

RWE AG, ESSEN, GERMANY
CONSOLIDATED INCOME STATEMENT OF THE RWE GROUP¹
FOR THE YEAR ENDED DECEMBER 31, 2006

Exchange rates

1.317 1.1797 ⁽²⁾

	Euros in millions (except for per share data)		U.S. dollars in millions (except for per share data)	
	2006	2005	2006	2005
Revenue (including natural gas tax/electricity tax)	44,256	39,487	58,285	46,583
Natural gas tax/electricity tax	1,385	1,301	1,824	1,535
Revenue	42,871	38,186	56,461	45,048
Changes in finished goods and work in progress	86	38	113	45
Other own work capitalized	134	95	177	112
Other operating income	1,710	2,323	2,252	2,741
Cost of materials	27,440	24,105	36,138	28,437
Staff costs	4,900	4,969	6,453	5,862
Depreciation, amortization, and impairment losses	2,529	3,278	3,331	3,867
<i>of which: impairment losses on goodwill</i>	<i>(6)</i>	<i>(759)</i>	<i>8</i>	<i>895</i>
Other operating expenses	5,030	4,289	6,625	5,060
Income from operating activities of continuing operations	4,902	4,001	6,456	4,720
Income from investments accounted for using the equity method	408	529	537	624
Other income from investments	382	207	503	244
Financial income	2,882	2,401	3,796	2,833
Finance costs	4,917	3,982	6,476	4,698
Income from continuing operations before tax	3,657	3,156	4,816	3,723
Taxes on income	982	1,086	1,293	1,281
Income from continuing operations	2,675	2,070	3,523	2,442
Income from discontinued operations	1,338	385	1,762	454
Income	4,013	2,455	5,285	2,896
Minority interest	166	224	219	264
Net income/income attributable to RWE AG shareholders	3,847	2,231	5,066	2,632
Basic and diluted earnings per common and preferred share (€)				
	6.84	3.97	9.01	4.68
<i>of which: from continuing operations (€)</i>	<i>-4.46</i>	<i>-3.28</i>	<i>-5.87</i>	<i>-3.87</i>
<i>of which: from discontinued operations (€)</i>	<i>-2.38</i>	<i>-0.69</i>	<i>-3.13</i>	<i>-0.81</i>

(1) Prior-year figures restated.

(2) As required by the order all numbers were converted to U.S. dollars using the exchange rates existing at the end of the period. In our opinion, however, the usage of the average exchange rates during the periods would be more appropriate for the income statement and the cash flow statement.

The notes are an integral part of the financial statements.
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RWE AG, ESSEN, GERMANY
CONSOLIDATED BALANCE SHEET OF THE RWE GROUP¹
AS OF DECEMBER 31, 2006

Exchange rates 1.3170 1.1797 ⁽²⁾

ASSETS

	Euros in millions		U.S. dollars in millions	
	December 31 2006	December 31 2005	December 31 2006	December 31 2005
Non-current assets				
Intangible assets	14,901	18,551	19,625	21,885
Property, plant and equipment	26,034	36,089	34,287	42,574
Investment property	225	476	296	561
Investments accounted for using the equity method	2,271	2,617	2,991	3,087
Other non-current financial assets	1,684	1,842	2,218	2,173
Financial receivables	1,537	1,500	2,024	1,770
Other receivables and other assets	1,093	6,815	1,439	8,040
Income tax assets	636	0	838	0
Deferred taxes	3,618	3,790	4,765	4,471
	51,999	71,680	68,483	84,561
Current assets				
Inventories	2,226	2,257	2,931	2,662
Financial receivables	2,945	3,155	3,878	3,722
Trade accounts receivable	8,876	8,325	11,690	9,821
Other receivables and other assets	7,673	11,112	10,105	13,109
Current tax assets	154	276	203	326
Marketable securities	16,788	10,344	22,110	12,203
Cash and cash equivalents	2,794	1,431	3,680	1,688
Assets held for sale	0	878	0	1,036
	41,456	37,778	54,597	44,567
	93,455	109,458	123,080	129,128

EQUITY AND LIABILITIES

	Euros in millions		U.S. dollars in millions	
	December 31 2006	December 31 2005	December 31 2006	December 31 2005
Equity				
RWE Group interest	13,439	11,431	17,699	13,485
Minority interest	672	926	885	1,093
	14,111	12,357	18,584	14,578
Non-current liabilities				
Provisions	28,632	28,064	37,708	33,107
Financial liabilities ⁽³⁾	15,672	21,458	20,640	25,314
Other liabilities	5,021	10,670	6,613	12,587
Deferred taxes	3,077	4,873	4,052	5,749
	52,402	65,065	69,013	76,757
Current liabilities				
Provisions	5,434	4,784	7,157	5,644
Financial liabilities	3,710	5,994	4,886	7,071
Trade accounts payable	8,148	7,497	10,731	8,844
Current tax liabilities	123	86	162	101
Liabilities held for sale	0	533	0	629
Other liabilities	9,527	13,142	12,547	15,504
	26,942	32,036	35,483	37,793
	93,455	109,458	123,080	129,128

(1) Prior-year figures restated.

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(3) Including € 15.233 (US\$ 20.062) million in non-current interest bearing liabilities; previous year: € 21.255 (US\$ 25.074) million.

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RWE AG, ESSEN, GERMANY
CONSOLIDATED CASH FLOW STATEMENT OF THE RWE GROUP
FOR THE YEAR ENDED DECEMBER 31, 2006

Exchange rates			1.3170	1.1797 ⁽²⁾
	Euros in millions		U.S. dollars in millions	
	2006	2005	2006	2005
Income	4,013	2,455	5,285	2,896
Depreciation, amortization, impairment losses, write-backs	3,025	3,795	3,984	4,477
Changes in provisions	1,300	-279	1,712	-329
Changes in deferred taxes	293	148	386	175
Income from disposal of non-current assets and marketable securities	-1,368	-1,005	-1,802	-1,186
Other non-cash income/expenses (mainly equity accounting method)	54	-14	71	-17
Changes in working capital	-534	204	-703	241
Cash flows from operating activities	6,783	5,304	8,933	6,257
Intangible assets/property, plant and equipment/investment property				
Capital expenditure	-4,494	-3,667	-5,919	-4,326
Proceeds from disposal of assets	322	197	424	233
Acquisitions and investments				
Capital expenditure	-234	-471	-308	-556
Proceeds from disposal of assets/divestitures	7,532	635	9,920	749
Changes in marketable securities and cash investments	-5,597	1,257	-7,371	1,483
Cash flows from investing activities	-2,471	-2,049	-3,254	-2,417
Net change in equity incl. minority interest	-9	-3	-12	-4
Dividends paid to RWE AG shareholders and minority interests	-1,208	-1,070	-1,591	-1,262
Issuance of financial debt	7,526	4,361	9,912	5,145
Repayment of financial debt	-9,257	-6,672	-12,192	-7,871
Cash flows from financing activities	-2,948	-3,384	-3,883	-3,992
Net cash change in cash and cash equivalents	1,364	-129	1,796	-152
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	-1	34	-1	40
Net change in cash and cash equivalents	1,363	-95	1,795	-112
Cash and cash equivalents at beginning of the reporting period	1,431	1,526	1,885	1,800
Cash and cash equivalents at end of the reporting period	2,794	1,431	3,680	1,688

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