E.ON Debt Investor Update Call

Dr. Marcus Schenck, CFO
September 3, 2012

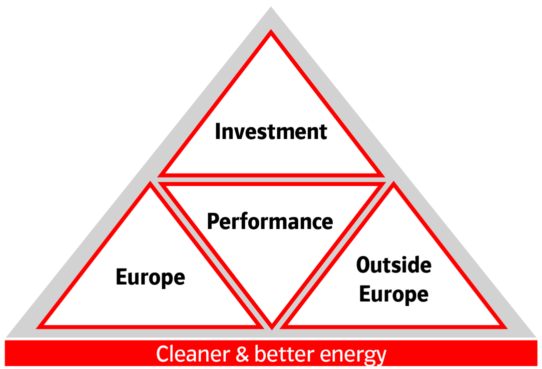
Cleaner & better energy

Agenda

Operating update

Financial update

Cleaner & better energy



Key drivers of E.ON's transformation

Divest non-core assets	• Total target ~€15bn disposals by end 2013, ~€12.5bn[1] achieved • Divested broad range of assets at attractive conditions
Safeguard financial strength	• Target debt factor <3x, solid single A rating • Financial debt reduced by ~€10bn in last 24 months, comfortable liquidity position
Expansion outside Europe	• Disciplined investment approach, preferred organic development • Agreement with MPX marks first step - JV to participate in next prepay-auction in October and allocate 160MW of wind capacity
Increase efficiency, improve organization	• Target to reduce controllable costs to €9.5bn in 2015, simplify Group • Individual measures in execution, framework agreement with German unions signed
Improve capital management	• Increased return requirements • Change business approach (e.g. capital velocity, partnering)

Position E.ON for the future

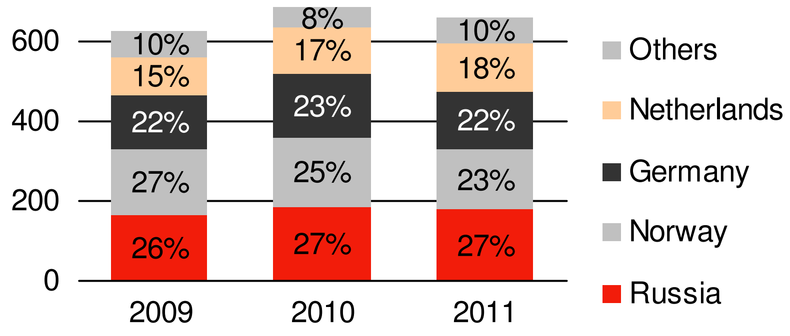
1. Thereof €0.1bn signed but not yet closed

Renegotiation agreement with Gazprom

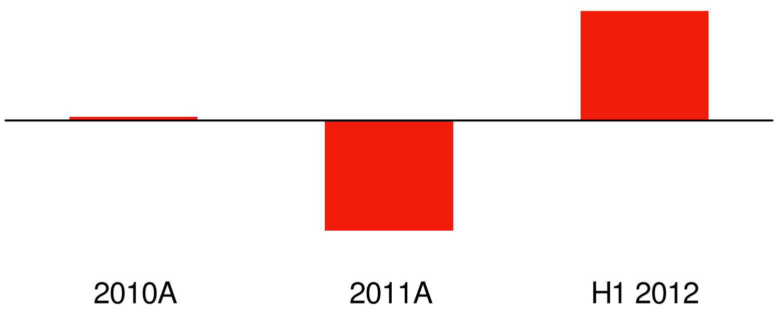
Agreement terms

- Pricing conditions adapted
- New pricing conditions applied retroactively since Q4 2010
  - ➡ ~€1bn positive EBITDA effect in H1 2012
- Exposure to gas-to-oil spread substantially reduced
- Arbitration proceedings have been stopped
- Confirmation of long-running successful partnership with Gazprom

Long-term gas supply[1]



EBITDA gas wholesale

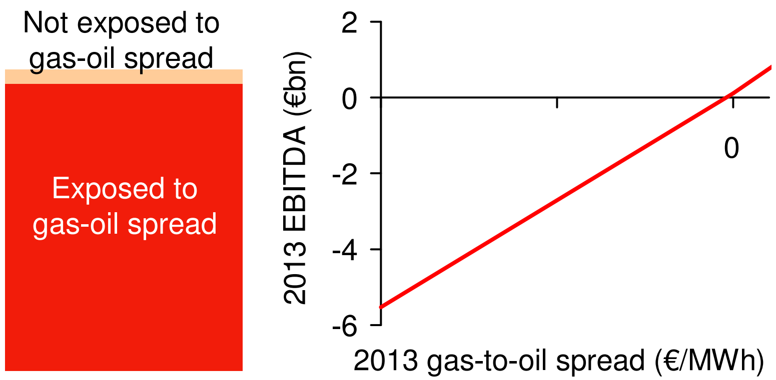


Successful commercial agreement with E.ON's largest supplier

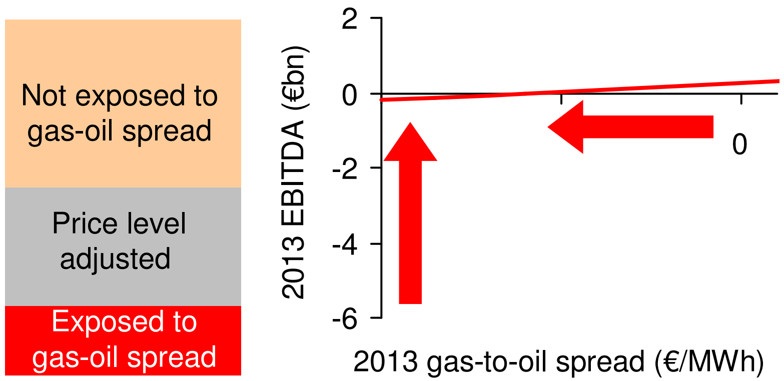
1. E.ON Ruhrgas AG

Gas supply portfolio

2013 LTC gas portfolio – 2009 view



2013 LTC gas portfolio – current view



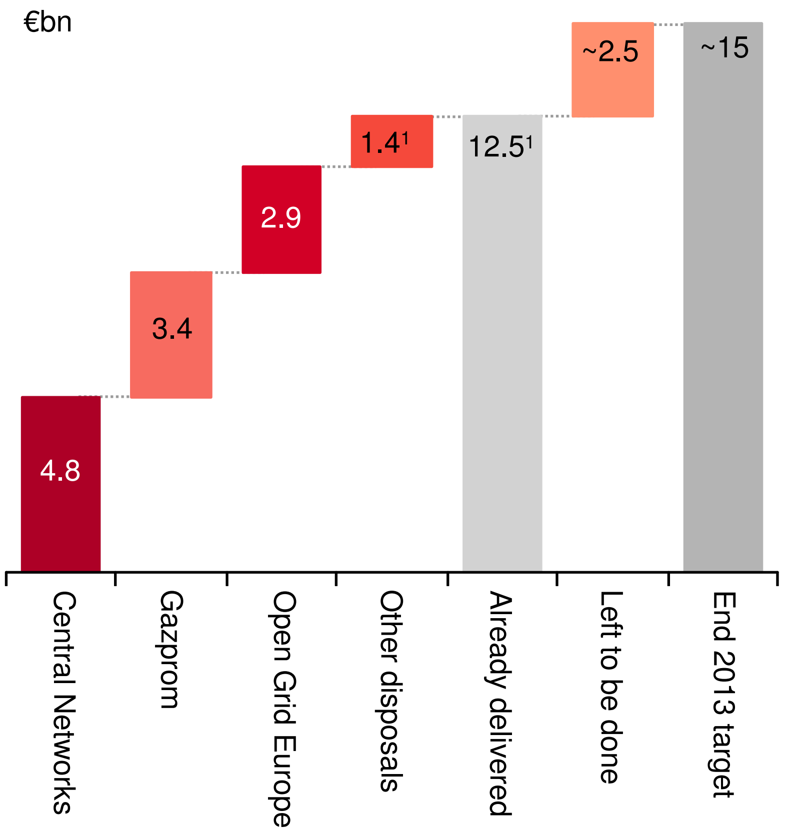
Achievements

- Pricing conditions of all oil indexed contracts successfully renegotiated
- Major milestone to restore competitiveness of long-term gas contracts achieved
- Gas supply portfolio substantially de-risked: roughly half of portfolio not exposed to gas-oil spread any more
- Ongoing discussions to convert remaining quick fixes into structural solutions
- Long-term gas contracts have demonstrated their robustness even in turbulent gas markets
- Overall, positive EBITDA contribution from gas wholesale portfolio since 2010
- Limited risk for 2013 due to high degree of contracting in sales

Break-even point strongly lowered, risk substantially reduced

Divestments of non-core assets

Disposal target and delivery



Transactions

Recent developments

- OGE sold and closed, UK Interconnector sold, HSE closed, E.ON Bulgaria closed
- Strict divestment discipline led us to decide not to dispose of E.ON Energy-from-Waste

Delivered so far

- 3 major divestments: Central Networks, 3.5% in Gazprom and Open Grid Europe
- 14 other transactions for ~€1.4bn

Potential disposal candidates

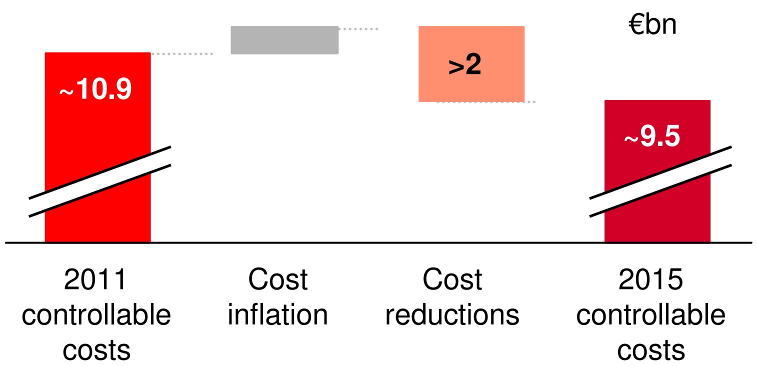
- Current discussions regarding a stronger involvement of municipalities in E.ON Westfalen Weser, Thüringer Energie and Mitte
- Ongoing processes regarding other non-core assets

More than 80% of €15bn disposal target already achieved

1. Thereof €0.1bn signed but not yet closed

E.ON 2.0

Controllable cost target



- Target of reducing controllable cost to €9.5bn in 2015[1]
- Cost reductions to also compensate for cost inflation
- Personnel reduction of ~11,000 FTEs[2]
- Ambition to reach top quartile in operational businesses and support functions

Cost savings in overheads

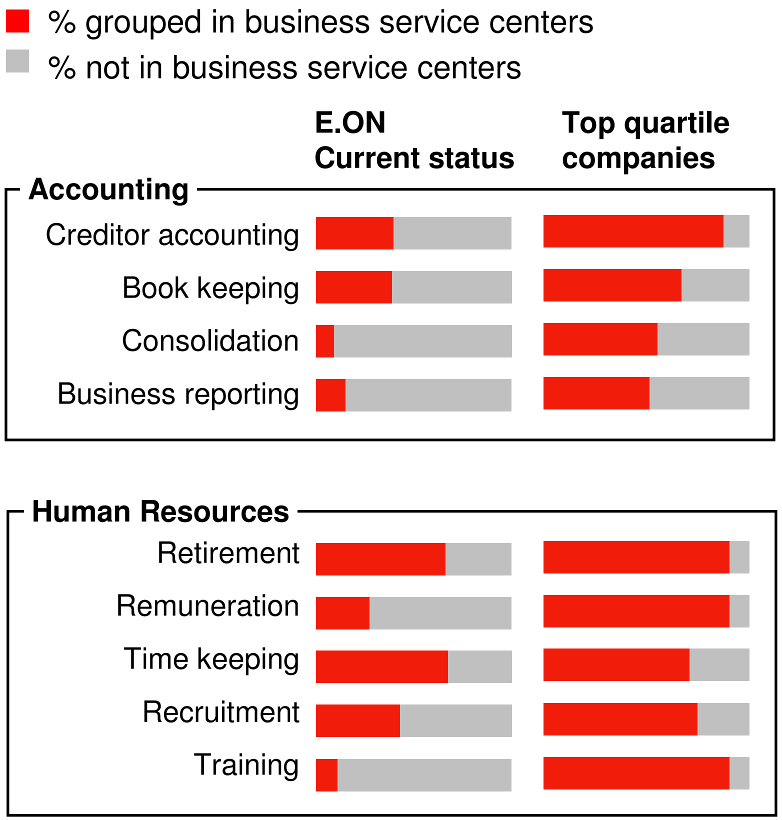
- Group Management: reduction from ~600 FTEs to ~400 FTEs
- Closure of E.ON Energie headquarters in Munich (~400 FTEs)
- Creation of E.ON Deutschland in Essen (~100 FTEs)
- Reorganization of Global Gas and Trading
  - Exploration & Production has become new unit
  - Sales activities transferred to regional units, especially gas sales
  - Supply and optimization activities brought into new unit Optimization & Trading

Further milestones on road to E.ON 2.0 implementation

1. Before adjustments for portfolio changes
2. Compared to 2010

E.ON 2.0 – Support functions

Benchmarking Accounting and HR functions[1]



Cost savings in Accounting and HR

- Benchmarking has shown substantial potential for improvement at E.ON compared to sample of top quartile companies
- Optimization of existing structures
- Bundling of HR and Accounting activities in 2 Business Service Centers
  - Berlin: ~500 FTEs with focus on HR
  - Cluj: ~600 FTEs with focus on Accounting
- Total HR and Accounting FTEs:
  - ~3,700 FTEs today
  - ~2,500 FTEs in 2015
  - ➡ >30% reduction

Reduction of FTEs in HR and Accounting of more than 30% by 2015

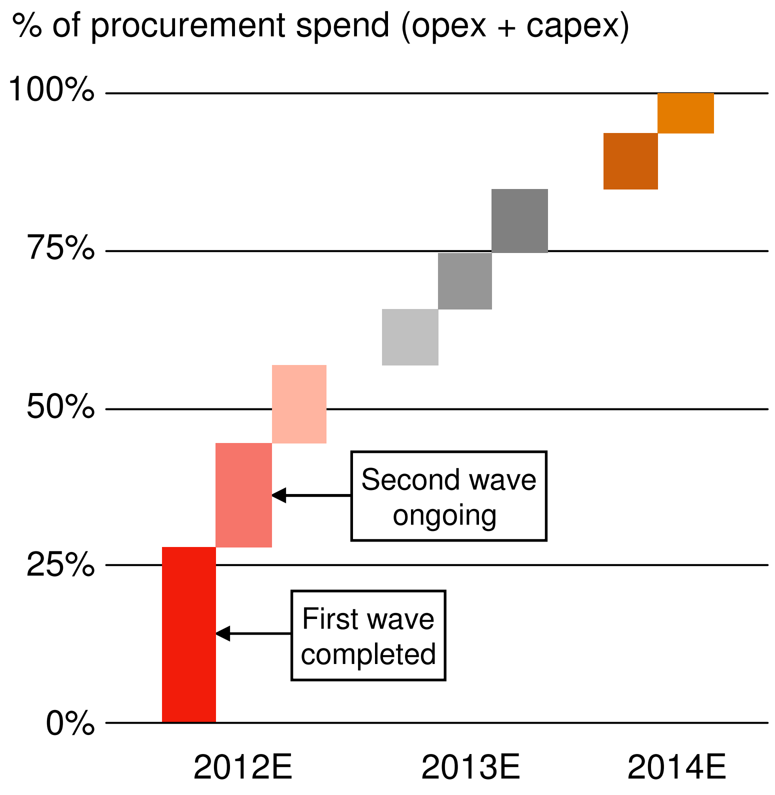
1. Basis: Hackett Benchmarking

E.ON 2.0 - Procurement

Cost savings in procurement

- ~30% of E.ON 2.0 cost savings to come from procurement
- New structures being set up to better manage procurement spend
- Spend categories to be reviewed in 8 successive waves
- Total procurement spend to be addressed, thereof ~40% opex and ~60% capex[1]
- First wave addressing 8 spend categories completed
- Example: substantial reduction of CCGT maintenance costs including gas turbine, boilers, generators, and steam turbines
- Second wave addressing another 7 spend categories ongoing; third wave to start soon

Schedule of 8 successive waves



First 2 waves confirm savings of more than 20% on procurement spend

1. Savings in capex spend do not impact controllable costs

Agenda

Operating update

Financial update

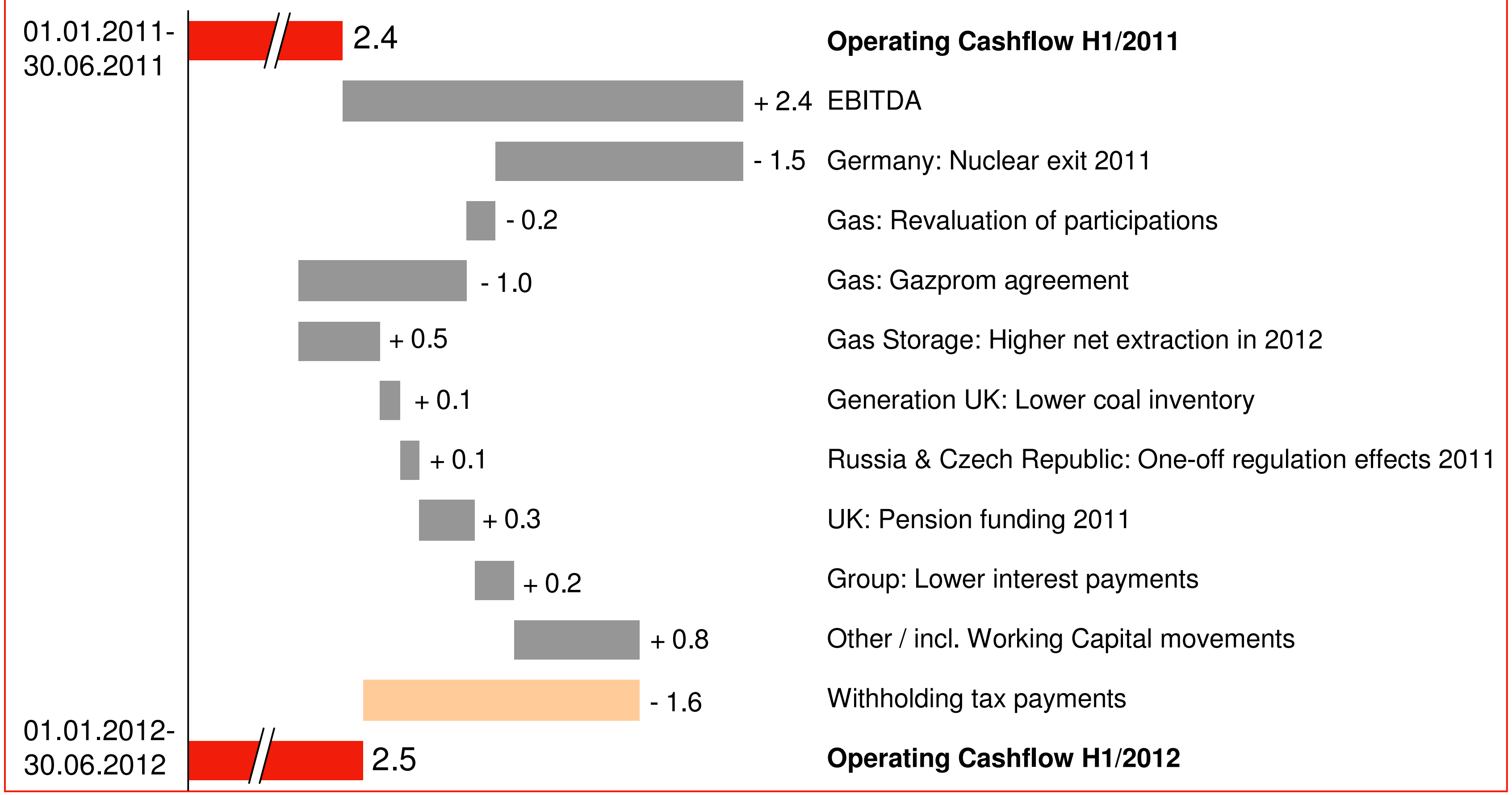
Update on H1 2012 financials

H1 2012 Financial highlights	• EBITDA[1]: +55% to €6.7bn • EBIT[1]: +105% to €4.9bn • Underlying net income[1]: +255% to €3.3bn • Underlying EPS[1, 2]: 1.74 €/share • Operating cash flow: +5% to €2.5bn • Economic net debt: €36.4bn[3] to €41.1bn
FY 2012 outlook	• EBITDA[1]: €10.4bn – €11.0bn (upgraded early July) • Underlying net income[1]: €4.1bn – €4.5bn (upgraded early July)

1. Adjusted for extraordinary effects
2. Based on number of shares outstanding (1.905 billion)
3. On Dec 31st 2011

Operating cash flow – Reconciliation[1]

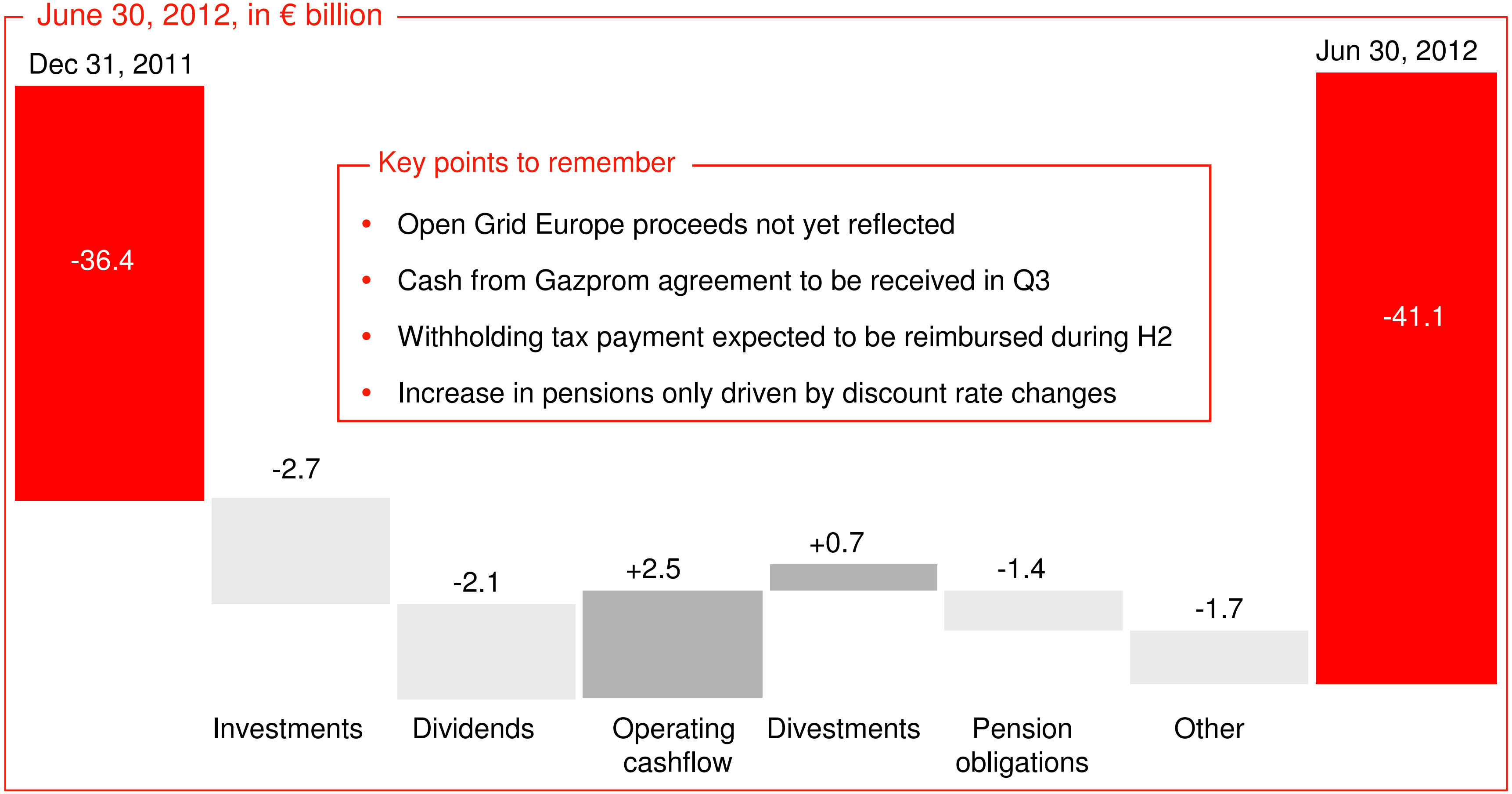
First half in € billion



Impact of withholding tax payment to be fully recouped in H2

1. Individual effects rounded

E.ON Group – Economic net debt

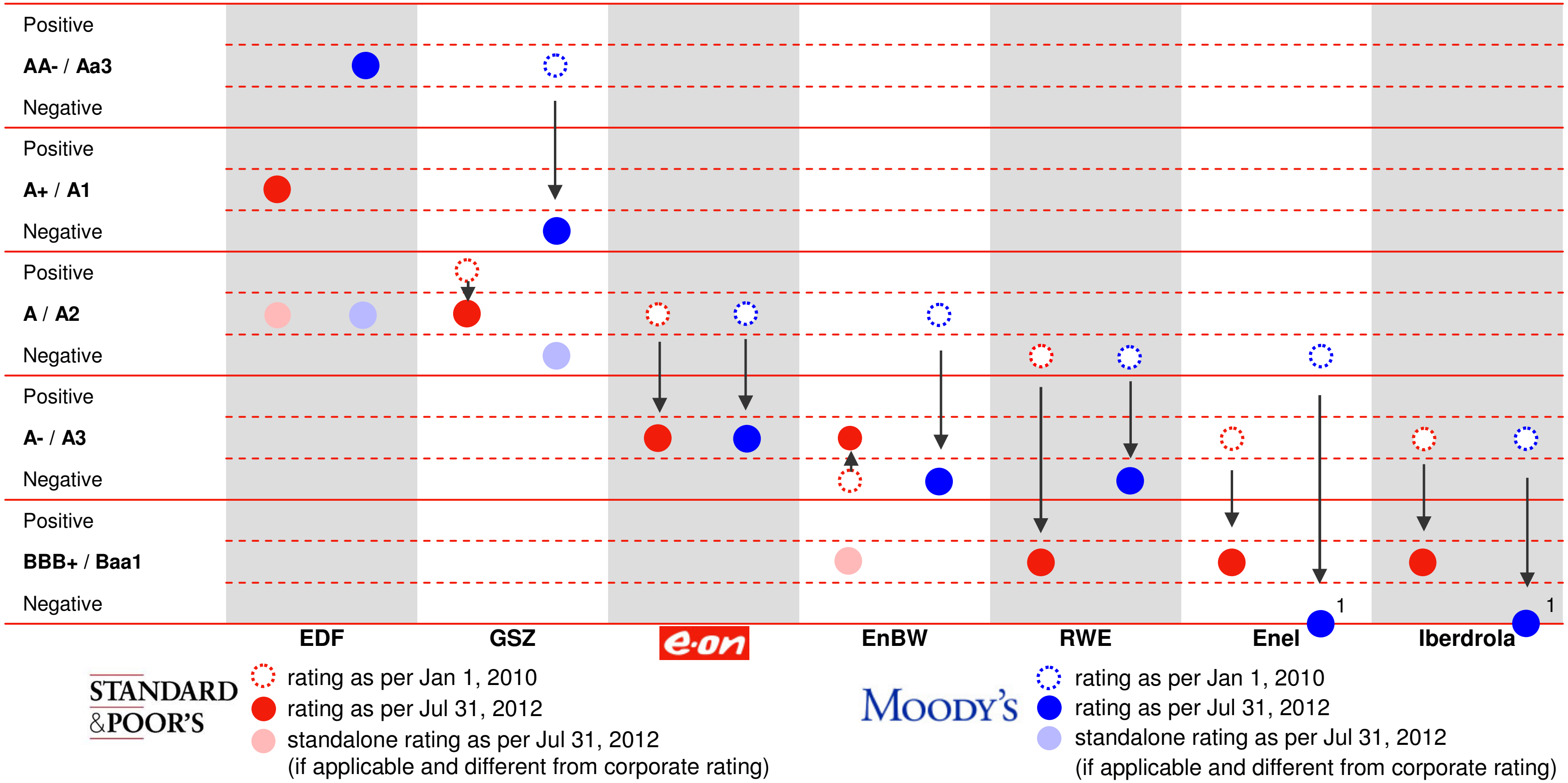


Key points to remember

- Open Grid Europe proceeds not yet reflected
- Cash from Gazprom agreement to be received in Q3
- Withholding tax payment expected to be reimbursed during H2
- Increase in pensions only driven by discount rate changes

Economic net debt distorted by timing of significant cash inflows

Utilities' ratings under pressure, but…



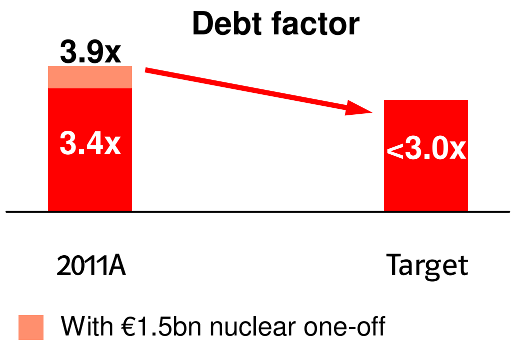
- In July 2012 E.ON has been downgraded by S&P from A (negative) to A- (stable)
- Rating action mainly due to sector concerns (despite positive news flow for E.ON)
- Market-wise rather a non-event given Moody's rating already at A3

…E.ON's rating is well-positioned

1. Ratings under review for downgrade

Financial stability and flexibility are key for E.ON

Debt factor reduction targeted



Reduced debt factor targets:

2.8x – 3.3x

Nov 2010

≤3.0x

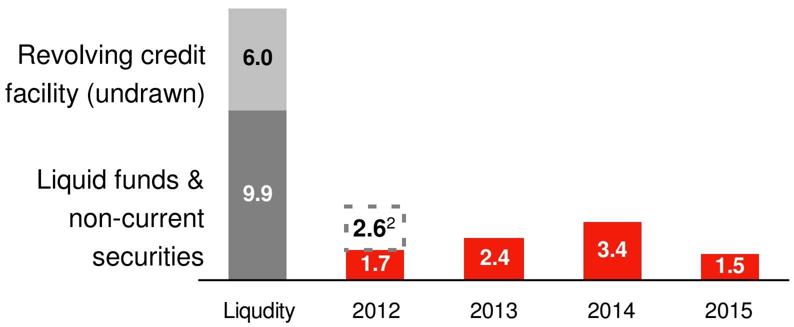
Aug 2011

<3.0x

Safeguard financial stability

- >80% of disposal target achieved ✓
- Gas LTC portfolio successfully renegotiated ✓
- E.ON 2.0 in full swing ✓
- Dividend distributions adjusted ✓
- Ratings within "solid single A" rating target ✓

Liquidity and maturity profile[1]



Financial flexibility from solid liquidity

- No major refinancing needs before H2 2013
- Long-term and well-balanced debt maturity profile
- Effective duration of bonds issued: 6.4 years

Flexible funding options

Debt issuance program €35bn	EUR-CP program €10bn	USD-CP program $10bn	Revolving credit facility €6bn

Providing E.ON with a solid financial profile

1. Bonds, CP and promissory notes issued by E.ON AG or E.ON International Finance B.V. (fully guaranteed by E.ON AG) as of June 30, 2012 (in €bn; complete debt maturity profile provided in back-up section)
2. Commercial Paper

Outlook 2012

As published early July

EBITDA[1]

EBITDA - Old	€9.6 – 10.2bn

Positives

- One-off effect from Gazprom settlement for period from Q4 2010 to Q2 2012
- Adapted Gazprom pricing conditions for H2 2012

Negatives

- Assumption of worst case scenario for E&P production
- Disposal of Open Grid Europe[2]
- Other effects

EBITDA - New	€10.4 – 11.0bn

Underlying net income[1]

Underlying net income - Old	€2.3 – 2.7bn

Positives

- EBITDA effects
- Lower depreciation, mainly due to disposal of Open Grid Europe and to lower E&P production
- One-off effects on taxes and net interest expenses
- Lower tax rate, mainly due to lower E&P earnings

Underlying net income - New	€4.1 – 4.5bn

Substantial increase of FY outlook based on Gazprom agreement

1. Adjusted for extraordinary effects
2. Disposal effect on 2013 EBITDA ~ -€0.3bn; not yet reflected in current FY 2013 guidance

Appendix

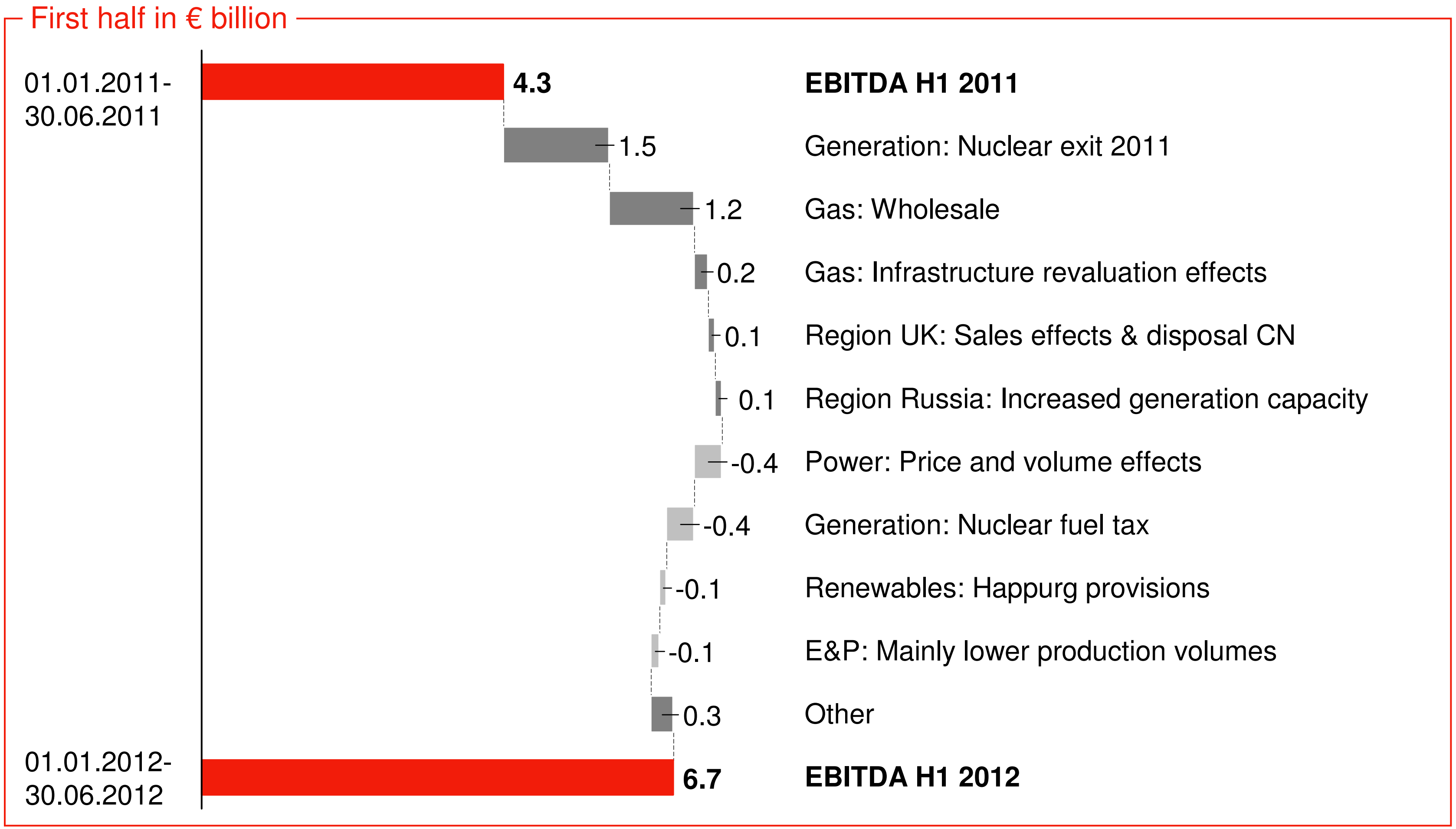
E.ON Group –EBITDA[1] and EBIT[1] by segments

First half in € million

	EBITDA[1]			EBIT[1]		
	2012	2011	+/-%	2012	2011	+/- %
Generation	1,161	558	+108	727	-8	-
Renewables	661	753	-12	464	578	-20
Optimization & Trading	1,805	-20	-	1,679	-160	-
Exploration & Production	337	421	-20	197	295	-33
Germany	1,250	1,301	-4	781	835	-6
Other EU countries	1,303	1,255	+4	972	879	+11
Russia	350	252	+39	251	195	+29
Group Management / Other	-161	-195	-	-197	-241	-
Group total	**6,706**	**4,325**	**+55**	**4,874**	**2,373**	**+105**

1. Adjusted for extraordinary effects

Key drivers of group EBITDA[1,2] H1 2012 vs. H1 2011



Gazprom settlement and absence of nuclear one-off drive H1 earnings

1. Adjusted for extraordinary effects
2. Individual effects rounded

E.ON Group – Economic net debt

First half in € million

	Jun 30, 2012	Dec 31, 2011
Liquid funds	5,015	7,020
Non-current securities	4,921	4,904
Total liquid funds and non-current securities	**9,936**	**11,924**
Financial liabilities to banks and third parties	-29,553	-28,490
Financial liabilities resulting from interests in associated companies and other shareholdings	-1,592	-1,424
Total financial liabilities	**-31,145**	**-29,914**
Net financial position	**-21,209**	**-17,990**
Fair value of currency derivatives used for financing transactions[1]	451	524
Provisions for pensions	-4,614	-3,245
Asset retirement obligations	-17,380	-17,269
Less prepayments to Swedish nuclear fund	1,665	1,595
Economic net debt	**-41,087**	**-36,385**

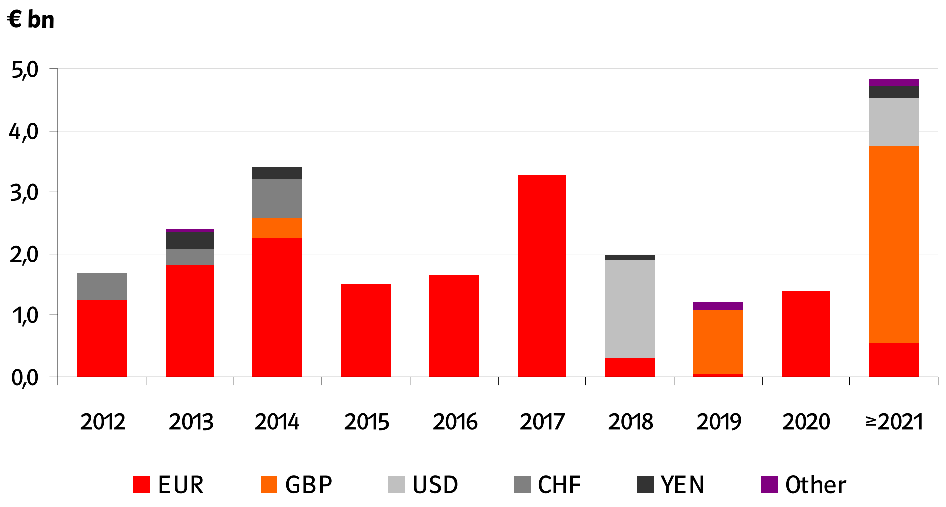
1. Net figure; does not include transactions relating to our operating business or asset management

Financial liabilities of the E.ON Group

in € billion

	30 Jun 2012	31 Dec 2011
Bonds[1]	**22.7**	**23.4**
in EUR	13.3	13.3
in GBP	4.6	5.0
in USD	2.4	2.6
in CHF	1.3	1.3
in SEK	0.2	0.3
in JPY	0.8	0.8
other currencies	0.1	0.1
Promissory notes	**0.8**	**0.8**
Commercial Paper	**2.6**	**0.9**
Other liabilities[2]	**5.0**	**4.8**
Total	**31.1**	**29.9**

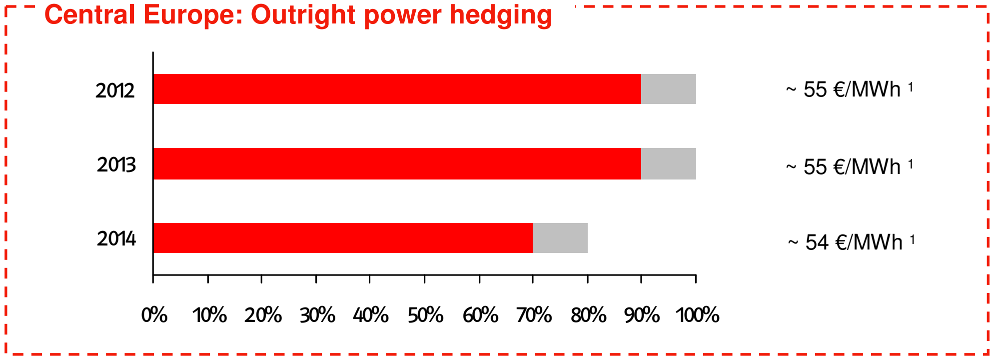
Maturity profile (as of 30 Jun 2012)[3]

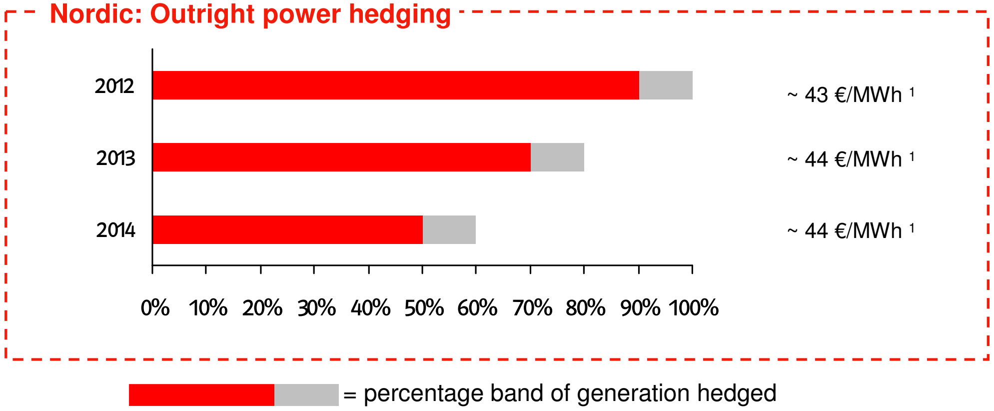


1. Thereof bonds issued by segments: June 30, 2012: €0.3bn; Dec 31, 2011: €0.3bn
2. Thereof other financial liabilities of segments: June 30, 2012: €3.2bn; Dec 31, 2011: €3.2bn
3. Bonds and promissory notes issued by E.ON AG or E.ON International Finance B.V. (fully guaranteed by E.ON AG)

Hedging of E.ON's outright generation

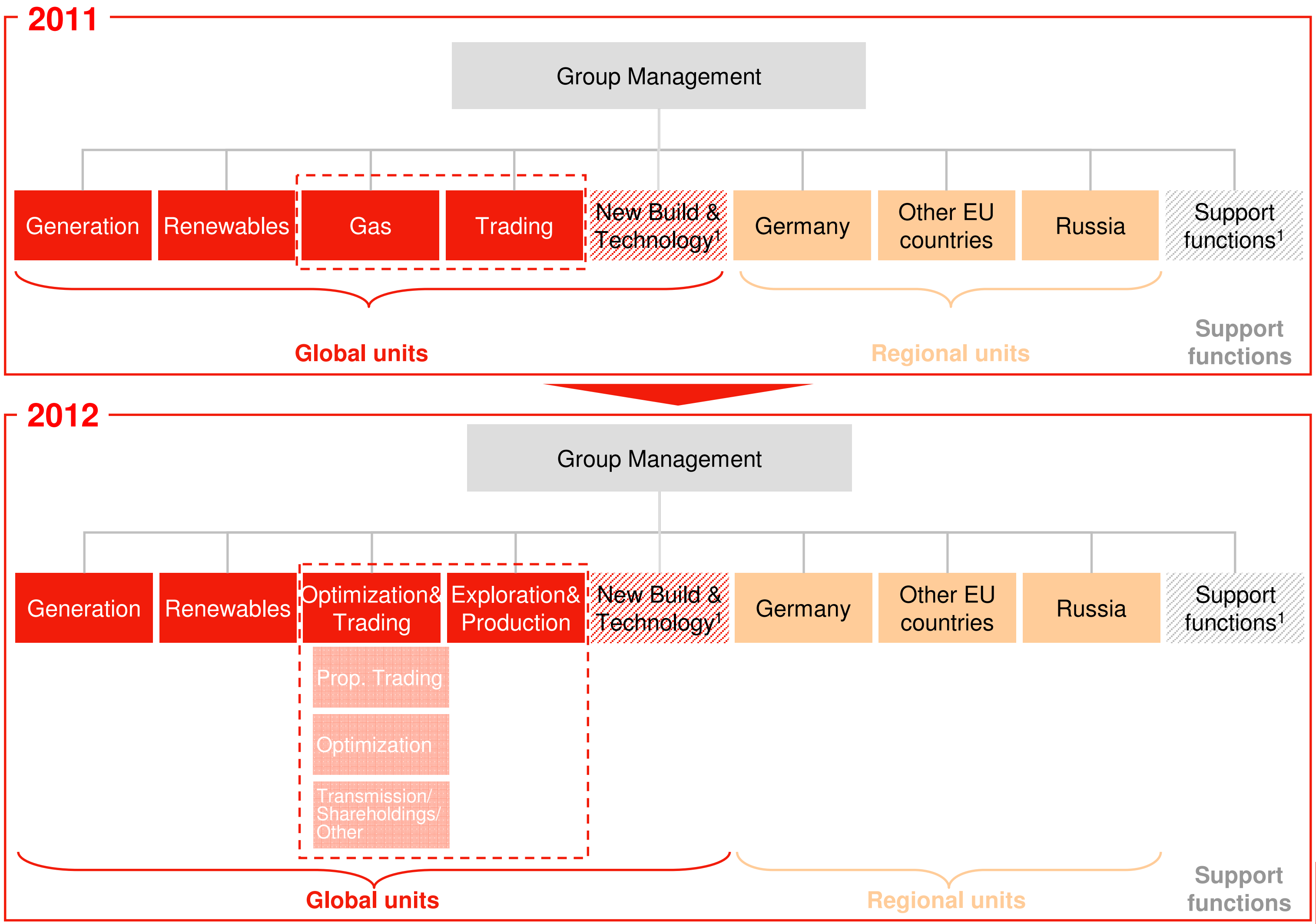
Hedging (as per end June, 2012)





1. Average realized price only relevant for the pure outright power position (Nuclear/Hydro) sold in the respective year

Change in group structure as per Q1 2012



1. Not a reporting segment.

E.ON Creditor & Investor relations

Reporting calendar & important links

Reporting calendar

Date	Event
November 13, 2012	Interim Report III: January – September 2012
March 13, 2013	Annual report 2012
May 3, 2013	2013 Annual Shareholders Meeting
May 6, 2013	Dividend Payment
May 8, 2013	Interim Report I: January – March 2013
August 13, 2013	Interim Report II: January – June 2013

Important links

Content	Link
E.ON Creditor Relations	http://www.eon.com/en/investors/bonds.html
E.ON Investor Relations	http://www.eon.com/en/investors/dialog/investor-relations.html
Capital Market Stories	http://www.eon.com/en/investors/stock/capital-market-story.html
Annual Report	http://www.eon.com/en/corporate/19886.jsp
Interim Reports	http://www.eon.com/en/corporate/1022.jsp
Facts & Figures	http://www.eon.com/en/corporate/1029.jsp

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