More than energy

RWE Trading

RWE

Our basic beliefs

We firmly believe that society needs functioning wholesale commodity markets. Trading is by far the most efficient way to create such markets, as price signals bring supply and demand into equilibrium. By its very nature, trading is a highly competitive activity and the glue in every competitive commodity market.

European wholesale commodity markets need a reliable regulatory and legislative framework which facilitates free market entry and enhances liquidity. If this requirement is met, wholesale trading becomes the main driver for functioning competitive markets.

To this end, RWE Trading adheres to the following principles in its day-to-day business:

- We are committed to the preservation and further development of best-in-class operational excellence.
- We promote a strong performance culture throughout our internal value chain to the benefit of all our customers and counterparties.
- We are convinced that dedicated teamwork is a prerequisite for sustainable delivery of top quality results.
- We believe that the diversity of our staff is a key driver of innovation.
- We are committed to professional conduct, ensuring that only qualified staff are involved in business transactions.
- We do not engage in, and actively oppose, any form of market abuse, fraud or manipulation.
- We are committed to the overall values of the RWE Group and we follow strict compliance rules and procedures in line with those of our parent company.
- We use accounting practices which are in accordance with international standards.

Living these principles in practice, we have created a centre of excellence in energy trading and we fully intend to play a leading role in wholesale commodity markets across Europe.

On the following pages we would like to present our company to you in more detail. It is an exciting company of which we are very proud. Please be our guest and have a good look around.

Yours sincerely

Peter Terium
Chief Executive Officer/
Chief Financial Officer

Dr. Peter Kreuzberg
Chief Commercial Officer

The company at a glance

RWE Trading floors lack the nervous tension usually associated with the trading business. The professional calm that pervades results from three underlying factors: our people, our successful business model and our market positioning.

A team of experts

RWE Trading is one of the most important European energy commodity traders. It is a success story built on the skill and dedication of an entire workforce pulling together as a team.

Success in the dynamic and complex energy trading business would not be possible without professionals from a wide variety of disciplines. From risk management procedures to the impact of weather conditions on energy supply and demand, nothing is left to chance. Working together with our top-of-the-line traders on a minute-by-minute basis, these specialists help to anticipate market developments and ensure our success in the markets.

Organised in dedicated teams, RWE traders not only deal with commodities such as power, gas, coal and oil, we also actively trade physical and financial derivatives. When the energy markets expanded to include environmental certificates, we already had the specialists on hand. Committed to the concept of open and fair trade, we have been instrumental in the early success of this burgeoning market.

Successful business model

Our business success is built on the dedicated experts that make up the RWE Trading team. A further building block is the successful business model that we have created. This unites the natural focus on obtaining the best potential value from the RWE Group's physical assets with the benefits of financial (proprietary) trading.

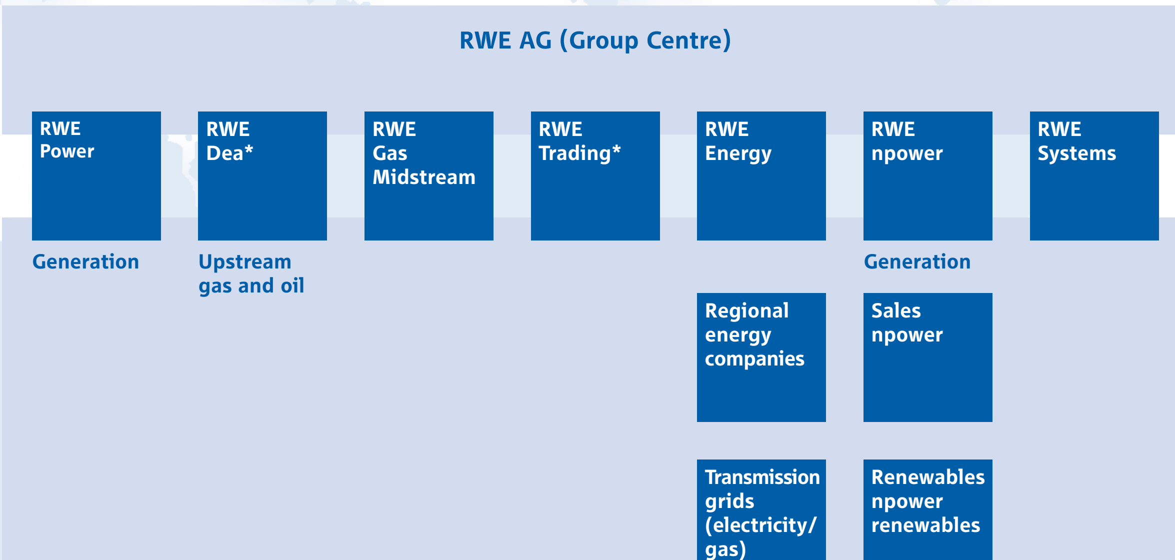
RWE Trading has a natural function as the hub for all of the RWE Group's tradable energy commodities. Our sister companies are among the largest upstream and downstream energy companies in Europe, concentrating on the generation and the subsequent sale of power to private and industrial consumers. Our trading expertise helps our sister companies to get the most out of the energy value chain.

In order to do that, we have to be clearly focused on the commodity markets for energy and its derivatives – and in financial derivatives as well. Proprietary trading helps us to better manage the risks of having open positions in each of our physical commodity markets. By combining asset trades with speculative trades we actively hedge risks, ensuring better planning and investment decisions for the RWE Group.

RWE Group intends the RWE Gas Midstream GmbH, founded January 2007, to further strengthen its competitiveness in the increasingly liberalized European gas market. RWE Gas Midstream will integrate the commercial optimization of the entire gas portfolio of the RWE Group, ranging from short to long-term procurement and supply commitments. RWE Trading and RWE Gas Midstream will cooperate closely with each other in the gas business. RWE Trading will continue to be an active trader at liquid gas trading points.

RWE Trading's role within the RWE Group

RWE Trading has a natural function as the hub for all of the RWE Group's tradable energy commodities.



*RWE Trading's and RWE Dea's results are included in the figures of RWE Power.

Europe and beyond

A further key to understanding RWE Trading is our international positioning. In order to cover the diverse European energy markets, RWE Trading not only operates trading floors in Essen, London and Swindon, it also has representative and agency offices across Europe.

Clearly, our major focus is on Europe; however, energy markets form an integral part of the world economy and are global in nature. So when things happen on the markets in New York, Dubai or Singapore, RWE Trading is ready, actively trading on the NYMEX and on the global commodity markets.

Future trends

No one knows what the markets will really be like in twenty years' time. What we can say is that the European power market, a relatively young market with fast growth rates, will undoubtedly have a decisive influence on the integration of the European economies. Our volumes represent a significant part of the overall traded power in Europe every year, giving us a top position in this politically and economically vital market.

European Emissions Trading Scheme

A further important factor in the integration of the European economies and for the well-functioning of wholesale markets is the European Emissions Trading Scheme (ETS). It has only been in place since January 2005, but it has already had an enormous impact on the European energy market and its price mechanisms, bringing about a strong correlation between commodity prices across a wide spread of European energy markets.

Trends in gas, coal and oil commodities and their price levels will also continue to have a significant impact on the European energy market. The growth of liquid natural gas (LNG) trading, the renaissance of coal as a primary fuel of choice for European power generation and the fluctuations in the oil market are some of the challenges for the coming years.

One for all and all for one

RWE Trading's expertise has given it a leading position on the European energy markets. Perhaps even more important is our willingness to play a role as a reliable market maker and our dedication to transparent markets, professional conduct and fair play. We firmly believe that only a level playing field can ensure fully functioning and competitive energy markets across Europe.

With the ongoing liberalisation of European energy markets, the growing number and professionalism of market participants, the increasing levels of traded volumes and a political drive to create an integrated internal market for energy in Europe, the energy trading sector is set for a positive future. RWE Trading has the team, the expertise, the focus and the determination to drive this industry forward and to continue our company's success story.

Company history

Energy trading is not a new phenomenon – but the markets as we know them now are. The liberalisation of Europe's power and gas industries began in earnest less than a decade ago, but the resulting changes have been so great that today's wholesale markets have almost no precedent.

Best in class – our history and future

1998	2000	2002	2003	2005 ff.
Purely speculative trading	Provider of market information/ route to the wholesale markets	Best practice blueprint for risk control	Integrated wholesale risk pool and portfolio manager	Joint short-term trading and asset dispatch function – STPM*

A head start

RWE Trading was in fact one of the first power and gas trading houses in Europe. RWE Trading's presence on the market at a time when the market itself was young and just starting to develop has provided us with a major competitive advantage in terms of market knowledge and expertise.

Concentrating on the core

Right from the start, RWE Trading has developed fast, quickly adapting to changes in the market. In 2001, RWE Trading established a successful trading operation in Houston, Texas, pulling out of the market again in 2003 in order to focus on the European market.

In 2004, RWE Trading incorporated the group's UK-based trading activities. A further concentration on core activities took place in 2005 when the company demerged its widely spread coal marketing and retail activities in order to concentrate on those parts of the coal trading market that perfectly fit RWE Trading's trading operations.

Changing markets

RWE Trading has a clear market focus and hands-on experience of the development of modern wholesale energy markets in Europe. These are two vital assets when dealing with the highly diverse levels of market development in Europe today.

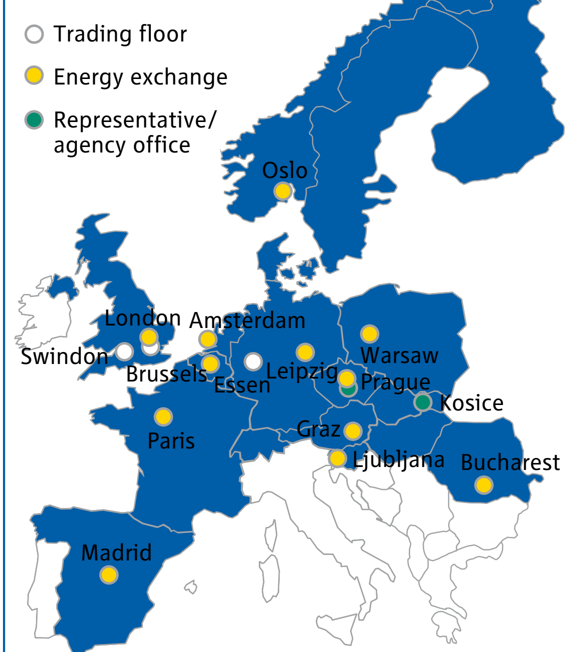
Originally, energy markets were only of interest to the established utility companies. But the energy markets for gas and power are growing rapidly, making them more attractive to new players. Now, as the volume of trade increases, brokers and resellers who do not own any generation assets are entering the market.

Power is now traded bilaterally over-the-counter (OTC), via internet-based trading platforms and on power exchanges. The German-based European Energy Exchange (EEX) in Leipzig and the Scandinavian Nord Pool are currently the two most actively traded energy exchanges in Europe.

As the liquidity of the power market increases, there is also an increasing demand for tools to hedge the risks of power price fluctuations. This demand has created an active market for futures, options and other derivatives.

As the EU expands and barriers to cross-border trading fall, power and gas markets will continue to grow and attract more traders. It is a fast and exciting development where the only certainty is the fact that the old utility markets as we knew them are a thing of the past.

European markets



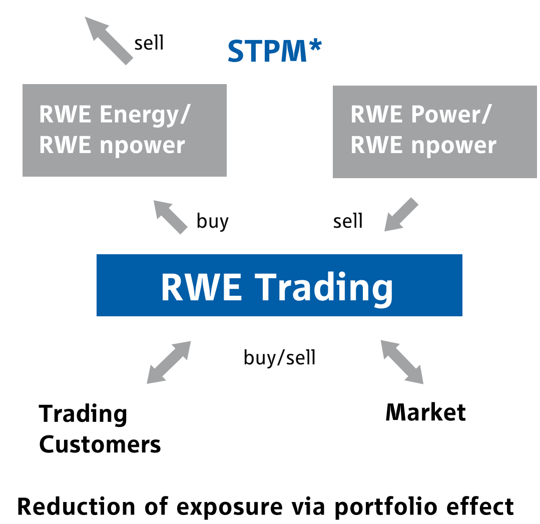
Business model

RWE Trading is the hub for all the physical and derivative energy wholesale market transactions carried out by the European energy group RWE. What sounds simple is in fact a successful business model combining asset optimisation and proprietary trading to achieve the "best of both worlds".

A single face to the market

RWE Trading operates alongside our asset-owning sister companies to maximise revenues for the RWE Group. However, we are also a separate business entity that is responsible for its own performance.

In our role as the group's wholesale energy trader and marketer, RWE Trading is the "face to the market". The market enables us to provide the price signals on which the RWE Group bases its generation and investment decisions. At this level, RWE Trading functions as a wholesale-driven benchmark for the generation and supply sides of the business.



* Short Term Position Management units.

Maximising return through proprietary trading

We are also the pool for RWE's energy and energy-related commodity risks, an activity that demands a full understanding of the group's commodity positions. These positions are held by the generation and upstream companies responsible for the production of power, gas and crude oil – RWE Power, RWE npower and RWE Dea – and the downstream companies engaged in the sale of power and gas to end customers – RWE Energy and RWE npower (retail).

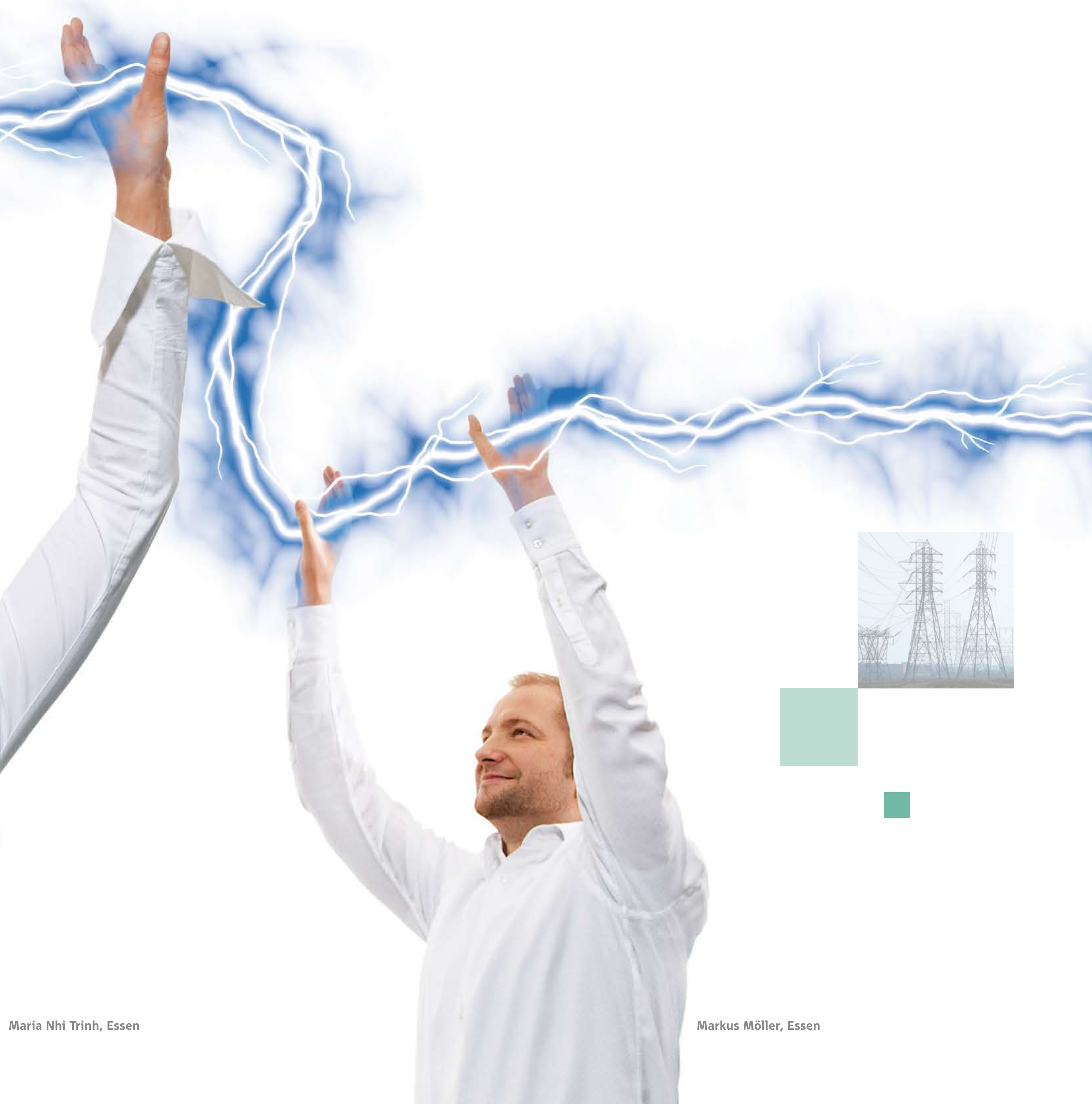
These asset-based commodity positions are sold to or bought from RWE Trading at wholesale market prices. RWE Trading then consolidates the positions it has purchased with proprietary trading positions. The resulting net position is managed under predefined risk limits which reflect the RWE Group's willingness to assume risks with regard to its exposure to liquid commodity prices.

RWE Trading also looks after the group's short-term positions. Short-Term Position Management (STPM) units bring together the group's upstream and downstream expertise. These units are responsible for the optimisation of the group's short-term commodity positions in power, fuel and carbon and for the execution of contracted customer flexibility.

By leveraging proprietary trading skills, RWE Trading maximises the return on risk capital within the wholesale commodity markets and optimises margins from the energy asset base. This "best of both worlds" approach with its balanced business model is what makes us a successful energy trading company and a key contributor to the profits of the RWE group.

Power trading continental Europe

Adrian Tinsley, Essen



Maria Nhi Trinh, Essen

Markus Möller, Essen

The power market is on the verge of becoming a truly European market that reaches from Spain to Scandinavia. From the very beginning, RWE Trading has supported this important development through its commitment to a level playing field for all participants.

Barbara Gerhards, Essen

Impressive growth

Power wholesale markets have been growing rapidly across continental Europe. On the German market alone, traded volumes are expected to be eight to ten times the actual domestic electricity consumption. RWE's power trading volumes have grown just as strongly, an indication of RWE Trading's leading role in a quickly changing environment.

More players on the field

Traded volumes are only one indication of how important this market has become; the growing quantity of market participants is another. Today, energy trading is no longer limited to utilities and a few industrial companies. Market participants now include a growing number of banks and other financial institutions, as well as the oil and gas majors. Their wide range of portfolios and risk profiles is increasing both the depth and the breadth of activity on the market.

The new players are attracted by low market entrance barriers, the accessibility of information and the chance to add value and uncorrelated commodity exposure to their portfolios. To encourage further growth it is essential that the markets ensure a level playing field with harmonised legal conditions and an adequate and sound level of regulation.

The implementation of the EU Emissions Trading Scheme has opened the gates to a new level of market convergence for power trading. This new market mechanism has introduced a stronger global perspective to the fundamental market drivers and also forged a link between the power markets and the gas and oil markets.

With high volumes and a broad range of participants, it is hard to dispute that the markets are functioning well. RWE Trading firmly believes that further market growth is essential to the future of the European energy industry as a whole and we are determined to do our part to drive the markets forward.

Power trading United Kingdom

The UK was one of the forerunners in the move towards energy market liberalisation. Still one of the most liberalised markets in Europe, the decline in the amount of outright power trading activity presents a unique challenge to RWE Trading.

Following the high profile exit of several key participants from the UK power trading market in and after 2003, liquidity fell sharply, reaching a low in 2005. The UK traded eight times its physical consumption in 2003; in 2006 the number has now recovered from its low to approx 645 TWh (or twice its physical consumption) due to a wave of new entrants.

RWE Trading has been at the forefront of efforts to stimulate liquidity, both through trading outright power, and also through an active spread trading function, trading the relationship between power, coal, gas and carbon.

Although this has been helpful, the key to developing a thriving market in the UK is market design. Currently, RWE Trading and other market participants are cooperating in order to address these issues and to encourage participation from existing and new players who are evident in other related markets. By focusing on what is required, it is hoped that the recent slight recovery of traded volumes can be extended.

Kevin Thornhill, London

The simple answer to the current situation would be to confirm a reference price or prices for the UK from which forward financial trading could be launched. This would allow both physical and financial traders to hedge their risks and develop new derivative products to better manage their positions. A group of companies, including RWET, have agreed to support an energy exchange by clearing all prompt volumes dealt inter alia. Implementation is hoped to be in the near future. The exchange should in turn launch other exchange-related products to aid this development.

We are strongly committed to functioning wholesale energy markets. By working alongside our counterparties, RWE Trading is keen to pave the way towards securing the future of the UK wholesale power trading market.

Gas trading

Sebastien Deshayes, Swindon

Enormous regulatory changes are creating an open, competitive gas market. A new and exciting situation is evolving that challenges every gas trader to make full use of the value chain.

The market is changing: there are new players on the scene from Russia, Algeria and beyond. New liquefied natural gas (LNG) terminals have opened in Southern Europe and the UK and extended pipelines from Russia and North Africa have further expanded the scope of the market.

By 2006, gas trading volumes for RWE Trading in Continental Europe and the UK were already around 900 TWh. This figure is expected to grow as the ongoing market liberalisation opens up new trading opportunities and the volumes traded on the market increase.

RWE Trading is uniquely prepared for the new business opportunities these market developments will bring. Our highly central position within the RWE Group value chain enables us to apply our market expertise to its full advantage.

Our knowledge of market price signals provides invaluable assistance to the investment decisions made by the upstream and downstream businesses and the asset decision-making of the RWE Group as a whole.

Our position within the RWE Group also opens up a wide range of business opportunities in the evolving competitive gas markets. Being active in all stages of the value chain enables RWE Trading to balance risks and carry out financial hedging against volume and price volatility, both on the supply and the demand side.

With the founding of the new RWE Gas Midstream GmbH, RWE will further strengthen its competitive position in this transitional European gas market. RWE Gas Midstream will focus on the economic optimisation of the entire gas portfolio of the RWE Group. It will further strengthen and develop relationships with existing and new suppliers and fully utilise the growing gas exploration and production business of RWE Dea – for both pipeline gas and LNG. RWE Gas Midstream will also take on the economic responsibility for the non-regulated physical gas midstream assets, using this basis to expand the RWE Group's gas capacity positions.

RWE Trading and RWE Gas Midstream will cooperate closely with each other in the gas business. RWE Trading will continue to be an active trader at liquid gas trading points. This business is being integrated within the commercial optimisation of the entire gas portfolio of the RWE Group through RWE Gas Midstream, ranging from short- to long-term procurement and supply commitments.

It is planned to merge RWE Trading and RWE Gas Midstream into one single midstream company in the future, when market environments support this next step.

Dietrich Hoffmann, Essen

Coal trading

Julie Arnold, Swindon

RWE Trading is on the fast track to becoming a key player in the international trading, procurement and marketing of coal.

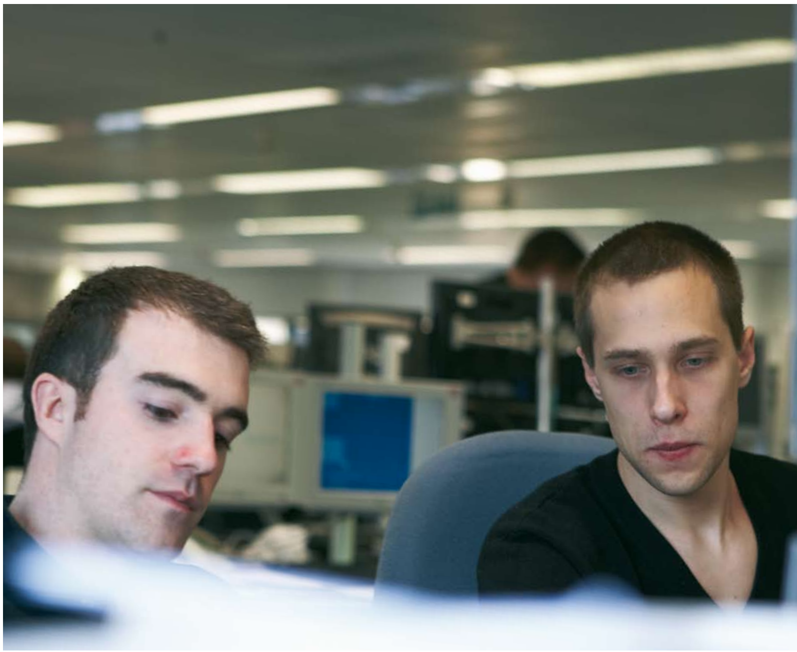
In recent years, new fundamentals have emerged in the coal market. The rapidly rising demand from China and India and the renaissance of coal-fired power generation in Europe have caused significant increases in ocean freight rates and coal export prices.

These factors have led to larger trade flows and higher price volatility. This, in turn, has created a vibrant market with a very strong international orientation. The coal market now offers enormous opportunities, although these opportunities go hand in hand with the increased risks that such market volatility poses.

RWE Trading is already a significant player in the physical coal and freight trading markets. On the physical side, we are responsible for the coal procurement for the RWE Group, and operate the logistical functions relating to this procurement. In addition to fuelling RWE's power stations, RWE Trading buys directly from coal producers and other traders to market coal to traders, utilities and other coal end-users. We charter the vessels used to carry this coal to our local markets from around the world, as well as supervising the unloading, transportation and delivery of coal to the power stations.

The value of these activities is enhanced by our active involvement in coal and freight financial derivatives. RWE Trading's expertise in both physical and derivative markets has led to consistent profitable growth in trading volumes over the past few years.

By applying the rigorous quality standards and controls that we have established over years operating as a utility, RWE Trading is well positioned to reliably supply coal to other utilities and end-users. This edge on quality, combined with advanced risk management solutions, means that RWE Trading is uniquely positioned to offer tailor-made supply solutions to our customers. Indeed, we also play an active role as a market maker in new and emergent products.

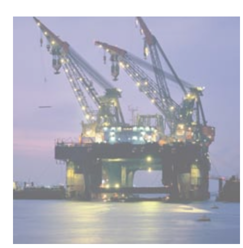


James Collins and Stefan Glassel, Swindon

Together, our trading and marketing activities, and the development of the international coal and freight markets provide unique opportunities for the future. By taking these opportunities, RWE Trading is set to become a significant figure in the global physical and financial coal and freight markets.

Oil trading

Bron Sharman, London



Increasing market volatility and the establishment of carbon trading as a link between the markets for primary fuels make the optimisation of RWE's oil portfolio more important than ever.

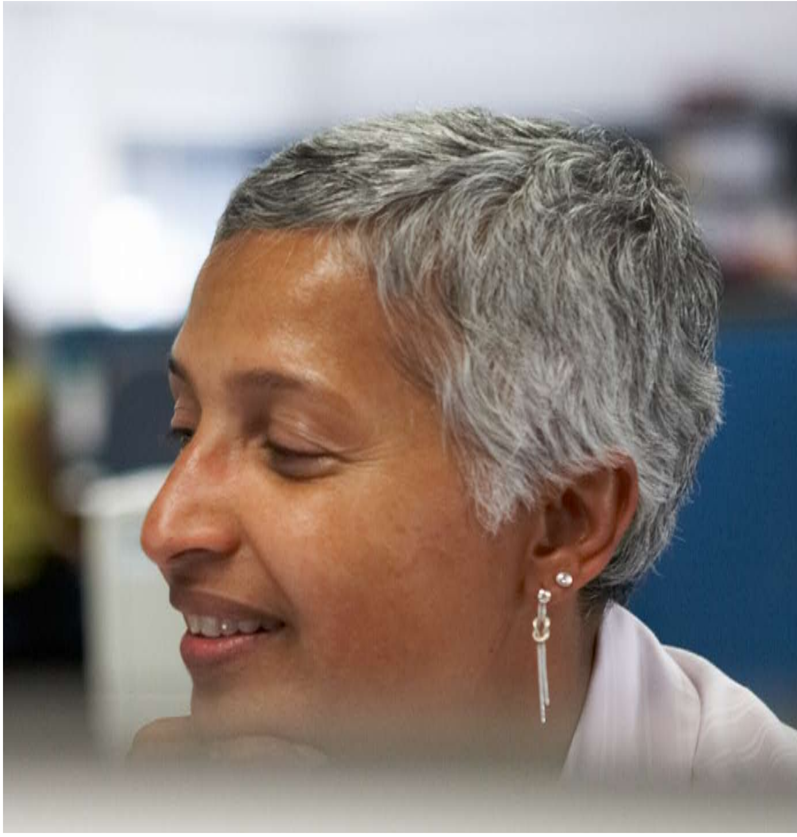
Trading in oil is a global challenge. Relying on the expertise of its traders and risk managers, RWE Trading deals in both physical and derivative markets and takes full advantage of the structure of its business model and group-wide synergies.

RWE Trading's dedicated traders actively manage RWE's relevant commodity positions via the global oil market. We take responsibility for the marketing of our sister company RWE Dea's equity crude production (from the North Sea, Dubai and Egypt), secure the procurement of oil for RWE's generation assets and hedge the upstream positions held by RWE Dea. RWE Trading also charters the tankers required to transport oil for both asset-related and speculative transactions.

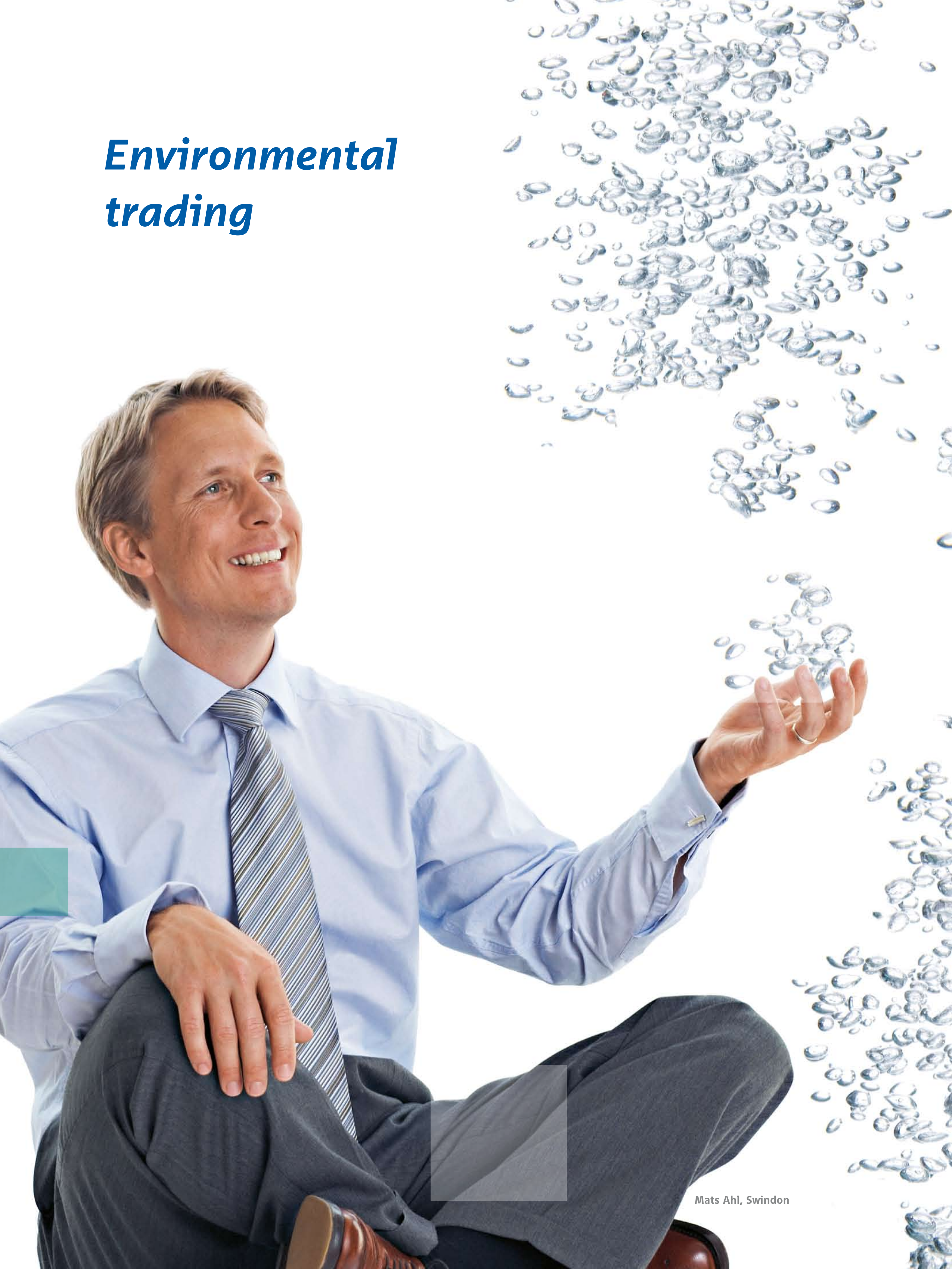
These physical market transactions are supplemented by a proprietary trading capability to ensure effective portfolio risk management. By building on the same principles we employ for our best-in-class approach to other commodities, RWE Trading utilises global derivative expertise and physical position management experience to ensure that the business benefits from the best of both worlds.

The oil market will continue to be one of the most vital commodity markets for the world economy. Thanks to the successful business model and the team work within RWE Trading, our oil trading activities have a significant positive effect on the value of the RWE Group's asset base and its performance figures. This trend will continue – even if the volatility of the markets increases.

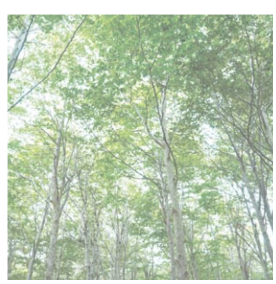
Nancy Bacchus, Swindon



Environmental trading



Mats Ahl, Swindon



RWE Trading is a strong supporter of the European Emissions Trading Scheme (ETS). Trading CO_2 allowances is a vital part of hedging commodity risks and has already become a new fundamental of our business.

The European Emissions Trading Scheme is a valuable instrument that enables companies to achieve their CO_2 emissions targets economically by enabling traders to manage the inherent risks of a given CO_2 position. The market price for CO_2 provides sensible signals for the management of short-term decisions in running generation plants and for long-term generation strategy. The CO_2 trading mechanism has also created strong correlations between the different European power markets as well as strong incentives to develop CDM and JI projects that help to reduce greenhouse gas emissions.

When the first regular EU emissions allowances were issued in March 2005, a new spot market was created that quickly established itself as an influential factor within the existing futures markets. The progress of the market, both in terms of its environmental and its economic impact, is obvious. Traded volumes are showing a clear trend to increasing liquidity. Whereas Europe traded approx. 300,000 allowances in 2005, total traded volumes for 2006 reached more than 800 million.

Emissions allowances are traded within a unique cap and trade market. It is a system that combines market forces with politically imposed caps on emissions volumes. Trading emissions allowances requires the same precise analytical skills demanded for other commodities, combined with political insight. The growing efficiency in the publication of emissions data will further strengthen this market in the long term. RWE Trading is ready to meet the complex challenges of the ETS market. We can not only handle the day-to-day fluctuations, but we have the tools and experience to hedge long-term risks – our single most important task for the RWE Group.

Stefan Niesler, Essen

We believe that the ETS will continue to be an important futures market for many decades to come. Although there is currently a high degree of volatility in daily trading, there is also a strong long-term element. New power plants often take several years to build and have an operating life of several decades. The CO_2 market provides decision-makers with valuable input when it comes to planning long-term investments. JI and CDM are likely to turn out as the best available internationally expandable market instruments for carbon abatement in the medium- and longer-term.

Risk management

Our risk management expertise provides a structural framework that supports traders and helps us to make the best possible use of market opportunities.

Udo Königs, Essen

The risk pool

From the very beginning, one of RWE Trading's key functions has been to monitor, analyse and balance risks. We are the energy wholesale risk pool and risk manager for the RWE Group. We support the management of the generation asset and retail portfolios owned by our sister companies across the RWE Group by taking on and pooling inherent commercial risks arising from movements in the power and fuel markets.

Of course, RWE Trading looks after more than just market risk. Credit risk, operational risk and even regulatory or political risk need to be dealt with on a regular basis. These risks need to be analysed, evaluated and taken into account when deciding on strategies or making trading decisions.

Effective risk management in today's energy markets demands not only that our analysts be thorough, they have to be fast as well. That in itself is a tough goal in this complex trading environment, but we go one step further.

In order to meet and go beyond the requisite high standards of our markets, we have applied the international risk management standards of the financial markets to all our risk management activities.

Multi-level risk management structures

RWE Trading's risk management is embedded in interorganisational, state-of-the-art risk management processes that have been implemented across the RWE Group. This additional security layer further helps to ensure RWE Trading's best-in-class risk management status.

Our appetite for risk is reflected in the allocation of risk capital to our trading desks. Clearly defined and approved market and credit risk limits are permanently monitored and must be adhered to at all times. Coupled with our advanced rating methodology, credit risk mitigation techniques and risk capital charges to the trading desks, this ensures a tightly controlled and conscious risk-taking approach. The strict separation of risk management from front office trading under our dual control principle is a pillar of the risk management structures of RWE Trading.

Operational risks

RWE Trading has put the professional management of operational risks at the top of its business agenda. We do not wait for risks to happen; we manage them upfront. Based on the requirements of the Basel II international standard, our structured risk management process identifies, assesses, monitors and mitigates/controls operational risk.

RWE Trading's dedicated Operational Risk Management department establishes alerts to potential risks and ensures that our teams have the awareness and the tools to effectively assess and monitor them. The potential risk sources covered include processes, people, recruitment, systems, external events and legal/regulatory issues.

Natural disasters, terrorism, the breakdown of processes but also human error, inadequate control, legal disputes and misleading communication are some of the more prominent examples of operational risk. Any of these may lead to unexpected losses, both in terms of loss of earnings and loss of reputation.

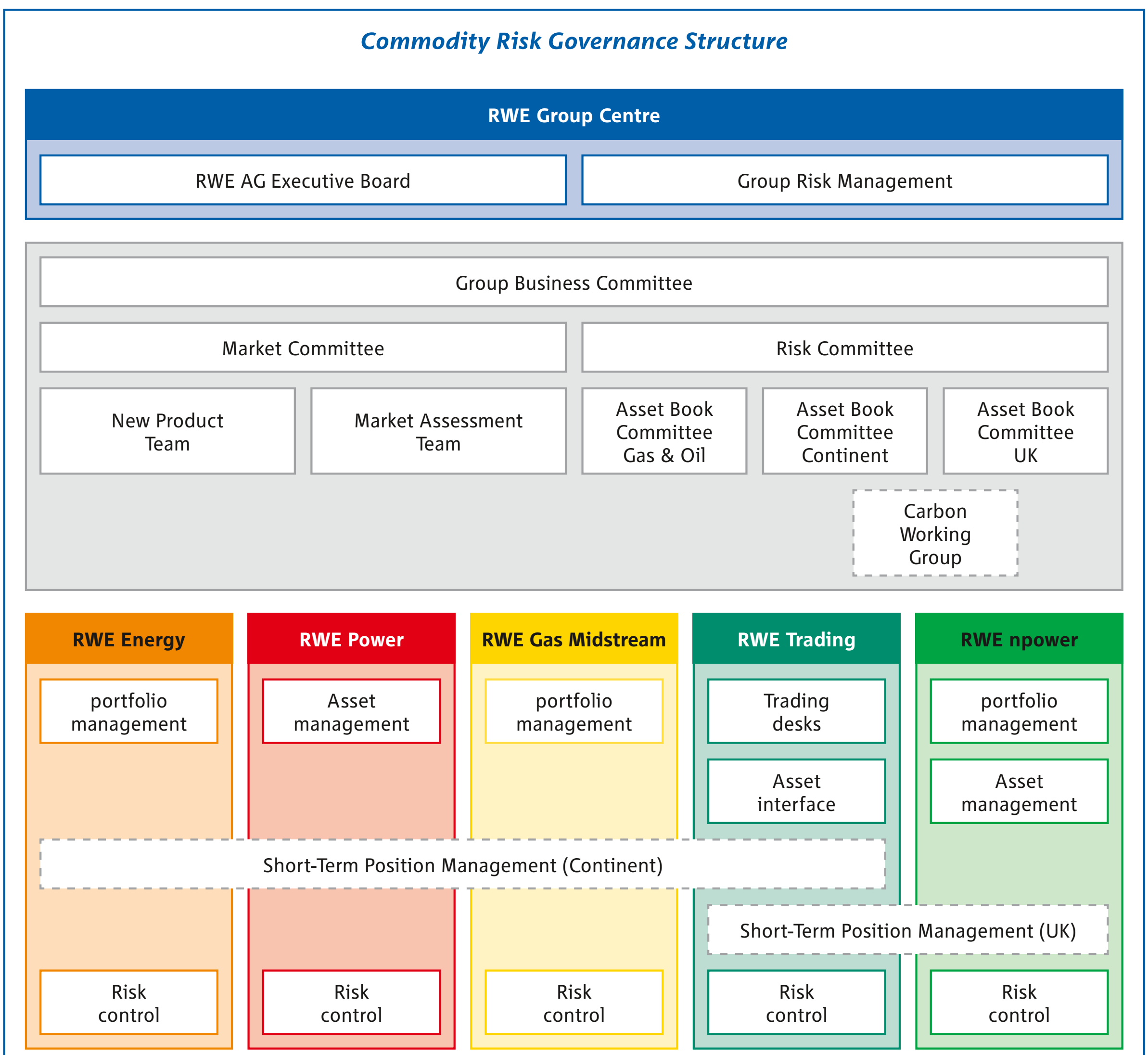
The complexity of the international energy trading business also puts legal, regulatory and contractual risks into the spotlight.

Melanie Latocha, Essen

These are managed and mitigated by our Legal and Communications Department through the promotion of standardised international energy trading contracts, close liaison with regulatory bodies and legislators and a proactive and transparent approach towards communications to mitigate operational and regulatory risks.

People are key to risk management

RWE Trading's risk management procedures lie at the very core of our trading business and are an integral part of the work done by every employee and manager of RWE Trading. It is the high level of professionalism and dedication of our teams that make RWE Trading's risk management so efficient.



Structuring & Valuation

The Structuring & Valuation team (S&V) bridges the gap between the worlds of academia and trading in order to attain higher levels of energy trading business excellence.

Structuring & Valuation within RWE Trading

The S&V team is a multicultural group of specialists from a range of backgrounds and with a broad scope of skills. This diversity ensures that the team is able to consider business issues from many different angles and effectively meet the daily challenge of acting across borders. We deliver cutting-edge financial methods and tools to quantitatively assess and manage all types of energy commodity prices and energy risks. In order to stay ahead of the constantly changing markets, we permanently question the status quo and develop new methods and products at a high pace.

A broad range of customers and responsibilities

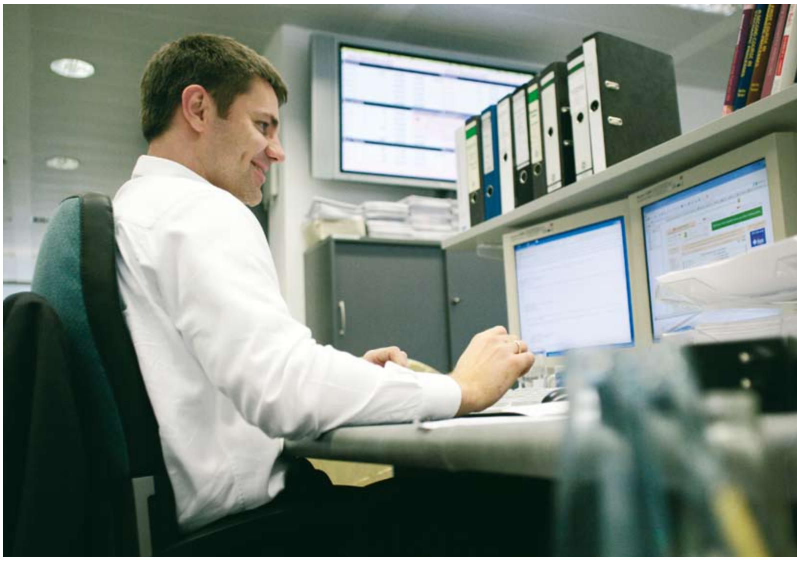
S&V supports the trading desks with a suite of tailor-made tools. These tools enable the traders to manage their portfolios efficiently, to perform real-time pricing of complex deals, to identify arbitrage opportunities between market prices and to design adequate trading strategies within short time frames.

We also develop new products for the trading desks, the origination team and for the sales forces of other RWE companies. In fact, S&V often takes the driving seat in new product development projects and actively supports other business units.

The quantitative modelling and valuation of complex transactions and investment projects is another S&V core function. Valuation projects include M&A activities, new-build power generation assets, gas storage facilities, gas and oil exploration projects, structured purchase and sales contracts among others.

Our research and development activities ensure that RWE Trading has access to state-of-the art models and methods for the trading and management of energy risks. We constantly monitor emerging trends in the field of financial mathematics and test new approaches, often working closely with renowned academic institutions.

The S&V team is tasked with joining up theoretical models with the “real world” to determine the actual outcome of activities. The whole process of liaising between structurers and the front office brings a commercial focus to all aspects of a project, so that we are constantly bridging the gap between academia and the reality of traded markets.



Thomas Sparla, Essen

Analysis

Energy markets are influenced by a multitude of drivers that are often interdependent. The analysis team interprets those vast amounts of data and turns it into useful information.

Sam Pickfort, Essen

Improving the decision base

A group of fast-thinking specialists who continuously monitor the energy markets, the analysis team analyses fundamental data, performs time series analyses and publishes market reports. The overall objective is to improve the decision base for the traders and advise them in their trading decisions. Information and comments from the market reports are also used in other teams within the RWE Group.

A complex market

Affected by a substantial number of fundamental supply and demand factors, power wholesale prices give a good example of the scope of work done by the analysis team. On the supply side, prices are subject to the availability of power stations and the prices for fuel inputs like coal, gas or oil. Other supply-side factors include wind velocity and precipitation as they determine renewable energy production for wind and hydroelectric plants.

On the demand side of the equation, weather plays a part in affecting the behaviour of customers – by altering their use of lighting, heating and air conditioning depending on temperature and cloud cover. Therefore, the analysis team has its own meteorologists to monitor and predict weather, giving the whole team more insight regarding weather-related supply and demand factors.

Time series analyses are employed to examine the enormous sets of market data for trends such as price development or price discrepancies between different commercial electricity products – the so-called spreads.

The daily challenge is to identify the price-determining factors to be found in the abundance of information available. Furthermore it is essential that such information is produced in a timely fashion, so that traders can extract maximum value from it.

Market prices trigger the power plant-dispatching decisions of RWE Power/npower and determine the power-purchasing decisions of RWE Energy/npower, making it essential to keep the RWE Group informed about recent market developments and price expectations. Thus, the analysis team works hard to produce market comments and information not just for RWE Trading, but also for other teams within RWE Trading, the Group Centre and other companies of the RWE Group.

Back office

While the traders are caught up in market movements, the back office ensures that the underlying business is secured and processed. The constant changes in trading products and portfolios make this a job that requires a high level of market, systems and operational expertise.

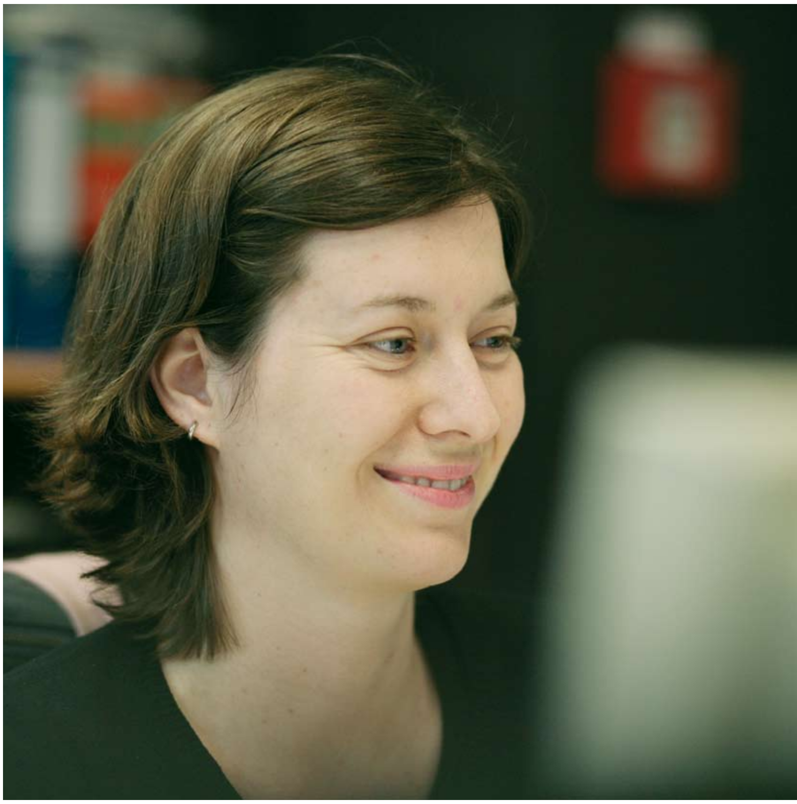
The back office plays a key role in the complex operations of energy trading. Spanning all the RWE Trading locations and operationally aligned to the trading desks, the back office delivers a major part in the transactional and control processes. In particular, we ensure the timely and accurate processing of trades post execution. In addition, we work closely with the other support functions to develop and deliver business solutions.

The back office at RWE Trading is a leader in operational performance within the energy trading sector. We are at the forefront of a number of industry initiatives such as electronic confirmations matching (eCM). We chair the working group for the European Federation of Energy Traders' (EFET) eCM project. This system enables the exchange of standardised data via a central industry-wide infrastructure offered by EFETnet. The process is fast, secure, and significantly reduces our workload. However, the real benefit comes through the reduction of operational risk achieved by taking out manual intervention. We are also actively involved in the introduction of the EFET Payment Netting calendar. This important industry initiative aims to unify payment dates for physically traded commodities currently settling on different dates, thus enabling cross-commodity payment netting.

Internally, the department is focused on improving efficiency and reducing operational risk through increased process automation. We have recently implemented electronic workflow, document management and archiving for key products.

The aim is for these systems to be run for all our commodities.

In the fast-moving world of energy trading, maintaining and optimising an efficient infrastructure requires a very high level of expertise. The back office is ready to face the challenges that the future holds with the systems and the experts needed to keep the business running.



Rita Aßmuth, Essen

People

Coming from a range of cultural, professional and academic backgrounds and all walks of life, people at RWE Trading combine to form a strong team with a common goal – to be the very best at what they do.

An international challenge

Wholesale energy trading is a unique world: the international energy markets bring you into contact with the principles of international finance, international commodity trading and international politics. It is a world that requires quantitative and qualitative analytical skills combined with intellectual curiosity and business sense. It is a world that demands a lot of from everyone on the team.

Christine Webels, Essen

Peter Krembel, Essen

As one of the leading traders on the international energy markets, it is our goal to create and maximise value on behalf of the RWE Group, using the entire energy value chain. In today's constantly changing international markets that is an enormous challenge. That is why we are always on the lookout for powerful thinkers and flexible pragmatists; for people who expect the best from themselves, no matter what their field.

Finding people who have that personal drive and dedication – and who are still able to work as team players – is a big challenge. It can only be done by being as international as the business itself. And of course, we are an equal opportunity employer. We don't care about your background, sex, age, religion, ethnic origin, nationality, disability or sexual orientation. What we need is a passion for the business.

A team of individuals

We are convinced that the demands of the wholesale trading markets can be best met by a powerful and flexible team rather than with bureaucratic structures – and a good team builds on the strengths of its individual members. Our career programmes are designed to maximise the potential of the individual. Our performance-oriented payment structures offer highly attractive opportunities for people who are looking to develop their career at an ambitious pace.

Despite being one of the major energy traders in Europe, RWE Trading still has a great growth potential. The energy wholesale markets are growing. RWE Trading's size and range of opportunities gives each individual the chance to prove what they can do on an international scale. It allows them to make their mark in a field that is of growing importance to the global economy.

Whether you are a new starter or have years of experience in the energy markets, RWE Trading is an excellent environment in which to advance your career. We offer exceptional opportunities for highly motivated people who are looking for challenge.

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