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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form U5S

ANNUAL REPORT

For the year ended December 31, 2002

Filed pursuant to the Public Utility Holding Company Act of 1935

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(Name and address of each registered holding company in the system)

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Item 1. System Companies and Investments Therein as of December 31, 2002

The schedules listed below and included in Exhibit F, respond to Item 1:

Exhibit F, Schedule 1(a): A table listing E.ON AG ("E.ON") and its subsidiary companies (except for LG&E Energy Corp. and its subsidiary companies (the "LG&E Energy Group"), which are shown on a separate schedule). The table indicates the number of common shares owned, percentage of voting power and denotes the position of the company within the E.ON group of companies. The position of each company within the E.ON group of companies is determined by a review of the "owned by" columns. For example, company number 135, Montan GmbH Assekuranz-Makler, is shown as being owned by company number 1300. Company 1300, E.ON Risk Consulting GmbH, is shown as owned by E.ON. Therefore, company 135 is a second tier subsidiary of E.ON and a direct subsidiary of E.ON Risk Consulting GmbH.

An expanded version of Exhibit F, Schedule 1(a), denoted Exhibit F, Schedule 1(b), is also provided under a request for confidential treatment in a format that indicates additional information about the issuer's book value and the owner's book value.

Exhibit F, Schedule 1(c): A table listing the LG&E Energy Group companies and containing the same type of information provided in Exhibit F, Schedule 1(a).

Exhibit F, Schedule 1(d): A table listing the subsidiary companies that left the E.ON Group during the reporting period, by merger, sale or liquidation.

Exhibit F, Schedule 1(e): A table listing the E.ON Group companies that had their names changed during the reporting period.

Item 2. Acquisitions or Sales of Utility Assets

Kentucky Utilities Company and Louisville Gas and Electric Company neither sold nor acquired operating units or systems exceeding \$1 million in 2002. However, the utilities made the following additions to existing plant in service in excess of \$1 million. The Trimble County combustion turbines, listed below, were initiated at LG&E Capital Corp. and upon the approval of the Kentucky Public Service Commission were transferred to the utilities where construction was completed.

Kentucky Utilities Company

PLANT IN SERVICE EXCEEDING \$1 Million

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| PROJECT NUMBER | PROJECT NAME | LOCATION | AMOUNT |
|--|---------------------------|---|----------------|
| 113727 | CT Construction TC5 | Trimble County #5 Combustion Turbine | 39,045,125.00 |
| 113730 | CT Construction TC6 | Trimble County #6 Combustion Turbine | 39,024,692.00 |
| 23037 | GH2 Low Nox Retrofit | Ghent Unit 2 | 5,224,392.30 |
| 113735 | CT Construction TC P | Trimble County Gas Pipeline | 4,474,853.30 |
| 115225 | GEMINI Work Mgmt. System | LG&E Building | 2,247,233.36 |
| 109728 | BR2 Cooling Tower | E W Brown Steam Unit 2 | 1,642,314.90 |
| 106624 | GH1 DCS | Ghent Unit 1 | 1,257,397.80 |
| TOTAL PLANT IN SERVICE EXCEEDING \$1 MILLION | | | 92,916,008.66 |
| CONSTRUCTION WORK IN PROCESS | | | |
| 113736 | TC CT Substation | Trimble County | 3,560,457.61 |
| 112642 | Ghent 345/138kV Transf #2 | Ghent Substation | 2,027,901.84 |
| 114155 | GR3 Generator Rewind | Green River 3 | 1,208,578.80 |
| 112973 | BR2 Turbine Controls | Brown Unit 2 | 1,189,879.82 |
| TOTAL CWIP EXCEEDING \$1 MILLION | | | 7,986,818.07 |
| TOTAL KU ADDITIONS EXCEEDING \$1 MILLION | | | 100,902,826.73 |

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Louisville Gas and Electric Company

PLANT IN SERVICE EXCEEDING \$1 Million

| PROJECT NUMBER | PROJECT NAME | LOCATION | AMOUNT |
|----------------|-----------------------|---|---------------|
| 107182 | LGE NOx Compliance | Trimble County | 34,910,939.00 |
| 113725 | CT Construction - TC | Trimble County #5 Combustion Turbine | 15,969,870.00 |
| 113732 | CT Construction TC6 | Trimble County #6 Combustion Turbine | 15,961,408.00 |
| 111379 | West Louisville | Distribution Mains | 7,487,024.83 |
| 108260 | New 345kv line from | Middletown/Trimble SW 4541 | 5,629,408.00 |
| 110615 | MC2 WET STACK CONVER | Mill Creek SO2 - Unit 2 | 5,496,522.30 |
| 101159 | Gas Main Extensions | Distribution Mains | 2,886,765.26 |
| 101299 | MC2-Precipitator | Mill Creek Unit 2 | 2,064,743.30 |
| 103554 | Economizer | Mill Creek Unit 2 | 2,018,207.80 |
| 113733 | CT Construction TC P | Trimble County Gas Pipeline | 1,835,164.90 |
| 108709 | Blue Lick Transformer | Blue Lick Sub | 1,629,495.00 |
| 108258 | New 345kv line | Middletown | 1,608,071.20 |

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| | | | |
|--------|----------------------|--------------------|--------------|
| 105057 | Seneca Gardens | Distribution Mains | 1,521,948.00 |
| 108257 | MT 345/138kv Tranfor | Middletown Sub | 1,349,914.30 |
| 108688 | TC Ash Hopper | Trimble County | 1,329,418.80 |
| 109356 | Jeffersontown | Distribution Mains | 1,164,865.30 |
| 109216 | Zoneton-Maryville | Distribution Mains | 1,136,442.30 |
| 108259 | New 345kv line - TC | Trimble County | 1,017,960.00 |

| | |
|--|----------------|
| TOTAL PLANT IN SERVICE EXCEEDING \$1 MILLION | 105,018,168.29 |
|--|----------------|

CONSTRUCTION WORK IN PROCESS

| | | | |
|--------|-------------------|-------------------------------|---------------|
| | LGE NOx | | |
| 107182 | Compliance | Jefferson County Power Plants | 36,892,668.78 |
| | GEMINI Work Mgmt. | | |
| 111353 | System | LG&E Building | 7,752,670.73 |
| 113932 | West Louisville | Distribution Mains | 6,943,494.29 |
| 110613 | MC1 WET STACK | Mill Creek Unit 1 | 4,734,727.48 |
| 110616 | MC3 WET STACK | Mill Creek Unit 3 | 4,442,887.69 |
| | 345/138 KV | | |
| 113948 | TRANSFORMER | Cane Run Substation | 1,533,153.14 |
| | Ohio Falls | | |
| 114682 | Redevelopment | Ohio Falls | 1,500,387.20 |
| | CR6 LP Turbine | | |
| 114378 | Blades | Cane Run Unit 6 | 1,459,391.46 |
| 113734 | TC CT Substation | Trimble County | 1,457,354.89 |

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| | | | |
|--------|---------------------|--------------------|--------------|
| 113933 | South Louisville | Distribution Mains | 1,334,765.79 |
| 113429 | Bulldozer | Mill Creek | 1,153,672.00 |
| 113924 | Bulldozer | Mill Creek | 1,131,486.00 |
| | CR6 Generator Rotor | | |
| 114571 | Rewind | Cane Run Unit 6 | 1,077,503.02 |

| | |
|----------------------------------|--------------|
| TOTAL CWIP EXCEEDING \$1 MILLION | 1,414,162.47 |
|----------------------------------|--------------|

| | |
|--|----------------|
| TOTAL LG&E ADDITIONS EXCEEDING \$1 MILLION | 176,432,330.76 |
|--|----------------|

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Item 3. Issue, Sale, Pledge, Guarantee or Assumption of System Securities

The schedules listed below and included in Exhibit F, respond to Item 3:

Exhibit F, Schedule 3(a): Issues of long term loans dated as of
July 1, 2002 - December 31, 2002.

Exhibit F, Schedule 3(b): Short term loans as of June 30, 2002.

Exhibit F, Schedule 3(c): Short term loans as of December 31, 2002.

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Exhibit F, Schedule 3(d): Cash current accounts as of June 30, 2002.

Exhibit F, Schedule 3(e): Cash current accounts as of December 31, 2002.

Exhibit F, Schedule 3(f): Guarantees.

Exhibit F, Schedule 3(g): Issuance of equity.

Item 4. Acquisition, Redemption or Retirement of System Securities

Pursuant to shareholder resolutions approved at the annual general meeting of shareholders held on May 28, 2002, E.ON's Board of Management is authorized to buy back up to 10% of E.ON's outstanding share capital through October 31, 2003. As of December 31, 2002, E.ON held a total of 4,407,169 treasury shares in the amount of EUR 259 million (equivalent to 0.6% or EUR 11,458,639 of the capital stock). The number of outstanding shares as of December 31, 2002, totalled 652,341,876. During 2002, E.ON purchased 241,523 shares on the market and sold 503,434 shares to employees at preferential prices as part of E.ON's stock-based compensation plan. An additional 35,250,955 shares of E.ON are held by its subsidiaries. Following the VEBA-VIAG merger these shares were held in non-consolidated subsidiaries. Following some restructuring in September and October 2002 these shares were held by fully consolidated subsidiaries and therefore qualified as treasury shares according to German law. Treasury shares do not have voting rights.

As of July 16, 2001, the Free State of Bavaria ("Bavaria") reduced its stake in E.ON to below 5.0%. As a result of the increase in the number of treasury shares, following the restructuring, Bavaria's voting interest in E.ON has increased to above 5.0%, again.

The schedules listed below and included in Exhibit F, also respond to Item 4.

Exhibit F, Schedule 4(a): Redemption of long term loans dated as of July 1, 2002 - December 31, 2002.

Exhibit F, Schedule 4(b): Acquisition, retirement or redemption of equity.

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Item 5. Investments in Securities of Nonsystem Companies

E.ON is authorized to maintain equity investments to fund pension liabilities and nuclear plant decommissioning by the Commission's June 14, 2002 order (Holding Co. Act Release No. 27539). Information with regard to this portfolio of investments is provided below.

As of December 31, 2002, the E.ON Group had pension and nuclear decommissioning liabilities of EUR 21,442,113,154 (USD \$ 22,346,970,329) based on actuarial calculations. The majority of the pension provisions and all nuclear decommissioning liabilities are held by E.ON Energie. The market value of portfolio investments held by E.ON Energie to fund such obligations as of December 31, 2002 was EUR 8,027,675,295 (USD \$8,366,443,193). This amount represents 46 % of E.ON Energie's liabilities. The assets held to fund the liabilities were composed of 65% (EUR 5,194,030,688 (USD \$ 5,413,218,783)) fixed income securities such as commercial paper, notes, bonds and 35% (EUR 2,833,644,607 (USD \$ 2,953,224,409)) common stocks as of December 31, 2002.

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Investments in other non-system entities are described below:

| Name of System Company | Name of Issuer | Description of Security | Number of Shares | % of Voting Power | Nature of Business |
|-----------------------------------|---|--------------------------|------------------|-------------------|--------------------------|
| LG&E Energy Corp. | Goldman Sachs Financial Square Federal Fund | Money market mutual fund | 9.4 million | .1% | Money market mutual fund |
| Louisville Gas & Electric Company | Ohio Valley Electric Corp. ("OVEC") | Common stock | 4,900 | 4.9% | Public utility |
| Kentucky Utilities Company | OVEC | Common stock | 2,500 | 2.5% | Public utility |

See also, Exhibit F, Schedule 5(a) for other investments in non-system entities.

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Item 6. Officers and Directors

Part I. Officers and Directors

The schedules listed below and included in Exhibit F, respond to Item 6, Part I:

Exhibit F, Schedule 6(a) E.ON Group officers and directors.

Exhibit F, Schedule 6(b) Powergen Group officers and directors.

Exhibit F, Schedule 6(c): LG&E Energy Group officers and directors.

Note: Exhibit F, Schedule 6(a) provides information about the officers and directors of Degussa AG and Viterro AG. These are to-be-divested companies and Degussa is now only 46.5% owned by E.ON. Although E.ON has endeavored to provide complete information with regard to the officers and directors of the subsidiaries of Degussa and Viterro, such information was not available at the time this Annual Report was filed.

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Part II. Financial Connections of Officers and Directors

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| Name of Officer or Director | Name and Location of Financial Institution | Position Held in Financial Institution | Ex |
|-----------------------------|---|--|-------------|
| Dr. Andreas Georgi | Dresdner Bank AG, Frankfurt/Main | Member, Board of Management | R r 2 |
| | Allianz Dresdner Bauspar AG, Deutsche Schiffsbank AG, Eurohyp Aktiengesellschaft, Oldenburgische Landesbank Aktiengesellschaft, Dresdner Bank Luxembourg S.A., Dresdner Bank (Schweiz) AG | Member, Supervisory Board | |
| Dr. Arend Oetker | Gerling NCM Credit and Finance AG | Member, Supervisory Board | R r 2 |
| Dr. Bernd Voss | Dresdner Bank AG, Frankfurt/Main; Bankhaus Reuschel & Co. | Member, Supervisory Board | R r 2 |
| Dr. Erhard Schipporeit | Commerzbank AG | Member, Supervisory Board | R r 2 |
| Dr. Henning Schulte-Noelle | Dresdner Bank AG, Frankfurt/Main | Member, Supervisory Board | R r 2 |
| Dr. Karl-Hermann Baumann | Deutsche Bank AG, Frankfurt/Main | Member, Supervisory Board | R r 2 |
| Dr. Paul Siebertz | Bayerische Hypo- und Vereinsbank AG | Member, Board of Management | R r 2 |
| Dr. Rolf-E. Breuer | Deutsche Bank AG, Kreditanstalt fur Wiederaufbau, `Landwirtschaftliche Rentenbank | Member, Supervisory Board | R r 2 |
| Karl Starzacher | Landesbank Hessen-Thuringen e.V. | Member, Supervisory Board | R r 2 |
| Kurt F. Viermetz | Bayerische Hypo- und Vereinsbank AG | Member, Supervisory Board | R r 2 |
| Margret Monig-Raane | Deutsche Bank AG, Frankfurt/Main | Member, Supervisory Board | R r 2 |
| Prof. Dr. Wilhelm Simson | Bayerische Hypo- und | Member, Supervisory | R |

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| | Vereinsbank AG | Board | |
|-------------------|---|-----------------------------|-------------|
| Ulrich Hartmann | IKB Deutsche Industriebank AG | Member, Supervisory Board | R r 2 |
| Wolfgang Hartmann | Commerzbank AG, Frankfurt/Main | Member, Board of Management | R r 2 |
| | Commerzbank Belgium S.A., Brussels; Commerzbank (Nederland) N.V., Amsterdam | Member, Supervisory Board | |
| Victor Staffeiri | Mid-America Bancorp | Director | R |

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Note: The table above does not indicate any financial connections that officers or directors of Degussa AG and Viterra AG, and their respective subsidiaries, may have with financial institutions. See also, the note to Item 6, Part I, above.

Part III Certain Disclosures With Respect to Officers and Directors Compensation

The total remuneration paid to members of E.ON's Supervisory Board was EUR 2.6 million for the year ended December 31, 2002. Of this total, EUR 0.7 million consists of fixed compensation (including compensation for duties performed at subsidiaries and attendance fees), and EUR 1.9 million of variable compensation. Pursuant to E.ON's Articles of Association, members of the Supervisory Board receive an annual fixed fee of EUR 10,000 and are reimbursed each fiscal year for their meeting-related expenses, including reimbursement for the value added tax on their remuneration. Members of the Supervisory Board also receive an attendance fee of EUR 1,000 per meeting. In addition, members of the Supervisory Board receive an annual variable fee of EUR 1,250 for each percentage point by which the dividend paid to shareholders exceeds 4 percent of E.ON's capital stock. The Chairman of the Supervisory Board receives three times the above-mentioned fees, the Deputy Chairman receives double the above-mentioned fees, and each member of a committee receives one-and-a-half times the above-mentioned fees. Members of the Supervisory Board who serve less than the entire financial year owing to a change in the Board's composition receive the above-mentioned fees on a proportionate basis. There were no loans to members of the Supervisory Board in the 2002 financial year.

The total remuneration paid to members of E.ON's Board of Management was Eur 10.5 million. Of this total, EUR 4.6 million consisted of fixed compensation, including compensation for duties performed at subsidiaries, as well as monetary benefits and other compensation. Variable compensation of EUR 5.2 million reflects a performance-related bonus. Total remuneration also includes gains totaling EUR 0.7 million from the exercise of 124,750 stock appreciation rights ("SARs") from the first and second tranche of the SAR. Since 1999, E.ON has run a SAR plan for key executives of the E.ON Group. The purpose of this plan is to focus key executives on long-term corporate growth. The SAR plan is based on the performance of E.ON's ordinary shares. E.ON granted approximately 1.6 million SARs to 186 top-level executives worldwide in 2002,

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including members of the Board of Management, as part of their compensation. In 2001, Degussa also introduced a SAR plan for executives. This plan is based on the performance of Degussa's ordinary shares. In 2002, Degussa granted approximately 1.5 million SARs to 227 executives worldwide, including the members of Degussa's Board of Management, as part of their compensation. (More information about the SAR plan is included in Note 10 of the Notes to Consolidated Financial Statements in E.ON's Annual Report on Form 20-F, see below.) In early 2002, members of the Board of Management received 260,000 SARs. These SARs were part of the fourth tranche of the SAR plan. On December 31, 2002, the SARs of all tranches had a hypothetical exercise value of zero, because the E.ON share price ended the year markedly below the strike prices of the respective tranches.

Total payments to retired members of the Board of Management and their beneficiaries were EUR 4.9 million. Provisions of EUR 53.9 million have been provided for the pension

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obligations to retired members of the Board of Management and their beneficiaries. There were no loans to members of the Board of Management in the 2002 financial year.

E.ON has service agreements with the members of its Board of Management. The service agreements of the members of the Board of Management do not contain provisions for payments should a member's employment be terminated prior to expiration of the agreement or not be extended by the Supervisory Board. In the case where an agreement has not been extended, members of the Board of Management shall receive retirement payments after their service agreements have ended which are based on the length of their membership on the Board of Management. Should a member's service agreement be terminated prior to expiration or not be extended at the request of such member or for important reason no retirement payments shall be due, except for statutory claims, such as mandatory pension benefits. In the special case of a change in control of E.ON, members of the Board of Management shall receive a payment equal to a maximum of five years' annual compensation.

Additional information is provided in the Annual Report of E.ON AG filed on Form 20-F (filed March 19, 2003), SEC File No. 001-14688, at pp. 113-115 and at note 10 of the Notes to the Consolidated Financial Statements.

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Item 7. Contributions and Public Relations

None.

Item 8. Service, Sales and Construction Contracts

Part I. Contracts for Services or Goods Supplied by a System Company to Another System Company

LG&E Energy Services reports on Form U-13-60 with regard to services rendered by members of the E.ON Group or the Powergen Group for the LG&E Energy Group, by members of the LG&E Energy Group for the E.ON Group or the Powergen Group, and by members of the LG&E Energy Group for one another, in accordance with a supplemental reporting requirement in the Commission's order in E.ON AG,

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Holding Co. Act Release No. 27539 (June 14, 2002). With regard to transactions involving companies in the E.ON Group exempt under Rule 58, the registrants incorporate by reference Powergen plc's Quarterly Report on Form U-9C-3, SEC File No. 078-00049 (filed August 29, 2002).

Registrants have omitted information about service, sales and construction contracts among subsidiaries of E.ON AG to the extent such transactions do not involve any companies in the LG&E Energy Group.

Part II. Affiliate Contracts

Not applicable.

Part III. Persons Employed to Provide Management, Supervisory or Financial Advisory Services

See the response to Item 6, Part III, above.

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Item 9. Wholesale Generators and Foreign Utility Companies

Part I. Information with Respect to EWGs and FUCOs

E.ON Energie, a foreign utility company, located at Brienner Stra(eta)e 40, 80333 Munchen, Germany, produces electricity at jointly and wholly owned power plants. Its power generation facilities have a total installed capacity of approximately 50,200 MW, E.ON Energie's attributable share of which is approximately 34,100 MW (not including mothballed, shut down and reduced power plants). Electricity is transmitted to purchasers by means of high-voltage transmission lines and underground cables owned by E.ON Energie. E.ON Energie is wholly owned by E.ON which has an aggregate investment in E.ON Energie of EUR 5,569 million, consisting of 82% equity and 18% debt interests. ABN Ambro has granted former Electriciteitsbedrijf Zuid-Holland, Voorburg, Netherlands, now E.ON Benelux Generation, an E.ON Energie subsidiary, an amount of (euro)58.97 million (maturity date: May 10, 2006) plus interest and cost for which E.ON guarantees. E.ON Energie's ratio of debt to common equity is 113.2%. Its net income for the twelve months ended December 31, 2002, was EUR 522 million. E.ON Energie had no material service and goods contracts with other companies in the E.ON Group (excluding FUCOs).

Powergen Group Holdings Ltd. ("PGGH"), a foreign utility company, located at 53 New Broad Street , London EC2M 1SL, England, produces electricity at jointly and wholly owned power plants. PGGH owns or through joint ventures has an attributable interest in 10,183 MW of generating capacity. Electricity is transmitted to purchasers by means of the National Grid transmission network in the U.K. PGGH is wholly owned by Powergen which has an aggregate investment in PGGH (*) of GBP 3,168 million, consisting of 33% equity and 67% debt interests. PGGH's ratio of debt to common equity is 1.620. Its net income for the twelve months ended December 31, 2002 was GBP 23.3 million. PGGH had no material service and goods contracts with other companies in the E.ON Group (excluding FUCOs). (* The aggregate investment has been calculated as the Powergen proportion of E.ON UK's investment in Powergen Limited together with E.ON Group inter-company debt in PGGH.)

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Information about the EWGs and FUCOs held in the LG&E Energy Group is set forth in Exhibit F, Schedules 9(a) through 9(c).

Windpower Partners 1994, L.P. ("Windpower 1994") had the following material service contract with a company in the E.ON Group. Windpower 1994 entered into an operating agreement with LG&E Power Services, LLC, an indirect subsidiary of LG&E Capital Corp, in September 1996 for the operation, maintenance, and management of the power plants including the administration of Windpower 1994's day-to-day operations. In 2002, Windpower 1994 incurred expenses of \$795,027 related to this contract.

Windpower Partners 1993, L.P. ("Windpower 1993") had the following material service contract with a company in the E.ON Group. Windpower 1993 entered into an operating agreement with LG&E Power Services, LLC, an indirect subsidiary of LG&E Capital Corp, in September 1996 for the operation, maintenance, and management of the power plants including

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the administration of Windpower 1993's day-to-day operations. In 2002, Windpower 1993 incurred expenses of \$1,538,542 related to this contract.

Westmoreland - LG&E Partners ("ROVA"), ROVA had the following material service contracts with companies in the E.ON Group. ROVA entered into an operating agreement with LG&E Power Services, LLC, an indirect subsidiary of LG&E Capital Corp, for the operation, maintenance, and management of the power plants including the administration of ROVA's day-to-day operations. In 2002, ROVA incurred expenses of \$4,565,684 related to this contract. ROVA also has a contract with LG&E Power Operation, an indirect subsidiary of LG&E Capital Corp, for payment of venture management fees, financial management, and environmental services. In 2002, ROVA incurred expenses of \$497,907 related to this contract.

E.ON Zehnte Verwaltungsgesellschaft mbH ("E.ON Zehnte"), a foreign utility company, located at E.ON-Platz 1, 40479 Dusseldorf, Germany, owns directly and indirectly Ruhrgas AG ("Ruhrgas"). The acquisition of Ruhrgas, Germany's leading distributor of natural gas, is a major element in E.ON's implementation of its strategy of expanding its gas operations and building an integrated power and gas company.

Ruhrgas is not publicly traded, and was, prior to the completion of the acquisition by E.ON, owned by a number of holding companies, with indirect stakes dispersed among a number of major industrial and energy companies both within and outside Germany. In 2001, E.ON concluded contracts for the purchase of significant indirect shareholdings in Ruhrgas held through Gelsenberg AG ("Gelsenberg", i.e. 25.5 percent voting rights in Ruhrgas) and Bergemann GmbH ("Bergemann", i.e. 34.75 percent voting rights in Ruhrgas) with BP p.l.c. ("BP") and Vodafone Group plc ("Vodafone"). The aggregate consideration paid for these stakes was EUR 3.3 billion. E.ON also reached an agreement in principle with RAG to acquire its Ruhrgas stakes. In January and February 2002, the German Federal Cartel Office blocked the consummation of the transactions with the aforementioned parties on the grounds that the proposed purchase would have had a negative effect on competition in the German gas market. E.ON appealed the decision to the German Economics Ministry, which has the power to overrule the Cartel Office if it determines the transaction would result in an overriding general benefit to the German economy. In March 2002, E.ON agreed to acquire ThyssenKrupp AG's interest in Ruhrgas for total consideration of EUR 0.5 billion.

In May 2002, E.ON reached a definitive agreement with RAG to acquire RAG's direct small participation in Ruhrgas and an additional 50.5 percent interest in

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Bergemann and to sell E.ON's majority interest in Degussa to RAG. The RAG transaction was subject to the completion of E.ON's acquisition of Ruhrgas, and was to lapse if the acquisition had not been completed by January 31, 2003.

On July 3, 2002, E.ON reached agreements to acquire the 40 percent interest in Ruhrgas held indirectly by Esso Deutschland GmbH ("Esso"), Deutsche Shell GmbH ("Shell") and TUI AG through Schubert KG (i.e., 15 percent voting rights in Ruhrgas) and BEB Erdgas und Erdol GmbH (i.e., 25 percent voting rights in Ruhrgas). The aggregate purchase price for this stake was EUR 4.1 billion, and completion of these transactions would make E.ON the sole owner of Ruhrgas.

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On July 5, 2002, E.ON was granted the ministerial approval it had requested for the acquisition of a majority shareholding in Ruhrgas. The ministerial approval was linked with stringent requirements designed to promote competition in the gas sector. In addition, E.ON and Ruhrgas were required to divest several shareholdings. These include the majority stake in Gelsenwasser AG ("Gelsenwasser"), the minority stakes in VNG AG, EWE Aktiengesellschaft and E.ON's stakes in Bayerngas GmbH ("Bayerngas") and Stadtwerke Bremen Aktiengesellschaft ("Stadtwerke Bremen"). On the same day, E.ON through its fully owned subsidiary E.ON Zehnte completed the acquisition of Gelsenberg from BP and stakes in Bergemann held by Vodafone and ThyssenKrupp AG. With the completion of these acquisitions E.ON indirectly held 38.5 percent of Ruhrgas.

A number of competitors with interests in the Germany energy industry filed complaints against the ministerial approval in the state Superior Court (Oberlandesgericht) in Dusseldorf and petitioned the court to issue a temporary injunction blocking the transaction. The court subsequently issued a first order on July 12, later followed by orders in August and September that temporarily enjoined E.ON's acquisition of a majority stake in Ruhrgas. In addition, the court prohibited E.ON from exercising its shareholders' rights with respect to the voting rights in Ruhrgas holding company Gelsenberg acquired from BP, and in Bergemann acquired from Vodafone and ThyssenKrupp AG until the takeover was approved.

In the short period between July 5 and the issuance of the first temporary injunction on July 12, 2002, E.ON as the sole shareholder of Gelsenberg only had the opportunity to replace the former members of the supervisory board and board of management from BP with E.ON