E ON AG
Form 6-K
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November, 2004

E.ON AG

(Translation of Registrant s Name Into English)

E.ON AG
E.ON-Platz 1
D-40479 Düsseldorf
Germany
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

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January 1 September 30, 2004

Interim Report III/2004

Solid earnings performance in international business

Adjusted EBIT well above prior year

Net income up substantially

Position in Eastern Europe enlarged

Positive outlook for full year 2004 confirmed

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Interim Report III/2004

E.ON Group Financial Highlights

E.ON Group Key Figures at a Glance

January 1 September 30 in millions	2004	2003	+/ %
Electricity sales (in billion kWh)[1]	298.3	288.0	+4
Gas sales (in billion kWh)[1]	606.3	593.5	+2
Sales	35,359	33,351	+6
Adjusted EBITDA[2]	7,653	6,859	+12
Adjusted EBIT[3]	5,530	4,645	+19
Internal operating profit[2]	4,741	3,394	+40
Income from continuing operations before income taxes and minority interests	6,013	3,995	+51
Income from continuing operations	3,966	2,700	+47
Income from discontinued operations, net	1	1,153	
Net income	3,967	3,382	+17
Investments	3,821	7,332	48
Cash provided by operating activities	5,002	4,076	+23
Free cash flow[4]	3,310	2,387	+39

Net financial position[5] (at September 30/December 31)	6,021	7,855	+23
Employees (at September 30/December 31)	69,380	67,102	+3
Earnings per share (in)	6.04	5.18	+17

1 Unconsolidated; prior-year figure includes pro forma nine-month gas sales for E.ON Ruhrgas AG.

2 Non-GAAP financial measure; see reconciliation to consolidated net income on page 5.

3 Non-GAAP financial measure; see reconciliation to consolidated net income on page 5 and commentary on pages 30-31.

4 Non-GAAP financial measure; see reconciliation to cash provided by operating activities on page 16.

5 Non-GAAP financial measure; see reconciliation on page 17.

Non-GAAP financial measures: This report contains certain non-GAAP financial measures. Management believes that the non-GAAP financial measures used by E.ON, when considered in conjunction with (but not in lieu of) other measures that are computed in U.S. GAAP, enhance an understanding of E.ON s results of operations. A number of these non-GAAP financial measures are also commonly used by securities analysts, credit rating agencies, and investors to evaluate and compare the periodic and future operating performance and value of E.ON and other companies with which E.ON competes. Additional information with respect to each of the non-GAAP financial measures used in this report is included together with the reconciliations described below.

E.ON prepares its financial statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP). As noted above, this report contains certain consolidated financial measures (internal operating profit, adjusted EBIT, adjusted EBITDA, net financial position, net interest expense, and free cash flow) that are not calculated in accordance with U.S. GAAP and are therefore considered non-GAAP financial measures within the meaning of the U.S. federal securities laws. In accordance with applicable rules and regulations, E.ON has presented in this report a reconciliation of each non-GAAP financial measure to the most directly comparable U.S. GAAP measure for historical measures and an equivalent U.S. GAAP target for forward-looking measures. The footnotes presented with the relevant historical non-GAAP financial measures indicate the page of this report on which the relevant reconciliation appears. The non-GAAP financial measures used in this report should not be considered in isolation as a measure of E.ON s profitability or liquidity and should be considered in addition to, rather than as a substitute for, net income, cash provided by operating activities, and the other income or cash flow data prepared in accordance with U.S. GAAP presented in this report and the relevant reconciliations. The non-GAAP financial measures used by E.ON may differ from, and not be comparable to, similarly titled measures used by other companies.

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Interim Report III/2004

Results of Operations

Effective January 1, 2004, we realigned our organization based on the five target markets defined in on-top, our enterprise-wide strategy and structure project: Central Europe, Pan-European Gas, U.K., Nordic, and U.S. Midwest. To facilitate comparison, we provide pro forma figures for the prior year according to the new market unit structure; these pro forma figures do not affect the consolidated group figures. *Strategy and Key Figures*, a publication available at www.eon.com, contains more information about our market unit structure.

In addition, effective the same date, earnings before interest and taxes and adjusted for nonrecurring effects (adjusted EBIT) has replaced internal operating profit as our key performance measure (see commentary on pages 30-31).

We sold 4 percent more electricity in the first nine months of 2004 than in the same period last year. The increase is principally attributable to the inclusion of JME and JCE, regional distribution companies operating in the Czech Republic, and Graninge, a Swedish energy utility. On balance, we sold 2 percent more gas due to positive development at our Pan-European Gas market unit, particularly in the third quarter.

Consolidated Sales

January 1 September 30 in millions	**2004**	**2003[1]**	**+/ %**
Central Europe	15,364	14,168	+8
Pan-European Gas	9,924	8,579[2]	+16
U.K.	6,037	5,737	+5
Nordic	2,372	2,019	+17
U.S. Midwest	1,436	1,488	3
Corporate Center	470	408	
Core Energy Business	**34,663**	**31,583**	**+10**

Other Activities[3]	**696**	**1,768**	**61**
Consolidated sales	**35,359**	**33,351**	**+6**

1 Pro forma figures according to the new market unit structure; adjusted for discontinued operations.

2 E.ON Ruhrgas for the period February 1 September 30, 2003.

3 This segment consists of Viterra and Degussa; the latter has been accounted for using the equity method since February 1, 2003.

Consolidated sales were higher, primarily because of the first-time inclusion of E.ON Ruhrgas and several European energy utilities for the entire period under review. E.ON Ruhrgas became a consolidated E.ON company on February 1, JME and JCE on October 1, and Graninge on November 1, 2003, and Midlands Electricity on January 16, 2004.

Adjusted EBIT

January 1 September 30 in millions	**2004**	**2003**[1]	**+/ %**
Central Europe	2,703	2,256	+20
Pan-European Gas	1,175	1,137[2]	+3
U.K.	720	497	+45
Nordic	489	351	+39
U.S. Midwest	275	246	+12
Corporate Center	226	272	
Core Energy Business	**5,136**	**4,215**	**+22**
Other Activities[3]	**394**	**430**	**8**
Adjusted EBIT[4]	**5,530**	**4,645**	**+19**

1 Pro forma figures according to the new market unit structure; adjusted for discontinued operations.

2 E.ON Ruhrgas for the period February 1 September 30, 2003.

3 This segment consists of Viterra and Degussa; the latter has been accounted for using the equity method since February 1, 2003.

4 Non-GAAP financial measure; see reconciliation to consolidated net income on page 5.

In the first three quarters of 2004, we grew adjusted EBIT by 885 million or 19 percent. All of our market units contributed to the increase. In particular, our international business posted marked earnings growth. The increase in adjusted

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EBIT resulted from operating improvements and the inclusion of our successful acquisitions for the entire period under review. Furthermore, the results of our Central Europe market unit benefited from the reversal of provisions relating in part to the Renewable Energy Law and the Cogeneration Protection Law (for more information, see page 7).

Consolidated Net Income

January 1 September 30 in millions	**2004**	**2003**	**+/ %**
Adjusted EBITDA[1]	**7,653**	**6,859**	**+12**
Depreciation, amortization, and writedowns[1]	2,123	2,214	
Adjusted EBIT[1]	**5,530**	**4,645**	**+19**
Adjusted interest income (net)[1]	789	1,251	
Internal operating profit	**4,741**	**3,394**	**+40**
Net book gains	532	618	14
Restructuring expenses	40	232	
Other nonoperating earnings	780	215	+263
Income from continuing operations before income taxes and minority interests	**6,013**	**3,995**	**+51**
Income taxes	1,675	962	
Minority interests	372	333	
Income from continuing operations	**3,966**	**2,700**	**+47**

Income from discontinued operations, net	1	1,153	
Cumulative effect of changes in accounting principles, net		471	
Consolidated net income	**3,967**	**3,382**	**+17**

1 See commentary on pages 30-31.

Consolidated net income (after income taxes and minority interests) again surpassed the high prior-year figure, even though book gains were substantially lower, particularly those recorded under income from discontinued operations.

Adjusted interest income (net) improved in the first nine months of 2004 by 462 million, due primarily to a nonrecurring gain of approximately 270 million resulting from amendments to Germany s Ordinance on Advance Payments for the Establishment of Federal Facilities for Safe Custody and Final Storage for Radioactive Wastes *(Endlager-Vorausleistungsverordnung)*. Under the amended ordinance, construction costs for the final storage facilities at Gorleben and Konrad will now be shared fairly by nuclear plant operators and by other users, such as research institutes. Overall, this will lower our share of the costs, enabling us to reduce past provisions for nuclear waste management.

Net book gains in the period under review were below last year s figure and resulted from the sale of equity interests in EWE and VNG (317 million), the sale of securities (152 million), and the sale of more Degussa stock (63 million). The prior-year number consists of book gains on the sale of shares in Bouygues Telecom (294 million) and Degussa (168 million) and on the sale of securities at our Central Europe market unit (152 million). The prior-year figure also includes book gains of roughly 80 million resulting from the sale of shareholdings at Central Europe and U.K. and a book loss of 76 million on the sale of HypoVereinsbank stock at Central Europe.

Restructuring expenses declined year-on-year to 40 million and in the period under review are primarily attributable to the integration of Midlands Electricity. In the same period a year ago, this item contained expenses relating to the creation of the regional utilities E.ON Hanse and E.ON Westfalen Weser and the integration of TXU activities.

Other nonoperating earnings were higher in the first three quarters of 2004, primarily reflecting positive effects from the marking to market of energy derivatives at the U.K. market unit. These derivatives are used to shield our operations from the effects of price volatility. Their value has increased by approximately 700 million since June 2004 on the back of sharply higher gas prices. The prior-year figure mainly includes the equity earnings from our RAG shareholding as well as positive effects from the marking to market of energy derivatives. Other nonoperating earnings were negatively affected in the prior-year period by the valuation adjustment taken at Degussa s Fine Chemicals division.

The 713 million increase in our tax expense compared with the first nine months of 2003 stems in particular from improved operating results.

In the prior-year period, the cumulative effect of changes in accounting principles was primarily attributable to the adoption of the Statement of Financial Accounting Standards (SFAS) 143, *Accounting for Asset Retirement Obligations*.

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Interim Report III/2004

Core Energy Business

Central Europe

Central Europe

January 1 September 30 in millions	**2004**	**2003[1]**	**+/ %**
Sales	15,364	14,168	+8
thereof electricity/gas taxes	782	749	+4
Adjusted EBITDA	3,491	3,234	+8
Adjusted EBIT	2,703	2,256	+20

1 Pro forma figures according to the new market unit structure.

Following a brief downward trend in spot and forward electricity prices in July 2004, prices on power exchanges in Central Europe rose markedly by the end of August. Key drivers were higher hard coal and oil prices. In September, a slight softening of European coal prices left forward prices stable at about 35 per MWh for baseload power.

Electricity prices for end-customers in Germany averaged roughly 3 percent higher year-on-year for standard rate service in the residential segment and approximately 10 percent higher for new contracts in the industrial segment. The increase in the industrial segment was driven by current wholesale price trends.

The Central Europe market unit sold 10.4 billion kWh more electricity than in the first nine months of last year, due mainly to the inclusion of JME and JCE, regional distribution companies operating in the Czech Republic, which together accounted for 9.2 billion kWh of the increase.

Central Europe met about 52 percent of its power requirements with electricity from its own generation assets, compared with 57 percent in the previous year. In its generation business, Central Europe is able to capitalize on the advantages of a balanced energy resource portfolio. From jointly owned power stations and outside sources, Central Europe procured around 15 billion kWh more electricity than in the first three quarters of last year. This increase is also principally attributable to the inclusion of JME and JCE and to decreased nuclear output following the shutdown of Stade nuclear power station late last year.

Gas sales volumes at Central Europe s regional distribution companies were down 6 billion kWh from last year due to relatively milder temperatures.

Power Generation and Procurement[1]

January 1 September 30 Billion kWh	2004	2003[2]	+/ %
Owned generation	97.8	101.7	4
Purchases	90.2	75.5	+19
from jointly owned power plants	8.9	8.1	+10
from outside sources	81.3	67.4	+21
Power procured	**188.0**	**177.2**	**+6**
Plant-use, transmission losses, pumped-storage hydro	7.4	7.0	6
Power sales	**180.6**	**170.2**	**+6**

1 Excludes energy trading activities.

2 Pro forma figures according to the new market unit structure.

Central Europe grew sales by 8 percent relative to the year-earlier period, due mainly to the inclusion of JME and JCE for the entire period under review. Other positive factors were the recovery of electricity prices in Germany and slightly higher sales volumes.

Adjusted EBIT rose 447 million year-on-year. Central Europe s business units showed the following development:

The Central Europe West Power business unit grew adjusted EBIT by 382 million or 20 percent. Approximately 140 million of the increase is attributable to the reversal of provisions resulting in part form a court decision expressly granting the right to pass on additional costs relating to the Renewable Energy Law and the Cogeneration Protection Law and from the reversal of provisions for refunds for allegedly excessive grid access fees. Prior-year results were negatively affected by balance area settlement payments. Absent these nonrecurring effects, adjusted EBIT would have risen roughly 7 percent in the period under review.

Gas Sales by Customer Segment[1]

January 1 September 30 Billion kWh	2004	2003[2]	+/ %
Residential and small commercial	22.3	27.7	19
Large industrial and commercial	31.5	28.3	+11
Sales partners	25.0	28.8	13
Gas sales	**78.8**	**84.8**	**7**

1 Excludes energy trading activities.

2 Pro forma figures according to the new market structure.

Positive factors contributing to this increase included the passthrough of higher wholesale electricity prices to ultimate customers and slightly higher sales volumes. A countervailing factor was higher expenditures for conventional fuel. The previous year s market-driven increase in trading earnings was compensated for in the current year by further improvements in the conventional generating business and optimized cost management at our regional supply companies. A further driver was a reduction in costs for nuclear fuel and nuclear waste management. Earnings were negatively impacted by expenditures for obligations in electric transmission operations.

Adjusted EBIT at Central Europe West Gas was 14 million above the prior-year figure. The lower, weather-driven sales volume of the current-year period was counteracted by stable sales prices and optimized procurement management.

The Central Europe East business unit grew adjusted EBIT by 50 million, due principally to the inclusion of JME and JCE for the entire period under review.

Financial Highlights by Business Unit[1]

	Central Europe West									
January 1 September 30 in millions	Power		Gas		Central Europe East		Other/ Consolidation		Central Europe	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sales[2]	10,770	10,163	2,233	2,379	1,380	775	199	102	14,582	13,419
Adjusted EBITDA	2,821	2,643	380	366	275	169	15	56	3,491	3,234
Adjusted EBIT	2,303	1,921	239	225	173	123	12	13	2,703	2,256

1 Pro forma figures for 2003 according to the new market unit structure.

2 Excludes electricity and gas taxes; energy trading activities are recognized net.

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Interim Report III/2004

Core Energy Business

Pan-European Gas

In the first nine months of 2004, Germany s consumption of primary energy fell 0.6 percent, while its consumption of natural gas rose 1.3 percent, relative to the same period last year. Lower average temperatures in the third quarter led to a roughly 13 percent increase in natural gas consumption compared with the prior-year quarter.

The Pan-European Gas market unit sold 442.2 billion kWh of gas in the first three quarters of 2004, about 5 percent more than in the previous year. The positive volume growth of the second quarter of 2004 continued in the third quarter. On balance, third-quarter sales volume was up 29 percent year-on-year to 105.8 billion kWh, due mainly to higher sales to resellers along with a disproportional increase in the export business resulting from new contracts that were concluded with customers in Italy, France, and Denmark.

Pan-European Gas grew adjusted EBIT by 3 percent and sales by 16 percent in the first nine months of 2004. Current-year sales and adjusted EBIT include figures for January, which were not included in the previous year, since E.ON Ruhrgas became a consolidated E.ON company on February 1, 2003. Another factor leading to higher sales was the first-time inclusion of Thüga Italia s operations at the Downstream Shareholdings business unit and E.ON Ruhrgas Norge in the Up-/Midstream business unit for the entire period under review.

Adjusted for the fact that last year s figure did not include the month of January, sales at the midstream business were down year-on-year. The period under review was negatively impacted by lower temperature spikes compared with the prior year and by lower average sales prices. These factors were only partially offset by the overall positive development of sales volumes. The sales of Ruhrgas Industries, which are recorded at the Other/Consolidation business unit, were up slightly.

The adjusted EBIT performance of the midstream business was also burdened by the price- and weather-driven decline in sales. The current upward trend in oil prices negatively affected adjusted EBIT because there is a difference in the speed at which gas procurement prices and gas sales prices respond to oil price movements. The slight year-on-year increase in adjusted EBIT is likewise attributable to the inclusion of nine months in the current year against eight months in the prior year. The upstream business also benefited from the first-time inclusion of E.ON Ruhrgas Norge. In addition, the E&P business was aided by high oil prices.

Pan-European Gas

January 1 September 30 **in millions**	**2004**	**2003[1]**	**+/ %**
Sales	9,924	8,579	+16
thereof gas/electricity taxes	2,038	1,618	+26
Adjusted EBITDA	1,512	1,444	+5

Adjusted EBIT	1,175	1,137	+3

1 Pro forma figures according to the new market unit structure.
E.ON Ruhrgas was consolidated effective February 1, 2003.

Gas Sales by Month[1]

January 1 September 30 **Billion kWh**	**2004**	**2003**	**+/ %**
First quarter (January March)	**211.2**	**226.5**	**7**
Second quarter (April June)	**125.4**	**112.8**	**+11**
July	35.7	21.9	+63
August	32.3	25.2	+28
September	37.8	35.1	+8
Third quarter	**105.8**	**82.2**	**+29**
Gas sales	**442.4**	**421.5**	**+5**

1 Gas sales of E.ON Ruhrgas AG.

Adjusted EBIT of Downstream Shareholdings was down slightly, due in particular to a decline in equity earnings that is primarily related to the disposal of shareholdings. The impact of this development was diminished by proportionally higher equity earnings from SPP, a company operating in the Slovak Republic.

Prior-year results of Ruhrgas Industries, which are recorded under Other/Consolidation, were adversely affected by non-recurring charges stemming from the purchase price allocation. The absence of this one-off effect resulted in an improved adjusted EBIT performance.

Financial Highlights by Business Unit[1]

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