# Non-Deal Debt Investor Call

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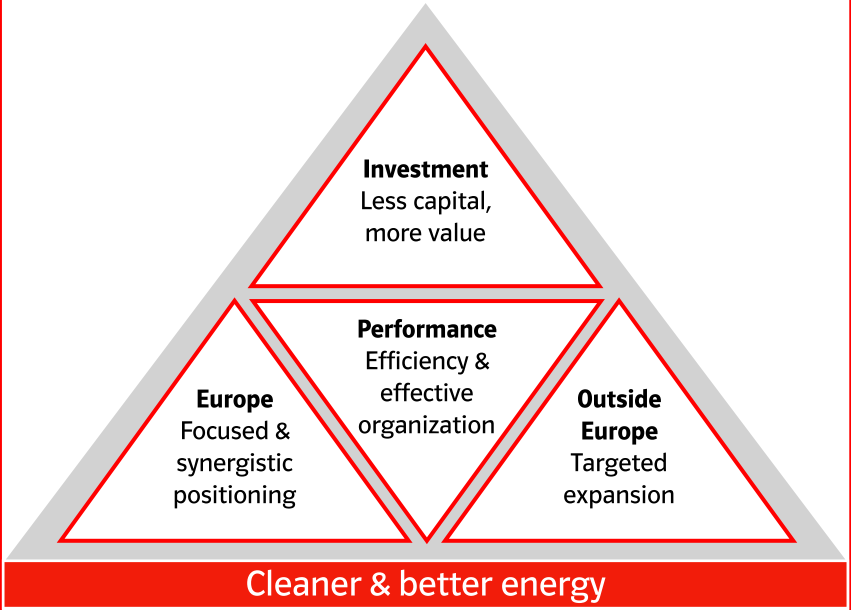
04 April 2011

1. E.ON – Cleaner & better energy
2. Financial highlights

# Key topics




**Europe**

- Disposal of Central Networks to PPL
- Portfolio & balance sheet management
- Update generation environment
- Renegotiations of gas LTCs
- New challenge: nuclear debate Germany

**Outside Europe**

- Positive developments in Russia
- Process of choosing 2 additional regions

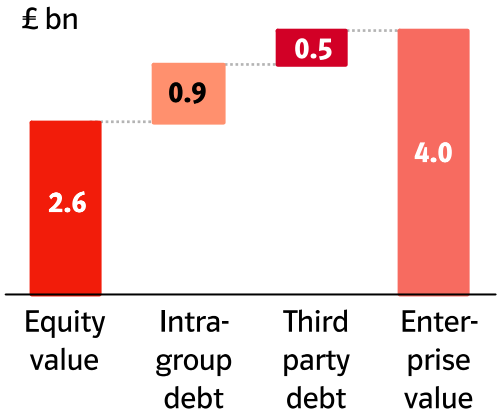
**Performance**

- Delivery of PerformtoWin
- New performance culture

**Determined execution of 'cleaner & better energy' strategy**

# Europe – Disposal of Central Networks to PPL

## Central Networks




- End customers: 5.1m
- Energy distributed: 53 TWh
- Network length: 133,000 km
- 2011 RAV: £3.0bn[1]
- 2010 Adj. EBITDA: £500m
- 2010 Adj. EBIT: £391m

## Transaction

### Key figures

- Enterprise value: £4.0bn
- In addition, transfer of £0.2bn pension provisions
- Book gain of ~€0.2bn[2]
- Closing expected in April 2011

### Rationale

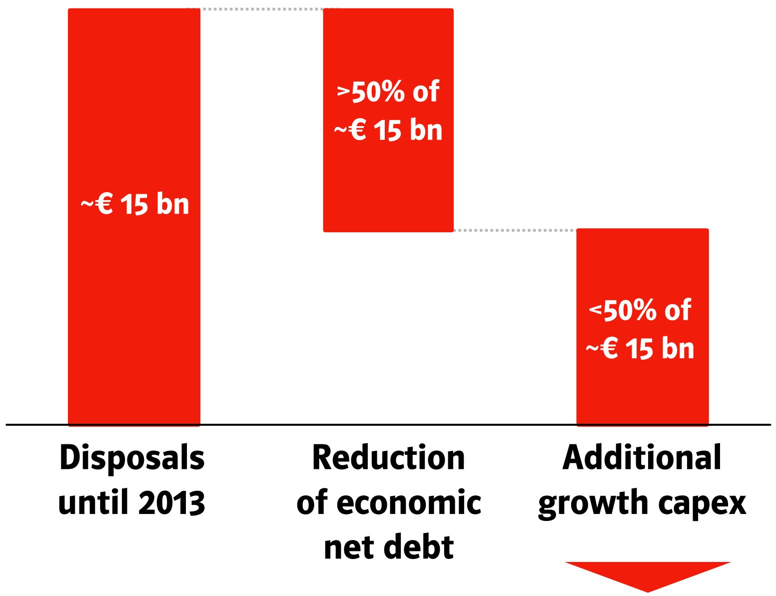
- Significant mandatory investment requirements
- No cross-border or cross-functional synergies
- Disposal fits with strategy of focused and synergistic positioning in Europe
- Attractive premium to RAV

**Very attractive disposal terms, higher financial flexibility**

1. OFGEM Regulated asset value as of March 31st, 2011
2. ~€0.2bn book gain includes ~€0.6bn negative currency effect

# Europe – Portfolio & balance sheet management

## Disposal program and use of proceeds




>50% in renewables

>50% outside Europe

## Progress report

**Already €8.8bn of disposals**

- Disposal of a 2.7% stake in Gazprom for €2.6bn (closed in 2010 already)
- Disposal of a 0.8% stake in Gazprom for €0.8bn
- Disposal of Central Networks for an EV of €4.9bn[1]
- Disposal of the Italian gas distribution networks for an EV of €0.3bn
- Several other transactions totaling ~€0.2bn

**Like-for-like impact on 2010 figures**

- Adjusted EBITDA reduced by ~€0.7bn
- Adjusted net income reduced by ~€0.1bn
- Debt factor reduced by ~0.3x[2]

**After only 4 months almost €9bn of disposals**

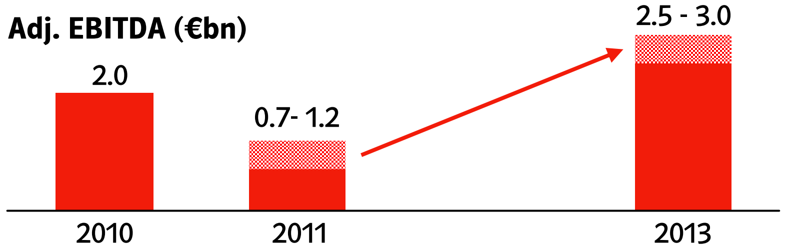
1. Including transfer of pension provisions, assuming 1.17 €/£
2. Note that the €2.6bn proceeds of the sale of a 2.7% stake in Gazprom are already included in the 2010 economic net debt

# Europe – Global Gas

## LTC renegotiations

- Objective is to adapt LTCs to de-risk Supply & Sales business, and restructure LTC portfolio to bring it in line with market conditions
- New renegotiation round initiated effective October 1st 2010
- If necessary, triggering of arbitration as soon as possible in line with contractual rights
- Commercial negotiations to continue in parallel with arbitration proceedings
- In case of agreement, new price formula would apply retroactively since start of renegotiations
- Uncertainty about timing of potential agreements creates planning uncertainty for Supply & Sales

## Guidance




**Outlook 2011 compared to 2010**

- Improvement at E&P thanks to Skarv start-up in H2
- Regulatory pressure on OGE[1]
- Significant loss in Supply & Sales (around one billion)

**Guidance 2013 compared to 2010**

- E&P +€0.8bn due to higher volumes and prices
- Storage: slightly higher thanks to capacity increase
- Supply & Sales: return to normal level assumed – this does not imply closure of gas to oil spread
- OGE[1] -€0.2bn due to incentive-based regulation

**Very determined renegotiation plan for LTCs – Upstream to benefit from higher volumes & prices**

1. OGE: Open Grid Europe, formerly E.ON Gas Transport

# Outside Europe

## Developments in Russia

**Regulatory framework**

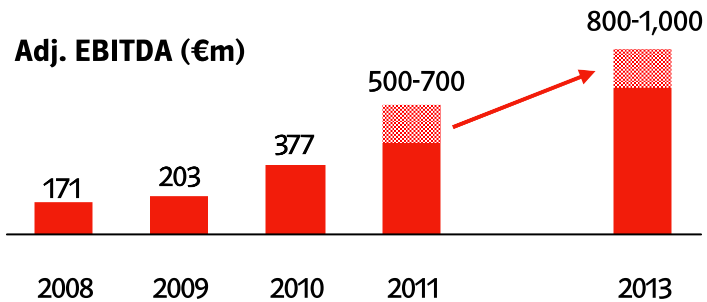
- Completion of market liberalization as committed
- Approval of long-term capacity market rules

**New build program**

- 400 MW CCGT commissioned in Q4 2010
- 1200 MW of CCGTs to come on stream in 2011

**Financials**

- Growth of Adj. EBITDA and guidance 2013 well on track




## Entry in 2 additional markets outside Europe

**Strategy**

- Focus particularly on conventional & renewable generation
- Combine own expertise with know-how from local partners
- Limit commodity exposure
- Disciplined investment approach

**Status quo**

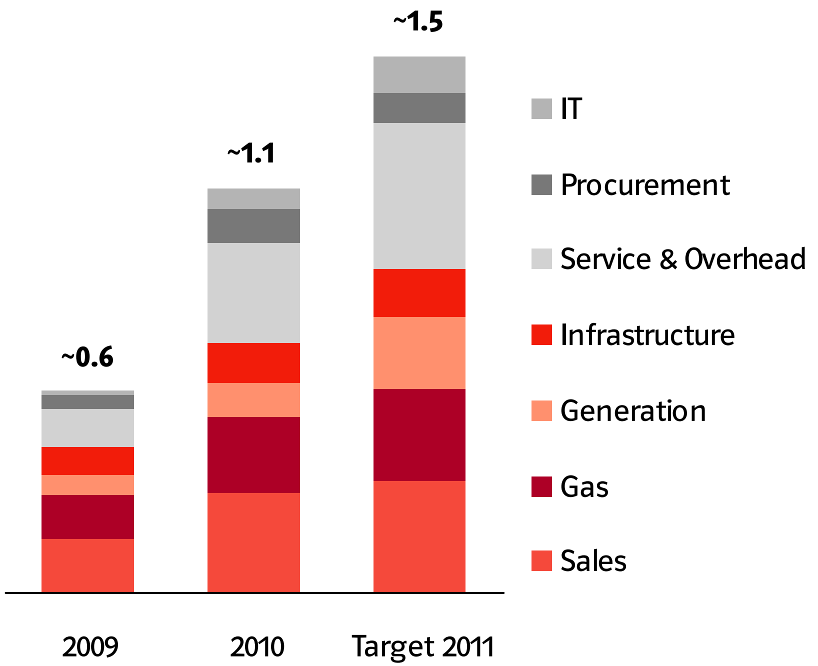
- Inventory of E.ON's capabilities established
- Detailed market & business model analysis
- Focus on matching local needs with E.ON's capabilities

**Strong performance from existing non-EU markets – Entry into additional markets in preparation**

# Performance

## Contribution of PerformtoWin to Adjusted EBITDA

€ bn




## Comment

**PerformtoWin**

- Fully on track to deliver €~1.5bn annual improvement to Adjusted EBITDA by end 2011

**Sustainable performance culture**

- Focus shifting away from single programs to fostering performance culture
- Leaner organization put in place
- Definition of specific KPI targets for each unit
- €0.6bn improvement on top of PerformtoWin by end 2013; roughly one third due to procurement optimization

**PerformtoWin fully on track – Focus shifted to implementation of new performance culture**

1. E.ON – Cleaner & better energy

2. Financial highlights

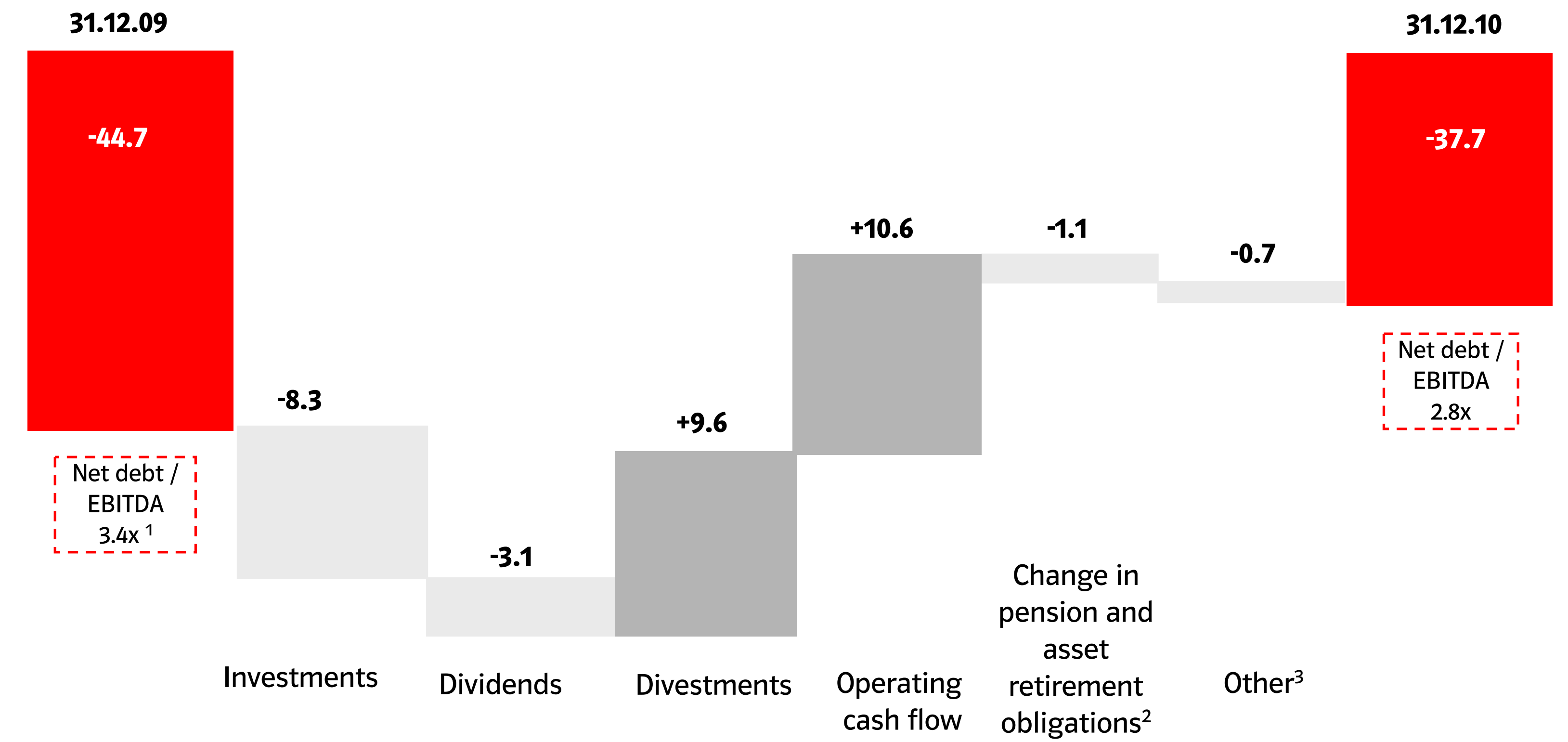
# 2010 results summary & outlook

| | |
|---|---|
| **Key figures** | • Adj. EBITDA: +3% to €13.3bn<br>• Adj. EBIT: +2% to €9.5 bn<br>• Adj. net income: -4% to €4.9 bn<br>• Operating cash flow: +24% to €10.6 bn<br>• Debt factor: down from 3.4 to 2.8<br>• Proposed dividend: unchanged at €1.50 per share |
| **2011 outlook** | • Adj. EBITDA: €11.2bn – €11.9bn<br>• Adj. net income: €3.3bn – €4.0bn<br>• Minimum DpS: €1.30 per share |
| **Medium-term targets confirmed** | • 2012: Minimum DpS €1.30 per share<br>• 2013: adj. EBITDA >€13bn[1], adj. EpS ~€2.4[1]<br>• Solid single A rating (medium term debt factor ≤3x) |

1. Assumption: unchanged portfolio

# E.ON Group – Development of economic net debt

December 31, 2010, in € billion




1. Adjusted for discontinued operations
2. Change in payments to Swedish Nuclearfonds (+€0,2bn) was deducted
3. There are €1,0 bn of negative translation effects

# Reduction of debt

- In Q4 2010 we repaid, ahead of schedule, financial liabilities totaling approx. €1.1 billion (€0.9 billion in loans, €0.2 billion in bonds)
- Overall reduction of financial liabilities at year-end 2010 by €5.3 billion relative to year-end 2009.
- In 2011, we have repaid or terminated further financial liabilities with a total volume of €2.3 billion:
  - Bond tender offer: Repurchase of bonds with a total volume of €1.8 billion in January/February 2011
  - Promissory notes: Repayment of €0.05 billion and termination of €0.5 billion (for settlement in Q2)

# Summary public bond tender offer

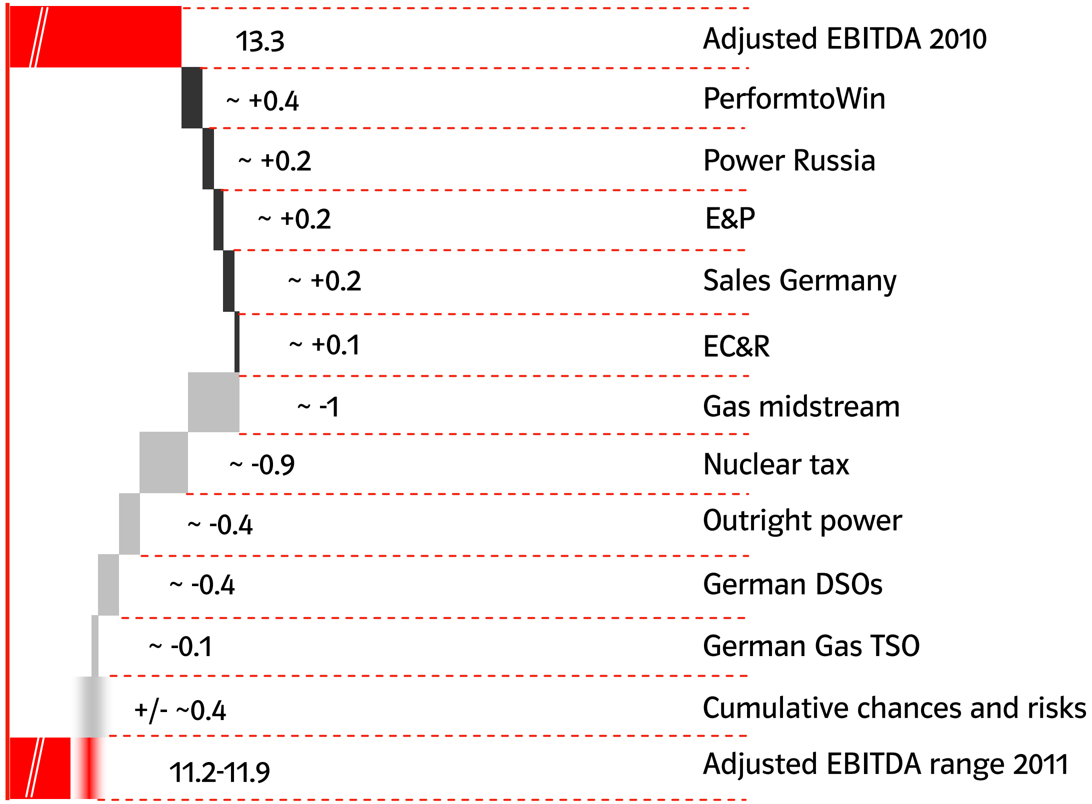
| | Nominal (in million) | Maturity | Repurchased nominal (in million) | New nominal (in million) |
|---|---|---|---|---|
| Part 1 (Any & All) | EUR 1,750 | 02 Oct 2012 | EUR 550 | EUR 1,200 |
| | EUR 750 | 26 Mar 2013 | EUR 185 | EUR 565 |
| | EUR 1,500 | 07 May 2013 | EUR 420 | EUR 1,080 |
| Part 2 (MDA) | GBP 350 | 27 Jan 2014 | GBP 100 | GBP 250 |
| | EUR 1,750 | 28 Jan 2014 | EUR 324 | EUR 1,426 |
| | EUR 1,000 | 06 Jun 2014 | EUR 214 | EUR 786 |

- On 24 January 2011, E.ON made a two-step offer to repurchase bonds with a total nominal value of ~€ 7 billion
- Offer was open for two weeks until 4 February 2011:
  - Week 1: Part 1 (Any & All Tender) open for institutional and retail investors
  - Week 2: Part 1 still open for retail investors; Part 2 (Modified Dutch Auction - MDA) open for institutional and retail investors
- Repurchased total volume of €1.81 billion; acceptance rate of 26% (Any & All: 29%; MDA: 21%)

# EBITDA outlook 2010-11

## Evolution of main effects

**In € billion**



# EBITDA outlook 11-13

## Rough development of main effects 2011-2013

**Positives**

- Efficiency improvements (+€0.6bn)
- Additional conventional/renewable generation capacity (+€0.7bn)
- Additional earnings in Russia (+0.3bn)
- Volume & price effects E&P (+€0.6bn)
- Recovery supply and sales to normalized levels

**Negatives**

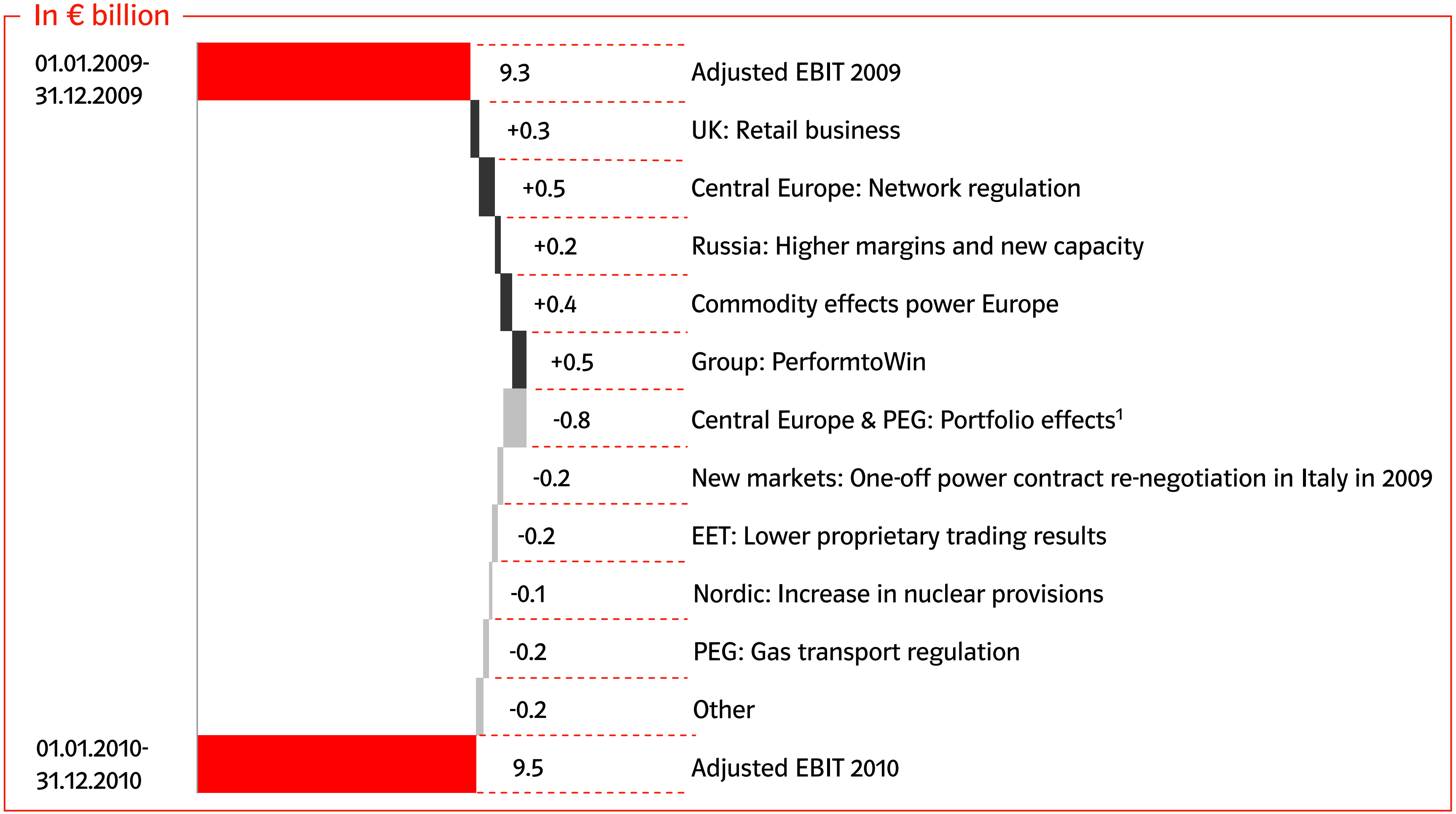
- $CO_2$ autioning (-€0.9bn)
- Spread power (-€0.4bn)
- Outright power (-€0.1bn)
- German gas TSO (-€0.1bn)
- Additonal nuclear fuel tax (-€0.1bn)

**Confirm 2013 EBITDA target of >€13bn[1]**

1. Before portfolio measures

Back-up Charts

# Key drivers of group Adjusted EBIT 2010 vs. 2009




1. Mainly consists of effects relating to Central Europe (disposal/swap of generation capacity; disposal of transmission network) and the disposal of Thüga

# EBITDA outlook 2011 along new reporting structure[1]

In € billion

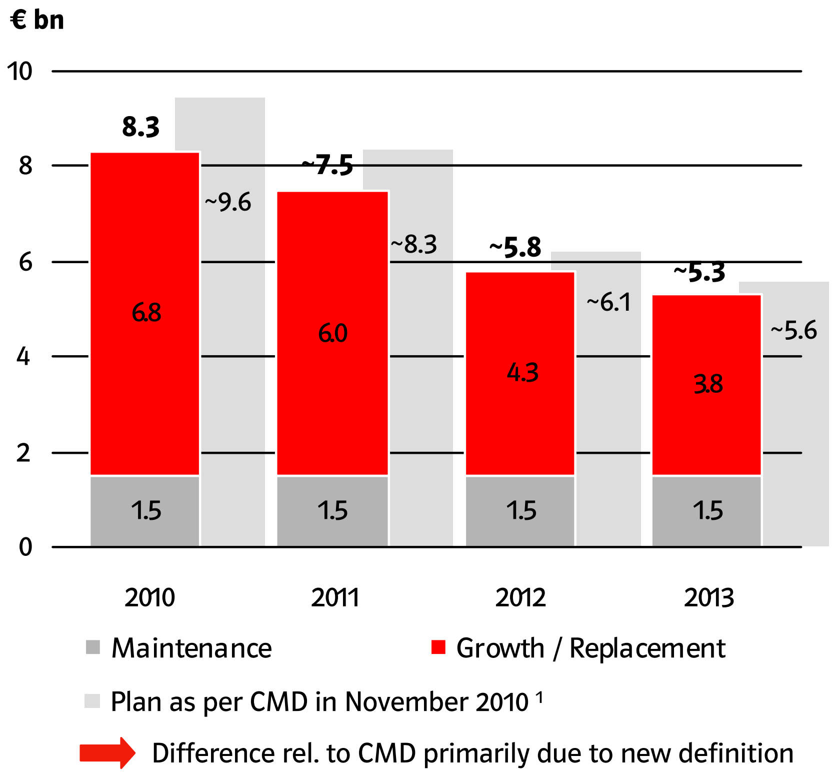
| | 2010[2] | 2011 | Main drivers |
|---|---|---|---|
| Conventional Generation | 3.9 | 3.7 – 4.0 | Higher transfer prices to offset nuclear tax |
| Renewables Generation | 1.2 | 1.4 – 1.6 | Increase in generating capacity; higher hydro transfer prices |
| Global Gas | 2.0 | 0.7 – 1.2 | Continued margin pressure in supply and sales |
| Trading | 1.2 | -0.3 – -0.1 | Higher transfer prices and lower achieved prices |
| Germany | 2.5 | 2.1 – 2.3 | Lower earnings in DSOs outweigh better sales business |
| Other EU countries | 2.6 | 2.7 – 2.9 | Absence of adverse renewables related earnings effect |
| Russia | 0.4 | 0.5 – 0.7 | Additional capacity and full liberalization |
| Group Management/Other | -0.5 | - | |
| **Total** | **13.3** | **11.2 – 11.9** | |

1. Before portfolio measures
2. Adjusted EBITDA figures for 2010 are preliminary and were calculated to provide a comparison under our new organization setup. They may change during 2011.

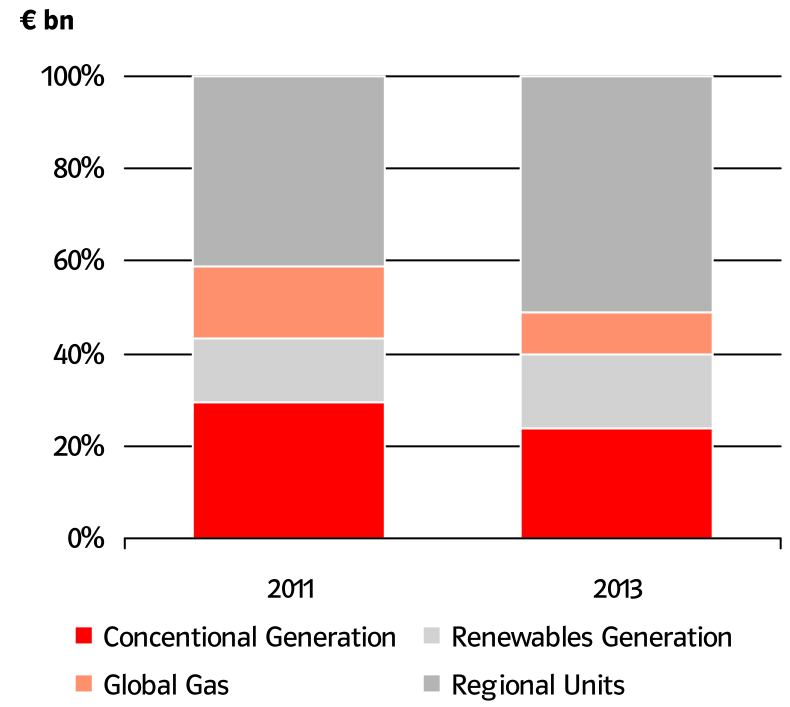
# Update of E.ON Group CAPEX plan 2011-2013

## Assumption of stable portfolio

### E.ON Group capex 2010-2013




### E.ON Group capex split 2011/2013




**Execution of existing project pipeline**

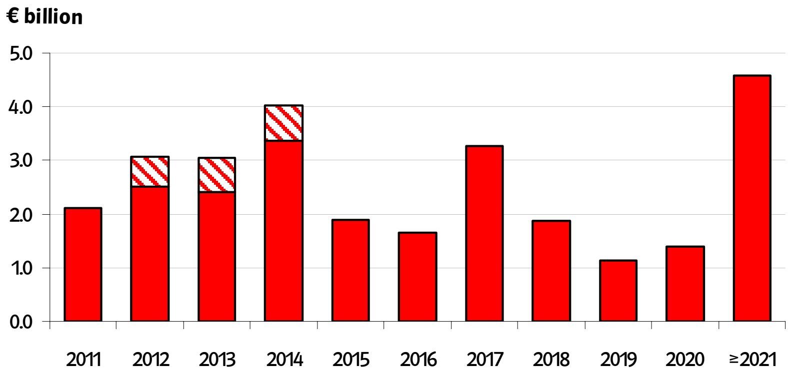
1. Different definition of investments. Definition used in November 2010 was that of economic investments incl. non-cash effective elements. New definition is based on cash effective investments.

# Financial liabilities of the E.ON Group

in € billion

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| Bonds[1] | 27.5 | 29.0 |
| in EUR | 16.6 | 18.3 |
| in GBP | 5.5 | 4.8 |
| in USD | 2.5 | 2.9 |
| in CHF | 1.6 | 1.5 |
| in SEK | 0.4 | 0.6 |
| in JPY | 0.7 | 0.7 |
| other currencies | 0.2 | 0.2 |
| Promissory notes | 1.4 | 1.4 |
| Commercial Paper[2] | - | 1.5 |
| Other financial liabilities[3] | 3.6 | 5.9 |
| **Total** | **32.5** | **37.8** |

## Maturity profile (as of 31 Dec 2010)[4]




Liabilities repaid in 2011 with a total of €1.81 billion in bonds and €0.05 billion in promissory notes

1) Thereof bonds issued by Market Units: 31 Dec 2010: €0.9bn; 31 Dec 2009: €1.1bn
2) CP outstanding by E.ON AG
3) Thereof other financial liabilities of Market Units: 31 Dec 2010: €2.9bn; 31 Dec 2009: €3.5bn
4) Bonds and promissory notes issued by E.ON AG or E.ON International Finance B.V. (fully guaranteed by E.ON AG)

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