



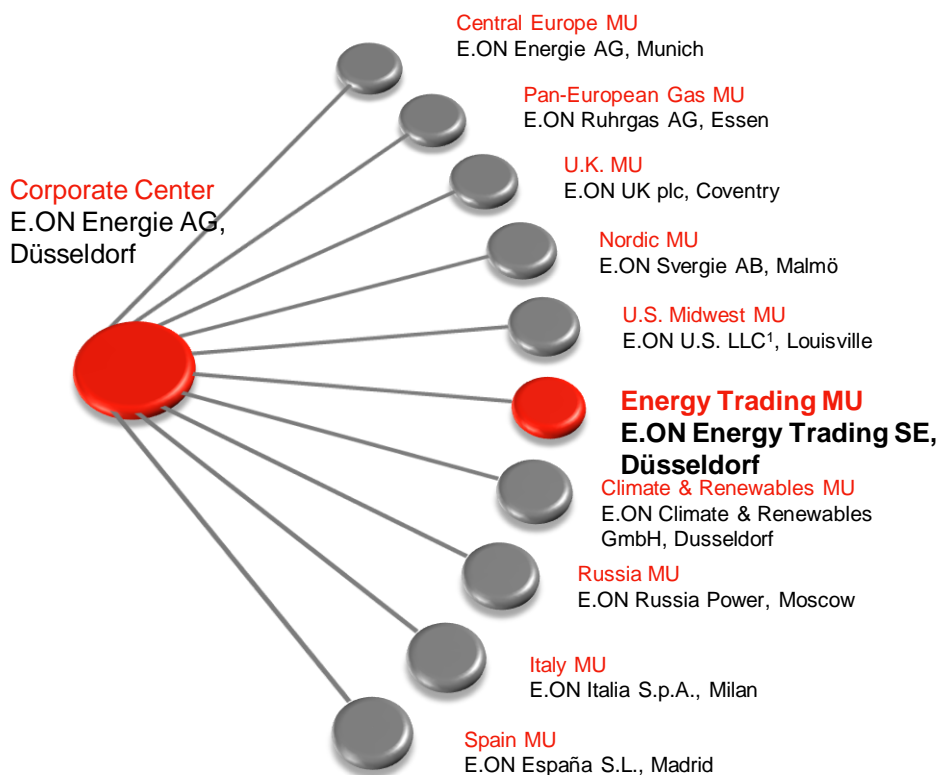
Energy
Trading

Risk management: why is E.ON a participant in the weather derivatives market?

Richard Betts, E.ON Energy Trading
WRMA Conference
Krakow, September 16, 2010

A global leader

E.ON is one of the world's largest investor-owned power and gas companies, with 30 million customers in the EU. More than 88,000 employees around the world and generated sales of just under €82 billion in 2009.



Group financial highlights 2009

(in Mio €)

Electricity Sales (billion kWh)
815.9

Gas sales (billion kWh) 1,217.7

Sales 81,817

Adjusted EBITDA 13,526

Adjusted EBIT 9,646

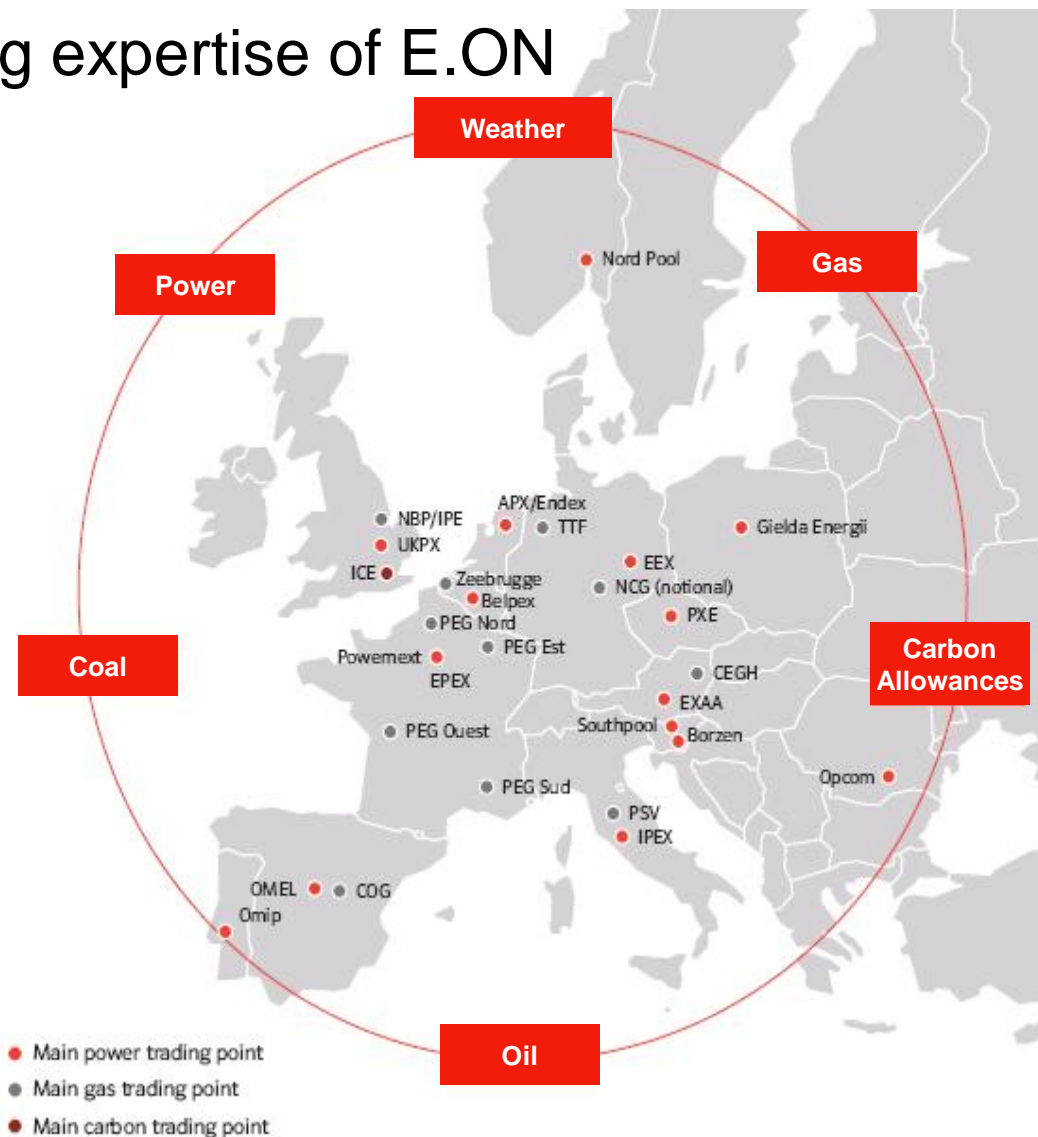
Adjusted net income 5,328

Cash-effective investments
9,200

Employees (at year-end) 88,227

We unite the entire trading expertise of E.ON

- In 2008, E.ON centralized its European trading operations including power, gas, coal, oil, weather and CO2 to create EET – a single, strategically focused pan-European energy trading business;
- We trade in all major European markets and at all major exchanges and hubs;
- We are active in 40 countries;
- All E.ON's European trading expertise is united in Düsseldorf.



Our broad footprint means the E.ON Group is subjected to large weather risks in its portfolio, in both Europe and the US

- **Retail companies:** Power and Gas demand is sensitive to temperature.
- **Power generation:**
 - Wind farms rely on wind availability;
 - Hydro stations rely on rainfall;
 - Gas generation is sensitive to temperature;
 - Nuclear and coal generation fleet rely on river levels for cooling water.
- **Wires businesses:** affected by extreme weather...snow, wind, floods, etc.



Group benefits from Weather market participation

- The E.ON group makes promises to the capital market; therefore it is key that we understand and are able to quantify the factors that influence our ability to deliver those promises;
- Understanding the weather risk inherent in our business allows E.ON to take advantage of natural offsets and to make informed risk/reward decisions on whether to hedge or hold residual risks;
- Control over our earnings allows customer prices to remain competitive and enables E.ON to maintain and grow retail market shares;
- Protection of earnings from weather volatility helps maintain E.ON's credit rating, which in turn allows us unrestricted access to all segments of the capital market;
- Allows E.ON to steer and commit funds to our long term asset investment plan, and to meet the key challenges and commitments to security of supply, affordability and carbon reduction.

Expanding weather market activities (1/2)

During the last 2 years we have focused on the setup of a Weather trading desk, which could manage weather risk on behalf of our Pan-European portfolios;

We are now an Active CME and OTC market participant;

We have concluded Weather derivative transactions which manage risk in the UK, Germany and the Netherlands;

- Taken the form of a variety of different structures including cross commodity, temperature only and critical day cover to manage specific risks in our portfolio.

Weather market activities (2/2)

Our development is ongoing, The weather desk is Currently looking at risk in the Nordic, Hungarian and Italian Markets

We are also continuing to look at the potential benefits of using Wind hedges as our renewable generation portfolio continues to grow at a pace

The E.ON group believes in the value of the market and is committed to playing our part in its future development.

We continue to be encouraged and impressed at the level of participation, market professionalism and the size of risk transfer which is achievable.

Thank you for your attention...any
questions ?

Richard Betts
E.ON Energy Trading SE

Holzstrasse 6,
40221 Düsseldorf, Germany

T +49 (0)211- 73275 - 4536

E-mail: richard.betts@eon.com



The information contained herein is for informational purposes only and may not be used, copied or distributed without the prior written consent of E.ON Energy Trading SE. It represents the current view of E.ON Energy Trading SE as of the date of this presentation. This presentation is not to be construed as an offer, or an amendment, novation or settlement of a contract, or as a waiver of any terms of a contract by E.ON Energy Trading SE. E.ON Energy Trading SE does not guarantee the accuracy of any of the information provided herein.