



# „Delivering Profitable Growth and Performance“

May 2005

## Strategic review 2005 for further value creation

**Overall  
direction  
unchanged**

We will maintain the overall direction set by “on.top”

- Continue to deliver performance
- Maintain focus on core European markets
- Stay in the USA, organic growth as a top priority
- LNG as a possible opportunity to diversify gas supply to existing markets
- Retain strict financial investment criteria

**Enhanced  
financial  
flexibility**

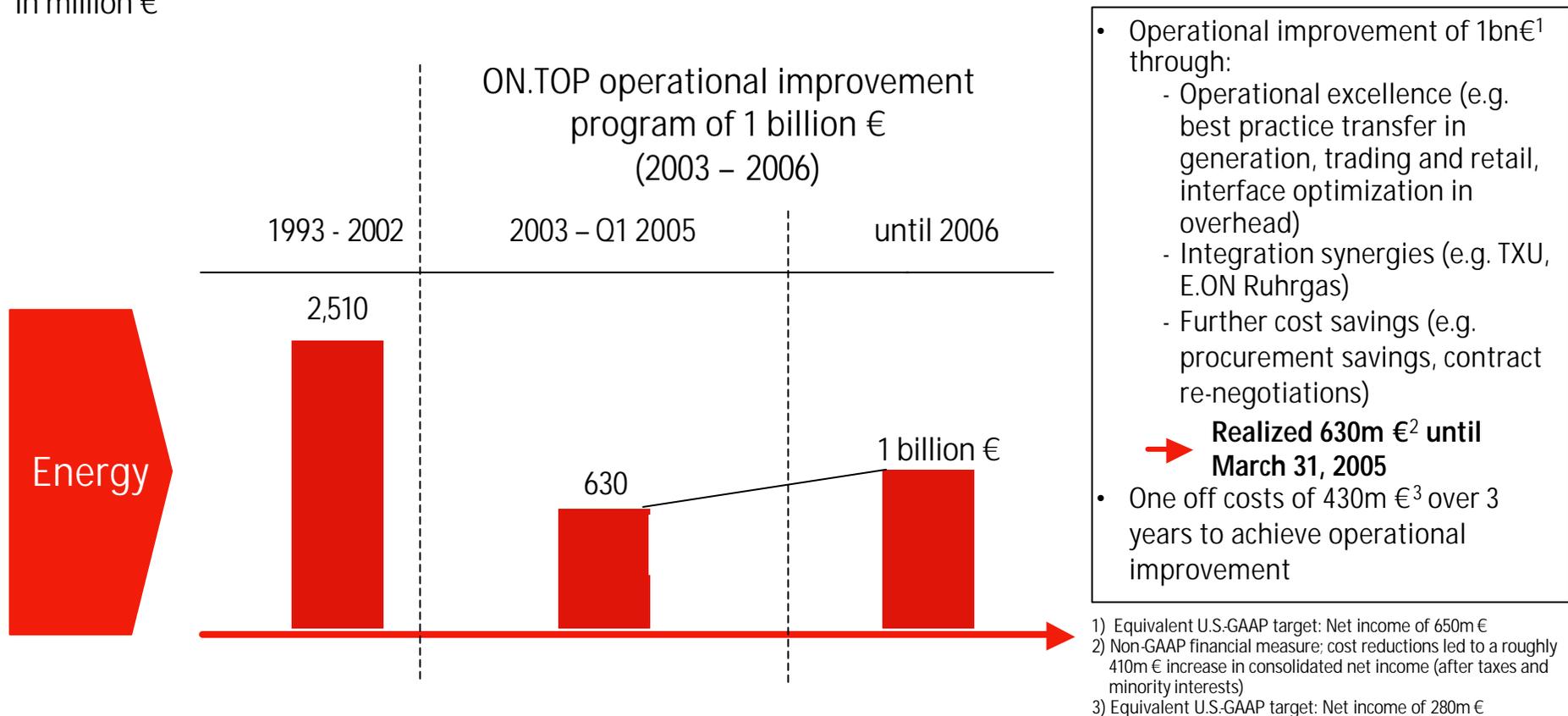
We have the financial strength to pursue the full range of external growth options, as and when attractive opportunities arise

**Flexibility on  
timing**

Due to the excellent position we have built in our core markets we are under no pressure to make hasty investment decisions – we can wait for the right opportunities to arise at the right price

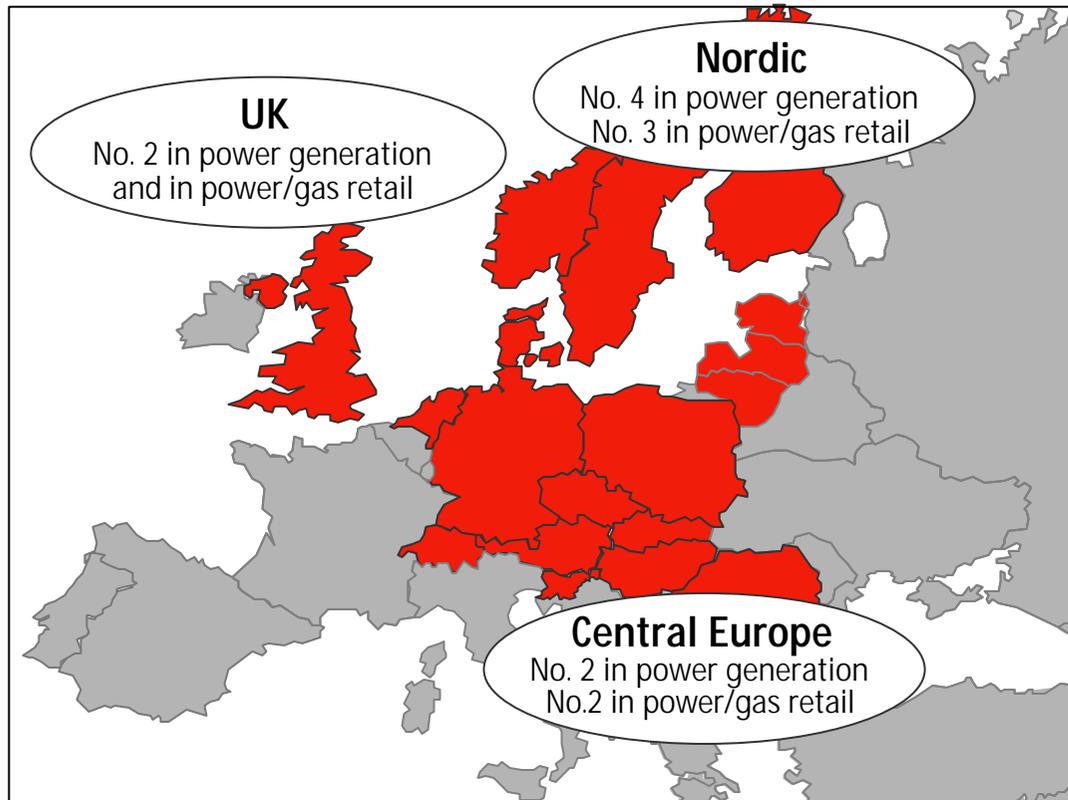
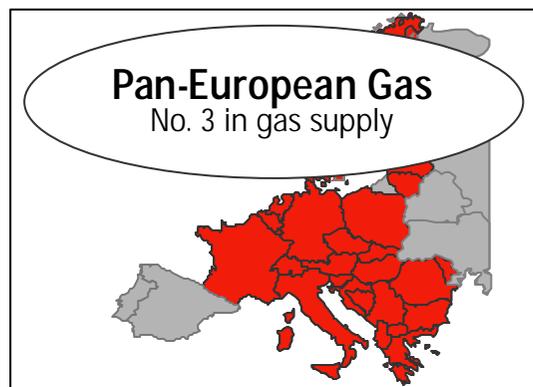
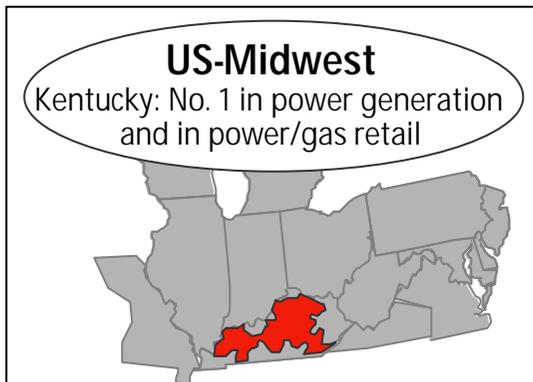
# Operational improvement in the energy business – A continuing group-wide process to create further value

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 billion € in its core business energy

We focus on five core markets with strong positions in power and gas

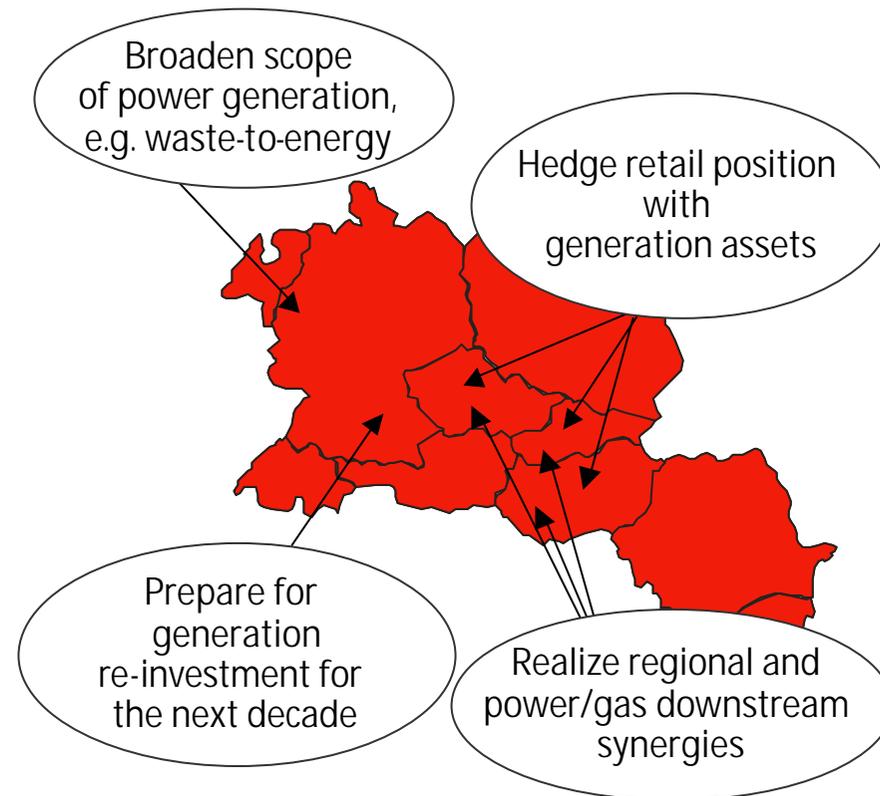


## Central Europe – Fortify strong market position in power and downstream gas

### Key issues

- Downstream participations partially fragmented
- Partially unbalanced portfolio remaining in some sub-markets
- Managing regulatory changes in the power and gas markets in Germany
- Longer term re-investment needed in generation and distribution

### E.ON's strategic direction

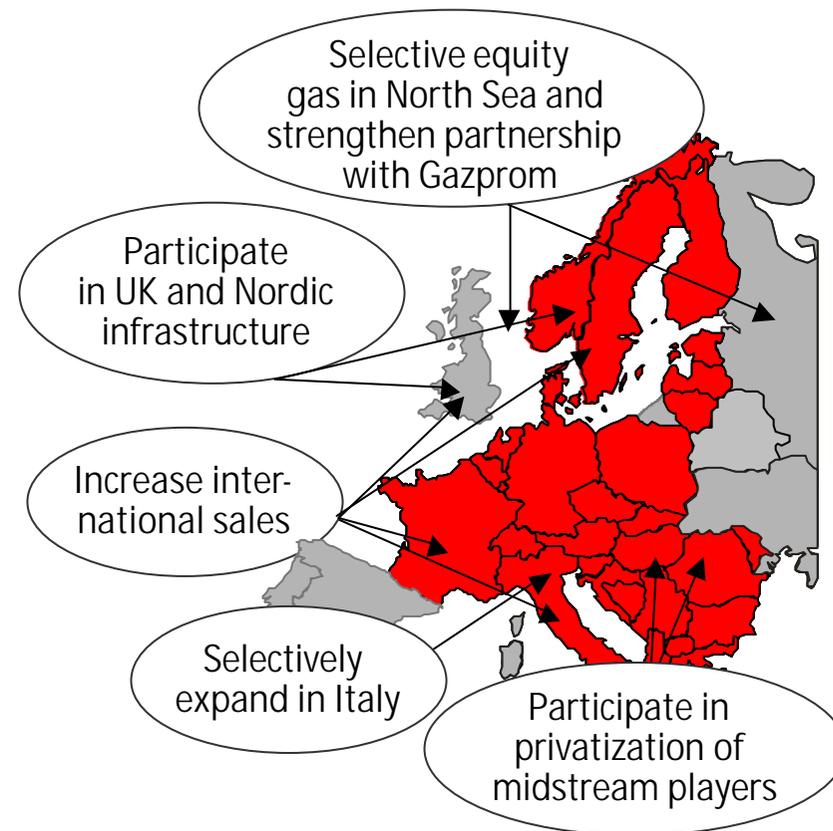


## Pan-European gas – Strengthen and diversify

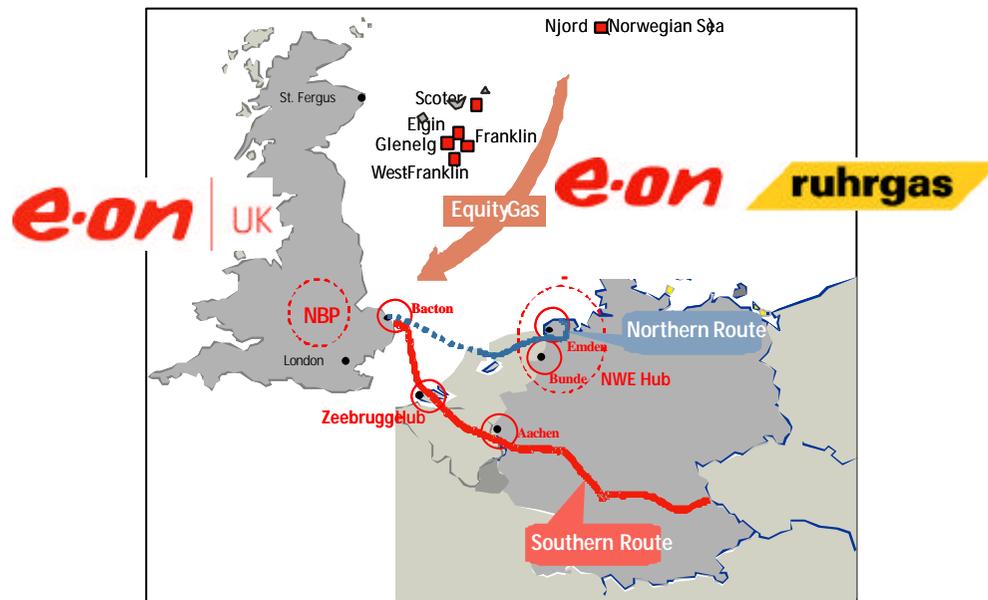
### Key issues

- Break-up of traditional roles, regional production and import regimes within Europe
- Increased opening of European gas markets creates new challenges, but also provides opportunities to profitably increase international sales
- UK's increasing import dependence provides opportunities in supply and infrastructure
- Privatization of Eastern European midstream players offers opportunities for gas supply and investments

### E.ON's strategic direction



# 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 (20% E.ON's share, total investment roughly € 100 m)
- Upgrade of the existing interconnector for reverse flow (14% share)
- Potential long term development of Nordic gas supply business

# UK – Optimize existing strong market position

## Key issues

### Power generation

- Environmental policy driving economics of power generation
- Increasing volatility of commodity prices

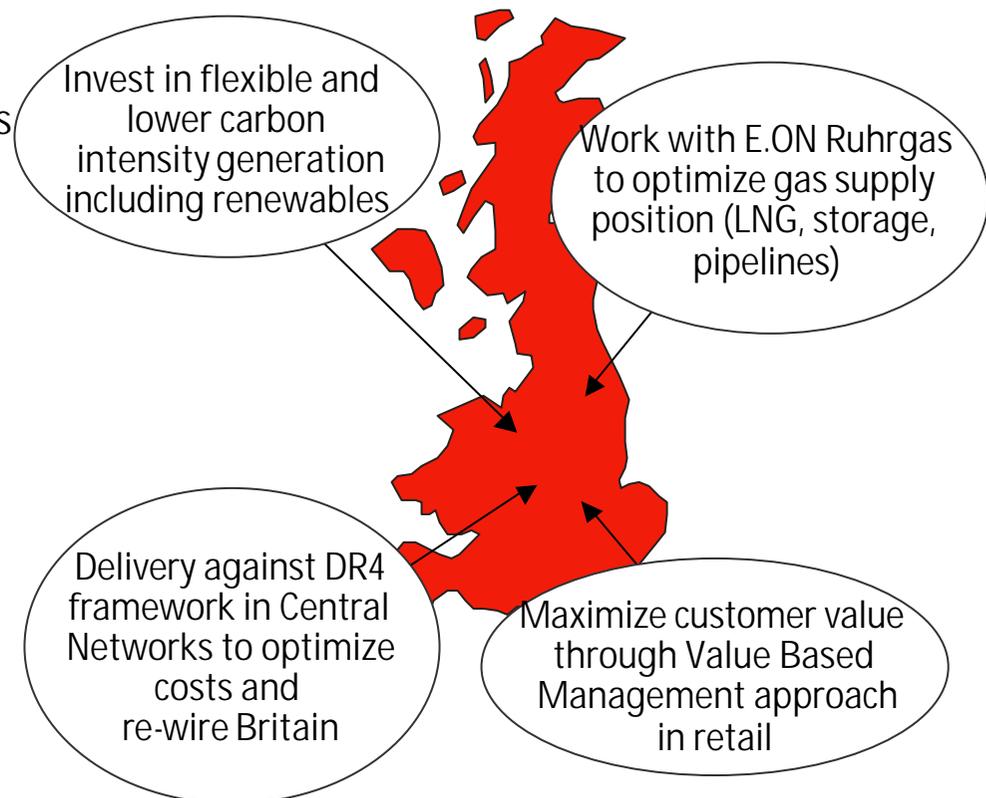
Gas supply - UK expected to become a net importer of gas 2005-2008

Power distribution – Following DR4<sup>1</sup> review, major investment required in electricity distribution networks:

- Replacing existing infrastructure
- Expanding network to cope with renewable build

Energy retail – Challenge of passing through rising costs in a competitive market

## E.ON's strategic direction



## Nordic – Stable position in consolidating market

### Key issues

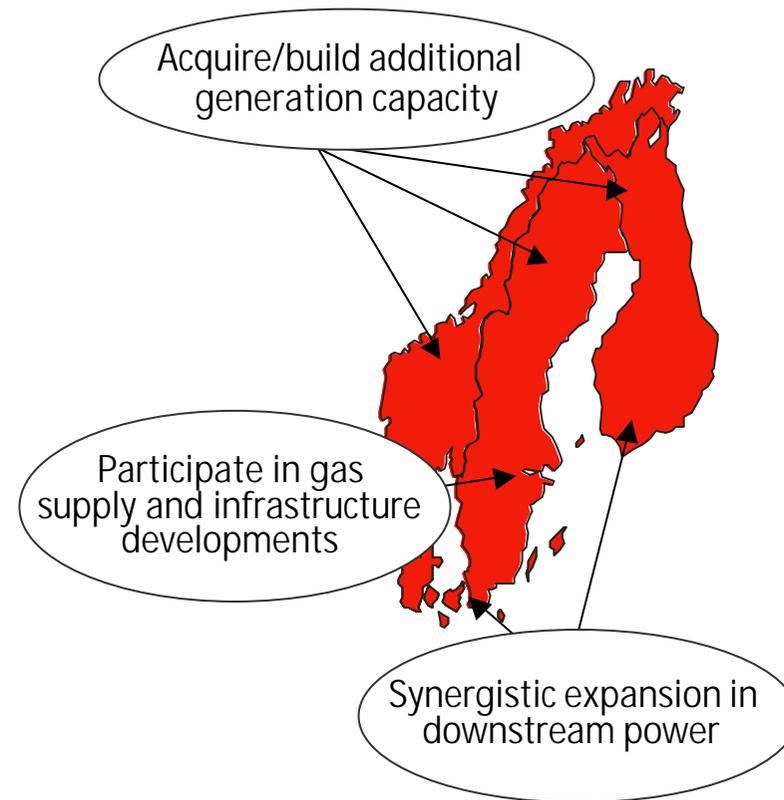
Power generation – Stabilized market due to normalization of hydropower reservoirs and high availability of nuclear power but volatility will remain high and may be reinforced by the closure of Barsebäck 2

- Planning of CHP-plant in Malmö
- Planning of increased capacity in all nuclear power stations

Gas supply – Potential for oil-to-gas substitution

- Opportunities for growth in industrial and CHP-generation segments
- Opportunity for gas infrastructure development

### E.ON's strategic direction



## US-Midwest – E.ON confirms long-term commitment

### Key issues

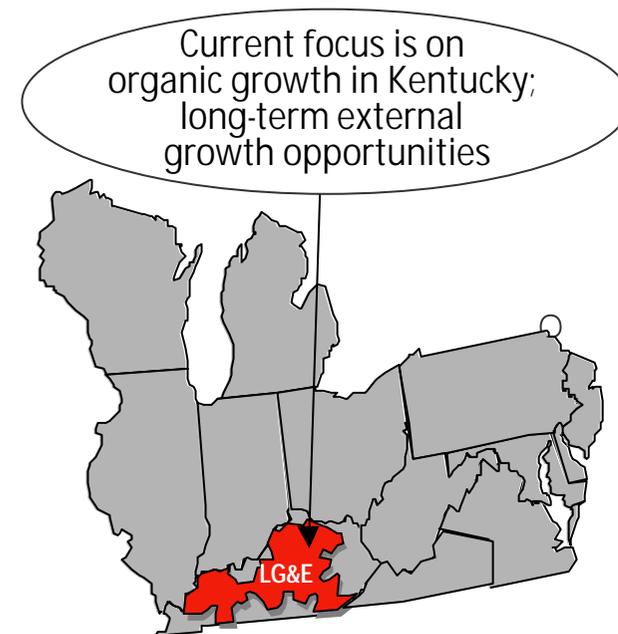
Stable regulatory environment in Kentucky and strong local market coverage

- Provides sustainable competitive position
- Drives future profitability of US-Midwest market unit

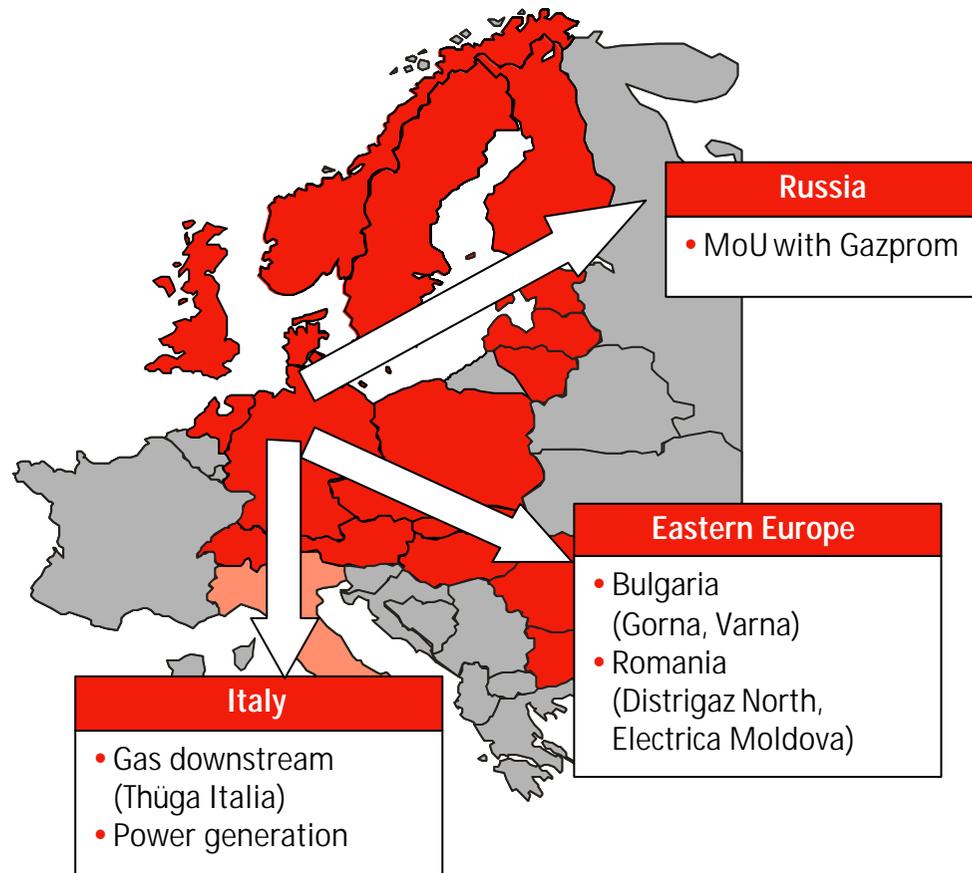
Organic growth through focused capital investment

- Trimble County 2 – USD 885 mn in 2005 to 2010
- Environmental Spend on FGD's – USD 678 mn in 2005 to 2009 (immediately recoverable through cost recovery mechanism)

### E.ON's strategic direction



## Expansion into potential new markets

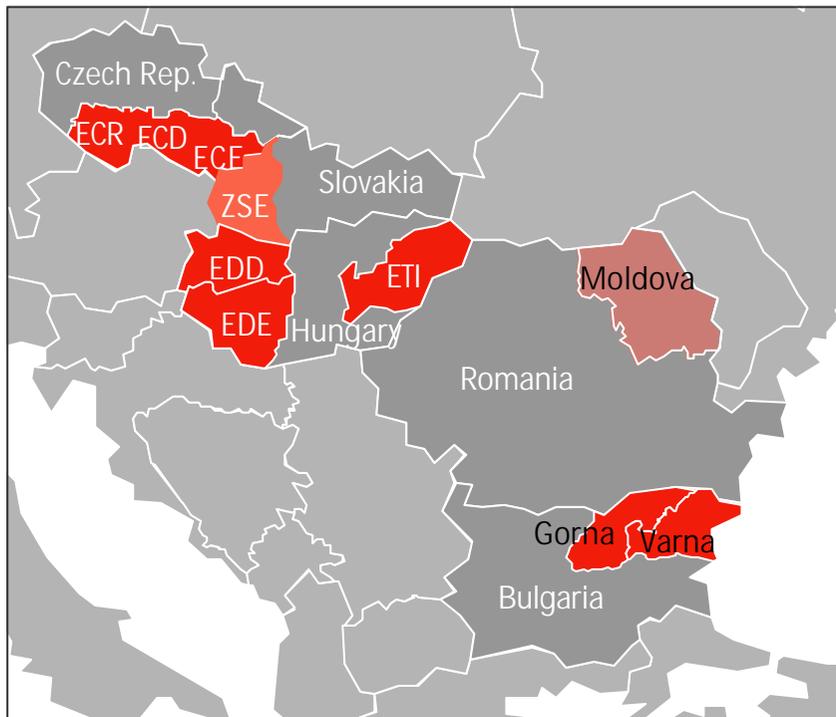


### Rationale

- Southern and Eastern Europe as attractive potential new markets for E.ON to expand its business model

# E.ON continues to extend its strong integrated position in Eastern Europe

## E.ON involvements in power



## E.ON involvements in gas



1 Subject to relevant Hungarian authority approval

## In Italy E.ON pursues growth activities in both power and gas

### Italian power market

- Europe's 5th largest power market (290 TWh) offering potential to reach significant scale in operations
- One of the fastest growing market in Europe after Spain

### E.ON's strategic moves in power

#### Investments in power generation

- Build 800 MW CCGT power plant in Livorno Ferraris
- Total investment appr. 420 m€

### Italian gas market

- Europe's 3rd largest gas market (740 TWh) offering potential for scale downstream
- Among the fastest growing markets in Europe

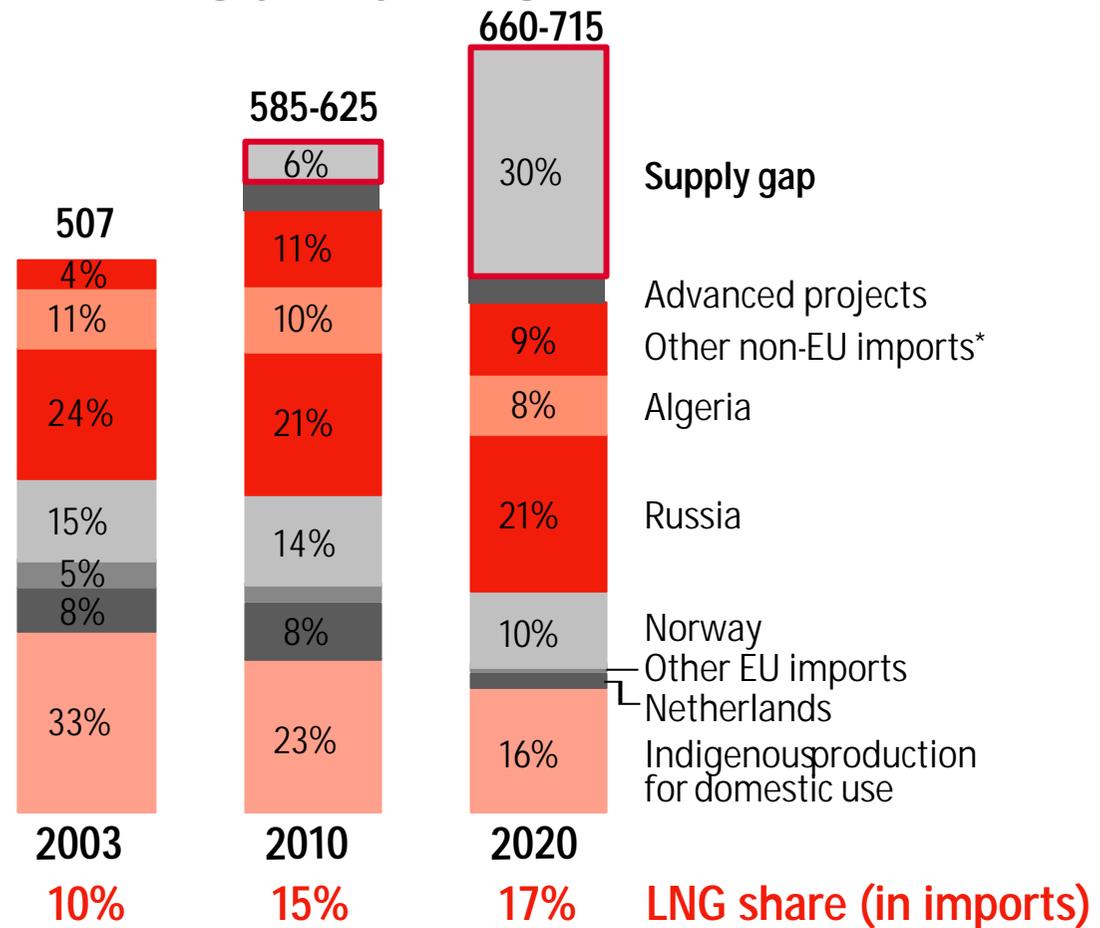
### E.ON's strategic moves in gas

#### Extend gas downstream activities via Thüga Italia

- Current market share app. 5% in gas downstream
- Targeted market share up to 10%

# 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's gas supply position is planned to be further strengthened through equity gas and, potentially, LNG

### Equity gas

Extend E.ON's current small equity gas position in the North Sea

Long-term target: Cover up to 15-20% of gas supply from equity gas

Target regions

- North Sea (UK, Norway)
- Russia

### Potential LNG options

Strong projected growth in global LNG demand of 9.1% to 2010<sup>1</sup> which gives E.ON opportunity to:

- Diversify gas supply portfolio through long-term LNG-supply contracts and share in re-gasification capacity in E.ON's target markets
- Potentially build up an integrated LNG position including upstream

 **High returns available in upstream business**

# E.ON has identified various cooperation areas with Gazprom

**Memorandum of Understanding – July 8, 2004**

## Upstream Russia

Joint development of the gas field Yushno Russkoje (Western Siberia):  
Estimated start of production 2008, proven reserves of at least 25 years

## Infrastructure to Europe

Joint construction of the North European Gas Pipeline (NEGP)

## Downstream Europe

Joint Ventures in downstream cooperation in Europe  
(still to be defined)

## Power Russia

Cooperation in the Russian power sector: One of the fastest growing markets in Europe with a growth rate of 6% and significant expected capacity shortages

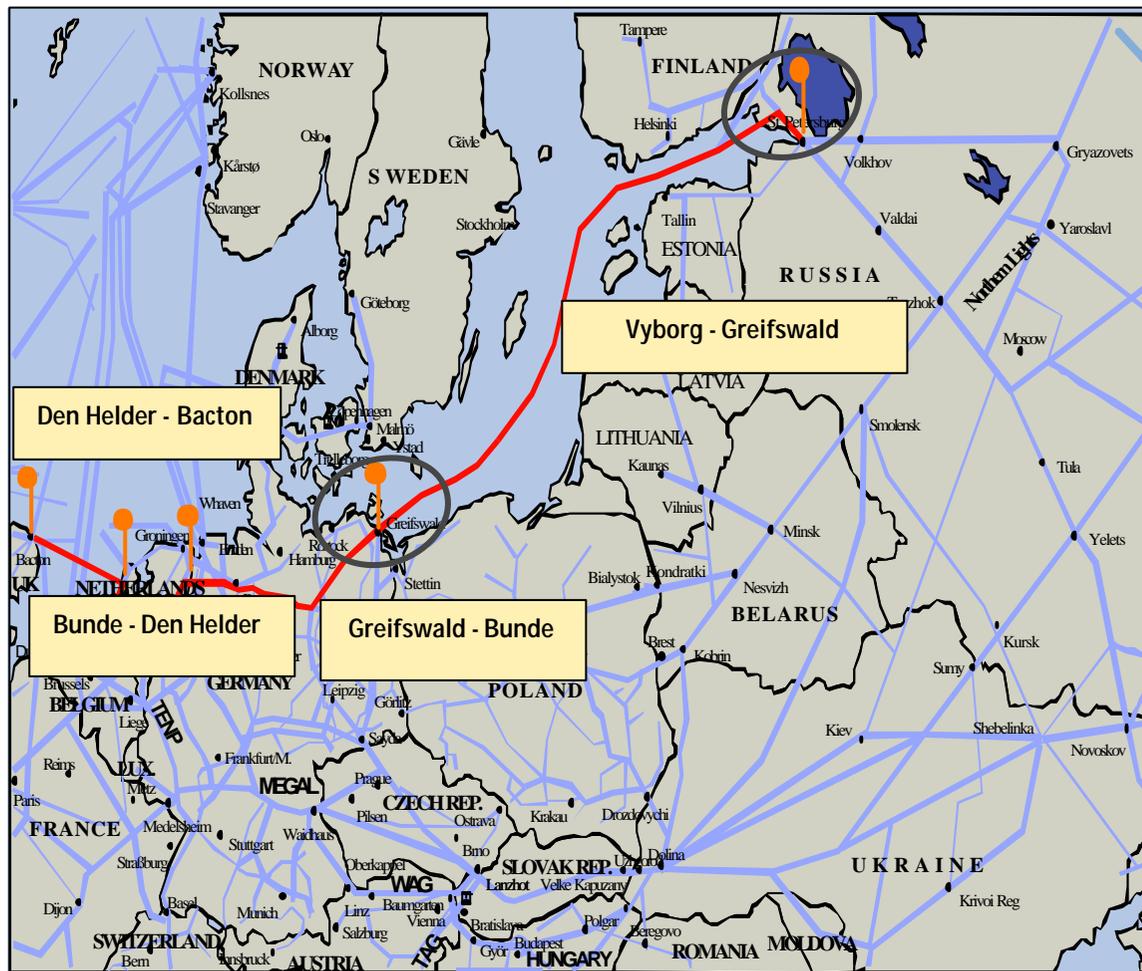
## Gas production in Russia: Yushno Russkoje



- Estimated start of production 2008
- Proven reserves of 700<sup>1</sup> bcm or at least 25 years
- Production of approximately 25 bcm p.a. (equivalent to yearly demand of Spain 100% or U.K. 25%)
- Total investment (100%) USD 1 bn
- E.ON's share still to be determined

<sup>1</sup> Assessment of proven reserves based on Russian standards

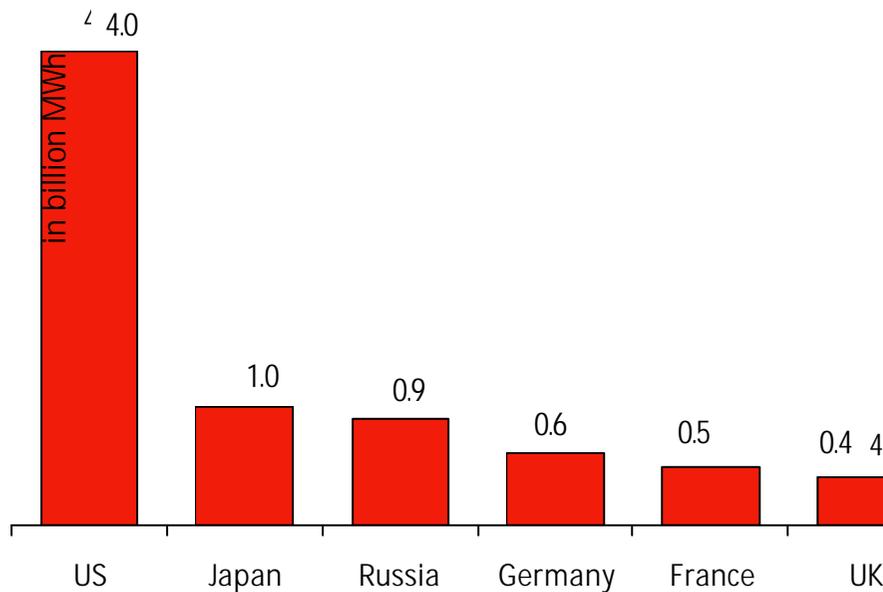
# North European Gas Pipeline



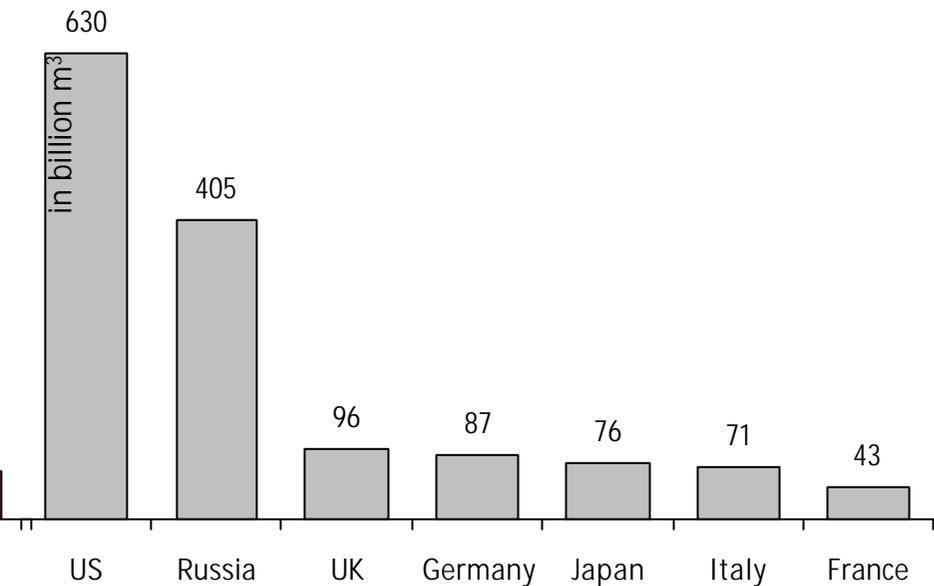
- Start of operations expected between 2010 and 2012
- Planned investment (100%) from Vyborg to Greifswald € 2.0 – 2.4 bn
- Equity / debt financing still to be decided
- E.ON's share still to be determined

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

POWER DEMAND



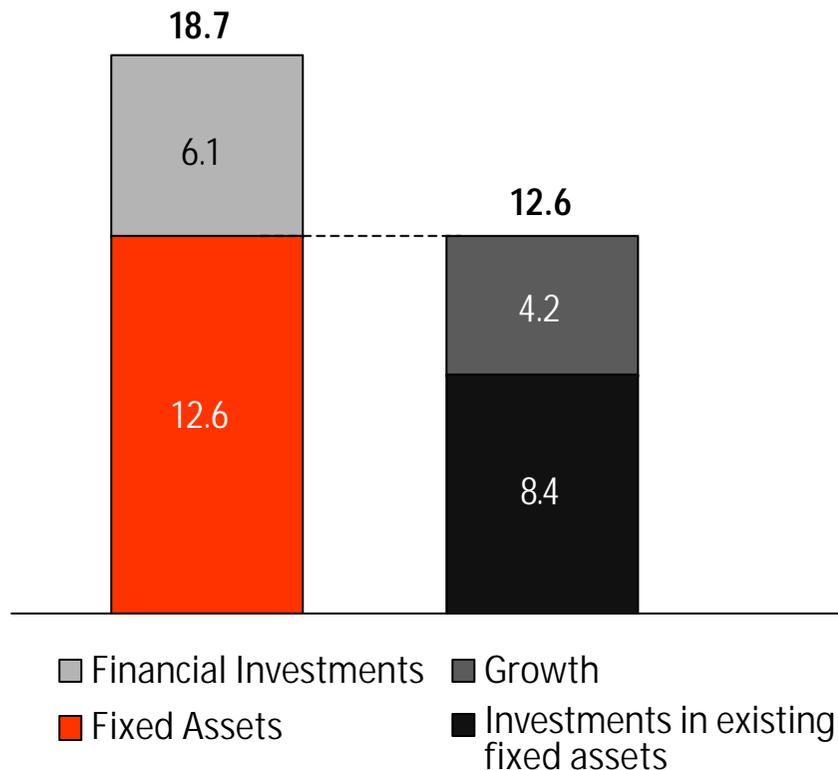
GAS CONSUMPTION



- The government has agreed to raise gas and power prices by 20% and 9.5% in 2005 respectively
- 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 m<sup>3</sup> to USD 37-42 in 2006 and USD 49-57 in 2010

# The investment plan reflects our selective approach towards future investments

## Investment plan 2005-07 in bn €



## Split of Investments 2005 - 07

<b>Financial Investments</b>	
Strengthening position in upstream gas	€ 2.0 bn
MOL <sup>1</sup>	€ 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
<b>Total</b>	<b>€ 6.1 bn</b>
<b>Fixed Assets</b>	
<b>Growth</b>	
• Power generation <sup>2</sup>	€ 2.4 bn
• Power transmission and distribution	€ 0.6 bn
• Gas transmission, distribution and storage	€ 1.0 bn
• Other	€ 0.2 bn
<b>Subtotal</b>	<b>€ 4.2 bn</b>
<b>Investments in existing fixed assets</b>	
• Power generation	€ 2.9 bn
• Power transmission and distribution	€ 4.4 bn
• Gas transmission, distribution and storage	€ 0.7 bn
• Other	€ 0.4 bn
<b>Subtotal</b>	<b>€ 8.4 bn</b>
<b>Total</b>	<b>€ 12.6 bn</b>
<b>Total Investments</b>	<b>€ 18.7 bn</b>

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

All external growth opportunities are subject to E.ON's strict strategic and financial 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 overall group performance targets

## Commitment to defend at least a strong single-"A" rating

- When considering an optimum leverage structure, E.ON focuses not only on minimizing its cost of capital but also on maintaining its balance sheet strength and rating in order to ensure future financial flexibility with ready market access at favorable terms and conditions at all times
- Based on our understanding of the rating agencies' methods we regard the following ratios as compatible with a rating of at least strong "A" over a medium-term period:
  - Gearing<sup>1</sup>: 80 - 100% (actual 2004: 73%)
  - EBITDA/net interest: average of about 10x (actual 2004: 16x)
  - EBITDA/net debt: average of about 0.5 – 1.0x (actual 2004: 1.92x)
- Rating agencies look at a wider range of ratios – it is therefore not appropriate to consider this ratio on an isolated basis. Moreover, qualitative factors play an important role for our rating and they cannot be measured in terms of ratios

## Returning value to shareholders

### **Proposal to pay an ordinary dividend of 2.35 Euros per share for 2004**

- Representing a 17.5% year-on-year increase, thus keeping our “on.top” commitment to double-digit dividend growth to 2006
- Reinforcing our position as a leading dividend payer amongst DAX-listed companies in Germany

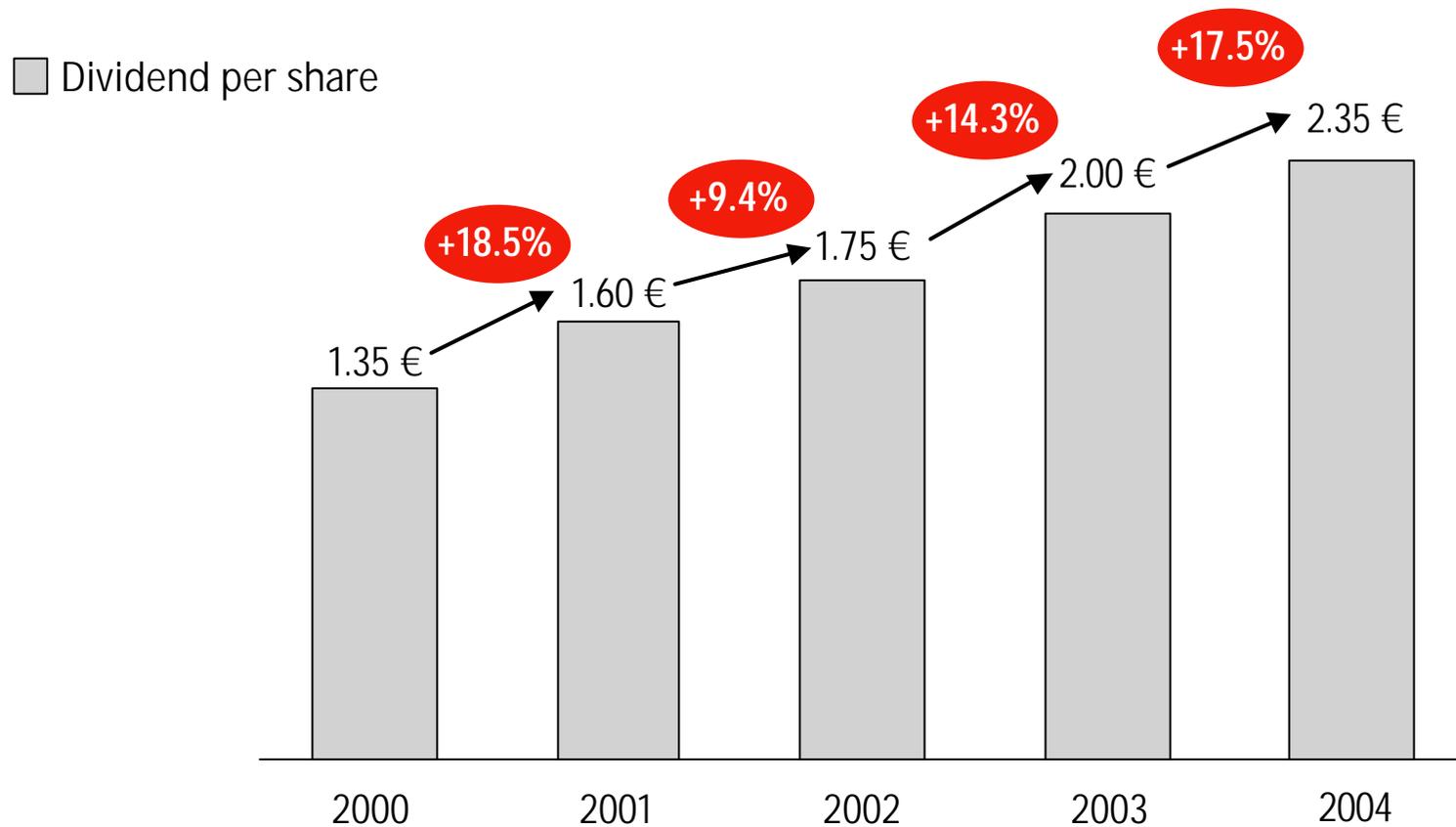
### **Intention to return the full value of our stake in Degussa to our shareholders**

- Precise timing and manner of disposal remain to be determined

### **New commitment to achieving a payout ratio of between 50% and 60% of net income excluding exceptional items by 2007**

- Confident of delivering further earnings growth in the future

## E.ON Group – Dividend increase of 74% since 2000



➔ Since 2000 double-digit growth rate on average: **increase of 14.9% p.a.**



## E.ON Group – Financial highlights

First quarter in million €

	2005	2004	+/- %
Sales	16,418	14,622	+12
Adjusted EBITDA <sup>1</sup>	3,243	3,024	+7
Adjusted EBIT <sup>2</sup>	2,515	2,345	+7
Consolidated net income	1,459	1,455	-
Cash provided by operating activities	1,724	1,090	+58
Free cash flow <sup>3</sup>	1,279	627	+104
Net financial position <sup>4</sup>	-3,790	-5,483	+31

1) Non-GAAP financial measure; reconciliation to consolidated net income see Interim Report I, p. 7

2) Non-GAAP financial measure; reconciliation to consolidated net income see Interim Report I, p. 7, for commentary see p. 30-31

3) Non-GAAP financial measure; reconciliation to cash provided by operating activities see Interim Report I, p. 8

4) Non-GAAP financial measure; reconciliation see Interim Report I, p. 9



## E.ON Group – Adjusted EBIT by market unit

First quarter in million €

	2005	2004	+/- %
Central Europe	1,281	1,179	+9
Pan-European Gas	486	416	+17
U.K.	268	270	-1
Nordic	301	279	+8
U.S. Midwest	101	93	+9
Corporate Center	-41	-8	-
<b>Core Energy Business</b>	<b>2,396</b>	<b>2,229</b>	<b>+7</b>
Other Activities <sup>1</sup>	119	116	+3
<b>Adjusted EBIT<sup>2</sup></b>	<b>2,515</b>	<b>2,345</b>	<b>+7</b>

- 1) This segment consists of Viterra and Degussa; the latter being accounted for using the equity method  
2) Non-GAAP financial measure; reconciliation to consolidated net income see Table in Interim Report I, p. 7

## E.ON Group - Outlook 2005

<b>Expected adjusted EBIT</b>	<b>E.ON Group</b>	➔	To be slightly above last year's record level
	MU Central Europe	➔	To be above last year's level
	MU Pan-European Gas	➔	To be slightly higher than last year's level
	MU U.K.	➔	To be similar to the last year's level in local currency terms
	MU Nordic	➔	To be slightly below last year's figure
	MU U.S. Midwest	➔	To be on par with last year's level in local currency terms
<b>Expected net income</b>		➔	To be substantially above last year's level, owing to the gains from the successful divestment of Viterra

*e.on*

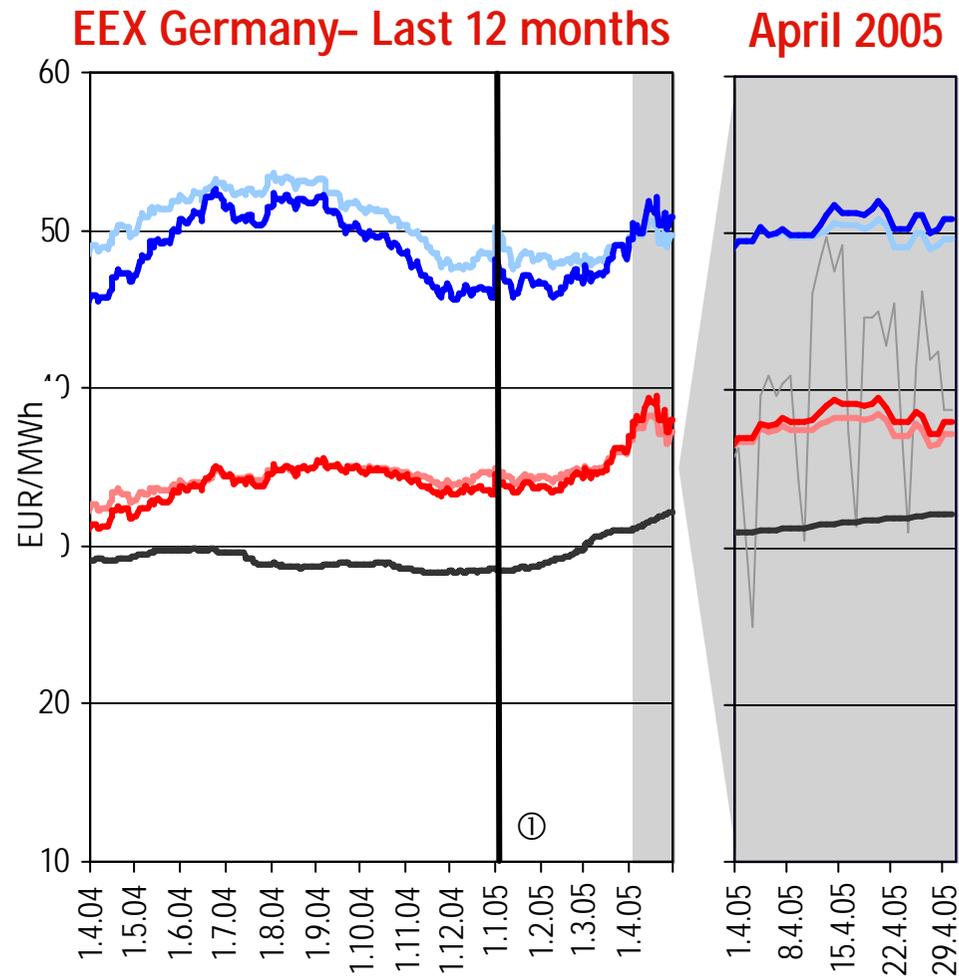
Our vision:

„E.ON - the world's leading power and gas company“

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Back-up Charts

# Central Europe – Electricity wholesale prices



### Key drivers

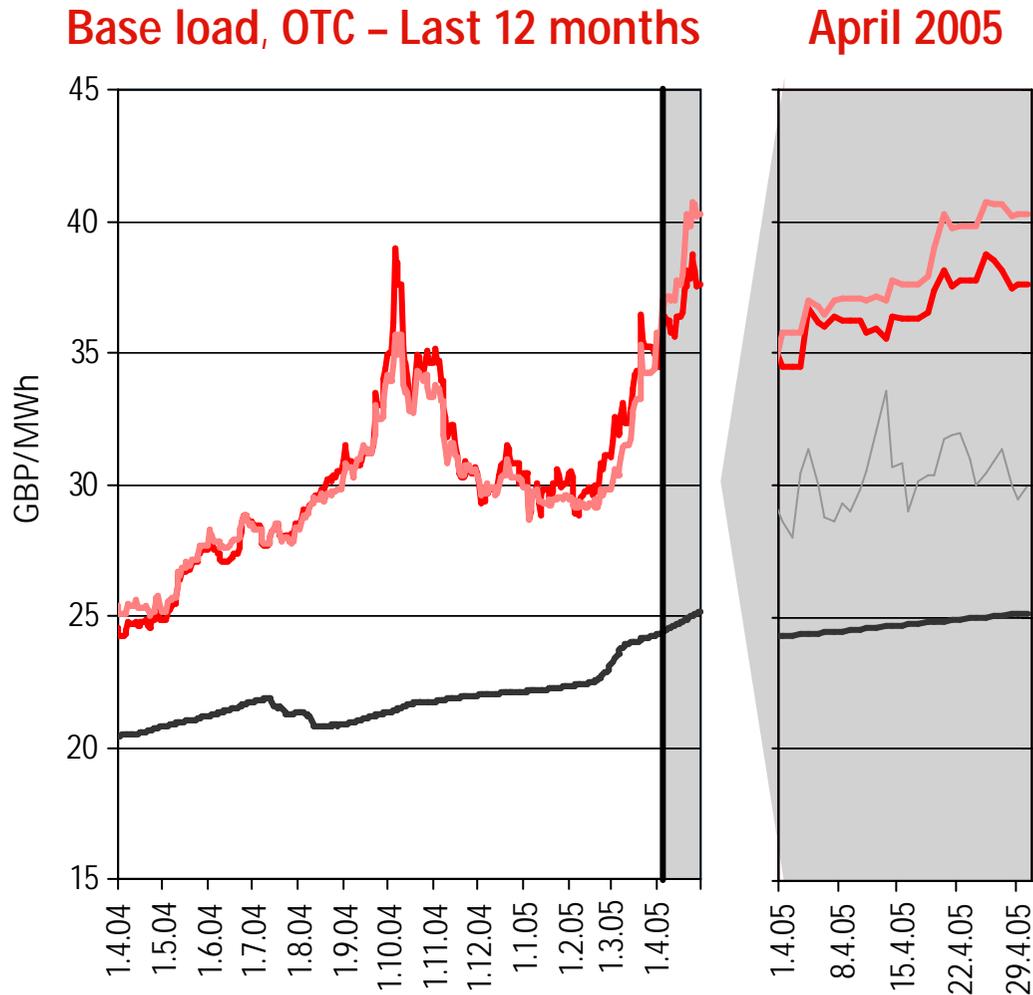
- High coal and increasing gas and oil prices
- High carbon prices

### Legend

- base future for year+1 (2005/2006)
- base future for year+2 (2006/2007)
- base spot (average of last 12 months)
- base spot (only shown for last month)
- peak future for year+1 (2005/2006)
- peak future for year+2 (2006/2007)

Ⓜ The line represents the switch of the futures, addressed by y+1 and y+2.  
 Base/peak 2006 replaces base/peak 2005 (2007 replaces 2006 respectively)

# U.K. – Electricity wholesale prices



## Key drivers

- Increasing gas forward prices gas due to higher oil prices
- High carbon prices

## Legend

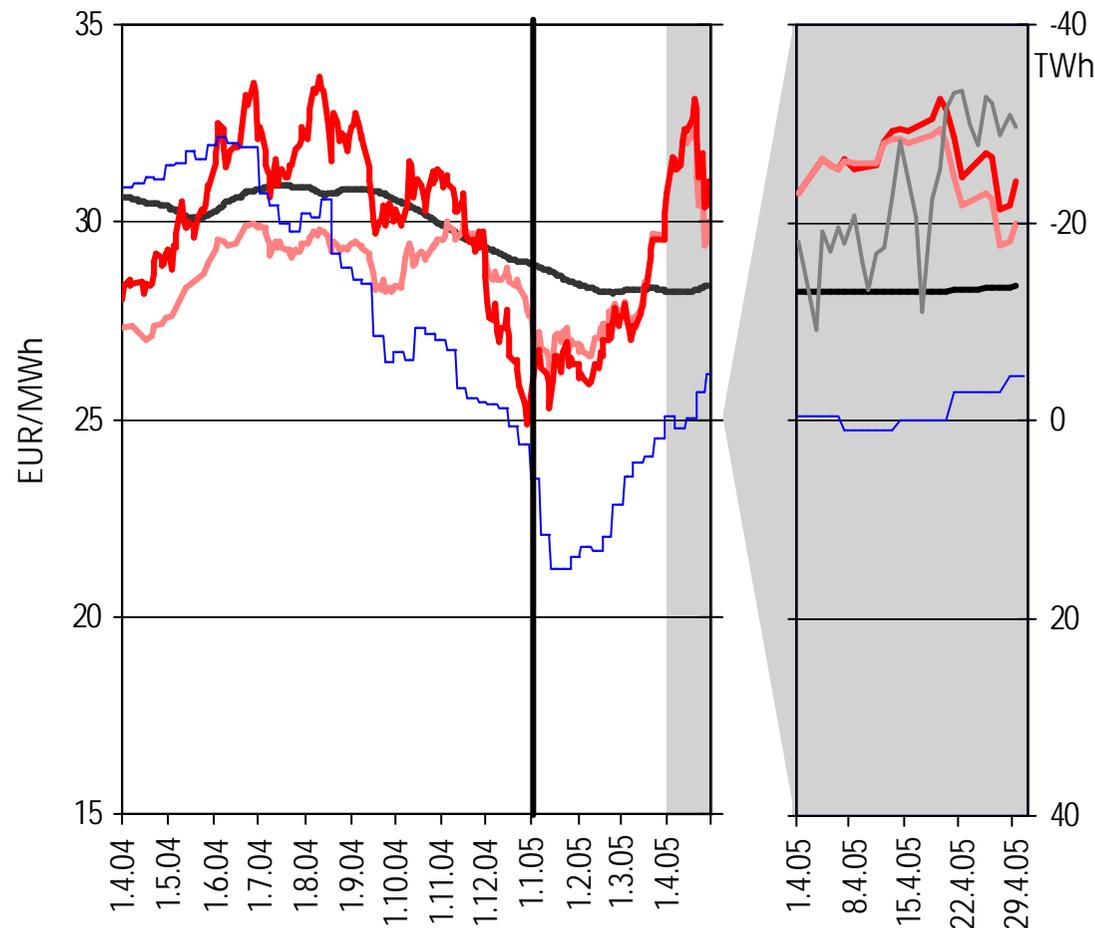
- base forwards for year+1 (2005/2006)\*
- base forwards for year+2 (2006/2007)\*
- base spot (average over last 12 months)\*\*
- base spot (only shown for last month)\*\*

\* average of next summer (Apr.-Sep.) and winter (Oct.-Mar.)

\*\* Base load day instrument, UK Power Exchange

# Nordic – Electricity wholesale prices

## Base load, Nordpool – Last 12 months April 2005



### Key drivers

- Level of available hydro energy below normal (due to less than normal precipitation)
- High carbon and fossil fuel prices

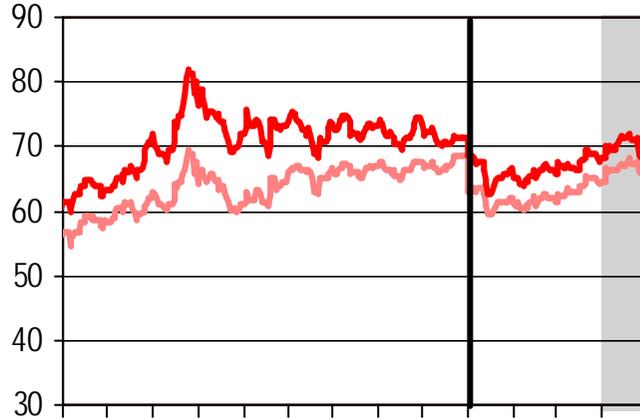
### Legend

- forwards for year+1 (2005/2006)
- forwards for year+2 (2006/2007)
- spot (average over last 12 months)
- spot (daily average of last month)
- hydrological level vs. normal\*

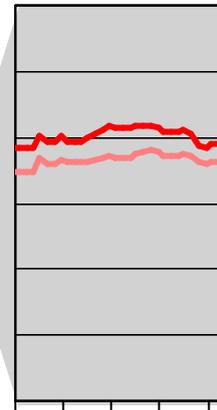
\* The development of the hydrological level vs. normal considers hydrological changes by precipitations (rain, snow, etc.) or snowmelts promptly.

## Europe – Coal- and CO<sub>2</sub>-prices

Coal, ARA – Last 12 months



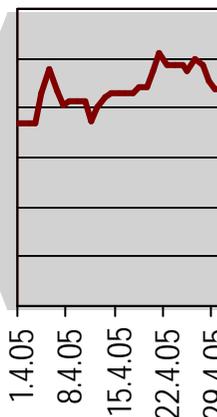
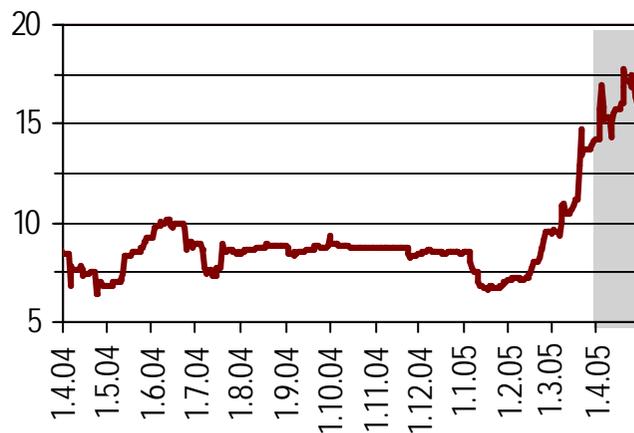
April 2005



### Key drivers coal

- Still high due to international demand for coal and freight rates
- European stockpiles continue to be on high level

CO<sub>2</sub>-Price-Index (Cal 05) – Last 12 months April 2005



### Key drivers CO<sub>2</sub>

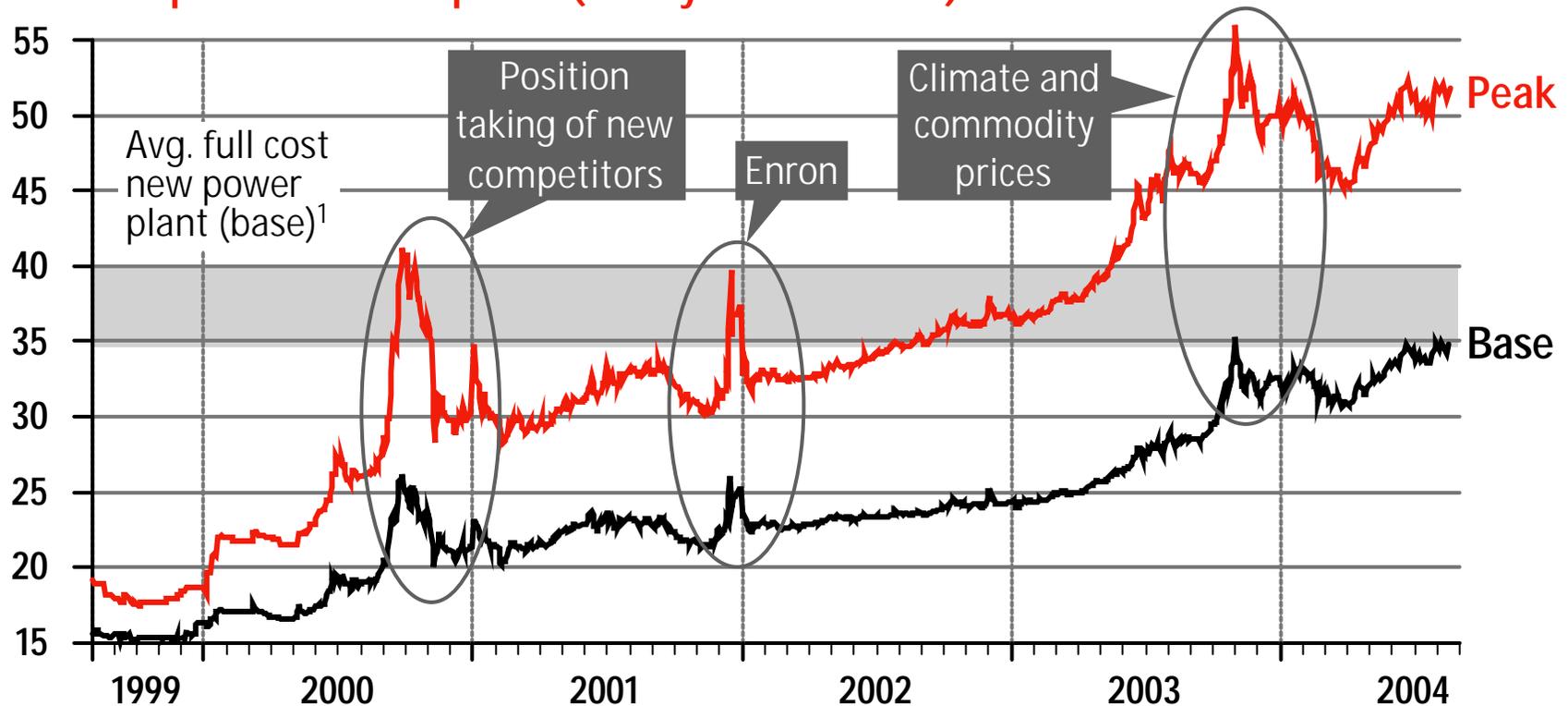
- Expected demand for CO<sub>2</sub>-certificates
- Demand for CO<sub>2</sub>-certificates influenced by relative economics of coal and gas fired generation

### Legend

- Coal forwards for year+1 (2005/2006)
- Coal forwards for year+2 (2006/2007)
- CO<sub>2</sub>-Price-Index (Cal 05)

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



1) Without CO<sub>2</sub>

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**

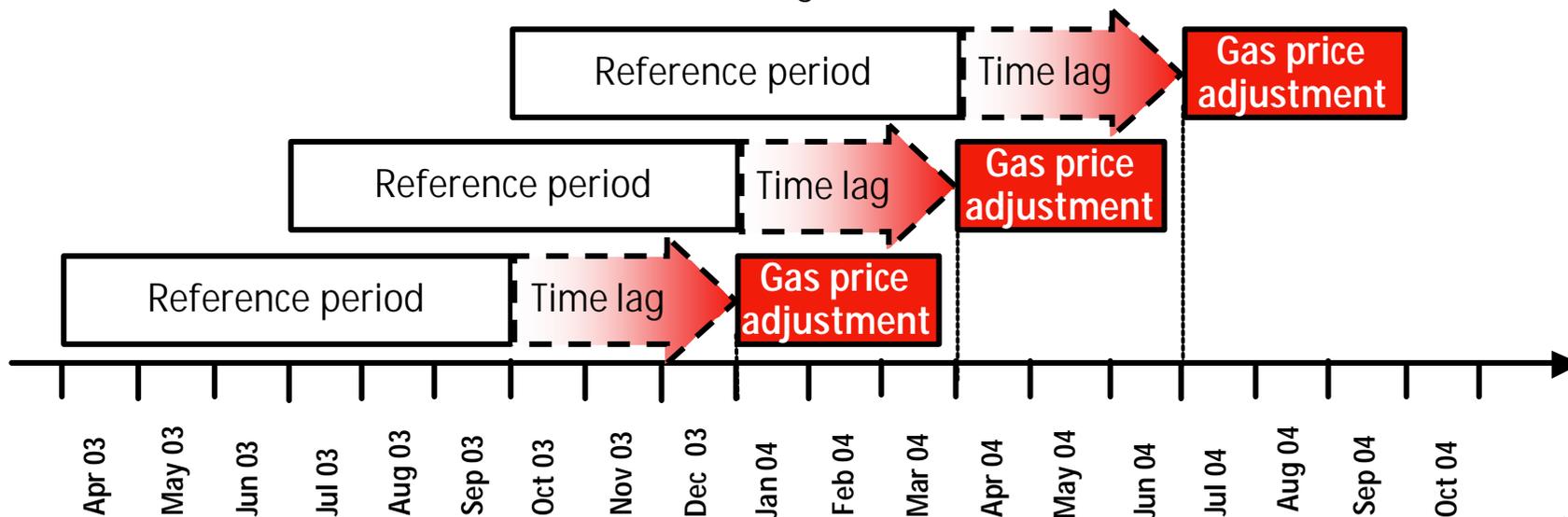
**Boosting Capacity** of power plants

Capacity Increase: 500 MW  
Timeframe: short

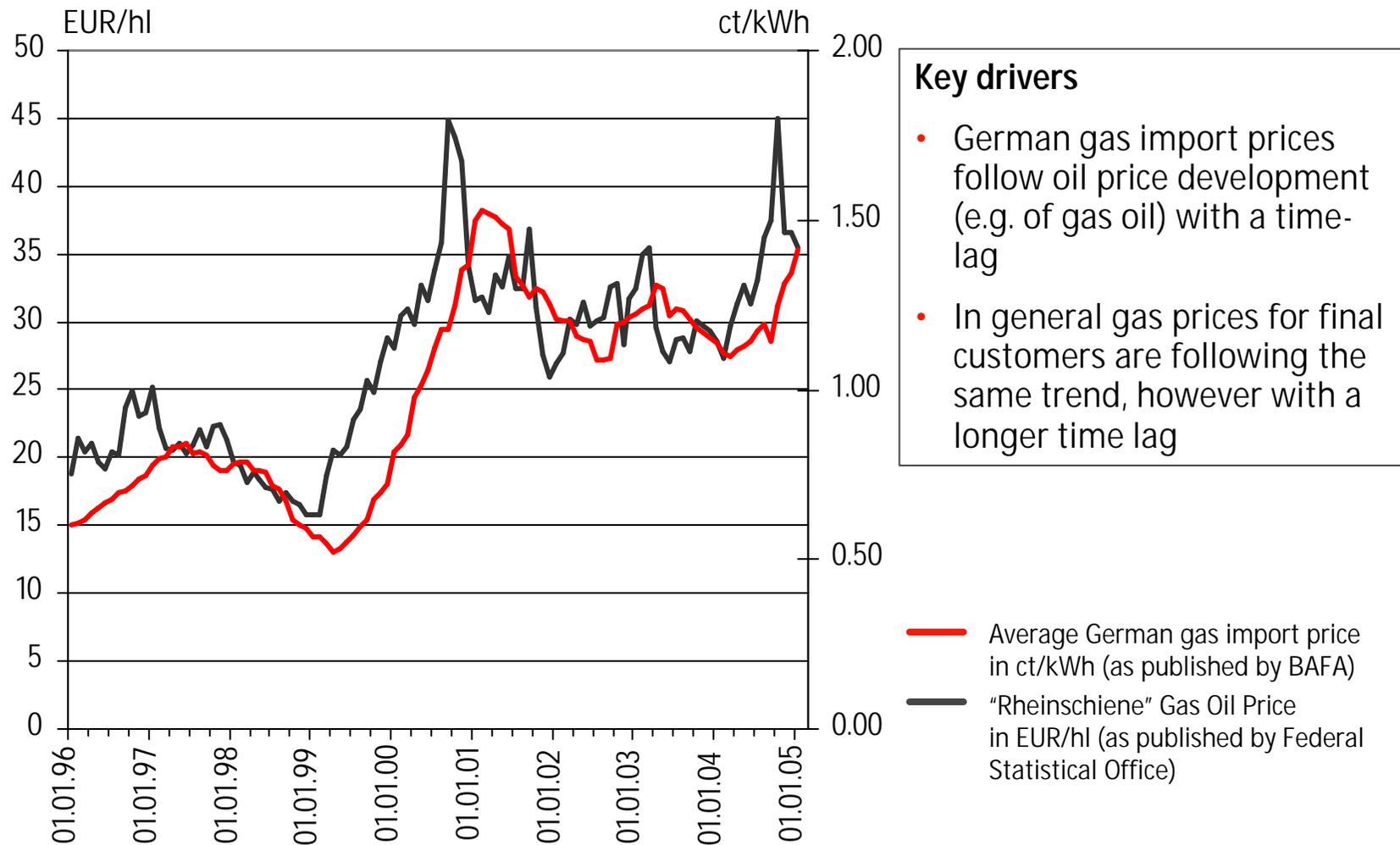
# Gas price adjustment

## Oil indexation

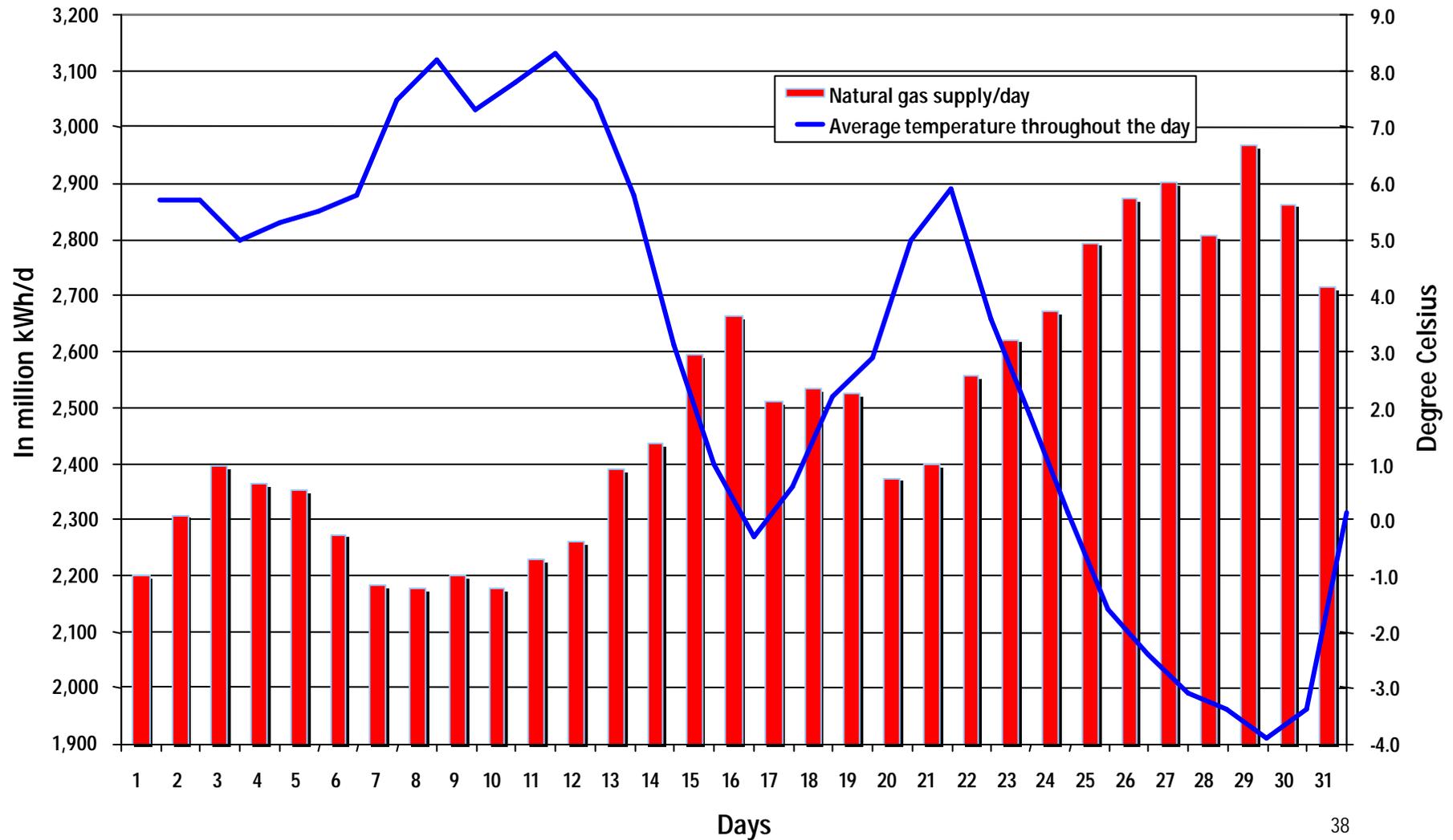
- Main competitors of natural gas are gas oil and fuel oil.
- Long-term contracts need an automatic indexation.
- Oil indexation secures competitive gas prices.
- Example for oil indexation :
  - Price adjustment every 3 months; 1.1./1.4./1.7./1.10.
  - Reference period 6 months
  - Time lag 3 months



# German gas import prices follow the development of oil prices



# Natural gas supply and temperatures, January 2005





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

E.ON’s Target Markets	Generation	Transmission	Distribution	Supply/Retail
Central Europe: <ul style="list-style-type: none"> <li>• Germany</li> <li>• Netherlands</li> <li>• Czech Republic</li> <li>• Hungary</li> <li>• Slovakia</li> </ul>	UR UR UR UR -	R <sup>1)</sup> - - - -	R <sup>1)</sup> - R R R	UR <sup>2)</sup> - R/UR <sup>3)</sup> R/UR <sup>3)</sup> R/UR <sup>3)</sup>
UK	UR	-	R	UR
US (Kentucky)	R	R	R	R
Nordic: <ul style="list-style-type: none"> <li>• Sweden</li> <li>• Finland</li> </ul>	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

## Germany - Framework of energy regulation

- Establishment of federal regulator with ex-ante and ex-post powers
- Cost regulation based on mix of current cost accounting model and historic cost accounting model
- Exemption from cost regulation for gas transmission grid
- Incentive regulation to follow
- Legal and organisational unbundling
- New entry/exit access regime for gas
- Evaluation of regulatory system not later than 1<sup>st</sup> July 2007



- **Electricity:** Main elements of access regime and grid fee scheme of VVII+ likely to be accepted
- **Gas:** New network access regime, determination of gas transmission fees still under discussion

## Germany - Current status on grid fee regulation electricity/gas

Gas transmission: exemption from cost regulation accepted if competition in transmission can be proved

Gas distribution and electricity: calculation of allowed costs largely identical

⇒ Corporate tax allowance to be fully included with implementation of incentive regulation

⇒ Netting out of accumulated regulatory depreciation and re-investment controversial

⇒ Cost of Capital:

- Return on equity 6.5% real, post trade tax (electricity) and 7.8% real, post trade tax (gas distribution)

- Maximum level of accepted equity ratio for cost calculation: 40%

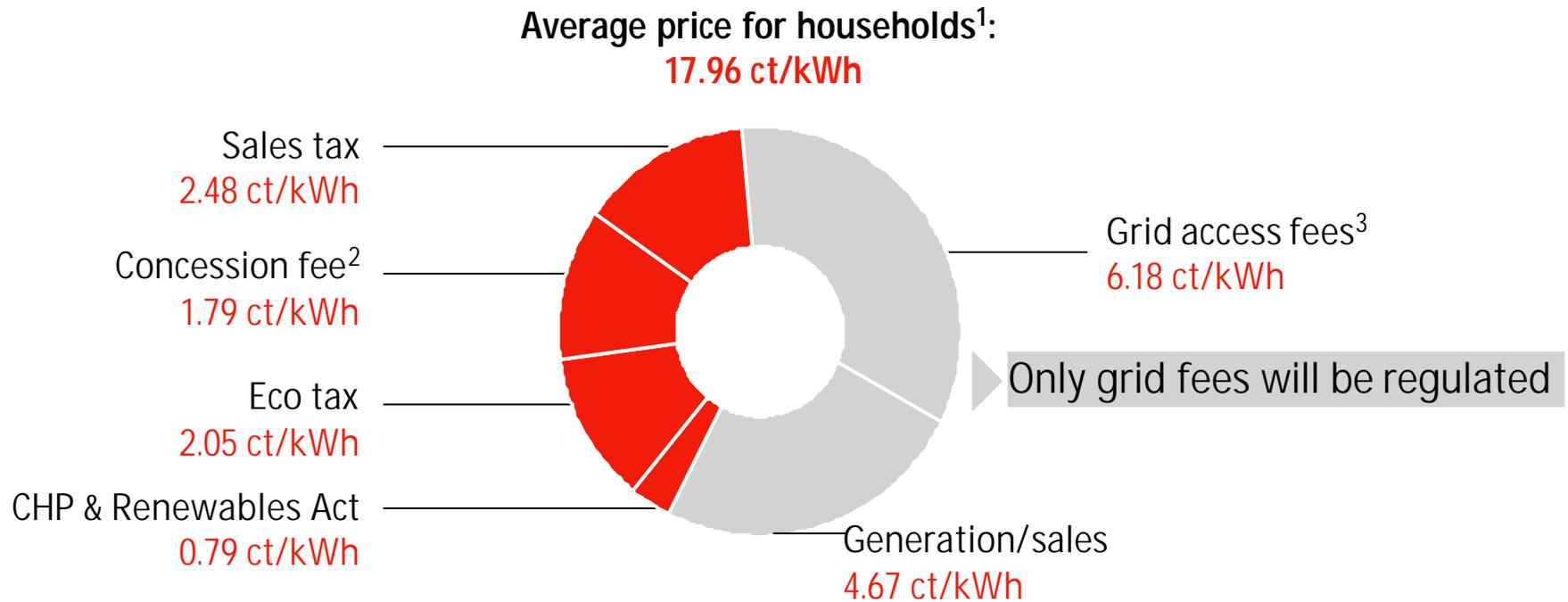
⇒ Benchmarking of grid fees of 'comparable' network operators

➤ Draft law and regulations passed by the Lower House of Parliament on April 15th, Upper House of Parliament has called for the arbitration commission

➤ Entry into force: July 1st (earliest) or August 1st (more likely)

# Germany - Only grid access fees to be regulated

2004 (assumed consumption for a household: 3,500 kWh/a)

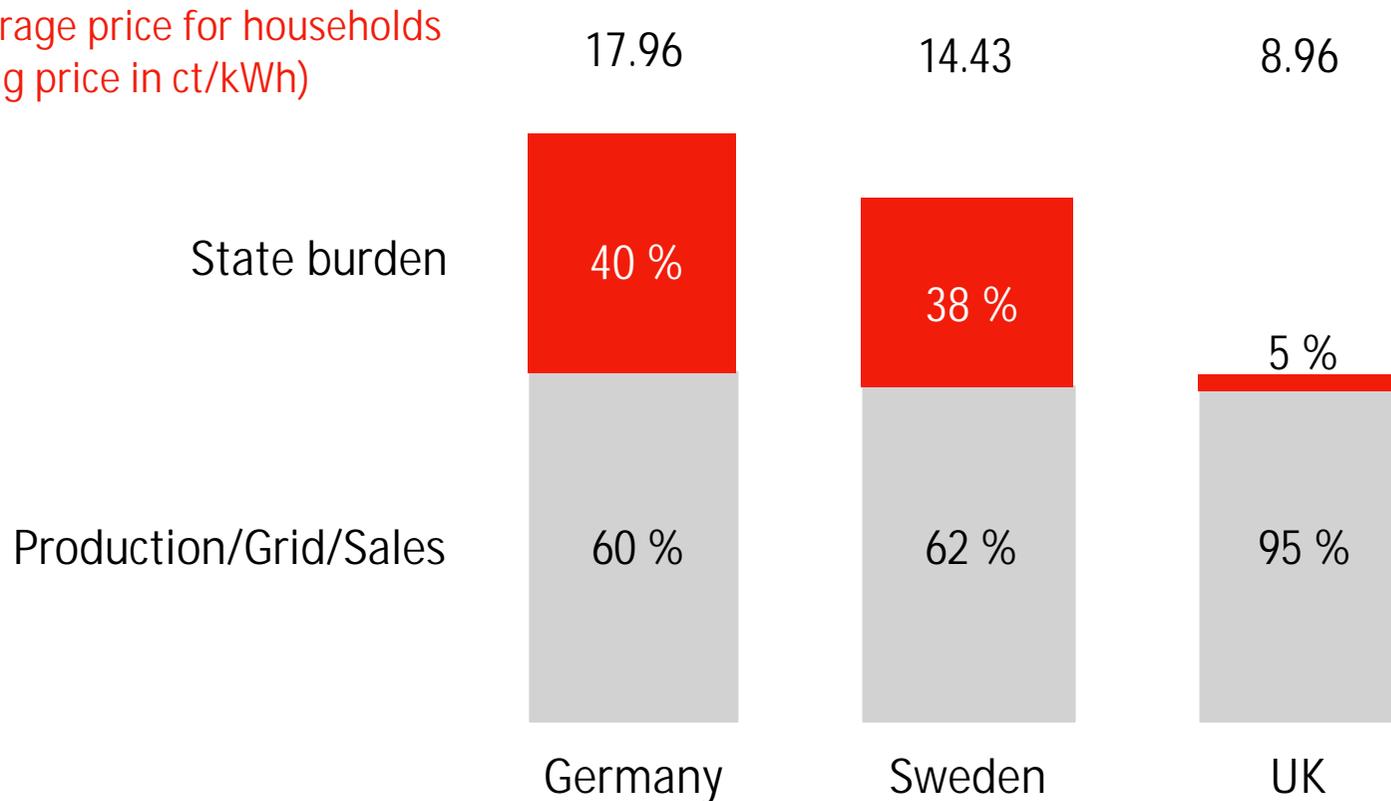


1) Electricity supplied to households; annual sales volume 3.500 kWh  
 2) Concession fee in cities between 100.000 and 500.000 residents  
 3) Arithmetic medium for grid fees as published by VDN, November 2004  
 Sources: VDN, VDEW, (2004).

# State burden on power prices

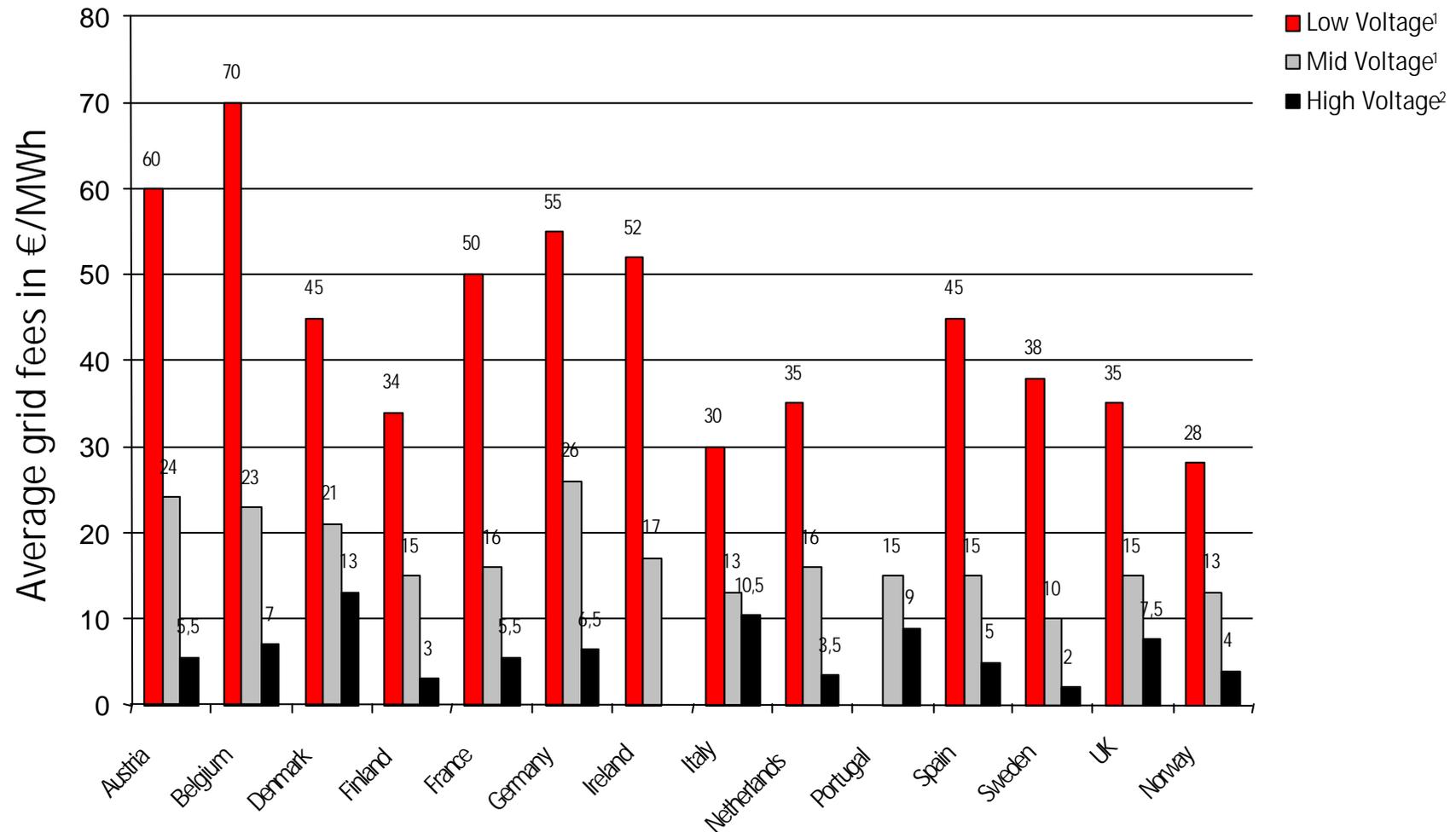
2004 (assumed consumption: 3,500 kWh/a)

Average price for households  
(long price in ct/kWh)



# European grid fees comparison

2003



1) EU Commission: 3<sup>rd</sup> Benchmarking report 2004  
 2) ETSO: Benchmarking Transmission Pricing in Europe 2003

## German NAP (Act of August 25, 2004)

Free grand fathering based on historic 2000 - 2002 emissions

Power + Industry sector 2000-02:

505 Mt CO<sub>2</sub>/a

Total allocation proposed for 2005-07:

503 Mt CO<sub>2</sub>/a (- 0.4%)

Total allocation proposed for 2008-12:

495 Mt CO<sub>2</sub>/a (- 2.0%)

### **New entrants**

Reserve of 9 Mt CO<sub>2</sub>/a to be distributed with an emission cap of 750 g/kWh.

### **Compensation for nuclear phase-out**

Compensation of 1.5 Mt CO<sub>2</sub>/a for 2005–2007, no political sign whether there will be any compensation in 2008-12

### **Decommissioning of plants and transfer of certificates**

In case of a shut down, full transfer of certificates to new installation for 4 years, possibly generating certificate surpluses, particularly when shifting from lignite to gas.

Afterwards, no further required reduction of emissions / certificates for 14 years.

Further, creating additional reserves for e.g. CHP, early actions and process emissions leave Power and Industry with a reduction up to 7.5 % in the period to 2005-07 dependent on the specific allocation rule.

Political process for negotiating NAP II – to be delivered to Commission by June 30, 2006 – just started.

## Effects of the NAP on E.ON Energie

- Overall, E.ON accepts the compromise, but objected the allocation to a very few installations mainly because the authority didn't follow our application or because of miscalculation of allowances.
- Total impact on E.ON Energie depends mainly on the development of the highly volatile CO<sub>2</sub> market and the corresponding wholesale power market. Depending on the development of the CO<sub>2</sub> market the burden from E.ON Energie's short position on CO<sub>2</sub> may be less than 30 Mio € p.a. 2005 - 2007.
- 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 CO<sub>2</sub> emissions were an average 360 g CO<sub>2</sub>/kWh in 2003 compared to a German average of 580 g CO<sub>2</sub>/kWh. The risk of higher costs is therefore comparably low
- E.ON is confident that costs for CO<sub>2</sub> allowances can be passed through to customers



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

## Effects of emission trading on E.ON Group

- E.ON Energie objected to some of the allocations for its installations, but in general received the expected amount of allowances in Germany and Benelux.
  - E.ON Ruhrgas is generally satisfied with its small short position but remains in discussions with the agency.
  - E.ON Nordic has a very low CO<sub>2</sub> exposure because of its high CO<sub>2</sub> free generation capacity. The remaining CO<sub>2</sub> emitting power stations got allowances almost as needed.
  - E.ON UK has not received any allowances since the UK government challenged the EU decision on the UK NAP. The EU Commission rejected UK claims for more allowances but agreed on changes in the methodology, which in result favors E.ON UK relative to its competitors in UK.
  - Since there is no UK allocation the total short position on EU allowances for the Group in 2005 currently cannot be calculated. The actual CO<sub>2</sub> position also depends on the merit order and / or weather conditions (e.g. power production from wind).
- ➔ In summary, the E.ON Group will be short on EU allowances as intended by the principle of an emission trading system. Actual numbers on our short position will not be announced as not to give the CO<sub>2</sub> market any signal on our compliance strategy.

All MU's try to pass CO<sub>2</sub> costs through to the customer so there may be no overall burden for the Group.

## Market units – Key financial figures 2004

in million €

	Sales	Adjusted EBITDA <sup>1</sup>	Adjusted EBIT <sup>1</sup>	Capital Employed	ROCE (%)	Pre-tax CoC (%) <sup>2</sup>	Cash-flow <sup>3</sup>
Central Europe	20,752	4,908	3,602	16,938	21.3	9.0	2,938
Pan-European Gas	14,426	1,900	1,428	15,251	9.4	8.2	1,016
U.K.	8,490	1,592	1,017	11,446	8.9	9.2	633
Nordic	3,347	1,121	701	7,333	9.6	9.0	957
U.S. Midwest	1,913	544	349	6,441	5.4	8.0	182
Corporate Center	-813	-273	-314	1,700	-	-	241
<b>Core Energy Business</b>	<b>48,115</b>	<b>9,792</b>	<b>6,783</b>	<b>59,109</b>	<b>11.5</b>	-	<b>5,967</b>
Viterra	988	621	471	3,649	12.9	7.3	5
Degussa <sup>4</sup>	-	107	107	2,229	4.8	9.6 <sup>5</sup>	-
<b>E.ON Group</b>	<b>49,103</b>	<b>10,520<sup>6</sup></b>	<b>7,361<sup>6</sup></b>	<b>64,987</b>	<b>11.3<sup>7</sup></b>	<b>9.0</b>	<b>5,972</b>

1) Non-GAAP financial measure; reconciliation see Annual Report, p. 25

2) Cost of capital for 2004

3) Cash provided by operating activities

4) Degussa is included at equity in the Group Financial Statements since February 2003.

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

6) Non-GAAP financial measure; reconciliation to internal operating profit see Annual Report, p. 25

7) Non-GAAP financial measure; derivation see Annual Report, p. 25



## E.ON Group - Strong financial profile

	2004	2003
$\frac{\text{Adj. EBITDA}^1}{\text{Net interest}^2}$	16.0 x	14.8 x
$\frac{\text{Adj. EBITDA}^1}{\text{Net financial position}^3}$	192 %	120 %
$\frac{\text{Net financial position}^3}{\text{Cash provided by operating activities}}$	0.9 years	1.4 years
$\frac{\text{Gross external debt}^4}{\text{Total Capital}^5}$	33%	36%

1) Non-GAAP financial measure; reconciliation see Annual Report, p. 25

2) Non-GAAP financial measure; reconciliation see Annual Report, p. 160

3) Non-GAAP financial measure; reconciliation see Annual Report, p. 29

4) Non-GAAP financial measure; gross external debt equals financial liabilities to banks and third parties less interest portion, see Annual Report, p. 140

5) Non-GAAP financial measure; total capital equals gross external debt plus shareholders' equity plus minority interests

## E.ON Group - Strong rating

### **Moody's (Aa3, „stable outlook“)**

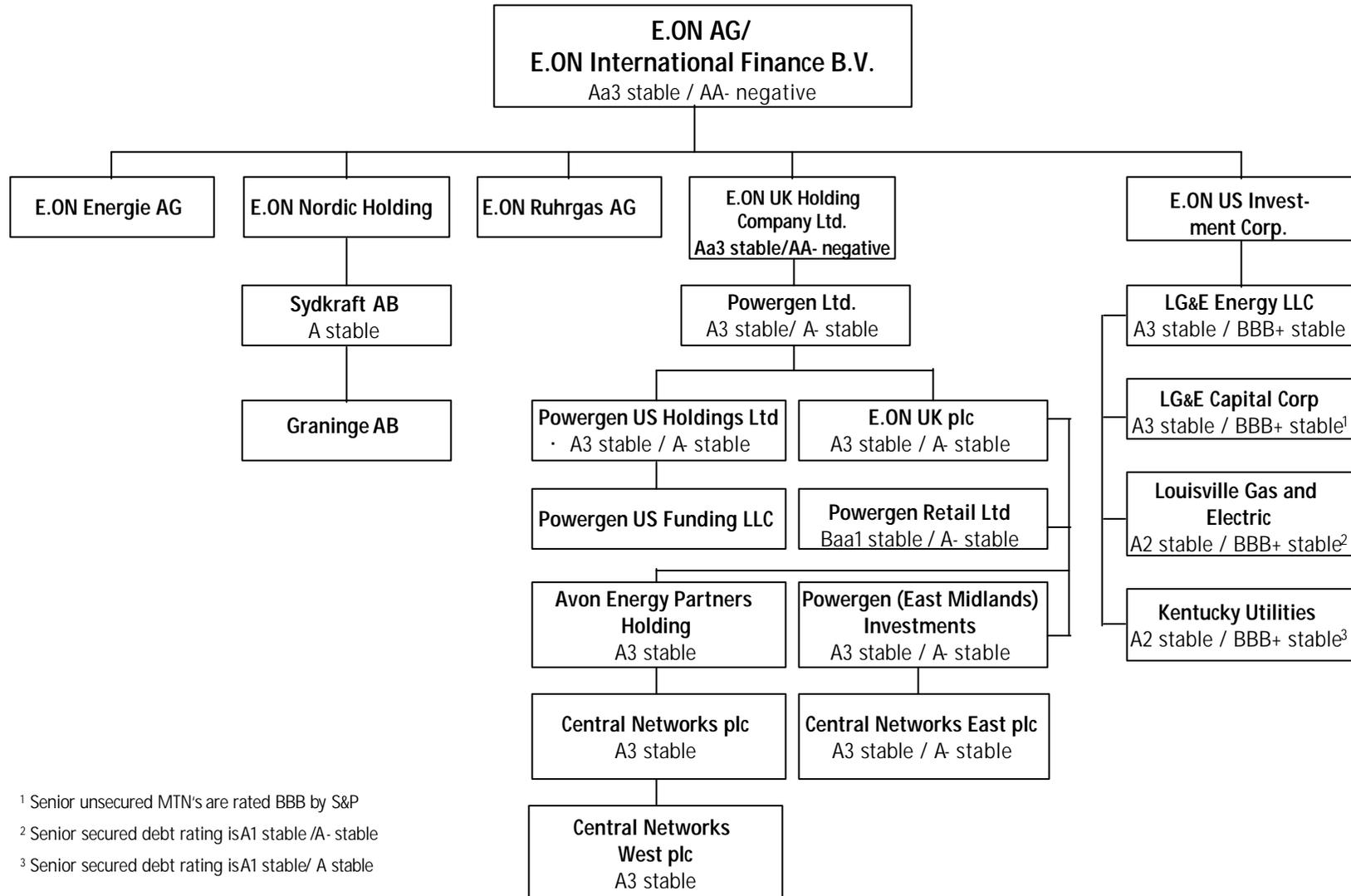
- E.ON's A1 Rating upgraded to Aa3 on April 30, 2004
- The rating reflects E.ON's improving credit protection measurements and reduced debt, its more narrowly defined medium-term plan and investment discipline, its good underlying core operating performance and the remaining divestments.

### **Standard & Poor's (AA-, „negative outlook“)**

- AA- Rating confirmed on 14 March 2005, outlook revised from “stable” to „negative“
- The ratings on E.ON are supported by its very strong business position as the world's largest private electricity and gas utility and vertically integrated positions in a number of high-quality electricity and gas markets, together with a robust financial profile. However, a combination of regulation impact and acquisitions, together with ongoing shareholder pressure or investments in riskier growth markets could ultimately lead to a ratings adjustment.



# Ratings within the E.ON Group



<sup>1</sup> Senior unsecured MTN's are rated BBB by S&P

<sup>2</sup> Senior secured debt rating is A1 stable / A- stable

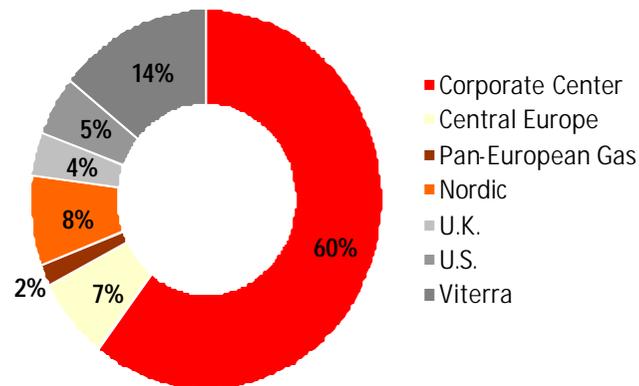
<sup>3</sup> Senior secured debt rating is A1 stable/ A stable

# E.ON Group - Split of gross external debt<sup>1</sup>

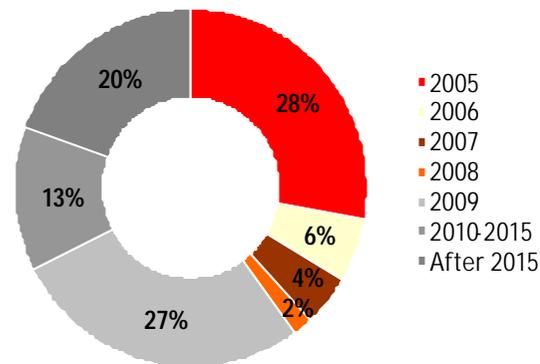
as of December 31, 2004, in billion €

	Central Europe	Pan-European Gas	U.K.	Nordic	U.S. Midwest	Corporate Center	Viterra	E.ON Group
Bonds	0.0	0.0	0.5	0.5	0.9	7.2	0.0	<b>9.1</b>
Commercial paper	0.0	0.0	0.0	0.2	0.0	3.4	0.0	<b>3.6</b>
Bank loans/others	1.3	0.4	0.2	0.7	0.0	0.4	2.6	<b>5.6</b>
<b>Gross external debt<sup>1</sup></b>	<b>1.3</b>	<b>0.4</b>	<b>0.7</b>	<b>1.4</b>	<b>0.9</b>	<b>11.0</b>	<b>2.6</b>	<b>18.3</b>

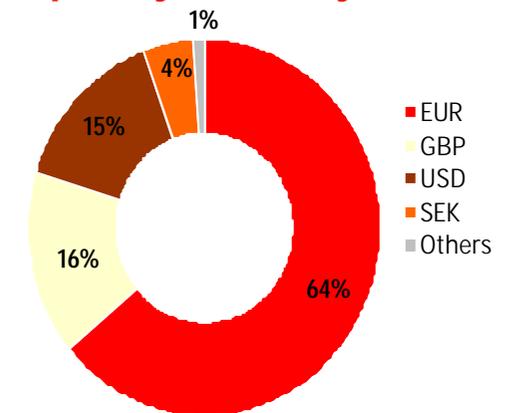
## Split by Market Unit



## Split by Maturity



## Split by Currency<sup>2</sup>



1) Non-GAAP financial measure; gross external debt equals financial liabilities to banks and third parties less interest portion, see Annual Report, p. 140  
 2) Before hedging



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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