

2014

January February March

April May June

July August September

October November December

## 2 E.ON Group Financial Highlights

E.ON Group Financial Highlights			
January 1-September 30	2014	2013	+/- %
Electricity sales <sup>1</sup>	547.8 billion kWh	535.2 billion kWh	+2
Gas sales <sup>1</sup>	754.3 billion kWh	878.7 billion kWh	-14
Sales	€81,348 million	€89,328 million	-9
EBITDA <sup>2</sup>	€6,637 million	€7,128 million	-7
EBIT <sup>2</sup>	€3,912 million	€4,455 million	-12
Underlying net income <sup>2</sup>	€1,435 million	€1,901 million	-25
Investments	€3,144 million	€6,323 million	-50
Cash provided by operating activities of continuing operations	€7,537 million	€5,341 million	+41
Economic net debt (September 30 and December 31)	€31,009 million	€32,218 million	-4
Employees (September 30 and December 31)	59,956	62,239	-4
Shares outstanding (in millions, September 30 and December 31)	1,932	1,908	+1

<sup>1</sup>Additional information under Energy Tables on pages 46 and 47.  
<sup>2</sup>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.

January 1 – September 30, 2014

- EBITDA and underlying net income below prior-year figures, as anticipated; operating cash flow higher
- Economic net debt reduced by €1.2 billion
- Forecast for 2014 EBITDA and underlying net income affirmed

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Dear Shareholders,

Our nine-month results reflect the continued difficult situation in energy markets in Germany and across Europe, but also the many operating, financial, and strategic measures we've initiated. As anticipated, our nine-month EBITDA declined by 7 percent year on year, our underlying net income by 25 percent. In light of these results we reaffirm our forecast range for full-year 2014. Adjusted for currency-translation effects and changes to our portfolio, our nine-month EBITDA would actually have surpassed the prior-year figure. On balance, our broadly based business, which encompasses much more than conventional power generation, stabilized itself further.

This year we've continued to add customers in Germany on a net basis. Customer satisfaction is on the rise as well. But we don't just want to retain our customers, many of whom are also our shareholders. We want to earn their lasting loyalty. In the year ahead we'll continue to work hard at all levels of our company to achieve this goal. We'll be assisted in this effort by our new Berlin-based Digital Transformation Unit, which we established in late September. Its purpose is to develop new services and new forms of customer dialog.

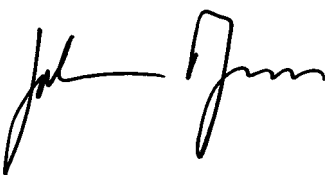
The decision we made in the middle of the last decade to make substantial targeted investments in renewables has proven to be the right one. We're now a pacesetter in making offshore wind power more competitive and bringing it ever closer to market maturity. E.ON is known the world over as a smart investor and skilled developer who completes projects on time and on budget. This year our renewables business is again a stable source of earnings, one that will increase going forward: Amrumbank West and Humber Gateway, two offshore wind farms that are currently under construction, will enter service next year, further enlarging our renewables asset base.

In late October there were positive signals from the EU. The heads of state and government agreed on new EU climate targets for 2030. The reduction target for greenhouse-gas emissions was raised to at least 40 percent (from a 1990 baseline). E.ON had joined many other companies and organizations in advocating this more ambitious target, which will necessitate fundamental reforms to the EU Emissions Trading Scheme. Otherwise, what was once the EU's primary climate-protection mechanism will become permanently anemic and unable to fulfill its intended purpose of directing capital toward low-carbon solutions. Without such reforms, Europe won't reach its new 40 percent reduction target. Because without a functioning carbon market, there are no incentives to invest in new climate-friendly technology or to improve the climate performance of existing technology. The agreement reached by the heads of state and government is therefore a good sign for the environment, for investors, and especially for a company like E.ON that operates efficient, low-carbon power plants.

The EU's energy and climate policy for 2030 could also be a first important step toward the kind of energy union that the new European Commission has proposed. A common market for energy would save power and gas customers many billions of euros. However, Europe's energy markets, particularly Germany's, continue to be plagued by substantial structural problems. Germany's energy supply will only be truly reliable if the intermittent output of wind and solar power is backed by gas- and coal-fired power plants that are ready to come online on short notice. In December the United Kingdom will hold the first auction for such a capacity market, and we plan to tender some of our generating capacity. Germany will also have to find a solution to this problem because its highly specialized industries make it more dependent on a reliable power supply than any other country. The *Energiewende*—the transformation of Germany's energy system—is a massive project. It can only succeed if the reliability of the power supply is not put at risk.

E.ON is working hard to develop smart, reliable, and sustainable energy solutions for the future. And to ensure that you, our shareholders, benefit from these efforts.

Best wishes,



Dr. Johannes Teysen

## E.ON Stock

At the end of the first three quarters of 2014 E.ON stock (including reinvested dividends) was 13 percent above its year-end closing price for 2013, thereby underperforming its peer index, the STOXX Utilities (+21 percent), and outperforming the broader European stock market as measured by the EURO STOXX 50 index (+6 percent).

E.ON's stock-exchange trading volume declined by 19 percent year on year to €23 billion because of a reduction in the number of shares traded.

In 2014 shareholders for the first time were given the option of receiving their dividend in cash or exchanging a portion of it for shares of E.ON stock. The acceptance rate was about 37 percent, and we issued more than 24 million treasury shares. Effective June 30, 2014, this increased the number of shares outstanding to 1,932 million.

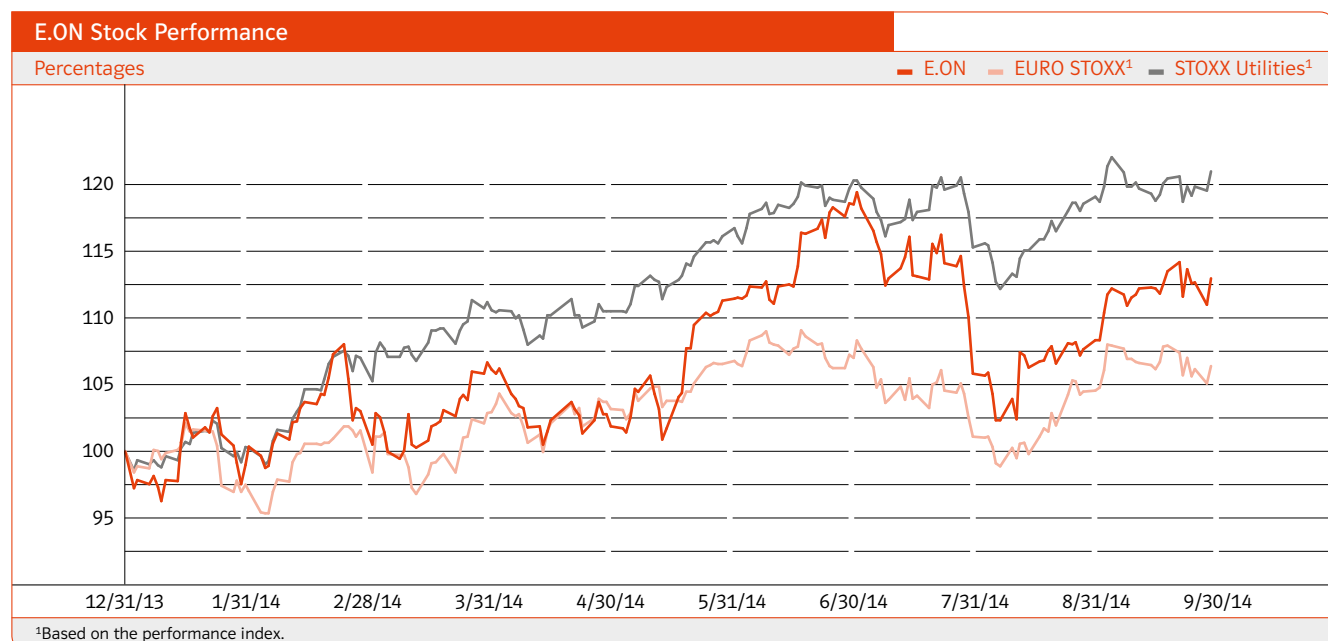
Visit [eon.com](http://eon.com) for the latest information about E.ON stock.

E.ON Stock		
	Sep. 30, 2014	Dec. 31, 2013
Shares outstanding (millions)	1,932	1,908
Closing price (€)	14.50	13.42
Market capitalization (€ in billions) <sup>1</sup>	28.0	25.6

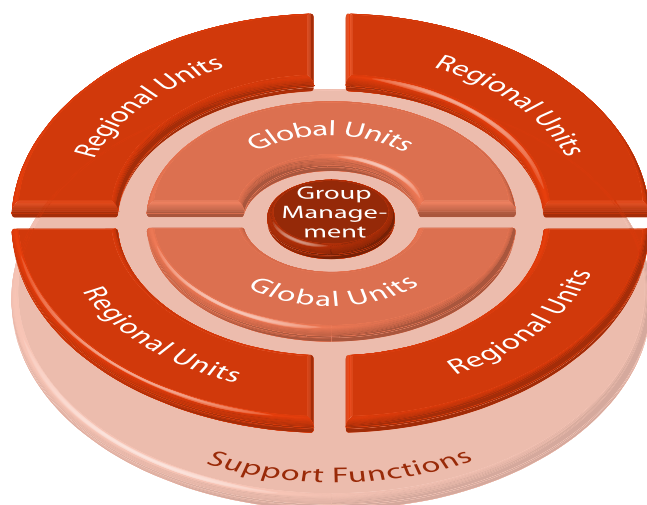
<sup>1</sup>Based on shares outstanding.

Performance and Trading Volume		
January 1-September 30	2014	2013
High (€) <sup>1</sup>	15.31	14.71
Low (€) <sup>1</sup>	12.93	11.94
Trading volume <sup>2</sup>		
Millions of shares	1,651.8	2,173.0
€ in billions	23.0	28.5

<sup>1</sup>Xetra.  
<sup>2</sup>Source: Bloomberg (all German stock exchanges).



## 6 Interim Group Management Report



### Corporate Profile

#### Business Model

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

#### Group Management

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

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

#### Changes in Our Reporting

Effective January 1, 2014, the Generation global unit includes our biomass operations, which were formerly part of the Renewables unit. We also transferred some operations that had been part of the Germany regional unit to E.ON Connecting Energies. Furthermore, the initial application of IFRS 10 and 11 resulted in effects which are described in Note 2 to the Condensed Consolidated Interim Financial Statements. We adjusted the prior-year figures accordingly.

#### Global Units

Our four global units are Generation, Renewables, Global Commodities, and Exploration & Production. Another global unit called Technology brings together our project-management and engineering expertise to support the construction of new assets and the operation of existing assets across the Group. 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 segment 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 segment is active in the following focus regions: the U.K. North Sea, the Norwegian North Sea, and Russia.

#### Regional Units

Eleven regional units manage our distribution and sales operations (including distributed generation) in Europe: Germany, the United Kingdom, Sweden, Italy, Spain, France, the Netherlands, Hungary, Czechia, Slovakia, and Romania. In addition, we intend to selectively expand our distributed-energy business. Created in mid-2012, the E.ON Connecting Energies business unit focuses on providing customers with comprehensive distributed-energy solutions. Effective the fourth quarter of 2013, we report this unit under Other EU Countries.

We report our power generation business in Russia, which we manage as a focus region, and our activities in other non-EU countries (these consist of our business in Brazil and, effective the second quarter of 2013, our business in Turkey) under Non-EU Countries.

## Business Report

### Industry Environment

#### Energy Policy and Regulatory Environment

According to figures from AGEB, an energy-industry working group, Germany's nine-month consumption of primary energy declined by 6.7 percent year on year to 324.1 million metric tons of coal equivalent. Markedly milder weather relative to the prior year was the main factor. It was also the primary reason for the roughly 18-percent decline in Germany's consumption of natural gas. Less gas was used for space-heating and for cogeneration. Germany's consumption of hard coal declined by more than 9 percent because of an overall reduction in electricity production and because hard coal was crowded out by renewables. Germany consumed 3.3 percent less lignite owing to overhaul work at a number of power stations, which led to a reduction in lignite deliveries. Nuclear energy production declined by 1.2 percent, whereas renewables production rose by 1.6 percent.

Nine-month electricity consumption in England, Scotland, and Wales declined by 6 percent, from 226 to 213 billion kWh. Gas consumption (excluding power stations) declined by 18 percent, from 420 to 346 billion kWh, owing to higher temperatures in 2014 relative to 2013. Ongoing energy-efficiency measures and more cost-conscious energy use also affected consumption.

At 274 billion kWh, Northern Europe consumed 7 billion kWh less electricity because of higher average temperatures. It recorded net electricity exports to surrounding countries of about 8.1 billion kWh compared with net imports of about 1.7 billion kWh in the prior-year period.

Hungary's electricity consumption rose by 3 percent to 26.2 billion kWh. Driven by higher average temperatures, a reduction in gas-fired generation, and energy-saving measures, Hungary's gas consumption declined by 14 percent to 8,036 million cubic meters.

Italy consumed 231.8 billion kWh of electricity, about 3 percent less than the prior-year figure of 239 billion kWh. Gas consumption declined by 11.5 percent, from 521 to 460.9 billion kWh, owing to a reduction in deliveries to gas-fired power stations and to a temperature-driven decline in residential consumption.

Peninsular electricity consumption in Spain declined by 1 percent to 182.6 billion kWh, end-customer gas consumption by 10 percent to 183 billion kWh.

France's electricity consumption fell by 6.5 percent to 362.6 billion kWh because of weather factors, its total generation by 2.4 percent to 407.1 billion kWh.

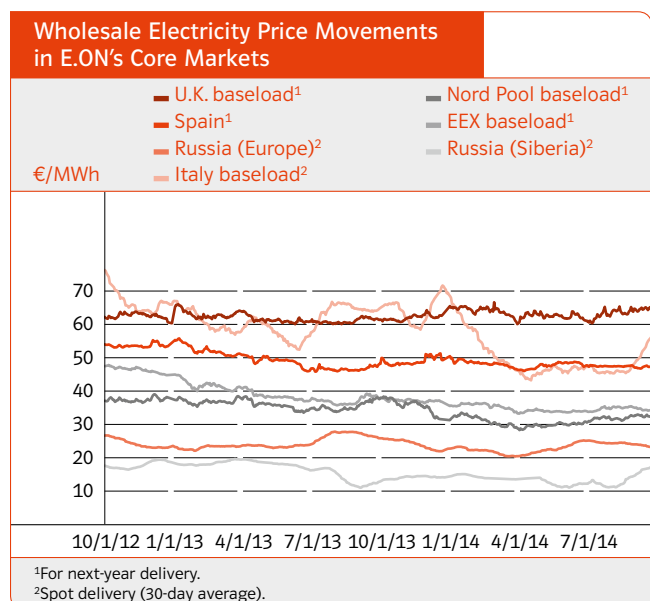
The Russian Federation generated 756.4 billion kWh of electricity, a year-on-year decline of about 1 percent. It generated 741 billion kWh in its integrated power system (which does not include isolated systems), which also represents a decline of 1 percent. Power consumption in the Russian Federation decreased by 0.5 percent to 749.2 billion kWh.

#### Energy Prices

Five main factors drove Europe's electricity and natural gas markets and Russia's electricity market in the first three quarters of 2014:

- 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.

Commodity markets were influenced over the entire nine-month period primarily by Europe's mild weather and the resulting decline in prices for nearly all types of fuels. Concerns about the potential geopolitical risks of the spread of the Ukraine crisis did not have a lasting impact on prices. A stronger dollar and a weaker global economic outlook were the main macroeconomic factors.

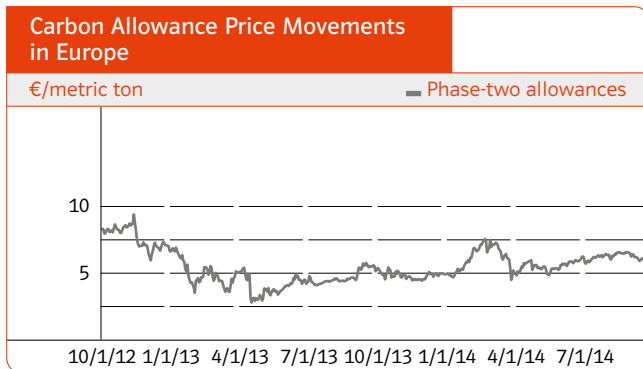


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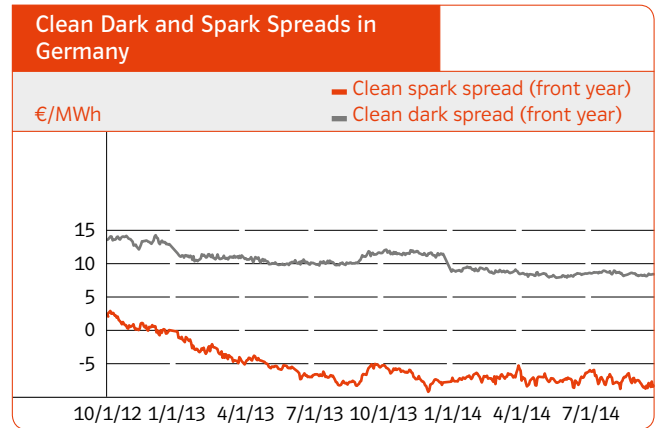
Apart from a brief spike in July following the invasion of Iraq by ISIS fighters, oil prices in particular declined dramatically in the third quarter. The weakness resulted mainly from higher non-OPEC output (particularly tight oil in the United States), lower demand growth due to weaker economies in Europe and China, the recovery of production in Libya, and, to a lesser extent, the fact that ISIS activities in southern Iraq did not have an impact on oil production and exports.

Within the first few weeks of the third quarter the previous downward movement in European coal prices was halted by the increasing tension between Ukraine and Russia. The news that one of the world's leading coal producers would purposely curtail exports by a significant amount served to further stabilize prices. In the second half of the quarter coal prices were again subject to downward pressure as the risk that the conflict in Ukraine would escalate seemed to dissipate.

Spot prices for natural gas displayed a much different pattern. After languishing at extremely low levels in the first half of the year, they trended significantly higher. Spot prices rose by more than 30 percent between July 1 and September 30, mainly because concerns that high inventories at gas storage facilities would lead to an oversupply of gas in the third quarter proved to be unfounded. Although prices for next-year delivery remained stable, at times they fluctuated dramatically in response to news about developments in the Ukraine crisis.



Prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme began to move higher in May, a trend that continued into August because few EUAs were available through auctions in this month due to the summer break. In September prices dropped as the supply of EUAs returned to a higher level, particularly as there was no apparent progress toward reaching a long-term solution for reducing the number of EUAs in circulation.



Last year's downward price trend for German baseload power for next-year delivery continued during the first three quarters of this year. The ongoing increase in installed renewables capacity and a weak forecast for coal prices continued to be the key factors. After dropping sharply in the first quarter, prices fell more slowly in the second and actually rose briefly in the third. In September they gave back these gains in response to the drop in EUA prices, returning to the level at the start of the quarter.

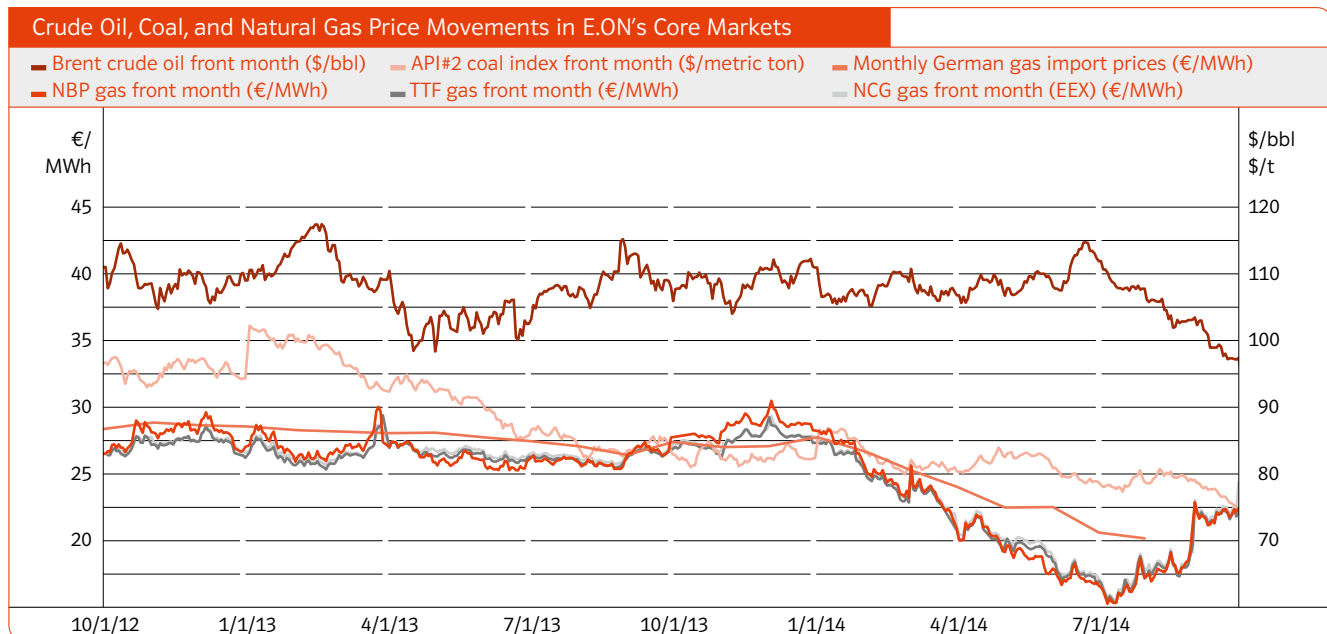
In the third quarter U.K. power prices continued to reflect their significant dependence on gas prices. Consequently, beginning in July power prices for next-year delivery tracked the rise in gas prices.

Spot prices on the Nordic power market were down significantly year on year in the third quarter as well. As a result, the region remained a net exporter of power. However, precipitation during the summer was below average, which had a significant impact on reservoir levels in Norway and Sweden. This led to slightly higher prices for next-year delivery.

After falling sharply in the first quarter, beginning in May Italy's power prices for next-year delivery stabilized at a rather low level for Italian circumstances. Spot prices were also well below the prior-year level, primarily because of lower gas prices and higher renewables feed-in, due in particular to high hydro-power output in Italy's Alpine region.

After dropping sharply in the first quarter and recovering in the second, Spain's power prices for next-year delivery were stable in the third. Above-average summer temperatures and low hydro and wind power output were the main factors.

Prices in the European zone of the Russian power market continued to rise in the third quarter. The seasonal decline in demand was more than offset by an above-average decrease in hydropower output. Extremely low CHP output was counterbalanced by higher nuclear output. Initially, prices in the Siberian zone were relatively stable but rose substantially in September owing to very low hydropower output and higher exports to the European zone made possible by improvements in the interconnection between the two zones.

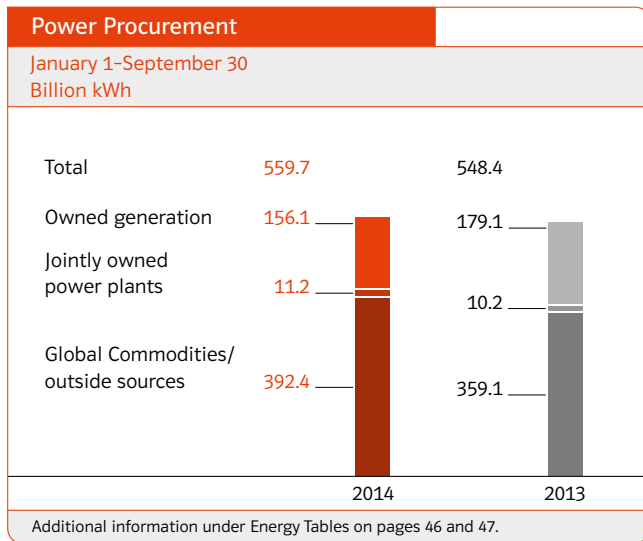


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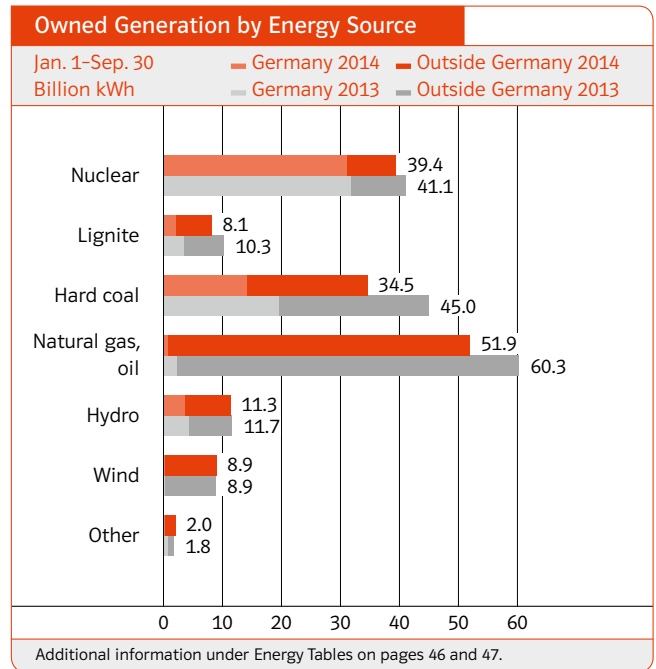
## Business Performance

### Power Procurement

The E.ON Group's nine-month owned generation declined by 23 billion kWh, or 13 percent, year on year. The reduction occurred mainly at the Generation unit. Owned generation at our other units declined by 5.6 billion kWh. Power procured increased by 34.3 billion kWh.

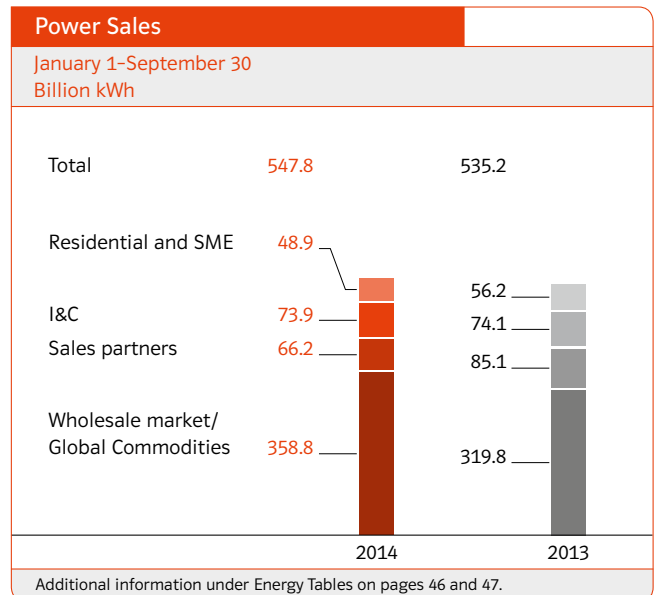


Generation's owned generation decreased by 17.4 billion kWh, from 107.5 to 90.1 billion kWh. In Germany the decline resulted in particular from the reduced dispatch of gas-fired assets due to the current market situation, the unplanned outages of hard-coal-fired generating units at Staudinger and Heyden power stations, extended downtimes at Grohnde and Isar 2 nuclear power stations, and the sale of Buschhaus, a lignite-fired power plant. In France two generating units were shut down and the availability of two other units was limited. In Italy we generated less power in gas-fired plants because of the deteriorated market situation. In Sweden we conducted overhaul work to extend the operating life of unit 2 at Oskarshamn nuclear power station. Lower demand due to the relatively warmer weather was another adverse factor.



### Power Sales

The E.ON Group's nine-month power sales were 12.6 billion kWh above the prior-year level due to an increase in trading activity.



The 7.3 billion kWh decline in power sales to residential and small and medium enterprise ("SME") customers reflects, in particular, lower sales volume at the Germany and Other EU Countries regional units due to mild weather. Lower customer

numbers and ongoing energy-efficiency measures were additional adverse factors in the United Kingdom. In Germany, by contrast, we continued the positive trend of recent quarters by achieving further improvements in customer loyalty and satisfaction.

Power sales to industrial and commercial ("I&C") customers were at the prior-year level. The Germany regional unit's I&C power sales declined by about 1.3 billion kWh, from 17 to 15.7 billion kWh owing to the divestment of E.ON Energy from Waste and E.ON Thüringer Energie and to competition and weather factors. By contrast, Other EU Countries' I&C power sales rose by 1 billion kWh, from 54.8 to 55.8 billion kWh.

Power sales to sales partners declined by 18.9 billion kWh. The Germany regional unit's power sales to this customer group declined by 12.4 to 44.8 billion kWh owing to the above-mentioned reasons. Generation's power sales declined by 4.1 billion kWh, from 24.2 to 20.1 billion kWh, mainly because of lower production at fossil-fueled assets in Germany and France. Comparatively mild weather was another adverse factor. Renewables' power sales of 4.1 billion kWh were 2.1 billion kWh below the prior-year figure, principally because of the reduction in installed capacity following the sale of certain hydroelectric assets in 2013 in conjunction with our market entry in Turkey.

An increase in Global Commodities' trading activities to optimize E.ON's generation portfolio was primarily responsible for the increase in power sales in the trading business.

### Gas Procurement and Production

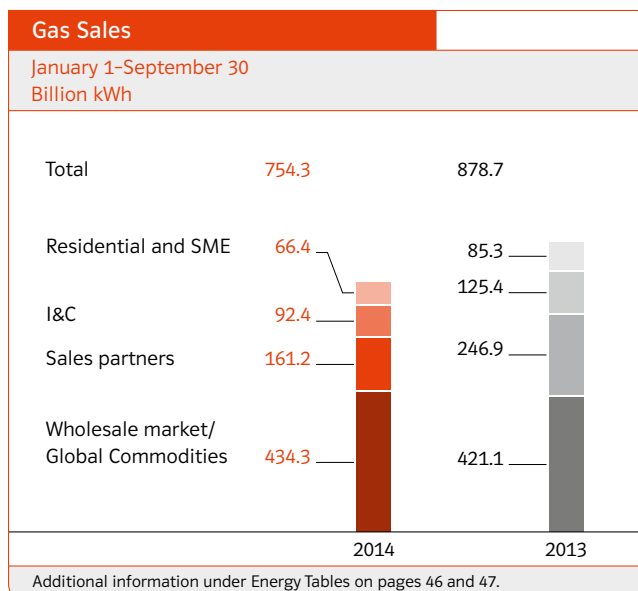
The Global Commodities unit procured about 774 billion kWh of natural gas from producers in and outside Germany in the first three quarters of 2014.

Upstream Production			
January 1-September 30	2014	2013	+/- %
Oil/condensates (million barrels)	8.6	5.3	+62
Gas (million standard cubic meters)	1,420.0	1,068.8	+33
<b>Total (million barrels of oil equivalent)</b>	<b>17.4</b>	<b>11.9</b>	<b>+46</b>

The main reason for the increase in Exploration & Production's production in the North Sea was higher production at Skarv field resulting from improved production efficiency. It also reflected higher production at Babbage, Rita, Johnston, and Huntington fields. In addition to its North Sea production, in the first three quarters Exploration & Production had 4,313 million cubic meters of output from Siberia's Yuzhno Russkoye gas field, which is accounted for using the equity method.

### Gas Sales

The E.ON Group's nine-month gas sales declined by 124.4 billion kWh, or 14 percent.



Gas sales to residential and SME customers declined by 18.9 billion kWh. Comparatively mild weather was the main factor in the United Kingdom, Germany, Romania, Italy, and the Netherlands. Competition-driven losses in the United Kingdom, Germany, and Italy constituted another negative factor. The derecognition of a majority-held equity interest in the first quarter of 2014 was the principal reason for the decline in Czechia.

Gas sales to I&C customers declined by 33 billion kWh. Owing to the above-described reason, the Germany regional unit's gas sales to I&C customers fell by 25 billion kWh to 62.1 billion kWh. Other EU Countries' gas sales fell at all of its units by a total of 7.9 billion kWh, mainly because of weather factors.

Gas sales to sales partners declined by 85.7 billion kWh. The decline at the Germany regional unit mainly reflects the transfer of its business with energy traders and banks to our Global Commodities unit (where this business is classified as wholesale market sales) and the development of commodity prices.

Gas sales in the trading business rose by 13.2 billion kWh, primarily because of an increase in sales on the wholesale market.

## 12 Interim Group Management Report

### Earnings Situation

#### Business Performance

At the nine-month mark our business performance in 2014 continued to be in line with our expectations. Our sales of €81.3 billion were 9 percent below the prior-year level. Our EBITDA declined by about €0.5 billion to €6.6 billion. Cost savings delivered by our E.ON 2.0 program and higher earnings at Generation, Exploration & Production, and Renewables had a positive impact on earnings but were more than offset by the absence of earnings streams from divested companies, lower earnings at our trading business, adverse currency-translation effects, adverse regulatory effects at the Germany unit, and lower earnings at our Other EU Countries and Russia units. Underlying net income declined by €0.5 billion to €1.4 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 2014 reflect the development of market prices and were therefore lower than the prices for deliveries in 2013.

#### Sales

Our nine-month sales of €81.3 billion were about €8 billion below the prior-year level.

Sales			
January 1-September 30			
€ in millions	2014	2013	+/- %
Generation	7,270	7,955	-9
Renewables	1,809	1,835	-1
Global Commodities	57,922	64,947	-11
Exploration & Production	1,683	1,467	+15
Germany	21,136	27,564	-23
Other EU Countries	15,691	17,289	-9
Non-EU Countries	1,170	1,373	-15
Group Management/ Consolidation	-25,333	-33,102	-
<b>Total</b>	<b>81,348</b>	<b>89,328</b>	<b>-9</b>

Particularly significant declines in sales were recorded at our Germany, Other EU Countries, and Global Commodities units, although the decline at the latter is entirely attributable to lower intragroup sales.

The divestment of E.ON Energy from Waste, intragroup offsets in the gas business, and a weather-driven decline in sales volume (which reduced sales by about €5 billion) were the main adverse factors at the Germany unit. Sales at Germany's distribution network business were roughly €1.3 billion below the prior-year level. This decline is entirely attributable to the divestment of the network operations of E.ON Mitte, E.ON Thüringer Energie, and E.ON Westfalen Weser.

Higher temperatures relative to the prior-year period across all regions constituted one of the main reasons for the decline in sales at Other EU Countries. Currency-translation effects had an additional adverse impact on sales recorded in Sweden, Czechia, and Hungary. Other negative factors included a reduction in connection fees for wind farms, lower sales in the distribution network business, and the divestment of operations in Finland and Poland at the Sweden regional unit. In addition, sales were lower because of the derecognition of a majority-held equity interest in the first quarter of 2014 and a regulation-driven decline in sales in the power business in Czechia along with lower sales prices in the regulated power and gas business in Hungary. Weather- and competition-driven declines in power and gas sales volume were also the chief reason sales were lower at our regional units in the United Kingdom, Italy, the Netherlands, Romania, and Spain. By contrast, sales in France were higher thanks to the acquisition of new customers and increases in power and gas sales.

Global Commodities' sales declined on the power side owing to a lower price level relative to the prior year and on the gas side owing to a weather-driven decline in sales volume in the midstream gas business and the sale of the Hungarian gas business.

#### Other Line Items from the Consolidated Statements of Income

Own work capitalized of €226 million was 19 percent below the prior-year figure of €280 million. The main reason was that fewer engineering services for generation new-build projects were performed in the first three quarters of 2014 than in the prior-year period.

Other operating income of €5,611 million was 32 percent below the prior-year figure of €8,292 million. One reason was that income on the sale of securities, property, plant, and equipment ("PP&E"), intangible assets, and equity investments declined from €2,283 million to €641 million; as in the prior year, this income was recorded mainly on the sale of equity investments. Another reason was that income from currency-translation effects of €2,052 million was €943 million below the prior-year figure of €2,995 million. Income from derivative financial instruments of €1,927 million was above the prior-year figure of €1,675 million; the increase mainly reflects the marking to market of commodity and currency derivatives. Corresponding amounts resulting from currency-translation effects and from

derivative financial instruments are recorded under other operating expenses. Miscellaneous other operating income consisted primarily of the reversal of provisions and impairment charges as well as rental and leasing fees.

Costs of materials declined by 9 percent, from €77,993 million to €71,091 million.

Personnel costs declined by about 11 percent to €3,093 million (prior year: €3,465 million), mainly because of divestments made in 2013 and effects relating to our E.ON 2.0 efficiency-enhancement program.

Depreciation charges declined by 8 percent, from €3,280 million to €3,028 million, in particular because impairment charges on PP&E and goodwill were higher in the prior-year period. A generally deteriorated business environment and regulatory intervention has adversely affected our global and regional units, in particular Generation, Renewables, and Exploration & Production.

Other operating expenses declined by 10 percent to €7,259 million (prior year: €8,100 million). Expenditures relating to exchange-rate differences declined from €2,981 million to €2,367 million, whereas expenditures relating to derivative financial instruments rose from €1,657 million to €2,065 million. The latter resulted mainly from the marking to market of gas and power derivatives. In addition, our €42 million in losses on the sale of securities, PP&E, and equity investments were lower than the prior-year figure of €373 million. We also recorded lower concession fees and IT expenditures.

Income from companies accounted for under the equity method declined by €101 million, from -€133 million to -€234 million, mainly because of impairment charges on equity investments at Non-EU Countries.

## 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 14 to the Condensed Consolidated Interim Financial Statements).

Our nine-month EBITDA was down by about €0.5 billion year on year. The positive factors were:

- cost savings delivered by our E.ON 2.0 program
- higher production at Exploration & Production
- higher earnings at Generation and Renewables.

These factors were more than offset by:

- the absence of earnings streams from divested companies
- lower earnings in our trading business
- adverse currency-translation effects
- adverse regulatory effects at the Germany unit
- lower earnings at Other EU Countries and Russia.

EBITDA <sup>1</sup>			
January 1-September 30	2014	2013	+/- %
€ in millions			
Generation	1,553	1,032	+50
Renewables	1,107	1,035	+7
Global Commodities	394	820	-52
Exploration & Production	942	748	+26
Germany	1,307	1,797	-27
Other EU Countries	1,336	1,732	-23
Non-EU Countries	339	414	-18
Group Management/ Consolidation	-341	-450	-
<b>Total</b>	<b>6,637</b>	<b>7,128</b>	<b>-7</b>

<sup>1</sup>Adjusted for extraordinary effects.

## Generation

Generation's EBITDA increased by €521 million, or 50 percent.

Generation				
January 1-September 30	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
€ in millions				
Nuclear	901	647	697	448
Fossil	674	408	173	-81
Other	-22	-23	-27	-15
<b>Total</b>	<b>1,553</b>	<b>1,032</b>	<b>843</b>	<b>352</b>

<sup>1</sup>Adjusted for extraordinary effects.

Nuclear's EBITDA increased by about €254 million, owing mainly to lower expenditures for the nuclear-fuel tax in Germany. Because of the announced early decommissioning of Grafenrheinfeld nuclear power station in May 2015, no new fuel elements will be loaded. Consequently, no nuclear-fuel tax will be levied for Grafenrheinfeld in 2014. In addition, adverse

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effects recorded in 2013 relating to Germany's Site Selection Act did not recur in 2014. In Sweden lower output had a negative effect.

Fossil's EBITDA rose by about €266 million, primarily because of the reversal of provisions in conjunction with water-usage fees for gas-fired power plants in Italy and the delivery of planned cost-cutting measures. Renegotiated improved terms for gas procurement contracts contributed to an EBITDA increase in Spain.

### Renewables

Renewables' EBITDA increased by €72 million, or 7 percent.

Renewables				
January 1-September 30 € in millions	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
Hydro	534	554	442	462
Wind/Solar/Other	573	481	322	241
<b>Total</b>	<b>1,107</b>	<b>1,035</b>	<b>764</b>	<b>703</b>

<sup>1</sup>Adjusted for extraordinary effects.

EBITDA at Hydro declined by 4 percent to €534 million, mainly because of lower earnings in Germany (due to the reduction in generating capacity and lower water flow) and in Italy (due to lower prices and slightly lower sales volume). By contrast, EBITDA in Sweden rose on higher sales volume, which was partially mitigated by adverse price and currency-translation effects.

Wind/Solar/Other's EBITDA rose by 19 percent owing to our build-and-sell strategy.

### Global Commodities

Global Commodities' EBITDA was €426 million below the prior-year figure. This segment's reporting units in the prior year were Proprietary Trading, Optimization, and Gas Transport/Shareholdings/Other. The new reporting structure better reflects Global Commodities' business activities, in particular its global coal, oil, freight, and LNG activities and its regional power and gas business.

Global Commodities				
January 1-September 30 € in millions	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
Coal/Oil/Freight/LNG	36	2	36	2
Power and Gas	255	756	188	683
Infrastructure/Other	103	62	99	49
<b>Total</b>	<b>394</b>	<b>820</b>	<b>323</b>	<b>734</b>

<sup>1</sup>Adjusted for extraordinary effects.

Coal/Oil/Freight/LNG's EBITDA was €34 million above the prior-year figure due to slightly higher earnings in all portfolios.

Power and Gas's EBITDA declined by €501 million, mainly because of positive earnings effects recorded in the prior-year period on the exercise of option rights in carbon-allowance trading and the absence of earnings streams from the gas business in Hungary sold in September 2013.

Infrastructure/Other's EBITDA was €41 million above the prior-year level, primarily because of higher equity earnings from our stake in Nord Stream.

### Exploration & Production

EBITDA at Exploration & Production increased by 26 percent, from €748 million to €942 million, principally because of an increase in production in the North Sea, particularly at Skarv, Babbage, Rita, Johnston, and Huntington fields. Nine-month EBIT was €459 million (prior year: €377 million).

### Germany

EBITDA at the Germany regional unit declined by €490 million to €1,307 million.

Germany				
January 1-September 30 € in millions	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
Distribution Networks	1,118	1,462	700	984
Non-regulated/Other	189	335	137	278
<b>Total</b>	<b>1,307</b>	<b>1,797</b>	<b>837</b>	<b>1,262</b>

<sup>1</sup>Adjusted for extraordinary effects.

Most of the €344 million decline in EBITDA at Distribution Networks is attributable to the divestment of three regional distribution companies. The start of the new regulation period this year also had an adverse impact on earnings, since efficiency enhancements achieved during the previous period were passed through to our customers in the form of lower network fees. In addition, the earnings component for grid expansion in accordance with the Renewable Energy Law was lower than in the prior-year period.

EBITDA at Non-regulated/Other was €146 million below the prior-year figure. Negative factors included the loss of earnings streams due to the divestment of E.ON Energy from Waste and mild winter weather, which had a particularly adverse impact on the sales business.

### Other EU Countries

Other EU Countries' EBITDA was €396 million, or 23 percent, below the prior-year figure.

Other EU Countries				
January 1-September 30 € in millions	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
UK (£ in millions)	212 (172)	307 (216)	148 (120)	263 (224)
Sweden (SEK in millions)	458 (4,137)	570 (4,890)	277 (2,507)	375 (3,216)
Czechia (CZK in millions)	234 (6,440)	407 (10,487)	165 (4,550)	332 (8,549)
Hungary (HUF in millions)	151 (46,511)	136 (40,273)	80 (24,565)	76 (22,404)
Remaining regional units	281	312	174	227
<b>Total</b>	<b>1,336</b>	<b>1,732</b>	<b>844</b>	<b>1,273</b>

<sup>1</sup>Adjusted for extraordinary effects.

EBITDA at the UK regional unit declined by €95 million, in particular because of milder weather than in the prior-year period and adverse currency-translation effects.

The Sweden regional unit's EBITDA declined by €112 million, which includes adverse currency-translation effects. Milder temperatures compared with the prior-year period, lower network connection fees, and the absence of earnings from operations divested in Finland and Poland were the other main negative factors.

EBITDA in Czechia declined by €173 million owing primarily to lower compensation payments for the preferential dispatch of renewable-source electricity in the distribution network, the book gain recorded on the sale of an equity interest in the prior-year period, the derecognition of a majority-held equity interest in the first quarter of 2014, and adverse currency-translation effects.

The Hungary regional unit's EBITDA was €15 million above the prior-year level. Lower procurement costs, improved receivables management, higher construction-cost subsidies, and lower personnel costs were the main positive factors. Currency-translation effects constituted a negative factor.

EBITDA at the remaining regional units decreased by €31 million, mainly because of lower earnings in Italy and the Netherlands. The decline in Italy was due in particular to a regulation-driven reduction in gas tariffs along with mild temperatures, keener competition, and a weaker economy. Mild temperatures were also responsible for lower earnings in the Netherlands; this effect was only partially counteracted by cost savings. By contrast, EBITDA was higher in Romania and Spain. Romania's EBITDA benefited from lower provisions, although this positive effect was somewhat mitigated by a new tax on construction projects. Spain's EBITDA rose on higher sales volume along with wider margins in the power business resulting from regulation and price factors and on improved receivables management; these effects were partially mitigated by lower earnings in the gas sales business resulting from a decline in sales volume and prices.

### Non-EU Countries

Non-EU Countries' EBITDA declined by 18 percent, or €75 million.

Non-EU Countries				
January 1-September 30 € in millions	EBITDA <sup>1</sup>		EBIT <sup>1</sup>	
	2014	2013	2014	2013
Russia (RUB in millions)	401 (19,272)	495 (20,622)	288 (13,860)	346 (14,419)
Other Non-EU Countries	-62	-81	-62	-81
<b>Total</b>	<b>339</b>	<b>414</b>	<b>226</b>	<b>265</b>

<sup>1</sup>Adjusted for extraordinary effects.

The Russia unit's EBITDA was 19 percent below the prior-year level. The principal reasons were adverse currency-translation effects and a narrower gross margin resulting from higher fuel costs which were not offset by higher sales because of a reduction in power consumption in conjunction with the commissioning of new generating capacity. In local currency EBITDA declined by 7 percent.

EBITDA at Other Non-EU Countries consists of our activities in Brazil and Turkey, which are accounted for under the equity method. The negative figure recorded for Turkey is primarily attributable to high financing costs, low hydro output, and high power procurement costs. Earnings in Brazil mainly reflect negative finance earnings and earnings foregone owing to unavailable assets.

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### Net Income

Net income attributable to shareholders of E.ON SE of -€14 million and corresponding earnings per share of -€0.01 were significantly below the respective prior-year figures of €2.6 billion and €1.37, which reflected substantial book gains.

Net Income		
January 1-September 30		
€ in millions	2014	2013
<b>EBITDA<sup>1</sup></b>	<b>6,637</b>	<b>7,128</b>
Depreciation and amortization	-2,663	-2,611
Impairments (-)/Reversals (+) <sup>2</sup>	-62	-62
<b>EBIT<sup>1</sup></b>	<b>3,912</b>	<b>4,455</b>
Economic interest income (net)	-1,256	-1,345
Net book gains/losses	310	1,846
Restructuring/cost-management expenses	-342	-302
Impairments (-)/Reversals (+) <sup>2,3</sup>	-714	-746
Other non-operating earnings	-794	-345
<b>Income from continuing operations before taxes</b>	<b>1,116</b>	<b>3,563</b>
Income taxes	-898	-646
<b>Income from continuing operations</b>	<b>218</b>	<b>2,917</b>
Income from discontinued operations, net	37	-
<b>Net income</b>	<b>255</b>	<b>2,917</b>
Attributable to shareholders of E.ON SE	-14	2,611
Attributable to non-controlling interests	269	306

<sup>1</sup>Adjusted for extraordinary effects.  
<sup>2</sup>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.  
<sup>3</sup>Recorded under non-operating earnings.

Our economic interest expense improved mainly because of the positive development of our net financial position. Our interest expense not affecting net income deteriorated, in particular because of expenditures in conjunction with the early repurchase of bonds.

Economic Interest Expense		
January 1-September 30		
€ in millions	2014	2013
Interest expense shown in Consolidated Statements of Income	-1,430	-1,428
Interest income (-)/expense (+) not affecting net income	174	83
<b>Total</b>	<b>-1,256</b>	<b>-1,345</b>

Nine-month net book gains amounted to €0.3 billion. Book gains were recorded primarily on the sale of a majority stake in a gas company in Prague and securities and network segments in Germany. The high prior-year figure consists in particular of book gains on the sale of certain hydroelectric assets

in Bavaria to Austria's Verbund AG in conjunction with our market entry in Turkey as well as on the sale of E.ON Thüringer Energie, a stake in Slovakian energy company SPP, a minority stake in JMP in Czechia, and securities and network segments in Germany.

Restructuring and cost-management expenditures increased by €40 million and, as in the prior-year period, resulted mainly from cost-cutting programs.

In 2014 and 2013 our global and regional units were adversely affected by a generally deteriorated business environment and regulatory intervention. We therefore had to record impairment charges of approximately €756 million at Non-EU Countries and at Generation, Exploration & Production, and Renewables in the first three quarters of 2014. These charges were partially offset by reversals of impairment charges of €42 million, primarily at Generation and Renewables. In the year-earlier period we recorded impairment charges in particular at Global Commodities, Renewables, and Non-EU Countries.

Other non-operating earnings include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at September 30, 2014, resulted in a negative effect of €350 million. At the prior-year balance-sheet date there was no noteworthy effect. In addition, non-operating earnings were adversely affected in 2014 by impairment charges on gas inventories, securities, and operations at Non-EU Countries and by expenditures in conjunction with bond buybacks. In 2013 we recorded impairment charges on securities and financial receivables.

Our tax expense was €0.9 billion compared with €0.6 billion in the prior-year period. Our tax rate increased from 18 percent in 2013 to 80 percent in 2014 owing to higher tax-free book gains in the prior-year period and a one-off effect relating to a change in the value of deferred tax assets in 2014.

Income/loss from discontinued operations, net, includes the earnings from contractual obligations of operations that have already been sold. Pursuant to IFRS, these earnings are reported separately in the Consolidated Statements of Income.

## Underlying Net Income

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

Underlying Net Income		
January 1–September 30		
€ in millions	2014	2013
Net income attributable to shareholders of E.ON SE	-14	2,611
Net book gains/losses	-310	-1,846
Restructuring/cost-management expenses	342	302
Impairments (-)/Reversals (+)	714	746
Other non-operating earnings	794	345
Taxes and non-controlling interests on non-operating earnings	-54	-195
Special tax effects	-	-62
Income from discontinued operations, net	-37	-
<b>Total</b>	<b>1,435</b>	<b>1,901</b>

## 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, 2013 (€32.2 billion), our economic net debt declined by €1.2 billion to €31 billion. The main reason for the improvement was that our high positive operating cash flow and the proceeds from divestments exceeded investment expenditures and E.ON SE's dividend payout. This was partially offset by an increase in provisions for pensions, which rose by €1.5 billion to €4.9 billion, mainly because of declining interest rates.

At the end of the first three quarters of 2014 E.ON's financial liabilities declined by €3.8 billion to €18.9 billion relative to year-end 2013, mainly because of the on-schedule repayment

of bonds, which were not refinanced owing to E.ON's liquidity situation. For this reason, we also repurchased, ahead of schedule, certain bonds with a nominal value of €1 billion in July 2014.

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

Economic Net Debt		
€ in millions	Sep. 30, 2014	Dec. 31, 2013
Liquid funds	6,416	7,814
Non-current securities	5,014	4,444
Financial liabilities	-18,941	-22,724
FX hedging adjustment	-99	-46
<b>Net financial position</b>	<b>-7,610</b>	<b>-10,512</b>
Provisions for pensions	-4,869	-3,418
Asset-retirement obligations <sup>1</sup>	-18,530	-18,288
<b>Economic net debt</b>	<b>-31,009</b>	<b>-32,218</b>

<sup>1</sup>Less prepayments to Swedish nuclear fund.

Standard & Poor's ("S&P") long-term rating for E.ON is A- with a stable outlook. Moody's long-term rating for E.ON is A3 with a negative outlook. The short-term ratings are A-2 (S&P) and P-2 (Moody's).

## Investments

Our nine-month investments were €3.1 billion, €3.2 billion below the prior-year level. We invested about €2.6 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €2.9 billion). Share investments totaled €0.5 billion versus €3.4 billion in the prior-year period.

Investments			
January 1–September 30			
€ in millions	2014	2013	+/- %
Generation	549	622	-12
Renewables	854	545	+57
Global Commodities	95	113	-16
Exploration & Production	55	351	-84
Germany	400	651	-39
Other EU Countries	569	591	-4
Non-EU Countries	616	3,404	-82
Group Management/ Consolidation	6	46	-87
<b>Total</b>	<b>3,144</b>	<b>6,323</b>	<b>-50</b>
<i>Maintenance investments</i>	<i>529</i>	<i>421</i>	<i>+26</i>
<i>Growth and replacement investments</i>	<i>2,615</i>	<i>5,902</i>	<i>-56</i>

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Generation invested €73 million less than in the prior-year period. Investments in PP&E and intangible assets declined by €65 million, from €614 million to €549 million. Overhaul work to extend the operating life of unit 2 at Oskarshamn nuclear power station in Sweden, environmental-protection measures at Ratcliffe power station in the United Kingdom, and the new generating unit being built at Maasvlakte power station in the Netherlands were among the major projects.

Investments at Renewables rose by €309 million. Hydro's investments declined by 4 percent to €55 million. Wind/Solar/Other's investments increased substantially, from €488 million to €799 million. The high current-year figure principally reflects investments for the construction of two large offshore wind farms in Germany and the United Kingdom.

Global Commodities invested €95 million, which was €18 million less than the prior-year figure of €113 million. The decline mainly reflects lower investments in the gas storage business, because a number of projects were completed.

Exploration & Production invested €55 million (prior year: €351 million) in PP&E and intangible assets. The decline is primarily attributable to lower investments in Skarv, Njord, Babbage, Rita, and Johnston fields.

The Germany regional unit's investments of €400 million were €251 million below the prior-year figure, which principally reflects the acquisition of a 49-percent stake in the joint venture that owns 100 percent of the equity in E.ON Energy from Waste. The above-mentioned disposals served to reduce current-year investments. Current-year investments in PP&E and intangible assets totaled €392 million. Of these investments, €352 million went toward the network business, €36 million toward the district-heating business, and €4 million toward other activities. Share investments totaled €8 million.

Investments at Other EU Countries were slightly below the prior-year level. By implementing municipal and smart-meter projects, the UK regional unit invested €87 million, up from the prior-year figure of €62 million. The Sweden unit's investments of €200 million were €60 million below the prior-year figure of €260 million; investments served to maintain and expand distributed generation and to expand and upgrade the distribution network, including adding new connections. Investments in Czechia declined from €102 million to €86 million owing to the derecognition of a majority-held equity interest in the first quarter of 2014. Investments totaled €66 million (prior year: €59 million) in Hungary. Investments in the remaining EU countries increased from €108 million to €130 million.

This mainly reflects E.ON Connecting Energies' acquisition of a majority stake in a company that will generate power for a business park in Russia (this transaction closed in April) and its initial payments for a generation project in Marl, Germany.

The Russia unit accounted for €269 million (prior year: €234 million) of the investments at Non-EU Countries. These were primarily for Russia's new-build program. We invested €347 million (€3,170 million) in our operations in Brazil and Turkey. The high prior-year figure is mainly attributable to the acquisition of an equity interest in operations in Turkey. This investment was largely covered by the proceeds on the sale of certain hydroelectric assets in Bavaria to Austria's Verbund AG in exchange for the stake in the operations in Turkey.

### Cash Flow

Our operating cash flow increased from €5.3 billion in the prior-year period to €7.5 billion, primarily because of the provisional nuclear-fuel tax refund following the Hamburg Fiscal Court's affirmation of our legal opinion regarding these tax payments. Lower tax payments constituted another positive factor. The decline in our earnings relative to the prior-year period was offset by positive working capital effects.

Cash provided by investing activities of continuing operations amounted to approximately -€3 billion compared with -€0.3 billion in the prior-year period. In executing our divestment program we recorded substantial cash inflows—€6.4 billion—on the sale of share investments in the prior-year period. These were not matched in the current year by the €1.5 billion in cash inflows on the sale of shares investments at Global Commodities, Renewables, Czechia, and Sweden. Cash inflows on the sale of intangible assets and property, plant, and equipment were also lower, declining by €0.2 billion. This significant decline in cash inflows from divestments was accompanied by a reduction of €3.2 billion in our investments relative to the prior-year level, which mainly reflected share investments to acquire and/or expand new operations in Turkey and Brazil. Cash outflows from changes in securities and fixed-term deposits and changes in restricted cash were €0.8 billion higher than in the prior-year period.

Cash provided by financing activities of continuing operations amounted to -€5.4 billion (prior year: -€4.3 billion). The €2.4 billion increase in the net repayment of financial liabilities was partially offset by the roughly €1.3 billion decline in the dividend payout relative to the prior year.

## Asset Situation

Non-current assets at September 30, 2014, were slightly below the figure at year-end 2013. Our investments and higher receivables on derivative financial instruments were more than offset by depreciation charges.

Current assets declined by 16 percent, mainly because of a reduction in operating receivables and in liquid funds along with the derecognition of two shareholdings which had been classified as assets held for sale. These factors were partially offset by an increase in inventories and in receivables on derivative financial instruments.

Our equity ratio at September 30, 2014, was 2 percentage points below the year-end figure. The decrease resulted mainly from the revaluation of performance-based benefit plans, the dividend payout, and a reduction in assets and liabilities resulting from currency-translation effects in the amount of €0.3 billion.

Non-current liabilities rose by 1 percent from the figure at year-end 2013, owing mainly to higher liabilities on derivative financial instruments and higher provisions for pensions and other obligations (see Note 11 to the Consolidated Interim

Financial Statements). These factors were offset to a slight degree by our early repurchase of bonds in the amount of €1 billion.

Current liabilities declined by 11 percent relative to year-end 2013. A reduction in financial liabilities resulting from the on-schedule repayment of bonds and a reduction in liabilities from operating receivables were partially offset by higher liabilities relating to derivative financial instruments and by the €1.7 billion in German nuclear-fuel taxes that were provisionally refunded to us in the second quarter. We did not record this amount as income and have disclosed it as a liability after the Hamburg Fiscal Court granted our appeal for therefunding of nuclear-fuel tax payments already made. We therefore do not anticipate an impact on our earnings situation unless and until the proceedings in the principal case are successful.

The following key figures underscore that the E.ON Group has a solid asset and capital structure:

- Non-current assets are covered by equity at 35 percent (December 31, 2013: 38 percent).
- Non-current assets are covered by long-term capital at 102 percent (December 31, 2013: 104 percent).

Consolidated Assets, Liabilities, and Equity				
€ in millions	Sep. 30, 2014	%	Dec. 31, 2013	%
Non-current assets	95,299	76	95,580	72
Current assets	30,892	24	36,750	28
<b>Total assets</b>	<b>126,191</b>	<b>100</b>	<b>132,330</b>	<b>100</b>
Equity	33,380	26	36,638	28
Non-current liabilities	63,930	51	63,179	47
Current liabilities	28,881	23	32,513	25
<b>Total equity and liabilities</b>	<b>126,191</b>	<b>100</b>	<b>132,330</b>	<b>100</b>

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### Employees

At September 30, 2014, the E.ON Group had 59,956 employees worldwide, a decline of 4 percent from year-end 2013. E.ON also had 1,413 apprentices in Germany and 188 board members and managing directors worldwide. As of the same date 37,309 employees, or 62 percent of all employees, were working outside Germany, about the same percentage as at year-end 2013.

Employees <sup>1</sup>			
	Sep. 30, 2014	Dec. 31, 2013	+/- %
Generation	8,143	8,757	-7
Renewables	1,698	1,675	+1
Global Commodities	1,252	1,449	-14
Exploration & Production	233	219	+6
Germany	11,965	12,345	-3
Other EU Countries	25,820	27,396	-6
Non-EU Countries	5,326	5,019	+6
Group Management/Other <sup>2</sup>	5,519	5,379	+3
<b>Total</b>	<b>59,956</b>	<b>62,239</b>	<b>-4</b>

<sup>1</sup>Does not include board members, managing directors, or apprentices.  
<sup>2</sup>Includes E.ON Business Services.

Generation's headcount was lower due mainly to E.ON 2.0 staff reductions and power plant closures. These effects were partially counteracted by the hiring of apprentices as full-time employees.

Hiring in North America led to a slight increase in the number of employees at Renewables.

The main reason for the reduction in Global Commodities' headcount was the transfer of IT staff to support functions recorded under Group Management/Other. E.ON 2.0 staff reductions constituted another factor.

Exploration & Production added employees in Norway and the United Kingdom.

The headcount at the Germany regional unit was lower mainly because of E.ON 2.0 staff reductions. This was partially offset by the hiring of apprentices as full-time employees.

The decline in the number of employees at Other EU Countries is chiefly attributable to disposals in Czechia, business transfers in Romania, E.ON 2.0 staff reductions, and normal turnover.

Non-EU Countries consists only of our employees at our Russia unit, where the workforce increased because of hiring for a new-build project.

The number of employees at Group Management/Other rose owing to the centralization of support functions and the integration of IT functions formerly at Global Commodities despite the fact that E.ON 2.0 staff reductions, particularly in facility management functions, continued.

### Subsequent Events Report

In October E.ON and VNG – Verbundnetz Gas Aktiengesellschaft sold their 50-percent stakes in Erdgasversorgungsgesellschaft Thüringen-Sachsen. The sale is subject to antitrust approval.

In early November E.ON sold its 20-percent stake Gasum Oy, a Finland-based gas company, to the Finnish state.

### Forecast Report

#### Macroeconomic Situation

The autumn reports of international (OECD, IMF) and national economic observers contained what were in some cases dramatic downward revisions to economic growth forecasts for 2014. With economies around the world looking increasingly weak as the summer wore on, observers responded to declines in demand growth and increasing overall uncertainty by reducing their growth forecasts for Germany, the EU, and countries like Brazil, Russia, and Turkey.

#### Earnings Performance

Our forecast for full-year 2014 earnings continues to be significantly influenced by the difficult business environment in the energy industry and is unchanged from the presentation in our 2013 Combined Group Management Report.

We continue to expect our 2014 EBITDA to be in a range from €8 to €8.6 billion. This forecast factors in the loss of earnings streams through asset sales under our divestment program. Adverse effects will result from the start of the new power network regulation period in Germany and from a deterioration of the earnings situation at Russia and Global Commodities. The expansion of production at Exploration & Production will have a positive impact on earnings. We also expect further effects from the measures taken under our E.ON 2.0 efficiency-enhancement program.

We expect our 2014 underlying net income to be between €1.5 and €1.9 billion.

Our forecast by segment:

We expect Generation's 2014 EBITDA to be significantly above the prior-year figure. Price developments on the wholesale market will continue to be a negative factor. Lower expenditures for Germany's nuclear-fuel tax and the further progress of our efficiency-enhancement and cost-cutting program will have a positive impact on earnings.

We anticipate that Renewables' 2014 EBITDA will be at the prior-year level. Anticipated book gains on the sales under our build-and-sell strategy in Europe and North America will serve to increase EBITDA. The reduction in generating capacity resulting from the disposal of hydroelectric capacity in conjunction with our market entry in Turkey in 2013 along with continued declining prices for power deliveries from storage and pumped-storage hydroelectric stations will be countervailing factors.

We expect Global Commodities' 2014 EBITDA to be significantly below the prior-year figure due to the very difficult market environment in the power and gas business in 2014 and the disposal of its Hungarian business in 2013.

We expect Exploration & Production's 2014 EBITDA to significantly surpass the prior-year figure. Increased production at gas fields in the North Sea will be the main earnings driver.

We expect the Germany regional unit's 2014 EBITDA to be significantly below the prior-year level, mainly because of disposals. In addition, the start of the new power network regulation period will have an adverse impact.

2014 EBITDA at Other EU Countries is expected to be significantly below the prior-year level, mainly because of the absence of compensation payments for renewables feed-in at our Czechia regional unit's distribution network business.

At Non-EU Countries, we expect Russia's 2014 EBITDA to be significantly below the prior-year level due to regulatory changes and a weakening of the ruble.

## Risk Report

The Combined Group Management Report contained in our 2013 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 2013 Combined Group Management Report. These risks remained essentially unchanged at the end of the first three quarters of 2014.

The situation surrounding the following external risks has changed:

E.ON is building a hard-coal-fired power plant in Datteln, Germany ("Datteln 4"). The plant is designed to have a net electric capacity of about 1,055 MW. E.ON has invested more than €1 billion in the project so far. The Münster Superior Administrative Court issued a ruling declaring void the City of Datteln's land-use plan. This ruling was subsequently upheld by the Federal Administrative Court in Leipzig. Consequently, a new planning process was conducted to reestablish a reliable planning basis for Datteln 4. The new construction plan and the amended land-use plan took effect on September 1, 2014. In view of the upcoming consents process, the current policy environment, and pending and anticipated lawsuits, we currently anticipate additional delays relative to Datteln 4's originally planned date of commissioning. We continue to anticipate that Datteln 4 will become operational. In principle, these types of risks also attend our other power and gas new-build projects.

The Site Selection Act (*Standortauswahlgesetz*, or "StandAG") took effect in its entirety on January 1, 2014. Along with the search for an alternative site, it calls for the study of Gorleben to be suspended. Effective the date the StandAG entered effect, Gorleben is to remain open but be frozen in its current state as of the most recent study and/or partially dismantled. The StandAG establishes a new levy that imposes the cost burden on entities with a disposal obligation. It estimates that the industry as a whole will face additional costs of more than €2 billion. We contend that such a passthrough of costs is unconstitutional as long as Gorleben has not been deemed unsuitable. E.ON is taking legal action against it. The StandAG

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also calls for an addendum to the Atomic Energy Act that establishes a new obligation for nuclear operators to store reprocessing waste at intermediate storage facilities in close proximity to their nuclear power stations. In October 2014 E.ON filed suits against this new storage obligation in the states of Bavaria, Lower Saxony, and Schleswig-Holstein.

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. These risks relate mainly to legal actions and proceedings concerning contract and price adjustments to reflect market dislocations or (including as a consequence of the transformation of Germany's energy system) an altered business climate in the power and gas business, price increases, alleged market-sharing agreements, and anticompetitive practices. The legal proceedings concerning price increases include legal actions to demand repayment of the increase differential in conjunction with court rulings that certain price-adjustment clauses used in the special-customer segment in years past are invalid. Recent rulings by Germany's Federal Court of Justice ("FCJ") have increased these risks industry-wide. To reduce future risks E.ON uses amended price-adjustment clauses. Additional risks result from the FCJ's still-pending submissions to the European Court of Justice ("ECJ") to determine whether Germany's Basic Supply Ordinances for Power and Gas (*Grundversorgungsverordnungen*, or "Ordinances") comply with European law. The ECJ ruled on October 23, 2014, that the Ordinances are in violation of EU law. The FCJ must now rule on the violation's consequences for German law. It is expected to issue this ruling in 2015. E.ON is not a party to these submissions. Amended Ordinances took effect on October 30, 2014. They will increase transparency in how prices are set for tariff customers. This, in turn, will increase the risk that price changes will result in tariff customers switching suppliers.

The political crisis in Ukraine could have an impact on the gas supply and our activities in Russia. At this time, however, our activities in Russia continue to operate largely according to plan.

### Management's Evaluation of the Risk Situation

At the end of the first three quarters of 2014 the risk situation of the E.ON Group's operating business had not changed significantly compared with year-end 2013. In the future, policy and regulatory intervention, increasing gas-market competition and its effect on sales volumes and prices, and possible delays and higher costs for power and gas new-build projects could adversely affect our earnings situation. From today's perspective, however, we do not perceive any future risks that could threaten the existence of the E.ON Group or individual segments.

### Opportunity Report

The 2013 Combined Group Management Report describes the processes by which the E.ON Group identifies opportunities along with our businesses' main opportunities. With the exception of the matters described below, these opportunities had not changed significantly as of the end of the first three quarters of 2014.

The reactor accident in Fukushima led the political parties in Germany's coalition government to reverse their policy regarding nuclear energy. After extending the operating lives of nuclear power plants ("NPPs") in the fall of 2010 in line with the stipulations of that government's coalition agreement, the federal government rescinded the extensions in the thirteenth amended version of Germany's Atomic Energy Act ("the Act") and established a number of stricter rules. E.ON considers the nuclear phaseout, under the current legislation, to be irreconcilable with our constitutionally protected right to property and right to operate a business. It is our view that such an intervention is unconstitutional unless compensation is granted for the rights so deprived and for the resulting stranded assets. Consequently, in mid-November 2011 E.ON filed a constitutional complaint against the thirteenth amendment of the Act to Germany's Constitutional Court in Karlsruhe. The nuclear-fuel tax remains at its original level after the rescission of operating-life extensions. We believe that this contravenes Germany's constitution and European law. E.ON is therefore instituting administrative proceedings and taking legal action against the tax as well. Our view was affirmed by the Hamburg Fiscal Court, which ruled in our favor that our €1.7 billion in fuel-tax payments should be provisionally refunded. The Munich Fiscal Court subsequently concurred with the Hamburg Fiscal Court's legal opinion and issued rulings requiring the provisional refund of Gundremmingen NPP's nuclear-fuel tax payments for the years 2011 to 2013 (of which the E.ON Group's share is approximately €180 million), subject to subsequent collateralization. The Federal Fiscal Court has yet to rule on these cases.

E.ON has filed a suit for damages against the states of Lower Saxony and Bavaria and against the Federal Republic of Germany for the nuclear energy moratorium that was ordered following the reactor accident in Fukushima. The suit, which was filed with the Hanover State Court, seeks approximately €380 million in damages which E.ON incurred when, in March 2011, Unterweser and Isar 1 NPPs were required to temporarily suspend operations for several months until the thirteenth amended version of the Atomic Energy Act, which specifies the modalities for Germany's accelerated phaseout of nuclear energy, took effect.

## Review Report

To E.ON SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements—comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flows statement, statement of changes in equity and selected explanatory notes—and the interim group management report of E.ON SE, Düsseldorf, for the period from January 1 to September 30, 2014, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 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, November 11, 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Markus Dittmann  
Wirtschaftsprüfer  
(German Public Auditor)

Michael Preiß  
Wirtschaftsprüfer  
(German Public Auditor)

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E.ON SE and Subsidiaries Consolidated Statements of Income					
€ in millions	Note	July 1–September 30		January 1–September 30	
		2014	2013 <sup>1</sup>	2014	2013 <sup>1</sup>
Sales including electricity and energy taxes		25,519	25,050	82,435	90,655
Electricity and energy taxes		-290	-358	-1,087	-1,327
<b>Sales</b>	(14)	<b>25,229</b>	<b>24,692</b>	<b>81,348</b>	<b>89,328</b>
Changes in inventories (finished goods and work in progress)		11	22	42	35
Own work capitalized		101	118	226	280
Other operating income		389	527	5,611	8,292
Cost of materials		-22,405	-21,999	-71,091	-77,993
Personnel costs		-1,025	-1,073	-3,093	-3,465
Depreciation, amortization and impairment charges		-1,044	-1,305	-3,028	-3,280
Other operating expenses		-1,034	-959	-7,259	-8,100
Income from companies accounted for under the equity method		-249	-129	-234	-133
<b>Income from continuing operations before financial results and income taxes</b>		<b>-27</b>	<b>-106</b>	<b>2,522</b>	<b>4,964</b>
Financial results	(6)	-496	-511	-1,406	-1,401
<i>Income/Loss from equity investments</i>		-11	11	24	27
<i>Income from other securities, interest and similar income</i>		162	153	484	421
<i>Interest and similar expenses</i>		-647	-675	-1,914	-1,849
Income taxes		-272	169	-898	-646
<b>Income from continuing operations</b>		<b>-795</b>	<b>-448</b>	<b>218</b>	<b>2,917</b>
Income from discontinued operations, net		21	-	37	-
<b>Net income/Loss</b>		<b>-774</b>	<b>-448</b>	<b>255</b>	<b>2,917</b>
<i>Attributable to shareholders of E.ON SE</i>		-835	-464	-14	2,611
<i>Attributable to non-controlling interests</i>		61	16	269	306
<b>in €</b>					
<b>Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted</b>	(7)				
from continuing operations		-0.45	-0.24	-0.03	1.37
from discontinued operations		0.01	0.00	0.02	0.00
<b>from net income/loss</b>		<b>-0.44</b>	<b>-0.24</b>	<b>-0.01</b>	<b>1.37</b>

<sup>1</sup>Because of the initial application of IFRS 10 and IFRS 11, the comparative prior-year figures have been adjusted (see also Note 2).

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses				
€ in millions	July 1-September 30		January 1-September 30	
	2014	2013	2014	2013
<b>Net income/Loss</b>	<b>-774</b>	<b>-448</b>	<b>255</b>	<b>2,917</b>
Remeasurement of defined benefit plans	-1,147	-455	-2,445	45
Remeasurement of defined benefit plans of companies accounted for under the equity method	-	6	-1	7
Income taxes	314	83	689	-69
<b>Items that will not be reclassified subsequently to the income statement</b>	<b>-833</b>	<b>-366</b>	<b>-1,757</b>	<b>-17</b>
Cash flow hedges	-206	25	-482	93
<i>Unrealized changes</i>	51	-104	-171	92
<i>Reclassification adjustments recognized in income</i>	-257	129	-311	1
Available-for-sale securities	11	86	64	-36
<i>Unrealized changes</i>	49	120	262	102
<i>Reclassification adjustments recognized in income</i>	-38	-34	-198	-138
Currency translation adjustments	-284	-59	-469	-841
<i>Unrealized changes</i>	-337	-135	-528	-885
<i>Reclassification adjustments recognized in income</i>	53	76	59	44
Companies accounted for under the equity method	-23	-228	74	-774
<i>Unrealized changes</i>	-23	-228	74	-430
<i>Reclassification adjustments recognized in income</i>	-	-	-	-344
Income taxes	118	7	195	-11
<b>Items that might be reclassified subsequently to the income statement</b>	<b>-384</b>	<b>-169</b>	<b>-618</b>	<b>-1,569</b>
<b>Total income and expenses recognized directly in equity</b>	<b>-1,217</b>	<b>-535</b>	<b>-2,375</b>	<b>-1,586</b>
<b>Total recognized income and expenses (total comprehensive income)</b>	<b>-1,991</b>	<b>-983</b>	<b>-2,120</b>	<b>1,331</b>
<i>Attributable to shareholders of E.ON SE</i>	-1,949	-977	-2,222	1,096
<i>Attributable to non-controlling interests</i>	-42	-6	102	235

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E.ON SE and Subsidiaries Consolidated Balance Sheets			
€ in millions	Note	Sep. 30, 2014	Dec. 31, 2013 <sup>1</sup>
<b>Assets</b>			
Goodwill		12,826	12,666
Intangible assets		6,068	6,648
Property, plant and equipment		49,805	50,083
Companies accounted for under the equity method	(8)	5,592	5,652
Other financial assets	(8)	6,862	6,410
<i>Equity investments</i>		1,848	1,966
<i>Non-current securities</i>		5,014	4,444
Financial receivables and other financial assets		3,593	3,550
Operating receivables and other operating assets		3,367	3,074
Income tax assets		87	172
Deferred tax assets		7,099	7,325
<b>Non-current assets</b>		<b>95,299</b>	<b>95,580</b>
Inventories		4,643	4,147
Financial receivables and other financial assets		1,685	1,654
Trade receivables and other operating assets		17,374	21,074
Income tax assets		738	1,030
Liquid funds		6,416	7,814
<i>Securities and fixed-term deposits</i>		1,674	2,648
<i>Restricted cash and cash equivalents</i>		1,140	639
<i>Cash and cash equivalents</i>		3,602	4,527
Assets held for sale	(4)	36	1,031
<b>Current assets</b>		<b>30,892</b>	<b>36,750</b>
<b>Total assets</b>		<b>126,191</b>	<b>132,330</b>
<b>Equity and Liabilities</b>			
Capital stock		2,001	2,001
Additional paid-in capital		13,084	13,733
Retained earnings		20,519	23,306
Accumulated other comprehensive income		-2,392	-1,833
Treasury shares	(9)	-2,520	-3,484
<b>Equity attributable to shareholders of E.ON SE</b>		<b>30,692</b>	<b>33,723</b>
Non-controlling interests (before reclassification)		3,283	3,574
Reclassification related to put options		-595	-659
<b>Non-controlling interests</b>		<b>2,688</b>	<b>2,915</b>
<b>Equity</b>		<b>33,380</b>	<b>36,638</b>
Financial liabilities		16,291	18,051
Operating liabilities		7,664	6,754
Income taxes		2,338	2,317
Provisions for pensions and similar obligations	(11)	4,869	3,418
Miscellaneous provisions		25,386	24,735
Deferred tax liabilities		7,382	7,904
<b>Non-current liabilities</b>		<b>63,930</b>	<b>63,179</b>
Financial liabilities		2,650	4,673
Trade payables and other operating liabilities	(12)	21,158	21,457
Income taxes		1,233	1,723
Miscellaneous provisions		3,835	4,353
Liabilities associated with assets held for sale	(4)	5	307
<b>Current liabilities</b>		<b>28,881</b>	<b>32,513</b>
<b>Total equity and liabilities</b>		<b>126,191</b>	<b>132,330</b>

<sup>1</sup>Because of the initial application of IFRS 10, IFRS 11 and IAS 32, the comparative prior-year figures have been adjusted (see also Note 2).

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows		
January 1–September 30 € in millions	2014	2013
Net income	255	2,917
Income/Loss from discontinued operations, net	-37	-
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	3,028	3,280
Changes in provisions <sup>1</sup>	320	235
Changes in deferred taxes	658	407
Other non-cash income and expenses	523	136
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-593	-1,910
Changes in operating assets and liabilities and in income taxes	3,383	276
<b>Cash provided by operating activities of continuing operations (operating cash flow)<sup>2</sup></b>	<b>7,537</b>	<b>5,341</b>
Proceeds from disposal of	1,639	6,741
<i>Intangible assets and property, plant and equipment</i>	197	357
<i>Equity investments</i>	1,442	6,384
Purchases of investments in	-3,144	-6,323
<i>Intangible assets and property, plant and equipment</i>	-2,629	-2,894
<i>Equity investments</i>	-515	-3,429
Changes in securities and fixed-term deposits <sup>1</sup>	-972	-768
Changes in restricted cash and cash equivalents	-496	53
<b>Cash used for investing activities of continuing operations</b>	<b>-2,973</b>	<b>-297</b>
Payments received/made from changes in capital <sup>3</sup>	-44	-16
Cash dividends paid to shareholders of E.ON SE	-840	-2,097
Cash dividends paid to non-controlling interests	-199	-210
Changes in financial liabilities	-4,384	-2,012
<b>Cash used for financing activities of continuing operations</b>	<b>-5,467</b>	<b>-4,335</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-903</b>	<b>709</b>
Effect of foreign exchange rates on cash and cash equivalents	-34	-32
Cash and cash equivalents at the beginning of the year <sup>4</sup>	4,539	2,823
<b>Cash and cash equivalents of continuing operations at the end of the quarter<sup>5</sup></b>	<b>3,602</b>	<b>3,500</b>

<sup>1</sup>The comparative prior-year figures have been adjusted (see also Note 2).

<sup>2</sup>Additional information on operating cash flow is provided in Note 14.

<sup>3</sup>No material netting has taken place in either of the years presented here. The non-cash financing activity resulting from the scrip dividend is discussed in Notes 9 and 10.

<sup>4</sup>Cash and cash equivalents of continuing operations at the beginning of 2014 also include an amount of €12 million at the Pražská plynárenská group, which was disposed of in the first quarter of 2014. The figure for 2013 includes a combined total of €7 million at E.ON Thüringer Energie and at E.ON Energy from Waste, both of which had been presented as disposal groups.

<sup>5</sup>Cash and cash equivalents of continuing operations at the end of the 2013 quarter also included amounts of €7 million from the Sweden regional unit's Polish activities, which had been reported as a disposal group, and a total of €25 million from the Helmstedt lignite field businesses, including the Buschhaus power plant, which had also been reported as a disposal group.

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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
<b>Balance as of January 1, 2013</b>	<b>2,001</b>	<b>13,740</b>	<b>22,869</b>	<b>-614</b>	<b>810</b>	<b>-343</b>
IFRS 10, IFRS 11 adjustment			304			
<b>Balance as of January 1, 2013</b>	<b>2,001</b>	<b>13,740</b>	<b>23,173</b>	<b>-614</b>	<b>810</b>	<b>-343</b>
Change in scope of consolidation						
Treasury shares repurchased/sold						
Capital increase						
Capital decrease						
Dividends			-2,097			
Share additions			-91			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			2,577	-1,518	7	30
<i>Net income</i>			2,611			
<i>Other comprehensive income</i>			-34	-1,518	7	30
<i>Remeasurement of defined benefit plans</i>			-34			
<i>Changes in accumulated other comprehensive income</i>				-1,518	7	30
<b>Balance as of September 30, 2013<sup>1</sup></b>	<b>2,001</b>	<b>13,740</b>	<b>23,562</b>	<b>-2,132</b>	<b>817</b>	<b>-313</b>
<b>Balance as of January 1, 2014<sup>1</sup></b>	<b>2,001</b>	<b>13,733</b>	<b>23,306</b>	<b>-2,742</b>	<b>1,201</b>	<b>-292</b>
Change in scope of consolidation						
Treasury shares repurchased/sold		-649	-10			
Capital increase						
Capital decrease						
Dividends			-1,145			
Share additions			31			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-1,663	-256	15	-318
<i>Net income</i>			-14			
<i>Other comprehensive income</i>			-1,649	-256	15	-318
<i>Remeasurement of defined benefit plans</i>			-1,649			
<i>Changes in accumulated other comprehensive income</i>				-256	15	-318
<b>Balance as of September 30, 2014</b>	<b>2,001</b>	<b>13,084</b>	<b>20,519</b>	<b>-2,998</b>	<b>1,216</b>	<b>-610</b>

<sup>1</sup>Because of the initial application of IFRS 10 and IFRS 11, the comparative prior-year figures have been adjusted (see also Note 2).

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
<b>-3,505</b>	<b>34,958</b>	<b>4,410</b>	<b>-548</b>	<b>3,862</b>	<b>38,820</b>
	304	35	-35	0	304
<b>-3,505</b>	<b>35,262</b>	<b>4,445</b>	<b>-583</b>	<b>3,862</b>	<b>39,124</b>
		-735		-735	-735
					0
		22		22	22
		-10		-10	-10
	-2,097	-212		-212	-2,309
	-91	74		74	-17
			-56	-56	-56
	1,096	235		235	1,331
	2,611	306		306	2,917
	-1,515	-71		-71	-1,586
	-34	17		17	-17
	-1,481	-88		-88	-1,569
<b>-3,505</b>	<b>34,170</b>	<b>3,819</b>	<b>-639</b>	<b>3,180</b>	<b>37,350</b>
<b>-3,484</b>	<b>33,723</b>	<b>3,574</b>	<b>-659</b>	<b>2,915</b>	<b>36,638</b>
		-116		-116	-116
964	305				305
		41		41	41
		-13		-13	-13
	-1,145	-207		-207	-1,352
	31	-98		-98	-67
			64	64	64
	-2,222	102		102	-2,120
	-14	269		269	255
	-2,208	-167		-167	-2,375
	-1,649	-108		-108	-1,757
	-559	-59		-59	-618
<b>-2,520</b>	<b>30,692</b>	<b>3,283</b>	<b>-595</b>	<b>2,688</b>	<b>33,380</b>

## 30 Notes to the Condensed Consolidated Interim Financial Statements

### (1) Summary of Significant Accounting Policies

The Interim Report for the nine months ended September 30, 2014, 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 2013 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, 2013, which provide the basis for this Interim Report.

### (2) Newly Adopted Standards and Interpretations, Changes in Accounting Policies

#### IFRS 10, "Consolidated Financial Statements"

In May 2011, the IASB published the new standard IFRS 10, "Consolidated Financial Statements" ("IFRS 10"). This IFRS replaces the existing guidance on control and consolidation contained in IAS 27, "Consolidated and Separate Financial Statements," and in SIC-12, "Consolidation—Special Purpose Entities" ("SIC-12"). IFRS 10 establishes a uniform definition of the term "control," with greater emphasis on the principle of substance over form than in the past. The new standard can thus give rise to an altered scope of consolidation. The standard has been adopted by the EU into European law. Accordingly, IFRS 10 must generally be applied retrospectively for fiscal years beginning on or after January 1, 2014.

#### IFRS 11, "Joint Arrangements"

In May 2011, the IASB published the new standard IFRS 11, "Joint Arrangements" ("IFRS 11"). It replaces IAS 31, "Interests in Joint Ventures" ("IAS 31"), and SIC-13, "Jointly Controlled Entities—Non-Monetary Contributions by Venturers" ("SIC-13"). The standard will in future distinguish between two types of joint arrangements: joint ventures and joint operations. The provisions of IFRS 10 form the basis for determining joint control. If after assessing the particular facts a joint venture is determined to exist, it must be accounted for under the equity method. In the case of a joint operation, however, the

attributable shares of assets and liabilities, and of expenses and income, must be assigned directly to the equity holder. The standard has been adopted by the EU into European law. Consequently, application of the new standard is mandatory for fiscal years beginning on or after January 1, 2014.

Because of the initial application of IFRS 10, one company is no longer consolidated. The initial application of IFRS 11 has resulted in the classification of two companies as joint operations.

#### IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12 regulates the disclosure requirements for both IFRS 10 and IFRS 11, and was published by the IASB together with these standards on May 12, 2011. The standard requires entities to publish information on the nature of their holdings, the associated risks and the effects on their net assets, financial position and results of operations. This information is required for subsidiaries, joint arrangements, associates and unconsolidated structured units (special-purpose entities). Important discretionary decisions and assumptions, including any changes to them, that were made in determining control according to IFRS 10 and for joint arrangements must also be disclosed. The new standard has been adopted by the EU into European law and its application is mandatory for fiscal years beginning on or after January 1, 2014.

#### IAS 27, "Separate Financial Statements"

In May 2011, the IASB published a new version of IAS 27. The new version now contains regulations for IFRS separate financial statements only (previously consolidated and separate financial statements). The standard has been adopted by the EU into European law. Consequently, application of the new standard is mandatory for fiscal years beginning on or after January 1, 2014. The new standard will have no impact on E.ON's Consolidated Financial Statements.

#### IAS 28, "Investments in Associates and Joint Ventures"

In May 2011, the IASB issued a new version of IAS 28. The new version now stipulates that in planned partial disposals of interests in associates and joint ventures, the portion to be sold must, if it meets the criteria of IFRS 5, "Non-Current Assets

Held For Sale and Discontinued Operations," ("IFRS 5") be classified as a non-current asset held for sale. The remaining investment shall continue to be accounted for under the equity method. If the sale results in the creation of an associate, that associate will be accounted for under the equity method. Otherwise, the rules of IFRS 9 must be followed. The new IAS 28 incorporates the provisions of SIC-13 and removes currently existing exceptions from the scope of IAS 28. The new version of the standard has been adopted by the EU into European law. Its application is mandatory for fiscal years beginning on or after January 1, 2014. It will not result in material changes for E.ON affecting its Consolidated Financial Statements.

If IFRS 10 and IFRS 11 were not being applied, and if instead IAS 27 and IAS 28 were still being applied in the versions effective through December 31, 2013, assets and liabilities would be €153 million higher and net income would be €3 million lower as of September 30, 2014.

#### Amendments to IFRS 10, IFRS 11 and IFRS 12— Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

In June 2012, the IASB published "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)." The amendments clarify the transition guidance contained in IFRS 10, and they also provide additional relief for the first-time adoption of all three standards. Adjusted comparative information need now be provided only for the immediately preceding comparative period. For unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied is removed altogether. The amendments shall be applied for fiscal years beginning on or after January 1, 2014, which coincides with the effective date of IFRS 10, IFRS 11 and IFRS 12. The amendments have been adopted by the EU into European law. They will have no material impact on E.ON's Consolidated Financial Statements.

#### Amendments to IFRS 10, IFRS 12 and IAS 27— Investment Entities

In October 2012, the IASB published "Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)." The amendments include a definition of an investment entity and remove them from the scope of IFRS 10. Instead of consolidating their investments in subsidiaries, parent investment entities shall now be required to recognize and measure them at fair value through profit or loss in accordance with IFRS 9 or IAS 39. In this context, new disclosure requirements have also arisen in IFRS 12, "Disclosure of Interests in Other Entities," and IAS 27,

"Separate Financial Statements." In November 2013, the EU adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2014. They will have no material impact on E.ON's Consolidated Financial Statements.

#### Amendments to IAS 32, "Financial Instruments: Presentation," and to IFRS 7, "Financial Instruments: Disclosures"

In December 2011, the IASB published amendments to IAS 32 and IFRS 7. Entities shall in future be required to disclose gross and net amounts from offsetting, as well as amounts for existing rights of set-off that do not meet the accounting criteria for offsetting. In addition, inconsistencies in applying the existing rules for offsetting financial assets and financial liabilities have been eliminated. The amendments mentioned have different first-time application dates. The amendments to IAS 32 shall be applied for fiscal years beginning on or after January 1, 2014. They have been adopted by the EU into European law. The amendments to IFRS 7 are already applicable for fiscal years beginning on or after January 1, 2013. If the amendments to IAS 32 were not being applied, total assets and liabilities on the balance sheet would be reduced by approximately €1.3 billion as of September 30, 2014.

#### Amendments to IAS 39—Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB published narrow-scope amendments to IAS 39, "Financial Instruments: Recognition and Measurement." The amendments provide that the requirement to discontinue hedge accounting shall not apply to the novation of a hedging instrument to a central counterparty if such novation is required by laws or regulations and if specific conditions are met. A hedging relationship is not discontinued if the novation is required by a new legal or regulatory requirement or by a newly enacted law. In addition, the novation must result in the original counterparty being replaced by a central counterparty or by an entity acting as a counterparty ("clearing counterparty"). The only contractual changes permitted are those necessary to effect counterparty replacement. These include changes in the contractual collateral requirements, changes in rights to offset receivables and payables and changes in the charges levied. The amendments shall be applied for fiscal years beginning on or after January 1, 2014. They have been adopted by the EU into European law. The amendments have no impact on E.ON's Consolidated Financial Statements.

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The effects of the initial application of IFRS 10, IFRS 11 and IAS 32 on the Consolidated Balance Sheet and on the Consolidated Statement of Income are shown in the following tables:

Newly Adopted Standards—Consolidated Balance Sheet as of December 31, 2013						
€ in millions	Before initial application of new standards	IFRS 10 adjustment	IFRS 11 adjustment	After initial application of IFRS 10, IFRS 11	IAS 32 adjustment	After initial application of new standards
<b>Total assets</b>	<b>130,725</b>	<b>-323</b>	<b>710</b>	<b>131,112</b>	<b>1,218</b>	<b>132,330</b>
<i>Companies accounted for under the equity method</i>	5,624	114	-86	5,652	-	5,652
<b>Non-current liabilities</b>	<b>61,054</b>	<b>-321</b>	<b>1,397</b>	<b>62,130</b>	<b>1,049</b>	<b>63,179</b>
<i>Financial liabilities</i>	18,237	-318	132	18,051	-	18,051
<i>Miscellaneous provisions</i>	23,470	-	1,265	24,735	-	24,735
<b>Current liabilities</b>	<b>33,286</b>	<b>-110</b>	<b>-832</b>	<b>32,344</b>	<b>169</b>	<b>32,513</b>
<i>Financial liabilities</i>	5,023	-	-350	4,673	-	4,673
<i>Trade payables and other operating liabilities</i>	21,866	-103	-475	21,288	169	21,457
<b>Equity</b>	<b>36,385</b>	<b>108</b>	<b>145</b>	<b>36,638</b>	<b>-</b>	<b>36,638</b>

Newly Adopted Standards—Consolidated Balance Sheet as of January 1, 2013						
€ in millions	Before initial application of new standards	IFRS 10 adjustment	IFRS 11 adjustment	After initial application of IFRS 10, IFRS 11	IAS 32 adjustment	After initial application of new standards
<b>Total assets</b>	<b>140,426</b>	<b>-344</b>	<b>746</b>	<b>140,828</b>	<b>1,457</b>	<b>142,285</b>
<i>Companies accounted for under the equity method</i>	4,067	155	-83	4,139	-	4,139
<b>Non-current liabilities</b>	<b>65,027</b>	<b>-332</b>	<b>1,426</b>	<b>66,121</b>	<b>975</b>	<b>67,096</b>
<i>Financial liabilities</i>	21,937	-318	147	21,766	-	21,766
<i>Miscellaneous provisions</i>	23,656	-	1,279	24,935	-	24,935
<b>Current liabilities</b>	<b>36,579</b>	<b>-174</b>	<b>-822</b>	<b>35,583</b>	<b>482</b>	<b>36,065</b>
<i>Financial liabilities</i>	4,007	-6	-381	3,620	-	3,620
<i>Trade payables and other operating liabilities</i>	25,935	-164	-418	25,353	482	25,835
<b>Equity</b>	<b>38,820</b>	<b>162</b>	<b>142</b>	<b>39,124</b>	<b>-</b>	<b>39,124</b>

IFRS 10, IFRS 11—Consolidated Income Statement				
€ in millions	January 1–September 30, 2013			
	Before IFRS 10, IFRS 11 adjustments	IFRS 10 adjustment	IFRS 11 adjustment	After IFRS 10, IFRS 11 adjustments
<b>Sales</b>	<b>89,337</b>	<b>-13</b>	<b>4</b>	<b>89,328</b>
<b>Income from continuing operations</b>	<b>2,919</b>	<b>-2</b>	<b>-</b>	<b>2,917</b>
<b>Net income</b>	<b>2,919</b>	<b>-2</b>	<b>-</b>	<b>2,917</b>

### Changes in Accounting Policies

In line with developments in accounting practice, E.ON has adjusted the presentation of cash contributions to plan assets. Such cash deposits are now presented as investing cash flow. The previous year's cash flows from operating and investing activities have been adjusted accordingly. The effects relate primarily to the United Kingdom regional unit. This accounting change leads to a consistent presentation of the funding of plan assets with regard to cash funding and other forms of funding.

### (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, 2013	114	228	342
Additions	-	3	3
Disposals/Mergers	8	14	22
<b>Consolidated companies as of September 30, 2014</b>	<b>106</b>	<b>217</b>	<b>323</b>

As of September 30, 2014, 57 companies accounted for under the equity method (December 31, 2013: 59) and 2 companies reported as joint operations (December 31, 2013: 2) were presented pro rata. The figures presented here reflect the retrospective change to the scope of consolidation and the retrospective joint-operation accounting resulting from the initial application of IFRS 10 and IFRS 11, respectively.

### (4) Acquisitions, Disposals and Discontinued Operations

#### Disposal Groups and Assets Held for Sale in 2014

In the course of the implementation of the divestment strategy, the following activities were reported as disposal groups or as assets held for sale in 2014:

#### E.ON in Lithuania

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

#### Swedish Thermal Power Plants

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

#### City of Prague Municipal Utility

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

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### Rødsand Offshore Wind Farm

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

### Disposal Groups and Assets Held for Sale in 2013

#### Equity Investment in NAFTA

In December 2013, E.ON signed a contract on the disposal of its minority stake in NAFTA a.s., Bratislava, Slovakia. The ownership interest was reported within the Global Commodities global unit with a carrying amount of approximately €0.1 billion. The transaction closed in the fourth quarter of 2013 with a minimal gain on disposal.

#### Ferngas Nordbayern

In December 2013, E.ON signed a contract for and finalized the sale of its 100-percent stake in Ferngas Nordbayern GmbH to the investment company First State, Luxembourg. As part of the transaction, E.ON repurchased certain shareholdings partly held by Ferngas Nordbayern GmbH. The major balance sheet items of this unit, which was held by the Germany regional unit, were property, plant and equipment (€0.1 billion) and receivables (€0.1 billion), as well as provisions and liabilities of €0.1 billion each. The disposal resulted in a minimal gain.

### E.ON Mitte

In December 2013, E.ON signed a contract for and finalized the sale of its 73.3-percent stake in E.ON Mitte AG to a consortium of municipal co-owners. As part of the transaction, E.ON repurchased E.ON Mitte Vertrieb GmbH and certain other shareholdings held by E.ON Mitte AG. The major balance sheet items of this unit, which was held by the Germany regional unit, were property, plant and equipment (€0.6 billion) and receivables (€0.1 billion), as well as provisions and liabilities of €0.3 billion each. The disposal resulted in a minimal gain.

### E.ON in Finland

In June 2013, E.ON signed a contract for the sale of its Finnish electricity activities. The purchase price was €0.1 billion. The transaction closed in the third quarter of 2013. The activities were reported as a disposal group since the second quarter of 2013. Held by the Sweden regional unit, the disposal group's major asset items were property, plant and equipment (€0.1 billion) and financial assets (€0.1 billion). The liabilities side of the balance sheet consisted primarily of liabilities (€0.1 billion).

### E.ON Westfalen Weser

At the end of June 2013, E.ON signed a contract for and finalized the sale of its 62.8-percent stake in E.ON Westfalen Weser to a consortium of municipal co-owners with cash proceeds of approximately €0.2 billion. As part of the transaction, E.ON bought back the retail subsidiary E.ON Westfalen Weser Vertrieb GmbH and certain other shareholdings held by E.ON Westfalen Weser AG. The major balance sheet items of this unit, which was held by the Germany regional unit, were property, plant and equipment (€0.8 billion) and receivables (€0.3 billion), as well as provisions (€0.3 billion) and liabilities (€0.3 billion). The disposal resulted in a loss of about €0.2 billion.

### E.ON Földgáz Trade / E.ON Földgáz Storage

In March 2013, E.ON signed a contract with the Hungarian energy company MVM Hungarian Electricity Ltd. for the sale of its 100-percent stakes in E.ON Földgáz Trade and E.ON Földgáz Storage. The purchase price for both companies, including the assumption of approximately €0.5 billion in debt, is approximately €0.9 billion. Impairment charges totaling €0.2 billion were recognized on certain assets within the units, and on the attributable goodwill, in the first quarter of 2013. The transaction closed in the third quarter of 2013 with a loss on disposal of €0.1 billion, including realization of foreign currency translation effects (€0.1 billion). Held by the Global Commodities global unit, the major asset items of the two units were intangible assets and property, plant and equipment (€0.7 billion), as well as current assets (€0.5 billion). The liabilities side of the balance sheet consisted primarily of liabilities (€0.2 billion) and provisions (€0.1 billion).

### E.ON Thüringer Energie

At the end of December 2012, E.ON signed a contract for the sale of a 43-percent interest in E.ON Thüringer Energie to a municipal consortium, Kommunaler Energiezweckverband Thüringen ("KET"). The transaction involved a volume of approximately €0.9 billion, which includes the assumption by KET of shareholder loans totaling approximately €0.4 billion. This transaction closed in March 2013. The sale of the 10-percent stake in E.ON Thüringer Energie still held by E.ON after the initial transaction became final in the second quarter of 2013. In total, the disposal resulted in a €0.5 billion gain. The equity investment was held by the Germany regional unit and had been reported as a disposal group since the end of 2012. The major carrying amounts related to property, plant and equipment (€1.1 billion) and financial assets (€0.2 billion), while provisions and liabilities amounted to €0.2 billion and €0.4 billion, respectively.

### Slovenský Plynárenský Priemysel (SPP)

In January 2013, E.ON signed a contract with the Czech energy company Energetický a Průmyslový Holding, Prague, Czech Republic, for the sale of its interest in the Slovakian energy company Slovenský Plynárenský Priemysel a.s. ("SPP"), which is held indirectly in E.ON's Global Commodities global unit. The purchase price for the 24.5-percent indirect holding is €1.2 billion, including final purchase price adjustments. The stake with a carrying amount of €1.2 billion had to be reported as an asset held for sale as of December 31, 2012, because commercial agreement on the sale had been substantially reached by the end of 2012. The attributable goodwill of approximately €0.2 billion was written down to zero in 2012. A total of €0.5 billion in impairment charges was recognized on the equity investment in the 2012 fiscal year. When the transaction closed in January 2013, amounts in other comprehensive income from foreign exchange translation differences were realized as a gain of €0.3 billion.

### E.ON Energy from Waste

In December 2012, E.ON signed agreements to form a joint venture with EQT Infrastructure II, an infrastructure fund belonging to EQT, a Sweden-based private equity group. The joint venture, in which EQT Infrastructure II owns 51 percent and E.ON 49 percent, acquired 100 percent of the equity of E.ON Energy from Waste, Helmstedt, Germany. The Energy from Waste group was held by the Germany regional unit, and had been reported as a disposal group since the end of 2012. With a carrying amount of approximately €0.9 billion, the major asset item was property, plant and equipment. Additional significant balance sheet items included current assets (€0.3 billion), provisions (€0.2 billion), liabilities (€0.2 billion) and deferred taxes (€0.1 billion). The transaction closed in March 2013 with a minimal gain on disposal.

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### E.ON Wasserkraft

At the beginning of December 2012, E.ON and Austria's Verbund AG, Vienna, Austria, signed contracts on acquisitions and disposals of equity investments. Under the agreement, E.ON will acquire Verbund's share of Enerjisa Enerji A.Ş. ("Enerjisa"), Istanbul, Turkey, giving it stakes in Enerjisa's power generation capacity and projects and in its power distribution business in Turkey. The agreement also involved financing commitments for investment projects amounting to approximately €0.5 billion. In return, E.ON will transfer to Verbund its stakes in certain hydroelectric power plants in Bavaria. Verbund will become the sole owner of this hydro capacity, located predominantly on the Inn River in Bavaria, in which it is already a joint owner. Verbund will acquire primarily E.ON's stakes in Österreichisch-Bayerische Wasserkraft AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH, as well as the Nussdorf, Ering-Frauenstein and Eggfing-Obernberg run-of-river hydroelectric plants on the Inn, along with subscription rights in the Zemm-Ziller Hydroelectric Group. Altogether, these stakes and power plants represent 351 MW of attributable generating capacity. Relevant balance sheet line items of the disposal group, which is held in the Renewables global unit, are property, plant and equipment and financial assets (€0.1 billion), as well as other assets (€0.2 billion). The disposal group has been reported as such since the end of 2012. The transaction closed at the end of April 2013 with a gain of approximately €1.0 billion on disposal.

### Equity Investment in Jihomoravská Plynárenská

E.ON has sold its minority stake in Jihomoravská plynárenská, a.s. ("JMP"), Brno, Czech Republic. The purchase price is approximately €0.2 billion. The ownership interest was reported within the Czechia regional unit as an asset held for sale as of December 31, 2012, with a carrying amount of approximately €0.2 billion. The transaction closed in January 2013 with a minor book gain on the disposal.

### London Array Wind Farm

The operators of the U.K. wind farm London Array are required by regulatory order to cede components of the wind farm's grid link to the U.K. regulator. 30 percent of this wind farm is attributable to E.ON. The carrying amount of the property, plant and equipment to be transferred is approximately €0.1 billion. The transfer took place in the third quarter of 2013 with a minor gain on disposal.

### Wind Farm Disposals

E.ON signed contracts for the sale of a 50-percent stake in each of three wind farms in North America in October 2012 for a total of \$0.5 billion in proceeds. The wind farms were held by the Renewables global unit. The transaction closed in March 2013 with a small gain on disposal. The wind farms were reported as disposal groups since the fourth quarter of 2012. Material balance sheet line items related to property, plant and equipment (€0.4 billion); there were no significant items on the liabilities side.

### (5) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €22 million in the first nine months of 2014 (first nine months of 2013: €24 million).

## (6) Financial Results

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

Financial Results				
€ in millions	July 1-September 30		January 1-September 30	
	2014	2013	2014	2013
Income from companies in which equity investments are held	29	26	98	80
Impairment charges/reversals on other financial assets	-40	-15	-74	-53
<b>Income/Loss from equity investments</b>	<b>-11</b>	<b>11</b>	<b>24</b>	<b>27</b>
Income from securities, interest and similar income	162	153	484	421
Interest and similar expenses	-647	-675	-1,914	-1,849
<b>Net interest income</b>	<b>-485</b>	<b>-522</b>	<b>-1,430</b>	<b>-1,428</b>
<b>Financial results</b>	<b>-496</b>	<b>-511</b>	<b>-1,406</b>	<b>-1,401</b>

## (7) Earnings per Share

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

Earnings per Share				
€ in millions	July 1-September 30		January 1-September 30	
	2014	2013	2014	2013
Income from continuing operations	-795	-448	218	2,917
Less: Non-controlling interests	-61	-16	-269	-306
<b>Income/Loss from continuing operations (attributable to shareholders of E.ON SE)</b>	<b>-856</b>	<b>-464</b>	<b>-51</b>	<b>2,611</b>
Income from discontinued operations, net	21	-	37	-
<b>Net income/loss attributable to shareholders of E.ON SE</b>	<b>-835</b>	<b>-464</b>	<b>-14</b>	<b>2,611</b>
<b>in €</b>				
<b>Earnings per share (attributable to shareholders of E.ON SE)</b>				
from continuing operations	-0.45	-0.24	-0.03	1.37
from discontinued operations	0.01	0.00	0.02	0.00
<b>from net income/loss</b>	<b>-0.44</b>	<b>-0.24</b>	<b>-0.01</b>	<b>1.37</b>
Weighted-average number of shares outstanding (in millions)	1,932	1,907	1,920	1,907

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

The first-time application of IFRS 10 and IFRS 11 did not lead to a change in earnings per share.

The increase in the weighted-average number of shares outstanding resulted primarily from the issue of 24,008,788 treasury shares as part of the new scrip dividend for distribution

to E.ON shareholders who partially converted their cash dividend entitlements into shares of E.ON stock.

Earnings in the third quarter reflected especially the recognition of impairment charges of €415 million and reversals of €19 million.

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### (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	September 30, 2014			December 31, 2013		
	E.ON Group	Associates <sup>1</sup>	Joint ventures	E.ON Group	Associates <sup>1</sup>	Joint ventures
Companies accounted for under the equity method	5,592	2,790	2,802	5,652	2,908	2,744
Equity investments	1,848	239	12	1,966	246	12
Non-current securities	5,014	-	-	4,444	-	-
<b>Total</b>	<b>12,454</b>	<b>3,029</b>	<b>2,814</b>	<b>12,062</b>	<b>3,154</b>	<b>2,756</b>

<sup>1</sup>The associates presented as equity investments are associated companies accounted for at cost on materiality grounds.

The net loss of €234 million from companies accounted for under the equity method (first nine months of 2013: net loss of €133 million) includes impairments totaling €452 million (first nine months of 2013: €327 million).

### (9) Treasury Shares

Pursuant to a resolution from the Annual Shareholders Meeting of May 3, 2012, the Company is authorized to purchase own shares until May 2, 2017. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a *et seq.* AktG, may at no time exceed 10 percent of its capital stock. The Board of Management was authorized at the aforementioned Annual Shareholders Meeting to cancel treasury shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of September 30, 2014, was 1,931,817,520 (December 31, 2013: 1,907,808,363).

As of September 30, 2014, E.ON SE and one of its subsidiaries held a total of 69,182,480 treasury shares (December 31, 2013: 93,191,637) having a consolidated book value of €2,520 million (equivalent to 3.46 percent or €69,182,480 of the capital stock).

As part of the new scrip dividend for the 2013 fiscal year, shareholder cash dividend entitlements totaling €305 million were settled through the issue and distribution of 24,008,788 treasury shares. The issue of treasury shares reduced by €964 million the valuation allowance for treasury shares, which is measured at historical cost. Conversely, additional paid-in capital was reduced by €649 million. This amount represents the difference between the historical cost and the subscription price of the shares. The discount of €10 million granted on the current share price is charged to retained earnings.

### (10) Dividends

At the Annual Shareholders Meeting on April 30, 2014, shareholders voted to distribute a dividend of €0.60 (2013: €1.10) for each dividend-paying ordinary share, which corresponds to a total dividend amount of €1,145 million (2013: €2,097 million).

For the first time, shareholders could choose between having their cash dividend entitlement settled entirely in cash and converting part of it into E.ON shares. Accounting for a participation rate of roughly 37 percent, 24,008,788 treasury shares were issued for distribution. This reduced the cash distribution to €840 million.

### (11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations increased by €1,451 million over year-end 2013. The increase was caused primarily by net actuarial losses mostly attributable to the decrease in the discount rates used within the E.ON Group, as well as by additions attributable to the net periodic pension cost. These effects were partly offset by employer contributions to plan assets and by net pension payments in the first nine months of 2014.

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	Sep. 30, 2014	Dec. 31, 2013
Germany	2.50	3.90
United Kingdom	4.00	4.60

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	September 30, 2014	December 31, 2013
Present value of all defined benefit obligations	18,564	15,179
Fair value of plan assets	-13,695	-11,761
<b>Net defined benefit liability</b> <i>Presented as provisions for pensions and similar obligations</i>	<b>4,869</b>	<b>3,418</b>
	4,869	3,418

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

Net Periodic Pension Cost for Defined Benefit Plans				
€ in millions	July 1-September 30		January 1-September 30	
	2014	2013	2014	2013
Employer service cost	60	67	182	201
Net interest on the net defined benefit liability	23	35	79	111
Past service cost	-3	20	8	55
<b>Total</b>	<b>80</b>	<b>122</b>	<b>269</b>	<b>367</b>

## (12) Operating Liabilities

Other operating liabilities include €1.7 billion relating to the nuclear-fuel tax that was provisionally refunded to E.ON in the second quarter. This amount was recognized in equity and reported as a liability after the Hamburg Fiscal Court upheld E.ON's motion seeking a provisional refund of the taxes paid. The liability additionally includes €0.35 billion in nuclear-fuel taxes incurred but not yet paid as of the reporting date due to administrative suspension of enforcement. Any effects on earnings will not occur until proceedings in the principal case are concluded successfully.

## (13) Additional Disclosures on Financial Instruments

### Measurement of Financial Instruments

The value of financial instruments is determined on the basis of fair value measurement. The fair value of derivative instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and

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

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

## 40 Notes to the Condensed Consolidated Interim Financial Statements

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by

two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

### Presentation of Financial Instruments

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

Carrying Amounts of Financial Instruments as of September 30, 2014			
€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
<b>Assets</b>			
Equity investments	1,848	59	328
Derivatives	7,622	2,605	4,720
Securities and fixed-term deposits	6,688	5,618	1,070
Cash and cash equivalents	3,602	3,602	-
Restricted cash	1,140	1,140	-
<b>Liabilities</b>			
Derivatives	8,526	2,787	5,593

Carrying Amounts of Financial Instruments as of December 31, 2013			
€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
<b>Assets</b>			
Equity investments	1,966	120	422
Derivatives	6,699	1,879	4,535
Securities and fixed-term deposits	7,092	6,468	624
Cash and cash equivalents	4,527	4,493	34
Restricted cash	639	639	-
<b>Liabilities</b>			
Derivatives	6,782	2,002	4,625

The increase in derivative positions relative to 2013 is attributable both to price changes and to new transactions in gas and emission-rights trading. Cash and cash equivalents were reduced especially by the early repurchase of bonds.

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 September 30, 2014, was €17,752 million (December 31, 2013: €20,761 million). The carrying amount of the bonds as of September 30, 2014, was €14,441 million (December 31, 2013: €18,049 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, 2013. There were no reclassifications between these two fair-value-hierarchy levels in the first nine months of 2014. However, equity investments were reclassified into Level 3 of the fair value hierarchy in the amount of €94 million, and out of Level 3 in the amount of €47 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, 2014	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income state-ment	Transfers		Gains/ Losses in OCI	Sep. 30, 2014
						into Level 3	out of Level 3		
Equity investments	1,424	10	-10	12	-	94	-47	-22	1,461
Derivative financial instruments	130	-19	-	16	24	-	-	-	151
<b>Total</b>	<b>1,554</b>	<b>-9</b>	<b>-10</b>	<b>28</b>	<b>24</b>	<b>94</b>	<b>-47</b>	<b>-22</b>	<b>1,612</b>

At the beginning of 2014, a net loss of €42 million from the initial measurement of derivatives was deferred. After realization of €4 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 €189 million or an increase of €178 million, respectively.

### Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €6,743 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 September 30, 2014, 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.

### (14) Segment Information

Led by its Group Management in Düsseldorf, Germany, the E.ON Group ("E.ON" or the "Group") is segmented into global and regional units, which are reported here in accordance with IFRS 8, "Operating Segments" ("IFRS 8"). A small amount of generating capacity has been transferred out of the Renewables global unit into the Generation global unit. The corresponding comparative prior-year figures have been adjusted.

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**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 activities at different levels in the gas market's value chain.

**Exploration & Production**

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

**Regional Units**

E.ON's distribution and sales operations in Europe are managed by eleven regional units in total. For segment reporting purposes, the Germany, United Kingdom, 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 Italy, Spain, France, Netherlands, Slovakia and Romania regional units. Additionally presented here since the fourth

**Financial Information by Business Segment**

January 1–September 30 € in millions	Generation		Renewables		Global Commodities	
	2014	2013	2014	2013	2014	2013
External sales	1,901	2,106	518	590	40,541	40,486
Intersegment sales	5,369	5,849	1,291	1,245	17,381	24,461
<b>Sales</b>	<b>7,270</b>	<b>7,955</b>	<b>1,809</b>	<b>1,835</b>	<b>57,922</b>	<b>64,947</b>
<b>EBITDA<sup>1</sup></b>	<b>1,553</b>	<b>1,032</b>	<b>1,107</b>	<b>1,035</b>	<b>394</b>	<b>820</b>
<i>Earnings from companies accounted for under the equity method<sup>2</sup></i>	42	17	-11	7	97	98
<b>Operating cash flow before interest and taxes<sup>3</sup></b>	<b>2,901</b>	<b>1,104</b>	<b>981</b>	<b>1,345</b>	<b>347</b>	<b>-1,766</b>
<b>Investments</b>	<b>549</b>	<b>622</b>	<b>854</b>	<b>545</b>	<b>95</b>	<b>113</b>

<sup>1</sup>Adjusted for extraordinary effects.

<sup>2</sup>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.

<sup>3</sup>The operating cash flow of the Global Commodities unit was diminished in 2013 by the legal transfer in that year of gas distribution to the distribution companies held in the Germany regional unit. The operating cash flow of the Germany regional unit increased by a corresponding amount.

**Financial Information by Business Segment—Presentation of Other EU Countries**

January 1–September 30 € in millions	UK		Sweden		Czechia	
	2014	2013	2014	2013	2014	2013
External sales	6,700	7,023	1,552	1,933	1,618	2,059
Intersegment sales	32	50	63	105	95	101
<b>Sales</b>	<b>6,732</b>	<b>7,073</b>	<b>1,615</b>	<b>2,038</b>	<b>1,713</b>	<b>2,160</b>
<b>EBITDA<sup>1</sup></b>	<b>212</b>	<b>307</b>	<b>458</b>	<b>570</b>	<b>234</b>	<b>407</b>
<i>Earnings from companies accounted for under the equity method<sup>2</sup></i>	-	-	6	11	4	3
<b>Operating cash flow before interest and taxes</b>	<b>437</b>	<b>264</b>	<b>451</b>	<b>582</b>	<b>223</b>	<b>408</b>
<b>Investments</b>	<b>87</b>	<b>62</b>	<b>200</b>	<b>260</b>	<b>86</b>	<b>102</b>

<sup>1</sup>Adjusted for extraordinary effects.

<sup>2</sup>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.

quarter of 2013 are the activities of E.ON Connecting Energies, which concentrates on providing decentralized, complete solutions. Certain activities of the Germany regional unit were also transferred to E.ON Connecting Energies.

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

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

The EBITDA changes in Group Management/Consolidation from the previous year were predominantly the result of consolidation effects relating to the measurement of provisions for emission rights, which amounted to €109 million. The positive change in income from derivatives was an additional major factor.

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	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1,331	1,167	20,681	26,848	15,084	16,631	1,170	1,373	122	127	81,348	89,328
352	300	455	716	607	658	-	-	-25,455	-33,229	0	0
<b>1,683</b>	<b>1,467</b>	<b>21,136</b>	<b>27,564</b>	<b>15,691</b>	<b>17,289</b>	<b>1,170</b>	<b>1,373</b>	<b>-25,333</b>	<b>-33,102</b>	<b>81,348</b>	<b>89,328</b>
<b>942</b>	<b>748</b>	<b>1,307</b>	<b>1,797</b>	<b>1,336</b>	<b>1,732</b>	<b>339</b>	<b>414</b>	<b>-341</b>	<b>-450</b>	<b>6,637</b>	<b>7,128</b>
21	30	67	66	50	50	-48	-74	-	-	218	194
<b>896</b>	<b>728</b>	<b>1,320</b>	<b>3,406</b>	<b>1,722</b>	<b>1,728</b>	<b>381</b>	<b>516</b>	<b>-159</b>	<b>-416</b>	<b>8,389</b>	<b>6,645</b>
<b>55</b>	<b>351</b>	<b>400</b>	<b>651</b>	<b>569</b>	<b>591</b>	<b>616</b>	<b>3,404</b>	<b>6</b>	<b>46</b>	<b>3,144</b>	<b>6,323</b>

Hungary		Other regional units		Other EU Countries	
2014	2013	2014	2013	2014	2013
1,177	1,323	4,037	4,293	15,084	16,631
1	5	416	397	607	658
<b>1,178</b>	<b>1,328</b>	<b>4,453</b>	<b>4,690</b>	<b>15,691</b>	<b>17,289</b>
<b>151</b>	<b>136</b>	<b>281</b>	<b>312</b>	<b>1,336</b>	<b>1,732</b>
-	-	40	36	50	50
<b>147</b>	<b>128</b>	<b>464</b>	<b>346</b>	<b>1,722</b>	<b>1,728</b>
<b>66</b>	<b>59</b>	<b>130</b>	<b>108</b>	<b>569</b>	<b>591</b>

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Financial Information by Business Segment—Presentation of Non-EU Countries						
January 1-September 30 € in millions	Russia		Other Non-EU Countries		Non-EU Countries	
	2014	2013	2014	2013	2014	2013
External sales	1,170	1,373	-	-	1,170	1,373
Intersegment sales	-	-	-	-	0	0
<b>Sales</b>	<b>1,170</b>	<b>1,373</b>	<b>0</b>	<b>0</b>	<b>1,170</b>	<b>1,373</b>
<b>EBITDA<sup>1</sup></b>	<b>401</b>	<b>495</b>	<b>-62</b>	<b>-81</b>	<b>339</b>	<b>414</b>
<i>Earnings from companies accounted for under the equity method<sup>2</sup></i>	-	-	-48	-74	-48	-74
<b>Operating cash flow before interest and taxes</b>	<b>395</b>	<b>516</b>	<b>-14</b>	<b>-</b>	<b>381</b>	<b>516</b>
<b>Investments</b>	<b>269</b>	<b>234</b>	<b>347</b>	<b>3,170</b>	<b>616</b>	<b>3,404</b>

<sup>1</sup>Adjusted for extraordinary effects.  
<sup>2</sup>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.

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

Operating Cash Flow			
January 1-September 30 € in millions	2014	2013	Difference
<b>Operating cash flow before interest and taxes</b>	<b>8,389</b>	<b>6,645</b>	<b>1,744</b>
Interest payments	-652	-525	-127
Tax payments	-200	-779	579
<b>Operating cash flow</b>	<b>7,537</b>	<b>5,341</b>	<b>2,196</b>

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

### Reconciliation of EBITDA

Economic net interest income is calculated by taking the net interest income shown in the income statement and adjusting it using economic criteria and excluding extraordinary effects, namely, the portions of interest expense that are non-operating. Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Cost-management and restructuring expenses are non-recurring in nature. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the case, such income and expenses may affect different line items in the income statement. For example, effects from the marking to market of derivatives are included in other operating income and expenses, while impairment charges on property, plant and equipment are included in depreciation, amortization and impairments. Due to the adjustments, the key figures by segment may differ from the corresponding IFRS figures reported in the Consolidated Financial Statements.

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

Net Income		
January 1-September 30		
€ in millions	2014	2013
<b>EBITDA<sup>1</sup></b>	<b>6,637</b>	<b>7,128</b>
Depreciation and amortization	-2,663	-2,611
Impairments (-)/Reversals (+) <sup>2</sup>	-62	-62
<b>EBIT<sup>1</sup></b>	<b>3,912</b>	<b>4,455</b>
Economic interest income (net)	-1,256	-1,345
Net book gains/losses	310	1,846
Restructuring/cost-management expenses	-342	-302
Impairments (-)/Reversals (+) <sup>2,3</sup>	-714	-746
Other non-operating earnings	-794	-345
<b>Income from continuing operations before taxes</b>	<b>1,116</b>	<b>3,563</b>
Income taxes	-898	-646
<b>Income from continuing operations</b>	<b>218</b>	<b>2,917</b>
Income from discontinued operations, net	37	-
<b>Net income</b>	<b>255</b>	<b>2,917</b>
Attributable to shareholders of E.ON SE	-14	2,611
Attributable to non-controlling interests	269	306

<sup>1</sup>Adjusted for extraordinary effects.  
<sup>2</sup>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.  
<sup>3</sup>Recorded under non-operating earnings.

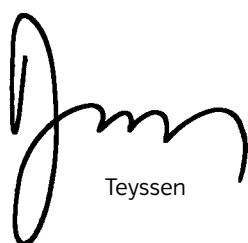
Non-operating income and expenses for the reporting period include impairment charges and reversals totaling €0.7 billion. Approximately €0.2 billion of these impairments was attributable to the Generation unit, and approximately €0.4 billion to Other Non-EU Countries.

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

### (15) Events after the Balance Sheet Date

In October 2014, E.ON and Verbundnetz Gas Aktiengesellschaft ("VNG") sold their respective stakes in Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH ("EVG"). The sale of EVG is subject to customary antitrust approval.

In early November 2014, E.ON sold its 20-percent shareholding in the Finnish natural gas company Gasum Oy to the Finnish state.



Teyssen



Birnbaum



Kildahl



Reutersberg



Schäfer



Winkel

## 46 Energy Tables

Power Procurement																
Jan. 1-Sep. 30 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Owned generation	90.1	107.5	20.2	21.1	-	-	0.4	1.1	2.7	3.8	42.7	45.6	-	-	156.1	179.1
Purchases	20.7	20.8	3.8	4.7	431.4	401.7	98.7	119.8	107.3	107.3	3.4	3.5	-261.7	-288.5	403.6	369.3
<i>Jointly owned power plants</i>	9.8	9.1	1.2	0.9	-	-	-	0.2	0.2	-	-	-	-	-	11.2	10.2
<i>Global Com- modities/ outside sources</i>	10.9	11.7	2.6	3.8	431.4	401.7	98.7	119.6	107.1	107.3	3.4	3.5	-261.7	-288.5	392.4	359.1
<b>Total power procurement</b>	<b>110.8</b>	<b>128.3</b>	<b>24.0</b>	<b>25.8</b>	<b>431.4</b>	<b>401.7</b>	<b>99.1</b>	<b>120.9</b>	<b>110.0</b>	<b>111.1</b>	<b>46.1</b>	<b>49.1</b>	<b>-261.7</b>	<b>-288.5</b>	<b>559.7</b>	<b>548.4</b>
Station use, line loss, etc.	-1.1	-1.3	-0.7	-0.8	-	-	-2.5	-3.3	-6.1	-6.2	-1.5	-1.6	-	-	-11.9	-13.2
<b>Power sales</b>	<b>109.7</b>	<b>127.0</b>	<b>23.3</b>	<b>25.0</b>	<b>431.4</b>	<b>401.7</b>	<b>96.6</b>	<b>117.6</b>	<b>103.9</b>	<b>104.9</b>	<b>44.6</b>	<b>47.5</b>	<b>-261.7</b>	<b>-288.5</b>	<b>547.8</b>	<b>535.2</b>

Power Sales																
Jan. 1-Sep. 30 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Residential and SME	-	-	-	0.1	-	-	14.0	16.7	34.9	39.4	-	-	-	-	48.9	56.2
I&C	2.6	2.6	-	-	-	-	15.7	17.0	55.8	54.8	-	-	-0.2	-0.3	73.9	74.1
Sales partners	20.1	24.2	4.1	6.2	-	-	44.8	57.2	0.2	0.6	-	-	-3.0	-3.1	66.2	85.1
<b>Customer groups</b>	<b>22.7</b>	<b>26.8</b>	<b>4.1</b>	<b>6.3</b>	<b>-</b>	<b>-</b>	<b>74.5</b>	<b>90.9</b>	<b>90.9</b>	<b>94.8</b>	<b>-</b>	<b>-</b>	<b>-3.2</b>	<b>-3.4</b>	<b>189.0</b>	<b>215.4</b>
Wholesale market/ Global Commodities	87.0	100.2	19.2	18.7	431.4	401.7	22.1	26.7	13.0	10.1	44.6	47.5	-258.5	-285.1	358.8	319.8
<b>Total</b>	<b>109.7</b>	<b>127.0</b>	<b>23.3</b>	<b>25.0</b>	<b>431.4</b>	<b>401.7</b>	<b>96.6</b>	<b>117.6</b>	<b>103.9</b>	<b>104.9</b>	<b>44.6</b>	<b>47.5</b>	<b>-261.7</b>	<b>-288.5</b>	<b>547.8</b>	<b>535.2</b>

Gas Sales													
January 1-September 30 Billion kWh	Global Commodities		Germany		Other EU Countries		Consolidation		E.ON Group				
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013			
Residential and SME	-	-	14.7	17.5	51.7	67.8	-	-	66.4	85.3			
I&C	-	-	62.0	87.1	30.4	38.3	-	-	92.4	125.4			
Sales partners	-	-	160.8	246.9	0.4	-	-	-	161.2	246.9			
<b>Customer groups</b>	<b>-</b>	<b>-</b>	<b>237.5</b>	<b>351.5</b>	<b>82.5</b>	<b>106.1</b>	<b>-</b>	<b>-</b>	<b>320.0</b>	<b>457.6</b>			
Wholesale market/Global Commodities <sup>1</sup>	746.3	917.6	-	-	9.5	12.1	-321.5	-508.6	434.3	421.1			
<b>Total</b>	<b>746.3</b>	<b>917.6</b>	<b>237.5</b>	<b>351.5</b>	<b>92.0</b>	<b>118.2</b>	<b>-321.5</b>	<b>-508.6</b>	<b>754.3</b>	<b>878.7</b>			

<sup>1</sup>E.ON Global Commodities, including former E.ON Ruhrgas; we adjusted the prior-year figures accordingly.





## Financial Calendar

March 11, 2015	Release of the 2014 Annual Report
May 7, 2015	2015 Annual Shareholders Meeting
May 7, 2015	Interim Report: January - March 2015
August 12, 2015	Interim Report: January - June 2015
November 11, 2015	Interim Report: January - September 2015

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

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