and commercial optimisation skills essential for operations

Cash flow-focused and value-maximising strategy

- ✔ Leading provider of firm capacity in core markets
- ✔ Continued efficiency improvements and active management of assets
- ✔ Well positioned to benefit from tightening markets
- ✔ Attractive returns and organic growth options in Supply & Trading
- ✔ Value-maximising management of innogy stake

Financial highlights

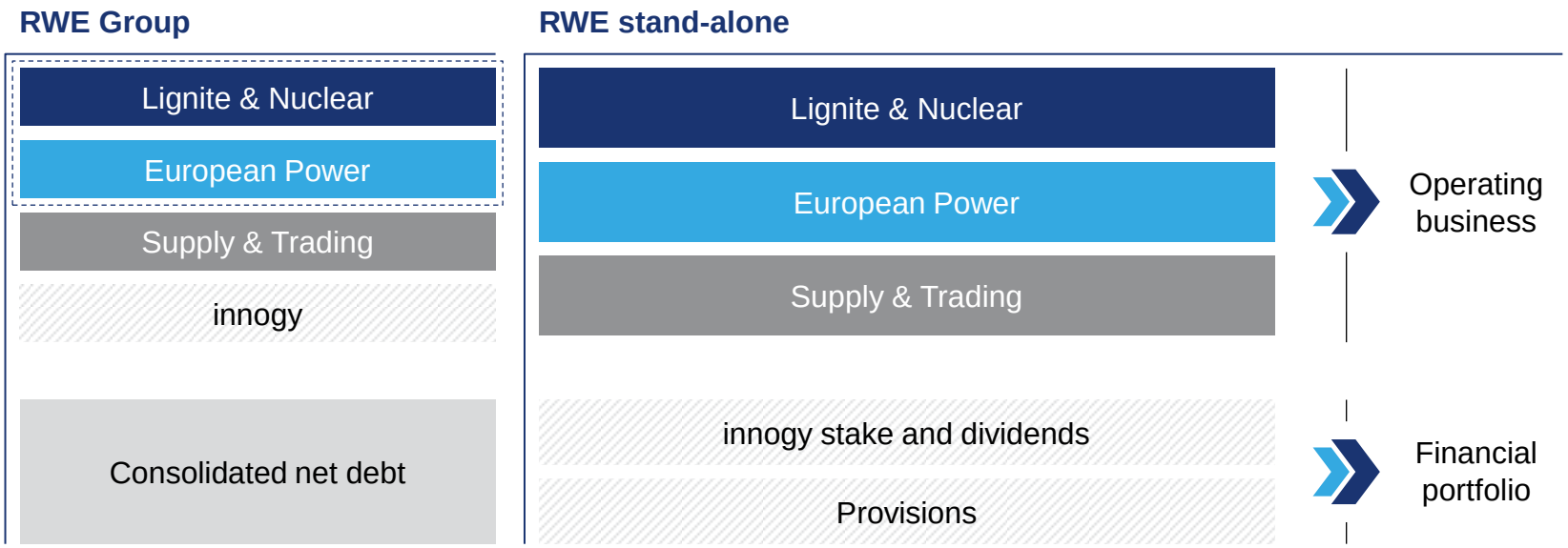
Long-term value creation through strict focus on cash flows and active portfolio management

Markus Krebber
Chief Financial Officer
RWE AG

Clear financial management principles

- Strict focus on cash flows and transparent financial disclosure
- Disciplined capital allocation and active portfolio management
- Sustainable dividend policy with upside potential

RWE stand-alone figures relevant for cash and value management



Key financials 2016

Adj. EBITDA	€5.4 bn
Net debt	€22.7 bn

Adj. EBITDA	€1.9 bn
Net debt	€6.9 bn
innogy stake[1]	€14.1 bn

Previously reported as Conventional Power Generation

[1] As of 31 December 2016

Improved transparency from new business segments

Operating business

Lignite & Nuclear

- Lignite operations in Germany
- Nuclear power plants in Germany
- Holdings in Hungarian Mátra (lignite) and Dutch EPZ (nuclear)

European Power

- Hard coal, gas, hydro and biomass power plants
- Main operations in Germany, UK and the Netherlands
- Power purchase agreements

Supply & Trading

- Trading/origination
- Principal Investments
- Gas & LNG
- Commodity solutions

Financial portfolio

innogy/Provisions

- Asset dedicated to cover provisions

Key financials 2016 (€m)[1]

Lignite & Nuclear		European Power		Supply & Trading		innogy/Provisions	
Adj. EBITDA	1,087	Adj. EBITDA	370	Adj. EBITDA	-139	innogy dividend[2]	730
Capex	267	Capex	66	Capex	4	Changes in provisions[3]	656

[1] Excluding Other/Consolidation (-€119 m) | [2] Appropriation of profits of innogy subsidiaries still directly held by RWE before IPO. Dividend of ~€680 m for FY 2016 payable in 2017 | [3] Includes utilisation, additions to and release of provisions

Lignite & Nuclear – Driven by power price developments

Key financials

€ m	2014PF	2015PF	2016PF
Adj. EBITDA[1]	**2,105**	**1,261**	**1,087**
t/o non-recurring items[2]	361	-55	137
Depreciation	485	551	415
Adj. EBIT[1]	**1,619**	**710**	**672**
t/o non-recurring items[2]	361	-55	137
Capex	**301**	**319**	**267**
Cash contribution[3]	**1,804**	**942**	**820**

Historical financials

> Lower realised power prices (2014: €48/MWh, 2015: €41/MWh, 2016: €35/MWh)

> €0.5 bn improvement in operational cash costs since 2012

> Non-recurring items mainly driven by changes in nuclear, mining and restructuring provisions

> Day-to-day capex for mining operations and maintenance of generation assets

Outlook 2017: significantly below previous year

⊖ Lower realised generation margins (hedged outright price: ~€31/MWh)

⊖ Absence of non-recurring items (€0.15 bn)

⊕ Absence of nuclear fuel tax (€0.15 bn)

⊕ Further efficiency improvements

[1] Including operating income from investments; excluding non-operating result | [2] Non-recurring items (not included in non-operating result) | [3] Adj. EBITDA minus capex (before changes in provisions)

European Power – Benefitting from improving UK spreads

Key financials

€ m	2014PF	2015PF	2016PF
UK	90	190	270
Continental Europe	327	834	100
Adj. EBITDA[1]	**417**	**1,024**	**370**
t/o non-recurring items[2]	-	565	24
Depreciation	1,058	1,138	414
Adj. EBIT[1]	**-640**	**-114**	**-45**
t/o non-recurring items[2]	-638	-89	24
Capex	**785**	**536**	**66**
Cash contribution[3]	**-368**	**488**	**304**

Historical financials

> UK: improving spreads and income from short-term optimisation

> Continental Europe: declining spreads and lower income from balancing and reserve services

> €0.5 bn improvement in operational cash costs since 2012

> Non-recurring items dominated by termination of power plant project in Hamm (compensation payments and write down of plant)

> Decline in capex driven by finalisation of new-build projects

Outlook 2017: significantly below previous year

⊖ Lower realised spreads

⊕ Further efficiency improvements

[1] Including operating income from investments; excluding non-operating result | [2] Non-recurring items (not included in non-operating result) | [3] Adj. EBITDA minus capex (before changes in provisions)

Supply & Trading – Impacted by commodity market developments

Key financials

€ m	2014PF	2015PF	2016PF
Adj. EBITDA[1]	**286**	**164**	**-139**
t/o non-recurring items[2]	-60	-105	6
Depreciation	12	8	6
Adj. EBIT[1]	**274**	**156**	**-145**
t/o non-recurring items[2]	-60	-105	6
Capex	**11**	**10**	**4**
Cash contribution[3]	**275**	**154**	**-143**

Historical financials

> Negative EBITDA in 2016 primarily driven by trading losses in Q2

> Non-recurring items predominantly consisting of legacy contracts in gas midstream business

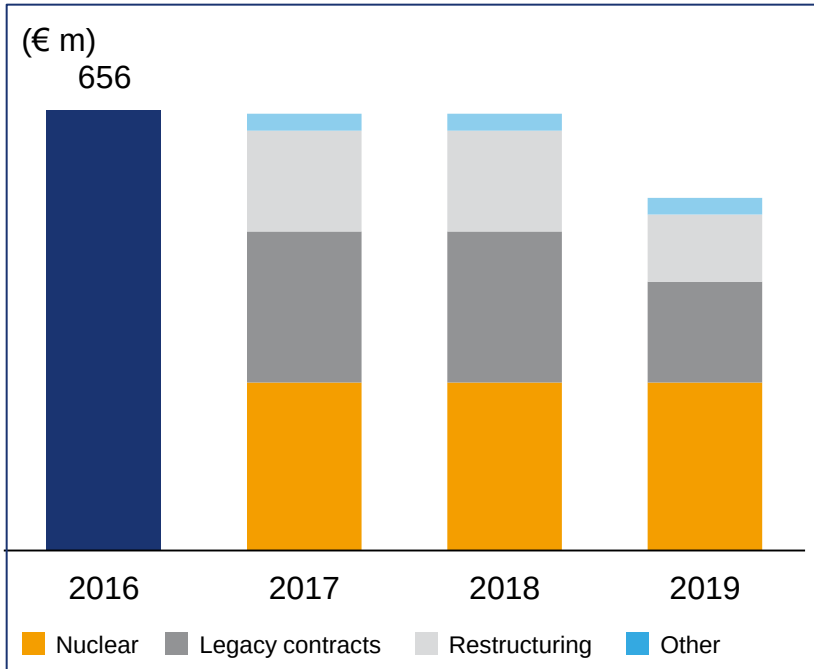
Outlook 2017: significantly above previous year

⊕ Normalisation of trading performance

[1] Including operating income from investments; excluding non-operating result | [2] Non-recurring items (not included in non-operating result) | [3] Adj. EBITDA minus capex (before changes in provisions)

Reduction of changes in provisions expected by 2019

Outlook for changes in provisions[1]



- Relatively stable utilisation of provisions expected in 2017 and 2018, with reduction in 2019
- innogy dividends (2017: ~€680 m) expected to cover changes in provisions

Nuclear

- Stable use of provisions over next 3 to 4 years
- Peak expected after shut-down of last nuclear power plant in 2022

Legacy contracts

- Loss-making power purchase contracts and gas midstream contracts
- Reduction of gas midstream related provisions by 2019

Restructuring

- Mainly personnel related restructuring costs, e.g. redundancies and early retirement schemes
- Expected to be mostly used in the years 2017 to 2025 with lower utilisation from 2019 onwards

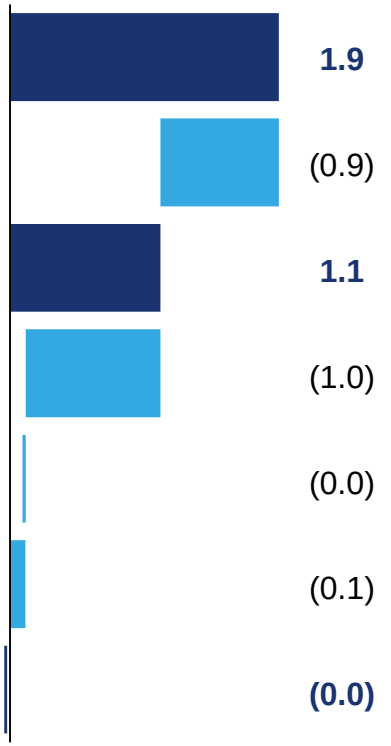
Other provisions

- Includes, e.g. mining and pension provisions
- Mostly offset with additions to provisions and other non-cash items

[1] Includes utilisation, additions to and release of provisions

Income statement 2016 still impacted by higher depreciation and financial result

Group	RWE stand-alone[1] (2016)	(€ bn)
5.4	**Adj. EBITDA**	**1.9**
(2.3)	Depreciation	(0.9)
3.1	**Adj. EBIT**	**1.1**
(1.8)	Adj. financial result	(1.0)
(0.0)	Tax	(0.0)
(0.4)	Adj. minorities & hybrids	(0.1)
0.8	**Adjusted net income**	**(0.0)**

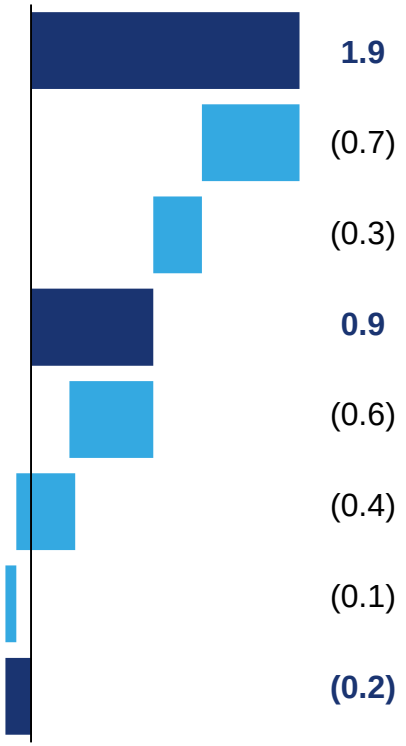


- RWE stand-alone EBITDA includes innogy dividend (2016: €730 m)[2] and Other/Consolidation of -€119 m
- Financial result impacted by
  - Losses from sale of securities (-€0.1 bn)
  - Adjustments of discount rates for other non-current provisions (-€0.1 bn)
- Limited taxable earnings at RWE AG tax unit
- Main minorities in Mátra and Denizli power plants
- Hybrid bond classified as equity pursuant to IFRS

[1] Pro-forma financial | [2] Appropriation of profits of innogy subsidiaries still directly held by RWE before IPO

2016 distributable cash flow affected by phasing out of working capital measures and higher cash interests/taxes

Group	RWE stand-alone[1] (2016)	(€ bn)
5.4	**Adj. EBITDA**	**1.9**
(1.1)	Change in provisions & other non-cash items	(0.7)
(2.0)	Capex	(0.3)
2.3	**Cash contribution**	**0.9**
(0.9)	Operating working capital	(0.6)
(1.5)	Cash interests/taxes	(0.4)
(0.4)	Non-controlling interest + hybrids	(0.1)
(0.5)	**Distributable cash flow**	**(0.2)**



- RWE stand-alone EBITDA includes innogy dividend (2016: €730 m)[2] and Other/Consolidation of -€119 m
- Change in provisions includes utilisation, additions to and release of provisions
- Operating working capital excludes changes in variation margins; negative change in 2016 largely driven by phasing out of working capital measures
- Cash interests/taxes in 2016 includes lower interest income after sale of securities (-€0.1 bn) and one-off taxable earnings from reorganisation (-€0.2 bn)

[1] Pro-forma financial | [2] Appropriation of profits of innogy subsidiaries still directly held by RWE before IPO

Solid capital structure with increased financial flexibility

RWE stand-alone net debt (as of 31 December 2016)

(€ bn)	
Financial assets and receivables	**16.1**
> Financial receivables against innogy	4.3
> Financial assets	11.8
Financial liabilities	**12.0**
> Bonds and bank debt	4.9
> Other financial liabilities	1.2
> Hybrid adjustments	(1.1)
> Nuclear energy fund (consolidated stake)[1]	7.0
Net financial assets	**4.1**
Long-term liabilities	**11.0**
> Nuclear provisions[2]	5.7
> Mining provisions	2.4
> Pension provisions	2.9
Total net debt	**6.9**

Limited relevance of traditional leverage ratios

> Net financial asset position

> Long term provisions well covered by innogy stake

> Financial position commensurate with investment grade rating

Necessity for tailor-made approach to financing / leverage / rating

> Intensive dialogue with rating agencies regarding new financial situation of RWE

> Definition of minimum requirements for coverage of provisions by fungible assets

> Financing need for operational liquidity management

Optimisation of capital structure and financing

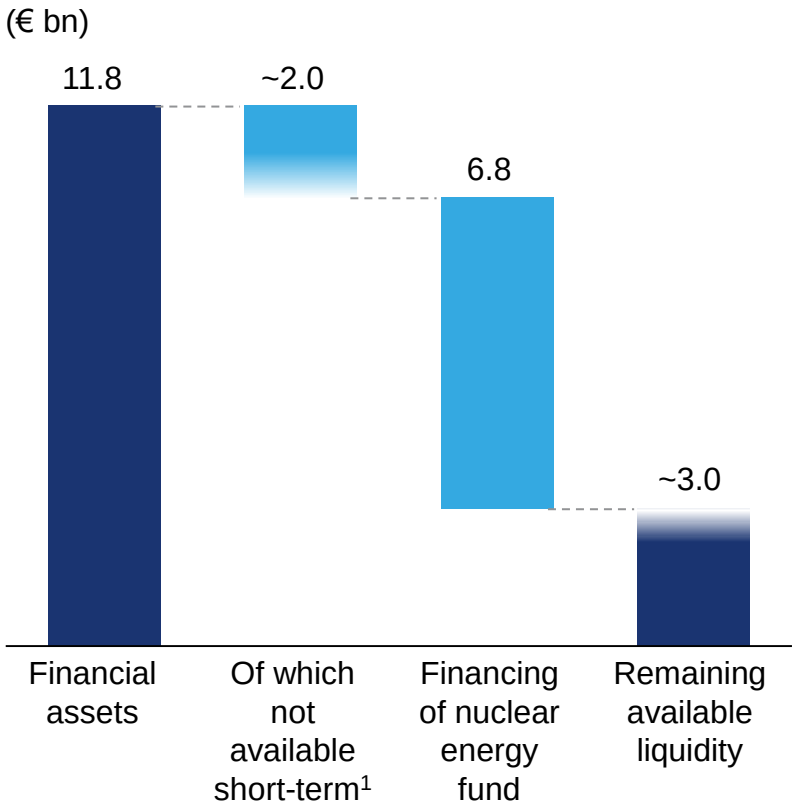
> 50% reduction of hybrids envisaged; no replacement of 2017 call date hybrids

> Switch to revolving working capital line

[1] Includes base amount and risk premium; RWE's economic stake: €6.8 bn | [2] Excludes nuclear energy fund base amount and risk premium

Funding strategy reflects strong liquidity position

RWE stand-alone liquidity position (as of 31 December 2016)



- Solid liquidity position to cover short-term financial and operational business requirements
- Nuclear energy fund contribution (including risk premium) to be paid in full on 1 July 2017
- Financing strategy for operating business to be adapted to operational liquidity management
  - Commercial paper programme available
  - Revolving credit facilities and guarantee lines as additional funding sources

[1] E.g. collaterals and securities of the non-current assets

RWE stand alone – Outlook 2017

2016		2017	
€1.9 bn	**Adjusted EBITDA**	**€1.6 bn – €1.9 bn**	
-€0.9 bn	Depreciation	↘	> Reduction by ~€0.3 bn from impairments
-€1.0 bn	Net financial result	↘	> Reduction in interest accretion to provision (€0.4 – 0.5 bn) > Absence of losses from sale of securities and impact from lower discount rates on non-current provisions (€0.2 bn)
€0.0 bn	Taxes	→	> 95% tax exemption for innogy dividend > Potential utilisation of tax assets in German tax unit
-€0.1 bn	Minorities & hybrids	→	> Stable development expected
-€0.0 bn	**Adjusted Net Income**	**€0.7 bn – €1.0 bn**	

Strict focus on disciplined capital allocation

Elements of capital allocation

Operating business

Lignite & Nuclear

> Cash-optimised maintenance capex

European Power

> Optimisation/upgrade capex

Supply & Trading

> Rotating capital (Principal Investments) with target equity IRRs of 15% – 20%

Portfolio management

Minimum financial portfolio requirement

> Minimum coverage of provision utilisation by innogy/fungible asset

> Target coverage: 100% of next 5 years / 75% of next 10 years

Investment criteria

> Focus on core markets, synergies and portfolio diversification

> IRR > WACC[1]

> Cash flow/EPS accretive

[1] IRR > risk adjusted hurdle rate (after-tax WACC and project/country risk adjustments)

Sustainable dividend with upside potential

Elements of dividend policy

- Target dividend driven by distributable cash flows of RWE stand-alone
- Objective of sustainable dividend payout
  - Potential to anticipate known power price developments
  - Potential to smooth short-term volatility of trading business

€0.50 per share for fiscal year 2017[1]

Target to at least maintain dividend level in subsequent years

- Potential upsides
  - Commodity price developments/outright power price recovery
  - Tightness of markets (spread recovery/capacity remuneration)
  - Value upside from portfolio management

Management incentive scheme aligned with focus on total shareholder return

[1] Envisaged by management board

Financial highlights – key messages

- ✔ Full transparency on operating business and financial portfolio
- ✔ Operating business managed for cash and positioned for market recovery
- ✔ Solid capital structure and financial flexibility
- ✔ Strong financial discipline and sustainable dividend with upside potential

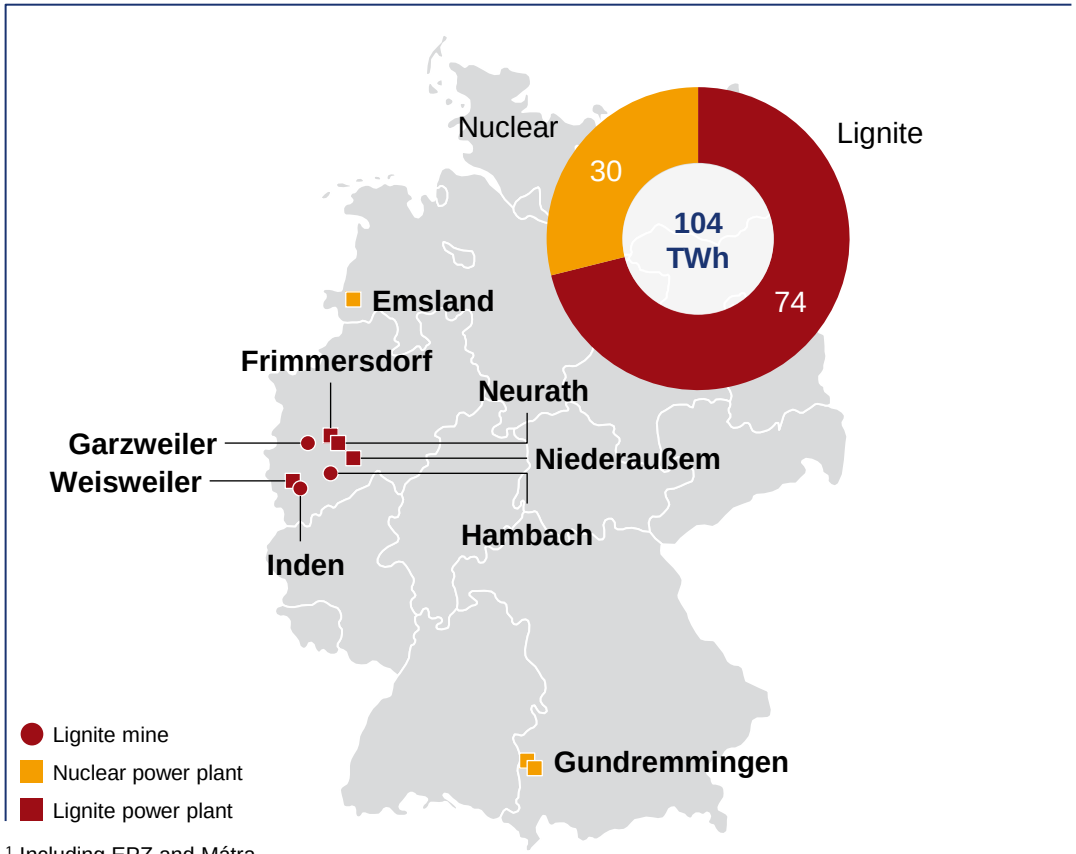
Lignite & Nuclear

Rigorously managed asset base with significant outright exposure

Frank Weigand
Chief Financial Officer
RWE Generation

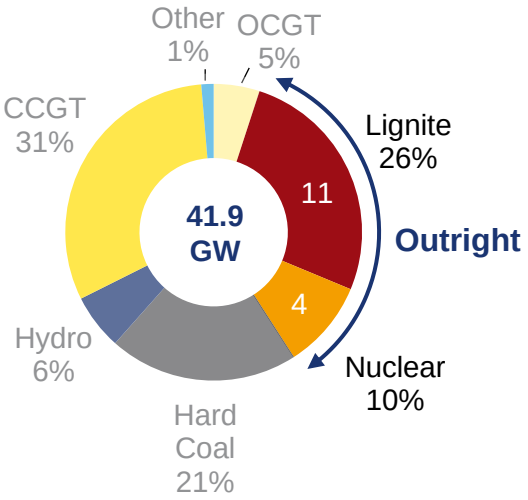
Strong outright position

Main operational sites in Germany and production volumes[1] (2016)



[1] Including EPZ and Mátra

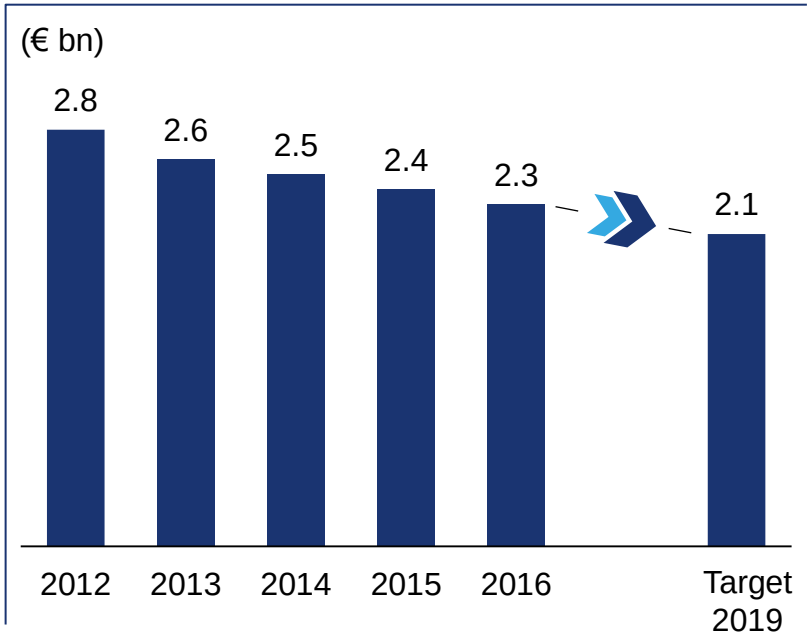
Generation capacity[1] (2016)



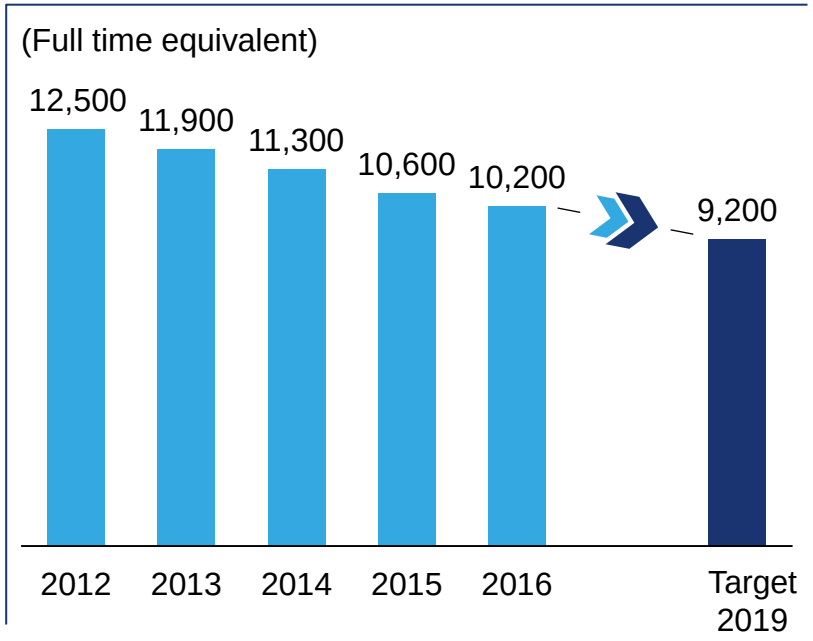
- Nuclear power plants operating at two locations
- Lignite assets concentrated in Rhenish region
- Plants operating at high load factors (~80%)

Track record of significant cost reductions in Lignite & Nuclear

Operational cash cost development[1]



Employee/headcount development



> Total cash cost reduction of ~€0.5 bn since 2012

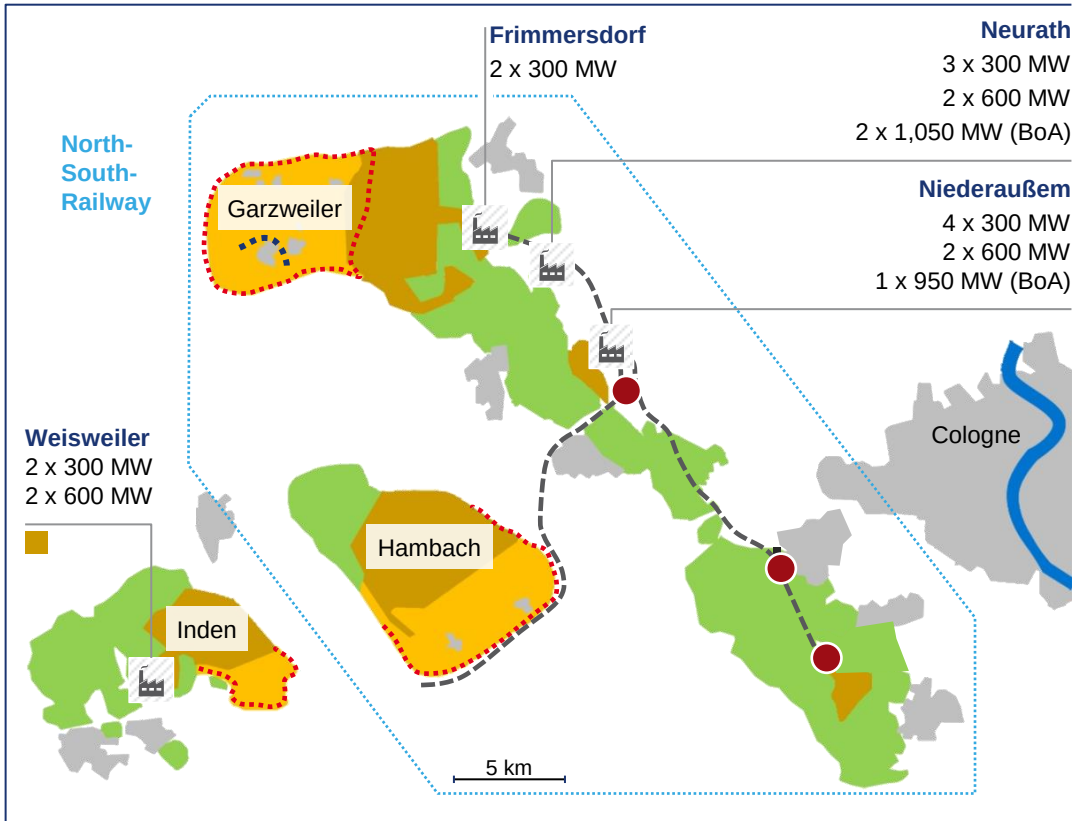
> Additional cost improvements of ~€0.2 bn targeted until 2019

[1] Opex and capex excluding large projects; excluding EPZ and Mátra

Lignite

Integrated system including mining, refining and power plants

Major sites in Germany (2016)



Mine premises | Approved open cast mining area | Restored mine premises
Lignite refining | Populated area | Power plants | Own railway | Reduction according to 'Leitentscheidung'

Integrated system

- 3 lignite open cast mines
- ~10 GW installed power generation capacity in Germany, ~1 GW in Mátra, Hungary
- 3 refining sites
- Compact mining area with optimised own infrastructure

Regulatory framework clarified by state ruling providing planning security for mining

Clear regulatory framework

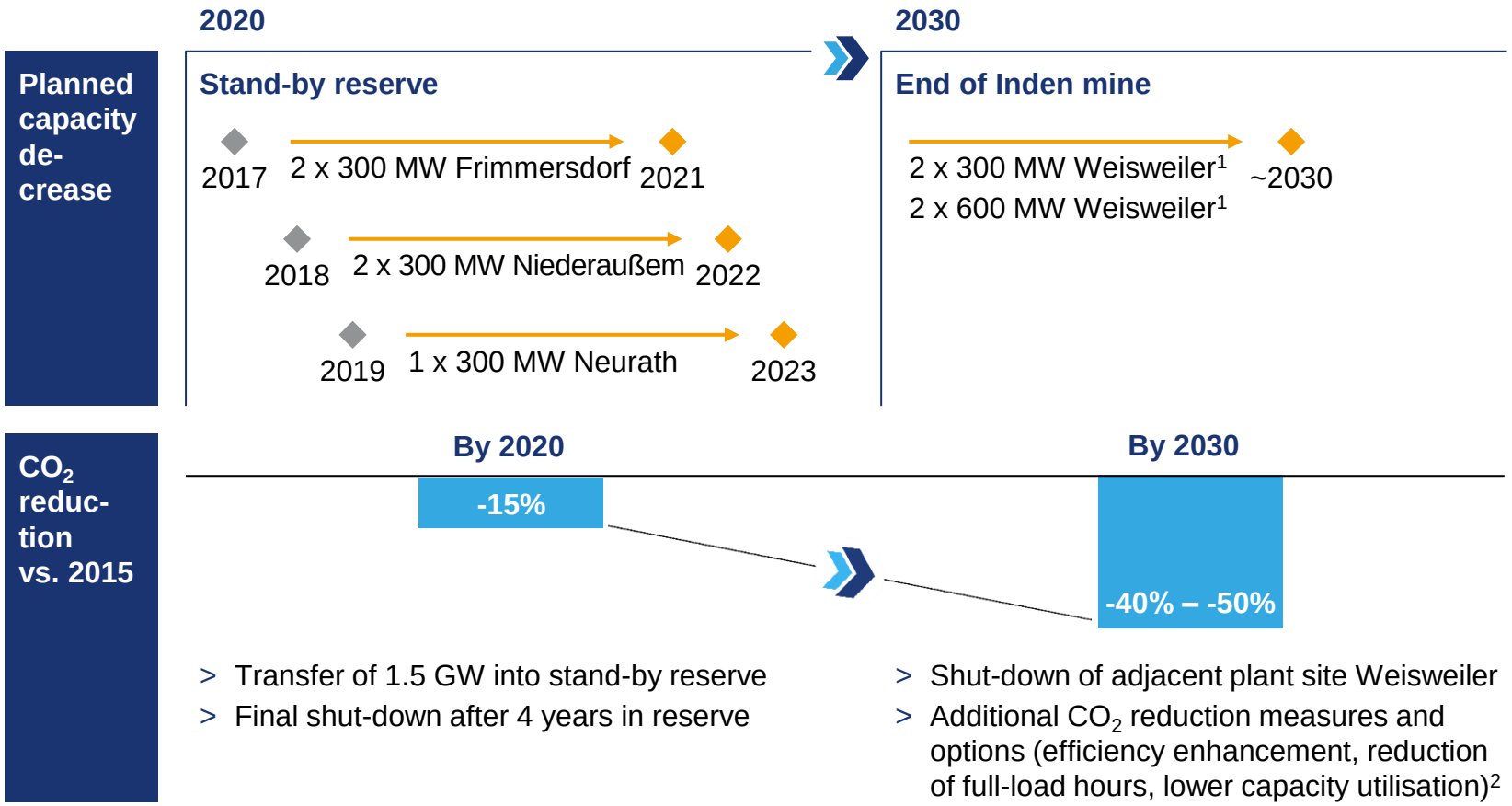
- State ruling on Rhenish lignite mining[1]
  - Confirmation of lignite mining necessity to ensure electricity supply
  - Accounts for lower expected power generation from lignite
  - Equivalent reduction of Garzweiler mining area
- Stable planning environment for mining operations

Sufficient reserves until mid-century[2]

Open cast mines	Extraction[3] (Mt/a)	Reserves (bn t)	Estimated end date
Hambach	~ 35 – 40	1.3	Mid-century
Garz-weiler	~ 35 – 40	0.8	Mid-century
Inden	~ 15 – 20	0.3	~2030
Total	**~ 90 – 95**	**2.4**	

[1] 'Leitentscheidung' adopted by State of North Rhine-Westphalia (NRW) | [2] As of 2016; excluding Mátra, Hungary | [3] Extractions shrinking until mid-century

Significant CO_2 reduction in line with broader European and national roadmap



- Transfer of 1.5 GW into stand-by reserve
- Final shut-down after 4 years in reserve

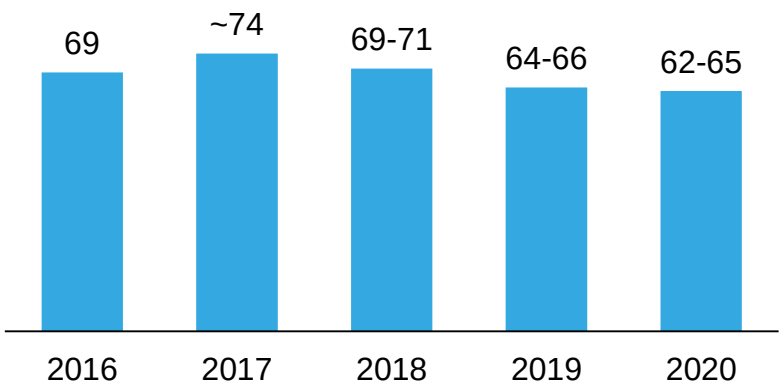
- Shut-down of adjacent plant site Weisweiler
- Additional CO_2 reduction measures and options (efficiency enhancement, reduction of full-load hours, lower capacity utilisation)[2]

[1] When Inden mine's supply comes to an end | [2] Depending on expansion of renewable energy sources

Further cost reductions to maintain positive cash contribution from operations

Generation output in Germany (TWh)[1]

Transfer of 5 blocks to stand-by reserve



Cash contribution[2]

> **Rule-of-thumb:**
Breakeven at power prices minus CO_2 costs of ~€22/MWh including additional planned efficiency measures

> **Example:**
Base load price of €28/MWh and CO_2 price of €6/MWh (equivalent to ~€5.5/t at an emissions factor of 1.1)

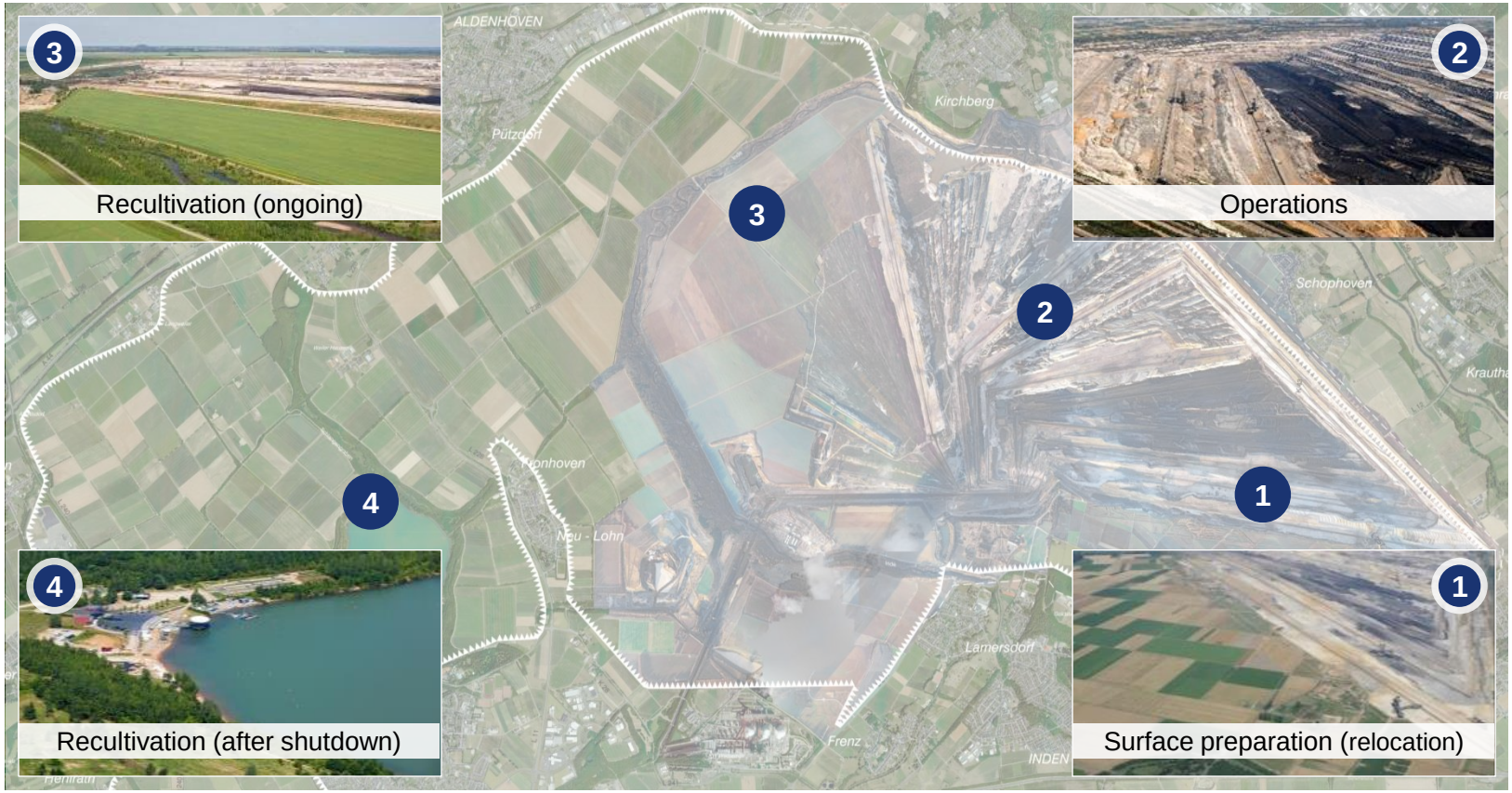
Efficiency measures

> Reduction of non-safety relevant technical standards in overhauls and repairs
> Lower external spend
> Reduction of overtime (optimised utilisation of personnel/ flexible working time models)
> Organisational optimisation and staff reduction via early-retirement programs
> Stretching of overhaul cycles for power plants

[1] Excluding Mátra; gross generation, not including ~3 TWh of own consumption | [2] Adj. EBITDA minus capex (before changes in provisions)

Longstanding experience in lignite operations

Overview of mining activities

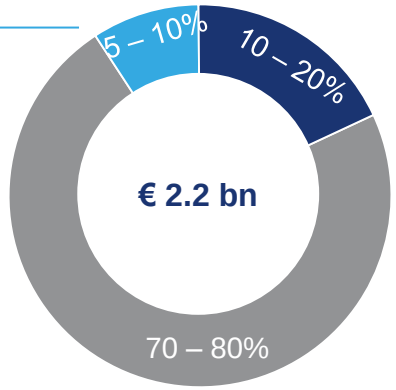


Majority of mining obligations due to recultivation

RWE's lignite mining provisions in Germany (as of 31 Dec 2016)

Surface preparation (relocation)

- Resettlement of villages
- Set up of infrastructure at resettlement sites
- Relocation of motorways, country roads and rail tracks



Mining damage

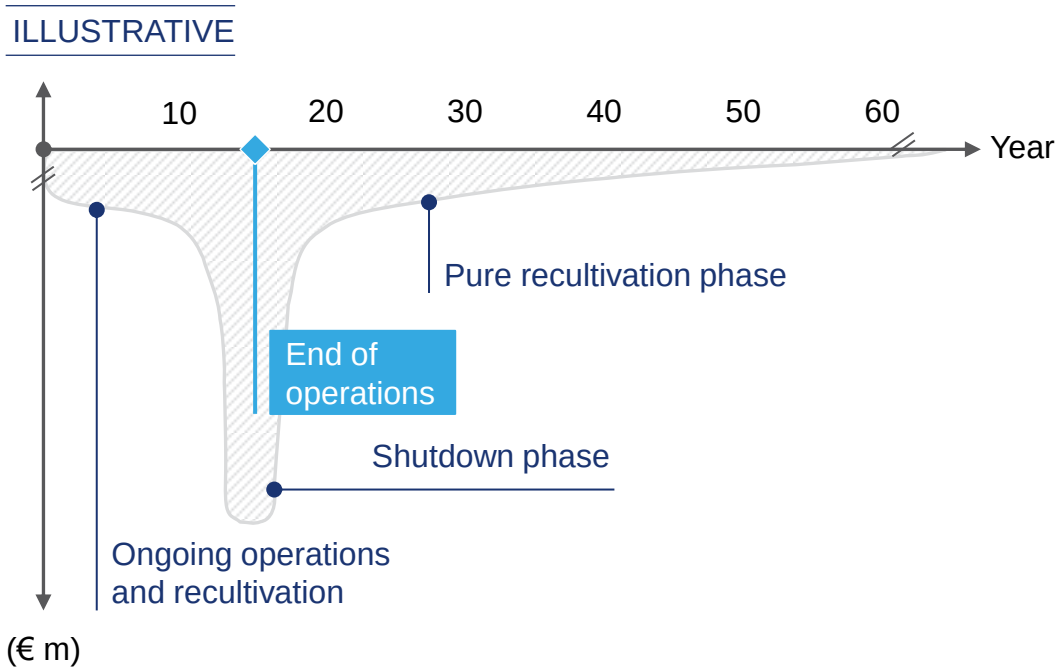
- Reimbursement for subsidence damages
- Substitute water supply

Recultivation

- Recultivation of land
- Backfilling of open cast mines
- Creation of residual lakes
- Filling residual lakes with river water
- Water management and monitoring of residual lakes

Stable utilisation of provisions expected for the foreseeable future

Example: cash flow profile (one mine)



Utilisation of all mining provisions

Until ~2030

> Stable utilisation of provisions, mainly for relocation, mining damage and recultivation

> Annual utilisation: €40 m – €80 m

After 2030

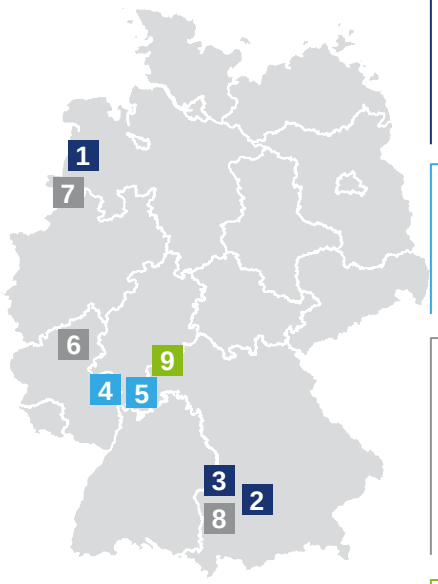
> Increased utilisation of provisions due to shutdown of Inden

Lignite – key messages

- ✔ Experienced operator of well-managed and integrated system
- ✔ CO_2 reduction in line with broader political roadmap
- ✔ Efficiency improvements to keep system cash positive

Nuclear

Experience across entire nuclear plant lifecycle

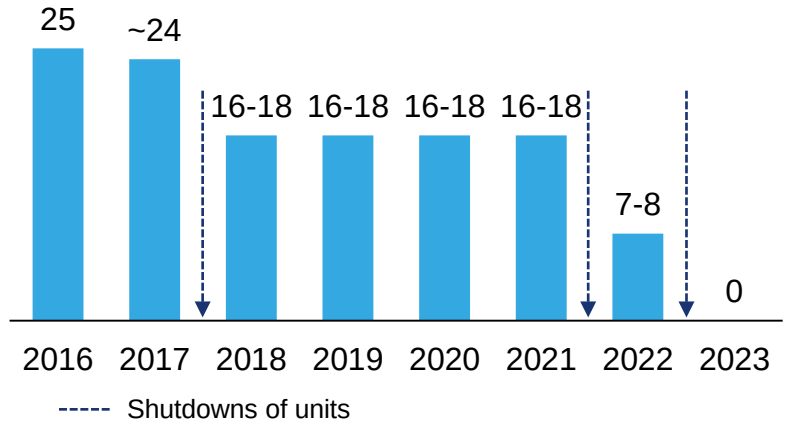


Nuclear units in Germany		Net capacity (GW)	End of operations	Status: Spent fuel removal	Status: Decomm. licence	Status: Decomm. progress	
1	Emsland[1]	1.3	2022	2027E	Pending	-	Operational (3.9 GW)
2	Gundremmingen C[2]	1.3	2021	2025E	Pending	-	
3	Gundremmingen B[2]	1.3	2017	2022E	2017E	-	
4	Biblis A	1.2	2011	✓	2017E	-	Post-operation (2.4 GW)
5	Biblis B	1.2	2011	2018E	2017E	-	
6	Mülheim-Kärlich	1.2	1988	✓	✓	◔	In decommissioning (1.7 GW)
7	KWL Lingen	0.3	1979	✓	✓	◔	
8	Gundremmingen A[2]	0.2	1977	✓	✓	◔	
9	Kahl[3]	0.01	1985	✓	✓	●	Decommissioned

Note: RWE economic share; excluding EPZ | [1] 12.5% owned by PreussenElektra (E.ON) | [2] 25% owned by PreussenElektra (E.ON) | [3] 20% owned by PreussenElektra (E.ON)

Positive cash contribution from plants in operation

Generation output (TWh)[1]



Cash contribution[2]

> Breakeven at base load prices of above ~€20/MWh, including additional planned efficiency measures

> Although cost base already largely optimised, further efficiency measures in implementation

Efficiency measures

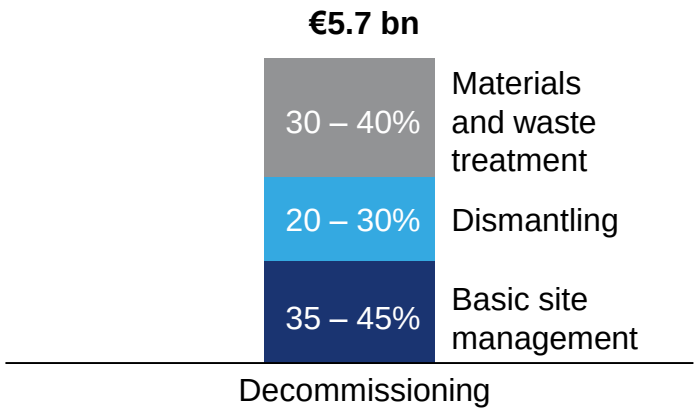
> Staff reduction via utilisation of early-retirement programs according to decommissioning progress
> Reduction of permanent external staff for units in operation
> Reduction of non-safety relevant age-related replacement measures and maintenance activities
> Lower expenses for uranium and casks for spent fuel

[1] RWE economic share, excluding EPZ | [2] Adj. EBITDA minus capex (before changes in provisions)

Clear separation of responsibilities between nuclear operators and state

RWE's responsibility

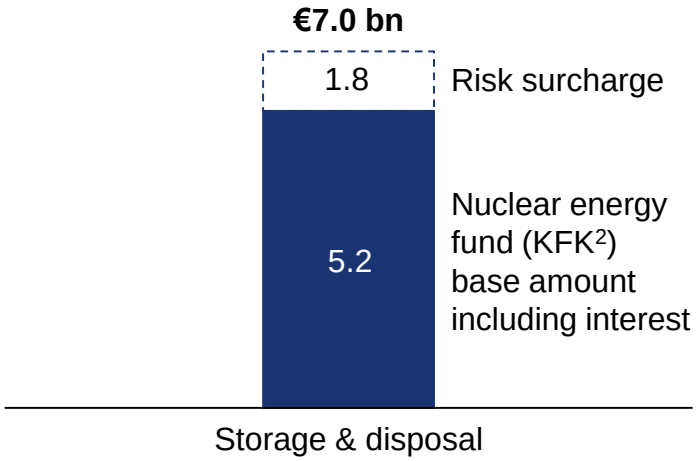
RWE's remaining nuclear provisions
(31 Dec 2016)



Clear regulatory framework for decommissioning activities

State's responsibility

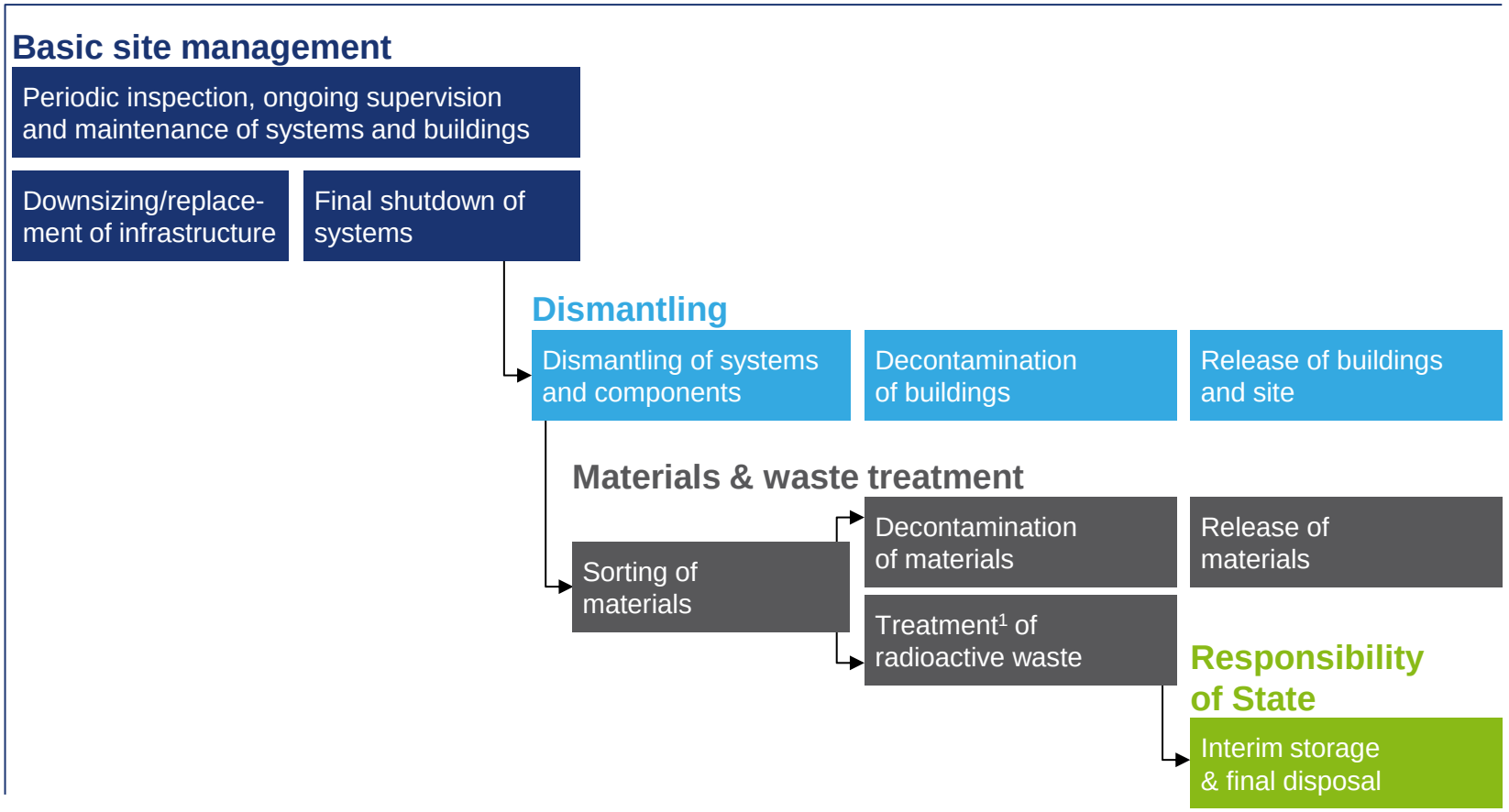
RWE's contribution to state fund[1]
(1 July 2017)



Finite financial contribution to state fund without further liabilities

[1] Figures reflect the consolidated view, including minority interest of E.ON in the Emsland nuclear power plant. RWE's economic share is €5.0 bn for the base amount including interest until 30 June 2017 and €1.8 bn for the risk premium (in total €6.8 bn) | [2] Kommission zur Überprüfung der Finanzierung des Kernenergieausstiegs

Decommissioning steps well established



[1] E.g. melting, incineration, compaction, packaging and documentation

Relevant decommissioning experience in-house

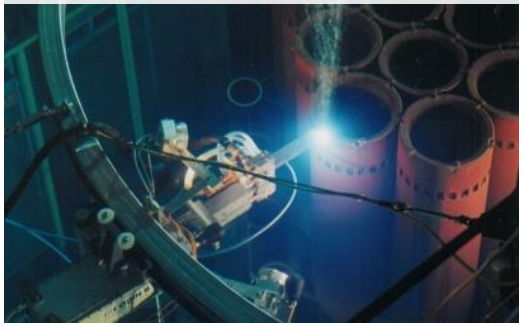
Basic site management

Example: Emergency power supply
(during plant operations)

Downsized/replaced units
(installed for decommissioning)

Dismantling

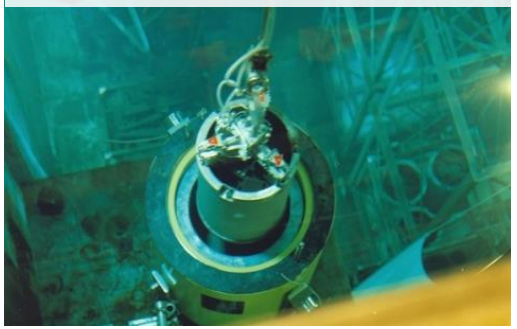
Under water thermal cutting
(reactor pressure vessel internals)



Manual dismantling
(systems and components)

Materials & waste treatment

Under water packaging
(reactor pressure vessel internals)



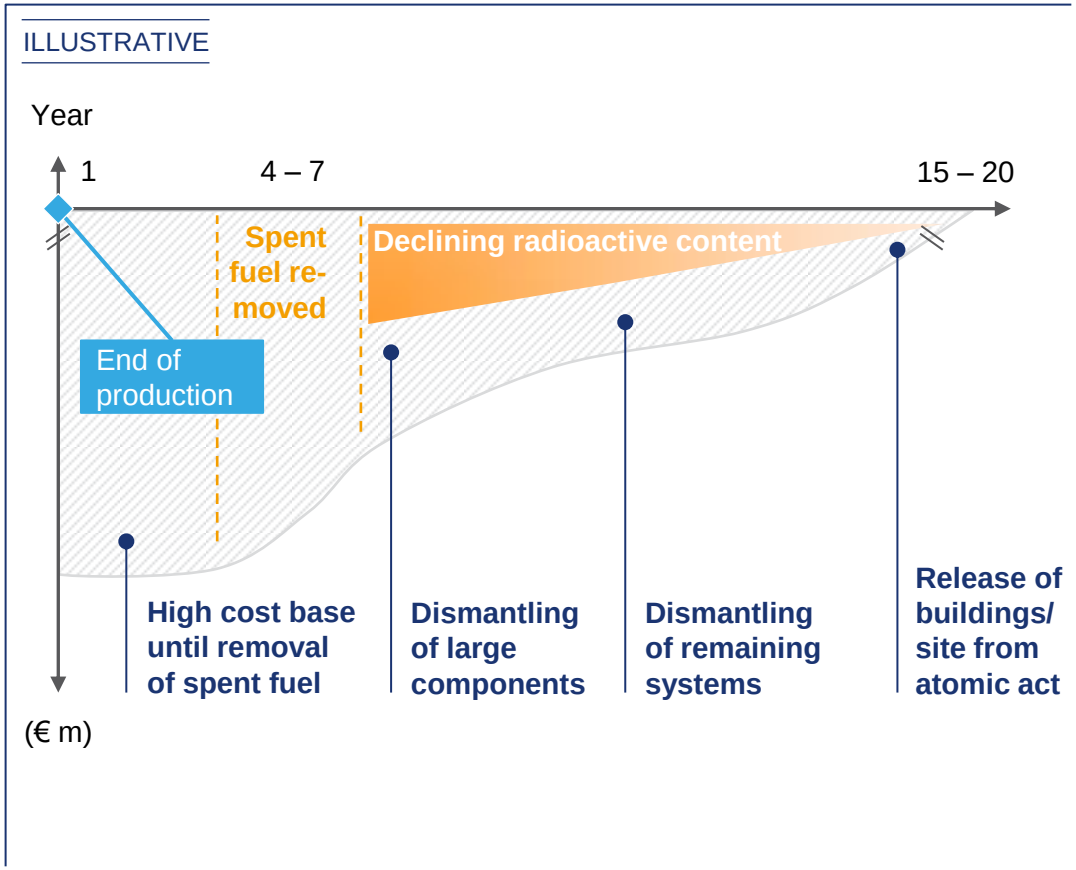
Manual decontamination
(contaminated parts)

Key success factors for decommissioning in place

	Key success factors	RWE's approach and experience
Decommissioning planning & management	> Timely receipt of licences > Clear blueprint for planning > Avoidance of delays/cost overruns	> Early licencing process > Project management track record > Fleet approach (e.g. for dismantling of large components)
Availability of suppliers	> Maintaining quality standards > Availability of key contractors	> Qualified service providers are available > High safety standards for all parties
Basic site management	> Early initiation of preparation process > Adequate infrastructure (field technology)	> Cost cutting experience transferred > Early replacement/adaption of expensive infrastructure
Dismantling & materials and waste treatment	> Bundling of dismantling activities > Robust logistic concept > Availability of back end capacity	> Proven and established techniques > Preferred on-site treatment of materials and waste

Cash flow profile of provisions driven by timing of individual shutdowns

Example: Decommissioning cash flow profile (one unit)



Utilisation of all nuclear provisions

Until ~2020
Stable utilisation of provisions
(€200 m – €300 m p.a.)

From 2021 onwards
Increased utilisation of provisions due to further shutdowns
(€300 m – €500 m p.a.)

From ~2030 onwards
Clear reduction in utilisation of provisions

Nuclear – key messages

- ✔ Strong expertise, both in operations and decommissioning
- ✔ Positive cash contribution until decommissioning
- ✔ Significantly improved planning certainty due to new nuclear law

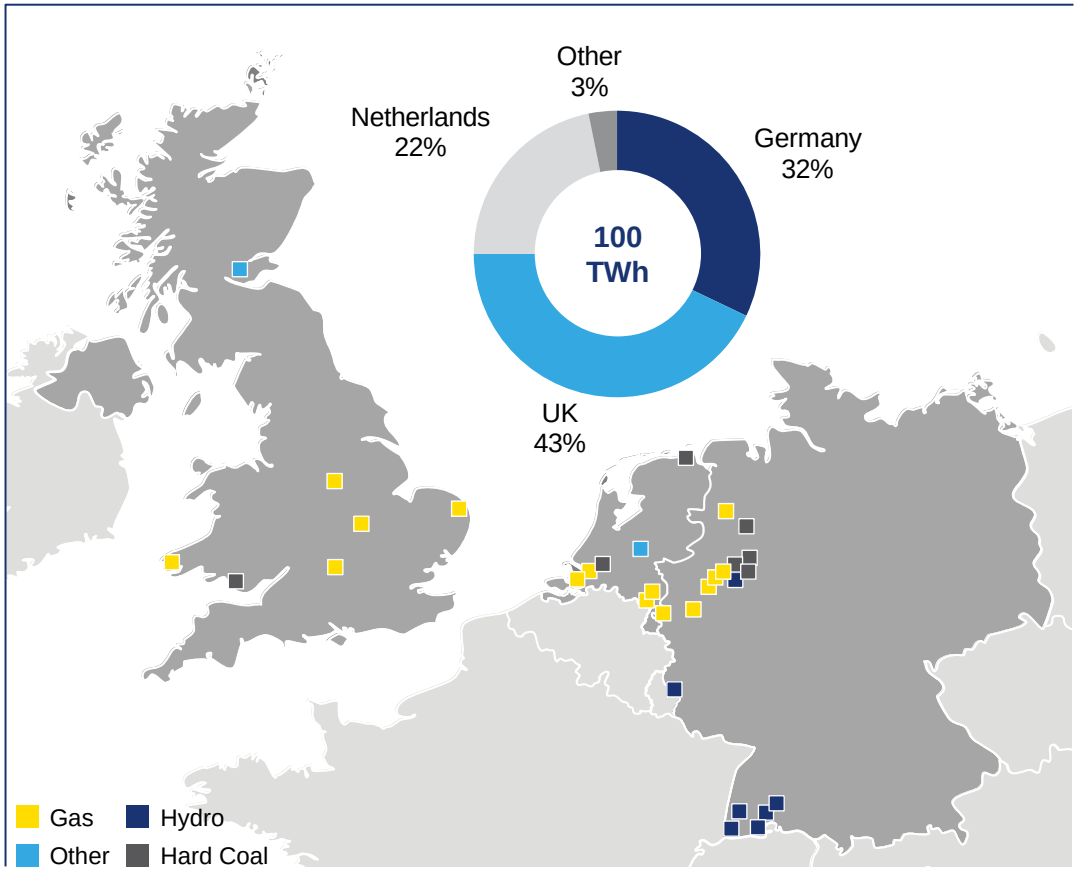
European Power

Efficient operator of modern and flexible generation fleet

Roger Miesen
Chief Technical Officer
RWE Generation

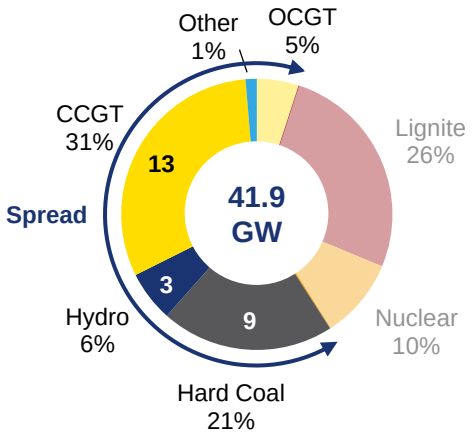
Well positioned portfolio across regions and technologies

Major power plants and production volumes[1] (2016)



[1] Including Denizli

Generation capacity (2016)

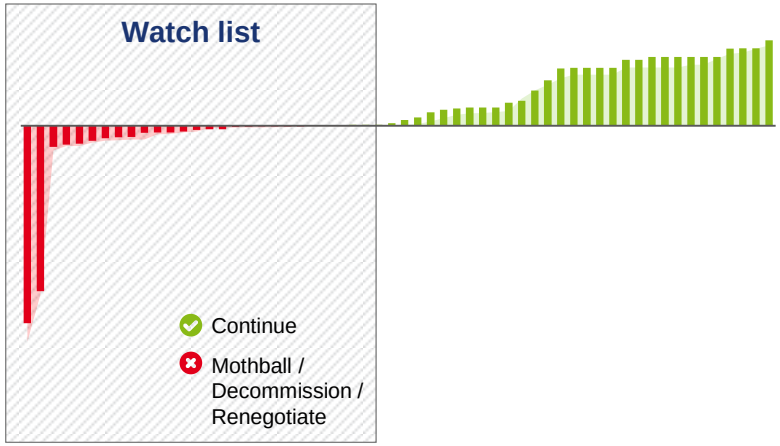


- Leading market positions in Germany, UK and the Netherlands
- Diversified market, political and regulatory exposure
- Attractive site locations, adjacent to cities and industrial centres
- Operational synergies with outright power plants
- 2.4 GW portfolio of customer plants
- 990kt waste incineration capacity

Rigorous cash flow-based portfolio decisions

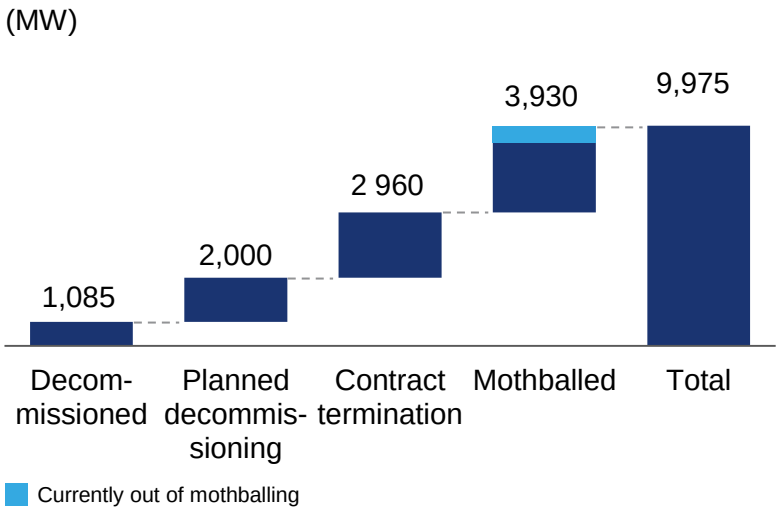
Corporate cash contribution[1]

Power plant units and contracts



- Detailed cash-oriented report (quarterly basis, unit-by-unit analysis)
- Focus on economic cash flows (gross margin, operating costs and overhead allocation)
- Remaining loss-making contracts fully provisioned

Cumulative portfolio measures since 2012



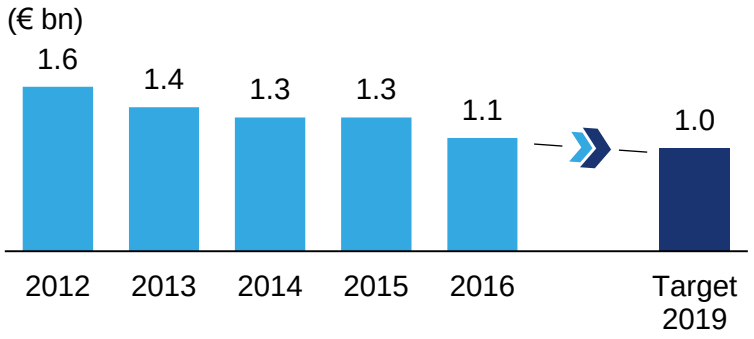
- Strict portfolio evaluation process
- Decommissioning of uneconomic plants and termination of loss making contracts
- Longer-term mothballing achieved at very low costs
- Ability to bring plants back online at short notice (e.g. via redeployment of staff)

[1] Average cash contribution 2017 – 2021 per unit (based on market forward prices and total cash costs including central overhead allocation)

Significant cash improvements while maintaining full optionality

Management of cost base

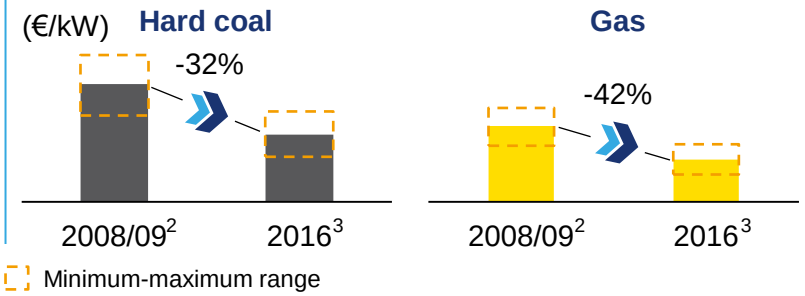
Operational cash cost development[1]



Additional efficiency measures

- Further fleet synergies (more efficient operations, reduced operational cost)
- Ongoing technical improvements (e.g. minimum load reductions, improved ramp rates)
- Increasing degree of cluster management/remote plant operations (Gersteinwerk – Westfalen, Amercentrale – Moerdijk)
- Business process optimisation (efficient overheads, rationalised document management)

Key performance drivers (core cost analysis)

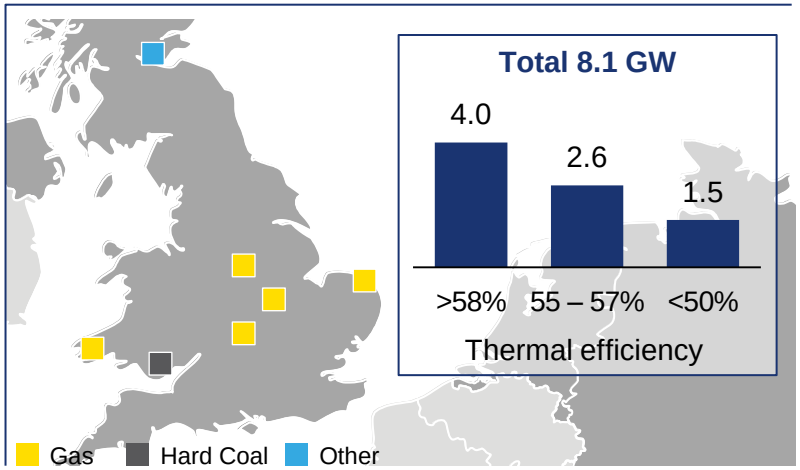


- Best-in-class O&M structure and continuous improvement
- Delegation of responsibility into plants and divisions
- Gas turbine fleet management for 14 GT26 machines
- Competence centres for key maintenance areas
- Convoy management (hard coal new builds)

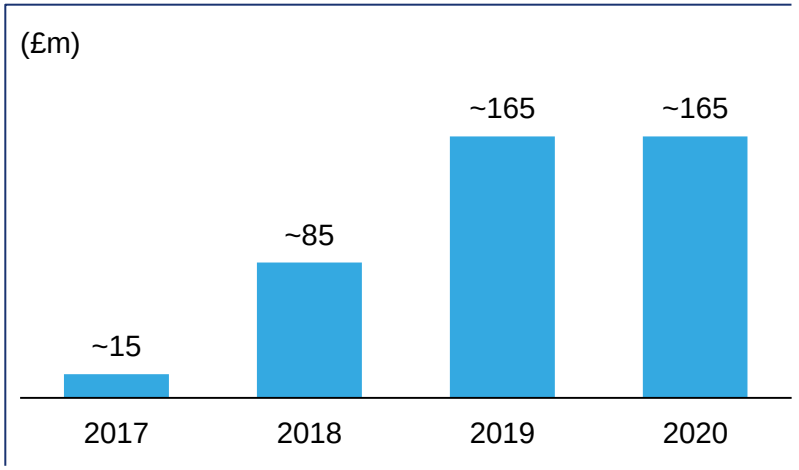
[1] Opex and capex without large projects | [2] Solomon benchmark study; based on comparable and relevant wholesale units | [3] RWE fleet comparable operational expenditures

UK generation portfolio – excellent competitive position and upside from capacity market

Highly efficient fossil fuel portfolio



Revenue from capacity market[1]



Assets well positioned in market

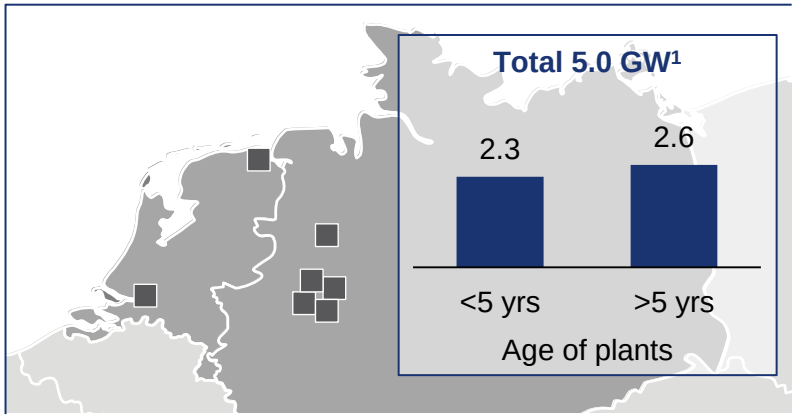
Pembroke (2.2 GW)	> Latest technology (upgraded in last 2 to 3 years) > Pembroke 58% thermal efficiency
Staythorpe (1.7 GW)	> Direct water cooling and next to LNG terminal (Pembroke)
Didcot (1.4 GW)	> Close to major demand centres

- > Strong position in attractive market
  - – Largest fossil fuel generator
  - – Management of small OCGTs, CHPs and customer plants (>700 MW)
- > Assets situated in attractive locations
  - – Operational sites in southern and coastal areas
  - – Portfolio of brownfield sites available
- > All large units successful in capacity auctions

[1] Based on cleared capacity prices (nominal) and capacity contracts secured by RWE

Continental European hard coal – cash positive operations with upside from biomass co-firing

Restructured power plant portfolio



Efficient convoy management

800 MW class

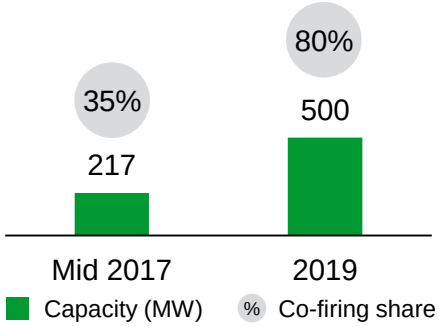
- ✓ 3 identical units (commissioned 2014/15)
- ✓ High efficiency (>46%)
- ✓ Significant operational synergies (maintenance and technical improvements)

Biomass co-firing optionality

Successful auction for co-firing at Amer and Eemshaven

Regulated income stream

Amer biomass conversion

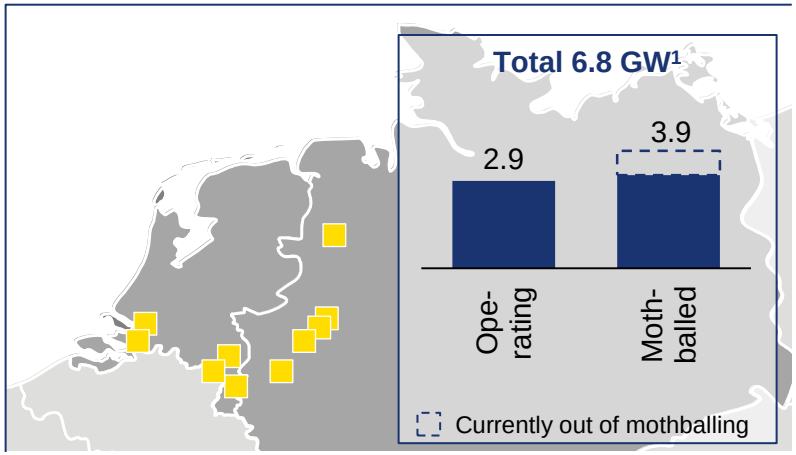


- > Balanced portfolio of assets
  - – 2 new-build plants (Westfalen, Eemshaven)
  - – Highly flexible and cost efficient – potential to become mid-merit base load provider
- > Coal portfolio cash positive, following closures
- > Ongoing technological improvements
  - – Biomass co-firing conversion
  - – Convoy system

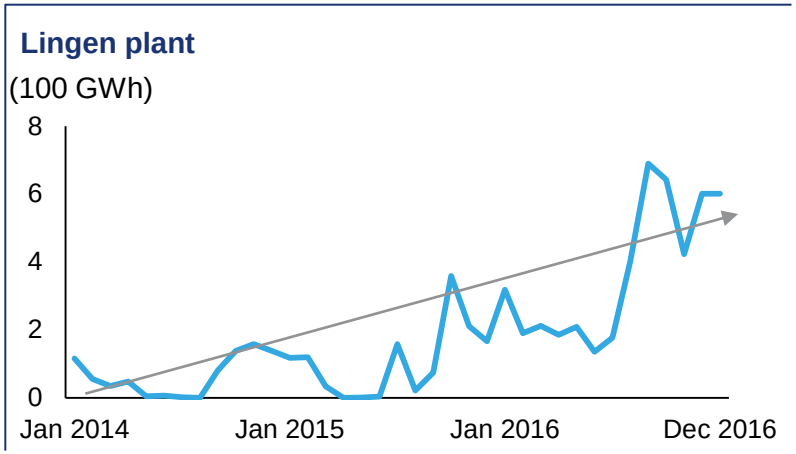
[1] Excluding contractual secured power plants

Continental European gas – modern fleet, well positioned for tighter markets

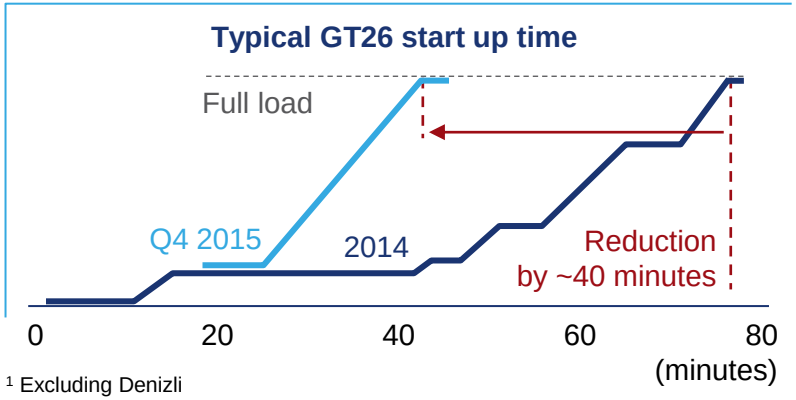
Underutilised power plant portfolio



Significant utilisation improvements



State-of-the art technology



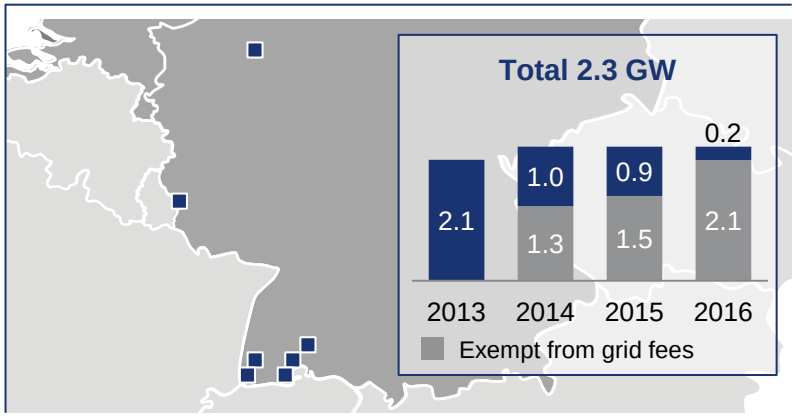
- Modern portfolio well placed to benefit from expected market tightness
- Ongoing technical improvements
  - GT26 ramp up time
  - Black start capability (Lingen, Claus C)
- Attractive portfolio of customer plants
  - Long-term contracts and stable relationships
  - Additional optimisation potential (e.g. power-heat coupling)

[1] Excluding Denizli

RWE

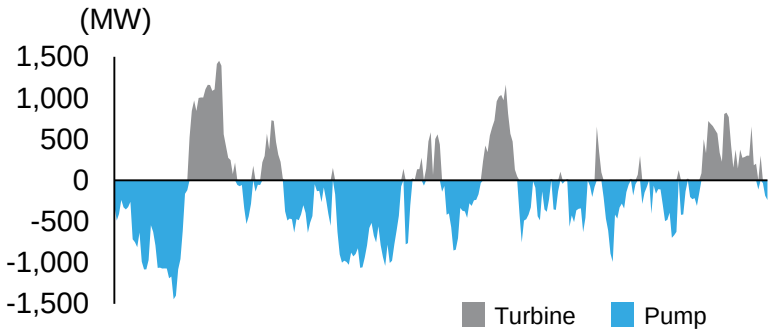
Pumped storage – attractive portfolio optimisation opportunities

Major hydro plants



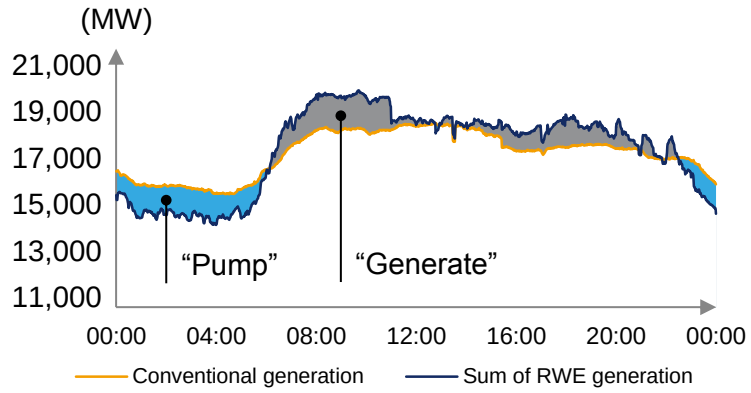
Highly flexible assets

Pumped storage portfolio dispatch (24 – 26 Dec 2016)



Optimisation of RWE generation portfolio

Pumped storage portfolio dispatch (25 Jan 2017)



- Favourable locations in the south of Germany
- ~90% exempt from grid fees (market: 40 – 50%)
- Highly flexible generation technology
  - >25,000 start/stops in 2016
  - +/- 4,400MW load change within 5 minutes
- Valuable contribution to overall portfolio optimisation (avoidance of conventional ramp up in morning hours)
- Existing pumped storage most commercially attractive storage technology

Initiatives focused on security of supply

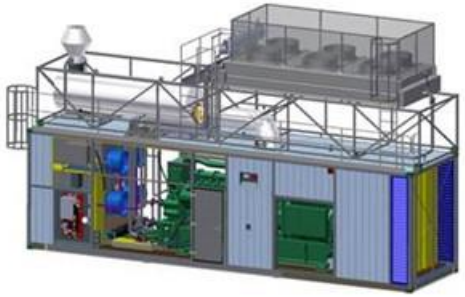
Combined battery storage

- 6 MW battery storage project (Herdecke, Germany)
  - Shared infrastructure (grid connection, personnel) with pumped storage plant
  - Operational in H1 2017
- Leveraging long-term system integration experience of pumped storage plants into new storage technologies

Temporary generation

- Mutually beneficial partnership with Aggreko in UK since November 2014
  - RWE: maximise value of land and connections
  - Agrekko: off-season utilisation of mobile generation units
- Multiple revenue streams (reserve and wholesale markets/avoided grid fees)

Embedded generation



- Long track record with gas engines (derived from German coal mine gas activities)
- Small gas engines in UK (1–2 MW) connected to local distribution network (15 – 20 MW project size)
- Planning applications for 4 UK projects submitted (1 for 20 MW at Grimsby CHP site; 3 at Cheshire CHP site)
- Grimsby project obtained 15-year capacity market agreement

European Power – key messages

- ✔ Highly flexible and efficient power plant portfolio across core regions
- ✔ Meticulous management approach to maximise value
- ✔ Fleet well positioned for tightening energy markets in Europe
- ✔ Attractive opportunities to further develop business operations

Commercial Asset Optimisation (CAO)

Extraction and monetisation of value from generation assets

Tom Glover
Chief Commercial Officer CAO
RWE Supply & Trading

RWE

Significant value contribution from CAO activities

CAO value contribution

Deviation from Reference Hedge Path

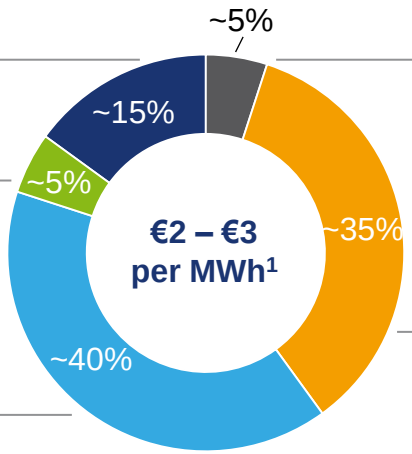
> Within defined limits
> Based on fundamental market views

Fuel procurement & logistics

> Physical procurement of fuel and substitutes
> Commercialisation of by-products

Reserve & ancillary services

> Reserve, voltage support/ reactive power
> Frequency response, black start



Option management

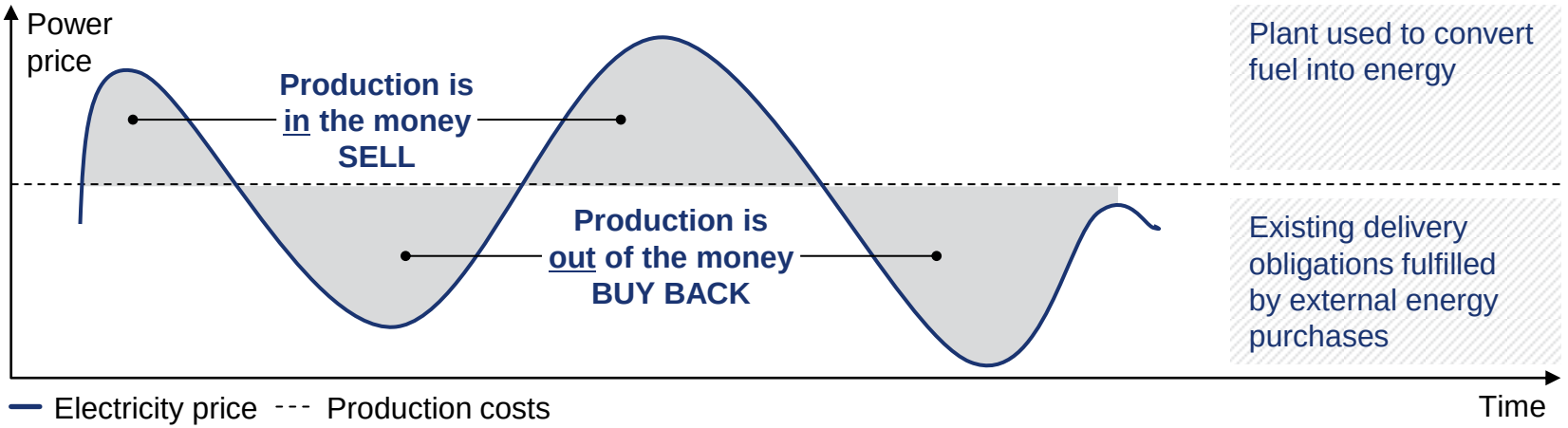
> Re-optimisation of power station option
> Shape management
> Trading around hedge positions

Short-term optimisation

> Short-term trading
> Balancing markets
> Dispatch/intra-day trading

[1] On top of realised forward hedges as per Reference Hedge Path. Reported within results of Lignite & Nuclear and European Power

Treatment of power plants as real options



Intrinsic value

- Value inherent in physical asset
- Captured by
  - Forward hedging in the liquid tenor
  - Regularly reviewing and changing hedging approach

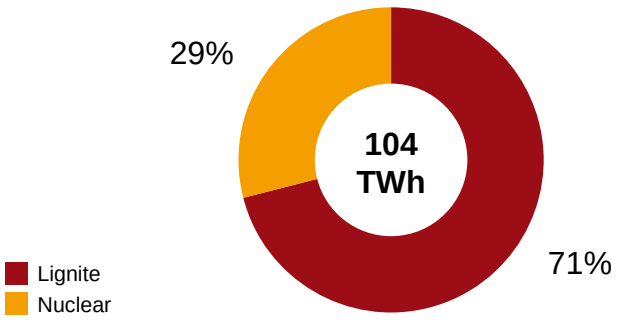
Extrinsic value

- Value in asset optionality
- Captured by
  - Long-term optimisation (outages, mothballing, investments)
  - Short-term optimisation (dispatch, re-dispatch)
  - Reserve and ancillary services
  - Capacity markets

Hedging strategy focuses on risk mitigation and value creation

Outright position

2016 generation output

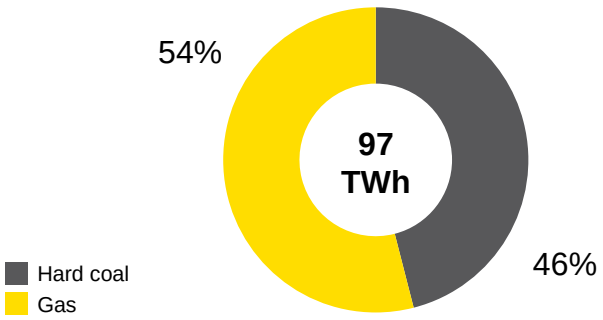


Power only

- Focus on risk mitigation from any potential negative changes in power prices
- Position generally covered first by implicit fuel hedging
- Provides averaging effect on earnings
- Retention of upside potential via implicit fuel hedges

Spread position

2016 generation output



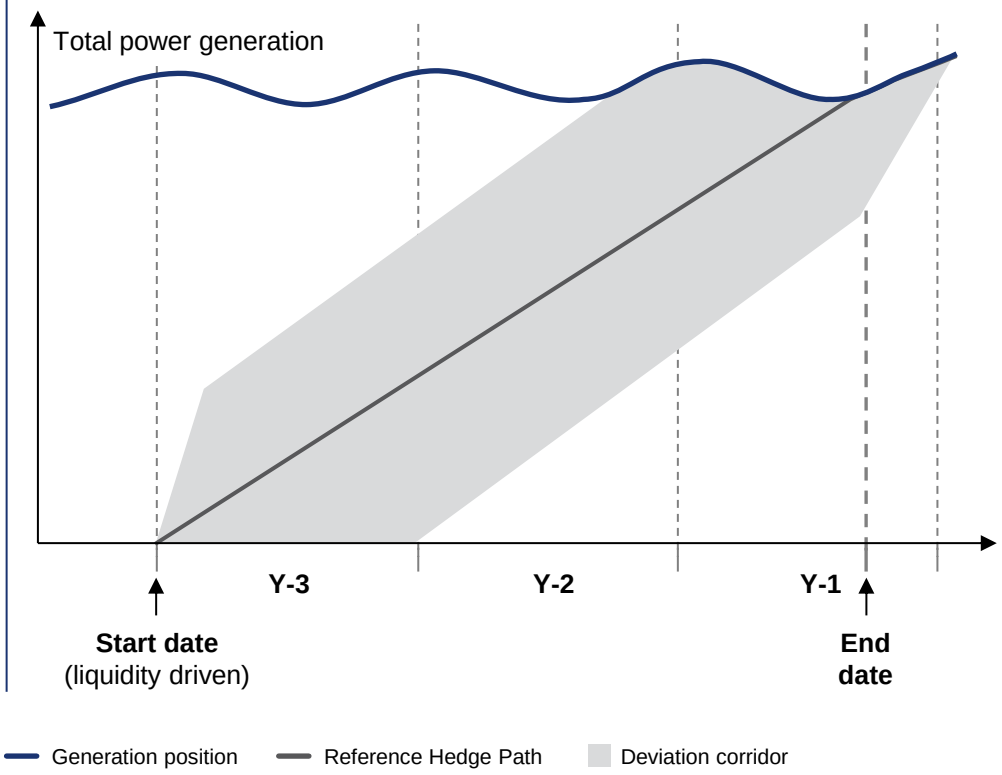
Gas to power/coal to power

- Focus on value maximisation
- Less risky position due to lower volatility and ability to model fundamentally
- Position hedged flexibly to maximise value
- Hedge position limited to match expected in-the-money generation position

Hedge path based on risk appetite and market views

Reference Hedge Path example

ILLUSTRATIVE

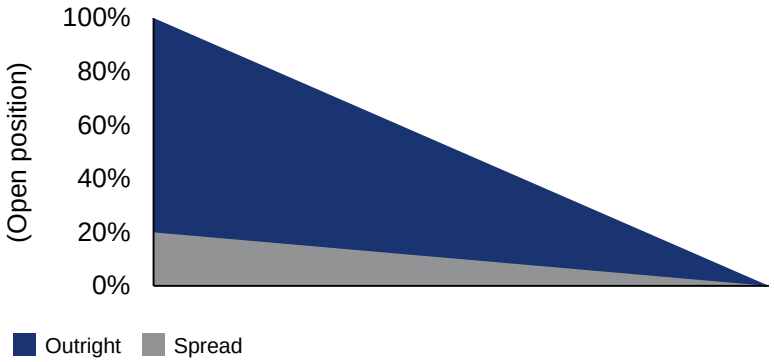


- Factors driving forward hedging
  - Risk appetite
  - Available market liquidity
  - Market view
  - Hedging costs
- Accelerating/decelerating hedging within defined limits encouraged where strong market views exist

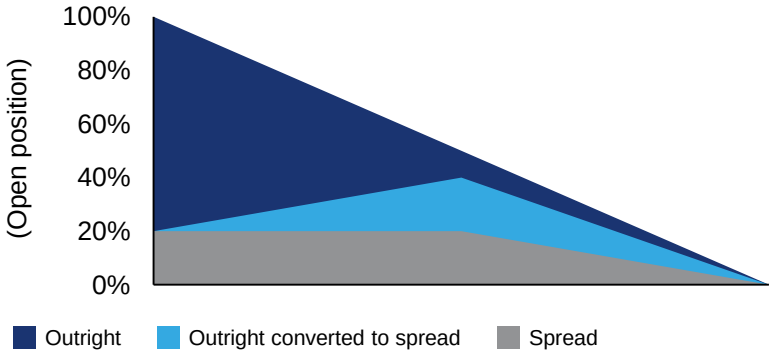
Optimised hedging to reflect fundamental market view

Production and hedged position

Simple linear technology-based hedge



Implicit fuel hedge approach



Rationale

> Liquidity in national power markets can constrain hedging volumes

> Liquidity in fuel markets generally much higher, allowing for faster hedging **if desired**

Methodology

> Short selling of fuel converts long outright power position into lower risk long spread position

> Basket of fuel sold constantly monitored and adjusted

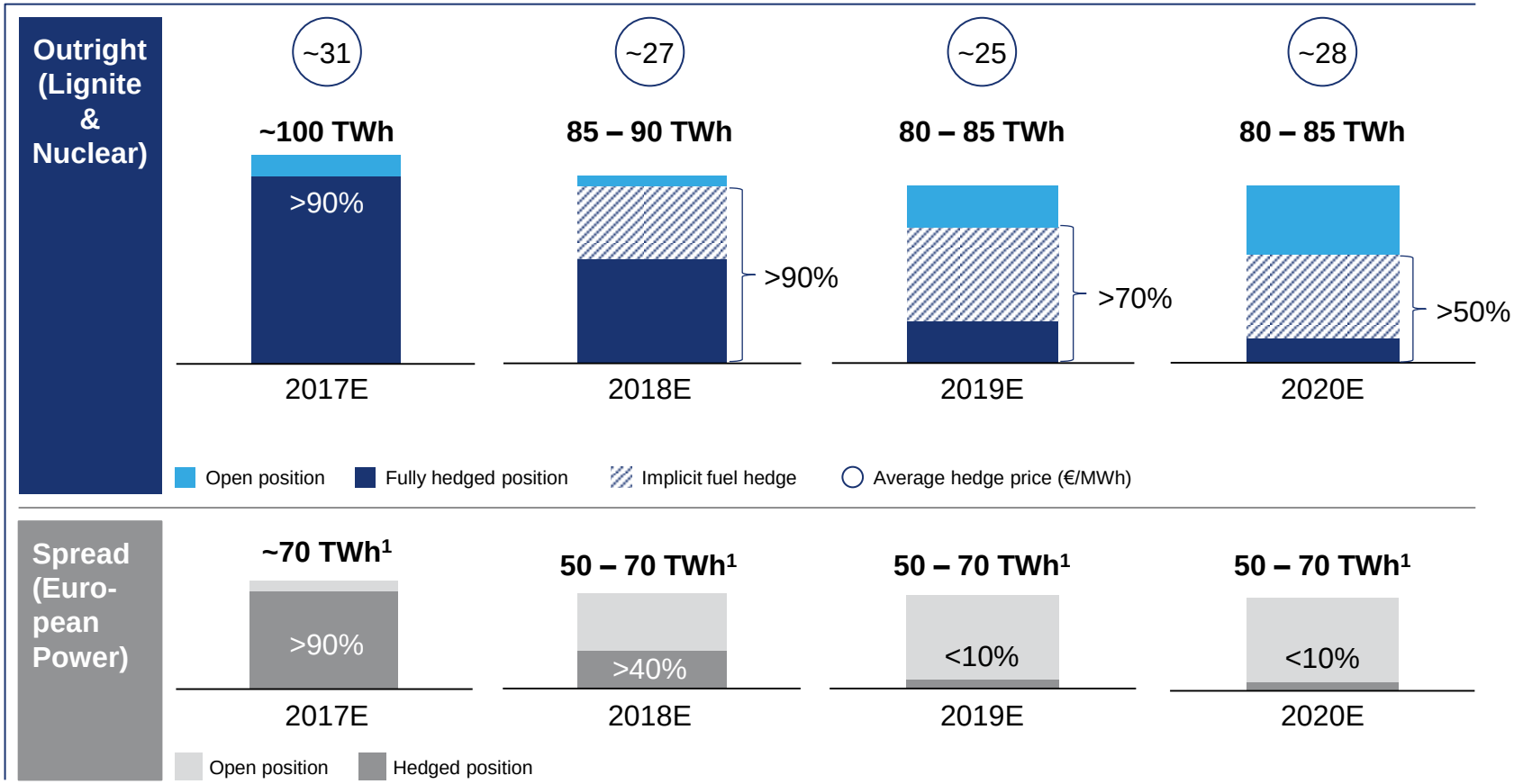
Advantages

> Effective de-risking of outright position against volatile fuel prices

> Retained upside from spread positions (less volatile and higher confidence than outright prices)

Significant exposure to power and generation spreads retained

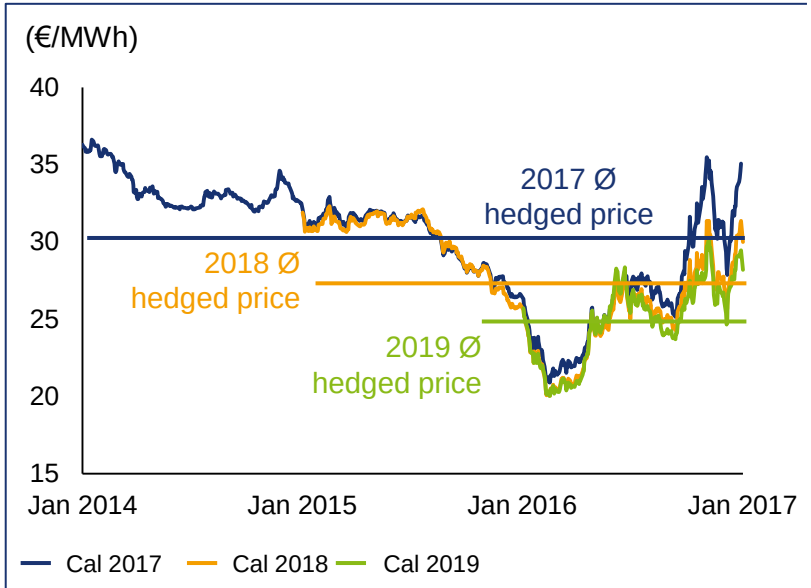
Expected positions and hedge status as of 31 December 2016



[1] Total in-the-money spread

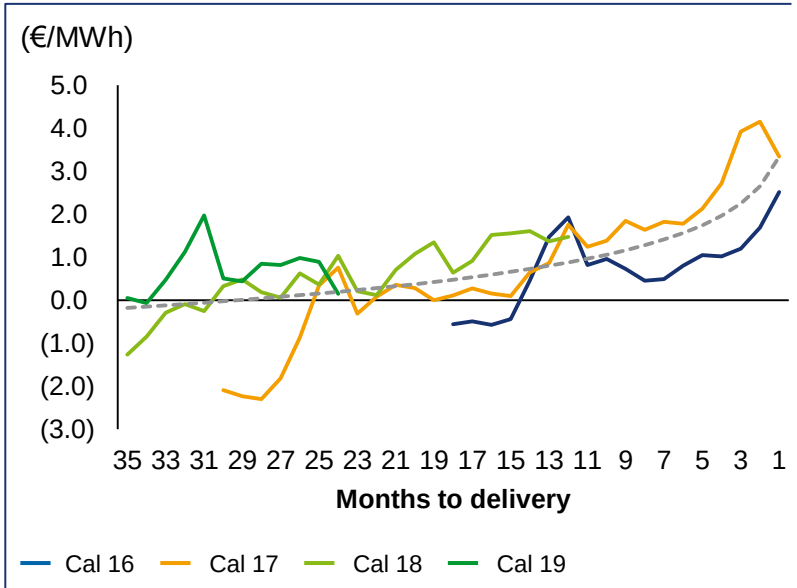
Changes in hedging rates can add significant value

Development of German base load prices



- High volatility over last 18 months driven by coal prices
- Hedging approach limited downside risk from very low outright prices in early 2016

Development of German fuel spreads[1]



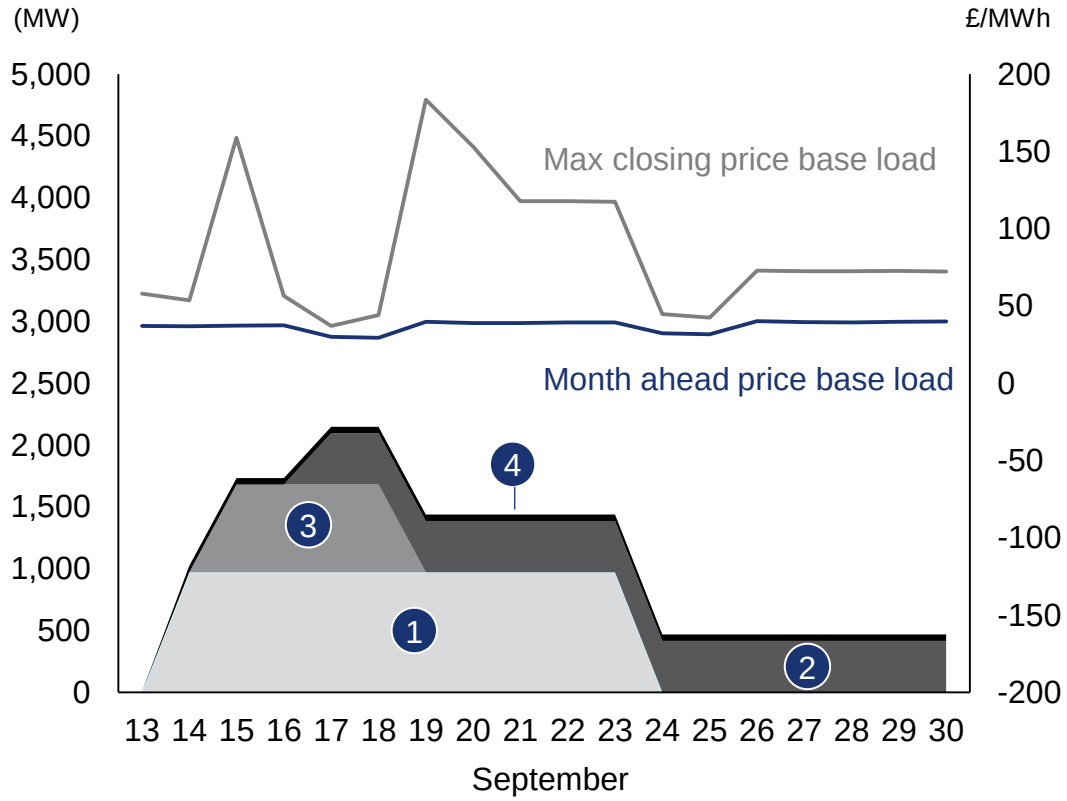
- Spreads increased nearer to delivery in recent years
- Decelerated hedging added significant value
- Hedging can be accelerated, depending on market views

[1] Fuel spread defined as: Power price – (pass-through-factor carbon × EUA price + pass-through-factor coal × coal price + pass-through-factor gas × gas price)
Source: Bloomberg as of 31st December 2016

Extracting the extrinsic value of the real option

Example: Immediate commercial and operational response to tight UK system margin

Price and available production increase during September 2016



1 **~ £4.7 m**

Aberthaw coal station changed strategy and ran additional 2 units

2 **~ £3 m**

14 day Staythorpe CCGT outage moved back a month

3 **~ £3 m**

Little Barford CCGT early return to service from outage

4 **~ £0.7 m**

Small CCGT brought out of summer preservation

CAO – key messages

- ✔ Application of trading mind-set to commercial management of assets
- ✔ Flexible and market driven execution of hedging strategies
- ✔ Proven track record of value extraction from existing asset base
- ✔ Well positioned to capture upside from increasingly volatile power markets

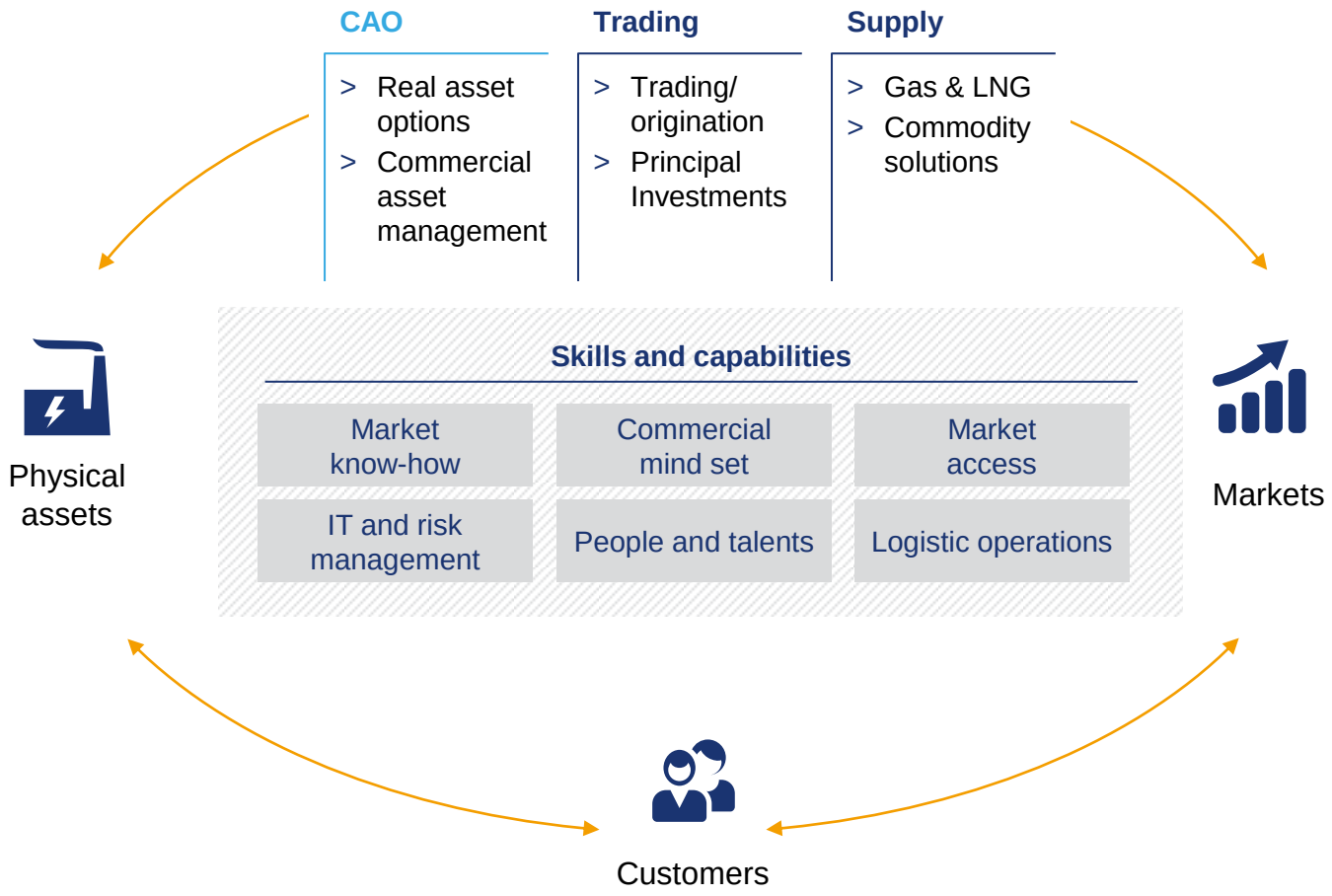
Supply & Trading

Value creation through fundamental understanding of markets

Andree Stracke
Chief Commercial Officer Origination & Gas Supply
RWE Supply & Trading

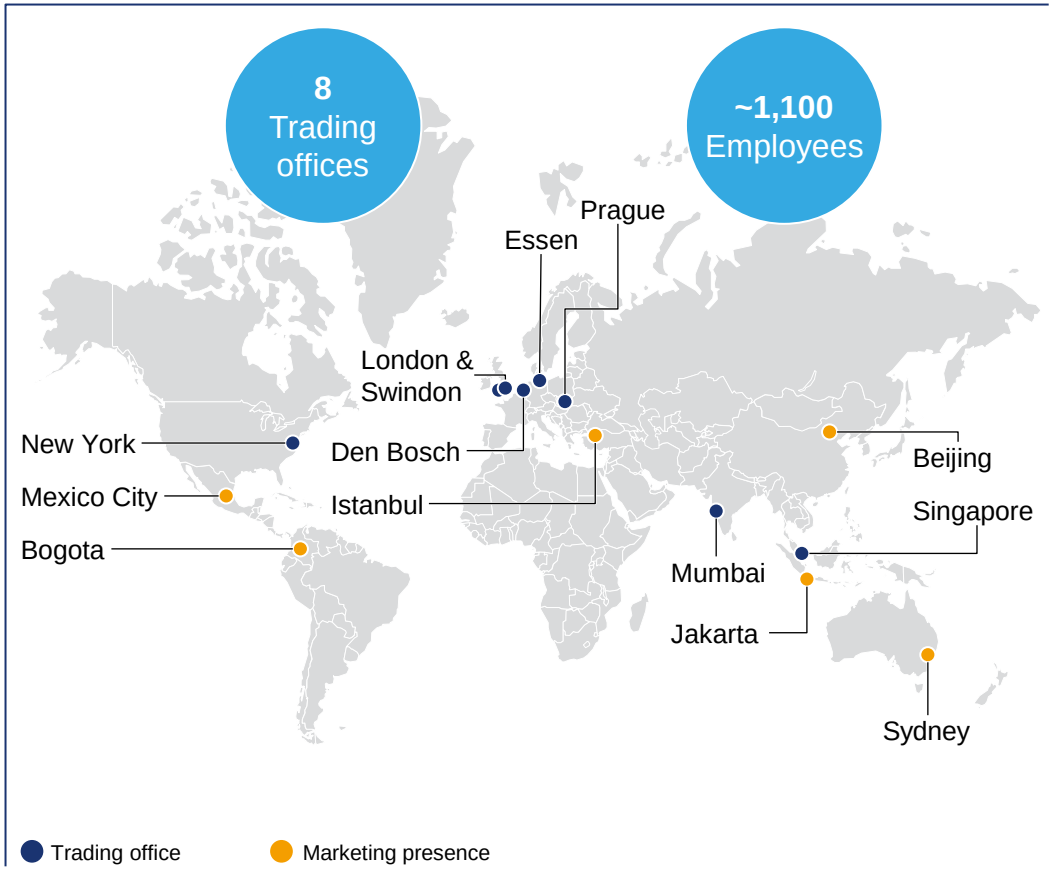
RWE

Strong commercial platform for Supply & Trading activities



Global presence and broadly diversified commodity exposure

Global footprint



RWE trading volumes (2016)

Power
1,972 TWh

Gas/LNG
361 bcm

Carbon
650 m certificates

Coal
548 m metric tons

Freight
307 m metric tons

Oil
1,508 m barrels

Biomass
5 m metric tons

Important earnings contributor to RWE results

EBITDA development and gross margin split

Average return and margin split[1]

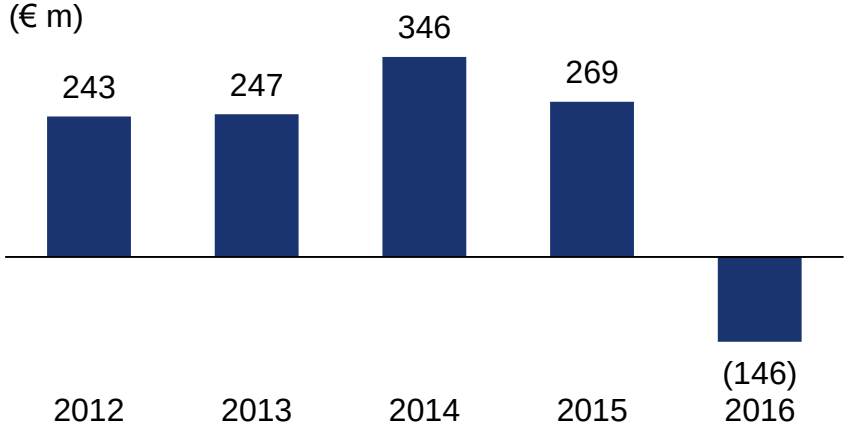
Return on risk capital[2]

~50%

Gross margin

Adj. EBITDA excl. non-recurring items[3]

(€ m)



Non-recurring items[3]	(834)	594	(60)	(105)	6

Business segments

Trading

Trading

> Physical and financial products on screen in liquid markets
> Negotiated contracts (Origination)

Principal Investments

> Private equity style investment in energy assets

Supply

Gas & LNG

> Management of gas supply and infrastructure contracts

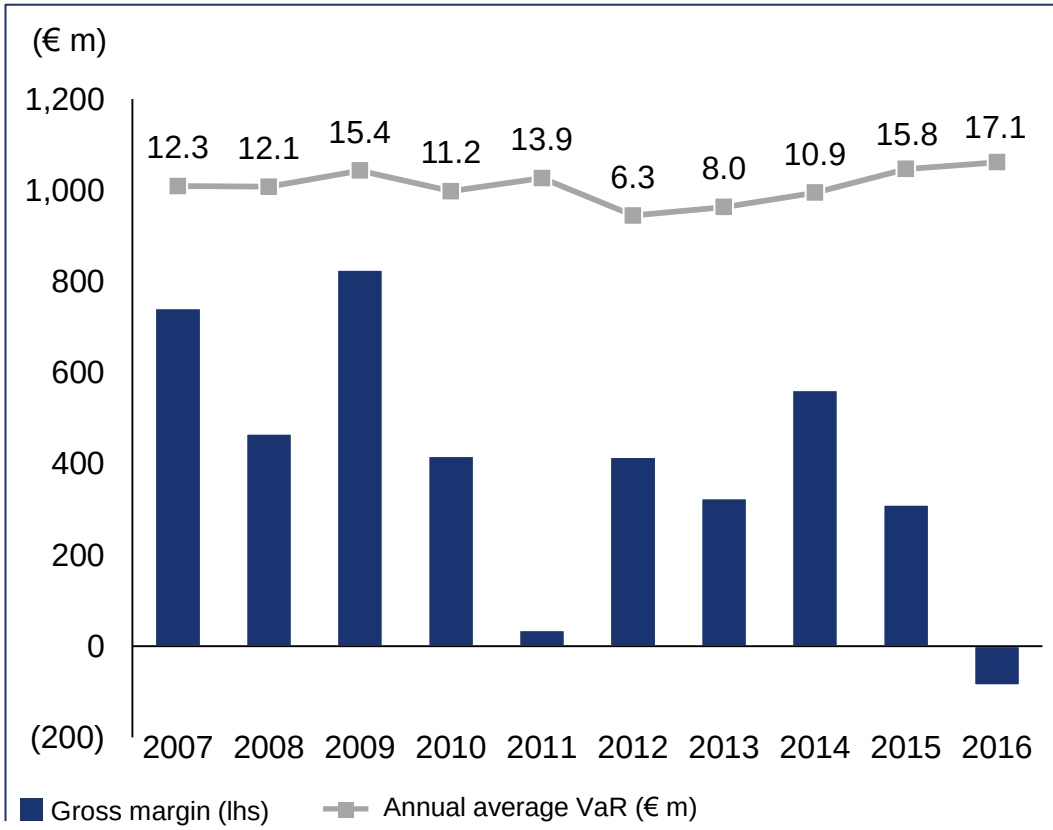
Commodity Solutions

> B2B business for large industrial customers and municipalities

[1] 5 year average | [2] Adj. EBITDA (excluding non-recurring items) / risk capital employed; includes risk capital for Trading and Origination, invested capital for Principal Investments, Gas & LNG and Commodity Solutions | [2] Non-recurring items: predominantly legacy gas midstream contracts

Trading: Track record of attractive risk adjusted returns

Gross margin versus VaR



- Strong track record of achieving attractive returns while staying below risk limits
- Historically, average portfolio VaR has been significantly below VaR limit (1 day, 95%) of €40 m
- Long term average gross margin of approx. €400 m
- Industry benchmark of 10-times VaR limit set for performance

Trading: Understanding of fundamentals drives trading approach

Fundamental analysis (examples)

- **Power**: demand, conventional power plants, renewable feed-in, cross border flows, weather
- **Gas**: demand, pipeline flows, LNG deliveries, storage levels

- ✓ Deep understanding of physical assets
- ✓ Fundamental modelling of supply/demand balances

Quantitative modelling

- Outright fundamental fair value
- Fuel spreads, time spreads, location spreads and product spreads

- ✓ Monitoring of misvaluations in markets
- ✓ Assessment of risk/ reward of trading opportunities

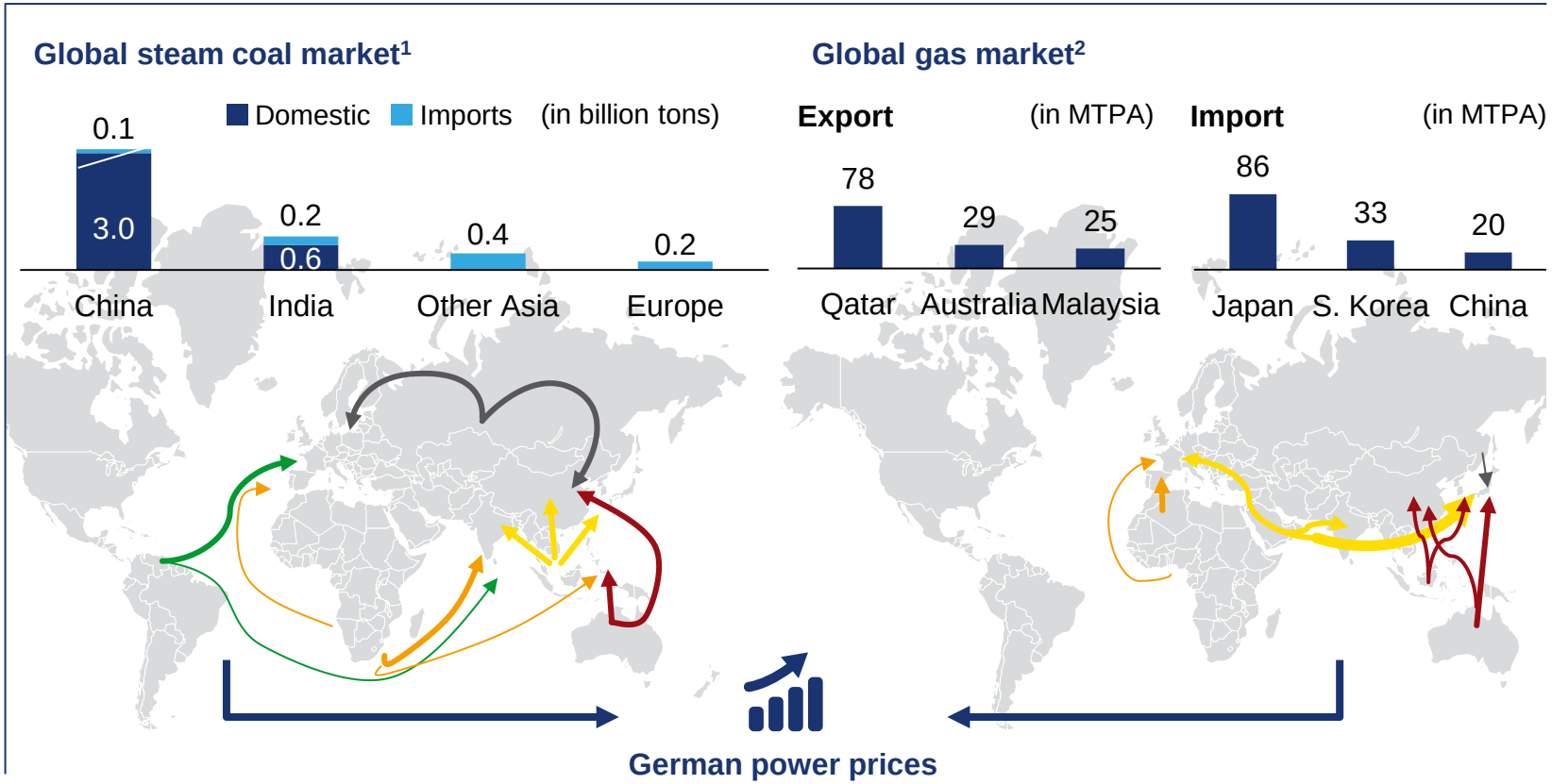
Diversified trading exposure

Trading strategies

- ✓ Fundamental: assessment of fundamental fair value
- ✓ Relative value: detection of spread opportunities
- ✓ Systematic: algorithmic trading, monitor money flows
- ✓ Origination: negotiated contracts in illiquid markets

Trading: Diversified global platform with better market insights

Energy markets are global and interlinked



[1] Source: Based on IHS (2015) | [2] Source: IGU 2016 World LNG Report; map only shows information for LNG trading flows

Principal Investments: Successful track record of energy related investments

Strategic approach

- Established to invest across the commodity spectrum
- Focus on private equity-like investments where RWE Supply & Trading can extract value from strong trading capability and asset know-how
- Current investment portfolio of ~€100 m with average deal size of ~€15 m
- Equity IRR targets of 15 – 20%
- Global focus: Europe, Americas and Asia-Pacific
- Target holding period 3 to 5 years

Active investments

stem

REVLNG

FIRST RIVER ENERGY

WALDEN GREEN ENERGY

BLACKHAWK MINING, LLC

ASCENT ENERGY

LakeCoal Chain Valley Colliery

Case studies of investments

Lynemouth Power (UK)

LYNEMOUTH POWER

- Acquisition of 420 MW coal-fired power station including permission to convert to biomass in 2012
- RWE developed a “shovel ready” engineering project for the conversion which was awarded a CfD by UK government
- Disposal to EPH in January 2016 realising a book gain of €33m

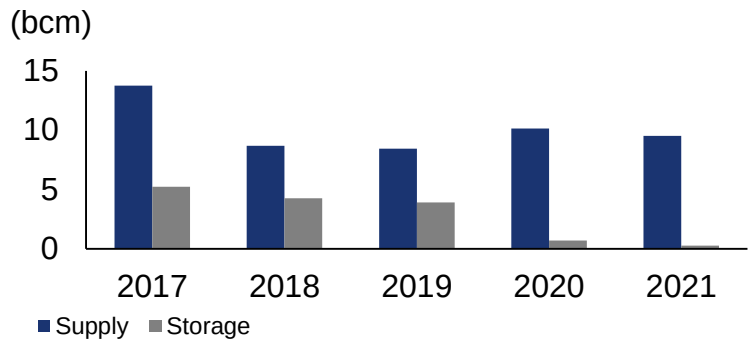
Blackhawk mining (US)

BLACKHAWK MINING, LLC

- Central Appalachian based mining company producing both metallurgical and thermal coal
- Minority equity investment in 2012 concurrent with coal marketing agreement leveraging RWE’s global solid fuels trading platform
- Dominant consolidator during market turmoil of 2013 – 2016, increasing output >10× and shifting primary focus from thermal to metallurgical coal
- Financial turnaround with significant positive EBITDA expected in 2017

Gas & LNG: Leading European gas portfolio player

Long-term contracted volumes



Successful restructuring of gas portfolio

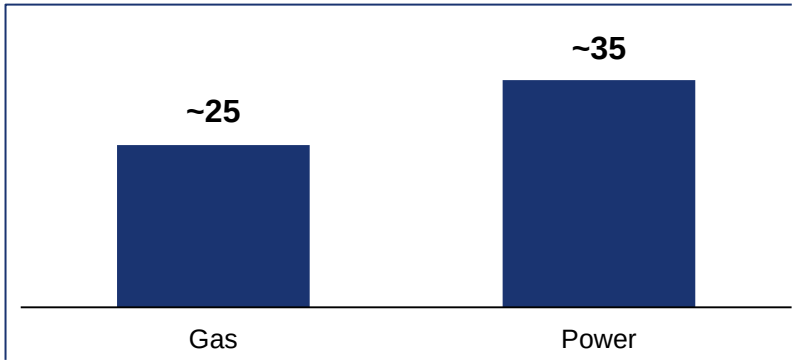
- Successful renegotiation of supply and storage contracts to reflect market conditions
- No oil-to-gas spread exposure for the coming years
- Remaining risks fully provisioned

Overview

- Integrated diversified portfolio of supply, transport, storage and sales contracts
- Primarily merchant positions (no operation of pipelines, terminals or storage assets)
- Global LNG sourcing and supplying
- Development of new opportunities with upstream and midstream partners, and further geographic expansion of physical portfolio
- Focus on value maximisation from gas and LNG portfolio and its embedded optionality with portfolio optimisation and new contracts in existing and new markets
- Provision of products and services to all of innogy's gas retail portfolios and external customers

Commodity Solutions: Leading supplier in large customer segments

Supplied volumes 2016 (TWh)



Overview

- Focus on customers with energy consumption of more than 100 GWh/a
- Large industrials, municipalities, mid market oil/fuel hedging counterparts (e.g. airlines)
- Market leader in the German large industrial B2B power segment with ~30% share
- Long-term customer relationships with typical contract duration of 2 to 5 years

Products and services

- **Procurement and risk management**
  Delivery of (green) power, gas, coal, CO_2, steam; procurement strategies, hedging and indexations; options and full spreads; access to all markets
- **Portfolio and asset management**
  Optimisation of (asset) portfolios, 24/7 services (nominations, dispatching, balancing), management/pooling of flexibility including grid fee optimisation, asset solutions
- **Operative services**
  (REMIT, EEG) reporting, forecasting, balancing group management, direct market access

New digital online products

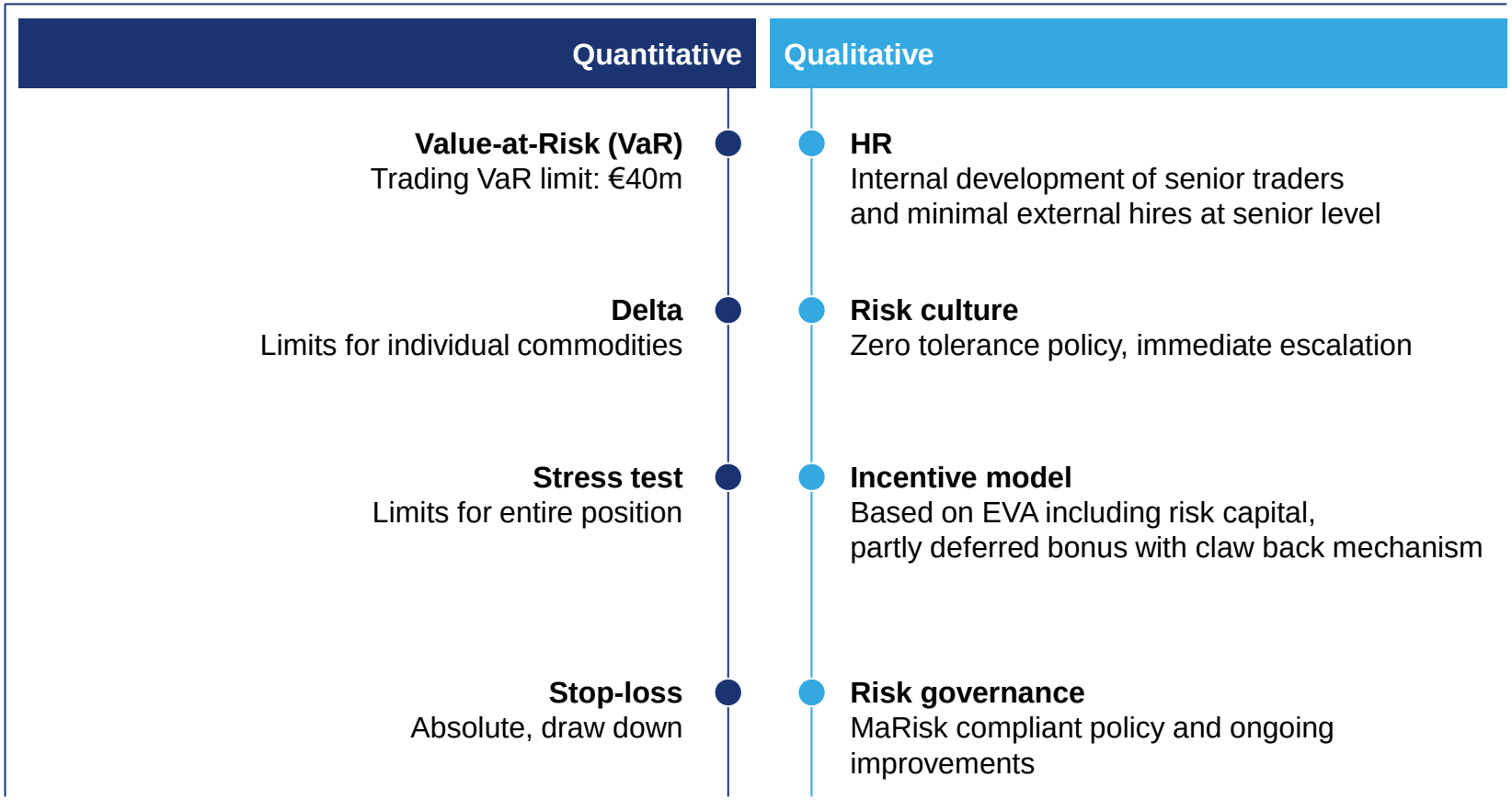
ECT easy commodity trader

RIO Realtime Imbalance Optimiser

FLEX2MARKET

Comprehensive risk management and limit system

Elements of risk management



Organic growth initiatives: Leveraging skill set and know-how

Global expansion of trading business

Solid fuels Asia Pacific

- Grow Asia-Pacific business footprint
- Develop physical and financial portfolio including JVs and partnerships with local incumbents

Asian power trading

- Actively seek opportunities to enter liberalising power markets
- Engage local counterparties, leverage existing trading know-how and infrastructure

Principal Investments

- Focus on commodity-linked investments to realise synergies with energy trading
- Develop opportunity pipeline and gradually grow invested funds

Growth in gas supply/commodity solutions

European gas portfolio

- Expand and leverage pan-European gas portfolio
- Innovative service and product offering and increased focus on structured products

Global LNG portfolio

- Become global boutique portfolio player
- Build and balance portfolio in a step-by-step approach – adding global diversified supply

Commodity solutions

- Expand customer base and products/ service offering
- Leverage trading platform and Commercial Asset Optimisation (CAO) services

Supply & Trading – key messages

- ✔ Leading platform providing competitive advantage through market insights
- ✔ Strong track record of attractive returns and earnings contribution
- ✔ Comprehensive risk control and management system
- ✔ Organic expansion leveraging existing skills and know-how

Closing remarks

Investment highlights

- ✔ Leading integrated European generation and trading business
- ✔ Strong track record of operational excellence and commercial optimisation
- ✔ Well placed to benefit from fundamental changes in energy markets
- ✔ Solid financial position and focus on cash flow generation
- ✔ Committed to value creation and sustainable dividend with upside potential

Appendix

Income statement 2016

(€ million)	RWE stand-alone	RWE Group
Revenue (including natural gas tax/electricity tax)	**19,574**	**45,833**
Natural gas tax/electricity tax	-180	-2,243
Revenue	**19,394**	**43,590**
Other operating income	1,161	1,435
Cost of materials	-16,829	-33,397
Staff costs	-1,921	-4,777
Depreciation, amortisation and impairment losses	-4,878	-6,647
Other operating expenses	-2,519	-4,323
Income from investments accounted for using the equity method	130	387
Other income from investments	1,042	153
Financial result	-1,375	-2,228
Income before tax	**-5,795**	**-5,807**
Taxes on income	-6	323
Income	**-5,800**	**-5,484**
of which: non-controlling interest	52	-167
of which: RWE AG hybrid capital investors' interest	-59	-59
of which: net income/income attributable to RWE AG shareholders	**-5,807**	**-5,710**

Balance sheet 2016

(€ million)	RWE stand-alone	RWE Group
Assets		
Intangible assets	1,040	12,749
Property, plant and equipment	6,571	24,455
Investment property	45	63
Investments accounted for using the equity method	665	2,908
Other financial assets[1]	14,561	1,055
Inventories	1,577	1,968
Financial receivables	5,605	1,875
Trade accounts receivable	2,684	4,999
Other receivables and other assets	7,352	8,591
Income tax assets	303	453
Deferred taxes	535	2,884
Marketable securities	7,137	9,825
Cash and cash equivalents	3,197	4,576
	51,272	**76,402**
Equity and liabilities		
RWE AG shareholders' interest	9,525	2,754
RWE AG hybrid capital investors' interest	942	942
Non-controlling interests	296	4,294
	10,763	**7,990**
Provisions	24,890	32,861
Financial liabilities	6,372	18,183
Other liabilities	8,969	16,514
Income tax liabilities	76	131
Deferred taxes	202	723
	40,508	**68,411**
[1] Includes innogy stake at market value as per 31 December 2016	**51,272**	**76,402**

Net debt 2016

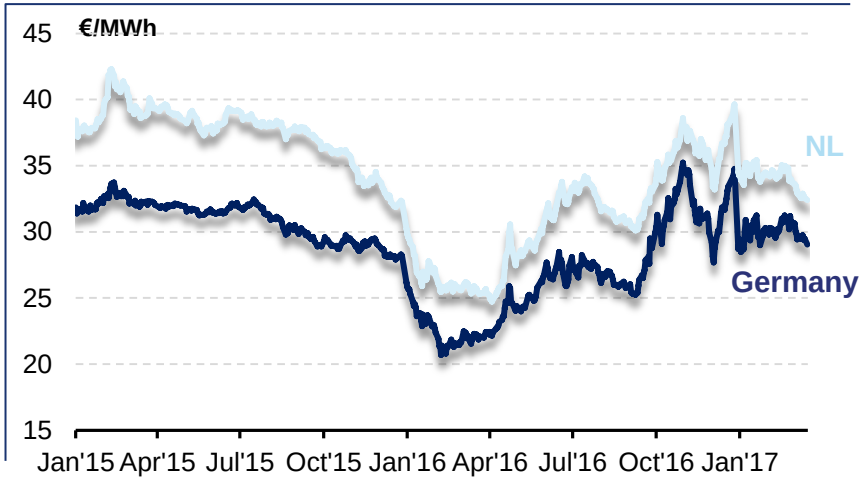
(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	3,197	4,576
Marketable securities	7,343	10,065
Other financial assets	1,278	1,621
Financial receivables against innogy	4,302	-
Financial assets	**16,120**	**16,261**
Bonds, other notes payable, bank debt, commercial paper	5,191	15,921
Hedge transactions related to bonds	-251	-263
Other financial liabilities	1,180	2,263
Financial liabilities	**6,121**	**17,920**
Net financial debt	**-10,000**	**1,659**
Provisions for pensions and similar obligations	2,873	6,761
Surplus of plan assets over benefit obligations	0	-29
Provisions for nuclear waste management	12,699	12,699
Mining provisions	2,363	2,363
Provisions for decommissioning of wind parks	0	334
Adjustments for hybrid capital (portion of relevance to the rating)	-1,078	-1,078
Plus 50% of the hybrid capital stated as equity	471	471
Minus 50% of the hybrid capital stated as debt	-1,549	-1,549
Total net debt	**6,858**	**22,709**

Reconciliation to 2016 adjusted net income

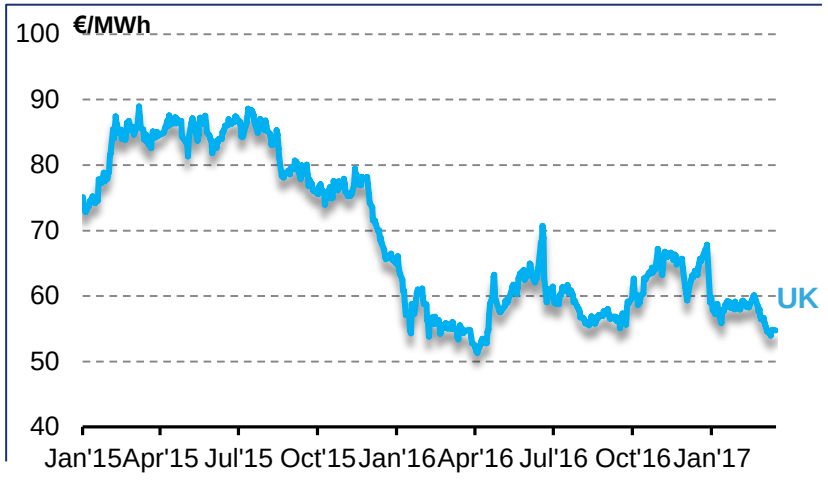
(€ million)	RWE stand-alone			RWE Group		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Adjusted EBIT	**1,077**	**0**	**1,077**	**3,082**	**0**	**3,082**
Non-operating result	-5,496	5,496	0	-6,661	6,661	0
Financial result	-1,375	410	-965	-2,228	410	-1,818
Taxes on income	-6	-17	-23	323	-360	-37
Income	**-5,800**	**5,890**	**90**	**-5,484**	**6,711**	**1,227**
- Non-controlling interests	52	-103	-51	-167	-224	-391
- Hybrid investors' interest	-59	0	-59	-59	0	-59
Net income	**-5,807**	**5,787**	**-20**	**-5,710**	**6,487**	**777**

Power prices and commodities

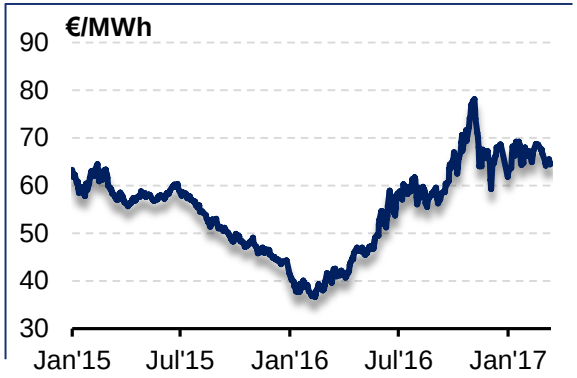
Baseload power prices – Germany, NL (1 Year Forward)



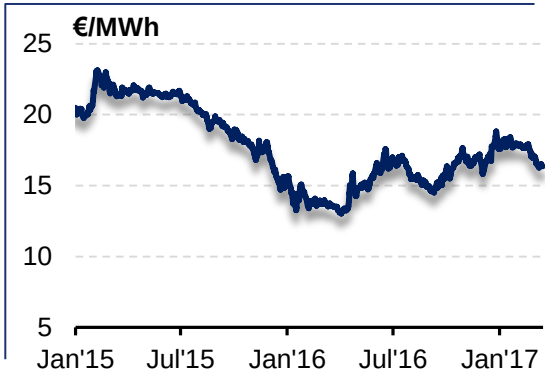
Baseload power prices – UK (1 Year Forward)



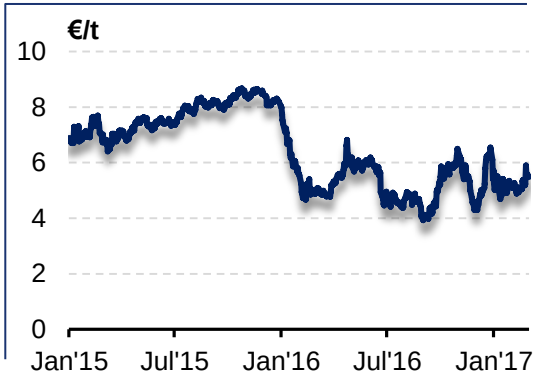
Coal prices – API2 Cal-Ahead



Gas prices – TTF Cal-Ahead

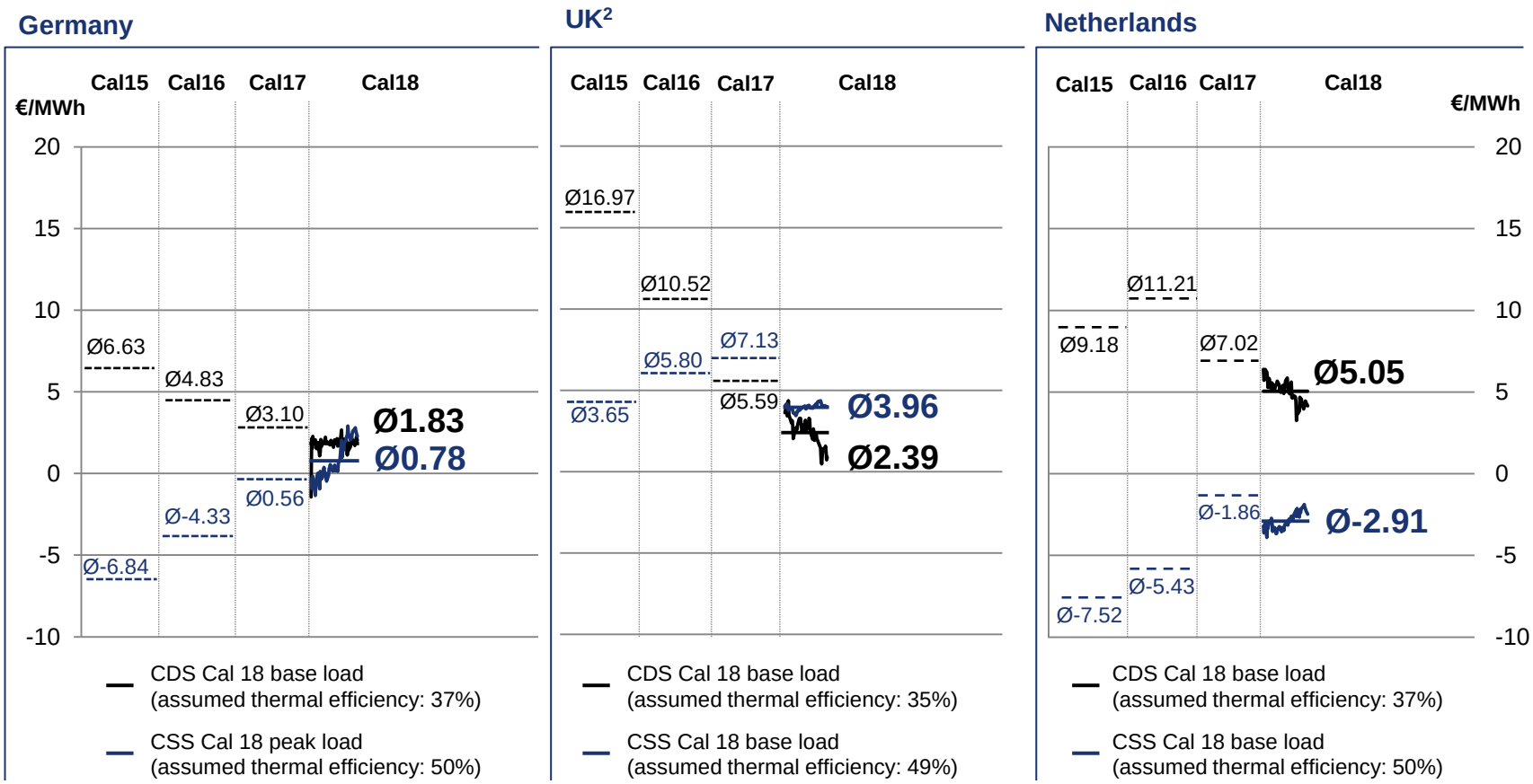


Carbon prices - EU ETS



Source: Bloomberg

Clean Dark (CDS) and Spark Spreads (CSS) – 2015 - 2018 forwards for Germany, UK and NL[1]



[1] Settlement one year ahead (Cal+1) | [2] Including UK carbon tax | Source: RWE Supply & Trading, prices through to 20 March 2017

RWE power plant portfolio

Power plant	Country	Commissioned	Net capacity	RWE's legal consolidation stake		RWE's economic stake		Partner	Stake in
			MW	%	MW	%	MW		%
Lignite									
Frimmersdorf	Germany	1966,1970	562	100.0	562	100.0	562		
Neurath	Germany	1972–1976	2,091	100.0	2,091	100.0	2,091		
Neurath (BoA 2&3)	Germany	2012	2,120	100.0	2,120	100.0	2,120		
Niederaussem	Germany	1965–1974	2,446	100.0	2,446	100.0	2,446		
Niederaussem (BoA1)	Germany	2002	944	100.0	944	100.0	944		
Weisweiler	Germany	1965–1975	1,913	100.0	1,913	100.0	1,913		
Goldenberg	Germany	1992, 1993	40	100.0	40	100.0	40		
Refining plants (Berrenrath, Fortuna, Wachtberg)	Germany	various	180	100.0	180	100.0	180		
Mátra	Hungary	1967	763	100.0	763	51.0	389	EnBW, MVM	49.0
Total lignite			**11,059**		**11,059**		**10,685**		
Nuclear									
KKW Emsland	Germany	1988	1,336	87.5	1,336	87.5	1,169	E.ON	12.5
Gundremmingen B	Germany	1984	1,284	75.0	1,284	75.0	963	E.ON	25.0
Gundremmingen C	Germany	1984	1,288	75.0	1,288	75.0	966	E.ON	25.0
Total nuclear			**3,908**		**3,908**		**3,098**		
Hard coal									
Gersteinwerk Werne Kv2	Germany	1984	620	100.0	620	100.0	620		
GW Bergkamen A	Germany	1981	720	100.0	720	100.0	720		
Ibbenbüren	Germany	1985	794	100.0	794	100.0	794		
Westfalen E	Germany	2014	764	100.0	764	100.0	764		
Eemshaven A	Netherlands	2014	777	100.0	777	100.0	777		
Eemshaven B	Netherlands	2014	777	100.0	777	100.0	777		
Amercentrale ST 9	Netherlands	1993	503	100.0	503	100.0	503		
Aberthaw B	UK	1971–1979	1,560	100.0	1,560	100.0	1,560		
Total hard coal (without contractually secured power plants)			**6,515**		**6,515**		**6,515**		

As of 31 December 2016

RWE power plant portfolio (continued)

Power plant	Country	Commissioned	Net capacity	RWE's legal consolidation stake		RWE's economic stake		Partner	Stake in
			MW	%	MW	%	MW		%
Gas									
Emsland B, C, D	Germany	1973/74, 2010/12	1,837	100.0	1,837	100.0	1,837		
Gersteinwerk F – I	Germany	1973	1,285	100.0	1,285	100.0	1,285		
Gersteinwerk Werne Kv1	Germany	1984	112	100.0	112	100.0	112		
Weisweiler VGT G, H	Germany	2006	544	100.0	544	100.0	544		
Bochum	Germany	2004	21	100.0	21	100.0	21		
Dortmund	Germany	2004	26	100.0	26	100.0	26		
GuD Dormagen	Germany	2000	326	100.0	326	100.0	326		
GuD Dormagen	Germany	2000	260	100.0	260	0.0	0	Bayer AG	100.0
Moerdijk	Netherlands	1996	339	100.0	339	100.0	339		
Moerdijk 2	Netherlands	2012	426	100.0	426	100.0	426		
Inesco (Antwerpen)	Belgium	2007	133	100.0	133	100.0	133		
Clauscentrale A (gas/oil)	Netherlands	1977	610	100.0	610	100.0	610		
Clauscentrale C	Netherlands	2012	1,304	100.0	1,304	100.0	1,304		
Swentibold CC	Netherlands	1999	245	100.0	245	100.0	245		
Elsta CC	Netherlands	1998	405	25.0	0	39.5	160	AES, Delta	75.0
Great Yarmouth	UK	2001	398	100.0	398	100.0	398		
Little Barford	UK	1994	727	100.0	727	100.0	727		
Didcot B	UK	1996-1997	1,440	100.0	1,440	100.0	1,440		
Staythorpe	UK	2010	1,740	100.0	1,740	100.0	1,740		
Pembroke	UK	2012	2,181	100.0	2,181	100.0	2,181		
Phillips Petroleum	UK	1999	55	100.0	55	100.0	55		
Cheshire	UK	2000	40	100.0	40	100.0	40		
Cheshire East	UK	2016	6	100.0	6	30.0	2	Aggreko	
Hythe	UK	2005	56	100.0	56	100.0	56		
Whitegate	Ireland	1998	6	100.0	6	100.0	6		
Mátra	Hungary	2007	60	100.0	60	51.0	31	EnBW, MVM	49.0
Denizli	Turkey	2013	787	100.0	787	70.0	551	Turcas	30.0
Total gas			**15,369**		**14,964**		**14,595**		

As of 31 December 2016

RWE power plant portfolio (continued)

Power plant	Country	Commissioned	Net capacity	RWE's legal consolidation stake		RWE's economic stake		Partner	Stake in
			MW	%	MW	%	MW		%
Oil									
OCGTs (gas oil, various sites)	UK		264	100.0	264	100.0	264		
Grimsby (gas oil)	UK		18	100.0	18	50.0	9	Aggreko	
Total oil			**282**		**282**		**273**		
Renewables									
Various sites (hydro run-of-river)	Germany		17		17		17		
Linne HH 1-4 (hydro run-of-river)	Netherlands	1989	11	100.0	11	100.0	11		
Amercentrale ST 9 (biomass)	Netherlands	1993	140	100.0	140	100.0	140.0		
Markinch (biomass)	UK	2014	55	100.0	55	100.0	55		
Mátra (solar)	Hungary		16	51.0	16	51.0	8	EnBW, MVM	49.0
Total renewables (without contractually secured power plants)			**239**		**239**		**231**		
Other									
MHKW Karnap (waste incineration)	Germany	1987	38	100.0	38	100.0	38		
Köpchenwerk (pump storage)	Germany	1989	165	100.0	165	100.0	165		
MVA Weisweiler	Germany	1996	24	100.0	24	100.0	24		
SRS Ecotherm	Germany	2003	1	100.0	1	100.0	1		
Total other			**228**		**228**		**228**		

As of 31 December 2016

RWE power plant portfolio (continued)

Power plant	Country	Commissioned	Net capacity	RWE's legal consolidation stake		RWE's economic stake		Partner	Stake in
			MW	%	MW	%	MW		%
Contractually secured plants[1]									
Voerde A+B (hard coal)	Germany		1,390	100.0	1,390	100.0	1,390		
Other hard coal	Germany		1,958	40.0	783	35.0	689		
Neckar (water run-of-river)	Germany		29	100.0	29	100.0	29		
Rhein-Main-Donau (water run-of-river)	Germany		10	100.0	10	100.0	10		
Kaunertal (pump storage)	Austria		360	44.4	160	44.4	160		
Schluchsee (pump storage)	Germany		1,740	50.0	870	50.0	870		
SEO Vianden (pump storage)	Germany		1,291	100.0	1,291	100.0	1,291		
T-Power	Netherlands		416	0.0	0	100.0	416		
EPZ-Nuclear	Netherlands		485	30.0	146	30.0	146		
EPZ-Wind	Netherlands		24	30.0	7	30.0	7		
Total contractually secured plants			**7,703**		**4,686**		**5,009**		
Total RWE stand alone			**45,302**		**41,880**		**40,634**		

As of 31 December 2016 | [1] Plants where RWE has a contractual right to the generation through long-term agreements

Overview of capacity measures

Measure	Plant	MW[1]	Fuel	Location	Date
Decom-missioning	Goldenbergwerk	110	Lignite	DE	Q3-2015
	Amer 8	610	Hard coal	NL	Q1-2016
	Westfalen C	285	Hard coal	DE	Q1-2016
	Mid-size units	190	Gas	NL	Q4-2016
	Voerde A/B	1,390	Hard coal	DE	Q1-2017
	Gersteinwerk K2	610	Hard coal	DE	Q1-2019
Mothballed[2]	Claus A	610	Gas	NL	Q1-2012
	Weisweiler H	270	Topping gas turbine	DE	Q3-2013
	Weisweiler G	270	Topping gas turbine	DE	Q3-2013
	Gersteinwerk F	355	Gas – steam turbine	DE	Q3-2013
	Gersteinwerk G	355	Gas – steam turbine	DE	Q2-2014
	Claus C	1,300	Gas	NL	Q3-2014
	Moerdijk 1	339	Gas	NL	Q1-2018
	Moerdijk 2	430	Gas	NL	Q1-2018
Termination of contracts	Confidential	2,960	Hard coal	DE	Q4-2013 – Q2-2015
Stand-by reserve[3]	Frimmersdorf P & Q	560	Lignite	DE	Q4-2017
	Niederaußem E & F	590	Lignite	DE	Q4-2018
	Neurath C	290	Lignite	DE	Q4-2019
Total		**11,524**			

[1] Net nominal capacity, rounded | [2] In times of market tightness mothballed plants might return temporarily to the system | [3] Capacity will be decommissioned after 4 years in the reserve

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