



May 3, 2007

E.ON improves earnings forecast for 2007

- **Management recommends increasing dividend by 22 percent**
- **Package of measures regarding organizational structure, growth, capital structure, and enhancing profitability to be announced in late May**

Following on from its strong showing in 2006, E.ON has had a very successful start in 2007. E.ON now expects adjusted EBIT to surpass the high prior-year figure. Until now, the company forecasted a slight increase.

In light of E.ON's positive earnings performance in 2006, the Board of Management and Supervisory Board propose increasing the dividend by 22 percent to €3.35 per share. "Our dividend payout of €2.2 billion again makes us one of the top dividend performers in Germany's DAX index," emphasized E.ON CEO Wulf Bernotat to the approximately 6,000 shareholders gathered today at the company's annual shareholders meeting in Essen, Germany.

Comprehensive package of measures to be announced in late May

E.ON already operates in more than 20 European countries and will now enter two new markets, Spain and France. This unique European presence represents an enormous entrepreneurial opportunity. E.ON is better positioned than any other energy company to optimize its capital investments and establish efficient organizational structures across national boundaries. On May 31, 2007, E.ON will present a comprehensive package of measures to implement these opportunities.

In a project called europe.on, E.ON will determine which of its operations will be managed on a European scale. In particular, the

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focus will be on optimizing the company's power generation business throughout Europe and on climate-protection activities. Another key area is the investment program with which E.ON intends to modernize its energy infrastructure and build up new market positions, particularly in power generation. In addition, E.ON intends to set ambitious new earnings targets for the years ahead.

"In the future, we want to actively manage our balance sheet and intend to establish clear and quantifiable targets to achieve this goal. As part of this effort, we're not only looking at how our investment program affects our capital structure but also at issues like our dividend policy and share repurchasing. We're not interested in isolated, short-term measures but rather in an ongoing process to deliver sustained value growth," Bernotat announced.

Impetus for more competition in Europe

As a company that operates across Europe, E.ON has an obvious interest in the rapid development of a functioning internal market for energy. Consequently, E.ON has proposed to the EU Commission that a core energy market be created in Continental Europe. The core market would initially consist of the Benelux countries, France, Austria, Switzerland, and Germany and gradually be expanded into an EU-wide energy market. "A core market for energy would spur competition in Europe swiftly and effectively. The ownership unbundling of energy networks recommended by the EU Commission is unsuited to this purpose," Bernotat explained.

E.ON has already implemented a variety of concrete measures to spur competition in the European market. The company is creating considerable additional capacity for cross-border power transfer and actively supports efforts to combine Europe's national power exchanges to form European power trading marketplaces. E.ON has pledged to swiftly connect every new power plant that competitors build in its network territory in Germany. E.ON has also significantly

improved the transparency of power trading and simplified access to its natural gas pipeline system in Germany. With the launch of its new retail supply subsidiary in Germany, E WIE EINFACH (“E as in Easy”), E.ON is the first company to offer both electricity and gas nationwide.

Further expansion of European market position

In return for dropping its takeover offer for Spanish energy utility Endesa, E.ON secured itself an extensive portfolio of assets. This agreement will give E.ON a platform in Spain it can build on, a significant improvement of its position in Italy, and the establishment of a very interesting position in power generation in France. “After establishing a strong presence in Northern, Western, and Eastern Europe, we’ll have a strong position in Southern Europe. We’ve thus achieved our strategic objective, albeit not to the degree we’d have wished,” Bernotat explained.

Substantial investments in climate protection and security of supply

Between now 2012, E.ON will invest more in renewable energy and energy efficiency. As E.ON further expands renewables, which already account for 11 percent of the electricity it generates, the company is placing a clear emphasis on offshore wind power and is developing a number of large-scale projects in the United Kingdom, Northern Europe, and Germany. E.ON is also building new power plants with the highest thermal efficiency in the world. They include a hard-coal-fired facility in Datteln (with a thermal efficiency of more than 45 percent) and a gas-fired facility in Irsching (with a thermal efficiency of 60 percent). These new generating units will make a significant contribution towards reducing greenhouse-gas emissions. In addition, E.ON is already working on innovative fossil-fuel-fired generating units with even higher thermal efficiencies and on technologies to capture and store carbon dioxide.

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