

Dear Reader,

The global economy hit bottom in 2009. The recession made things hard for many industries, including ours. It led to declines—in some case significant declines—in energy consumption. But we stayed on course in 2009. Just like we said we would. Our 2009 adjusted EBT of €9.6 billion was at the high prior-year level. As for adjusted net income, the slight upward correction we made to our forecast was right on target: at €5.3 billion, our 2009 adjusted net income was just 5 percent under the high prior-year figure. At the 2010 Annual Shareholders Meeting, we'll therefore propose that the cash dividend be kept stable at €1.50 per share, resulting in a payout ratio of 54 percent of adjusted net income. This means that we're also staying the course with our dividend policy, which is to pay out 50 to 60 percent of our adjusted net income.

We achieved these solid results primarily because we began—before the onset of the global financial and economic crisis—to enhance our company's efficiency through a Group-wide program called PerformtoWin. By 2011, we expect it to deliver €1.5 billion in earnings improvements. The first set of initiatives is already having a positive impact on our earnings. Along with enhancing our efficiency, we're investing in long-term growth and optimizing our portfolio so that we stay on our successful course even in difficult times.

In 2009, we sold our ultrahigh-voltage transmission system and sold or swapped about 5 GW of generation capacity in Germany. This largely fulfilled the commitments we'd made to the European Commission. In addition, we sold most of Thüga, a holding company with stakes in approximately 100 municipal utilities in Germany, for a very good price; Thüga assets not included in the deal will be sold separately. Through these transactions, we significantly reduced our position at all stages of the value chain in Germany, gave important impetus to competition, and at the same time established new positions in other European markets.