France

Sales report E.ON France
July 2009

Paris, August 18th 2009

CONTENTS

Management Summary

Sales forecast 2009:

As there was no monthly reporting since June report, the forecasted sales figures were only revised in terms of aperiodic margin effects SNET which are not included anymore.

Whereas (total) power volumes are supposed to almost meet budget 2009 in spite of the financial crisis (-2% or -184 GWh), gas volume forecast is well below the plan (-34% or -5.358 GWh). A minor volume upside for SNET is driven by an important contract with Areva in Q2 and Q3 2009 and compensates lower EFRE power sales in Q1.
Overall (operative) power margin is expected to be -1.4 M€ below budget mainly resulting from the preliminary CRE-declaration EFRE in Q1 (compensation on level of production costs SNET vs. real purchase costs EVD), but will be compensated by aperiodic effects (+5.2 M€ at SNET and +2.4 M€ at EFRE). Furthermore the negative effects at EFRE are supposed to be equalized within the final declaration for 2009. The forecast for operational gas margin is slightly above budget (+0.5 M€) but will mainly depend on margins in the beginning of the gas year 2009 / 2010. Negative aperiodic effects (-1.2 M€) will lead to a minor downside. ⇨ ***page 2***

TaRTAM:

The production volume forecast decreased with the last HOPES prevision of 17th July and may not cover the overall annual sales volumes of SNET. Based on this SNET sales may only be compensated on production costs to 99%. Currently this topic is further investigated. ⇨ ***page 3***

Operational sales business:

July has been an active period for SNET Power and EFRE Gas: SNET has renewed with 5 existing customers (20 sites) representing a contracted volume of 278 GWh. The main contract in terms of volume is related to IMERYS (204 GWh). All customers - except UEM IBIS (0.05 GWh) - are TARTAM customers for delivery in the first half of 2010. EFRE Gas won a 1.1 TWh contract with NEOLECTRA from november 2009 - october 2010 (i.e. delivery of 393 GWh in 2009 and 718 GWh in 2010). At the same time gas volumes from CRAM (5 sites with 326 GWh) and Solvay (450 GWh) were lost with the beginning of the coming gas year as new contracts were not signed. There were no customer movements within EFRE power business.
Due to this contracted volumes for both SNET (delivery in 2010) and EFRE Gas (2009 and 2010) increased in July. Successful sales based on short-term volumes available from ERG has lead to a significant increase in contracted gas volumes for all years 2009 - 2011 since May. As the percentage of contracted volumes is now based on volumes from the current version of the new MTP these figures have changed significantly since last month. Currently contracted gas volumes represent 54% (2009, no adjustment of target within new MTP) / 60% (2010) / 22% (2011) of the planned volumes. The corresponding level of total power volumes represents 93% / 52% / 33% of planned volumes. The percentage of contracted power volumes is clearly lower at EFRE. ⇨ ***page 4.1, 4.2, 4.3***

Miscellaneous:

As in the last months all limits regarding the open sales positions were clearly kept at the end of July. ⇨ **page 5**

Total sales receivables decreased from 20.1 M€ at the end of June and now represent a value of appr. 17.6 M€ (-13%). 85% of the current receivables are due within 30 days. The 11%-share of receivables with a due data of > 90 days is mainly caused by overdue payments of the insolvent customers Papeterie Voiron and Lancey at EFRE. ⇨ **page 6**

The portfolio exposure SNET remains stable whereas the share of customers rated below 10 has slightly increased from 12 to 14% since June. At the same time an increase in rating for some customers (which had been already rated above 10) has been noticed. ⇨ ***page 7***

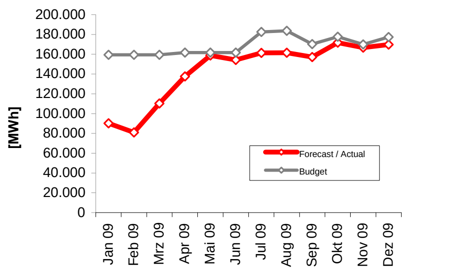
June was the last month with EVD being responsible for EFRE balancing. The EFRE balancing circle still showed a constant long position of appr. 12.1 GWh or 10.1 % of the consumption of the customer portfolio in June. The position of the SNET perimeter was more balanced with a short position of appr. -0.5 GWh or -0.1 %. However, due to the price spread between resold long position (22.2 €/MWh) and short position bought from RTE (47.1 €/MWh) the SNET perimeter is financially negative with -130.4 k€. ⇨ ***page 10.1***

France

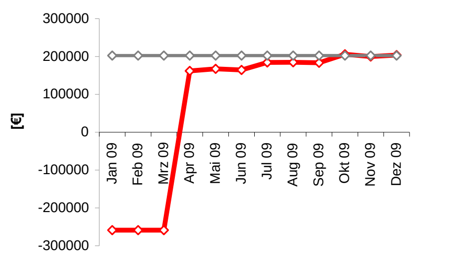
BU France: Latest key figures from management reporting (delivery in 2009) 1)

POWER EFRE

Sales volumes



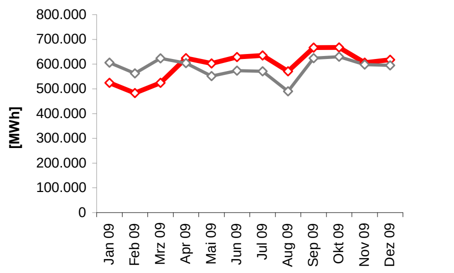
Gross margin



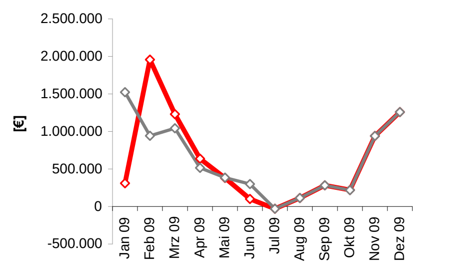
	F/A	BU	Δ	
Sales volumes [GWh]	1.720	2.025	-305	-15,0%
absolute values [M€]				
Sales revenues	103,5	158,4	-54,9	-34,7%
thereof: Customer revenues	70,8	74,3	-3,5	-4,7%
thereof: CRE	32,7	84,1	-51,4	-61,1%
Procurement costs	102,4	156,0	-53,6	-34,4%
Gross margin	1,1	2,4	-1,3	-53,9%
specific values [€/MWh]				
Sales revenues	60,2	78,2	-18,1	-23,1%
Procurement costs	59,5	77,0	-17,5	-22,7%
Gross margin	0,7	1,2	-0,5	-45,8%

POWER SNET

Sales volumes



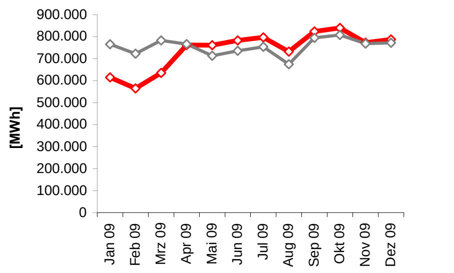
Gross margin



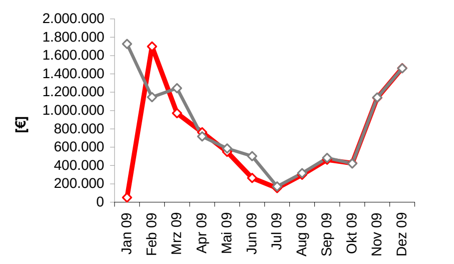
	F/A	BU	Δ	
Sales volumes [GWh]	7.151	7.030	121	1,7%
absolute values [M€]				
Sales revenues	480,7	541,4	-60,7	-11,2%
thereof: Customer revenues	336,3	314,7	21,6	6,9%
thereof: CRE	144,4	226,7	-82,3	-36,3%
Procurement costs	468,1	533,9	-65,8	-12,3%
Gross margin	7,4	7,5	-0,1	-1,3%
specific values [€/MWh]				
Sales revenues	67,2	77,0	-9,8	-12,7%
Procurement costs	65,5	75,9	-10,5	-13,8%
Gross margin	1,0	1,1	0,0	-2,9%

POWER TOTAL

Sales volumes



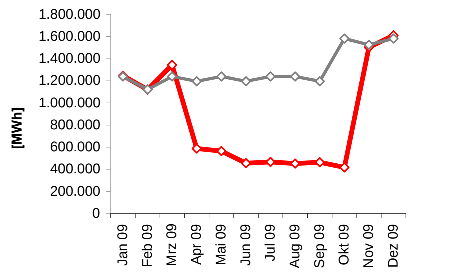
Gross margin



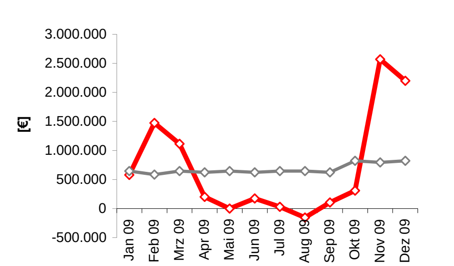
	F/A	BU	Δ	
Sales volumes [GWh]	8.871	9.055	-184	-2,0%
absolute values [M€]				
Sales revenues	584,2	699,8	-115,6	-16,5%
thereof: Customer revenues	407,1	389,0	18,1	4,7%
thereof: CRE	177,1	310,8	-133,7	-43,0%
Procurement costs	570,5	689,9	-119,4	-17,3%
Gross margin	8,5	9,9	-1,4	-14,2%
specific values [€/MWh]				
Sales revenues	65,9	77,3	-11,4	-14,8%
Procurement costs	64,3	76,2	-11,9	-15,6%
Gross margin	1,0	1,1	-0,1	-12,4%

GAS EFRE

Sales volumes



Gross margin



	F/A	BU	Δ	
Sales volumes [GWh]	10.231	15.589	-5.358	-34,4%
absolute values [M€]				
Sales revenues	251,4	547,4	-296,0	-54,1%
Procurement costs	242,8	539,3	-296,5	-55,0%
Gross margin	8,6	8,1	0,5	5,9%
specific values [€/MWh]				
Sales revenues	24,6	35,1	-10,5	-30,0%
Procurement costs	23,7	34,6	-10,9	-31,4%
Gross margin	0,8	0,5	0,3	61,4%

Commentary (Since last month only aperiodic effects SNET were adjusted as no monthly reporting of actuals was due):

Forecast for sales volumes shows a different picture in power and gas. Whereas (total) power volumes are supposed to almost meet budget 2009 in spite of the financial crisis (-2% or -184 GWh), gas volume forecast is well below the plan (-34% or -5.358 GWh). A minor volume upside for SNET is driven by an important contract with Areva in Q2 and Q3 2009 and compensates lower EFRE power sales in the first quarter. Although gas sales volumes were on budgeted level in Q1 the overall target 2009 is likely not to be met due to saisonal effects which were not displayed within the budget.

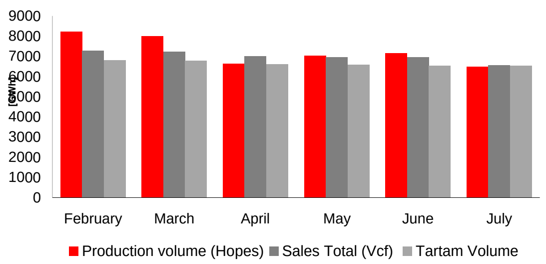
Overall (operative) power margin is expected to be -1.4 M€ below budget resulting from the preliminary CRE-declaration EFRE in Q1 (compensation on level of production costs SNET vs. real purchase costs EVD), but will be compensated by aperiodic effects (+5.2 M€ at SNET and +2.4 M€ at EFRE see notes below). Furthermore the negative effects at EFRE are supposed to be equalized within the final declaration for 2009 (not included in the current forecast). The forecast for operational gas margin is slightly above budget (+0.5 M€) but will mainly depend on margins in the beginning of the gas year 2009 / 2010. Negative aperiodic effects (-1.2 M€, see below) will lead to a minor downside.

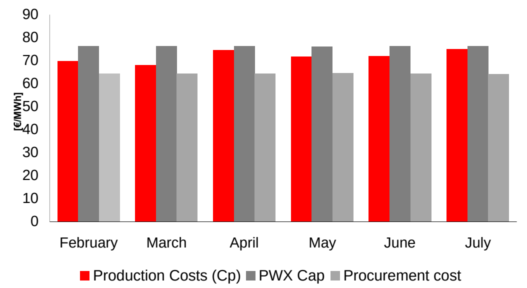
1) Based on SAP "Forecast 2" for SNET, EFRE power and gas. All figures excl. aperiodic effects in order to display 'operational' sales business

Aperiodic effects are: +2.4 M€ for EFRE Power (CRE-compensation Q4 2008), +5.2 M€ for SNET Power (CRE-compensation) and -1.2 M€ for EFRE Gas (third party gas purchase and retroactive charges ERG for modulation of gas-transactions in 2008)

BU France: TaRTAM Key figures

TaRTAM SNET



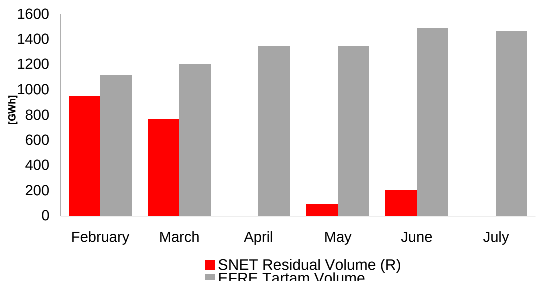


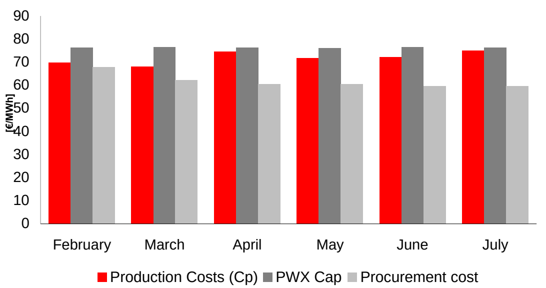
	GWh	K€	€/Mwh
TaRTAM Sales volumes	6.544	281.343	42,99
Production volume (Hopes)	6.485,2		
Sales Total (Vcf)	6.557,6	281.092	42,9
Procurement volume	6.763,5	434.681	64,3
Residual Volume (R) *	0,0		

	GWh	%
Vol.compens./Prod. (Vp)	6.485,2	99,10%
Vol.compens./Sourcing (Va)	58,8	0,90%

* Residual volume is calculated = Prod - Total Sales (Vcf)

TaRTAM EFRE





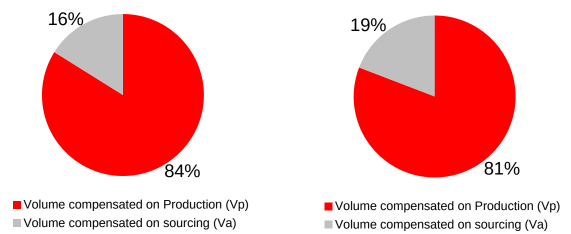
	GWh	K€	€/Mwh
TaRTAM Sales volumes	1.469	61.124	41,60
Production volume (Hopes)	0,0		
Sales Total (Vcf)	1.469	61.124	41,6
Procurement volume	1.523,5	90.802,8	59,6
Residual Volume (R) *	0,0		

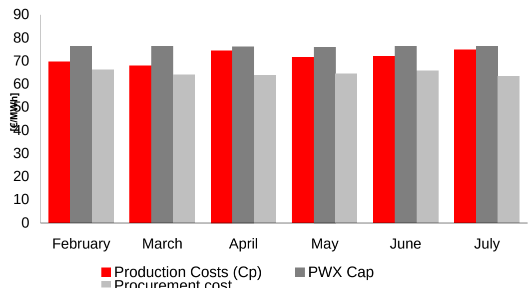
	GWh	%
Vol.compens./Prod. (Vp)	0,0	0%
Vol.compens./Sourcing (Va)	1.469,3	100%

* Residual volume is calculated = Prod - Total Sales (Vcf)

TaRTAM Eon France

Compensation allocation on overall sales Volumes (E.ON France)





	GWh	K€	€/Mwh
TaRTAM Sales volumes	8.013	342.467	42,74
Production volume (Hopes)	6.485,2		
Sales Total (Vcf)	8.026,9	342.216	42,6
Procurement volume	8.287,0	525.484	63,4
Residual Volume (R) *	0,0		

	GWh	%
Vol.compens./Prod. (Vp)	6.485,2	81%
Vol.compens./Sourcing (Va)	1.528,2	19%

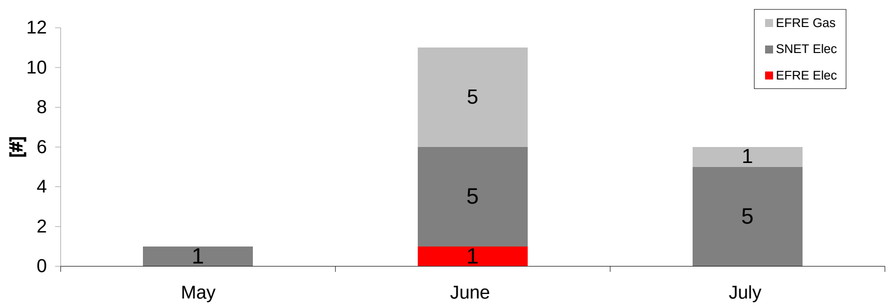
* Residual volume is calculated = Prod - Total Sales (Vcf)

Commentary:
The production volumes (Vp) has decreased with the last HOPES prevision of 17th July and it tends not to cover the overall annual sales volumes (Vcf) of SNET for the first time within the TaRTAM period.
Based on this current forecast SNET sales may only be compensated on production costs to 99%. As EFRE is wholly compensated on sourcing cost only 81% of the sales volumes within the E.ON France perimeter will be compensated on production costs. The remaining 19% are compensated on cost of sourcing. Currently this topic is further investigated.

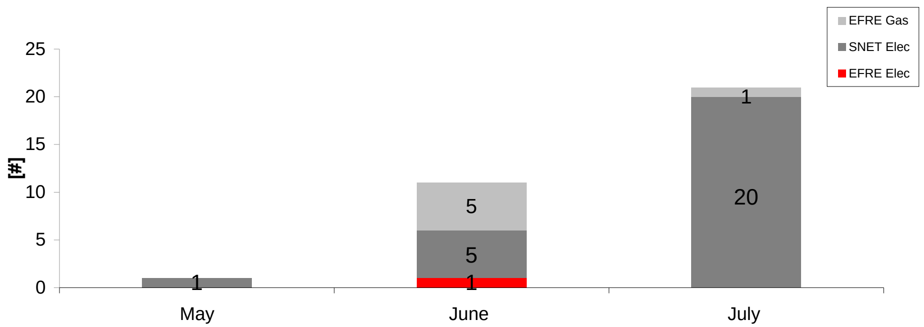
BU France: Customers won - customers lost

Customers won

No. of customers won

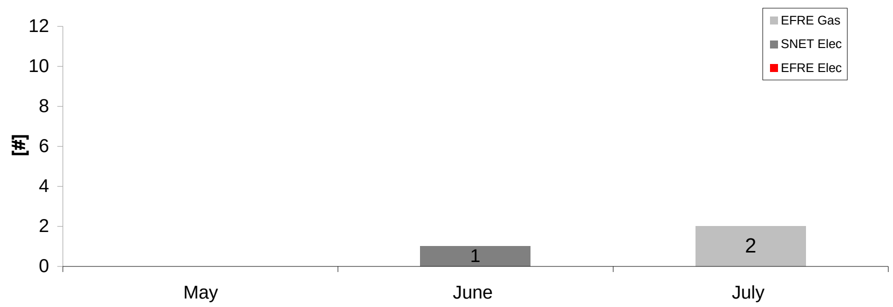


No. of sites won

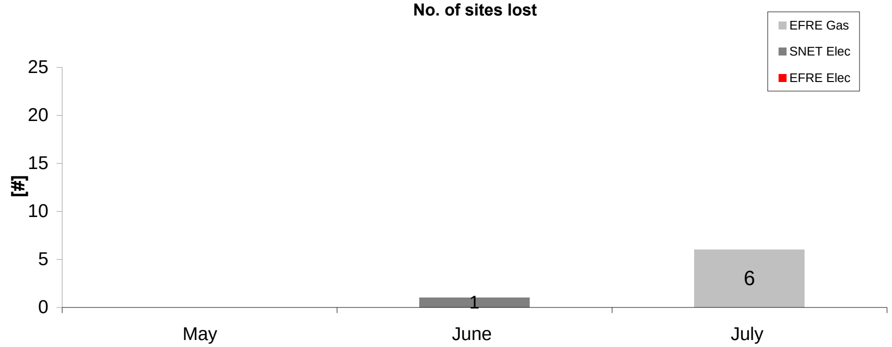


Customers lost

No. of customers lost



No. of sites lost

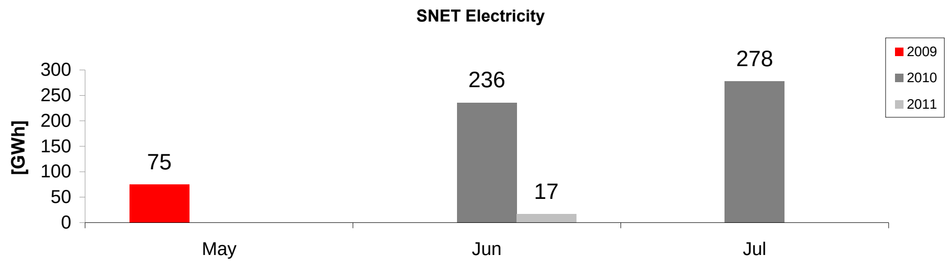


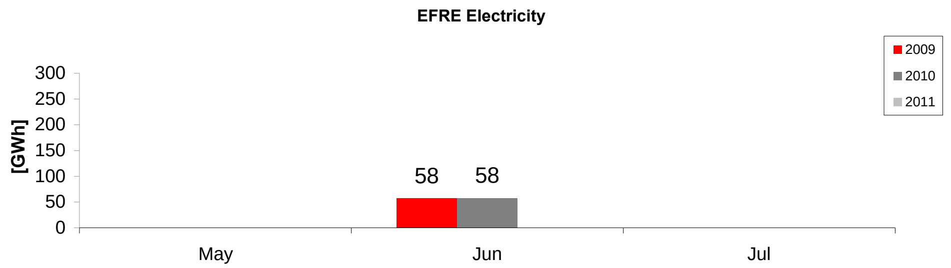
Commentary:

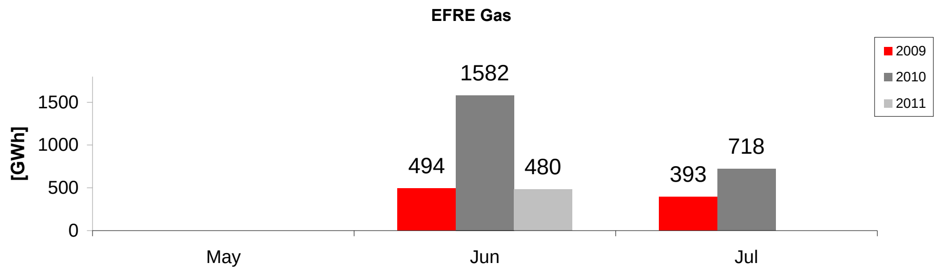
July has been an active period for SNET power and EFRE Gas:
SNET has renewed with 5 existing customers (IMERYS 14 sites, AUTOLIV 2 sites, LABEYRIE with 252 GWh indexed and COMALAIT, UCDV, UEM IBIS with 26.5 GWh non-indexed). All of these - except UEM IBIS - are TARTAM customers for delivery in the first half of 2010. EFRE Gas renewed a contract with NEOLECTRA and lost the two customers CRAM (5 sites) and Solvay with the beginning of the coming gas year as new contracts were not signed.
There were no customer movements within EFRE power business.

BU France: Volumes won - volumes lost

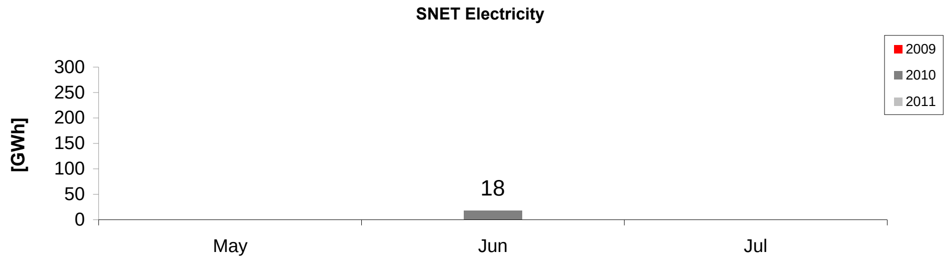
Volumes won

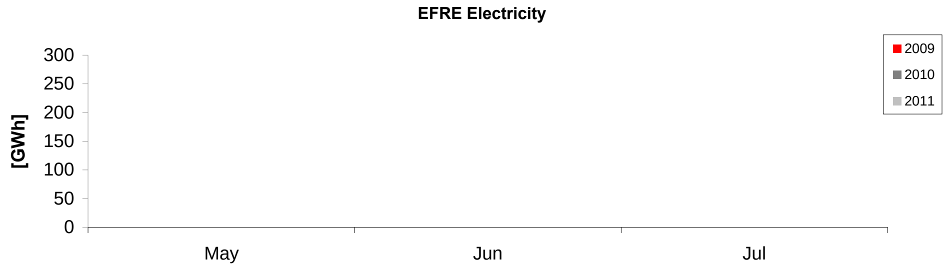


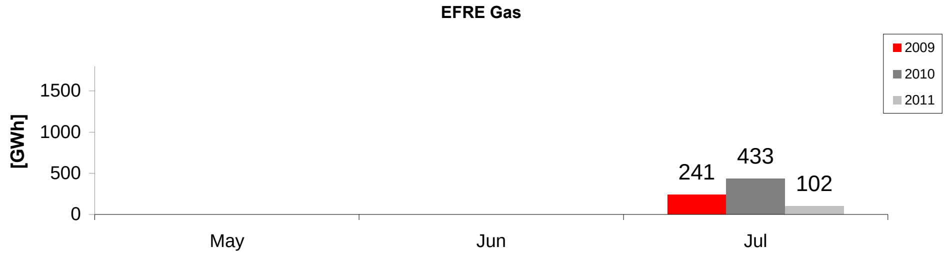




Volumes lost





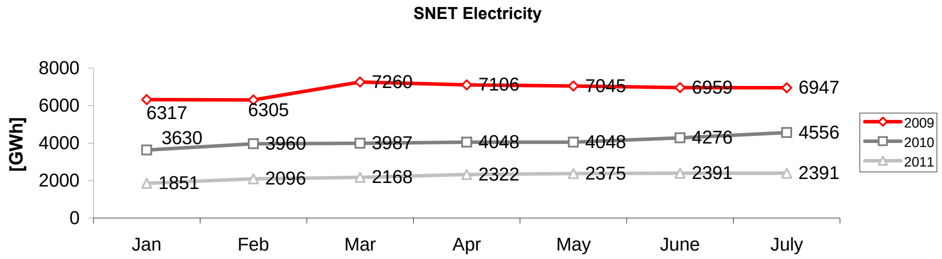


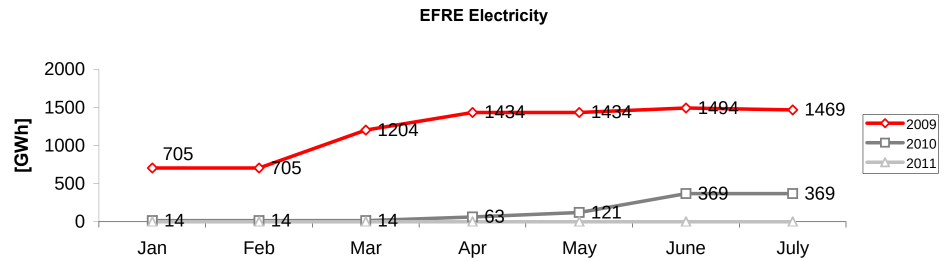
Commentary:

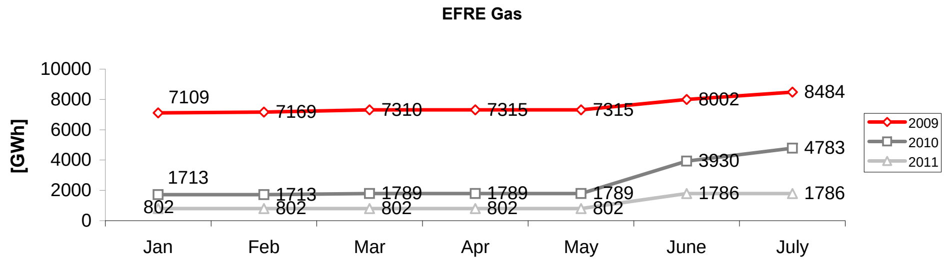
This month SNET power contracted 278 GWh of volumes (252 GWh indexed and 26.5GWh non-indexed). The main contract in terms of volume is related to IMERYS (204 GWh); additional volumes were won with AUTOLIV (25 GWh), LABEYRIE (23 GWh), COMALAIT (16 GWh), UCDV (10 GWh), UEM IBIS (0.05 GWh). All of these - except UEM IBIS - are TARTAM customers for delivery in the first half of 2010.
There were no customer movements within EFRE power business. EFRE Gas renewed 1.1 TWh contract with NEOLECTRA from november 2009 - october 2010 (i.e. delivery of 393 GWh in 2009 and 718 GWh in 2010). At the same time volumes from CRAM (326 GWh) and Solvay (450 GWh) were lost with the beginning of the coming gas year as new contracts were not signed.

BU France: Contracted volumes

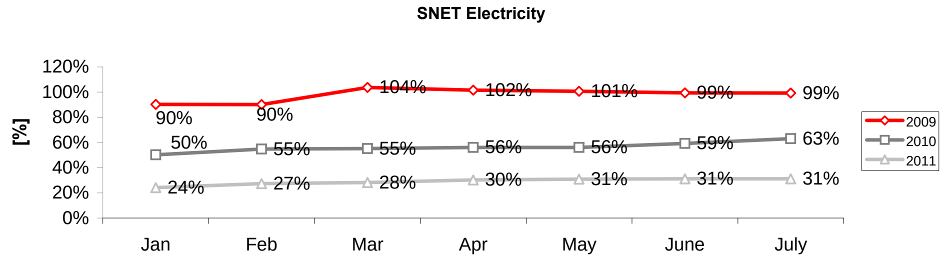
Contracted volumes [GWh]

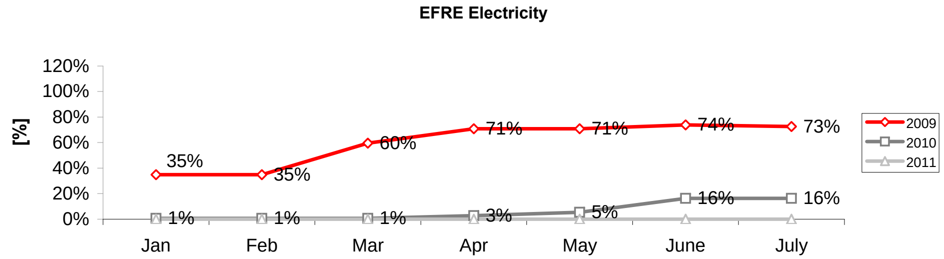


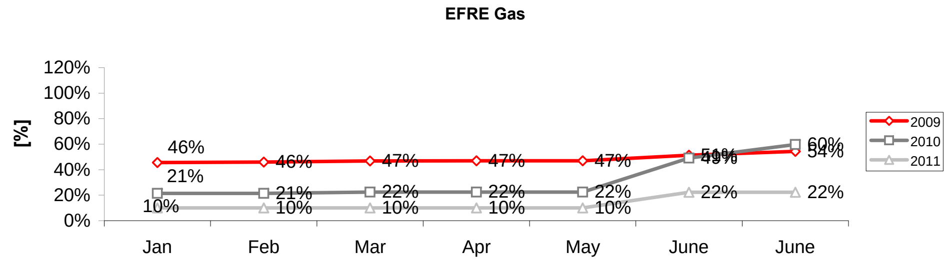




Contracted volumes [% of planned sales volumes]





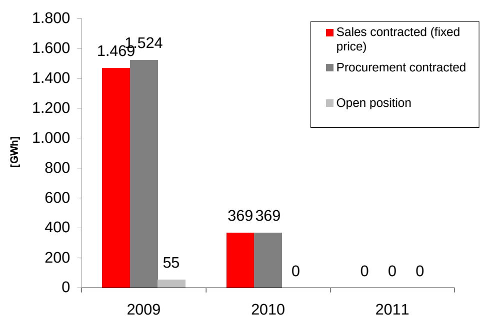


Commentary:

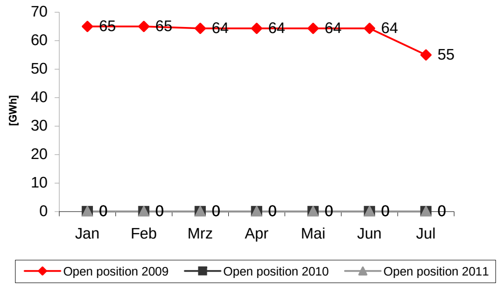
Due to won customers the contracted volumes for both SNET (delivery 2010) and EFRE Gas (2009 and 2010) increased in July. Successful gas sales has lead to a significant increase in contracted volumes for all years 2009 - 2011 since May. The lost gas customers CRAM and SOLVAY do not impact impact contracted sales.
As the figures "contracted volumes [% of planned sales volumes]" are now based on volumes from the current version of the new MTP these figures have changed significantly since last month. Currently contracted gas volumes represent 54% (2009, no adjustment of target within new MTP) / 60% (2010) / 22% (2011) of the planned volumes. The corresponding level of power volumes (Total SNET + EFRE) represents 93% / 52% / 33% of planned volumes. The percentage of contracted power volumes is clearly lower at EFRE.

BU France: Reporting of open sales positions

POWER EFRE

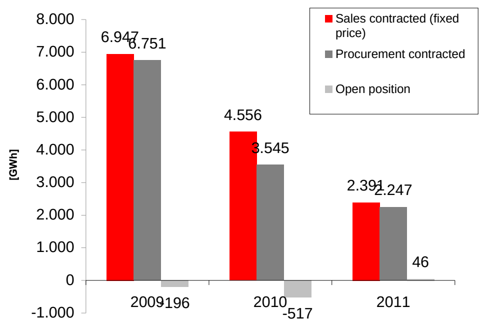


Development of open positions

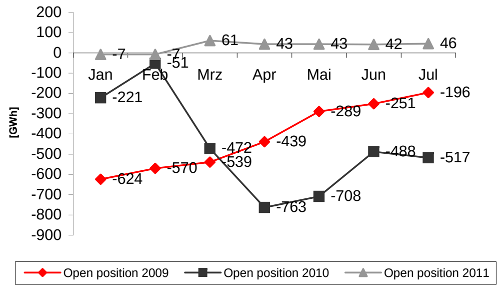


Volumes in GWh	2009	2010	2011
Sales (plan)	2.024	2.257	2.550
Sales (contracted)	1.469	369	0
fixed price	1.469	369	0
non-fixed price			
Procurement (contracted)	1.524	369	0
fixed price	1.524	369	0
non-fixed price			
Open position	55	0	0
Limit	300	300	300
Limit utilisation	18%	0%	0%

POWER SNET

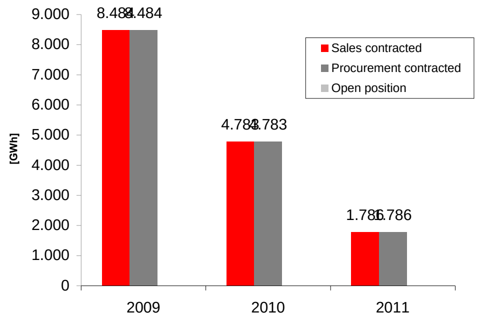


Development of open positions

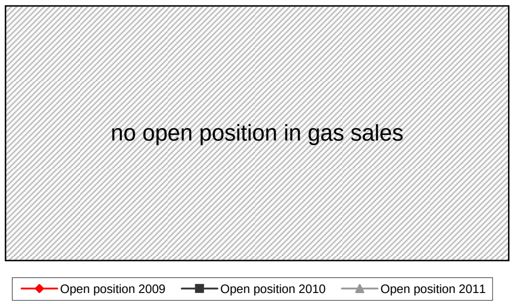


Volumes in GWh	2009	2010	2011
Sales (plan)	7.000	7.223	7.673
Sales (contracted)	6.947	4.556	2.391
fixed price	6.947	4.062	2.201
non-fixed price	0	494	190
Procurement (contracted)	6.751	3.545	2.247
fixed price	6.751	3.545	2.247
non-fixed price	0	0	0
Open position	-196	-517	46
Limit	650	2.150	500
Limit utilisation	30%	24%	9%

GAS EFRE



Development of open positions



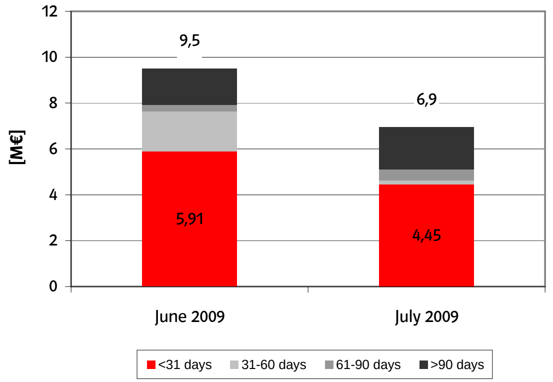
Volumes in GWh	2009	2010	2011
Sales (plan)	15.589	8.000	8.000
Sales (contracted)	8.484	4.783	1.786
fixed price			
non-fixed price			
Procurement (contracted)	8.484	4.783	1.786
fixed price	1.101	132	0
non-fixed price	7.382	4.651	1.786
Open position	0	0	0
Limit	0	0	0
Limit utilisation	0%	0%	0%

Commentary:
As in the last months all limits regarding the open sales positions were clearly kept at the end of July. Whereas EFRE power position for 2009 and 2010 has been stable at a low level due to recent back-to-back purchases the SNET power position for both 2009 and 2010 has rather diminished in the last months. This can be explained by the ongoing procurement following the TaRTAM-regime which is lasting until mid 2010. Due to recently won volumes in 2010 the short position in July is slightly above previous month. Purchase processes in the gas business avoid any open position for both fixed-price and non-fixed-price contracts.

BU France: Receivables

EFRE (Power & Gas)

Development of receivables by due date

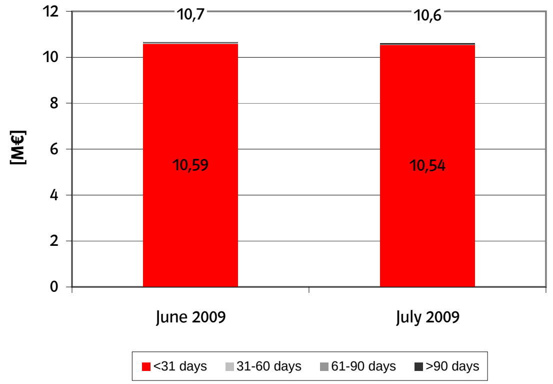


Receivables due within	Amount [M€]	Share
< 31 days	4,45	64,0%
31 - 60 days	0,19	2,7%
61 - 90 days	0,47	6,8%
> 90 days	1,84	26,5%
Total	**6,95**	**100%**

Others	Amount [M€]
Advance payments	0,00
Deposits	0,00
Bad debt	0,00

SNET

Development of receivables by due date

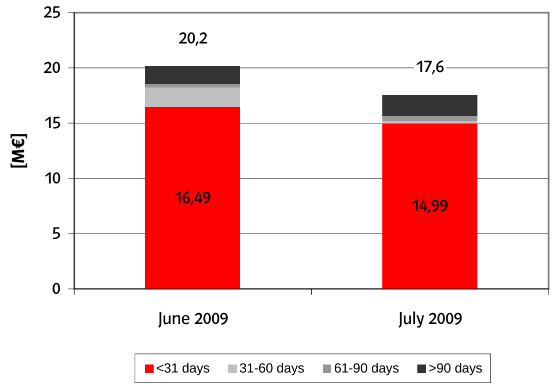


Receivables due within	Amount [M€]	Share
< 31 days	10,54	99,3%
31 - 60 days	0,02	0,2%
61 - 90 days	0,01	0,1%
> 90 days	0,05	0,4%
Total	**10,61**	**100%**

Others	Amount [M€]
Adv. Payments	-1,79
Deposits	-1,54
Bad debt	1,91

Total

Development of receivables by due date



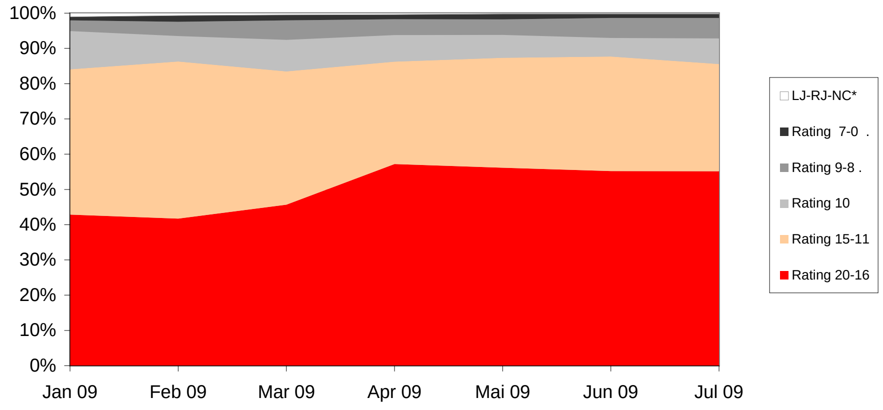
Receivables due within	Amount [M€]	Share
< 31 days	14,99	85,4%
31 - 60 days	0,20	1,2%
61 - 90 days	0,48	2,7%
> 90 days	1,89	10,7%
Total	**17,56**	**100%**

Others	Amount [M€]
Adv. Payments	-1,79
Deposits	-1,54
Bad debt	1,91

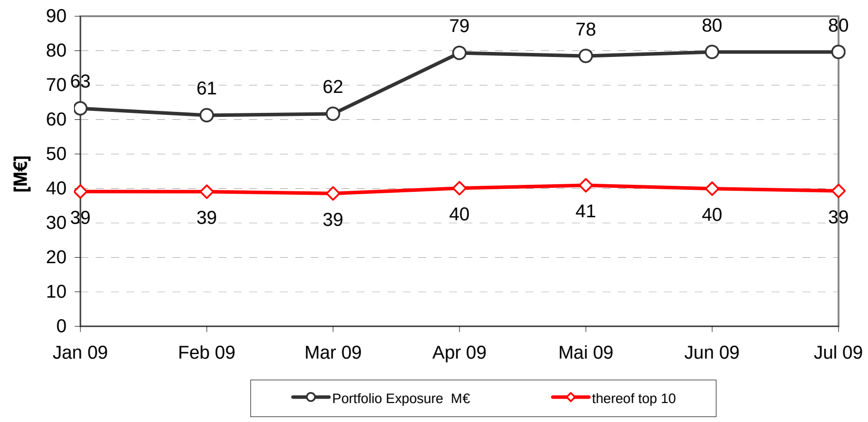
Commentary:

Total receivables decreased from 20.1 M€ at the end of June and now represent a value of appr. 17.6 M€ (-13%). 85% of the current receivables are due within 30 days. EFRE receivables of 1.8 M€ with a due data of > 90 days include overdue payments of the insolvent customers Papeterie Voiron and Lancey and sum up to appr. 11% of the overall payments. The analysis of SNET figures shows a high percentage 99% for receivables due within < 31 days (10.5 M€). The 2 majors receivables within this block are SNCF and Eurodif.

Development of share of ratings within portfolio (# of customers)



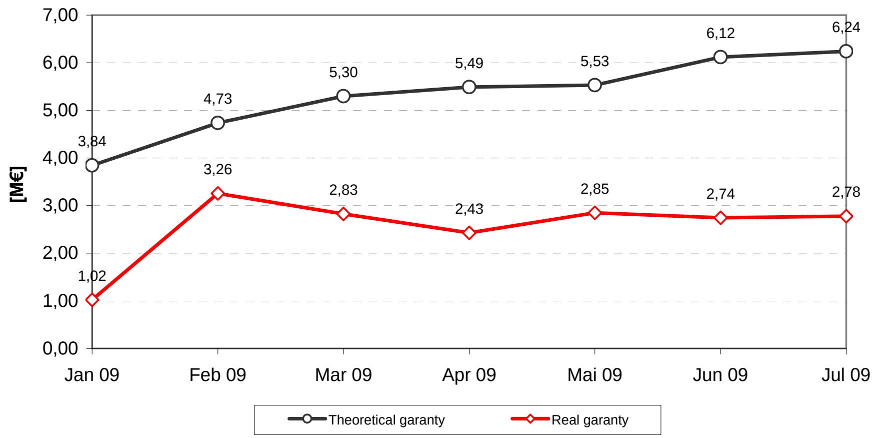
Portfolio exposure



Development of share of ratings within portfolio (Sales volume)

not available yet

Garanties



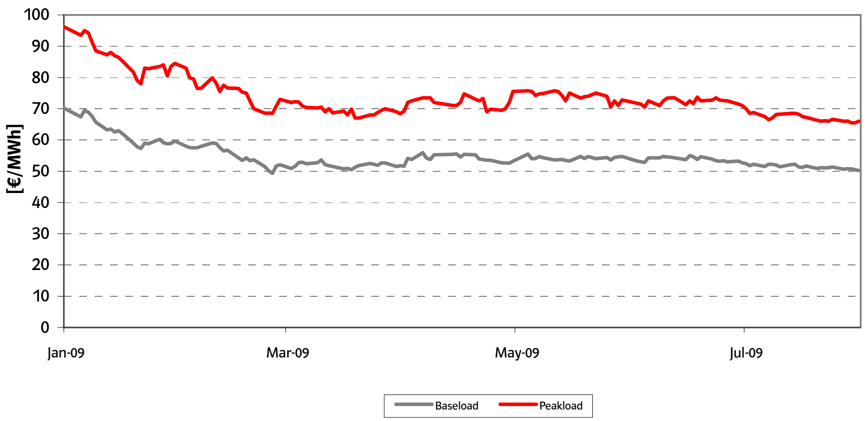
Commentary:

The portfolio exposure SNET remains stable whereas the share of customers rated below 10 has slightly increased from 12 to 14% since June and the customer MAURY decreased in rating below 10. At the same time an increase in rating for some customers (which had been already rated above 10) has been noticed.

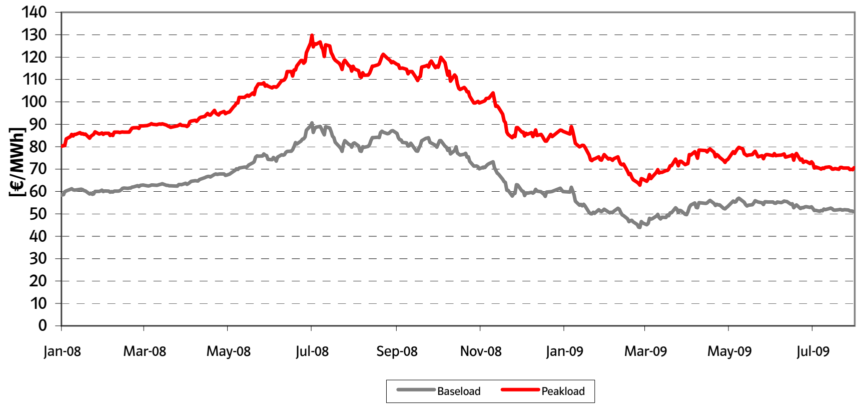
The gap between theorical and real warranty is due to 1) former contracts without any warranty clauses and 2) customers that did not pay the expected warranty yet Except *TRW & MAURY* , all customers which have been recently decreased in rating below 10 have made a risk coverage (when the contract allows to).

BU France: Electricity price development (Powernext)

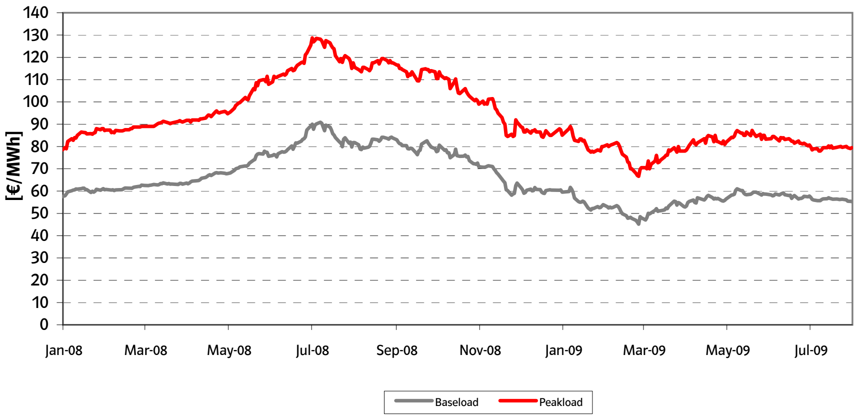
Baseload & Peakload Q4-2009



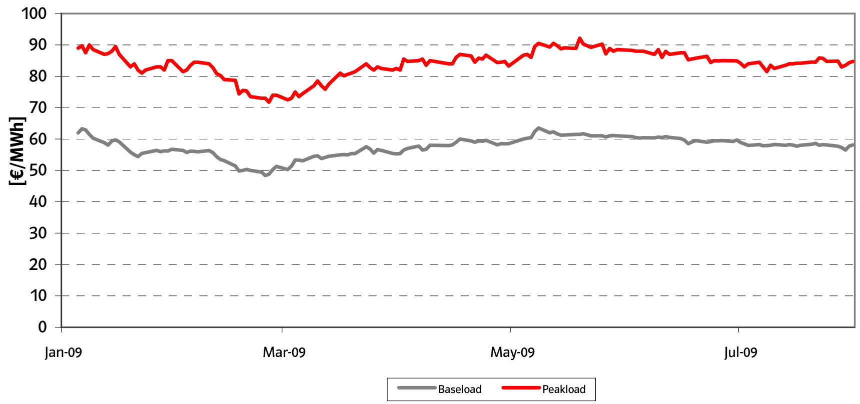
Baseload & Peakload 2010



Baseload & Peakload 2011



Baseload & Peakload 2012

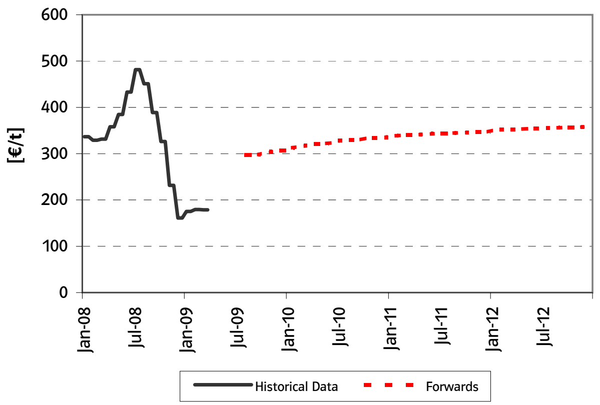


owernext

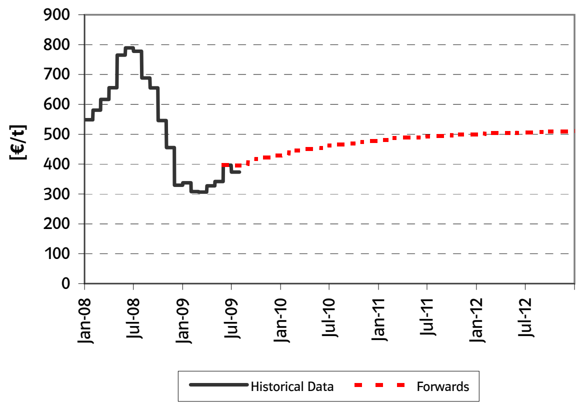
Commentary:
Power prices for Q4 2009 decreased during July mainly influenced by news on French and German nuclear output. Future prices for 2010 / 11 / 12 were quite stable during July.

BU France: Oil products & gas price development

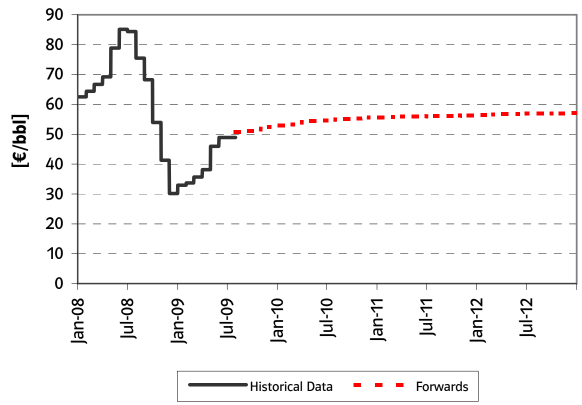
Fuel Oil 1% Barge Rotterdam



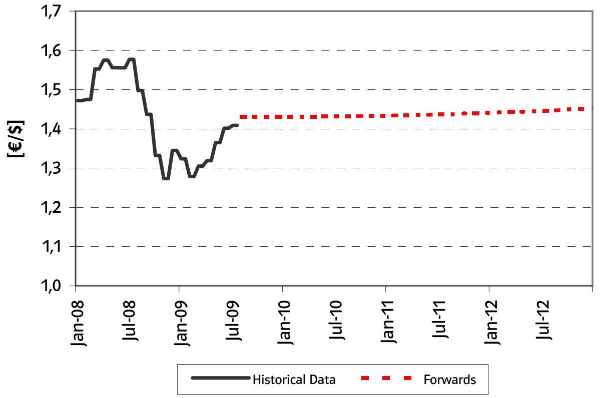
Gasoil 0,1% Barge Rotterdam



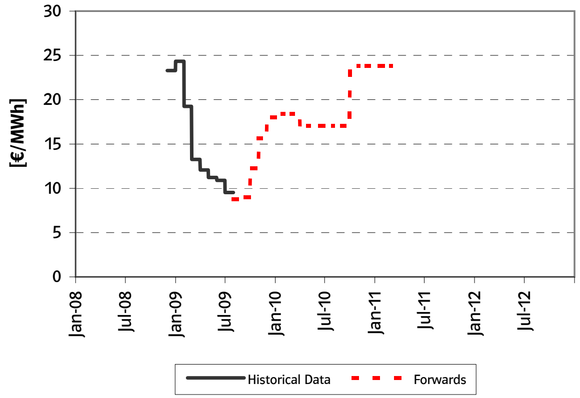
Brent



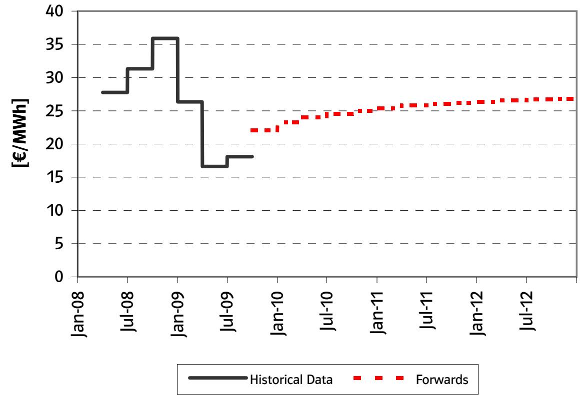
Exchange Rate



PEG North Price



STS Price

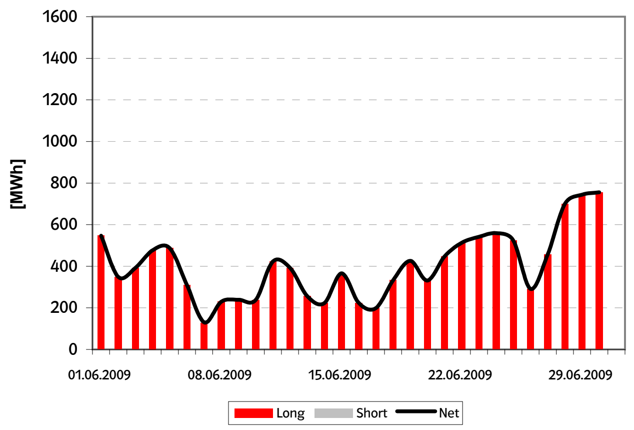


Commentary:
Oil Products: The market was very volatile during July. Brent prices moved between 60,5 $/bbl and 72 $/bbl and prices for fuel oil & gasoil have followed the same trend. The volatility was mainly due to the conflicting news concerning the health of the american economy.
Gas: The trend of the gas prices in France (PEG) was a decrease. The PEG has reached its lowest level at 8,4 €/MWh. The main reason is that lots of suppliers are long in terms of volume so there is plenty of gas on the market.

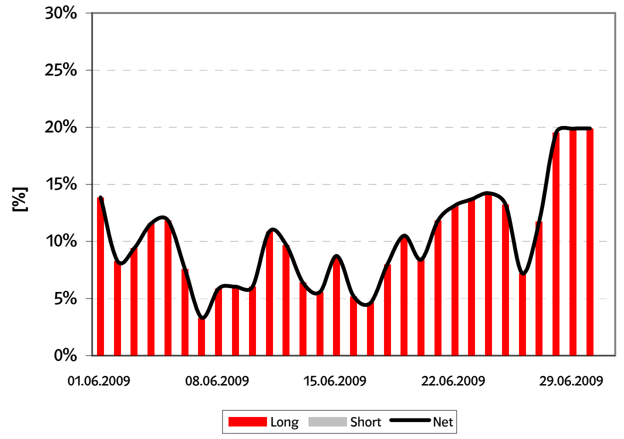
Sources: E.ON France, E.ON Ruhrgas, Powernext

EFRE

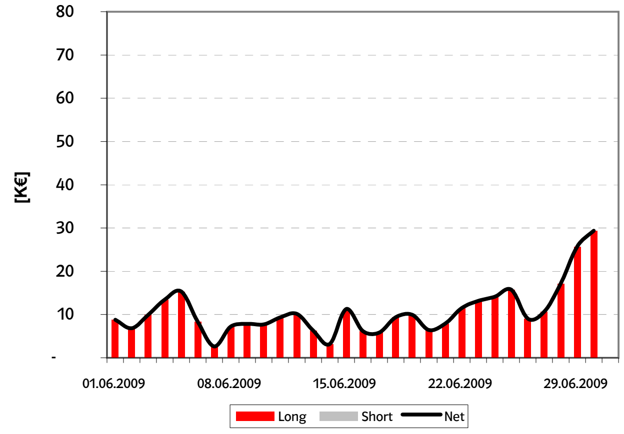
Balancing EFRE Power June 2009 (MWh)



Balancing EFRE Power June 2009 (% of consumption)

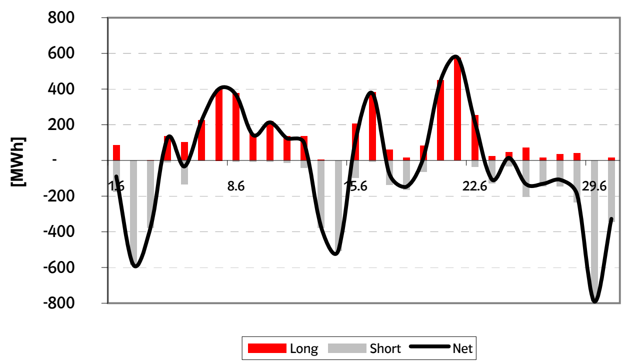


Balancing EFRE Power June 2009 (K€)

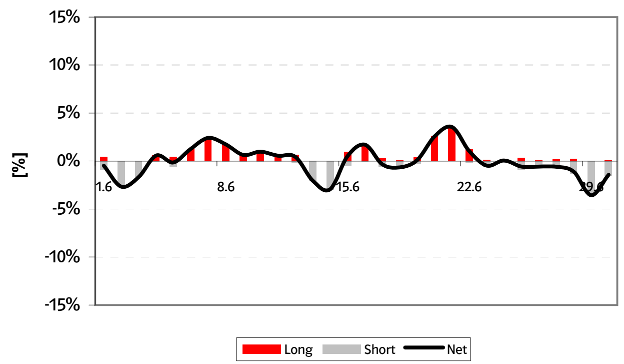


SNET

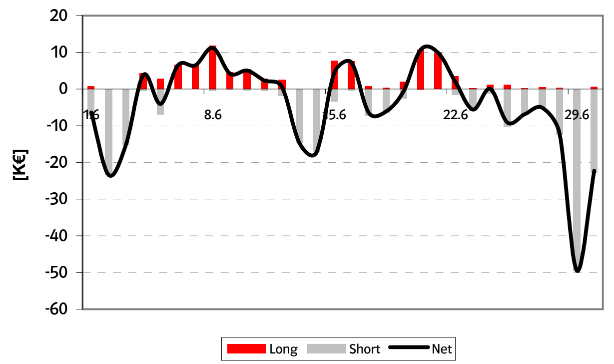
Balancing SNET Power June 2009 (MWh)



Balancing SNET Power June 2009 (% of consumption)

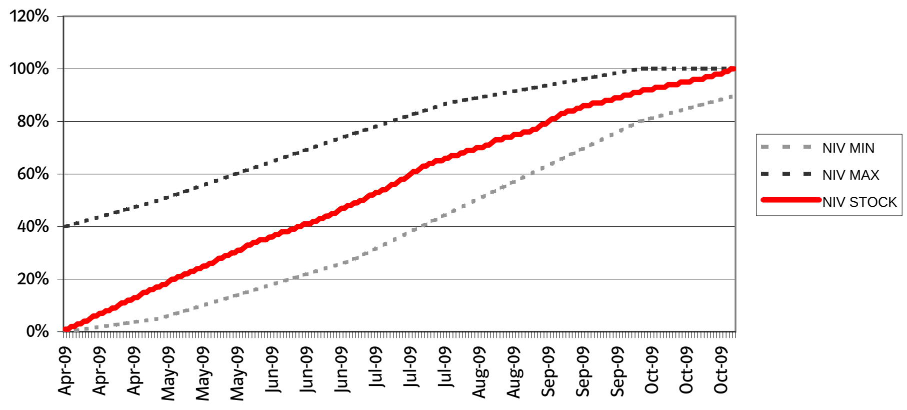


Balancing SNET Power June 2009 (K€)

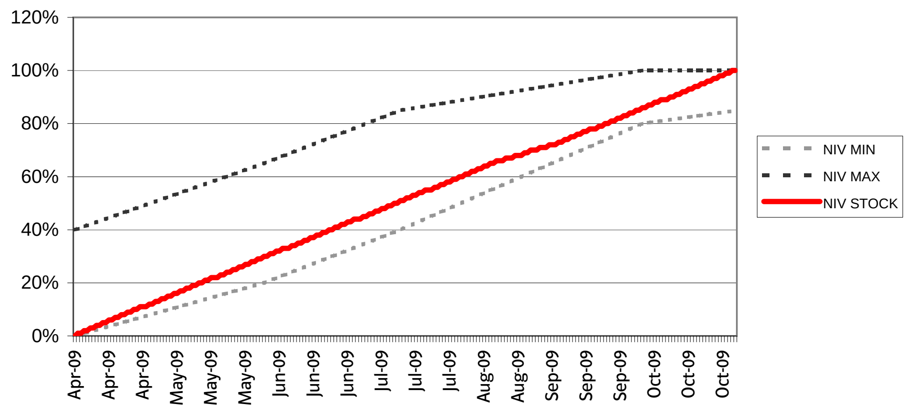


Commentary:
The EFRE balancing circle shows a constant long position of appr. 12.1 GWh or 10.1 % of the consumption of the customer portfolio in June. The position of the SNET perimeter was more balanced with a short position of appr. -0.5 GWh or -0.1 %. However, due to the price spread between resold long position (22.2 €/MWh) and short position bought from RTE (47.1 €/MWh) the SNET perimeter is financially negative with -130.4 k€.
Currently there is no E.ON France perimeter available, but the sum of the two perimeters will be available as soon as the global balancing perimeter will be managed by the SNET team.

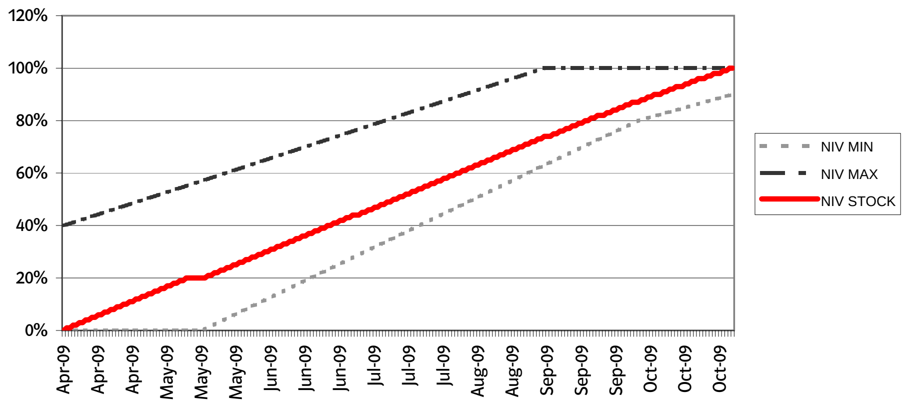
Serene Nord



Sediane



Sediane B



Commentary: