Review of Operations
RWE Gasspeicher GmbH
for the 2012 Financial Year

Contents

Review of Operations

(1) Business performance and environment

RWE Gasspeicher GmbH (RGS), Dortmund, meets the requirements of a large corporation within the meaning of Section 267, Paragraphs 3 and 4 of the German Commercial Code. The company is registered in the Commercial Register of the Dortmund District Court under HR B 21652. The business activities of RGS consist of the construction, acquisition, operational management, usage and marketing of gas storage facilities including necessary storage connection pipelines, land and buildings as well as the rendering and marketing services in the aforementioned fields. As operator of its gas storage facilities, RGS is overseen by the German mining regulator and is thus obliged to comply with certain mining-related obligations.

RGS as part of the RWE Group

RGS is a subsidiary **wholly owned** by RWE AG, Essen. It has entered into a profit and loss pooling agreement with RWE AG. The company has been assigned to the Supply and Distribution Networks Germany segment of the RWE Group. RGS is included in the consolidated financial statements prepared by RWE AG, Essen.

Economic environment

Business activity

Based on initial estimates, global economic output in 2012 was 2.3% higher than in the preceding year. In contrast, the Eurozone's gross domestic product is likely to have declined by some 0.5% last year, primarily due to the uncertainty caused by the sovereign debt crisis. Economic output in Germany, the currency area's fourth-largest economy, probably rose by about 1% year on year. In particular, consumer spending had a stabilising effect.

Order volume

RGS operates gas storage facilities at its Epe, Kalle, Xanten and Staßfurt sites. Together with commissioned third-party companies, RGS makes an important contribution to creating value in the regions of relevance to it. Accounting for approximately €87 million in capital expenditure and operating expenses, the lion's share of the orders was awarded to regional partners.

In the 2012 financial year, capital expenditure and operating expenses at RGS dropped by a combined 43%. This was due to the decline in project volume relating to the expansion of gas storage facilities.

Operational management and marketing of gas storage facilities

The business of RGS focuses on the operational management and marketing of the Epe (H-gas and L-gas), Kalle, Xanten and Staßfurt gas storage facilities. The commercially usable storage capacity (working gas capacity) of these gas storage facilities amounted to about 1.7 billion cubic metres in 2012 and some 1.6 billion cubic metres in 2011.

Workforce

As of the balance-sheet date, RGS had 62 employees on its payroll. Headcount was thus unchanged compared to the previous year (prior year: 62 staff members).

Occupational safety and health protection

At RGS, occupational safety is the highest priority. All aspects of occupational safety and health protection are presented in an annual report issued by the company officer in charge of these matters. When developing practical steps to ensure occupational safety and health protection, RGS attaches great importance to preventive approaches to avoid accidents by putting together training programmes that are mandatory for all its employees and administered by the executives in charge of them. The objective of this approach is to refine occupational safety management as a managerial task and an essential element of the corporate culture.

(2) Earnings, asset and financial position

Earnings trend

In the 2012 financial year, RGS posted a total of €152.3 million in **revenue** (prior year: €144.0 million) which mainly stemmed from storage use. €123.5 million of the revenue was generated within Germany, and €28.8 million was achieved within the rest of the EU.

At €1.8 million, **other operating income** was far below the year-earlier level (prior year: €21.8 million). This was due to income from compensation payments realised in the preceding year, which resulted from the termination of a long-term storage agreement. Other operating income in the year under review essentially included income from the release of provisions relating to other periods.

The **cost of materials** required to achieve the revenue consisted of €28.2 million in expenses incurred for procured services (prior year: €35.5 million) mainly consisting of expenses associated with the operation and maintenance of gas storage facilities as well as of expenses incurred for raw materials, consumables and supplies. The reduction in the cost of materials was due to the decline in expenses incurred for maintenance.

Staff costs associated with RGS in-house personnel dropped to €10.9 million (prior year: 11.8 million) owing to the marginal year-on-year decline in expenses associated with pensions and support.

The increase in **other operating expenses** to €9.7 million (prior year: €8.2 million) was mainly caused by higher redevelopment and recultivation expenses and bigger losses on asset disposals.

Income from ordinary activities amounted to €41.5 million in the financial year (prior year: €47.9 million). The rise in revenue and fall in the cost of materials were unable to offset the decline in other operating income.

Investing activities

In the financial year, capital expenditure totalled €55.0 million (prior year: €142.8 million). It largely consisted of capital expenditure on gas storage facilities.

Development of the financial and asset situation

At €742.6 million, the balance-sheet total in the year being reviewed was up on the level recorded in 2011 (€704.5 million). On the assets side, there was an increase in property, plant and equipment as well as trade accounts receivable from affiliated companies. The share of the balance-sheet total accounted for by non-current assets amounted to 95.6%, which was slightly down on the figure for the preceding year (prior year: 98.0%).

Equity and liabilities were primarily characterised by the rise in accounts payable to affiliated companies owing to higher cash-pool liabilities and the increase in provisions, which mainly consisted of provisions for recultivation. At 47.2%, the equity ratio was down on the previous year's level (49.7%).

Since 11 December 2008, the company has been integrated in RWE AG's corporate cash management system via RWE 0 AG. This ensured solvency at all times. As of 31 December 2012, accounts payable to RWE 0 AG due to the participation in the cash management system totalled €82.5 million (prior year: account payable of €45.2 million).

(3) Information in accordance with Section 6b, Paragraph 7 of the German Energy Act

As a vertically integrated power utility, RGS is bound by the provisions of the German Energy Act to maintain separate accounts as well as to prepare separate financial statements for each of its activities and report on them.

Besides the activity it conducts, which is classified as "gas storage," the company has minor activities outside the electricity and gas sector, to which financial assets and the associated expenses and income have been assigned.

(4) Opportunities and risks

All entrepreneurial actions harbour both opportunities and risks. RGS aims to seize opportunities with a view to maximising profits and obtain information on risks and their impact as early as possible, in order to be able to counteract them with suitable measures.

RGS' controlling system provides a comprehensive overview of the current economic situation and future developments through regular reporting and forecasting as well as additional analyses.

The internal control system was further expanded in order to allow for the introduction of additional controls – some of which automated – of the orderly processing of commercial tasks. RGS is integrated in the RWE Deutschland Group's holistically organised risk-management system. RGS's tried-and-tested risk-management system is an essential element of corporate governance.

This ensures the identification, assessment and mitigation of risks on a permanent basis. Potential risks are regularly assessed in terms of their potential damage and probability of occurrence and assigned to risk categories. Liquidity risks are thus subjected to constant monitoring. Risks are assessed for the current financial years as well as for all budgeted years.

Commercial success is primarily determined by the storage prices realisable on the market, which are based on the summer-winter spread (difference between summer and winter gas prices) on the wholesale market and extrinsic storage capacity figures. The summer-winter spread in the gas market is expected to remain low in the next two years. RGS continuously expands its key account management system in order to sell unused storage capacity in this market environment.

The financial risk of failure to sell all available storage capacity is the risk of a commensurate reduction in storage revenue. Furthermore, depending on the amount of unsold available capacity, measures must be taken in order to ensure the integrity of the rock mechanic properties of the caverns at all times.

In view of the development of storage fees in recent years, as in every financial year, RGS tested the storage facilities carried on the balance sheet for impairment. The review of their carrying amounts did not result in a need to recognise an impairment.

On the cost side, energy costs associated with storage operation are becoming an increasingly important factor. Therefore, RGS constantly reviews energy procurement and energy usage for potential optimisation.

In the 2012 financial year, there were no risks which could have jeopardised the company's subsistence. No such risks have been identified for the following financial year, either.

Development opportunities consist of expanding the product range and seizing additional business opportunities by marketing storage capacity that is available short term.

(5) Outlook

Due to the current market environment, RGS anticipates that storage prices will stay under pressure in both 2013 and 2014. Internal processes are efficient and are being brought further in line with this development.

In light of the storage capacity for which sales contracts have already been signed as well as the commissioning of storage capacity under construction, RGS expects revenue and income in the 2013 and 2014 financial years to be up on the figures achieved in 2012.

The ESK GmbH employees who have handled operational management for RGS at the Kale site so far have been transferred to RGS with effect from 1 January 2013.

It is not yet possible to estimate the effects of the transformation of the energy sector on demand for and the usage of gas storage capacity in the years ahead. However, these developments are expected to have an impact on RGS' business. This is becoming apparent, e.g. in the current political debate concerning security of supply and the expansion of the gas network with fixed, temperature-dependent transmission capacity.

(6) Major events after the balance-sheet date

There were no major events after the balance-sheet date.

Financial Statements for the Financial Year from 1 January to 31 December 2012

RWE Gasspeicher GmbH, Dortmund

Balance Sheet at 31 December 2012

Assets

	31 Dec 2012 € million	31 Dec 2011 € million
A. Non-current assets		
I. Intangible assets	125.6	129.3
II. Property, plant and equipment	584.3	560.7
III. Financial assets	0.0*	0.1
	709.9	**690.1**
B. Current assets		
I. Inventories	0.9	1.0
II. Accounts receivable and other assets	31.0	13.4
III. Cash and cash equivalents	0.0**	0.0
	31.9	**14.4**
C. Prepaid expenses	**0.8**	**0.0**
	742.6	**704.5**

Equity and liabilities

	31 Dec 2012 € million	31 Dec 2011 € million
A. Equity		
I. Subscribed capital	0.0***	0.0
II. Capital reserve	317.5	317.5
III. Retained earnings	32.5	32.5
	350.0	**350.0**
B. Exceptional items	**2.1**	**2.2**
C. Provisions	**221.9**	**205.4**
D. Liabilities	**167.3**	**145.5**
E. Deferred income	**1.3**	**1.4**
	742.6	**704.5**

* Financial assets amounted to €28,000.
** Cash and cash equivalents amounted to €2,000 (prior year: €2,000).
*** Subscribed capital amounted to €27,000 (prior year: €27,000).

RWE Gasspeicher GmbH, Dortmund

Income Statement for the Period from 1 January to 31 December 2012

	2012 € million	2011 € million
1. Revenue	152.3	144.0
2. Other operating income	1.8	21.8
3. Cost of materials	-43.4	-54.3
4. Staff costs	-10.9	-11.8
5. Amortisation	-34.7	-31.9
6. Other operating expenses	-9.7	-8.2
7. Net income from financial assets	0.0*	0.0*
8. Net interest	-13.8	-11.8
9. Profit from ordinary activities	41.5	47.9
10. Extraordinary result	0.0	-6.3
11. Taxes on income	-14.4	-21.0
12. Profit transferred in accordance with a profit and loss pooling agreement	-27.1	-20.6
13. Net profit/net loss	**0.0**	**0.0**

* Negligible amount.

Notes for the 2012 Financial Year

Basis of presentation

Under the umbrella of RWE AG, Essen, RWE Gasspeicher GmbH, Dortmund (RGS) is responsible for building, operating, acquiring, using and marketing gas storage facilities including necessary storage connection pipelines, land and buildings as well as for rendering and marketing services in the aforementioned fields.

The financial statements of RGS have been prepared in accordance with the German Commercial Code, the German Limited Liability Company Act and the German Energy Act.

Individual balance sheet and income statement items have been combined in order to improve clarity. The income statement has been prepared using the nature of expense method in accordance with Section 275, Paragraph 2 of the German Commercial Code. Amounts in the financial statements are stated in millions of euros (€ million). The financial year is the calendar year.

RGS and RWE AG entered into a profit and loss pooling agreement on 16/17 February 2009. This agreement stipulates that RGS transfer its profits to RWE AG in full. The sum transferred is the net profit for the year before profit and loss pooling minus any net loss carried forward from the preceding year. RWE AG has undertaken to offset losses incurred by RGS.

RWE AG is RGS' sole shareholder. RGS is included in the consolidated financial statements of RWE AG, which are prepared in accordance with International Financial Reporting Standards (IFRS) and are published in the German Federal Gazette. In exercising the option pursuant to Section 296, Paragraph 2 of the German Commercial Code, RGS has renounced preparing consolidated financial statements and a review of Group operations.

Accounting policies

Assets

Acquired **intangible assets** are recognised at the lower of acquisition cost or fair value and are amortised using the straight-line method in accordance with their normal useful lives.

Property, plant and equipment are valued at the lower of acquisition/production costs minus scheduled amortisation or fair value. In addition to the cost of materials, production costs and extraordinary production costs, the production costs of self-produced plants include appropriate portions of the required material and production overhead costs, appropriate portions of general administrative expenses as well as appropriate expenses associated with the operation's social facilities, voluntary social security benefits and the company pension scheme. Amortisation is based on normal useful lives. The amortisation of property, plant and equipment acquired or produced in the 2008 financial year and from the 2010 financial year onwards is performed using the straight-line method. Insofar as fiscally allowable at the time, property, plant and equipment acquired or produced by 2007 or in the 2009 financial year is amortised using the declining-balance method. The switch to the straight-line amortisation method is made as soon as this leads to higher amortised amounts.

Relative to the lion's share of acquisition and production costs, amortisation is based on the following useful lives:

	Years
Intangible assets	9–33
Gas facilities	10–50

Impairments pursuant to German fiscal law of property, plant and equipment acquired or produced by 2009 were also fully recognised under commercial law and stated as an exceptional item with a provision component. Tax-privileged capital expenditure, especially as defined by Section 7d of the German Income Tax Act, is subjected to straight-line amortisation thereafter.

The German Accounting Law Modernisation Act abolished the reverse authoritativeness principle and the corresponding exemption clauses under German commercial law. The option according to Article 67, Paragraph 4, Sentence 1 of the Introductory Law to the German Commercial Code to maintain the values recognised until 2009 in compliance with fiscal regulations under German commercial law was exercised. This also applies to the continued use of the declining-balance method of amortisation. Compared to using the straight-line method of amortisation, this resulted in an additional expense of €4.2 million in the 2012 financial year.

Low-value assets, the acquisition or production costs of which are below €150, are recognised as an expense in their year of addition. Low-value assets, the acquisition or production costs of which are between €150 and €410, are classified as non-current assets and fully amortised in their year of addition, after which they are classified as disposals. In line with Section 6, Paragraph 2 a of the German Income Tax Act (old version), in 2008 and 2009, low-value commodities, the acquisition or production costs of which were between €150 and €1,000, were accounted for as a collective item under German commercial law. This collective item is released in its year of formation and in the four subsequent years.

Investments in affiliated companies are stated at the lower of acquisition cost or fair value.

Long-term loans are generally accounted for at nominal value.

Inventories are primarily recognised at acquisition cost in accordance with the average method or, if applicable, at lower current market value. Inventory risks resulting from decreased usability are taken into account through appropriate value deductions.

Accounts receivable and other assets are valued at nominal value. All identifiable individual risks and the general credit risk are taken into account through appropriate valuation allowances. There are no small or non-interest bearing receivables.

Cash and cash equivalents are stated at nominal value.

Prepaid expenses consist of payments made for services attributable to subsequent years. These are released proportionately over time.

Due to the tax unit formed with RWE AG, **deferred tax assets** are not recognised by the controlled company.

Equity and liabilities

Equity is valued at nominal value.

Impairments of non-current assets **required by German fiscal law** (including transfers in accordance with Section 6 b of the German Income Tax Act) recognised before 1 January 2010 are stated as an exceptional item with a provision component by exercising the value-maintenance option in accordance with Article 67, Paragraph 3 of the Introductory Law to the German Commercial Code and released proportionate to amortisation.

Provisions for pensions and similar obligations are accrued using the projected unit credit method based on actuarial calculations taking account of Klaus Heubeck's 2005 G mortality tables, which reflect generation-dependent life expectancies. They were discounted by applying the average market interest rate of the last seven years based on an assumed remaining term of 15 years published by Deutsche Bank in October 2012 (Section 253, Paragraph 2, Sentence 2 of the German Commercial Code). This interest rate was 5.06 % (prior year: 5.13 %). Annual wage and salary increases of 2.75% and pension increases of 1.75% per annum were assumed within the scope of further calculation assumptions. In so doing, account was taken of the German Pension Insurance Age Adjustment Act of 20 April 2007.

Provisions for pensions were offset against the assets covering the obligations in accordance with Section 246, Paragraph 2, Sentence 2 of the German Commercial Code. The assets covering the obligations were valued at fair value. The assets of the contractual trust agreement have been placed in a special fund which invests in various security classes determined by the trustee. The market value of the assets covering the obligations corresponds to the fair value of the securities pooled in the special fund.

Provisions for anniversaries and provisions for the obligation to provide benefits in accordance with the **German Old-Age Part Time Employment Act** were valued in accordance with German commercial law. The basis for these calculations are Dr Klaus Heubeck's 2005 G mortality tables with imputed interest rates of 5.06 % and 4.50 % p.a. and an assumed salary increase of 2.75% p.a.

Provisions for recultivation obligations take expected price increases of 1.5% into account. They are discounted by applying the average market interest rate applicable to their respective terms published by the German Central Bank in November 2012.

All identifiable risks and uncertain liabilities are taken into account in the assessment of **other provisions**. Provisions are valued at the settlement amount required based on sound commercial reasoning in line with their amount. In cases in which the option to maintain valuations was exercised, non-current provisions were discounted by applying the average market interest rate published by the German Central Bank in November 2012.

Liabilities are generally valued at their settlement amount.

Construction cost subsidies granted due to a limited-time quid-pro-quo obligation have been recognised as **deferred income** and are released in instalments pro rata temporis.

Due to the tax unit formed with RWE AG, **deferred tax liabilities** are not recognised by the controlled company.

Notes to the Balance Sheet

Non-current assets

The roll-forward of non-current assets contains the breakdown and development of asset items in the 2012 financial year that have been combined in the balance sheet.

Additions to and disposals of property, plant and equipment essentially consist of gas facilities and other plant-related rights.

No self-produced intangible non-current assets as defined by Section 248, Paragraph 2, Sentence 1 of the German Commercial Code were capitalised.

The following is the list of shareholdings in accordance with Section 285, Item 11 of the German Commercial Code.

	Share in accordance with Section 16 of the German Stock Corporation Act		Equity	Result
			of the previous financial year	
	Total %	Thereof indirect %	€ '000	€ '000
Affiliated companies				
Germany				
Thyssengas Unterstützungskasse GmbH, Dortmund	100	-	74.9	-37.7

Inventories

€ million	31 Dec 2012	31 Dec 2011
Raw materials and supplies	0.9	1.0

Raw materials and supplies include the inventories of the storage facilities in Epe.

Accounts receivable and other assets

€ million	31 Dec 2012	Thereof RT* > 1 year	31 Dec 2011	Thereof RT* > 1 year
Trade accounts receivable	0.5	0.0	0.0	0.0
Accounts receivable from affiliated companies	30.4	0.0	12.8	0.0
Other assets	0.1	**0.0	0.6	0.0
	31.0	0.0	13.4	0.0

* RT = remaining term.
** Negligible amount.

€22.3 million of the accounts receivable from affiliated companies were attributable to products and services (prior year: €9.3 million). The advance payments on the transfer of profits and the tax allocation made during the year result in an account receivable from the sole shareholder RWE AG in the amount of €8.1 million (prior year: €3.4 million).

Cash and cash equivalents

Cash and cash equivalents amounted to €2,000 and essentially related to cash on hand (prior year: €2,000).

Prepaid expenses

Prepaid expenses consist of payments made for services attributable to subsequent years.

Equity

€ million	31 Dec 2011	31 Dec 2010
Subscribed capital	0.0	0.0
Capital reserve	317.5	317.5
Retained earnings	32.5	32.5
	350.0	350.0

As in the preceding year, the company had €27,000 in subscribed capital.

Exceptional items

€ million	**31 Dec 2012**	**31 Dec 2011**
Exceptional items with a provision component		
Provisions required under fiscal law	2.1	2.2
	2.1	2.2

Provisions accrued in accordance with fiscal law exclusively consist of provisions in accordance with Section 6 b of the German Income Tax Act.

Provisions

€ million	**31 Dec 2012**	**31 Dec 2011**
Provisions for pensions	106.9	105.9
Provisions for taxes	1.4	1.4
Other provisions	113.6	98.1
	221.9	205.4

A provision of €109.0 million (prior year: €107.6 million) was recognised for pension commitments arising from RWE's 2003 pension policy as well as from the pension plans assumed from Thyssengas GmbH, VEW AG and Westfälische Ferngas AG. RWE's 2003 pension policy is a defined-contribution company pension plan. It also includes obligations in relation to electricity benefits in kind due to pensioners.

These provisions were offset against €2.1 million in assets covering the obligations (prior year: €1.7 million) in accordance with Section 246, Paragraph 2, Sentence 2 of the German Commercial Code. The following special-purpose, pledged and insolvency-protected agreements were classified as the assets covering the obligations: a mutual trust and the contractual trust agreement.

€ million	Historical acquisition cost	Individual amounts before offsetting Fair value	Settlement amount
Offset assets			
Non-current securities	1.9	2.1	2.1
Offset liabilities			
Provisions for pensions and similar obligations	-	*109.0	*109.0
Balance after offsetting assets	-	106.9	106.9

* €3.0 million of which were fund-financed.

Income from assets covering the obligations (€0.1 million) was netted against interest accretions (€5.8 million) in accordance with Section 246, Paragraph 2, Sentence 2 of the German Commercial Code. The resulting balance of €5.7 million is included in net interest, which is subsumed under interest and similar expenses.

Other provisions stated at the end of the year essentially included provisions for redevelopment and recultivation obligations as well as uncertain obligations resulting from the operation of gas storage facilities.

Liabilities

€ million	31 Dec 2012	Thereof RT* <= 1 year	Thereof RT* > 5 years	31 Dec 2011	Thereof RT* <= 1 year	Thereof RT* > 5 years
Trade accounts payable	1.8	1.8	0.0	2.5	2.6	0.0
Accounts payable to affiliated companies	164.5	104.5	60.0	141.8	81.8	60.0
Other liabilities	1.0	1.0	0.0	1.1	0.9	0.2
Thereof taxes	0.9	0.9	0.0	0.3	0.3	0.0
Thereof social security	0.1	0.1	0.0	0.8	0.2	0.2
	167.3	107.3	60.0	145.5	85.3	60.2

* RT = remaining term.

Accounts payable to affiliated companies contained €22.0 million (prior year: €36.5 million) in trade accounts payable (€0.3 million of which to the shareholder RWE AG; prior year: €1.3 million). They also included €142.5 million (prior year: €105.2 million) in financial accounts payable to RWE Deutschland AG, €60.0 million of which were long-term loan liabilities with a term of more than 5 years and an interest rate of 6.25% p.a.

Other liabilities essentially consisted of €0.9 million in other tax obligations (prior year: €0.3 million) and €0.1 million in accounts payable to the German Pension Insurance Association (prior year: €0.7 million).

Contingent liabilities

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG, in the event of a funding gap, as employer, RGS has the legal obligation to top up the funds.

In connection with the spin-off transactions conducted in earlier years, as joint and several debtor, pursuant to Section 133 of the German Company Transformation Act, the company is liable for the transferring legal entity's liabilities accrued before the spin-off took effect. Based on our knowledge, the underlying obligations can be met by the affected companies in all cases. This liability is not expected to be exercised.

Other financial obligations not evident from the balance sheet

Other financial obligations totalled €66.6 million (€ 37.6 million of which were to affiliated companies). They break down as follows:

Obligations arising from capital expenditure as of the balance-sheet date amounted to €61.6 million (€32.6 million of which were to affiliated companies). These obligations exclusively related to capital expenditure on property, plant and equipment.

Obligations in connection with maintenance work totalled €1.4 million (€1.4 million of which were to affiliated companies).

Future other financial obligations arising from service agreements amounted to €3.3 million. All of these obligations were to affiliated companies.

Furthermore, there was an obligation resulting from an intragroup rental and leasehold agreement in the amount of €0.3 million.

Off-balance-sheet transactions

There were no off-balance-sheet transactions in accordance with Section 285, Item 3 of the German Commercial Code necessary in order to assess the company's financial situation.

Notes to the Income Statement

Revenue

As in the preceding year, revenue nearly exclusively included revenue from storage usage. €123.5 million in revenue was generated within Germany, and €28.8 million was achieved in the rest of the EU.

Other operating income

€ million	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Income from the release of provisions	1.1	1.8
Income from cost refunds	0.3	0.0
Income from the disposal of property, plant and equipment	0.2	0.0
Income from the release of special items	0.1	0.2
Income from compensation payments	0.0	19.0
Other	0.1	0.8
	1.8	21.8

Other operating income included €1.1 million in income not relating to the period under review. Income from compensation payments in the previous year resulted from the early termination of a long-term storage agreement.

Cost of materials

€ million	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Expenses incurred for raw materials and supplies as well as for procured goods	15.2	18.8
Expenses incurred for procured services	28.2	35.5
	43.4	54.3

Expenses for raw materials, consumables and supplies mainly consist of expenses for gas and electricity purchases as well as maintenance material.

Expenses relating to procured services primarily include expenses associated with the operation and maintenance of gas storage facilities.

Amortisation of intangible non-current assets and property, plant and equipment

No impairment losses were recognised in the year being reviewed.

Staff costs

€ million	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Wages and salaries	4.9	4.5
Social security contributions	1.0	0.9
Expenses incurred for pensions and support	5.0	6.4
	10.9	11.8

Costs associated with wages and salaries predominantly include the on-going expenses of the financial year.

Annual average staff

Full-time equivalents	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Wage earners	14	12
Salaried employees	47	45
	61	57

Annual average staff figures are presented in full-time equivalents. These are equivalent to employees in accordance with the percentage degree of employment.

Other operating expenses

€ million	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Other taxes	0.1	0.1
Losses from asset disposals	0.5	0.1
Other	9.1	8.0
	9.7	8.2

Other operating expenses include redevelopment and recultivation expenses, rent, various intragroup offsetting transactions and general administrative costs. €0.5 million in expenses relating to other periods were also included in other operating expenses.

Net income from financial assets

€ million	**1 Jan to 31 Dec 2012**	**1 Jan to 31 Dec 2011**
Income from investments in affiliated companies	0.0	*0.0
Income from long-term loans classified as financial assets	*0.0	*0.0

* Negligible amount.

In the financial year, net income from financial assets amounted to €1,000 (prior year: €37,000) and consisted entirely of income from employee loans (prior year: €2,000).

Net interest

€ million	1 Jan to 31 Dec 2012	1 Jan to 31 Dec 2011
Other interest and similar income	*0.0	0.4
Thereof from affiliated companies	*0.0	0.3
Interest and similar expenses	-13.8	-12.2
Thereof associated with affiliated companies	-4.2	-3.8
Thereof associated with discounting	-9.5	-8.3
	-13.8	-11.8

* Negligible amount.

Extraordinary result

€ million	1 Jan to 31 Dec 2012	1 Jan to 31 Dec 2011
Extraordinary income	0.0	0.0
Extraordinary expenses	0.0	-6.3
	0.0	-6.3

The extraordinary result achieved in the preceding year mainly consisted of an extraordinary expense resulting from mergers.

Taxes on income

€14.2 million in taxes on income were paid to the controlling company (prior year: €21.7 million). Spin-offs conducted in earlier years resulted in €0.2 million in taxes payable by the company itself.

Dividend pay-out block

The total amount of the dividend blocked from payment in the 2012 financial year within the meaning of Section 268, Paragraph 8 of the German Commercial Code breaks down as follows:

€ million	31 Dec 2012	31 Dec 2011
Income from the capitalisation of assets accounted for at fair value	0.2	0.0
Blocked sum	0.2	0.0

€ million	31 Dec 2012	31 Dec 2011
Income before profit and loss pooling according to the income statement	27.1	20.6
+ Available provisions, especially capital reserves	32.5	32.5
= Maximum transferrable amount not taking account of the transfer block	59.6	53.1
- Blocked amount	0.2	0.0
= Maximum transferrable amount taking account of the transfer block	59.4	53.1

Information pursuant to the German Energy Act

Based on Section 6b, Paragraph 3 of the German Energy Act, RGS is obliged to maintain separate accounts. However, since RGS' operations nearly entirely relate to the activity classified as storage, there is no need to present financial statements for each activity. Financial assets outside of the electricity and gas sector merely consist of a fully impaired investment, which does not result in income from investments.

Additional information

The change in the exceptional item with a provision component amounting to €0.1 million caused the result for the year to increase by €0.1 million.

The emoluments of the Board of Directors are not disclosed due to the exercise of the exemption in accordance with Section 286, Paragraph 4 of the German Commercial Code.

The emoluments of former members of the Board of Directors and their surviving dependants totalled €0.6 million. Provisions to cover pension obligations to this group of individuals amounted to €5.9 million.

The statement of fees paid to the independent auditor in accordance with Section 285, Item 17 of the German Commercial Code has been renounced because this disclosure has been made in the consolidated financial statements of the parent company, into which this company has been integrated.

In the financial year being reviewed, the Board of Directors of RWE Gasspeicher consisted of Messrs Andreas Frohwein (Technical Director) and Michael Kohl (Commercial Director).

Dortmund, 30 January 2013

The Board of Directors

Frohwein Kohl

Statement of Changes in Fixed Assets

of RWE Gasspeicher GmbH at 31. December 2012

In €m	Acquisition or production costs					Accumulated amortisation					Carrying amounts	
	As of Jan. 1, 2012	Additions	Disposals	Transfers	**As of Dec. 31, 2012**	As of Jan. 1, 2012	Amortisation	Disposals	Transfers	**As of Dec. 31, 2012**	**As of Dec. 31, 2012**	As of Dec. 31, 2011
Intangible assets												
Paid licenses, commercial and similar rights and assets as well as licenses to such rights and assets	153,8	1,8	0,0	0,4	**156,1**	24,6	5,9	0,0	0,1	**30,5**	**125,6**	129,3
	153,8	1,8	0,0	0,4	**156,1**	24,6	5,9	0,0	0,1	**30,5**	**125,6**	129,3
Property, plant and equipment												
Land, land rights and buildings, including buildings on third-party land	33,2	0,9	0,0	1,8	**35,8**	6,9	1,3	0,0	0,0	**8,2**	**27,6**	26,3
Technical plant and machinery	422,7	25,3	-19,1	136,7	**565,6**	113,7	27,3	-18,8	11,1	**133,3**	**432,3**	309,0
Fixtures, furniture, and office equipment	2,2	0,1	-0,1	0,0	**2,3**	1,0	0,3	0,1	0,0	**1,2**	**1,0**	1,2
Plants under construction	235,4	26,9	-0,1	-138,9	**123,3**	11,2	0,0	0,0	-11,2	**0,0**	**123,3**	224,2
	693,5	53,2	-19,3	-0,4	**727,0**	132,8	28,9	-18,9	-0,1	**142,7**	**584,3**	560,7
Financial assets												
Shares in affiliated companies *)	0,0	0,0	0,0	0,0	**0,0**	0,0	0,0	0,0	0,0	**0,0**	**0,0**	0,0
Other loans	0,1	0,0	0,0	0,0	**0,0**	0,0	0,0	0,0	0,0	**0,0**	**0,0**	0,1
	0,1	0,0	0,0	0,0	**0,0**	0,0	0,0	0,0	0,0	**0,0**	**0,0**	0,0
	847,4	55,0	-19,4	0,0	**883,1**	157,3	34,7	-18,9	0,0	**173,2**	**709,9**	690,1

*) Negligible amount