

E.ON CODE OF CONDUCT

The following Code of Conduct is valid throughout the entire E.ON Group. It may be supplemented by detailed operating regulations as long as they are in line with the principles set forth in this document. In the event of deviation, the stricter rule shall have precedence.

This enables foreign subsidiaries to pay tribute to local requirements when putting the Code of Conduct into practice, as long as the requirements are in line with the basic principles set forth in this document. National laws shall prevail if they are stricter.

A. BASIC PRINCIPLES

I. General rules of conduct

Integrity and lawful conduct characterize all of our actions.

All of our business relations are totally professional and conform with legitimate commercial practices.

We avoid all situations where our own personal interests may conflict with the interests of the E.ON Group.

We safeguard the confidentiality of E.ON's trade secrets and all business-related information that comes to our knowledge in the course of our work.

We refrain from misusing the powers vested in us for our own personal gain or that of third parties, or for the detriment of the E.ON Group.

II. Senior and executive management

Board members and senior managers have an important function as role models for compliance with the E.ON Code of Conduct.

The standards used to assess any potential misconduct by Board members and senior managers are stricter than those used for other employees.

Board members and senior managers are responsible for ensuring that the E.ON Code of Conduct is complied with at all times.

III. Business Compliance Officer

The Business Compliance Officer must be notified whenever knowledge exists of any developments or transactions that could have a negative

impact on the E.ON Group's business or public image. In such events, the Business Compliance Officer can request the support of the appropriate legal department in fulfilling his or her duty.

B. IMPLEMENTATION OF THE E.ON CODE OF CONDUCT

I. Dealings with business partners and government/public bodies

1. Basic principles

It is essential that a clear line be drawn between the company's and its employees' personal interests when dealing with business partners (customers, suppliers, service providers, etc.) and government/public bodies.

Below is a list of the basic principles for giving/accepting gifts or other benefits to/from other parties. They are intended to provide assistance when adhering to the Code within the scope of business as usual. They apply to all members of the Board of Management, executives, and employees (all referred to as 'employees' hereinafter for the sake of simplicity).

2. Dealings with public officials

Particularly stringent rules apply when giving gifts and other benefits to public officials (especially ministers, secretaries of state, ministerial officials, mayors and municipal administration staff). All dealings of this nature must be coordinated and agreed on with the Business Compliance Officer beforehand, and the same procedure must be followed whenever it is unclear whether one is dealing with a public official.

Ownership issues must be clarified whenever dealing with employees in management at other companies which are at least partially owned by the state. In such cases, benefits may be granted only if private shareholders are involved to a significant extent (i.e. they must at least hold a blocking minority stake). The Business Compliance Officer must be consulted regarding all possible exceptions.

3. Dealings with customers, suppliers and other business partners ('business partners')

Whenever gifts or other benefits are given to business partners, one must avoid at all costs creating the impression that a certain behavior desired by E.ON is expected in return. Whenever in doubt, and especially if the benefit is granted at a time that may be brought into relation with negotiations on major contracts, it is imperative that one

consult with the Business Compliance Officer beforehand (with the exception of events purely for experts or training purposes).

4. Acceptance of gifts, other benefits, or discounts by employees

The following provisions govern the treatment of benefits voluntarily offered by business partners or competitors of the E.ON Group to E.ON Group employees. They shall apply regardless of whether the employee is intended to gain an advantage from the gifts or other benefits directly or indirectly (e.g. benefits granted to employee family members or to the company itself).

Under no circumstance is it allowed to actively ask for benefits or discounts.

a) Monetary gifts and discounts

E.ON Group employees are forbidden from requesting or accepting monetary gifts or unusual discounts from business partners and competitors of the E.ON Group.

b) Gifts in kind

Gifts in kind may only be accepted if they are 'socially adequate,' i.e. as long as they do not go beyond common business practice or exceed the donor or recipient's standard of living. It must be categorically ruled out that the benefit influence business decisions. One must prevent creating the impression that a business decision may be made on the basis of unrelated considerations as a result of the gift. Whenever in doubt or dealing with especially valuable gifts, one must coordinate and agree how to handle them with the employee's superior.

c) Invitations

The same applies to invitations (for instance, to restaurants, events, or trips away) received by employees and close family members from business partners or competitors of an E.ON Group company. In such cases, the limits of social adequacy must be observed as well, i.e. the invitations must be common business practice and may not exceed the standard of living of the parties involved. This means that an employee may only accept an invitation if it serves a justifiable purpose related to the business, is not unduly luxurious, and the catering takes place within the scope of normal business dealings (e.g. lunch during a discussion, or a reception following an event).

Attending sports and other events as a guest of a business partner or competitor of the E.ON Group is only permitted if the attendance is in line with the standard of living of the people involved. In addition, a representative of the host company must

be present at the event. When in doubt, or in the event of luxurious invitations, one must consult the Business Compliance Officer in advance.

d) Services

Offers by third parties to improve an employee's private life or workplace for free or at a price that is not in line with market rates (for instance, offers to upgrade or decorate offices, other work places or event venues) that fall outside usual business practice are to be declined.

5. Giving of gifts, other benefits, or discounts by employees to third parties

a) Monetary gifts and discounts

Employees may not give financial gifts or non-standard discounts to employees of business partners or competitors of the E.ON Group. The same applies to employees of government/public bodies.

b) Gifts in kind and other pecuniary advantages

Gifts in kind and other pecuniary advantages are allowed only if they are 'socially acceptable,' i.e. if they are common business practice, are not inappropriately extravagant and are otherwise in line with the standards of living of the individuals involved. Both the recipient's position and the occasion of the gift must be taken into account when assessing its adequacy. One must prevent creating the impression that any business decision may be made on the basis of unrelated considerations as a result of the gift. Whenever in doubt or dealing with especially valuable gifts, one must coordinate and agree how to handle them with the Business Compliance Officer.

In compliance with guidelines in force for civil servants, 'office-bearers' may only accept simple presents as gifts. Such gifts primarily include token presents of little value (e.g. mass-produced promotional items such as pens, calendars, or notepads). Gifts of higher value are permitted only in exceptional cases and are subject to the Business Compliance Officer's prior consent (e.g. on special occasions such as big 'o' birthdays or service anniversaries). In such cases, one must also determine whether prior written consent should be obtained from the office-bearer's supervisor as a precautionary measure.

c) Invitations to events

aa) General principles

The following basic principles apply to all invitations extended by E.ON.

It must be categorically ruled out that the invitation influence business-related decisions. One must prevent creating the impression that any business decision may be made on the basis of unrelated considerations as a result of the invitation. Therefore, for all invitations extended by E.ON, the limits of social adequacy must be observed, i.e. the invitations must be common business practice and may not exceed the standard of living of the parties involved. Whenever in doubt, one must consult with the Business Compliance Officer beforehand.

In cases where uninvolved third parties may gain the impression that these rules of conduct may be affected or infringed, the company management in question must charge participants an appropriate contribution.

With the exception of purely social events (cf. item dd) guests may be offered suitable travel and accommodation at the host's expense. In such cases, the standard of accommodation should be tailored to meet safety standards and the participants' standard of living (no 'culinary highlights' or inappropriate 'luxury hotels').

Furthermore, one must see to it that competent contacts from the host company are permanently available to assist guests. As a rule, it is not allowed to hold events without a company representative present on site.

It is imperative that all invitations extended to office-bearers be coordinated and agreed on with the Business Compliance Officer.

bb) Events on specialist issues, continued education or advanced training

Invitations may be extended to business partners or employees of companies competing with the E.ON Group for events relating to the profession, specialist topics, continued education, or advanced training as long as the professional nature of the event is clearly the point of focus.

To maximize transparency, an unbiased, uninvolved third party should be able to recognize at any time the subject and purpose of the event as well as follow the course of events. Therefore, the order of events and issues addressed must be documented in a clear and understandable manner.

Venues must be selected exclusively based on objective, logistical criteria, and not on tourist attractions. Catering, events and travel unrelated to the purpose of the business are not permitted.

As a rule, personal companions and guests are not invited. It is imperative that exceptions be coordinated and agreed on with the Business Compliance Officer.

cc) Events associated with sponsorships

As a rule, it is permitted to extend invitations to business partners and competitors of the E.ON Group for cultural or sports events sponsored by the E.ON Group within the scope of its social commitment. If necessary, justifiable guest travel, catering and accommodation costs may be covered by the host. However, these costs must be of appropriate value and in line with the personal standard of living of the people involved. Whenever in doubt, one must consult with the Business Compliance Officer beforehand.

It is permitted to invite personal companions and guests (if the event is extravagant, as a rule, they must be asked to reimburse the host for costs incurred). If costs are covered, the Business Compliance Officer must be informed in advance.

dd) Events of generally social nature

Executives (top management) from the fields of politics, business, media and culture may be invited to events that are generally social in nature (sports events, cultural events, theater performances, concerts, etc.).

As a rule, the costs of travel to the event and accommodation are borne by the guests themselves. The Business Compliance Officer must be informed of all exceptions in advance.

As a rule, it is permissible to invite personal companions or guests. The Business Compliance Officer must be informed before any costs are covered.

d) Catering

Catering services may be offered to third parties as long as they are appropriate and justifiable. This means that catering may only be offered if it serves a justifiable purpose related to the business, is not unduly luxurious, and it takes place within the scope of normal business dealings (e.g. lunch during a discussion, or a reception following an event).

e) Committee meetings

All meetings and other events held by E.ON Group company committees must comply with the object of the company set forth in its articles of association. It is not allowed to hold meetings or events that are not directly related to the object of the business or are not designed to serve the purpose of the business.

To maximize transparency, an unbiased, uninvolved third party should be able to recognize at any time the subject and purpose of the event as well as follow the course of events. Therefore, the order of events and issues addressed must be documented in a clear and understandable manner (agenda, minutes, list of attending participants).

As a rule, committee meetings are held at the company's headquarters, an E.ON Group site, or another location determined by the chairman of the committee based on other objective, logistical criteria.

f) Abroad

Exceptions to the aforementioned principles may be made in countries in which it is customary and polite to give presents. This is subject to the approval of the respective superior and coordination/agreement with the Business Compliance Officer. However, gifts given with the intention of urging a foreign office-bearer to display certain behavior in order to win a contract or gain an unfair advantage for him or herself or a third party are expressly forbidden.

g) Selecting suppliers and service providers

Suppliers and service providers are selected using an orderly procedure, on the basis of objective and plausible criteria. Contracts are to be awarded through invitations to tender whenever possible.

II. Conflict-of-interest situations

1. Financial investments

Employees who have acquired/are planning to acquire material financial stakes in competing enterprises, customers, or suppliers are bound by a duty of disclosure to/require the prior approval of their personnel department.

Material financial stakes held by employees' immediate family members that might result in a conflict-of-interest situation must also be disclosed.

'Material financial stake' means any direct or indirect financial interest amounting to

- more than one percent of the capital value of a non-listed company, or
- more than a one-percent shareholding in a listed company.

2. Secondary employment

Secondary employment refers to any additional employment

- as Board Chairman or General Manager,
- as a Supervisory Board Member or member of an administrative or advisory board,
- as a normal employee, or
- in any other position

at a non-E.ON Group company.

Except as agreed otherwise, secondary employment with a competitor, customer, or supplier requires the prior approval of the relevant personnel department.

Employees are furthermore required to disclose any other secondary employment which could have a negative impact on their performance at E.ON.

3. Business opportunities

Employees must not use for their own personal gain or that of third parties any business opportunities that materialize for an E.ON Group company.

4. Other conflict-of-interest situations

Except as agreed otherwise, advance notification must be given to the relevant personnel department in cases

- where employees or their immediate family members wish to purchase, rent, or lease real estate, buildings, or other assets with a value of more than €2,500.00 (cost per month in the case of rental agreements or leases) from an E.ON Group company;
- where employees or their immediate family members wish to sell, rent or lease out real estate, buildings, or other assets with a value of more than €2,500.00 (cost per month in the case of rental agreements or leases) to an E.ON Group company; or
- where an E.ON Group company plans to provide employees or their immediate family members with loans, guarantees, or sureties.

III. Confidentiality

Employees are prohibited from disclosing confidential information or trade secrets (for instance, financial data, business strategies, planned transactions) to unauthorized third parties, even after their employment contract has ended.

Employees are prohibited from directly or indirectly using confidential business information for their own personal gain or that of third parties, or for the detriment of the E.ON Group, even after their employment contract has ended.

In order for the E.ON Group to present a unified face to the public, employees are required to immediately forward to the Corporate Communications department or the Investor Relations department, as appropriate, any enquiries they receive from the media or analysts.

All employees are responsible for actively ensuring that third parties cannot gain access to confidential information (protection against industrial espionage) in accordance with existing guidelines.

IV. Insider trading

Strict observance of the E.ON Group's anti-insider trading guidelines is required in order to prevent any infringements against insider trading laws and to prevent any allegations in this regard from arising.

V. Special employee benefits

Any special benefits or discounts granted to employees by any E.ON Group company are subject to formal approval by that company's senior management. They may only be granted to all employees or closely specified employee groups. The granting and acceptance of special benefits or discounts that do not meet these criteria is prohibited.

VI. Use of company property or resources

The misuse of personnel resources or company property for non-company-related purposes is prohibited.

C. PRACTICAL IMPLEMENTATION OF THE E.ON CODE OF CONDUCT

I. Business Compliance Officer

Specially-appointed business compliance officers are responsible for the implementation and observance of the E.ON Code of Conduct. E.ON's sub-groups are responsible for deciding on the use and deployment of business compliance officers in their respective business units. Compliance officers are required to address in an independent and objective manner all issues directed to them. While they report directly to their Board Chairman, compliance officers are not subject to the Board Chairman's authority.

Business compliance officers are there to answer employees' questions and advise them on matters relating to the E.ON Code of Conduct. Compliance officers and their staff are bound to treat all information in the strictest of confidence.

Business compliance officers must record and follow up on all information they receive with due care. All information received must be treated as strictly confidential. If a business compliance officer has accumulated sufficient evidence indicating a potential infringement of the basic principles of the E.ON Code of Conduct, s/he must include the relevant personnel or internal audit department in further proceedings.

We expressly encourage all employees to direct all issues pertaining to the E.ON Code of Conduct to their business compliance officer or manager. We give our assurance that employees who pass on information to business compliance officers or their staff will not suffer any negative consequences as a result.

Dr. Michael Holtmann (Room T01-32, extension 870) has been appointed to the position of Business Compliance Officer of the Corporate Center, effective August 1, 2004.

II. Disciplinary measures

Any infringement of the basic principles of the E.ON Code of Conduct may result in disciplinary measures or sanctions under labor legislation, in accordance with usual corporate practice.