



**E.ON AG Conference Call -
First Quarter Results 2005**

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Presentation:

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Member of the Board of Management of E.ON AG

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Thank you, Mr. Bernotat.

I, too, welcome you to this conference call on our first quarter results.

The first quarter results show that we made further progress financially, parallel to our strategic growth:

- We again improved our earning capacity in operating activities.
- Our cash flow increased significantly compared with the prior-year quarter.
- We again reduced our net debt considerably.

Here are the developments in more detail:

- Group sales increased by 12 % to €16.4 billion, which is mainly due to higher sales volumes in almost all market units and slightly higher sales prices.
- The Group's adjusted EBIT rose by 7 % to over €2.5 billion. Nearly all market units contributed to this increase.
- Consolidated net income was on a par with the previous year at just under €1.5 billion. Lower book gains and higher tax charges were offset by higher operating earnings. Other positive factors were lower interest charges and a strong increase in other non-operating earnings. This increase is due above all to positive fair-value effects of derivatives, whereas the heavy storm in Sweden at the beginning of the year impaired our result.
- Cash provided by operating activities rose by 58 % to €1.7 billion. The Pan-European Gas, Central Europe and US Midwest market units in particular contributed to that development.
- Thus, with fixed asset investments staying constant at roughly €450 million, we more than doubled our free cash flow to €1.3 billion.
- The increase in cash flow is also reflected in our improved net debt. This decreased by almost a third to minus €3.8 billion compared to year-end 2004. Thus over the last 12 months we have more than halved our net debt.

Let me now turn to developments in the market units:

The Central Europe market unit's adjusted EBIT rose by 9 % to €1.3 billion. This rise is mainly due to higher gross margins in Germany and the Netherlands. Consolidation changes also had positive effects.

In the Pan-European Gas market unit, adjusted EBIT went up by 17 % to €486 million. Demand charge revenue of E.ON Ruhrgas increased due to the lower temperatures in the first quarter of 2005. Higher sales volumes also had a positive impact. This good development was dampened by high oil prices. The higher gas procurement costs can only be passed on to our customers with a time lag; initially they therefore impair our result. As things stand at present, this effect is likely to persist in the course of the year.

The UK market unit's adjusted EBIT was almost on a par with the previous year at €268 million. A positive factor was the inclusion of power distribution business of Midlands Electricity in the entire quarter. In non-regulated business, higher retail prices had positive effects, which were, however, partly cancelled out by higher gas and coal purchase costs.

The Nordic market unit recorded a rise in adjusted EBIT of € 22 million or 8 % to €301 million. The improvement was mainly a result of increased hydropower production.

The US Midwest market unit increased its adjusted EBIT by 9 % to €101 million. In local currency terms, the rise was even 13 %. Higher power and gas tariffs were approved by the regulator last year. Higher prices in the off-system wholesale power market were also a positive factor.

As you can see, almost all market units contributed to the improved operating earnings in the Group.

Finally, let me comment on the outlook for 2005 as a whole:

For the Central Europe market unit we expect adjusted EBIT to rise above last year's level. For Pan-European Gas, we anticipate a slight increase. At the UK and US Midwest market units, we expect adjusted EBIT figures to be on a par with last year's level in local currency terms. A slight decrease is only likely to occur at Nordic.

For the Group as a whole, we continue to expect adjusted EBIT to slightly surpass the record result of 2004. Whether last year's high net income can be matched depends to a decisive extent on the book gains from the planned sale of Viterra and Ruhrgas Industries as well as the fair value of derivatives at year-end.

As you can see, ladies and gentlemen, in the first quarter of this year we succeeded in further improving our financial performance and are thus well equipped for our next steps.

Thank you for your attention. We are now ready to answer your questions.