

2013 Annual Report

E.ON Group Financial Highlights

€ in millions	2013	2012	+/- %
Attributable generation (MW)	61,090	67,622	-10
- thereof renewables (MW)	10,885	10,171	+7
Fully consolidated generation (MW)	62,809	70,209	-11
- thereof renewables (MW)	10,414	10,025	+4
Owned generation (billion kWh)	245.2	263.1	-7
- thereof renewables (billion kWh)	30.8	30.2	+2
Carbon emissions from power and heat production (million metric tons)	114.3	125.8	-9
Specific carbon emissions (metric tons of CO ₂ per MWh)	0.45	0.46	-2
Electricity sales (billion kWh)	704.4	740.9	-5
Gas sales (billion kWh)	1,091.7	1,162.1	-6
Sales	122,450	132,093	-7
EBITDA ¹	9,315	10,771	-14
EBIT ¹	5,681	7,012	-19
Net income	2,510	2,613	-4
Net income attributable to shareholders of E.ON SE	2,142	2,189	-2
Underlying net income ¹	2,243	4,170	-46
Investments	8,086	6,997	+16
Expenditures on technology and innovation (including software)	130	161	-19
Cash provided by operating activities of continuing operations	6,375	8,808	-28
Economic net debt (at year-end)	31,991	35,845	-11
Debt factor ³	3.4	3.3	+0.1 ²
Equity	36,385	38,820	-6
Total assets	130,725	140,426	-7
ROACE (%)	9.2	11.1	-1.9 ⁴
Pretax cost of capital (%)	7.5	7.7	-0.2 ⁴
After-tax cost of capital (%)	5.5	5.6	-0.1 ⁴
Value added	1,066	2,139	-50
Employees (at year-end)	62,239	72,083	-14
- Percentage of female employees	28.6	28.4	+0.2 ⁴
- Percentage of female executives and senior managers	14.0	12.9	+1.1 ⁴
- Average employee turnover (%)	3.5	3.6	-0.1 ⁴
- Average age of employees	43	42	+1 ²
- TRIF (E.ON employees)	2.6	2.6	-
Earnings per share ^{5, 6} (€)	1.12	1.15	-3
Equity per share ^{5, 6} (€)	17.54	18.33	-4
Dividend per share ⁷ (€)	0.60	1.10	-45
Dividend payout	1,145	2,097	-45
Market capitalization ⁶ (€ in billions)	25.6	26.9	-5

¹Adjusted for extraordinary effects (see Glossary).

²Change in absolute terms.

³Ratio of economic net debt and EBITDA.

⁴Change in percentage points.

⁵Attributable to shareholders of E.ON SE.

⁶Based on shares outstanding.

⁷For the respective financial year; the 2013 figure is management's proposed dividend.

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Dear Shareholders,

In 2013 we again had to navigate difficult terrain. Although we were able to finish the financial year with results that were in line with our expectations, these results nevertheless reflect the considerable adverse impact of our business and regulatory environment. Our EBITDA declined by 14 percent year on year to €9.3 billion. It was inside our forecast range, as was our underlying net income of €2.2 billion. Our underlying income per share was about €1.18. In April we'll therefore recommend to the Annual Shareholders Meeting that E.ON pay out a dividend of €0.60 per share. This would be a payout ratio of 51 percent of our underlying net income, which is likewise inside the range we've communicated for several years.

Taking a sober view of what lies ahead, there are few indications that our market environment will rapidly or tangibly improve. We recognized early that the magnitude of the persistent dislocations couldn't be counteracted overnight. That's why we launched our E.ON 2.0 program back in 2011. Its purpose is to achieve lasting cost reductions across our company and to tangibly improve our efficiency. It gives me great satisfaction to report to you that E.ON 2.0 is right on schedule. By the end of 2014 we'll have initiated and largely completed most of its main measures. We will achieve our goal of lowering our controllable costs to €8.2 billion by 2015 at the latest. We reduced E.ON's workforce by 7,700 employees by the end of 2013. In consultation with trade unions and works councils, we put in place numerous measures so that staff reductions were implemented in a socially responsible manner. Our focus is increasingly on using the broad momentum from this program to establish a performance culture in which we continually achieve enduring improvements in our cost structure. We're making good progress in this area as well and have identified further potential cost reductions beyond those targeted by E.ON 2.0.

Market dislocations and interventionist government policies have had a particularly severe impact on our conventional generation business in Europe. That's why improving the profitability of this part of our operating business was very high on our agenda in 2013. Our primary focus is on maintaining our commercial flexibility in this area as well. To this end, we continually and carefully scrutinize the profitability of each one of our assets. As a result, we've decided to decommission nearly 13 GW of capacity. That's more than one fourth of our entire conventional fleet in Europe. But the situation will get increasingly out of balance if, for economic reasons, we shut down power plants that are actually urgently needed to ensure supply security. For a number of our power plants, we've found solutions with the local system operator that, for the time being, ensure supply security and render the provision of this generating capacity economically viable. Policymakers are discussing other measures such as fair rules for providing generating capacity and incentives for the construction of new capacity. All are urgently needed. Generating capacity—and providing this capacity to ensure supply security—needs to again pay returns. Together with executives from other multinational companies, I've lobbied on a European level for a rapid and comprehensive reform of the market design for power generation, particularly the introduction of a capacity mechanism and the reform of the EU Emissions Trading Scheme. The decision to implement back-loading is a first step in the right direction.

Alongside our extensive efforts in our operating business, we further optimized our portfolio as well. We've now generated about €20 billion from the sale of noncore assets, thereby surpassing our original target of €15 billion by a wide margin. Our successful divestments not only give us financial flexibility. They also allow us to sharpen our focus on the challenges and opportunities in our core businesses. Despite all these efforts, we know that in the next few years as well our business will only generate limited funds for new investments. Relative to 2013 our investments in subsequent years will be significantly lower. Alongside necessary maintenance and network investments, we'll focus in particular on expanding our growth businesses like renewables and distributed-energy solutions.

With more than 5 GW of installed wind and solar capacity, we already rank among the world's leading renewables companies. But renewables are more than just a significant component of our generation portfolio. After just seven years of focused growth, they're above all a mainstay of our earnings. Our industrial-scale approach from development to maintenance makes our wind fleet one of the most reliable and profitable in the industry. The addition, in 2013, of London Array and Kårhamn offshore wind farms—which we delivered on time and on budget—made our wind fleet even stronger. Amrumbank West offshore wind farm is currently under construction. When this project is completed, our wind fleet will make a reliable contribution to the

transformation of Germany's energy system as well. Our operational excellence enables us to also be successful at taking new approaches to unlocking capital. For example, we found investors—Pension Danmark and Danish energy utility SEAS-NVE—who bought stakes in wind farms in the United States and Rødsand 2 offshore wind farm and entrust us with their operation. This innovative form of capital rotation enables us to unlock invested capital more rapidly and to create additional value by investing it to deliver other wind and solar projects in our superb development pipeline.


In the future the expansion of our end-customer business will, to a much greater degree, open up new prospects for E.ON. We want our distributed-energy solutions and energy-efficiency services to help drive the transformation of the energy system. We're aware that outsiders still don't sufficiently perceive our company in this role. Yet we've already installed 6,000 distributed generating units, 4,000 of them in Germany. This business already generates nearly €1 billion in sales in Germany alone. Distributed-energy solutions and energy-efficiency services—along with renewables and the further internationalization of our business—are E.ON's strategic growth areas. Our objective is ambitious: as we successfully did with renewables, we intend to rapidly expand these businesses and make them important sources of earnings. In the future we intend to do even more—on our own, together with our customers, and, when it makes sense, in partnership with other companies—to seize the market opportunities created by changing energy markets. Combining our well-established business in on-site industrial cogeneration with our new business in distributed-energy solutions was a step in this direction. We're systematically establishing new capabilities in online efficiency advice as well. In addition, we've reorganized our retail business in Germany to be more clearly tailored to our customers' needs, enabling us to offer our customers a full range of state-of-the-art integrated solutions.

Finally, we're systematically establishing new businesses outside our established markets. These new businesses are, to some extent, already bearing fruit, as in Russia. In 2013 we achieved a very strong position in Turkey's energy market, which is characterized by solid long-term growth. Enerjisa, our joint venture with Sabanci, accomplished a lot in 2013. This included commissioning Turkey's largest onshore wind farm and, through government-run auctions to privatize the country's power networks, securing access to a total of 9 million customers. In Brazil we're now actively contributing our experience and expertise to ENEVA's new-build projects. The most recent success is the commissioning of Parnaíba 3 power plant.

Despite the many operational successes in our markets outside Europe, 2013 was not without setbacks. The policy situation and business environment were sources of risks and deteriorated notably in recent months in Brazil, Turkey, and Russia, already leading to a significant weakening of their currencies. The situation in Brazil remains difficult; we had to shoulder a bigger burden than anticipated in ENEVA's financial stabilization. We're focusing on the things that we can influence. We remain convinced of the long-term growth potential of our investments in these countries.

My Board of Management colleagues and I know that we still have a lot to do in order to actively and systematically adjust E.ON to its rapidly changing market environment. We're putting an even greater focus on our customers, developing new business models, and tapping new markets. We're aware that this course isn't easy for you either. Not all of our efforts will lead to better earnings in the short term; far-reaching changes will continue to be accompanied by setbacks in the future as well. But I'm confident that we'll succeed in enhancing our company's earnings strength in the years ahead so that we can provide you with a reliable and attractive dividend payout. On behalf of the Board of Management and all of our employees, I'd again like to thank you for your trust in these difficult times.

Best wishes,



Dr. Johannes Teyssen

Dear Shareholders,

The energy industry's economic and regulatory environment remained difficult in 2013. In particular, the E.ON Group's legacy generation business continued to suffer from market dislocations, which result in part from interventionist government policies.

In the 2013 financial year the Supervisory Board again carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own policies and procedures. It thoroughly examined the Company's situation and discussed in depth the consequences of its continually changing energy-policy and economic environment.

We advised the Board of Management regularly about the Company's management and continually monitored the Board of Management's activities, assuring ourselves that the Company's management was legal, purposeful, and orderly. We were closely involved in all business transactions of key importance to the Company and discussed these transactions thoroughly based on the Board of Management's reports. At the Supervisory Board's four regular meetings and one extraordinary meeting in the 2013 financial year, we addressed in depth all issues relevant to the Company. All Supervisory Board members attended all meetings with the exception of two members who were unable to attend one meeting each. The Board of Management regularly provided us with timely and comprehensive information in both written and oral form. At the meetings of the full Supervisory Board and its committees, we had sufficient opportunity to actively discuss the Board of Management's reports, motions, and proposed resolutions. We voted on such matters when it was required by law, the Company's Articles of Association, or the Supervisory Board's policies and procedures. The Supervisory Board agreed to the resolutions proposed by the Board of Management after thoroughly examining and discussing them.

Furthermore, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Board of Management throughout the entire financial year. In the case of particularly important issues, the Chairman of the Supervisory Board was kept informed at all times. The Chairman of the Supervisory Board likewise

maintained contact with the members of the Supervisory Board outside of board meetings. The Supervisory Board was therefore continually informed about the current operating performance of the major Group companies, significant business transactions, the development of key financial figures, and relevant decisions under consideration.

Implementation of E.ON's Strategy

The global economic and financial system remained very fragile and the long-term direction of Europe's energy policies uncertain. Before this backdrop, the Supervisory Board monitored the advancement of E.ON's "cleaner & better energy" strategy in detailed discussions with the Board of Management and at a strategy session. In Europe the Company made important progress in sharpening the focus of its portfolio through disposals, such as the sale of the Földgáz Group in Hungary. The Supervisory Board approved the sale of certain regional utilities in Germany, including the stake in E.ON Mitte, as part of the reorganization of E.ON's network and sales business there. With regard to E.ON's strategy for outside Europe, the Supervisory Board had already approved the entry into the Turkish market in 2012. In 2013 the Board of Management informed us about the acquisition of two additional distribution and sales companies in Turkey. Through Enerjisa, E.ON's joint venture with the Sabanci Group, E.ON now has more than 9 million customers there. E.ON increased its presence in Brazil as well. At numerous meetings, the Supervisory Board and its committees closely monitored the challenges faced by E.ON's subsidiary ENEVA and thoroughly discussed the resulting impairment charges and the company's underlying value. In addition, the Board of Management informed us about the sale of a stake in Rødsand 2 wind farm, which exemplifies how in the future E.ON can create value with less capital by leveraging its employees' capabilities. Finally, the Supervisory Board monitored the Company's performance-enhancement measures, including the systematic continuation of the E.ON 2.0 program, as well as measures to promote the Company's sustainability, such as the creation of a Sustainability Council.

Business Situation and Energy-Policy Environment, Medium-Term Plan, and Legal Proceedings

We discussed in detail the business situation of E.ON Group companies in relation to developments in national and international energy markets, about which the Board of Management continually informed us. The Supervisory Board discussed E.ON SE's and the E.ON Group's current asset, financial, and earnings situation, workforce developments, and earnings opportunities and risks. In addition, we and the Board of Management thoroughly discussed the E.ON Group's medium-term plans for 2013–2015 and 2014–2016.

Another key topic of our discussions was the impact of several factors on E.ON's business situation:

- Europe's economic performance as it relates to the ongoing sovereign debt crisis in Europe
- the continuance of a variety of forms of government intervention and their lasting impact on the energy business across Europe
- the continued tepid global economy.

We also dealt with markets relevant for E.ON. In the context of the development of global fuel prices, a further deterioration of the long-term development of power prices, the future capacity utilization of power plants, and numerous interventionist regulatory and fiscal policies—including the transformation of Germany's energy system—we thoroughly discussed the consequences for E.ON's various business areas, including the impairment charges that were necessary in this regard. In addition, the Board of Management informed us about the current status of negotiations with gas producers regarding the terms of long-term gas supply contracts and of new pipelines and LNG contracts. Furthermore, the Board of Management provided information about the scope of E.ON's use of derivative financial instruments and how the regulation of these instruments affects E.ON's business. We also discussed E.ON's ratings situation with the Board of Management.

Another topic of the Supervisory Board's discussions was the current status of the appeal to Germany's Constitutional Court regarding the amended Atomic Energy Act. This included discussions of the reasons for the legal action taken against the laws and ordinances relating to the transformation of Germany's energy system. Furthermore, we thoroughly discussed the increasing instances of policy and regulatory intervention by governments of European countries such as Italy, Spain, Sweden, Hungary, and the Netherlands.

Corporate Governance

In the 2013 financial year we again had intensive discussions about the implementation of the recommendations of the German Corporate Governance Code.

On December 16, 2013, in the annual declaration of compliance issued at the end of the year, we and the Board of Management declared that E.ON is in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated May 13, 2013. Furthermore, we declared that E.ON has been in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated May 15, 2012, since the last annual declaration on December 10, 2012. The current version of the declaration of compliance is in the Corporate Governance Report on page 75; the current as well as earlier versions are continuously available to the public on the Company's Internet page at www.eon.com.

The Supervisory Board is aware of no indications of conflicts of interest involving members of the Board of Management or the Supervisory Board.

In 2013 the Supervisory Board amended its policies and procedures by lowering the monetary threshold for transactions requiring Supervisory Board approval in order to conduct appropriate governance and decision-making in view of E.ON's altered strategic and operating environment.

Furthermore, in 2013 the Supervisory Board conducted an efficiency review, thoroughly discussed its findings, and used the insights gained to implement adjustments for the future. A number of education and training sessions on selected issues were conducted for Supervisory Board members in 2013.

The targets for the Supervisory Board's composition with regard to Item 5.4.1 of the German Corporate Governance Code and the status of their achievement are described in the Corporate Governance Report on pages 78 and 79.

An overview of Supervisory Board members' attendance at meetings of the Supervisory Board and its committees is on page 78.

Committee Work

To fulfill its duties carefully and efficiently, the Supervisory Board has created the committees described in further detail below. Information about the committees' composition is in the Corporate Governance Report on pages 79 and 80. Within the scope permissible by law, the Supervisory Board has transferred to the committees the authority to pass resolutions on certain matters. Committee chairpersons reported to the full Supervisory Board in a regular and timely manner about the agenda and results of their respective committee's meetings.

The Executive Committee met six times. Attendance was complete at all meetings. In particular, this committee prepared the meetings of the full Supervisory Board. Among other things, it discussed matters relating to Board of Management composition and compensation and did comprehensive preparatory work for the Supervisory Board's resolutions on these matters. In addition, it prepared the Supervisory Board's resolutions to determine that the Board of Management met its targets for 2012 and to set the targets for 2013. It also discussed the target implementation at an evaluation in the course of the year.

The Finance and Investment Committee met five times. Attendance was complete at all meetings except one, which one member was unable to attend. The matters addressed by the committee included the current situation at E.ON's joint ventures in Brazil and Turkey, the sale of stakes in E.ON Földgáz Trade and E.ON Földgáz Storage in Hungary, the sale of the stake in E.ON Mitte in Germany, and other planned portfolio measures. In particular, the committee also prepared the Supervisory Board's resolutions on these transactions or, for matters on which it had the authority, made the decision itself. Furthermore, it discussed the early refinancing of E.ON's syndicated credit facility and its medium-term plans for 2013–2015 and 2014–2016 and prepared the Supervisory Board's resolutions on these matters. In addition, the committee adjusted its policies and procedures to reflect the change in the threshold for transactions requiring approval by the Supervisory Board or itself.

The Audit and Risk Committee met four times. Attendance was complete at all meetings. With due attention to the Independent Auditor's Report and in discussions with the independent auditor, the committee devoted particular attention to the 2012 Financial Statements of E.ON SE (prepared in accordance with the German Commercial Code) and the E.ON Group's 2012 Consolidated Financial Statements and 2013 Interim Reports of E.ON SE (prepared in accordance with International Financial Reporting Standards, or "IFRS"). The committee discussed the recommendation for selecting an independent auditor for the 2013 financial year and assigned the tasks for the auditing services, established the audit priorities, determined the independent auditor's compensation, and verified the auditor's qualifications and independence in line with the recommendations of the German Corporate Governance Code. The committee assured itself that the independent auditor has no conflicts of interest. Topics of particularly detailed discussions included issues relating to accounting, the internal control system, and risk management. In addition, the committee thoroughly discussed the Combined Group Management Report and the proposal for profit appropriation and prepared the relevant recommendations for the Supervisory Board and reported to the Supervisory Board. In this context, the committee also discussed in detail the progress of significant investment projects as well as the results of impairment tests and the necessary impairment charges. Other focus areas included an examination of E.ON's risk situation, its risk-bearing capacity, and the quality control of its risk-management system. This examination was based on consultations with the independent auditor and, among other things, reports from the Company's risk committee. The committee also discussed the work done by internal audit including the audit plan in 2013 and the audit priorities for 2014. Furthermore, the committee discussed the compliance report and E.ON's compliance system, as well as other issues related to auditing. The Board of Management also reported on ongoing proceedings and on legal and regulatory risks for the E.ON Group's business. These include the Site Selection Act (*Standortauswahlgesetz*),

the status of the Federal Court of Justice's review of price-adjustment clauses, and the status of derivative regulation and the planned introduction of a financial transaction tax in the EU. The committee regularly dealt with the development of the Company's rating and its current status. Other topics included the successful processing of the German Financial Reporting Enforcement Panel's audit of the E.ON Group's 2012 Consolidated Financial Statements, reportable incidents at the E.ON Group, and current tax and insurance issues.

At its one meeting the Nomination Committee prepared the recommendation for the 2013 Annual Shareholders Meeting for the election of shareholder representatives. Attendance was complete at this meeting. The requirements of German Stock Corporation Act, the German Corporate Governance Code, the Supervisory Board's policies and procedures, and the targets the Supervisory Board set for its composition were taken into consideration by the Nomination Committee in its recommendations for election to the Supervisory Board, thereby ensuring that Supervisory Board members and the Supervisory Board as a whole have the knowledge, skills, and professional experience necessary to carry out their duties properly.

Examination and Approval of the Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, the independent auditor chosen by the Annual Shareholders Meeting and appointed by the Supervisory Board, audited and submitted an unqualified opinion on the Financial Statements of E.ON SE and the Combined Group Management Report for the year ended December 31, 2013. The Consolidated Financial Statements prepared in accordance with IFRS exempt E.ON SE from the requirement to publish Consolidated Financial Statements in accordance with German law.

Furthermore, the auditor examined E.ON SE's early-warning system regarding risks. This examination revealed that the Board of Management has taken appropriate measures to meet the requirements of risk monitoring and that the early-warning system regarding risks is fulfilling its tasks.

At the Supervisory Board's meeting on March 11, 2014, we thoroughly discussed—in the presence of the independent auditor and with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee—E.ON SE's Financial Statements, Consolidated Financial Statements, Combined Group Management Report, and the Board of Management's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding our own examination we determined that there are no objections to the findings. We therefore acknowledged and approved the Independent Auditor's Report.

We approved the Financial Statements of E.ON SE prepared by the Board of Management and the Consolidated Financial Statements. The Financial Statements are thus adopted. We agree with the Combined Group Management Report and, in particular, with its statements concerning the future development of the Company.

We examined the Board of Management's proposal for profit appropriation, which includes a cash dividend of €0.60 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. The proposal is in the Company's interest with due consideration for the shareholders' interests. After examining and weighing all arguments, we agree with the Board of Management's proposal for profit appropriation.

Personnel Changes on the Board of Management and Supervisory Board

At its meeting on March 13, 2013, the Supervisory Board appointed Dr.-Ing. Leonhard Birnbaum and Mike Winkel to the Board of Management effective July 1 and April 1, 2013, respectively. At its meeting on August 12, 2013, the Supervisory Board appointed Klaus Schäfer to the Board of Management effective September 1, 2013.

Prof. Dr. Klaus-Dieter Maubach (March 31), Regine Stachelhaus (June 30), and Dr. Marcus Schenck (September 30) ended their service on the Board of Management effective the above-shown dates in 2013. We would like to take this opportunity to again thank them for their outstanding service to the E.ON Group and for their steadfast dedication to its successful development. We wish them all the best for the future.

The Supervisory Board's term of service ended with the conclusion of the Annual Shareholders Meeting on May 3, 2013. At this meeting the current shareholder representatives—Werner Wenning, Baroness Denise Kingsmill, Prof. Dr. Ulrich Lehner, René Obermann, Dr. Karen de Segundo, and Dr. Theo Siegert—were reelected to the Supervisory Board. Pursuant to the agreement on employee representation on the E.ON SE Supervisory Board, the employee representatives—Gabriele Gratz, Eugen-Gheorghe Luha, Erhard Ott, Klaus Dieter Raschke, Eberhard Schomburg und Willem Vis—had already been appointed in 2012 for the term of service following the Annual Shareholders Meeting on May 3, 2013. At its constitutive meeting on May 3, 2013, the Supervisory Board elected Mr. Wenning to serve as its Chairman. On the recommendation of the shareholder and employee representatives, respectively, Prof. Dr. Lehner and Mr. Ott were appointed to serve as Deputy Chairmen.

Ms. Gratz ended her service on the Supervisory Board effective December 31, 2013. She was succeeded effective January 1, 2014, by Fred Schulz, an appointed replacement member of the Supervisory Board who had been elected to succeed Ms. Gratz on the Finance and Investment committee at the Board's December meeting. We would like to thank Ms. Gratz for her many years of dedicated service in the interest of the Company and its employees and to wish her all the best for the future. In addition, Mr. Schomburg was elected to the Executive Committee effective January 1, 2014, to succeed Mr. Raschke, who resigned from the committee.

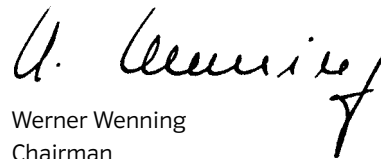
Ulrich Hartmann, former Chairman of the Board of Management and the Supervisory Board, passed away on January 13, 2014, at the age of 75. He joined VEBA AG in 1973 and became Chairman of its Board of Management in 1993, leading the company to international prominence and renown. He and

Wilhelm Simson brought about the VEBA-VIAG merger which created E.ON AG. Serving as co-CEOs until 2003, the two oversaw a fundamental reorganization that shaped E.ON into one of Europe's leading energy companies. Ulrich Hartmann was Chairman of the E.ON Supervisory Board from 2003 to 2011. In this role he promoted the Company's continued expansion and integration. Ulrich Hartmann shaped E.ON like no other. We will honor his memory.

The Supervisory Board wishes to thank the Board of Management, the Works Councils, and all the employees of the E.ON Group for their dedication and hard work in the 2013 financial year.

Düsseldorf, March 11, 2014
The Supervisory Board

Best wishes,

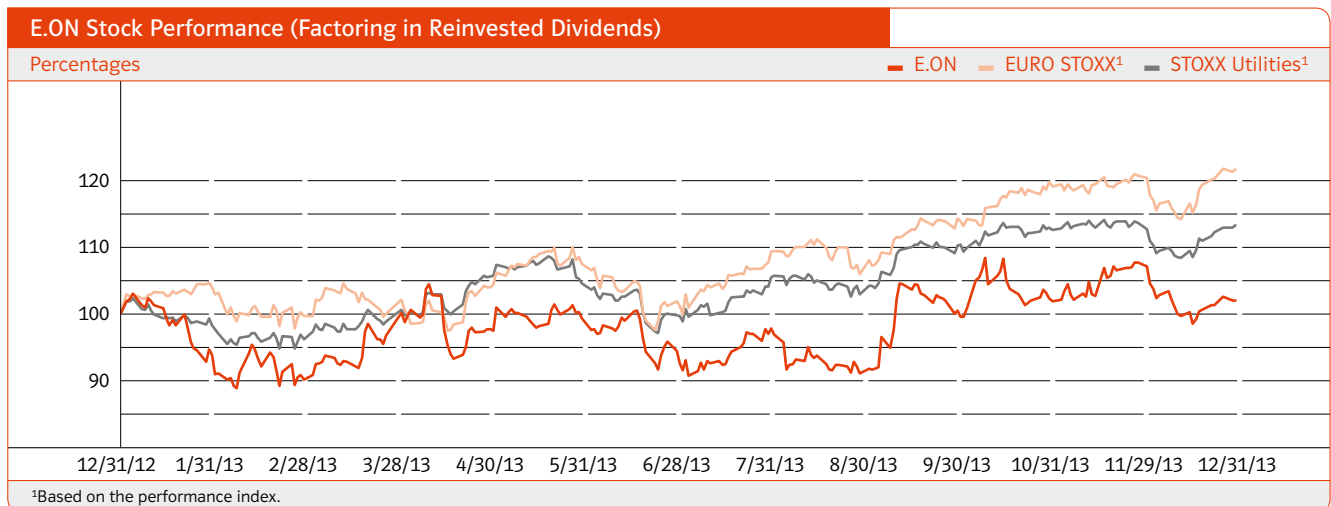


Werner Wenning
Chairman

E.ON Stock in 2013

At the end of 2013 E.ON stock (including reinvested dividends) was 2 percent above its year-end closing price for 2012,

thereby underperforming the EURO STOXX 50 index (+22 percent over the same period) and its peer index, the STOXX Utilities (+13 percent).



Ten-Year Performance of E.ON Stock

Investors who purchased €5,000 worth of E.ON stock at the end of 2003 and reinvested their cash dividends (including the special dividend in 2006) saw the value of their investment increase to €6,958 by the end of 2013, which represents an average annual return of 3.4 percent. E.ON stock thus underperformed the STOXX Utilities (+6.8 percent) and the EURO STOXX 50 (+4.3 percent).

Development 2003-2013

	+/- %
E.ON	+39
STOXX Utilities	+92
EURO STOXX	+52

E.ON Stock Key Figures ¹		
Per share (€)	2013	2012
Net income attributable to the shareholders of E.ON SE	1.12	1.15
Earnings from underlying net income	1.18	2.19
Dividend ²	0.60	1.10
Dividend payout (€ in millions)	1,145	2,097
Twelve-month high ³	14.71	19.52
Twelve-month low ³	11.94	13.80
Year-end closing price ³	13.42	14.09
Number of shares outstanding (in millions)	1,908	1,907
Market capitalization ⁴ (€ in billions)	25.6	26.9
E.ON stock trading volume ⁵ (€ in billions)	36.8	39.6

¹Adjusted for discontinued operations.

²For the respective financial year, the 2013 figure is management's proposed dividend.

³Xetra.

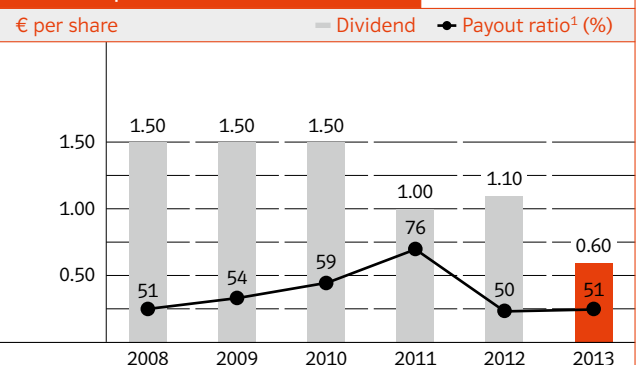
⁴Based on ordinary shares outstanding.

⁵On all German stock exchanges, including Xetra.

Dividend

At the 2014 Annual Shareholders Meeting, management will propose a cash dividend of €0.60 per share for the 2013 financial year (prior year: €1.10). Furthermore, shareholders will be offered the option to exchange the cash dividend partially into E.ON shares (currently held in treasury stock). The payout ratio (as a percentage of underlying net income) would be 51 percent compared with a ratio of 50 percent in the prior year. Based on E.ON stock's year-end 2013 closing price, the dividend yield is 4.5 percent.

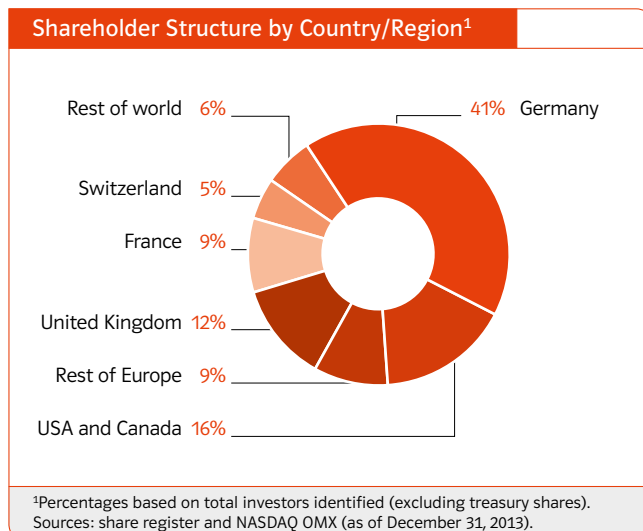
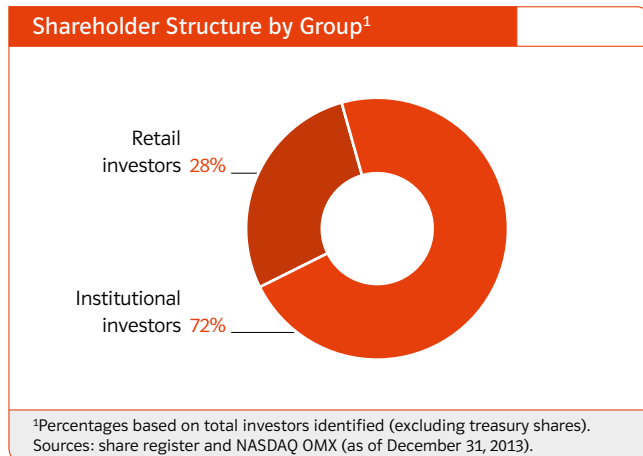
Dividend per Share



¹Payout ratio not adjusted for discontinued operations.

Shareholder Structure

Our most recent survey shows that we have roughly 72 percent institutional investors and 28 percent retail investors. Investors in Germany hold about 41 percent of our stock, those outside Germany about 59 percent.



Investor Relations

Our investor relations ("IR") are founded on four principles: openness, continuity, credibility, and equal treatment of all investors. Each year we work hard to be even better in each of these areas. Our mission is to provide prompt, transparent information at our periodic conferences, at road shows, at eon.com, and when we meet personally with investors.

We used the forum of E.ON's quarterly reporting to provide the greatest-possible transparency on the many strategic milestones and developments at our business units in 2013. In addition, in July and October we held information events focusing on individual business units: via teleconference, senior managers of our Exploration & Production and Russia units gave presentations and answered investors' questions about operational, strategic, and policy developments at their respective businesses. The positive response from the capital market encourages us to hold similar events focusing on other units in 2014.

Despite our difficult business environment, we expanded the dialog with our analysts and investors by significantly increasing the number of road shows and personal meetings and discussions. Continually communicating with our investors and strengthening our relationships with them are essential for good IR.

Want to find out more?
eon.com/investors
 You can contact us at:
investorrelations@eon.com

"Cleaner & better energy" is the guiding strategic theme for E.ON's transformation from an integrated, primarily European energy utility into a global, specialized provider of energy solutions. Our products and services are cleaner if they substantially improve energy quality in terms of environmental impact and efficiency. Our energy is better when our performance and technology are significantly better than our competitors', thereby enabling us to design superior products and services for our customers. Our strategy states a clear commitment on our part and provides answers not only to current challenges but also to long-term megatrends in the European and global energy world.

A key success factor as we implement this strategy is our systematic stakeholder orientation. We continually seek opportunities for dialog, not only with our customers but also with our many other stakeholders—suppliers, policymakers, government agencies, the media, environmental groups, charitable organizations, employees, trade unions, and of course our investors—in order to understand their opinions and expectations with regard to cleaner and better energy.

E.ON's transformation will not happen overnight but is all the more important and urgent in light of the substantial challenges faced by our business in Europe. Power and gas markets remain oversupplied, government regulation and intervention continue to increase. The principles of market integration and competition are becoming progressively less prominent. In addition, our business is affected in a lasting way by Germany's transformation of its energy system and phaseout of nuclear energy. At the same time, the public debate about the affordability of energy is becoming louder, even in wealthier countries like the United Kingdom. Our business is also affected by technological developments, such as the significant decrease in the manufacturing costs of renewable power generation.

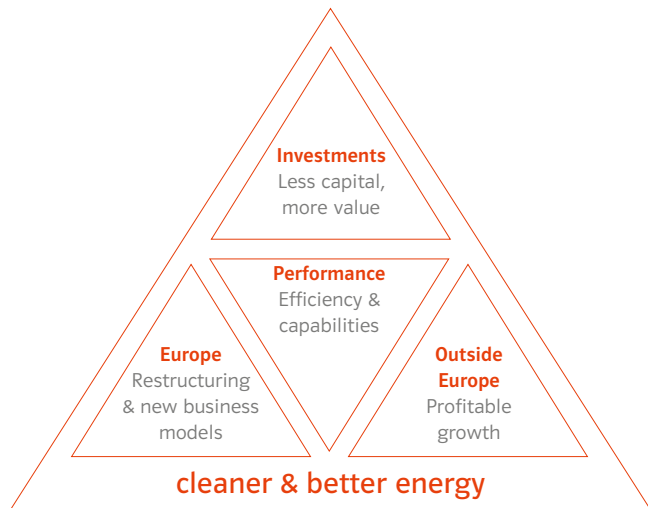
We are convinced that affordability, security of supply, and climate protection can be mutually compatible elements of a successful business strategy, even in difficult times. Our strategy focuses on achieving clear competitive advantages and offering efficient, environmentally friendly energy solutions in and outside Europe. The transformation of our company will benefit our employees, customers, and investors alike.

Strategic Focus Areas

Since 2010 we have been tailoring E.ON's business portfolio toward that of a global, specialized provider of energy solutions. The main focus of strategic development is on expanding our operations in renewables, distributed-energy solutions, and our businesses outside Europe. These are the areas in which we see significant market opportunities, can capitalize on our capabilities, and can benefit from broad public support. We will therefore direct our new growth investments at these businesses. In Europe we are concentrating on regions and businesses in which we can deploy our expertise and leverage our size and synergy advantages into attractive returns. In 2010 we announced that we would divest €15 billion worth of businesses by the end of 2013 in order to propel E.ON's transformation and to increase our financial flexibility. By the end of 2013 we made roughly €20 billion of divestments, significantly surpassing our target.

Another key focus area is performance and competitiveness, which are decisive success factors in an increasingly demanding market environment. We are committed to becoming significantly more efficient and to further enhancing our operating performance and innovativeness. In 2013 we launched a new E.ON-wide initiative called " agile." Its purpose is to harness our employees' creativity to promote a culture of innovation across our organization and to identify and develop new and promising business ideas beyond our current portfolio. So far our employees have submitted about 130 ideas. We have selected about ten of these ideas, which we intend to test and potentially develop to commercial viability outside our established line organization.

The four key components of our strategy describe what we are doing to transform our company in line with our strategy:



Europe

Europe is and will remain our home market. The transformation of Europe's energy system continues to offer us attractive growth opportunities in renewables and distributed energy. Nevertheless, a significant portion of our businesses in Europe is under enormous pressure due to interventionist policies and regulations and difficult economic conditions. This applies in particular to our conventional generation business, whose business model had been based on a liberalized EU-wide internal market for energy. In view of the increasingly difficult market environment, we will continue to systematically assess the profitability of our businesses in Europe, to optimize them, and to sharpen their focus. With these factors in mind, we have set the following course for these businesses:

A key focus of our growth in Europe is renewables, primarily onshore and offshore wind but also solar and biomass. In 2013 we commissioned London Array, the world's largest offshore wind farm. It consists of 175 turbines, has a total installed capacity of 630 MW, generates enough power to supply nearly 500,000 British households, and displaces 925,000 metric tons of carbon emissions annually. At the end of 2013 we had more than 3.1 GW (prior year: 2.1 GW) of installed wind, solar, and biomass capacity in Europe. In the years ahead E.ON will continue to expand its renewable capacity on an industrial

scale. In doing so, we strive to further reduce the specific costs of renewables relative to conventional technologies, helping to make renewables increasingly competitive. Focusing exclusively on the best locations and partners ensures that our projects yield attractive returns.

Alongside renewables, competitive conventional generation assets will remain an important part of E.ON's business in Europe. In principle, operationally flexible conventional generating capacity ideally supplements the steadily increasing proportion of renewables in the energy mix and ensures a reliable power supply even on cloudy, windless days. However, the conventional power generation business in Europe has for some time faced substantial margin pressure owing to the massive, publicly supported expansion of renewables, low wholesale prices, and overcapacity resulting from the economic crisis. National energy-policy agendas are becoming increasingly dominant; and, owing to low prices for emission allowances, the EU Emissions Trading Scheme is failing to provide incentives for low-carbon technologies. In this environment the profitability of even the most technologically advanced, climate-friendly gas-fired power plants is questionable, even in the near term. Consequently, E.ON's strategic focus in this area is on radically restructuring its conventional generation business in Europe by ensuring that all operations are as cost-effective as possible and by systematically assessing the profitability of every single power plant as well as its system relevance. E.ON plans to shut down about 13 GW of generating capacity for economic reasons by 2015 and achieved about 7.4 GW of this objective by year-end 2013. At the same time, we are lobbying, on a national and European level, for the creation of a regulatory framework that ensures that conventional power plants remain economic to operate—and thus that the power supply remains reliable—well into the future. This includes the establishment of a new market design based on competitive, nondiscriminatory capacity markets. Finally, generating capacity that is maintained to ensure security of supply should receive consistently appropriate compensation throughout Europe.

Owing to the gradual phaseout of nuclear energy in Germany by 2022, we do not expect to achieve our emissions target—to halve our European generation portfolio's specific carbon emissions from a 1990 baseline—until 2025. Our decarbonization plan is consistent with the targets recommended by the European Commission in January 2014 in its 2030 Framework for Climate and Energy Policies.

In 2013 we merged our gas-supply, gas-storage, and LNG operations with our energy trading business. This enables us to better realize existing synergy potential and to ensure maximum value creation through the integrated optimization and marketing of E.ON's assets and contracts. The successful adjustment of our long-term gas supply contracts to reflect new market realities remains a strategic priority. We made significant progress in this area in recent years and expect to successfully conclude further negotiations with producers. Our gas-storage business is facing increasing earnings pressure owing to low prices for flexibility products. In response, we will further optimize our storage portfolio, reduce costs, and develop innovative products that enable us to improve how we market our storage capacity. We see growth potential in our global trading business, particularly in LNG and coal, which we intend to gradually expand. An example of this is the LNG contract we concluded with Qatargas in the fall of 2013 under which we can import to Europe up to 10 billion cubic meters of natural gas over a period of five years. In 2013 we also continued the successful implementation of our focus strategy in Europe by selling our stakes in gas companies in Slovakia (Slovenský Plynárenský Priemysel a.s.) and Hungary (E.ON Földgáz Trade and E.ON Földgáz Storage).

Our focus in gas and oil production is on organic growth in the North Sea and on continual performance improvements. The successful start of production at Skarv field in the Norwegian North Sea in 2013 was an important milestone in the development of this business. In 2013 we also designed a comprehensive exploration strategy so that we can replace the gas and oil we are producing in the North Sea with new reserves. Our objective is to expand our exploration portfolio, which currently consists of about 50 licenses, to lay the foundation for the discovery of new gas and oil reserves. This approach will enable us to optimally deploy E.ON Exploration & Production's existing know-how in projects that create value.

Attractive distribution network businesses contribute significantly to the balance of our overall portfolio and play a critical role in the transformation of Europe's energy system toward a greater reliance on renewables. We focus on network businesses that enable us to deploy our expertise in a way that creates real added value for our customers, business partners, and investors and that deliver a consistently high financial and operating performance. In keeping with this clear commitment, in 2013 we successfully sold our distribution operations in Finland and reorganized our regional utility business in Germany. As planned, in Germany E.ON can now focus on four regional utilities: Avacon, Bayernwerk, E.DIS, and E.ON Hanse. This will enable us to aggregate our investments and to work with our municipal partners to transform Germany's energy system more purposefully and efficiently. We will develop our network businesses across Europe in a way that is consistent with the requirements of the new energy world. In particular, this includes deploying smart technologies for integrating distributed generating units and installing smart power and gas meters at our customers' premises.

The strategic focus of our end-customer business is on strengthening our competitiveness through more customer orientation, products that are more innovative, better service quality, and greater cost efficiency. We do not just want to sell power, gas, and heat. Instead, we want to be a leading provider of energy solutions. As part of this effort, we are enhancing the digital interaction between our customers and our sales organization in order to better understand our customers' needs and offer appropriate solutions. We are systematically expanding our distributed-energy business and have accordingly made it a focus of our strategic development. Our regional units and E.ON Connecting Energies are moving forward to develop this business, which is one of the fastest-growing segments in the energy industry. We focus on providing our customers with comprehensive distributed-energy solutions. The package includes on-site power generation, energy-management services, heating and cooling, energy efficiency, and the optimal integration of customers' on-site energy systems into the wholesale energy market. Our offerings focus on distributed generation and energy efficiency. E.ON Connecting Energies expanded its market position in 2013 by acquiring Matrix, the U.K. market leader in IT-based energy-efficiency solutions for commercial buildings. We plan to offer Matrix's product portfolio to industrial and commercial customers outside the United Kingdom as well.

Outside Europe

European countries are concentrating on the ambitious goal of transforming their energy systems affordably, whereas other parts of the world are experiencing strong demand growth and therefore need to add a large amount of technologically advanced generating capacity. We have decades of experience in the energy business, giving us deep expertise, particularly in planning, building, and operating conventional and renewable generating facilities, as well as energy distribution and sales. We intend to increasingly profit from this expertise outside Europe as well. To do this, we are not only developing our existing businesses in Russia and North America but also expanding into other attractive, fast-growing regions. Our entry into Turkey and Brazil's energy markets puts us well on the way toward our objective of achieving a stronger presence outside Europe as well.

In late 2012 we reached an agreement with the Sabanci Group, one of Turkey's largest financial and industrial conglomerates, to form an energy partnership for the fast-growing Turkish market. Enerjisa, our fifty-fifty joint venture with Sabanci, gives us an excellent platform to seize opportunities in Turkey's increasingly liberalized energy market. Enerjisa's current generation portfolio consists of approximately 2.4 GW (prior year: 1.7 GW) of installed gas, hydro, and wind capacity, with 1.8 GW of conventional and renewables capacity under construction. In 2013 Enerjisa commissioned eight hydro and wind assets with an aggregate installed capacity of approximately 745 MW. One of these is Balikesir, which at 143 MW of installed capacity is Turkey's largest wind farm. We and our partner aim for Enerjisa to have about 7.5 GW of installed capacity by 2020, which would give us a 10-percent share of Turkey's generation market. Enerjisa also has a power distribution and sales business, which was originally concentrated in the region around Ankara. In 2013 it significantly expanded this business by acquiring power distribution and sales companies in eastern Istanbul and the region around Adana in the government's privatization program. Enerjisa now distributes and sells power to more than 9 million end-customers in Turkey, giving it a market share of more than 20 percent. The strategic focus of Enerjisa's downstream business is on successfully integrating its newly acquired companies and seizing market opportunities created by ongoing liberalization.

Since 2012 E.ON has been active in Brazil's attractive power market through a strategic partnership. In March 2013 E.ON increased its investment and now holds just under 38 percent of the jointly owned power generation company, which changed its name to ENEVA S.A. Brazil Development Bank BNDES is also a significant shareholder. The remaining publicly listed shares are broadly held. Along with the increase in E.ON's stake and the rebranding, ENEVA was given a clear and simple organizational setup; together, these changes create a solid foundation for the company's further development. Our expertise in planning, building, and operating power plants will help ENEVA manage its existing operating business and further expand its market presence. ENEVA has roughly 2.4 GW of generating capacity in operation; about 0.5 GW are under construction and expected to be commissioned in 2014.

Our operations in North America focus on renewables, encompassing the development, construction, and operation of large wind and solar farms. This also includes innovative approaches to value creation and efficient capital deployment, such as selling a stake in a wind farm once it is operational. We will continue to develop our current position, which consists of 18 wind and solar farms in six states with more than 2.5 GW of installed capacity, in accordance with the policy and regulatory framework.

Our strategic focus in Russia is on the successful completion of our conventional power new-build program. We have already commissioned four state-of-the-art gas-fired generating units at three sites and expect to complete the construction of a 0.8 GW coal-fired unit in 2015. Our entire new-build program offers attractive returns and is making an important contribution to the modernization of power generation in Russia. To supplement our large-scale power generation business in Russia, in 2013 we decided to offer distributed-energy solutions to large industrial and commercial customers. As part of this effort, E.ON Connecting Energies agreed to a partnership with a leading developer and operator of commercial and industrial parks in Russia. By offering distributed-energy solutions, we want to help customers in Russia reduce their energy costs and help make the country's energy supply climate-friendlier and more reliable.

Investments

Although our business environment has become even more difficult, we see clear growth opportunities in energy markets, particularly in renewables, distributed energy, and outside Europe. But we also need to consider that in the years ahead E.ON will continue to face significant business challenges resulting from policy decisions and a substantially altered environment in European markets.

If we want to optimally seize market opportunities, we need to find new ways to achieve growth with less capital. We need to grow by deploying our expertise and less by deploying ever-increasing amounts of capital. Smart business and partnership models play a key role in this effort.

In renewables, for example, we leverage additional value potential by bringing on board interested partners to be co-owners of selected individual wind farms. The sale of a stake in three wind farms in the United States to a Danish pension fund in 2012 was an important step in implementing this. The sale, at attractive terms, of an 80-percent stake in Rødsand 2 wind farm to Danish energy utility SEAS-NVE was another success in this area. Transactions like these will enable us to significantly increase our value creation by investing freed-up capital in new and attractive projects.

We have high expectations for our planned investments for the period 2014–2016. In times of limited capital, it is essential to seize the most profitable opportunities in the market. We are therefore applying even stricter investment discipline and expect new growth projects to deliver a return significantly above their cost of capital.

Performance

Top performance is indispensable to remain successful in the long term, especially in an increasingly competitive and demanding market environment. Only if E.ON can demonstrate—based on its capabilities—superior performance will it create added value and thus offer truly better energy to its customers. Our aim is for all of our business areas, including administration, to be in the top quartile of our industry. We want to be measured by our ability to deliver top performance and to actively and consistently embrace a performance culture.

To enhance our performance, in the summer of 2011 we launched a Group-wide restructuring and cost-cutting program called E.ON 2.0. Its objective is to reduce E.ON's controllable costs from roughly €11 billion in 2011 to €9 billion by 2015 at the latest (adjusted for divestments, this figure is now €8.2 billion) in order to give us greater flexibility for investments. It also aims to simplify E.ON's organizational setup in order to speed up our decision-making. The third objective is to reduce unnecessary tasks in our administration in order to put our operating business at the center of what we do. The operating business itself is also being optimized. E.ON 2.0 is on schedule and making rapid progress. It already achieved significant, lasting cost savings through year-end 2013. We plan to make further significant cost reductions by 2015. We are confident that these targets will be achieved.

E.ON 2.0 addresses four key areas: changes to our organizational setup, leaner administrative functions, improvements in procurement, and operational excellence. The specific savings potential for each of these areas was identified in 2011. To realize this savings potential, employee representatives and our line organizations were consulted and individual measures were detailed in more than 50 projects. Implementation is on schedule, with our units having delivered about 60 percent of these savings. All individual measures will be completely implemented by the end of 2014 at the latest.

On the organizational side, E.ON 2.0 aims to establish a lean, transparent organizational setup with flat hierarchies. This has involved significantly reducing the number of legal entities in the E.ON Group that have complex hierarchical structures. We have already achieved important milestones, such as the streamlining of Group Management, the reorganization of the Germany regional unit (including the relocation of its headquarters to Essen), the merger of E.ON Energy Trading and E.ON Ruhrgas to create E.ON Global Commodities, and organizational improvements in our generation business. We also

combined the Germany regional unit's retail business and its customer service functions to make them more efficient and customer-centric. At Exploration & Production and Climate & Renewables, we implemented a functionally oriented organizational setup, resulting in significant efficiency gains. Further simplifications of our organizational structure within the E.ON Group are planned and currently being implemented.

On the administrative side, the program aims to streamline and consolidate support functions. In the summer of 2011 we conducted benchmarking and used these benchmarks to define targets for several corporate functions: finance, HR, procurement, and shared services, including our Business Service Centers ("BSCs"). We are combining certain functions (such as legal affairs, taxes, and certain HR functions) in Centers of Competence ("CoCs") in order to make business and decision-making processes leaner and faster; the establishment of the CoCs was largely completed in 2013. Another goal of E.ON 2.0 is to combine those support functions into BSCs that offer considerable potential for standardization and thus for synergy effects. We transferred some accounting functions from our operating units to BSCs in Regensburg (Germany) and Cluj (Romania) in 2013, thereby achieving significant improvements in efficiency. We plan to make further transfers by 2015. Transactional HR functions that are not part of the CoCs were bundled at the newly created BSCs in Berlin and Cluj.

On the procurement side, the program aims to increase the efficiency and effectiveness of E.ON's entire procurement organization. E.ON 2.0 helped to create Group-wide functionally and operationally overarching procurement teams that can systematically leverage scale and synergy effects. Achieving procurement savings through price negotiations, specification adjustments, and demand reduction is an important part of our effort to meet our non-personnel cost-reduction targets.

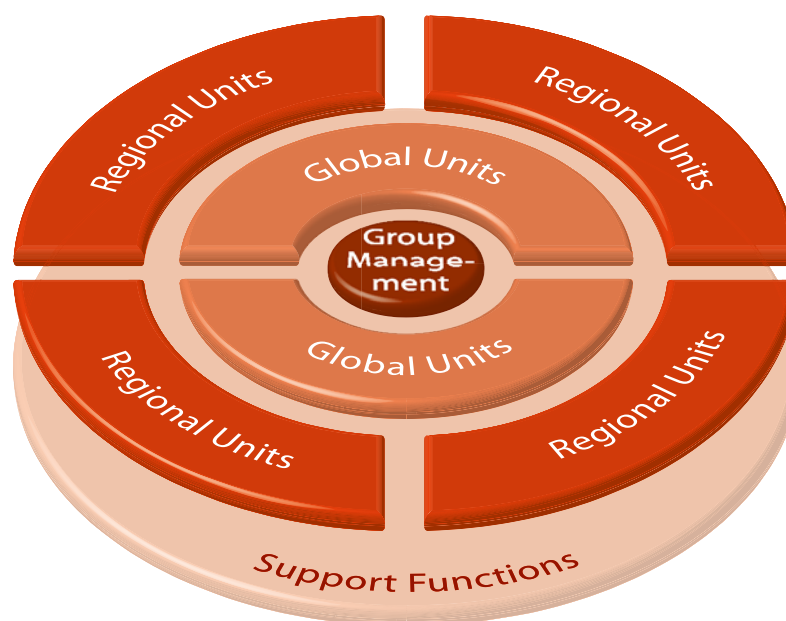
On the operational side, E.ON 2.0 aims to make E.ON more competitive relative to its peers in the long run. This applies primarily to our global generation and trading operations and our local sales and infrastructure operations. The initiatives will also include the standardization of processes as well as adjustments to our corporate structure that will enable us to achieve a top-quartile position in all of our businesses.

E.ON's senior managers and employee representatives in and outside Germany are closely involved with E.ON 2.0 and actively support and expedite the implementation of the changes that are ahead. In parallel to E.ON 2.0, E.ON is developing a performance culture that focuses on accelerating our decision-making, implementing decisions swiftly, standardizing processes and activities, delineating responsibilities clearly, and, more generally, focusing on what will create value for the Group and always paying attention to our customers' and shareholders' opinions and expectations. At the same time we are translating results from individual performance measures into continuous improvement initiatives. E.ON Climate & Renewables, for example, has transformed a pilot project designed to maximize wind yield into a systematic process by which every wind turbine is assessed once a year to determine how it can be further optimized.

Finance Strategy

The central components of E.ON's finance strategy are capital structure management and our dividend policy. The section of the Combined Group Management Report entitled Financial Situation contains explanatory information about our finance strategy.

- Business performance in 2013 in line with expectations
- EBITDA, underlying net income, and operating cash flow below prior-year figures
- Management to propose dividend of €0.60 per share
- 2014 EBITDA expected to be between €8 and €8.6 billion



Corporate Profile

Business Model

E.ON is a major investor-owned energy company. Our organizational setup clearly delineates the roles and responsibilities of all Group companies. Our operations are segmented into global units and regional units.

E.ON SE in Düsseldorf serves as Group Management. It oversees and coordinates the operations of the entire Group. We see ourselves as a global specialized provider of energy solutions. Five global units are responsible for Generation, Renewables, New Build & Technology, Global Commodities, and Exploration & Production. Eleven regional units manage our operating business in Europe. Russia is another unit, and we also have operations in Brazil and Turkey. Support functions like IT, procurement, and business processes are organized functionally.

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, 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, 2013, we changed the name of our Optimization & Trading segment to Global Commodities. We merged E.ON Energy Trading and E.ON Ruhrgas, which belong to this segment, in the first half of 2013. The new company's name is E.ON Global Commodities. The name change reflects our progress in restructuring this business. The new unit will continue to focus on optimizing our global asset base. It will also enable us to leverage important synergies, thereby contributing to the success of the E.ON 2.0 program as well.

Effective January 1, 2013, we transferred some businesses that had been part of the Germany regional unit to the Renewables global unit or assigned them to Group Management. We adjusted the prior-year figures accordingly.

Global Units

We manage all our operations in Europe's converging markets on a cross-border basis through functionally segmented entities called global units.

Four of our global units are reportable segments: Generation, Renewables, Global Commodities, and Exploration & Production. A fifth, New Build & Technology, is reported under Group Management.

New Build & Technology brings together our comprehensive project-management and engineering expertise to support the construction of new power plants and the operation of existing plants across E.ON. This unit also coordinates our Group-wide research and development projects for the E.ON Innovation Centers.

Generation

Our generation fleet is one of the biggest and most efficient in Europe. We have asset positions in Germany, the United Kingdom, Sweden, Italy, Spain, France, and the Benelux countries, giving us one of the broadest geographic footprints among European power producers. We also have one of the most balanced fuel mixes in our industry.

The Generation global unit consists of all our conventional (fossil and nuclear) generation assets in Europe. It manages and optimizes these assets across national boundaries.

Renewables

Our Renewables global unit is helping to drive renewables growth in many countries across Europe and the world. Renewables are good for the environment and have great potential as a business, which is why we are steadily increasing renewables' share of our generation portfolio and aim to play a leading role in this growing market. We continually seek out new solutions and technologies that will make the energy supply more environmentally friendly. We therefore make significant investments in wind, biomass, solar, and marine energy.

Global Commodities

As the link between E.ON and the world's wholesale energy markets, our Global Commodities unit buys and sells electricity, natural gas, liquefied natural gas, oil, coal, freight, and carbon allowances. It also manages and develops assets at several phases of the gas value chain, such as pipelines, long-term supply contracts, and storage facilities.

Exploration & Production

Our Exploration & Production segment has good prospects for the future. It operates in the following focus regions: the U.K. and Norwegian North Sea and Russia.

Regional Units

Eleven regional units manage our operating business in Europe. They are responsible for sales, regional energy networks, and distributed generation. They are also close partners of the global units operating in their respective region, for which they provide a broad range of important functions, such as HR management and accounting. In addition, they are the sole point of contact for all stakeholders, including policymakers, government agencies, trade associations, and the media.

We operate in the following regions: Germany, the United Kingdom, Sweden, Italy, Spain, France, Benelux, Hungary, Czechia, Slovakia, and Romania; until the end of June 2012 we operated in Bulgaria.

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.

Russia is a special-focus country, where our business centers on power generation. This business is not integrated into the Generation global unit because of its geographic location and because Russia's power system is not part of Europe's integrated grid.

E.ON International Energy's mission is to work with local partners to develop renewable and conventional generating capacity and the distribution network business in attractive, fast-growing regions outside Europe. Effective January 1, 2013, we report our power generation business in Russia 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.

Management System

Our corporate strategy aims to deliver sustainable growth in shareholder value. We have put in place a Group-wide planning and controlling system to assist us in planning and managing E.ON as a whole and our individual businesses with an eye to increasing their value. This system ensures that our financial resources are allocated efficiently. We strive to enhance our sustainability performance efficiently and effectively as well. We have high expectations for our sustainability performance. We embed these expectations progressively more deeply into our organization: across all of our businesses, entities, and processes and along the entire value chain.

Our key figures for managing our operating business and assessing our financial situation are EBITDA, underlying net income, cash-effective investments, and debt factor.

Our key figure for purposes of internal management control and as an indicator of our business units' long-term earnings power is earnings before interest, taxes, depreciation, and amortization ("EBITDA"), which we adjust to exclude certain extraordinary items. These items include net book gains,

restructuring expenditures, impairment charges, and non-operating earnings (which include, among other items, the marking to market of derivatives). Consequently, EBITDA is unaffected by investment and depreciation cycles and also provides an indication of our cash-effective earnings (see the commentary on pages 41 and 42 of the Combined Group Management Report and in Note 33 of the Consolidated Financial Statements).

E.ON presents its financial condition using, among other key figures, debt factor. A key objective of our finance strategy is for E.ON to have an efficient capital structure. We monitor our capital structure by means of our debt factor, which is equal to our economic net debt divided by EBITDA (for more information, see the section entitled Finance Strategy on page 43). We actively manage our capital structure. If our debt factor is significantly above our target, it would be necessary for us to maintain strict investment discipline. We might also take additional countermeasures.

Alongside our main financial management key figures, this Combined Group Management Report includes other financial and non-financial key performance indicators ("KPIs") to highlight aspects of our business performance and our sustainability performance vis-à-vis all our stakeholders, from our employees and customers to the countries in which we operate. Operating cash flow, return on average capital employed ("ROACE"), and value added are examples of our other financial KPIs. Among the KPIs of our sustainability performance are our carbon emissions, carbon intensity, and TRIF (which measures work-related injuries and illnesses). The sections entitled Corporate Sustainability and Employees contain explanatory information about these KPIs. However, these KPIs are not the focus of the ongoing management of our businesses.

Technology and Innovation

Global trends like climate change, urbanization, and dynamically changing energy markets are fundamentally transforming the energy supply landscape. Each step of this transformation creates new challenges but also new opportunities. For E.ON to help the transformation succeed, we need innovative technologies and solutions. Twelve E.ON Innovation Centers ("EICs"), which are embedded in our existing businesses and steered by the Technology and Innovation ("T&I") department at Group Management, coordinate activities in their respective technology area across our entire company:

- Retail and end-customer applications (one EIC): develop new business models for distributed-energy supply, energy efficiency, and mobility
- Renewables generation (two EICs): increase the cost-effectiveness of existing wind, solar, and hydro assets and study new renewables technologies
- Infrastructure and distribution (three EICs): develop energy-storage and energy-distribution solutions for an increasingly decentralized and volatile generation system
- Energy intelligence and energy systems (two EICs): study potentially fundamental changes to energy systems and the role of data in the new energy world
- Conventional generation (four EICs): improve our existing generation fleet and optimize future investments.

Strategic Co-Investments

Many interesting ideas in the energy business, particularly in distributed generation, are being developed by small, highly innovative companies. The T&I department's collaboration with startups and venture-capital funds gives E.ON access to these new technologies and business models. To ratchet up these activities and benefit directly from the value creation of such companies, in 2012 E.ON began making strategic co-investments in new companies that have innovative business models or products so that they can contribute to our business. These are not merely financial investments but rather strategic engagements whose aim is to help us be a pacesetter

in distributed, renewable, and other transformative energy solutions. Starting in 2013, each year we invest in several companies (somewhere between one and nine) that fit with our strategic ambitions.

In 2013 E.ON entered into a partnership with Opower of the United States to study how we can use an Internet portal to improve loyalty among our retail customers around Europe. E.ON is also an investor in Orcan Energy GmbH, Munich, a technology leader in the recycling of waste heat. Waste heat from industrial and commercial processes has substantial, largely untapped potential for enhancing the efficiency of distributed-energy solutions. In addition, E.ON has invested as a limited partner in The Westly Group, an American venture capital firm that focuses on cleantech companies in areas such as e-mobility, renewable energy, smart grids, and energy efficiency for buildings. The Westly Group analyzes about 800 startup companies per year and helps entrepreneurs build companies such as Tesla Motors. The partnership will give E.ON access to a broad spectrum of cutting-edge technologies and provide the Westly Group with key knowledge about the European market.

Sample Projects from 2013

End-Customers

We rolled out Opower's Customer Engagement Platform in the United Kingdom and, as a pilot project, in Sweden in October 2013. Customers can use the online platform to compare their power and gas consumption with that of similar customers in their neighborhood. It also offers them individually tailored suggestions for saving energy. The platform is the first of its kind in the energy industry.

In recent years E.ON has launched a number of initiatives to study virtual power plants ("VPPs") and demand response with the aim of being prepared for the distributed-energy world and leveraging synergies from a cluster of distributed (and often micro) generating units. In 2013 our projects included Virtual Power Plant Germany. Its purpose is to establish a flexible VPP platform that can be deployed in other markets and that can be used as the basis for new products for industrial and commercial customers.

Renewables

The Offshore Wind Accelerator is an R&D program run by the Carbon Trust, a not-for-profit organization founded by the U.K. government. It aims to reduce the cost of offshore wind by 10 percent by 2015, primarily by testing new generations of high-performance turbines.

In 2013 E.ON launched a comprehensive research program on the production of biomass and its use in power generation. It encompasses sustainable procurement, transport, efficient combustion in traditional boilers, and the efficient expansion of dedicated biomass power plants.

Advanced condition monitoring ("ACM") is a sophisticated form of asset monitoring. ACM is used to monitor process operations during an installation and to provide information about a power plant's current status. Combining process operations and status information makes it possible to generate scenarios that facilitate the early detection of faults or damage. We developed ACM technology for our gas fleet and are testing its suitability for other generation technologies since 2013, including renewables.

Innovative tracker systems maximize the output of solar farms by adjusting the alignment of photovoltaic panels depending on the angle of incoming sunlight. In 2013 E.ON began testing single-axis and dual-axis trackers. Single-axis systems are in use at E.ON solar farms in Italy (Fiumesanto) and France (Le Lauzet), a dual-axis system in the United States.

Energy Storage

A power-to-gas unit sited at a wind farm in Falkenhagen, Germany, entered service in August 2013. It uses innovative electrolysis equipment to transform about 2 MW of wind power output into up to 360 cubic meters of hydrogen at normal pressure. The hydrogen is piped into the natural gas pipeline system, where it can comprise up to 2 percent of the system's volume at a maximum positive operating pressure of 55 bars (about 800 pounds per square inch).

In September 2013 a hybrid energy storage system became operational on Pellworm, a small island in the North Sea. Its main purpose is to balance the intermittent output of renewables and to use more of this output locally: if surplus electricity is generated on windy, sunny days, it is fed into large-scale batteries and into household heating systems. Another purpose is to help reduce the need for transporting bulk power and, consequently, reduce the need for network expansion.

Distribution Networks

Automated transformer stations enable distribution system operators ("DSOs") to maintain nearly constant voltage in a low-voltage system despite the intermittent output of solar panels and other distributed generating units connected to the system. They do this by altering the transmission ratio between low- and intermediate voltage while in operation. This makes it possible for distributed generating units to operate closer to their peak capacity and thus to harness more renewable energy. In 2013 we deployed this technology in larger numbers at all our DSOs in Germany to gain more experience, to analyze its operational characteristics in greater detail, and to identify other potential applications.

E-Mobility

Electric vehicles ("EVs") have a shorter range than vehicles with an internal combustion engine. This makes some people reluctant to embrace this new technology, which they see as confined to in-city driving. To remedy this, a German-government initiative to showcase e-mobility is placing a strong focus on technology that will enable EVs to travel longer distances.

A joint project of E.ON, Siemens, and BMW involves installing eight direct-current fast-charge stations at intervals of about 90 kilometers along the A9 freeway which connects Munich, Nuremberg, and Leipzig. This will make more than 450 kilometers of one of Germany's most-traveled motorways viable for EVs. The A9 fast-charge infrastructure uses a combined charging system developed jointly by charging station manufacturers and the automobile industry. It features a uniform

connector according to a single European-wide standard. An operation center monitors and controls the charging infrastructure, which was tested first with BMW i3s and was opened to the public in the beginning of January 2014.

Smart Homes

We partnered with the Milton Keynes Council, the National Energy Foundation, and a number of U.K. universities to install smart-home technology in 75 homes in Milton Keynes, located about 70 kilometers northwest of London. The project yielded a wealth of quantitative data as well as homeowners' feedback, which will be collated and analyzed. We will use the resulting insights to design future field tests and commercial trials, all of which will comply fully with new data-protection requirements.

Emission Reduction

Coal-fired power stations are responsible for a large share of man-made atmospheric pollutants, including nitrous oxide (NO_x) and sulfur oxide (SO_x). One of our research projects focuses on reducing mercury emissions, others on improving scrubbers. EU law requires that coal-fired power stations dramatically reduce their mercury emissions by 2016. As part of our compliance effort, we developed a new mercury-separation process at one of our power stations and will deploy it at others in the future.

University Support

Our T&I activities include partnering with universities and research institutes to conduct research projects in a variety of areas. Our flagship partnership is with the E.ON Energy Research Center at RWTH Aachen University in Germany.

E.ON continues to have a significant partnership with Chalmers University in Goteborg, Sweden. It focuses on three areas: nuclear power, energy-systems analysis, and renewables.

Facts about T&I, Including Research and Development ("R&D")

In 2013 we maintained our T&I activities at a relatively high level, despite our difficult business environment. Our R&D expenditures on technology totaled about €86 million in 2013 (prior year: €94 million). Intangible R&D assets relating to software development totaled €11 million (€35 million). About 300 employees were directly involved in R&D projects at E.ON in 2013. In addition to our investments to optimize and refine technologies, we also actively promote basic research. In 2013 we provided €4 million of support to fund and sponsor energy research at universities and institutes (€8 million). Our total T&I expenditures (which include support for university research, technology R&D, demonstration projects, and software development) amounted to €130 million (€161 million).

Technology and Innovation, Software						
€ in millions	Technology and Innovation		Software		Total	
	2013	2012	2013	2012	2013	2012
R&D						
Technology	86 ²	94 ²	-	-	86 ²	94 ²
Intangible R&D assets						
Software	-	-	11	35	11	35
Other						
Demonstration projects	29	24	-	-	29	24
University support	4	8	-	-	4	8
Total	119	126	11	35	130	161

¹Prior-year figures have been adjusted to reflect project updates.
²R&D expenses pursuant to IAS 38 (2013: €42 million; prior year: €56 million; see Notes 14 to the Consolidated Financial Statements) plus other projects that are part of our R&D effort.

Macroeconomic and Industry Environment

Macroeconomic Environment

The global economy continued to recover in 2013. It recorded moderate growth, albeit in atmosphere of substantial uncertainty and without any real momentum. According to figures from the OECD, global trade grew in real terms by 3 percent year on year. This is roughly the same rate of growth as in 2012, and both figures are below the long-term average growth rate—4.9 percent—for the period 2001–2010. The OECD attributes the global economy’s persistent sluggishness in part to continued uncertainty.

The U.S. economy’s recovery slowed considerably, with growth in all types of demand declining year on year.

According to the OECD, the euro zone seems to have emerged from the recession: its gross domestic product (“GDP”) declined only slightly. GDP in most of the large countries of Northern Europe expanded slightly. But this was not enough to offset economic contraction in Southern Europe, although the OECD noted that the rate of contraction slowed. Fiscal policy (which, unlike in previous years, was not particularly draconian), a slight export surplus, and monetary policy all had a stabilizing effect on demand in the euro zone.

Although Germany’s economy, driven by domestic demand and particularly by private consumption, achieved only very modest growth, it was the cornerstone of the economic recovery in the euro zone.

The United Kingdom’s GDP, which also benefited from an increase in private consumption, grew at a fairly robust rate.

Sweden lost considerable economic momentum in 2013 owing to a decline in investments and exports.

The economic picture in the Eastern European EU member states varied. Some, like Poland and Hungary, recorded GDP growth; others, like the Czech Republic, remained in recession.

Driven by investment activity, Brazil’s GDP grew at a healthy rate, whereas Russia’s growth rate slowed further. Turkey’s robust GDP growth was driven by strong domestic demand for both consumer and investment goods.



Energy Policy and Regulatory Environment International

The 19th United Nations climate change conference took place in Warsaw, Poland, from November 11 to 23, 2013. As anticipated, it did not achieve a breakthrough toward a new international climate treaty. It made no progress on the two key issues: reducing greenhouse gas (“GHG”) emissions and apportioning the reduction effort to individual countries or groups of countries. The hopes are now for progress during the meetings that will proceed the next climate change conference, which will take place at the end of 2014. During the Warsaw conference the International Energy Agency published its *World Energy Outlook 2013*, which reports that global energy consumption continues to rise unabated.

Brazil

Brazil introduced a number of new regulations for its power market in 2013. Their main purposes are to make the power supply more reliable and to keep prices as stable as possible. The new regulations include changes in concession rights and in the method for calculating spot power prices. Brazil will continue to use the tender process for new generating capacity. The main focus of Brazil's energy policy continues to be on achieving a reasonable balance between price stability and an attractive investment environment for new generating capacity in order to ensure a high degree of reliability in the country's power supply.

Europe

Europe's energy-policy debate was dominated by the start of discussions on EU climate targets for 2013 and, in particular, on the role to be played by the EU Emissions Trading Scheme ("ETS"). Discussions about the ETS centered on temporarily reducing the number of carbon allowances in circulation; at year-end 2013 an agreement was reached on a temporary reduction. In response to developments on global energy markets, issues like the competitiveness of Europe's manufacturing industry and the investment strength of its energy industry also gained in prominence. Toward the end of the year, discussion also focused on the internal market for energy and an EU state aid regime to promote investments in the energy industry in anticipation of decisions or legislative proposals from the European Commission.

A number of power and gas framework directives and network codes were developed with the aim of completing the internal energy market by 2014.

The discussions about revising the Market in Financial Instruments Directive ("MiFID") and the Market in Financial Instruments Reform ("MiFIR") will continue in 2014. The revisions revolve around the question of whether energy trading companies of a certain size should have to fulfill regulatory requirements similar to those of financial institutions. The European Market Infrastructure Regulation ("EMIR"), which took effect in 2012, regulates derivatives trading. Effective February 12, 2014, EMIR imposes substantial reporting obligations and requires all derivative transactions above a certain threshold to be backed by financial guarantees.

Central Eastern Europe

With the economic situation remaining difficult, there was further political and regulatory intervention in energy markets in several countries in 2013. Types of intervention included price moratoriums, deviations from roadmaps for market liberalization, legislatively mandated reductions in end-customer tariffs, and reductions in support schemes for renewables.

France

France's capacity market is taking more precise shape. Starting in 2016/2017, utilities will be required to ensure that they have sufficient capacity certificates to meet their peakload obligations. As part of this process, all power plants in France will be certified by their network operator and all will participate in the capacity market, which will be technology-neutral. Existing and new capacity will receive the same compensation, which will be set by a market-based mechanism, not by regulated tariffs. Consumers with flexible load can also participate in the capacity market, which gives it a demand-side component.

Germany

The energy-policy debate in Germany in 2013 focused primarily on the implementation of the energy strategy known as the *Energiewende*: the transformation of the country's energy system. Key topics of discussion included renewables subsidies, renewables' ability to assume market and system responsibility, possible solutions for stabilizing the reliability of the power supply, particularly with regard to conventional generating capacity. The government aims to enhance supply security through more regulatory intervention: over the medium term, it intends to design capacity-market mechanisms that will create sufficient incentives to keep existing generating capacity in the market and to build new capacity.

Italy

As in France and the United Kingdom, it is becoming more apparent how the capacity market in Italy will work. The capacity mechanism will apply to existing and new generating capacity. The first auction was postponed until early 2014, with the first payments to be made in 2017.

Netherlands

A draft energy agreement establishes long-term targets and market conditions for the Netherlands. Among the targets is that renewables are to supply 14 percent of the country's energy by 2020 and between 80 and 95 percent by 2050. The coal tax is to be rescinded in 2016. In return, three coal-fired power stations will be shut down in 2017.

Russia

Russia made adjustments to the rules for calculating payments for older generating capacity for 2014. The planned increase in gas tariffs was suspended for 2014 in order to limit inflation and stimulate the economy. The price stop puts downward pressure on earnings in the power market, since power prices are closely linked to gas prices.

Spain

In the summer of 2013 Spain unveiled draft legislation to close the so-called tariff deficit. The idea is to pay back the accumulated losses in the country's power industry through a combination of higher network charges and contributions from energy utilities. At the end of 2013 a law was passed to limit, starting in 2014, the size of a potential tariff deficit.

Sweden

Sweden and other member states must transpose the EU water framework directive into national law by 2015, which could limit the output of Sweden's hydroelectric stations.

Turkey

In 2013 Turkey continued liberalizing its energy market. It completed the privatization of the last of its 21 power distributors and power retailers. The generation market continues to be privatized.

Turkey's new energy market law took effect in March 2013. Among other provisions, it lays the legal foundation for the creation of an energy exchange, based on free-market principles, for trading electricity products. EPIAŞ, the newly created exchange, will replace and integrate PMUM, Turkey's previous energy marketplace. The purpose of EPIAŞ is to help Turkey expand its role as an energy hub between the EU and energy-rich countries of the Middle East and the Caspian Sea region.

United Kingdom

The U.K. government is currently reforming the country's wholesale power market with the aim of improving the investment climate for low-carbon technologies and ensuring supply security. The introduction of feed-in tariffs is intended to provide greater certainty of revenues for new nuclear capacity, new renewables capacity, and carbon capture and storage ("CCS"). The introduction of a capacity market is intended to ensure supply security by promoting investment in flexible generating capacity that has short ramp-up and ramp-down times. An emission performance standard is designed to prevent the construction of new coal-fired capacity that lacks CCS. It is anticipated that legislation to implement these reforms will be drafted in 2014.

USA

In the second year of the Obama administration's second term of office, it remains unclear whether the United States will enact legislation that takes a long-term approach to climate protection. On the other hand, federal policies to support renewables have made the United States a global leader in wind power. These policies include production tax credits, which were extended for another year to support wind farms whose construction began in 2013. Investment tax credits for solar energy are in place through 2016. In addition, many states have established programs that set mandatory targets for renewables in their power markets, which has resulted in trading in green-power certificates at a regional level.

Energy Industry

According to preliminary figures from AGEBA, an energy-industry working group, Germany consumed 477.7 million metric tons of coal equivalent ("MTCE") in 2013, 2.6 percent more than in 2012. Cool weather in the first half of the year was the most important factor. Economic growth was weak and therefore had little impact on the increase in energy consumption.

Cool weather—and the resulting increase in the use of natural gas for space heating—caused gas consumption to rise significantly in the first half of the year. This trend was dampened in the second half of the year by warm weather and a decline in the use of natural gas for power generation. For the year as a whole, Germany's gas consumption rose by 6.7 percent to 107.5 MTCE. Its consumption of hard coal rose by 4.1 percent to 60.7 MTCE, primarily because of a nearly 7-percent increase in the use of hard coal to generate power and heat. Germany consumed 55.4 MTCE of lignite, 1.2 percent less than in 2012. The commissioning of new power plants in the prior year and the closure of old plants led to a rise in the average thermal efficiency of lignite generation. As a result, lignite generation

rose by 1 percent in 2013, even though less fuel was used than in 2012. Nuclear's share of Germany's energy mix declined by 2.5 percent owing to lower availability. Renewables' share rose by 5.8 percent. Wind and hydro (excluding pumped storage) declined by 2 percent and 2.5 percent, respectively. Solar generation increased by 7 percent and biomass generation by 11 percent. Preliminary figures indicate that Germany exported significantly more power than in the prior year.

The weather-driven rise in the consumption of energy for space heating and the increase in the consumption of hard coal for power generation probably led to higher carbon emissions in Germany. Adjusted for temperature effects, however, the increase was likely only slight.

Primary Energy Consumption in Germany by Energy Source		
Percentages	2013	2012
Petroleum	33.0	33.2
Natural gas	22.5	21.6
Hard coal	12.7	12.5
Lignite	11.6	12.1
Nuclear	7.6	8.0
Renewables	11.8	11.5
Other (including net power imports/exports)	0.8	1.1
Total	100.0	100.0

Source: AGEB.

Electricity consumption in England, Scotland, and Wales declined by 1 percent year on year, from 309 billion kWh to 305 billion kWh owing to increasing energy-efficiency measures. Gas consumption (excluding power stations) rose by 1 percent, from 582 billion kWh to 588 billion kWh. Increased gas consumption due to low temperatures that continued into March 2013 (compared with a mild March in 2012) more than offset declines due to ongoing energy-efficiency measures and customers' response to economic developments.

Northern Europe's electricity consumption declined by 3 billion kWh to 382 billion kWh owing to slightly higher average temperatures. Net electricity imports from surrounding countries totaled about 2 billion kWh compared with net exports of about 14 billion kWh in the prior year, reflecting the decline in hydro output in 2013.

Hungary's electricity consumption of 34 billion kWh was at the prior-year level. Driven by higher average temperatures, a reduction in gas-fired generation, and energy-saving measures, Hungary's gas consumption declined by 10 percent to 9,808 million cubic meters.

Italy consumed 277 billion kWh of electricity, about 4 percent less than the prior-year figure of 288 billion kWh. Gas consumption declined by 7 percent, from 787 billion kWh to 735 billion kWh, owing to a reduction in deliveries to gas-fired power stations due to unfavorable market conditions.

Electricity consumption on the Spanish peninsula was 246 billion kWh, 2 percent below the prior-year figure. Retail gas consumption of 276 billion kWh was at the prior-year level, whereas gas deliveries to power stations declined by 33 percent.

France's electricity consumption rose by 1 percent to 495 billion kWh because of weather factors. Total generation increased by 2 percent to 551 billion kWh.

The Russian Federation generated 1,044.9 billion kWh of electricity, about 1 percent less than in the prior year. Generation in Russia's integrated power system (which does not include isolated systems) declined by 1 percent to 1,023.5 billion kWh. Power consumption in the Russian Federation declined by about 1 percent as well, to 1,009.8 billion kWh.

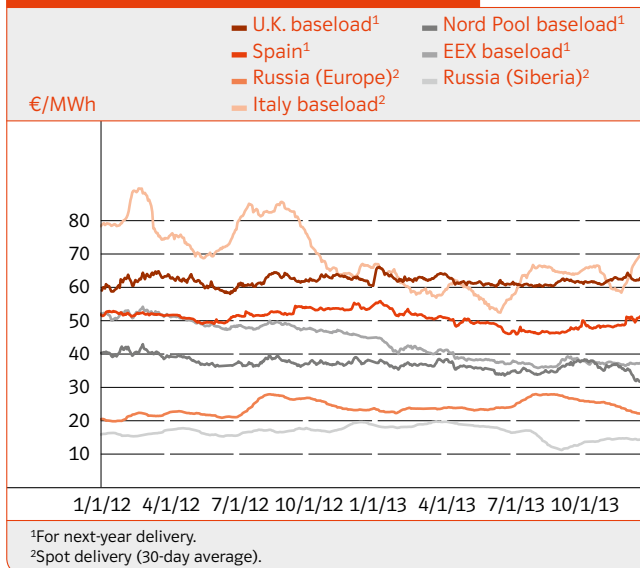
Energy Prices

Five main factors drove Europe's electricity and natural gas markets and Russia's electricity market in 2013:

- 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 initially driven mainly by Europe's late-winter cold snap in March and subsequently by the drop in coal and carbon prices. The weak global economy and, in particular, the ongoing debt crisis in the European Union continued to be additional factors. On the geopolitical side, continued tension in the Middle East had a significant impact on global commodity prices.

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



The price of Brent crude oil for next-month delivery was under significant downward pressure in the first half of the year. But in the third quarter it rose from a relatively low level, rapidly reaching a six-month high. It took indications of a de-escalation of the conflict in Syria and of a possible rapprochement between the United States and Iran for prices to move lower again. Prices came under further downward pressure in the fourth quarter owing to the anticipated increase in oil production in non-OPEC countries, particularly unconventional petroleum production (tight oil and oil sands) in North America. However, a spate of production outages in Libya, Nigeria, Iraq, and Iran prevented a significant drop in oil prices.

European coal prices (API#2 index) for next-year delivery continued their downward slide that began in 2012, falling by about 20 percent from the level at the start of the year. Despite a roughly 8-percent decline in Columbia's coal exports due to labor disputes, production in the Atlantic market continued to surpass demand by a wide margin. In addition, China's demand for imported coal grew at a much slower rate than in the prior year. It took a significant rise in freight prices in the fourth quarter to stabilize coal prices.

European gas prices for next-year delivery did not track movements in oil and coal prices. Instead, generally soft demand (forecasts for weak demand from industry and the power sector, a weather-driven decline in demand during the summer, and a very mild December) offset by continued tightness in LNG supplies resulted in nearly constant prices throughout

2013. The only exception was during March and April, when persistently cold weather in Europe along with almost empty gas storage facilities led to a temporary price spike.

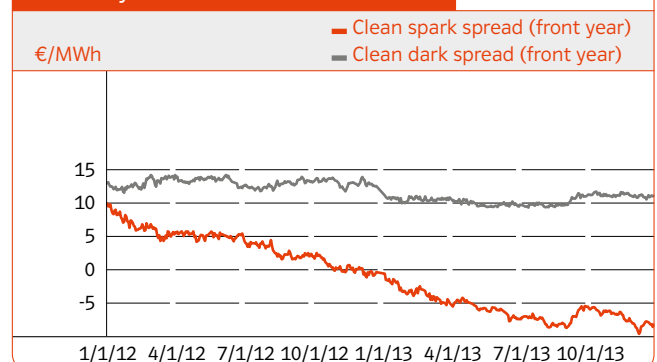
Prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme languished at record lows throughout 2013 owing to the continued supply glut. As a result, prices were driven primarily by announcements and votes regarding the implementation of back-loading, a measure designed to reduce the number of EUAs in circulation. The decision to implement back-loading finally came in December but had little effect on prices.

Carbon Allowance Price Movements in Europe



The decline in coal and carbon prices put significant downward pressure on the price of baseload power for next-year delivery in Germany. This pressure was exacerbated by below-average demand growth and by an abundant supply situation resulting from the ongoing addition of new solar and wind capacity. The divergence between the cost of coal generation and gas generation widened further going forward. The clean spark spread (the difference between the price at which natural gas and carbon allowances are procured and the price at which power is sold) remained negative throughout the year in the face of increased renewables feed-in and gas's cost disadvantage relative to coal.

Clean Dark and Spark Spreads in Germany



U.K. power prices, which historically have a greater tendency to track gas prices, showed a much different picture. With gas prices quite stable in 2013, U.K. power prices for next-year delivery moved only slightly lower, mainly in response to lower-than-average demand growth and the addition of new renewables capacity.

Spot prices on the Nordic power market were significantly higher in 2013 than in 2012 because of a decline in hydro output resulting from generally sparse precipitation. Reservoir levels in Norway and Sweden were below average much of the year and did not return to normal until the fourth quarter. As a result, the region became a net importer of power in 2013. By contrast, prices for next-year delivery trended slightly lower during the year in response to carbon and coal price movements, power prices in Germany, and the improved hydrological situation in the fourth quarter.

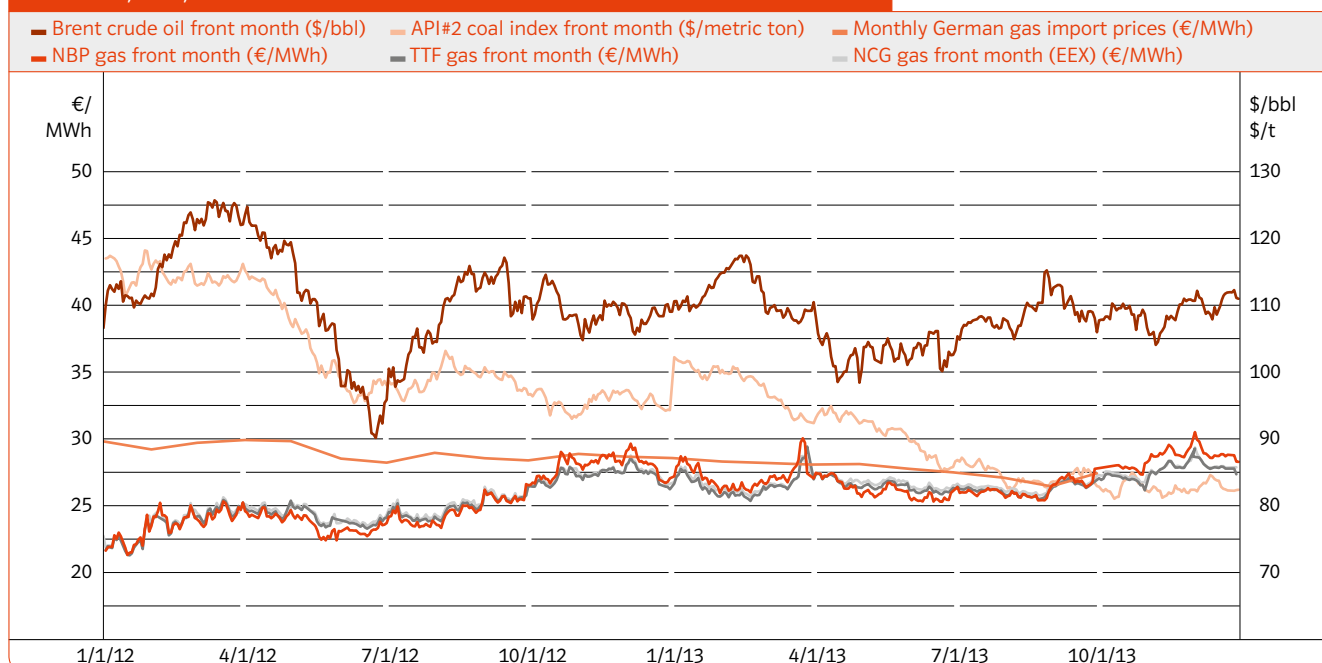
Italy's power prices for next-year delivery were weak in the first half of the year but recovered in the second half. Stable prices at Italy's gas-trading hub and only modest fluctuations in oil prices resulted in stable production costs at gas-fired power stations and thus in stable margins. Because prices for imported coal continued to move lower, the clean dark spread

(the difference between the price at which coal and carbon allowances are procured and the price at which power is sold) rose significantly going forward and finished the year at quite a high level.

In the third quarter Spain's prices for next-year delivery ended the downward trend that began early in the year. In the fourth quarter the general price trend in other European countries and positive movements in spot prices enabled Spain's power prices to regain most of the ground lost earlier in the year.

During the first half of the year prices in the European zone of Russia's power market remained at quite a low level despite comparatively cold weather. As anticipated, prices rose significantly in the third quarter in response to the government's plan to increase regulated gas prices by 15 percent. Another factor was that hydro output was markedly lower. An increase in the availability of nuclear capacity following the completion of maintenance work sent prices considerably lower in the fourth quarter. Prices in the Siberian zone moved in the opposite direction. After rising significantly in the first half, prices fell dramatically in the third quarter owing to the seasonal decline in demand and high hydro output. Prices recovered in the fourth quarter in response to higher demand.

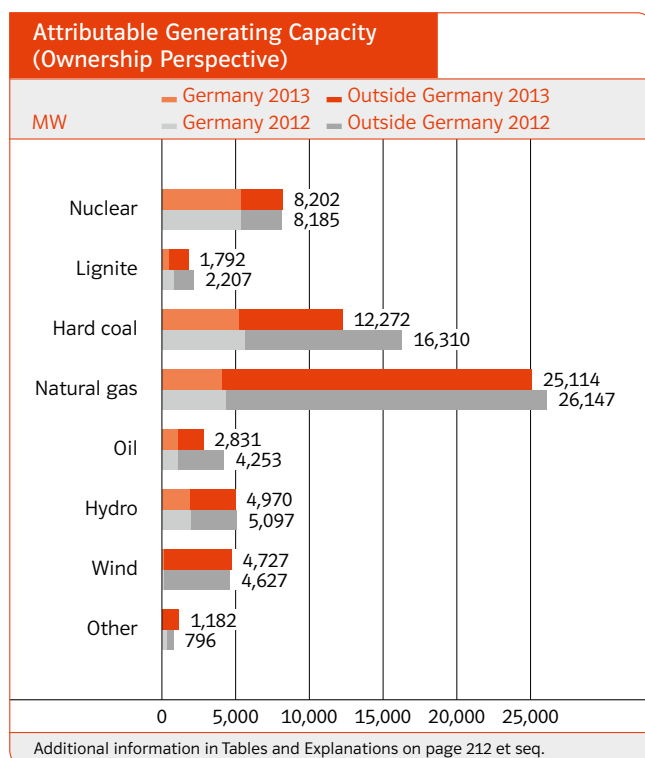
Crude Oil, Coal, and Natural Gas Price Movements in E.ON's Core Markets



Business Performance

Generating Capacity

The E.ON Group's attributable generating capacity (that is, the capacity that reflects the percentage of E.ON's ownership stake in an asset) declined by 10 percent, from 67,622 MW at year-end 2012 to 61,090 MW at year-end 2013. The E.ON Group's fully consolidated generating capacity also declined by 11 percent, from 70,209 to 62,809 MW.



The Generation global unit's attributable generating capacity declined by 14 percent, from 46,388 to 39,931 MW. Its fully consolidated generating capacity declined by 14 percent, from 47,715 to 40,943 MW. The main reasons were the closure of Kingsnorth hard-coal-fired power station and Grain oil-fired power station and the conversion of Ironbridge power station from coal to biomass, all of which are located in the United Kingdom. In addition, certain power plants were decommissioned in Germany, Italy, France, and Spain.

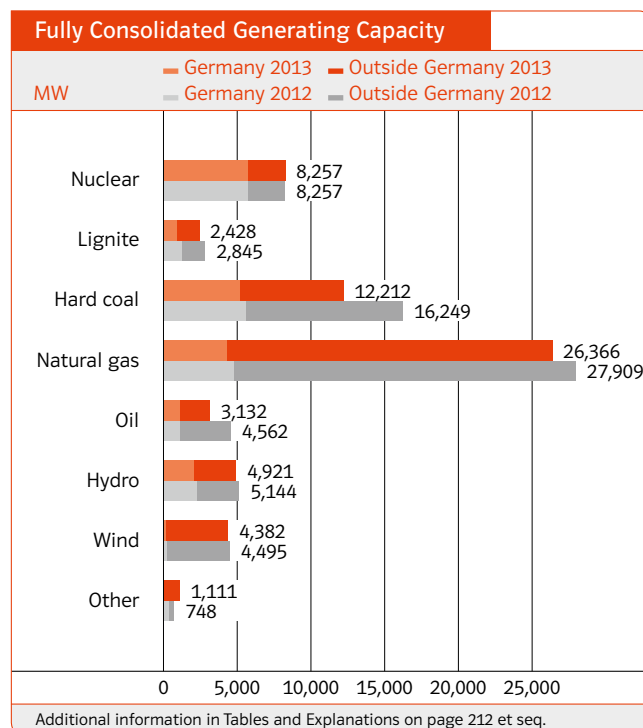
Renewables' attributable generating capacity rose by 8 percent, from 9,819 to 10,574 MW. Its fully consolidated generating capacity rose by 5 percent, from 9,671 to 10,107 MW. The main factor was the inclusion in 2013 of Ironbridge power station,

which was converted to biomass. Renewables' attributable generating capacity declined in Germany owing to the sale of hydroelectric stations in Bavaria to Austria's Verbund AG in conjunction with our entry into Turkey's energy market.

The Germany regional unit's attributable generating capacity declined from 1,212 to 624 MW owing to the sale of E.ON Thüringer Energie, E.ON Westfalen Weser, and a majority stake in E.ON Energy from Waste. Its fully consolidated generating capacity declined for the same reason, from 1,015 to 224 MW.

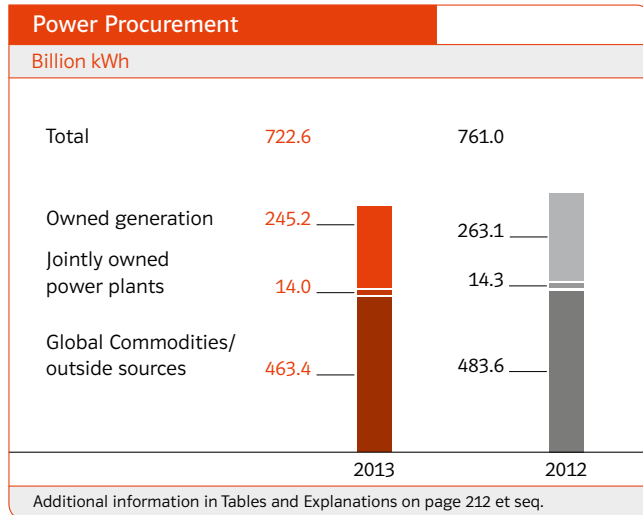
Other EU Countries' attributable generating capacity declined from 1,886 to 1,648 MW because of the sale of a CHP unit in the United Kingdom, operations in Finland, and a heating plant in Czechia. Other EU Countries' fully consolidated generating capacity declined for the same reason, from 1,876 to 1,607 MW.

The Russia unit's attributable generation capacity of 8,313 MW was at the prior-year level of 8,317 MW. The same was true of its fully consolidated generating capacity of 9,928 MW (prior year: 9,932 MW).



Power Procurement

The E.ON Group's owned generation declined by 17.9 billion kWh, or 7 percent, year on year. Power procured declined by 20.5 billion kWh.



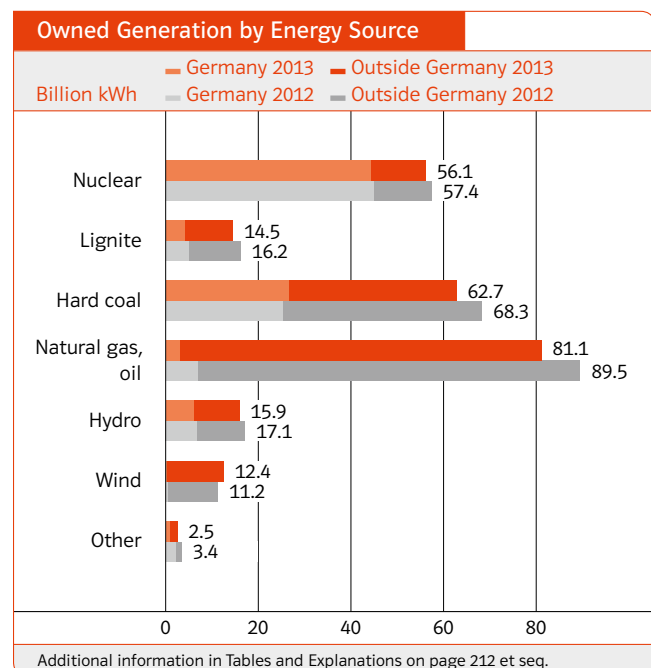
Generation's owned generation decreased by 14 billion kWh, from 160.7 to 146.7 billion kWh. The decline resulted in particular from lower output from coal-fired assets in the United Kingdom owing to the closure of Kingsnorth power station and the conversion of Ironbridge power station to biomass at the end of 2012. Owned generation was also lower in Spain, Germany, and the Netherlands due to the reduced dispatch of gas-fired assets because of the market situation. Overhaul work to increase the operating life of unit 2 at Oskarshamn nuclear power station in Sweden was another negative factor. Owned generation rose in Italy owing to improved utilization of Tavazzano power station and in France owing to the increased dispatch of coal-fired assets and shorter-than-planned downtimes.

Renewables' owned generation of 29.2 billion kWh was 0.6 billion kWh above the prior-year figure. Owned generation at the Hydro reporting unit declined by 1.2 billion kWh. The main factors were a reduction in output in Sweden resulting from lower reservoir inflow relative to the prior year and a reduction in installed capacity in Germany due to the disposal of certain hydroelectric capacity to Austria's Verbund AG in conjunction with our market entry in Turkey. Owned generation was higher in Italy and Spain thanks to a good water supply. Owned generation at the Wind/Solar/Other reporting unit rose by 1.8 billion kWh. Wind farms accounted for 92 percent of its owned generation, with biomass, solar, and micro-hydro facilities accounting for the rest.

The Germany regional unit's owned generation declined by 2.1 billion kWh, from 3.4 to 1.3 billion kWh, owing to the above-mentioned disposals. The decrease in power purchases from 180.5 to 163.6 billion kWh resulted primarily from a competition-driven reduction in sales volume. Effective January 1, 2013, this unit's hydroelectric generating units are reported at our Renewables segment. We adjusted the prior-year figures accordingly.

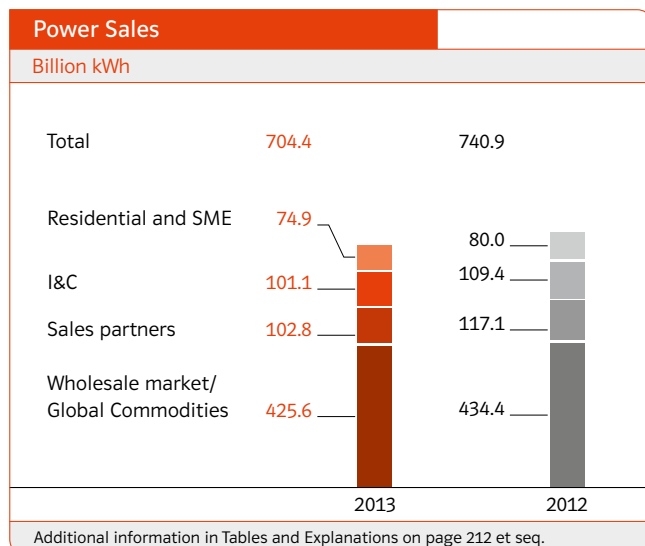
Other EU Countries' owned generation in the United Kingdom, Sweden, the Netherlands, Hungary, and Czechia declined by 1.2 billion kWh to 5 billion kWh.

Our Russia business accounted for all of the power procurement at Non-EU Countries. Its owned generation declined by 2 percent year on year, from 64.2 to 63 billion kWh, because of repairs at Surgutskaya 2 GRES (a transliterated Russian acronym that stands for 'state district power station'), lower capacity utilization of generating units at Yaivinskaya GRES, and maintenance work on two generating units at Berezovskaya GRES that were subsequently placed in cold reserve owing to the good availability of hydropower in Siberia.



Power Sales

The E.ON Group's consolidated power sales were 36.5 billion kWh below the prior-year level.



Generation's power sales declined by 13.4 billion kWh to 173.2 billion kWh, mainly because of the closure of Kingsnorth power station and the conversion of Ironbridge power station from coal to biomass in the United Kingdom. The reduced dispatch of gas-fired assets due to the market situation in Germany, Spain, and the Netherlands was another negative factor. Higher power sales were recorded in particular in Italy, where market conditions improved.

Renewables' power sales of €34.5 billion kWh were 1.1 billion kWh lower than in the prior year. Hydro's power sales declined by 3.3 billion kWh. In Sweden the decline resulted from comparatively low reservoir inflow, in Germany from a reduction in installed capacity due to the disposal of hydro-electric capacity to Austria's Verbund AG in conjunction with our market entry in Turkey. Owned generation was higher in Italy and Spain thanks to an increase in owned generation and in sales to Global Commodities and/or the wholesale market. Wind/Solar/Other, which sells its output exclusively in markets with renewables incentive mechanisms, grew its power sales by 2.2 billion kWh, or 17 percent, chiefly because of an increase in owned generation.

Global Commodities' power sales declined to 540.3 billion kWh (prior year: 565.2 billion kWh) owing to a reduction in trading activities to optimize the value of E.ON's generation portfolio.

Power sales at the Germany regional unit declined from 178.5 to 160.4 billion kWh owing to the above-mentioned disposals (which accounted for roughly 8 billion kWh) and to competition-driven customer losses. This unit successfully implemented customer-loyalty measures aimed at residential and SME customers, resulting in greater customer satisfaction and a net increase in customer numbers in the second half of 2013.

At 139 billion kWh, Other EU Countries sold 6.9 billion kWh less power. An aggregate decline of 6.3 billion kWh in France, Romania, Sweden, Hungary, Italy, the United Kingdom, and the Netherlands more than offset an aggregate gain of 1.1 billion kWh in Spain and Czechia. The disposal of the Bulgaria regional unit in late June 2012 was responsible for 1.7 billion kWh of the decline in sales volume.

Our Russia business accounted for all of the power sales at Non-EU Countries. Owing to a decline in owned generation, Russia's sales of 65.3 billion kWh were 1.2 billion kWh, or 2 percent, lower than in the prior year.

Gas Procurement, Wholesale Sales, and Production

The Global Commodities unit procured about 1,200 billion kWh of natural gas from producers in and outside Germany in 2013. About half of this amount was procured under long-term contracts, the remainder at trading hubs. The biggest suppliers were Russia, Germany, the Netherlands, and Norway.

To execute its procurement and sales mission for the E.ON Group, Global Commodities traded the following financial and physical quantities with non-Group entities:

Trading Volume		
	2013	2012
Power (billion kWh)	1,286	1,402
Gas (billion kWh)	1,961	2,456
Carbon allowances (million metric tons)	469	721
Oil (million metric tons)	49	88
Coal (million metric tons)	211	225

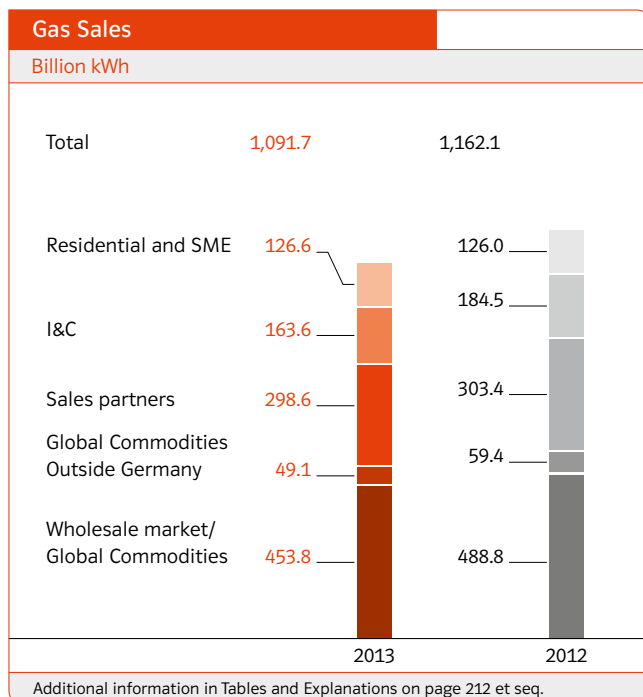
The table above shows our entire trading volume from 2013, including volume for delivery in future periods.

Exploration & Production's gas production in the North Sea rose to 1,465 million cubic meters. Oil and condensates production of 7.5 million barrels was higher as well. The main factor was the start of production at Skarv, Hyme, and Huntington fields, which more than offset natural production declines at older fields and lower production due to technical issues at Njord field. Total upstream production of gas, liquids, and condensates rose to 16.5 million barrels of oil equivalent. In addition to its North Sea production, Exploration & Production had 6,262 million cubic meters of output from Siberia's Yuzhno Russkoye gas field, which is accounted for using the equity method. This figure was somewhat lower than the prior-year figure.

Upstream Production			
	2013	2012	+/- %
Oil/condensates (million barrels)	7.5	1.5	+400
Gas (million standard cubic meters)	1,465	615	+138
Total (million barrels of oil equivalent)	16.5	5.3	+211

Gas Sales

The E.ON Group's consolidated gas sales declined by 70.4 billion kWh, or 6 percent.



Global Commodities' gas sales declined by 4 percent, from 1,299.5 to 1,252.8 billion kWh. Gas sales to I&C customers declined primarily because of a reduction in deliveries of control energy. However, this was more than offset by a weather-driven increase in sales volume to sales partners. Gas sales to the Germany regional unit were slightly below the prior-year level. Gas sales outside Germany declined by about 31 billion kWh, primarily owing to a reduction in deliveries to Hungary and Spain.

The Germany regional unit's gas sales volume declined from 506.9 to 474.1 billion kWh owing to the loss of some I&C customers and the sale of E.ON Thüringer Energie. This unit achieved a net increase in its residential and SME customer base in 2013.

At 163.9 billion kWh, Other EU Countries sold 5.9 billion kWh less gas than in the prior year. Gas sales increased by a total of 3.6 billion kWh (primarily in Spain, Sweden, Czechia, and the Netherlands) and declined by a total of 9.5 billion kWh (in particular in Romania, France, and the United Kingdom).

Business Performance in 2013

Our business performance in 2013 was in line with our expectations. Because our business and regulatory environment remained difficult, at the time we released our first-half numbers we assumed that in the rest of the financial year risks would predominate in the current market situation. The ramifications of the transformation of Germany's energy system and the related insufficient market prices for conventional energy had a tangible adverse impact on our business. This assessment proved to be true in the fourth quarter as well and is reflected in our year-end numbers.

Our sales of €122.5 billion were 7 percent below the prior-year figure of €132.1 billion. Our EBITDA declined by 14 percent year on year to €9.3 billion, underlying net income by 46 percent to €2.2 billion. Both results are in line with our expectations.

Consequently, our 2013 EBITDA was at the high end of the forecast range we narrowed to €9.2 to €9.3 billion at the time we released our third-quarter results. At that time we narrowed the forecast range for underlying net income as well, to €2.2 to €2.4 billion. Our 2013 underlying net income of €2.2 billion was at the low end of this range.

Our investments of roughly €8.1 billion were, owing to investments in our new markets outside Europe, above the figure of €6.1 billion foreseen for 2013 in our medium-term plan. This resulted mainly from investments in conjunction with our market entry in Turkey. These investments were largely covered by the proceeds from the disposal of certain hydroelectric assets in Bavaria to Austria's Verbund AG. Adjusted for this transaction, our investments amounted to €6.6 billion.

Our operating cash flow declined significantly, from €8.8 to €6.4 billion.

Relative to year-end 2012, at year-end 2013 we had reduced our economic net debt by €3.9 billion to €32 billion. Nevertheless, our debt factor rose to 3.4 (prior year: 3.3) owing to the decline in our EBITDA. Achieving a debt factor of less than 3 remains our medium-term target.

Furthermore, the E.ON Group continues to have a solid asset and capital structure.

Acquisitions, Disposals, and Discontinued Operations in 2013

We executed the following significant transactions in 2013. Note 4 to the Consolidated Financial Statements contains detailed information about them.

Disposal Groups and Assets Held for Sale

To implement our divestment strategy, in 2013 we classified as disposal groups, classified as assets held for sale, or sold:

- a stake in Rødsand 2 wind farm in Denmark
- a stake in Prague municipal utility
- our stake in E.ON Mitte AG
- our stake in Ferngas Nordbayern
- our stakes in E.ON Kainuu Oy and Karhu Voima Oy, power companies in Finland
- our stake in E.ON Westfalen Weser AG
- E.ON Földgáz Trade and E.ON Földgáz Storage in Hungary
- our stake in E.ON Thüringer Energie
- our stake in Slovenský Plynárenský Priemysel a.s., an energy company in Slovakia
- our stake in E.ON Energy from Waste acquired by a joint-venture company, in which E.ON holds a 49-percent stake
- stakes in hydroelectric stations in Bavaria for the acquisition of power generating capacity and projects and power distribution assets in Turkey
- a minority stake in Jihomoravská plynárenská, a.s. ("JMP") in Czechia
- several components of the network connection of London Array wind farm in the United Kingdom
- our stake in Nafta, a.s., a gas storage company in Slovakia
- certain micro heating plants in Sweden.

In addition, in line with our strategy of less capital, more value, in March 2013 we sold 50-percent stakes in three wind farms in North America.

Disposals resulted in cash-effective items totaling €7,136 million in 2013 (prior year: €4,418 million).

Earnings Situation

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 2013 were lower than the prices for deliveries in 2012.

Sales

Our sales were €9.6 billion below the prior-year level.

Sales			
€ in millions	2013	2012	+/- %
Generation	10,991	13,242	-17
Renewables	2,436	2,582	-6
Global Commodities	90,051	100,101	-10
Exploration & Production	2,051	1,386	+48
Germany	36,777	40,009	-8
Other EU Countries	23,273	24,096	-3
Non-EU Countries	1,865	1,879	-1
Group Management/ Consolidation	-44,994	-51,202	-12
Total	122,450	132,093	-7

Generation

Generation's sales declined by €2.3 billion year on year.

Sales			
€ in millions	2013	2012	+/- %
Nuclear	4,408	4,367	+1
Fossil	6,537	8,720	-25
Other/Consolidation	46	155	-70
Generation	10,991	13,242	-17

Nuclear's sales were slightly higher than the prior-year figure.

Fossil's sales were €2.2 billion lower. The decline resulted primarily from the closure of Kingsnorth power station and the conversion of Ironbridge power station from coal to biomass in the United Kingdom. The reduced dispatch of gas-fired assets in Germany and Spain owing to the adverse market situation, the closure of certain assets in Germany, and the coal tax in the Netherlands also adversely affected sales. Other negative factors were lower internal transfer prices relative to the prior year on deliveries to Global Commodities and the absence of compensation for emission allowances, which had been allocated at no cost until the end of 2012.

Renewables

Renewables' sales were €146 million below the prior-year level.

Sales			
€ in millions	2013	2012	+/- %
Hydro	1,306	1,426	-8
Wind/Solar/Other	1,130	1,156	-2
Renewables	2,436	2,582	-6

Sales at Hydro declined by 8 percent to €1,306 million, mainly because of lower sales in Germany, Sweden, and Spain. Sales in Germany declined on lower prices for peakload power (which influenced the compensation for deliveries from storage and pumped-storage hydroelectric stations), the already-mentioned reduction in installed generating capacity, and the expiration of a long-term supply agreement in the prior year. Sales declined in Sweden on lower sales volume (despite higher prices) and in Spain on lower prices (despite higher sales volume). Higher sales volume in Italy had a positive impact on sales.

Global Commodities

Global Commodities' sales declined by €10.1 billion.

Sales			
€ in millions	2013	2012	+/- %
Proprietary Trading	9	4	+125
Optimization	90,020	99,816	-10
Gas Transport/Shareholdings/ Other	22	281	-92
Global Commodities	90,051	100,101	-10

The Optimization reporting unit consists of our midstream gas business, gas storage business, and asset optimization. Sales declined on the power side owing primarily to lower prices and a reduction in trading activity to optimize E.ON-owned power stations. Sales on trading in carbon allowances declined on lower prices and lower generation at E.ON-owned power stations. Sales on the gas side declined because of lower sales volume in the midstream gas business.

The Consolidated Statements of Income include Proprietary Trading's sales net of the associated cost of materials.

Sales at the Gas Transport/Shareholdings/Other reporting unit were significantly below the prior-year level owing to the sale of Open Grid Europe in late July 2012.

Exploration & Production

Sales at Exploration & Production rose by 48 percent to €2,051 million (prior year: €1,386 million), primarily because of an increase in production at our North Sea fields, despite a reduction in production at Njord field due to technical issues. The positive effect of higher production and positive energy price developments was partially mitigated by adverse currency-translation effects, primarily between the euro and the ruble.

Germany

Sales at the Germany regional unit declined mainly because of the derecognition of E.ON Thüringer Energie and E.ON Energy from Waste. We reassigned some operations in order to harmonize our internal planning and management. For example, certain equity interests that operate in the network business were reassigned from Non-regulated/Other to Distribution Networks.

Sales			
€ in millions	2013	2012	+/- %
Distribution Networks	13,412	12,741	+5
Non-regulated/Other	23,365	27,268	-14
Germany	36,777	40,009	-8

The Distribution Networks reporting unit grew sales by €671 million. This significant increase is attributable to higher sales in conjunction with Germany's Renewable Energy Law and the internal transfer of operations from Non-regulated/Other. Network companies divested during the course of the year contributed €839 million in sales in 2013 compared with €1,553 million in 2012.

Sales at Non-regulated/Other declined by €3.9 billion, chiefly because of the internal transfer of operations.

Other EU Countries

Other EU Countries' sales were €0.8 billion below the prior-year level.

Sales			
€ in millions	2013	2012	+/- %
UK (£ in millions)	9,714 (8,250)	9,701 (7,866)	- (+5)
Sweden (SEK in millions)	2,695 (23,314)	2,822 (24,566)	-5 (-5)
Czechia (CZK in millions)	2,908 (75,537)	3,018 (75,889)	-4 -
Hungary (HUF in millions)	1,807 (536,595)	1,974 (570,850)	-8 (-6)
Remaining regional units	6,149	6,581	-7
Other EU Countries	23,273	24,096	-3

Sales at the UK regional unit rose slightly, by €13 million. Favorable effects from cost-driven price increases in January 2013 were largely offset by negative currency-translation effects.

The Sweden regional unit's sales declined by €127 million. Adjusted for positive currency-translation effects of €16 million, sales declined by €143 million. This is primarily attributable to a reduction in electricity sales volume, the loss of a number of large customers, the favorable conditions in the gas business in the prior year, and the disposal of operations in Finland.

Sales in Czechia were €110 million below the prior-year level, primarily due to a regulation-driven decline in sales in the power business and adverse currency-translation effects. These effects were not entirely offset by higher compensation payments for the preferential dispatch of renewable-source electricity in the distribution network and an increase in gas sales volume.

Sales at the Hungary regional unit declined by €167 million owing to lower sales prices in the regulated power and gas business, lower gas sales volume, and adverse currency-translation effects.

Sales at the remaining regional units fell by €432 million, in particular because of lower power and gas sales volume in France and Romania and the disposal of operations in Bulgaria. Sales rose in Spain (on positive price effects in the gas business along with higher power and gas sales volume) and in the Netherlands (on positive price effects).

Non-EU Countries

Non-EU Countries' sales include only those of our Russia unit. The other operations at Non-EU Countries are accounted for under the equity method.

Sales			
€ in millions	2013	2012	+/- %
Russia	1,865	1,879	-1
(RUB in millions)	(78,779)	(75,025)	(+5)
Non-EU Countries	1,865	1,879	-1

The Russia unit's sales declined by €14 million owing to adverse currency-translation effects in the amount of €108 million. The main reasons for sales growth in local currency were higher prices on the day-ahead market as well as price adjustments in the capacity markets for existing and new generating capacity; the adjustments for existing capacity were inflation-driven.

Group Management/Consolidation

The figures reported on this line consist of the elimination of intragroup sales between segments, primarily with Global Commodities.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €375 million was on par with the prior-year figure of €381 million and mainly reflected engineering services for generation new-build projects.

Other operating income of €10,767 million was likewise on par with the prior-year figure of €10,845 million. Income on the sale of securities, property, plant, and equipment ("PP&E"), and equity investments rose to €2,550 million (prior year: €643 million) and resulted primarily from the sale of equity investments and from currency-translation effects of €0.3 billion, which were recorded in income, on the sale of Slovenský Plynárenský Priemysel ("SPP"). In the prior year the gains resulted primarily from the sale of securities and PP&E. Income on exchange-rate differences of €3,765 million was below the prior-year figure of €4,108 million. Corresponding expenses on exchange-rate differences of €3,755 million, which were slightly higher than the prior-year figure of €3,857 million, were recorded under other operating expenses. Income on derivative financial instruments of €2,355 million was significantly below the prior-year figure of €3,779 million. Income and expenditures on derivative financial instruments consist of the effects of marking to

market as well as realized earnings from derivatives pursuant to IAS 39, with the exception of earnings effects from interest-rate derivatives. Significant effects were recorded in particular on commodity derivatives; in 2013 these resulted primarily from the marking to market of emission-allowance, power, natural gas, and coal derivatives. Miscellaneous other operating income consisted primarily of reductions to valuation allowances and provisions.

At €108,083 million, costs of materials declined by 6 percent relative to the prior-year figure of €115,285 million.

Personnel costs declined by about 9 percent to €4,687 million (prior year: €5,166 million), mainly because of effects relating to our E.ON 2.0 restructuring program, the sale and/or derecognition of our stakes in E.ON Thüringer Energie, E.ON Energy from Waste, and E.ON Westfalen Weser in 2013, and the sale of Open Grid Europe in 2012.

Depreciation charges of €5,273 million were 4 percent above the prior-year figure of €5,078 million. In 2013 and in 2012 our global and regional units were adversely affected by a generally deteriorated business environment and by interventionist regulations. We therefore had to record impairment charges on intangible assets and PP&E in both years.

Other operating expenses declined by 24 percent to €10,138 million (prior year: €13,311 million) owing to slightly lower expenditures relating to exchange-rate differences of €3,755 million (€3,857 million) and, in particular, lower expenditures relating to derivative financial instruments of €1,634 million (€4,491 million). This was offset to a slight degree by higher losses on the sale of securities, PP&E, and equity investments of €506 million (€138 million), which were recorded mainly on the sale of equity investments. Our E.ON 2.0 restructuring program led to a reduction in expenses.

Income from companies accounted for under the equity method declined by €361 million to -€224 million (prior year: €137 million), in part because of the absence of positive earnings from Open Grid Europe, which was sold in 2012. Impairment charges on equity investments at Renewables and Non-EU Countries constituted another factor.

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 33 to the Consolidated Financial Statements).

Our EBITDA was about €1.5 billion below the prior-year figure. The positive factors were:

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

These factors were more than offset by:

- lower earnings at our midstream gas business
- the absence of earnings streams from divested companies
- the current market conditions in fossil-fueled generation.

EBITDA ¹			
€ in millions	2013	2012	+/- %
Generation	1,882	2,396	-21
Renewables	1,431	1,349	+6
Global Commodities	352	1,421	-75
Exploration & Production	1,070	523	+105
Germany	2,413	2,734	-12
Other EU Countries	2,173	2,032	+7
Non-EU Countries	533	718	-26
Group Management/ Consolidation	-539	-402	-
Total	9,315	10,771	-14

¹Adjusted for extraordinary effects.

E.ON generates a significant portion of its EBITDA in very stable business areas. The overall share of regulated as well as quasi-regulated and long-term contracted operations amounted to 54 percent of EBITDA in 2013.

EBITDA ¹			
€ in millions	2013	2012	+/- %
Regulated business	3,603	4,004	-10
Quasi-regulated and long-term contracted business	1,412	968	+46
Merchant business	4,300	5,799	-26
Total	9,315	10,771	-14

¹Adjusted for extraordinary effects.

Our regulated business consists of operations in which revenues are set by law and based on costs plus a reasonable return on capital employed. The earnings on these revenues are therefore extremely stable and predictable.

Our quasi-regulated and long-term contracted business consists of operations in which earnings have a high degree of predictability because key determinants (price and/or volume) are largely set by law or by individual contractual arrangements for the medium to long term. Examples of such legal or contractual arrangements include incentive mechanisms for renewables and long-term power-purchase agreements for generating capacity.

Our merchant activities are all those that cannot be subsumed under either of the other two categories.

Generation

Generation's EBITDA decreased by €514 million.

Generation				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
Nuclear	1,167	792	894	535
Fossil	727	1,659	94	961
Other/Consolidation	-12	-55	-15	-61
Total	1,882	2,396	973	1,435

¹Adjusted for extraordinary effects.

Nuclear's EBITDA was up by €375 million. The reasons for this positive performance included the non-recurrence of adverse effects relating to the nuclear-fuel cycle recorded in the prior year and lower expenditures for the nuclear-fuel tax in Germany. EBITDA was adversely affected by higher expenditures resulting from the Site Selection Act in Germany and higher expenditures for final storage in Sweden.

Fossil's EBITDA fell by €932 million. The absence of compensation for emission allowances (which had been allocated at no cost until the end of 2012) and lower internal transfer prices relative to the prior year were the principal negative

factors. The closure of Kingsnorth power station, the conversion of Ironbridge power station from coal to biomass, and the closure of Grain oil-fired power station in the United Kingdom and the coal tax in the Netherlands also had an adverse impact on earnings.

Renewables

Renewables' EBITDA rose by €82 million, or 6 percent.

Renewables				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
Hydro	780	787	657	683
Wind/Solar/Other	651	562	325	272
Total	1,431	1,349	982	955

¹Adjusted for extraordinary effects.

EBITDA at Hydro declined by 1 percent to €780 million, mainly because of lower earnings in Germany and Sweden. EBITDA in Germany was adversely affected by lower prices for peak-load power from pumped-storage hydroelectric stations and a reduction in installed generating capacity; prior-year EBITDA in Germany had been adversely affected by an increase in provisions to renovate a pumped-storage hydroelectric station. EBITDA in Sweden was adversely affected by lower sales volume and the higher costs of a real estate tax. A weather-driven increase in output led to higher EBITDA in Italy and Spain.

Wind/Solar/Other's EBITDA rose by 16 percent owing to an increase in installed generating capacity as new assets entered service during the year and to our build-and-sell strategy.

Global Commodities

Global Commodities' EBITDA was €1.1 billion below the prior-year figure.

Global Commodities				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
Proprietary Trading	-49	-61	-52	-62
Optimization	238	750	127	551
Gas Transport/ Shareholdings/Other	163	732	145	674
Total	352	1,421	220	1,163

¹Adjusted for extraordinary effects.

Proprietary Trading's EBITDA was slightly above the prior-year figure, which was affected by lower earnings in the gas, oil, and Eastern European power portfolios.

Optimization's EBITDA declined by €512 million, primarily because the prior-year figure benefited from positive earnings effects following contractual price reviews in the midstream gas business.

EBITDA at Gas Transport/Shareholdings/Other was lower due to the sale of Open Grid Europe in late July 2012 and SPP in January 2013.

Exploration & Production

EBITDA at Exploration & Production increased by 105 percent to €1,070 million (prior year: €523 million), principally because of an increase in production in the North Sea resulting from the start of production at Skarv, Hyme, and Huntington fields. EBIT was €560 million (prior year: €293 million).

Germany

EBITDA at the Germany regional unit declined by €321 million.

Germany				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
Distribution Networks	1,985	1,792	1,343	1,128
Non-regulated/Other	428	942	350	638
Total	2,413	2,734	1,693	1,766

¹Adjusted for extraordinary effects.

Adjusted for the two divested regional utilities and the internal transfer of operations, EBITDA at Distribution Networks rose by nearly €100 million. This improvement is chiefly attributable to cost reductions achieved through E.ON 2.0. Toward the end of 2013, the Federal Network Agency gave E.ON power networks in Germany an average efficiency score of 99.4 percent for the second regulation period, indicating their outstanding cost efficiency. This efficiency score is well above the national average.

EBITDA at Non-regulated/Other was €514 million below the prior-year figure, owing mainly to internal transfers and to non-recurring operating effects in the retail business in 2012, partially offset by cost savings in the retail business from the implementation of E.ON 2.0.

Other EU Countries

Other EU Countries' EBITDA was €141 million above the prior-year figure.

Other EU Countries				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
UK (£ in millions)	378 (321)	289 (234)	319 (271)	170 (137)
Sweden (SEK in millions)	733 (6,342)	714 (6,215)	474 (4,104)	466 (4,059)
Czechia (CZK in millions)	494 (12,843)	478 (12,010)	389 (10,135)	364 (9,149)
Hungary (HUF in millions)	195 (57,854)	186 (53,869)	95 (28,206)	86 (24,945)
Remaining regional units	373	365	255	259
Total	2,173	2,032	1,532	1,345

¹Adjusted for extraordinary effects.

EBITDA at the UK regional unit was up by €89 million. The primary reason for the earnings improvement was that reductions in controllable costs were only partially mitigated by higher variable costs (including procurement costs) in conjunction with government-mandated programs.

The Sweden regional unit's EBITDA increased by €19 million, which includes positive currency-translation effects of €4 million. New connections in the power distribution network and high availability in the heat business were also positive factors. The earnings increase was partially offset by effects from the sale of the waste business interest in mid-2012 and the absence of earnings streams from divested operations in Finland.

EBITDA in Czechia increased by €16 million owing primarily to higher compensation payments for the preferential dispatch of renewable-source electricity in the distribution network and a positive contribution from the sale of an equity interest. The earnings increase was partially mitigated by adverse affects from the sale of JMP and currency translation.

The main contributions to the Hungary regional unit's EBITDA came from its distribution network business (€169 million), its retail business (€16 million), and other (€10 million).

EBITDA at the remaining regional units increased by €8 million, mainly because of higher earnings in France and Romania. The improvement in France reflects the non-recurrence of a provision relating to a long-term gas contract recorded in the third quarter of 2012. The Romania regional unit's EBITDA was higher because of wider gross margins in the retail business reflecting the partial reimbursement for gas procurement costs from earlier periods along with improved earnings on the country's non-regulated power market segment. The disposal of an equity investment in the Netherlands in 2012, the absence of compensation for carbon allowances (which had been allocated at no cost until the end of 2012), and the disposal of the Bulgaria regional unit in late June 2012 had a negative impact on EBITDA.

Non-EU Countries

Non-EU Countries' EBITDA declined by 26 percent, or €185 million.

Non-EU Countries				
€ in millions	EBITDA ¹		EBIT ¹	
	2013	2012	2013	2012
Russia (RUB in millions)	687 (29,021)	729 (29,118)	492 (20,756)	546 (21,784)
Other Non-EU Countries	-154	-11	-154	-11
Total	533	718	338	535

¹Adjusted for extraordinary effects.

The Russia unit's EBITDA was 6 percent below the prior-year level, primarily because of adverse currency-translation effects in the amount of €40 million. In local currency EBITDA was at the prior-year level. Higher prices on the day-ahead market and the positive development of capacity prices were offset mainly by an inflation-driven increase in fuel costs and the creation of a provision for potentially unrecoverable receivables necessitated by the allocation of delinquent customer accounts across all market participants.

EBITDA at Other Non-EU Countries consists of E.ON International Energy, including our activities in Brazil and Turkey, which are accounted for under the equity method. The negative figure recorded for Turkey is primarily attributable to the

Turkish lira's weakening against the euro from the second to the fourth quarter. Earnings in Brazil mainly reflect a negative margin caused by non-availability of certain assets and the postponement of commercial operation dates.

Group Management/Consolidation

The figures shown here are from E.ON SE, the equity interests it manages directly, and the offsetting of transactions between segments. The change relative to the prior year principally reflects -€149 million in consolidation effects, which predominantly consist of offsetting intersegment earnings and intra-group provisions.

Net Income

Net income attributable to shareholders of E.ON SE of €2,142 million and corresponding earnings per share of €1.12 were 3 percent below the respective prior-year figures of €2,189 million and €1.15.

Net Income		
€ in millions	2013	2012
EBITDA¹	9,315	10,771
Depreciation and amortization	-3,534	-3,544
Impairments (-)/Reversals (+) ²	-100	-215
EBIT¹	5,681	7,012
Economic interest income (net)	-1,823	-1,329
Net book gains/losses	1,998	322
Restructuring/cost-management expenses	-182	-230
E.ON 2.0 restructuring expenses	-373	-388
Impairments (-)/Reversals (+) ^{2,3}	-1,643	-1,688
Other non-operating earnings	-452	-425
Income/Loss (-) from continuing operations before taxes	3,206	3,274
Income taxes	-703	-698
Income/Loss (-) from continuing operations	2,503	2,576
Income from discontinued operations, net	7	37
Net income	2,510	2,613
Attributable to shareholders of E.ON SE	2,142	2,189
Attributable to non-controlling interests	368	424

¹Adjusted for extraordinary effects.

²Impairments 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.

³Recorded under non-operating earnings.

Despite the improvement in our net financial position, our economic interest expense was higher year on year, primarily because of the absence of significant positive effects recorded in the prior year relating to the release of provisions.

Economic Interest Expense		
€ in millions	2013	2012
Interest expense shown in the Consolidated Statements of Income	-1,963	-1,420
Interest income (-)/expense (+) not affecting net income	140	91
Total	-1,823	-1,329

Net book gains were about €1.7 billion above the prior-year level. Book gains were recorded primarily on the sale of hydroelectric stations in Bavaria to Austria's Verbund AG in conjunction with our entry into Turkey's energy market. They were also recorded on the sale of E.ON Thüringer Energie, a stake in Slovakian energy company SPP, a minority stake in JMP in Czechia, operations in Finland, and securities, network segments, and a gas subsidiary in Germany. The sale of E.ON Westfalen Weser, E.ON Földgáz Trade, and E.ON Földgáz Storage resulted in a book loss. The prior-year figure consists of book gains on the sale of a nuclear power joint venture and a stake in a gas pipeline in the United Kingdom as well as securities, an office building in Munich, and network segments in Germany.

Restructuring and cost-management expenditures declined by €63 million. Our E.ON 2.0 internal cost-reduction program was responsible for most of these expenditures in 2013 and in 2012. These expenditures related in particular to preretirement agreements and settlements at subsidiaries outside Germany. Our remaining restructuring and cost-management expenditures resulted mainly from other restructuring programs, such as those at our regional utilities in Germany.

In the 2013 reporting period our global and regional units were adversely affected by a generally deteriorated business environment, regulatory intervention, and disposal processes. We therefore had to record impairment charges totaling €2.1 billion, in particular at Generation, Renewables, Global Commodities, Exploration & Production, and Non-EU Countries. €0.1 billion of these charges were on goodwill, €2 billion on property, plant, and equipment ("PP&E") and intangible assets as well as share investments. These charges were partially offset by reversals of impairment charges totaling €0.5 billion, primarily at Generation. In the prior year our business environment made it necessary to record impairment charges totaling €2 billion (€0.3 billion on goodwill, €1.7 billion on PP&E, intangible assets, and share investments), offset by €0.3 billion in reversals, in particular at Generation, Global Commodities, and Other EU Countries.

Other non-operating earnings of -€452 million (prior year: -€425 million) include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market resulted in a positive effect of €765 million at year-end 2013 and a negative effect of €532 million at year-end 2012. In addition, other non-operating earnings were adversely affected by provisions recorded at our gas business in conjunction with disposals and long-term supply contracts and by impairment charges on securities. In the prior year non-operating earnings were positively affected in particular by the reduction of the fine that the European Commission had levied against E.ON for an alleged market-sharing agreement with GdF Suez.

As in the prior year, our tax expense was €0.7 billion. Our tax rate increased from 21 percent in 2012 to 22 percent in 2013.

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		
€ in millions	2013	2012
Net income attributable to shareholders of E.ON SE	2,142	2,189
Net book gains/losses	-1,998	-322
Restructuring/cost-management expenses	555	618
Impairments/reversals of impairments	1,643	1,688
Other non-operating earnings	452	425
Taxes and non-controlling interests on non-operating earnings	-466	-116
Special tax effects	-78	-275
Income/Loss from discontinued operations, net	-7	-37
Total	2,243	4,170

Financial Situation

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

Finance Strategy

The central components of E.ON's finance strategy are capital-structure management and our dividend policy.

We manage E.ON's capital structure using our debt factor in order to ensure that E.ON's access to capital markets is commensurate with its current debt level. Debt factor is equal to our economic net debt divided by EBITDA; it is therefore a dynamic debt metric. Economic net debt includes not only our financial liabilities but also our provisions for pensions and asset retirement obligations. Our medium-term target debt factor is less than 3.

To ensure that we achieve our target debt factor, in November 2010 we announced a program for managing our portfolio and capital structure. It included €15 billion of disposals by year-end 2013; as of this date we had made roughly €20 billion in disposals, thereby surpassing our original target by a wide margin. In addition, E.ON plans to generate positive free cash flow (defined as operating cash flow minus investments and dividends) starting in 2015. We intend to achieve this in particular by enhancing efficiency (E.ON 2.0) and reducing our investment volume.

The second key component of our finance strategy is a consistent dividend policy, under which we aim to pay out 50 to 60 percent of underlying net income. We are therefore proposing a dividend of €0.60 per share for the 2013 financial year, which corresponds to a payout ratio of 51 percent of our underlying net income. Furthermore, shareholders will be offered the option to exchange the cash dividend partially into E.ON shares (currently held in treasury stock). We also plan for future payout ratios to be within this target payout range. Our dividend policy ensures that our shareholders receive an attractive return on their investment and, at the same time, provides E.ON with the opportunity to invest in its transformation.

Financial Position

Our gross financial liabilities were €23.3 billion at year-end 2013, having declined by €2.7 billion during the year. This mainly reflects the on-schedule repayment of bonds which were not refinanced owing to the development of our liquidity situation.

Compared with the figure recorded at December 31, 2012 (-€35.8 billion), our economic net debt declined by roughly €3.8 billion to -€32 billion. The main reason for the improvement was that significant proceeds from divestments and our positive operating cash flow were sufficient to cover our investment expenditures and E.ON SE's dividend payout. Another reason for the improvement in our economic net debt was a reduction in provisions for pensions, mainly because of higher discount rates and the derecognition of obligations in conjunction with the above-mentioned disposals.

We simplified the derivation of economic net debt shown in the table below by combining certain line items. In addition, net financial position for the first time includes the effects from the foreign-currency hedging of financial transactions, which is analogous to the hedged underlying transaction. The correction is based on the valuation metric of the underlying transaction. We adjusted the prior-year figure accordingly.

Economic Net Debt		
€ in millions	December 31	
	2013	2012
Liquid funds	7,314	6,546
Non-current securities	4,444	4,746
Financial liabilities	-23,260	-25,944
FX hedging adjustment	-46	234
Net financial position	-11,548	-14,418
Provisions for pensions	-3,418	-4,945
Asset-retirement obligations ¹	-17,025	-16,482
Economic net debt	-31,991	-35,845
EBITDA ²	9,315	10,771
Debt factor	3.4	3.3

¹Less prepayments to Swedish nuclear fund.
²Adjusted for extraordinary effects.

Despite the decline in net debt, our debt factor at year-end 2013 increased slightly to 3.4 (year-end 2012: 3.3) owing to our lower EBITDA.

Funding Policy and Initiatives

Our funding policy is designed to give E.ON access to a variety of financing sources at any time. We achieve this objective by basing our funding policy on the following principles. First, we use a variety of markets and debt instruments to maximize the diversity of our investor base. Second, we issue bonds with terms that give our debt portfolio a balanced maturity profile. Third, we combine large-volume benchmark issues with smaller issues that take advantage of market opportunities as they arise. As a rule, external funding is carried out by our Dutch finance subsidiary, E.ON International Finance B.V., under guarantee of E.ON SE or by E.ON SE itself, and the funds are subsequently on-lent in the Group. Owing to its liquidity situation, E.ON did not issue bonds in 2013.

Financial Liabilities		
€ in billions	Dec. 31, 2013	Dec. 31, 2012
Bonds ¹	18.1	20.7
EUR	10.4	12.0
GBP	4.4	4.5
USD	2.2	2.3
CHF	0.6	0.9
SEK	0.1	0.1
JPY	0.3	0.7
Other currencies	0.1	0.2
Promissory notes	0.7	0.8
CP	0.2	0.2
Other liabilities	4.3	4.2
Total	23.3	25.9

¹Includes private placements.

With the exception of a U.S.-dollar-denominated bond issued in 2008, all of E.ON SE and E.ON International Finance B.V.'s currently outstanding bonds were issued under our Debt Issuance Program ("DIP"). The DIP enables us to issue debt to investors in public and private placements. In April 2013 it was extended, as planned, for one year. The DIP has a total volume of €35 billion. About €16.3 billion worth of bonds were outstanding under the program at year-end 2013.

In addition to our DIP, we have a €10 billion European Commercial Paper ("CP") program and a \$10 billion U.S. CP program under which we can issue short-term liabilities. We had €180 million in CP outstanding at year-end 2013 (prior year: €180 million).

E.ON also has access to a five-year, €5 billion syndicated revolving credit facility, which was concluded with 24 banks on November 6, 2013, and which includes two options to extend the facility, in each case for one year. This facility has not been drawn on and instead serves as a reliable, ongoing general liquidity reserve for the E.ON Group. Participation in the credit facility indicates that a bank belongs to E.ON's core group of banks.

Alongside financial liabilities, E.ON has, in the course of its business operations, entered into contingencies and other financial obligations. These include, in particular, guarantees, obligations from legal disputes and damage claims, current and non-current contractual, legal, and other obligations. Notes 26, 27, and 31 to the Consolidated Financial Statements contain more information about E.ON's bonds as well as liabilities, contingencies, and other commitments.

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). In June 2013 Moody's confirmed its A3 rating and lowered its outlook from stable to negative. In July 2013 S&P confirmed both its rating and outlook.

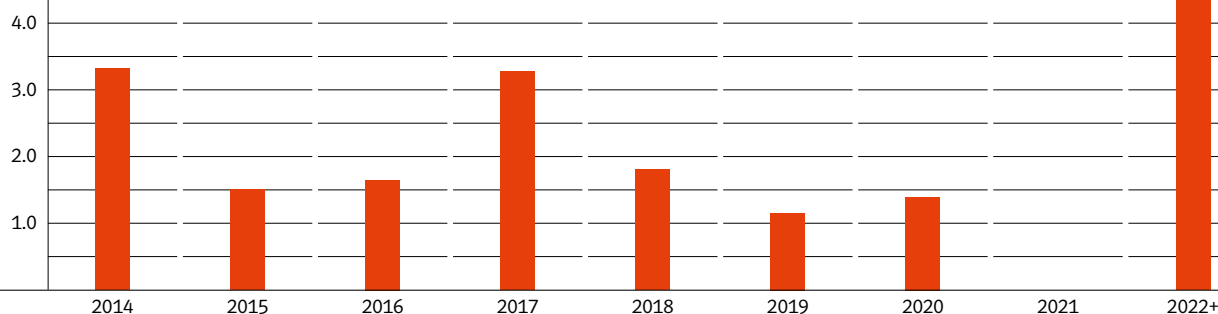
E.ON SE Ratings			
	Long term	Short term	Outlook
Moody's	A3	P-2	Negative
S&P	A-	A-2	Stable

Providing rating agencies with timely, comprehensive information is an important component of our creditor relations. The purpose of our creditor relations is to earn and maintain our investors' trust by communicating a clear strategy with the highest degree of transparency. To achieve this purpose, we regularly hold debt investor updates in major European financial centers, conference calls for debt analysts and investors, and informational meetings for our core group of banks.

Maturity Profile of Bonds and Promissory Notes Issued by E.ON SE and E.ON International Finance B.V.

€ in billions

December 31, 2013



Investments

Our investments were €1.1 billion above the prior-year level. We invested about €4.6 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €6.4 billion). Share investments totaled €3.5 billion versus €0.6 billion in the prior year.

Our investments outside Germany increased by 23 percent to €6,601 million (prior year: €5,367 million).

are in the United Kingdom. In addition, investments were lower in Germany (primarily because of the construction standstill at Datteln and overhauls completed in the prior year), in the Netherlands, and in Italy. Share investments totaled €8 million (prior year: €87 million).

Investments at Renewables fell by €763 million. Hydro's investments declined by 39 percent to €100 million. Wind/Solar/Other's investments fell by more than 40 percent, from €1,626 million to €928 million. The high prior-year figure principally reflects investments for the construction of three large wind farms in the United States.

Global Commodities invested €159 million (prior year: €319 million), almost entirely in PP&E and intangible assets, mainly for gas storage.

Exploration & Production invested €404 million (prior year: €573 million) in PP&E and intangible assets. Almost all of these investments went toward existing infrastructure and toward exploration and evaluation; Skarv field accounted for €127 million (€207 million), Hyme field for €16 million (€64 million), and Huntington field for €12 million (€42 million) of investments.

Investments			
€ in millions	2013	2012	+/- %
Generation	900	1,555	-42
Renewables	1,028	1,791	-43
Global Commodities	159	319	-50
Exploration & Production	404	573	-29
Germany	1,013	1,070	-5
Other EU Countries	1,056	1,063	-1
Non-EU Countries	3,530	719	+391
Group Management/ Consolidation	-4	-93	-
Total	8,086	6,997	+16
Maintenance investments	801	1,210	-34
Growth and replacement investments	7,285	5,787	+26

Generation invested €655 million less than in the prior year. Investments in PP&E and intangible assets declined by €576 million, from €1,468 million to €892 million. The main reasons for the decline were the disposal of the Horizon Nuclear Power joint venture, the completion of Grain gas-fired power plant in 2012, the postponement of environmental-protection measures at Ratcliffe power station, and overhaul work on several gas-fired power plants; all of these assets

The Germany regional unit invested €57 million less than in the prior year. The decline resulted chiefly from the already-mentioned disposals and internal transfer of operations. Investments in PP&E and intangible assets totaled €794 million. Of these investments, €725 million went toward the network business and €56 million toward the district-heating business. Share investments totaled €219 million (prior year: €45 million). Share investments were considerably higher because this segment acquired a 49-percent stake in the joint venture that owns 100 percent of the equity in E.ON Energy from Waste.

Investments at Other EU Countries were €7 million below the prior-year level. By delaying municipal and smart-meter projects, the UK regional unit invested €106 million less than the prior-year figure of €141 million. The Sweden unit's investments of €404 million were €7 million above the prior-year figure of €397 million; investments served to maintain and expand distributed generation and to expand and upgrade the distribution network, including adding new connections. Investments totaled €163 million (prior year: €172 million) in Czechia, €117 million (€143 million) in Hungary, and €266 million (€210 million) in the remaining EU countries owing primarily to the establishment of a new business, E.ON Connecting Energies.

Russia accounted for €360 million (prior year: €289 million) of the investments at Non-EU Countries. These were primarily for Russia's new-build program. We invested €3.2 billion in our new equity investments in Brazil and Turkey. The investments in Turkey were largely covered by the proceeds from the disposal of certain hydroelectric assets in Bavaria to Austria's Verbund in conjunction with our entry into Turkey's energy market.

We plan to invest €4.9 billion in 2014. This includes investments in distribution networks, renewables (primarily wind power assets), and fossil new-build projects already under way (such as at Berezovskaya GRES in Russia). Our main investment obligations are disclosed in the investment plan contained in the Forecast Report.

Cash Flow

Our operating cash flow of €6.4 billion was €2.4 billion below the prior-year figure of €8.8 billion. The high prior-year figure primarily reflects positive non-recurring effects from the agreement with Gazprom and the resulting agreed-on single payment in the third quarter of 2012 as well as the partial repayment of the fine that the European Commission had

levied against E.ON for an alleged market-sharing agreement with GdF Suez. In 2013 there were also negative effects resulting from higher tax payments and a change in working capital at Global Commodities' gas business due to a reduction in the use of long-term contracts.

Cash provided by investing activities of continuing operations amounted to -€1.1 billion in 2013 (prior year: -€3 billion). Although investment expenditures surpassed the prior-year figure by €1.1 billion, cash inflows on asset sales—€2.6 billion—were significantly higher. On the investment sides, expenditures for investments in intangible assets and PP&E were €1.8 billion lower. Share investments were €2.9 billion higher. The latter figure mainly reflects the €3.2 billion we invested in our new operations in Turkey and Brazil in 2013. On the disposals side, in 2013 we recorded significant proceeds on the disposal of the hydroelectric generating capacity in Bavaria, the sale of three regional utilities in Germany, E.ON Energy from Waste, gas operations in Hungary, SPP in Slovakia, and stakes in several wind farms in the United States; the 2012 figure mainly reflect the proceeds on the sale of Open Grid Europe. Net cash outflows from changes in securities, financial receivables, and fixed-term deposits were €0.3 billion lower than in the prior year.

Cash provided by financing activities of continuing operations amounted to -€4.0 billion (prior year: -€6.8 billion). The change mainly reflects the fact that our net repayment of financial liabilities was lower than in the prior year. The €0.2 billion increase in the dividend payout was a countervailing factor.

Liquid funds at December 31, 2013, were €7,314 million (prior year: €6,546 million). In 2013 E.ON had €639 million of cash and cash equivalents subject to a restraint risk (prior year: €449 million). In addition, the current securities of Versorgungskasse Energie contained €81 million (€77 million) earmarked for fulfilling insurance obligations (see Notes 18 and 31 to the Consolidated Financial Statements).

Asset Situation

Non-current assets at year-end 2013 were 2 percent below the figure at year-end 2012. Investments in property, plant, and equipment ("PP&E") offset the derecognition of the assets of E.ON Westfalen Weser, E.ON Földgáz Trade, and E.ON Földgáz Storage and scheduled depreciation charges. In addition, we recorded impairment charges on intangible assets, PP&E, and share investments; these charges were only partially offset by the reversal of certain impairment charges from earlier reporting periods. A deteriorated market environment and interventionist regulations generally had an adverse affect on our global and regional units.

Current assets declined by 18 percent. A decline in operating receivables and a reduction in inventories were among the reasons. In addition, the sale of E.ON Thüringer Energie, E.ON Energy from Waste, SPP in Slovakia, certain E.ON Wasserkraft assets, and stakes in wind farms in North America reduced assets held for sale.

Our equity ratio of 28 percent at year-end 2013 was at the same level as at year-end 2012. The effect of currency translation on assets and liabilities reduced equity by €2.3 billion. Equity was also adversely affected by the reduction in non-controlling interests resulting from asset sales.

Non-current liabilities declined by 6 percent from the figure at year-end 2012, mainly because of a reduction in non-current financial liabilities and in pension obligations.

Current liabilities declined by 9 percent, mainly because of a reduction in liabilities from operating receivables and in liabilities relating to derivative financial instruments as well as the reclassification of debt in conjunction with assets held for sale. Current financial liabilities were slightly higher.

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 38 percent (December 31, 2012: 40 percent).
- Non-current assets are covered by long-term capital at 103 percent (December 31, 2012: 108 percent).

Consolidated Assets, Liabilities, and Equity				
€ in millions	Dec. 31, 2013	%	Dec. 31, 2012	%
Non-current assets	94,703	72	96,563	69
Current assets	36,022	28	43,863	31
Total assets	130,725	100	140,426	100
Equity	36,385	28	38,820	28
Non-current liabilities	61,054	47	65,027	46
Current liabilities	33,286	25	36,579	26
Total equity and liabilities	130,725	100	140,426	100

Additional information about our asset situation (including information on the above-mentioned impairment charges) is contained in Notes 4 to 26 to the Consolidated Financial Statements.

E.ON SE's Earnings, Financial, and Asset Situation

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the German Energy Act.

Balance Sheet of E.ON SE (Summary)		
	December 31	
€ in millions	2013	2012
Intangible assets and property, plant, and equipment	116	123
Financial assets	45,673	38,217
Non-current assets	45,789	38,340
Receivables from affiliated companies	16,969	15,359
Other receivables and assets	1,688	1,047
Liquid funds	3,020	2,104
Current assets	21,677	18,510
Total assets	67,466	56,850
Equity	14,696	14,987
Provisions	4,270	3,564
Liabilities to affiliated companies	46,762	35,844
Other liabilities	1,738	2,455
Total equity and liabilities	67,466	56,850

E.ON SE is the parent company of the E.ON Group. As such, its earnings, financial, and asset situation is affected by income from equity interests. In 2013 income from equity interests in particular reflected a distribution from E.ON Finanzanlagen GmbH in the amount of €3,922 million and a profit transfer of €337 million from E.ON Russia Holding GmbH. The main countervailing factors were loss transfers of €868 million from E.ON Beteiligungen GmbH and of €419 million from E.ON Energie AG.

The positive figure recorded under other expenditures and income mainly reflects a reversal of impairment charges on the equity interest in E.ON Italia S.p.A. in the amount of €990 million.

Income Statement of E.ON SE (Summary)		
€ in millions	2013	2012
Income from equity interests	3,145	4,044
Interest income	-1,020	-672
Other expenditures and income	334	-311
Income from continuing operations	2,459	3,061
Extraordinary expenses	-22	-35
Taxes	-645	1,061
Net income	1,792	4,087
Net income transferred to retained earnings	-647	-1,990
Net income available for distribution	1,145	2,097

The income taxes shown for 2013 consist of taxes for previous years.

At the Annual Shareholders Meeting on April 30, 2014, management will propose that net income available for distribution be used to pay a cash dividend of €0.60 per ordinary share. Furthermore, shareholders will be offered the option to exchange the cash dividend partially into E.ON shares (currently held in treasury stock).

The complete Financial Statements of E.ON SE, with the unqualified opinion issued by the auditor, PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, will be announced in the *Bundesanzeiger*. Copies are available on request from E.ON SE and at www.eon.com.

Financial and Non-financial Performance Indicators

ROACE and Value Added

Cost of Capital

The cost of capital is determined by calculating the weighted-average cost of equity and debt. This average represents the market-rate returns expected by stockholders and creditors. The cost of equity is the return expected by an investor in E.ON stock. The cost of debt equals the long-term financing terms that apply in the E.ON Group. The parameters of the cost-of-capital determination are reviewed on an annual basis. The cost of capital is adjusted if there are significant changes.

Because a number of parameters changed significantly, we adjusted our cost of capital in 2013. Unlike in previous years, we used a current yield curve instead of a long-term average to calculate the risk-free interest rate. The yield curve along with a higher market-risk premium better reflects current developments on financial markets. The risk-free interest rate declined significantly owing to the low return on German treasury notes; however, this was offset by the increase in the market-risk premium. The assumed debt-to-equity ratio for the E.ON Group was unchanged at 50:50.

On balance, the changes to the parameters had the effect of lowering the E.ON Group's after-tax cost of capital for 2013 from 5.6 to 5.5 percent. Our pretax cost of capital declined from 7.7 to 7.5 percent. There were also changes to some of our reporting segments' minimum ROACE requirements, which for 2013 ranged from 6.4 percent to 20.7 percent (before taxes, calculated in euros).

Cost of Capital		
	2013	2012
Risk-free interest rate	2.5%	3.3%
Market premium ¹	5.5%	4.5%
Debt-free beta factor	0.59	0.59
Indebted beta factor ²	1.02	1.02
Cost of equity after taxes	8.1%	7.9%
Average tax rate	27%	27%
Cost of equity before taxes	11.1%	10.8%
Cost of debt before taxes	3.9%	4.5%
Marginal tax rate	27%	27%
Cost of debt after taxes	2.8%	3.3%
Share of equity	50.0%	50.0%
Share of debt	50.0%	50.0%
Cost of capital after taxes	5.5%	5.6%
Cost of capital before taxes	7.5%	7.7%

¹The market premium reflects the higher long-term returns of the stock market compared with German treasury notes.
²The beta factor is used as an indicator of a stock's relative risk. A beta of more than one signals a higher risk than the risk level of the overall market; a beta factor of less than one signals a lower risk.

Analyzing Value Creation by Means of ROACE and Value Added

Alongside EBITDA, our most important key figure for purposes of internal management control, we also use ROACE and value added to monitor the value performance of our operating business. ROACE is a pretax total return on capital. It measures the sustainable return on invested capital generated by operating a business. ROACE is defined as the ratio of EBIT to average capital employed.

Average capital employed represents interest-bearing invested capital. Capital employed is equal to a segment's operating assets less the amount of non-interest-bearing available capital. Depreciable assets are recorded at half of their original acquisition or production cost. ROACE is therefore not affected by an asset's depreciation period. Goodwill from acquisitions is included at acquisition cost, as long as this reflects its fair value. Changes to E.ON's portfolio during the course of the year are factored into average capital employed.

Average capital employed does not include the marking to market of other share investments. The purpose of excluding this item is to provide us with a more consistent picture of our ROACE performance.

Value added measures the return that exceeds the cost of capital employed. It is calculated as follows:

Value added = (ROACE – cost of capital) x average capital employed

ROACE and Value Added Performance in 2013

The significant decline in our ROACE, from 11.1 to 9.2 percent, is primarily attributable to the decline in our EBIT. Our average capital employed declined significantly as well owing to disposals and shutdowns that were not offset by ongoing investments. At 9.2 percent, however, our ROACE still surpassed our pretax cost of capital, which declined relative to the prior year. As a result, value added amounted to €1.1 billion.

The table below shows the E.ON Group's ROACE, value added, and their derivation.

E.ON Group ROACE and Value Added		
€ in millions	2013	2012
EBIT¹	5,681	7,012
Goodwill, intangible assets, and property, plant, and equipment ²	62,456	65,928
+ Shares in affiliated and associated companies and other share investments	7,590	5,678
+ Inventories	4,146	4,734
+ Other non-interest-bearing assets, including deferred income and deferred tax assets	-7,321	-3,653
- Non-interest-bearing provisions ³	6,438	6,844
- Adjustments ⁴	764	2,435
Capital employed in continuing operations (at year-end)	59,669	63,408
Capital employed in continuing operations (annual average)⁵	61,539	63,286
ROACE	9.2%	11.1%
Cost of capital before taxes	7.5%	7.7%
Value added	1,066	2,139

¹Adjusted for extraordinary effects.

²Depreciable assets are included at half their acquisition or production costs. Goodwill represents final figures following the completion of the purchase-price allocation (see Note 4 to the Consolidated Financial Statements).

³Non-interest-bearing provisions mainly include current provisions, such as those relating to sales and procurement market obligations. They do not include provisions for pensions or for nuclear-waste management.

⁴Capital employed is adjusted to exclude the mark-to-market valuation of other share investments, receivables and liabilities from derivatives, and operating liabilities for certain purchase obligations to minority shareholdings pursuant to IAS 32.

⁵In order to better depict intraperiod fluctuations in average capital employed, annual average capital employed is calculated as the arithmetic average of the amounts at the beginning of the year and the end of the year.

Corporate Sustainability

Our many stakeholders—customers and suppliers, policymakers and government agencies, the general public and the media, environmental groups and charitable organizations, employees and trade unions, business partners and competitors, and of course our investors—have high expectations for us and our industry. E.ON is expected to achieve three energy objectives simultaneously: to make sure that the energy we supply is 1) secure and reliable, 2) friendly to the environment and the earth's climate, and 3) affordable for both our industrial and residential customers. We are expected to treat our employees, customers, and neighbors responsibly and to demand that our supply chain meets high standards for environmental and social performance. We strive to meet our stakeholders' expectations because we believe that this will, over the long term, have a positive impact on our business performance. This is reflected in our strategy—called "cleaner & better energy"—which sets the course for transforming our existing business and for seizing new business opportunities. Our strategy also involves ensuring sound corporate governance and embedding environmental and social performance in our business processes. In dialog with our stakeholders we have defined the main challenges we face and set targets for addressing them. Our online Sustainability Report, which we prepare in accordance with the guidelines of the Global Reporting Initiative, describes these targets, tracks our performance, and generally makes our sustainability efforts as transparent as possible.

Our report can be accessed via three navigation points, making it easy for readers to obtain a quick overview and, if desired, locate more detailed information on topics that interest them. The navigation points are:

- Strategy
- Value Chain
- Environmental, Social, and Governance ("ESG") Performance.

The Strategy navigation point highlights the sustainability aspects of our "cleaner & better energy" strategy and its four core components (investment, performance, Europe, outside Europe) as well as the milestones we reached in 2013. Value Chain describes the key challenges we face at each link of our value chain and what we are doing to address them. ESG Performance provides an overview of the issues and key performance indicators that are typically the focus of sustainability-oriented investors. These navigation points provide links to detailed information about our sustainability action

areas (Climate Protection, Technology & Innovation, Environmental Protection, Customer Orientation, Corporate Governance, Occupational Health and Safety, Human Resources, and Community) as well as specific governance issues such as corporate policies and guidelines, stakeholder management, and risk management.

Reporting transparently and continually engaging with our stakeholders enable us to engender trust and acceptance.

In 2013 E.ON began to conduct systematic water management along our entire value chain, including the segments of our supply chain. Our goal is to establish, by 2015, minimum standards that comply with the UN CEO Water Mandate. The standards would apply to approvals processes, costs, water availability, water intake, water discharge, and our supply chain. The UN CEO Water Mandate is an internationally recognized voluntary agreement as well as a network of organizations dedicated to improving water management worldwide. In this regard, it is similar to the UN Global Compact, whose ten principles E.ON has endorsed for many years.

In May 2013 we released a comprehensive sustainability assessment of Walchensee, an E.ON hydroelectric station in southern Bavaria. The results demonstrate how hydropower can simultaneously deliver a strong climate, environmental, and social performance. The Walchensee assessment makes E.ON one of the first companies in the world to conduct an official assessment according to the International Hydropower Association's new Hydropower Sustainability Assessment Protocol ("HSAP"). The results set an industry-wide benchmark and will make a valuable contribution to E.ON's risk management. The knowledge we gained from this project gives us a clear competitive advantage in the renewables marketplace. We intend to utilize this knowledge primarily at the hydro projects of our joint ventures outside Europe in line with our strategy of "cleaner & better energy." A number of companies around the world have followed E.ON's example and implemented the HASP on their hydropower projects.

We have made more progress in responsible fuel procurement. Bettercoal, an initiative launched by E.ON and six other European energy utilities, reached an important milestone in 2013 by issuing the Bettercoal Code. The code was developed in close consultation with a wide variety of stakeholders. The consultation took place online and at public meetings in several countries (South Africa, Columbia, Indonesia, and Russia). The code reflects existing industry standards and Bettercoal members' expectations for their coal suppliers' ethical, social, and environmental performance. Bettercoal members have pledged to comply with the code at their own mines. The code is the basis for mine audits and self-assessments, which will begin in 2014. Bettercoal increased its membership in 2013. Bettercoal has established its organization and issued the code; its next step will be to become operational.

More information about our sustainability strategy and our performance is available at www.eon.com, where you will also find our new Sustainability Report, which will be released at the end of April 2014. It is not part of the Combined Group Management Report.

Carbon Emissions and Intensity

Emissions data for our power and heat generation are segmented by country in accordance with the EU Emissions Trading Scheme. This differs from the segmentation for the rest of our reporting.

Carbon Emissions from Power and Heat Generation	
2013	
Million metric tons	CO ₂ emissions
Germany	35.4
United Kingdom	14.8
Spain	3.3
France	6.9
Italy	6.8
Other EU countries	11.8
E.ON Group (Europe only)	79.0
Russia ¹	35.3
E.ON Group	114.3

¹Russia is not covered by the EU Emissions Trading Scheme.

E.ON Group Carbon Intensity ¹		
Metric tons of CO ₂ per MWh	2013	2012
Germany	0.40	0.38
United Kingdom	0.58	0.68
Spain	0.57	0.64
France	0.83	0.82
Italy	0.45	0.48
Other EU countries	0.29	0.27
E.ON Group (Europe only)²	0.44	0.44
Russia	0.55	0.56
E.ON Group³	0.45	0.46

¹Specific carbon emissions are defined as the amount of CO₂ emitted for each MWh of electricity generated.
²Includes renewables generation in Europe.
³Includes renewables generation outside Europe (wind power in the United States).

E.ON emitted 114 million metric tons of CO₂ from power and heat generation in 2013, of which 79 million metric tons were in Europe. This represents a significant decline—9 percent—relative to 2012. It results from the fact that in 2013 we produced less power and, thanks to a higher proportion of renewables, had a lower-carbon generation mix than in 2012. Two of our coal-fired power stations in the United Kingdom could no longer comply the EU's Large Combustion Plant Directive and had to be closed in 2013. On the other hand, low coal and carbon prices continued to favor coal-fired generation. Starting in 2013, energy suppliers are no longer allocated EU emission allowances at no cost to cover their power generation operations. They are only allocated allowances for a portion of the heat they cogenerate. They must buy allowances to cover their remaining carbon emissions in the EU. The market value of the allowances E.ON acquired in 2013 was about €265 million. Overall, our carbon intensity declined to 0.45 metric tons per MWh owing to the above-described factors. Reducing our carbon intensity in Europe remains our objective, which we will achieve by 2025 by continuing to adjust our generation mix.

Use of Net Value Added

E.ON is not only a reliable energy supplier. We are also a mainstay of economic development and individual prosperity in the regions and communities where we operate. Our company's overall financial contribution is significant. We measure it by means of net value added. This figure is the sum of the value we add to our employees (wages, salaries, benefits), government entities (taxes), lenders (interest payments), and minority shareholders (minority interests' share of our earnings). In addition, we pay out a portion of our total earnings as a dividend to our shareholders.

This calculation shows that our personnel expenses of €4.7 billion represented the largest component—44 percent—of net value added and were more than twice as high as our net income. These expenses declined by 9 percent relative to 2012 owing to disposals and our E.ON 2.0 efficiency-enhancement program. In 2013 E.ON shows €1.8 billion in taxes, substantially more than the €0.2 billion shown in 2012. In addition, many communities received concession fees from E.ON companies.

Net Value Added			
€ in millions	Use	2013	2012
Value added ¹	–	10,741	9,709
Employees	Wages, salaries, benefits	4,687	5,166
Government entities	Income taxes, other taxes ²	1,804	194
Lenders	Interest payments ³	1,746	1,772
Minority interests	Minority interests' share of income from continuing operations	368	424
Net value added	–	2,135	2,152
Shareholders	Dividends ⁴	1,145	2,097

¹From continuing operations.
²Adjusted for deferred taxes; this item does not include additional government levies, such as concession fees.
³Does not include the accretion of non-current provisions; includes capitalized interest.
⁴Dividends are paid out of the value added from both continuing and discontinued operations.

Employees

E.ON 2.0 and Restructuring

Implementing the extensive measures of E.ON 2.0, our Group-wide efficiency-enhancement program, was a focal point of our HR work in 2013. The involvement of employee representatives through the codetermination process in the countries where E.ON operates was crucial to this effort.

Management and employee representatives agreed on a variety of mechanisms and benefits for employees affected by E.ON 2.0 staff reductions. This reflects E.ON's commitment to being a socially responsible employer.

Thanks to these measures and to voluntary-resignation programs, we achieved our staff-reduction targets for 2013. Further E.ON 2.0 staff reductions by the end of 2014 are planned.

Across E.ON, the further implementation of E.ON 2.0 measures remains a key focus of HR work in 2014 as well. Employee representatives in each E.ON country will continue to be involved in this process.

Collaborative Partnership with Employee Representatives

E.ON places a strong emphasis on working with employee representatives as partners. This collaborative partnership is integral to our corporate culture. E.ON was transformed into a European Company ("SE") in 2012. At the start of 2013 the E.ON SE Works Council met for the first time. Its members come from all European countries in which E.ON operates. Under the SE Agreement, the E.ON SE Works Council is informed and consulted about all issues that transcend national borders.

Alongside the forms of codetermination required by law in European countries outside Germany, the involvement of employee representatives in these countries is fostered by the SE Agreement, by collaboration at the Group level, and by the Agreement on Minimum Standards for Restructuring Measures, which was concluded between management and the European Works Council (the forerunner of the SE Works Council) in 2010.

The E.ON Group's restructuring included the adoption of a functionally oriented management model. This has created new challenges to the maintenance of a collaborative partnership with works councils. E.ON is meeting these challenges. In Germany, for example, management discussed the current situation and new forms of collaboration with the Group Works Council and with the chairpersons of the works councils of E.ON companies in Germany (or in some cases their representatives) at the Group Works Council Conference. The new forms of collaboration are to be established in 2014 by under a new Social Partnership Agreement.

Talent Management

The foundation of our strategic, needs-oriented talent management is the Management Review Process, which we conducted in 2013 as well. It helps ensure the continued professional development of individual managers and executives and of the entire organization. It also creates transparency about our current talent situation and our needs for the future. Based on the results of the review, we can identify areas for action and implement specific measures to ensure a smooth succession at individual units or in individual job families. A key task for our talent management in the years ahead will be to continue to internationalize our talent pool. To ensure that our talent has the necessary international competencies to drive our business, the High Potential Programs introduced last year will be given a more international focus.

In addition, we continue to focus on using recruiting to help ensure smooth successions. Amid the intense global competition for talent, remaining attractive to recent university graduates is a significant challenge for us as an employer. The E.ON Graduate Program, our 24-month international trainee program, has for years been an appealing option for joining our company. Participants are assigned a mentor, receive special training, and gain experience during rotations at different E.ON units.

In 2013 this program enabled us to recruit 27 recent graduates for E.ON units in Germany (our global units, support functions, and the Germany regional unit). The participants reflect the emphasis E.ON places on diversity:

- they will work in a wide range of job families (including engineering, IT, finance, trading, and HR)
- they come from around the world (including Nepal, Ukraine, Tanzania, Singapore, Venezuela, and the United States)
- more than 40 percent are women.

Diversity

Gender is a special focus of our diversity management. Our ambitious objective for our organization as a whole is to more than double the percentage of women in executive positions and to raise it to 14 percent in Germany by the end of 2016.

We support the achievement of this objective through a variety of measures. Each unit has specific targets, and progress towards these targets is monitored at regular intervals. We have also revised our Group-wide guidelines for filling management positions. At least one male and one female must be considered as potential successors for each vacant management position. Many units also have support mechanisms in place, including mentoring programs for female managers and next-generation managers, the provision of daycare, flexible work schedules, and home-office arrangements. Significantly increasing the percentage of women in our internal talent pool is a further prerequisite for raising, over the long term, their percentage in management and top executive positions.

Many of these measures are already having an impact. A year-on-year comparison shows that in 2013 the percentage of female executives increased to 14 percent across E.ON and to 11 percent in Germany. Our progress is receiving recognition outside our company as well. E.ON again received the Total E-Quality Seal for exemplary HR policies based on equal opportunity. E.ON was also honored with the Employers Network for Equality & Inclusion Award for its integrative and diversity-oriented hiring processes and the FIRM Award for the best diversity and inclusion recruiting process.

Workforce Figures

At year-end 2013 the E.ON Group had 62,239 employees worldwide, a decline of about 14 percent from year-end 2012. E.ON also had 1,534 apprentices in Germany and 205 board members and managing directors worldwide.

Employees ¹			
	December 31		
	2013	2012	+/- %
Generation	8,687	10,055	-14
Renewables	1,745	1,846	-5
Global Commodities	1,449	2,190	-34
Exploration & Production	219	183	20
Germany	12,430	17,983	-31
Other EU Countries	27,312	28,628	-5
Russia	5,019	5,038	-
Group Management/Other ²	5,378	6,160	-13
Total	62,239	72,083	-14

¹Does not include board members, managing directors, or apprentices.
²Includes E.ON IT Group.

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

The decline at Renewables resulted from normal turnover (for which not all positions had yet been filled) and from E.ON 2.0 staff reductions. This was partly offset by hiring at the wind business in North America.

Global Commodities' headcount declined significantly because of the disposal of a subsidiary in Hungary, the transfer of employees to other segments, and E.ON 2.0 staff reductions.

Hiring to fill already budgeted positions, particularly in Norway, was responsible for the increase at Exploration & Production.

The headcount at the Germany regional unit was lower mainly because of the sale of stakes in E.ON Thüringer Energie, E.ON Westfalen Weser, E.ON Energy from Waste, and E.ON Mitte and because of E.ON 2.0 staff reductions.

The decline in the number of employees at Other EU Countries is chiefly attributable to disposals at the Czechia regional unit, a derecognition at the Spain regional unit, and E.ON 2.0 efficiency enhancements, particularly in the United Kingdom and Czechia. These effects were partially offset by an increase in headcount at our gas business in Romania and by the recognition of E.ON Connecting Energies.

Non-EU Countries' headcount declined slightly from the figure at year-end 2012.

The derecognition of Arena One along with turnover and E.ON 2.0 staff reductions led to a significant decline in the number of employees at Group Management/Other. These effects were partially offset by transfers and new hires relating to the centralization of support functions.

Geographic Profile

At year-end 2013, 38,610 employees, or 62 percent of all staff, were working outside Germany, 6 percentage points more than at year-end 2012.

Employees by Country ¹		
	Dec. 31, 2013	Dec. 31, 2012
Germany	23,629	31,548
United Kingdom	11,053	11,556
Romania	6,903	6,324
Russia	5,028	5,050
Hungary	4,842	5,246
Sweden	3,248	3,360
Czechia	3,066	3,451
Spain	1,126	1,240
Other ²	3,344	4,308

¹Figures do not include board members, managing directors, or apprentices.
²Includes Italy, France, the Netherlands, Poland, and other countries.

Gender and Age Profile, Part-Time Staff

At the end of 2013, 28.6 percent of our employees were women, slightly more than at the end of 2012. The average E.ON Group employee was about 43 years old and had worked for us for about 14 years.

Employees by Age		
Percentages at year-end	2013	2012
30 and younger	17	18
31 to 50	56	55
51 and older	27	27

A total of 4,605 E.ON Group employees were on a part-time schedule, of whom 3,368, or 73 percent, were women. Employee turnover resulting from voluntary terminations averaged 3.53 percent across the organization, slightly lower than in the prior year.

Occupational Health and Safety

Occupational health and safety have the highest priority at E.ON. A key performance indicator ("KPI") for our safety is total recordable injury frequency ("TRIF"), which measures the number of fatalities, lost-time injuries, restricted-work injuries, and medical-treatment injuries per million hours of work (our TRIF figures also include E.ON companies that are not fully consolidated but over which E.ON has operational control). E.ON employees' TRIF in 2013 was 2.6, unchanged from the prior year. Our units' safety performance is a component of the annual personal performance agreements of the Board of Management members and executives responsible for these units.

We use KPIs to monitor and continually improve our safety performance. To ensure continuous improvement, our units design safety improvement plans based on a management review of their performance in the prior year. The results of the implementation of these plans are also used as preventive performance indicators. Despite all our successes in occupational safety, it remains our objective to prevent accidents or other harmful effects on the health of our employees and contractors by consistently implementing uniform HSE management systems.

Compensation, Pension Plans, Employee Participation

Attractive compensation and appealing fringe benefits are essential to a competitive work environment. Company contributions to employee pension plans represent an important component of an employee's compensation package and have long had a prominent place in the E.ON Group. They are an important foundation of employees' future financial security and also foster employee retention. E.ON companies supplement their company pension plans with attractive programs to help their employees save for the future. Another factor in employee retention is enabling them to participate in their company's success. This includes the performance rights (with a multi-year term) granted to executives under the E.ON Share Matching Plan.

Our employee stock purchase program remains attractive thanks to a partially tax-free company contribution. In 2013, 13,492 employees purchased a total of 1,057,296 shares of E.ON stock; 51 percent of employees participated in the program, a slight increase from the prior-year figure (49 percent).

Apprenticeships

E.ON continues to place great emphasis on vocational training for young people. The E.ON Group had a total of 1,534 apprentices and work-study students in Germany in 2013. Established in 2003, the E.ON training initiative to combat youth unemployment was continued in 2013. It helped more than 850 young people in Germany get a start on their careers through internships to prepare them for an apprenticeship as well as school projects and other programs.

Apprentices in Germany	
	Dec. 31, 2013
Germany	954
Generation	394
Group Management/Other	97
Global Commodities	27
Renewables	62
E.ON Group	1,534

Subsequent Events

There were no events subsequent to December 13, 2013, that had a material impact on E.ON's earnings, financial, or asset situation.

Forecast Report

Business Environment

Macroeconomic Situation

The OECD expects the global economy to continue to grow at a moderate rate in 2014 and 2015, although prospects remain extremely uncertain. Growth will be driven by expansive monetary policies and not hindered by adverse effects from government budgets.

Economic growth in the United States is expected to accelerate on higher demand for consumption and investment goods. But the OECD also considers future U.S. fiscal and monetary policies to be sources of substantial uncertainty.

The euro zone's economy faces similarly substantial uncertainty but is expected to expand in 2014 and 2015, also on higher demand for consumption and investment goods.

The OECD expects the economies of Brazil, Russia, and Turkey to grow in 2014 and 2015. The drivers will be rising infrastructure investments in Brazil and Russia and robust growth in private consumption in Turkey.

In view of the monetary and fiscal policy debates in 2013 in the United States and in the euro zone, the OECD believes that economic recovery will continue to face significant risks in the future, especially possible disruptions stemming from the euro zone's fragile financial sector.

Energy Markets

We expect power and fuel markets to continue to be very sensitive to macroeconomic developments and policy decisions and therefore to be generally more volatile in 2014 and 2015.

The oil market is currently displaying a classic backwardation pattern, with prices for nearby months higher than prices for forward months. This trend could continue in the years ahead, since the market will continue to be driven by geopolitical events and economic fundamentals. Demand for oil in the petrochemicals sector and particularly in the transportation sector—mainly from Asia—is expected to continue to increase. But this will be accompanied by significantly higher production in non-OPEC countries (including unconventional production—tight oil and oil sands—in North America), which could actually more than offset the increase in demand in 2014 and 2015. This would force OPEC to curtail production to prevent oversupply.

Europe's coal market (API#2 index) is oversupplied, a situation supported by a slower rate of growth in China's demand for imported coal. As a result, coal prices in Europe declined by about 20 percent in 2013. However, the price for next-year delivery rose to a slightly higher level at the start of 2014, mainly in response to expectations that Columbia would export significantly less coal in the first quarter of 2014 owing to delays in the commissioning of new, government-mandated loading facilities. When the problems are solved and the facilities become operational, it is very likely that coal prices will fall again. Freight rates are expected to increase slightly, although this will depend on the degree to which the oversupply of ships is reduced.

Wholesale gas prices for next-year delivery remained nearly constant at Europe's trading hubs throughout 2013, with the demand and supply sides largely offsetting each other: lower demand from gas-fired power stations was accompanied by lower LNG imports owing to continued high demand in Asian markets. Mild weather in the first quarter could lead to a decline in European gas prices in 2014. However, price increases due to extraordinary events (extreme weather, unanticipated supply bottlenecks, political instability in some producer countries) cannot be ruled out.

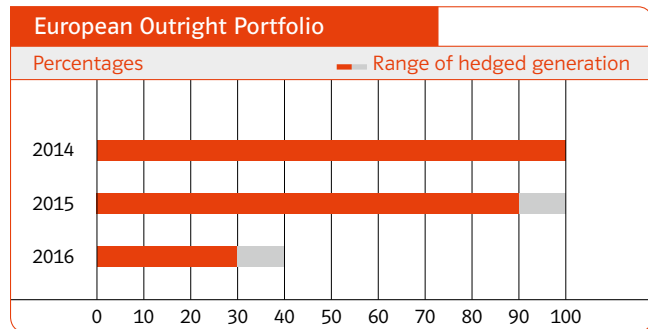
Prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme will probably be primarily influenced by the back-loading process. Once in place, back-loading will significantly reduce the number of EUAs that can be acquired through auctions. Unlike in the industrial sector, in the power sector relatively few EUAs are allocated at no cost. As a result of the reduction of EUAs in circulation, power plant operators will likely have to buy EUAs from market participants that have surplus allowances. It is anticipated that increased EUA trading will lead to higher prices. By how much is uncertain and will depend to a large degree on the behavior of market participants with EUAs to offer.

Near-term and medium-term power prices in Germany will continue to be determined largely by the price of hard coal and EUAs. However, the addition of more renewables capacity and numerous new, technologically advanced coal-fired power plants, which are scheduled to enter service in 2014 and 2015, could put further downward pressure on prices. This trend will be resisted to some degree by the rise in Germany's exports of inexpensive renewables power, which supports domestic power prices. Nevertheless, the EEX price of baseload power for next-year delivery has been falling steadily, which indicates that the market expects generally lower prices going forward.

Power prices for 2014 and 2015 in the United Kingdom will depend increasingly on the development of domestic gas prices and carbon prices. The demand for power in the United Kingdom is expected to rise slightly going forward, which could at least partially counteract the downward pressure on prices resulting from low power prices in continental Europe and from the addition of new wind capacity.

In the near term, prices on the Nordic power market will continue to depend primarily on the weather and therefore on water reservoir levels. In the long term, the further development of renewables in the Nordic market and in Germany will be a decisive factor and can be expected to put significant downward pressure on prices. The commissioning of Estlink 2 transmission cable and NordBalt cable (scheduled for 2016) is expected to result in closer price coupling in the Baltic market and higher net exports.

Our power production for 2014 and 2015 is already almost completely hedged. Our hedging practices will, over time, serve to increase the hedge rate of subsequent years. As an example, the graph below shows the hedge rate for our European outright portfolio, which essentially consists of our non-fossil power production from nuclear and hydro assets..



Employees

The number of employees in the E.ON Group (excluding apprentices and board members/managing directors) will decline by year-end 2014 due to the implementation of E.ON 2.0.

Anticipated Earnings Situation

Forecast Earnings Performance

Our forecast for full-year 2014 earnings continues to be significantly influenced by the difficult business environment in the energy industry.

We currently 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 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:

EBITDA ¹		
€ in billions	2014 (forecast relative to prior year)	2013
Generation	slightly above	1,882
Renewables	on par	1,431
Global Commodities	significantly below	352
Exploration & Production	significantly above	1,070
Germany	significantly below	2,413
Other EU Countries	slightly below	2,173
Non-EU Countries	significantly below	533
Total	significantly below	9,315

¹Adjusted for extraordinary effects.

We expect Generation's 2014 EBITDA to be slightly above the prior-year figure. Price developments on the wholesale market will continue to be a negative factor. The commissioning of unit 3 at Maasvlakte power station in the Netherlands 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 counterbalancing factors.

We expect Global Commodities' 2014 EBITDA to be significantly below the prior-year figure owing to the very difficult market environment in the power and gas business in 2014 and the disposal of its Hungarian business in 2013. Narrower margins in the gas-storage business will continue to be a negative factor.

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 regulation period will have an adverse impact.

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

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

Anticipated Dividend Development

As in 2013, the dividend target payout ratio will continue to be 50 to 60 percent of underlying net income.

Anticipated Financial Situation

Planned Funding Measures

We expect to have no funding needs in 2014 at the Group level. We expect to be able to fund our investment expenditures planned for 2014 and the dividend payout by means of operating cash flow and proceeds from disposals. Any peaks in the Group's funding needs during the course of the year can be dealt with by issuing commercial paper.

In managing our capital structure, our medium-term target debt factor is less than 3. In addition, E.ON plans, among other things, to generate positive free cash flow (defined as operating cash flow less investments and the dividend payout) by 2015.

Planned Investments

Our medium-term plan calls for investments of €4.9 billion in 2014. About one fifth will go toward the maintenance of our existing assets, the rest toward business expansion. The main geographic focus of our investments will continue to be Germany, where they will go primarily toward the maintenance and expansion of our power and gas infrastructure and toward renewable and conventional power generation.

Investments: 2014 Plan		
	€ in billions	Percentages
Generation	0.8	16
Renewables	1.3	27
Global Commodities	0.1	2
Exploration & Production	0.2	4
Germany	0.8	16
Other EU Countries	1.1	22
Non-EU Countries	0.5	10
Group Management/Consolidation	0.1	2
Total	4.9	100

We plan to invest €0.8 billion to maintain and expand Generation's portfolio of assets, including new-build projects such as Maasvlakte 3 and Datteln 4.

We plan to invest about €1.3 billion in our Renewables segment. The main focus will be on offshore wind farms (such as Amrumbank West and Humber) and onshore farms in Europe and onshore farms in the United States.

Global Commodities will invest approximately €0.1 billion, mainly in gas-storage infrastructure.

Most of Exploration & Production's investments of €0.2 billion will go toward developing gas and oil fields.

Our investments of €0.8 billion at the Germany segment consist in particular of numerous individual investments to expand our intermediate- and low-voltage networks, switching equipment, and metering and control technology as well as other investments to ensure the reliable and uninterrupted transmission and distribution of electricity.

About one fifth of our investments are earmarked for Other EU Countries and will consist primarily of investments to maintain and expand our regional energy networks in Sweden, Hungary, and Czechia.

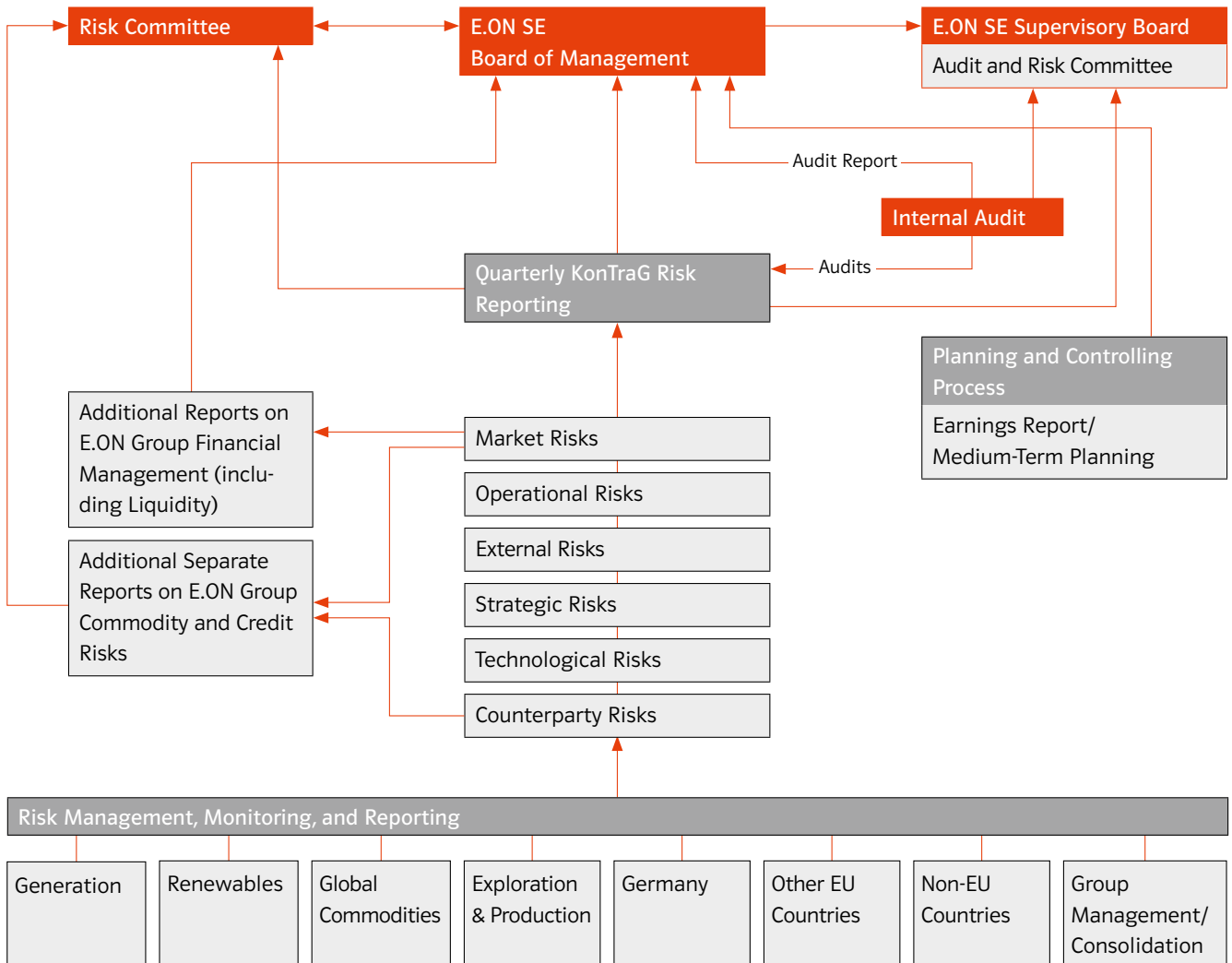
We plan to invest about €0.5 billion at Non-EU Countries in 2014, mainly to continue ongoing generation new-build projects, particularly the new generating unit at Berezovskaya GRES in Russia.

The E.ON Group's planned investments for 2015 total about €4.3 billion. Our Germany and Other EU Countries segments will each account for about one fifth of investments. Slightly more than one quarter will go toward expanding Renewables' operations. The remainder is earmarked, in particular, for our Generation segment, our power generation business in Russia, our business outside Europe, and our distributed-generation business.

General Statement on E.ON's Future Development

Our 2013 results were solid. But they clearly reflected the fact that our business and regulatory environment in Europe—primarily the ramifications of the transformation of Germany's energy system and the related insufficient market prices for conventional energy—had a tangible adverse impact on our business. We therefore further intensified our efforts to proactively and systematically adjust E.ON to its rapidly changing business environment. Solid finances are the foundation of our company's future. Acting with foresight, we launched E.ON 2.0 back in 2011. Its purpose is to achieve lasting cost reductions across all our Group's businesses and processes and to markedly improve our efficiency. E.ON 2.0 is on schedule. We will have initiated and largely completed most of the main measures by the end of 2014. We also made progress improving the profitability of our operating business. Our primary focus is on our conventional generation business, which continues to be adversely affected by market dislocations and interventionist government policies. Examples of the latter are the coal tax in the Netherlands but, above all, Germany's transformation of its energy system. Our generation business's unsatisfactory earnings in many parts of Europe underscore the urgent need for action. We will be even more rigorous about reducing costs and enhancing efficiency in this business. We continually assess the profitability of individual assets and have already decided to close certain assets in France, the United Kingdom, and Germany. We know that in the next few years our business will only generate limited funds for new investments. Our investments in 2014 and 2015 will be significantly lower than in 2013. Alongside necessary maintenance and network investments, we will focus on selectively expanding our growth businesses like renewables and our operations outside Europe in order to lay the foundation for future growth.

Risk Management System



Our risk management system consists of a number of components that are embedded into E.ON's entire organizational structure and processes. As a result, our risk management system is an integral part of our business and decision-making processes. The key components of our risk management system include our Group-wide guidelines and reporting systems; our standardized Group-wide strategy, planning, and controlling processes; Internal Audit activities; the separate Group-wide risk reporting conducted pursuant to the Corporate Sector Control and Transparency Act ("KonTraG"); and the establishment of risk committees. Our risk management system reflects industry best practice and is designed to enable management

to recognize risks early and to take the necessary countermeasures in a timely manner. We continually review our Group-wide planning, controlling, and reporting processes to ensure that they remain effective and efficient. As required by law, the effectiveness of our risk management system is reviewed regularly by Internal Audit. Our risk management system encompasses all fully consolidated E.ON Group companies and all companies accounted for using the equity method whose book value exceeds €50 million.

Risk Management and Insurance

E.ON Risk Consulting GmbH, a wholly owned subsidiary of E.ON SE, is responsible for insurance-risk management in the E.ON Group. It develops and optimizes solutions for E.ON's operating risks by using insurance and insurance-related instruments and secures the necessary coverage in international insurance markets. To this end, E.ON Risk Consulting GmbH is, among other things, responsible for management of client data and insurance contracts, claims management, the accounting of risk covering and claims, and all associated reporting.

Risk Committee

In compliance with the provisions of Section 91, Paragraph 2, of the German Stock Corporation Act relating to the establishment of a risk-monitoring and early warning system, the E.ON Group has a Risk Committee. The Risk Committee, with support from relevant divisions and departments of E.ON SE and E.ON Global Commodities SE, ensures that the risk strategy defined by the Board of Management, principally the commodity and credit risk strategy, is implemented, complied with, and further developed.

Further Risk-Limitation Measures

In addition to the above-described components of our risk management, we take the following measures to limit risk.

Managing Market Risks

We use a comprehensive sales management system and intensive customer management to manage margin risks.

In order to limit our exposure to commodity price risks, we conduct systematic risk management. The key elements of our risk management are, in addition to binding Group-wide policies and a Group-wide reporting system, the use of quantitative key figures, the limitation of risks, and the strict separation of functions between departments. Furthermore, we utilize derivative financial instruments that are commonly used in the marketplace. These instruments are transacted with financial institutions, brokers, power exchanges, and third parties whose creditworthiness we monitor on an ongoing basis. The Global Commodities unit aggregates and consistently manages the price risks we face on Europe's liquid commodity markets. This includes proprietary commodity trading, which is conducted in accordance with detailed guidelines and within narrowly defined limits.

We use systematic risk management to monitor and control our interest-rate and currency risks and manage these risks using derivative and non-derivative financial instruments. Here, E.ON SE plays a central role by aggregating risk positions through intragroup transactions and hedging these risks in the market. Due to its intermediary role, E.ON SE's risk position is largely closed.

Managing Strategic Risks

We have comprehensive preventive measures in place to manage potential risks relating to acquisitions and investments. To the degree possible, these measures include, in addition to the relevant company guidelines and manuals, comprehensive due diligence, legally binding contracts, a multi-stage approvals process, and shareholding and project controlling. Comprehensive post-acquisition projects also contribute to successful integration.

Managing Operational Risks

Our IT systems are maintained and optimized by qualified E.ON Group experts, outside experts, and a wide range of technological security measures. In addition, the E.ON Group has in place a range of technological and organizational measures to counter the risk of unauthorized access to data, the misuse of data, and data loss.

Managing External Risks

We engage in intensive and constructive dialog with government agencies and policymakers in order to manage the risks resulting from the E.ON Group's policy, legal, and regulatory environment. Furthermore, we strive to conduct proper project management so as to identify early and minimize the risks attending our new-build projects.

We attempt to minimize the operational risks of legal proceedings and ongoing planning processes by managing them appropriately and by designing appropriate contracts beforehand.

Managing Technological Risks

To limit technological risks, we will continue to improve our network management and the optimal dispatch of our generation assets. At the same time, we are implementing operational and infrastructure improvements that will enhance the reliability of our generation assets and distribution networks, even under extraordinarily adverse conditions. In addition, we have factored the operational and financial effects of environmental risks into our emergency plan. They are part of a catalog of crisis and system-failure scenarios prepared for the Group by our incident and crisis management team.

Furthermore, the following are among the comprehensive measures we take to address technological risks:

- systematic employee training, advanced training, and qualification programs
- further refinement of our production procedures, processes, and technologies
- regular facility and network maintenance and inspection
- company guidelines as well as work and process instructions
- quality management, control, and assurance
- project, environmental, and deterioration management
- crisis-prevention measures and emergency planning.

Should an accident occur despite the measures we take, we have a reasonable level of insurance coverage.

Managing Counterparty Risks

We use a Group-wide credit risk management system to systematically monitor the creditworthiness of our business partners on the basis of Group-wide minimum standards. We manage our credit risk by taking appropriate measures, which include obtaining collateral and setting limits. The E.ON Group's Risk Committee is regularly informed about all material credit risks. A further component of our risk management is a conservative investment strategy and a broadly diversified portfolio.

Note 30 to the Consolidated Financial Statements contain detailed information about the use of derivative financial instruments and hedging transactions. Note 31 describes the general principles of our risk management and applicable risk metrics for quantifying risks relating to commodities, credit, liquidity, interest rates, and currency translation.

Risk Situation

In 2013 we put in place a new IT-based system for reporting risks and opportunities and also made slight adjustments to our risk categories. Our categories are now market risks (commodity-price, margin, market-liquidity, foreign-exchange, and interest-rate risks), operational risks (IT, process, and personnel risks), external risks (policy and legal risks, regulatory risks, risks from public consents processes, risks from long-term market developments, and reputation risks), strategic risks (risks resulting from investments and disposals), technological risks (risks relating to the operation of power plants, networks, and other facilities; environmental and new-build risks), and counterparty risks (credit and country risks). E.ON SE departments and the major Group companies report quantifiable and unquantifiable risks into the reporting system according to these categories. We categorize the earnings impact of risks as low (under €0.5 billion), intermediate (€0.5 to €1 billion), high (€1 to €5 billion), and very high (over €5 billion). These are risks that have been quantified by means of, for example, statistical methods, simulations, and expert opinion, presupposing the worst case for each risk. The graphic below shows the number of risks in each category; risks of the same type are aggregated into a risk group.



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 E.ON Group, and thus E.ON SE, is exposed to the following main risks:

Market Risks

Our units operate in an international market environment that is characterized by general risks relating to the business cycle. In addition, the entry of new suppliers into the marketplace along with more aggressive tactics by existing market participants has created a keener competitive environment for our electricity business in and outside Germany which could reduce our margins. Our Global Commodities unit continues to face considerable competitive pressure in its gas business. Competition in the gas market and increasing trading volumes at virtual trading points and gas exchanges could result in considerable volume risks for natural gas purchased under long-term take-or-pay contracts. Generally, long-term gas procurement contracts between producers and importers include the possibility of adjusting them to reflect continually changing market conditions. On this basis, we conduct ongoing, intensive negotiations with our producers.

In addition, our Global Commodities unit has booked LNG regasification capacity in the Netherlands and the United Kingdom well into the future, resulting in payment obligations through 2031 and 2029, respectively. A deterioration of the economic situation, a decline in LNG available for the North-west European market, and/or a decline in demand could result in a lower utilization of regasification capacity than originally planned.

The demand for electric power and natural gas is seasonal, with our operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, our sales and results of operations are higher in the first and

fourth quarters and lower in the second and third quarters. Sales and results of operations for all of our energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months. Our units in Scandinavia could be negatively affected by a lack of precipitation, which could lead to a decline in hydroelectric generation. We expect seasonal and weather-related fluctuations in sales and results of operations to continue.

The E.ON Group's business operations are exposed to commodity price risks. We mainly use electricity, gas, coal, carbon-allowance, and oil price hedging transactions to limit our exposure to risks resulting from price fluctuations, to optimize systems, to conduct load balancing, and to lock in margins.

E.ON's international business operations exposes it to risks from currency fluctuation. One form of this risk is transaction risk, which occurs when payments are made in a currency other than E.ON's functional currency. Another form of risk is translation risk, which occurs when currency fluctuations lead to accounting effects when assets/liabilities and income/expenses of E.ON companies outside the euro zone are translated into euros and entered into our Consolidated Financial Statements. Currency-translation risk results mainly from transactions denominated in U.S. dollars, pounds sterling, Swedish kronor, Russian rubles, Norwegian kroner, Hungarian forints, Brazilian reals and Turkish lira.

E.ON faces earnings risks from financial liabilities and interest derivatives that are based on variable interest rates.

In addition, E.ON also faces risks from price changes and losses on the current and non-current investments it makes to cover its non-current obligations, particularly pension and asset-retirement obligations.

Operational Risks

The operational and strategic management of the E.ON Group relies heavily on complex information technology. We outsourced our IT infrastructure to an external service provider in 2011. Among our IT risks are the unauthorized access to data, the misuse of data, and data loss.

In addition, our operating business potentially faces risks resulting from human error and employee turnover.

External Risks

The political, legal, and regulatory environment in which the E.ON Group does business is also a source of external risks. Changes to this environment can lead to considerable uncertainty with regard to planning.

Generation

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 ("SAC") issued a ruling declaring void the City of Datteln's land-use plan. This ruling was subsequently upheld by the Federal Administrative Court ("FAC") in Leipzig. Consequently, a new planning process is being conducted to reestablish a reliable planning basis for Datteln 4. On the regional planning side, the Regionalverband Rhein-Ruhr has issued permission to modify the regional development plan and to deviate from the planning objective. The second public disclosure of the planning documents in the City of Datteln's process to issue the project-related development plan lasted until February 7, 2014. In December 2013 the City of Datteln decided to hold a second public disclosure in order to avoid legal risks. On the consents side, the contested partial consents were rescinded by administrative order in December 2013 after the annulment of the preliminary ruling on pollution abatement took legal effect. In view of the ongoing planning processes, the consents process to be conducted, and the current policy environment, we currently anticipate additional delays relative to Datteln 4's originally planned date of commissioning. E.ON is taking provisional measures to ensure the supply of district heating and of traction power until Datteln 4 becomes operational, which we continue to assume will happen. In principle, these types of risks also attend our other power and gas new-build projects.

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.

The Site Selection Act (*Standortauswahlgesetz*, or "StandAG") took effect in 2013. It calls for the study of Gorleben to be suspended and for Gorleben to remain open but frozen in its current state. 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. The StandAG also calls for an addendum to the Atomic Energy Act that establishes a new obligation for nuclear operators to store reprocessing waste at intermediate storage facilities in close proximity to their nuclear power stations. This obligation took effect on January 1, 2014. We content 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.

Germany's Energy Act (which was amended at the end of 2012) and the Ordinance on Reserve Power Plants (*Reservekraftwerksverordnung*, which was passed in 2013) contain new regulatory restrictions for several areas, including power generation (in particular: restrictions on the decommissioning, mothballing, or shutdown of generating units and rules for the mandatory operation of generating units that are deemed essential for maintaining power-system stability). These restrictions could affect the profitability of E.ON's generation assets in Germany.

Capacity markets will play an important role for E.ON in a number of the electricity markets where it operates. Russia and Spain already have capacity markets, and Sweden has a reserve capacity market. France, Italy, and the United Kingdom have already decided to create capacity markets. The United Kingdom is expected to transform proposals into legislation in 2014. Other countries, including Germany, intend to develop and introduce capacity-market mechanisms over the medium term. These reforms could affect E.ON's generation operations. They could create market-design risks for E.ON, which could face a competitive disadvantage, particularly if there is a focus on specific generation technologies or if some existing assets are not included.

Exploration & Production

The amendments to Russia's mineral extraction tax for gas condensate and natural fuel gas were promulgated in October 2013 and will take effect on July 1, 2014. Their earnings impact in 2014 will not be material.

Global Commodities

In September 2011 the European Commission undertook inspections at the premises of several gas supply companies in Central and Eastern Europe, including at E.ON Group companies. The Commission investigated potential anticompetitive practices by Gazprom, possibly in collusion with other companies. In September 2012, the Commission initiated a formal antitrust proceeding against Gazprom to determine whether the company abused a dominant market position in breach of Article 102 of the Treaty on the Functioning of the European Union.

E.ON Global Commodities obtains most of the natural gas it delivers to customers in and outside Germany pursuant to long-term supply contracts with producers in Russia, Germany, the Netherlands, and Norway. In addition to procuring gas on

a long-term, contractually secured basis, E.ON Global Commodities is active at various gas trading markets in Europe. Because liquidity at these markets has increased considerably, they represent a significant additional procurement source. E.ON Global Commodities therefore has a highly diversified gas procurement portfolio. Nevertheless, it faces a risk of supply interruptions from individual procurement sources resulting, for example, from technical problems at production facilities or in the transmission system or other restrictions that may affect transit. Such events are outside E.ON Global Commodities' control.

Germany

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 to determine whether Germany's Basic Supply Ordinances (*Grundversorgungsverordnungen*) for Power and Gas comply with European law. E.ON is not a party to these submissions.

The awarding of network concessions for power and gas is extremely competitive in Germany. Our risk of losing such a concession is particularly high for the gas network in Hamburg following a referendum in which a majority voted in favor of remunicipalizing the city's networks. Hamburg will award its gas network concession sometime in the next three years.

E.ON restructured six regional distribution companies ("RDCs") in Germany in 2008. As part of this process, system operations were reintegrated into the RDCs so that they function as the distribution system operator. At the same time, generation and retail operations were transferred to subsidiaries and the retail subsidiaries placed under central management. The regulatory agency (the German Federal Network Agency, known by its German acronym, "BNetzA") views RDCs having ownership interests in the retail subsidiaries as a violation of unbundling requirements. Consequently, the BNetzA issued cease-and-desist orders against all newly restructured E.ON Energie RDCs and against E.ON Energie for alleged violations of unbundling requirements. Appeals were filed against these orders. Since then, the process of restructuring the RDCs has been completed. The carving out of retail activities, which took place in 2013, removed the BNetzA's legal concerns in this matter. An amicable agreement has now been reached to end the proceedings. This agreement has been signed.

E.ON's power and gas network operators in Germany are going through the regulatory cost-assessment process. The cost review and efficiency benchmarks for power and gas networks for the upcoming second incentive-regulation period are completed, and the results are known. E.ON's network operators have published preliminary prices. The administrative process is not yet formally completed for either type of operator; consequently, revenue caps have not been set for power or gas.

Other EU Countries

In view of the current economic and financial crisis in many EU member states, policy and regulatory intervention (such as additional taxes, price moratoriums, and changes to support schemes for renewables) is becoming increasingly apparent. Such intervention could pose a risk to E.ON's operations in these countries. In particular, the refinancing situation of many European countries could have a direct impact on the E.ON Group's cost of capital, which could create the risk of impairment charges. Examples of such intervention include new energy taxes in Spain and so-called Robin Hood taxes in Italy and Hungary.

Non-EU Countries

In addition to our local partner's already-known financial situation, ENEVA, our joint venture in Brazil, is also affected by business risks. Following the bankruptcy filing by OGX, the largest company in the Batista group, ENEVA has taken

measures to avoid an indirect threat to itself and to give itself a solid foundation. Our operations in Turkey could face risks resulting from the country's general macroeconomic development and regulatory environment, including the liberalization process.

E.ON Group

The new EU energy efficiency directive took effect in December 2012. Among other provisions, it obliges all energy distributors and energy retailers to achieve, between 2014 and 2020, annual savings of 1.5 percent on the amount of energy they sell to their customers. However, member states have the option of replacing this provision with alternative measures that achieve a comparable effect. The other provisions afford member states a similar degree of flexibility. Consequently, how the directive is transposed into national law is of particular significance and could pose risks for our regional units. The directive must be transposed into national law by June 2014. However, there is a discernable trend that the EU's energy-efficiency efforts will influence energy markets and thus could potentially create sales-volume risks for E.ON.

In the context of discussions about Europe's ability to meet its long-term climate-protection targets for 2050, adjustments to European emissions-trading legislation are under consideration. A first step was taken when it was agreed to reduce the number of carbon allowances available during the current phase (2013-2020) of the EU Emissions Trading Scheme ("ETS"). Policymakers hope that reducing the number of allowances will lead to higher carbon prices, which would create additional incentives for investments in climate-friendly generating capacity. The risks of potentially higher carbon prices for E.ON's current fossil-fueled generation portfolio in the EU can only be assessed when greater clarity exists about what ETS reform measures will be taken.

In mid-June the European Network of Transmission System Operators for Electricity ("ENTSO-E") finalized draft EU-wide network codes that set minimum technical requirements for connecting generating facilities to distribution and transmission systems. The codes could increase requirements for new

and, following the completion of a cost-benefit analysis, for existing generating facilities. The Agency for the Cooperation of Energy Regulators ("ACER") generally approved of the network codes developed by ENTSO-E but requested some modifications. These modifications must be made and approved before the comitology process can be initiated. The completion of this process would make the codes legally binding. The European Commission expects the codes to take effect in 2014.

Further risks may result from the EU's European Market Infrastructure Regulation ("EMIR") for derivatives traded over the counter ("OTC"), and the possible rescission of energy-trading companies' exemption from the Markets in Financial Instruments Directive ("MiFID"), and the planned introduction of a financial transaction tax. With regard to EMIR and OTC derivatives, the European Commission is introducing mandatory central clearing of all OTC trades. Non-financial firms are exempted from the clearing obligation as long as transactions are demonstrably risk-reducing or remain below certain monetary thresholds. E.ON monitors its compliance with these thresholds on a daily basis in order to avoid additional liquidity risks resulting from the margin requirements of mandatory clearing. Possible changes to existing EU regulations could lead to a substantial increase in administrative expenses, additional liquidity risks, and, if a financial transaction tax is imposed, a higher tax expense.

Reputation Risks

Events and discussions regarding nuclear power and energy prices affect the reputation of all large energy suppliers. This is particularly the case in Germany. As a large corporation whose stock is part of the DAX 30 blue-chip index, E.ON is especially prominent in Germany and is almost always mentioned during public discussions of controversial energy-policy issues.

That is why communicating clearly, seeking out opportunities for dialog, and engaging with our key stakeholders are so important. They are the foundation for earning credibility and an open ear for our viewpoints. Revised stakeholder-management processes we implemented in 2013 will help us achieve these aims. It is important that we act responsibly along our entire value chain and that we communicate consistently, enhance the dialog, and maintain good relationships with our key stakeholders. We actively consider environmental, social,

and corporate-governance issues. These efforts support our business decisions and our public relations. Our objective is to minimize our reputation risks and garner public support so that we can continue to operate our business successfully.

Strategic Risks

Our business strategy involves acquisitions and investments in our core business as well as disposals. This strategy depends in part on our ability to successfully identify, acquire, and integrate companies that enhance, on acceptable terms, our energy business. In order to obtain the necessary approvals for acquisitions, we may be required to divest other parts of our business or to make concessions or undertakings that materially affect our business. In addition, there can be no assurance that we will be able to achieve the returns we expect from any acquisition or investment. For example, we may fail to retain key employees; may be unable to successfully integrate new businesses with our existing businesses; may incorrectly judge expected cost savings, operating profits, or future market trends and regulatory changes; or may spend more on the acquisition, integration, and operation of new businesses than anticipated. Furthermore, investments and acquisitions in new geographic areas or lines of business require us to become familiar with new sales markets and competitors and to address the attending business risks.

In the case of planned disposals, E.ON faces the risk of disposals not taking place or being delayed and the risk that E.ON receives lower-than-anticipated disposal proceeds. In such projects, it is not possible to determine the likelihood of these risks. In addition, after transactions close we could face liability risks resulting from contractual obligations.

Technological Risks

Technologically complex production facilities are used in the production and distribution of energy. Germany's Renewable Energy Law is resulting in an increase in decentralized feed-in, which creates the need for additional expansion of the distribution network. On a regional level, the increase in decentralized feed-in (primarily from renewables) has led to a shift in load flows. Our operations in and outside Germany could experience unanticipated operational or other problems leading to a power failure or shutdown. Operational failures or extended production stoppages of facilities or components of facilities (including new-build projects) as well as environmental damage could negatively impact our earnings, affect our cost situation, and/or result in the imposition of fines. In addition, problems with the development of new gas fields could lead to lower-than-expected earnings.

We could also be subject to environmental liabilities associated with our power generation operations that could materially and adversely affect our business. In addition, new or amended environmental laws and regulations may result in material increases in our costs.

Climate change has become a central risk factor. For example, E.ON's operations could be adversely affected by the absence of precipitation or above-average temperatures that reduce the cooling efficiency of our generation assets and may make it necessary to shut them down. Extreme weather or long-term climatic change could also affect wind power generation. Alongside risks to our energy production, there are also risks that could lead to the disruption of offsite activities, such as transportation, communications, water supply, waste removal, and so forth. Increasingly, our investors and customers expect us to play an active leadership role in environmental issues

like climate change and water conservation. Our failure to meet these expectations could increase the risk to our business by reducing the capital market's willingness to invest in our company and the public's trust in our brand.

Counterparty Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risk results from non-delivery or partial delivery by a counterparty of the agreed consideration for services rendered, from total or partial failure to make payments owing on existing accounts receivable, and from replacement risks in open transactions.

Board of Management's Evaluation of the Risk Situation

We determine the E.ON Group's overall risk by means of a Monte Carlo simulation technique that also factors in the interdependencies between individual risks. This simulation factors in the major Group company's individual risks as well as possible deviations from the assumptions on which our planning is based. It calculates the maximum loss after countermeasures (net worst case) and the anticipated loss. Changes to these figures over time indicate changes in the E.ON Group's risk situation.

The risk situation of the E.ON Group's operating business at year-end 2013 improved relative to year-end 2012. Nevertheless, in the future policy and regulatory intervention, increasing gas-market competition and its effect on sales volumes and prices, and possible delays in power and gas new-build projects could adversely affect our earnings situation. From today's perspective, however, we do not perceive any risks in the future that could threaten the existence of the E.ON Group or individual segments.

Opportunity Report

We conduct a bottom-up process at half-yearly intervals (at the end of the second and fourth quarters) in which the lead companies of our units in and outside Germany as well as certain E.ON SE departments follow Group-wide guidelines to identify and report opportunities that they deem sufficiently concrete and substantial. An opportunity is substantial within the meaning of our guidelines if it could have a significant positive effect on the asset, financial, or earnings situation of E.ON companies and/or segments.

E.ON is taking legal action and instituting administrative proceedings against its payment obligations under Germany's nuclear-fuel tax. If this legal action or these proceedings are successful, there is the possibility of repayment of taxes already paid. Future payment obligations would be cancelled.

Changes in our regulatory environment could create opportunities. Market developments could also have a positive impact on our business. Such factors include wholesale and retail price developments and higher customer churn rates.

The EU internal energy market is supposed to be completed in 2014 and serve as the first step towards a long-term European energy strategy. Nevertheless, many member states are pursuing their own agenda, aspects of which are not compatible with EU policy objectives. An example of this is the different approaches member states are taking with regard to capacity markets. We believe that European market integration is currently being accompanied by the development of markets that have strong national orientation. This could lead to a situation in which E.ON, which operates across Europe, can look for new opportunities in a fragmented regulatory environment.

Positive developments in foreign-currency rates and market prices for commodities (electricity, natural gas, coal, oil, and carbon) can create opportunities for our operating business. Periods of exceptionally cold weather—very low average

temperatures or extreme daily lows—in the fall and winter months can create opportunities for us to meet higher demand for electricity and natural gas.

We combined our European trading operations at the start of 2008. This enables us to seize opportunities created by the increasing integration of European power and gas markets and of commodity markets, which are already global in scope. For example, in view of market developments in the United Kingdom and Continental Europe, trading at European gas hubs can create additional sales and procurement opportunities.

In addition, the ongoing optimization of gas transport and storage rights and of the availability and utilization of our power and gas facilities (shorter project timelines or shorter facility outages) could yield opportunities.

In the years ahead, we will transform our business portfolio in line with our "cleaner & better energy" strategy. Our focus will be on expanding our operations in renewables, power generation outside Europe, and distributed-energy solutions. Alongside our successful businesses in North America (wind power) and Russia (large-scale conventional power stations), Brazil and Turkey are our next growth markets. We see market opportunities in all areas and can benefit from our capabilities.

Disclosures Pursuant to Section 289, Paragraph 5 and Section 315, Paragraph 2, Item 5 of the German Commercial Code on the Internal Control System for the Accounting Process

General Principles

We apply Section 315a (1) of the German Commercial Code and prepare our Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the International Financial Reporting Interpretations Committee that were adopted by the European Commission for use in the EU as of the end of the fiscal year and whose application was mandatory as of the balance-sheet date (see Note 1 to the Consolidated Financial Statements). Our global units and certain of our regional units are our IFRS reportable segments.

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the German Energy Act.

We prepare a Combined Group Management Report which applies to both the E.ON Group and E.ON SE.

Accounting Process

All companies included in the Consolidated Financial Statements must comply with our uniform Accounting and Reporting Guidelines for the Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements. These guidelines describe applicable IFRS accounting and valuation principles. They also explain accounting principles typical in the E.ON Group, such as those for provisions for nuclear-waste management and the treatment of regulatory obligations. We continually analyze amendments to laws, new or amended accounting standards, and other pronouncements for their relevance to and consequences for our Consolidated Financial Statements and, if necessary, update our guidelines and systems accordingly.

E.ON Group companies are responsible for preparing their financial statements in a proper and timely manner. Starting in 2013, they are supported by Business Service Centers in Regensburg and Cluj. The financial statements of subsidiaries belonging to E.ON's scope of consolidation are audited by the subsidiaries' respective independent auditor. E.ON SE then combines these statements into its Consolidated Financial Statements using uniform SAP consolidation software. The E.ON Center of Competence for Consolidation is responsible

for conducting the consolidation and for monitoring adherence to guidelines for scheduling, processes, and contents. Monitoring of system-based automated controls is supplemented by manual checks.

In conjunction with the year-end closing process, additional qualitative and quantitative information is compiled. Furthermore, dedicated quality-control processes are in place for all relevant departments to discuss and ensure the completeness of relevant information on a regular basis.

E.ON SE's Financial Statements are also prepared with SAP software. The accounting and preparation processes are divided into discrete functional steps. Automated or manual controls are integrated into each step. Defined procedures ensure that all transactions and the preparation of E.ON SE's Financial Statements are recorded, processed, assigned on an accrual basis, and documented in a complete, timely, and accurate manner. Relevant data from E.ON SE's Financial Statements are, if necessary, adjusted to conform with IFRS and then transferred to the consolidation software system using SAP-supported transfer technology.

The following explanations about our Internal Control System and our general IT controls apply to the Consolidated Financial Statements and E.ON SE's Financial Statements.

Internal Control and Risk Management System

Internal controls are an integral part of our accounting processes. Guidelines, called Internal_Controls@E.ON, define uniform financial-reporting documentation requirements and procedures for the entire E.ON Group. The guidelines include a definition of their scope, documentation, and evaluation standards, a Catalog of Management Controls, a Generic Risk Catalog, a description of the test activities of our Internal Audit division, and a description of the final Sign-Off process. We believe that compliance with these rules provides sufficient certainty to prevent error or fraud from resulting in material misrepresentations in the Consolidated Financial Statements, the Combined Group Management Report, and the Interim Reports.

COSO Model

Our internal control system is based on the globally recognized COSO model (COSO: The Committee of Sponsoring Organizations of the Treadway Commission). The Generic Risk Catalog (which encompasses company- and industry-specific aspects) defines possible risks for accounting (financial reporting) in the functional areas of our operating entities and thus serves as a check list and provides guidance for the documentation process.

The Catalog of Management Controls is a key component of a functioning internal control system. It encompasses overarching controls to address risks in a range of issue areas and processes, such as financial reporting, corporate responsibility, fraud, the communications process, planning and budgeting, investment controlling, and internal audit.

Central Documentation System

The E.ON companies to which the internal control system applies use a central documentation system to document key controls. The system defines the scope, detailed documentation requirements, requirements for the assessment process, and the final evaluation performed by the Sign-Off process.

Scope

Each year, we conduct a multi-stage process using qualitative criteria and quantitative materiality metrics to define which E.ON companies must document and evaluate their financial-disclosure processes and controls. Selection is based on pre-defined line items in the balance sheets, income statements, and/or notes of each company's prior-year financial statements.

Assessment

After companies have documented their processes and controls, they conduct an annual assessment of the design and the operational effectiveness of the processes as well as the controls embedded in these processes.

Tests Performed by Internal Audit

The management of E.ON companies relies on the assessment performed by their staff and on testing of the internal control system performed by Internal Audit. These tests are a key part of the process. Using a risk-oriented testing plan, Internal Audit tests the E.ON Group's internal control system and

identifies potential deficiencies (issues). On the basis of its own evaluation and the results of tests performed by Internal Audit, an E.ON company's management carries out the final signing-off.

Following the preliminary evaluation of the processes and controls performed by an E.ON company's own staff and by Internal Audit, the global and regional units carry out a second evaluation process to ensure quality before a final report is made to E.ON SE. This second evaluation is conducted by a committee of unit staff or by the unit management itself.

Sign-Off Process

The final step of the internal evaluation process is the submission of a formal written declaration confirming the system's effectiveness. The declaration process is conducted at all levels of the Group before it is conducted by the global and regional units and, finally, by E.ON SE. It is therefore a formal mechanism that encompasses all levels of the E.ON Group's hierarchy. The Chairman of the E.ON SE Board of Management and the Chief Financial Officer make the final Sign-Off on the effectiveness of the internal control system of E.ON SE's financial reporting.

Internal Audit regularly informs the E.ON SE Supervisory Board's Audit and Risk Committee about the internal control system for financial reporting and any significant issues areas it identifies in the E.ON Group's underlying control processes.

General IT Controls

The effectiveness of the automated controls in the standard accounting software systems and in key additional applications depends to a considerable degree on the proper functioning of IT systems. Consequently, IT controls are embedded in our documentation system. These controls primarily involve ensuring the proper functioning of access-control mechanisms of systems and applications, of daily IT operations (such as emergency intervention), and of the program change process. In addition, support for the central consolidation system is conducted at E.ON SE in Düsseldorf. Furthermore, an E.ON company called E.ON IT and external service providers provide comprehensive IT services for the majority of our units.

Disclosures Pursuant to Section 289, Paragraph 4, and Section 315, Paragraph 4, of the German Commercial Code

Composition of Share Capital

The share capital totals €2,001,000,000.00 and consists of 2,001,000,000 registered shares without nominal value. Each share of stock grants the same rights and one vote at a Shareholders Meeting.

Restrictions on Voting Rights or the Transfer of Shares

Shares acquired by an employee under the Company-sponsored employee stock purchase program are subject to a blackout period that begins the day ownership of such shares is transferred to the employee and that ends on December 31 of the next calendar year plus one. As a rule, an employee may not sell such shares until the blackout period has expired.

Pursuant to Section 71b of the German Stock Corporation Act (known by its German abbreviation, "AktG"), the Company's own shares give it no rights, including no voting rights.

Legal Provisions and Rules of the Company's Articles of Association Regarding the Appointment and Removal of Board of Management Members and Amendments to the Articles of Association

Pursuant to the Company's Articles of Association, the Board of Management consists of at least two members. The Supervisory Board decides on the number of members as well as on their appointment and dismissal.

The Supervisory Board appoints members to the Board of Management for a term not exceeding five years; reappointment is permissible. If more than one person is appointed as a member of the Board of Management, the Supervisory Board may appoint one of the members as Chairperson of the Board of Management. If a Board of Management member is absent, in the event of an urgent matter, the court makes the necessary appointment upon petition by a concerned party. The Supervisory Board may revoke the appointment of a member of the Board of Management and the Chairperson of the Board of Management for serious cause (for further details, see Sections 84 and 85 of the AktG).

Resolutions of the Shareholders Meeting require a majority of the valid votes cast unless the law or the Articles of Association explicitly prescribe otherwise. An amendment to the Articles of Association requires a two-thirds majority of the votes cast or, in cases where at least half of the share capital is represented, a simple majority of the votes cast unless the law explicitly prescribes another type of majority.

The Supervisory Board is authorized to decide by resolution on amendments to the Articles of Association that affect only their wording (Section 10, Paragraph 7, of the Articles of Association). Furthermore, the Supervisory Board is authorized to revise the wording of Section 3 of the Articles of Association upon utilization of authorized or conditional capital.

Board of Management's Power to Issue or Buy Back Shares

Pursuant to a resolution of the Shareholders Meeting of May 3, 2012, the Board of Management is authorized, until May 2, 2017, to acquire own shares. The shares acquired and other own shares that are in possession of or to be attributed to the Company pursuant to Sections 71a et seq. of the AktG must altogether at no point account for more than 10 percent of the Company's share capital.

At the Board of Management's discretion, the acquisition may be conducted

- through a stock exchange
- by means of a public offer directed at all shareholders or a public solicitation to submit offers
- by means of a public offer or a public solicitation to submit offers for the exchange of liquid shares that are admitted to trading on an organized market for Company shares
- by use of derivatives (put or call options or a combination of both).

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, in pursuit of one or more objectives by the Company and also by affiliated companies or by third parties for the Company's account or its affiliates' account.

With regard to treasury shares that will be or have been acquired based on the above-mentioned authorization and/or prior authorizations by the Shareholders Meeting, the Board of Management is authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use these shares—in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders—as follows:

- to be sold and transferred against cash consideration
- to be sold and transferred against contribution in kind
- to be used in order to satisfy the rights of creditors of bonds with conversion or option rights or, respectively, conversion obligations issued by the Company or its Group companies
- to be offered for purchase and transferred to individuals who are employed by the Company or one of its affiliates.

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, separately or collectively by the Company and also by Group companies or by third parties for the Company's account or its affiliates' account.

In addition, the Board of Management is authorized to cancel treasury shares, without such cancellation or its implementation requiring an additional resolution by the Shareholders Meeting.

In each case, the Board of Management will inform the Shareholders Meeting about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired, the amount of the registered share capital attributable to them, the portion of the registered share capital represented by them, and their equivalent value.

By shareholder resolution adopted at the Annual Shareholders Meeting of May 3, 2012, the Board of Management was authorized, subject to the Supervisory Board's approval, to increase until May 2, 2017, the Company's capital stock by a total of up to €460 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (with the option to restrict shareholders' subscription rights); such increase shall not, however, exceed the amount and number of shares in which the authorized capital pursuant to Section 3 of the Articles of Association of E.ON AG still exists at the point in time when the conversion of E.ON AG into a European Company ("SE") becomes effective pursuant to the conversion plan dated March 6, 2012 (authorized capital pursuant to Sections 202 et seq. AktG). Subject to the Supervisory Board's approval, the Board of Management is authorized to exclude shareholders' subscription rights. The authorized capital increase was not utilized.

At the Annual Shareholders Meeting of May 3, 2012, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of €175 million, which is authorized until May 2, 2017. The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights and income bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG, and to the extent that no cash settlement has been granted in lieu of conversion and no E.ON SE treasury shares or shares of another listed company have been used to service the rights. However, this conditional capital increase only applies up to the amount and number of shares in which the conditional capital pursuant to Section 3 of the Articles of Association of E.ON AG has not yet been implemented at

the point in time when the conversion of E.ON AG into a European Company ("SE") becomes effective in accordance with the conversion plan dated March 6, 2012. The conditional capital increase was not utilized.

Significant Agreements to Which the Company Is a Party that Take Effect on a Change of Control of the Company Following a Takeover Bid

Debt issued since 2007 contains change-of-control clauses that give the creditor the right of cancellation. This applies, inter alia, to bonds issued by E.ON International Finance B.V. and guaranteed by E.ON SE, promissory notes issued by E.ON SE, and other instruments such as credit contracts. Granting change-of-control rights to creditors is considered good corporate governance and has become standard market practice. Further information about financial liabilities is contained in the section of the Combined Group Management Report entitled Financial Situation and in Note 26 to the Consolidated Financial Statements.

Settlement Agreements between the Company and Board of Management Members or Employees in the Case of a Change-of-Control Event

In the event of a premature loss of a Board of Management position due to a change-of-control event, the service agreements of Board of Management members entitle them to severance and settlement payments (see the detailed presentation in the Compensation Report).

A change-of-control event would also result in the early payout of performance rights under the E.ON Share Performance Plan.

Corporate Governance Declaration in Accordance with Section 289a of the German Commercial Code

Declaration Made in Accordance with Section 161 of the German Stock Corporation Act by the Board of Management and the Supervisory Board of E.ON SE

The Board of Management and the Supervisory Board hereby declare that E.ON SE will comply in full with the recommendations of the "Government Commission German Corporate Governance Code," dated May 13, 2013, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*).

The Board of Management and the Supervisory Board furthermore declare that E.ON SE has been in compliance in full with the recommendations of the "Government Commission German Corporate Governance Code," dated May 15, 2012, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) since the last declaration on December 10, 2012.

Düsseldorf, December 16, 2013

For the Supervisory Board of E.ON SE
 Werner Wenning
 (Chairman of the Supervisory Board of E.ON SE)

For the Board of Management of E.ON SE
 Dr. Johannes Teyssen
 (Chairman of the Board of Management of E.ON SE)

The declaration is continuously available to the public on the Company's Internet page at www.eon.com.

Relevant Information about Management Practices Corporate Governance

E.ON views good corporate governance as a central foundation of responsible and value-oriented management, efficient collaboration between the Board of Management and the Supervisory Board, transparent disclosures, and appropriate risk management.

In 2013 the Board of Management and Supervisory Board paid close attention to E.ON's compliance with the German Corporate Governance Code's recommendations and suggestions. They determined that E.ON fully complies with all of the Code's recommendations and with nearly all of its suggestions. In 2013 the Supervisory also conducted an efficiency test on the way it performs its duties.

Transparent Management

Transparency is a high priority of E.ON SE's Board of Management and Supervisory Board. Our shareholders, all capital market participants, financial analysts, shareholder associations, and the media regularly receive up-to-date information about the situation of, and any material changes to, the Company. We primarily use the Internet to help ensure that all investors have equal access to comprehensive and timely information about the Company.

E.ON SE issues reports about its situation and earnings by the following means:

- Interim Reports
- Annual Report
- Annual press conference
- Press releases
- Telephone conferences held on release of the quarterly Interim Reports and the Annual Report
- Numerous events for financial analysts in and outside Germany.

A financial calendar lists the dates on which the Company's financial reports are released.

In addition to the Company's periodic financial reports, the Company issues ad hoc statements when events or changes occur at E.ON SE that could have a significant impact on the price of E.ON stock.

The financial calendar and ad hoc statements are available on the Internet at www.eon.com.

Directors' Dealings

Persons with executive responsibilities, in particular members of E.ON SE's Board of Management and Supervisory Board, and persons closely related to them, must disclose their dealings in E.ON stock or in related financial instruments pursuant to Section 15a of the German Securities Trading Act. Such dealings that took place in 2013 have been disclosed on the Internet at www.eon.com. As of December 31, 2013, there was no ownership interest subject to disclosure pursuant to Item 6.3 of the German Corporate Governance Code.

Integrity

Our actions are grounded in integrity and a respect for the law. The basis for this is the Code of Conduct established by the Board of Management and confirmed in 2013. It emphasizes that all employees must comply with laws and regulations and with Company policies. These relate to dealing with business partners, third parties, and government institutions, particularly with regard to antitrust law, the granting and accepting of benefits, the involvement of intermediaries, and the selection of suppliers and service providers. Other rules address issues such as the avoidance of conflicts of interest (such as the prohibition to compete, secondary employment, material financial investments) and handling company information, property, and resources. The policies and procedures of our compliance organization ensure the investigation, evaluation, cessation, and punishment of reported violations by the appropriate Compliance Officers and the E.ON Group's Chief Compliance Officer. Violations of the Code of Conduct can also be reported anonymously (for example, by means of a whistleblower report). The Code of Conduct is published on www.eon.com.

Description of the Functioning of the Board of Management and Supervisory Board and of the Composition and Functioning of Their Committees Board of Management

The E.ON SE Board of Management manages the Company's businesses, with all its members bearing joint responsibility for its decisions. It establishes the Company's objectives, sets its fundamental strategic direction, and is responsible for corporate policy and Group organization.

The Board of Management consists of six members and has one Chairperson. Someone who has reached the general retirement age should not be a member of the Board of Management. The Board of Management has in place policies and procedures for the business it conducts and, in consultation with the Supervisory Board, has assigned task areas to its members.

The Board of Management regularly reports to the Supervisory Board on a timely and comprehensive basis on all relevant issues of strategy, planning, business development, risk situation, risk management, and compliance. It also submits the Group's investment, finance, and personnel plan for the coming financial year as well as the medium-term plan to the Supervisory Board for its approval, generally at the last meeting of each financial year.

The Chairperson of the Board of Management informs, without undue delay, the Chairperson of the Supervisory Board of important events that are of fundamental significance in assessing the Company's situation, development, and management and of any defects that have arisen in the Company's monitoring systems. Transactions and measures requiring the Supervisory Board's approval are also submitted to the Supervisory Board in a timely manner.

Members of the Board of Management are also required to promptly report conflicts of interest to the Executive Committee of the Supervisory Board and to inform the other members of the Board of Management. Members of the Board of Management may only assume other corporate positions, particularly appointments to the supervisory boards of non-Group companies, with the consent of the Executive Committee of the Supervisory Board. There were no conflicts of interest involving members of the E.ON SE Board of Management in 2013. Any material transactions between the Company and members of the Board of Management, their relatives, or entities with which they have close personal ties require the consent of the Executive Committee of the Supervisory Board. No such transactions took place in 2013.

In addition, the Board of Management has established a number of committees that support it in the fulfillment of its tasks. The members of these committees are senior representatives of various departments of E.ON SE whose experience, responsibilities, and expertise make them particularly suited for their committee's tasks. Among these committees are the following:

A Disclosure Committee supports the Board of Management on issues relating to financial disclosures and ensures that such information is disclosed in a correct and timely fashion.

A Risk Committee ensures the correct application and implementation of the legal requirements of Paragraph 91 of the German Stock Corporation Act ("AktG"). This committee monitors the E.ON Group's risk situation and its risk-bearing capacity and devotes particular attention to the early-warning system to ensure the early identification of going-concern risks to avoid developments that could potentially threaten the Group's continued existence. In collaboration with relevant departments, the committee ensures and refines the implementation of, and compliance with, the reporting policies enacted by the Board of Management with regard to commodity risks, credit risks, and opportunities and risks pursuant to Germany's Corporate Sector Control and Transparency Act ("KonTraG").

A Market Committee ensures that E.ON, across all its entities and in a timely manner, adopts clear and unequivocal policies and assigns clear mandates for monitoring market developments and managing its commodity portfolio (power, gas, coal, and so forth). The committee thus manages the portfolio's risk-reward profile in pursuance of the E.ON Group's strategic and financial objectives.

Supervisory Board

The E.ON SE Supervisory Board has twelve members and, in accordance with the Company's Articles of Association, is composed of an equal number of shareholder and employee representatives. The shareholder representatives are elected by the shareholders at the Annual Shareholders Meeting; the Supervisory Board nominates candidates for this purpose. Pursuant to the agreement regarding employees' involvement in E.ON SE, the other six members of the Supervisory Board are appointed by the SE Works Council, with the proviso that at

least three different countries are represented and one member is selected by a German trade union that is represented at E.ON SE or one of its subsidiaries in Germany. Persons are not eligible as Supervisory Board members if they:

- are already supervisory board members in ten commercial companies that are required by law to form a supervisory board
- are legal representatives of an enterprise controlled by the Company
- are legal representatives of another corporation whose supervisory board includes a member of the Company's Board of Management
- were a member of the Company's Board of Management in the past two years, unless the person concerned is nominated by shareholders who hold more than 25 percent of the Company's voting rights.

At least one independent member of the Supervisory Board must have expertise in preparing or auditing financial statements. The Supervisory Board believes that Werner Wenning and Dr. Theo Siegert meet this requirement.

The Supervisory Board oversees the Company's management and advises the Board of Management on an ongoing basis. The Board of Management requires the Supervisory Board's prior approval for significant transactions or measures, such as the Group's investment, finance, and personnel plans; the acquisition or sale of companies, equity interests, or parts of companies whose value exceeds €500 million or 2.5 percent of stockholders' equity as shown in the most recent Consolidated Balance Sheets; financing measures that exceed 5 percent of stockholders' equity as shown in the most recent Consolidated Balance Sheets and have not been covered by Supervisory Board resolutions regarding finance plans; and the conclusion, amendment, or termination of affiliation agreements. The Supervisory Board examines the Financial Statements of E.ON SE, the Management Report, and the proposal for profit appropriation and, on the basis of the Audit and Risk Committee's preliminary review, the Consolidated Financial Statements and the Combined Group Management Report. The Supervisory Board provides to the Annual Shareholders Meeting a written report on the results of this examination.

The Supervisory Board has established policies and procedures for itself. It holds four regular meetings in each financial year. Its policies and procedures include mechanisms by which, if necessary, a meeting of the Supervisory Board or one of its

committees can be called at any time by a member or by the Board of Management. In the event of a tie vote on the Supervisory Board, the Chairperson has the tie-breaking vote.

Overview of the Attendance of Supervisory Board Members at Meetings of the Supervisory Board and Its Committees

Supervisory Board	Supervisory Board	Executive Committee	Audit and Risk Committee	Finance and Investment Committee	Nomination Committee
Werner Wenning	5/5	6/6	4/4	5/5	1/1
Prof. Dr. Ulrich Lehner	5/5	6/6	-	-	1/1
Erhard Ott	5/5	6/6	-	-	-
Gabriele Gratz	5/5	1/1 (guest)	-	4/5	-
Baroness Denise Kingsmill, CBE	4/5	-	-	-	-
Eugen-Gheorghe Luha	5/5	-	-	-	-
René Obermann	4/5	-	-	-	-
Klaus Dieter Raschke	5/5	6/6	4/4	-	-
Eberhard Schomburg	5/5	-	4/4	-	-
Dr. Karen de Segundo	5/5	-	-	5/5	1/1
Dr. Theo Siegert	5/5	1/1 (guest)	4/4	-	-
Willem Vis	5/5	-	-	5/5	-

In view of Item 5.4.1 of the German Corporate Governance Code, in December 2012 the Supervisory Board defined targets for its composition that go beyond the applicable legal requirements. These targets are as follows:

"The Supervisory Board's composition should ensure that, on balance, its members have the necessary expertise, skills, and professional experience to discharge their duties properly. Each Supervisory Board member should have or acquire the minimum expertise and skills needed to be able to understand and assess on his or her own all the business events and transactions that generally occur. The Supervisory Board should include a sufficient number of independent candidates; members are deemed independent if they do not have any personal or business relationship with the Company, its Board of Management, a shareholder with a controlling interest in the Company or with a company affiliated with such a shareholder, and such a relationship could constitute a material, and not merely temporary, conflict of interest. The Supervisory Board has a sufficient number of independent members if ten of its twelve members are independent. Employee representatives are, as a rule, deemed independent. The Supervisory Board should not include more than two former members of the Board of Management, and members of the Supervisory Board must not sit on the boards of, or act as consultants for, any of the Company's major competitors.

Each Supervisory Board member must have sufficient time available to perform his or her duties on the boards of various E.ON companies. Persons who are members of the board of management of a listed company shall therefore only be eligible as members of E.ON's Supervisory Board if they do not sit on more than three supervisory boards of listed non-Group companies or in comparable supervisory bodies of non-Group companies.

As a general rule, Supervisory Board members should not be older than 70 at the time of their election.

The key role of the Supervisory Board is to oversee and advise the Board of Management. Consequently, a majority of the shareholder representatives on the Supervisory Board should have experience as members of the board of management of a stock corporation or of a comparable company or association in order to discharge their duties in a qualified manner.

In addition, the Supervisory Board as a whole should have particular expertise in the energy sector and the E.ON Group's business operations. Such expertise includes knowledge about the key markets in which the E.ON Group operates.

If the qualifications of several candidates for the Supervisory Board meet, to an equal degree, the general and company-related requirements, the Supervisory Board intends to consider other criteria in its nomination of candidates in order to increase the Supervisory Board's diversity.

In view of the E.ON Group's international orientation, the Supervisory Board should include a sufficient number of members who have spent a significant part of their professional career abroad.

On December 13, 2010, the E.ON AG Supervisory Board first set targets for its composition. These included the target of continually increasing the number of women on the Supervisory Board, which at that time had two women: one shareholder representative and one employee representative. Following the election of another female shareholder representative in 2011 and the Company's transformation into a Societas Europaea ("SE") (which reduced the Supervisory Board to twelve members), we have already achieved the target of doubling the number of woman members, a target originally set for the Supervisory Board's next regular election in May 2013, because at this time 25 percent of the Supervisory Board's members are women. We stand by our original target of increasing women's representation on the Supervisory Board to 30 percent as of the regular election in 2018."

The targets for the Supervisory Board's composition set in December 2012 were taken into consideration by the Nomination Committee in its recommendations for the election, held at the 2013 Annual Shareholders Meeting, of the six shareholder representatives to serve on the Supervisory Board. The proposed candidates—Werner Wenning, Baroness Denise Kingsmill, Prof. Dr. Ulrich Lehner, René Obermann, Dr. Karen de Segundo, and Dr. Theo Siegert—were elected. In its current composition the Supervisory Board already meets the targets it set for a sufficient number of independent members, company-specific qualification requirements, and diversity. With the departure of Gabriele Gratz effective December 31, 2013, the Supervisory Board currently has two female members, both of whom are shareholder representatives.

In addition, under the Supervisory Board's policies and procedures, Supervisory Board members are required to disclose to the Supervisory Board any conflicts of interest, particularly if a conflict arises from their advising, or exercising a board function with, one of E.ON's customers, suppliers, creditors, or other third parties. The Supervisory Board reports any conflicts of interest to the Annual Shareholders Meeting and

describes how the conflicts have been dealt with. Any material conflict of interest of a non-temporary nature should result in the termination of a member's appointment to the Supervisory Board. There were no conflicts of interest involving members of the Supervisory Board in 2013. Any consulting or other service agreements between the Company and a Supervisory Board member require the Supervisory Board's consent. No such agreements existed in 2013.

The Supervisory Board has established the following commitments and defined policies and procedures for them:

The Executive Committee consists of four members: the Supervisory Board Chairperson, his or her two Deputies, and a further employee representative. It prepares the meetings of the Supervisory Board and advises the Board of Management on matters of general policy relating to the Company's strategic development. In urgent cases (in other words, if waiting for the Supervisory Board's prior approval would materially prejudice the Company), the Executive Committee acts on the full Supervisory Board's behalf. In addition, a key task of the Executive Committee is to prepare the Supervisory Board's personnel decisions and resolutions for setting the respective total compensation of individual Board of Management members within the meaning of Section 87, AktG. Furthermore, it is responsible for the conclusion, alteration, and termination of the service agreements of Board of Management members and for presenting the Supervisory Board with a proposal for a resolution on the Board of Management's compensation plan and its periodic review. It also deals with corporate-governance matters and reports to the Supervisory Board, generally once a year, on the status and effectiveness of, and possible ways of improving, the Company's corporate governance and on new requirements and developments in this area.

The Audit and Risk Committee consists of four members who should have special knowledge in the field of accounting or business administration. In line with Section 100, Paragraph 5, AktG, and the German Corporate Governance Code, the Chairperson has special knowledge and experience in the application of accounting principles and internal control processes. In particular, the Audit and Risk Committee monitors the

Company's accounting and the accounting process; the effectiveness of internal control systems, internal risk management, and the internal audit system; compliance; and the independent audit. With regard to the independent audit, the committee also deals with the definition of the audit priorities and the agreement regarding the independent auditor's fees. The Audit and Risk Committee also prepares the Supervisory Board's decision on the approval of the Financial Statements of E.ON SE and the Consolidated Financial Statements. It also examines the Company's quarterly Interim Reports and discusses the audit review of the Interim Reports with the independent auditor and regularly reviews the Company's risk situation, risk-bearing capacity, and risk management. The effectiveness of the internal control mechanisms for the accounting process used at E.ON SE and the management units is tested on a regular basis by our Internal Audit division; the Audit and Risk Committee regularly monitors the work done by the Internal Audit division and the definition of audit priorities. In addition, the Audit and Risk Committee prepares the proposal on the selection of the Company's independent auditor for the Annual Shareholders Meeting. In order to ensure the auditor's independence, the Audit and Risk Committee secures a statement from the proposed auditors detailing any facts that could lead to the audit firm being excluded for independence reasons or otherwise conflicted.

In being assigned the audit task, the independent auditor agrees to:

- promptly inform the Chairperson of the Audit and Risk Committee should any such facts arise during the course of the audit unless such facts are promptly resolved in satisfactory manner
- promptly inform the Supervisory Board of anything arising during the course of the audit that is of relevance to the Supervisory Board's duties
- inform the Chairperson of the Audit and Risk Committee of, or to note in the audit report, any facts that arise during the audit that contradict the statements submitted by the Board of Management or Supervisory Board in connection with the German Corporate Governance Code.

The Finance and Investment Committee consists of four members. It advises the Board of Management on all issues of Group financing and investment planning. It decides on behalf of the Supervisory Board on the approval of the acquisition and disposition of companies, equity interests, and parts of companies whose value exceeds €500 million, or 2.5 percent of the equity listed in the Company's most recent Consolidated Balance Sheet, but does not exceed €1 billion. In addition, it decides on behalf of the Supervisory Board on the approval of financing measures whose value exceeds 5 percent, but not 10 percent, of the equity listed in the Company's most recent Consolidated Balance Sheet if such measures are not covered by the Supervisory Board's resolutions regarding finance plans. If the value of any such transactions or measures exceeds the above-mentioned thresholds, the Finance and Investment Committee prepares the Supervisory Board's decision.

The Nomination Committee consists of three shareholder-representative members. Its Chairperson is the Chairperson of the Supervisory Board. Its task is to recommend to the Supervisory Board, taking into consideration the Supervisory Board's targets for its composition, suitable candidates for election to the Supervisory Board by the Annual Shareholders Meeting.

All committees meet at regular intervals and when specific circumstances require it under their policies and procedures. The Report of the Supervisory Board (on pages 4 to 9) contains information about the activities of the Supervisory Board and its committees in 2013. Pages 208 and 209 show the composition of the Supervisory Board and its committees.

Shareholders and Annual Shareholders Meeting

E.ON SE shareholders exercise their rights and vote their shares at the Annual Shareholders Meeting. The Company's financial calendar, which is published in the Annual Report, in the quarterly Interim Reports, and on the Internet at www.eon.com, regularly informs shareholders about important Company dates.

At the Annual Shareholders Meeting, shareholders may vote their shares themselves, through a proxy of their choice, or through a Company proxy who is required to follow the shareholder's voting instructions.

As stipulated by German law, the Annual Shareholders Meeting votes to select the Company's independent auditor.

Compensation Report pursuant to Section 289, Paragraph 2, Item 5 and Section 315, Paragraph 2, Item 4 of the German Commercial Code

This compensation report describes the compensation plan and the individual compensation for E.ON SE's Supervisory Board and Board of Management. It applies the regulations of the German Commercial Code and the German Stock Corporation Act (known by its German abbreviation, "AktG") as well as the principles of the German Corporate Governance Code ("the Code").

Compensation Plan for Members of the Supervisory Board

The compensation of Supervisory Board members is determined by the Annual Shareholders Meeting and governed by E.ON SE's Articles of Association. In accordance with German law, the compensation plan takes into consideration Supervisory Board members' responsibilities and scope of duties.

Since 2011, Supervisory Board members receive fixed compensation only. This form of compensation enhances the Supervisory Board's independence, which is necessary for it to fulfill its supervisory function. In addition, there are a number of duties that Supervisory Board members must perform irrespective of the Company's financial performance. The new plan ensures an appropriate level of compensation even when the Company faces difficult times, since in such times the Supervisory Board's work is often particularly demanding.

The details of the compensation plan are as follows: In addition to being reimbursed for their expenses including the value-added tax due on their compensation, Supervisory Board members receive fixed compensation of €140,000 for each financial year. The Chairman of the Audit and Risk Committee receives an additional €180,000; the members of the Audit and Risk Committee, an additional €110,000. Other committee chairmen receive an additional €140,000; committee members,

an additional €70,000. There is no additional compensation for members of the Nomination Committee or of any committees formed on an ad hoc basis. Members serving on more than one committee receive the highest applicable committee compensation only. In contradistinction to the compensation just described, the Chairman of the Supervisory Board receives fixed compensation of €440,000; the Deputy Chairmen, €320,000. The Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. In addition, Supervisory Board members are paid an attendance fee of €1,000 per day for meetings of the Supervisory Board or its committees. Compensation is paid on a pro rata basis after the completion of each quarter.

Individuals who were members of the Supervisory Board or any of its committees for less than an entire financial year receive pro rata compensation.

Finally, the Company has taken out D&O insurance for the benefit of Supervisory Board members to cover the statutory liability related to their Supervisory Board duties. In accordance with the Code's recommendations, this insurance includes a deductible in the case of a damage claim being granted. The deductible is 10 percent of a damage claim but with a maximum cumulative annual cap of 150 percent of a member's annual fixed compensation.

Compensation of the Members of the Supervisory Board

The total compensation of the members of the Supervisory Board amounted to €3.2 million (prior year: €4.6 million). As in the prior year, no loans were outstanding or granted to Supervisory Board members in the 2013 financial year. The members of the Supervisory Board are listed on pages 208 and 209.

Supervisory Board Compensation								
€	Supervisory Board compensation		Compensation for committee duties		Supervisory Board compensation from affiliated companies		Total	
	2013	2012	2013	2012	2013	2012 ¹	2013	2012
Werner Wenning	440,000	440,000	-	-	-	-	440,000	440,000
Prof. Dr. Ulrich Lehner	320,000	170,000	-	58,333	-	-	320,000	228,333
Erhard Ott	320,000	320,000	-	-	-	-	320,000	320,000
Werner Bartoschek (until November 15, 2012)	-	128,333	-	100,833	-	32,625	-	261,791
Sven Bergelin (until November 15, 2012)	-	128,333	-	-	-	52,310	-	180,643
Oliver Biniek (until November 15, 2012)	-	128,333	-	64,167	-	3,869	-	196,369
Gabriele Gratz	140,000	140,000	70,000	70,000	18,904	54,500	228,904	264,500
Ulrich Hocker (until November 15, 2012)	-	128,333	-	-	-	-	-	128,333
Baroness Denise Kingsmill CBE	140,000	140,000	-	-	-	-	140,000	140,000
Eugen-Gheorghe Luha (since November 15, 2012)	140,000	23,333	-	-	-	-	140,000	23,333
Bård Mikkelsen (until November 15, 2012)	-	128,333	-	-	-	-	-	128,333
René Obermann	140,000	140,000	-	-	-	-	140,000	140,000
Hans Prüfer (until November 15, 2012)	-	128,333	-	64,167	-	-	-	192,500
Klaus Dieter Raschke	140,000	140,000	110,000	110,000	20,070	46,300	270,070	296,300
Dr. Walter Reitler (until November 15, 2012)	-	128,333	-	-	-	31,625	-	159,958
Hubertus Schmoldt (until November 15, 2012)	-	128,333	-	-	-	-	-	128,333
Eberhard Schomburg (since November 15, 2012)	140,000	23,333	110,000	18,333	15,631	6,775	265,631	48,441
Dr. Henning Schulte-Noelle (until November 15, 2012)	-	128,333	-	64,167	-	-	-	192,500
Dr. Karen de Segundo	140,000	140,000	70,000	11,667	-	-	210,000	151,667
Dr. Theo Siegert	140,000	140,000	180,000	180,000	-	-	320,000	320,000
Willem Vis (since November 15, 2012)	140,000	23,333	70,000	11,667	-	-	210,000	35,000
Dr. Georg Frhr. von Waldenfels (until November 15, 2012)	-	128,333	-	-	-	-	-	128,333
Hans Wollitzer (until November 15, 2012)	-	128,333	-	64,167	-	49,925	-	242,425
Subtotal	2,340,000	3,251,662	610,000	817,501	54,605	277,929	3,004,605	4,347,092
Attendance fees and meeting-related reimbursements							168,738	246,598
Total							3,173,343	4,593,690

An expense-based approach was used for Supervisory Board compensation and attendance fees shown for 2012 and 2013.
¹For members who departed from, or joined, the Supervisory Board in 2012, figures were calculated on a prorated basis.

Compensation Plan for Members of the Board of Management

In accordance with the AktG's provisions and the principles of the version of the Code dated May 13, 2013, the Supervisory Board must approve the Executive Committee's proposal for the Board of Management's compensation plan and reviews the plan regularly.

At its meeting on March 12, 2013, the Supervisory Board passed a resolution approving the following compensation plan for the Board of Management.

Components of the Compensation Plan

The compensation of Board of Management members is composed of a fixed annual base salary paid on a monthly basis, an annual bonus, and a long-term variable component.

These components account for approximately the following percentages of total compensation:

- | | |
|---|--|
| • Base salary | 30 percent |
| • Annual target bonus
with 100-percent target attainment | 40 percent
(of which two thirds is short-term, one third long-term) |
| • Long-term compensation
(value at issuance) | 30 percent |

Bonus Mechanism

The annual bonus mechanism consists of two components: a short-term incentive ("STI") and a long-term incentive ("LTI"). The STI component generally accounts for two-thirds of the annual bonus, the LTI component for one third. The LTI component is not paid out at the conclusion of the financial year but is instead translated into virtual shares, which have a four-year vesting period, based on E.ON's stock price. The LTI component can account for at most 50 percent of the target bonus.

The amount of the bonus is determined by the degree to which certain performance targets are attained. The target-setting mechanism consists of company performance targets and individual performance targets. The first step in calculating a Board of Management member's total bonus is to determine to what degree E.ON has achieved its company target. The second step is for the Supervisory Board to evaluate the Board of Management member's individual performance and, based on this evaluation, to assign it an individual performance factor. The third step is for the company performance to be multiplied by the Board of Management member's individual performance factor.

As under the old plan, the metric used for the operating-earnings target is EBITDA. The EBITDA target for a particular financial year is the plan figure approved by the Supervisory Board. If E.ON's actual EBITDA is equal to the EBITDA target, this constitutes 100 percent attainment. If it is 30 percentage points or more below the target, this constitutes zero percent achievement. If it is 30 percentage points or more above the target, this constitutes 200 percent attainment. Linear interpolation is used to translate intermediate EBITDA figures into percentages.

The Supervisory Board then evaluates this arithmetically derived figure on the basis of certain qualitative criteria and, if necessary, adjusts it within a range of ± 20 percentage points. The criteria for this qualitative evaluation are the ratio between cost of capital and EBITDA, a comparison with prior-year EBITDA, and general market developments. Extraordinary events are not factored into the determination of target attainment.

In assigning Board of Management members their individual performance factors the Supervisory Board evaluates their individual contribution to the attainment of collective targets as well as their attainment of their individual targets. The Supervisory Board, at its discretion, determines the degree to which Board of Management members have met the targets of the individual-performance portion of their annual bonus. In making this determination, the Supervisory Board pays particular attention to the criteria of Section 87 of the AktG and to the Code.

The Supervisory Board has the discretionary power to make a final, overall assessment on the basis of which it may adjust the size of the bonus. This overall assessment does not refer to above-described targets or comparative parameters, which are not, under the Code's recommendations, supposed to be changed retroactively. In addition, the Supervisory Board may, as part of the annual bonus, grant Board of Management members special compensation for outstanding achievements.

The maximum bonus that can be attained (including any special compensation) is 200 percent of the target bonus.

Long-Term Variable Compensation

The long-term variable compensation that Board of Management members receive is stock-based compensation under the E.ON Share Matching Plan. The Supervisory Board decides each year on the allocation of new tranches, including the respective targets and the number of virtual shares granted to individual members of the Board of Management. To ensure

that this compensation is sustainable within the meaning of the AktG, all tranches allocated since 2010 have a vesting period of four years.

The dependence of this compensation on E.ON's stock price serves to align management's and shareholders' interests and objectives.

Following the Supervisory Board's decision to allocate a new tranche, Board of Management members initially receive non-vested virtual shares equivalent to the amount of the LTI component of their bonus. The determination of the LTI component takes into consideration the overall target attainment of the bonus. The number of virtual shares is calculated on the basis of the amount of their LTI component and E.ON's average stock price during the first 60 days of the four-year vesting period. Furthermore, Board of Management members may receive, on the basis of annual Supervisory Board decisions, a base matching of additional non-vested, expirable virtual shares in addition to the virtual shares resulting from their LTI component. In addition, Board of Management members may, depending on the company's performance during the vesting period, receive performance matching of up to two additional virtual shares per share resulting from base matching. The arithmetical total target value allocated at the start of the vesting period, which begins on April 1 of the year in which a tranche is allocated, is therefore the sum of the value of the LTI component, base matching, and performance matching (depending on the degree of attainment of a predefined company performance target).

For the purpose of performance matching, the company performance metric is E.ON's average ROACE during the four-year vesting period compared with a target ROACE set in advance by the Supervisory Board for the entire four-year period at the time it allocates a new tranche. Extraordinary events are not factored into the determination of target attainment for company performance. Depending on the degree of target attainment for the company performance metric, each virtual share resulting from base matching may be matched by between zero and two additional virtual shares at the end of the vesting period. If the predetermined company performance target is fully attained, Board of Management members receive one additional virtual share for each virtual share resulting from base matching. Linear interpolation is used to translate intermediate figures.

At the end of the vesting period, the virtual shares held by Board of Management members are assigned a cash value based on E.ON's average stock price during the final 60 days of the vesting period. To each virtual share is then added the aggregate per share dividend paid out during the vest period. This total—cash value plus dividends—is then paid out. Payouts are capped at 200 percent of the arithmetical total target value.

In order to introduce the new plan as swiftly as possible, Board of Management members received virtual shares in 2013 as part of an interim solution; allocations under the old Share Performance Plan were not granted.

Since 2010, more than 60 percent of the Board of Management's variable compensation (which consists of the annual bonus and long-term variable compensation) is based on long-term performance metrics, thereby ensuring that this variable compensation is sustainable. The sustainability requirement is also reflected by the fact that the Supervisory Board considers the criteria of Section 87 of the AktG and the Code when it determines the individual performance portion of the annual bonus.

Note 11 to the Consolidated Financial Statements contains additional details about stock-based compensation.

Overall Cap

Beginning with the 2013 financial year, current Board of Management members' cash compensation has an overall cap. This means that the sum of base salary, annual bonus, any special compensation, and long-term variable compensation in one year may not exceed 200 percent of total target cash compensation, which consists of base salary, target bonus, and the target value of virtual shares.

Contractual Non-cash Compensation

Under their contracts, Board of Management members receive non-cash compensation in the form of a chauffeur-driven company car for business and personal use, telecommunications equipment for business and personal use, appropriate accident insurance coverage, and an annual medical examination. In addition, Board of Management members have D&O insurance

coverage. If an insurance claim is granted, this insurance includes a deductible. In accordance with AktG, the deductible is equal to 10 percent of a damage claim but with a maximum cumulative annual cap of 150 percent of the member's annual fixed compensation.

Settlement Cap for Premature Termination of Board of Management Duties

In accordance with the Code, all Board of Management members have a settlement cap. Under the cap, payments to a Board of Management member for a premature termination of Board of Management duties without significant cause within the meaning of Section 626 of the German Civil Code may not exceed the value of two years' total compensation or the total compensation for the remainder of the member's service agreement, whichever is less.

Change-in-Control Clauses

The Company had change-in-control agreements with all Board of Management members in the 2010 financial year. In the event of a premature loss of a Board of Management position due to a change-in-control event, Board of Management members are entitled to severance and settlement payments.

The change-in-control agreements stipulate that a change in control exists in three cases: a third party acquires at least 30 percent of the Company's voting rights, thus triggering the automatic requirement to make an offer for the Company pursuant to Germany's Stock Corporation Takeover Law; the Company, as a dependent entity, concludes a corporate agreement; the Company is merged with another company. A Board of Management member is entitled to severance and settlement pay if, within 12 months of the change in control, his or her service agreement is terminated by mutual consent, expires, or is terminated by the Board member (in the latter case, however, only if his or her position on the Board is materially affected by the change in control).

In accordance with the Code, the settlement payments for Board of Management members would be equal to 150 percent of the settlement cap; that is, the capitalized amount of three years' total annual compensation (annual base salary, annual target bonus, and other compensation). To reflect discounting and setting off of payment for services rendered

to other companies or organizations, payments will be reduced by 20 percent. If a Board of Management member is above the age of 53, this 20-percent reduction is diminished incrementally.

Non-compete Clause

Beginning with the 2013 financial year, the service agreements of the current Board of Management members include a non-compete clause. For a period of six months after the termination of their service agreement, Board of Management members are contractually prohibited from working directly or indirectly for a company that competes directly or indirectly with the Company or its affiliates. Board of Management members receive a compensation payment for the period of the non-compete restriction. The prorated payment is based on 100 percent of their contractually stipulated annual target compensation (annual base pay and target bonus) but is, at a minimum, 60 percent of their most recently received compensation.

Pension Entitlements

Members appointed to the Board of Management since 2010 (Mr. Kildahl, Mrs. Stachelhaus, Dr.-Ing. Birnbaum, Mr. Winkel, and Mr. Schäfer) are enrolled in the Contribution Plan E.ON Management Board, a contribution-based pension plan whose terms (with the exception of the contribution amount) reflect those of the pension plan that has been in effect since 2008 for newly hired employees and senior managers of E.ON companies in Germany. Under the Contribution Plan E.ON Management Board, the Company contributes to Board of Management members' pension account. The amount of the annual contributions is equal to a predetermined percentage of pensionable income (base salary and annual bonus). The percentage for Board of Management members was set after consultations with outside compensation experts. The annual company contribution is equal to 13 percent of pensionable income. The second component of the company contribution is a performance-based contribution based on the difference between the E.ON Group's prior-year ROCE and cost of capital. The performance-based company contribution is a minimum of 1 percent and a maximum of 6 percent of pensionable

income. The third component is an annual matching contribution equal to 4 percent of pensionable income. The requirement for the matching contribution to be granted is that the Board of Management member contributes, at a minimum, the same amount by having it withheld from his or her compensation. The company-funded matching contribution is suspended if and as long as, for the last three years, the positive difference between the E.ON Group's prior-year ROCE and cost of capital is less than zero percentage points. The contributions made for a Board of Management member during a calendar year are capitalized based on a standard retirement age of 62 using, for each intervening year, an interest rate based on the return of long-term German treasury notes. At the time of pension payout, a Board of Management member (or his or her survivors) may choose to have the pension account balance paid out as a lifelong pension, in installments, or in a lump sum. In the case of retirement, the monthly pension is set so that its cash value at the time of pension payout—at the earliest, however, at the time that a Board of Management member or his or her survivors stop receiving compensation under his or her service agreement—is equal to the pension account balance taking into account a 1-percent increase per year.

In the case of Mr. Schäfer and Mr. Winkel, the Supervisory Board transferred their previous pension into the contribution-based plan and translated their benefit entitlements acquired prior to joining the Board of Management (which were based on their final salary) into capital contributions. The Supervisory Board agreed to a transitional arrangement with Mr. Schäfer and Mr. Winkel. If their service agreement is not extended they will receive transitional compensation based on their employment contracts and linked to their base pay prior to joining the Board of Management. In addition, in the case of pension benefits being due, Mr. Schäfer or his survivors may, for a limited time, choose between the above-described contribution-based pension plan and the pension plan based on final salary prior to joining the Board of Management. In the case of reappointment to the E.ON Board of Management, these interim arrangements are void.

The following commentary applies to the pension entitlements of Dr. Teyssen, Dr. Reutersberg, and Prof. Dr. Maubach, who ended his service on the Board of Management in 2013:

Following the end of their service for the Company, these Board of Management members are entitled to receive pension payments in three cases: departure on and after reaching the standard retirement age (60 years); departure due to permanent incapacitation; departure due to their service agreement being terminated prematurely or not extended by the Company (a so-called third pension situation).

In the first two cases (reaching the standard retirement age, permanent incapacitation), pension payments begin when a member departs the Board of Management for one of these reasons; annual pension payments are equal to between 50 percent and 75 percent of the member's last annual base salary depending on the length of service on the Board of Management.

The third pension case exists if Board of Management members had, at the time of their severance, been in a Top Management position in the E.ON Group for more than five years and if the termination or non-extension of their service agreement is not due to their misconduct or rejection of an offer of extension that is at least on a par with their existing service agreement. Under these circumstances, annual pension payments also range between 50 percent and 75 percent of the last annual base salary and begin when the member reaches the age of 60. Members who depart the Board of Management in this way receive a reduced pension as a bridge payment from the date of their departure until they reach the age of 60. The amount of the bridge payment is also initially between 50 percent and 75 percent of the last annual base salary based on the length of service on the Board of Management. This amount is then reduced by the ratio between the actual and potential length of service in a Top Management position in the E.ON Group until the standard retirement age. In contrast to this, the service agreements the Company concluded before the 2006 financial year do not include reductions to the bridge payment.

If a recipient of pension payments (or bridge payments) is entitled to pension payments or bridge payments stemming from earlier employment, 100 percent of these payments will be set off against his or her pension or bridge payments from the Company. In addition, 50 percent of income from other employment will be set off against bridge payments.

Pension payments are adjusted on an annual basis to reflect changes in the German consumer price index.

Following the death of an active or former Board of Management member, a reduced amount of his or her pension is paid as a survivor's pension to the family. Widows and widowers are entitled to lifelong payment equal to 60 percent of the pension a Board of Management member received on the date of his or her death or would have received had he or she entered retirement on this date. This payment is terminated if a widow or widower remarries. The children or dependents of a Board of Management member who have not reached the age of 18 are entitled, for the duration of their education or professional training until they reach a maximum age of 25, to an annual payment equal to 20 percent of the pension the Board of Management member received or would have received on the date of his or her death. Surviving children benefits granted before 2006 deviate from this model and are equal to 15 percent of a Board of Management member's pension. If, taken together, the survivor's pensions of the widow or widower and children exceed 100 percent of a Board of Management member's pension, the pensions paid to the children are proportionally reduced by the excess amount.

Dr. Schenck, who ended his service with the Company in 2013, has a nonforfeitable, pro rata temporis pension entitlement calculated pursuant to Section 2, Paragraph 1, of the German Occupational Pensions Improvement Act (known by its German acronym, "BetrAVG").

The following table provides an overview of the current pension obligations to Board of Management members. The table also includes the additions to provisions for pensions for each member. These additions to provisions for pensions are not paid compensation but valuations calculated in accordance with IFRS. In addition, the cash value of pension obligations is shown in the following table. The cash value is equal to the defined benefit obligation based on a 3.9 percent interest rate (prior year: 3.4 percent).

Pursuant to BetrAVG's provisions, Board of Management members' pension entitlements are not vested until they have been in effect for five years. This applies to both of the above-described pension plans.

Pursuant to the Code's recommendations, the Supervisory Board reviewed the benefits level and the resulting expense.

Pensions of the Members of the Board of Management

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base salary		(€)		(€)		Thereof interest cost (€)		(€)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dr. Johannes Teyssen	75	75	930,000	930,000	1,261,272	1,088,086	557,940	557,011	15,561,093	16,410,001
Dr.-Ing. Leonhard Birnbaum ¹ (since July 1, 2013)	-	-	-	-	163,494	-	-	-	163,494	-
Jørgen Kildahl ¹	-	-	-	-	351,268	338,182	29,555	25,371	1,121,712	869,254
Prof. Dr. Klaus-Dieter Maubach (until March 31, 2013)	60	60	420,000	420,000	198,794	625,835	55,574	205,881	7,326,862	6,538,081
Dr. Bernhard Reutersberg	70	70	490,000	490,000	1,156,390	1,023,106	356,556	370,281	10,519,155	10,486,945
Klaus Schäfer ^{1,2} (since September 1, 2013)	-	-	-	-	89,020	-	31,242	-	2,571,968	-
Dr. Marcus Schenck (until September 30, 2013)	-	60	-	540,000	703,465	686,014	120,729	133,390	3,114,834	4,734,461
Regine Stachelhaus ¹ (until June 30, 2013)	-	-	-	-	164,690	321,211	14,043	24,511	837,048	826,042
Mike Winkel ^{1,2} (since April 1, 2013)	-	-	-	-	165,895	-	57,523	-	2,080,619	-

¹Contribution Plan E.ON Management Board.

²Cash value includes benefit entitlements accrued in the E.ON Group prior to joining the Board of Management.
For members who ended their service on the Board of Management, the date of departure serves as the balance-sheet date.

Compensation of the Members of the Board of Management

The Supervisory Board determined that the Board of Management's compensation is appropriate, from both a horizontal and vertical perspective. In accordance with the AktG's provisions, the Supervisory Board made this determination in particular by means of horizontal comparisons. It compared the Board of Management's compensation with compensation at companies of similar size and in similar industries. In accordance with the Code's recommendations, the Supervisory Board compared compensation vertically and factored this into its assessment of appropriateness.

The Supervisory Board did not increase the compensation of Board of Management members in 2013. The total compensation of the members of the Board of Management in the 2013 financial year amounted to €18.5 million (prior year: €21.7 million). Individual members of the Board of Management received the following total compensation:

Compensation of the Board of Management										
€	Fixed annual compensation		Bonus		Other compensation		Value of stock-based compensation granted		Total	
	2013	2012	2013	2012	2013	2012	2013 ¹	2012	2013	2012
Dr. Johannes Teyssen	1,240,000	1,240,000	1,759,739	2,675,000	21,458	26,899	2,665,041	1,770,804	5,686,238	5,712,703
Dr.-Ing. Leonhard Birnbaum (since July 1, 2013)	400,000	-	341,000	-	449,082	-	537,167	-	1,727,249	-
Jørgen Kildahl	700,000	700,000	851,951	1,396,000	32,650	174,272	1,285,975	787,024	2,870,576	3,057,296
Prof. Dr. Klaus-Dieter Maubach (until March 31, 2013)	175,000	700,000	80,000	1,356,000	3,095	16,988	-	787,024	258,095	2,860,012
Dr. Bernhard Reutersberg	700,000	700,000	865,754	1,373,000	26,563	25,928	1,292,877	787,024	2,885,194	2,885,952
Klaus Schäfer (since September 1, 2013)	233,333	-	186,000	-	6,321	-	209,667	-	635,321	-
Dr. Marcus Schenck (until September 30, 2013)	675,000	900,000	1,224,528	1,996,000	16,863	21,817	-	1,049,365	1,916,391	3,967,182
Regine Stachelhaus (until June 30, 2013)	350,000	700,000	305,000	1,404,000	13,397	289,939	-	787,024	668,397	3,180,963
Mike Winkel ¹ (since April 1, 2013)	525,000	-	501,833	-	18,516	-	763,417	-	1,808,766	-
Total	4,998,333	4,940,000	6,115,805	10,200,000	587,945	555,843	6,754,144	5,968,265	18,456,227	21,664,108

¹Includes the initial effect of the conversion of the stock-based compensation plan.

The 2013 bonus disclosed here already reflects the final setting of the portion of the bonus for the 2011 financial year that was subject to a three-year performance metric under the previous bonus system, which was applicable for the 2011 and 2012 financial years. Page 86 of the 2012 Annual Report describes how this portion is calculated. This calculation resulted in approximate payments of €150,000 to Dr. Teyssen, €80,000 each to Mr. Kildahl and to Dr. Reutersberg. Additionally, for those members who departed from the Board of Management in 2013, the portion of their 2012 bonus subject to a three-year performance metric was calculated ahead of time and factored into their 2013 bonus. This resulted in aggregate approximate reductions of €145,000 each for Prof. Dr. Maubach and for Mrs. Stachelhaus, and €238,000 for Dr. Schenck.

The 2013 figures for stock-based compensation do not indicate actual payments in 2013 but rather indicate estimates, based on commercial principles, of the value of the virtual shares granted in 2013 under the first tranche of E.ON Share Matching Plan and the LTI component of the 2013 annual bonus. The payout of the virtual shares from the first tranche will be calculated at the end of March 2017 on the basis of E.ON SE's stock price. As a result, the payout figures could be higher or lower than the figures shown here.

To indicate how the compensation plan works, the table below shows the actual payments made under the E.ON Share Performance Plan rather than estimated figures. The fifth tranche of the E.ON Share Performance Plan, which was settled at the end of the 2013 financial year, had no value. Board of Management members received no payment from it.

Effective Compensation of the Board of Management										
€	Fixed annual compensation		Bonus		Other compensation		Payout value of performance rights ¹		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dr. Johannes Teyssen	1,240,000	1,240,000	1,759,739	2,675,000	21,458	26,899	-	-	3,021,197	3,941,899
Dr.-Ing. Leonhard Birnbaum (since July 1, 2013)	400,000	-	341,000	-	449,082	-	-	-	1,190,082	-
Jörgen Kildahl	700,000	700,000	851,951	1,396,000	32,650	174,272	-	-	1,584,601	2,270,272
Prof. Dr. Klaus-Dieter Maubach (until March 31, 2013)	175,000	700,000	80,000	1,356,000	3,095	16,988	-	-	258,095	2,072,988
Dr. Bernhard Reutersberg	700,000	700,000	865,754	1,373,000	26,563	25,928	-	-	1,592,317	2,098,928
Klaus Schäfer (since September 1, 2013)	233,333	-	186,000	-	6,321	-	-	-	425,654	-
Dr. Marcus Schenck (until September 30, 2013)	675,000	900,000	1,224,528	1,996,000	16,863	21,817	-	-	1,916,391	2,917,817
Regine Stachelhaus (until June 30, 2013)	350,000	700,000	305,000	1,404,000	13,397	289,939	-	-	668,397	2,393,939
Mike Winkel (since April 1, 2013)	525,000	-	501,833	-	18,516	-	-	-	1,045,349	-
Total	4,998,333	4,940,000	6,115,805	10,200,000	587,945	555,843	-	-	11,702,083	15,695,843

¹2013: the fifth tranche had no value at the end of the vesting period; 2012: no settlement of performance rights.

Under the first tranche of the E.ON Share Matching Plan, in 2013 the members of the E.ON SE Board of Management were issued virtual shares of the following value and quantity: Dr. Teyssen €1,860,000/139,745 shares (prior year: €1,770,804/78,948 performance rights), Dr.-Ing. Birnbaum €366,667/27,548 shares (prior year: €0/0 performance rights), Mr. Kildahl €900,000/67,619 shares (prior year: €787,024/35,088 performance rights), Prof. Dr. Maubach €0/0 shares (prior year: €787,024/35,088 performance rights), Dr. Reutersberg €900,000/67,619 shares (prior year: €787,024/35,088 performance rights), Mr. Schäfer €116,667/8,766 shares (prior year: €0/0 performance rights), Dr. Schenck €0/0 shares (prior year: €1,049,365/46,784 performance rights), Mrs. Stachelhaus €0/0 shares (prior year: €787,024/35,088 performance rights), and Mr. Winkel €512,500/38,504 shares (prior year: €0/0 performance rights). Stock-based compensation of Board of Management members also includes the LTI component of their 2013 annual bonuses, which will be granted in virtual shares under the second tranche of the E.ON Share Matching Plan in the following amounts: Dr. Teyssen €805,041, Dr.-Ing. Birnbaum €170,500, Mr. Kildahl €385,975, Dr. Reutersberg €392,877, Mr. Schäfer €93,000, and Mr. Winkel €250,917.

Board of Management members' total compensation for 2013 included stock-based compensation with a fair value of €13.31 per performance right from the first tranche of the E.ON Share Matching Plan. This value corresponds to the target value used for purposes of internal communications between the Board of Management and the Supervisory Board. The target value is equal to the cash payout amount of each performance right if at the end of the vesting period E.ON stock maintains its price. The German Commercial Code (Section 314, Paragraph 1, Item 6a, Sentence 9) requires supplemental disclosure, by year, of the Company's expenses for all tranches of stock-based compensation granted in 2013 and in previous years. The following expenses in accordance with IFRS 2 were recorded for performance rights and virtual shares existing in the 2013

financial year (figures are approximate): Dr. Teyssen €1,687,000 (prior year: €566,000), Dr.-Ing. Birnbaum €247,000 (prior year: €0), Mr. Kildahl €824,000 (prior year: €259,000), Dr. Reutersberg €834,000 (prior year: €281,000), Mr. Schäfer €117,000 (prior year: €0), and Mr. Winkel €357,000 (prior year: €0). For the members who ended their service on the Board of Management in 2013, income in the following approximate amounts was recorded: Prof. Dr. Maubach €96,000 (prior year: expense of approximately €281,000), Dr. Schenck €569,000 (prior year: expense of approximately €328,000), Mrs. Stachelhaus €52,000 (prior year: expense of approximately €259,000).

Additional information about E.ON AG's stock-based compensation programs can be found in Note 11 to the Consolidated Financial Statements.

Approximately €438,000 of Dr.-Ing. Birnbaum's remaining other compensation reflects compensation for the entitlement to long-term compensation from his previous employer that he forfeited by joining E.ON. The remaining other compensation of the members of the Board of Management consists primarily of benefits in kind from the personal use of company cars and, in some cases in 2012, temporary coverage of rent payments for a second residence, relocation costs, and real-estate agent fees along with the income tax levied on this compensation.

By mutual agreement with the Company, Prof. Dr. Maubach, Mrs. Stachelhaus, and Dr. Schenck ended their service on the E.ON SE Board of Management effective March 31, June 30, and September 30, 2013. The Company concluded termination agreements with all three of them.

By mutual agreement, Prof. Dr. Maubach's service agreement was terminated effective September 30, 2013. During the time between the end of his service on the Board of Management and the termination of his service agreement, Prof. Dr. Maubach received compensation under his service agreement in the amount of approximately €1,025,000. On termination of his service agreement and as compensation for claims under his service agreement Prof. Dr. Maubach received a payment of approximately €980,000, which is disclosed under compensation to former Board of Management members. Prof. Dr. Maubach was given the option of an extraordinary payout of his performance rights from the fifth, sixth, and seventh tranches. He exercised this option following his departure at the conclusion of September 30, 2013. The amount of this payment is also disclosed under compensation to former Board of Management members. Beginning on January 1, 2014, Prof. Dr. Maubach is entitled to payment of the contractual pension benefits accrued during his service (third pension case).

By mutual agreement, Mrs. Stachelhaus's service agreement was terminated effective June 30, 2013. In compensation for claims under her service agreement Mrs. Stachelhaus received a payment of approximately €910,000. Her performance rights will be paid out at the end of the respective vesting periods. Following the termination of her service agreement, Mrs. Stachelhaus will carry out certain HR-related tasks under an employment relationship with the Company limited to two years.

By mutual agreement, Dr. Schenck's service agreement was terminated effective September 30, 2013. In compensation for claims under his service agreement Dr. Schenck received a payment of approximately €433,000. On his departure his existing performance rights were forfeited.

As in the prior year, no loans were outstanding or granted to members of the Board of Management in the 2013 financial year. Page 210 contains additional information about the members of the Board of Management.

Compensation Disclosures pursuant to the Code

In the 2013 financial year the Code introduced a recommendation that, starting with the 2014 financial year, Board of Management compensation be disclosed in tables that display benefits granted and allocation in a prescribed format. In anticipation of this recommendation, the Company is disclosing the Chairman of the Board of Management's 2013 compensation according to this additional format which is prescribed for the future.

The maximum amount disclosed in the benefits granted table represents the sum of the contractual (individual) caps for the various elements of the compensation of Board of Management members. The overall cap on Board of Management compensation, which was introduced in the 2013 financial year and is described on page 84, applies as well.

Benefits Granted				
€	Dr. Johannes Teyssen (Chairman of the Board of Management)			
	2012	2013	2013 (min.)	2013 (max.)
Fixed compensation	1,240,000	1,240,000	1,240,000	1,240,000
Fringe benefits	26,899	21,458	21,458	21,458
Total	1,266,899	1,261,458	1,261,458	1,261,458
One-year variable compensation	1,170,000	1,260,000	-	2,835,000²
Multi-year variable compensation	2,400,804	2,665,041	-	5,330,082
Multi-year bonus component (under compensation plan through 2012)	630,000	-	-	-
Share Performance Plan, seventh tranche (2012-2015)	1,770,804	-	-	-
Share Matching Plan, first tranche (2013-2017)	-	1,860,000	-	3,720,000
Share Matching Plan, second tranche (2014-2018) ¹	-	805,041	-	1,610,082
Total	4,837,703	5,186,499	1,261,458	9,426,540
Service cost	531,075	703,332	703,332	703,332
Total	5,368,778	5,889,831	1,964,790	10,129,872

¹Corresponds to the LTI component of the 2013 bonus.
²Pursuant to the AktG, the Company grants one third of one-year variable compensation as multi-year compensation (LTI component). Target attainment is capped at 150 percent for this portion. If target attainment exceeds 150 percent, the resulting amount is granted as one-year variable compensation and is not included in the LTI component. All bonuses will additionally be subject to the overall cap.

Allocation		
€	Dr. Johannes Teyssen (Chairman of the Board of Management)	
	2012	2013
Fixed compensation	1,240,000	1,240,000
Fringe benefits	26,899	21,458
Total	1,266,899	1,261,458
One-year variable compensation	1,504,297	1,610,082
Multi-year variable compensation	1,170,703	149,657
Multi-year component of the 2012 bonus (pending)	1,294,700	-
Final calculation and payment of multi-year component of 2010 bonus	-123,997	-
Final calculation and payment of multi-year component of 2011 bonus	-	149,657
Share Performance Plan, fifth tranche (2010-2013)	-	-
Other	-	-
Total	3,941,899	3,021,197
Service cost	531,075	703,332
Total	4,472,974	3,724,529

Payments Made to Former Members of the Board of Management

Total payments made to former Board of Management members and to their beneficiaries amounted to €14.5 million in 2013 (prior year: €9.7 million).

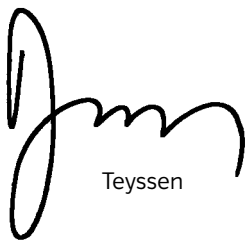
Provisions of €158 million (prior year: €154.3 million) have been provided for pension obligations to former Board of Management members and their beneficiaries.

Declaration of the Board of Management

To the best of our knowledge, we declare that, in accordance with applicable financial reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Group Management Report, which is combined with the management report of E.ON SE, provides a fair review of the development and performance of the business and the position of the E.ON Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, February 25, 2014

The Board of Management



Teyssen



Birnbaum




Kildahl



Reutersberg



Schäfer



Winkel

Independent Auditors' Report

To E.ON SE, Düsseldorf

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of E.ON SE, Düsseldorf, and its subsidiaries, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of recognized income and expenses, the consolidated statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1, 2013 to December 31, 2013.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of E.ON SE, Düsseldorf, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed

the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2013 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of E.ON SE, Düsseldorf, which is combined with the management report of the company, for the business year from January 1, 2013 to December 31, 2013. The Board of Managing Directors of E.ON SE, Düsseldorf, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, March 4, 2014

PricewaterhouseCoopers
 Aktiengesellschaft
 Wirtschaftsprüfungsgesellschaft

Dr. Norbert Schwieters	Michael Preiß
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

E.ON SE and Subsidiaries Consolidated Statements of Income			
€ in millions	Note	2013	2012 ¹
Sales including electricity and energy taxes		124,214	133,997
Electricity and energy taxes		-1,764	-1,904
Sales	(5)	122,450	132,093
Changes in inventories (finished goods and work in progress)		-22	61
Own work capitalized	(6)	375	381
Other operating income	(7)	10,767	10,845
Cost of materials	(8)	-108,083	-115,285
Personnel costs	(11)	-4,687	-5,166
Depreciation, amortization and impairment charges	(14)	-5,273	-5,078
Other operating expenses	(7)	-10,138	-13,311
Income from companies accounted for under the equity method		-224	137
Income from continuing operations before financial results and income taxes		5,165	4,677
Financial results	(9)	-1,959	-1,403
Income from equity investments		4	17
Income from other securities, interest and similar income		583	1,191
Interest and similar expenses		-2,546	-2,611
Income taxes	(10)	-703	-698
Income from continuing operations		2,503	2,576
Income from discontinued operations, net		7	37
Net income		2,510	2,613
Attributable to shareholders of E.ON SE		2,142	2,189
Attributable to non-controlling interests		368	424
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(13)		
from continuing operations		1.12	1.13
from discontinued operations		0.00	0.02
from net income		1.12	1.15

¹Because of the initial application of IAS 19R, 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	2013	2012 ¹
Net income	2,510	2,613
Remeasurement of defined benefit plans	504	-1,869
Remeasurement of defined benefit plans of companies accounted for under the equity method	-12	-
Income taxes	-260	515
Items that will not be reclassified subsequently to the income statement	232	-1,354
Cash flow hedges	112	-316
<i>Unrealized changes</i>	124	-237
<i>Reclassification adjustments recognized in income</i>	-12	-79
Available-for-sale securities	368	14
<i>Unrealized changes</i>	531	100
<i>Reclassification adjustments recognized in income</i>	-163	-86
Currency translation adjustments	-1,296	461
<i>Unrealized changes</i>	-1,347	506
<i>Reclassification adjustments recognized in income</i>	51	-45
Companies accounted for under the equity method	-972	-14
<i>Unrealized changes</i>	-628	-14
<i>Reclassification adjustments recognized in income</i>	-344	-
Income taxes	-21	77
Items that might be reclassified subsequently to the income statement	-1,809	222
Total income and expenses recognized directly in equity	-1,577	-1,132
Total recognized income and expenses (total comprehensive income)	933	1,481
<i>Attributable to shareholders of E.ON SE</i>	655	1,083
<i>Attributable to non-controlling interests</i>	278	398

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).

E.ON SE and Subsidiaries Consolidated Balance Sheets—Assets

€ in millions	Note	December 31		January 1
		2013	2012 ¹	2012 ¹
Goodwill	(14)	12,797	13,440	14,083
Intangible assets	(14)	6,588	6,869	7,372
Property, plant and equipment	(14)	50,270	54,173	55,869
Companies accounted for under the equity method	(15)	5,624	4,067	6,325
Other financial assets	(15)	6,410	6,358	6,812
<i>Equity investments</i>		1,966	1,612	1,908
<i>Non-current securities</i>		4,444	4,746	4,904
Financial receivables and other financial assets	(17)	3,550	3,692	3,619
Operating receivables and other operating assets	(17)	2,016	2,400	2,842
Income tax assets	(10)	172	123	147
Deferred tax assets	(10)	7,276	5,441	5,142
Non-current assets		94,703	96,563	102,211
Inventories	(16)	4,146	4,734	4,828
Financial receivables and other financial assets	(17)	1,609	2,058	1,789
Trade receivables and other operating assets	(17)	20,901	24,354	31,714
Income tax assets	(10)	1,021	910	4,680
Liquid funds	(18)	7,314	6,546	7,020
<i>Securities and fixed-term deposits</i>		2,648	3,281	3,079
<i>Restricted cash and cash equivalents</i>		639	449	89
<i>Cash and cash equivalents</i>		4,027	2,816	3,852
Assets held for sale	(4)	1,031	5,261	620
Current assets		36,022	43,863	50,651
Total assets		130,725	140,426	152,862

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).

E.ON SE and Subsidiaries Consolidated Balance Sheets—Equity and Liabilities				
€ in millions	Note	December 31		January 1
		2013	2012 ¹	2012 ¹
Capital stock	(19)	2,001	2,001	2,001
Additional paid-in capital	(20)	13,733	13,740	13,747
Retained earnings	(21)	23,053	22,869	23,820
Accumulated other comprehensive income	(22)	-1,833	-147	-277
Treasury shares	(19)	-3,484	-3,505	-3,530
Equity attributable to shareholders of E.ON SE		33,470	34,958	35,761
Non-controlling interests (before reclassification)		3,528	4,410	4,484
Reclassification related to put options		-613	-548	-608
Non-controlling interests	(23)	2,915	3,862	3,876
Equity		36,385	38,820	39,637
Financial liabilities	(26)	18,237	21,937	24,029
Operating liabilities	(26)	5,720	5,655	7,057
Income taxes	(10)	2,317	2,053	3,585
Provisions for pensions and similar obligations	(24)	3,418	4,945	3,300
Miscellaneous provisions	(25)	23,470	23,656	22,367
Deferred tax liabilities	(10)	7,892	6,781	6,787
Non-current liabilities		61,054	65,027	67,125
Financial liabilities	(26)	5,023	4,007	5,885
Trade payables and other operating liabilities	(26)	21,866	25,935	30,726
Income taxes	(10)	1,718	1,391	4,425
Miscellaneous provisions	(25)	4,372	4,049	4,958
Liabilities associated with assets held for sale	(4)	307	1,197	106
Current liabilities		33,286	36,579	46,100
Total equity and liabilities		130,725	140,426	152,862

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2013	2012 ¹
Net income	2,510	2,613
Income/Loss (-) from discontinued operations, net	-7	-37
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	5,273	5,078
Changes in provisions	1,224	398
Changes in deferred taxes	-738	889
Other non-cash income and expenses	792	-407
Gain/Loss on disposal of	-2,042	-504
<i>Intangible assets and property, plant and equipment</i>	-66	-49
<i>Equity investments</i>	-1,813	-325
<i>Securities (> 3 months)</i>	-163	-130
Changes in operating assets and liabilities and in income taxes	-637	778
<i>Inventories and carbon allowances</i>	-208	-158
<i>Trade receivables</i>	1,358	1,753
<i>Other operating receivables and income tax assets</i>	1,288	8,843
<i>Trade payables</i>	-2,268	1,538
<i>Other operating liabilities and income taxes</i>	-807	-11,198
Cash provided by operating activities of continuing operations (operating cash flow)²	6,375	8,808
Proceeds from disposal of	7,136	4,418
<i>Intangible assets and property, plant and equipment</i>	624	464
<i>Equity investments</i>	6,512	3,954
Purchases of investments in	-8,086	-6,997
<i>Intangible assets and property, plant and equipment</i>	-4,574	-6,379
<i>Equity investments</i>	-3,512	-618
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	4,742	5,593
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-4,672	-5,679
Changes in restricted cash and cash equivalents	-195	-353
Cash used for investing activities of continuing operations	-1,075	-3,018
Payments received/made from changes in capital ³	-7	-149
Cash dividends paid to shareholders of E.ON SE	-2,097	-1,905
Cash dividends paid to non-controlling interests	-246	-197
Proceeds from financial liabilities	1,352	573
Repayments of financial liabilities	-3,027	-5,170
Cash used for financing activities of continuing operations	-4,025	-6,848
Net increase/decrease in cash and cash equivalents	1,275	-1,058
Effect of foreign exchange rates on cash and cash equivalents	-59	26
Cash and cash equivalents at the beginning of the year ⁴	2,823	3,855
Cash and cash equivalents of continuing operations at the end of the year⁵	4,039	2,823

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).

²Additional information on operating cash flow is provided in Notes 29 and 33.

³No material netting has taken place in either of the years presented here.

⁴Cash and cash equivalents of continuing operations at the beginning of 2013 also include a combined total of €7 million at the E.ON Thüringer Energie group and at the E.ON Energy from Waste group, both of which were disposed of in the first quarter of 2013. In 2012, this line included an amount of €3 million at E.ON Bulgaria, which had been presented as a disposal group.

⁵Cash and cash equivalents of continuing operations at the end of 2013 include an amount of €12 million at the Pražská plynárenská group, which is presented as a disposal group. In 2012, this line included a combined total of €7 million at the E.ON Thüringer Energie group and at the E.ON Energy from Waste group, both of which were disposed of in the first quarter of 2013.

Supplementary Information on Cash Flows from Operating Activities		
€ in millions	2013	2012
Income taxes paid (less refunds)	-972	-530
Interest paid	-1,318	-1,348
Interest received	543	497
Dividends received	623	614

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income		
				Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2012	2,001	13,747	23,796	-1,117	895	-55
IAS 19R adjustment			24			
Balance as of January 1, 2012	2,001	13,747	23,820	-1,117	895	-55
Change in scope of consolidation						
Treasury shares repurchased/sold		-7				
Capital increase						
Capital decrease						
Dividends paid			-1,905			
Share additions			1			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			953	503	-85	-288
<i>Net income</i>			2,189			
<i>Other comprehensive income</i>			-1,236	503	-85	-288
<i>Remeasurement of defined benefit plans</i>			-1,236			
<i>Changes in accumulated other comprehensive income</i>				503	-85	-288
Balance as of December 31, 2012¹	2,001	13,740	22,869	-614	810	-343
Balance as of January 1, 2013¹	2,001	13,740	22,869	-614	810	-343
Change in scope of consolidation						
Treasury shares repurchased/sold		-7				
Capital increase						
Capital decrease						
Dividends paid			-2,097			
Share additions			-60			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			2,341	-2,128	391	51
<i>Net income</i>			2,142			
<i>Other comprehensive income</i>			199	-2,128	391	51
<i>Remeasurement of defined benefit plans</i>			199			
<i>Changes in accumulated other comprehensive income</i>				-2,128	391	51
Balance as of December 31, 2013	2,001	13,733	23,053	-2,742	1,201	-292

¹Because of the initial application of IAS 19R, 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
	-3,530	35,737	4,484	-608	3,876	39,613
		24				24
	-3,530	35,761	4,484	-608	3,876	39,637
			-66		-66	-66
	25	18				18
			20		20	20
			-16		-16	-16
		-1,905	-196		-196	-2,101
		1	-214		-214	-213
				60	60	60
		1,083	398		398	1,481
		2,189	424		424	2,613
		-1,106	-26		-26	-1,132
		-1,236	-118		-118	-1,354
		130	92		92	222
	-3,505	34,958	4,410	-548	3,862	38,820
	-3,505	34,958	4,410	-548	3,862	38,820
			-944		-944	-944
	21	14				14
			41		41	41
			-31		-31	-31
		-2,097	-251		-251	-2,348
		-60	25		25	-35
				-65	-65	-65
		655	278		278	933
		2,142	368		368	2,510
		-1,487	-90		-90	-1,577
		199	33		33	232
		-1,686	-123		-123	-1,809
	-3,484	33,470	3,528	-613	2,915	36,385

(1) Summary of Significant Accounting Policies

Basis of Presentation

These Consolidated Financial Statements have been prepared in accordance with Section 315a (1) of the German Commercial Code ("HGB") and with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2013. In addition, an election was made to apply early the amendments to IAS 36 concerning recoverable amount disclosures.

Principles

The Consolidated Financial Statements of the E.ON Group ("E.ON" or the "Group") are generally prepared based on historical cost, with the exception of available-for-sale financial assets that are recognized at fair value and of financial assets and liabilities (including derivative financial instruments) that must be recognized in income at fair value.

Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of E.ON SE and entities controlled by E.ON ("subsidiaries"). Control is achieved when the parent company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. In addition, special-purpose entities are consolidated when the substance of the relationship indicates that the entity is controlled by E.ON.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Income from the date of acquisition or until the date of their disposal, respectively.

Where necessary, adjustments are made to the subsidiaries' financial statements to bring their accounting policies into line with those of the Group. Intercompany receivables, liabilities and results between Group companies are eliminated in the consolidation process.

Associated Companies

An associate is an entity over which E.ON has significant influence but which is neither a subsidiary nor an interest in a joint venture. Significant influence is achieved when E.ON has the power to participate in the financial and operating policy decisions of the investee but does not control or jointly control these decisions. Significant influence is generally presumed if E.ON directly or indirectly holds at least 20 percent, but not more than 50 percent, of an entity's voting rights.

Interests in associated companies are accounted for under the equity method. In addition, majority-owned companies in which E.ON does not exercise control due to restrictions concerning the control of assets or management are also generally accounted for under the equity method.

Interests in associated companies accounted for under the equity method are reported on the balance sheet at cost, adjusted for changes in the Group's share of the net assets after the date of acquisition and for any impairment charges. Losses that might potentially exceed the Group's interest in an associated company when attributable long-term loans are taken into consideration are generally not recognized. Any goodwill resulting from the acquisition of an associated company is included in the carrying amount of the investment.

Unrealized gains and losses arising from transactions with associated companies accounted for under the equity method are eliminated within the consolidation process on a pro-rata basis if and insofar as these are material.

Companies accounted for under the equity method are tested for impairment by comparing the carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is adjusted for this difference. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed accordingly.

The financial statements of equity interests accounted for under the equity method are generally prepared using accounting that is uniform within the Group.

Joint Ventures

Joint ventures are also accounted for under the equity method. Unrealized gains and losses arising from transactions with joint-venture companies are eliminated within the consolidation process on a pro-rata basis if and insofar as these are material.

Business Combinations

Business combinations are accounted for by applying the purchase method, whereby the purchase price is offset against the proportional share in the acquired company's net assets. In doing so, the values at the acquisition date that corresponds to the date at which control of the acquired company was attained are used as a basis. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognized at their fair values irrespective of the extent attributable to non-controlling interests. 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, for example, and in the case of land, buildings and major technical equipment, generally using independent expert reports that have been prepared by third parties. 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 acquired activities.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. The partial goodwill method is generally used within the E.ON Group.

Transactions with holders of non-controlling interests are treated in the same way as transactions with investors. Should the acquisition of additional shares in a subsidiary result in a difference between the cost of purchasing the shares and the carrying amounts of the non-controlling interests acquired, that difference must be fully recognized in equity.

Gains and losses from disposals of shares to holders of non-controlling interests are also recognized in equity, provided that such disposals do not result in a loss of control.

Intangible assets must be recognized separately from goodwill if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures may not be recorded in a purchase price allocation. If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No goodwill is recognized for positive differences attributable to non-controlling interests. A negative difference is immediately recognized in income.

Foreign Currency Translation

The Company's transactions denominated in foreign currency are translated at the current exchange rate at the date of the transaction. Monetary foreign currency items are adjusted to the current exchange rate at each balance sheet date; any gains and losses resulting from fluctuations in the relevant currencies, and the effects upon realization, are recognized in income and reported as other operating income and other operating expenses, respectively. Gains and losses from the translation of non-derivative financial instruments used in hedges of net investments in foreign operations are recognized in equity as a component of other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in income.

The functional currency as well as the reporting currency of E.ON SE is the euro. The assets and liabilities of the Company's foreign subsidiaries with a functional currency other than the euro are translated using the exchange rates applicable on the balance sheet date, while items of the statements of income are translated using annual average exchange rates. Material transactions of foreign subsidiaries occurring during the fiscal year are translated in the financial statements using the exchange rate at the date of the transaction. Differences arising from the translation of assets and liabilities compared with the corresponding translation of the prior year, as well as exchange rate differences between the income statement and the balance sheet, are reported separately in equity as a component of other comprehensive income.

Foreign currency translation effects that are attributable to the cost of monetary financial instruments classified as available for sale are recognized in income. In the case of fair-value adjustments of monetary financial instruments and for non-monetary financial instruments classified as available for sale, the foreign currency translation effects are recognized in equity as a component of other comprehensive income.

Foreign-exchange transactions out of the Russian Federation may be restricted in certain cases. The Brazilian real is not freely convertible.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currencies		€1, rate at year-end		€1, annual average rate	
	ISO Code	2013	2012	2013	2012
British pound	GBP	0.83	0.82	0.85	0.81
Brazilian real	BRL	3.26	2.70	2.87	2.51
Norwegian krone	NOK	8.36	7.35	7.81	7.48
Russian ruble	RUB	45.32	40.33	42.23	39.93
Swedish krona	SEK	8.86	8.58	8.65	8.70
Turkish lira	TRY	2.96	2.36	2.53	2.31
Hungarian forint	HUF	297.04	292.30	296.87	289.25
U.S. dollar	USD	1.38	1.32	1.33	1.28

Recognition of Income

a) Revenues

The Company generally recognizes revenue upon delivery of goods to customers or purchasers, or upon completion of services rendered. Delivery is deemed complete when the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of goods and services are measured at the fair value of the consideration received or receivable. They reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of the last invoice and the end of the period.

Revenues are presented net of sales taxes, returns, rebates and discounts, and after elimination of intragroup sales.

Revenues are generated primarily from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets. Also shown in this line item are revenues earned from the distribution of electricity and gas, from deliveries of steam, heat and water, as well as from proprietary trading.

b) Interest Income

Interest income is recognized pro rata using the effective interest method.

c) Dividend Income

Dividend income is recognized when the right to receive the distribution payment arises.

Electricity and Energy Taxes

The electricity tax is levied on electricity delivered to retail customers and is calculated on the basis of a fixed tax rate per kilowatt-hour ("kWh"). This rate varies between different classes of customers. Electricity and energy taxes paid are deducted from sales revenues on the face of the income statement if those taxes are levied upon delivery of energy to the retail customer.

Accounting for Sales of Shares of Subsidiaries or Associated Companies

If a subsidiary or associated company sells shares to a third party, leading to a reduction in E.ON's ownership interest in the relevant company ("dilution"), and consequently to a loss of control, joint control or significant influence, gains and losses from these dilutive transactions are included in the income statement under other operating income or expenses.

Earnings per Share

Basic (undiluted) earnings per share is computed by dividing the consolidated net income attributable to the shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the relevant period. At E.ON, the computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

Goodwill and Intangible Assets

Goodwill

According to IFRS 3, "Business Combinations," ("IFRS 3") goodwill is not amortized, but rather tested for impairment at the cash-generating unit level on at least an annual basis. Impairment tests must also be performed between these annual tests if events or changes in circumstances indicate that the carrying amount of the respective cash-generating unit might not be recoverable.

Newly created goodwill is allocated to those cash-generating units expected to benefit from the respective business combination. The cash-generating units to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is controlled only at that level. With some exceptions, goodwill impairment testing is performed in euro, while the underlying goodwill is always carried in the functional currency.

In a goodwill impairment test, the recoverable amount of a cash-generating unit is compared with its carrying amount, including goodwill. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. In a first step, E.ON determines the recoverable

amount of a cash-generating unit on the basis of the fair value (less costs to sell) using generally accepted valuation procedures. This is based on the medium-term planning data of the respective cash-generating unit. Valuation is performed using the discounted cash flow method, and accuracy is verified through the use of appropriate multiples, to the extent available. In addition, market transactions or valuations prepared by third parties for comparable assets are used to the extent available. If needed, a calculation of value in use is also performed. Unlike fair value, the value in use is calculated from the viewpoint of management. In accordance with IAS 36, "Impairment of Assets," ("IAS 36") it is further ensured that restructuring expenses, as well as initial and subsequent capital investments (where those have not yet commenced), in particular, are not included in the valuation.

If the carrying amount exceeds the recoverable amount, the goodwill allocated to that cash-generating unit is adjusted in the amount of this difference.

If the impairment thus identified exceeds the goodwill allocated to the affected cash-generating unit, the remaining assets of the unit must be written down in proportion to their carrying amounts. Individual assets may be written down only if their respective carrying amounts do not fall below the highest of the following values as a result:

- Fair value less costs to sell
- Value in use, or
- Zero.

Any additional impairment loss that would otherwise have been allocated to the asset concerned must instead be allocated pro rata to the remaining assets of the unit.

E.ON has elected to perform the annual testing of goodwill for impairment at the cash-generating unit level in the fourth quarter of each fiscal year.

Impairment charges on the goodwill of a cash-generating unit and reported in the income statement under "Depreciation, amortization and impairment charges" may not be reversed in subsequent reporting periods.

Intangible Assets

IAS 38, "Intangible Assets," ("IAS 38") requires that intangible assets be amortized over their expected useful lives unless their lives are considered to be indefinite. Factors such as typical product life cycles and legal or similar limits on use are taken into account in the classification.

Acquired intangible assets subject to amortization are classified as marketing-related, customer-related, contract-based, and technology-based. Internally generated intangible assets subject to amortization are related to software. Intangible assets subject to amortization are measured at cost and useful lives. The useful lives of marketing-related, customer-related and contract-based intangible assets generally range between 5 and 25 years. Technology-based intangible assets are generally amortized over a useful life of between 3 and 5 years. This category includes software in particular. Contract-based intangible assets are amortized in accordance with the provisions specified in the contracts. Useful lives and amortization methods are subject to annual verification. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired.

Intangible assets not subject to amortization are measured at cost and tested for impairment annually or more frequently if events or changes in circumstances indicate that such assets may be impaired. Moreover, such assets are reviewed annually to determine whether an assessment of indefinite useful life remains applicable.

In accordance with IAS 36, the carrying amount of an intangible asset, whether subject to amortization or not, is tested for impairment by comparing the carrying value with the asset's recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Should the carrying amount exceed the corresponding recoverable amount, an impairment charge equal to the difference between the carrying amount and the recoverable amount is recognized and reported in income under "Depreciation, amortization and impairment charges."

If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed. A reversal shall not cause the carrying amount of an intangible asset subject to amortization to exceed the amount that would have been determined, net of amortization, had no impairment loss been recognized during the period.

If a recoverable amount cannot be determined for an individual intangible asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) that the intangible asset may be assigned to is determined. See Note 14 for additional information about goodwill and intangible assets.

Research and Development Costs

Under IFRS, research and development costs must be allocated to a research phase and a development phase. While expenditure on research is expensed as incurred, recognized development costs must be capitalized as an intangible asset if all of the general criteria for recognition specified in IAS 38, as well as certain other specific prerequisites, have been fulfilled. In the 2013 and 2012 fiscal years, these criteria were not fulfilled, except in the case of internally generated software.

Emission Rights

Under IFRS, emission rights held under national and international emission-rights systems for the settlement of obligations are reported as intangible assets. Because emission rights are not depleted as part of the production process, they are reported as intangible assets not subject to amortization. Emission rights are capitalized at cost at the time of acquisition.

A provision is recognized for emissions produced. The provision is measured at the carrying amount of the emission rights held or, in the case of a shortfall, at the current fair value of the emission rights needed. The expenses incurred for the recognition of the provision are reported under cost of materials.

As part of operating activities, emission rights are held to a limited extent for proprietary trading purposes. Emission rights held for proprietary trading are reported under other operating assets and measured at the lower of cost or fair value.

Property, Plant and Equipment

Property, plant and equipment are initially measured at acquisition or production cost, including decommissioning or restoration cost that must be capitalized, and are depreciated over the expected useful lives of the components, generally using the straight-line method, unless a different method of depreciation is deemed more suitable in certain exceptional cases. The useful lives of the major components of property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment	
Buildings	10 to 50 years
Technical equipment, plant and machinery	10 to 65 years
Other equipment, fixtures, furniture and office equipment	3 to 25 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. In such a case, property, plant and equipment are tested for impairment according to the principles prescribed for intangible assets in IAS 36. If an impairment loss is determined, the remaining useful life of the asset might also be subject to adjustment, where applicable. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed and recognized in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

Investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income.

Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition or production cost of the asset, or else—if relevant—recognized as a separate asset if it is probable that the Group will receive a future economic benefit and the cost can be determined reliably.

Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.

Exploration for and Evaluation of Mineral Resources

The exploration and field development expenditures are accounted for using the so-called "successful efforts method." In accordance with IFRS 6, "Exploration for and Evaluation of Mineral Resources," ("IFRS 6") expenditures for exploratory drilling for which the outcome is not yet certain are initially capitalized as an intangible asset.

Upon discovery of oil and/or gas reserves and field development approval, the relevant expenditures are reclassified as property, plant and equipment. Such property, plant and equipment is then depreciated in accordance with production volumes. For uneconomical drilling, the previously capitalized expenditures are immediately expensed. Other capitalized expenditures are also written off once it is determined that no viable reserves could be found. Other expenses for geological and geophysical work (seismology) and licensing fees are immediately expensed.

Borrowing Costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset from the time of acquisition or from the beginning of construction or production until its entry into service are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs incurred for that particular arrangement during the period are used. For non-specific financing arrangements, a financing rate uniform within the Group of 5.25 percent was applied for 2013 (2012: 5.0 percent). Other borrowing costs are expensed.

Government Grants

Government investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income. They are recognized in income on a straight-line basis over the associated asset's expected useful life.

Government grants are recognized at fair value if it is highly probable that the grant will be issued and if the Group satisfies the necessary conditions for receipt of the grant.

Government grants for costs are posted as income over the period in which the costs to be compensated through the respective grants are incurred.

Leasing

Leasing transactions are classified according to the lease agreements and to the underlying risks and rewards specified therein in line with IAS 17, "Leases" ("IAS 17"). In addition, IFRIC 4, "Determining Whether an Arrangement Contains a Lease," ("IFRIC 4") further defines the criteria as to whether an agreement that conveys a right to use an asset meets the definition of a lease. Certain purchase and supply contracts in the electricity and gas business as well as certain rights of use may be classified as leases if the criteria are met. E.ON is party to some agreements in which it is the lessor and to others in which it is the lessee.

Leasing transactions in which E.ON is the lessee are classified either as finance leases or operating leases. If the Company bears substantially all of the risks and rewards incident to ownership of the leased property, the lease is classified as a finance lease. Accordingly, the Company recognizes on its balance sheet the asset and the associated liability in equal amounts.

Recognition takes place at the beginning of the lease term at the lower of the fair value of the leased property or the present value of the minimum lease payments.

The leased property is depreciated over its useful economic life or, if it is shorter, the term of the lease. The liability is subsequently measured using the effective interest method.

All other transactions in which E.ON is the lessee are classified as operating leases. Payments made under operating leases are generally expensed over the term of the lease.

Leasing transactions in which E.ON is the lessor and substantially all the risks and rewards incident to ownership of the leased property are transferred to the lessee are classified as finance leases. In this type of lease, E.ON records the present value of the minimum lease payments as a receivable. Payments by the lessee are apportioned between a reduction of the lease receivable and interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method.

All other transactions in which E.ON is the lessor are treated as operating leases. E.ON retains the leased property on its balance sheet as an asset, and the lease payments are generally recorded on a straight-line basis as income over the term of the lease.

Financial Instruments

Non-Derivative Financial Instruments

Non-derivative financial instruments are recognized at fair value, including transaction costs, on the settlement date when acquired. IFRS 13, "Fair Value Measurement," ("IFRS 13") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). The valuation techniques used are classified according to the fair value hierarchy provided for by IFRS 13.

Unconsolidated equity investments and securities are measured in accordance with IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). E.ON categorizes financial assets as held for trading, available for sale, or as loans and receivables. Management determines the categorization of the financial assets at initial recognition.

Securities categorized as available for sale are carried at fair value on a continuing basis, with any resulting unrealized gains and losses, net of related deferred taxes, reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually. If there is objective evidence of impairment, any losses previously recognized in other comprehensive income are instead recognized in financial results. When estimating a possible impairment loss, E.ON takes into

consideration all available information, such as market conditions and the length and extent of the impairment. If the value on the balance sheet date of the equity instruments classified as available for sale and of similar long-term investments is more than 20 percent below their cost, or if the value has, on average, been more than 10 percent below its cost for a period of more than twelve months, this constitutes objective evidence of impairment. For debt instruments, objective evidence of impairment is generally deemed present if ratings have deteriorated from investment-grade to non-investment-grade. Reversals of impairment losses relating to equity instruments are recognized exclusively in equity, while reversals relating to debt instruments are recognized entirely in income.

Loans and receivables (including trade receivables) are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables are reported on the balance sheet under "Receivables and other assets." They are subsequently measured at amortized cost. Valuation allowances are provided for identifiable individual risks.

Non-derivative financial liabilities (including trade payables) within the scope of IAS 39 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In subsequent periods, the amortization and accretion of any premium or discount is included in financial results.

Derivative Financial Instruments and Hedging Transactions

Derivative financial instruments and separated embedded derivatives are measured at fair value as of the trade date at initial recognition and in subsequent periods. IAS 39 requires that they be categorized as held for trading as long as they are not a component of a hedge accounting relationship. Gains and losses from changes in fair value are immediately recognized in net income.

The instruments primarily used are foreign currency forwards and cross-currency interest rate swaps, as well as interest rate swaps and options. In commodities, the instruments used include physically and financially settled forwards and options related to electricity, gas, coal, oil and emission rights. As part of conducting operations in commodities, derivatives are also acquired for proprietary trading purposes.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. E.ON determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

IAS 39 sets requirements for the designation and documentation of hedging relationships, the hedging strategy, as well as ongoing retrospective and prospective measurement of effectiveness in order to qualify for hedge accounting. The Company does not exclude any component of derivative gains and losses from the measurement of hedge effectiveness. Hedge accounting is considered to be appropriate if the assessment of hedge effectiveness indicates that the change in fair value of the designated hedging instrument is 80 to 125 percent effective at offsetting the change in fair value due to the hedged risk of the hedged item or transaction.

For qualifying fair value hedges, the change in the fair value of the derivative and the change in the fair value of the hedged item that is due to the hedged risk(s) are recognized in income. If a derivative instrument qualifies as a cash flow hedge under IAS 39, the effective portion of the hedging instrument's change in fair value is recognized in equity (as a component of other comprehensive income) and reclassified into income in the period or periods during which the cash flows of the transaction being hedged affect income. The hedging result is reclassified into income immediately if it becomes probable that the hedged underlying transaction will no longer occur. For hedging instruments used to establish cash flow hedges, the change in fair value of the ineffective portion is recognized immediately in the income statement to the extent required. To hedge the foreign currency risk arising from the Company's net investment in foreign operations, derivative as well as non-derivative financial instruments are used. Gains or losses due to changes in fair value and from foreign currency translation are recognized separately within equity, as a component of other comprehensive income, under currency translation adjustments.

Changes in fair value of derivative instruments that must be recognized in income are presented as other operating income or expenses. Gains and losses from interest-rate derivatives are netted for each contract and included in interest income. Gains and losses from derivative proprietary trading instruments are shown net as either revenues or cost of materials. Certain realized amounts are, if related to the sale of products or services, also included in sales or cost of materials.

Unrealized gains and losses resulting from the initial measurement of derivative financial instruments at the inception of the contract are not recognized in income. They are instead deferred and recognized in income systematically over the term of the derivative. An exception to the accrual principle applies if unrealized gains and losses from the initial measurement are verified by quoted market prices, observable prices of other current market transactions or other observable data supporting the valuation technique. In this case the gains and losses are recognized in income.

Contracts that are entered into for purposes of receiving or delivering non-financial items in accordance with E.ON's anticipated procurement, sale or use requirements, and held as such, qualify as own-use contracts. They are not accounted for as derivative financial instruments at fair value in accordance with IAS 39, but as open transactions subject to the rules of IAS 37.

IFRS 7, "Financial Instruments: Disclosures," ("IFRS 7") and IFRS 13 both require comprehensive quantitative and qualitative disclosures about the extent of risks arising from financial instruments. Additional information on financial instruments is provided in Notes 30 and 31.

Inventories

The Company measures inventories at the lower of acquisition or production cost and net realizable value. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. In addition to production materials and wages, production costs include material and production overheads based on normal capacity. The costs of general administration are not capitalized. Inventory risks resulting from excess and obsolescence are provided for using appropriate valuation allowances, whereby inventories are written down to net realizable value.

Receivables and Other Assets

Receivables and other assets are initially measured at fair value, which generally approximates nominal value. They are subsequently measured at amortized cost, using the effective interest method. Valuation allowances, included in the reported net carrying amount, are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss.

Liquid Funds

Liquid funds include current available-for-sale securities, checks, cash on hand and bank balances. Bank balances and available-for-sale securities with an original maturity of more than three months are recognized under securities and fixed-term deposits. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted.

Restricted cash with a remaining maturity in excess of twelve months is classified as financial receivables and other financial assets.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale

Individual non-current assets or groups of assets held for sale and any directly attributable liabilities (disposal groups) are reported in these line items if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. For a group of assets and associated liabilities to be classified as a disposal group, the assets and liabilities in it must be held for sale in a single transaction or as part of a comprehensive plan.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group.

Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If the fair value is less than the carrying amount, an impairment loss is recognized.

The income and losses resulting from the measurement of components held for sale at fair value less any remaining costs to sell, as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

Equity Instruments

IFRS defines equity as the residual interest in the Group's assets after deducting all liabilities. Therefore, equity is the net amount of all recognized assets and liabilities.

E.ON has entered into purchase commitments to holders of non-controlling interests in subsidiaries. By means of these agreements, the non-controlling shareholders have the right to require E.ON to purchase their shares on specified conditions. None of the contractual obligations has led to the transfer of substantially all of the risk and rewards to E.ON at the time of entering into the contract. In such a case, IAS 32,

"Financial Instruments: Presentation," ("IAS 32") requires that a liability be recognized at the present value of the probable future exercise price. This amount is reclassified from a separate component within non-controlling interests and reported separately as a liability. The reclassification occurs irrespective of the probability of exercise. The accretion of the liability is recognized as interest expense. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any difference between liabilities and non-controlling interests is recognized directly in retained earnings.

Where shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests from equity into liabilities under IAS 32. The liability is recognized at the present value of the expected settlement amount irrespective of the probability of termination. Changes in the value of the liability are reported within other operating income. Accretion of the liability and the non-controlling shareholders' share in net income are shown as interest expense.

If an E.ON Group company buys treasury shares of E.ON SE, the value of the consideration paid, including directly attributable additional costs (net after income taxes), is deducted from E.ON SE's equity until the shares are retired, distributed or resold. If such treasury shares are subsequently distributed or sold, the consideration received, net of any directly attributable additional transaction costs and associated income taxes, is added to E.ON SE's equity.

Share-Based Payment

Share-based payment plans issued in the E.ON Group are accounted for in accordance with IFRS 2, "Share-Based Payment" ("IFRS 2"). The E.ON Share Performance Plan introduced in fiscal 2006 involves share-based payment transactions that are settled in cash and measured at fair value as of each balance sheet date. From the sixth tranche forward, the 60-day average of the E.ON share price as of the balance sheet date is used as the fair value. In addition, the calculation of the provision

for the sixth tranche takes into account the financial measures ROACE and WACC. For the first tranche of the E.ON Share Matching Plan introduced in 2013, the WACC measure is no longer of significance. The compensation expense is recognized in the income statement pro rata over the vesting period.

Provisions for Pensions and Similar Obligations

Measurement of defined benefit obligations in accordance with IAS 19 (revised 2011), "Employee Benefits," ("IAS 19R" or "IAS 19," used synonymously unless explicitly stated otherwise) is based on actuarial computations using the projected unit credit method, with actuarial valuations performed at year-end. The valuation encompasses both pension obligations and pension entitlements that are known on the reporting date and economic trend assumptions such as assumptions on wage and salary growth rates and pension increase rates, among others, that are made in order to reflect realistic expectations, as well as variables specific to reporting dates such as discount rates, for example.

Included in gains and losses from the remeasurements of the net defined benefit liability or asset are actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables. Additionally included is the difference between the actual return on plan assets and the interest income on plan assets included in the net interest result. Remeasurements effects are recognized in full in the period in which they occur and are not reported within the Consolidated Statements of Income, but are instead recognized within the Statements of Recognized Income and Expenses as part of equity.

The employer service cost representing the additional benefits that employees earned under the benefit plan during the fiscal year is reported under personnel costs; the net interest on the net liability or asset from defined benefit pension plans determined based on the discount rate applicable at the start of the fiscal year is reported under financial results.

Past service cost, as well as gains and losses from settlements, are fully recognized in the income statement in the period in which the underlying plan amendment, curtailment or settlement takes place. They are reported under personnel costs.

The amount reported on the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. If a net asset position arises from this calculation, the amount is limited to the present value of available refunds and the reduction in future contributions and to the benefit from prepayments of minimum funding requirements. Such an asset position is recognized as an operating receivable.

Payments for defined contribution pension plans are expensed as incurred and reported under personnel costs. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans.

Provisions for Asset Retirement Obligations and Other Miscellaneous Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," ("IAS 37") provisions are recognized when E.ON has a legal or constructive present obligation towards third parties as a result of a past event, it is probable that E.ON will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognized at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts if the interest rate effect (the difference between present value and repayment amount) resulting from discounting is material; future cost increases that are foreseeable and likely to occur on the balance sheet date must also be included in the measurement. Long-term obligations are discounted at the market interest rate applicable as of the respective balance sheet date. The accretion amounts and the effects of changes in interest rates are generally presented as part of financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset. No offsetting within provisions is permitted. Advance payments remitted are deducted from the provisions.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized during the period of their occurrence at their discounted settlement amounts, provided that the obligation can be reliably estimated. The carrying amounts of the respective property, plant and equipment are increased by the same amounts. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis.

Changes in estimates arise in particular from deviations from original cost estimates, from changes to the maturity or the scope of the relevant obligation, and also as a result of the regular adjustment of the discount rate to current market interest rates. The adjustment of provisions for the decommissioning and restoration of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. If the property, plant and equipment to be decommissioned have already been fully depreciated, changes to estimates are recognized within the income statement.

The estimates for non-contractual nuclear decommissioning provisions are based on external studies and are continuously updated.

Under Swedish law, E.ON Sverige AB ("E.ON Sverige") is required to pay fees to the Swedish Nuclear Waste Fund. The Swedish Radiation Safety Authority proposes the fees for the disposal of high-level radioactive waste and nuclear power plant decommissioning based on the amount of electricity produced at that particular nuclear power plant. The proposed fees are then submitted to government offices for approval. Upon approval, E.ON Sverige makes the corresponding payments. In accordance with IFRIC 5, "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds," ("IFRIC 5") payments into the Swedish national fund for nuclear waste management are offset by a right of reimbursement of asset retirement obligations, which is recognized as an asset under "Other assets." In accordance with customary procedure in Sweden, the provisions are discounted at the real interest rate.

No provisions are established for contingent asset retirement obligations where the type, scope, timing and associated probabilities can not be determined reliably.

If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are established for losses from open transactions. Such provisions are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Contingent liabilities are possible obligations toward third parties arising from past events that are not wholly within the control of the entity, or else present obligations toward third parties arising from past events in which an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are generally not recognized on the balance sheet.

Where necessary, provisions for restructuring costs are recognized at the present value of the future outflows of resources. Provisions are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with the future operation are not taken into consideration.

Income Taxes

Under IAS 12, "Income Taxes," ("IAS 12") deferred taxes are recognized on temporary differences arising between the carrying amounts of assets and liabilities on the balance sheet and their tax bases (balance sheet liability method). Deferred tax assets and liabilities are recognized for temporary differences that will result in taxable or deductible amounts when taxable income is calculated for future periods, unless those differences are the result of the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable

profit/loss. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carryforwards and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Each of the corporate entities is assessed individually with regard to the probability of a positive tax result in future years. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced.

Deferred tax liabilities caused by temporary differences associated with investments in affiliated and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Group and it is probable that, owing to this control, the differences will in fact not be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be applicable for taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates and tax law is generally recognized in income. Equity is adjusted for deferred taxes that had previously been recognized directly in equity.

Deferred taxes for domestic companies are calculated using a total tax rate of 30 percent (2012: 30 percent). This tax rate includes, in addition to the 15 percent (2012: 15 percent) corporate income tax, the solidarity surcharge of 5.5 percent on the corporate tax (2012: 5.5 percent on the corporate tax), and the average trade tax rate of 14 percent (2012: 14 percent) applicable to the E.ON Group. Foreign subsidiaries use applicable national tax rates.

Note 10 shows the major temporary differences so recorded.

Consolidated Statements of Cash Flows

In accordance with IAS 7, "Cash Flow Statements," ("IAS 7") the Consolidated Statements of Cash Flows are classified by operating, investing and financing activities. Cash flows from discontinued operations are reported separately in the Consolidated Statement of Cash Flows. Interest received and paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas dividends paid are classified as financing cash flows. The purchase and sale prices respectively paid (received) in acquisitions and disposals of companies are reported net of any cash and cash equivalents acquired (disposed of) under investing activities if the respective acquisition or disposal results in a gain or loss of control. In the case of acquisitions and disposals that do not, respectively, result in a gain or loss of control, the corresponding cash flows are reported under financing activities. The impact on cash and cash equivalents of valuation changes due to exchange rate fluctuations is disclosed separately.

Segment Information

In accordance with the so-called management approach required by IFRS 8, "Operating Segments," ("IFRS 8") the internal reporting organization used by management for making decisions on operating matters is used to identify the Company's reportable segments. The internal performance measure used as the segment result is earnings before interest, taxes, depreciation and amortization ("EBITDA") adjusted to exclude certain extraordinary effects (see Note 33).

Structure of the Consolidated Balance Sheets and Statements of Income

In accordance with IAS 1, "Presentation of Financial Statements," ("IAS 1") the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current.

The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Capital Structure Management

E.ON uses the debt factor as the measure for the management of its capital structure. The debt factor is defined as the ratio of economic net debt to our EBITDA. Economic net debt

supplements net financial position with provisions for pensions and asset retirement obligations. The medium-term target set by E.ON for its debt factor is a value of less than 3.

Based on our EBITDA in 2013 of €9,315 million (2012: €10,771 million) and economic net debt of €31,991 million as of the balance sheet date (2012: €35,845 million), the debt factor is 3.4 (2012: 3.3).

Critical Accounting Estimates and Assumptions; Critical Judgments in the Application of Accounting Policies

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may influence the application of accounting principles within the Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on additional knowledge obtained on transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

Estimates are particularly necessary for the measurement of the value of property, plant and equipment and of intangible assets, especially in connection with purchase price allocations, the recognition and measurement of deferred tax assets, the accounting treatment of provisions for pensions and miscellaneous provisions, for impairment testing in accordance with IAS 36, as well as for the determination of the fair value of certain financial instruments.

The underlying principles used for estimates in each of the relevant topics are outlined in the respective sections.

(2) New Standards and Interpretations

Standards and Interpretations Applicable in 2013

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") have issued the following standards and interpretations that have been adopted by the EU into European law and whose application is mandatory in the reporting period from January 1, 2013, through December 31, 2013:

IFRS 13, "Fair Value Measurement"

In May 2011, the IASB published the new standard IFRS 13, "Fair Value Measurement" ("IFRS 13"). The objective of the standard is to define the term "fair value" and to establish guidance and disclosure requirements for fair value measurement that should be applied across standards. In the standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. For non-financial assets, the fair value is determined based on the highest and best use of the asset as determined by a market participant. IFRS 13 has been adopted by the EU into European law. The standard took effect on January 1, 2013, and is applied prospectively. The initial application of IFRS 13 has reduced the amounts recognized for assets and liabilities measured at fair value. The cumulative net effect was a gain of €18 million.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2009-2011 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In May 2012, the IASB published a corresponding omnibus standard, the fourth issued under this process. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. Application of the amendments is mandatory for fiscal years beginning on or after January 1, 2013. Earlier application is permitted. The omnibus standard has been adopted by the EU into European law. Application of the amendments is mandatory for fiscal years beginning on or after January 1, 2013. It will result in no material changes for E.ON affecting its Consolidated Financial Statements.

Amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards"—Government Loans

In March 2012, the IASB published the amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards," relating to loans received from governments at below-market rates of interest. First-time adopters of IFRS are now exempted from applying IFRS retrospectively when accounting for these loans on transition. Adoption by the EU into European law took place in March 2013. The standard thus amended is effective for fiscal years beginning on or after January 1, 2013. The amendments to the standard have no impact on the E.ON Consolidated Financial Statements as they are already prepared in accordance with IFRS.

Amendments to IAS 1, "Presentation of Financial Statements"

In June 2011, the IASB published amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The changes stipulate that the individual components of other comprehensive income ("OCI") shall be separated in the statement of comprehensive income according to whether they will be recycled into the income statement at a later date or not. The amendments shall be applied for fiscal years beginning on or after July 1, 2012. They have been adopted by the EU into European law. They have no material impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 12, "Income Taxes"—Deferred Tax: Recovery of Underlying Assets

In December 2010, the IASB published amendments to IAS 12, "Income Taxes" ("IAS 12"). When measuring temporary tax differences in connection with real estate held as investment property, there is now a presumption that such temporary differences are normally reversed through sale, rather than through continued use. The amendments shall be applied for fiscal years beginning on or after January 1, 2013. They have been adopted by the EU into European law. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 19, "Employee Benefits"

Effective January 1, 2013, E.ON is applying the amendments to IAS 19, "Employee Benefits," published by the IASB in June 2011, for the first time. The amendments have been adopted by the EU into European law. The following are the effects of the amended standard on the Consolidated Financial Statements: The expected return on plan assets and the interest cost of the defined benefit obligations have been replaced by one uniform net interest result that is based on the discount rate. The net interest result is calculated on the basis of the net pension liabilities or assets resulting from the existing defined

benefit pension plans. Any past service cost is generally recognized in full, in the period in which the underlying plan amendment occurs. Actuarial gains and losses have always been fully and immediately recognized in equity (OCI) in the past. The elimination of the option to apply the so-called "corridor method," or to expense actuarial gains and losses immediately, therefore has no impact on E.ON. Furthermore, additional disclosures are made on matters including the features of the

existing pension plans, the identifiable risks to which the entity is exposed and the effects of the defined benefit plans on the entity's future cash flows. The amended standard also contains a revision of the rules governing termination benefits.

The effects of the transition to IAS 19R on the consolidated balance sheet and income statement are illustrated in the tables below:

IAS 19R—Consolidated Balance Sheet						
€ in millions	December 31, 2012			January 1, 2012		
	Before IAS 19R adjustment	IAS 19R adjustment	After IAS 19R adjustment	Before IAS 19R adjustment	IAS 19R adjustment	After IAS 19R adjustment
Total assets	140,426	-	140,426	152,872	-10	152,862
Total provisions and liabilities	101,607	-1	101,606	113,259	-34	113,225
Provisions for pensions and similar obligations	4,890	55	4,945	3,245	55	3,300
Miscellaneous provisions for personnel obligations	2,305	-53	2,252	2,258	-87	2,171
Total equity	38,819	1	38,820	39,613	24	39,637

IAS 19R—Consolidated Income Statement			
€ in millions	2012		
	Before IAS 19R adjustment	IAS 19R adjustment	After IAS 19R adjustment
Income from continuing operations before financial results and income taxes	4,709	-32	4,677
Financial results	-1,395	-8	-1,403
Income taxes	-710	12	-698
Income from continuing operations	2,604	-28	2,576
Net income	2,641	-28	2,613

The net periodic pension cost for the 2013 fiscal year and the provisions for pensions and similar obligations as of December 31, 2013, would each be about €0.1 billion lower if IAS 19 were applied without the amendments published by the IASB in 2011.

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. The amendments to IFRS 7 shall be applied for fiscal years beginning on or after January 1, 2013. They have been adopted by the EU into European law. E.ON anticipates that the initial application of the amendments to IAS 32 will produce an effect from the switch to gross presentation adding about €1.2 billion to total assets and liabilities on the balance sheet.

Amendments to IAS 36—Recoverable Amount Disclosures

In May 2013, the IASB published "Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)." IAS 36 was amended to clarify that disclosures are required only for impaired assets or for cash-generating units. The new IAS 36 has been adopted by the EU into European law and its application is mandatory for fiscal years beginning on or after January 1, 2014. E.ON has elected to apply the amendments early, as permitted.

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine"

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine," ("IFRIC 20") was published in October 2011. IFRIC 20 specifies the conditions under which the cost of removing waste from a surface mine during its production phase should lead to the recognition of an asset. It also provides guidance on how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for fiscal years beginning on or after January 1, 2013. The interpretation has been adopted by the EU into European law. IFRIC 20 has no impact on E.ON's Consolidated Financial Statements.

Amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards"—Severe Hyperinflation and Removal of Fixed Dates

In December 2010, the IASB published two amendments to IFRS 1. The first amendment provides application guidance in cases where an entity was unable to comply with IFRS rules because its functional currency was subject to hyperinflation. The second amendment replaces the references to the fixed transition date of "January 1, 2004" with the more general "date of transition to IFRS." The amendments have been adopted by the EU into European law. Consequently, they shall be applied for fiscal years beginning on or after January 1, 2013. The standard thus amended has no impact on the E.ON Consolidated Financial Statements as they are already prepared in accordance with IFRS.

Standards and Interpretations Not Yet Applicable in 2013

The IASB and the IFRS IC have issued additional standards and interpretations. These standards and interpretations are not being applied by E.ON in the 2013 fiscal year because adoption by the EU remains outstanding at this time for some of them, or because their application is not yet mandatory.

IFRS 9, "Financial Instruments"

In November 2009 and October 2010, the IASB published phases of the new standard IFRS 9, "Financial Instruments" ("IFRS 9"). Under IFRS 9, all financial instruments currently within the scope of IAS 39 will henceforth generally be subdivided into only two classifications: financial instruments measured at amortized cost and financial instruments measured at fair value. The application of IFRS 9 was to be mandatory for fiscal years beginning on or after January 1, 2015. To give preparers more time, the IASB published an amendment in November 2013 postponing mandatory first-time application to no earlier than January 1, 2017. Earlier application is permitted. In that context, the IASB also amended the rules for macro hedge accounting. The standard has not yet been adopted by the EU into European law. E.ON is currently evaluating the impact on its Consolidated Financial Statements.

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. Earlier application is permitted as long as the standards IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12"), IAS 27, "Separate Financial Statements" ("IAS 27"), and IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"), are also being applied at the same time.

E.ON anticipates that the first-time application of IFRS 10 will lead to a minimal change in the scope of consolidation. As a consequence, earnings will decrease by about €50 million, while debt will decrease by about €320 million.

IFRS 11, "Joint Arrangements"

In May 2011, the IASB published the new standard 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 will be mandatory for fiscal years beginning on or after January 1, 2014. Earlier application is permitted as long as the standards IFRS 10, IFRS 12, IAS 27 and IAS 28 are also being applied at the same time.

E.ON anticipates that the application of IFRS 11 will lead to accounting changes. A small number of entities currently accounted for under the equity method must henceforth be classified as joint operations. E.ON expects a marginal improvement of about €45 million in earnings and an increase of approximately €580 million in debt from the initial application of the standard.

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 will be mandatory for fiscal years beginning on or after January 1, 2014, with earlier application permitted.

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 shall be mandatory for fiscal years beginning on or after January 1, 2014. Earlier application is permitted as long as the standards IFRS 10, IFRS 11, IFRS 12 and IAS 28 are also being applied at the same time. 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 shall thus be mandatory for fiscal years beginning on or after January 1, 2014. Earlier application is permitted as long as the standards IFRS 10, IFRS 11, IFRS 12 and IAS 27 are also being applied at the same time. It will not result in material changes for E.ON affecting its Consolidated Financial Statements.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2010-2012 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. Application of the amendments is mandatory for fiscal years beginning on or after July 1, 2014. Earlier application is permitted.

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

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. Application of the amendments is mandatory for fiscal years beginning on or after July 1, 2014. Earlier application is permitted.

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. Earlier application is permitted. The amendments have been adopted by the EU into European law. E.ON anticipates no material impact on its 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. Application of the amendments is mandatory for fiscal years beginning on or after January 1, 2014. Earlier application is permitted. E.ON anticipates no material impact on its Consolidated Financial Statements.

Amendments to IAS 19—Defined Benefit Plans: Employee Contributions

In November 2013, the IASB published narrow-scope amendments to IAS 19. These amendments address the accounting treatment under IAS 19 of defined benefit plans to which employees (or third parties) make contributions. Accordingly, if employees (or third parties) contribute to a plan irrespective of the number of years of employee service, the nominal amount of the contributions can still be deducted from service cost. If, however, employee contributions vary depending on the number of years of service, the computation and distribution of benefits must be performed using the projected unit credit method. Application of the amendments is mandatory for fiscal years beginning on or after July 1, 2014. Earlier application is permitted. They have not yet been adopted by the EU into European law. E.ON anticipates that the changes will have no impact on its Consolidated Financial Statements.

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." 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 new IAS 39 has been adopted by the EU into European law and its application will be mandatory for fiscal years beginning on or after January 1, 2014, with earlier application permitted.

IFRIC 21, "Levies"

In May 2013, the IASB published IFRIC 21, "Levies," ("IFRIC 21") interpreting IAS 37, which sets out criteria for the recognition of a liability for provisions, contingent liabilities and contingent assets. IFRIC 21 addresses when and how a levy that is not within the scope of another IFRS should be recognized as a liability. The amendments shall be applied for fiscal years beginning on or after January 1, 2014. They have not yet been adopted by the EU into European law. E.ON anticipates no material impact on its Consolidated Financial Statements.

(3) Scope of Consolidation

The number of consolidated companies changed as follows:

Scope of Consolidation			
	Domestic	Foreign	Total
Consolidated companies as of January 1, 2012	161	314	475
Additions	6	9	15
Disposals/Mergers	13	26	39
Consolidated companies as of December 31, 2012	154	297	451
Additions	4	14	18
Disposals/Mergers	43	83	126
Consolidated companies as of December 31, 2013	115	228	343

In 2013, a total of 22 domestic and 38 foreign associated companies were accounted for under the equity method (2012: 42 domestic and 55 foreign). Significant acquisitions, disposals and discontinued operations are discussed in Note 4.

(4) Acquisitions, Disposals and Discontinued Operations

Disposal Groups and Assets Held for Sale in 2013

In the course of the implementation of the divestment strategy, the following activities were classified as disposal groups or as assets held for sale in 2013:

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 transaction will close during the first half of 2014. The total carrying amount of the facilities, which are held in the Sweden regional unit, is approximately €0.1 billion as of December 31, 2013. Presentation as assets held for sale will not take place until the first quarter of 2014, as the relevant criteria for presentation will only be fulfilled at that time.

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 expected purchase price is €0.2 billion. The transaction is expected to close in the first quarter of 2014. Held in the Czechia regional unit, the major items on this entity's balance sheet are property, plant and equipment (€0.2 billion), inventories and other assets (€0.2 billion) and liabilities (€0.2 billion).

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.

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 will assume 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. As of December 31, 2013, the entity is reported in the Renewables global unit and its balance sheet consists primarily of property, plant and equipment (€0.4 billion), other assets (€0.3 billion) and liabilities (€0.3 billion). The transaction closed on January 10, 2014.

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.

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 Eggfling-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

Implementing the "Less Capital, More Value" strategy, 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.

Disposal Groups and Assets Held for Sale in 2012

In the course of the implementation of the divestment strategy, the following activities were classified as disposal groups or assets held for sale during 2012:

Horizon

In October 2012, E.ON signed a contract for the sale of its interest in Horizon Nuclear Power Limited, Gloucester, United Kingdom, to the Japanese industrial group Hitachi. The purchase price for the 50-percent stake amounted to approximately €0.4 billion. The shareholding was held as a joint venture in the UK regional unit, with a carrying amount of €0.3 billion as of September 30, 2012. The transaction closed in November 2012.

Open Grid Europe

In July 2012, E.ON sold its shares in the gas transmission company Open Grid Europe GmbH, Essen, Germany, to a consortium of infrastructure investors. The purchase price was approximately €3.2 billion and included the assumption of pension obligations and certain assets. As negotiations had already reached an advanced stage by May 2012, the activities had been presented as a disposal group as of that date. Held in the Optimization & Trading global unit, Open Grid Europe had net assets of approximately €3.2 billion as of the disposal date. The major balance sheet line items were €3.1 billion in intangible assets and property, plant and equipment, €0.5 billion in financial assets and €0.7 billion in current assets, as well as €0.6 billion in deferred tax liabilities and €0.5 billion in other liabilities. The sale resulted in a minimal pre-tax gain on disposal.

E.ON Bulgaria

In December 2011, E.ON signed an agreement with the Czech company ENERGO-PRO on the disposal of its wholly-owned subsidiary E.ON Bulgaria. The purchase price was approximately €0.1 billion. The major asset items on the balance sheet were property, plant and equipment (€0.2 billion) and current assets

(€0.1 billion). Provisions and liabilities amounted to €0.1 billion in total. The agreement on the purchase price necessitated the recognition in December 2011 of impairment charges on goodwill and non-current assets totaling about €0.1 billion. The transaction closed at the end of June 2012.

HSE

Following the disposal of the Thüga group, a concrete stage in negotiations on the disposal of the 40-percent shareholding in HEAG Südheussische Energie AG, Darmstadt, Germany, accounted for in the Gas global unit, was reached in the third quarter of 2010. Accordingly, the ownership interest was reclassified as an asset held for sale at the end of August 2010. The book value and the purchase price of the ownership interest both amounted to approximately €0.3 billion. The contract for the sale was signed in February 2012. The transaction closed at the end of June 2012.

Interconnector

As part of a series of portfolio optimizations, the 15.09-percent shareholding in Interconnector (UK) Ltd., London, United Kingdom, was also sold. In line with the stage of negotiations on that date, the ownership interest was presented as an asset held for sale as of June 30, 2012. This equity investment, which was accounted for in the Optimization & Trading global unit, was sold effective September 2012, with a negligible gain realized on the disposal.

Property at Brienner Straße, Munich

Following the closure of the E.ON Energie AG location in Munich implemented in the course of the E.ON 2.0 efficiency-enhancement and cost-cutting program, the property at Brienner Straße was sold in the fourth quarter of 2012 with a negligible gain on disposal. Accordingly, as of September 30, 2012, the property (€0.1 billion) was reported as an asset held for sale.

(5) Revenues

Revenues are generally recognized upon delivery of goods to purchasers or customers, or upon completion of services rendered. Delivery is considered to have occurred when the risks and rewards associated with ownership have been transferred to the buyer, compensation has been contractually established and collection of the resulting receivable is probable.

Revenues are generated primarily from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets. Additional revenue is earned from the distribution of gas and electricity, from deliveries of steam, heat and water, as well as from proprietary trading.

Revenues from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets are recognized when earned on the basis of a contractual arrangement with the customer or purchaser; they reflect

the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of their last meter reading and period-end. Unrealized and realized proceeds from proprietary trading activities are recognized net in revenues.

At €122 billion, revenues in 2013 were 7 percent lower than in the previous year. The decrease is primarily the result of reduced trading volumes at the Global Commodities unit.

The classification of revenues by segment is presented in Note 33.

(6) Own Work Capitalized

Own work capitalized amounted to €375 million in 2013 (2012: €381 million) and resulted primarily from engineering services in networks and in connection with new construction projects.

(7) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other Operating Income		
€ in millions	2013	2012
Income from exchange rate differences	3,765	4,108
Gain on derivative financial instruments	2,355	3,779
Gain on disposal of equity investments and securities	2,422	529
Write-ups of non-current assets	482	365
Gain on disposal of property, plant and equipment	127	114
Miscellaneous	1,616	1,950
Total	10,767	10,845

In general, E.ON employs derivatives to hedge commodity risks as well as currency and interest risks.

Income from exchange rate differences consisted primarily of realized gains from currency derivatives in the amount of €2,531 million (2012: €2,276 million) and of effects from foreign currency translation on the balance sheet date in the amount of €632 million (2012: €1,173 million).

Gains and losses on derivative financial instruments relate to gains from fair value measurement and to realized gains from derivatives under IAS 39, with the exception of income effects from interest rate derivatives. In this respect there was a significant impact from commodity derivatives in particular, which in 2013 resulted predominantly from the marking to market of emissions, electricity, gas, and coal derivatives. In 2012, there were effects resulting especially from electricity, coal and oil derivatives.

The gain on the disposal of equity investments and securities consisted primarily of gains of €996 million on the disposal of the hydroelectric power plants in Bavaria to Austria's Verbund AG, €521 million on the sale of E.ON Thüringer Energie AG and €344 million on the recognition in income of exchange rate differences from the disposal of Slovenský Plynárenský Priemysel ("SPP"). In 2012, there was a gain of €149 million on the disposal of the stake in Horizon Nuclear Power (see also Note 4). Additional gains were realized on the sale of securities in the amount of €186 million (2012: €156 million).

In addition to reversals of provisions, miscellaneous other operating income in 2013 included the proceeds of passing on of charges for personnel and services, as well as government grants.

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses		
€ in millions	2013	2012
Loss from exchange rate differences	3,755	3,857
Loss on derivative financial instruments	1,634	4,491
Taxes other than income taxes	364	385
Loss on disposal of equity investments and securities	444	73
Miscellaneous	3,941	4,505
Total	10,138	13,311

Losses from exchange rate differences consisted primarily of realized losses from currency derivatives in the amount of €2,240 million (2012: €2,441 million) and of effects from foreign currency translation on the balance sheet date in the amount of €218 million (2012: €229 million).

Miscellaneous other operating expenses included concession payments in the amount of €473 million (2012: €501 million), expenses for external audit, non-audit and consulting services in the amount of €240 million (2012: €283 million), advertising and marketing expenses in the amount of €169 million (2012: €217 million), and write-downs of trade receivables in the amount of €411 million (2012: €362 million). Additionally reported in this item are services rendered by third parties, IT expenditures and insurance premiums.

Included in the loss on disposal of equity investments and securities was €230 million stemming from the disposal of E.ON Westfalen Weser AG.

Other operating expenses from exploration activity totaled €71 million (2012: €44 million).

(8) Cost of Materials

The principal components of expenses for raw materials and supplies and for purchased goods are the purchase of gas and electricity and of fuels for electricity generation. Network usage charges are also included in this line item. Expenses for purchased services consist primarily of maintenance costs. The cost of materials decreased by €7 billion to €108 billion (2012: €115 billion). The primary cause was the lower trading volumes in 2013 compared with the previous year.

Cost of Materials		
€ in millions	2013	2012
Expenses for raw materials and supplies and for purchased goods	104,942	111,703
Expenses for purchased services	3,141	3,582
Total	108,083	115,285

(9) Financial Results

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

Financial Results		
€ in millions	2013	2012 ¹
Income from companies in which equity investments are held	92	96
Impairment charges/reversals on other financial assets	-88	-79
Income from equity investments	4	17
Income from securities, interest and similar income ²	583	1,191
<i>Available for sale</i>	214	277
<i>Loans and receivables</i>	181	211
<i>Held for trading</i>	32	15
<i>Other interest income</i>	156	688
Interest and similar expenses ²	-2,546	-2,611
<i>Amortized cost</i>	-1,188	-1,139
<i>Held for trading</i>	-30	-22
<i>Other interest expenses</i>	-1,328	-1,450
Net interest income	-1,963	-1,420
Financial results	-1,959	-1,403

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).
²The measurement categories are described in detail in Note 1.

The decrease in financial results is primarily attributable to the elimination in 2013 of positive effects from reversals of provisions that had influenced the prior-year figure.

Other interest income consists mostly of income from lease receivables (finance leases) and income resulting from taxes for previous years. Other interest expenses include the accretion of provisions for asset retirement obligations in the amount of €811 million (2012: €799 million). Also contained in this item is the net interest cost from provisions for pensions in the amount of €149 million (2012: €137 million). No penalties were incurred in 2013 for early repayments of loans.

Other interest expenses include the effects on financial results of carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries and of non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, which according to IAS 32 must be recognized as liabilities and amounted to €142 million (2012: €22 million).

Interest expense was reduced by capitalized interest on debt totaling €200 million (2012: €308 million).

Realized gains and losses from interest rate swaps are shown net on the face of the income statement.

(10) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income Taxes		
€ in millions	2013	2012 ¹
Domestic income taxes	887	-691
Foreign income taxes	554	458
Other income taxes	-	42
Current taxes	1,441	-191
Domestic	-759	357
Foreign	21	532
Deferred taxes	-738	889
Total income taxes	703	698

¹Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).

The tax expense in 2013 amounted to €0.7 billion, as it had in 2012. The effective tax rate increased from 21 percent in 2012 to 22 percent in 2013.

Of the amount reported as current taxes, €636 million is attributable to previous years (2012: -€1.0 billion).

Deferred taxes reported for 2013 resulted from changes in temporary differences, which totaled €199 million (2012: €1,532 million), loss carryforwards of -€934 million (2012: -€663 million) and tax credits amounting to -€3 million (2012: €20 million).

German legislation providing for fiscal measures to accompany the introduction of the European Company and amending other fiscal provisions ("SE-Steuer-gesetz" or "SEStEG"), which came into effect on December 13, 2006, altered the regulations on corporate tax credits arising from the corporate imputation system ("Anrechnungsverfahren"), which had existed until 2001. The change de-links the corporate tax credit from

distributions of dividends. Instead, after December 31, 2006, an unconditional claim for payment of the credit in ten equal annual installments from 2008 through 2017 has been established. The resulting receivable is included in income tax assets and amounted to €89 million in 2013 (2012: €133 million).

Income tax liabilities consist primarily of income taxes for the respective current year and for prior-year periods that have not yet been definitively examined by the tax authorities.

As of December 31, 2013, €12 million (2012: €15 million) in deferred tax liabilities were recognized for the differences between net assets and the tax bases of subsidiaries and associated companies (the so-called "outside basis differences"). Deferred tax liabilities were not recognized for subsidiaries and associated companies to the extent that the Company can control the reversal effect and that it is therefore probable that temporary differences will not be reversed in the foreseeable future. Accordingly, deferred tax liabilities were not recognized for temporary differences of €1,320 million (2012: €1,165 million) at subsidiaries and associated companies, as E.ON is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

Changes in tax rates in Norway, the United Kingdom and a number of other countries resulted in tax income of €71 million in total. In 2012, changes in foreign tax rates produced deferred tax income of €263 million in total.

The differences between the 2013 base income tax rate of 30 percent (2012: 30 percent) applicable in Germany and the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Taxes/Tax Rate				
	2013		2012	
	€ in millions	%	€ in millions	%
Expected corporate income tax	962	30.0	982	30.0
Credit for dividend distributions	7	0.2	-12	-0.4
Foreign tax rate differentials	-139	-4.4	-174	-5.3
Changes in tax rate/tax law	-71	-2.2	-263	-7.9
Tax effects on tax-free income	-712	-22.2	-264	-8.0
Tax effects on equity accounting	66	2.1	-38	-1.2
Other ¹	590	18.4	467	14.2
Effective income taxes/tax rate	703	21.9	698	21.4

¹In 2013, including €181 million in changes in the value of deferred tax assets and €146 million in taxes for previous years; in 2012, including €659 million in changes in the value of deferred tax assets.

Deferred tax assets and liabilities as of December 31, 2013, and December 31, 2012, break down as shown in the following table:

Deferred Tax Assets and Liabilities		
€ in millions	December 31	
	2013	2012
Intangible assets	310	370
Property, plant and equipment	701	861
Financial assets	182	186
Inventories	25	24
Receivables	708	731
Provisions	6,644	6,465
Liabilities	3,090	2,572
Net operating loss carryforwards	3,187	2,389
Tax credits	26	23
Other	523	347
Subtotal	15,396	13,968
Changes in value	-957	-747
Deferred tax assets	14,439	13,221
Intangible assets	1,638	1,791
Property, plant and equipment	5,309	5,985
Financial assets	275	255
Inventories	145	154
Receivables	3,425	3,031
Provisions	1,859	1,289
Liabilities	819	734
Other	1,585	1,322
Deferred tax liabilities	15,055	14,561
Net deferred tax assets/liabilities (-)	-616	-1,340

Net deferred taxes break down as follows based on the timing of their reversal:

Net Deferred Tax Assets and Liabilities				
€ in millions	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Deferred tax assets	2,790	5,443	1,492	4,696
Changes in value	-14	-943	-24	-723
Net deferred tax assets	2,776	4,500	1,468	3,973
Deferred tax liabilities	-2,328	-5,564	-1,021	-5,760
Net deferred tax assets/liabilities (-)	448	-1,064	447	-1,787

Of the deferred taxes reported, a total of -€605 million was charged directly to equity in 2013 (2012: -€899 million). A further €43 million in current taxes (2012: €43 million) was also recognized directly in equity.

Income taxes recognized in other comprehensive income for the years 2013 and 2012 break down as follows:

Income Taxes on Components of Other Comprehensive Income						
€ in millions	2013			2012		
	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
Cash flow hedges	112	-25	87	-316	101	-215
Available-for-sale securities	368	26	394	14	-59	-45
Currency translation adjustments	-1,296	-22	-1,318	461	35	496
Remeasurement of defined benefit plans	504	-261	243	-1,869	515	-1,354
Companies accounted for under the equity method	-984	1	-983	-14	-	-14
Total	-1,296	-281	-1,577	-1,724	592	-1,132

The declared tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards		
€ in millions	December 31	
	2013	2012
Domestic tax loss carryforwards	9,040	4,886
Foreign tax loss carryforwards	8,159	7,623
Total	17,199	12,509

Since January 1, 2004, domestic tax loss carryforwards can only be offset against a maximum of 60 percent of taxable income, subject to a full offset against the first €1 million. This minimum corporate taxation also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate tax loss carryforwards and trade tax

loss carryforwards. Of the foreign tax loss carryforwards, a significant portion relates to previous years. No deferred taxes have been recognized on a total of €1,853 million (2012: €2,059 million) in tax loss carryforwards that do not expire.

As of December 31, 2013, and December 31, 2012, E.ON reported deferred tax assets for companies that incurred losses in the current or the prior-year period that exceed the deferred tax liabilities by €3,858 million and €2,760 million, respectively. The basis for recognizing deferred tax assets is an estimate by management of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset.

(11) Personnel-Related Information

Personnel Costs

The following table provides details of personnel costs for the periods indicated:

Personnel Costs		
€ in millions	2013	2012
Wages and salaries	3,686	4,043
Social security contributions	586	645
Pension costs and other employee benefits	415	478
<i>Pension costs</i>	407	471
Total	4,687	5,166

Personnel costs fell by €479 million to €4,687 million (2012: €5,166 million). The decline was due primarily to the effects that occurred in the context of the E.ON 2.0 restructuring program and to the respective sales and disposals of interests in E.ON Thüringer Energie, E.ON Energy from Waste and E.ON Westfalen Weser in 2013 and in Open Grid Europe in 2012.

Share-Based Payment

The expenses for share-based payment in 2013 (employee stock purchase programs in Germany and the United Kingdom, the E.ON Share Performance Plan and the E.ON Share Matching Plan) amounted to €18.1 million (2012: €22.7 million).

Employee Stock Purchase Program

In 2013, as in 2012, employees at German E.ON Group companies had the opportunity to purchase E.ON shares at preferential terms under a voluntary employee stock purchase program. Employees receive a matching contribution from the Company of €450 at present on the shares they purchased by the November 21, 2013, cut-off date. Based on the stock package being bought, the employee contribution in 2013 ranged from a minimum of €450 to a maximum of €1,950. On that date, the relevant market price of E.ON stock was €13.75. Depending on the number of shares purchased, the preferential prices paid ranged between €6.83 and €11.16 (2012: between €7.56 and €11.57). The lock-up period for the shares ends on December 31, 2015. The expense of €6.3 million (2012: €8.0 million) arising from granting the preferential prices is recognized as personnel costs and included in the "Wages and salaries" line item.

In 2013, E.ON distributed a total of 1,057,296 treasury shares (0.05 percent of the capital stock of E.ON SE) under the voluntary employee stock purchase program in Germany (2012: 1,279,079 treasury shares, or 0.06 percent of the capital stock of E.ON SE).

Information on the changes in the number of treasury shares held by E.ON SE can be found in Note 19.

Since the 2003 fiscal year, employees in the United Kingdom have the opportunity to purchase E.ON shares through an employee stock purchase program and to acquire additional bonus shares. The expense of issuing these matching shares amounted to €1.9 million in 2013 (2012: €2.2 million) and is also recorded under personnel costs as part of "Wages and salaries."

Long-Term Variable Compensation

Members of the Board of Management of E.ON SE and certain executives of the E.ON Group receive share-based payment as part of their voluntary long-term variable compensation. Share-based payment can only be granted if the qualified executive owns a certain minimum number of shares of E.ON stock, which must be held until maturity or full exercise. The purpose of such compensation is to reward their contribution to E.ON's growth and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the E.ON Share Performance Plan, which was introduced in 2006 and modified in 2010 and 2011 for subsequent tranches, and on the E.ON Share Matching Plan introduced in 2013.

E.ON Share Performance Plan

From 2006 through 2012, E.ON granted virtual shares ("Performance Rights") under the E.ON Share Performance Plan.

Issues through 2010

At the end of its term, each Performance Right is entitled to a cash payout linked to the final E.ON share price established at that time, as well as to the performance during the term of the E.ON share price relative to its benchmark, the STOXX Europe 600 Utilities (Net Return) index. The amount paid out is equal to the target value at issuance if the E.ON share price is maintained at the end of the term and the performance of the E.ON share price matches that of the benchmark index. If the E.ON share outperforms the index, the amount paid out is increased proportionally. If, on the other hand, the E.ON share underperforms the index, disproportionate deductions are made. In the case of underperformance by 20 percent or more, there is no payout. The maximum amount to be paid out

to each participant per Performance Right is limited to three times the target value originally set.

60-day average prices are used to determine the target value at issuance, the final price and the relative performance, in order to mitigate the effects of incidental, short-lived price movements. The plan contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The Performance Rights issued under the E.ON Share Performance Plan in 2010 expired on December 31, 2013, and have been settled in full. There were no payouts to beneficiaries. The provision for the fifth tranche of the E.ON Share Performance Plan has been eliminated (2012: €0.3 million). The income from the elimination of this provision amounted to €0.3 million in the 2013 fiscal year (2012: €2.2 million).

Issues from 2011

At the end of its term, each Performance Right is entitled to a cash payout linked to the final E.ON share price established at that time and—under the modified terms of the plan, beginning with the sixth tranche—to the degree to which specific corporate financial measures are achieved over the term. The benchmark is the return on capital, expressed as the return on average capital employed ("ROACE") compared with the weighted-average cost of capital ("WACC"), averaged over the unchanged four-year term of the new tranche. At the same time, starting with the sixth tranche, the maximum payout was further limited to 2.5 times the target value originally set.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements. The plan contains adjustment mechanisms to eliminate the effects of interim corporate actions.

The following are the base parameters of the two tranches active in 2013 under these plan terms:

E.ON Share Performance Rights		
	7th tranche	6th tranche
Date of issuance	Jan. 1, 2012	Jan. 1, 2011
Term	4 years	4 years
Target value at issuance	€17.10	€22.43
Maximum amount paid	€42.75	€56.08

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the rights. The provision for the plan as of the balance sheet date is €19.7 million (2012: €22.4 million). The expense for the sixth and seventh tranches in the 2013 fiscal year was €1.1 million (2012: €14.7 million).

E.ON Share Matching Plan

Since 2013, E.ON has been granting virtual shares under the E.ON Share Matching Plan. At the end of its term, each virtual share is entitled to a cash payout linked to the final E.ON share price established at that time. The calculation inputs for this long-term variable compensation package are equity deferral, basis matching and performance matching.

The equity deferral is determined by multiplying an arithmetic portion of the beneficiary's contractually agreed target bonus by the beneficiary's total target achievement percentage from the previous year. The equity deferral is converted into virtual shares. The granting of virtual shares in the amount of the equity deferral is generally scheduled to begin in Germany and Sweden by 2014, and in the United States by 2015. Beneficiaries are additionally granted virtual shares in the context of basis matching and performance matching. For members of the Board of Management of E.ON SE, the proportion of basis matching to the equity deferral is determined at the discretion of the Supervisory Board; for all other beneficiaries it is 2:1. Performance matching will take place only on achievement of a minimum performance, based on ROACE, as specified at the beginning of the term by the Board of Management and the Supervisory Board.

The amount paid out under performance matching is equal to the target value at issuance if the E.ON share price is maintained at the end of the term and if the average ROACE performance matches a target value specified by the Board of Management and the Supervisory Board. If the average ROACE during the four-year term exceeded the target value, the number of virtual shares granted under performance matching increases up to a maximum of twice the target value. If the average ROACE falls short of the target value, the number of virtual shares, and thus also the amount paid out, decreases. In the event of a defined underperformance, there is no payout under performance matching.

At the end of the term, the sum of the dividends paid to an ordinary shareholder during the term is added to each virtual share. The maximum amount to be paid out to a plan participant is limited to twice the sum of the equity deferral, the basis matching and the target value under performance matching.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements.

The plan contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The following are the base parameters of the tranche active in 2013 under these plan terms:

E.ON Share Matching Virtual Shares	
1st tranche	
Date of issuance	Apr. 1, 2013
Term	4 years
Target value at issuance	€13.31

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the virtual shares. In addition, the change in ROACE is simulated for

performance matching. The provision for the first tranche of the E.ON Share Matching Plan as of the balance sheet date is €8.8 million. The expense for the tranche amounted to €9.1 million in the 2013 fiscal year.

Employees

During 2013, E.ON employed an average of 65,416 persons (2012: 74,811), not including an average of 1,563 apprentices (2012: 2,126).

The breakdown by segment is shown in the table below:

Employees ¹		
	2013	2012
Generation	9,292	10,287
Renewables	1,768	1,809
Global Commodities	1,695	3,045
Exploration & Production	207	192
Germany	13,939	20,956
Other EU Countries	27,706	29,649
Non-EU Countries	5,043	5,029
Group Management/Other ²	5,766	3,844
Total	65,416	74,811

¹Figures do not include board members, managing directors, or apprentices.
²Includes E.ON IT Group and E.ON Business Services (EBS).

(12) Other Information

Transformation of E.ON AG into E.ON SE

On November 15, 2012, E.ON AG was transformed into a European Company ("SE"). In accordance with the customary dual system used in Germany, the Board of Management and the Supervisory Board will continue to manage and control the Group. The Supervisory Board, which consists of an equal number of shareholder and employee representatives, was reduced to twelve members.

German Corporate Governance Code

On December 16, 2013, the Board of Management and the Supervisory Board of E.ON SE made a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"). The declaration has been made permanently and publicly accessible to stockholders on the Company's Web site (www.eon.com).

Fees and Services of the Independent Auditor

During 2013 and 2012, the following fees for services provided by the independent auditor of the Consolidated Financial Statements, PricewaterhouseCoopers ("PwC") Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, (domestic) and by companies in the international PwC network were recorded as expenses:

Independent Auditor Fees		
€ in millions	2013	2012
Financial statement audits	24	27
Domestic	16	19
Other attestation services	20	25
Domestic	16	20
Tax advisory services	1	1
Domestic	-	1
Other services	2	1
Domestic	-	1
Total	47	54
Domestic	32	41

The fees for financial statement audits concern the audit of the Consolidated Financial Statements and the legally mandated financial statements of E.ON SE and its affiliates.

Fees for other attestation services concern in particular the review of the interim IFRS financial statements. Further included in this item are project-related reviews performed in the context of the introduction of IT and internal control systems, due-diligence services rendered in connection with acquisitions and disposals, and other mandatory and voluntary audits.

Fees for tax advisory services primarily include advisory on a case-by-case basis with regard to the tax treatment of M&A transactions, ongoing consulting related to the preparation of

tax returns and the review of tax assessments, as well as advisory on other tax-related issues, both in Germany and abroad.

Fees for other services consist primarily of technical support in IT and other projects.

List of Shareholdings

The list of shareholdings pursuant to Section 313 (2) HGB is an integral part of these Notes to the Financial Statements and is presented on pages 194 through 207.

(13) Earnings per Share

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

Earnings per Share		
€ in millions	2013	2012
Income from continuing operations	2,503	2,576
Less: Non-controlling interests	-368	-424
Income from continuing operations (attributable to shareholders of E.ON SE)	2,135	2,152
Income from discontinued operations, net	7	37
Net income attributable to shareholders of E.ON SE	2,142	2,189
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	1.12	1.13
from discontinued operations	0.00	0.02
from net income	1.12	1.15
Weighted-average number of shares outstanding (in millions)	1,907	1,906

The effect of the initial application of IAS 19R in 2012 is a reduction of earnings per share by €0.01. Compared with an application in 2013 of the previously applicable version of IAS 19, earnings per share are likewise reduced by €0.01.

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

(14) Goodwill, Intangible Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets and Property, Plant and Equipment

€ in millions	Acquisition and production costs						December 31, 2013
	January 1, 2013	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	
Goodwill	16,808	-291	-324	0	0	0	16,193
Marketing-related intangible assets	6	-	-3	-	-	-	3
Customer-related intangible assets	1,819	-39	-12	4	-851	-	921
Contract-based intangible assets	6,928	-329	-20	89	-51	47	6,664
Technology-based intangible assets	872	-14	-32	79	-66	42	881
Internally generated intangible assets	265	-5	-9	11	-121	-	141
Intangible assets subject to amortization	9,890	-387	-76	183	-1,089	89	8,610
Intangible assets not subject to amortization	1,444	-56	-21	2,339	-1,829	20	1,897
Advance payments on intangible assets	88	-2	-1	131	-	-73	143
Intangible assets	11,422	-445	-98	2,653	-2,918	36	10,650
Real estate and leasehold rights	3,121	-60	-110	14	-10	7	2,962
Buildings	8,139	-221	-349	46	-12	111	7,714
Technical equipment, plant and machinery	90,025	-1,537	-7,362	2,048	-630	4,836	87,380
Other equipment, fixtures, furniture and office equipment	1,530	-19	-222	125	-123	133	1,424
Advance payments and construction in progress	10,444	-331	-60	2,731	-167	-5,012	7,605
Property, plant and equipment	113,259	-2,168	-8,103	4,964	-942	75	107,085

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2013

€ in millions	Generation	Renewables	Global Commodities	Exploration & Production	Germany	Other EU Countries	Russia ⁴	Group Management/ Consolidation	E.ON Group
Net carrying amount of goodwill as of January 1, 2013	4,264	2,056	1,308	1,857	967	1,451	1,537	0	13,440
Changes resulting from acquisitions and disposals	-	-177	-	-	-63	31	-	-	-209
Impairment charges	-	-	-111	-	-	-27	-	-	-138
Other changes ¹	-49	46	-2	-22	-66	-33	-170	-	-296
Net carrying amount of goodwill as of December 31, 2013	4,215	1,925	1,195	1,835	838	1,422	1,367	0	12,797
Growth rate ² (%)	1.5	1.5-2.0	1.5	1.5	-	-	3.5	-	-
Cost of capital ² (%)	6.7	5.8-6.6	5.7	7.4	-	-	13.9	-	-
Other non-current assets³									
Impairment	-798	-149	-288	-221	-8	-44	-278	-	-1,786
Reversals	397	-	34	-	-	85	-	-	516

¹Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.

²Presented here are growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.

³Other non-current assets consist of intangible assets and of property, plant and equipment.

⁴Growth rate and cost of capital before taxes, in local currency.

Accumulated depreciation									Net carrying amounts	
January 1, 2013	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	Impairment	Reversals	December 31, 2013	December 31, 2013	
-3,368	-1	111	0	0	0	-138	0	-3,396	12,797	
-2	-	1	-	-	-	-	-	-1	2	
-1,507	37	44	-37	851	-1	-1	-	-614	307	
-2,021	61	10	-229	37	-2	-54	1	-2,197	4,467	
-655	11	26	-94	64	-4	-	-	-652	229	
-175	5	1	-26	121	2	-3	-	-75	66	
-4,360	114	82	-386	1,073	-5	-58	1	-3,539	5,071	
-185	11	1	-	1	-22	-352	34	-512	1,385	
-8	-	-	-	-	-	-3	-	-11	132	
-4,553	125	83	-386	1,074	-27	-413	35	-4,062	6,588	
-420	3	31	-8	-	1	-8	15	-386	2,576	
-4,576	75	271	-190	8	35	-172	30	-4,519	3,195	
-52,822	556	4,713	-2,852	458	-44	-1,164	389	-50,766	36,614	
-1,044	13	150	-128	105	-104	-1	1	-1,008	416	
-224	2	-	-	36	32	-28	46	-136	7,469	
-59,086	649	5,165	-3,178	607	-80	-1,373	481	-56,815	50,270	

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2013—Presentation of Other EU Countries

€ in millions	UK	Sweden	Czechia	Hungary	Other regional units	Other EU Countries
Net carrying amount of goodwill as of January 1, 2013	918	140	53	0	340	1,451
Changes resulting from acquisitions and disposals	-	-3	-1	-	35	31
Impairment charges	-	-	-	-	-27	-27
Other changes ¹	-19	-5	-9	-	-	-33
Net carrying amount of goodwill as of December 31, 2013	899	132	43	0	348	1,422
Other non-current assets²						
Impairment	-8	-5	-	-27	-4	-44
Reversals	22	-	8	-	55	85

¹Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.

²Other non-current assets consist of intangible assets and of property, plant and equipment.

Goodwill, Intangible Assets and Property, Plant and Equipment

€ in millions	Acquisition and production costs						December 31, 2012
	January 1, 2012	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	
Goodwill	17,223	153	-568	0	0	0	16,808
Marketing-related intangible assets	6	-	-	-	-	-	6
Customer-related intangible assets	2,233	25	-382	-	-58	1	1,819
Contract-based intangible assets	6,782	80	42	41	-133	116	6,928
Technology-based intangible assets	855	8	-69	65	-44	57	872
Internally generated intangible assets	228	3	-2	35	-1	2	265
Intangible assets subject to amortization	10,104	116	-411	141	-236	176	9,890
Intangible assets not subject to amortization	1,499	29	-206	3,409	-3,246	-41	1,444
Advance payments on intangible assets	91	-	-19	136	-1	-119	88
Intangible assets	11,694	145	-636	3,686	-3,483	16	11,422
Real estate and leasehold rights	3,244	68	-176	13	-61	33	3,121
Buildings	9,007	137	-861	75	-175	-44	8,139
Technical equipment, plant and machinery	95,247	988	-10,405	2,959	-821	2,057	90,025
Other equipment, fixtures, furniture and office equipment	1,662	11	-142	109	-110	-	1,530
Advance payments and construction in progress	8,839	206	-150	3,807	-198	-2,060	10,444
Property, plant and equipment	117,999	1,410	-11,734	6,963	-1,365	-14	113,259

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2012

€ in millions	Generation	Renewables	Global Commodities	Exploration & Production	Germany	Other EU Countries	Russia ⁴	Group Management/Consolidation	E.ON Group
Net carrying amount of goodwill as of January 1, 2012	4,210	2,061	3,793	0	1,043	1,492	1,484	0	14,083
Changes resulting from acquisitions and disposals	-	-1	-410	-	-	-	-	-	-411
Impairment charges	-	-	-203	-	-53	-72	-	-	-328
Other changes ¹	54	-4	-1,872	1,857	-23	31	53	-	96
Net carrying amount of goodwill as of December 31, 2012	4,264	2,056	1,308	1,857	967	1,451	1,537	0	13,440
Growth rate ² (%)	1.5	1.5-2.5	1.5	1.5	-	-	3.5	-	-
Cost of capital ² (%)	6.6	5.8-7.0	6.7	6.3	-	-	14.6	-	-
Other non-current assets³									
Impairment	-591	-136	-124	-42	-142	-130	-42	-40	-1,247
Reversals	286	-	3	-	42	37	-	-	368

¹Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.

²Presented here are growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.

³Other non-current assets consist of intangible assets and of property, plant and equipment.

⁴Growth rate and cost of capital before taxes, in local currency.

Accumulated depreciation									Net carrying amounts	
	January 1, 2012	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	Impairment	Reversals	December 31, 2012	December 31, 2012
	-3,140	2	98	0	0	0	-328	0	-3,368	13,440
	-2	-	-	-	-	-	-	-	-2	4
	-1,695	-24	249	-94	58	-1	-	-	-1,507	312
	-1,699	-12	-49	-245	122	-15	-123	-	-2,021	4,907
	-651	-6	55	-88	38	-3	-	-	-655	217
	-160	-3	2	-18	-	5	-1	-	-175	90
	-4,207	-45	257	-445	218	-14	-124	0	-4,360	5,530
	-108	-4	-	-	12	28	-116	3	-185	1,259
	-7	-	-	-	-	2	-3	-	-8	80
	-4,322	-49	257	-445	230	16	-243	3	-4,553	6,869
	-361	-3	27	-11	8	-2	-86	8	-420	2,701
	-4,801	-58	398	-216	156	3	-108	50	-4,576	3,563
	-55,803	-456	5,896	-2,754	703	-151	-564	307	-52,822	37,203
	-1,096	-7	107	-141	87	9	-3	-	-1,044	486
	-69	-1	7	-	103	-21	-243	-	-224	10,220
	-62,130	-525	6,435	-3,122	1,057	-162	-1,004	365	-59,086	54,173

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2012—Presentation of Other EU Countries

€ in millions	UK	Sweden	Czechia	Hungary	Other regional units	Other EU Countries
Net carrying amount of goodwill as of January 1, 2012	897	134	54	67	340	1,492
Changes resulting from acquisitions and disposals	-	-	-	-	-	-
Impairment charges	-	-	-	-72	-	-72
Other changes ¹	21	6	-1	5	-	31
Net carrying amount of goodwill as of December 31, 2012	918	140	53	0	340	1,451
Other non-current assets²						
Impairment	-25	-3	-	-94	-8	-130
Reversals	-	-	2	-	35	37

¹Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.

²Other non-current assets consist of intangible assets and of property, plant and equipment.

Goodwill

At the beginning of 2013, the existing Optimization & Trading segment was renamed Global Commodities. A small number of individual companies were also transferred out of the Germany regional unit into the Renewables global unit. The corresponding comparative prior-year figures have been adjusted. Moreover, the activities of E.ON Connecting Energies are being reported among the other EU countries (see Note 33 for additional details).

The changes in goodwill within the segments, as well as the allocation of impairments and their reversals to each reportable segment, are presented in the tables on pages 136 and 137.

Impairments

IFRS 3 prohibits the amortization of goodwill. Instead, goodwill is tested for impairment at least annually at the level of the cash-generating units. Goodwill must also be tested for impairment at the level of individual cash-generating units between these annual tests if events or changes in circumstances indicate that the recoverable amount of a particular cash-generating unit might be impaired. Intangible assets subject to amortization and property, plant and equipment must generally be tested for impairment whenever there are particular events or external circumstances indicating the possibility of impairment.

To perform the impairment tests, the Company first determines the fair values less costs to sell of its cash-generating units. In the absence of binding sales transactions or market prices for the respective cash-generating units, fair values are calculated based on discounted cash flow methods.

Valuations are based on the medium-term corporate planning authorized by the Board of Management. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. In certain justified exceptional cases, a longer detailed planning period of ten years is used as the calculation basis, especially when that is required under a regulatory framework or specific regulatory provisions. The cash flow assumptions extending beyond the detailed planning period are determined using segment-specific growth rates that are based on historical analysis and prospective forecasting. The growth rates used in 2013 generally correspond to the inflation rates in each of the countries where the cash-generating units operate. In 2013, the inflation rate used for the euro area was 1.5 percent (2012: 1.5 percent). For the Renewables reporting segment, the growth rate is also adjusted for segment-specific forecasts of changes by the respective business units (for example, regulatory framework, reinvestment cycles or growth prospects). The interest rates used for discounting cash flows are calculated using market data for each cash-generating unit, and as of December 31, 2013, ranged between 4.9 and 8.6 percent after taxes (2012: 5.0 and 9.9 percent).

The principal assumptions underlying the determination by management of recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, E.ON's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital. These assumptions are based on market data, where publicly available.

The above discussion applies accordingly to the testing for impairment of intangible assets and of property, plant and equipment, and of groups of these assets. In the Generation segment, for example, the tests are based on the respective remaining useful life and on other plant-specific valuation parameters. If the goodwill of a cash-generating unit is combined with assets or groups of assets for impairment testing, the assets must be tested first.

The recoverable amount primarily used to test a business for impairment is the fair value less costs to sell; at the Russia focus region, however, the recoverable amount is based on the value in use. The value in use for the Russia region is determined in local currency and according to the regulatory framework over a detailed planning period of twelve years. The pre-tax cost of capital of this cash-generating unit is 13.9 percent (after-tax interest rate: 11.1 percent; 2012: 14.6 and 11.7 percent, respectively).

Apart from the Netherlands regional unit, whose goodwill was written down by €27 million, the goodwill impairment testing performed in 2013 necessitated no additional recognition of impairment charges. Impairments on goodwill were additionally recognized in connection with initiated disposals in the amount of €111 million (2012: €256 million) (see Note 4 for additional details).

The goodwill of all cash-generating units whose goodwill is material in relation to the total carrying amount of all goodwill shows a surplus of recoverable amounts over the respective carrying amounts and, therefore, based on current assessment of the economic situation, only a significant change in the material valuation parameters would necessitate the recognition of goodwill impairment.

In the 2013 fiscal year, impairments were recognized on property, plant and equipment in the amount of €1,373 million. The most significant individual issue in terms of amount, at €176 million, relates to a power plant in the focus region Russia, which was written down to a recoverable amount of €250 million in the third quarter of 2013 because of a changed regulatory framework. The recoverable amount is the value in use. The other impairment charges on property, plant and equipment relate to a variety of specific issues and are primarily attributable to conventional power plants at the Generation global unit (€798 million), the focus region Russia (a further €102 million), and the Renewables global unit (€94 million).

Impairments on intangible assets totaled €413 million. Of this amount, €206 million is attributable to emission rights in the Global Commodities segment, which were written down to fair values less costs to sell of €242 million in line with the market price on the reporting date. Additional impairment losses of €144 million had to be recognized in the Exploration & Production segment.

Because impairments were recognized on a number of items of property, plant and equipment in previous years, and particularly on generation assets, the assets involved will be particularly sensitive in subsequent years to future changes in the principal assumptions used to determine their recoverable amounts.

Recoverable amounts were determined for virtually all generation assets as part of the impairment testing. In specific cases this also led to reversals, totaling €397 million, which are mainly attributable to power plants in Spain, Italy, the Netherlands and Germany, and resulted primarily from changes in forecasts for electricity prices and fuel costs. Additional reversals totaling €85 million are attributable to other segments.

The impairment tests performed in 2012 resulted in the recognition of €1,004 million in impairment charges on property, plant and equipment. This amount related primarily to conventional power plants at the Generation global unit (€587 million), to the Germany, Hungary and Russia regions (€268 million) and to the Global Commodities global unit (€87 million). Intangible assets were written down in the amount of €243 million; the impairments were primarily attributable to the activities of the global units Renewables (€117 million), Exploration & Production (€38 million) and Global Commodities (€37 million). The principal causes of the impairment losses in the 2012 fiscal year were the deteriorated overall market environment and regulatory intervention, as well as the periodic updates of the cost of capital and of long-term price assumptions.

In addition, there was an impairment of goodwill of €328 million in total. The amount included €72 million attributable to the "Other" regional units because the fair value less costs to sell at the Hungary regional unit was no longer sufficient to cover the corresponding carrying amount, and €256 million recognized for impairments in connection with disposals at the Global Commodities global unit and at the Germany regional unit.

Intangible Assets

In 2013, the Company recorded an amortization expense of €386 million (2012: €445 million). Impairment charges on intangible assets, including those already mentioned at the affected units, amounted to €413 million in 2013 (2012: €243 million).

Reversals of impairments on intangible assets totaled €35 million in 2013 (2012: €3 million).

Intangible assets include emission rights from different trading systems with a carrying amount of €626 million (2012: €380 million).

€42 million in research and development costs as defined by IAS 38 were expensed in 2013 (2012: €56 million).

Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the five succeeding fiscal years is as follows:

Estimated Aggregated Amortization Expense	
€ in millions	
2014	343
2015	330
2016	291
2017	261
2018	232
Total	1,457

As acquisitions and disposals occur in the future, actual amounts may vary.

As of December 31, 2013, intangible assets from exploration activity had carrying amounts of €352 million (2012: €440 million). Impairment charges of €144 million (2012: €38 million) were recognized on these intangible assets.

Property, Plant and Equipment

Borrowing costs in the amount of €200 million were capitalized in 2013 (2012: €308 million) as part of the historical cost of property, plant and equipment.

In 2013, the Company recorded depreciation of property, plant and equipment in the amount of €3,178 million (2012: €3,122 million). Impairment charges, including those relating to the issues already mentioned, were recognized on property, plant and equipment in the amount of €1,373 million (2012:

€1,004 million). A total of €481 million in reversals of impairments on property, plant and equipment was recognized in 2013 (2012: €365 million).

In 2013 there were restrictions on disposals involving primarily land and buildings, as well as technical equipment and machinery, in the amount of €1,753 million (2012: €1,211 million).

Certain power plants, gas storage facilities and supply networks are utilized under finance leases and capitalized in the E.ON Consolidated Financial Statements because the economic ownership of the assets leased is attributable to E.ON.

The property, plant and equipment thus capitalized had the following carrying amounts as of December 31, 2013:

E.ON as Lessee—Carrying Amounts of Capitalized Lease Assets		
€ in millions	December 31	
	2013	2012
Land	4	4
Buildings	–	15
Technical equipment, plant and machinery	1,119	860
Other equipment, fixtures, furniture and office equipment	103	83
Net carrying amount of capitalized lease assets	1,226	962

Some of the leases contain price-adjustment clauses, as well as extension and purchase options. The corresponding payment obligations under finance leases are due as shown below:

E.ON as Lessee—Payment Obligations under Finance Leases						
€ in millions	Minimum lease payments		Covered interest share		Present values	
	2013	2012	2013	2012	2013	2012
Due within 1 year	136	126	86	64	50	62
Due in 1 to 5 years	535	383	340	250	195	133
Due in more than 5 years	2,227	1,734	1,241	980	986	754
Total	2,898	2,243	1,667	1,294	1,231	949

The present value of the minimum lease obligations is reported under liabilities from leases.

Regarding future obligations under operating leases where economic ownership is not transferred to E.ON as the lessee, see Note 27.

E.ON also functions in the capacity of lessor. Contingent lease payments received totaled €58 million (2012: €25 million). Future lease installments receivable under operating leases are due as shown in the table at right:

E.ON as Lessor—Operating Leases		
€ in millions	2013	2012
Nominal value of outstanding lease installments		
Due within 1 year	44	24
Due in 1 to 5 years	161	316
Due in more than 5 years	209	382
Total	414	722

See Note 17 for information on receivables from finance leases.

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

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets						
€ in millions	December 31, 2013			December 31, 2012		
	E.ON Group	Associates ¹	Joint ventures	E.ON Group	Associates ¹	Joint ventures
Companies accounted for under the equity method	5,624	2,880	2,744	4,067	3,352	715
Equity investments	1,966	246	12	1,612	248	8
Non-current securities	4,444	-	-	4,746	-	-
Total	12,034	3,126	2,756	10,425	3,600	723

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

Companies accounted for under the equity method consist solely of associates and joint ventures.

The amount shown for non-current securities relates primarily to fixed-income securities.

In 2013, impairment charges on companies accounted for under the equity method amounted to €468 million (2012: €662 million). This amount includes €342 million relating to an equity investment in the Other Non-EU Countries segment, which was written down to a recoverable amount of €472 million corresponding to its value in use. The main reasons for this impairment are project delays and technical aspects. In 2012, an impairment of €519 million was charged to a foreign equity investment in the Global Commodities segment; the main causes were the deteriorated market environment and the initiated disposal process for the company. The fair value less costs to sell of the equity investment as of December 31, 2012, was €1,242 million.

Impairments on other financial assets amounted to €84 million (2012: €71 million). The carrying amount of other financial assets with impairment losses was €312 million as of the end of the fiscal year (2012: €250 million).

€666 million (2012: €593 million) in non-current securities is restricted for the fulfillment of legal insurance obligations of VKE (see Note 31).

Shares in Companies Accounted for under the Equity Method

The financial information below summarizes the most important income statement and balance sheet data for the companies that are accounted for under the equity method.

Earnings Data for Companies Accounted for under the Equity Method						
€ in millions	2013			2012		
	Total	Associates	Joint ventures	Total	Associates	Joint ventures
Sales	15,171	12,238	2,933	13,426	13,035	391
Net income/loss	766	1,035	-269	766	746	20

Balance Sheet Data for Companies Accounted for under the Equity Method						
€ in millions	December 31, 2013			December 31, 2012		
	Total	Associates	Joint ventures	Total	Associates	Joint ventures
Non-current assets	33,975	22,475	11,500	25,817	23,832	1,985
Current assets	9,498	7,846	1,652	7,496	7,044	452
Provisions	6,145	5,543	602	5,888	5,733	155
Liabilities	24,994	16,403	8,591	15,697	14,421	1,276
Equity	12,334	8,375	3,959	11,728	10,722	1,006

Investment income generated from companies accounted for under the equity method amounted to €659 million in 2013 (2012: €510 million).

The carrying amounts of companies accounted for under the equity method whose shares are marketable totaled €778 million in 2013 (2012: €691 million). The fair value of E.ON's share in these companies was €545 million (2012: €555 million).

Investments in associated companies totaling €716 million (2012: €847 million) were restricted because they were pledged as collateral for financing as of the balance sheet date.

(16) Inventories

The following table provides a breakdown of inventories as of the dates indicated:

Inventories		
€ in millions	December 31	
	2013	2012
Raw materials and supplies	2,133	2,156
Goods purchased for resale	1,848	2,389
Work in progress and finished products	165	189
Total	4,146	4,734

Raw materials, goods purchased for resale and finished products are generally valued at average cost.

Write-downs totaled €82 million in 2013 (2012: €70 million). Reversals of write-downs amounted to €11 million in 2013 (2012: €9 million).

No inventories have been pledged as collateral.

(17) Receivables and Other Assets

The following table lists receivables and other assets by remaining time to maturity as of the dates indicated:

Receivables and Other Assets				
€ in millions	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Receivables from finance leases	95	630	64	817
Other financial receivables and financial assets	1,514	2,920	1,994	2,875
Financial receivables and other financial assets	1,609	3,550	2,058	3,692
Trade receivables	14,246	-	16,104	-
Receivables from derivative financial instruments	3,996	1,485	4,489	1,944
Other operating assets	2,659	531	3,761	456
Trade receivables and other operating assets	20,901	2,016	24,354	2,400
Total	22,510	5,566	26,412	6,092

In 2013, there were unguaranteed residual values of €18 million (2012: €18 million) due to E.ON as lessor under finance leases. Some of the leases contain price-adjustment clauses, as well as extension and purchase options. As of December 31, 2013, other financial assets include receivables from owners of non-controlling interests in jointly owned power plants of €135 million (2012: €73 million) and margin account deposits for futures trading of €445 million (2012: €1,213 million). In addition, based on the provisions of IFRIC 5, other financial assets include a claim for a refund from the Swedish Nuclear Waste Fund in the amount of €1,768 million (2012: €1,743 million) in connection with the decommissioning of nuclear power plants and nuclear waste disposal. Since this asset is designated for a particular purpose, E.ON's access to it is restricted.

The aging schedule of trade receivables is presented in the table below:

Aging Schedule of Trade Receivables		
€ in millions	2013	2012
Not impaired and not past-due	11,949	14,570
Not impaired and past-due by	1,362	1,211
<i>up to 60 days</i>	934	1,004
<i>61 to 90 days</i>	44	58
<i>91 to 180 days</i>	96	61
<i>181 to 360 days</i>	86	41
<i>more than 360 days</i>	202	47
Net value of impaired receivables	935	323
Total trade receivables	14,246	16,104

The individual impaired receivables are due from a large number of retail customers from whom it is unlikely that full repayment will ever be received. Receivables are monitored within the various units.

Valuation allowances for trade receivables have changed as shown in the following table:

Valuation Allowances for Trade Receivables		
€ in millions	2013	2012
Balance as of January 1	-881	-860
Change in scope of consolidation	25	19
Write-downs	-411	-362
Reversals of write-downs	81	72
Disposals	119	120
Other ¹	2	130
Balance as of December 31	-1,065	-881

¹"Other" includes also currency translation adjustments.

Receivables from finance leases are primarily the result of certain electricity delivery contracts that must be treated as leases according to IFRIC 4. The nominal and present values of the outstanding lease payments have the following due dates:

E.ON as Lessor—Finance Leases						
€ in millions	Gross investment in finance lease arrangements		Unrealized interest income		Present value of minimum lease payments	
	2013	2012	2013	2012	2013	2012
Due within 1 year	161	133	62	78	99	55
Due in 1 to 5 years	379	532	202	247	177	285
Due in more than 5 years	713	855	264	314	449	541
Total	1,253	1,520	528	639	725	881

The present value of the outstanding lease payments is reported under receivables from finance leases.

(18) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds		
€ in millions	December 31	
	2013	2012
Securities and fixed-term deposits	2,648	3,281
<i>Current securities with an original maturity greater than 3 months</i>	2,316	2,437
<i>Fixed-term deposits with an original maturity greater than 3 months</i>	332	844
Restricted cash and cash equivalents	639	449
Cash and cash equivalents	4,027	2,816
Total	7,314	6,546

In 2013, there was €3 million in restricted cash (2012: €7 million) with a maturity greater than three months.

Current securities with an original maturity greater than three months include €81 million (2012: €77 million) in securities held by VKE that are restricted for the fulfillment of legal insurance obligations (see Note 31).

Cash and cash equivalents include €3,487 million (2012: €2,759 million) in checks, cash on hand and balances in Bundesbank accounts and at other financial institutions with an original maturity of less than three months, to the extent that they are not restricted.

(19) Capital Stock

The capital stock is subdivided into 2,001,000,000 registered shares with no par value ("no-par-value shares") and amounts to €2,001,000,000 (2012: €2,001,000,000). The capital stock of the Company was provided by way of conversion of E.ON AG into a European Company ("SE").

Pursuant to a resolution by the Annual Shareholders Meeting of May 3, 2012, the Company is authorized to purchase own shares until May 2, 2017. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Board of Management was authorized at the aforementioned Annual Shareholders Meeting to cancel any shares thus acquired without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of December 31, 2013, was 1,907,808,363 (December 31, 2012: 1,906,750,395). As of December 31, 2013, E.ON SE and one of its subsidiaries held a total of 93,191,637 treasury shares (December 31, 2012: 94,249,605) having a book value of €3,484 million (equivalent to 4.66 percent or €93,191,637 of the capital stock). 1,057,296 treasury shares were used for the employee stock purchase program and distributed to employees in 2013 (2012: 1,279,079 treasury shares used). See also Note 11 for information on the distribution of shares under the employee stock purchase program. A further 672 treasury shares (2012: 1,181 shares) were also distributed.

The Company has further been authorized by the Annual Shareholders Meeting to buy shares using put or call options, or a combination of both. When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted at market terms with a financial institution or on the market. No shares were acquired in 2013 using this purchase model.

Authorized Capital

By shareholder resolution adopted at the Annual Shareholders Meeting of May 3, 2012, the Board of Management was authorized, subject to the Supervisory Board's approval, to increase until May 2, 2017, the Company's capital stock by a total of up to €460 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (with the option to restrict shareholders' subscription rights); such increase shall not, however, exceed the amount and number of shares in which the authorized capital pursuant to Section 3 of the Articles of Association of E.ON AG still exists at the point in time when the conversion of E.ON AG into a European company ("SE") becomes effective pursuant to the conversion plan dated March 6, 2012 (authorized capital pursuant to Sections 202 et seq. AktG). Subject to the Supervisory Board's approval, the Board of Management is authorized to exclude shareholders' subscription rights. The authorized capital has not been used.

Conditional Capital

At the Annual Shareholders Meeting of May 3, 2012, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of €175 million, which is authorized until May 2, 2017. The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights and income bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG, and to the extent that no cash settlement has been granted in lieu of conversion and no E.ON SE treasury shares or shares of another listed company have been used to service the rights. However, this conditional capital increase only applies up to the amount and number of shares in which the conditional capital pursuant to Section 3 of the Articles of Association of E.ON AG has not yet been implemented at the point in time when the conversion of E.ON AG into a European company ("SE") becomes effective in accordance with the conversion plan dated March 6, 2012. The conditional capital has not been used.

Voting Rights

The following notices pursuant to Section 21 (1) of the German Securities Trading Act ("WpHG") concerning changes in voting rights have been received:

Information on Stockholders of E.ON SE					Voting rights	
Stockholder	Date of notice	Threshold exceeded	Gained voting rights on	Allocation	Percentages	Absolute
BlackRock Inc. New York, U.S. ¹	Oct. 26, 2012	5%	March 21, 2011	indirect	5.02	100,378,878
¹ 5.02 percent (100,378,878 votes) are attributable to this company pursuant to Section 22 (1), sentence 1, no. 6, WpHG.						

(20) Additional Paid-in Capital

Additional paid-in capital declined by €7 million during 2013, to €13,733 million (2012: €13,740 million). The change is due entirely to the loss realized on the sale of shares distributed to eligible employees of the E.ON Group under the employee stock purchase program.

(21) Retained Earnings

The following table breaks down the E.ON Group's retained earnings as of the dates indicated:

Retained Earnings		
€ in millions	December 31	
	2013	2012 ¹
Legal reserves	45	45
Other retained earnings	23,008	22,824
Total	23,053	22,869
¹ Because of the initial application of IAS 19R, the comparative prior-year figures have been adjusted (see also Note 2).		

Under German securities law, E.ON SE shareholders may receive distributions from the balance sheet profit of E.ON SE reported as available for distribution in accordance with the German Commercial Code.

As of December 31, 2013, these German-GAAP retained earnings totaled €5,776 million (2012: €5,115 million). Of this amount, legal reserves of €45 million (2012: €45 million) are restricted pursuant to Section 150 (3) and (4) AktG.

Accordingly, the amount of retained earnings available for distribution in principle is €5,731 million (2012: €5,070 million).

A proposal to distribute a cash dividend for 2013 of €0.60 per share will be submitted to the Annual Shareholders Meeting. A cash dividend of €1.10 per share was paid for 2012. Based on E.ON SE's 2013 year-end closing share price, the dividend yield is 4.5 percent. Based on a €0.60 dividend, the total profit distribution is €1,145 million.

(22) Changes in Other Comprehensive Income

The table below illustrates the share of OCI attributable to companies accounted for under the equity method:

Share of OCI Attributable to Companies Accounted for under the Equity Method		
€ in millions	2013	2012
Balance as of December 31 (before taxes)	-672	312
Taxes	1	-
Balance as of December 31 (after taxes)	-671	312

(23) Non-Controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table.

Non-Controlling Interests		
€ in millions	December 31	
	2013	2012
Generation	313	323
Renewables	195	191
Global Commodities	-	11
Exploration & Production	1	1
Germany	1,180	1,877
Other EU Countries	496	561
Russia	541	678
Group Management/Consolidation	189	220
Total	2,915	3,862

The decrease in non-controlling interests in 2013 resulted primarily from disposals in the Germany regional unit (E.ON Westfalen Weser, E.ON Energy from Waste, E.ON Thüringer Energie and E.ON Mitte) and from changes in exchange rates in the Russia region.

The table below illustrates the share of OCI that is attributable to non-controlling interests.

Share of OCI Attributable to Non-Controlling Interests				
€ in millions	Cash flow hedges	Available-for-sale securities	Currency translation adjustments	Remeasurement of defined benefit plans
Balance as of January 1, 2012	2	9	-247	-11
Changes	-2	25	69	-118
Balance as of December 31, 2012	0	34	-178	-129
Changes	2	-12	-116	77
Balance as of December 31, 2013	2	22	-294	-52

(24) Provisions for Pensions and Similar Obligations

The retirement benefit obligations toward the active and former employees of the E.ON Group, which amounted to €15.2 billion, were covered by plan assets having a fair value of €11.8 billion as of December 31, 2013. This corresponds to a funded status of 77 percent.

In addition to the reported plan assets, Versorgungskasse Energie ("VKE"), which is included in the Consolidated Financial Statements, administers another fund holding assets of

€0.8 billion (2012: €0.7 billion) that do not constitute plan assets under IAS 19 but which are mostly intended for the coverage of retirement benefit obligations at E.ON Group companies in Germany (see Note 31).

The present value of the defined benefit obligation, the fair value of plan assets and the net defined benefit liability (funded status) are presented in the following table for the dates indicated:

Provisions for Pensions and Similar Obligations			
€ in millions	December 31		January 1
	2013	2012	2012
Present value of all defined benefit obligations			
Germany	9,574	11,192	9,455
United Kingdom	4,926	4,903	4,570
Other countries	679	729	628
Total	15,179	16,824	14,653
Fair value of plan assets			
Germany	6,789	6,769	6,526
United Kingdom	4,596	4,702	4,467
Other countries	376	410	366
Total	11,761	11,881	11,359
Net defined benefit liability/(asset)			
Germany	2,785	4,423	2,929
United Kingdom	330	201	103
Other countries	303	319	262
Total	3,418	4,943	3,294
<i>Presented as operating receivables</i>	-	-2	-6
<i>Presented as provisions for pensions and similar obligations</i>	3,418	4,945	3,300

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former E.ON Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at E.ON. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

E.ON regularly reviews the pension plans in place within the Group for financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as inflation and rising wages and salaries. In order to avoid exposure to future risks from occupational benefit plans, newly designed pension plans were introduced at the major German and foreign E.ON Group companies beginning in

1998. Virtually all employees hired at E.ON Group companies after 1998 are now covered by benefit plans for which the risk factors can be better calculated and controlled as presented below.

The existing entitlements under defined benefit plans as of the balance sheet date cover about 56,000 retirees and their beneficiaries, about 14,000 former employees with vested entitlements and about 47,000 active employees. The corresponding present value of the defined benefit obligations is attributable to retirees and their beneficiaries in the amount of €9.1 billion, to former employees with vested entitlements in the amount of €1.6 billion and to active employees in the amount of €4.5 billion.

The features and risks of defined benefit plans are regularly shaped by the general legal, tax and regulatory conditions prevailing in the respective country. The configurations of the major defined benefit plans within the E.ON Group are described in the following discussion.

Germany

Active employees at the German Group companies are predominantly covered by cash balance plans. In addition, some final-pay arrangements, and a small number of fixed-amount arrangements, still exist under individual contracts.

The majority of the reported benefit obligation toward active employees is centered on the "BAS Plan," a pension unit system launched in 2001, and on a "provision for the future" ("Zukunftssicherung") plan, a variant of the BAS Plan that emerged from the harmonization in 2004 of numerous benefit plans granted in the past. In the Zukunftssicherung benefit plan, vested final-pay entitlements are considered in addition to the defined contribution pension units when determining the benefit.

The plans described in the preceding paragraph generally provide for ongoing pension benefits that generally are payable upon reaching the age threshold, or in the event of disability or death. These plans are closed to new hires.

The only benefit plan open to new hires is the E.ON IQ contribution plan (the "IQ Plan"). This plan is a "units of capital" system that provides for the alternative payout options of a prorated single payment and payments of installments in addition to the payment of a regular pension.

The benefit expense for all the cash balance plans mentioned above is dependent on compensation and is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation. The cash balance plans contain different interest rate assumptions for the pension units. Whereas fixed interest rate assumptions apply for both the BAS Plan and the Zukunftssicherung plan, the units of capital for the open IQ Plan earn interest at the average yield of long-term government bonds of the Federal Republic of Germany observed in the fiscal year. Future pension increases at a rate of 1 percent are guaranteed for a large number of active employees. For the remaining eligible individuals, pensions are adjusted mostly in line with the rate of inflation, usually in a three-year cycle.

To fund the pension plans for the German Group companies, plan assets were established in the form of a Contractual Trust Arrangement ("CTA"). The major part of these plan assets is administered by E.ON Pension Trust e.V. as trustee in accordance with specified investment principles. Additional domestic plan assets are managed by smaller German pension funds. The long-term investments and liquid funds administered by VKE do not constitute plan assets under IAS 19, but are almost exclusively intended for the coverage of benefit obligations at German E.ON Group companies.

Only at the pension funds and at VKE do regulatory provisions exist in relation to capital investment or funding requirements.

United Kingdom

In the United Kingdom, there are various pension plans for the Group. Until 2005 and 2008, respectively, employees were covered by defined benefit plans, which for the most part were final-pay plans and make up the majority of the pension obligations currently reported. These plans were closed to employees hired after these dates. Since then, new hires are offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional actuarial risks for the employer.

Benefit payments to the beneficiaries of the currently existing defined benefit pension plans are adjusted for inflation as measured by the U.K. Retail Price Index ("RPI").

Plan assets in the United Kingdom are administered in a pension trust. The trustees are selected by the members of the plan or appointed by the entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

The Pensions Regulator in the United Kingdom requires that a so-called "technical valuation" of the plan's funding conditions be performed every three years. The actuarial assumptions underlying the valuation are agreed upon by the trustees and E.ON UK plc. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary

assumptions and interest rate levels. The most recent technical valuation took place as of March 31, 2010, and resulted in a technical funding deficit of £446 million. The agreed deficit repair plan provides for annual payments of £34 million to the pension trust. A revaluation of the technical funded status was performed as of March 31, 2013; it is not yet complete as of the balance sheet date.

Other Countries

The remaining pension obligations are spread across various international activities of the E.ON Group. Noteworthy among them are the pension plans relating to the Group's Spanish activities, which consist largely of final-pay plans and of plans that have the characteristics of a total pension commitment. In addition, post-employment health care benefits are provided to a limited extent. The assets covering E.ON's Spanish pension plans are made up almost entirely of qualifying insurance policies, which constitute plan assets under IAS 19. The majority of the obligations is subject to a funding requirement in the context of such insurance solutions.

Benefit plans additionally exist in Belgium, France, Russia, Sweden and the United States, but those are of minor significance from a Group perspective.

Description of the Benefit Obligation

The following table shows the changes in the present value of the defined benefit obligations for the periods indicated:

Changes in the Defined Benefit Obligation								
€ in millions	2013				2012			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Defined benefit obligation as of January 1	16,824	11,192	4,903	729	14,653	9,455	4,570	628
Employer service cost	276	204	58	14	247	167	63	17
Past service cost	80	44	29	7	127	111	20	-4
Gains and losses on settlements	-	-	-	-	-1	-	-	-1
Interest cost on the present value of the defined benefit obligations	589	362	204	23	672	432	213	27
Employee contributions	1	-	1	-	1	-	1	-
Pensions paid	-753	-463	-252	-38	-756	-497	-227	-32
Settlements paid	-	-	-	-	-1	-	-	-1
Remeasurements	-665	-702	87	-50	2,242	1,993	157	92
<i>Actuarial gains (-)/losses (+) arising from changes in demographic assumptions</i>	40	-	39	1	-	-	-	-
<i>Actuarial gains (-)/losses (+) arising from changes in financial assumptions</i>	-721	-784	90	-27	2,197	2,012	101	84
<i>Actuarial gains (-)/losses (+) arising from experience adjustments</i>	16	82	-42	-24	45	-19	56	8
Changes in scope of consolidation	-1,059	-1,059	-	-	-244	-244	-	-
Exchange rate differences	-107	-	-101	-6	108	-	106	2
Other	-7	-4	-3	-	-224	-225	-	1
Defined benefit obligation as of December 31	15,179	9,574	4,926	679	16,824	11,192	4,903	729

The benefit obligations in the other countries relate mostly to the benefit plans at E.ON Group companies in Spain (2013: €457 million; 2012: €494 million) and France (2013: €97 million; 2012: €96 million).

The share of the total benefit obligation attributable to post-employment health care benefits was €17 million (2012: €19 million).

The net actuarial gains generated in 2013 are largely attributable to a general increase in the discount rates used within the E.ON Group. This increase was partly offset by the higher

pension increase rate used by the Group companies in the United Kingdom as the basis for measuring the benefit obligation as of December 31, 2013.

The "Other" line item for 2012 consists primarily of balance sheet reclassifications of defined benefit obligations to "Liabilities associated with assets held for sale."

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost at E.ON's German and U.K. subsidiaries as of the respective balance sheet date are as follows:

Actuarial Assumptions			
Percentages	December 31		
	2013	2012	2011
Discount rate			
Germany	3.90	3.40	4.75
United Kingdom	4.60	4.40	4.60
Wage and salary growth rate			
Germany	2.50	2.50	2.50
United Kingdom	3.40	3.40	3.40
Pension increase rate			
Germany ¹	2.00	2.00	2.00
United Kingdom	3.10	2.70	2.80

¹The pension increase rate for Germany applies to eligible individuals not subject to a one-percent pension increase rate.

The cost increase rate used as the basis for measuring the change in the obligation for post-employment health care benefits at the E.ON Group companies in Spain is 4.00 percent as of December 31, 2013 (2012: 4.00 percent; 2011: 4.00 percent).

The discount rate assumptions used by E.ON basically reflect the currency-specific rates available at the end of the respective fiscal year for high-quality corporate bonds with a duration

corresponding to the average period to maturity of the respective obligation. To ensure data quality in the light of the extensive rating downgrades of benchmark-status high-quality corporate bonds brought about by the financial market crisis, high-quality corporate bonds with lower outstanding volumes continue to be considered at year-end 2013 as they had been on December 31, 2012.

To measure the E.ON Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)	
Germany	2005 G versions of the Klaus Heubeck biometric tables (2005)
United Kingdom	CMI "00" and "S1" series base mortality tables (2009 and 2008), taking into account future changes in mortality

As of December 31, 2013, changes in the actuarial assumptions described previously would lead to changes to the present value of the defined benefit obligations as shown below:

Sensitivities		
€ in millions	Change in the present value of the defined benefit obligations	
Change in the discount rate by <i>Change</i>	+0.50%	-0.50%
	-1,044	1,163
Change in the wage and salary growth rate by <i>Change</i>	+0.25%	-0.25%
	72	-70
Change in the pension increase rate by <i>Change</i>	+0.25%	-0.25%
	270	-259
Change in mortality by <i>Change</i>	+10.00%	-10.00%
	-370	409

A 10-percent decrease in mortality would result in a higher life expectancy of beneficiaries, depending on the age of each individual beneficiary. As of December 31, 2013, the life expectancy of a 63-year-old male E.ON retiree would increase by approximately one year if mortality were to decrease by 10 percent.

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligation resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets and the Investment Policy

The defined benefit plans are funded by plan assets held in specially created pension vehicles that legally are distinct from the Company. The fair value of these plan assets changed as follows:

Changes in the Fair Value of Plan Assets								
€ in millions	2013				2012			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Fair value of plan assets as of January 1	11,881	6,769	4,702	410	11,359	6,526	4,467	366
Interest income on plan assets	440	230	198	12	535	305	215	15
Employee contributions	1	-	1	-	1	-	1	-
Employer contributions	1,083	921	157	5	261	24	222	15
Pensions paid	-724	-447	-252	-25	-726	-477	-227	-22
Settlements paid	-	-	-	-	-1	-	-	-1
Remeasurements	-161	-29	-108	-24	373	417	-80	36
<i>Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets</i>	-161	-29	-108	-24	373	417	-80	36
Changes in scope of consolidation	-655	-655	-	-	-	-	-	-
Exchange rate differences	-101	-	-99	-2	105	-	104	1
Other	-3	-	-3	-	-26	-26	-	-
Fair value of plan assets as of December 31	11,761	6,789	4,596	376	11,881	6,769	4,702	410

The plan assets in the other countries principally relate to E.ON Group companies in Spain (2013: €332 million; 2012: €366 million).

The "Other" line item for 2012 consists primarily of balance sheet reclassifications of plan assets to "Liabilities associated with assets held for sale."

The actual return on plan assets was a gain of €279 million in 2013 (2012: €908 million).

A small portion of the plan assets consists of financial instruments of E.ON (2013: €0.4 billion; 2012: €0.6 billion). Because of the contractual structure, however, these instruments do not constitute an E.ON-specific risk to the CTA in Germany. The plan assets further include virtually no owner-occupied real estate and no equity or debt instruments issued by E.ON Group companies. Each of the individual plan asset components has been allocated to an asset class based on its substance. The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets								
Percentages	December 31, 2013				December 31, 2012			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Plan assets listed in an active market								
Equity securities (stocks)	16	19	12	2	11	14	9	-
Debt securities ¹	51	49	58	3	54	51	62	5
<i>Government bonds</i>	32	21	50	-	33	25	48	1
<i>Corporate bonds</i>	14	18	8	3	15	16	14	4
Other investment funds	11	5	21	-	9	4	17	-
Total listed plan assets	78	73	91	5	74	69	88	5
Plan assets not listed in an active market								
Equity securities not traded on an exchange	2	4	-	-	2	3	-	-
Debt securities	3	5	-	-	4	7	-	-
Real estate	8	11	5	-	8	11	5	-
Qualifying insurance policies	3	-	-	92	3	-	-	94
Cash and cash equivalents	5	6	4	-	8	9	7	1
Other	1	1	-	3	1	1	-	-
Total unlisted plan assets	22	27	9	95	26	31	12	95
Total	100	100	100	100	100	100	100	100

¹In Germany, 10 percent of plan assets are invested in other debt securities, in particular mortgage bonds ("Pfandbriefe"), in addition to government and corporate bonds.

The fundamental investment objective for the plan assets is to provide full coverage of benefit obligations at all times for the payments due under the corresponding benefit plans. This investment policy stems from the corresponding governance guidelines of the Group. A deterioration of the net defined benefit liability or the funded status following an unfavorable development in plan assets or in the present value of the defined benefit obligation is identified in these guidelines as a risk that is controlled as part of a risk-budgeting concept. E.ON therefore regularly reviews the development of the funded status in order to monitor this risk.

To implement the investment objective, the E.ON Group primarily pursues an investment approach that takes into account the structure of the benefit obligations. This long-term investment strategy seeks to manage the funded status, with the result that any changes in the defined benefit obligation, especially those caused by fluctuating inflation and interest rates are, to a certain degree, offset by simultaneous corresponding changes in the fair value of plan assets. The investment strategy may also involve the use of derivatives (for example, interest rate swaps and inflation swaps, as well as

currency hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, derivatives have been allocated, based on their substance, to the respective asset classes in which they are used. In order to improve the funded status of the E.ON Group as a whole, a portion of the plan assets will also be invested in a diversified portfolio of asset classes that are expected to provide for long-term returns in excess of those of fixed-income investments and thus in excess of the discount rate.

The determination of the target portfolio structure for the individual plan assets is based on regular asset-liability studies. In these studies, the target portfolio structure is reviewed in a comprehensive approach against the backdrop of existing investment principles, the current funded status, the condition of the capital markets and the structure of the benefit obligations, and is adjusted as necessary. The parameters used in the studies are additionally reviewed regularly, at least once each year. Asset managers are tasked with implementing the target portfolio structure. They are monitored for target achievement on a regular basis.

Description of the Pension Cost

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations as well as in operating receivables is shown in the table below:

Net Periodic Pension Cost								
€ in millions	2013				2012			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Employer service cost	276	204	58	14	247	167	63	17
Past service cost	80	44	29	7	127	111	20	-4
Gains and losses on settlements	-	-	-	-	-1	-	-	-1
Net interest on the net defined benefit liabilities/assets	149	132	6	11	137	127	-2	12
Total	505	380	93	32	510	405	81	24

The past service cost for 2013 and 2012 consists mostly of the restructuring expenses incurred in the context of the E.ON 2.0 program.

The net periodic pension cost reported for the defined benefit plans includes an amount of €0.8 million (2012: €0.8 million) for post-employment health care benefits.

In addition to the total net periodic pension cost for defined benefit plans, an amount of €73 million in fixed contributions to external insurers or similar institutions was paid in 2013 (2012: €69 million) for pure defined contribution plans.

Contributions to state plans totaled €0.3 billion (2012: €0.4 billion).

Description of Contributions and Benefit Payments

In 2013, E.ON made employer contributions to plan assets totaling €1,083 million (2012: €261 million) to fund existing defined benefit obligations.

For 2014, it is expected that overall employer contributions to plan assets will amount to a total of €874 million and primarily involve the funding of new and existing benefit obligations, with an amount of €107 million attributable to foreign companies.

Pension payments to cover defined benefit obligations totaled €753 million in 2013 (2012: €756 million); of this amount, €29 million (2012: €30 million) was not paid out of plan assets.

Prospective pension payments under the defined benefit plans existing as of December 31, 2013, for the next ten years are shown in the following table:

Prospective Pension Payments				
€ in millions	Total	Germany	United Kingdom	Other countries
2014	748	447	259	42
2015	764	456	265	43
2016	775	464	269	42
2017	795	476	275	44
2018	811	488	283	40
2019-2023	4,320	2,652	1,496	172
Total	8,213	4,983	2,847	383

The weighted-average duration of the defined benefit obligations measured within the E.ON Group was 19.2 years as of December 31, 2013 (2012: 19.0 years).

Description of the Net Defined Benefit Liability

The recognized net liability from the E.ON Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability								
€ in millions	2013				2012			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Net liability as of January 1	4,943	4,423	201	319	3,294	2,929	103	262
Net periodic pension cost	505	380	93	32	510	405	81	24
Employer contributions to plan assets	-1,083	-921	-157	-5	-261	-24	-222	-15
Pensions paid	-29	-16	-	-13	-30	-20	-	-10
Changes from remeasurements	-504	-673	195	-26	1,869	1,576	237	56
Changes in scope of consolidation	-404	-404	-	-	-244	-244	-	-
Exchange rate differences	-6	-	-2	-4	3	-	2	1
Other	-4	-4	-	-	-198	-199	-	1
Net liability as of December 31	3,418	2,785	330	303	4,943	4,423	201	319

(25) Miscellaneous Provisions

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions				
€ in millions	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Non-contractual nuclear waste management obligations	108	9,603	146	9,673
Contractual nuclear waste management obligations	511	6,682	415	5,880
Personnel obligations	296	1,225	792	1,460
Other asset retirement obligations	155	1,733	107	2,003
Supplier-related obligations	201	377	270	591
Customer-related obligations	334	185	539	244
Environmental remediation and similar obligations	87	784	101	836
Other	2,680	2,881	1,679	2,969
Total	4,372	23,470	4,049	23,656

The changes in the miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions										
€ in millions	Jan. 1, 2013	Exchange rate differences	Changes in scope of consolidation	Accretion	Additions	Utilization	Reclassifications	Reversals	Changes in estimates	Dec. 31, 2013
Non-contractual nuclear waste management obligations	9,819	-38	-	467	14	-50	-	-	-501	9,711
Contractual nuclear waste management obligations	6,295	-35	-	295	57	-346	-	-	927	7,193
Personnel obligations	2,252	-4	-165	2	336	-320	-425	-155	-	1,521
Other asset retirement obligations	2,110	-46	-166	49	26	-44	-	-2	-39	1,888
Supplier-related obligations	861	-4	-11	4	131	-253	-20	-130	-	578
Customer-related obligations	783	-9	25	12	145	-146	-17	-274	-	519
Environmental remediation and similar obligations	937	-2	-2	5	50	-67	-	-50	-	871
Other	4,648	-9	-55	24	2,180	-866	12	-373	-	5,561
Total	27,705	-147	-374	858	2,939	-2,092	-450	-984	387	27,842

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 9).

As of December 31, 2013, the interest rates applied for the nuclear power segment, calculated on a country-specific basis, were 4.8 percent (2012: 5.0 percent) in Germany and 3.0 percent (2012: 3.0 percent) in Sweden. The other provision items relate almost entirely to issues in countries of the euro area, as well as in the U.K. and Sweden. The interest rates used with regard to these issues ranged from 0.4 percent to 4.0 percent, depending on maturity (2012: 0.02 percent to 3.1 percent).

Provisions for Non-Contractual Nuclear Waste Management Obligations

Of the total of €9.7 billion in provisions based on German and Swedish nuclear power legislation, €8.5 billion is attributable to the operations in Germany and €1.2 billion is attributable to the Swedish operations. The provisions comprise all those nuclear obligations relating to the disposal of spent nuclear

fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies and cost estimates.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

The asset retirement obligations recognized for non-contractual nuclear obligations include the anticipated costs of post-and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Additionally included in the disposal of spent nuclear fuel rods are costs for transports to the final storage facility and the cost of proper conditioning prior to final storage, including the necessary containers.

The decommissioning costs and the cost of disposal of spent nuclear fuel rods and low-level nuclear waste also include in each case the actual final storage costs. Final storage costs consist particularly of investment and operating costs for the planned final storage facilities Gorleben and Konrad based on Germany's ordinance on advance payments for the establishment of facilities for the safe custody and final storage of radioactive wastes in the country ("Endlagervorausleistungsverordnung") and on data from the German Federal Office for Radiation Protection ("Bundesamt für Strahlenschutz"); additional costs arise from the German legislation governing the selection of a repository site for high-level radioactive waste that took effect in the third quarter of 2013 ("Standortauswahlgesetz" or "StandAG"). Advance payments remitted to the Bundesamt für Strahlenschutz in the amount of €996 million (2012: €946 million) have been deducted from the provisions. These payments are made each year based on the amount spent by the Bundesamt für Strahlenschutz on the construction of the final storage facilities Gorleben and Konrad.

The cost estimates used to determine the provision amounts are all based on studies performed by external specialists and

are updated annually. The amendments to the German Nuclear Energy Act of August 6, 2011, were taken into account in the measurement of the provisions in Germany.

Changes in estimates reduced provisions in 2013 by €501 million (2012: provisions increased by €170 million) at the German operations. The reduction in this item is primarily attributable to more precise estimates and to later payout dates of key components of this item under the StandAG. There were no reclassifications to provisions for contractual waste management obligations. Provisions were utilized in the amount of €50 million (2012: €62 million), of which €19 million (2012: €23 million) relates to nuclear power plants that are being dismantled or are in shutdown mode, on the basis of issues for which retirement and decommissioning costs had been capitalized. As in 2012, there were no changes in estimates affecting provisions at the Swedish operations in 2013, and no provisions were utilized.

The following table lists the provisions by technical specification as of the dates indicated:

Provisions for Non-Contractual Nuclear Waste Management Obligations				
€ in millions	December 31, 2013		December 31, 2012	
	Germany	Sweden	Germany	Sweden
Decommissioning	7,148	420	6,865	420
Disposal of nuclear fuel rods and operational waste	2,383	756	2,721	759
Advance payments	996	-	946	-
Total	8,535	1,176	8,640	1,179

Provisions for Contractual Nuclear Waste Management Obligations

Of the total of €7.2 billion in provisions based on German and Swedish nuclear power legislation, €6.1 billion is attributable to the operations in Germany and €1.1 billion is attributable to the Swedish operations. The provisions comprise all those contractual nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are measured at amounts firmly specified in legally binding civil agreements.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

Advance payments made to other waste management companies in the amount of €138 million (2012: €68 million) have been deducted from the provisions attributed to Germany. The advance payments relate to the delivery of interim storage containers.

Concerning the disposal of spent nuclear fuel rods, the obligations recognized in the provisions comprise the contractual costs of finalizing reprocessing and the associated return of waste with subsequent interim storage at Gorleben and Ahaus, as well as costs incurred for interim on-site storage, including the necessary interim storage containers, arising from the "direct permanent storage" path. The provisions also include the contractual costs of decommissioning and the conditioning of low-level radioactive waste.

Changes in estimates increased provisions in 2013 by €732 million (2012: 303 million) at the German operations. The change in this item is primarily attributable to more precise estimates as a consequence of the StandAG, especially in the area of interim storage. As in 2012, there were no reclassifications to provisions for non-contractual waste management obligations. Provisions were utilized in the amount of €269 million (2012: €369 million), of which €75 million (2012: €261 million) relates to nuclear power plants that are being dismantled or are in shutdown mode, on the basis of issues for which retirement and decommissioning costs had been capitalized. The

Swedish operations recorded an increase in provisions of €195 million resulting from changes in estimates; the corresponding effects on provisions in 2012 had been minor. Provisions were utilized in the amount of €77 million (2012: €74 million), of which €31 million (2012: €27 million) is attributable to the Barsebäck nuclear power plant, which is in post-operation. Retirement and decommissioning costs had already been capitalized for the underlying issues.

The following table lists the provisions by technical specification as of the dates indicated:

Provisions for Contractual Nuclear Waste Management Obligations				
€ in millions	December 31, 2013		December 31, 2012	
	Germany	Sweden	Germany	Sweden
Decommissioning	3,160	393	3,104	348
Disposal of nuclear fuel rods and operational waste	3,050	728	2,260	651
Advance payments	138	-	68	-
Total	6,072	1,121	5,296	999

Personnel Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, in-kind obligations and other deferred personnel costs. Since 2011, this item also includes provisions for restructuring in the context of the E.ON 2.0 program. These relate primarily to obligations under early-retirement arrangements and severance packages.

Provisions for Other Asset Retirement Obligations

The provisions for other asset retirement obligations consist of obligations for conventional and renewable-energy power plants, including the conventional plant components in the nuclear power segment, that are based on legally binding civil agreements and public regulations. Also reported here are provisions for environmental improvements at gas storage facilities and for the dismantling of installed infrastructure.

Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts, among others.

Customer-Related Obligations

Provisions for customer-related obligations consist primarily of potential losses on rebates and on open sales contracts.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment and water protection measures and to the rehabilitation of contaminated sites. Also included here are provisions for other environmental improvement measures and for land reclamation obligations at mining sites.

Other

The other miscellaneous provisions consist primarily of provisions from the electricity and gas business. Further included here are provisions for potential obligations arising from tax-related interest expenses and from taxes other than income taxes.

(26) Liabilities

The following table provides a breakdown of liabilities:

Liabilities						
€ in millions	December 31, 2013			December 31, 2012		
	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities	5,023	18,237	23,260	4,007	21,937	25,944
Trade payables	2,972	-	2,972	5,459	-	5,459
Capital expenditure grants	38	427	465	454	48	502
Construction grants from energy consumers	219	2,116	2,335	390	2,239	2,629
Liabilities from derivatives	4,168	1,396	5,564	5,567	1,739	7,306
Advance payments	296	290	586	306	354	660
Other operating liabilities	14,173	1,491	15,664	13,759	1,275	15,034
Trade payables and other operating liabilities	21,866	5,720	27,586	25,935	5,655	31,590
Total	26,889	23,957	50,846	29,942	27,592	57,534

Financial Liabilities

The following is a description of the E.ON Group's significant credit arrangements and debt issuance programs. Included under "Bonds" are the bonds currently outstanding, including those issued under the Debt Issuance Program.

€35 Billion Debt Issuance Program

E.ON SE and EIF have in place a Debt Issuance Program enabling the issuance from time to time of debt instruments through public and private placements to investors. The total amount available under the program is €35 billion. The program was extended in April 2013 for another year as planned.

Group Management

Covenants

The financing activities of E.ON SE and E.ON International Finance B.V. ("EIF"), Rotterdam, The Netherlands, involve the use of covenants consisting primarily of change-of-control clauses, negative pledges, pari-passu clauses and cross-default clauses, each referring to a restricted set of significant circumstances. Financial covenants (that is, covenants linked to financial ratios) are not employed.

At year-end 2013, the following EIF bonds were outstanding:

Major Bond Issues of E.ON International Finance B.V. ¹				
Volume in the respective currency	Initial term	Repayment	Coupon	
GBP 250 million ²	5 years	Jan 2014	5.125%	
EUR 1,426 million ³	5 years	Jan 2014	4.875%	
CHF 525 million ⁴	5 years	Feb 2014	3.375%	
EUR 786 million ⁵	6 years	June 2014	5.250%	
CHF 225 million	7 years	Dec 2014	3.250%	
EUR 1,250 million	7 years	Sep 2015	5.250%	
EUR 1,500 million	7 years	Jan 2016	5.500%	
EUR 900 million	15 years	May 2017	6.375%	
EUR 2,375 million ⁶	10 years	Oct 2017	5.500%	
USD 2,000 million ⁷	10 years	Apr 2018	5.800%	
GBP 850 million ⁸	12 years	Oct 2019	6.000%	
EUR 1,400 million ⁹	12 years	May 2020	5.750%	
GBP 975 million ¹⁰	30 years	June 2032	6.375%	
GBP 900 million	30 years	Oct 2037	5.875%	
USD 1,000 million ⁷	30 years	Apr 2038	6.650%	
GBP 700 million	30 years	Jan 2039	6.750%	

¹Listing: All bonds are listed in Luxembourg with the exception of the CHF-denominated bonds, which are listed on the SWX Swiss Exchange, and the two Rule 144A/Regulation S USD bonds, which are unlisted.
²After early redemption, the volume of this issue was lowered from originally GBP 350 million to approx. GBP 250 million.
³After early redemption, the volume of this issue was lowered from originally EUR 1,750 million to approx. EUR 1,426 million.
⁴The volume of this issue was raised from originally CHF 400 million to CHF 525 million.
⁵After early redemption, the volume of this issue was lowered from originally EUR 1,000 million to approx. EUR 786 million.
⁶The volume of this issue was raised in two steps from originally EUR 1,750 million to EUR 2,375 million.
⁷Rule 144A/Regulation S bond.
⁸The volume of this issue was raised from originally GBP 600 million to GBP 850 million.
⁹The volume of this issue was raised from originally EUR 1,000 million to EUR 1,400 million.
¹⁰The volume of this issue was raised from originally GBP 850 million to GBP 975 million.

Additionally outstanding as of December 31, 2013, were private placements with a total volume of approximately €1.2 billion (2012: €1.5 billion), as well as promissory notes with a total volume of approximately €0.7 billion (2012: €0.8 billion).

€10 Billion and \$10 Billion Commercial Paper Programs

The euro commercial paper program in the amount of €10 billion allows E.ON SE and EIF (under the unconditional guarantee of E.ON SE) to issue from time to time commercial paper with maturities of up to two years less one day to investors.

The U.S. commercial paper program in the amount of \$10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to 366 days and extendible notes with original maturities of up to 397 days (and a subsequent extension option for the investor) to investors. As of December 31, 2013, €180 million (2012: €180 million) was outstanding under the euro commercial paper program. No commercial paper was outstanding under the U.S. commercial paper program, as in the previous year.

€5 Billion Syndicated Revolving Credit Facility

Effective November 6, 2013, E.ON has arranged a syndicated revolving credit facility of €5 billion over a term of five years, with two renewal options for one year each. The facility has not been drawn on; rather, it serves as the Group's long-term liquidity reserve, one purpose of which is to function as a backup facility for the commercial paper programs.

The bonds issued by E.ON SE and EIF have the maturities presented in the table below. Liabilities denominated in foreign currency include the effects of economic hedges, and the amounts shown here may therefore vary from the amounts presented on the balance sheet.

Bonds Issued by E.ON SE and E.ON International Finance B.V.								
€ in millions	Total	Due in 2013	Due in 2014	Due in 2015	Due in 2016	Due in 2017	Due between 2018 and 2024	Due after 2024
December 31, 2013	18,463	-	3,166	1,250	1,650	3,275	4,678	4,444
December 31, 2012	20,724	2,097	3,173	1,250	1,650	3,275	4,762	4,517

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31							
€ in millions	Generation		Renewables		Global Commodities		
	2013	2012	2013	2012	2013	2012	
Bonds	-	-	-	-	-	-	
Commercial paper	-	-	-	-	-	-	
Bank loans/Liabilities to banks	85	97	80	41	-	-	
Liabilities from finance leases	42	44	-	-	902	734	
Other financial liabilities	1,110	1,040	630	536	41	69	
Financial liabilities	1,237	1,181	710	577	943	803	

Among other things, financial liabilities to financial institutions include collateral received, measured at a fair value of €196 million (2012: €373 million). This collateral relates to amounts pledged by banks to limit the utilization of credit lines in connection with the fair value measurement of derivative transactions. The other financial liabilities include promissory notes in the amount of €691 million (2012: €838 million) and financial guarantees totaling €30 million (2012: €33 million). Additionally included in this line item are margin deposits received in connection with forward transactions on futures exchanges in the amount of €7 million (2012: €9 million), as well as collateral received in connection with goods and services in the amount of €22 million (2012: €22 million). E.ON can use this collateral without restriction.

Trade Payables and Other Operating Liabilities

Trade payables totaled €2,972 million as of December 31, 2013 (2012: €5,459 million).

Capital expenditure grants of €465 million (2012: €502 million) were paid primarily by customers for capital expenditures made on their behalf, while the E.ON Group retains ownership of the assets. The grants are non-refundable and are recognized in other operating income over the period of the depreciable lives of the related assets.

Exploration & Production		Germany		Other EU Countries		Group Management/ Consolidation		E.ON Group	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
-	-	-	-	56	117	17,993	20,517	18,049	20,634
-	-	-	-	-	-	180	180	180	180
-	-	90	175	194	165	206	373	655	851
-	-	188	92	1	1	98	78	1,231	949
-	2	65	116	79	158	1,220	1,409	3,145	3,330
0	2	343	383	330	441	19,697	22,557	23,260	25,944

Construction grants of €2,335 million (2012: €2,629 million) were paid by customers for the cost of new gas and electricity connections in accordance with the generally binding terms governing such new connections. These grants are customary in the industry, generally non-refundable and recognized as revenue according to the useful lives of the related assets.

Other operating liabilities consist primarily of accruals in the amount of €11,624 million (2012: €10,612 million) and interest payable in the amount of €772 million (2012: €858 million). Also included in other operating liabilities are carryforwards

of counterparty obligations to acquire additional shares in already consolidated subsidiaries, in the amount of €458 million (2012: €421 million), as well as non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, in the amount of €442 million (2012: €338 million).

Of the trade payables and other operating liabilities reported, exploration activities accounted for €8 million (2012: €8 million).

(27) Contingencies and Other Financial Obligations

As part of its business activities, E.ON is subject to contingencies and other financial obligations involving a variety of underlying matters. These primarily include guarantees, obligations from litigation and claims (as discussed in more detail in Note 28), short- and long-term contractual, legal and other obligations and commitments.

Contingencies

The fair value of the E.ON Group's contingent liabilities arising from existing contingencies was €52 million as of December 31, 2013 (2012: €120 million). E.ON currently does not have reimbursement rights relating to the contingent liabilities disclosed.

E.ON has issued direct and indirect guarantees to third parties, which require E.ON to make contingent payments based on the occurrence of certain events or changes in an underlying instrument that is related to an asset, a liability or an equity instrument of the guaranteed party, on behalf of external entities. These consist primarily of financial guarantees and warranties.

In addition, E.ON has also entered into indemnification agreements. Along with other guarantees, these indemnification agreements are incorporated in agreements entered into by Group companies concerning the disposal of shareholdings and, above all, cover the customary representations and warranties, as well as environmental damage and tax contingencies. In some cases, obligations are covered in the first instance by provisions of the disposed companies before E.ON itself is required to make any payments. Guarantees issued by companies that were later sold by E.ON SE (or VEBA AG and VIAG AG before their merger) are usually included in the respective final sales contracts in the form of indemnities.

Moreover, E.ON has commitments under which it assumes joint and several liability arising from its interests in civil-law companies ("GbR"), non-corporate commercial partnerships and consortia in which it participates.

The guarantees of E.ON also include items related to the operation of nuclear power plants. With the entry into force of the German Nuclear Energy Act ("Atomgesetz" or "AtG"), as amended, and of the ordinance regulating the provision for coverage under the Atomgesetz ("Atomrechtliche Deckungsvorsorge-Verordnung" or "AtDeckV") of April 27, 2002, as amended, German nuclear power plant operators are required to provide nuclear accident liability coverage of up to €2.5 billion per incident.

The coverage requirement is satisfied in part by a standardized insurance facility in the amount of €255.6 million. The institution Nuklear Haftpflicht Gesellschaft bürgerlichen Rechts ("Nuklear Haftpflicht GbR") now only covers costs between €0.5 million and €15 million for claims related to officially ordered evacuation measures. Group companies have agreed to place their subsidiaries operating nuclear power plants in a position to maintain a level of liquidity that will enable them at all times to meet their obligations as members of the Nuklear Haftpflicht GbR, in proportion to their shareholdings in nuclear power plants.

To provide liability coverage for the additional €2,244.4 million per incident required by the above-mentioned amendments, E.ON Energie AG ("E.ON Energie") and the other parent companies of German nuclear power plant operators reached a Solidarity Agreement ("Solidarvereinbarung") on July 11, July 27, August 21, and August 28, 2001, extended by agreement dated March 25, April 18, April 28, and June 1, 2011. If an accident occurs, the Solidarity Agreement calls for the nuclear power plant operator liable for the damages to receive—after the operator's own resources and those of its parent companies are exhausted—financing sufficient for the operator to meet its financial obligations. Under the Solidarity Agreement, E.ON Energie's share of the liability coverage on December 31, 2013, remained unchanged from 2012 at 42.0 percent plus an additional 5.0 percent charge for the administrative costs of processing damage claims. Sufficient liquidity has been provided for within the liquidity plan.

In accordance with Swedish law, the companies of the Swedish generation unit and their parent company have issued guarantees to governmental authorities. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. These costs could arise if actual costs

exceed accumulated funds. In addition, the companies of the Swedish generation unit and their parent company are also responsible for any costs related to the disposal of low-level radioactive waste.

In Sweden, owners of nuclear facilities are liable for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substances connected to the operation of those facilities. The liability per incident as of December 31, 2013, was limited to SEK 3,007 million, or €339 million (2012: SEK 3,004 million, or €350 million). This amount must be insured according to the Law Concerning Nuclear Liability. The necessary insurance for the affected nuclear power plants has been purchased. On July 1, 2010, the Swedish Parliament passed a law that requires the operator of a nuclear power plant in operation to have liability insurance or other financial security in an amount equivalent to €1.2 billion per facility. As of December 31, 2013, the conditions enabling this law to take effect were not yet in place.

The Generation global unit operates nuclear power plants only in Germany and Sweden. Accordingly, there are no additional contingencies comparable to those mentioned above.

Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to reported contingent liabilities, there also are other mostly long-term financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

As of December 31, 2013, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €2.5 billion (2012: €5.6 billion). Of these commitments, €1.5 billion are due within one year. This total mainly includes financial obligations for as yet outstanding investments in connection with new power plant construction projects and the expansion and modernization of existing generation assets, as well as with gas infrastructure projects,

particularly at the Generation, Renewables, Global Commodities, Germany, Russia and Sweden units. On December 31, 2013, the obligations for new power plant construction reported under these purchase commitments totaled €1.3 billion. They also include the obligations relating to the construction of wind power plants.

Additional financial obligations arose from rental and tenancy agreements and from operating leases. The corresponding minimum lease payments are due as broken down in the table below:

E.ON as Lessee—Operating Leases		
€ in millions	Minimum lease payments	
	2013	2012
Due within 1 year	209	227
Due in 1 to 5 years	481	605
Due in more than 5 years	579	879
Total	1,269	1,711

The expenses reported in the income statement for such contracts amounted to €254 million (2012: €243 million). They include contingent rents that were expensed when they arose in 2013.

Additional long-term contractual obligations in place at the E.ON Group as of December 31, 2013, relate primarily to the purchase of fossil fuels such as natural gas, lignite and hard coal. Financial obligations under these purchase contracts amounted to approximately €257.8 billion on December 31, 2013 (€13.4 billion due within one year).

Gas is usually procured on the basis of long-term purchase contracts with large international producers of natural gas. Such contracts are generally of a "take-or-pay" nature. The prices paid for natural gas are tied to the prices of competing energy sources or market reference prices, as dictated by market conditions. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change

accordingly. In the absence of an agreement on a pricing review, a neutral board of arbitration makes a final binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations. The decrease compared with December 31, 2012, in contractual obligations for the purchase of fossil fuels, and gas procurement in particular, is primarily attributable to the results of price renegotiations and to a reduction in minimum purchase requirements under long-term gas purchase contracts.

As of December 31, 2013, €4.8 billion in contractual obligations (€2.4 billion due within one year) are in place for the purchase of electricity; these relate in part to purchases from jointly operated power plants in the Generation and Renewables units. The purchase price of electricity from jointly operated power plants is generally based on the supplier's production cost plus a profit margin that is generally calculated on the basis of an agreed return on capital.

Other purchase commitments as of December 31, 2013, amounted to approximately €4.3 billion (€0.5 billion due within one year). In addition to purchase commitments primarily for heat and alternative fuels, there are long-term contractual obligations in place at the Generation unit for the purchase of nuclear fuel elements and of services relating to the interim and final storage of nuclear fuel elements.

Aside from the preceding, further financial obligations in place as of December 31, 2013, totaled approximately €4.0 billion (€1.5 billion due within one year). Among others, they include financial obligations from services to be procured, obligations concerning the acquisition of real estate funds held as financial assets, as well as corporate actions.

(28) Litigation and Claims

A number of different court actions (including product liability claims, price adjustments and allegations of price fixing), governmental investigations and proceedings, and other claims are currently pending or may be instituted or asserted in the future against companies of the E.ON Group. This in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) concerning price increases, alleged price-fixing agreements and anticompetitive practices.

The entire sector is involved in a multitude of court proceedings throughout Germany in the matter of price-adjustment clauses in the retail electricity and gas supply business with high-volume customers. These proceedings include actions for the restitution of amounts collected through price increases

imposed using price-adjustment clauses determined to be invalid. The legal issues involved have largely been addressed at the highest judicial level in Germany, in several different judgments rendered by the Federal Court of Justice ("Bundesgerichtshof") in 2012. Three references by the Federal Court of Justice to the European Court of Justice to establish the compatibility with European directives of certain provisions of German law for ordinary electricity customers, and of the Federal Court of Justice's case law regarding price-adjustment clauses for high-volume customers, have given rise to legal uncertainty. The legal situation regarding high-volume customers has been clarified by a final judgment of the Federal Court of Justice. Rulings on the other two references to the European Court of Justice are expected to be delivered in

2014. The outcome of these preliminary-ruling proceedings, as well as the legislative and regulatory responses in Germany and those of the German courts, remain to be seen. Although no companies of the E.ON Group are involved in these particular preliminary-ruling proceedings, claims for the restitution of amounts collected through price increases could still be asserted against Group companies if it is found that European law has been violated. Furthermore, the number of court proceedings with major customers on contract amendments and price adjustments in long-term electricity and gas supply contracts in response to the altered situation brought about by market upheavals is rising. In some of these cases, customers are challenging the validity not only of the price-adjustment clauses, but of the contracts in their entirety..

Competition in the gas market and rising trading volumes at virtual trading points and on gas exchanges could result in considerable risks for gas quantities purchased under long-term take-or-pay contracts. In addition, given the extensive upheavals in the German wholesale markets for natural gas in the past years, substantial price risks have arisen between purchase and sales volumes. Long-term gas-procurement contracts generally include the option for producers and importers to adjust the terms in line with constantly changing market conditions. On this basis, E.ON Global Commodities continuously conducts intensive negotiations with producers. The possibility of further legal disputes cannot be excluded.

In September 2011, the European Commission conducted additional inspections at several gas utilities in Central and Eastern Europe, some of which are E.ON Group companies. The Commission is investigating potential anticompetitive practices by Gazprom, possibly acting in concert with other companies. The Commission makes note that such inspections do not indicate the existence of definitive proof of anticompetitive behavior. In September 2012, the European Commission initiated formal antitrust proceedings against Gazprom on the basis of Article 102 of the Treaty on the Functioning of the European Union (abuse of a dominant market position).

The reactor accident at Fukushima caused the political parties in Germany's coalition government to reverse their nuclear-energy policy. Having initially extended the operating lives of the country's nuclear power plants in the fall of 2010 as provided for in the coalition agreement at the time, the German

federal government then rescinded the extensions in the thirteenth amended version of the Nuclear Energy Act, and added further restrictive provisions. However, E.ON contends that the nuclear phaseout as currently legislated is irreconcilable with constitutionally-protected property rights and the freedom to choose an occupation and operate a business. Such an intervention would, in E.ON's view, be unconstitutional unless compensation is granted for the rights thus taken, and for the corresponding stranded assets. Accordingly, in mid-November 2011, E.ON filed a constitutional complaint against the thirteenth amendment of the Nuclear Energy Act with the Federal Constitutional Court of Germany in Karlsruhe. The nuclear-fuel tax remains at its original level after the reversal of the operating-life extensions. E.ON believes that this tax contravenes Germany's constitution and European law and is therefore pursuing administrative proceedings and taking legal action against it.

Because litigation and claims are subject to numerous uncertainties, their outcome cannot be ascertained; however, in the opinion of management, any potential obligations arising from these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

(29) Supplemental Disclosures of Cash Flow Information

Supplemental Disclosures of Cash Flow Information		
€ in millions	2013	2012
Non-cash investing and financing activities		
Exchanges in corporate transactions	-	12
Funding of external fund assets for pension obligations through transfer of fixed-term deposits and securities	975	147

The total consideration received by E.ON in 2013 on the disposal of consolidated equity interests and activities generated cash inflows of €3,599 million (2012: €3,005 million). Cash and cash equivalents divested in connection with the disposals amounted to €612 million (2012: €364 million). The sale of these activities led to reductions of €7,165 million (2012: €3,625 million) in assets and €3,112 million (2012: €1,159 million) in provisions and liabilities.

The purchase prices paid for subsidiaries totaled €50 million in 2013 (2012: €0 million). The acquisitions included cash and cash equivalents in the amount of €6 million (2012: €0 million).

At €6,375 million, the E.ON Group's operating cash flow was down €2,433 million from the prior-year figure of €8,808 million. The high prior-year figure resulted in particular from positive one-time effects due to the settlement reached with Gazprom and the one-time payment in the third quarter of 2012 that

had been agreed in that context and from the partial reimbursement of the fine imposed on E.ON by the European Commission for an alleged market-sharing agreement with GdF Suez. There additionally were negative effects in 2013 attributable to higher tax payments and to a buildup of working capital at the Global Commodities unit through a reduction of liabilities caused by a decline in gas procurement under long-term contracts.

Spending on intangible assets, on property, plant and equipment and on equity investments was approximately 16 percent higher in 2013 than in the previous year. This increase resulted primarily from the investments in the new activities in Turkey and Brazil. The amount of cash received from the disposal of equity investments was up about 65 percent from the previous year. This primarily reflects the disposal of the hydroelectric generation capacity in Bavaria, the sale of three German regional utilities and the disposals of the E.ON Energy from Waste group, the Hungarian gas activities, SPP in Slovakia and a series of U.S. wind farms in 2013. In 2012, the sale of Open Grid Europe constituted the main positive factor. The net outflow cash due to changes in securities, financial receivables and fixed-term deposits and to changes in restricted cash and cash equivalents, was €0.3 billion lower than in the previous year.

Exploration activity resulted in operating cash flow of -€71 million (2012: -€57 million) and in cash flow from investing activities of -€95 million (2012: -€32 million).

(30) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

The Company's policy generally permits the use of derivatives if they are associated with underlying assets or liabilities, planned transactions, or legally binding rights or obligations. Proprietary trading activities are concentrated on the Global Commodities global unit and are conducted within the confines of the risk management guidelines described below (see Note 31).

Hedge accounting in accordance with IAS 39 is employed primarily for interest rate derivatives used to hedge long-term debts, as well as for currency derivatives used to hedge net investments in foreign operations, long-term receivables and debts denominated in foreign currency, as well as planned capital investments.

In commodities, potentially volatile future cash flows resulting primarily from planned purchases and sales of electricity within and outside of the Group, as well as from anticipated fuel purchases and purchases and sales of gas, are hedged.

Fair Value Hedges

Fair value hedges are used to protect against the risk from changes in market values. Gains and losses on these hedges are generally reported in that line item of the income statement which also includes the respective hedged items.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Interest rate swaps, cross-currency interest rate swaps and interest rate options are the principal instruments used to limit interest rate and currency risks. The purpose of these swaps is to maintain the level of payments arising from long-term interest-bearing receivables and liabilities and from capital investments denominated in foreign currency and euro by using cash flow hedge accounting in the functional currency of the respective E.ON company.

In order to reduce future cash flow fluctuations arising from electricity transactions effected at variable spot prices, futures contracts are concluded and also accounted for using cash flow hedge accounting.

As of December 31, 2013, the hedged transactions in place included foreign currency cash flow hedges with maturities of up to 25 years (2012: up to 26 years) and up to one year (2012: up to four years) for interest cash flow hedges. Commodity cash flow hedges have maturities of up to one year (2012: up to two years).

The amount of ineffectiveness for cash flow hedges recorded for the year ended December 31, 2013, produced a gain of €20 million (2012: €1 million loss).

Pursuant to the information available as of the balance sheet date, the following effects will accompany the reclassifications from accumulated other comprehensive income to the income statement in subsequent periods:

Timing of Reclassifications from OCI ¹ to the Income Statement—2013					
€ in millions	Carrying amount	Expected gains/losses			
		2014	2015	2016-2018	>2018
OCI—Currency cash flow hedges	328	-	20	31	-379
OCI—Interest cash flow hedges	61	-6	-7	-15	-33
OCI—Commodity cash flow hedges	-12	12	-	-	-

¹OCI = Other comprehensive income. Figures are pre-tax.

Timing of Reclassifications from OCI ¹ to the Income Statement—2012					
€ in millions	Carrying amount	Expected gains/losses			
		2013	2014	2015-2017	>2017
OCI—Currency cash flow hedges	456	7	-	12	-475
OCI—Interest cash flow hedges	9	-1	-5	-12	9
OCI—Commodity cash flow hedges	-12	1	11	-	-

¹OCI = Other comprehensive income. Figures are pre-tax.

Gains and losses from reclassification are generally reported in that line item of the income statement which also includes the respective hedged transaction. Gains and losses from the ineffective portions of cash flow hedges are classified as other operating income or other operating expenses. Interest cash flow hedges are reported under "Interest and similar expenses." The fair values of the designated derivatives in cash flow hedges totaled -€546 million (2012: -€404 million).

A gain of €124 million (2012: €237 million loss) was posted to other comprehensive income in 2013. In the same period, a loss of €12 million (2012: €79 million loss) was reclassified from OCI to the income statement.

Net Investment Hedges

The Company uses foreign currency loans, foreign currency forwards and foreign currency swaps to protect the value of its net investments in its foreign operations denominated in foreign currency. For the year ended December 31, 2013, the Company recorded an amount of €23 million (2012: -€106 million) in accumulated other comprehensive income due to changes in fair value of derivatives and to currency translation results of non-derivative hedging instruments. As in 2012, no ineffectiveness resulted from net investment hedges in 2013.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). E.ON also takes into account the counterparty credit risk when determining fair value (credit value adjustment). The fair values of derivative instruments are calculated using common market valuation methods with reference to available market data on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments in the Consolidated Financial Statements.

- Currency, electricity, gas, oil and coal forward contracts, swaps, and emissions-related derivatives are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.
- Market prices for interest rate, electricity and gas options are valued using standard option pricing models commonly used in the market. The fair values of caps, floors and collars are determined on the basis of quoted market prices or on calculations based on option pricing models.
- The fair values of existing instruments to hedge interest risk are determined by discounting future cash flows using market interest rates over the remaining term of the instrument. Discounted cash values are determined for interest rate, cross-currency and cross-currency interest rate swaps for each individual transaction as of the balance sheet date. Interest income is recognized in income at the date of payment or accrual.
- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking into consideration any timing components.
- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Paid initial margins are disclosed under other assets. Variation margins received or paid during the term of such contracts are stated under other liabilities or other assets, respectively.
- Certain long-term energy contracts are valued with the aid of valuation models that use internal 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 €185 million or an increase of €169 million, respectively.

At the beginning of 2013, a loss of €38 million from the initial measurement of derivatives was deferred. After realization of €4 million in gains, the remainder is a deferred loss of €42 million at year-end, which will be recognized in income during subsequent periods as the contracts are settled.

The following two tables include both derivatives that qualify for IAS 39 hedge accounting treatment and those for which it is not used:

Total Volume of Foreign Currency, Interest Rate and Equity-Based Derivatives				
€ in millions	December 31, 2013		December 31, 2012	
	Nominal value	Fair value	Nominal value	Fair value
FX forward transactions	21,548.5	-67.4	24,138.6	-26.7
Subtotal	21,548.5	-67.4	24,138.6	-26.7
Cross-currency swaps	9,854.2	-211.4	12,314.0	39.6
Cross-currency interest rate swaps	35.5	32.6	211.4	72.0
Subtotal	9,889.7	-178.8	12,525.4	111.6
Interest rate swaps	2,776.3	-195.2	3,575.2	-257.6
<i>Fixed-rate payer</i>	2,276.3	-235.8	2,309.3	-411.0
<i>Fixed-rate receiver</i>	500.0	40.6	1,265.9	153.4
Interest rate options	2,000.0	-29.8	2,000.0	-102.1
Subtotal	4,776.3	-225.0	5,575.2	-359.7
Other derivatives	9.1	-	9.1	0.1
Subtotal	9.1	0.0	9.1	0.1
Total	36,223.6	-471.2	42,248.3	-274.7

Total Volume of Electricity, Gas, Coal, Oil and Emissions-Related Derivatives				
€ in millions	December 31, 2013		December 31, 2012	
	Nominal value	Fair value	Nominal value	Fair value
Electricity forwards	45,407.3	172.9	55,939.4	39.4
Exchange-traded electricity forwards	9,671.0	260.5	7,168.2	70.0
Electricity swaps	3,179.1	12.5	3,465.8	28.2
Electricity options	55.7	2.7	99.3	16.5
Gas forwards	22,879.6	328.3	35,155.6	42.1
Exchange-traded gas forwards	3,213.1	-5.0	5,412.8	-70.8
Gas swaps	1,077.3	0.9	1,002.5	11.6
Gas options	15.9	-1.4	483.5	192.4
Coal forwards and swaps	2,646.6	-78.2	5,717.1	-173.5
Exchange-traded coal forwards	10,849.0	-172.5	9,220.0	-233.6
Oil derivatives	8,571.0	53.4	7,194.2	-40.1
Exchange-traded oil derivatives	15,969.2	-13.7	17,656.1	-30.0
Emissions-related derivatives	4.5	-5.5	45.7	0.1
Exchange-traded emissions-related derivatives	1,128.5	-157.5	2,314.1	-474.3
Other derivatives	42.5	2.4	31.6	23.0
Other exchange-traded derivatives	58.3	-6.2	-	-
Total	124,768.6	393.6	150,905.9	-599.0

(31) Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IAS 39 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2013						
€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category ¹	Fair value	Determined using market prices	Derived from active market prices
Equity investments	1,966	1,966	AfS	1,966	120	422
Financial receivables and other financial assets	5,159	5,021		5,263	106	204
<i>Receivables from finance leases</i>	725	725	n/a	725	106	204
<i>Other financial receivables and financial assets</i>	4,434	4,296	LaR	4,538	-	-
Trade receivables and other operating assets	22,917	21,314		21,314	1,878	3,318
<i>Trade receivables</i>	14,246	14,246	LaR	14,246	-	-
<i>Derivatives with no hedging relationships</i>	5,122	5,122	HfT	5,122	1,878	2,959
<i>Derivatives with hedging relationships</i>	359	359	n/a	359	-	359
<i>Other operating assets</i>	3,190	1,587	LaR	1,587	-	-
Securities and fixed-term deposits	7,092	7,092	AfS	7,092	6,468	624
Cash and cash equivalents	4,027	4,027	AfS	4,027	3,993	34
Restricted cash	639	639	AfS	639	638	-
Assets held for sale	1,031	204	AfS	204	73	131
Total assets	42,831	40,263		40,505	13,276	4,733
Financial liabilities	23,260	23,210		26,373	21,452	835
<i>Bonds</i>	18,049	18,049	AmC	20,761	20,761	-
<i>Commercial paper</i>	180	180	AmC	180	-	180
<i>Bank loans/Liabilities to banks</i>	655	655	AmC	655	-	655
<i>Liabilities from finance leases</i>	1,231	1,231	n/a	1,747	-	-
<i>Other financial liabilities</i>	3,145	3,095	AmC	3,030	691	-
Trade payables and other operating liabilities	27,586	20,872		20,872	2,001	3,408
<i>Trade payables</i>	2,972	2,972	AmC	2,972	-	-
<i>Derivatives with no hedging relationships</i>	4,786	4,786	HfT	4,786	2,001	2,630
<i>Derivatives with hedging relationships</i>	778	778	n/a	778	-	778
<i>Put option liabilities under IAS 32²</i>	900	900	AmC	900	-	-
<i>Other operating liabilities</i>	18,150	11,436	AmC	11,436	-	-
Total liabilities	50,846	44,082		47,245	23,453	4,243

¹AfS: Available for sale; LaR: Loans and receivables; HfT: Held for trading; AmC: Amortized cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and the fair values of the two hierarchy levels listed.

²Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of their fair values because of their short maturity.

Where the value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This applies in particular to equities held and to bonds held and issued.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2012						
€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category ¹	Fair value	Determined using market prices	Derived from active market prices
Equity investments	1,612	1,612	AfS	1,612	154	207
Financial receivables and other financial assets	5,750	5,729		6,010	2	329
<i>Receivables from finance leases</i>	881	881	n/a	881	2	329
<i>Other financial receivables and financial assets</i>	4,869	4,848	LaR	5,129	-	-
Trade receivables and other operating assets	26,754	24,192		24,192	1,221	5,008
<i>Trade receivables</i>	16,104	16,104	LaR	16,104	-	-
<i>Derivatives with no hedging relationships</i>	5,975	5,975	HfT	5,975	1,221	4,550
<i>Derivatives with hedging relationships</i>	458	458	n/a	458	-	458
<i>Other operating assets</i>	4,217	1,655	LaR	1,655	-	-
Securities and fixed-term deposits	8,027	8,027	AfS	8,027	7,217	810
Cash and cash equivalents	2,816	2,816	AfS	2,816	2,781	35
Restricted cash	449	449	AfS	449	449	-
Assets held for sale	5,261	1,555	AfS	1,555	-	1,483
Total assets	50,669	44,380		44,661	11,824	7,872
Financial liabilities	25,944	25,922		30,869	26,103	1,031
<i>Bonds</i>	20,634	20,634	AmC	25,274	25,274	-
<i>Commercial paper</i>	180	180	AmC	180	-	180
<i>Bank loans/Liabilities to banks</i>	851	851	AmC	851	-	851
<i>Liabilities from finance leases</i>	949	949	n/a	1,322	-	-
<i>Other financial liabilities</i>	3,330	3,308	AmC	3,242	829	-
Trade payables and other operating liabilities	31,590	25,833		25,833	2,594	4,605
<i>Trade payables</i>	5,459	5,459	AmC	5,459	-	-
<i>Derivatives with no hedging relationships</i>	6,477	6,477	HfT	6,477	2,594	3,776
<i>Derivatives with hedging relationships</i>	829	829	n/a	829	-	829
<i>Put option liabilities under IAS 32²</i>	759	759	AmC	759	-	-
<i>Other operating liabilities</i>	18,066	12,309	AmC	12,309	-	-
Total liabilities	57,534	51,755		56,702	28,697	5,636

¹AfS: Available for sale; LaR: Loans and receivables; HfT: Held for trading; AmC: Amortized cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and the fair values of the two hierarchy levels listed.

²Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments. Fair

value measurement was not applied in the case of shareholdings with a carrying amount of €19 million (2012: €12 million) as cash flows could not be determined reliably for them. Fair values could not be derived on the basis of comparable transactions. The shareholdings are not material by comparison with the overall position of the Group.

The carrying amount of commercial paper, borrowings under revolving short-term credit facilities and trade payables is used as the fair value due to the short maturities of these items. The determination of the fair value of derivative financial instruments is discussed in Note 30.

In the fourth quarter of 2013, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data (see also Note 1). Equity investments in the amount of €42 million were reclassified into Level 3 in 2013. 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, 2013	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/Losses in income statement	Transfers		Gains/Losses in OCI	Dec. 31, 2013
						into Level 3	out of Level 3		
Equity investments	1,323	59	-229	-	-13	42	-	242	1,424
Derivative financial instruments	97	38	-25	7	13	-	-	-	130
Total	1,420	97	-254	7	0	42	0	242	1,554

The extent to which the offsetting of financial assets is covered by netting agreements is presented in the following table:

Netting Agreements for Financial Assets and Liabilities as of December 31, 2013						
€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets						
Trade receivables	14,246	-	14,246	3,664	-	10,582
Interest-rate and currency derivatives	1,422	1,217	205	-	196	9
Commodity derivatives	5,276	-	5,276	1,920	7	3,349
Total	20,944	1,217	19,727	5,584	203	13,940
Financial liabilities						
Interest-rate and currency derivatives	1,893	1,217	676	-	558	118
Commodity derivatives	4,888	-	4,888	1,920	468	2,500
Other operating liabilities	18,150	-	18,150	3,664	-	14,486
Total	24,931	1,217	23,714	5,584	1,026	17,104

Netting Agreements for Financial Assets and Liabilities as of December 31, 2012						
€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets						
Trade receivables	16,104	-	16,104	7,027	-	9,077
Interest-rate and currency derivatives	1,832	1,457	375	-	373	2
Commodity derivatives	6,058	-	6,058	3,373	9	2,676
Total	23,994	1,457	22,537	10,400	382	11,755
Financial liabilities						
Interest-rate and currency derivatives	2,106	1,457	649	-	427	222
Commodity derivatives	6,657	-	6,657	3,373	1,230	2,054
Other operating liabilities	18,066	-	18,066	7,027	-	11,039
Total	26,829	1,457	25,372	10,400	1,657	13,315

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are generally concluded on the basis of standard contracts that permit the netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA) and the European Federation of Energy Traders (EFET), as well as the German Master Agreement for Financial Derivatives Transactions ("DRV") and the Financial Energy Master Agreement ("FEMA"). For currency and interest rate derivatives in the banking sector, this netting option, if allowed, is reflected in the accounting treatment and illustrated in the table above. Collateral pledged to and received from financial institutions in relation to these liabilities and assets limits the utilization of credit lines in the fair value measurement of interest-rate and currency derivatives, and is also shown in the table. For commodity derivatives in the energy trading business, the netting option is not presented in the accounting because the legal enforceability of netting agreements varies by country.

The following two tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2013				
€ in millions	Cash outflows 2014	Cash outflows 2015	Cash outflows 2016-2018	Cash outflows from 2019
Bonds	4,217	2,079	8,455	11,719
Commercial paper	180	-	-	-
Bank loans/Liabilities to banks	522	41	52	64
Liabilities from finance leases	136	203	332	2,227
Other financial liabilities	902	326	642	1,213
Financial guarantees	457	-	-	-
Cash outflows for financial liabilities	6,414	2,649	9,481	15,223
Trade payables	4,297	-	-	-
Derivatives (with/without hedging relationships)	20,959	4,919	1,424	-
Put option liabilities under IAS 32	72	16	135	129
Other operating liabilities	11,445	15	5	153
Cash outflows for trade payables and other operating liabilities	36,773	4,950	1,564	282
Cash outflows for liabilities within the scope of IFRS 7	43,187	7,599	11,045	15,505

Cash Flow Analysis as of December 31, 2012				
€ in millions	Cash outflows 2013	Cash outflows 2014	Cash outflows 2015-2017	Cash outflows from 2018
Bonds	3,325	4,289	8,176	14,127
Commercial paper	180	-	-	-
Bank loans/Liabilities to banks	640	160	91	54
Liabilities from finance leases	126	87	296	1,734
Other financial liabilities	1,168	168	622	1,677
Financial guarantees	707	-	-	-
Cash outflows for financial liabilities	6,146	4,704	9,185	17,592
Trade payables	5,629	-	-	-
Derivatives (with/without hedging relationships)	33,840	7,916	2,354	21
Put option liabilities under IAS 32	215	30	122	408
Other operating liabilities	12,556	13	37	150
Cash outflows for trade payables and other operating liabilities	52,240	7,959	2,513	579
Cash outflows for liabilities within the scope of IFRS 7	58,386	12,663	11,698	18,171

Financial guarantees with a total nominal volume of €457 million (2012: €707 million) were issued to companies outside of the Group. This amount is the maximum amount that E.ON would have to pay in the event of claims on the guarantees; a book value of €30 million (2012: €33 million) has been recognized.

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time. All covenants were complied with during 2013.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

The net gains and losses from financial instruments by IAS 39 category are shown in the following table:

Net Gains and Losses by Category ¹		
€ in millions	2013	2012
Loans and receivables	-232	-156
Available for sale	1,435	539
Held for trading	840	-982
Amortized cost	-1,188	-1,139
Total	855	-1,738

¹The categories are described in detail in Note 1.

In addition to interest income and expenses from financial receivables, the net gains and losses in the loans and receivables category consist primarily of valuation allowances on trade receivables. Gains and losses on the disposal of available-for-sale securities and equity investments are reported under other operating income and other operating expenses, respectively.

The net gains and losses in the amortized cost category are due primarily to interest on financial liabilities, adjusted for capitalized construction-period interest.

The net gains and losses in the held-for-trading category encompass both the changes in fair value of the derivative financial instruments and the gains and losses on realization. The fair value measurement of commodity derivatives and of realized gains on currency derivatives is the most important factor in the net result for this category.

Risk Management

Principles

The prescribed processes, responsibilities and actions concerning financial and risk management are described in detail in internal risk management guidelines applicable throughout the Group. The units have developed additional guidelines of their own within the confines of the Group's overall guidelines. To ensure efficient risk management at the E.ON Group, the Trading (Front Office), Financial Controlling (Middle Office) and Financial Settlement (Back Office) departments are organized as strictly separate units. Risk controlling and reporting in the areas of interest rates, currencies, credit and liquidity management is performed by the Financial Controlling department, while risk controlling and reporting in the area of commodities is performed at Group level by a separate department.

E.ON uses a Group-wide treasury, risk management and reporting system. This system is a standard information technology solution that is fully integrated and is continuously updated. The system is designed to provide for the analysis and monitoring of the E.ON Group's exposure to liquidity, foreign exchange and interest risks. The units employ established systems for commodities. Credit risks are monitored and controlled on a Group-wide basis by Financial Controlling, with the support of a standard software package. The commodity positions of most of the global and regional units are transferred to the Global Commodities unit for risk management and optimization purposes, based on a transfer-pricing mechanism. Special risk management, coordinated with Group Management, applies in a small number of exceptional cases.

Separate Risk Committees are responsible for the maintenance and further development of the strategy set by the Board of Management of E.ON SE with regard to commodity, treasury and credit risk management policies.

1. Liquidity Management

The primary objectives of liquidity management at E.ON consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the E.ON Group.

Cash pooling and external financing are largely centralized at E.ON SE and certain financing companies. Funds are transferred internally to the other Group companies as needed on an "in-house bank" basis.

E.ON SE determines the Group's financing requirements on the basis of short- and medium-term liquidity planning. The financing of the Group is controlled and implemented on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturity of bonds and commercial paper.

2. Price Risks

In the normal course of business, the E.ON Group is exposed to risks arising from price changes in foreign exchange, interest rates, commodities and asset management. These risks create volatility in earnings, equity, debt and cash flows from period to period. E.ON has developed a variety of strategies to limit or eliminate these risks, including the use of derivative financial instruments, among others.

3. Credit Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Uniform credit risk management procedures are in place throughout the Group to identify, measure and control credit risks.

The following discussion of E.ON's risk management activities and the estimated amounts generated from profit-at-risk ("PaR"), value-at-risk ("VaR") and sensitivity analyses are "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected due to actual, unforeseeable developments in the global financial markets. The methods used by the Company to analyze risks should not be considered forecasts of future events or losses, as E.ON also faces risks that are either non-financial or non-quantifiable. Such risks principally include country risk, operational risk, regulatory risk and legal risk, which are not represented in the following analyses.

Foreign Exchange Risk Management

E.ON SE is responsible for controlling the currency risks to which the E.ON Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the E.ON Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of the balance sheet and income statement items of the foreign consolidated Group companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also includes shareholder loans in foreign currency. In addition, derivative financial instruments are employed as needed. The hedges qualify for hedge accounting under IFRS as hedges of net investments in foreign operations. The Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary. The respective debt factor and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

The E.ON Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. Those risks arise for the Group companies primarily from physical and financial trading in commodities, from intragroup relationships and from capital spending in foreign currency. The subsidiaries are responsible for controlling their operating currency risks. E.ON SE coordinates hedging throughout the Group and makes use of external derivatives as needed.

Financial transaction risks result from payments originating from financial receivables and payables. They are generated both by external financing in a variety of foreign currencies, and by shareholder loans from within the Group denominated in foreign currency. Financial transaction risks are generally fully hedged.

The one-day value-at-risk (99 percent confidence) from the translation of deposits and borrowings denominated in foreign currency, plus foreign-exchange derivatives, was €122 million as of December 31, 2013 (2012: €115 million) and resulted primarily from the positions in British pounds and Swedish kronor.

Interest Risk Management

E.ON is exposed to profit risks arising from financial liabilities with floating interest rates and from interest rate derivatives that are based on floating interest rates. Positions based on fixed interest rates, on the other hand, are subject to changes in fair value resulting from the volatility of market rates. E.ON seeks a specific mix of fixed- and floating-rate debt over time. The long-term orientation of the business model in principle means fulfilling a high proportion of financing requirements at fixed rates, especially within the medium-term planning period. This also involves the use of interest rate derivatives. With interest rate derivatives included, the share of financial liabilities with fixed interest rates was 91 percent as of December 31, 2013 (2012: 100 percent). Under otherwise unchanged circumstances, the volume of financial liabilities with fixed interest rates, which amounted to €16.4 billion at year-end 2013, would decline to €14.9 billion in 2014 and to €13.1 billion in 2015. The effective interest rate duration of the financial

liabilities, including interest rate derivatives, was 7.1 years as of December 31, 2013 (2012: 7.0 years). The volume-weighted average interest rate of the financial liabilities, including interest rate derivatives, was 5.5 percent as of December 31, 2013 (2012: 5.3 percent).

As of December 31, 2013, the E.ON Group held interest rate derivatives with a nominal value of €4,776 million (2012: €5,575 million).

A sensitivity analysis was performed on the Group's short-term floating-rate borrowings, including hedges of both foreign exchange risk and interest risk. This measure is used for internal risk controlling and reflects the economic position of the E.ON Group. A one-percentage-point upward or downward change in interest rates (across all currencies) would cause interest charges to respectively increase or decrease by €31 million in the subsequent fiscal year (2012: €29 million increase or decrease).

Commodity Price Risk Management

E.ON is exposed to substantial risks resulting from fluctuations in the prices of commodities, both on the supply and demand side. This risk is measured based on potential negative deviation from the target EBITDA.

The maximum permissible risk is determined centrally by the Board of Management in its medium-term planning and translated into a decentralized limit structure in coordination with the units. Before fixing any limits, the investment plans and all other known obligations and quantifiable risks have been taken into account. Risk controlling and reporting, including portfolio optimization, is steered centrally for the Group by Group Management.

E.ON conducts commodity transactions primarily within the system portfolio, which includes core operations, existing sales and procurement contracts and any commodity derivatives used for hedging purposes or for power plant optimization.

The risk in the system portfolio thus arises from the open position between planned procurement and generation and planned sales volumes. The risk of these open positions is measured using the profit-at-risk number, which quantifies the risk by taking into account the size of the open position and the prices, the volatility and the liquidity of the underlying commodities. PaR is defined as the maximum potential negative change in the value of the open position at a probability of 95 percent in the event that the open position has to be closed as quickly as possible.

The principal derivative instruments used by E.ON to cover commodity price risk exposures are electricity, gas, coal and oil swaps and forwards, as well as emissions-related derivatives. Commodity derivatives are used by the units for the purposes of price risk management, system optimization, equalization of burdens, and even for the improvement of margins. Proprietary trading is permitted only within very tightly defined limits.

The trading limits for proprietary trading and for all other trading activities are established and monitored by bodies that are independent from trading operations. A three-year planning horizon, with defined limits, is applied for the system portfolio. Limits include value-at-risk and profit-at-risk numbers, as well as stop-loss and volume limits. Additional key elements of the risk management system are a set of Group-wide commodity risk guidelines, the clear division of duties between scheduling, trading, settlement and controlling, as well as a risk reporting system independent from trading operations. Commodity positions and associated risks throughout the Group are reported to the members of the Risk Committee on a monthly basis.

As of December 31, 2013, the E.ON Group has entered into electricity, gas, coal, oil and emissions-related derivatives with a nominal value of €124,769 million (2012: €150,906 million).

The PaR for the financial and physical commodity positions held over a planning horizon of up to three years amounted to €1,616 million as of December 31, 2013 (2012: €2,114 million). Because of a changed internal risk management structure, the comparative prior-year figure has been adjusted accordingly.

The calculation of the PaR reflects the position of the E.ON Group over a planning horizon of three years, and in addition to the financial instruments included in the scope of IFRS 7, also encompasses the remaining commodity positions in alignment with internal risk controlling.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, the Company enters into transactions only with counterparties that satisfy the Company's internally established minimum requirements. Maximum credit risk limits are set on the basis of internal and, where available, external credit ratings. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on Group-wide credit risk management guidelines. Long-term operating contracts and asset management transactions are not comprehensively included in this process. They are monitored separately at the level of the responsible units.

In principle, each Group company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the credit risk, additional credit risk monitoring and controls are performed both by the units and by Group Management. Monthly reports on credit limits, including their utilization, are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as close monitoring of the credit quality of counterparties, enable E.ON to act early in order to minimize risk.

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €5,757 million.

The levels and backgrounds of financial assets received as collateral are described in more detail in Notes 18 and 26.

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.

Exchange-traded forward and option contracts as well as exchange-traded emissions-related derivatives having an aggregate nominal value of €40,889 million as of December 31, 2013, (2012: €41,771 million) bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

At E.ON, liquid funds are normally invested at banks with good credit ratings, in money market funds with first-class ratings or in short-term securities (for example, commercial paper) of issuers with strong credit ratings. Bonds of public and private issuers are also selected for investment. Group companies that for legal reasons are not included in the cash pool invest money at leading local banks. Standardized credit assessment and limit-setting is complemented by daily monitoring of CDS levels at the banks and at other significant counterparties.

Asset Management

For the purpose of financing long-term payment obligations, including those relating to asset retirement obligations (see Note 25), financial investments totaling €5.9 billion (2012: €5.7 billion) were held predominantly by German E.ON Group companies as of December 31, 2013.

These financial assets are invested on the basis of an accumulation strategy (total-return approach), with investments broadly diversified across the money market, bond, real estate and equity asset classes. Asset allocation studies are performed at regular intervals to determine the target portfolio structure. The majority of the assets is held in investment funds managed by external fund managers. Corporate Asset Management at E.ON SE, which is part of the Company's Finance Department, is responsible for continuous monitoring of overall risks and those concerning individual fund managers. Risk management is based on a risk budget whose usage is monitored regularly. The three-month VaR with a 98-percent confidence interval for these financial assets was €88 million (2012: €169 million).

In addition, the mutual insurance fund Versorgungskasse Energie VVaG ("VKE") manages financial assets that are almost exclusively dedicated to the coverage of benefit obligations at E.ON Group companies in Germany; these assets totaled €0.8 billion at year-end 2013 (2012: €0.7 billion). The assets at VKE do not constitute plan assets under IAS 19 (see Note 24) and are shown as non-current and current assets on the balance sheet. The majority of the diversified portfolio, consisting of money market instruments, bonds, real estate and equities, is held in investment funds managed by external fund managers. VKE is subject to the provisions of the Insurance Supervision Act ("Versicherungsaufsichtsgesetz" or "VAG") and its operations are supervised by the German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" or "BaFin"). Financial investments and continuous risk management are conducted within the regulatory confines set by BaFin. The three-month VaR with a 98-percent confidence interval for these financial assets was €35.8 million (2012: €19.3 million).

(32) Transactions with Related Parties

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Some of these companies are related parties, the most significant of which are associated companies accounted for under the equity method and their subsidiaries. Additionally reported as related parties are joint ventures, as well as equity interests carried at fair value and unconsolidated subsidiaries, which are of lesser importance as regards the extent of the transactions described in the following discussion. Transactions with related parties are summarized as follows:

Related-Party Transactions		
€ in millions	2013	2012
Income	2,082	2,557
Associated companies	1,825	2,288
Joint ventures	124	98
Other related parties	133	171
Expenses	1,629	1,717
Associated companies	1,210	1,154
Joint ventures	57	204
Other related parties	362	359
Receivables	1,613	1,797
Associated companies	1,063	1,431
Joint ventures	395	45
Other related parties	155	321
Liabilities	1,827	1,714
Associated companies	1,530	1,422
Joint ventures	34	64
Other related parties	263	228

Income from transactions with related companies is generated mainly through the delivery of gas and electricity to distributors and municipal entities, especially municipal utilities. The relationships with these entities do not generally differ from those that exist with municipal entities in which E.ON does not have an interest.

Expenses from transactions with related companies are generated mainly through the procurement of gas, coal and electricity.

Receivables from related companies consist mainly of trade receivables.

Liabilities of E.ON payable to related companies as of December 31, 2013, include €828 million (2012: €720 million) in trade payables to operators of jointly-owned nuclear power plants. These payables bear interest at 1.0 percent or at one-month EURIBOR less 0.05 percent per annum (2012: 1.0 percent or one-month EURIBOR less 0.05 percent per annum) and have no fixed maturity. E.ON continues to have in place with these power plants a cost-transfer agreement and a cost-plus-fee agreement for the procurement of electricity. The settlement of such liabilities occurs mainly through clearing accounts. In addition, E.ON reported financial liabilities of €320 million on December 31, 2013, (2012: €340 million) resulting from fixed-term deposits undertaken by the jointly-owned nuclear power plants at E.ON.

Under IAS 24, compensation paid to key management personnel (members of the Board of Management and of the Supervisory Board of E.ON SE) must be disclosed.

The total expense for 2013 for members of the Board of Management amounted to €11.7 million (2012: €15.7 million) in short-term benefits and €3.3 million (2012: €0 million) in termination benefits, as well as €4.3 million (2012: €4.1 million) in post-employment benefits. Additionally taken into account in 2013 were actuarial gains of €4.9 million (2012: actuarial losses of €8.1 million). The cost of post-employment benefits is equal to the service and interest cost of the provisions for pensions.

The expense determined in accordance with IFRS 2 for the tranches of the E.ON Share Performance Plan and the E.ON Share Matching Plan in existence in 2013 was €3.3 million (2012: €2.0 million).

Provisions for the E.ON Share Performance Plan and the E.ON Share Matching Plan amounted to €5.9 million as of December 31, 2013 (2012: €3.2 million).

The members of the Supervisory Board received a total of €3.2 million for their activity in 2013 (2012: €4.6 million). Employee representatives on the Supervisory Board were paid compensation under the existing employment contracts with subsidiaries totaling €0.5 million (2012: €1.0 million). The differences from the prior-year figures are due to the reduced number of Supervisory Board members as a consequence of the SE transition.

Detailed, individualized information on compensation can be found in the Compensation Report on pages 81 through 92.

(33) 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"). At the beginning of 2013, the existing Optimization & Trading segment was renamed Global Commodities. A small number of individual companies were also transferred out of the Germany regional unit, primarily into the Renewables global unit. The corresponding prior-year figures have been adjusted.

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 also takes a global approach to managing its carbon-sourcing and renewables businesses. The objective at this unit is to extend the Group's leading position in the growing renewables market.

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 assets 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), Russia and North Africa.

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, UK, Sweden, Czechia and Hungary regional units are reported separately. E.ON's power generation business in Russia is additionally reported as a special-focus region.

Those units not reported separately are instead reported collectively as "Other regional units." They include the Italy, Spain, France, Netherlands, Slovakia and Romania units and, through the end of June 2012, the Bulgaria regional unit (see Note 4 for further discussion of the Bulgaria unit). Additionally presented here since the fourth quarter of 2013 are the activities of E.ON Connecting Energies, which concentrates on providing decentralized, complete solutions.

E.ON's power generation business in Russia is presented outside Europe, as a special-focus region.

Since the beginning of 2013, the businesses in Brazil and the activities in Turkey acquired in the second quarter of 2013 are reported in the "Other Non-EU Countries" operating segment. The comparative prior-year figures have been adjusted accordingly.

Group Management/Consolidation

Group Management/Consolidation contains E.ON SE itself, the interests held directly by E.ON SE, and the consolidation effects that take place at Group level.

The change of EBITDA in Group Management/Consolidation from the previous year is predominantly the result of consolidation effects amounting to -€149 million, which for the most part have arisen from the change in intragroup results and provisions to be eliminated.

Since January 1, 2011, EBITDA has been 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 extraordinary effects. The adjustments include net book gains and restructuring/cost-management expenses, as well as impairments and other non-operating income and expenses. Income from investment subsidies for which liabilities are recognized is included in 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. Restructuring and cost-management 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 particular 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/loss as reported in the IFRS Consolidated Financial Statements:

Net Income		
€ in millions	2013	2012
EBITDA¹	9,315	10,771
Depreciation and amortization	-3,534	-3,544
Impairments (-)/Reversals (+) ²	-100	-215
EBIT¹	5,681	7,012
Economic interest income (net)	-1,823	-1,329
Net book gains/losses	1,998	322
Restructuring/cost-management expenses	-182	-230
E.ON 2.0 restructuring expenses	-373	-388
Impairments (-)/Reversals (+) ^{2,3}	-1,643	-1,688
Other non-operating earnings	-452	-425
Income from continuing operations before taxes	3,206	3,274
Income taxes	-703	-698
Income from continuing operations	2,503	2,576
Income from discontinued operations, net	7	37
Net income	2,510	2,613
Attributable to shareholders of E.ON SE	2,142	2,189
Attributable to non-controlling interests	368	424

¹Adjusted for extraordinary effects.
²Impairments 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.
³Recorded under non-operating earnings.

Net book gains in 2013 were approximately €1.7 billion above the prior-year level. In 2013, E.ON recorded book gains primarily on the transfer of the hydroelectric power plants in Bavaria to Austria's Verbund AG in conjunction with the entry into the Turkish market. In addition, the sale of E.ON Thüringer Energie AG, the disposal of the stake in the Slovak energy company SPP, the divestment of a minority interest in the company JMP

in the Czech Republic and the disposal of the Finnish activities, as well as the sale of securities, network segments and an equity interest in the gas business in Germany, all contributed to book gains. They were offset by losses on the disposals of E.ON Westfalen Weser, E.ON Földgáz Trade and E.ON Földgáz Storage. The 2012 figure reflects, in particular, gains on the sale of a nuclear-power joint venture in the United Kingdom and on the sale of securities, an office building in Munich, network segments in Germany, and a stake in a gas pipeline in the United Kingdom.

Restructuring and cost-management expenses in 2013 declined by €63 million from the previous year. As in 2012, the major part of the expenses in 2013 was attributable to the internal E.ON 2.0 cost-reduction program. The expenses consist primarily of obligations under early-retirement arrangements and severance packages at non-German subsidiaries. The remaining expenses were mostly incurred in the context of the other restructuring measures introduced internally—including those at the German regional utilities, for example.

In 2013, E.ON's global and regional units were adversely affected by a generally deteriorated market environment, by regulatory intervention and by disposal processes. As a consequence, impairment charges had to be recognized totaling €2.1 billion, particularly at the Generation, Renewables, Global Commodities and Exploration & Production units and within the activities in the non-EU countries. €0.1 billion was charged to goodwill, and another €2.0 billion to property, plant, and equipment, intangible assets and equity investments. These impairment charges were partially offset by reversals of impairments totaling approximately €0.5 billion, primarily at the Generation global unit. In 2012, the market environment had already necessitated the recognition of impairments totaling €2.0 billion (€0.3 billion on goodwill, €1.7 billion on property, plant, and equipment, intangible assets and equity investments), partially offset by reversals of impairments of €0.3 billion, particularly at the Generation and Global Commodities units and within the other EU countries.

Other non-operating earnings of -€452 million (2012: -€425 million) include, among other things, the marking to market of derivatives used to shield the operating businesses from price fluctuations. As of December 31, 2013, this marking to market produced a positive effect of €765 million, compared with a negative effect of €532 million at year-end 2012. Non-operating earnings in 2013 were also adversely affected by provisions in the gas business relating to divestitures and long-term contracts and to impairments on securities. In 2012, the reduction of the fine that the European Commission had imposed on E.ON for an alleged market-sharing agreement with GdF Suez, in particular, had a positive effect on non-operating earnings.

An additional adjustment to the internal profit analysis relates to net interest income, which is presented based on economic considerations. Economic net interest income is calculated by taking the net interest income from the income statement and adjusting it using economic criteria and excluding certain extraordinary (that is, non-operating) effects.

Economic Net Interest Income		
€ in millions	2013	2012
Interest and similar expenses (net) as shown in the Consolidated Statements of Income	-1,963	-1,420
Non-operating interest expense (+)/ income (-)	140	91
Economic interest income (net)	-1,823	-1,329

In spite of the improved net financial position, economic net interest income, at -€1,823 million, was still below its 2012 level of -€1,329 million. The principal cause of this decline was the fact that the prior-year figure had been influenced by effects from the reversal of provisions.

Transactions within the E.ON Group are generally effected at market prices.

Financial Information by Business Segment

€ in millions	Generation		Renewables		Global Commodities	
	2013	2012	2013	2012	2013	2012
External sales	2,703	3,135	688	866	57,228	63,252
Intersegment sales	8,288	10,107	1,748	1,716	32,823	36,849
Sales	10,991	13,242	2,436	2,582	90,051	100,101
EBITDA¹	1,882	2,396	1,431	1,349	352	1,421
<i>Earnings from companies accounted for under the equity method²</i>	<i>51</i>	<i>8</i>	<i>12</i>	<i>14</i>	<i>125</i>	<i>466</i>
Operating cash flow before interest and taxes³	1,564	2,734	1,514	1,170	-1,797	954
Investments	900	1,555	1,028	1,791	159	319

¹Adjusted for extraordinary effects.

²Under 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.

³The operating cash flow of the Global Commodities unit has been diminished by the legal transfer of gas distribution to the distribution companies held in the Germany regional unit, which took place in 2013. The operating cash flow of the Germany regional unit has increased correspondingly.

Financial Information by Business Segment—Presentation of Other EU Countries

€ in millions	United Kingdom		Sweden		Czechia	
	2013	2012	2013	2012	2013	2012
External sales	9,649	9,607	2,569	2,660	2,772	2,851
Intersegment sales	65	94	126	162	136	167
Sales	9,714	9,701	2,695	2,822	2,908	3,018
EBITDA¹	378	289	733	714	494	478
<i>Earnings from companies accounted for under the equity method²</i>	<i>-</i>	<i>-</i>	<i>11</i>	<i>9</i>	<i>5</i>	<i>50</i>
Operating cash flow before interest and taxes	395	278	691	595	533	407
Investments	106	141	404	397	163	172

¹Adjusted for extraordinary effects.

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

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

€ in millions	Russia		Other Non-EU Countries		Non-EU Countries	
	2013	2012	2013	2012	2013	2012
External sales	1,865	1,879	-	-	1,865	1,879
Intersegment sales	-	-	-	-	0	0
Sales	1,865	1,879	0	0	1,865	1,879
EBITDA¹	687	729	-154	-11	533	718
<i>Earnings from companies accounted for under the equity method²</i>	<i>-</i>	<i>-</i>	<i>-139</i>	<i>-10</i>	<i>-139</i>	<i>-10</i>
Operating cash flow before interest and taxes	670	690	-27	-	643	690
Investments	360	289	3,170	430	3,530	719

¹Adjusted for extraordinary effects.

²Under 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.

Exploration & Production		Germany		Other EU Countries		Non-EU Countries		Group Management/ Consolidation		E.ON Group	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1,630	1,213	35,778	38,639	22,368	22,925	1,865	1,879	190	184	122,450	132,093
421	173	999	1,370	905	1,171	-	-	-45,184	-51,386	0	0
2,051	1,386	36,777	40,009	23,273	24,096	1,865	1,879	-44,994	-51,202	122,450	132,093
1,070	523	2,413	2,734	2,173	2,032	533	718	-539	-402	9,315	10,771
39	72	87	78	64	124	-139	-10	1	1	240	753
971	531	3,347	2,878	2,536	1,874	643	690	-656	-642	8,122	10,189
404	573	1,013	1,070	1,056	1,063	3,530	719	-4	-93	8,086	6,997

Hungary		Other regional units		Other EU Countries	
2013	2012	2013	2012	2013	2012
1,800	1,910	5,578	5,897	22,368	22,925
7	64	571	684	905	1,171
1,807	1,974	6,149	6,581	23,273	24,096
195	186	373	365	2,173	2,032
-	-	48	65	64	124
225	215	692	379	2,536	1,874
117	143	266	210	1,056	1,063

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

Operating Cash Flow			
€ in millions	2013	2012	Difference
Operating cash flow before interest and taxes	8,122	10,189	-2,067
Interest payments	-775	-851	76
Tax payments	-972	-530	-442
Operating cash flow	6,375	8,808	-2,433

The investments presented here are the purchases of investments reported in the Consolidated Statements of Cash Flows.

Additional Entity-Level Disclosures

External sales by product break down as follows:

Segment Information by Product		
€ in millions	2013	2012
Electricity	58,900	62,035
Gas	58,050	61,654
Other	5,500	8,404
Total	122,450	132,093

The "Other" item consists in particular of revenues generated from services and from other trading activities.

The following table breaks down external sales (by customer and seller location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information												
	Germany		United Kingdom		Sweden		Europe (other)		Other		Total	
€ in millions	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External sales by location of customer	47,641	56,860	37,896	34,110	3,813	4,798	32,189	34,901	911	1,424	122,450	132,093
External sales by location of seller	93,643	102,032	10,006	9,910	2,748	2,783	15,845	17,139	208	229	122,450	132,093
Intangible assets	1,546	1,474	362	243	182	204	4,201	4,642	297	306	6,588	6,869
Property, plant and equipment	15,534	16,722	6,314	6,319	9,391	9,723	16,532	18,656	2,499	2,753	50,270	54,173
Companies accounted for under the equity method	1,978	2,161	-	2	245	283	3,291	1,615	110	6	5,624	4,067

E.ON's customer structure did not result in any major concentration in any given geographical region or business area. Due to the large number of customers the Company serves and the variety of its business activities, there are no individual customers whose business volume is material compared with the Company's total business volume.

Gas is procured primarily from Russia, Norway, Germany and the Netherlands.

(34) Compensation of Supervisory Board and Board of Management

Supervisory Board

Total remuneration to members of the Supervisory Board in 2013 amounted to €3.2 million (2012: €4.6 million).

As in 2012, there were no loans to members of the Supervisory Board in 2013.

The Supervisory Board's compensation structure and the amounts for each member of the Supervisory Board are presented on pages 81 and 82 in the Compensation Report.

Additional information about the members of the Supervisory Board is provided on pages 208 and 209.

Board of Management

Total remuneration to members of the Board of Management in 2013 amounted to €18.5 million (2012: €21.7 million). This consisted of base salary, bonuses, other compensation elements and share-based payments.

Total payments to former members of the Board of Management and their beneficiaries amounted to €14.5 million (2012: €9.7 million). Provisions of €158.0 million (2012: €154.3 million) have been established for the pension obligations to former members of the Board of Management and their beneficiaries.

As in 2012, there were no loans to members of the Board of Management in 2013.

The Board of Management's compensation structure and the amounts for each member of the Board of Management are presented on pages 83 through 92 in the Compensation Report.

Additional information about the members of the Board of Management is provided on page 210.

(35) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)			
Name, location	Stake (%)	Name, location	Stake (%)
AB Lietuvos Dujos, LT, Vilnius ⁴	38.9	Acme Technical Services (SW) Limited, GB, Bury ²	100.0
AB Svafo, SE, Stockholm ⁵	22.0	Acme Technical Services Limited, GB, Bury ¹	100.0
Abfallwirtschaft Schleswig-Flensburg GmbH, DE, Schleswig ⁵	49.0	adebton GmbH, DE, Potsdam ²	100.0
Abfallwirtschaft Südholstein GmbH (AWSH), DE, Elmenhorst ⁵	49.0	Adria LNG d.o.o. za izradu studija, HR, Zagreb ⁵	39.2
Abfallwirtschaftsgesellschaft Dithmarschen mbH, DE, Heide ⁵	49.0	Aerodis, S.A., FR, Paris ¹	100.0
Abfallwirtschaftsgesellschaft Rendsburg-Eckernförde mbH, DE, Borgstedt ⁵	49.0	Alamo Solar, LLC, US, Wilmington ²	100.0
Abwasser und Service Burg, Hochdonn GmbH, DE, Burg ⁵	44.0	Åliden Vind AB, SE, Malmö ²	100.0
Abwasser und Service Mittellangeln GmbH, DE, Satrup ⁵	33.3	Amber Grid AB, LT, Vilnius ⁴	38.9
Abwasserbeseitigung Nortorf-Land GmbH, DE, Nortorf ⁵	49.0	AMGA - Azienda Multiservizi S.p.A., IT, Udine ⁴	21.9
Abwasserentsorgung Albersdorf GmbH, DE, Albersdorf ⁵	49.0	Anacacho Wind Farm, LLC, US, Wilmington ¹	100.0
Abwasserentsorgung Amt Achterwehr GmbH, DE, Achterwehr ⁵	49.0	ANCO Sp. z o.o., PL, Jarocin ²	100.0
Abwasserentsorgung Bargteheide GmbH, DE, Bargteheide ⁵	27.0	Aquila Power Investments Limited, GB, Coventry ²	100.0
Abwasserentsorgung Berkenthin GmbH, DE, Berkenthin ⁵	44.0	Aquila Sterling Limited, GB, Coventry ²	100.0
Abwasserentsorgung Bleckede GmbH, DE, Bleckede ⁵	49.0	Arena One GmbH, DE, Munich ²	100.0
Abwasserentsorgung Brunsbüttel GmbH (ABG), DE, Brunsbüttel ⁵	49.0	AS EESTI GAAS, EE, Tallinn ⁵	33.7
Abwasserentsorgung Friedrichskoog GmbH, DE, Friedrichskoog ⁵	49.0	AS Latvijas Gāze, LV, Riga ⁴	47.2
Abwasserentsorgung Kappeln GmbH, DE, Kappeln ⁵	49.0	AV Packaging GmbH, DE, Munich ⁷	0.0
Abwasserentsorgung Kropp GmbH, DE, Kropp ⁵	49.0	Avacon AG, DE, Helmstedt ¹	63.3
Abwasserentsorgung Marne-Land GmbH, DE, Diekhusen-Fahrstedt ⁵	49.0	Avacon Hochdrucknetz GmbH, DE, Helmstedt ¹	100.0
Abwasserentsorgung Schladen GmbH, DE, Schladen ⁵	49.0	Avacon Natur GmbH, DE, Sarstedt ¹	100.0
Abwasserentsorgung Schöppenstedt GmbH, DE, Schöppenstedt ⁵	49.0	Avon Energy Partners Holdings, GB, Coventry ²	100.0
Abwasserentsorgung St. Michaelisdonn, Averlak, Dingen, Eddelak GmbH, DE, St. Michaelisdonn ⁵	25.1	AWE-Arkona-Windpark Entwicklungs-GmbH, DE, Stralsund ²	98.0
Abwasserentsorgung Tellingstedt GmbH, DE, Tellingstedt ⁵	35.0	B.V. NEA, NL, Dodewaard ⁵	25.0
Abwasserentsorgung Uetersen GmbH, DE, Uetersen ⁵	49.0	Badlantic Betriebsgesellschaft mbH, DE, Ahrensburg ⁵	49.0
Abwassergesellschaft Bardowick mbH & Co. KG, DE, Bardowick ⁵	49.0	Barras Eléctricas Galaico-Asturianas, S.A., ES, Lugo ¹	54.9
Abwassergesellschaft Bardowick Verwaltungs-GmbH, DE, Bardowick ⁵	49.0	Barras Eléctricas Generación, S.L., ES, Lugo ¹	55.0
Abwassergesellschaft Ilmenau mbH, DE, Melbeck ⁵	49.0	BauMineral GmbH, DE, Herten ^{1, 8}	100.0
Abwasserwirtschaft Fichtelberg GmbH, DE, Fichtelberg ⁵	25.0	Bayernwerk AG, DE, Regensburg ¹	100.0
Abwasserwirtschaft Kunststadt GmbH, DE, Burgkunstadt ⁵	30.0	Bayernwerk Natur 1. Beteiligungs-GmbH, DE, Regensburg ²	100.0
Acme Controls Limited, GB, Bury ²	100.0	Bayernwerk Natur GmbH, DE, Munich ¹	100.0
Acme Group Limited, GB, Bury ¹	100.0	BBL Company V.O.F., NL, Groningen ⁴	20.0
Acme Group Services Limited, GB, Bury ²	100.0	Beacon Solar PV, LLC, US, Wilmington ²	100.0
		Bergeforsens Kraftaktiebolag, SE, Bispgård ⁴	40.0
		Beteiligungsgesellschaft der Energieversorgungsunternehmen an der Kerntechnische Hilfsdienst GmbH GbR, DE, Karlsruhe ⁵	44.0
		Beteiligungsgesellschaft e.disnatur mbH, DE, Potsdam ²	100.0
		BEW Bayreuther Energie- und Wasserversorgungs-GmbH, DE, Bayreuth ⁴	24.9
		BHL Biomasse Heizanlage Lichtenfels GmbH, DE, Lichtenfels ⁵	25.1

¹Consolidated affiliated company. · ²Non-consolidated affiliated company for reasons of immateriality (valued at cost). · ³Joint venture pursuant to IAS 31 (valued using the equity method). · ⁴Associated company (valued using the equity method). · ⁵Associated company (valued at cost for reasons of immateriality). · ⁶Other companies in which share investments are held. · ⁷Included as consolidated associated company pursuant to SIC-12. · ⁸This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b · ⁹IFRS figures

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
BHO Biomasse Heizanlage Obersees GmbH, DE, Hollfeld ⁵	40.7	Cottam Development Centre Limited, GB, Coventry ¹	100.0
BHP Biomasse Heizwerk Pegnitz GmbH, DE, Pegnitz ⁵	46.5	CT Services Holdings Limited, GB, Coventry ²	100.0
Bioenergie Bad Füssing GmbH & Co. KG, DE, Bad Füssing ⁵	25.0	Dampfversorgung Ostsee-Molkerei GmbH, DE, Wismar ⁵	50.0
Bioenergie Bad Füssing Verwaltungs-GmbH, DE, Bad Füssing ⁵	25.0	DD Brazil Holdings SARL, LU, Luxembourg ¹	100.0
Bioenergie Merzig GmbH, DE, Merzig ²	51.0	DD Turkey Holdings, SARL, LU, Luxembourg ¹	100.0
Bioerdgas Hallertau GmbH, DE, Wolnzach ²	64.9	Debreceni Kombinált Ciklusú Erőmű Kft., HU, Debrecen ¹	100.0
Bioerdgas Schwandorf GmbH, DE, Schwandorf ²	100.0	Delcomm Limited, GB, Coventry ²	100.0
Biogas Ducherow GmbH, DE, Ducherow ²	80.0	Deutsche Flüssigerdgas Terminal oHG, DE, Essen ²	90.0
Biogas Roggenhagen GmbH, DE, Potsdam ²	60.0	Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, DE, Gorleben ⁵	42.5
Biogas Steyerberg GmbH, DE, Sarstedt ²	100.0	DFTG - Deutsche Flüssigerdgas Terminal Gesellschaft mit beschränkter Haftung, DE, Wilhelmshaven ²	90.0
Bioheizwerk Rötze GmbH, DE, Rötze ⁵	25.0	Diamond Power Generation Limited, GB, Coventry ²	100.0
BioMass Nederland b.v., NL, Maasvlakte ¹	100.0	Distribuidora de Gas Cuyana S.A., AR, Mendoza ²	53.2
BIOPLYN Třeboň spol. s r.o., CZ, Třeboň ⁵	24.7	Distribuidora de Gas del Centro S.A., AR, Córdoba ²	58.7
Bio-Wärme Gräfelfing GmbH, DE, Gräfelfing ⁵	40.0	Donau-Wasserkraft Aktiengesellschaft, DE, Munich ¹	100.0
Biunisi Solar S.r.l., IT, Sassari ²	100.0	DOTI Deutsche-Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, DE, Oldenburg ⁴	26.3
BKW Biokraftwerke Fürstenwalde GmbH, DE, Fürstenwalde/Spree ⁵	48.8	DOTI Management GmbH, DE, Oldenburg ⁵	26.0
Blåsjön Kraft AB, SE, Arbrå ⁴	50.0	DOTTO MORCONE S.R.L., IT, Milan ²	100.0
BMV Energie Beteiligungs GmbH, DE, Fürstenwalde/Spree ²	100.0	Dutchdelta Finance SARL, LU, Luxembourg ¹	100.0
BMV Energie GmbH & Co. KG, DE, Fürstenwalde/Spree ⁵	41.8	E-Bio Kyjov s.r.o., CZ, Otrokovice ⁵	24.5
Braila Power S.A., RO, Chiscani village ²	69.8	E WIE EINFACH GmbH, DE, Cologne ¹	100.0
Brattmyrliden Vind AB, SE, Malmö ²	100.0	e.dialog GmbH, DE, Potsdam ²	100.0
Breitbandnetz GmbH & Co. KG, DE, Breklum ⁵	25.1	E.DIS AG, DE, Fürstenwalde/Spree ¹	67.0
BTB Bayreuther Thermalbad GmbH, DE, Bayreuth ⁵	33.3	e.discom Telekommunikation GmbH, DE, Rostock ²	100.0
Bursjöleden Vind AB, SE, Malmö ²	100.0	e.disnatur Erneuerbare Energien GmbH, DE, Potsdam ¹	100.0
Bützower Wärme GmbH, DE, Bützow ⁵	20.0	e.distherm Wärmedienstleistungen GmbH, DE, Potsdam ¹	100.0
Carbiogas b.v., NL, Nuenen ⁵	33.3	E.ON Achtzehnte Verwaltungs GmbH, DE, Düsseldorf ²	100.0
Cardinal Wind Farm LLC, US, Wilmington ²	100.0	E.ON Anlagenservice GmbH, DE, Gelsenkirchen ¹	100.0
Celle-Uelzen Netz GmbH, DE, Celle ¹	97.5	E.ON Argentina S.A., AR, Buenos Aires ²	100.0
Centrale Solare di Fiumesanto S.r.l., IT, Sassari ¹	100.0	E.ON Asset Management GmbH & Co. EEA KG, DE, Grünwald ^{1, 8}	100.0
Centro Energia Ferrara S.p.A, IT, Rome ⁴	58.4	E.ON Austria GmbH, AT, Vienna ¹	75.1
Centro Energia Teverola S.p.A, IT, Rome ⁴	58.4	E.ON Bayern Verwaltungs AG, DE, Munich ²	100.0
Českomoravská distribuce s.r.o., CZ, České Budějovice ⁵	50.0	E.ON Belgium N.V., BE, Brussels ¹	100.0
Champion WF Holdco, LLC, US, Wilmington ¹	100.0	E.ON Benelux CCS Project B.V., NL, Rotterdam ²	100.0
Champion Wind Farm, LLC, US, Wilmington ¹	100.0	E.ON Benelux Geothermie B.V., NL, Rotterdam ²	100.0
CHN Contractors Limited, GB, Coventry ²	100.0	E.ON Benelux Holding b.v., NL, Rotterdam ¹	100.0
CHN Electrical Services Limited, GB, Coventry ²	100.0	E.ON Benelux Levering b.v., NL, Eindhoven ¹	100.0
CHN Group Ltd, GB, Coventry ²	100.0	E.ON Benelux N.V., NL, Rotterdam ¹	100.0
CHN Special Projects Limited, GB, Coventry ²	100.0	E.ON Beteiligungen GmbH, DE, Düsseldorf ^{1, 8}	100.0
Citigen (London) Limited, GB, Coventry ¹	100.0	E.ON Bioerdgas GmbH, DE, Essen ¹	100.0
Colonia-Cluj-Napoca-Energie S.R.L., RO, Cluj ⁵	33.3	E.ON Biofor Sverige AB, SE, Malmö ¹	100.0
COMPANÍA EÓLICA ARAGONESA, S.A., ES, Zaragoza ³	50.0	E.ON Brasil Energia LTDA, BR, City of São Paulo ²	100.0
Cordova Wind Farm, LLC, US, Wilmington ²	100.0		

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
E.ON Business Services Benelux B.V., NL, Rotterdam ²	100.0	E.ON Climate & Renewables UK Rampion Offshore Wind Limited, GB, Coventry ¹	100.0
E.ON Business Services Berlin GmbH, DE, Berlin ²	100.0	E.ON Climate & Renewables UK Robin Rigg East Limited, GB, Coventry ¹	100.0
E.ON Business Services Cluj SRL, RO, Cluj ²	100.0	E.ON Climate & Renewables UK Robin Rigg West Limited, GB, Coventry ¹	100.0
E.ON Business Services Czech Republic s.r.o., CZ, České Budějovice ²	100.0	E.ON Climate & Renewables UK Wind Limited, GB, Coventry ¹	100.0
E.ON Business Services GmbH, DE, Hanover ^{1,8}	100.0	E.ON Climate & Renewables UK Zone Six Limited, GB, Coventry ¹	100.0
E.ON Business Services Hannover GmbH, DE, Hemmingen ²	100.0	E.ON Comercializadora de Último Recurso S.L., ES, Santander ¹	100.0
E.ON Business Services Hungary Kft., HU, Budapest ²	100.0	E.ON Connecting Energies GmbH, DE, Essen ^{1,8}	100.0
E.ON Business Services Iași S.R.L., RO, Iași ²	100.0	E.ON Connecting Energies Italia S.r.l., IT, Milan ²	100.0
E.ON Business Services Italia S.r.l., IT, Milan ²	100.0	E.ON Connecting Energies Limited, GB, Coventry ¹	100.0
E.ON Business Services Regensburg GmbH, DE, Regensburg ²	100.0	E.ON Czech Holding AG, DE, Munich ^{1,8}	100.0
E.ON Business Services Slovakia spol. s.r.o., SK, Bratislava ²	51.0	E.ON Czech Holding Verwaltungs-GmbH, DE, Munich ^{1,8}	100.0
E.ON Business Services Sverige AB, SE, Malmö ²	100.0	E.ON Danmark A/S, DK, Frederiksberg ¹	100.0
E.ON Carbon Sourcing GmbH, DE, Essen ^{1,8}	100.0	E.ON Dél-dunántúli Áramhálózati Zrt., HU, Pécs ¹	100.0
E.ON Carbon Sourcing North America LLC, US, Wilmington ²	100.0	E.ON Dél-dunántúli Gázhálózati Zrt., HU, Pécs ¹	100.0
E.ON Casting Renovables, S.L., ES, Teruel ²	50.0	E.ON Direkt GmbH, DE, Essen ^{1,8}	100.0
E.ON Česká republika, s.r.o., CZ, České Budějovice ¹	100.0	E.ON Distribuce, a.s., CZ, České Budějovice ¹	100.0
E.ON Citiri Contoare S.A., RO, Târgu Mureș ²	100.0	E.ON Distribución, S.L., ES, Santander ¹	100.0
E.ON Climate & Renewables Canada Ltd., CA, Saint John ¹	100.0	E.ON Dreiundzwanzigste Verwaltungs GmbH, DE, Düsseldorf ²	100.0
E.ON Climate & Renewables Carbon Sourcing Limited, GB, Coventry ²	100.0	E.ON E&P Algeria GmbH, DE, Düsseldorf ^{1,8}	100.0
E.ON Climate & Renewables Carbon Sourcing Pte Ltd, SG, Singapore ²	100.0	E.ON E&P Norge AS, NO, Stavanger ¹	100.0
E.ON Climate & Renewables Central Europe GmbH, DE, Hamburg ¹	100.0	E.ON E&P UK Energy Trading Limited, GB, London ¹	100.0
E.ON Climate & Renewables France Solar S.A.S., FR, Paris ¹	100.0	E.ON E&P UK EU Limited, GB, London ¹	100.0
E.ON Climate & Renewables GmbH, DE, Essen ¹	100.0	E.ON E&P UK Limited, GB, London ¹	100.0
E.ON Climate & Renewables Italia S.r.l., IT, Milan ¹	100.0	E.ON edis Contracting GmbH, DE, Fürstenwalde/Spree ²	100.0
E.ON Climate & Renewables Italia Solar S.r.l., IT, Milan ¹	100.0	E.ON edis energia Sp. z o.o., PL, Warsaw ¹	100.0
E.ON Climate & Renewables North America LLC, US, Wilmington ¹	100.0	E.ON Elektrárne s.r.o., SK, Tracovice ¹	100.0
E.ON Climate & Renewables UK Biomass Limited, GB, Coventry ¹	100.0	E.ON Elnät Kramfors AB, SE, Kramfors ¹	100.0
E.ON Climate & Renewables UK Blyth Limited, GB, Coventry ¹	100.0	E.ON Elnät Stockholm AB, SE, Malmö ¹	100.0
E.ON Climate & Renewables UK Developments Limited, GB, Coventry ¹	100.0	E.ON Elnät Sverige AB, SE, Malmö ¹	100.0
E.ON Climate & Renewables UK Humber Wind Limited, GB, Coventry ¹	100.0	E.ON Energia S.p.A., IT, Milan ¹	100.0
E.ON Climate & Renewables UK Limited, GB, Coventry ¹	100.0	E.ON Energía, S.L., ES, Santander ¹	100.0
E.ON Climate & Renewables UK London Array Limited, GB, Coventry ¹	100.0	E.ON Energiaszolgáltató Kft., HU, Budapest ¹	100.0
E.ON Climate & Renewables UK Offshore Wind Limited, GB, Coventry ¹	100.0	E.ON Energiatermelő Kft., HU, Debrecen ¹	100.0
E.ON Climate & Renewables UK Operations Limited, GB, Coventry ¹	100.0	E.ON Energie 25. Beteiligungs-GmbH, DE, Munich ²	100.0
		E.ON Energie 38. Beteiligungs-GmbH, DE, Munich ²	100.0
		E.ON Energie 39. Beteiligungs-GmbH, DE, Munich ²	100.0
		E.ON Energie AG, DE, Munich ^{1,8}	100.0
		E.ON Energie Deutschland GmbH, DE, Munich ¹	100.0
		E.ON Energie Deutschland Holding GmbH, DE, Munich ¹	99.8

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
E.ON Energie Odnawialne Sp. z o.o., PL, Szczecin ¹	100.0	E.ON Gazdasági Szolgáltató Kft., HU, Győr ¹	100.0
E.ON Energie Real Estate investment GmbH, DE, Munich ²	100.0	E.ON Generación, S.L., ES, Santander ¹	100.0
E.ON Energie România S.A., RO, Târgu Mureș ¹	53.4	E.ON Generation Belgium N.V., BE, Vilvoorde ¹	100.0
E.ON Energie S.A.S., FR, Paris ¹	100.0	E.ON Generation GmbH, DE, Hanover ¹	100.0
E.ON Energie, a.s., CZ, České Budějovice ¹	100.0	E.ON Global Commodities North America LLC, US, Wilmington ¹	100.0
E.ON Energies Renouvelables S.A.S., FR, Paris ¹	100.0	E.ON Global Commodities SE, DE, Düsseldorf ¹	100.0
E.ON Energihandel Nordic AB, SE, Malmö ¹	100.0	E.ON Gruga Geschäftsführungsgesellschaft mbH, DE, Düsseldorf ²	100.0
E.ON Energijänster Kramfors AB, SE, Malmö ²	100.0	E.ON Gruga Objektgesellschaft mbH & Co. KG, DE, Düsseldorf ^{1, 8}	100.0
E.ON Energy Gas (Eastern) Limited, GB, Coventry ²	100.0	E.ON Hálózati Szolgáltató Kft., HU, Pécs ¹	100.0
E.ON Energy Gas (Northwest) Limited, GB, Coventry ²	100.0	E.ON Hanse AG, DE, Quickborn ¹	68.0
E.ON Energy Projects GmbH, DE, Munich ¹	100.0	E.ON Hanse Wärme GmbH, DE, Hamburg ¹	100.0
E.ON Energy Sales GmbH, DE, Düsseldorf ¹	100.0	E.ON Human Resources International GmbH, DE, Munich ^{1, 8}	100.0
E.ON Energy Sales Polska Sp. z o.o., PL, Warsaw ²	100.0	E.ON Hungária Zrt., HU, Budapest ¹	100.0
E.ON Energy Solutions GmbH, DE, Munich ²	100.0	E.ON Iberia Holding GmbH, DE, Düsseldorf ^{1, 8}	100.0
E.ON Energy Solutions Limited, GB, Coventry ¹	100.0	E.ON Iberia Services, S.L., ES, Málaga ¹	100.0
E.ON Energy Storage GmbH, DE, Essen ²	100.0	E.ON Inhouse Consulting GmbH, DE, Essen ²	100.0
E.ON Energy Trading NL Staff Company 2 B.V., NL, Voorburg ²	100.0	E.ON Innovation Co-Investments Inc., US, Wilmington ²	100.0
E.ON Energy Trading NL Staff Company B.V., NL, Rotterdam ²	100.0	E.ON Instalatii Interioare S.A., RO, Târgu Mureș ²	100.0
E.ON Energy Trading S.p.A., IT, Milan ¹	100.0	E.ON INTERNATIONAL FINANCE B.V., NL, Rotterdam ¹	100.0
E.ON Energy Trading Srbija d.o.o., RS, Belgrade ²	100.0	E.ON Invest GmbH, DE, Grünwald ²	100.0
E.ON Energy Trading UK Staff Company Limited, GB, Coventry ¹	100.0	E.ON IT Bulgaria EOOD i.L., BG, Sofia ²	100.0
E.ON Energy UK Limited, GB, Coventry ²	100.0	E.ON IT UK Ltd., GB, Coventry ¹	100.0
E.ON Erőművek Termelő és Üzemeltető Kft., HU, Budapest ¹	100.0	E.ON Italia S.p.A., IT, Milan ¹	100.0
E.ON España, S.L., ES, Santander ¹	100.0	E.ON JobCenter Sverige AB, SE, Malmö ¹	100.0
E.ON Észak-dunántúli Áramhálózati Zrt., HU, Győr ¹	100.0	E.ON Kärnkraft Finland AB, FI, Kajaani ²	100.0
E.ON Europa, S.L., ES, Santander ²	100.0	E.ON Kärnkraft Sverige AB, SE, Malmö ¹	100.0
E.ON Exploration & Production GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Kernkraft GmbH, DE, Hanover ¹	100.0
E.ON Facility Management GmbH, DE, Munich ^{1, 8}	100.0	E.ON Közép-dunántúli Gázhálózati Zrt., HU, Nagykanizsa ¹	99.8
E.ON Fastigheter Sverige AB, SE, Malmö ¹	100.0	E.ON Kraftwerke 6. Beteiligungs-GmbH, DE, Hanover ²	100.0
E.ON Fernwärme GmbH, DE, Gelsenkirchen ¹	100.0	E.ON Kraftwerke GmbH, DE, Landshut ¹	100.0
E.ON Finanzanlagen GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Kundenservice GmbH, DE, Landshut ¹	100.0
E.ON First Future Energy Holding B.V., NL, Rotterdam ¹	100.0	E.ON Kundsupport Sverige AB, SE, Malmö ¹	100.0
E.ON Försäkring Sverige AB, SE, Malmö ¹	100.0	E.ON Limited, GB, Coventry ²	100.0
E.ON Försäljning Sverige AB, SE, Malmö ¹	100.0	E.ON Mälarkraft Värme AB, SE, Håbo ¹	99.8
E.ON France Management S.A.S., FR, Paris ²	100.0	E.ON Masdar Integrated Carbon LLC, AE, Kalif A City, Abu Dhabi ⁵	50.0
E.ON France S.A.S., FR, Paris ¹	100.0	E.ON Metering GmbH, DE, Munich ²	100.0
E.ON Gas Mobil GmbH, DE, Essen ²	100.0	E.ON Mitte Vertrieb GmbH, DE, Kassel ¹	100.0
E.ON Gas Storage GmbH, DE, Essen ¹	100.0	E.ON Moldova Distributie S.A., RO, Iași ¹	68.0
E.ON Gas Storage UK Limited, GB, Coventry ¹	100.0	E.ON NA Capital LLC, US, Wilmington ¹	100.0
E.ON Gas Sverige AB, SE, Malmö ¹	100.0	E.ON NA Investments LLC, US, Wilmington ¹	100.0
E.ON Gashandel Sverige AB, SE, Malmö ¹	100.0	E.ON Netz GmbH, DE, Bayreuth ¹	100.0
E.ON Gasification Development AB, SE, Malmö ¹	100.0		
E.ON Gaz Distributie S.A., RO, Târgu Mureș ¹	51.0		

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
E.ON New Build & Technology B.V., NL, Rotterdam ²	100.0	E.ON Slovensko, a.s., SK, Bratislava ¹	100.0
E.ON New Build & Technology BVBA, BE, Vilvoorde ²	100.0	E.ON Smart Living AB, SE, Malmö ¹	100.0
E.ON New Build & Technology GmbH, DE, Gelsenkirchen ¹	100.0	E.ON Sverige AB, SE, Malmö ¹	100.0
E.ON New Build & Technology Limited, GB, Coventry ¹	100.0	E.ON Tiszántúli Áramhálózati Zrt., HU, Debrecen ¹	100.0
E.ON Nord Sverige AB, SE, Malmö ¹	100.0	E.ON Trend s.r.o., CZ, České Budějovice ¹	100.0
E.ON Nordic AB, SE, Malmö ¹	100.0	E.ON Turkey Enerji Anonim Şirketi, TR, Ankara ²	100.0
E.ON North America LLC, US, Wilmington ¹	100.0	E.ON Ügyfélszolgálati Kft., HU, Budapest ¹	100.0
E.ON Off Grid Solution GmbH, DE, Düsseldorf ²	100.0	E.ON UK CHP Limited, GB, Coventry ¹	100.0
E.ON Perspekt GmbH, DE, Düsseldorf ²	100.0	E.ON UK CoGeneration Limited, GB, Coventry ¹	100.0
E.ON Polska Sp. z o.o. w likwidacji, PL, Warsaw ²	100.0	E.ON UK Directors Limited, GB, Coventry ²	100.0
E.ON Portfolio Solution GmbH, DE, Düsseldorf ²	100.0	E.ON UK Energy Services Limited, GB, Coventry ²	100.0
E.ON Power Plants Belgium BVBA, BE, Brussels ²	100.0	E.ON UK Energy Solutions Limited, GB, Coventry ²	100.0
E.ON Produktion Danmark A/S, DK, Frederiksberg ¹	100.0	E.ON UK Gas Limited, GB, Coventry ¹	100.0
E.ON Produzione Centrale Livorno Ferraris S.p.A., IT, Milan ¹	75.0	E.ON UK Holding Company Limited, GB, Coventry ¹	100.0
E.ON Produzione S.p.A., IT, Sassari ¹	100.0	E.ON UK Industrial Shipping Limited, GB, Coventry ²	100.0
E.ON Project Earth Limited, GB, Coventry ¹	100.0	E.ON UK Ironbridge Limited, GB, Coventry ²	100.0
E.ON Provence Biomasse SARL, FR, Paris ²	100.0	E.ON UK Pension Trustees Limited, GB, Coventry ²	100.0
E.ON RAG Beteiligungsgesellschaft mbH, DE, Düsseldorf ¹	100.0	E.ON UK plc, GB, Coventry ¹	100.0
E.ON RE Investments LLC, US, Wilmington ¹	100.0	E.ON UK Power Technology Limited, GB, Coventry ²	100.0
E.ON Real Estate GmbH, DE, Essen ²	100.0	E.ON UK Property Services Limited, GB, Coventry ²	100.0
E.ON Regenerabile România S.R.L., RO, Iași ²	100.0	E.ON UK PS Limited, GB, Coventry ²	100.0
E.ON Renovables Financiera, S.L., ES, Madrid ²	100.0	E.ON UK Retail Limited, GB, Coventry ²	100.0
E.ON Renovables, S.L., ES, Madrid ¹	100.0	E.ON UK Secretaries Limited, GB, Coventry ²	100.0
E.ON Renovaveis Portugal, SGPS S.A., PT, Lisbon ¹	100.0	E.ON UK Technical Services Limited, GB, Edinburgh ²	100.0
E.ON Retail Limited, GB, Coventry ²	100.0	E.ON UK Trustees Limited, GB, Coventry ²	100.0
E.ON Risk Consulting GmbH, DE, Düsseldorf ¹	100.0	E.ON US Corporation, US, Wilmington ¹	100.0
E.ON România S.R.L., RO, Târgu Mureș ¹	90.2	E.ON US Energy LLC, US, Red Bank ¹	100.0
E.ON Ruhrgas Austria GmbH, AT, Vienna ¹	100.0	E.ON US Holding GmbH, DE, Düsseldorf ^{1, 8}	100.0
E.ON Ruhrgas BBL B.V., NL, Voorburg ¹	100.0	E.ON Varme Danmark ApS, DK, Frederiksberg ¹	100.0
E.ON Ruhrgas Dutch Holding B.V. in liquidatie, NL, Den Haag ²	100.0	E.ON Värme Sverige AB, SE, Malmö ¹	100.0
E.ON Ruhrgas GPA GmbH, DE, Essen ^{1, 8}	100.0	E.ON Värme Timrå AB, SE, Sundsvall ¹	90.9
E.ON Ruhrgas International GmbH, DE, Essen ^{1, 8}	100.0	E.ON Värmekraft Sverige AB, SE, Karlshamn ¹	100.0
E.ON Ruhrgas Nigeria Limited, NG, Abuja ²	100.0	E.ON Vattenkraft Sverige AB, SE, Sundsvall ¹	100.0
E.ON Ruhrgas Personalagentur GmbH, DE, Essen ²	100.0	E.ON Verwaltungs AG Nr. 1, DE, Munich ²	100.0
E.ON Ruhrgas Portfolio GmbH, DE, Essen ^{1, 8}	100.0	E.ON Vierundzwanzigste Verwaltungs GmbH, DE, Düsseldorf ²	100.0
E.ON Russia Beteiligungs GmbH, DE, Düsseldorf ²	100.0	E.ON Wind Denmark AB, SE, Malmö ²	100.0
E.ON Russia Holding GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Wind Kårehamn AB, SE, Malmö ¹	100.0
E.ON Sechzehnte Verwaltungs GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Wind Norway AB, SE, Malmö ²	100.0
E.ON Service GmbH, DE, Essen ²	100.0	E.ON Wind Services A/S, DK, Rødbyhavn ¹	100.0
E.ON Servicii Clienti SRL, RO, Târgu Mureș ¹	100.0	E.ON Wind Sweden AB, SE, Malmö ¹	100.0
E.ON Servicii S.R.L., RO, Târgu Mureș ¹	100.0	E.ON Zwanzigste Verwaltungs GmbH, DE, Düsseldorf ²	100.0
E.ON Servicii Tehnice S.R.L., RO, Bucharest ¹	100.0	E.ON Zweiundzwanzigste Verwaltungs GmbH, DE, Düsseldorf ²	100.0
E.ON Servisní, s.r.o., CZ, České Budějovice ¹	100.0	East Midlands Electricity Distribution Holdings, GB, Coventry ²	100.0
E.ON Siebzehnte Verwaltungs GmbH, DE, Düsseldorf ²	100.0		

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Name, location	Stake (%)	Name, location	Stake (%)
East Midlands Electricity Distribution Limited, GB, Coventry ²	100.0	Elevate Wind Holdco, LLC, US, Wilmington ³	50.0
East Midlands Electricity Generation (Corby) Limited, GB, Coventry ¹	100.0	ELICA S.R.L., IT, Milan ²	100.0
East Midlands Electricity Limited, GB, Coventry ¹	100.0	Elmregia GmbH, DE, Schöningen ⁵	49.0
East Midlands Electricity Share Scheme Trustees Limited, GB, Coventry ²	100.0	Első Magyar Szélerőmű Kft., HU, Kulcs ²	74.7
EAV Beteiligungs-GmbH, DE, Helmstedt ¹	100.0	Elverket Vallentuna AB, SE, Vallentuna ⁴	43.4
EBG 1. Beteiligungsgesellschaft mbH, DE, Essen ²	100.0	EME Distribution No. 2 Limited, GB, Coventry ²	100.0
EBY Energiedienstleistungen Licht GmbH, DE, Regensburg ²	100.0	ENACO Energieanlagen- und Kommunikationstechnik GmbH, DE, Maisach ⁵	26.0
EBY Gewerbeobjekt GmbH, DE, Regensburg ²	100.0	Energest S.r.l., IT, Mira (VE) ²	100.0
EBY Immobilien GmbH & Co. KG, DE, Regensburg ²	100.0	Energetika Malenovice, a.s., CZ, Zlín-Malenovice ²	100.0
EBY kaufmännische Energiedienstleistungen GmbH, DE, Regensburg ²	100.0	ENERGETIKA SERVIS s.r.o., CZ, České Budějovice ²	100.0
EBY Port 1 GmbH, DE, Munich ¹	100.0	Energetyka Ciepłna miasta Skarżysko-Kamienna Sp. z o.o., PL, Skarżysko-Kamienna ²	88.8
EBY Port 3 GmbH, DE, Regensburg ¹	100.0	Energetyka Ciepłna Opolszczyzny S.A., PL, Opole ⁵	45.7
EBY Port 5 GmbH, DE, Regensburg ²	100.0	Energia Eolica Sud s.r.l., IT, Milan ²	100.0
EBY technische Energiedienstleistungen GmbH, DE, Regensburg ²	100.0	Energías Renovables de Euskadi, S.L., ES, Bilbao ⁵	30.0
EC&R Asset Management, LLC, US, Wilmington ¹	100.0	Energie und Wasser Potsdam GmbH, DE, Potsdam ⁴	35.0
EC&R Canada Ltd., CA, Saint John ¹	100.0	Energie und Wasser Wahlstedt/Bad Segeberg GmbH & Co. KG (ews), DE, Bad Segeberg ⁵	50.1
EC&R Development, LLC, US, Wilmington ¹	100.0	Energie-Agentur Weyhe GmbH, DE, Weyhe ⁵	50.0
EC&R Energy Marketing, LLC, US, Wilmington ¹	100.0	Energieerzeugungswerke Geesthacht GmbH, DE, Geesthacht ⁵	33.4
EC&R Investco EPC Mgmt, LLC, US, Wilmington ²	100.0	Energienetze Bayern GmbH, DE, Regensburg ¹	100.0
EC&R Investco Mgmt II, LLC, US, Wilmington ¹	100.0	Energienetze Schaaflheim GmbH, DE, Regensburg ²	100.0
EC&R Investco Mgmt, LLC, US, Wilmington ¹	100.0	Energieversorgung Alzenau GmbH (EVA), DE, Alzenau ⁵	69.5
EC&R NA Solar PV, LLC, US, Wilmington ²	100.0	Energieversorgung Buching-Trauchgau (EBT) Gesellschaft mit beschränkter Haftung, DE, Halblech ⁵	50.0
EC&R O&M, LLC, US, Wilmington ¹	100.0	Energieversorgung Putzbrunn GmbH & Co. KG, DE, Putzbrunn ⁵	50.0
EC&R Panther Creek Wind Farm III, LLC, US, Wilmington ¹	100.0	Energieversorgung Putzbrunn Verwaltungs GmbH, DE, Putzbrunn ⁵	50.0
EC&R QSE, LLC, US, Wilmington ¹	100.0	Energieversorgung Sehnde GmbH, DE, Sehnde ⁵	30.0
EC&R Services, LLC, US, Wilmington ¹	100.0	Energieversorgung Vechelde GmbH & Co KG, DE, Vechelde ⁵	49.0
EC&R Sherman, LLC, US, Wilmington ²	100.0	Energie-Wende-Garching GmbH & Co. KG, DE, Garching ⁵	50.0
EC&R Solar Development, LLC, US, Wilmington ²	100.0	Energie-Wende-Garching Verwaltungs-GmbH, DE, Garching ⁵	50.0
Economy Power Limited, GB, Coventry ¹	100.0	Energiewerke Isernhagen GmbH, DE, Isernhagen ⁵	49.0
EEP 2. Beteiligungsgesellschaft mbH, DE, Munich ²	100.0	Energy Collection Services Limited, GB, Coventry ²	100.0
EEP Kraftwerksgesellschaft Obernburg mbH, DE, Munich ²	100.0	Enerjisa Enerji A.Ş., TR, Istanbul ³	50.0
EFG Erdgas Forchheim GmbH, DE, Forchheim ⁵	24.9	Eneva Participações S.A., BR, Rio de Janeiro ⁵	50.0
EFM GmbH & Co. Beta KG, DE, Karlsfeld ^{1, 8}	100.0	ENEVA S.A., BR, Rio de Janeiro ³	37.9
EFR CEE Szolgáltató Kft., HU, Budapest ⁵	37.0	Enfield Energy Centre Limited, GB, Coventry ¹	100.0
EFR Europäische Funk-Rundsteuerung GmbH, DE, Munich ⁵	39.9	Enfield Energy Services (Europe) Limited, GB, Coventry ²	100.0
EH-SZER Energetikai és Távközlési Hálózatépítő és Szerelő Kft., HU, Győr ¹	100.0	Enfield Operations (UK) Limited, GB, Coventry ²	100.0
Ekopur d.o.o., SI, Ljubljana ²	100.0	ENSECO GmbH, DE, Unterschleißheim ⁵	49.0
Elecdey CARCELÉN, S.A., ES, Albacete ⁴	23.0	Eólica de Levante, S.L., ES, Alicante ⁵	25.0
Electricity ON XXI, S.L., ES, Albacete ²	100.0		
Elektrizitätswerk Schwandorf GmbH, DE, Schwandorf ²	100.0		

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
Eólica de São Julião, Lda, PT, Lisbon ⁴	45.0	Flatlands Wind Farm, LLC, US, Wilmington ²	100.0
EÓLICA MARÍTIMA Y PORTUARIA, SOCIEDAD LIMITADA, ES, Oviedo ²	70.0	Forest Creek Investco, Inc., US, Wilmington ¹	100.0
Eoliser Serviços de Gestão para parques eólicos, Lda, PT, Lisbon ¹	100.0	Forest Creek WF Holdco, LLC, US, Wilmington ¹	100.0
EOS PAX IIA, S.L., ES, Santiago de Compostela ⁴	48.5	Forest Creek Wind Farm, LLC, US, Wilmington ¹	100.0
EPS Polska Holding Sp. z o.o., PL, Warsaw ¹	100.0	Freya Bunde-Etzel GmbH & Co. KG, DE, Essen ³	60.0
Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH (EVG), DE, Erfurt ³	50.0	G.E.I. - Gestione Energetica Impianti S.p.A., IT, Crema ⁴	48.9
Ergon Energia S.r.l. in liquidazione, IT, Brescia ⁴	50.0	Gasag Berliner Gaswerke Aktiengesellschaft, DE, Berlin ⁴	36.9
Ergon Energy Limited, GB, Coventry ²	100.0	Gasnetzgesellschaft Laatzen-Süd mbH, DE, Laatzen ⁵	49.0
Ergon Holding Company Limited, GB, Coventry ²	100.0	Gasspeicher Lehrte GmbH, DE, Helmstedt ²	100.0
Ergon Holdings Ltd, MT, St. Julians ¹	100.0	Gasum Oy, FI, Espoo ⁴	20.0
Ergon Insurance Ltd, MT, St. Julians ¹	100.0	Gas-Union GmbH, DE, Frankfurt/Main ⁴	23.6
Ergon Nominees Limited, GB, Coventry ²	100.0	Gasversorgung Bad Rodach GmbH, DE, Bad Rodach ⁵	50.0
Ergon Overseas Holdings Limited, GB, Coventry ¹	100.0	Gasversorgung Ebermannstadt GmbH, DE, Ebermannstadt ⁵	50.0
Ergosud S.p.A., IT, Rome ³	50.0	Gasversorgung im Landkreis Gifhorn GmbH (GLG), DE, Wolfsburg ¹	95.0
ERKA Vermögensverwaltungsgesellschaft mbH, DE, Düsseldorf ²	100.0	Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung, DE, Würzburg ⁴	64.0
ESN EnergieSystemeNord GmbH, DE, Schwentinental ⁵	47.5	Gasversorgung Vorpommern GmbH, DE, Trassenheide ⁵	49.0
Esperanto Infrastructure II SARL, LU, Luxembourg ⁴	49.0	Gasversorgung Wismar Land GmbH, DE, Lübow ⁵	49.0
Etzel Gas-Lager GmbH & Co. KG, DE, Friedeburg-Etzel ⁷	75.2	Gasversorgung Wismar Land Vertrieb GmbH, DE, Lübow ⁵	49.0
Etzel Gas-Lager Management GmbH, DE, Friedeburg-Etzel ⁵	75.2	Gasversorgung Wunsiedel GmbH, DE, Wunsiedel ⁵	50.0
European Nuclear Energy Leadership Academy GmbH in Liquidation, DE, Garching ⁵	26.3	Gelsenberg GmbH & Co. KG, DE, Düsseldorf ¹	100.0
Evantec GmbH, DE, Munich ²	100.0	Gelsenberg Verwaltungs GmbH, DE, Düsseldorf ²	100.0
EVG Energieversorgung Gemünden GmbH, DE, Gemünden am Main ⁵	49.0	Gelsenwasser Beteiligungs-GmbH, DE, Munich ²	100.0
EVU Services GmbH, DE, Neumünster ²	100.0	Gem. Ges. zur Förderung des E.ON Energy Research Center mbH, DE, Aachen ⁵	50.0
EWC Windpark Cuxhaven GmbH, DE, Munich ⁵	50.0	Gemeindewerke Gräfelting GmbH & Co. KG, DE, Gräfelting ⁵	49.0
ews Verwaltungsgesellschaft mbH, DE, Bad Segeberg ⁵	50.2	Gemeindewerke Gräfelting Verwaltungs GmbH, DE, Gräfelting ⁵	49.0
Exporting Commodities International LLC, US, Marlton ⁴	30.0	Gemeindewerke Leck GmbH, DE, Leck ⁵	49.9
EZV Energie- und Service GmbH & Co. KG Untermain, DE, Würth am Main ⁵	28.9	Gemeindewerke Uetze GmbH, DE, Uetze ⁵	49.0
EZV Energie- und Service Verwaltungsgesellschaft mbH, DE, Würth am Main ⁵	28.8	Gemeindewerke Wedemark GmbH, DE, Wedemark ⁵	49.0
Falkenbergs Biogas AB, SE, Malmö ²	65.0	Gemeindewerke Wietze GmbH, DE, Wietze ⁵	49.0
Farma Wiatrowa Barzowice Sp. z o.o., PL, Warsaw ¹	100.0	Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG, DE, Emmerthal ¹	100.0
Fernwärmeverorgung Freising Gesellschaft mit beschränkter Haftung (FFG), DE, Freising ⁵	50.0	Gemeinschaftskernkraftwerk Grohnde Management GmbH, DE, Emmerthal ²	83.2
Fernwärmeverorgung Herne GmbH, DE, Herne ⁵	50.0	Gemeinschaftskernkraftwerk Isar 2 GmbH, DE, Essenbach ²	75.0
FIDELIA Holding LLC, US, Wilmington ¹	100.0	Gemeinschaftskraftwerk Irsching GmbH, DE, Vohburg ¹	50.2
Fitas Verwaltung GmbH & Co. Dritte Vermietungs-KG, DE, Pullach i. Isartal ²	90.0	Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung, DE, Kiel ⁵	50.0
FITAS Verwaltung GmbH & Co. REGIUM-Objekte KG, DE, Pullach i. Isartal ²	90.0	Gemeinschaftskraftwerk Staudinger Verwaltungs-GmbH, DE, Großkrotzenburg ²	100.0
		Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung, DE, Porta Westfalica ¹	66.7

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Name, location	Stake (%)	Name, location	Stake (%)
Gemeinschaftskraftwerk Weser GmbH & Co. oHG, DE, Emmerthal ¹	66.7	Hydropower Evolutions GmbH, DE, Düsseldorf ²	100.0
Geólica Magallón, S.L, ES, Zaragoza ⁴	36.2	Inadale Wind Farm, LLC, US, Wilmington ¹	100.0
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, AT, Braunau am Inn ⁵	20.0	Induboden GmbH, DE, Düsseldorf ²	100.0
Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH, DE, Kiel ⁵	33.3	Induboden GmbH & Co. Grundstücksgesellschaft OHG, DE, Düsseldorf ¹	100.0
GfS Gesellschaft für Simulatorschulung mbH, DE, Essen ⁵	41.7	Induboden GmbH & Co. Industrierwerte OHG, DE, Düsseldorf ¹	100.0
GHD Bayernwerk AG & Co. KG, DE, Dingolfing ²	75.0	Industriekraftwerk Greifswald GmbH, DE, Kassel ⁵	49.0
GLG Netz GmbH, DE, Gifhorn ¹	100.0	Industry Development Services Limited, GB, Coventry ²	100.0
GNS Gesellschaft für Nuklear-Service mbH, DE, Essen ⁵	48.0	Informační služby - energetika, a.s., CZ, Prague ²	100.0
GOLLIPP Bioerdgas GmbH & Co KG, DE, Gollhofen ⁵	50.0	InfraServ-Bayernwerk Gendorf GmbH, DE, Burgkirchen/Alz ⁵	50.0
GOLLIPP Bioerdgas Verwaltungs GmbH, DE, Nuremberg ⁵	50.0	Infrastructure Alliance Limited, JE, St. Helier ¹	100.0
Gondoskodás-Egymásért Alapítvány, HU, Debrecen ²	100.0	Infrastrukturgesellschaft Stadt Nienburg/Weser mbH, DE, Nienburg/Weser ⁵	49.9
Grandview Wind Farm II, LLC, US, Wilmington ²	100.0	INTERARGEM GbR, DE, Bielefeld ²	66.7
Grandview Wind Farm III, LLC, US, Wilmington ²	100.0	Inversora de Gas Cuyana S.A., AR, Mendoza ²	24.0
Grandview Wind Farm, LLC, US, Wilmington ²	100.0	Inversora de Gas del Centro S.A., AR, Córdoba ²	75.0
Green Sky Energy Limited, GB, Bury ¹	100.0	Inwestycyjna Spółka Energetyczna-IRB Sp. z o.o., PL, Warsaw ⁵	50.0
GrönGas Partner A/S, DK, Hirtshals ⁵	50.0	ISAM-Immobilien-GmbH, DE, Munich ²	100.0
Guyane Conhilac Energies SARL, FR, La Ciotat ²	100.0	Jihočeská plynárenská, a.s., CZ, České Budějovice ²	100.0
Hamburg Netz GmbH, DE, Hamburg ¹	74.9	Kalmar Energi Försäljning AB, SE, Kalmar ⁵	40.0
Hamburger Hof Versicherungs-Aktiengesellschaft, DE, Düsseldorf ²	100.0	Kalmar Energi Holding AB, SE, Kalmar ⁴	50.0
Hams Hall Management Company Limited, GB, Coventry ⁵	46.6	Karlshamn Kraft AB, SE, Karlshamn ¹	70.0
Harzwasserwerke GmbH, DE, Hildesheim ⁴	20.8	Kärnkraftsäkerhet & Utbildning AB, SE, Nyköping ⁵	25.0
Havelstrom Zehdenick GmbH, DE, Zehdenick ⁵	49.0	Kernkraftwerk Brokdorf GmbH & Co. oHG, DE, Hamburg ¹	80.0
Heizwerk Holzverwertungsgenossenschaft Stiftland eG & Co. oHG, DE, Neualbenreuth ⁵	50.0	Kernkraftwerk Brunsbüttel GmbH & Co. oHG, DE, Hamburg ⁴	33.3
Helioenergy Electricidad Dos, S.A., ES, Sevilla ³	50.0	Kernkraftwerk Gundremmingen GmbH, DE, Gundremmingen ⁴	25.0
Helioenergy Electricidad Uno, S.A., ES, Sevilla ³	50.0	Kernkraftwerk Krümmel GmbH & Co. oHG, DE, Hamburg ⁴	50.0
HEMAB Elförsäljning AB, SE, Malmö ¹	100.0	Kernkraftwerk Stade GmbH & Co. oHG, DE, Hamburg ¹	66.7
Hermann Seippel-Unterstützungseinrichtung GmbH, DE, Essen ²	100.0	Kernkraftwerke Isar Verwaltungs GmbH, DE, Essenbach ¹	100.0
HEUREKA-Gamma AG, CH, Baden-Dättwil ²	100.0	KGW - Kraftwerk Grenzach-Wyhlen GmbH, DE, Munich ¹	69.8
HGC Hamburg Gas Consult GmbH, DE, Hamburg ²	100.0	Klåvbens AB, SE, Olofström ⁵	50.0
Hibernia Gamma Beteiligungsgesellschaft mbH, DE, Frankfurt/Main ⁴	39.4	Kokereigasnetz Ruhr GmbH, DE, Essen ²	100.0
Hochtemperatur-Kernkraftwerk GmbH (HKG), Gemeinsames europäisches Unternehmen, DE, Hamm ⁵	26.0	Kolbäckens Kraft KB, SE, Sundsvall ¹	100.0
Högbypörp Kraftvärme AB, SE, Malmö ²	100.0	Komáromi Kogenerációs Erőmű Kft., HU, Győr ²	100.0
Holford Gas Storage Limited, GB, Edinburgh ¹	100.0	KommEnergie Erzeugungs GmbH, DE, Eichenau ⁵	100.0
Holsteiner Wasser GmbH, DE, Neumünster ⁵	50.0	KommEnergie GmbH, DE, Eichenau ⁵	67.0
HSE AVG Beteiligungs-GmbH, DE, Darmstadt ⁵	50.0	Kommunale Energieversorgung GmbH Eisenhüttenstadt, DE, Eisenhüttenstadt ⁵	49.0
HSN Magdeburg GmbH, DE, Magdeburg ¹	74.9	Kommunale Klimaschutzgesellschaft Landkreis Celle gemeinnützige GmbH, DE, Celle ⁵	25.0
HUGE Kft., HU, Budapest ²	100.0	Kommunale Klimaschutzgesellschaft Landkreis Uelzen gemeinnützige GmbH, DE, Celle ⁵	25.0

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Kraftwerk Buer Betriebsgesellschaft mbH i.L., DE, Gelsenkirchen ⁵	50.0	Meter Services Limited, GB, Coventry ²	100.0
Kraftwerk Buer GbR, DE, Gelsenkirchen ⁵	50.0	Metering Services Limited, GB, Coventry ²	100.0
Kraftwerk Burghausen GmbH, DE, Munich ¹	100.0	METHA-Methanhandel GmbH, DE, Essen ¹	100.0
Kraftwerk Hattorf GmbH, DE, Munich ¹	100.0	MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. Gamma oHG, DE, Grünwald ⁷	90.0
Kraftwerk Obernburg GmbH, DE, Erlenbach am Main ⁵	50.0	Midlands Electricity Limited, GB, Coventry ²	100.0
Kraftwerk Plattling GmbH, DE, Munich ¹	100.0	Midlands Gas Limited, GB, Coventry ²	100.0
Kraftwerk Schkopau Betriebsgesellschaft mbH, DE, Schkopau ¹	55.6	Midlands Generation (Overseas) Limited, GB, Coventry ²	100.0
Kraftwerk Schkopau GbR, DE, Schkopau ¹	58.1	Midlands Power (UK) Limited, GB, Coventry ²	100.0
Kraftwerks-Simulator-Gesellschaft mbH, DE, Essen ⁵	41.7	Midlands Power International Limited, GB, Coventry ²	100.0
Kurgan Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, DE, Grünwald ¹	90.0	Midlands Sales Limited, GB, Coventry ²	100.0
LandE GmbH, DE, Wolfsburg ¹	69.6	Mittlere Donau Kraftwerke Aktiengesellschaft, DE, Munich ²	60.0
Landwehr Wassertechnik GmbH, DE, Schöppenstedt ²	100.0	Montan GmbH Assekuranz-Makler, DE, Düsseldorf ⁴	44.3
Lighting for Staffordshire Holdings Limited, GB, Coventry ¹	60.0	Monte Elva Solar S.r.l., IT, Sassari ¹	100.0
Lighting for Staffordshire Limited, GB, Coventry ¹	100.0	Mosoni-Duna Menti Szélerőmű Kft., HU, Győr ²	100.0
Lillo Energy NV, BE, Beveren/Antwerp ⁵	50.0	Munkaból Vind AB, SE, Malmö ²	100.0
Limfjordens Bioenergi ApS, DK, Frederiksberg ²	78.0	Munnsville Investco, LLC, US, Wilmington ¹	100.0
Limited Liability Company E.ON IT, RU, Moscow ²	100.0	Munnsville WF Holdco, LLC, US, Wilmington ¹	100.0
London Array Limited, GB, Coventry ⁵	30.0	Munnsville Wind Farm, LLC, US, Wilmington ¹	100.0
LSW Energie Verwaltungs-GmbH, DE, Wolfsburg ²	57.0	Netz- und Windservice (NWS) GmbH, DE, Schwerin ²	100.0
LSW Holding GmbH & Co. KG, DE, Wolfsburg ⁴	57.0	Netz Veltheim GmbH, DE, Porta Westfalica ¹	66.7
LSW Holding Verwaltungs-GmbH, DE, Wolfsburg ²	57.0	Netzanschluss Mürow Oberdorf GbR, DE, Bremerhaven ⁵	34.8
LSW Netz Verwaltungs-GmbH, DE, Wolfsburg ⁵	57.0	Netzgesellschaft Bad Münde GmbH & Co. KG, DE, Bad Münde ⁵	49.0
Lubmin-Brandov Gastransport GmbH, DE, Essen ¹	100.0	Netzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen ⁵	49.0
LUMEN DISTRIBUČNÍ SOUSTAVY, s.r.o., CZ, České Budějovice ⁵	34.0	Netzgesellschaft Gehrden mbH, DE, Gehrden ⁵	49.0
Lumen Energy a.s., CZ, Prague ⁵	40.0	Netzgesellschaft Hemmingen mbH, DE, Hemmingen ⁵	49.0
LUMEN SYNERGY s.r.o., CZ, České Budějovice ⁵	34.0	Netzgesellschaft Hildesheimer Land GmbH & Co. KG, DE, Giesen ⁵	49.0
Luminar S.r.l., IT, Milan ¹	100.0	Netzgesellschaft Hildesheimer Land Verwaltung GmbH, DE, Giesen ⁵	49.0
Luna Lüneburg GmbH, DE, Lüneburg ⁵	49.0	Netzgesellschaft Schwerin mbH (NGS), DE, Schwerin ⁵	40.0
Maasvlakte CCS Project B.V., NL, Rotterdam ⁵	50.0	Netzgesellschaft Stuhr/Weyhe mbH, DE, Weyhe ⁵	49.0
Magic Valley Wind Farm I, LLC, US, Wilmington ¹	100.0	Neumünster Netz Beteiligungs-GmbH, DE, Neumünster ¹	50.1
Magic Valley Wind Farm II, LLC, US, Wilmington ²	100.0	New Cogen Sp. z o.o., PL, Warsaw ²	96.0
Magic Valley Wind Farm III, LLC, US, Wilmington ²	100.0	Nord Stream AG, CH, Zug ⁴	15.5
Mainkraftwerk Schweinfurt Gesellschaft mit beschränkter Haftung, DE, Munich ²	75.0	NORD-direkt GmbH, DE, Neumünster ²	100.0
Maricopa East Solar PV 2, LLC, US, Wilmington ²	100.0	Nordzucker Bioerdgas GmbH & Co. KG, DE, Braunschweig ²	50.0
Maricopa East Solar PV I, LLC, US, Wilmington ²	100.0	Nordzucker Bioerdgas Verwaltung-GmbH, DE, Braunschweig ²	50.0
Maricopa West Solar PV, LLC, US, Wilmington ²	100.0	Northeolic Montebuño, S.L., ES, Madrid ²	75.0
Matrix Control Solutions Limited, GB, Bury ¹	100.0	Nyíregyházi Kombinált Ciklusú Erőmű Kft., HU, Nyíregyháza ¹	100.0
MEON Pensions GmbH & Co. KG, DE, Grünwald ^{1,8}	100.0	OAo E.ON Russia, RU, Surgut ¹	83.7
MEON Verwaltungs GmbH, DE, Grünwald ²	100.0	OAo Severnftgazprom, RU, Krasnoselkup ⁴	25.0
Měření dodávek plynu, a.s., CZ, Prague ²	100.0		
Metegra GmbH, DE, Laatzen ⁵	25.0		

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OA0 Shaturskaya Upravlyayuschaya Kompaniya, RU, Shatura ¹	51.0	Powergen UK Holding Company Limited, GB, Coventry ²	100.0
Obere Donau Kraftwerke Aktiengesellschaft, DE, Munich ²	60.0	Powergen UK Investments, GB, Coventry ¹	100.0
Oebisfelder Wasser und Abwasser GmbH, DE, Oebisfelde ⁵	49.0	Powergen UK Limited, GB, Coventry ²	100.0
Offshore Trassenplanungs GmbH, DE, Hanover ²	50.0	Powergen UK Securities, GB, Coventry ²	100.0
Offshore-Windpark Beta Baltic GmbH, DE, Munich ²	100.0	Powergen US Holdings Limited, GB, Coventry ¹	100.0
Offshore-Windpark Delta Nordsee GmbH, DE, Munich ²	100.0	Powergen US Investments, GB, Coventry ¹	100.0
OKG AB, SE, Oskarshamn ¹	54.5	Powergen US Securities Limited, GB, Coventry ¹	100.0
OLT Offshore LNG Toscana S.p.A., IT, Milan ³	46.8	Powergen Weather Limited, GB, Coventry ²	100.0
OOO E.ON Connecting Energies, RU, Moscow ²	100.0	Pragoplyn, a.s., CZ, Prague ¹	100.0
OOO E.ON E&P Russia, RU, Moscow ²	100.0	Pražská plynárenská Distribuce, a.s., člen koncernu	
OOO E.ON Russia Power, RU, Moscow ²	100.0	Pražská plynárenská, a.s., CZ, Prague ¹	100.0
OOO Teplosbyt, RU, Shatura ¹	100.0	Pražská plynárenská Holding a.s., CZ, Prague ⁵	49.0
Oskarshamns Energi AB, SE, Oskarshamn ⁴	50.0	Pražská plynárenská Servis distribuce, a.s., člen koncernu	
Östersjöfrakt AB, SE, Örebro ¹	80.0	Pražská plynárenská, a.s., CZ, Prague ²	100.0
Östrand Energi AB, SE, Sundsvall ¹	100.0	Pražská plynárenská Správa majetku, s.r.o., člen koncernu	
Panrusgáz Zrt., HU, Budapest ⁵	25.0	Pražská plynárenská, a.s., CZ, Prague ²	100.0
Panther Creek Solar, LLC, US, Wilmington ²	100.0	Pražská plynárenská, a.s., CZ, Prague ¹	49.3
Panther Creek Wind Farm I&II, LLC, US, Wilmington ¹	100.0	Promec Sp. z o.o., PL, Skarżysko-Kamienna ²	100.0
Parque Eólico Barlavento, S.A., PT, Lisbon ¹	90.0	Prometheus, energetické služby, a.s., člen koncernu	
Patriot Wind Farm, LLC, US, Wilmington ²	100.0	Pražská plynárenská, a.s., CZ, Prague ²	100.0
PEG Infrastruktur AG, CH, Zug ¹	100.0	PT Power Jawa Barat, ID, Jakarta ⁵	40.0
Peißenberger Kraftwerksgesellschaft mit beschränkter Haftung, DE, Peißenberg ²	100.0	Purena GmbH, DE, Wolfenbüttel ¹	94.5
Peißenberger Wärmegeellschaft mbH, DE, Peißenberg ⁵	50.0	Pyron Wind Farm, LLC, US, Wilmington ¹	100.0
Perstorps Fjärrvärme AB, SE, Perstorp ⁵	50.0	Q-Energie b.v., NL, Eindhoven ²	53.3
Pioneer Trail Wind Farm, LLC, US, Wilmington ¹	100.0	Raab Karcher Electronic Systems plc, GB, Coventry ²	100.0
Powergen (East Midlands) Investments, GB, Coventry ²	100.0	RAG-Beteiligungs-Aktiengesellschaft, AT, Maria Enzersdorf ⁴	30.0
Powergen (East Midlands) Loan Notes, GB, Coventry ²	100.0	Rauschbergbahn Gesellschaft mit beschränkter Haftung, DE, Ruhpolding ²	77.4
Powergen Group Holdings Limited, GB, Coventry ²	100.0	RDE Regionale Dienstleistungen Energie GmbH & Co. KG, DE, Würzburg ²	78.8
Powergen Group Investments, GB, Coventry ²	100.0	RDE Verwaltungs-GmbH, DE, Würzburg ²	100.0
Powergen Holdings B.V., NL, Amsterdam ¹	100.0	REGAS GmbH & Co KG, DE, Regensburg ⁵	50.0
Powergen Holdings SARL, LU, Luxembourg ²	100.0	REGAS Verwaltungs-GmbH, DE, Regensburg ⁵	50.0
Powergen International Limited, GB, Coventry ¹	100.0	REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG, DE, Regensburg ⁵	35.5
Powergen Ireland Limited, GB, Coventry ²	100.0	regiocom Berlin GmbH, DE, Berlin ⁵	50.0
Powergen Limited, GB, Coventry ¹	100.0	regiocom GmbH, DE, Magdeburg ⁵	50.0
Powergen LS SE, GB, Coventry ¹	100.0	regiocom Halle GmbH, DE, Halle (Saale) ⁵	50.0
Powergen Luxembourg Holdings SARL, LU, Luxembourg ¹	100.0	regiocom Salzwedel GmbH, DE, Salzwedel ⁵	50.0
Powergen Power No. 1 Limited, GB, Coventry ¹	100.0	regiolicht Niedersachsen GmbH, DE, Helmstedt ²	100.0
Powergen Power No. 2 Limited, GB, Coventry ¹	100.0	Regnitzstromverwertung Aktiengesellschaft, DE, Erlangen ⁵	33.3
Powergen Power No. 3 Limited, GB, Coventry ¹	100.0	REWAG REGENSBURGER ENERGIE- UND WASSER- VERSORGUNG AG & CO KG, DE, Regensburg ⁴	35.5
Powergen Retail Limited, GB, Coventry ²	100.0	RGE Holding GmbH, DE, Essen ^{1,8}	100.0
Powergen Retail Supply Limited, GB, Coventry ²	100.0	Rhein-Main-Donau Aktiengesellschaft, DE, Munich ¹	77.5
Powergen Serang Limited, GB, Coventry ²	100.0		

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
Ringhals AB, SE, Varberg ⁴	29.6	Sinergia Andaluza, S.L., ES, Granada ⁵	25.0
R-KOM Regensburger Telekommunikationsgesellschaft mbH & Co. KG, DE, Regensburg ⁵	20.0	SINERGIA ARAGONESA, S.L., ES, Zaragoza ²	60.0
R-KOM Regensburger Telekommunikationsverwaltungs-gesellschaft mbH, DE, Regensburg ⁵	20.0	ŠKO ENERGO, s.r.o., CZ, Mladá Boleslav ⁵	21.0
RMD Wasserstraßen GmbH, DE, Munich ²	100.0	ŠKO-ENERGO FIN, s.r.o., CZ, Mladá Boleslav ⁴	42.5
RMD-Consult GmbH Wasserbau und Energie, DE, Munich ²	100.0	Snow Shoe Wind Farm, LLC, US, Wilmington ²	100.0
Rødsand 2 Offshore Wind Farm AB, SE, Malmö ¹	100.0	SO.MET. ENERGIA S.r.l., IT, Costigliole d'Asti (AT) ¹	60.0
Roscoe WF Holdco, LLC, US, Wilmington ¹	100.0	Société des Eaux de l'Est S.A., FR, Saint-Avold (Creutzwald) ⁵	25.0
Roscoe Wind Farm, LLC, US, Wilmington ¹	100.0	Société Nationale d'Electricité et de Thermique, S.A. (SNET), FR, Paris ¹	100.0
Rose Rock Wind Farm, LLC, US, Wilmington ²	100.0	Söderåsens Bioenergi AB, SE, Billesholm ⁵	51.0
Rosengård Invest AB, SE, Malmö ⁵	25.0	Solar Energy s.r.o., CZ, Znojmo ⁵	25.0
RuhrEnergie GmbH, EVR, DE, Gelsenkirchen ¹	100.0	Sollefteåforsens AB, SE, Sundsvall ⁴	50.0
S.C. Congaz S.A., RO, Constanța ⁵	28.6	Sønderjysk Biogasproduktion I/S, DK, Vojens ⁵	50.0
S.C. Salgaz S.A., RO, Salonta ²	60.1	SPIE Energy Solutions Harburg GmbH, DE, Hamburg ⁵	35.0
Safetec Entsorgungs- und Sicherheitstechnik GmbH, DE, Heidelberg ²	100.0	SQC Kvalificeringscentrum AB, SE, Stockholm ⁵	33.3
San Juan de Bargas Eólica, S.L., ES, Zaragoza ⁴	47.0	Städtische Betriebswerke Luckenwalde GmbH, DE, Luckenwalde ⁵	29.0
Sand Bluff WF Holdco, LLC, US, Wilmington ¹	100.0	Städtische Werke Magdeburg GmbH & Co. KG, DE, Magdeburg ⁴	26.7
Sand Bluff Wind Farm, LLC, US, Wilmington ¹	100.0	Städtische Werke Magdeburg Verwaltungs-GmbH, DE, Magdeburg ⁵	26.7
SBI Jordberga AB, SE, Linköping ⁵	20.0	Stadtnetze Neustadt a. Rbge. GmbH & Co. KG, DE, Neustadt a. Rbge. ⁵	24.9
Scarweather Sands Limited, GB, Coventry ⁵	50.0	Stadtnetze Neustadt a. Rbge. Verwaltungs-GmbH, DE, Neustadt a. Rbge. ⁵	24.9
SCF2 S.R.L., IT, Rom ²	100.0	Stadtversorgung Pattensen GmbH & Co. KG, DE, Pattensen ⁵	49.0
Schleswig-Holstein Netz AG, DE, Quickborn ¹	93.6	Stadtversorgung Pattensen Verwaltung GmbH, DE, Pattensen ⁵	49.0
Schleswig-Holstein Netz GmbH, DE, Rendsburg ²	100.0	Stadtwerke Bad Bramstedt GmbH, DE, Bad Bramstedt ⁵	36.0
Schleswig-Holstein Netz Verwaltungs-GmbH, DE, Quickborn ¹	100.0	Stadtwerke Barth GmbH, DE, Barth ⁵	49.0
Sea Power & Fuel S.r.l., IT, Genoa ⁵	50.0	Stadtwerke Bergen GmbH, DE, Bergen ⁵	49.0
SEC A Sp. z o.o., PL, Szczecin ²	100.0	Stadtwerke Blankenburg GmbH, DE, Blankenburg ⁵	30.0
SEC B Sp. z o.o., PL, Szczecin ²	100.0	Stadtwerke Bogen GmbH, DE, Bogen ⁵	41.0
SEC Barlinek Sp. z o.o., PL, Barlinek ²	100.0	Stadtwerke Brandenburg an der Havel GmbH, DE, Brandenburg an der Havel ⁴	36.8
SEC C Sp. z o.o., PL, Szczecin ²	100.0	Stadtwerke Bredstedt GmbH, DE, Bredstedt ⁵	49.9
SEC D Sp. z o.o., PL, Szczecin ²	100.0	Stadtwerke Burgdorf GmbH, DE, Burgdorf ⁵	49.0
SEC Dębno Sp. z o.o., PL, Dębno ²	85.0	Stadtwerke Ebermannstadt Versorgungsbetriebe GmbH, DE, Ebermannstadt ⁵	25.0
SEC Energia Sp. z o.o., PL, Szczecin ²	100.0	Stadtwerke Eggenfelden GmbH, DE, Eggenfelden ⁵	49.0
SEC HR Sp.z o.o., PL, Szczecin ²	100.0	Stadtwerke Frankfurt (Oder) GmbH, DE, Frankfurt (Oder) ⁴	39.0
SEC Łobez Sp. z o.o., PL, Łobez ²	100.0	Stadtwerke Garbsen GmbH, DE, Garbsen ⁵	24.9
SEC Myślibórz Sp. z o.o., PL, Mysliborz ²	89.9	Stadtwerke Geesthacht GmbH, DE, Geesthacht ⁵	24.9
SEC Połczyn-Zdrój Sp. z o.o., PL, Połczyn-Zdrój ²	100.0	Stadtwerke Husum GmbH, DE, Husum ⁵	49.9
SEC Słubice Sp. z o.o., PL, Słubice ²	100.0	Stadtwerke Lüz GmbH, DE, Lüz ⁵	25.0
SEC Strzelce Krajeńskie Sp. z o.o., PL, Strzelce Krajeńskie ²	100.0		
SEE-Sul Energia Eólica, Lda, PT, Lisbon ¹	100.0		
SERVICE plus GmbH, DE, Neumünster ²	100.0		
Service Plus Recycling GmbH, DE, Neumünster ²	100.0		
Settlers Trail Wind Farm, LLC, US, Wilmington ¹	100.0		

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
Stadtwerke Ludwigsfelde GmbH, DE, Ludwigsfelde ⁵	29.0	SVO Vertrieb GmbH, DE, Celle ¹	100.0
Stadtwerke Neunburg vorm Wald Strom GmbH, DE, Neunburg vorm Wald ⁵	24.9	SWN Stadtwerke Neustadt GmbH, DE, Neustadt bei Coburg ⁵	25.1
Stadtwerke Niebüll GmbH, DE, Niebüll ⁵	49.9	SWS Energie GmbH, DE, Stralsund ⁴	49.0
Stadtwerke Parchim GmbH, DE, Parchim ⁵	25.2	Sydkraft Polen AB, SE, Malmö ¹	100.0
Stadtwerke Premnitz GmbH, DE, Premnitz ⁵	35.0	Szczecińska Energetyka Ciepła Sp. z o.o., PL, Szczecin ¹	66.4
Stadtwerke Pritzwalk GmbH, DE, Pritzwalk ⁵	49.0	Szombathelyi Erőmű Zrt., HU, Győr ²	55.0
Stadtwerke Ribnitz-Damgarten GmbH, DE, Ribnitz-Damgarten ⁵	39.0	Szombathelyi Távhőszolgáltató Kft., HU, Szombathely ⁵	25.0
Stadtwerke Schwedt GmbH, DE, Schwedt/Oder ⁵	37.8	Tapolcai Kogenerációs Erőmű Kft., HU, Győr ²	100.0
Stadtwerke Tornesch GmbH, DE, Tornesch ⁵	49.0	Tauerngasleitung GmbH, AT, Wals-Siezenheim ⁵	46.7
Stadtwerke Vilshofen GmbH, DE, Vilshofen ⁵	41.0	Tech Park Solar, LLC, US, Wilmington ²	100.0
Stadtwerke Wismar GmbH, DE, Wismar ⁴	49.0	Teplárna Kyjov, a.s., CZ, Kyjov ²	67.2
Stadtwerke Wittenberge GmbH, DE, Wittenberge ⁵	22.7	Teplárna Tábor, a.s., CZ, Tábor ¹	51.5
Stadtwerke Wolfenbüttel GmbH, DE, Wolfenbüttel ⁵	26.0	Terminal Alpi Adriatico S.r.l., IT, Rome ¹	100.0
Stadtwerke Wolmirstedt GmbH, DE, Wolmirstedt ⁵	49.4	The Power Generation Company Limited, GB, Coventry ²	100.0
Statco Six Limited, GB, London ²	100.0	Thor Cogeneration Limited, GB, Coventry ²	100.0
Stella Wind Farm II, LLC, US, Wilmington ²	100.0	Thor Holdings Limited, GB, Coventry ²	100.0
Stella Wind Farm, LLC, US, Wilmington ²	100.0	Tipton Wind, LLC, US, Wilmington ²	100.0
Stensjön Kraft AB, SE, Stockholm ⁴	50.0	TPG Wind Limited, GB, Coventry ⁵	50.0
store-x Storage Capacity Exchange GmbH, DE, Leipzig ⁵	32.0	Tractaments de Juneda, S.A., ES, Lérida ⁵	26.4
Strom Germering GmbH, DE, Germering ²	90.0	Trans Adriatic Pipeline AG, CH, Baar ⁵	9.0
Stromnetzgesellschaft Bad Salzdetfurth-Diekhöfen mbH, DE, Bad Salzdetfurth ⁵	49.0	Twin Forks Wind Farm, LLC, US, Wilmington ²	100.0
Stromversorgung Ahrensburg GmbH, DE, Ahrensburg ²	100.0	TXU Europe (AH Online) Limited, GB, Coventry ²	100.0
Stromversorgung Angermünde GmbH, DE, Angermünde ⁵	49.0	TXU Europe (AHG) Limited, GB, Coventry ²	100.0
Stromversorgung Ruhpolding Gesellschaft mit beschränkter Haftung, DE, Ruhpolding ²	100.0	TXU Europe (AHGD) Limited, GB, Coventry ²	100.0
Stromversorgung Unterschleißheim GmbH & Co. KG, DE, Unterschleißheim ²	100.0	TXU Europe (AHST) Limited, GB, Coventry ²	100.0
Stromversorgung Unterschleißheim Verwaltungs GmbH, DE, Unterschleißheim ²	100.0	TXU Europe Group Trustee Limited, GB, Coventry ²	100.0
strotög GmbH Strom für Töging, DE, Töging am Inn ⁵	50.0	Überlandwerk Leinetal GmbH, DE, Gronau ⁵	48.0
SüdWasser GmbH, DE, Erlangen ²	100.0	Umspannwerk Miltzow-Mannhagen GbR, DE, Sundhagen ⁵	22.2
SULPUR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Erfurt KG i.L., DE, Schönefeld ²	83.3	Umwelt- und Wärmeenergiegesellschaft Strasburg GmbH, DE, Strasburg ²	100.0
Sunshine 1 S.r.l., IT, Milan ²	100.0	Unión de Generadores de Energía, S.A., ES, Zaragoza ⁵	50.0
Surschiste, S.A., FR, Mazingarbe ²	100.0	Untere Iller AG, DE, Landshut ²	60.0
SV Civitella S.r.l., IT, Milan ¹	100.0	Uranit GmbH, DE, Jülich ³	50.0
SV VII S.r.l., IT, Milan ¹	100.0	Utilities Center Maasvlakte Leftbank b.v., NL, Rotterdam ¹	100.0
Svensk Kärnbränslehantering AB, SE, Stockholm ⁵	34.0	Utility Debt Services Limited, GB, Coventry ²	100.0
Svenskt Gastekniskt Center AB, SE, Malmö ⁵	30.0	Valencia Solar LLC, US, Wilmington ²	100.0
SVH Stromversorgung Haar GmbH, DE, Haar ⁵	50.0	VEBA Electronics LLC, US, Wilmington ¹	100.0
SVI-Stromversorgung Ismaning GmbH, DE, Ismaning ⁵	25.1	VEBACOM Holdings LLC, US, Wilmington ²	100.0
SVO Holding GmbH, DE, Celle ¹	50.1	Venado Wind Farm, LLC, US, Wilmington ²	100.0
		Versorgungsbetrieb Waldbüttelbrunn GmbH, DE, Waldbüttelbrunn ⁵	49.0
		Versorgungsbetriebe Helgoland GmbH, DE, Helgoland ⁵	49.0
		Versorgungskasse Energie (VVG), DE, Hanover ¹	81.0
		Versuchsatomkraftwerk Kahl GmbH, DE, Karlstein ⁵	20.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)	Name, location	Stake (%)
Veszprém-Kogeneráció Energiatermelő Zrt., HU, Győr ²	100.0	WEA Schönerlinde GbR mbH Kiepsch & Bosse & Beteiligungsges. e.disnatur mbH, DE, Berlin ²	70.0
VEW-VKR Fernwärmeleitung Shamrock-Bochum GbR, DE, Gelsenkirchen ²	55.1	Weißmankraftwerk Röhrenhof Aktiengesellschaft, DE, Berneck ²	93.5
Vici Wind Farm, LLC, US, Wilmington ²	100.0	West of the Pecos Solar LLC, US, Wilmington ²	100.0
Visioncash, GB, Coventry ¹	100.0	Western Gas Limited, GB, Coventry ²	100.0
Volkswagen AG Preussen Elektra AG Offene Handelsgesellschaft, DE, Wolfsburg ⁵	95.0	WEVG Salzgitter GmbH & Co. KG, DE, Salzgitter ¹	50.2
Wärme- und Wasserversorgung Friedensstadt GmbH, DE, Trebbin ⁵	50.0	WEVG Verwaltungs GmbH, DE, Salzgitter ²	50.2
Wärmeversorgung Schenefeld GmbH, DE, Schenefeld ⁵	40.0	Wildcat Wind Farm I, LLC, US, Wilmington ¹	100.0
Wärmeversorgungsgesellschaft Königs Wusterhausen mbH, DE, Königs Wusterhausen ²	50.1	Wildcat Wind Farm II, LLC, US, Wilmington ²	100.0
Warmtebedrijf Exploitatie N.V., NL, Rotterdam ⁵	50.0	Wildcat Wind Farm III, LLC, US, Wilmington ²	100.0
Wasser- und Abwassergesellschaft Vienenburg mbH, DE, Vienenburg ⁵	49.0	Windenergie Leinetal GmbH & Co. KG, DE, Freden ⁵	46.7
Wasserkraftnutzung im Landkreis Gifhorn GmbH, DE, Müden/Aller ⁵	50.0	Windenergie Leinetal Verwaltungs GmbH, DE, Freden ⁵	50.0
Wasserversorgung Sarstedt GmbH, DE, Sarstedt ⁵	49.0	WINDENERGIEPARK WESTKÜSTE GmbH, DE, Kaiser-Wilhelm-Koog ²	80.0
Wasserwerk Gifhorn Beteiligungs-GmbH, DE, Gifhorn ⁵	49.8	Windpark Anhalt-Süd (Köthen) OHG, DE, Potsdam ²	83.3
Wasserwerk Gifhorn GmbH & Co KG, DE, Gifhorn ⁵	49.8	Windpark Mutzschen OHG, DE, Potsdam ²	77.8
Wasserwerks-Betriebsgemeinschaft Klein Heidorn GbR, DE, Neustadt a. Rbge. ⁵	50.0	Windpark Naundorf OHG, DE, Potsdam ²	66.7
Wasserwirtschafts- und Betriebsgesellschaft Grafenwöhr GmbH, DE, Grafenwöhr ⁵	49.0	Windy Hills Limited, GB, County Tyrone ²	100.0
		WVM Wärmeversorgung Maßbach GmbH, DE, Maßbach ⁵	22.2
		Yorkshire Windpower Limited, GB, Coventry ⁵	50.0
		ZAO Gazprom YRGM Development, RU, Salekhard ⁷	25.0
		Západoslovenská energetika, a.s. (ZSE), SK, Bratislava ⁴	39.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2013)

Name, location	Stake (%)
Consolidated investment funds	
E.ON Treasury 1, DE, Unterföhring ⁷	100.0
EBWFONDS, DE, Unterföhring ⁷	100.0
GRPFONDS, DE, Unterföhring ⁷	100.0
GSBW I, DE, Unterföhring ⁷	100.0
HANSEFONDS 2, DE, Unterföhring ⁷	100.0
On Balance 1, DE, Unterföhring ⁷	100.0
On Balance 2, DE, Unterföhring ⁷	100.0
On Balance 3, DE, Unterföhring ⁷	100.0
On Balance 4, DE, Unterföhring ⁷	100.0
On Balance 5, DE, Unterföhring ⁷	100.0
OP-Fonds ONE, DE, Unterföhring ⁷	100.0
TASSILO, DE, Unterföhring ⁷	100.0
VKE-FONDS, DE, Unterföhring ⁷	100.0

Name, location	Stake (%)	Equity € in millions	Earnings € in millions
Other companies in which share investments are held			
AB Lesto, LT, Vilnius ^{6,9}	11.8	959.8	-12.8
Enovos International S.A., LU, Esch-sur-Alzette ^{6,9}	10.0	723.7	54.9
Forsmarks Kraftgrupp AB, SE, Östhammar ⁶	8.5	38.0	0.3
infra fürth gmbh, DE, Fürth ⁶	19.9	67.3	0.0
Powernext, S.A., FR, Paris ⁶	5.0	22.0	4.9

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Supervisory Board (and Information on Other Directorships Held by Supervisory Board Members)

Werner Wenning

Chairman of the Supervisory Board,
E.ON SE

Chairman of the Supervisory Board,
Bayer AG

- Bayer AG (Chairman)
- Deutsche Bank AG (until May 23, 2013)
- Henkel Management AG
(since September 16, 2013)
- HDI V.a.G.
(until May 6, 2013)
- Siemens AG (since January 23, 2013)
- Talanx AG
(until May 6, 2013)
- Freudenberg & Co. KG
(Shareholders' Committee,
until June 29, 2013)
- Henkel AG & Co. KGaA
(Shareholders' Committee)

Prof. Dr. Ulrich Lehner

Member of the Shareholders' Committee,
Henkel AG & Co. KGaA

Deputy Chairman of the Supervisory
Board, E.ON SE

- Deutsche Telekom AG (Chairman)
- Henkel Management AG
(until March 31, 2013)
- Porsche Automobil Holding SE
- ThyssenKrupp AG
(Chairman, since April 1, 2013)
- Henkel AG & Co. KGaA
(Shareholders' Committee)
- Novartis AG (Administrative Council,
Deputy Chairman,
Interim Chairman until July 31, 2013)
- Dr. Oetker KG (Advisory Board)

Erhard Ott

Member of National Board, Unified
Service Sector Union, ver.di

Deputy Chairman of the Supervisory
Board, E.ON SE

- Bremer Lagerhaus-Gesellschaft AG
(Deputy Chairman, until May 23, 2013)

Gabriele Gratz

(until December 31, 2013)

Chairwoman of the Works Council,
E.ON Global Commodities SE,
Essen office

- E.ON Ruhrgas AG (Deputy Chair-
woman, until May 2, 2013)

Baroness Denise Kingsmill, CBE

Attorney, member of the House of Lords

- APR Energy plc
- International Consolidated Airlines
Group S.A.

Eugen-Gheorghe Luha

Chairman of Gas România (Romanian
Federation of Gas Unions), Chairman of
Romanian employee representatives

Unless otherwise indicated, information is as of December 31, 2013, or as of the date on which membership ended on the E.ON SE Supervisory Board.

- Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
- Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

René Obermann

Chairman of the Board of Management,
 Deutsche Telekom AG
 (until December 31, 2013)
 Chairman of the Board of Management,
 Ziggo N.V. (since January 1, 2014)

- ThyssenKrupp AG
 (since November 1, 2013)
- T-Systems International GmbH
 (Chairman, until December 15, 2013)
- T-Mobile US Inc. (Board of Directors,
 until November 15, 2013)

Klaus Dieter Raschke

Second Chairman of the Division Works
 Council, Generation

- E.ON Energie AG (until March 7, 2013)
- E.ON Generation GmbH
- E.ON Kernkraft GmbH
- Versorgungskasse Energie VVaG

Eberhard Schomburg

Chairman of the E.ON European Works
 Council

- E.ON Energie AG (until March 7, 2013)
- E.ON Kraftwerke GmbH

Fred Schulz

(since January 1, 2014)
 First Deputy Chairman of the E.ON
 European Works Council, Chairman of
 the Combined Works Council, E.DIS AG

- E.DIS AG
- Szczecińska Energetyka
 Ciepła Sp. z o.o.

Dr. Karen de Segundo

Attorney

- British American Tobacco plc
 (Board of Directors)
- Lonmin plc (Board of Directors)
- Pöyry Oyj (Board of Directors)

Dr. Theo Siegert

Managing Partner, de Haen-Carstanjen
 & Söhne

- Henkel AG & Co. KGaA
- Merck KGaA
- DKSH Holding Ltd.
 (Administrative Board)
- E. Merck OHG
 (Shareholders' Committee)

Willem Vis

Director of Training (Generation),
 E.ON Benelux N.V.

Supervisory Board Committees

Executive Committee

Werner Wenning, Chairman
 Erhard Ott, Deputy Chairman
 Prof. Dr. Ulrich Lehner, Deputy Chairman
 Klaus Dieter Raschke
 (until December 31, 2013)
 Eberhard Schomburg
 (since January 1, 2014)

Audit and Risk Committee

Dr. Theo Siegert, Chairman
 Klaus Dieter Raschke, Deputy Chairman
 Eberhard Schomburg
 Werner Wenning

Finance and Investment Committee

Werner Wenning, Chairman
 Gabriele Gratz, Deputy Chairwoman
 (until December 31, 2013)
 Fred Schulz
 (since January 1, 2014)
 Karen de Segundo
 Willem Vis

Nomination Committee

Werner Wenning, Chairman
 Prof. Dr. Ulrich Lehner, Deputy Chairman
 Karen de Segundo

Board of Management (and Information on Other Directorships Held by Board of Management Members)**Dr. Johannes Teyssen**

Born 1959 in Hildesheim,
Chairman and Chief Executive Officer
since 2010

Member of the Board of Management
since 2004

Group Executive Human Resources,
Investor Relations, Corporate Commu-
nications, Group Audit, Corporate Strat-
egy & Development

- Deutsche Bank AG
- Salzgitter AG

Dr.-Ing. Leonhard Birnbaum

Born 1967 in Ludwigshafen,
Member of the Board of Management
since 2013

Global Commodities, Distributed Gener-
ation, Engineering & Major Projects,
Commercial Operations, Political Affairs
& Regulatory, Technology & Innovation,
Consulting

- E.ON Global Commodities SE¹
(Chairman since July 11, 2013)
- E.ON New Build & Technology GmbH¹
(Chairman since August 6, 2013)
- Georgsmarienhütte Holding GmbH
(Second Deputy Chairman)

Jørgen Kildahl

Born 1963 in Bærum, Norway,
Member of the Board of Management
since 2010

Brazil, Russia, Turkey, Exploration & Pro-
duction, Health/Safety & Environment,
Corporate Incident & Crisis Manage-
ment, Procurement & Real Estate Man-
agement, Sustainability

- E.ON Generation GmbH¹
(Chairman until September 19, 2013)
- E.ON Global Commodities SE¹
(Chairman until September 2, 2013)
- E.ON Ruhrgas AG¹
(Chairman until May 2, 2013)
- E.ON Sverige AB²
(until August 22, 2013)
- ENEVA S.A. (Chairman since July 4, 2013)
- OAO E.ON Russia² (since June 12, 2013,
Chairman since July 3, 2013)

Dr. Bernhard Reutersberg

Born 1954 in Düsseldorf,
Member of the Board of Management
since 2010

Coordination of Regional Units, Distri-
bution and Retail Businesses, E.ON 2.0

- E.ON Benelux N.V.² (Chairman)
- E.ON España S.L.²
- E.ON France S.A.S.² (Chairman)
- E.ON Hungária Zrt.² (Chairman)
- E.ON Italia S.p.A.²
- E.ON Sverige AB² (Chairman)
- Nord Stream AG
- OAO E.ON Russia²
(Chairman, until July 2, 2013)

Klaus Schäfer

Born 1967 in Regensburg,
Member of the Board of Management
since 2013

Finance, Mergers & Acquisitions,
Accounting & Controlling, Legal Affairs
& Compliance, Taxes, IT & Business Ser-
vices

- E.ON Business Services GmbH¹
(Chairman since September 23, 2013)
- Energieversorgung Mittelrhein GmbH
(Advisory Board, Deputy Chairman)
- Nord Stream AG (until Oktober 18,
2013)

Mike Winkel

Born 1970 in Neubrandenburg,
Member of the Board of Management
since 2013

Generation, Renewables, Human
Resources, Operational Efficiency

- E.ON Generation GmbH¹
(Chairman since September 19, 2013)
- E.ON Sverige AB²
(since June 14, 2013)
- OAO E.ON Russia²

Prof. Dr. Klaus-Dieter Maubach

Born 1962 in Schwelm,
Member of the Board of Management
since 2010

(until March 31, 2013)

Dr. Marcus Schenck

Born 1965 in Memmingen,
Member of the Board of Management
since 2006

(until September 30, 2013)

Regine Stachelhaus

Born 1955 in Böblingen,
Member of the Board of Management
since 2010

(until June 30, 2013)

• Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2, of the German Stock Corporation Act.
• Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

¹Exempted E.ON Group directorship. ²Other E.ON Group directorship.

Explanatory Report of the Board of Management on the Disclosures Pursuant to Section 289, Paragraph 4, and Section 315, Paragraph 4, as well as Section 289, Paragraph 5, of the German Commercial Code

The Board of Management has read and discussed the disclosures pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code contained in the Combined Group Management Report for the year ended December 31, 2013, and issues the following declaration regarding these disclosures:

The disclosures pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code contained in the Company's Combined Group Management Report are correct and conform with the Board of Management's knowledge. The Board of Management therefore confines itself to the following statements:

Beyond the disclosures contained in the Combined Group Management Report (and legal restrictions such as the exclusion of voting rights pursuant to Section 136 of the German Stock Corporation Act), the Board of Management is not aware of any restrictions regarding voting rights or the transfer of shares. The Company is not aware of shareholdings in the Company's share capital exceeding ten out of one hundred voting rights, so that information on such shareholdings is not necessary. There is no need to describe shares with special control rights (since no such shares have been issued) or special restrictions on the control rights of employees' shareholdings (since employees who hold shares in the Company's share capital exercise their control rights directly, just like other shareholders).

To the extent that the Company has agreed to settlement payments for Board of Management members in the case of a change of control, the purpose of such agreements is to preserve the independence of Board of Management members.

The Board of Management also read and discussed the disclosures in the Combined Group Management Report pursuant to Section 289, Paragraph 5, of the German Commercial Code. The disclosures contained in the Combined Group Management Report on the key features of our internal control and risk management system for accounting processes are complete and comprehensive.

Internal controls are an integral part of our accounting processes. Guidelines define uniform financial-reporting documentation requirements and procedures for the entire E.ON Group. We believe that compliance with these rules provides sufficient certainty to prevent error or fraud from resulting in material misrepresentations in the Consolidated Financial Statements, the Combined Group Management Report, and the Interim Reports.

Düsseldorf, February 25, 2014

E.ON SE
Board of Management

Teyssen	Birnbaum	Kildahl
Reutersberg	Schäfer	Winkel

Summary of Financial Highlights ¹					
€ in millions	2009	2010	2011	2012	2013
Sales and earnings					
Sales	79,974	92,863	112,954	132,093	122,450
EBITDA ²	12,975	13,346	9,293	10,771	9,315
EBIT ²	9,291	9,454	5,438	7,012	5,681
Net income/Net loss	8,669	6,281	-1,861	2,613	2,510
Net income/Net loss attributable to shareholders of E.ON SE	8,420	5,853	-2,219	2,189	2,142
Value measures					
ROACE/through 2009 ROCE (%)	12.2	14.4	8.4	11.1	9.2
Pretax cost of capital (%)	9.1	8.3	8.3	7.7	7.5
Value added ³	2,362	4,000	90	2,139	1,066
Asset structure					
Non-current assets	113,046	106,657	102,221	96,563	94,703
Current assets	39,568	46,224	50,651	43,863	36,022
Total assets	152,614	152,881	152,872	140,426	130,725
Capital structure					
Equity	43,986	45,585	39,613	38,820	36,385
<i>Capital stock</i>	2,001	2,001	2,001	2,001	2,001
<i>Minority interests without controlling influence</i>	3,607	3,932	3,876	3,862	2,915
Non-current liabilities	70,775	69,580	67,129	65,027	61,054
<i>Provisions</i>	21,692	23,631	25,672	28,601	26,888
<i>Financial liabilities</i>	30,657	28,880	24,029	21,937	18,237
<i>Other liabilities and other</i>	18,426	17,069	17,428	14,489	15,929
Current liabilities	37,853	37,716	46,130	36,579	33,286
<i>Provisions</i>	4,715	4,950	4,985	4,049	4,372
<i>Financial liabilities</i>	7,120	3,611	5,885	4,007	5,023
<i>Other liabilities and other</i>	26,018	31,527	35,260	28,523	23,891
Total assets and liabilities	152,614	152,881	152,872	140,426	130,725
Cash flow and investments					
Cash provided by operating activities of continuing operations	8,590	10,614	6,610	8,808	6,375
Cash-effective investments	8,655	8,286	6,524	6,997	8,086
Financial ratios					
Equity ratio (%)	29	30	26	28	28
Long-term capital as a percentage of non-current assets (%)	102	108	104	108	103
Economic net debt (at year-end)	-44,606	-37,821	-36,520	-35,845	-31,991
Debt factor ⁴	3.4	2.8	3.9	3.3	3.4
Cash provided by operating activities of continuing operations as a percentage of sales	11.1	11.4	5.9	6.7	5.2
Stock					
Earnings per share attributable to shareholders of E.ON SE (€)	4.42	3.07	-1.16	1.15	1.12
Equity ⁵ per share (€)	21.19	21.86	18.76	18.33	17.54
Twelve-month high per share (€)	30.47	29.36	25.11	19.52	14.71
Twelve-month low per share (€)	18.19	21.13	12.88	13.80	11.94
Year-end closing price per share ⁶ (€)	29.23	22.94	16.67	14.09	13.42
Dividend per share ⁷ (€)	1.50	1.50	1.00	1.10	0.60
Dividend payout	2,858	2,858	1,905	2,097	1,145
Market capitalization ^{6,8} (€ in billions)	55.7	43.7	31.8	26.9	25.6
E.ON SE long-term ratings					
Moody's	A2	A2	A3	A3	A3
Standard & Poor's	A	A	A	A-	A-
Employees					
Employees at year-end	85,108	85,105	78,889	72,083	62,239

¹Adjusted for discontinued operations. ²Adjusted for extraordinary effects. ³Starting with 2010, the figure is as of the balance-sheet date. ⁴Ratio between economic net debt and EBITDA. ⁵Attributable to shareholders of E.ON SE. ⁶At the end of December. ⁷For the respective financial year; the 2013 figure is management's proposed dividend. ⁸Based on shares outstanding.

Attributable Generating Capacity													
December 31 MW	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Nuclear	5,403	5,403	-	-	-	-	-	-	-	-	5,403	5,403	
Lignite	500	852	-	-	-	-	-	-	-	-	500	852	
Hard coal	5,279	5,661	-	-	-	-	-	-	-	-	5,279	5,661	
Natural gas	3,637	3,637	-	-	484	721	-	-	-	-	4,121	4,358	
Oil	1,003	1,003	-	-	101	112	-	-	-	-	1,104	1,115	
Hydro	-	-	1,904	2,010	7	22	-	-	-	-	1,911	2,032	
Wind	-	-	168	196	-	-	-	-	-	-	168	196	
Other	-	24	-	-	32	357	-	-	-	-	32	381	
Germany	15,822	16,580	2,072	2,206	624	1,212	-	-	-	-	18,518	19,998	
Nuclear	2,799	2,782	-	-	-	-	-	-	-	-	2,799	2,782	
Lignite	-	-	-	-	-	-	29	79	1,263	1,276	1,292	1,355	
Hard coal	6,993	10,649	-	-	-	-	-	-	-	-	6,993	10,649	
Natural gas	12,590	13,239	-	-	-	-	1,353	1,509	7,050	7,041	20,993	21,789	
Oil	1,727	3,138	-	-	-	-	-	-	-	-	1,727	3,138	
Hydro	-	-	3,028	3,022	-	-	31	43	-	-	3,059	3,065	
Wind	-	-	4,558	4,430	-	-	1	1	-	-	4,559	4,431	
Other	-	-	916	161	-	-	234	254	-	-	1,150	415	
Outside Germany	24,109	29,808	8,502	7,613	-	-	1,648	1,886	8,313	8,317	42,572	47,624	
E.ON Group	39,931	46,388	10,574	9,819	624	1,212	1,648	1,886	8,313	8,317	61,090	67,622	

Fully Consolidated Generating Capacity													
December 31 MW	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Nuclear	5,746	5,746	-	-	-	-	-	-	-	-	5,746	5,746	
Lignite	900	1,252	-	-	-	-	-	-	-	-	900	1,252	
Hard coal	5,219	5,600	-	-	-	-	-	-	-	-	5,219	5,600	
Natural gas	4,210	4,210	-	-	81	508	-	-	-	-	4,291	4,718	
Oil	1,003	1,003	-	-	101	120	-	-	-	-	1,104	1,123	
Hydro	-	-	2,072	2,244	10	13	-	-	-	-	2,082	2,257	
Wind	-	-	203	226	-	-	-	-	-	-	203	226	
Other	-	-	-	-	32	374	-	-	-	-	32	374	
Germany	17,078	17,811	2,275	2,470	224	1,015	-	-	-	-	19,577	21,296	
Nuclear	2,511	2,511	-	-	-	-	-	-	-	-	2,511	2,511	
Lignite	-	-	-	-	-	-	19	69	1,509	1,524	1,528	1,593	
Hard coal	6,993	10,649	-	-	-	-	-	-	-	-	6,993	10,649	
Natural gas	12,333	13,305	-	-	-	-	1,323	1,478	8,419	8,408	22,075	23,191	
Oil	2,028	3,439	-	-	-	-	-	-	-	-	2,028	3,439	
Hydro	-	-	2,808	2,832	-	-	31	55	-	-	2,839	2,887	
Wind	-	-	4,179	4,269	-	-	-	-	-	-	4,179	4,269	
Other	-	-	845	100	-	-	234	274	-	-	1,079	374	
Outside Germany	23,865	29,904	7,832	7,201	-	-	1,607	1,876	9,928	9,932	43,232	48,913	
E.ON Group	40,943	47,715	10,107	9,671	224	1,015	1,607	1,876	9,928	9,932	62,809	70,209	

[illegible]

Power Procurement																
Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Owned generation	146.7	160.7	29.2	28.6	-	-	1.3	3.4	5.0	6.2	63.0	64.2	-	-	245.2	263.1
Purchases	28.3	28.1	6.3	8.0	540.3	565.2	163.6	180.5	142.7	148.9	4.5	4.6	-408.3	-437.4	477.4	497.9
Jointly owned power plants	12.7	11.8	1.1	2.2	-	-	0.2	0.3	-	-	-	-	-	-	14.0	14.3
Global Commodities/outside sources	15.6	16.3	5.2	5.8	540.3	565.2	163.4	180.2	142.7	148.9	4.5	4.6	-408.3	-437.4	463.4	483.6
Total	175.0	188.8	35.5	36.6	540.3	565.2	164.9	183.9	147.7	155.1	67.5	68.8	-408.3	-437.4	722.6	761.0
Station use, line loss, etc.	-1.8	-2.2	-1.0	-1.0	-	-	-4.5	-5.4	-8.7	-9.2	-2.2	-2.3	-	-	-18.2	-20.1
Power sales	173.2	186.6	34.5	35.6	540.3	565.2	160.4	178.5	139.0	145.9	65.3	66.5	-408.3	-437.4	704.4	740.9

Power Sales																
Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Residential and SME	-	-	0.2	0.2	-	-	21.6	23.9	53.1	55.9	-	-	-	-	74.9	80.0
I&C	3.5	3.7	-	-	-	-	26.1	34.1	71.9	72.2	-	-	-0.4	-0.6	101.1	109.4
Sales partners	22.9	24.5	8.0	8.1	-	-	75.6	88.8	0.7	0.7	-	-	-4.4	-5.0	102.8	117.1
Customer segments	26.4	28.2	8.2	8.3	-	-	123.3	146.8	125.7	128.8	-	-	-4.8	-5.6	278.8	306.5
Wholesale market/Global Commodities	146.8	158.4	26.3	27.3	540.3	565.2	37.1	31.7	13.3	17.1	65.3	66.5	-403.5	-431.8	425.6	434.4
Total	173.2	186.6	34.5	35.6	540.3	565.2	160.4	178.5	139.0	145.9	65.3	66.5	-408.3	-437.4	704.4	740.9

Gas Sales										
	Global Commodities		Germany		Other EU Countries		Consolidation		E.ON Group	
Billion kWh	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Residential and SME	-	-	29.2	26.0	97.4	100.0	-	-	126.6	126.0
I&C	6.2	6.9	111.5	132.8	49.7	49.8	-3.8	-5.0	163.6	184.5
Sales partners	26.9	25.6	296.0	302.0	0.0	0.1	-24.3	-24.3	298.6	303.4
Customer segments	33.1	32.5	436.7	460.8	147.1	149.9	-28.1	-29.3	588.8	613.9
Germany	463.7	473.2	-	-	-	-	-463.7	-473.2	-	-
Other countries	59.4	90.6	-	-	-	-	-10.3	-31.2	49.1	59.4
Wholesale market/Global Commodities	696.6	703.2	37.4	46.1	16.8	19.9	-297.0	-280.4	453.8	488.8
Total	1,252.8	1,299.5	474.1	506.9	163.9	169.8	-799.1	-814.1	1,091.7	1,162.1

Glossary of Financial Terms

Actuarial gains and losses

The actuarial calculation of provisions for pensions is based on projections of a number of variables, such as projected future salaries and pensions. An actuarial gain or loss is recorded when the actual numbers turn out to be different from the projections.

Beta factor

Indicator of a stock's relative risk. A beta coefficient of more than one indicates that a stock has a higher risk than the overall market; a beta coefficient of less than one indicates that it has a lower risk.

Bond

Debt instrument that gives the holder the right to repayment of the bond's face value plus an interest payment. Bonds are issued by public entities, credit institutions, and companies and are sold through banks. They are a form of medium- and long-term debt financing.

Capital employed

Represents the interest-bearing capital tied up in the E.ON Group. It is equal to a segment's non-current and current operating assets less the amount of non-interest-bearing available capital. Other equity interests are included at their acquisition cost, not their fair value.

Capital stock

The aggregate face value of all shares of stock issued by a company; entered as a liability in the company's balance sheet.

Cash flow statement

Calculation and presentation of the cash a company has generated or consumed during a reporting period as a result of its operating, investing, and financing activities.

Cash provided by operating activities

Cash provided by, or used for, operating activities of continuing operations.

Commercial paper ("CP")

Unsecured, short-term debt instruments issued by commercial firms and financial institutions. CPs are usually quoted on a discounted basis, with repayment at par value.

Consolidation

Accounting approach in which a parent company and its affiliates are presented as if they formed a single legal entity. All intracompany income and expenses, intracompany accounts payable and receivable, and other intracompany transactions are offset against each other. Share investments in affiliates are offset against their capital stock, as are all intracompany credits and debts, since such rights and obligations do not exist within a single legal entity. The adding together and consolidation of the remaining items in the annual financial statements yields the consolidated balance sheets and the consolidated statements of income.

Contractual trust arrangement ("CTA")

Model for financing pension obligations under which company assets are converted to assets of a pension plan administered by an independent trust that is legally separate from the company.

Controllable costs

Our key figure for monitoring operational costs that management can meaningfully influence: the controllable portions of the cost of materials (in particular, maintenance costs and the costs of goods and services), certain portions of other operating income and expenses, and most personnel costs.

Cost of capital

Weighted average of the costs of debt and equity financing (weighted-average cost of capital: "WACC"). The cost of equity is the return expected by an investor in a given stock. The cost of debt is based on the cost of corporate debt and bonds. The interest on corporate debt is tax-deductible (referred to as the tax shield on corporate debt).

Credit default swap ("CDS")

A credit derivative used to hedge the default risk on loans, bonds, and other debt instruments.

Debt factor

Ratio between economic net debt and EBITDA. Serves as a metric for managing E.ON's capital structure.

Debt issuance program

Contractual framework and standard documentation for the issuance of bonds.

Discontinued operations

Businesses or parts of a business that are planned for divestment or have already been divested. They are subject to special disclosure rules.

EBIT

Earnings before interest and taxes. The EBIT figure used by E.ON 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 (see Other non-operating earnings).

EBITDA

Earnings before interest, taxes, depreciation, and amortization. It equals the EBIT figure used by E.ON before depreciation and amortization. It is our key earnings figure for purposes of internal management control and as an indicator of our businesses' long-term earnings power.

Economic investments

Cash-effective capital investments plus debt acquired and asset swaps.

Economic net debt

Key figure that supplements net financial position with pension obligations and asset retirement obligations (less prepayments to the Swedish nuclear fund).

Equity method

Method for valuing shareholdings in associated companies whose assets and liabilities are not fully consolidated. The proportional share of the company's annual net income (or loss) is reflected in the shareholding's book value. This change is usually shown in the owning company's income statement.

Fair value

The price at which assets, debts, and derivatives pass from a willing seller to a willing buyer, each having access to all the relevant facts and acting freely.

Financial derivative

Contractual agreement based on an underlying value (reference interest rate, securities prices, commodity prices) and a nominal amount (foreign currency amount, a certain number of stock shares).

Goodwill

The value of a subsidiary as disclosed in the parent company's consolidated financial statements resulting from the consolidation of capital (after the elimination of hidden reserves and liabilities). It is calculated by offsetting the carrying amount of the parent company's investment in the subsidiary against the parent company's portion of the subsidiary's equity.

Impairment test

Periodic comparison of an asset's book value with its fair value. A company must record an impairment charge if it determines that an asset's fair value has fallen below its book value. Goodwill, for example, is tested for impairment on at least an annual basis.

International Financial Reporting Standards ("IFRS")

Under regulations passed by the European Parliament and European Council, capital-market-oriented companies in the EU must apply IFRS.

Net financial position

Difference between total financial assets (cash and non-current securities) and total financial liabilities (debts to financial institutions, third parties, and associated companies, including effects from currency translation).

Option

The right, not the obligation, to buy or sell an underlying asset (such as a security or currency) at a specific date at a predetermined price from or to a counterparty or seller. Buy options are referred to as calls, sell options as puts.

Other non-operating earnings

Income and expenses that are unusual or infrequent, such as book gains or book losses from significant disposals as well as restructuring expenses (see EBIT).

Profit at Risk ("PaR")

Risk measure that indicates, with a certain degree of confidence (for example, 95 percent), that changes in market prices will not cause a profit margin to fall below expectations during the holding period, depending on market liquidity. For E.ON's business, the main market prices are those for power, gas, coal, and carbon.

Purchase price allocation

In a business combination accounted for as a purchase, the values at which the acquired company's assets and liabilities are recorded in the acquiring company's balance sheet.

Rating

Standardized performance categories for an issuer's short- and long-term debt instruments based on the probability of interest payment and full repayment. Ratings provide investors and creditors with the transparency they need to compare the default risk of various financial investments.

Return on equity

The return earned on an equity investment (in this case, E.ON stock), calculated after corporate taxes but before an investor's individual income taxes.

ROACE

Acronym for return on average capital employed. A key indicator for monitoring the performance of E.ON's business, ROACE is the ratio between E.ON's EBIT and average capital employed. Average capital employed represents the average interest-bearing capital tied up in the E.ON Group.

ROCE

Acronym for return on capital employed. ROCE is the ratio between E.ON's EBIT and capital employed. Capital employed represents the interest-bearing capital tied up in the E.ON Group.

Syndicated line of credit

Credit facility extended by two or more banks that is good for a stated period of time.

Underlying net income

An earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude certain extraordinary effects. The adjustments include effects from the marking to market of derivatives, 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 income/loss from discontinued operations, net.

Value added

Key measure of E.ON's financial performance based on residual wealth calculated by deducting the cost of capital (debt and equity) from operating profit. It is equivalent to the return spread (ROACE minus the cost of capital) multiplied by average capital employed, which represents the average interest-bearing capital tied up in the E.ON Group.

Value at risk ("VaR")

Risk measure that indicates the potential loss that a portfolio of investments will not exceed with a certain degree of probability (for example, 99 percent) over a certain period of time (for example, one day). Due to the correlation of individual transactions, the risk faced by a portfolio is lower than the sum of the risks of the individual investments it contains.

Working capital

The difference between a company's current operating assets and current operating liabilities.

Further information

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Financial Calendar

April 30, 2014	2014 Annual Shareholders Meeting
May 13, 2014	Interim Report: January - March 2014
August 13, 2014	Interim Report: January - June 2014
November 12, 2014	Interim Report: January - September 2014
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

