



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

Düsseldorf, August 15, 2007

Presentation by:

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Please check against delivery

Ladies and gentlemen, I too would like to welcome you to our quarterly conference call.

I'm pleased to present our first-half results to you because we again put in a very positive performance. We achieved further increases in all our key financial measures: sales, adjusted EBIT, adjusted net income, and cash provided by operating activities.

Our key figures developed as follows:

We increased **sales** by 4 percent to €35.6 billion. The Central Europe, U.K., and Nordic market units contributed to the advance on the back of higher sales volumes and, in some cases, higher average electricity prices. Sales in our gas business were lower primarily due to a weather-driven decline in sales volumes in the midstream business and lower sales prices in the upstream business.

The E.ON Group's **adjusted EBIT** improved by 7 percent to €5.4 billion, with U.K. posting significant earnings growth.

- **Central Europe's** adjusted EBIT was up slightly to €2.5 billion. We recorded earnings growth in the electricity business. Positive price effects were partially mitigated by higher electricity procurement costs, lower earnings from power trading, and higher expenditures resulting from the delivery of renewable-source electricity onto our network. As anticipated, adjusted EBIT was also adversely affected by lower earnings in the network business.

Adjusted EBIT at Central Europe's gas business was below the prior-year figure due to the very mild winter and the resulting decline in sales volumes.

- As anticipated, **Pan-European Gas's** adjusted EBIT declined slightly to €1.6 billion. Lower sales prices in the upstream business had an adverse impact on earnings, while the midstream

business benefited from the fact that procurement costs declined faster than sales prices. This more than offset lower sales volumes resulting from warm winter weather. adjusted EBIT at the midstream business was negatively impacted by the decline in sales volumes resulting from warm winter weather. There was a positive effect from the absence in the current year of the adverse earnings effect recorded in the prior year resulting from the fact that procurement prices are adjusted faster than sales prices.

The downstream business developed very well. The inclusion of the E.ON Földgaz Group for all six months of the current year and book gains on the sale of shareholdings contributed to the earnings increase, which offset the temperature-driven decline in adjusted EBIT in the gas business.

- **U.K.** delivered the biggest earnings increase in the first half of the year. Its adjusted EBIT rose sharply to €741 million. High gas procurement costs in the first quarter of 2006 resulting from supply issues and cold weather were responsible for the lower prior-year figure. In addition, higher retail prices had a positive effect in the current-year period, although this was partially mitigated by a weather-driven decline in retail sales volumes and a decline in customer accounts. For the remainder of the year, we expect our retail margins to be lower in the wake of recent price reductions.
- Adjusted EBIT at **Nordic** climbed by 12 percent to €475 million, mainly due to higher sales volumes and successful hedging for the production portfolio. Lower spot electricity prices had an adverse impact on adjusted EBIT.
- **U.S. Midwest's** adjusted EBIT was down 7 percent to €176 million. Currency effects are responsible for the decline. In dollars, U.S. Midwest's adjusted EBIT was unchanged, with

higher retail electric volumes offsetting lower gas margins.

The solid development of our operating business in the first half is also reflected in net income attributable to shareholders of E.ON AG, which was up 26 percent year on year to €4 billion. Along with our improved adjusted EBIT performance and book gains on the sale of securities, positive effects from the marking to market of energy derivatives constituted the main factor. As you know, effects from the marking to market of derivatives are purely accounting effects and entirely cash-neutral.

Such special effects are eliminated in our key figure **adjusted net income**, which was also higher, rising by 9 percent to €3.1 billion on the back of our solid operating performance.

Cash provided by operating activities was also higher, rising 72 percent to €4.8 billion. Pan-European Gas, U.K., and Central Europe delivered particularly significant increases in cash flow. Most of the effects I mentioned earlier that led to higher adjusted EBIT at these market units also affected liquidity and thus contributed positively to cash provided by operating activities. Improvements in working capital also had a positive effect in these market units.

We also again increased our **investments**, which rose to €2.7 billion. The lion's share, €2.6 billion, went towards property, plant, and equipment, particularly in power generation and distribution. Share investments totaled just €100 million in the first half of 2007.

Despite higher investments, our **economic net debt** improved, mainly due to higher cash provided by operating activities. In addition, a €1.3 billion reduction in our provisions for pensions, which resulted mainly from an increase in interest rates, served to reduce our net debt. By contrast, the dividend payout of €2.4 billion had the opposite effect. On balance, as of June 30 our economic net debt was €6.4 billion compared with €8.2 billion at the start of the year.

Our solid numbers give us cause to be optimistic for the year as a whole, as well. We continue to expect our adjusted EBIT to increase by 5 to 10 percent. From today's perspective, we also expect an increase in net income. We're therefore also well on our way towards achieving the profitability targets we announced in late May.

In recent weeks, we also made progress on another focus of our package of strategic and financial initiatives: the active management of our capital structure. We're proceeding according to plan with our share buyback, which we're using as a supplementary measure to achieve an efficient capital structure. We began the buyback in late June and have already repurchased about €1 billion of our own stock. As announced, we're going to repurchase €7 billion of our own stock by the end of 2008, half in this year. As you can see, we're right on course here, as well.

In summary, I'm convinced that the strategic and financial targets we announced in late May will serve to increase the E.ON Group's value. In recent weeks, we've already taken the first steps to get us there. As usual, we'll keep you updated about all our subsequent steps.

Thank you for your attention.

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