



As a market leader, E.ON Energy Trading optimises and manages commodity risk for Europe's broadest and most diverse power and gas asset base, and is committed to supporting the development of more open, competitive energy markets

Experts at the heart of global energy markets

★ E.ON Energy Trading SE is the energy trading business of E.ON, one of the world's largest power and gas companies. As the expert interface between E.ON and the international wholesale energy markets, we buy and sell electricity, natural gas, oil, coal, biomass, freight and emissions certificates. Through our trading activities, we play a vital role in ensuring fair prices and secure energy supplies for millions of customers across Europe.

With around 1,000 dedicated energy professionals from more than 45 countries, we create value by managing the commodity price risks faced by E.ON and its customers, while optimising the operation of Europe's broadest and most diverse power and gas asset base. We also have the market knowledge and industry expertise to identify and capture new opportunities presented by the world's increasingly interconnected energy landscape.

As one of the market's leading participants, we traded almost 1,500 terawatt hours (TWh) of power, about 2,000TWh of natural gas,

650 million tonnes of CO₂ certificates, 290 million tonnes of coal and more than 500 million barrels of oil in 2010.

A single, integrated view of wholesale energy markets

Three years ago, E.ON united its trading activities under one roof, creating a strategically focused business with a single, integrated view of Europe's increasingly interconnected energy markets.

Based in state-of-the-art headquarters in Düsseldorf, Germany, our seasoned multinational teams work side by side, sharing knowledge and combining cross-commodity and cross-regional expertise to optimise our asset base and find new opportunities across the wholesale energy markets. Our teams come from diverse backgrounds, but share a commitment to high performance and a willingness to exchange new ideas. Working 24 hours a day, 365 days a year, we're active on 18 exchanges and in more than 40 countries.



Managing risk, optimising assets

Our primary responsibilities are to manage the E.ON Group's commodity price risks, including commercial portfolios, and to optimise E.ON's power and gas asset base. Within clearly defined limits, and in accordance with the highest standards of risk management, we also engage in proprietary trading. Our centralised approach, which combines our integrated market view with our outstanding asset portfolio, enables us to better manage commodity risk, maximise value from our assets and create additional growth.

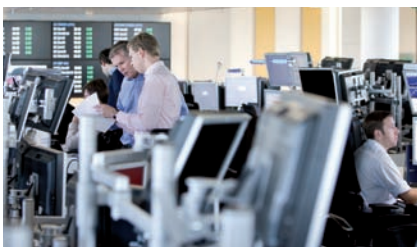
E.ON's portfolio of renewable and efficient conventional generation assets is the most geographically and technologically diverse in Europe. This diversity creates significant opportunities for optimisation across national and regional boundaries. Our power plants, which we previously managed by country, now form a truly European portfolio that is run centrally and can respond quickly and efficiently to market price movements. Our

approach requires extensive cross-market and cross-commodity expertise, as well as a forecasting ability that factors in national, European and global price trends.

Supporting the development of more open, integrated markets

Over the last few years, Europe's national energy markets have been steadily consolidating into a number of multi-country market regions. This ongoing liberalisation





helps markets become more liquid, prices more transparent and risks more quantifiable. This is important because well-functioning markets will play an important role in delivering secure energy supplies at fair prices, while helping to encourage much-needed investment in the next generation of climate-friendly technology.

As an example, the power markets of Germany, Benelux, France and Scandinavia were coupled in November and December 2010. This marked a milestone on the road to a European Union (EU)-wide internal power market. Governments, regulators and market participants, including E.ON, worked for years to create a single, uniform marketplace by simplifying procedures and eliminating trading barriers between countries. Spot power prices across the region have been almost identical since the launch of market coupling, signalling that the EU's vision of establishing a single internal power market by 2014 is starting to take shape.

Developments on wholesale gas markets have been similarly positive with trading volumes again increasing significantly in 2010. Many initiatives by market participants, including E.ON, have helped to increase liquidity on spot markets. The positive trend at gas hubs across Europe is all the more noteworthy because gas demand generally declined in the wake of the economic crisis and has been slow to recover.

Although the UK remains Europe's biggest gas market by far, gas hubs in the Netherlands



and Germany recorded the strongest growth in 2010. The Title Transfer Facility (TTF) Point in the Netherlands has the highest trading volume in continental Europe, and NetConnect Germany (NCG) the strongest growth. The number of active traders at NCG has also increased significantly in recent years.

Like power trading, gas trading clearly reflects the convergence and integration of European markets. This process of integration was supported by the increased volume of liquefied natural gas (LNG) offloaded at European terminals, which contributed to a high price correlation between Continental spot markets.

E.ON has been a major player at Western Europe's gas hubs for many years and, as market-maker at NCG in Germany, has actively fostered liquidity and reliable pricing. E.ON Energy Trading also supports the development of hubs in France, Italy, Austria and in the emerging markets of central and eastern Europe such as Hungary, the Czech Republic and Romania.



Globalisation of commodity markets

As energy markets across Europe converge and integrate, they are also being driven by global factors. Over the last few years, natural gas has gone from being a pipeline-based European market to a truly global business. This development has been driven largely by the emergence of shale gas in North America, which has significantly reduced US demand for LNG. As a result, the availability of LNG shipments to Europe and Asia has increased. LNG now serves as a price bridge between markets in Europe, North America and Asia, helping natural gas to become a global commodity like hard coal or petroleum.

The trend towards globalisation is also driven by the growing commodity appetite in Asia – particularly China. New highly competitive global markets are emerging that make it possible, and necessary, to hedge across continents. In line with these global developments, we completed our first financial transaction in the US natural gas market in May 2010. Going forward, we intend to expand these activities in order to better understand and optimise the correlation between markets on both sides of the Atlantic.

Building trust in markets

As the world recovers from the economic crisis, it's more important than ever for energy markets to become more integrated and open. As one of Europe's leading market participants, we feel it is vital to support increased market integrity and greater transparency to ensure that governments, regulators, industry and consumers have more trust in the markets and more confidence in their ability to help meet the significant challenges that we now face. We support this vision by consulting with policy-makers and regulators on measures to ensure the development of European markets continues.



Built to lead

Over the last three years we have built a new, strategically focused international trading business. Our streamlined approach now places us in an unrivalled position to capitalise on growth and hedge risk in European and increasingly global energy markets.

As a market leader, we also have the knowledge and expertise to contribute to the development of more competitive, better-functioning markets in Europe and will continue to support the European Commission's objective of ongoing liberalisation, which will ultimately benefit the European economy and consumer.

CONTACT

E.ON Energy Trading SE
Holzstrasse 6
40221 Düsseldorf
Germany
T: +49 211 73275 2300
E: info@eon-energy-trading.com
www.eon-energy-trading.com