

**RWE AG, ESSEN, GERMANY**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Exchange rates

1.0422

0.8813 <sup>(3)</sup>

|  | Euros in millions (except for<br>per share data) |                         | U.S. dollars in millions<br>(except for per share data) |                         |
|--|--|-------------------------|---|-------------------------|
|  | 2002   | 2001 TFY <sup>(1)</sup> | 2002  | 2001 TFY <sup>(1)</sup> |
| <b>Revenue</b>   | 46,633   | 31,832                  | 48,601  | 28,054                  |
| <i>Discontinuing operations</i>  | 7,682  | (-)                     | 8,006   | (-)                     |
| Mineral oil tax/natural gas tax/electricity tax                        | 3,146  | 3,281                   | 3,279   | 2,892                   |
| <i>Discontinuing operations</i>  | 2,341  | (-)                     | 2,440   | (-)                     |
| Revenue (without mineral oil tax, natural gas tax,<br>electricity tax) | 43,487   | 28,551                  | 45,322  | 25,162                  |
| Changes in finished goods and work in progress                         | 28   | 206                     | 29  | 182                     |
| Other own work capitalized   | 335  | 225                     | 349   | 198                     |
| Other operating income   | 4,364  | 1,710                   | 4,548   | 1,507                   |
| Cost of materials  | 24,446   | 18,434                  | 25,477  | 16,246                  |
| Staff costs  | 7,527  | 4,745                   | 7,844   | 4,182                   |
| Depreciation, amortization and impairment losses                       | 4,044  | 1,837                   | 4,215   | 1,619                   |
| <i>Goodwill amortization</i>   | 780  | 238                     | 813   | 210                     |
| Other operating expenses   | 7,397  | 3,924                   | 7,709   | 3,458                   |
| <b>Income from operating activities</b>                                | 4,800  | 1,752                   | 5,003   | 1,544                   |
| Income from investments <sup>(2)</sup>                                 | 554  | 312                     | 577   | 275                     |
| Financial result   | 5,354  | 2,064                   | 5,580   | 1,819                   |
| <b>Income before tax</b>   | -2,632   | -921                    | -2,743  | -812                    |
| <i>Discontinuing operations</i>  | 867  | (-)                     | 904   | (-)                     |
| Taxes on income  | 1,367  | 339                     | 1,425   | 298                     |
| <i>Discontinuing operations</i>  | 98   | (-)                     | 102   | (-)                     |
| <b>Income after tax</b>  | 1,355  | 804                     | 1,412   | 709                     |
| <i>Discontinuing operations</i>  | 769  | (-)                     | 801   | (-)                     |
| Minority interest  | 305  | 183                     | 318   | 162                     |
| <b>Net income</b>  | 1,050  | 621                     | 1,094   | 547                     |
| <i>Discontinuing operations</i>  | 769  | (-)                     | 801   | (-)                     |
| <b>Earnings per share (€)</b>  | 1.87   | 1.10                    | 1.95  | 0.97                    |
| <i>Discontinuing operations (€)</i>                                    | 1.37   | (-)                     | 1.43  | (-)                     |

(1) TFY = Truncated financial year (July 1 through December 31, 2001).

(2) € 141 million of which is income from financial investments accounted for under the equity method (previous year: - €23 million).

(3) 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.

**RWE AG, ESSEN, GERMANY  
CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2002**

Exchange rates 1.0422 0.8813 <sup>(3)</sup>

**ASSETS**

|                                      | Euros in millions   |                     | U.S. dollars in millions |                     |
|--------------------------------------|---------------------|---------------------|--------------------------|---------------------|
|                                      | December 31<br>2002 | December 31<br>2001 | December 31<br>2002      | December 31<br>2001 |
| <b>Non-current assets</b>            |                     |                     |                          |                     |
| Intangible assets                    | 18,518              | 8,502               | 19,299                   | 7,493               |
| Property, plant and equipment        | 33,779              | 32,310              | 35,205                   | 28,475              |
| Financial assets <sup>(1)</sup>      | 9,280               | 8,370               | 9,672                    | 7,376               |
|                                      | <u>61,577</u>       | <u>49,182</u>       | <u>64,176</u>            | <u>43,344</u>       |
| <b>Current assets</b>                |                     |                     |                          |                     |
| Inventories                          | 3,505               | 3,643               | 3,653                    | 3,211               |
| Accounts receivable and other assets | 16,371              | 15,244              | 17,062                   | 13,435              |
| Marketable securities                | 8,459               | 10,611              | 8,816                    | 9,351               |
| Cash and cash equivalents            | 2,143               | 3,842               | 2,233                    | 3,386               |
|                                      | <u>30,478</u>       | <u>33,340</u>       | <u>31,764</u>            | <u>29,383</u>       |
| <b>Deferred taxes</b>                | 7,593               | 8,399               | 7,914                    | 7,402               |
| <b>Prepaid expenses</b>              | 625                 | 528                 | 651                      | 465                 |
|                                      | <u>100,273</u>      | <u>91,449</u>       | <u>104,505</u>           | <u>80,594</u>       |

**EQUITY AND LIABILITIES**

|  | Euros in millions   |                     | U.S. dollars in millions |                     |
|--|---------------------|---------------------|--------------------------|---------------------|
|  | December 31<br>2002 | December 31<br>2001 | December 31<br>2002      | December 31<br>2001 |
| <b>Equity/minority interest</b>        |                     |                     |                          |                     |
| Group interest                         |                     |                     |                          |                     |
| Subscribed capital                     | 1,440               | 1,459               | 1,501                    | 1,286               |
| Additional paid-in capital             | 1,288               | 1,269               | 1,342                    | 1,118               |
| Retained earnings                      | 3,848               | 3,587               | 4,010                    | 3,161               |
| Accumulated other comprehensive income | -766                | 853                 | -798                     | 752                 |
| Distributable profit                   | 619                 | 562                 | 645                      | 495                 |
|  | <u>6,429</u>        | <u>7,730</u>        | <u>6,700</u>             | <u>6,812</u>        |
| Minority interest                      | 2,495               | 3,399               | 2,601                    | 2,996               |
|  | <u>8,924</u>        | <u>11,129</u>       | <u>9,301</u>             | <u>9,808</u>        |
| <b>Provisions</b>                      | 40,187              | 40,383              | 41,883                   | 35,590              |
| <b>Liabilities<sup>(2)</sup></b>       | 41,140              | 30,535              | 42,876                   | 26,910              |
| <b>Deferred taxes</b>                  | 6,566               | 6,206               | 6,843                    | 5,469               |
| <b>Deferred income</b>                 | 3,456               | 3,196               | 3,602                    | 2,817               |
|  | <u>100,273</u>      | <u>91,449</u>       | <u>104,505</u>           | <u>80,594</u>       |

(1) Include € 4,030 million in financial assets accounted for using the equity method (previous year: € 4,614 million).

(2) Include € 23,935 million in long-term interest-bearing liabilities (previous year: € 11,408 million).

(3) 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.

**RWE AG, ESSEN, GERMANY**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Exchange rates 1.0422 0.8813 <sup>(2)</sup>

|  | Euros in millions |                         | U.S. dollars in millions |                         |
|--|-------------------|-------------------------|--------------------------|-------------------------|
|  | 2002              | 2001 TFY <sup>(1)</sup> | 2002                     | 2001 TFY <sup>(1)</sup> |
| Income after tax   | 1,355             | 804                     | 1,412                    | 709                     |
| Depreciation, amortization, impairment losses, write-backs   | 4,227             | 1,801                   | 4,405                    | 1,587                   |
| Changes in long-term provisions  | 304               | -189                    | 317                      | -167                    |
| Changes in deferred taxes  | -70               | -179                    | -73                      | -158                    |
| Other non-cash items (mainly equity accounting method and results of non-current asset disposals)  | -1,236            | -502                    | -1,288                   | -442                    |
| Changes in working capital   | 1,116             | -698                    | 1,163                    | -615                    |
| Changes in other balance sheet items   | 237               | -16                     | 247                      | -14                     |
| <b>Cash flows from operating activities</b>  | <b>5,933</b>      | <b>1,021</b>            | <b>6,183</b>             | <b>900</b>              |
| Discontinuing operations   | 300               | (-)                     | 313                      | (-)                     |
| Intangible assets/property, plant and equipment  |                   |                         |                          |                         |
| Capital expenditure  | -4,095            | -2,295                  | -4,268                   | -2,023                  |
| Proceeds from sale of assets   | 594               | 297                     | 619                      | 262                     |
| Acquisitions, investments and loans to associates and other investments  |                   |                         |                          |                         |
| Capital expenditure  | -12,890           | -1,411                  | -13,434                  | -1,243                  |
| Proceeds from sale of assets/divestitures  | 1,614             | 630                     | 1,683                    | 555                     |
| Changes in marketable securities and cash investments  | 254               | -1,340                  | 265                      | -1,181                  |
| <b>Cash flows from investing activities</b>  | <b>-14,523</b>    | <b>-4,119</b>           | <b>-15,135</b>           | <b>-3,630</b>           |
| Discontinuing operations   | -318              | (-)                     | -331                     | (-)                     |
| Capital contributions to RWE AG and share of minority interests in capital contributions to subsidiaries and share buybacks of RWE Group companies | (-)               | 4                       | (-)                      | 4                       |
| Dividends paid to RWE shareholders and minority interests  | -838              | -236                    | -873                     | -208                    |
| Issuance of financial liabilities  | 14,036            | 6,956                   | 14,628                   | 6,130                   |
| Repayment of financial liabilities   | -6,136            | -3,615                  | -6,395                   | -3,186                  |
| <b>Cash flows from financing activities</b>  | <b>7,062</b>      | <b>3,109</b>            | <b>7,360</b>             | <b>2,740</b>            |
| Discontinuing operations   | -42               | (-)                     | -44                      | (-)                     |
| <b>Net change in cash and cash equivalents</b>   | <b>-1,528</b>     | <b>11</b>               | <b>-1,592</b>            | <b>10</b>               |
| Effects of exchange rate changes and other changes in value  | -86               | -27                     | -90                      | -24                     |
| Effects of changes in the scope of consolidation   | -85               | 806                     | -89                      | 710                     |
| <b>Total net change in cash and cash equivalents</b>   | <b>-1,699</b>     | <b>790</b>              | <b>-1,771</b>            | <b>696</b>              |
| Cash and cash equivalents at beginning of fiscal year  | 3,842             | 3,052                   | 4,004                    | 2,690                   |
| <b>Cash and cash equivalents at end of fiscal year</b>   | <b>2,143</b>      | <b>3,842</b>            | <b>2,233</b>             | <b>3,386</b>            |

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