

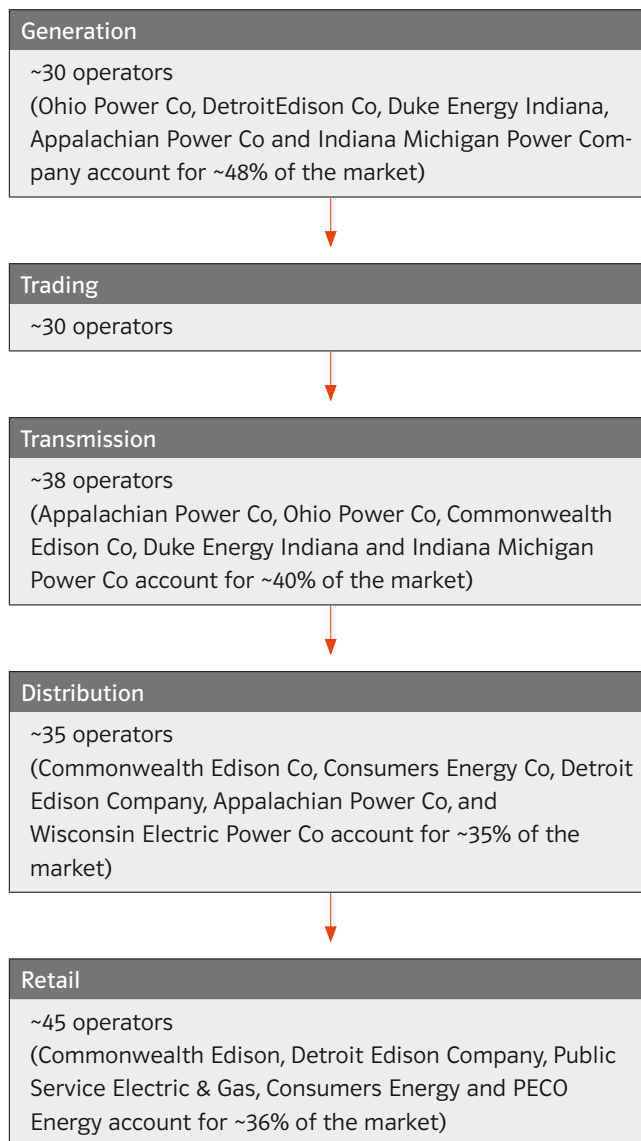
# U.S. Midwest Market Unit

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## Introduction

E.ON U.S. is an integrated energy services company with businesses in power generation, electric utility and retail gas services, as well as asset-based energy marketing. Asset-based energy marketing involves the off-system sale of excess power generated by physical assets owned or controlled by E.ON U.S. and its affiliates. E.ON U.S.'s power generation and retail electricity and gas services are located principally in Kentucky, with a small customer base in Virginia and Tennessee. As of December 31, 2008, E.ON U.S. owned or controlled aggregate generating capacity of approximately 7,500 MW. In 2008, E.ON U.S. served almost 1 million customers. The U.S. Midwest market unit recorded sales of €1,880 million in 2008 and adjusted EBIT of €395 million.

## Market Overview Power<sup>1</sup>

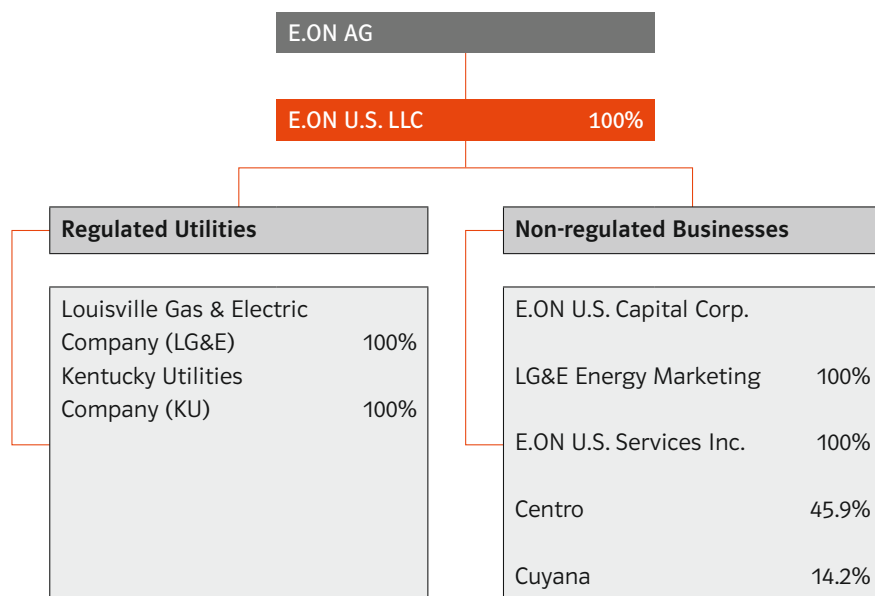


U.S. Midwest Power and Gas Supply	
Billion kWh	Supply <sup>1</sup>
Power	1,093
Gas	1,0310

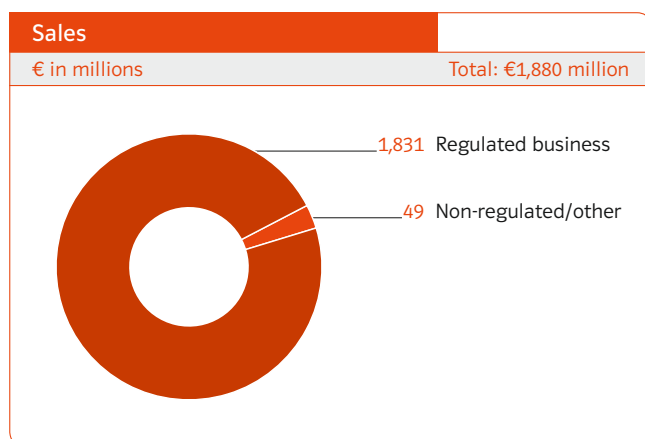
<sup>1</sup>As of 2005, PowerDat.

<sup>1</sup>OU information only. 2007 data.

## Business Activities



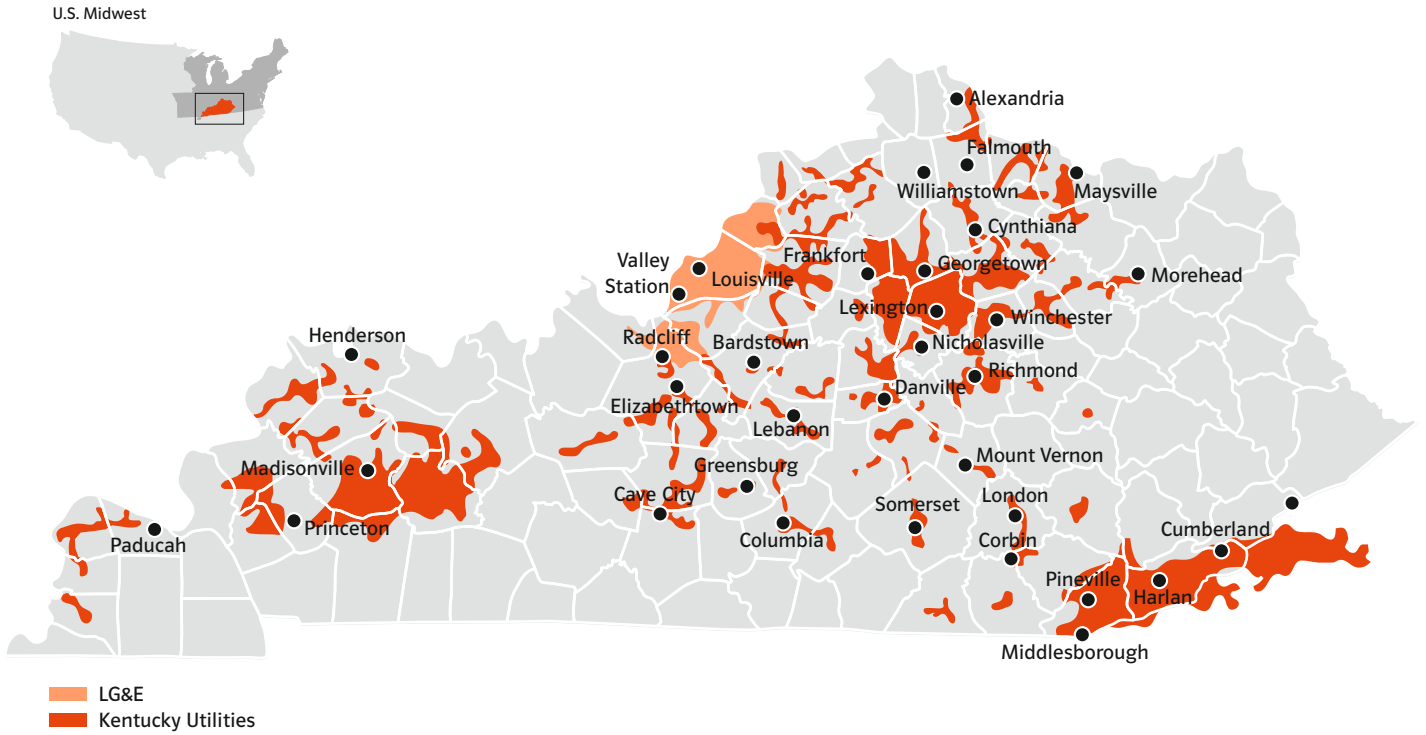
## 2008 Sales



### Significant market positions

- One of the U.S.'s lowest-cost energy providers.
- Honored several times by JD Power for outstanding customer satisfaction.
- More than 7.5 GW of low-cost generation capacity.
- Proven environmental track record through the reduction of SO<sub>2</sub> by 58 percent and NO<sub>x</sub> by 60 percent per unit since 1990.

## Power Service Territory

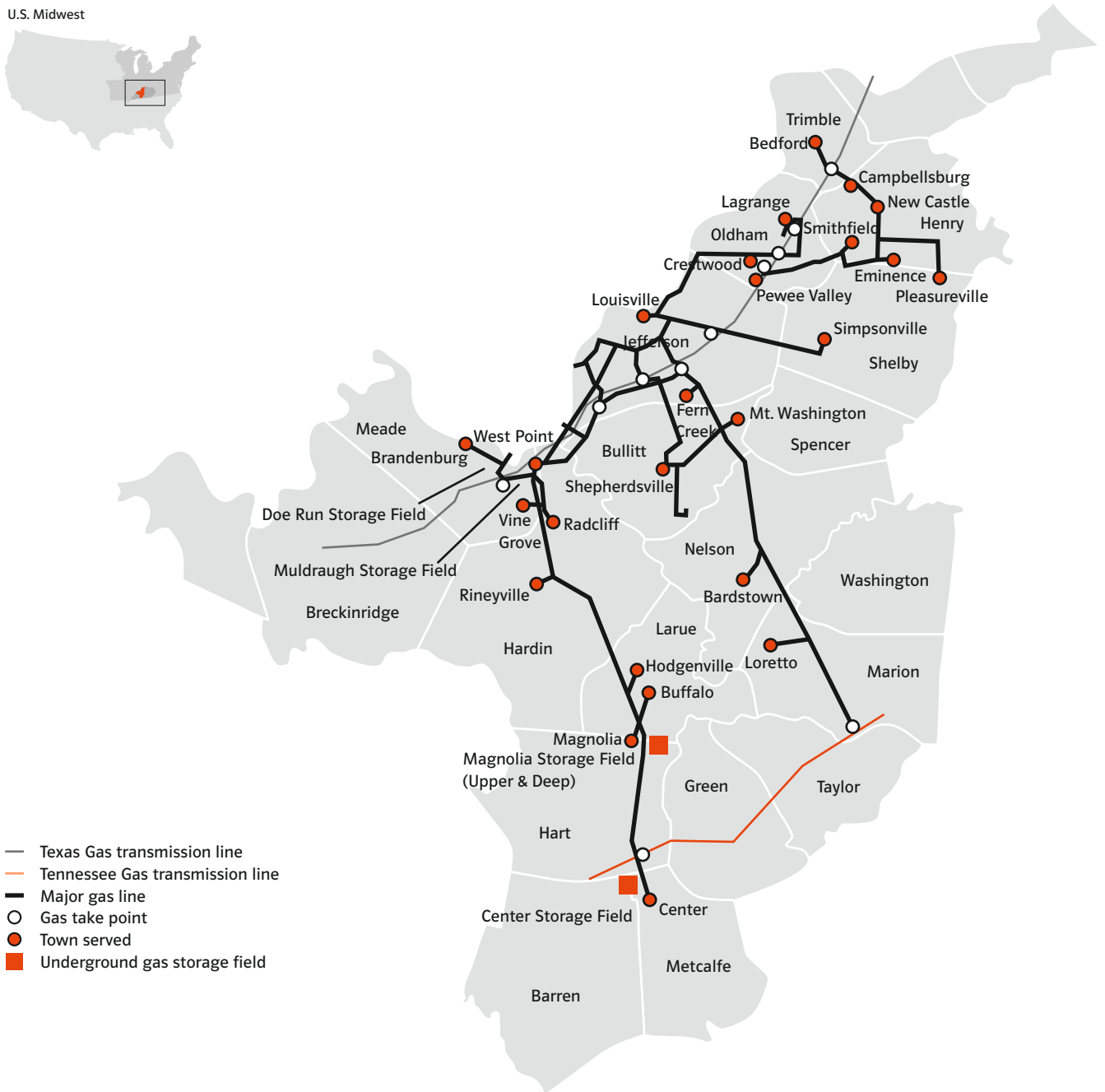


Power Sector	E.ON U.S. LLC shareholdings	Kentucky market	E.ON U.S. LLC market share in Kentucky %
Power supplied	36.4 billion kWh	98.4 billion kWh	37.0
Customers	0.9 million	2.1 million <sup>1</sup>	42.0
Transmission system length	4,931 miles	13,327 miles <sup>1</sup>	37.0
Generation capacity	7,507 MW	19,755 MW <sup>2</sup>	38.0
Generation output	35.4 billion kWh	98.3 billion kWh	36.0

<sup>1</sup>2007 data.

## Gas Supply Area

U.S. Midwest

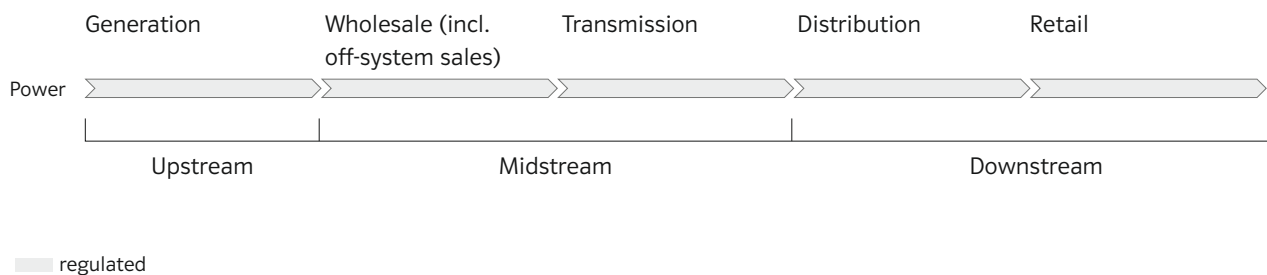


- Texas Gas transmission line
- Tennessee Gas transmission line
- Major gas line
- Gas take point
- Town served
- Underground gas storage field

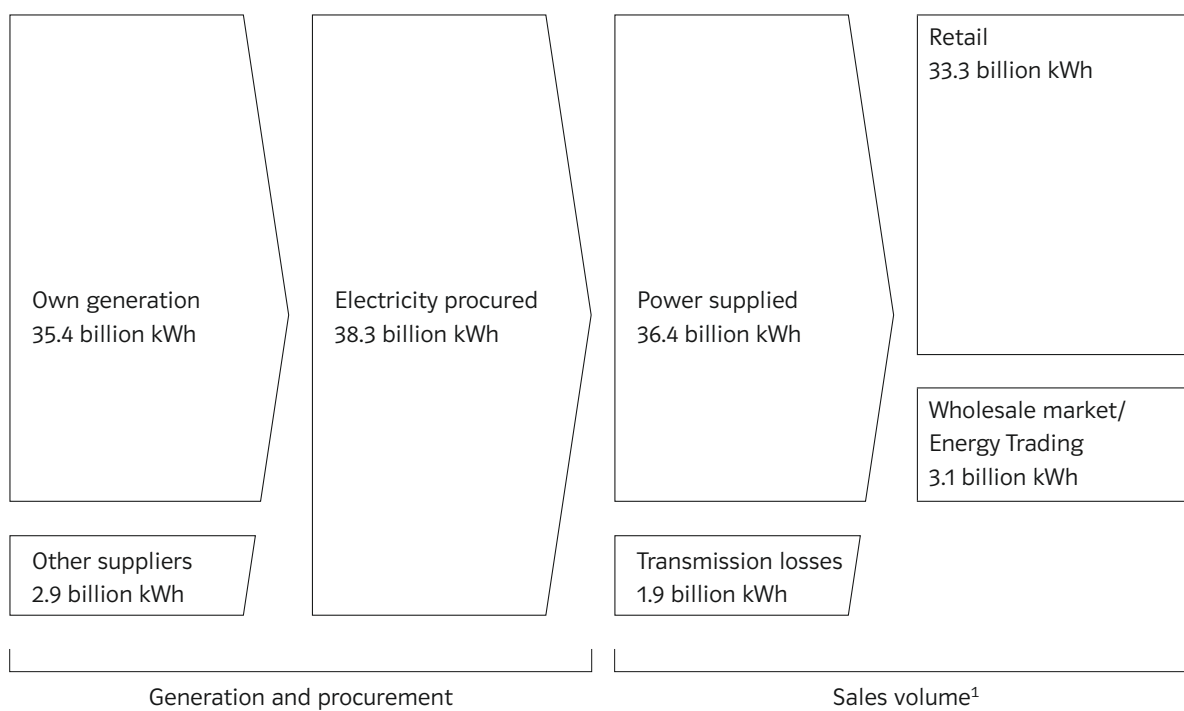
Natural Gas Sector			
	E.ON U.S. LLC shareholdings	Kentucky market <sup>1</sup>	E.ON U.S. LLC market share in Kentucky %
Sales volume	13.9 billion kWh	66.2 billion kWh	21.0
Customers	0.31 million	0.84 million	37.0
Gas storage <sup>2</sup>	8.0 billion kWh	66.7 billion kWh	12.0

<sup>1</sup>2007 data.  
<sup>2</sup>Total capacity.

## Power Business Activities along the Value Chain



## 2008 Power Procurement and Sales Volume



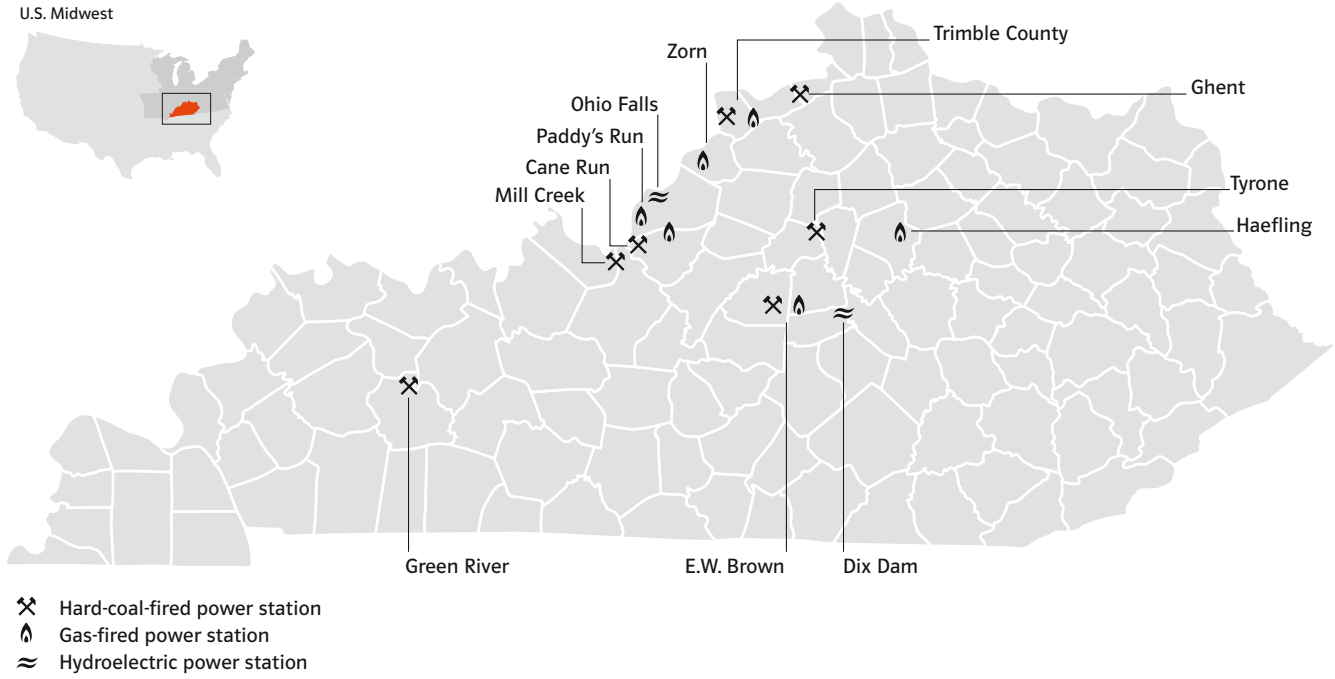
<sup>1</sup>Excludes brokered sales and discontinued operations.

## Generation Capacity and Output by Sources

Generation Capacity by Sources					
MW	2008	2007	2006	2005	2004
Gas/petroleum	2,164	2,164	2,141	2,244	2,244
Hydro	76	74	72	72	72
Hard coal	5,267	5,281	5,294	5,294	5,294
<b>E.ON U.S.</b>	<b>7,507</b>	<b>7,519</b>	<b>7,507</b>	<b>7,610</b>	<b>7,610</b>
Gas/petroleum/other	493,160	479,000	459,790	450,970	451,888
Hydro	76,730	76,720	100,590	95,140	98,405
Hard coal	311,210	311,370	310,660	309,330	313,020
Nuclear	100,560	100,470	100,050	100,110	99,628
<b>U.S. market overall</b>	<b>981,660</b>	<b>967,560</b>	<b>971,090</b>	<b>955,550</b>	<b>962,941</b>

Generation Output by Sources					
GWh	2008	2007	2006	2005	2004
Gas/petroleum	449	986	722	885	197
Hydro	213	167	287	231	309
Hard coal	34,776	33,510	34,183	34,508	33,915
<b>E.ON U.S.</b>	<b>35,482</b>	<b>34,663</b>	<b>35,192</b>	<b>35,624</b>	<b>34,421</b>
Gas/petroleum/other	1,067,845	1,091,136	997,128	984,842	943,478
Hydro	241,847	241,318	281,397	258,510	259,929
Hard coal	1,994,385	2,020,572	1,987,224	2,014,173	1,978,620
Nuclear	806,182	806,487	787,219	780,465	788,528
<b>U.S. market overall</b>	<b>4,110,259</b>	<b>4,159,513</b>	<b>4,052,968</b>	<b>4,037,990</b>	<b>3,970,555</b>

# Generation Assets



## Generation Assets

Hard-Coal-fired Electric Power Stations		E.ON U.S.'s share		
As of December 31, 2008	Total capacity net MW	%	Attributable capacity MW	Start-up date
Cane Run 4 <sup>1</sup>	155	100.0	155	1962
Cane Run 5 <sup>1</sup>	168	100.0	168	1966
Cane Run 6 <sup>1</sup>	240	100.0	240	1969
E.W. Brown 1 <sup>2</sup>	101	100.0	101	1957
E.W. Brown 2 <sup>2</sup>	167	100.0	167	1963
E.W. Brown 3 <sup>2</sup>	429	100.0	429	1971
Ghent 1 <sup>2</sup>	475	100.0	475	1974
Ghent 2 <sup>2</sup>	484	100.0	484	1977
Ghent 3 <sup>2</sup>	480	100.0	480	1981
Ghent 4 <sup>2</sup>	493	100.0	493	1984
Green River 3 <sup>2</sup>	68	100.0	68	1954
Green River 4 <sup>2</sup>	95	100.0	95	1959
Mill Creek 1 <sup>1</sup>	303	100.0	303	1972
Mill Creek 2 <sup>1</sup>	301	100.0	301	1974
Mill Creek 3 <sup>1</sup>	391	100.0	391	1978
Mill Creek 4 <sup>1</sup>	477	100.0	477	1982
Trimble County 1 <sup>1</sup>	511	75.0	383	1990
Tyrone 3 <sup>2</sup>	71	100.0	71	1953
<b>Total</b>	<b>5,409</b>		<b>5,281</b>	

<sup>1</sup>Power station owned by LG&E.  
<sup>2</sup>Power station owned by KU.

## Gas-Fired Electric Power Stations

As of December 31, 2008	Total capacity net MW	E.ON U.S.'s share		Start-up date
		%	Attributable capacity MW	
Cane Run 11 <sup>1</sup>	14	100.0	14	1968
E.W. Brown 5 <sup>3</sup>	117	100.0	117	2001
E.W. Brown 6 <sup>3</sup>	154	100.0	154	1999
E.W. Brown 7 <sup>3</sup>	154	100.0	154	1999
E.W. Brown 8 <sup>2</sup>	106	100.0	106	1995
E.W. Brown 9 <sup>2</sup>	106	100.0	106	1994
E.W. Brown 10 <sup>2</sup>	106	100.0	106	1995
E.W. Brown 11 <sup>2</sup>	106	100.0	106	1996
E.W. Brown IAC <sup>3</sup>	98	100.0	98	2000
Haefling 1 <sup>2</sup>	12	100.0	12	1970
Haefling 2 <sup>2</sup>	12	100.0	12	1970
Haefling 3 <sup>2</sup>	12	100.0	12	1970
Paddy's Run 11 <sup>1</sup>	12	100.0	12	1968
Paddy's Run 12 <sup>1</sup>	23	100.0	23	1968
Paddy's Run 13 <sup>3</sup>	158	100.0	158	2001
Trimble County 5 <sup>3</sup>	160	100.0	160	2002
Trimble County 6 <sup>3</sup>	160	100.0	160	2002
Trimble County 7 <sup>3</sup>	160	100.0	160	2004
Trimble County 8 <sup>3</sup>	160	100.0	160	2004
Trimble County 9 <sup>3</sup>	160	100.0	160	2004
Trimble County 10 <sup>3</sup>	160	100.0	160	2004
Zorn 1 <sup>1</sup>	14	100.0	14	1969
<b>Total</b>	<b>2,164</b>		<b>2,164</b>	

<sup>1</sup>Power station owned by LG&E.  
<sup>2</sup>Power station owned by KU.  
<sup>3</sup>Power station jointly owned by LG&E and KU.

## Hydroelectric Power Stations

As of December 31, 2008	Total capacity net MW	E.ON U.S.'s share		Start-up date
		%	Attributable capacity MW	
Dix Dam <sup>2</sup>	24	100.0	24	1925
Ohio Falls <sup>1</sup>	50	100.0	50	1928
<b>Total</b>	<b>74</b>		<b>74</b>	

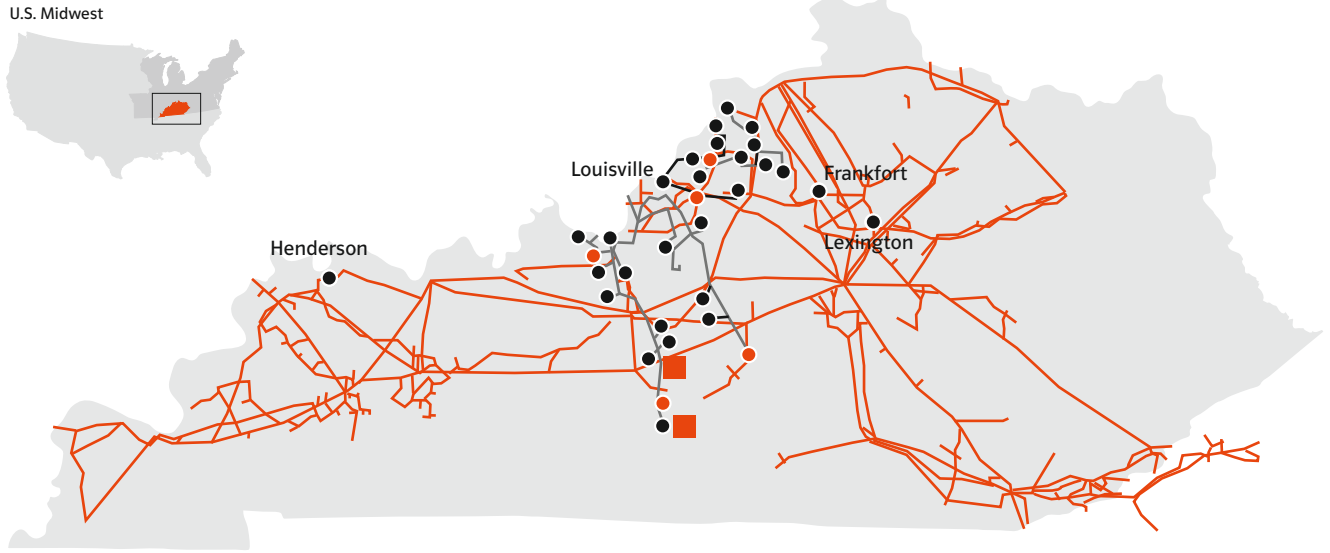
<sup>1</sup>Power station owned by LG&E.  
<sup>2</sup>Power station owned by KU.

## Generation Assets

Mothballed/Shutdown/Reduced Electric Power Stations		E.ON U.S.'s share		
As of December 31, 2008	Total capacity net MW	%	Attributable capacity MW	Start-up date
Green River 1 <sup>1</sup>	22	100.0	22	1950
Green River 2 <sup>1</sup>	22	100.0	22	1950
Tyrone Unit 1 <sup>1</sup>	27	100.0	27	1947
Tyrone Unit 2 <sup>1</sup>	31	100.0	31	1948
<b>Total</b>	<b>102</b>		<b>102</b>	

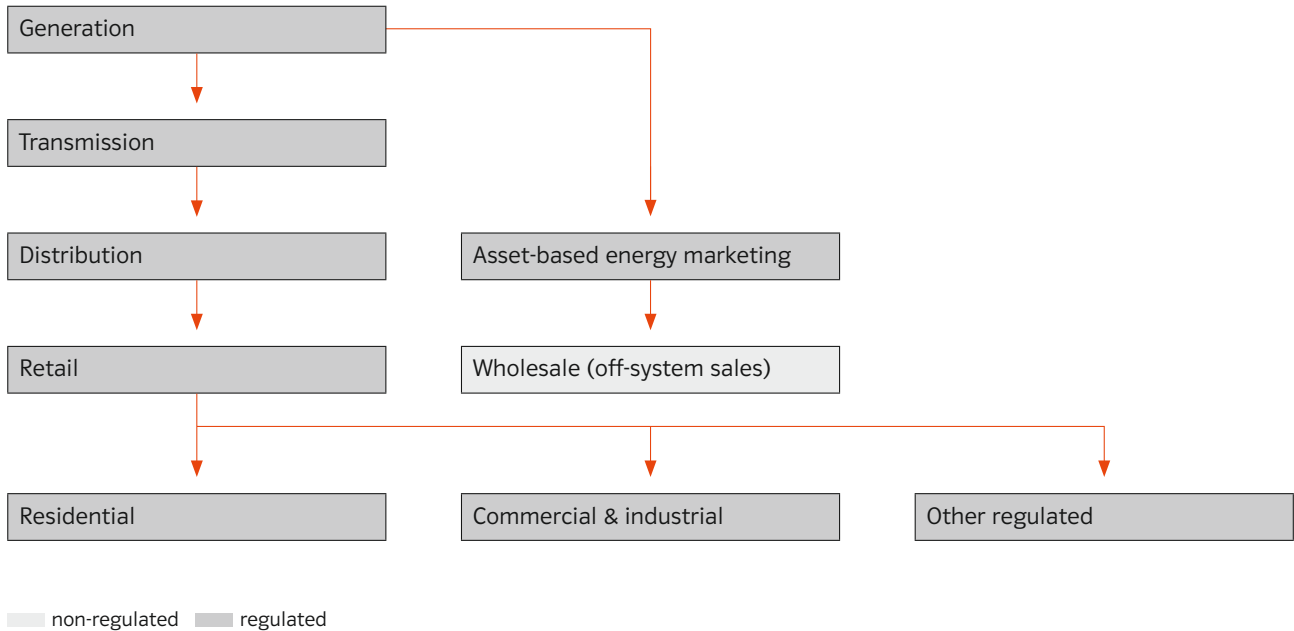
<sup>1</sup>Power station owned by KU.

# Distribution Map



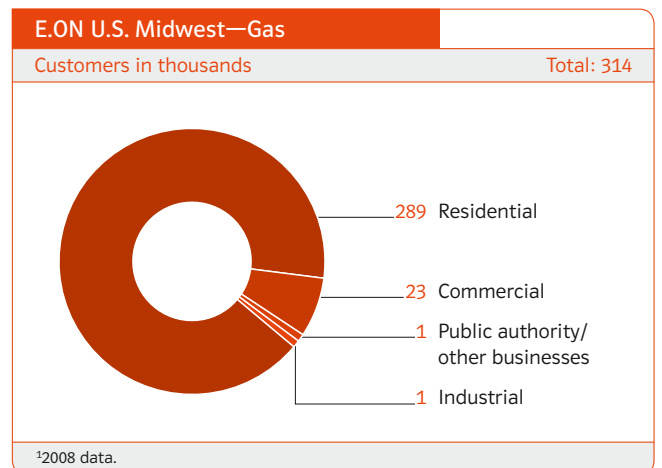
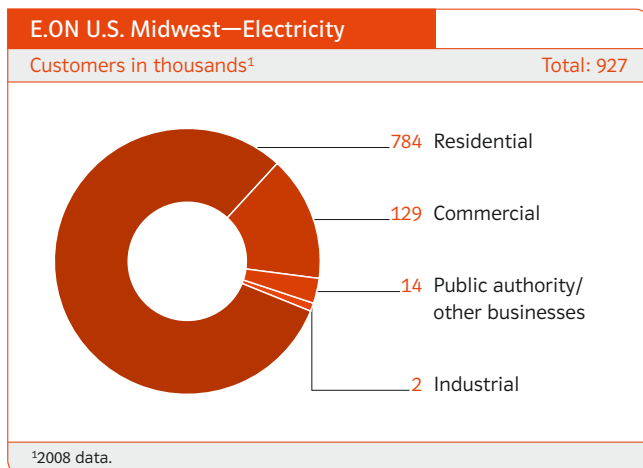
- Electric system**
  - Major electricity transmission line
- Gas system**
  - Major gas line
  - Gas take point
  - Town served
  - Underground gas storage field

## Supply Structure



- Clear responsibilities for customer segments.
- Optimal supply chain management.
- Optimizing generation capacity by sales and trading.

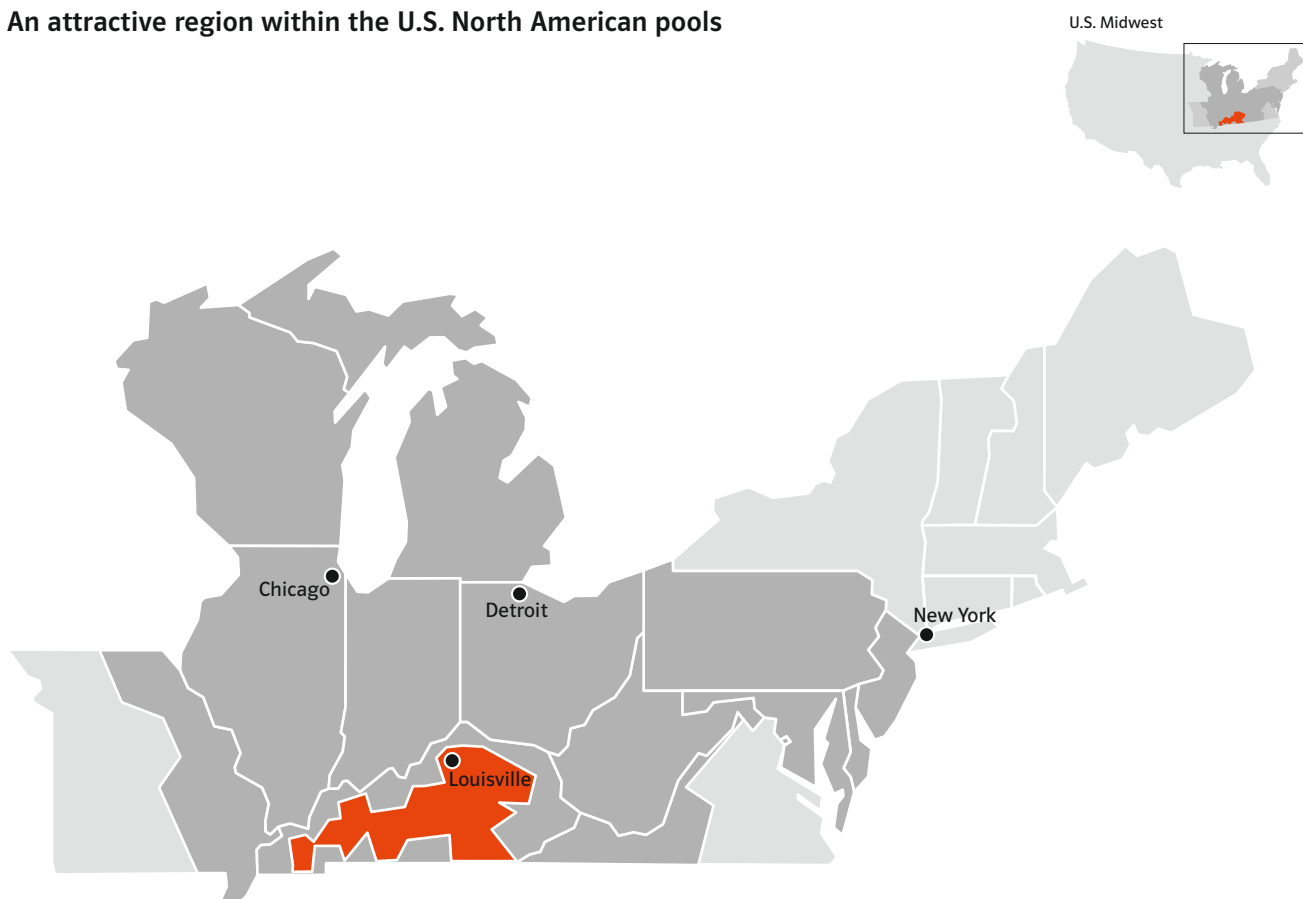
## Power and Gas Customers



- Louisville Gas & Electric and Kentucky Utilities serve over 1 million customers in 81 of Kentucky’s 120 counties.
- Kentucky Utilities also serves customers in five counties of southwestern Virginia through Old Dominion Power Company.

## U.S. Midwest Region

An attractive region within the U.S. North American pools



- 29 percent of U.S. electricity demand is in the Midwest.
- Important power interchanges with good network/grid interfaces.
- Heavily industrialized region.
- Potential for consolidation in a fragmented market.
- Favorable regulatory conditions.

## Key Figures

U.S. Midwest Key Figures			
	2008	2007	%
Sales	€1,880 million	€1,819 million	+3.0
Adjusted EBITDA	€549 million	€543 million	+1.1
Adjusted EBIT	€395 million	€388 million	+2.0
ROCE	6.0%	5.7%	+5.3 <sup>1</sup>
Cost of capital	8.7%	7.8%	+11.5 <sup>1</sup>
Value added	-€176 million	-€142 million	-
Cash provided by operating activities	€271 million	€216 million	-43.0
Investments	€650 million	€690 million	-6.0
Employees (at year-end)	3,110	2,977	+4.0

<sup>1</sup>Change in percentage points.

Sales by Customer Segment			
Billion kWh	2008	2007	%
Retail customers	33.3	34.3	-2.9
Off-system sales	3.1	1.6	+93.8
<b>Power sales</b>	<b>36.4</b>	<b>35.9</b>	<b>+1.4</b>
Retail customers	13.6	13.1	+3.8
Off-system sales	0.3	0.5	-40.0
<b>Gas sales</b>	<b>13.9</b>	<b>13.6</b>	<b>+2.2</b>