REPORT ON THE FIRST THREE QUARTERS OF 2014

- Operating result of €2.9 billion as forecast
- Net financial debt down by €2.3 billion
- Outlook for 2014 confirmed
- RWE plants pre-qualify for UK capacity market

RWE
The energy to lead

AT A GLANCE

RWE Group – key figures[1]		Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Electricity production	billion kWh	151.2	160.7	–5.9	218.2
External electricity sales volume	billion kWh	191.7	200.0	–4.2	270.9
External gas sales volume	billion kWh	184.6	228.7	–19.3	320.7
External revenue	€ million	35,288	38,698	–8.8	52,425
EBITDA	€ million	4,700	6,048	–22.3	7,904
Operating result	€ million	2,908	4,190	–30.6	5,369
Income from continuing operations before tax	€ million	1,470	1,251	17.5	–2,016
Net income	€ million	994	609	63.2	–2,757
Recurrent net income	€ million	763	1,915	–60.2	2,314
Earnings per share	€	1.62	0.99	63.6	–4.49
Recurrent net income per share	€	1.24	3.12	–60.3	3.76
Cash flows from operating activities of continuing operations	€ million	4,759	4,503	5.7	4,803
Capital expenditure	€ million	2,284	2,526	–9.6	3,978
Property, plant and equipment and intangible assets	€ million	2,197	2,458	–10.6	3,848
Financial assets	€ million	87	68	27.9	130
Free cash flow	€ million	2,562	2,045	25.3	960
		30 Sep 2014	31 Dec 2013		
Net debt	€ million	30,709	30,727	–0.1	
Workforce[2]		60,439	64,896	–6.9	

1 See commentary on reporting on page 11.
2 Converted to full-time positions.

Contents

Dear Shareholders, Customers and Friends of the Company,

The current fiscal year is on the finishing straight. There have not been any big surprises so far. Accordingly, the consolidated operating result amounted to €2.9 billion in the first three quarters, in line with expectations. It decreased by 31 % compared to 2013. The reasons for this are outlined on pages 18 to 20 of this report. Since the business performance has been as planned to date, we can confirm the outlook for the full year: as before, we expect the operating result to range between €3.9 billion and €4.3 billion and recurrent net income to total between €1.2 billion and €1.4 billion. These figures consider the planned sale of RWE Dea. We are working on closing the transaction quickly, but some third-party approvals are still pending. We cannot predict whether we will be able to bring the talks to a conclusion this year.

Now let me come back to the interim financial statements. Despite the decline in earnings, there were more bright than dark spots in the first three quarters. For example, our cash flows from operating activities rose by 6 % to €4.8 billion. The high level of cash inflows was the main reason why we managed to reduce our net financial debt by €2.3 billion. As you know, we want to fully finance our capital expenditure and dividend payments with operating cash flows and intend to achieve this goal by no later than 2015.

Another piece of good news is that we pre-qualified for the new UK capacity market with all of our eligible power stations. The qualified volume amounts to eight gigawatts in net installed capacity. This makes us the second-largest participant in the capacity auctions, which are scheduled to take place in December and will determine which power plants will receive payments. The operators of these stations will be compensated for making secured capacity available to the market on top of receiving the revenue from electricity sales. A capacity market of the type introduced by the United Kingdom creates the economic basis for the construction of new stations and the continued operation of existing power plants, which are needed in order to guarantee security of supply over the long term.

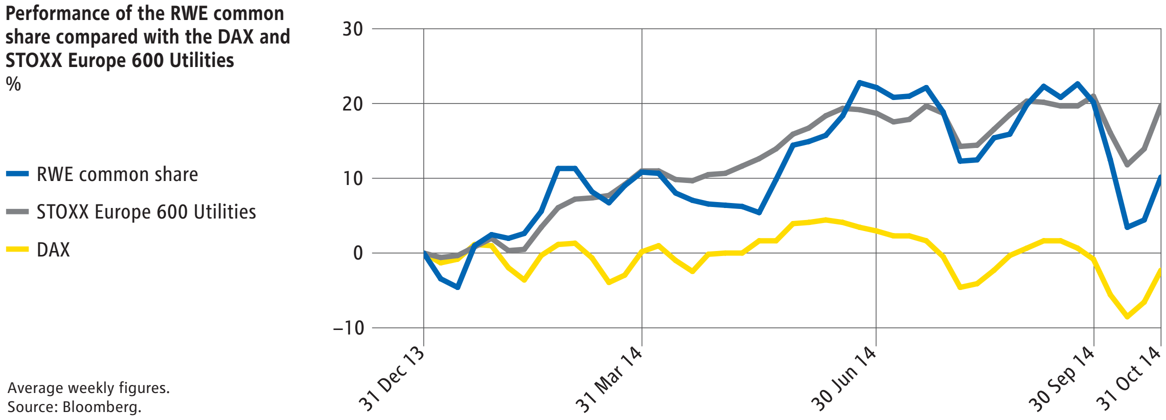
I was especially pleased that we recently won two awards for sustainable management. RWE was again included in the group of Dow Jones Sustainability Indices and qualified for the Climate Performance Leadership Index published by the non-government organisation Carbon Disclosure Project. In particular the latter of the distinctions, which we received for measures taken to reduce our carbon dioxide emissions, can be viewed as proof that the approach you take is much more important than the starting point. If you move in the right direction, success is only a matter of time.

Sincerely yours,

Peter Terium
CEO of RWE AG
Essen, November 2014

RWE COMMON SHARE ACHIEVES NINE-MONTH TOTAL RETURN OF 20%, SIGNIFICANTLY STRONGER THAN THE DAX

Performance of the RWE common share compared with the DAX and STOXX Europe 600 Utilities
%

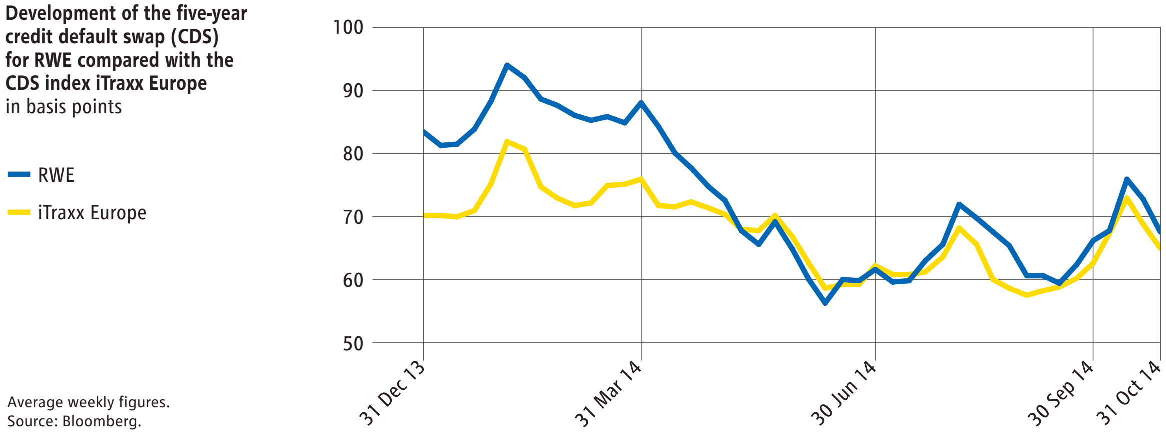


Average weekly figures.
Source: Bloomberg.

So far, the German share index has failed to match last year's good performance. The DAX closed September at 9,474 points, down 1% on its closing quotation last year. Geopolitical tension, in particular the Ukraine conflict and the IS terrorism in the Middle East, weighed on share prices. This was contrasted by the revitalising effects of the ECB's extremely loose monetary policy which were a major reason why the DAX exceeded the 10,000-point mark for the first time ever in June. Afterwards, the index trended back downwards, not least due to the clouding of Germany's economic prospects.

RWE's common share performance in the DAX was far above average. It closed the month of September at €31.37, resulting in a return on the share price and dividend of 20%. The return on RWE's preferred share was 8%. Investors obviously identified upward potential following the weak performance of last year. Several financial analysts have raised their ratings for RWE over the course of the year. Contributing factors were the introduction of a capacity market in the United Kingdom, leading to a slight improvement in the prospects for conventional electricity generation, which is experiencing a crisis. However in October, RWE shares dropped in price considerably. The economy's emerging weakness came to bear, among other things.

Development of the five-year credit default swap (CDS) for RWE compared with the CDS index iTraxx Europe
in basis points



Average weekly figures.
Source: Bloomberg.

The situation on the debt capital market is influenced by the expansionary monetary policy pursued by leading central banks. At the end of September, the average yield of ten-year German government bonds was a mere 1.0 %. The cost of hedging credit risks via Credit Default Swaps (CDSs) was also unusually low. In the period from January to September 2014, the iTraxx Europe Index, which consists of the prices of the CDSs of 125 major European companies, averaged 67 basis points for five-year terms. This is the lowest nine-month average since 2007, when the sub-prime crisis began. At 73 basis points, quotations for the five-year CDS for RWE were slightly higher. They dropped considerably in the second quarter, and have been close to the level of the index since then.

ECONOMIC ENVIRONMENT

Economy loses momentum

The revitalisation of the economy observed recently weakened substantially in the third quarter, in part due to geopolitical tension such as the Ukraine crisis. Nevertheless based on initial estimates, the global gross domestic product (GDP) in the first nine months of the current year was more than 2 % higher than in the comparable period in 2013. The increase estimated for the Eurozone is 1 %. Whereas Germany benefited from robust consumer spending and therefore occupied one of the top spots within the currency union with growth of nearly 2 %, Dutch GDP was only just higher year on year. In the United Kingdom, our largest market outside the Eurozone, the service sector is the most important growth engine. The country's economy grew by about 3 %, demonstrating that it is fairly robust. In contrast, our Central Eastern European markets have lost economic momentum during the year. However, when this report went to print only data for the first six months was available for the countries of relevance in this region. Based on this information, GDP increased by approximately 3 % in Poland and Hungary and 2.5 % in the Czech Republic.

Extremely mild weather in Europe

Whereas the economic trend primarily impacts on demand for energy among industrial enterprises, residential energy consumption is influenced more by weather conditions. For instance, the dependence of the need for heating on temperatures leads to seasonal fluctuations in sales volumes and earnings. This can also prove important when comparing one financial year to the next, as demonstrated by these interim financial statements. In Europe, temperatures in the period under review were far above the ten-year seasonal average, partly due to the extremely mild 2013/2014 winter. Temperatures were also higher compared to the same period last year, as the first quarter of 2013 was unusually cold.

In addition to energy consumption, the generation of electricity is also subject to weather-related influences, with wind levels playing a major role. In Germany, the Netherlands and Poland, utilisation of our wind farms in the first nine months was higher than in the same period in 2013, whereas in the United Kingdom, Spain and Italy, it was lower. Electricity generation by our run-of-river power plants is affected by precipitation, which in Germany was much lower than the high level witnessed in the first three quarters of last year. Sunshine has also come to have a significant impact on the supply of electricity, not least due to the considerable rise in German photovoltaic capacity in accordance with the German Renewable Energy Act. Based on figures published by Germany's National Metereological Service, Germany had an average of 1,427 hours of sunshine in the first nine months of 2014, compared to 1,302 in last year's comparable period.

Weather-induced collapse in demand for gas

Energy usage in our key markets was subject to positive economic effects. In contrast, the extremely mild winter curtailed the need for heating. Moreover, for a long time we have seen a trend towards saving energy. According to preliminary estimates made by the German Association of Energy and Water Industries (BDEW), electricity consumption in Germany in the first three quarters of 2014 was about 4 % lower than in the same period last year. The effect of the weather came to bear in particular. Based on estimates, demand for electricity also declined in the United Kingdom and the Netherlands, whereas in Hungary and Poland, it was slightly higher than in 2013. Gas consumption was strongly affected by the mild weather. Data published by BDEW indicates that demand for gas in Germany declined by 18 %. Network operators in the Netherlands and the United Kingdom calculated drops of 18 % and 11 %, respectively. Gas consumption in the Czech Republic fell by an estimated 14 %.

Mild weather weighs on prices in gas spot trading

In gas trading, the weather-induced drop in demand led to price movements, some of which were substantial. Averaged for the first nine months of the year, spot prices at the Title Transfer Facility (TTF), the reference market for Continental Europe, amounted to €20 per megawatt hour (MWh), €7 less than the comparable figure for 2013. In TTF forward trading, contracts for delivery in the coming calendar year (2015 forward) were settled for €25 per MWh. This is €2 less than the price paid for the 2014 forward in the same period last year. The retail customer business developed as follows: based on available data, in Germany gas became slightly more expensive for households and 5% cheaper for industrial customers. Prices also displayed disparate developments in the United Kingdom where they were 5% higher for households and 11% lower for industrial enterprises. Both customer groups paid less than a year before in the Netherlands: approximately 1% and 3%, respectively. Data collected for the Czech Republic indicates declines of 4% and 3%.

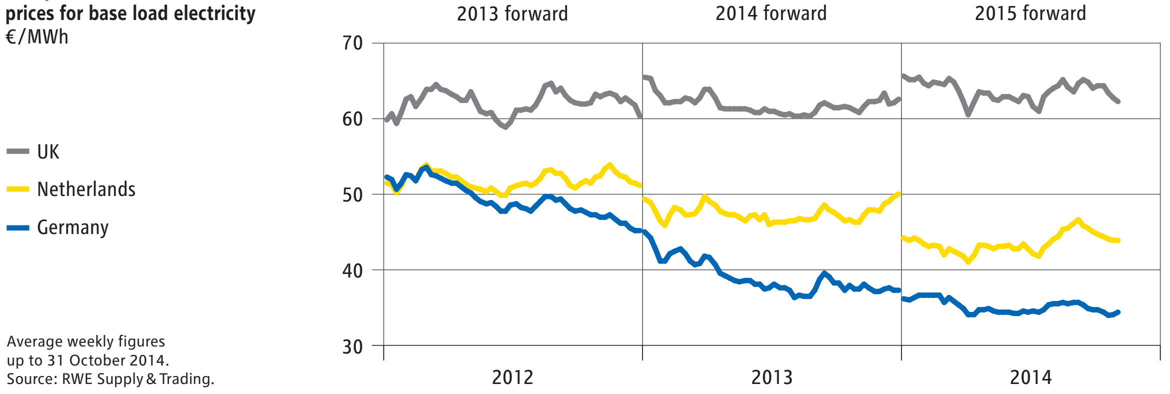
Slump on hard coal market persists

The downward trend of hard coal prices witnessed since 2011 slowed. However, there are still no signs of recovery. From January to September of 2014, coal deliveries including freight and insurance to Amsterdam/Rotterdam/Antwerp (known as the ARA ports) were quoted at an average of US$76 (€56) in spot trading, US$5 less than a year before. The 2015 forward (API 2 Index) traded at an average of US$81 (€60), US$10 less than the price level of the 2014 forward in the comparable period in 2013. The global coal market tends to be oversupplied, in part because many countries increased their production capacities in the past. In China, the world's biggest coal importer, reductions in the price of domestic hard coal put coal import prices under pressure. Furthermore, the country's decelerated growth came to bear. The development of quotations in international hard coal trading is also influenced by overseas shipping costs. Freight rates are still low, but have been trending slightly upwards since the middle of 2013. In the period under review, the standard route from South Africa to Rotterdam cost an average of US$9 per metric ton, US$1 more than in the same period last year.

Slight rise in CO_2 emission allowance prices

European emissions trading is also characterised by a slump. The euro crisis and other factors are having a dampening effect on industrial output. It is becoming apparent that the CO_2 emission allowances available for the third trading period, which ends in 2020, clearly exceed the actual requirement. However, prices recently started displaying a slight upward trend. From January to September 2014, the standard certificate (EUA) for the current year traded at an average of just under €6 per metric ton of carbon dioxide. The comparable figure for 2013 was more than €1 lower. Prices were buoyed by the fact that in March the EU began to reduce the surplus of certificates by temporarily withholding emission allowances (referred to as backloading). Positive stimulus was also provided by an EU Commission initiative aiming to strengthen the European Emission Trading System by making the supply of certificates flexible. The intention is to introduce a "market stability reserve" in which emission allowances are "deposited" by EU member states when the market has a substantial surplus of certificates. Some countries such as Germany and the United Kingdom are in favour of making use of the market stability reserve during the third emissions trading period, which ends in 2020. A decision on this is not expected before the second quarter of 2015.

One-year forward wholesale prices for base load electricity
€/MWh



Average weekly figures up to 31 October 2014.
Source: RWE Supply & Trading.

Decline in wholesale electricity prices

In Germany, the development of wholesale electricity prices is strongly affected by the rise of electricity feed-ins subsidised under the German Renewable Energy Act. This forces conventional generation plant off the market, primarily gas-fired power stations which have fairly high fuel costs. Their influence on the formation of electricity prices has thus decreased, whereas that of hard coal-fired power plants, which have relatively low production costs due to the decline in prices on hard coal markets, has risen. These two factors, the crowding-out of gas-fired power plants and the drop in the price of hard coal, are the major reason why quotations on the German wholesale electricity market have been declining for years. Electricity has become even cheaper in 2014: in the first three quarters, the average spot price for base load power was €32 per MWh, down €6 on the level achieved in 2013. The 2015 forward was quoted at €35 per MWh. In comparison, the 2014 forward traded for €40 in the same period last year.

In the United Kingdom, our second-largest generation market, gas-fired power stations account for a much larger share of electricity production than in Germany and therefore have a stronger influence on prices. For this reason, and due to the introduction of a tax on carbon dioxide in April 2013, UK wholesale electricity quotations are relatively high. However, the weather-induced decline in gas prices also had a commensurately strong impact on the electricity spot market, where base load power cost an average of £41 (€51), £9 less than in 2013. In contrast, the 2015 base load forward traded at £52 (€64) per MWh, which was only marginally below the comparable figure for last year. In fact in euro terms, the forward became slightly more expensive due to the appreciation of the British pound.

In the Netherlands, where we have our third-largest generation position, gas-fired power plants also play an important role in the formation of electricity prices. At the same time, German exports of electricity generated under the Renewable Energy Act weigh on prices. Base load electricity on the Dutch spot market was quoted at €40 per MWh, down €12 on the figure recorded in the same period last year. The price curve in forward trading also trended downward. Base load contracts for 2015 were settled for an average of €44 per MWh, as opposed to the 2014 forward, which traded for an average of €47 in last year's corresponding period.

Power plant margins down year on year

We sell forward most of the output of our power stations and secure the prices of the required fuel and emission allowances in order to reduce short-term volume and price risks. Therefore, the most recent developments on the market hardly had an impact on the income we generated in the reporting period. It depends more on the conditions at which forward contracts for delivery in 2014 were concluded in preceding years. As wholesale electricity prices in Continental Europe have been trending downwards since the middle of 2011, the average price which we realised for this year's in-house generation was lower than the comparable figure for 2013. Therefore, we achieved lower margins with our German lignite and nuclear power stations, the fuel costs of which are typically stable. The earnings of our gas-fired power plants on the Continent also worsened. As mentioned earlier, these stations in particular are being forced off the market by the increase in electricity feed-ins from solar panels and wind turbines. In the hard coal-based generation business, we benefited from price relief relating to fuel purchases. However, in Germany these price reductions failed to compensate for the negative effect on margins of declining electricity quotations.

Retail business: higher German and UK residential tariffs

Unlike on the wholesale market, average electricity prices in the German retail business have risen. They were up by 1% for households and nearly 3% for industrial enterprises. This was largely due to the state surcharges included in electricity bills, which now account for half of the total price paid by households. A main contributing factor is the levy according to the Renewable Energy Act, which has repeatedly experienced significant increases in recent years and rose by another 0.96 euro cents to 6.24 euro cents per kilowatt hour (kWh) as of 1 January 2014.

In the United Kingdom, average electricity tariffs were up by 6% for households and 5% for industrial enterprises year on year. One of the reasons is the passing-on of network fees, which recently increased significantly.

In contrast, electricity tariffs in the Dutch customer business declined: households and industrial enterprises paid 1% and 6% less, respectively. Lower quotations on the wholesale market played an important role.

Decreasing wholesale prices also characterised developments in our supply markets in Central Eastern Europe. In Hungary, this was exacerbated by regulatory intervention: electricity tariffs were 15% and 8% cheaper for households and industrial enterprises, respectively. A decline of 5% was recorded in Slovakia for both customer groups. Compared to 2013, tariffs in Poland decreased by 6% for industry, but increased slightly in the residential segment.

MAJOR EVENTS

In the period under review

New major investor for RWE Innogy's North Sea wind power projects

RWE Innogy sold an 85% stake in the Nordsee One, Nordsee 2 and Nordsee 3 offshore wind projects to the Canadian electric utility Northland Power. The sales agreement was signed at the beginning of September. The remaining 15% of the projects are still owned by RWE Innogy. Our goal behind the divestment is to spread the substantial costs of growth projects in the field of renewables more widely through partnerships which will enable us to develop large-scale projects even when funds are scarce. The development of the Nordsee One wind farm, which could go online with a net installed capacity of 332 megawatts (MW) as early as 2017, is at an advanced stage, whereas the Nordsee 2 and 3 projects, with a combined capacity of 670 MW, are in their early planning phases. The wind farms are located in an area 40 kilometres north of the Isle of Juist, which has high wind speeds. It is estimated that Nordsee One will cost a total of €1.2 billion.

RWE Innogy sells biomass-fired power station in Sicily

At the end of September, RWE Innogy sold its 80% shareholding in the Enna biomass-fired power plant in Sicily to Fri-El Green Power, which is domiciled in Bolzano. Fri-El Green Power already held a 20% interest in the station and is now its sole owner. The Enna power plant has a net installed capacity of 18.7 MW and can supply about 30,000 households with electricity. The asset was sold because electricity generation from biomass is no longer a main focus for our business.

Minority interest in South Westphalian utility ENERVIE divested

RWE Deutschland sold its 19.06% stake in ENERVIE Südwestfalen Energie und Wasser AG in the middle of September. The buyer is Remondis Wasser und Energie GmbH, which paid €60 million for the shareholding. This transaction increased our financial strength. Our influence on ENERVIE's business policy was limited.

Suit for damages in connection with nuclear moratorium filed

At the end of August, we brought a suit against the State of Hesse and the Federal Republic of Germany before the Essen Regional Court, in order to assert our right to compensation for damages caused by the nuclear moratorium. Immediately after the reactor incident at Fukushima in March 2011, the federal and state governments had ordered that seven German nuclear power plants be shut down for a period of three months. The moratorium affected our Biblis A and B reactors. In the meantime, the Hessian Administrative Court of Justice has handed down a legally enforceable ruling, finding that the injunctions under the moratorium against Biblis were illegal.

RWE recognised for sustainable management

RWE qualified for the group of Dow Jones Sustainability Indices (DJSI) for the sixteenth straight time. The company will therefore be represented in the DJSI World and DJSI Europe Indices for another twelve months. The selection is based on economic, environmental and social criteria. We are one of the few German companies to have been included in the index family without interruption since its inception in 1999. The Dow Jones Sustainability Indices are compiled and published by RobecoSAM in cooperation with Dow Jones Indexes.

Major events that occurred in the period from January to July 2014 were presented on pages 7 to 10 of the report on the first quarter of 2014 and on pages 7 to 9 of the report on the first half of the year.

After the period under review

EU Summit adopts new goals for climate protection, renewable energy and energy savings

EU member states intend to emit at least 40% less greenhouse gases in 2030 than in 1990. This is the target on which the heads of state and government agreed at the summit in late October in Brussels. In order to accomplish this, the sectors involved in CO_2 emissions trading such as electricity production must reduce carbon dioxide emissions by 43% compared to 2005. In other sectors such as transport, households and agriculture, savings of 30% are envisaged. For these sectors, the EU will impose national reduction targets depending on gross domestic product, ranging from zero to 40%. The climate protection goal is flanked by the requirement for at least 27% of the demand for energy to be covered by renewable sources by 2030 and the non-binding statement of intent that energy consumption will then be at least 27% lower than could be expected under the current framework conditions. These two goals will not be broken down into national requirements.

German government presents Green Book on the future design of the electricity market

At the end of October, the German government published a discussion paper ('Green Book') on the future design of the German electricity market. It primarily addresses how the reliability of electricity supply can be secured over the long term. The increase in electricity feed-ins from renewable sources has caused many conventional power plants to stop being profitable. However, a large proportion of these stations are still needed, as solar and wind power production fluctuates substantially. The Green Book presents options for ensuring sufficient conventional generation capacity in the future. Two main approaches are discussed: on the one hand the introduction of a capacity market, in which electricity producers are compensated for making secured power plant capacity available to the market in addition to the income they receive from electricity sales, and, on the other hand, a refinement of the existing market model, which only provides compensation for electricity as a product. The second approach is based on the expectation that when there is a shortage of electricity, huge price spikes will ensure that power stations which are only operated for a few hours are also profitable. Many investors feel that this is too unpredictable. Nevertheless, the German government indicates in the Green Book that it is leaning towards this approach. Irrespective of that, it is considering introducing a strategic reserve that will act as a safety net in a transitional phase until the middle of the 2020s. The strategic reserve would be procured by the transmission system operators competitively and used by them exclusively. According to the government's plans, the stations contributing to the strategic reserve will generate electricity only if supply and demand fail to balance. The Green Book forms the basis for a public consultation, which is scheduled to end in March 2015. Thereafter, the German government intends to present a 'White Book' including a specific model for reform.

RWE qualifies for the UK capacity market, contributing 8.0 gigawatts in generation capacity

Unlike Germany, the United Kingdom has already set the stage for a capacity market. Preparations are currently underway for the first capacity auctions. They are scheduled to take place in December 2014 and relate to the provision of generation capacity between 1 October 2018 and 30 September 2019. In the middle of October, the network operator National Grid announced the stations which qualified for the auctions. These power plants account for a total net installed capacity of 55.0 gigawatts (GW). Another 12.3 GW will be approved subject to certain conditions. All RWE stations for which participation in the auctions was requested have already qualified. They represent a total of 8.0 GW of net generation capacity, including the Pembroke, Staythorpe, Little Barford, Didcot B and Great Yarmouth gas-fired power plants as well as the Aberthaw coal-fired power station. During the auctions, all successful bidders will receive the same price, which will correspond to the highest offer that matches the predetermined capacity requirement. Any additional requirement will be covered by a second auction with a lead-in time of one year. The auctions will be conducted once a year and cover the subsequent twelve-month delivery period. For new stations, the capacity price will be set for 15 years. Owners who modernise their existing stations extensively may receive payment for three years.

RWE Tower in Essen sold to US investor

RWE has sold the buildings of its Essen-based corporate headquarters to the US real estate fund American Realty Capital Global Trust (ARC). The contracts were signed in early October and envisage our leasing back the properties from ARC. The office complex at Opernplatz in Essen, consisting of the RWE Tower and several neighbouring buildings, will remain the company's head office. By conducting the sale and leaseback, we are taking advantage of the demand of capital investors for high-value properties, which has recently been strong.

Withdrawal from the UK Galloper offshore wind project

RWE Innogy will stop pursuing the Galloper offshore wind power project off the coast of Suffolk (United Kingdom). This decision was taken in early October. The reason is that Galloper's risk-reward ratio does not meet our requirements. Our joint venture partner Scottish and Southern Energy (SSE) withdrew from the project in August. We will consult with SSE on how to proceed. Based on the original plan, Galloper would have been commissioned in 2017 with a capacity of 340 megawatts.

RWE commissions judicial review of additional costs for interim storage of radioactive waste

In October, RWE filed a suit against a new statutory regulation governing the return of radioactive waste from foreign countries. According to the new German Site Selection Act, which regulates the search for a final storage facility for highly radioactive waste, waste from La Hague (France) and Sellafield (United Kingdom) will initially be stored on power plant premises instead of in the central interim storage facility in Gorleben (Germany). This will impose major additional costs on the operators of nuclear power stations which have already financed the storage in Gorleben. The German government declined to assume these additional costs. It is yet to present the overall concept for waste returns and the selection of storage sites.

RWE rewarded for climate protection activities

RWE was included in the Climate Performance Leadership Index of the Carbon Disclosure Project (CDP) for the very first time. CDP has evaluated data from more than 2,000 companies this year. RWE is one of 187 companies to have received the highest mark "A" for accomplishments in the field of climate protection, securing a spot in the Index. CDP is a non-government organisation which was founded in London in 2000 and collects information on greenhouse gas emissions and climate protection activities from companies and state-owned enterprises once a year using standardised questionnaires. The survey is supported by nearly 800 institutional investors which manage more than one-third of all capital investments worldwide.

NOTES ON REPORTING

Change in reporting methodology due to the planned sale of RWE Dea

As set out on page 7 of the report on the first quarter of 2014, we contractually agreed with the Luxembourg-based investment company LetterOne that it will acquire RWE Dea, our subsidiary which specialises in the exploration and production of oil and gas (Upstream Gas & Oil Segment). The sale will take retrospective effect to 1 January 2014. Both parties are working on closing the transaction quickly. However, some third-party approvals are still pending. We cannot predict whether we will be able to bring the talks to a conclusion this year.

The planned sale of RWE Dea causes adjustments to reporting to be made in compliance with International Financial Reporting Standards (IFRS): we now present the upstream business as a 'discontinued operation' for the full reporting period. In detail, we will proceed as follows:

- We now recognise RWE Dea in the income statement in condensed form under 'income from discontinued operations.' Prior-year figures are adjusted accordingly. The consequence for the presentation in the review of operations is that Group figures for the 2014 and 2013 sales volume, revenue, EBITDA, operating result, non-operating result, financial result and income taxes now only relate to continuing operations. Deliveries from RWE companies to RWE Dea are presented in the external sales volume and external revenue. In line with the approach taken in respect of personnel costs, we are also limiting employee figures to continuing operations. Conversely, the RWE Group's net income continues to take RWE Dea into account. As regards recurrent net income, we will proceed as follows: in quarterly reporting we will calculate this key figure excluding the upstream business. However, RWE Dea will be considered in recurrent net income for the full year, albeit only by including the prorated interest on the price that LetterOne has contractually undertaken to pay us for the period from 1 January 2014 onwards. Recurrent net income disclosed for 2013 will remain unchanged and therefore continue to include the operating activities of RWE Dea.

- On the consolidated balance sheet, for 2014 the upstream business is summarised under 'assets held for sale' and 'liabilities held for sale.' In accordance with IFRS, we will maintain the presentation of last year's balance sheet figures.

- In the cash flow statement in the interim financial statements, we recognise the cash flows from discontinued operations for 2014 and 2013 separately. Conversely, the cash flow statement in the review of operations solely relates to continuing operations for both years. The latter also applies to the presentation of capital expenditure.

Effects of the new accounting standard IFRS 11 Joint Arrangements (2011)

Further deviations from figures published previously result from the fact that we began applying the new accounting standard IFRS 11 Joint Arrangements (2011) in fiscal 2014. Under this standard, certain investments which have so far been accounted for using the equity method will be reported as joint operations from now on (see commentary in the notes on page 35). The new procedure applies retrospectively to last year's financial statements, which must be adjusted accordingly.

RWE Group

Conventional Power Generation	Supply/ Distribution Networks Germany	Supply Netherlands/ Belgium	Supply United Kingdom	Central Eastern and South Eastern Europe	Renewables	Trading/ Gas Midstream
RWE Generation	RWE Deutschland	Essent	RWE npower	RWE East	RWE Innogy	RWE Supply & Trading

RWE Dea (discontinued operation)

Internal Service Providers
- RWE Consulting
- RWE Group Business Services
- RWE IT
- RWE Service

As of 30 September 2014.

Group structure with seven divisions

Due to the planned sale of RWE Dea, the RWE Group is now divided into seven instead of eight segments (divisions), which are based on geographic and functional criteria as follows.

- Conventional Power Generation: Our conventional electricity generation activities in Germany, the United Kingdom, the Netherlands and Turkey are subsumed under this division. It also includes RWE Power's opencast lignite mining in the Rhineland and RWE Technology, which specialises in project management and engineering. All of these activities are overseen by RWE Generation.

- Supply/Distribution Networks Germany: This division is in charge of the supply of electricity, gas and heat as well as energy services in our main market, Germany, and the operation of our German electricity and gas distribution networks. It is overseen by RWE Deutschland, to which Westnetz, RWE Vertrieb, RWE Effizienz, RWE Gasspeicher and our German regional companies belong, among others. Our minority interests in Austria-based KELAG and Luxembourg-based Enovos are also assigned to this division.

- Supply Netherlands/Belgium: This is where we report on our Dutch and Belgian electricity and gas retail business. The division is managed by Essent, one of the largest energy utilities in the Benelux region.

- Supply United Kingdom: Assigned to this division is our UK electricity and gas supply business operated by RWE npower, which ranks among the six leading energy companies in the United Kingdom.

- Central Eastern and South Eastern Europe: This division contains our activities in the Czech Republic, Hungary, Poland, Slovakia, Croatia, Romania and Turkey. Our market-leading Czech gas business encompasses storage, distribution and supply. It no longer includes the transmission or transit of gas, as we sold the subsidiary in charge of those activities, NET4GAS, at the beginning of August 2013. In 2010, we also started selling electricity in the Czech Republic. In Hungary, we cover the entire value chain in the electricity business, from production through to the operation of the distribution system and the supply to customers. We were also active in the Hungarian gas supply sector via minority stakes, but have discontinued this business. Our Polish operations focus on the distribution and sale of electricity in Greater Warsaw. In Slovakia, we are active in the electricity network and electricity retail businesses via a minority interest and in the gas supply sector via a subsidiary. In Croatia, we have an established position as a wastewater management company in the capital Zagreb and as a co-owner of the Plomin hard-coal fired power plant. In addition, we are setting up a local energy supply business. In Romania and Turkey we are also entering the energy supply market.

- Renewables: This is where we present the figures of RWE Innogy, which generates electricity from wind, water and – to a limited extent – biomass. Its major production sites are located in Germany, the United Kingdom, the Netherlands, Spain and Poland.

- Trading/Gas Midstream: This division encompasses the activities of RWE Supply & Trading. The company is responsible for trading energy and commodities, marketing and hedging the RWE Group's electricity position, and running the entire gas midstream business. Furthermore, it supplies some major German and Dutch industrial and corporate customers with electricity and gas.

The 'other, consolidation' item

We present certain groupwide activities outside the divisions as part of 'other, consolidation.' These are the Group holding company RWE AG as well as our in-house service providers RWE IT, RWE Service, RWE Group Business Services and RWE Consulting. This item also includes our minority interest in the German electricity transmission system operator Amprion.

BUSINESS PERFORMANCE

Electricity production by division January – September	Lignite		Hard coal		Gas		Nuclear		Renewables		Pumped storage, oil, other		RWE Group	
Billion kWh	2014	2013	2014	2013[1]	2014	2013	2014	2013[1]	2014	2013	2014	2013	2014	2013[1]
Conventional Power Generation	52.5	55.6	32.0	35.7	27.5	26.6	22.7	22.7	0.9	4.3	1.9	2.2	137.5	147.1
of which:														
Germany[2]	52.5	55.6	19.4	21.6	2.1	4.9	21.9	22.0	0.5	0.6	1.9	2.2	98.3	106.9
Netherlands/Belgium	–	–	8.1	5.0	3.0	4.2	0.8	0.7	0.4	0.8	–	–	12.3	10.7
United Kingdom	–	–	4.5	9.1	19.6	16.4	–	–	–	2.9	–	–	24.1	28.4
Turkey	–	–	–	–	2.8	1.1	–	–	–	–	–	–	2.8	1.1
Central Eastern and South Eastern Europe	4.0	4.0	–	0.1	–	–	–	–	–	–	–	–	4.0	4.1
Renewables[2]	–	–	–	–	–	0.1	–	–	5.6	5.6	–	–	5.6	5.7
RWE Group[3]	**56.5**	**59.6**	**34.8**	**38.3**	**28.1**	**27.2**	**22.7**	**22.7**	**7.2**	**10.6**	**1.9**	**2.3**	**151.2**	**160.7**

1 Prior-year figures adjusted due to the first-time application of IFRS 11; see page 11.
2 Including electricity from power plants not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In the first three quarters of 2014, it amounted to 11.8 billion kWh in the Conventional Power Generation Division (first three quarters of 2013: 16.3 billion kWh), of which 9.7 billion kWh were generated from hard coal (first three quarters of 2013: 13.7 billion kWh), and to 0.5 billion kWh in the Renewables Division (first three quarters of 2013: 0.6 billion kWh).
3 Including small generation volumes of other divisions.

Electricity generation down 6 % year on year

In the first three quarters of 2014, the RWE Group produced 151.2 billion kWh of electricity. This was 6 % less compared to 2013. One of the reasons was that we had to shut down our 1,958 MW UK hard coal-fired power station Didcot A at the end of March 2013. The facility was subject to a lifetime limitation resulting from EU pollutant emission regulations applicable to large combustion plants. Margins forced us to make less use of our German hard coal units. In contrast, our generation from hard coal was up in the Netherlands as utilisation of the two units of the Amer power station rose following outages for maintenance last year and due to the first trial runs of our new power plant at Eemshaven. Unscheduled outages significantly curtailed production from our lignite power plants. We also experienced a decline in renewable energy, as we were forced to shut down Tilbury power station in the UK in the summer of 2013. The plant had a net installed capacity of 742 MW and was converted to biomass combustion in 2011, before which it ran on hard coal. Despite the conversion, it was also subject to a lifetime limitation. Conversely, generation from our gas-fired power stations rose marginally, in part due to improved market conditions in the UK. Furthermore, utilisation of our Staythorpe and Pembroke stations increased after having been offline temporarily last year for retrofits. Another positive effect was felt from the commissioning of a new combined-cycle gas turbine power plant near the town of Denizli in the west of Turkey in the middle of 2013. In contrast, capacity utilisation of our gas-fired power stations in Continental Europe worsened further. We took some stations off the market either temporarily or permanently in view of their extremely low margins and deployment.

In addition to our in-house generation, we procure electricity from external suppliers. In the period under review, these purchases amounted to 50.4 billion kWh (first three quarters of 2013: 51.1 billion kWh). In-house generation and purchases from third parties added up to 201.6 billion kWh (first three quarters of 2013: 211.8 billion kWh).

External electricity sales volume January – September	Residential and commercial customers		Industrial and corporate customers		Distributors		Total	
Billion kWh	2014	2013	2014	2013	2014	2013	2014	2013
Conventional Power Generation	0.2	0.1	1.7	0.5	8.4	7.7	10.3	8.3
Supply/Distribution Networks Germany	15.1	16.9	22.7	22.4	56.8	57.4	94.6	96.7
Supply Netherlands/Belgium	8.2	8.2	7.0	7.8	–	1.1	15.2	17.1
Supply United Kingdom	10.1	12.6	21.9	22.8	1.5	–	33.5	35.4
Central Eastern and South Eastern Europe	6.4	6.1	6.9	6.8	5.1	4.3	18.4	17.2
Renewables	–	0.1	–	–	1.4	1.4	1.4	1.5
Trading/Gas Midstream	–	–	18.2	15.6	–	–	18.2[1]	23.7[1]
RWE Group[2]	**40.1**	**44.1**	**78.4**	**75.9**	**73.2**	**71.9**	**191.7**	**200.0**

1 Including volume effects of the sale of self-generated electricity on the wholesale market. If these sales volumes exceed the purchases made for supply purposes, the positive balance is recognised in the sales volume. This was not the case in the first three quarters of 2014. Conversely, in the same period last year, there was a balance of +8.1 billion kWh.

2 Including small amounts recognised under 'other, consolidation.'

Electricity sales volume 4% down on 2013

Our electricity deliveries to external customers declined by 4% to 191.7 billion kWh. This reflects the drop in our generation volumes, which resulted in RWE Supply & Trading selling less electricity produced by our power stations on the wholesale market. In the residential and commercial customer segment, an effect was felt from the fact that the 2013/2014 winter was extremely mild, whereas the preceding winter was unusually harsh. In consequence, households with electric heating had a lower demand for electricity. Moreover, we suffered moderate customer losses and, for some time, we have seen a trend towards saving energy. Another reason for the drop in sales volume in the residential customer business is that we sold our UK supply subsidiary Electricity Plus Supply at the end of last year (see page 51 of the 2013 Annual Report). Instead of being supplied by us directly, its customers now obtain electricity from us indirectly via a supply agreement with the new owner Telecom Plus. We now state volumes supplied to Telecom Plus in the distributors segment, where we posted a slight gain despite losing a Dutch key account. Sales to industrial and corporate customers also rose, as we increased our customer base in this market segment. Furthermore, several major existing customers increased their electricity purchases from us, especially in the Trading/Gas Midstream Division.

External gas sales volume[1] January – September	Residential and commercial customers		Industrial and corporate customers		Distributors		Total	
Billion kWh	2014	2013	2014	2013	2014	2013	2014	2013
Supply/Distribution Networks Germany	14.4	19.5	13.7	15.4	29.3	26.3	57.4	61.2
Supply Netherlands/Belgium	20.3	29.6	20.0	30.3	–	–	40.3	59.9
Supply United Kingdom	20.8	30.9	1.6	1.5	3.9	–	26.3	32.4
Central Eastern and South Eastern Europe	9.3	12.6	18.4	22.1	1.2	1.4	28.9	36.1
Trading/Gas Midstream	–	–	15.7	14.2	16.0	24.8	31.7	39.0
RWE Group	**64.8**	**92.6**	**69.4**	**83.6[2]**	**50.4**	**52.5**	**184.6**	**228.7[2]**

1 Excluding discontinued operations (RWE Dea); see page 11.

2 Including small volumes in the Conventional Power Generation Division.

Gas sales volume down 19%

Our gas sales volume declined by 19% to 184.6 billion kWh. The much milder weather compared to last year clearly left its mark, especially on the residential and commercial customer business. We suffered a substantial drop in sales volume in this supply segment. Customer losses and the aforementioned trend towards saving energy played a minor role. Furthermore, the sale of the UK supply subsidiary Gas Plus Supply to Telecom Plus, which was completed at the end of 2013, caused sales volume to be shifted from the residential and commercial customer group to the distributor segment, as did the divestment of Electricity Plus Supply mentioned earlier. Distributor volume was down nevertheless, in part due to the weather. In addition, a supply agreement with a key account of RWE Supply & Trading expired. This was contrasted by volume growth posted by companies belonging to RWE Deutschland, which won new buyers and stepped up their supply activities with existing customers. In the industrial and corporate customer segment, we felt the mounting competitive pressure, particularly in the Netherlands.

External revenue[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Conventional Power Generation	1,388	1,276	8.8	1,570
Supply/Distribution Networks Germany	18,657	19,056	–2.1	25,718
Supply Netherlands/Belgium	3,280	4,631	–29.2	6,308
Supply United Kingdom	6,434	6,439	–0.1	8,982
Central Eastern and South Eastern Europe	2,890	3,563	–18.9	4,852
Renewables	212	274	–22.6	402
Trading/Gas Midstream	2,364	3,392	–30.3	4,499
Other, consolidation	63	67	–6.0	94
RWE Group	**35,288**	**38,698**	**–8.8**	**52,425**
Natural gas tax/electricity tax	1,643	1,913	–14.1	2,676
RWE Group (excluding natural gas tax/electricity tax)	**33,645**	**36,785**	**–8.5**	**49,749**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

External revenue 9% down year on year

RWE recorded €35,288 million in external revenue (including natural gas and electricity taxes), 9% less than in the first nine months of last year. The significant drop is attributable to the gas business, where revenue dropped by 23% to €7,907 million, largely due to the weather-induced decrease in sales volume. Electricity revenue declined by 3% to €25,191 million. Drops in volume were again the main reason. To a limited extent, consolidated revenue was also affected by the sale of business activities and changes in currency exchange rates. Averaged for the period under review, the British pound cost €1.23, which was more than in 2013 (€1.17). Conversely, other currencies of importance to us such as the US dollar and the Czech crown depreciated compared to the euro. Net of material consolidation and currency effects, external revenue decreased by 8%.

External revenue by product[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Electricity revenue	25,191	25,966	–3.0	34,896
of which:				
Supply/Distribution Networks Germany	15,311	15,428	–0.8	20,643
Supply Netherlands/Belgium	1,423	1,729	–17.7	2,278
Supply United Kingdom	4,620	4,455	3.7	6,168
Central Eastern and South Eastern Europe	1,618	1,703	–5.0	2,310
Trading/Gas Midstream	1,452	2,006	–27.6	2,701
Gas revenue	7,907	10,221	–22.6	14,274
of which:				
Supply/Distribution Networks Germany	2,607	2,859	–8.8	4,128
Supply Netherlands/Belgium	1,805	2,763	–34.7	3,850
Supply United Kingdom	1,453	1,585	–8.3	2,312
Central Eastern and South Eastern Europe	1,194	1,777	–32.8	2,421
Trading/Gas Midstream	847	1,234	–31.4	1,561
Other, consolidation	2,190	2,511	–12.8	3,255
RWE Group	**35,288**	**38,698**	**–8.8**	**52,425**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

Internal revenue[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Conventional Power Generation	5,525	6,516	–15.2	9,096
Supply/Distribution Networks Germany	851	866	–1.7	1,244
Supply Netherlands/Belgium	20	179	–88.8	186
Supply United Kingdom	209	195	7.2	277
Central Eastern and South Eastern Europe	127	220	–42.3	292
Renewables	403	380	6.1	534
Trading/Gas Midstream	16,902	15,579	8.5	23,627

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

EBITDA[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Conventional Power Generation	1,461	1,636	–10.7	2,455
of which:				
Continental Western Europe	1,464	1,492	–1.9	2,274
United Kingdom	–16	117	–113.7	165
Supply/Distribution Networks Germany	1,932	1,775	8.8	2,316
Supply Netherlands/Belgium	137	309	–55.7	368
Supply United Kingdom	143	261	–45.2	366
Central Eastern and South Eastern Europe	694	1,001	–30.7	1,281
Renewables	291	293	–0.7	454
Trading/Gas Midstream	231	910	–74.6	841
Other, consolidation	–189	–137	–38.0	–177
RWE Group	**4,700**	**6,048**	**–22.3**	**7,904**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

Operating result[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
Conventional Power Generation	782	842	–7.1	1,384
of which:				
Continental Western Europe	974	889	9.6	1,451
United Kingdom	–190	–69	–175.4	–76
Supply/Distribution Networks Germany	1,408	1,270	10.9	1,626
Supply Netherlands/Belgium	96	244	–60.7	278
Supply United Kingdom	90	205	–56.1	290
Central Eastern and South Eastern Europe	528	826	–36.1	1,032
Renewables	29	111	–73.9	203
Trading/Gas Midstream	222	903	–75.4	831
Other, consolidation	–247	–211	–17.1	–275
RWE Group	**2,908**	**4,190**	**–30.6**	**5,369**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

Operating result down 31 % year on year

In the first three quarters of 2014, we achieved EBITDA of €4,700 million and an operating result of €2,908 million. This was 22 % and 31 % less than in the corresponding period in 2013. The main reason was that the figures for 2013 included substantial extraordinary income from the compensation we were awarded by an arbitral court in the price revision proceedings with our gas supplier Gazprom. In addition, weather-induced revenue shortfalls in gas supply and lower generation margins came to bear. Furthermore, the earnings of the Czech long-distance gas network operator NET4GAS, which was sold last year, were no longer recognised. Disregarding major deconsolidation and currency effects, EBITDA and the operating result declined by 20 % and 27 %, respectively.

The operating results of our divisions developed as follows:

- Conventional Power Generation: This division’s operating result decreased by 7 % to €782 million. The main reason for this is that we realised a lower market price for this year’s German and Dutch electricity generation than for last year’s production. This was only somewhat cushioned by price-driven relief in the purchase of fuel (especially hard coal). Further earnings shortfalls resulted from the decommissioning of the Didcot A and Tilbury power stations (see page 14). Conversely, continued cost-cutting measures had a positive effect. Moreover, last year’s burden resulting from our topping-up of a provision for impending losses from an electricity purchase agreement did not recur. In addition, depreciation was lower because the assumed lifetimes of our power stations changed (see page 36) and the carrying amounts of our Dutch generation portfolio dropped owing to the impairments which we recognised in 2013.

- Supply/Distribution Networks Germany: The operating result achieved by this division grew by 11 % to €1,408 million despite earnings shortfalls in the gas business caused by the weather. Progress made in implementing our efficiency-enhancement programme made a contribution to increased earnings in the supply business. The operating result posted by our distribution network activities was stable, although the framework conditions in the German electricity network business have become more challenging since the beginning of the new regulatory period, which runs from 2014 to 2018. We benefited from efficiency enhancements here as well. Furthermore, we achieved higher income from the sale of networks.

- Supply Netherlands/Belgium: The operating result posted by this segment totalled €96 million, much less than the year-earlier level (€244 million), which was characterised by positive effects from the release of provisions. The extremely mild weather and competition-induced drop in margins weighed on our gas supply business. We recorded additional income from the successful marketing of new supply offerings.

- Supply United Kingdom: This division's operating result dropped by 56% to €90 million. Net of currency effects, the decline was 58% in part due to the rise in expenses associated with network usage as well as electricity and gas purchases. The milder weather also left its mark. In addition, there was an increase in costs incurred for improvement measures in the customer service business and for energy-saving measures in households, which the major energy companies are obliged to finance under the state Energy Companies Obligation (ECO) programme. The aforementioned sale of the supply subsidiaries Electricity Plus Supply and Gas Plus Supply also reduced earnings, because we now only serve their 770,000 customers indirectly via their new owner Telecom Plus, causing us to realise lower margins. RWE npower raised its residential tariffs at the beginning of December 2013 and took extensive measures to improve efficiency. However, the aforementioned burdens were only partially mitigated. Although we anticipate a strong fourth quarter, we now also expect earnings to be much lower for the full year. We had originally forecasted a moderate decline.

- Central Eastern and South Eastern Europe: Here, the operating result decreased by 36% to €528 million, in particular due to the divestment of NET4GAS as of 2 August 2013. Last year, the Czech long-distance gas network operator contributed earnings of €171 million until it was deconsolidated. Net of the effects of the sale of NET4GAS and currency translation, the Central Eastern and South Eastern Europe Division closed the reporting period down 16% year on year. One of the reasons is that we now recognise certain transactions concluded to hedge currency risks, which had a positive impact on the operating result in 2013, in the non-operating result. In the Czech Republic, the weather-induced drop in gas sales volumes led to earnings shortfalls; moreover, we realised lower margins in the local gas storage business.

- Renewables: RWE Innogy closed the period being reviewed with an operating result of €29 million, which was substantially lower than in the same time frame last year (€111 million). The main reason was the delay in the construction of our new biomass-fired power station near the Scottish town of Markinch and the increase in incurred costs. In consequence, we recognised an impairment loss for the project. We had to make a significant upward correction to the write-down compared to the amount recognised in the financial statements for the first half of the year. The plant at Markinch, which has a rated electric capacity of 46 MW, has been operating commercially since March 2014. RWE Innogy's earnings were further curtailed by the substantial reduction in subsidies for existing renewable energy plants by the Spanish government. Moreover, utilisation of our German hydroelectric power stations was much lower than the high level witnessed in the same period last year due to the weather. In addition, our German biomass activities hardly contributed to RWE Innogy's operating result because we almost entirely transferred them to the Supply/Distribution Networks Germany Division with effect from 1 January 2014. The commissioning of new wind turbines had a positive impact. Furthermore, the operating result achieved in the same period last year reflected one-off charges, including the impairment loss on our minority interest in the Spanish solar thermal power station Andasol 3 in the south of Spain.

- Trading/Gas Midstream: This division posted an operating result of €222 million. We benefited from the settlement reached in the most recent price revision with Gazprom at the end of February 2014. As a result, our gas procurement agreement with the Russian gas group will not curtail our earnings until the next regular price revision, which is scheduled for June 2016 (see page 7 of the report on the first quarter of 2014). Burdens imposed by gas storage and transmission capacity contracted over the long term, the management and marketing of which do not cover their costs, had a negative effect. The performance of the trading business was much better than in 2013. Overall, however, as expected the operating result recorded by the division fell markedly short of the strong figure achieved a year earlier, which was unusually high because we were granted compensatory payments in the middle of 2013 by an arbitration court for losses incurred from our gas procurement contract with Gazprom.

Non-operating result[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– € million	Jan – Dec 2013
Capital gains/losses	101	268	–167	471
Impact of commodity derivatives on earnings	–60	32	–92	72
Goodwill impairment losses	–	–	–	–1,404
Restructuring, other	–88	–1,827	1,739	–4,619
Non-operating result	**–47**	**–1,527**	**1,480**	**–5,480**

1 Excluding discontinued operations (RWE Dea); see page 11.

Reconciliation to net income affected by absence of one-off burdens

Although the non-operating result was clearly in the red at –€47 million, it by far exceeded the figure recorded in last year's corresponding period (–€1,527 million). The main driver was the 'restructuring, other' item, which improved by €1,739 million to –€88 million. This was primarily due to the substantial impairments we recognised in 2013, which did not recur this year. However, our capital gains amounted to €101 million, down €167 million on the figure achieved last year, which was affected by the sale of our Czech long-distance gas network operator NET4GAS (€236 million). The book gains realised in the year underway partially stem from the sale of the Duisburg-Huckingen gas-fired power station and the Hungarian gas business (see page 7 et seq. of the report on the first quarter of 2014). In contrast, the divestment of the 85% stake in the Nordsee One, Nordsee 2 and Nordsee 3 offshore wind projects on which we commented on page 8 resulted in a book loss. However, if the project stays on schedule, the buyer will make payments to us in later years, which will offset this. The accounting treatment of certain derivatives with which we hedge price fluctuations resulted in a net loss of €60 million as opposed to the gain of €32 million in the same period last year. Pursuant to IFRS, the derivatives are accounted for at fair value at the corresponding balance sheet date, whereas the underlying transactions (which display the opposite development) are only recognised as a profit or loss when they are realised. These timing differences result in short-term effects on earnings, which are neutralised over time.

Financial result[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– € million	Jan – Dec 2013
Interest income	152	337	–185	316
Interest expenses	–803	–913	110	–1,103
Net interest	**–651**	**–576**	**–75**	**–787**
Interest accretion to non-current provisions	–755	–695	–60	–953
Other financial result	15	–141	156	–165
Financial result	**–1,391**	**–1,412**	**21**	**–1,905**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

Our financial result improved slightly to –€1,391 million. This was largely due to an increase in the 'other financial result', which included income from the valuation of financial transactions, as opposed to expenses incurred a year before. Furthermore, we achieved higher book gains on the sale of securities. In contrast, we recorded a decline in net interest, in part because it did not contain exceptional income received in last year's corresponding period. The latter was a result of the interest included in the entitlement to compensation which we were granted in the middle of 2013 for earlier losses on our gas procurement contract with Gazprom. However, in addition to our interest income, our borrowing expenses also dropped, not least due to the low level of market interest rates. The interest accretion to non-current provisions was slightly up. One of the reasons was adjustments to 'other non-current provisions,' resulting from a reduction in discount rates.

Reconciliation to net income[1]		Jan – Sep 2014	Jan – Sep 2013	+/– %	Jan – Dec 2013
EBITDA	€ million	**4,700**	**6,048**	**–22.3**	**7,904**
Operating depreciation and amortisation	€ million	–1,792	–1,858	3.6	–2,535
Operating result	€ million	**2,908**	**4,190**	**–30.6**	**5,369**
Non-operating result	€ million	–47	–1,527	96.9	–5,480
Financial result	€ million	–1,391	–1,412	1.5	–1,905
Income from continuing operations before tax	€ million	**1,470**	**1,251**	**17.5**	**–2,016**
Taxes on income	€ million	–458	–574	20.2	–739
Income from continuing operations	€ million	**1,012**	**677**	**49.5**	**–2,755**
Income from discontinued operations	€ million	235	213	10.3	312
Income	€ million	**1,247**	**890**	**40.1**	**–2,443**
of which:					
Minority interest	€ million	173	204	–15.2	210
RWE AG hybrid capital investors' interest	€ million	80	77	3.9	104
Net income/income attributable to RWE AG shareholders	€ million	**994**	**609**	**63.2**	**–2,757**
Recurrent net income	€ million	**763**	**1,915**	**–60.2**	**2,314**
Earnings per share	€	1.62	0.99	63.6	–4.49
Recurrent net income per share	€	1.24	3.12	–60.3	3.76
Number of shares outstanding (average)	millions	614.7	614.7	–	614.7
Effective tax rate	%	31	46	–	–

1 See commentary on page 11.

Income from continuing operations before tax amounted to €1,470 million, 18% more than in 2013. At 31%, our effective tax rate was much lower than the figure for the same period last year (46%), which was characterised by the substantial write-down of deferred taxes in the Netherlands. After tax, income from continuing operations was €1,012 million. This exceeded the comparable figure for 2013 by 49%.

Discontinued operations (RWE Dea) contributed €235 million to income after tax, 10% more than last year. One of the main reasons was that the depreciation of discontinued operations is no longer taken into account in the reporting year. RWE Dea's operating earnings were curtailed by declining realised gas and oil prices, whereas higher production volumes had a positive impact.

The minority interest dropped by 15% to €173 million, because several fully consolidated companies in which third parties hold stakes suffered earnings shortfalls. This applied to our Czech gas distribution system operator among others.

The portion of our earnings attributable to hybrid capital investors amounted to €80 million (first three quarters of 2013: €77 million). This sum corresponds to the finance costs after tax. Of our five hybrid bonds, only two are considered here, namely those which are attributable to equity pursuant to IFRS. These are the issuances of €1,750 million in September 2010 and of £750 million in March 2012.

The developments presented above are the reason for the 63 % increase in net income to €994 million compared to 2013. Based on the 614.7 million RWE shares outstanding, this corresponds to earnings per share of €1.62 (first three quarters of 2013: €0.99).

Recurrent net income down 60 % year on year

The yardstick of our dividend policy is recurrent net income, which is adjusted for exceptional items. When calculating this figure, the non-operating result and the tax on it as well as major non-recurrent effects in the financial result and income taxes are deducted. In the first three quarters of 2014, recurrent net income totalled €763 million, 60 % less than the comparable figure for 2013. In addition to the deterioration in operating activities, last year's figure included the substantial compensation paid by Gazprom. Furthermore, the upstream business, which we are selling, has not been considered in recurrent net income for the reporting period, as opposed to the €209 million included in the same period last year.

Capital expenditure[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– € million	Jan – Dec 2013
Capital expenditure on property, plant and equipment				
Conventional Power Generation	831	1,005	–174	1,374
Supply/Distribution Networks Germany	373	337	36	871
Supply Netherlands/Belgium	6	21	–15	28
Supply United Kingdom	106	63	43	106
Central Eastern and South Eastern Europe	176	192	–16	320
Renewables	650	778	–128	1,077
Trading/Gas Midstream	9	12	–3	14
Other, consolidation	46	50	–4	58
Total	**2,197**	**2,458**	**–261**	**3,848**
Capital expenditure on financial assets	**87**	**68**	**19**	**130**
Total capital expenditure	**2,284**	**2,526**	**–242**	**3,978**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.

Capital expenditure 10 % lower year on year

At €2,284 million, our capital expenditure was 10 % lower than the figure recorded in the equivalent period last year. We spent €2,197 million on property, plant and equipment and intangible assets, 11 % less than in the first three quarters of 2013. Capital expenditure on financial assets amounted to €87 million and was therefore of minor significance (first three quarters of 2013: €68 million). The expansion and modernisation of our electricity generation capacity were the focal points of our investing activity. This holds true especially for the Conventional Power Generation Division, in which most of the capital was spent on our new-build power plant programme, which is on the final straight. Two dual-block hard coal power stations are yet to be completed: one at the Dutch site Eemshaven (1,554 MW) and the other at Hamm in Germany (1,528 MW). The Eemshaven power station is scheduled to take up commercial operation next year. One of the units at Hamm is already online, whereas it is still uncertain when the second block will be commissioned. The

Renewables Division also spent capital on the expansion of generation capacity. The most important projects in this area are the offshore wind farms Gwynt y Môr (576 MW) off the north coast of Wales and Nordsee Ost near the German island of Heligoland (295 MW), which will be fully commissioned in the first half of next year. Capital expenditure in the Supply/Distribution Networks Germany and Central Eastern and South Eastern Europe Divisions was primarily earmarked for measures to improve electricity and gas network infrastructure. In our UK supply business, spending focused on the development and introduction of smart meters.

Cash flow statement[1] € million	Jan – Sep 2014	Jan – Sep 2013	+/– € million	Jan – Dec 2013
Funds from operations	2,443	4,368	–1,925	6,134
Change in working capital	2,316	135	2,181	–1,331
Cash flows from operating activities of continuing operations	**4,759**	**4,503**	**256**	**4,803**
Cash flows from investing activities of continuing operations	**–3,170**	**–836**	**–2,334**	**–1,699**
Cash flows from financing activities of continuing operations	**–1,805**	**–1,646**	**–159**	**–1,857**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	16	–9	25	–18
Total net changes in cash and cash equivalents[2]	**–200**	**2,012**	**–2,212**	**1,229**
Cash flows from operating activities of continuing operations	4,759	4,503	256	4,803
Minus capital expenditure on property, plant and equipment and on intangible assets	–2,197	–2,458	261	–3,843
Free cash flow	**2,562**	**2,045**	**517**	**960**

1 Excluding discontinued operations (RWE Dea) and reflecting adjustments to prior-year figures due to the first-time application of IFRS 11; see page 11.
2 Including discontinued operations, cash and cash equivalents decreased by €205 million in the first three quarters of 2014 and increased by €2,005 million in the first three quarters of 2013.

Operating cash flows up 6%

The cash flows from operating activities which we achieved from our continuing operations improved by 6% to €4,759 million, despite the deterioration in operating earnings. The difference in the development of earnings and cash flows stems from the higher advance payments in our retail business. In addition, pursuant to a ruling handed down by the Hamburg Fiscal Court, in May 2014 we were refunded the nuclear fuel taxes paid for the Emsland power station at Lingen since 2011. Since the decision on the legality of the tax is still pending, we accrued provisions commensurate with the tax refunds, which therefore do not have an impact on earnings for the time being.

Cash outflows for investing activities in the period under review amounted to €3,170 million. The funds were primarily spent on capital assets. Furthermore, we purchased current securities due to our large liquidity reserves. Pursuant to IFRS, such transactions are also disclosed as cash flows from investing activities.
Our financing activities led to cash outflows of €1,805 million, of which €615 million was allocable to the dividend payment we made in April. Furthermore, we paid dividends to minority interests, redeemed bonds and pledged collateral for forwards. On balance, the aforementioned cash flows reduced our cash and cash equivalents by €200 million.

Deducting capital expenditure on property, plant and equipment and intangible assets from cash flows from the operating activities of continuing operations results in free cash flow. At €2,562 million, the latter was 25% higher year on year.

Net debt[1] € million	30 Sep 2014	31 Dec 2013	+/– %
Cash and cash equivalents	3,738	3,950	–5.4
Marketable securities	5,088	3,262	56.0
Other financial assets	1,600	1,156	38.4
Financial assets	**10,426**	**8,368**	**24.6**
Bonds, other notes payable, bank debt, commercial paper	16,225	16,224	–
Other financial liabilities	2,242	2,464	–9.0
Financial liabilities	**18,467**	**18,688**	**–1.2**
Net financial debt	**8,041**	**10,320**	**–22.1**
Provisions for pensions and similar obligations	7,823	6,227	25.6
Provisions for nuclear waste management	10,639	10,411	2.2
Mining provisions	2,478	2,952	–16.1
Adjustment for hybrid capital (portion of relevance to the rating)	759	817	–7.1
Plus 50% of the hybrid capital stated as equity	1,333	1,351	–1.3
Minus 50% of the hybrid capital stated as debt	–574	–534	–7.5
Net debt of continuing operations	**29,740**	**30,727**	**–3.2**
Net debt of discontinued operations	**969**	**–**	**–**
Net debt of the RWE Group	**30,709**	**30,727**	**–0.1**

1 Including RWE Dea, which is reported under 'net debt of discontinued operations' for 2014, and reflecting adjustments made to prior-year figures due to the first- time application of IFRS 11; see page 11.

Net debt on a par year on year despite interest-driven rise in provisions for pensions

Our net debt was unchanged from the end of last year: it totalled €30.7 billion as of 30 September. This includes RWE Dea's €969 million in net debt which is stated as 'net debt of discontinued operations' in the table above. Figures for last year are presented according to the old methodology. Our net financial debt declined substantially. This was largely due to the high level of free cash flow and €0.7 billion in proceeds on the disposal of assets. Profit distributions and changes in currency exchange rates had a counteracting effect. The improvement of our net financial position was contrasted by a significant increase in provisions for pensions. This was primarily a result of our gradual reduction of the discount rates for pension commitments during the period under review, from 3.5% to 2.5% in Germany and from 4.3% to 3.9% in the United Kingdom. By making these adjustments, we are taking account of the change in market interest rates. There was hardly any effect on net debt from our disclosure of much lower provisions for mining in 2014, as this change is largely due to the fact that the portion of provisions allocable to RWE Dea was reclassified to 'net debt of discontinued operations.'

Balance sheet structure[1]	30 Sep 2014		31 Dec 2013	
	€ million	%	€ million	%
Assets				
Non-current assets	54,471	65.5	56,905	69.9
of which:				
Intangible assets	12,801	15.4	13,409	16.5
Property, plant and equipment	31,736	38.2	34,217	42.0
Current assets	28,700	34.5	24,476	30.1
of which:				
Receivables and other assets[2]	12,877	15.5	15,326	18.8
Assets held for sale	5,034	6.1	–	–
Total	**83,171**	**100.0**	**81,381**	**100.0**
Equity and liabilities				
Equity	11,220	13.5	12,137	14.9
Non-current liabilities	46,997	56.5	47,383	58.2
of which:				
Provisions	28,649	34.4	27,351	33.6
Financial liabilities	15,225	18.3	16,539	20.3
Current liabilities	24,954	30.0	21,861	26.9
of which:				
Other liabilities[3]	13,677	16.4	13,323	16.4
Liabilities held for sale	2,460	3.0	–	–
Total	**83,171**	**100.0**	**81,381**	**100.0**

1 Including RWE Dea, which is reported under 'assets held for sale' for 2014, and reflecting adjustments made to prior-year figures due to the first-time application of IFRS 11; see page 11.
2 Including financial accounts receivable, trade accounts receivable and tax refund claims.
3 Including financial accounts payable and income tax liabilities.

Balance sheet structure: equity ratio of 13.5%

As of 30 September 2014, we had a balance sheet total of €83.2 billion as opposed to €81.4 billion as of 31 December 2013. For the current fiscal year, we report RWE Dea under 'assets held for sale' and 'liabilities held for sale.' In compliance with IFRS, last year's corresponding figures were not adjusted accordingly. The change in the presentation of RWE Dea did not affect the balance sheet total, but it did impact considerably on certain items on the balance sheet. On the assets side, intangible assets declined by €0.6 billion, property, plant and equipment by €2.5 billion and accounts receivable and other assets by €2.2 billion, whereas marketable securities rose by €1.9 billion. On the equity and liabilities side, provisions increased by €0.5 billion and accounts payable dropped by €0.2 billion. The RWE Group's equity decreased by €0.9 billion. Accordingly, its share of the balance sheet total (the equity ratio) dropped by 1.4 percentage points to 13.5%.

Workforce[1]	30 Sep 2014	31 Dec 2013	+/– %
Conventional Power Generation	15,401	16,311	–5.6
Supply/Distribution Networks Germany	18,621	19,127	–2.6
Supply Netherlands/Belgium	2,751	3,115	–11.7
Supply United Kingdom	6,929	8,730	–20.6
Central Eastern and South Eastern Europe	9,924	10,062	–1.4
Renewables	1,040	1,482	–29.8
Trading/Gas Midstream	1,425	1,524	–6.5
Other[2]	4,348	4,545	–4.3
RWE Group	**60,439**	**64,896**	**–6.9**
of which:			
In Germany	36,824	38,197	–3.6
Outside of Germany	23,615	26,699	–11.6

1 Converted to full-time positions. RWE Dea, which is no longer included in the figures for 2014 and 2013, had 1,445 employees on its payroll as of the balance sheet date (end of 2013: 1,445).
2 As of 30 September 2014, 1,852 thereof were accounted for by RWE IT (end of 2013: 2,239), 1,232 were accounted for by RWE Group Business Services (end of 2013: 96), 827 were accounted for by RWE Service (end of 2013: 1,650) and 339 were accounted for by the holding company RWE AG (end of 2013: 456).

Headcount down 7 % year on year

The RWE Group had 60,439 people on its payroll as of 30 September 2014 (excluding RWE Dea), 7 % fewer than at the end of 2013. Part-time positions were included in this figure on a prorated basis. In the period under review, 4,457 employees left the Group, 1,373 of whom worked at our German sites and 3,084 of whom worked at locations outside Germany. We recorded declines across all divisions. Efficiency measures played a central role. Furthermore, sales and acquisitions of companies took a net 1,046 people off the Group's payroll. The single-largest effect (–620) was the deconsolidation of the IT service provider GISA, which is domiciled in Halle, Germany.

OUTLOOK

Development of the economy in 2014: experts predict upturn

Based on the most recent forecasts, global economic output will be approximately 3% higher this year than in 2013. In the Eurozone, measures required to consolidate state budgets may well continue to curtail growth. The currency union's gross domestic product (GDP) might increase by nearly 1% after having declined in 2013. Relative to the aforementioned, Germany's prospects are brighter: based on the consensus forecast of the leading German economic research institutions, the country's economic output may rise by 1.3% in 2014. Stimulus is expected to be provided primarily by the strong labour market and the increase in disposable income. Current estimates have GDP rising by 0.5% in the Netherlands and by over 1% in Belgium. Economic output in the United Kingdom may well expand by 3%. Experts anticipate growth of 3% in both Poland and Hungary and of 2% in the Czech Republic.

Decline in electricity and gas consumption in Western Europe anticipated

This year, the development of energy usage is being determined by mutually opposing effects. Whereas positive stimulus is expected to come from economic growth, the unusually mild 2013/2014 winter and continued energy savings are having a dampening effect. Our electricity consumption forecast envisages the latter factors prevailing in Germany, the Netherlands and the United Kingdom and includes the expectation of corresponding declines. Conversely, minor increases in consumption may be achieved in Hungary and Poland. Demand for gas is likely to be down year on year in all RWE markets due to the weather.

Group earnings forecast unchanged

We largely confirm the forecast for this year's business trend, which we published on pages 26 et seqq. of the report on the first half of 2014. In line with the methodology applied to the interim financial statements, we are also disclosing RWE Dea, which we are selling, as a 'discontinued operation' for the full year and adjusting prior-year figures accordingly. Our forecast for revenue, EBITDA, the operating result and capital expenditure therefore no longer considers that company. However, it is included in recurrent net income, albeit only reflecting the prorated interest on the sale price that LetterOne has contractually undertaken to pay us from 1 January 2014 onwards.

Excluding RWE Dea, we anticipate that consolidated external revenue will be in the order of €50 billion in fiscal 2014, €1 billion less than we forecasted in August. One reason for this is that our electricity sales volume is expected to be lower than planned. No adjustments need to be made to the earnings outlook for the Group. We continue to expect EBITDA to range between €6.4 billion and €6.8 billion and the operating result to total between €3.9 billion and €4.3 billion. Including the prorated interest on RWE Dea's sale price, recurrent net income should amount to between €1.2 billion and €1.4 billion. The operating trend will largely be determined by the factors that have influenced the first three quarters (see commentary on pages 17 et seqq.). We adjusted our outlook at the divisional level: in view of the weak first three quarters in the UK supply business, we expect RWE npower to close 2014 not moderately, but significantly down year on year.

Outlook for fiscal 2014[1]	2013 actual € million	August 2014 forecast	Update
External revenue	52,425	In the order of €51 billion	In the order of €50 billion
EBITDA	7,904	€6.4 billion to €6.8 billion	–
Operating result	5,369	€3.9 billion to €4.3 billion	–
Conventional Power Generation	1,384	Significantly below previous year	–
Supply/Distribution Networks Germany	1,626	Moderately above previous year	–
Supply Netherlands/Belgium	278	Significantly below previous year	–
Supply United Kingdom	290	Moderately below previous year	Significantly below previous year
Central Eastern and South Eastern Europe	1,032	Significantly below previous year	–
Renewables	203	Significantly below previous year	–
Trading/Gas Midstream	831	Significantly below previous year	–
Recurrent net income	2,314	€1.2 billion to €1.4 billion	–

1 Deviating from the outlook published on pages 100 et seqq. of the 2013 Annual Report, RWE Dea is being considered under 'discontinued operations' for 2014 and 2013 – furthermore, the first-time application of IFRS 11 required prior-year figures to be adjusted; see page 11.

€3.5 billion earmarked for capital expenditure on property, plant and equipment in 2014

We expect our capital expenditure on property, plant and equipment and intangible assets in 2014 to total about €3.5 billion (without RWE Dea). The funds have primarily been set aside for the completion of the dual-block hard coal-fired power plants at Hamm (1,528 MW) and Eemshaven (1,554 MW), the construction of wind farms as well as the maintenance and expansion of our electricity and gas networks.

Rise in leverage factor expected

If the sale of RWE Dea is completed in 2014, our net debt will probably drop to approximately €26 billion (fiscal 2013: €30.7 billion). Otherwise, it should roughly be on a par year on year. Irrespective of this, the leverage factor, the ratio of net debt to EBITDA, may well be much higher than in 2013 (3.5). Our goal is to return it below our self-imposed upper limit of 3.0 over the medium term. One of the ways in which we intend to accomplish this is by fully financing our capital expenditure and dividend payments using cash flows from operating activities from no later than 2015 onwards.

Dividend payout ratio of 40% to 50% planned

Our dividend proposal for the current fiscal year will be in line with a payout ratio of 40% to 50%. The basis for calculating the dividend is recurrent net income. As mentioned earlier, recurrent net income is expected to total between €1.2 billion and €1.4 billion.

Continued headcount reduction

Our workforce will shrink substantially compared to 2013, even disregarding RWE Dea, which we are selling. The basis for this are efficiency enhancements which are resulting in redundancies, particularly in the UK supply business. The deconsolidation of subsidiaries is also contributing to the decline in personnel.

DEVELOPMENT OF RISKS AND OPPORTUNITIES

Change in the risk and opportunity situation since the beginning of the year

Uncertain political framework conditions, changing market structures and volatile electricity and fuel prices bring huge entrepreneurial challenges, making professional risk management more important than ever. To us, the systematic recording, assessment and control of risks is a key element of good corporate governance. It is equally important to identify and take advantage of opportunities.

We have reported on the organisation and processes of our risk management, the organisational units entrusted with it, the major risks and opportunities, and measures taken to control and monitor risks in detail on pages 88 to 99 of our 2013 Annual Report. Since then, there has only been one significant change. It relates to our gas purchasing contract with Gazprom. The agreement reached with the Russian gas group at the end of February 2014 ensures that we will no longer incur losses from the contract until June 2016 (see page 7 of the report on the first quarter of 2014).

Current key value at risk figures

We control and monitor risks arising from the volatility of commodity prices and financial risks using indicators such as the value at risk (VaR). The VaR specifies the maximum loss from a risk position not exceeded with a given probability over a certain period of time. The VaR figures within the RWE Group are generally based on a confidence interval of 95 %. The assumed holding period for a position is one day. This means that, with a probability of 95 %, the daily loss will not exceed the VaR.

The central risk controlling parameter for commodity positions is the global VaR, which relates to the trading business of RWE Supply & Trading and may not exceed €40 million. It averaged €11 million in the first three quarters of 2014 compared to €8 million in the same period last year. Its maximum daily value was €18 million (fiscal 2013: €14 million).

As regards interest risks, we differentiate between two categories. On the one hand, rises in interest rates can lead to reductions in the price of securities held by RWE. This primarily relates to fixed-interest bonds. On the other hand, interest rate increases also cause our financing costs to rise. The VaR for our securities price risk associated with our capital investments in the period under review averaged €4 million (first three quarters of 2013: €5 million). We measure the sensitivity of interest payments with respect to rises in market interest rates using the cash flow at risk. We apply a confidence level of 95 % and a holding period of one year. The cash flow at risk averaged €9 million (first three quarters of 2013: €8 million).

The securities we hold in our portfolio include shares. The VaR for the risk associated with changes in share prices averaged €5 million (first three quarters of 2013: €7 million). The VaR for our foreign currency position remained below €1 million.

Forward-looking statements

This report contains forward-looking statements regarding the future development of the RWE Group and its companies as well as economic and political developments. Statements of this nature are assessments that we have made based on information available to us at the time this document was prepared. In the event that the underlying assumptions do not materialise or unforeseen risks arise, actual developments can deviate from the expected developments. Therefore, we cannot assume responsibility for the correctness of these statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

Income statement[1]

€ million	Jul – Sep 2014	Jul – Sep 2013	Jan – Sep 2014	Jan – Sep 2013
Revenue (including natural gas tax/electricity tax)	**10,201**	**10,959**	**35,288**	**38,698**
Natural gas tax/electricity tax	–403	–431	–1,643	–1,913
Revenue	**9,798**	**10,528**	**33,645**	**36,785**
Cost of materials	–7,287	–8,061	–24,802	–25,991
Staff costs	–1,201	–1,203	–3,643	–3,749
Depreciation, amortisation, and impairment losses	–637	–1,087	–1,792	–3,238
Other operating result	–332	–418	–945	–1,298
Income from investments accounted for using the equity method	98	85	302	286
Other income from investments	13	37	96	–132
Financial income	261	153	579	539
Finance costs	–745	–624	–1,970	–1,951
Income from continuing operations before tax	**–32**	**–590**	**1,470**	**1,251**
Taxes on income	–46	230	–458	–574
Income from continuing operations	**–78**	**–360**	**1,012**	**677**
Income from discontinued operations	111	52	235	213
Income	**33**	**–308**	**1,247**	**890**
of which: minority interest	35	36	173	204
of which: RWE AG hybrid capital investors' interest	28	26	80	77
of which: net income/income attributable to RWE AG shareholders	**–30**	**–370**	**994**	**609**
Basic and diluted earnings per common and preferred share in €	**–0.05**	**–0.60**	**1.62**	**0.99**
of which: from continuing operations in €	–0.23	–0.68	1.24	0.65
of which: from discontinued operations in €	0.18	0.08	0.38	0.34

1 Prior-year figures adjusted.

Statement of comprehensive income[1,2]

€ million	Jul – Sep 2014	Jul – Sep 2013	Jan – Sep 2014	Jan – Sep 2013
Income	**33**	**–308**	**1,247**	**890**
Actuarial gains and losses of defined benefit pension plans and similar obligations	–729	82	–1,055	–16
Income and expenses of investments accounted for using the equity method (pro rata)			–12	–3
Income and expenses recognised in equity, not to be reclassified through profit or loss	**–729**	**82**	**–1,067**	**–19**
Currency translation adjustment	51	–32	73	–348
Fair valuation of financial instruments available for sale	10	23	49	18
Fair valuation of financial instruments used for hedging purposes	178	–56	–389	–361
Income and expenses of investments accounted for using the equity method (pro rata)		2	42	39
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	**239**	**–63**	**–225**	**–652**
Other comprehensive income	**–490**	**19**	**–1,292**	**–671**
Total comprehensive income	**–457**	**–289**	**–45**	**219**
of which: attributable to RWE AG shareholders	(–486)	(–349)	(–167)	(–17)
of which: attributable to RWE AG hybrid capital investors	(28)	(26)	(80)	(77)
of which: attributable to minority interests	(1)	(34)	(42)	(159)

1 Figures stated after taxes.
2 Prior-year figures adjusted.

Balance sheet[1]

Assets € million	30 Sep 2014	31 Dec 2013	1 Jan 2013
Non-current assets			
Intangible assets	12,801	13,409	16,247
Property, plant and equipment	31,736	34,217	37,108
Investment property	85	96	111
Investments accounted for using the equity method	3,123	3,253	3,321
Other financial assets	920	917	988
Receivables and other assets	1,956	1,749	2,094
Deferred taxes	3,850	3,264	3,586
	54,471	**56,905**	**63,455**
Current assets			
Inventories	2,330	2,387	3,155
Trade accounts receivable	5,782	7,964	8,045
Receivables and other assets	7,095	7,362	8,419
Marketable securities	4,721	2,813	2,633
Cash and cash equivalents	3,738	3,950	2,724
Assets held for sale	5,034		
	28,700	**24,476**	**24,976**
	83,171	**81,381**	**88,431**

Equity and liabilities € million	30 Sep 2014	31 Dec 2013	1 Jan 2013
Equity			
RWE AG shareholders' interest	6,951	7,738	12,171
RWE AG hybrid capital investors' interest	2,667	2,701	2,702
Minority interest	1,602	1,698	1,616
	11,220	**12,137**	**16,489**
Non-current liabilities			
Provisions	28,649	27,351	28,179
Financial liabilities	15,225	16,539	15,417
Other liabilities	2,366	2,234	2,715
Deferred taxes	757	1,259	1,358
	46,997	**47,383**	**47,669**
Current liabilities			
Provisions	5,575	6,389	4,811
Financial liabilities	3,242	2,149	4,529
Trade accounts payable	5,264	6,440	7,336
Other liabilities	8,413	6,883	7,597
Liabilities held for sale	2,460		
	24,954	**21,861**	**24,273**
	83,171	**81,381**	**88,431**

1 Prior-year figures adjusted.

Cash flow statement[1]

€ million	Jan – Sep 2014	Jan – Sep 2013
Income from continuing operations	1,012	677
Depreciation, amortisation, impairment losses/write-backs	1,748	3,241
Changes in provisions	–372	830
Deferred taxes/non-cash income and expenses/income from disposal of non-current assets and marketable securities	55	–380
Changes in working capital	2,316	135
Cash flows from operating activities of continuing operations	**4,759**	**4,503**
Cash flows from operating activities of discontinued operations	609	568
Cash flows from operating activities	**5,368**	**5,071**
Capital expenditure on non-current assets/acquisitions	–2,260	–2,514
Proceeds from disposal of assets/divestitures	679	1,816
Changes in marketable securities and cash investments	–1,589	–138
Cash flows from investing activities of continuing operations	**–3,170**	**–836**
Cash flows from investing activities of discontinued operations	–498	–489
Cash flows from investing activities	**–3,668**	**–1,325**
Cash flows from financing activities of continuing operations	**–1,805**	**–1,646**
Cash flows from financing activities of discontinued operations	–116	–86
Cash flows from financing activities	**–1,921**	**–1,732**
Net cash change in cash and cash equivalents	–221	2,014
Effect of changes in foreign exchange rates and other changes in value on cash and cash equivalents	16	–9
Net change in cash and cash equivalents	**–205**	**2,005**
Cash and cash equivalents at the beginning of the reporting period as per the consolidated balance sheet	3,950	2,724
Cash and cash equivalents at the end of the reporting period	3,745	4,729
of which: reported as "Assets held for sale"	–7	
Cash and cash equivalents at the end of the reporting period as per the consolidated balance sheet	**3,738**	**4,729**

1 Prior-year figures adjusted.

Statement of changes in equity[1]

€ million	Subscribed capital and additional paid-in capital of RWE AG	Retained earnings and distributable profit	Accumulated other comprehensive income	**RWE AG share-holders' interest**	RWE AG hybrid capital investors' interest	Minority interest	**Total**
Balance at 1 Jan 2013	**3,959**	**8,713**	**-501**	**12,171**	**2,702**	**1,616**	**16,489**
Capital repayments						-157	-157
Dividends paid		-1,229		-1,229	-145	-170	-1,544
Income		609		609	77	204	890
Other comprehensive income		-5	-621	-626		-45	-671
Total comprehensive income		604	-621	-17	77	159	219
Other changes		-54		-54	30	173	149
Balance at 30 Sep 2013	**3,959**	**8,034**	**-1,122**	**10,871**	**2,664**	**1,621**	**15,156**
Balance at 1 Jan 2014	**3,959**	**5,062**	**-1,283**	**7,738**	**2,701**	**1,698**	**12,137**
Capital paid in						62	62
Dividends paid		-615		-615	-144	-213	-972
Income		994		994	80	173	1,247
Other comprehensive income		-936	-225	-1,161		-131	-1,292
Total comprehensive income		58	-225	-167	80	42	-45
Other changes		-5		-5	30	13	38
Balance at 30 Sep 2014	**3,959**	**4,500**	**-1,508**	**6,951**	**2,667**	**1,602**	**11,220**

1 Prior-year figures adjusted.

NOTES

Accounting policies

RWE AG, headquartered at Opernplatz 1, 45128 Essen, Germany, is the parent company of the RWE Group (“RWE” or “Group”).

The interim consolidated financial statements as of 30 September 2014 were approved for publication on 11 November 2014. They have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the EU.

In line with IAS 34, the scope of reporting for the presentation of the interim consolidated financial statements for the period ended 30 September 2014 was condensed compared with the scope applied to the consolidated financial statements for the period ended 31 December 2013. With the exception of the changes and new rules described below, this interim consolidated report was prepared using the accounting policies applied in the consolidated financial statements for the period ended 31 December 2013. For further information, please see the Group’s 2013 Annual Report, which provides the basis for this interim consolidated report.

The discount rate applied to provisions for nuclear waste management and provisions for mining damage is 4.6% (31 December 2013: 4.6%). Provisions for pensions and similar obligations are discounted at an interest rate of 2.5% in Germany and 3.9% abroad (31 December 2013: 3.5% and 4.3%, respectively).

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved several amendments to existing International Financial Reporting Standards (IFRSs) and new IFRSs, which became effective for the RWE Group as of fiscal 2014:

IFRS 10 Consolidated Financial Statements (2011) replaces the previous regulations of IAS 27 and of SIC-12 for consolidation. According to IFRS 10 (2011), the following three requirements must be cumulatively fulfilled in order for control to exist: power over the relevant activities, a right to variable returns from the investee, and the ability to use power over the investee to affect the amount of the variable returns. First-time application of the Standard will not result in any changes to the scope of consolidation of RWE AG.

IFRS 11 Joint Arrangements (2011) replaces the previous regulations of IAS 31 and of SIC-13 for the accounting treatment of joint ventures. IFRS 11 (2011) regulates the accounting treatment of cases in which a company is managed jointly or an activity is carried out jointly. A further amendment is that in the future proportionate consolidation will no longer be allowed. RWE had not exercised this option in the past anyway.

As a result of first-time application of the new Standard, starting from fiscal 2014 certain investments which have so far been accounted for using the equity method will be reported as joint operations. In the future, reporting will no longer cover the investments and related balance-sheet items, but rather the assets and liabilities of the companies which are attributable to RWE. The retrospective application of these rules for the first time has the following effects on the consolidated balance sheet as of 31 December 2013 and as of 1 January 2013:

€ million	31 Dec 2013	1 Jan 2013
Intangible assets	211	230
Property, plant and equipment	912	1,102
Investments accounted for using the equity method	−1,001	−304
Receivables and other assets	2	−930
Other assets	138	155
Provisions	232	188
Other liabilities	30	65

There were no changes in income.

IFRS 12 Disclosure of Interests in Other Entities (2011) encompasses the disclosure obligations resulting from the application of IFRS 10, IFRS 11 and IAS 28. These disclosure obligations should enable users of financial statements to evaluate the risks and financial implications resulting from subsidiaries, joint ventures and joint operations, associated companies and unconsolidated structured entities. RWE AG's consolidated financial statements for the period ending 31 December 2014 will contain the additional information for the first time.

The following amendments to standards, which become effective from fiscal 2014 onwards for the RWE Group, do not have any material effects on the RWE Group's consolidated financial statements:

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (2013)
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (2012)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interest in Other Entities: Transition Guidance (2012)
- Amendments to IAS 32 Financial Instruments: Presentation (2011)
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)

Due to changes in market conditions and the associated changes in power plant deployment, the economic useful life of conventional power plants was adjusted with effect from 1 January 2014. In the first three quarters of 2014, this led to a €105 million decline in depreciation.

Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. Principal associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

Number of fully consolidated companies	Germany	Abroad	Total
1 Jan 2014	160	197	357
First-time consolidation	5	6	11
Deconsolidation	–5	–9	–14
Mergers	–6	–8	–14
30 Sep 2014	154	186	340

Furthermore, two companies are presented as joint operations.

The following summaries show the changes in the number of fully consolidated companies, investments accounted for using the equity method and joint ventures:

Number of investments and joint ventures accounted for using the equity method[1]	Germany	Abroad	Total
1 Jan 2014	73	29	102
Acquisitions	–	–	–
Disposals	–2	–2	–4
Transformations	–	–3	–3
30 Sep 2014	71	24	95

1 Prior–year figures adjusted.

Disposals

Enna
In September 2014, RWE Innogy sold its 80 % stake in Italy-based SPER S.p.A. (including its shares in Biomasse Sicilia S.p.A.), which operates the Enna biomass-fired power station, to Fri-El Green Power S.p.A., Bolzano. The loss on the deconsolidation amounted to €10 million. The power station was assigned to the Renewables Segment.

Nordsee One, 2 and 3
On 4 September 2014, Canada-based Northland Power Inc. acquired an 85 % stake in Nordsee One, 2 and 3, the three offshore wind projects that previously belonged to the Renewables Segment. The loss on the deconsolidation amounted to €100 million. However, this will be contrasted by about €86 million in expected future income as the sales price will be paid by the buyer in the coming years as certain prerequisites are met.

ENERVIE

In September 2014, RWE sold its 19.06% stake in ENERVIE Südwestfalen Energie und Wasser AG, a company accounted for using the equity method, to Remondis Wasser und Energie GmbH. The company was assigned to the Supply/Distribution Networks Germany Segment.

FÖGÁZ

On 18 December 2013, RWE and the Hungarian energy utility MVM signed a contract for acquisition of RWE's 49.83% stake in the FÖGÁZ Group. The transaction has a volume of HUF 41 billion. The shares were transferred in April 2014 after receiving the outstanding approvals from the relevant authorities and the City of Budapest. The company was assigned to the Central Eastern and South Eastern Europe Segment.

Dutch district heating activities

The sale of the district heating activities of Essent Local Energy Solutions (ELES) to the Dutch mutual pension fund PGGM and energy service provider Dalkia was completed on 6 March 2014. The district heating activities were assigned to the Supply Netherlands/Belgium Segment. In addition and among other things, PGGM and Dalkia also acquired the combined-cycle gas turbine power plants connected to the district heat network, which belonged to the Conventional Power Generation Segment.

Duisburg-Huckingen gas-fired power station

RWE sold a gas-fired power station in Duisburg-Huckingen to Hüttenwerke Krupp Mannesmann GmbH (HKM) for €99 million on 26 February 2014. The gas-fired power station was assigned to the Conventional Power Generation Segment.

Assets held for sale

RWE corporate headquarters and neighbouring buildings

At the beginning of October 2014, RWE and the US-based real estate fund American Realty Capital Global Trust, Inc. (ARC) signed contracts on the sale and lease-back of the buildings used by RWE corporate headquarters at the Essen site. The contracts envisage ARC acquiring the building complex "RWE Tower" (including several neighbouring buildings) within the scope of a sale-and-lease-back transaction and RWE leasing the properties back from ARC. The Supervisory Board of RWE AG approved the sale in September 2014. The land and buildings, which are assigned to "Other, consolidation", are carried on the balance sheet as assets held for sale totalling €118 million.

Discontinued operations

RWE Dea

On 28 March 2014, RWE AG and the LetterOne Group signed a contract for the sale of RWE Dea AG (Upstream Gas & Oil Segment), in which the RWE Group's gas and oil production activities are pooled. The transaction is based on an enterprise value of about €5.1 billion. The Supervisory Board of RWE AG approved the sale in April 2014. The transaction should be closed quickly. However, third-party approvals are still pending. RWE Dea is accounted for as a discontinued operation.

Key figures for the activities of RWE Dea are presented in the following tables:

Key figures for RWE Dea € million	30 Sep 2014
Non-current assets	4,178
Current assets	738
Non-current liabilities	1,333
Current liabilities	1,127

Key figures for RWE Dea € million	Jan – Sep 2014	Jan – Sep 2013
Revenue (including natural gas tax)	1,500	1,540
Expenses/income	928	1,093
Income from discontinued operations before tax	572	447
Taxes on income	337	234
Income from discontinued operations	235	213

Income and expenses directly recognised in equity cumulatively (accumulated other comprehensive income) of discontinued operations amounted to –€60 million (31 December 2013: –€94 million).

–€412 million (previous year: –€187 million) of the share of RWE AG shareholders in the sum of recognised income and expenses (total comprehensive income) was allocable to continuing operations and €245 million (previous year: €170 million) was allocable to discontinued operations.

Revenue

Revenue generated by energy trading operations is stated as net figures, i. e. only reflecting realised gross margins.

Impairment losses

An impairment loss of €74 million was recognised for the Scottish biomass-fired power station Markinch of the Renewables Segment (recoverable amount: €0.4 billion) in the first three quarters of 2014, largely due to cost increases. The fair value less costs to sell was determined using a business valuation model based on planned cash flows and a discount rate of 4.25 %. The fair value is classified under Level 3 of the fair value hierarchy.

Share-based payment

Information was provided on share-based payment plans for executive staff at RWE AG and at subsidiaries in the consolidated financial statements for the period ended 31 December 2013.

In the first quarter of 2014, another tranche was issued within the framework of the Long-Term Incentive Plan for executive staff ("Beat 2010").

Dividend distribution

RWE AG's 16 April 2014 Annual General Meeting decided to pay a dividend of €1.00 per individual, dividend-bearing share for fiscal 2013 (fiscal 2012: €2.00). The dividend payment totalled €615 million.

Financial liabilities

In February 2014, a €500 million bond with a coupon of 3.0 % p. a. and a tenor expiring in January 2024 issued by RWE Finance B.V. in October 2013 was topped up by €300 million, and a €439 million bond with a coupon of 3.5 % p.a. and a tenor ending in October 2037 issued by RWE AG in October 2012 was topped up by €61 million.

Earnings per share

		Jan – Sep 2014	Jan – Sep 2013
Net income/income attributable to RWE AG shareholders	€ million	994	609
Number of shares outstanding (weighted average)	thousands	614,745	614,745
Basic and diluted earnings per common and preferred share	€	1.62	0.99

Related party disclosures

The RWE Group classifies associated companies and joint ventures as related parties. In the first three quarters of 2014, transactions concluded with material related parties generated €3,180 million in income (first three quarters of 2013: €3,031 million) and €2,238 million in expenses (first three quarters of 2013: €2,198 million). As of 30 September 2014, accounts receivable amounted to €787 million (31 December 2013: €164 million), and accounts payable totalled €296 million (31 December 2013: €110 million). All business transactions are concluded at arm's length conditions and on principle do not differ from those concluded with other companies. Other obligations from executory contracts amounted to €1,358 million (31 December 2013: €1,942 million).

Reporting on financial instruments

Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other financial assets, accounts receivable, marketable securities and cash and cash equivalents. Financial instruments in the "available for sale" category are recognised at fair value, and other non-derivative financial assets at amortised cost. On the liabilities side, non-derivative financial instruments principally include liabilities recorded at amortised cost.

The fair value of financial instruments "available for sale" which are reported under other financial assets and securities is the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is determined on the basis of discounted expected payment flows. Current market interest rates corresponding to the term and remaining maturity are used for discounting.

Derivative financial instruments are recognised at fair value as of the balance-sheet date, insofar as they fall under the scope of IAS 39. Exchange-traded products are measured using the published closing prices of the relevant exchange. Non-exchange traded products are measured on the basis of publicly available broker quotations or, if such quotations are not available, of generally accepted valuation methods. In doing so, we draw on prices on active markets as much as possible. If such are not available, company-specific planning estimates are used in the measurement process. These estimates encompass all of the market factors which other market participants would take into account in the course of price determination. Assumptions pertaining to the energy sector and economy are made within the scope of a comprehensive process conducted by an independent team in RWE AG's Group Strategy Department, with the involvement of both in-house and external experts. The assumptions are coordinated and agreed upon with the operating subsidiaries in a joint steering committee within the Group and approved as binding budgeting data by the Executive Board.

The fair values of groups of financial assets and financial liabilities are measured based on the net risk position for each business partner in accordance with IFRS 13.48.

As a rule, the carrying amounts of financial assets and liabilities subject to IFRS 7 are identical with their fair values. There are deviations only in relation to bonds, commercial paper, bank debt, and other financial liabilities. Their carrying amounts totalled €18,466 million (31 December 2013: €18,688 million) and their fair values totalled €21,050 million (31 December 2013: €20,314 million).

The following overview presents the main classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. In accordance with IFRS 13, the individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i.e. as price) or indirectly (i.e. derived from prices)
- Level 3: Measurement using factors which cannot be observed on the basis of market data.

Fair value hierarchy[1] € million	Total 30 Sep 2014	Level 1	Level 2	Level 3	Total 31 Dec 2013	Level 1	Level 2	Level 3
Other financial assets	920	40	363	517	917	100	423	394
Derivatives (assets)	4,803		4,747	56	3,612		3,511	101
of which: used for hedging purposes	(1,283)		(1,283)		(1,447)		(1,447)	
Marketable securities	4,721	1,921	2,800		2,813	1,755	1,058	
Assets held for sale	21		21					
Derivatives (liabilities)	4,493		4,490	3	2,785		2,779	6
of which: used for hedging purposes	(1,859)		(1,859)		(1,574)		(1,574)	
Liabilities held for sale	74		74					

1 Prior-year figures adjusted.

The development of the fair values of Level 3 financial instruments is presented in the following table:

Level 3 financial instruments: Development in 2014 € million	Balance at 1 Jan 2014	Changes in the scope of consolidation, currency adjustments and other	Changes		Balance at 30 Sep 2014
			Recognised in profit or loss	With a cash effect	
Other financial assets	394	97	16	10	517
Derivatives (assets)	101	–1		–44	56
Derivatives (liabilities)	6	–1		–2	3

Level 3 financial instruments: Development in 2013 € million	Balance at 1 Jan 2013	Changes in the scope of consolidation, currency adjustments and other	Changes		Balance at 30 Sep 2013
			Recognised in profit or loss	With a cash effect	
Other financial assets	442	–41	–2	–18	381
Derivatives (assets)	237		–35	–92	110
of which: used for hedging purposes	(55)			(–55)	
Derivatives (liabilities)	175	–50	–90	–24	11
of which: used for hedging purposes	(35)			(–35)	

Due to the absence of input factors for the measurement of Level 3 financial indicators which are not based on observable market data, €50 million in derivatives (liabilities) were reclassified from Level 3 to Level 2 in the first three quarters of 2013, with effect from the beginning of the reporting period.

Amounts recognised in profit or loss generated through Level 3 financial instruments relate to the following line items in the income statement:

Level 3 financial instruments: Amounts recognised in profit or loss € million	Total Jan – Sep 2014	Of which: attributable to financial instruments held at the balance-sheet date	Total Jan – Sep 2013	Of which: attributable to financial instruments held at the balance-sheet date
Revenue	5	5	79	79
Cost of materials	–5	–17	–23	–23
Other operating income/expenses	16	7	7	7
Income from investments		1	–10	–7
	16	–4	53	56

Level 3 derivative financial instruments substantially consist of energy purchase agreements, which relate to trading periods for which there are no active markets yet. The valuation of these agreements depends in particular on the development of gas prices. All other things being equal, rising gas prices cause the fair values to increase and vice-versa. A change in pricing by +/–10% would cause the market value to rise by €3 million or decline by €3 million.

The following is an overview of the financial assets and financial liabilities which are netted out in accordance with IAS 32 or are subject to enforceable master netting agreements or similar arrangements:

Netting of financial assets and financial liabilities as of 30 Sep 2014 € million	Gross amounts recognised	Amount set off	Net amounts recognised	Related amounts not set off		Net total
				Financial instruments	Cash collateral received/pledged	
Derivatives (assets)	4,551	–3,437	1,114		–556	558
Derivatives (liabilities)	4,489	–3,688	801	–132	–548	121

Netting of financial assets and financial liabilities as of 31 Dec 2013 € million	Gross amounts recognised	Amount set off	Net amounts recognised	Related amounts not set off		Net total
				Financial instruments	Cash collateral received/pledged	
Derivatives (assets)	3,364	–2,533	831		–347	484
Derivatives (liabilities)	3,322	–2,742	580	–97	–403	80

The related amounts not set off include cash collateral received and pledged for over-the-counter transactions as well as collateral pledged in advance for exchange transactions, which may consist of securities transferred as collateral.

Events after the balance-sheet date

Information on events after the balance-sheet date is presented in the review of operations.

FINANCIAL CALENDAR 2015

10 March 2015	Annual report for fiscal 2014
23 April 2015	Annual General Meeting
24 April 2015	Dividend payment
13 May 2015	Interim report on the first quarter of 2015
13 August 2015	Interim report on the first half of 2015
12 November 2015	Interim report on the first three quarters of 2015

This document was published on 13 November 2014. It is a translation of the German interim report on the first three quarters of 2014. In case of divergence from the German version, the German version shall prevail.

The Annual General Meeting and all events concerning the publication of the financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

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