

Nordic Market Unit

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Introduction

E.ON Nordic's principal business, carried out mainly through E.ON Sverige, is the generation, distribution, sales and trading of power, gas and heat, mainly in Sweden. E.ON Sverige is the second-largest Swedish utility (on the basis of power sales and production capacity).

E.ON Nordic is the largest shareholder in E.ON Sverige, currently holding 55.3 percent of the share capital and a 56.6 percent voting interest. On October 12, 2007, E.ON and Statkraft signed a letter of intent stating that E.ON AG will take over Statkraft's 44.6 percent interest within 2008. The value of this transaction amounts to €4.4 billion.

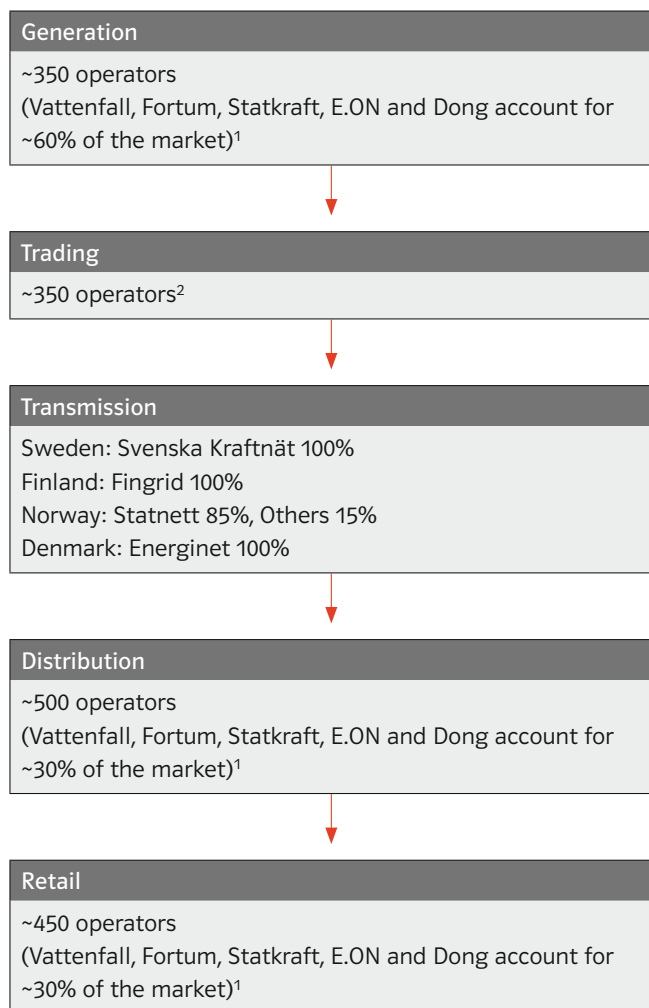
For the first half of 2006, E.ON Nordic also held a majority shareholding in E.ON Finland. On June 26, 2006, E.ON Nordic and Fortum Power and Heat Oy ("Fortum") finalized the transfer of this interest pursuant to an agreement signed on February 2, 2006. In total, 10,246,565 shares, equivalent to 65.56 percent of the share capital and voting interest of E.ON Finland, were transferred to Fortum for total consideration of approximately €390 million.

E.ON Nordic and its associated companies are actively involved in the ownership and operation of power generation facilities. As of December 31, 2007, E.ON Nordic owned, through E.ON Sverige, interests in power stations with a total installed capacity of approximately 18,200 MW, of which its attributable share was approximately 7,400 MW (not including mothballed and shutdown power plants).

In 2007, about 51 percent of the electric power generated by E.ON Nordic through E.ON Sverige was generated at nuclear facilities and about 44 percent at hydroelectric plants. The remaining approximately 5 percent was generated using fuel oil, biomass, natural gas, wind power and waste. E.ON Nordic also supplies gas, is active in the heat and waste business and conducts electricity trading activities. In 2007, E.ON Nordic had sales of €3.3 billion and adjusted EBIT of €670 million. Electricity contributed approximately 75 percent, heat 12 percent, gas 6 percent and other 7 percent of 2007 sales, net of energy taxes. Other sales are mainly attributable to the waste business, as well as contracting activities. E.ON Nordic traded a total of approximately 62.5 billion kWh of electricity in 2007 (including both purchases and sales). E.ON Nordic is primarily active in Sweden, but also operates to a minor degree in Finland, Denmark and Poland. In 2007, E.ON Nordic estimates that it supplied about 21 percent of the electricity consumed by end users in Sweden.

In January 2007, a severe storm hit Sweden cutting power to approximately 300,000 households, including approximately 170,000 E.ON Nordic customers. The expenses incurred by E.ON Nordic for providing mandatory compensation to affected customers in accordance with newly enacted Swedish legislation, as well as rebuilding infrastructure, amounted to €95 million.

Market Overview Power



¹According to Fortum's annual report 2006, page 11 (confirmed by Swedish National Energy Agency, Energimarknadsinspektionen).

²According to "Energimarknadsinspektionens Yearly Report 2006," published by Swedish National Energy Agency.

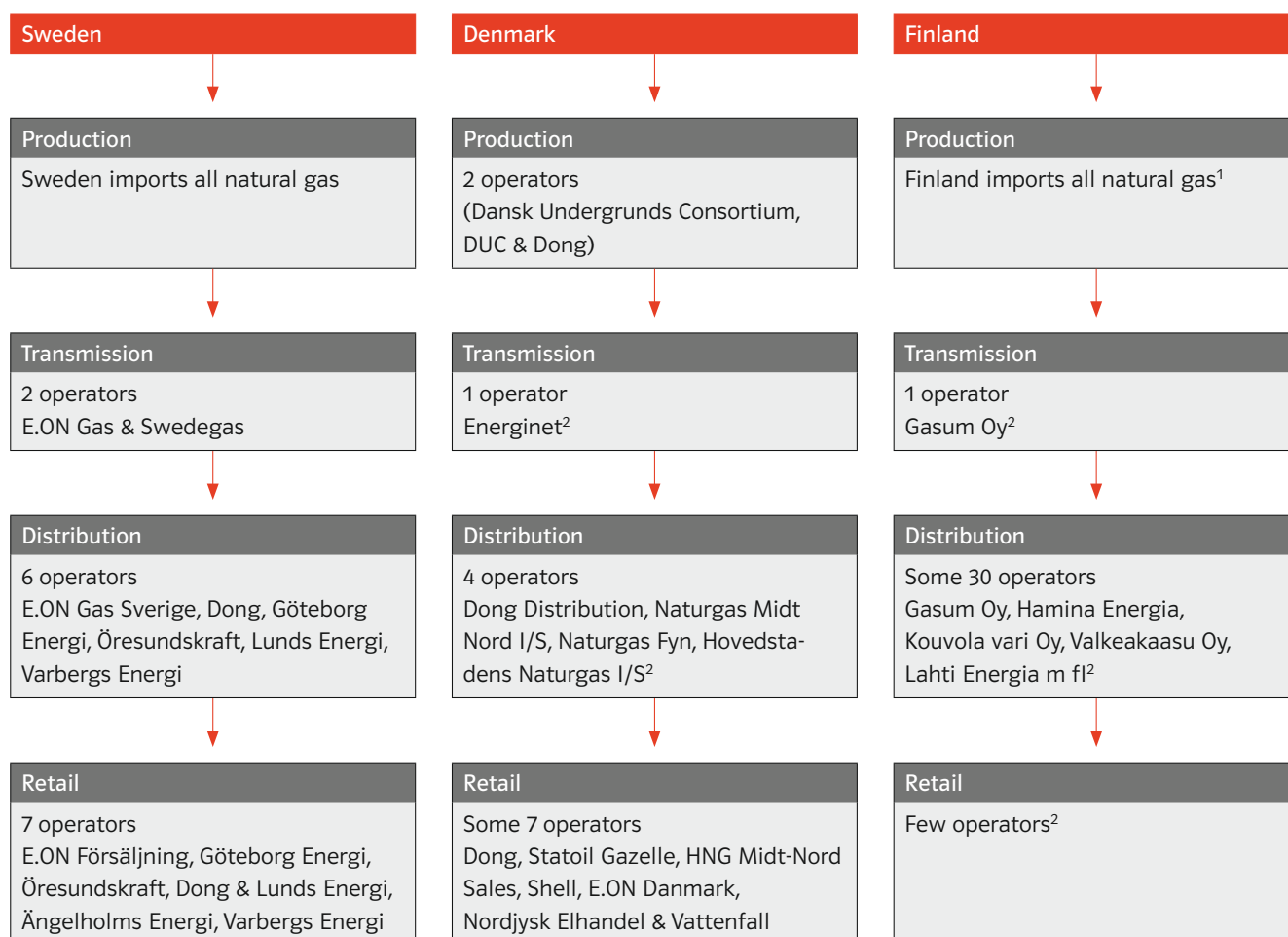
Nordic Power Market

Billion kWh	Power supplied ¹	CAGR 2005-2010
Sweden	145	0.8%
Norway	126	0.9%
Finland	90	2.2%
Denmark	36	0.0%

Total **397**

¹As of December 31, 2007. Source: Fortum Annual Report 2007.
CAGR = Compound annual growth rate.

Market Overview Gas



¹www.energiaalansisuusessa.fi.

²www.iern.net.

Nordic—Natural Gas Market Sweden, Denmark and Finland

Billion kWh	Gas supplied ¹	CAGR 2005-2010
Sweden	9.2 ²	13.3%
Finland	53.0 ³	6.4%
Denmark	45.0 ⁴	4.0%

¹As of December 31, 2006.

²Statistics for natural gas, Svenska Gasföreningen, www.gasforeningen.se.

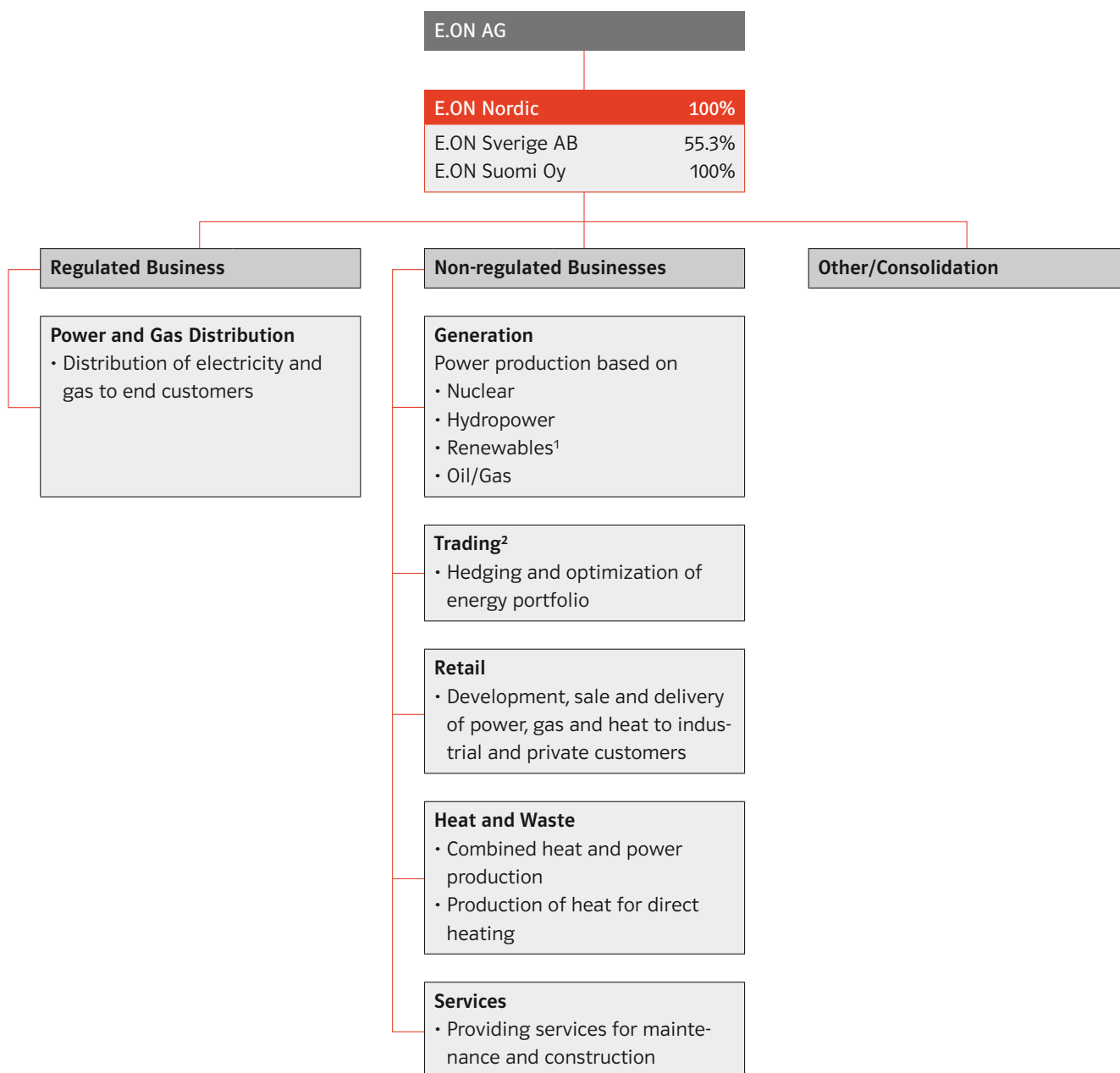
³Statistical Agency Denmark.

⁴Annual Report Gasum.

CAGR = Compound annual growth rate.

Source: E.ON.

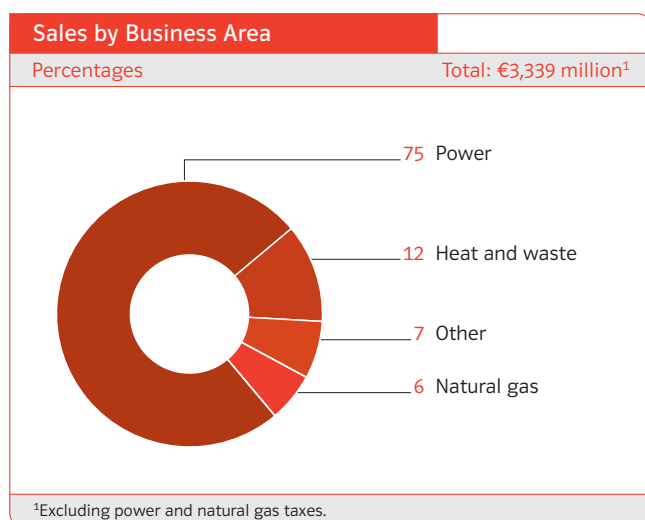
Business Activities



¹Carried out by E.ON Climate & Renewables as of January 1, 2008.

²Carried out by E.ON Energy Trading as of January 1, 2008.

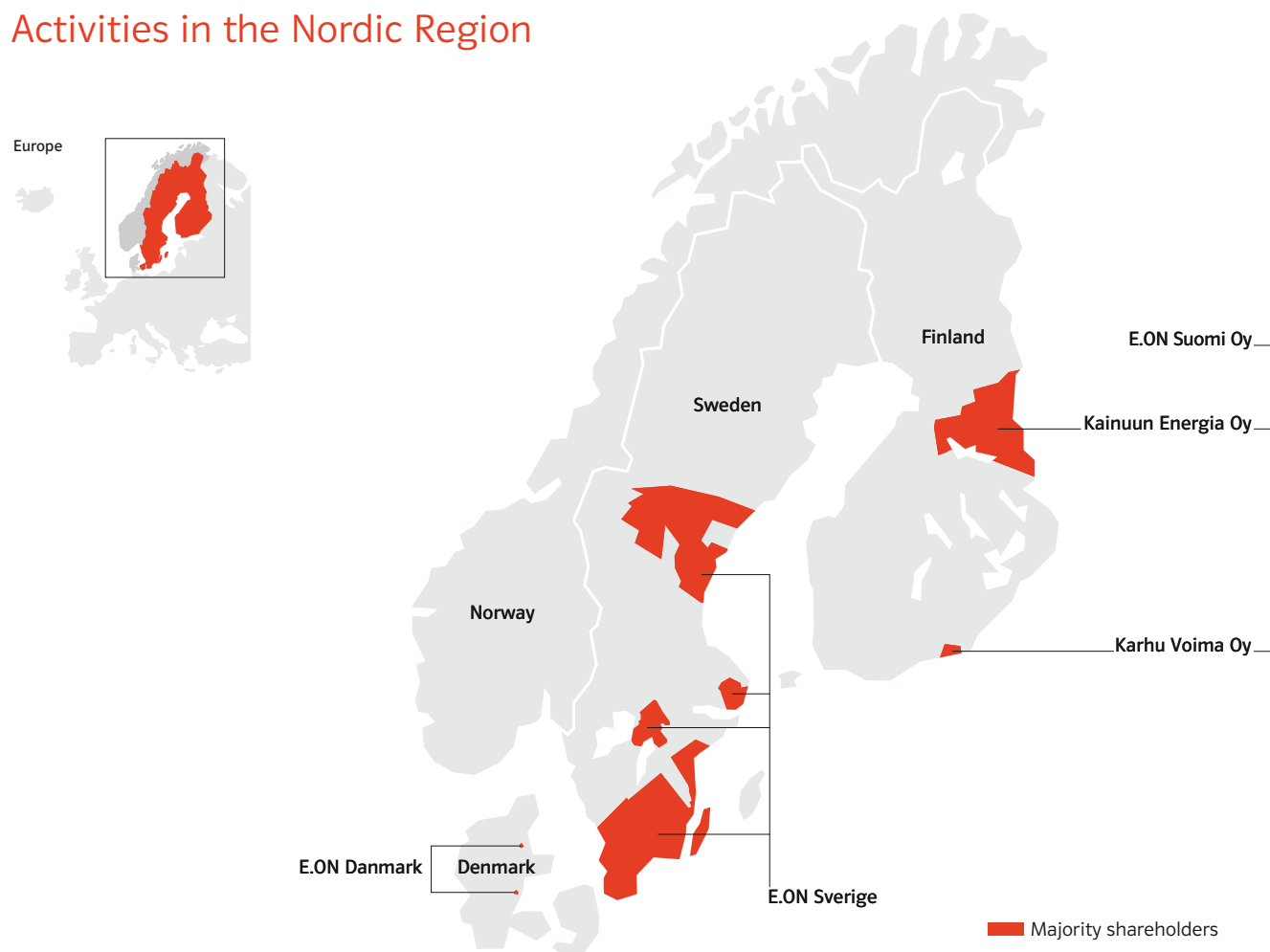
2007 Sales



Significant market positions

- Sweden's second-largest power company.
- No. 4 in power generation with 9 percent of total 395 billion kWh in the Nordic region.
- No. 3 in power/gas retail with 1.3 million customers in the Nordic region.
- Substantial position in Sweden's natural gas market with 70 percent market share in distribution.

Activities in the Nordic Region



E.ON AG—Shareholdings

As of December 31, 2007	%
E.ON Nordic	100.0
E.ON Sverige ¹	55.3
E.ON Suomi	100.0

¹Holding of 56.6 percent voting interest. On October 12, 2007, E.ON and Statkraft signed a letter of intent stating that E.ON AG will take over Statkraft's 44.6 percent interest within 2008.

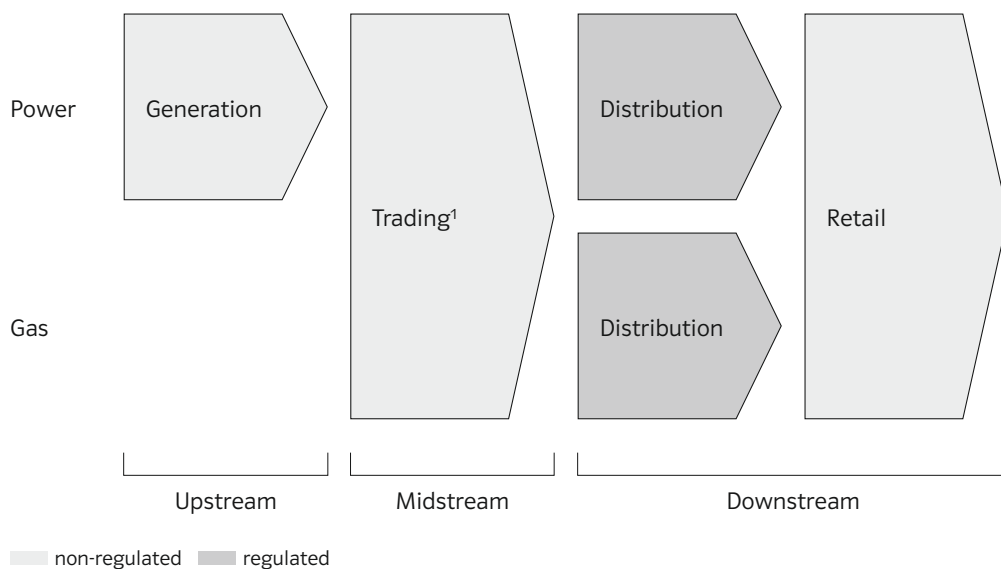
Key Figures—Sweden

As of December 31, 2007	E.ON shareholdings	Overall market	Market share %
Electricity			
Power supplied	43.4 billion kWh	146.4 billion kWh	28.0
Customers	1,088,000	5,300,000	21.0
Distribution grid length ¹	125,000 km	530,000 km	24.0
Generation capacity	7,316 MW _{el}	33,819 MW _{el}	22.0
Generation output	27.9 billion kWh	140.3 billion kWh	20.0
Natural gas²			
Natural gas supplied	5.3 billion kWh	16.0 billion kWh	36.0
Customers	n.a.	n.a.	n.a.
Transmission system length	204 km	560 km	36.0

¹Up to 130 kV.

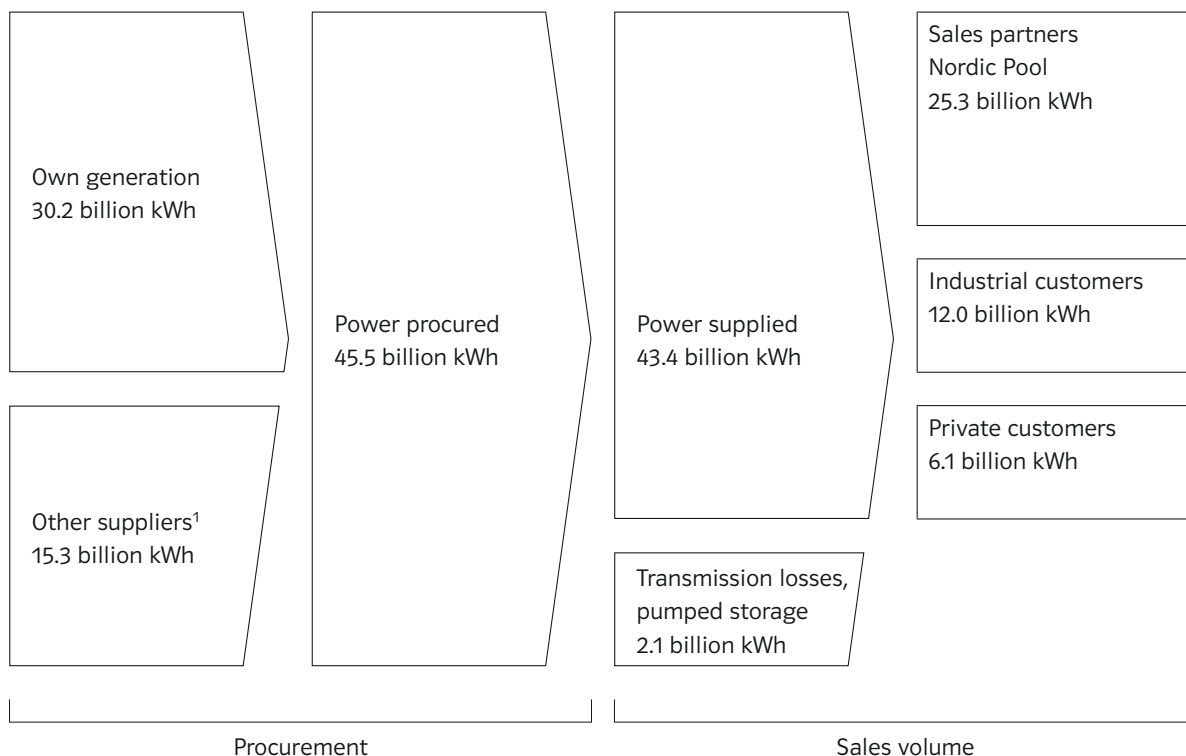
²Natural gas, liquefied petroleum gas and biogas.

Business Activities along the Value Chain



¹Carried out by E.ON Energy Trading as of January 1, 2008.

2007 Power Procurement and Sales Volume



¹9.8 billion kWh of this total stems from jointly operated power stations.

Generation Capacity and Output by Sources

Power Generation Capacity by Energy Source		
MW	2007	2006
Nuclear	2,601	2,593
Hydro	2,754	2,751
Renewables ¹	51	52
Oil, other	2,031	2,015
E.ON Nordic	7,437	7,411
Thermal	23,539	22,003
Nuclear	11,288	11,632
Hydro	47,925	47,445
Renewables	10,230	10,219
Nordic market overall	92,982	91,299

¹Partly transferred to the new market unit Climate & Renewables as of January 1, 2008.

Power Generation Output by Energy Source		
Billion kWh	2007	2006
Thermal	1.7	1.05
Nuclear	15.4	15.7
Hydro	13.3	10.4
Renewables ¹	0.1	0.2
E.ON Nordic	30.5	27.4
Thermal	72.7	50.4
Nuclear	87.0	91.8
Hydro	192.4	222.2
Renewables	31.7	30.5
Nordic market overall	383.8	394.9

¹Not considering hydroelectric and biomass.

Location of Major Generation Assets

Europe



Generation Assets

Nuclear Power Stations					
As of December 31, 2007	Shareholders	Net MW	E.ON share		Start-up date
			%	MW	
Forsmark 1	MKG/Vattenfall	1,000	9.3	93	1980
Forsmark 2	MKG/Vattenfall	1,000	9.3	93	1981
Forsmark 3	MKG/Vattenfall	1,170	10.8	126	1985
Oskarshamn I	E.ON Sverige/Fortum	472	54.5	257	1972
Oskarshamn II	E.ON Sverige/Fortum	598	54.5	326	1974
Oskarshamn III	E.ON Sverige/Fortum	1,150	54.5	627	1985
Ringhals 1	E.ON Sverige/Vattenfall	856	29.6	253	1976
Ringhals 2	E.ON Sverige/Vattenfall	867	29.6	256	1975
Ringhals 3	E.ON Sverige/Vattenfall	985	29.6	292	1981
Ringhals 4	E.ON Sverige/Vattenfall	935	29.6	277	1983
Total		9,033		2,600	

Oil-fired Power Stations					
As of December 31, 2007	Shareholders	Net MW	E.ON share		Start-up date
			%	MW	
Barsebäck GT	E.ON Sverige	84	100.0	84	1974
Bråvalla	E.ON Sverige	240	100.0	240	1972
Halmstad G11	E.ON Sverige	78	100.0	78	1973
Halmstad G12	E.ON Sverige	172	100.0	172	1993
Karlshamn G1	E.ON Sverige/Fortum	332	70.0	232	1971
Karlshamn G2	E.ON Sverige/Fortum	332	70.0	232	1971
Karlshamn G3	E.ON Sverige/Fortum	326	70.0	228	1973
Karskär G4	E.ON Sverige/Korsnas/Fortum	125	58.9	74	1968
Öresundsverket GT	E.ON Sverige	126	100.0	126	1971
Oskarshamn GT	E.ON Sverige/Fortum	80	54.5	44	1973
Other (< 50 MW installed capacity)		77	n.a.	41	
Total		1,972		1,551	

Generation Assets

Hydroelectric Power Stations					
As of December 31, 2007	Shareholders	Net MW	E.ON share		Start-up date
			%	MW	
Balforsen	E.ON Sverige	88	100.0	88	1958
Bergeforsen	E.ON Sverige/Vattenfall	160	44.0	70	1955
Bjurfors nedre	E.ON Sverige	78	100.0	78	1959
Blåsjön	E.ON Sverige/Fortum/Nybrovikenskraft	60	50.0	30	1957
Degerforsen	E.ON Sverige	63	100.0	63	1965
Edensforsen (Åseleälven)	E.ON Sverige	67	96.5	65	1956
Edsele	E.ON Sverige	60	100.0	60	1965
Forsse	E.ON Sverige	52	100.0	52	1968
Gulsele (Åseleälven)	E.ON Sverige/Vattenfall	64	65.0	42	1955
Hällby (Åseleälven)	E.ON Sverige/Vattenfall	84	65.0	55	1970
Hammarforsen	E.ON Sverige	84	100.0	84	1928
Harrsele	E.ON Sverige/Junkavaran	223	50.6	113	1957
Hjälta	E.ON Sverige	178	100.0	178	1949
Järnvägsforsen	E.ON Sverige	100	94.9	95	1975
Korselbränna (Fjällsjöälven)	E.ON Sverige	130	100.0	130	1961
Moforsen	E.ON Sverige	135	100.0	135	1968
Olden (Langan)	E.ON Sverige	112	100.0	112	1974
Pengfors	E.ON Sverige	52	65.0	34	1954
Ramsele	E.ON Sverige	157	100.0	157	1958
Rätan	E.ON Sverige	60	100.0	60	1968
Sollefteåforsen	E.ON Sverige/Municipality of Sollefteå	61	50.0	31	1966
Stensjön (Harkan)	E.ON Sverige/Nybrovikenskraft	95	50.0	48	1968
Storfinnforsen	E.ON Sverige	112	100.0	112	1953
Trangfors	E.ON Sverige	73	100.0	73	1975
Other (< 50 MW installed capacity)		1,910		792	
Total		4,258		2,754	

Gas-fired Power Stations

As of December 31, 2007	Shareholders	Net MW	E.ON share		Start-up date
			%	MW	
Heleneholm G11, G12	E.ON Sverige	130	100.0	130	1966+1970
Total		130		130	

Wind Power Stations

As of December 31, 2007	Net MW	E.ON share		Start-up date
		%	MW	
Sweden	18	n.a.	18	n.a.
Denmark	165	n.a.	33	n.a.
Total	183		51	

Other Power Stations

As of December 31, 2007	Net MW	E.ON share		Start-up date
		%	MW	
Abyverket G1, G2, G3 (CHP)	151	100.0	151	1962-1974
Händelö (Norrköping) (CHP)	100	100.0	100	1983
Karskär G3	48	58.9	28	1968
Kainuun Voima (CHP)	72	26.0	18	1989
Other (< 1 MW attributable capacity)	2,250	n.a.	1	n.a.
Total	2,621		299	

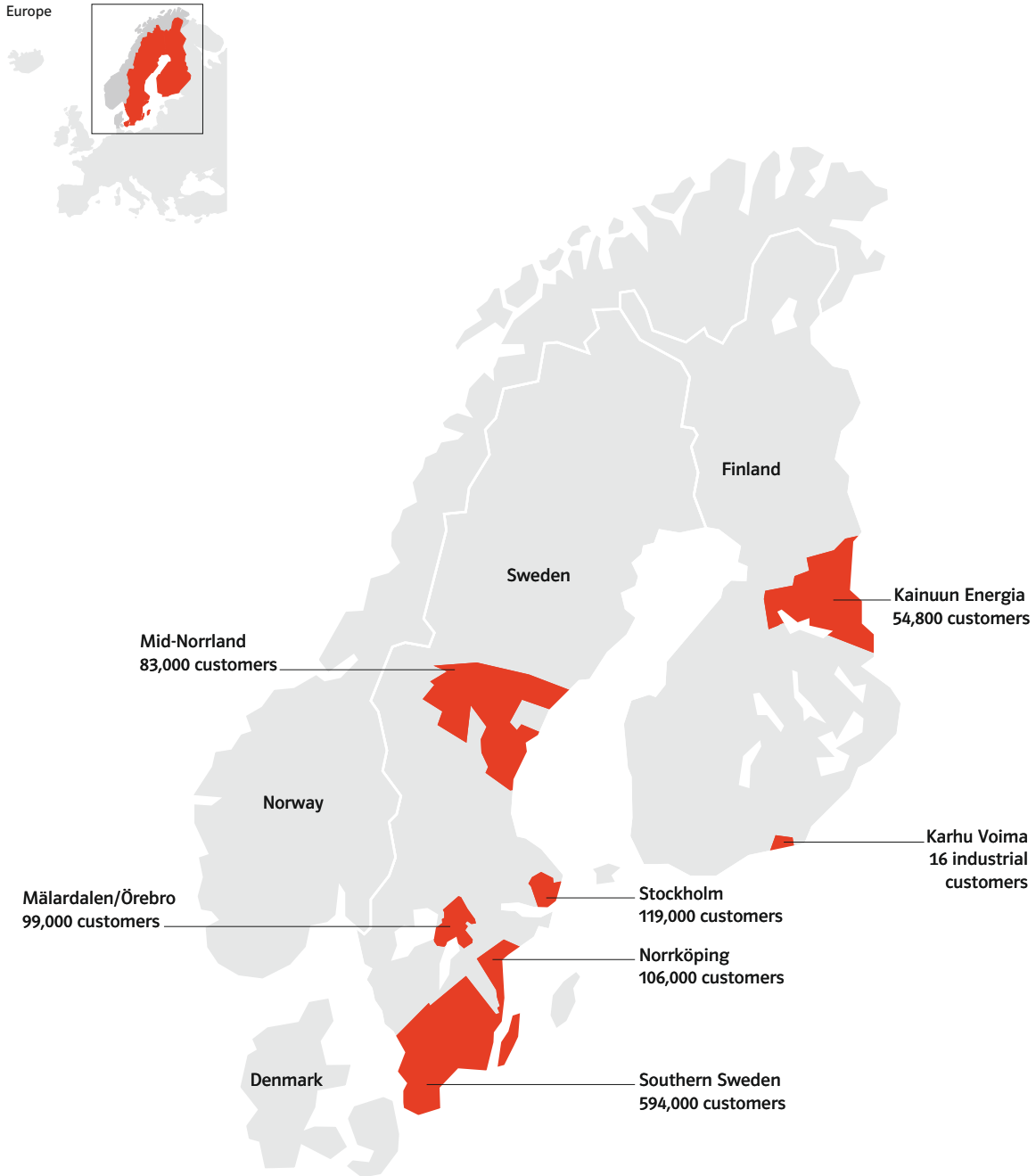
Generation Assets Nordic

As of December 31, 2007	Net MW	E.ON share MW
Sweden	33,744	7,231
Finland	16,544	31
Denmark	12,699	33
Total	62,987	7,295

Shutdown

As of December 31, 2007	E.ON share %	Start-up date	Shutdown date
Barsebäck 1 (Nuclear)	25.8	1975	1999
Barsebäck 2 (Nuclear)	25.8	1977	2005

Distribution Regions in Sweden and Finland

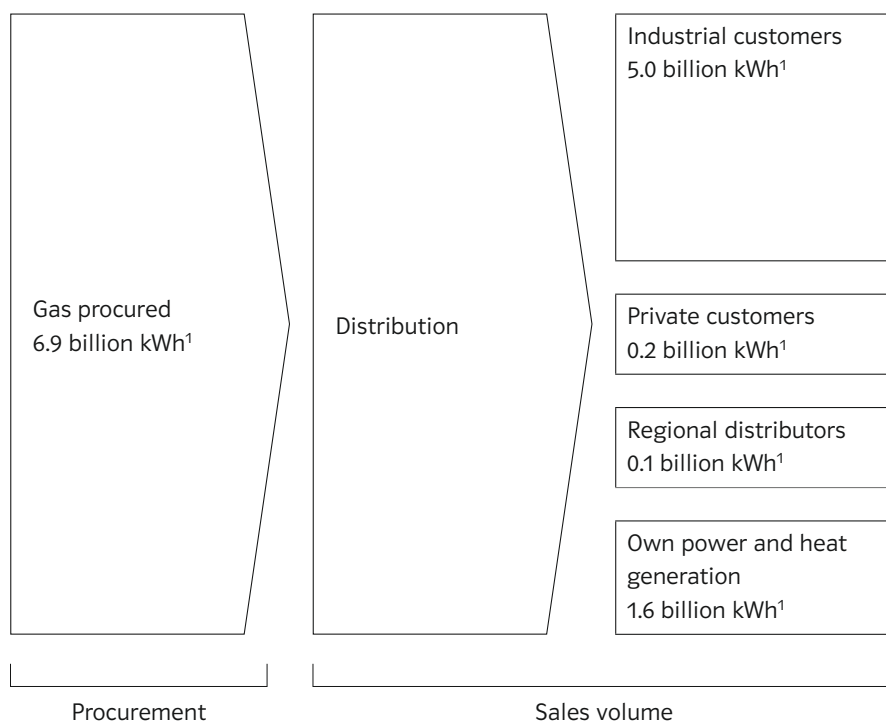


The Natural Gas Market in Sweden



- Gas distribution market in Sweden: 10 billion kWh.
- E.ON Sverige market share in gas distribution: 55 percent.
- Gas represents approximately 20 percent of total energy supply in the Nordic region, while at the national level, it comprises somewhat less than 2 percent of Sweden's total energy supply.
- The 320 km national gas transmission pipeline is owned by Swedegas AB, a consortium in which E.ON Ruhrgas International AG holds a 29.6 percent interest.
- E.ON Nordic owns, operates and maintains a regional high-pressure gas pipeline with a length of 204 km and a low-pressure gas distribution pipeline with a length of 1,881 km.
- In addition, E.ON Nordic has an underground gas storage facility in Getinge with a working capacity of 8.5 million m³ and a maximum withdrawal rate of 40,000 m³/hour. In 2007, E.ON Nordic transported a total of 6.0 billion kWh of gas through its gas pipeline system.
- All gas is imported from Denmark. The Swedish natural gas market is currently connected to the Danish natural gas market through one supply route. Sweden's strategic location between two of the largest producers, Russia and Norway, has led to the initiation of several studies and projects with the aim of increasing supplies to or via Sweden.

2007 Gas Procurement and Sales Volume



¹Including liquefied petroleum gas and biogas.

Key Figures

Nordic Key Figures			
€ in millions	2007	2006	+/- %
Total sales	3,339	2,827	+18.0%
Adjusted EBITDA	1,027	871	+18.0%
Adjusted EBIT	670	512	+31.0%
ROCE	9.7 %	8.0 %	+1.7% ¹
Cost of capital	8.8 %	9.0 %	-0.2% ¹
Value added	62	-64	-
Cash provided by operating activities	914	715	+28.0%
Investments	914	642	+42.0%
Employees (at year end)	5,804	5,693	+2.0%

¹Changes in percentage points.