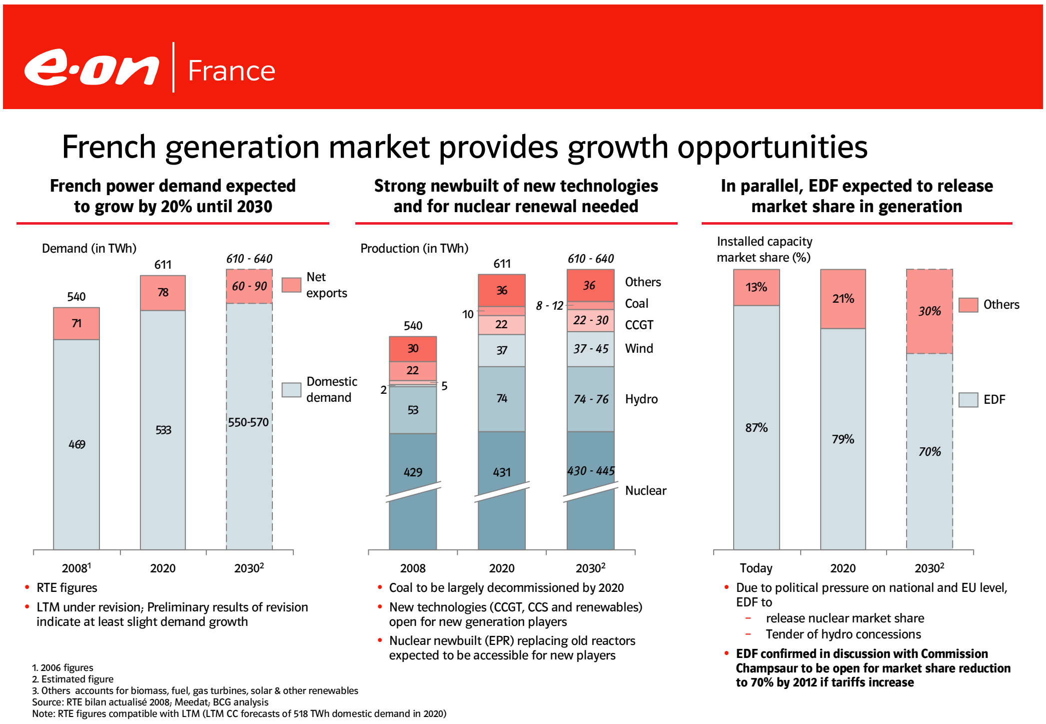
Industrial Plan

I Overview and vision

The French energy market is a growth market and represents a clear opportunity for E.ON to contribute to its group generation strategy. Due to market dynamics and pressure from the European Union it is expected that the French incumbents will release a significant market share (i.e. EDF communicated to reduce its market share to 70%). Based on this insight it is expected that E.ON has an attractive opportunity to take long-term a market share of 10% of the French generation market.



In line with the group-wide generation vision E.ON strives as well in France for a diversified and well balanced generation portfolio based on four pillars.

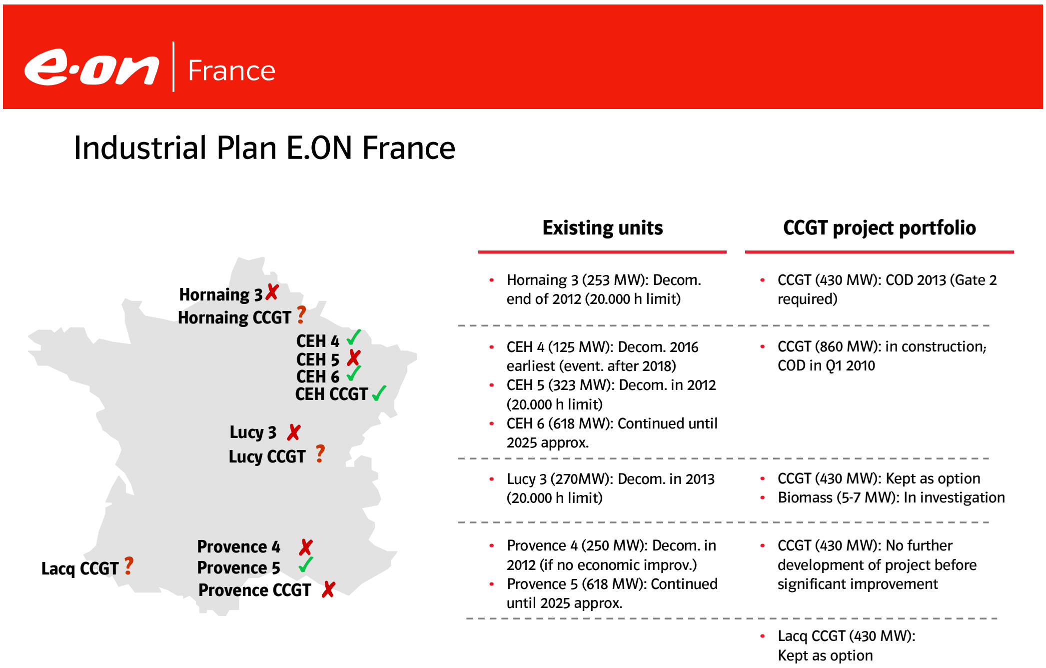
- **Mid-merit** will remain at the core of E.ON's strategic advantage in France: investing in coal capacities and developing **CCGT units**.
- As E.ON is one of the **leading nuclear players** in Europe EFR will strive for opportunities to gain access to **nuclear capacities** in France
- Investments in **renewables** will gain pace, strengthening E.ON's position in **wind and solar** but also addressing **hydro and biomass**
- In the long term, **clean coal** will be one of the options thanks to the technical leadership and experience of E.ON group

The existing generation portfolio of E.ON France as acquired with SNET is with the installed capacity of 2477 MW strongly focused on coal-fired power plants (with some first activities in wind representing 40 MW). In its strive for the realization of a diversified generation portfolio and the reduction of CO_2 emissions E.ON France will be subject to a major transformation process.

For the existing plants of SNET this process is basically driven by the EU directive for Large Combustion Plants. This directive limits the lifetime of power plants not respecting the defined limits for emissions to 20.000 operating hours as of January 1st 2008 or until end of 2015 as final date for decommissioning.

The industrial plan for E.ON France reviewed the existing generation portfolio and suggested for each power plant the optimized lifecycle and decommissioning plan taking into consideration economical, technical and regulatory aspects. The result of this review is summarized in the graphic below.

In order to compensate the reduction of coal-fired capacities and anticipating the growing need in mid-merrit capacities SNET launched the development of a portfolio of CCGT projects. The flagship of this project portfolio is the realization of two CCGT blocks à 430 MW in Emile Huchet. This project is after EDF's nuclear new build project in Flamanville the second largest power plant in construction on the French market. COD of the two blocks is planned in Q1 2010.

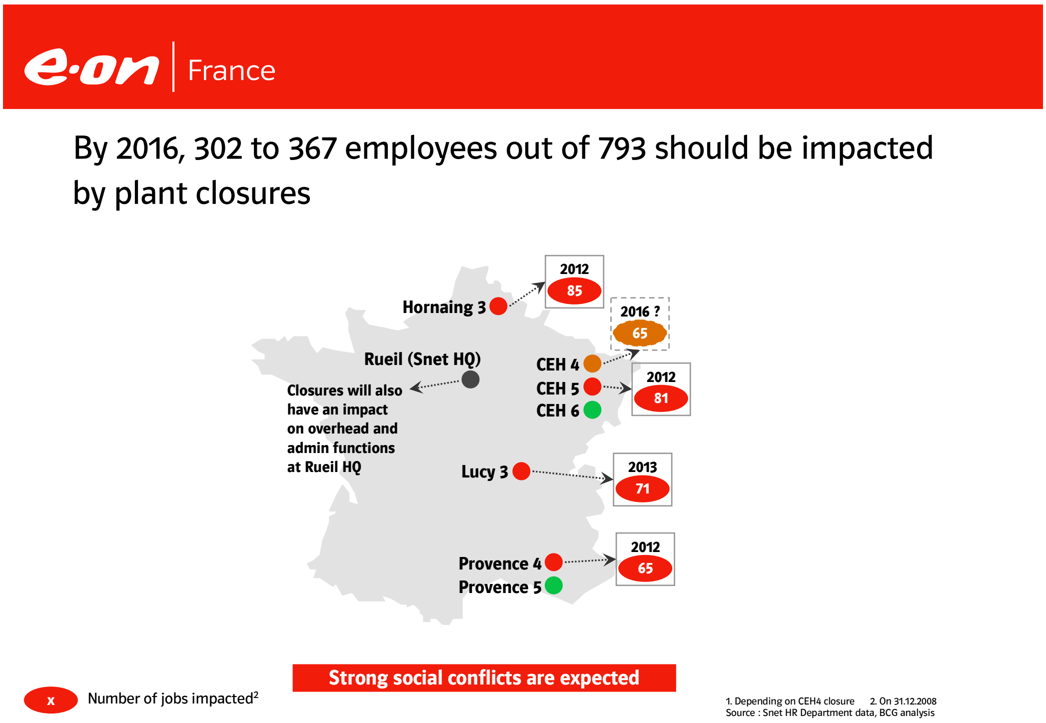


All other CCGT projects in E.ON Frances's project portfolio are well advanced and have received building permits. However, due to the global financial crisis and in the light of E.ON's general review of the investment program the realization of the CCGT projects in Hornaing, Lucy and Lacq will be decided at a later stage. For the CCGT project at the site Provence it was decided to stop the project activities.

II Social aspects and GPEC

The transformation process and decommissioning program described above will have a major impact on a social dimension. As summarized in the graphic below the decommissioning plan will have an impact on 30-40% of the existing staff.

For this reason the industrial plan was presented to the Comité Central d'Entreprise of SNET ("CCE" – the group works council of SNET) on March 25th 2009. This discussion was accompanied by a communication plan targeting French press and stakeholders. Immediate reactions from the press and the trade unions were moderate, while in the beginning of April workers blocked the Gardanne site for one day.



In anticipation of the difference in existing staff and needed personnel in the future with the communication of the industrial plan an activity plan was launched by HR. The so-called GPEC (Gestion Prévisionnelle des Emplois et des Compétences) puts in place a program for the management of overcapacities taking into consideration the different levers like:

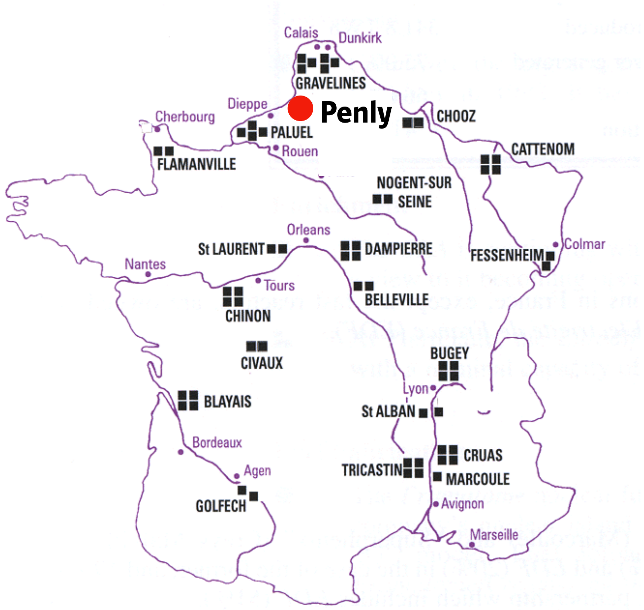
- Retirement programs according to age pyramid
- Staff mobility within a site or to other existing sites, to new CCGT plants or within the E.ON group
- Voluntary leavers

The negotiations with the trade units on the GPEC have been launched. In a first step a frame agreement will be negotiated in order to fix the methodology, tools and guidelines. This frame agreement will be completed by appendices with concrete measures. It is planned to finalize the negotiations by December 2009.

III Strategic Projects

a) Participation in the EPR project Penly

End of January 2009 the French government communicated that a second EPR new build project will be located in Penly. EDF will be responsible for leading the project (with 50% + 1 share). At the same time GDF-Suez was set as partner (with 33% + 1 share) while further partners are invited to participate.



In this context E.ON expressed its interest to participate in the project with a minority share. Participating in this project would give E.ON the opportunity to position in France as nuclear player. This would strengthen E.ON's position in France significantly and open the door to take a more significant role in future nuclear new build projects.

A first meeting was held with EDF on May 25th in order to kick-off the negotiations. The signing of a MOU is planned for September 2009 while a contract should be closed by end of the year in case of successful negotiations.

b) Participation in tender processes for hydro concessions.

Hydro generation represents more than 20% of the installed generation capacity in France and is largely dominated by EDF and GDF-Suez. However, the French government launches currently a process for tendering expiring concessions for hydro power plants and to open the market for new players on the French market. Concessions for more than 1,7 GW will be tendered in the next 3 years.

Hydro concessions are highly attractive due to their short development time and limited investment need. A position in hydro would significantly strengthen E.ON's strategy towards a diversified generation portfolio in France. Therefore, a joint working team was set-up with experts from E.ON Wasserkraft and E.ON Energie. It is expected that the first tender process will start in Q4 2009.