

Financial Statements

of

RWE IT GmbH, Essen,

for the Financial Year

from 1 January to 31 December 2011

Balance Sheet

of RWE IT GmbH, Essen, at 31 December 2011

Assets

in € '000	Note	31 Dec 2011	Prior year
Non-current assets	(1)		
Intangible assets		46,805	29,353
Property, plant and equipment		46,559	34,435
Financial assets		20,072	117,401
		113,436	181,189
Current assets			
Inventories	(2)	1,564	1,552
Accounts receivable and other assets	(3)	184,793	69,269
		186,357	70,821
Prepaid expenses	(4)	3,444	2,672
		303,237	254,682

Equity and liabilities

€ '000	Note	31 Dec 2011	Prior year
Equity			
Subscribed capital		51	51
Capital reserve		22,673	22,673
		22,724	22,724
Provisions	(5)	110,752	96,236
Liabilities	(6)	151,733	128,592
Deferred income	(7)	18,028	7,130
		303,237	254,682

Income Statement

of RWE IT GmbH, Essen, from 1 January to 31 December 2011

in € '000	Note	2011	Prior year
Revenue	(10)	418,539	390,087
Increase in work in progress		12	-1,098
Own work capitalised		106	147
Other operating income	(11)	7,226	3,741
Cost of materials	(12)	-218,429	-212,614
Staff costs	(13)	-144,071	-112,465
Amortisation	(14)	-48,054	-37,338
Other operating expenses	(15)	-56,397	-56,249
Income from investments	(16)	2,700	2,557
thereof from affiliated companies		(2,700)	(2,557)
Income from loans held as financial assets		34	42
Other interest and similar income		877	68
thereof from affiliated companies		(874)	(21)
Write-downs of financial assets	(17)	-96,812	-
Interest and similar expenses	(18)	-7,663	-6,713
Profit from ordinary activities		-141,932	-29,836
Extraordinary expenses		-	-77
Taxes on income	(19)	10,726	3,481
Income from the assumption of losses	(20)	131,206	26,432
Net profit		-	-

Roll-Forward of Non-Current Assets

of RWE IT GmbH, Essen, from 1 January to 31 December 2011

in € '000	Acquisition or production costs				Balance at 31 Dec 2011	Accumulated amortisation					Carrying amounts		
	Balance at 1 Jan 2011	Additions	Transfers	Disposals		Balance at 1 Jan 2011	Amortisation	Transfers	Write-ups	Disposals	Balance at 31 Dec 2011	Balance at 31 Dec 2011	Balance at 31 Dec 2010
Intangible assets													
Licenses, commercial and similar rights and assets as well as licenses to such rights and assets	54,384	36,195		486	90,093	25,031	20,432			71	45,392	44,701	29,353
Prepayments		2,104			2,104							2,104	
	54,384	38,299		486	92,197	25,031	20,432			71	45,392	46,805	29,353
Property, plant and equipment													
Technical plant and machinery	744	462			1,206	177	146				323	883	567
Other plant, fixtures, furniture, and office equipment	75,525	37,613	178	5,826	107,490	41,835	27,476			5,792	63,519	43,971	33,690
Plants under construction	178	1,705	-178		1,705							1,705	178
	76,447	39,780		5,826	110,401	42,012	27,622			5,792	63,842	46,559	34,435
Financial assets													
Shares in affiliated companies	113,502				113,502		96,812				96,812	16,690	113,502
Other loans	3,899	26		543	3,382							3,382	3,899
	117,401	26		543	116,884		96,812				96,812	20,072	117,401
	248,232	78,105		6,855	319,482	67,043	144,866			5,863	206,046	113,436	181,189

Notes

**to the Financial Statements of RWE IT GmbH, Essen,
for the Financial Year from 1 January to 31 December 2011**

Basis of presentation

RWE IT GmbH provides all kinds of services in the field of information technology, primarily within the group. RWE AG, Essen, is RWE IT GmbH's sole shareholder.

On 17 February 2011, RWE IT GmbH's shareholder decided to renounce preparing a review of operations and publishing financial statements for the 2011 financial year, in accordance with Section 264, Paragraph 3 of the German Commercial Code. On 21 February 2011, the resolution was submitted to the German Electronic Federal Gazette for publication in accordance with Section 325 of the German Commercial Code.

RWE IT GmbH has been integrated by contract into the RWE Group's corporate cash management system, which, among other things, involves pooling on the basis of transfer procedures common in banks.

These financial statements cover the financial year from 1 January to 31 December 2011. They are in compliance with the accounting principles of the German Commercial Code taking account of the supplementary rules applicable to large corporations and the German Limited Liability Company Act. The way in which they were presented did not change compared to the prior year. Individual balance sheet and income statement items have been combined in order to improve clarity; the combined items have been stated separately in the notes.

The income statement has been structured based on the nature of expense method.

As RWE IT GmbH is included in the consolidated financial statements of RWE AG, which are prepared in compliance with International Financial Reporting Standards (IFRS), RWE IT GmbH is exempted from preparing its own consolidated financial statements and review of group operations. The consolidated financial statements and review of group operations of RWE AG are available at the Group Centre, Opernplatz 1, 45128 Essen, Germany, and pub-

lished in the German Electronic Federal Gazette. In addition, further detailed financial information on the RWE Group can be found on the Internet at www.rwe.com.

The statement of the independent auditor's fees in accordance with Section 285, Item 17 of the German Commercial Code is has been renounced because they have been disclosed in the consolidated financial statements of RWE AG.

Accounting policies

Acquired **intangible assets classified as non-current assets** are recognised at acquisition cost and amortised using the straight-line method over their normal useful lives, which are usually three years.

Property, plant and equipment are valued at acquisition or production cost minus amortisation and, if applicable, impairment losses. Amortisation is based on fiscally acknowledged useful lives, which amount to between three and twenty years.

Amortisation is performed using the straight-line method. In the 2008 and 2009 financial years, in line with the new tax regulation introduced in Section 6, Paragraph 2a of the German Income Tax Act, a collective item was formed for low-value assets with an acquisition value of between 150 and 1,000 euros. This collective item is released in increments of one-fifth in the financial year in which it is formed and in the four subsequent financial years. In accordance with the German Growth Acceleration Act of 22 December 2009, the option to completely write off assets with a net value of up to 410 euros in their year of acquisition has been exercised since the 2010 financial year. To improve the presentation of the impact on the asset and earnings situation, deviating from the previous procedure (treatment as low-value assets) licenses acquired in the financial year were amortised over their anticipated useful lives, which amount to three years. Compared to the previous accounting treatment, carrying amounts were 15.7 million euros higher and amortisation was 15.7 million euros lower.

As a rule, **shares in affiliated companies** and **loans** are accounted for at acquisition cost and nominal value or, if necessary, at their lower fair value.

Inventories are stated at individual cost and required material and production overhead costs using the minimum value principle and the principle of loss-free valuation.

Accounts receivable and **other assets** as well as **cash and cash equivalents** and **prepaid expenses** are recognised at nominal value; identifiable individual risks and the general credit risk are taken into account by virtue of appropriate reductions in value.

Provisions are stated at their anticipated settlement amount or at cash value. They sufficiently account for all identifiable risks and uncertain obligations based on sound commercial reasoning.

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 2011 (Section 253, Paragraph 2, Sentence 2 of the German Commercial Code). This interest rate amounted to 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 line with empirical figures, warranty obligations amount to 1% of the revenue affected by the warranties. The provision for impending losses on executory contracts is determined based on full costs.

Liabilities are accounted for at repayment amounts. Liabilities related to early retirements are valued taking account of biometric risks based on Dr Klaus Heubeck's 2005 G mortality tables. They are 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 2011. Furthermore, they are based on an assumed 1% annual increase in wages.

Due to the existing corporate and commercial tax unit, the income and commercial earnings of RWE IT GmbH are attributable to RWE AG as the controlling company. In consequence, **deferred taxes** are recognised and valued in the financial statements of RWE AG.

Currency translation

Transactions in foreign currency are stated at the exchange rate applicable at first recognition. Accounts receivable and payable in foreign currency at the cut-off date for the financial statements are converted to the mean spot rate. Losses on changes in foreign exchange rates as of the balance-sheet date are always recognised with an effect on profit or loss, whereas profits are only recognised in the same manner to the extent that they relate to accounts receivable and payable with a remaining term of up to one year.

Notes to the Balance Sheet

(1) Non-current assets

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

Capital expenditure on intangible assets and property, plant and equipment broke down as follows:

€ '000	2011	Prior year
Software	38,299	17,785
Technical plant and machinery	462	-
Fixtures, furniture and office equipment	37,613	25,119
Plants under construction	1,705	178

Additions to other loans exclusively contain construction loans granted to employees.

List of shareholdings at 31 December 2011 as defined by Section 285, Item 11 of the German Commercial Code

	Share of capital Total %	Equity € '000	Net income of the last finan- cial year € '000
Affiliated companies			
Abroad			
RWE IT Czech s. r. o., Brno/Czech Republic	99.00	7,075	322
RWE IT Magyarország Kft., Budapest/Hungary	100.00	380	205
RWE IT Poland sp. z o.o., Warsaw/Poland	100.00	1,711	64
RWE IT Slovakia s. r. o., Kosice/Slovakia	85.00	2,238	2,196
RWE IT UK Ltd., Swindon/United Kingdom	100.00	6,206	-13,785

(2) Inventories

Inventories solely included contract work performed that had not yet been invoiced as of the balance-sheet date (work in progress).

(3) Accounts receivable and other assets

€ '000	31 Dec 2011	Thereof RT* > 1 year	Prior year	Thereof RT* > 1 year
Trade accounts receivable	564		374	
Accounts receivable from affiliated companies	183,215		67,575	
thereof from the shareholder	(144,089)		(33,575)	
Other assets	1,014		1,320	
	184,793		69,269	

* RT = remaining term.

All of the accounts receivable from affiliated companies were attributable to products and services provided.

Other assets primarily included €1,039,000 in accounts receivable from employees (prior year: €1,222,000). In compliance with Section 246, Paragraph 2, Sentence 2 of the German Commercial Code, assets with a fair value of €1,946,000 (prior year: €1,871,000) and liabilities with a settlement amount of €1,946,000 (prior year: 1,871,000) were netted against each other for employee-financed tax-privileged pensions (deferred compensation). The resulting pension cost and income totalling €3,000 (prior year: €13,000) as well as interest expenses and income totalling €72,000 (prior year: €74,000) were also netted against each other.

(4) Prepaid expenses

In particular, advance payments made for hardware and software maintenance as well as for licensing fees were capitalised under prepaid expenses.

(5) Provisions

€ '000	31 Dec 2011	Prior year
Provisions for pensions and similar obligations	37,797	33,060
Provisions for taxes	200	462
Other provisions	72,755	62,714
	110,752	96,236

There was a €1,135,000 funding surplus for provisions for pension obligations in accordance with Article 67, Paragraph 1, Sentence 2 of the Introductory Law to the German Commercial Code (prior year: €2,379,000).

A portion of the obligations in relation to pensions was contrasted by assets associated with congruent reinsurance policies. The assets covering the obligations were stated at a fair value of €1,946,000 (acquisition costs of €1,946,000), which corresponds to their market value as of 31 December 2011. Due to the netting regulation set out in Section 246, Paragraph 2 of the German Commercial Code, provisions for pensions and similar obligations were netted against the assets covering the obligations associated with the reinsurance policies.

Provisions for taxes related to taxes on income yet to be paid.

Other provisions were accrued predominantly for

- old-age part-time employment obligations totalling €37,702,000 (prior year: €23,421,000),
- personnel obligations totalling €19,732,000 (prior year: €19,417,000),
- post-completion costs incurred for orders that had already been invoiced and warranties totalling €6,550,000 (prior year: €7,457,000),
- obligations resulting from structural risks totalling €3,653,000 (prior year: €3,858,000),
- impending losses on executory contracts totalling €168,000 (prior year: €1,380,000).

(6) Liabilities

€ '000	31 Dec 2011	Thereof RT* ≤ 1 year	Thereof RT* > 5 years	Prior year	Thereof RT* ≤ 1 year	Thereof RT* > 5 years
Trade accounts payable	30,622	23,517		15,121	15,121	
Accounts payable to affiliated companies	105,755	105,755		94,912	94,912	
thereof to the shareholder	(89,345)	(89,345)		(69,803)	(69,803)	
Other liabilities	15,356	15,356		18,559	11,123	169
thereof taxes	(4,299)	(4,299)		(5,651)	(5,651)	
thereof social security	(8,365)	(2,625)		(10,852)	(3,416)	(169)
	151,733	144,628		128,592	121,156	169

* RT = remaining term.

€14,621,000 of the accounts payable to affiliated companies were attributable to products and services (prior year: €22,066,000).

Accounts payable for goods delivered have been secured by our suppliers by way of customary reservations of property rights.

(7) Deferred income

Deferred income primarily consisted of compensation for hardware and software maintenance as well as licensing fees appropriated in advance.

(8) Contingent liabilities

€117,115,000 in pension obligations recognised on RWE AG's balance sheet were subject to a warranty obligation (prior year: €116,247,000). Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in the financial and earlier years, in the event of a funding gap, as employer, we have a legal obligation to top up the funds.

There is a joint liability for funds drawn by RWE IT GmbH within the scope of RWE AG's corporate financial resource pooling.

(9) Other financial obligations not disclosed on the balance sheet

The capital commitments arising from capital expenditure amounted to €549,000 (prior year: €9,091,000).

The main long-term maintenance obligations totalled €630,000 (prior year: €1,181,000). Multi-year real estate leases resulted in obligations amounting to €21,238,000 (prior year: €21,327,000), which were exclusively attributable to affiliated companies.

Notes to the Income Statement

(10) Revenue

€ '000	2011	Prior year
Revenue from compensation for services rendered by department		
Perpetual IT Services	191,943	175,384
Project-Related Services	119,571	118,568
Delivery & Control	88,421	77,338
Telecommunications	18,604	18,797
	418,539	390,087

€ '000	2011	Prior year
Revenue from compensation for services rendered by region		
Germany	357,722	342,270
United Kingdom	31,100	23,301
Hungary	14,580	10,127
Netherlands	7,424	6,894
Czech Republic	3,154	3,111
Poland	2,199	2,705
Slovakia	2,088	1,505
Rest of Europe	272	174
	418,539	390,087

(11) Other operating income

Other operating income primarily included €4,993,000 in income from the release of provisions (prior year: €3,304,000).

In the financial year, income from currency translation totalled €188,000 (prior year: €103,000).

There was no material income related to other periods in the financial year.

(12) Cost of materials

€ '000	2011	Prior year
Expenses associated with raw materials, consumables, supplies and procured goods	-9,392	-7,661
Expenses associated with procured services	-209,037	-204,953
	-218,429	-212,614

(13) Staff costs

€ '000	2011	Prior year
Wages and salaries	-100,134	-95,020
Social security contributions, pension costs and other employee benefits	-43,937	-17,445
thereof pension costs	(-28,656)	(-2,707)
	-144,071	-112,465

As of 1 November 2011, the company transferred certain pension obligations carried on RWE AG's balance sheet as part of a suretyship agreement to RWE Pensionsfonds AG. In the future, company pension plan benefits will be provided to this group of beneficiaries by a pension fund that is not structured like an insurance company. The pension cost in the financial year was mainly affected by the redemption payment made.

In the 2011 financial year, in line with the option to spread costs over a period of a maximum of 15 years, 14/15 (€13,178,000) were considered for the pension obligations carried on RWE AG's balance sheet (prior year: 1/15 (€942,000)). The additionally included interest expense in the 2010 financial year will cease to be taken into account from 1 January 2011 onwards. The compensation of an interest credit, which was netted within the pension cost in the 2010 financial year (€5,477,000), will also stop being considered starting in the 2011 financial year.

Annual average staff

Employee equivalents	2011	Prior year
Salaried staff	1,283	1,229
	1,283	1,229

(14) Amortisation

€20,432,000 in amortisation (prior year: €13,188,000) was attributable to intangible assets, and €27,622,000 (prior year: €24,150,000) to property, plant and equipment.

(15) Other operating expenses

Other operating expenses primarily included expenses incurred for

- services rendered by other group companies totalling €19,062,000 (prior year: €18,079,000),
- rent and leases totalling €16,693,000 (prior year: €15,105,000),
- early retirement and old-age part-time employment totalling €12,955,000 (prior year: €12,930,000),
- travel and fares totalling €3,052,000 (prior year: €3,173,000),
- warranty obligations and other risks totalling €801,000 (prior year: €2,257,000),
- currency translation totalling €82,000 (prior year: €510,000) and
- losses on the disposal of non-current assets totalling €21,000 (prior year: €35,000).

(16) Income from investments

Income from investments stemmed from the profit distributed in 2010 by RWE IT Slovakia s.r.o., Kosice (affiliated company).

(17) Write-downs of financial assets

In the year being reviewed, an impairment loss of €96,812,000 was recognised for the financial asset RWE IT UK Ltd. (affiliated company).

(18) Interest and similar expenses

€ '000	2011	Prior year
Interest and similar expenses	-7,663	-6,714
thereof paid to affiliated companies	(-3,933)	(-3,556)
thereof relating to the interest accretion to provisions and liabilities	(-3,575)	(-2,963)
	-6,786	-6,646

(19) Taxes on income

As in the preceding year, tax income primarily consisted of the income tax allocation refunded by the controlling company (RWE AG) for the current financial year.

(20) Income from the assumption of losses

The profit was balanced by RWE AG in accordance with the existing profit and loss pooling agreement.

Additional information

The company's **Board of Directors** was made up of

- **Michael Neff**, Chairman (as of 1 February 2011),
- **Stefan Niehusmann**,
- **Chittur S. Ramakrishnan** (until 31 January 2011).

The company's **Supervisory Board** consisted of

- **Alwin Fitting** (until 31 December 2011), Member of the Executive Board of RWE AG, Essen, Chairman,
- **Peter Terium** (as of 1 January 2012), Deputy Chairman of the Executive Board of RWE AG, Weert (Netherlands), Chairman (as of 9 January 2012),
- **Wilfried Johnen**, Chairman of the General Works Council of RWE IT GmbH, Cologne, Deputy Chairman,
- **Ralf Bendixen**, Deputy Chairman of the General Works Council of RWE IT GmbH, Vellert,
- **Dr Bernhard Günther**, Member of the Board of Directors of RWE Supply & Trading GmbH, Haan,
- **Dr Arndt Neuhaus**, Chairman of the Executive Board of RWE Deutschland AG, Essen,
- **Ralf Hiltenkamp** (as of 1 April 2011), Member of the Executive Board of envia Mitteldeutsche Energie AG, Leipzig,
- **Dr Jens Hüffer** (until 31 March 2011), Director Compliance of RWE AG, Essen.

The members of the Supervisory Board are not remunerated for their work. The disclosure of the emoluments of the Board of Directors has been renounced in line with Section 286, Paragraph 4 of the German Commercial Code.

Essen, 31 January, 2012

The Board of Directors

Neff

Niehusmann