Press Release

RWE Innogy and Daldrup & Söhne are setting up a joint venture for the development of geothermal power station projects

Essen/Ascheberg, 20 January 2009

RWE Innogy has set up a joint venture with Daldrup & Söhne AG in Ascheberg today. Its purpose is to develop, plan and construct a range of geothermal power stations. Daldrup & Söhne is a publicly traded company that specialises in planning and conducting geothermal drillings. The first step of the joint venture will be to develop RWE Innogy's existing deep geothermal drilling areas – for which permits have already been obtained – and to apply for further permits. However, plans are also in place to participate in geothermal and project development companies in Germany and other European countries. The joint venture has been set up on the proviso that it will be approved by the German antitrust authority, Bundeskartellamt.

"The use of geothermal heat for the production of electric power and heat has great potential – not just in Germany, but also in southern and south-eastern Europe. This joint venture enables us to ensure the systematic development of a relatively young form of energy in our latitudes and to use this energy on a major technical scale," says Prof. Fritz Vahrenholt, Chairman of the Board of Directors of RWE Innogy. The geothermal facilities that will be developed by the two partners are to be realised and operated by independent project companies.

"We are pleased that by teaming up with RWE Innogy we have found a powerful partner for our future growth and for our continuing internationalisation strategy," says Josef Daldrup, founder and CEO of Daldrup & Söhne. "This JV is an important milestone in the development of the geothermal activities of D&S AG. The JV also enables D&S to get involved in the operation of geothermal power stations and in the resulting creation of further revenue with long-term stability. This partnership with RWE Innogy is an excellent additional pillar for our continued business development, particularly against the background of the general economic situation."

RWE Innogy had already obtained permits for two deep geothermal projects from the Munich mining authorities in October last year – in Wildpoldsried and Unterthingau in the Swabian rural

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district of Oberallgäu in south-west Germany. Geologically, this region belongs to the Bavarian Molasse Basin, an area which is ideal for the exploitation of geothermal energy. Over the next three years investigations will be carried out into the geothermal potential of this area which covers some 100 square kilometres (nearly 39 square miles). Once the data has been analysed, RWE Innogy and Daldrup & Söhne plan to drill up to 4,000 metres (13,000 feet) into the ground.

Unlike geothermal energy close to the surface, which is mainly used for heating, the generation of deep geothermal energy can also meet the demand for baseload electricity. This is because water is of a much higher temperature in such deep strata (down to 4,000 metres or 13,100 feet).

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Further details on the geothermal activities of RWE Innogy and the drilling company Daldrup & Söhne can be obtained from www.rweinnogy.com and www.daldrup.eu.