



**Conference Call for Analysts and Investors
Nine Months Results 2008**

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Presentation by:

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Please check against delivery

Good afternoon ladies and gentlemen, and thank you for joining us on this conference call on our first nine months 2008 results.

Since the last time I spoke to you, at the presentation of our first half results, the financial crisis has massively accelerated, and is morphing into a general economic slowdown. We need to take stock of the new scenario that has been developing over the last two months, a very different one to what was expected only a few months ago.

Impact of the economic downturn

Compared to other industries, E.ON's businesses should remain relatively shielded from the economic slowdown.

Electricity and gas demand are not very sensitive to the economic cycle.

In addition, the longer term fundamentals of the sector continue to look strong. In most of our markets, the need for investments in new power generation capacity is driven by the need to replace aging capacity more than by consumption growth. Climate change concerns and tight primary energy supply will continue to support the strong expansion of renewables. And in the gas business, the decline of domestic gas production in the EU underpins investments in new gas import and gas storage infrastructure.

Nevertheless, E.ON will not remain completely immune to the economic downturn.

Electricity and gas prices tend to move with overall energy prices, and especially oil prices. Oil prices reached extreme highs in July, but have now fallen back to much lower levels.

Over time, energy prices obviously have a material effect on our earnings, especially in the power generation business. However, as you know, we sell forward our generation output for several years. As a result, the short-term volatility of energy prices is smoothed out in our earnings. I would like to highlight in this respect that we accelerated hedging in particular our Central European output in May this year and especially during the third quarter, at a time of rather attractive prices. By now, we have sold more than 60% of our output in Central Europe for 2010.

A second aspect that needs to be considered is the impact of the financial crisis on our financing. E.ON continues to enjoy a good access to the debt markets. Nevertheless, credit spreads have increased substantially over the last few weeks, and liquidity being provided by the public debt markets is at very low levels.

Our reaction to the economic downturn

Where does that lead us to? We are entering the period of the year where we review our budgets and investment plans for the next years. In these uncertain times, the Board of Management prefers to err on the side of caution.

Despite the tougher credit markets, we remain comfortable with the **capital structure** that we outlined on May 31st, 2007. We are fully committed to a single A flat rating, which translates into a target for economic net debt of 3 times adjusted EBITDA. Following the acquisition of Viesgo and selected Endesa assets, we will come out slightly above that level this year. We will bring economic net debt back to target over the next two years.

In this context, we will continue to apply a particularly stringent discipline to the review of our **investments**.

Most of the projects included in the 50 billion Euros investment plan for 2008-2010 have already been carried out or are already at a very advanced stage. However, there are a number of conventional power plant projects for example for which we have made no firm commitments at this stage. Furthermore, our impression is that component prices have just passed a peak, and that they may come down in the wake of lower steel and other commodity prices. Thus, keeping such projects on hold looks the right thing to do for the time being, both from a macro- and from a micro-economic perspective.

In addition, we have decided to delay the completion of our **share buy-back program**. We have already purchased 6.5 of the 7 billion Euros that we had promised to buy back. We consider it prudent to wait for the credit markets to settle before buying the remaining 500 million Euros of own shares.

With regard to **performance**, we remain fully committed to delivering an adjusted EBIT of 12.4 billion Euros in 2010. As our first nine month results demonstrate, we are well on track. Marcus Schenck will detail all that in a moment.

In the mean time, we are not standing still. Over the last few weeks, we took several further steps to execute our strategy.

- First, we concluded an agreement with Gazprom with regard to Yuzhno Russkoje.
- Second, Abu Dhabi's Masdar and E.ON joined forces to partner in the London Array offshore wind farm project.
- Third, we are progressing with the disposal of 4.8 GW of generation capacity in Germany.
- Fourth, we have decided to explore the possibility of a disposal of Thüga.
- And finally, I will comment on an initiative to improve operational performance across the group that caused some press speculation last week.

Yuzhno Russkoje

Let me start with the agreement regarding Yuzhno Russkoje.

In early October, we agreed with Gazprom to swap the 2.9 percent stake in Gazprom held via ZAO Gerosgaz for 25 percent minus one share in the giant Yuzhno Russkoje gas field.

Yuzhno Russkoje has reserves of over 600 billion cubic meters, making it one of the largest gas fields in the world. First gas flowed last year. And next year already, the field will reach plateau production at around 25 billion cubic meters annually.

With a share of around 6 billion cubic meters, E.ON's participation in the production of Yuzhno Russkoje represents a huge step towards our objective of producing 10 billion cubic meter of equity gas.

Due to the technical complexity of unwinding ZAO Gerosgaz, the joint venture through which we hold a 2.9% stake in Gazprom, we expect the transaction to close in the fourth quarter of 2009. However, we have agreed that the operation should be accounted for retroactively as of January 1st, 2009.

Agreement with Masdar

Let me continue with our partnership with Masdar.

Under the agreement, Masdar has entered the London Array wind offshore project in the UK. Masdar has acquired 40 percent of E.ON's 50 percent of the London Array scheme, giving it a 20 percent stake in the project overall.

However, the agreement regarding London Array is meant to be a pioneering project within the global renewable energy partnership that we want to develop. We have secured in Masdar a strong partner to work with us on London Array and on future renewable energy projects which will help us push the industry from boutique to industrial scale.

We hope to announce a series of exciting joint projects over the coming months. We are generally interested to access renewable energy projects in emerging markets, and more specifically in the Middle East and in North Africa.

Disposal of 4.8 GW in Germany

Let me now briefly update you on the stand of our settlement with the EU Commission.

The market test was completed successfully during the summer. We are now waiting for the final confirmation from the EU Commission.

In the mean time, we have initiated discussions with several parties regarding the 4.8 GW of generation capacity on offer.

Thüga

I would like now to discuss the decision to explore a potential disposal of Thüga.

Thüga is a holding company which actively manages a substantial portfolio of minority stakes of municipal utilities in Germany. As a consequence of the intensifying competition and regulation on the German market, many opportunities are opening up to Thüga to participate in the consolidation of the municipal utilities landscape. However, the antitrust limits set by the Federal Cartel Office for the E.ON group prevent Thüga from fully leveraging its development potential in its area of expertise.

We have therefore decided to explore the possibility of a disposal. I would like to underline that we have not taken a firm decision in this respect. We will also look at other options. Also, we have not defined how we might best structure such an operation. A full review of Thüga will require several months.

Performance improvement programs

Let me now tell you a bit more about the performance improvement program which came up in the German press last week.

We had already initiated this program several months ago, well before the worsening of the financial crisis.

After a strong phase of expansion and acquisitions, we felt it necessary to revisit once again how we can best run our organization and processes.

The objective is to further improve our operational performance, with a special focus on reducing administrative costs and on simplifying reporting and decision processes.

The program mentioned in the press is one of many projects and initiatives which will help us deliver on our 12.4 billion Euros target for 2010 adjusted EBIT.

Conclusion

Ladies and Gentlemen, let me now conclude my presentation.

Marcus will walk you through the detailed figures for the first months of 2008. As you will see, the Q3 results are solid and prove that we are well on track to deliver on our 2008 promises.

Looking ahead, we continue to feel comfortable with the strategy and the targets that we outlined on May 31st, 2007. Our growth-oriented strategy rests on solid long-term fundamentals for the sector.

However, given the uncertain state of the economy, we want to be slightly more conservative than before, with respect to our capital structure and with respect to our investment program.

Nevertheless, our business is marked by long cycles and long investment horizons. The immediate challenge for us is to find the right balance between complacency on the one hand, and overreaction on the other hand.

This concludes my remarks. Thank you for your attention. I will remain on the call to answer your questions later on.

Marcus over to you.