



**Telephone Conference on the Release of
E.ON AG's Interim Report for January 1 – June 30, 2005**

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Presentation by:

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

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Ladies and gentlemen, welcome to the telephone conference for the presentation of our results for the first half of 2005. First I'll provide you with a brief overview of our business development and the highlights of the last several months. Erhard Schipporeit will then give you a more detailed presentation of our half-year financial results. Afterwards, we would be happy to answer your questions.

As you know, in the 2004 financial year we already met—and in some cases even surpassed—most of the performance targets we'd set for 2006. I spoke about this at length at our annual results press conference in March. At that time, we issued a positive forecast for the new year and then confirmed it with our performance in the first quarter of this year. Today I'm proud to report that E.ON—and above all, its employees—have demonstrated that they're capable of performing even better.

The E.ON Group's positive earnings development continued in the second quarter of 2005. Our adjusted EBIT was up 7 percent year-on-year to approximately €4.3 billion. Nearly all market units contributed to the improvement. Our net income (after taxes and minority interests) of roughly €3 billion was 7 percent above the high prior-year figure.

I therefore continue to be optimistic about our outlook for full year 2005. We expect to set another earnings record, with the Group's adjusted EBIT coming in slightly above last year's all-time high. We anticipate that net income will considerably surpass last year's figure, since we expect to record substantial book gains on our successful sale of Viterra and Ruhrgas Industries. We anticipate a book gain of approximately €2.4 billion on the sale of Viterra to Deutsche Annington. We sold Ruhrgas Industries to CVC Capital Partners, a

European private equity firm, and expect to record a gain of approximately €600 million on the sale. With these divestments, we've almost completed E.ON's transformation into a pure-play energy company.

The substantial gains on disposals, a sustainable improvement of our operating performance, and the positive development of our cash flow have given us an extraordinarily strong liquidity and financial position. In other words: E.ON enjoys robust financial health. We will now use this strength to fund up to €5.4 billion of our provisions for pensions by means of a contractual trust arrangement. Erhard Schipporeit will say more about this in a moment. For now, I think it's important to point out that this arrangement will not in any way constrain our flexibility in further developing the company.

That's a key consideration, since executing our strategy is and will remain our most important task. As you know, we've set an ambitious goal: we want to become the world's leading power and gas company. To get there, we will pursue both organic growth and acquisitions that create real value in order to expand our positions in our target markets.

In the second quarter, we made good progress executing our strategy. *First*, we further improved our market positions in our core energy business. Our acquisition of NRE Energie, a Dutch power and gas company, means that we will supply energy directly to end customers in the Netherlands, as well. It also complements our existing power production operations there. In addition, we completed the acquisition of Distrigaz Nord, a Romanian gas distribution company, which further enlarges our market position in Central and Eastern Europe, one of the focus regions of our growth strategy. Distrigaz Nord

supplies roughly one million customers with about 4.5 billion cubic meters of natural gas each year and operates a gas pipeline with a system length of roughly 17,000 kilometers.

Second, we've also invested on the procurement side in order to further improve the security of supply in our gas and power operations. We increased to 30 percent our ownership interest in Njord Field, a gas and oil production basin in the Norwegian Sea. This move is fully in line with our strategy of systematically building up an equity gas portfolio. Our acquisition of Holford Gas Storage Limited (HGSL) from Scottish Power, which we announced two weeks ago, represents another step towards enhancing our leading position as a gas supplier. In northwest England HGSL has received approval to build one of the country's largest natural gas storage facilities. Unlike Germany, the U.K. has only limited gas storage capacity. In the years ahead, the U.K.'s domestic production will decline and it will have to import more of the gas it uses. In this environment, large-capacity storage facilities will play an increasingly important role in maintaining security of supply. The HGSL project will therefore further improve our strong position in the U.K. market.

Our energy policy and regulatory environment also requires our active participation. After lengthy negotiations between the federal government and the states, German lawmakers reached a compromise by passing a revised New Energy Law, which took effect on July 13. The law makes an important contribution towards the establishment of a stable investment environment for Germany's transmission and distribution system. It's now time for the Federal Network Agency to act. The agency has regulatory oversight over Germany's power and gas grids and the fees for using them. Under the revised New Energy Law, the Federal Network Agency is tasked with working with

academic institutions and the energy industry to develop an incentive plan that rewards system operators for increases in productivity.

In mid-July E.ON proposed an incentive model that we believe achieves a balance between promoting cost reductions and ensuring supply security. It draws on our experience in other regulated markets and represents a contribution towards the creation of a sensible incentive plan for the regulation of Germany's transmission and distribution system. Reactions to our proposal from competitors and the Federal Network Agency have been positive.

Our proposed incentive plan is a further demonstration that we're playing a constructive role in shaping the regulatory landscape in which we operate so that we can supply our customers with power and gas reliably and efficiently. It will help to create a reliable investment environment in which we can achieve further growth in our core business.

In all the actions we take we remain committed to the goal of enlarging our platform for further enhancing value. This may include larger acquisitions as long as they meet our investment criteria. As with the smaller and medium-sized acquisitions of recent months, our primary objective will be to create value for the company and its owners. This first half of 2005 confirms that we're on the right course to achieve this objective.

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