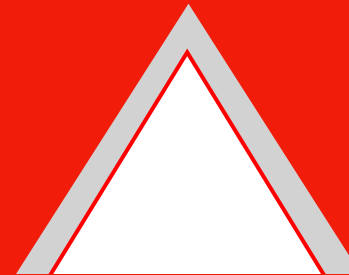
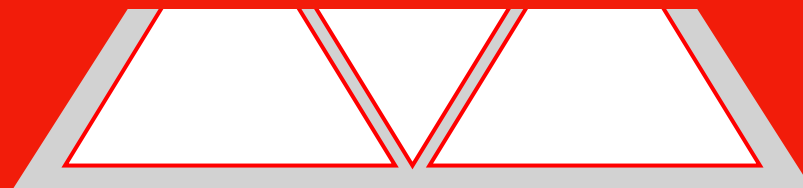


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E.ON – Cleaner & better energy



E.ON and MPX to form strategic partnership

11 January 2012

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Outside Europe within context of E.ON's strategy

Market environment

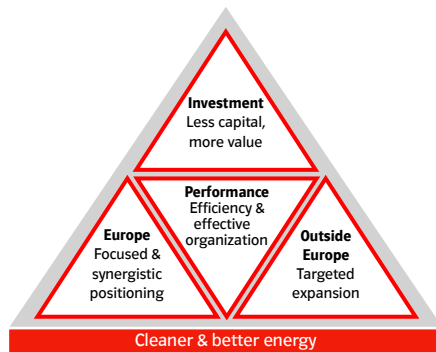
Partner: MPX

Cooperation roadmap

Appendices

Outside Europe within context of E.ON's strategy

Group strategy



From

Integrated across value chain

Eurocentric

Selective efficiency programs

Capital intensive

To

Focus on competitive businesses

Targeted expansion outside Europe

Sustainable performance culture

Competence-based

Key elements for expansion outside Europe

Principles for targeted expansion

- High growth potential
- Need for E.ON's superior skills and application of system competence
- Attractive risk/return profile

Growth strategy

- Focus particularly on conventional & renewable generation
- Cooperation with local partners
- Limited commodity exposure
- Focus on organic developments with disciplined investment approach

Capture global growth potential with ambition to increase non-EU adjusted EBITDA to 25% in 2015+

E.ON's development areas outside Europe

Growth priorities¹

Renewables in and outside Europe (excl. hydro)

	Today's position (GW)		Under construction (GW) ²	
	U.S.	Europe	U.S.	Europe
Geography	~2.0	~1.8	~0.8	~0.9
Technology	Wind onshore	Wind offshore	Wind onshore	Wind offshore
	~3.2	~0.5	~1.0	~0.7
		Other		
		~0.1		

Generation outside Europe

- Russia: Today's position of 10.3 GW will be further enhanced by the 800 MW Berezovskaya project from 2015 onwards
- Brazil, India, Turkey defined as key priority regions for expansion outside Europe; continuous negotiations with potential high-caliber partners

Next step – strategic partnership with MPX

Clear industrial rationale

- Strong underlying fundamentals of Brazilian power market in terms of size, growth, and framework
- Structural need for conventional generation, substantial potential for E.ON to add value through capabilities

Right partner providing solid platform

- Unrivalled portfolio of 14 GW of projects in execution/development, deep understanding of market nuances
- Excellent fuel supply management, superior stakeholder management

Attractive development opportunities

- Joint development of ~11 GW in conventional generation
- Further potential opportunities in conventional and renewables generation in Latin America

→ Partnership with MPX paves way for future growth opportunities in Brazil with limited upfront investments

Agreement with MPX marks major step in strategy execution outside Europe

1. Substantial part of mid-term earnings growth will be also driven by gas upstream activities, however this is largely result of previous investments.

2. Including offshore wind projects Amrumbank West, Humber Gateway, Kårehamn.

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Partner: MPX

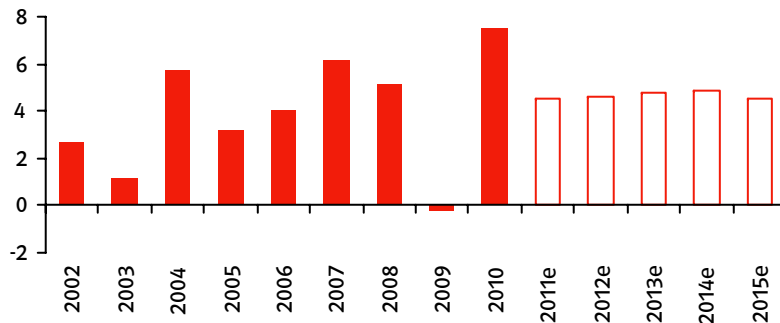
Cooperation roadmap

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Market environment in Brazil

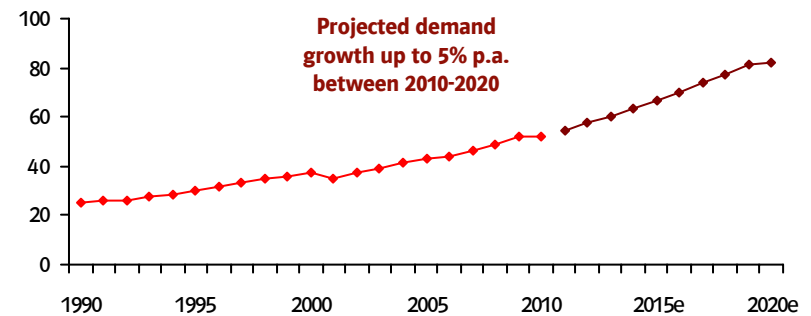
GDP and power demand

Growing economy (real GDP, %)



- Well diversified economy with strong growth across sectors: Manufacturing, agricultural, primary raw materials
- Sustainable underlying demographic trends:
 - Increase of 20m people between 2000 to 2011, expected to increase further in the coming decade
 - Growing active population (to 70%+ in mid-term)
 - ~30m people from poor to middle class b/w 2005 & 2010

Rising power demand (avg. GW)



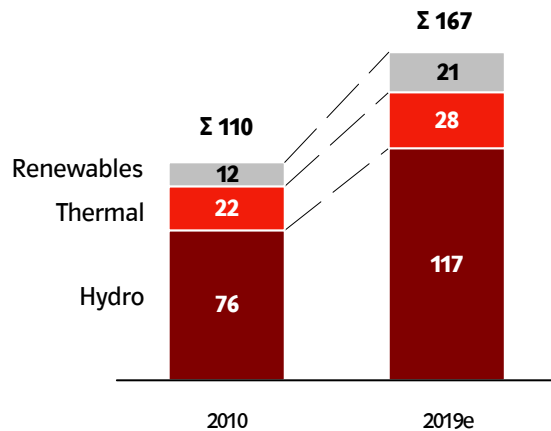
- Brazilian power demand is expected to grow at about the same rate as GDP for next few years
- Power consumption to large extent driven by industrial sector (ca. 45% of total demand) which is set to grow
- Residential consumption (ca. 25% of total demand) supported by underlying demographic trends
- Commercial, public and other consumers (ca. 30% of total demand) expected to exhibit slower, but stable growth

Brazil has sound broad based economic fundamentals that will support continued power demand growth

Market environment in Brazil

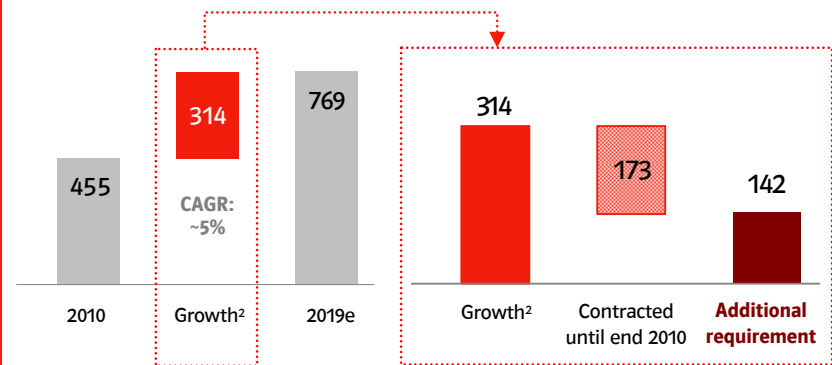
Capacity needs

Technology mix (GW)



- Hydro dominance implies volatility of supply, while exceptionally dry years pose additional risks¹
- Security of supply predominantly provided by thermal backup capacity
- Increased relevance of thermal and renewable power to balance current hydro dominance

Incremental capacity requirement (TWh p.a.)



- To meet future demand growth of ~5% p.a., system requires additional 300+ TWh of reliable supply by 2019
- Although slightly more than half already contracted, still about 140 TWh p.a. to be provided yet
- ➔ Structural market and system challenges unveil opportunities for capable players

Significant demand for additional reliable power supply

Market environment in Brazil

Regulatory framework

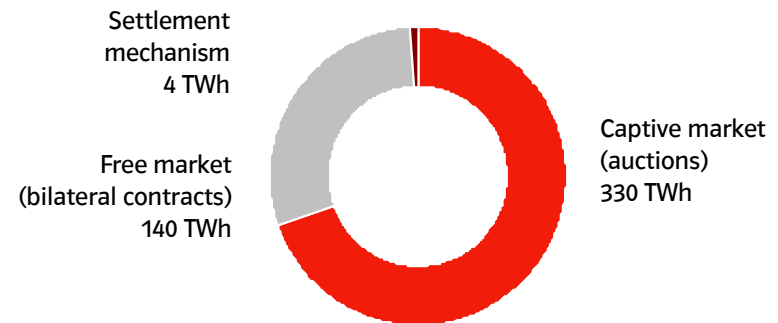
Key features

- Framework consistent with long-term goals of meeting demand and desired fuel mix
- Long-term generation planning from regulator allows attractive margins to deliver new capacity
- Locking in cash flows from long-term PPAs creates stability limiting the risks
- Political consensus on regulatory framework gives continuity going forward
- Pass-through of cost to consumers systematically done, PPAs honored

Power sales channels

- Market split into captive and free (bilateral contracts) market, with 100% of expected demand contracted
- Additionally, settlement mechanism designed for balancing mismatch/uncontracted energy

2010 power volumes breakdown



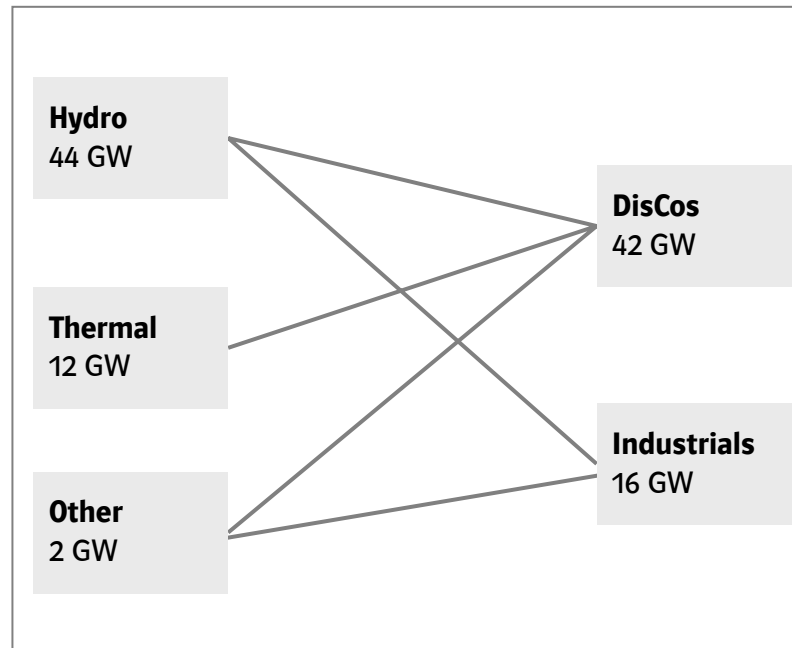
Brazilian regulatory and market framework enables investors to reach attractive stable returns

Market environment in Brazil

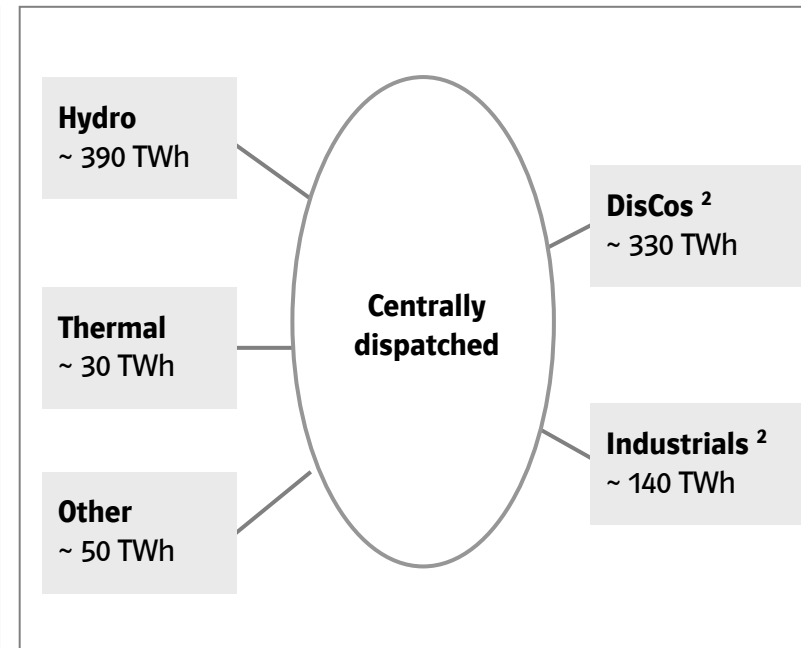
Structure overview

Simplified representation of contractual and physical flows (2010)

Contractual flow¹



Physical flow



**Power system is dispatched centrally with full separation of physical and contractual flows
- contracted generators are paid PPA remuneration regardless of actual dispatch**

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Outside Europe within context of E.ON's strategy

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Partner: MPX

Cooperation roadmap

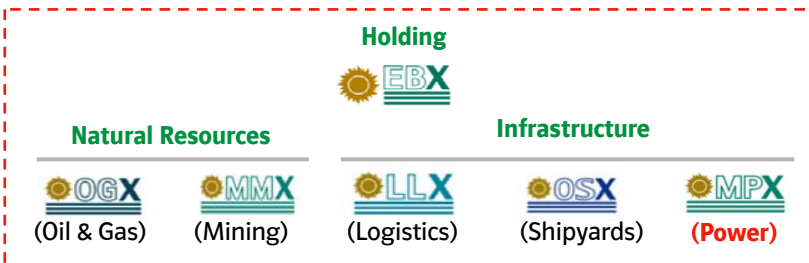
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Partner: MPX

Overview

Key facts & figures

- **MPX** is a division of the EBX Group, with businesses in **power generation, coal mining** and **natural gas E&P** in South America



- MPX is **73% owned by Eike Batista** via EBX, **27% free float**
- Current market **capitalization R\$ 6.8bn¹**
- Largest licensed power **generation portfolio** in Latin America, with **14GW in gas and coal plants**
- Onshore **nat. gas portfolio** with **11+ Tcf risked resources**
- **Coal mining** company in Colombia (CCX) with resources to support **production of 35 Mtpa**

Generation portfolio details

- **Very extensive 14 GW fossil project portfolio**
 - **Execution:** 1.5GW Coal and 1.5GW CCGT
 - PPAs granted, commissioning expected in 2012-2014
 - **Development:** 5.5GW Coal, 5.5GW CCGT
 - Majority planned to participate in 2012-2015 auctions
 - Initial execution phase (licensing, sites, etc) completed
 - **Renewables** projects coming soon

Advantageous fuel supply

- Securing **cost effective fuel supply is decisive factor** to compete and win PPAs in thermal auction
- **Access to ample and competitive fuel reserves** enables competitiveness of existing and future projects
- The partnership foresees **robust and secured fuel supply** (coal and gas) for JV through MPX's unique access

Extensive and valuable portfolio of generation assets and superior fuel supply management capabilities

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Partner: MPX

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Cooperation roadmap

Capabilities match

MPX

THE private player in the Brazilian energy market

- Extensive knowledge of Brazilian power market
- Proven development and licensing expertise demonstrated by 14 GW pipeline
- Commercial acumen in PPA auction process
- Top notch stakeholder management expertise in Latin America
- Successful, vertically integrated strategy secures highly competitive fuel supply, of which JV will benefit
- Wide ranging expertise and track record in large infrastructure projects

E.ON

Leading private global energy company

- Cross technology project development expertise
 - 12 CCGT units commissioned over last 4 years
 - 3 large coal-fired units currently under construction
- Leading global renewables player
 - ~2.5 GW wind onshore installed over last 4 years
 - ~500 MW wind offshore commissioned over last 3 years
 - ~100 MW CSP plant jointly commissioned in 2011
- Global trading and supply
- Significant E&P and LNG experience across North Sea, Russia and North Africa
- Strong balance sheet

Significant complementary capabilities

Transaction overview

Transaction elements

Immediate next steps

- Conversion of certain debentures within MPX into common equity
- Spin off of CCX Colombian Coal mine by MPX
- E.ON buys ~10% in MPX GenCo through capital increase for ~R\$850m (~€350m)
- MPX GenCo and E.ON form 50/50 JV
- Injection of agreed project shares to JV at accrued costs

Mid- & long-term focus

- Joint development, execution, operation and optimization of:
 - 11 GW power generation assets currently under construction/development
 - New thermal and renewable generation projects
 - Supply and trading activities
 - Aspiration of up to 20GW of generation capacity in Brazil

JV content

- E.ON invests R\$850m (~€350m) for ~10% stake in MPX, thereby forming an overriding JV

Overarching 50:50 Joint Venture that "operates and develops all assets"

25% + 7.5%^{1,2}
Current development portfolio

- **5.6GW development portfolio** (3.4GW Coal, 2.2GW CCGT)
- Açú Power Plants with **5.4GW of plants in development** (3.3GW CCGT and 2.1GW Coal, first plants COD in 2016)³

10.0%¹
Overall in MPX GenCo

- **3.0GW portfolio in construction** (1.5GW Coal, 1.5GW CCGT)
- Natural Resources (Gas and Lignite)

50.0%¹
Future development portfolio

- Includes **generation capacity** (further thermal projects, renewables) as well as **trading/supply initiatives**

Strategic partnership with MBX - leveraging capabilities to create value

¹ Percentages reflect economic interest. ² Stake reflects calculated economic interest based on the direct shareholding via the JV (25%) and the indirect stake via the MPX shareholding (5% due to MPX's direct stake and 2.5% via MPX's stake in the JV; overall 7.5%). ³ Option for the JV to acquire 88.9% economic interest in Açú power plants.

Summary

Strategic perspective

- Entry into fundamentally attractive Brazilian power market
- Limited upfront investments
- Cooperation with very skilled & experienced local partner
- Superior access to fuel resources critical for business success
- Contribution of our know-how in renewable & conventional generation
- Disciplined approach towards the usage of capital

Financial perspective

- E.ON invests R\$850m (~€350m) for a ~10% stake in MPX, thereby forming a JV that secures:
 - 10% economic interest in MPX with 3 GW in construction
 - 32.5% economic interest in attractive 11 GW development pipeline in Brazil
 - JV call option for additional stake in Açú, leading to 50% E.ON, 50% MPX stake
 - 50% economic interest in new projects in conventional and renewable generation in Latin America

Partnership with MPX makes all strategic and financial sense

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Understanding market environment

Thermal generation: Auctions

Conditions

- A-5 and A-3 thermal auctions are for **long-term PPAs**
- **Completion 5 or 3 years** after auction
- EPE calculates "**assured energy**" based on **technical data** from bidder **and use** in the system¹
- Bidding based on an index (in BRL/MWh) with 2 components:
 - Requested fixed revenue BRL/year
 - EPE calculated system cost for the plant, based on technical data from bidder

PPA terms

- 15-20 years PPAs
- **Fixed revenue in BRL/year** indexed to inflation and **independent on dispatch**
- **Variable compensation** in BRL/MWh indexed to exchange rate US\$/BRL and international fuel indexes (implying **no commodity risk borne by generator**)
- **Volume risk passed through** to consumer
- In case of delays generators will need to contract (either in settlement market or free market)
- In case developer is operating before date, electricity can be sold in the free or settlement market
- In case availability requirements are not met ANEEL can adjust the "assured energy"
- At the end of the PPA the developer has the option to participate in auctions for existing energy or sell to the free market

Key Success Factors

- **Financing**
- **EPC capabilities and procurement**
- **Fuel contracting and logistics capabilities**
- **O&M (deliver contracted availability)**

Management action and capabilities, not temporary market effects, are critical for business success

1. Only up to 100% of the assured energy can be sold in the captive and free market. Source: EPE, E.ON.

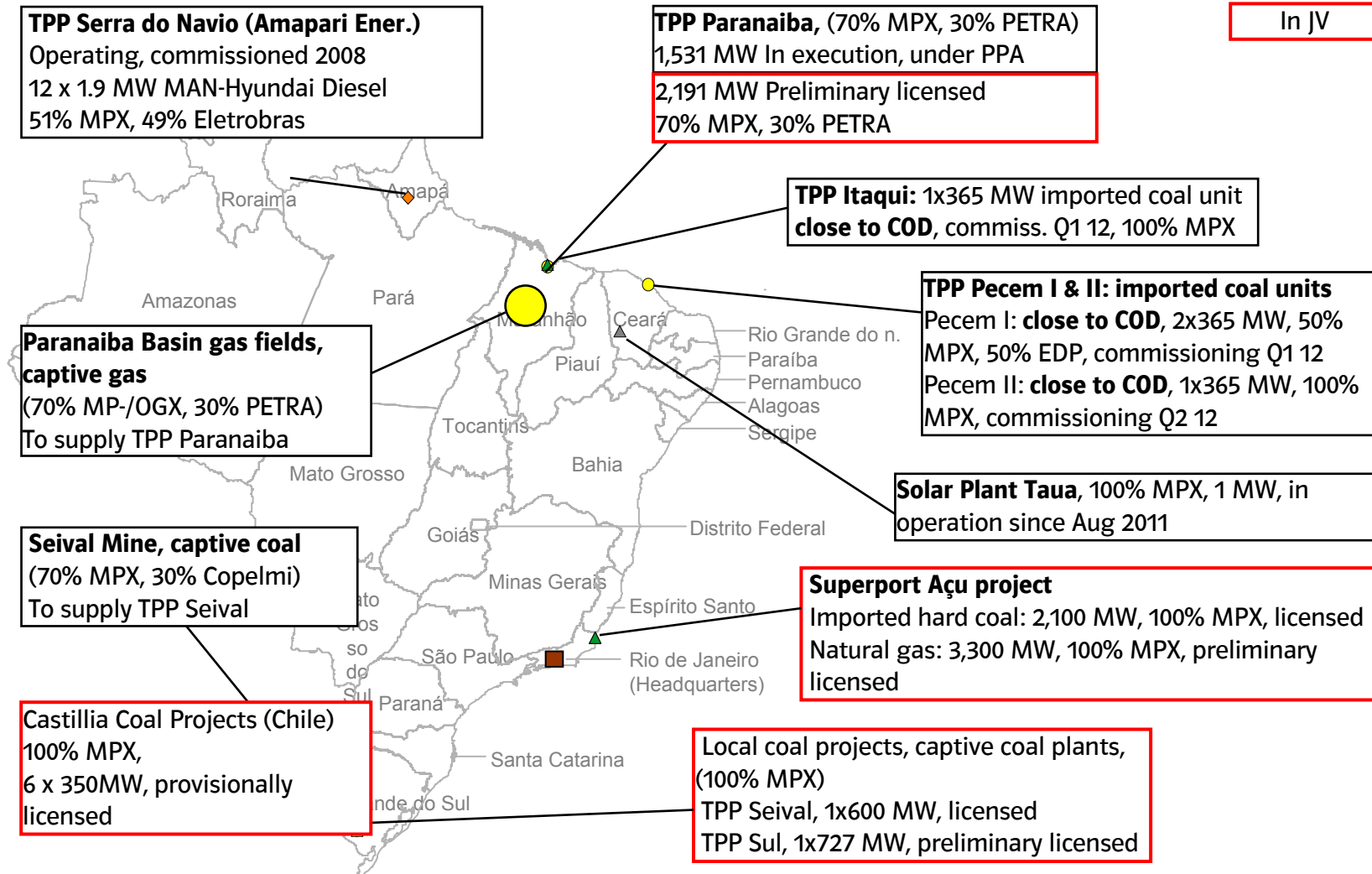
Understanding market environment

Thermal generation: Risk allocation

Risks	Holder	Description
Commodity risk	System	<ul style="list-style-type: none"> Fuel fully pass through to the consumer, indexed variable remuneration using international fuel indexes
Volume risk	System	<ul style="list-style-type: none"> Fixed revenues covering for all fixed costs of the thermal plant. Dispatched is done by the system operator, generator has no control
Permitting risk	Generator	<ul style="list-style-type: none"> Generator carries the permitting risk
Foreign exchange risk	System	<ul style="list-style-type: none"> Variable cost indexed to exchange rate US\$/BRL Capex exchange risk in the hands of IPP (requirement for local content)
Construction risk	Generator	<ul style="list-style-type: none"> Generator controls all the construction elements
Operating risk	Generator	<ul style="list-style-type: none"> Generator is fully responsible for operating the plant and guaranteed availability, and operating costs
Site selection	Generator	<ul style="list-style-type: none"> Generator is fully responsible for site selection

PPA system allows generators to lock in margins upfront, mitigating price and volume risk, while commodity price risk and inflation risks are mitigated through indexation

Project overview





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