



Investing in your energy future

A summary of E.ON's contribution to the UK

e.on



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Introduction by Paul Golby, E.ON UK Chief Executive

£200bn. That's a lot of money, but it's exactly the figure that Ofgem believes has to be invested to secure the UK's energy future over the next 10 to 15 years.

The regulator went on to say that, to achieve that, consumer bills - your bills - would have to increase by up to 60%.

I'm not writing this to warn you that prices will continue to rise, I'm writing this to explain why the money has to be spent and what you can do, with our help, to control your bills.

As you read through this booklet you'll see that, for the last four years, E.ON has invested more in the UK than it has taken out in profits and we've done that to try and create cleaner & better energy for you, our customers, and for the UK. So we continue

to invest hundreds of millions of pounds every year on schemes like the London Array, which will be the world's largest offshore wind farm when complete. We're also investing in our gas-fired combined heat and power station in Kent, which is one of one of the world's most efficient power stations, and in a new 'fast churn' gas storage facility in Cheshire. Investments like this mean that we can play our part in reducing carbon emissions, in keeping the UK's lights on and in keeping bills as affordable as we can.

But there is quite literally a price to pay. Yes, it looks as though we make large amounts of money in the UK but we currently invest more than we make in profits, a situation that, in the longer run, simply isn't sustainable for a company that employs thousands of people across the country. Add in to that rising wholesale power prices and it's clear that the future is going to be challenging for everyone.



E.ON worldwide

- Selling €92.9bn
- Profit (EBIT) of €9.5bn
- Investing €8.3bn
- Employing 85,000 people

E.ON in the UK

- Selling £9bn
- Profit (EBIT) of £763m
- Investing £853m
- Employing 15,000 people

Our relationship with our customers has to change, it's no longer simply about us selling you electrons and gas molecules – although we will continue to do that – it's about extending what we do in order to help our customers to take more control of their energy.

That's one of the reasons why we've launched our Energy Fit campaign. By filling out a survey at eonenergyfit.com anyone can get tailored energy efficiency advice that will help them to reduce their power and gas use and so to benefit from more control over their bills. The advice could be anything from getting more insulation for your home, to moderating your energy use by turning your thermostat down, to generating your own power through solar panels.

We need to work with our customers to offer them the products and services they will need in the future as we all look to reduce our carbon emissions while ensuring that the lights stay on and that bills remain affordable.

That means our customers are going to be even more important to us in the future than they are now. Without our customers we don't make the profits that we reinvest into the UK and we can't employ the thousands of people who work to make customers' lives better.

I hope that, by reading this booklet, you'll see we're working to create a cleaner & better energy future for both our country and for our customers, and the only way that we can do that is by asking you to join us on our journey.

Dr Paul Golby, Chief Executive of E.ON UK

E.ON in the East Midlands

- Supporting 5,000 jobs
- Investing £428m
- 1m customer accounts

E.ON in the West Midlands

- Supporting 2,200 jobs
- Investing £207m
- 350,000 customer accounts

E.ON in the North West

- Supporting 1,000 jobs
- Investing £73m
- 800,000 customer accounts

E.ON Powering the UK

Yesterday

We were born out of the Central Electricity Generating Board, becoming Powergen when the industry was privatised in 1990.

We became an integrated energy company - producing and distributing power, and selling electricity and gas - when Powergen bought East Midlands Electricity in 1998. We also moved abroad, running power stations across the world and buying LG&E in Kentucky, USA, before being bought ourselves by international energy company E.ON in 2002.

Later that year we bought much of TXU's UK business, safeguarding both customers and jobs after the company effectively went bust. A year to the day afterwards, we bought Midlands Electricity, meaning we owned the two electricity distribution companies for central England, providing millions of homes and businesses with a reliable power supply. We sold the two distribution business in 2011.

Today

E.ON is one of the UK's largest power and gas companies, generating electricity, and retailing power and gas to millions of customers nationwide. We're a leading energy supplier in the UK with around 5 million electricity and gas

customers, covering domestic, small business and industrial markets.

Our generation business produces enough electricity to cater for the needs of around eight million homes from a portfolio of world-class gas-, coal - and oil-fired power stations.

We're also one of the leading green generators in the UK, with 21 wind farms from Cambridgeshire to Kintyre. We own and operate one of the UK's largest dedicated biomass power stations at Lockerbie in Scotland. Combined, our renewable portfolio generates enough green energy to power the homes in a city the size of Manchester.

We've started work with our partners on the London Array, the world's largest offshore wind farm. We've also won the rights to develop plans for another major offshore scheme off the coast of Sussex, and we are looking to develop two wave power sites off Orkney.

Alongside our investments in power production, we've also invested in ways to get gas to the UK, either by taking capacity at liquefied natural gas terminals, by working upstream in the North Sea or by partnering in pipelines from Europe. We've also started to pump gas into our storage site in Cheshire, so allowing us to smooth out fluctuations in wholesale prices.

Tomorrow

Looking forward, it's clear that, while some elements of E.ON's business will stay the same, a lot needs to change, which is why we have a group target of reducing our carbon dioxide emissions across Europe by 50% by 2030 compared to 1990 levels.

Certainly in the short-term we will see large-scale power stations continuing to be built, but we are also branching out into new areas. For example, together with our joint venture partner, we are planning new nuclear power stations at Wylfa on Anglesey and at Oldbury-on-Severn in Gloucestershire. We're also looking at cleaner fossil fuels and new forms of renewables such as the wave power machine we're testing off Orkney.

What's clear is that E.ON will have to change to ensure a cleaner & better energy future - and so will our customers. We'll help to do that by helping them to become more energy fit by offering ways to cut energy use while also being more in control of their power. Our aim is to use our expertise to help customers insulate their homes, to moderate their use and to generate their own power at home in a small-scale low carbon way by fitting 'mini power stations' such as solar panels or ground source heat pumps.

We'll give customers all the tools and information they need to control their own bills, such as smart meters which will give them real time information on their power use, and allow them to decide how best to use their energy.

Tomorrow's energy world will be very different to today's in many respects, but E.ON will both be an integral part of it and will also empower our customers, who sit at the heart of our business.

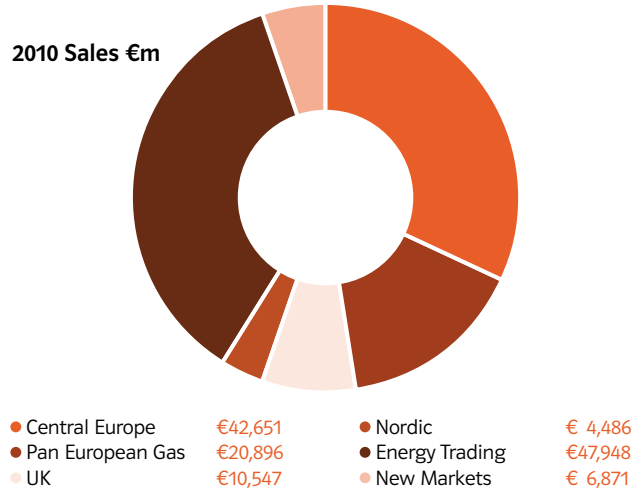


E.ON Worldwide

E.ON is one of the world's largest investor-owned power and gas companies. At facilities across Europe, Russia, and North America, our more than 85,000 employees generated just under €93 billion in sales in 2010.

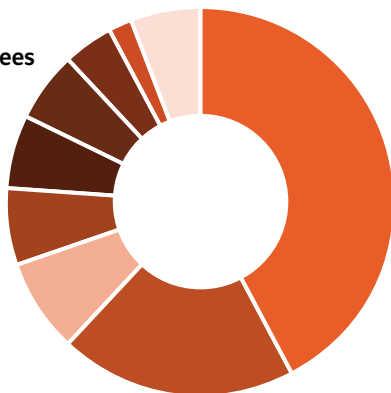
We have an ambitious objective: to make energy cleaner and better wherever we operate. Going forward, we intend to expand our business outside Europe.

Our new strategy, whose motto is cleaner & better energy, will transform E.ON into a global provider of specialized energy solutions. The new E.ON will benefit our employees, customers, and investors alike.



Led by Group Management in Düsseldorf, the E.ON Group is segmented into global units (by function) and regional units (by country). Five global units manage our generation portfolio, renewables business, energy trading, new-build projects and innovative technology, and global gas business. Twelve regional units manage our retail operations, regional energy networks, and distributed-generation activities in Europe. We're also engaged in power generation and wholesale power marketing in Russia, a special-focus country. We created a new unit, E.ON International Energy, to expand our business outside Europe. It will leverage our expertise in conventional and renewable power generation to regions where energy demand is growing rapidly. Group-wide entities deliver support functions like IT and procurement.

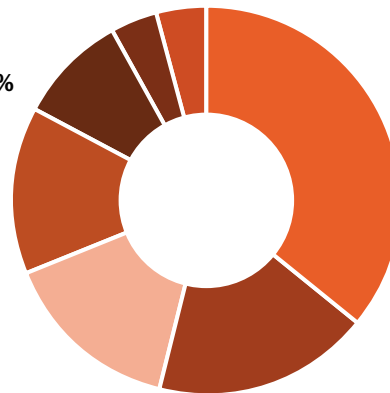
2010 Employees
by country



● Germany	35,116	● Russia	4,828
● UK	16,343	● Czech Republic	3,454
● Romania	6,535	● Italy	1,516
● Hungary	5,431	● Other	4,780
● Sweden	5,064		

E.ON is a major employer across the world but, more specifically, in the UK we employed over 16,000 people in 2010 and we were one of the largest employers in Nottinghamshire. That's a lot of money in the form of wages and taxes going into the UK economy.

2010
Investors %



● Germany	36%	● France	9%
● USA & Canada	18%	● Switzerland	4%
● Rest of Europe	15%	● Rest of World	4%
● UK	14%		

E.ON is an international company, with investors from across the world. With the UK being one of the most important areas for shareholders, it is very possible that an E.ON that does well also helps the country's pension funds, many of which will hold shares in the company. You might not think that you have a stake in E.ON but it is very possible that you do whether you realise it or not.

E.ON in the UK

E.ON is one of the UK's leading power and gas companies. We invest heavily in our UK operations and have, invested more in the UK than we've taken out in profits for the last four years.

E.ON's UK business is very diverse, covering most aspects of the energy industry in the country and forming an essential part of the UK's energy network - from power station to plug.

Our Energy Solutions business supplies power and gas to over 5 million domestic, small and medium-sized enterprise and industrial customers across the country. With customers at its heart, Energy Solutions also offers innovative energy services and technologies tailored to meet its customers' needs. The business is designed to help customers become energy fit by encouraging them to insulate their homes, moderate their energy use and possibly to generate their own

power through microgeneration systems such as ground source heat pumps and solar panels for both homes and businesses.

Our corporate headquarters are in Coventry, which is where the Chief Executive and most of the Board are based. We have facilities across the UK, and are:

- One of the largest employers in Nottinghamshire, across multiple sites;
- Owners of power stations in Kent, Greater London, Nottinghamshire, Shropshire, Flintshire, Lincolnshire;
- Operators of customer service centres in Nottinghamshire, Bolton, Bedford, Leicestershire, Warwickshire and Yorkshire;
- Developers of wind farms across the country from Cambridgeshire to Kintyre;
- Developing and operating one of the UK's most flexible gas storage schemes in Cheshire;
- Operating upstream gas assets in the Central and Southern North Sea.



E.ON our sites

- Large Power Stations
- CHP
- UK Centre and Energy Solutions
- Renewables
- Gas Storage
- Upstream Gas Production



E.ON in the UK

Our Customers

Our mission is to get our customers energy fit by helping them to make changes to their energy lifestyles to help reduce their use and so their bills by insulating their homes, moderating their use and even generating their own power.

More than 200,000 of our residential customers are already using our free Energy Fit Starter Packs, which contain energy monitors to help them track and save energy in their homes. And 10,000 SME customers have also taken up our offer of free energy monitors and software. In addition, more than 10,000 customers have taken our Energy Fit Survey to get tailored recommendations on the improvements they can make in their homes and we've also launched a Smartphone app which offers people a free and simple tool to help them manage their energy on the move.

Since 2005, we've installed more than 630,000 cavity wall and loft insulation measures, as well as energy efficient boilers to help customers save energy. In addition, we've pledged to roll out one million smart meters to customers across the country by 2014, which will help put them in control of their energy use. In order to give the best service possible to smart meter users, we've created a Smart Metering Centre of Excellence in Nottinghamshire, with a dedicated team of staff who

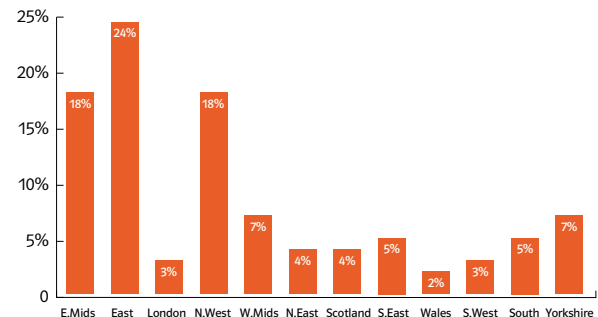
have themselves had smart meters fitted so they can share best practice, tips and solutions with customers.

We're also committed to educating our customers about microgeneration and the best technologies available to meet their needs, and offer a range of microgeneration solutions – from solar panels to ground and air source heat pumps.

But it's not just customers in their homes who we're helping. Over the past year, we've recognised that by working together - as customers, communities, councils and companies - we can make even greater strides to lowering energy bills and to reducing everyone's impact on the planet. That's why we've formed city-wide partnerships around the country to help build energy efficiency and sustainable technologies into our everyday lives – at home, at work, in our cars and in our shops. So we're working with cities like Stoke-on-Trent, Coventry, Sheffield and Exeter to help them become more sustainable by fitting solar panels to homes, investigating electric vehicle networks and district heating schemes.

Our Sustainable Energy business is working to help larger customers to deliver lower carbon environments in which to live, work and relax through specialist advice and development of new decentralised energy systems.

Location of E.ON customers



Our Energy

For us, generating power in the UK is all about making things cleaner & better. We already own and operate 10 fossil-fuelled power stations around the UK, which generate about 10% of the UK's power demand every year, but our future plans are all about becoming more efficient and so cleaner.

We are investing in ways to get gas to the UK, either by working upstream in the North Sea, by taking capacity at liquefied natural gas terminals or by partnering in pipelines from Europe. We've also started to pump gas into our storage site in Cheshire, so allowing us to smooth out fluctuations in wholesale prices. And our first offshore drilling and production platform in the North Sea will soon be producing two million cubic metres of natural gas – enough to supply over 1,000 homes for one year – each day.

Our new gas-fired combined heat and power station at the Isle of Grain in Kent is one of the world's most efficient power stations, with the heat normally lost during generation being used in a nearby industrial process.

We are also, with a partner, investigating the possibility of building up to 6GW of new nuclear power in the UK and have bought land at Wylfa on Anglesey and at Oldbury-on-Severn in Gloucestershire as part of a joint venture called Horizon Nuclear Power. We estimate that our nuclear power programme could involve the investment of billions of pounds and the creation of hundreds of jobs. Renewable power is one of the key

elements of our generation portfolio in the UK, with much more investment to come. We already own and operate 21 wind farms from Cambridgeshire to Kintyre, as well as one of the UK's largest dedicated biomass power stations at Lockerbie.

We have also started work with our joint venture partners on the London Array, which will be the world's largest offshore wind farm when complete. The £2bn first phase will see 175 wind turbines built in the Thames approaches, with the first power expected in early 2012. We are also testing the Vagr Atferd Pelamis P2 wave power device at the European Marine Energy Centre in Orkney, the first time such a device has been tested in UK waters.

Our renewable ambitions go further – we have permission to build the 230MW Humber Gateway offshore wind farm and are currently investigating the Rampion project, a wind farm off the Sussex coast that could generate up to 650MW. We also have plans for a 150MW biomass power station at Portbury Docks in North Somerset and for a 25MW scheme in Sheffield.

We're also a market leader in combined heat and power, providing our customers with over 500MW of electricity and in excess of 900MW of heat at 12 sites across the country, including two major city hospitals.

But, without our customers, we won't be able to achieve any of this because the billions of pounds that we need to invest in cleaner & better energy ultimately comes from them.



E.ON Investing in the UK and its regions

E.ON has gone from strength to strength in the UK since 2002, with much of the turnover growth coming from two major acquisitions in 2002 and 2003 – although we have since sold our power distribution business in 2011.

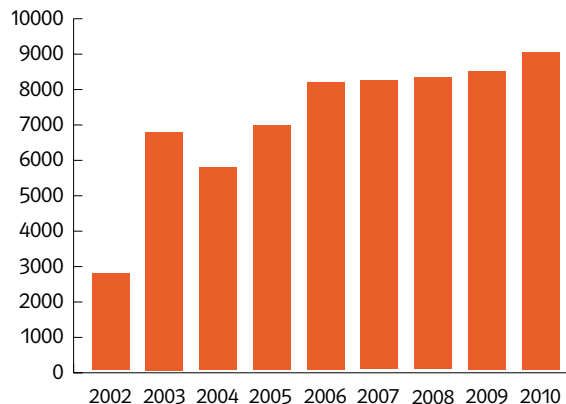
For the last four years E.ON has invested more in the UK than it has taken out in profits. We see this trend of large investments continuing for years to come as we put money into cleaner forms of power generation – renewables, new nuclear and cleaner fossil fuel power stations – and into searching for, producing and storing gas for our customers in the UK.

The sort of investments that energy companies such as E.ON make – £2bn with our partners on the world's largest offshore wind farm in the Thames approaches for example – can only be made if we have a sustainable business. And the

fact of the matter is, if we don't make a sustainable level of profits, then we can't invest. And if we don't invest then we run the risk in the future of not having enough electricity or gas to meet the needs of UK homes and businesses.

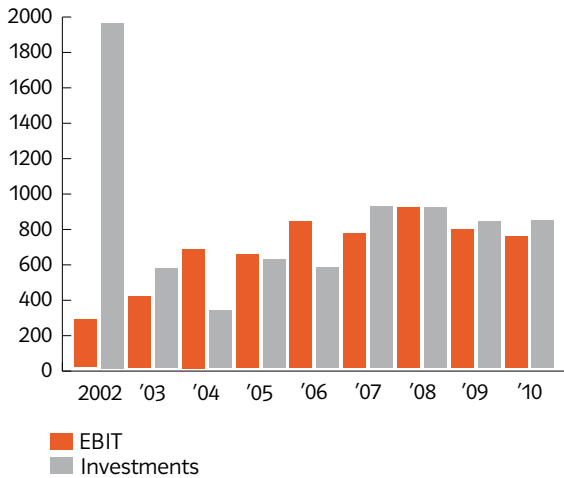
That means the money our customers pay to us is absolutely vital not only for the health of E.ON as a company but also for the health of the UK as a country.

E.ON UK turnover £m

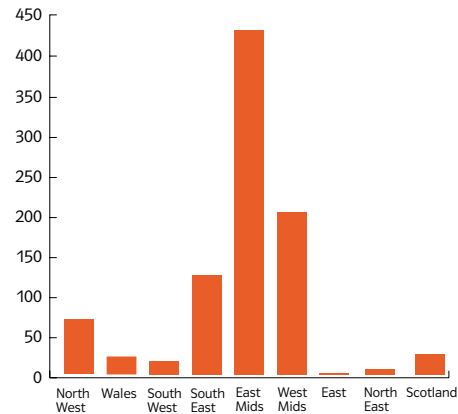


Our investments of around £900m a year are split across the country, with many key projects designed to provide our customers with cleaner & better energy in the East and West Midlands, together with the South East, where we're building one of the world's most efficient gas-fired power stations, and in the North West, where we've started operations at our gas storage site.

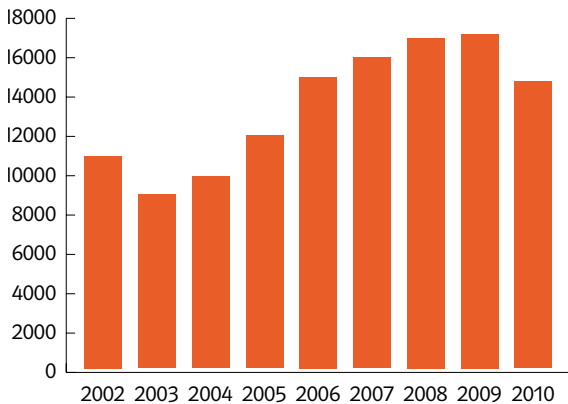
E.ON UK profit (EBIT) and investment £m



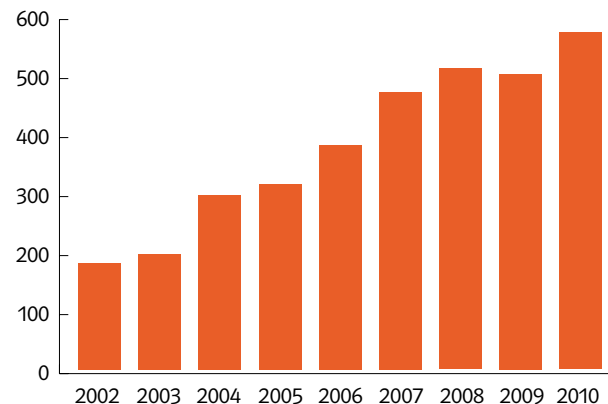
Investment by region 2009 £m



E.ON UK employees



Wages and salaries paid to E.ON UK employees £m



E.ON Investing in the UK and its regions

East Midlands

There are six large Energy Solutions centres in Nottinghamshire and one in Leicestershire, covering areas such as customer care, sales and marketing.

The Generation business also operates the Ratcliffe-on-Soar and Cottam Development power stations in Nottinghamshire and the Killingholme power station in Lincolnshire.

Nottingham's Queen's Medical Centre, the largest hospital in the UK, is home to one of our gas-fired combined heat and power plants, which provides electricity and steam that is used for heating, cooling and equipment sterilisation.

We have signed a deal with Nottingham City Council to fit solar panels to 600 homes in the city. Once complete, it will be one of the largest domestic photovoltaic schemes in the UK.

With around 4,000 people employed in Nottinghamshire, E.ON is one of the county's most important employers.



East Midlands

The combined facilities:

- 1m retail customer accounts
- Employ around 5,000 people
- Invest £428m



West Midlands

More than 1,000 people work at E.ON's UK headquarters on the outskirts of Coventry.

Our Ironbridge coal-fired power station is located near the World Heritage site in the heart of Shropshire, producing enough power for more than half a million homes every year.

We are also leading members of pioneering city-wide energy partnerships with Stoke-on-Trent and Coventry, working with the city councils and other bodies to promote energy efficiency and more sustainable ways of living - in business, transport, housing and energy generation.

We've started work in Stoke-on-Trent to fit solar panels to at least 1,000 council homes across the city, providing free electricity to the householders and an income for the local authority.

In Coventry we've already fitted solar panels to our head office and we're partners in the CABLED project, the UK's largest trial of electric cars and low-emission vehicles.

West Midlands

The combined facilities:

- 350,000 retail customer accounts
- Employ 2,200 people
- Invest £207m

North West

Our Bolton customer service centre employs over 900 people in a variety of positions and is one of our largest customer service centres.

We operate combined heat and power facilities at Workington and at the Port of Liverpool, which generate power and also use the byproducts of generation, such as heat, in industrial processes.

There is a small operational team based at Workington to cater for the operation and maintenance of the Robin Rigg offshore wind farm, which is one of a number of wind farms we own and operate in the North West.

We've started storing gas at one of the UK's most flexible gas storage schemes, at Holford in Cheshire, which will allow large quantities of gas to be moved in and out of the facility to help manage price volatility as well as to respond to demand around the country.

North West

The combined facilities:

- 800,000 customer accounts
- Employ around 1,000 people
- Invest £73m



E.ON's Social responsibility

We have an active Community Relations programme, based around vulnerable customers (both young and old) and education.

Our schools programme, the E.ON Energy Experience, includes an innovative web-based tool designed to create an energy-literate generation. It gives young people, aged between five and 16, essential facts to make informed choices in a virtual environment. The E.ON Energy Experience is a dynamic tool showcasing energy consumption at home, in the community and in the wider world, putting the participant in the role of decision-maker. The programme is fully supported by trained E.ON volunteers who deliver Energy Experience lessons to primary and secondary schools across the UK.

Almost three-quarters of a million primary pupils and almost half a million secondary students have taken part in the Energy Experience, with three million lessons delivered across the country.

We have worked with Age UK to offer a specific product based on insight into the needs of those in later life. As part of the product, we have also given Age UK customers more than £15 million in Cold Weather Payments over the last 11 years. During 2010, our EnergyRight scheme reached more than 14,000 people through telephone advice sessions, surgeries, home visits and energy efficiency lifestyle audits in the home.

Alongside our work with Age UK, we also work with Action for Children, a leading children's charity which supports more than 150,000 of the most vulnerable children and young people and their families every year. We have launched Energy Counts with Action for Children, where E.ON volunteers offer one-to-one and group sessions designed to help reduce energy usage and so get energy fit.

To support our work in local communities across the UK, the Community Relations team has longstanding partnerships with Business in the Community, and works closely with its Cares arm at a local level.

We recognise outstanding contributions by employees through entering the Cares awards, and, **in 2010, our employees received the West Midlands Community Impact Champion of the Year award and the East Midlands Community Innovation award.**

We strengthened relationships with our partner schools during 2010, with over 100 colleagues being involved in supporting the three schools through weekly reading, maths and IT support, community challenges and Energy Days.

In 2010, as part of our community activities:

- Almost a quarter of our colleagues took part in employee involvement projects;
- We supported more than 250 community organisations through E.ON UK;
- Volunteers spent almost 7,000 hours working with local communities
- Our volunteers delivered 188 Energy Experience lessons to 5,200 children in 41 schools;
- We made awards through our Employee Community Fund totalling almost £237,000 to 144 different organisations nominated by our employees. They ranged from schools, sports clubs and scouts and brownies to local charities and hospices.
- E.ON has just been named as one of only 41 UK companies to be awarded the CommunityMark – a national standard of excellence in community investment.

E.ON Community Projects



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eon-uk.com

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