France

Sales Report E.ON France
June 2009

Paris, July 9th 2009

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Management Summary

Sales forecast:

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 plan (-34% or -5.358 GWh). A minor volume upside for SNET is driven by a 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.
A positive margin effect at SNET (+5.1 M€) overcompensates the negative effects at EFRE power (-1.1 M€) which result from the preliminary CRE-declaration Q1. However, these 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 at the beginning of the gas year 2009 / 2010. ⇨ ***page 2***

TaRTAM:

From the current point of view 100% of SNET sales will be compensated on production costs as the generation volume is likely to be above sales volumes. Generation volumes of appr. 200 GWh (16%) could be used by EFRE for compensation. ⇨ ***page 3***

Operational sales business:

In comparison to the last month in which no significant customer movements were registered, power and gas sales could win 11 new customers / sites in June. SNET sales won 45 GWh of non-indexed volumes and 190 Gwh (rhodia) of indexed volumes for delivery in 2010. For 2011 the customer Ysco was won with a consumption of 17 GWh (non-indexed). At the same time only one customer was lost by SNET (18 GWh). EFRE power sales won Ineos Sarralbe as a customer for delivery in 2009 and 2010 (annual consumpion 115 GWh). The physical delivery started on the 1st of July and the contract was signed for the TaRTAM period only.
EFRE gas sales was successful and several new contracts were signed ammounting to a sales volume of more than 2 TWh for delivery in 2009 - 2011. Customers are Cofely (Inco, CCC, Prouvy), Dalkia (Gensel), Soccram (Ivry, Chenove, Dole). An improved short term formula from Ruhrgas combined with the optimization of recently acquired storage resources was the key factor within this process.
However, the ongoing adjustments of consumption by existing customers diminishe the overall increase of contracted volumes. Additionally, power costumers still remain inert due to the uncertainty about the recommendations of the Champsaur Commission.
The current level of contracted gas volumes stays relatively low and represents only 51% / 21% / 9% of the original MTP 2009 - 2010. The corresponding level of power volumes (Total SNET + EFRE) represents 94% / 39% / 18% of planned volumes. ⇨ ***page 4.1, 4.2, 4.3***

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

Receivables figures were reported for the first time but indicate a mismatch in definitions between SNET and EFRE which will be further investigated within the next weeks. ⇨ **page 6**

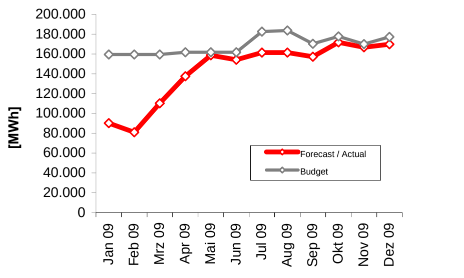
Movements in the customer portfolio and updated customer ratings caused a minor increase of the portfolio exposure as well as the share of customers rated below 10. The real warranty decreased compared to last month due to better customer ratings which caused a write-off of warranty or deposit. ⇨ ***page 7***

The EFRE balancing circle shows a significant long position of appr. 8.6 GWh or 7 % of the consumption of the customer portfolio in May. The position of the SNET perimeter is more balanced with an long position of appr. 4.0 GWh or 0.7 %. ⇨ ***page 10.1***

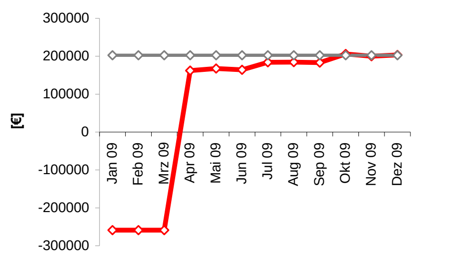
BU France: Latest key figures from management reporting (delivery in 2009) [1)]

POWER EFRE

Sales volumes



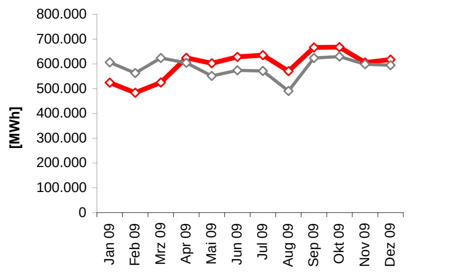
Gross margin



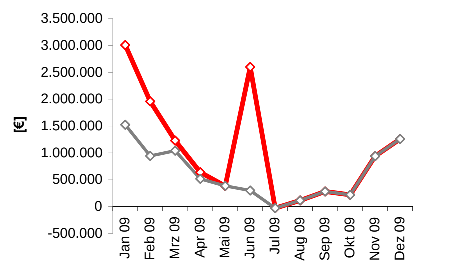
	F/A	BU	Δ	
Sales volumes [GWh]	1.720	2.025	-305	-15,0%
absolute values [M€]				
Sales revenues	103,5	158,4	-54,9	-34,7%
thereof: Customer revenues	70,8	74,3	-3,5	-4,7%
thereof: CRE	32,7	84,1	-51,4	-61,1%
Procurement costs	102,4	156,0	-53,6	-34,4%
Gross margin	1,1	2,4	-1,3	-53,9%
specific values [€/MWh]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



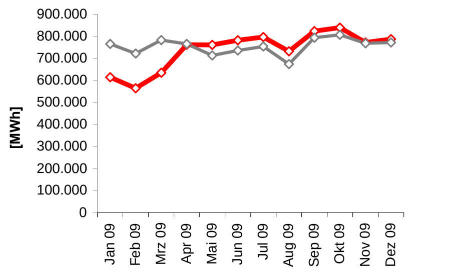
Gross margin



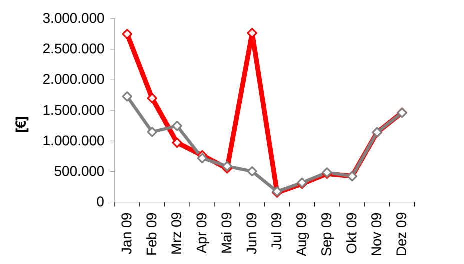
	F/A	BU	Δ	
Sales volumes [GWh]	7.151	7.030	121	1,7%
absolute values [M€]				
Sales revenues	480,7	541,4	-60,7	-11,2%
thereof: Customer revenues	336,3	314,7	21,6	6,9%
thereof: CRE	144,4	226,7	-82,3	-36,3%
Procurement costs	468,1	533,9	-65,8	-12,3%
Gross margin	12,6	7,5	5,1	68,1%
specific values [€/MWh]				
Sales revenues	67,2	77,0	-9,8	-12,7%
Procurement costs	65,5	75,9	-10,5	-13,8%
Gross margin	1,8	1,1	0,7	65,3%

POWER TOTAL

Sales volumes



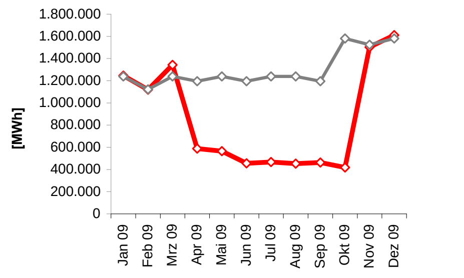
Gross margin



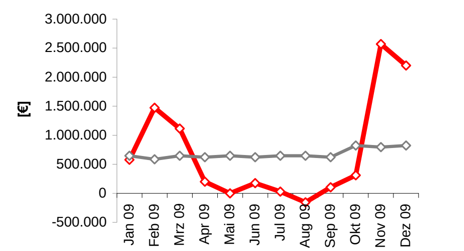
	F/A	BU	Δ	
Sales volumes [GWh]	8.871	9.055	-184	-2,0%
absolute values [M€]				
Sales revenues	584,2	699,8	-115,6	-16,5%
thereof: Customer revenues	407,1	389,0	18,1	4,7%
thereof: CRE	177,1	310,8	-133,7	-43,0%
Procurement costs	570,5	689,9	-119,4	-17,3%
Gross margin	13,7	9,9	3,8	38,2%
specific values [€/MWh]				
Sales revenues	65,9	77,3	-11,4	-14,8%
Procurement costs	64,3	76,2	-11,9	-15,6%
Gross margin	1,5	1,1	0,5	41,1%

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:

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.

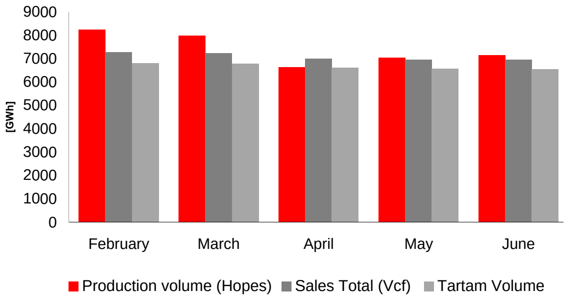
A positive margin effect at SNET (+5.1 M€ incl. aperiodic final TaRTAM declaration displayed in Jan/Jun) overcompensates the negative effects at EFRE power (-1.1 M€) which result from the preliminary CRE-declaration Q1 (compensation on level of production costs SNET vs. real purchase costs EVD). These 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.

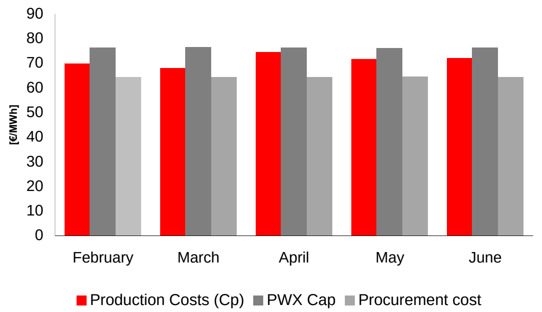
1) Based on SAP "Forecast 2" for SNET, EFRE power and gas. All EFRE figures excl. aperiodic effects in order to display 'operational' sales business

Aperiodic effects are: +2.4 M€ for EFRE Power (CRE-compensation Q4 2008) 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

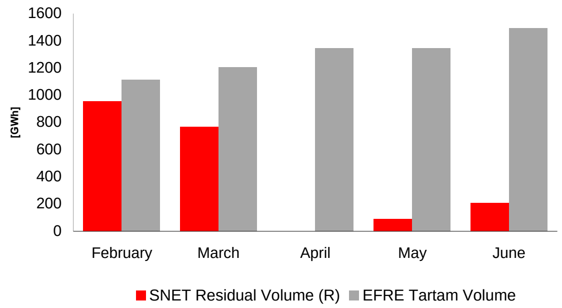


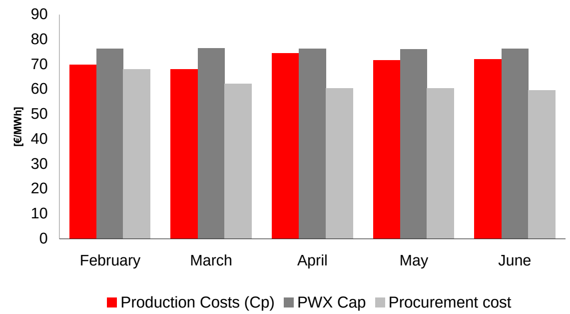


	GWh	K€	€/MWh
TaRTAM Sales volumes	6.547	281.500	42,99
Production volume (Hopes)	7.157		
Sales Total (Vcf)	6.951	306.481	44,09
Procurement volume	6.753	434.565	64,35
Residual Volume (R) *	206		
	GWh	**%**	
Vol.compens./Prod. (Vp)	6.547	100%	
Vol.compens./Sourcing (Va)	0	0%	

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

TaRTAM EFRE



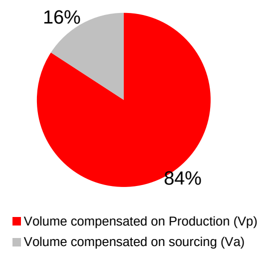


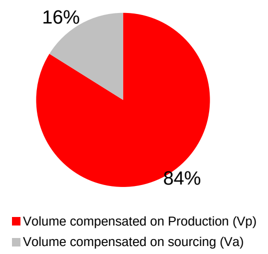
	GWh	K€	€/MWh
TaRTAM Sales volumes	1.493	62.109	41,60
Production volume (Hopes)	0		
Sales Total (Vcf)	1.493	62.109	41,60
Procurement volume	1.558	92.857	59,60
Residual Volume (R) *	0		
	GWh	**%**	
Vol.compens./Prod. (Vp)	206	14%	
Vol.compens./Sourcing (Va)	1.287	86%	

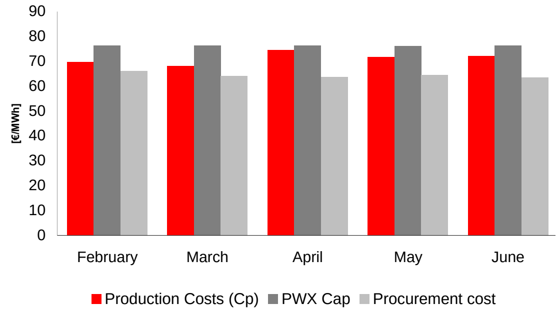
* Residual volume is calculated = Prod - Total Sales (Vcf)

TaRTAM E.ON France

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







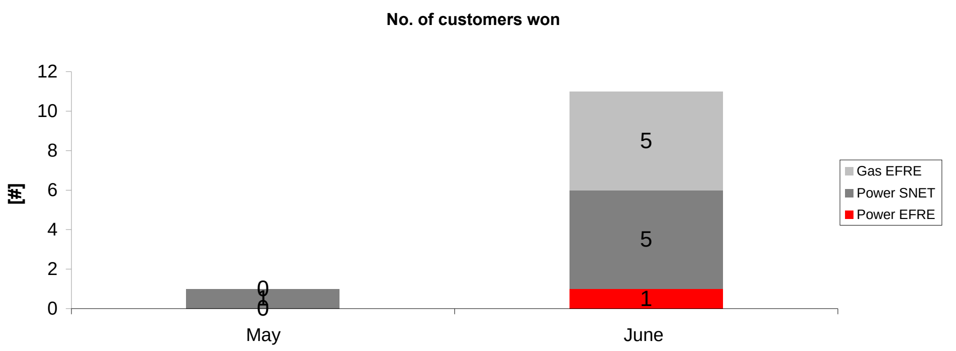
	GWh	K€	€/MWh
TaRTAM Sales volumes	8.040	343.609	42,74
Production volume (Hopes)	7.157		
Sales Total (Vcf)	8.444	368.590	43,65
Procurement volume	8.311	527.422	63,46
Residual Volume (R) *	0		
	GWh	**%**	
Vol.compens./Prod. (Vp)	6.754	84%	
Vol.compens./Sourcing (Va)	1.287	16%	

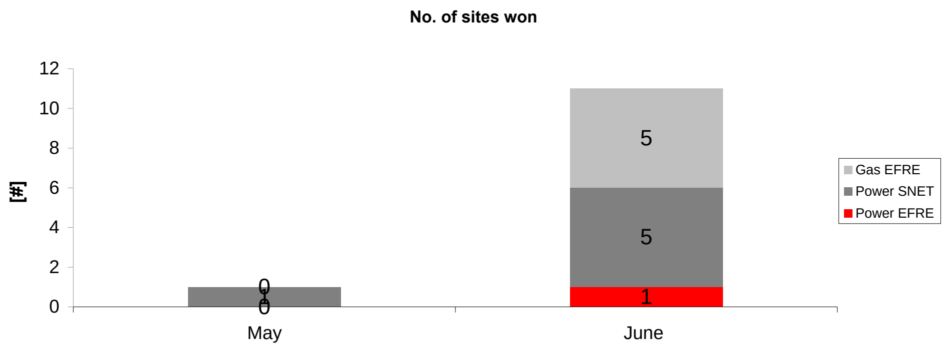
* Residual volume is calculated = Prod - Total Sales (Vcf)

Commentary:
Since April the forecasted volumes for SNET generation in 2009 have increased and currently amount to 7.157 GWh. As the forecast for sales volumes has remained stable since then (June: 6.951 GWh), generation volumes of appr. 200 GWh (16%) could be used by EFRE for compensation. From the current point of view 100% of SNET sales will be compensated production costs. The generation volume remains variable but it tends to be slightly higher than the SNET volume at the end of fiscal year.

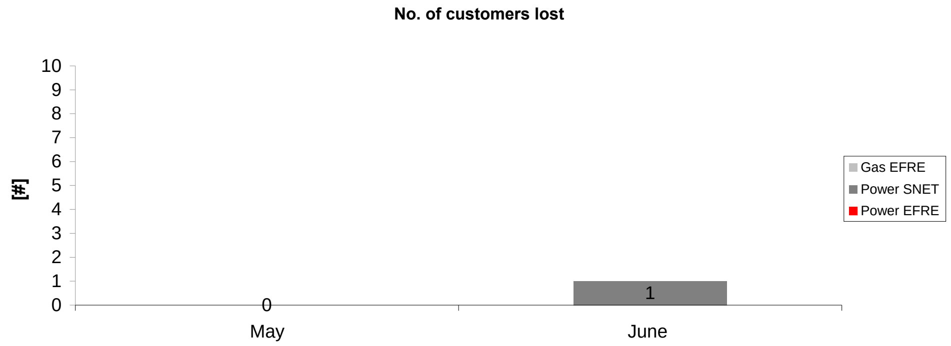
BU France: Customers won - customers lost

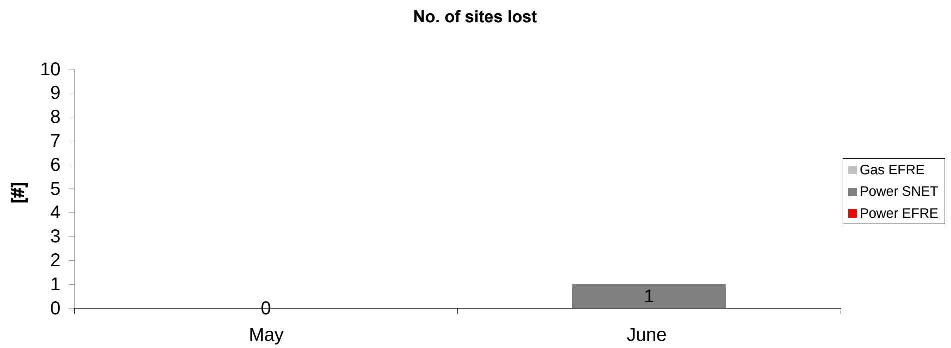
Customers won





Customers lost





Commentary:

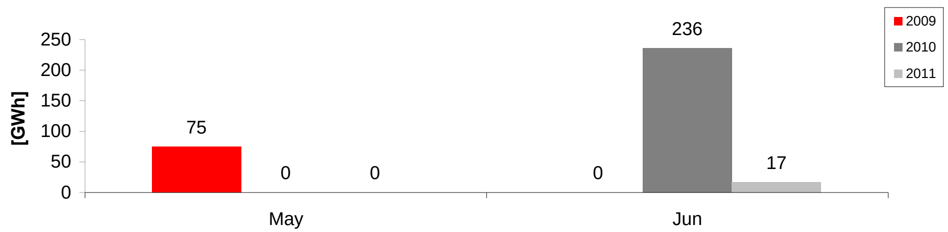
In comparison to the last month in which no significant customer movements were registered, power and gas sales could win 11 new customers / sites in June. At the same time only one customer was lost by SNET. During June SNET sales won 45 GWh of non-indexed volumes and 190 Gwh (rhodia) of indexed volumes for delivery in 2010. For 2011 the customer Ysco was won with a consumption of 17 GWh (non-indexed). EFRE power sales won Ineos Sarralbe as a customer for delivery in 2009 and 2010 (annual consumpion 115 GWh). The physical delivery started on the 1st of July and the contract was only signed for the TaRTAM period.

EFRE gas sales was successful and several new contracts were signed representing an annual sales volume of more than 2 TWh for delivery in 2009 - 2011. Customers are Cofely (Inco, CCC, Prouvy), Dalkia (Gensel), Soccram (Ivry, Chenove, Dole). An improved short term formula from Ruhrgas combined with the optimization of recently acquired storage resources was the key factor within this process.

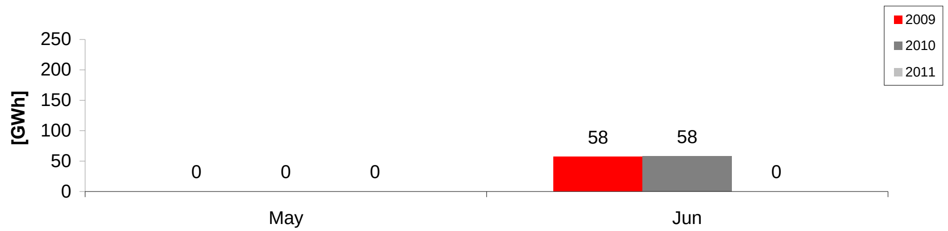
BU France: Volumes won - volumes lost

Volumes won

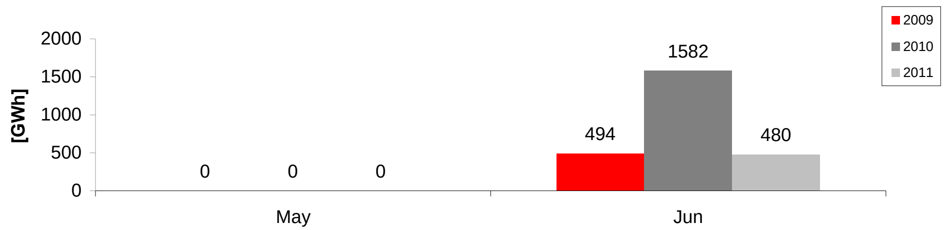
SNET Electricity



EFRE Electricity

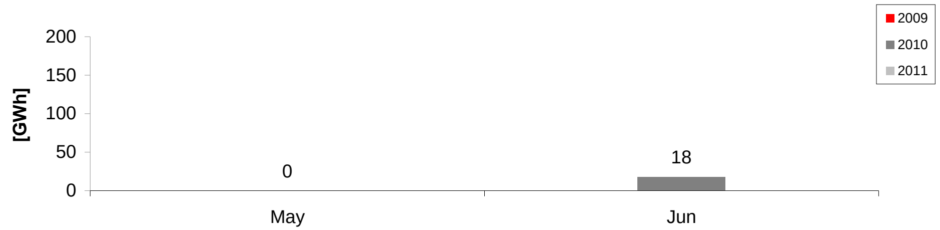


EFRE Gas

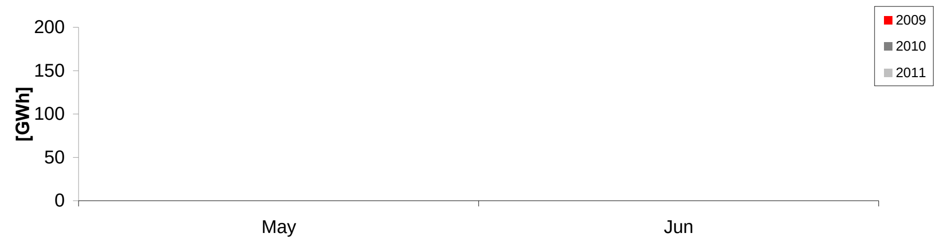


Volumes lost

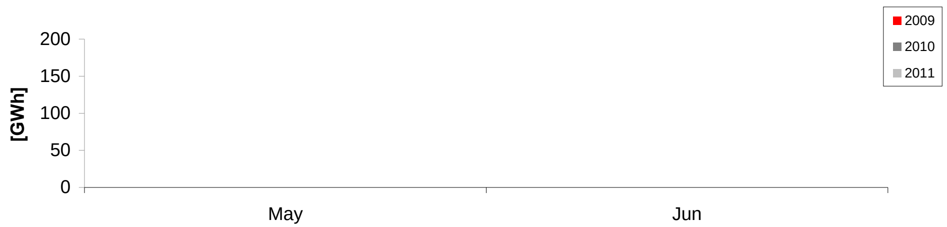
SNET Electricity



EFRE Electricity



EFRE Gas



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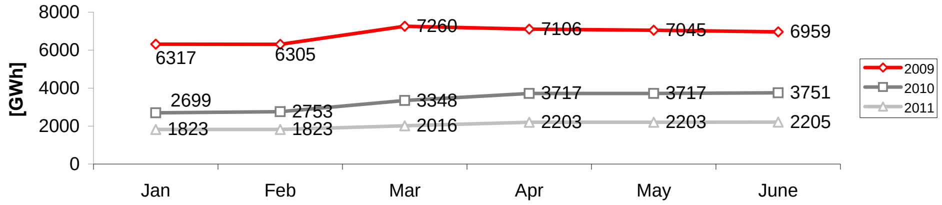
EFRE gas sales was successful and several new contracts were signed representing an annual sales volume of more than 2 TWh for delivery in 2009 - 2011. Customers are Cofely (Inco, CCC, Prouvy), Dalkia (Gensel), Soccram (Ivry, Chenove, Dole). An improved short term formula from Ruhrgas combined with the optimization of recently acquired storage resources was the key factor within this process.

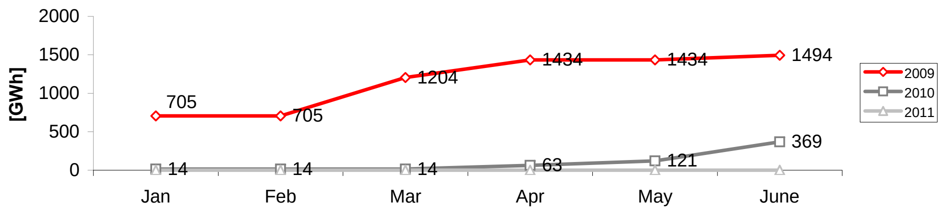
BU France: Contracted volumes

Contracted volumes [GWh]

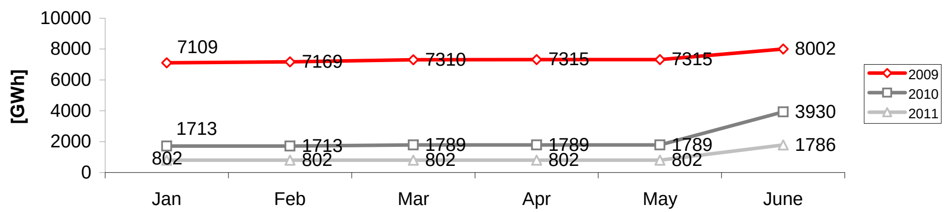
SNET Electricity



EFRE Electricity

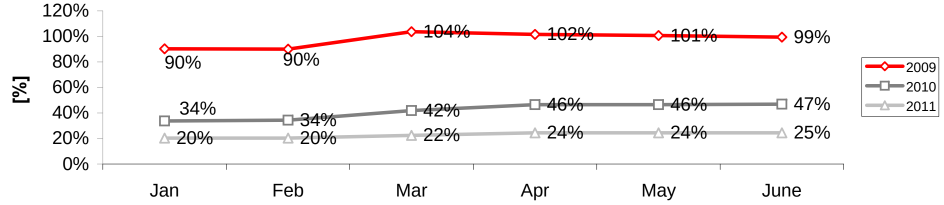


EFRE Gas

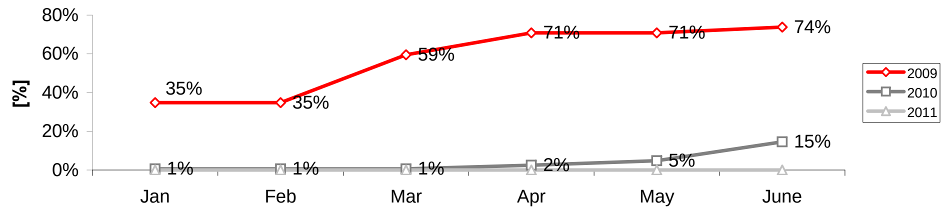


Contracted volumes [% of planned sales volumes]

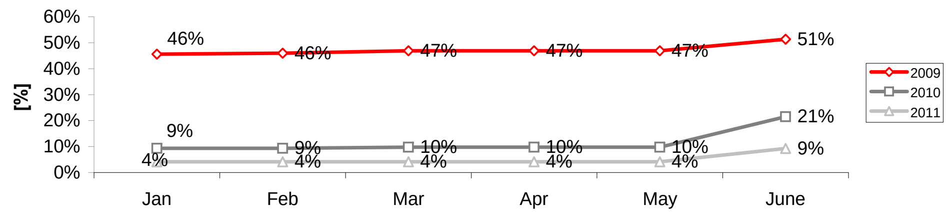
SNET Electricity



EFRE Electricity



EFRE Gas



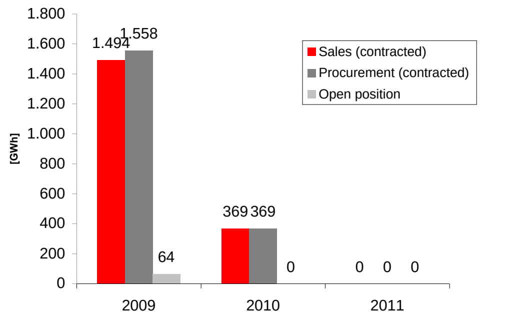
Commentary:

In June SNET sales won 45 GWh of non-indexed and 190 GWh (rhodia) of indexed volumes for delivery in 2010. As customers keep on adjusting their consumption downwards the overall increase for 2010 is only 37 GWh compared to May.
Successful gas sales leads to a significant increase in contracted volumes in all years from 2009 - 2011.
However, the current level of contracted gas volumes stays relatively low and represents only 51% / 21% / 9% of the original MTP 2009 - 2010. The corresponding level of power volumes (Total SNET + EFRE) represents 94% / 39% / 18% of planned volumes within last year's MTP. Power costumers still remain inert due to the uncertainty about the recommendations of the Champsaur Commission.

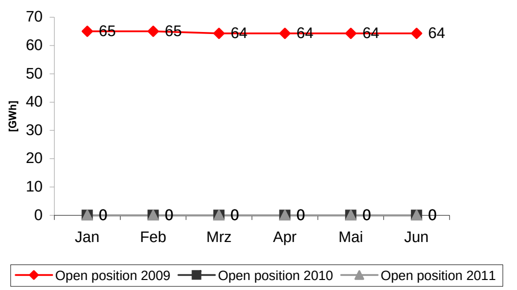
- As certain definitions between reporting request are still be to aligned some of the volumes mentioned within volumes won/lost have not been included in the development of contracted volumes yet (e.g. Ysco, EFRE power).-

BU France: Reporting of open sales positions

POWER EFRE

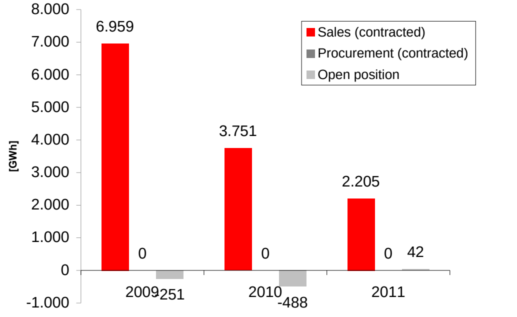


Development of open positions

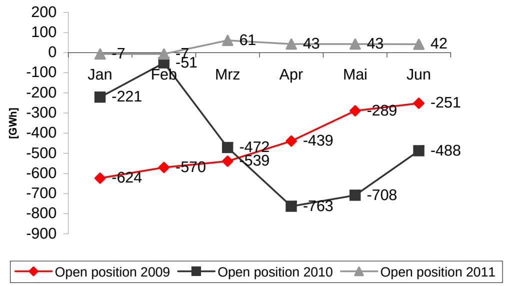


Volumes in GWh	2009	2010	2011
Sales (plan)	2.025	2.531	3.164
Sales (contracted)	1.494	369	0
fixed price			
non-fixed price			
Procurement (contracted)	1.558	369	0
fixed price			
non-fixed price			
Open position	64	0	0
Limit	300	300	300
Limit utilisation	21%	0%	0%

POWER SNET

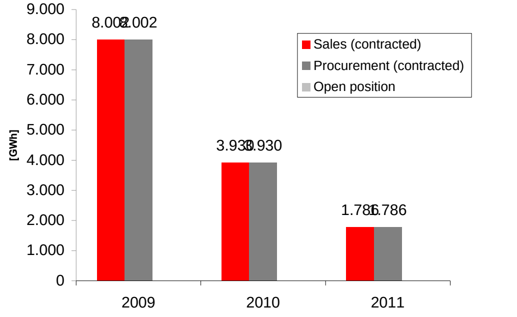


Development of open positions

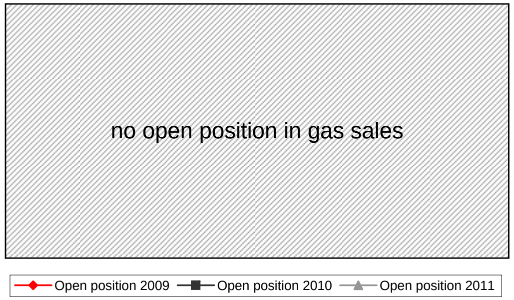


Volumes in GWh	2009	2010	2011
Sales (plan)	7.000	8.000	9.000
Sales (contracted)	6.959	3.751	2.205
fixed price			
non-fixed price			
Procurement (contracted)	0	0	0
fixed price			
non-fixed price			
Open position	-251	-488	42
Limit	650	2.150	500
Limit utilisation	39%	23%	8%

GAS EFRE



Development of open positions



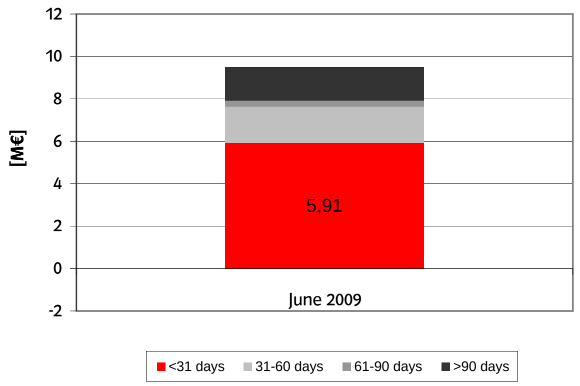
Volumes in GWh	2009	2010	2011
Sales (plan)	15.589	18.297	19.297
Sales (contracted)	8.002	3.930	1.786
fixed price			
non-fixed price			
Procurement (contracted)	8.002	3.930	1.786
fixed price	1.101	132	0
non-fixed price	6.900	3.798	1.786
Open position	0	0	0
Limit	0	0	0
Limit utilisation	0%	0%	0%

Commentary:

As in the last months all limits regarding the open sales positions were clearly kept at the end of June. Whereas EFRE power position for 2009 and 2010 is stable due to recent back-to-back purchases the SNET power position for both 2010 and 2011 has significantly diminished in the last months. This can be explained by the ongoing procurement following the TaRTAM-regime which is lasting until mid 2010. Purchase processes in the gas business avoid any open position for both fixed-price and non-fixed-price contracts.

EFRE (Power & Gas)

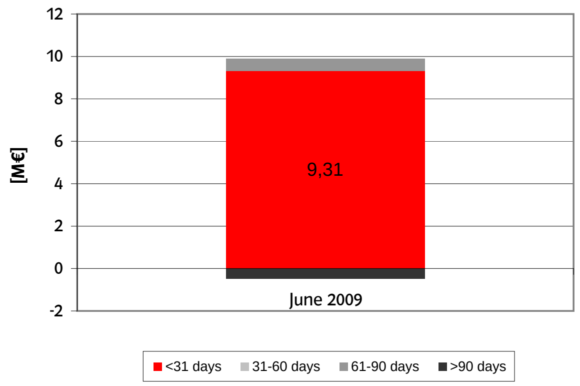
Development of receivables by due date



Receivables due within	Amount [M€]	Share
< 31 days	5,91	62%
31 - 60 days	1,72	18%
61 - 90 days	0,30	3%
> 90 days	1,58	17%
Total	**9,51**	**100%**

SNET

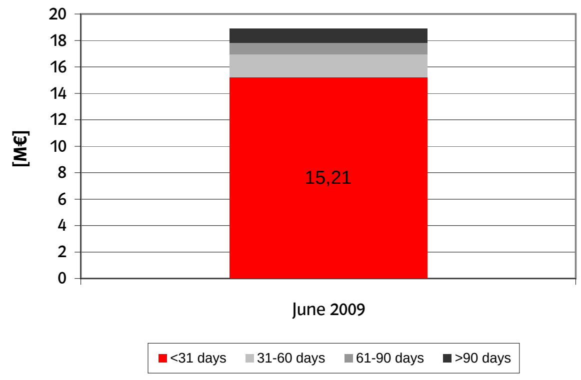
Development of receivables by due date



Receivables due within	Amount [M€]	Share
< 31 days	9,31	99%
31 - 60 days	0,02	0%
61 - 90 days	0,57	6%
> 90 days	-0,49	-5%
Total	**9,41**	**100%**

Total

Development of receivables by due date



Receivables due within	Amount [M€]	Share
< 31 days	15,21	80%
31 - 60 days	1,74	9%
61 - 90 days	0,87	5%
> 90 days	1,09	6%
Total	**18,92**	**100%**

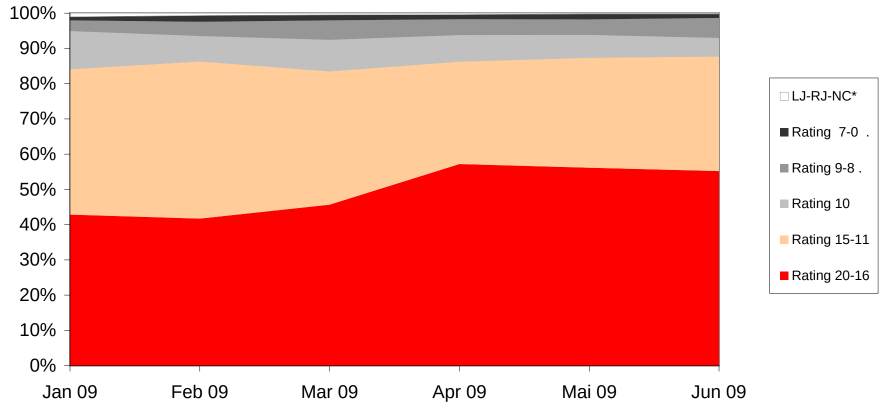
Commentary:

EFRE receivables at the end of June represent a value of appr. 9.5 M€ with a 62%-share due within 30 days. 1.6 M€ (17%) with a due data of < 90 days include overdue payments of the insolvent customers Papeterie Voiron and Lancey.
The analysis of SNET figures shows a high percentage 99% for receivables due within < 31 days (9.31 M€). The 2 majors receivables within this block are SNCF and Eurodif. However, the overall amount of only 9.41 M€ for the entire range of SNET receivables may indicate a current mismatch in definitions between SNET and EFRE which will be further investigated within the next weeks.

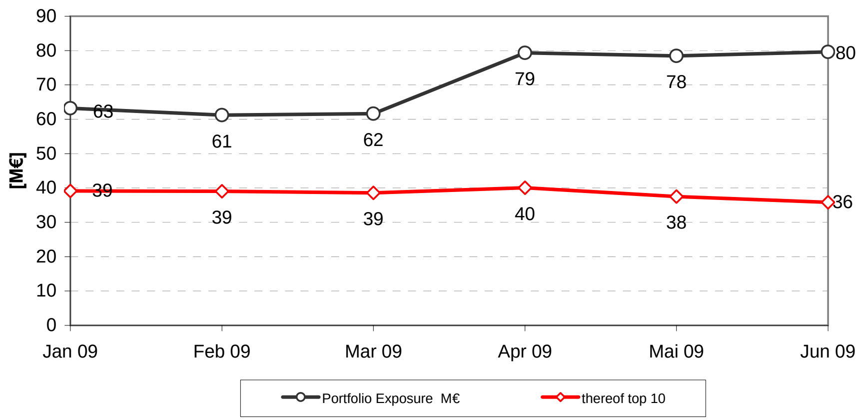
Figures do also include advance payments by customers (negative receivables)

BU France: Credit Risk (currently SNET only)

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



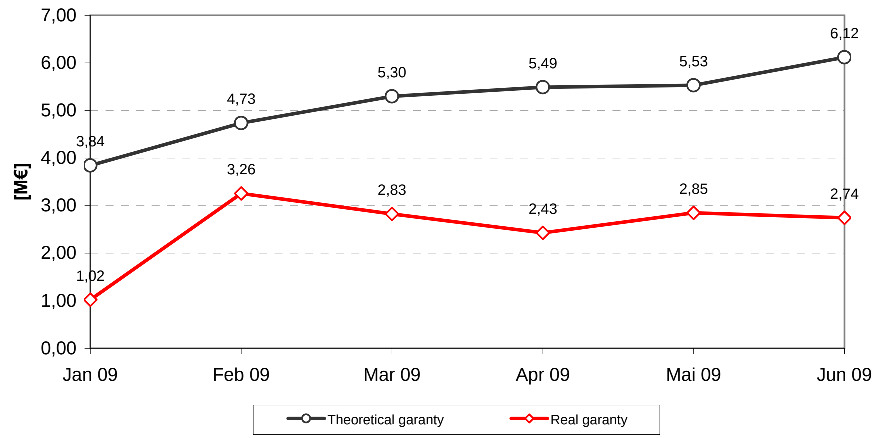
Portfolio exposure



Development of share of ratings within portfolio (Sales volume)

not available yet

Garanties



Commentary:

In comparison to May the level of exposition increased due to the integration of SICOGEF at 1st of June. As Federal Mogul, Gpack, Parisot and Cokes de Carling have now been rated below 10 the overall share of customers in the portfolio with of rating < 10 increased slightly by appr. 1% . The real warranty calculation is now taking into account the paid receivables but has been quite stable over the last months. The gap between the theorical warranty and the real warranty is due to either old contracts without any possibility of implementing warranty clauses for the case of decreasing ratings or customers who haven't paid the expected warranty yet. All customers whose rating has decreased below 10 (except TRW) have made a risk coverage as far as the contract allows. Compared to last month the real warranty decreased due to better customer ratings which caused a write-off of warranty or deposit.

French market

Relevant news

Strikes at EDF nuclear plants, workers demanding better pay conditions. France could import energy for this summer due to those strikes, according to last RTE report

Areva has decided to open up its capital to new strategic and industrial partners to the value of 15%. The group is set to sell its transmission and distribution activity

Charles Beigbeder, the major Poweo shareholder, sold all his shares (13,4%) to Verbund company (already shareholder with 30%).

New CEO at Poweo : Mr. Loïc Capéran, ex-EDF

Relevant events

SIREME (Salon International des Energies Renouvelables et de la Maîtrise de l'Energie), from the 24th to the 26th June 2009 in Paris

Market comments

Power: Not many new offers or services coming from French competitors.

Gas: Not many new offers or services but more aggressive prices

E.ON in French market

Relevant news

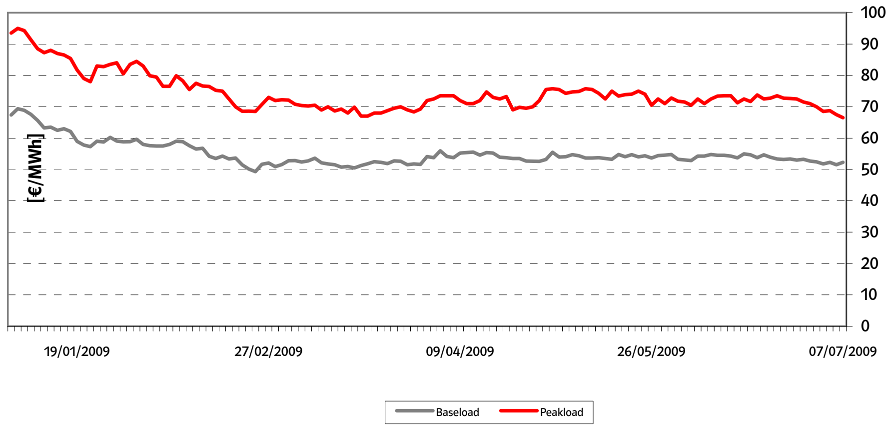
E.ON inaugurated its first solar farm in the world and in France. This solar farm is situated in "le Midi", close to Marseille

Relevant events

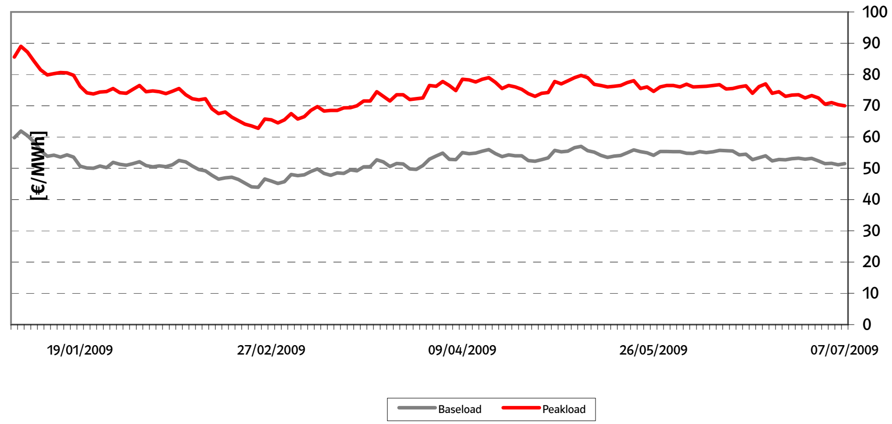
Public Relations : Clients were invited to Roland Garros the 27th - 28th May and the 2nd June by power commercial team

BU France: Electricity price development (Powernext)

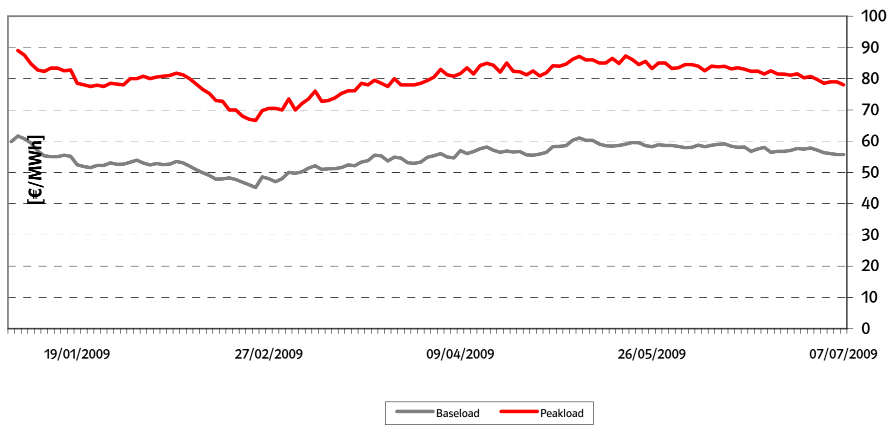
Baseload & Peakload Q4-2009



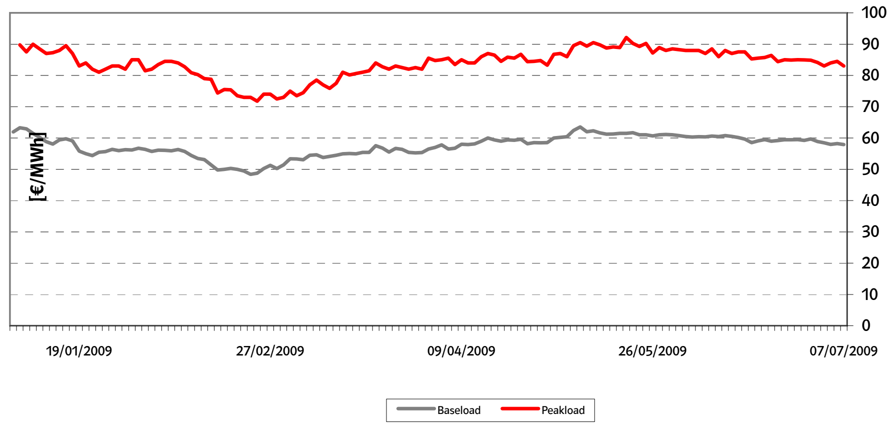
Baseload & Peakload 2010



Baseload & Peakload 2011



Baseload & Peakload 2012

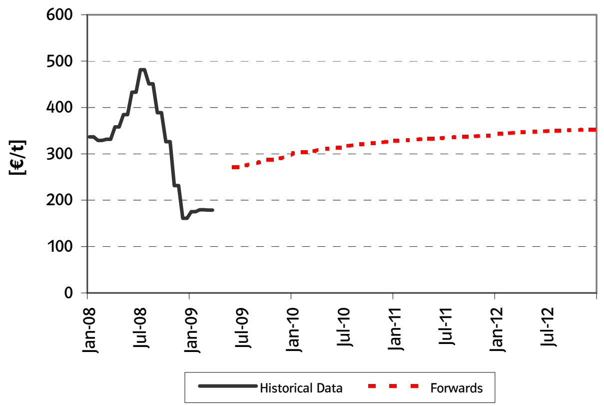


Source: Powernext

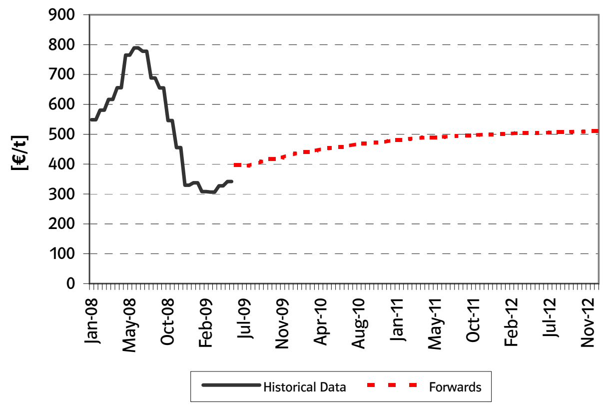
Commentary:

No significant changes to last month as prices remain flat and calendar 2010 baseload is still fluctuating between 51 € and 53€. The loss of market liquidity adds stagnation in the system.

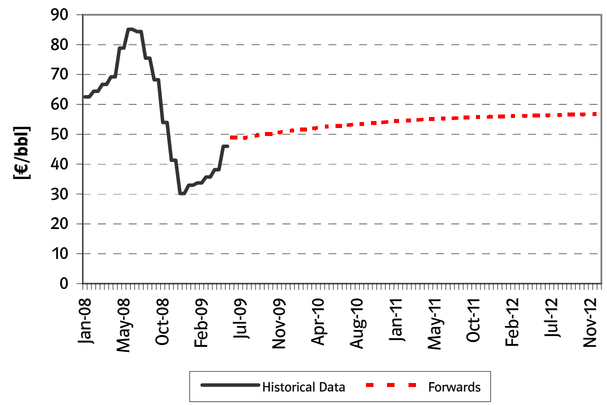
Fuel Oil 1% Barge Rotterdam



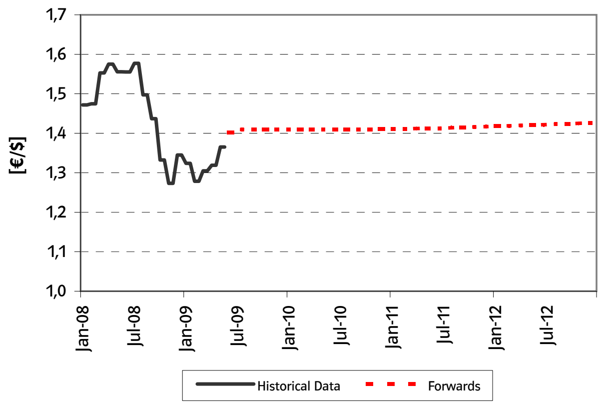
Gasoil 0,1% Barge Rotterdam



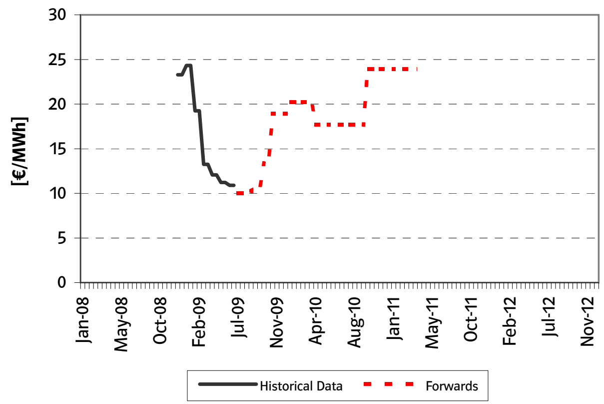
Brent



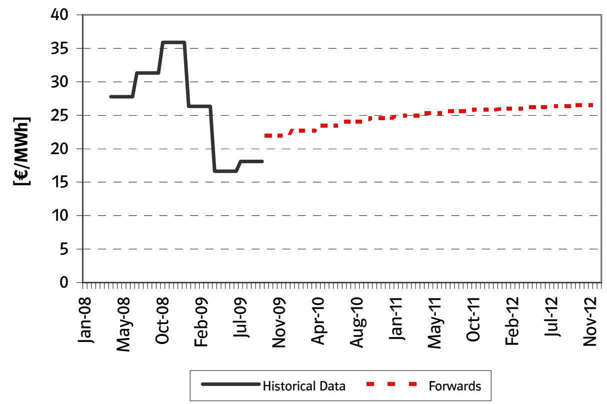
Exchange Rate



PEG North Price



STS Price



Commentary:

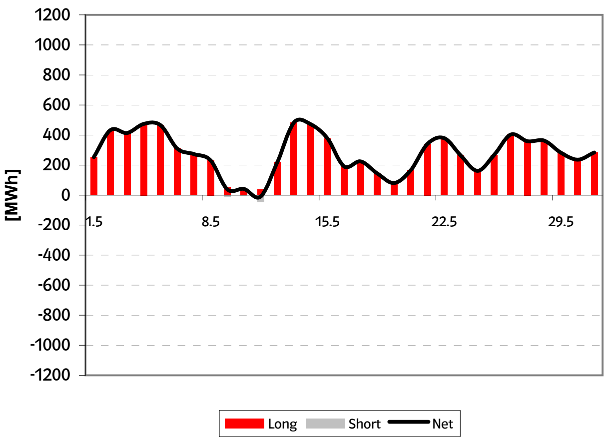
Oil Products: The market has reached its highest level since November 08 with a Brent price at 72,5 $/bbl. During the month of June, the Brent moved between 67 $/bbl and 72,5 $/bbl. The other oil products prices (Fuel Oil & Gasoil) have followed the same trend. The high prices were mainly due to politic crisis in Iran.

Gas: The trend of the gas prices in France (PEG) was a decrease. The PEG has reached its lowest level at 10,15 €/MWh. The main reason is that lots of suppliers are long in terms of volume so there is plenty of gas on the market.

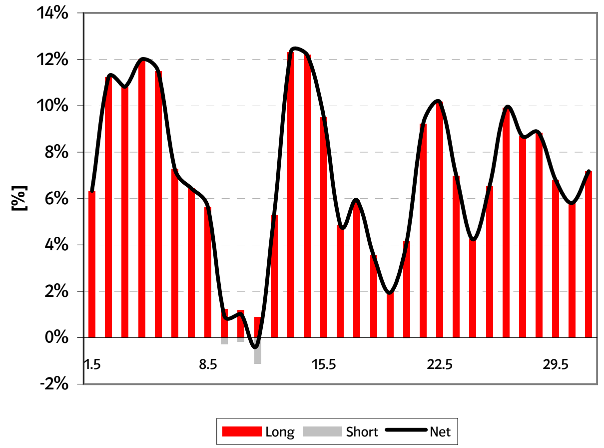
Sources: E.ON France, E.ON Ruhrgas, Powernext

EFRE

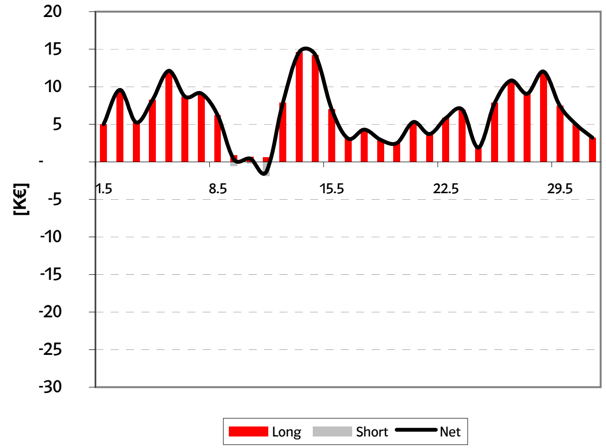
Balancing EFRE Power May 2009 (MWh)



Balancing EFRE Power May 2009 (% of consumption)

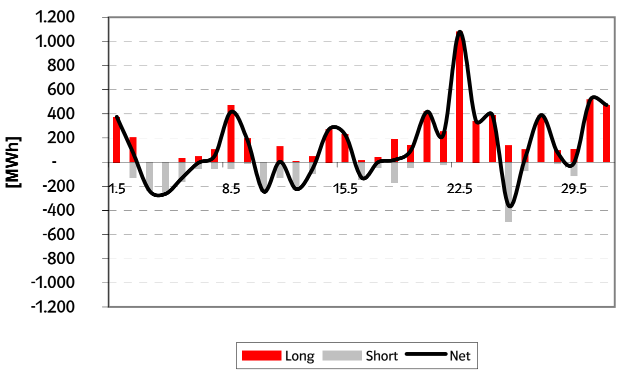


Balancing EFRE Power May 2009 (K€)

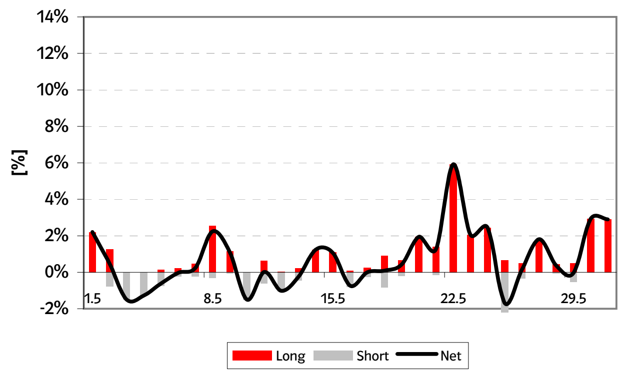


SNET

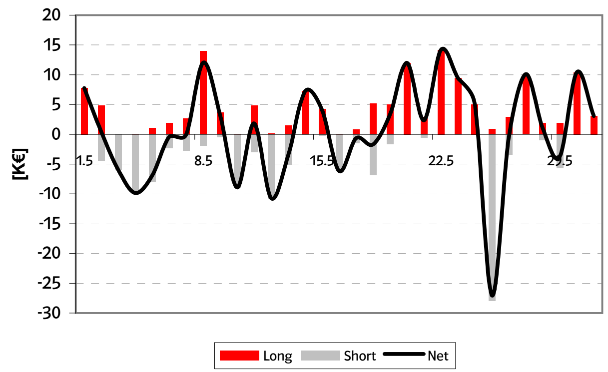
Balancing SNET Power May 2009 (MWh)



Balancing SNET Power May 2009 (% of consumption)

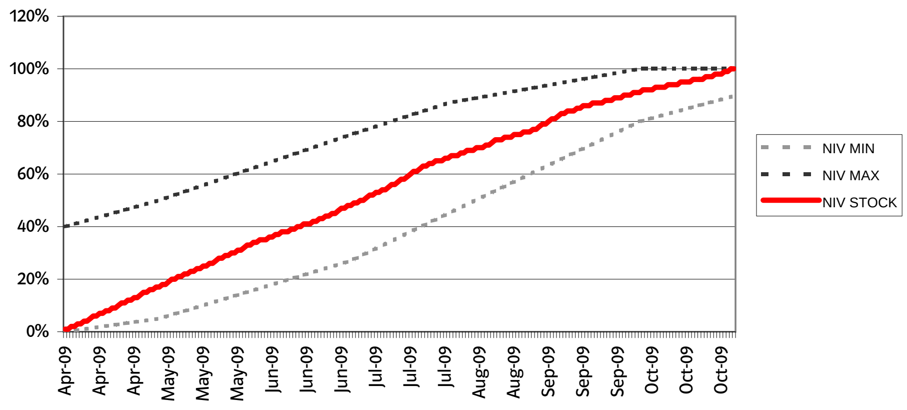


Balancing SNET Power May 2009 (K€)

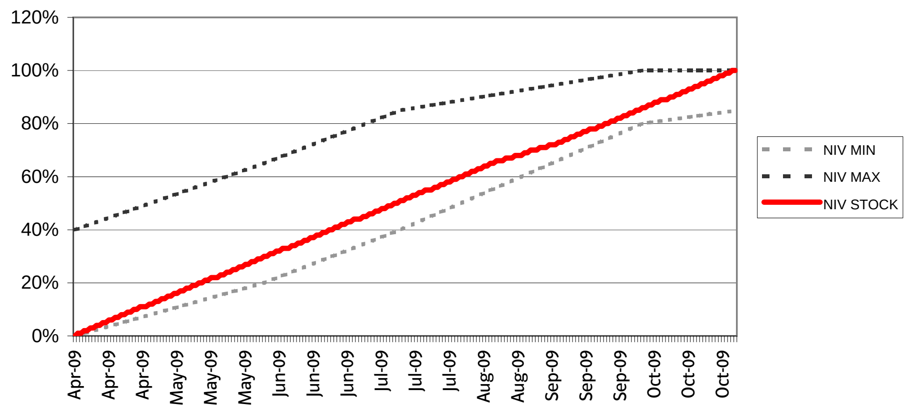


Commentary:
The EFRE balancing circle shows a constant long position of appr. 8.6 GWh or 7 % of the consumption of the customer portfolio in May. These volumes are resold to RTE for appr. 23€/MWh with a significant spread to the original purchase costs. The position of the SNET perimeter is more balanced with an long position of appr. 4.0 GWh or 0.7 %.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.

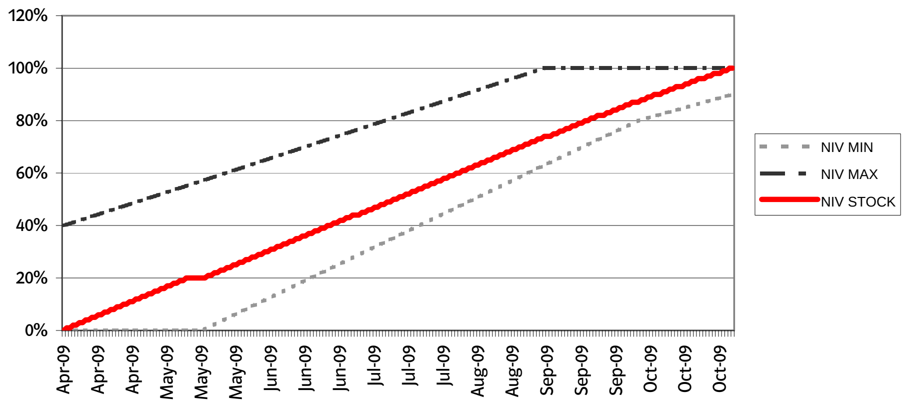
Serene Nord



Sediane



Sediane B



Commentary: