



E.ON AG Conference Call -
First Quarter Results 2004

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Presentation:

Dr. Wulf Bernotat

Chairman of the Board of Management and
CEO

Please check against delivery

Good afternoon ladies and gentlemen.

I am pleased to welcome all of you to our First Quarter 2004 Conference Call.

Let me say a few introductory words before Mr. Schipporeit presents you with more detailed results.

After our strong 2003 performance, first quarter results confirm the strategic changes and direction set out in our on.top project. This is particularly visible through the 21 percent increase in Adjusted-EBIT, to 2.3 billion Euros.

These numbers clearly show that we can take advantage of past improvement efforts and extract value out of our existing core businesses.

We started the year off on a solid basis as a focused energy Group under the new on.top structure. We continued to follow our strategic direction and focus much of our energy on integration issues and performance improvements throughout the Group.

This, however, does not mean that we are standing still in terms of strategic growth opportunities in our existing and potential markets. There are a number of projects in our core business which we continue to work on, that will further strengthen our market positions while creating additional value through integration and synergies.

For example, our Central Europe Market Unit is currently reviewing our interest in ZSE in the Slovak Republic and is confident of gaining a majority position by the end of this year.

We are also closely following the privatization process of the three packages of Bulgarian power distribution companies.

In our Pan-European Gas Market Unit, we continue tracking the bidding process for Distrigaz North and South in Romania. The unique feature of these assets is their direct access to gas import and supply contracts.

In Italy, we are still interested in activities in both the power and gas sectors. We are awaiting final approval for an approximate 400 million Euro, 800 MW gas-fired power plant near Turin. We are also looking for small and medium-sized retail gas distribution assets to increase our market share from five to ten percent.

All of these above mentioned investments are relatively small- to medium-scale in nature and amount to a maximum of a few hundred million Euros each.

Now a few words regarding another potential market, namely Russia.

We started reviewing our Russian strategy on the Board level in January of this year. There has been much talk in the capital market as of late regarding our strategic plans for Russia.

Over the last four-and-a-half months we have developed a better understanding of the Russian market. It would be easy to present you with projects tomorrow if we were willing to pursue a deep pocket policy, but this does not follow the strategic guidelines we have set out.

In our view, the Russian energy market will experience some big changes in coming years. There will be opportunities, but the potential is long-term as needed developments will take some time.

As of today, we do not see any large investments occurring in this market in the short to medium term. Instead, we would aim to follow a similar step-by-step approach such as in Italy. This would allow us to gain a better insight into the Russian market which is without question a huge market in terms of both gas and power.

We have already approached major Russian energy players such as Gazprom and UES, as well as other independent gas producers, to discuss opportunities in the Russian energy sector. We believe that our good and long working relationships, especially with Gazprom, provides us with an exceptional starting point to utilize potential investments to the benefit of our shareholders in the long-term.

I must reiterate that we are looking only at gas upstream and power generation projects. For example, one project under discussion with UES and EBRD is the construction of a gas-fired power station located approximately 250 km south of Moscow. However, on the power side, the government needs to provide potential investors with adequate market-based returns before any investment can take place.

All in all, I would like to emphasize that investments in Russia need to meet the same criteria as all of our investments and that we will take the specific country risks into due account.

We are working diligently on those projects, but do not expect us to announce concrete transactions in the very near future. We will inform you at the appropriate time.

I would like to conclude my remarks by coming back to our 2004 First Quarter Results. As stated last year, one of our major priorities is to provide greater financial transparency to the capital market.

The fulfillment of this pledge can best be interpreted through our first quarter reporting by market unit, these being Central Europe, Pan-European Gas, UK, Nordic and US-Midwest.

We will continue these efforts and look forward to the remaining year ahead.

With these remarks I will now hand over the session to Mr. Schipporeit, but will remain on the call to answer your questions later on.