

E.ON Ruhrgas Gas Release Programme 2008

Summary Information Memorandum, 12 February 2008

Important Note

This Summary Information Memorandum ("SIM") is issued by E.ON Ruhrgas AG ("E.ON Ruhrgas") for the 2008 Gas Release Programme ("2008 GRP").

The SIM is to provide initial information to assist the recipient in deciding whether he wishes to participate in the 2008 GRP. It is not intended to form the basis of any decision to purchase the gas offered in the 2008 GRP. The Information Memorandum ("IM") scheduled to be published in mid-March 2008 will contain more detailed information about the auction in 2008.

The information contained in this SIM does not purport to be comprehensive. It may be revised in subsequent documents. Neither the information nor the assessments contained in the SIM have been independently verified.

The recipient acknowledges that the information contained in this SIM is proprietary to E.ON Ruhrgas and that he has no rights to it except as set out in this SIM.

No representation or warranty, express or implied, is given by E.ON Ruhrgas, any of its directors, employees, advisers or any other person as to the accuracy or completeness of the contents of this SIM.

Neither this SIM nor any information contained in it shall form the basis of any contract for the sale of the gas offered in the 2008 GRP ("GRP Product"), nor does it constitute an offer or invitation to purchase or otherwise acquire such gas.

Neither the receipt of this SIM by any person nor any information contained in it or supplied with it or subsequently communicated to any person in connection with the 2008 GRP shall constitute an investment recommendation by E.ON Ruhrgas, any of its directors, employees, advisers or any other person to any such person. Each such person shall be responsible for its own decision whether or not to participate in the 2008 GRP and should make its own independent assessment of the merits and take its own professional advice.

Introduction

In 2002, the Federal Minister of Economics and Technology approved the acquisition by E.ON AG ("E.ON") of rights giving sole control over Ruhrgas AG (now E.ON Ruhrgas) subject to certain obligations. The obligations are laid down in detail in the minister's decisions of 5 July and 18 September 2002 (jointly referred to in the following as "Ministerial Approval"). One of these obligations is to establish a Gas Release Programme ("GRP") under which E.ON Ruhrgas has to offer, in series of auctions, a certain quantity of natural gas from its import contracts.

In accordance with the Ministerial Approval, the Federal Ministry of Economics and Technology ("BMWi") and E.ON Ruhrgas met after the first auction (2003) to discuss its results and potential changes of the auction terms ("Review"). They took into consideration requests for changes by market participants, which the BMWi collected by a survey of the companies registered for the GRP in 2003.

In the Review, the BMWi and E.ON Ruhrgas agreed changed auction terms which were introduced for the auction in 2004. The changes mainly referred to the following points:

- o Introduction of a price formula with gasoil and fuel oil indexation as an alternative to the minimum price laid down in the Ministerial Approval
- o Reduction of the daily minimum quantity from 60 % to 50 %
- o 50 % reduction of the guarantee requirements for the auction guarantee

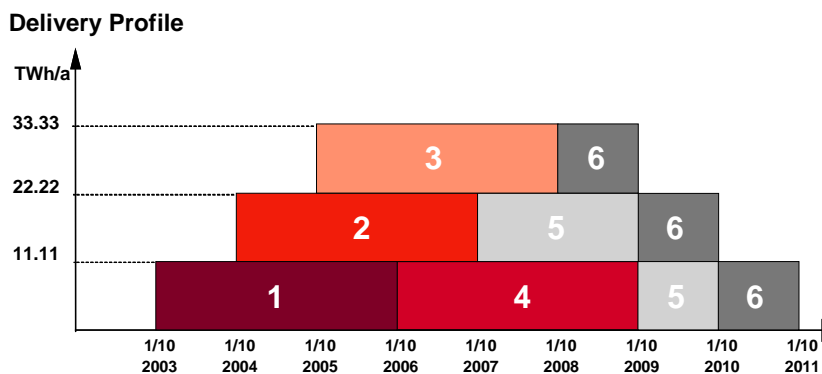
These changes referring to the GRP Product and the auction guarantee will also apply to the auction in 2008.

In accordance with the Ministerial Approval, E.ON Ruhrgas has to offer a total of 200 billion kWh of natural gas (baseload) in six separate annual auctions. In each auction, E.ON Ruhrgas has to offer one sixth of the total quantity. Accordingly, a quantity totalling approx. 33 billion kWh will be offered in the auction in 2008.

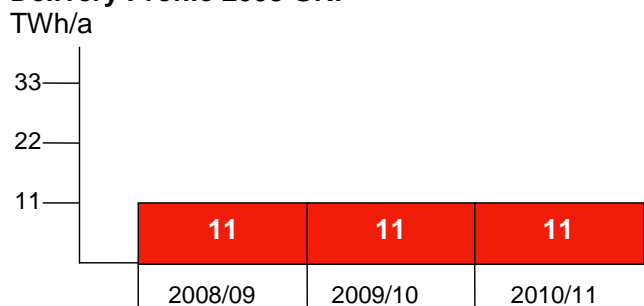
Subject to certain exclusions, any company with an adequate financial standing may participate in the auction. No bidder may place bids for more than one third of the quantity offered per auction.

The Ministerial Approval further states that, in three of the six auctions, natural gas is to be made available at the Waidhaus delivery point and in the other three auctions at Emden/Bunde. Subject to technical and/or transportation restrictions, E.ON Ruhrgas will make available the gas offered in the auction in 2008 at the Waidhaus delivery point.

The following overview shows the build-up of the auction quantities to be offered by E.ON Ruhrgas in line with the Ministerial Approval:



Delivery Profile 2008 GRP



The minimum price originally laid down in the Ministerial Approval for the auction in 2003 was 95 % of the average cross-border price for natural gas delivered to Germany as published by the "Bundesamt für Wirtschaft und Ausfuhrkontrolle" ("Average Gas Import Price", "AGIP"). For subsequent auctions (2004 and beyond), the Ministerial Approval requires the BMWi to adjust the minimum price if and to the extent that the average cross-border price for imports of baseload gas from Denmark, Norway, Russia and the UK is different from the original price of 95 % of the AGIP.

In the Review, E.ON Ruhrgas also agreed to introduce a price formula with gasoil and fuel oil indexation as an alternative to the minimum price specified in the Ministerial Approval so that bidders in the 2004 and the following auctions have been able to calculate prices in advance and hedge against price risks. E.ON Ruhrgas will offer this alternative also for the 2008 auction.

E.ON Ruhrgas will explain further details of the alternative price formula to registered parties at the bidders' conference planned to be held on 14 March 2008. Such details will also be contained in the IM which is expected to be available to registered parties in a password-protected area on the E.ON Ruhrgas website in mid-March 2008.

This SIM contains information concerning the following points:

- o Principal features of the product to be offered
- o Auction process and timetable including registration and qualification
- o Auction design
- o Transport

The information contained in this document is subject to change. The IM, to be made available only to registered companies, will provide further details and will supersede this document. In particular, the IM will contain a standard form of the Gas Supply Contract and details of the auction rules.

This document (SIM) is also available in German. Any differences in meaning between the German version and the English version of the document that may exist are not intentional. The numbering convention used in this English version is that in which the comma is used to indicate multiples of a thousand and the full stop as a decimal point.

GRP Product

The 2008 GRP Product has been designed to meet the requirements laid down in the Ministerial Approval and reflects the results of the Review conducted with the BMWi.

The main features of the 2008 GRP Product, which will be offered in the form of 33 lots, are described below:

Key term	Description
Lot size	<p>Each lot has a maximum annual contract quantity (ACQ) of approx. 337 million kWh in each of the three delivery years.</p> <p>The minimum annual quantity (MAQ) is ACQ multiplied by 0.8.</p> <p>The daily contract quantity (DCQ) is ACQ divided by 365.</p> <p>The minimum daily quantity (MDQ) is DCQ multiplied by 0.5.</p> <p>The minimum purchase per bidder is one lot. The maximum purchase per bidder according to the Ministerial Approval is one third of the total quantity offered under the 2008 GRP (i.e. 11 lots per bidder).</p>
Delivery point	Waidhaus
Delivery period	1 October 2008 (06.00 hrs) to 1 October 2011 (06.00 hrs)
Gas quality	The gross calorific value of the gas is between 10.7 and 11.5 kWh/m ³ . The gas quality will meet the requirements laid down in G 260 (DVGW Code of Practice).

<p>Price</p>	<p>As for auctions since 2004, E.ON Ruhrgas also offers two alternative price formulas for the 2008 auction. Once the 2008 auction has ended, the successful bidder must decide within a period to be specified by E.ON Ruhrgas which price formula he wishes to use.</p> <p>The contract price (CP_m) shall be one of the two prices stated below, expressed in € cents/kWh net of taxes, and shall be calculated on a monthly basis by:</p> <p>a) $CP_m = MP_m + ABC$</p> <p>Where:</p> <p>MP_m is the minimum price in the amount of $0.95 * AGIP_m$</p> <p>$AGIP_m$ is the average cross-border price for natural gas imports for the delivery month as published by BAFA (Bundesamt für Wirtschaft und Ausfuhrkontrolle) expressed in € cents/kWh ("Average Gas Import Price", cross-border price)</p> <p>ABC is the Auction Bid Component expressed in € cents/kWh to be determined in the auction and applying to all months covered by the Gas Supply Contract</p> <p>m is the month of delivery</p>
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	<p>or, depending on the successful bidder's decision:</p> <p>b) $CP_m = P_{index} + ABC$</p> <p>Where:</p> <p>P_{index} is a price formula with fuel oil indexation based on Rotterdam quotations for gas oil and fuel oil. Details of the alternative price formula will be published in the IM only available to registered parties</p> <p>ABC is the Auction Bid Component expressed in € cents/kWh to be determined in the auction and applying to all months covered by the Gas Supply Contract</p> <p>m is the month of delivery</p>
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Process and Timetable

The 2008 auction is scheduled for Wednesday, 7 May 2008.

E.ON Ruhrgas will release the product described above through an auction on a non-discriminatory and transparent basis to those who have qualified to participate in the 2008 auction. The steps required for successful registration and qualification are briefly described in the following. Detailed information about qualification will be contained in the IM which is expected to be made available to the parties registered in a password-protected area on the E.ON Ruhrgas website in mid-March 2008.

The preliminary time schedule for this year's auction is as follows:

7 March 2008	mid-March 2008	14 March 2008	18 March 2008	21 April 2008	29 April 2008	7 May 2008
Registration deadline for parties wishing to participate in the bidders' conference	Information Memorandum available to registered parties	Bidders' conference in Essen	Registration deadline	Qualification deadline	Test auction with qualified bidders	2008 GRP auction

Main REGISTRATION STEPS and timing:

- o Companies interested to participate in the auction and wishing to receive a copy of the IM are requested to download the Registration Agreement published, like this SIM, on the E.ON Ruhrgas website, **print out two copies**, fill them in, sign and return them to the address stated below by mail or courier.

The closing date for receipt of the Registration Agreement from companies wishing to be invited to the bidders' conference is Friday, 7 March 2008, 17.00 hrs CET (Central European Time). The final deadline for registration is 18 March 2008, 17.00 hrs CET with the date of receipt at E.ON Ruhrgas (receipt stamp of mail room) being decisive.

The exclusive postal address to be used is:

**E.ON Ruhrgas AG
Gas Release Programme 2008
Huttropstrasse 60
45138 Essen
Germany**

E.ON Ruhrgas recommends transmittal of the documents required by courier.

- o E.ON Ruhrgas will send a confirmation e-mail to the contact the interested party specified in the Appendix to the Registration Agreement in order to confirm receipt of the Registration Agreement. **Please make sure to state your e-mail address.** Also, companies duly registered will receive a password enabling them to access the password-protected area on the E.ON Ruhrgas website where the IM is expected to be available in mid-March 2008. Potential bidders duly registered by 7 March 2008 will be invited to participate in a bidders' conference to be held at the main office of E.ON Ruhrgas in Essen on Friday, 14 March 2008, 10.30 hrs CET. They will also be requested to name, on a binding basis, a maximum of two persons who will represent the respective company at the bidders' conference. This year, E.ON Ruhrgas will again organise the bidders' conference as a forum so that potential bidders will have the opportunity to ask any questions they may have concerning the 2008 GRP auction. For organisational reasons, not more than **two persons** will be allowed to participate per company interested. E.ON Ruhrgas would like to point out already at this stage that (due to the tight time schedule of this year's auction) questions outside the bidders' conference can be answered individually only to a limited extent.

Main QUALIFICATION STEPS and timing:

- o Following the bidders' conference, registered companies will have the opportunity to qualify as bidders. This will involve providing a bank guarantee (Auction Guarantee) and complying with certain other formalities, including acceptance of the auction rules published together with the IM. These steps will have to be completed by 21 April 2008.
- o Qualified bidders will then be provided with detailed instructions on how to participate in the auction. E.ON Ruhrgas also plans to organise a test auction to familiarise bidders with the process before the live auction. The test auction is planned to be held on 29 April 2008.

The Ministerial Approval specifies the following RESTRICTIONS ON PARTICIPATION:

- o The Ministerial Approval states that companies in which E.ON Ruhrgas and E.ON or companies affiliated with E.ON Ruhrgas or E.ON pursuant to Section 36, Subsection 2 of the German Act Against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen) have an equity interest or voting rights of more than 10 % or any power of veto in these companies' governing bodies will not be permitted to participate in the auction. Likewise, any companies which have a corresponding position in E.ON Ruhrgas will be excluded.
- o The Ministerial Approval also states that no single company may buy more than one third of the lots offered. For this reason, the following additional restriction will apply: Where several potential bidders are affiliated companies in the sense of Section 15 of the German Stock Corporation Act (Aktiengesetz), only one of those potential bidders will be allowed to participate in the auction and bid for a maximum of one third of the lots offered. This restriction does not apply to registration, but affiliated companies wishing to participate in the auction will need to designate one company as the bidder for the auction. Failure to do so may lead to exclusion of all such affiliated companies from the auction or to designation of one of them by E.ON Ruhrgas.

Auction Design

The participants will place their bids remotely, through the Internet, using a web-based system developed for the GRP. The system will be compatible with most Internet browsers, without the need for additional software installation. Access to the auction website will be password-protected and bids will be encrypted.

Bidders who qualified successfully for participation in the 2008 auction will only be permitted to bid for an integer number of lots and bids will be subject to the following restrictions:

- o No bidder will be allowed to bid for more than 11 lots, which is one third of the lots to be offered in the 2008 auction.
- o When the price rises, the bidder will not be allowed to increase the number of lots he bids for.
- o The value of the Auction Guarantee to be submitted by the bidder will also limit the bid to 11 lots or less.

The auction will be carried out in a series of rounds. During each round, bidders will be asked to submit bids for the number of lots which they would like to buy at the values of the Auction Bid Component announced by the auctioneer, however with said number of lots not exceeding the number of lots for which they have qualified. The sequence of events will be as follows:

- o For each round the auctioneer will announce in advance (i) the start-of-round price, (ii) the end-of-round price, and (iii) the start and finishing times of the round.
- o Participants may submit their bids at any time during the round.
- o Only bids meeting the restrictions referred to above will be accepted.
- o At subsequent higher prices, bids may be reduced to any number of lots, including zero.
- o After each round, the auctioneer will add up all the bids received (demand for lots) and announce to bidders the aggregate demand at the end-of-round price for that round and the prices and the times for the next round. The start price of the next round will be the end price of the previous round.

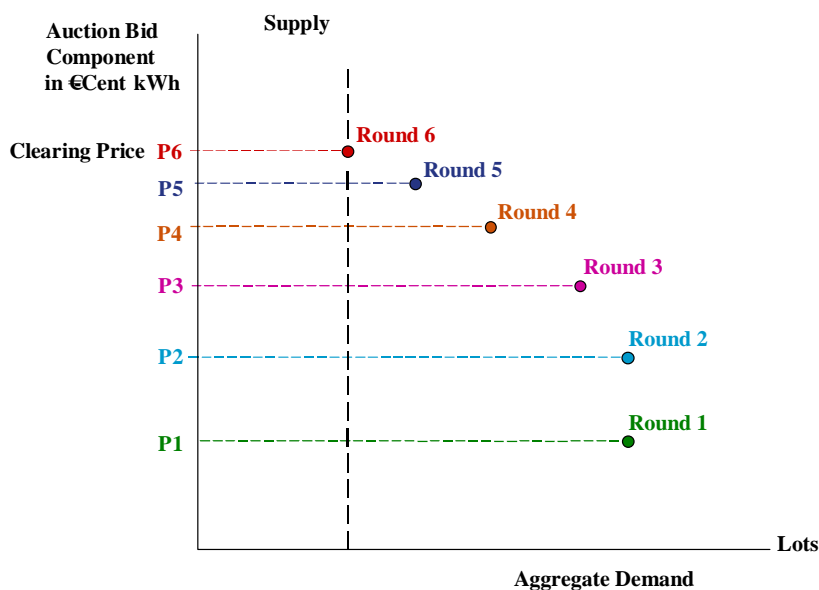
This process will continue, with the auctioneer increasing the price in each round, until such time as the aggregate demand no longer exceeds the supply of lots. As soon as this point is reached, the auction will close, and each participant who has submitted a

non-zero bid in the last round will obtain a number of lots corresponding to his final bid. All successful bidders will buy at the same price.

The auctioneer will have discretion to vary the price increment for each round.

Additional mechanisms will be introduced into the auction methodology in order to assist with the convergence of aggregate demand and supply. Such lot allocation mechanisms will be explained in the IM.

The diagram below illustrates how the auction might develop. Before the first round, the auctioneer announces an end-of-round price (P1). During round 1, bidders submit bids corresponding to the number of lots they wish to buy at the announced end-of-round price (P1). At the end of the round, the auctioneer processes the bids and publishes the aggregate demand. At the end-of-round price (P1), aggregate demand exceeds the supply of lots, so the auction proceeds to round 2, and the auctioneer announces an end-of-round price (P2). At the end of this round, aggregate demand still exceeds the supply, and so the process continues. After six rounds, aggregate demand has fallen to the level of supply, so the auction closes at the clearing price (P6). Each bidder with a non-zero bid at P6 will win the number of lots corresponding to his bid at P6 and will pay the contract price (CP_m) as described on pages 7/8 (Table), with the Auction Bid Component determined by P6.



The duration of the auction depends on the number of bidding rounds but will, if possible, be concluded within a day.

Transportation

In compliance with another requirement of the ministerial approval, the then Ruhrgas AG spun off its transportation business with effect from 1 January 2004 and established it as an independent company. Ruhrgas Transport AG & Co. KG founded for this purpose has since been operating the approx. 11,000 km long gas supply network of E.ON Ruhrgas. The company has been renamed and now acts under the name of E.ON Gastransport AG & Co. KG ("E.ON Gastransport").

On request, E.ON Gastransport will organise the transportation of gas quantities purchased at the auction according to the latest Network Access Conditions of E.ON Gastransport. To the extent that E.ON Gastransport has not sufficient capacity available to comply with such request, the principles for transportation of gas release quantities as laid down in the ministerial approval and as specified in the settlement of 14 February 2007 between the Federal Network Agency and E.ON Gastransport will apply. The Network Access Conditions and the Settlement with the Federal Network Agency have been published on the website of E.ON Gastransport (www.eon-gastransport.de). For further details for the transportation of quantities bought at the 2008 auction, please refer to the Information Memorandum.

For any questions in connection with transportation, please contact gastransport@eon-gastransport.com.

For all questions in connection with the 2008 GRP, please contact grp-registration@eon-ruhrgas.com.

Essen, 12 February 2008