



In the year under review, the Supervisory Board thoroughly examined E.ON's situation. The E.ON AG Board of Management regularly provided us with timely and comprehensive information. We continually monitored the management of the Company and advised the Board of Management.

At the Supervisory Board's three regular meetings and four extraordinary meetings in 2007, we discussed in depth all issues relevant to E.ON. Between meetings, the Board of Management provided the Supervisory Board with written reports on business transactions of key importance to E.ON. Furthermore, the Chairman of the Supervisory Board was informed on an ongoing basis about all significant business transactions as well as the development of key financial figures.

Corporate Strategy and Planned Acquisitions and Disposals

An important topic of our discussions was the package of strategic initiatives, announced in May 2007, for the further development of the E.ON Group. The package's main elements were:

- business management and organizational structure
- growth investments
- climate protection and customer orientation
- earnings growth
- financial strategy.

The Board of Management provided us with comprehensive information about how further optimizing the way E.ON manages its businesses would enable it to seize the opportunities created by the ongoing integration of Europe's energy markets, improve its operating performance, pursue

ambitious climate-protection objectives, sustainably enhance earnings, and achieve and actively manage a significantly more efficient capital structure. The Board of Management also presented a substantial investment program to ensure that E.ON continues to grow and enhance value well into the future.

Furthermore, the Board of Management informed us about the latest developments in E.ON's initial plan, which was to acquire all of Spanish energy utility Endesa, and about the agreement it subsequently reached with Enel and Acciona under which it will acquire an extensive portfolio of assets, with operations primarily in Spain, Italy, and France.

Other important topics of our discussions and resolutions were the activities surrounding E.ON's entry into the Russian electricity market and the systematic expansion of its renewables operations. The Board of Management provided us with detailed information, in particular about the privatization of the Russian electricity market and the acquisition of OGK-4, a Russian power producer, as well as the purchase of wind-farm operators in Europe and North America.

In addition, the Board of Management reported in detail about a variety of strategically relevant projects, in particular natural gas storage projects in Austria and Germany, the acquisition of gas production licenses in the Norwegian North Sea, the planned acquisition of a stake in the Siberian natural gas field Yushno Russkoye, the participation in the construction of the Skanled gas pipeline in Northern Europe, and the disposal of E.ON's stake in RAG. We were also informed about the planned acquisition of Statkraft's 44.6-percent stake in E.ON Sverige.

Energy Policy and Regulatory Environment

The Board of Management provided us with detailed information about developments in the policy and regulatory environment of the electricity and gas industries. We dealt extensively with the relevant legislative and regulatory processes and their effects on our markets and the E.ON Group. Key topics were:

- the European Union's comprehensive package of energy-policy proposals
- the European Union's climate policy and the development of the EU-wide emissions trading scheme ("ETS"), including Germany's national allocation plan for phase two of the ETS
- the Commission's third package of internal energy market legislation, including the proposed unbundling of network operations
- the network charge approvals processes of the German Federal Network Agency

- the German federal government's climate and environmental policy
- the amendment of Germany's law against restraints on competition.

In this context, we also thoroughly discussed issues surrounding the energy summit initiated by the German chancellor to discuss Germany's future energy mix.

Financial Situation and Medium-Term Plan

We discussed in detail the financial situation of the major group companies in relation to developments in European and global energy markets, about which the Board of Management continually informed us. We also discussed thoroughly the E.ON Group's medium-term plan for the period 2008 through 2010, including planned investments and the main topics of groupwide human resources. Furthermore, the Board of Management regularly informed us about the scope of E.ON's use of derivative financial instruments.

Corporate Governance

We also regularly discussed the further development of E.ON's corporate governance policies. We assured ourselves that in the 2007 financial year E.ON AG complied with the corporate governance principles contained in the Declaration of Compliance it had issued on December 13, 2006. E.ON's Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act is published on the Internet at www.eon.com.

Committee Meetings

The Supervisory Board's Executive Committee discussed reports from the Board of Management in detail at four meetings. In particular, it prepared the meetings of the Supervisory Board. It also discussed and passed resolutions on matters relating to the Board of Management, such as the appointment of Dr. Teysen to serve as Vice Chairman of the Board of Management and the Board of Management's compensation. Matters including the final offer for Endesa were discussed at two joint meetings with the Finance and Investment Committee.

The Finance and Investment Committee held seven meetings to discuss reports from the Board of Management. These comprehensive reports focused on the takeover offer for the Spanish utility Endesa, the share buyback program, gas-storage and wind-power projects in Europe and North America, the acquisition of a stake in Norwegian gas fields and in a power producer in Russia. Other topics of detailed discussion were planned financing measures, the acquisition

of Statkraft's shares in E.ON Sverige, and the medium-term plan. At these meetings, the committee also prepared Supervisory Board resolutions on transactions requiring the Supervisory Board's approval and/or made such resolutions itself in accordance with the Supervisory Board's policies and procedures. Between its meetings, the committee discussed and approved by means of written correspondence in three cases: power plant projects in Germany and Russia and certain financing measures.

At its five meetings the Audit Committee devoted particular attention to the Financial Statements of E.ON AG, the E.ON Annual Report, the Interim Reports, accounting issues, risk management, and E.ON's dealings with its Independent Auditor. The committee also thoroughly discussed the rules for the approval of non-auditing services performed by the Independent Auditor, E.ON's insurance strategy, E.ON's compliance system, and the system to ensure the correctness of the Annual and Interim Reports, which must be attested to under German law.

Examination and Approval of the Financial Statements of E.ON AG, Approval of the Consolidated Financial Statements, Proposed Dividend

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, the Independent Auditor chosen by the Annual Shareholders Meeting and appointed by the Supervisory Board, audited and submitted an unqualified opinion on the Financial Statements of E.ON AG and the Combined Group Management Report for the year ended December 31, 2007. The same applies to the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The Consolidated Financial Statements prepared in accordance with IFRS exempt E.ON AG from the requirement to publish Consolidated Financial Statements in accordance with the German Commercial Code. Furthermore, the auditors examined E.ON AG's risk detection system. This examination revealed that the system is fulfilling its tasks. After being subject to a preliminary review by the Audit Committee, the Financial Statements, the Combined Group Management Report and the Independent Auditor's Report were given to all the members of the Supervisory Board. The Audit Committee and the Supervisory Board, at its meeting to approve the Financial Statements, also reviewed these documents in detail, with the Independent Auditor present on both occasions.

At our meeting on March 5, 2008, we examined—with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit Committee—the Financial Statements of E.ON AG, the Consolidated Financial Statements, the Combined Group Management Report, and the Board of Management's proposal regarding the appropriation of net income available for distribution. We found no reasons for objections regarding these documents. In addition, the Combined Group Management Report was in line with the Board of Management's reports to the Supervisory Board. We approved the Independent Auditor's Report.

We approved the Financial Statements of E.ON AG prepared by the Board of Management and the Consolidated Financial Statements. The Financial Statements are thus adopted. We agree with the Combined Group Management Report and, in particular, with its statements concerning E.ON's future development.

We examined the Board of Management's proposal for appropriating income available for distribution, which includes a cash dividend of €4.10 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. The proposal is in the Company's interest with due consideration for the shareholders' interests. We therefore agree with the proposal for appropriating net income available for distribution.

Personnel Changes on the Board of Management

At the Supervisory Board meeting on May 30, 2007, we reappointed Dr. Wulf H. Bernotat to serve as a member and as Chairman of the Board of Management for the period May 1, 2008, to April 30, 2010.

At the Supervisory Board meeting on December 17, 2007, we appointed Dr. Johannes Teyssen to serve as Vice Chairman of the Board of Management effective March 1, 2008.

Dr. Hans Michael Gaul and Dr. Burckhard Bergmann retired from the Board of Management at the end of March 2007 and the end of February 2008, respectively. Dr. Bergmann's retirement from the E.ON AG Board of Management also ends his term as Chairman of the Board of Management of E.ON Ruhrgas AG. We would like to take this opportunity to again thank Dr. Gaul and Dr. Bergmann for their excellent service to the E.ON Group. They played key roles in the transformation of E.ON into a focused power and gas company and dedicated themselves to the Company's successful development.

Personnel Changes on the Supervisory Board

In 2007, there were personnel changes on the Supervisory Board among the shareholder representatives and among the employee representatives.

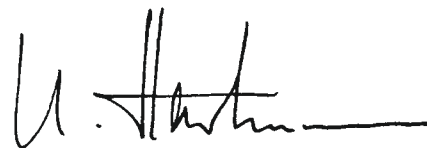
Effective June 30, 2007, Dr. Gerhard Cromme ended his service on the Supervisory Board and on the Finance and Investment Committee. E.ON's transformation into a leading international energy company benefited from Dr. Cromme's wise counsel and business acumen. We would like to take this opportunity to again thank him for his dedicated service.

We were pleased to be able to have Dr. Theo Siegert join the Supervisory Board as Dr. Cromme's successor effective July 4, 2007. Prof. Dr. Ulrich Lehner was elected as the new member of the Finance and Investment Committee.

Seppel Kraus ended his service on the Supervisory Board effective July 31, 2007. We would like to take this opportunity to again thank him for his dedication and for the constructive way he approached his Supervisory Board duties. As his successor, Sven Bergelin was appointed to the Supervisory Board as an employee representative effective August 1, 2007. Ulrich Otte, who ended his service on the Supervisory Board on December 31, 2006, was succeeded by Hans Wollitzer as an employee representative effective January 4, 2007, in accordance to an order issued by the commercial court. At our meeting on March 6, 2007, we elected Gabriele Gratz to succeed Mr. Otte as a member of the Audit Committee.

The Supervisory Board wishes to thank the Board of Management, the Works Councils, and all the employees of the E.ON Group for their dedication and hard work.

Düsseldorf, March 5, 2008
The Supervisory Board



Ulrich Hartmann
Chairman

Supervisory Board

Honorary Chairman

Prof. Dr. Günter Vogelsang
 Düsseldorf

Supervisory Board

Ulrich Hartmann
 Düsseldorf
 Chairman

Hubertus Schmoldt
 Chairman of the Board of Management,
 Industriegewerkschaft Bergbau,
 Chemie, Energie, Hanover
 Deputy Chairman

Dr. Karl-Hermann Baumann
 Munich

Sven Bergelin
 Director, National Energy Working Group,
 Unified Service Sector Union, ver.di,
 Berlin
 (since August 1, 2007)

Dr. Rolf-E. Breuer
 Frankfurt am Main

Dr. Gerhard Cromme
 Chairman of the Supervisory Board,
 ThyssenKrupp AG, Düsseldorf
 (until June 30, 2007)

Gabriele Gratz
 Chairwoman of the Works Council,
 E.ON Ruhrgas AG, Essen

Wolf-Rüdiger Hinrichsen
 Deputy Chairman of the Combined
 Works Council, E.ON AG, Düsseldorf

Ulrich Hocker
 General Manager, German
 Investor Protection Association,
 Düsseldorf

Eva Kirchhof
 Diploma Physicist, Munich

Seppel Kraus
 Labor Union Secretary, Munich
 (until July 31, 2007)

Prof. Dr. Ulrich Lehner
 President and Chief Executive Officer,
 Henkel KGaA, Düsseldorf

Dr. Klaus Liesen
 Honorary Chairman of the Supervisory
 Boards, E.ON Ruhrgas AG, Essen, and
 Volkswagen AG, Wolfsburg

Erhard Ott
 Member of the Board of Management,
 Unified Service Sector Union, ver.di,
 Berlin

Hans Prüfer
 Chairman of the Combined Works
 Council, E.ON AG, Düsseldorf

Klaus Dieter Raschke
 Chairman of the Combined Works
 Council, E.ON Energie AG, Hanover

Dr. Henning Schulte-Noelle
 Chairman of the Supervisory Board,
 Allianz SE, Munich

Dr. Theo Siegert
 Managing Partner, de Haen-Carstanjen
 & Söhne, Düsseldorf
 (since July 4, 2007)

Prof. Dr. Wilhelm Simson
 Munich

Gerhard Skupke
 Chairman of the Central Works Council,
 E.ON edis AG, Fürstenwalde an der Spree

Dr. Georg Freiherr von Waldenfels
 Former Minister of State, Attorney,
 Munich

Hans Wollitzer
 Chairman of the Central Works Council,
 E.ON Energie AG, Munich
 (since January 4, 2007)

Supervisory Board Committees

Executive Committee
 Ulrich Hartmann, Chairman
 Wolf-Rüdiger Hinrichsen
 Hubertus Schmoldt
 Dr. Henning Schulte-Noelle

Audit Committee
 Dr. Karl-Hermann Baumann,
 Chairman
 Gabriele Gratz (since March 6, 2007)
 Ulrich Hartmann
 Klaus Dieter Raschke

**Finance and
 Investment Committee**
 Ulrich Hartmann, Chairman
 Dr. Gerhard Cromme (until June 30, 2007)
 Wolf-Rüdiger Hinrichsen
 Prof. Dr. Ulrich Lehner (since July 1, 2007)
 Hubertus Schmoldt

Nomination Committee
 (since December 17, 2007)
 Ulrich Hartmann
 Prof. Dr. Ulrich Lehner
 Dr. Henning Schulte-Noelle