



**Conference Call for Analysts and Investors
First Nine Months Results 2007**

Düsseldorf, November 13, 2007

Presentation by:

Dr. Wulf H. Bernotat

Chairman of the E.ON AG Board of Management and CEO

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Ladies and gentlemen, let me wish you a good afternoon and welcome you to the presentation of the interim report for the first nine months 2007.

Before I comment on the last quarter's performance, let me first make some observations in relation to the recent public discussion around our company and the utility sector as such in Germany:

Together with our main local competitors in Germany, we have been confronted with very serious but totally unsubstantiated allegations of manipulation of wholesale power prices and of cartel formation. Let me make a clear statement: E.ON is not and has not manipulated wholesale power prices or participated in any kind of cartel to corner German power markets.

We are not really in a position to comment in great detail publicly as the EU Commission has been looking into this matter since 2006. We have produced the required documents and answered a lot of questionnaires. Up to now, we have not been requested to comment on any of the documents.

In fact, the markets prove that competition in the German wholesale power market is fully functioning. German forward baseload prices for next year today are around 60 Euros per MWh. They are between 61 and 65 Euros per MWh in France and the Benelux, around 69 in the UK, and above 70 in Italy and much of Eastern Europe. Only Spain and the Nordic region are currently below the German price level.

Furthermore, at oil prices above 90 Dollars per barrel, and coal prices above 110 Dollars per tonne, new entry costs for both gas and coal-fired power plants are certainly not lower than current German forward prices. In our opinion, the price in the market clearly proves the point that competition is functioning.

We remain open for discussions with the public and politicians. But Germany is confronted with the same upward pressure on energy prices as everywhere else in Europe and in the world. There is no way around these economic realities.

This has also caused us to announce an increase in German household prices which will become effective in January next year. Whilst we are constantly managing our cost base to ensure the most efficient product offering, we can only maintain a retail business when it economically makes sense. We have, however, to be mindful of the public reaction and will continue our efforts to have a more constructive dialogue with both politicians and public opinion going forward. In doing so, we will not lose sight of the economic requirements of our business and will put more emphasis on the investment needs all across Europe that we are addressing more than anyone else in our sector.

After those introductory remarks, let me **now** summarize the **main financial developments** so far this year. Group adjusted EBIT grew 12 percent year-on-year to 7.1 billion Euros, while adjusted net income was up 22 percent to 4.2 billion Euros. Also, we reconfirm our outlook for the full year for adjusted EBIT to grow by 5 to 10 percent.

My colleague Marcus Schenck will detail this in a moment.

I would now like to

- **First**, present our most recent project to expand our gas storage capacity.
- **Second**, discuss our renewables strategy and our acquisition of Airtricity North America,
- **And third**, provide you with an update on the acquisitions of OGK-4 and of the Endesa/Viesgo assets.

Expansion of gas storage

Let me start with our recent gas storage project. The decline of domestic gas production in Europe makes it necessary to expand gas storage capacities to handle the strong seasonal variations of gas demand.

In Germany, our gas storage facilities currently have a working gas volume of 5.2 billion cubic meters. As we announced at the end of May, we have set ourselves the target of doubling our storage capacity in North-West Europe until 2015.

At the end of last month, E.ON and IVG Kavernen GmbH signed an agreement regarding the long-term lease of caverns at the IVG site in Etzel. We will develop a new gas storage facility, Etzel 3, with a working gas volume of up to 2.8 billion cubic meters.

The investment will amount to around 1.5 billion Euros in total: about 800 million Euros for the lease of the caverns, and about 700 million Euros for the construction of the compressor stations and for the injection of the cushion gas. The new facilities are scheduled to come on stream in stages between 2011 and 2015.

Let me highlight that this is not only a sign for our commitment to invest into those areas where there is a major need to ensure gas supply for Germany, but it is also – next to power generation – a core organic investment theme for us going forward. It will clearly enhance our Central European gas position and will give us an interesting optionality for our trading activities.

E.ON's renewables strategy

Let me come to our acquisition of Airtricity North America. On May 31st, we told you that we would create a new market unit to advance the development of a global renewables business for which 3 billion Euros of investments until 2010 had been earmarked.

The acquisition of Airtricity North America for 1.4 billion Dollars is a major step in this direction. In fact, together with our own projects in Germany, the UK and in the Nordic region as well as our acquisition of Energy E2 Renovables Ibéricas, our overall investments in renewables will likely exceed 6 billion Euros until the end of the decade.

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Today, Airtricity North America has 214 MW in operation. By the end of 2008, capacity will have grown to almost 1100 MW. In addition, beyond 2008, the company has more than 1,000 MW in advanced development, and has further potential of more than 5,000 MW in early development.

The completion of the 2,000 MW of renewable capacity under construction or in advanced development will require around 3.5 billion Dollars of capex until 2011, of which around 1.3 billion Dollars will have been spent by the end of 2008.

We consider the US to be one of the most attractive markets worldwide for the development of renewable energies, even ahead of European countries such as the UK, Spain or Germany. Climatic conditions are often much more favorable. The average load factor of our operational assets and those in advanced development should be around 38 percent. Furthermore, the mix of renewable energy credits and various tax incentives should deliver attractive and stable returns.

Other recent acquisitions

I would now like to briefly update you on our dealings with Enel and Acciona.

The acquisition of Viesgo and the Endesa assets is proceeding according to plan. Enel and Acciona took control of Endesa during the month of October. The negotiations to finalize the acquisition have just started. We expect the transaction to close in the first half of 2008.

With regard to OGK-4, we have acquired 72.7 percent of the share capital for 4.3 billion Euros in total following the capital increase on October 3th, the acquisition of shares from UES on October 11th, and some minor follow-up purchases. We will launch a mandatory offer to the remaining minority shareholders on November 16th.

In the last few months, E.ON has made significant progress on number of transactions: Endesa Europe/Viesgo, Skarv-Idun, Energi E2 Renovables Ibéricas, OGK-4, Airtricity North America, the asset swap with Statkraft.

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All these transactions are fully in line with our stated strategy. We acted swiftly and took advantage of the opportunities offered to us. Together, these transactions will add up to a volume of more than 20 billion Euros. We are one of the most active consolidators in our sector and have demonstrated our ability to finalize deals without overpaying.

Going forward, our clear priority is now to integrate all these new assets into the E.ON Group and to pursue our organic investment program. We acquired the necessary platforms and will now launch the phase of organic expansion and of capturing the value from our acquired assets.

Conclusion

Ladies and Gentlemen, to conclude, we are delivering step by step on the 60 billion Euros investment plan that we announced on May 31st.

I am aware that the 60 billions sounded very ambitious back in May to some of you. However, I can assure you that we have more than enough value-creating projects in the pipeline to fulfill the 60 billion mark. In some areas such as renewables, we are going to invest even more than initially anticipated.

We are currently in the process of updating our medium term plan, including the investment plan for the 2008-2010 period. I would like to already signal in this respect that projects which go beyond the initially planned 60 billion Euros will have to be balanced in some way: either by saving on other investments, or with divestments of existing assets. A good example is the asset swap that we have agreed to with Statkraft to obtain 100 percent of E.ON Sverige.

This concludes my remarks for today. Marcus will now present our results and outlook in more detail. I remain available to answer your questions later on.

Marcus, over to you.