Conference Call for Analysts, Investors & Journalists
Conclusion of the process regarding the valuation of Viesgo and the Endesa assets

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Presentation by:

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Please check against delivery

Good afternoon ladies and gentlemen, and thank you for joining us on this conference call.

As you already know, the agreement that E.ON had concluded with Enel and Acciona on April 2nd, 2007, specified a clear procedure on how the assets to be transferred would be valued.

The official valuation process started in early February this year, and was completed yesterday.

Our Supervisory Board met this morning and decided to proceed with the purchase of all three packages.

Conclusion of the valuation process

First, let me remind you that a separate valuation had to be performed for three distinct packages.

- The first package is Enel's Spanish subsidiary Viesgo.
- The second one consists of the additional Spanish generation assets from Endesa.
- The last package is Endesa Europa, which includes the European participations of Endesa outside Spain and Portugal, mainly in Italy and France as well as smaller positions in Poland and Turkey.

In the course of the discussions, both parties agreed to make minor modifications to the package of additional generation assets in Spain. The Besos 3 plant, a 388 MW CCGT, was replaced with the 395 MW CCGT Tarragona 1. In addition, we also decided to remove Foix from the package, an older fuel oil plant with 520 MW of capacity which is supposed to be decommissioned in 2010.

Finally, we have established the key terms of the drawing right agreement on 450 MW of nuclear capacity for 10 years. However, as the details still have to be finalized, the valuation will be carried out in the coming weeks.

Yesterday thus, a Madrid public notary compared the final valuations of the three asset packages handed in by the investment banks mandated by Enel/Acciona and by E.ON. The differences between the respective valuations were less than 10 percent for all three packages. As a result, the final fair market value of each package was calculated as the average of the respective valuations.

Altogether, the transaction value totals approx. 11.8 billion Euros: 2 billion for Viesgo, 750 million for the additional Spanish generation assets, and 9.1 billion for Endesa Europa. On the basis of a consolidated net debt of around 2.9 billion Euros, the equity purchased would amount to roughly 8.9 billion Euros. The final net debt figure still has to be determined according to the provisions of the agreement of April 2nd, 2007.

In 2007, the acquired assets – including minorities – achieved an EBITDA of approx. 1.4 billion Euros.

On top of that, we plan to add at least 70 million Euros of annual recurring synergies. 50 million Euros will result from the combination of the newly acquired assets with our existing activities. Another 20 million Euros will come from procurement synergies.

Moreover, we believe that additional measures, such as best practice transfers, could yield further significant synergy potential.

As provided for in the agreement of April 2nd, 2007, the purchase price was determined on the basis of fair market values by investment banks. Furthermore, the valuations have been verified on account of our own calculations.

I am therefore confident that this transaction will create value for E.ON's shareholders. First and foremost, the internal rate of return is above the cost of capital, for the acquisition itself as well as for the follow-up capex plan. Second, the acquired assets will be earnings enhancing from the first year on.

Also with regard to transaction multiples, the enterprise value comes out at 9.3 times EBITDA. This is largely in line with other transactions in the sector and in line with current valuations.

Strategic benefits

Before discussing the closing of the transaction, let me once more reiterate the strategic benefits of this acquisition.

At approx. 11.8 billion Euros, the acquisition of Viesgo and the Endesa assets will be the second largest acquisition in E.ON's history, after the 15 billion Euros for Powergen but slightly ahead of the 11 billion Euros for Ruhrgas.

By adding 13,000 MW to E.ON's power generation capacity, this operation will very substantially strengthen our positions in the Spanish and Italian markets, mark our entry in the French generation market, and develop starting positions in Poland and Turkey. As a result, E.ON will rank number 4 in Spain, number 3 or 4 in Italy, and number 3 in France. This acquisition will thus contribute significantly to our goal of developing the broadest geographical platform of all European players. We will have an even more balanced portfolio with further reduced single country or single technology exposure.

Furthermore, the acquired assets provide E.ON with additional opportunities for organic growth. Seven power plants with a total capacity of 4,500 MW are already under construction or at an advanced planning stage. These projects will increase the generation capacity of the acquired assets to 5,000 MW in Spain, to 7,500 in Italy, and to 3,400 MW in France.

Geographically, they perfectly complement our extensive new-build program. The corresponding 2.1 billion Euros of capex are already included in our 2008-2010 investment plan.

This operation will also lead to the creation of two new market units, one for Spain and one for Italy. In Italy, the new market unit will bundle the newly acquired assets with the present businesses of the market units Central Europe and Pan-European Gas, mainly the Livorno-Ferraris CCGT due to be commissioned this year and various gas distribution assets. The activities in France, Poland and Turkey will be included in the market unit Central Europe.

Closing of the transaction

Let me now come to the further process of the closing of the transaction.

- First, we will negotiate the purchase agreement and then proceed with the signing.

- Second, we have to conclude the negotiation and the valuation of the nuclear drawing right agreement.

- Third, we have to obtain approval from the Spanish Ministry of Industry for the changed package of additional generation assets in Spain.

- And last but not least, A2A, the successor company of ASM Brescia, has to decide whether to discontinue the current joint venture in Endesa Italy. This could possibly take the form of an asset carve-out involving a maximum of 1.75 GW of capacity in Italy.

All in all, we therefore expect the transaction to close during the third quarter of 2008.

Conclusion

Let me now conclude my remarks.

With the acquisition of Viesgo and the Endesa assets for approx. 11.8 billion Euros, E.ON is about to conclude the second largest acquisition since its creation. The transaction will bring us a very solid set of assets in Southern Europe, which largely complement our existing European presence. This is one of the very rare opportunities to enter into three of the major European markets. It will give us the necessary critical mass in all major European markets, and provide us with substantial opportunities for additional organic growth. As a result, E.ON will achieve a unique position as an international player in the energy market.

In accordance with the agreement of April 2nd, 2007, the transaction will be carried out at fair market values. As it meets our financial investment criteria, I am convinced that it will contribute to the creation of value for our shareholders.

Thank you for your attention. Lutz Feldmann, Marcus Schenck and I are now ready to answer your questions.