



**Analyst & Investor Conference
Full Year Results 2009**

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Presentation by:

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Please check against delivery

Good afternoon ladies and gentlemen, and welcome to the presentation of E.ON's 2009 results.

Earlier than most we indicated to you, that the economic crisis will have pronounced consequences also for the utility sector.

We adjusted our business accordingly and are now able to present a robust set of results. In line with the outlook that we provided in November, Adjusted EBITDA is up 1% year-on-year, Adjusted EBIT is down just 2%, and Adjusted Net Income is down 5%. Cash provided by operating activities improved considerably to €9.1bn.

Our New Markets achieved a strong result and offset the pressure on the earnings of Pan-European Gas. The Adjusted EBIT of all other Market Units together did not change much year-on-year. Marcus Schenck will present the details in a moment.

We propose to pay out a dividend of 1.50 Euro per share. Therefore, despite the decline of Adjusted Net Income, we are able to keep the proposed dividend at the same level as last year. This increases the pay-out ratio from 51% to 54%. It once again confirms our commitment to an attractive shareholder remuneration, while keeping a strong balance sheet.

The outlook for 2010 is for Adjusted EBIT to increase by 0 to 3% year-on-year. Adjusted Net Income is expected to be in line with 2009.

This outlook incorporates the portfolio streamlining measures that have already been implemented, as well as the four stakes taken out of the Thüga transaction. Once we deduct around 1 billion Euros of Adjusted EBIT foregone due to disposals, the 2010 outlook is therefore close to the 11 billion Euro target that we set last year.

Regarding the further communication process, I look forward to seeing many of you during the combined handover roadshow with Johannes Teyssen in mid-April. During summer time, Johannes will then present his views on the group's strategy going forward, including new targets reaching beyond 2010.

Today, I would like to focus my presentation on the following issues:

- First, I will discuss key recent developments, primarily the economic crisis and activities within our gas business.
- Second, I will update you on the progress we have made within our performance improvement program, our selective investment policy, and the portfolio streamlining measures.
- And finally, as this is my last conference call as CEO of E.ON, I will review some of the key steps E.ON has taken since I started in May 2003.

Economic crisis

I will start with the consequences of the economic crisis.

In 2009, E.ON saw a contraction of demand of 5% and 4% year-on-year respectively for electricity and for gas. This decline was especially marked in the Industrial & Commercial segment, where we lost between 9 and 10% of demand both for electricity and for gas.

Since the second half of 2009 however, the rate of decline in the demand for power and gas has decreased. In December, demand growth even turned positive for the first time since more than a year. Electricity demand in Germany was up 0.7 percent year-on-year, while gas demand in the 6 main European countries grew by 4 percent.

Gas demand in January and February was also very strong: up 16 percent according to preliminary estimates of E.ON Ruhrgas. The cold winter certainly played a role. But the economic recovery is also becoming visible.

Overall, the economic crisis impacted our Adjusted EBIT by around 500 million Euros. Of this amount, roughly one-third each due to reselling of contracted volumes, lost margin from lower volumes, and due to an increase of bad debts.

In addition, we need to consider the indirect implications on key commodity markets. Within a few months, we moved from tight to oversupplied markets in most European countries. As a consequence, power and spot gas prices, as well as dark and spark spreads, have decreased.

Our prudent hedging strategy in power generation has shielded us to a large extent from these price declines. Even in 2010, we expect prices achieved in power generation to be higher than last year.

Current situation at Pan-European Gas

Let me now update you on some key developments impacting our gas business.

Pan-European Gas, and especially Supply & Sales, generated record earnings in the years between 2006 and 2008.

In 2009, Pan-European Gas, similar to the entire gas industry, has been affected by three developments. The contraction of demand due to the economic crisis, the boom of unconventional gas in North America, and the development of LNG export and import capacities. Combined, those have led to an oversupply situation on the European gas market.

As a result, European spot gas prices have decoupled from oil prices, and as a consequence from the price of the oil-indexed long-term contracts as well. Furthermore, the spot market has become more liquid, making it a more credible sourcing option than in the past. In a few months, both margins and volumes in Supply & Sales have come under considerable pressure.

Our diversified portfolio of long-term contracts nevertheless remains the backbone of our gas sourcing. Given their long-term nature, various risk-sharing elements ensure that those contracts allow to react to changing circumstances, following one basic principle: the producer bears the price risk, the buyer the volume risk.

This is best reflected in the renegotiation clauses allowing both parties to periodically revise pricing conditions and other contract terms.

As explained during the Nine Months Results, we have already triggered such renegotiations with the majority of the producers last year. Our objective was to reduce the oil exposure in our overall supply portfolio. We have now reached final agreements with some of them, and are finalizing those with all the others.

The main result of these renegotiations is, that the spot gas element in our overall supply portfolio has almost doubled. In addition, various technical adjustments will reduce the pricing of the oil-indexed portion. Furthermore, the producers have also agreed to increase volume flexibility. Therefore I can say, that our long-term contracts have demonstrated their flexibility in a period of rapid changes.

The majority of the renegotiated agreements will become effective on January 2010. The combined effects of the renegotiations will thus already lead to a significant reduction of our gas procurement costs this year.

We will now carefully monitor the developments on the markets. Should the current situation persist, then further renegotiations with a more pronounced emphasis on the overall pricing level will be necessary.

However, gas sourcing is only one side of the equation, the other side being the sales contracts. Every year, roughly half of our sales volumes are renewed. Most of the contracts that will come up for renewal this year, were concluded in much more favorable conditions in 2008.

In summary, we therefore expect that the Adjusted EBIT of Supply & Sales will remain under pressure both in 2010 and in 2011.

The Pan-European Gas business however, is more than Supply & Sales. We are strongly developing our upstream and our storage activities. The acquisition of 25% in Yuzhno Russkoye late last year, and the development of Skarv-Idun in 2011, will bring us close to our target of producing 10 bcm of equity gas p.a.

In storage, capacity additions and more efficient marketing of our assets have, and will continue to improve earnings. Therefore, our upstream and storage activities are expected to contribute the majority of the Adjusted EBIT of Pan-European Gas by 2012.

PerformtoWin

I will now outline the progress achieved with respect to our key strategic priorities.

First, we are dedicated to improve operational performance. The PerformtoWin initiative is our flagship project in this respect. Its objective is to improve Adjusted EBIT by 1.5 billion Euro per year by 2011.

We took the necessary time last year to prepare this project's implementation. Each of the measures was carefully validated, before being handed over to the line managers in charge of execution. Today, the implementation is running smoothly and progresses rapidly.

We had previously indicated that PerformtoWin would contribute 200 to 400 million Euro to Adjusted EBIT in 2009. In fact, we have already achieved around 600 million Euro of performance improvements in 2009 as a result of a faster than expected implementation.

Let me highlight a few examples of those projects, that contributed most to this result. In the UK, the 'Clean Utility' program - aimed at reducing costs in the retail business - was the major driver for the return to profit of that segment. At Pan-European Gas, our efforts to optimize utilization of storage and transport assets, helped to offset earnings pressure in Supply & Sales. In Central Europe, service and overhead costs were reduced substantially. Finally, across the group, various opportunities to reduce procurement spend were implemented.

Looking forward, we stick to our timetable of delivering 800 million to 1 billion of improvement to Adjusted EBIT in 2010 from PerformtoWin. Not surprisingly, we are targeting to reach the upper end of that range after our strong results in 2009.

Investments

The second pillar of our strategy is the prioritization of investments.

We had planned to make some 10 billion Euros of cash-effective investments in 2009. However, the outcome is about one billion lower, as we postponed some projects. We also participated in 2.8

billion Euro of asset swaps, made up of 2.3 billion for Yuzhno Russkoye, and the remainder for the asset swap with GdF Suez.

For the period 2010-2012, we plan to invest 24 billion Euro. The key priorities remain the same as before: complete the pipeline of conventional new-build projects, in addition to growth in renewables, as well as in upstream gas. Overall, with the exception of the one billion of investments that has been moved to 2010, we are making only minor changes compared to our previous plan.

In 2012, we plan to invest 6 billion Euro. We regard this figure as consistent with expected cash from operating activities, dividend payments and our leverage target.

This year, a particularly large amount will be spent on the construction of conventional power plants.

We plan to commission 5 to 6 CCGTs in Europe with an overall capacity of at least 3,800 MW. In Russia, we will bring the 400 MW Shaturskaya CCGT into operation. And in the US, we will start Trimble County 2, a 750 MW coal-fired power plant of which we own 75%.

In addition, we continue the expansion of our renewables business. In Europe, we will commission the offshore wind parks Robin Rigg and Rodsand 2, and in the US the onshore wind park Papalote 2.

The large investments of the previous years will increasingly pay off and contribute more significantly to Adjusted EBIT in the years to come.

Portfolio streamlining

To conclude on our strategic priorities, let me turn to the streamlining of our portfolio.

We had three objectives. The first one, was to fulfill the commitments that we had made to the EU Commission to divest 5 gigawatt of generation capacity in Germany, as well as our power transmission network. We closed the asset swap with GdF Suez in November, the asset swap with EDF and EnBW in December, and the sale of the Mehrum plant to Stadtwerke Hannover in January.

The sale of transpower to TenneT was closed in February. We are confident to fulfill the commitment with regard to the remaining 265 MW of generation capacity within an adequate timeframe.

The second objective is to simplify and focus the group on the assets and activities, where we can add the most value. Each and every asset of the group will be reviewed in this respect. The swap of 2.9% of Gazprom stock for 25% in Yuzhno Russkoye, will leverage our exploration and production business, and bring us close to our target of producing 10 bcm of equity gas.

In the course of the portfolio review, we concluded, that the future development potential of Thüga within the E.ON Group is limited, and therefore decided to exit this business. The sale of the largest part of Thüga was completed in December last year, and we plan to divest the remaining four stakes during the course of this year.

Our third objective is to generate more than 10 billion Euro of cash proceeds by the end of 2010. With the transactions completed in January and February, we have already obtained around 6 billion and are well on track to reach our overall objective.

2003-2010 review

Ladies and Gentlemen, as this is my last conference call as CEO of E.ON, I would now like to use the opportunity, to review some of the key development steps the group has taken during my tenure.

When I joined as CEO, we were still experiencing the impacts of the first stages of the liberalization of electricity and gas markets. The latent overcapacity in many power markets led to a collapse of power prices and margins in 2000-2001. From there on, power prices were rising, but from a very low base.

E.ON had just carried out two transforming acquisitions: Powergen in mid-2002, and Ruhrgas in early 2003. What had been a conglomerate with a strong power business in Germany, was rapidly becoming a leading international electricity and gas company.

After these acquisitions, my first priority was to achieve a much tighter integration of the whole group. Next to business integration, the integration of different cultures present across the group, was a key task for me. This is why we initiated the OneE.ON project, which is still ongoing.

To further sharpen the profile of the group towards electricity and gas, another priority was to complete the divestments of the non-core businesses.

By 2006, we were ready to enter into a new phase. The European Commission was pushing an active agenda of European integration. The launch of the European Emissions Trading scheme in 2005, triggered a movement towards convergence between the various European power markets. The EU and many European countries were providing attractive support for renewable energy, and many power and gas markets had started to tighten.

All this opened new opportunities for E.ON. With the creation of the new unit E.ON Energy Trading for example, we oriented our business model towards this increasing integration of the European markets. Furthermore, we entered or expanded our presence in the Italian, French and Spanish markets. We participated in the privatization of OGK-4 in Russia, and thus acquired a first major position outside the mature markets of Europe and the US. Finally, the creation of our Climate and Renewables business within the general context to develop a cleaner generation business, will have a lasting effect on the E.ON Group.

After this strong expansion phase, we realized early the need for more focus on performance and streamlining from within the Group. The economic crisis that started late 2008, and the accompanying pressure on prices, only increased our conviction in this respect.

The developments I just described on a strategic level, are also clearly visible in our results.

- Adjusted EBIT has grown from 6.2 billion to 9.6 billion since 2003, altogether an increase of 55% or 8% per year on average.
- The capital employed has risen more slowly: +35% from 62 billion to 84 billion Euros.

- As a result, return on capital employed has risen from 9.9% to 11.7%, providing an attractive 2.6% spread above WACC. The recent decline in ROCE is largely due to our significant investments. We are therefore already planting the seeds for a profitable development in the years to come.

We have always paid attention to the need for long-term value creation. Since I started on May 1st, 2003, the share price has almost doubled, which is an average annual growth of 10%. Furthermore, E.ON outperformed both the utilities sector as well as the German benchmark DAX.

The dividend has grown by 14% per year on average, from 67 Eurocent per share to 1.50 Euro. And one should not forget, that we paid out a 2.8 billion Euros special dividend in 2006, and bought 6.5 billion Euros of our own shares in 2007 and 2008, as part of our policy to optimize E.ON's capital structure, and therefore to reduce our cost of capital.

Conclusion

To conclude, we have continuously tried to improve our performance and adapted to changing environments.

Without doubt, the sector environment has become more difficult lately. However, with our expansion in new markets and our organic investments, we have planted the seeds for E.ON's next development phase. Already this year, the New Markets had a substantial contribution to the group's performance.

I would like to finish, by saying that I enjoyed the constant dialogue with investors and analysts. The knowledgeable outsider views that you have of E.ON, its competitors, and the whole sector, is not always something easy to get from inside channels only. The interaction with the financial community has often helped me in keeping things in perspective.

Thank you for your attention. Marcus, over to you.