Press Conference Out-of-Court Settlement “Ruhrgas”
Düsseldorf, January 31, 2003

Statement

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Chairman of the Board of Management
of E.ON AG

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Ladies and gentlemen,

Today we reached an out-of-court settlement with the companies that had appealed against the ministerial approval of the Ruhrgas takeover. All of the opponents have withdrawn their legal objections. The compromises were achieved after intense negotiations facilitated by the objectors moderating their originally exaggerated demands to an extent that warranted discussion.

As regards the detail, we reached agreement with EnBW on the exchange of domestic and foreign shareholdings on a commercial basis. We have agreed to treat the content of this deal in confidence.

The settlement with Fortum envisages the exchange of interests in Sweden, Norway, Finland and Russia, with a total volume of 800 million euros. Since the value of the assets being disposed of is unequal, Fortum is to pay E.ON an additional 150 million euros in cash.

Furthermore, we are to obtain a 25 percent stake in Concord Power, which currently belongs to EnBW and the Saalfeld Group. Concord Power is planning to build a CCGT power station in Lubmin near Greifswald in central northern Germany. The extent of our financial investment pays due regard to the project's potential from an energy and business perspective.

With the other claimants – Ampere, ares Energie, Gruppen-Gas- und Elektrizitätswerk Bergstrasse, Stadtwerke Aachen, Stadtwerke Rosenheim and Trianel – we have agreed settlements concerning electricity and gas supplies, the disposal of facilities and investments, marketing subsidies and other cash payments. Our total financial commitment arising from these agreements is in the order of 90 million euros.

E.ON considers the cost acceptable. The alternative, namely proceedings before the Federal Supreme Court, would certainly have continued until the end of 2004. Rather than waste lots of energy on a legal tug-of-war concerning formal issues, we can now focus immediately on growing our core energy business with both electricity and gas. Prompt action is especially vital in the gas sector, where competitors such as ENI of Italy and Gaz de France have become very active on the German market as well.

With the takeover of Ruhrgas, E.ON can now implement the next key stage of its growth strategy. We have already acquired the approximately 18 percent share held by RAG effective today. The Ruhrgas holdings of Shell and ExxonMobil, and the other shareholders' interests, are to be transferred very soon.

We are delighted that E.ON and Ruhrgas are now in a position to move forward together. After a period of weeks in which the debate has been dominated by legal and, above all, procedural detail, I would like once again to stress the economic and energy policy implications of the merger.

Ruhrgas gives us a strong standing in the European gas business, which ideally complements our leading position on the European electricity market. We now play a significant role at every stage of the value chain in the gas sector too – from procurement and wholesaling through distribution and end-consumers. After the takeover of Ruhrgas and compliance with the divestment conditions attached to the ministerial approval, the E.ON Group will have about 13 million gas customers throughout Europe. We therefore rank among the biggest players in the end-consumer segment of the European gas market as well.

At the same time we are developing not only good market positions, but also outstanding growth opportunities. The demand for gas in our markets is expected to increase by 2 to 4 percent a year – until 2020. In the coming decades the share of gas in the supply of primary energy will rise by 50 percent to a good one-third across the European Union. No other energy source is likely to match these growth rates.

Against this background the access to the supplier countries gained by E.ON through the transaction, in particular the Netherlands, Norway and Russia, is of prime significance. In the procurement business Ruhrgas has excellent contacts at its disposal, extensive know-how and capable pipelines. By way of the undertaking to invest in gas infrastructure, made in the context of the ministerial approval, we will be reinforcing this strategic advantage and thus safeguarding our procurement base in the long term. We are therefore contributing much to improving the security of supply in Germany, not least of all for the benefit of our customers.

The growing convergence of the electricity and gas markets lends additional significance to the integration of Ruhrgas. Especially in the supply and trading segments, synergies exist between the electricity and gas businesses. E.ON and Ruhrgas intend to exploit these in Germany and elsewhere. From Scandinavia and eastern Europe to Italy, both companies are already active in many countries.

The amalgamation with Ruhrgas represents a strategic breakthrough because it makes E.ON a fully integrated electricity and gas supplier. We are building a solid platform for competitive success on the European energy market, which will be fully deregulated within a few years.

Moreover, all the preconditions are now satisfied for executing RAG's takeover offer to Degussa's shareholders. We can now initiate the disposal of Degussa as planned, and eliminate the company from the scope of consolidation this year. Degussa can look forward to a bright future among the RAG group of companies. From RAG's perspective, the transaction signals a commitment to expanding its business alongside the existing coal interests.

With the energy, chemical and coal industries of North Rhine-Westphalia able to refocus on a clear framework, there are now stronger prospects for all the companies involved and their employees.

Before closing, I wish to stress our delight at welcoming Ruhrgas on board as a strong member of the E.ON family. We are looking forward to working together with the board of management and employees of Ruhrgas. Today is a good day for E.ON and Ruhrgas, for RAG and Degussa – and therefore a good day for the future of business in Germany.