Interim Report II/2015

2015

January February March

April May June

July August September

October November December

E.ON Group Financial Highlights

E.ON Group Financial Highlights[1]			
January 1–June 30	2015	2014	+/- %
Electricity sales[2]	381.3 billion kWh	365.2 billion kWh	+4
Gas sales[2]	865.3 billion kWh	535.3 billion kWh	+62
Sales	€57,302 million	€54,778 million	+5
EBITDA[3]	€4,273 million	€4,921 million	-13
EBIT[3]	€2,653 million	€3,184 million	-17
Underlying net income[3]	€1,165 million	€1,476 million	-21
Investments	€1,585 million	€1,694 million	-6
Cash provided by operating activities of continuing operations	€4,226 million	€5,478 million	-23
Economic net debt (June 30 and December 31)	€29,344 million	€33,394 million	-12
Employees (June 30 and December 31)	57,255	58,503	-2
Shares outstanding (in millions, June 30 and December 31)	1,952	1,933	+1

[1]Adjusted for discontinued operations.
[2]Additional information under Energy Tables on pages 45 and 46.
[3]Adjusted for extraordinary effects (see Glossary of Selected Financial Terms below).

Glossary of Selected Financial Terms

EBITDA Adjusted earnings before interest, taxes, depreciation, and amortization. It is E.ON's key figure for purposes of internal management control and as an indicator of a business's long-term earnings power. As used by E.ON, EBITDA is derived from income/loss from continuing operations before interest income, income taxes, depreciation, and amortization and is adjusted to exclude certain extraordinary items, mainly other income and expenses of a non-recurring or rare nature.

EBIT Adjusted earnings before interest and taxes. As used by E.ON, EBIT is derived from income/loss from continuing operations before interest income and income taxes and is adjusted to exclude certain extraordinary items, mainly other income and expenses of a non-recurring or rare nature.

Economic net debt Key figure that supplements net financial position with the fair value (net) of currency derivatives used for financing transactions (but excluding transactions relating to our operating business and asset management), with pension obligations, and with asset-retirement obligations (less prepayments to the Swedish nuclear fund).

Investments Cash-effective investments as shown in the Consolidated Statements of Cash Flows.

Underlying net income An earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude certain extraordinary effects. Along with effects from the marking to market of derivatives, the adjustments include book gains and book losses on disposals, restructuring expenses, and other non-operating income and expenses of a non-recurring or rare nature (after taxes and non-controlling interests). Underlying net income also excludes special tax effects and income/loss from discontinued operations, net.

Interim Report II/2015

January 1–June 30, 2015

- EBITDA and underlying net income below prior-year figures, as anticipated
- Economic net debt reduced by €4.1 billion
- Forecast for full-year 2015 EBITDA and underlying net income affirmed

Contents

Dear Shareholders,

In July the German Ministry for Economic Affairs and Energy issued an energy-policy White Paper. Although some of the proposals point in the right direction, they will do little to change the generally inadequate policy environment for Germany's energy market. Germany continues to lack a clear regulatory mechanism that defines and rewards the role conventional power plants play in ensuring security of supply. Without such a mechanism, Germany's energy transition will remain incomplete. Meanwhile, other countries are taking a more proactive approach. The United Kingdom, for example, has held the first auction for a capacity market, and E.ON has committed 6 gigawatts of generating capacity to ensure system stability there. Italy, France, and Belgium have also made progress toward introducing a capacity market. Things are happening at the European level as well. Last month the European Commission launched a sector inquiry into national capacity mechanisms and presented a package of proposals to redesign Europe's electricity market. We anticipate that both steps will help promote a reasonable discussion of these issues in Europe and in Germany. E.ON has long advocated a reform of the EU Emissions Trading Scheme. This reform is now beginning to take shape. Backloading, a process by which emission allowances are withheld from the market, and the prospect of a market stability reserve being introduced in 2019 are beginning to have an effect on carbon prices, which had been languishing at low levels. Prices have now recovered somewhat, increasing to about €8 per metric ton. Any progress in this area will benefit both E.ON and, going forward, our new company, Uniper.

Our half-year results are in line with our expectations and reflect the continued difficult situation in the conventional generation business. Most of the roughly €0.6 billion decline in our EBITDA is attributable to our Generation segment, whose earnings were affected by several factors, including the sale of fossil-fueled generation capacity in Spain and the decommissioning of coal-fired power plants in Germany. By contrast, our sales were higher and we reduced our economic net debt substantially. We continue to expect our 2015 EBITDA to be between €7 and €7.6 billion and our 2015 underlying net income to be between €1.4 and €1.8 billion. Our plan to pay a dividend of €0.50 per share for the 2015 financial year is designed to offer you—E.ON shareholders and the future investors in Uniper—a stable return on your investment during this transition phase.

The transformation of our organization is making rapid progress. In recent weeks and months we've made key organizational and personnel decisions for the future E.ON and Uniper. We've filled about 350 senior leadership positions and assigned roughly 1,300 entities to either E.ON or Uniper. This enormous task remains on schedule thanks to the team of highly motivated and dedicated employees implementing the spinoff project, which is called "One2two: Best in both worlds." Our goal is still for both companies to be operationally independent of each other on January 1 and for Uniper to be publicly listed in the second half of 2016. Uniper will focus primarily on businesses in the conventional energy world, E.ON primarily on its new strategic objectives in renewables, distribution networks, and customer solutions. E.ON will invest more than €3 billion in these three businesses in 2015. This is more than in 2014 and underscores our commitment to make selective, disciplined investments that enable us to pursue growth opportunities in the markets of the future. E.ON now owns a stake in ten large offshore wind farms in Europe and has roughly 4 gigawatts of installed renewables capacity worldwide. But E.ON's primary focus is to build on the relationships we have with our nearly 32 million sales customers worldwide and on the opportunities created by the direct interface with our 26 million distribution-network customers. For example, we're designing solutions tailored to the facility-specific needs of our industrial and commercial customers. Just a few days ago, E.ON Connecting Energies signed an agreement to install a small-scale fuel-cell power plant at a FRIATEC production facility in Mannheim, Germany. It will be the first such power plant with more than 1 megawatt of capacity. As for Uniper, it will be a leading power and gas company, combining roughly 46 gigawatts of generating capacity in Europe and Russia with an established trading house for energy and energy-related commodities. In the weeks ahead, two technologically advanced conventional generating units will enter service at power stations in the Netherlands (Maasvlakte outside Rotterdam) and in Russia (Berezhov in Krasnoyarsk Territory).

Satisfied customers and solid assets will position both E.ON and Uniper well to succeed in the energy markets of today and tomorrow.

Best wishes,

Dr. Johannes Teyssen

E.ON Stock

At the end of the first half of 2015 E.ON stock (including reinvested dividends) was 13 percent below its year-end closing price for 2014, thereby underperforming its peer index, the STOXX Utilities (+1 percent), and the broader European stock market as measured by the EURO STOXX 50 index (+11 percent).

E.ON's stock-exchange trading volume rose by 11 percent year on year to €18 billion because of an increase in the number of shares traded.

In 2015 shareholders were given the option of receiving their dividend in cash or exchanging a portion of it for shares of E.ON stock. The acceptance rate was about 37 percent, and E.ON consequently issued more than 19 million treasury shares. This increased the number of shares outstanding at June 30, 2015, to 1,952 million.

Visit eon.com for the latest information about E.ON stock.

E.ON Stock

	June 30, 2015	Dec. 31, 2014
Shares outstanding (millions)	1,952	1,933
Closing price (€)	11.95	14.20
Market capitalization (€ in billions)[1]	23.3	27.4

[1]Based on shares outstanding.

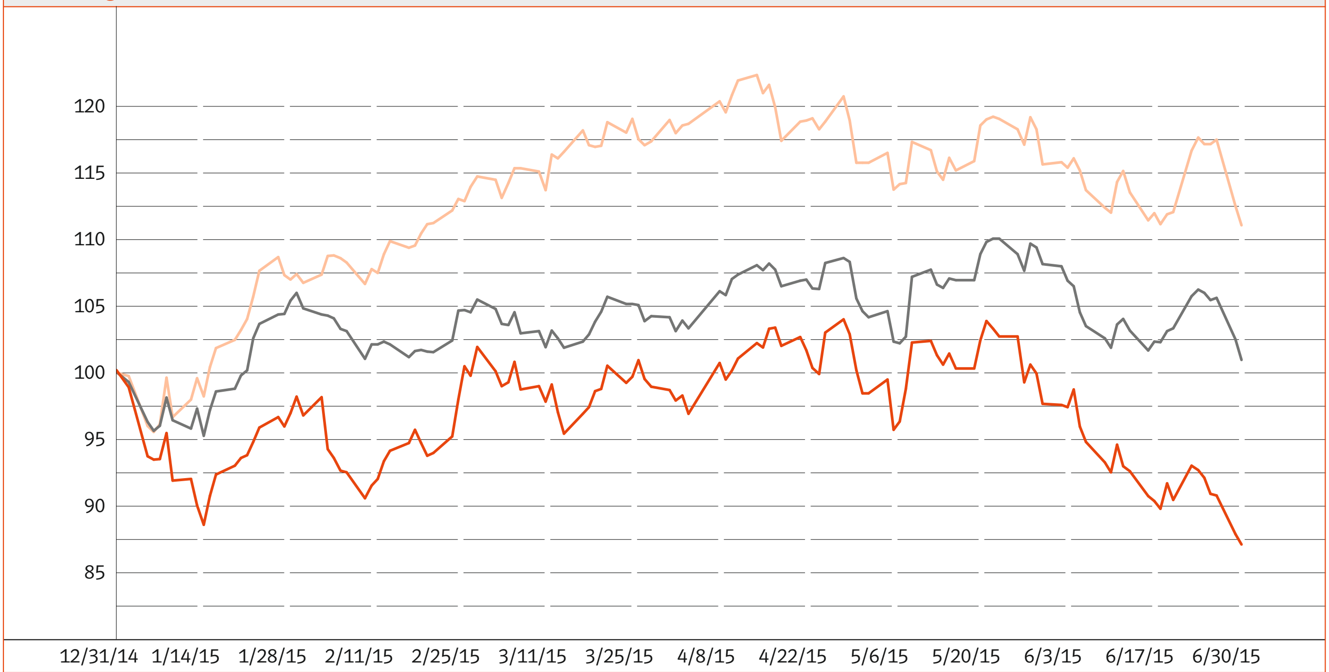
Performance and Trading Volume

January 1–June 30	2015	2014
High (€)[1]	14.74	15.17
Low (€)[1]	11.95	12.93
Trading volume[2]		
Millions of shares	*1,326.0*	*1,172.0*
€ in billions	*18.0*	*16.2*

[1]Xetra.
[2]Source: Bloomberg (all German stock exchanges).

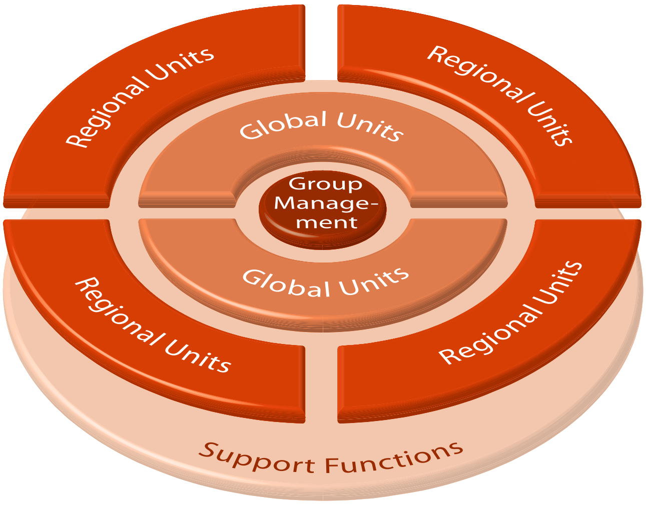
E.ON Stock Performance

Percentages



[1]Based on the performance index.

Interim Group Management Report



Corporate Profile

Business Model

E.ON is a major investor-owned energy company. Led by Group Management in Düsseldorf, our operations are segmented into global units and regional units.

Group Management

The main task of Group Management in Düsseldorf is to lead the entire E.ON Group by overseeing and coordinating its operating businesses. This includes charting E.ON's strategic course, defining its financial policy and initiatives, managing business issues that transcend individual markets, managing risk, continually optimizing E.ON's business portfolio, and conducting stakeholder management.

IT, procurement, human resources, insurance, consulting, and business processes provide valuable support for our core businesses wherever we operate around the world. These entities and/or departments are organized by function so that we pool professional expertise across our organization and leverage synergies.

Changes in Our Reporting

In view of the sale of our operations in Italy and Spain, we applied IFRS 5 and reclassified our regional units in these countries as discontinued operations from the fourth quarter of 2014 until their deconsolidation. We therefore adjusted our 2015 and 2014 numbers, including energy-related numbers, to exclude these two units and no longer provide commentary on their business performance. By contrast, our generation operations in Italy and Spain are still included in our 2014 and 2015 numbers. The transaction for our activities in Spain closed at the end of March 2015. In addition, we transferred the Germany regional unit's sales business to large customers to the Global Commodities unit and adjusted the prior-year figures accordingly.

Global Units

Our four global units are Generation, Renewables, Global Commodities, and Exploration & Production. Another global unit called Technology brings together our project-management and engineering expertise to support the construction of new assets and the operation of existing assets across our company. This unit also oversees our entire research and development effort.

Generation

This global unit consists of our conventional (fossil, biomass, and nuclear) generation assets in Europe. It manages and optimizes these assets across national boundaries.

Renewables

We also take a global approach to managing our renewables operations (hydro, wind, and solar) around the world.

Global Commodities

As the link between E.ON and the world's wholesale energy markets, our Global Commodities unit buys and sells electricity, natural gas, liquefied natural gas, oil, coal, freight, and carbon allowances. In addition, it manages and develops operations at several stages of the gas value chain, including pipelines, long-term supply contracts, and storage facilities.

Exploration & Production

Our Exploration & Production unit is active in the following focus regions: the U.K. North Sea, the Norwegian North Sea, and Russia.

Regional Units
Nine regional units manage our distribution and sales operations (including distributed generation) in Europe: Germany, the United Kingdom, Sweden, France, the Netherlands, Hungary, Czechia, Slovakia, and Romania. We intend to selectively expand our distributed-energy business. The E.ON Connecting Energies business unit focuses on providing customers with comprehensive distributed-energy solutions. We report this unit under Other EU Countries.

We report our power generation business in Russia, which we manage as a focus region, and our activities in other non-EU countries (these consist of our joint ventures in Turkey and Brazil) under Non-EU Countries.

Business Report

Industry Environment

Energy Policy Regulatory Environment
This year the energy-policy debate in Germany has again focused primarily on the ongoing implementation of the country's energy transition. Key topics have included the design of an auction model for renewables and possible solutions for stabilizing security of supply, particularly with regard to conventional generation assets. Early in July the German Federal Ministry for Economic Affairs and Energy published a White Paper entitled, "An electricity market for the energy transition." It presents the principles of Germany's future electricity market design. It argues against the introduction of a capacity market and instead advocates the further development of the market toward an "electricity market 2.0." A capacity reserve will serve to safeguard the electricity market in emergency situations; a reduction in regulatory barriers will give the market additional flexibility. Market participants have until late August 2015 to submit comments on the White Paper, which will serve as the basis for draft legislation later this year.

Energy Consumption
With temperatures much lower than those of the exceptionally warm prior-year period, Germany consumed more energy. According to preliminary figures from AGEB, an energy-industry working group, Germany's first-half consumption of primary energy increased by about 3 percent. Gas consumption rose by about 14 percent, with more gas being used for both heat generation and for cogeneration.

First-half electricity consumption in England, Scotland, and Wales declined by 1.5 percent to roughly 145 billion kWh. Gas consumption (excluding power stations) increased by 11 percent to 316 billion kWh, owing to a variety of factors, such as the weather and the economic recovery.

Northern Europe consumed 195.7 billion kWh of electricity, up slightly from 194.5 billion kWh. It recorded net electricity exports to surrounding countries of about 6.6 billion kWh compared with about 6.8 billion kWh in the prior-year period.

According to initial estimates, Hungary's electricity consumption rose by 1 percent to 17.7 billion kWh because of higher consumption by industrial customers. Its gas consumption increased by 9 percent to 6,555 million cubic meters owing to lower average temperatures and higher consumption by industrial customers.

France's electricity consumption rose by 4 percent to 250.2 billion kWh, primarily because of colder temperatures in February. Adjusted for temperature effects, consumption was at the prior-year level. The increase in consumption by heavy industry, which is experiencing an economic recovery, was offset by lower consumption by residential, business, and small industrial customers.

The Russian Federation generated 527.4 billion kWh of electricity; its integrated power system (which does not include isolated systems) generated 515.7 billion kWh of electricity. Both figures represent year-on-year increases of 1 percent. The Russian Federation consumed 520.9 billion kWh of electricity, on par with the prior-year figure.

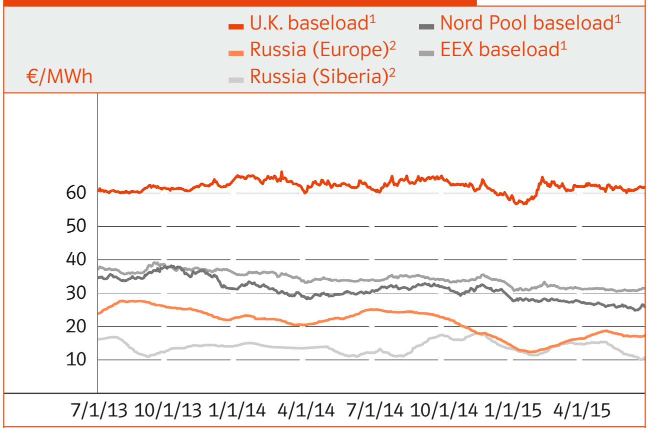
Energy Prices
Five main factors drove Europe's electricity and natural gas markets and Russia's electricity market in the first half of 2015:

- international commodity prices (especially oil, gas, coal, and carbon-allowance prices)
- macroeconomic and political developments
- weather
- the availability of hydroelectricity in Scandinavia
- the expansion of renewables capacity.

First-half economic growth was in line with expectations, and commodity markets and fuel prices responded accordingly. After declining sharply at the start of the year, the euro stabilized and was largely impervious to events in Greece. The Russian ruble did not continue its upward trend of the first quarter but remained stable.

Interim Group Management Report

Wholesale Electricity Price Movements in E.ON's Core Markets



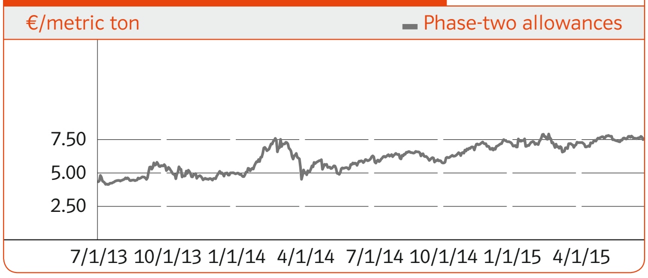
[1]For next-year delivery.
[2]Spot delivery (30-day average).

The price of oil moved substantially higher from its low level of the first quarter owing to lower production increases in the United States and increasing tension in Yemen. A weaker dollar also pushed prices higher. However, with OPEC standing by its production targets and with production increasing in Saudi Arabia and Iraq, prices began to decline slightly in June. This trend was enhanced by the prospect of a Grexit and a nuclear deal with Iran.

After a weak start at the beginning of the year, the international coal market stabilized somewhat in the second quarter owing to supply interruptions in Columbia, Russia, and Australia as well as higher oil prices. Nevertheless, wholesale coal prices continued to suffer from oversupply and weak Chinese demand. Not even acute supply interruptions in Australia in May due to poor weather along with higher import demand from India were enough to cause a lasting price increase. It was not until June that higher demand in Asia, particularly in Japan and Korea, had a positive impact on coal prices.

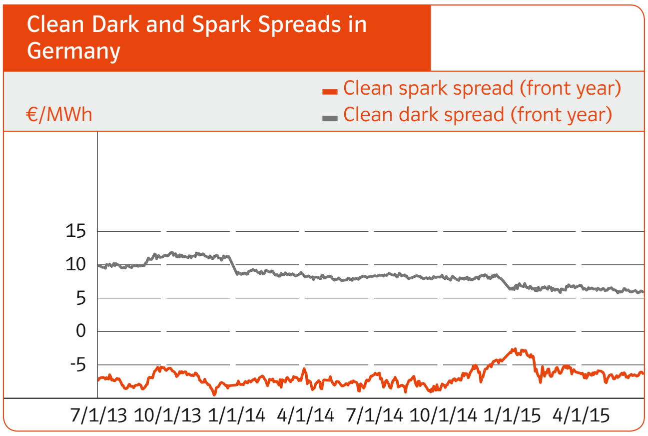
In April, European gas prices fell from their first-quarter levels but then stabilized in the second half of the quarter. The Dutch government ordered a further reduction in the maximum withdrawal capacity of Groningen gas reservoir, but this reduction was easily offset by record imports from Russia via the Nord Stream pipeline. Storage inventories remained at low levels in the second quarter because the difference between summer and winter prices made injections into storage unattractive for most operators.

Carbon Allowance Price Movements in Europe



Prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme continued to be mainly affected by discussions about a market-stability reserve ("MSR"), a proposal for a long-term solution to the oversupply of EUAs. The European Parliament passed a law to start the MSR in 2019. The European Council is expected to give its final approval shortly.

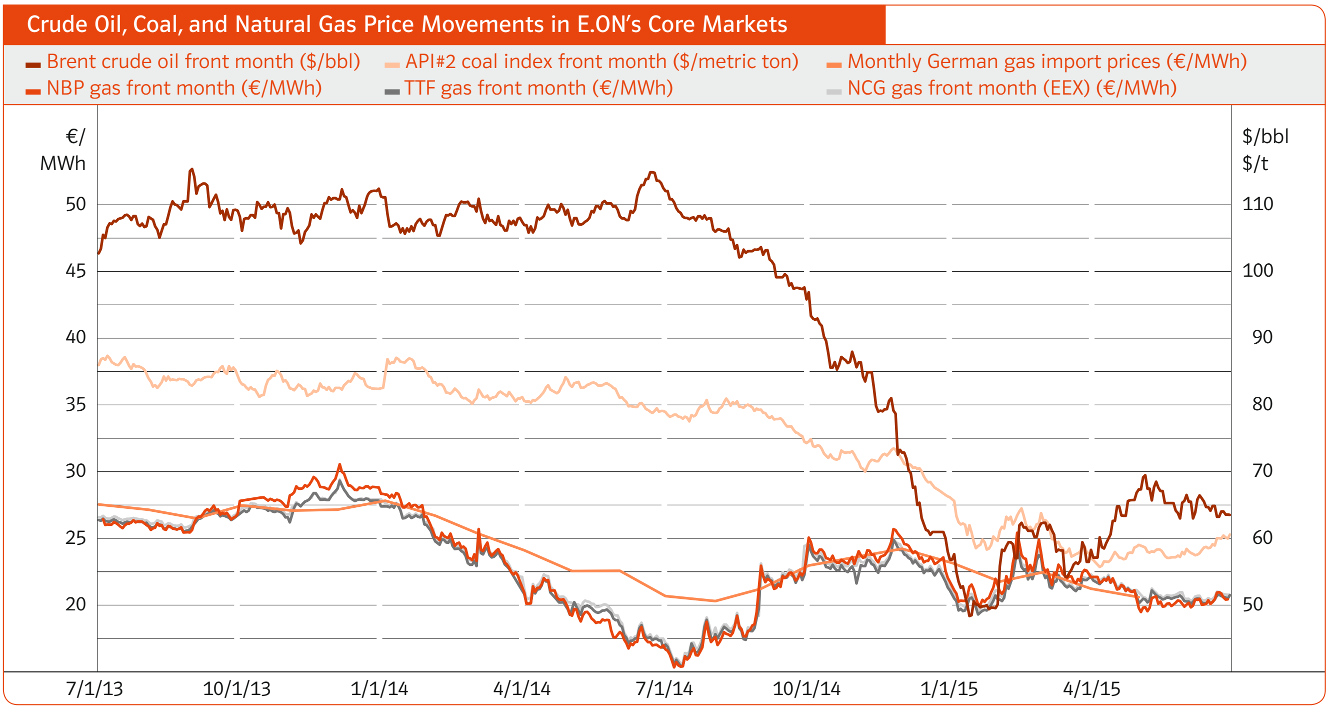
German power prices continued their downward trend in the second quarter as well. After a brief recovery in April, prices for next-year delivery fell further and, in late May, briefly sank below the record low from the start of the year. Prices remained at this level before recovering slightly in the second half of June, albeit without any prospect of a long-term upward trend.



U.K. power prices reflected the rapid increase in solar capacity. The increase in carbon taxes had less of a stabilizing effect than anticipated. Consequently, gas-fired generation did not become more attractive and therefore replace coal-fired generation. This, along with a lower-than-average number of plant outages, put additional downward pressure on prices. Noteworthy price fluctuations only took place in April and June due to reductions in wind-power deliveries.

The average spot price on the Nordic power market continued to decline in the second quarter as well. The main factors were continued low fuel prices along with above-average precipitation and a late snow melt, which will continue into the summer and put pressure on summer prices. As a result, the region remained a net exporter of power to adjacent markets. Prices for next-year delivery were supported by reports of the possible decommissioning of several nuclear power plants in Sweden.

Prices on the Russian power market moved in opposing directions. Prices in the European zone continued their modest increase of the first quarter. Although demand was somewhat lower due to a mild winter, production was also lower due to an increase in maintenance-related outages at nuclear power stations. By contrast, prices in the Siberian zone declined significantly. Although demand was lower here as well, hydropower output rose sharply. In addition, grid maintenance work restricted exports to the European zone, which put further downward pressure on prices.



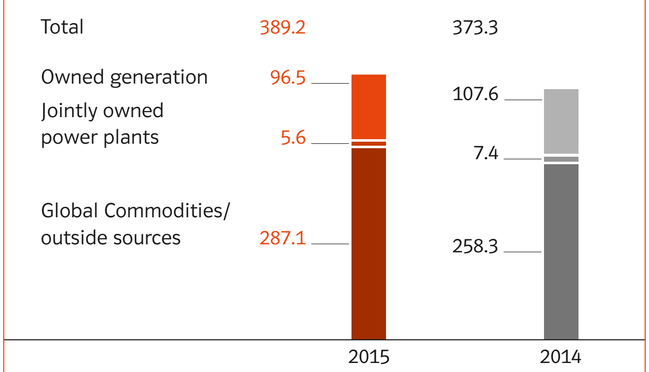
Business Performance

Power Procurement

The E.ON Group's first-half owned generation declined by 11.1 billion kWh, or 10 percent, year on year. The reduction occurred mainly at Russia, Generation, and Renewables. Owned generation at Other EU Countries declined by 0.5 billion kWh to 1.6 billion kWh. Power procured increased by 27 billion kWh, or 10 percent.

Power Procurement

January 1–June 30
Billion kWh



Additional information under Energy Tables on pages 45 and 46.

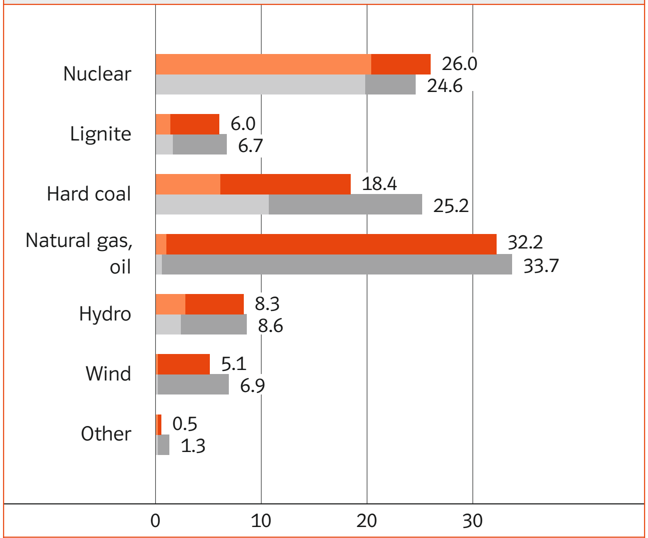
Russia's owned generation decreased by 15 percent, from 30.7 to 26.2 billion kWh, mainly because of unplanned outages of generating units at Surgut 2 power station.

Generation's owned generation decreased by 4 billion kWh, from 59 to 55 billion kWh. The decline resulted in particular from the reduced dispatch of coal-fired assets due to the current market situation and the decommissioning of certain coal-fired assets in Germany.

Renewables' owned generation declined by 2.1 billion kWh, from 15.5 to 13.4 billion kWh, primarily because of the divestment of operations at Wind/Solar/Other (as part of our build-and-sell strategy) and of operations in Spain at Hydro.

Owned Generation by Energy Source

January 1–June 30
Billion kWh



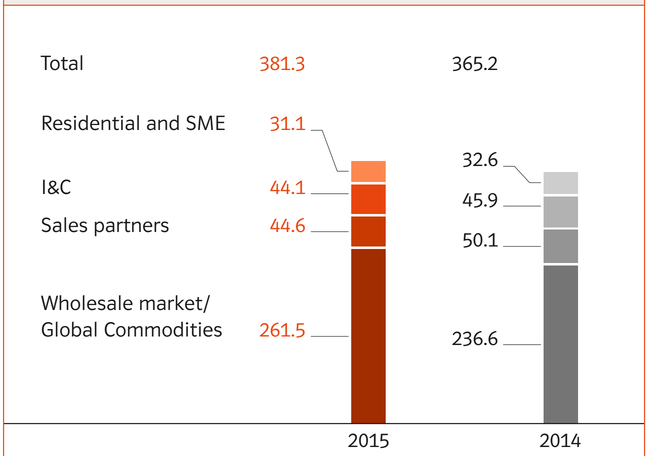
Additional information under Energy Tables on pages 45 and 46.

Power Sales

The E.ON Group's first-half power sales were 16.1 billion kWh, or 4 percent, above the prior-year level.

Power Sales

January 1–June 30
Billion kWh



Additional information under Energy Tables on pages 45 and 46.

The 1.5 billion kWh decline in power sales to residential and small and medium enterprise ("SME") customers reflects, in particular, lower sales volume at Other EU Countries and Germany. Power sales were lower in the United Kingdom due to ongoing energy-efficiency measures and a greater proportion of customers with lower consumption. They were also lower in the Netherlands. A decline in average consumption resulting from customers' enhanced energy-efficiency measures had an adverse impact on power sales in Germany.

Power sales to industrial and commercial ("I&C") customers were 1.8 billion kWh lower due to declines at Other EU Countries and Germany. The principal reasons were lower customer numbers and lower individual offtake in the United Kingdom and competition-driven customer losses in Germany.

Power sales to sales partners decreased by 5.5 billion kWh, in particular because of declines at Generation and Renewables. The reasons were lower sales volume to internal and external sales partners in the trading business, lower production at coal-fired assets in Germany, and lower output at Wind/Solar/Other as a result of our build-and-sell strategy. By contrast, there was slight increase in sale volume in conjunction with Germany's Renewable Energy Law.

The sales volume in the trading business was 24.9 billion kWh above the prior-year level, principally due to an increase in Global Commodities' trading activities.

Gas Procurement and Production

Global Commodities procured about 865 billion kWh of natural gas from producers in and outside Germany in the first half of 2015.

Upstream Production

January 1–June 30	2015	2014	+/- %
Oil/condensates (million barrels)	6.1	5.3	+15
Gas (million standard cubic meters)	1,014.9	940.0	+8
Total (million barrels of oil equivalent)	**12.4**	**11.2**	**+11**

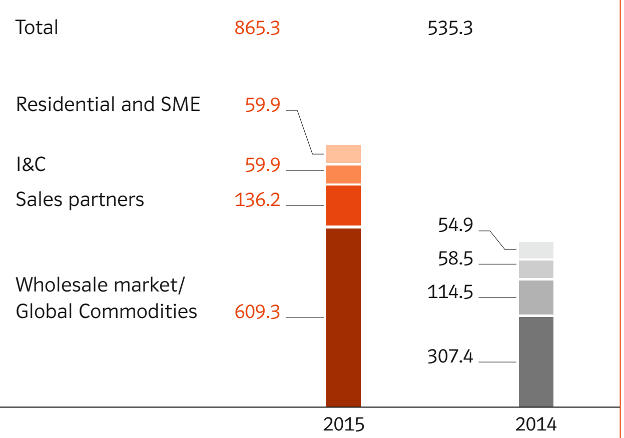
The main reason for the increase in Exploration & Production's production in the North Sea was that Njord/Hyme field came back on stream. The increase also reflected higher production at Elgin/Franklin field. By contrast, production declined at Skarv (oil/condensates) and Rita (gas). In addition to our North Sea production, we had 2,994.1 million cubic meters of production from Yuzhno Russkoye gas field in Siberia, which is accounted for using the equity method. This was 1 percent below the prior-year level.

Gas Sales

The E.ON Group's first-half gas sales increased by 330 billion kWh, or 62 percent.

Gas Sales

January 1–June 30
Billion kWh



Additional information under Energy Tables on pages 45 and 46.

Gas sales to residential and SME customers increased by 5 billion kWh. Colder weather relative to the prior-year period was the main factor at nearly all of our regional units. In addition, we added customers in France and Romania. The deconsolidation of a majority-held share investment in the first half of 2014 was the principal reason for the decline in Czechia.

Gas sales to I&C customers rose by 1.4 billion kWh. A primarily weather-driven increase of 3.3 billion kWh at Global Commodities and Other EU Countries was partially mitigated by a decline of 1.9 billion kWh at Germany due to competition-driven customer losses.

Gas sales to sales partners increased by 21.7 billion kWh, owing mainly to weather-driven sales growth at E.ON Energy Sales, which was transferred from Germany to Global Commodities.

Gas sales in the trading business rose by 301.9 billion kWh, primarily because of a weather-driven increase in sale volume on the wholesale market.

Earnings Situation

Business Performance

Our business performance in the first half of 2015 was in line with our expectations. Our sales of €57.3 billion were 5 percent above the prior-year level. Our EBITDA declined by about €0.6 billion to €4.3 billion. In particular, improved optimization earnings in Global Commodities' gas business and a weather-driven increase in sales volume at Germany had a positive impact on earnings. But these positive effects were more than offset by lower earnings in our power generation business and lower oil prices at Exploration & Production. Underlying net income declined by €0.3 billion to about €1.2 billion.

Discontinued Operations

The table below shows the sales, EBITDA, investments, and employee numbers of the Italy and Spain regional units. In view of the planned or completed divestment of these units, we reclassified them as discontinued operations. Their results are therefore included in net income as income from discontinued operations (see the table on page 16):

Discontinued Operations

January 1–June 30 € in millions	Italy		Spain	
	2015	2014	2015	2014
Sales	785	829	355	565
EBITDA	12	20	34	72
Investments	3	2	5	22
Employees	302	308	–	572

Transfer Price System

Deliveries from our generation units to Global Commodities are settled according to a market-based transfer price system. Generally, our internal transfer prices are derived from the forward prices that are current in the marketplace up to three years prior to delivery. The resulting transfer prices for power deliveries in 2015 reflect the development of market prices and were therefore lower than the prices for deliveries in 2014.

Sales

Our first-half sales of €57.3 billion were about €2.5 billion above the prior-year level due to a significant increase in sales at Global Commodities, which resulted from higher gas sales volume. In addition, Renewables' sales rose because of currency-translation effects and positive developments in the offshore business. Sales were also higher at Other EU Countries: in the United Kingdom due to currency-translation effects, in the Netherlands due to improved margins in the gas business, and in Romania due to higher power and gas sales (in conjunction with the tariff increase in the gas distribution business instituted in 2014) and higher end-customer prices. Sales at all of our other global and regional units declined.

Sales

January 1–June 30 € in millions	2015	2014	+/- %
Generation	4,415	4,774	-8
Renewables	1,198	1,115	+7
Global Commodities	43,347	39,594	+9
Exploration & Production	945	1,155	-18
Germany	9,937	10,209	-3
Other EU Countries	10,115	9,891	+2
Non-EU Countries	550	816	-33
Group Management/ Consolidation	-13,205	-12,776	–
Total	**57,302**	**54,778**	**+5**

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €136 million was 13 percent above the prior-year figure of €120 million. The increase is primarily attributable to own work capitalized in conjunction with IT projects.

Other operating income rose by 12 percent, from €5,197 million to €5,840 million, mainly because of higher income from currency-translation effects of €2,282 million (prior year: €1,232 million). This was partially mitigated by income from derivative financial instruments, which decreased by €328 million to €2,521 million (prior year: €2,849 million); this mainly reflects the fact that income from the marking to market of commodity derivatives declined by €342 million to €2,300 million (prior year: €2,642 million). Corresponding amounts resulting from currency-translation effects and from derivative financial instruments are recorded under other operating expenses. In addition, income on the sale of non-current securities, property, plant, and equipment ("PP&E"), intangible assets, and share investments declined by €164 million to €220 million (prior year: €384 million), mainly because of the non-recurrence of income on divestments recorded in the prior-year period.

Costs of materials rose by 6 percent, from €47,518 million to €50,462 million, mainly because of an increase in gas trading volume and in gas procurement costs at Global Commodities.

Personnel costs increased by about 1 percent to €2.057 million (prior year: €2,032 million). Lower expenditures on restructuring programs and the savings delivered by these programs were more than offset by higher expenditures on company retirement programs.

Depreciation charges declined by €42 million, from €1,951 million to €1,909 million, mainly because of the absence of scheduled depreciation charges on operations in Spain and Italy that were sold or are being held for sale. In addition, impairment charges recorded in the prior year led to a reduction in scheduled depreciation charges this year. These effects were partially offset by impairment charges recorded in the first half of the current year.

Other operating expenses increased by 8 percent to €6,636 million (prior year: €6,140 million), mainly because of higher expenditures relating to exchange-rate differences, which rose by €1,062 million to €2,525 million (prior year: €1,463 million). This was partially offset by lower expenditures relating to derivative financial instruments, which declined by €609 million to €2,309 million (prior year: €2,918 million), owing in particular to lower expenditures from the marking to market of commodity derivatives.

Income from companies accounted for under the equity method rose by €242 million, from €10 million to €252 million, mainly because of an impairment charge recorded on a share investment Non-EU Countries in the prior-year period. Another factor was that our Enerjisa share investment made a positive contribution to equity income.

EBITDA

Our key figure for purposes of internal management control and as an indicator of our units' long-term earnings power is earnings before interest, taxes, depreciation, and amortization ("EBITDA"), which we adjust to exclude certain extraordinary items. EBITDA is unaffected by investment and depreciation cycles and also provides an indication of our cash-effective earnings (see the commentary in Note 13 to the Condensed Consolidated Interim Financial Statements).

Our first-half EBITDA was down by about €0.6 billion year on year. The principal positive factors were:

- improved optimization earnings in Global Commodities' gas business
- a weather-driven increase in sales volume at Germany.

These positive effects were more than offset by:

- lower earnings in our power generation business
- lower oil prices at Exploration & Production.

EBITDA[1]

January 1–June 30 € in millions	2015	2014	+/- %
Generation	839	1,182	-29
Renewables	720	870	-17
Global Commodities	274	220	+25
Exploration & Production	543	668	-19
Germany	1,074	1,016	+6
Other EU Countries	980	1,003	-2
Non-EU Countries	156	233	-33
Group Management/ Consolidation	-313	-271	–
Total	**4,273**	**4,921**	**-13**

[1]Adjusted for extraordinary effects.

Generation

Generation's EBITDA declined by €343 million.

Generation

January 1–June 30	EBITDA[1]		EBIT[1]	
€ in millions	2015	2014	2015	2014
Nuclear	595	742	396	616
Fossil	221	465	-11	136
Other/Consolidation	23	-25	71	-28
Total	**839**	**1,182**	**456**	**724**

[1]Adjusted for extraordinary effects.

Nuclear's EBITDA fell by €147 million, principally owing to unfavorable market conditions and the prolongation of overhaul work on generating units at a nuclear power station in Sweden, which led to a decline in output.

Fossil's EBITDA declined by €244 million, primarily because of the decommissioning of certain coal-fired generating units in Germany and the sale of fossil-fueled generation operations in Spain. Another reason for lower earnings in Germany was that the transmission system operator dispatched the gas-fired units at Irsching power station less frequently. More unfavorable market conditions in Italy also had an adverse impact on earnings. By contrast, the earnings of our biomass business were higher, in particular because of the positive performance of our biomass-fired assets in the United Kingdom.

Renewables

Renewables' EBITDA decreased by €150 million, or 17 percent.

Renewables

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2015	2014	2015	2014
Hydro	349	417	323	355
Wind/Solar/Other	371	453	219	299
Total	**720**	**870**	**542**	**654**

[1]Adjusted for extraordinary effects.

EBITDA at Hydro declined by €68 million, or 16 percent, primarily because of lower wholesale prices and the sale of operations in Spain.

Wind/Solar/Other's EBITDA fell by €82 million, or 18 percent, owing to divestments and higher earnings in the prior year resulting from our build-and-sell strategy.

Global Commodities

Global Commodities' EBITDA was €54 million above the prior-year figure.

Global Commodities

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2015	2014	2015	2014
Coal/Oil/Freight/LNG	17	24	17	24
Power and Gas	181	137	137	92
Infrastructure/Other	76	59	73	56
Total	**274**	**220**	**227**	**172**

[1]Adjusted for extraordinary effects.

Coal/Oil/Freight/LNG's EBITDA was €7 million below the prior-year figure due to lower earnings at our coal business in the United Kingdom.

Power and Gas's EBITDA rose by €44 million, mainly because of positive earnings effects resulting from optimization in the midstream gas business.

Infrastructure/Other's EBITDA was €17 million above the prior-year level, primarily because of adverse earnings effects in the first quarter of the prior year in conjunction with our regasification assets.

Exploration & Production

EBITDA at Exploration & Production declined by 19 percent, from €668 million to €543 million, principally because of lower prices for oil from our North Sea fields. First-half EBIT was €198 million (prior year: €361 million).

Germany

EBITDA at Germany rose by €58 million.

Germany

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2015	2014	2015	2014
Distribution Networks	856	847	593	576
Non-regulated/Other	218	169	187	134
Total	**1,074**	**1,016**	**780**	**710**

[1]Adjusted for extraordinary effects.

EBITDA at Distribution Networks was at the prior-year level.

EBITDA at Non-regulated/Other was about €49 million higher, in particular because of a comparatively colder winter and the resulting positive effects in the sales and heating businesses. Earnings also benefited from positive non-recurring effects relating to a reduction in risk provisions.

Other EU Countries

Other EU Countries' EBITDA was €23 million, or 2 percent, below the prior-year figure.

Other EU Countries

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2015	2014	2015	2014
UK (£ in millions)	247 (181)	242 (198)	200 (146)	198 (163)
Sweden (SEK in millions)	330 (3,079)	368 (3,299)	208 (1,946)	247 (2,214)
Czechia (CZK in millions)	162 (4,456)	172 (4,726)	119 (3,275)	124 (3,411)
Hungary (HUF in millions)	67 (20,611)	80 (24,586)	18 (5,449)	33 (10,139)
Remaining regional units	174	141	136	102
Total	**980**	**1,003**	**681**	**704**

[1]Adjusted for extraordinary effects.

EBITDA at the UK regional unit increased by €5 million owing to positive currency-translation effects. EBITDA declined in local currency owing to a regulation-driven increase in operating costs.

The Sweden regional unit's EBITDA declined by €38 million, which included adverse currency-translation effects of €14 million. Costs in conjunction with a storm in January, lower network connection fees, technical problems with turbines at two power stations, and the absence of earnings streams from the heating activities sold in 2014 were also negative factors.

EBITDA in Czechia declined by €10 million, primarily owing to the deconsolidation of a majority-held share investment in the first quarter of 2014. It benefited from the sale of a heating power plant and service operations.

The Hungary regional unit's EBITDA was €13 million below the prior-year level, mainly because of narrower gas sales margins resulting from currency-translation effects against the U.S. dollar.

EBITDA at the remaining regional units rose by €33 million, mainly because of higher earnings in Romania, in the Netherlands, and at E.ON Connecting Energies. Earnings in Romania benefited from positive effects from tariff increases in the gas distribution business instituted in 2014 and from a weather-driven increase in gas sales volume; these effects were partially mitigated by narrower margins in the retail gas business and higher provisions. Earnings in the Netherlands rose on higher sales volume and wider margins in the gas business and cost reductions; these effects were partially mitigated by lower power sales volume. The increase in E.ON Connecting Energies' earnings reflects, in particular, the consolidation of a company that generates power and heat for a business park in Russia and the expansion in the business of providing energy-efficiency solutions to industrial and commercial customers in Germany. Its earnings also benefited from positive operating effects in its industrial cogeneration business.

Non-EU Countries

Non-EU Countries' EBITDA declined by €77 million, or 33 percent.

Non-EU Countries

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2015	2014	2015	2014
Russia (RUB in millions)	160 (10,351)	268 (12,876)	119 (7,680)	195 (9,354)
Other Non-EU Countries	-4	-35	-5	-35
Total	**156**	**233**	**114**	**160**

[1]Adjusted for extraordinary effects.

Russia's EBITDA was 40 percent below the prior-year level. The principal reasons were adverse currency-translation effects and lower sales volume. In local currency, EBITDA declined by 20 percent.

EBITDA at Other Non-EU Countries consists of our activities in Brazil and Turkey, which are accounted for under the equity method. The €31 million increase in EBITDA is primarily attributable to higher hydro output, positive earnings in the trading business, lower provisions for doubtful debts in the retail business, and higher earnings in the power distribution business in Turkey.

Net Income

Net income attributable to shareholders of E.ON SE of €1.1 billion and corresponding earnings per share of €0.59 were significantly above the respective prior-year figures of €0.8 billion and €0.43.

Net Income January 1–June 30 € in millions	2015	2014
EBITDA[1]	**4,273**	**4,921**
Depreciation and amortization	-1,569	-1,710
Impairments (-)/Reversals (+)[2]	-51	-27
EBIT[1]	**2,653**	**3,184**
Economic interest income (net)	-801	-916
Net book gains/losses	330	297
Restructuring/cost-management expenses	-162	-184
Impairments (-)/Reversals (+)[2, 3]	-236	-339
Other non-operating earnings	-56	-444
Income/Loss (-) from continuing operations before taxes	**1,728**	**1,598**
Income taxes	-413	-620
Income/Loss (-) from continuing operations	**1,315**	**978**
Income from discontinued operations, net	–	51
Net loss/income	**1,315**	**1,029**
Attributable to shareholders of E.ON SE	*1,149*	*821*
Attributable to non-controlling interests	*166*	*208*

[1]Adjusted for extraordinary effects.
[2]Impairments differ from the amounts reported in accordance with IFRS due to impairments on companies accounted for under the equity method and impairments on other financial assets.
[3]Recorded under non-operating earnings.

Our economic interest expense improved by €115 million. It benefited from the reduction in our net financial position and from the discount effect of higher interest rates on other non-current provisions.

Economic Interest Expense January 1–June 30 € in millions	2015	2014
Interest expense shown in the Consolidated Statements of Income	-800	-944
Interest income (-)/expense (+) not affecting net income	-1	28
Total	**-801**	**-916**

First-half net book gains were €33 million above the prior-year figure and were recorded primarily on the sale of securities, our remaining stake in E.ON Energy from Waste, network segments in Germany, and activities in Finland. The prior-year figure consists of book gains on the sale of a majority stake in Czechia, securities and network segments in Germany, and micro heat production plants in Sweden.

Restructuring and cost-management expenditures declined by €22 million and, as in the prior-year period, resulted mainly from cost-cutting programs.

Our global and regional units continued to be adversely affected by a generally deteriorated business environment and regulatory intervention. In first half of 2015 we therefore had to record impairment charges of approximately €274 million, in particular at Generation, Renewables, and Global Commodities. These charges were partially offset by the reversal of impairment charges of €38 million at Generation. In the prior-year period we recorded impairment charges at Non-EU Countries, Generation, Exploration & Production, and Renewables.

Other non-operating earnings include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at June 30, 2015, resulted in a positive effect of €3 million (prior year: -€182 million). Impairment charges on gas inventories and securities were the main adverse factors in the current-year period. These were partially offset by earnings in conjunction with provisions at our generation business and from special security funds. In the prior-year period we recorded impairment charges on gas inventories, securities, and operations at Non-EU Countries.

Our tax expense was €413 million compared with €620 million in the prior-year period. Our tax rate declined from 39 percent in 2014 to 24 percent in 2015, mainly because of a one-off effect relating to a change in the value of deferred tax assets in the prior-year period.

Pursuant to IFRS, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. It includes the earnings of the Italy and Spain regional units and the earnings from contractual obligations of operations that have already been sold.

Underlying Net Income

Net income reflects not only our operating performance but also special effects, such as the marking to market of derivatives. Underlying net income is an earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude certain special effects. In addition to the marking to market of derivatives, the adjustments include book gains and book losses on disposals, restructuring expenses, other non-operating income and expenses (after taxes and non-controlling interests) of a special or rare nature. Underlying net income also excludes income/loss from discontinued operations (after taxes and non-controlling interests), as well as special tax effects.

Underlying Net Income

January 1–June 30 € in millions	2015	2014
Net income attributable to shareholders of E.ON SE	1,149	821
Net book gains/losses	-330	-297
Restructuring/cost-management expenses	162	184
Impairments/reversals of impairments	236	339
Other non-operating earnings	56	444
Taxes and non-controlling interests on non-operating earnings	-78	33
Special tax effects	-32	-
Income/Loss (-) from discontinued operations (attributable to shareholders of E.ON SE)	2	-48
Underlying net income	**1,165**	**1,476**

Financial Situation

E.ON presents its financial condition using, among other financial measures, economic net debt and operating cash flow.

Financial Position

Compared with the figure recorded at December 31, 2014 (€33.4 billion), our economic net debt declined by €4.1 billion to €29.3 billion. Our high positive operating cash flow and the proceeds from divestments exceeded our investment expenditures and E.ON SE's dividend payout, resulting in a significant improvement in our net financial position. Another positive factor was a decrease in provisions for pensions, which declined by €1.2 billion to €4.4 billion, mainly because of an increase in interest rates.

In April 2014 E.ON's Debt Issuance Program ("DIP") was extended, as planned, for another year. The DIP enables E.ON to issue debt to investors in public and private placements. It has a total volume of €35 billion, of which about €12 billion was utilized at June 30, 2015.

Economic Net Debt

€ in millions	June 30, 2015	Dec. 31, 2014
Liquid funds	8,177	6,067
Non-current securities	4,914	4,781
Financial liabilities	-18,936	-19,667
FX hedging adjustment	38	34
Net financial position	**-5,807**	**-8,785**
Provisions for pensions	-4,374	-5,574
Asset-retirement obligations[1]	-19,163	-19,035
Economic net debt	**-29,344**	**-33,394**

[1]Less prepayments to Swedish nuclear fund.

Standard & Poor's ("S&P") long-term rating for E.ON is BBB+, Moody's long-term rating is Baa1. Moody's downgraded E.ON's long-term rating from A3 to Baa1 in March 2015, S&P from A- to BBB+ in May 2015. The outlook on both ratings is stable. After E.ON announced that it intends to spin off a majority stake in a new company consisting of its conventional upstream and midstream businesses, in December 2014 the two ratings agencies placed E.ON under review for a downgrade. The short-term ratings are A-2 (S&P) and P-2 (Moody's).

Investments

Our first-half investments were €109 million below the prior-year level. We invested about €1.5 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €1.5 billion). Share investments totaled €0.1 billion versus €0.2 billion in the prior-year period.

Investments

January 1–June 30 € in millions	2015	2014	+/- %
Generation	275	307	-10
Renewables	492	418	+18
Global Commodities	58	30	+93
Exploration & Production	62	38	+63
Germany	256	224	+14
Other EU Countries	337	332	+2
Non-EU Countries	85	332	-74
Group Management/ Consolidation	20	13	+54
Total	**1,585**	**1,694**	**-6**
Maintenance investments	*222*	*232*	*-4*
Growth and replacement investments	*1,363*	*1,462*	*-7*

Generation invested 10 percent less than in the prior-year period. Investments declined by €32 million, from €307 million to €275 million. The conversion of unit 4 to biomass at Provence power station in France, overhaul work on unit 2 at Oskarshamn nuclear power station in Sweden, the new generating unit at Maasvlakte power station in the Netherlands, and environmental-protection measures at Ratcliffe power station in the United Kingdom were among the major projects.

Investments at Renewables rose by €74 million, from €418 million to €492 million. Hydro's investments to maintain existing assets rose slightly, from €33 million to €35 million. Wind/Solar/Other's investments also increased from €385 million to €457 million. These investments went primarily toward offshore wind projects in Europe.

Global Commodities' investments rose by €28 million, from €30 million to €58 million, and went mainly toward IT, the gas storage business, and share investments. The latter were chiefly responsible for the increase.

Exploration & Production invested €62 million (prior year: €38 million) in PP&E and intangible assets. The increase is principally attributable to higher investments in Elgin/Franklin, Skarv, Corfe, Manhattan, Zulu, and Bister fields.

Germany's investments of €256 million were significantly above the prior-year figure. The increase resulted chiefly from follow-on effects from the prior year and the earlier completion of certain capital projects. Current-year investments in PP&E and intangible assets totaled €255 million, most of which, €231 million, went toward the network business. Most of the remaining investments went toward the distributed generation business, which is a growth business.

Investments at Other EU Countries were €5 million above the prior-year level. The UK regional unit invested €63 million (prior year: €53 million). The increase primarily reflects currency-translation effects. The Sweden unit's investments of €133 million were at the prior-year level of €132 million; Sweden's investments served to maintain and expand existing assets and to expand and upgrade the distribution network, including adding new connections. Investments in Czechia declined from €52 million to €46 million, owing mainly to investments in a service subsidiary and the deconsolidation of a majority-held share investment in the first half of 2014. The Hungary regional unit invested €45 million (prior year: €34 million) in its power and gas infrastructure. Investments in the remaining EU countries totaled €50 million (prior year: €61 million). This decline mainly reflects E.ON Connecting Energies' acquisition, in the second quarter of 2014, of a company that generates power and heat in Russia. By contrast, investments in Romania rose by €10 million and went primarily toward our power networks there.

Non-EU Countries' investments of €85 million (prior year: €332 million) are entirely attributable to Russia (prior year: €160 million); about €75 million went toward Russia's newbuild program.

Cash Flow

Our operating cash flow of €4.2 billion was €1.3 billion below the prior-year level. This primarily reflects the provisional nuclear-fuel tax refund we recorded in the prior-year period following a favorable ruling in Germany's fiscal court and a reduction in current-year cash-effective earnings. These factors were partially offset by several items, including positive effects relating to gas-storage usage and lower net interest payments and tax payments.

Cash provided by investing activities of continuing operations amounted to €0.3 billion compared with -€1.1 billion in the prior-year period. Of this roughly €1.3 billion increase, most—€1.1 billion—resulted from higher cash inflows from disposals, including operations in Spain, solar operations in Italy, and the remaining stake in Energy from Waste.

Cash provided by financing activities of continuing operations amounted to -€2.8 billion (prior year: -€4.2 billion). The change is mainly attributable to a €1.2 billion reduction in the net repayment of financial liabilities and to a €0.1 reduction in the dividend payout to E.ON SE shareholder.

Asset Situation

Non-current assets at June 30, 2015, were slightly higher than the figure at year-end 2014, mainly because of currency-translation effects. This was partially offset by a decline in deferred tax assets. Investments in property, plant, and equipment ("PP&E") were more than offset by depreciation charges.

Current assets were significantly below the year-end figure. The sale of operations in Spain, a reduction in receivables from derivative financial instruments, and a reduction in trade receivables were the main factors. These were partially offset by a significant increase in liquid funds resulting from the payment of the purchase price for operations sold.

Our equity ratio at June 30, 2015, was above the year-end figure. The reduction in equity caused by the dividend payout was more than offset by three factors: an increase in equity resulting from current earnings, changes in the value of assets and liabilities resulting from currency-translation effects in the amount of approximately €0.7 billion, and the remeasurement of defined-benefits plans.

Non-current liabilities declined by 5 percent from the figure at year-end 2014, owing mainly to lower provisions for pensions and other obligations due to changes in discount rates along with lower deferred tax liabilities and the on-schedule reduction of financial liabilities.

Current liabilities declined by 16 percent relative to year-end 2014, mainly because of lower liabilities from derivative financial instruments, lower trade receivables, and the sale of operations in Spain.

The following key figures indicate the E.ON Group's asset and capital structure:
- Non-current assets are covered by equity at 35 percent (December 31, 2014: 32 percent).
- Non-current assets are covered by long-term capital at 107 percent (December 31, 2014: 108 percent).

Consolidated Assets, Liabilities, and Equity

€ in millions	June 30, 2015	%	Dec. 31, 2014	%
Non-current assets	83,270	70	83,065	66
Current assets	35,466	30	42,625	34
Total assets	**118,736**	**100**	**125,690**	**100**
Equity	28,766	24	26,713	21
Non-current liabilities	60,126	51	63,335	51
Current liabilities	29,844	25	35,642	28
Total equity and liabilities	**118,736**	**100**	**125,690**	**100**

Employees

At June 30, 2015, the E.ON Group had 57,255 employees worldwide, a decline of 2.1 percent from year-end 2014. E.ON also had 1,071 apprentices in Germany and 172 board members and managing directors worldwide. As of the same date 35,672 employees, or 62 percent of all employees, were working outside Germany, the same percentage as at year-end 2014.

Employees[1]

	June 30, 2015	Dec. 31, 2014	+/- %
Generation	6,807	7,491	-9
Renewables	1,617	1,723	-6
Global Commodities	1,221	1,371	-11
Exploration & Production	245	236	+4
Germany	11,511	11,627	-1
Other EU Countries	24,741	24,740	–
Non-EU Countries	5,323	5,300	–
Group Management/Other[2]	5,790	6,015	-4
Total	**57,255**	**58,503**	**-2**

[1]Does not include board members, managing directors, or apprentices.
[2]Includes E.ON Business Services.

Generation's headcount was lower due mainly to the sale of operations in Spain and E.ON 2.0 measures. These effects were partially counteracted by the hiring of apprentices as full-time employees.

The sale of operations in Spain and Italy was the primary factor in the decline in the number of employees at Renewables. This was partially offset by expansion of our wind and solar businesses and the hiring of staff for the Next Generation unit.

The main reasons for the reduction in Global Commodities' headcount were E.ON 2.0 measures and other savings measures.

Exploration & Production added technical staff in Norway and the United Kingdom.

The headcount at Germany was lower mainly because of E.ON 2.0 measures (particularly through voluntary programs, preretirement options, and the expiration of temporary employment contracts). This was partially counteracted by the hiring of apprentices as full-time employees.

The number of employees at Other EU Countries was unchanged. Staff reductions attributable to E.ON 2.0 and normal turnover were offset by growth in the residential business in the United Kingdom, business expansion at E.ON Connecting Energies, and the taking-on of contract employees in Hungary.

Non-EU Countries consists only of Russia's employees.

The number of employees at Group Management/Other declined owing to E.ON 2.0 measures, particularly in facility management functions, as well as voluntary turnover, the expiration of temporary employment contracts, and other efficiency measures.

Subsequent Events Report

In August 2015 E.ON concluded an agreement to sell Terni Hydroelectric Complex in Italy to ERG Power Generation. In addition, we decided to retain and continue developing our power and gas sales business in Italy, which as of this balance-sheet date was recorded as a discontinued operation. Note 14 to the Condensed Consolidated Interim Financial Statements contains more information about these matters.

Forecast Report

New Strategy

E.ON aims to be customers' partner of choice for energy solutions. To achieve this aim, it will focus on three core businesses: renewables, energy networks, and customer solutions. A new company whose core businesses are conventional power generation, energy trading, and exploration and production will begin operations at the start of 2016 under the name "Uniper."

As part of its transformation, E.ON has made key organizational and personnel decisions. In the eight months since announcing our new strategy, we designed and approved the main aspects of the two companies' organizational architecture. We also defined new management structures for them that reflect their respective strategic challenges. We have already filled about 350 senior leadership positions, assigned roughly 1,300 entities to either E.ON or Uniper, and have made a large number of operational decisions. E.ON and its main businesses will have their headquarters in Essen, Uniper will have its headquarters in Düsseldorf.

In January 2015 we launched a project called "One2two: Best in both worlds." Its purpose is to ensure that our activities are divided into two strong companies by the end of 2015 so that the two companies are operationally independent of each other on January 1, 2016. We intend for Uniper to be publicly listed in the second half of 2016. At the same time, the future E.ON will have all the pieces in place to pursue its new strategic objectives.

Macroeconomic Situation

The OECD reiterated its forecast from the start of the year that global economic growth will be moderate through 2016. It continues to attribute the lack of a stable growth path to weak investment activity. At the start of this summer the euro zone remained on course for moderate growth.

Earnings Performance

Our forecast for full-year 2015 earnings continues to be influenced to a significant degree by the difficult business environment in the energy industry.

We expect our 2015 EBITDA to be between €7 and €7.6 billion.

We expect our 2015 underlying net income to be between €1.4 and €1.8 billion.

Our forecast by segment:

We expect Generation's 2015 EBITDA to be significantly below the prior-year figure. Price developments on the wholesale market will continue to be a negative factor. The early decommissioning of Grafenrheinfeld nuclear power station and the disposal of generating capacity in Italy and Spain will also have a negative impact on earnings.

We anticipate that Renewables' 2015 EBITDA will be below the prior-year level. Wind/Solar/Other will benefit from an increase in installed generating capacity, whereas Hydro will be adversely affected by declining prices and divestments.

We expect Global Commodities' 2015 EBITDA to be significantly above the prior-year figure due to anticipated improvements in the power and gas business.

We expect Exploration & Production's 2015 EBITDA to be significantly below the prior-year figure due to lower commodity prices and adverse currency-translation effects along with normal production declines at our gas fields in the North Sea.

We expect Germany's 2015 EBITDA to be significantly above the prior-year level. We anticipate improvements based on more seasonally typical weather patterns, further efficiency enhancements across the business, and a continuation of the positive trend in customer acquisition and loyalty.

Other EU Countries' 2015 EBITDA is expected to be at the prior-year level. Further positive effects from efficiency enhancements will be offset by narrower margins in the sales business in Hungary and by the absence of earnings streams from operations divested in 2014 in Czechia and Sweden.

We expect Non-EU Countries' 2015 EBITDA to be significantly below the prior-year level due to adverse currency-translation effects at Russia.

Risk Report

The Combined Group Management Report contained in our 2014 Annual Report describes in detail our risk management system and the measures we take to limit risks.

Risk Situation

In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses. The resulting risks—market risks, operational risks, external risks, strategic risks, technological risks, and counterparty risks—are described in detail in the 2014 Combined Group Management Report. These risks remained essentially unchanged at the end of the first half of 2015.

However, the situation surrounding the following external risks has changed, or risks have arisen since the end of last year:

On March 20, 2015, the German Ministry of Economic Affairs and Energy published a report that examines the surety of the provisions for nuclear asset-retirement obligations if the operators of nuclear power stations become insolvent. The report also explores possible reform options. The ministry has stated that the report is part of its preparations for discussions with nuclear operators. It intends to use the report as the basis for reviewing the operators' annual financial statements with regard to nuclear provisions and to design measures to ensure that the operators remain liable for these obligations. The ministry has hired a firm to review operators' annual financial statements; the results of the review are expected to be presented in September.

The Site Selection Act (Standortauswahlgesetz, or "StandAG") took effect in its entirety on January 1, 2014. Along with the search for an alternative site, it calls for the study of Gorleben to be suspended. Effective the date the StandAG entered effect, Gorleben is to remain open but be frozen in its current state as of the most recent study and/or partially dismantled. The StandAG establishes a new levy that imposes the cost burden on entities with a disposal obligation. It estimates that the industry as a whole will face additional costs of more than €2 billion. We contend that such a passthrough of costs is unconstitutional as long as Gorleben has not been deemed unsuitable. E.ON is taking legal action against it. The StandAG also calls for an addendum to the Atomic Energy Act that establishes a new obligation for nuclear operators to store reprocessing waste at intermediate storage facilities in close proximity to their nuclear power stations. In October 2014 E.ON filed declaratory actions against this new storage obligation in the states of Bavaria, Lower Saxony, and Schleswig-Holstein and also filed an appeal on constitutional grounds. The German Ministry of Economic Affairs and Energy has presented a plan for the return of the waste from reprocessed fuel elements. On June 19, 2015, the ministry and energy companies that operate nuclear power stations reached agreement on a common framework. The framework calls for the operators to review the ministry's plan and for them to file for the suspension of related court proceedings.

In carrying out the German Federal Government's Climate Action Program of December 3, 2014, on March 27, 2015, the German Ministry for Economic Affairs and Energy presented a plan for levying a climate-protection contribution from the power industry (up to minus 22 million metric tons of carbon dioxide). The result of the policy debate is that the contribution will not be levied. Instead, starting in 2017 lignite-fired power plants in Germany will be gradually decommissioned in exchange for compensation payments. The remaining carbon reductions necessary to close the presumed gap for Germany to achieve its climate-protection targets for 2020 will be achieved through other means, including greater government support for cogeneration. The proposed decommissionings will not affect E.ON power plants.

On the basis of the German Federal Network Agency's evaluation report on incentive-based regulation, on March 16, 2015, the German Economic Affairs Ministry published a position paper containing key elements for the revision of this regulation. The key elements would not change investment conditions in any significant way. Adjustments to the regulator's efficiency benchmarking are conceivable. The discussions of these issues are not yet concluded. Unlike as previously announced, the German federal cabinet did not make a decision on the amended Incentive Regulation Ordinance before the summer recess. The Bundesrat, the upper house of Germany's parliament which represents the federal states, would have to approve any amendments.

The Competition and Markets Authority ("CMA") is conducting an investigation of the energy market in Great Britain. The investigation is based on a number of theories, including that British electricity and gas markets may suffer from insufficient competition between the six leading energy suppliers and from overregulation. On July 7, 2015, the CMA published a comprehensive preliminary report containing its provisional findings and possible remedies. It must submit its final report by the end of 2015. To resolve any issues it identifies, the CMA may propose remedies ranging from market adjustments to changes in companies' structure. The outcome of the investigation is open. It could create risks as well as opportunities for E.ON and other market participants.

In addition, our Global Commodities unit has booked LNG regasification capacity in the Netherlands and the United Kingdom well into the future, resulting in payment obligations through 2038 and 2029, respectively. It has a payment obligation in the United States extending over 20 years through 2031 resulting from a long-term LNG FOB take-or-pay contract. A deterioration of the economic situation, a decline in LNG available for the northwest European market, and/or a decline in global demand for LNG could result in a lower utilization of regasification capacity or of the LNG take-or-pay contract than originally planned.

Management's Evaluation of the Risk Situation

At the end of the first half of 2015 the risk situation of the E.ON Group's operating business had not changed significantly compared with year-end 2014. In the future, policy and regulatory intervention, increasing gas-market competition and its effect on sales volumes and prices, and possible delays and higher costs for power and gas new-build projects could adversely affect our earnings situation. From today's perspective, however, we do not perceive any risks that could threaten the existence of the E.ON Group or individual segments.

Opportunity Report

The 2014 Combined Group Management Report describes the processes by which the E.ON Group identifies opportunities along with our businesses' main opportunities. These opportunities had not changed significantly as of the end of the first half of 2015, with the exception of the following matter.

The reactor accident in Fukushima led the political parties in Germany's coalition government to reverse their policy regarding nuclear energy. After extending the operating lives of nuclear power plants ("NPPs") in the fall of 2010 in line with the stipulations of that government's coalition agreement, the federal government rescinded the extensions in the thirteenth amended version of Germany's Atomic Energy Act ("the Act") and established a number of stricter rules. E.ON considers the nuclear phaseout, under the current legislation, to be irreconcilable with our constitutionally protected right to property and right to operate a business. It is our view that such an intervention is unconstitutional unless compensation is granted for the rights so deprived and for the resulting stranded assets. Consequently, in mid-November 2011 E.ON filed a constitutional complaint against the thirteenth amendment of the Act to Germany's Federal Constitutional Court in Karlsruhe. We believe that the nuclear-fuel tax contravenes Germany's constitution and European law. E.ON is therefore instituting administrative proceedings and taking legal action against the tax as well. Our view was affirmed by the Hamburg Fiscal Court and the Munich Fiscal Court. After the German Federal Fiscal Court overturned the suspension of the tax, in June 2015 the European Court of Justice ruled, with regard to the matters placed before it, that the tax complies with European law. The German Federal Constitutional Court has not yet issued its final ruling.

Review Report

To E.ON SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements—comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flows statement, statement of changes in equity and selected explanatory notes—and the interim group management report of E.ON SE, Düsseldorf, for the period from January 1 to June 30, 2015, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 11, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

		April 1–June 30		January 1–June 30	
€ in millions	Note	2015	2014[1]	2015	2014[1]
Sales including electricity and energy taxes		27,079	24,082	58,054	55,575
Electricity and energy taxes		-327	-341	-752	-797
Sales	(13)	**26,752**	**23,741**	**57,302**	**54,778**
Changes in inventories (finished goods and work in progress)		17	22	42	31
Own work capitalized		86	63	136	120
Other operating income		1,776	1,248	5,840	5,197
Cost of materials		-24,136	-20,901	-50,462	-47,518
Personnel costs		-1,071	-1,034	-2,057	-2,032
Depreciation, amortization and impairment charges		-965	-998	-1,909	-1,951
Other operating expenses		-2,150	-1,722	-6,636	-6,140
Income from companies accounted for under the equity method		143	84	252	10
Income/Loss from continuing operations before financial results and income taxes		**452**	**503**	**2,508**	**2,495**
Financial results	(6)	-243	-436	-780	-897
Income from equity investments		*31*	*60*	*20*	*47*
Income from other securities, interest and similar income		*128*	*185*	*302*	*320*
Interest and similar expenses		*-402*	*-681*	*-1,102*	*-1,264*
Income taxes		-62	26	-413	-620
Income/Loss from continuing operations		**147**	**93**	**1,315**	**978**
Income from discontinued operations, net	(4)	-4	31	–	51
Net income		**143**	**124**	**1,315**	**1,029**
Attributable to shareholders of E.ON SE		*90*	*59*	*1,149*	*821*
Attributable to non-controlling interests		*53*	*65*	*166*	*208*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(7)				
from continuing operations		0.04	0.01	0.59	0.40
from discontinued operations		0.00	0.02	0.00	0.03
from net income		**0.04**	**0.03**	**0.59**	**0.43**

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	April 1–June 30		January 1–June 30	
	2015	2014	2015	2014
Net income	**143**	**124**	**1,315**	**1,029**
Remeasurements of defined benefit plans	2,155	-598	1,090	-1,298
Remeasurements of defined benefit plans of companies accounted for under the equity method	3	–	-10	-1
Income taxes	-626	177	-337	375
Items that will not be reclassified subsequently to the income statement	**1,532**	**-421**	**743**	**-924**
Cash flow hedges	686	-175	171	-276
Unrealized changes	*1,069*	*-91*	*938*	*-222*
Reclassification adjustments recognized in income	*-383*	*-84*	*-767*	*-54*
Available-for-sale securities	-154	44	-61	53
Unrealized changes	*78*	*104*	*291*	*213*
Reclassification adjustments recognized in income	*-232*	*-60*	*-352*	*-160*
Currency translation adjustments	-78	356	794	-185
Unrealized changes	*-78*	*337*	*794*	*-191*
Reclassification adjustments recognized in income	–	*19*	–	*6*
Companies accounted for under the equity method	-136	77	-67	97
Unrealized changes	*-136*	*77*	*-67*	*97*
Reclassification adjustments recognized in income	–	–	–	–
Income taxes	-197	59	71	77
Items that might be reclassified subsequently to the income statement	**121**	**361**	**908**	**-234**
Total income and expenses recognized directly in equity	**1,653**	**-60**	**1,651**	**-1,158**
Total recognized income and expenses (total comprehensive income)	**1,796**	**64**	**2,966**	**-129**
Attributable to shareholders of E.ON SE	*1,662*	*-22*	*2,658*	*-273*
Attributable to non-controlling interests	*134*	*86*	*308*	*144*

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	June 30, 2015	Dec. 31, 2014
Assets			
Goodwill		12,377	11,812
Intangible assets		4,914	4,882
Property, plant and equipment		42,433	41,273
Companies accounted for under the equity method	(8)	4,860	5,009
Other financial assets	(8)	6,465	6,354
Equity investments		*1,551*	*1,573*
Non-current securities		*4,914*	*4,781*
Financial receivables and other financial assets		3,730	3,533
Operating receivables and other operating assets		3,643	3,947
Income tax assets		79	83
Deferred tax assets		4,769	6,172
Non-current assets		**83,270**	**83,065**
Inventories		2,652	3,356
Financial receivables and other financial assets		1,475	1,376
Trade receivables and other operating assets		19,655	24,311
Income tax assets		1,010	1,745
Liquid funds		8,177	6,067
Securities and fixed-term deposits		*1,864*	*1,812*
Restricted cash and cash equivalents		*1,237*	*1,064*
Cash and cash equivalents		*5,076*	*3,191*
Assets held for sale	(4)	2,497	5,770
Current assets		**35,466**	**42,625**
Total assets		**118,736**	**125,690**
Equity and Liabilities			
Capital stock		2,001	2,001
Additional paid-in capital		12,557	13,077
Retained earnings		17,612	16,842
Accumulated other comprehensive income		-3,996	-4,833
Treasury shares	(9)	-1,715	-2,502
Equity attributable to shareholders of E.ON SE		**26,459**	**24,585**
Non-controlling interests (before reclassification)		2,904	2,723
Reclassification related to put options		-597	-595
Non-controlling interests		**2,307**	**2,128**
Equity		**28,766**	**26,713**
Financial liabilities		14,995	15,784
Operating liabilities		7,215	7,804
Income taxes		2,663	2,651
Provisions for pensions and similar obligations	(11)	4,374	5,574
Miscellaneous provisions		26,066	25,802
Deferred tax liabilities		4,813	5,720
Non-current liabilities		**60,126**	**63,335**
Financial liabilities		3,941	3,883
Trade payables and other operating liabilities		19,967	24,615
Income taxes		560	797
Miscellaneous provisions		4,097	4,120
Liabilities associated with assets held for sale	(4)	1,279	2,227
Current liabilities		**29,844**	**35,642**
Total equity and liabilities		**118,736**	**125,690**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

January 1–June 30 € in millions	2015	2014[1]
Net income	1,315	1,029
Income/Loss from discontinued operations, net	–	-51
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,909	1,951
Changes in provisions	350	324
Changes in deferred taxes	137	463
Other non-cash income and expenses	-250	45
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-385	-495
Changes in operating assets and liabilities and in income taxes	1,150	2,212
Cash provided by operating activities of continuing operations (operating cash flow)[2]	**4,226**	**5,478**
Cash provided by operating activities of discontinued operations	102	198
Cash provided by operating activities	**4,328**	**5,676**
Proceeds from disposal of	2,532	1,387
Intangible assets and property, plant and equipment	*131*	*131*
Equity investments	*2,401*	*1,256*
Purchases of investments in	-1,585	-1,694
Intangible assets and property, plant and equipment	*-1,511*	*-1,477*
Equity investments	*-74*	*-217*
Changes in securities and fixed-term deposits	-508	-499
Changes in restricted cash and cash equivalents	-165	-258
Cash provided by (used for) investing activities of continuing operations	**274**	**-1,064**
Cash used for investing activities of discontinued operations	-1	-24
Cash provided by (used for) investing activities	**273**	**-1,088**
Payments received/made from changes in capital[3]	1	-34
Cash dividends paid to shareholders of E.ON SE	-706	-840
Cash dividends paid to non-controlling interests	-116	-115
Changes in financial liabilities	-1,991	-3,179
Cash used for financing activities of continuing operations	**-2,812**	**-4,168**
Cash provided by (used for) financing activities of discontinued operations	64	-13
Cash used for financing activities	**-2,748**	**-4,181**
Net decrease/increase in cash and cash equivalents	**1,853**	**407**
Effect of foreign exchange rates on cash and cash equivalents	74	-5
Cash and cash equivalents at the beginning of the year[4]	3,216	4,539
Cash and cash equivalents at the end of the quarter	**5,143**	**4,941**
Less: Cash and cash equivalents of discontinued operations at the end of the quarter	**21**	**56**
Cash and cash equivalents of continuing operations at the end of the quarter[5]	**5,122**	**4,885**

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).
[2]Additional information on operating cash flow is provided in Note 13.
[3]No material netting has taken place in either of the years presented here.
[4]Cash and cash equivalents at the beginning of 2015 also include a combined total of €6 million from the generation activities in Spain and Italy, which are presented as disposal groups, as well as a combined total of €19 million at the Italy and Spain regions, which are presented as discontinued operations. The figure for 2014 includes an amount of €12 million at the Pražská plynárenská group, which had been presented as a disposal group.
[5]Cash and cash equivalents of continuing operations at the end of the second quarter of 2015 also include an amount of €46 million from the generation activities in Italy, which are presented as disposal groups. The figure for 2014 includes an amount of €56 million at the Italy and Spain regions, which had been presented as discontinued operations.

Condensed Consolidated Interim Financial Statements

Statement of Changes in Equity

				Changes in accumulated other comprehensive income		
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2014	**2,001**	**13,733**	**23,306**	**-2,742**	**1,201**	**-292**
Change in scope of consolidation						
Treasury shares repurchased/sold		-649	-10			
Capital increase						
Capital decrease						
Dividends			-1,145			
Share additions			47			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-43	-82	11	-159
Net income			*821*			
Other comprehensive income			*-864*	*-82*	*11*	*-159*
Remeasurements of defined benefit plans			*-864*			
Changes in accumulated other comprehensive income				*-82*	*11*	*-159*
Balance as of June 30, 2014	**2,001**	**13,084**	**22,155**	**-2,824**	**1,212**	**-451**
Balance as of January 1, 2015	**2,001**	**13,077**	**16,842**	**-4,917**	**887**	**-803**
Change in scope of consolidation						
Treasury shares repurchased/sold		-520	-7			
Capital increase						
Capital decrease						
Dividends			-966			
Share additions			-78			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			1,821	745	-38	130
Net income			*1,149*			
Other comprehensive income			*672*	*745*	*-38*	*130*
Remeasurements of defined benefit plans			*672*			
Changes in accumulated other comprehensive income				*745*	*-38*	*130*
Balance as of June 30, 2015	**2,001**	**12,557**	**17,612**	**-4,172**	**849**	**-673**

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-3,484	**33,723**	**3,574**	**-659**	**2,915**	**36,638**
		-125		-125	-125
964	305				305
		29		29	29
		-8		-8	-8
	-1,145	-207		-207	-1,352
	47	-96		-96	-49
			62	62	62
	-273	144		144	-129
	821	*208*		*208*	*1,029*
	-1,094	*-64*		*-64*	*-1,158*
	-864	*-60*		*-60*	*-924*
	-230	*-4*		*-4*	*-234*
-2,520	**32,657**	**3,311**	**-597**	**2,714**	**35,371**
-2,502	**24,585**	**2,723**	**-595**	**2,128**	**26,713**
		-54		-54	-54
787	260				260
		35		35	35
		-3		-3	-3
	-966	-168		-168	-1,134
	-78	63		63	-15
			-2	-2	-2
	2,658	308		308	2,966
	1,149	*166*		*166*	*1,315*
	1,509	*142*		*142*	*1,651*
	672	*71*		*71*	*743*
	837	*71*		*71*	*908*
-1,715	**26,459**	**2,904**	**-597**	**2,307**	**28,766**

Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Report for the six months ended June 30, 2015, has been prepared in accordance with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRS IC") effective and adopted for use in the European Union ("EU").

With the exception of the changes described in Note 2, this Interim Report was prepared using the accounting, valuation and consolidation policies used in the Consolidated Financial Statements for the 2014 fiscal year.

This Interim Report prepared in accordance with IAS 34 is condensed compared with the scope applied to the Consolidated Financial Statements for the full year. For further information, including information about E.ON's risk management system, please refer to E.ON's Consolidated Financial Statements for the year ended December 31, 2014, which provide the basis for this Interim Report.

(2) Newly Adopted Standards and Interpretations

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2011–2013 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. The EU has adopted these amendments into European law. Consequently, they shall be applied for fiscal years beginning on or after January 1, 2015. They will result in no material changes for E.ON affecting its Consolidated Financial Statements.

IFRIC 21, "Levies"

In May 2013, the IASB published IFRIC 21, "Levies" ("IFRIC 21"), which addresses the timing of the recognition of obligations to pay levies imposed by governments. Taxes that are within the scope of other standards, such as income taxes, are explicitly excluded from this interpretation. The new guidance is aimed at eliminating diversity in accounting practice with respect to the timing of the recognition of obligations to pay levies imposed by governments. Accordingly, liabilities or, if applicable, provisions shall not be recognized until the obligating event has occurred. The interpretation shall be applied for fiscal years beginning on or after January 1, 2014. It has been adopted by the EU into European law. Consequently, its application is mandatory for fiscal years beginning on or after June 17, 2014. IFRIC 21 has no material impact on E.ON's Consolidated Financial Statements.

(3) Scope of Consolidation

The number of consolidated companies changed as follows during the reporting period:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of December 31, 2014[1]	**107**	**210**	**317**
Additions	1	9	10
Disposals/Mergers	9	22	31
Consolidated companies as of June 30, 2015[2]	**99**	**197**	**296**

[1]This also includes the Spanish and Italian entities reported as discontinued operations.
[2]This also includes the Italian entities reported as discontinued operations.

As of June 30, 2015, 45 companies accounted for under the equity method (December 31, 2014: 54) and 2 companies reported as joint operations (December 31, 2014: 2) were presented pro rata.

(4) Acquisitions, Disposals and Discontinued Operations

Discontinued Operations and Assets Held for Sale in 2015

E.ON in Spain

In late November 2014, E.ON entered into contracts with a subsidiary of Macquarie European Infrastructure Fund IV LP (the "Macquarie Fund"), London, United Kingdom, on the sale of its Spanish and Portuguese activities.

The activities sold include all of E.ON's Spanish and Portuguese businesses, including 650,000 electricity and gas customers and electricity distribution networks extending over a total distance of 32,000 kilometers. In addition, the activities include a total generation capacity of 4 GW from coal, gas, and renewable sources in Spain and Portugal. While the Spain regional unit is reported as a discontinued operation, the Spanish generation businesses held in the Generation and Renewables segments have been classified as disposal groups as of November 30, 2014.

The agreed transaction volume for the equity and for the assumption of liabilities and working capital positions was €2.4 billion. The respective classification as discontinued operations and disposal groups required that the Spanish and Portuguese businesses be measured at the agreed purchase price. This remeasurement produced a goodwill impairment of approximately €0.3 billion in 2014.

The following table shows selected financial information from the Spain regional unit now being reported as discontinued operations:

Selected Financial Information—E.ON Spain (Summary)[1]

January 1–June 30 € in millions	2015	2014
Sales	324	535
Other income/expenses, net	-284	-510
Income/Loss from continuing operations before income taxes	**40**	**25**
Income taxes	–	–
Income/Loss from discontinued operations, net	**40**	**25**

[1]This does not include the deconsolidation gain/loss.

The transaction closed on March 25, 2015, with a minimal loss on disposal. The disposed asset and liability items of the regional unit now being reported as discontinued operations were property, plant and equipment (€1.0 billion) and current assets (€0.5 billion), as well as provisions (€0.2 billion) and liabilities (€0.7 billion). The major asset items of the generation activities held as a disposal group were property, plant and equipment (€1.1 billion), intangible assets and goodwill (€0.4 billion), financial assets (€0.1 billion) and current assets (€0.4 billion). The liability items consisted primarily of provisions (€0.2 billion) and liabilities (€0.4 billion).

E.ON in Italy

As of December 31, 2014, against the backdrop of specifying its divestment intentions, E.ON reported the Italy regional unit under discontinued operations, and the Italian businesses held in its Generation and Renewables segments—except for the wind-power activities—as disposal groups.

The non-controlling interest in Gestione Energetica Impianti S.p.A. ("GEI"), Crema, Italy, was already sold in December 2014. Also agreed in December 2014 was the disposal of the Italian coal and gas generation assets to the Czech energy company Energetický a Průmyslový Holding ("EPH"), Prague, Czech Republic.

As the disposal process took greater shape, it also became necessary to reexamine the measurement of the Italian businesses on the basis of the expected proceeds on disposal. This remeasurement resulted in an impairment of approximately €1.3 billion as of December 31, 2014, of which roughly €0.1 billion was charged to goodwill and roughly €1.2 billion to other non-current assets.

The following tables show selected financial information and major balance sheet items from the Italy regional unit now being reported as discontinued operations:

Selected Financial Information—E.ON Italy (Summary)

January 1–June 30 € in millions	2015	2014
Sales	755	806
Other income/expenses, net	-746	-790
Income/Loss from continuing operations before income taxes	**9**	**16**
Income taxes	-10	-6
Income/Loss from discontinued operations, net	**-1**	**10**

Major Balance Sheet Line Items—E.ON Italy (Summary)

€ in millions	June 30, 2015	Dec. 31, 2014
Intangible assets and property, plant and equipment	6	3
Other assets	598	550
Total assets	**604**	**553**
Total liabilities	355	209

As of June 30, 2015, the major asset and liability items of the activities held as a disposal group at the Generation and Renewables global units were property, plant and equipment (€0.8 billion), intangible assets (€0.5 billion) and current assets (€0.3 billion), as well as provisions (€0.3 billion) and liabilities (€0.2 billion). The disposal of the Italian coal and gas generation assets was finalized in July 2015. E.ON additionally signed an agreement in August 2015 to sell its Italian hydroelectric activities to ERG Power Generation S.p.A. ("ERG"), Genoa, Italy (see also Note 14).

A contract with F2i SGR S.p.A., Milan, Italy, for the sale of the solar activities held in the Renewables segment was signed and finalized in February 2015. Its major balance sheet items related to property, plant and equipment (€0.1 billion). There were no significant items on the liabilities side. The transaction closed with a minimal gain on disposal.

Esperanto Infrastructure

In late March 2015, E.ON signed an agreement with the Swedish private equity group EQT on the sale of the remaining 49-percent stake in Esperanto Infrastructure. The carrying amount of this Energy from Waste activity held in the Germany regional unit was €0.2 billion. The agreed transaction closed in late April 2015. It produced a gain of approximately €0.1 billion on disposal.

Disposal Groups and Assets Held for Sale in 2014

Magic Valley 1 and Wildcat 1 Wind Farms

As part of its "build and sell" strategy, E.ON agreed to sell an 80-percent interest in a portfolio of two wind farms in the United Sates, Magic Valley 1 and Wildcat 1, to Enbridge Inc., Toronto, Canada, in November 2014. The net purchase price after deduction of liabilities was approximately €0.3 billion. The carrying amount of the property, plant and equipment was approximately €0.5 billion as of December 31, 2014.

The transaction, which closed at the end of December 2014, produced a €0.1 billion gain on disposal. E.ON continues to hold a 20-percent interest and remains the operator of the wind farms.

Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH

In late October 2014, E.ON signed a contract with First State European Diversified Infrastructure Fund ("EDIF"), an investment fund managed by First State Investments, Luxembourg, for the sale of its 50-percent stake in Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH ("EVG"), Erfurt, Germany.

The equity investment was held in the Germany regional unit with a carrying amount of approximately €0.1 billion. The transaction, which also closed in the fourth quarter of 2014, resulted in a gain on disposal of approximately €0.1 billion.

E.ON in Lithuania

In May 2014, E.ON signed contracts for and finalized the sale of the activities in Lithuania. The shareholdings had a total carrying amount of approximately €0.1 billion and were reported in the Global Commodities global unit. The transaction resulted in a minimal gain on disposal.

Swedish Thermal Power Plants

In the first quarter of 2014, E.ON signed contracts with Norway's Solør Bioenergi on the sale of various micro thermal power plants at a purchase price of €0.1 billion. The plants had a total carrying amount of approximately €0.1 billion and were reported in the Sweden regional unit. The transaction closed in the second quarter of 2014 with a minimal gain on disposal.

City of Prague Municipal Utility

In December 2013, E.ON signed contracts with the City of Prague on the disposal of a majority stake in Pražská plynárenská. The purchase price is €0.2 billion. Held in the Czechia regional unit, the major items on this entity's balance sheet as of December 31, 2013, were property, plant and equipment (€0.2 billion), inventories and other assets (€0.2 billion) and liabilities (€0.2 billion). The transaction closed in March 2014 with a gain of approximately €0.1 billion on disposal.

Rødsand Offshore Wind Farm

In November 2013, E.ON agreed to sell an 80-percent stake in its 207 MW Rødsand 2 offshore wind farm to the Danish utility SEAS-NVE. The transaction values 100 percent of the wind farm at DKK 3.5 billion (€0.5 billion). At closing, the wind farm company assumed a loan of DKK 2.1 billion (€0.3 billion). SEAS-NVE will purchase 80 percent of the equity for DKK 1.1 billion (€0.2 billion). In total, E.ON will receive DKK 3.2 billion (€0.4 billion) from this transaction. The entity was reported in the Renewables global unit as of December 31, 2013, and its balance sheet consisted primarily of property, plant and equipment (€0.4 billion), other assets (€0.3 billion) and liabilities (€0.4 billion). The transaction closed on January 10, 2014, with a gain on disposal of approximately €0.1 billion.

(5) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €14 million in the first six months of 2015 (first six months of 2014: €14 million).

(6) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results

€ in millions	April 1–June 30 2015	April 1–June 30 2014	January 1–June 30 2015	January 1–June 30 2014
Income from companies in which equity investments are held	36	62	42	68
Impairment charges/reversals on other financial assets	-5	-2	-22	-21
Income from equity investments	**31**	**60**	**20**	**47**
Income from securities, interest and similar income	128	185	302	320
Interest and similar expenses	-402	-681	-1,102	-1,264
Net interest income	**-274**	**-496**	**-800**	**-944**
Financial results	**-243**	**-436**	**-780**	**-897**

(7) Earnings per Share

The computation of earnings per share ("EPS") for the periods indicated is shown below:

Earnings per Share

€ in millions	April 1–June 30 2015	April 1–June 30 2014	January 1–June 30 2015	January 1–June 30 2014
Income/Loss from continuing operations	147	93	1,315	978
Less: Non-controlling interests	-53	-64	-164	-205
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**94**	**29**	**1,151**	**773**
Income/Loss from discontinued operations, net	-4	31	–	51
Less: Non-controlling interests	–	-1	-2	-3
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**-4**	**30**	**-2**	**48**
Net income attributable to shareholders of E.ON SE	**90**	**59**	**1,149**	**821**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	0.04	0.01	0.59	0.40
from discontinued operations	0.00	0.02	0.00	0.03
from net income	**0.04**	**0.03**	**0.59**	**0.43**
Weighted-average number of shares outstanding (in millions)	1,939	1,916	1,936	1,912

The computation of diluted EPS is identical to that of basic EPS, as E.ON SE has not issued any potentially dilutive common stock.

The increase in the weighted-average number of shares outstanding resulted primarily from the issue of treasury shares as part of the scrip dividend for distribution to E.ON shareholders who partially converted their cash dividend entitlements into shares of E.ON stock.

(8) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	June 30, 2015 E.ON Group	June 30, 2015 Associates[1]	June 30, 2015 Joint ventures[1]	December 31, 2014 E.ON Group	December 31, 2014 Associates[1]	December 31, 2014 Joint ventures[1]
Companies accounted for under the equity method	4,860	2,398	2,462	5,009	2,423	2,586
Equity investments	1,551	244	10	1,573	245	9
Non-current securities	4,914	–	–	4,781	–	–
Total	**11,325**	**2,642**	**2,472**	**11,363**	**2,668**	**2,595**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

The net income of €252 million from companies accounted for under the equity method (first six months of 2014: €10 million) includes no impairments (first six months of 2014: €154 million).

(9) Treasury Shares

Pursuant to a resolution from the Annual Shareholders Meeting of May 3, 2012, the Company is authorized to purchase own shares until May 2, 2017. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a *et seq*. AktG, may at no time exceed 10 percent of its capital stock. The Board of Management was authorized at the aforementioned Annual Shareholders Meeting to cancel treasury shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of June 30, 2015, was 1,952,351,866 (December 31, 2014: 1,932,736,845).

As of June 30, 2015, E.ON SE and one of its subsidiaries held a total of 48,648,134 treasury shares (December 31, 2014: 68,263,155) having a consolidated book value of €1,715 million (equivalent to 2.43 percent or €48,648,134 of the capital stock).

As part of the scrip dividend for the 2014 fiscal year, shareholder cash dividend entitlements totaling €260 million (2014: €305 million) were settled through the issue and distribution of 19,615,021 treasury shares (2014: 24,008,788 treasury shares). The issue of treasury shares reduced by €787 million (2014: €964 million) the valuation allowance for treasury shares, which is measured at historical cost. Conversely, additional paid-in capital was reduced by €520 million (2014: €649 million). This amount represents the difference between the historical cost and the subscription price of the shares. The discount of €7 million (2014: €10 million) granted on the current share price is charged to retained earnings.

(10) Dividends

At the Annual Shareholders Meeting on May 7, 2015, shareholders voted to distribute a dividend of €0.50 (2014: €0.60) for each dividend-paying ordinary share, which corresponds to a total dividend amount of €966 million (2014: €1,145 million). As in the previous year, shareholders could choose between receiving the dividend entirely in cash and exchanging part of their dividend entitlement for shares of E.ON SE. Accounting for a participation rate of roughly 37 percent, 19,615,021 treasury shares were issued for distribution. This reduced the cash distribution to €706 million.

(11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations decreased by €1,200 million from year-end 2014. The decrease was caused primarily by net actuarial gains mostly resulting from the increase in the discount rates determined for the E.ON Group, by employer contributions to plan assets and by net pension payments in the first six months of 2015. These effects were partially offset by additions attributable to the net periodic pension cost and by currency translation effects.

The following discount rates were applied for the computation of provisions for pensions and similar obligations in Germany and in the United Kingdom:

Discount Rates

Percentages	June 30, 2015	Dec. 31, 2014
Germany	2.50	2.00
United Kingdom	3.80	3.70

For the euro currency area, the determination of discount rates by reference to the yield curve of high-quality corporate bonds was adjusted as of June 30, 2015, by applying a more precise extrapolation of these corporate-bond yields. This change led to an increase of 10 basis points in the discount rate in Germany as of June 30, 2015, and consequently to a corresponding actuarial gain of €199 million.

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Defined Benefit Liability

€ in millions	June 30, 2015	December 31, 2014
Present value of all defined benefit obligations	18,729	18,949
Fair value of plan assets	14,355	13,375
Net defined benefit liability	**4,374**	**5,574**
Presented as provisions for pensions and similar obligations	*4,374*	*5,574*

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations breaks down as shown in the following table:

Net Periodic Pension Cost for Defined Benefit Plans

	April 1–June 30		January 1–June 30	
€ in millions	2015	2014	2015	2014
Employer service cost	98	64	180	121
Net interest on the net defined benefit liability	28	30	58	55
Past service cost	9	9	12	11
Total	**135**	**103**	**250**	**187**

(12) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments is determined on the basis of fair value measurement. The fair value of derivative instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. Fair values of derivatives are determined using customary market valuation methods, taking into account the market data available on the measurement date and including a credit risk premium. The counterparty credit risk is recognized in the form of a credit value adjustment.

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are also used in the calculations.

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Presentation of Financial Instruments

The following table shows the carrying amounts of the financial assets and financial liabilities that are measured at fair value, classified by measurement source:

Carrying Amounts of Financial Instruments as of June 30, 2015

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,551	93	300
Derivatives	10,828	4,956	5,494
Securities and fixed-term deposits	6,778	6,139	639
Cash and cash equivalents	5,076	5,076	–
Restricted cash	1,237	1,237	–
Liabilities			
Derivatives	10,762	4,884	5,846

Carrying Amounts of Financial Instruments as of December 31, 2014

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,573	120	320
Derivatives	13,716	6,157	7,115
Securities and fixed-term deposits	6,593	5,761	832
Cash and cash equivalents	3,191	3,143	48
Restricted cash	1,064	1,064	–
Liabilities			
Derivatives	13,776	6,187	7,541

The increase in cash and cash equivalents resulted especially from the proceeds from divestitures.

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of commercial paper, borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. The fair value of the bonds as of June 30, 2015, was €18,290 million (December 31, 2014: €17,997 million). The carrying amount of the bonds as of June 30, 2015, was €14,933 million (December 31, 2014: €14,280 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2014. There were no reclassifications between these two fair-value-hierarchy levels in the first six months of 2015. However, equity investments were reclassified out of Level 3 of the fair value hierarchy in the amount of €13 million during this period. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)

€ in millions	Jan. 1, 2015	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	June 30, 2015
Equity investments	1,133	39	-14	–	3	–	-13	10	1,158
Derivative financial instruments	396	–	–	–	-50	–	–	–	346
Total	**1,529**	**39**	**-14**	**0**	**-47**	**0**	**-13**	**10**	**1,504**

At the beginning of 2015, a net loss of €48 million from the initial measurement of derivatives was deferred. After realization of €3 million in deferred gains, the remainder at the end of the quarter was a deferred loss of €51 million, which will be recognized in income during subsequent periods as the contracts are settled.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €61 million or an increase of €59 million, respectively.

Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €6,461 million. Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. As of June 30, 2015, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(13) Segment Information

Led by its Group Management in Düsseldorf, Germany, the E.ON Group (”E.ON” or the ”Group”) is segmented into global and regional units, which are reported here in accordance with IFRS 8, ”Operating Segments” (”IFRS 8”). The trading business with major customers has been reclassified out of the Germany regional unit into the Global Commodities global unit. The corresponding comparative prior-year figures have been adjusted.

Notes to the Condensed Consolidated Interim Financial Statements

Global Units

The global units are reported separately in accordance with IFRS 8.

Generation

This global unit consists of the Group's conventional (fossil and nuclear) generation assets in Europe. It manages and optimizes these assets across national boundaries.

Renewables

E.ON's worldwide activities in renewables include hydro, wind and solar energies and are managed globally.

Global Commodities

As the link between E.ON and the world's wholesale energy markets, the Global Commodities global unit buys and sells electricity, natural gas, liquefied natural gas (LNG), oil, coal, freight, biomass, and carbon allowances. It additionally manages and develops facilities and contracts at different levels in the gas market's value chain.

Exploration & Production

E.ON's exploration and production business is a segment active in the focus regions North Sea (U.K., Norway) and Russia.

Regional Units

E.ON's distribution and sales operations in Europe are managed by nine regional units in total. For segment reporting purposes, the Germany, UK, Sweden, Czechia and Hungary regional units are reported separately. Those units not

Financial Information by Business Segment

January 1–June 30 € in millions	Generation		Renewables		Global Commodities	
	2015	2014	2015	2014	2015	2014
External sales	943	1,225	341	369	35,139	31,924
Intersegment sales	3,472	3,549	857	746	8,208	7,670
Sales	**4,415**	**4,774**	**1,198**	**1,115**	**43,347**	**39,594**
EBITDA[1]	**839**	**1,182**	**720**	**870**	**274**	**220**
Equity-method earnings[2]	*38*	*26*	*13*	*7*	*59*	*66*
Operating cash flow before interest and taxes	**1,052**	**2,927**	**550**	**587**	**908**	**493**
Investments	**275**	**307**	**492**	**418**	**58**	**30**

[1]Adjusted for extraordinary effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for under the equity method and financial results, respectively. These income effects are not part of EBITDA.

Financial Information by Business Segment—Presentation of Other EU Countries

January 1–June 30 € in millions	UK		Sweden		Czechia	
	2015	2014	2015	2014	2015	2014
External sales	5,132	4,851	1,052	1,149	1,099	1,177
Intersegment sales	18	30	53	56	64	67
Sales	**5,150**	**4,881**	**1,105**	**1,205**	**1,163**	**1,244**
EBITDA[1]	**247**	**242**	**330**	**368**	**162**	**172**
Equity-method earnings[2]	–	–	*3*	*4*	*3*	*3*
Operating cash flow before interest and taxes	**76**	**249**	**389**	**366**	**105**	**122**
Investments	**63**	**53**	**133**	**132**	**46**	**52**

[1]Adjusted for extraordinary effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for under the equity method and financial results, respectively. These income effects are not part of EBITDA.

reported separately are grouped together and reported in summarized form as "Other regional units." They include the France, Netherlands, Slovakia and Romania regional units and, through December 2014, the Italy and Spain regional units (see Note 4 for further discussion of the Italy and Spain units). Additionally reported here are the activities of E.ON Connecting Energies, which concentrates on providing decentralized, complete solutions.

E.ON's power generation business in Russia is presented under Non-EU Countries as a special-focus region. The activities in Brazil and Turkey are additionally reported separately as "Other Non-EU Countries."

Group Management/Consolidation contains E.ON SE itself ("E.ON" or the "Company"), the interests held directly by E.ON SE, as well as the consolidation effects that take place at Group level.

The EBITDA changes in Group Management/Consolidation from the previous year were primarily the result of the negative performance of derivatives and of other charges such as higher contributions and currency translation effects. These effects were offset especially by a consolidation effect from the measurement of emission rights.

EBITDA is the key measure at E.ON for purposes of internal management control and as an indicator of a business's long-term earnings power. EBITDA is derived from income/loss before interest, taxes, depreciation and amortization (including impairments and reversals) and adjusted to exclude certain extraordinary effects. The adjustments include net book gains, cost-management and restructuring expenses, as well as other non-operating income and expenses. Income from investment subsidies for which liabilities are recognized is included in EBITDA.

Exploration & Production		Germany		Other EU Countries		Non-EU Countries		Group Management/ Consolidation		E.ON Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
670	913	9,801	9,950	9,751	9,519	550	816	107	62	57,302	54,778
275	242	136	259	364	372	–	–	-13,312	-12,838	0	0
945	**1,155**	**9,937**	**10,209**	**10,115**	**9,891**	**550**	**816**	**-13,205**	**-12,776**	**57,302**	**54,778**
543	**668**	**1,074**	**1,016**	**980**	**1,003**	**156**	**233**	**-313**	**-271**	**4,273**	**4,921**
14	*22*	*87*	*45*	*24*	*29*	*8*	*-33*	*1*	*1*	*244*	*163*
512	**616**	**789**	**626**	**802**	**1,099**	**157**	**290**	**-396**	**-648**	**4,374**	**5,990**
62	**38**	**256**	**224**	**337**	**332**	**85**	**332**	**20**	**13**	**1,585**	**1,694**

Hungary		Other regional units		Other EU Countries	
2015	2014	2015	2014	2015	2014
786	817	1,682	1,525	9,751	9,519
1	1	228	218	364	372
787	**818**	**1,910**	**1,743**	**10,115**	**9,891**
67	**80**	**174**	**141**	**980**	**1,003**
–	–	*18*	*22*	*24*	*29*
27	**58**	**205**	**304**	**802**	**1,099**
45	**34**	**50**	**61**	**337**	**332**

Notes to the Condensed Consolidated Interim Financial Statements

Financial Information by Business Segment—Presentation of Non-EU Countries

January 1–June 30 € in millions	Russia		Other Non-EU Countries		Non-EU Countries	
	2015	2014	2015	2014	2015	2014
External sales	550	816	–	–	550	816
Intersegment sales	–	–	–	–	0	0
Sales	**550**	**816**	**0**	**0**	**550**	**816**
EBITDA[1]	**160**	**268**	**-4**	**-35**	**156**	**233**
Equity-method earnings[2]	–	–	*8*	*-33*	*8*	*-33*
Operating cash flow before interest and taxes	**179**	**292**	**-22**	**-2**	**157**	**290**
Investments	**85**	**160**	**–**	**172**	**85**	**332**

[1]Adjusted for extraordinary effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for under the equity method and financial results, respectively. These income effects are not part of EBITDA.

Financial Information by Business Segment—Presentation of Discontinued Operations

January 1–June 30 € in millions	Italy		Spain[3]	
	2015	2014	2015	2014
External sales	756	806	324	535
Intersegment sales	29	23	31	30
Sales	**785**	**829**	**355**	**565**
EBITDA[1]	**12**	**20**	**34**	**72**
Equity-method earnings[2]	–	*5*	–	–
Operating cash flow before interest and taxes	**-7**	**28**	**19**	**133**
Investments	**3**	**2**	**5**	**22**

[1]Adjusted for extraordinary effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for under the equity method and financial results, respectively. These income effects are not part of EBITDA.
[3]The Spanish activities had already been disposed of in the first quarter of 2015 (see also Note 4).

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow:

Operating Cash Flow[1]

January 1–June 30 € in millions	2015	2014	Difference
Operating cash flow before interest and taxes	**4,374**	**5,990**	**-1,616**
Interest payments	-427	-507	80
Tax payments	279	-5	284
Operating cash flow	**4,226**	**5,478**	**-1,252**

[1]Operating cash flow from continuing operations.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statements of Cash Flows.

Reconciliation of EBITDA

Economic net interest income is calculated by taking the net interest income shown in the income statement and adjusting it using economic criteria and excluding extraordinary effects, namely, the portions of interest expense that are non-operating. Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Cost-management and restructuring expenses are non-recurring in nature.

Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the case, such income and expenses may affect different line items in the income statement. For example, effects from the marking to market of derivatives are included in other operating income and expenses, while impairment charges on property, plant and equipment are included in depreciation, amortization and impairments. Due to the adjustments, the key figures by segment may differ from the corresponding IFRS figures reported in the Consolidated Financial Statements.

The following table shows the reconciliation of our EBITDA to net income as reported in the IFRS Consolidated Financial Statements:

Net Income

January 1–June 30 € in millions	2015	2014
EBITDA[1]	**4,273**	**4,921**
Depreciation and amortization	-1,569	-1,710
Impairments (-)/Reversals (+)[2]	-51	-27
EBIT[1]	**2,653**	**3,184**
Economic interest income (net)	-801	-916
Net book gains/losses	330	297
Restructuring/cost-management expenses	-162	-184
Impairments (-)/Reversals (+)[2, 3]	-236	-339
Other non-operating earnings	-56	-444
Income/Loss from continuing operations before taxes	**1,728**	**1,598**
Income taxes	-413	-620
Income/Loss from continuing operations	**1,315**	**978**
Income/Loss from discontinued operations, net	–	51
Net income	**1,315**	**1,029**
Attributable to shareholders of E.ON SE	*1,149*	*821*
Attributable to non-controlling interests	*166*	*208*

[1]Adjusted for extraordinary effects.
[2]Impairments differ from the amounts reported in accordance with IFRS due to impairments on companies accounted for under the equity method and impairments on other financial assets.
[3]Recorded under non-operating earnings.

Page 16 of the Interim Group Management Report provides a more detailed explanation of the reconciliation of our EBITDA to net income.

(14) Events after the Balance Sheet Date

In August 2015, E.ON entered into a contract to sell its Italian hydroelectric complex in Terni to ERG Power Generation S.p.A. The transaction, which among other things is subject to the approval of Italy's competition authorities, is expected to close by the end of 2015. In addition, E.ON also decided to retain and further develop its Italian electricity and gas distribution business, which as of June 30, 2015, was still reportable as discontinued operations.

These developments are not expected to have a material impact on E.ON's Consolidated Financial Statements.

Responsibility Statement

To the best of our knowledge, and in accordance with applicable reporting principles for interim financial reporting, the Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Düsseldorf, Germany, August 10, 2015

The Board of Management

Teyssen

Birnbaum

Kildahl

Reutersberg

Schäfer

Sen

Energy Tables

Power Procurement[1]

Jan. 1–June 30	Generation		Renewables		Global Commodities[2]		Germany[2]		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Owned generation	55.0	59.0	13.4	15.5	–	–	0.3	0.3	1.6	2.1	26.2	30.7	–	–	96.5	107.6
Purchases	11.5	14.0	2.1	2.3	312.7	309.5	44.3	45.2	61.8	65.8	2.4	2.2	-142.1	-173.3	292.7	265.7
Jointly owned power plants	*4.9*	*6.8*	*0.6*	*0.5*	–	–	–	–	*0.1*	*0.1*	–	–	–	–	*5.6*	*7.4*
Global Commodities/ outside sources	*6.6*	*7.2*	*1.5*	*1.8*	*312.7*	*309.5*	*44.3*	*45.2*	*61.7*	*65.7*	*2.4*	*2.2*	*-142.1*	*-173.3*	*287.1*	*258.3*
Total power procurement	**66.5**	**73.0**	**15.5**	**17.8**	**312.7**	**309.5**	**44.6**	**45.5**	**63.4**	**67.9**	**28.6**	**32.9**	**-142.1**	**-173.3**	**389.2**	**373.3**
Station use, line loss, etc.	-0.6	-0.9	–	-0.5	–	–	-1.9	-1.7	-4.3	-4.0	-1.1	-1.0	–	–	-7.9	-8.1
Power sales	**65.9**	**72.1**	**15.5**	**17.3**	**312.7**	**309.5**	**42.7**	**43.8**	**59.1**	**63.9**	**27.5**	**31.9**	**-142.1**	**-173.3**	**381.3**	**365.2**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Power Sales[1]

Jan. 1–June 30	Generation		Renewables		Global Commodities[2]		Germany[2]		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Residential and SME	–	–	–	0.2	–	–	9.9	10.2	21.2	22.2	–	–	–	–	31.1	32.6
I&C	1.7	1.7	–	–	3.9	3.2	6.9	8.0	31.6	33.0	–	–	–	–	44.1	45.9
Sales partners	11.4	13.2	2.6	3.0	6.3	10.0	24.1	23.8	0.2	0.1	–	–	–	–	44.6	50.1
Customer groups	**13.1**	**14.9**	**2.6**	**3.2**	**10.2**	**13.2**	**40.9**	**42.0**	**53.0**	**55.3**	**–**	**–**	**–**	**–**	**119.8**	**128.6**
Wholesale market/ Global Commodities	52.8	57.2	12.9	14.1	302.5	296.3	1.8	1.8	6.1	8.6	27.5	31.9	-142.1	-173.3	261.5	236.6
Total	**65.9**	**72.1**	**15.5**	**17.3**	**312.7**	**309.5**	**42.7**	**43.8**	**59.1**	**63.9**	**27.5**	**31.9**	**-142.1**	**-173.3**	**381.3**	**365.2**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Gas Sales[1]

Jan. 1–June 30	Global Commodities[2]		Germany[2]		Other EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Residential and SME	–	–	14.9	13.0	45.0	41.9	–	–	59.9	54.9
I&C	31.3	28.5	9.4	11.3	19.2	18.7	–	–	59.9	58.5
Sales partners	128.3	107.1	7.0	6.8	0.9	0.6	–	–	136.2	114.5
Customer groups	**159.6**	**135.6**	**31.3**	**31.1**	**65.1**	**61.2**	**–**	**–**	**256.0**	**227.9**
Wholesale market/Global Commodities	724.3	532.6	0.7	0.3	10.4	6.9	-126.1	-232.4	609.3	307.4
Total	**883.9**	**668.2**	**32.0**	**31.4**	**75.5**	**68.1**	**-126.1**	**-232.4**	**865.3**	**535.3**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Energy Tables

Owned Generation by Energy Source

Jan. 1–June 30 Billion kWh	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Nuclear	20.4	19.8	–	–	–	–	–	–	–	–	20.4	19.8
Lignite	1.4	1.6	–	–	–	–	–	–	–	–	1.4	1.6
Hard coal	6.1	10.7	–	–	–	–	–	–	–	–	6.1	10.7
Natural gas, oil	0.9	0.5	–	–	0.1	0.1	–	–	–	–	1.0	0.6
Hydro	–	–	2.8	2.4	–	–	–	–	–	–	2.8	2.4
Wind	–	–	0.2	0.2	–	–	–	–	–	–	0.2	0.2
Other	–	–	–	–	0.2	0.2	–	–	–	–	0.2	0.2
Germany	**28.8**	**32.6**	**3.0**	**2.6**	**0.3**	**0.3**	**–**	**–**	**–**	**–**	**32.1**	**35.5**
Nuclear	5.6	4.8	–	–	–	–	–	–	–	–	5.6	4.8
Lignite	–	–	–	–	–	–	0.1	0.1	4.5	5.0	4.6	5.1
Hard coal	12.3	14.5	–	–	–	–	–	–	–	–	12.3	14.5
Natural gas, oil	8.3	6.3	–	–	–	–	1.2	1.1	21.7	25.7	31.2	33.1
Hydro	–	–	5.5	6.2	–	–	–	–	–	–	5.5	6.2
Wind	–	–	4.9	6.7	–	–	–	–	–	–	4.9	6.7
Other	–	0.8	–	–	–	–	0.3	0.3	–	–	0.3	1.1
Outside Germany	**26.2**	**26.4**	**10.4**	**12.9**	**–**	**–**	**1.6**	**1.5**	**26.2**	**30.7**	**64.4**	**71.5**
Total	**55.0**	**59.0**	**13.4**	**15.5**	**0.3**	**0.3**	**1.6**	**1.5**	**26.2**	**30.7**	**96.5**	**107.0**
Percentages												
Nuclear	37	33	–	–	–	–	–	–	–	–	22	19
Lignite	3	3	–	–	–	–	–	–	–	–	1	1
Hard coal	11	18	–	–	–	–	–	–	–	–	6	10
Natural gas, oil	2	1	–	–	33	33	–	–	–	–	1	1
Hydro	–	–	21	16	–	–	–	–	–	–	3	2
Wind	–	–	1	1	–	–	–	–	–	–	–	–
Other	–	–	–	–	67	67	–	–	–	–	–	–
Germany	**52**	**55**	**22**	**17**	**100**	**100**	**–**	**–**	**–**	**–**	**33**	**33**
Nuclear	10	8	–	–	–	–	–	–	–	–	6	4
Lignite	–	–	–	–	–	–	6	7	17	16	5	5
Hard coal	22	26	–	–	–	–	–	–	–	–	13	14
Natural gas, oil	15	11	–	–	–	–	75	73	83	84	32	31
Hydro	–	–	41	40	–	–	–	–	–	–	6	6
Wind	–	–	37	43	–	–	–	–	–	–	5	6
Other	–	–	–	–	–	–	19	20	–	–	–	1
Outside Germany	**48**	**45**	**88**	**83**	**–**	**–**	**100**	**100**	**100**	**100**	**67**	**67**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Financial Calendar

November 11, 2015	Interim Report: January – September 2015
March 9, 2016	Release of the 2015 Annual Report
May 11, 2016	Interim Report: January – March 2016
June 8, 2016	2016 Annual Shareholders Meeting
August 10, 2016	Interim Report: January – June 2016
November 9, 2016	Interim Report: January – September 2016

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Only the German version of this Interim Report is legally binding.