

- Group internal operating profit up 55 percent
- Exit from MEMC completed
- Agreement reached on acquisition of additional Ruhrgas shares
- As anticipated, Group net income considerably below previous year's figure
- E.ON continues to expect markedly improved Group internal operating profit for full-year 2001

The logo for E.ON, featuring the letters 'e.on' in a bold, lowercase, sans-serif font. The 'e' is significantly larger and more stylized than the 'o.n', which are smaller and more standard in appearance.

Group Performance

Note: Under U.S. GAAP, the date of the VEBA-VIAG merger's entry into the Commercial Register determines the inclusion of the former VIAG in E.ON's Consolidated Financial Statements for the year 2000. For this reason, the companies of the former VEBA contributed full twelve-month figures to the 2000 financial year. The companies of the former VIAG contributed figures for the period July through December 2000 only. We have calculated pro-forma figures for 2000 in accordance with U.S. GAAP in order to enable a comparison of the Company's performance in 2000 and 2001. The pro-forma figures depict the E.ON Group as

if the VEBA-VIAG merger had been consummated on January 1, 2000.

The purchase price allocation arising from the VEBA-VIAG merger was not yet completed on the date we released our Interim Report for the period ended September 30, 2000. This resulted in changes; we have adjusted the prior-year figures accordingly.

On September 30, we reached an agreement with Texas Pacific Group (TPG), a financial investor, on the sale of our silicon wafer operations. Under U.S. GAAP, MEMC's results must be shown separately—net of taxes and minority interests—under "Discontinued operations" in E.ON's Consolidated Statements of Income. The MEMC component of Group sales, internal operating profit, and results from ordinary operating activities has been eliminated from the figures for both 2000 and 2001.

E.ON Group financial highlights			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	64,298	69,197	-7
Internal operating profit	2,858	1,843	+55
Results from ordinary business activities	3,026	6,926	-56
Group net income	1,026	3,589	-71
Investments	6,653	7,378	-10
Cash flow from operating activities	3,399	3,180	+7
Employees at end of 3Q01 and 2000	183,288	180,173	+2
Earnings per share (in €)			
from ongoing operations	2.74	4.94	-45
from discontinued operations	-1.22	-0.01	-

Group internal operating profit rose 55 percent year-on-year in the first nine months of 2001. This substantial increase results primarily from the successful portfolio-slimming measures at our Telecommunications Division. In addition, E.ON Energie, VEBA Oel, Viterra, Stinnes, and VAW aluminium posted higher earnings.

In the first three quarters of 2001, the Group amortized goodwill totaling €472 million compared with €652 million during the same period last year.

As anticipated, results from ordinary business activities fell 56 percent year-on-year to €3,026 million. The main reason for this distinct decline is that the year-earlier number includes exceptionally high book gains from the disposition of our telecoms shareholdings: E-Plus (€3.5 billion) and Cablecom (€0.8 billion). The figure for the first nine months of 2001 contains comparatively few extraordinary items and mainly reflects book gains related to spin-offs at Thüga and Avacon as well as net book gains from the sale of VIAG Interkom and from the disposal of Bewag and HEW. These gains were partly offset by losses stemming from the sale of dmc² and Phenolchemie.

Restructuring and cost-management expenses primarily impacted ASTA Medica, Viterra Baupartner, Aral as well as costs resulting from power station shutdowns and restructuring measures at E.ON Energie.

Other nonoperating earnings principally reflect the costs stemming from the merger of Degussa-Hüls and SKW Trostberg to form Degussa. This item also includes our additional contribution to Remembrance, Responsibility, and the Future, the German industry founda-

Group net income			
Nine months € in millions	2001	pro forma 2000	+/- %
Group internal operating profit	2,858	1,843	+55
Net book gains	193	4,570	-96
Cost-management and restructuring expenses	-174	-116	-50
Other nonoperating earnings	-188	264	-
Foreign E&P taxes	337	365	-8
Results from ordinary business activities	3,026	6,926	-56
Income taxes	-926	-2,994	+69
Minority interests	-245	-338	+28
Results from ongoing operations	1,855	3,594	-48
Results from discontinued operations	-827	-5	-
Earnings resulting from first-time application of SFAS 133	-2	0	-
Group net income	1,026	3,589	-71

tion. Nonoperating earnings were further impaired by the creation of provisions related to the cancellation of a commercial property project in Berlin as well as exceptional provisions for damages arising from former mining activities. The expenses were offset in particular by amounts arising from the put and call options on our Orange shares which were marked to market as of September 30, 2001.

Income taxes declined to €926 million. The Company's tax rate was reduced to 31 percent from 43 percent in the first nine months of 2000. This is mainly the result of the lower corporate tax rate in effect since the beginning of the year due to Germany's Tax Reduction Act.

Our exit from MEMC—a non-core activity—will reduce Group net income after taxes and minority

interests by a total of approximately €827 million. The total charges include MEMC's ongoing operating loss and the valuation allowance related to deferred tax assets at MEMC already taken in the first half of 2001. They also reflect the complete writedown of E.ON's MEMC exposure including the financing of MEMC up to closing. E.ON already took around €273 million of the €827 million in total charges in the first half of 2001. The additional amount resulting from the sale—about €554 million—is shown in our Consolidated Financial Statements for the period ended September 30, 2001.

As anticipated, the above factors reduced Group net income after taxes and minority interests 71 percent year-on-year to €1,026 million and earnings per share from ongoing operations 45 percent to €2.74.

Performance by Division

Nine-month Group sales were down 7 percent as the year-earlier number contains the electronics operations we divested last fall and Schmalbach-Lubeca. Sales reported under E.ON AG/other/consolidation declined for the same reasons. Third quarter 2000 sales from our electronics activities were reported in this item because the buyer had acquired them with economic effect as of July 2000. The considerable improvement in internal operating profit shown under E.ON AG/other/consolidation is principally due to effects related to the disposal of telecoms activities.

Performance by Division			
Nine months € in millions	2001	pro forma 2000	+/- %
Energy	12,781	9,167	+39
Chemicals	14,504	14,902	-3
Other Activities ¹	37,390	41,417	-10
Oil	20,579	20,738	-1
Real Estate	881	845	+4
Telecommunications	408	264	+55
Distribution/Logistics	12,667	17,040	-26
Aluminum	2,855	2,530	+13
E.ON AG/other/consolidation	-377	3,711 ²	-
Group sales	64,298	69,197	-7

Group internal operating profit			
Nine months € in millions	2001	pro forma 2000	+/- %
Energy	1,335	1,255	+6
Chemicals	431	516	-16
Other Activities ¹	768	189	+306
Oil	294	226	+30
Real Estate	109	53	+106
Telecommunications	-100	-670	+85
Distribution/Logistics	236	400	-41
Aluminum	229	180	+27
E.ON AG/other/consolidation ³	324	-117 ²	-
Group internal operating profit	2,858	1,843	+55

¹Excludes MEMC.

²Includes VEBA Electronics for the period July 1 to September 30, 2000, as well as Schmalbach-Lubeca.

³To enhance the transparency of segment earnings, interest income resulting from the disposal of E-Plus, Cablecom, Orange Communications, and VIAG Interkom is reported under E.ON/other/consolidation. The figures for the year-earlier span were adjusted accordingly.

Energy

Energy: production/sales volume			
Nine months kWh in millions	2001	pro forma 2000	+/- %
Power supplied	212,861	155,463	+37
Power generated	104,246	90,834	+15
Natural gas sales volume	60,926	49,910	+22
Water sales volume (million m ³)	194	195	-1

Energy			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	12,781	9,167	+39
Electricity	9,899	7,278	+36
thereof: electricity tax	391	304	+29
Natural gas	1,749	1,020	+71
Water	168	164	+2
Other	965	705	+37
Internal operating profit	1,335	1,255	+6
Investments	3,155	2,808	+12
thereof: property, plant, and equipment	671	667	+1
thereof: financial assets	2,484	2,141	+16

In our Energy Division, E.ON Energie substantially boosted its trading volume. Power supplied to standard-rate and residential customers, regional utilities as well as industrial and commercial special-rate customers also rose markedly. The inclusion of Sydkraft, the Swedish utility that has been fully consolidated

since May 1, 2001, likewise contributed to the increase. Overall, power deliveries exceeded the previous year's figures by 37 percent or around 57 billion kWh. Preliminary estimates for the first nine months of 2001 indicate that electricity consumption from Germany's public grid increased 0.5 percent compared with a roughly 3.8 percent increase for the year-earlier period.

Our Energy Division met around 47 percent of its power requirements with electricity from its own generation fleet versus 57 percent for the same period last year. At 115.6 billion kWh, around 65 percent more power was purchased from other suppliers (including commodity trading). This lifted the share of power procured from outside sources to 53 percent against 43 percent a year ago.

The sharp increase in natural gas sales volume resulted mainly from the first-time inclusion of HEIN GAS Hamburger Gaswerke (HGW) and Sydgas, a subsidiary of Sweden's Sydkraft. Water sales volume was nearly on par with last year's number.

In the first nine months of 2001, E.ON Energie's sales surpassed the prior-year figure by a wide margin due to markedly higher sales volumes, the modest recovery in power prices, and the full consolidation of Sydkraft. These factors—combined with E.ON Energie's ongoing efficiency-boosting measures—also lifted Energy's internal operating profit year-on-year. The increase more than offset the costs related to Germany's Renewable Energy and Co-Generation Protection Laws as well as higher fuel costs.

Chemicals

Chemicals			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	14,504	14,902	-3
Internal operating profit	431	516	-16
Investments	1,882	1,030	+83
thereof: property, plant, and equipment	907	856	+6
thereof: financial assets	975	174	+460

Our Chemicals Division's business environment has continued to deteriorate over the course of the year, especially in recent months. Particularly in North America—but also in Germany and the rest of Europe—the downward trend has accelerated. Until late August, Degussa's operations were only moderately impacted by these developments. Nine-month

sales were off 3 percent year-on-year to €14.5 billion owing to the planned disposal of non-core activities. Sales in Degussa's core businesses were up 6 percent to €8.3 billion.

At €431 million, Degussa's internal operating profit fell 16 percent from the solid results of a year ago. Earnings were impaired by the economic slowdown, weak demand (particularly in North America), increasing pressure on sales prices as well as by appreciably higher interest expenses and goodwill amortization resulting from the acquisition of Laporte. Degussa's Health & Nutrition, Fine & Industrial Chemicals, Specialty Polymers, Performance Chemicals, and Construction Chemicals posted higher earnings, whereas Coatings & Advanced Fillers reported a slight earnings decline. As anticipated, Degussa's divestment program led to a reduction in the internal operating profit generated by its non-core activities.

Other Activities

In the wake of portfolio slimming measures, in the first three quarters of 2001 our Oil Division's crude oil production dipped 7 percent to 36.4 million barrels. The Division's natural gas production climbed 5 percent to 810 million cubic meters owing to production startup at a new field in the Dutch North Sea. The sales volume of petroleum products declined 6 percent to 27.4 million tons primarily because of slower business outside Germany. The sales volume of petrochemical products sank 10 percent to 3.4 million tons.

VEBA Oel's sales fell slightly due to lower sales volumes and softer third-quarter product prices. The improvement in internal operating profit is mainly the result of service station margins that were markedly higher compared with the prior year's low levels. Cost-cutting measures also contributed. At \$20.8 per ton,

In our Real Estate Division, Viterra grew sales by 4 percent. Viterra's Residential Services and Commercial divisions reported distinct increases. The expansion of Viterra Energy Services and the purchase of logistics properties late last year contributed to the increase. Residential Investment's rental income declined owing to the sale of additional housing units compared with its holdings at year-end 2000. In the period under review, this division sold 1,920 housing units against 1,091 in the year-earlier span.

Overall, Viterra's internal operating profit was up sharply. The rate of increase will decline for the full-year figure because a large share of the previous year's results was reported in the fourth quarter. Residential Services posted a particularly impressive earnings increase due primarily to the expansion of Viterra

The improvement in Telecommunications' internal operating profit stems principally from the divestment of VIAG Interkom and Orange Communications and the related elimination of operating losses. In addition, the Company's remaining telecoms shareholdings—ONE in Austria and Bouygues Telecom in France—showed operating improvements. The key factors were higher sales revenues and lower customer acquisition costs at both companies. Beginning in early 2001, the vigorous growth of Austria's mobile phone market began to slacken. At the end of September 2001, ONE had 1.2 million cellular phone subscribers or 20 percent of the Austrian market.

Oil			
Nine months € in millions	2001	2000	+/- %
Sales	20,579	20,738	-1
thereof: petroleum tax	6,780	6,931	-2
Internal operating profit	294	226	+30
Investments	456	1,425	-68
thereof: property, plant, and equipment	429	439	-2
thereof: financial assets	27	986	-97

the average Rotterdam refining margin fell \$4.0 per ton compared with the figure for the first nine months of last year. The average crude oil price declined \$1.8 to \$26.2 per barrel.

Real Estate			
Nine months € in millions	2001	2000	+/- %
Sales	881	845	+4
Internal operating profit	109	53	+106
Investments	98	144	-32
thereof: property, plant, and equipment	71	112	-37
thereof: financial assets	27	32	-16

Energy Services. In addition, increased sales of housing units enabled Residential Investment to post a substantially higher internal operating profit. By contrast, Residential Development's earnings were down year-on-year owing to continued tough market conditions.

Telecommunications			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	408	264	+55
Internal operating profit ¹	-100	-670	+85
Investments	181	1,029	-82
thereof: property, plant, and equipment	178	281	-37
thereof: financial assets	3	748	-100

¹To enhance the transparency of segment earnings, interest income resulting from the disposal of E-Plus, Cablecom, Orange Communications, and VIAG Interkom is reported under E.ON AG/other/consolidation. The figures for the year-earlier span were adjusted accordingly.

Other Activities

Distribution/Logistics			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	12,667	17,040	-26
Internal operating profit	236	400	-41
Investments	227	333	-32
thereof: property, plant, and equipment	209	231	-10
thereof: financial assets	18	102	-82

For the first nine months of 2001, our Distribution/Logistics Division comprises only Stinnes and Klöckner & Co. The year-earlier number includes the first-half figures of the electronics operations we sold in the fall of 2000. This is the reason why Distribution/Logistics reported appreciably lower sales and internal operating profit.

Stinnes's sales surpassed the figure of a year ago. Adjusted for the building materials operations sold in

mid-year 2000, its sales were markedly higher. This stems from the positive development of Stinnes's Transportation and Chemicals divisions as well as from the first-time consolidation of Holland Chemical International, which Stinnes acquired late last year. Internal operating profit was up substantially. The improvement results from the solid performances put in by the Transportation and Chemicals divisions, particularly in the first half of the year. The September 11 terrorist attacks on the U.S. caused third quarter sales at Stinnes's Air and Sea Freight division to decline year-on-year.

Klöckner & Co's sales declined due to the disposal of its trading business in late 2000. Lower steel prices and weaker demand were chiefly responsible for the decline in internal operating profit. In mid-October we completed the sale of Klöckner to London-based Balli Group. As of this date, Klöckner is no longer included in E.ON's Consolidated Financial Statements.

Aluminum			
Nine months € in millions	2001	pro forma 2000	+/- %
Sales	2,855	2,530	+13
Internal operating profit	229	180	+27
Investments	254	131	+94
thereof: property, plant, and equipment	178	124	+44
thereof: financial assets	76	7	+986

In the period under review, our Aluminum Division operated in a satisfactory business climate. At \$1,404 per ton, aluminum prices remained historically high in the third quarter of 2001 owing to continued production cuts. The first-time consolidation of Australia's Kurri Kurri smelter and the strong dollar represented additional positive factors. VAW aluminium grew sales 13 percent and internal operating profit 27 percent.

Employees

Employees			
	Sep. 30, 2001	Dec. 31, 2000	%
Energy	41,173	34,406	+20
Chemicals	57,532	62,110	-7
Other Activities ¹	83,959	82,998	+1
Oil	7,744	8,593	-10
Real Estate	5,560	5,567	+/-0
Telecommunications	1,601	1,409	+14
Distribution/Logistics	54,052	53,439	+1
Aluminum	15,002	13,990	+7
E.ON AG/other	624	659	-5
Total	183,288	180,173	+2

¹Excludes MEMC.

The E.ON Group employed 183,288 people worldwide at the end of September 2001. This represents an increase of just under 2 percent versus year-end 2000.

On balance, Energy's staff count rose by around 7,000 due to the acquisition of a majority stake in Sweden's Sydkraft and the takeover of HGW. The purchase of Laporte added roughly 2,000 employees to our Chemicals Division. Overall, however, staff at this Division declined by about 4,600 owing mainly to the disposal of dmc² and Phenolchemie. The number of employees working at our Other Activities increased by approximately 1,000 due to Stinnes's first-time consolidation of several operations outside Germany and to VAW aluminium's acquisition of a company in Malaysia. On the other hand, ongoing restructuring measures led to staff reductions, chiefly at VEBA Oel.

Expenses for wages and salaries including social security contributions amounted to about €7.6 billion compared with €7.8 billion in the year-earlier period.

Investments

In the first nine months of 2001, the E.ON Group invested a total of €6.7 billion—down 10 percent year-on-year. Spending on fixed and intangible assets declined 9 percent to €2.7 billion. Investments in financial assets fell 10 percent to €4.0 billion.

Capital spending at our Energy Division surpassed last year's figure by 12 percent. Major investments included the shareholding increases at Sydkraft and Gelsenwasser as well as the acquisition of shares in Elektrizitätswerk Minden-Ravensberg and ESWE Versorgungs AG (formerly Stadtwerke Wiesbaden). Chemicals' capital expenditures rose considerably owing to the takeover of Laporte, the U.K.-based fine chemicals company. Investments by our Other Activities declined appreciably. Last year's exceptionally high number reflects our Oil Division's acquisition of Mobil Oil's Aral interest and, in our Telecommunications Division, shareholder loans to VIAG Interkom.

Investments				
Nine months € in millions	2001	%	Pro forma	
			2000	%
Energy	3,155	48	2,808	38
Chemicals	1,882	28	1,030	14
Other Activities ¹	1,216	18	3,062	42
Oil	456	7	1,425	19
Real Estate	98	1	144	2
Telecommunications	181	3	1,029	14
Distribution/Logistics	227	3	333	5
Aluminum	254	4	131	2
E.ON AG/other/consolidation	400	6	478	6
Total	6,653	100	7,378	100

¹Excludes MEMC.

Highlights

E.ON Energie will acquire a 34 percent interest in Espoon Sähkö, a Finnish energy utility based in Espoo, for around €160 million or €30 per share. After the purchase is completed, E.ON Energie will, at a later date, submit a takeover offer to minority shareowners, who hold 32 percent of the Finnish utility's stock. In addition, the city of Espoo has an option to sell its 34 percent stake to E.ON Energie for €33 per share.

On September 30, E.ON sold its 71.8 percent stake in MEMC of St. Peters, Missouri, including shareholder loans, to San Francisco-based TPG, a financial investor, for a symbolic purchase price. A substantial improvement in MEMC's earnings performance in 2002 could increase the purchase price to a maximum of \$150 million. The transaction was completed on November 13, 2001. TPG intends to strengthen MEMC's capital structure and provide new financing.

In October, the Federal Energy Regulatory Commission of the U.S. approved E.ON's takeover of U.K.-based Powergen and LG&E Energy, Powergen's American subsidiary. This followed earlier go-aheads from state regulators in Kentucky and Virginia. In April, E.ON announced a pre-conditional offer to acquire Powergen for a total of €15.3 billion. E.ON continues to work toward securing the remaining regulatory approvals—

in particular from the SEC and the European Commission—and remains on track to complete the deal in spring 2002.

E.ON has submitted to the German Federal Cartel Office for the acquisition of a majority shareholding in Essen-based Ruhrgas AG. E.ON has reached agreement with Vodafone, ThyssenKrupp, and RWE to acquire their respective shares in Bergemann GmbH, which holds 34.8 percent of Ruhrgas. It is also holding talks with RAG to acquire its Bergemann shares. In August E.ON applied for antitrust approval to acquire Gelsenberg AG, which holds 25.5 percent of Ruhrgas.

Outlook

Our exit from MEMC—a non-core activity—will reduce Group net income after taxes and minority interests by a total of €827 million. The entire amount is shown in our Consolidated Financial Statements for the period ended September 30, 2001.

We expect Group internal operating profit for full-year 2001 to markedly surpass the previous year's number, albeit at a lower rate of increase. It should be noted that MEMC's losses are no longer included in Group internal operating profit. Under U.S. GAAP, these losses must be shown separately—for both 2001 and 2000—under "Discontinued operations" in E.ON's Consolidated Statements of Income. As anticipated, results from ordinary business activities for full-year 2001 will come in significantly below the 2000 figure. This is because we do not expect to post comparable gains from disposals, in part owing to the tax relief on capital gains that will take effect in Germany in 2002.

We anticipate that our Energy Division will benefit from the continued stabilization of electricity prices as well as from the first-time consolidation of Sydkraft. Energy's internal operating profit for full-year 2001 will be slightly above the prior-year figure. Moreover, we expect earnings-enhancing effects from the bottom-line focus of our marketing strategy and from Energy's ongoing efficiency-boosting measures.

Contrary to earlier forecasts, we expect the dramatic market deterioration of recent weeks and the continued sluggish economy to result in our Chemicals Division posting a full-year internal operating profit distinctly below the previous year's number.

Degussa has responded to this trend by intensifying its ongoing restructuring measures. The company has approved a new round of measures to stabilize earnings. In addition, Degussa will continue to systematically implement the cost-management measures already initiated and to realize the synergies stemming from the merger of Degussa-Hüls and SKW Trostberg.

Overall, we anticipate that our Other Activities will post a significantly higher full-year internal operating profit for 2001. We expect Oil's full-year internal operating profit to be on par with the prior year's solid results. We are forecasting earnings improvements at our Real Estate and Telecommunications Divisions as well as at Stinnes and VAW aluminium.

We also expect the internal operating profit reported under E.ON AG/other/consolidation to show a considerable increase year-on-year.

Despite the altered earnings picture at our Chemicals Division, we continue to anticipate that Group internal operating profit for full-year 2001 will markedly surpass the previous year's figure.

Interim Consolidated Financial Statements

E.ON AG and Subsidiaries Consolidated Statements of Income				
€ in millions	Third quarter		Nine months	
	2001	pro forma 2000	2001	pro forma 2000
Sales	20,183	23,415	64,298	69,197
Petroleum and electricity taxes	-2,443	-2,435	-7,168	-7,235
Sales, net of petroleum and electricity taxes	17,740	20,980	57,130	61,962
Costs of goods sold and services provided	-14,669	-17,121	-47,591	-51,181
Gross profit from sales	3,071	3,859	9,539	10,781
Selling expenses	-1,736	-1,639	-5,141	-4,981
General and administrative expenses	-679	-831	-2,064	-2,347
Other operating income/expenses	103	-296	128	3,846
Financial earnings, net	142	-198	564	-373
Results from ordinary business activities	901	895	3,026	6,926
Income taxes	-73	-425	-926	-2,994
Minority interests	-77	-50	-245	-338
Results from ongoing operations	751	420	1,855	3,594
Loss from discontinued operations	-554	-1	-827	-5
Adjustments stemming from first-time application of SFAS 133, after taxes	-	-	-2	-
Group net income	197	419	1,026	3,589
Earnings per share (in €)				
from ongoing operations	1.13	0.58	2.74	4.94
from discontinued operations	-0.82	-	-1.22	-0.01

E.ON AG and Subsidiaries Consolidated Balance Sheet			
€ in millions		Sep. 30, 2001	Dec. 31, 2000
Assets			
Intangible assets		10,978	9,714
Property, plant, and equipment		33,179	28,844
Financial assets		14,936	24,782
Fixed assets		59,093	63,340
Inventories		6,955	7,166
Receivables, trade		11,804	11,297
Other receivables and assets		12,546	13,443
Businesses held for sale		-	989
Liquid funds		14,205	8,501
Non-fixed assets		45,510	41,396
Deferred taxes		777	1,074
Prepaid expenses		508	405
Total assets		105,888	106,215
Liabilities and stockholders' equity			
Stockholders' equity		23,171	28,033
Minority interests		6,399	5,123
Provisions for pensions		8,981	8,736
Other provisions		25,185	24,799
Accrued liabilities		34,166	33,535
Financial liabilities		14,124	14,047
Other liabilities		24,093	21,873
Liabilities		38,217	35,920
Deferred taxes		3,071	2,720
Deferred income		864	884
Total liabilities and stockholders' equity		105,888	106,215

Interim Consolidated Financial Statements

E.ON AG and Subsidiaries Consolidated Statements of Cash Flow		
Nine months € in millions	2001	pro forma 2000
Net income	1,026	3,589
Minority interests	245	338
Adjustments to reconcile net income to cash flow from operations		
Losses from discontinued operations	827	5
Depreciation and amortization	3,257	3,549
Changes in deferred taxes	-560	-198
Changes in provisions	485	119
Other non-cash items	-566	266
Gains from disposition of fixed assets	-618	-4,780
Changes in operating assets and liabilities	-697	292
Cash provided by (used for) operating activities	3,399	3,180
Proceeds from disposition of:		
Financial assets	15,328	2,613
Intangible assets and fixed assets	435	906
Purchase of:		
Financial assets	-3,982	-4,446
Intangible assets and fixed assets	-2,671	-2,932
Changes in securities (> 3 months)	-1,092	-2,961
Cash provided by (used for) investing activities	8,018	-6,820
Payments to acquire E.ON AG shares	-2,948	-2
Payment of cash dividends to:		
Shareholders of E.ON AG	-954	-849
Minority interests	-266	-82
Changes in financial liabilities	-3,022	3,845
Cash provided by (used for) financing activities	-7,190	2,912
Net increase (decrease) in cash and cash equivalents (< 3 months)	4,227	-728
Effect of foreign exchange rates on cash and cash equivalents (< 3 months)	-6	14
Liquid funds at beginning of period (< 3 months)	1,206	1,166
Liquid funds from discontinued operations at beginning of period (< 3 months)	-102	-132
Liquid funds from ongoing operations at beginning of period (< 3 months)	1,104	1,034
Liquid funds at end of period (< 3 months)	5,325	320
Securities at end of period, other than trading (> 3 months)	8,880	6,640
Liquid funds as shown on the balance sheet	14,205	6,960

Earnings per share

Earnings per share				
€ in millions (unless otherwise stated)	Third quarter		Nine months	
	2001	pro forma 2000	2001	pro forma 2000
Results from ongoing operations	751	420	1,855	3,594
Loss from discontinued operations	-554	-1	-827	-5
Net income	197	419	1,026	3,589
Number of outstanding shares (weighted average) 1,000 shares	670,120	728,048	677,743	728,048
Earnings per share in €				
from ongoing operations	1.13	0.58	2.74	4.94
from discontinued operations	-0.82	-	-1.22	-0.01

Notes. During the third quarter of 2001, we purchased roughly 9.4 million E.ON shares as part of the share buyback program approved by E.ON AG's Supervisory Board on September 22, 2000. This authorization was extended to October 31, 2002, at E.ON's Annual Shareholders' Meeting. As of September 30, 2001, we had repurchased a total of about 65.9 million E.ON shares amounting to around 8.6 percent of the Company's capital stock.

In late October we completed our share buyback program. E.ON repurchased a total of roughly 76.3 million of its own shares. This equals 10 percent of the Company's capital stock. Around €4.5 billion was expended on the program. Plans call for most repurchased shares to be cancelled. A small part of repurchased shares will be used to cover E.ON's stock option program. When options are exercised, these shares will be sold on-market. E.ON's Supervisory Board will decide in December 2001 on this plan for using repurchased shares.

The first three quarters of 2001 saw the following changes to E.ON's scope of consolidation:

- In order to comply with the commitments made during the VEBA-VIAG merger control process, E.ON Energie reached an asset-swap agreement with Hamburgische Electricitäts-Werke (HEW). E.ON Energie transferred its 49 percent stake in Bewag, the Berlin-based energy utility, to HEW. In return, E.ON Energie received a 61.9 percent interest in HGW and a cash payment. HGW is fully consolidated as of June 1, 2001.
- On February 1, 2001, E.ON Energie acquired additional shares in Sydkraft, the Malmö-based utility, from four Swedish municipalities. This increased E.ON Energie's shareholding to a total of 29.4 percent of Sydkraft's capital stock and 42.8 percent of the Swedish utility's voting rights. On February 21, 2001, E.ON Energie tendered Sydkraft's minority shareholders a takeover offer with a deadline of the end of April. E.ON Energie now holds 60.7 percent of Sydkraft's capital stock and 65.8 percent of its voting rights. Sydkraft is fully consolidated as of May 1, 2001.
- On January 15, 2001, Degussa tendered a cash offer of £6.97 per share to the stockholders of Laporte, the U.K.-based specialty chemicals enterprise. By the end of June 2001, Degussa had acquired 100 percent of Laporte's capital stock. Laporte is fully consolidated as of April 1, 2001.

- On January 16, 2001, E.ON exercised the put option to sell its 45 percent interest in VIAG Interkom. E.ON had reached the option agreement with British Telecom in August 2000. Beginning February 19, 2001, VIAG Interkom is no longer included in E.ON's Consolidated Financial Statements.
- To enhance the transparency of segment earnings, interest income stemming from the disposal of E-Plus, Cablecom, Orange Communications, and VIAG Interkom is reported under E.ON AG/other/consolidation. The figures for the year-earlier period were adjusted accordingly.
- In 2001 our Distribution/Logistics Division comprises just Stinnes (logistics services) and Klöckner & Co (metals trading). We sold our electronics operations in the fall of 2000 to a consortium of European and American buyers. In mid-October we completed the sale of Klöckner & Co to London-based Balli Group. As of this date, Klöckner & Co is no longer included in E.ON's Consolidated Financial Statements.

The prior year's figures are pro forma and were calculated on a like-for-like basis. Additional, actual figures for 2000 are not provided.

On September 30, we reached an agreement with TPG, a financial investor, on the sale of our silicon wafer operations. Under U.S. GAAP, MEMC's results must be shown separately—net of taxes and minority interests—under "Discontinued operations" in E.ON's Consolidated Statements of Income. The MEMC component of Group sales, internal operating profit, and results from ordinary operating activities has been eliminated from the figures for both 2000 and 2001.

The Interim Consolidated Financial Statements were reviewed by our independent accountant, PwC Deutsche Revision AG Wirtschaftsprüfungsgesellschaft, Düsseldorf.

Financial Calendar

March 21, 2002	Annual Press Conference and Analysts' Conference
May 16, 2002	Interim Report: January - March 2002
May 28 2002	Annual Shareholders' Meeting
August 14, 2002	Interim Report: January - June 2002
November 14, 2002	Interim Report: January - September 2002

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This Interim Report contains certain forward-looking statements that are subject to risk and uncertainties. For information identifying economic, currency, regulatory, technological, competitive, and some other important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, you should refer to E.ON's filings to the Securities and Exchange Commission (Washington, DC), as updated from time to time, in particular to the discussion included in the section of E.ON's 2000 Annual Report on Form 20-F entitled "Item 3. Key Information: Basic Risk Factors."