Interim Report I/2016

2016

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–March 31	2016	2015	+/- %
Electricity sales[2]	188.9 billion kWh	193.8 billion kWh	-3
Gas sales[2]	503.9 billion kWh	434.2 billion kWh	+16
Sales	€27,135 million	€30,993 million	-12
EBITDA[3]	€3,071 million	€2,844 million	+8
EBIT[3]	€2,425 million	€2,051 million	+18
Underlying net income[3]	€1,314 million	€1,013 million	+30
Investments	€697 million	€668 million	+4
Cash provided by operating activities of continuing operations	€2,838 million	€2,490 million	+14
Economic net debt (March 31 and December 31)	€26,580 million	€27,714 million	-4
Employees (March 31 and December 31)	55,550	56,490	-2
Shares outstanding (in millions, March 31 and December 31)	1,952	1,952	–

[1]Adjusted for discontinued operations.
[2]Additional information under Energy Tables on pages 44 and 45.
[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 I/2016

January 1–March 31, 2016

- EBITDA and underlying net income surpass prior-year figures owing to one-off effects
- Economic net debt reduced by €1.1 billion because of seasonal factors
- Adjusted forecast for full-year 2016 EBITDA and underlying net income affirmed

Contents

Dear Shareholders,

The start of first quarter of 2016 was an important milestone in the implementation of our strategy: E.ON and Uniper have been organizationally separate since January 1. E.ON is focusing on energy networks, customers solutions, and renewables, Uniper on conventional generation and energy trading. Both companies are now working independently of one another to lay the foundation for success in their respective energy world. This is the largest transformation we've undertaken since E.ON began to concentrate exclusively on the energy business more than a decade ago.

We set our new strategic course in December 2014. Since then, our market environment has deteriorated further. This trend continued in the first quarter of 2016. Commodity prices languished at low levels, and wholesale power prices fell to new lows. But the more challenging our environment is, the more important it is for us to retain our ability to be proactive. E.ON and Uniper have focused business profiles. This is our strength. We will therefore move forward resolutely on our new course.

The market environment in the first quarter was difficult for our entire industry. Nevertheless, your company's operating performance was again solid. Our first-quarter earnings, which are still reported according to our previous segmentation, were in line with our expectations. Our EBITDA rose by €0.3 billion year on year, from €2.8 billion to €3.1 billion, in particular because of a one-off effect in conjunction with the agreement between Uniper Global Commodities and Gazprom to adjust the prices of long-term supply contracts. Our underlying net income also rose by €0.3 billion, from €1 billion to €1.3 billion. Owing to seasonal factors, our economic net debt improved by €1.1 billion, from €27.7 billion at year-end 2015 to €26.6 billion at the end of the first quarter of 2016.

These results are no more satisfying than those of any company in our industry. But they also demonstrate that E.ON can deliver a solid performance in a difficult environment. This gives us strength for the transformation ahead. 2016 will be a transitional year. In June our Annual Shareholders Meeting will vote on the spinoff. If approved, it will be followed by Uniper's stock-market listing. It will mark a new beginning. It will mean that two independent companies will embark into the future in their respective energy worlds. Over the medium term, this will enable us to lay the foundation for new growth, from which you, our shareholders, can benefit. This growth will be built on stable earnings, a healthy balance sheet, and the targeted development of the right capabilities.

E.ON is engaged in markets with good long-term prospects. Energy networks, customer solutions, and renewables are predictable businesses with balanced risk profiles. We know these businesses well and operate them in very stable countries. In energy networks, we're the most efficient operator in many of our markets. In customer solutions and energy efficiency—markets that are still in their early stages—we already have a solid platform to build on thanks to the more than 1,600 distributed generating units we've installed in Germany alone and to our heating business, which is a consistent long-term performer. In renewables, we're the world's second-largest offshore wind company and are further expanding this position. In late April we decided to move forward with our next large offshore wind farm, which we and our project partner, Statoil of Norway, will build in the Baltic Sea. Two thirds of E.ON's future earnings will come from regulated businesses or businesses in which long-term contracts provide predictable earnings.

Our position in our growth markets is good. We have the right business models and capabilities. And we're putting our customers at the center of everything we do. But the success of E.ON's transformation will require a solid financial foundation. Our systematic financial plan will enable us to lay this foundation so that we can grow our core businesses. The plan's main elements are investment discipline and cost management. Going forward, we'll invest selectively in predictable and profitable businesses. For E.ON's capital structure we've set medium-term ratings targets of BBB+/Baa1. And our predictable dividend policy ensures that you'll have a share of your company's success.

Our priorities are clear: financial discipline, prudent allocation of resources, resolute cost management, consistent customer orientation, and superior performance across all businesses. This is how we intend to become one of the leading companies of the new energy world in Germany and Europe and to tap new growth opportunities in our established core businesses.

Best wishes,

Dr. Johannes Teyssen

E.ON Stock

At the end of the first quarter of 2016 E.ON stock was 6 percent below its year-end closing price for 2015, thereby underperforming its peer index, the STOXX Utilities (-5 percent), but outperforming the broader European stock market as measured by the EURO STOXX 50 index (-8 percent).

Despite an increase in the number of shares traded, E.ON stock's first-quarter trading volume declined by 19 percent year on year to €7.5 billion.

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

E.ON Stock

	Mar. 31, 2016	Dec. 31, 2015
Shares outstanding (millions)	1,952	1,952
Closing price (€)	8.44	8.93
Market capitalization (€ in billions)[1]	16.5	17.4

[1]Based on shares outstanding.

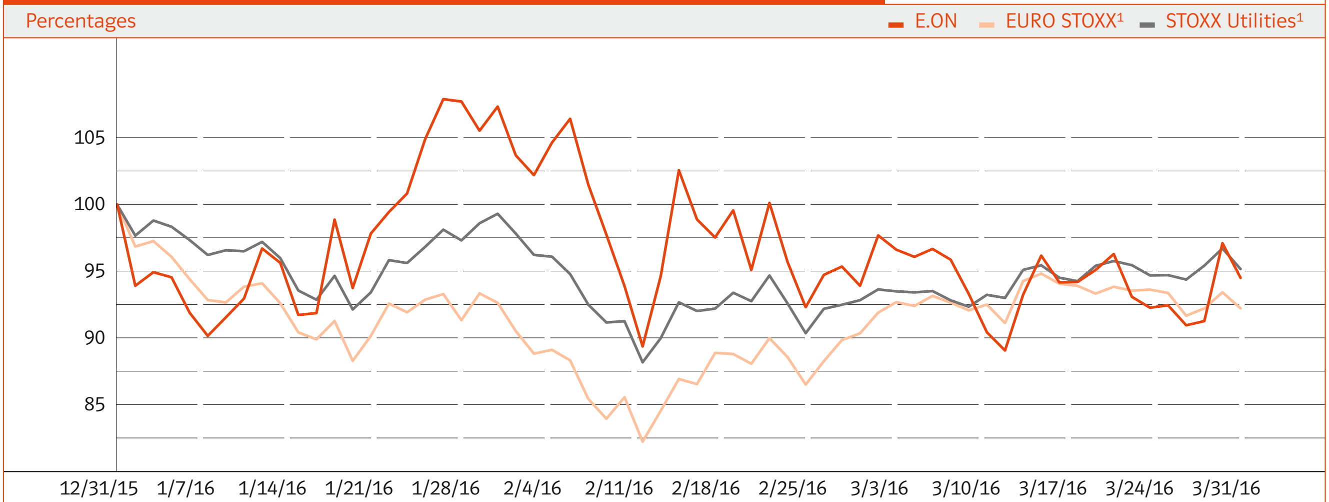
Performance and Trading Volume

January 1–March 31	2016	2015
High (€)[1]	9.64	14.45
Low (€)[1]	7.95	12.59
Trading volume[2]		
Millions of shares	*863.1*	*682.4*
€ in billions	*7.5*	*9.3*

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

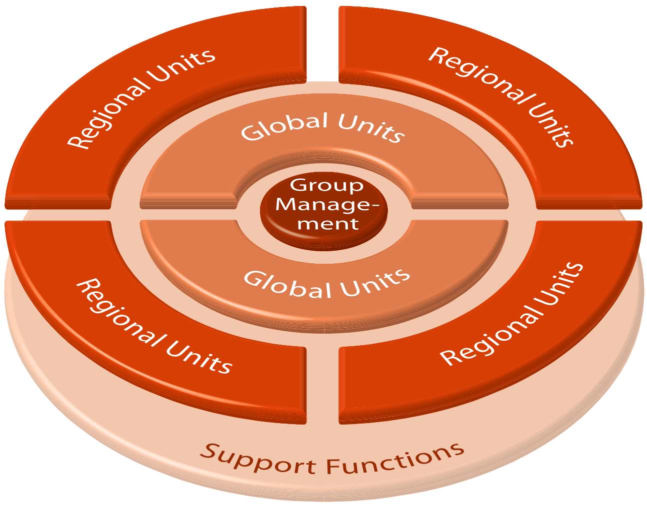
E.ON Stock Performance

Percentages



[1]Based on the performance index.

Interim Group Management Report



Corporate Profile

Business Model

E.ON successfully separated its organization from Uniper's effective January 1, 2016. The spinoff is subject to shareholders' approval at the E.ON Annual Shareholders Meeting in June 2016. Only if such a resolution is passed can Uniper be spun off and listed on the stock market. Because Uniper's operations remained part of the E.ON Group in the first quarter, we did not alter our segmentation for reporting purposes.

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

Group Management
The main task of Group Management 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.

Global Units
Our four global units are Generation, Renewables, Global Commodities, and Exploration & Production. Another global unit called Technology pools 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 was active in the following focus regions: the U.K. North Sea, the Norwegian North Sea, and Russia. We sold our operations in Norway at the end of 2015. The sale of our U.K. operations closed at the end of April 2016.

Regional Units
Ten regional units manage our distribution and sales operations (including distributed generation) in Europe: Germany, the United Kingdom, Sweden, Italy, 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 (which consist of our activities in Turkey and Brazil) under Non-EU Countries.

Business Report

Industry Environment

Energy Policy and Regulatory Environment

In mid-February the European Commission put forward a package of proposals to enhance the security of Europe's gas supply. The most important of these were amendments to the Security of Supply of Natural Gas Directive. The amendments aim to establish mechanisms for regional cooperation between multiple member states to prevent and/or manage supply shortfalls. They also include a solidarity plan for mutual assistance between members states during supply emergencies and a proposal to expand the requirements for companies to disclose to regulatory agencies information about their gas-procurement contracts. In addition, the package contains the notification of an EU strategy for LNG and the notification of an EU strategy for the production of heat and cooling.

Alongside supplementary REMIT requirements, a number of more stringent financial market regulations were discussed in 2015. Of particular importance for the energy industry are the implementation measures of the Market in Financial Instruments Directive ("MiFID II"). A not inconsiderable degree of uncertainty remains regarding several of the directive's definitions and technical standards. In view of the many regulatory details still to be resolved, in March 2016 the European Parliament and Commission agreed to postpone until 2018 the date the directive takes effect. Greater clarity is expected sometime in 2016.

Energy Consumption

According to preliminary estimates by the BDEW, the German Association of Energy and Water Industries, Germany consumed 147 billion kWh of electricity in the first quarter of 2016, about the same as in the prior-year period. Gas consumption rose by 6 percent to 316 billion kWh, primarily because of comparatively lower temperatures in January and March. Power stations in particular used more gas to produce electricity and heat.

First-quarter electricity consumption in England, Scotland, and Wales declined slightly to roughly 77 billion kWh, primarily because of energy-efficiency measures. Gas consumption (excluding power stations) declined by 4 percent, from 213 to 205 billion kWh, owing mainly to the weather.

Northern Europe consumed 116 billion kWh of electricity, up from 109 billion kWh. It recorded net electricity exports to surrounding countries of about 2.3 billion kWh compared with about 2.2 billion kWh in the prior-year period.

According to initial estimates, Hungary's electricity consumption rose by 1.6 percent to 9.2 billion kWh because of higher consumption by industrial customers. Its gas consumption rose by 1.6 percent to 4,042 million cubic meters owing to lower average temperatures in January and higher consumption by industrial customers.

France consumed about 4.5 percent less electricity in the first two months of 2016, primarily because of warmer temperatures.

Italy's electricity consumption declined by 1.5 percent, from 78.8 to 77.6 billion kWh. Its gas consumption of 250.3 billion kWh was on par with the prior-year figure of 249.6 billion kWh. An increase in deliveries to gas-fired power stations was offset by a temperature-driven decline in residential consumption.

The Russian Federation generated 291.8 billion kWh of electricity; its integrated power system (which does not include isolated systems) generated 284.6 billion kWh. Both figures represent year-on-year increases of 1 percent. Russia's electricity consumption of 287.4 billion kWh was also 1 percent above the prior-year figure.

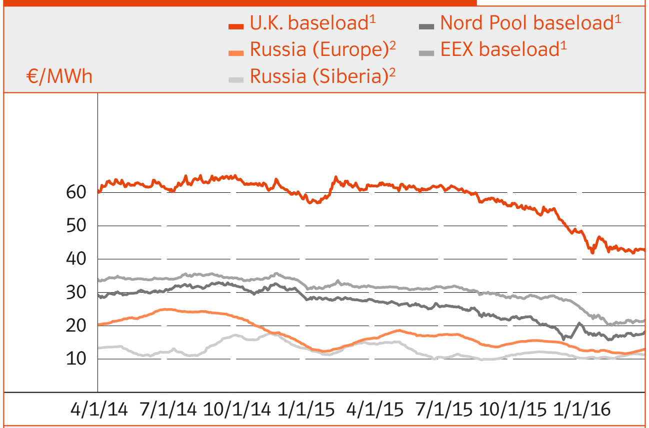
Energy Prices

Five main factors drove Europe's electricity and natural gas markets and Russia's electricity market in the first quarter of 2016:

- 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.

As anticipated, first-quarter economic growth was moderate. Recent years have seen a divergence in the development of industrial economies and emerging market economies, and this trend continued: stable economic development in Europe and the United States was accompanied by a further decline in China's economic growth and deep recessions in Brazil and Russia. The euro gained considerable ground against the dollar in the first quarter in response to the perception that the U.S. Federal Reserve Bank would raise interest rates at a slower rate. The ruble weakened dramatically at the start of the quarter but recovered much of its lost value in response to rising oil prices.

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



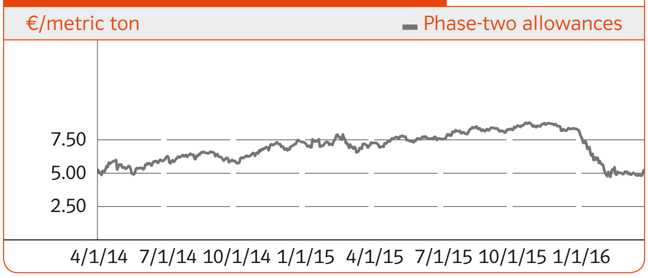
[1]For next-year delivery.
[2]Spot delivery (30-day average).

The price of oil dropped sharply in the first weeks of 2016 as exceptionally high inventories, particularly in the United States, revealed the full extent of the global glut. In response, a number of large oil producers began to discuss ways to manage production in order to stop the price decline, including a proposal to freeze oil production at January 2016 levels. These discussions, along with the release of figures showing a decline in U.S. production, led to the hope that supply and demand might be brought back into balance earlier than anticipated. As a result, the price of oil recovered slightly at the end of the first quarter.

The fundamentals of the coal market in the first quarter of 2016 were unchanged from the prior year. This meant that the price of coal in Europe continued to reflect production costs and to be guided primarily by the development of oil prices and producer-country currencies, such as the Russian ruble. After declining by $5 per metric ton, the price of coal for next-year delivery recovered at the end of the quarter in response to rising oil prices. Another factor was that China imported more coal to replenish its inventories. The demand for transport capacity also rose at the end of the quarter, leading to higher freight rates.

The European gas market was very well supplied at the start of 2016, with gas prices primarily reflecting uncertainty about the global economy and the sharp decline in oil prices. Although oil prices recovered in the second half of the first quarter, this did not alter the gloomy mood on the gas market. With demand lower due to mild temperatures and supply abundant due to imports from Russia and Norway, gas prices remained low. The first of Australia's new LNG export facilities entered service, and the price for LNG deliveries to Asia fell by 30 percent. Finally, inventories in European gas storage facilities were relatively high at the end of the mild winter, and the summer-winter spread for 2016 traded at a low level.

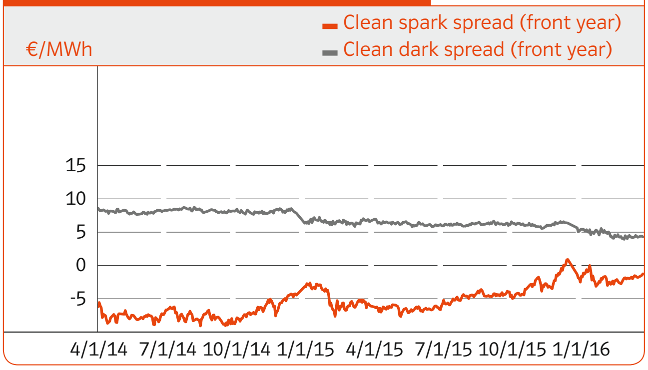
Carbon Allowance Price Movements in Europe



Although backloading continues, 100 million metric tons more emission allowances are supposed to be auctioned in 2016 than in 2015, which will affect the overall market balance in 2016. At the same time, no major decisions were on the policy agenda in the first quarter of 2016. As a result, carbon prices at the start of the year primarily tracked developments in other energy markets. The price of carbon fell by 40 percent by mid-February but then stabilized. It was also affected by the behavior of market participants, such as modest hedging in the power market. Just prior to the European Commission's release of emission figures for 2015 at the end of the quarter, the price of carbon rose by 6 percent and was significantly more volatile.

German power prices for next-year delivery accelerated their downward trend until the middle and second half of February, ultimately reaching a twelve-year low owing to dramatic declines in fuel prices, mainly for gas but also for coal. Prices recovered slightly toward the end of the quarter, mainly because of the recovery of oil prices and the positive impact of other commodity prices.

Clean Dark and Spark Spreads in Germany

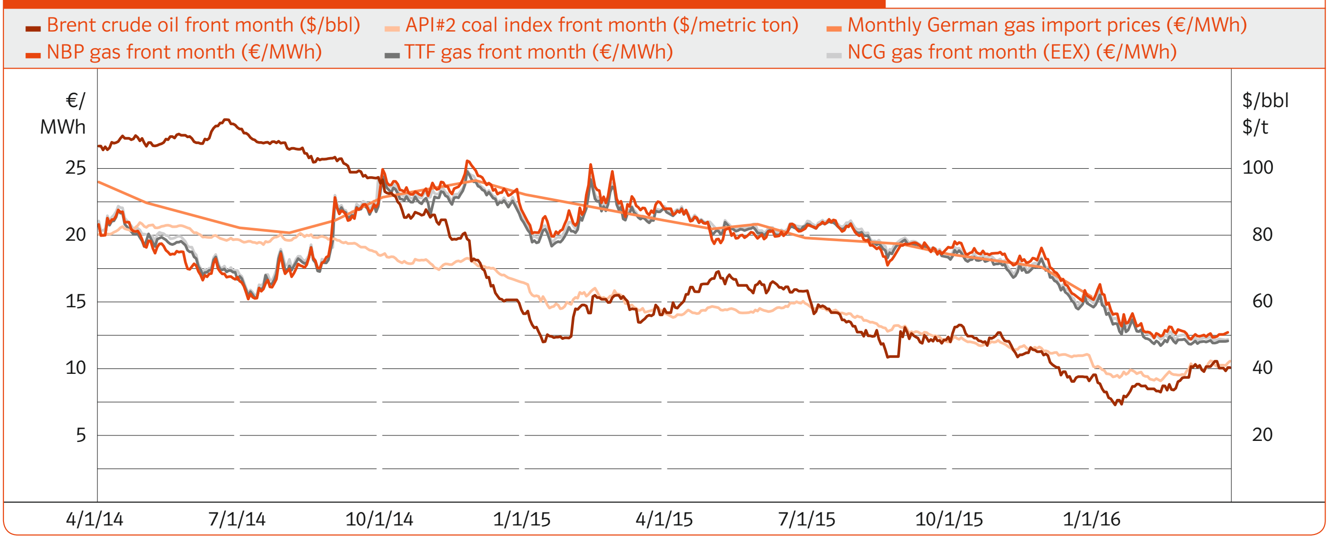


The U.K. power market had an eventful first quarter. Initially, spot prices were supported by below-normal temperatures and significantly scarcer generation resources before falling in response to the significant decline in gas prices. Forward prices were driven primarily by rumors that some coal-fired power stations might be shut down in the second quarter of 2016 and that the introduction of the U.K. capacity market might be moved forward to 2017.

Spot power prices in the Nordic region rose significantly at the start of the quarter in response to cold weather but declined as temperatures returned to normal. The cold snap led to increased production at hydroelectric stations, which reduced the surplus in water reservoirs. At the end of the quarter reservoirs had a surplus of 10 terawatt-hours, although snow levels seemed to indicate that the snowmelt would result in a 11 terawatt-hour reduction in the availability of hydropower. Power prices finished the quarter with a slight upward trend driven by the recovery of fuel prices and the commissioning of the NordBalt cable in mid-February. The cable is used to export power from southwest Sweden to Lithuania. At the same time, restrictions on exports to Germany continued to put pressure on Nordic power prices.

Prices on the Russian power market moved in opposite directions in the first quarter. Prices fell in the European zone in response to high hydro and nuclear output in conjunction with relatively mild winter weather. Prices rose in the Siberian zone owing to higher consumption coupled with lower hydro output. There were no noteworthy export restrictions between the two zones.

Crude Oil, Coal, and Natural Gas Price Movements in E.ON's Core Markets

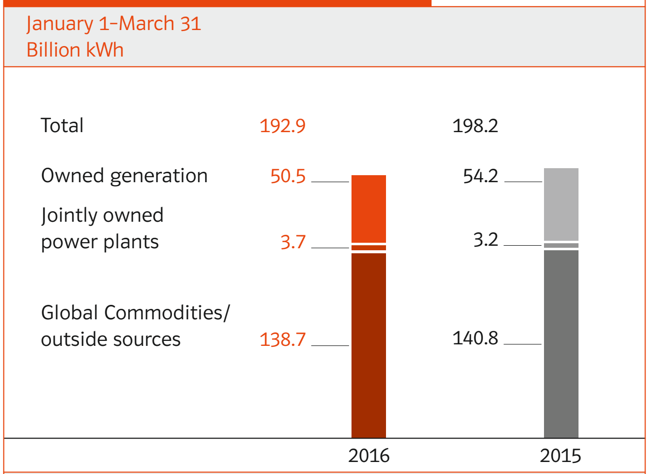


Business Performance

Power Procurement

The E.ON Group's first-quarter owned generation declined by 3.7 billion kWh, or 7 percent, year on year. The reduction occurred mainly at Generation. Owned generation declined at Other EU Countries by 0.2 billion kWh to 0.9 billion kWh. Owned generation at Renewables and Russia rose by 0.3 billion kWh to 6.7 billion kWh and by 1.8 billion kWh to 15.5 billion kWh, respectively. Power procured declined by 1.6 billion kWh.

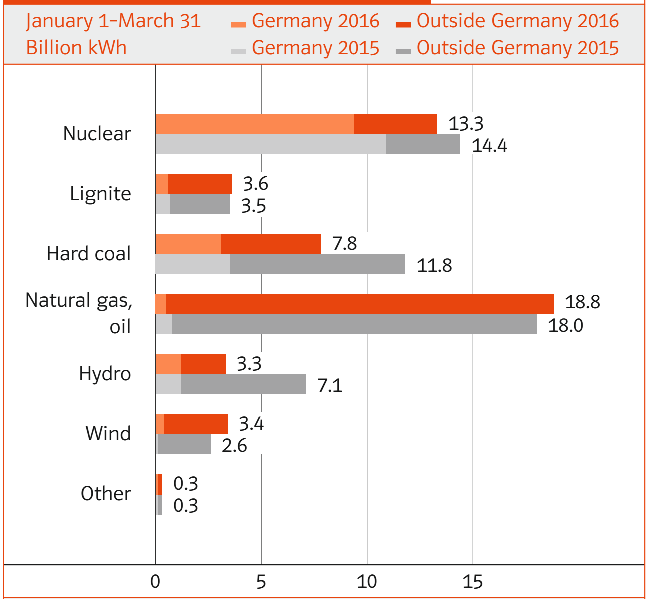
Power Procurement



Additional information under Energy Tables on pages 44 and 45.

Generation's owned generation decreased by 5.6 billion kWh, from 32.8 to 27.2 billion kWh. The decline resulted in particular from the reduced dispatch of coal-fired assets in France, Germany, and the United Kingdom due to the current market situation and from the sale of generation operations in Italy and Spain in the prior year.

Owned Generation by Energy Source

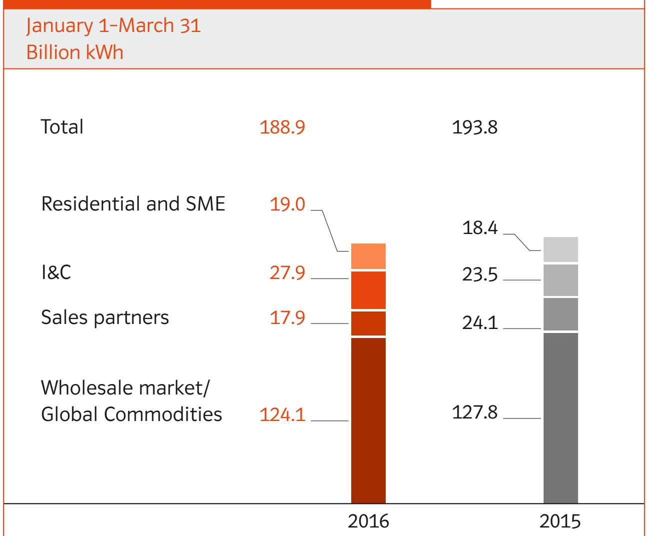


Additional information under Energy Tables on pages 44 and 45.

Power Sales

The E.ON Group's first-quarter power sales were 4.9 billion kWh, or 3 percent, below the prior-year level.

Power Sales



Additional information under Energy Tables on pages 44 and 45.

The 0.6 billion kWh increase in power sales to residential and small and medium enterprise ("SME") customers reflects higher sales volume at Germany (where the positive trend continued) and at Other EU Countries (where slight increases in Sweden, France, and the Netherlands were partially counteracted by lower sales volume in the United Kingdom resulting from weather factors, declining customer numbers, and customers' energy-saving behavior).

Power sales to industrial and commercial ("I&C") customers were 4.4 billion kWh higher, mainly because a significant increase in sales volume at Global Commodities was partially offset by a reduction at Germany. The latter resulted in part from the transfer of E.ON Energie Deutschland's large-customer business to Uniper Energy Sales.

Power sales to sales partners decreased by 6.2 billion kWh, in particular because of declines at Generation, Global Commodities, and Germany. The main reasons were deteriorated market conditions in France and Germany, the sale of generating capacity in Italy and Spain, and a decline in sales volume in conjunction with Germany's Renewable Energy Law.

The sales volume in the trading business, which served primarily to optimize our own generation fleet, was 3.7 billion kWh below the prior-year level.

Gas Procurement and Production

Global Commodities procured about 496 billion kWh of natural gas from producers in and outside Germany in the first quarter of 2016.

Upstream Production

January 1–March 31	2016	2015	+/- %
Oil/condensates (million barrels)	0.7	3.0	-77
Gas (million standard cubic meters)	139.0	497.0	-72
Total (million barrels of oil equivalent)	**1.6**	**6.1**	**-74**

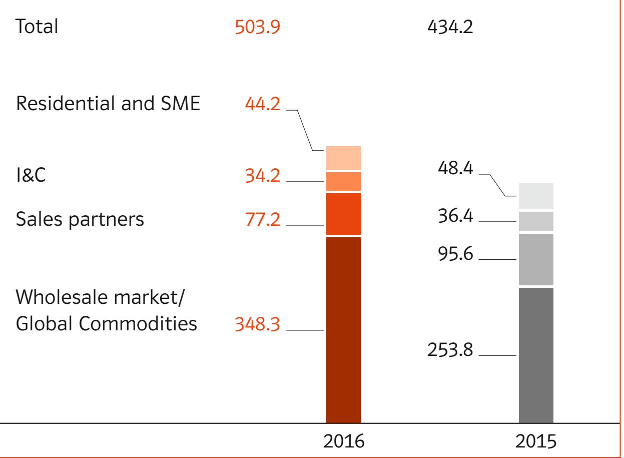
The main reason for the decline in Exploration & Production's production in the North Sea was the sale of our operations in the Norwegian North Sea in December 2015. In addition to our North Sea production, we had 894 million cubic meters of production from Yuzhno Russkoye gas field in Siberia, which is accounted for using the equity method. This was substantially below the prior-year figure of 1,562 million cubic meters.

Gas Sales

The E.ON Group's first-quarter gas sales increased by 69.7 billion kWh, or 16 percent.

Gas Sales

January 1–March 31
Billion kWh



Additional information under Energy Tables on pages 44 and 45.

Gas sales to residential and SME customers decreased by 4.2 billion kWh. A new strategy for the residential-customer business in Hungary and lower overall consumption, customer losses, and comparatively higher temperatures in the United Kingdom were the main factors.

Gas sales to I&C customers declined by 2.2 billion kWh. Sales volume at Germany was significantly lower due to the already-mentioned transfer of the large-customer business. The decline in sales volume at Other EU Countries mainly reflects lower average demand in the United Kingdom.

Gas sales to sales partners decreased by 18.4 billion kWh owing to the already-mentioned effects at Germany and a significant temperature-driven decline in sales volume at Global Commodities.

Gas sales in the trading business rose by 94.5 billion kWh, primarily because of an increase in sales volume on the spot market in conjunction with optimization measures.

Earnings Situation

Business Performance

Our sales, EBITDA, and underlying net income for the first quarter of 2016 were in line with the adjusted expectations we issued at the end of March. Our sales declined by 12 percent year on year to €27.1 billion. Our EBITDA rose by €227 million to €3.1 billion. The main positive factors were the release of provisions at Global Commodities (in conjunction with the agreement between Uniper Global Commodities and Gazprom to adjust the prices of long-term gas contracts) and higher earnings at Other EU Countries. These positive factors were partially offset by lower market prices, the decommissioning of power generating capacity, the divestment of Exploration & Production's operations in the Norwegian North Sea, and a power-plant outage that led to lower earnings at Russia. Our underlying net income rose by €0.3 billion to about €1.3 billion.

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 2016 reflect the development of market prices and were therefore lower than the prices for deliveries in 2015.

Sales

Our first-quarter sales of €27.1 billion were about €3.9 billion below the prior-year level due in particular to declines at Generation, Global Commodities, Exploration & Production, and Other EU Countries.

Sales

January 1–March 31 € in millions	2016	2015	+/- %
Generation	1,557	2,658	-41
Renewables	566	661	-14
Global Commodities	19,094	23,413	-18
Exploration & Production	148	468	-68
Germany	5,384	5,115	+5
Other EU Countries	5,588	6,347	-12
Non-EU Countries	271	268	+1
Group Management/ Consolidation	-5,473	-7,937	–
Total	**27,135**	**30,993**	**-12**

The significant reduction in Generation's sales was primarily due to a volume-driven decline in Germany and France, the deterioration of market conditions in Sweden and the United Kingdom, and the sale of generating capacity in Italy and Spain. Global Commodities' sales were lower because of significantly lower price levels on the gas side and lower sales volume and declining prices on the power side. The main reason for the decline in Exploration & Production's sales was the sale of its operations in Norway in December 2015 and, to a lesser degree, lower gas prices. The decline in sales at Other EU Countries is attributable in particular to the UK, Hungary, Benelux, Czechia, and Italy regional units. It reflects a demand-driven decline in power and gas sales volume in the United Kingdom, a new strategy for the residential-customer business in Hungary, lower gas prices and power sales volume in the Netherlands, lower gas sales volume and lower power and gas sales prices in Czechia, and the sale of a share investment in Italy in July 2015.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €95 million was significantly above the prior-year figure of €50 million. The increase is primarily attributable to own work capitalized in conjunction with IT projects.

Other operating income rose by 17 percent, from €4,064 million to €4,740 million, mainly because of higher income from derivative financial instruments of €3,368 million (prior year: €1,740 million); this mainly reflects the marking to market of commodity derivatives. By contrast, income from currency-translation effects declined from €1,748 million in the prior-year quarter to €1,014 million this year. Corresponding amounts resulting from currency-translation effects and from derivative financial instruments are recorded under other operating expenses.

Costs of materials decreased by 14 percent, from €26,722 million to €22,847 million, primarily because of a decline in gas and power procurement costs at Global Commodities, which recorded a corresponding decline in sales.

Personnel costs declined by about 3 percent to €965 million (prior year: €993 million), in particular owing to lower expenditures on restructuring programs and to the savings delivered by these programs.

Depreciation charges declined by €289 million, from €944 million to €655 million. The sale of our Norwegian E&P operations significantly reduced the depreciation charges on property, plant, and equipment ("PP&E") and intangible assets. Another factor was that impairment charges recorded on PP&E and goodwill in Italy and Sweden in the prior-year period did not recur. In addition, impairment charges recorded in the prior year reduced scheduled depreciation charges in the current year.

Other operating expenses increased by 17 percent to €5,288 million (prior year: €4,513 million), mainly because of higher expenditures relating to derivative financial instruments, which rose by €2,092 million to €3,602 million (€1,510 million). The increase is principally attributable to higher expenditures from the marking to market of commodity derivatives. By contrast, expenditures relating to currency-translation effects declined by €1,386 million to €685 million (€2,071 million).

Income from companies accounted for under the equity method of €113 million was on par with the prior-year figure of €109 million.

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-quarter EBITDA rose by €227 million year on year. The positive factors were:

- the release of provisions at Global Commodities following the agreement between Uniper and Gazprom to adjust the prices of long-term gas contracts
- higher earnings in particular at our UK, Sweden, Hungary, and Romania regional units.

These positive factors were partially offset by:

- lower market prices and the decommissioning of generating capacity in our power business
- the divestment of Exploration & Production's operations in the Norwegian North Sea
- a power-plant outage that led to lower earnings at Russia.

EBITDA[1]

January 1-March 31 € in millions	2016	2015	+/- %
Generation	529	749	-29
Renewables	345	385	-10
Global Commodities	754	167	+351
Exploration & Production	50	277	-82
Germany	641	637	+1
Other EU Countries	831	701	+19
Non-EU Countries	-16	87	-118
Group Management/ Consolidation	-63	-159	–
Total	**3,071**	**2,844**	**+8**

[1]Adjusted for extraordinary effects.

Generation

Generation's EBITDA declined by €220 million.

Generation

January 1-March 31 € in millions	EBITDA[1]		EBIT[1]	
	2016	2015	2016	2015
Nuclear	332	507	295	388
Fossil	190	221	78	90
Other/Consolidation	7	21	6	70
Total	**529**	**749**	**379**	**548**

[1]Adjusted for extraordinary effects.

Nuclear's EBITDA fell by €175 billion. Lower market prices and the decommissioning of Grafenrheinfeld nuclear power station in June 2015 in Germany and deteriorated market conditions for nuclear power generation in Sweden were the principal factors.

Fossil's EBITDA declined by €31 million, primarily because of structural effects, such as the decommissioning of generating units and the sale of generating capacity in Italy and Spain.

Renewables

Renewables' EBITDA decreased by €40 million, or 10 percent.

Renewables January 1–March 31 € in millions	EBITDA[1]		EBIT[1]	
	2016	2015	2016	2015
Hydro	84	201	71	188
Wind/Solar/Other	261	184	167	112
Total	**345**	**385**	**238**	**300**

[1]Adjusted for extraordinary effects.

EBITDA at Hydro declined by €117 million, or 58 percent. Lower wholesale prices and the sale of generating capacity in Spain in the first quarter of 2015 and in Italy in December 2015 were the primary factors.

Wind/Solar/Other's EBITDA rose by €77 million, or 42 percent, in particular because of the commissioning of Amrumbank West and Humber Gateway offshore wind farms. The increase was partially offset by the absence of earnings streams from divested businesses in Spain and Italy.

Global Commodities

Global Commodities' EBITDA was €587 million above the prior-year figure.

Global Commodities January 1–March 31 € in millions	EBITDA[1]		EBIT[1]	
	2016	2015	2016	2015
Coal/Oil/Freight/LNG	-8	20	-8	20
Power and Gas	723	108	701	86
Infrastructure/Other	39	39	37	37
Total	**754**	**167**	**730**	**143**

[1]Adjusted for extraordinary effects.

Coal/Oil/Freight/LNG's EBITDA was €28 million below the prior-year figure due to lower earnings at our coal business, resulting in particular from the fact that in the first quarter of 2015 we benefited from a short position amid declining prices. In the first quarter of 2016, by contrast, our short position amid rising prices led to the deferral of positive earnings effects to subsequent months.

Power and Gas's EBITDA rose by €615 million, mainly because of our gas business, where we reached an agreement with the Gazprom Group to adjust the terms of long-term gas supply contracts to reflect the current market situation. The agreement enabled us to release, in the first quarter of 2016, provisions for prior delivery periods. Optimization activities also had a positive impact on earnings.

Infrastructure/Other's EBITDA was at the prior-year level.

Exploration & Production

EBITDA at Exploration & Production declined by 82 percent, from €277 million to €50 million, principally because of the sale of our operations in the Norwegian North Sea. EBIT was €41 million (prior year: €129 million).

Germany

Germany's EBITDA increased by €4 million.

Germany January 1–March 31 € in millions	EBITDA[1]		EBIT[1]	
	2016	2015	2016	2015
Distribution Networks	492	495	348	352
Nonregulated/Other	149	142	127	128
Total	**641**	**637**	**475**	**480**

[1]Adjusted for extraordinary effects.

EBITDA at Distribution Networks and Nonregulated/Other was at the prior-year level.

Other EU Countries

Other EU Countries' EBITDA was €130 million, or 19 percent, above the prior-year figure.

Other EU Countries

January 1–March 31 € in millions	EBITDA[1] 2016	EBITDA[1] 2015	EBIT[1] 2016	EBIT[1] 2015
UK (£ in millions)	292 (225)	252 (187)	272 (209)	231 (172)
Sweden (SEK in millions)	257 (2,395)	216 (2,026)	195 (1,818)	156 (1,461)
Czechia (CZK in millions)	105 (2,833)	98 (2,709)	82 (2,220)	77 (2,118)
Hungary (HUF in millions)	19 (5,895)	1 (422)	-6 (-1,800)	-23 (-6,972)
Remaining regional units	158	134	135	115
Total	**831**	**701**	**678**	**556**

[1]Adjusted for extraordinary effects.

EBITDA at the UK regional unit increased owing to lower costs in conjunction with government-mandated energy-efficiency measures.

The Sweden regional unit's EBITDA was €41 million higher, mainly because of tariff increases in the power distribution business and a weather-driven increase in earnings in the heat business. In addition, earnings in the prior-year period were adversely affected by costs in conjunction with a storm in January 2015.

EBITDA in Czechia was €7 million above the prior-year level, primarily because of a wider gross margin. The extent of the increase was partially masked by positive effects resulting from portfolio measures recorded in the prior-year period.

The Hungary regional unit's EBITDA rose by €18 million, principally owing to adverse currency-translation effects against the U.S. dollar in the gas sales business in the prior-year period.

EBITDA at the remaining regional units rose by €24 million, mainly because of higher earnings in Romania and France. EBITDA in Romania increased owing to a regulation-driven improvement in sales margins, which was partially offset by a reduction in gas sales volume and lower tariffs in the power distribution business. EBITDA in France benefited from a reduction in fixed costs.

Non-EU Countries

Non-EU Countries' EBITDA declined by €103 million.

Non-EU Countries

January 1–March 31 € in millions	EBITDA[1] 2016	EBITDA[1] 2015	EBIT[1] 2016	EBIT[1] 2015
Russia (RUB in millions)	-36 (-2,934)	83 (5,896)	-57 (-4,706)	68 (4,807)
Other Non-EU Countries	20	4	20	3
Total	**-16**	**87**	**-37**	**71**

[1]Adjusted for extraordinary effects.

Russia's EBITDA was €119 million below the prior-year level owing to effects in conjunction with the outage of unit 3 at Berezov power station. On February 1, 2016, a fire broke out in the boiler room of this unit. It damaged key components of the 800 MW boiler. These components must be replaced.

EBITDA at Other Non-EU Countries consists of our activities in Brazil (Pecem II power station) and Turkey, which are accounted for under the equity method. The €16 million increase in EBITDA is primarily attributable to positive earnings in Brazil and improved earnings on currency-derivative transactions in conjunction with our share interest in Turkey.

Group Management/Consolidation

The values reported here relate to E.ON SE itself, the interests held directly by E.ON SE, and the elimination of intragroup relationships between the segments. The change in EBITDA relative to the previous year resulted primarily from the positive performance of derivatives and from foreign currency translation effects. Eliminations of intragroup profits and losses and of differences in the timing of accounting entries also had a positive effect.

Net Income

First-quarter net income attributable to shareholders of E.ON SE of €1.2 billion and corresponding earnings per share of €0.60 were significantly above the respective prior-year figures of €1.1 billion and €0.55.

Net Income

January 1–March 31 € in millions	2016	2015
EBITDA[1]	**3,071**	**2,844**
Depreciation and amortization	-633	-794
Impairments (-)/Reversals (+)[2]	-13	1
EBIT[1]	**2,425**	**2,051**
Economic interest income (net)	-570	-523
Net book gains/losses	5	245
Restructuring/cost-management expenses	-55	-50
Impairments (-)/Reversals (+)[2, 3]	-5	-115
Other non-operating earnings	-74	-75
Income/Loss (-) from continuing operations before taxes	**1,726**	**1,533**
Income taxes	-460	-359
Income/Loss (-) from continuing operations	**1,364**	**1,174**
Income from discontinued operations, net	–	-2
Net income/loss	**1,266**	**1,172**
Attributable to shareholders of E.ON SE	*1,170*	*1,059*
Attributable to non-controlling interests	*96*	*113*

[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.

Despite the positive effects resulting from the improvement of our net financial position and a reduction in the impact of interest-rate changes on other noncurrent provisions, our economic interest expense deteriorated, mainly because of effects in conjunction with the Swedish nuclear fund.

Economic Interest Expense

January 1–March 31 € in millions	2016	2015
Interest expense shown in the Consolidated Statements of Income	-567	-525
Interest income (-)/expense (+) not affecting net income	-3	2
Total	**-570**	**-523**

First-quarter net book gains were €240 million below the prior-year figure, which included book gains on the sale of securities, network segments in Germany, and operations in Finland.

Restructuring and cost-management expenditures rose by €5 million and, as in the prior-year period, resulted mainly from cost-cutting programs and the One2Two project.

Our impairment charges in the first quarter of 2016 were modest and were recorded in particular at Renewables. In the prior-year period we recorded impairment charges of €141 million primarily at Generation and Renewables. These charges were partially offset by €26 million in impairment-charge reversals at Generation.

Other nonoperating earnings include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at March 31, 2016, resulted in a positive effect of €55 million (prior year: -€74 million). Impairment charges on gas inventories and securities along with adverse currency-translation effects in conjunction with special security funds were the main negative factors. In the prior-year period impairment charges on gas inventories and securities were partially offset by income in conjunction with provisions at our generation business and from special security funds.

We had a tax expense of €460 million compared with €359 million in the prior-year period. Our tax rate on income from continuing operations increased from 23 percent to 27 percent. This resulted mainly from expenditures in the current-year period that did not reduce our tax burden and positive one-off effects relating to tax-rate changes outside Germany 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 Spain regional unit 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 noncontrolling 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, and other nonoperating income and expenses (after taxes and noncontrolling interests) of a special or rare nature. Underlying net income also excludes income/loss from discontinued operations (after taxes and noncontrolling interests), as well as special tax effects.

Underlying Net Income

January 1–March 31 € in millions	2016	2015
Net income attributable to shareholders of E.ON SE	1,170	1,059
Net book gains/losses	-5	-245
Restructuring/cost-management expenses	55	50
Impairments/reversals of impairments	5	115
Other non-operating earnings	74	75
Taxes and non-controlling interests on non-operating earnings	15	-25
Special tax effects	–	-20
Income/Loss (-) from discontinued operations (attributable to shareholders of E.ON SE)	–	4
Underlying net income	**1,314**	**1,013**

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, 2015 (€27.7 billion), our economic net debt declined by €1.1 billion to €26.6 billion. Our high positive operating cash flow was the main reason for the significant improvement in our net financial position. Our economic net debt was adversely affected by a significant increase in provisions for pensions, which rose by €1.5 billion to €5.7 billion, principally because of a decline in actuarial interest rates.

Economic Net Debt

€ in millions	March 31, 2016	Dec. 31, 2015
Liquid funds	9,070	8,190
Non-current securities	4,684	4,724
Financial liabilities	-16,010	-17,742
FX hedging adjustment	381	218
Net financial position	**-1,875**	**-4,610**
Provisions for pensions	-5,739	-4,210
Asset-retirement obligations[1]	-18,966	-18,894
Economic net debt	**-26,580**	**-27,714**

[1]Less prepayments to Swedish nuclear fund.

Standard & Poor's ("S&P") and Moody's long-term ratings for E.ON are BBB+ and Baa1, respectively. 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. In February 2016 both rating agencies placed E.ON's long-term ratings on review for possible downgrades. The actions were based on a number of factors, including a sector-wide review of European utility companies with exposure to commodity and power price developments. The decisions were also based on the uncertainties surrounding the policy discussions on the possible funding of German nuclear provisions. The short-term ratings are A-2 (S&P) and P-2 (Moody's).

Investments

Our first-quarter investments were €29 million above the prior-year level. We invested about €677 million in property, plant, and equipment ("PP&E") and intangible assets (prior year: €646 million). Share investments totaled €20 million versus €22 million in the prior-year period.

Investments

January 1–March 31 € in millions	2016	2015	+/- %
Generation	58	141	-59
Renewables	253	202	+25
Global Commodities	22	11	+100
Exploration & Production	6	24	-75
Germany	133	100	+33
Other EU Countries	172	135	+27
Non-EU Countries	22	46	-52
Group Management/ Consolidation	31	9	+244
Total	**697**	**668**	**+4**
Maintenance investments	*274*	*204*	*+34*
Growth and replacement investments	*423*	*464*	*-9*

Generation invested €83 million less than in the prior-year period. Investments in PP&E and intangible assets declined by €68 million, from €126 million to €58 million. The main reasons for the decline were the recent decision on the decommissioning dates for units 1 and 2 at Oskarshamn nuclear power station in Sweden, a reduction in growth investments due to the finalization of several projects (Maasvlakte 3, Provence 4, Blackburn Meadows), and the completion of environmental-protection measures at Ratcliffe power station in the United Kingdom. The sale of generation operations in Italy and Spain also led to lower investments.

Investments at Renewables rose by €51 million. Hydro's investments to maintain existing assets declined from €17 million to €13 million owing to the sale of generating capacity in Spain and Italy and a reduction in investments in Sweden. Wind/Solar/Other's investments rose from €185 million to €240 million, primarily because of an increase in onshore wind activities in the United States.

Global Commodities' investments increased by €11 million, mainly because of higher IT and projects investments.

Exploration & Production invested €6 million (prior year: €24 million) in PP&E and intangible assets. The investments went toward Elgin/Franklin and West/Franklin fields.

The Germany regional unit invested €33 million more than in the prior-year period, predominantly because of higher investments in network connections, upgrades, and expansion. Investments in PP&E and intangible assets totaled €132 million, of which 90 percent went toward the network business and 10 percent toward distributed generation, which is a growth business.

Investments at Other EU Countries were €37 million above the prior-year level. The UK regional unit invested €43 million (prior year: €31 million). The increase primarily reflects smart-metering activities. The Sweden regional unit's investments rose by €17 million, from €46 million to €63 million, and served to maintain and expand existing assets and to expand and upgrade the distribution network, including adding new connections. Investments in Czechia of €21 million surpassed the prior-year figure of €19 million owing principally to currency-translation effects. As in the prior-year period, the Hungary regional unit invested €16 million in its power and gas infrastructure. Investments in the remaining EU countries totaled €29 million (prior year: €23 million). The increase mainly reflects the expansion of E.ON Connecting Energies' business of providing energy-efficiency solutions to industrial and commercial customers in Germany.

Non-EU Countries' investments of €22 million (prior year: €46 million) are entirely attributable to Russia; about €13 million went toward Russia's new-build program.

Cash Flow

Cash provided by operating activities of continuing operations of €2.8 billion was €0.3 billion above the prior-year figure of €2.5 billion. A decline in cash-effective earnings was offset by the positive development of working capital. The cash outflow resulting from the agreement with Gazprom to adjust the price terms of long-term gas supply contracts will likely be recorded in the second quarter of 2016.

Cash provided by investing activities of continuing operations amounted to -€1 billion compared with €1 billion in the prior-year period. Of this roughly -€2 billion change, -€1.9 billion resulted from lower cash inflows from disposals, mainly relating to the nonrecurrence of proceeds on the sale of operations in Spain and solar operations in Italy. Net cash outflows to acquire securities, financial liabilities, and fixed deposits increased by €0.5 billion. The main countervailing factor was a €0.4 billion reduction in restricted cash.

Cash provided by financing activities of continuing operations amounted to -€1.1 billion (prior year: -€1.6 billion). The change of €0.5 billion is mainly attributable to a reduction in the net repayment of financial liabilities.

Asset Situation

Noncurrent assets at March 31, 2016, were at the level of year-end 2015. An increase in noncurrent receivables from derivative financial instruments was offset by a decline in fixed assets due to scheduled depreciation and by adverse currency-translation effects.

Current assets were about €0.6 billion below the year-end figure, in particular because of a seasonally typical decline in operating receivables, inventories, and other operating assets.

These factors were partially counteracted by an increase in liquid funds and in receivables from the marking to market of derivative financial instruments.

Our equity ratio at March 31, 2016, was one percentage point below the year-end figure. The decline primarily reflects the remeasurement of defined-benefits plans due to lower actuarial interest rates. This was partially offset by our first-quarter net income.

Noncurrent liabilities increased by 4 percent from the figure at year-end 2015. The change in actuarial interest rates led to a significant increase in provisions for pensions and other obligations. Noncurrent liabilities from the marking to market of derivative financial instruments were also significantly higher than the year-end figure. These effects were partially counteracted by the repayment of noncurrent financial liabilities.

Current liabilities declined by 6 percent relative to year-end 2015, mainly because of lower financial liabilities and a reduction in provisions for risks in the gas business following the agreement between Uniper and Gazprom to adjust the price terms of long-term gas supply contracts.

The following key figures indicate the E.ON Group's asset and capital structure:

- Noncurrent assets are covered by equity at 25 percent (December 31, 2015: 26 percent).
- Noncurrent assets are covered by long-term capital at 111 percent (December 31, 2015: 109 percent).

Consolidated Assets, Liabilities, and Equity

€ in millions	Mar. 31, 2016	%	Dec. 31, 2015	%
Noncurrent assets	73,702	65	73,612	65
Current assets	39,481	35	40,081	35
Total assets	**113,183**	**100**	**113,693**	**100**
Equity	18,295	16	19,077	17
Noncurrent liabilities	63,586	56	61,172	54
Current liabilities	31,302	28	33,444	29
Total equity and liabilities	**113,183**	**100**	**113,693**	**100**

Employees

At March 31, 2016, the E.ON Group had 55,550 employees worldwide, a decline of just under 2 percent from year-end 2015. E.ON also had 1,040 apprentices in Germany and 166 board members and managing directors worldwide. As of the same date, 33,977 employees, or 61 percent of all employees, were working outside Germany, slightly lower than the 62 percent at year-end 2015.

Employees[1]	March 31, 2016	Dec. 31, 2015	+/- %
Generation	5,989	6,216	-4
Renewables	1,599	1,573	+2
Global Commodities	1,310	1,320	-1
Exploration & Production	154	236	-35
Germany	11,654	11,465	+2
Other EU Countries	24,208	24,992	-3
Non-EU Countries	5,001	4,970	+1
Group Management/Other[2]	5,635	5,718	-2
Total	**55,550**	**56,490**	**-2**

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

Generation's headcount was lower, especially in Germany and France, due to early retirements and E.ON 2.0 measures. These effects were partially counteracted by the transfer of employees from Group Management/Other to Generation and by the hiring of apprentices as full-time employees.

The filling of vacancies led to a slight increase in the number of employees at Renewables.

Global Commodities' headcount declined slightly owing to normal fluctuation.

The sale of operations in Norway resulted in a significant decline in the number of employees at Exploration & Production.

The filling of vacancies and the hiring of 126 apprentices as full-time employees were the main reasons for the increase in Germany's headcount.

The number of employees at Other EU Countries declined mainly because of restructuring in conjunction with the merger of E.ON Servicii Tehnice S.R.L and E.ON Distributie Romania S.A in Romania.

Transfers to other units constituted the principal reason for the decline in the number of employees at Group Management/Other.

Subsequent Events Report

In April 2016 E.ON sold its British E&P business and decided to move forward with the Arkona offshore wind farm project in the Baltic Sea. Furthermore, the Commission for Organizing and Financing the Nuclear Energy Phaseout communicated its recommendations. The Risk Report and Note 4 to the Condensed Consolidated Interim Financial Statements contain more information about these matters.

Forecast Report

Macroeconomic Situation

International organizations, such as, most recently, the International Monetary Fund, as well as national organizations continue to forecast moderately positive growth for the global economy, albeit with significant variances between regions. The economic picture in Europe deteriorated slightly in recent weeks, with the result that although growth is predicted for Germany and many other EU countries in 2016, uncertainties remain.

Earnings Performance

Our forecast for the E.ON Group's full-year 2016 earnings, which we released in March 2016 in our Combined Group Management Report for 2015, continued to be significantly influenced by the difficult business environment in the energy industry.

We expected our 2016 EBITDA to be between €6 and €6.5 billion and our 2016 underlying net income to be between €1.2 and €1.6 billion.

We adjusted this forecast in March 2016 because Uniper Global Commodities SE and Russia's Gazprom Group reached an agreement in their negotiations to adjust the terms of long-term gas supply contracts to reflect the current market situation. The agreement enabled us to release provisions for prior delivery periods resulting in a positive earnings effect of €0.4 billion in the first quarter of 2016. The earnings effect served to increase our forecast range for 2016 EBITDA from between €6 and €6.5 billion to between €6.4 and 6.9 billion and the forecast range for underlying net income from between €1.2 and €1.6 billion to between €1.5 and €1.9 billion.

The New E.ON's Forecast

E.ON successfully separated its organization from Uniper's effective January 1, 2016, and now focuses on renewables, energy networks, and customer solutions. An independent company called Uniper operates businesses—conventional power generation (hydro, natural gas, coal) and global energy trading—that are important for ensuring the security of the energy supply. The spinoff is subject to shareholders' approval at the E.ON Annual Shareholders Meeting in June 2016. Only if such a resolution is passed can Uniper be spun off and listed on the stock market.

If the E.ON Annual Shareholders Meeting approves the Uniper spinoff, Uniper companies will be reclassified as discontinued operations in E.ON's Consolidated Financial Statements for the first half of 2016 and prior-year figures will be adjusted accordingly. Starting with the Consolidated Financial Statements for the first half of 2016, we will report in line with our new core activities: Energy Networks, Customer Solutions, and Renewables. Our nuclear energy business in Germany and, following the completion of the spinoff, Uniper's businesses will be reported in our Consolidated Financial Statements as noncore businesses. Our 2015 numbers and a portion of our 2016 numbers will include E&P operations in the North Sea and generation operations in Italy and Spain that have now been sold.

In April 2016 the E.ON Management Board decided that in the future E.ON will use adjusted earnings before interest and taxes ("adjusted EBIT") as its key figure for indicating its businesses' long-term earnings power. The E.ON Management Board is convinced that adjusted EBIT is the most suitable key figure for assessing operating performance because it presents a business's operating earnings independently of nonoperating factors such as interest and taxes.

Considering the vote at our Annual Shareholders Meeting on June 8, 2016, on the spinoff of a majority stake in Uniper and assuming that the spinoff will become effective in 2016, we have adjusted our outlook for 2016 as follows owing to accounting effects resulting from the spinoff.

Due to accounting effects, this outlook does not allow any conclusions on Uniper's expected adjusted earnings figures for 2016.

Earnings Performance

We expect our adjusted EBITDA to be between €4.6 and €5 billion (2015 for the new E.ON: €5.8 billion), our adjusted EBIT to be between €2.7 and €3.1 billion (2015 for the new E.ON: €3.6 billion), and our underlying net income to be between €0.6 and €1 billion (2015 for the new E.ON: €1.1 billion). This forecast assumes that after the spinoff E.ON's earnings will include proportional equity earnings from Uniper.

Forecast by activity:

We expect Energy Networks' 2016 adjusted EBIT to be below the prior-year figure of €1.8 billion. The start of the new regulation period in Sweden will have a positive effect on earnings. The nonrecurrence of a one-off effect recorded in 2015 in conjunction with the release of provisions, particularly in Germany, will have an adverse impact on earnings.

We anticipate that Customer Solutions' adjusted EBIT will be above the prior-year figure of €0.8 billion. We expect this segment to benefit from improved margins and lower costs in the United Kingdom and Eastern Europe (particularly in Romania) and more seasonally typical weather patterns in Sweden. The nonrecurrence of a one-off effect recorded in 2015 in conjunction with the release of provisions in Germany will be the principal adverse factor.

We expect Renewables' adjusted EBIT to be significantly above the prior-year figure of €0.4 billion because Amrumbank West and Humber Gateway offshore wind farms will deliver earnings for the entire year.

We expect adjusted EBIT at our noncore business to be on par with the prior-year figure of €0.6 billion. The effects of a further decline in power prices and the decommissioning of Grafenrheinfeld nuclear power station will be offset by lower nuclear-fuel tax payments and cost savings.

Future Dividend Policy

A key element of the new E.ON's finance strategy is a consistent dividend policy under which we intend to pay out 40 to 60 percent of underlying net income to our shareholders.

Planned Investments

Our medium-term plan for the new E.ON includes €3.4 billion of investments for 2016 in our core businesses.

Energy Networks' investments of €1.5 billion will go toward network maintenance and repair, new connections, the integration of renewables, and smart-grid development.

Customer Solutions will invest a total of €0.6 billion. Its main growth investments will be in projects relating to heat production, local power generation, and energy efficiency. Its principal maintenance investments will be in heat production and information technology.

Renewables' investments of €1.3 billion will primarily go toward Rampion offshore wind farm and a number of onshore projects (Colbeck's Corner and Twin Forks in the United States as well as smaller projects in Europe). We also intend to further expand our photovoltaic business.

The planned investments in our nuclear energy business in Germany will be in the middle to low double-digit millions. By contrast, we plan to invest about €1 billion to acquire a 10-percent stake in the Nord Stream 1 pipeline from Uniper.

Risk Report

The Combined Group Management Report contained in our 2015 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 2015 Combined Group Management Report. These risks remained essentially unchanged at the end of the first quarter of 2016.

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

In April 2015 the German Federal Ministry for Economic Affairs and Energy commissioned an auditing firm to conduct stress tests; that is, to review the nuclear-energy provisions of the country's nuclear operators. The results were communicated in October. On September 2, 2015, the ministry presented draft legislation to extend the liability of nuclear operators. In addition, in October 2015 the federal government appointed a Commission for Organizing and Financing the Nuclear Energy Phaseout. The commission communicated its recommendations on April 27, 2016. It recommends that the German state assume responsibility for intermediate and final storage. In return for transferring provisions and a risk premium to the state, operators would no longer be liable for the future risks of storage. Operators would remain responsible and liable for decommissioning and dismantling. At this point it is uncertain how the recommendations might be reflected in possible legislation and what the resulting potential risks might be.

Management's Evaluation of the Risk Situation

At the end of the first quarter of 2016 the risk situation of the E.ON Group's operating business had not changed significantly compared with year-end 2015, although the policy and regulatory risk situation did deteriorate further. 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 2015 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 quarter of 2016.

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 for the period from January 1 to March 31, 2016, which are part of the quarterly financial report 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, May 10, 2016

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

January 1–March 31 € in millions	Note	2016	2015[1]
Sales including electricity and energy taxes		27,609	31,418
Electricity and energy taxes		-474	-425
Sales[2]	(13)	**27,135**	**30,993**
Changes in inventories (finished goods and work in progress)		-10	25
Own work capitalized		95	50
Other operating income		4,740	4,064
Cost of materials		-22,847	-26,722
Personnel costs		-965	-993
Depreciation, amortization and impairment charges		-655	-944
Other operating expenses		-5,288	-4,513
Income/Loss from companies accounted for under the equity method		113	109
Income/Loss from continuing operations before financial results and income taxes		**2,318**	**2,069**
Financial results	(6)	-592	-536
Income/Loss from equity investments		*-25*	*-11*
Income/Loss from other securities, interest and similar income		*106*	*175*
Interest and similar expenses		*-673*	*-700*
Income taxes		-460	-359
Income/Loss from continuing operations		**1,266**	**1,174**
Income/Loss from discontinued operations, net	(4)	–	-2
Net income/loss		**1,266**	**1,172**
Attributable to shareholders of E.ON SE		*1,170*	*1,059*
Attributable to non-controlling interests		*96*	*113*
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(7)		
from continuing operations		0.60	0.55
from discontinued operations		0.00	0.00
from net income/loss		**0.60**	**0.55**

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).
[2]The principal causes of the substantial reduction in sales were significantly lower gas price levels and declining electricity prices, declines in volumes and worsened market conditions, as well as the sales of generating capacity and of the Norwegian E&P activities (see discussion on page 12 of the Management Report).

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses		
January 1–March 31 € in millions	2016	2015
Net income/loss	**1,266**	**1,172**
Remeasurements of defined benefit plans	-1,817	-1,065
Remeasurements of defined benefit plans of companies accounted for under the equity method	-1	-13
Income taxes	-13	289
Items that will not be reclassified subsequently to the income statement	**-1,831**	**-789**
Cash flow hedges	-425	-515
Unrealized changes	*-695*	*-131*
Reclassification adjustments recognized in income	*270*	*-384*
Available-for-sale securities	-17	93
Unrealized changes	*18*	*213*
Reclassification adjustments recognized in income	*-35*	*-120*
Currency translation adjustments	213	872
Unrealized changes	*213*	*872*
Reclassification adjustments recognized in income	–	–
Companies accounted for under the equity method	-18	69
Unrealized changes	*-23*	*69*
Reclassification adjustments recognized in income	*5*	–
Income taxes	-15	268
Items that might be reclassified subsequently to the income statement	**-262**	**787**
Total income and expenses recognized directly in equity	**-2,093**	**-2**
Total recognized income and expenses (total comprehensive income)	**-827**	**1,170**
Attributable to shareholders of E.ON SE	*-823*	*996*
Attributable to non-controlling interests	*-4*	*174*

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	Mar. 31, 2016	Dec. 31, 2015
Assets			
Goodwill		6,382	6,441
Intangible assets		4,511	4,465
Property, plant and equipment		38,334	38,997
Companies accounted for under the equity method	(8)	4,604	4,536
Other financial assets	(8)	5,862	5,926
Equity investments		*1,178*	*1,202*
Non-current securities		*4,684*	*4,724*
Financial receivables and other financial assets		3,595	3,571
Operating receivables and other operating assets		6,282	5,534
Income tax assets		47	46
Deferred tax assets		4,085	4,096
Non-current assets		**73,702**	**73,612**
Inventories		1,935	2,546
Financial receivables and other financial assets		1,461	1,493
Trade receivables and other operating assets		24,662	25,331
Income tax assets		1,407	1,330
Liquid funds		9,070	8,190
Securities and fixed-term deposits		*2,072*	*2,078*
Restricted cash and cash equivalents		*1,050*	*923*
Cash and cash equivalents		*5,948*	*5,189*
Assets held for sale	(4)	946	1,191
Current assets		**39,481**	**40,081**
Total assets		**113,183**	**113,693**
Equity and Liabilities			
Capital stock		2,001	2,001
Additional paid-in capital		12,558	12,558
Retained earnings		8,878	9,419
Accumulated other comprehensive income		-6,117	-5,835
Treasury shares	(9)	-1,714	-1,714
Equity attributable to shareholders of E.ON SE		**15,606**	**16,429**
Non-controlling interests (before reclassification)		3,243	3,209
Reclassification related to put options		-554	-561
Non-controlling interests		**2,689**	**2,648**
Equity		**18,295**	**19,077**
Financial liabilities		14,041	14,954
Operating liabilities		9,743	8,346
Income taxes		1,725	1,562
Provisions for pensions and similar obligations	(11)	5,739	4,210
Miscellaneous provisions		26,493	26,445
Deferred tax liabilities		5,845	5,655
Non-current liabilities		**63,586**	**61,172**
Financial liabilities		1,969	2,788
Trade payables and other operating liabilities		24,364	24,811
Income taxes		812	814
Miscellaneous provisions		3,476	4,280
Liabilities associated with assets held for sale	(4)	681	751
Current liabilities		**31,302**	**33,444**
Total equity and liabilities		**113,183**	**113,693**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

January 1–March 31 € in millions	2016	2015
Net income/loss	1,266	1,172
Income/Loss from discontinued operations, net	–	2
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	655	944
Changes in provisions	-40	131
Changes in deferred taxes	165	269
Other non-cash income and expenses	-110	-4
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	90	-270
Changes in operating assets and liabilities and in income taxes	812	246
Cash provided by (used for) operating activities of continuing operations (operating cash flow)[1]	**2,838**	**2,490**
Cash provided by (used for) operating activities of discontinued operations	–	46
Cash provided by (used for) operating activities	**2,838**	**2,536**
Proceeds from disposal of	306	2,190
Intangible assets and property, plant and equipment	*86*	*83*
Equity investments	*220*	*2,107*
Purchases of investments in	-697	-668
Intangible assets and property, plant and equipment	*-677*	*-646*
Equity investments	*-20*	*-22*
Changes in securities and fixed-term deposits	-489	-42
Changes in restricted cash and cash equivalents	-85	-509
Cash provided by (used for) investing activities of continuing operations	**-965**	**971**
Cash provided by (used for) investing activities of discontinued operations	–	9
Cash provided by (used for) investing activities	**-965**	**980**
Payments received/made from changes in capital[2]	40	-3
Cash dividends paid to non-controlling interests	-2	–
Changes in financial liabilities	-1,181	-1,625
Cash provided by (used for) financing activities of continuing operations	**-1,143**	**-1,628**
Cash provided by (used for) financing activities of discontinued operations	–	24
Cash provided by (used for) financing activities	**-1,143**	**-1,604**
Net increase/decrease in cash and cash equivalents	**730**	**1,912**
Effect of foreign exchange rates on cash and cash equivalents	29	115
Cash and cash equivalents at the beginning of the year[3]	5,190	3,216
Cash and cash equivalents at the end of the quarter[4]	**5,949**	**5,243**
Less: Cash and cash equivalents of discontinued operations at the end of the quarter	**0**	**0**
Cash and cash equivalents of continuing operations at the end of the quarter[4]	**5,949**	**5,243**

[1]Additional information on operating cash flow is provided in Note 13.
[2]No material netting has taken place in either of the years presented here.
[3]Cash and cash equivalents at the beginning of 2016 also include an amount of €1 million at E.ON E&P UK, which is presented as a disposal group. The figure for 2015 includes an amount of €4 million at the Spain region, which had been presented as a discontinued operation, and a combined total of €6 million from the generation activities in Spain and Italy, which had been presented as disposal groups. Cash and cash equivalents of €15 million at the Italy region as of January 1, 2015, were reclassified back to continuing operations in the cash flow statement, but not on the consolidated balance sheet.
[4]Cash and cash equivalents at the end of the first quarter of 2016 also include a combined total of €1 million at E.ON E&P UK and AWE Arkona-Windpark-Entwicklungs-GmbH, which are presented as disposal groups. The figure for 2015 includes an amount of €4 million from the generation activities in Italy, which had been presented as a disposal group. Cash and cash equivalents of €17 million at the Italy region as of March 31, 2015, were reclassified back to continuing operations in the cash flow statement, but not on the consolidated balance sheet.

Condensed Consolidated Interim Financial Statements

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income: Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2015	**2,001**	**13,077**	**16,842**	**-4,917**	**887**	**-803**
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends						
Share additions/reductions			-4			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			309	988	65	-366
Net income/loss			*1,059*			
Other comprehensive income			*-750*	*988*	*65*	*-366*
Remeasurements of defined benefit plans			*-750*			
Changes in accumulated other comprehensive income				*988*	*65*	*-366*
Balance as of March 31, 2015	**2,001**	**13,077**	**17,147**	**-3,929**	**952**	**-1,169**
Balance as of January 1, 2016	**2,001**	**12,558**	**9,419**	**-5,351**	**419**	**-903**
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends						
Share additions/reductions						
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-541	183	-33	-432
Net income/loss			*1,170*			
Other comprehensive income			*-1,711*	*183*	*-33*	*-432*
Remeasurements of defined benefit plans			*-1,711*			
Changes in accumulated other comprehensive income				*183*	*-33*	*-432*
Balance as of March 31, 2016	**2,001**	**12,558**	**8,878**	**-5,168**	**386**	**-1,335**

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-2,502	**24,585**	**2,723**	**-595**	**2,128**	**26,713**
		-55		-55	-55
					0
		-3		-3	-3
		-5		-5	-5
	-4	5		5	1
			5	5	5
	996	174		174	1,170
	1,059	*113*		*113*	*1,172*
	-63	*61*		*61*	*-2*
	-750	*-39*		*-39*	*-789*
	687	*100*		*100*	*787*
-2,502	**25,577**	**2,839**	**-590**	**2,249**	**27,826**
-1,714	**16,429**	**3,209**	**-561**	**2,648**	**19,077**
					0
		38		38	38
					0
		-5		-5	-5
		5		5	5
			7	7	7
	-823	-4		-4	-827
	1,170	*96*		*96*	*1,266*
	-1,993	*-100*		*-100*	*-2,093*
	-1,711	*-120*		*-120*	*-1,831*
	-282	*20*		*20*	*-262*
-1,714	**15,606**	**3,243**	**-554**	**2,689**	**18,295**

Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Report for the three months ended March 31, 2016, 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 2015 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, 2015, which provide the basis for this Interim Report.

(2) Newly Adopted Standards and Interpretations

Amendments to IAS 19—Defined Benefit Plans: Employee Contributions

In November 2013, the IASB published amendments to IAS 19. This pronouncement amends IAS 19 in respect of the accounting for defined benefit plans involving contributions from employees (or third parties). If the contributions made by employees (or third parties) to a defined benefit plan are independent of the number of years of service, their nominal amount can still be deducted from the service cost. But if employee contributions vary according to the number of years of service, the benefits must be computed and attributed by applying the projected unit credit method. The EU has adopted these amendments into European law. Consequently, they shall be applied for fiscal years beginning on or after February 1, 2015. The amendments have no material impact on E.ON's Consolidated Financial Statements.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2010–2012 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 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 37, IAS 38 and IAS 39. The EU has adopted these amendments into European law. Consequently, they shall be applied for fiscal years beginning on or after February 1, 2015. They have no material impact on E.ON's Consolidated Financial Statements.

Amendments to IFRS 11—Accounting for Acquisitions of Interests in Joint Operations

In May 2014, the IASB published amendments to IFRS 11. The standard thus amended requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3 to apply all of the principles relating to business combinations accounting in IFRS 3 and other standards, as long as those principles are not in conflict with the guidance in IFRS 11. Accordingly, the relevant information specified in those standards is to be disclosed. These amendments necessitated consequential amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards," to have the exemption extended to business combinations. Accordingly, the amendment now also includes past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business. The EU has adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. They have no material impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 16 and IAS 38—Clarification of Acceptable Methods of Depreciation and Amortization

In May 2014, the IASB published amendments to IAS 16 and IAS 38. The amendments contain further guidance on which methods can be used to depreciate property, plant and equipment, and to amortize intangible assets. In particular, they clarify that the use of a revenue-based method arising from an activity that includes the use of an asset does not provide an appropriate representation of its consumption. Within the context of IAS 38, however, this presumption can be rebutted in certain limited circumstances. The EU has adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 16 and IAS 41—Agriculture: Bearer Plants

In June 2014, the IASB published amendments to IAS 16 and IAS 41. They provide that bearer plants shall be accounted for in the same way as property, plant and equipment, in accordance with IAS 16. IAS 41 shall continue to apply for the produce they bear. As a result of the amendments, bearer plants will in future no longer be measured at fair value less estimated costs to sell, but rather in accordance with IAS 16, using either a cost model or a revaluation model. The EU has adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 27—Equity Method in Separate Financial Statements

In August 2014, the IASB published amendments to IAS 27, "Separate Financial Statements." The amendments permit the use of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor. The EU has adopted these amendments into European law. The amendments shall be applied retrospectively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," for fiscal years beginning on or after January 1, 2016. The amendments have no impact on E.ON's Consolidated Financial Statements.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2012–2014 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In September 2014, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. The EU has adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. They have no material impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 1, "Presentation of Financial Statements"

In December 2014, the IASB published amendments to IAS 1. They are primarily intended to clarify disclosures of material information, and of the aggregation and disaggregation of line items on the balance sheet and in the statement of comprehensive income. The amendments further provide that an entity's share of the other comprehensive income of companies accounted for using the equity method shall be presented in its statement of comprehensive income. The EU has adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. They have no 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, 2015	**107**	**190**	**297**
Additions	–	1	1
Disposals/Mergers	3	1	4
Consolidated companies as of March 31, 2016	**104**	**190**	**294**

As of March 31, 2016, 42 companies were accounted for under the equity method (December 31, 2015: 42) and 1 company was presented pro rata as a joint operation (December 31, 2015: 1).

(4) Acquisitions, Disposals and Discontinued Operations

Discontinued Operations and Assets Held for Sale in 2016

Exploration and Production Business in the North Sea

In November 2014, E.ON had announced the strategic review of its exploration and production business in the North Sea. Because of a firming commitment to divest itself of these activities, E.ON had reported this business as a disposal group as of September 30, 2015.

In January 2016, E.ON signed an agreement to sell its British E&P subsidiary E.ON E&P UK Limited, London, United Kingdom, to Premier Oil plc, London, United Kingdom. The base sale price as of the January 1, 2015, effective date was approximately €0.1 billion, or $0.12 billion. In addition, E.ON retains liquid funds that existed in the company as of the effective date, and also receives other adjustments that will result in the transaction producing a net cash inflow of approximately €0.3 billion. As the purchase price for the British E&P business became more certain in the fourth quarter of 2015, a charge was recognized on its goodwill in the amount of approximately €0.1 billion. Held as a disposal group in the Exploration & Production global unit, the major asset and liability items of the British E&P business as of March 31, 2016, were goodwill (€0.1 billion) and other assets (€0.7 billion), as well as liabilities (€0.6 billion). The transaction closed on April 28, 2016.

E.ON had already signed an agreement to sell all of its shares in E.ON Exploration & Production Norge AS ("E.ON E&P Norge"), Stavanger, Norway, to DEA Deutsche Erdoel AG ("DEA"), Hamburg, Germany, in October 2015. The transaction value was $1.6 billion, including $0.1 billion in cash and cash equivalents on the balance sheet as of the January 1, 2015, effective date. The transaction resulted in a minimal gain on disposal when it closed in December 2015. The major asset and liability items of these activities, which were held in the Exploration & Production global unit, were goodwill (€0.1 billion), other non-current assets (€0.9 billion) and current assets (€0.2 billion), as well as liabilities (€1.0 billion).

As the disposal process for the North Sea E&P business took greater shape, it already became necessary to perform impairment tests on assets in the third quarter of 2015. These tests resulted in impairments totaling approximately €1 billion, which were partially offset by amortizing deferred tax liabilities to income in the amount of roughly €0.6 billion. In addition, the goodwill of approximately €0.8 billion attributable to these activities was written down by roughly €0.6 billion as of September 30, 2015.

Enovos International S.A.

In December 2015, E.ON signed an agreement to sell its 10-percent shareholding in Enovos International S.A., Esch-sur-Alzette, Luxembourg—joining with RWE AG, Essen, Germany, ("RWE") which is also selling its own 18.4-percent stake—to a bidder consortium led by the Grand Duchy of Luxembourg and the independent private investment company Ardian, Paris, France. The carrying amount of the 10-percent shareholding, which was reported within the Global Commodities unit, amounted to approximately €0.1 billion as of December 31, 2015. The transaction closed in the first quarter of 2016. The parties agreed to not disclose the purchase price.

AS Latvijas Gāze

On December 22, 2015, E.ON entered into an agreement to sell 28.974 percent of the shares of its associated shareholding AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à r.l. The carrying amount of the equity interest, which is reported within the Global Commodities global unit, amounted to approximately €0.1 billion as of December 31, 2015. The transaction, which closed in January 2016 at a sale price of approximately €0.1 billion, resulted in a minimal loss on disposal.

Grid Connection Infrastructure for the Humber Gateway Wind Farm

Following the construction and entry into service of the Humber Gateway wind farm in the U.K. North Sea, E.ON is required by regulation to sell to an independent third party the associated grid connection infrastructure currently held by E.ON Climate & Renewables Humber Wind Ltd., Coventry, United Kingdom ("Humber Wind"). Because the disposal process has been initiated and the transaction is expected to close in the 2016 fiscal year, this grid connection infrastructure is reported as assets held for sale. The carrying amount as of March 31, 2016, was approximately €0.2 billion.

Arkona Offshore Wind Farm Partnership

E.ON has made the decision to build the Arkona offshore wind farm project in the Baltic Sea. The Norwegian energy company Statoil is acquiring a 50-percent interest in the project and will be involved from the start. E.ON will have responsibility for building and operating the wind farm. The contract on the sale of the 50-percent stake was signed in the first quarter of 2016, and the transaction closed in April 2016.

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 was 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–March 31 € in millions	2016	2015
Sales	–	324
Other income/expenses, net	–	-284
Income/Loss from continuing operations before income taxes	**0**	**40**
Income taxes	–	–
Income/Loss from discontinued operations, net	**0**	**40**

[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).

Notes to the Condensed Consolidated Interim Financial Statements

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.

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.

The disposal of the Italian coal and gas generation assets, which were reported as a disposal group, was finalized in July 2015. The result was a minimal deconsolidation gain. The disposed asset and liability items related to property, plant and equipment (€0.3 billion) and current assets (€0.2 billion) and to liabilities (€0.5 billion).

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, at a purchase price of roughly €1.0 billion. This agreement, which resulted in a minimal gain on disposal, was finalized in December 2015. The major asset and liability items of the activities, which were held as a disposal group in the Renewables global unit, were property, plant and equipment (€0.5 billion), intangible assets (€0.5 billion) and current assets (€0.1 billion), as well as liabilities (€0.2 billion).

E.ON also decided in early August 2015 that it would retain and further develop the electricity and gas distribution business held by the Italy regional unit. Accordingly, because the planned sale was abandoned in the third quarter of 2015, the assets and liabilities and the results reported separately for the discontinued operations had to be reported once again in the individual line items of the balance sheet and the income statement, and the corresponding adjustments had to be made to the cash flow statement. This reverse reclassification resulted in no material impact on consolidated net income.

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.

(5) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €3 million in the first three months of 2016 (first three months of 2015: €8 million).

(6) Financial Results

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

Financial Results January 1–March 31 € in millions	2016	2015
Income/Loss from companies in which equity investments are held	2	6
Impairment charges/reversals on other financial assets	-27	-17
Income/Loss from equity investments	**-25**	**-11**
Income/Loss from securities, interest and similar income	106	175
Interest and similar expenses	-673	-700
Net interest income/loss	**-567**	**-525**
Financial results	**-592**	**-536**

(7) Earnings per Share

The computation of earnings per share for the periods indicated is shown below:

Earnings per Share January 1–March 31 € in millions	2016	2015
Income/Loss from continuing operations	1,266	1,174
Less: Non-controlling interests	-96	-111
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**1,170**	**1,063**
Income/Loss from discontinued operations, net	–	-2
Less: Non-controlling interests	–	-2
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**0**	**-4**
Net income/loss attributable to shareholders of E.ON SE	**1,170**	**1,059**
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	0.60	0.55
from discontinued operations	0.00	0.00
from net income/loss	**0.60**	**0.55**
Weighted-average number of shares outstanding (in millions)	1,952	1,933

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

The increase in the weighted-average number of shares outstanding resulted primarily from the issue in the 2015 fiscal year of 19,615,021 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.

Notes to the Condensed Consolidated Interim Financial Statements

(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	March 31, 2016			December 31, 2015		
	E.ON Group	Associates[1]	Joint ventures[1]	E.ON Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	4,604	2,152	2,452	4,536	2,092	2,444
Equity investments	1,178	273	10	1,202	278	10
Non-current securities	4,684	–	–	4,724	–	–
Total	**10,466**	**2,425**	**2,462**	**10,462**	**2,370**	**2,454**

[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 €113 million from companies accounted for under the equity method (first quarter of 2015: €109 million) includes no impairments.

(9) Treasury Shares

Pursuant to a resolution by 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 Management Board 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 March 31, 2016, was 1,952,396,600 (December 31, 2015: 1,952,396,600).

As of March 31, 2016, E.ON SE and one of its subsidiaries held a total of 48,603,400 treasury shares (December 31, 2015: 48,603,400) having a consolidated book value of €1,714 million (equivalent to 2.43 percent or €48,603,400 of the capital stock).

(10) Dividends

A proposal to distribute a cash dividend for 2015 of €0.50 (distribution for 2014: €0.50) per dividend-paying ordinary share will be submitted to the Annual Shareholders Meeting. This would correspond to a total dividend amount of €976 million (distribution for 2014: €966 million).

(11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations increased by €1,529 million over year-end 2015. The increase was caused primarily by net actuarial losses mostly resulting from the decrease in the discount rates used within the E.ON Group and by additions attributable to the net periodic pension cost. These effects were partly offset by employer contributions to plan assets, by net pension payments in the first quarter of 2016 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	Mar. 31, 2016	Dec. 31, 2015
Germany	1.90	2.70
United Kingdom	3.60	3.80

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	Mar. 31, 2016	Dec. 31, 2015
Present value of all defined benefit obligations	19,307	17,920
Fair value of plan assets	13,570	13,712
Net defined benefit liability	**5,737**	**4,208**
Presented as operating receivables	*-2*	*-2*
Presented as provisions for pensions and similar obligations	*5,739*	*4,210*

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

Net Periodic Pension Cost for Defined Benefit Plans

January 1–March 31 € in millions	2016	2015
Employer service cost	65	82
Net interest on the net defined benefit liability	28	30
Past service cost	4	3
Total	**97**	**115**

(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 financial 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, and are adjusted to current market prices as of the reporting dates. 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.

Notes to the Condensed Consolidated Interim Financial Statements

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 March 31, 2016

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,178	139	364
Derivatives	17,479	6,315	10,760
Securities and fixed-term deposits	6,756	6,222	534
Cash and cash equivalents	5,948	5,948	–
Restricted cash	1,050	1,050	–
Liabilities			
Derivatives	17,078	5,584	11,463

Carrying Amounts of Financial Instruments as of December 31, 2015

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,202	145	408
Derivatives	16,210	6,521	9,296
Securities and fixed-term deposits	6,802	6,268	463
Cash and cash equivalents	5,189	5,153	36
Restricted cash	923	923	–
Liabilities			
Derivatives	15,565	5,985	9,548

The liquidity position was mainly supported by the strong operating cash flow in the first three months of 2016.

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 March 31, 2016, was €15,147 million (December 31, 2015: €16,655 million). The carrying amount of the bonds as of March 31, 2016, was €12,054 million (December 31, 2015: €13,750 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, 2015. There were no reclassifications between these two fair-value-hierarchy levels in the first three months of 2016. However, equity investments were reclassified into Level 3 of the fair value hierarchy in the amount of €32 million, and out of Level 3 in the amount of €19 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, 2016	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income state-ment	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	Mar. 31, 2016
Equity investments	649	4	–	–	–	32	-19	9	675
Derivative financial instruments	361	–	–	-14	25	–	–	2	374
Total	**1,010**	**4**	**0**	**-14**	**25**	**32**	**-19**	**11**	**1,049**

At the beginning of 2016, a net loss of €47 million from the initial measurement of derivatives was deferred. After realization of €1 million in deferred gains, the remainder at the end of the quarter was a deferred loss of €46 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 €37 million or an increase of €36 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 €5,598 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 March 31, 2016, 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, 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").

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.

EBITDA rose mainly because of the agreement reached with the Gazprom Group to adjust the terms of long-term gas supply contracts to reflect the current market situation. That agreement enabled the release of provisions for prior delivery periods in the first quarter of 2016.

Exploration & Production

E.ON's exploration and production business is a segment that was active in the North Sea (U.K., Norway) focus regions and is active in Russia. The activities in Norway were sold in late 2015, and the sale of the U.K. business was finalized at the end of April 2016.

Financial Information by Business Segment

January 1–March 31 € in millions	Generation		Renewables		Global Commodities	
	2016	2015	2016	2015	2016	2015
External sales	289	523	187	196	15,665	18,512
Intersegment sales	1,268	2,135	379	465	3,429	4,901
Sales	**1,557**	**2,658**	**566**	**661**	**19,094**	**23,413**
EBITDA[1]	**529**	**749**	**345**	**385**	**754**	**167**
Equity-method earnings[2]	*21*	*18*	*11*	*10*	*32*	*30*
Operating cash flow before interest and taxes	**941**	**677**	**265**	**269**	**1,523**	**1,296**
Investments	**58**	**141**	**253**	**202**	**22**	**11**

[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–March 31 € in millions	UK		Sweden		Czechia	
	2016	2015	2016	2015	2016	2015
External sales	2,600	3,046	638	624	502	564
Intersegment sales	11	10	40	42	21	34
Sales	**2,611**	**3,056**	**678**	**666**	**523**	**598**
EBITDA[1]	**292**	**252**	**257**	**216**	**105**	**98**
Equity-method earnings[2]	*–*	*–*	*1*	*2*	*1*	*1*
Operating cash flow before interest and taxes	**-42**	**-95**	**201**	**192**	**72**	**46**
Investments	**43**	**31**	**63**	**46**	**21**	**19**

[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.

Regional Units

E.ON's distribution and sales operations in Europe are managed by ten regional units in total. For segment reporting purposes, the Germany, UK, Sweden, Czechia and Hungary regional units are reported separately. Those units not reported separately are grouped together and reported in summarized form as "Other regional units." They include the France, Italy, Netherlands, Slovakia and Romania regional 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, the interests held directly by E.ON SE, and the consolidation effects that take place at Group level.

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	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
117	330	5,107	5,027	5,444	6,089	271	268	55	48	27,135	30,993
31	138	277	88	144	258	–	–	-5,528	-7,985	0	0
148	**468**	**5,384**	**5,115**	**5,588**	**6,347**	**271**	**268**	**-5,473**	**-7,937**	**27,135**	**30,993**
50	**277**	**641**	**637**	**831**	**701**	**-16**	**87**	**-63**	**-159**	**3,071**	**2,844**
4	*3*	*12*	*18*	*12*	*12*	*20*	*19*	*1*	*-1*	*113*	*109*
59	**215**	**220**	**192**	**433**	**89**	**96**	**73**	**-449**	**-97**	**3,088**	**2,714**
6	**24**	**133**	**100**	**172**	**135**	**22**	**46**	**31**	**9**	**697**	**668**

Hungary		Other regional units		Other EU Countries	
2016	2015	2016	2015	2016	2015
325	440	1,379	1,415	5,444	6,089
1	1	71	171	144	258
326	**441**	**1,450**	**1,586**	**5,588**	**6,347**
19	**1**	**158**	**134**	**831**	**701**
–	*–*	*10*	*9*	*12*	*12*
44	**-56**	**158**	**2**	**433**	**89**
16	**16**	**29**	**23**	**172**	**135**

Notes to the Condensed Consolidated Interim Financial Statements

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

January 1–March 31 € in millions	Russia 2016	Russia 2015	Other Non-EU Countries 2016	Other Non-EU Countries 2015	Non-EU Countries 2016	Non-EU Countries 2015
External sales	271	268	–	–	271	268
Intersegment sales	–	–	–	–	0	0
Sales	**271**	**268**	**0**	**0**	**271**	**268**
EBITDA[1]	**-36**	**83**	**20**	**4**	**-16**	**87**
Equity-method earnings[2]	–	–	*20*	*19*	*20*	*19*
Operating cash flow before interest and taxes	**92**	**95**	**4**	**-22**	**96**	**73**
Investments	**22**	**46**	**–**	**–**	**22**	**46**

[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–March 31 € in millions	Spain[3] 2016	Spain[3] 2015
External sales	–	324
Intersegment sales	–	31
Sales	**0**	**355**
EBITDA[1]	**–**	**34**
Equity-method earnings[2]	–	–
Operating cash flow before interest and taxes	**–**	**19**
Investments	**–**	**5**

[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–March 31 € in millions	2016	2015	Difference
Operating cash flow before interest and taxes	**3,088**	**2,714**	**374**
Interest payments	-102	-81	-21
Tax payments	-148	-143	-5
Operating cash flow	**2,838**	**2,490**	**348**

[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:

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

Net Income

January 1–March 31 € in millions	2016	2015
EBITDA[1]	**3,071**	**2,844**
Depreciation and amortization	-633	-794
Impairments (-)/Reversals (+)[2]	-13	1
EBIT[1]	**2,425**	**2,051**
Economic interest income (net)	-570	-523
Net book gains/losses	5	245
Restructuring/cost-management expenses	-55	-50
Impairments (-)/Reversals (+)[2, 3]	-5	-115
Other non-operating earnings	-74	-75
Income/Loss from continuing operations before taxes	**1,726**	**1,533**
Income taxes	-460	-359
Income/Loss from continuing operations	**1,266**	**1,174**
Income/Loss from discontinued operations, net	–	-2
Net income/loss	**1,266**	**1,172**
Attributable to shareholders of E.ON SE	*1,170*	*1,059*
Attributable to non-controlling interests	*96*	*113*

[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.

Teyssen

Birnbaum

Reutersberg

Sen

Wildberger

Energy Tables

Power Procurement[1]

Jan. 1–Mar. 31 Billion kWh	Generation 2016	Generation 2015	Renewables 2016	Renewables 2015	Global Commodities[2] 2016	Global Commodities[2] 2015	Germany[2] 2016	Germany[2] 2015	Other EU Countries 2016	Other EU Countries 2015	Non-EU Countries 2016	Non-EU Countries 2015	Consolidation 2016	Consolidation 2015	E.ON Group 2016	E.ON Group 2015
Owned generation	27.2	32.8	6.7	6.4	–	–	0.2	0.2	0.9	1.1	15.5	13.7	–	–	50.5	54.2
Purchases	4.7	6.2	1.3	1.1	152.5	163.2	23.8	22.8	34.8	34.9	1.5	1.2	-76.2	-85.4	142.4	144.0
Jointly owned power plants	*3.1*	*2.8*	*0.5*	*0.3*	–	–	–	–	*0.1*	*0.1*	–	–	–	–	*3.7*	*3.2*
Global Commodities/ outside sources	*1.6*	*3.4*	*0.8*	*0.8*	*152.5*	*163.2*	*23.8*	*22.8*	*34.7*	*34.8*	*1.5*	*1.2*	*-76.2*	*-85.4*	*138.7*	*140.8*
Total power procurement	**31.9**	**39.0**	**8.0**	**7.5**	**152.5**	**163.2**	**24.0**	**23.0**	**35.7**	**36.0**	**17.0**	**14.9**	**-76.2**	**-85.4**	**192.9**	**198.2**
Station use, line loss, etc.	-0.1	-0.3	–	–	–	–	-1.1	-1.1	-2.3	-2.5	-0.5	-0.5	–	–	-4.0	-4.4
Power sales	**31.8**	**38.7**	**8.0**	**7.5**	**152.5**	**163.2**	**22.9**	**21.9**	**33.4**	**33.5**	**16.5**	**14.4**	**-76.2**	**-85.4**	**188.9**	**193.8**

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

Power Sales[1]

Jan. 1–Mar. 31 Billion kWh	Generation 2016	Generation 2015	Renewables 2016	Renewables 2015	Global Commodities[2] 2016	Global Commodities[2] 2015	Germany[2] 2016	Germany[2] 2015	Other EU Countries 2016	Other EU Countries 2015	Non-EU Countries 2016	Non-EU Countries 2015	Consolidation 2016	Consolidation 2015	E.ON Group 2016	E.ON Group 2015
Residential and SME	–	–	–	–	–	–	5.7	5.5	13.3	12.9	–	–	–	–	19.0	18.4
I&C	0.8	0.9	–	–	7.3	1.9	2.4	3.6	17.4	17.1	–	–	–	–	27.9	23.5
Sales partners	5.8	6.6	1.7	1.2	0.4	4.2	10.0	12.0	0.0	0.1	–	–	–	–	17.9	24.1
Customer groups	**6.6**	**7.5**	**1.7**	**1.2**	**7.7**	**6.1**	**18.1**	**21.1**	**30.7**	**30.1**	**–**	**–**	**–**	**–**	**64.8**	**66.0**
Wholesale market/ Global Commodities	25.2	31.2	6.3	6.3	144.8	157.1	4.8	0.8	2.7	3.4	16.5	14.4	-76.2	-85.4	124.1	127.8
Total	**31.8**	**38.7**	**8.0**	**7.5**	**152.5**	**163.2**	**22.9**	**21.9**	**33.4**	**33.5**	**16.5**	**14.4**	**-76.2**	**-85.4**	**188.9**	**193.8**

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

Gas Sales[1]

Jan. 1–Mar. 31 Billion kWh	Global Commodities[2] 2016	Global Commodities[2] 2015	Germany[2] 2016	Germany[2] 2015	Other EU Countries 2016	Other EU Countries 2015	Consolidation 2016	Consolidation 2015	E.ON Group 2016	E.ON Group 2015
Residential and SME	–	–	11.4	11.3	32.8	37.1	–	–	44.2	48.4
I&C	20.5	17.4	1.9	5.5	11.8	13.5	–	–	34.2	36.4
Sales partners	77.0	90.0	0.1	5.4	0.1	0.2	–	–	77.2	95.6
Customer groups	**97.5**	**107.4**	**13.4**	**22.2**	**44.7**	**50.8**	**–**	**–**	**155.6**	**180.4**
Wholesale market/Global Commodities	414.8	333.0	4.2	–	3.5	6.7	-74.2	-85.9	348.3	253.8
Total	**512.3**	**440.4**	**17.6**	**22.2**	**48.2**	**57.5**	**-74.2**	**-85.9**	**503.9**	**434.2**

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

Owned Generation by Energy Source

Jan. 1–Mar. 31 Billion kWh	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Nuclear	9.4	10.9	–	–	–	–	–	–	–	–	9.4	10.9
Lignite	0.6	0.7	–	–	–	–	–	–	–	–	0.6	0.7
Hard coal	3.1	3.5	–	–	–	–	–	–	–	–	3.1	3.5
Natural gas, oil	0.4	0.7	–	–	0.1	0.1	–	–	–	–	0.5	0.8
Hydro	–	–	1.2	1.2	–	–	–	–	–	–	1.2	1.2
Wind	–	–	0.4	0.1	–	–	–	–	–	–	0.4	0.1
Other	–	–	–	–	0.1	0.1	–	–	–	–	0.1	0.1
Germany	**13.5**	**15.8**	**1.6**	**1.3**	**0.2**	**0.2**	**–**	**–**	**–**	**–**	**15.3**	**17.3**
Nuclear	3.9	3.5	–	–	–	–	–	–	–	–	3.9	3.5
Lignite	–	–	–	–	–	–	–	–	3.0	2.8	3.0	2.8
Hard coal	4.7	8.3	–	–	–	–	–	–	–	–	4.7	8.3
Natural gas, oil	5.1	5.2	–	–	–	–	0.7	1.1	12.5	10.9	18.3	17.2
Hydro	–	–	2.1	5.9	–	–	–	–	–	–	2.1	5.9
Wind	–	–	3.0	2.5	–	–	–	–	–	–	3.0	2.5
Other	–	–	–	–	–	–	0.2	0.2	–	–	0.2	0.2
Outside Germany	**13.7**	**17.0**	**5.1**	**8.4**	**–**	**–**	**0.9**	**1.3**	**15.5**	**13.7**	**35.2**	**40.4**
Total	**27.2**	**32.8**	**6.7**	**9.7**	**0.2**	**0.2**	**0.9**	**1.3**	**15.5**	**13.7**	**50.5**	**57.7**
Percentages												
Nuclear	35	33	–	–	–	–	–	–	–	–	19	19
Lignite	2	2	–	–	–	–	–	–	–	–	1	1
Hard coal	11	11	–	–	–	–	–	–	–	–	6	6
Natural gas, oil	1	2	–	–	50	50	–	–	–	–	1	1
Hydro	–	–	18	12	–	–	–	–	–	–	2	2
Wind	–	–	6	1	–	–	–	–	–	–	1	–
Other	–	–	–	–	50	50	–	–	–	–	–	–
Germany	**50**	**48**	**24**	**13**	**100**	**100**	**–**	**–**	**–**	**–**	**30**	**30**
Nuclear	14	11	–	–	–	–	–	–	–	–	8	6
Lignite	–	–	–	–	–	–	–	–	19	20	6	5
Hard coal	17	25	–	–	–	–	–	–	–	–	9	14
Natural gas, oil	19	16	–	–	–	–	78	85	81	80	36	30
Hydro	–	–	31	61	–	–	–	–	–	–	4	10
Wind	–	–	45	26	–	–	–	–	–	–	6	4
Other	–	–	–	–	–	–	22	15	–	–	–	–
Outside Germany	**50**	**52**	**76**	**87**	**–**	**–**	**100**	**100**	**100**	**100**	**70**	**70**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Financial Calendar

June 8, 2016	2016 Annual Shareholders Meeting
August 10, 2016	Interim Report: January – June 2016
November 9, 2016	Interim Report: January – September 2016
March 15, 2017	Release of the 2016 Annual Report
May 10, 2017	Interim Report: January – March 2017
May 10, 2017	2017 Annual Shareholders Meeting
August 9, 2017	Interim Report: January – June 2017
November 8, 2017	Interim Report: January – September 2017

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