France

Sales Report E.ON France
August 2009

Paris, September 24th 2009

CONTENTS

Management Summary

Sales forecast 2009:

The current forecast figures for total power sales display volumes slightly below budget (-4%) mainly due to lower sales volumes at EFRE during Q1 / Q2 (-13.5%). The operational margin (excl. aperiodic effects from TaRTAM) is supposed to sum up to 9.6 M€ (appr. -3% below budget). However, positive effects from final declaration TaRTAM 2008 lead to an margin upside of appr. +7.2 M€ or +73% compared to budget.
The shortfall of gas volumes compared to budget in Q4 has even increased since last reporting and is now -43% or -6.704 GWh. Despite this development the (operational) gas margin is expected to be only -0.1 M€ or -1% below budget. This is due to the inclusion of margin effects from optimization / storage within the actuals (not included in the budget). Aperiodic effects of -0.9 M€ will lead to an overall gas margin of 7.1 M€ which is -12% below budget. ⇨ ***page 2***

TaRTAM:

Forecasted production volume 2009 is now appr. 500 GWh above the TaRTAM sales volumes due to a higher level of production in August and higher forecasted volumes in Q4. However, the forecast within Q4 remains sensitive and volatile. ⇨ ***page 3***

Operational sales business:

After several customer gains in June and July only one customer signed during August (SNET, Bluestar Silicones, 1 site). The annual consumption of this customer is 38 GWh / year from 2010 - 2012 (thereof: 19 GWh in TaRTAM period 2010). No customer movements were registered at EFRE and there were no customer losses for sales.
Contracted volumes [% of planned sales volumes] were calculated - also retrospectively - with the new MTP-figures. For the first time non-price fixed, but contracted volumes were entirely considered for the power business EFRE. Currently contracted gas volumes represent 54% (2009, old target from MTP 2009 - 2011) / 60% (2010) / 22% (2011) of the planned volumes. The contracted power volumes (SNET + EFRE) represent 93% / 60% / 25% of the planned volumes.
In July, balancing responsibility for EFRE was taken over by SNET for the first time. A strong improvement was registered as the (netted) balancing volumes represented only 1.6% of consumption in July, June: 10.0%). Despite this there were some mayor imbalances which occured due poor quality of prognosis and time delays of adjusted forecasts sent out from customer side. In case of time delays EVD's deadline may be already exceeded. ⇨ ***page 4.1 - 4.5***

Risk and receivables:

As in the last months all limits regarding the open sales positions were clearly kept at the end of August. SNET short position for both 2009 and 2010 has significantly diminished in the last months (ongoing procurement following the TaRTAM-regime).

Due to delays in registration of customer payments at the beginning of previous months the current analysis at the end of August shows a considerable decrease of receivables to only 1.8 M€ at SNET. Customers are supposed to pay their invoice until end of following month; depending on the timing / delay of payment registration the (displayed) level of receivables may largely vary at the beginning of the month. This processual topic will be further investigated, but has no significance for operational performance in terms of receivables management.

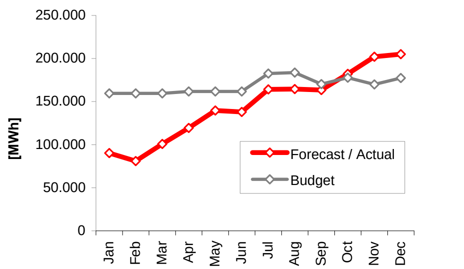
Receivables of 2.3 M€ at EFRE with a due date of > 90 days include overdue payments of the insolvent customers Papeterie Voiron / Lancey and the customer Eurocel. Whereas receivables from Papeterie Voiron / Lancey are supposed to be compensated by CRE, Eurocel (not bankrupt) has started to pay installments beginning with last month. As of Sep 17th receivables with a due date of > 90 days have already decreased by 0.4 M€.

Compared to previous month the level of exposition as well as the structure of ratings in the SNET customer portfolio remain stable. ⇨ **page 5.1 - 5.3**

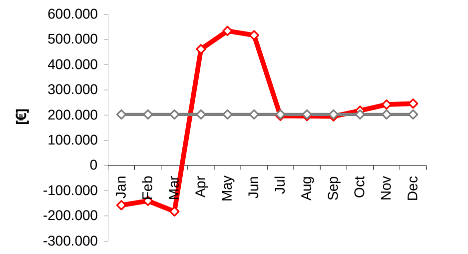
BU France: Latest key figures from management reporting 2009[1)]

POWER EFRE

Sales volumes by month



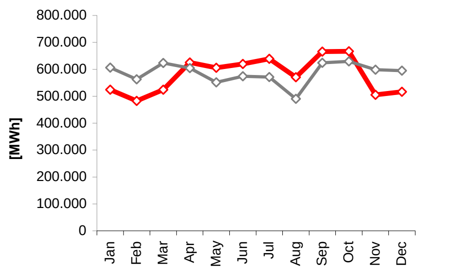
Operational gross margin by month*



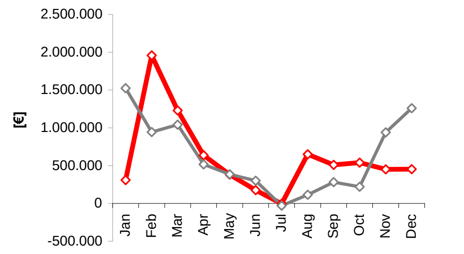
Total values 2009	F/A	BU	Δ	
Sales volumes [GWh]	1.751	2.025	-274	-13,5%
absolute values [M€]				
Sales revenues	104,9	158,4	-53,5	-33,8%
thereof: Customer revenues	76,3	74,3	2,0	2,7%
thereof: CRE	28,6	84,1	-55,5	-66,0%
Procurement costs	102,5	156,0	-53,4	-34,3%
Oper. gross margin	2,3	2,4	-0,1	-4,2%
+ aperiodic effects	2,3		2,3	
Gross margin	4,7	2,4	2,2	92,4%
specific values [€/MWh]				
Sales revenues	59,9	78,2	-18,3	-23,4%
Procurement costs	58,6	77,0	-18,5	-24,0%
Oper. gross margin	1,33	1,20	0,13	10,8%

POWER SNET

Sales volumes by month



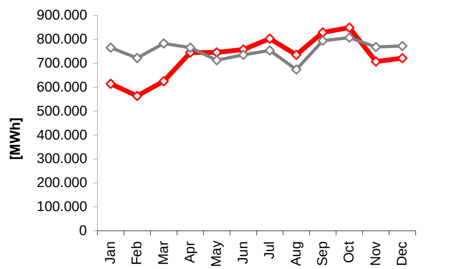
Operational gross margin by month*



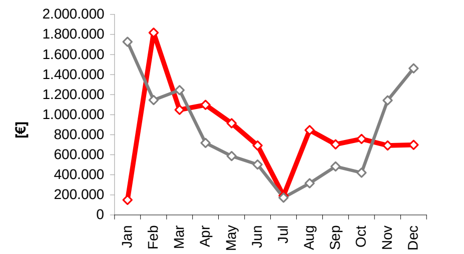
Total values 2009	F/A	BU	Δ	
Sales volumes [GWh]	6.945	7.030	-85	-1,2%
absolute values [M€]				
Sales revenues	470,8	541,4	-70,6	-13,0%
thereof: Customer revenues	323,7	314,7	9,0	2,9%
thereof: CRE	147,0	226,7	-79,7	-35,1%
Procurement costs	458,3	533,9	-75,6	-14,2%
Oper. gross margin	7,3	7,5	-0,2	-2,8%
+ aperiodic effects	5,2		5,2	
Gross margin	12,5	7,5	5,0	66,6%
specific values [€/MWh]				
Sales revenues	67,8	77,0	-9,2	-12,0%
Procurement costs	66,0	75,9	-10,0	-13,1%
Oper. gross margin	1,05	1,07	-0,02	-1,6%

POWER TOTAL

Sales volumes by month



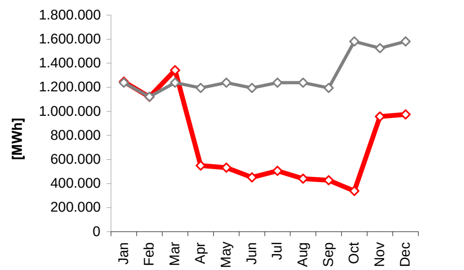
Operational gross margin by month*



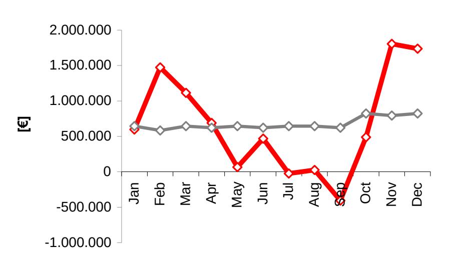
Total values 2009	F/A	BU	Δ	
Sales volumes [GWh]	8.696	9.055	-359	-4,0%
absolute values [M€]				
Sales revenues	575,6	699,8	-124,2	-17,7%
thereof: Customer revenues	400,0	389,0	11,0	2,8%
thereof: CRE	175,6	310,8	-135,2	-43,5%
Procurement costs	560,8	689,9	-129,1	-18,7%
Oper. gross margin	9,6	9,9	-0,3	-3,1%
+ aperiodic effects	7,5		7,5	
Gross margin	17,2	9,9	7,2	73,0%
specific values [€/MWh]				
Sales revenues	66,2	77,3	-11,1	-14,3%
Procurement costs	64,5	76,2	-11,7	-15,4%
Oper. gross margin	1,11	1,10	0,01	0,9%

GAS EFRE

Sales volumes by month



Operational gross margin by month*



Total values 2009	F/A	BU	Δ	
Sales volumes [GWh]	8.885	15.589	-6.704	-43,0%
absolute values [M€]				
Sales revenues	220,7	547,4	-326,6	-59,7%
Procurement costs	212,7	539,3	-326,6	-60,6%
Oper. gross margin	8,0	8,1	-0,1	-1,0%
+ aperiodic effects	-0,9		-0,9	
Gross margin	7,1	8,1	-1,0	-12,3%
specific values [€/MWh]				
Sales revenues	24,8	35,1	-10,3	-29,2%
Procurement costs	23,9	34,6	-10,7	-30,8%
Oper. gross margin	0,90	0,52	0,38	73,7%

Commentary:

The current forecast figures for total power sales display volumes slightly below budget (-4%) mainly due to lower sales volumes at EFRE during Q1 / Q2 (-13.5%). The operational margin (excl. aperiodic effects from TaRTAM) is supposed to sum up to 9.6 M€ (appr. -3% below budget). However, positive effects from final declaration TaRTAM 2008 lead to an margin upside of appr. +7.2 M€ or +73% compared to budget. EFRE power margin seems to be quite volatile; this results from the preliminary CRE-declarations EFRE in Q1/Q2 (compensation on level of production costs SNET vs. real purchase costs EVD) but will be equalized through the final declaration at the beginning of 2010.

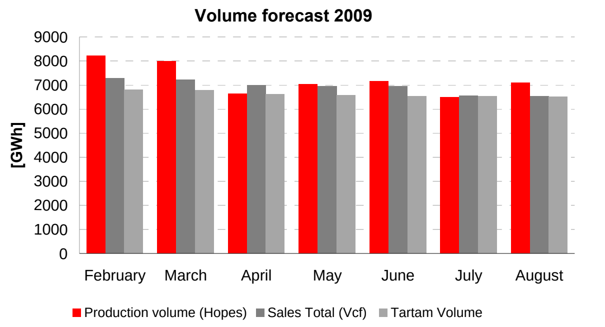
The shortfall of gas volumes compared to budget in Q4 has even increased since last reporting and is now -43% or -6.704 GWh. Saisonal effects which were not displayed within the budget also lead to a significant deviation throughout the summer period. Despite this development in terms of volumes the (operational) gas margin is expected to be only -0.1 M€ or -1% below budget. This is due to the inclusion of margin effects from optimization / storage within the actuals (not included in the budget). Aperiodic effects of -0.9 M€ will lead to an overall gas margin of 7.1 M€ which is -12% below budget.

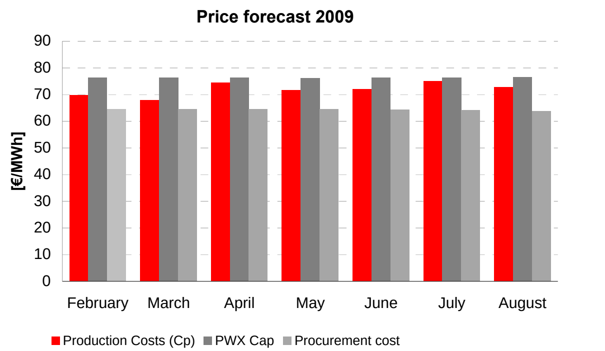
1) Based on SAP "Forecast 3" for SNET, "Forecast 3 + Q3" EFRE power and gas. All figures excl. aperiodic effects in order to display 'operational' sales business

* Excl. aperiodic effetcs

BU France: TaRTAM Key figures

TaRTAM SNET



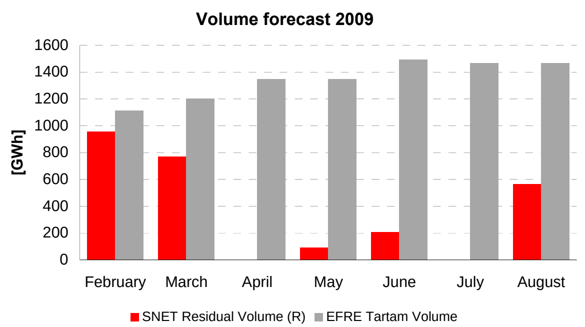


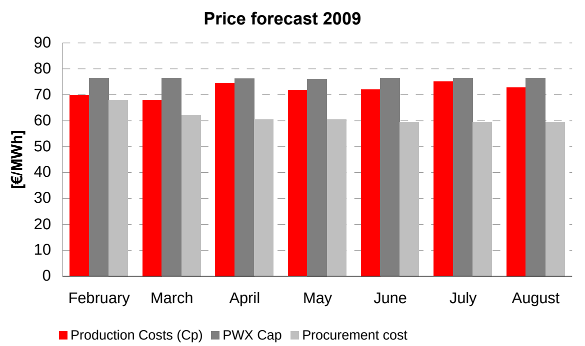
	GWh	K€	€/MWh
Sales Total (Vcf)	6.533	280.845	44,01
TaRTAM Sales volumes	6.520	280.325	43,03
Production volume (Hopes)	7.097		
Procurement volume	6.846	438.251	63,85
Residual Volume (R) *	564		

	GWh	%
Vol.compens./Prod. (Vp)	6.520	100,0%
Vol.compens./Sourcing (Va)	0	0,0%

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

TaRTAM EFRE





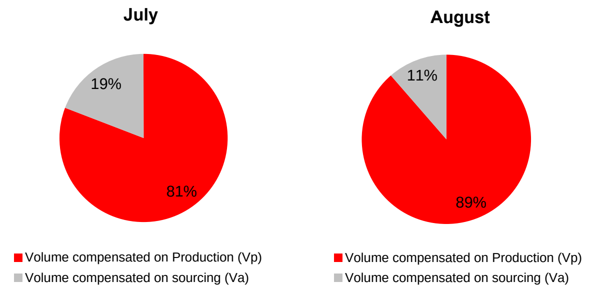
	GWh	K€	€/MWh
Sales Total (Vcf)	1.469	61.124	41,60
TaRTAM Sales volumes	1.469	61.124	41,60
Production volume (Hopes)	0		
Procurement volume	1.524	90.803	59,60
Residual Volume (R) *	0		

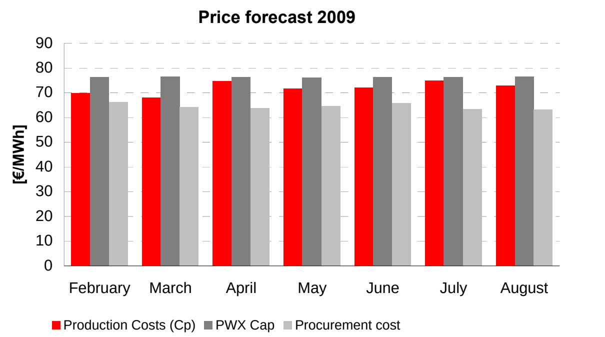
	GWh	%
Vol.compens./Prod. (Vp)	564	38,4%
Vol.compens./Sourcing (Va)	905	61,6%

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

TaRTAM BU France

Compensation allocation on overall sales volumes (BU France)





	GWh	K€	€/MWh
Sales Total (Vcf)	8.003	341.969	43,57
TaRTAM Sales volumes	7.989	341.449	42,77
Production volume (Hopes)	7.097		
Procurement volume	8.370	529.054	63,08
Residual Volume (R) *	0		

	GWh	%
Vol.compens./Prod. (Vp)	7.084	88,7%
Vol.compens./Sourcing (Va)	905	11,3%

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

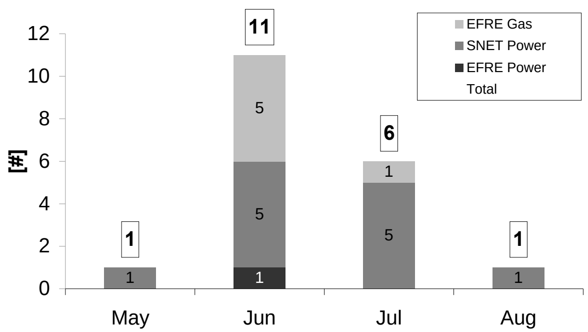
Commentary:

From the last Hopes prevision, the production volume in 2009 (Vp) is now appr. 500 GWh above the TRTAM sales volumes. This effect is explained by a higher level of production in August (+200 GWh) and higher forecasted volumes for the last quarter. However, the forecast within Q4 remains sensitive and volatile. On the sales side, only minor changes were noticed (-10 GWh).

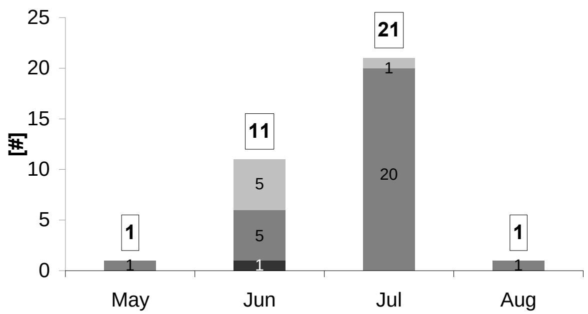
BU France: Operational sales business - Customer gains and losses

Customer gains

Customer gains by month



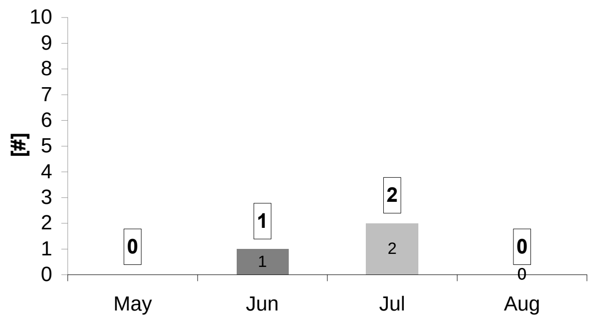
Sites won by month



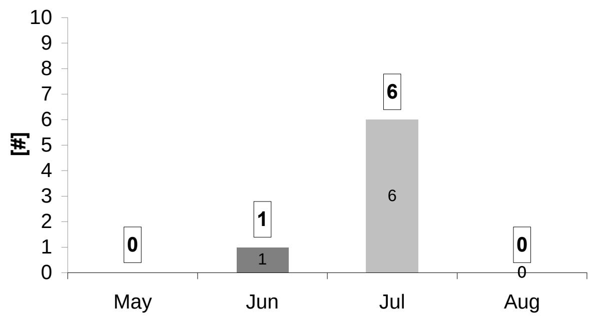
Total values (year to date)	EFRE Power	SNET Power	EFRE Gas
Customer gains	1	12	6
Sites won	1	27	6

Customer losses

Customer losses by month



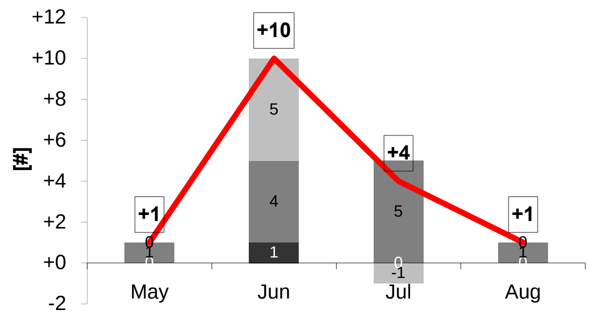
Sites lost by month



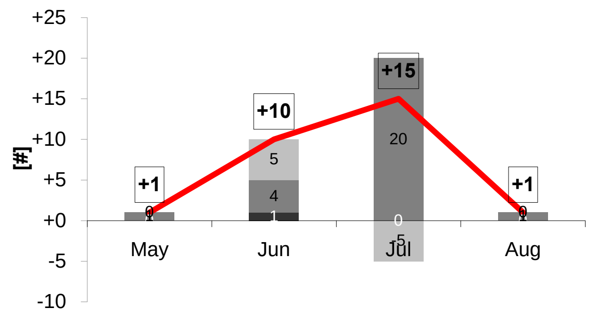
Total values (year to date)	EFRE Power	SNET Power	EFRE Gas
Customer losses	0	1	2
Sites lost	0	1	6

Net customer movement

Net customer movement by month



Net site movement by month



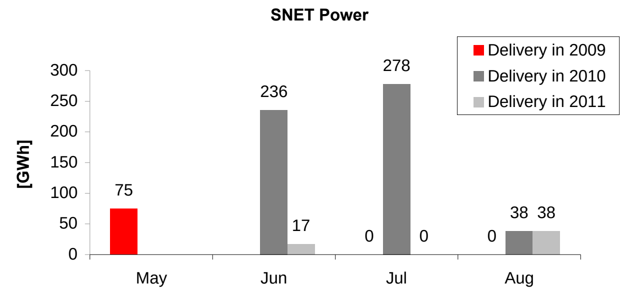
Total values (year to date)	EFRE Power	SNET Power	EFRE Gas
Customer movem.	+1	+11	+4
Site movem.	+1	+26	+0

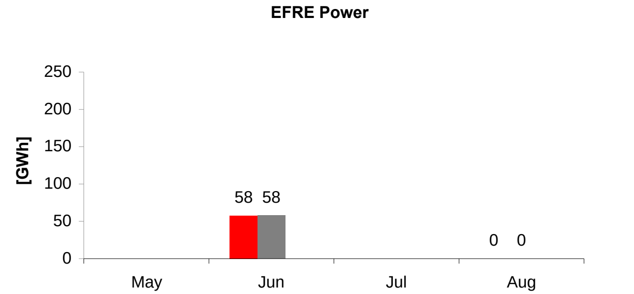
Commentary:

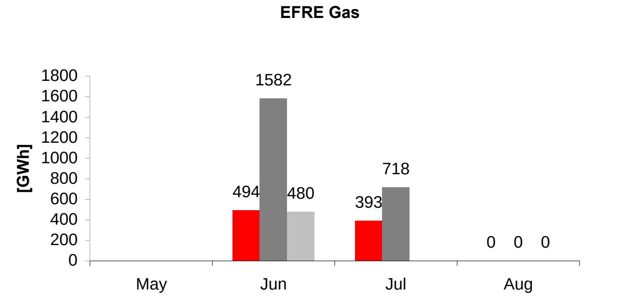
After several customer gains in June and July only one customer signed during August (SNET, Bluestar Silicones, 1 site). No customer movements were registered at EFRE; also there were no customer losses for SNET and EFRE within gas and power activities.

BU France: Operational sales business - Volume gains and losses

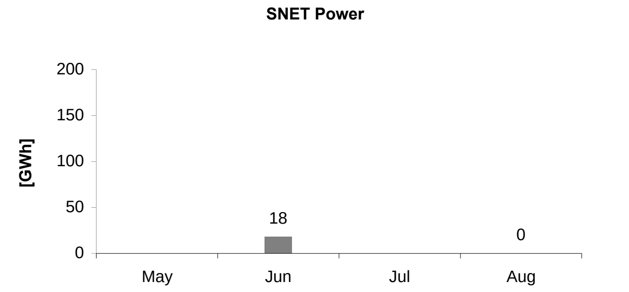
Volume gains

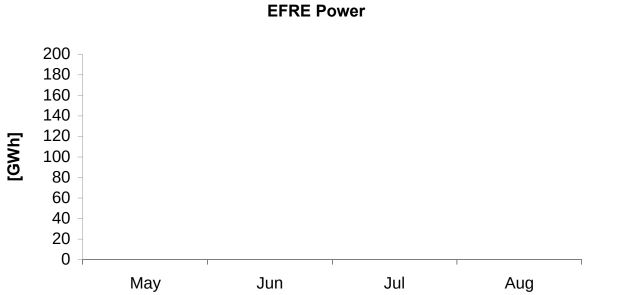


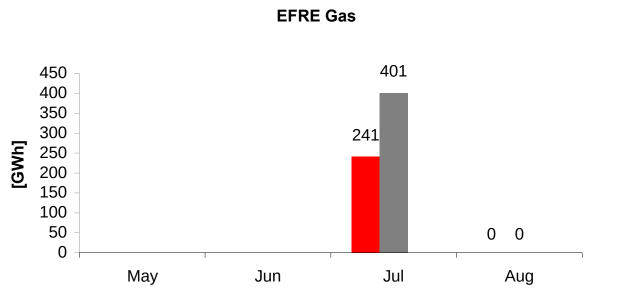




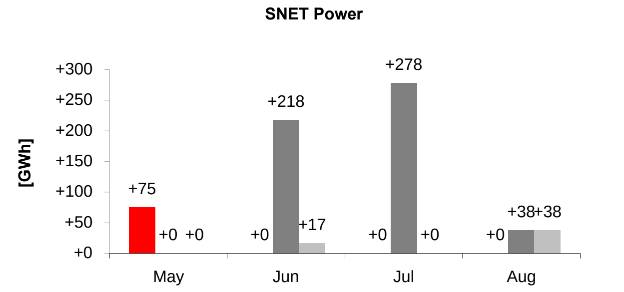
Volume losses

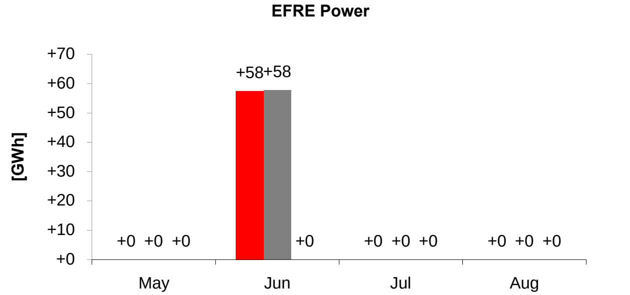


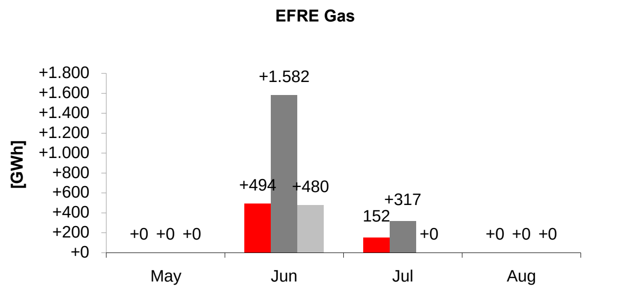




Net volume movement







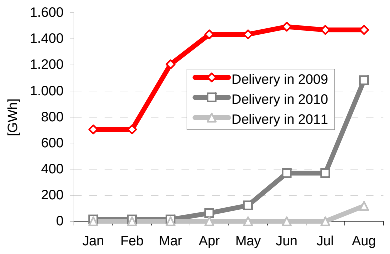
Commentary:

The annual consumption of the customer "Bluestar Silicones" won at SNET is 38 GWh / a from 2010 - 2012 (thereof: 19 GWh in TaRTAM period 2010). No customer movements were registered at EFRE; also there were no volume losses for SNET and EFRE within gas and power activities.

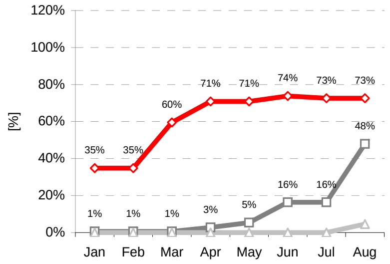
BU France: Operational sales business - Development of contracted volumes

POWER EFRE

Development of contracted volumes (cumulated)



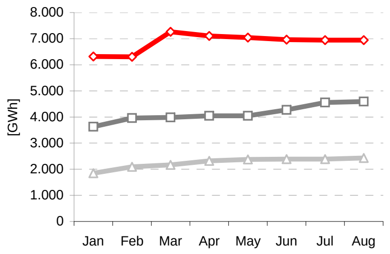
Contracted volumes (% of plan)



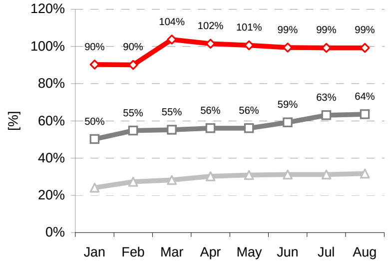
Contracted for delivery in ...	GWh	Plan	% of Plan
2009	1.469	2.024	73%
2010	1.082	2.257	48%
2011	118	2.550	5%

POWER SNET

Development of contracted volumes (cumulated)



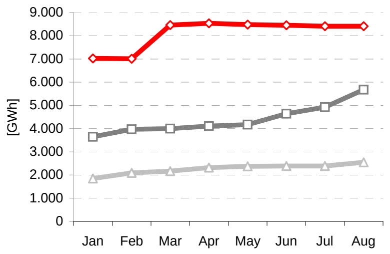
Contracted volumes (% of plan)



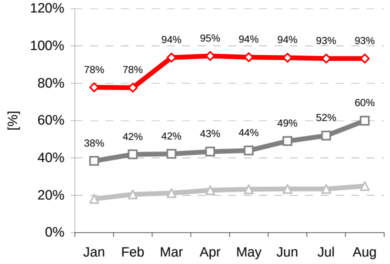
Contracted for delivery in ...	GWh	Plan	% of Plan
2009	6.947	7.000	99%
2010	4.595	7.223	64%
2011	2.430	7.673	32%

POWER TOTAL

Development of contracted volumes (cumulated)



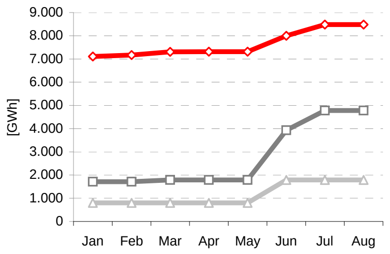
Contracted volumes (% of plan)



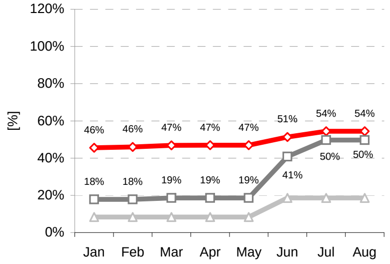
Contracted for delivery in ...	GWh	Plan	% of Plan
2009	8.416	9.024	93%
2010	5.677	9.480	60%
2011	2.548	10.223	25%

GAS EFRE

Development of contracted volumes (cumulated)



Contracted volumes (% of plan)



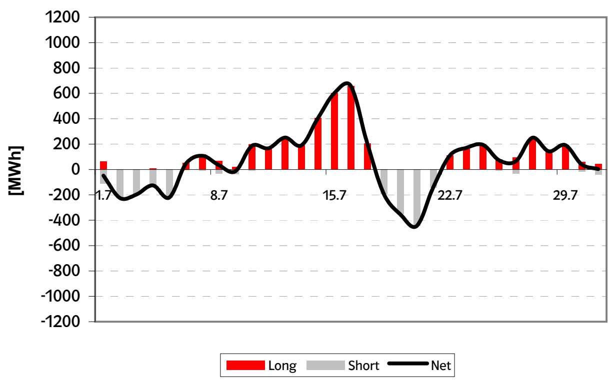
Contracted for delivery in ...	GWh	Plan	% of Plan
2009	8.484	15.589	54%
2010	4.783	9.624	50%
2011	1.786	9.600	19%

Commentary:

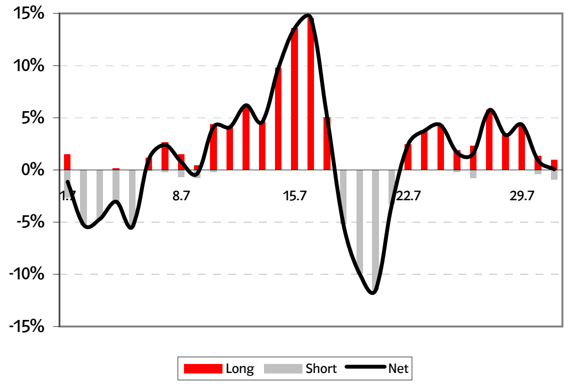
Contracted volumes [% of planned sales volumes] were calculated - also retrospectively - with the new MTP-figures. For the first time non-price fixed, but contracted volumes were entirely considered for the power business EFRE. This explains a significant upside of contracted volumes in 2010 from 16% to 48%. Only minor volume changes at SNET were registered in addition. Currently contracted gas volumes represent 54% (2009, old target from MTP 2009 - 2011) / 60% (2010) / 22% (2011) of the planned volumes. The corresponding level of power volumes (Total SNET + EFRE) represents 93% / 60% / 25% of planned volumes.

EFRE

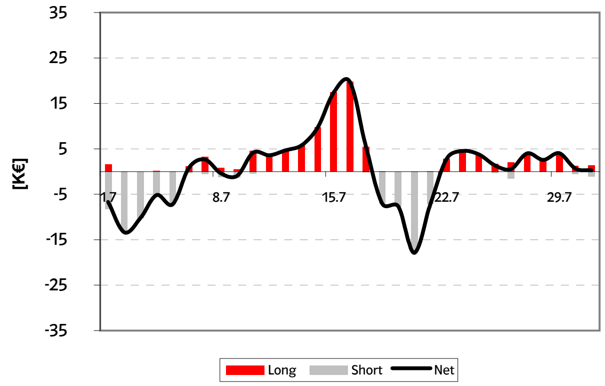
Balancing EFRE Power July 2009 (MWh)



Balancing EFRE Power July 2009 (% of consumption)

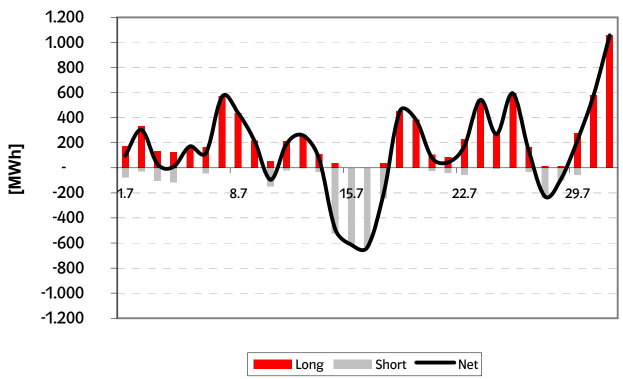


Balancing EFRE Power July 2009 (K€)

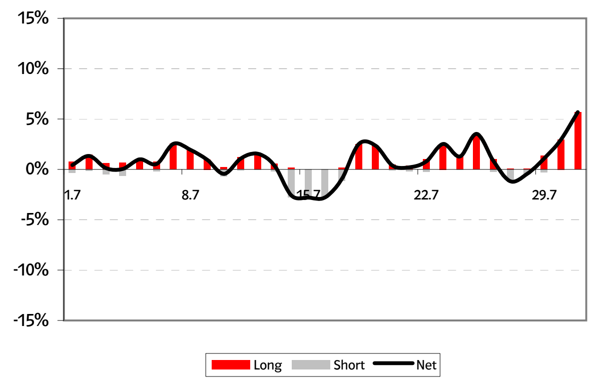


SNET

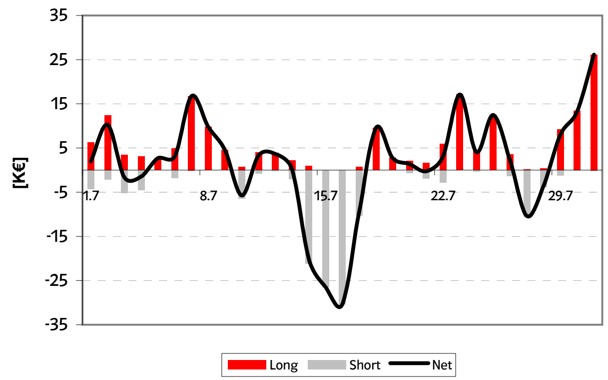
Balancing SNET Power July 2009 (MWh)



Balancing SNET Power July 2009 (% of consumption)



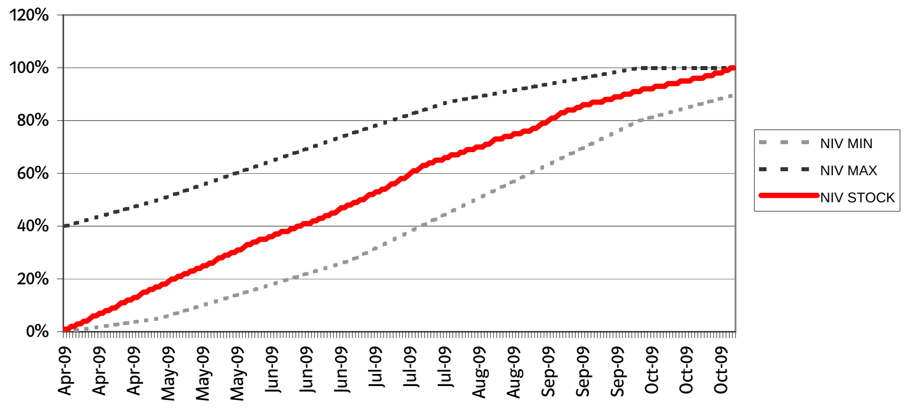
Balancing SNET Power July 2009 (K€)



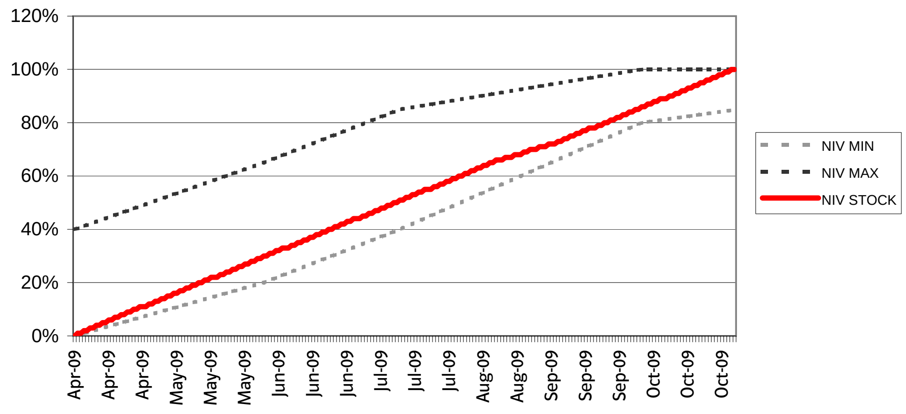
Commentary:
For the first time balancing responsibility for EFRE was taken over by SNET. A strong improvement was registered as the (netted) balancing volumes represented 1.6% of consumption in July against 10,0% in June). Despite this there were some mayor imbalances which occured due poor quality and time delays of adjusted forecast sent from customer side (especially INEOS Lavera). In case of time delays EVD's deadline are already exceeded. SNET balancing had the best July balancing ever realized with 1.7% (against 1.8% in July 2008).

BU France: Operational sales business - Gas storage level

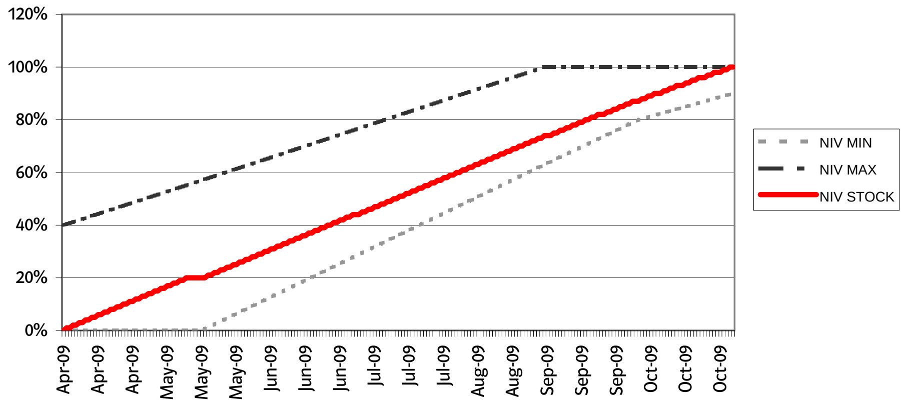
Serene Nord



Sediane



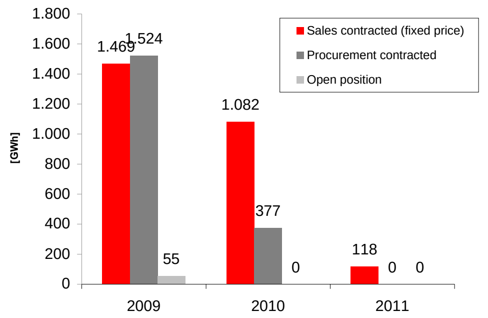
Sediane B



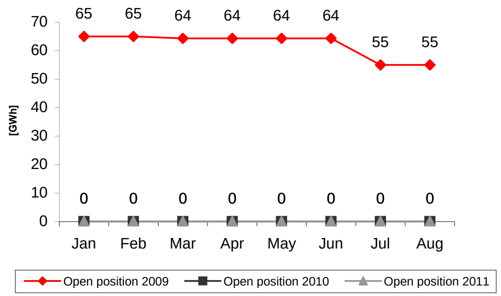
Commentary:

BU France: Open sales positions

POWER EFRE

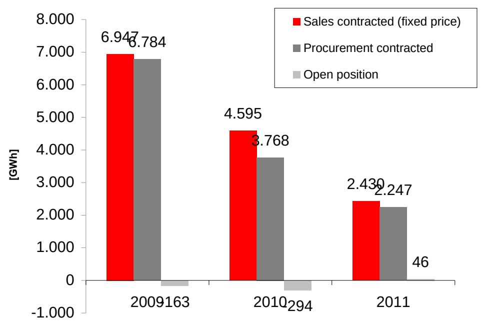


Development of open positions

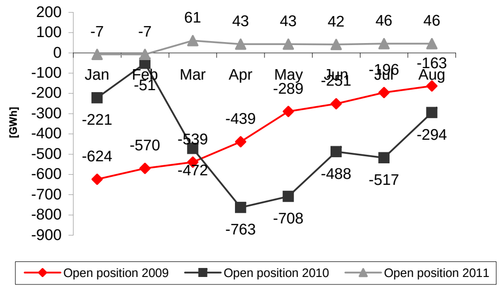


Volumes in GWh	2009	2010	2011
Sales (plan)	2.024	2.257	2.550
Sales (contracted)	1.469	1.082	118
fixed price	1.469	377	0
non-fixed price	0	705	118
Procurement (contracted)	1.524	377	0
fixed price	1.524	377	0
non-fixed price	0	0	0
Open position	55	0	0
Limit	300	300	300
Limit utilisation	18%	0%	0%

POWER SNET

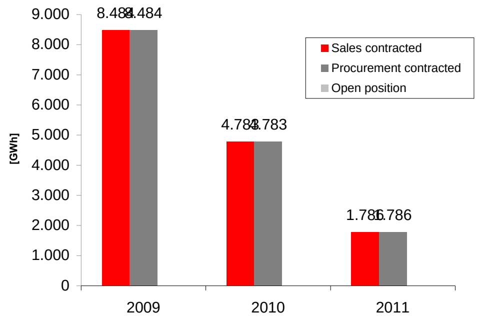


Development of open positions



Volumes in GWh	2009	2010	2011
Sales (plan)	7.000	7.223	7.673
Sales (contracted)	6.947	4.595	2.430
fixed price	6.947	4.062	2.201
non-fixed price	0	533	229
Procurement (contracted)	6.784	3.768	2.247
fixed price	6.784	3.768	2.247
non-fixed price	0	0	0
Open position	-163	-294	46
Limit	650	2.150	500
Limit utilisation	25%	14%	9%

GAS EFRE



Development of open positions

no open position in gas sales

Open position 2009 — Open position 2010 — Open position 2011

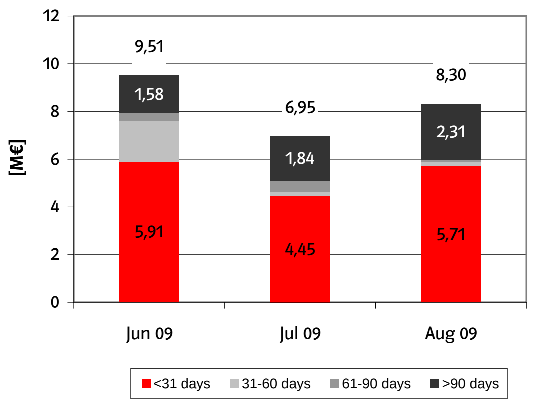
Volumes in GWh	2009	2010	2011
Sales (plan)	15.589	9.624	9.600
Sales (contracted)	8.484	4.783	1.786
fixed price			
non-fixed price			
Procurement (contracted)	8.484	4.783	1.786
fixed price	1.101	132	0
non-fixed price	7.382	4.651	1.786
Open position	0	0	0
Limit	0	0	0
Limit utilisation	0%	0%	0%

Commentary:
Planned sales volumes were adjusted to the new MTP-figures. As in the last months all limits regarding the open sales positions were clearly kept at the end of August. 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 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.

BU France: Receivables

EFRE (Power & Gas)

Development of receivables by due date

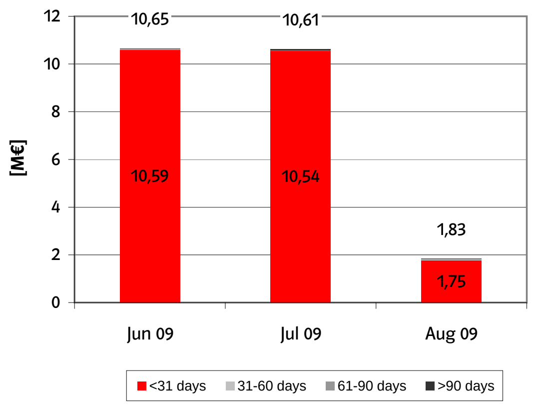


Receivables due within	Amount [M€]	Share
< 31 days	5,71	68,8%
31 - 60 days	0,17	2,1%
61 - 90 days	0,11	1,3%
> 90 days	2,31	27,8%
Total	**8,30**	**100%**

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

SNET

Development of receivables by due date

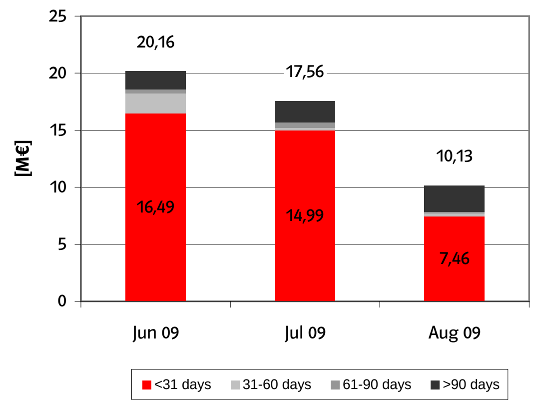


Receivables due within	Amount [M€]	Share
< 31 days	1,75	95,7%
31 - 60 days	0,07	3,6%
61 - 90 days	0,01	0,3%
> 90 days	0,01	0,4%
Total	**1,83**	**100%**

Others	Amount [M€]
Adv. Payments	-1,85
Deposits	-1,41
Bad debt	1,90

Total

Development of receivables by due date



Receivables due within	Amount [M€]	Share
< 31 days	7,46	73,6%
31 - 60 days	0,24	2,4%
61 - 90 days	0,11	1,1%
> 90 days	2,32	22,9%
Total	**10,13**	**100%**

Others	Amount [M€]
Adv. Payments	-1,85
Deposits	-1,41
Bad debt	1,90

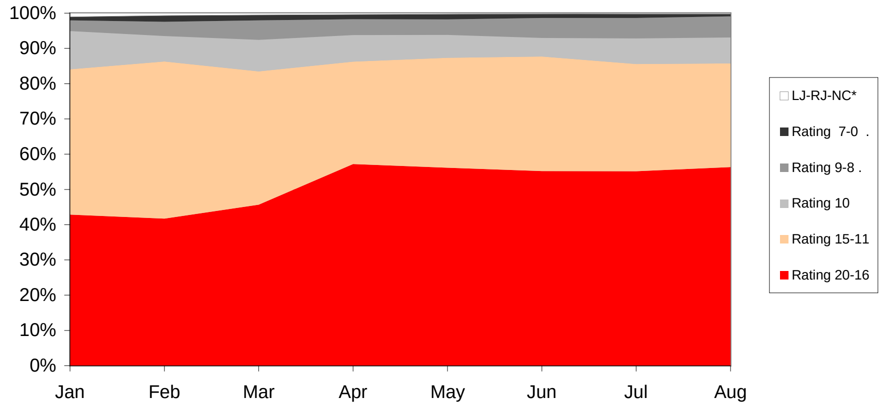
Commentary:

Due to delays in registration of customer payments at the beginning of previous months the current analysis at the end of August shows a considerable decrease of receivables to only 1.8 M € at SNET. Customers are supposed to pay their invoice until end of following month; depending on the timing / delay of payment registration the level of receivables may largely vary at the beginning of the month. This processual topic will be further investigated, but has no significance for operational performance in terms of receivables management.

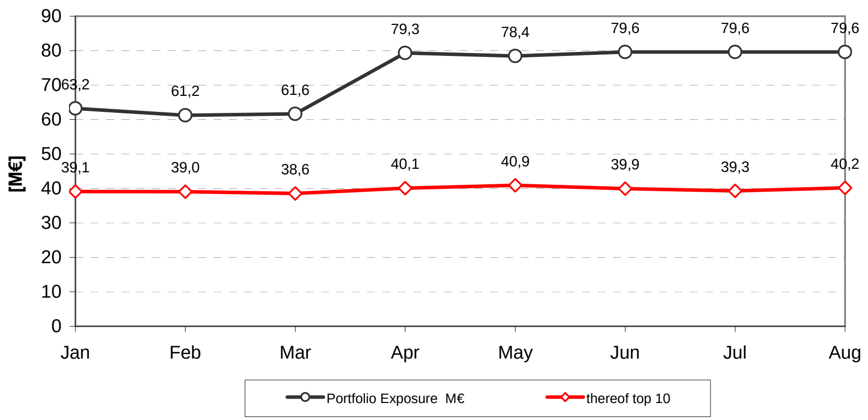
Overall EFRE receivables increased from 6.9 M€ in July to appr. 8.3 M€. Receivables of 2.3 M€ with a due date of > 90 days include overdue payments of the insolvent customers Papeterie Voiron / Lancey and the customer Eurocel. This position increased by appr. 0.5 M€ (with the main share of 0.4 M€ being a shift from position 61-90 days) and represent appr. 28% of the overall receivables. Whereas receivables from Papeterie Voiron / Lancey are supposed to be compensated by CRE, Eurocel (not bankrupt) has started to pay installments beginning with last month. As of Sep 17th receivables with a due date of > 90 days have already decreased by 0.4 M €.

BU France: Credit Risk (currently overall portfolio SNET only)

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



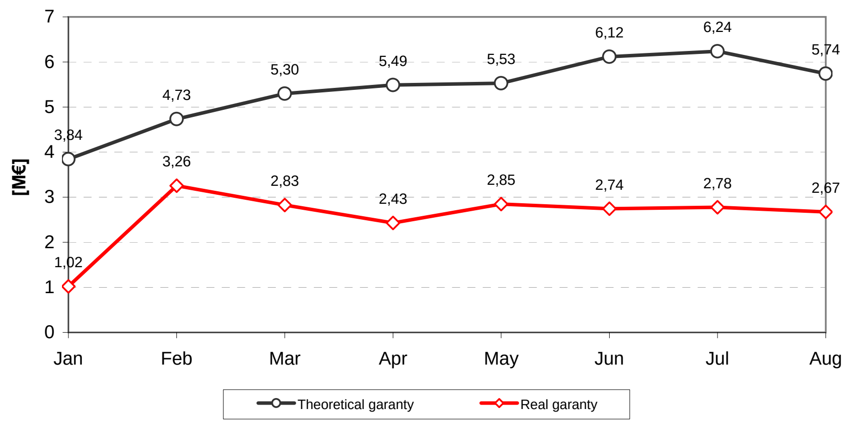
Portfolio exposure



Development of share of ratings within portfolio (Sales volume)

not available yet

Garanties

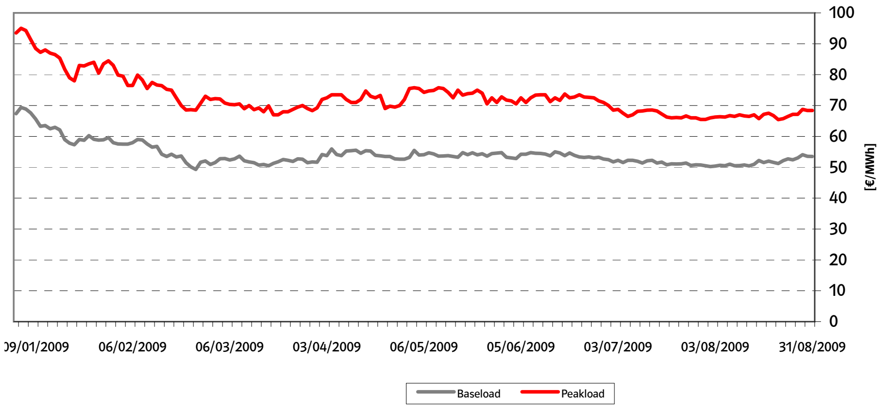


Commentary:

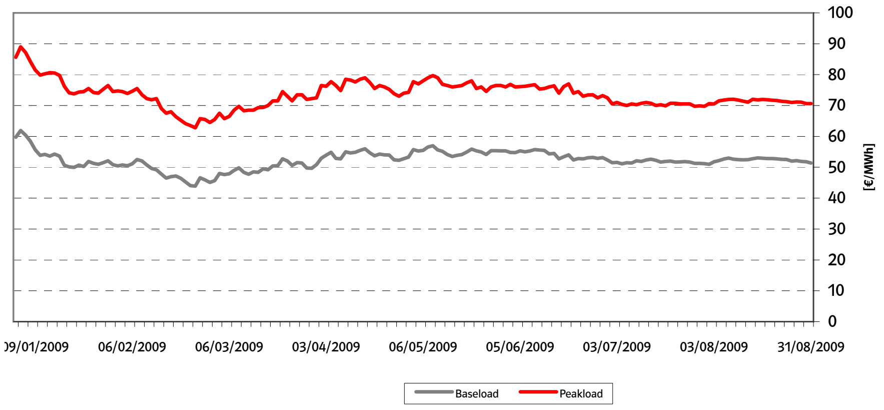
Compared to previous month the level of expostion as well as the structure of ratings in the SNET customer portfolio remain stable. The decrease of the real and theoretical warranty is due to *Autocast* 's compulsory liquidation which has been taken off the perimeter. Except *Paturles Aciers* , *Marquet STS* , *Maury, Plysorol* , *Steco & Federal Mogul* all customer which decrease in notation below 10 have made a risk coverage; the remaining gap between theorical and real warranty is due to former contracts without any warranty clauses.

BU France: Electricity price development (Powernext)

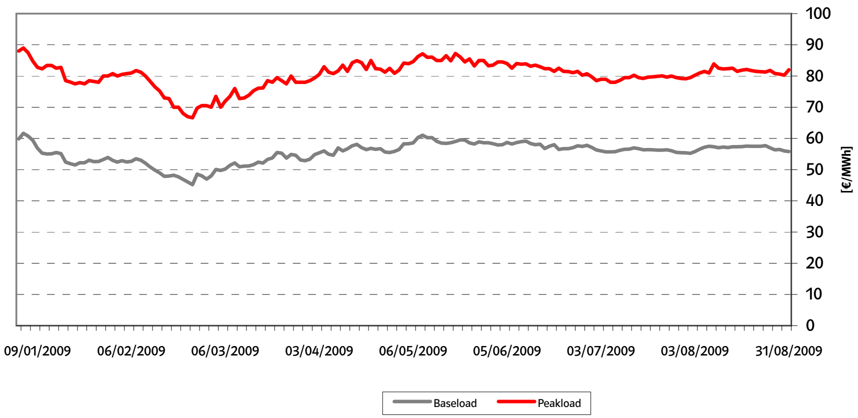
Baseload Q4 2009



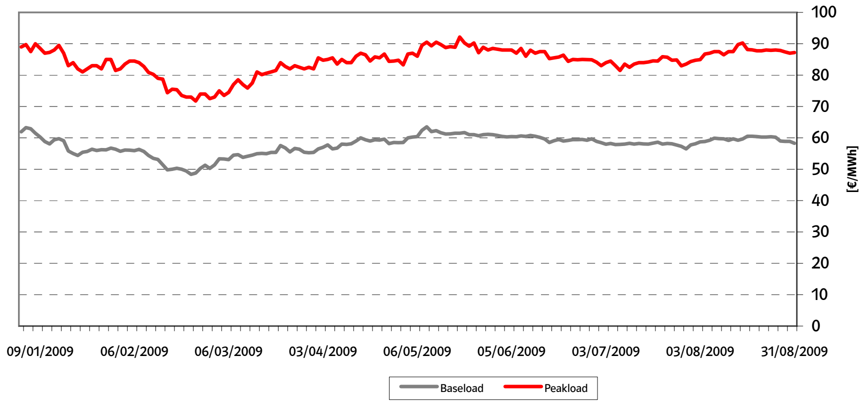
Baseload & Peakload 2010



Baseload & Peakload 2011



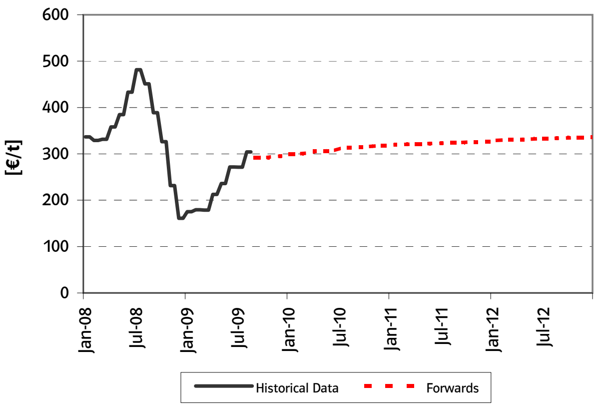
Baseload & Peakload 2012



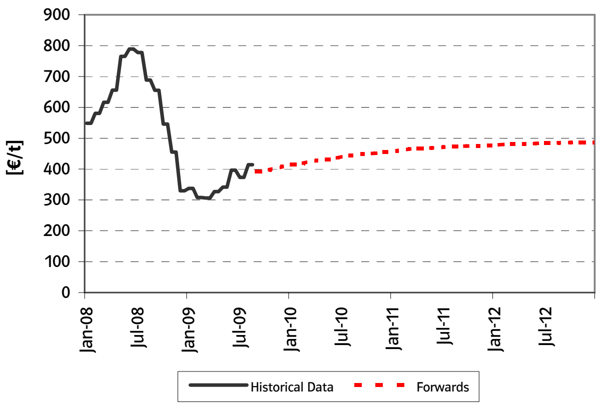
Commentary:

BU France: Oil products & gas price development

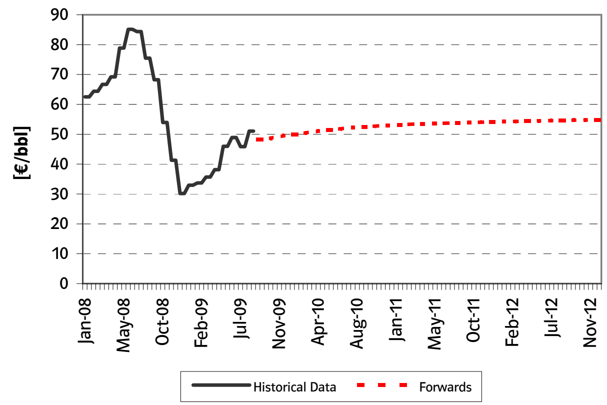
Fuel Oil 1% Barge Rotterdam



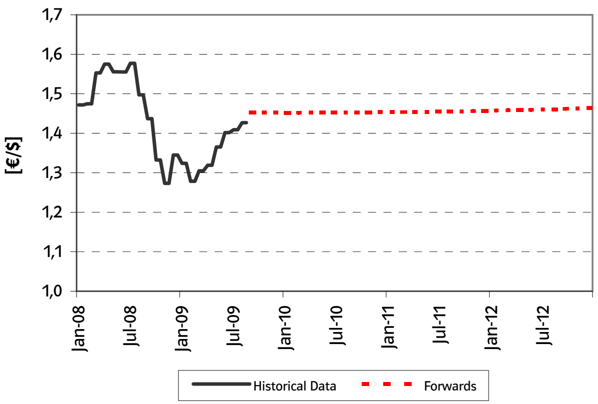
Gasoil 0,1% Barge Rotterdam



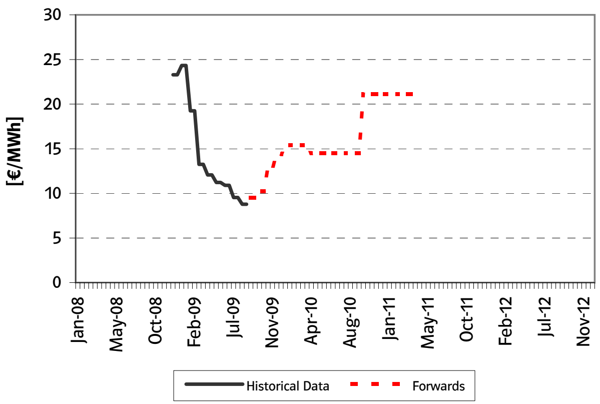
Brent



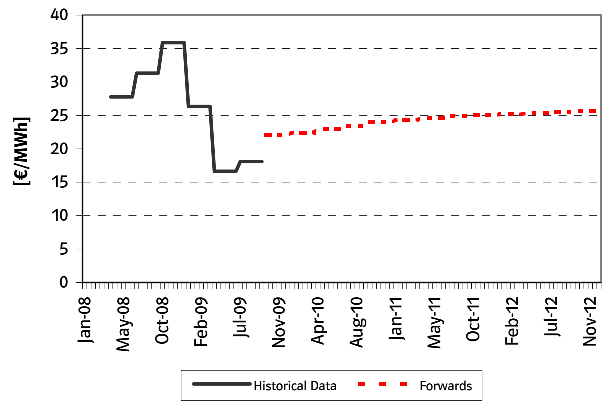
Exchange Rate



PEG North Price



STS Price



Commentary:
Oil Products: The market remained stable during this month - the Brent moved between 71,5 $/bbl and 75,5 $/bbl. The other oil products prices (Fuel Oil & Gasoil) have followed the same trend.

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