



**E.ON SE Annual Shareholders Meeting**

**June 8, 2016**

**Statement by**

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**CEO of E.ON SE**

**Please check against delivery**

Ladies and gentlemen, E.ON shareholders, I too would like to extend a warm welcome to you. This is a very special Annual Shareholders Meeting for your company. It's the Annual Shareholders Meeting at which you'll decide how E.ON and Uniper will align themselves as independent companies in two distinct energy worlds.

Energy is an elixir of life worldwide. Global energy demand will continue to grow: the demand for gas by nearly 50 percent in the next two decades, electricity demand by more than 70 percent. The Paris climate conference and our customers call for a different, more sustainable form of growth than in the past. At E.ON, we agree entirely. Satisfying this enormous demand for energy in a way that makes economic and environmental sense will only be possible through new, innovative, and distributed approaches. I'm firmly convinced that E.ON has every chance to play a key role in shaping this other, new future of energy in Germany, in Europe, and beyond. With local energy networks that serve as a smart platform for the new energy world. With more and increasingly affordable electricity from renewable sources. And with customer solutions that make it possible for households, companies, and communities to have an individually tailored, digitally controlled energy supply. E.ON adopts a radically customer-centric perspective and is committed to partnering with customers to design an affordable, efficient, and sustainable energy world. Our ambition is to improve people's lives. And it's something that excites our more than 40,000 employees every day as they interact with our customers.

Uniper too can and will play an important, but very different, role in securing the energy supply in many countries around the world. As a significant power producer here in Germany, in Europe, and in Russia. As one of Europe's largest gas traders and as a global player on commodity markets. As a company with business activities in more than 40 countries. The energy supply will require the kind of stable backbone provided by Uniper's operations for decades to come. That's why the countries we operate in need top companies like Uniper that are fully dedicated to providing this backbone.

If you vote later today to support our strategy for the future by approving our proposal to divide the Group into two companies, I'm certain that they'll both have every opportunity to be successful. Indeed, to be more successful than if we'd not responded to the structural changes in the energy market with structural changes to our company.

Big changes aren't nameless, abstract processes. They're made by people. That's why today I'm not only going to talk about the changes at E.ON but also about the people who play key roles in these changes. Ulrich Lehner already spoke about one of these people: Werner Wenning.

I'd like to add a personal word: Mr. Wenning, you were a blessing for E.ON, for the Management Board, and for me. In a difficult phase for our company,

you always challenged us but also supported us. We benefited from your unique wealth of experience. From your intellectual and human honesty. From your open-mindedness and trust. And from your confidence that anything is possible if people are committed to working together to achieve it. For all of this, Mr. Wenning, we and I would like to express our sincere thanks.

I'd also like to express my sincere thanks to the other members of the Supervisory Board for their trust and support at a time of challenging decisions. At seven meetings, some of which lasted more than one day, you thoroughly discussed and used your experience to help shape our strategic plan for the future.

I also wish to thank my Management Board colleagues and the many employees of our One2two strategy project. The past months and years were very busy and eventful. We held exhaustive discussions and thought very hard about the restart of E.ON. But we also made countless decisions together. The decisions that you'll be making today regarding the spinoff and the two companies' respective focus, business profile, and strategy required exhaustive preparation, careful consideration, and detailed elaboration. Hundreds of employees worked together to reach more than 5,000 milestones on time. We had to obtain hundreds of regulatory approvals. We had to work with various government agencies and tax authorities to reach agreement on complex arrangements. And, finally, we had to convince our investors and you, our shareholders.

It was a great experience working with my Management Board colleagues and with the hundreds of employees involved in the project across all countries and levels in our company. We fought together for E.ON's future. My sincere thanks to everyone involved.

In this context, I'd like to express my thanks to our employee representatives and work councils. Without their active and constructive support we wouldn't have been able to accomplish all that we did in such a short time. And of course I'd like to say a very special thanks to all of our dedicated employees. My Management Board colleagues and I are aware that we've asked a lot of you in recent months. But even in this very challenging environment we were once again able to count on you. I'm sure I speak for everyone here where I express my sincere thanks to the great employees of E.ON and Uniper.

#### 2015 financial year and outlook

Let's take a moment to review last year, which was particularly challenging. On the one hand, many parts of our business delivered a strong operating performance. We also reduced our economic net debt by 17 percent to €27.7 billion at year-end 2015—and by a further €1.1 billion to €26.6 billion at the end of the first quarter of this year. On the other hand, however, other

parts of our business faced enormous adverse conditions resulting from new lows in power and commodity prices. Just a year or two ago, no one could've imagined that prices could reach these depths. The situation was exacerbated by persistently low interest rates, which have a considerable adverse impact on E.ON and all other companies with long-term obligations, such as pensions for our employees.

In this context, I think our 2015 results were pretty decent. Although our operating EBITDA of €7.6 billion and operating cash flow of €6.1 billion were both below the prior-year figures, they were in line with our original forecast. The decline mainly reflects the disposal of certain noncore businesses, adverse price developments in the generation business, low oil and gas prices, and an extremely weak Ruble. Our underlying net income of €1.6 billion was at the prior-year level and likewise in line with our forecast.

Despite our good operating performance, we're of course not satisfied with our results: owing to the need to record impairment charges of €8.8 billion, we recorded a net loss of €7 billion for the 2015 financial year. We had to record these charges on the goodwill of upstream activities we'd acquired in the past, particularly the E&P business in the North Sea. We also recorded impairment charges primarily on generation assets in and outside Germany, whose value has shrunk substantially because of the structural changes in our industry. Ultimately, however, these massive corrections also indicate that our plan to divide the Group into two companies is urgently necessary.

Despite the significant impairment charges, we're proposing—in view of our 2015 operating results and the promise we made to you two years ago—for E.ON to pay out a dividend of 50 euro cents per share. This corresponds to a payout ratio of 60 percent of underlying net income and a dividend ratio of more than 6 percent—which compares very well with other DAX companies. We can pay this dividend from the free cash flow we generated in 2015. Despite the net loss we reported, we therefore consider the dividend reasonable. As you can see, E.ON keeps its word: we're standing by the dividend we promised.

In the first quarter we got off to a pretty good start into the new financial year. The business environment for energy production deteriorated even further, at least in the first few months. European wholesale power prices—already at a low level—declined by a quarter in the first months of this year.

Nevertheless, our first-quarter performance was in line with our expectations and, more importantly, with those of the capital market. Our EBITDA increased from €2.8 billion to €3.1 billion. Our underlying net income rose to €1.3 billion. In and of itself this is pleasing, although we know that the earnings increase is predominantly attributable to a nonrecurring positive effect resulting from the agreement Uniper and Gazprom reached in late March to adjust the terms on long-term gas supply contracts. This enabled us to release provisions, which we recorded in income in the first quarter.

Without this effect our first-quarter earnings would've been slightly below the prior-year figure.

Factoring in this nonrecurring effect, we expect E.ON's full-year 2016 EBITDA to be between €6.4 and €6.9 billion and its underlying net income to be between €1.5 and €1.9 billion. Of course you know that the number we report next spring will look different because in the interim—pending your approval—the Uniper spinoff will have taken effect. In this case two independent companies will report their respective 2016 business performance.

The new E.ON will enter the future with a solid financial foundation and balance sheet. Just a few weeks ago, rating agencies affirmed that their existing ratings of BBB+ and Baa1 would apply to the new E.ON as well. Uniper too received an investment-grade rating of BBB- with a stable outlook, on the basis of which it obtained independent bank financing. The basis for this is an accounting and financial plan which serves as the foundation for the spinoff report to today's Annual Shareholders Meeting along with the finance plans and performance agreements of the members of the E.ON and Uniper Management Boards. A few weeks ago we provided you with a whole range of future key figures and targets for your E.ON. We call it "E.ON Focus." The main person behind this is our new CFO, Michael Sen, who made Siemens Healthcare into a company with an excellent reputation for capital efficiency and a strong balance sheet. Michael will pay particular attention to ensuring that we prudently manage the capital you've entrusted us with. That we maintain a healthy balance between investments, growth, debt, and dividend payout. Michael, I'm pleased to have you on board as our new CFO.

Our Annual Shareholders Meeting serves not only as a forum for reporting to you about the previous financial year and our start in the new year. We always talk with you about the company's strategic prospects as well. Where we stand. What our objectives are. And how we intend to achieve them. I'd like to add that we're not here just to report to you. We're primarily here to listen to you. Because your opinion is important to us.

At last year's Annual Shareholders Meeting we talked in detail about E.ON's new strategy. As I already mentioned, today we'll ask you to approve the spinoff of Uniper from E.ON. In late April we provided you with the spinoff report, which explains in detail the spinoff's accounting effects. I'll say more about our proposed resolution in a few moments. For now I'll simply point out that the spinoff will provide you, our shareholders, with additional options. You'll be able to decide yourselves whether you wish to invest in the new or the conventional energy world or in both. You'll be able to buy or sell E.ON and Uniper stock independently of one another, giving you greater flexibility in managing your portfolio.

Of decisive importance for us and you, however, are the strategic opportunities and the related prospects for value creation and growth: going forward, E.ON and Uniper can focus entirely on their respective—and very different—markets. This is important and a good thing. This is the overwhelming opinion of the capital market as well. I've talked to a lot of investors and financial analysts. My impression is that they view our course as correct and reasonable. It's generally recognized that the spinoff will give both companies much better prospects for the future than they would have under our old setup.

The new E.ON

Your support today will result in the creation of a new E.ON.

Energy networks

The new E.ON's first core business is operating energy networks in six countries in Europe consisting of roughly 1 million kilometers of power and gas lines. Eighty percent of this business is in established and stable regulatory systems. The transition toward a low-carbon future is taking place in energy networks. It may surprise you to learn that already 80 percent of the electricity flowing through E.ON energy networks in Germany comes from renewable sources. Every third kilowatt of renewables capacity in Germany—360,000 production facilities in all—is connected to our network. And our engineers have made our networks smarter and more efficient, which benefits our customers and supports the energy transition. For example, we've invested in voltage-regulated transformers in our distribution networks in Germany, which significantly increase our networks' ability to handle feed-in from wind and solar power. This means that we can invest less to achieve the same result, which is in our customers' interest. And it means we're making our networks capable of accepting more green electricity.

Increasingly, our regional energy networks are becoming the internet of a distributed energy system. They connect millions of customers who want more than just a reliable electricity supply. Many want to generate energy themselves and sell their surplus. This output fluctuates dramatically, and these fluctuations need to be balanced out, something I believe E.ON is better at than other operators.

The earnings and cash flow of the network business are stable and solid, and the future profitability looks good. Developing and operating innovative energy networks is our proven strength. We rank among the most efficient network operators in Sweden and Germany. That makes life easier for our customers.

When you have a large network business like ours, it's important to have the right balance between central planning and local operational control.

Ensuring that we maintain this balance is the responsibility of Leonhard Birnbaum, our Chief Regions Officer. Leo draws on his knowledge as an engineer and on his many years of experience at McKinsey and one of our competitors, both in Germany and elsewhere. He's the driving force behind our effort to achieve lasting improvements in our efficiency, improvements that are only possible if our front-line employees feel empowered to give us their suggestions. Our watchwords are lean management and operational excellence, which stand for our relentless commitment to design better solutions, reduce our costs, conserve natural resources, and, especially, provide an enabling work environment for creative employees. Leo, I'm certain that you will bring our E.ON team to a high level of efficiency.

#### Customer solutions

The new E.ON's second core business is customer solutions, from standard energy and heat sales to new and innovative products and services. We already have a strong track record in providing embedded combined-heat-and-power solutions, a business in which E.ON has long been a market leader in Germany and elsewhere.

Here are two nice examples: just a few weeks ago we and Evonik Industries inaugurated a high-efficiency combined-cycle gas turbine at Marl Chemical Park, just 30 kilometers from here. The turbine is individually tailored to Evonik's needs. It replaces an old coal-fired generating unit, thereby reducing Marl's carbon emissions by about 280,000 metric tons per year, which is roughly equal to the emissions of a town of 30,000 people.

Another example is the fuel-cell power plant that will enter service in the next few weeks at a production facility in Mannheim operated by FRIATEC, one of our industrial customers. It will be the first such power plant with more than 1 megawatt of capacity. This project, which is unprecedented in Europe, demonstrates that E.ON can design the right energy solutions that meet extremely demanding technical requirements.

We also give our large industrial and commercial customers the option of connecting their generating units—and, indeed, entire production facilities—with our central energy management system. This system optimizes the energy use of 32,000 different facilities and helps our customers conserve energy and use it more efficiently. We offer a variety of innovative energy solutions to our residential customers as well. Some 400,000 of our residential customers already use E.ON services that go beyond power and gas supply. In April of this year we started marketing the E.ON Aura electricity storage system in Germany.

Electricity storage systems like this one are not some sort of technical fad. To become largely energy-autonomous, customers need to be able to store the electricity generated by devices like solar panels. E.ON Aura is the most efficient and economically attractive electricity storage system currently

available in the German market. It can meet the entire electricity needs of a three- to four-person family during the evening and night hours. We developed E.ON Aura in partnership with SOLARWATT, a solar company based in Dresden.

Karsten Wildberger is the new member of our Management Board responsible for these businesses. He's a physicist with abundant knowledge gained in other industries that already have a sharper customer focus and extensive experience from his professional life in Germany, England, Romania, and, most recently, Australia. As our Chief Markets Officer, he will further sharpen our focus on innovation and customers. He's only been with us a few weeks, but we can already sense his drive and commitment to making E.ON a leader in customer solutions. Karsten, the other members of the Management Board and our employees look forward to working with you.

#### Renewables

The new E.ON's third core business is renewables, which Bernhard Reutersberg oversees. E.ON entered the renewables business in 2007 with the aim of helping renewables to achieve technological maturity as quickly as possible. Ten billion euros of investments and more than 3,000 wind turbines later, we're now the world's second-largest offshore wind company and rank among the top ten in onshore wind in Europe and North America. Last year alone we commissioned two large wind farms in the U.K. and German North Sea. If you drive toward Copenhagen in Zeeland, sail in the North Sea near Helgoland island, or look out over the Channel from the southeast coast of England you'll see huge deep-water wind farms that your company has brought online in recent years. They represent a significant technological and financial achievement. New projects off Brighton in the English Channel and off the island of Rügen in the Baltic Sea have been approved and are, in the first case, already under construction.

Last year we produced 10.5 terawatt-hours of green electricity. That's enough to meet the needs of more than 2.5 million households. Renewables will account for at least 80 percent of our generating capacity by 2025. Renewables have a very attractive risk-return profile and are therefore a mainstay of our earnings.

The main person on our team responsible for these achievements is Bernhard Reutersberg. Like me, he has been with E.ON for many years. And during the past four years he personally led our E.ON 2.0 efficiency-enhancement program. Bernhard, without your hard work and dedication we wouldn't have had in place the business prerequisites for us to even think about recommending our new strategy. And your wealth of experience as the CEO of E.ON Ruhrgas, in energy trading, and in our business in Russia makes you the perfect person to serve as the Chairman of the Uniper Supervisory Board and to work with its Management Board to guide the company to a

successful start and through its tempestuous markets. Many thanks, Bernhard, it has been a pleasure working with you all these years.

These three core businesses—energy networks, customer solutions, and renewables—give us a strong position in the main arenas of tomorrow's energy world. This setup has a clear business logic and also ensures an optimal opportunity-and-risk profile, since it combines the stable earnings of the network business with growth opportunities in customer solutions and renewables. Together, these three businesses form a balanced and solid foundation from which we intend to tap the many opportunities for creating lasting value and successful growth.

Along with the strengths I've already described, the key success factors are our employees: employees who are dedicated, who get excited about trying new approaches, who want to understand our customers and not just supply them with energy.

Dear ladies and gentlemen, your E.ON has all that it needs to become, in the years ahead, a leading company in the new energy world.

#### Uniper

Uniper too has very good chances in the conventional energy world. Today we're asking you to approve the spinoff of Uniper. After the spinoff takes effect, E.ON will initially still have a 46.65-percent stake in Uniper. The minority stake E.ON intends to retain in Uniper is meant to send a clear message. It shows that we have faith in Uniper's potential and opportunities. These opportunities lie in part in the fact that in the future Uniper will be able to go its own way and be independent of E.ON. That's why from the beginning we'll exert no management control over Uniper. Being a publicly listed corporation will give Uniper ample room for maneuver to successfully position itself for the future. After all, a reliable and stable energy supply remains an indispensable need in all countries, particularly during a time when the energy system is undergoing a profound transformation. Providing this supply therefore remains a viable business model. We intend to sell our remaining Uniper stake over the medium term. This will increase the free float of Uniper stock and make the company fully independent. And of course the anticipated sales proceeds will strengthen your new E.ON.

Uniper operates in more than 40 countries and is one of Europe's largest power producers and energy traders. Its operations are well diversified by technology and region. The hydro and fossil power plants in Uniper's European generation business deliver similarly high earnings streams. Uniper's large gas business consisting of storage facilities and stakes in pipelines offers reliable margins. Thanks to Russia's sensible capacity-market mechanism, the power business in Russia generates stable earnings.

As you know, however, the situation in Uniper's core markets is very difficult. The downward trend of Europe power prices has gathered additional momentum in recent months. Adverse translation effects of the Ruble and certain other currencies are having a negative impact as well. Some price indicators have recovered quite a bit from their lows in recent weeks. Uniper has nevertheless initiated measures to bolster its competitiveness even in challenging times and to enable it to weather even the severest storms. The objective is to optimize all parts of the company: its costs, investments, and portfolio of businesses.

Cost reductions and disposals will ensure that Uniper has the financial flexibility for the spinoff phase and beyond. Uniper will have to exercise financial discipline and restrict itself to very moderate investments in the next few years. Uniper plans to pay out a dividend of about €200 million for the 2016 financial year, the first year of its operation. Starting with the 2017 financial year, the dividend will be based on Uniper's free cash from operations.

As you can see, the Uniper Management Board under the leadership of Klaus Schäfer, our former CFO, has devoted all its energies to putting the company on a stable course. Klaus, you and I have worked together closely and in an atmosphere of mutual trust for many years, and I'd like to express my sincere thanks for this. I'm certain that you and your team will lead Uniper to a good future.

#### PreussenElektra

PreussenElektra, which consists of our remaining nuclear energy business in Germany, is the new E.ON's second noncore asset. It will operate our three active nuclear power stations safely until the final one is decommissioned in 2022 and dismantle all decommissioned nuclear power stations in a safe and orderly fashion.

In early May Germany's Commission for Organizing and Financing the Nuclear Energy Phaseout presented its report. From E.ON's perspective, the commission's recommendations include positive aspects as well as aspects that present us with significant challenges. We welcome the commission's recommendation to divide the responsibilities for the phaseout clearly and definitively: we would remain responsible for operating and dismantling nuclear power stations, whereas the German state would assume all responsibility for the intermediate and final storage of nuclear waste.

The commission's recommendations also place an enormous additional financial burden on E.ON and other operators. This burden, which will have a profound impact on our company's basic financial structure, will result in particular from the lump-sum risk premium the commission recommends that we pay on top of our provisions, even though the commission and the German federal government agree that these provisions already cover all

imaginable risks. We believe a more nuanced solution would've been significantly more appropriate. The premium would mean that E.ON would have to delay some future investments and achieve additional costs savings, which will slow down the implementation of our new strategy a bit.

Nevertheless, we're interested in resolving this issue soon and definitively as part of a broad public consensus on Germany's phaseout of nuclear energy. Part of the solution will be to release us from the liability for long-term obligations in return for payment of a risk premium on top of the transfer of the corresponding long-term provisions. In particular, this will benefit you, our shareholders, because it will definitely remove from the company and its shareholders the significant uncertainty surrounding the risks and costs of storage—which depend entirely on policymaking decisions—for centuries to come. In principle, we're willing to accept such an arrangement. And we hope that it will clarify all relevant liability issues. It would make it possible to bring the era of nuclear energy in Germany to an amicable conclusion.

#### Sustainability

Sustainability is part of the new E.ON's DNA. We're helping to build a climate- and customer-friendly energy future. All three of the new E.ON's core businesses promote climate protection. Our climate performance hasn't gone unrecognized. Our carbon reporting was ranked as the best among companies in German-speaking countries.

Customer relations are also an aspect of sustainability. Customers' satisfaction with E.ON has been increasing in all of our markets. And E.ON UK was named the most popular large energy supplier in Britain for the second year in a row.

Another aspect of sustainability that's particularly important to us is to support the personal and professional development of our employees. It starts, of course, with vocational training, which has long been a top priority at E.ON. And it will stay that way. We had about 1,250 apprentices in Germany at year-end 2015, of whom about 330 joined our company last year.

Our training initiative in Germany will continue as well. It helps young people find the career that's right for them, offers employment opportunities to unemployed and socially disadvantaged young people, and, in particular, provides training support for people with disabilities.

As you know, occupational safety has the highest priority at our company. Every accident is a severe blow for family members, for coworkers, and for all of us here at E.ON. We investigate every accident very thoroughly. What went wrong? Did we really do everything we could to prevent it? What can we do better in the future?

Our safety target for 2015 was to reduce our total reportable incident frequency (TRIF) per million hours of work to 3 for E.ON and contractor employees. We actually achieved a TRIF of around 2 in 2015, thereby significantly surpassing our target.

If there are societal problems we can help with, we're happy to do so. For us, this goes without saying. This includes the integration of refugees. We've put a number of programs into place, and many E.ON employees are active as volunteers.

For example, we're partnering with TÜV NORD to offer a preparatory training for an apprenticeship along with instruction here in Essen. In addition, we offer refugees introductory training, short-term internships, and workshops to hone their job-hunting skills. We've also made empty office buildings at two power stations—Veltheim in west-central and Pleitling in southeast Germany—available as rent-free housing for refugees. In Sweden we conduct an internship program for 50 university graduates born outside the country. We give E.ON Deutschland employee volunteers up to five days off work each year. I'd like to take this opportunity to thank these employees. We're proud of you.

We intend to undertake the largest transaction of Europe's recent industrial history. It would create nothing less than a new E.ON, a company fully dedicated to the energy future. And at the same time we're setting Uniper on a good course of its own.

We've resolutely implemented our plan and kept our sights firmly on our objective. We've given E.ON and Uniper a solid financial foundation. We've provided you, our shareholders, with complete transparency about all the implications of the spinoff.

Today is the big day we've all worked toward: the Annual Shareholders Meeting at which all depends on your approval.

I therefore ask you, our shareholders, for your support today. We ask that you approve the spinoff. We ask you to accompany us—E.ON and Uniper—on our journey into the future, a future that will offer new opportunities to grow, create value, and to secure and create jobs. Thank you for listening.

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