

2014

January February March

April May June

July August September

October November December

2 E.ON Group Financial Highlights

E.ON Group Financial Highlights			
January 1-March 31	2014	2013	+/- %
Electricity sales	195.1 billion kWh	191.0 billion kWh	+2
Gas sales	309.7 billion kWh	409.0 billion kWh	-24
Sales	€31,820 million	€35,878 million	-11
EBITDA ¹	€3,162 million	€3,600 million	-12
EBIT ¹	€2,290 million	€2,759 million	-17
Net income	€905 million	€2,349 million	-61
Net income attributable to shareholders of E.ON SE	€762 million	€2,166 million	-65
Underlying net income	€1,220 million	€1,406 million	-13
Investments	€693 million	€915 million	-24
Cash provided by operating activities of continuing operations	€2,643 million	€1,620 million	+63
Economic net debt (March 31 and December 31)	€31,137 million	€32,218 million	-3
Employees (March 31 and December 31)	61,114	62,239	-2
Earnings per share attributable to shareholders of E.ON SE	€0.40	€1.14	-65
Weighted-average shares outstanding (in millions)	1,908	1,907	-

¹Adjusted for extraordinary effects (see Glossary of Selected Financial Terms below).

Glossary of Selected Financial Terms

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

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

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

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

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

Interim Report I/2014

January 1 – March 31, 2014

- EBITDA and underlying net income below prior-year figures, as anticipated, operating cash flow higher
- Renewables' EBITDA up by 20 percent
- Economic net debt reduced by another €1.1 billion
- Forecast for 2014 EBITDA and underlying net income affirmed

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Dear Shareholders,

Many of you attended our Annual Shareholders Meeting on April 30 in Essen and talked with the Board of Management about E.ON's future. I'm grateful for your comments, which I felt were very constructive. E.ON is in the middle of the largest transformation in its history. We're radically restructuring our organization, becoming leaner and more efficient. At the same time, we're tapping into new business areas and markets. You can be certain that we take your suggestions seriously and are doing everything we can to lay the foundation for future growth.

The E.ON Group's businesses performed as anticipated in the first quarter of 2014. Due to a continued difficult business and regulatory environment and in the wake of divestments, our EBITDA declined by 12 percent year on year to €3.2 billion. Our underlying net income declined by 13 percent to €1.2 billion. We continue to expect full-year 2014 EBITDA of €8 to €8.6 billion and underlying net income of €1.5 to €1.9 billion.

Germany is our most important market, but also the market that presents us with the biggest energy-policy and regulatory challenges. We believe that the country's energy system can be transformed efficiently and in a way that ensures supply reliability. A key element of ensuring reliability is providing appropriate compensation for conventional generating capacity, as is foreseen in the coalition agreement of Germany's governing parties. There's already a broad consensus for such compensation in France, the United Kingdom, and Italy, which all will establish capacity markets in the near future. Russia, Spain, and the United States already have them. I'm confident that the German federal government will soon set a course that will enable conventional power plants to provide a continuous, reliable backup for the intermittent output of renewables and ensure that our economy and population have a reliable supply of electricity 24/7. E.ON has set a course for the future. We reduced our controllable costs by another €0.7 billion in 2013 alone. Our organization is becoming more efficient, effective, and agile. Another aspect of this is a project called Next Generation in which we're combining our renewables and conventional generation businesses into a single unit. Ahead of competitors, we're tailoring our organization to tomorrow's energy market by creating a single unit in which different generation technologies complement each other efficiently.

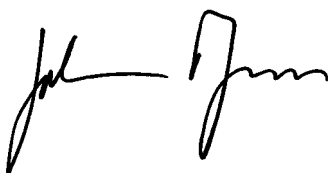
Not surprisingly, entering new markets in Brazil and Turkey has presented us with challenges, but is also giving us a platform for future growth. Enerjisa, our joint venture in Turkey, is performing well from an operational perspective, although this is being overshadowed by the Turkish lira's exchange rate. Nevertheless, in 2013 Enerjisa commissioned seven new hydroelectric plants and a large wind farm. It also acquired two supply territories, giving it a total of 9 million customers. The situation of ENEVA, our shareholding in Brazil, is mixed. In 2013 ENEVA successfully added 2 GW of new generating capacity and raised its asset availability to international standards. The commissioning of Parnaíba 2, a 517 MW gas-fired generating unit, will be important for ENEVA's future development. The company's financial situation remains difficult. Consequently, all parties involved worked to put together a recovery plan, under which we and our partners will invest additional funds in the company in the months ahead. We will take these steps with the greatest possible care and for the good of E.ON and its shareholders.

We continue to grow our renewables business as well. In January we installed the first foundations for Amrumbank West, our new wind farm located north of the island of Helgoland in the North Sea. It will extend over an area the size of about 4,700 soccer fields and consist of 80 turbines of 3.6 MW, giving it a total capacity of 288 MW, enough to power up to 300,000 households. Amrumbank West is scheduled to enter service in the late summer of 2015. Humber Gateway (219 MW), which also will enter service in the second half of 2015, will be our fifth large offshore wind farm in the United Kingdom.

You can see that—amid all our cost-cutting efforts—not investing isn't an option for us. That fact is, even though in certain business areas we face adverse conditions—which we're addressing through our efforts to enhance efficiency—there are a number of other areas in which we can continue to invest at attractive terms. We're doing this in a range of different projects, thereby building a platform for future growth.

We ask for your continued constructive support as E.ON makes its way into the future.

Best wishes,



Dr. Johannes Teysen

E.ON Stock

At the end of the first quarter of 2014 E.ON stock was 6 percent above its year-end closing price for 2013, thereby underperforming its peer index, the STOXX Utilities (+11 percent), but outperforming the broader European stock market as measured by the EURO STOXX 50 index (+2 percent).

E.ON's stock-exchange trading volume declined by 17 percent year on year to €8.5 billion, mainly because of a reduction in the number of shares traded.

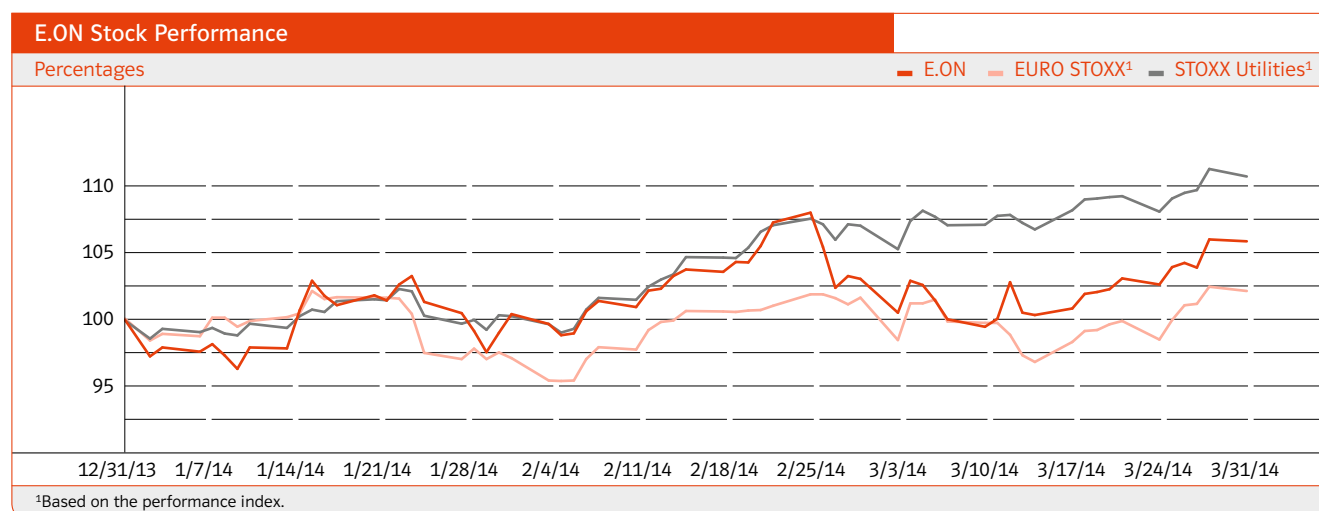
Visit eon.com for the latest information about E.ON stock.

E.ON Stock		
	Mar. 31, 2014	Dec. 31, 2013
Shares outstanding (millions)	1,908	1,908
Closing price (€)	14.19	13.42
Market capitalization (€ in billions) ¹	27.1	25.6

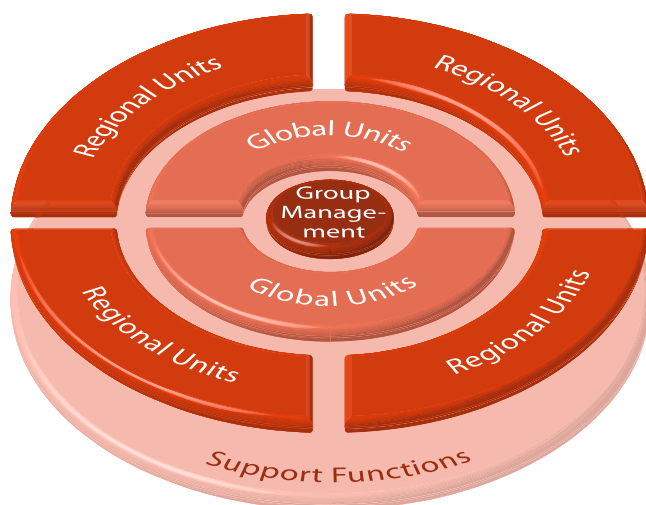
¹Based on shares outstanding.

Performance and Trading Volume		
January 1–March 31	2014	2013
High (€) ¹	14.48	14.51
Low (€) ¹	12.93	12.51
Trading volume ²		
Millions of shares	620.9	773.6
€ in billions	8.5	10.3

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



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Corporate Profile

Business Model

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

Group Management

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

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

Changes in Our Reporting

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

Global Units

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

Generation

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

Renewables

We also take a global approach to managing our carbon-sourcing and renewables businesses. Our objective is to extend our leading position in this growing market.

Global Commodities

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

Exploration & Production

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

Regional Units

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

Effective January 1, 2013, we report our power generation business in Russia, which we manage as a focus region, and our activities in other non-EU countries (these consist of our business in Brazil and, effective the third quarter of 2013, our business in Turkey) under Non-EU Countries.

Business Report

Industry Environment

According to preliminary estimates from the German Association of Energy and Water Industries ("BDEW"), Germany's first-quarter consumption of electricity declined slightly year on year, primarily because of mild weather. The BDEW estimates that Germany's natural gas consumption was lower as well, also due to significantly milder weather which led to a reduction in the use of gas for heat generation and for cogeneration.

First-quarter electricity consumption in England, Scotland, and Wales declined by 8 percent, from 87 to 80 billion kWh. Gas consumption (excluding power stations) declined by 20 percent, from 240 to 193 billion kWh, owing to comparatively high temperatures which continued to the end of March 2014. Ongoing energy-efficiency measures and economic developments also served to reduce consumption.

Northern Europe's electricity consumption declined by 6 billion kWh to 111 billion kWh because of higher average temperatures. Higher hydroelectric generation led to net electricity exports to surrounding countries of about 4 billion kWh compared with net imports of about 0.2 billion kWh in the prior-year period.

At 8.6 billion kWh, Hungary's electricity consumption 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 15 percent to 3,630 million cubic meters.

Italy consumed 78.1 billion kWh of electricity, about 4 percent less than the prior-year figure of 81.2 billion kWh. Gas consumption declined by 18 percent, from 275.4 to 226.3 billion kWh, owing to a reduction in deliveries to gas-fired power stations and to a temperature-driven decline in residential consumption.

Peninsular electricity consumption in Spain declined by 5 percent to 64 billion kWh, end-customer gas consumption by 9 percent to 77 billion kWh.

France's electricity consumption fell by 10 percent to 137.2 billion kWh because of weather factors, its total generation by 5 percent to 154.3 billion kWh.

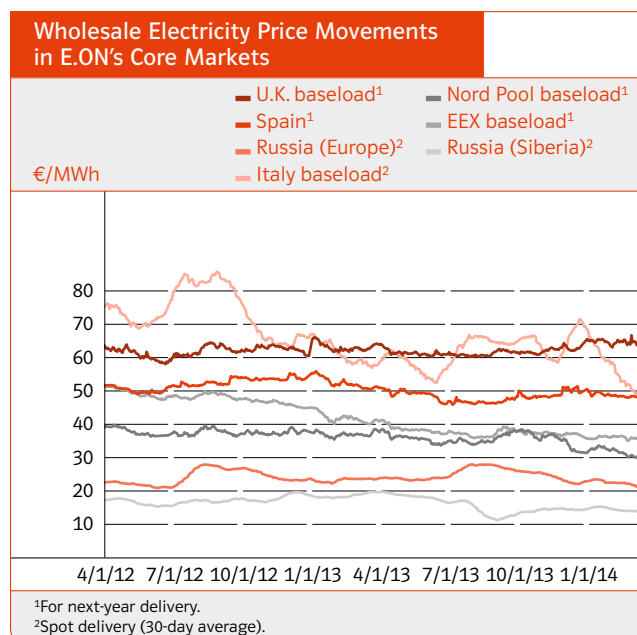
The Russian Federation generated 286.4 billion kWh of electricity, 2 percent less than in the prior-year period. It generated 280.2 billion kWh in its integrated power system (which does not include isolated systems), which also represents a decrease of roughly 2 percent. Power consumption in the Russian Federation declined by 1.6 percent to 283.2 billion kWh.

Energy Prices

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

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

Commodity markets were influenced mainly by Europe's mild weather and the resulting decline in prices for coal and natural gas. Concerns about the potential geopolitical risks of the spread of the Ukraine crisis did not have a lasting impact on prices.

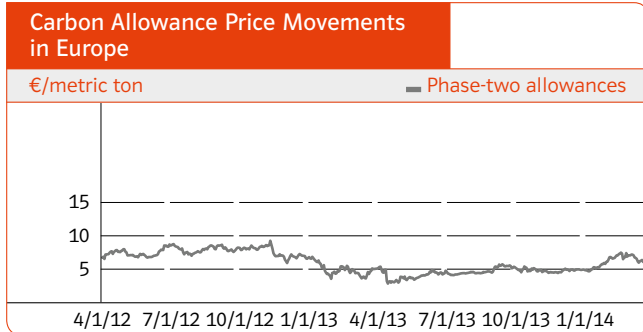


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Consequently, the price of Brent crude oil for next-month delivery showed little movement. Upward pressure from ongoing export interruptions in Libya and production standstills in the North Sea was offset by low demand from refineries in Europe, higher production in Saudi Arabia, and concerns about the economies of emerging countries.

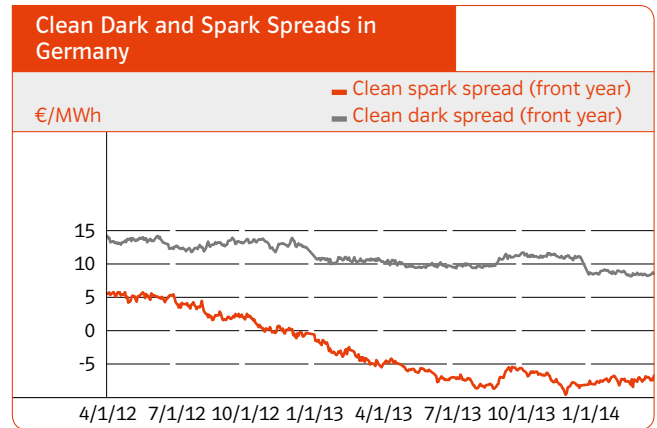
Unexpectedly, European coal prices (API#2 index) for next-year delivery moved higher at the start of the year. The reasons were a decline in Columbia’s coal exports due to mineworker strikes and delays in the commissioning of government-mandated direct loading facilities. As the quarter progressed, these effects were counteracted by Europe’s mild winter, which saw temperatures well above the long-term average, sending coal prices lower.

Natural gas prices moved considerably lower during the first quarter. Extremely mild temperatures in Northwestern Europe reduced gas demand by approximately one fourth relative to the prior-year period. On the Dutch spot market, for example, prices fell by nearly 20 percent during the quarter, while prices for next-year delivery fell by about 7 percent. In early March the Ukraine crisis created a slight risk premium, resulting in a temporary increase in prices.



Prices for EU carbon allowances (“EUAs”) under the European Emissions Trading Scheme languished at record lows in 2013. Prices were driven primarily by the policy debate about the implementation of back-loading, a measure designed to

reduce the number of EUAs in circulation. In the first quarter of 2014 the market received confirmation that back-loading would be implemented in mid-March. This pushed EUA prices to their highest level in more than a year. When the program started, however, prices fell again, resulting in a wave of panic sales, sending prices to lows similarly to those of 2013.



Last year’s downward price trend for German baseload power for next-year delivery continued into the first quarter of this year, primarily because of the ongoing addition of new renewables capacity and a weak forecast for coal prices. Due to the collapse of EUA prices, the decline in power prices was particularly sharp in March.

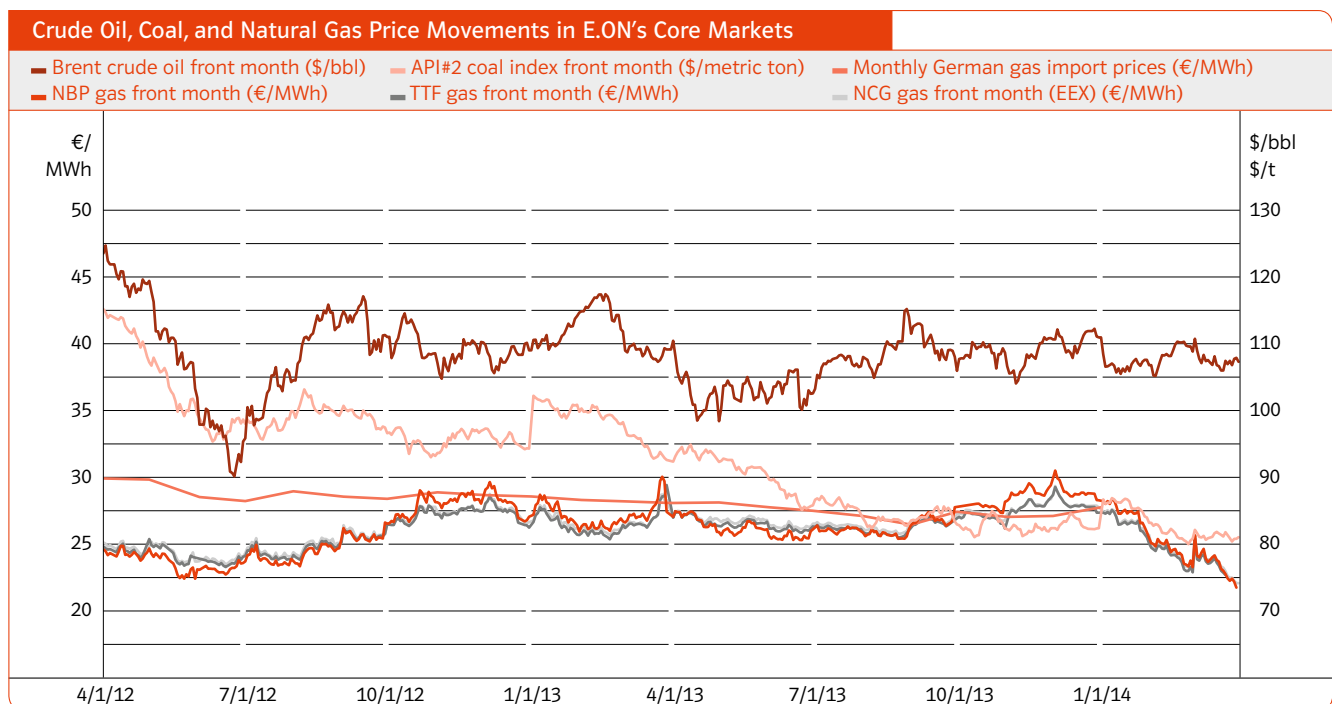
U.K. power prices, due to their greater dependence on gas prices, were more volatile. Prices for next-year delivery initially tracked the decline in gas prices. However, the stabilization of gas prices in March due to the Ukraine crisis was not fully reflected in power prices, which were under downward pressure from an increase in wind power output. This gradually led to U.K. power prices being decoupled from gas prices.

Spot prices on the Nordic power market were significantly lower in the first quarter of 2014 than in the prior-year period, mainly because of the good hydrological situation coupled with above-average temperatures. Reservoir levels in Norway and Sweden were above average throughout the quarter. As a result, the region became a net exporter of power. Prices for next-year delivery declined in response to high reservoir levels and lower coal prices.

Italy's power prices for next-year delivery fell sharply in the first quarter, primarily because of low gas prices and high renewables feed-in.

Spain's power prices dropped significantly as well. Continued declining demand and very high hydro output were the main factors. In response to very low spot prices, prices for next-year delivery showed a consistent downward trend.

Prices in the European zone of the Russian power market were slightly lower than in the prior-year period. Stronger demand due to colder weather was more than offset by an increase in hydropower output. The Siberian zone also experienced a moderate weather-driven increase in demand. But here hydropower output was slightly lower, which sent prices slightly higher.

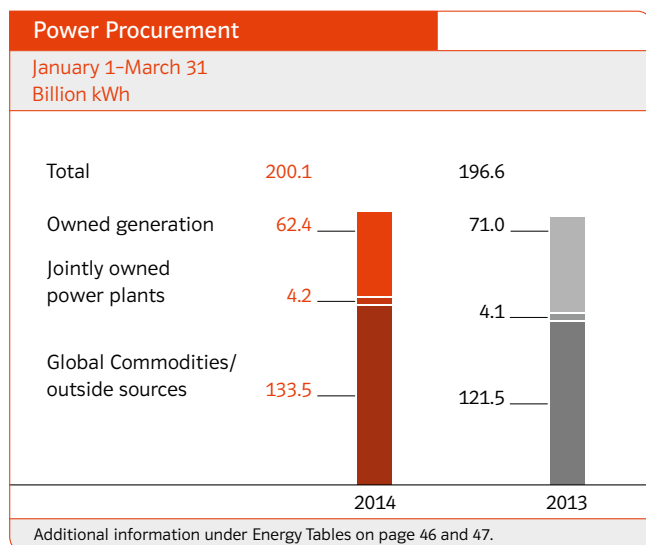


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Business Performance

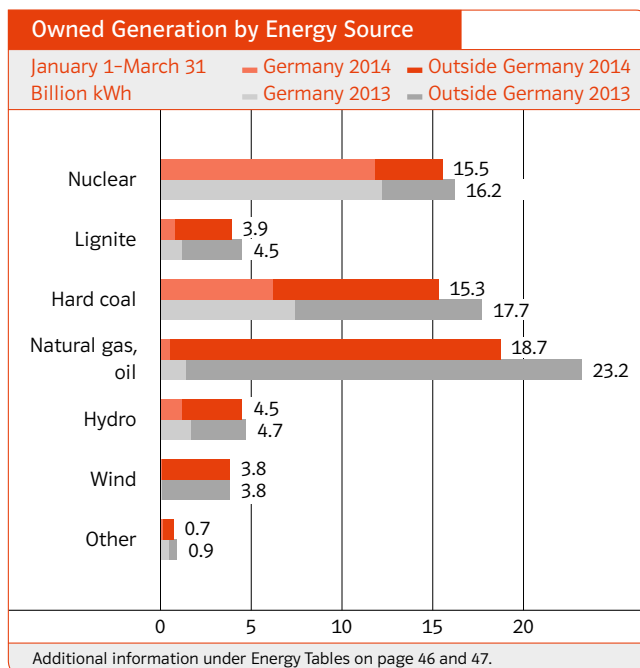
Power Procurement

The E.ON Group's first-quarter owned generation declined by 8.6 billion kWh, or 12 percent, year on year. The reduction is mainly attributable to the Generation and Germany units. Owned generation at our other units was down slightly. Power procured increased by 12.1 billion kWh.



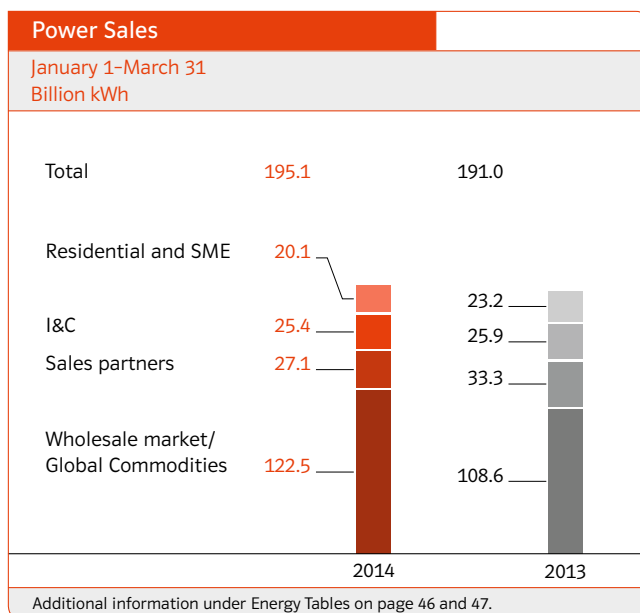
Generation's owned generation decreased by 6.8 billion kWh, from 42.5 to 35.7 billion kWh. The decline resulted in particular from the reduced dispatch of coal-fired and gas-fired assets due to the current market situation and the sale of a lignite-fired asset in Germany, the closure of two generating units in France, and overhaul work to extend the operating life of unit 2 at Oskarshamn nuclear power station in Sweden. Lower demand due to the relatively warm weather was another adverse factor.

The Germany regional unit's owned generation declined by 0.6 billion kWh, from 0.8 to 0.2 billion kWh, chiefly owing to the sale of E.ON Energy from Waste.



Power Sales

The E.ON Group's consolidated first-quarter power sales were 4.1 billion kWh above the prior-year level due to an increase in trading activity.



The decline in power sales to residential and small and medium enterprise ("SME") customers of 3.1 billion kWh is mainly attributable to Other EU Countries and Germany. Mild weather led to lower power sales in the United Kingdom, Sweden, and Germany. Declining customer numbers and ongoing

energy-efficiency measures were additional adverse factors in the United Kingdom. In Germany, by contrast, we continued the positive trend of the second half of 2013 by achieving further improvements in customer loyalty and satisfaction. On a net basis we added about 20,000 new customers relative to the prior-year period.

Power sales to industrial and commercial ("I&C") customers were 0.5 billion kWh below the prior-year figure. The Germany regional unit's I&C power sales declined by 1.4 billion kWh to 5 billion kWh owing to divestments and competitive factors. By contrast, Other EU Countries' I&C power sales rose by 0.8 billion kWh to 19.5 billion kWh.

Power sales to sales partners declined by 6.2 billion kWh. The Germany regional unit's power sales to this customer group declined by 3.9 billion kWh to 17.1 billion kWh owing to the above-mentioned reasons. Generation's power sales declined by 1.2 billion kWh, from 9.6 billion kWh to 8.4 billion kWh, mainly because of lower production at fossil-fueled assets in Germany. In addition, Renewables' power sales of 1.6 billion kWh were 1 billion kWh below the prior-year figure, principally because of the reduction in installed capacity following the sale of certain hydroelectric assets in Germany in conjunction with our market entry in Turkey.

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

Gas Procurement and Production

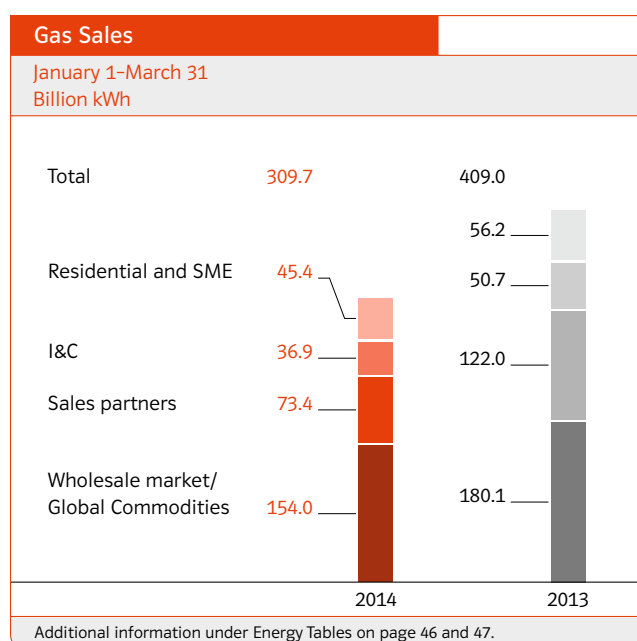
The Global Commodities unit procured about 357 billion kWh of natural gas from producers in and outside Germany in the first quarter of 2014. About one third of this amount was procured under long-term contracts, the remainder at trading hubs. The biggest suppliers were Russia, Germany, the Netherlands, and Norway.

Upstream Production			
January 1-March 31	2014	2013	+/- %
Oil/condensates (million barrels)	2.7	1.0	+179
Gas (million standard cubic meters)	448.8	309.0	+45
Total (million barrels of oil equivalent)	5.5	2.9	+87

The main reason for the increase in Exploration & Production's production in the North Sea was the production from Elgin/Franklin and Caister fields and higher production at Skarv field resulting from improved production efficiency. These factors more than offset natural production declines at older fields and lower production due to technical issues at Njord and Hyme fields. In addition to its North Sea production, Exploration & Production had 1,648 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.

Gas Sales

The E.ON Group's consolidated first-quarter gas sales declined by 99.3 billion kWh, or 24 percent, to 309.7 billion kWh.



Gas sales to residential and SME customers declined by 10.8 billion kWh. The relatively warm winter was the main factor in the United Kingdom, Germany, and Romania. Customer losses and/or competition-driven losses in the United Kingdom and Germany constituted another negative factor.

Gas sales to I&C customers declined by 13.8 billion kWh. Owing to the above-described reason, the Germany regional unit's gas sales to I&C customers fell by 9.9 billion kWh to 22.6 billion kWh. Other EU Countries' gas sales fell by 3.9 billion kWh, primarily because of a predominantly weather-driven decline in sales volume in the United Kingdom, Romania, Spain, and Czechia.

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Gas sales to sales partners declined by 48.6 billion kWh, almost entirely because of the internal transfer of businesses from the Germany regional unit to Global Commodities, where they are classified as wholesale market.

Gas sales in the trading business were lower primarily because of a weather-driven decline in sales volume and the sale of Global Commodities' gas business in Hungary in September 2013.

Earnings Situation

Business Performance

Our business performance in the first quarter of 2014 was in line with our expectations. Our sales of €31.8 billion were 11 percent below the prior-year level. Our EBITDA declined by about €0.4 billion to €3.2 billion. Cost savings delivered by our E.ON 2.0 program and higher earnings at Exploration & Production and Renewables had a positive impact on earnings but were more than offset by the absence of earnings streams from divested companies and lower earnings at our Germany, Other EU Countries, and Russia units. Underlying net income declined by €0.2 billion to €1.2 billion, primarily because EBITDA was lower.

Transfer Price System

Deliveries from our generation units to Global Commodities are settled according to a market-based transfer price system. Generally, our internal transfer prices are derived from the forward prices that are current in the marketplace up to three years prior to delivery. The resulting transfer prices for power deliveries in 2014 reflect the development of market prices and were therefore lower than the prices for deliveries in 2013.

Sales

Our first-quarter sales of €31.8 billion were about €4.1 billion below the prior-year level.

Sales			
January 1-March 31 € in millions	2014	2013	+/- %
Generation	2,802	3,086	-9
Renewables	618	665	-7
Global Commodities	22,884	25,926	-12
Exploration & Production	602	459	+31
Germany	8,264	11,056	-25
Other EU Countries	6,641	7,440	-11
Non-EU Countries	429	516	-17
Group Management/ Consolidation	-10,420	-13,270	-
Total	31,820	35,878	-11

Lower sales at our Germany, Other EU Countries, and Global Commodities units were the main reason our sales declined. Sales at the Germany regional unit declined by €2.7 billion year on year, mainly because of the divestment of E.ON Energy from Waste and the transfer of the gas sales partner business to Global Commodities. In addition, the prior-year figure contains just over €0.8 billion in sales from the divested network operations of E.ON Mitte, E.ON Thüringer Energie, and E.ON Westfalen Weser. Other EU Countries' external sales were €0.7 billion below the prior-year figures, mainly due to higher temperatures relative to the prior-year period. Currency-translation effects had an additional adverse impact on sales recorded in Sweden, Czechia, and Hungary. Other negative factors included lower sales in the sales and heating business, a reduction in connection fees in the power distribution business, and the divestment of operations in Finland and Poland at the Sweden regional unit, a regulation-driven decline in sales in the power business in Czechia, and lower sales prices in the regulated power and gas business in Hungary. Weather-driven declines in power and gas sales volume were also the chief reason sales were lower at our regional units in Italy, the Netherlands, Romania, and Spain. Global Commodities' external sales declined on the power side owing to a lower price level relative to the prior year and on the gas side owing to a weather-driven decline in sales volume in the midstream gas business and the sale of the Hungarian gas business.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €59 million was 25 percent below the prior-year figure of €79 million. The main reason is that fewer engineering services for generation new-build projects were performed in the first quarter of 2014 than in the prior-year period.

Other operating income of €3,965 million was 17 percent below the prior-year figure of €4,770 million. One reason was that income on the sale of securities, property, plant, and equipment ("PP&E"), and equity investments declined from €1,100 million to €369 million; as in the prior year, this income was recorded mainly on the sale of equity investments. Another reason was that income from currency-translation effects of €721 million was €673 million below the prior-year figure of €1,394 million. By contrast, income from derivative financial instruments rose to €2,602 million (prior year: €1,886 million), in particular

because of the marking to market of commodity derivatives. Miscellaneous other operating income consisted primarily of reductions to valuation allowances and provisions as well as rental and leasing fees.

Costs of materials declined by €3,482 million to €27,301 million (prior year: €30,783 million).

Personnel costs declined by 17 percent to €1,016 million (prior year: €1,227 million), mainly because of divestments made in 2013 and effects relating to our E.ON 2.0 efficiency-enhancement program.

Depreciation charges of €970 million were lower as well (prior year: €1,088 million). The principal reason is that in the prior-year period we recorded impairment charges on goodwill and PP&E at E.ON Földgáz in conjunction with its reclassification as an asset held for sale.

Other operating expenses rose by 12 percent to €4,474 million (prior year: €3,986 million), chiefly because of higher expenditures relating to derivative financial instruments of €2,696 million (€1,604 million). This was partially offset by lower expenditures relating to exchange-rate differences of €785 million (€1,312 million).

Income from companies accounted for under the equity method decreased by €18 million to -€73 million (prior year: -€55 million), mainly because of impairment charges on equity investments at Non-EU Countries.

EBITDA

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

Our first-quarter EBITDA was down by about €0.4 billion year over year. The positive factors were:

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

These factors were more than offset by:

- the absence of earnings streams from divested companies
- lower earnings at our Germany, Other EU Countries, and Russia units.

EBITDA ¹			
January 1–March 31 € in millions	2014	2013	+/- %
Generation	916	893	+3
Renewables	569	475	+20
Global Commodities	-41	212	-
Exploration & Production	339	177	+92
Germany	630	822	-23
Other EU Countries	757	920	-18
Non-EU Countries	105	193	-46
Group Management/ Consolidation	-113	-92	-
Total	3,162	3,600	-12

¹Adjusted for extraordinary effects.

Generation

Generation's EBITDA increased by €23 million.

Generation				
January 1–March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
Nuclear	665	681	602	626
Fossil	282	194	127	44
Other	-31	18	-35	16
Total	916	893	694	686

¹Adjusted for extraordinary effects.

Nuclear's EBITDA fell by about €16 billion, in part owing to overhaul work at unit 2 at Oskarshamn nuclear power station in Sweden and the resulting production decline.

Fossil's EBITDA rose by €88 million, primarily because of the reversal of provisions in conjunction with water-usage fees for gas-fired power plants in Italy. Earnings in Germany benefited in particular from the contractual agreement reached with system operator TenneT on April 1, 2013, under which two gas-fired generating units (Irsching 4 and 5) were classified as system-relevant. Planned cost reductions were achieved in Germany as well.

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Renewables

Renewables' EBITDA increased by €94 million, or 20 percent.

Renewables				
January 1-March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
Hydro	240	251	210	222
Wind/Solar/Other	329	224	255	153
Total	569	475	465	375

¹Adjusted for extraordinary effects.

EBITDA at Hydro declined by 4 percent to €240 million, mainly because of lower earnings in Germany (due to the sale of hydro capacity in 2013 in conjunction with our market entry in Turkey) and Italy (due to lower prices on the capacity market).

Wind/Solar/Other's EBITDA rose by 47 percent owing to book gains resulting from our build-and-sell strategy.

Global Commodities

Global Commodities' EBITDA was €253 million below the prior-year figure. This segment's reporting units in the prior year were Proprietary Trading, Optimization, and Gas Transport/Shareholdings/Other. The new reporting structure better reflects Global Commodities' core business activities—in particular, its global coal, oil, freight, and LNG activities and its European power and gas business—as well as the decline in significance of proprietary trading.

Global Commodities				
January 1-March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
Coal/Oil/Freight/LNG	9	-6	9	-6
Power and Gas	-64	197	-88	163
Infrastructure/Other	14	21	13	20
Total	-41	212	-66	177

¹Adjusted for extraordinary effects.

Coal/Oil/Freight/LNG's EBITDA was slightly above the prior-year figure due to improved earnings in the oil portfolio.

Power and Gas's EBITDA declined by €261 million. The main reasons for the decline were positive earnings effects recorded in the prior-year period on the exercise of option rights in carbon-allowance trading and the absence of earnings streams from the gas business in Hungary sold in September 2013.

Infrastructure/Other's EBITDA was lower due in particular to the divestment of a share investment in Slovakia.

Exploration & Production

EBITDA at Exploration & Production increased by 92 percent, from €177 million to €339 million, principally because of an increase in production in the North Sea, particularly at Skarv, Huntington, and Elgin/Franklin fields. First-quarter EBIT was €192 million (prior year: €83 million).

Germany

EBITDA at the Germany regional unit declined by €192 million to €630 million. Adjusted for the prior-year first-quarter earnings streams of companies divested in 2013, EBITDA was at the prior-year level.

Germany				
January 1-March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
Distribution Networks	475	686	339	522
Non-regulated/Other	155	136	138	116
Total	630	822	477	638

¹Adjusted for extraordinary effects.

Most (about €150 million) of the EBITDA decline at Distribution Networks was attributable to the divestment of three regional distribution companies. The start of the new regulation period this year also had an adverse impact on earnings, since efficiency enhancements achieved during the previous period were passed through to our customers. In addition, the earnings component for grid expansion in accordance with the Renewable Energy Law was lower than in the prior-year period.

EBITDA at Non-regulated/Other was €19 million above the prior-year figure. The loss of earnings streams due to the divestment of E.ON Energy from Waste was more than offset by positive non-recurring effects in the sales business.

Other EU Countries

Other EU Countries' EBITDA was €163 million below the prior-year figure.

Other EU Countries				
January 1-March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
UK (£ in millions)	224 (185)	245 (208)	199 (165)	229 (194)
Sweden (SEK in millions)	253 (2,246)	296 (2,516)	192 (1,705)	233 (1,980)
Czechia (CZK in millions)	104 (2,842)	161 (4,114)	78 (2,129)	134 (3,421)
Hungary (HUF in millions)	14 (4,311)	26 (7,608)	-9 (-2,853)	2 (563)
Remaining regional units	162	192	127	162
Total	757	920	587	760

¹Adjusted for extraordinary effects.

EBITDA at the UK regional unit declined by €21 million, in particular because of narrower retail margins and higher costs in conjunction with government-mandated programs.

The Sweden regional unit's EBITDA declined by €43 million, which includes negative currency-translation effects of €11 million. Milder temperatures compared with the prior-year period, lower network connection fees, and the absence of earnings from operations divested in Finland and Poland were also negative factors.

EBITDA in Czechia declined by €57 million owing primarily to lower compensation payments for the preferential dispatch of renewable-source electricity in the distribution network, positive effects from the sale of an equity interest in the prior-year period, and negative currency-translation effects.

The Hungary regional unit's EBITDA was €12 million lower, mainly because of lower sales prices in the regulated gas business and lower sales volume due to mild weather. In addition, compensation payments relating to the gas business recorded in the prior-year period did not recur this year.

EBITDA at the remaining regional units decreased by €30 million, mainly because of lower earnings in Italy and the Netherlands. The decline in Italy was due in particular to a regulation-drive reduction in gas tariffs and mild temperatures, which were also responsible for lower sales in the Netherlands. In addition, EBITDA at E.ON Connecting Energies was lower, in particular because of positive non-recurring effects in the generation business in the prior-year period and an unplanned plant outage in the current-year period. By contrast, EBITDA in France rose on positive price effects, higher power and gas sales volume, and the non-recurrence of a provision relating to a long-term gas contract recorded in the prior-year period.

Non-EU Countries

Non-EU Countries' EBITDA declined by 46 percent, or €88 million.

Non-EU Countries				
January 1 - March 31 € in millions	EBITDA ¹		EBIT ¹	
	2014	2013	2014	2013
Russia (RUB in millions)	131 (6,258)	200 (8,039)	95 (4,547)	158 (6,336)
Other non-EU countries	-26	-7	-26	-7
Total	105	193	69	151

¹Adjusted for extraordinary effects.

The Russia unit's EBITDA was 35 percent below the prior-year level. The principal reasons were a reduction in power consumption in conjunction with an increase in generating capacity and output in the European price zone along with lower capacity prices and adverse currency-translation effects. In local currency EBITDA declined by 22 percent.

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EBITDA at 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 significantly negative financial earnings, lower hydro output, and high power procurement costs. Earnings in Brazil mainly reflect negative financing earnings and earnings foregone owing to unavailable assets.

Net Income

Net income attributable to shareholders of E.ON SE of €0.9 billion and corresponding earnings per share of €0.40 were significantly below the respective prior-year figures of €2.2 billion and €1.14.

Net Income		
January 1-March 31 € in millions	2014	2013
EBITDA¹	3,162	3,600
Depreciation and amortization	-861	-836
Impairments (-)/Reversals (+) ²	-11	-5
EBIT¹	2,290	2,759
Economic interest income (net)	-450	-474
Net book gains/losses	193	1,021
Restructuring/cost-management expenses	-70	-123
Impairments (-)/Reversals (+) ^{2,3}	-228	-377
Other non-operating earnings	-177	269
Income from continuing operations before taxes	1,558	3,075
Income taxes	-653	-726
Income from continuing operations	905	2,349
Net income	905	2,349
Attributable to shareholders of E.ON SE	762	2,166
Attributable to non-controlling interests	143	183

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.

The improvement in our economic interest expense results mainly from the improvement in our net financial position.

Economic Interest Expense		
January 1-March 31 € in millions	2014	2013
Interest expense shown in Consolidated Statements of Income	-448	-469
Interest income (-)/expense (+) not affecting net income	-2	-5
Total	-450	-474

First-quarter net book gains were €828 million below the prior-year level. Book gains were recorded primarily on the sale of a majority stake in a gas company in Prague and securities and network segments in Germany. The high prior-year figure consists in particular of book gains on the sale of E.ON Thüringer Energie, a stake in Slovakian energy company SPP, a minority stake in JMP in Czechia, and securities and network segments in Germany.

Restructuring and cost-management expenditures declined by €53 million and, as in the prior-year period, resulted mainly from internal cost-cutting programs.

In 2014 and 2013 our global and regional units were adversely affected by a generally deteriorated business environment and regulatory intervention. We therefore had to record impairment charges of approximately €0.2 billion at Non-EU Countries and at Generation and Renewables in the first quarter of 2014. In the prior-year quarter we recorded impairment charges of €0.4 billion, in particular at Renewables, Non-EU Countries, and Global Commodities.

Other non-operating earnings of -€177 million (prior year: €269 million) include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at March 31, 2014, resulted in a negative effect of €127 million as opposed to a positive effect of €349 million at the prior-year balance-sheet date. Earnings were adversely affected in 2014 and 2013 by impairment charges on financial receivables and in 2013 by impairment charges on securities as well as on property, plant, and equipment at Other EU Countries.

Despite the decline in our earnings, our tax expense was again €0.7 billion, as in the prior-year period. Our tax rate increased from 24 percent in 2013 to 42 percent in 2014 owing to a one-off effect relating to a change in the valuation of deferred tax assets.

Underlying Net Income

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

Underlying Net Income		
January 1–March 31		
€ in millions	2014	2013
Net income attributable to shareholders of E.ON SE	762	2,166
Net book gains/losses	-193	-1,021
Restructuring/cost-management expenses	70	123
Impairments (-)/Reversals (+)	228	377
Other non-operating earnings	177	-269
Taxes and non-controlling interests on non-operating earnings	176	30
Total	1,220	1,406

Financial Situation

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

Financial Position

Compared with the figure recorded at December 31, 2013 (€32.2 billion), our economic net debt declined by €1.1 billion to €31.1 billion. The main reason for the improvement was that our high positive operating cash flow and the proceeds from divestments fully covered E.ON SE's investment expenditures.

Economic Net Debt		
€ in millions	March 31, 2014	Dec. 31, 2013
Liquid funds	6,812	7,814
Non-current securities	4,575	4,444
Financial liabilities	-20,697	-22,724
FX hedging adjustment	-55	-46
Net financial position	-9,365	-10,512
Provisions for pensions	-3,523	-3,418
Asset-retirement obligations ¹	-18,249	-18,288
Economic net debt	-31,137	-32,218

¹Less prepayments to Swedish nuclear fund.

At the end of the first quarter of 2014 E.ON's financial liabilities declined by €2 billion to €20.7 billion relative to year-end 2013, mainly because of the on-schedule repayment of bonds, which were not refinanced owing to E.ON's liquidity situation. In April 2014 E.ON's Debt Issuance Program ("DIP") was extended, as planned, for another year. The DIP enables us to issue debt to investors in public and private placements. It has a total volume of €35 billion, of which about €14 billion was utilized at March 31, 2014.

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.

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Investments

Our first-quarter investments were €222 million below the prior-year level. We invested about €664 million in property, plant, and equipment ("PP&E") and intangible assets (prior year: €703 million). Share investments totaled €29 million versus €212 million in the prior-year period.

Investments			
January 1-March 31			
€ in millions	2014	2013	+/- %
Generation	152	126	+21
Renewables	198	109	+82
Global Commodities	18	47	-62
Exploration & Production	14	108	-87
Germany	83	310	-73
Other EU Countries	133	153	-13
Non-EU Countries	83	51	+63
Group Management/ Consolidation	12	11	+9
Total	693	915	-24
<i>Maintenance investments</i>	<i>128</i>	<i>103</i>	<i>+24</i>
<i>Growth and replacement investments</i>	<i>565</i>	<i>812</i>	<i>-30</i>

Generation invested about €26 million more than in the prior-year period. Investments in PP&E and intangible assets rose by €33 million, from €119 million to €152 million. Overhaul work to extend the operating life of unit 2 at Oskarshamn nuclear power station in Sweden, environmental-protection measures at Ratcliffe power station in the United Kingdom, and the new generating unit being built at Maasvlakte power station in the Netherlands were the major projects.

Investments at Renewables rose by €89 million. Hydro's investments declined by 17 percent to €15 million. Wind/Solar/Other's investments doubled, from €91 million to €183 million. The high current-year figure principally reflects investments for the construction of two large wind farms in Germany and the United Kingdom.

Global Commodities invested €18 million, which was €29 million less than the prior-year figure of €47 million. Investment went in particular toward IT systems in the gas storage business. The decline mainly reflects lower investments in the gas storage business, because a number of projects have been completed.

Exploration & Production invested €14 million (prior year: €108 million) in PP&E and intangible assets. The decline is primarily attributable to lower investments in Njord, Hyme, Skarv, and Babbage fields

The Germany regional unit's investments of €83 million were significantly below the high prior-year figure, which principally reflects the acquisition of a 49-percent stake in the joint venture that owns 100 percent of the equity in E.ON Energy from Waste. The above-mentioned disposals served to reduce current-year investments. Current-year investments in PP&E and intangible assets totaled €82 million. Of these investments, €72 million went toward the network business and €8 million toward the district-heating business.

Investments at Other EU Countries were €20 million below the prior-year level. By implementing municipal and smart-meter projects, the UK regional unit invested €26 million, up from the prior-year figure of €16 million. The Sweden unit's investments of €53 million were €14 million below the prior-year figure of €67 million; investments served to maintain and expand distributed generation and to expand and upgrade the distribution network, including adding new connections. Investments totaled €23 million (prior year: €29 million) in Czechia, €15 million (€12 million) in Hungary, and €16 million (€29 million) in the remaining EU countries.

The Russia unit accounted for €68 million (prior year: €51 million) of the investments at Non-EU Countries. These were primarily for Russia's new-build program. We invested €15 million in our operations in Brazil.

Cash Flow

Our operating cash flow of €2.6 billion was €1 billion above the prior-year figure of €1.6 billion. The decline in our earnings relative to the prior-year period was offset by positive working capital effects and lower tax payments. In particular, our network business in Germany benefited from positive working capital changes resulting from temporary shifts in the timing of payments in conjunction with the Renewable Energy Law.

Cash provided by investing activities of continuing operations amounted to approximately -€0.9 billion in the first quarter of 2014 (prior year: €1.3 billion). With our divestment program largely completed, the €0.7 billion in cash inflows on asset sales in the current-year period (recorded mainly at Renewables and Czechia) were substantially below the prior-year figure of €3.4 billion. This significant decline in cash inflows from divestments was accompanied by a reduction of €0.2 billion in our investments, reflecting primarily a decline in share investments, relative to the prior-year period. Compared with the prior-year period, changes in securities and fixed-term deposits and changes in restricted cash resulted in lower cash inflow of €0.3 billion.

Cash provided by financing activities of continuing operations amounted to -€2.5 billion (prior year: -€0.5 billion). The change is almost entirely attributable to the fact that our net repayment of financial liabilities which was €2 billion higher than in the prior-year period.

Asset Situation

Non-current assets at March 31, 2014, were slightly higher than at year-end 2013, mainly because of higher receivables on derivative financial instruments. Depreciation charges were offset by investments in property, plant, and equipment ("PP&E").

Current assets were roughly on the prior-year level. Higher receivables on derivative financial instruments constituted the main factor. These were partially offset by reductions in

inventories and liquid funds and the derecognition of a majority stake in a gas company in Prague and Rødsand offshore wind farm, which had been classified as assets held for sale.

Our equity ratio at March 31, 2014, was slightly below the year-end figure. The increase in equity resulting from current earnings was offset by a €0.5 billion reduction in assets and liabilities resulting from currency-translation effects and by the revaluation of performance-based benefits plans.

Non-current liabilities rose by 2 percent from the figure at year-end 2013, owing mainly to higher non-current financial liabilities and higher deferred taxes.

Current liabilities declined by 2 percent relative to year-end 2013, mainly because of the on-schedule repayment of bonds in the amount of €2.2 billion in the first quarter of 2014. Other factors included a reduction in liabilities from operating receivables and lower income taxes and debt in conjunction with assets held for sale. These effects were partially offset by higher liabilities relating to derivative financial instruments.

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, 2013: 38 percent).
- Non-current assets are covered by long-term capital at 105 percent (December 31, 2013: 104 percent).

Consolidated Assets, Liabilities, and Equity				
€ in millions	Mar. 31, 2014	%	Dec. 31, 2013	%
Non-current assets	95,754	72	95,580	72
Current assets	36,785	28	36,750	28
Total assets	132,539	100	132,330	100
Equity	36,343	27	36,638	28
Non-current liabilities	64,336	49	63,179	48
Current liabilities	31,860	24	32,513	24
Total equity and liabilities	132,539	100	132,330	100

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Employees

At March 31, 2014, the E.ON Group had 61,114 employees worldwide, a decline of about 2 percent from year-end 2013. E.ON also had 1,275 apprentices in Germany and 199 board members and managing directors worldwide. As of the same date, 37,878 employees, or 62 percent of all employees, were working outside Germany, about the same percentage as at year-end 2013.

Employees ¹			
	March 31, 2014	Dec. 31, 2013	+/- %
Generation	8,487	8,757	-3
Renewables	1,689	1,675	+1
Global Commodities	1,284	1,449	-11
Exploration & Production	230	219	+5
Germany	12,167	12,430	-2
Other EU Countries	26,766	27,312	-2
Non-EU Countries	4,987	5,019	-1
Group Management/Other ²	5,504	5,378	+2
Total	61,114	62,239	-2

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

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

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

The main reason for the reduction in Global Commodities' headcount was the transfer of IT staff to support functions recorded under Group Management/Other.

Exploration & Production added a small number of employees in Norway and the United Kingdom.

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

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

The number of employees at our Non-EU Countries unit declined incrementally relative to year-end 2013.

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

Subsequent Events Report

In Brazil ENEVA's financial situation remains difficult. Consequently, all parties involved worked to put together a recovery plan, under which we and other stakeholders will invest additional funds in the company in the months ahead.

Forecast Report

Anticipated Earnings Situation

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 and the commissioning of new generating capacity at Renewables will have a positive impact on earnings. We also expect further effects from the measures taken under our E.ON 2.0 efficiency-enhancement program.

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

Our forecast by segment:

We expect Generation's 2014 EBITDA to be 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 counter-vailing 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.

Risk Report

The Combined Group Management Report contained in our 2013 Annual Report describes in detail our risk management system and the measures we take to limit risks.

Risk Situation

In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses. The resulting risks—market risks, operational risks, external risks, strategic risks, technological risks, and counterparty risks—are described in detail in the 2013 Combined Group Management Report. These risks remained essentially unchanged at the end of the first quarter of 2014.

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The situation surrounding the following external risks has changed:

E.ON is building a hard-coal-fired power plant in Datteln, Germany ("Datteln 4"). The plant is designed to have a net electric capacity of about 1,055 MW. E.ON has invested more than €1 billion in the project so far. The Münster Superior Administrative Court ("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. The modifications to the regional development plan were published in the *Gesetz- und Verordnungsblatt NRW*, the legal gazette for the state of North Rhine-Westphalia, on April 4, 2014. The City of Datteln is scheduled to adopt a resolution affirming the plan on May 14, 2014. 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 has taken 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. Our view was recently affirmed by the Hamburg Fiscal Court, which ruled in our favor that E.ON's approximately €1.7 billion in fuel-tax payments should be provisionally refunded. Although the income tax administration has appealed the ruling to the Federal Fiscal Court, this does not affect the refund. On this legal basis it can be assumed that no future tax payments will be due or that tax payments will shortly thereafter be preliminarily refunded once the necessary filings have been made and the competent courts have issued a favorable ruling. The Munich Fiscal Court has yet to rule on our filing for a refund of approximately €180 million in fuel-tax payments.

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

Management's Evaluation of the Risk Situation

At the end of the first quarter of 2014, the risk situation of the E.ON Group's operating business had not changed significantly compared with year-end 2013. In the future, policy and regulatory intervention, increasing gas-market competition and its effect on sales volumes and prices, and possible delays 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

The 2013 Combined Group Management Report describes the processes by which the E.ON Group identifies opportunities along with our businesses' main opportunities. These opportunities had not changed significantly as of the end of the first quarter of 2014.

Review Report

To E.ON SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements—comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flows statement, statement of changes in equity and selected explanatory notes—and the interim group management report of E.ON SE, Düsseldorf for the period from January 1 to March 31, 2014, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, May 12, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Dittmann
Wirtschaftsprüfer
(German Public Auditor)

Michael Preiß
Wirtschaftsprüfer
(German Public Auditor)

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E.ON SE and Subsidiaries Consolidated Statements of Income			
January 1–March 31, € in millions	Note	2014	2013 ¹
Sales including electricity and energy taxes		32,276	36,437
Electricity and energy taxes		-456	-559
Sales	(13)	31,820	35,878
Changes in inventories (finished goods and work in progress)		9	-18
Own work capitalized		59	79
Other operating income		3,965	4,770
Cost of materials		-27,301	-30,783
Personnel costs		-1,016	-1,227
Depreciation, amortization and impairment charges		-970	-1,088
Other operating expenses		-4,474	-3,986
Income from companies accounted for under the equity method		-73	-55
Income from continuing operations before financial results and income taxes		2,019	3,570
Financial results	(6)	-461	-495
Income from equity investments		-13	-26
Income from other securities, interest and similar income		135	142
Interest and similar expenses		-583	-611
Income taxes		-653	-726
Income from continuing operations		905	2,349
Net income		905	2,349
Attributable to shareholders of E.ON SE		762	2,166
Attributable to non-controlling interests		143	183
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(7)		
from continuing operations		0.40	1.14
from net income		0.40	1.14

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

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses		
January 1–March 31, € in millions	2014	2013
Net income	905	2,349
Remeasurement of defined benefit plans	-700	20
Remeasurement of defined benefit plans of companies accounted for under the equity method	-1	-6
Income taxes	198	-20
Items that will not be reclassified subsequently to the income statement	-503	-6
Cash flow hedges	-101	37
<i>Unrealized changes</i>	-131	-29
<i>Reclassification adjustments recognized in income</i>	30	66
Available-for-sale securities	9	1
<i>Unrealized changes</i>	109	59
<i>Reclassification adjustments recognized in income</i>	-100	-58
Currency translation adjustments	-541	10
<i>Unrealized changes</i>	-528	30
<i>Reclassification adjustments recognized in income</i>	-13	-20
Companies accounted for under the equity method	20	-372
<i>Unrealized changes</i>	20	-28
<i>Reclassification adjustments recognized in income</i>	-	-344
Income taxes	18	-12
Items that might be reclassified subsequently to the income statement	-595	-336
Total income and expenses recognized directly in equity	-1,098	-342
Total recognized income and expenses (total comprehensive income)	-193	2,007
<i>Attributable to shareholders of E.ON SE</i>	-251	1,802
<i>Attributable to non-controlling interests</i>	58	205

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E.ON SE and Subsidiaries Consolidated Balance Sheets			
€ in millions	Note	Mar. 31, 2014	Dec. 31, 2013 ¹
Assets			
Goodwill		12,578	12,666
Intangible assets		6,464	6,648
Property, plant and equipment		49,448	50,083
Companies accounted for under the equity method	(8)	5,621	5,652
Other financial assets	(8)	6,555	6,410
<i>Equity investments</i>		1,980	1,966
<i>Non-current securities</i>		4,575	4,444
Financial receivables and other financial assets		3,723	3,550
Operating receivables and other operating assets		3,638	3,074
Income tax assets		184	172
Deferred tax assets		7,543	7,325
Non-current assets		95,754	95,580
Inventories		3,666	4,147
Financial receivables and other financial assets		1,861	1,654
Trade receivables and other operating assets		23,251	21,074
Income tax assets		1,009	1,030
Liquid funds		6,812	7,814
<i>Securities and fixed-term deposits</i>		2,309	2,648
<i>Restricted cash and cash equivalents</i>		740	639
<i>Cash and cash equivalents</i>		3,763	4,527
Assets held for sale	(4)	186	1,031
Current assets		36,785	36,750
Total assets		132,539	132,330
Equity and Liabilities			
Capital stock		2,001	2,001
Additional paid-in capital		13,733	13,733
Retained earnings		23,639	23,306
Accumulated other comprehensive income		-2,373	-1,833
Treasury shares	(9)	-3,484	-3,484
Equity attributable to shareholders of E.ON SE		33,516	33,723
Non-controlling interests (before reclassification)		3,428	3,574
Reclassification related to put options		-601	-659
Non-controlling interests		2,827	2,915
Equity		36,343	36,638
Financial liabilities		17,998	18,051
Operating liabilities		7,394	6,754
Income taxes		2,316	2,317
Provisions for pensions and similar obligations	(11)	3,523	3,418
Miscellaneous provisions		24,757	24,735
Deferred tax liabilities		8,348	7,904
Non-current liabilities		64,336	63,179
Financial liabilities		2,699	4,673
Trade payables and other operating liabilities		23,098	21,457
Income taxes		1,642	1,723
Miscellaneous provisions		4,403	4,353
Liabilities associated with assets held for sale	(4)	18	307
Current liabilities		31,860	32,513
Total equity and liabilities		132,539	132,330

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

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows		
January 1–March 31, € in millions	2014	2013
Net income	905	2,349
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	970	1,088
Changes in provisions	164	492
Changes in deferred taxes	538	475
Other non-cash income and expenses	75	-163
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (-3 months)	-357	-1,098
Changes in operating assets and liabilities and in income taxes	348	-1,523
Cash provided by operating activities of continuing operations (operating cash flow)¹	2,643	1,620
Proceeds from disposal of	722	3,496
<i>Intangible assets and property, plant and equipment</i>	49	90
<i>Equity investments</i>	673	3,406
Purchases of investments in	-693	-915
<i>Intangible assets and property, plant and equipment</i>	-664	-703
<i>Equity investments</i>	-29	-212
Changes in securities and fixed-term deposits	-808	-938
Changes in restricted cash and cash equivalents	-102	-291
Cash provided by (used for) investing activities of continuing operations	-881	1,352
Payments received/made from changes in capital ²	-35	-3
Cash dividends paid to non-controlling interests	-	-19
Changes in financial liabilities	-2,483	-435
Cash used for financing activities of continuing operations	-2,518	-457
Net increase/decrease in cash and cash equivalents	-756	2,515
Effect of foreign exchange rates on cash and cash equivalents	-20	-
Cash and cash equivalents at the beginning of the year ³	4,539	2,823
Cash and cash equivalents of continuing operations at the end of the quarter⁴	3,763	5,338

¹Additional information on operating cash flow is provided in Note 13.
²No material netting has taken place in either of the years presented here.
³Cash and cash equivalents of continuing operations at the beginning of 2014 also include an amount of €12 million at the Pražská plynárenská group, which was disposed of in the first quarter of 2014. The figure for 2013 includes a combined total of €7 million at E.ON Thüringer Energie and at E.ON Energy from Waste, both of which had been presented as disposal groups.
⁴Cash and cash equivalents of continuing operations at the end of the first quarter of 2013 also include an amount of €4 million at E.ON Földgáz Trade, which had been presented as a disposal group.

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Statement of Changes in Equity						
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income		
				Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2013	2,001	13,740	22,869	-614	810	-343
IFRS 10, IFRS 11 adjustment			304			
Balance as of January 1, 2013	2,001	13,740	23,173	-614	810	-343
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends paid						
Share additions			-1			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			2,149	-335	1	-13
<i>Net income</i>			2,166			
<i>Other comprehensive income</i>			-17	-335	1	-13
<i>Remeasurement of defined benefit plans</i>			-17			
<i>Changes in accumulated other comprehensive income</i>				-335	1	-13
Balance as of March 31, 2013¹	2,001	13,740	25,321	-949	811	-356
Balance as of January 1, 2014¹	2,001	13,733	23,306	-2,742	1,201	-292
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends paid						
Share additions			44			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			289	-491	-7	-42
<i>Net income</i>			762			
<i>Other comprehensive income</i>			-473	-491	-7	-42
<i>Remeasurement of defined benefit plans</i>			-473			
<i>Changes in accumulated other comprehensive income</i>				-491	-7	-42
Balance as of March 31, 2014	2,001	13,733	23,639	-3,233	1,194	-334

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

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-3,505	34,958	4,410	-548	3,862	38,820
	304	35	-35	0	304
-3,505	35,262	4,445	-583	3,862	39,124
		-619		-619	-619
		5		5	5
		-7		-7	-7
		-33		-33	-33
	-1	-3		-3	-4
			13	13	13
	1,802	205		205	2,007
	2,166	183		183	2,349
	-364	22		22	-342
	-17	11		11	-6
	-347	11		11	-336
-3,505	37,063	3,993	-570	3,423	40,486
-3,484	33,723	3,574	-659	2,915	36,638
		-123		-123	-123
		22		22	22
		-3		-3	-3
		-3		-3	-3
	44	-97		-97	-53
			58	58	58
	-251	58		58	-193
	762	143		143	905
	-1,013	-85		-85	-1,098
	-473	-30		-30	-503
	-540	-55		-55	-595
-3,484	33,516	3,428	-601	2,827	36,343

30 Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Report for the three months ended March 31, 2014, has been prepared in accordance with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") effective and adopted for use in the European Union ("EU").

With the exception of the new regulations described in Note 2, this Interim Report was prepared using the accounting, valuation and consolidation policies used in the Consolidated Financial Statements for the 2013 fiscal year.

This Interim Report prepared in accordance with IAS 34 is condensed compared with the scope applied to the Consolidated Financial Statements for the full year. For further information, including information about E.ON's risk management system, please refer to E.ON's Consolidated Financial Statements for the year ended December 31, 2013, which provide the basis for this Interim Report.

(2) Newly Adopted Standards and Interpretations

IFRS 10, "Consolidated Financial Statements"

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

IFRS 11, "Joint Arrangements"

In May 2011, the IASB published the new standard IFRS 11, "Joint Arrangements" ("IFRS 11"). It replaces IAS 31, "Interests in Joint Ventures" ("IAS 31"), and SIC-13, "Jointly Controlled Entities—Non-Monetary Contributions by Venturers" ("SIC-13"). The standard will in future distinguish between two types of joint arrangements: joint ventures and joint operations. The

provisions of IFRS 10 form the basis for determining joint control. If after assessing the particular facts a joint venture is determined to exist, it must be accounted for under the equity method. In the case of a joint operation, however, the attributable shares of assets and liabilities, and of expenses and income, must be assigned directly to the equity holder. The standard has been adopted by the EU into European law. Consequently, application of the new standard is mandatory for fiscal years beginning on or after January 1, 2014.

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

If IFRS 10 and IFRS 11 were not being applied, and if instead IAS 27 and IAS 28 were still being applied in the versions effective through December 31, 2013, assets and liabilities would be €155 million higher and net income would be €2 million lower as of March 31, 2014.

IFRS 12, "Disclosure of Interests in Other Entities"

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

IAS 27, "Separate Financial Statements"

In May 2011, the IASB published a new version of IAS 27. The new version now contains regulations for IFRS separate financial statements only (previously consolidated and separate financial statements). The standard has been adopted

by the EU into European law. Consequently, application of the new standard is mandatory for fiscal years beginning on or after January 1, 2014. The new standard will have no impact on E.ON's Consolidated Financial Statements.

IAS 28, "Investments in Associates and Joint Ventures"

In May 2011, the IASB issued a new version of IAS 28. The new version now stipulates that in planned partial disposals of interests in associates and joint ventures, the portion to be sold must, if it meets the criteria of IFRS 5, "Non-Current Assets Held For Sale and Discontinued Operations," ("IFRS 5") be classified as a non-current asset held for sale. The remaining investment shall continue to be accounted for under the equity method. If the sale results in the creation of an associate, that associate will be accounted for under the equity method. Otherwise, the rules of IFRS 9 must be followed. The new IAS 28 incorporates the provisions of SIC-13 and removes currently existing exceptions from the scope of IAS 28. The new version of the standard has been adopted by the EU into European law. Its application is mandatory for fiscal years beginning on or after January 1, 2014. It will not result in material changes for E.ON affecting its Consolidated Financial Statements.

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

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

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

In October 2012, the IASB published "Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)." The amendments include a definition of an investment entity and remove them from the scope of IFRS 10. Instead of consolidating their investments in subsidiaries, parent investment entities shall now be required to recognize and measure them at fair value through profit or loss in accordance with IFRS 9 or IAS 39. In this context, new disclosure requirements have also arisen in IFRS 12, "Disclosure of Interests in Other Entities," and IAS 27, "Separate Financial Statements." In November 2013, the EU adopted these amendments into European law. The amendments shall be applied for fiscal years beginning on or after January 1, 2014. They will have no material impact on E.ON's Consolidated Financial Statements.

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

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

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

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

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

IFRS 10, IFRS 11—Consolidated Income Statement				
€ in millions	January 1–March 31, 2013			
	Before IFRS 10, IFRS 11 adjustments	IFRS 10 adjustment	IFRS 11 adjustment	After IFRS 10, IFRS 11 adjustments
Sales	35,881	-4	1	35,878
Income from continuing operations	2,333	3	13	2,349
Net income	2,333	3	13	2,349

(3) Scope of Consolidation

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

Scope of Consolidation			Total
	Domestic	Foreign	
Consolidated companies as of December 31, 2013	114	228	342
Additions	-	1	1
Disposals/Mergers	1	9	10
Consolidated companies as of March 31, 2014	113	220	333

As of March 31, 2014, 59 companies accounted for under the equity method (December 31, 2013: 61) and 2 companies reported as joint operations were presented pro rata. The figures presented here reflect the retrospective change to the scope of consolidation and the retrospective joint-operation accounting resulting from the initial application of IFRS 10 and IFRS 11, respectively.

(4) Acquisitions, Disposals and Discontinued Operations

Disposal Groups and Assets Held for Sale in 2014

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

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 second quarter of 2014. The total carrying amount of the facilities, which are held in the Sweden regional unit, is approximately €0.1 billion as of March 31, 2014.

City of Prague Municipal Utility

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

Rødsand Offshore Wind Farm

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

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Disposal Groups and Assets Held for Sale in 2013

Equity Investment in NAFTA

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

Ferngas Nordbayern

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

E.ON Mitte

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

E.ON in Finland

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

E.ON Westfalen Weser

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

E.ON Földgáz Trade / E.ON Földgáz Storage

In March 2013, E.ON signed a contract with the Hungarian energy company MVM Hungarian Electricity Ltd. for the sale of its 100-percent stakes in E.ON Földgáz Trade and E.ON Földgáz Storage. The purchase price for both companies, including the

assumption of approximately €0.5 billion in debt, is approximately €0.9 billion. Impairment charges totaling €0.2 billion were recognized on certain assets within the units, and on the attributable goodwill, in the first quarter of 2013. The transaction closed in the third quarter of 2013 with a loss on disposal of €0.1 billion, including realization of foreign currency translation effects (€0.1 billion). Held by the Global Commodities global unit, the major asset items of the two units were intangible assets and property, plant and equipment (€0.7 billion), as well as current assets (€0.5 billion). The liabilities side of the balance sheet consisted primarily of liabilities (€0.2 billion) and provisions (€0.1 billion).

E.ON Thüringer Energie

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

Slovenský Plynárenský Priemysel (SPP)

In January 2013, E.ON signed a contract with the Czech energy company Energetický a Průmyslový Holding, Prague, Czech Republic, for the sale of its interest in the Slovakian energy company Slovenský Plynárenský Priemysel a.s. ("SPP"), which is held indirectly in E.ON's Global Commodities global unit.

The purchase price for the 24.5-percent indirect holding is €1.2 billion, including final purchase price adjustments. The stake with a carrying amount of €1.2 billion had to be reported as an asset held for sale as of December 31, 2012, because commercial agreement on the sale had been substantially reached by the end of 2012. The attributable goodwill of approximately €0.2 billion was written down to zero in 2012. A total of €0.5 billion in impairment charges was recognized on the equity investment in the 2012 fiscal year. When the transaction closed in January 2013, amounts in other comprehensive income from foreign exchange translation differences were realized as a gain of €0.3 billion.

E.ON Energy from Waste

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

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E.ON Wasserkraft

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

Equity Investment in Jihomoravská Plynárenská

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

London Array Wind Farm

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

Wind Farm Disposals

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

(5) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €7 million in the first quarter of 2014 (first quarter of 2013: €6 million).

(6) Financial Results

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

Financial Results		
January 1–March 31 € in millions	2014	2013
Income from companies in which equity investments are held	6	3
Impairment charges/reversals on other financial assets	-19	-29
Income/Loss (-) from equity investments	-13	-26
Income from securities, interest and similar income	135	142
Interest and similar expenses	-583	-611
Net interest income	-448	-469
Financial results	-461	-495

(7) Earnings per Share

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

Earnings per Share		
January 1–March 31, € in millions	2014	2013
Income from continuing operations	905	2,349
Less: Non-controlling interests	-143	-183
Income from continuing operations (attributable to shareholders of E.ON SE)	762	2,166
Net income attributable to shareholders of E.ON SE	762	2,166
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	0.40	1.14
from net income	0.40	1.14
Weighted-average number of shares outstanding (in millions)	1,908	1,907

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

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

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

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets						
€ in millions	March 31, 2014			December 31, 2013		
	E.ON Group	Associates ¹	Joint ventures	E.ON Group	Associates ¹	Joint ventures
Companies accounted for under the equity method	5,621	3,028	2,593	5,652	2,908	2,744
Equity investments	1,980	260	12	1,966	246	12
Non-current securities	4,575	-	-	4,444	-	-
Total	12,176	3,288	2,605	12,062	3,154	2,756

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

The net loss of €73 million from companies accounted for under the equity method (first quarter of 2013: net loss of €55 million) includes impairments totaling -€152 million (first quarter of 2013: -€159 million).

(9) Treasury Shares

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

As of March 31, 2014, E.ON SE and one of its subsidiaries held a total of 93,191,637 treasury shares (December 31, 2013: 93,191,637) having a consolidated book value of €3,484 million (equivalent to 4.66 percent or €93,191,637 of the capital stock).

(10) Dividends Paid

At the Annual Shareholders Meeting on April 30, 2014, shareholders voted to distribute a dividend of €0.60 (2013: €1.10) for each dividend-paying ordinary share, which corresponds to a total dividend amount of €1,145 million (2013: €2,097 million). For the first time, shareholders have the option to convert part of their cash dividend into E.ON shares.

(11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations increased by €105 million over year-end 2013. The increase was caused primarily by net actuarial losses mostly attributable to the decrease in the discount rates used within the E.ON Group, as well as by additions attributable to the net periodic pension cost. These effects were offset by employer contributions to plan assets and by net pension payments in the first quarter.

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

Discount Rates		
Percentages	Mar. 31, 2014	Dec. 31, 2013
Germany	3.40	3.90
United Kingdom	4.50	4.60

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

Net Amount Recognized		
€ in millions	Mar. 31, 2014	Dec. 31, 2013
Present value of all defined benefit obligations	16,083	15,179
Fair value of plan assets	-12,560	-11,761
Net amount recognized	3,523	3,418
<i>Presented as provisions for pensions and similar obligations</i>	<i>3,523</i>	<i>3,418</i>

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

Net Periodic Pension Cost for Defined Benefit Plans		
January 1-March 31 € in millions	2014	2013
Employer service cost	58	66
Net interest on the net defined benefit liability	26	38
Past service cost	2	31
Total	86	135

(12) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

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

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned

netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are used in the calculations.

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

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Presentation of Financial Instruments

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

Carrying Amounts of Financial Instruments as of March 31, 2014			
€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,980	84	374
Derivatives	9,424	2,521	6,580
Securities and fixed-term deposits	6,884	5,961	923
Cash and cash equivalents	3,763	3,763	-
Restricted cash	740	740	-
Liabilities			
Derivatives	9,648	2,693	6,861

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

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of commercial paper, borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. The fair value of the bonds as of March 31, 2014, was €19,040 million (December 31, 2013: €20,761 million). The carrying amount of the bonds as of March 31, 2014, was €15,933 million (December 31, 2013: €18,049 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. The proportion of fair values measured at Level 1 to

those measured at Level 2 has not changed materially compared with December 31, 2013. There were no reclassifications between these fair-value-hierarchy levels in the first quarter of 2014. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. During the quarter, equity investments were reclassified into Level 3 of the fair value hierarchy in the amount of €94 million, and out of Level 3 in the amount of €19 million. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)									
€ in millions	Jan. 1, 2014	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income state-ment	Transfers		Gains/ Losses in OCI	Mar. 31, 2014
						into Level 3	out of Level 3		
Equity investments	1,424	2	-	9	-	94	-19	12	1,522
Derivative financial instruments	130	-	-	3	96	-	-	-	229
Total	1,554	2	0	12	96	94	-19	12	1,751

At the beginning of 2014, a net loss of €42 million from the initial measurement of derivatives was deferred. After realization of €1 million in deferred gains, the remainder at the end of the quarter was a deferred loss of €43 million, which will be recognized in income during subsequent periods as the contracts are settled.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €174 million or an increase of €171 million, respectively.

Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €5,823 million. Derivative transactions are generally executed on the basis of standard agreements that allow for the netting

of all open transactions with individual counterparties. For currency and interest rate derivatives in the banking sector, this netting option is reflected in the accounting treatment. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. As of March 31, 2014, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(13) Segment Information

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

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Global Units

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

Generation

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

Renewables

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

Exploration & Production

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

Regional Units

E.ON's distribution and sales operations in Europe are managed by eleven regional units in total. For segment reporting purposes, the Germany, United Kingdom, Sweden, Czechia and Hungary regional units are reported separately. Those units not reported separately are grouped together and reported in summarized form as "Other regional units." They include

Financial Information by Business Segment

January 1-March 31 € in millions	Generation		Renewables		Global Commodities	
	2014	2013	2014	2013	2014	2013
External sales	628	600	162	222	15,638	16,176
Intersegment sales	2,174	2,486	456	443	7,246	9,750
Sales	2,802	3,086	618	665	22,884	25,926
EBITDA¹	916	893	569	475	-41	212
<i>Earnings from companies accounted for under the equity method²</i>	<i>11</i>	<i>16</i>	<i>1</i>	<i>4</i>	<i>41</i>	<i>42</i>
Operating cash flow before interest and taxes	699	831	298	328	1,262	1,512
Investments	152	126	198	109	18	47

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 Other EU Countries

January 1-March 31 € in millions	UK		Sweden		Czechia	
	2014	2013	2014	2013	2014	2013
External sales	2,869	3,065	702	898	692	825
Intersegment sales	3	23	50	73	36	39
Sales	2,872	3,088	752	971	728	864
EBITDA¹	224	245	253	296	104	161
<i>Earnings from companies accounted for under the equity method²</i>	<i>-</i>	<i>-</i>	<i>3</i>	<i>5</i>	<i>1</i>	<i>1</i>
Operating cash flow before interest and taxes	91	-144	219	176	55	94
Investments	26	16	53	67	23	29

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.

the Italy, Spain, France, Netherlands, Slovakia and Romania regional units. Additionally presented here since the fourth quarter of 2013 are the activities of E.ON Connecting Energies, which concentrates on providing decentralized, complete solutions. Certain activities of the Germany regional unit were also transferred to E.ON Connecting Energies.

E.ON's power generation business in Russia is presented outside Europe, as a special-focus region.

The "Other Non-EU Countries" operating segment contains the activities in Brazil and Turkey.

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

The EBITDA changes in Group Management/Consolidation from the previous year were predominantly the result of consolidation effects relating to the measurement of provisions for emission rights, which amounted to -€41 million. These effects were offset in particular by the positive change in income from derivatives.

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

Exploration & Production		Germany		Other EU Countries		Non-EU Countries		Group Management/Consolidation		E.ON Group	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
471	386	8,075	10,790	6,384	7,079	429	516	33	109	31,820	35,878
131	73	189	266	257	361	-	-	-10,453	-13,379	0	0
602	459	8,264	11,056	6,641	7,440	429	516	-10,420	-13,270	31,820	35,878
339	177	630	822	757	920	105	193	-113	-92	3,162	3,600
7	11	25	22	17	15	-25	-6	1	-	78	104
316	171	-144	-738	465	160	168	206	-87	-312	2,977	2,158
14	108	83	310	133	153	83	51	12	11	693	915

Hungary		Other regional units		Other EU Countries	
2014	2013	2014	2013	2014	2013
443	530	1,678	1,761	6,384	7,079
-	7	168	219	257	361
443	537	1,846	1,980	6,641	7,440
14	26	162	192	757	920
-	-	13	9	17	15
2	-24	98	58	465	160
15	12	16	29	133	153

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Financial Information by Business Segment—Presentation of Non-EU Countries						
January 1–March 31 € in millions	Russia		Other Non-EU Countries		Non-EU Countries	
	2014	2013	2014	2013	2014	2013
External sales	429	516	-	-	429	516
Intersegment sales	-	-	-	-	0	0
Sales	429	516	0	0	429	516
EBITDA¹	131	200	-26	-7	105	193
<i>Earnings from companies accounted for under the equity method²</i>	-	-	-25	-6	-25	-6
Operating cash flow before interest and taxes	169	206	-1	-	168	206
Investments	68	51	15	-	83	51

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.

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

Operating Cash Flow			
January 1–March 31 € in millions	2014	2013	Difference
Operating cash flow before interest and taxes	2,977	2,158	819
Interest payments	-187	-205	18
Tax payments	-147	-333	186
Operating cash flow	2,643	1,620	1,023

The investments presented here are the purchases of investments reported in the Consolidated Statements of Cash Flows.

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

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

Net Income		
January 1–March 31, € in millions	2014	2013
EBITDA¹	3,162	3,600
Depreciation and amortization	-861	-836
Impairments (-)/Reversals (+) ²	-11	-5
EBIT¹	2,290	2,759
Economic interest income (net)	-450	-474
Net book gains/losses	193	1,021
Restructuring/cost-management expenses	-70	-123
Impairments (-)/Reversals (+) ^{2,3}	-228	-377
Other non-operating earnings	-177	269
Income from continuing operations before taxes	1,558	3,075
Income taxes	-653	-726
Income from continuing operations	905	2,349
Net income	905	2,349
Attributable to shareholders of E.ON SE	762	2,166
Attributable to non-controlling interests	143	183

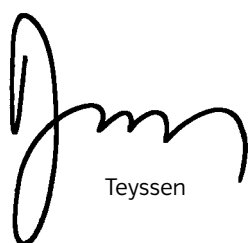
¹Adjusted for extraordinary effects.
²Impairments differ from the amounts reported in accordance with IFRS due to impairments on companies accounted for under the equity method and impairments on other financial assets.
³Recorded under non-operating earnings.

Non-operating income and expenses for the reporting period include impairment charges and reversals totaling €0.2 billion. Approximately €0.1 billion of these impairments was attributable to the Generation and Renewables units, and approximately €0.1 billion to Other Non-EU Countries.

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

(14) Events after the Balance Sheet Date

In Brazil ENEVA's financial situation remains difficult. Consequently, all parties involved worked to put together a recovery plan, under which we and other stakeholders will invest additional funds in the company in the months ahead.



Teysen



Birnbaum



Kildahl



Reutersberg



Schäfer



Winkel

46 Energy Tables

Power Procurement																
Jan. 1-Mar. 31 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Owned generation	35.7	42.5	8.3	8.6	-	-	0.2	0.8	1.4	2.0	16.8	17.1	-	-	62.4	71.0
Purchases	7.8	7.8	1.4	1.6	150.7	140.7	36.6	44.4	39.6	40.2	1.1	1.2	-99.5	-110.3	137.7	125.6
<i>Jointly owned power plants</i>	3.9	3.6	0.3	0.5	-	-	-	-	-	-	-	-	-	-	4.2	4.1
<i>Global Com- modities/ outside sources</i>	3.9	4.2	1.1	1.1	150.7	140.7	36.6	44.4	39.6	40.2	1.1	1.2	-99.5	-110.3	133.5	121.5
Total power procurement	43.5	50.3	9.7	10.2	150.7	140.7	36.8	45.2	41.0	42.2	17.9	18.3	-99.5	-110.3	200.1	196.6
Station use, line loss, etc.	-0.3	-0.4	-0.3	-0.3	-	-	-1.1	-1.4	-2.7	-2.9	-0.6	-0.6	-	-	-5.0	-5.6
Power sales	43.2	49.9	9.4	9.9	150.7	140.7	35.7	43.8	38.3	39.3	17.3	17.7	-99.5	-110.3	195.1	191.0

Power Sales																
Jan. 1-Mar. 31 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Residential and SME	-	-	0.1	-	-	-	6.0	7.0	14.0	16.2	-	-	-	-	20.1	23.2
I&C	0.9	0.8	-	-	-	-	5.0	6.4	19.5	18.7	-	-	-	-	25.4	25.9
Sales partners	8.4	9.6	1.6	2.6	-	-	17.1	21.0	-	0.1	-	-	-	-	27.1	33.3
Customer groups	9.3	10.4	1.7	2.6	-	-	28.1	34.4	33.5	35.0	-	-	-	-	72.6	82.4
Wholesale market/ Global Commodities	33.9	39.5	7.7	7.3	150.7	140.7	7.6	9.4	4.8	4.3	17.3	17.7	-99.5	-110.3	122.5	108.6
Total	43.2	49.9	9.4	9.9	150.7	140.7	35.7	43.8	38.3	39.3	17.3	17.7	-99.5	-110.3	195.1	191.0

Gas Sales													
January 1-March 31 Billion kWh	Global Commodities		Germany		Other EU Countries		Consolidation		E.ON Group				
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013			
Residential and SME	-	-	9.6	11.0	35.8	45.2	-	-	45.4	56.2			
I&C	-	-	22.6	32.5	14.3	18.2	-	-	36.9	50.7			
Sales partners	-	-	73.3	121.6	0.1	0.4	-	-	73.4	122.0			
Customer groups	-	-	105.5	165.1	50.2	63.8	-	-	155.7	228.9			
Wholesale market/Global Commodities	358.6	417.6	-	-	5.4	6.2	-210.0	-243.7	154.0	180.1			
Total	358.6	417.6	105.5	165.1	55.6	70.0	-210.0	-243.7	309.7	409.0			

Financial Calendar

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

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

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