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**Statements regarding the
restructuring of RWE AG**

Essen, 01 December 2015

Check against delivery.

Welcome, Ladies and Gentlemen,

Thank you for joining us at this press conference today.

Today we have announced how we want to lead RWE into the future – a future with two solid companies within one Group. There was no blueprint for the proposed transaction, which is still subject to the RWE AG's the Supervisory Board approval. We didn't copy anything or anyone else. We will go our own way; this is an RWE approach. By doing this, we have cut the Gordian knot.

Bernhard Günther and I will explain in a moment what this approach looks like.

But first let me take a look back: we have taken major strides to take the company forward, to take this significant strategic step. It is important for us that the company, its employees and all stakeholders understand that this step is the next logical step of what has been happening around us as well as

a the initiatives we have launched over more or less the past three years.

A good three years ago, RWE was in many ways a large-scale construction site – both externally and internally.

Renewables had pushed out conventional power generation – especially gas-fired power plants –, faster and to a greater extent than expected. The nuclear phase-out that had been decided upon a year before had rendered our long-term planning obsolete. The government pushed through the energy transition, but there was no recognisable master plan. All of this created a great deal of uncertainty, not only for us but for the entire industry.

But to be honest, we also faced a number of self-made problems at the time. RWE had a high level of debt of some €33 billion. The reason was the massive expansion of the conventional power plant fleet. At times, we were one of the largest investors in Germany.

Another considerable problem was our internal mindset. There was too little willingness to change. And this in a phase of the transformation of the energy system that required precisely this willingness to change in order to be successful in the future. In the face of the scale of the problems, many

chose to bury their heads in the sand and hope for better times to come.

What have we done in the past three years to get the company back on track?

Our top priority has been to make the company fit for the future. RWE was in danger of suffocating under the weight of costs and debt. We had to regain stability and credibility by making savings and reducing debt. We have been very successful in doing this:

Our cost-saving programme has almost been completed. We did our homework. We will have achieved a net reduction in the costs we are able control as a company of around €2 billion, that's more than a quarter.

Thanks to active portfolio management we have also considerably improved our risk profile. Imagine if we still had Dea in our portfolio! The timing of the Dea sale was ideal. When we announced the transaction in March 2014, the oil price was still just over 100 dollars per barrel. Today it is less than 50 dollars. So the oil price has more than halved since then! This shows how right it was to make the sale. We didn't want to be dependent on the oil price any longer. The strong dependency on the wholesale electricity price was and is challenge enough.

We achieved a massive reduction in our net debt. We have almost halved our net financial debt since the end of 2012 (€12.3 billion). Net financial debt at €6.6 billion, accounts for only about a quarter of our total net debt. For a company of our size, this is not a lot. In other words: liquidity is not a problem.

All other debt is in the form of long-term provisions for nuclear energy, mining and pensions, some of which will not come due for decades. In total, we have reduced net debt since the end of 2012 from €33 billion to around €26 billion, that is around one-fifth.

With our success in reducing costs and debt, we have regained trust on the capital market.

But cost and debt reduction is not sufficient to ensure RWE's viability. It was also clear to us that a new strategy would not come to anything unless the mindset and attitude of our employees changed. With this in mind, we introduced a comprehensive cultural change and necessary structural simplifications.

The service mentality and willingness to perform was less than ideal in many areas of the company. We have spent these past three years establishing the necessary change in mindset. We had to take this time in order not to overwhelm

the company. You cannot “dictate” a change in corporate culture “from the top down”.

It paid off: we have broken out of silo thinking in our many sub-companies. We now collaborate much more effectively within the Group and foster a partnership oriented approach with our customers.

Everyone has realised that we will only move forward if we pull together.

In August, we decided to simplify the legal structure of the company. This signalled the launch of the organisational change necessary to make RWE faster and more agile. We are working on a function-based structure for the Group. This will continue to be the case within the new structure.

To put it in a nutshell: we have reached our turning point. We have significantly reduced costs and financial debt, our employees are ready for change, structures are becoming leaner. For RWE standards, this is more than just evolution, it is a small revolution. We are now ready for far-reaching changes, especially as the fog has started to lift slightly with regard to regulatory and political framework conditions.

RWE is ready to take the next step in its transformation. We are switching to growth mode and are building the energy company of the future. Importantly, there will be no change to

RWE's asset composition or dilution of asset base through the new structure.

Ladies and Gentlemen,

What will our own RWE approach look like?

To make one thing clear: we will remain one Group, but under the roof of this Group, we will have two viable companies. We are not splitting RWE up. We are realigning RWE in order to respond best to the energy market of the future.

We are placing the Group on two solid and viable pillars with clear strategic focus. RWE AG will focus on the conventional power plant business and energy trading, while the new company will have a clear focus on our future-oriented business fields.

With the new company we will create the innovative and decentralised energy company of the future. We will group our renewables, grids and retail activities in the new subsidiary. In so doing, we will create an attractive and, most importantly, a solid platform for growth.

The new company will be a subsidiary of RWE AG and will have its own access to the capital market. In connection with a capital increase, the new subsidiary will be listed on the

stock market probably in late 2016. This will provide us with capital to accelerate growth. There will be no dilution of our asset base. In other words: the new company will be a platform for growth that will safeguard the viability of the entire RWE Group. The IPO of the new company will increase our financial flexibility – especially when it comes to fulfilling our responsibilities with regard to the energy transition.

Let me emphasise one thing: we will not shy away from this responsibility – neither in the area of nuclear energy nor lignite. There will be no change to the asset base to back liabilities for provisions.

And this responsibility also means safeguarding jobs and, if possible, to create new ones. The new subsidiary will also make an important contribution here.

The new company will probably be headquartered in Essen like RWE AG. The state of North Rhine-Westphalia as a business location has suffered greatly under the energy transition. This considerable loss is, however, also an opportunity for this federal state. It may seem a little early to say this, but North Rhine-Westphalia could become the nucleus of the energy transition. And the new company will make a very important contribution towards making this happen.

So what are our specific plans?

First of all, as I said, we will group the business divisions renewables, grids and retail in a new company. The new subsidiary will be listed by way of an initial public offering probably in late 2016. We intend to sell some 10% of the share capital in connection with a capital increase.

In other words: additional capital will be raised to finance further growth in the new company's markets with good future prospects. Not a single euro will leave RWE. On the contrary, we will receive fresh funds for new shares.

We may also consider placing further shares via a second offering by RWE AG. Unlike the first step in connection with a capital increase, RWE would exchange shares for money in any future placements. However, to put it quite clearly: RWE AG will remain the new company's majority shareholder over the long term and consolidate it fully.

Why are we doing this? Why are we taking this path, our own path?

We are convinced that paving this way is the best way to strengthen the viability of the entire RWE Group.

Firstly, we are creating under one roof two distinct companies with a clear strategic focus and different growth prospects. The new structure enables the management teams of both companies to give their undivided attention to the specific opportunities and challenges of their respective business areas. Investments have to be made where market opportunities present themselves. And in areas where policy makes market structures restrictive, capacity and costs have to be aligned with these structures in such a way that we can return to benefitting from improved market conditions in future.

Secondly, this restructuring promises to unlock value for all of our shareholders. With a separate listing on the stock exchange for our three future-oriented business fields, we are increasing the visibility and transparency of this business.

It's a matter of fact that today "green" and innovative utilities are receiving a kind of bonus in their assessment compared to traditional utilities. Investors reward the combination of regulated business with substantial capital expenditure in renewables. Investors seek for stability and growth perspectives at one stop. A prime example is Enel Green Power that has become a real growth engine for the Italian Enel Group.

With the new company, we will also reach investors who have not bought RWE shares in the past, perhaps due to political risks or strong price fluctuations in the traditional electricity generation business. The new company can and will raise fresh capital for its growth plans. And when the IPO of the new company was completed successfully and when the company is paying attractive dividends, RWE AG as the majority shareholder, as well as all other shareholders, will also benefit.

And thirdly, the new structure will increase the financial flexibility of the entire Group. There will be no dilution of our asset base. There will be no change to the asset base available to back liabilities. On the contrary, we will gain more options to fulfil these obligations in the future. I don't want to predict the future too much here, but we will of course then also have the possibility to use proceeds from the sale of shares in the new company to fund provisions.

To put it in a nutshell: There is a clear logic to this step. And we also think that the business models of RWE AG and the new company are both justified in their existence. While the new company maps the energy markets of the future, RWE AG will a kind of backup for this new energy world. I can't emphasise this often enough: when the wind is not blowing and the sun is not shining, you will still want to drink your coffee and charge your phone.

Let's now take a closer look at RWE AG and the new company.

In future, in addition to the majority shareholding in the new company, RWE AG will have two business divisions – conventional power generation and trading. We have one of the most modern and efficient power plant fleets in Europe with a strong grounding in Germany, the UK and the Netherlands.

In the course of our new-build programme, we invested around €12 billion in new power plants, with a focus on state-of-the-art gas-fired power plants. And by the way, this was also what the policymakers wanted at the time. With a installed capacity of more than 15,000 megawatts, we are today the third-largest operator of gas-fired power plants in Europe. In addition, we invested considerable amounts in more flexible and climate-friendly coal-fired power plants. We did both in order to make our contribution to the energy transition and security of supply – for those times when the wind doesn't blow and the sun doesn't shine.

The greatest challenge for our conventional power generation is and remains the low wholesale electricity price. It is our declared aim to make this business cashflow-positive in spite of the decline in the electricity price. We have been successful in this so far. And to ensure that this continues to

be the case in the future, in spite of the persistent pressure on electricity prices, we have to continue to increase our efficiency. For this reason, we have identified considerable additional cost savings in our power plant business.

We do not want to prematurely throw future opportunities for conventional power generation overboard – we intend to make use of them. The power plants will play an entirely different role in this process than in the past: the conventional generation business in Europe is increasingly moving away from the production of as many megawatt hours as possible towards the provision of back-up capacity for renewables. This will cause a shift in income flows from the volatile margins in the wholesale business to market-oriented capacity premiums for security of supply.

At the moment we are in the difficult transition period between these two sides. This trend is much more advanced in the UK, France and other European markets. I am convinced that in Germany too, we will not be able to avoid a capacity market.

I know that the future of conventional power generation is seen more sceptically by some due to the current excess capacity and the development of the wholesale price. But we have to move away from this view of things. In the coming years, considerable capacity will be removed from the market

– nuclear is being phased out and the shut-down of a whole range of fossil-fired power plants has already been decided. The excess supply will shrink considerably as a result. All of these aspects taken together indicate that conventional power generation has a future.

Our trading division plays a key role in optimising and steering our power plant fleet. We are one of the leading trading companies for energy and commodities in Europe. We will continue to expand this business, with a focus on new markets and commodities.

As RWE Supply & Trading works so close to the market, it also deals with the large industrial customers. We also want to continue to expand this business. Our profitable trading division will thus be a viable business field for RWE AG in the future.

In brief: RWE AG is not all a bad bank. Moreover, RWE AG will remain the majority shareholder of our future-oriented business fields.

Let's now take a look at our platform for growth, which is the new company.

You will not find another energy company that is so European and has a comparable portfolio. The three business areas renewables, grids and retail map the energy world of the

future. In the grids and retail business we are among the market leaders in Europe. In renewables we have a strong position.

Around two thirds of the EBITDA of the new company will come from the regulated business. The company will thus have a stable cash flow that is easy to forecast as well as a healthy balance sheet, which, in its turn, will enable us to have an attractive dividend policy.

What will shareholders in the new company be participating in?

They will be participating in a power generation portfolio based on renewables with a capacity of over 3.5 gigawatts, currently primarily spread across six countries. We are one of the five largest operators of offshore wind farms in the world. And regarding onshore wind, we are also one of the largest operators in Europe.

Our investments in this market are gradually paying off: With renewables we expect a result of around €400 million for 2015, that's twice as much as last year.

Shareholders in the new company will also be co-owners of a 550,000-km-long distribution network. Currently, we operate grids in five countries and four-fifths of it consist of electricity lines and one-fifth of gas lines. In Germany, we have the most efficient electricity grid. No other company transmits as much electricity as we do. And we are also pioneers in smart

metering and control systems as well as new technologies. In the first few years, the networks will be the largest earnings driver of the new company. The operating result of the grid business in 2014 was around €2 billion.

And finally, shareholders in the new company will participate in an innovative retail organisation with over 23 million customers in twelve countries. In the area of power supply, we are among the three largest European companies, for gas we are among the top five. And something that not everyone knows: with eprimo we are the largest and most successful supplier in the online retail business.

So the new company will be in a very good starting position. It is our declared objective to use this excellent starting position to develop the leading European company in the energy world of the future. To achieve this we have to invest even more, and therefore we need more investment capital. It is for this reason that we are creating up a second access to the capital market.

The new company can be considered as a platform for growth.

At the first glance, this may only be evident with regard to renewables – for grids and retail maybe less. But also grids and retail benefit from the energy transition. Both segments can expand their already strong market position through innovation.

The distribution networks play a key role in the integration of decentralised renewables. They are increasingly adapting to their role as a technology platform for the transition of the energy markets. We are therefore working on the development of more efficient and smart grids. The new company invest some €3 billion until 2014 in the further modernisation and expansion of grids.

Regarding our retail activities, we will mainly focus on further developing decentralised and smart solutions. We have already sown the seeds for this with SmartHome and SmartCompany, which are growing into a new ecosystem and will provide us additional growth. In addition, we want to continue to grow organically, especially in Eastern Europe.

However, the new company will primarily go ahead in the area of renewables. We will invest a good half of the funds that we raise through the IPO in connection with the capital increase in the further expansion of renewables. This can become the growth engine of the new company. Already today, we have a impressive project pipeline, in particular in the area of offshore wind. The focus will continue to be on wind power – both offshore and onshore. But in solar energy too, as in the wind segment, we will start to develop large-scale projects.

After all, we want to make the new company the innovation leader in the energy industry. It is not only since the energy

transition that we have seen innovations as a key strategic success factor. We are working hard on new products and business models and are at the same time investing in promising start-ups. And we will of course bring our innovations and the expertise we gain from the energy transition process to carefully chosen markets outside Europe, such as to Middle East and North Africa, the MENA region.

And now I'd like to pass the floor to Bernhard.

Ladies and Gentlemen,

Let me as CFO share a few thoughts with you about the financial profile of the future RWE AG and its new subsidiary.

As the new company will be fully consolidated, the earnings profile of the RWE Group as a whole will not change much. It is our declared aim to maintain our Investment Grade rating. We have been in contact with the rating agencies. We expect that the transaction will have an impact on our rating.

In order to answer the questions you probably have regarding what will happen to the provisions: they will be split between RWE AG and the new company by and large according to their origin. This is why the provisions for nuclear energy and mining will remain with RWE AG. Most of the liquidity will also

remain with RWE AG, especially with regard to energy trading and the nuclear liabilities.

However, after the IPO, the new company will have enough capital and liquidity to realise its growth objectives. The leverage factor, so the ratio of net debt to EBITDA at the new company is to be between 3 and 3.5. The dividend policy of the company will reflect the very stable and regulated nature of the business.

We cannot yet answer many of the questions you probably want to ask today. As Peter already said: The transaction is still subject to RWE AG's Supervisory Board approval. Once the Supervisory Board will have approved our plans, we will have to get down to the actual work. This includes, for example, the development of an adequate Corporate Governance for the new company, which the capital market in particular will consider very important. Then comes the competent composition of the Board and other management levels, as well as the setting-up of a new administrative organisation.

Here, we have already done a good deal of groundwork, by switching to a functional steering model for the company.

I am looking forward to RWE AG, twelve months from today, being the parent company of the new listed SE company.

With this, I'd like to hand over back to Peter.

Ladies and Gentlemen,

Let me sum up: this IPO is in the interest of all of RWE AG's stakeholders.

- **It is in the interest of our shareholders, including our municipal shareholders, as our even strengthened clear focus on growth markets and the additional investment funds will unlock value for the entire Group.**
- **It is in the interest of our customers, as a focussed new company will be closer to the market and the customers will benefit from innovations and digital products.**
- **It is in the interest of policymakers, as we will continue to take full responsibility for the to the nuclear phase-out and will also strengthen the state of North Rhine-Westphalia as a business location.**
- **It is in the interest of our employees, as the creation of a growth platform makes an important contribution towards job security and will also create new jobs in the medium and long term.**

We thank you for your attention and look forward to your questions!