

The logo for e.on, featuring the lowercase letters 'e' and 'on' in a white, rounded, sans-serif font, separated by a dot. The logo is positioned in the upper left corner of the slide.

**"E.ON will be the world's leading power
and gas company"**

January 2005



OneE.ON: Making E.ON add up to more than the sum of its parts

Our Vision

E.ON will be the world's leading power and gas company.

Our Mission

For this to happen, we must be valued by **our customers** for bringing competitive solutions, reliability, comfort and convenience to their lives and businesses.

We win by being **an integrated power and gas company**, combining international strength with local focus and applying the best ideas from across our group and beyond.

If we do this, **we create superior value for our shareholders** and top opportunities for our employees.

E.ON – Top priorities are Integration, Performance, and Growth

- **Integration** under the motto “OneE.ON” (one company, one mission, one set of values)
- **Performance targets until 2006:** ROCE at least 10.5%, free cash flow at least 2.4 bn € p.a. on average and double-digit dividend growth rate on average
- **Future business growth will come from:**
 - existing core markets (Central Europe, Pan-European Gas, UK, Nordic)
 - new potential markets (Italy, Bulgaria, Romania, Russia)
 - in total we plan to invest € 18.7 bn in our mid-term investment plan for 2005 - 07
- However, growth is **NOT** at the expense of performance or financial flexibility
 - we remain committed to rigorous financial criteria for all investments
 - our free cash flow targets are unchanged despite higher planned investments
 - we plan to maintain a strong balance sheet

 **These priorities will further support our goal of increasing shareholder value**

E.ON – Accomplishments of the on.top project in 2004

- A market unit oriented Group structure implemented
- The “OneE.ON” concept (one company, one mission, one set of values) launched on a Group-wide basis
- Integration of activities continued and best practice procedures implemented throughout the Group
- A rebranding campaign successfully implemented in many of the market- and business- units of the Group
- Several strategic acquisitions realized in the power and gas businesses to further:
 - consolidate or expand positions in our core markets
 - integrate our business along the value chain
- E.ON’s strong financial position further improved

 **Performance remains the priority to deliver value**

The on.top program continues to result in a strong performance in all core businesses ...

Nine Months in million €

	2004	2003 ¹	+/- %
Central Europe	2,703	2,256	+20
Pan-European Gas	1,175	1,137 ²	+3
U.K.	720	497	+45
Nordic	489	351	+39
U.S. Midwest	275	246	+12
Corporate Center	-226	-272	-
Core Energy Business	5,136	4,215	+22
Other Activities ³	394	430	-8
Adjusted EBIT⁴	5,530	4,645	+19

1) Pro forma figures according to the new market unit structure; adjusted for discontinued operations

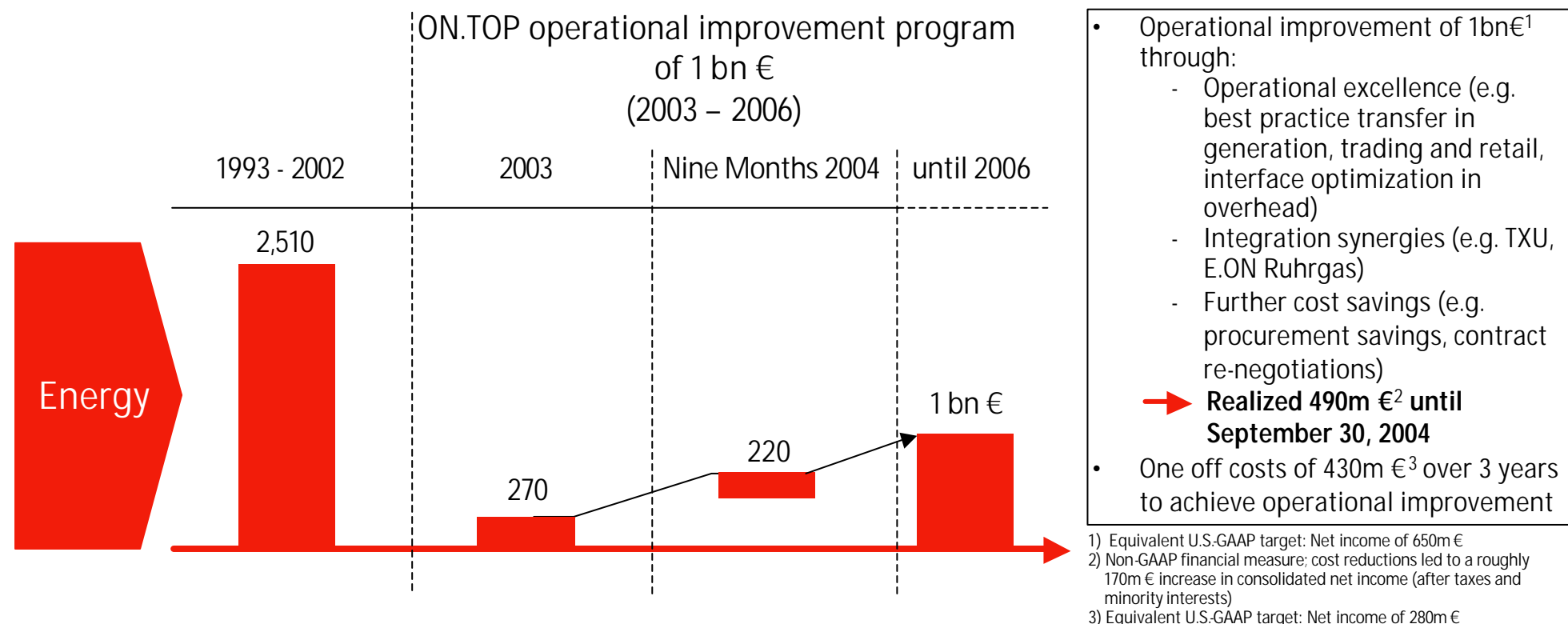
2) E.ON Ruhrgas for the period February 1 - September 30, 2003

3) This segment consists of Viterra and Degussa; the latter has been accounted for using the equity method since February 1, 2003

4) Non-GAAP financial measure; reconciliation to consolidated net income see Interim Report p. 5 and commentary on pages 30-31

Operational improvement in the energy business – A continuing group-wide process to create further value

in million €



→ In addition to the successful operational improvement program in the past, within only four years (2003 – 2006) E.ON will realize another 1 bn € in its core business energy.



E.ON Group – The on.top program continues to result in a strong cash flow

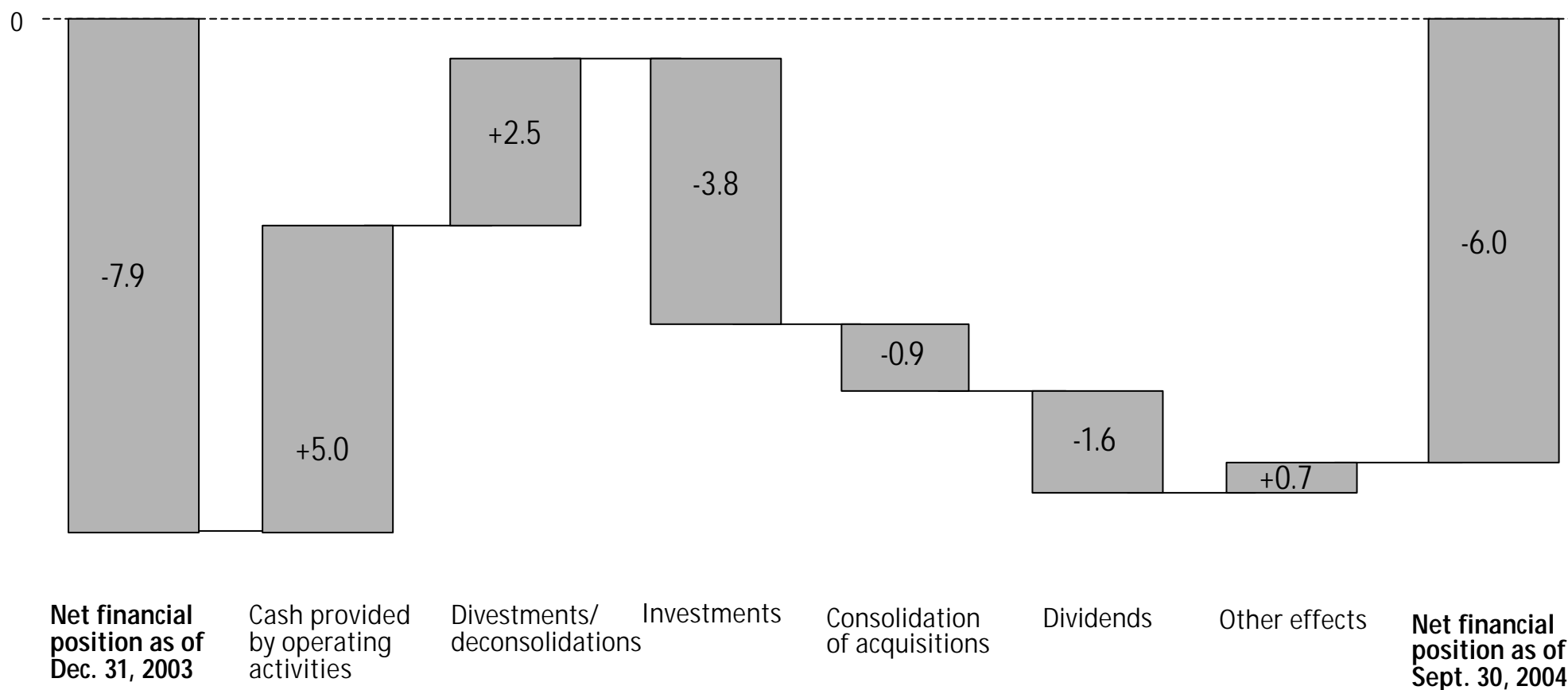
Nine Months in million €

	2004	2003 ¹	+/-
Central Europe	2,195	3,180	-985
Pan-European Gas	1,097	746 ²	+351
U.K.	591	256	+335
Nordic	772	531	+241
U.S. Midwest	144	169	-25
Corporate Center	181	-816	+997
Core Energy Business	4,980	4,066	+914
Other Activities	22	10	+12
Cash provided by operating activities	5,002	4,076	+926
Investments in intangible assets and property, plant and equipment	1,692	1,689	+3
Free cash flow³	3,310	2,387	+923

- 1) Pro forma figures according to the new market unit structure
- 2) E.ON Ruhrgas for the period February 1 - September 30, 2003
- 3) Non-GAAP financial measure

E.ON Group – Continuing improvement of Net Financial Position¹

in billion €



1) Non-GAAP financial measure; reconciliation see Interim Report, p. 17

E.ON Group - Outlook 2004

Expected adjusted Group EBIT:



Positive trend confirmed: Double digit percentage growth in adjusted EBIT for the entire Group

Expected adjusted EBIT by Market Units:

Central Europe



To surpass last year's level markedly

Pan-European Gas



To be nearly on par with last year's exceptionally high level

U.K.



To be significantly above prior-year level

Nordic



To be up markedly from last year's figure

U.S. Midwest



To be ahead of last year's level in US Dollar and Euro currency

Expected Group Net Income:



To reach last year's high level due to continued growth in adjusted EBIT and positive effects of mark-to-market valuations

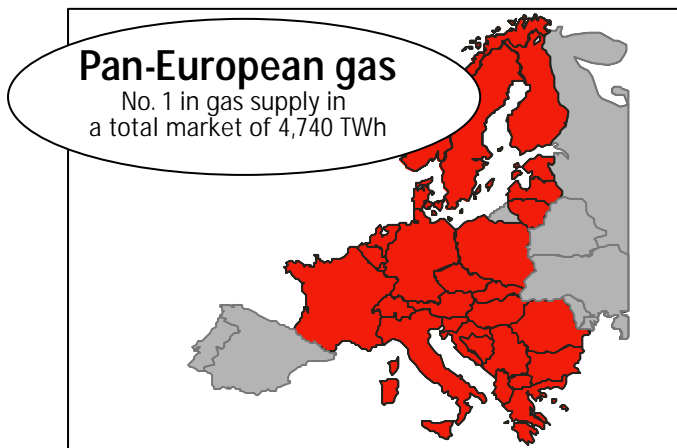
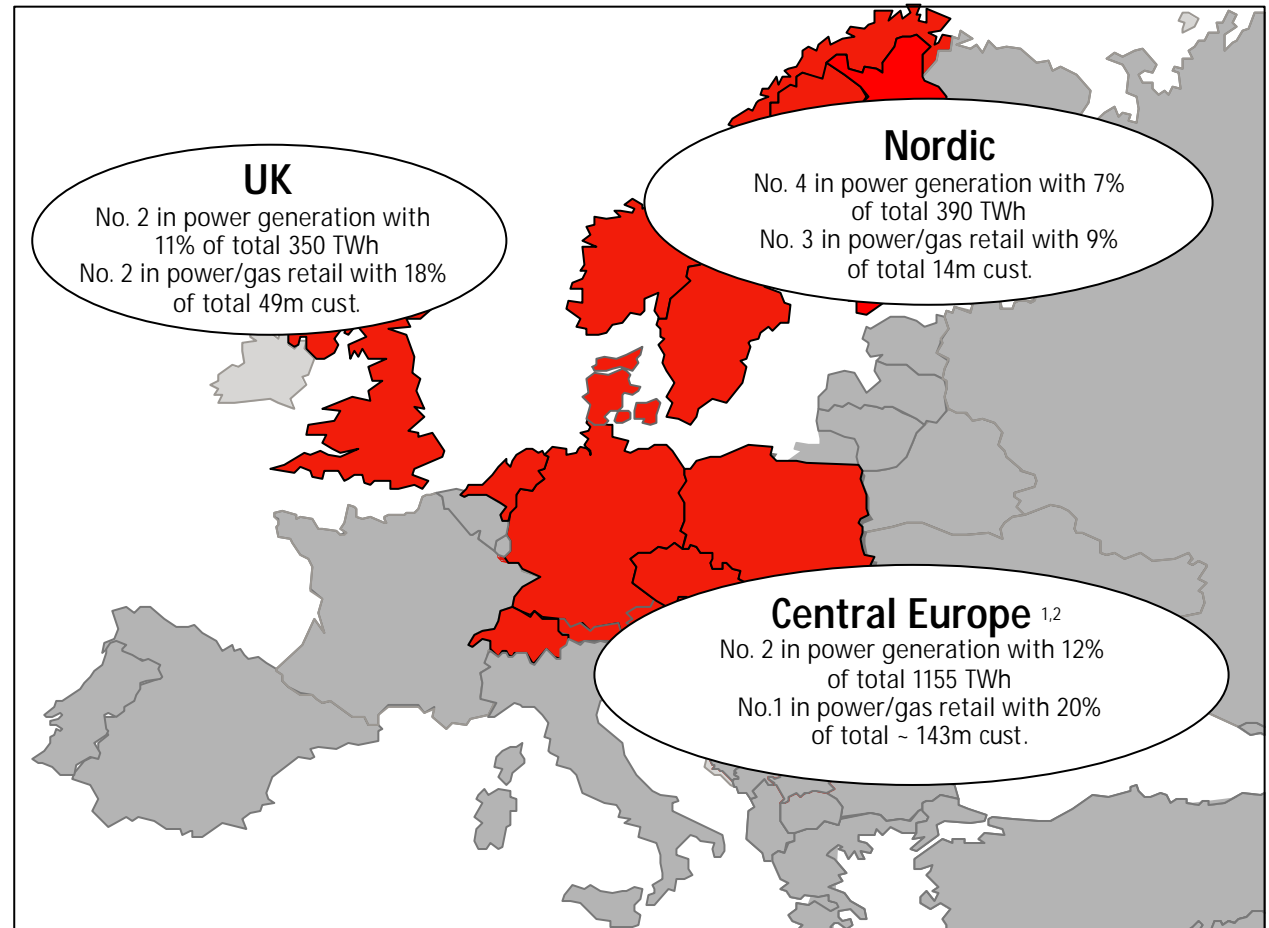
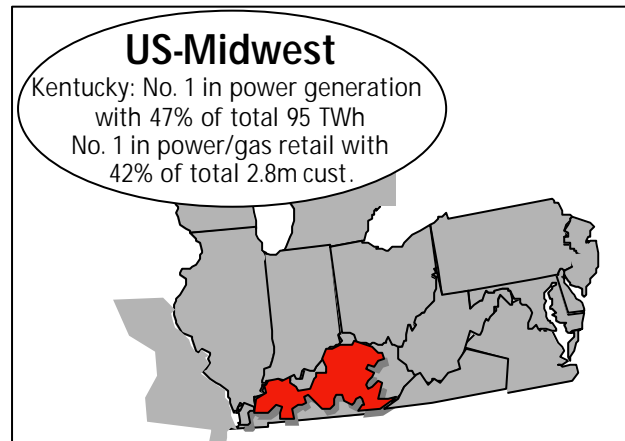
Where we expect growth to come from . . .

. . . core existing markets

. . . and potential new markets

We focus on five core markets with strong E.ON positions

Market positions – power and gas

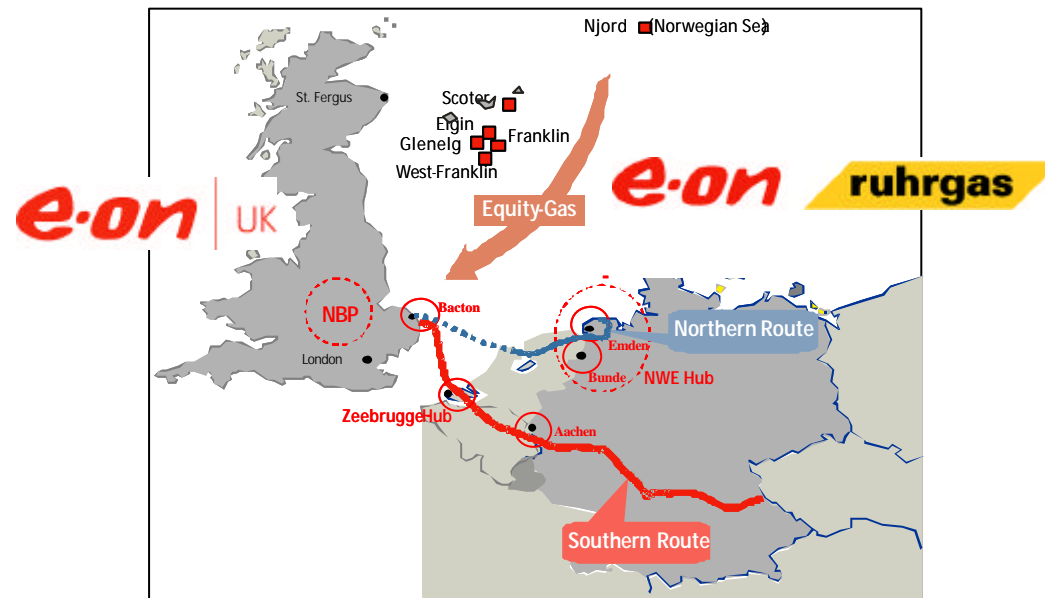


¹ Includes Germany, Netherlands, Austria, Switzerland, Hungary, Slovakia, Czech Republic, Poland, Romania, Bulgaria

² Includes minorities ≥ 20%

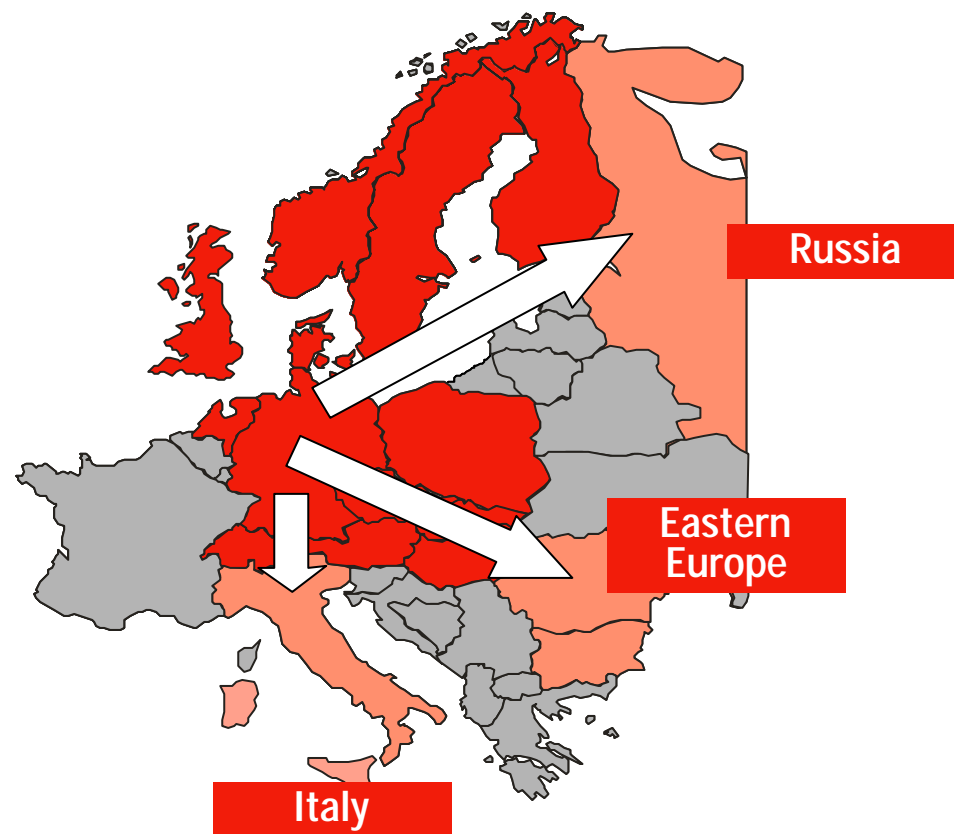
Source: E.ON

Opportunity to extend vertically integrated gas business in UK and Nordic markets



- Construction of the BBL Pipeline from Balgzand to Bacton with a capacity of 16.5 bcm (17% E.ON's share, total investment roughly € 100 m)
- Upgrade of the existing interconnector for reverse flow (11.1% share)
- Potential long term development of Nordic gas supply business

New markets offer growth potential in power and gas



Italy – One of the most attractive markets for power and gas



■ Majority holdings in retail gas distribution

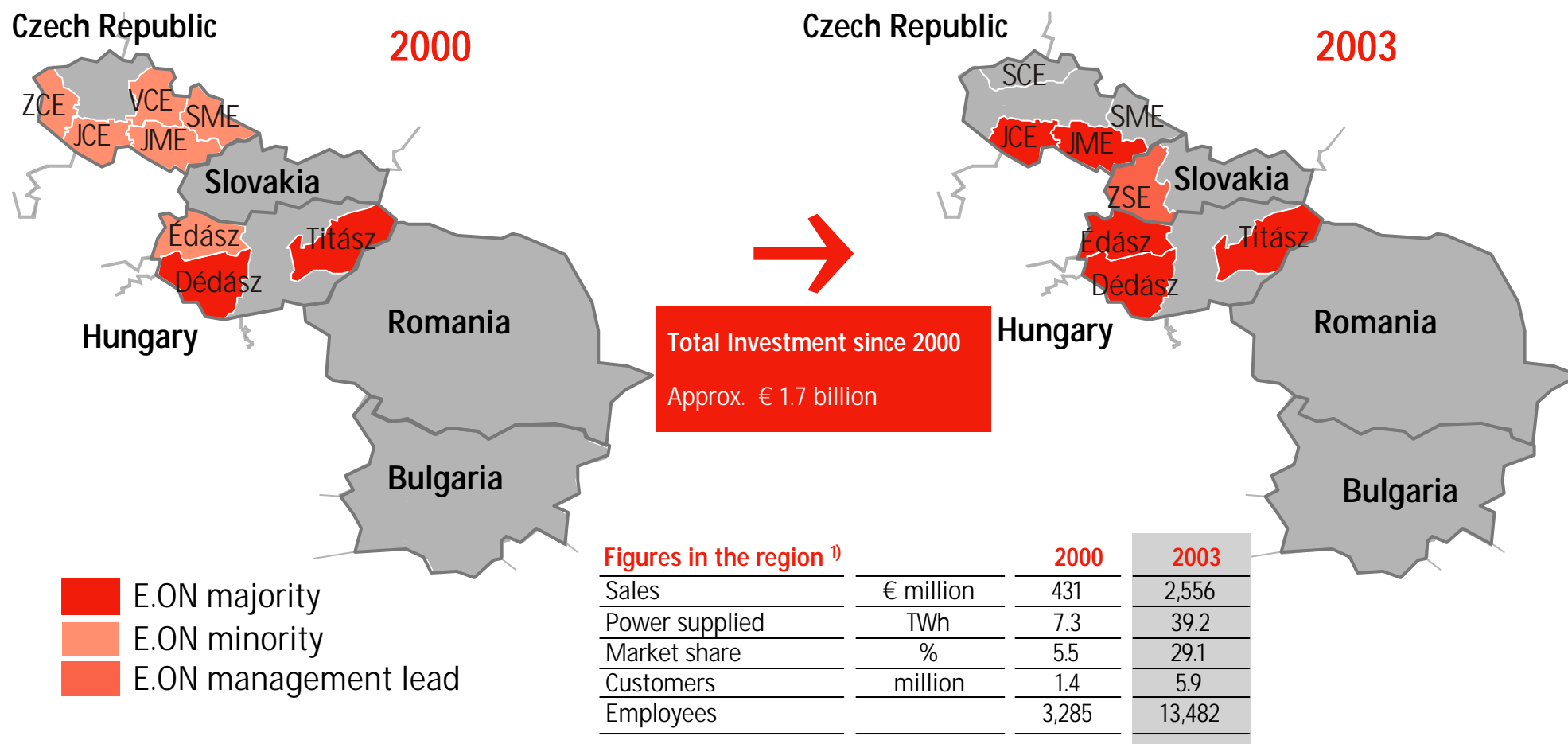
Power

- Italy is Europe's 5th largest power market (290 TWh) offering potential to reach significant scale in operations
- With long-term growth of 2.5% p.a., the Italian market is the fastest growing market in Europe after Spain
- E.ON plans to build two CCGT power plants for a total investment of approx. € 800 m (pending final approval from Italian authorities)

Gas

- Italy is Europe's 3rd largest gas market (740 TWh) offering potential for scale downstream
- With long-term growth of 3% p.a. the Italian market is among the fastest growing markets in Europe
- E.ON - approximate 5% market share in Italian retail gas distribution – increase market share to 10%

Eastern Europe: Through acquisitions and swaps E.ON Energie has achieved a significant consolidated market share in the power business



1) Shareholdings with E.ON Energie management lead. Region: CZ, SK, HU, BG

New opportunities in the Bulgarian power market

E.ON Energie acquires Northeastern Region in Bulgaria



Northeastern Region

- 67% shareholding in each of the two Northeastern regional distributors for € 140.7 m
- Total of both regional distributors:
 - Sales volume: 4.9 TWh
 - Number of Customers: 1.13 m
 - Sales: € 215 m
 - Employees: 3,768
- The deal is expected to close in early 2005

New opportunities in the Romanian power and gas markets

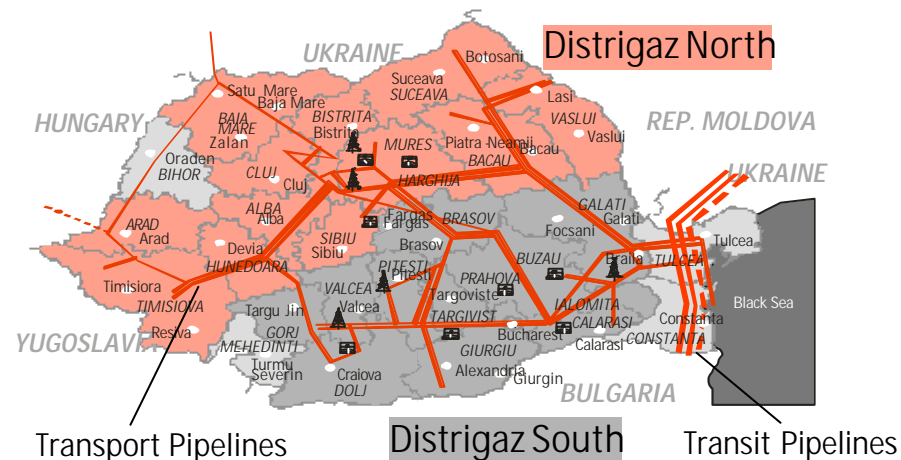
E.ON Energie preferred bidder for Electrica Moldova



Electrica Moldova

- 51% shareholding in the regional distributor Electrica Moldova
- Total of both regional distributors:
 - Sales volume: 4.1 TWh
 - Number of Customers: 1.3 m
 - Sales: € 203 m
 - Employees: 2,800
- The deal is expected to close by mid 2005

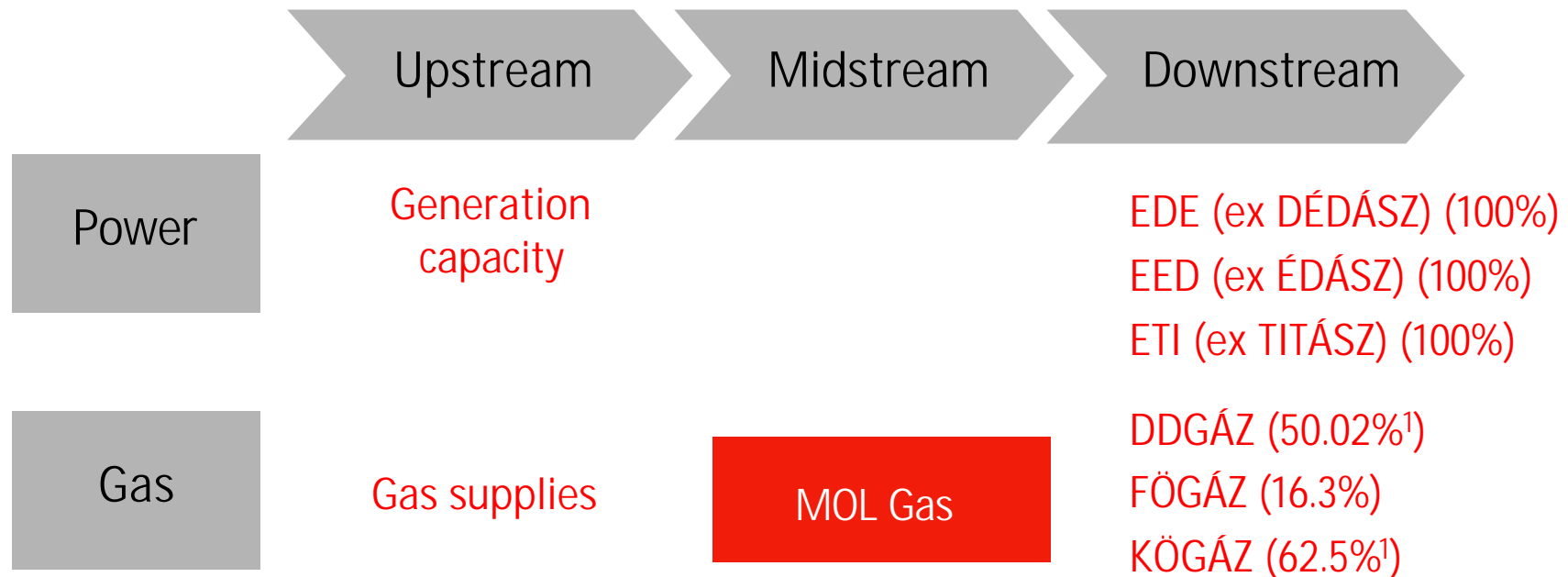
E.ON Ruhrgas acquires Distrigaz North



Distrigaz North

- 51% shareholding in Distrigaz North for € 303 m (30% directly for € 125 m and the difference up to 51% through a capital increase amounting to € 178 m).
- Facts and Figures:
 - Sales volume: 4.6 bcm
 - Number of Customers: 1 m
 - Sales: € 351 m
 - Employees: 9,300
- The deal is expected to close in H1 2005

Acquisition of MOL's gas business creates further value in Hungary

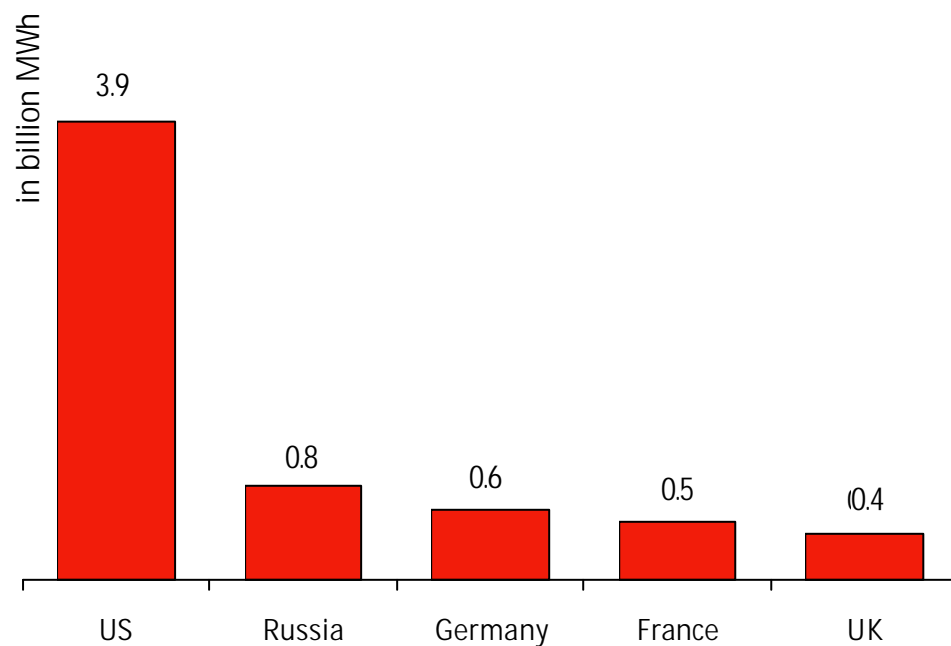


Supporting factors for the acquisitions:

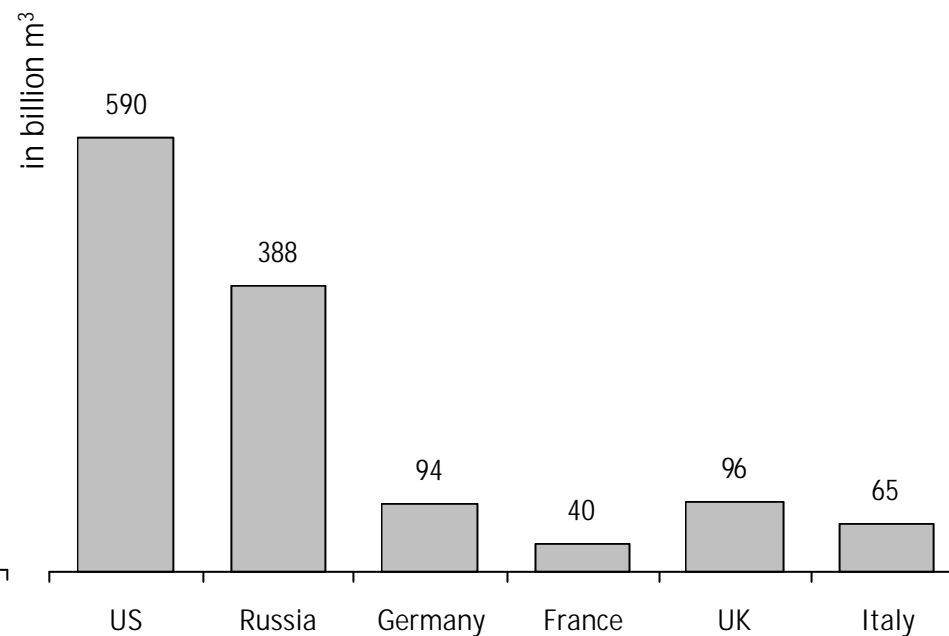
- ➔ Follows E.ON's objective to take advantage of value-enhancing growth opportunities in our core energy business
- ➔ Moves us closer to realizing an integrated gas business
- ➔ Hungary is the second largest gas market in the region after Romania

Russian energy market is of significant size and offers attractive opportunities for growth

POWER DEMAND



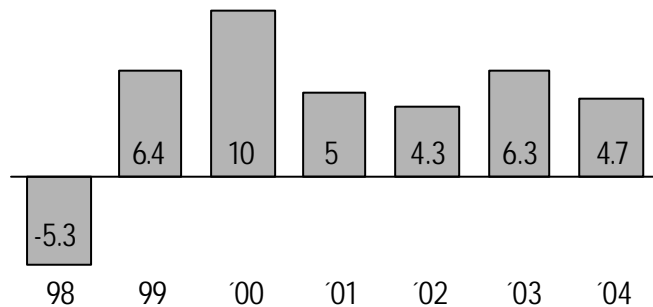
GAS CONSUMPTION



- The government has agreed to raise gas prices by 20% and power prices by 13% in 2004, and 20% and 9.5% in 2005
- As a prerequisite to WTO-membership, Russia has committed to raising domestic natural gas prices for industrial customers from the current USD 27-28 per 1000 m³ to USD 37-42 in 2006 and USD 49-57 in 2010

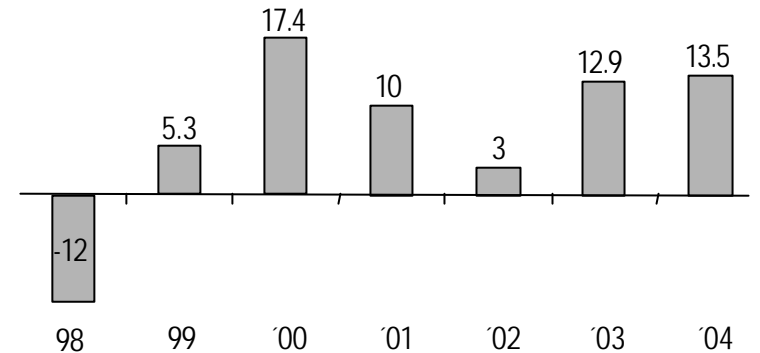
Russian economy has made significant economic improvements

REAL GDP GROWTH IN %



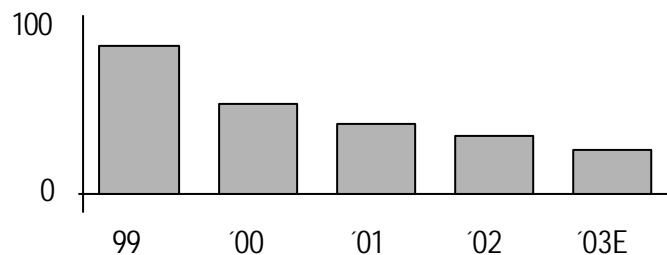
Source: E.ON, JPMorgan

CHANGES IN FIXED INVESTMENTS IN %



Source: Russian government statistics, E.ON, JPMorgan

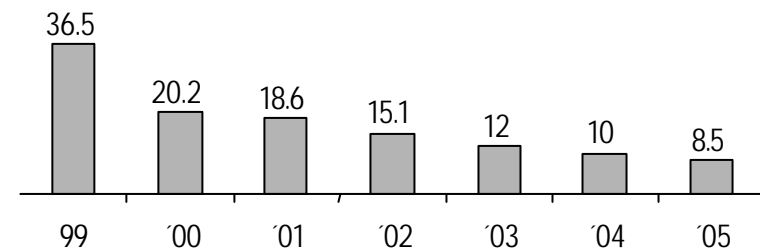
EXTERNAL DEBT/GDP RATIO FALLING (%)



Source: Russian government statistics, ATON

- Steady GDP growth; represented 2.7% of world GDP in 2002
- The Russian Central Bank estimates reserves will reach USD 100 bn by the end of 2004

CONSUMER PRICES UNDER CONTROL
DEC. / DEC. IN %

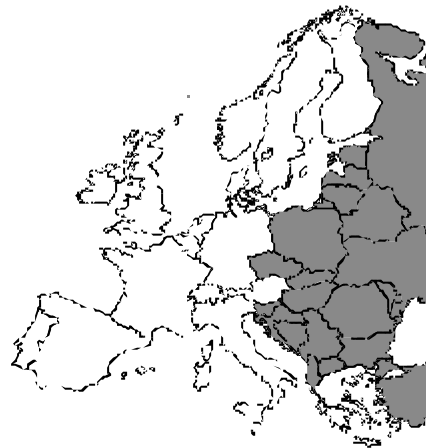


Source: Russian government statistics

- Increase of direct foreign investment by 35% as of 1/2003
- The rate of inflation is expected to steadily decline

Western Europe will increasingly rely on gas imports

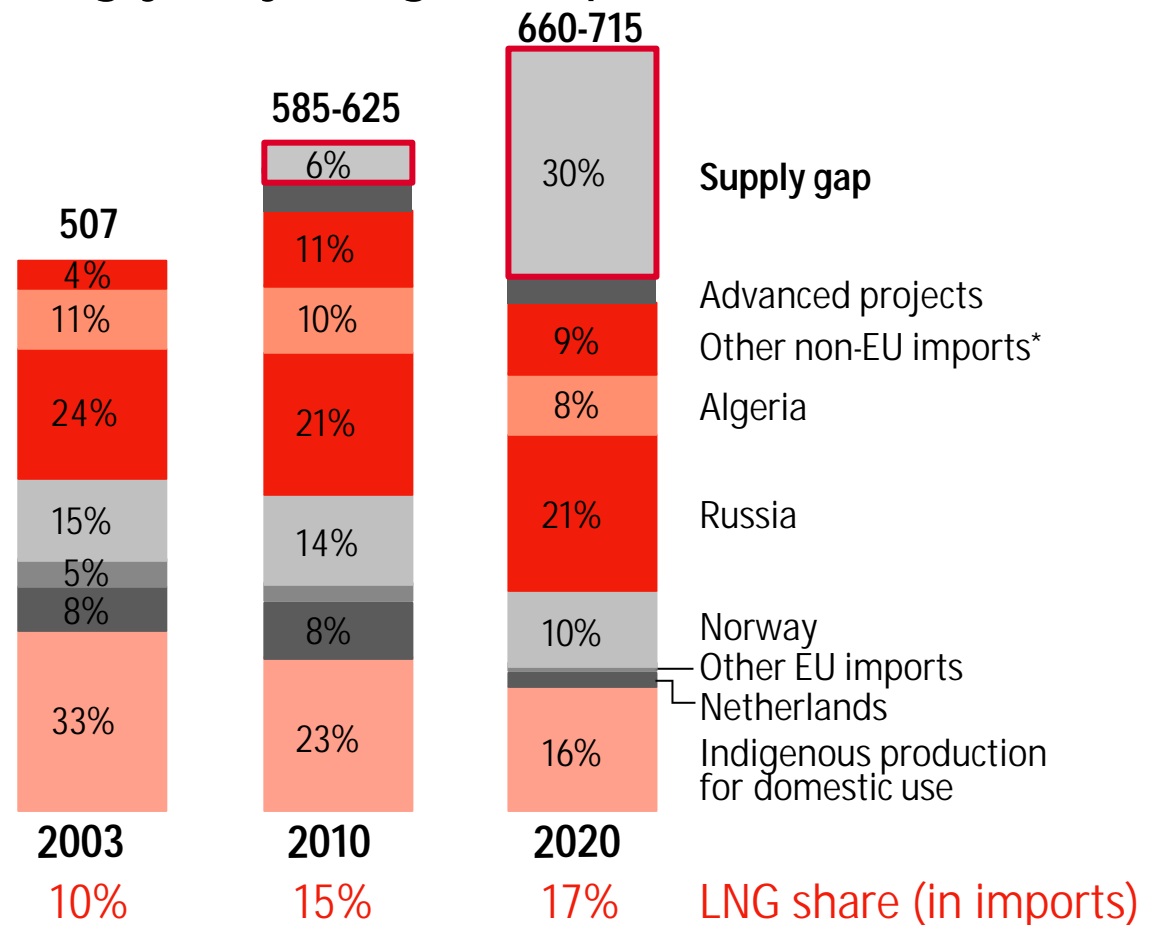
in bcm



Provisional data for 2003

*) of which: 2010 / 2020: Nigeria 3%, Qatar 2%

Basis for imports: Contracted volumes and prospective contract prolongations

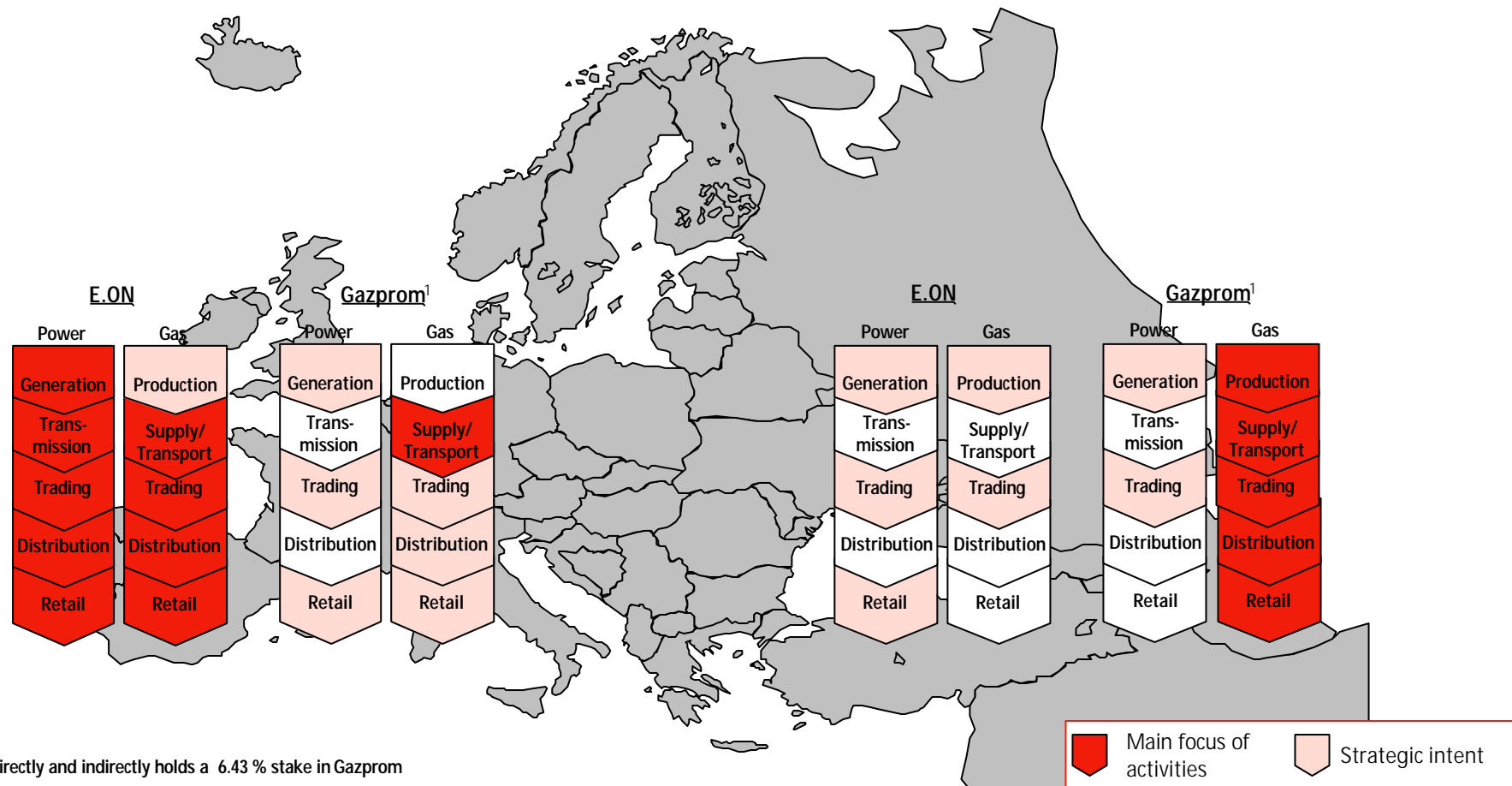


- Increasing supply gap driven by growing demand (almost 60% of total growth comes from power sector), reduced indigenous production and expiry of supply contracts
- Norwegian gas, Russian gas (e.g. via NEGP) and LNG will compete to fill that gap

E.ON / E.ON Ruhrgas and Gazprom complement each other from a business and regional perspective

Central / Eastern Europe / UK

Russia



¹ E.ON directly and indirectly holds a 6.43 % stake in Gazprom
Source: E.ON

E.ON / Gazprom – Identified areas of cooperation Memorandum of Understanding – July 8, 2004

- **Joint development of the gas field Yushno Russkoje (Western Siberia):**
 - Estimated start of production 2008
 - Proven reserves of at least 25 years
 - Production of approximately 25 bcm p.a.
- **Joint construction of the North European Gas Pipeline (NEGP)**
- **Joint Ventures in downstream cooperation in Europe** (still to be defined)
- **Cooperation in the Russian power sector**
 - One of the fastest growing markets in Europe with a growth rate of 6%
 - Significant capacity shortages are expected in Russia

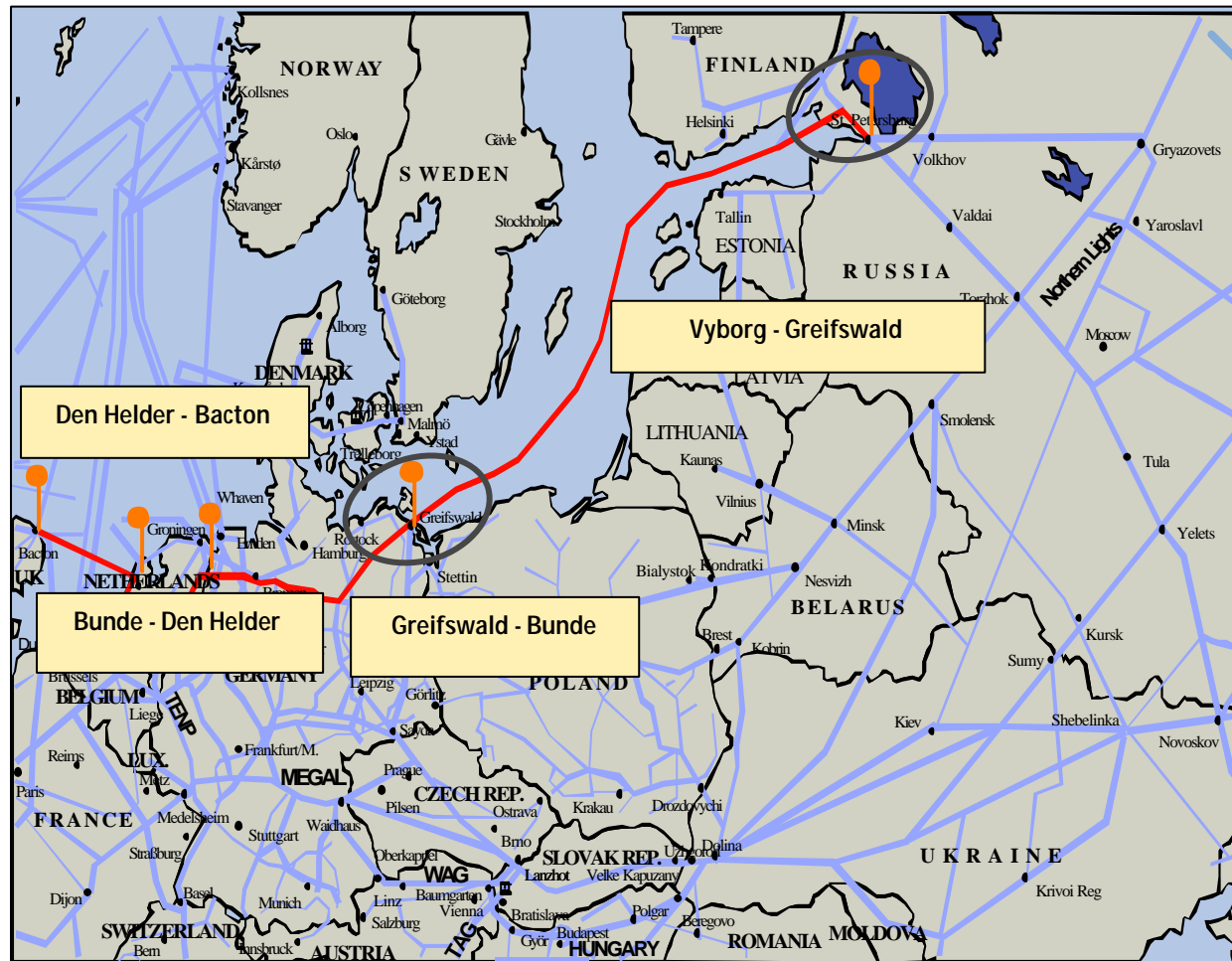
Gas production in Russia: Yushno Russkoje



- Estimated start of production 2008
- Proven reserves of 700¹ bcm or at least 25 years
- Production of approximately 25 bcm p.a. (equivalent to yearly demand of Spain 100% or UK 25%)
- Total investment (100%) USD 1 bn
- E.ON's share still to be determined

¹ Assessment of proven reserves based on Russian standards

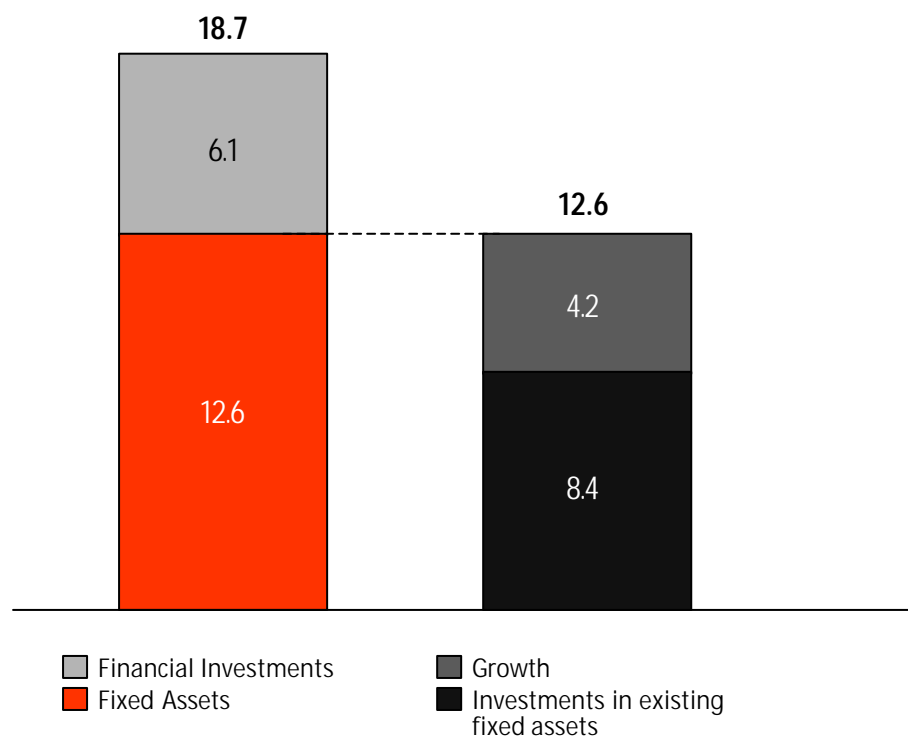
North European Gas Pipeline



- Start of operation expected by 2012
- Planned investment (100%) from Vyborg to Greifswald € 2.0 – 2.4 bn
- Equity / debt financing still to be decided
- E.ON's share still to be determined

The investment plan reflects our selective approach towards future investments

Investment plan 2005-07 in bn €



1) 75% minus one share in the gas trading, storage and transportation business
 2) Including € 1.1 bn for renewable energy

Split of Investments 2005 - 07

Financial Investments

Strengthening position in upstream gas	€ 2.0 bn
MOL ¹	€ 0.7 bn
Further acquisitions in Central Europe	€ 0.6 bn
Put-option on Sydkraft	€ 2.2 bn
Put-option on ZSE	€ 0.3 bn
Other	€ 0.3 bn
Total	€ 6.1 bn

Fixed Assets

Growth

• Power generation ²	€ 2.4 bn
• Power transmission and distribution	€ 0.6 bn
• Gas transmission, distribution and storage	€ 1.0 bn
• Other	€ 0.2 bn

Subtotal € 4.2 bn

Investments in existing fixed assets

• Power generation	€ 2.9 bn
• Power transmission and distribution	€ 4.4 bn
• Gas transmission, distribution and storage	€ 0.7 bn
• Other	€ 0.4 bn

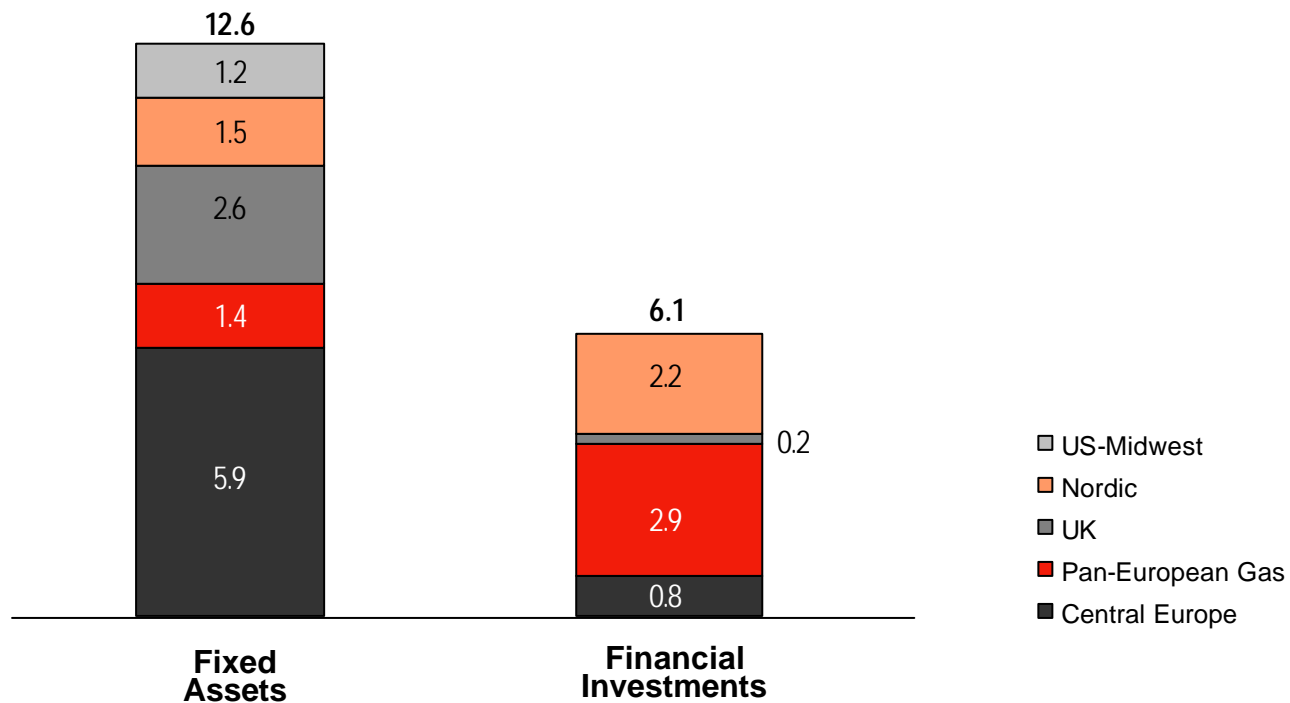
Subtotal € 8.4 bn

Total € 12.6 bn

Total Investments € 18.7 bn

The investment plan focuses on our core markets

Investments by market unit in bn €



Future external growth subject to rigorous investment criteria

Strategic Criteria

- Market attractiveness
(returns, growth, regulation, country risk)
 - Target attractiveness
(asset quality, market position, management quality)
 - Value creation potential
(cost reduction, integration benefits, transfer of best practice)
-

Financial Criteria

- Earnings enhancing in the first full year after acquisition.
 - Returns exceeding cost of capital three years after acquisition in general.
 - Not endanger Group performance targets
-

Summary

- E.ON - the world's largest investor owned utility company
- Focused approach to strategic development and delivering performance
- Strong balance sheet and one of the best ratings in the utility industry
- Clear commitment to performance targets and total shareholders returns
- E.ON stock reaches all-time high
 - E.ON Xetra: € 68.15 per share (as of January 3, 2005)
 - E.ON NYSE: US\$ 91.34 per share (as of December 28, 2004)

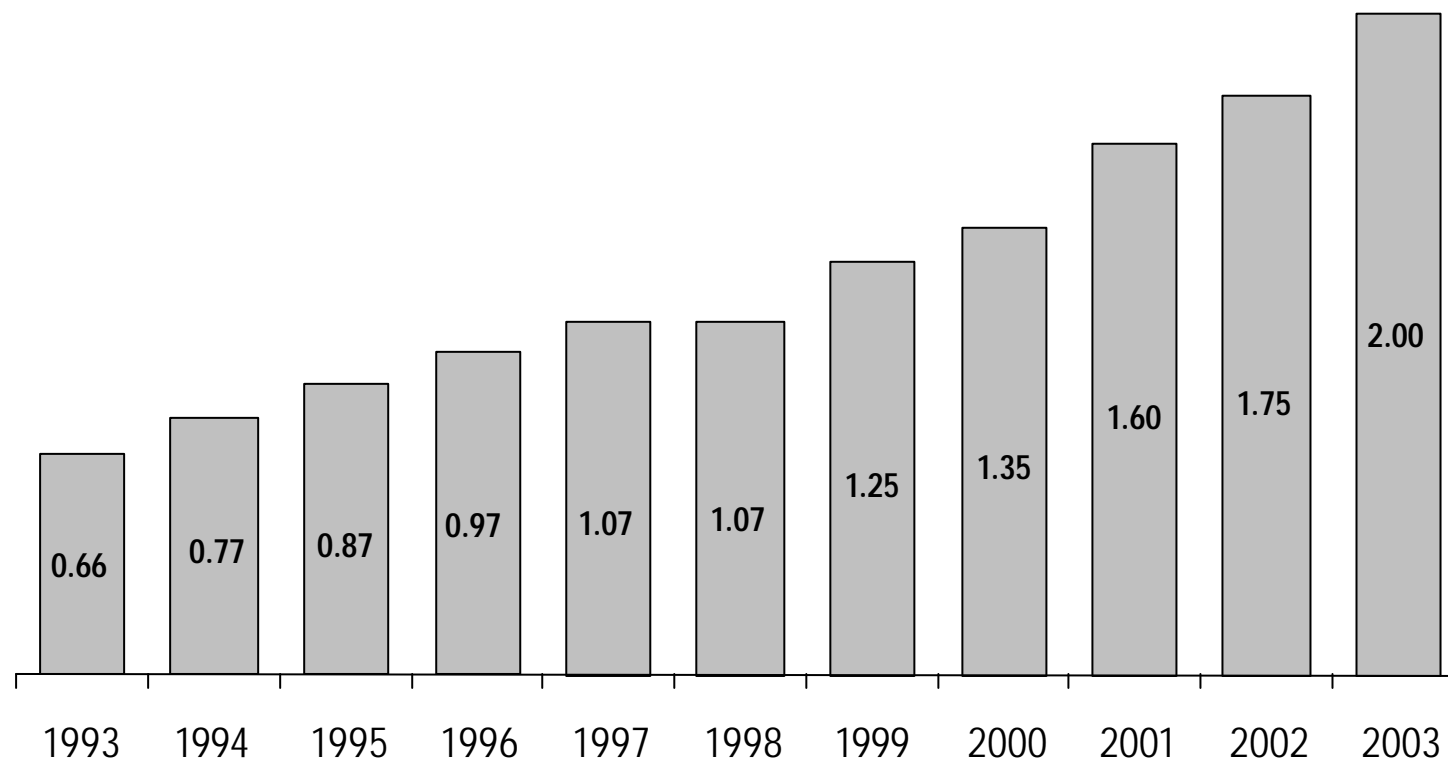


We deliver what we promise!

Consistently rewarding shareholders is our commitment

in €

■ Dividend per share



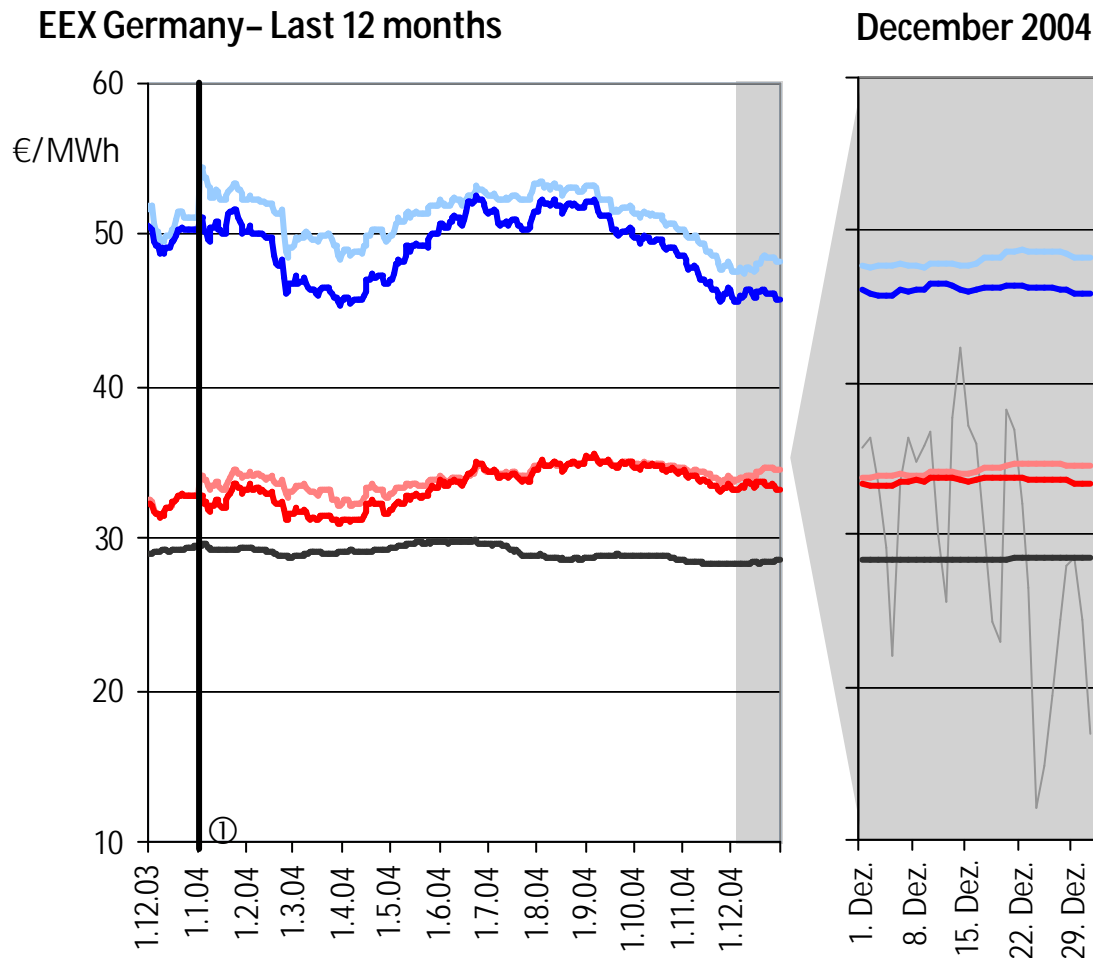
VEBA: 1993 – 1999

E.ON: 2000 – 2003

e-on

Back-up Charts

Central Europe – Electricity wholesale prices



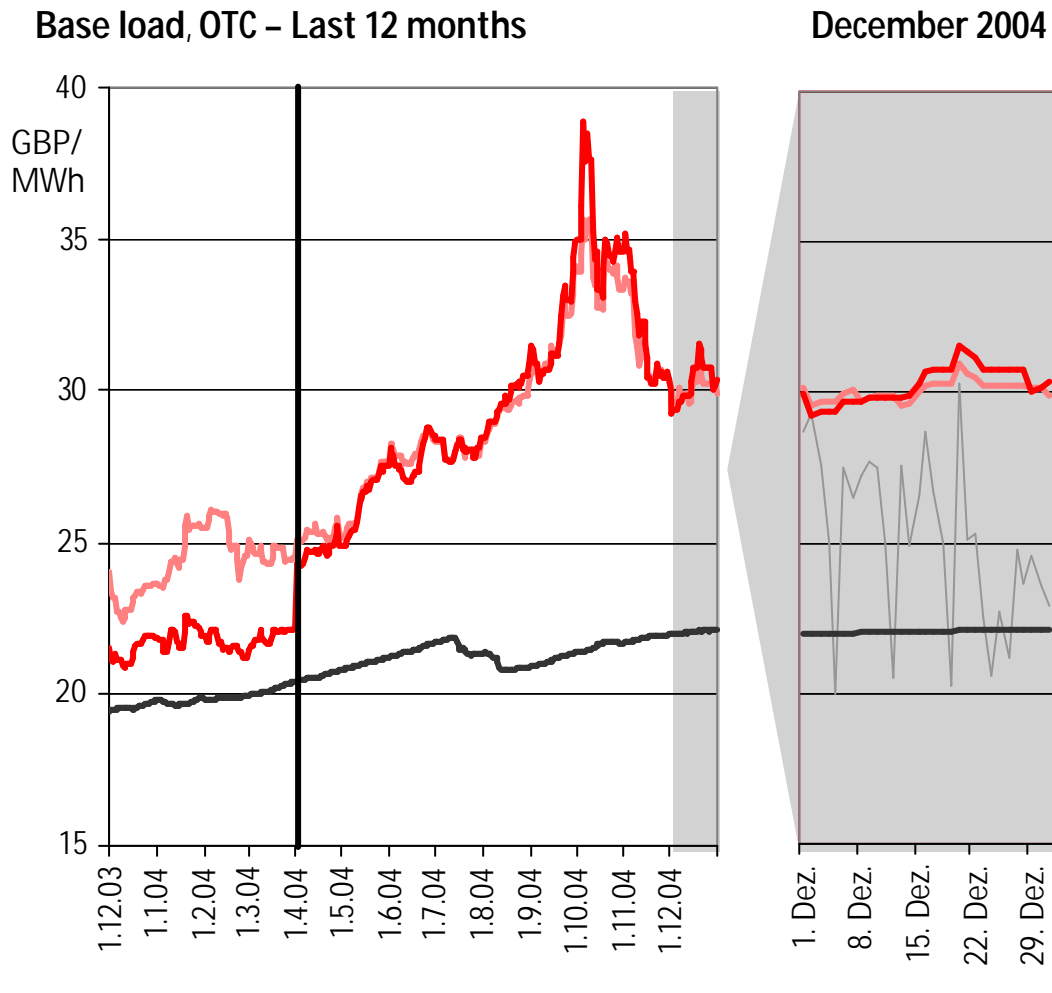
① The line represents the switch of the futures, addressed by y+1 and y+2.
Base/peak 2005 replaces base/peak 2004 (2006 replaces 2005 respectively)

- Price increase of raw materials such as coal, oil and gas
- Long term capacity shortage due to power station shut-downs
- Increased power demand across Europe
- Uncertainty in the market regarding the Emissions Trading Scheme

Legend

- base future for year+1 (2004/2005)
- base future for year+2 (2005/2006)
- base spot (average of last 12 months)
- base spot (only shown for last month)
- peak future for year+1 (2004/2005)
- peak future for year+2 (2005/2006)

UK – Electricity wholesale prices

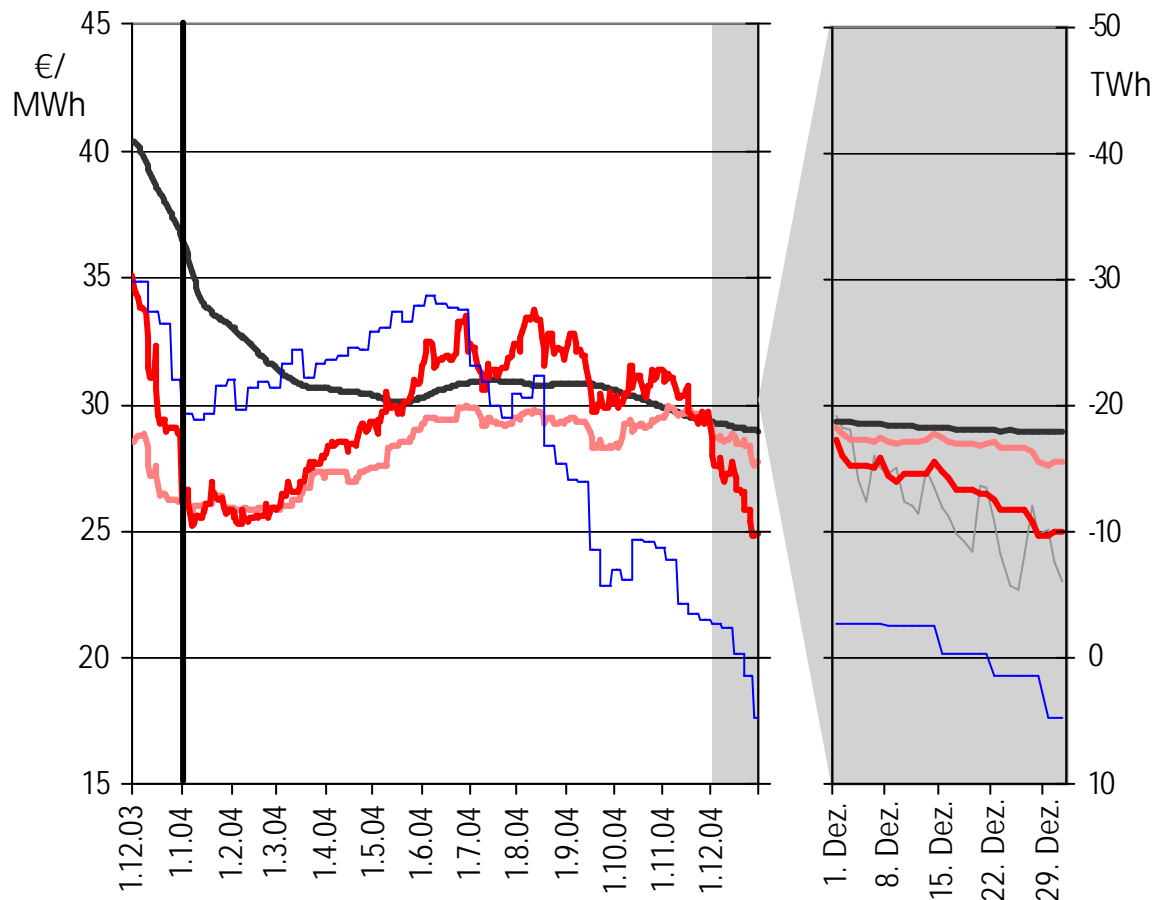


- Price increase of raw materials such as coal, oil and gas
- Slight increase of power demand in UK
- Uncertainty in the market regarding the Emissions Trading Scheme

Nordic – Electricity wholesale

Base load, Nordpool – Last 12 months

December 2004



- Hydrological conditions in winter 2002/2003 had a marked effect on prices
- Short term impact on price level due to wet weather conditions in August and September 2004

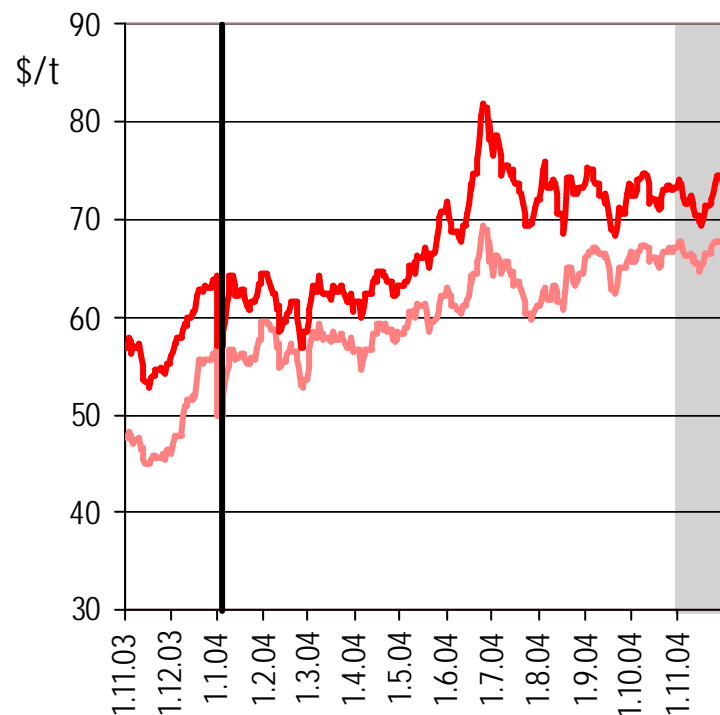
Legend

- forwards for year+1 (2004/2005)
- forwards for year+2 (2005/2006)
- spot (average over last 12 months)
- spot (daily average of last month)
- hydrological level vs. normal *

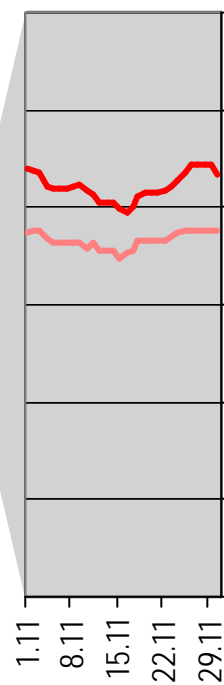
* The development of the hydrological level vs. normal considers hydrological changes by precipitations (rain, snow, etc.) or snowmelts promptly.

Price developments of international steamcoal forwards

Coal, CIF ARA – Last 12 months



November 2004



Hedge

	2004	2005
Germany	100%	55%
UK	100%	>90%

E.ON sells power by two types of contracts:

1. Fuel-price indexed contracts:
developments in fuel-prices are passed through
2. Fixed price contracts:
fixed margins, because power and coal prices are hedged simultaneously

Legend

- coal forwards for year+1 (2004/2005)
- coal forwards for year+2 (2005/2006)

In addition to our plans to create new capacity of 2,000 MW by 2012, a further 3,000 MW can be made available within a very short timeframe

New capacity and flexibility through boosting capacity, lifetime extensions for power plants & demothballing

Option 1

New construction
of CCGT and hard
coal power plants



Capacity Increase: 2,000 MW

**Timeframe: In operation by
2012**



Option 2

Demothballing of power plants

Capacity Increase: 1,500 MW
Timeframe: short



Option 3 Lifetime Extension
of conventional power plants

Capacity Increase: 1,000 MW
Timeframe: short



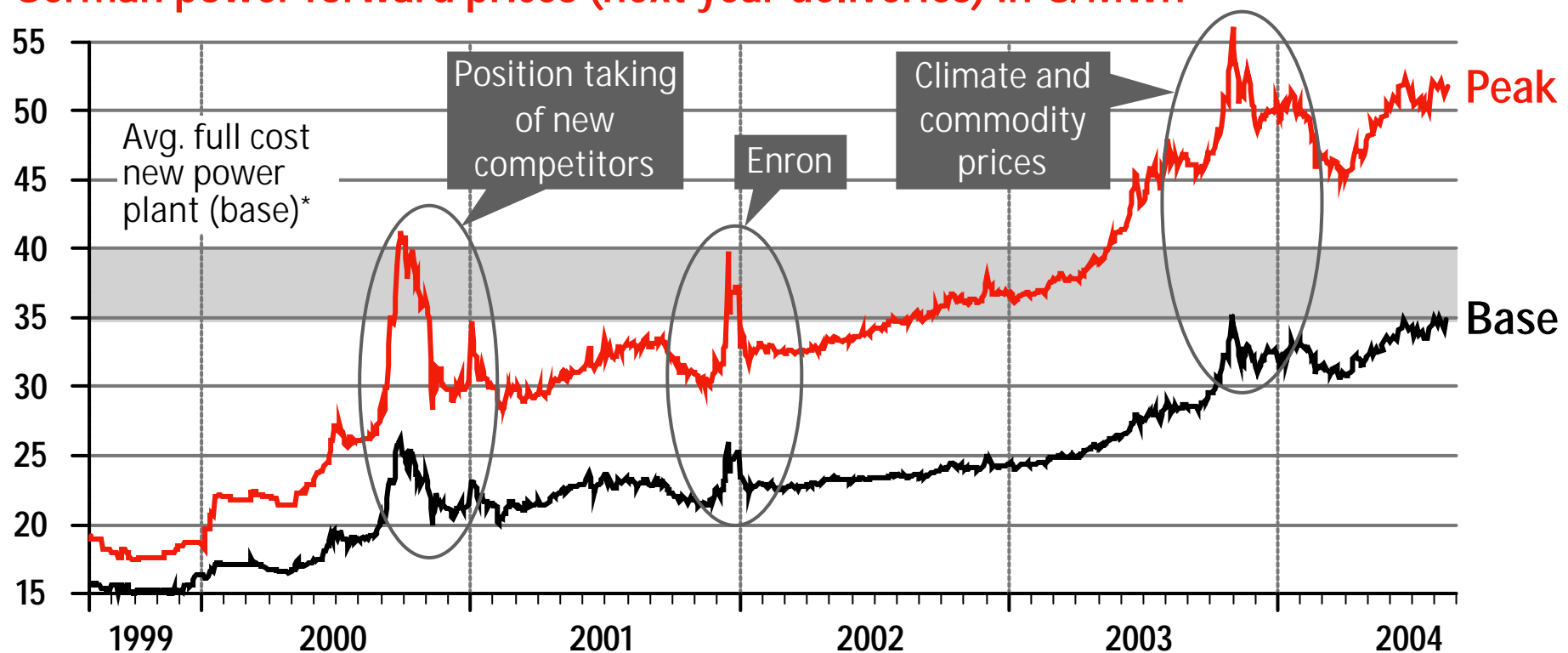
Option 4

Boosting Capacity of power plants

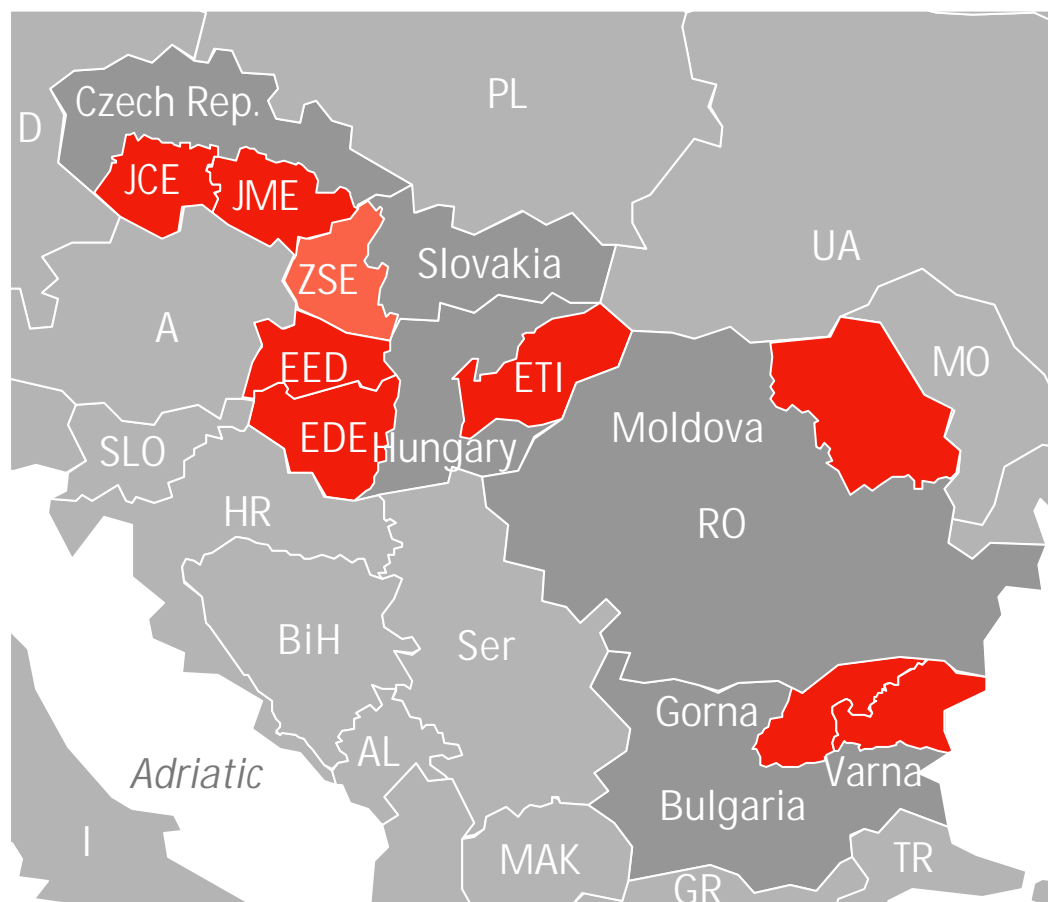
Capacity Increase: 500 MW
Timeframe: short

With increasing necessity to build new power plants, the power prices will approach and fluctuate within the investment break-even corridor

German power forward prices (next-year deliveries) in €/MWh



E.ON's involvement in Central and Eastern Europe – Power



Majority shareholding
 Minority stake (with management control)

1 Shareholdings > 20%
 2 Closing expected in 2005
 Source: E.ON

Key figures E.ON Shareholdings¹

- **Czech Republic**

Power supplied	11.6	TWh
Customers	1.4	Mio.
- **Slovakia**

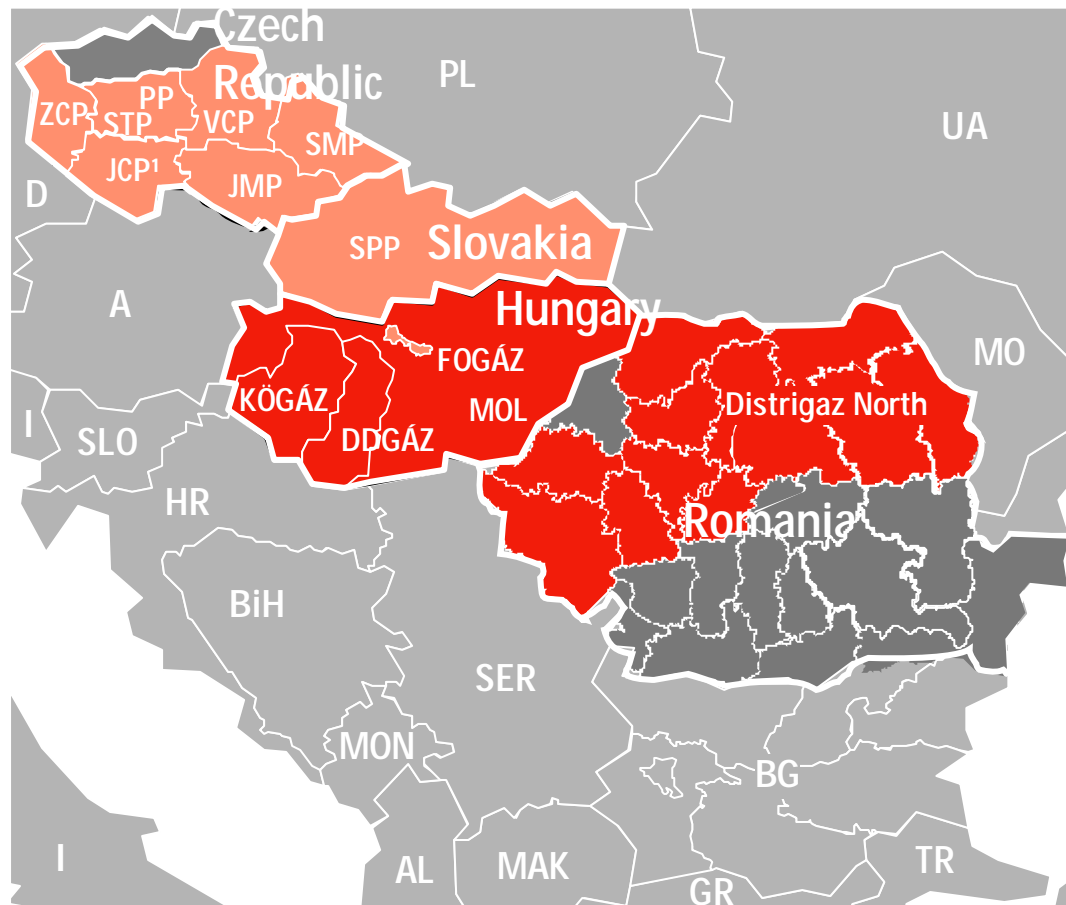
Power supplied	7.3	TWh
Customers	1.0	Mio.
- **Hungary**

Power supplied	15.4	TWh
Customers	2.4	Mio.
- **Bulgaria²**

Power supplied	4.9	TWh
Customers	1.13	Mio.
- **Romania²**

Power supplied	4.1	TWh
Customers	1.3	Mio.

E.ON's involvement in Central and Eastern Europe – Gas



■ Majority shareholding
 ■ Minority stake (with management control)
 ■ Minority stake

Source: E.ON
 1 Management lead together with OÖF
 2 Shareholdings > 20%
 3 24,5% held by E.ON Ruhrgas

Key figures E.ON Shareholdings²

- Czech Republic (minority only)**

Gas supplied	58	TWh
Customers	1.5	Mio.
- Slovakia³ (SPP, 24.5%)**


Gas supplied	75	TWh
Customers	1.4	Mio.
Transit	740	TWh
- Hungary**

Gas supplied (MOL*)	145	TWh
Customers	0.5	Mio.
- Romania (DGN 51%)**

Gas supplied	46	TWh
Customers	1.1	Mio.

* Closing expected in 2005

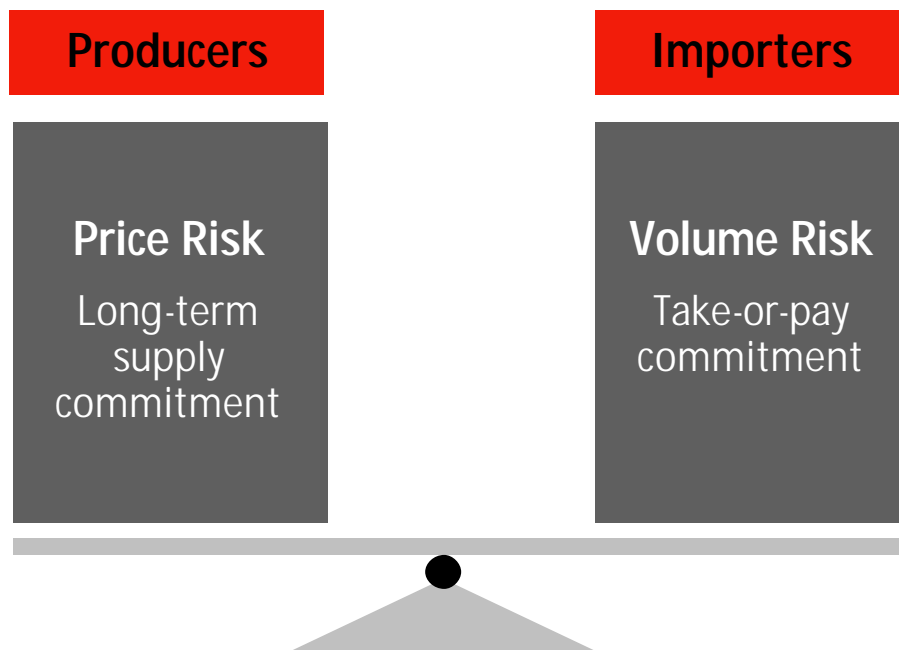
E.ON Ruhrgas - Main elements of import contracts



Duration	<ul style="list-style-type: none"> • between 15 and 25 years
Flexibility	<ul style="list-style-type: none"> • mainly “base load” (with low flexibility) • in some cases “structured volumes”
Delivery Point	<ul style="list-style-type: none"> • mainly at the German border
Pricing	<ul style="list-style-type: none"> • market-related base price • indexed on prices of competing fuels • monthly or quarterly recalculation
Price Review	<ul style="list-style-type: none"> • periodic price review (in general every 3 years) • reflecting significant changes in economic circumstances
Arbitration	<ul style="list-style-type: none"> • if disagreements cannot be solved • final decision binding on both parties

➔ Total contracted volumes of approx. 1,000 bn m³ with deliveries up to 2030

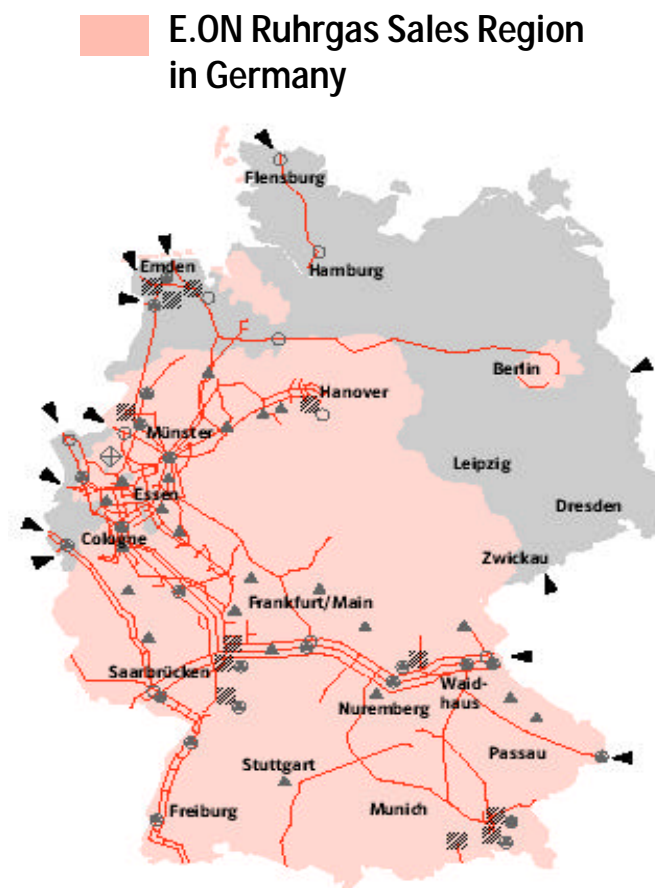
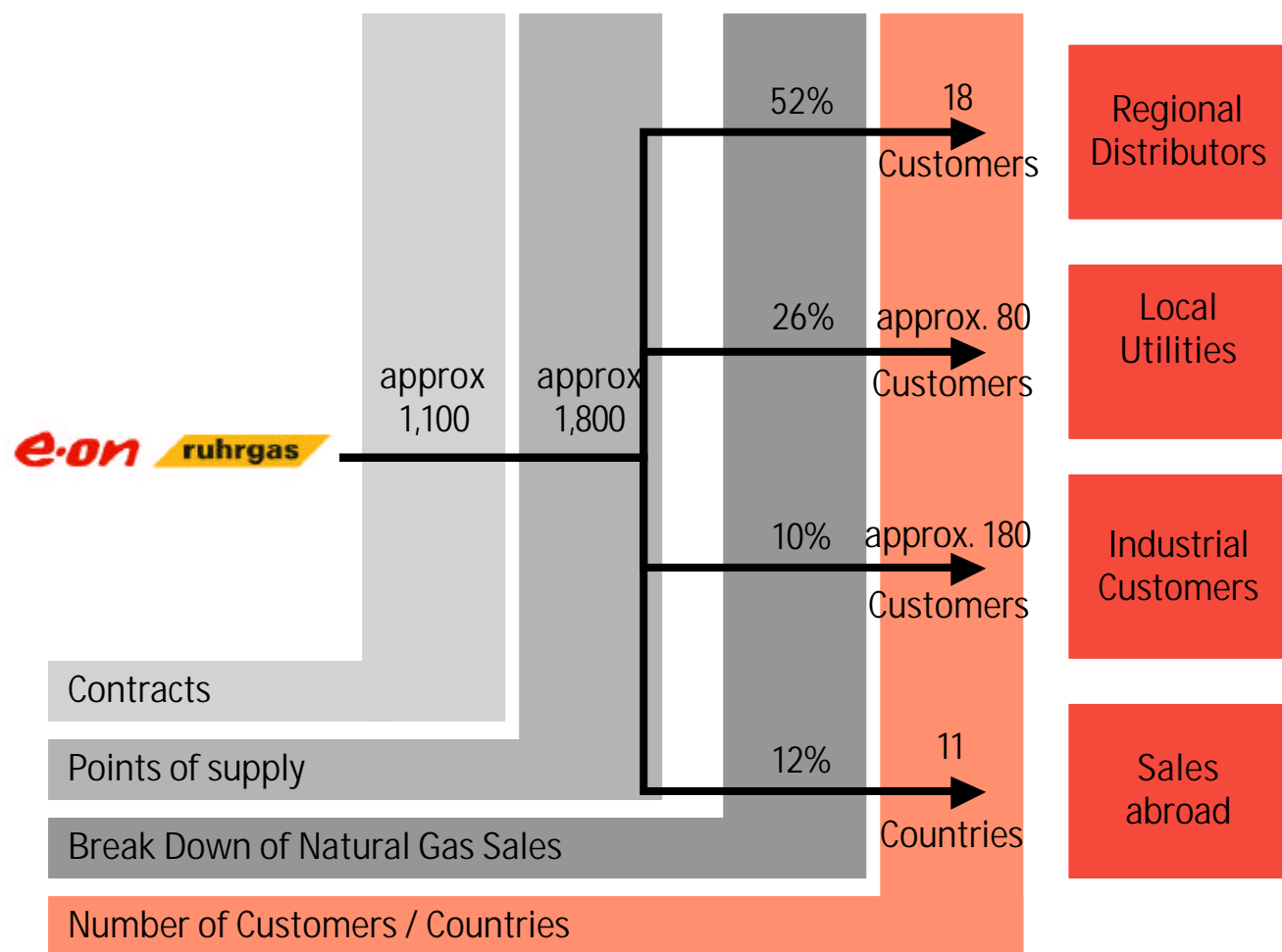
E.ON Ruhrgas - Features of long-term contracts



- Balanced risk sharing model
- Long-term supply commitment of producers
- Take-or-pay commitment of importers
- Pricing based on fair market value (interfuel competition)
- Basis for financing of major projects by producers and safeguarding security of supply

➔ Importance of long-term import contracts is also acknowledged by EU Commission

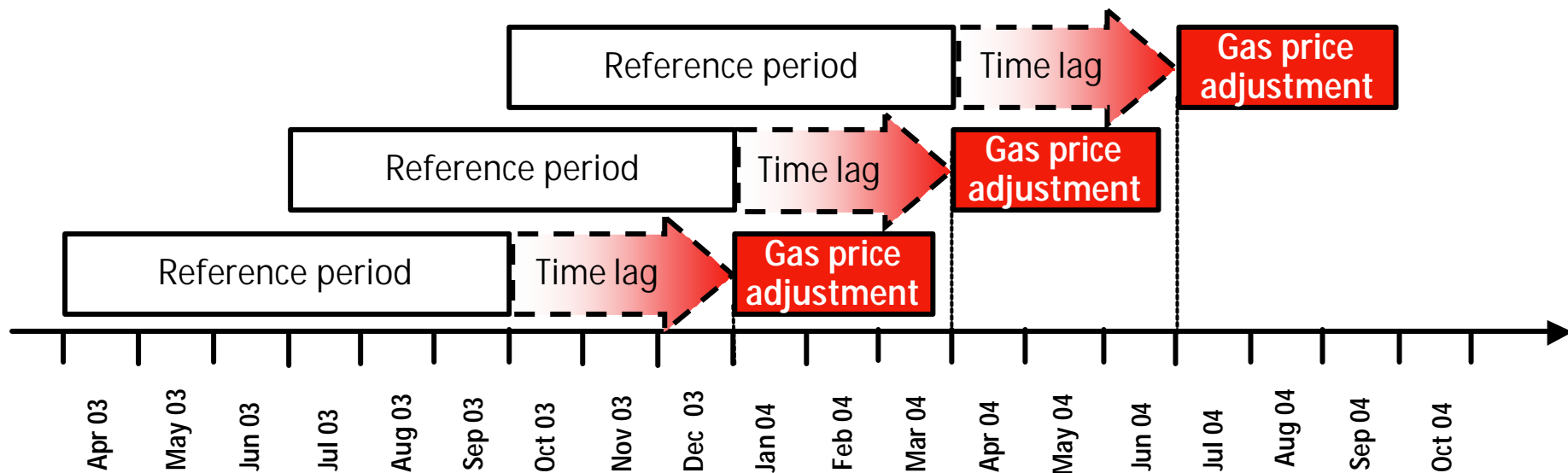
E.ON Ruhrgas - Sales by sectors



Gas price adjustment

Oil indexation

- Main competitors of natural gas are gas oil and fuel oil.
- Long-term contracts need an automatic indexation.
- Oil indexation secures competitive gas prices.
- Example for oil indexation :
 - Price adjustment every 3 months; 1.1./1.4./1.7./1.10.
 - Reference period 6 months
 - Time lag 3 months



Power – Regulation a key component of E.ON's business

E.ON's Target Markets	Generation	Transmission	Distribution	Supply/Retail
Central Europe: • Germany • Netherlands • Czech Republic • Hungary • Slovakia	UR UR UR UR -	R ¹⁾ - - - -	R ¹⁾ - R R R	UR ²⁾ - R/UR ³⁾ R/UR ³⁾ R/UR ³⁾
UK	UR	-	R	UR
US (Kentucky)	R	R	R	R
Nordic: • Sweden • Finland	UR UR	- -	R R	UR UR

R: Regulated

UR: Unregulated

- : No presence of E.ON

1) Planned regulation

2) Except for standard rate customers

3) Fully liberalized from 2007

Draft energy law is being reviewed in the Bundestag

Current status:

The Cabinet forwarded a draft of the energy law to the Bundestag (Lower Chamber) with the following recommended changes:

- The Regulator shall analyze the power network price increases announced after August 1, 2004 to determine if they are justified
- Network price control over the next two years will be ex-ante rather than ex-post as anticipated in the earlier draft.
- After a period of up to two years, incentive regulation shall be implemented

E.ON's view:

- Effects from the proposed draft apply only to the German network business
- Possible effects were taken into consideration in our on.top financial targets
- E.ON did not increase grid fees on its high-voltage network after August and does not intend to increase them in 2005
- It is more appropriate to wait for the parliamentary regulatory discussion to come to a close

Grid access fees only to be regulated in Germany

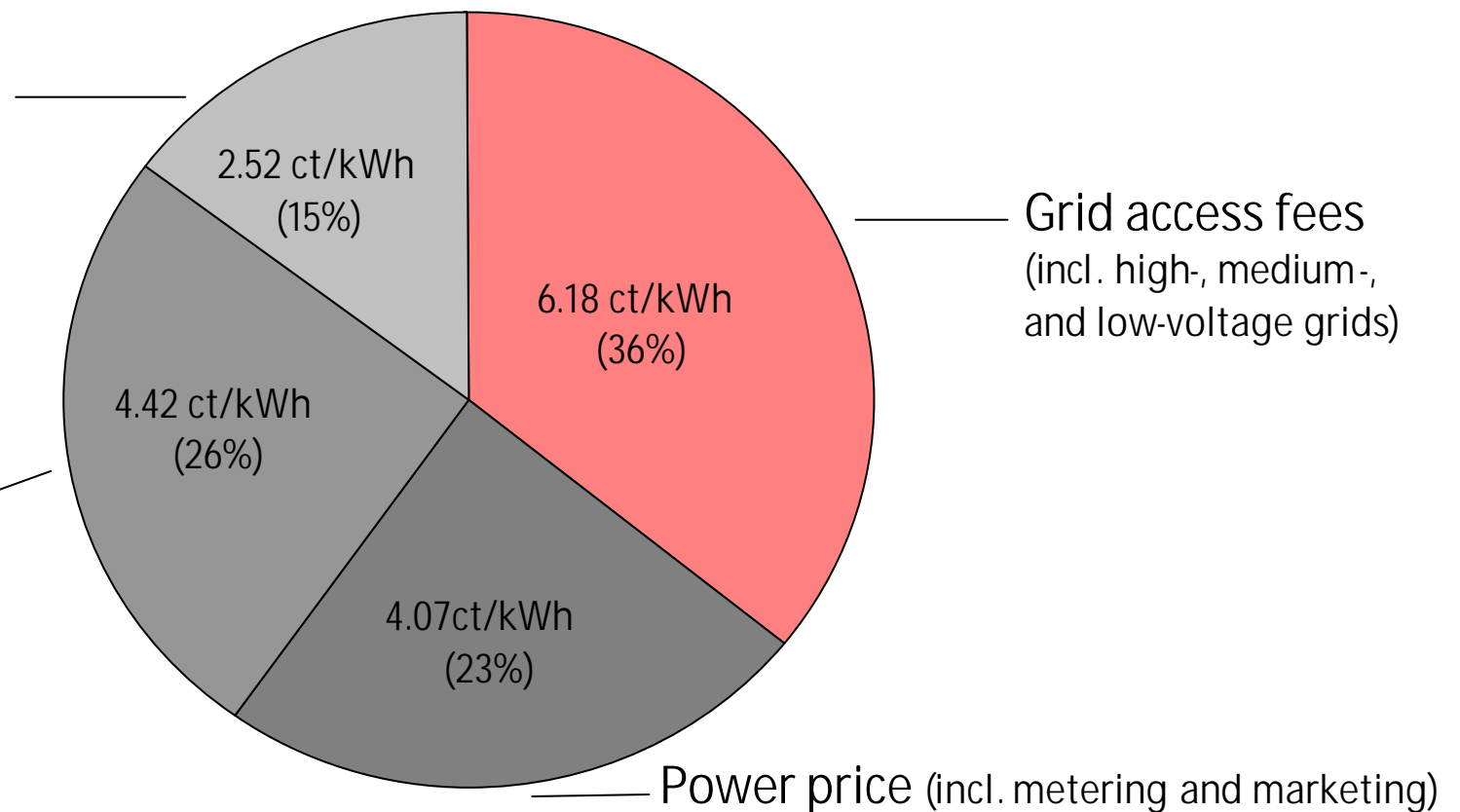
2003 (assumed consumption for a household: 3,500 kWh/a)

Additional grid burdens

- Concessions
- CHP Act
- Renewable Energies Act

Taxes

- Electricity tax
- VAT

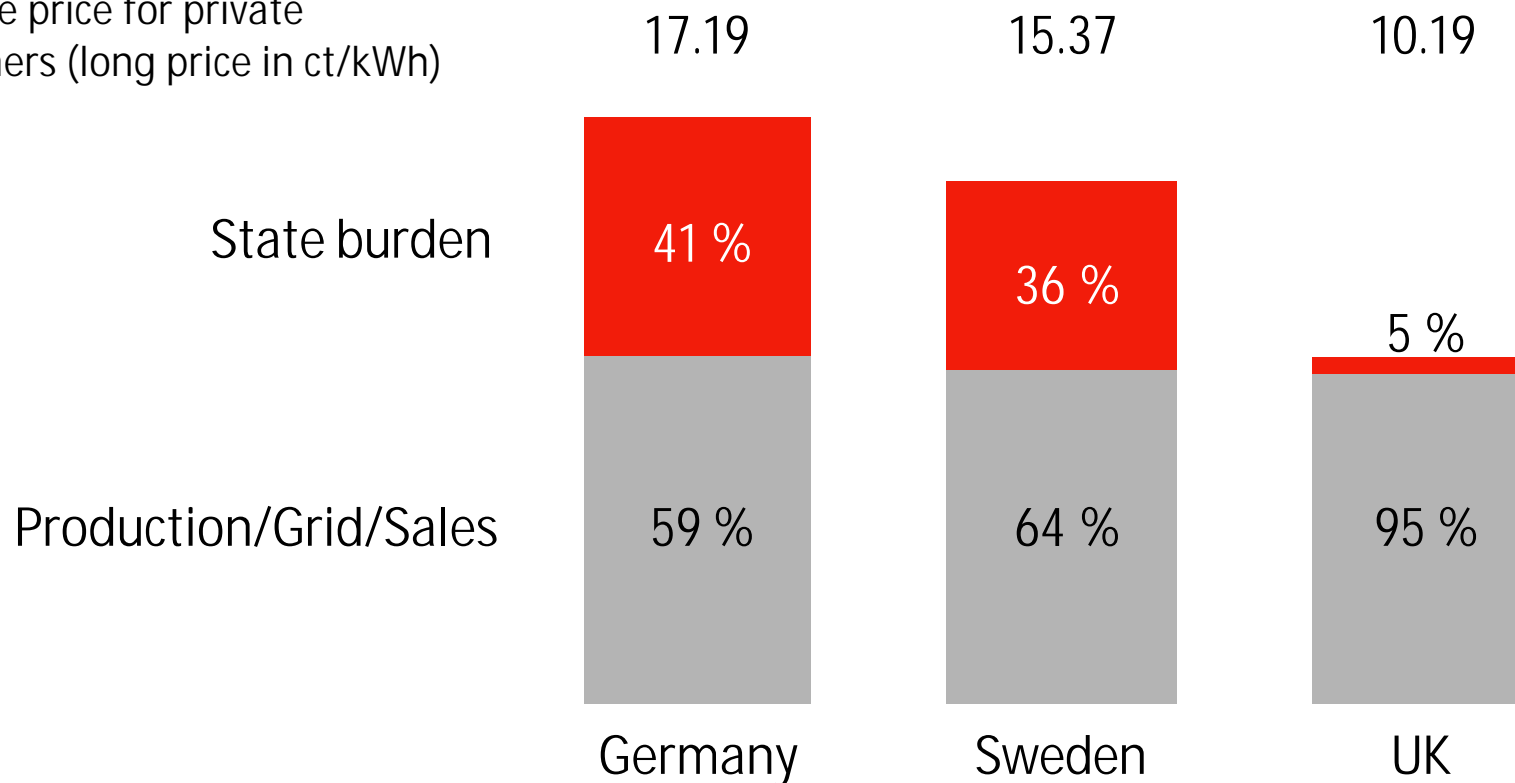


Total power price: 17.19 ct/kWh

State burden on power prices

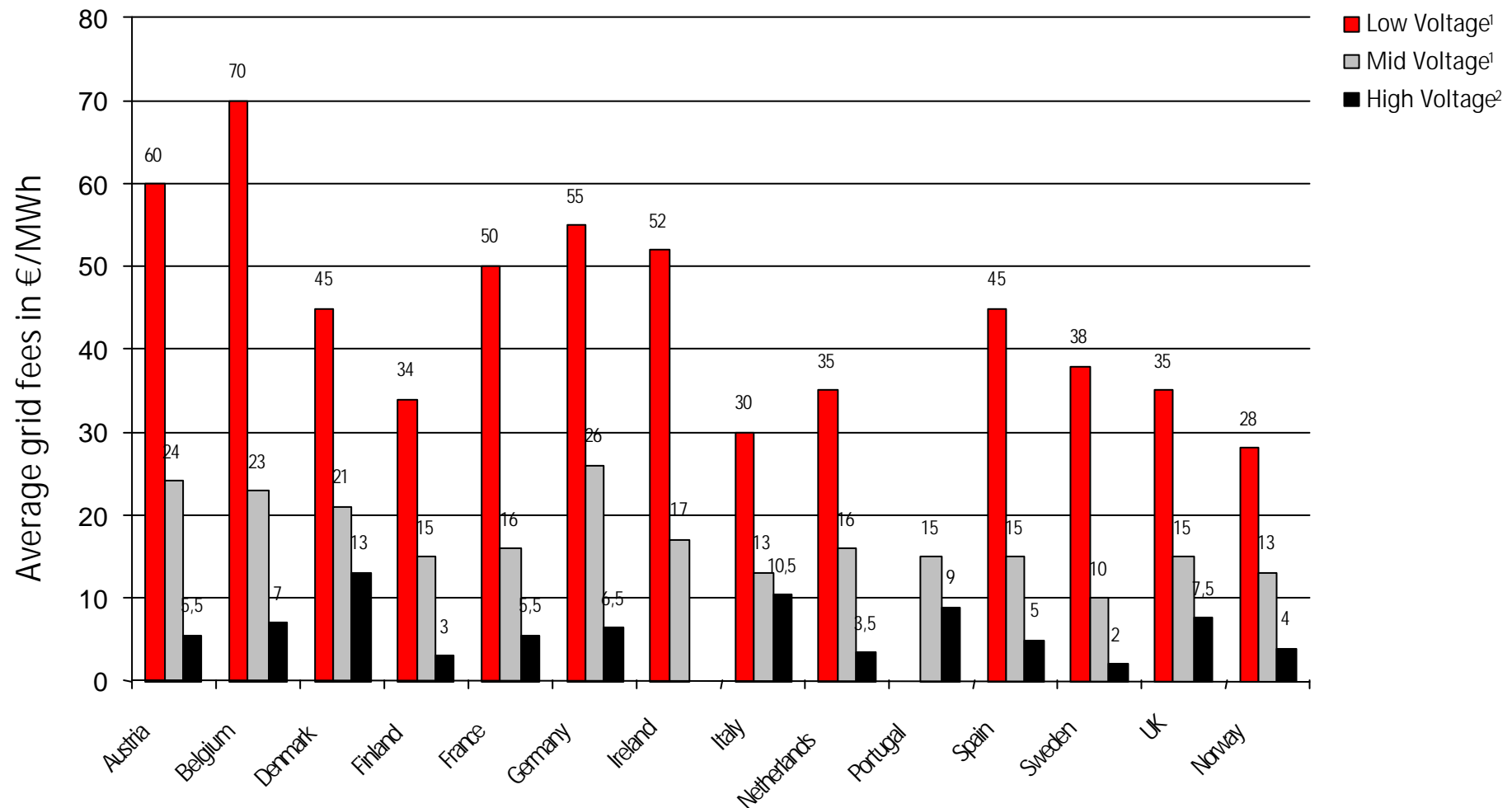
2003 (assumed consumption: 3,500 kWh/a)

Average price for private
customers (long price in ct/kWh)



European grid fees comparison

2003



1) EU Commission: 3rd Benchmarking report 2004

2) ETSO: Benchmarking Transmission Pricing in Europe 2003



E.ON UK accepts OFGEM's distribution price control proposals

E.ON UK's view on the final proposal of OFGEM's DR4:

- The review is challenging but the proposals will allow E.ON UK to efficiently deliver the quality service to its 4.8m distribution customers over the next five years.
- OFGEM has recognised the need to replace assets that were largely built in the 1950s and 1960s. That means for Central Networks a secured 55% increase in investment allowances on the previous price review, one of the highest increases in the industry.
- In the operating cost efficiency analysis, OFGEM has also recognised Central Networks East as an upper quartile performer which sets the benchmark for this price control.
- The incentives to reduce operating cost will allow the integration and transformation processes at Central Networks to deliver value to both customers and shareholders over the coming years.
- While OFGEM has increased the cost of capital on a pre-tax, real basis to 6.9%, E.ON UK continues to believe that a figure of above 7% would have been justified.
- E.ON UK remains committed to working with OFGEM to ensure that the principles of this review are now properly translated into licence conditions for implementation in April 2005.

German NAP proposal (Act of May 28, 2004)

Free grand fathering based on historic 2000 - 2002 emissions

Power + Industry sector 2000-02:	505 Mt CO ₂ /a
Total allocation proposed for 2005-07:	503 Mt CO ₂ /a (- 0.4%)
Total allocation proposed for 2008-12:	495 Mt CO ₂ /a (- 2.0%)

New entrants

Reserve of 9 Mt CO₂/a to be distributed with an emission cap of 750 g/kWh.

Compensation for nuclear phase-out

Acknowledgement of the principle to compensate with an initial compensation of 1.5 Mt CO₂/a for 2005 – 2007.

Decommissioning of plants and transfer of certificates

In case of a shut down, full transfer of certificates to new installation for 4 years.

Afterwards, no further required reduction of emissions / certificates for 14 years, possibly generating certificate surpluses, particularly when shifting from lignite to gas.

Further, creating additional reserves for CHP, early actions and process emissions and a special option rule to be allocate by expected emissions and not by historical ones leave Power and Industry with a reduction up to 7.53 % in the period to 2005-07 dependent on the specific allocation rule.

Effects of the NAP on E.ON Energie

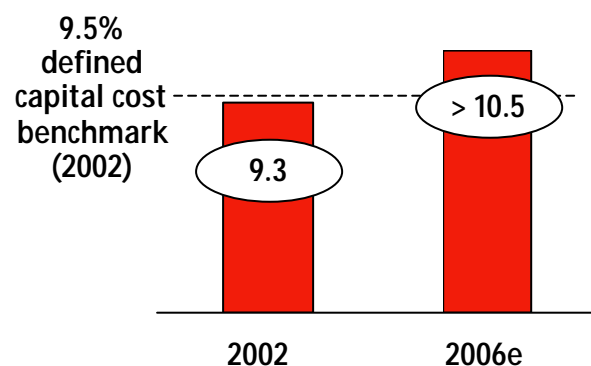
- Overall, E.ON accepts the compromise, but reserves final judgment of the effects of the proposal until a thorough analysis is completed.
- Impact on E.ON Energie depends on the results of the application process, but may result in a maximum burden of approximately € 15 million (€ 5 per ton CO₂).
- E.ON is basically in favor of emissions trading as a tool to reduce greenhouse gas emissions, but only under conditions that are economically feasible.
- E.ON Energie's CO₂ emissions were an average 360 g CO₂/kWh in 2003 compared to a German average of 580 g CO₂/kWh. The risk of higher costs is therefore comparably low.
- E.ON is confident that possible costs for CO₂ allowances can be passed through to customers.
- E.ON got their allowances end of December 2004 and is now comparing the granted amounts of allowances with the applied amounts due to take possibly legal actions in case of huge discrepancies.



In summary, there may be no additional burden on E.ON

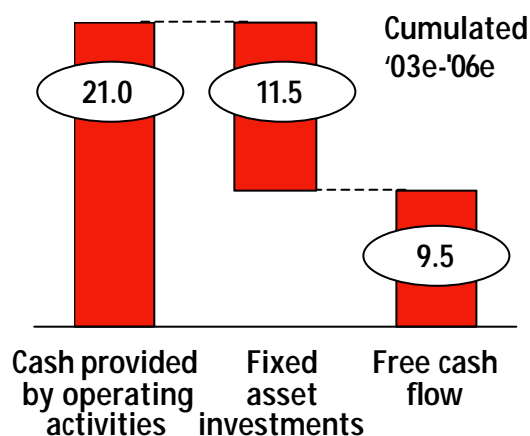
Delivering performance is a key priority of our on.top program

ROCE¹ in %



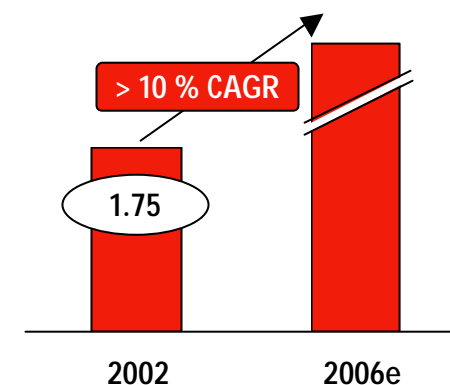
- Based on average Capital Employed of 51bn € in 2002 and 64bn € in 2006e²
- Improve performance by operational excellence and "sweating" the assets

Free cash flow in bn €



- Realize free cash flow of at least 2.4bn € p.a. on average
- Further potentials due to cash effective improvement programs
- Additional financial flexibility due to planned divestments

Dividend per share in €



- Double-digit dividend growth rate on average
- Increase payout ratio to about 50% of net income by 2006e

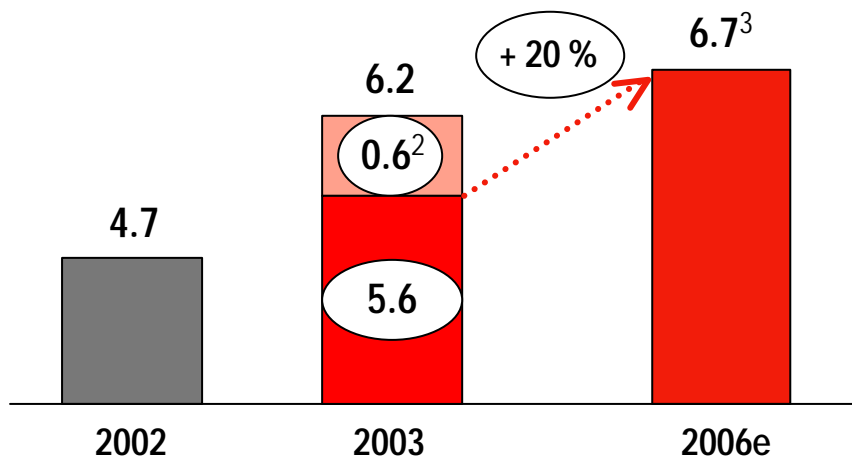
¹ ROCE (EBIT/Capital Employed) is a non-GAAP measure, for reconciliation of its components see E.ON's annual report for 2003, available at www.eon.com/Investors/Financial_reports

² Equivalent U.S. GAAP targets: Expected total assets 2006e of 110bn €, expected net income 2006e of 3.4bn €

Well on track to achieve Adjusted EBIT targets by 2006e

Adjusted¹ EBIT Objective 2006e

in bn €



Levers for Adjusted EBIT improvement of 2 bn € (2002 – 2006)

- 1 bn € through:
 - Contribution from acquired companies (E.ON U.K., E.ON Ruhrgas)
 - Organic growth
- Operational improvements of 1 bn €⁴

¹ EBIT is a non-GAAP measure. For a reconciliation of Adjusted EBIT to internal operating profit and of internal operating profit to income from operations, see E.ON's annual report for 2003, available at [www.eon.com/Investors/Financial reports](http://www.eon.com/Investors/Financial%20reports)

² 2003 EBIT from Vittera and Degussa of 632m €

³ Excluding Adjusted EBIT contributions from Vittera and Degussa. Equivalent U.S.-GAAP target: Net income of 3.4 bn € in 2006e

⁴ Equivalent U.S.-GAAP target: Net income of 650m €



E.ON Group – Financial highlights

Nine Months in million €

	2004	2003	+/- %
Sales	35,359	33,351	+6
Adjusted EBITDA ¹	7,653	6,859	+12
Adjusted EBIT ¹	5,530	4,645	+19
Net income	3,967	3,382	+17
Cash provided by operating activities	5,002	4,076	+23
Free cash flow ²	3,310	2,387	+39

1) Non-GAAP financial measure; reconciliation to consolidated net income see Interim Report p. 5 and commentary on pages 30-31

2) Non-GAAP financial measure; reconciliation to cash provided by operating activities see Interim Report p. 17

Market units – Preliminary key financial figures 2003

Pro forma figures (unaudited)
in million €

	Sales	Adjusted EBITDA ¹	Adjusted EBIT ¹	Capital Employed	ROCE (%)	Pre-tax CoC (%) ²	Cash-flow ³
Central Europe	19,254	4,471	2,979	17,037	17.5	9.0	4,077
Pan-European Gas ⁴	12,973	1,889	1,463	13,847	10.6	8.2	1,027
UK	7,923	1,036	610	8,829	6.9	9.2	315
Nordic	2,761	933	546	6,618	8.3	9.0	773
US-Midwest	1,971	517	317	6,999	4.5	8.0	188
Corporate Center	-597	-266	-319	1,890	-	-	-851
Core Energy Business	44,285	8,580	5,596	55,220	10.1	-	5,529
Viterra	1,085	643	456	4,295	10.6	7.3	102
Degussa ⁵	994	235	176	3,181	5.5	9.6 ⁶	-93
E.ON Group	46,364	9,458⁷	6,228⁷	62,696	9.9⁸	9.0	5,538

1 Non-GAAP financial measure; reconciliation see Annual Report, p. 112113

2 Cost of capital as of January 1st, 2004

3 Cash provided by operating activities

4 E.ON Ruhrgas fully consolidated since February 2003


5 Degussa is included at equity in the Group Financial Statements since February 2003. On a fully consolidated basis ROCE for Degussa would amount to 8.3%.

6 Due to equity consolidation, the cost of capital for Degussa equals the cost of equity after taxes

7 Non-GAAP financial measure; reconciliation to internal operating profit see Annual Report, p. 112113

8 Non-GAAP financial measure; derivation see Annual Report, p. 55-57

Strong and stable E.ON-Rating

- **Standard & Poor's (AA-, „stable outlook“)**
 - AA- Rating confirmed on June 4, 2004, outlook improved from „negative“ to „stable“
 - The rating reflects E.ON's strong vertically and horizontally integrated positions in the electricity and gas markets in Germany as well as Central Europe, U.K., Scandinavia and U.S., the continued robust financial profile and the strong performance in 2003. These factors are slightly offset by uncertainties related to the ultimate impact of on-going market deregulation, and the potential for increasing shareholder pressure to increase gearing or return capital.
 - **Moody's (Aa3, „stable outlook“)**
 - E.ON's A1 Rating upgraded to Aa3 on April 30, 2004
 - The rating reflects E.ON's improving credit protection measurements and reduced debt, it's more narrowly defined medium-term plan and investment discipline, its good underlying core operating performance and the remaining divestments.
-  **Due to strict adherence to our financial criteria, we have a very strong balance sheet, and we plan to maintain this over our investment-planning period. This means that we remain absolutely committed to studying all options for returning value to shareholders.**



This presentation may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Annual Report on Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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