Telephone Conference on the Release of
E.ON AG’s Interim Report for January 1 – June 30, 2008

Düsseldorf, August 13, 2008

Statement by:

Dr. Marcus Schenck

Member of the E.ON AG Board of Management and CFO

Please check against delivery

In the first half of 2008, E.ON's business continued its positive development. Key financial figures like adjusted EBIT and adjusted net income improved compared with the first half of last year, while cash providing by operating activities was slightly above the high prior-year level.

Sales rose by 16 percent year on year, to €41.2 billion from €35.6 billion. The increase is mainly attributable to positive effects at Central Europe and Pan-European Gas resulting from higher wholesale electricity and natural gas prices. Another positive factor was the inclusion of our operations in Russia and our recently acquired renewables operations (E2-I and Airtricity). Expanded production at our upstream gas business and a weather-driven increase in gas sales volume also served to increase sales. A regulation-driven decline in network sales was a negative factor.

E.ON's **adjusted EBIT** of €5.8 billion surpassed the prior-year figure by 6 percent.

- **Central Europe's** adjusted EBIT increased by 7 percent to €2.7 billion primarily due to positive effects on gross margins. These positive effects more than offset the adverse effects of the continued shutdowns at Krümmel and Brunsbüttel nuclear power stations, higher fuel and power procurement costs, and the reduction of electricity network fees in Germany.

- **Pan-European Gas's** adjusted EBIT increased by 3 percent to just under €1.7 billion, benefiting from higher prices and higher production in the upstream business. Midstream's adjusted EBIT declined despite a weather-driven increase in sales volume and higher earnings from storage valuations. Gas procurement costs rose significantly due to the indexing of gas prices to heating oil prices. This adversely affected midstream's adjusted EBIT because procurement prices reflect changes in heating oil prices faster than sales prices. Competitive pressure on sales prices was another negative factor. In addition, price factors prevented us from recording earnings on portfolio optimization between Continental European and U.K. gas markets, as was done in the prior-year period. In the downstream business, higher earnings at E.ON Földgaz in Hungary were more than offset by lower equity earnings, the absence of earnings streams following the transfer of Italian operations to the Italy market unit, and the absence of income from disposals recorded in the year-earlier period.

- **U.K.'s** adjusted EBIT declined by 24 percent to about €560 million. The key negative factors were currency effects of €84 million and significantly lower retail margins.

- **Nordic's** adjusted EBIT climbed by 9 percent to just under €520 million. Rising market-based transfer prices between Energy Trading and Nordic's generation business were partially mitigated by lower hydro production and slightly higher production costs.

- **U.S. Midwest's** adjusted EBIT was in line with the prior year in local currency but declined by 15 percent to €150 million in reporting currency due to the strong euro.

- As we anticipated in our earnings commentary of three months ago, the negative seasonal effects of the first quarter were balanced out at **Energy Trading,** which recorded an adjusted EBIT of €99 million. The proprietary trading segment posted an adjusted EBIT of €57 million, thereby making a tangible contribution to earnings. Energy Trading's first-quarter adjusted EBIT was -€80 million. This resulted mainly from seasonal fluctuations in the optimization portfolio for Germany. Due to our transfer price system, these fluctuations have an adverse impact on Energy Trading's earnings in the first and fourth quarters of each year. Margins for these quarters reflect higher winter prices on the procurement side and average annual prices on the sales side. An earnings improvement typically occurs in the summer months, as it did this year.

- Adjusted EBIT shown under **Corporate Center/New Markets** amounted to €39 million. At the half-year mark, our new market units made a comparatively small contribution to adjusted EBIT. Climate & Renewables' adjusted EBIT was €29 million, Italy's €75 million. As expected, we're still building up our Russia market unit, which recorded an adjusted EBIT of -€37 million. Higher writedowns from the purchase-price allocation and integration costs were the main negative factors. The acquisition of assets under our agreement with Enel and Acciona affects our first-half balance sheet but not our first-half earnings, since the transaction closed so near the end of the second quarter.

Net income attributable to shareholders of E.ON AG declined by 25 percent to just under €3 billion. There were two main causes. First, our investment program has, as planned, increased our economic net debt, resulting in a roughly €350 million increase in our interest expense. Second, nonoperating earnings were about €1.6 billion lower than the prior-year figure. Here, the principal negative factor was the marking to market of derivatives, which resulted in a loss of just under €1.1 billion. In addition, gains from disposals were significantly higher in the prior-year period.

Adjusted net income, which for us is a more meaningful figure, declined by 8 percent to €3.3 billion, mainly reflecting our positive adjusted EBIT performance.

I'd now like to turn from our earnings situation to our financial situation.

Our economic investments (which reflect, in particular, debt acquired) of about €15.8 billion were nearly six times higher than the year-earlier figure of €2.7 billion, primarily due to the closing, in late June, of the transaction from our agreement with Enel and Acciona. In addition to this item, our investments went mainly towards wind farm projects at Climate & Renewables, power generation, power networks, the expansion of our gas infrastructure, and the development of our upstream gas business. These organic investments totaled about €3 billion in the first half of 2008.

Cash provided by operating activities rose slightly year on year to about €4.8 billion. Due primarily to a change in storage usage at Pan-European Gas, our cash flow performance didn't quite match our adjusted EBIT performance.

Our economic net debt increased from about €24 billion at year end 2007 to just under €40 billion at June 30, 2008, mainly due to the investments I just mentioned. Our high cash provided by operating activities of €4.8 billion more than offset the dividend payout and the continuation of our buyback program. As a reminder, the increase in our debt is intended and represents another important step towards an efficient capital structure.

Now for our **outlook.** When we released our first-quarter results, we announced that the substantial changes to our organizational structure mean that a segmented comparison would have limited informational value and that we wouldn't be issuing earnings forecasts for each market unit.

For the E.ON Group as a whole, we stand by the targets for 2008 we issued with our 2007 results. We expect our **adjusted EBIT** for 2008 to surpass the 2007 figure by 5 to 10 percent.

We now expect 2008 **adjusted net income,** the key figure on which we base our dividend, to surpass the prior-year figure by 5 to 10 percent, as well. At the time of our first-quarter earnings release, we expected this figure to increase by just 3 to 5 percent.

We also stand by the ambitious targets for 2010 that we issued last May and are on the right course to achieve them.