



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

**Düsseldorf, November 13, 2007**

**Presentation by:**

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**Member of the E.ON AG Board of Management and CFO**

**Please check against delivery**

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

Our nine-month results demonstrate that we've achieved further operating improvements in addition to the strategic progress Wulf Bernotat alluded to a moment ago. Sales, adjusted EBIT, and cash provided by operating activities were all higher year on year.

Our key figures developed as follows:

We increased **sales** by 7 percent to €49.4 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. The sales decline in our gas business was primarily weather-driven.

The E.ON Group's **adjusted EBIT** improved by 12 percent to €7.1 billion, with U.K. and Nordic in particular posting significant percentage increases in their earnings.

- **Central Europe's** adjusted EBIT was up by 5 percent to €3.5 billion. The positive effect of higher sales volumes was partially mitigated by higher electricity procurement costs and higher expenditures resulting from the delivery of renewable-source electricity onto our network. Adjusted EBIT was also adversely affected by lower earnings in the network business and by the outages at Krümmel and Brunsbüttel, jointly owned nuclear power stations that have been out of service since the middle of this year.

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.

- **Pan-European Gas's** adjusted EBIT rose by 10 percent to €2 billion after being below the prior-year figure at mid-year. The

downstream business continued to develop well. One positive factor was the absence of the significant, regulation-driven impairment charges recorded in the prior year. Another positive factor was the inclusion of the E.ON Földgaz Group for all nine months of the current year.

By contrast, the midstream business continued to be adversely affected by the weather-driven decline in sales volume in the first quarter and by lower earnings from storage valuation. This decline was mitigated by the absence in the current year of the adverse earnings effect recorded mainly in the first half of the prior year resulting from the fact that procurement prices are adjusted faster than sales prices.

Lower sales prices in the upstream business led to a decline in adjusted EBIT.

- **U.K.**'s adjusted EBIT rose sharply to €89 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. Other positive factors in the current year included higher margins in gas-fired power generation and improved power station availability. These effects were partially mitigated by a weather-driven decline in retail sales volumes and a decline in customer accounts. In the fourth quarter, we expect retail margins, which had already begun to decrease in the third quarter, to deteriorate further in the wake of price reductions. This is reflected in U.K.'s altered outlook.
- Adjusted EBIT at **Nordic** was also up sharply, rising by 38 percent to €94 million 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 by 6 percent to €292 million. Currency effects are responsible for the decline. In dollars, U.S. Midwest's adjusted EBIT was slightly above the prior-year figure. Higher retail electric volumes and earnings from higher environmental cost recoveries relating to emission-mitigation equipment were partially offset by lower gas margins.

The solid development of our operating business is also reflected in net income attributable to shareholders of E.ON AG, which was up significantly to €5.3 billion. Besides our improved adjusted EBIT performance the increase was driven by positive effects from the marking to market of energy derivatives and book gains on the sale of securities.

Such special effects, which are largely only accounting effects, aren't included in **adjusted net income**, which rose by 22 percent to €4.2 billion.

**Cash provided by operating activities of continuing operations** was also higher, climbing by 61 percent to €7.2 billion. Pan-European Gas, U.K., and Central Europe delivered particularly significant increases in cash flow. Improvements in working capital at our European market units constituted the most important factor. The inclusion of Hungary-based E.ON Földgaz for all nine months of the current year also served to increase cash provided by operating activities.

We also again significantly increased our **investments**, which rose by €1.4 billion to €4.7 billion, about half of which went towards growth investments. Our investments focused on power generation and power and gas networks. The largest single investment was the acquisition of E2-I Renovables Ibéricas, a Spanish wind farm operator, in the third quarter.

Despite higher investments, our **economic net debt** of €18 billion was on par with the figure for year end 2006. This is primarily attributable to our high cash provided by operating activities. In addition, a €1.6 billion reduction in our provisions for pensions, which resulted mainly from an increase in interest rates, served to reduce our economic net debt. By contrast, beside our investments, the share buyback launched in late June served to increase our debt for the first nine months of the year. As of September 30, 2007, we had repurchased €2.2 billion of E.ON stock. The share buyback is proceeding according to plan with the result that we will repurchase a total of €3.5 billion of our own stock by the end of this year.

Alongside our share buyback, we successfully launched our financing program by issuing two bonds in recent weeks. One is in euros, the other in pounds sterling. The bonds, which have different terms, will serve to finance the acquisition of OGK-4 in Russia and Airtricity in the United States. The €3.5 billion bond, which was the largest euro bond issued by an industrial company since the begin of the liquidity crisis on credit markets, was significantly oversubscribed. The £1.5 billion bond, which was the biggest sterling bond issued by an industrial company in many years, was also significantly oversubscribed. These transactions provide clear evidence that investors support our corporate and financial strategy.

I'd like to conclude with our outlook for full year 2007. With our positive operating performance continuing through the third quarter, we confirm our adjusted EBIT outlook. We continue to expect our full year adjusted EBIT to increase by 5 to 10 percent. We anticipate a similar improvement in adjusted net income.

Thank you for your attention.

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