



**Telephone Conference on the Release of  
E.ON AG's Interim Report for January 1 – September 30, 2007**

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**Presentation by:**

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Ladies and gentlemen, welcome to today's telephone conference. Before I begin my presentation on last quarter, I'd like to say a few words about the current energy-policy debate in Germany.

After focusing almost exclusively on price increases, in the last few weeks the debate has culminated in accusations that energy companies have engaged in collusion, abuse of power, and market manipulation.

The entire energy industry, and E.ON in particular, has denied these accusations and attempted to refute them with facts. We've had only limited success with this approach, in part because these issues, and the market mechanisms involved, are highly complex. We've learned that we need to do an even better job of communicating our position and to achieve an even greater degree of transparency.

We try to earn—and we need to earn—the approval and trust of policymakers and the general public. By the same token, policymakers and the general public need a company that operates responsibly and that shoulders responsibility for Germany's energy industry. Policymakers and the general public need us, not the least because we're a financially successful company. It's high time for the energy-policy dialog in Germany to be conducted in an atmosphere of trust and mutual understanding.

I'm therefore grateful for the tempering statements made by Germany's chancellor in recent days. And I'm very pleased that the meeting between the country's major energy companies and Economics Minister Michal Glos was conducted in a positive, factual, and constructive atmosphere. This bodes well for the next stages of the dialog.

E.ON will do everything it can to ensure that the dialog with policymakers and the general public continues and takes on a new quality so that we can quickly reach the energy-policy consensus

Germany so urgently needs. We need to work together to find solutions for key issues of our energy future. And we need to find solutions that all segments of society can agree on.

This means that Germany's energy companies must work to achieve greater transparency and openness and to act in a way that underscores their professed willingness to engage in dialog.

I'd like to take this opportunity to reiterate that our competition initiatives, our efforts to be more transparent, and our retail subsidiary "E –wie-einfach" ("E as in easy") have already achieved a lot for energy markets, competition, and openness. And I promise that we'll do even more.

We're a successful company. Our success primarily benefits our employees and the communities where we operate, since our success means secure jobs and job creation. Last year alone we created 12,300 new jobs, 4,700 of them in Germany, and have hired 7,600 new employees so far this year. Our success also means that we're one of Germany's biggest taxpayers. Our corporate income taxes total about €1.2 billion for the first nine months of the year. Our success is also the prerequisite for the millions of euros in funding for arts and culture, athletics, and charitable causes. For example, we'll soon invest no less than €50 million to teach our children and grandchildren to use the energy of tomorrow responsibly and to increase their environmental awareness.

All of this is only possible if we're a successful company. But above all, our success enables us to make investments.

I'll say it one more time: we're going to invest at least €60 billion between now and 2010. I know of no other European energy company with a similar investment plan. That's €60 billion to make our electricity and gas supplies more secure and more environmentally

friendly. And more cost-effective: the new power plants we're building will rank among the most technologically advanced, efficient, and low-emission in the world. I'll say more about this in a moment.

But we can and intend to make these investments only if the public approves of them. Because in the end, it's the public that will benefit from these investments.

I'll turn now to our third-quarter results and our business development. The positive performance of our business continued in the third quarter of 2007. For the first nine months of 2007, we increased sales by 7 percent to €9.4 billion and adjusted EBIT by 12 percent to €7.1 billion. Our operations outside Germany made a key contribution to the increase. Our results demonstrate that we've made the right strategic decisions. Unlike any of our European rivals, we have the flexibility we need to further develop the company and lay the groundwork for more growth and more investments. In the years ahead, we'll achieve this growth primarily in new markets that offer more opportunities for growth than our mature incumbent markets. Increasingly, E.ON is becoming a truly European—and in selected market segments: global—company.

Every step we take to implement our €60 billion investment program brings us closer to this objective. For example, we've entered one of the world's most interesting and fastest-growing electricity markets. In October, we acquired a majority ownership interest in Russia's OGK-4, a major power producer. OGK-4 operates four gas-fired power plants and one coal-fired plant with an aggregate installed capacity of approximately 8,600 megawatts. Over the next several years, we intend to expand OGK-4's generation fleet, which already ranks among the most efficient and attractive in Russia. We plan to build new, technologically advanced power plants with a total capacity of 2,400 MW by 2011. We're a welcome partner in Russia because our expertise and our capital contribute to the growth and efficiency of

Russia's economy. In the months ahead, however, the challenge will be to integrate this large new company—which itself has 5,500 employees—into the E.ON Group. As you can imagine, we've already begun this process.

We're also making swift progress growing our renewables business. One purpose of our effort is to demonstrate that we take climate protection—and our own responsibility for the earth's climate—very seriously. We aim to substantially expand the percentage of electricity we generate from wind, biomass, and other renewables in order to become a global leader in this business, as well. Through 2010, we now plan to invest about €6 billion in renewables. Our renewables operations will be managed by E.ON Climate & Renewables, our lean and efficient market unit which will be headquartered in Düsseldorf. Technologically, our focus is currently on wind power, although we're developing ideas and strategies for other renewables technologies. Geographically, our focus isn't limited to Europe. We intend to become active wherever in the world the operating environment is favorable. This not only makes business sense. Using renewables efficiently is also better for climate protection.

In early October, we successfully entered the world's most attractive renewables market by acquiring Airtricity North America. Airtricity operates state-of-the-art wind farms with an aggregate installed capacity of more than 210 MW and will have an additional 880 MW in service by the end of 2008. All Airtricity's current and future assets are sited in areas with very good wind conditions. This acquisition, which comes just a few weeks after our purchase of Energi E2-I Renovables Ibéricas in Spain and Portugal, accelerates the expansion of this new business area.

In our existing renewables markets, we plan to build on our operating capabilities, just as we do in the rest of our generation business. We already operate 20 wind farms onshore and offshore in the United

Kingdom, with additional facilities in planning, including one of the world's largest offshore wind farms, which will be located in the Thames estuary.

And we've now decided to build a wind farm off the coast of Yorkshire. It will consist of about 80 wind turbines which will generate up to 300 MW of green electricity. E.ON is also involved in a number of ambitious wind-power projects off Germany's North Sea and Baltic Sea coasts.

E.ON's renewables activities make a very important contribution to climate protection. In other words, we're actively helping the EU achieve its target of having renewables account for 20 percent of Europe's primary energy by 2020. We've also set very ambitious targets for our own business. By 2030, we aim to halve the specific carbon-dioxide emissions of our power generation operations compared with 1990 levels.

But we can't get there just by expanding our renewables capacity. We intend to maintain a broad energy mix, one that's open to all options, including coal and nuclear power. But coal-fired generation in particular needs to become less carbon-intensive. That's why the new generating units we're building have extremely high thermal efficiencies—more than 45 percent—which serves to reduce carbon-dioxide emissions. Among them is a new coal-fired power plant in Datteln, where yesterday I laid the foundation stone. Our new state-of-the-art coal-fired power plants will be built carbon-capture-ready. We're already working hard to make this advanced technology ready for practical applications. I'd like to add that last quarter we made the decision to build a highly efficient, next-generation coal-fired power plant in Wilhelmshaven in northwest Germany. The plant will have an unprecedented thermal efficiency of more than 50 percent, thereby setting a milestone for climate protection that makes environmental and economic sense.

The new power plants we're building and our efforts to tap new supply source—for example, in Norway and Russia—help secure Europe's and Germany's energy supplies. With Europe's own natural-gas production declining, the expansion of gas storage capacity is also a facet of energy security. E.ON currently has 5.2 billion cubic meters of storage capacity in Germany. We intend to double our capacity in northwest Europe by 2015. Late last month, E.ON and IVG Kavernen GmbH signed an agreement under which we will lease underground caverns at IVG's facility in Etzel in northwest Germany and develop them for gas storage. Investments in the project will total about €1.5 billion. This storage facility will become operational between 2011 and 2015.

For efforts on this scale, Europe and Germany need companies that have the mass and the strength to shoulder the necessary investments in energy infrastructure and supply and to hold their own in the global energy market. This is an important point to remember for all those who advocate that energy companies should be forced to give up some of their assets. Germany's electricity market has long since ceased to be a national market and is now part of a European market, a market that has more major competitors than there are major carmakers worldwide.

I'd like to make this perfectly clear: like the EU, we're in favor of an open internal energy market and unfettered competition in Europe. Yes, there's still too little competition. That's why we support the EU Commission's fundamental objectives as defined in the Energy Agenda and, more recently, the third package of energy legislation. We also believe that fair competition—without borders or discriminatory practices—is the best way to bring about a functioning European energy market and to achieve secure, climate-friendly, and cost-effective energy supplies. The key is to integrate insular national markets. To help make this happen, we're building electricity lines and

interconnectors and stepping up our cross-border trading activities. We believe that the rapid expansion of infrastructure is the best way to stimulate competition and integrate markets. However, this will require a reasonable regulator environment that promotes network investments and not the opposite.

With energy resources becoming scarcer and the climate problem becoming worse, we work systematically to design viable policies that promote a modern energy supply system for Europe and Germany. E.ON is committed to doing this and demonstrates its commitment with multi-billion euro investments.

Our investment program and our positive business development demonstrate that commercial success and corporate responsibility aren't mutually exclusive. In fact, they go hand and hand. We'll do everything we can to ensure that our actions convince all segments of society of this truth.

Thank you for your attention.

Marcus Schenck will now give you a detailed look at our results for the first nine months of the year.

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