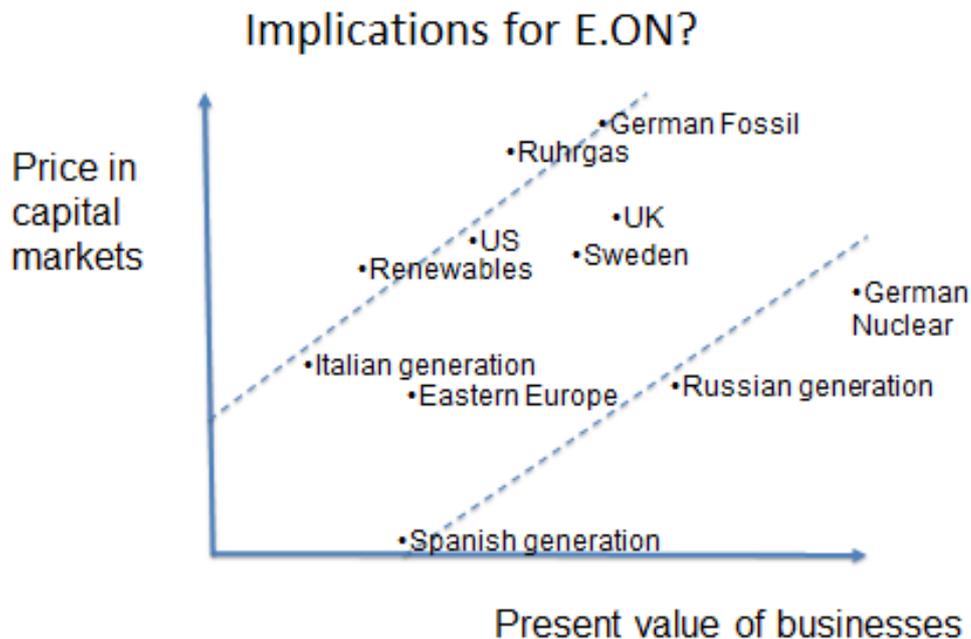


## E.ON in 2008 (C)

The Business Development group had worked with the Corporate Strategy group to evaluate both the Net Present value of the current business portfolio, and how much the same businesses might fetch in the open market (see below):



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The team provided the following comments:

- We have already received expressions of interest in our US business where there are a number of potential buyers
- Our German and gas assets would be highly prized by a few utilities who have deep pockets – perhaps because of their links to national governments. These include GdF Suez, EdF and Gazprom. We doubt that these potential owners would generate higher returns from these businesses that we can
- Renewables is seen as a growth opportunity by many utilities and we think we should be able to get a premium as a result
- Italian generation would also be attractive to others, including the other companies who already own generation assets in Italy and could easily add our assets to their fleets
- We doubt that anyone would be prepared to buy our German nuclear assets. Although there are companies interested in buying nuclear assets, the very act of transferring it over to another party would trigger all sorts of political challenges and issues
- Normally we might get a good price for our Russian generation assets. But, there are not any obvious candidates who would buy it and the capital markets and economic situation make risky investments (as it might be seen) difficult to justify.

- Our Spanish assets are currently unprofitable and an upturn in the market is hard to predict. We believe that it will turn up in 2-3 years, but most purchasers are wary of investing in Spain at present.

The team had also looked at some potential acquisitions – although the current emphasis was on slimming down the portfolio due to the relatively high leverage:

- Acquisitions of more renewables companies would strengthen our position in this business, but it is hard to justify these according to the numbers as such assets are trading at a 20% premium to their value
- We might be able to pick up one or two distressed generation assets in Spain at a discounted price. Assets may be acquirable at a discount of 30% based on current performance – but the outlook for the Spanish generation markets is uncertain and potentially negative due to the high amount of capacity relative to demand
- There are relatively few other assets on the market at this time in Europe. It is possible that some buyers will want to sell Russian generation assets