Check against delivery.

Ladies and Gentlemen,

Good morning to you all from Essen.

Welcome to our conference call.

I will start by outlining the business performance of RWE in the first quarter of 2015, and then I will be happy to answer any questions.

As expected, our results for the quarter reflect the difficult environment that the energy industry continues to face.

EBITDA was **€2.2 billion** and the Group operating result was **€1.6 billion**, down 3% and 5%, respectively, on the same period last year. The main contributing factor was the continued decline in margins in conventional power generation.

A 5% drop in operating result does not look all that dramatic at first glance. But we should not lose sight of the fact that this result would have been a lot worse if our supply business had not enjoyed a boost because of the weather, if the result for RWE Innogy had not improved as much as it did, and if we had not made further efficiency improvements.

Recurrent net income was **€877 million**, up 10% on the previous year. Thus, recurrent net income showed a significantly more positive trend than EBITDA and the operating result. This is due to the fact that our financial result improved considerably due to one-off effects. Another point about recurrent net income: from income from discontinued operations, we only include the interest paid by LetterOne on the sale price of RWE Dea. The book profit from the sale is not included. For this reason, recurrent net income in the first quarter of 2015 was considerably below our net income of €2.2 billion. You will find further details on this in the report.

We are pleased that, after a year, we finally completed the sale of RWE Dea in March. The conditions had to be adjusted compared to the original sale agreement, but at **€5.1 billion**, the enterprise value of RWE Dea was basically unchanged. This is an outcome that we can be very satisfied with.

At this point I would like to make a few comments on two current topics of energy policy that are causing serious concern and uncertainty: the planned climate levy and the question of the future design of the German electricity market.

As you know, the Federal Ministry for Economic Affairs and Energy is proposing a new CO_2 levy to reduce CO_2 emissions in the electricity sector by a further 22 million metric tons by 2020. The aim is to achieve the national target of reducing CO_2 emissions by 40% compared to 1990 levels. Facilities that are more than 20 years old are to be given a fixed emission budget from 2017 that will then be reduced by stages, from seven million metric tons of CO_2 per gigawatt of power station capacity in their 21st year of operation, to three million metric tons. Above that threshold, every metric ton of CO_2 that is emitted will be subject to a penalty of €18 to €20. In most cases, that is prohibitively high.

A further problem in this regard is that there will be no "gentle" path to CO_2 mitigation. Instead, this would threaten the very existence of 17 of our 20 lignite units in the Rhenish region. This would be the result of a domino effect: if the penalty levy made some power stations unprofitable, causing them to be closed down, the remaining power stations would have to carry their share of the fixed costs for the open-cast mines. Most would then also become impossible to operate at a profit. And ultimately, about seven gigawatts of the some ten gigawatts of lignite-based power station capacity that we currently have would be forced out of the market – with all the consequences that this implies for mineworkers, power plant operators, suppliers, industrial electricity prices and ultimately also security of supply.

Figures from the German Association of Energy and Water Industries (BDEW) show that lignite provided one-quarter of Germany’s electricity in 2014. That should make it clear that, if we want to continue to enjoy a secure supply of electricity, we cannot simply abandon the single reliable primary energy source available in Germany overnight. Just as all of us at RWE support the climate protection goals at a German and European level, we are equally convinced that there are other ways of achieving them than by causing major collateral damage to our energy industry.

Following the impressive demonstration against the climate levy in Berlin on 25 April and massive criticism from various quarters – the unions, the Federation of German Industry and coalition partners – we expect that the Minister for Economic Affairs and Energy will not pursue these plans further. And since then the political discussion has started to move in a new direction.

My second point: new market design.

The Federal Government plans to issue a White Paper in the middle of this year that will provide a clearer picture of the future design of the German electricity market. As things stand at the moment, we cannot expect a capacity market to be introduced in the form that our industry advocates. It is more likely that the government will favour a reform of the existing market structure, combined with a capacity reserve. This reserve capacity would initially be in the order of 4 gigawatts. We expect that power stations in southern Germany, which currently form part of the network reserve, would have the opportunity to be part of this arrangement.

The energy industry agrees that there is both need for, and merit in, further developing the existing electricity market. But we think this will not be enough. It is our belief that we need a further-reaching solution, one that will take lasting account of the growing share represented by renewables. Correspondingly, we as an industry have proposed a market-economy model, in the form of a decentralised capacity market. This is not about providing “Hartz IV”-type social benefit for old power stations, but rather about providing remuneration for keeping power station capacity available under competitive conditions.

But first we have to wait for the legislative procedure here in Germany to take its course. Then we will see what sort of effect will be achieved by the measures to refine the existing market model, the so-called “energy-only market”. And I am very curious to see whether, in the end, a capacity mechanism will find its way onto the political agenda after all.

I would now like to give you more details of our business performance during the first quarter of this year.

Firstly, **electricity generation:**
In the first quarter of 2015, the RWE Group produced **56.5 billion** kWh of electricity, 9% more than in the same period in 2014. A major contributing factor was the much improved availability of our power plants after production had been curtailed by unscheduled outages last year. Furthermore, our new hard coal-fired power station at the Dutch port of Eemshaven now has both of its units online, making a substantial contribution to electricity production. By contrast, there was a significant reduction in generation capacity at our disposal which is based on long-term usage agreements. Underlying contracts for **2.1 gigawatts** of hard coal capacity expired in 2014.

Regarding **electricity sales volumes:**
Our electricity deliveries to external customers rose by 2% to **68.4 billion** kWh. Among other things, this reflects the increase in our generation volumes, which resulted in RWE Supply & Trading selling more electricity produced by our power stations on the wholesale market. Deliveries to industrial and corporate customers were also up, in part due to new customer acquisitions in this segment. In contrast, sales to German distributors declined. This was in part because some of our customers increased their purchases from other energy suppliers or switched providers. In addition, there was a reduction in sales

volumes resulting from the re-sale of electricity to transmission system operators which is fed into our distribution network under the German Renewable Energy Act (REA). This is because operators of systems covered by the REA increasingly market their electricity directly or use it themselves.

This brings me to **gas sales volumes:**
Our gas sales volume rose by 13% to **112 billion** kilowatt hours. Our customers used more gas for heating purposes as temperatures normalised compared to the very mild weather in the first quarter of 2014. This reinvigorated sales, in particular to households and distributors. As regards the distributors, companies belonging to RWE Deutschland won new customers and intensified their supply relationships with existing ones. Another driver of our growth in gas sales volume was the successful acquisition of industrial and corporate customers. We posted increases in gas sales due to weather conditions in all of RWE's core markets, not just in Germany. Although our share of the UK residential market deteriorated, similar to the situation with electricity, the positive effect of the weather outweighed this.

Now on to developments in **revenue:**
Our external revenue increased by 3%, to **€14.6 billion.** This growth can be attributed mainly to our gas business: although some of our supply companies reduced their tariffs in their customers' favour, gas revenues were up 5% year

on year at **€4.7 billion**. A positive sales trend was the decisive factor here. Our electricity revenues, on the other hand, remained largely unchanged at **€8.9 billion,** despite a slight increase in volumes supplied. This, too, was driven by lower prices. Net of currency effects, our revenues increased by 1%. Purchases and sales of business activities had no significant impact on revenue development.

This brings me to our **operating result:**
Our operating result, as mentioned, decreased by 5% to **€1.6 billion**. The fact that the earnings situation in conventional power generation continued to worsen was a key contributing factor. In our energy supply business, which contributed **€554 million** to our operating result across Europe, we benefited from the influence of the weather on sales. This applies to our gas business in particular. The strength of the British pound also had a positive effect on the result.

The individual divisions performed as follows:

I'll start with **Conventional Power Generation:**
This division's operating result dropped by 23% to **€428 million**. The main reason for this is that we realised lower wholesale prices for electricity generated by our German and Dutch plants than in 2014. This was only somewhat cushioned by price-related relief in the purchase of fuel (especially hard coal). Successful cost-cutting

measures helped us to limit the decline in the operating result.

Supply/Distribution Networks Germany Division:
The division posted an operating result of **€643 million**, similar to last year's level (**€656 million**). Income from the sale of networks declined considerably, which was a consequence of RWE's success in the competition for concessions. When our network concessions are put up for their regular retender, we make every effort to retain them in as complete a form as possible. In addition, we regularly manage to win cities or communities for partner models. Although we do not remain the networks' sole owner in such cases, we can usually continue to manage them. The operating result that we achieved with our German supply business was higher than in 2014. An important role was played by the weather-driven rise in our customers' need for gas.

Now on to **Supply Netherlands/Belgium**:
The operating result of our Dutch supply activities rose by 51% to **€106 million**. The weather-induced increase in sales in the gas business also came to bear here. In addition, we released a provision which we had accrued to cover legal risks. The successful marketing of new supply offerings also contributed to the improved earnings position.

The next area is **Supply United Kingdom:**
This division's operating result rose by 13% year on year to **€144 million**. Net of the impact of currencies, however, it was unchanged. A positive effect was felt from the fact that we spent less on implementing the Energy Companies Obligation (ECO) state programme. ECO obliges the major power providers to finance measures to improve energy efficiency in homes. Furthermore, we benefited from declining gas purchase prices. However, this caused us to lower the standard gas tariff by 5.1% in February 2015, as a way of passing cost developments on to our customers. The costs we incurred for network usage, which had already posted a significant increase in 2014, rose further. In addition, customer losses and residential energy savings weighed on earnings.

This brings me to **Central Eastern and South Eastern Europe:**
Here, the operating result dropped by 12% to **€251 million,** in part because the margins of the Czech gas storage business decreased. Further burdens resulted from increased procurement costs in Polish electricity supply. In contrast, we benefited from a weather-induced rise in gas consumption in the Czech Republic. Furthermore, the country's regulatory conditions for gas distribution system operators improved.

Now on to the **Renewables Division:**
RWE Innogy improved its operating result significantly, by 56% to **€151 million.** This was largely due to the commissioning of new wind turbines. For example, the Welsh offshore wind farm Gwynt y Môr, which we will soon complete, already produced electricity from a large portion of its capacity in the first quarter. The rise in value of the British pound also had a positive impact on the result.

Trading/Gas Midstream Division:
This division closed the reporting period with an operating result of **€7 million**, nearly exactly on a par with the low level witnessed a year before. Earnings are particularly weak in the gas midstream business, as it continues to be burdened by gas storage capacity contracted over the long term, the management and marketing of which does not cover its costs.

That concludes my report on the performance of the divisions.

As at 31 March 2015, the Group had a total of **59,142** employees. This figure excludes RWE Dea. Part-time positions were included in this figure on a prorated basis. During the first quarter of 2015, a net **642 employees** left the Group, **340** of whom worked at our German locations and **302** at locations outside Germany. We recorded declines in almost all divisions. This was mainly due to efficiency measures, especially in conventional power generation.

At **€414 million, capital expenditure** of the RWE Group in the first quarter of 2015 was 45% lower than the figure recorded in the equivalent period last year. We spent **€364 million** on property, plant and equipment and intangible assets, half the amount spent in the first quarter of 2014. Capital expenditure on financial assets rose, but at **€50 million**, it continued to be of minor significance. There was a considerable drop in spending in the area of conventional power generation, which focused on the two new dual-block hard coal power stations – one at Eemshaven in the Netherlands **(1,554 MW)** and the other at Hamm in Germany **(1,528 MW)** – a year earlier. The first Eemshaven unit began operating commercially on 1 May 2015, and the second one is scheduled to follow soon. One of the blocks of the station at Hamm has been producing electricity commercially since 2014, whereas the second one has experienced substantial delays and it remains to be seen when it can go online. Capital expenditure in the Renewables Division also declined significantly. Some of it was dedicated to the new offshore wind farms Gwynt y Môr (576 MW) off the coast of Wales and Nordsee Ost (295 MW) near Heligoland. In the first quarter of 2014, they were under construction, whereas now they are in their commissioning phases. They are scheduled to begin generating electricity commercially from all turbines in the middle of 2015. Just two days ago, we held the official grand opening ceremony for Nordsee Ost. One area that did see a good increase in capital expenditure levels was the Supply/Distribution Networks Germany Division, which stepped up its activities to improve its network infrastructure.

Cash flows from continuing operations amounted to **minus €627 million**. The previous year's figure was also negative, at **minus €107 million**. This is mainly the result of seasonal influences that are reflected in changes in working capital. The fact that electricity and gas sales are higher than average in the first quarter of any given year plays a part in this, while customer payments are spread evenly throughout the year. This typically results in a high build-up of receivables in the supply business and correspondingly low cash flows from operating activities. The decline of **€520 million** in cash flows from ongoing operating activities compared to 2014 was partly due to the fact that the CO_2 emission allowances that were needed for 2014 were largely received and paid for only in 2015, whereas those for 2013 were covered that same year. This was also reflected in the changes in our working capital.

Cash flows from continuing operations, minus capital expenditure on property, plant and equipment and intangible assets, results in free cash flow. This amounted to **minus €991 million,** compared to **minus €829 million** in the same period last year.

As at 31 March 2015, our net debt amounted to **€27.7 billion**, which was much less than as at 31 December 2014 (**€31.0 billion**). The main reason for this was the disposal of RWE Dea, which had an impact of **€5.3 billion**, including the interest on the sale price. A counteracting impact was felt from the negative free cash flow. In addition, we had to make further downward adjustments to the discount rates used to calculate provisions for pensions due to the continued decrease in market interest rates, from 2.1% to 1.4% in Germany and from 3.4% to 3.1% in the United Kingdom. The fact that provisions for pensions rose by a mere **€0.2 billion** nevertheless is due to our increased funding of pension commitments. A total of **€1.3 billion** in cash and cash equivalents was transferred to trustees and company pension institutions, which enabled us to set it off against provisions for pensions.

We confirm the forecast for fiscal 2015. As before, we anticipate that the operating result will range from **€3.6 billion** to **€3.9 billion**, and recurrent net income should total between **€1.1 billion and €1.3 billion**.

Ladies and Gentlemen, that about covers the key financial indicators of RWE’s business performance in the first quarter of 2015.

I now look forward to taking your questions.