KPMG

CORPORATE FINANCE

E.ON AG

Project Phoenix – additional explanations for

Société National d'Electricité et de Thermique S.A., Rueil Malmaison

24 July 2009

ADVISORY

AUDIT ▪ TAX ▪ ADVISORY

PPA share price

The PPA price for LA SNET was determined by the components

• equity of LA SNET (pre-PPA)

• PPA fair value / deferred tax adjustments, and

• goodwill.

The PPA share price was determined by the LA SNET PPA price divided by the numbers of shares.

The PPA share price of LA SNET amounts to € 32.34 as of the valuation date.

Overview

- With the Share Purchase Agreement as of 1 July, 2009 ("SPA") E.ON France SAS, Paris ("E.ON France") acquired all shares of Société National d'Electricité et de Thermique S.A., Rueil Malmaison ("LA SNET") hold by E.ON Europa S.L., Madrid ("E.ON Europa"). These shares represent 65 % of the share capital of LA SNET.
- Both E.ON Europa and E.ON France agreed that the purchase price shall be € 27.56 per share ("Initial share price"), in certain circumstances adjusted by the price on the basis of evaluations performed in the PPA ("PPA share price").
- This summary contains a determination of the PPA share price for LA SNET held by E.ON Europa determined on the evaluation performed on the occasion of the purchase price allocation ("PPA") as at 30 June 2008.
- Therefore a PPA price for LA SNET is to be determined as at valuation date, 30 June 2008.

Approach

- For the initial acquisition of E.ON Europa no separate purchase price was determined for LA SNET. Therefore the results of the PPA serve as a basis for the determination of the PPA share price.
- Therefore the PPA price consists of the equity attributable to shareholders of E.ON AG (pre-PPA) adjusted by the corresponding fair value / deferred tax adjustments derived by the PPA as well as the respective goodwill.

Approach (cont'd)

- The PPA share price results from dividing the determined PPA price by the number of shares held by E.ON Europa.

Assumptions

- The equity attributable to shareholders of E.ON AG (pre-PPA) according to IFRS amount to € 545 million.
- Fair value adjustments as well as deferred tax adjustments derived by the PPA amounts to € - 157 million and € 57 million respectively. These adjustments comprises all activities of LA SNET (thermal power plants, renewable operations and participations carried at equity).
- Resulting from the PPA, the allocated goodwill to LA SNET amounts to € 340 million. The goodwill was allocated to the CGUs after finalising the PPA and amounts to € 243 million directly allocated to LA SNET (without renewable operations) as well as € 97 million goodwill allocated to the French renewable operations (legally belonging to LA SNET).
- A detailed summary of fair value / deferred tax adjustments as well as the allocated goodwill is shown on the following page.

Result

- The PPA price of SNET amounts to € 785 million.
- The PPA share price equals the PPA price divided by the number of shares. The PPA share price amounts to € 32.34.

Share price LA SNET

Equity attributable to shareholders of E.ON AG (pre-PPA)	**as at 30 June, 2008**	**€'000**		**544,635**
Fair Value Adjustments PPA	as at 30 June, 2008	€'000		(156,826)
Deferred Tax Adjustments PPA	as at 30 June, 2008	€'000		57,425
Allocated Goodwill	as at 30 June, 2008	€'000		339,753
Equity attributable to shareholders of E.ON AG (post-PPA)	**as at 30 June, 2008**	**€'000**		**784,987**
# of shares			24,269,360	
Share Price (post-PPA)	**as at 30 June, 2008**	**€**	**32.34**	

Source: E.ON / KPMG

Determination of PPA Price SNET

Additional information – PPA adjustments

Fair Value adjustments, deferred tax adjustments as well as the allocated goodwill is shown in the tables on the right.

Fair Value adjustments

in €m	Fair value adjustment (100 %)	Fair value adjustment (E.ON share)
France (step-up)		
Fixed assets (*)	177	112
Contracts	123	80
Customer relationships	16	10
Authorisation/concessions	39	25
At-equity investments	21	14
Subtotal	376	241
France (step-down)		
Fixed assets (*)	(116)	(69)
Contracts	(506)	(329)
Authorisation/concessions	(8)	(5)
Provision / Deferred Income	23	15
Provisions	(16)	(10)
Subtotal	(622)	(398)
Total	**(246)**	**(157)**

(*) including Bialystok (45.3 %)

Deferred tax adjustments

in €m	Deferred taxes (100 %)	Deferred taxes (E.ON share)
Deferred Tax Liabilities		
Fixed assets (*)	59	38
Contracts	42	28
Customer relationships	5	4
Authorisation/concessions	13	9
At-equity investments (**)	0	0
Subtotal	120	78
Deferred Tax Assets		
Fixed assets (*)	(35)	(22)
Contracts	(174)	(113)
Concessions	(3)	(2)
Provisions	(6)	(4)
Deferred income	8	5
Subtotal	(209)	(135)
Total	**(89)**	**(57)**

(*) including Bialystok (tax rate 19.0%)

(**) tax rate 1.7%)

Allocated Goodwill

in €m	Goodwill allocated
France	
SNET	243
EC&R (France)	97
Total	**340**