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E.ON Group Financial Highlights

€ in millions	2003	2002 ¹	+/- %
Electricity sales volume (in billion kWh) ²	387.6	333.6	+16
Gas sales volume (in billion kWh) ²	803.7	721.3	+11
Sales	46,364	36,624	+27
EBITDA ³	9,458	7,558	+25
EBIT ³	6,228	4,649	+34
Internal operating profit ⁴	4,565	3,817	+20
Income/(loss) from continuing operations before income taxes and minority interests	5,538	-759	-
Income/(loss) from continuing operations	3,950	-720	-
Income/(loss) from discontinued operations	1,137	3,306	-66
Net income	4,647	2,777	+67
Investments	9,196	24,159	-62
Cash provided by operating activities	5,538	3,614	+53
Stockholders' equity	29,774	25,653	+16
Total assets	111,850	113,503	-1
ROCE ⁶ (in %)	9.9	9.2	+0.7 ⁵
Cost of capital (in %)	9.5	9.5	-
Return on equity after taxes ⁷ (in %)	16.8	11.1	5.7 ⁵
Employees at year end	66,549	101,336	-34
Earnings per share from (in €)			
continuing operations	6.04	-1.10	-
discontinued operations	1.74	5.07	-66
cumulative effect of changes in accounting principles, net	-0.67	0.29	-
net income	7.11	4.26	+67
Per share (in €)			
Dividend	2.00	1.75	+14
Stockholders' equity ⁸	45.39	39.33	+15

¹Adjusted for discontinued operations (see commentary on pages 133-141). ²Unconsolidated and prior-year figures include pro-forma figures for Ruhrgas and Powergen. ³Non-GAAP financial measure, see reconciliation to internal operating profit on pages 112-113. ⁴Non-GAAP financial measure, see reconciliation to net income on page 36. ⁵Change in percentage points. ⁶Non-GAAP financial measure, see derivation on pages 55-57. ⁷Net income excluding minority interests + stockholders' equity excluding minority interests. ⁸Excludes minority interests.

E.ON Group by Business Segment 2003

€ in millions	E.ON Energie	Ruhrgas	Powergen	Other/ Consoli- dation	Viterra	Degussa	Total
Sales	22,579	12,085	9,894	-273	1,085	994	46,364
EBITDA	5,778	1,530	1,531	-259	643	235	9,458
EBIT	3,834	1,169	905	-312	456	176	6,228
Internal operating profit	3,058	1,128	620	-693	295	157	4,565
ROCE (in %)	14.3	10.8	5.7	-	10.6	5.5	9.9
Cost of capital (in %)	9.9	9.0	8.6	-	7.6	10.1	9.5
Cash provided by operating activities	5,040	791	493	-795	102	-93	5,538
Investments	3,521	463	842	4,210	124	36	9,196
Employees at year end	43,853	10,150	10,062	597	1,887	-	66,549

Non-GAAP financial measures: This report contains certain non-GAAP financial measures. Management believes that the non-GAAP financial measures used by E.ON, when considered in conjunction with (but not in lieu of) other measures that are computed in U.S. GAAP, enhance an understanding of E.ON's results of operations. A number of these non-GAAP financial measures are also commonly used by securities analysts, credit rating agencies, and investors to evaluate and compare the periodic and future operating performance and value of E.ON and other companies with which E.ON competes. Additional information with respect to each of the non-GAAP financial measures used in this report is included together with the reconciliations described below. E.ON prepares its financial statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP). As noted above, this report contains certain financial measures (consolidated internal operating profit, EBIT, EBITDA, ROCE, net financial position, net interest expense, and free cash flow) that are not calculated in accordance with U.S. GAAP and are therefore considered "non-GAAP financial measures" within the meaning of the U.S. federal securities laws. In accordance with applicable rules and regulations, E.ON has presented in this report a reconciliation of each non-GAAP financial measure to the most directly comparable U.S. GAAP measure for historical measures and an equivalent U.S. GAAP target for forward-looking measures. The footnotes presented with the relevant historical non-GAAP financial measures indicate the page of this report on which the relevant reconciliation appears. The non-GAAP financial measures used in this report should not be considered in isolation as a measure of E.ON's profitability or liquidity, and should be considered in addition to, rather than as a substitute for, net income, cash provided by operating activities, and the other income or cash flow data prepared in accordance with U.S. GAAP presented in this report and the relevant reconciliations. The non-GAAP financial measures used by E.ON may differ from, and not be comparable to, similarly titled measures used by other companies.

EON AG: An Overview

Corporate Center E.ON AG Düsseldorf	Central Europe market unit	E.ON Energie AG, Munich, Germany 100% E.ON Energie ranks among Europe's largest energy services providers and has operations in Germany and in nine other European countries, including The Netherlands, Hungary, Slovakia, the Czech Republic, Switzerland, Italy, and Poland.
	Pan-European Gas market unit	Ruhrgas AG, Essen, Germany 100% With annual sales of approximately 600 billion kilowatt-hours of natural gas, Ruhrgas is one of Europe's premier gas companies and among the world's biggest natural gas importers. The company's customers include regional and municipal energy utilities and industrial enterprises.
	U.K. market unit	Powergen UK plc, London, United Kingdom 100% Headquartered in Coventry, Powergen is one of the United Kingdom's leading integrated energy utilities, providing power and gas service to approximately 8.6 million customer accounts.
	Nordic market unit	E.ON Nordic AB, Malmö, Sweden 100% Sydkraft manages our energy operations in Northern Europe. Through its more than 60 subsidiaries, Sydkraft generates, distributes, markets, and delivers electricity and gas.
	U.S. Midwest market unit	LG&E Energy LLC, Louisville, United States 100% Louisville-based LG&E Energy is a diversified energy services provider. Its operations are focused primarily on the regulated electric and gas utility sector in Kentucky.
	Other Activities	Viterra AG, Essen, Germany 100% Viterra is a growth-oriented real estate company focusing on its profitable residential real estate business. Viterra is Germany's leader in the rental and trading of housing units. The company also develops attractively located office and apartment buildings.

E.ON Kraftwerke GmbH, Hanover	100%	E.ON Westfalen Weser AG, Paderborn	62.8%
E.ON Kernkraft GmbH, Hanover	100%	E.ON Benelux N.V., The Hague, Netherlands	100%
E.ON Wasserkraft GmbH, Landshut	100%	E.ON Hungária Rt., Budapest, Hungary	100%
E.ON Netz GmbH, Bayreuth	100%	Dél-dunántúli Áramszolgáltató Rt., Pécs, Hungary	92.4%
E.ON Sales & Trading GmbH, Munich	100%	Tiszántúli Áramszolgáltató Rt., Debrecen, Hungary	92.4%
E.ON Bayern AG, Regensburg	98.9%	Észak-dunántúli Áramszolgáltató Rt., Győr, Hungary	97.6%
Avacon AG, Helmstedt	56.5%	BKW FMB Energie AG, Bern, Switzerland	20%
E.ON Hanse AG, Quickborn	73.8%	E.ON Czech Holding AG, Munich, Germany	100%
EAM Energie AG, Kassel	73.3%	Jihoceská energetiká a.s., České Budějovice, Czech Republic	84.7%
E.DIS AG, Fürstenwalde an der Spree	71%	Jihomoravská energetiká a.s., Brno, Czech Republic	85.7%
Teag Thüringer Energie AG, Erfurt	72.7%	Západoslovenská energetika a.s., Bratislava, Slovakia	49%
Ferngas Nordbayern GmbH, Nuremberg	53.1%	Mittelrheinische Erdgastransport Gesellschaft mbH, Haan (Rhld.)	100%
Ferngas Salzgitter GmbH, Salzgitter	39%	MVV Energie AG, Mannheim	15.1%
Gas-Union GmbH, Frankfurt am Main	25.9%	Ruhrgas Industries GmbH, Essen	100%
Erdgasversorgungsgesellschaft Thüringen Sachsen GmbH (EVG), Erfurt	50%	Gasum Oy, Espoo, Finland	20%
Saar Ferngas AG, Saarbrücken	20%	Latvijas Gaze, Riga, Latvia	47.2%
HEAG Südheissische Energie AG (HSE), Darmstadt	21.2%	Nova Naturgas AB, Stockholm, Sweden	29.6%
Thüga AG, Munich	77.7%	Slovensky Plynarensky Priemysel a.s. (SPP), Bratislava, Slovakia	24.5%
NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG, Emstek	41.7%	AB Lietuvos Dujos, Vilnius, Lithuania	35.7%
Etzel Gas-Lager Statoil Deutschland GmbH & Co., Friedeburg-Etzel	74.8%	OAO Gazprom, Moscow, Russia	6.4%
MEGAL GmbH Mittel-Europäische-Gasleitungsgesellschaft, Essen	50%	Ruhrgas UK Exploration and Production Ltd., London, U.K.	100%
Powergen Retail Ltd., Coventry, U.K.	100%	Corby Power Ltd., Corby, U.K.	50%
Powergen CHP Ltd., London, U.K.	100%	East Midlands Electricity Distribution plc., Coventry, U.K.	100%
Powergen Renewables Ltd., London, U.K.	100%	Midlands Electricity plc., Worcester, U.K.	100%
Cottam Development Centre Ltd., London, U.K.	100%		
Sydkraft AB, Malmö, Sweden	55.2%		
Graninge AB, Sollestea, Sweden	97.5%		
E.ON Finland Oyj, Espoo, Finland	65.6%		
Louisville Gas and Electric Company, Louisville, USA	100%	Western Kentucky Energy Corp., Henderson, USA	100%
Kentucky Utilities Company, Lexington, USA	100%	LG&E Power Inc., Louisville, USA	100%
LG&E Capital Corp., Louisville, USA	100%	LG&E Energy Marketing Inc., Louisville, USA	100%
Degussa AG, Düsseldorf, Germany	46.5%	VIAG Telecom Beteiligungs GmbH, Munich, Germany	100%
Degussa is Germany's third-largest chemicals company and the world's biggest specialty chemicals enterprise. Degussa is arrayed in market-oriented operating segments: Construction Chemicals, Fine & Industrial Chemicals, Performance Chemicals, Coatings & Advanced Fillers, and Specialty Polymers.		VIAG Telecom has an interest in ONE, an Austrian mobile communications company.	

In 2003, we continued our landmark series of acquisitions and disposals. We largely completed E.ON's transformation and have built a superb platform for sustainable, profitable growth. Our **on·top*** initiative identified ways in which our companies and people can work together more efficiently, learn from each other, and get better all the time—a relentless focus on operational excellence that we believe will benefit our customers and our shareholders. Our objective is to make E.ON the world's best integrated power and gas company. We've identified ten core concepts to help us get there.

- * Transparency
- * Growth
- * Performance
- * Market Leadership
- * Integration
- * Leadership
- * Market Orientation
- * Efficiency
- * Financial Flexibility
- * Focus

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