



**Telephone Conference on the Release of
E.ON AG's Interim Report for January 1 – March 31, 2008**

Düsseldorf, May 14, 2008

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Please check against delivery

Hello everyone. I'd like to welcome you to our telephone conference. We have two topics today. First, where we stand on the implementation of our package of strategic initiatives and our first-quarter results. I'll provide you with a brief overview, and then Marcus Schenck will talk to you about our results in greater detail. Second, I will update on our plans to sell our ultrahigh-voltage transmission system and some of our generating capacity in Germany.

I'll start with the second topic. As we announced in February, we've told the European Commission that we're willing to undertake certain structural measures designed to end, in a constructive way, all ongoing electricity-market issues between E.ON and the Commission. The Commission welcomed our proposal, which has two components. First, the sale of our transmission system in Germany to an operator that has no activities in power generation or power supply. Second, the sale of 4,800 megawatts (MW) of generating capacity in Germany to competitors. The details have been worked out, and we intend to file an undertaking with the Commission end of May 2008. E.ON's Supervisory Board approved the undertaking's contents last night.

E.ON is prepared to sell its ultrahigh-voltage transmission system—in other words, our 380,000 and 220,000 volt lines—in Germany to an operator that's not active in power generation or power supply. This system has a total length of about 10,000 kilometers (about 6,000 miles) and extends from the Danish border to the Austrian border.

We intend to divest 4,800 MW, which is slightly less than one fifth of E.ON's generating capacity in Germany. It will consist of the following power plants, ownership interests in power plants, and procurement rights:

- We're prepared to cede a total of 1,500 MW of procurement rights from nuclear capacity from our minority stakes in Gundremmingen and Krümmel nuclear power stations and, to a smaller extent, from Unterweser nuclear power station. E.ON would retain ownership of the minority stakes and of Unterweser nuclear power station.

- We intend to relinquish 600 MW of lignite-fired generating capacity by selling our stake in Lippendorf power station and a portion of our procurement rights from Buschhaus power station.
- Our proposal includes slightly more than 1,700 MW of hard-coal-fired generating capacity consisting of our stakes in Rostock, Mehrum, Veltheim, and Bexbach power stations as well as Farge and Zolling power station, which are wholly owned by E.ON.
- We don't intend to divest gas-fired generating capacity beyond what's included in our agreement with Statkraft. The EU will consider them as fulfilling the gas-fired component of the capacity to be divested.
- Our proposal also includes hydroelectric capacity that's part of our agreement with Statkraft: our run-of-river plants on the Weser plus Erzhausen pumped-storage hydro plant. To this will be added our stake in the run-of-river plants on the Inn River that we own jointly with Austria's Verbund; Nußdorf, Egglfing, and Ering hydroelectric stations, which are also on the Inn; and the run-of-river plants in the Jansen power plant group. Altogether, we're prepared to sell 330 MW of run-of-river capacity. Along with Erzhausen, we also propose selling the two pumped-storage hydro plants that are part of the Jansen power plant group. Our proposal thus includes a total of about 350 MW of hydro capacity.

The Commission will review E.ON's undertaking in the coming months and conduct a market test in which it will ask other market participants in Europe how our proposals could affect competition. The Commission will then decide whether to end its current antitrust proceedings against E.ON. This process is expected to take until this fall. E.ON would then have six months to divest the agreed-on generating capacity (plus, if necessary, six additional months) and two years to divest the transmission system. We'll continue to provide you with timely, comprehensive information about further developments in this matter.

With our package of strategic initiatives, we're again sending a clear signal for more competition in Europe's energy market—and not just

in the German electricity market immediately affected by them. We want to make E.ON even better positioned to meet the challenges and seize the opportunities of open, international markets. Last May, we announced fundamental changes to our organizational structure and measures to further refine our successful strategy. We've already made very good progress implementing this ambitious package of initiatives.

The central element of this package of initiatives is our comprehensive investment program for 2007-2010 which we've increased to €63 billion. We intend to achieve organic growth but also to make selective acquisitions in order to further strengthen our position in our core European market and to seize growth opportunities in other regions. We've already achieved some of these objectives. We entered Russia's fast-growing electricity market; acquired wind-power operations in Spain, Portugal, the United States, and Canada; and further diversified our gas procurement portfolio by acquiring a stake in natural gas fields in the Norwegian Sea. We're now facing the demanding task of integrating these new operations. At the same time we'll soon complete other large growth initiatives in new markets. In Southern Europe we'll acquire an extensive portfolio of power plants and other assets under the agreement we reached last April with Enel and Acciona. This transaction will considerably expand our position in Spain and Italy.

Between 2008 and 2010, we'll invest a total of around €38 billion in power generation and supply in Europe, Russia, and the United States. Including our future operations in Spain, Italy, and France, we're currently pursuing 18 new coal-fired and gas-fired power plant projects, five of them in Germany.

In view of the current public debate about the pros and cons of new power plants, I'd like to take this opportunity to again emphasize that E.ON is committed to Germany. Germany urgently needs new power plants. And we need to build them *now*, or in a few years we simply won't have enough electricity. This poses a substantial macro-

economic risk to an industrial country like Germany, a risk that still could be avoided. It's legitimate to raise concerns about the climate effects of emissions from coal-fired power plants as a reason for disagreeing about building new plants. Germany urgently needs a dialog between this viewpoint and other viewpoints on the future of its energy supply system. For me, too, there's no doubt that Germany's energy supply should have as little impact on the earth's climate as possible. Climate protection requires decisive action from the energy industry. But we also have to be realistic and always remember that climate protection is just one of the objectives of a sustainable energy supply. Security of supply and affordability are equally important. One of the most important tasks facing Germany's political leadership in the years ahead will be to achieve public consensus on the country's energy future. At E.ON, we'll do our part.

That's why we defined a clear climate-protection strategy that's in line with EU and the German government's targets. The purpose of our strategy is to show how to overcome the apparent contradictions between climate protection, security of supply, and affordable energy. By 2030, we intend to at least halve our specific carbon dioxide emissions compared with 1990. We've already reduced them by a third since 1990. We intend to achieve our target by significantly expanding our renewable-sourcing generating capacity, making substantial investments in research and development, and selectively modernizing our generation fleet.

Renewables—particularly wind and biomass but also hydro—play a key role in our strategy. We plan for almost a quarter of our generation portfolio to consist of renewables by 2030, which is nearly twice the current figure. Since May 2007, we've tripled our renewable-source generating capacity from 420 MW to 1,350 MW. Our objective is to rank among the top five wind-power operators. In view of this objective and our success so far, we've decided to double our renewables investments to at least €6 billion for the period 2007-2010. But even if we achieve our extremely ambitious objectives, renewables will still only meet 25 to 30 percent of Germany's

electricity needs. That leaves 70 percent for which we need to find other solutions.

That's why we're investing €12 billion through 2010 to build highly efficient, climate-friendly gas-fired and coal-fired generating units and conducting R&D in order to make them even more efficient. Our new coal-fired generating units will set new standards for thermal efficiency and CO₂ emission reduction, and all are being built capture-ready.

Our investments in renewables and clean coal provide clear evidence that climate protection is an integral part of our growth strategy and certainly doesn't stand in opposition to our growth objectives.

To help us achieve our objectives, it was important to make the right organizational changes at the right time. Our new Climate & Renewables market unit, which is responsible for managing and expanding our global business in the fast-growing renewables segment, began operations in January 2008. In just a short time, we've achieved the smooth integration of our renewables operations and employees worldwide and considerably expanded our renewables generating capacity. Pooling these competencies is part of our decision to change our organizational structure in areas where it makes sense for our business to be pan-European. The other main example of this is our energy trading business. Our new Energy Trading market unit, which also began operations in January 2008, is responsible for managing all of the E.ON Group's energy trading activities.

Our first quarter results include our new market units for energy trading and renewables, as well as our energy business in Italy and our newly acquiring electricity business in Russia. This is clear evidence of E.ON's increasingly pan-European structure.

It's increasingly clear that greater internationalization is necessary. Keener competition on Europe's power and gas markets, continued high energy prices worldwide, and growing regulatory pressure are increasingly prominent features of E.ON's operating environment. In

this difficult environment, our business continued its positive performance. Our results from the first quarter of 2008 nearly maintained the high level of the prior-year quarter. We increased sales by 8 percent year on year to €22.8 billion, while adjusted EBIT of €3.3 billion was nearly on par with the prior-year level.

The end of the first quarter isn't the end of the year, but I can already say that we're making rapid, smooth progress expanding E.ON internationally, implementing our strategy, and giving our company a new, more agile organizational structure. It will enable us to do an even better job of seizing the earnings and growth opportunities created by the ongoing integration of Europe's energy markets.

The rapid way we're implementing our strategy provides impressive evidence of E.ON's huge potential and commercial possibilities—today and in the future.

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