Debt Investor Update Call

E.ON – Cleaner & better energy

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24 November 2011

Agenda

Update on strategy & operations

Financial highlights

E.ON's strategy to address key challenges

Investor's concerns	Best practice mitigation	E.ON action

• Oversupplied power & gas markets
• Risk of value destruction
	• Improve performance & returns
	  • Optimize existing assets
	  • Focus on cost management
	  • Improve capital allocation
		Performance & returns
		Group: Controllable costs down to €9.5bn by 2015 at latest
		Power: Consistent fleet management
		Gas: Progress in LTC renegotiations

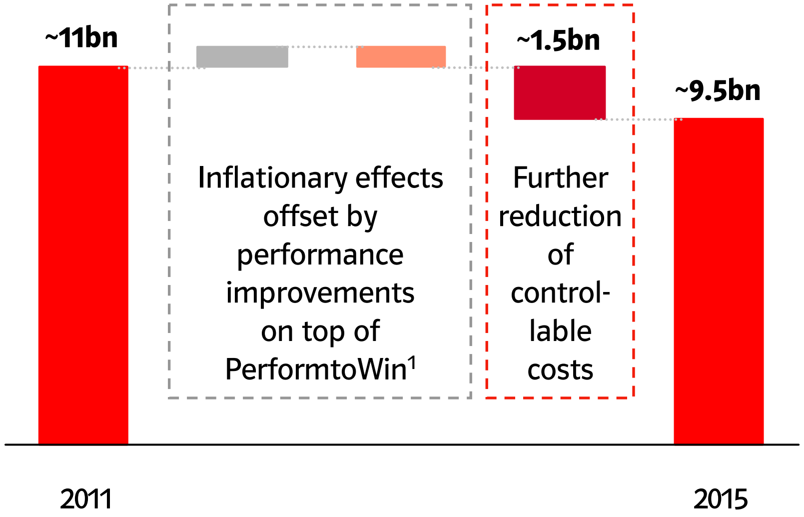
• Low market growth
• Political interference
	• Rebalance portfolio
	  • Ensure attractive risk-return mix
	  • Target new growth platforms
		Portfolio development
		Stable businesses gain weight together with share of manageable earnings
		Growth investments focused on renewables and "new" Outside Europe

• Economic downturn
• Euro crisis
	• Provide financial stability
	  • Reduce debt
	  • Maintain adequate liquidity
		Financial stability
		Financial net debt reduced by ~€13bn since H1 2010
		Well balanced debt maturity profile and comfortable liquidity position

E.ON's current strategy sets foundation for future growth even in an uncertain environment

Performance (I)

Controllable cost target: €1.5bn reduction until 2015



Objectives & Status

Objectives

- Reduce costs – Keep competitiveness
- Simplify structures – Speed up decision making

Status

- Streamlining of steering functions within Group Management; plan to reduce staff from 630 FTEs to 400 FTEs
- Reduction of UK support staff by up to 500
- Prepare bundling of gas trading and optimization
- Simplification of management structures in Germany in preparation
- Plan to present to the Supervisory Board further details on more than 50 specific projects mid-December

First measures outlined to deliver on our ambitious target

1. As communicated during Capital Market Day Nov. 2010

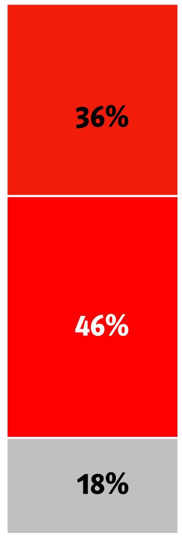
Performance (II)

Definition of controllable costs

- Controllable costs are those costs that are under control of operational management
- Only costs above EBITDA line
- Controllable costs consist of
  - Part of cost of materials
  - Most of personnel costs
  - Other operating income & expenses

Transition from income statement to controllable costs – FY 2010

€bn	Total	Controlla-ble costs	Comment
Cost of materials	**73.6**	**~4**	• **Excludes fuel and CO2 emission costs** • **Excludes purchasing costs of power and gas**
Personnel costs	**5.3**	**~5**	• **Excludes restructuring expenses and other non-operating costs**
Other operating income & expenses, net	**-2.4**	**~2**	• **Includes several items such as marketing, IT, purchased services**
Total	**76.5**	**~11**	

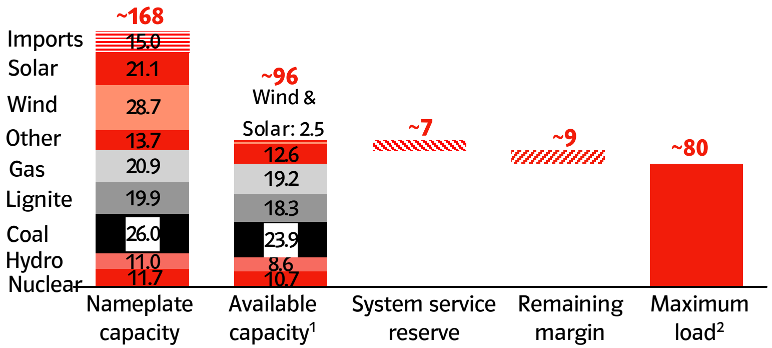


Reduction of controllable costs as key value lever

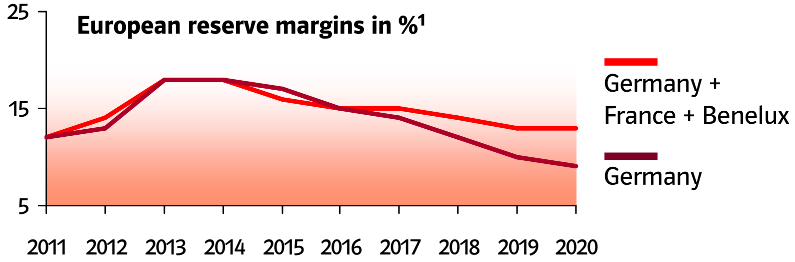
Performance (III)

Consistent fleet management

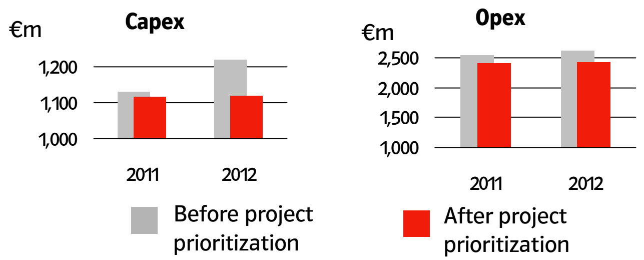
Germany – Remaining margin for winter 2011 (GW)



Germany (CE) - Reserve margins 2011-2020



Fleet management example: Benefits of project prioritization



- Optimization of fund allocation
  - Reduces most critical risks
  - Adds value to the entire generation portfolio
- Large scale savings anticipated in forthcoming years
- Immediate benefits on existing projects
- Example: €21m saved on Maasvlakte 1 & 2 following investment review

In challenging markets operational excellence is key – one solution is our fleet management concept

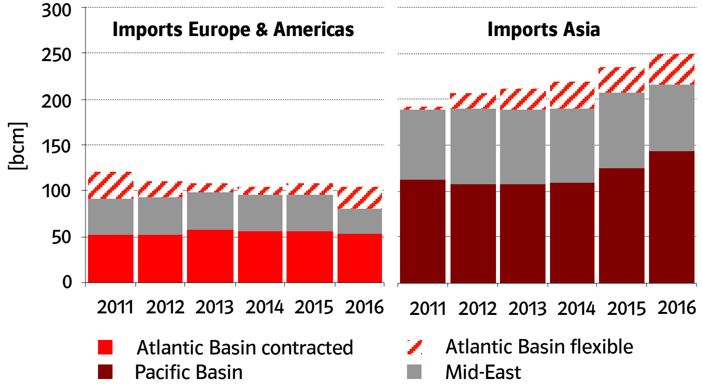
Sources: Entso-e, E.ON   1. Breakdown by fuel type based on own assumptions   2. Load incl. margin against peak load

Performance (IV)

Progress in gas renegotiations

European gas market environment

LNG demand/supply balance forecast



- European gas spot markets still well supplied
- Spreads of spot gas vs. oil indexed gas still negative
- However, rising Asian LNG demand will attract flexible LNG even from the Atlantic Basin liquefaction capacities and tighten European markets in mid-term

Renegotiation status

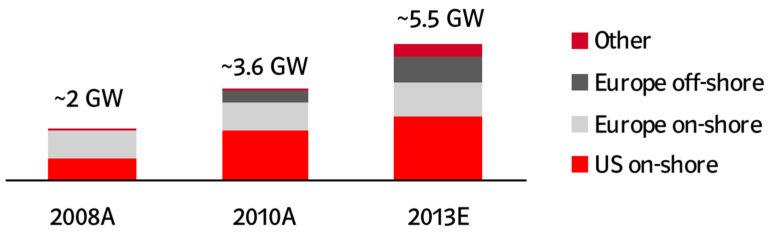
- Uncertainty about final timing of commercial agreements or arbitration decisions create uncertainty about earning levels
- **2011 outlook:** loss of slightly less than €1bn assumed
- **2013 target:** return to normal level assumed for operational Supply & Sales business. Upside potential out of additional catch-up effects from previous periods

Confident to de-risk LTC portfolio by 2013

Future growth and success

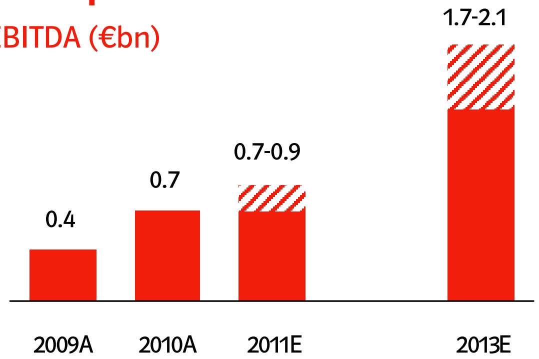
Renewables – Wind/Solar/Other

Installed capacity (MW)



Gas - Upstream

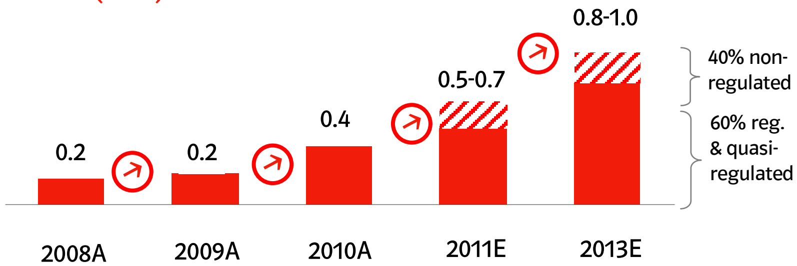
EBITDA (€bn)



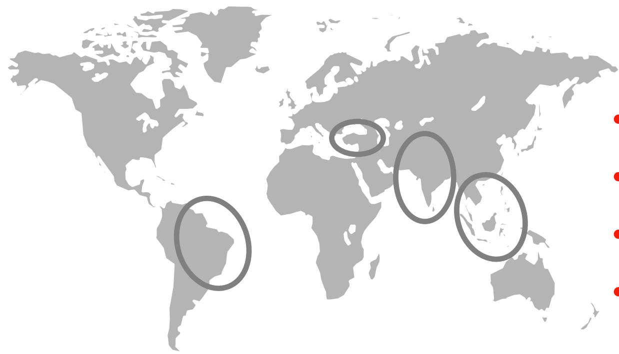
- Contribution of Skarv
- Increase of oil and gas prices

Russia

EBITDA (€bn)



Outside Europe



New priority regions:

- Turkey
- India
- Brasil
- Potential: ASEAN

Future growth mainly in renewables in and outside Europe and in conventional generation outside Europe

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First Nine Months 2011 results summary & outlook

2011 9M key figures

- Adj. EBITDA: -39% to €6.6bn
- Adj. net income: -64% to €1.6bn
- Operating cash flow: -51% to €4.5bn
- Economic net debt reduced by €3.2bn to €34.5bn[1]

2011 outlook

- Adj. EBITDA: €9.1 – 9.8bn (unchanged)
- Adj. net income: €2.1 – 2.6bn (unchanged)
- Dividend: €1.00 per share (unchanged)

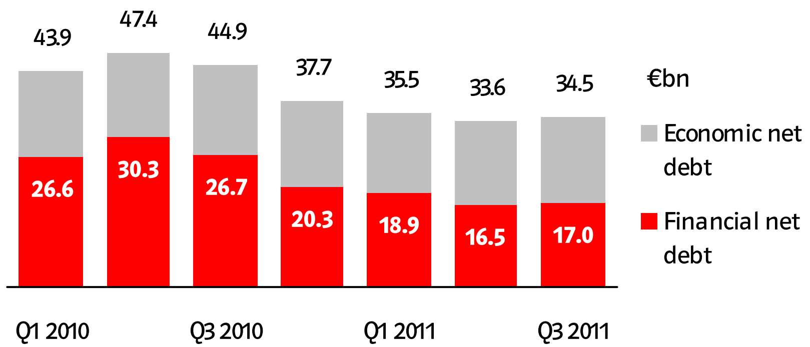
Achievements

- First measures to reduce controllable costs by €1.5bn until 2015 at the latest
- Regaining financial flexibility
- Comfortable liquidity position: no near to mid-term refinancing needs

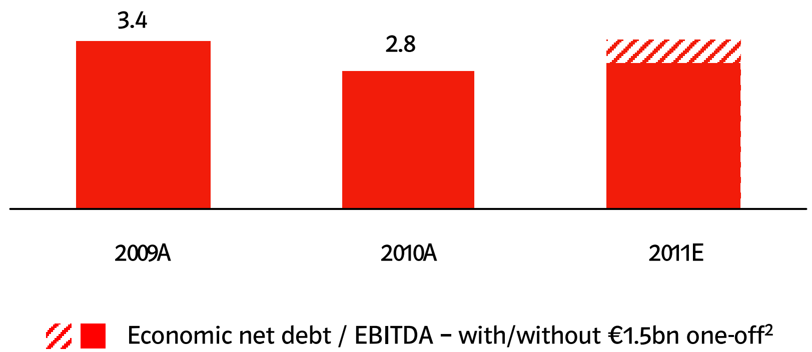
1. Compared to December 31, 2010

Financial stability (I)

Debt significantly reduced



- €9.1bn of assets divested since November 2010, with loss of adj. EBITDA of only €0.9bn[1]
- Economic and financial net debt reduced by ~€13bn since Q2 2010
- Gross debt reduced significantly from regular repayments as well as from repayments prior to maturity and other measures



- Target economic net debt to EBITDA: <3x
- Negative €1.5bn impact (non-cash) on 2011 adj. EBITDA due to nuclear exit
- Ratings in line with "Solid Single A" target
  - S&P: A "flat", negative outlook
  - Moody's: A3, stable outlook

Regaining financial flexibility

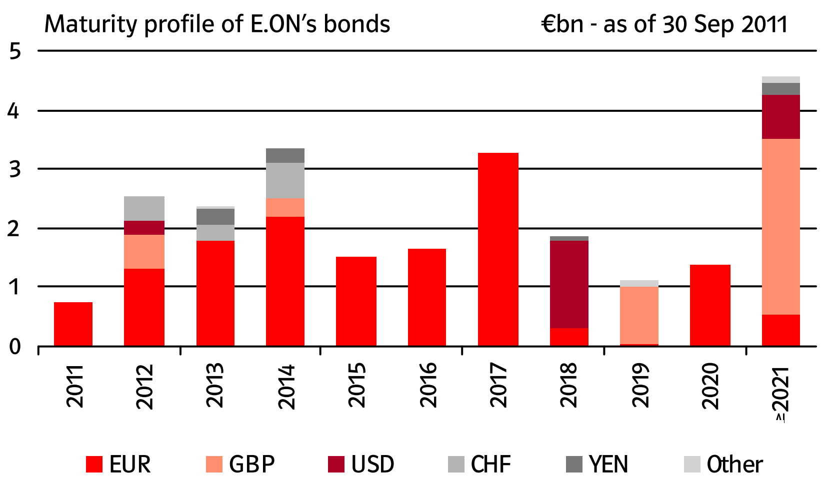
1. Based on expected 2013 EBITDA dilution from achieved disposals

2. Illustrative, based on mid-point of 2011 EBITDA outlook, and without any further disposals beyond €9.1bn realized so far

Financial stability (II)

Comfortable liquidity position

Long-term and well-balanced debt maturity profile



- 2011-2013 maturities 23% of total
- Effective duration of 6.8 years
- >90% fixed rate

- Strong liquidity position
  - €6.5bn of liquid funds, and further €5.0bn of easy to monetize non-current securities
  - Access to a €6.0bn revolving credit facility and to two commercial paper programs of €10bn and $10bn respectively (all currently undrawn)
- Upcoming bond maturities easily manageable from liquidity and free cash flow generation

No near-term refinancing needs

E.ON remains committed to its bondholders…

	Before	November 2010	August 2011
Rating target	A / A2	Solid Single A	
Debt factor target	2.8x-3.3x	≤ 3.0x	< 3.0x
Dividends	Target payout ratio 50-60% of adj. net income	Target payout ratio: 50-60% Floor DPS 2011: €1.3 Floor DPS 2012: €1.3	Target payout ratio: 50-60% Target DPS 2011: €1.0 Target DPS 2012: €1.1

…and acts accordingly:

Net fin. debt	FYE2009: €28.0bn	FYE2010€: 20.3bn	Q3 2011: €17.0bn

Back-up Charts

E.ON Group – Economic net debt

in € million

	Sep 30, 2011	Dec 31, 2010
Liquid funds	6,476	8,273
Non-current securities	5,029	3,903
Total liquid funds and non-current securities	**11,505**	**12,176**
Financial liabilities to banks and third parties	-27,765	-31,799
Financial liabilities resulting from interests in associated companies and other shareholdings	-781	-692
Total financial liabilities	**-28,546**	**-32,491**
Net financial position	**-17,041**	**-20,315**
Fair value of currency derivatives used for financing transactions[1]	549	334
Provisions for pensions	-2,815	-3,250
Asset retirement obligations	-16,675	-15,968
Less prepayments to Swedish nuclear fund	1,514	1,498
Economic net debt	**-34,468**	**-37,701**

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

Significant reduction of financial liabilities during 2010 and 2011

(in € billion)	Q1 – Q3 2011	FY 2010
Reduction of total financial liabilities per period	**3.9**	**5.3**
Regular repayments	1.4	3.5
Repayments prior to maturity	2.3	1.1
Changes of financial liabilities to related companies	-0.1	1.5
Other effects[1]	0.3	-0.8

E.ON has taken considerable efforts to reduce overall financial indebtedness over the last two years

1. Including effects from disposal of US (2010), Rete and Central Networks (2011) and currency effects

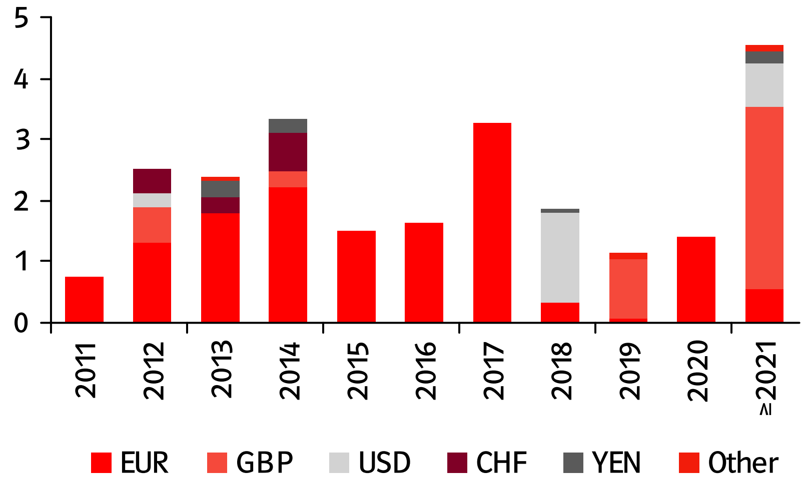
Financial liabilities of the E.ON Group

in € billion

	30 Sep 2011	31 Dec 2010
Bonds[1]	23.8	27.5
in EUR	14.1	16.6
in GBP	4.8	5.5
in USD	2.4	2.5
in CHF	1.3	1.6
in SEK	0.3	0.4
in JPY	0.7	0.7
other currencies	0.2	0.2
Promissory notes	0.8	1.4
Commercial Paper	-	-
Other liabilities[2]	3.9	3.6
Total	**28.5**	**32.5**

Maturity profile

(as of 30 Sep 2011)[3]



1) Thereof bonds issued by segments: September 30, 2011: €0.3bn; Dec 31, 2010: €0.9bn
2) Thereof other financial liabilities of segments: September 30, 2011: €3.1bn; Dec 31, 2010: €2.9bn
3) Bonds and promissory notes issued by E.ON AG or E.ON International Finance B.V. (fully guaranteed by E.ON AG)

Accelerated nuclear phase-out: Key effects[1]

One-off effects within and below adj. EBITDA

€bn	1H 2011E
One-off effects within adj. EBITDA	**-1.5**
One-off effects below adj. EBITDA	**-0.2**
Depreciation: Write-down fixed-assets in use (Isar 1 & Unterweser)	-0.1
Interest expense: Reversal interest charge renewable energy fund	+0.1
Non-operating earnings	-0.2
Impairment assets under construction Isar 1 & Unterweser	-0.1
Impairment shareholdings Brunsbüttel & Krümmel	-0.1

Full year effects 2011 - 2013

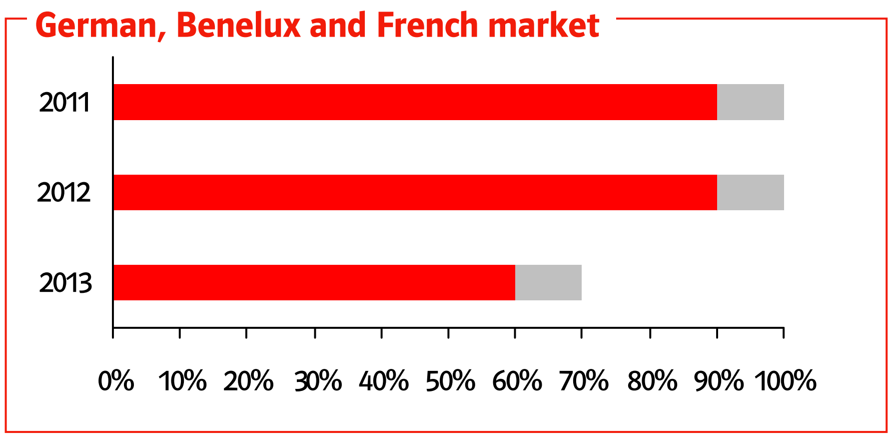
€bn	2011E	2012E	2013E
Capacity loss (GW)	**3.2**	**3.2**	**3.2**
Production loss (TWh)	**12**	**23**	**23**
Recurring effects Adj. EBITDA			
Foregone gross margin (incl. avoided nuclear tax)	**-0.4**	**- 0.2 - 0.3**	**- 0.2 - 0.3**
One-off effects Adj. EBITDA	**-1.5**	**-**	**-**
Write-down nuclear fuel/spare parts Isar 1 & Unterweser	-0.2	-	-
Additions to nuclear provisions Isar 1 & Unterweser	-0.3	-	-
Additions to other provisions (Brunsbüttel & Krümmel)	-0.6	-	-
Additions to other provisions (Isar 1 & Unterweser)	-0.4	-	-
Nuclear tax	**-0.6**	**-0.7 - 0.8**	**-0.7 - 0.8**

Significant negative effects in 2011

1. Disclaimer: Figures only reflect adjusted EBITDA & below EBITDA effects and do not show damage for E.ON

Hedging of E.ON’s outright generation

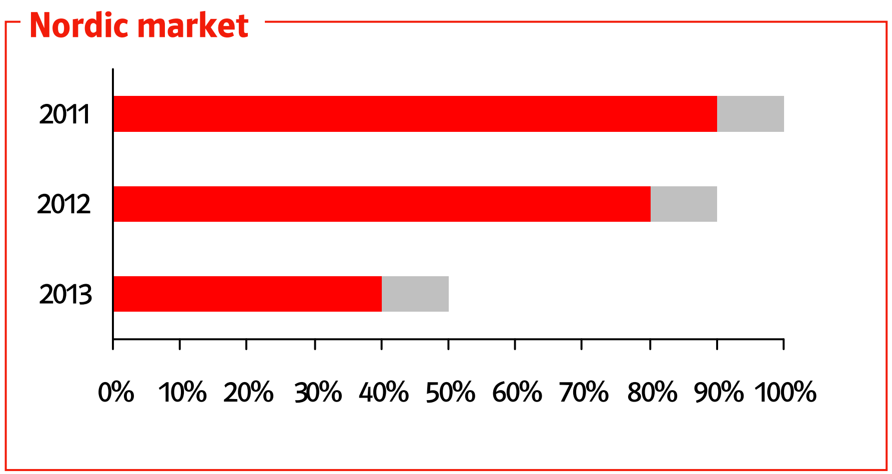
As of Sep 30, 2011



~ 59 €/MWh [1]

~ 54 €/MWh [1]

~ 56 €/MWh [1]



~ 43 €/MWh [1]

~ 43 €/MWh [1]

~ 45 €/MWh [1]

= percentage band of generation hedged

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

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