Interim Report II/2013

2013

January February March

April May June

July August September

October November December

E.ON Group Financial Highlights

E.ON Group Financial Highlights			
January 1–June 30	2013	2012	+/- %
Electricity sales	364.6 billion kWh	375.8 billion kWh	-3
Gas sales	679.7 billion kWh	674.1 billion kWh	+1
Sales	€64,643 million	€65,402 million	-1
EBITDA[1]	€5,695 million	€6,696 million	-15
EBIT[1]	€3,967 million	€4,864 million	-18
Net income	€3,359 million	€3,120 million	+8
Net income attributable to shareholders of E.ON SE	€3,069 million	€2,893 million	+6
Underlying net income	€1,911 million	€3,303 million	-42
Investments	€4,529 million	€2,720 million	+67
Cash provided by operating activities of continuing operations	€4,080 million	€2,479 million	+65
Economic net debt (June 30 and December 31)	-€33,309 million	-€35,934 million	+2,625[2]
Employees (June 30 and December 31)	66,466	72,083	-8
Earnings per share attributable to shareholders of E.ON SE	€1.61	€1.52	+6
Weighted-average shares outstanding (in millions)	1,907	1,905	–

[1]Adjusted for extraordinary effects (see Glossary of Selected Financial Terms below).
[2]Change in absolute terms.

Glossary of Selected Financial Terms

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.

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. It is equal to our definition of EBIT prior to depreciation and amortization.

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

Interim Report II/2013

January 1 – June 30, 2013

- As anticipated, EBITDA and underlying net income below prior-year figures
- Low capacity utilization in traditional generation business
- Further expansion of renewables business
- Full-year EBITDA still expected to be between €9.2 and €9.8 billion, underlying net income between €2.2 and €2.6 billion

Contents

Dear Shareholders,

E.ON's earnings performance in the first half of 2013 was as planned. First-half EBITDA declined by 15 percent year on year to €5.7 billion, underlying net income by 42 percent to €1.9 billion. Both results are in line with our expectations. Although our business and regulatory environment remains difficult, we continue to expect that our full-year 2013 EBITDA will be between €9.2 and €9.8 billion and our full-year underlying net income between €2.2 and €2.6 billion.

At our renewables business, in July we officially inaugurated London Array, the world's largest offshore wind farm, and we've begun building Amrumbank West wind farm in the North Sea. Our first solar farms in the United States entered service. I'm proud that we now have more than 5 gigawatts of renewables capacity and that it's only taken us a few years to establish a profitable new business. Wind power is also part of our business in Turkey. In May, Enerjisa, our German-Turkish joint venture with Sabanci, commissioned Turkey's largest wind farm. In our distributed-generation business, the first small-scale CHP units of our partnership with Metro entered service, and Evonik hired us to install a state-of-the-art combined-cycle gas turbine to supply energy to Marl Chemicals Park. Our generation business in Russia, which has developed very well, is a good example of how our entry into growth markets outside Europe is creating value. With this business generating substantial cash flows, we're already enjoying the fruits of our investment.

I'm also satisfied with the way we've been implementing our divestment program. Most recently we made further important progress in reorganizing our regional utility business in Germany by selling E.ON Westfalen Weser. This means that we've already significantly surpassed our original target of generating €15 billion from disposals and are now aiming for €20 billion. Along with the measureable successes of our E.ON 2.0 efficiency-enhancement program, the money we're generating from disposals is strengthening our capital structure and enhancing our financial flexibility.

These are some of the many achievements that our employees have worked very hard to deliver for you, our shareholders. But these achievements can't hide the fact that the market environment of some parts of our legacy business remains extremely difficult. For example, our traditional generation business is suffering from low capacity utilization and excessively low wholesale prices. This situation is also leading to lower earnings at our gas-storage business: if gas-fired power plants provide less peakload power, there's less need for large quantities of gas to be withdrawn from storage facilities. These adverse factors will continue and, according to our analysis, may actually get worse. Much will depend on future policy decisions, which largely can't be foreseen. A sober view of the situation indicates that, at least for 2013 and 2014, no recovery is in sight. That's why I announced at the start of the year that we're responding—particularly in our generation business—by cutting costs and enhancing efficiency. Increasingly, however, we also must consider closing and mothballing some assets. We recently decided to mothball our gas-fired power plant in Malženice, Slovakia, which entered service just two years ago. These kinds of decisions are never easy. But from a business standpoint we had no choice. Unless the business environment of the energy industry in our core European markets changes tangibly, other plant closures will be unavoidable.

The years ahead will be demanding, but also decisive years for our company's transformation. E.ON is becoming leaner, more decentralized, and even more international. The results of our work won't always be immediately reflected in rising earnings; there's simply too much pressure on parts of our traditional business. In addition, a number of outside factors remain difficult to predict. But with your support and trust, we're now laying the foundation for our future success.

Best wishes,

Dr. Johannes Teyssen

E.ON Stock

At the end of the first half of 2013, E.ON stock (including reinvested dividends) was 4 percent below its year-end closing price for 2012, thereby slightly underperforming the EURO STOXX 50 index (+1 percent) and its peer index, the STOXX Utilities (+/- 0 percent).

The number of E.ON shares traded in the first half of 2013 rose by 21 percent year on year to 1,545 million shares. E.ON's stock-exchange trading volume declined by 2 percent to €20.6 billion owing to the stock's lower average price.

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

E.ON Stock

	June 30, 2013	Dec. 31, 2012
Shares outstanding (millions)	1,907	1,907
Closing price (€)	12.61	14.09
Market capitalization (€ in billions)[1]	24.0	26.9

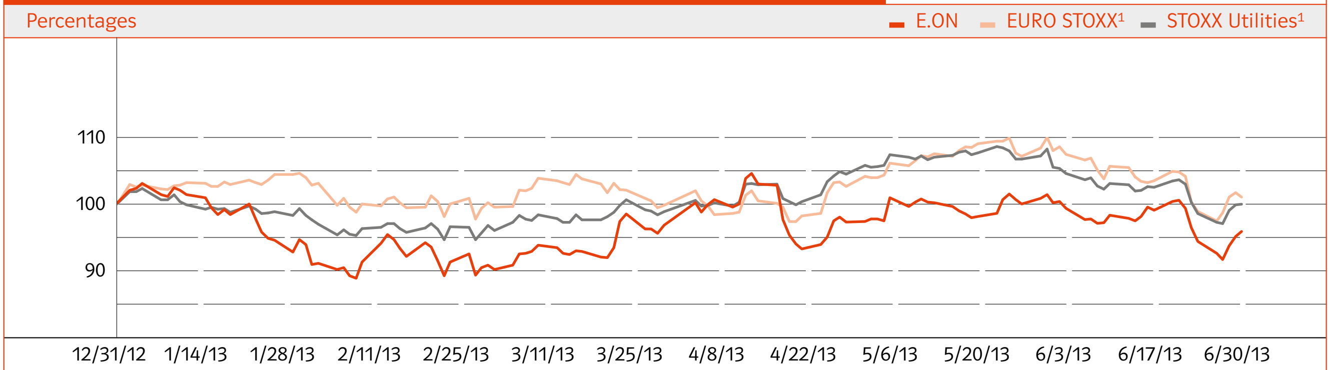
[1]Based on shares outstanding.

Performance and Trading Volume

January 1–June 30	2013	2012
High (€)[1]	14.71	18.64
Low (€)[1]	12.06	14.24
Trading volume[2]		
Millions of shares	*1,545.3*	*1,272.2*
€ in billions	*20.6*	*21.0*

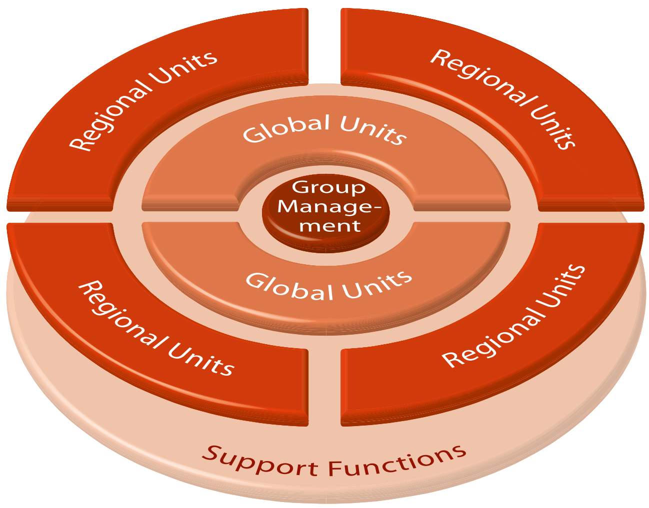
[1]Xetra.
[2]Source: Bloomberg (all German stock exchanges).

E.ON Stock Performance



[1]Based on the performance index.

Interim Group Management Report



Corporate Profile

Business Model

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

Group Management
Group Management in Düsseldorf oversees the E.ON Group as a whole and coordinates its operations. Its tasks include charting E.ON's strategic course, defining its financial policy and initiatives, managing business issues that transcend individual markets, managing risk, continually optimizing the Group's business portfolio, and conducting stakeholder management.

IT, procurement, insurance, consulting, and business processes provide valuable support for our core businesses wherever we operate. These functions are centrally organized so that we pool professional expertise across our organization and leverage synergies.

Changes in Our Reporting
Effective January 1, 2013, we changed the name of our Optimization & Trading segment to Global Commodities, reflecting our progress in restructuring this segment. We merged E.ON Energy Trading and E.ON Ruhrgas in the first half of 2013. The new company's name is E.ON Global Commodities. The new unit will continue to focus on optimizing our asset base, which is expanding around the world. It will also enable us to leverage important synergies, thereby contributing to the success of the E.ON 2.0 program.

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

New Accounting Standards
E.ON applies the changes to IAS 19, "Employee Benefits," effective January 1, 2013. Note 2 to the Interim Condensed Consolidated Financial Statements describes the effects of the changes on our Consolidated Balance Sheets and our Consolidated Statements of Income.

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

Generation
This global unit consists of our conventional (fossil 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 assets at several stages of the gas value chain, including pipelines, long-term supply contracts, and storage facilities.

Exploration & Production
Our Exploration & Production segment is a growth business with good prospects for the future. It is active in four focus regions: the U.K. North Sea, the Norwegian North Sea, Russia, and North Africa.

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, Romania, and, through the end of June 2012, Bulgaria. 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 second quarter of 2013, our business in Turkey) under Non-EU Countries.

Business Report

Industry Environment

According to the preliminary figures from AGEB, an energy-industry working group, Germany's first-half consumption of primary energy rose by about 4 percent year on year to 245 million metric tons of coal equivalent ("MTCE"). The increase was caused primarily by colder weather and only to a very limited degree by economic activity. Germany's consumption of natural gas rose by more than 10 percent to 60.7 MTCE, also owing to colder weather, which resulted in increased use of gas for heating.

Electricity consumption in England, Scotland, and Wales was 157.6 billion kWh in the first half of 2013 (prior year: 157.4 billion kWh). Gas consumption (excluding power stations) increased by 10 percent, from 324 billion kWh to 356 billion kWh. Increased gas consumption due to low temperatures that continued into March 2013 (compared with a mild March in 2012) more than offset declines due to ongoing energy-efficiency measures and customers' response to economic developments.

Northern Europe's electricity consumption declined by 5 billion kWh to 202 billion kWh. Net electricity imports from surrounding countries totaled about 1.5 billion kWh compared with net exports of about 8 billion kWh in the prior-year period.

At 16.9 billion kWh, Hungary's electricity consumption was slightly below 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 8 percent to 5,465 million cubic meters.

Italy consumed 155.5 billion kWh of electricity, about 4 percent less than the prior-year figure of 162.1 billion kWh. Gas consumption declined by 8 percent, from 433.9 billion kWh to 400.9 billion kWh, owing to a reduction in deliveries to gas-fired power stations brought on by unfavorable market conditions.

Peninsular electricity consumption in Spain was 123 billion kWh, 4 percent below the prior-year figure (consumption fell by 3 percent if adjusted for differences in temperature and the number of working days). Retail gas consumption declined by 1 percent to 149 billion kWh.

France's electricity consumption rose by 2 percent to 263.2 billion kWh because of weather factors (it declined by 1 percent if adjusted for differences in temperature and the number of working days). Total generation increased by 1 percent to 289.1 billion kWh.

The Russian Federation generated 531 billion kWh of electricity, 0.4 percent less than in the prior-year period. It generated 520 billion kWh in its integrated power system (which does not include isolated systems), which also represents a decrease of roughly 0.4 percent. Power consumption in the Russian Federation declined by 0.2 percent to 523 billion kWh.

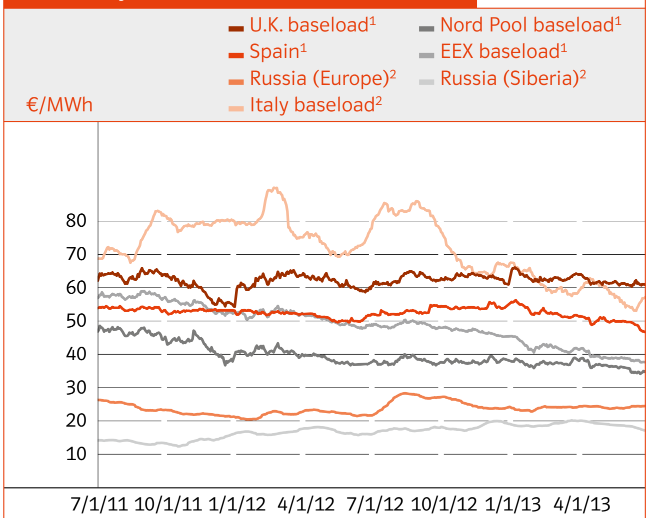
Energy Prices

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

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

The two biggest factors influencing energy markets were the late-winter cold snap in March and the drop in coal and carbon prices. Other factors included the continued weak global economy and, in particular, the ongoing debt crisis in the European Union.

Electricity Prices in E.ON's Core Markets

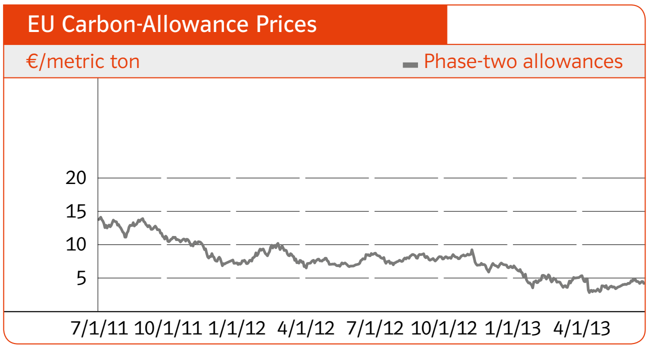


¹Next-year delivery.
²Spot delivery (30-day average).

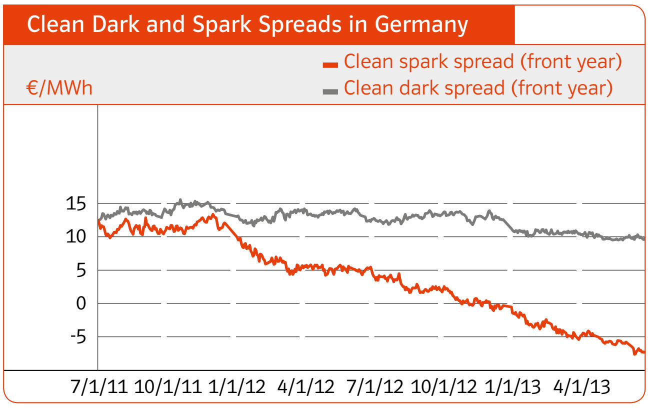
The price of Brent crude oil for next-month delivery, which had been under significant downward pressure at the end of the first quarter, settled at a relatively low level in the second quarter. Additional downward pressure came from European refineries, which procured less crude oil owing to weak margins and a rise in scheduled maintenance in Europe and Asia. Only continued tension in the Middle East, the relatively healthy U.S. economy, and lower deliveries from North Sea fields prevented oil prices from falling further.

European coal prices (API#2 index) for next-year delivery continued the downward slide that began in 2012, falling 17 percent between the start of the year and the end of June. Production continued to surpass demand by a wide margin, particularly since Columbia's exports returned to their stable high level following strikes early in the year. China's demand, which had initially been strong, weakened considerably during the first half of the year owing to declining prices for domestic coal. Freight rates on the bulk cargo market recovered slightly in the second quarter but generally remained at a very low level owing to the ongoing oversupply of ships. On average, freight accounted for about 11 percent of the total price of coal in the first half of the year.

Despite the downward movement on oil and coal markets, gas prices for next-year delivery remained stable in the second quarter as well. Gas inventories in storage facilities, particularly in Northwestern Europe, were nearly exhausted because of the cold snap in March, resulting in higher gas imports from Russia, particularly to Italy, which also had to make up for a decline in imports from Algeria. Continued weak demand from industry and the power sector counteracted a potential increase in gas prices.



After reaching record lows in the first quarter, prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme were volatile—albeit at low levels—during the remainder of the first half. Prices were driven primarily by announcements and votes regarding the implementation of back-loading, a measure designed to reduce the number of EUAs in circulation. For example, the European Parliament's vote against back-loading in April sent EUA prices to a new record low. Prices rose significantly in June when it was announced that the European Parliament would hold another vote on back-loading in July.



Developments in coal and carbon prices had a significant influence on the price of baseload power for next-year delivery in Germany. These developments—along with the good supply situation resulting from the ongoing addition of new solar and wind capacity—caused power prices to decline further in the second quarter. They finished June roughly 20 percent lower than at the start of the year. As in February and March, hourly prices were at times negative due to a combination of low demand, somewhat milder temperatures, and high renewables feed-in. The divergence between the cost of coal generation and gas generation widened further. The clean spark spread (the difference between the price at which natural gas and carbon allowances are procured and the price at which power is sold) came under even more pressure and became even more negative in response to extreme pressure from increased renewables feed-in, the significantly lower cost of coal generation compared with gas generation, and low carbon prices.

In the first quarter the development of U.K. power prices showed a much different picture owing to below-average temperatures in March and the resulting supply bottlenecks. But in the second quarter U.K. prices also trended lower. Prices for next-year delivery fell by about 5 percent quarter on quarter because of lower seasonal demand and lower fuel costs.

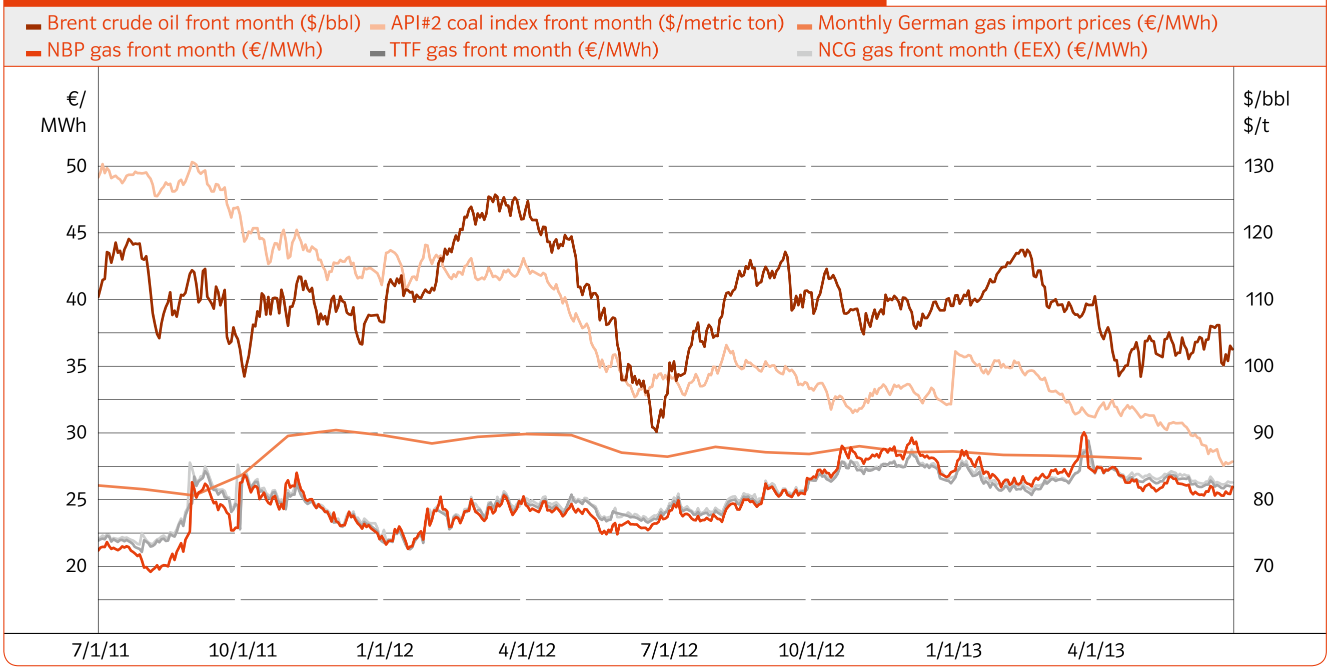
On the Nordic power market second-quarter spot prices were again significantly higher than in the prior-year period despite the high availability factors of the country's nuclear power stations. The increase was caused by the continued decline of reservoir levels in Norway and Sweden owing to sparse precipitation. As a result, the Nordic market became a net importer of electricity in the final months of the first half. The forward market, on the other hand, benefited from Germany's low power prices and from low fuel prices. Consequently, prices for next-year delivery declined slightly.

Italy's power prices for next-year delivery continued to fall in the second quarter, partly in response to the general downward trend in other European countries and partly to relatively low oil prices, which reduced the production costs at gas-fired power stations that have oil-indexed gas supply contracts. This caused their margins to widen slightly in the second quarter, although margins were still much narrower than in the prior-year period.

In the second quarter prices for next-year delivery in Spain continued the downward trend that began early in the year. Between January 1 and June 30 prices fell by nearly 18 percent, mainly because of extremely low coal prices and the continued decline in spot prices.

After declining slightly in the first quarter, prices in the European zone of Russia's power market rose slightly in the second quarter, despite above-average hydro output. The main positive factors were a comparatively cold spring (which led to a less-than-anticipated decline in demand) and lower availability of nuclear power stations. Prices in the Siberian zone moved in the opposite direction. After moving significantly higher in the first quarter owing to a substantially colder winter, Siberian prices declined slightly in the second quarter owing to the seasonal decline in demand and high hydro output.

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



Business Performance

Power Procurement

The E.ON Group's first-half owned generation declined by 3.1 billion kWh, or 3 percent, year on year. Power procured declined by 8.9 billion kWh.

Power Procurement

Jan. 1–June 30 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Owned generation	75.1	77.2	15.9	15.2	–	–	1.0	1.8	3.2	3.5	31.6	32.2	–	–	126.8	129.9
Purchases	14.0	13.6	3.0	3.5	272.3	287.8	82.5	87.2	74.0	76.9	2.2	2.3	-200.4	-214.8	247.6	256.5
Jointly owned power plants	*6.3*	*5.7*	*0.7*	*1.1*	–	–	*0.1*	*0.1*	–	–	–	–	–	–	*7.1*	*6.9*
Global Commodities/ outside sources	*7.7*	*7.9*	*2.3*	*2.4*	*272.3*	*287.8*	*82.4*	*87.1*	*74.0*	*76.9*	*2.2*	*2.3*	*-200.4*	*-214.8*	*240.5*	*249.6*
Total power procurement	**89.1**	**90.8**	**18.9**	**18.7**	**272.3**	**287.8**	**83.5**	**89.0**	**77.2**	**80.4**	**33.8**	**34.5**	**-200.4**	**-214.8**	**374.4**	**386.4**
Station use, line loss, etc.	-1.0	-1.1	-0.5	-0.4	–	–	-2.4	-2.8	-4.8	-5.2	-1.1	-1.1	–	–	-9.8	-10.6
Power sales	**88.1**	**89.7**	**18.4**	**18.3**	**272.3**	**287.8**	**81.1**	**86.2**	**72.4**	**75.2**	**32.7**	**33.4**	**-200.4**	**-214.8**	**364.6**	**375.8**

Generation's owned generation decreased by 2.1 billion kWh, from 77.2 to 75.1 billion kWh. The decline resulted in particular from lower output from coal-fired assets in the United Kingdom owing to the closure of Kingsnorth power station and the conversion of Ironbridge power station to biomass at the end of 2012. Owned generation was also lower due to the reduced dispatch of coal-fired and gas-fired assets in Germany and Spain owing to the market situation in the first half of 2013. Higher availability of unit 3 at Oskarshamn nuclear power station in Sweden was the main positive factor. Owned generation was also higher in Italy due to the commissioning of a new gas-fired power plant and in France due to improved market conditions for the dispatch of coal-fired assets.

Renewables' owned generation surpassed the prior-year figure by 0.7 billion kWh. Owned generation at the Hydro reporting unit declined by 0.6 billion kWh. The main factors were a reduction in output in Sweden resulting from lower reservoir inflow relative to the prior year and a reduction in installed capacity in Germany due to the asset swap between E.ON and Austria's Verbund AG. Owned generation was higher in Italy and Spain thanks to a good water supply. Owned generation at the Wind/Solar/Other reporting unit rose by 1.3 billion kWh. Wind farms accounted for 96 percent of its owned generation, with biomass and micro-hydro facilities accounting for the rest.

The Germany regional unit's owned generation declined by 0.8 billion kWh owing to the sale of E.ON Thüringer Energie and the sale of a majority stake in E.ON Energy from Waste in the first quarter of 2013. The decrease in power purchases resulted primarily from a competition-driven reduction in sales volume. Effective January 1, 2013, this unit's hydroelectric operations are reported at our Renewables segment. We adjusted the prior-year figures accordingly.

Other EU Countries' owned generation declined by 0.3 billion kWh to 3.2 billion kWh.

Our Russia business accounted for all of the power procurement at Non-EU Countries. Its owned generation declined by 2 percent year on year because of repairs at Surgutskaya 2 GRES (a transliterated Russian acronym that stands for 'state district power station') and lower capacity utilization of generating units at Yaivinskaya GRES.

Owned Generation by Energy Source

January 1–June 30 Billion kWh	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Nuclear	21.5	20.7	–	–	–	–	–	–	–	–	21.5	20.7
Lignite	2.6	2.5	–	–	–	–	–	–	–	–	2.6	2.5
Hard coal	13.4	12.6	–	–	–	–	–	–	–	–	13.4	12.6
Natural gas, oil	1.5	3.2	–	–	0.4	0.6	–	–	–	–	1.9	3.8
Hydro	–	–	3.2	3.5	–	–	–	–	–	–	3.2	3.5
Wind	–	–	0.2	0.2	–	–	–	–	–	–	0.2	0.2
Other	–	–	–	–	0.6	1.2	–	–	–	–	0.6	1.2
Germany	**39.0**	**39.0**	**3.4**	**3.7**	**1.0**	**1.8**	**–**	**–**	**–**	**–**	**43.4**	**44.5**
Nuclear	7.0	5.5	–	–	–	–	–	–	–	–	7.0	5.5
Lignite	–	–	–	–	–	–	0.1	0.2	5.2	5.5	5.3	5.7
Hard coal	18.0	21.1	–	–	–	–	–	–	–	–	18.0	21.1
Natural gas, oil	11.1	11.6	–	–	–	–	2.6	2.7	26.4	26.7	40.1	41.0
Hydro	–	–	5.4	5.7	–	–	0.1	0.1	–	–	5.5	5.8
Wind	–	–	6.8	5.6	–	–	–	–	–	–	6.8	5.6
Other	–	–	0.3	0.2	–	–	0.4	0.5	–	–	0.7	0.7
Outside Germany	**36.1**	**38.2**	**12.5**	**11.5**	**–**	**–**	**3.2**	**3.5**	**31.6**	**32.2**	**83.4**	**85.4**
Total	**75.1**	**77.2**	**15.9**	**15.2**	**1.0**	**1.8**	**3.2**	**3.5**	**31.6**	**32.2**	**126.8**	**129.9**
Percentages												
Nuclear	29	27	–	–	–	–	–	–	–	–	17	16
Lignite	3	3	–	–	–	–	–	–	–	–	2	2
Hard coal	18	16	–	–	–	–	–	–	–	–	11	10
Natural gas, oil	2	4	–	–	40	33	–	–	–	–	1	3
Hydro	–	–	20	23	–	–	–	–	–	–	2	2
Wind	–	–	1	1	–	–	–	–	–	–	–	–
Other	–	–	–	–	60	67	–	–	–	–	1	1
Germany	**52**	**50**	**21**	**24**	**100**	**100**	**–**	**–**	**–**	**–**	**34**	**34**
Nuclear	9	7	–	–	–	–	–	–	–	–	6	4
Lignite	–	–	–	–	–	–	3	6	19	19	4	4
Hard coal	24	27	–	–	–	–	–	–	–	–	14	16
Natural gas, oil	15	16	–	–	–	–	82	77	81	81	32	32
Hydro	–	–	34	38	–	–	3	3	–	–	4	5
Wind	–	–	43	37	–	–	–	–	–	–	5	4
Other	–	–	2	1	–	–	12	14	–	–	1	1
Outside Germany	**48**	**50**	**79**	**76**	**–**	**–**	**100**	**100**	**100**	**100**	**66**	**66**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Power Sales

The E.ON Group's consolidated first-half power sales were 11.2 billion kWh below the prior-year level.

Power Sales

Jan. 1–June 30 Billion kWh	Generation		Renewables		Global Commodities		Germany		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Residential and SME	–	–	0.1	–	–	–	11.7	12.6	28.2	31.6	–	–	–	–	40.0	44.2
I&C	1.8	1.9	–	–	–	–	13.2	17.5	36.5	34.2	–	–	–	-0.2	51.5	53.4
Sales partners	16.9	16.5	4.2	3.7	–	–	38.1	40.7	0.2	0.3	–	–	–	-2.6	59.4	58.6
Customer groups	**18.7**	**18.4**	**4.3**	**3.7**	**–**	**–**	**63.0**	**70.8**	**64.9**	**66.1**	**–**	**–**	**–**	**-2.8**	**150.9**	**156.2**
Wholesale market/ Global Commodities	69.4	71.3	14.1	14.6	272.3	287.8	18.1	15.4	7.5	9.1	32.7	33.4	-200.4	-212.0	213.7	219.6
Total	**88.1**	**89.7**	**18.4**	**18.3**	**272.3**	**287.8**	**81.1**	**86.2**	**72.4**	**75.2**	**32.7**	**33.4**	**-200.4**	**-214.8**	**364.6**	**375.8**

Generation's power sales declined by 1.6 billion kWh, mainly because of the closure of Kingsnorth power station and the conversion of Ironbridge power station to biomass in the United Kingdom. The reduced dispatch of gas-fired assets due to the market situation in Germany and Spain was another negative factor. An increase in deliveries from our power plants in Sweden and Italy was the main positive factor.

Renewables sold 0.1 billion kWh more power than in the prior-year period. Power sales at Hydro declined in Sweden owing to comparatively low reservoir inflow and in Germany owing to a reduction in installed capacity due to the asset swap between E.ON and Austria's Verbund AG. Power sales were higher in Italy and Spain thanks to an increase in owned generation and in sales to Global Commodities and the wholesale market. Wind/Solar/Other, which sells its output exclusively in markets with renewables incentive mechanisms, grew its power sales by 1.6 billion kWh, or 24 percent, chiefly because of an increase in installed generating capacity.

Global Commodities' power sales declined owing to a reduction in trading activities to optimize the value of E.ON's generation portfolio.

Power sales at the Germany regional unit declined by about 6 percent year on year owing to the above-mentioned disposals and to competition-driven customer losses.

Other EU Countries sold 2.8 billion kWh less power. An aggregate decline of 2.6 billion kWh in Romania, France, Italy, and Czechia more than offset an aggregate gain of 1.5 billion kWh in the United Kingdom, Spain, the Netherlands, and Hungary. The disposal of the Bulgaria regional unit in late June 2012 was responsible for 1.7 billion kWh of the decline in sales volume.

Our Russia business accounted for all of the power sales at Non-EU Countries. Owing to a decline in owned generation, it sold 0.7 billion kWh, or 2 percent, less power than in the prior-year period.

Gas Procurement and Production

The Global Commodities unit procured about 656 billion kWh of natural gas from producers in and outside Germany in the first half of 2013. About half of this amount was procured under long-term contracts, the remainder at trading hubs. The biggest suppliers were Russia, the Netherlands, Germany, and Norway.

Upstream Production January 1–June 30	2013	2012	+/- %
Oil/condensates (million barrels)	2.7	1.1	+145
Gas (million standard cubic meters)	727	404	+80
Total (million barrels of oil equivalent)	**7.3**	**3.6**	**+103**

Exploration & Production's gas production in the North Sea rose to 727 million cubic meters. Oil and condensates production of 2.7 million barrels was also higher, increasing by 145 percent from the prior-year figure. The main factors were the start of production at Skarv, Hyme, and Huntington fields, which more than offset natural production declines at older fields and lower production due to technical issues at Elgin/Franklin field. Total upstream production of gas, liquids, and condensates rose by 103 percent to 7.3 million barrels of oil equivalent. In addition to its North Sea production, Exploration & Production had 3,123 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 increased its consolidated first-half gas sales by 5.6 billion kWh, or 1 percent, to 679.7 billion kWh.

Global Commodities' gas sales rose by 1 percent from the prior-year figure. Gas sales to industrial and commercial ("I&C") customers declined owing to a reduction in the sale of control energy. This was partially offset by a weather-driven increase in gas sales to sales partners. Gas sales to the Germany regional unit were slightly above the prior-year level. Gas sales outside Germany declined by about 8 billion kWh owing to a reduction in deliveries to Austria and Spain.

The Germany regional unit recorded an increase in gas sales volume, mainly because of the acquisition of new sales-partner customers and higher sales to existing customers. Weather factors also had a positive effect on gas sales.

On balance, Other EU Countries sold 1.1 billion kWh less gas than in the prior-year period. Gas sales declined by a total of 6.8 billion kWh in several countries (in particular Romania and France) and increased by a total of 5.7 billion kWh (in particular in the United Kingdom and the Netherlands).

Gas Sales Jan. 1–June 30 Billion kWh	Global Commodities		Germany		Other EU Countries		Consolidation		E.ON Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Residential and SME	–	–	15.8	14.5	60.8	59.2	–	–	76.6	73.7
I&C	3.9	5.9	60.2	65.6	28.5	27.4	-2.0	-2.9	90.6	96.0
Sales partners	6.0	5.1	195.8	189.7	–	0.1	-3.5	-5.0	198.3	189.9
Customer groups	**9.9**	**11.0**	**271.8**	**269.8**	**89.3**	**86.7**	**-5.5**	**-7.9**	**365.5**	**359.6**
Germany	267.5	264.5	–	–	–	–	-267.5	-264.5	–	–
Other countries	42.1	49.7	–	–	–	–	-19.6	-17.2	22.5	32.5
Wholesale market/ Global Commodities	363.0	347.6	–	–	8.7	12.4	-80.0	-78.0	291.7	282.0
Total	**682.5**	**672.8**	**271.8**	**269.8**	**98.0**	**99.1**	**-372.6**	**-367.6**	**679.7**	**674.1**

Earnings Situation

Business Performance
Our business performance in the first half of 2013 was in line with our expectations. Our sales of €64.6 billion were slightly below the prior-year level. Our EBITDA declined by about €1 billion to €5.7 billion. Cost savings delivered by our E.ON 2.0 program and higher earnings at Renewables and Exploration & Production had a positive impact on earnings but were more than offset by lower earnings in the midstream gas business, the absence of earnings streams from divested companies, and the effect of the current market situation in fossil-fueled power generation. Underlying net income declined by €1.4 billion, or 42 percent, to €1.9 billion, primarily because EBITDA was lower and income taxes were higher than in the prior-year period.

Transfer Price System
Deliveries from our generation units to Global Commodities are settled according to a market-based transfer price system. Generally, our internal transfer prices are derived from the forward prices that are current in the marketplace up to three years prior to delivery. The resulting transfer prices for power deliveries in 2013 were lower than the prices for deliveries in 2012.

Sales
Our first-half sales of €64.6 billion were slightly below the prior-year level.

Sales January 1–June 30 € in millions	2013	2012	+/- %
Generation	5,432	6,225	-13
Renewables	1,293	1,250	+3
Global Commodities	47,444	48,665	-3
Exploration & Production	939	766	+23
Germany	20,112	20,551	-2
Other EU Countries	12,561	12,666	-1
Non-EU Countries	945	887	+7
Group Management/ Consolidation	-24,083	-25,608	–
Total	**64,643**	**65,402**	**-1**

Generation
Generation's first-half sales declined by €0.8 billion, or 13 percent, year on year.

Sales January 1–June 30 € in millions	2013	2012	+/- %
Nuclear	2,159	2,078	+4
Fossil	3,266	4,136	-21
Other	7	11	-36
Generation	**5,432**	**6,225**	**-13**

Nuclear's sales rose by €81 million, or 4 percent. Higher sales volume in Sweden was the main factor. This was partially mitigated by lower average prices.

Fossil's sales were €870 million lower. The decline resulted primarily from the closure of Kingsnorth power station and the conversion of Ironbridge power station to biomass in the United Kingdom along with the reduced dispatch of gas-fired assets in Germany and Spain owing to the adverse market situation. Sales were also adversely affected by lower internal transfer prices relative to the prior-year period on deliveries to Global Commodities and by the absence of compensation for emission allowances, which had been allocated at no cost until the end of 2012.

Renewables
Sales at Renewables rose by €43 million.

Sales January 1–June 30 € in millions	2013	2012	+/- %
Hydro	713	734	-3
Wind/Solar/Other	580	516	+12
Renewables	**1,293**	**1,250**	**+3**

Sales at Hydro declined by 3 percent to €713 million, mainly because of lower sales in Germany owing to lower prices for peakload power (which influenced the compensation for deliveries from storage and pumped-storage hydroelectric stations) and the above-mentioned reduction in installed generating capacity. Sales were also adversely affected by lower sales volume in Sweden, despite slightly higher prices. Higher sales volume in Italy had a positive impact on sales.

The reason for the €64 million improvement in Wind/Solar/Other's sales was an increase in installed generating capacity.

Global Commodities

Global Commodities' sales declined by €1.2 billion.

Sales January 1–June 30 € in millions	2013	2012	+/- %
Proprietary Trading	18	3	+500
Optimization	47,416	48,467	-2
Gas Transport/Shareholdings/ Other	10	195	-95
Global Commodities	**47,444**	**48,665**	**-3**

The Optimization reporting unit consists of our wholesale gas business, gas storage business, and asset optimization. Sales declined on the power side owing to lower prices and a reduction in trading activity to optimize E.ON-owned power stations. Despite a weather-driven increase in demand in the first quarter, sales on the gas side declined, mainly because of a price-driven decline in sales in the gas wholesale business.

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

Exploration & Production

Sales at Exploration & Production rose by 23 percent to €939 million (prior year: €766 million), primarily because of an increase in production at our North Sea fields. The positive effect of higher production was partially mitigated by the generally downward movement of energy prices and by adverse currency-translation effects.

Germany

First-half sales at the Germany regional unit declined mainly because of the divestment of E.ON Thüringer Energie and E.ON Energy from Waste. To simplify internal planning and management, we reassigned some companies from the Non-regulated/Other to the Distribution Networks reporting unit.

Sales January 1–June 30 € in millions	2013	2012	+/- %
Distribution Networks	7,215	6,448	+12
Non-regulated/Other	12,897	14,103	-9
Germany	**20,112**	**20,551**	**-2**

The Distribution Networks reporting unit grew sales by €767 million. This significant increase is principally attributable to higher sales in conjunction with Germany's Renewable Energy Law and to the internal transfer of operations from Non-regulated/Other. The prior-year figure includes €218 million in sales from E.ON Thüringer Energie.

Sales at the Non-regulated/Other reporting unit declined by €1,206 million, chiefly because of the internal transfer of operations to Distribution Networks. The prior-year figure includes €283 million in sales from the divested companies named above.

Other EU Countries

Other EU Countries' sales of €12.6 billion were almost at the prior-year level of €12.7 billion.

Sales January 1–June 30 € in millions	2013	2012	+/- %
UK (£ in millions)	5,259 (4,474)	4,976 (4,093)	+6 (+9)
Sweden (SEK in millions)	1,545 (13,177)	1,491 (13,243)	+4 (–)
Czechia (CZK in millions)	1,556 (39,982)	1,590 (40,026)	-2 (-1)
Hungary (HUF in millions)	947 (280,318)	995 (293,903)	-5 (-5)
Remaining regional units	3,254	3,614	-10
Other EU Countries	**12,561**	**12,666**	**-1**

Sales at the UK regional unit rose by €283 million, primarily because of higher retail sales resulting from increased demand due to low temperatures, particularly in March 2013.

The Sweden regional unit's sales increased by €54 million. Adjusted for positive currency-translation effects of €61 million, sales declined by €7 million. This is primarily attributable to the favorable conditions in the gas business in the prior-year period and the disposal of a gas subsidiary in mid-2012.

Sales in Czechia fell by €34 million, mainly because of currency-translation effects.

Sales at the Hungary regional unit declined by €48 million owing to lower sales prices in the regulated power and gas business and lower gas sales volume.

Sales at the remaining regional units fell by €360 million, in particular because of lower power and gas sales volume in Romania and France and the disposal of operations in Bulgaria. Sales rose in Italy and Spain on positive price effects in the gas business along with higher power and gas sales volume in Spain.

Non-EU Countries

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

Sales

January 1–June 30 € in millions	2013	2012	+/- %
Russia (RUB in millions)	945 (38,404)	887 (35,222)	+7 (+9)
Non-EU Countries	**945**	**887**	**+7**

The Russia unit's first-half sales rose by €58 million. The main reasons for the increase were higher prices on the day-ahead market as well as price adjustments in the capacity markets for existing and new generating capacity; the adjustments for existing capacity were inflation-driven.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €162 million was 20 percent above the prior-year figure (€135 million). The main reason is that significantly more engineering services for generation new-build projects were performed in the first half of 2013 than in the prior-year period.

Other operating income rose by 36 percent to €7,743 million (prior year: €5,676 million), in particular because gains on the sale of securities, property, plant, and equipment ("PP&E"), and equity investments of €2,197 million were higher than the prior-year figure (€254 million). In the current-year period these gains resulted primarily from the sale of equity investments and from currency-translation effects of €0.3 billion, which were recorded in income, on the sale of Slovenský Plynárenský Priemysel ("SPP"). In the prior-year period the gains resulted primarily from the sale of securities and PP&E. Income from exchange-rate differences of €2,151 million was at the prior-year level (€2,155 million). Income from derivative financial instruments of €2,675 million surpassed the prior-year figure (€2,290 million), primarily owing to higher income from commodity derivatives, resulting in particular from the marking to market of our natural gas, oil, and coal positions. Miscellaneous other operating income consisted primarily of reductions to valuation allowances and provisions.

At €55,966 million, costs of materials were on par with the prior-year figure (€55,921 million).

Personnel costs declined by 3 percent to €2,392 million (prior year: €2,469 million), mainly because of the sale of our gas transmission business, Open Grid Europe ("OGE"), in the prior year. Restructuring as part of E.ON 2.0 had a countervailing effect.

Depreciation charges of €1,978 million were above the prior-year figure of €1,890 million, in particular because of impairment changes on goodwill and PP&E of E.ON Földgáz Storage and E.ON Földgáz Trade in conjunction with their reclassification as assets held for sale.

Other operating expenses declined by 3 percent to €7,160 million (prior year: €7,414 million). Higher expenditures relating to currency differences of €2,222 million (€2,106 million) were more than offset by lower expenditures relating to derivative financial instruments of €2,553 million (€3,036 million), particularly relating to commodity derivatives. Losses on the sale of securities, PP&E, and equity investments of €267 million surpassed the prior-year figure of €62 million and were recorded mainly on the sale of equity investments.

Income from companies accounted for under the equity method declined by €509 million to -€8 million (prior year: €501 million), in part because of the absence of positive earnings from OGE, which was sold in 2012. Impairment charges on equity interests at Renewables and Non-EU Countries constituted another factor.

EBITDA

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

Our first-half EBITDA was down by about €1 billion year on year. The positive factors were:

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

These factors were more than offset by:

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

EBITDA[1]

January 1–June 30 € in millions	2013	2012	+/- %
Generation	915	1,161	-21
Renewables	793	690	+15
Global Commodities	714	1,805	-60
Exploration & Production	461	337	+37
Germany	1,402	1,221	+15
Other EU Countries	1,361	1,303	+4
Non-EU Countries	314	350	-10
Group Management/ Consolidation	-265	-171	–
Total	**5,695**	**6,696**	**-15**

[1]Adjusted for extraordinary effects.

Generation

Generation's EBITDA decreased by €246 million.

Generation

January 1–June 30 € in millions	EBITDA[1] 2013	EBITDA[1] 2012	EBIT[1] 2013	EBIT[1] 2012
Nuclear	628	357	520	261
Fossil	314	856	-16	521
Other	-27	-52	-14	-55
Total	**915**	**1,161**	**490**	**727**

[1]Adjusted for extraordinary effects.

Nuclear's EBITDA rose by €271 million. Lower expenditures for the nuclear-fuel tax were the main reason for higher earnings in Germany, because in 2012 fuel rods at Brokdorf nuclear power station were replaced in the first half of the year. Fuel rods at Brokdorf will be replaced in the second half of this year. Higher sale volume in Sweden also had a positive impact on Nuclear's EBITDA.

Fossil's EBITDA fell by €542 million. The absence of compensation for emission allowances (which had been allocated at no cost until the end of 2012) and lower internal transfer prices relative to the prior-year period were the main negative factors. The closure of Kingsnorth power station, the conversion of Ironbridge power station to biomass, and the closure of Grain oil-fired power station in the United Kingdom also had an adverse impact on earnings.

Renewables

Renewables' EBITDA increased by €103 million, or 15 percent.

Renewables

January 1–June 30 € in millions	EBITDA[1] 2013	EBITDA[1] 2012	EBIT[1] 2013	EBIT[1] 2012
Hydro	424	387	364	329
Wind/Solar/Other	369	303	216	164
Total	**793**	**690**	**580**	**493**

[1]Adjusted for extraordinary effects.

EBITDA at Hydro increased by 10 percent to €424 million, mainly because of higher sales volume in Italy and a weather-driven increase in output in Spain. EBITDA was adversely affected in Sweden by lower sales volume and the higher costs of a real estate tax and in Germany by lower prices for peak-load power from pumped-storage hydroelectric stations and a reduction in installed generating capacity. Prior-year EBITDA in Germany had been adversely affected by an increase in provisions to renovate a pumped-storage hydroelectric station.

Wind/Solar/Other's EBITDA rose by 22 percent owing to an increase in installed generating capacity.

Global Commodities

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

Global Commodities January 1–June 30 € in millions	EBITDA[1] 2013	EBITDA[1] 2012	EBIT[1] 2013	EBIT[1] 2012
Proprietary Trading	-13	-31	-14	-32
Optimization	641	1,282	579	1,212
Gas Transport/ Shareholdings/Other	86	554	83	499
Total	**714**	**1,805**	**648**	**1,679**

[1]Adjusted for extraordinary effects.

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

Optimization's EBITDA declined by €641 million, mainly because of lower earnings following price reviews in the midstream gas business. The absence of costs for carbon trading had a positive effect on earnings in the current-year period, whereas additional costs were incurred for carbon trading in the prior-year period; however, this positive effect will diminish by the end of the year.

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

Exploration & Production

EBITDA at Exploration & Production increased by 37 percent to €461 million (prior year: €337 million), principally because of an increase in production in the North Sea resulting from the start of production at Skarv, Hyme, and Huntington fields. First-half EBIT was €243 million (€197 million).

Germany

EBITDA at the Germany regional unit increased by €181 million.

Germany January 1–June 30 € in millions	EBITDA[1] 2013	EBITDA[1] 2012	EBIT[1] 2013	EBIT[1] 2012
Distribution Networks	1,097	933	768	610
Non-regulated/Other	305	288	266	142
Total	**1,402**	**1,221**	**1,034**	**752**

[1]Adjusted for extraordinary effects.

EBITDA at Distribution Networks rose by €164 million. The internal transfer of operations from Non-regulated/Other and improvements delivered by cost-cutting measures were the principal positive factors. The disposal of E.ON Thüringer Energie, whose earnings were included in the prior-year figure, reduced EBITDA by €31 million.

EBITDA at Non-regulated/Other surpassed the prior-year figure by €17 million, owing mainly to internal transfers and to operating effects in the retail business. The principal adverse factor was the disposal of E.ON Energy from Waste, which reduced EBITDA by €80 million.

Other EU Countries

Other EU Countries' EBITDA was €58 million above the prior-year figure.

Other EU Countries January 1–June 30 € in millions	EBITDA[1] 2013	EBITDA[1] 2012	EBIT[1] 2013	EBIT[1] 2012
UK (£ in millions)	309 (263)	297 (245)	274 (233)	242 (199)
Sweden (SEK in millions)	451 (3,844)	390 (3,467)	324 (2,765)	269 (2,393)
Czechia (CZK in millions)	293 (7,527)	252 (6,337)	245 (6,291)	198 (4,974)
Hungary (HUF in millions)	76 (22,643)	93 (27,522)	29 (8,444)	43 (12,809)
Remaining regional units	232	271	176	220
Total	**1,361**	**1,303**	**1,048**	**972**

[1]Adjusted for extraordinary effects.

EBITDA at the UK regional unit was up by €12 million. Earnings improvements resulting from reductions in controllable costs were partially mitigated by higher costs in conjunction with government-mandated energy-efficiency programs. The positive effect of higher sales volume was almost entirely offset by higher variable costs.

The Sweden regional unit's EBITDA increased by €61 million, which includes positive currency-translation effects of €18 million. Lower temperatures compared with the prior-year period, higher network connection fees, cost savings, and high availability in the heat business were also positive factors.

EBITDA in Czechia increased by €41 million owing primarily to higher compensation payments for the preferential dispatch of renewable-source electricity in the distribution network.

The main contributions to the Hungary regional unit's EBITDA came from its distribution network business (€59 million) and its retail business (€16 million). The main reason for the year-on-year decline was a new tax on power companies that took effect in 2013 and must be paid in full in the first half for the entire year. The expiration of a revenue-based crisis tax introduced in 2010 had a positive impact on EBITDA.

EBITDA at the remaining regional units declined by €39 million, or 14 percent. This was mainly because of lower earnings in the Netherlands (due to the sale of an equity investment in the prior year) and the disposal of the Bulgaria regional unit in late June 2012. The Romania regional unit's EBITDA was significantly higher because of wider gross margins in the retail business reflecting reimbursement for gas procurement costs from earlier periods along with price effects relating to the liberalization of the power and gas market.

Non-EU Countries

Non-EU Countries' EBITDA declined by 10 percent, or €36 million.

Non-EU Countries

January 1–June 30 € in millions	EBITDA[1]		EBIT[1]	
	2013	2012	2013	2012
Russia (RUB in millions)	355 (14,436)	350 (13,896)	272 (11,036)	251 (9,981)
Other Non-EU Countries	-41	–	-41	–
Total	**314**	**350**	**231**	**251**

[1]Adjusted for extraordinary effects.

The Russia unit's EBITDA was slightly above the prior-year level. Higher prices on the day-ahead market and increases in capacity prices were offset mainly by an inflation-driven increase in fuel costs and a provision for potentially unrecoverable receivables. In local currency EBITDA rose by 4 percent.

EBITDA at Other Non-EU Countries consists of E.ON International Energy, including our activities in Brazil and Turkey, which are accounted for under the equity method. The negative figure recorded for Turkey is primarily attributable to the Turkish lira's weakening against the euro in the second quarter. Earnings in Brazil mainly reflect a negative margin caused by the postponement of commercial operation dates.

Net Income

Net income attributable to shareholders of E.ON SE of €3,069 million and corresponding earnings per share of €1.61 were considerably above the respective prior-year figures of €2,893 million and €1.52.

Net Income

January 1–June 30 € in millions	2013	2012
EBITDA[1]	**5,695**	**6,696**
Depreciation and amortization	-1,703	-1,778
Impairments (-)/Reversals (+)[2]	-25	-54
EBIT[1]	**3,967**	**4,864**
Economic interest income (net)	-890	-725
Net book gains/losses	1,832	67
Restructuring/cost-management expenses	-213	-144
Other non-operating earnings	-517	-681
Income/Loss (-) from continuing operations before taxes	**4,179**	**3,381**
Income taxes	-820	-288
Income/Loss (-) from continuing operations	**3,359**	**3,093**
Income from discontinued operations, net	–	27
Net income	**3,359**	**3,120**
Attributable to shareholders of E.ON SE	*3,069*	*2,893*
Attributable to non-controlling interests	*290*	*227*

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

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

Economic Interest Expense		
January 1–June 30 € in millions	2013	2012
Interest expense shown in the Consolidated Statements of Income	-894	-769
Interest income (-)/expense (+) not affecting net income	4	44
Total	**-890**	**-725**

First-half net book gains were about €1.8 billion above the prior-year level. Book gains were recorded primarily on the sale of hydroelectric stations in Bavaria to Austria's Verbund AG in conjunction with the asset swap related to our entry into Turkey's energy market. They were also recorded on the sale of E.ON Thüringer Energie, a stake in Slovakian energy company SPP, a minority stake in JMP in Czechia, and securities and network segments in Germany. The sale of E.ON Westfalen Weser resulted in a book loss. The prior-year figure consists of book gains on the sale of securities and network segments in Germany.

Restructuring and cost-management expenditures rose by €69 million and resulted mainly from internal cost-cutting programs. The prior-year figure reflects restructuring measures at regional utilities in Germany and internal cost-cutting programs.

Other non-operating earnings of -€517 million (prior year: -€681 million) include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at June 30, 2013, resulted in no significant effect; at the prior-year balance-sheet date the effect was -€759 million. Our global and regional units were adversely affected by a generally deteriorated business environment and by regulatory intervention. We therefore had to record impairment charges totaling €0.4 billion, in particular at Renewables, Non-EU Countries, and Global Commodities. €0.1 billion of these charges were on goodwill, €0.3 billion on property, plant, and equipment ("PP&E") and intangible assets. In addition, we recorded impairment charges on PP&E at Other EU Countries in both the current and prior-year periods. Non-operating earnings were positively affected in the prior-year period by the reduction of the fine that the European Commission had levied against E.ON for an alleged market-sharing agreement with GdF Suez.

The increase in our tax expense compared with 2012 is mainly attributable to our higher earnings in 2013 and the absence of one-off tax-relief effect recorded in 2012. Our tax rate increased from 9 percent in 2012 to 20 percent in 2013.

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

Underlying Net Income

Net income reflects not only our operating performance but also special effects, such as the marking to market of derivatives. Underlying net income is an earnings figure after interest income, income taxes, and minority 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 interests without a controlling influence), as well as special tax effects.

Underlying Net Income		
January 1–June 30 € in millions	2013	2012
Net income attributable to shareholders of E.ON SE	3,069	2,893
Net book gains/losses	-1,832	-67
Restructuring/cost-management expenses	213	144
Other non-operating earnings	517	681
Taxes and non-controlling interests on non-operating earnings	-56	-294
Special tax effects	–	-27
Income/Loss from discontinued operations, net	–	-27
Total	**1,911**	**3,303**

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, 2012 (-€35.9 billion), our economic net debt declined by €2.6 billion to -€33.3 billion. The main reason for the improvement was that proceeds from divestments and our positive operating cash flow were fully sufficient to cover our investment expenditures and E.ON SE's dividend payout. Another reason was a reduction in provisions for pensions, mainly because of the increase in discount rates.

The calculation of economic net debt includes the fair value (net) of currency derivatives used for financing transactions (but excluding transactions relating to our operating business and asset management) in order to also reflect the foreign-currency effects of financial transactions which, for accounting reasons, would not be included in the components of net financial position. Effective January 1, 2013, we calculate fair value pursuant to IFRS 13.

Economic Net Debt

€ in millions	June 30, 2013	Dec. 31, 2012
Liquid funds	6,393	6,546
Non-current securities	4,268	4,746
Total liquid funds and non-current securities	**10,661**	**11,292**
Financial liabilities to banks and third parties	-22,801	-25,014
Financial liabilities resulting from interests in associated companies and from other equity investments	-929	-930
Total financial liabilities	**-23,730**	**-25,944**
Net financial position	**-13,069**	**-14,652**
Fair value (net) of currency derivatives used for financing transactions[1]	34	145
Provisions for pensions	-3,881	-4,945
Asset-retirement obligations	-18,194	-18,225
Less prepayments to Swedish nuclear fund	1,801	1,743
Economic net debt	**-33,309**	**-35,934**

[1]Does not include transactions relating to our operating business or asset management.

E.ON did not issue or repurchase bonds in the first half of 2013; regular bond maturities amounted to €2.1 billion. On balance, E.ON's gross financial liabilities to financial institutions and third parties declined by €2.2 billion to €22.8 billion relative to year-end 2012, mainly because of a reduction in the amount of bonds outstanding.

In April 2013 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 €16 billion was utilized at June 30, 2013.

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.

Investments

Our first-half investments were €1.8 billion above the prior-year level. We invested about €1.7 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €2.3 billion). Share investments totaled €2.8 billion versus €0.4 billion in the prior-year period.

Investments

January 1–June 30 € in millions	2013	2012	+/- %
Generation	288	485	-41
Renewables	396	731	-46
Global Commodities	80	199	-60
Exploration & Production	245	255	-4
Germany	452	297	+52
Other EU Countries	353	367	-4
Non-EU Countries	2,670	123	-
Group Management/ Consolidation	45	-10	-
Total	**4,529**	**2,720**	**+67**
Maintenance investments	*258*	*364*	*-29*
Growth and replacement investments	*4,271*	*2,356*	*+81*

Generation invested €197 million less than in the prior-year period. Investments in PP&E and intangible assets declined by €127 million, from €408 million to €281 million. The main reasons for the decline were the disposal of the Horizon Nuclear Power joint venture, the completion of Grain gas-fired power plant in 2012, and the postponement of environmental-protection measures at Radcliffe power station; all of these assets are in the United Kingdom. Share investments totaled €7 million (prior year: €77 million).

Investments at Renewables declined by €335 million. Hydro's investments rose by 48 percent to €37 million. Wind/Solar/Other's investments fell by nearly half, from €706 million to €359 million. The high prior-year figure principally reflects the completion of three large wind farms in the United States.

Global Commodities invested €80 million (prior year: €199 million), almost all of which went toward PP&E and intangible assets, mainly for gas storage and gas infrastructure.

Exploration & Production invested €245 million (prior year: €255 million) in PP&E and intangible assets. Almost all of these investments went toward existing infrastructure; Skarv field accounted for €82 million (€116 million) of investments.

The Germany regional unit invested €155 million more than in the prior-year period. Investments in PP&E and intangible assets totaled €246 million. Of these investments, €223 million went toward the network business and €18 million toward the district-heating business. Share investments totaled €204 million (prior year: €2 million). Share investments were considerably higher because this segment took over the 49-percent stake in the joint venture that owns 100 percent of the equity in E.ON Energy from Waste.

Investments at Other EU Countries were €14 million below the prior-year level. The UK regional unit invested €41 million (prior year: €52 million). The Sweden unit's investments of €162 million were €30 million above the prior-year figure of €132 million; investments served to expand distributed generation and to expand and upgrade the distribution network, including adding new connections. Investments totaled €58 million (€51 million) in Czechia, €29 million (€58 million) in Hungary, and €63 million (€74 million) in the remaining EU countries, a decline that primarily reflects delays in investments in the electricity network in Romania and the disposal of the Bulgaria regional unit in late June 2012.

The Russia unit accounted for €145 million (prior year: €123 million) of the investments at Non-EU Countries. These were primarily for Russia's new-build program. We invested €2.5 billion in our new equity investments in Brazil and Turkey. The investments in Turkey were largely offset by gains on disposals. The operations in Turkey were acquired as part of an asset swap in which E.ON transferred ownership of hydroelectric assets in Bavaria to Austria's Verbund AG.

Cash Flow

At €4,080 million, our operating cash flow was significantly above the prior-year figure of €2,479 million. The main positive factor was that in the prior-year period we paid a withholding tax on an intragroup dividend distribution. The tax was fully creditable and was refunded in full in the third quarter of 2012. In addition, positive effects in the gas storage business were offset by a volume- and price-driven increase in retail receivables in the United Kingdom and by an increase in working capital in Germany resulting from the Renewable Energy Law. The decline in earnings resulting from the agreement with Gazprom in the prior year did not result in a comparable decline in cash flow because the agreed-on one-off payment was not made until the second half of 2012.

Cash provided by investing activities of continuing operations amounted to approximately -€0.1 billion in the first half of 2013 (prior year: -€3.1 billion). Although investment expenditures surpassed the prior-year figure by €1.8 billion (owing mainly to the acquisition or expansion of operations in Turkey and Brazil), this figure was significantly surpassed by the €4.6 billion in cash we recorded on disposals. The increase is almost entirely attributable to the significant cash recorded on the sale of activities in Germany (E.ON Thüringer Energie, E.ON Energy from Waste, hydro assets), Slovakia (Slovak Gas Holding), Czechia, and the United States. There were no disposals of a similar magnitude in the prior-year period. Cash outflows from changes in securities and fixed-term deposits exceeded the prior-year figure by €0.1 billion; in the prior-year period, restricted cash declined by about €0.3 billion.

Cash provided by financing activities of continuing operations amounted to -€4.4 billion (prior year: -€1.6 billion). The change mainly reflects a higher net repayment of financial liabilities in the current-year period (-€2.1 billion) relative to a net increase in financial liabilities (€0.6 billion) in the prior-year period.

Asset Situation

Non-current assets at June 30, 2013, were on par with the figure at year-end 2012. First-half investments in property, plant, and equipment ("PP&E") offset the derecognition of the assets of E.ON Westfalen Weser and the reclassification of the assets of E.ON Földgáz Trade and E.ON Földgáz Storage in Hungary as assets held for sale. In addition, we made investments in equity interests and recorded higher receivables from non-current derivative financial instruments.

Current assets declined by 17 percent from year-end 2012. The main reasons were a decline in inventory resulting from withdrawals from gas storage facilities and a reduction in operating receivables. In addition, the sale of E.ON Thüringer Energie, E.ON Energy from Waste, SPP, certain E.ON Wasserkraft assets, and stakes in wind farms in North America reduced assets held for sale. These factors were slightly offset by an increase in receivables from derivative financial instruments and by the reclassification of the assets of E.ON Földgáz Trade and E.ON Földgáz Storage as assets held for sale.

Despite the dividend payout of more than €2 billion, our equity ratio at June 30, 2013, rose to 29 percent from 28 percent at year-end 2012. The effect of currency translations on assets and liabilities amounted to €1.2 billion as of June 30, 2013.

Non-current liabilities declined by 4 percent from the figure at year-end 2012, mainly because of a reduction in non-current financial liabilities and provisions for pensions. These effects were partially offset by an increase in non-current liabilities relating to derivative financial instruments.

Current liabilities declined by 11 percent relative to year-end 2012. A reduction in liabilities from operating receivables and the reclassification of debt in conjunction with assets held for sale were partially offset by higher current financial liabilities.

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 39 percent (December 31, 2012: 40 percent).
- Non-current assets are covered by long-term capital at 104 percent (December 31, 2012: 108 percent).

Consolidated Assets, Liabilities, and Equity

€ in millions	June 30, 2013	%	Dec. 31, 2012	%
Non-current assets	96,625	73	96,563	69
Current assets	36,411	27	43,863	31
Total assets	**133,036**	**100**	**140,426**	**100**
Equity	38,136	29	38,820	28
Non-current liabilities	62,230	47	65,027	46
Current liabilities	32,670	24	36,579	26
Total equity and liabilities	**133,036**	**100**	**140,426**	**100**

Employees

As of June 30, 2013, the E.ON Group had 66,466 employees worldwide, about 8 percent fewer than at year-end 2012. E.ON also had 1,399 apprentices and 234 board members and managing directors. As of the same date, 39,317 employees, or 59 percent of all staff, were working outside Germany, 3 percentage points more than at year-end 2012.

Employees[1]

	June 30, 2013	Dec. 31, 2012	+/- %
Generation	9,434	10,055	-6
Renewables	1,775	1,846	-4
Global Commodities	1,762	2,190	-20
Exploration & Production	206	183	+13
Germany	14,273	17,983	-21
Other EU Countries	27,626	28,628	-4
Non-EU Countries	5,070	5,038	+1
Group Management/Other[2]	6,320	6,160	+3
Total	**66,466**	**72,083**	**-8**

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

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

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

Global Commodities' headcount declined significantly because of the transfer of employees to other segments and E.ON 2.0 staff reductions.

Hiring to fill already budgeted positions, mainly in Norway, was responsible for the increase at Exploration & Production. The closure of E&P GmbH in Germany had a negative impact on staff numbers.

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

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

The slight increase in Non-EU Countries' headcount was due mainly to hiring for new-build projects and maintenance work in Russia.

The centralization of support functions led to a slight increase in the number of employees at Group Management/Other. This was partially counteracted by turnover and E.ON 2.0 staff reductions.

Subsequent Events Report

In July 2013 the Bundesrat ratified the Bundestag's resolution regarding the Site Selection Act (*Standortauswahlgesetz*, or "StandAG"). The StandAG's impact on E.ON is described in Note 14 to the Interim Condensed Consolidated Financial Statements.

Forecast Report

Future Macroeconomic Situation

At mid-year, national and international organizations again revised downward their forecasts for economic growth in 2013 for Germany, the euro zone, and the European Union.

Anticipated Earnings Situation

Our forecast for full-year 2013 earnings continues to be significantly influenced by the difficult business environment in the energy industry.

We continue to expect our 2013 EBITDA to be between €9.2 and €9.8 billion. This forecast factors in the loss of earnings streams through asset sales under our divestment program. In addition, we expect our midstream gas business to return to a normal earnings level. The end of the no-cost allocation of carbon allowances and a deteriorated earnings situation at Generation resulting mainly from policy intervention are other negative factors. 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 substantial effects from the measures taken under our E.ON 2.0 efficiency-enhancement program.

We continue to expect our 2013 underlying net income to be between €2.2 and €2.6 billion. Alongside the above-mentioned EBITDA effects, this will result from a higher interest expense and, we expect, a higher tax rate. In 2012 both our interest expense and tax rate were at a low level owing to non-recurring effects.

Our forecast by segment:

We expect Generation's 2013 EBITDA to be below the prior-year figure. The end of the no-cost allocation of carbon allowances is the main negative factor.

We anticipate that Renewables' EBITDA will be higher in 2013, in particular because of increases in installed wind and solar capacity.

We expect Global Commodities' EBITDA to be below the prior-year figure, owing mainly to the non-recurrence of positive one-off effects in the midstream gas business recorded in 2012.

We expect Exploration & Production's 2013 EBITDA to 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 2013 EBITDA to be below the prior-year level, mainly because of disposals.

We expect Other EU Countries' 2013 EBITDA to be at the prior-year level.

At Non-EU Countries we expect Russia's 2013 EBITDA to be at the prior-year level.

Risk Report

The Combined Group Management Report contained in our 2012 Annual Report describes 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, commodity price risks, financial risks, strategic risks, operational risks, external risks, reputation risks, and IT risks—are described in detail in the 2012 Combined Group Management Report. These risks remained essentially unchanged at the end of the first half of 2013.

The following risks are in addition to those described in the 2012 Combined Group Management Report:

The international nature of E.ON's business operations exposes E.ON to risks from currency fluctuation. In addition to the currencies named in the 2012 Combined Group Management Report, we now also face such risks for the Brazilian real and the Turkish lira.

In July 2013 Spain enacted a law that will introduce new reforms for its energy industry. The reforms could affect E.ON's operations in Spain.

The legislative process is currently under way to amend Russia's Mineral Extraction Tax, which is scheduled to take effect on January 1, 2014. Its potential earnings impact cannot yet be quantified.

The situation surrounding the following external risks has changed:

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. For example, risks may result from submissions by Germany's Federal Court of Justice to the European Court of Justice ("ECJ") to request preliminary rulings on whether standard price-adjustment clauses in special-customer contracts (clauses that are also used by E.ON) and whether Germany's Basic Supply Ordinances (*Grundversorgungsverordnungen*) for Power and Gas comply with European law. The Federal Court of Justice's ruling of July 31, 2013, in a case not involving the E.ON Group increases risks in the special-customer segment. On the basis of the ECJ's findings, the Federal Court of Justice declared void a clause in special-customer contracts that is similar to a clause used by E.ON. Because the court has not yet published the reasons for its ruling, the ruling's impact cannot yet be assessed.

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 in Leipzig. Consequently, a new planning process is being conducted to reestablish a reliable planning basis for Datteln 4. The Regionalverband Rhein-Ruhr's passage, on July 5, 2013, of a resolution to initiate proceedings to obtain permission to deviate from the planning objective and the beginning of the public-participation process for the project-related development plan on July 29, 2013, represent important steps in this direction. In view of the ongoing planning processes, the Federal Administrative Court's dismissal, on June 26, 2013, of the leave of appeal of the SAC's ruling issued on June 12, 2012 (which declares void the preliminary decision), other lawsuits still pending, and the current policy environment, we currently anticipate additional delays relative to Datteln 4's originally planned date of commissioning. E.ON is taking provisional measures to ensure the supply of district heating and of traction power until Datteln 4 becomes operational, which we continue to assume will happen. In principle, these types of risks as well as technology-related risks attend our other power and gas new-build projects. By conducting appropriate project management, we strive to identify these risks early on and minimize them.

As established in its coalition agreement, in 2010 the German federal government lifted the Gorleben moratorium and, beginning in October 2010, continued the study of the Gorleben site, albeit with a number of subsequently stipulated restrictions. In late 2012 the Federal Ministry of the Environment announced that the study of Gorleben would be temporarily suspended. The Site Selection Act (*Standortauswahlgesetz*, or StandAG), passed by the Bundestag in June 2013 and by the Bundesrat in July 2013, codifies the suspension of the study of Gorleben. The law was promulgated in the *Bundesgesetzblatt* on July 26, 2013. Portions of the law took effect on July 27, 2013. The rest of the law takes effect on January 1, 2014 . The StandAG calls for Gorleben to remain minimally operational but for it to be frozen in its current state. The data available for Gorleben may only be used in those phases of the site selection process in which similar data are gathered for other potential sites. The StandAG establishes a new levy that imposes the cost burden on entities with a disposal obligation. The StandAG estimates that the industry as a whole will face additional costs of more than €2 billion. The StandAG also calls for an addendum to the Atomic Energy Act that establishes a new obligation for nuclear operators to store reprocessing waste at intermediate storage facilities in close proximity to their nuclear power stations. This obligation takes effect on January 1, 2014.

E.ON restructured six regional distribution companies ("RDCs") in Germany in 2008. As part of this process, system operations were reintegrated into the RDCs so that they function as the distribution system operator. At the same time, generation and retail operations were transferred to subsidiaries and the retail subsidiaries placed under central management. The regulatory agency (the German Federal Network Agency, known by its German acronym, "BNetzA") views RDCs having ownership interests in the retail subsidiaries as a violation of unbundling requirements. Consequently, the BNetzA issued cease-and-desist orders against all newly restructured E.ON Energie RDCs and against E.ON Energie for alleged violations of unbundling requirements. Appeals were filed against these orders. Since then, the process of restructuring the RDCs has been completed. The carving out of retail activities, which will take place this year, will remove the BNetzA's legal concerns. For tax reasons, one of the RDCs (Bayernwerk) cannot complete this step until mid-2015. The BNetzA will tolerate this delay only if it reaches an agreement with E.ON Energie and Bayernwerk to end the appeals process. In return, the BNetzA will refrain, until mid-2015, from taking any enforcement action stemming from the cease-and-desist orders, which, when the appeals process is ended, will be legally valid. The parties have finished negotiating the agreement, which is now being circulated for signing. When the agreement is signed by all parties, E.ON Energie and Bayernwerk will withdraw their appeals, which will end the appeals process.

We merged E.ON Energy Trading and E.ON Ruhrgas in the first half of 2013. The name of the merged entity is E.ON Global Commodities. Consequently, we adjusted our commentary on gas procurement as follows.

E.ON Global Commodities obtains most of the gas it delivers to customers in and outside Germany pursuant to long-term supply contracts with producers in Russia, Germany, the Netherlands, Norway, and other countries. In addition to procuring gas on a long-term, contractually secured basis, E.ON Global Commodities is active at various gas trading markets in Europe. Because liquidity at these markets has increased considerably, they represent a significant additional procurement source. E.ON Global Commodities therefore has a highly diversified gas procurement portfolio. Nevertheless, it faces a risk of supply interruptions from individual procurement sources resulting, for example, from technical problems at production facilities or in the transmission system or other restrictions that may affect transit. Such events are outside E.ON Global Commodities' control.

Management's Evaluation of the Risk Situation

At the end of the first half of 2013, the risk situation of the E.ON Group's operating business—including the above-described new and altered risks—had not changed significantly compared with year-end 2012. 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 2012 Combined Group Management Report describes the processes by which the E.ON Group identifies opportunities along with our businesses' main opportunities. These opportunities had not changed significantly as of the end of the first half of 2013.

Review Report

To E.ON SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flows statement, statement of changes in equity and selected explanatory notes – and the interim group management report of E.ON SE, Düsseldorf, for the period from January 1 to June 30, 2013 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, August 12, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	April 1–June 30 2013	April 1–June 30 2012[1]	January 1–June 30 2013	January 1–June 30 2012[1]
Sales including electricity and energy taxes		29,172	30,092	65,612	66,436
Electricity and energy taxes		-410	-421	-969	-1,034
Sales	(13)	**28,762**	**29,671**	**64,643**	**65,402**
Changes in inventories (finished goods and work in progress)		31	54	13	96
Own work capitalized		83	104	162	135
Other operating income		2,984	2,490	7,743	5,676
Cost of materials		-25,197	-25,484	-55,966	-55,921
Personnel costs		-1,165	-1,267	-2,392	-2,469
Depreciation, amortization and impairment charges		-889	-948	-1,978	-1,890
Other operating expenses		-3,159	-3,550	-7,160	-7,414
Income from companies accounted for under the equity method		61	251	-8	501
Income/Loss (-) from continuing operations before financial results and income taxes		**1,511**	**1,321**	**5,057**	**4,116**
Financial results	(6)	-392	-240	-878	-735
Income/Loss (-) from equity investments		*42*	*22*	*16*	*34*
Income from other securities, interest and similar income		*123*	*386*	*266*	*565*
Interest and similar expenses		*-557*	*-648*	*-1,160*	*-1,334*
Income taxes		-93	169	-820	-288
Income/Loss (-) from continuing operations		**1,026**	**1,250**	**3,359**	**3,093**
Income from discontinued operations, net		–	–	–	27
Net income		**1,026**	**1,250**	**3,359**	**3,120**
Attributable to shareholders of E.ON SE		*919*	*1,180*	*3,069*	*2,893*
Attributable to non-controlling interests		*107*	*70*	*290*	*227*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(7)				
from continuing operations		0.48	0.62	1.61	1.51
from discontinued operations		0.00	0.00	0.00	0.01
from net income		**0.48**	**0.62**	**1.61**	**1.52**

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

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

€ in millions	April 1–June 30 2013	April 1–June 30 2012	January 1–June 30 2013	January 1–June 30 2012
Net income	**1,026**	**1,250**	**3,359**	**3,120**
Changes in actuarial gains/losses of defined benefit pension plans and similar obligations	486	-883	500	-1,640
Income taxes	-133	249	-153	469
Items never reclassified subsequently to profit or loss	**353**	**-634**	**347**	**-1,171**
Cash flow hedges	31	-61	68	-168
Unrealized changes	*225*	*-61*	*196*	*-85*
Reclassification adjustments recognized in income	*-194*	*–*	*-128*	*-83*
Available-for-sale securities	-123	-18	-122	-94
Unrealized changes	*-77*	*1*	*-18*	*-51*
Reclassification adjustments recognized in income	*-46*	*-19*	*-104*	*-43*
Currency translation adjustments	-792	-373	-782	274
Unrealized changes	*-780*	*-335*	*-750*	*319*
Reclassification adjustments recognized in income	*-12*	*-38*	*-32*	*-45*
Companies accounted for under the equity method	-173	-19	-545	-16
Unrealized changes	*-173*	*-19*	*-201*	*-16*
Reclassification adjustments recognized in income	*–*	*–*	*-344*	*–*
Income taxes	-5	123	-17	102
Items that may be reclassified subsequently to profit or loss	**-1,062**	**-348**	**-1,398**	**98**
Total income and expenses recognized directly in equity	**-709**	**-982**	**-1,051**	**-1,073**
Total recognized income and expenses (total comprehensive income)	**317**	**268**	**2,308**	**2,047**
Attributable to shareholders of E.ON SE	*281*	*320*	*2,067*	*1,869*
Attributable to non-controlling interests	*36*	*-52*	*241*	*178*

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	June 30, 2013	Dec. 31, 2012[1]
Assets			
Goodwill		12,831	13,440
Intangible assets		6,585	6,869
Property, plant and equipment		51,942	54,173
Companies accounted for under the equity method	(8)	6,372	4,067
Other financial assets	(8)	5,958	6,358
Equity investments		*1,690*	*1,612*
Non-current securities		*4,268*	*4,746*
Financial receivables and other financial assets		3,707	3,692
Operating receivables and other operating assets		3,459	2,400
Income tax assets		108	123
Deferred tax assets		5,663	5,441
Non-current assets		**96,625**	**96,563**
Inventories		3,632	4,734
Financial receivables and other financial assets		2,375	2,058
Trade receivables and other operating assets		21,562	24,354
Income tax assets		866	910
Liquid funds		6,393	6,546
Securities and fixed-term deposits		*3,510*	*3,281*
Restricted cash and cash equivalents		*441*	*449*
Cash and cash equivalents		*2,442*	*2,816*
Assets held for sale	(4)	1,583	5,261
Current assets		**36,411**	**43,863**
Total assets		**133,036**	**140,426**
Equity and Liabilities			
Capital stock		2,001	2,001
Additional paid-in capital		13,740	13,740
Retained earnings		24,153	22,869
Accumulated other comprehensive income		-1,471	-147
Treasury shares	(9)	-3,505	-3,505
Equity attributable to shareholders of E.ON SE		**34,918**	**34,958**
Non-controlling interests (before reclassification)		3,745	4,410
Reclassification related to put options		-527	-548
Non-controlling interests		**3,218**	**3,862**
Equity		**38,136**	**38,820**
Financial liabilities		18,660	21,937
Operating liabilities		6,877	5,655
Income taxes		1,878	2,053
Provisions for pensions and similar obligations	(11)	3,881	4,945
Miscellaneous provisions		23,266	23,656
Deferred tax liabilities		7,668	6,781
Non-current liabilities		**62,230**	**65,027**
Financial liabilities		5,070	4,007
Trade payables and other operating liabilities		22,341	25,935
Income taxes		1,083	1,391
Miscellaneous provisions		3,789	4,049
Liabilities associated with assets held for sale	(4)	387	1,197
Current liabilities		**32,670**	**36,579**
Total equity and liabilities		**133,036**	**140,426**

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

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

January 1–June 30 € in millions	2013	2012
Net income	3,359	3,120
Income/Loss (-) from discontinued operations, net	–	-27
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,978	1,890
Changes in provisions	290	-753
Changes in deferred taxes	587	453
Other non-cash income and expenses	-18	-501
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-1,919	-177
Changes in operating assets and liabilities and in income taxes	-197	-1,526
Cash provided by operating activities of continuing operations (operating cash flow)[1]	**4,080**	**2,479**
Proceeds from disposal of	5,222	635
Intangible assets and property, plant and equipment	*155*	*157*
Equity investments	*5,067*	*478*
Purchases of investments in	-4,529	-2,720
Intangible assets and property, plant and equipment	*-1,742*	*-2,330*
Equity investments	*-2,787*	*-390*
Changes in securities and fixed-term deposits	-759	-648
Changes in restricted cash and cash equivalents	3	-342
Cash used for investing activities of continuing operations	**-63**	**-3,075**
Payments received/made from changes in capital[2]	-23	-167
Cash dividends paid to shareholders of E.ON SE	-2,097	-1,905
Cash dividends paid to non-controlling interests	-123	-149
Changes in financial liabilities	-2,132	623
Cash used for financing activities of continuing operations	**-4,375**	**-1,598**
Net increase/decrease in cash and cash equivalents	**-358**	**-2,194**
Effect of foreign exchange rates on cash and cash equivalents	-14	4
Cash and cash equivalents at the beginning of the year[3]	2,823	3,855
Cash and cash equivalents of continuing operations at the end of the quarter[4]	**2,451**	**1,665**

[1]Additional information on operating cash flow is provided in Note 13.
[2]No material netting has taken place in either of the years presented here.
[3]Cash and cash equivalents of continuing operations at the beginning of 2013 also include a combined total of €7 million at the E.ON Thüringer Energie group and at the E.ON Energy from Waste group, both of which had been disposed of by the end of the quarter. In 2012, this line included an amount of €3 million at E.ON Bulgaria, which had been reported as a disposal group.
[4]Cash and cash equivalents of continuing operations at the end of the second quarter of 2013 include an amount of €3 million at E.ON Földgáz Trade, which is reported as a disposal group, and an amount of €6 million at the E.ON Finland group. In 2012, this line included an amount of €2 million at E.ON Bulgaria, which had been reported as a disposal group.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income: Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2012[1]	**2,001**	**13,747**	**23,820**	**-1,117**	**895**	**-55**
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends paid			-1,905			
Share additions			14			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			1,817	340	-138	-150
Net income			*2,893*			
Other comprehensive income			*-1,076*	*340*	*-138*	*-150*
Changes in actuarial gains/losses of defined benefit pension plans and similar obligations			*-1,076*			
Changes in accumulated other comprehensive income				*340*	*-138*	*-150*
Balance as of June 30, 2012	**2,001**	**13,747**	**23,746**	**-777**	**757**	**-205**
Balance as of January 1, 2013[1]	**2,001**	**13,740**	**22,869**	**-614**	**810**	**-343**
Change in scope of consolidation						
Capital increase						
Capital decrease						
Dividends paid			-2,097			
Share additions			-10			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			3,391	-1,237	-104	17
Net income			*3,069*			
Other comprehensive income			*322*	*-1,237*	*-104*	*17*
Changes in actuarial gains/losses of defined benefit pension plans and similar obligations			*322*			
Changes in accumulated other comprehensive income				*-1,237*	*-104*	*17*
Balance as of June 30, 2013	**2,001**	**13,740**	**24,153**	**-1,851**	**706**	**-326**

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

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-3,530	**35,761**	**4,484**	**-608**	**3,876**	**39,637**
		-75		-75	-75
		17		17	17
		-9		-9	-9
	-1,905	-179		-179	-2,084
	14	-214		-214	-200
			7	7	7
	1,869	178		178	2,047
	2,893	*227*		*227*	*3,120*
	-1,024	*-49*		*-49*	*-1,073*
	-1,076	*-95*		*-95*	*-1,171*
	52	*46*		*46*	*98*
-3,530	**35,739**	**4,202**	**-601**	**3,601**	**39,340**
-3,505	**34,958**	**4,410**	**-548**	**3,862**	**38,820**
		-680		-680	-680
		14		14	14
		-17		-17	-17
	-2,097	-212		-212	-2,309
	-10	-11		-11	-21
			21	21	21
	2,067	241		241	2,308
	3,069	*290*		*290*	*3,359*
	-1,002	*-49*		*-49*	*-1,051*
	322	*27*		*27*	*349*
	-1,324	*-76*		*-76*	*-1,400*
-3,505	**34,918**	**3,745**	**-527**	**3,218**	**38,136**

Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Report for the six months ended June 30, 2013, has been prepared in accordance with all IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations 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 2012 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, 2012, which provide the basis for this Interim Report.

(2) Newly Adopted Standards and Interpretations

IFRS 13, "Fair Value Measurement"

In May 2011, the IASB issued the new standard IFRS 13, "Fair Value Measurement" ("IFRS 13"). The objective of the standard is to define the term "fair value" and to establish guidance and disclosure requirements for fair value measurement that should be applied across standards. In the standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. For non-financial assets, the fair value is determined based on the highest and best use of the asset as determined by a market participant. IFRS 13 has been transferred by the EU into European law. The standard took effect on January 1, 2013, and is applied prospectively. The initial application of IFRS 13 resulted in a reduction in the amounts recognized for assets and liabilities measured at fair value. The net effect amounted to €12 million.

Omnibus Standard to Amend Multiple International Financial Reporting Standards

In the context of its Annual Improvements Process, the IASB revises existing standards. In May 2012, the IASB published a corresponding omnibus standard, the fourth issued under this process. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. Application of the amendments is mandatory for fiscal years beginning on or after January 1, 2013. Earlier application is permitted. The omnibus standard has been transferred by the EU into European law. It will result in no material changes for E.ON affecting its Consolidated Financial Statements.

Amendments to IAS 1, "Presentation of Financial Statements"

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The changes stipulate that the individual components of other comprehensive income ("OCI") shall in future be separated in the statement of comprehensive income according to whether they will be recycled into the income statement at a later date or not. The amendments are to be applied for fiscal years beginning on or after July 1, 2012. They have been transferred by the EU into European law.

Amendments to IAS 12, "Income Taxes"—Deferred Tax: Recovery of Underlying Assets

In December 2010, the IASB issued amendments to IAS 12, "Income Taxes" ("IAS 12"). When measuring temporary tax differences in connection with real estate held as investment property, there is now a presumption that such temporary differences are normally reversed through sale, rather than through continued use. The amendments are to be applied for fiscal years beginning on or after January 1, 2013. They have been transferred by the EU into European law. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 19, "Employee Benefits"

Effective January 1, 2013, E.ON is applying the amendments to IAS 19, "Employee Benefits," published by the IASB in June 2011 ("IAS 19R"), for the first time. The amendments have been transferred by the EU into European law. The following are the effects of the amended standard on the Consolidated Financial Statements: The expected return on plan assets and the interest cost of the defined benefit obligations are replaced by one uniform net interest result that is based on the discount rate. The net interest result is calculated on the basis of the net pension liabilities or assets resulting from the existing defined benefit pension plans. Any past service cost is generally recognized in full, in the period in which the underlying plan amendment occurs. Actuarial gains and losses have always been fully and immediately recognized in OCI in the past. The elimination of the option to apply the so-called "corridor method," or to expense actuarial gains and losses immediately, therefore has no impact on E.ON. Furthermore, additional disclosures will be required on matters including the features of the existing pension plans, the identifiable risks to which the entity is exposed and the effects of the defined benefit plans on the entity's future cash flows. The amended standard also contains a revision of the rules governing termination benefits.

The effects of the transition to IAS 19R on the balance sheet and on the income statement are illustrated in the tables below:

IAS 19R—Consolidated Balance Sheet

€ in millions	December 31, 2012 before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment	January 1, 2012 before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment
Total assets	**140,426**	**–**	**140,426**	**152,872**	**-10**	**152,862**
Liabilities	**101,607**	**-1**	**101,606**	**113,259**	**-34**	**113,225**
Provisions for pensions and similar obligations	*4,890*	*55*	*4,945*	*3,245*	*55*	*3,300*
Miscellaneous provisions for personnel obligations	*2,305*	*-53*	*2,252*	*2,258*	*-87*	*2,171*
Total equity	**38,819**	**1**	**38,820**	**39,613**	**24**	**39,637**

IAS 19R—Consolidated Statement of Income

€ in millions	January 1–June 30 2012 before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment
Income/Loss (-) from continuing operations before financial results and income taxes	**4,131**	**-15**	**4,116**
Financial Results	-732	-3	-735
Income taxes	-293	5	-288
Income/Loss (-) from continuing operations	**3,106**	**-13**	**3,093**
Net income	**3,133**	**-13**	**3,120**

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

In December 2011, the IASB issued 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 are to be applied for fiscal years beginning on or after January 1, 2014. The amendments to IFRS 7 are to be applied for fiscal years beginning on or after January 1, 2013. They have been transferred by the EU into European law. E.ON anticipates that the initial application of the amendments to IAS 32 will produce an effect from the switch to gross presentation adding €1.4 billion to total assets and liabilities on the balance sheet.

(3) Scope of Consolidation

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

Scope of Consolidation	Domestic	Foreign	Total
Consolidated companies as of December 31, 2012	154	297	451
Additions	2	4	6
Disposals/Mergers	25	14	39
Consolidated companies as of June 30, 2013	**131**	**287**	**418**

As of June 30, 2013, 66 companies were accounted for under the equity method (December 31, 2012: 97).

(4) Acquisitions, Disposals and Discontinued Operations

Disposal Groups and Assets Held for Sale in 2013

In the course of the implementation of the divestment strategy, the following activities were classified as disposal groups or as assets held for sale in the first six months of 2013:

E.ON in Finland

In June 2013, E.ON signed a contract for the sale of its Finnish activities. The purchase price is €0.1 billion. The transaction is expected to close in the third quarter of 2013. The activities are reported as a disposal group as of the second quarter 2013. Held by the Sweden regional unit, the disposal group's major asset items are property, plant and equipment (€0.1 billion) and financial assets (€0.1 billion). The liabilities side of the balance sheet consists 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 €0.4 billion. As part of the transaction, E.ON is buying 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 €0.5 billion in debt, is €0.9 billion. An impairment charge of €0.2 billion was recognized on the units, and on the attributable goodwill, in the first quarter of 2013. The transaction is expected to close in the third quarter of 2013. Held by the Global Commodities global unit, the major asset items of the two units are 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 consists primarily of liabilities (€0.2 billion) and provisions (€0.1 billion).

E.ON Thüringer Energie

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

Slovenský Plynárenský Priemysel (SPP)

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

E.ON Energy from Waste

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

E.ON Wasserkraft

At the beginning of December 2012, E.ON and Austria's Verbund AG, Vienna, Austria, signed contracts for a substantial asset swap. 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 Held by E.ON Czech (JMP)

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, and the stake is held by the Group's Renewables global unit. The carrying amount of the property, plant and equipment to be transferred is €0.1 billion. E.ON will receive a comparable sum as compensation for this regulatory action. The disposal is expected to take place in the second half of 2013.

Notes to the Condensed Consolidated Interim Financial Statements

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

Disposal Groups and Assets Held for Sale in 2012

In the course of the implementation of the divestment strategy, the following activities were classified as disposal groups or assets held for sale during 2012:

Horizon
In October 2012, E.ON signed a contract for the sale of its interest in Horizon Nuclear Power Limited, Gloucester, U.K., to the Japanese industrial group Hitachi. The purchase price for the 50-percent stake amounted to approximately €0.4 billion. The shareholding was held as a joint venture in the U.K. regional unit, with a carrying amount of €0.3 billion as of September 30, 2012. The transaction closed in November 2012.

Open Grid Europe
In July 2012, E.ON sold its shares in the gas transmission company Open Grid Europe GmbH, Essen, Germany, to a consortium of infrastructure investors. The purchase price was approximately €3.2 billion and included the assumption of pension obligations and certain assets. As negotiations had already reached an advanced stage by May 2012, the activities had been presented as a disposal group as of that date. Held in the Optimization & Trading global unit, Open Grid Europe had net assets of approximately €3.2 billion as of the disposal date. The major balance sheet line items were €3.1 billion in intangible assets and property, plant and equipment, €0.5 billion in financial assets and €0.7 billion in current assets, as well as €0.6 billion in deferred tax liabilities and €0.5 billion in other liabilities. The sale resulted in a minimal pre-tax gain on disposal.

E.ON Bulgaria
In December 2011, E.ON signed an agreement with the Czech company ENERGO-PRO on the disposal of its wholly-owned subsidiary E.ON Bulgaria. The purchase price was approximately €0.1 billion. The major asset items on the balance sheet were property, plant and equipment (€0.2 billion) and current assets (€0.1 billion). Provisions and liabilities amounted to €0.1 billion in total. The agreement on the purchase price necessitated the recognition in December 2011 of impairment charges on goodwill and non-current assets totaling about €0.1 billion. The transaction closed at the end of June 2012.

HSE
Following the disposal of the Thüga group, a concrete stage in negotiations on the disposal of the 40-percent shareholding in HEAG Südhessische Energie AG, Darmstadt, Germany, accounted for in the Gas global unit, was reached in the third quarter of 2010. Accordingly, the ownership interest was reclassified as an asset held for sale at the end of August 2010. The book value and the purchase price of the ownership interest both amounted to approximately €0.3 billion. The contract for the sale was signed in February 2012. The transaction closed at the end of June 2012.

Interconnector
As part of a series of portfolio optimizations, the 15.09-percent shareholding in Interconnector (UK) Ltd., London, United Kingdom, was also sold. In line with the stage of negotiations on that date, the ownership interest was presented as an asset held for sale as of June 30, 2012. This equity investment, which was accounted for in the Optimization & Trading global unit, was sold effective September 2012, with a negligible gain realized on the disposal.

Property at Brienner Straße, Munich
Following the closure of the E.ON Energie AG location in Munich implemented in the course of the E.ON 2.0 efficiency-enhancement and cost-cutting program, the property at Brienner Straße was sold in the fourth quarter of 2012 with a negligible gain on disposal. Accordingly, as of September 30, 2012, the property (€0.1 billion) was reported as an asset held for sale.

(5) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €16 million in the first six months of 2013 (first six months of 2012: €17 million).

(6) Financial Results

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

Financial Results				
	April 1–June 30		January 1–June 30	
€ in millions	2013	2012	2013	2012
Income from companies in which equity investments are held	51	47	54	61
Impairment charges/reversals on other financial assets	-9	-25	-38	-27
Income/Loss (-) from equity investments	**42**	**22**	**16**	**34**
Income from securities, interest and similar income	123	386	266	565
Interest and similar expenses	-557	-648	-1,160	-1,334
Net interest income	**-434**	**-262**	**-894**	**-769**
Financial results	**-392**	**-240**	**-878**	**-735**

(7) Earnings per Share

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

Earnings per Share				
	April 1–June 30		January 1–June 30	
€ in millions	2013	2012	2013	2012
Income/Loss (-) from continuing operations	1,026	1,250	3,359	3,093
Less: Non-controlling interests	-107	-70	-290	-227
Income/Loss (-) from continuing operations (attributable to shareholders of E.ON SE)	**919**	**1,180**	**3,069**	**2,866**
Income from discontinued operations, net	–	–	–	27
Net income attributable to shareholders of E.ON SE	**919**	**1,180**	**3,069**	**2,893**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	0.48	0.62	1.61	1.51
from discontinued operations	0.00	0.00	0.00	0.01
from net income	**0.48**	**0.62**	**1.61**	**1.52**
Weighted-average number of shares outstanding (in millions)	1,907	1,905	1,907	1,905

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

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

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	June 30, 2013	Dec. 31, 2012
Companies accounted for under the equity method	6,372	4,067
Equity investments	1,690	1,612
Non-current securities	4,268	4,746
Total	**12,330**	**10,425**

The increase in the amount reported for companies accounted for under the equity method is primarily attributable to the acquisition of Enerjisa and to the increased shareholding in MPX Energia S.A., Rio de Janeiro, Brazil.

The net loss of €8 million from companies accounted for under the equity method (first six months of 2012: net income of €501 million) includes impairments totaling €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 June 30, 2013, was 1,906,750,722 (December 31, 2012: 1,906,750,395).

As of June 30, 2013, E.ON SE and one of its subsidiaries held a total of 94,249,278 treasury shares (December 31, 2012: 94,249,605) having a consolidated book value of €3,505 million (equivalent to 4.71 percent or €94,249,278 of the capital stock).

(10) Dividends Paid

At the Annual Shareholders Meeting on May 3, 2013, shareholders voted to distribute a dividend of €1.10 (2012: €1.00) for each dividend-paying ordinary share. The total dividend payout was €2,097 million (2012: €1,905 million).

(11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations decreased by €1,064 million from year-end 2012. The main causes of the decrease were employer contributions to plan assets, as well as net actuarial gains, which resulted primarily from the increase in the discount rates used in Germany and in the United Kingdom. Additions attributable to the net periodic pension cost, net pension payments and reductions in provisions for pensions resulting from disposals of Group companies mostly offset.

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

Discount Rates

Percentages	June 30, 2013	Dec. 31, 2012
Germany	3.70	3.40
U.K.	4.90	4.40

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	June 30, 2013	Dec. 31, 2012
Present value of all defined benefit obligations	15,542	16,824
Fair value of plan assets	-11,666	-11,881
Net amount recognized	**3,876**	**4,943**
Presented as operating receivables	*-5*	*-2*
Presented as provisions for pensions and similar obligations	*3,881*	*4,945*

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

Net Periodic Pension Cost for Defined Benefit Plans

	April 1–June 30		January 1–June 30	
€ in millions	2013	2012	2013	2012
Employer service cost	68	62	134	121
Net interest on the net defined benefit liability	38	34	76	69
Past service cost	4	7	35	7
Total	**110**	**103**	**245**	**197**

(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. Through the first-time adoption of IFRS 13, this resulted in income from derivatives amounting to €12 million in the first six months of 2013.

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.

Presentation of Financial Instruments

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

Carrying Amounts of Financial Instruments as of June 30, 2013

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,690	149	280
Derivatives	8,236	2,948	4,976
Securities and fixed-term deposits	7,778	6,943	835
Cash and cash equivalents	2,442	2,442	–
Restricted cash	441	441	–
Liabilities			
Derivatives	8,796	3,665	5,053

Carrying Amounts of Financial Instruments as of December 31, 2012

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,612	154	207
Derivatives	6,433	1,221	5,008
Securities and fixed-term deposits	8,027	7,217	810
Cash and cash equivalents	2,816	2,781	35
Restricted cash	449	449	–
Liabilities			
Derivatives	7,306	2,594	4,605

Financial assets and liabilities whose fair values are determined using valuation techniques (Level 3) are presented in the table "Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)" on page 43.

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of commercial paper, borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. The fair value of the bonds as of June 30, 2013, was €24,515 million (December 31, 2012: €25,274 million). The carrying amount of the bonds as of June 30, 2013, was €18,242 million (December 31, 2012: €20,634 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount.

There were no material reclassifications between fair-value-hierarchy levels in the second quarter of 2013. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. Because of the use of new valuation techniques, additional equity investments amounting to €48 million were presented within Level 3 of the fair value hierarchy in the first six months of 2013. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

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

€ in millions	Jan. 1, 2013	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/Losses in OCI	June 30, 2013
Equity investments	1,251	85	-88	–	-12	48	–	-23	1,261
Derivative financial instruments	97	1	–	130	6	–	–	–	234
Total	**1,348**	**86**	**-88**	**130**	**-6**	**48**	**0**	**-23**	**1,495**

At the beginning of 2013, a net loss of €38 million from the initial measurement of derivatives was deferred. After realization of €2 million in deferred gains, the remainder at the end of the quarter was a deferred loss of €40 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 €41 million or an increase of €65 million, respectively.

Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €6,456 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 June 30, 2013, 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 International Financial Reporting Standard ("IFRS") 8, "Operating Segments" ("IFRS 8"). At the beginning of 2013, the existing Optimization & Trading segment was renamed Global Commodities. A small number of individual companies were also transferred out of the Germany regional unit into the Renewables global unit. The corresponding comparative prior-year figures have been adjusted.

Notes to the Condensed Consolidated Interim Financial Statements

Global Units

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

Generation

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

Renewables

E.ON also takes a global approach to managing its carbon-sourcing and renewables businesses. The objective at this unit is to extend the Group's leading position in the growing renewables market.

Global Commodities

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

Exploration & Production

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

Financial Information by Business Segment

January 1–June 30 € in millions	Generation		Renewables		Global Commodities	
	2013	2012	2013	2012	2013	2012
External sales	1,271	1,509	415	448	29,491	29,822
Intersegment sales	4,161	4,716	878	802	17,953	18,843
Sales	**5,432**	**6,225**	**1,293**	**1,250**	**47,444**	**48,665**
EBITDA[1]	**915**	**1,161**	**793**	**690**	**714**	**1,805**
Earnings from companies accounted for under the equity method[2]	*11*	*8*	*8*	*8*	*64*	*338*
Operating cash flow before interest and taxes	**1,368**	**1,843**	**826**	**581**	**-426**	**725**
Investments	**288**	**485**	**396**	**731**	**80**	**199**

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

Financial Information by Business Segment—Presentation of Other EU Countries

January 1–June 30 € in millions	U.K.		Sweden		Czechia	
	2013	2012	2013	2012	2013	2012
External sales	5,218	4,976	1,459	1,388	1,484	1,498
Intersegment sales	41	–	86	103	72	92
Sales	**5,259**	**4,976**	**1,545**	**1,491**	**1,556**	**1,590**
EBITDA[1]	**309**	**297**	**451**	**390**	**293**	**252**
Earnings from companies accounted for under the equity method[2]	–	–	*11*	*7*	*3*	*16*
Operating cash flow before interest and taxes	**-99**	**-62**	**456**	**315**	**219**	**241**
Investments	**41**	**52**	**162**	**132**	**58**	**51**

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

Regional Units

E.ON's distribution and sales operations in Europe are managed by eleven regional units in total. For segment reporting purposes, the Germany, United Kingdom, Sweden, Czechia and Hungary regional units are reported separately. Those units not reported separately are grouped together and reported in summarized form as "Other regional units." They include the Italy, Spain, France, Netherlands, Slovakia and Romania regional units, and through the end of June 2012, the Bulgaria unit (see Note 4 for further discussion of the Bulgaria unit).

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

Since the beginning of 2013, the businesses in Brazil and the activities in Turkey acquired in the second quarter of 2013 are reported in the "Other Non-EU Countries" operating segment. The comparative prior-year figures have been adjusted accordingly.

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

Since January 1, 2011, EBITDA has been the key measure at E.ON for purposes of internal management control and as an indicator of a business's long-term earnings power. EBITDA is derived from income/loss before interest, taxes, depreciation and amortization (including impairments and reversals) and adjusted to exclude 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	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
757	656	19,604	19,890	12,071	12,112	945	887	89	78	64,643	65,402
182	110	508	661	490	554	–	–	-24,172	-25,686	0	0
939	**766**	**20,112**	**20,551**	**12,561**	**12,666**	**945**	**887**	**-24,083**	**-25,608**	**64,643**	**65,402**
461	**337**	**1,402**	**1,221**	**1,361**	**1,303**	**314**	**350**	**-265**	**-171**	**5,695**	**6,696**
20	*34*	*44*	*40*	*38*	*54*	*-37*	–	–	*1*	*148*	*483*
418	**419**	**2,173**	**979**	**887**	**917**	**351**	**328**	**-424**	**-592**	**5,173**	**5,200**
245	**255**	**452**	**297**	**353**	**367**	**2,670**	**396**	**45**	**-10**	**4,529**	**2,720**

Hungary		Other regional units		Other EU Countries	
2013	2012	2013	2012	2013	2012
933	964	2,977	3,286	12,071	12,112
14	31	277	328	490	554
947	**995**	**3,254**	**3,614**	**12,561**	**12,666**
76	**93**	**232**	**271**	**1,361**	**1,303**
–	–	*24*	*31*	*38*	*54*
43	**75**	**268**	**348**	**887**	**917**
29	**58**	**63**	**74**	**353**	**367**

Notes to the Condensed Consolidated Interim Financial Statements

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

January 1–June 30 € in millions	Russia 2013	Russia 2012	Other Non-EU Countries 2013	Other Non-EU Countries 2012	Non-EU Countries 2013	Non-EU Countries 2012
External sales	945	887	–	–	945	887
Intersegment sales	–	–	–	–	0	0
Sales	**945**	**887**	**0**	**0**	**945**	**887**
EBITDA[1]	**355**	**350**	**-41**	**–**	**314**	**350**
Earnings from companies accounted for under the equity method[2]	–	–	*-37*	–	*-37*	*0*
Operating cash flow before interest and taxes	**368**	**328**	**-17**	**–**	**351**	**328**
Investments	**145**	**123**	**2,525**	**273**	**2,670**	**396**

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

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

Operating Cash Flow

January 1–June 30 € in millions	2013	2012	Difference
Operating cash flow before interest and taxes	**5,173**	**5,200**	**-27**
Interest payments	-511	-609	98
Tax payments	-582	-2,112	1,530
Operating cash flow	**4,080**	**2,479**	**1,601**

The reduction in income tax payments is primarily attributable to the payment of approximately €1.6 billion in creditable withholding taxes in the first quarter of 2012. The refund was received in the third quarter of 2012.

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–June 30 € in millions	2013	2012
EBITDA[1]	**5,695**	**6,696**
Depreciation and amortization	-1,703	-1,778
Impairments (-)/Reversals (+)[2]	-25	-54
EBIT[1]	**3,967**	**4,864**
Economic interest income (net)	-890	-725
Net book gains/losses	1,832	67
Restructuring/cost-management expenses	-213	-144
Other non-operating earnings	-517	-681
Income/Loss (-) from continuing operations before taxes	**4,179**	**3,381**
Income taxes	-820	-288
Income/Loss (-) from continuing operations	**3,359**	**3,093**
Income from discontinued operations, net	–	27
Net income	**3,359**	**3,120**
Attributable to shareholders of E.ON SE	*3,069*	*2,893*
Attributable to non-controlling interests	*290*	*227*

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

Other non-operating income and expenses for the reporting period include impairment charges totaling €0.4 billion. Approximately €0.1 billion of these impairments was attributable primarily to the Renewables unit.

Page 19 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 July 2013, the Bundesrat ratified the Site Selection Act as passed by the Bundestag. Accordingly, E.ON will recognize the financial impact of the legislation in the third quarter of 2013, and is currently also conducting an overall assessment of nuclear power activities in Germany in this context. Overall, E.ON currently anticipates a minor one-time impact on earnings in the third quarter of 2013, along with a slight reduction of underlying net income in subsequent years.

Responsibility Statement

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

Düsseldorf, Germany, August 11, 2013

The Board of Management

Teyssen

Birnbaum

Kildahl

Reutersberg

Schenck

Winkel

Financial Calendar

November 13, 2013	Interim Report: January – September 2013
March 12, 2014	Release of the 2013 Annual Report
April 30, 2014	2014 Annual Shareholders Meeting
May 2, 2014	Dividend Payout
May 13, 2014	Interim Report: January – March 2014
August 13, 2014	Interim Report: January – June 2014
November 12, 2014	Interim Report: January – September 2014

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