

E.ON AG Conference Call

Düsseldorf, December 12, 2003

Presentation

Dr. Wulf H. Bernotat

Chairman of the Board of Management and CEO

Please check against delivery

Good morning Ladies and Gentlemen,

I would like to thank you all for taking the time to join us this morning.

On August 14<sup>th</sup>, we informed you that the key purpose of our "on.top" project was to define E.ON's strategic direction as well as to focus on integration issues and performance improvements.

At the heart of the on.top project is the focus on Performance. Our commitment to the integrated business model and clear focus on both power and gas within defined target markets supports our priority of concentrating on managing our existing assets.

### **On.top integration process**

The implementation process of the on.top project is running extremely well. Several project teams, with experts from all Group companies, have been working on the implementation of the new structure. The project teams are highly motivated to deliver the desired results on time. Most of the work is done so that we can start with the new structure beginning January 1<sup>st</sup>, 2004.

Through the formal implementation of the Market Units, the adjustment of governance and reporting processes, as well as the transfer of several participations, the new organization will be fully established. Interfaces between our Market Units will be optimized and we will lead the Group with a strengthened Corporate Center.

Our 2004 through 2006 mid-term plan confirms our financial and performance targets to be ambitious yet achievable. Our nine-month results and upgraded 2003 Outlook demonstrate that we are well on track. These targets include a ROCE of at least 10.5 %, and double-digit dividend growth on average. In addition, we expect our free cash-flow target of at least 2.4 billion Euros per annum on average to increase substantially more than envisioned over the planning period.

## Investment Plan

Let me now guide you through some details of our 2004 - 2006 mid-term plan. This plan becomes the first of its kind for the Group, reflecting our new organizational structure, which includes Ruhrgas.

The E.ON Group plans to invest 13.8 billion Euros in the medium term between 2004 and 2006, compared to the 18 billion Euros covering 2003 - 2005, which included part of the Ruhrgas acquisition.

Approximately 9 billion Euros of this total amount will be invested in fixed assets to maintain our competitive edge in running our existing business.

Furthermore, roughly 5 billion Euros in financial investments will be used primarily to consolidate our holdings, and assumes the exercise of existing Put-Options. The main focus of our investment planning remains the integration and consolidation of our existing business.

The major focus of our planned financial investments by market unit is as follows:

Our market unit **Central Europe** enjoys a superb position in the markets of Germany, Hungary and the Czech and Slovak Republics. We will therefore focus mainly on the integration and optimization of our existing portfolio. In addition to this, financial investments primarily include the Put-Option on ZSE in the Slovak Republic as well as smaller synergistic investments.

Regarding our **Pan-European Gas** market, Ruhrgas will be looking for growth opportunities mainly outside of Germany. Included are potential investments in the Downstream businesses of Ruhrgas and Thüga-Holdings and selective opportunities in our Upstream business to further diversify our gas portfolio. Finally, with the transfer of Thüga from E.ON Energie to Ruhrgas, we will seek to continue our expansion in the Italian market. However, due to its fragmented nature, possible acquisitions will be limited primarily to smaller distributors.

In the **UK** - post TXU integration and Midlands acquisition, we see only selective growth potential still existing in the UK market. We will concentrate more on increasing efficiency and value in our existing assets.

In our **Nordic** region, E.ON Nordic is well positioned in the Scandinavian market and will work to improve its performance even further. Top priority is the integration of Gräninge. Approximately 2.4 billion Euros are reserved for the Put-Option on Sydskraft and payment for the outstanding shares of Gräninge.

And finally, in the **US-Midwest** – as we announced in August and reiterated in our conference call in November, over the medium term we are not looking for any acquisitions. Therefore, our mid-term goal is to further improve the performance of our existing business.

The 13.8 billion Euro Investment Plan does not include any additional investment opportunities, which may present themselves in the mid-term, including investments in Russia. Rest assured that as we look at the development of new markets, we will continue to use our prudent judgement and review any potential investments on a case-by-case basis, under our committed strict strategic and financial criteria.

Also as a reminder, there are no large-scale acquisitions planned in our 2004 – 2006 term. We will focus on small and medium sized investments to strengthen our positions in our core markets. As an example, we are following privatization developments in several Central and East European countries as well as infrastructure projects related to the British market.

Nevertheless, the excellent financial standing of the E.ON Group gives us the flexibility to carry-out further strategic acquisitions, which haven't been accounted for in our mid-term plan.

With this in mind, I would like to clarify the misperception in the capital markets of the 8 to 10 billion Euros of potential growth opportunities as stated on August 14<sup>th</sup>. The 8 to 10 billion Euros were themselves not meant as a mid-term investment plan, but merely as an indication of E.ON's financial strength. External growth opportunities will only be followed, when our rigorous strategic and financial criteria are met and our goals for 2006 are not jeopardized. If transactions do not meet our strict return criteria, we will walk away.

Ladies and Gentlemen,

Let me summarize.

- The integration process of the on.top project is going extremely well and will be implemented beginning January 1<sup>st</sup>, 2004.
- We have set ourselves ambitious performance targets for the 2004-2006 period, which we are confident in achieving.

and finally,

- Our Investment Plan for 2004-2006 shows our strict and disciplined approach towards potential future investments

Now, I will be happy to answer your questions.

This presentation may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Annual Report on Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

E.ON prepares its financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This presentation may contain references to certain financial measures (including forward looking measures) that are not calculated in accordance with U.S. GAAP and are therefore considered "Non-GAAP financial measures" within the meaning of the U.S. federal securities laws. E.ON presents a reconciliation of these Non-GAAP financial Measures to the most comparable US-GAAP measure or target, either in this presentation or on the website under [www.eon.com](http://www.eon.com). Management believes that the Non-GAAP financial measures used by E.ON, when considered in conjunction with (but not in lieu of) other measures that are computed in U.S. GAAP, enhance an understanding of E.ON's results of operations. A number of these Non-GAAP financial measures are also commonly used by securities analysts, credit rating agencies and investors to evaluate and compare the periodic and future operating performance and value of E.ON and other companies with which E.ON competes. These Non-GAAP financial measures should not be considered in isolation as a measure of E.ON's profitability or liquidity, and should be considered in addition to, rather than as a substitute for, net income, cash flow provided by operating activities and the other income or cash flow data prepared in accordance with U.S. GAAP. The Non-GAAP financial measures used by E.ON may differ from, and not be comparable to, similarly-titled measures used by other companies.