Interim Report III/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–September 30	2013	2012	+/- %
Electricity sales	535.2 billion kWh	550.6 billion kWh	-3
Gas sales	806.2 billion kWh	837.6 billion kWh	-4
Sales	€89,337 million	€93,629 million	-5
EBITDA[1]	€7,117 million	€8,806 million	-19
EBIT[1]	€4,441 million	€6,103 million	-27
Net income	€2,919 million	€3,006 million	-3
Net income attributable to shareholders of E.ON SE	€2,613 million	€2,707 million	-3
Underlying net income	€1,907 million	€4,022 million	-53
Investments	€6,328 million	€4,334 million	+46
Cash provided by operating activities of continuing operations	€5,297 million	€6,827 million	-22
Economic net debt (September 30 and December 31)	-€33,104 million	-€35,934 million	+2,830[2]
Employees (September 30 and December 31)	64,225	72,083	-11
Earnings per share attributable to shareholders of E.ON SE	€1.37	€1.42	-4
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

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

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

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

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

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

Interim Report III/2013

January 1 – September 30, 2013

- As anticipated, EBITDA and underlying net income below prior-year figures
- Economic net debt reduced further
- Outlook confirmed and forecast range narrowed: full-year EBITDA expected to be between €9.2 and €9.3 billion, underlying net income between €2.2 and €2.4 billion

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Dear Shareholders,

E.ON's earnings performance in the first three quarters of 2013 was as planned. Nine-month EBITDA declined by 19 percent year on year to €7.1 billion, underlying net income by 53 percent to €1.9 billion. Both results are in line with our expectations. Because our business and regulatory environment has remained difficult, at the time we released our first-half numbers we assumed that in the rest of the financial year risks will predominate in the current market situation. This assessment proved to be true in the third quarter as well and is reflected in current numbers. As a result, we expect our full-year 2013 EBITDA to be at the lower end of the forecast range of €9.2 to €9.8 billion and can therefore narrow this range to €9.2 and €9.3 billion. We're also able to narrow the forecast range of €2.2 to €2.6 billion for our full-year underlying net income and now expect it to be €2.2 to €2.4 billion. These numbers reflect the fact that the ramifications of the transformation of Germany's energy system, in particular the insufficient market prices for conventional energy, are having a tangible adverse impact on our business.

In the third quarter we continued reshaping our company in line with our strategy. Our renewables business recently inaugurated Kårehamn wind farm off the southeast coast of Sweden. Among the vessels used to build it was the MPI Discovery, a construction ship that we've chartered exclusively for the next several years to build our offshore wind farms and that's now being used to build Amrumbank West wind farm in the German North Sea. After just six years of focused growth, our renewables business is a mainstay of our earnings. Our industrial-scale approach across the entire lifecycle—from development to maintenance—makes our technologically advanced wind fleet one of the most profitable in the industry. We're also taking new approaches to integrate renewables into the overall energy system. In Falkenhagen in eastern Germany we commissioned a plant that converts renewable-source electricity into hydrogen which is injected into the gas pipeline system. We've also taken important steps to grow our distributed-generation and energy-efficiency business. Our acquisition of Matrix, the U.K. market leader in energy management and energy efficiency for commercial buildings, gives us a decisive key competency for better meeting customers' needs in tomorrow's energy world. The new organizational setup of our retail business in Germany is also customer-centric. Now centrally managed, this business continues to operate from a variety of locations across Germany, ensuring its customer proximity. That's decisive when it comes to offering the right energy solutions to our customers in a highly competitive marketplace. In Turkey we successfully concluded the acquisition of Ayedaş and Toroslar regional distribution companies. In our service territories in Başkent, Ayedaş, and Toroslar we now supply 9 million customers with energy. In Brazil the commissioning of Parnaíba III power plant gives our equity interest ENEVA 2.3 GW of operational generating capacity; another 570 MW is under construction and scheduled to be completed by the start of 2014. We also made further progress on our disposal program and on reducing our long-term debt. In the third quarter we concluded the disposal of our Hungarian gas business and achieved a very satisfying result. We've now generated a total €18.9 billion from disposals.

These examples demonstrate that we're proactively and systematically preparing E.ON for its rapidly changing business environment. We're tapping fast-growing markets and developing new business models. Nevertheless, some aspects of our business environment are beyond our ability to influence. In particular our legacy generation business continues to suffer from the upheavals in the power market, which result in part from interventionist government policies. This situation is reflected in our generation business's unsatisfactory earnings in many parts of Europe. We're responding by systematically optimizing our generation fleet. At the same time we're lobbying in Berlin and Brussels for a rapid and comprehensive reform of the market design for power generation. Neighboring countries are watching closely to see which path Germany will choose on issues like renewables subsidies, market design, and climate protection. The current debate in Berlin about a new, robust design for the generation market and about the Renewable Energy Law indicates to me that policymakers are taking these issues—and their urgency—very seriously. But it remains to be seen whether they have the will to make the major reforms that are necessary and to deal fairly with safe power stations.

Together we'll systematically reshape E.ON in order to make it into one of the best companies in the energy industry.

Best wishes,

Dr. Johannes Teyssen

E.ON Stock

At the end of the third quarter of 2013, E.ON stock (including reinvested dividends) was roughly at its year-end closing price for 2012 (+/-0 percent), thereby underperforming the EURO STOXX 50 index (+13 percent over the same period) and its peer index, the STOXX Utilities (+9 percent).

The number of E.ON shares traded in the first three quarters of 2013 rose by 23 percent year on year to 2,173 million shares. E.ON's stock-exchange trading volume declined by 5 percent to €28.5 billion owing to the stock's lower average price.

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

E.ON Stock

	Sep. 30, 2013	Dec. 31, 2012
Shares outstanding (millions)	1,907	1,907
Closing price (€)	13.15	14.09
Market capitalization (€ in billions)[1]	25.1	26.9

[1]Based on shares outstanding.

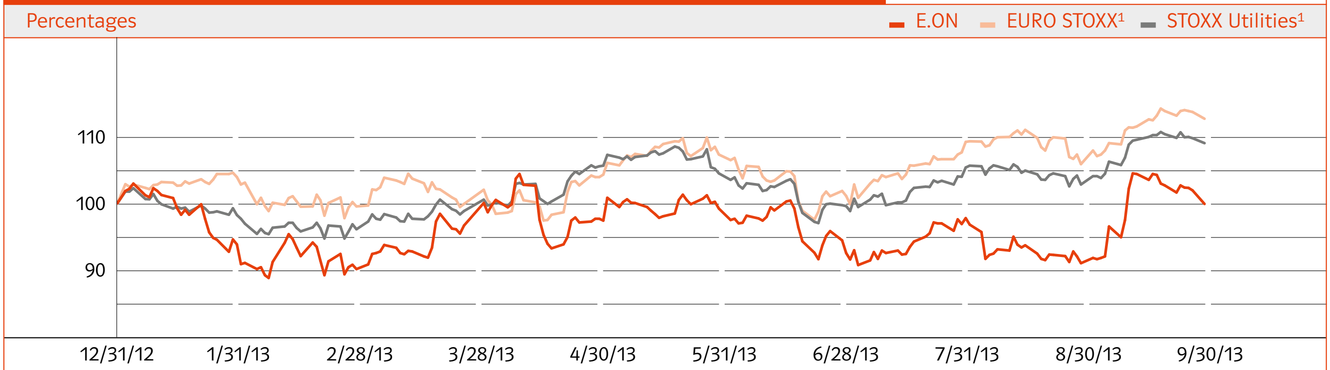
Performance and Trading Volume

January 1–September 30	2013	2012
High (€)[1]	14.71	19.52
Low (€)[1]	11.94	14.24
Trading volume[2]		
Millions of shares	*2,173.0*	*1,770.8*
€ in billions	*28.5*	*30.0*

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

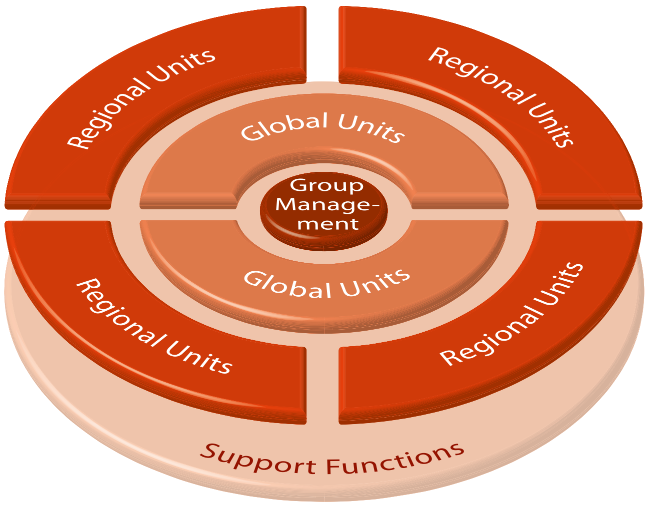
E.ON Stock Performance

Percentages



[1]Based on the performance index.

Interim Group Management Report



Corporate Profile

Business Model

E.ON 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 global asset base. 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 Condensed Consolidated Interim 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, and carbon allowances. In addition, it manages and develops operations at several stages of the gas value chain, including pipelines, long-term supply contracts, and storage facilities.

Exploration & Production

Our Exploration & Production segment has 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 figures from AGEB, an energy-industry working group, Germany's nine-month consumption of primary energy rose by 3.6 percent, from 342 million metric tons of coal equivalent ("MTCE") last year to 354.3 MTCE this year. The most important factor was the weather: a long winter followed by a cool spring led to higher consumption of energy used for space heating. For example, there was a significant weather-driven increase in gas consumption, particularly in the first half of the year. For the whole nine-month period Germany's gas consumption rose by about 11 percent, from 70.4 to 78.5 MTCE. Economic activity, on the other hand, had little impact on the increase in Germany's energy consumption.

Electricity consumption in England, Scotland, and Wales was 226.2 billion kWh in the first three quarters of 2013 (prior year: 227 billion kWh). Gas consumption (excluding power stations) increased by 6 percent, from 395 billion kWh to 420 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 281 billion kWh. Net electricity imports from surrounding countries totaled about 1.7 billion kWh compared with net exports of about 10.5 billion kWh in the prior-year period.

At 28.2 billion kWh, Hungary's electricity consumption was at the prior-year level. Driven by higher average temperatures, a reduction in gas-fired generation, and energy-saving measures, Hungary's gas consumption declined by 9 percent to 6,603 million cubic meters.

Italy consumed 208.6 billion kWh of electricity, about 5 percent less than the prior-year figure of 218.6 billion kWh. Gas consumption declined by 9 percent, from 572.5 billion kWh to 520.9 billion kWh, owing to a reduction in deliveries to gas-fired power stations due to unfavorable market conditions.

Peninsular electricity consumption in Spain was 185 billion kWh, 3 percent below the prior-year figure (consumption fell by 2.4 percent if adjusted for differences in temperature and the number of working days). Retail gas consumption of 202 billion kWh was at the prior-year level.

France's electricity consumption rose by 2 percent to 362.8 billion kWh because of weather factors (it declined by 0.5 percent if adjusted for differences in temperature and the number of working days). Total generation increased by 3 percent to 376.9 billion kWh.

The Russian Federation generated 763.3 billion kWh of electricity, 0.3 percent less than in the prior-year period. It generated 748.2 billion kWh in its integrated power system (which does not include isolated systems), which represents a decrease of roughly 0.2 percent. Power consumption in the Russian Federation declined by 0.1 percent to 753.1 billion kWh.

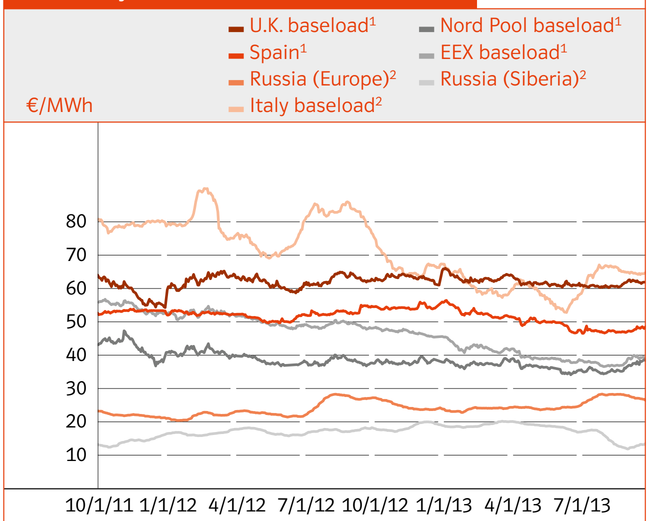
Energy Prices

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

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

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

Electricity Prices in E.ON's Core Markets



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

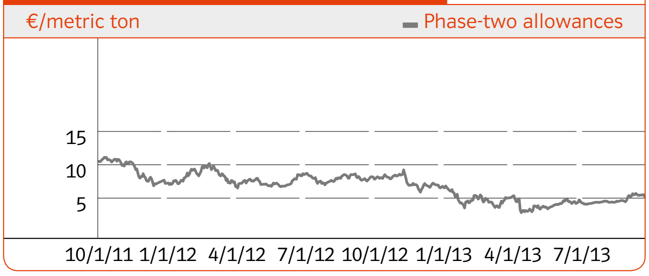
Interim Group Management Report

In the third quarter, crude oil prices in particular were affected by increasing concern about the prospect of military intervention in Syria and the possibility that the conflict could spill over into other countries in what is one of the oil-richest regions of the world. The price of Brent crude oil for next-month delivery had been under significant downward pressure in the first half of the year because of a decline in refinery demand owing to weak margins and an increase in maintenance outages. But in the third quarter Brent crude rapidly rose to a six-month high in response to the conflict in Syria. It took indications of a de-escalation of this conflict and of a possible rapprochement between the United States and Iran for prices to move lower again.

European coal prices (API#2 index) for next-year delivery continued the downward slide that began in 2012, falling by about 19 percent between the start of the year and the end of September. Production continued to surpass demand by a wide margin. In addition, China's demand, which had initially been strong, weakened considerably during the course of the year owing to declining prices for domestic coal. Nevertheless, third-quarter European coal prices rose by 10 percent year on year, entirely in response to sharply higher freight rates, which increased on stronger Chinese demand for iron ore. On average, freight accounted for about 18 percent of the total price of coal in the third quarter, which was significantly higher than the first-half average of 11 percent.

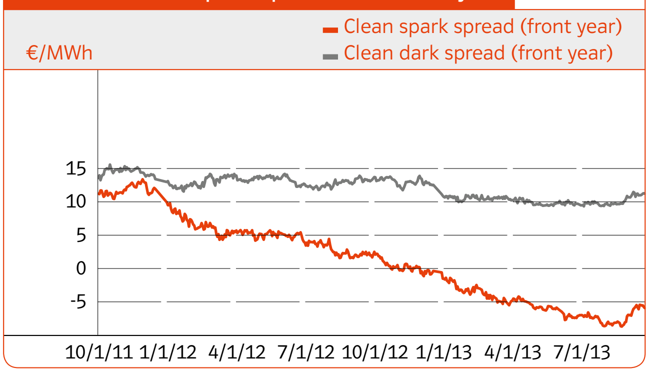
Gas prices for next-year delivery did not track movements in oil and coal prices. Instead, they were driven more by continued weak demand forecasts for 2014 and a continued tight LNG supply situation. The result of these countervailing factors was that gas prices remained nearly constant in the third quarter as well. Demand from industry and the power sector remained weak, and the summer months saw a weather-driven decline in residential demand. Although the third quarter is typically when maintenance work is conducted on gas infrastructure, the generally soft demand situation ensured that maintenance-related outages did not result in any supply bottlenecks. Gas inventories in storage facilities, particularly in Northwestern Europe, had declined to a level well below average because of the cold snap in March. But soft demand made it possible to continue refilling these facilities in the third quarter.

EU Carbon-Allowance Prices



After reaching record lows in the first quarter, prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme generally remained at very low levels during the second and third quarters owing to the continued glut of EUAs. As a result, prices were driven primarily by announcements and votes regarding the implementation of back-loading, a measure designed to reduce the number of EUAs in circulation. For example, the European Parliament's vote against back-loading in April sent EUA prices to a new record low. Prices rose significantly in July when the European Parliament held another vote in which it approved back-loading. Prices rose again in early September—reaching their highest level since April—in response to higher power prices, which led to higher demand for EUAs from power producers with coal-fired assets.

Clean Dark and Spark Spreads in Germany



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—initially caused power prices to decline further in the third quarter. In August prices fell to a new all-time low. In September a temporary rise in coal prices together with markedly higher spot prices led to a brief increase in year-ahead prices, albeit without altering the long-term downward trend. In July and August 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) remained negative in the face of continued extreme pressure from increased renewables feed-in, the significantly lower cost of coal generation compared with gas generation, and low carbon prices.

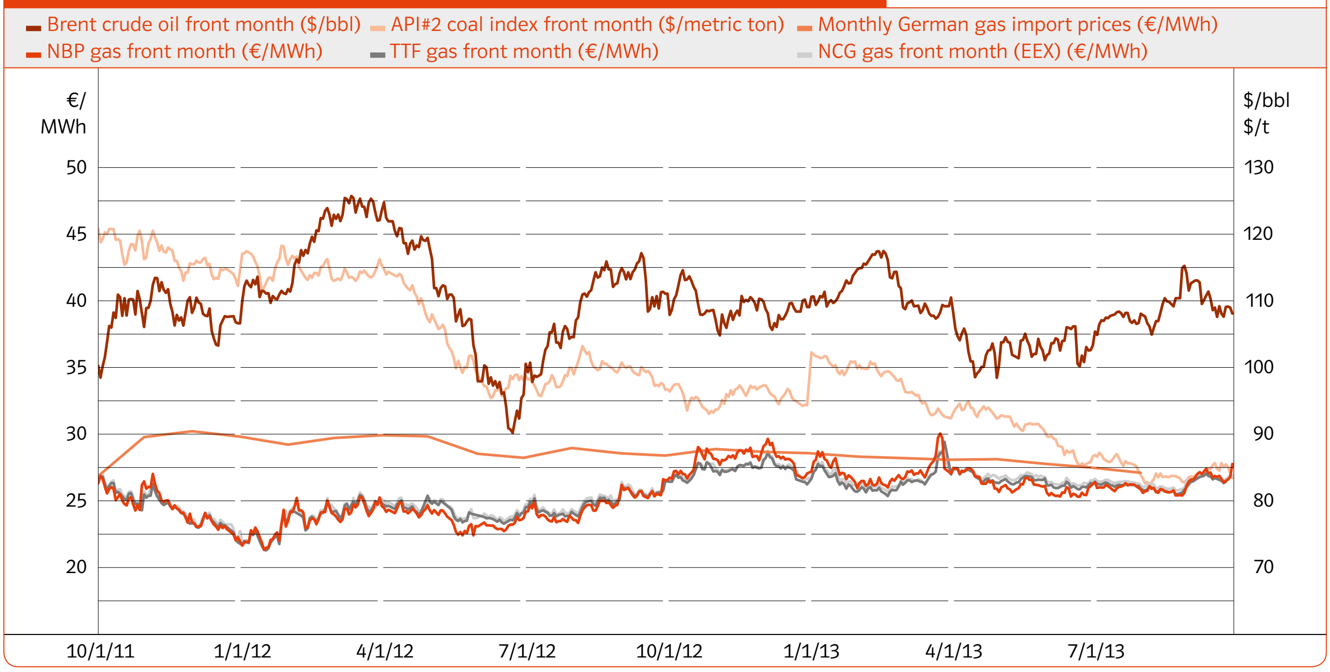
U.K. power prices, due to their greater tendency to track gas prices, showed a much different picture. Following a temporary high in the first quarter due to below-average temperatures in March and the resulting gas supply bottlenecks, U.K. power prices for next-year delivery remained generally stable in the second and third quarters. In fact, low availability of nuclear assets and higher demand resulting from higher-than-average temperatures in June and July prevented the typical summer price decline from materializing.

Spot prices on the Nordic power market remained significantly higher than in the prior-year period. Because of the continued drop in reservoir levels in Norway and Sweden due to sparse precipitation, the third quarter did not see the typical decline in power prices. As a result, in the third quarter the Nordic market remained a net importer of electricity. Spot prices were at times extremely volatile in response to problems at some of Sweden's nuclear power stations and transmission bottlenecks in Norway. The trend for forward power prices also reversed. Prices for next-year delivery, which had declined slightly in the second quarter, recovered in the third quarter driven by the temporary recovery of German prices and by expectations of a further deterioration of the hydrological situation.

After a weak second quarter, Italy's power prices for next-year delivery recovered slightly in the third quarter, partly in response to the general upward trend in other European countries and partly in response to positive developments in Italian spot power prices. Stable prices at Italy's gas-trading hub and only modest fluctuations in oil prices resulted in stable production costs at gas-fired power stations and thus in slightly wider margins. Because prices for imported coal remained low, the clean dark spread (the difference between the price at which coal and carbon allowances are procured and the price at which power is sold) also widened further.

Spain's prices for next-year delivery ended the downward trend that began early in the year and actually recovered somewhat. Although there was considerable volatility in July, the market stabilized in August and, driven by the general development in other European countries and by positive movements in spot prices, showed clear signs of an upward trend in September.

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



Prices in the European zone of Russia's power market declined in the first quarter and recovered slightly in the second quarter owing to comparatively colder weather. As anticipated, prices rose significantly in the third quarter in response to the government's plan to increase regulated gas prices by 15 percent. Another factor was that hydro output was markedly lower; other market parameters were largely unchanged. Prices in the Siberian zone moved in the opposite direction. After rising significantly in the first quarter owing to a substantially colder winter, prices fell dramatically in the second and third quarters owing to the seasonal decline in demand and high hydro output.

Business Performance

Power Procurement

The E.ON Group's nine-month owned generation declined by 11.7 billion kWh, or 6 percent, year on year. Power procured declined by 4.9 billion kWh.

Power Procurement

Jan. 1–Sep. 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	107.5	115.3	21.1	21.4	–	–	1.1	2.5	3.8	4.5	45.6	47.1	–	–	179.1	190.8
Purchases	20.8	20.4	4.7	5.1	401.7	416.0	120.8	127.7	106.3	110.5	3.5	3.3	-288.5	-308.8	369.3	374.2
Jointly owned power plants	*9.1*	*8.4*	*0.9*	*1.7*	–	–	*0.2*	*0.1*	–	–	–	–	–	–	*10.2*	*10.2*
Global Commodities/ outside sources	*11.7*	*12.0*	*3.8*	*3.4*	*401.7*	*416.0*	*120.6*	*127.6*	*106.3*	*110.5*	*3.5*	*3.3*	*-288.5*	*-308.8*	*359.1*	*364.0*
Total power procurement	**128.3**	**135.7**	**25.8**	**26.5**	**401.7**	**416.0**	**121.9**	**130.2**	**110.1**	**115.0**	**49.1**	**50.4**	**-288.5**	**-308.8**	**548.4**	**565.0**
Station use, line loss, etc.	-1.3	-1.3	-0.8	-0.6	–	–	-3.3	-3.9	-6.2	-6.9	-1.6	-1.7	–	–	-13.2	-14.4
Power sales	**127.0**	**134.4**	**25.0**	**25.9**	**401.7**	**416.0**	**118.6**	**126.3**	**103.9**	**108.1**	**47.5**	**48.7**	**-288.5**	**-308.8**	**535.2**	**550.6**

Generation's owned generation decreased by 7.8 billion kWh, from 115.3 to 107.5 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 gas-fired assets in Spain, Germany, and the Netherlands owing to the market situation. Higher availability of unit 3 at Oskarshamn nuclear power station in Sweden was the main positive factor. Owned generation was also higher in Italy owing to improved utilization of Tavazzano and Livorno Ferraris power stations.

Renewables' owned generation was 0.3 billion kWh below the prior-year figure. Owned generation at the Hydro reporting unit declined by 1.6 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 93 percent of its owned generation, with biomass, solar, and micro-hydro facilities accounting for the rest.

The Germany regional unit's owned generation declined by 1.4 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 generating units are reported at our Renewables segment. We adjusted the prior-year figures accordingly.

Other EU Countries' owned generation in the United Kingdom, Sweden, the Netherlands, Hungary, and Czechia declined by 0.7 billion kWh to 3.8 billion kWh.

Our Russia business accounted for all of the power procurement at Non-EU Countries. Its owned generation declined by 3 percent year on year because of repairs at Surgutskaya 2 GRES (a transliterated Russian acronym that stands for 'state district power station'), lower capacity utilization of generating units at Yaivinskaya GRES, and maintenance work on two generating units at Berezovskaya GRES that were subsequently placed in cold reserve owing to the good availability of hydropower in Siberia in August and September.

Owned Generation by Energy Source

Jan. 1–Sep. 30	Generation		Renewables		Germany		Other EU Countries		Non-EU Countries		E.ON Group	
Billion kWh	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Nuclear	31.8	32.3	–	–	–	–	–	–	–	–	31.8	32.3
Lignite	3.5	3.8	–	–	–	–	–	–	–	–	3.5	3.8
Hard coal	19.5	17.9	–	–	–	–	–	–	–	–	19.5	17.9
Natural gas, oil	1.9	4.0	–	–	0.4	0.8	–	–	–	–	2.3	4.8
Hydro	–	–	4.4	5.4	–	–	–	–	–	–	4.4	5.4
Wind	–	–	0.2	0.3	–	–	–	–	–	–	0.2	0.3
Other	–	–	–	–	0.7	1.7	–	–	–	–	0.7	1.7
Germany	**56.7**	**58.0**	**4.6**	**5.7**	**1.1**	**2.5**	**–**	**–**	**–**	**–**	**62.4**	**66.2**
Nuclear	9.3	8.5	–	–	–	–	–	–	–	–	9.3	8.5
Lignite	–	–	–	–	–	–	0.2	0.3	6.6	7.3	6.8	7.6
Hard coal	25.5	30.7	–	–	–	–	–	–	–	–	25.5	30.7
Natural gas, oil	16.0	18.1	–	–	–	–	3.0	3.6	39.0	39.8	58.0	61.5
Hydro	–	–	7.2	7.7	–	–	0.1	0.1	–	–	7.3	7.8
Wind	–	–	8.7	7.4	–	–	–	–	–	–	8.7	7.4
Other	–	–	0.6	0.6	–	–	0.5	0.5	–	–	1.1	1.1
Outside Germany	**50.8**	**57.3**	**16.5**	**15.7**	**–**	**–**	**3.8**	**4.5**	**45.6**	**47.1**	**116.7**	**124.6**
Total	**107.5**	**115.3**	**21.1**	**21.4**	**1.1**	**2.5**	**3.8**	**4.5**	**45.6**	**47.1**	**179.1**	**190.8**
Percentages												
Nuclear	29	28	–	–	–	–	–	–	–	–	18	17
Lignite	3	3	–	–	–	–	–	–	–	–	2	2
Hard coal	18	16	–	–	–	–	–	–	–	–	11	9
Natural gas, oil	2	3	–	–	36	32	–	–	–	–	1	3
Hydro	–	–	21	25	–	–	–	–	–	–	3	3
Wind	–	–	1	1	–	–	–	–	–	–	–	–
Other	–	–	–	–	64	68	–	–	–	–	–	1
Germany	**52**	**50**	**22**	**26**	**100**	**100**	**–**	**–**	**–**	**–**	**35**	**35**
Nuclear	9	7	–	–	–	–	–	–	–	–	5	4
Lignite	–	–	–	–	–	–	5	7	14	15	4	4
Hard coal	24	27	–	–	–	–	–	–	–	–	14	16
Natural gas, oil	15	16	–	–	–	–	79	80	86	85	32	32
Hydro	–	–	34	36	–	–	3	2	–	–	4	4
Wind	–	–	41	35	–	–	–	–	–	–	5	4
Other	–	–	3	3	–	–	13	11	–	–	1	1
Outside Germany	**48**	**50**	**78**	**74**	**–**	**–**	**100**	**100**	**100**	**100**	**65**	**65**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Power Sales

The E.ON Group's consolidated nine-month power sales were 15.4 billion kWh below the prior-year level.

Power Sales

Jan. 1–Sep. 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	0.1	–	–	16.7	17.3	39.4	44.1	–	–	–	–	56.2	61.5
I&C	2.6	2.8	–	–	–	–	17.7	25.9	54.1	50.8	–	–	-0.3	-0.4	74.1	79.1
Sales partners	24.2	25.4	6.2	5.5	–	–	57.3	60.0	0.5	0.5	–	–	-3.1	-3.8	85.1	87.6
Customer groups	**26.8**	**28.2**	**6.3**	**5.6**	**–**	**–**	**91.7**	**103.2**	**94.0**	**95.4**	**–**	**–**	**-3.4**	**-4.2**	**215.4**	**228.2**
Wholesale market/ Global Commodities	100.2	106.2	18.7	20.3	401.7	416.0	26.9	23.1	9.9	12.7	47.5	48.7	-285.1	-304.6	319.8	322.4
Total	**127.0**	**134.4**	**25.0**	**25.9**	**401.7**	**416.0**	**118.6**	**126.3**	**103.9**	**108.1**	**47.5**	**48.7**	**-288.5**	**-308.8**	**535.2**	**550.6**

Generation's power sales declined by 7.4 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. Power sales were higher in Sweden and in Italy, where market conditions improved.

Renewables sold 0.9 billion kWh less power than in the prior-year period. Hydro's power sales declined by 2.4 billion kWh. In Sweden the decline resulted from comparatively low reservoir inflow; in Germany, from a reduction in installed capacity due to the asset swap between E.ON and Austria's Verbund AG. Owned generation was 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 1.5 billion kWh, or 16 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 4.2 billion kWh less power. An aggregate decline of 4.1 billion kWh in Romania, France, Hungary, Sweden, Italy, and the Netherlands more than offset an aggregate gain of 1.6 billion kWh in the United Kingdom, Spain, and Czechia. The disposal of the Bulgaria regional unit in late June 2012 was responsible for 1.7 billion kWh of the decline in sales volume.

Our Russia business accounted for all of the power sales at Non-EU Countries. Owing to a decline in owned generation, it sold 1.2 billion kWh, or 2 percent, less power than in the prior-year period.

Gas Procurement and Production

The Global Commodities unit procured about 900 billion kWh of natural gas from producers in and outside Germany in the first three quarters 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–September 30	2013	2012	+/- %
Oil/condensates (million barrels)	5.3	1.4	+279
Gas (million standard cubic meters)	1,069	498	+115
Total (million barrels of oil equivalent)	**11.9**	**4.5**	**+164**

Exploration & Production's gas production in the North Sea rose to 1,069 million cubic meters. Oil and condensates production of 5.3 million barrels was also higher, increasing by 279 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, oil, and condensates to rise by 164 percent to 11.9 million barrels of oil equivalent. In addition to its North Sea production, Exploration & Production had 4,541 million cubic meters of output from Siberia's Yuzhno Russkoye gas field, which is accounted for using the equity method. This figure was somewhat lower than the prior-year figure.

Gas Sales

The E.ON Group's consolidated nine-month gas sales declined by 31.4 billion kWh, or 4 percent, to 806.2 billion kWh.

Global Commodities' gas sales declined by 3 percent from the prior-year figure. Gas sales to industrial and commercial ("I&C") customers declined primarily because this business was transferred to the Germany regional unit in the first half of 2013. 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 11 billion kWh owing to a reduction in deliveries to Austria and Spain.

The Germany regional unit sold less gas than in the prior-year period owing to customer losses, the sale of E.ON Thüringer Energie, and the transfer of customer contracts to other E.ON companies.

On balance, Other EU Countries sold 0.7 billion kWh less gas than in the prior-year period. Gas sales increased by a total of 6.7 billion kWh (primarily in the United Kingdom, the Netherlands, and Spain) and declined by a total of 7.4 billion kWh in several countries (in particular Romania and France).

Gas Sales January 1–September 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	–	–	17.5	17.3	67.8	66.9	–	–	85.3	84.2
I&C	3.9	6.4	89.4	93.4	36.0	35.2	-3.0	-3.4	126.3	131.6
Sales partners	14.9	13.5	246.9	246.8	–	0.1	-13.3	-13.4	248.5	247.0
Customer groups	**18.8**	**19.9**	**353.8**	**357.5**	**103.8**	**102.2**	**-16.3**	**-16.8**	**460.1**	**462.8**
Germany	347.1	343.2	–	–	–	–	-347.1	-343.2	–	–
Other countries	56.0	66.6	–	–	–	–	-23.3	-23.3	32.7	43.3
Wholesale market/ Global Commodities	495.7	512.8	–	–	12.1	14.4	-194.4	-195.7	313.4	331.5
Total	**917.6**	**942.5**	**353.8**	**357.5**	**115.9**	**116.6**	**-581.1**	**-579.0**	**806.2**	**837.6**

Earnings Situation

Business Performance

Our business performance in the first three quarters of 2013 was in line with our expectations. Our sales of €89.3 billion were 5 percent below the prior-year level. Our EBITDA declined by about €1.7 billion to €7.1 billion. Cost savings delivered by our E.ON 2.0 program and higher earnings at 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 €2.1 billion, or 53 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 nine-month sales were €4.3 billion below the prior-year level.

Sales

January 1–September 30 € in millions	2013	2012	+/- %
Generation	7,917	9,199	-14
Renewables	1,858	1,854	–
Global Commodities	64,960	69,496	-7
Exploration & Production	1,467	1,045	+40
Germany	27,754	29,439	-6
Other EU Countries	17,099	17,434	-2
Non-EU Countries	1,373	1,363	+1
Group Management/ Consolidation	-33,091	-36,201	-9
Total	**89,337**	**93,629**	**-5**

Generation

Generation's nine-month sales declined by €1.3 billion, or 14 percent, year on year.

Sales

January 1–September 30 € in millions	2013	2012	+/- %
Nuclear	3,176	3,081	+3
Fossil	4,723	6,042	-22
Other	18	76	-76
Generation	**7,917**	**9,199**	**-14**

Nuclear's sales rose by €95 million, or 3 percent, on higher sales volume in Sweden. This was partially mitigated by lower average prices. Sales in Germany were slightly higher than the prior-year figure.

Fossil's sales were €1.3 billion lower. The decline resulted primarily from lower internal transfer prices relative to the prior-year period on deliveries to Global Commodities and from the absence of compensation for emission allowances, which had been allocated at no cost until the end of 2012. Allowances were transferred from our generation companies to Global Commodities in return for compensation. Sales were also adversely affected by the closure of Kingsnorth power station and the conversion of Ironbridge power station to biomass in the United Kingdom, the coal tax in the Netherlands, and the reduced dispatch of gas-fired assets in Germany and Spain owing to the adverse market situation.

Renewables

Renewables' sales were at the prior-year level.

Sales

January 1–September 30 € in millions	2013	2012	+/- %
Hydro	962	1,045	-8
Wind/Solar/Other	896	809	+11
Renewables	**1,858**	**1,854**	**–**

Sales at Hydro declined by 8 percent to €962 million, mainly because of lower sales in Germany and Sweden. Sales in Germany declined on 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 along with the expiration of a long-term supply agreement in the prior-year period. Sales in Sweden declined on lower sales volume, despite slightly higher prices. Higher sales volume in Italy had a positive impact on sales.

The reason for the €87 million improvement in Wind/Solar/Other's sales was an increase in installed generating capacity.

Global Commodities

Global Commodities' sales declined by €4.5 billion.

Sales January 1–September 30 € in millions	2013	2012	+/- %
Proprietary Trading	8	-15	–
Optimization	64,937	69,233	-6
Gas Transport/Shareholdings/ Other	15	278	-95
Global Commodities	**64,960**	**69,496**	**-7**

The Optimization reporting unit consists of our midstream gas business, gas storage business, and asset optimization. Sales declined on the power side owing to a reduction in trading activity to optimize E.ON-owned power stations and lower prices. 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 midstream gas business. A decline in deliveries to power stations and from long-term gas contracts were also negative factors. The Consolidated Statements of Income include Proprietary Trading's sales net of the associated cost of materials.

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

Exploration & Production

Sales at Exploration & Production rose by 40 percent to €1,467 million (prior year: €1,045 million), primarily because of an increase in production at our North Sea fields. The positive effect of higher production was partially mitigated by adverse currency-translation effects, primarily between the euro and the ruble.

Germany

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

Sales January 1–September 30 € in millions	2013	2012	+/- %
Distribution Networks	10,359	9,727	+6
Non-regulated/Other	17,395	19,712	-12
Germany	**27,754**	**29,439**	**-6**

The Distribution Networks reporting unit grew sales by €632 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 €586 million in sales from the divested companies named above.

Sales at Non-regulated/Other declined by €2.3 billion, chiefly because of the internal transfer of operations to Distribution Networks. The prior-year figure includes €711 million in sales from the divested companies named above.

Other EU Countries

Other EU Countries' sales of €17.1 billion were 2 percent below the prior-year level of €17.4 billion.

Sales January 1–September 30 € in millions	2013	2012	+/- %
UK (£ in millions)	7,073 (6,027)	6,911 (5,612)	+2 (+7)
Sweden (SEK in millions)	2,038 (17,493)	2,026 (17,693)	+1 (-1)
Czechia (CZK in millions)	2,160 (55,614)	2,161 (54,341)	– (+2)
Hungary (HUF in millions)	1,328 (393,858)	1,435 (417,929)	-7 (-6)
Remaining regional units	4,500	4,901	-8
Other EU Countries	**17,099**	**17,434**	**-2**

Sales at the UK regional unit rose by €162 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 €12 million. Adjusted for positive currency-translation effects of €35 million, sales declined by €23 million. This is primarily attributable to the favorable conditions in the gas business in the prior-year period and the disposal of a waste subsidiary in mid-2012.

In reporting currency, sales in Czechia were at the prior-year level owing to adverse currency-translation effects. In local currency, higher compensation payments for the preferential dispatch of renewable-source electricity in the distribution network led to a slight increase in sales.

Sales at the Hungary regional unit declined by €107 million owing to lower sales prices in the regulated power and gas business, lower gas sales volume, and adverse currency-translation effects.

Sales at the remaining regional units fell by €401 million, in particular because of lower power and gas sales volume in France and Romania and the disposal of operations in Bulgaria. Sales rose in Spain (on positive price effects in the gas business along with higher power and gas sales volume) and in the Netherlands (on positive price effects).

Non-EU Countries

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

Sales

January 1–September 30 € in millions	2013	2012	+/- %
Russia	1,373	1,363	+1
(RUB in millions)	(57,230)	(54,306)	(+5)
Non-EU Countries	**1,373**	**1,363**	**+1**

The Russia unit's nine-month sales rose by €10 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 €280 million was 35 percent above the prior-year figure of €207 million. The main reason is that more engineering services for generation new-build projects were performed in the first three quarters of 2013 than in the prior-year period.

Other operating income of €8,261 million was on par with the prior-year figure of €8,182 million. Income on the sale of securities, property, plant, and equipment ("PP&E"), and equity investments was higher. In particular, income on exchange-rate differences and derivative financial instruments was lower. Income on the sale of securities, PP&E, and equity investments totaled €2,283 million (prior year: €443 million) and resulted primarily from the sale of equity investments and from currency-translation effects of €0.3 billion, which were recorded in income, on the sale of Slovenský Plynárenský Priemysel ("SPP"). In the prior-year period the gains resulted primarily from the sale of securities and PP&E. Income from exchange-rate differences of €2,995 million was significantly below the prior-year figure of €3,475 million. Income from derivative financial instruments of €1,675 million was below the prior-year figure of €2,539 million, primarily owing to lower income from commodity derivatives, resulting in particular from the marking to market of our natural gas, oil, and coal positions. This was partially counteracted by the marking to market of our carbon allowances, which resulted in higher income than in the prior-year period. Miscellaneous other operating income consisted primarily of reductions to valuation allowances and provisions.

At €77,952 million, costs of materials declined by 3 percent relative to the prior-year figure of €80,588 million.

Personnel costs declined by about 7 percent to €3,465 million (prior year: €3,705 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 was among the measures that had a positive effect on personnel costs.

Depreciation charges of €3,283 million were 10 percent below the prior-year figure of €3,646 million, in particular because impairment changes on intangible assets and PP&E were higher last year. In the 2013 reporting period our global and regional units continued to be adversely affected by a generally deteriorated business environment and by regulatory intervention. We therefore had to record impairment charges, in particular at Renewables, Non-EU Countries, and Global Commodities.

Other operating expenses declined by 18 percent to €8,135 million (prior year: €9,863 million) owing to lower expenditures relating to exchange-rate differences of €2,981 million (€3,283 million) and, in particular, lower expenditures relating to derivative financial instruments of €1,657 million (€3,089 million), particularly relating to commodity derivatives. This was partially offset by higher losses on the sale of securities, PP&E, and equity investments of €373 million (€100 million), which were recorded mainly on the sale of equity investments.

Income from companies accounted for under the equity method declined by €305 million to -€128 million (prior year: €177 million), in part because of the absence of positive earnings from OGE, which was sold in 2012. Impairment charges on equity investments at Renewables and Non-EU Countries constituted another factor.

EBITDA

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

Our nine-month EBITDA was down by about €1.7 billion year on year. The positive factors were:

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

These factors were more than offset by:

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

EBITDA[1]

January 1–September 30 € in millions	2013	2012	+/- %
Generation	1,029	1,740	-41
Renewables	987	947	+4
Global Commodities	860	1,961	-56
Exploration & Production	748	421	+78
Germany	1,825	1,894	-4
Other EU Countries	1,716	1,558	+10
Non-EU Countries	414	519	-20
Group Management/ Consolidation	-462	-234	–
Total	**7,117**	**8,806**	**-19**

[1]Adjusted for extraordinary effects.

Generation

Generation's EBITDA decreased by €711 million.

Generation

January 1–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
Nuclear	605	599	406	454
Fossil	448	1,208	-25	700
Other	-24	-67	-26	-72
Total	**1,029**	**1,740**	**355**	**1,082**

[1]Adjusted for extraordinary effects.

Nuclear's EBITDA was up slightly year on year. EBITDA in Sweden increased on higher sales volume. EBITDA in Germany decreased slightly, mainly because of higher expenditures relating to the nuclear-fuel cycle, in part because of the application of the Site Selection Act (*Standortauswahlgesetz*). The act, which takes full effect on January 1, 2014, uses a new assessment system for allocating costs to power-station operators (see the commentary in the Risk Report on page 27). These negative effects were partially offset by lower expenditures for the nuclear-fuel tax.

Fossil's EBITDA fell by €760 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 and the coal tax in the Netherlands also had an adverse impact on earnings.

Renewables

Renewables' EBITDA increased by €40 million, or 4 percent.

Renewables

January 1–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
Hydro	554	562	462	474
Wind/Solar/Other	433	385	193	173
Total	**987**	**947**	**655**	**647**

[1]Adjusted for extraordinary effects.

EBITDA at Hydro declined by 1 percent to €554 million, mainly because of lower earnings in Germany and Sweden. EBITDA in Germany was adversely affected by lower prices for peakload power from pumped-storage hydroelectric stations and a reduction in installed generating capacity; in addition, prior-year EBITDA in Germany had been adversely affected by an increase in provisions to renovate a pumped-storage hydroelectric station. EBITDA in Sweden was adversely affected by lower sales volume and the higher costs of a real estate tax. A weather-driven increase in output led to higher EBITDA in Italy and Spain.

Wind/Solar/Other's EBITDA rose by 12 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–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
Proprietary Trading	-34	-66	-36	-68
Optimization	775	1,375	693	1,255
Gas Transport/ Shareholdings/Other	119	652	108	596
Total	**860**	**1,961**	**765**	**1,783**

[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 €600 million, primarily because the prior-year figure benefited from positive earnings effects following contractual price reviews in the midstream gas business.

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

Exploration & Production

EBITDA at Exploration & Production increased by 78 percent to €748 million (prior year: €421 million), principally because of an increase in production in the North Sea resulting from the start of production at Skarv, Hyme, and Huntington fields. Nine-month EBIT was €377 million (€241 million).

Germany

EBITDA at the Germany regional unit declined by €69 million.

Germany				
January 1–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
Distribution Networks	1,462	1,270	985	787
Non-regulated/Other	363	624	305	412
Total	**1,825**	**1,894**	**1,290**	**1,199**

[1]Adjusted for extraordinary effects.

EBITDA at Distribution Networks rose by €192 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 certain companies, whose earnings were included in the prior-year figure, reduced EBITDA by €78 million.

EBITDA at Non-regulated/Other was €261 million below the prior-year figure, owing mainly to internal transfers and to operating effects in the retail business. The prior-year figure includes €144 million in earnings from divested companies.

Other EU Countries

Other EU Countries' EBITDA was €158 million above the prior-year figure.

Other EU Countries				
January 1–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
UK (£ in millions)	307 (261)	297 (241)	263 (224)	215 (174)
Sweden (SEK in millions)	570 (4,890)	526 (4,595)	375 (3,216)	343 (2,996)
Czechia (CZK in millions)	407 (10,487)	315 (7,923)	332 (8,549)	233 (5,857)
Hungary (HUF in millions)	136 (40,273)	149 (43,344)	76 (22,404)	76 (22,060)
Remaining regional units	296	271	211	195
Total	**1,716**	**1,558**	**1,257**	**1,062**

[1]Adjusted for extraordinary effects.

EBITDA at the UK regional unit was up by €10 million. Earnings improvements resulting from higher sales volume and reductions in controllable costs were partially mitigated by higher variable costs (including procurement costs and levies) in conjunction with government-mandated energy-efficiency programs.

The Sweden regional unit's EBITDA increased by €44 million, which includes positive currency-translation effects of €10 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 €92 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 (€120 million) and its retail business (€11 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 quarter 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 increased by €25 million, or 9 percent, mainly because of higher earnings in France and Romania. The improvement in France reflects the non-recurrence of a provision relating to a long-term gas contract recorded in the prior-year period. 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. The disposal of an equity investment in the Netherlands in 2012 and the disposal of the Bulgaria regional unit in late June 2012 had a negative impact on EBITDA.

Non-EU Countries

Non-EU Countries' EBITDA declined by 20 percent, or €105 million.

Non-EU Countries

January 1–September 30	EBITDA[1]		EBIT[1]	
€ in millions	2013	2012	2013	2012
Russia (RUB in millions)	495 (20,622)	523 (20,815)	346 (14,419)	384 (15,295)
Other Non-EU Countries	-81	-4	-81	-4
Total	**414**	**519**	**265**	**380**

[1]Adjusted for extraordinary effects.

The Russia unit's EBITDA was 5 percent below the prior-year level, primarily because of adverse currency-translation effects. In local currency EBITDA declined by 1 percent. Higher prices on the day-ahead market and increases in capacity prices were offset mainly by an inflation-driven increase in fuel costs and the creation of a provision for potentially unrecoverable receivables necessitated by the allocation of delinquent customer accounts across all market participants.

EBITDA at Other Non-EU Countries consists of E.ON International Energy, including our activities in Brazil and Turkey, which are accounted for under the equity method. The negative figure recorded for Turkey is primarily attributable to the Turkish lira's weakening against the euro in the second and third quarters. 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 €2,613 million and corresponding earnings per share of €1.37 were below the respective prior-year figures of €2,707 million and €1.42.

Net income

January 1–September 30 € in millions	2013	2012
EBITDA[1]	**7,117**	**8,806**
Depreciation and Amortization	-2,614	-2,632
Impairments (-)/Reversals (+)[2]	-62	-71
EBIT[1]	**4,441**	**6,103**
Economic interest income (net)	-1,312	-1,027
Net book gains/losses	1,846	190
Restructuring /cost-management expenses	-302	-233
Impairments (-)/Reversals (+)[2,3]	-746	-1,190
Other non-operating earnings	-349	-343
Income/Loss (-) from continuing operations before taxes	**3,578**	**3,500**
Income taxes	-659	-521
Income/Loss (-) from continuing operations	**2,919**	**2,979**
Income from discontinued operations, net	–	27
Net income	**2,919**	**3,006**
Attributable to shareholders of E.ON SE	*2,613*	*2,707*
Attributable to non-controlling interests	*306*	*299*

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

Despite the 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–September 30 € in millions	2013	2012
Interest expense shown in the Consolidated Statements of Income	-1,399	-1,061
Interest income (-)/expense (+) not affecting net income	87	34
Total	**-1,312**	**-1,027**

Nine-month net book gains were about €1.7 billion above the prior-year level. Book gains were recorded primarily on the sale of hydroelectric stations in Bavaria to Austria's Verbund AG in conjunction with 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, E.ON Földgáz Trade, and E.ON Földgáz Storage resulted in a book loss. The prior-year figure consists of book gains on the sale of securities, an office building in Munich, network segments in Germany, and a stake in a U.K. gas pipeline.

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.

In the 2013 reporting period our global and regional units were adversely affected by a generally deteriorated business environment, regulatory intervention, and disposal processes. We therefore had to record impairment charges totaling €0.9 billion, in particular at Renewables, Other Non-EU Countries, and Global Commodities. €0.1 billion of these charges were on goodwill, €0.8 billion on property, plant, and equipment ("PP&E") and intangible assets as well as share investments. These charges were partially offset by reversals of impairment charges totaling €0.2 billion at Generation. In the prior-year period our business environment made it necessary to record impairment charges totaling €1.5 billion (€0.1 billion on goodwill, €0.9 billion on PP&E and intangible assets, €0.5 billion on share investments), offset by €0.3 billion in reversals, primarily at Generation, Global Commodities, and Other EU Countries.

Other non-operating earnings of -€349 million (prior year: -€343 million) include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at September 30, 2013, resulted in no significant effect; at the prior-year balance-sheet date the effect was -€450 million. In addition, we recorded impairment charges on securities. In the prior-year period non-operating earnings were positively affected in particular by the reduction of the fine that the European Commission had levied against E.ON for an alleged market-sharing agreement with GdF Suez.

The increase in our tax expense compared with 2012 is mainly attributable to the absence of a one-off tax-relief effect recorded in 2012. Our tax rate increased from 15 percent in 2012 to 18 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 non-controlling interests that has been adjusted to exclude certain special effects. In addition to the marking to market of derivatives, the adjustments include book gains and book losses on disposals, restructuring expenses, other non-operating income and expenses (after taxes and non-controlling interests) of a special or rare nature. Underlying net income also excludes income/loss from discontinued operations (after taxes and non-controlling interests), as well as special tax effects.

Underlying Net Income

January 1–September 30 € in millions	2013	2012
Net income attributable to shareholders of E.ON SE	2,613	2,707
Net book gains/losses	-1,846	-190
Restructuring/cost-management expenses	302	233
Impairments/Reversal of impairments	746	1,190
Other non-operating earnings	349	343
Taxes and non-controlling interests on non-operating earnings	-195	-210
Special tax effects	-62	-24
Income/Loss from discontinued operations, net	–	-27
Total	**1,907**	**4,022**

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 €2.8 billion to -€33.1 billion. The main reason for the improvement was that proceeds from divestments and our positive operating cash flow were sufficient to cover our investment expenditures and E.ON SE's dividend payout.

The calculation of economic net debt includes, in addition to pension and asset-retirement obligations, the fair value (net) of currency derivatives used for financing transactions (but excluding transactions relating to our operating business and asset management). Effective January 1, 2013, we calculate fair value pursuant to IFRS 13.

Economic Net Debt

€ in millions	Sep. 30, 2013	Dec. 31, 2012
Liquid funds	7,183	6,546
Non-current securities	4,482	4,746
Total liquid funds and non-current securities	**11,665**	**11,292**
Financial liabilities to banks and third parties	-22,540	-25,014
Financial liabilities resulting from interests in associated companies and from other equity investments	-991	-930
Total financial liabilities	**-23,531**	**-25,944**
Net financial liabilities	**-11,866**	**-14,652**
Fair value (net) of currency derivatives used for financing transactions[1]	-125	145
Provisions for pensions	-4,388	-4,945
Asset-retirement obligations	-18,558	-18,225
Less prepayments to Swedish nuclear fund	1,833	1,743
Economic Net Debt	**-33,104**	**-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 three quarters of 2013; regular bond maturities amounted to €2.2 billion. On balance, E.ON's gross financial liabilities to financial institutions and third parties declined by €2.5 billion to €22.5 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 September 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 nine-month investments were €2 billion above the prior-year level. We invested about €2.9 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €3.8 billion). Share investments totaled €3.4 billion versus €0.5 billion in the prior-year period.

Investments

January 1–September 30 € in millions	2013	2012	+/- %
Generation	507	846	-40
Renewables	660	1,113	-41
Global Commodities	118	245	-52
Exploration & Production	351	359	-2
Germany	651	554	+18
Other EU Countries	591	619	-5
Non-EU Countries	3,404	596	–
Group Management/ Consolidation	46	2	–
Total	**6,328**	**4,334**	**+46**
Maintenance investments	*426*	*582*	*-27*
Growth and replacement investments	*5,902*	*3,752*	*+57*

Generation invested €339 million less than in the prior-year period. Investments in PP&E and intangible assets declined by €267 million, from €766 million to €499 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. In addition, investments were lower in Germany (primarily because of the construction standstill at Datteln and overhauls completed in the prior-year period) and in Italy. Share investments totaled €8 million (prior year: €80 million).

Investments at Renewables declined by €453 million. Hydro's investments rose by 46 percent to €57 million. Wind/Solar/Other's investments fell by more than 40 percent, from €1,074 million to €603 million. The high prior-year figure principally reflects investments for the construction of three large wind farms in the United States.

Global Commodities invested €118 million (prior year: €245 million), mainly in PP&E and intangible assets for gas storage and infrastructure.

Exploration & Production invested €351 million (prior year: €359 million) in PP&E and intangible assets. Almost all of these investments went toward existing infrastructure as well as to the exploration and appraisal assets; Skarv field accounted for €120 million (€174 million) of investments.

The Germany regional unit invested €97 million more than in the prior-year period. Investments in PP&E and intangible assets totaled €441 million. Of these investments, €403 million went toward the network business and €29 million toward the district-heating business. Share investments totaled €210 million (prior year: €7 million). Share investments were considerably higher because this segment acquired a 49-percent stake in the joint venture that owns 100 percent of the equity in E.ON Energy from Waste.

Investments at Other EU Countries were €28 million below the prior-year level. By delaying municipal and smart-meter projects, the UK regional unit invested €62 million less than the prior-year figure of €82 million. The Sweden unit's investments of €260 million were €34 million above the prior-year figure of €226 million; investments served to maintain and expand existing production plants and to expand and upgrade the distribution network, including adding new connections.

Investments totaled €102 million (prior year: €98 million) in Czechia, €59 million (€89 million) in Hungary, and €108 million (€124 million) in the remaining EU countries, a decline that primarily reflects delays in investments in smart-meter programs and the electricity network in Romania and the disposal of the Bulgaria regional unit in late June 2012.

The Russia unit accounted for €234 million (prior year: €185 million) of the investments at Non-EU Countries. These were primarily for Russia's new-build program. We invested €3.2 billion in our new equity investments in Brazil and Turkey. The investments in Turkey were largely covered by gains on disposals. The operations in Turkey were acquired as part of an asset swap in which E.ON transferred ownership of certain hydroelectric assets in Bavaria to Austria's Verbund AG.

Cash Flow

At €5,297 million, our operating cash flow was €1,530 million below the prior-year figure of €6,827 million. The high prior-year figure primarily reflects positive non-recurring effects from the agreement with Gazprom and the resulting agreed-on single payment in the third quarter of 2012 as well as the partial repayment of the fine that the European Commission had levied against E.ON for an alleged market-sharing agreement with GdF Suez. In the current year there were negative effects resulting from higher tax payments and an increase in working capital in Germany owing to the Renewable Energy Law.

Cash provided by investing activities of continuing operations amounted to approximately -€0.2 billion in the first three quarters of 2013 (prior year: -€1.2 billion). Although investment expenditures surpassed the prior-year figure by €2 billion, cash inflows on asset sales were €2.9 billion higher. The increase in cash inflows consisted almost entirely of the proceeds on the disposal of operations in Germany, Slovakia, Hungary, Czechia, and the United States. The significant increase in investment expenditures mainly reflects the acquisition and/or expansion of our operations in Turkey and Brazil. Cash outflows from changes in securities and fixed-term deposits exceeded the prior-year figure by €0.3 billion; in the prior-year period, restricted cash declined by about €0.4 billion.

Cash provided by financing activities of continuing operations amounted to -€4.3 billion (prior year: -€4.7 billion). The change mainly reflects the fact that our net repayment of financial liabilities was €0.6 billion higher in the prior-year period.

Asset Situation

Non-current assets at September 30, 2013, were on par with the figure at year-end 2012. Nine-month investments in property, plant, and equipment ("PP&E") offset the derecognition of the assets of E.ON Westfalen Weser, E.ON Földgáz Trade, and E.ON Földgáz Storage and depreciation charges.

Current assets declined by 22 percent. The main reason was a decline in operating receivables. In addition, the sale of E.ON Thüringer Energie, E.ON Energy from Waste, SPP in Slovakia, certain E.ON Wasserkraft assets, and stakes in wind farms in North America reduced assets held for sale.

Despite the dividend payout of more than €2 billion, our equity ratio at September 30, 2013, was 28 percent, the same as at year-end 2012. The effect of currency translations on assets and liabilities amounted to €1.5 billion.

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

Current liabilities declined by 16 percent relative to year-end 2012, mainly because of a reduction in liabilities from operating receivables and the reclassification of debt in conjunction with assets held for sale. These effects were offset to a slight degree 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 103 percent (December 31, 2012: 108 percent).

Consolidated Assets, Liabilities, and Equity

€ in millions	Sep. 30, 2013	%	Dec. 31, 2012	%
Non-current assets	96,089	74	96,563	69
Current assets	34,056	26	43,863	31
Total assets	**130,145**	**100**	**140,426**	**100**
Equity	37,048	28	38,820	28
Non-current liabilities	62,325	48	65,027	46
Current liabilities	30,772	24	36,579	26
Total equity and liabilities	**130,145**	**100**	**140,426**	**100**

Employees

As of September 30, 2013, the E.ON Group had 64,225 employees worldwide, about 11 percent fewer than at year-end 2012. E.ON also had 1,690 apprentices and 224 board members and managing directors. As of the same date, 38,625 employees, or 60 percent of all staff, were working outside Germany, 4 percentage points more than at year-end 2012.

Employees[1]	Sep. 30, 2013	Dec. 31, 2012	+/- %
Generation	9,261	10,055	-8
Renewables	1,762	1,846	-5
Global Commodities	1,468	2,190	-33
Exploration & Production	217	183	+19
Germany	13,902	17,983	-23
Other EU Countries	27,223	28,628	-5
Non-EU Countries	5,040	5,038	–
Group Management/Other[2]	5,352	6,160	-13
Total	**64,225**	**72,083**	**-11**

[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 sale of assets in Hungary, the transfer of employees to other segments and E.ON 2.0 staff reductions.

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

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

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

Non-EU Countries' headcount was roughly on par with the figure from year-end 2012.

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

Subsequent Events Report

In October Hungary enacted a law to bring about a general reduction in prices for regulated energy activities. The law took effect on November 1, 2013, and affects the activities of our Hungary regional unit. We are currently assessing its financial impact.

Forecast Report

Future Macroeconomic Situation

With the economies of the euro zone posting incremental growth in the second quarter of 2013, national and international organizations revised slightly upward their forecasts for economic growth in 2013 for the euro zone and for Germany. However, overall economic growth in Europe will still be very slight.

Anticipated Earnings Situation

Our forecast for full-year 2013 earnings continues to be significantly influenced by the difficult business environment in the energy industry. At the time we released our first-half numbers we assumed that in the rest of the financial year risks will predominate in the current market situation. This assessment proved to be true in the third quarter as well.

As a result, we expect our full-year 2013 EBITDA to be at the lower end of the forecast range of €9.2 to €9.8 billion and can therefore narrow this range to €9.2 to €9.3 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 are also able to narrow the forecast range of €2.2 to €2.6 billion for our full-year underlying net income and now expect it to be €2.2 to €2.4 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 three quarters 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 translation risks for 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 promulgated a legislative package containing further energy-market reforms designed to reestablish the correlation between costs and revenues. The reforms will affect E.ON's operations in Spain.

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

In addition to our local partner's already-known financial problems, ENEVA, our joint venture in Brazil, is also affected by business risks. Following the bankruptcy filing of OGX, the largest company in the Batista group, ENEVA has initiated measures to avoid an indirect threat to itself and to give itself a solid foundation.

The situation surrounding the following risks has changed:

Technologically complex production facilities are used in the production and distribution of energy. Germany's Renewable Energy Law has led to increasing feed-in of electricity from distributed generating units, which creates the need for additional expansion of the distribution network. On a regional level, the increase in distributed feed-in (primarily from renewables) has led to a shift in load flows. Our operations in and outside Germany face the risk that unanticipated operational failures and/or other problems lead to power outages or power-plant shutdowns. Operational failures or extended production stoppages of facilities or components of facilities (including new-build projects) as well as environmental damage could negatively impact our earnings situation and/or affect our cost situation or result in fines being levied against us. In addition, problems with the development of new gas fields could lead to lower-than-expected earnings.

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. These risks relate mainly to legal actions and proceedings concerning price increases, alleged market-sharing agreements, and anticompetitive practices. The above-mentioned legal proceedings concerning price increases include legal actions to demand repayment of the increase differential in conjunction with court rulings that certain price-adjustment clauses used in the special-customer segment in years past are invalid. Recent rulings by Germany's Federal Court of Justice ("FCJ") have increased these risks. To reduce future risks E.ON uses amended price-adjustment clauses. Additional risks result from the FCJ's still-pending submissions to the European Court of Justice to determine whether Germany's Basic Supply Ordinances (*Grundversorgungsverordnungen*) for Power and Gas comply with European law. E.ON is not a party to this proceeding.

E.ON is building a hard-coal-fired power plant in Datteln, Germany ("Datteln 4"). The plant is designed to have a net electric capacity of about 1,055 MW. E.ON has invested more than €1 billion in the project so far. The Münster Superior Administrative Court ("SAC") issued a ruling declaring void the City of Datteln's land-use plan. This ruling was subsequently upheld by the Federal Administrative Court ("FAC") in Leipzig. Consequently, a new planning process is being conducted to reestablish a reliable planning basis for Datteln 4. The Regionalverband Rhein-Ruhr's passage, on July 5, 2013, of a resolution to initiate proceedings to obtain permission to deviate from the planning objective was an important step in this direction, as was the public-participation process for the project-related development plan, which took place from July 29 to October 7, 2013. The statements submitted during the public-participation process are currently being evaluated. When the evaluation is completed, the Datteln City Council will determine whether it necessitates a revision of the planning documents and the expert opinion. It will also determine whether, to avoid legal risks, a modified announcement together with a new disclosure is necessary in order to take into consideration a FAC ruling that was issued after the announcement of the current disclosure. In view of these factors and the ongoing planning processes, the FAC'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 also attend our other power and gas new-build projects.

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), 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 frozen in its current state. The data that are currently 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 took place this year, removed the BNetzA's legal concerns in this matter. An amicable agreement has now been reached to end the proceedings. This agreement has been signed.

E.ON's power and gas network operators in Germany are currently going through the regulatory cost-assessment process for the second period of incentive-based regulation, which begins in 2013 (for gas network operators) and 2014 (for power network operators). The cost review and efficiency benchmarks for power and gas networks are completed, and the results are known. E.ON's network operators have published preliminary prices. The administrative process is not yet formally completed for either type of operator; consequently, revenue caps have not been set for power or gas.

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

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

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

Management's Evaluation of the Risk Situation

At the end of the first three quarters 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 three quarters 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 September 30, 2013 which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, November 11, 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

		July 1–Sep. 30		Jan. 1–Sep. 30	
€ in millions	Note	2013	2012[1]	2013	2012[1]
Sales including electricity and energy taxes		25,052	28,626	90,664	95,062
Electricity and energy taxes		-358	-399	-1,327	-1,433
Sales	(13)	**24,694**	**28,227**	**89,337**	**93,629**
Changes in inventories (finished goods and work in progress)		22	11	35	107
Own work capitalized		118	72	280	207
Other operating income		518	2,506	8,261	8,182
Cost of materials		-21,986	-24,667	-77,952	-80,588
Personnel costs		-1,073	-1,236	-3,465	-3,705
Depreciation, amortization and impairment charges		-1,305	-1,756	-3,283	-3,646
Other operating expenses		-975	-2,449	-8,135	-9,863
Income from companies accounted for under the equity method		-120	-324	-128	177
Income/Loss (-) from continuing operations before financial results and income taxes		**-107**	**384**	**4,950**	**4,500**
Financial results	(6)	-494	-265	-1,372	-1,000
Income/Loss (-) from equity investments		*11*	*27*	*27*	*61*
Income from other securities, interest and similar income		*152*	*259*	*418*	*824*
Interest and similar expenses		*-657*	*-551*	*-1,817*	*-1,885*
Income taxes		161	-233	-659	-521
Income/Loss (-) from continuing operations		**-440**	**-114**	**2,919**	**2,979**
Income from discontinued operations, net		–	–	–	27
Net income/Loss (-)		**-440**	**-114**	**2,919**	**3,006**
Attributable to shareholders of E.ON SE		*-456*	*-186*	*2,613*	*2,707*
Attributable to non-controlling interests		*16*	*72*	*306*	*299*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(7)				
from continuing operations		-0.24	-0.10	1.37	1.41
from discontinued operations		0.00	0.00	0.00	0.01
from net income/loss (-)		**-0.24**	**-0.10**	**1.37**	**1.42**

[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

	July 1–Sep. 30		Jan. 1–Sep. 30	
€ in millions	2013	2012	2013	2012
Net income/Loss (-)	**-440**	**-114**	**2,919**	**3,006**
Remeasurement of defined benefit plans	-455	-763	45	-2,403
Income taxes	81	238	-72	707
Items never reclassified subsequently to profit or loss	**-374**	**-525**	**-27**	**-1,696**
Cash flow hedges	25	-27	93	-195
Unrealized changes	*-104*	*-47*	*92*	*-132*
Reclassification adjustments recognized in income	*129*	*20*	*1*	*-63*
Available-for-sale securities	86	65	-36	-29
Unrealized changes	*120*	*86*	*102*	*35*
Reclassification adjustments recognized in income	*-34*	*-21*	*-138*	*-64*
Currency translation adjustments	-59	327	-841	601
Unrealized changes	*-135*	*327*	*-885*	*646*
Reclassification adjustments recognized in income	*76*	*–*	*44*	*-45*
Companies accounted for under the equity method	-222	9	-767	-7
Unrealized changes	*-222*	*9*	*-423*	*-7*
Reclassification adjustments recognized in income	*–*	*–*	*-344*	*–*
Income taxes	9	-21	-8	81
Items that may be reclassified subsequently to profit or loss	**-161**	**353**	**-1,559**	**451**
Total income and expenses recognized directly in equity	**-535**	**-172**	**-1,586**	**-1,245**
Total recognized income and expenses (total comprehensive income)	**-975**	**-286**	**1,333**	**1,761**
Attributable to shareholders of E.ON SE	*-969*	*-347*	*1,098*	*1,522*
Attributable to non-controlling interests	*-6*	*61*	*235*	*239*

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	Sep. 30, 2013	Dec. 31, 2012[1]
Assets			
Goodwill		12,870	13,440
Intangible assets		6,397	6,869
Property, plant and equipment		52,025	54,173
Companies accounted for under the equity method	(8)	6,541	4,067
Other financial assets	(8)	6,212	6,358
Equity investments		*1,730*	*1,612*
Non-current securities		*4,482*	*4,746*
Financial receivables and other financial assets		3,701	3,692
Operating receivables and other operating assets		2,588	2,400
Income tax assets		103	123
Deferred tax assets		5,652	5,441
Non-current assets		**96,089**	**96,563**
Inventories		4,523	4,734
Financial receivables and other financial assets		2,064	2,058
Trade receivables and other operating assets		19,068	24,354
Income tax assets		915	910
Liquid funds		7,183	6,546
Securities and fixed-term deposits		*3,323*	*3,281*
Restricted cash and cash equivalents		*392*	*449*
Cash and cash equivalents		*3,468*	*2,816*
Assets held for sale	(4)	303	5,261
Current assets		**34,056**	**43,863**
Total assets		**130,145**	**140,426**
Equity and Liabilities			
Capital stock		2,001	2,001
Additional paid-in capital		13,740	13,740
Retained earnings		23,260	22,869
Accumulated other comprehensive income		-1,628	-147
Treasury shares	(9)	-3,505	-3,505
Equity attributable to shareholders of E.ON SE		**33,868**	**34,958**
Non-controlling interests (before reclassification)		3,777	4,410
Reclassification related to put options		-597	-548
Non-controlling interests		**3,180**	**3,862**
Equity		**37,048**	**38,820**
Financial liabilities		18,651	21,937
Operating liabilities		6,649	5,655
Income taxes		1,828	2,053
Provisions for pensions and similar obligations	(11)	4,388	4,945
Miscellaneous provisions		23,451	23,656
Deferred tax liabilities		7,358	6,781
Non-current liabilities		**62,325**	**65,027**
Financial liabilities		4,880	4,007
Trade payables and other operating liabilities		21,272	25,935
Income taxes		1,070	1,391
Miscellaneous provisions		3,415	4,049
Liabilities associated with assets held for sale	(4)	135	1,197
Current liabilities		**30,772**	**36,579**
Total equity and liabilities		**130,145**	**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–September 30 € in millions	2013	2012
Net income	2,919	3,006
Income/Loss (-) from discontinued operations, net	–	-27
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	3,283	3,646
Changes in provisions	163	-764
Changes in deferred taxes	407	468
Other non-cash income and expenses	146	-698
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-1,910	-343
Changes in operating assets and liabilities and in income taxes	289	1,539
Cash provided by operating activities of continuing operations (operating cash flow)[1]	**5,297**	**6,827**
Proceeds from disposal of	6,719	3,835
Intangible assets and property, plant and equipment	*358*	*334*
Equity investments	*6,361*	*3,501*
Purchases of investments in	-6,328	-4,334
Intangible assets and property, plant and equipment	*-2,899*	*-3,784*
Equity investments	*-3,429*	*-550*
Changes in securities and fixed-term deposits	-683	-403
Changes in restricted cash and cash equivalents	53	-303
Cash used for investing activities of continuing operations	**-239**	**-1,205**
Payments received/made from changes in capital[2]	-23	-87
Cash dividends paid to shareholders of E.ON SE	-2,097	-1,905
Cash dividends paid to non-controlling interests	-210	-185
Changes in financial liabilities	-2,019	-2,568
Cash used for financing activities of continuing operations	**-4,349**	**-4,745**
Net increase/decrease in cash and cash equivalents	**709**	**877**
Effect of foreign exchange rates on cash and cash equivalents	-32	31
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]	**3,500**	**4,763**

[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 quarter also include amounts of €7 million from the Sweden regional unit's Polish activities, which are reported as a disposal group, and a combined total of €25 million from the Helmstedt lignite field businesses, including the Buschhaus power plant, which are also reported as a disposal group. In 2012, this line included an amount of €2 million at E.ON Bulgaria, which had been reported as a disposal group.

Condensed Consolidated Interim Financial Statements

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income: Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 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			45			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			1,154	639	-101	-170
Net income			*2,707*			
Other comprehensive income			*-1,553*	*639*	*-101*	*-170*
Remeasurement of defined benefit plans			*-1,553*			
Changes in accumulated other comprehensive income				*639*	*-101*	*-170*
Balance as of September 30, 2012	**2,001**	**13,747**	**23,114**	**-478**	**794**	**-225**
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			-91			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			2,579	-1,518	7	30
Net income			*2,613*			
Other comprehensive income			*-34*	*-1,518*	*7*	*30*
Remeasurement of defined benefit plans			*-34*			
Changes in accumulated other comprehensive income				*-1,518*	*7*	*30*
Balance as of September 30, 2013	**2,001**	**13,740**	**23,260**	**-2,132**	**817**	**-313**

[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	-185		-185	-2,090
		45	-168		-168	-123
				-7	-7	-7
		1,522	239		239	1,761
		2,707	*299*		*299*	*3,006*
		-1,185	*-60*		*-60*	*-1,245*
		-1,553	*-143*		*-143*	*-1,696*
		368	*83*		*83*	*451*
	-3,530	**35,423**	**4,303**	**-615**	**3,688**	**39,111**
	-3,505	**34,958**	**4,410**	**-548**	**3,862**	**38,820**
			-735		-735	-735
			22		22	22
			-17		-17	-17
		-2,097	-212		-212	-2,309
		-91	74		74	-17
				-49	-49	-49
		1,098	235		235	1,333
		2,613	*306*		*306*	*2,919*
		-1,515	*-71*		*-71*	*-1,586*
		-34	*17*		*17*	*-17*
		-1,481	*-88*		*-88*	*-1,569*
	-3,505	**33,868**	**3,777**	**-597**	**3,180**	**37,048**

Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Report for the nine months ended September 30, 2013, has been prepared in accordance with all International Financial Reporting Standards ("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 cumulative net effect amounted to €10 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

	December 31, 2012			January 1, 2012		
€ in millions	before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment	before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment
Total assets	**140,426**	**–**	**140,426**	**152,872**	**-10**	**152,862**
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

	January 1–September 30, 2012		
€ in millions	before IAS 19R adjustment	IAS 19R adjustment	after IAS 19R adjustment
Income/Loss (-) from continuing operations before financial results and income taxes	**4,521**	**-21**	**4,500**
Financial results	-995	-5	-1,000
Income taxes	-527	6	-521
Income/Loss (-) from continuing operations	**2,999**	**-20**	**2,979**
Net income	**3,026**	**-20**	**3,006**

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 approximately €1.3 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	4	4	8
Disposals/Mergers	28	30	58
Consolidated companies as of September 30, 2013	**130**	**271**	**401**

As of September 30, 2013, 65 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 nine 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 was €0.1 billion. The transaction closed in the third quarter of 2013. The activities were reported as a disposal group since the second quarter of 2013. Held by the Sweden regional unit, the disposal group's major asset items were property, plant and equipment (€0.1 billion) and financial assets (€0.1 billion). The liabilities side of the balance sheet consisted primarily of liabilities (€0.1 billion).

E.ON Westfalen Weser

At the end of June 2013, E.ON signed a contract for and finalized the sale of its 62.8-percent stake in E.ON Westfalen Weser to a consortium of municipal co-owners with cash proceeds of approximately €0.4 billion. As part of the transaction, E.ON bought back the retail subsidiary E.ON Westfalen Weser Vertrieb GmbH and certain other shareholdings held by E.ON Westfalen Weser AG. The major balance sheet items of this unit, which was held by the Germany regional unit, were property, plant and equipment (€0.8 billion) and receivables (€0.3 billion), as well as provisions (€0.3 billion) and liabilities (€0.3 billion). The disposal resulted in a loss of about €0.2 billion.

E.ON Földgáz Trade / E.ON Földgáz Storage

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

E.ON Thüringer Energie

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

Slovenský Plynárenský Priemysel (SPP)

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

E.ON Energy from Waste

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

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. The carrying amount of the property, plant and equipment to be transferred is approximately €0.1 billion. The transfer took place in the third quarter of 2013 with a minor gain on disposal.

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, United Kingdom, to the Japanese industrial group Hitachi. The purchase price for the 50-percent stake amounted to approximately €0.4 billion. The shareholding was held as a joint venture in the UK regional unit, with a carrying amount of €0.3 billion as of September 30, 2012. The transaction closed in November 2012.

Open Grid Europe

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

E.ON Bulgaria

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

HSE

Following the disposal of the Thüga group, a concrete stage in negotiations on the disposal of the 40-percent shareholding in HEAG 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 €24 million in the first nine months of 2013 (first nine months of 2012: €32 million).

(6) Financial Results

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

Financial Results	July 1–Sep. 30		Jan. 1–Sep. 30	
€ in millions	2013	2012	2013	2012
Income from companies in which equity investments are held	26	26	80	87
Impairment charges/reversals on other financial assets	-15	1	-53	-26
Income/Loss (-) from equity investments	**11**	**27**	**27**	**61**
Income from securities, interest and similar income	152	259	418	824
Interest and similar expenses	-657	-551	-1,817	-1,885
Net interest income	**-505**	**-292**	**-1,399**	**-1,061**
Financial results	**-494**	**-265**	**-1,372**	**-1,000**

(7) Earnings per Share

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

Earnings per Share	July 1–Sep. 30		Jan. 1–Sep. 30	
€ in millions	2013	2012	2013	2012
Income/Loss (-) from continuing operations	-440	-114	2,919	2,979
Less: Non-controlling interests	-16	-72	-306	-299
Income/Loss (-) from continuing operations (attributable to shareholders of E.ON SE)	**-456**	**-186**	**2,613**	**2,680**
Income from discontinued operations, net	–	–	–	27
Net income/loss (-) attributable to shareholders of E.ON SE	**-456**	**-186**	**2,613**	**2,707**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	-0.24	-0.10	1.37	1.41
from discontinued operations	0.00	0.00	0.00	0.01
from net income/loss (-)	**-0.24**	**-0.10**	**1.37**	**1.42**
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.

Earnings in the third quarter reflected especially the recognition of impairment charges of €556 million and reversals of €156 million.

(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	Sep. 30, 2013	Dec. 31, 2012
Companies accounted for under the equity method	6,541	4,067
Equity investments	1,730	1,612
Non-current securities	4,482	4,746
Total	**12,753**	**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 ENEVA (formerly MPX Energia) S.A., Rio de Janeiro, Brazil.

The net loss of €128 million from companies accounted for under the equity method (first nine months of 2012: net income of €177 million) includes impairments totaling €327 million.

(9) Treasury Shares

Pursuant to a resolution from the Annual Shareholders Meeting of May 3, 2012, the Company is authorized to purchase own shares until May 2, 2017. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a *et seq.* AktG, may at no time exceed 10 percent of its capital stock. The Board of Management was authorized at the aforementioned Annual Shareholders Meeting to cancel treasury shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of September 30, 2013, was 1,906,750,821 (December 31, 2012: 1,906,750,395).

As of September 30, 2013, E.ON SE and one of its subsidiaries held a total of 94,249,179 treasury shares (December 31, 2012: 94,249,605) having a consolidated book value of €3,505 million (equivalent to 4.71 percent or €94,249,179 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 €557 million from year-end 2012. The main causes of the decrease were employer contributions to plan assets and eliminations of provisions for pensions associated with the disposal of Group companies. Provisions for pensions were further reduced by net actuarial gains, which resulted primarily from the increase in the discount rates used in Germany and in the United Kingdom, and by net periodic pension payments. Additions attributable to the net periodic pension cost partly offset the aforementioned effects.

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

Discount Rates Percentages	Sep. 30, 2013	Dec. 31, 2012
Germany	3.60	3.40
U.K.	4.50	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	Sep. 30, 2013	Dec. 31, 2012
Present value of all defined benefit obligations	16,052	16,824
Fair value of plan assets	-11,666	-11,881
Net amount recognized	**4,386**	**4,943**
Presented as operating receivables	*-2*	*-2*
Presented as provisions for pensions and similar obligations	*4,388*	*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

€ in millions	July 1–Sep. 30 2013	July 1–Sep. 30 2012	Jan. 1–Sep. 30 2013	Jan. 1–Sep. 30 2012
Employer service cost	67	59	201	180
Net interest on the net defined benefit liability	35	31	111	100
Past service cost	20	5	55	12
Total	**122**	**95**	**367**	**292**

(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 €10 million in the first nine 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. Where the value of a financial instrument can be derived from an active market without the need for an adjustment, that value is applied as the fair value. That applies in particular to equities held and to bonds held and issued. If exchange or market prices are unavailable for consideration, E.ON determines fair values using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. This applies, for example, to the fair values of derivative financial instruments on interest-rates and currencies, which are determined using customary market valuation methods, taking into account the market data available on the measurement date. Should such methods and data not be available either, suitable internal valuation techniques are employed. Within the E.ON Group, internal valuation techniques are relevant in relation to financial instruments for individual equity investments and derivatives. The fair values of equity investments are established using the discounted cash flow method, where estimated future cash flows are discounted by a weighted-average cost of capital. The discount rate reflects the specific risks inherent in the activities. If market prices are not available when measuring derivative financial instruments, certain long-term energy contracts are measured using valuation models based on internal fundamental data.

Presentation of Financial Instruments

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

Carrying Amounts of Financial Instruments as of September 30, 2013

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets			
Equity investments	1,730	115	409
Derivatives	6,251	2,512	3,487
Securities and fixed-term deposits	7,805	7,102	703
Cash and cash equivalents	3,468	3,468	–
Restricted cash	392	392	–
Liabilities			
Derivatives	7,033	3,362	3,581

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 45.

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of commercial paper, borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. The fair value of the bonds as of September 30, 2013, was €21,939 million (December 31, 2012: €25,274 million). The carrying amount of the bonds as of September 30, 2013, was €18,214 million (December 31, 2012: €20,634 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. In the third quarter of 2013, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. Because of the use of new valuation techniques, additional equity investments amounting to €72 million were presented within Level 3 of the fair value hierarchy in the first nine months of 2013. This was offset by €19 million in equity investments no longer presented within Level 3 of the fair value hierarchy. 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	Sep. 30, 2013
Equity investments	1,251	47	-129	–	-11	72	-19	-5	1,206
Derivative financial instruments	97	–	–	85	-20	–	–	–	162
Total	**1,348**	**47**	**-129**	**85**	**-31**	**72**	**-19**	**-5**	**1,368**

At the beginning of 2013, a net loss of €38 million from the initial measurement of derivatives was deferred. After realization of €3 million in deferred gains, the remainder at the end of the quarter was a deferred loss of €41 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 €63 million or an increase of €24 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 €6,673 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 September 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 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.

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Global Units

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

Generation

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

Renewables

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

Global Commodities

As the link between E.ON and the world's wholesale energy markets, the Global Commodities global unit buys and sells electricity, natural gas, liquefied natural gas (LNG), oil, coal, freight, biomass, and carbon allowances. It additionally manages and develops 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–September 30 € in millions	Generation		Renewables		Global Commodities	
	2013	2012	2013	2012	2013	2012
External sales	2,068	2,272	613	655	40,499	43,186
Intersegment sales	5,849	6,927	1,245	1,199	24,461	26,310
Sales	**7,917**	**9,199**	**1,858**	**1,854**	**64,960**	**69,496**
EBITDA[1]	**1,029**	**1,740**	**987**	**947**	**860**	**1,961**
Earnings from companies accounted for under the equity method[2]	*30*	*10*	*7*	*14*	*90*	*399*
Operating cash flow before interest and taxes[3]	**1,161**	**2,029**	**1,285**	**917**	**-1,708**	**1,153**
Investments	**507**	**846**	**660**	**1,113**	**118**	**245**

[1]Adjusted for extraordinary effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss (-) from companies accounted for under the equity method and financial results, respectively. These income effects are not part of EBITDA.
[3]The operating cash flow of the Global Commodities unit has been diminished by the legal transfer of gas distribution to the distribution companies held in the Germany regional unit, which took place in 2013. The operating cash flow of the Germany regional unit has increased correspondingly.

Financial Information by Business Segment—Presentation of Other EU Countries

January 1–September 30 € in millions	UK		Sweden		Czechia	
	2013	2012	2013	2012	2013	2012
External sales	7,023	6,844	1,933	1,908	2,059	2,043
Intersegment sales	50	67	105	118	101	118
Sales	**7,073**	**6,911**	**2,038**	**2,026**	**2,160**	**2,161**
EBITDA[1]	**307**	**297**	**570**	**526**	**407**	**315**
Earnings from companies accounted for under the equity method[2]	–	–	*11*	*9*	*3*	*49*
Operating cash flow before interest and taxes	**185**	**223**	**582**	**392**	**408**	**327**
Investments	**62**	**82**	**260**	**226**	**102**	**98**

[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
1,167	902	27,028	28,496	16,467	16,618	1,373	1,363	122	137	89,337	93,629
300	143	726	943	632	816	–	–	-33,213	-36,338	0	0
1,467	**1,045**	**27,754**	**29,439**	**17,099**	**17,434**	**1,373**	**1,363**	**-33,091**	**-36,201**	**89,337**	**93,629**
748	**421**	**1,825**	**1,894**	**1,716**	**1,558**	**414**	**519**	**-462**	**-234**	**7,117**	**8,806**
30	*51*	*66*	*65*	*50*	*106*	*-74*	*-4*	–	–	*199*	*641*
728	**470**	**3,444**	**2,578**	**1,611**	**1,447**	**516**	**495**	**-416**	**-1,148**	**6,621**	**7,941**
351	**359**	**651**	**554**	**591**	**619**	**3,404**	**596**	**46**	**2**	**6,328**	**4,334**

Hungary		Other regional units		Other EU Countries	
2013	2012	2013	2012	2013	2012
1,323	1,391	4,129	4,432	16,467	16,618
5	44	371	469	632	816
1,328	**1,435**	**4,500**	**4,901**	**17,099**	**17,434**
136	**149**	**296**	**271**	**1,716**	**1,558**
–	–	*36*	*48*	*50*	*106*
128	**167**	**308**	**338**	**1,611**	**1,447**
59	**89**	**108**	**124**	**591**	**619**

Notes to the Condensed Consolidated Interim Financial Statements

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

January 1–September 30 € in millions	Russia		Other Non-EU Countries		Non-EU Countries	
	2013	2012	2013	2012	2013	2012
External sales	1,373	1,363	–	–	1,373	1,363
Intersegment sales	–	–	–	–	0	0
Sales	**1,373**	**1,363**	**0**	**0**	**1,373**	**1,363**
EBITDA[1]	**495**	**523**	**-81**	**-4**	**414**	**519**
Earnings from companies accounted for under the equity method[2]	–	–	*-74*	*-4*	*-74*	*-4*
Operating cash flow before interest and taxes	**516**	**495**	**–**	**–**	**516**	**495**
Investments	**234**	**186**	**3,170**	**410**	**3,404**	**596**

[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–September 30 € in millions	2013	2012	Difference
Operating cash flow before interest and taxes	**6,621**	**7,941**	**-1,320**
Interest payments	-541	-638	97
Tax payments	-783	-476	-307
Operating cash flow	**5,297**	**6,827**	**-1,530**

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–September 30 € in millions	2013	2012
EBITDA[1]	**7,117**	**8,806**
Depreciation and amortization	-2,614	-2,632
Impairments (-)/Reversals (+)[2]	-62	-71
EBIT[1]	**4,441**	**6,103**
Economic interest income (net)	-1,312	-1,027
Net book gains/losses	1,846	190
Restructuring/cost-management expenses	-302	-233
Impairments (-)/Reversals (+)[2, 3]	-746	-1,190
Other non-operating earnings	-349	-343
Income/Loss (-) from continuing operations before taxes	**3,578**	**3,500**
Income taxes	-659	-521
Income/Loss (-) from continuing operations	**2,919**	**2,979**
Income from discontinued operations, net	–	27
Net income	**2,919**	**3,006**
Attributable to shareholders of E.ON SE	*2,613*	*2,707*
Attributable to non-controlling interests	*306*	*299*

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

In the 2013 reporting period, a deteriorated overall market environment, regulatory intervention and disposal processes have had an impact on the global and regional units. This necessitated the recognition of impairment charges of €0.9 billion, especially at the Renewables unit, at the activities in the other non-EU countries and at the Global Commodities unit. Of this total, €0.1 billion was attributable to goodwill and €0.8 billion to equity investments, property, plant and equipment and intangible assets. The charges were offset in part by reversals of approximately €0.1 billion at the Generation global unit. In 2012, the market environment had necessitated the recognition of €1.5 billion in impairments (€0.1 billion on goodwill, €0.9 billion on property, plant and equipment and intangible assets, €0.5 billion on equity investments), particularly at the Generation and Global Commodities units and in the other EU countries. The charges had been offset in part by reversals of approximately €0.3 billion, primarily at the Generation 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

On October 16, 2013, Hungary enacted legislation mandating a general reduction in prices for regulated energy activities. The legislation took effect on November 1, 2013, and also affects activities of the Hungary regional unit. E.ON is currently evaluating the accounting effects.

Financial Calendar

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

Further information

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