Capital Market Day

January 30, 2013

Cleaner & better energy

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Agenda

- Strategy delivery since 2010
- Sector environment and financial impact
- Strategic implications
- Financial outlook
- Questions & answers

Key messages

- Expedite transformation:
  - Restructure business in depressed competitive European wholesale markets
  - Pursue new growth opportunities in renewables, distributed energy and outside Europe
  - Networks to remain stabilizer of portfolio
- Focus on capability-driven business approach and drive efficiency
- Enforce stricter investment criteria and significant reduction of overall capex
- Target positive free cash flow until 2015
- Shift focus from EBITDA to EPS and cash flow
- Return to dividend policy with annual payout ratio of 50-60%

Increased focus on cash and profitability

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Strategic priorities, November 2010

Transformation

From	To
Integrated across value chain	Focus on competitive businesses
Eurocentric	Targeted expansion outside Europe
Selective efficiency programs	Sustainable performance culture
Capital intensive	Competence-based

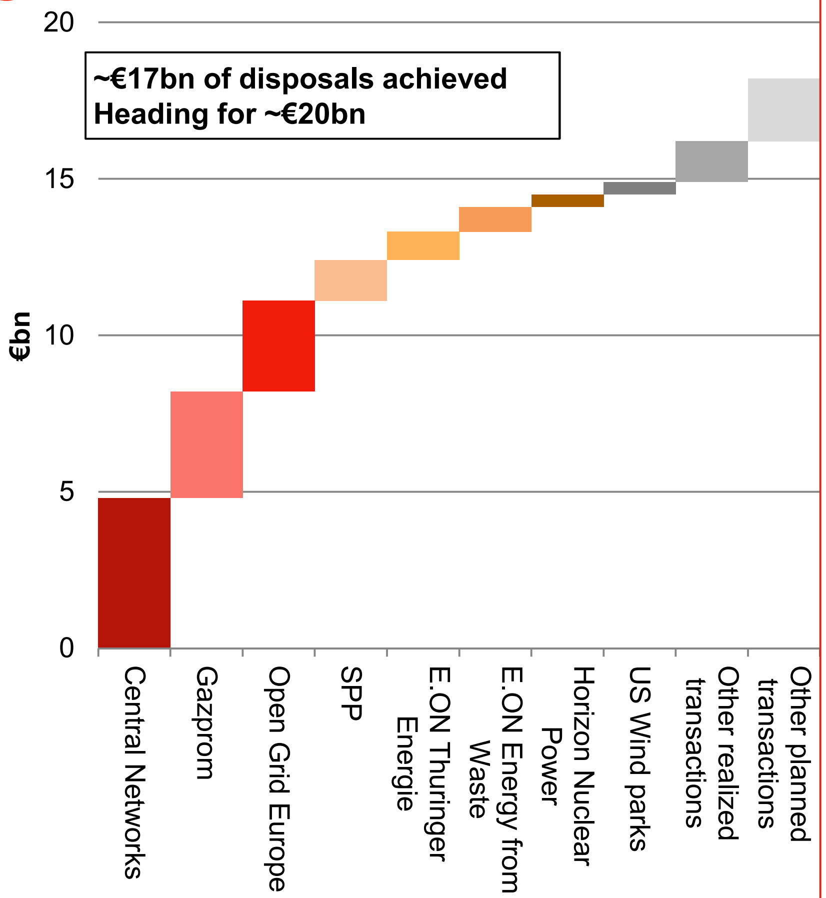
Strategic priorities

1. Further streamline portfolio
2. Improve efficiency and make organization more effective
3. Expand in profitable growth areas
4. Use less capital and create more value

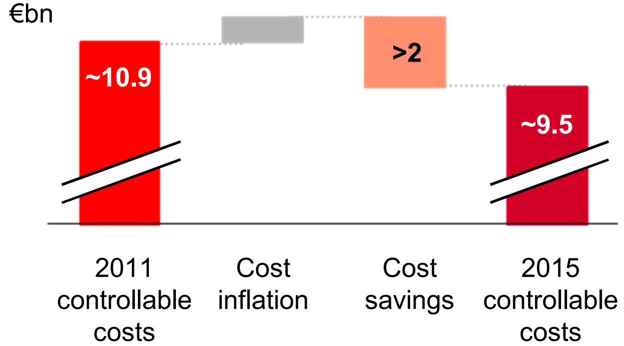
Ambitious priorities set in 2010

Strategy delivery

1 €15bn portfolio streamlining



2 Efficiency & effective organization



Objectives

- Establish performance culture
- Improve and accelerate decision-making

E.ON 2.0 & organizational streamlining

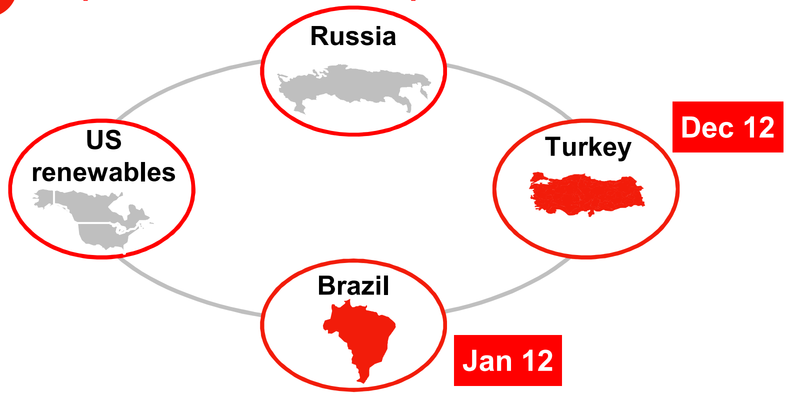
- Target of reducing controllable costs to €9.5bn in 2015*
- Cost reductions also to compensate for cost inflation
- Personnel reduction of ~11,000 FTEs**
- Already achieved in 2012: €200m net cost reduction p.a.
- Significant streamlining of organization

* Before adjustments for portfolio changes ** Compared to 2010

Portfolio streamlining largely completed; major cost reduction program rendering first net results

Strategy delivery

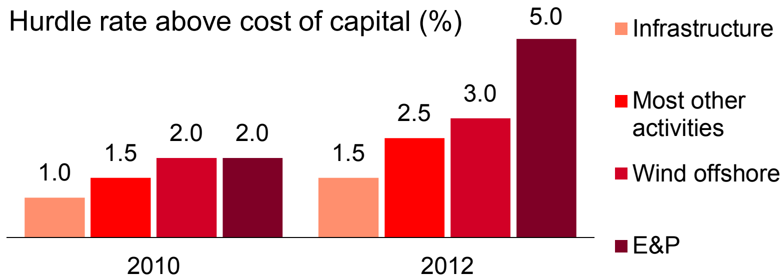
3 Expansion outside Europe



- Entry into 2 new regions outside Europe completed
- Entry criteria fulfilled for investments in Brazil and Turkey
  - Partnership with strong local partner
  - Focus on organic growth
  - Possibility to manage commodity risks
- Continuous development of existing positions in Russia and US renewables

4 Less capital, more value

More investment discipline



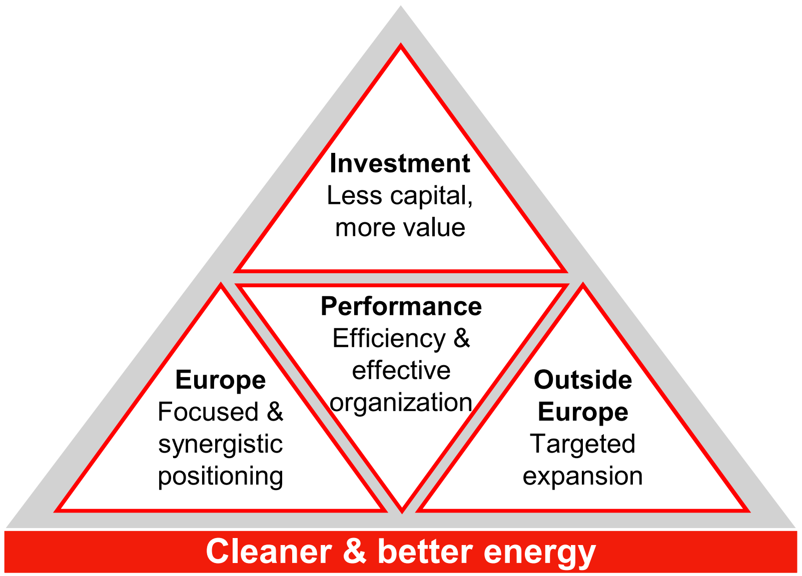
- Strong increase of spread between required hurdle rates and cost of capital
- Higher investment selectivity, higher safety margin, better risk management

Rotate capital faster

- Renewables: “Build-Operate-Transfer” (BOT) approach
- First important deal: 50% in 3 US onshore wind parks sold to PensionDanmark
- Recycled ~90% of cash invested plus interest

Prudent expansion outside Europe;
quicker capital rotation in renewables

Strategy delivery – Summary



What we delivered

1	**Streamline portfolio**	Disposal target of at least €15bn achieved	✓
2	**Improve efficiency & make E.ON more effective**	Launched E.ON 2.0 program, effective annual cost cuts of €200m so far	✓
3	**Expand in profitable growth areas**	Entered into Brazil & Turkey, further developed renewables, Russia and E&P	✓
4	**Use less capital, create more value**	Increased return requirements, BOT & partnering approach	✓

Strategic priorities delivered

Agenda

- Strategy delivery since 2010
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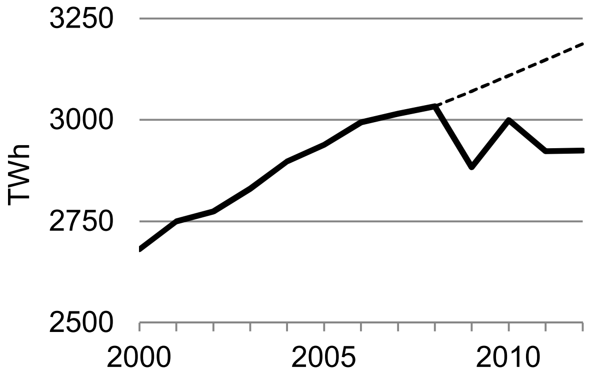
Game changer – Demand & supply

European power demand down over 4% since 2008



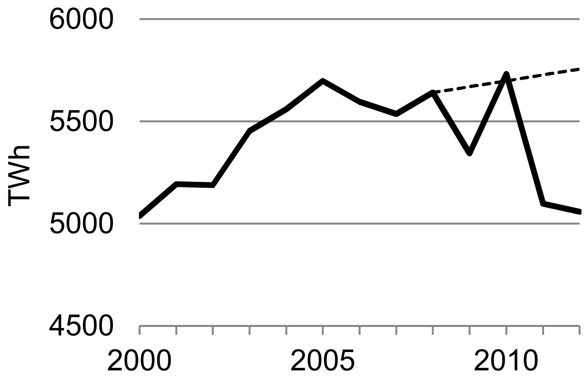
2012 vs. 2008

Germany	-2%
UK	-7%
Italy	-5%
Spain	-5%

EU generation capacity

- Strong and constant growth of renewable capacity
- Completion of large conventional new-build pipeline (legacy - initiated before 2008)
- Few closures of conventional capacity so far

European gas demand down 10% since 2008



2012 vs. 2008

Germany	-11%
UK	-22%
Italy	-12%
Spain	-23%

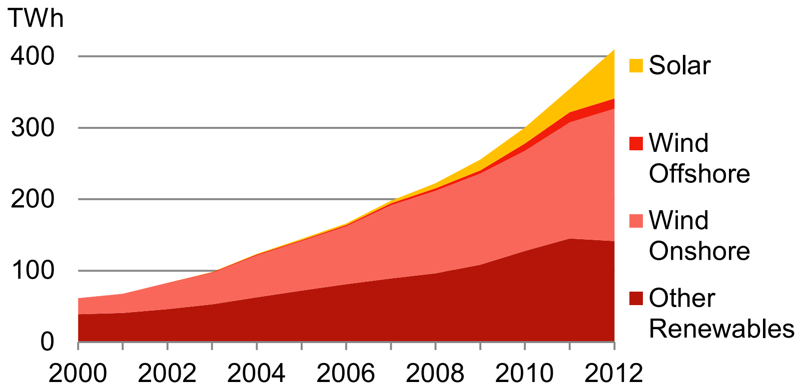
Little support from global commodities

- As a consequence of US shale gas revolution, gas is increasingly displacing coal in US power generation
- In addition, coal demand in China was weak for much of 2012 due to the economic slowdown
- World coal prices relatively low
- Gas largely uncompetitive in European power generation

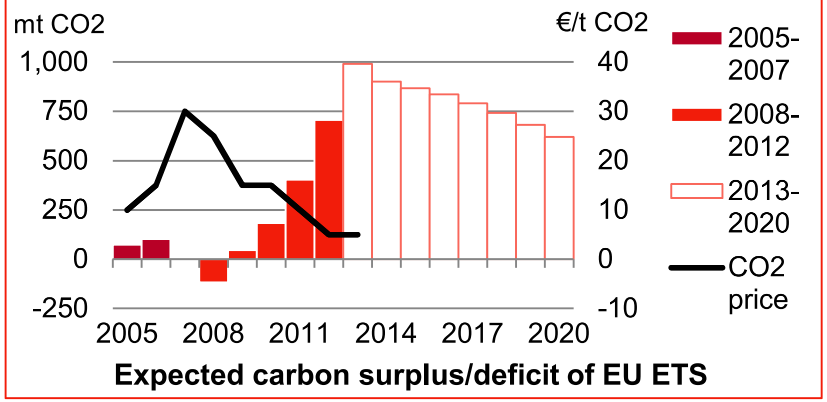
Combination of demand destruction and supply glut

Game changer – Inefficient carbon policies

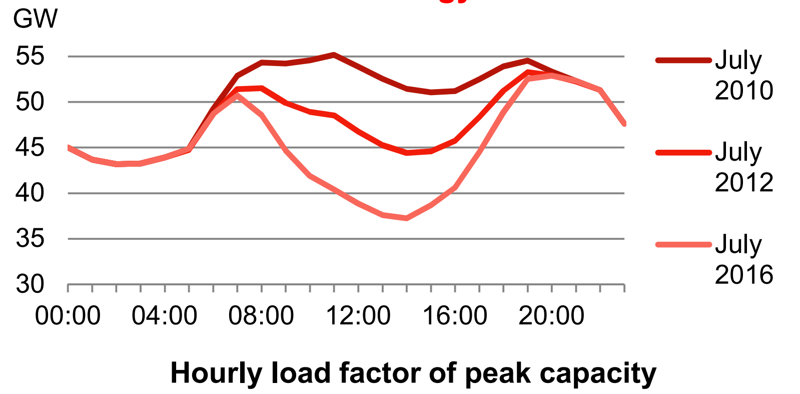
Strong renewables growth in Europe



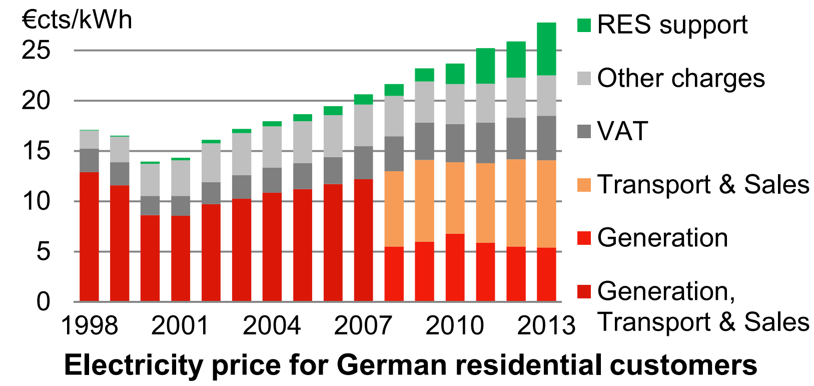
Main incentive scheme bust



Market value of flexible energy eroded



Steep increase in consumer prices



Massive collateral damage

Game changer – Political interventions

Political interventions impacting E.ON across the continent

Netherlands
2012: coal tax

Belgium
2011: nuclear tax

UK
2012: carbon levy

Spain
2012: new generation taxes on all technologies

Sweden
2012: hydro tax increase

Germany
2010: nuclear tax
2011: nuclear exit
2012: plant closure restrictions

Hungary
2012: new taxes and price caps

Italy
2011: Robin Hood tax

Expectations

- Further fragmentation instead of integration across Europe
- Continued erosion of competitive markets
- Austerity to remain important theme
- Investment climate durably damaged
- Potential capacity markets with unclear political agenda

Frenzy of fiscal interventions

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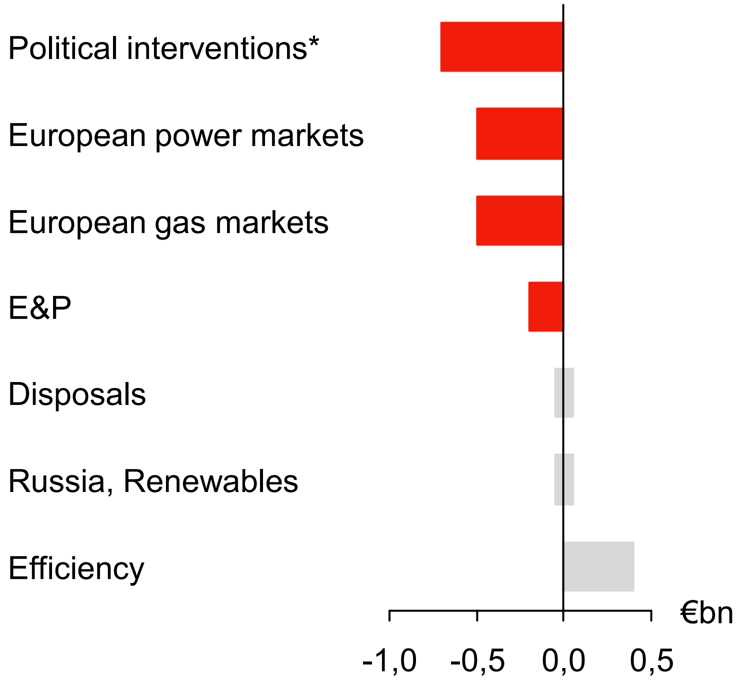
Earnings development

Deviation from 2010 expectations for 2013 EBITDA



→ **Total deviation:** ca. -€1.6bn

* Including impact of forced nuclear shut-downs in Germany

Key observations

November 2010 guidance

- 2013E EBITDA >€13bn pre disposals
- 2011E-2013E disposal effect: up to €2bn

→ 2013E EBITDA >€11bn post disposals

Below expectations

- Steady deterioration of European power and gas markets
- Disappointing returns from investments in European power and gas
- Political interventions, especially the nuclear exit
- Delays in E&P

In line or better than expectations

- Disposal dilution
- Contributions from renewables and Russia
- Efficiency measures to date
- Distribution networks

Impact unexpected and too large to mitigate

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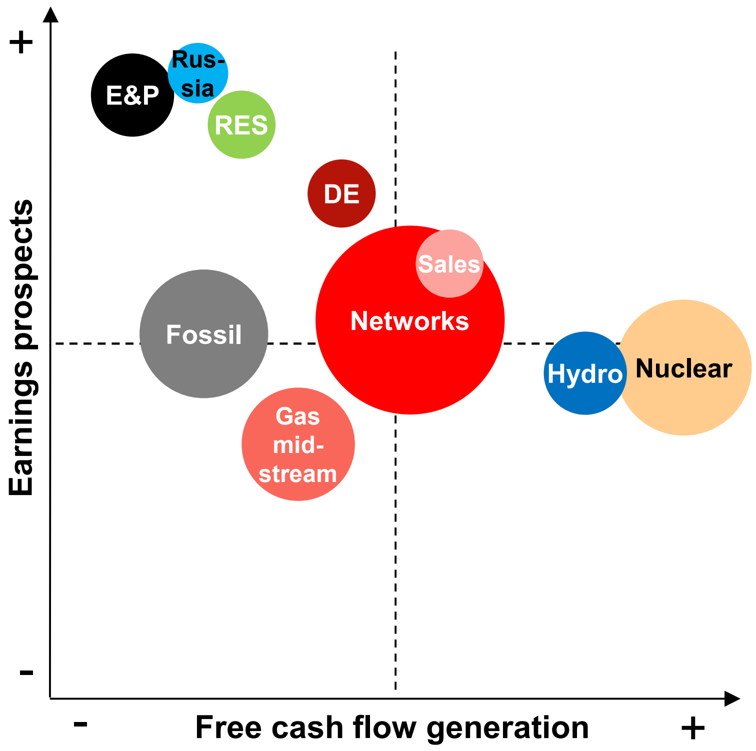
Portfolio and expectations November 2010

Portfolio*



* Bubble sizes represents EBITDA contribution
RES = Renewables; DE = Distributed energy

Expectations

Conventional generation

- Nuclear: substantial free cash flow contribution with long-term growth option
- Fossil: difficult patch but recovery in mid-term and high value of flexibility

Gas midstream

- Systemic change in European gas markets
- Objective to de-risk long-term contracts

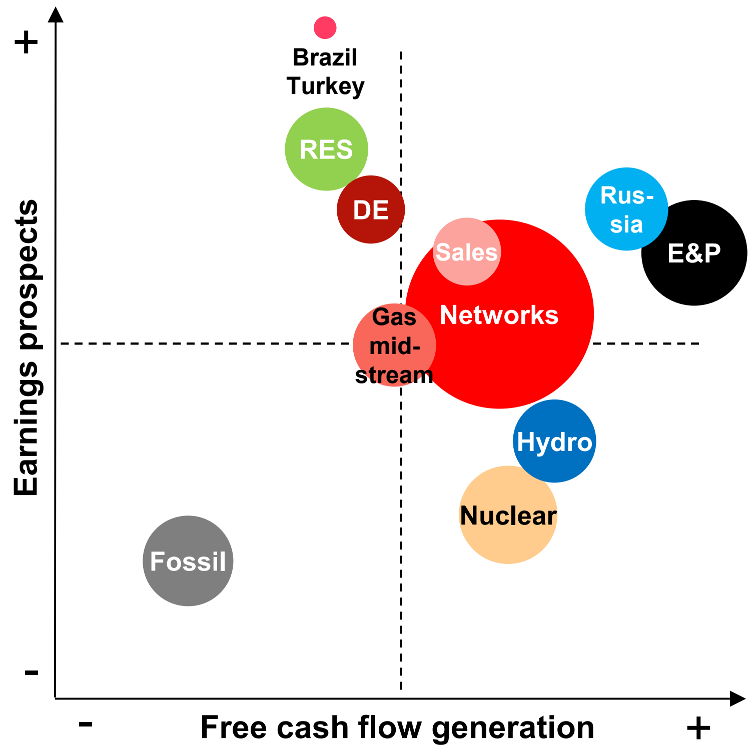
Growth areas

- Outside Europe: environment favorable for players with strong capabilities in generation
- Renewables: attractive in and outside Europe
- E&P: develop portfolio into strong cash contributor
- Distributed energy: leverage value from existing building blocks

Conventional generation in Europe was expected to fund growth options

New starting point in 2013

Portfolio*



* Bubble sizes represents EBITDA contribution
RES = Renewables; DE = Distributed energy

Key issues

Conventional generation

- Nuclear:
  - Phase-out Germany, exit from growth options
  - Prepare for cash-out from dismantling
- Fossil: collapse of spark spreads and low value of flexibility

Gas midstream

- Successful renegotiations 2011/2012
- Lower risk, lower return

E&P

- Cash and value contribution fully intact

Growth areas

- Outside Europe: market entry achieved
- Renewables: many attractive opportunities; segment approaching self-financing stage
- Distributed energy: gaining momentum

Delivery on growth areas could not compensate for market shocks

Assessment of key beliefs

	2010	2013
Decoupling of growth trends within and outside Europe	✓	✓✓
New more customer- and technology-based business models	✓	✓✓
Need for performance culture	✓	✓✓
Financial constraints drive de-leveraging and new investment approaches	✓	✓
Satisfactory returns from optimization of European power and gas assets in traded markets	✓	X
Neutral stance of politics towards utilities in Europe	✓	X

Significant changes in the core business

Outlook on business environment

Europe

Core European gas & power markets to offer little support near- to mid-term due to…

- … a growing prioritization of conflicting national energy agendas over harmonized European policies
- … an inconsistent climate strategy with unintended consequences
- … a depressed demand-supply balance that may have structural underpinnings

Outside Europe

Our core international target markets…

- … enjoy a pressing need for new energy assets to fuel their balanced growth
- …generally offer supportive, market-based and investor friendly energy policies
- … allow partnerships to complement capabilities and share risks

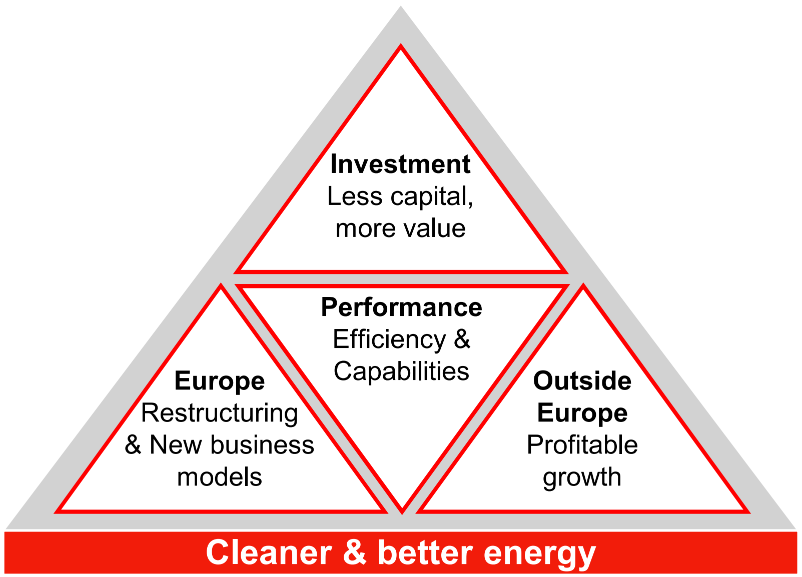
Technology developments

New technologies enjoy support of policy makers and gain competitiveness

- Renewables and demand side efficiency offer price competitive and risk mitigating solutions
- Smaller but scalable assets offer advantages from service-based business models and virtual combination of distributed assets
- Distribution networks as important enabler of energy system transformation

Attractive opportunities despite pressure in core European power and commodity markets

Strategy – Same objectives, adapted priorities



Adapted strategic priorities

Rebalancing of portfolio towards cash and profitability

1. Focus discretionary capex on transformation
2. Further improve capital management
3. Efficiency and restructuring

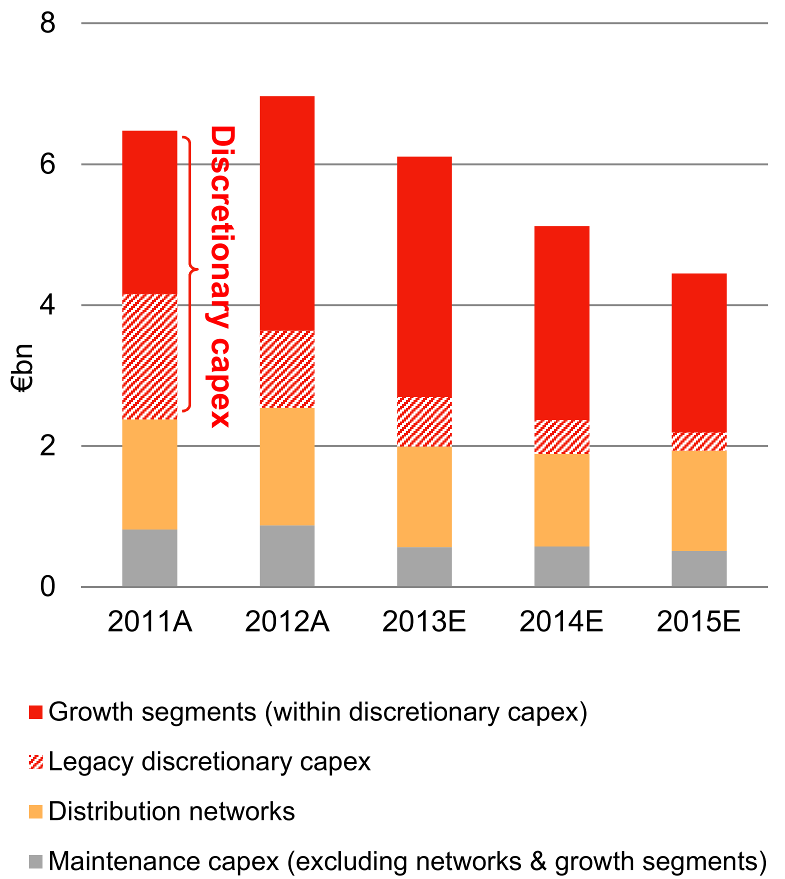
Expediting transformation

4. Leverage and sharpen capabilities
5. Seek profitable growth in renewables, distributed energy and outside Europe

Transformation towards global energy solutions provider confirmed

❶ Prioritize investments

Planned capex by type



Key observations

Maintenance capex

- Necessary to maintain existing assets in operation
- Largely stable

Distribution networks

- Necessary to keep license to operate
- Inflexible: to significantly reduce capex would have to exit business altogether

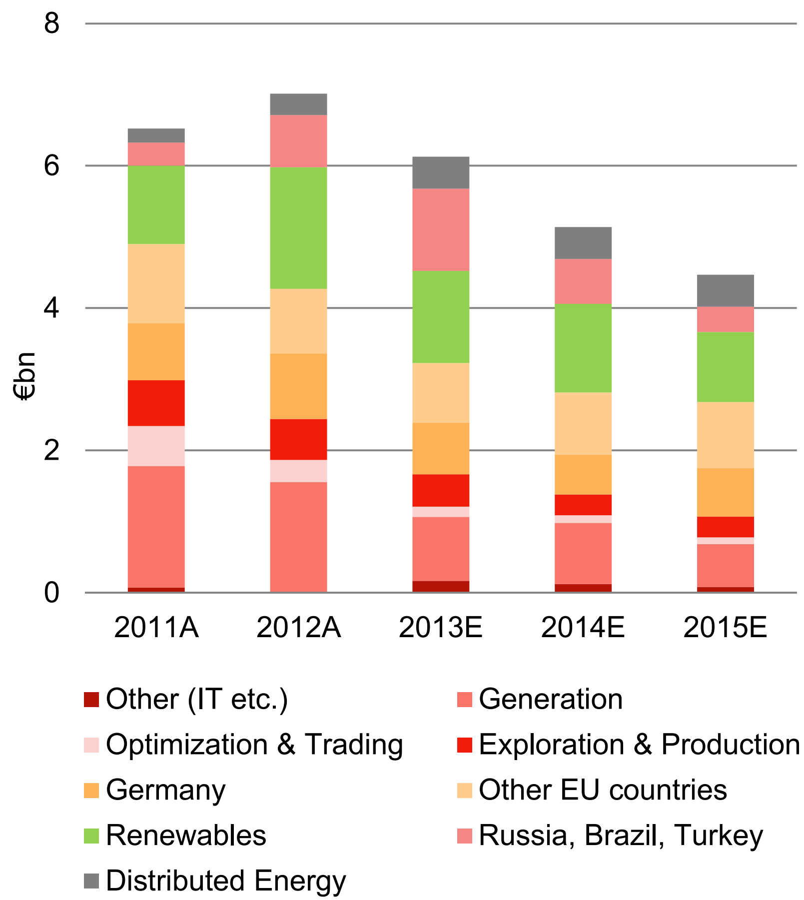
Discretionary capex

- By 2015 almost completely allocated to priority growth areas:
  - Renewables
  - Distributed energy
  - Outside Europe
- Progressive transformation of portfolio
- Seeds for long-term growth
- Strict enforcement of higher hurdle rates

Discretionary capex targeted at transformation

1 Prioritize investments

Planned capex per unit



Key drivers

Generation

- Conventional generation and gas midstream capex reduced to maintenance-only level by 2015

E&P

- After strong expansion, E&P capex in the range of reserve replacement requirements for the next years

Regional units

- Broadly stable capex in the distribution networks; Germany with increasing trend

Renewables

- Continued growth in wind & solar and higher capital rotation

Outside Europe

- Completion of Berezovskaya lignite new-build in Russia
- Equity injections in Turkey and Brazil to fuel organic growth; Turkey to become self-financing by 2015

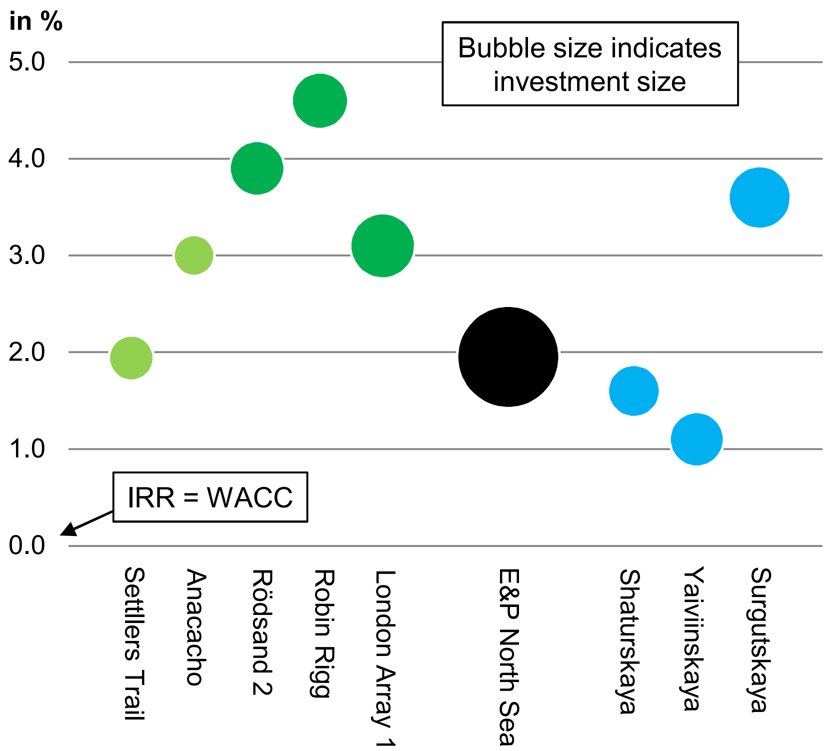
Distributed Energy

- Higher investment level and more focused approach

Strong reduction of overall capex

❷ Improve capital management

IRR outperformance over WACC*



* IRR = current estimate of internal rate of return
WACC = weighted average cost of capital
Y-axis = IRR minus WACC (post tax)

Key developments

Lessons learned from recent experience

- Avoid big cluster risks
- Adjust portfolio faster to changing fundamentals
- Enter into partnerships to mitigate risks
- Apply higher hurdle rates
  - Higher project selectivity
  - Protection against delays/overspend
  - Protection against environment downsides

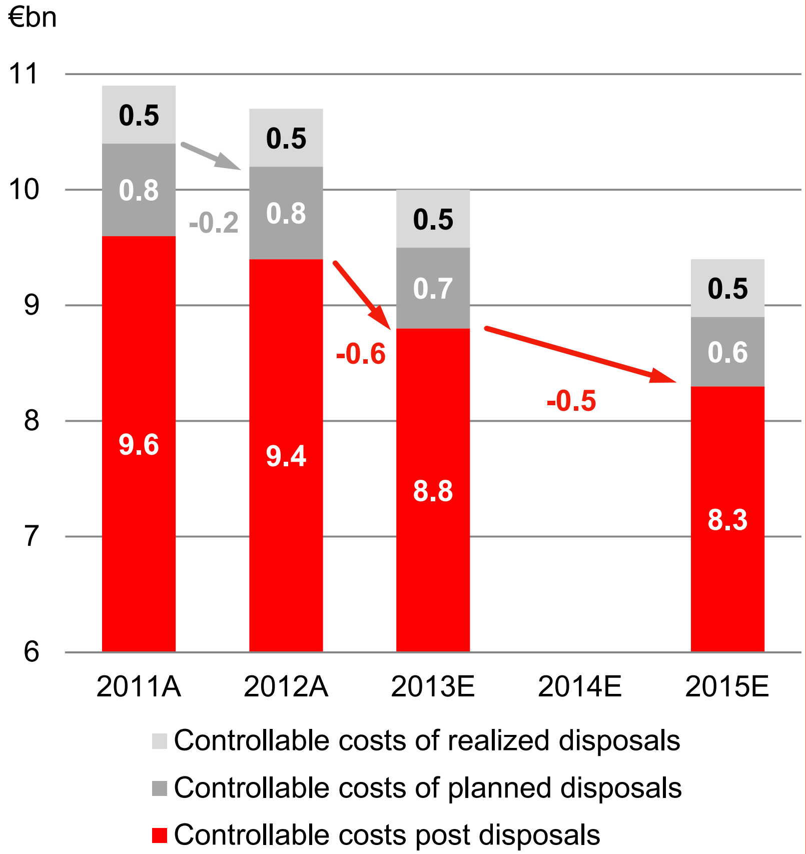
Recent decisions

- Stop investments in UK and Finnish nuclear
- Withdraw permit request for Staudinger 6
- Delay Waldeck 2+ pump storage extension
- Decided not to bring to auction 159MW of onshore wind capacity in Brazil in 2012

Attractiveness of projects in growth areas confirmed

❸ Efficiency & restructuring – E.ON 2.0

E.ON 2.0 controllable cost target



Key developments

Current status

- >€2bn of cost savings
- ~€1.3bn reduction of controllable costs post cost inflation
- >50 projects and ~6,000 detailed measures handed over to line management
- Contractual agreements on almost 50% of total FTE reductions

Adjustment of E.ON 2.0 target for disposals

- Like-for-like, controllable costs to be reduced from €9.6bn in 2011 to €8.3bn in 2015
- €1.3bn of cost savings between 2011 to 2015
- €0.2bn of cost savings already achieved in 2012
- €0.2bn of cost savings lost to disposals

Beyond E.ON 2.0

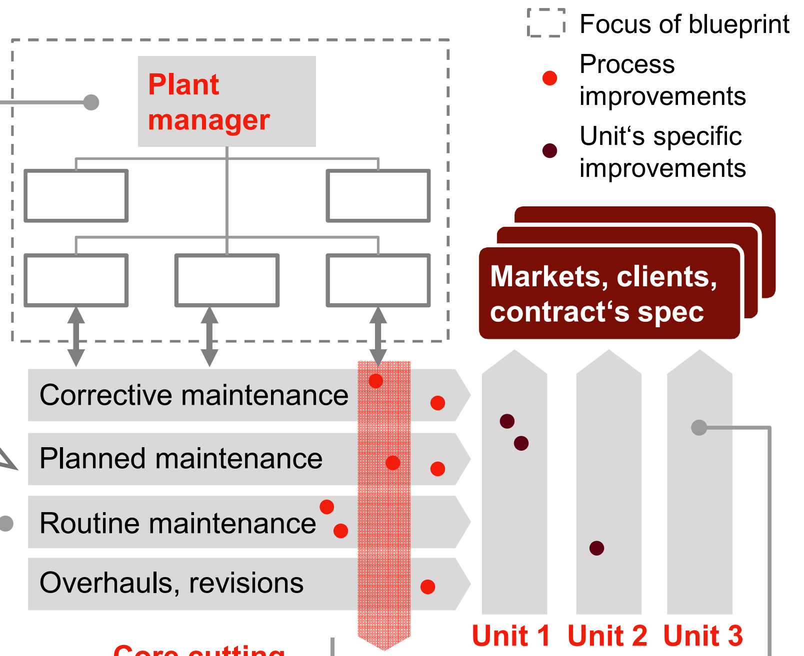
- Target to achieve top quartile performance in operational businesses and support functions
- E.ON 2.0 significant step towards this target, further potential to be explored

Cost reduction targets confirmed

❸ Efficiency & restructuring – E.ON 2.0

Generation: “Lean transformation”

Plant organization
- Structure, <<shape>>
- Staffing, sizing
- Roles and responsibilities
- Skill levels
- Leadership attitudes



Example:
- Maintenance
- Operations

Core processes:
- Maintenance
- Operations

Core cutting processes:
- Performance management

Assets:
- Generation technological processes

Rollout of pilots

- Several pilots successfully completed
- At Scholven improvement potential of ~€12m identified:
  - implementation of blueprint plant structures
  - optimization of maintenance cycles
  - reduction of start up times
  - introduction of performance mgmt
  - reduction of unplanned events through root cause analysis
- Rollout to all units by end of 2013

Lean approaches also conducted within E.ON’s distribution business as well as within sales and administrative functions

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3 Restructuring European commodity businesses

Midstream gas

Reorganization of Global Gas and Trading

- All sales activities transferred to regional units, especially gas sales
- All remaining supply and optimization activities merged into "E.ON Global Commodities"

Renegotiation of long-term contracts

- Gas supply portfolio substantially de-risked and further progress to be expected
- Long-term gas contracts robust even in turbulent gas markets

Streamlining of business portfolio

- Strict focus on those businesses where E.ON can add value
- ~€8bn out of current €15bn disposal program: Gazprom, Open Grid Europe, SPP, UK Interconnector, HSE

Generation

Streamlining of overhead functions

- Bundling of generation functions in Hanover
- Drastic reduction of hierarchical layers and simplification of legal structures

Streamlining of plant portfolio

- Complete moratorium on conventional new-builds until improvement of market design
- Reduction of capex to maintenance levels
- Decommissioning until 2015
  - ~30 units
  - ~11GW of capacity

"Business-as-usual" is not an option

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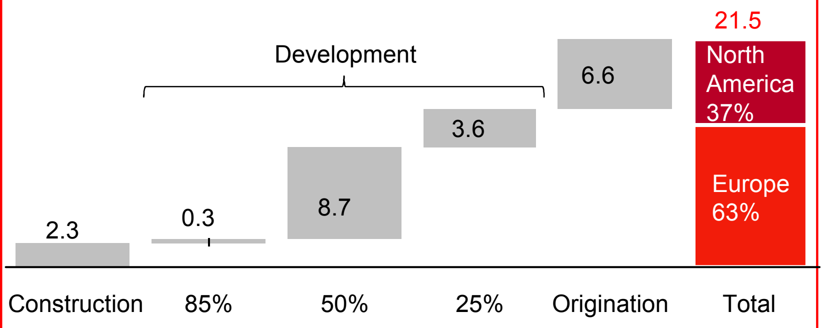
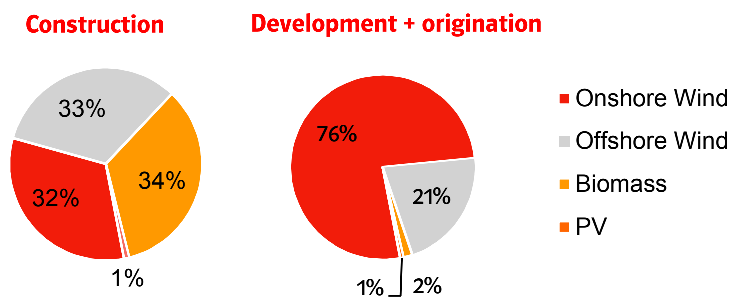
4 Leverage capabilities – Renewables

Project pipeline (GW)*



* Project pipeline in GW as of 30th September 2012

Project pipeline by technology



Leverage pipeline and competencies

Speed up capital rotation

- Free up capital to further develop pipeline
- Sell stakes of selected assets post commissioning
- Offer continued, world-class O&M services
- Aim to recycle at least €300m p.a.

Important unique selling points

- Expertise in development and construction
- Wind fleet approach and O&M strategy
- Unique offshore experience with pioneering advantage

Further opportunities in E.ON group context

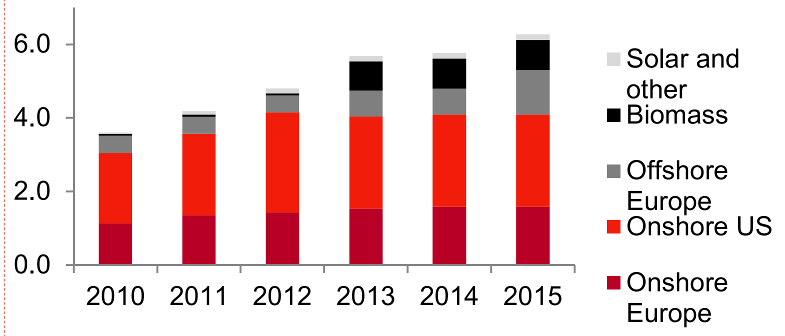
- Biomass conversion
- Leverage know how for outside Europe markets

Monetize important pipeline and unique skills

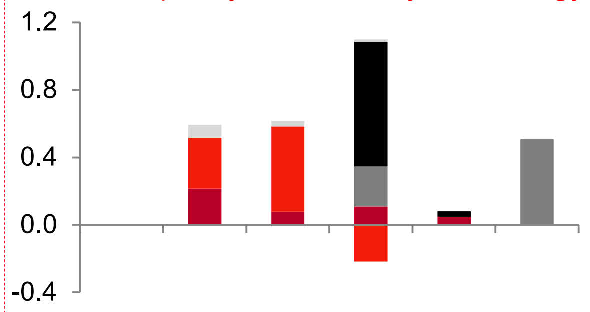
❹ Leverage capabilities – Renewables

Planned capacity build out

Total attributable capacity by technology (GW)



Annual capacity additions by technology (GW)

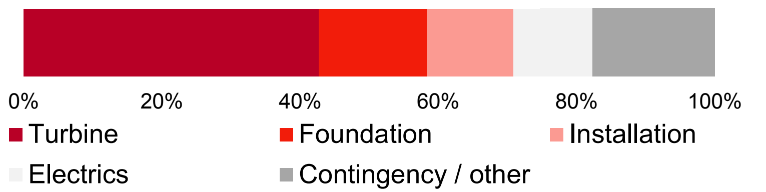


→ Next to the short term Biomass conversion of Ironbridge* offshore new build dominates 2013-2015

* Ironbridge is a very profitable short term conversion project foreseen to run until 2015

Cost reduction offshore

Installation cost category distribution



- Target still achievable: reduce LCOE/MW by 40% compared to 2010 levels* by 2015**
- Potential levers:
  - → Drive ahead competition on supplier side
  - → Long term contracts for vessels and crews
  - → Technological advances on turbine and foundations
  - → Optimization of interfaces and installation
- Actual measures:
  - → Project bundling of Humber and Amrumbank
  - → Construction vessel MPI Discovery for 3 projects
- Current caveat: potentially slower build pace

* Reference project London Array I
** Projects with final investment decision in 2015

Driving renewables towards market competitiveness

4 Leverage capabilities – Distribution networks

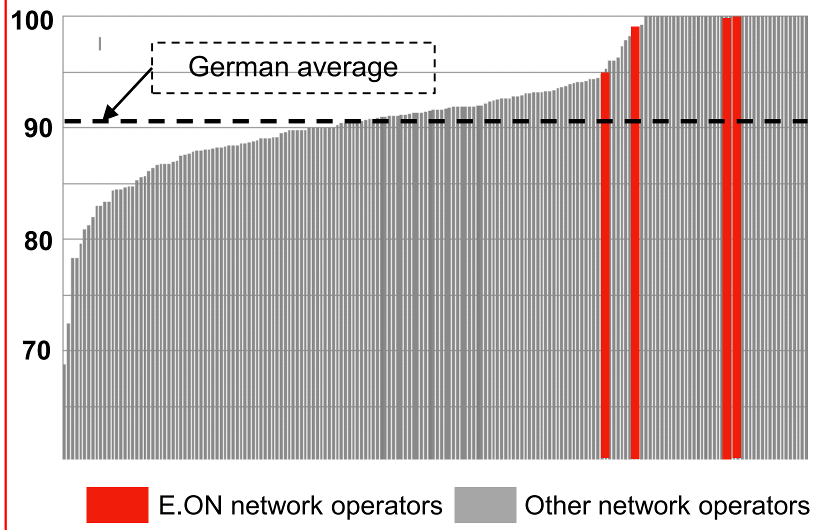
Regulated asset bases (RABs) 2012* (€bn)

Germany	~13
Sweden	~8.8**
Spain	Not applicable**
Hungary	~1.5
Czech Republic	~1.3
Romania	~0.7
Slovakia	~0.6***

* For Germany, Hungary, Czech Republic, and Romania RAB figures are for 2011. Exchange rates as of 25th January 2013
** In Spain, there had so far been a system based on an indexed regulatory revenue allowance.
In Sweden the RAB is based on the replacement value of all physically existing assets irrespective of the actual age of the assets.
In general, the RABs between different regulatory regimes are not directly comparable due to significant methodical differences
*** RAB is for 100% of ZSE (E.ON-share is 49%)

Example of distribution expertise

German gas distribution: efficiency scores (in %) in regulatory benchmarking 2012*



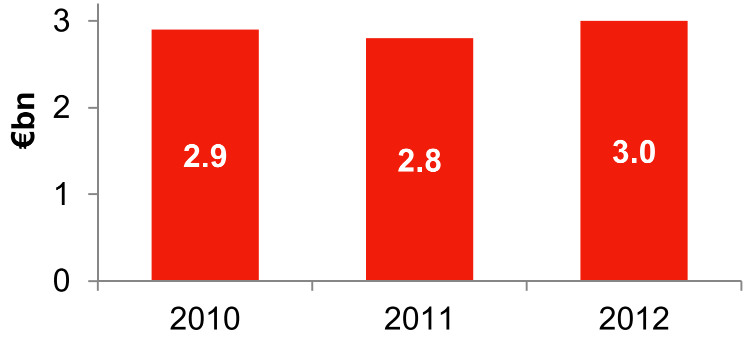
→ Weighted average efficiency of E.ON's gas distribution network operators 98.1% (vs. German average of 90.8%)

* Efficiency scores from the regulatory benchmarking in 2012 are the basis for the efficiency targets in determining allowed revenues for 2013-17

Strong distribution expertise based on large and diversified asset base

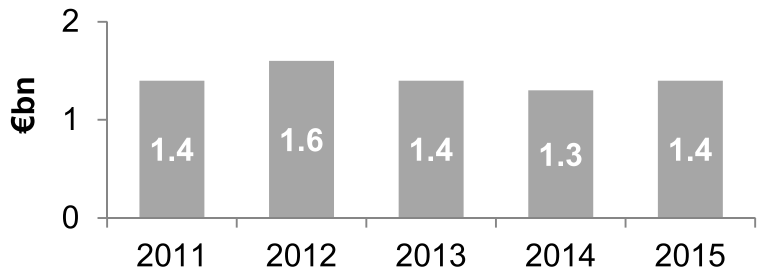
❹ Leverage capabilities – Distribution networks

Pro forma EBITDA*



* Excluding EBITDA relating to Central Networks, E.ON Rete (both sold in 2011), and E.ON Bulgaria (sold in 2012)

Segment capex*



* Excluding capex relating to Central Networks, E.ON Rete (both sold in 2011), and E.ON Bulgaria (sold in 2012)

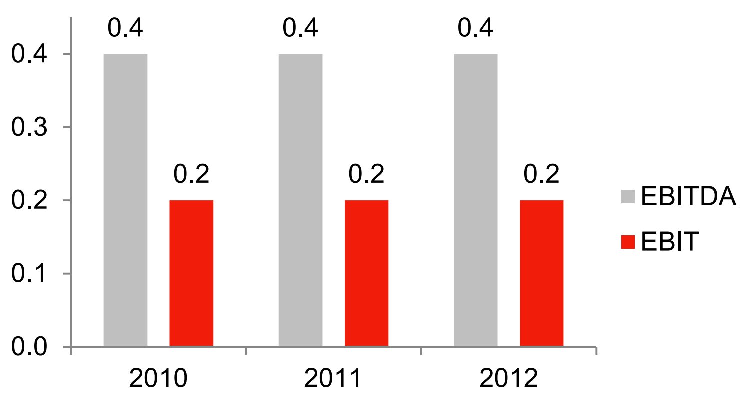
E.ON's business backbone

- Distribution contributes roughly 30% of E.ON's total group EBITDA
- Adjusted for disposals, the EBITDA contribution of the segment has been very robust amid turbulent times
- Due to its regulated nature, distribution is only temporarily exposed to volume risks resulting from the weak general economy
- No commodity price exposure
- Exposed to regulatory risk (notably Hungary and Spain), but broad geographical footprint (7 countries with different regulatory regimes) provides certain hedge for regulatory reviews → next regulatory milestone: German power distribution in 2014

Broadly stable capex level to support large and very robust earnings base

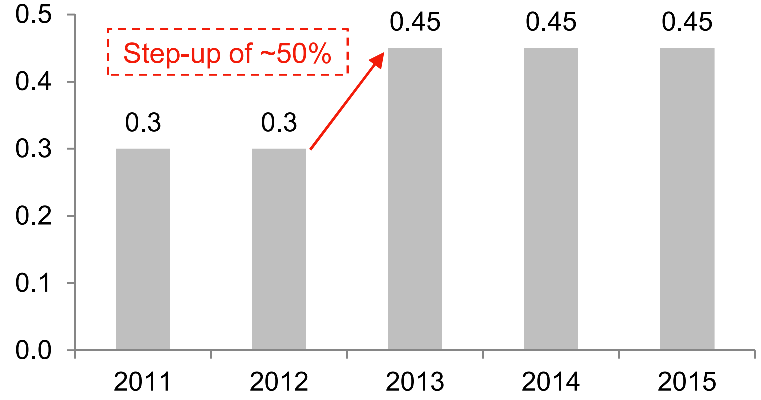
4 Leverage capabilities – Distributed energy

Distributed energy EBIT(DA) 2010-2012 (€bn)



- Focus of activities on district heating and industrial CHP
- Most important regions Sweden, Germany, UK, and NL
  - Sweden: 2nd biggest market player in integrated heat business (13% market share) with ~50 district heating networks
  - Germany: ~4,000 distributed energy assets with installed capacity of 5,100MW heat and 1,200MW power
- Sizeable mainly long-term contracted business
- Trustful relationships with numerous European municipalities

Distributed energy capex plan (€bn)



- Higher capex level from 2013 onwards
- Strong investment focus on Germany to seize opportunities from the energy system transformation
  - Special emphasis on mini-midi CHP (10kW – 10MW) and contracting business with industrial CHP (>10MW)
- Additional priority area: Sweden
  - Development opportunity in attractive Stockholm area with growing heat demand
- UK: growth in low carbon heat networks for municipalities
  - Develop project pipeline of up to 20 projects

E.ON has a well-established track record in distributed energy

❹ Leverage capabilities – Distributed energy

New additional approach: foundation of E.ON Connecting Energies (ECT)

Concept

- Multi-country and multi-site approach
- Focus on energy hotspots (like shopping malls and hospitals)
- Bundle technical and regulatory expertise to provide integrated energy solutions
  → Management of complexity for customers
- Highly standardized and scalable solutions

First example of integrated approach

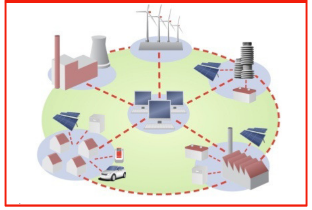
- Tailored solution for multi-national retailer across a number of sites globally:
  - CHP with absorption chiller for cooling in summer
  - Heat storage to maximize usage of CHP units
  - Optimization via virtual power plant
  - Solar PV on rooftop for self-consumption

Six business lines

Multi-site multinational

Energy Hotspots

Virtual power plant



"Cleaner & Better Energy"

Solar on Roofs

Building Efficiency

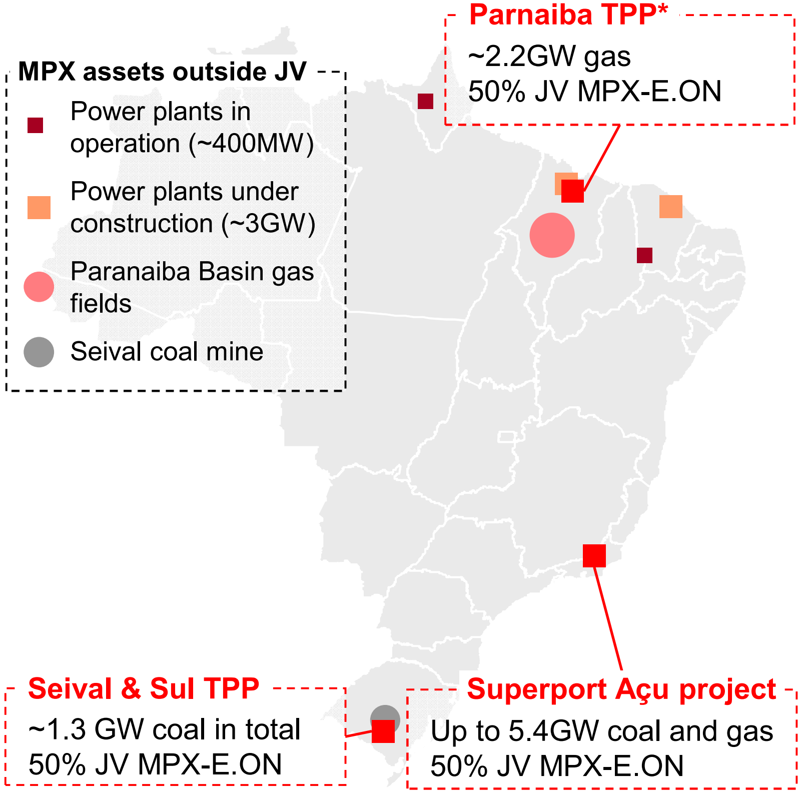
Residential Comfort

→ **Focus on the most promising areas**

Bundling of existing building blocks to provide innovative and value-creating energy solutions for customers

❺ Profitable growth Outside Europe - Brazil

Current portfolio and main projects



* TPP = thermal power plant

Achievements & priorities

Market situation

- Power demand in 2012 dampened by weak economy
- However, government incentive package expected to support economic growth
- Power demand from households and SMEs holding up well
- High spot prices in 2012 confirmed structural need for back-up capacity (thermal)

→ Dedicated thermal auctions are currently being discussed

Achievements since JV MPX-E.ON est. (June 2012)

- All business structures and processes established
- Additional attractive projects (under construction)
  - 226MW gas

  → Profitability target: 15% real IRR (for these specific projects)

Priorities for 2013

- Further develop projects in pipeline
- Participate in new capacity auctions
- Develop additional projects

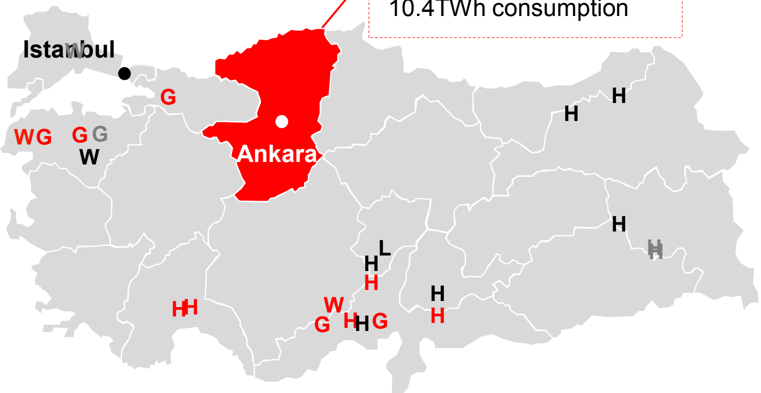
Stringent investment discipline remains top priority

5 Profitable growth Outside Europe - Turkey

Turkey portfolio

Baskent DisCo

Owned by Enerjisa
3.5m customers
10.4TWh consumption



In operation	1.8GW	■ (red)	H	=	Hydro
Under construction	1.6GW	■ (black)	L	=	Lignite
Under development	2.1GW	■ (grey)	G	=	Gas (CCGT)
			W	=	Wind

Operational portfolio very clean with
71% CCGT, 17% hydro and 12% wind

Achievements & priorities

Market situation

- Strong and balanced Turkish economy continues to drive power demand, expected to rise further at 5-6% p.a.
- Growth implies need for incremental capacity up to 30GW by 2020 (from today's ~55GW installed capacity)

Priorities 2013

- Focus on execution of projects under construction
  - 14 projects (11 hydro, 1 lignite, 1 wind, 1 solar) with total capacity of ~1.6GW → capital invested >€1.5bn
  - Thereof 7 hydro plants (cumulated capacity ~0.5GW) expected to start operation in 2013
- Explore further opportunities in generation to reach strategic ambition of 7.5-8GW installed capacity by 2020
- Pursue opportunities in distribution and retail segment

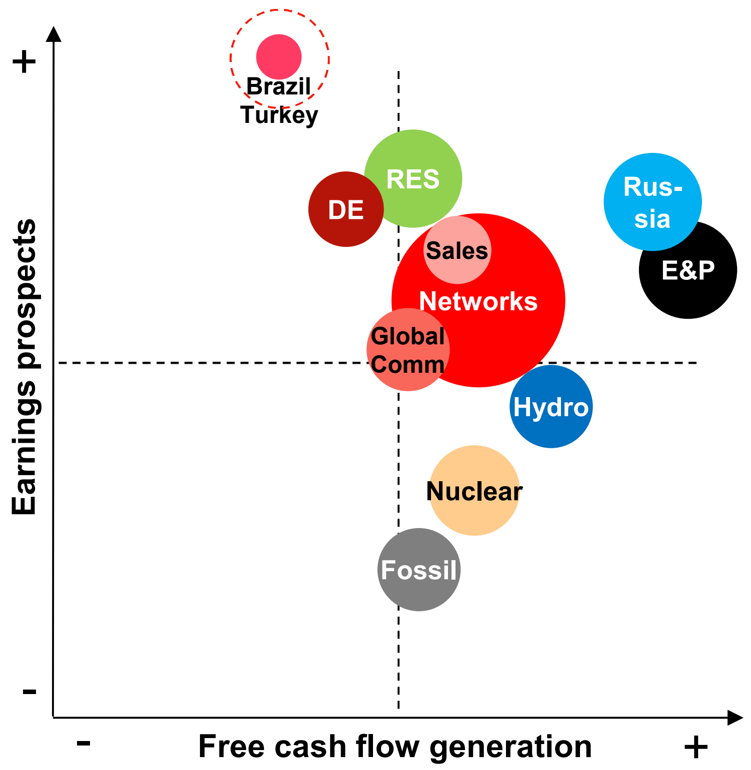
→ Net EPS accretion on E.ON level at latest from 2015 onwards

Strong pipeline in fundamentally attractive market

e·on

Mid-term portfolio target

Portfolio



* Bubble sizes represents EBITDA contribution
RES = Renewables; DE = Distributed energy; Global Comm = E.ON Global Commodities (merger of E.ON Energy Trading and E.ON Ruhrgas midstream)

Key drivers

Regional Units

- Networks to remain stabilizer of portfolio: stable or slightly growing earnings and positive free cash flow generation
- Forge customer-based business models around distributed energies

Renewables & Outside Europe

- Earnings to compensate for declining businesses
- Required to move into positive free cash flow territory and to become self-supporting

Conventional generation

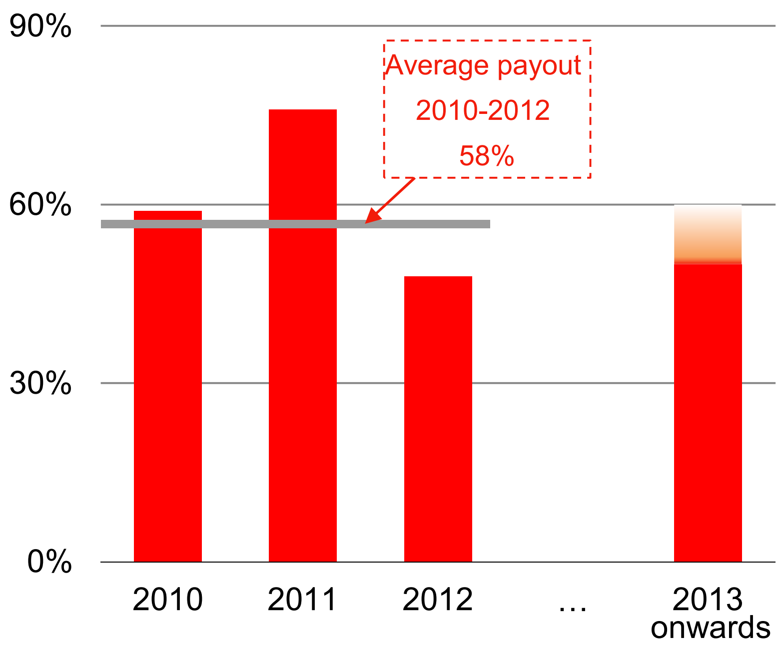
- Restructure business and push for more sustainable market design
- Prepare for cash-out from decommissioning

Ensure positive free cash flows and sustainable earnings prospects

Dividend and debt policy

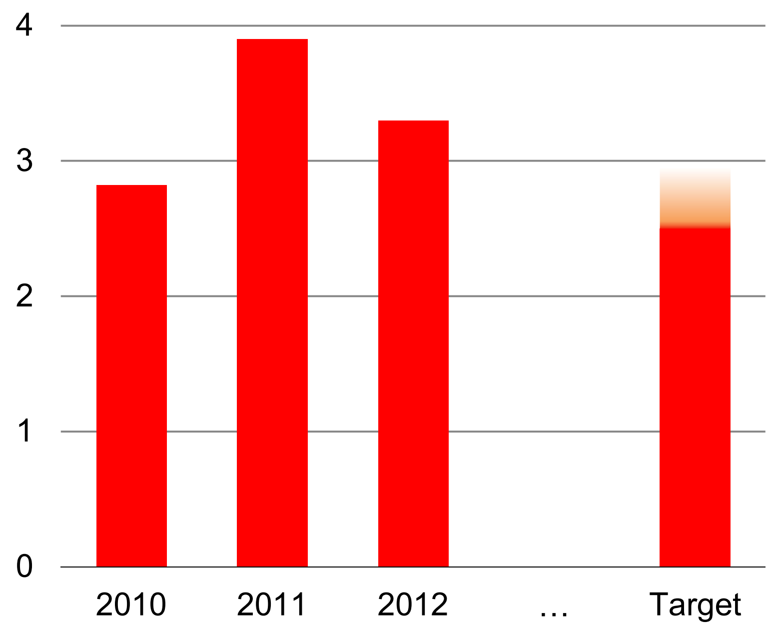
Dividend policy

- Targeted payout of 50-60% of underlying net income



Debt policy

- Achieve debt factor of <3.0x over the mid-term



Sustainable remuneration for shareholders, gradual deleveraging

Conclusion

E.ON will expedite its ongoing transformation

- From asset focus to capabilities
- From commodity focus to customer driven solutions
- From European focus towards profitable growth opportunities outside Europe

We will further adjust business models

- Invest with and for customers based upon their needs
- Rotate capital faster to maximize the reward for our capabilities
- Foster efficiency gains and enjoy a competitive advantage in costs and quality

E.ON to re-adjust…

- … towards a new balance between cash consumers and cash generators
- … capex to turn free-cash flow positive
- … cost base and hurdle rates to achieve higher profitability over time
- … from EBITDA to EPS focus

Increased focus on cash and profitability

Agenda

- Strategy delivery since 2010
- Sector environment and financial impact
- Strategic implications
- **Financial outlook**
- Questions & answers

Preliminary unaudited 2012 results - Overview

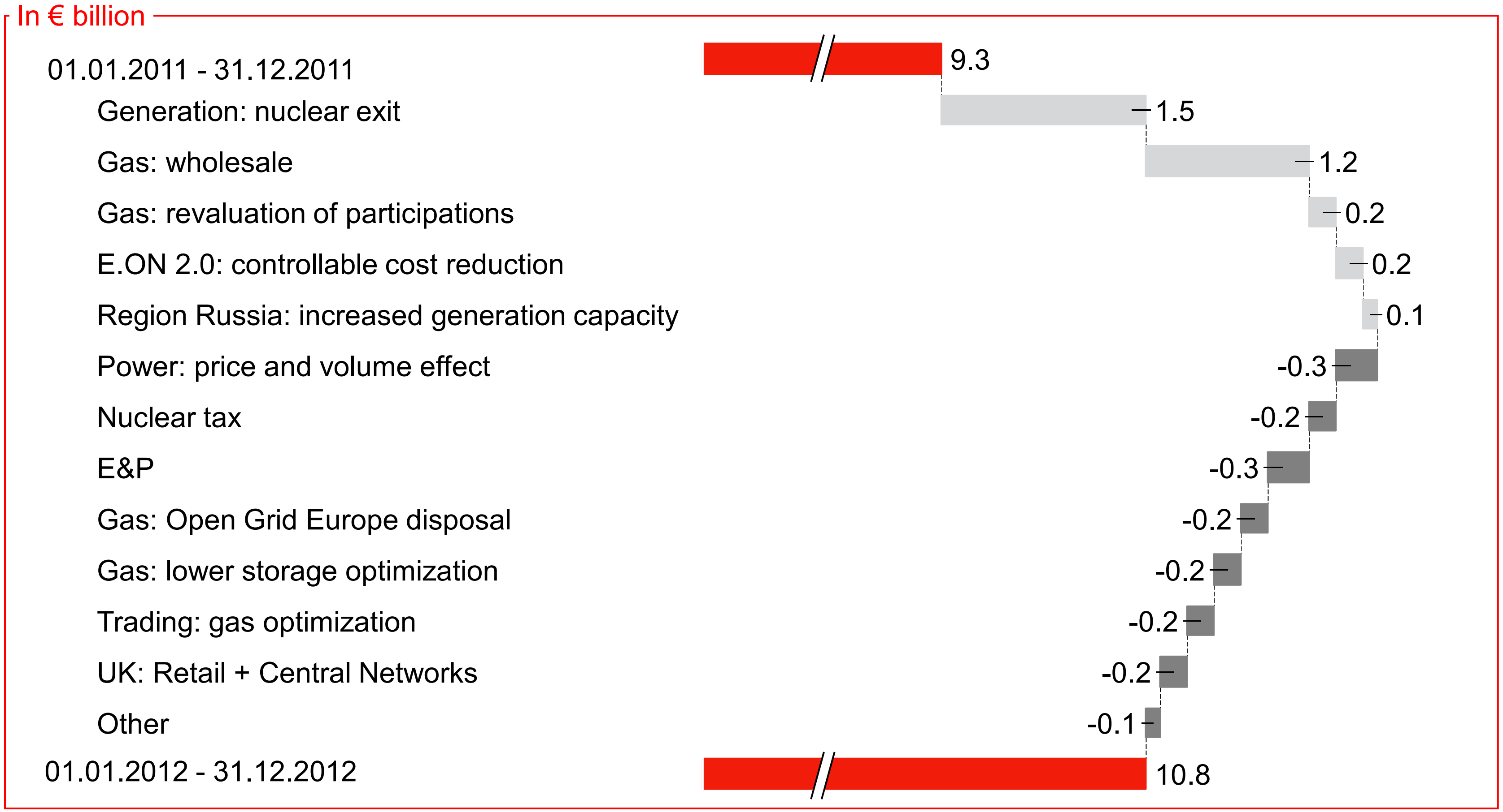
- EBITDA[1]: €10.8bn (+16%)
- EBIT[1]: €7.0bn (+29%)
- Underlying net income[1]: ~€4.3bn (+70%)
- Underlying EPS[1, 2]: ~2.2 €/share
- Dividend: 1.10 €/share
- Economic net debt: ~€36bn

2012 results within guidance range

1. Adjusted for extraordinary effects
2. Based on number of shares outstanding (1.905 billion)

Key drivers of group EBITDA[1] development

Preliminary unaudited 2012 results



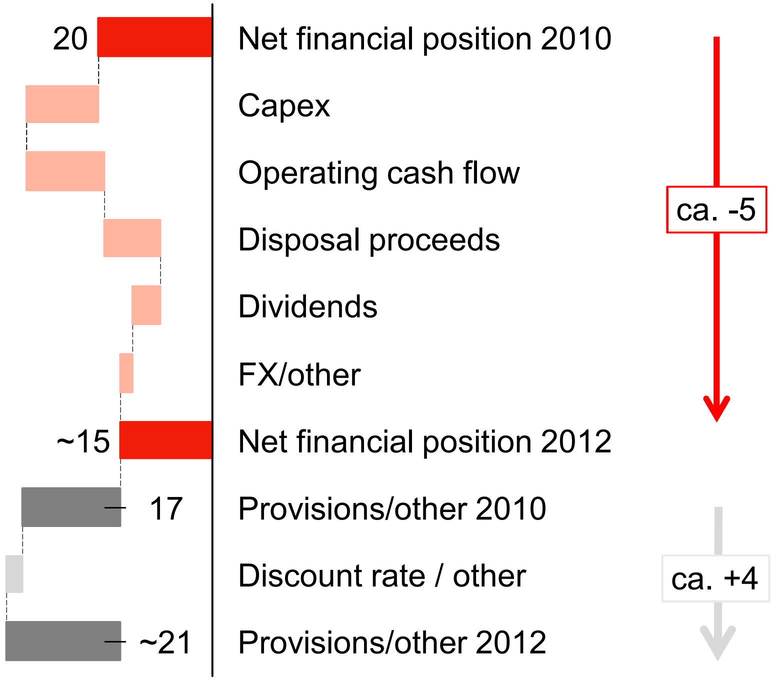
Large one-off effects driving 2012 EBITDA growth

1. Adjusted for extraordinary effects

Economic net debt development

Main drivers 2010-2012 (in €bn)

Economic net debt 2010: ~37



Economic net debt 2012: ~36

Key observations

Net financial position

- Disposals main driver for improvement:
  - Substantial proceeds already by end 2012
  - Further proceeds pending for 2013
- Operating cash flow lower than expected
- Dividends lower than planned

→Significantly lower than in 2010

Provisions / other

- Impact of lower discount rates on nuclear and pension provisions due to collapse of bond yields

→Somewhat higher than in 2010

Despite successful disposal program debt factor still above target

Outlook 2013 - Overview

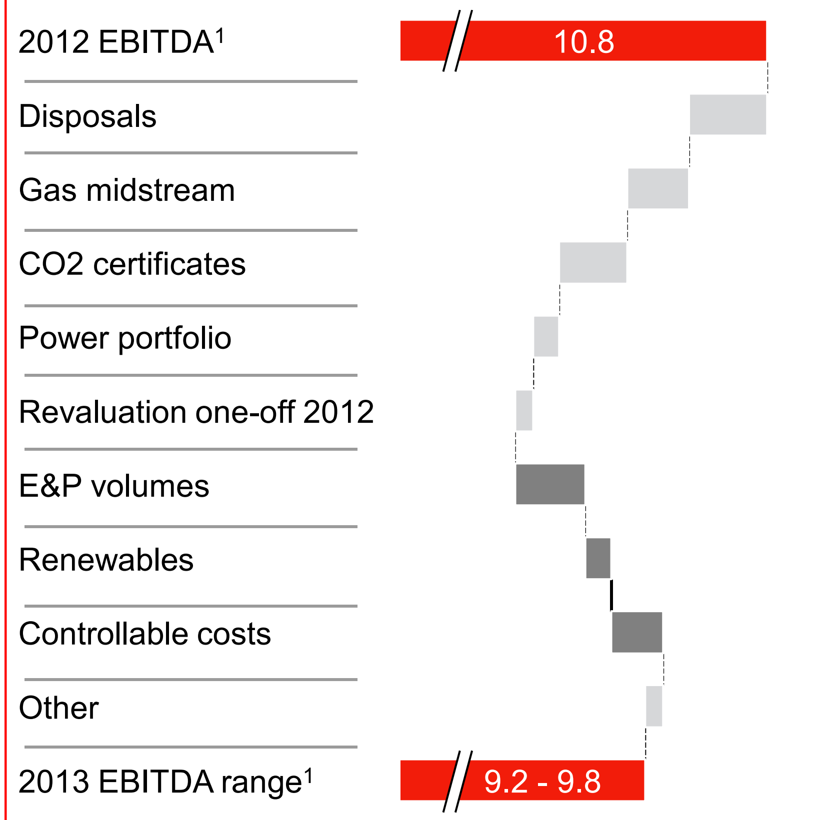
- EBITDA[1]: €9.2 – 9.8bn
- Underlying net income[1]: €2.2 – 2.6bn
- Underlying EPS[1, 2]: 1.15 – 1.35 €/share

New 2013 outlook now post disposals

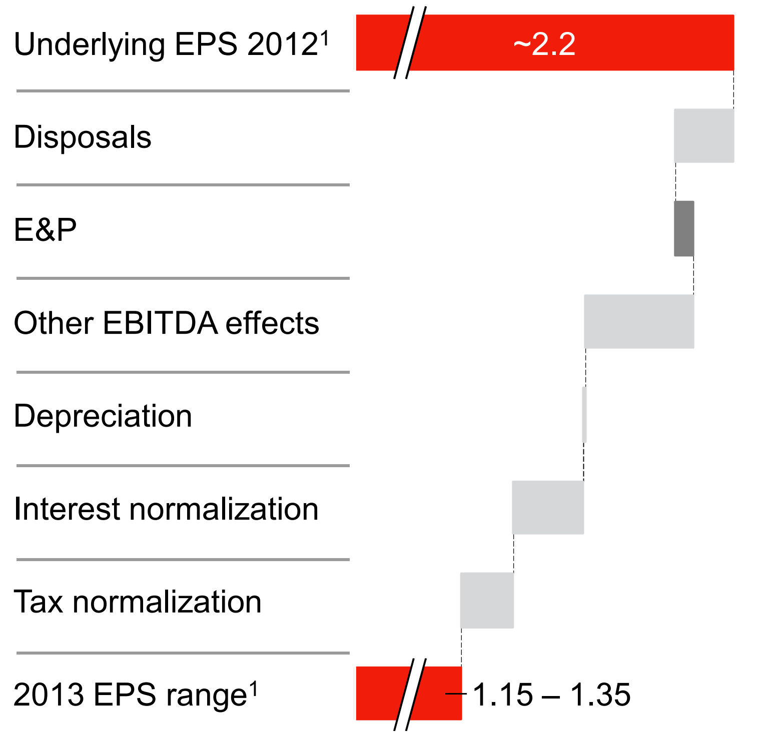
1. Adjusted for extraordinary effects
2. Based on number of shares outstanding (1.905 billion)

Key drivers for 2013 vs. 2012 EBITDA[1] and EPS[1]

EBITDA[1] (in €bn)



Underlying EPS[1] (in € per share)

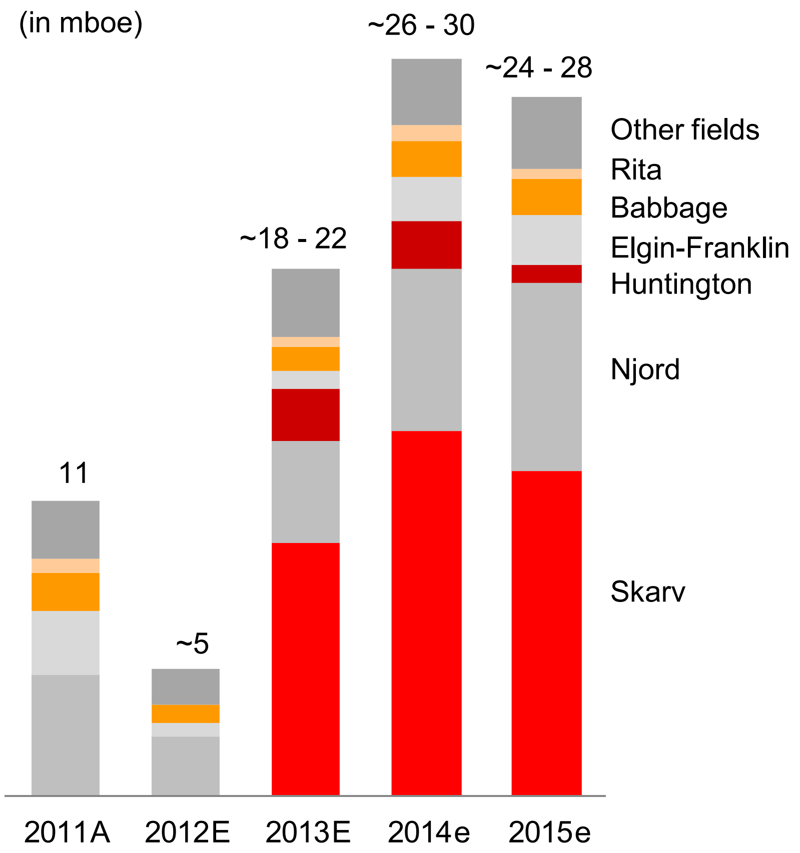


EPS stronger down than EBITDA due to normalization of depreciation, interest and tax

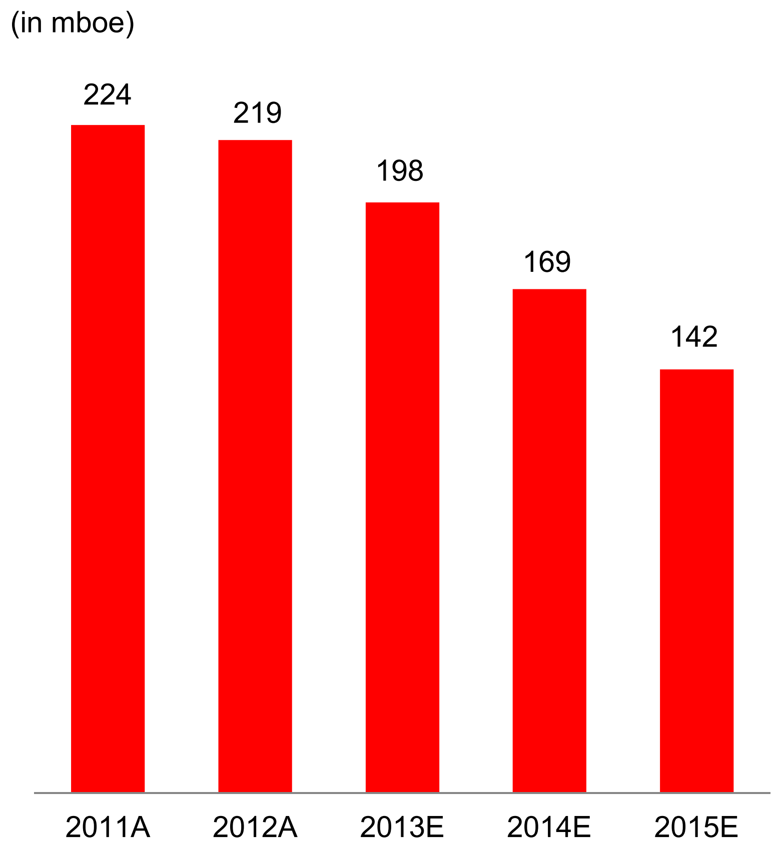
1. Adjusted for extraordinary effects

Exploration & production – Volume overview

Volume expectation – North sea fields



Reserves expectation* – North sea fields



* Excluding volume gains from future exploration & appraisal activities

North Sea E&P volumes stabilizing at higher level

EBITDA[1] outlook 2013 by segments

In € billion

	2012A	2013 vs.12	Main drivers
Generation	2.4	below	Mainly absence of free CO2 allocation
Renewables	1.3	above	Increased capacities
Exploration & Production	0.5	above	Additional volumes mainly from Norwegian fields
Optimization & Trading	1.4	below	Mainly absence of one-off effects
Germany	2.8	below	Mainly deconsolidation effects
Other EU Countries	2.0	in line	
Russia	0.7	in line	Lower margins on energy market
Group Management/ Consolidation	-0.4	above	
Total	10.8	9.2 – 9.8	

1. Adjusted for extraordinary effects

Key take-aways

- Expedite transformation:
  - Restructure business in depressed competitive European wholesale markets
  - Pursue new growth opportunities in renewables, distributed energy and outside Europe
  - Networks to remain stabilizer of portfolio
- Focus on capability-driven business approach and drive efficiency
- Enforce stricter investment criteria and significant reduction of overall capex
- Target positive free cash flow until 2015
- Shift focus from EBITDA to EPS and cash flow
- Return to dividend policy with annual payout ratio of 50-60%

Increased focus on cash and profitability

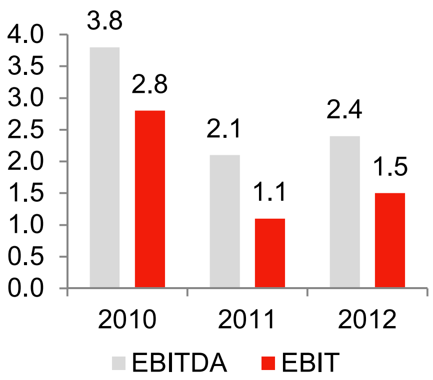
Agenda

- Strategy delivery since 2010
- Sector environment and financial impact
- Strategic implications
- Financial outlook
- **Questions & answers**

Appendix

Generation – Business snapshot

EBIT(DA) – Main drivers 2012 vs. 2011 (€bn)



(+) Absence of prior year nuclear one-off

(-) Price/volume effect

(-) Higher nuclear tax payments

Key earnings drivers – 2013 and beyond

2013:

(+) E.ON 2.0
(-) Lower transfer prices / spreads
(-) Political intervention

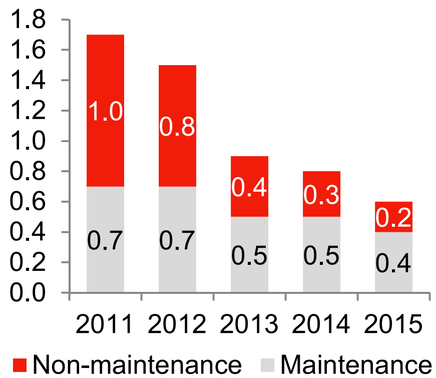
Post 2013:

(+) Additional E.ON 2.0 impact
(+) First time consolidation Maasvlakte
(-) Lower outright prices

Strategic priorities

- Streamline power plant portfolio to adapt to market conditions
- Improve profitability of power plant assets by extensive costs reduction program
- Very selective development activities to be prepared for potential opportunities driven by new market designs

Segment capex plan (€bn)

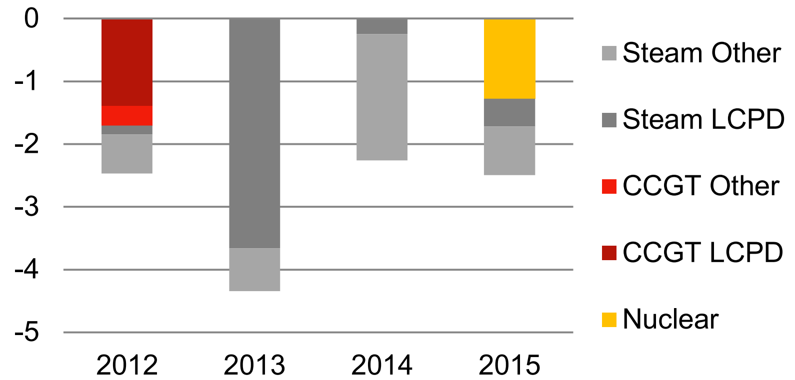


- Maasvlakte III
  - Planned COD: 2014
  - Total capex: €1.7bn
- Maintenance at minimum by 2015
- Moratorium on new build projects

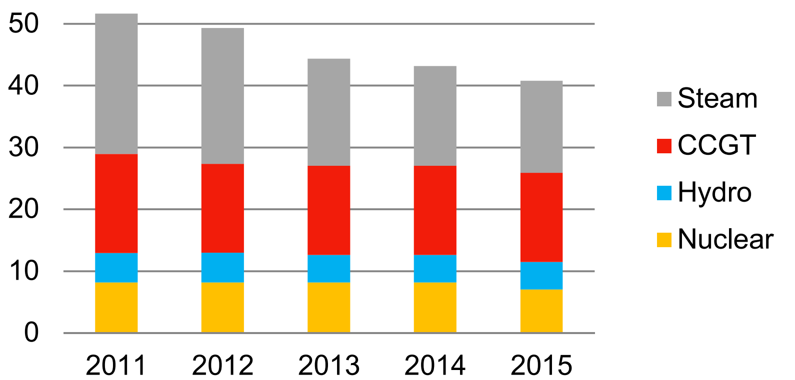
Further downward pressure from outright prices and spreads

Conventional generation – European portfolio

Capacity retirements (GW)[1, 2]



Capacity (GW)[1, 2]



1. Capacity pro-rata ownership percentage
2. Graphs include some closures not mentioned in the list

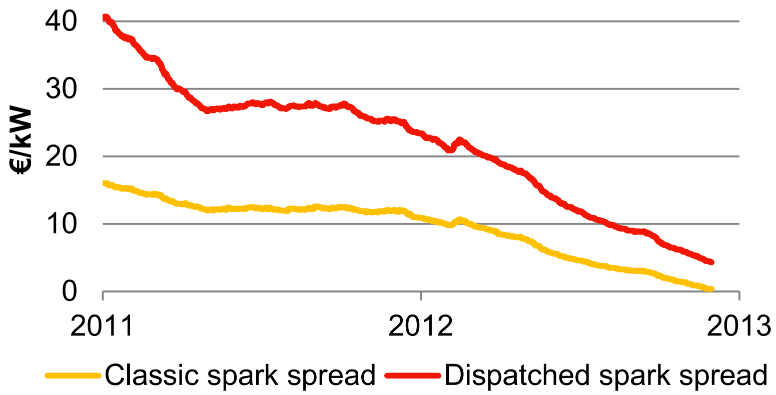
Main retirements

Retirements	Country	MW[1]	Fleet	Driver
2012				
• Staudinger 3	Germany	293	Steam	Economic
• Veltheim 2 & 4	Germany	329	Steam	Economic
• Grain 1 & 4	UK	1300	CCGT	LCPD
• Escucha	Spain	142	Steam	LCPD
2013				
• Shamrock	Germany	132	Steam	Other
• Staudinger 1	Germany	249	Steam	Other
• Ironbridge	UK	940	Steam	LCPD
• Kingsnorth	UK	1974	Steam	LCPD
• Hornaing 3	France	235	Steam	LCPD
• Provence 4	France	230	Steam	LCPD
• Fiume Santo 1-2 5-6	Italy	383	Steam	Other
• Puertollano	Spain	203	Steam	LCPD
2014				
• Datteln 1-3	Germany	303	Steam	Other
• Lucy 3	France	245	Steam	LCPD
2015				
• Grafenrheinfeld	Germany	1275	Nuclear	Other
• Emile Huchet 4-5	France	445	Steam	LCPD

~11 GW of decommissionings until 2015

Addressing the CCGT issue

Strong deterioration of CCGT economics



- CCGTs not dispatched when spreads negative
- Dispatched spark spreads take this into account, unlike classic spark spreads
- Dispatched spark spreads have fallen even more than classic spark spreads
- CCGTs certainly not earning their cost of capital, in fact barely earning their fixed costs

Response

Reduce maintenance costs

- Maintenance intervals lengthened due to lower utilization
- Maintenance costs lowered through restructuring of long-term service agreements

Reduce fixed costs

- Switch from CCGT mode to OCGT mode
- Permanent connections to gas network contribute strongly to fixed costs (10-30 €/kW out of 30-40 €/kW):

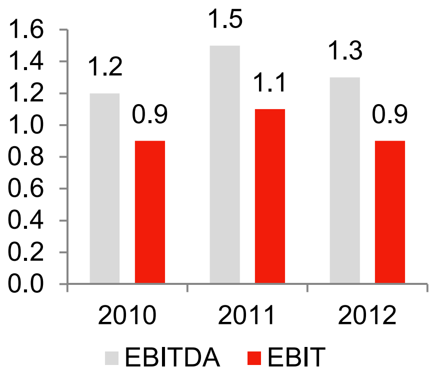
  → Switch from permanent to occasional connection (e.g. when called by TSOs for ancillary services): higher variable connection costs compensated by high prices

  → Switch fuel from gas to oil: higher variable fuel costs compensated by much lower fixed costs

Mothball / close sustainably cash-negative units

Renewables – Business snapshot

EBIT(DA) – Main drivers 2012 vs. 2011 (€bn)



(-) Hydro: price volume effect

(+) RES: Higher volumes due to new capacity

(-) RES: Prior year one-off not repeated

Key mid-term earnings drivers

2013:

(+) Additional capacities

(-) Deconsolidation of 430 MW US onshore wind

(-) Disposal of 350 MW German run of river hydro

Post 2013:

(+) Additional capacities, mainly offshore

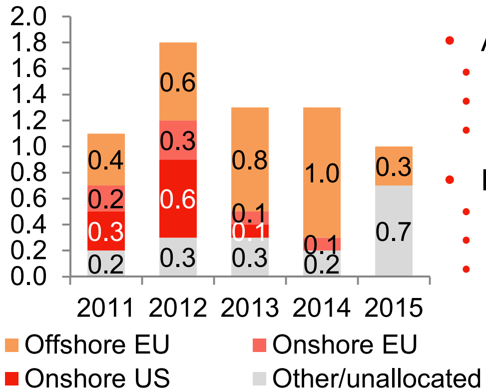
(-) Lower outright prices

Strategic priorities

- Drive industrialization, cost reduction and higher utilization to make renewables more competitive
- Cost reduction targets: reduce onshore costs by 25%, offshore costs by 40% and PV costs by 35% by 2015*
- Portfolio- and capability-based investments with more active portfolio mgmt. (presence & technologies) and more systematic "build, operate & sell"-approach
- Intensify partnerships with financial & strategic players in different project phases

* Reference year 2010

Segment capex plan (€bn)

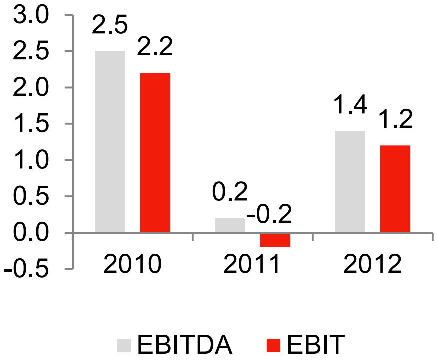


- Amrumbank (288MW)
  - COD H1 2015
  - Total invest €1.0bn
  - Targeted return >10%
- Humber (219MW)
  - COD H1 2015
  - Total invest: €1.0bn
  - Targeted return: >10%

Offshore dominates capex plan and capacity additions

Trading & Optimization – Business snapshot

EBIT(DA) – Main drivers 2012 vs. 2011 (€bn)



(+) Gazprom settlement

(+) Infrastructure revaluations

(-) Disposal of OGE

Key mid-term earnings drivers

2013:

(+) First impact of E.ON 2.0

(-) Absence of one-offs from Gazprom settlement

(-) Absence of infrastructure revaluations

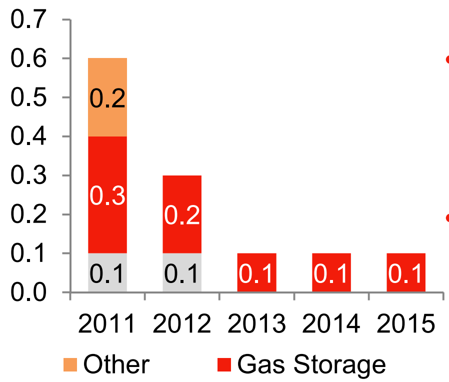
(-) Disposal of Open Grid Europe

(-) Disposal of SPP

Strategic priorities

- Maximize flexibility value of power/gas assets (power plants, gas contracts, gas storage) through integrated optimization
- Profit from renewables-induced volatility in intra-day and balancing markets
- Continue to optimize gas supply portfolio
- Backed by European portfolio: create additional value from expanding global trading, mostly coal/freight & LNG

Segment capex plan (€bn)

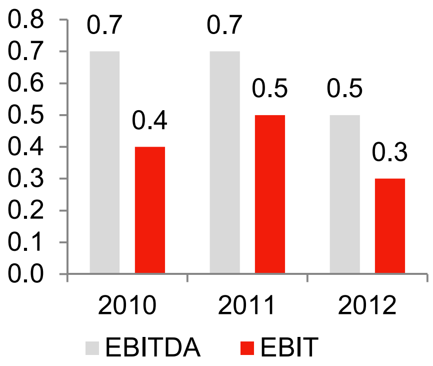


- Major investment activity focused on gas storage and pipeline investments
- No additional new build projects in storage planned

A clean slate going forward

Exploration & Production – Business snapshot

EBIT(DA) – Main drivers 2012 vs. 2011 (€bn)



(-) Forced outage Elgin

(-) Problems at Njord

(-) Shut down at Rita

(+) Higher prices Yushno

Key mid-term earnings drivers

2013:

(+) COD of Skarv in December 2012

(+) Production start of Huntington

(+) E.ON 2.0

Post 2013:

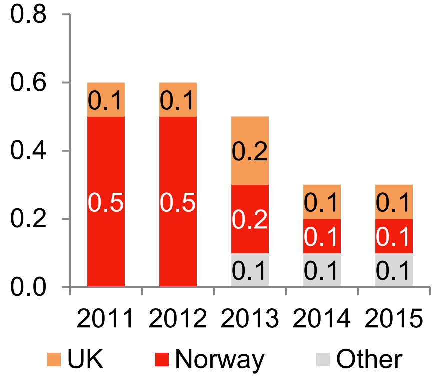
(+) Higher volumes in 2014 vs. 2013,

(-) Slight volume decrease 2015 vs. 2014

Strategic priorities

- Existing fields: return to normal operations with reliable production performance
- Deliver planned production growth, in particular successful ramp up of Skarv
- Leverage E.ON's strong capabilities along the E&P value chain and expand role as operator
  - Value-based investment approach with focus on high-quality licenses containing upside potential
  - Increase value of portfolio by successful E&A

Segment capex plan (€bn)

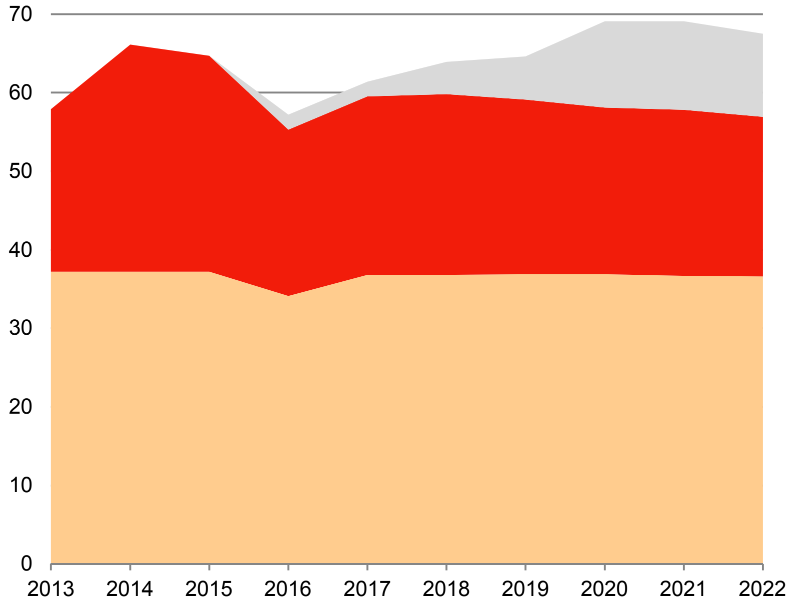


- Current capex plan focus on creating options
- To hold volumes stable also in the long-term a step-up would be necessary

Moving into cash back mode

Exploration & production – Long term view

Indicative production development 2013-2022 (mboe)



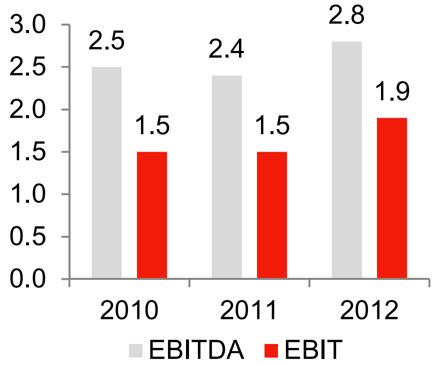
Main developments 2013-2022

- Fields running out of production to be potentially replaced by new fields currently under exploration and development (expected production startup year):
  - **Norway**
    - Fogelberg (2019)
    - Noatun (2021)
  - **UK**
    - Orca (2014)
    - Glenelg (2015)
    - Talbot (2015)
    - Arran (2016)
    - Tolmount (2017)

Future E&P production driven by organic field developments

Region Germany – Business snapshot

EBIT(DA) 2012 vs. 2011 – Main drivers (€bn)



(+) Higher grid revenues

(+) First impact E.ON 2.0

(+) Provision release in unregulated business

Key mid-term earnings drivers

2013:

(+) Further E.ON 2.0 contribution

(-) Disposal of regional distribution companies

(-) Disposal of Energy from Waste

(-) Absence of one-off provision release

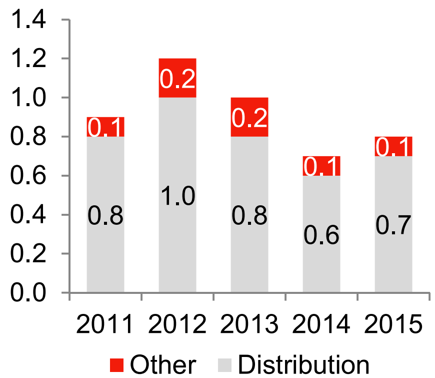
Post 2013:

(+/-) Uncertainty regarding outcome of regulatory review for power distribution

Strategic priorities

- Capture opportunities from German "Energiewende":
  - Profitable growth in distributed energy (e.g. CHP)
  - Innovative sales propositions beyond pure commodity
  - Develop distribution networks according to new requirements (integration of renewables, smart technologies, etc.)
- Secure concession renewals in distribution networks
- Continuously drive operational excellence & performance
- Actively contribute to the discussion about an optimized legal/regulatory framework enabling the "Energiewende"

Segment capex plan (in €bn)



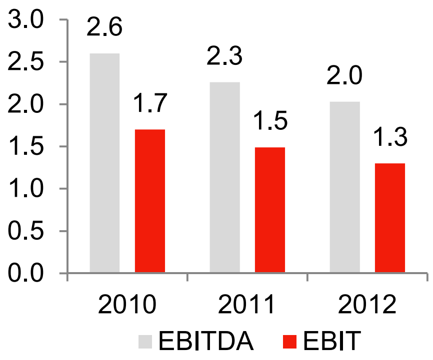
- Capex flexibility fully used
- High share of distribution capex
- ~€0.2bn of distribution capex foregone with disposals

Disposal impact on EBITDA, but also on capex

e·on

Other EU regions – Business snapshot

EBIT(DA) 2012 vs. 2011 – Main drivers (€bn)



(-) Disposal of UK Central Networks

Key mid-term earnings drivers

2013:

(+) Net positive E.ON 2.0 impact

(-) Disposal of JMP participation

Post 2013:

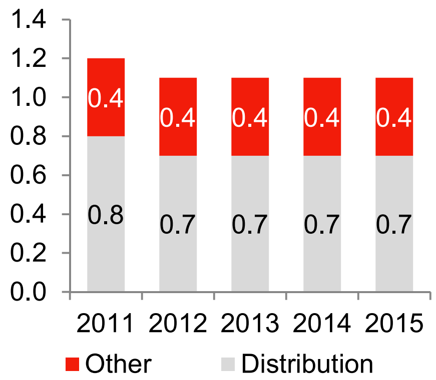
(+) Further E.ON 2.0 savings

(+) Impacts from improved retail margins

Strategic priorities

- Continuously improve operational excellence & profitability and ensure attractive investment conditions
- Value-creating growth in distributed energy where conditions and framework are appropriate (e.g. biomass-fired CHP in Sweden, PV in Southern Europe)
- Translate regulatory action (e.g. smart meter roll-out, energy efficiency directive) in convincing business models and customer propositions
- Improve security & reliability of distribution in CEE

Segment capex plan (€bn)



- Broadly stable capex level

Overall resilient segment;
broad regional footprint provides outstanding learning base

Distribution – Regulatory cycle

Regulatory periods

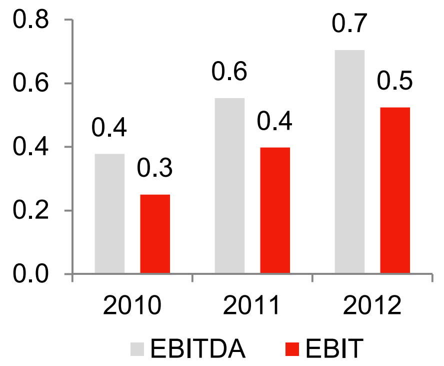
	Power		Gas	
Germany	Current 2009-2013	Next 2014-2018	2013-2017	
Sweden	2012-2015		2013-2016	
Spain	2013-2016		Not relevant*	
Hungary	2013-2016		Current 2010-2013	Next 2014-2017
Czech Republic	2010-2014		2010-2014	
Romania	2013-2017		2013-2017	
Slovakia	2012-2016		Not relevant*	

* In Spain and Slovakia E.ON does not own a gas distribution business

Next major milestone: German power distribution

Russia – Business snapshot

EBIT(DA) 2012 vs. 2011 – Main drivers (€bn)



- Mainly driven by higher volumes (full year contribution from new plants with COD 2011)

Key mid-term earnings drivers

2013:

(+) Efficiency improvements

(+) Positve FX effect

(-) Lower spreads

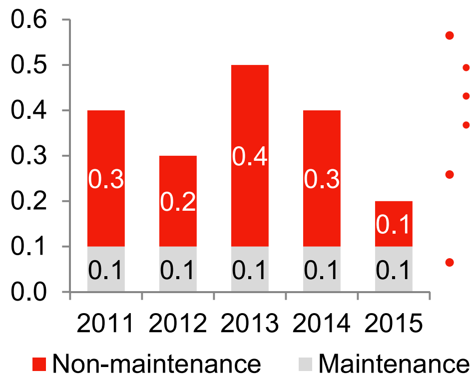
Post 2013:

(+) First time contribution from new build Berezovskaya

Strategic priorities

- Maintain and improve top-line operational performance among Russian power generators
- Complete Berezovskaya new-build project and ensure full financial contribution to E.ON earnings
- Assess options to further solidify E.ON Russia's position as leading independent generator in the Russian power market

Segment capex plan (€bn)



- Berezovskaya (lignite)
  - COD: 2014
  - Total capex: €1.1bn
  - Targeted IRR >10%
- Maintenance at minimum by 2015
- No additional new build projects planned

From growth driver to cash provider

Key 2013 assumptions and changes vs. old guidance

Assumptions

Assumed average achieved prices outright generation

CE market (€/MWh)

	2013 Old[1]	2013 New[2]
CE market (€/MWh)	55	55
Nordic market (€/MWh)	44	42

Oil ($/barrel)[2]: 107 (2013)

Coal (API#2) ($/ton)[2]: 97 (2013)

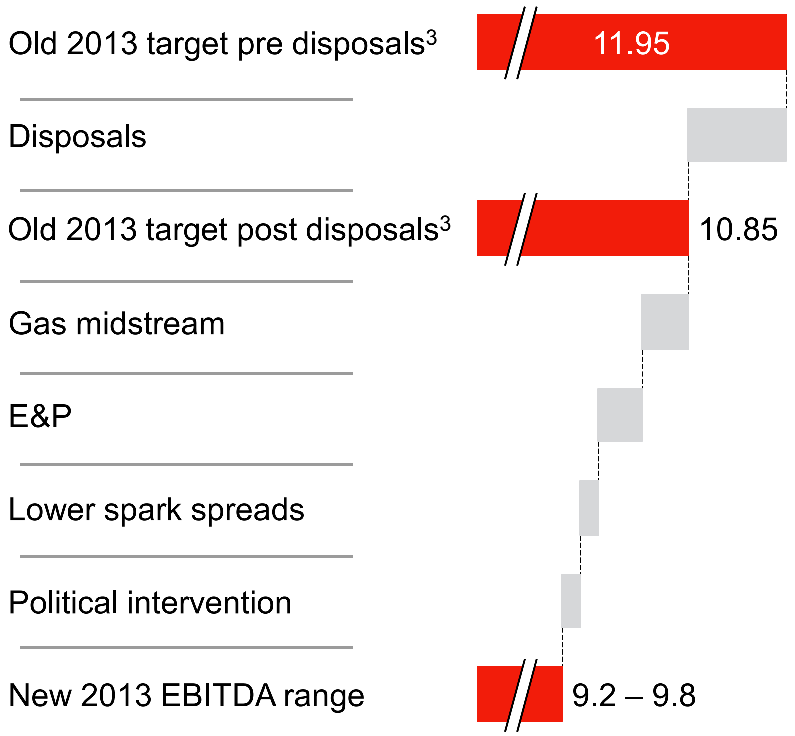
Clean spreads (€/MWh)[2]
- **Dark**: 10 (2013)
- **Spark**: 2 (2013)

Gas TTF (€/MWh)[2]: 27 (2013)

Assumed prices

1. As per March 2012
2. Only relevant for remaining open positions

Change of EBITDA



3. Mid point of old guidance range for 2013 EBITDA: €11.6 – 12.3bn

Full dilution from disposals largest factor for 2013 guidance adjustment

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

Preliminary unaudited 2012 results

In € billion

	EBITDA[1] 2012	EBITDA[1] 2011	EBITDA[1] +/-%	EBIT[1] 2012	EBIT[1] 2011	EBIT[1] +/- %
Generation	2.4	2.1	+14	1.5	1.1	+29
Renewables	1.3	1.5	-13	0.9	1.1	-19
Optimization & Trading	1.4	0.2	-	1.2	-0.2	-
Exploration & Production	0.5	0.7	-28	0.3	0.5	-42
Germany	2.8	2.4	+16	1.9	1.5	+26
Other EU Countries	2.0	2.3	-10	1.3	1.5	-10
Russia	0.7	0.6	+32	0.5	0.4	37
Group Management/ Consolidation	-0,4	-0.4	-	-0.5	-0.5	-
Group total	**10.8**	**9.3**	**+16**	**7.0**	**5.4**	**+29**

1. Adjusted for extraordinary effects

From EBITDA[1] to underlying EPS[1] (2011-2013)

In € billion

	2011A	2012E	2013E
EBITDA[1]	9.3	10.8	9.2 – 9.8
Depreciation	3.9	3.8	~3.8
Adj. interest expense	1.8	~1.3	~1.7
Taxes[2]	0.8	~1.1	~1.2
Minorities	0.4	0.4	~0.3
Underlying net income[1]	2.5	~4.3	2.2 – 2.6
Underlying EPS (€/share)[1]	1.3	~2.2	1.15 – 1.35

1. Adjusted for extraordinary effects
2. The future tax rate is significantly impacted by external factors such as regional tax regimes, local tax laws etc. and therefore is indicative only

Disclaimer

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