2015 Annual Report

E.ON Group Financial Highlights[1]

€ in millions	2015	2014	+/- %
Attributable generating capacity (MW)	45,335	58,871	-23
– thereof renewables (MW)	8,428	10,474	-20
Fully consolidated generating capacity (MW)	46,479	60,151	-23
– thereof renewables (MW)	7,889	9,703	-19
Owned generation (billion kWh)	188.5	215.2	-12
– thereof renewables (billion kWh)	26.1	27.2	-4
Carbon emissions from power and heat production (million metric tons)	76.8	95.7	-20
Specific carbon emissions (million metric tons/MWh)	0.40	0.43	-7
Electricity sales (billion kWh)	780.9	780.2	–
Gas sales (billion kWh)	1,721.8	1,171.0	+47
Sales	116,218	113,095	+3
EBITDA[2]	7,557	8,376	-10
EBIT[2]	4,369	4,695	-7
Net income/Net loss	-6,377	-3,130	-104
Net income/Net loss attributable to shareholders of E.ON SE	-6,999	-3,160	-121
Underlying net income[2]	1,648	1,646	–
Investments	4,174	4,637	-10
Research and development costs	34	30	+13
Cash provided by operating activities of continuing operations	6,133	6,354	-3
Economic net debt (at year-end)	27,714	33,394	-17
Debt factor[4]	3.7	4.0	-0.3[3]
Equity	19,077	26,713	-29
Total assets	113,693	125,690	-10
ROACE (%)	9.4	8.6	+0.8[5]
Pretax cost of capital (%)	6.7	7.4	-0.7[5]
After-tax cost of capital (%)	4.9	5.4	-0.5[5]
Value added	1,251	640	+95
Employees (at year-end)	56,490	58,811	-4
– Percentage of female employees	29.9	28.9	+1.0[5]
– Percentage of female executives and senior managers	16.7	15.8	+0.9[5]
– Average turnover rate (%)	3.7	3.3	+0.4[5]
– Average age	42	43	-1[3]
– TRIF (E.ON employees)	2.0	2.0	–
Earnings per share[6, 7] (€)	-3.60	-1.64	-120
Equity per share[6, 7] (€)	8.42	12.72	-34
Dividend per share[8] (€)	0.50	0.50	–
Dividend payout	976	966	+1
Market capitalization[7] (€ in billions)	17.4	27.4	-36

[1]Adjusted for discontinued operations.
[2]Adjusted for extraordinary effects (see Glossary).
[3]Change in absolute terms.
[4]Ratio of economic net debt and EBITDA.
[5]Change in percentage points.
[6]Attributable to shareholders of E.ON SE.
[7]Based on shares outstanding.
[8]For the respective financial year; the 2015 figure represents management's dividend proposal.

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Dear Shareholders,

The dominant theme of the 2015 financial year was the separation of our operations into two independent companies. We announced this complex project about 15 months ago and since then have been working hard to carry out, on schedule, what is perhaps the most ambitious reorganization of a European company. E.ON and Uniper have been operating independently of one another since the beginning of the year. Each is a sharply focused company. Each will concentrate on one of the two energy worlds that are becoming increasingly distinct from one another and that require dramatically different business approaches.

E.ON's three core businesses—renewables, energy networks, and customer solutions—will enable us to seize opportunities in the new energy world. Although we already have a solid track record in these businesses, we'll now put them at the center of what we do and focus resolutely on our customers. Over the past few years E.ON has installed more than 2,400 wind turbines and commissioned several solar farms. We've invested about €10 billion in these projects. Last year alone we completed two large offshore wind farms in the North Sea—Amrumbank West off the German island of Helgoland and Humber Gateway off the east coast of England—on time and on budget. We're the world's second-largest offshore wind company and have a well-deserved reputation for excellence in planning, building, and operating offshore assets. This makes us a sought-after partner for companies that want to invest in green energy. The new E.ON's second core business is energy networks. Just as modern communications need the internet, the modern energy world needs advanced energy networks that can connect millions of production sources and customers and respond seamlessly to customer needs and fluctuations in renewables output. Our increasing deployment of smart technology enables our customers to use, share, and sell energy like never before. Developing and operating innovative energy networks is one of our strengths. No energy company in Germany has integrated more renewables capacity into its network than E.ON. We invest about €1 billion a year to expand, add connections to, and upgrade our networks in Germany. Our third core business is customer solutions, from standard energy sales to new and innovative products and services. Our solar and battery experts help customers to generate their own green energy and store it for later use. In addition, E.ON has for years been a market leader in Germany in providing embedded combined-heat-and-power ("CHP") solutions. We've installed more than 4,000 CHP units, and each year we generate almost €1 billion in sales from this business. In November 2015, for instance, we commissioned the largest CHP unit in the Hamburg region. It will generate power for to up to 21,500 households and heat for up to 6,000. singe-family houses. These examples demonstrate that we have outstanding capabilities to help shape tomorrow's energy world. Our next objective is to pool and digitalize our capabilities across these businesses in order to develop new products and integrated energy plans for our customers. The E.ON brand will continue to serve as the familiar face for all three of our core businesses.

Uniper will focus on the conventional energy world. It has a portfolio of conventional assets with a strong emphasis on operationally flexible gas-fired power plants and global energy trading. Uniper's generation fleet encompasses about 40 gigawatts of capacity in Europe and Russia. This flexible, dispatchable capacity—which includes a significant proportion of hydro—will play an important role in ensuring supply security during the long, gradual transition to a low-carbon future. Unit 3, a state-of-the-art coal-fired generating unit at Maasvlakte power station outside Rotterdam in the Netherlands, entered service in 2015 and has now obtained its operating permit. Uniper has demonstrated how a power plant can be deftly tailored to the energy needs of nearby industry in a way that helps protect the climate; Maasvlakte 3 will add to Uniper's portfolio of efficient generating capacity in the European market. Many of Uniper's power plants also produce heat for district-heating systems as well as process steam, compressed air, and other services for nearby industrial enterprises. Extensive expertise and experience in power-plant engineering, planning, construction, operations, and management give Uniper a very good platform for developing new services businesses in its home markets in Europe and elsewhere. And many years of experience in sourcing gas through long-term contracts and LNG, proven expertise in global commodity trading, and a portfolio of gas-storage facilities make Uniper a mainstay of Europe's supply security. In the years ahead Uniper will also play a key role in a variety of energy markets around the world. For example, Uniper is testing new technologies—energy storage foremost among them—that will be crucial for tomorrow's electricity system, which will consist of a high proportion of renewables. Uniper already operates a number of pilot units that transform surplus wind power into hydrogen, which is injected into the gas pipeline system. Uniper is also involved in the development of utility-scale battery storage systems.

The transformation of E.ON remained on schedule even though in September 2015 we decided to keep our remaining nuclear power business in Germany at E.ON and to rename it PreussenElektra. At about the same time, the German federal government appointed a commission to explore viable long-term solutions for the funding of nuclear asset-retirement obligations. We believe strongly that energy companies and the German state share the responsibility for the phaseout of nuclear energy. In October 2015 the results of the stress tests ordered by the German Federal Ministry for Economic Affairs showed that the provisions we've recorded to dismantle nuclear assets and manage nuclear waste are sufficient and properly accounted for. We're now working hard so that E.ON and Uniper are well funded for the future and, although the business environment is becoming more difficult, can focus on developing the businesses in their respective energy worlds.

E.ON's operating business was stable and performed according to plan in 2015. Although our EBITDA of €7.6 billion and operating cash flow of €6.1 billion were both below the prior-year figures, they were in line with our expectations. Our earnings situation in 2015 reflected, in particular, impairment charges of €8.8 billion. We recorded these charges primarily on our generation assets after reviewing our assumptions regarding the long-term development of electricity and fuel prices. We made very good progress in further reducing our economic net debt, which declined by about €5.7 billion to €27.7 billion. This reflected in part the divestment of our exploration and production ("E&P") business in the Norwegian North Sea, our operations in Spain, our generation business in Italy, and our remaining stake in E.ON Energy from Waste. The recent sale of our U.K. E&P business continues this trend. These divestments improve our financial profile and enhance our flexibility to implement our strategy and reposition our company. We want to augment this impetus by successfully completing our new setup, as planned, this year. This will give us a platform from which we can unequivocally devote all our energy to outperforming our competitors in the new and the conventional energy world.

Our results for the 2015 financial year demonstrate that both E.ON and Uniper are solidly positioned operationally and financially. When the two companies have gone their separate ways, we'll be able to do a better job next year of bringing our operating strengths to bear. E.ON will focus on the new energy world, and Uniper will play a strong role in the conventional energy world. In their respective worlds, E.ON and Uniper aim to be investors' and customers' partner of choice.

Best wishes,

Dr. Johannes Teyssen

Dear Shareholders,

In November 2014 E.ON adopted a new corporate strategy. A significant share of the Supervisory Board's work in 2015 revolved around this decision. E.ON and Uniper began operating independently of one another on January 1, 2016. The new E.ON focuses on renewables, energy networks, and customer solutions. Uniper focuses on conventional power generation, with a strong emphasis on gas and hydro assets, as well as on global energy trading.

The business performance of E.ON and the entire energy industry continued to reflect the difficult structural situation in energy markets in Germany and Europe and a further significant decline in fuel prices worldwide. Due to the consequences of the energy transformation, at the current time it is difficult for low-emission conventional generating capacity to cover its costs, particularly in Germany. Europe and, in particular, Germany continue to lack a clear regulatory framework that defines and rewards the role conventional generating capacity plays in ensuring supply security.

In the 2015 financial year the Supervisory Board again carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own policies and procedures. It thoroughly examined the Company's situation and discussed in depth the consequences of its continually changing energy-policy and economic environment.

We advised the Management Board regularly about the Company's management and continually monitored the Management Board's activities, assuring ourselves that the Company's management was legal, purposeful, and orderly. We were closely involved in all business transactions of key importance to the Company and discussed these transactions thoroughly based on the Management Board's reports. At the Supervisory Board's four regular and two extraordinary meetings in the 2015 financial year, we addressed in depth all issues relevant to the Company, including in conjunction with the new corporate strategy. All Supervisory Board members attended all meetings with the exception of one member who was unable to attend two meetings. A table showing attendance by member is on page 78 of this report.

The Management Board regularly provided us with timely and comprehensive information in both written and oral form. At the meetings of the full Supervisory Board and its committees, we had sufficient opportunity to actively discuss the Management Board's reports, motions, and proposed resolutions. We voted on such matters when it was required by law, the Company's Articles of Association, or the Supervisory Board's policies and procedures. The Supervisory Board approved the resolutions proposed by the Management Board after thoroughly examining and discussing them.

Furthermore, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Management Board throughout the entire financial year. In the case of particularly important issues, the Chairman of the Supervisory Board was kept informed at all times. The Chairman of the Supervisory Board likewise maintained contact with the members of the Supervisory Board outside of board meetings. The Supervisory Board was therefore continually informed about the current operating performance of the major Group companies, significant business transactions, the development of key financial figures, and relevant decisions under consideration.

Implementation of E.ON's New Strategy

On November 30, 2014, the E.ON Supervisory Board approved the Management Board's proposal for a new corporate strategy. This new strategy is founded on the perception that over the past few years two energy worlds have emerged, worlds that place different demands on energy companies. The new energy world is about customer orientation, efficient and increasingly smart grids, renewables, distributed generation, and technical innovations. The conventional energy world, by contrast, primarily requires expertise and cost efficiency in conventional power stations and global energy trading. Together with the Management Board we therefore remain firmly convinced that the separation into two independent companies is the logical response to these developments and that our strategy will create two successful companies: the new E.ON and Uniper.

E.ON's objective is to become customers' partner of choice for innovative energy solutions. E.ON and its roughly 43,000 employees focus on three core businesses: renewables, energy networks, and customer solutions. Two business areas—conventional generation and global energy trading—and their nearly 14,000 employees were assigned to Uniper. Uniper began operating on January 1, 2016, and is based in Düsseldorf. It is intended for a resolution to be passed at the 2016 Annual Shareholders Meeting for a majority stake in Uniper to be spun off to E.ON SE shareholders.

In view of the policy debate in Germany regarding nuclear energy, the E.ON Management Board and Supervisory Board jointly decided for E.ON to retain responsibility for the remaining operation and decommissioning of its nuclear generating capacity in Germany. The decision does not affect E.ON's corporate strategy; instead, it safeguards against possible risks to the implementation of this strategy. The nuclear power business in Germany is not a strategic business segment for E.ON and is managed by a separate operating company called PreussenElektra.

Key Topics of the Supervisory Board's Discussions

Besides the above-described discussion of E.ON's new corporate strategy, we discussed the business models of Uniper and the new E.ON and received progress reports about the planned spinoff. In the context of the Group's current operating business, we discussed in detail the decline in prices on national and international energy markets as well as the business situation of the Group and its companies, about which we were continually informed by the Management Board. More specifically, we discussed E.ON SE's and the E.ON Group's current asset, financial, and earnings situation, workforce developments, and earnings opportunities and risks. In addition, we and the Management Board thoroughly discussed the E.ON Group's medium-term plan for 2016-2018, including the impairment charges that were necessary in this context due to updated assumptions regarding long-term trends in power and fuel prices. The Supervisory Board was provided information on a regular basis about the Company's health, (occupational) safety, and environmental performance (in particular the development of key accident indicators) as well as key figures for the number of customers, customer satisfaction, the number of apprentices, and measures to support women at the Company. In this regard, the Supervisory Board implemented legally mandated requirements for the proportion of women in management positions in Germany.

Other overarching topics of our discussions included developments in European and German energy policy and the macroeconomic and economic-policy situation in countries in which E.ON is active, in particular with regard to their respective consequences for E.ON's various business areas. At regular intervals we also discussed the development of commodity prices and currencies relevant for E.ON.

We thoroughly discussed current developments in the business activities of the global and regional units as well as in Russia and Turkey. The Management Board provided us with detailed information about the progress and completion of several projects to build new generation assets; namely, Maasvlakte 3 in the Netherlands, Berezov 3 in Russia, Humber Gateway offshore wind farm in the United Kingdom, and Amrumbank West offshore wind farm in Germany. Furthermore, we passed a resolution to move forward with the construction of Rampion wind farm off the U.K. coast and discussed and, where necessary, passed resolutions on, the sale of operations in Italy and Spain as well as the E&P business in the North Sea. In addition, the Supervisory Board was informed on an ongoing basis about the status of the Company's nuclear energy operations in Sweden (in particular, the status of the project to upgrade unit 2 at Oskarshamn nuclear power station and the decommissioning of units 1 and 2 at Ringhals nuclear power station) and the progress of Datteln 4, a new generating unit under construction in Germany. At all meetings, the Supervisory Board received reports about the restructuring of ENEVA, E.ON's joint venture in Brazil, and its related activities. The Management Board also reported on a number of legal matters, such as the status of the legal proceedings relating to the nuclear-fuel tax and of the constitutional complaint against the nuclear phaseout and the lawsuit filed against the nuclear energy moratorium. In conjunction with proposed resolutions for the 2015 Annual Shareholders Meeting, the Supervisory Board approved, among other things, the offer of a scrip dividend.

Finally, the Management Board provided information about the scope of E.ON's use of derivative financial instruments and how the regulation of these instruments affects E.ON's business. We also discussed E.ON's rating situation with the Management Board on a regular basis.

We thoroughly discussed the activity reports submitted by the Supervisory Board's committees.

Corporate Governance

In the 2015 financial year we again had intensive discussions about the implementation of the recommendations of the German Corporate Governance Code.

In the annual declaration of compliance issued at the end of the year, we and the Management Board declared that E.ON is in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated May 5, 2015, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*). Furthermore, we declared that E.ON was in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated June 24, 2014, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*), since the last annual declaration on December 15, 2014. The current version of the declaration of compliance is in the Corporate Governance Report on page 75; the current as well as earlier versions are continuously available to the public on the Company's website at www.eon.com.

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

Furthermore, education and training sessions on selected issues were conducted for Supervisory Board members in 2015.

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

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

Committee Work

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

The Executive Committee met six times. Attendance was complete at all meetings. In particular, this committee prepared the meetings of the full Supervisory Board. Furthermore, it discussed significant matters relating to the planned spinoff and Management Board compensation and did comprehensive preparatory work for the Supervisory Board's resolutions on these matters. In addition, it prepared the Supervisory Board's resolutions to determine that the Management Board met its targets for 2014 and to set the targets for 2015. It also conducted an interim evaluation of target implementation during the course of the year.

The Finance and Investment Committee met four times. Attendance was complete at all meetings. The matters addressed by the committee included the Management Board's report on the completion of Etzel gas storage facility and the Nord Stream, OPAL, and NEL gas pipelines. The committee also discussed current developments at Enerjisa (E.ON's joint venture in Turkey), the sale of E&P operations in the North Sea, the sale of activities in Italy, and Rampion, a wind farm project located off the U.K. coast. In particular, at its meetings the committee prepared the Supervisory Board's resolutions on these matters or, for matters for which it had the authority, made the decision itself. Furthermore, it discussed the medium-term plan for 2016–2018 and prepared the Supervisory Board's resolutions on this matter.

The Audit and Risk Committee met five times. Attendance was complete at all meetings. With due attention to the Independent Auditor's Report and in discussions with the independent auditor, the committee devoted particular attention to the 2014 Financial Statements of E.ON SE (prepared in accordance with the German Commercial Code) and the E.ON Group's 2014 Consolidated Financial Statements and the 2015 Interim Reports of E.ON SE (prepared in accordance with International Financial Reporting Standards, or "IFRS"). The committee discussed the recommendation for selecting an independent auditor for the 2015 financial year and assigned the tasks for the auditing services, established the audit priorities, determined the independent auditor's compensation, and verified the auditor's qualifications and independence in line with the recommendations of the German Corporate Governance Code. The committee assured itself that the independent auditor has no conflicts of interest. Topics of particularly detailed discussions included issues relating to accounting, the internal control system, and risk management. In addition, the committee thoroughly discussed the Combined Group Management Report and the proposal for profit appropriation and prepared the relevant recommendations for the Supervisory Board and reported to the Supervisory Board. Furthermore, on a regular basis the committee discussed in detail the progress of significant investment projects. The Audit and Risk Committee also discussed in detail market conditions, the long-term changes in markets, and the resulting consequences for the underlying value of our activities. It reviewed the results of impairment tests and the necessary impairment charges. Other focus areas included an examination of E.ON's risk situation, its risk-bearing capacity, and the quality control of its risk-management system. This examination was based on consultations with the independent auditor and, among other things, reports from the Company's risk committee. On the basis of the quarterly regular risk reports, the Audit and Risk Committee noted that no risks were identified that might jeopardize the existence of the Company or individual segments. The committee also discussed the work done by internal audit including the audits conducted in 2015 as well as the audit plan and audit priorities for 2015. Furthermore, the committee discussed the health, safety, and environment report, compliance reports and E.ON's compliance system, as well as other issues related to auditing. The Management Board also reported on ongoing proceedings and on legal and regulatory risks for the E.ON Group's business. These included the status of the constitutional complaint filed against Germany's Nuclear Phaseout Law as well as the lawsuits filed against the nuclear-fuel tax, the status of proceedings relating to the Datteln 4 new-build project, arbitration and legal proceedings filed by special-contract customers in Germany, the review of price-adjustment clauses being conducted by the European Court of Justice and the German Federal Court of Justice. The committee regularly dealt with the development of the Company's rating and its current status. Other topics included the status of the preparations for the planned spinoff, nuclear energy provisions and related policy discussions, the Company's tax situation, reportable incidents at the E.ON Group, and insurance issues.

The Nomination Committee did not meet in 2015 because no elections of shareholder representatives to the E.ON SE Supervisory Board were pending.

Examination and Approval of the Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2015

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, the independent auditor chosen by the Annual Shareholders Meeting and appointed by the Supervisory Board, audited and submitted an unqualified opinion on the Financial Statements of E.ON SE and the Combined Group Management Report for the year ended December 31, 2015. The Consolidated Financial Statements prepared in accordance with IFRS exempt E.ON SE from the requirement to publish Consolidated Financial Statements in accordance with German law.

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

At the Supervisory Board's meeting on March 8, 2016, we thoroughly discussed—in the presence of the independent auditor and with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee—E.ON SE's Financial Statements, Consolidated Financial Statements, Combined Group Management Report, and the Management Board's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding our own examination we determined that there are no objections to the findings. We therefore acknowledged and approved the Independent Auditor's Report.

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

We examined the Management Board's proposal for profit appropriation, which includes a cash dividend of €0.50 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. The proposal is in the Company's interest with due consideration for the shareholders' interests. After examining and weighing all arguments, we agree with the Management Board's proposal for profit appropriation.

Personnel Changes on the Management Board

In conjunction with the Group's reorganization the Supervisory Board made important personnel decisions for E.ON and Uniper.

Michael Sen was appointed to the E.ON SE Management Board effective June 1, 2015; he succeeded Klaus Schäfer as Chief Financial Officer. Karsten Wildberger was appointed to the E.ON SE Management Board effective April 1, 2016; he will succeed Bernhard Reutersberg as Chief Markets Officer.

With the approval of the E.ON SE Supervisory Board, Mr. Reutersberg was appointed Chairman of the Uniper Supervisory Board and will end his service on the E.ON Management Board effective June 30, 2016. In addition, the E.ON SE Supervisory Board approved the appointments to the Uniper Management Board. Klaus Schäfer is Chairman of the Uniper Management Board and Chief Executive Officer; for this reason he ended his service on the E.ON Management Board on December 31, 2015. The remaining members of the Uniper Management Board are Christopher Delbrück (Chief Financial Officer), Eckhardt Rümmler (Chief Operating Officer, with responsibility for all of Uniper's technical assets, particularly its conventional power stations and gas storage facilities), and Keith Martin (Chief Commercial Officer).

Jørgen Kildahl (September 30) and Mike Winkel (May 31), ended their service on the Management Board effective the above-shown dates in 2015. We would like to take this opportunity to again thank them for their many years of outstanding service to the E.ON Group and for their steadfast dedication to its successful development and to the implementation of its new strategy. We wish them all the best for the future.

Page 216 of this report shows E.ON SE Management Board members' respective task areas as of year-end 2015.

Personnel Changes on the Supervisory Board and Its Committees

On May 7, 2015, Erhard Ott ended his many years of service on the E.ON SE Supervisory Board, of which he had been a member since 2005. He was exemplary in his efforts to achieve a balance between the interests of the Company and its employees. We would like to thank Mr. Ott for his dedicated service on the Supervisory Board and wish him all the best for the future. Mr. Ott's successor on the Supervisory Board is Andreas Scheidt. The Supervisory Board elected Mr. Scheidt to succeed Mr. Ott as Deputy Chairman of the Supervisory Board; he is therefore also a member, and Mr. Ott's successor as Deputy Chairman, of the Executive Committee.

In addition, Eberhard Schomburg ended his service on the Supervisory Board effective December 31, 2015. We would like to thank Mr. Schomburg for his outstanding work in the interests of the Company and its employees and wish him all the best in his future endeavors. Mr. Schomburg's successor on the Supervisory Board is Elisabeth Wallbaum. The Supervisory Board elected Fred Schulz to succeed Mr. Schomburg on the Executive Committee and Thies Hansen to succeed him on the Audit and Risk Committee; due to Mr. Schomburg's departure, the members of the Audit and Risk Committee elected Mr. Schulz to serve as the committee's Deputy Chairman effective January 1, 2016. Mr. Hansen stepped down from the Finance and Investment Committee effective December 31, 2015; the Supervisory Board elected Clive Broutta to succeed him effective January 1, 2016; due to Mr. Hansen's departure, the members of the Finance and Investment Committee elected Eugen-Gheorge Luha to serve as the committee's Deputy Chairman effective January 1, 2016.

The Supervisory Board wishes to thank the Management Board, the Works Councils, and all the employees of the E.ON Group for their dedication and hard work in the 2015 financial year.

Düsseldorf, March 8, 2016
The Supervisory Board

Best wishes,

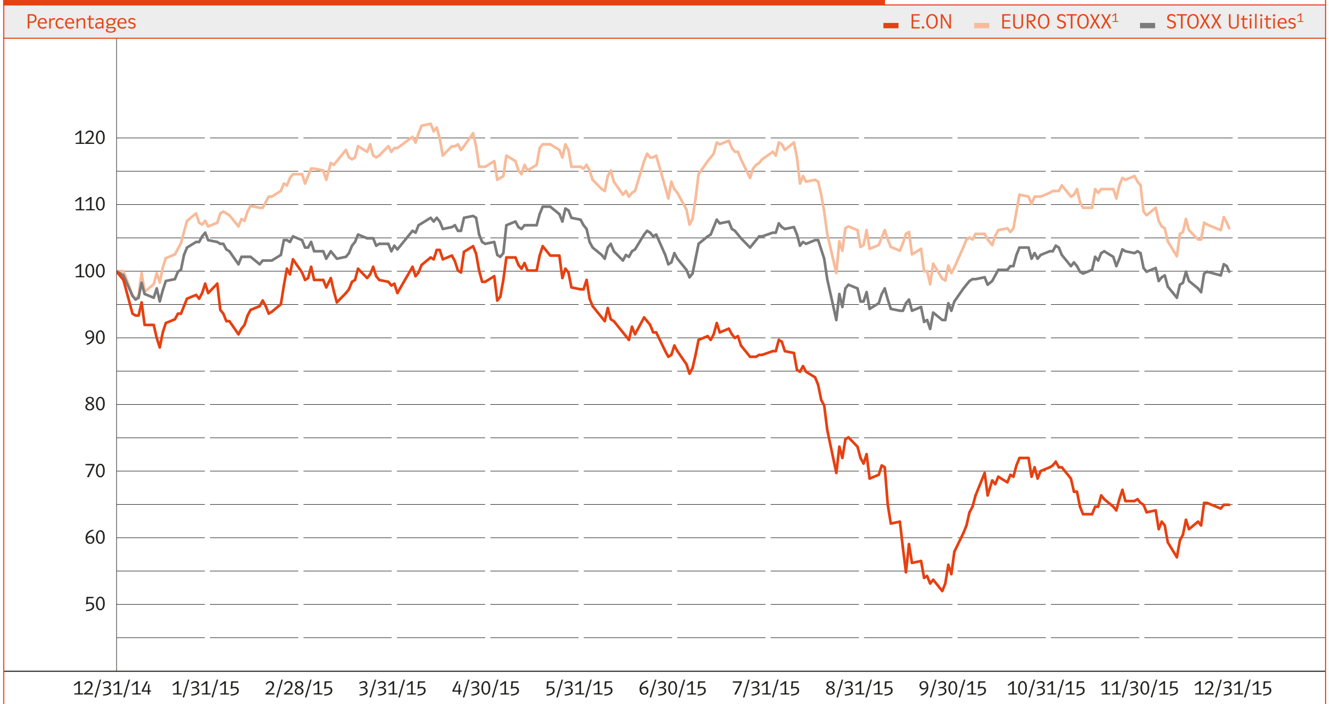
Werner Wenning
Chairman

E.ON Stock

E.ON Stock in 2015

At the end of 2015 E.ON stock (including reinvested dividends) was 35 percent below its year-end closing price for 2014, thereby underperforming its peer index, the STOXX Utilities (+/- 0 percent), and the broader European stock market as measured by the EURO STOXX 50 index (+6 percent).

E.ON Stock Performance



[1]Based on the performance index.

E.ON Stock Key Figures

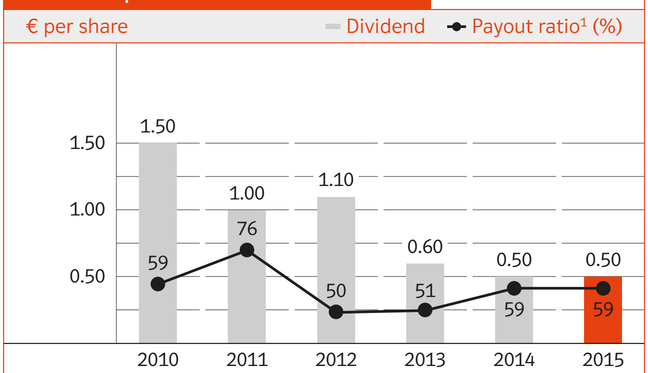
Per share (€)	2015	2014
Net income attributable to the shareholders of E.ON SE	-3.60	-1.64
Earnings from underlying net income[1]	0.85	0.86
Dividend[2]	0.50	0.50
Dividend payout (€ in millions)	976	966
Twelve-month high[3]	14.74	15.46
Twelve-month low[3]	7.13	12.56
Year-end closing price[3]	8.93	14.20
Number of shares outstanding (in millions)	1,952	1,933
Market capitalization[4] (€ in billions)	17.4	27.4
E.ON stock trading volume[5] (€ in billions)	33.9	31.4

[1]Adjusted for extraordinary effects.
[2]For the respective financial year; the 2015 figure is management's proposed dividend.
[3]Xetra.
[4]Based on ordinary shares outstanding.
[5]On all German stock exchanges, including Xetra.

Dividend

At the 2016 Annual Shareholders Meeting, management will propose a cash dividend of €0.50 per share for the 2015 financial year (prior year: €0.50). The payout ratio (as a percentage of underlying net income) would be 59 percent, the same as in the prior year. Based on E.ON stock's year-end 2015 closing price, the dividend yield is 5.6 percent.

Dividend per Share

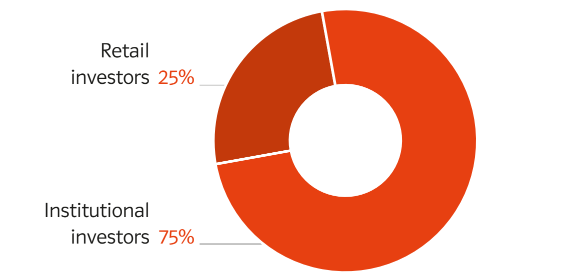


[1]Payout ratio not adjusted for discontinued operations.

Shareholder Structure

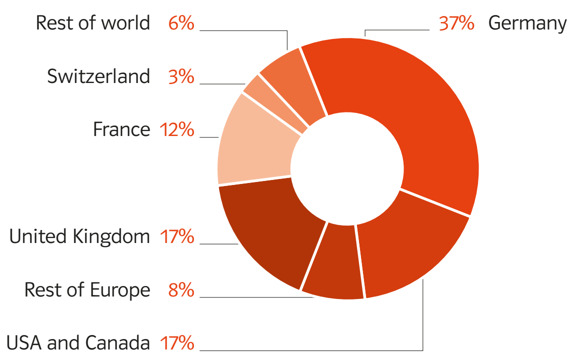
Our most recent survey shows that we have roughly 75 percent institutional investors and 25 percent retail investors. Investors in Germany hold about 37 percent of our stock, those outside Germany about 63 percent. These percentages are based on the total number of investors we were able to identify and do not include treasury shares.

Shareholder Structure by Group[1]



[1]Percentages based on total investors identified (excluding treasury shares).
Sources: share register and Ipreo (as of December 31, 2015).

Shareholder Structure by Country/Region[1]



[1]Percentages based on total investors identified (excluding treasury shares).
Sources: share register and Ipreo (as of December 31, 2015).

Investor Relations

Our investor relations continue to be founded on four principles: openness, continuity, credibility, and equal treatment of all investors. Our mission is to provide prompt, precise, and relevant information at our periodic conferences and road shows, at eon.com, and when we meet personally with investors. Continually communicating with them and strengthening our relationships with them are essential for good investor relations.

We used the forum of E.ON's quarterly reporting to provide the greatest-possible transparency on the developments at our business units. We also held special information events focusing on specific businesses.

In September we informed analysts and investors that E.ON will retain responsibility for the remaining operation and decommissioning of its nuclear generating capacity in Germany and will not transfer it to Uniper. In December we held a teleconference and a number of road shows to present detailed information about E.ON's renewables business.

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

Strategy and Objectives

Our Strategy: "Empowering customers. Shaping markets."

At the end of 2014 E.ON adopted a new strategy called "Empowering customers. Shaping markets." It represents E.ON's systematic response to the far-reaching changes in energy markets. By seizing the initiative, E.ON can—for the benefit of our customers, employees, business partners, shareholders, and society in general—take advantage of the significant opportunities created by the emergence of new energy worlds.

Two Energy Worlds, Each with a Variety of Opportunities

Renewables like wind and solar have achieved a cost level that is competitive relative to that of conventional generation technologies. In conjunction with batteries and other energy storage systems, renewables represent a viable alternative energy supply for more and more customers. At the same time, customers' expectations and roles are evolving in substantial ways. Customers no longer see themselves exclusively as the recipients of power, gas, or heat service. They are taking greater interest in the source and sustainability of their energy supply. And many are already active as self-generators and energy-efficiency managers. Alongside changing customer needs, policy and regulatory decisions of recent years have also placed an increasing emphasis on renewables, distributed generation, and energy efficiency. As a result of these developments, the traditional energy value chain is fragmenting into an increasing number of discrete market segments. This creates opportunities for new, specialized market entrants and makes competition even keener. The new energy world—encompassing sustainable solutions, more autonomous and proactive customers, renewables, distributed energy, energy efficiency, and local energy systems—offers considerable growth potential. It will experience more dynamic growth and will play an increasingly significant role in many countries. Nevertheless, the conventional energy world will continue to exist and to offer well-positioned companies attractive opportunities. As conventional generating capacity will remain indispensible for ensuring a reliable power supply, European markets will need to establish mechanisms that provide appropriate compensation for maintaining this capacity. Globally, energy demand continues to rise, creating opportunities for energy trading and possibly fueling a recovery of wholesale energy prices. Both energy worlds offer abundant market and growth opportunities. But they differ considerably in terms of value drivers, processes, risks, capital costs, investor expectations, and success factors.

New Operating Setup in Place at Start of 2016

In response to a fundamentally altered market environment, effective January 1, 2016, E.ON was divided into two operationally distinct and focused companies. Based in Essen, the new E.ON and its roughly 43,000 employees will focus on the new energy world. In view of the policy debate in Germany regarding nuclear energy, in September 2015 E.ON decided to retain responsibility for its nuclear power stations in Germany and not to transfer them to Uniper. E.ON will ensure that these assets are dismantled safely and cost-effectively. This decision does not affect E.ON's new strategic direction. The nuclear power business in Germany is not a strategic business segment for E.ON and is managed by a separate operating company, PreussenElektra of Hanover.

The new company, Düsseldorf-based Uniper, has just under 14,000 employees and focuses on the conventional energy world. It consists of upstream and midstream businesses that originally belonged to E.ON. Plans call for a majority stake in Uniper to be spun off to E.ON SE shareholders in 2016. Initially, E.ON will retain a minority stake in Uniper.

Dividing the Group into two smaller, more dynamic companies will make E.ON and Uniper better able to differentiate their business operations according to customers, technologies, risks, and markets and to take a more focused approach to developing the necessary capabilities and processes. Each of the two companies will be able to develop a consistent corporate culture and establish a clear brand positioning. In addition, we expect that both companies will have more specific capital costs and improved access to capital markets.

The New E.ON's Strategy

The strategy for the new E.ON's core businesses reflects three fundamental market trends and corresponding growth businesses: the global demand for renewables (particularly wind and solar), the evolution of energy networks into a platform for distributed-energy solutions, and customers' changing needs. The new E.ON will aim to add value in all of these businesses by delivering an outstanding performance in key areas such as continual innovation, an unambiguous commitment to sustainability, and a strong brand. It will also deepen its relationships with customers, business partners, and other key stakeholders.

Objectives and Core Businesses

E.ON aims to become the partner of choice for energy and customer solutions. It intends to achieve this by taking an ambitious approach to sustainability, customer loyalty, and innovative solutions. E.ON's clear focus on three strong core businesses will enable it to offer energy solutions on the generation and demand side:

- Renewables: E.ON's international renewables business focuses in attractive target regions (Europe and North America) and customer-relevant technologies (onshore and offshore wind, PV solar) for network companies, energy suppliers, large customers, wholesale markets, and government subsidy programs. E.ON's industry-leading capabilities in project development and execution and in operational excellence already give it a tangible competitive advantage in this business.

- Energy networks: Energy networks link our customers together and are the hub for grid digitalization, such as the direct marketing of distributed energy. In Germany, about one third of distributed generating capacity subsidized by the Renewable Energy Law is connected to our networks. Regional energy networks are what makes the transformation of the energy system possible. E.ON is already a leader in network efficiency and will continue to set new standards in the future.

- Customer solutions: E.ON will expand its top-quality offerings for the physical and digital new energy world and market them to municipal, public, commercial, and residential customers in attractive markets. We aim to become customers' partner of choice by delivering high-quality service and by continually improving or redefining our portfolio of products and services in response to customers' demand for energy efficiency and distributed generation.

Although each of these core businesses is independent and has its own business logic, combining them in a single company offers significant advantages. It will enable E.ON to acquire and leverage a comprehensive understanding of the transformation of the energy system and the interplay between the individual submarkets in regional and local energy supply systems. These businesses will be able to work together to design customer-oriented offerings and package solutions for the new energy world (such as sustainable solutions for cities), to conduct stakeholder management, and to position the brand more effectively.

Resources and Capabilities
A focused setup and systematic approach will enable E.ON to retain its existing strengths and advantages and build on them. Examples include our success at developing and building an international renewables portfolio consisting of 4.4 GW of operational capacity and an attractive development pipeline, our outstanding record of managing a total of roughly 1 million kilometers of energy networks, and our direct access to 33 million customers in key European markets and in Turkey.

Alongside its existing capabilities and resources, E.ON will develop and refine the necessary expertise for the key success factors in its businesses. In particular, it will cultivate a strong customer orientation, develop and implement new downstream business models and products, and leverage the digital transformation. The successful implementation of the new E.ON's strategy will also depend on partnerships, such as partnerships with providers of new technology and business models.

Significance for Employees and Stakeholders
The new E.ON will offer attractive opportunities to current and future employees by creating jobs and career opportunities in growth markets and by setting clear objectives. It will offer investors an adequate balance between dividends with good growth prospects, highly predictable earnings, and solid financing.

Uniper's Strategy
The conventional energy world is based on proven, centralized, commodity-oriented technologies that ensure supply security; cost competition; and global trading. Value is created through the strategic positioning of generation assets, through a technology and fuel strategy that delivers cost leadership, through superior capabilities in operations, engineering, optimization, and trading, and through efficient capital allocation.

Spinning off E.ON's conventional upstream and midstream businesses into a new, independent company will enable these businesses to realize their full potential. Uniper has proven strengths and a team of highly qualified employees. It will be able to leverage existing, proven synergies between generation, trading, and the midstream gas business and provide competitive services to third parties.

Objectives and Core Businesses
A balanced portfolio of large-scale energy assets—combined with outstanding technical and commercial expertise—enable Uniper to deliver attractive, custom-tailored, competitively priced products and services.

Uniper's main strategic objective is to successfully position itself in the changing conventional energy world and to help shape this change:

- Conventional power generation: Uniper's flexible, dispatchable generating capacity will play an important role in ensuring supply security during the transition toward a carbon-neutral power supply, which is still in the distant future. At the same time, many power plant operators in Europe face increasing challenges from the energy transition. Thanks to its experience and capabilities, Uniper is well positioned to offer a wide range of services relating to the operation of power plants.

- Gas supply: As the gap between Europe's gas demand and its domestic production widens, Uniper's long-term gas procurement contracts, its access to global LNG market, its gas storage facilities, and its stake in gas production activities in Russia will play an increasingly important role in supply security.

- Global energy markets: Uniper's trading activities help to connect global energy markets. Its trading business also manages the risks inherent in its regional power and gas portfolios. Broad expertise in global commodity trading, an array of proven partnerships, and an international presence will enable Uniper to offer comprehensive service bundles, such as asset management, fuel supply, and power-plant dispatch.

Resources and Capabilities

Current changes in Europe's generation market are creating opportunities to help shape the market's future and benefit from the transformation. Thanks to its presence in Europe and Russia, its experience with a broad range of technologies, and its generation and midstream-gas portfolio, Uniper is well positioned to make an important contribution to supply security. Uniper has good access to key European and global commodity markets. Its primary capabilities are in operating and managing individual generation assets and in coordinating entire generation fleets. It also has experience in energy trading and with regulatory regimes.

Significance for Employees and Stakeholders

Uniper aims to be a cost and capability leader, to shape the transformation of Europe's conventional generation market, and to be attractive to its customers and investors. Uniper will aim for an investment-grade rating. Uniper is attractive to employees because it offers jobs and career opportunities in a company that will lead the restructuring of its markets.

Transformation Process

The transformation process to implement our strategy has two phases. In 2015 we laid the groundwork for and successfully completed the separation of E.ON into two operationally independent companies. All legal, organizational, HR-related, and financial aspects of this process were completed according to plan and on schedule. In 2016 we will complete the remaining steps so that the Annual Shareholders Meeting can decide on the spinoff and so that Uniper can be listed on the stock market. Shareholders, employees, and other stakeholders will receive timely information about important milestones in the transformation process.

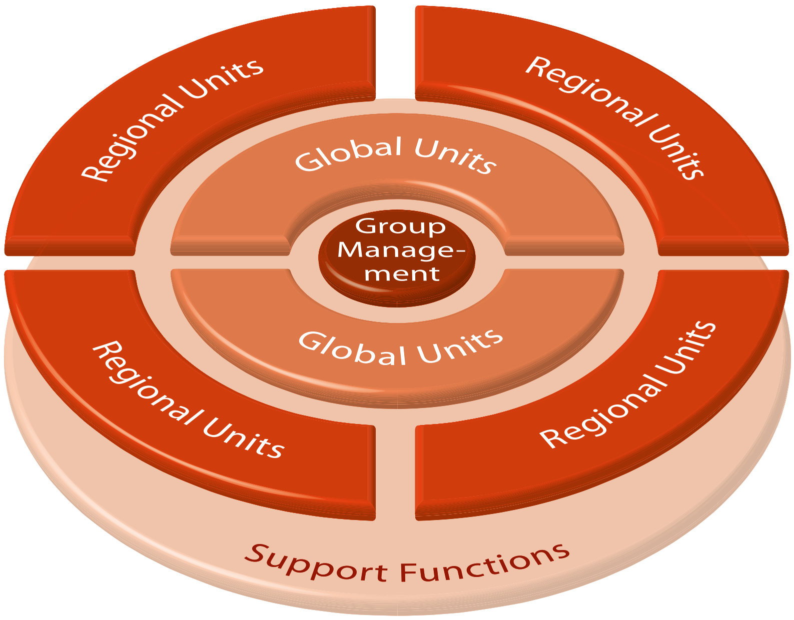
Finance Strategy

The section of the Combined Group Management Report entitled Financial Situation contains explanatory information about our finance strategy.

People Strategy

The section of the Combined Group Management Report entitled Employees contains explanatory information about our people strategy.

- EBITDA and underlying net income as anticipated below prior-year figures
- Net loss considerably higher
- Economic net debt reduced by €5.7 billion
- Management to propose dividend of €0.50 per share
- 2016 EBITDA expected to be between €6 and €6.5 billion



Corporate Profile in 2015

Business Model

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

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

Group Management

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

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

Changes in Our Reporting

In view of the planned sale of our operations in Italy and Spain, we applied IFRS 5 and reclassified our regional units in these countries as discontinued operations from the fourth quarter of 2014. By contrast, our generation operations in Italy and Spain are included in our 2014 and 2015 reporting. The transactions for our activities in Spain and our generation operations in Italy have now been completed. Following a strategic review of our power and gas sales business in Italy, in early August 2015 we decided to retain and continue developing this business. We therefore adjusted our 2015 and 2014 numbers, including energy-related numbers, to exclude the Spain regional unit only and no longer provide commentary on its business performance. In addition, we reclassified Exploration & Production's operations in the U.K. North Sea as a disposal group; we sold our Norwegian operations at the end of 2015 and expect the sale of the U.K. operations to close in the first half of 2016. Finally, we transferred the Germany regional unit's wholesale sales business to the Global Commodities unit and adjusted the prior-year figures accordingly.

Global Units

Four of our global units are reportable segments: Generation, Renewables, Global Commodities, and Exploration & Production.

Another global unit called Technology brings together comprehensive project-development, project-delivery, and engineering expertise to support the construction of new assets and the operation of existing assets across the Group. This unit also coordinates our Group-wide research and development projects for the E.ON Innovation Centers.

Generation

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

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

Renewables

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

Global Commodities

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

Exploration & Production

In 2015 the Exploration & Production segment operated in the following focus regions: the U.K. and Norwegian North Sea and Russia.

Regional Units

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

We operate in the following regions: Germany, the United Kingdom, Sweden, Italy, France, Benelux, Hungary, the Czech Republic, Slovakia, and Romania.

In addition, we intend to selectively expand our distributed-energy business. The E.ON Connecting Energies business unit focuses on providing customers with comprehensive distributed-energy solutions. We report this unit under Other EU Countries.

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

Through our International Markets team, we work with local partners to operate renewable and conventional generating capacity and distribution network and sales businesses outside Europe. We report our power generation business in Russia and our activities in Brazil and Turkey under Non-EU Countries.

Management System

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

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

Our key figure for purposes of internal management control and as an indicator of our business units' long-term earnings power is earnings before interest, taxes, depreciation, and amortization ("EBITDA"), which we adjust to exclude certain extraordinary items. These items include net book gains, restructuring expenditures, impairment charges, and non-operating earnings (which include, among other items, the marking to market of derivatives). Consequently, EBITDA is unaffected by investment and depreciation cycles and also provides an indication of our cash-effective earnings (see the commentary on pages 35 and 39 of the Combined Group Management Report and in Note 33 of the Consolidated Financial Statements).

We also report our earnings using underlying net income, which 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 EBITDA adjustments described above, underlying net income also excludes income/loss from discontinued operations (after taxes and non-controlling interests) as well as special tax effects.

E.ON presents its financial condition using, among other key figures, debt factor. A key objective of our finance strategy is for E.ON to have an efficient capital structure. Our debt factor is equal to our economic net debt divided by our EBITDA (for more information, see the section entitled Finance Strategy on page 41). We actively manage our capital structure. If our debt factor is significantly above our target, we need to maintain strict investment discipline. We might also take additional countermeasures.

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

Technology and Innovation

Despite a difficult business environment, we still maintained our technology and innovation ("T&I") activities at a high level of intensity in 2015, while focusing increasingly on new offerings for end-customers and on innovative partnerships. The megatrend of digitalization along with dynamically changing energy markets are fundamentally transforming the energy supply landscape. E.ON customers and other stakeholders increasingly expect digital communications, products, and services. Each step of this transformation creates new challenges but also new opportunities. For E.ON to help the transformation succeed, we need innovative technologies and solutions. In 2015 E.ON Innovation Centers and an Incubator, which were embedded in our existing businesses and steered by the T&I department at Group Management, coordinated activities in their respective technology area across our company:

- Retail and end-customer solutions: develop new business models for distributed-energy supply, energy efficiency, and mobility
- Renewables generation: increase the cost-effectiveness of existing wind, solar, and hydro assets and study new renewables technologies
- Infrastructure and distribution: develop energy-storage and energy-distribution solutions for an increasingly decentralized and volatile generation system
- Energy intelligence and energy systems: study potentially fundamental changes to energy systems and the role of data in the new energy world
- Conventional generation: improve our existing generation fleet and optimize future investments
- Incubator: conduct trials of cutting-edge, typically pre-market products under real-life conditions with a small group of customers.

Strategic Co-Investments

We support our effort to develop customer-centric and innovative technologies and business models by identifying promising energy technologies of the future that will enhance our palette of offerings for our millions of customers around Europe and will make us a pacesetter in the operation of smart energy systems. We select new businesses that offer the best opportunities for partnerships, commercialization, and equity investments. Our investments focus on strategic technologies and business models that enhance our ability to lead the move to distributed, sustainable, and innovative energy offerings. These arrangements benefit new technology companies and E.ON, since we gain access to their innovations and have a share in the value growth.

In 2015 our investments included U.S.-based Space-Time Insight, which develops real-time visual analytics applications; Thermondo, a Berlin-based start-up and a pioneer in the digitalization of skilled crafts and trades (we made an initial investment in Thermondo in September 2014 and monitored the company's positive performance); U.S.-based Enervee, which provides a dynamic platform on which consumers can make more energy-efficient choices when it comes to household appliances, devices, and electronics; Organic Response of Australia, which develops innovative smart lighting controls for commercial and public buildings; U.S.-based Greensmith, which is one of the largest providers of energy-storage software and aims to make energy storage a fundamental part of a cleaner, more intelligent, and distributed energy infrastructure.

Sample Projects from 2015

Customer Solutions

E.ON and Sungevity, a global solar energy provider and an E.ON strategic co-investment, joined forces to offer residential solar panel systems through a pilot project in Britain (Midlands and Northern England) and Germany (Berlin)

Pilot sales began in the United Kingdom for E.ON Touch, a smart thermostat. E.ON Touch enables residential customers to control their heating and hot water remotely through a smart phone app. They also benefit from regular reports about their energy use and personalized tips for managing household energy more efficiently. Developed in collaboration with U.S.-based GreenWave Systems, the product includes a room sensor that allows customers to see and control room temperature, a relay switch to control the boiler, and a wireless gateway that connects the sensor and the switch.

Renewables

Investigations into the effects of adding vortex generators to wind turbine blades are providing valuable data on their potential to improve energy yield. Vortex generators are plastic vanes that can be glued on to turbine blades to reduce flow separation as the wind flows around the blade surface. This improves aerodynamics and can increase the turbine's energy performance, especially on older, more worn blades. Trials at E.ON's Roscoe wind farm in Texas marked the first time that vortex generators have been evaluated in-house. Their impact on performance was measured over three months, and results show that they could increase annual energy production by an average of 2 percent. That would deliver increased income worth millions of dollars over the lifetime of E.ON's wind assets at Roscoe and Inadale in the United States. A second phase is planned to start at Stags Holt in the summer of 2016. This test will also focus on assessing the effects of increased load on the turbine.

Distribution Networks

The SmartSim method simulates gas flows in the pipeline system and thus precisely monitors the quality of different sources, including natural gas, biomethane, as well as hydrogen from power-to-gas plants. It makes it possible to accurately track the gas's energy quality (calorific value) so that customers are billed fairly. It also makes it unnecessary to add propane to adjust the calorific value of biomethane, which could save E.ON's gas networks several million euros each year. Successful tests were conducted in mid-2015 in a pipeline system in Lower Saxony operated by Avacon, an E.ON subsidiary. Other pilot projects are under way in Germany and Sweden.

Digitalization

We worked with grid experts and data specialists in Germany to analyze a variety of historical information (operational, outage, and weather data, including lightning strikes). By using machine learning techniques and visualizing the results on-screen, the team provided a clearer view of the condition of grid assets. The solution will enhance existing techniques, which often involve field inspections by engineers whose assessments cannot integrate past usage and damage data on a per asset basis. It will help optimize maintenance and replacement and also improve service quality.

Energy Storage

Construction of the modular multimegawatt, multitechnology medium-voltage battery storage system ("M5BAT"), the world's first utility-scale modular battery store system, began on the campus of RWTH Aachen University in Germany. Such systems, which help ensure grid stability, will play a pivotal role in the expansion of renewables. They also have many other applications. M5BAT, whose modular design optimally combines a variety of battery technologies, has a capacity of 5 MW. The project is backed by a €6.7 million grant from the German Federal Ministry for Economic Affairs and Energy's Energy Storage Funding Initiative. Our partners in the project include the E.ON Energy Research Center and the Institute of Power Systems and Power Economics at RWTH Aachen University, battery manufacturer Exide Technologies GmbH's GNB® Industrial Power division, and inverter manufacturer SMA Solar Technology.

Power Generation

E.ON Sverige and research partner Chalmers University of Technology in Gothenburg garnered widespread media coverage after announcing that lab experiments had shown that ilmenite, a natural mineral, could improve the efficiency of fluidized bed combustion. Ilmenite outperforms the standard bed material, silica sand, in fluidized bed boilers that burn biomass or waste. This is because ilmenite actively distributes oxygen in the furnace, thereby increasing efficiency and reducing carbon monoxide emissions. The process, for which patents are pending, is likely to deliver operational improvements at E.ON power plants in Sweden and the United Kingdom and could also be marketed to other power generators around the world. It has the potential to significantly improve the efficiency of generating energy from biomass, waste, and other residual fuels.

Sustainability assessments conducted by the International Hydropower Association ("IHA") rated two E.ON hydroelectric stations, Walchensee in Germany and Semla in Sweden, above average, making E.ON the first energy company in Europe to achieve this rating at two of its assets. A project to adopt the IHA sustainability protocol has put E.ON at the forefront of a process that measures assets' environmental, social, and economic performance. The work is expected to deliver competitive advantages in Germany, in Sweden, and at new assets outside Europe. Know-how gained from the project could benefit potential projects in Russia, Turkey, and Southeast Asia.

Incubator

Power-to-heat ("P2H") technology consisting of an electric boiler and a CHP unit has been prepared for installation at a public swimming pool operated by Stadtwerke Furth im Wald in southeast Germany. The 250 kW P2H unit, which will produce hot water for the pool and heat for the building, will be operated and monitored by Bayernwerk Natur, an E.ON subsidiary. It will also be integrated into an E.ON virtual power plant operated by E.ON Connecting Energies, which offers integrated energy solutions and energy-efficiency services to commercial, industrial, and public-sector customers. P2H is part of E.ON's effort to tap the balancing-energy market when surplus power is available from renewables and other sources. P2H offers customers several advantages: it enables them to turn balancing energy into heat, generate additional revenue, and consume less fossil fuel.

University Support

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

Macroeconomic and Industry Environment

Macroeconomic Environment

In 2015 the performance of the global economy reflected the unexpectedly weak growth of global trade. According to OECD estimates, global trade expanded by 2 percent, which is well below the long-term average of 5.6 percent for the period 2003–2012. In the past five decades, global trade growth of around 2 percent has occurred in just five other years. Reflecting this weakness, global gross domestic product ("GDP") grew in real terms by 2.9 percent, less than the prior-year figure of 3.3 percent. It also lagged just over 1 percentage point behind the long-term average growth rate for the period 1995–2007, which led up to the financial crisis. The OECD attributes this to weak economic development in emerging market economies.

The U.S. economy continued on a stable growth path supported by private consumption and private investment, which were bolstered by a labor market almost at full employment. China's economic growth rate declined further in 2015, which the OECD ascribes to the fact that the country's growth drivers have shifted from investment to consumption and services. This change in the components of growth resulted in a reduction in China's imports, which helped weaken global trade.

The euro zone's economy benefited from continued loose monetary policy, almost neutral fiscal policies, and low oil prices. Driven by private consumption, domestic demand increased at a faster rate. The rate of investment growth increased for the fourth year in a row and, at 2.1 percent, reached its highest level since the start of the crisis in 2007.

Thanks to robust domestic demand, Germany's GDP growth was barely dampened by the weak global economic environment. Demand was supported by a solid labor market and favorable monetary policies.

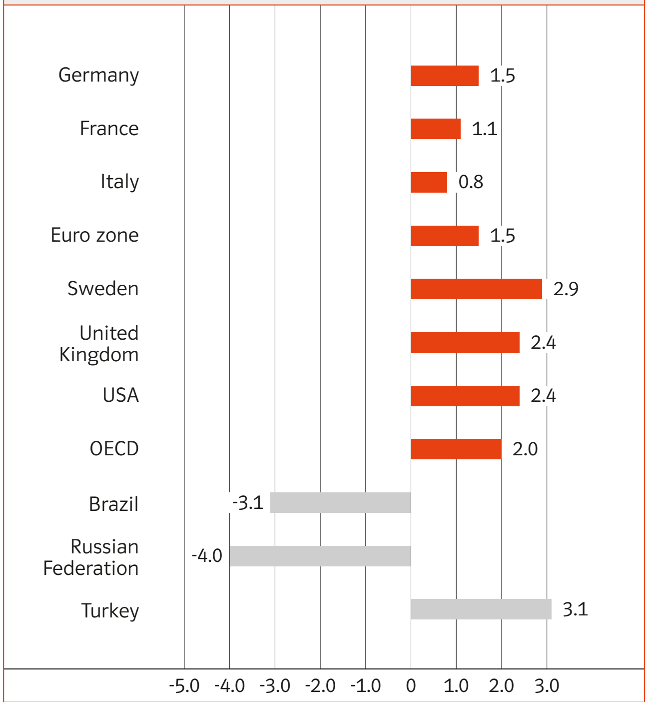
Among the crisis countries of Southern Europe, Spain and Portugal continued their economic recovery, whereas Italy's growth remained tepid. Economic expansion in Germany's neighbors to the East was predominantly robust. For example, the Czech Republic's GDP expanded by 4.3 percent, Hungary's by 3 percent.

France's rather modest GDP growth of 1.1 percent was nevertheless its best performance in four years. Despite structural problems, France's economy was ultimately buoyed by the overall economic environment in the euro zone. The Dutch economy grew at a rate similar to Germany's, also thanks to robust domestic demand, which benefited from the recovery of the housing market and a reduction in the income tax.

The Swedish economy continued its positive growth trend. It too was supported by robust consumption demand, which was driven by rising wages and lower interest rates. The only potential problem is an overheated housing market. Domestic demand drove economic growth in the United Kingdom as well.

2015 GDP Growth in Real Terms

Annual change in percent



Source: OECD, 2015

The Russian economy entered a recession in 2015. Declining oil prices, international sanctions, and capital flight led to declines in private investment and consumption. The situation was exacerbated by the dramatic weakening of Russia's currency, adverse effects of which included boosting inflation. Sanctions and the economic crisis reduced Russia's imports by more than 20 percent.

The growth rate of Turkey's GDP increased slightly, driven by the demand for consumption and investment goods. A further decline in the country's trade deficit was another positive factor.

Energy Policy and Regulatory Environment

International

The 21st United Nations climate change conference took place in Paris, France, from November 30 to December 12, 2015. At the conference a new climate treaty, known as the Paris Agreement, was signed by all UN member states. Its core element is the commitment by all states to limit the average increase in global temperatures to under 2 degrees Celsius. One mechanism for achieving this aim is for countries to set national commitments for reducing greenhouse-gas gas ("GHG") emissions. Progress toward these commitments will be monitored. In addition, the agreement calls for a process to be put in place whereby national commitments will periodically be made more ambitious. Prior to the Paris conference, the International Energy Agency published its *World Energy Outlook 2015*. Among its predictions is that global energy consumption will continue to rise.

Europe

One key subject of the EU energy-policy debate in 2015 was the future direction of European energy and climate policy. In July 2015 the European Commission published a number of documents and legislative proposals whose purpose is to implement the framework approved in October 2014 by the European Council, which consists of the heads of state and government, in line with the commission's strategy to complete the internal energy market, establish a crisis-proof energy union, and promote climate protection.

In late October 2014 the European Council approved the Framework for Climate and Energy Policies up to 2030. The framework sets a binding target of reducing GHG emissions by at least 40 percent by 2030 compared with 1990. It also sets non-binding targets of at least 27 percent for renewables' share of energy used and for the increase in energy efficiency. The EU agreed on rules for introducing a market stability reserve for the EU Emissions Trading Scheme in 2019. In July additional reforms to the scheme were proposed as part of the summer package of initiatives.

Alongside supplementary REMIT requirements, a number of more stringent financial market regulations were discussed in 2015. Of particular importance for the energy industry are the implementation measures of the Market in Financial Instruments Directive ("MiFID II"). A not inconsiderable degree of uncertainty remains regarding several of the directive's definitions and technical standards as well as the date it will take effect. Greater clarity is expected sometime in 2016.

Benelux

Three coal-fired power plants were decommissioned under the Netherlands' National Energy Agreement, which was signed in 2013. A Dutch court ruled in 2015 that the country must reduce its carbon emissions faster and should aim to achieve a 25-percent reduction by 2020. The ruling intensified the policy debate about the future of coal-fired power plants, which led to the Dutch parliament passing a resolution before Christmas. The resolution calls on the Dutch government to present, by the end of 2016, a recommendation for a conditional plan for phasing out coal-fired power generation.

The Belgian capacity market consists of a strategic reserve of generating units and demand adjustments; 2015 marked the second year of its existence. The strategic reserve has not yet been utilized. With a number of nuclear power stations having come back online, it is highly unlikely that it will be.

Central Eastern Europe

The Czech Republic issued its regulations for power and gas prices for 2016–2018. The country's regulatory agency aims to promote cost efficiency and also to spur investment in networks by providing operators with adequate and stable returns. As planned, Romania implemented a number of measures to further liberalize its energy market. In 2015 there was again a general trend in this region toward government-mandated price reductions.

France

France's capacity market is taking more precise shape. Starting in 2016/2017, utilities will be required to ensure that they have sufficient capacity certificates to meet their peak load obligations. As part of this process, all power plants in France will be certified by their network operator and all will participate in the capacity market, which will be technology-neutral. Existing and new capacity will receive the same compensation, which will be set by a market-based mechanism, not by regulated tariffs. Consumers with flexible load can also participate in the capacity market, which gives it a demand-side component. Public consultations were conducted in the summer of 2015 to determine how generating capacity located outside France will participate in the French capacity market. In February 2016 the European Commission opened an investigation to assess whether the introduction of a capacity market in France and the tender process for a new power station in Brittany are in line with EU state-aid rules. The commission believes that that capacity market and the tender process constitute state aid and therefore should have been submitted to it for prior review.

Germany

In 2015 the energy-policy debate in Germany again focused primarily on the implementation of the energy transition. Key topics of discussion included an auction scheme for renewables and solutions for stabilizing the reliability of the power supply, particularly with regard to conventional generating capacity.

In 2015 the German federal government placed the review of nuclear-energy provisions on the energy-policy agenda. It not only put forward legislation establishing extended liability for the dismantling and waste-management costs for nuclear energy. It also commissioned a review of nuclear-energy provisions, which found that companies had correctly accounted for these provisions. In addition, it appointed a commission of experts to review the financing of Germany's phaseout of nuclear energy.

In November 2015 the German federal cabinet approved draft legation, known as the Electricity Market Law, which had been proposed by the German Federal Minister for Economic Affairs and Energy. The draft legislation consists of a bundle of measure designed to further develop Germany's electricity market toward an "electricity market 2.0." These measures aim to enhance competitive price formation, provide incentives to make the entire electricity system more flexible, and further integrate Germany's measures into the European internal market. The purpose of a capacity reserve is to safeguard the electricity market in situations where there is insufficient supply on Germany's power exchange. On the same day in November the German government approved the Capacity Reserve Ordinance, known by its German acronym, KapResV. To continue to ensure that the network remains stable, the Electricity Market Law calls for the network reserve to be extended. Pending a review by network operators and the Federal Network Agency, this could lead to up to 2 GW of new-build projects for the network reserve starting in 2021/2022. KapResV calls for adjustments to the compensation mechanisms for the network reserve and for redispatch measures (this is when network operators intervene in the operation of power plants that are active in the marketplace). To help Germany reach its climate targets for 2020, the Electricity Market Law would establish a temporary ready reserve into which high-emission lignite-fired power plants will gradually be transferred. The legislative process for the Electricity Market Law and KapResV is expected to be completed before the summer of 2016.

Italy

As in France and the United Kingdom, it is becoming more apparent how the capacity market in Italy will work. The capacity mechanism will apply to existing and new generating capacity. However, the European Commission is conducting an investigation to assess whether Italy's capacity market is in line with EU state-aid rules. Consequently, it is unclear at this time when the first auction will take place.

Russia

In 2015 the government of the Russian Federation introduced a number of important changes in the procedures for competitive capacity auctions in the power sector. Selected power plants will receive capacity payments for four years. Going forward, a variety of regulations issued by the Energy Ministry (such as the approval of the process for calculating recoverable costs and for the process for defining the average returns on long-term public obligations, which are used for calculating capacity prices) could have a positive impact on the prices for power generating capacity and thus on investments on the basis of the underlying contracts. In addition, the Supreme Eurasian Economic Council approved a plan for a common electricity market for the Eurasian Economic Union. The Russian Federal Tariff Service was abolished; its responsibilities were transferred to the Federal Antimonopoly Service.

The ongoing political crisis between Ukraine and Russia and the sanctions the EU imposed against Russia in 2014 have not led to any adverse developments in Russia's energy-market regulations.

Sweden

The energy commission created by the Swedish government has begun its work, which at this stage largely involves gathering information. The purpose of the commission is to help the government reach a consensus on energy policy, paving the way for it to make policy decisions in January 2017. Sweden transposed the EU Water Framework Directive into national law in 2015. This could lead to minor limitations in the output of the country's hydroelectric stations.

Turkey

In 2015 Turkey continued liberalizing its energy market. It also published a review of the regulatory environment of the downstream business. The review calls for a reduction in the thresholds for regulated tariffs for energy sales. At the start of 2015 the Turkish government published a national action plan for renewables. The plan aims for the proportion of final energy consumption met by renewables to increase to 30 percent by 2023. To get there, the government plans to continue renewables subsidies.

United Kingdom

The U.K. government is currently reforming the country's wholesale power market with the aim of improving the investment climate for low-carbon technologies and ensuring supply security. The introduction of feed-in tariffs is intended to provide greater certainty of revenues for new nuclear capacity, new renewables capacity, and carbon capture and storage. The introduction of a capacity market is intended to ensure supply security. The first two capacity auctions, for the 2018/2019 and 2019/2020 delivery years, were held in December 2014 and December 2015, respectively. The contracts have different durations depending on whether they are for new plants, existing plants, refurbished plants, or demand-side response.

The U.K. Competition Market Authority is conducting an investigation of the state of competition in the power and gas retail market. It is expected to issue its recommendations in the first quarter of 2016 at the earliest.

USA

There was more discussion in the United States about legislation that takes a long-term approach to climate protection. This legislation, known as the Clean Power Act, includes new regulations aimed at reducing the specific GHG emissions of power stations by 32 percent by 2030 relative to 2005. Existing federal policies to support renewables have made the United States a global leader in wind power. These policies include production tax credits ("PTCs") along with investment tax credits ("ITCs") for solar energy. In September the decision was made to extend PTCs and ITCs and make them degressive. In addition, many states have established programs that set mandatory targets for renewables in their power markets, which has resulted in trading in renewable energy certificates at a regional level.

Energy Industry

According to preliminary figures from AGEB, an energy-industry working group, Germany consumed 455 million metric tons of coal equivalent ("MTCE") in 2015, 1.3 percent more than in 2014. Somewhat cooler weather than in the very mild prior year was the main factor. It resulted in greater demand for energy for space heating. Factoring out the cooler weather, energy consumption in 2015 would have declined by 1.5 to 2 percent. AGEB believes that Germany's energy-related carbon emissions for 2015 only increased slightly because the country met a considerable portion of the increase in consumption with renewables, did not consume more petroleum, and consumed less hard coal. Adjusted for temperatures, carbon emissions declined by about 2 percent year on year.

Germany's petroleum consumption was unchanged from the prior year. By contrast, its natural gas consumption rose by 5 percent to 95.7 MTCE, primarily because of cooler weather in the first half of the year and the resulting use of more natural gas for space heating. Very mild weather in the fourth quarter reduced the overall increase substantially. Germany again used less natural gas (-7 percent) to generate electricity. Consumption of hard coal declined by 0.7 percent to 57.7 MTCE. Extremely low global coal prices led to only a slight decrease in the amount of hard coal used to generate electricity; about two thirds of the hard coal Germany consumes is for this purpose. Consumption of lignite, about 90 percent of which is used to generate power and heat, rose slightly to 54.1 MTCE. Lignite-fired generation of roughly 155 TWh was at the prior-year level. Nuclear production declined by about 6 percent owing to the decommissioning of Grafenrheinfeld nuclear power station at mid-year.

Renewables output in Germany rose by almost 11 percent to 57.3 MTCE. Biomass-fueled generation increased by about 2 percent, whereas hydro generation (excluding pumped storage) was at the prior-year level. Wind generation (onshore and offshore) rose by 50 percent, solar generation (photovoltaic and solar thermal) by 6 percent.

Primary Energy Consumption in Germany by Energy Source

Percentages	2015	2014
Petroleum	33.8	34.3
Natural gas	21.0	20.4
Hard coal	12.7	12.9
Lignite	11.9	11.9
Nuclear	7.5	8.1
Renewables	12.6	11.5
Other (including net power imports/exports)	0.5	0.9
Total	**100.0**	**100.0**

Source: AGEB.

Electricity consumption in England, Scotland, and Wales declined by 3 percent to roughly 282 billion kWh. Gas consumption (excluding power stations) increased by 4 percent to 527 billion kWh owing to a variety of factors, such as the weather and the economic recovery.

Northern Europe consumed 376.8 billion kWh of electricity, up slightly from 375.7 billion kWh. It recorded net electricity exports to surrounding countries of about 14.6 billion kWh compared with about 10.1 billion kWh in the prior year.

According to initial estimates, Hungary's electricity consumption rose by 2.5 percent to 36.3 billion kWh because of higher consumption by industrial customers. Its gas consumption increased by 4.8 percent to 10,872 million cubic meters owing to lower average temperatures and higher consumption by industrial customers.

Italy's electricity consumption rose by 1.5 percent, from 310.5 to 315.2 billion kWh. Its gas consumption was up 9 percent, from 649.7 to 708.1 billion kWh, owing to an increase in deliveries to gas-fired power plants and a temperature-driven increase in consumption by residential customers.

France's electricity consumption rose by 3.6 percent to 431 billion kWh, primarily because of colder temperatures in February. Adjusted for temperature effects, consumption was at the prior-year level. The increase in consumption by heavy industry, which is experiencing an economic recovery, was offset by lower consumption by residential, business, and small industrial customers.

The Russian Federation generated 1,049.9 billion kWh of electricity; its integrated power system (which does not include isolated systems) generated 1,026.8 billion kWh. Both figures are roughly at the prior-year level. Total electricity consumption in Russia was 1,036.4 billion kWh, also roughly at the prior-year level.

Energy Prices

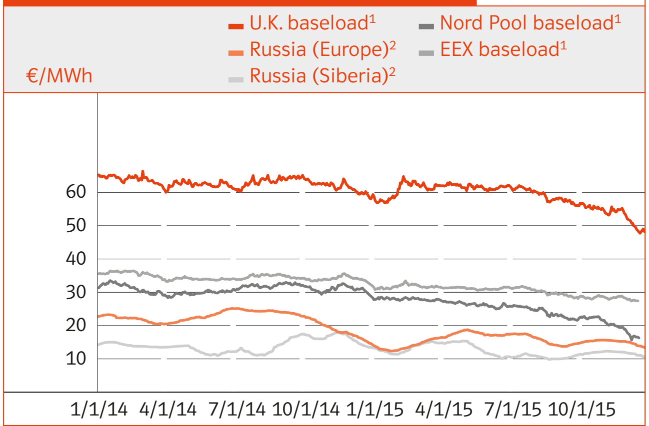
Five main factors drove Europe's electricity and natural gas markets and Russia's electricity market in 2015:

- 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.

Economic growth was weak in 2015. Recent years have seen a divergence in the development of industrial economies and emerging market economies, and this trend continued: stable economic development in Europe and the United States was accompanied by a further decline in China's economic growth and a worsening of the recessions in Brazil and Russia. The euro lost more ground against the dollar in the fourth quarter in anticipation of an increase in the U.S. prime interest rate, which came in December. However, concerns that this would lead to euro-dollar parity proved unfounded. Another sharp decline in oil prices put substantial pressure on the Russian ruble, which in the fourth quarter reached a new all-time low.

Oil markets, after seeing generally lower prices in the first quarter and then fairly stable prices in the second, had an eventful second half of the year. First, the nuclear agreement with Iran along with turbulence on China's stock market pushed oil prices sharply lower. Then prices recovered somewhat in response to production declines in the United States and an intensification of the conflict in Yemen. In the fourth quarter, however, prices collapsed: a lack of coordination between OPEC members, rising inventories, a stronger U.S. dollar, and continued robust production figures sent oil below the $40 mark by the end of the year.

Electricity Price Movements in E.ON's Core Markets

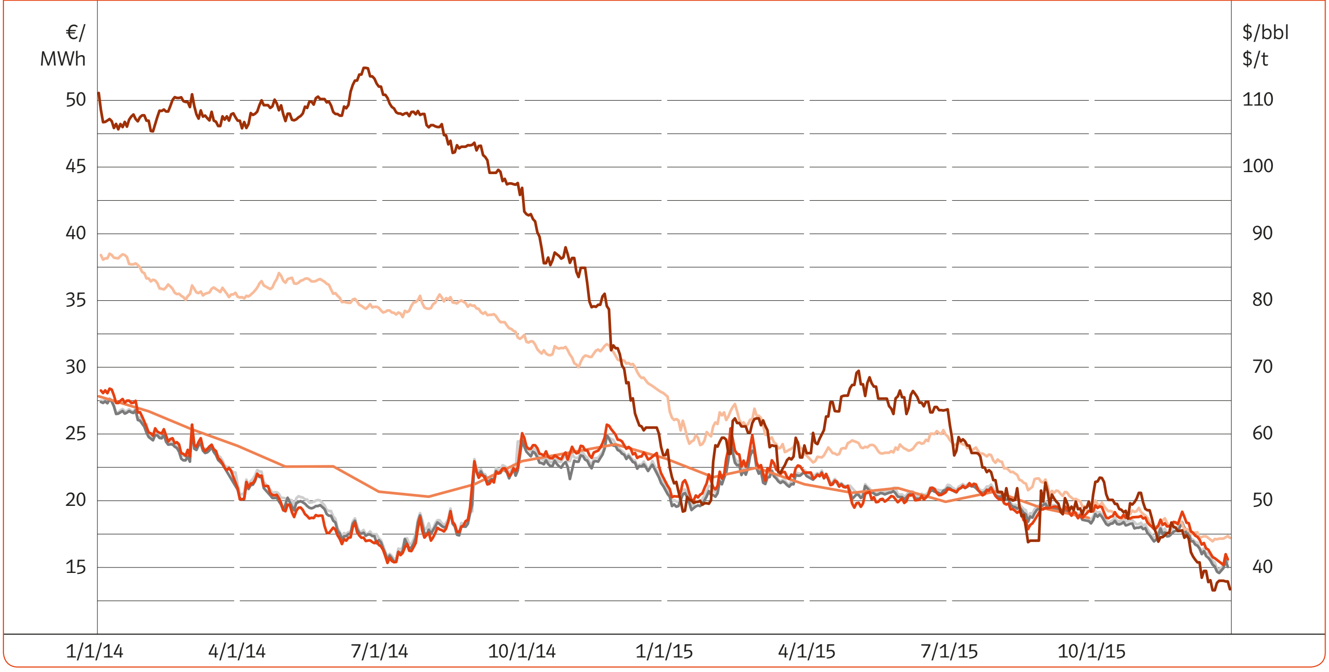


[1] For next-year delivery.
[2] Spot delivery (30-day average).

After a weak start to the year and a brief respite in the second quarter, coal prices continued their downward trend for the remainder of the year. The main driver was lower demand, which resulted in a decline in Chinese imports and a weak

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

Brent crude oil front month ($/bbl) · API#2 coal index front month ($/metric ton) · Monthly German gas import prices (€/MWh) · NBP gas front month (€/MWh) · TTF gas front month (€/MWh) · NCG gas front month (EEX) (€/MWh)



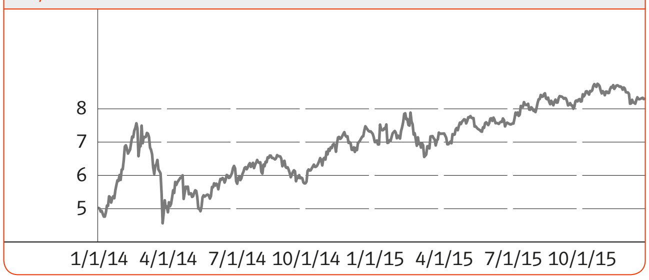
outlook for coal-fired power generation in Europe due to low gas prices. At the same, coal production remained relatively stable because mine operators benefited from the weakness of their currencies—primarily the Russian ruble and the Columbian peso—against the U.S. dollar.

European gas prices tracked the downward trend in energy prices and the fundamental shift in supply and demand caused by weak economic growth and very mild temperatures, particularly in the fourth quarter. Production continued to rise anyway. In particular, a large and increasingly liquid LNG market expanded global arbitrage opportunities, which reduced the price differences between regional markets. For this reason and because of higher imports from Norway, prices for next-year delivery fell to their lowest point in several years, further narrowing the spread between summer and winter prices. A temporary rise in gas prices was driven by a brief cold snap and uncertainty regarding a possible further reduction in Groningen field's maximum production. Across Europe, a reduction in gas imports from Russia at the start of the year resulted in significant withdrawals from gas storage facilities throughout the winter; inventory levels returned to normal in the fourth quarter.

Prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme rose by more than 15 percent during the year. In the first three quarters this was mainly in response to policy decisions regarding reforms to the scheme, a generally positive mood in the marketplace, and a reduction in the number of EUAs available through auction. In the fourth quarter EUA prices were increasingly driven by overall developments in the energy industry. That said, the outcome of the Paris climate conference had less impact on prices than had been anticipated.

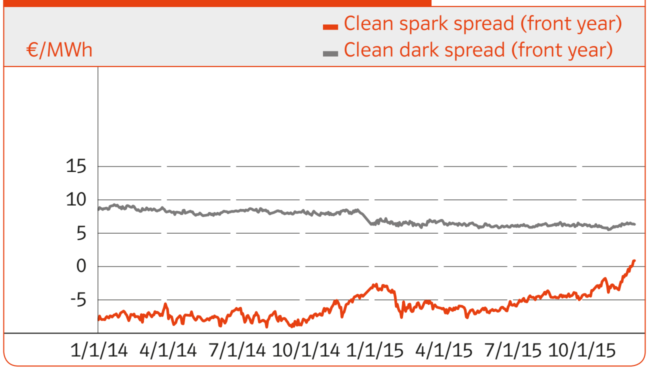
Carbon Allowance Price Movements in Europe

€/metric ton · Phase-two allowances



On the whole, German power prices moved lower in 2015. After a brief recovery at the end of the second quarter, prices for next-year delivery fell further in the second half of the year and, in December, sank to a twelve-year low owing to further declines in fuel prices, mainly for coal but also for natural gas. Low gas prices, however, had a positive effect on the clean dark spread, which on some days in December was positive for the first time in three years. Spot prices followed this downward trend owing to unseasonably mild temperatures and the resulting decline in demand in conjunction with high levels of wind power feed-in.

Clean Dark and Spark Spreads in Germany



Lower fuel prices had an adverse impact on U.K. power prices as well. This, coupled with a significant decline in power exports to France due to generally mild weather in Europe, sent power prices nearly to historic lows at the end of the year. Thanks to low gas prices, gas-fired generation became more economic relative to coal-fired generation.

The first half of 2015 was the rainiest the Nordic region experienced in more than 20 years. Above-average precipitation and a late snowmelt pushed spot power prices on the Nordic market substantially lower in the first three quarters. A dry start to the fourth quarter let to a slight reduction in water reservoir levels, which pushed power prices briefly higher at the end of October. However, substantial precipitation at the start of December, primarily in Norway, in conjunction with very mild weather reversed this trend. Low coal prices, export restrictions due to network maintenance, and the continued growth of renewables capacity in Norway were also important factors.

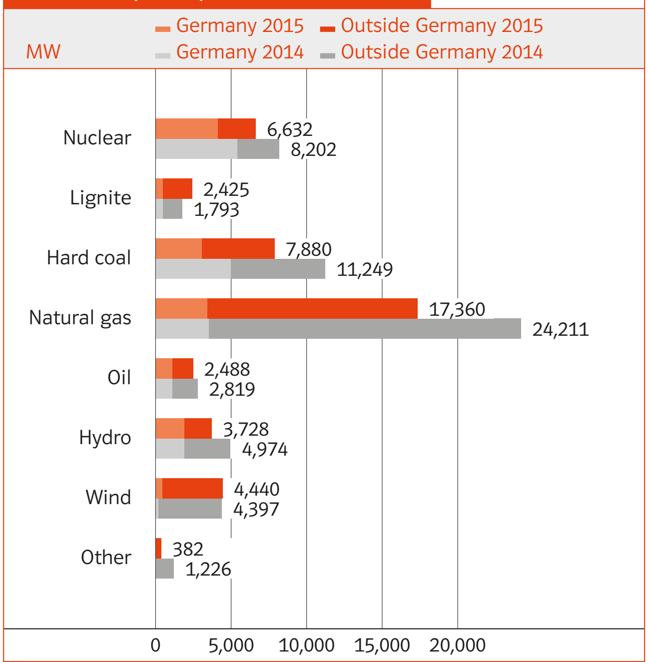
Prices on the Russian power market had an unexceptional first half of the year, recovered in the third quarter in response to the planned increase in regulated gas tariffs, and then had a stable fourth quarter. Consumption in the European zone was much lower than usual due to mild temperatures, especially in December. But this had no negative impact on prices because it was counteracted by other price drivers. Prices in the Siberian zone mainly tracked demand, although they were also influenced by the availability of hydroelectricity. The upward price movement that resulted from the increase in regulated gas tariffs in the third quarter was less pronounced than in the European zone because coal is Siberia's main generation resource.

Business Performance

Generating Capacity

The E.ON Group's attributable generating capacity (that is, the capacity that reflects the percentage of E.ON's ownership stake in an asset) declined by 23 percent, from 58,871 MW at year-end 2014 to 45,335 MW at year-end 2015. The E.ON Group's fully consolidated generating capacity also declined by 23 percent, from 60,151 to 46,479 MW.

Attributable Generating Capacity (Ownership Perspective)

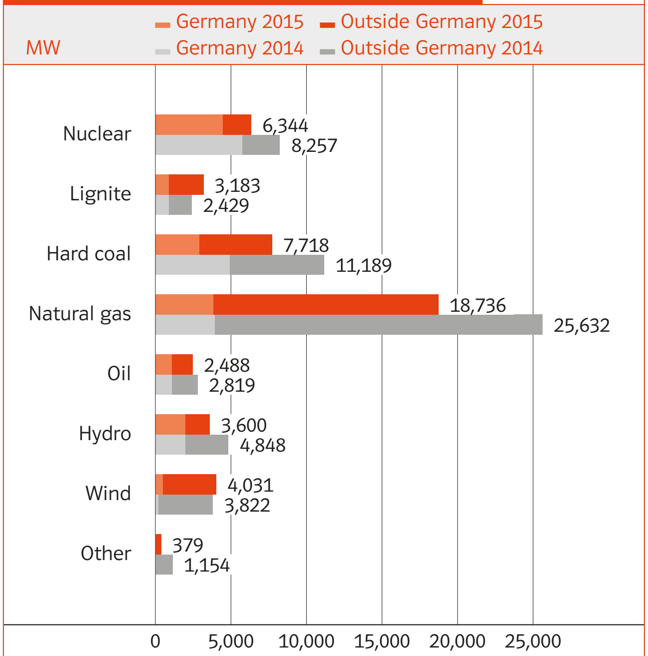


Additional information in Tables and Explanations on page 220 et seq.

Our attributable generating capacity declined by 13,536 MW, in particular because of reductions in the following fuel types: gas, hard coal, nuclear, and hydro. Our attributable gas-fired capacity declined by 6,851 MW owing mainly to the sale of generation operations in Italy and Spain and the closure of a generating unit in the United Kingdom. The decline of 3,369 MW in hard coal reflects, in particular, the scheduled decommissioning of several generating units in Germany and the sale of generation operations in Italy and Spain. The decline of 1,570 MW in nuclear capacity reflects the decommissioning of Grafenrheinfeld nuclear power station in Germany and unit 2 at Oskarshamn nuclear power station in Sweden. The sale of generation operations in Italy and Spain reduced our attributable hydroelectric capacity by 1,246 MW.

Our fully consolidated generating capacity declined by 13,672 MW for the reasons just described. Broken down by fuel type, it declined by 6,896 MW for gas, 3,471 MW for hard coal, 1,913 MW for nuclear, and 1,248 MW for hydro.

Fully Consolidated Generating Capacity



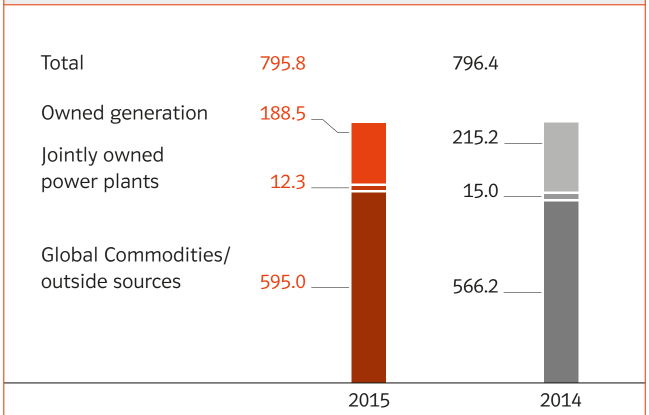
Additional information in Tables and Explanations on page 220 et seq.

Power Procurement

The E.ON Group's owned generation declined by 26.7 billion kWh, or 12 percent, year on year. The reduction occurred mainly at Generation and Russia. Owned generation declined at Renewables by 1.2 billion kWh to 25.3 billion kWh and at Other EU Countries by 0.9 billion kWh to 2.6 billion kWh. Power procured increased by 26.1 billion kWh, or 4 percent, to 607.3 billion kWh.

Power Procurement

Billion kWh



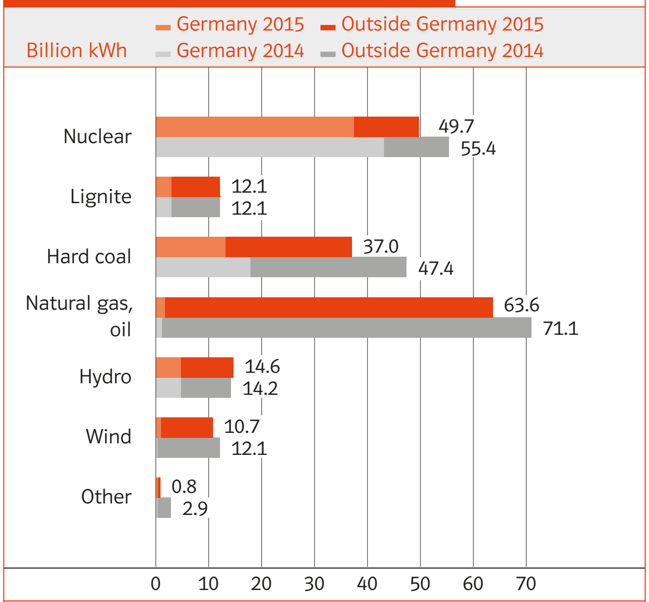
Additional information in Tables and Explanations on page 220 et seq.

Generation's owned generation decreased by 19.2 billion kWh, from 125.5 to 106.3 billion kWh. The decline resulted in particular from the sale of generation operations in Italy and Spain, the reduced dispatch of coal-fired assets in England and Germany due to the current market situation, and the decommissioning of certain coal-fired assets and Grafenrheinfeld nuclear power station in Germany.

Russia's owned generation decreased by 9 percent, from 59.2 to 53.8 billion kWh. There were two main factors. First, whereas the commissioning of new units led to the addition of a considerable amount of new capacity to the marketplace, the demand for power did not change. Second, we conducted maintenance work on generating units at Surgut and Berezov power stations.

Renewables' owned generation declined by 1.2 billion kWh, from 26.5 to 25.3 billion kWh, primarily because of the divestment of operations at Wind/Solar/Other as part of our build-and-sell strategy.

Owned Generation by Energy Source

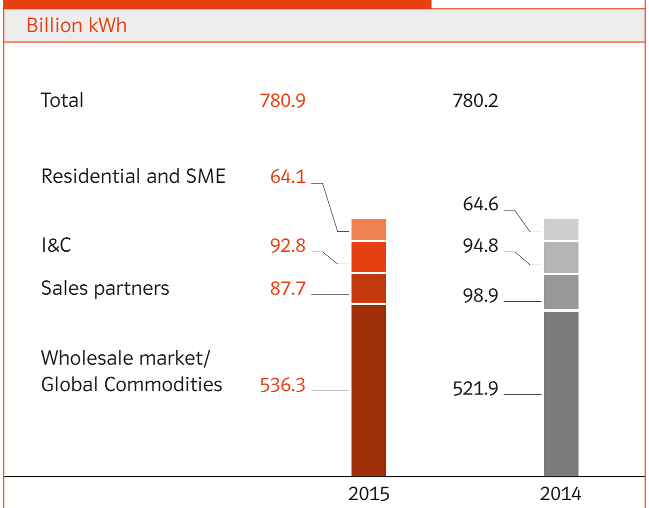


Additional information in Tables and Explanations on page 220 et seq.

Power Sales

The E.ON Group's consolidated power sales were at the prior-year level.

Power Sales



Additional information in Tables and Explanations on page 220 et seq.

The 0.5 billion kWh decline in power sales to residential and small and medium enterprise ("SME") customers reflects lower sales volume at Germany due to a decline in average consumption resulting from customers' enhanced energy-efficiency measures and at Other EU Countries due to enhanced energy-efficiency measures and effects relating to solar production in the United Kingdom.

Power sales to industrial and commercial ("I&C") customers were 2 billion kWh lower, principally because of keener competition and lower average individual offtake in the United Kingdom and competition-driven customer losses in Germany.

Power sales to sales partners decreased by 11.2 billion kWh, in particular because of declines at Global Commodities, Generation, and Renewables. The reasons were lower sales volume to internal and external sales partners in the trading business, lower production at coal-fired assets and the decommissioning of a nuclear asset in Germany, and lower output at Wind/Solar/Other following disposals.

Sales volume in the trading business was 14.4 billion kWh above the prior-year level, principally due to an increase in Global Commodities' trading activities.

Gas Procurement, Trading Volume, and Gas Production

The Global Commodities unit procured about 1,976 billion kWh of natural gas from producers in and outside Germany in 2015.

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

Trading Volume

	2015	2014
Power (billion kWh)	1,946	1,695
Gas (billion kWh)	2,565	1,794
Carbon allowances (million metric tons)	211	458
Oil (million metric tons)	–	49
Coal (million metric tons)	250	188

The table above shows our entire trading volume from 2015, including volume for delivery in future periods.

Upstream Production

	2015	2014	+/- %
Oil/condensates (million barrels)	11.5	10.6	+8
Gas (million standard cubic meters)	1,948.5	1,885.4	+3
Total (million barrels of oil equivalent)	**23.7**	**22.4**	**+6**

The main reason for the increase in Exploration & Production's oil/condensates production in the North Sea was that Njord/Hyme field came back on stream. The increase also reflects higher production at Elgin/Franklin and Huntingdon fields. By contrast, production declined at Skarv and Merganser fields.

The increase in our gas production primarily reflects higher output at Njord/Hyme and Elgin/Franklin fields, which was partially mitigated by lower output at Rita, Johnston, and Babbage fields.

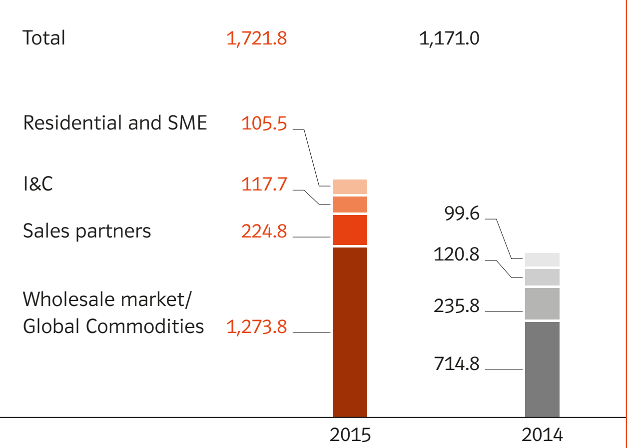
In addition to our North Sea production, we had 5,920 million cubic meters of production from Yuzhno Russkoye gas field in Siberia, which is accounted for using the equity method. This was roughly at the prior-year level of 5,923 million cubic meters.

Gas Sales

The E.ON Group's gas sales declined by 550.8 billion kWh, or 47 percent.

Gas Sales

Billion kWh



Additional information in Tables and Explanations on page 220 et seq.

Gas sales to residential and SME customers increased by 5.9 billion kWh. Colder weather relative to the prior year was the main factor at nearly all of our regional units. Another factor was that we added customers in Hungary and France. Gas sales declined in Czechia, chiefly because of the deconsolidation of a majority-held share investment in the first quarter of 2014.

Gas sales to I&C customers declined by 3.1 billion kWh, in particular because of competition-driven customer losses at Germany.

Gas sales to sales partners declined by 11 billion kWh owing mainly to lower sales volume at Global Commodities.

Gas sales in the trading business rose by 559 billion kWh because of a considerable increase in sales volume on the wholesale market.

Business Performance in 2015

E.ON's year-end numbers were in line with our expectations and continued to reflect the difficult situation on energy markets and in conventional power generation.

Our sales of €116.2 billion were 3 percent above the prior-year figure of €113.1 billion. Our EBITDA declined by 10 percent year on year to €7.6 billion. Underlying net income of €1.6 billion was at the prior-year level. Both results are in line with our earnings guidance of €7 to €7.6 billion and €1.4 to €1.8 billion, respectively. The net loss attributable to shareholders of E.ON SE of -€7 billion (prior year: -€3.2 billion) was significantly higher.

Our investments of €4.2 billion were 10 percent below the prior-year figure of €4.6 billion but roughly in line with the €4.3 billion foreseen for 2015 in our medium-term plan.

Despite the earnings decline, our operating cash flow of €6.1 billion was only slightly below the prior-year level.

Relative to year-end 2014, at year-end 2015 our economic net debt declined to €27.7 billion, in particular because of our high operating cash flow, the proceeds from divestments, and lower provisions for pensions. Our debt factor declined to 3.7 (prior year: 4).

E.ON 2.0

To enhance our performance, in the summer of 2011 we launched a Group-wide restructuring and cost-cutting program called E.ON 2.0. Its objective was to achieve roughly €2 billion (adjusted for changes to our portfolio: roughly €1.9 billion) in lasting reductions to our controllable costs. The program, which ended as planned at year-end 2015, ultimately reduced our annual controllable costs by a total of almost €2.3 billion, thereby significantly surpassing our original objective.

The Working Capital Excellence project also surpassed its objective of reducing our working capital by €1 billion. We have already achieved cash-effective reductions of about €1.7 billion and therefore concluded the project—ahead of schedule—at year-end 2015.

Acquisitions, Disposals, and Discontinued Operations in 2015

We executed the following significant transactions in 2015. Note 4 to the Consolidated Financial Statements contains detailed information about them.

Disposal Groups, Assets Held for Sale, and Discontinued Operations

To implement our divestment strategy, through year-end 2015 we classified as disposal groups, classified as assets held for sale, or sold the following activities:

- our exploration and production business in the North Sea
- our stake in Enovos International
- our stake in Latvijas Gāze
- the network connection for Humber Gateway wind farms
- our operations in Spain
- our generation operations in Italy
- our remaining stake E.ON Energy from Waste.

Disposals resulted in cash-effective items totaling €4,513 million in 2015 (prior year: €2,630 million).

The table below shows the sales, EBITDA, investments, and employee numbers of the Spain regional unit. In view of our plan to divest this unit, a process that was completed in the first quarter of 2015, we reclassified it as a discontinued operation. Its results are therefore included in net income as income from discontinued operations (see the table on page 39):

Discontinued Operations

€ in millions	Spain 2015	Spain 2014
Sales	355	1,166
EBITDA	34	146
Investments	5	63
Employees	–	572

Earnings Situation

Transfer Price System

Deliveries from our generation units to Global Commodities are settled according to a market-based transfer price system. Generally, our internal transfer prices are derived from the forward prices that are current in the marketplace up to three years prior to delivery. The resulting transfer prices for power deliveries in 2015 reflect the development of market prices and were therefore lower than the prices for deliveries in 2014.

Sales

Our 2015 sales of €116.2 billion were about €3.1 billion above the prior-year level.

Sales

€ in millions	2015	2014	+/- %
Generation	7,537	10,285	-27
Renewables	2,486	2,397	+4
Global Commodities	87,862	83,326	+5
Exploration & Production	1,731	2,118	-18
Germany	19,337	19,169	+1
Other EU Countries	20,506	20,587	–
Non-EU Countries	1,123	1,518	-26
Group Management/ Consolidation	-24,364	-26,305	–
Total	**116,218**	**113,095**	**+3**

This reflects an increase in sales at Global Commodities resulting mainly from considerably higher gas sales volume, which more than offset lower gas prices. The increase in gas sales volume, particularly in the second and third quarters, is principally attributable to an increase in physical transactions resulting from the exercise of options. This followed intense trading activity in the first quarter in an atmosphere of considerable price volatility. In addition, Germany and Renewables recorded slightly higher sales. Sales declined in particular at Generation and Exploration & Production. At Generation the decline was due to the further drop in the market prices for electricity but principally to a volume-driven decline in sales volume in Germany that was chiefly attributable to the decommissioning of generating capacity in Germany and the sale of our conventional generation business in Italy and Spain. At Exploration & Production the decline was due to lower prices for oil from our fields in the North Sea and to adverse currency-translation effects.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €478 million was 38 percent above the prior-year figure of €345 million. The increase is predominantly attributable to own work capitalized in conjunction with IT projects.

Other operating income rose by 20 percent, from €10,980 million to €13,211 million, mainly because of higher income from currency-translation effects of €3,300 million (prior year: €2,437 million) and from derivative financial instruments, which rose by €629 million to €6,840 million (€6,210 million); the latter mainly reflects the fact that income from the marking to market of commodity derivatives increased by €656 million to €6,506 million (€5,850 million). Corresponding amounts resulting from currency-translation effects and from derivative financial instruments are recorded under other operating expenses. Other operating income was also higher due to costs that were incurred at units 1 and 2 at Oskarshamn nuclear power station and that were passed on to the other co-owners.

Costs of materials rose by 4 percent, from €99,916 million to €104,211 million, primarily because of an increase in gas procurement costs at Global Commodities.

Personnel costs increased by €30 million to €4,177 million (prior year: €4,147 million), mainly because higher expenditures on company retirement programs were only partially offset by lower expenditures on restructuring programs and the savings delivered by these programs.

Depreciation charges rose by €3,171 million, from €8,723 million to €11,894 million, in particular because of impairment charges on goodwill at Generation and Exploration & Production and, to a lesser degree, impairment charges on property, plant, and equipment and intangible assets in these two segments. These charges were partially offset by the absence of scheduled depreciation charges on operations in Spain, Italy, and Norway that have been sold. In addition, impairment charges recorded in 2014 and the decommissioning of power plants reduced scheduled depreciation charges in 2015.

Other operating expenses increased by 19 percent to €14,137 million (prior year: €11,912 million), mainly because of higher expenditures relating to derivative financial instruments, which rose by €750 million to €6,055 million (€5,305 million), owing in particular to higher expenditures from the marking to market of commodity derivatives. Expenditures relating to exchange-rate differences were also higher, rising by €650 million to €3,587 million (€2,937 million).

Income from companies accounted for under the equity method increased by €562 million, from -€264 million to €298 million, mainly because of an impairment charge recorded on a share investment Non-EU Countries in 2014.

EBITDA

Our 2015 EBITDA was down by about €0.8 billion year on year. The principal positive factors were:

- a weather-driven increase in sales volume and favorable market developments at the Germany regional unit
- higher earnings at Global Commodities.

These positive effects were more than offset by:

- the decommissioning of generating capacity in Germany, the disposal of operations in Italy and Spain, and lower wholesale prices across our power business
- lower oil prices on the output of our fields in the North Sea.

EBITDA[1]

€ in millions	2015	2014	+/- %
Generation	1,472	2,215	-34
Renewables	1,346	1,500	-10
Global Commodities	223	106	+110
Exploration & Production	895	1,136	-21
Germany	2,157	1,761	+22
Other EU Countries	1,756	1,775	-1
Non-EU Countries	322	439	-27
Group Management/ Consolidation	-614	-556	–
Total	**7,557**	**8,376**	**-10**

[1]Adjusted for extraordinary effects.

In view of the sale of our Spain regional unit, we applied IFRS 5 and reclassified this unit as a discontinued operation from the fourth quarter of 2014 until its derecognition.

E.ON generates a significant portion of its EBITDA in very stable business areas. The overall share of regulated as well as quasi-regulated and long-term contracted operations amounted to 63 percent of EBITDA in 2015.

EBITDA[1]

€ in millions	2015	2014	+/- %
Regulated business	2,947	2,858	+3
Quasi-regulated and long-term contracted business	1,782	1,596	+12
Merchant business	2,828	3,922	-28
Total	**7,557**	**8,376**	**-10**

[1]Adjusted for extraordinary effects.

Our regulated business consists of operations in which revenues are largely set by law and based on costs. The earnings on these revenues are therefore extremely stable and predictable.

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

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

Group Management/Consolidation

The figures shown here are from E.ON SE, the equity interests it manages directly, and the offsetting of transactions between segments. The change in EBITDA relative to the prior year principally reflects E.ON SE's current earnings, in particular an increase in provisions resulting from changes in interest rates. This was partially counteracted by consolidation effects in conjunction with the valuation of provisions relating to emission allowances.

Generation

Generation's EBITDA decreased by €743 million.

Generation

	EBITDA[1]		EBIT[1]	
€ in millions	2015	2014	2015	2014
Nuclear	1,002	1,411	670	1,085
Fossil	489	814	46	129
Other/Consolidation	-19	-10	29	-13
Total	**1,472**	**2,215**	**745**	**1,201**

[1]Adjusted for extraordinary effects.

Nuclear's EBITDA fell by €409 million, principally owing to the decommissioning of Grafenrheinfeld nuclear power station in Germany and production outages in Sweden. Lower power prices constituted another negative factor. These negative factors were partially offset by the absence of adverse one-off effects recorded in 2014 and by positive one-off effects recorded in 2015.

Fossil's EBITDA declined by €325 million, primarily because of the decommissioning of certain generating units in Germany and, to a lesser degree, the sale of fossil-fueled generation operations in Spain and Italy. Another reason for lower earnings in Germany was that the transmission system operator dispatched the gas-fired units at Irsching power station less frequently. By contrast, the earnings of our biomass business were higher, in particular because of the positive performance of our biomass-fired assets in the United Kingdom. In 2014 an incident at Ironbridge power station led to the decommissioning of unit 1 and a temporary production stop at unit 2. In addition, Blackburn Meadows power station entered service in 2015.

Renewables

Renewables' EBITDA declined by €154 million, or 10 percent.

Renewables

	EBITDA[1]		EBIT[1]	
€ in millions	2015	2014	2015	2014
Hydro	566	677	509	551
Wind/Solar/Other	780	823	415	493
Total	**1,346**	**1,500**	**924**	**1,044**

[1]Adjusted for extraordinary effects.

EBITDA at Hydro declined by €111 million, or 16 percent, primarily because of lower wholesale prices and the sale of operations in Spain and Italy.

Wind/Solar/Other's EBITDA fell by €43 million, or 5 percent, owing to divestments and high earnings resulting from our build-and-sell strategy in 2014. Amrumbank West and Humber Gateway wind farms, which entered service in 2015, had a significant positive impact on earnings.

Global Commodities

Global Commodities' EBITDA rose by €117 million.

Global Commodities	EBITDA[1]		EBIT[1]	
€ in millions	2015	2014	2015	2014
Coal/Oil/Freight/LNG	29	29	29	29
Power and Gas	45	-60	-63	-151
Infrastructure/Other	149	137	143	132
Total	**223**	**106**	**109**	**10**

[1]Adjusted for extraordinary effects.

Despite a difficult market environment, Coal/Oil/Freight/LNG's EBITDA was at the prior-year level.

Power and Gas's EBITDA rose by €105 million, mainly because of the performance of the gas business, where positive earnings effects resulting from optimization were only partially offset by narrower margins resulting from a smaller spread between seasonal prices and lower prices in the midstream gas business.

Infrastructure/Other's EBITDA was €12 million above the prior-year level.

Exploration & Production

EBITDA at Exploration & Production declined by 21 percent, from €1,136 million to €895 million, principally because of lower prices for oil from our North Sea fields and adverse currency-translation effects. EBIT was €389 million (prior year: €498 million).

Germany

EBITDA at the Germany regional unit increased by €396 million.

Germany	EBITDA[1]		EBIT[1]	
€ in millions	2015	2014	2015	2014
Distribution Networks	1,686	1,525	1,129	953
Non-regulated/Other	471	236	408	146
Total	**2,157**	**1,761**	**1,537**	**1,099**

[1]Adjusted for extraordinary effects.

EBITDA at Distribution Networks rose by €161 million and at Non-regulated/Other by about €235 million, mainly because of positive nonrecurring effects relating in part to the release of provisions. Lower temperatures relative to 2014 and our systematic customer orientation in the sales business were also positive factors.

Other EU Countries

Other EU Countries' EBITDA was €19 million, or 1 percent, below the prior-year figure.

Other EU Countries

€ in millions	EBITDA[1] 2015	EBITDA[1] 2014	EBIT[1] 2015	EBIT[1] 2014
UK	384	384	278	299
(£ in millions)	(278)	(310)	(201)	(241)
Sweden	589	622	345	377
(SEK in millions)	(5,509)	(5,663)	(3,231)	(3,429)
Czechia	279	290	190	197
(CZK in millions)	(7,623)	(7,972)	(5,193)	(5,431)
Hungary	207	200	102	101
(HUF in millions)	(64,105)	(61,692)	(31,590)	(31,125)
Remaining regional units	297	279	204	192
Total	**1,756**	**1,775**	**1,119**	**1,166**

[1]Adjusted for extraordinary effects.

EBITDA at the UK regional unit was at the prior-year level. Positive currency-translation effects and lower costs in conjunction with government-mandated energy-efficiency measures were offset by narrower margins, lower sales volume, and keen competition in the marketplace.

The Sweden regional unit's EBITDA was €33 million lower, primarily because of €16 million in adverse currency-translation effects, storm-related costs, lower network connection fees, outages at a gas turbine, and the absence of earnings streams from the heat activities sold in June 2014. Increases in network tariffs and electricity passthrough in the power distribution network had a positive impact on earnings.

EBITDA in Czechia was €11 million below the prior-year level. Positive effects from higher sales volume, improved market conditions, and the sale of a heat production plant were more than offset by the absence of earnings streams from a majority stake in a gas company that was sold in the first quarter of 2014.

The Hungary regional unit's EBITDA rose by €7 million and was recorded mainly at its distributed network business. The increase is attributable, in particular, to the sale of the heat business, and improved receivables management. These positive effects were partially counteracted by narrower margins.

EBITDA at the remaining regional units rose by €18 million, mainly because of higher earnings in Romania, the Netherlands, and France as well as at E.ON Connecting Energies. Earnings in Romania benefited from a weather-driven increase in gas sales volume and from the positive effect of tariff increases in the gas distribution business instituted in 2014. Earnings in the Netherlands rose on the positive performance of the heat business. Earnings in France were higher primarily because of wider margins in the power and gas business and lower fixed costs. The increase in E.ON Connecting Energies' earnings reflects, in particular, positive operating effects in its industrial cogeneration business. Its earnings also benefited from the consolidation of a company that generates power and heat for a business park in Russia and expansion in the business of providing energy-efficiency solutions to industrial and commercial customers in Germany.

Non-EU Countries

Non-EU Countries' EBITDA declined by 27 percent, or €117 million.

Non-EU Countries

€ in millions	EBITDA[1] 2015	EBITDA[1] 2014	EBIT[1] 2015	EBIT[1] 2014
Russia	361	517	266	371
(RUB in millions)	(24,570)	(26,361)	(18,085)	(18,936)
Other Non-EU Countries	-39	-78	-40	-78
Total	**322**	**439**	**226**	**293**

[1]Adjusted for extraordinary effects.

Russia's EBITDA was 30 percent below the prior-year level. The principal reasons were adverse currency-translation effects, fines in conjunction with the delayed commissioning of a generating unit at Berezov power station, and costs incurred due to accident-related outages of generating units at Surgut power station. In local currency, EBITDA only declined by 7 percent.

EBITDA at Other Non-EU Countries consists of our activities in Brazil and Turkey, which are accounted for under the equity method. The €39 million improvement in EBITDA is primarily attributable to higher hydro output, a positive performance in the trading business, improved recovery of doubtful debts in the retail business, and positive earnings development in the power distribution business in Turkey.

Net Income

Due to significant impairment charges, net income attributable to shareholders of E.ON SE of -€7 billion and corresponding earnings per share of -€3.60 were substantially below the respective prior-year figures of -€3.2 billion and -€1.64. Fourth-quarter net income attributable to shareholders of E.ON SE was -€0.9 billion compared with -€3.1 billion in the year-earlier quarter; fourth-quarter earnings per share were -€0.46 compared with -€1.63.

Net Income

€ in millions	2015	2014
EBITDA[1]	**7,557**	**8,376**
Depreciation and amortization	-3,052	-3,561
Impairments (-)/Reversals (+)[2]	-136	-120
EBIT[1]	**4,369**	**4,695**
Economic interest income (net)	-1,572	-1,613
Net book gains/losses	450	589
Restructuring/cost-management expenses	-217	-133
E.ON 2.0 restructuring expenses	-293	-363
Impairments (-)/Reversals (+)[2, 3]	-8,430	-5,457
Other non-operating earnings	150	-116
Income/Loss (-) from continuing operations before taxes	**-5,543**	**-2,398**
Income taxes	-835	-570
Income/Loss (-) from continuing operations	**-6,378**	**-2,968**
Income from discontinued operations, net	1	-162
Net loss/income	**-6,377**	**-3,130**
Attributable to shareholders of E.ON SE	*-6,999*	*-3,160*
Attributable to non-controlling interests	*622*	*30*

[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.

Our economic interest expense improved, mainly because of the positive development of our net financial position. The change in our interest expense not affecting net income reflects nonrecurring effects, particularly in conjunction with the Swedish nuclear fund.

Economic Interest Expense

€ in millions	2015	2014
Interest expense shown in the Consolidated Statements of Income	-1,330	-1,811
Interest income (-)/expense (+) not affecting net income	-242	198
Total	**-1,572**	**-1,613**

Net book gains were €139 million below the prior-year figure and were recorded primarily on the sale of securities, our remaining stake in E.ON Energy from Waste, exploration and production activities in the Norwegian North Sea, network segments in Germany, and activities in Italy and Finland. The prior-year figure consists of book gains on the sale of securities, a gas utility in Germany, a majority stake in a gas company in Czechia, a stake in a gas company in Finland, network segments in Germany, and certain micro heat production plants in Sweden.

Restructuring and cost-management expenditures rose by a total of €14 million and, as in the prior year, resulted mainly from cost-cutting programs and our new strategy.

Our earnings situation in 2015 reflected, in particular, impairment charges of €8.8 billion and reversals of impairment charges of €0.4 billion; the reversals were primarily at Generation. The main reasons for the impairment test were updated assumptions regarding the long-term development of electricity and fuel prices (assumptions that are based on the analyses of leading economic forecasting institutes and our own assessments), updated assumptions regarding our policy and regulatory environment, and their implications for our anticipated profitability. We had to record impairment charges in particular at Generation. We also recorded impairment charges at Exploration & Production, Renewables, Global Commodities, Russia, and Other EU Countries. In 2014 we recorded impairment charges at Generation, Non-EU Countries, Exploration & Production, Renewables, and Global Commodities.

Other non-operating earnings include the marking to market of derivatives. We use derivatives to shield our operating business from price fluctuations. Marking to market at year-end 2015 resulted in a positive effect of €533 million (prior year: €540 million). Negative factors in 2015 included, in particular, costs incurred in conjunction with Oskarshamn and Ringhals nuclear power stations that were offset by income on the passthrough to the co-owners of costs incurred in conjunction with units 1 and 2 at Oskarshamn. Other negative factors included impairment charges on inventories and securities. In 2014 other non-operating earnings were adversely affected by impairment charges on gas inventories, securities, and operations at Non-EU Countries and by expenditures in conjunction with bond repurchases.

Our tax expense was €0.8 billion compared with €0.6 billion in the prior year. We had a tax expense despite our negative earnings before taxes, resulting in a negative tax rate of 15 percent (prior year: 24 percent). The change in our tax rate between 2014 and 2015 mainly reflects non-tax-reducing depreciation charges and a change in the value of deferred tax assets.

Pursuant to IFRS, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. It includes the earnings of the Spain regional unit and the earnings from contractual obligations of operations that have already been sold.

Underlying Net Income

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

Underlying Net Income

€ in millions	2015	2014
Net income/Net loss attributable to shareholders of E.ON SE	-6,999	-3,160
Net book gains/losses	-450	-589
Restructuring/cost-management expenses	510	496
Impairments/reversals of impairments	8,430	5,457
Other non-operating earnings	-150	116
Taxes and non-controlling interests on non-operating earnings	411	-954
Special tax effects	-105	113
Income/Loss from discontinued operations, net	1	167
Underlying net income	**1,648**	**1,646**

Financial Situation

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

Finance Strategy

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

We manage E.ON's capital structure using our debt factor in order to ensure that E.ON's access to capital markets is commensurate with its current debt level. Debt factor is equal to our economic net debt divided by EBITDA; it is therefore a dynamic debt metric. Economic net debt includes not only our financial liabilities but also our provisions for pensions and asset-retirement obligations. In light of the change to our organizational setup, we will review our medium-term debt factor target.

The second key component of our finance strategy is a consistent dividend policy. As announced last year, management will recommend, as it did for the 2014 financial year, paying shareholders a fixed dividend of €0.50 per share for the 2015 financial year. This corresponds to a payout ratio of 59 percent of underlying net income.

Financial Position

Compared with the figure recorded at December 31, 2014 (€33.4 billion), our economic net debt declined by €5.7 billion to €27.7 billion. Our high positive operating cash flow and the proceeds from divestments exceeded our investment expenditures and E.ON SE's dividend payout, resulting in a significant improvement in our net financial position. Another positive factor was a decrease in provisions for pensions, which declined by €1.4 billion to €4.2 billion, principally because of the development of interest rates.

Economic Net Debt

	December 31	
€ in millions	2015	2014
Liquid funds	8,190	6,067
Non-current securities	4,724	4,781
Financial liabilities	-17,742	-19,667
FX hedging adjustment	218	34
Net financial position	**-4,610**	**-8,785**
Provisions for pensions	-4,210	-5,574
Asset-retirement obligations[1]	-18,894	-19,035
Economic net debt	**-27,714**	**-33,394**
EBITDA[2]	7,557	8,376
Debt factor	**3.7**	**4.0**

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

Our debt factor at year-end 2015 decreased to 3.7 (year-end 2014: 4) owing to our lower economic net debt.

Funding Policy and Initiatives

Our funding policy is designed to give E.ON access to a variety of financing sources at any time. We achieve this objective by basing our funding policy on the following principles. First, we use a variety of markets and debt instruments to maximize the diversity of our investor base. Second, we issue bonds with terms that give our debt portfolio a balanced maturity profile. Third, we combine large-volume benchmark issues with smaller issues that take advantage of market opportunities as they arise. As a rule, external funding is carried out by our Dutch finance subsidiary, E.ON International Finance B.V., under guarantee of E.ON SE or by E.ON SE itself, and the funds are subsequently on-lent in the Group. E.ON issued no new bonds in 2015.

Financial Liabilities

€ in billions	Dec. 31, 2015	Dec. 31, 2014
Bonds[1]	13.8	14.3
EUR	*6.0*	*7.1*
GBP	*4.7*	*4.4*
USD	*2.8*	*2.5*
JPY	*0.2*	*0.2*
Other currencies	*0.1*	*0.1*
Promissory notes	0.4	0.6
Commercial paper	–	0.4
Other liabilities	3.5	4.4
Total	**17.7**	**19.7**

[1]Includes private placements.

With the exception of a U.S.-dollar-denominated bond issued in 2008, all of E.ON SE and E.ON International Finance B.V.'s currently outstanding bonds were issued under our Debt Issuance Program ("DIP"). The DIP enables us to issue debt to investors in public and private placements. In April 2015 it was extended, as planned, for one year. The DIP has a total volume of €35 billion, of which about €11 billion was utilized at year-end 2015.

In addition to our DIP, we have a €10 billion European Commercial Paper ("CP") program and a $10 billion U.S. CP program under which we can issue short-term liabilities. We had no CP outstanding at year-end 2015 (prior year: €401 million).

E.ON also has access to an originally five-year, €5 billion syndicated revolving credit facility, which was concluded with 24 banks on November 6, 2013, and which includes two options to extend the facility, in each case for one year. In 2014 E.ON exercised the first option and extended the facility for one year to 2019. In 2015 E.ON, with the banks' agreement, postponed until 2016 a possible exercise of the second option to extend the facility for one more year. This facility has not been drawn on and instead serves as a reliable, ongoing general liquidity reserve for the E.ON Group. Participation in the credit facility indicates that a bank belongs to E.ON's core group of banks.

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

Standard & Poor's ("S&P") and Moody's long-term ratings for E.ON are BBB+ and Baa1, respectively. Moody's downgraded E.ON's long-term rating from A3 to Baa1 in March 2015 S&P from A- to BBB+ in May 2015. In February 2016 both rating agencies placed E.ON's long-term ratings on review for possible downgrades. The actions were based on a number of factors, including a sector-wide review of European utility companies with exposure to commodity and power price developments. The decisions were also based on the uncertainties surrounding the policy discussions on the possible funding of German nuclear provisions. The short-term ratings are A-2 (S&P) and P-2 (Moody's).

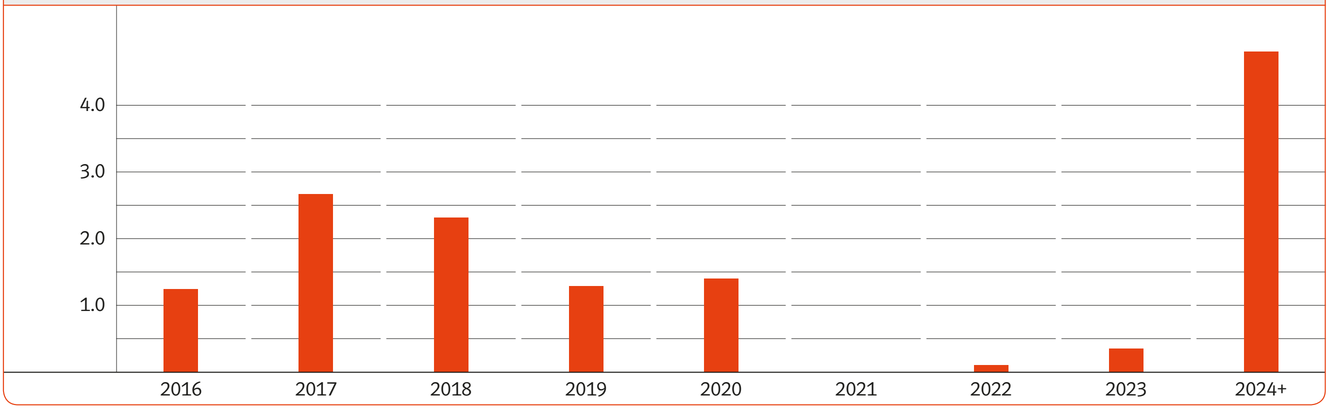
E.ON SE Ratings

	Long term	Short term	Outlook
Moody's	Baa1	P-2	Under review for possible downgrade
Standard & Poor's	BBB+	A-2	CreditWatch negative

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

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

€ in billions — December 31, 2015



Investments

Our investments were €0.5 billion below the prior-year level. We invested about €3.9 billion in property, plant, and equipment ("PP&E") and intangible assets (prior year: €4 billion). Share investments totaled €0.3 billion versus €0.6 billion in the prior year. Our investments outside Germany declined by 18 percent to €2.8 billion (€3.4 billion).

Investments

€ in millions	2015	2014	+/- %
Generation	563	862	-35
Renewables	1,106	1,222	-9
Global Commodities	113	115	-2
Exploration & Production	97	64	+52
Germany	881	745	+18
Other EU Countries	1,035	883	+17
Non-EU Countries	294	703	-58
Group Management/ Consolidation	85	43	+98
Total	**4,174**	**4,637**	**-10**
Maintenance investments	*553*	*709*	*-22*
Growth and replacement investments	*3,621*	*3,928*	*-8*

Generation invested 35 percent less than in the prior year. Investments declined by €299 million, from €862 million to €563 million. This was due in part to a delay in the commissioning of unit 4, a new coal-fired generating unit at Datteln power station in Germany; a reduction in expenditures for unit 3 at Maasvlakte power station in the Netherlands, which entered service in 2015; and a reduction in expenditures for the conversion of unit 4 to biomass at Provence power station in France. Other significant projects included overhaul work on unit 2 at Oskarshamn nuclear power station in Sweden and environmental-protection measures at Ratcliffe power station in the United Kingdom.

Investments at Renewables declined by €116 million, from €1,222 million to €1,106 million. Hydro's investments to maintain existing assets declined from €107 million to €96 million owing to the sale of operations in Spain and Italy. Wind/Solar/Other's investments declined from €1,115 million to €1,010 million. These investments went primarily toward offshore wind projects in Europe.

Global Commodities' investments of €113 million were roughly at the prior-year level of €115 million and went mainly toward IT, the gas storage business, and share investments in the oil and gas business. The slight decrease was attributable, in particular, to a reduction in investments in the gas storage business and in infrastructure; this reduction was partially offset by an increase in IT and share investments.

Exploration & Production invested €97 million (prior year: €64 million) in PP&E and intangible assets. The increase is principally attributable to higher investments in Elgin/Franklin, Skarv, Corfe, Manhattan, and Salander fields.

The Germany regional unit's investments of €881 million were significantly above the prior-year figure. The increase resulted from investments in connections and upgrades in the network business along with network expansion related to the country's transition to a low-carbon future. Investments in PP&E and intangible assets totaled €867 million, of which 90 percent went toward the network business and 10 percent toward the distributed generation business, which is a growth business.

Investments at Other EU Countries were €152 million above the prior-year level. The UK regional unit invested €155 million (prior year: €121 million). The increase primarily reflects currency-translation effects and metering projects. The Sweden unit's investments of €405 million surpassed the prior-year level of €331 million and served to maintain and expand existing assets and to expand and upgrade the distribution network, including adding new connections. Investments in Czechia of €140 million were at the prior-year level (€141 million). The Hungary regional unit invested €107 million (€102 million) in its power and gas infrastructure. Investments in the remaining EU countries totaled €228 million (€188 million). The increase results from E.ON Connecting Energies' acquisition, at the end of 2015, of a company that generates power and heat in Italy.

Of Non-EU Countries' investments, €180 million (prior year: €347 million) are attributable to Russia; about €143 million of which went toward Russia's new-build program. We invested €114 million (€356 million) in our activities in Brazil and Turkey.

Cash Flow

Our operating cash flow of €6.1 billion was almost at the prior-year level. Our working capital was about the same, and the decline in our cash-effective earnings was largely offset by lower net interest and tax payments.

Cash provided by investing activities of continuing operations amounted to -€0.3 billion in 2015 compared with -€3.2 billion in 2014. Of this roughly €2.9 billion improvement, €1.9 billion resulted from higher cash inflows from disposals, mainly of operations in Spain, solar, hydro, and conventional generating capacity in Italy, exploration and production activities in Norway, and the remaining stake in the company formerly called E.ON Energy from Waste. This effect was made more pronounced by a €0.5 billion decline in investments in intangible assets, property, plant, and equipment, and share investments and by a €0.1 billion reduction in restricted cash compared with a €0.4 billion increase in the prior year.

Cash provided by financing activities of continuing operations amounted to -€3.9 billion (prior year: -€4.6 billion). The roughly €0.7 billion change is mainly attributable to a €0.4 billion reduction in the net repayment of financial liabilities, to a €0.1 billion reduction in the dividend payout to E.ON SE shareholders, and to a €0.1 billion increase in minority shareholders' interest in the equity of fully consolidated Group companies.

Liquid funds at December 31, 2015, were €8,190 million (prior year: €6,067 million). In 2015 E.ON had €923 million of cash and cash equivalents subject to a restraint risk (€1,064 million). In addition, the current securities of Versorgungskasse Energie contained €435 million (€265 million) earmarked for fulfilling insurance obligations (see Notes 18 and 31 to the Consolidated Financial Statements).

Asset Situation

Non-current assets at year-end 2015 were substantially lower than the figure at year-end 2014, mainly because of impairment charges, the sale of Exploration & Production's operations in Norway, and the reclassification of its operations in the U.K. North Sea as a disposal group. This was partially offset by an increase in receivables from derivative financial instruments.

Current assets were below the year-end 2014 figure. The sale of the Spain regional unit's operations and of generation operations in Italy and Spain were the main factors. Although the reclassification of Exploration & Production's operations in the U.K. North Sea as a disposal group served to increase current assets, this was more than offset by a reduction in trade receivables and inventory. These factors were partially counteracted by a significant increase in liquid funds resulting from the receipt of the purchase prices for operations sold.

Our equity ratio at year-end 2015 was significantly below the previous year-end figure. The net loss, which was caused by impairment charges, and the dividend payout were the main factors. Equity also declined owing to changes in the value of assets and liabilities due to currency-translation effects and a reduction in the mark-to-market value of securities. These factors were partially offset by an increase in equity resulting from the remeasurement of defined-benefits plans.

Non-current liabilities declined by 3 percent from the figure at year-end 2014 owing mainly to lower provisions for pensions and other obligations due to changes in the actuarial interest rate along with the on-schedule reduction of financial liabilities.

Current liabilities declined by 6 percent relative to year-end 2014, mainly because of lower financial liabilities and the sale of operations in Spain and conventional generation operations in Italy. These effects were partially offset by the reclassification of operations in the U.K. North Sea as a disposal group.

The following key figures indicate E.ON's asset and capital structure:
- Non-current assets are covered by equity at 26 percent (December 31, 2014: 32 percent).
- Non-current assets are covered by long-term capital at 109 percent (December 31, 2014: 108 percent).

Consolidated Assets, Liabilities, and Equity

€ in millions	Dec. 31, 2015	%	Dec. 31, 2014	%
Non-current assets	73,612	65	83,065	66
Current assets	40,081	35	42,625	34
Total assets	**113,693**	**100**	**125,690**	**100**
Equity	19,077	17	26,713	21
Non-current liabilities	61,172	54	63,335	51
Current liabilities	33,444	29	35,642	28
Total equity and liabilities	**113,693**	**100**	**125,690**	**100**

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

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

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

Balance Sheet of E.ON SE (Summary)

€ in millions	December 31 2015	2014
Intangible assets and property, plant, and equipment	18	97
Financial assets	47,986	39,661
Non-current assets	**48,004**	**39,758**
Receivables from affiliated companies	22,919	19,979
Other receivables and assets	1,802	2,265
Liquid funds	4,343	2,330
Current assets	**29,064**	**24,574**
Total assets	**77,068**	**64,332**
Equity	12,469	15,307
Provisions	2,661	3,359
Liabilities to affiliated companies	60,892	43,178
Other liabilities	1,046	2,488
Total equity and liabilities	**77,068**	**64,332**

E.ON SE is the parent company of the E.ON Group. As such, its earnings, financial, and asset situation is affected by income from equity interests. The negative figure recorded for this item in 2015 reflects, in particular, loss transfers of €1,026 million from Uniper Russia Holding GmbH and €265 million from E.ON Beteiligungen GmbH. The main countervailing factor was a profit transfer of €64 million from E.ON Energie AG.

The negative figure recorded under other expenditures and income improved by €2,383 million year on year to -€569 million, in particular because of impairment charges of €2,056 million recorded in the prior year on our stake in E.ON Italia S.p.A.

The increase in financial assets is chiefly attributable to payments into the capital reserves of the following companies: E.ON Fünfundzwanzigste Verwaltungs GmbH (€4,000 million), Uniper Beteiligungs GmbH formerly known as Uniper GmbH (€2,405 million), and E.ON Energie AG (€522 million). In addition, there was an intragroup acquisition of shares in MEON Pensions GmbH & Co. KG in the amount of €1,108 million.

Liabilities to affiliated companies at year-end 2015 increased by €17,714 million to €60,892 million, owing mainly to the taking out of loans by affiliated companies in conjunction with intragroup asset sales in preparation for the planned spinoff of Uniper operations and to loss-compensation obligations.

Income Statement of E.ON SE (Summary)

€ in millions	2015	2014
Income from equity interests	-1,639	4,646
Interest income	-678	-742
Other expenditures and income	-569	-2,952
Income from continuing operations	**-2,886**	**952**
Extraordinary expenses	–	-13
Taxes	755	500
Net income	**-2,131**	**1,439**
Withdrawals from retained earnings	3,107	–
Net income transferred to retained earnings	–	-473
Net income available for distribution	**976**	**966**

The income taxes shown for 2015 yielded a positive figure and consist mainly of tax income for previous years. Application of the minimum tax provision resulted in a tax expense of €64 million for 2015.

At the Annual Shareholders Meeting on June 8, 2016, management will propose that net income available for distribution be used to pay a cash dividend of €0.50 per ordinary share.

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

Other Financial and Non-financial Performance Indicators

ROACE and Value Added

Cost of Capital

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

Our review of the parameters in 2015 led us to adjust our after-tax cost of capital downward by 0.5 percentage points, mainly because of a lower risk-free interest rate, which was only partially offset by a higher market premium. The E.ON Group's after-tax cost of capital declined from 5.4 to 4.9 percent. The table below shows the derivation of cost of capital before and after taxes.

Cost of Capital

	2015	2014
Risk-free interest rate	1.25%	2.5%
Market premium[1]	6.75%	5.5%
Debt-free beta factor	0.52	0.57
Indebted beta factor[2]	0.90	0.99
Cost of equity after taxes	**7.3%**	**7.9%**
Average tax rate	27%	27%
Cost of equity before taxes	10.0%	10.8%
Cost of debt before taxes	3.4%	3.9%
Marginal tax rate	27%	27%
Cost of debt after taxes	**2.4%**	**2.8%**
Share of equity	50.0%	50.0%
Share of debt	50.0%	50.0%
Cost of capital after taxes	**4.9%**	**5.4%**
Cost of capital before taxes	**6.7%**	**7.4%**

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

Analyzing Value Creation by Means of ROACE and Value Added

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

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

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

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

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

ROACE and Value Added Performance in 2015

Our ROACE rose from 8.6 percent in 2014 to 9.4 percent in 2015, primarily because of a decline in average capital employed. This resulted mainly from impairment charges on goodwill and property, plant, and equipment. Our ROACE of 9.4 percent surpassed our pretax cost of capital, which declined relative to the prior year. As a result, value added amounted to €1.3 billion.

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

E.ON Group ROACE and Value Added

€ in millions	2015	2014
EBIT[1]	**4,369**	**4,695**
Goodwill, intangible assets, and property, plant, and equipment[2]	49,181	56,555
+ Shares in affiliated and associated companies and other share investments	5,738	6,582
+ Inventories	2,546	3,356
+ Other non-interest-bearing assets, including deferred income and deferred tax assets	-5,057	-1,724
- Non-interest-bearing provisions[3]	6,902	6,381
- Adjustments[4]	2,929	7,887
Capital employed in continuing operations (at year-end)	**42,577**	**50,501**
Capital employed in continuing operations (annual average)[5]	**46,539**	**54,791**
ROACE	**9.4%**	**8.6%**
Cost of capital before taxes	**6.7%**	**7.4%**
Value added	**1,251**	**640**

[1]Adjusted for extraordinary effects.
[2]Depreciable assets are included at half their acquisition or production costs. Goodwill represents final figures following the completion of the purchase-price allocation (see Note 4 to the Consolidated Financial Statements).
[3]Non-interest-bearing provisions mainly include current provisions, such as those relating to sales and procurement market obligations. They do not include provisions for pensions or for nuclear-waste management.
[4]Capital employed is adjusted to exclude the mark-to-market valuation of other share investments, receivables and liabilities from derivatives, and operating liabilities for certain purchase obligations to minority shareholdings pursuant to IAS 32.
[5]In order to better depict intraperiod fluctuations in average capital employed, annual average capital employed is calculated as the arithmetic average of the amounts at the beginning of the year and the end of the year.

Corporate Sustainability

Our many stakeholders—customers and suppliers, policymakers and government agencies, employees and trade unions, non-governmental organizations and regional interest groups, equity analysts and investors—have high expectations for us and our industry. First and foremost, they expect us to expand our use of renewables and to develop new and innovative customer solutions. Europe's transition to a low-carbon future offers us many opportunities, and we aim to seize them, while at the same time proactively managing the attendant risks. This means that we need to build public support for the construction of new renewable and conventional energy assets and to act early to meet more stringent environmental regulations, efficiency standards, and other regulatory requirements.

We have conducted a materiality analysis at regular intervals since 2006. Its purpose is to identify our stakeholders' expectations of us. Our annual online Sustainability Report describes the issues that are material to our stakeholders and to us as a company as well as how we address these issues. Our reporting is based on the Global Reporting Initiative's G4 sustainability reporting guidelines.

We monitor our progress by means of a sustainability work program, which is divided into a number of focus areas. We completed the most recent program, for 2012–2015, in 2015. Our Sustainability Council reviews the findings of the work program and the materiality analysis at regular intervals and discusses focus areas we might need to address in the future.

Our commitment to transparency includes subjecting our sustainability performance to independent, detailed assessments by specialized agencies and investment-bank analysts. The results of these assessments provide important guidance to investors and to us. They help us identify our strengths and weakness and further improve our performance. Although E.ON missed being listed in the 2015 Dow Jones Sustainability indices by a small margin, we were again included in the highly respected RobecoSAM Sustainability Yearbook. The Carbon Disclosure Project ("CDP") awarded E.ON the highest score possible—100A—for the quality, processes, and transparency of our reporting on our carbon emissions and climate change. The CDP is one of the world's largest investor organizations. It helps investors assess whether a company adequately addresses climate change in its decisions and business processes. In addition, E.ON continues to be listed in the Euronext Vigeo 120 sustainability index and made it in the top 15 of Energy Intelligence's Top 100 Green Utilities Ranking.

Highlights in 2015

We design our sustainability strategy to achieve a reasonable balance in addressing environmental, social, and governance issues. Increasingly, sustainability issues influence value drivers such as our sales, reputation, attractiveness as an employer, efficiency, costs, and innovativeness.

One of the issues with the biggest influence on these value drivers is the expansion of our renewables capacity. Through 2015 our investments in wind, solar, and bioenergy projects totaled more than €10 billion. These investments are making our energy mix viable for the future by steadily increasing its proportion of renewable sources. Two new E.ON offshore wind farms, Amrumbank West (288 MW) and Humber Gateway (219 MW), entered service in 2015. Even as we expand our renewables capacity we strive to minimize our impact on the environment and biodiversity. We systematically assess possible environmental risks and develop innovative solutions to address them. For example, we used a state-of-the-art system to reduce water-borne noise during the installation of the monopile foundations for the turbine towers at Amrumbank West.

Another important focus in 2015 was energy efficiency, which is becoming an increasingly significant source of our business growth. We can help customers reduce their energy consumption, shrink their carbon emissions, and cut costs. E.ON Connecting Energies ("ECT") offers energy-efficient, climate-friendly products and services to commercial, industrial, and public-sector customers in Europe and is already a successful player in this segment. In 2015 ECT planned, installed, and commissioned high-efficiency combined-heat-and-power units at the facilities of several leading companies. Additional units installed by ECT will enter service at two BMW production plants in Germany in 2016. They have the potential to reduce carbon emissions by about 10,000 metric tons annually. Over the past few years our efficiency solutions have helped customers cut their energy costs by an average of 20 to 40 percent.

In 2015 ECT also forged long-term partnerships with Voith Turbo and other customers; under these agreements, ECT develops integrated energy plans that enable customers to achieve lasting reductions in their energy and operating costs.

Our compliance with laws and regulations and with our own internal policies has a particularly significant impact on our reputation as a responsible company. We expect the same degree of compliance from of our suppliers. Consequently, in 2015 we put in place a compliance check to assess—before any agreements are signed—whether new suppliers meet our compliance standards. This enables us to minimize the risk of corruption, human rights violations, and other unacceptable practices along our supply chain.

More information about our sustainability strategy and our performance is available at www.eon.com, where you will also find our new Sustainability Report, which will be released in early May 2016. It is not part of the Combined Group Management Report.

Carbon Emissions and Intensity

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

Carbon Emissions from Power and Heat Generation

2015 Million metric tons	CO_2 emissions
Germany	20.3
United Kingdom	8.1
Netherlands	10.2
France	4.6
Italy	2.3
Other EU countries	1.2
E.ON Group (Europe only)	**46.7**
Russia[1]	30.1
E.ON Group	**76.8**

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

E.ON Group Carbon Intensity[1]		
Metric tons of CO_2 per MWh	2015	2014
Germany	0.32	0.38
United Kingdom	0.43	0.53
Netherlands	0.76	0.77
France	0.76	0.71
Italy	0.38	0.47
Other EU countries	0.03	0.16
E.ON Group (Europe only)[2]	**0.35**	**0.41**
Russia	0.55	0.55
E.ON Group[3]	**0.40**	**0.43**

[1]Specific carbon emissions are defined as the amount of CO_2 emitted for each MWh of electricity generated.
[2]Includes renewables generation in Europe.
[3]Includes renewables generation outside Europe (wind power in the United States).

E.ON emitted 76.8 million metric tons of carbon dioxide from power and heat generation in 2015, of which 46.7 million metric tons were in Europe. This represents a significant year-on-year decline: nearly 20 percent overall and more than 25 percent in countries covered by the EU ETS. It results from the fact that in 2015 we produced less power and had a lower-carbon generation mix , thanks to a slightly higher proportion of renewables and natural gas and a decline in coal-fired generation. Similarly, our carbon intensity declined from 0.43 to 0.4 metric tons per MWh.

Use of Net Value Added

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

Our personnel expenses of €4.2 billion again represented the largest component of net value added.

Net Value Added			
€ in millions	Use	2015	2014
Employees	Wages, salaries, benefits	4,177	4,147
Government entities	Income taxes, other taxes[1]	-41	306
Lenders	Interest payments[2]	1,181	1,683
Minority interests	Minority interests' share of income from continuing operations	622	30
Shareholders	Dividends[3]	976	966

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

Employees

People Strategy

An organization's business strategy and its products and services can be copied. What cannot be easily copied are an organization's people, its culture, and its competencies. The successful delivery of any business strategy depends on an organization having available highly qualified and motivated employees as well as a strong and diverse talent pipeline.

Great companies execute their People Strategy with the same energy and determination they apply to the business strategy. A key success factor is for HR functions to be business-integrated.

The primary objective of our People Strategy is to enhance our people's performance and leadership to power business success.

Our People Strategy, which sets the frame for our HR work programs of the next three to five years, has three key success factors. Preparing our People for the Future, Providing Opportunities, and Recognizing Performance. Open Thinking, Engagement, and Never Complacent were identified as HR focus areas that will support the HR success factors and help put them into practice.

Our People Strategy is delivered by HR staff at all our units and in all our regions. To support it through their interactions with all employees, HR staff are committed to being customer-oriented, continually improving HR services, working in partnership with employee representatives, and keeping things simple.

The E.ON People Strategy provides an excellent foundation to meet the challenges resulting from E.ON's new corporate strategy—"Empowering customers. Shaping markets."—which involves dividing E.ON into two sharply focused companies. The corporate strategy brings with it some new work patterns, and our companies will continue to pursue ambitious goals while operating in demanding market environments. Despite these challenges, the focus areas of our People Strategy will enable us to continue to put the needs of our employees and executives at the center of what we do.

One2two and the Involvement of Employee Representatives

The main focus of our HR work in 2015 was on preparing to implement the measures related to E.ON's new strategy. Management, the SE Works Council of E.ON SE, and the Group Works Council of E.ON SE worked together early and concluded a fundamental agreement—the Joint Declaration and Framework Agreement of the Management Board of E.ON SE, the Executive Committee of the SE Works Council of E.ON SE and the Executive Committee of the Group Works Council of E.ON SE—which was announced end of 2014 and amended by certain additions in 2015. In particular, the Joint Declaration lays down the principles for the employee-related aspects of strategy measures and for the involvement of employee representatives in the project to implement the strategy, which was called One2two.

Employee representatives were at all times actively involved in One2two decision-making processes and implementation projects at an early stage. A Project Council consisting of leading employee representatives was informed in advance of decisions pending in the Project Steering Committee and had the opportunity to discuss the decisions with the E.ON Management Board and to make recommendations. Employee representatives were also involved in the respective work streams and submodules of the One2two project.

In mid-2015 local management and employee representatives began to conduct the respective codetermination processes for splitting individual companies. In Sweden and the United Kingdom these procedures were completed in September 2015, in time for Day 0.5 of the One2two timeline. Management and works councils in Germany reached agreement on reconciliations of interests at the end of October 2015.

Collaborative Partnership with Employee Representatives

E.ON places a strong emphasis on working with employee representatives as partners. This collaborative partnership is integral to our corporate culture. At a European level, E.ON management works closely with the SE Works Council of E.ON SE, whose members come from all European countries in which E.ON operates. Under the SE Agreement, which was concluded in 2012, the SE Works Council of E.ON SE is informed and consulted about issues that transcend national borders.

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

Prior to E.ON's adoption of a functionally oriented management model, in 2014 management and the Group Works Council in Germany concluded the Agreement on Future Social Partnership in the Context of the Functionally Oriented Management Model. The agreement, which stipulates the principles of the future social partnership at E.ON's operations in Germany, manifests a shared responsibility for the company and its employees and represents a special milestone in the history of codetermination at E.ON.

Talent Management

The purpose of our talent management is to hire highly qualified people and to continually foster our employee's personal and professional development.

In 2015 E.ON's status as a top employer was again confirmed by prestigious rankings, such as trendence's "Europe's 100 Top Employers" and Universum's "Europe's Most Attractive Employers."

This recognition was one of the reasons we were able to attract outstanding talent, including recent university graduates. The E.ON Graduate Program remained one of the most coveted ways of joining our company. Participants are assigned a mentor, receive special training, and gain experience during placements at an E.ON unit in their home country and at units in other countries. Eighty graduates entered the program in 2015. Their backgrounds and interests reflect the emphasis E.ON places on diversity:

- they will work in a wide range of job families (including engineering, IT, sales, finance, corporate development, and HR)
- they come from around the world (including the United Kingdom, Germany, India, Turkey, Indonesia, and the Czech Republic)
- 41 percent are women, up from 38 percent in 2014.

In 2015 E.ON participated for the first time in "CEO of the Future," a competition conducted by McKinsey & Company management consultants along with other leading international companies. The competition provided an opportunity for E.ON to showcase itself to top university students and talented young professionals.

The foundation of our strategic, needs-oriented talent management is the Management Review Process, which we conducted again in 2015. It helps ensure the continued professional development of managers and executives, our various units and job families, and the entire organization. It also creates transparency about our current talent situation and our needs for the future.

In 2015 we designed and put in place a new program called Leadership Essentials. It will enable us to identify next-generation managers even earlier and provide them with targeted development.

Diversity

E.ON brings together a diverse team of people who differ by nationality, age, gender, religion, and/or cultural and social background. Diversity is a key success factor. Numerous studies have shown that heterogeneous teams outperform homogenous ones. Diversity is equally crucial in view of demographic trends. Going forward, only those companies that embrace diversity will be able to remain attractive employers and be less affected by the shortage of skilled workers. In June 2008 we publicly affirmed our long-standing commitment to fairness and respect by signing the *Charta der Vielfalt* (German Diversity Charter), which now has almost 2,200 signatories. E.ON therefore belongs to a large network of companies committed to diversity, tolerance, fairness, and respect.

Alongside age and internationality, gender is a special focus of our diversity management. Back in 2011 we set an ambitious objective for our organization as a whole to more than double the percentage of women in executive positions and to raise it to 14 percent in Germany by the end of 2016. With women accounting for 14 percent of our executives in Germany at year-end 2015, we already met this objective.

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

Many of these measures are already having an impact. Our progress is receiving recognition outside our company as well. For example, E.ON received the Total E-Quality Seal for exemplary HR policies based on equal opportunity. In 2015 we achieved a further increase in the percentage of female executives, which rose to 16.7 percent across E.ON, which surpassed our Group-wide target for the year, which was 15.8 percent.

More information about E.ON's compliance with Germany's Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector can be found in the Management's Statement regarding this law.

Workforce Figures

At year-end 2015 the E.ON Group had 56,490 employees worldwide, a decline of 4 percent from year-end 2014. E.ON also had 1,254 apprentices in Germany and 173 board members and managing directors worldwide.

Employees[1]

	December 31		
	2015	2014	+/- %
Generation	6,216	7,491	-17
Renewables	1,573	1,723	-9
Global Commodities	1,320	1,371	-4
Exploration & Production	236	236	–
Germany	11,465	11,627	-1
Other EU Countries	24,992	25,048	–
Non-EU Countries	4,970	5,300	-6
Group Management/Other[2]	5,718	6,015	-5
Total	**56,490**	**58,811**	**-4**

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

Generation's headcount was lower due mainly to the sale of operations in Spain and Italy and to E.ON 2.0 measures. These effects were partially counteracted by the hiring of apprentices as full-time employees.

The sale of operations in Spain and Italy and the reorganization of the Hydro unit were the principal factors in the decline in the number of employees at Renewables. This was partially offset by the expansion of our wind and solar businesses and the hiring of more staff at E.ON Climate & Renewables.

The main reasons for the reduction in Global Commodities' headcount were E.ON 2.0 measures and other savings measures. This was partially offset by business growth in North America and employee transfers from other E.ON units.

The headcount at Germany was lower mainly because of E.ON 2.0 measures (such as preretirement options and the expiration of temporary employment contracts) and the transfer of the wholesale business to Global Commodities. This was partially counteracted by the hiring of nearly 270 apprentices as full-time employees.

The number of employees at Other EU Countries declined slightly. The main effects came from E.ON 2.0 measures and normal turnover. These reductions were partially offset by business expansion at E.ON Connecting Energies and the insourcing of external employees in Hungary.

Non-EU Countries includes only employees in Russia. The overall number of employees declined owing to the completion of unit 3 at Berezov power station and the implementation of technical improvement programs.

The number of employees at Group Management/Other declined owing to E.ON 2.0 measures, particularly in facility management functions, as well as voluntary turnover, the expiration of temporary employment con-tracts, and other efficiency measures.

Geographic Profile

At year-end 2015, 35,009 employees, or 62 percent of all staff, were working outside Germany, the same percentage as at year-end 2014.

Employees by Country[1]

	Headcount		FTE	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Germany	21,481	22,290	20,782	21,640
United Kingdom	10,730	10,708	10,233	10,210
Romania	6,175	6,523	5,681	6,064
Russia	5,025	5,343	5,009	5,331
Hungary	4,928	4,704	4,921	4,701
Sweden	3,225	3,229	3,183	3,195
Czechia	2,426	2,460	2,412	2,443
France	608	703	607	702
Other[2]	1,892	2,851	1,865	2,818

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

Gender and Age Profile, Part-Time Staff

At the end of 2015, 29.9 percent of our employees were women, up from the figure of 28.9 percent at the end of 2014.

Proportion of Female Employees

Percentages	2015	2014
Generation	13	12
Renewables	19	19
Global Commodities	32	32
Exploration & Production	36	34
Germany	27	28
Other EU countries	34	33
Non-EU Countries	30	30
Group Management/Other[1]	38	41
E.ON Group	**29.9**	**28.9**

[1]Includes E.ON Business Services.

The average E.ON Group employee was about 42 years old and had worked for us for about 14 years.

Employees by Age

Percentages at year-end	2015	2014
30 and younger	17	17
31 to 50	55	55
51 and older	28	28

A total of 4,904 employees, or 8 percent of all E.ON Group employees, were on a part-time schedule. Of these, 3,252, or 66 percent, were women.

Part-time Rate

Percentages	2015	2014
Generation	11	5
Renewables	5	5
Global Commodities	9	7
Exploration & Production	2	2
Germany	8	7
Other EU countries	9	9
Non-EU Countries	1	-
Group Management/Other[1]	11	11
E.ON Group	**8**	**7**

[1]Includes E.ON Business Services.

The turnover rate resulting from voluntary terminations averaged 3.7 percent across the organization, slightly higher than in the prior year.

Turnover Rate

Percentages	2015	2014
Generation	2.7	2.2
Renewables	6.4	4.9
Global Commodities	4.1	3.3
Exploration & Production	2.4	5.9
Germany	1.4	1.5
Other EU countries	4.0	3.9
Non-EU Countries	6.0	5.6
Group Management/Other[1]	5.5	3.9
E.ON Group	**3.7**	**3.3**

[1]Includes E.ON Business Services.

Occupational Health and Safety

Occupational health and safety have the highest priority at E.ON. A key performance indicator ("KPI") for our safety is total recordable injury frequency ("TRIF")—which measures the number of fatalities, lost-time injuries, restricted-work injuries, and medical-treatment injurie that occur on the job and en route to work—per million hours of work. Our TRIF figures also include E.ON companies that are not fully consolidated but over which E.ON has operational control. E.ON employees' TRIF in 2015 was 2, the same low level as in the prior year. We also significantly reduced the number of severe injuries relative to 2014. Our units' safety performance is a component of the annual personal performance agreements of the Management Board members and executives responsible for these units.

We use TRIF and other KPIs to monitor and continually improve our safety performance. To ensure continuous improvement, our units design health, safety, and environment ("HSE") improvement plans based on a management review of their performance in the prior year. The results of the implementation of these plans are also used as preventive performance indicators.

Despite all our successes in occupational health and safety, it remains our objective to prevent accidents or other harmful effects on the health of our employees and contractors by consistently implementing uniform HSE management systems.

Compensation, Pension Plans, Employee Participation

Attractive compensation and appealing fringe benefits are essential to a competitive work environment. Company contributions to employee pension plans represent an important component of an employee's compensation package and have long had a prominent place in the E.ON Group. They are an important foundation of employees' future financial security and also foster employee retention. E.ON companies supplement their company pension plans with attractive programs to help their employees save for the future.

Another factor in employee retention is enabling them to participate in their company's success. Our employee stock purchase program in Germany includes a partially tax-free contribution from E.ON to encourage employees to purchase stock. In 2015 employees were offered stock in five tranches. Because of the planned spinoff of Uniper the program will not be conducted in 2016. In compensation an additional company contribution was offered in 2015. Following the conclusion of the spinoff and the stock listing of Uniper AG, we plan to resume the E.ON employee stock purchase program in 2017 under terms comparable to those that were in place through 2014.

In 2015, 9,275 employees in Germany purchased a total of 1,419,934 shares of E.ON stock. Although the participation rate declined slightly from 47 to 41 percent, the program remained popular. Similar programs that offer employees direct participation in E.ON's business success are also in place in other countries and conform with their respective laws and regulations.

Apprenticeships

E.ON continues to place great emphasis on vocational training for young people. The E.ON Group had 1,254 apprentices and work-study students in Germany at year-end 2015. This represented 5.5 percent of E.ON's total workforce in Germany, compared with 5.9 percent at the end of the prior year. The number of apprentices as well as their proportion of our total workforce declined relative to the prior year. This is attributable to a reduction in the number of apprentices taken on at our Generation unit and a shift of certain apprenticeships from fully consolidated to non-consolidated companies.

Established in 2003 as part of a pact between industry and the German federal government, the E.ON training initiative to combat youth unemployment was extended for three more years and will now continue through 2017. In 2015 it helped about 550 young people in Germany get a start on their careers through internships that prepare them for an apprenticeship as well as school projects and other programs.

Apprentices in Germany

	Headcount		Percentage of workforce	
At year-end	2015	2014	2015	2014
Generation	297	352	7.5	7.1
Renewables	56	58	6.6	6.6
Global commodities	–	16	–	1.4
Germany	812	883	6.8	7.2
Group Management/Other	89	91	2.0	2.2
E.ON Group	**1,254**	**1,400**	**5.5**	**5.9**

Subsequent Events

On February 1, 2016, a fire broke out in the boiler room of unit 3 at Berezov power station in Russia. It damaged key components of the 800 MW boiler. These components must be replaced. Management is currently assessing the extent of the damage. Note 35 to the Consolidated Financial Statements contains a more detailed description.

Forecast Report

Business Environment

Macroeconomic Situation

The OECD forecasts a gradual acceleration of global economic growth in 2016 and 2017. This is predicated on a further, gradual shift in China's growth drivers toward higher demand for consumption goods and on robust demand for investment goods in industrialized countries. Further slight declines are expected for China's GDP growth rate. Low commodity prices and a generally favorable economic environment could help put the global economy on a gradually accelerating growth path, which could lead to moderately higher inflation. However, the OECD does not perceive any inflationary pressure.

The OECD sees heightened risk in the weak economic development in emerging market economies and the sluggish growth of global trade. In particular, it considers the dramatic decline in the growth of global trade in 2015 as a source of uncertainty for future economic development.

With private consumption demand expected to be robust, the prospects for growth in the United States and the United Kingdom remain good. The generally positive environment should benefit economic development in the euro zone as well. The demand for consumption and investment goods is expected to increase slightly. Rising exports will also spur growth.

The Russian economy is not forecast to expand again until 2017. Although the growth in the country's consumption demand is expected to be sluggish, the OECD anticipates a positive contribution from the demand for investment goods. The OECD predicts that Turkey will continue along its robust growth path in the next two years. Compared with 2015, domestic demand is forecast to be somewhat weaker in 2016 and somewhat stronger in 2017. Turkey's persistent trade deficit is not expected to dampen growth to any significant degree.

Energy Markets

We expect power and fuel markets to continue to be very sensitive to macroeconomic developments and policy decisions and therefore to be generally more volatile in 2016 and 2017.

That said, oversupply is currently insulating the oil market from geopolitical developments in the Middle East. High production from OPEC members and Russia is compensating for lower production in the United States. In addition, another large producer came onto the scene at the start of 2016 when Iran began exporting more to the West again. Only an increase in demand along with a further decline in production growth (resulting from a lack of investments to develop new oil fields) could lead to higher prices in 2017. This, in turn, would provide an incentive for ratcheting up production in the United States.

The outlook for the coal market is weak. With China's imports down and the Atlantic market oversupplied, coal prices are unlikely to change, at least in the near and medium term. From a fundamental perspective, the market will continue to be oversupplied and only respond gradually to adjustments on the supply side. This is because at the present time the combination of low oil prices and the weakness of coal-exporter currencies against the U.S. dollar enables mine operators to earn positive margins.

Supplies continue to increase on the global gas market as well. The first LNG export facilities in the United States and Australia will become operational in 2016, providing Asian and European markets with additional sources of gas. As a result, Europe's gas market will become even more sensitive to its global environment, chiefly with regard to demand in Asia. Imports from Russia and Norway are expected to remain stable. Dutch gas production is the only question mark. Groningen field's maximum production is still capped to prevent more earthquakes in the region. A slight increase in gas demand, mainly for power generation in the United Kingdom, is expected in the medium and long term. If gas prices fall further, gas-fired power generation could once again become more economical than coal-fired power generation in continental Europe as well.

During the next two years, the backloading process will probably remain the principal influence on prices for EU carbon allowances ("EUAs") under the European Emissions Trading Scheme ("EU ETS"). Backloading will continue to significantly reduce the number of EUAs that can be acquired through auctions, although going forward the reduction will be smaller than in prior years. Nevertheless, greater scarcity will put more pressure on the EUA market and will likely lead to further price increases. The European Council's approval of the introduction of a market-stability reserve and the reform plans for phase four of the EU ETS will also be key drivers of carbon prices.

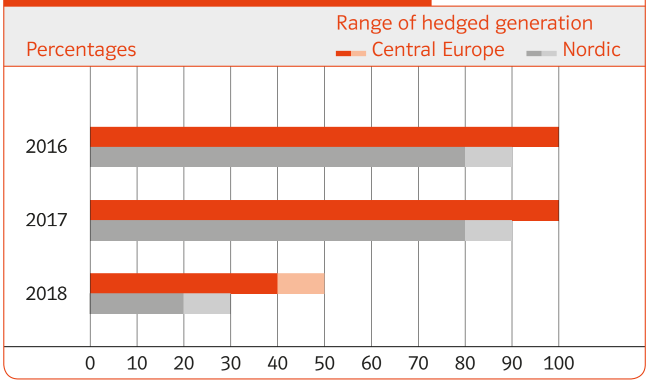
Near-term and medium-term power prices in Germany will continue to be determined largely by the price of hard coal and EUAs. However, the addition of more capacity—on the renewables side in the form of wind farms, on the conventional side in the form of technologically advanced coal-fired power plants—could put further downward pressure on prices.

Power prices in the United Kingdom will likely continue to be strongly influenced by developments in the gas market. The commissioning of new gas-fired power plants in 2016 ought to relieve slightly the tense supply-demand situation until the capacity market mechanism goes live in 2018.

Near-term power prices on the Nordic market will continue to depend primarily on the weather and therefore on water reservoir levels. The exceptionally good hydrological situation is putting downward pressure on power prices, and their upside potential is severely limited by the low price of coal. The NordBalt cable between Sweden and Lithuania, which entered service early in 2016, is expected to lead to closer price coupling with the Baltic market, which has higher prices. This, along with the early decommissioning of Oskarshamn and Ringhals nuclear power stations in Sweden, has the potential to push prices higher.

Our power production for 2016 and 2017 is already almost completely hedged. Our hedging practices will, over time, serve to increase the hedge rate of subsequent years. As an example, the graph below shows the hedge rate for our Central and North European outright portfolio, which essentially consists of our non-fossil power production from nuclear and hydro assets.

European Outright Portfolio



Employees

The number of employees in the E.ON Group (excluding apprentices and board members/managing directors) will decline slightly by year-end 2016. If the Annual Shareholders Meeting in June 2016 approves the planned spinoff of Uniper, the number of employees will decline considerably.

Anticipated Earnings Situation

Forecast Earnings Performance

Our forecast for full-year 2016 earnings continues to be significantly influenced by the difficult business environment in the energy industry. We expect our 2016 EBITDA to be between €6 and €6.5 billion and our 2016 underlying net income to be between €1.2 and €1.6 billion.

Considering the vote at our Annual Shareholders Meeting on June 8, 2016, on the spinoff of a majority stake in Uniper and assuming that the spinoff will become effective in 2016, our outlook for 2016 will have to be adjusted due to accounting effects resuting from the spinoff.

We then expect our outlook to be significantly lower. Further details will be communicated along with the publication of the spinoff documents for the Annual Shareholders Meeting. Due to accounting effects, this does not allow any conclusions on the expected EBITDA and underlying net income for Uniper in 2016.

Our forecast by segment:

EBITDA[1] € in billions	2016 (forecast relative to prior year)	2015
Generation	significantly below	1.5
Renewables	slightly below	1.3
Global Commodities	significantly above	0.2
Exploration & Production	significantly below	0.9
Germany	significantly below	2.2
Other EU Countries	significantly above	1.8
Non-EU Countries	significantly below	0.3
Total	**6.0 – 6.5**	**7.6**

[1]Adjusted for extraordinary effects.

We expect Generation's 2016 EBITDA to be significantly below the prior-year figure. Price developments on the wholesale market will continue to be a negative factor, as will the absence of earnings streams following the disposal of generating capacity in Italy and Spain.

We anticipate that Renewables' 2016 EBITDA will be slightly below the prior-year level. Wind/Solar/Other will benefit from an increase in installed generating capacity, whereas Hydro will be adversely affected primarily by the disposal of operations in Italy and Spain.

We expect Global Commodities' 2016 EBITDA to be significantly above the prior-year figure, mainly because of the power business resulting from an adjusted handover process for generating capacity between Generation and Global Commodities.

We expect Exploration & Production's 2016 EBITDA to be significantly below the prior-year figure due to the sale of our gas fields in the North Sea. The sale of our Norwegian North Sea business closed in December 2015, and we expect the sale of our U.K. operations to close in the first half of 2016. In addition, earnings from our stake in Yuzhno Russkoye gas field will be significantly lower due to volume and price factors.

We expect the Germany regional unit's 2016 EBITDA to be below the prior-year level. We anticipate that the absence of positive one-off effects recorded in 2015 will lead to lower earnings, particularly in the sales and network businesses. The one-off effects in 2015 resulted principally from the release of provisions due to the resolution of legal issues.

Other EU Countries' 2016 EBITDA is expected to be significantly above the prior-year level due to more seasonally typical temperatures and further operating improvements.

We expect Non-EU Countries' 2016 EBITDA to be significantly lower because of adverse currency-translation effects and an unplanned outage of the new generating unit at Berezov power station at our Russia unit.

Anticipated Financial Situation

Planned Funding Measures

We expect to be able to fund our investment expenditures planned for 2016 and the dividend payout for the 2015 fiscal year by means of operating cash flow and proceeds from disposals. Any peaks in the Group's funding needs during the course of the year can be dealt with by issuing commercial paper. In the context of its spinoff from E.ON SE and stock-market listing, Uniper AG will obtain external funding to replace the funds until then made available to it from the E.ON Group.

In light of the change to our organizational setup, we will review our medium-term debt factor target.

Planned Investments

Our medium-term plan calls for investments of €4.5 billion in 2016. Maintenance investments will go mainly toward our conventional generation business, replacement investments mainly toward our smart-metering program in the United Kingdom, and growth investments mainly toward our renewables business. Our network investments will serve primarily to maintain and expand our power and gas infrastructure in Sweden and Germany.

Investments: 2016 Plan	€ in billions	Percentages
Generation	0.5	11
Renewables	1.5	34
Global Commodities	0.1	2
Exploration & Production	–	–
Germany	0.9	20
Other EU Countries	1.2	27
Non-EU Countries	0.2	4
Group Management/Consolidation	0.1	2
Total	**4.5**	**100**

Generation's investments will serve to maintain and expand its portfolio of power generation assets.

The main focus of Renewables' investments will be on offshore wind farms in Europe and onshore farms in the United States.

Global Commodities will invest mainly in IT and its gas-storage infrastructure.

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

Investments at Other EU Countries will consist principally of investments to maintain and expand our regional energy networks in Sweden and Czechia. They will also go toward smart metering in United Kingdom and the development of customer solutions.

Non-EU Countries' investments will serve mainly to maintain and repair assets, in particular at Berezov power station in Russia.

General Statement on E.ON's Future Development

New Strategy and Planned Changes in Reporting

On November 30, 2014, the E.ON Supervisory Board approved the Management Board's proposal for a new corporate strategy. This strategy is founded on the perception that over the past few years two energy worlds have emerged: a conventional and a new energy world. They are not separate. On the contrary, they depend on one another. But they place completely different demands on energy companies. The new energy world is about customer orientation, efficient and increasingly smart grids, renewables, distributed generation, and technical innovations. The conventional energy world, by contrast, primarily requires expertise and cost efficiency in conventional power stations and global energy trading.

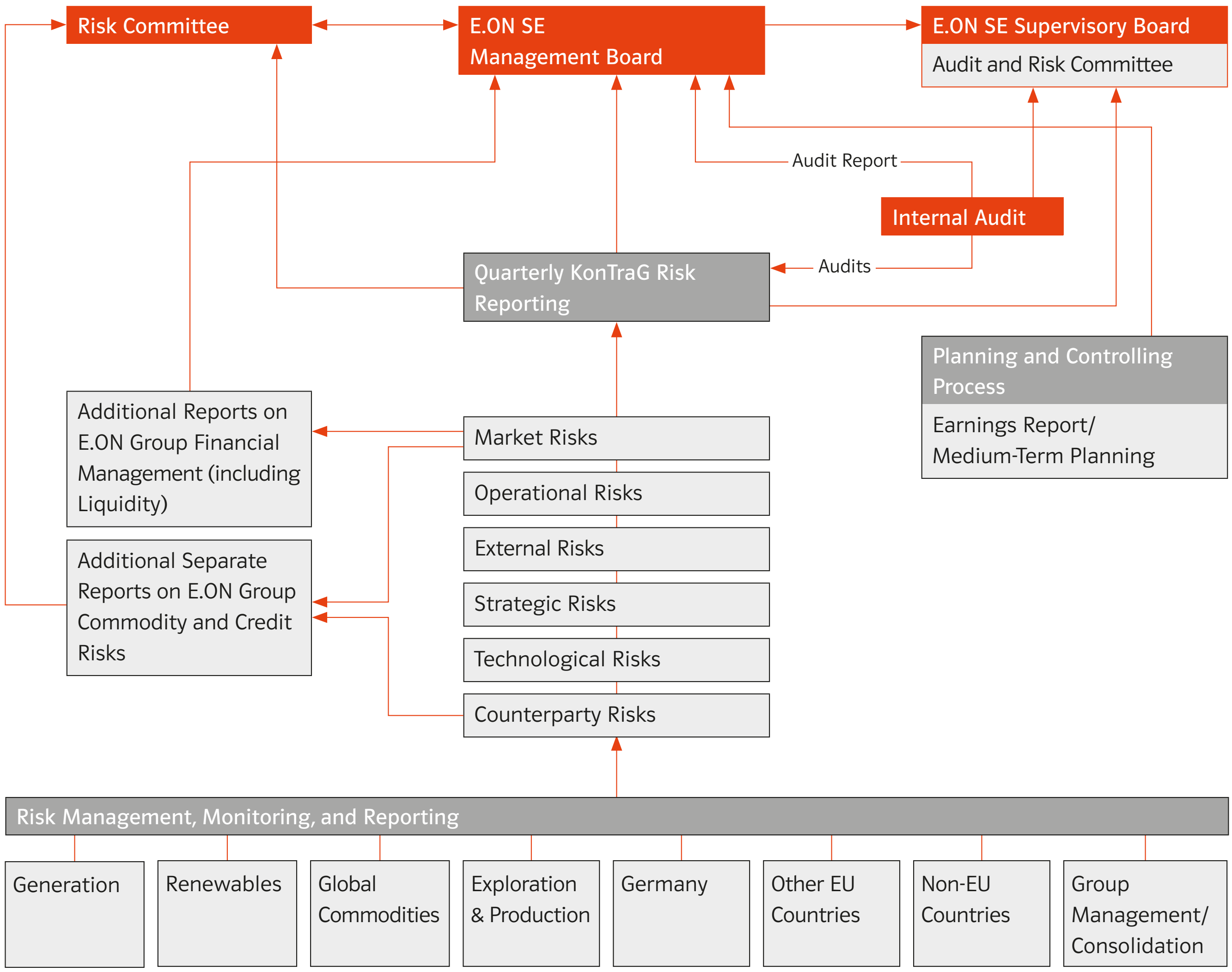
In view of the policy debate in Germany regarding nuclear energy, E.ON has decided to retain responsibility for the remaining operation and decommissioning of its nuclear generating capacity in Germany. On September 9, 2015, the E.ON SE Supervisory Board unanimously approved a Management Board resolution stating this intention. The decision does not affect E.ON's corporate strategy; instead, it safeguards against possible risks to the implementation of this strategy. The nuclear power business in Germany is not a strategic business segment for E.ON and is managed by a separate operating company called PreussenElektra.

E.ON successfully separated its operations from Uniper's effective January 1, 2016. From the new E.ON campus in Essen, the company now focuses on renewables, energy networks, and customer solutions. Düsseldorf-based Uniper operates independently. Its businesses—conventional power generation (hydro, natural gas, coal) and global energy trading—remain essential for ensuring the security of the energy supply. The separation represented another important milestone in the execution of our new strategy. The spinoff is subject to the approval of shareholders at the E.ON Annual Shareholders Meeting in June 2016. Only if such a resolution is passed can Uniper be spun off and listed on the stock market. E.ON intends to divest, initially, a majority stake in Uniper and to part with its remaining stake over the medium term.

If the E.ON Annual Shareholders Meeting approves the Uniper spinoff, Uniper companies will be reclassified in E.ON's Consolidated Financial Statements as discontinued operations and the prior-year figures adjusted accordingly.

This Combined Group Management Report contains certain forward-looking statements based on E.ON management's current assumptions and forecasts and other currently available information. Various known and unknown risks, uncertainties, and other factors could lead to material differences between E.ON's actual future results, financial situation, development, or performance and the estimates given here. E.ON assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Risk Management System



Our risk management system consists of a number of components that are embedded into E.ON's entire organizational structure and processes. As a result, our risk management system is an integral part of our business and decision-making processes. The key components of our risk management system include our Group-wide guidelines and reporting systems; our standardized Group-wide strategy, planning, and controlling processes; Internal Audit activities; the separate Group-wide risk reporting conducted pursuant to the Corporate Sector Control and Transparency Act ("KonTraG"); and the establishment of risk committees. Our risk management system reflects industry best practice and is designed to enable management to recognize risks early and to take the necessary countermeasures in a timely manner. We continually review our Group-wide planning, controlling, and reporting processes to ensure that they remain effective and efficient. As required by law, the effectiveness of our risk management system is reviewed regularly by Internal Audit. Our risk management system encompasses all fully consolidated E.ON Group companies and all companies accounted for using the equity method whose book value exceeds €50 million.

Risk Committee

In compliance with the provisions of Section 91, Paragraph 2, of the German Stock Corporation Act relating to the establishment of a risk-monitoring and early warning system, the E.ON Group has a Risk Committee. The Risk Committee, with support from relevant divisions and departments of E.ON SE and E.ON Global Commodities SE (effective January 2016: Uniper Global Commodities SE), ensures that the risk strategy defined by the Management Board, principally the commodity and credit risk strategy, is implemented, complied with, and further developed.

Further Risk-Limitation Measures

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

Managing External Risks

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

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

Managing Technological Risks

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

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

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

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

Managing Operational Risks

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

Managing Market Risks

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

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

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

Managing Strategic Risks

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

Managing Counterparty Risks

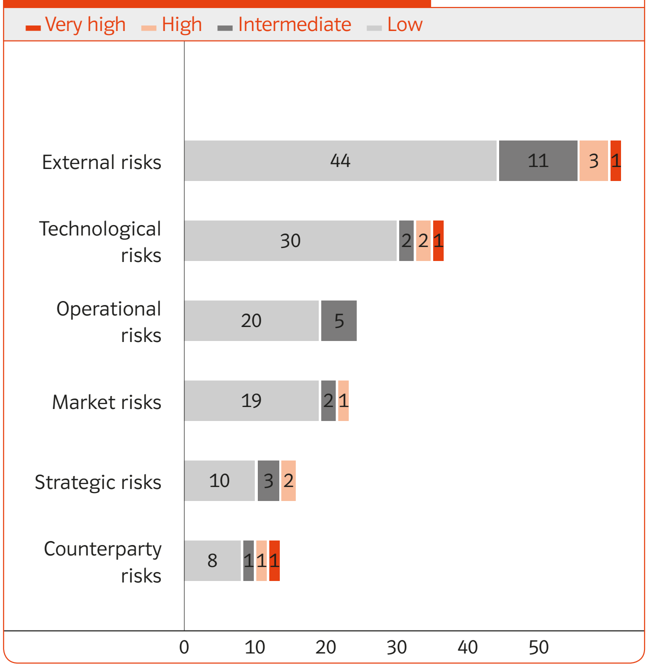
We use a Group-wide credit risk management system to systematically measure and monitor the creditworthiness of our business partners on the basis of Group-wide minimum standards. We manage our credit risk by taking appropriate measures, which include obtaining collateral and setting limits. The E.ON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

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

Risk Situation

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

Number of Risks per Risk Category



In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses.

Material risks are events or circumstances that could have a significant impact on the asset, financial, or earnings situation of E.ON Group companies or segments. The E.ON Group, and thus E.ON SE, is exposed to the following main risks:

External Risks

The political, legal, and regulatory environment in which the E.ON Group does business is also a source of external risks, such as decisions by governments to phase out power generation using certain fuels. Changes to this environment can lead to considerable uncertainty with regard to planning and, under certain circumstances, to impairment charges.

Generation

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

In April 2015 the German Federal Ministry for Economic Affairs and Energy commissioned an auditing firm to conduct stress tests; that is, to review the nuclear-energy provisions of the country's nuclear operators. The results were communicated in October. On September 2, 2015, the ministry presented draft legislation to extend the liability of nuclear operators. In addition, the federal government appointed a commission, which will draw on an expert report commissioned by the ministry and on the results of the stress tests to design recommendations for guaranteeing secure financing for the decommissioning and dismantling of the country's nuclear power stations and the disposal of radioactive waste. At this point it is uncertain how the recommendations might be reflected in possible legislation and what the resulting potential risks might be.

The Site Selection Act (*Standortauswahlgesetz*, or "StandAG") calls for the study of Gorleben to be suspended. Gorleben is to remain open but be frozen in its current state. The resulting costs will be imposed on entities with a disposal obligation. StandAG estimates that the nuclear industry as a whole will face additional costs of more than €2 billion. E.ON took legal action against the cost passthrough. StandAG also obliges nuclear operators to store reprocessing waste at intermediate storage facilities in close proximity to their nuclear power stations. In 2014 E.ON filed declaratory actions against this new storage obligation in three federal states and also filed an appeal on constitutional grounds. On the basis of discussions between the German Federal Environmental Ministry and nuclear operators, E.ON has filed for the suspension of its legal actions.

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

Capacity markets will play an important role for E.ON in a number of the electricity markets where it operates. Russia, Spain, Sweden, and Belgium already have capacity markets (the latter two are strategic reserves). France, Italy, and the United Kingdom have made political decisions to introduce capacity markets. The United Kingdom held its second capacity auction, for the 2019/2020 delivery year, in December 2015.

In early November the Electricity Market Law, which is based on the reforms contained in the German federal government's Green and White Papers, began its course through parliament. It aims to ensure competitive price formation, enhance balancing-group integrity, integrate the electric-vehicle charging infrastructure into the electricity supply system, increase price transparency, and embed Germany's electricity market in the European internal market. It would put in place mechanisms that continuously monitor the security of supply. It would establish a capacity reserve and a rapid-response mechanism that safeguard the electricity market in emergency situations and promote climate protection by reducing the carbon emissions produced by lignite-fired power plants. This is a result of the German federal government's Climate Action Program of 2014. Starting in 2016 older lignite-fired power plants will be gradually decommissioned in exchange for compensation payments. E.ON power plants will not be affected. The Electricity Market Law would end the temporary status and further develop the grid reserve, which ensures the stability of the electricity grid, and adjust the compensation rules for redispatching and the network reserve. In addition, it would establish a new-build reserve consisting of up to 2 gigawatts of capacity for southern Germany starting in 2021/22. It would give more providers access to control-energy markets in order to increase competition on these markets, thereby reducing costs for consumers. This legislation is expected to be passed in the first half of 2016. Amendments to the Ordinance on Reserve Power Plants are designed to promote and increase opportunities to make use of flexible load in Germany.

In response to discussions about international climate policy, a number of EU member states began debating the future of coal-fired power generation.

Exploration & Production

The amendments to Russia's mineral extraction tax for gas condensate and natural fuel gas took effect on July 1, 2014. Their earnings impact is factored into our planning.

Global Commodities

The Global Commodities unit obtains most of the natural gas it delivers to customers in and outside Germany pursuant to long-term supply contracts, primarily with producers in Russia, Germany, and the Netherlands. In addition to procuring gas on a long-term, contractually secured basis, 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. 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 Global Commodities' control.

Germany

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. These risks relate mainly to legal actions and proceedings concerning contract and price adjustments to reflect market dislocations or (including as a consequence of the transformation of Germany's energy system) an altered business climate in the power and gas business, price increases, alleged market-sharing agreements, and anticompetitive practices. The legal proceedings concerning price increases include legal actions to demand repayment of the increase differential in conjunction with court rulings that certain price-adjustment clauses used in the special-customer segment in years past are invalid. Rulings by Germany's Federal Court of Justice ("FCJ") have increased these risks industry-wide. To reduce future risks E.ON uses amended price-adjustment clauses. Additional risks result from a ruling issued by the European Court of Justice ("ECJ") on October 23, 2014, that Germany's Basic Supply Ordinances for Power and Gas (*Grundversorgungsverordnungen*) are in violation of EU law. The FCJ issued several rulings in 2015 on the violation's consequences for German law. More rulings on this matter are expected in 2016. Although no E.ON company is a party to these cases, there is a risk that claims for repayment of the increase differential will be successful against E.ON companies as well. The amended Basic Supply Ordinances for Power and Gas increase the risk that price changes will result in tariff customers switching suppliers. E.ON is involved in arbitration and legal proceedings with a number of large customers concerning contract and price adjustments to reflect a business environment altered by market dislocations. In some of these proceedings the customers are contesting the validity of price-adjustment clauses and the validity of the contracts as a whole.

The awarding of network concessions for power and gas is extremely competitive in Germany. This creates a risk of losing concessions, particularly in urban areas with good infrastructures. If a concession is lost, the network is sold to the new concessionaire at a negotiated price. This year German legislators intend to change the modalities of how a network is relinquished after a network concession has been lost. This will likely result in a legally mandated stipulation of the purchase price. This could make competition even keener.

On the basis of the German Federal Network Agency's evaluation report on incentive-based regulation, in March 2015 the German Federal Ministry for Economic Affairs and Energy published a position paper containing key elements for the revision of this regulation. The key elements would not change investment conditions in any significant way. Adjustments to the regulator's efficiency benchmarking are conceivable. At this time, these issues are still under discussion. The second update of the ministry's ten-point energy agenda calls for incentive-based regulation to be amended in 2016. For this purpose, the German federal cabinet would have to pass a resolution that would have to be approved by the Bundesrat, the upper house of Germany's parliament which represents the federal states.

Other EU Countries

In view of the economic and financial crisis in many EU member states, policy and regulatory intervention (such as additional taxes, price moratoriums, regulatory price reductions, and changes to support schemes for renewables) is becoming increasingly apparent. Such intervention could pose a risk to E.ON's operations in these countries. In particular, the refinancing situation of many European countries could have a direct impact on the E.ON Group's cost of capital. So-called Robin Hood taxes in Hungary are an example of such intervention.

The Competition and Markets Authority ("CMA") is conducting an investigation of the energy market in Great Britain. The investigation is based on a number of theories, including that British electricity and gas markets may suffer from insufficient competition between the six leading energy suppliers and from overregulation. On July 7, 2015, the CMA published a comprehensive preliminary report containing its provisional findings and possible remedies. After receiving a deadline extension, it must submit its final report by June 25, 2016. To resolve any issues it identifies, the CMA may propose remedies ranging from market adjustments to changes in companies' structure. The outcome of the investigation is open. It could create risks as well as opportunities for E.ON and other market participants.

Non-EU Countries

Our operations in Turkey could face risks resulting from the country's general macroeconomic development and regulatory environment, including the liberalization process.

Currently, the crisis in Ukraine has not yet affected our ability to supply our customers with gas. At this time our activities in Russia continue to operate according to plan. However, we cannot entirely rule out the possibility that they could be adversely affected by a further deterioration of the political and macroeconomic situation. Currently, though, there are no specific policy decisions that would have measurably negative consequences.

E.ON Group

The new EU energy efficiency directive took effect in December 2012. Among other provisions, it obliges all energy distributors and energy retailers to achieve, between 2014 and 2020, annual savings of 1.5 percent on the amount of energy they sell to their customers. A number of member states have replaced this provision with alternative measures that achieve a comparable effect. All companies that are not small or medium-sized enterprises face a financial risk because they are obligated to conduct energy audits by the end of 2015 or to put in place energy-management systems. Although the increasing efforts to enhance energy efficiency in all European energy markets create sales-volume risks for E.ON, they also create new sales opportunities by enlarging the market for energy-service businesses.

In the context of discussions about Europe's ability to meet its long-term climate-protection targets for 2050, adjustments to European emissions-trading legislation are under consideration. A first step was taken when it was agreed to reduce the number of carbon allowances available during the current phase of the EU Emissions Trading Scheme ("ETS"), which ends in 2020. A second step was taken with the decision to introduce a market stability reserve, whose purpose is likewise to reduce the number of carbon allowances available starting in 2019. In July 2015 the European Commission put forward additional proposals for reforming the ETS. The hope is that reducing the number of allowances will lead to higher carbon prices, which would create additional incentives for investments in climate-friendly generating capacity. The risks of potentially higher carbon prices for E.ON's current fossil-fueled generation portfolio in the EU can only be assessed when greater clarity exists about what ETS reform measures will be taken.

A number of EU-wide electricity network codes are currently being developed or going through the comitology process. The codes could have implications for E.ON's trading and generation operations. For example, the code for network connections sets minimum technical requirements for connecting generating facilities to distribution and transmission systems. It could increase requirements for new and, following the completion of a cost-benefit analysis, for existing generating facilities. The code that establishes uniform EU rules for power balancing systems is expected to enter the comitology process sometime in 2016.

Further risks may result from the EU's European Market Infrastructure Regulation ("EMIR") for derivatives traded over the counter ("OTC"), the updated Markets in Financial Instruments Directive ("MiFID2"), and the planned introduction of a financial transaction tax. With regard to EMIR and OTC derivatives, the European Commission intends to introduce mandatory central clearing of all OTC trades. Non-financial firms are exempted from the clearing obligation as long as transactions are demonstrably risk-reducing or remain below certain monetary thresholds. E.ON monitors its compliance with these thresholds on a daily basis in order to avoid additional liquidity risks resulting from the margin requirements of mandatory clearing. Possible changes to existing EU regulations could lead to a substantial increase in administrative expenses, additional liquidity risks, and, if a financial transaction tax is imposed in a number of EU member states, a higher tax expense.

Reputation Risks

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

That is why communicating clearly, seeking out opportunities for dialog, and engaging with our key stakeholders are so important. They are the foundation for earning credibility and an open ear for our viewpoints. Revised stakeholder-management processes we implemented in 2015 will help us achieve these aims. It is important that we act responsibly along our entire value chain and that we communicate consistently, enhance the dialog, and maintain good relationships with our key stakeholders. We actively consider environmental, social, and corporate-governance issues. These efforts support our business decisions and our public relations. Our objective is to minimize our reputation risks and garner public support so that we can continue to operate our business successfully.

Technological Risks

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

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

Climate change has become a central risk factor. For example, E.ON's operations could be adversely affected by the absence of precipitation or above-average temperatures that reduce the cooling efficiency of our generation assets and may make it necessary to shut them down. Extreme weather or long-term climatic change could also affect wind power generation.

Alongside risks to our energy production, there are also risks that could lead to the disruption of offsite activities, such as transportation, communications, water supply, waste removal, and so forth. Increasingly, our investors and customers expect us to play an active leadership role in environmental issues like climate change and water conservation. Our failure to meet these expectations could increase the risk to our business by reducing the capital market's willingness to invest in our company and the public's trust in our brand.

Operational Risks

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

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

Market Risks

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

In addition, our Global Commodities unit has booked LNG regasification capacity in the Netherlands and the United Kingdom well into the future, resulting in payment obligations through 2031 and 2029, respectively. It has a payment obligation in the United States extending over 20 years through 2038 resulting from a long-term LNG FOB take-or-pay contract. A deterioration of the economic situation, a decline in LNG available for the northwest European market, and/or a decline in global demand for LNG could result in a lower utilization of regasification capacity or of the LNG take-or-pay contract than originally planned.

The demand for electric power and natural gas is seasonal, with our operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, our sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all of our energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months. Our units in Scandinavia could be negatively affected by a lack of precipitation, which could lead to a decline in hydroelectric generation. We expect seasonal and weather-related fluctuations in sales and results of operations to continue.

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

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

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

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

Declining discount rates could lead to increased provisions for pensions and asset-retirement obligations. This poses an earnings risk for E.ON.

Strategic Risks

E.ON communicated its new strategy in November 2014. Under it, E.ON will focus on renewables, energy networks, and customer solutions. In 2015 E.ON transferred its conventional generation, global energy trading, exploration and production businesses to a new, independent company called Uniper. In 2016 it intends to spin off a majority stake in Uniper to E.ON shareholders. The following potential risks attend this process: delays in the implementation of the organizational separation and/or the public listing, higher-than-anticipated implementation costs, an adverse impact on ongoing business operations, and changes in counterparty requirements on the basis of Uniper's rating.

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

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

Counterparty Risks

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

Management Board's Evaluation of the Risk Situation

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

The risk situation of the E.ON Group's operating business at year-end 2015 had not changed significantly relative to the risk situation at year-end 2014, although the policy and regulatory risk situation deteriorated further. 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 that could threaten the existence of the E.ON Group or individual segments.

Opportunity Report

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

The reactor accident in Fukushima led the political parties in Germany's coalition government to reverse their policy regarding nuclear energy. After extending the operating lives of nuclear power plants ("NPPs") in the fall of 2010 in line with the stipulations of that government's coalition agreement, the federal government rescinded the extensions in the thirteenth amended version of Germany's Atomic Energy Act ("the Act") and established a number of stricter rules. E.ON considers the nuclear phaseout, under the current legislation, to be irreconcilable with our constitutionally protected right to property and right to operate a business. It is our view that such an intervention is unconstitutional unless compensation is granted for the rights so deprived and for the resulting stranded assets. Consequently, in mid-November 2011 E.ON filed a constitutional complaint against the thirteenth amendment of the Act to Germany's Federal Constitutional Court in Karlsruhe. We believe that the nuclear-fuel tax contravenes Germany's constitution and European law. E.ON is therefore instituting administrative proceedings and taking legal action against the tax as well. Our view was affirmed by the Hamburg Fiscal Court and the Munich Fiscal Court. After the German Federal Fiscal Court overturned the suspension of the tax, in June 2015 the European Court of Justice ruled, with regard to the matters placed before it, that the tax complies with European law. The German Federal Constitutional Court has not yet issued its final ruling.

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

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

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

Positive developments in foreign-currency rates and market prices for commodities (electricity, natural gas, coal, oil, and carbon) can create opportunities for our operating business. Periods of exceptionally cold weather—very low average temperatures or extreme daily lows—in the fall and winter months can create opportunities for us to meet higher demand for electricity and natural gas.

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

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

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

General Principles

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

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

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

Accounting Process

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

E.ON Group companies are responsible for preparing their financial statements in a proper and timely manner. They receive substantial support from Business Service Centers in Regensburg, Germany, and Cluj, Romania. The financial statements of subsidiaries belonging to E.ON's scope of consolidation are audited by the subsidiaries' respective independent auditor. E.ON SE then combines these statements into its Consolidated Financial Statements using uniform SAP consolidation software. The E.ON Center of Competence for Consolidation is responsible for conducting the consolidation and for monitoring adherence to guidelines for scheduling, processes, and contents. Monitoring of system-based automated controls is supplemented by manual checks.

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

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

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

Internal Control and Risk Management System

Internal controls are an integral part of our accounting processes. Guidelines, called Internal_Controls@E.ON, define uniform financial-reporting requirements and procedures for the entire E.ON Group. These guidelines encompass a definition of the guidelines' scope of application; a Risk Catalog (ICS Model); standards for establishing, documenting, and evaluating internal controls; a Catalog of ICS Principles; a description of the test activities of our Internal Audit division; and a description of the final Sign-Off process. We believe that compliance with these rules provides sufficient certainty to prevent error or fraud from resulting in material misrepresentations in the Consolidated Financial Statements, the Combined Group Management Report, and the Interim Reports.

COSO Framework
Our internal control system is based on the globally recognized COSO framework, in the version published in May 2013 (COSO: The Committee of Sponsoring Organizations of the Treadway Commission). The Central Risk Catalog (ICS Model), which encompasses company- and industry-specific aspects, defines possible risks for accounting (financial reporting) in the functional areas of our units and thus serves as a check list and provides guidance for the establishment and documentation of internal controls.

The Catalog of ICS Principles is a key component of our internal control system, defining the minimum requirements for the system to function. It encompasses overarching principles for matters such as authorization, segregation of duties, and master data management as well as specific requirements for managing risks in a range of issue areas and processes, such as accounting, financial reporting, communications, planning and controlling, and risk management.

Scope
Each year, we conduct a process using qualitative criteria and quantitative materiality metrics to define which E.ON units must document and evaluate their financial-reporting-related processes and controls in a central documentation system.

Central Documentation System
The E.ON units to which the internal control system applies use a central documentation system to document key controls. The system defines the scope, detailed documentation requirements, the assessment requirements for process owners, and the final Sign-Off process.

Assessment
After E.ON units have documented their processes and controls, the individual process owners conduct an annual assessment of the design and the operational effectiveness of the processes as well as the controls embedded in these processes.

Tests Performed by Internal Audit
The management of E.ON units relies on the assessment performed by the process owners and on testing of the internal control system performed by Internal Audit. These tests are a key part of the process. Using a risk-oriented audit plan, Internal Audit tests the E.ON Group's internal control system and identifies potential deficiencies (issues). On the basis of its own evaluation and the results of tests performed by Internal Audit, an E.ON unit's management carries out the final Sign-Off.

Sign-Off Process
The final step of the internal evaluation process is the submission of a formal written declaration called a Sign-Off confirming the effectiveness of the internal control system. The Sign-Off process is conducted at all levels of the Group before it is conducted by the global and regional units and, finally, for the Group as a whole, by E.ON SE. The Chairman of the E.ON SE Management Board and the Chief Financial Officer make the final Sign-Off for the E.ON Group.

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

General IT Controls
An E.ON unit called E.ON Business Services and external service providers provide IT services for the majority of the units at the E.ON Group. The effectiveness of the automated controls in the standard accounting software systems and in key additional applications depends to a considerable degree on the proper functioning of IT systems. Consequently, IT controls are embedded in our documentation system. These controls primarily involve ensuring the proper functioning of access-control mechanisms of systems and applications, of daily IT operations (such as emergency measures), of the program change process, and of E.ON SE's central consolidation system.

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

Composition of Share Capital

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

Restrictions on Voting Rights or the Transfer of Shares

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

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

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

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

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

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

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

Management Board's Power to Issue or Buy Back Shares

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

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

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

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

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

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

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

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

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

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

At the Annual Shareholders Meeting of May 3, 2012, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of €175 million, which is authorized until May 2, 2017. The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights and income bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG, and to the extent that no cash settlement has been granted in lieu of conversion and no E.ON SE treasury shares or shares of another listed company have been used to service the rights. However, this conditional capital increase only applies up to the amount and number of shares in which the conditional capital pursuant to Section 3 of the Articles of Association of E.ON AG has not yet been implemented at the point in time when the conversion of E.ON AG into a European Company ("SE") becomes effective in accordance with the conversion plan dated March 6, 2012. The conditional capital increase was not utilized.

Scrip Dividend in 2015

In 2015 E.ON SE shareholders were again given the option of receiving their €0.50 dividend in cash or exchanging a portion of it for shares of E.ON SE stock. Shareholders could exchange €0.36 of their per share dividend. The remaining €0.14 was paid out in cash or, if necessary, withheld to cover tax obligations. Shareholders' formal subscription rights were excluded. The acceptance rate was about 37 percent. A total of 19,615,021 shares of stock were used for the scrip dividend and issued to shareholders. A scrip dividend will not be offered in 2016.

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

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

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

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

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

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

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

The Board of Management and the Supervisory Board hereby declare that E.ON SE will comply in full with the recommendations of the "Government Commission German Corporate Governance Code," dated May 5, 2015, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*).

The Board of Management and the Supervisory Board furthermore declare that E.ON SE has been in compliance in full with the recommendations of the "Government Commission German Corporate Governance Code," dated June 24, 2014, published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) since the last declaration on December 15, 2014.

Düsseldorf, December 15, 2015

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

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

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

Relevant Information about Management Practices

Corporate Governance

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

In 2015 the Management Board and Supervisory Board paid close attention to E.ON's compliance with the German Corporate Governance Code's recommendations and suggestions. They determined that E.ON fully complies with all of the Code's recommendations and with nearly all of its suggestions.

Transparent Management

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

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

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

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

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

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

Directors' Dealings
Persons with executive responsibilities, in particular members of E.ON SE's Management Board and Supervisory Board, and persons closely related to them, must disclose their dealings in E.ON stock or in related financial instruments pursuant to Section 15a of the German Securities Trading Act. Such dealings that took place in 2015 have been disclosed on the Internet at www.eon.com. As of December 31, 2015, there was no ownership interest subject to disclosure pursuant to Item 6.2 of the German Corporate Governance Code.

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

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

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

Effective January 1, 2016, the Management Board consists of four members and has one Chairperson. Someone who has reached the general retirement age should not be a member of the Management Board. The Management Board has in place policies and procedures for the business it conducts and, in consultation with the Supervisory Board, has assigned task areas to its members.

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

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

Members of the Management Board are also required to promptly report conflicts of interest to the Executive Committee of the Supervisory Board and to inform the other members of the Management Board. Members of the Management Board may only assume other corporate positions, particularly appointments to the supervisory boards of non-Group companies, with the consent of the Executive Committee of the Supervisory Board. There were no conflicts of interest involving members of the E.ON SE Management Board in 2015. Any material transactions between the Company and members of the Management Board, their relatives, or entities with which they have close personal ties require the consent of the Executive Committee of the Supervisory Board. No such transactions took place in 2015.

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

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

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

Until December 31, 2015, a Market Committee ensured that E.ON, across all its entities and in a timely manner, adopted clear and unequivocal policies and assigned clear mandates for monitoring market developments and managing its commodity portfolio (power, gas, coal, and so forth). The committee thus managed the portfolio's risk-reward profile in pursuance of the E.ON Group's strategic and financial objectives. Effective January 1, 2016, this committee's main responsibilities were transferred to the Risk Committee.

Supervisory Board

The E.ON SE Supervisory Board has twelve members and, in accordance with the Company's Articles of Association, is composed of an equal number of shareholder and employee representatives. The shareholder representatives are elected by the shareholders at the Annual Shareholders Meeting; the Supervisory Board nominates candidates for this purpose. Pursuant to the agreement regarding employees' involvement in E.ON SE, the other six members of the Supervisory Board are appointed by the SE Works Council, with the proviso that at least three different countries are represented and one member is selected by a trade union that is represented at E.ON SE or one of its subsidiaries in Germany. Persons are not eligible as Supervisory Board members if they:

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

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

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

The Supervisory Board has established policies and procedures for itself. It holds four regular meetings in each financial year. Its policies and procedures include mechanisms by which, if necessary, a meeting of the Supervisory Board or one of its committees can be called at any time by a member or by the Management Board. In the event of a tie vote on the Supervisory Board, the Chairperson has the tie-breaking vote.

Furthermore, the Supervisory Board's policies and procedures gave it the option, if necessary, of holding executive sessions; that is, to meet without the Chairman

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

Supervisory Board member	Supervisory Board	Executive Committee	Audit and Risk Committee	Finance and Investment Committee
Werner Wenning	6/6	6/6	5/5	4/4
Prof. Dr. Ulrich Lehner	6/6	6/6	–	–
Erhard Ott	3/3	3/3	–	–
Andreas Scheidt	3/3	3/3	–	–
Clive Broutta	6/6	–	–	–
Thies Hansen	6/6	–	–	4/4
Baroness Denise Kingsmill CBE	4/6	–	–	–
Eugen-Gheorghe Luha	6/6	–	–	4/4
René Obermann	6/6	–	–	–
Eberhard Schomburg	6/6	6/6	5/5	–
Fred Schulz	6/6	–	5/5	–
Dr. Karen de Segundo	6/6	–	–	4/4
Dr. Theo Siegert	6/6	–	5/5	–

In view of Item 5.4.1 of the German Corporate Governance Code, in December 2015 the Supervisory Board defined targets for its composition that go beyond the applicable legal requirements. These targets are as follows:

"The Supervisory Board's composition should ensure that, on balance, its members have the necessary expertise, skills, and professional experience to discharge their duties properly. Each Supervisory Board member should have or acquire the minimum expertise and skills needed to be able to understand and assess on his or her own all the business events and transactions that generally occur.

The Supervisory Board should include a sufficient number of independent candidates; members are deemed independent if they do not have any personal or business relationship with the Company, its Management Board, a shareholder with a controlling interest in the Company, or with a company affiliated with such a shareholder, and such a relationship could constitute a material, and not merely temporary, conflict of interest. The Supervisory Board has a sufficient number of independent members if ten of its twelve members are independent. Employee representatives are, as a rule, deemed independent.

The Supervisory Board should not include more than two former members of the Management Board, and members of the Supervisory Board must not sit on the boards of, or act as consultants for, any of the Company's major competitors.

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

As a general rule, Supervisory Board members should not be older than 72 at the time of their election and should not be members for more than three terms (15 years).

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

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

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

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

As required by law, effective January 1, 2016, the Supervisory Board consists of at least 30 percent women and at least 30 percent men. This will be considered for new appointments to the Supervisory Board."

In its current composition the Supervisory Board already meets the targets it set for a sufficient number of independent members and company-specific qualification requirements. The Supervisory Board has two female members among its shareholder representatives and, from January 1, 2016, one female member among its employee representatives. Women therefore account for about 33 percent of shareholder representatives, about 17 percent of employee representatives, and 25 percent of the Supervisory Board as a whole.

In addition, under the Supervisory Board's policies and procedures, Supervisory Board members are required to disclose to the Supervisory Board any conflicts of interest, particularly if a conflict arises from their advising, or exercising a board function with, one of E.ON's customers, suppliers, creditors, or other third parties. The Supervisory Board reports any conflicts of interest to the Annual Shareholders Meeting and describes how the conflicts have been dealt with. Any material conflict of interest of a non-temporary nature should result in the termination of a member's appointment to the Supervisory Board. There were no conflicts of interest involving members of the Supervisory Board in 2015. Any consulting or other service agreements between the Company and a Supervisory Board member require the Supervisory Board's consent. No such agreements existed in 2015.

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

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

The Audit and Risk Committee consists of four members. In line with Section 100, Paragraph 5, AktG, and the German Corporate Governance Code, the Chairperson has special knowledge and experience in the application of accounting principles and internal control processes. In particular, the Audit and Risk Committee monitors the Company's accounting and the accounting process; the effectiveness of internal control systems, internal risk management, and the internal audit system; compliance; and the independent audit. With regard to the independent audit, the committee also deals with the definition of the audit priorities and the agreement regarding the independent auditor's fees. The Audit and Risk Committee also prepares the Supervisory Board's decision on the approval of the Financial Statements of E.ON SE and the Consolidated Financial Statements. It also examines the Company's quarterly Interim Reports and discusses the audit review of the Interim Reports with the independent auditor and regularly reviews the Company's risk situation, risk-bearing capacity, and risk management. The effectiveness of the internal control mechanisms for the accounting process used at E.ON SE and the global and regional units is tested on a regular basis by our Internal Audit division; the Audit and Risk Committee regularly monitors the work done by the Internal Audit division and the definition of audit priorities. In addition, the Audit and Risk Committee prepares the proposal on the selection of the Company's independent auditor for the Annual Shareholders Meeting. In order to ensure the auditor's independence, the Audit and Risk Committee secures a statement from the proposed auditors detailing any facts that could lead to the audit firm being excluded for independence reasons or otherwise conflicted.

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

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

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

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

All committees meet at regular intervals and when specific circumstances require it under their policies and procedures. The Report of the Supervisory Board (on pages 4 to 9) contains information about the activities of the Supervisory Board and its committees in 2013. Pages 216 and 217 show the composition of the Supervisory Board and its committees.

Shareholders and Annual Shareholders Meeting

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

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

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

At the Annual Shareholders Meeting on May 7, 2015, PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, was selected to be E.ON SE's independent auditor for the 2015 financial year. Under German law, the shareholders meeting selects the company's independent auditor for one financial year. The independent auditors with signing authority for the Annual Financial Statements of E.ON SE and the Consolidated Financial Statements are Markus Dittmann (since the 2014 financial year) and Aissata Touré (for the first time). E.ON therefore complies with the legal requirements and rotation obligations contained in Sections 319 and 319a of the German Commercial Code.

Targets for Promoting the Participation of Women and Men in Leadership Positions pursuant to Section 76, Paragraph 4, and Section 111, Paragraph 5, of the German Stock Corporation Act

The Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector of May 2015 obligates certain companies in Germany to set targets for the proportion of women on their supervisory board and management board as well as in the next two levels of management and to set deadlines for achieving these targets. The companies affected by the law were required to set their targets and deadlines by September 30, 2015. The law stipulates that the first deadline companies set cannot be later than June 30, 2017. The implementation period for subsequent deadlines may be up to five years. The law makes an exception for the supervisory board of a publicly listed company that is also subject to codetermination. The supervisory board of such a company, of which E.ON SE is one, must consist of at least 30 percent women and at least 30 percent men. This will be considered for new appointments to the E.ON SE Supervisory Board after January 1, 2016.

In view of the fundamental organizational changes under way at the Company, the E.ON SE Supervisory Board set a short-term target of zero percent for the proportion of women on the Management Board and a deadline of December 31, 2016. This target reflects the Management Board's current composition. When the Supervisory Board sets the next target at year-end 2016, however, it intends to stipulate that at least one position on the Management Board is held by a woman.

For E.ON SE, the Management Board set a target of 23 percent for the proportion of women in the first level of management below the Management Board and a target of 17 percent for the second level of management below the Management Board. The deadline for achieving both targets is June 30, 2017. At the time the Management Board made these decisions, the proportion of women in first and second levels of management below the Management Board was 20 percent and 15 percent, respectively.

For all other E.ON Group companies, targets and deadlines pursuant to the Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector were set for the proportion of women on these companies' supervisory board and management board or team of managing directors as well as in the next two levels of management. As required by law, these targets and deadlines were set by September 30, 2015

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

This compensation report describes the basic features of the compensation plans for members of the E.ON SE Management Board and Supervisory Board and provides information about the compensation granted and paid in 2015. It applies the provisions of accounting standards for capital-market-oriented companies (the German Commercial Code, German Accounting Standards, and International Financial Reporting Standards) and the recommendations of the German Corporate Governance Code dated May 5, 2015.

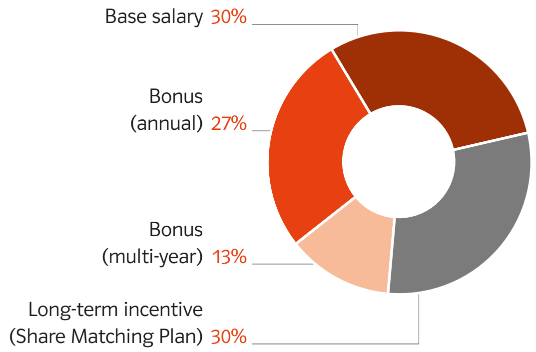
Basic Features of the Management Board Compensation Plan

The purpose of the Management Board compensation plan, which was last revised in 2013, is to create an incentive for successful and sustainable corporate governance and to link the compensation of Management Board members' with the Company's actual (short-term and long-term) performance while also factoring in their individual performance. Under the plan, Management Board members' compensation is therefore transparent, performance-based, closely aligned with the Company's business success, and, in particular, based on long-term targets. At the same time, the compensation plan serves to align management's and shareholders' interests and objectives by basing long-term variable compensation on E.ON's stock price.

The Supervisory Board approves the Executive Committee's proposal for the Management Board's compensation plan. It reviews the plan and the appropriateness of the Management Board's total compensation as well as the individual components on a regular basis and, if necessary, makes adjustments. It considers the provisions of the German Stock Corporation Act and follows the German Corporate Governance Code's recommendations and suggestions.

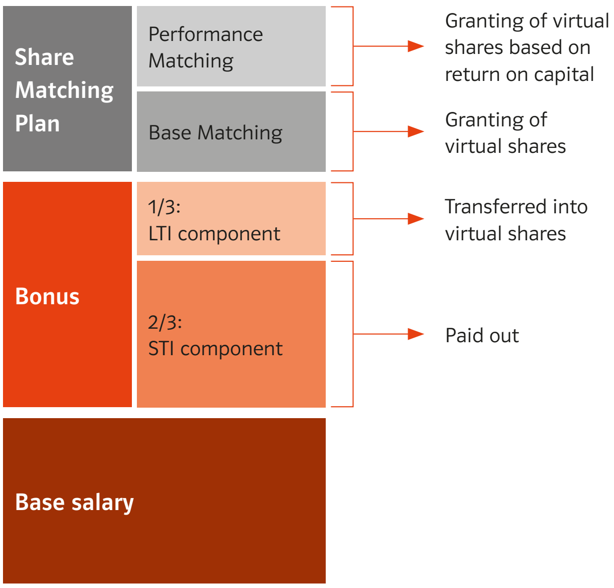
The compensation of Management Board members consists of a fixed base salary, an annual bonus, and long-term variable remuneration. These components account for approximately the following percentages of total compensation:

Compensation Structure[1]



[1]Not including non-cash compensation, other benefits, and pension benefits.

The following graphic provides an overview of the compensation plan for Management Board members:



In addition, there is a graphic on page 94 that provides a summary overview of the individual components of the Management Board's compensation described below as well as their respective metrics and parameters.

Fixed Compensation

Management Board members receive their fixed compensation in twelve monthly payments.

Management Board members receive a number of contractual fringe benefits, including the use of a chauffeur-driven company car. The Company also provides them with the necessary telecommunications equipment, covers costs that include those for an annual medical examination, and pays the premium for an accident insurance policy.

Performance-Based Compensation

Since 2010 more than 60 percent of Management Board members' long-term variable compensation depends on the achievement of long-term targets, ensuring that the variable compensation is sustainable under the criteria of Section 87 of the German Stock Corporation Act.

Annual Bonus

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

The amount of the bonus is determined by the degree to which certain performance targets are attained. The target-setting mechanism consists of company performance targets and individual performance targets:

Bonus Mechanism

The metric used for the company target is our EBITDA. The EBITDA target for a particular financial year is the plan figure approved by the Supervisory Board. If E.ON's actual EBITDA is equal to the EBITDA target, this constitutes 100 percent attainment. If it is 30 percentage points or more below the target, this constitutes zero percent attainment. If it is 30 percentage points or more above the target, this constitutes 200 percent attainment. Linear interpolation is used to translate intermediate EBITDA figures into percentages. The Supervisory Board then evaluates this arithmetically derived figure on the basis of certain qualitative criteria and, if necessary, adjusts it within a range of ±20 percentage points. The criteria for this qualitative evaluation are the ratio between cost of capital and ROACE, a comparison with prior-year EBITDA, and general market developments. Extraordinary events are not factored into the determination of target attainment.

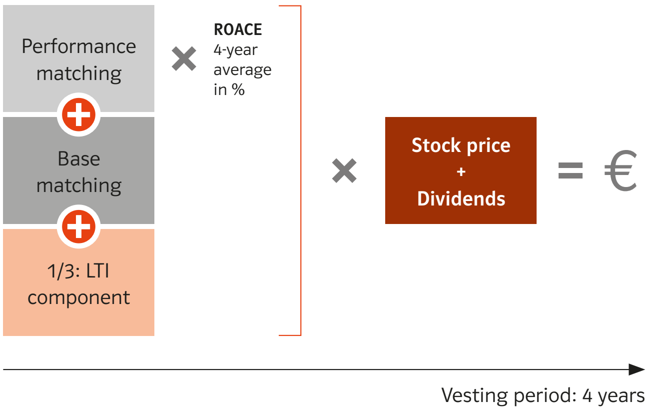
In assigning Management Board members their individual performance factors, the Supervisory Board evaluates their individual contribution to the attainment of collective targets as well as their attainment of their individual targets. The Supervisory Board, at its discretion, determines the degree to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

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

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

Long-Term Variable Compensation: E.ON Share Matching Plan

The long-term variable compensation that Management Board members receive is a stock-based compensation under the E.ON Share Matching Plan. At the beginning of each financial year, the Supervisory Board decides, based on the Executive Committee's recommendation, on the allocation of a new tranche, including the respective targets and the number of virtual shares granted to individual members of the Management Board. To serve as a long-term incentive for sustainable business performance, each tranche has a vesting period of four years. The tranche starts on April 1 of each year.



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

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

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

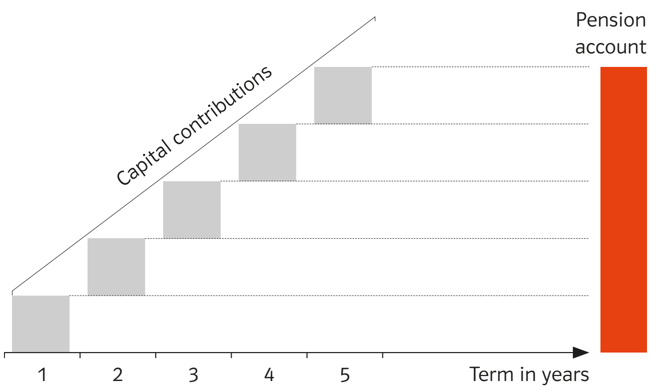
Overall Cap

In line with the German Corporate Governance Code's recommendation, Management Board members' cash compensation has an overall cap. This means that the sum of the individual compensation components in one year may not exceed 200 percent of the total agreed target compensation, which consists of base salary, target bonus, and the target allocation value of long-term variable compensation.

Pension Entitlements

Members appointed to the Management Board since 2010 (Dr.-Ing. Birnbaum, Mr. Kildahl, Mr. Schäfer, Mr. Sen, and Mr. Winkel) are enrolled in the contribution plan "E.ON Management Board," a contribution-based pension plan.

Contribution-Based Plan



The Company makes virtual contributions to Management Board members' pension accounts. The maximum amount of the annual contributions is a equal to 18 percent of pensionable income (base salary and annual bonus). The annual contribution consists of a fixed base percentage (14 percent) and a matching contribution (4 percent). The requirement for the matching contribution to be granted is that the Management Board member contributes, at a minimum, the same amount by having it withheld from his compensation. The company-funded matching contribution is suspended if and as long as the E.ON Group's ROACE is less than its cost of capital for three years in a row. The contributions are capitalized using actuarial principles (based on a standard retirement age of 62) and placed in Management Board members' pension accounts. The interest rate used for each year is based on the return of long-term German treasury notes. At the age of 62 at the earliest, a Management Board member (or his survivors) may choose to have the pension account balance paid out as a lifelong pension, in installments, or in a lump sum. Individual Management Board members' actual resulting pension entitlement cannot be calculated precisely in advance. It depends on a number of uncertain parameters, in particular the changes in their individual salary, their total years of service, the attainment of company targets, and interest rates. For a Management Board member enrolled in the plan at the age of 50, the company-financed, contribution-based pension payment is currently estimated to be between 30 and 35 percent of his or her base salary (without factoring in pension benefits accrued prior to being appointed to the Management Board).

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

The Company has agreed to a pension plan based on final salary for the Management Board members who were appointed to the Management Board before 2010: Dr. Teyssen and Dr. Reutersberg. Following the end of their service for the Company, these Management Board members are entitled to receive lifelong monthly pension payments in three cases: reaching the age of 60, permanent incapacitation, and a so-called third pension situation. The provisions of the third pension situation only apply to Dr. Teyssen. The criteria for this situation are met if the termination or non-extension of Dr. Teyssen's service agreement is not due to his misconduct or rejection of an offer of extension that is at least on a par with his existing service agreement. In the third pension situation, Dr. Teyssen would receive an early pension as a transitional arrangement until he reaches the age of 60.

Annual pension payments are initially equal to 60 percent of a Management Board member's respective last annual base salary. In the case of additional years of service on the Management Board, the payment can increase to a maximum of 70 percent or, in Dr. Teyssen's case, 75 percent. The full amount of any pension entitlements from earlier employment is offset against these payments. In addition, the pension plan includes benefits for widows and widowers and for surviving children that are equal to 60 percent and 15 percent, respectively, of the deceased Management Board member's pension entitlement. Together, pension payments to a widow or widower and children may not exceed 100 percent of the deceased Management Board member's pension.

Pursuant to the provisions of the German Occupational Pensions Improvement Act, Management Board members' pension entitlements are not vested until they have been in effect for five years. This applies to both contribution-based and final-salary-based pension plans.

In line with the German Corporate Governance Code's recommendation, the Supervisory Board reviews, on a regular basis, the benefits level of Management Board members and the resulting annual and long-term expense and, if necessary, adjusts the payments.

Settlement Payments for Termination of Management Board Duties

In line with the German Corporate Governance Code's recommendation, the service agreements of Management Board members include a settlement cap. Under the cap, settlement payments in conjunction with a termination of Management Board duties may not exceed the value of two years' total compensation or the total compensation for the remainder of the member's service agreement.

In the event of a premature loss of a Management Board position due to a change-of-control event, Management Board members are entitled to settlement payments. The change-of-control agreements stipulate that a change in control exists in three cases: a third party acquires at least 30 percent of the Company's voting rights, thus triggering the automatic requirement to make an offer for the Company pursuant to Germany's Stock Corporation Takeover Law; the Company, as a dependent entity, concludes a corporate agreement; the Company is merged with another company. Management Board members are entitled to a settlement payment if, within 12 months of the change of control, their service agreement is terminated by mutual consent, expires, or is terminated by them (in the latter case, however, only if their position on the Management Board is materially affected by the change in control). Management Board members' settlement payment consists of their base salary and target bonus plus fringe benefits for two years. To reflect discounting and setting off of payment for services rendered to other companies or organizations, payments will be reduced by 20 percent. If a Management Board member is above the age of 53, this 20-percent reduction is diminished incrementally. In accordance with the German Corporate Governance Code, the settlement payments for Management Board members would be equal to 150 percent of the above-described settlement cap.

The service agreements of Management Board members include a non-compete clause. For a period of six months after the termination of their service agreement, Management Board members are contractually prohibited from working directly or indirectly for a company that competes directly or indirectly with the Company or its affiliates. Management Board members receive a compensation payment for the period of the non-compete restriction. The prorated payment is based on 100 percent of their contractually stipulated annual target compensation (without long-term variable compensation) but is, at a minimum, 60 percent of their most recently received compensation.

Management Board Compensation in 2015

The Supervisory Board reviewed the Management Board's compensation plan and the components of individual members' compensation. It determined that the Management Board's compensation is appropriate from both a horizontal and vertical perspective and passed a resolution on the performance-based compensation described below. It made its determination of customariness from a horizontal perspective by comparing the compensation with that of companies of a similar size. Its review of appropriateness included a vertical comparison of the Management Board's compensation with that of the Company's top management and the rest of its workforce. In the Supervisory Board's view, in 2015 there was no reason to adjust the Management Board's compensation.

Performance-Based Compensation in 2015

The annual bonuses of Management Board members for 2015 totaled €4.6 million, which is about 6 percent below the prior-year figure of €4.9 million. The decline is primarily attributable to changes in the Management Board's composition in 2015.

The Supervisory Board issued a new tranche of the E.ON Share Matching Plan (2015–2019) for the 2015 financial year and granted Management Board members virtual shares of E.ON stock. The present value assigned to the virtual shares of E.ON stock at the time of granting—€13.63 per share—is shown in the following tables entitled "Stock-based Compensation" and "Total Compensation." The value performance of this tranche will be determined by the performance of E.ON stock, the per-share dividends, and ROACE of the next four years. The actual payments made to Management Board members in 2019 may deviate, under certain circumstances considerably, from the calculated figures disclosed here.

The long-term variable compensation of Management Board members resulted in the following expenses in 2015:

Stock-based Compensation

	Value of virtual shares at time of granting[1]		Number of virtual shares granted		Cumulative expense (+)/ income (-)[2]	
€	2015	2014	2015	2014	2015	2014
Dr. Johannes Teyssen	1,965,600	1,790,082	97,990	84,988	405,111	2,112,189
Dr.-Ing. Leonhard Birnbaum	1,144,001	1,048,667	57,032	49,964	369,157	735,355
Jørgen Kildahl[3] (until September 30, 2015)	–	871,950	–	41,902	-457,885	991,915
Dr. Bernhard Reutersberg	936,000	852,420	46,662	40,472	183,067	988,427
Klaus Schäfer[3, 4] (until December 31, 2015)	–	858,000	–	40,880	-66,072	544,499
Michael Sen (since June 1, 2015)	775,000	–	44,022	–	245,229	–
Mike Winkel[3] (until May 31, 2015)	–	858,000	–	40,880	-85,347	671,531
Total	**4,820,601**	**6,279,119**	**245,706**	**299,086**	**593,260**	**6,043,916**

[1]Consists of the LTI component (based on the target bonus) for the respective financial year for which at the time of granting no amount of shares can be determined.
[2]Expense/income in accordance with IFRS 2 performance rights and virtual shares existing in the 2015 financial year; this figure shown is net across all existing tranches.
[3]Mr. Kildahl, Mr. Schäfer, and Mr. Winkel were not allocated, from base or performance matching, any additional virtual E.ON shares for 2015. They will be paid the LTI component of their 2015 bonus as part of their 2015 bonus.
[4]Because Mr. Schäfer became Chairman of the Uniper AG Management Board at the end of the 2015 financial year, Uniper AG granted Mr. Schäfer a multiyear bonus for 2015 in the amount of €636,000. The multiyear bonus system is explained on page 138 et seq. of the Consolidated Financial Statements.

Long-term variable compensation granted for the 2015 financial year totaled €4.8 million, substantially less than the prior-year figure of €6.3 million, in particular because of the changes in the composition of the Management Board. Note 11 to the Consolidated Financial Statements contains additional details about stock-based compensation.

Management Board Pensions in 2015

The following table provides an overview of the current pension obligations to Management Board members, the additions to provisions for pensions, and the cash value of pension obligations. The cash value of pension obligations is calculated pursuant to IFRS. An actuarial interest rate of 2.7 percent (prior year: 2 percent) was used for discounting.

Pensions of the Members of the Management Board

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base compensation		(€)		(€)		Thereof interest cost (€)		(€)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Dr. Johannes Teyssen	75	75	930,000	930,000	1,355,305	1,249,640	459,838	606,883	20,696,284	22,991,882
Dr.-Ing. Leonhard Birnbaum[1]	–	–	–	–	504,474	286,783	15,370	6,376	979,798	768,503
Jørgen Kildahl[1] (until September 30, 2015)	–	–	–	–	293,619	346,559	25,531	43,747	1,497,801	1,702,035
Dr. Bernhard Reutersberg	70	70	490,000	490,000	263,766	410,247	263,766	410,247	11,550,766	13,188,286
Klaus Schäfer[1, 2] (until December 31, 2015)	–	–	–	–	306,739	253,183	81,448	100,307	3,535,530	4,072,393
Michael Sen[1] (since June 1, 2015)	–	–	–	–	181,808	–	–	–	181,808	–
Mike Winkel[1, 2] (until May 31, 2015)	–	–	–	–	119,340	207,066	31,307	81,144	1,789,098	3,756,844

[1]Contribution Plan E.ON Management Board.
[2]Cash value includes benefit entitlements accrued in the E.ON Group prior to joining the Management Board.

The cash value of Management Board pensions for which provisions are required declined relative to year-end 2014. The reason for the decline is that the actuarial interest rate E.ON uses for discounting was significantly above the prior-year figure.

Total Compensation in 2015

The total compensation of the members of the Management Board in the 2015 financial year amounted to €15.6 million, about 4 percent below the prior-year figure of €16.2 million.

In view of E.ON's corporate transformation, Mr. Winkel, Mr. Kildahl, and Mr. Schäfer ended their service on the E.ON SE Management Board by mutual consent. At year-end 2015 Mr. Schäfer became Chairman of the Uniper AG Management Board. The Company concluded severance agreements with all three.

Mr. Winkel's service agreement was terminated by mutual consent effective May 31, 2015. He received a payment of €1,358,333 in compensation for residual claims under this agreement. The performance rights and virtual shares granted to Mr. Winkel remain valid and will be calculated and paid out at the end of the respective vesting periods. Because of the termination of his service agreement the Company made available to Mr. Winkel the contributions to his company pension for the period June to December 2015 in the amount of €168,000. Beginning on April 1, 2016, Mr. Winkel is entitled to payment of a reduced pension. Fifty percent of all other income from self-employment and employment will be set off against this reduced pension. Mr. Winkel's non-compete clause was extended to cover the period June 1, 2015, to March 31, 2016. The Company did not make a compensation payment to Mr. Winkel because his non-compete clause is covered by the payment he received for residual claims under his service agreement.

Mr. Kildahl's service agreement was terminated by mutual consent effective September 30, 2015. He received a payment of €4,104,667 in compensation for residual claims under this agreement. The performance rights and virtual shares granted to Mr. Kildahl remain valid and will be calculated and paid out at the end of the respective vesting periods. The allocation value of the LTI component of Mr. Kildahl's 2014 bonus was paid out to him as part of the above-mentioned sum. The Company did not make any contributions to Mr. Kildahl's company pension for 2015. Mr. Kildahl's non-compete clause is in effect from October 1, 2015, to March 31, 2016. The Company did not make a compensation payment to Mr. Kildahl because his non-compete clause is covered by the payment he received for residual claims under his service agreement.

The compensation payments for Mr. Kildahl and Mr. Winkel are included in the figure shown for compensation of former Management Board members.

Mr. Schäfer's service agreement was terminated by mutual consent effective December 31, 2015. No payments for residual claims under this agreement were made because Mr. Schäfer became Chairman of the Uniper AG Management Board at the end of the 2015 financial year. The virtual shares granted to Mr. Schäfer and his bonus for 2015 were transferred to Uniper AG. This also applies to his pension entitlements. The non-compete clause was waived without payment of compensation. Uniper AG granted Mr. Schäfer a multiyear bonus for 2015 in the amount of €636,000.

Mr. Sen was appointed to the E.ON SE Management Board effective June 1, 2015. The Company agreed to pay Mr. Sen's relocation costs. It also agreed to pay Mr. Sen a lump sum of €1,400,000 for the stock entitlements from his previous employer that he forfeited owing to his move to E.ON SE.

Individual members of the Management Board received the following total compensation:

Total Compensation of the Management Board

	Fixed annual compensation		Bonus		Other compensation		Value of stock-based compensation granted[1]		Total	
€	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Dr. Johannes Teyssen	1,240,000	1,240,000	1,197,504	1,221,202	33,056	58,542	1,965,600	1,790,082	4,436,160	4,309,826
Dr.-Ing. Leonhard Birnbaum	800,000	800,000	696,960	964,000	18,713	19,211	1,144,001	1,048,667	2,659,674	2,831,878
Jørgen Kildahl[2] (until September 30, 2015)	525,000	700,000	594,000	572,151	23,119	19,426	-	871,950	1,142,119	2,163,527
Dr. Bernhard Reutersberg	700,000	700,000	570,240	572,151	25,332	29,529	936,000	852,420	2,231,572	2,154,100
Klaus Schäfer[2, 3] (until December 31, 2015)	700,000	700,000	855,360	789,333	24,507	20,800	-	858,000	1,579,867	2,368,133
Michael Sen (since June 1, 2015)	408,333	-	332,640	-	1,415,107	-	775,000	-	2,931,080	-
Mike Winkel[2] (until May 31, 2015)	291,667	700,000	330,000	789,333	12,715	25,196	-	858,000	634,382	2,372,529
Total	**4,665,000**	**4,840,000**	**4,576,704**	**4,908,170**	**1,552,549**	**172,704**	**4,820,601**	**6,279,119**	**15,614,854**	**16,199,993**

[1]The present value assigned to the virtual shares of E.ON stock at the time of granting for the third tranche of the E.ON Share Matching Plan was €13.63 per share.
[2]Mr. Kildahl, Mr. Schäfer, and Mr. Winkel were not allocated, from base or performance matching, any additional virtual E.ON shares for 2015. They will be paid the LTI component of their bonus as part of their 2015 bonus.
[3]Mr. Schäfer became Chairman of the Uniper AG Management Board at the end of the 2015 financial year, and his compensation was transferred to the Uniper AG Management Board compensation plan. As a result, his bonus entitlement was also transferred to Uniper AG, which will pay out his entire 2015 bonus. Uniper AG granted Mr. Schäfer a multiyear bonus for 2015 in the amount of €636,000. The multiyear bonus system is explained on page 138 et seq. of the Consolidated Financial Statements.

The following table shows the compensation granted and allocated in 2015 in the format recommended by the German Corporate Governance Code:

Table of Compensation Granted and Allocated

€	Dr. Johannes Teyssen (Chairman of the Management Board)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)[1, 2]	2014	2015
Fixed compensation	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000
Fringe benefits	58,542	33,056	33,056	33,056	58,542	33,056
Total	**1,298,542**	**1,273,056**	**1,273,056**	**1,273,056**	**1,298,542**	**1,273,056**
One-year variable compensation	**1,260,000**	**1,260,000**	**–**	**2,835,000**	**1,655,600**	**1,197,504**
Multi-year variable compensation	**1,790,082**	**1,965,600**	–	**3,931,200**	**-434,398**	**827,585**
– *Final calculation and payment of multi-year component of 2012 bonus*	–	–	–	–	*-434,398*	–
– *Share Performance Plan, sixth Tranche (2011–2014)*	–	–	–	–	–	*827,585*
– *Share Matching Plan, second tranche (2014–2018)*	*1,160,082*	–	–	–	–	–
– *Share Matching Plan, third tranche (2015–2019)*	*630,000*	*1,335,600*	–	*2,671,200*	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	*630,000*	–	*1,260,000*	–	–
Total	**4,348,624**	**4,498,656**	**1,273,056**	**8,039,256**	**2,519,744**	**3,298,145**
Service cost	642,757	895,467	895,467	895,467	642,757	895,467
Total	**4,991,381**	**5,394,123**	**2,168,523**	**8,934,723**	**3,162,501**	**4,193,612**

[1]The maximum amount disclosed under benefits granted represents the sum of the contractual (individual) caps for the various elements of the compensation of Management Board members.
[2]The overall cap on Management Board compensation, which was introduced in the 2013 financial year and is described on page 85, applies as well.

Table of Compensation Granted and Allocated

€	Dr.-Ing. Leonhard Birnbaum (Member of the Management Board)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Fringe benefits	19,211	18,713	18,713	18,713	19,211	18,713
Total	**819,211**	**818,713**	**818,713**	**818,713**	**819,211**	**818,713**
One-year variable compensation	**733,333**	**733,333**	**–**	**1,650,000**	**964,000**	**696,960**
Multi-year variable compensation	**1,048,667**	**1,144,001**	**–**	**2,288,002**	**–**	**–**
– Final calculation and payment of multi-year component of 2012 bonus	–	–	–	–	–	–
– Share Performance Plan, sixth Tranche (2011–2014)	–	–	–	–	–	–
– Share Matching Plan, second tranche (2014–2018)	*682,000*	–	–	–	–	–
– Share Matching Plan, third tranche (2015–2019)	*366,667*	*777,334*	–	*1,554,668*	–	–
– Share Matching Plan, fourth tranche (2016–2020)	–	*366,667*	–	*733,334*	–	–
Total	**2,601,211**	**2,696,047**	**818,713**	**4,756,715**	**1,783,211**	**1,515,673**
Service cost	280,407	489,104	489,104	489,104	280,407	489,104
Total	**2,881,618**	**3,185,151**	**1,307,817**	**5,245,819**	**2,063,618**	**2,004,777**

See footnotes on page 90.

Table of Compensation Granted and Allocated

€	Jørgen Kildahl (Member of the Management Board until September 30, 2015)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015[3]
Fixed compensation	700,000	525,000	525,000	525,000	700,000	525,000
Fringe benefits	19,426	23,119	23,119	23,119	19,426	23,119
Total	**719,426**	**548,119**	**548,119**	**548,119**	**719,426**	**548,119**
One-year variable compensation	**600,000**	**450,000**	**–**	**1,012,500**	**789,333**	**594,000**
Multi-year variable compensation	**871,950**	**–**	**–**	**–**	**-217,182**	**367,813**
– Final calculation and payment of multi-year component of 2012 bonus	–	–	–	–	*-217,182*	–
– Share Performance Plan, sixth Tranche (2011–2014)	–	–	–	–	–	*367,813*
– Share Matching Plan, second tranche (2014–2018)	*571,950*	–	–	–	–	–
– Share Matching Plan, third tranche (2015–2019)	*300,000*	–	–	–	–	–
– Share Matching Plan, fourth tranche (2016–2020)	–	–	–	–	–	–
Total	**2,191,376**	**998,119**	**548,119**	**1,560,619**	**1,291,577**	**1,509,932**
Service cost	302,812	268,088	268,088	268,088	302,812	268,088
Total	**2,494,188**	**1,266,207**	**816,207**	**1,828,707**	**1,594,389**	**1,778,020**

[3]The LTI component of the 2015 bonus will be paid out as part of the 2015 bonus.
See footnotes on page 90.

Table of Compensation Granted and Allocated

€	Dr. Bernhard Reutersberg (Member of the Management Board)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	29,529	25,332	25,332	25,332	29,529	25,332
Total	**729,529**	**725,332**	**725,332**	**725,332**	**729,529**	**725,332**
One-year variable compensation	**600,000**	**600,000**	**–**	**1,350,000**	**789,333**	**570,240**
Multi-year variable compensation	**852,420**	**936,000**	**–**	**1,872,000**	**-217,182**	**367,813**
– *Final calculation and payment of multi-year component of 2012 bonus*	–	–	–	–	*-217,182*	–
– *Share Performance Plan, sixth Tranche (2011–2014)*	–	–	–	–	–	*367,813*
– *Share Matching Plan, second tranche (2014–2018)*	*552,420*	–	–	–	–	–
– *Share Matching Plan, third tranche (2015–2019)*	*300,000*	*636,000*	–	*1,272,000*	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	*300,000*	–	*600,000*	–	–
Total	**2,181,949**	**2,261,332**	**725,332**	**3,947,332**	**1,301,680**	**1,663,385**
Service cost	–	–	–	–	–	–
Total	**2,181,949**	**2,261,332**	**725,332**	**3,947,332**	**1,301,680**	**1,663,385**

See footnotes on page 90.

Table of Compensation Granted and Allocated

€	Klaus Schäfer (Member of the Management Board until December 31, 2015)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015[3]
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	20,800	24,507	24,507	24,507	20,800	24,507
Total	**720,800**	**724,507**	**724,507**	**724,507**	**720,800**	**724,507**
One-year variable compensation	**600,000**	**600,000**	**–**	**1,350,000**	**789,333**	**855,360**
Multi-year variable compensation	**858,000**	**–**	**–**	**–**	**–**	**–**
– *Final calculation and payment of multi-year component of 2012 bonus*	–	–	–	–	–	–
– *Share Performance Plan, sixth Tranche (2011–2014)*	–	–	–	–	–	–
– *Share Matching Plan, second tranche (2014–2018)*	*558,000*	–	–	–	–	–
– *Share Matching Plan, third tranche (2015–2019)*	*300,000*	–	–	–	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	–	–	–	–	–
Total	**2,178,800**	**1,324,507**	**724,507**	**2,074,507**	**1,510,133**	**1,579,867**
Service cost	152,876	225,291	225,291	225,291	152,876	225,291
Total	**2,331,676**	**1,549,798**	**949,798**	**2,299,798**	**1,663,009**	**1,805,158**

[3]The LTI component of the 2015 bonus will be paid out as part of the 2015 bonus.
See footnotes on page 90.

Table of Compensation Granted and Allocated

€	Michael Sen (Member of the Management Board since June 1, 2015)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	–	408,333	408,333	408,333	–	408,333
Fringe benefits	–	1,415,107	1,415,107	1,415,107	–	1,415,107
Total	**–**	**1,823,440**	**1,823,440**	**1,823,440**	**–**	**1,823,440**
One-year variable compensation	**–**	**350,000**	**–**	**787,500**	**–**	**332,640**
Multi-year variable compensation	**–**	**775,000**	**–**	**1,550,000**	**–**	**–**
– *Final calculation and payment of multi-year component of 2012 bonus*	–	–	–	–	–	–
– *Share Performance Plan, sixth Tranche (2011–2014)*	–	–	–	–	–	–
– *Share Matching Plan, second tranche (2014–2018)*	–	–	–	–	–	–
– *Share Matching Plan, third tranche (2015–2019)*	–	*600,000*	–	*1,200,000*	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	*175,000*	–	*350,000*	–	–
Total	**–**	**2,948,440**	**1,823,440**	**4,160,940**	**–**	**2,156,080**
Service cost	–	181,808	181,808	181,808	–	181,808
Total	**–**	**3,130,248**	**2,005,248**	**4,342,748**	**–**	**2,337,888**

See footnotes on page 90.

Table of Compensation Granted and Allocated

€	Mike Winkel (Member of the Management Board until May 31, 2015)					
	Compensation granted				Compensation allocated	
	2014	2015	2015 (min.)	2015 (max.)	2014	2015[3]
Fixed compensation	700,000	291,667	291,667	291,667	700,000	291,667
Fringe benefits	25,196	12,715	12,715	12,715	25,196	12,715
Total	**725,196**	**304,382**	**304,382**	**304,382**	**725,196**	**304,382**
One-year variable compensation	**600,000**	**250,000**	**–**	**562,500**	**789,333**	**330,000**
Multi-year variable compensation	**858,000**	**–**	**–**	**–**	**–**	**–**
– *Final calculation and payment of multi-year component of 2012 bonus*	–	–	–	–	–	–
– *Share Performance Plan, sixth Tranche (2011–2014)*	–	–	–	–	–	–
– *Share Matching Plan, second tranche (2014–2018)*	*558,000*	–	–	–	–	–
– *Share Matching Plan, third tranche (2015–2019)*	*300,000*	–	–	–	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	–	–	–	–	–
Total	**2,183,196**	**554,382**	**304,382**	**866,882**	**1,514,529**	**634,382**
Service cost	125,922	88,033	88,033	88,033	125,922	88,033
Total	**2,309,118**	**642,415**	**392,415**	**954,915**	**1,640,451**	**722,415**

[3]The LTI component of the 2015 bonus will be paid out as part of the 2015 bonus.
See footnotes on page 90.

As in the prior year, E.ON SE and its subsidiaries granted no loans to, made no advance payments to, nor entered into any contingencies of behalf of the members of the Management Board in the 2015 financial year. Page 218 contains additional information about the members of the Management Board.

The following table provides a summary overview of the above-described components of the Management Board's compensation as well as their metrics and parameters:

Summary Overview of Compensation Components

Compensation component	Metric/Parameter
Fixed compensation	
Base salary	• Management Board Chairman: €1,240,000 • Management Board members: €700,000 – €800,000
Fringe benefits	Chauffer-driven company car, telecommunications equipment, insurance premiums, medical examination
Performance-based compensation	
Annual bonus	• Target bonus at 100 percent target attainment: – Target bonus for Management Board Chairman: €1,890,000 – Target bonus for Management Board members: €900,000 – €1,100,000 • Cap: 200 percent of target bonus • Amount of bonus depends on – Company performance: actual EBITDA vs. budget; if necessary, adjusted – Individual performance factor • Divided into STI component (2/3) and LTI component (1/3)
Possibility of special compensation	May be awarded, at the Supervisory Board's discretion, for outstanding achievements as part of the annual bonus as long as the total bonus remains under the cap.
Long-term variable compensation: Share Matching Plan	• Granting of virtual shares of E.ON stock with a four-year vesting period – Target value for Management Board Chairman: €1,260,000 – Target value for Management Board members: €600,000 – €733,333 • Cap: 200 percent of the target value • Number of virtual shares: 1/3 from the annual bonus (LTI component) + base matching (1:1) + performance matching (1:0 to 1:2) depending on ROACE during vesting period • Value development depends on the 60-day average price of E.ON stock price at the end of the vesting period and on the dividend payments during the four-year vesting period
Pension benefits	
Final-salary-based benefits[1]	• Lifelong pension payment equaling a maximum of 75 percent of fixed compensation from age of 60 • Pension payments for widows and children equaling 60 percent and 15 percent, respectively, of pension entitlement
Contribution-based benefits	• Virtual contributions equaling a maximum of 18 percent of fixed compensation and target bonus • Virtual contributions capitalized using interest rate based on long-term German treasury notes • Payment of pension account balance from age 62 as a lifelong pension, in installments, or in a lump sum
Other compensation provisions	
Settlement cap	Maximum of two years' total compensation or the total compensation for the remainder of the service agreement
Settlement for change-of-control	Settlement equal to two or three target salaries (base salary, target bonus, and fringe benefits), reduced by 20 percent
Non-compete clause	For six months after termination of service agreement, prorated compensation equal to fixed compensation and target bonus, at a minimum 60 percent of most recently received compensation

[1]For Management Board members appointed before 2010.

Payments Made to Former Members of the Management Board

Total payments made to former Management Board members and to their beneficiaries amounted to €15.8 million in 2015 (prior year: €10.2 million). Provisions of €154.6 million (prior year: €175 million) have been provided for pension obligations to former Management Board members and their beneficiaries.

Compensation Plan for the Supervisory Board

The compensation of Supervisory Board members is determined by the Annual Shareholders Meeting and governed by Section 15 of the Company's Articles of Association. The purpose of the compensation plan is to enhance the Supervisory Board's independence for its oversight role. Furthermore, there are a number of duties that Supervisory Board members must perform irrespective of the Company's financial performance. Supervisory Board members—in addition to being reimbursed for their expenses—therefore receive fixed compensation and compensation for committee duties.

The Chairman of the Supervisory Board receives fixed compensation of €440,000; the Deputy Chairmen, €320,000. The other members of the Supervisory Board receive compensation of €140,000. The Chairman of the Audit and Risk Committee receives an additional €180,000; the members of the Audit and Risk Committee, an additional €110,000. Other committee chairmen receive an additional €140,000; committee members, an additional €70,000. Members serving on more than one committee receive the highest applicable committee compensation only. In contradistinction to the compensation just described, the Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. In addition, Supervisory Board members are paid an attendance fee of €1,000 per day for meetings of the Supervisory Board or its committees. Individuals who were members of the Supervisory Board or any of its committees for less than an entire financial year receive pro rata compensation.

Supervisory Board Compensation in 2015

The total compensation of the members of the Supervisory Board amounted to €3.2 million (prior year: €3.1 million). As in the prior year, no loans were outstanding or granted to Supervisory Board members in the 2015 financial year.

Supervisory Board Compensation

	Supervisory Board compensation		Compensation for committee duties		Supervisory Board compensation from affiliated companies		Total	
€	2015	2014	2015	2014	2015	2014	2015	2014
Werner Wenning	440,000	440,000	–	–	–	–	440,000	440,000
Prof. Dr. Ulrich Lehner	320,000	320,000	–	–	–	–	320,000	320,000
Erhard Ott (until May 7, 2015)	133,333	320,000	–	–	–	–	133,333	320,000
Andreas Scheidt (since May 7, 2015)	213,333	–	–	–	–	–	213,333	–
Clive Broutta (since July 1, 2014)	140,000	70,000	–	–	–	–	140,000	70,000
Thies Hansen (since January 1, 2015)	140,000	–	70,000	–	19,000	–	229,000	–
Baroness Denise Kingsmill CBE	140,000	140,000	–	–	–	–	140,000	140,000
Eugen-Gheorghe Luha	140,000	140,000	70,000	35,000	–	–	210,000	175,000
René Obermann	140,000	140,000	–	–	–	–	140,000	140,000
Klaus Dieter Raschke (until December 31, 2014)	–	140,000	–	110,000	–	–	-	250,000
Eberhard Schomburg (until December 31, 2015)	140,000	140,000	110,000	110,000	11,423	6,730	261,423	256,730
Fred Schulz	140,000	140,000	110,000	70,000	17,735	18,567	267,735	228,567
Dr. Karen de Segundo	140,000	140,000	70,000	70,000	–	–	210,000	210,000
Dr. Theo Siegert	140,000	140,000	180,000	180,000	–	–	320,000	320,000
Willem Vis (until June 30, 2014)	–	70,000	–	35,000	–	–	–	105,000
Subtotal	**2,366,667**	**2,340,000**	**610,000**	**610,000**	**48,158**	**25,297**	**3,024,825**	**2,975,297**
Attendance fees and meeting-related reimbursements							178,812	158,985
Total							**3,203,637**	**3,134,282**

An expense-based approach was used for Supervisory Board compensation and attendance fees shown for 2014 and 2015.

Other

The Company has taken out D&O insurance for Management Board and Supervisory Board members. In accordance with the German Stock Corporation Act and the German Corporate Governance Code's recommendation, this insurance includes a deductible of 10 percent of the respective damage claim for Management Board and Supervisory Board members. The deductible has a maximum cumulative annual cap of 150 percent of a member's annual fixed compensation.

Independent Auditor's Report

To E.ON SE, Düsseldorf

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of E.ON SE, Düsseldorf, and its subsidiaries, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of recognized income and expenses, the consolidated statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1, 2015 to December 31, 2015.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Audit Opinion

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

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2015, as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of E.ON SE, Düsseldorf, which is combined with the management report of the company, for the business year from January 1, 2015 to December 31, 2015. The Board of Managing Directors of E.ON SE, Düsseldorf, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

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

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

Düsseldorf, March 1, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	2015	2014[1]
Sales including electricity and energy taxes		117,614	114,592
Electricity and energy taxes		-1,396	-1,497
Sales	(5)	**116,218**	**113,095**
Changes in inventories (finished goods and work in progress)		11	-61
Own work capitalized	(6)	478	345
Other operating income	(7)	13,211	10,980
Cost of materials	(8)	-104,211	-99,916
Personnel costs	(11)	-4,177	-4,147
Depreciation, amortization and impairment charges	(14)	-11,894	-8,723
Other operating expenses	(7)	-14,137	-11,912
Income/Loss from companies accounted for under the equity method		298	-264
Income/Loss from continuing operations before financial results and income taxes		**-4,203**	**-603**
Financial results	(9)	-1,340	-1,795
Income/Loss from equity investments		*-10*	*16*
Income/Loss from other securities, interest and similar income		*697*	*881*
Interest and similar expenses		*-2,027*	*-2,692*
Income taxes	(10)	-835	-570
Income/Loss from continuing operations		**-6,378**	**-2,968**
Income/Loss from discontinued operations, net	(4)	1	-162
Net income/loss		**-6,377**	**-3,130**
Attributable to shareholders of E.ON SE		*-6,999*	*-3,160*
Attributable to non-controlling interests		*622*	*30*
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted	(13)		
from continuing operations		-3.60	-1.55
from discontinued operations		0.00	-0.09
from net income/loss		**-3.60**	**-1.64**

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).

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

€ in millions	2015	2014
Net income/loss	**-6,377**	**-3,130**
Remeasurements of defined benefit plans	1,323	-3,299
Remeasurements of defined benefit plans of companies accounted for under the equity method	12	-26
Income taxes	-679	943
Items that will not be reclassified subsequently to the income statement	**656**	**-2,382**
Cash flow hedges	151	-718
Unrealized changes	*499*	*-55*
Reclassification adjustments recognized in income	*-348*	*-663*
Available-for-sale securities	-498	-262
Unrealized changes	*-118*	*-26*
Reclassification adjustments recognized in income	*-380*	*-236*
Currency translation adjustments	-142	-2,530
Unrealized changes	*-210*	*-2,557*
Reclassification adjustments recognized in income	*68*	*27*
Companies accounted for under the equity method	-162	-27
Unrealized changes	*-248*	*-27*
Reclassification adjustments recognized in income	*86*	*–*
Income taxes	-426	242
Items that might be reclassified subsequently to the income statement	**-1,077**	**-3,295**
Total income and expenses recognized directly in equity	**-421**	**-5,677**
Total recognized income and expenses (total comprehensive income)	**-6,798**	**-8,807**
Attributable to shareholders of E.ON SE	*-7,440*	*-8,358*
Attributable to non-controlling interests	*642*	*-449*

E.ON SE and Subsidiaries Consolidated Balance Sheets—Assets

€ in millions	Note	December 31, 2015	2014
Goodwill	(14)	6,441	11,812
Intangible assets	(14)	4,465	4,882
Property, plant and equipment	(14)	38,997	41,273
Companies accounted for under the equity method	(15)	4,536	5,009
Other financial assets	(15)	5,926	6,354
Equity investments		*1,202*	*1,573*
Non-current securities		*4,724*	*4,781*
Financial receivables and other financial assets	(17)	3,571	3,533
Operating receivables and other operating assets	(17)	5,534	3,947
Income tax assets	(10)	46	83
Deferred tax assets	(10)	4,096	6,172
Non-current assets		**73,612**	**83,065**
Inventories	(16)	2,546	3,356
Financial receivables and other financial assets	(17)	1,493	1,376
Trade receivables and other operating assets	(17)	25,331	24,311
Income tax assets	(10)	1,330	1,745
Liquid funds	(18)	8,190	6,067
Securities and fixed-term deposits		*2,078*	*1,812*
Restricted cash and cash equivalents		*923*	*1,064*
Cash and cash equivalents		*5,189*	*3,191*
Assets held for sale	(4)	1,191	5,770
Current assets		**40,081**	**42,625**
Total assets		**113,693**	**125,690**

E.ON SE and Subsidiaries Consolidated Balance Sheets—Equity and Liabilities

		December 31,	
€ in millions	Note	2015	2014
Capital stock	(19)	2,001	2,001
Additional paid-in capital	(20)	12,558	13,077
Retained earnings	(21)	9,419	16,842
Accumulated other comprehensive income	(22)	-5,835	-4,833
Treasury shares	(19)	-1,714	-2,502
Equity attributable to shareholders of E.ON SE		**16,429**	**24,585**
Non-controlling interests (before reclassification)		3,209	2,723
Reclassification related to put options		-561	-595
Non-controlling interests	(23)	**2,648**	**2,128**
Equity		**19,077**	**26,713**
Financial liabilities	(26)	14,954	15,784
Operating liabilities	(26)	8,346	7,804
Income taxes	(10)	1,562	2,651
Provisions for pensions and similar obligations	(24)	4,210	5,574
Miscellaneous provisions	(25)	26,445	25,802
Deferred tax liabilities	(10)	5,655	5,720
Non-current liabilities		**61,172**	**63,335**
Financial liabilities	(26)	2,788	3,883
Trade payables and other operating liabilities	(26)	24,811	24,615
Income taxes	(10)	814	797
Miscellaneous provisions	(25)	4,280	4,120
Liabilities associated with assets held for sale	(4)	751	2,227
Current liabilities		**33,444**	**35,642**
Total equity and liabilities		**113,693**	**125,690**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2015	2014[1]
Net income/loss	**-6,377**	**-3,130**
Income/Loss from discontinued operations, net	-1	162
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	11,894	8,723
Changes in provisions	1,014	1,260
Changes in deferred taxes	1,214	616
Other non-cash income and expenses	15	1,083
Gain/Loss on disposal of	-553	-946
Intangible assets and property, plant and equipment	*-110*	*-104*
Equity investments	*-217*	*-668*
Securities (> 3 months)	*-226*	*-174*
Changes in operating assets and liabilities and in income taxes	-1,073	-1,414
Inventories and carbon allowances	*958*	*878*
Trade receivables	*1,138*	*1,537*
Other operating receivables and income tax assets	*-2,481*	*-8,081*
Trade payables	*289*	*-108*
Other operating liabilities and income taxes	*-977*	*4,360*
Cash provided by (used for) operating activities of continuing operations (operating cash flow)[2]	**6,133**	**6,354**
Cash provided by (used for) operating activities of discontinued operations	46	124
Cash provided by (used for) operating activities	**6,179**	**6,478**
Proceeds from disposal of	4,513	2,630
Intangible assets and property, plant and equipment	*235*	*318*
Equity investments	*4,278*	*2,312*
Purchases of investments in	-4,174	-4,637
Intangible assets and property, plant and equipment	*-3,852*	*-3,997*
Equity investments	*-322*	*-640*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	4,000	4,506
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-4,773	-5,251
Changes in restricted cash and cash equivalents	138	-421
Cash provided by (used for) for investing activities of continuing operations	**-296**	**-3,173**
Cash provided by (used for) investing activities of discontinued operations	9	-62
Cash provided by (used for) investing activities	**-287**	**-3,235**
Payments received/made from changes in capital[3]	120	-28
Cash dividends paid to shareholders of E.ON SE	-706	-840
Cash dividends paid to non-controlling interests	-153	-199
Proceeds from financial liabilities	1,673	2,258
Repayments of financial liabilities	-4,816	-5,799
Cash provided by (used for) financing activities of continuing operations	**-3,882**	**-4,608**
Cash provided by (used for) financing activities of discontinued operations	24	-3
Cash provided by (used for) financing activities	**-3,858**	**-4,611**

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).
[2]Additional information on operating cash flow is provided in Notes 29 and 33.
[3]No material netting has taken place in either of the years presented here.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2015	2014[1]
Net increase/decrease in cash and cash equivalents	**2,034**	**-1,368**
Effect of foreign exchange rates on cash and cash equivalents	-60	45
Cash and cash equivalents at the beginning of the year[4]	3,216	4,539
Cash and cash equivalents at the end of the year[5]	**5,190**	**3,216**
Less: Cash and cash equivalents of discontinued operations at the end of the year	**0**	**4**
Cash and cash equivalents of continuing operations at the end of the year[6]	**5,190**	**3,212**
Supplementary Information on Cash Flows from Operating Activities		
Income taxes paid (less refunds)	-150	-949
Interest paid	-1,114	-1,484
Interest received	358	437
Dividends received	240	292

[1]The comparative prior-year figures have been adjusted to account for the reporting of discontinued operations (see also Note 4).
[4]Cash and cash equivalents at the beginning of 2015 also include an amount of €4 million at the Spain region, which is presented as a discontinued operation, and a combined total of €6 million from the generation activities in Spain and Italy, which are presented as disposal groups. Cash and cash equivalents of €15 million at the Italy region as of Jan. 1, 2015, were reclassified back to continuing operations in the cash flow statement, but not on the consolidated balance sheet. The figure for 2014 includes an amount of €12 million at the Pražská plynárenská group, which had been presented as a disposal group.
[5]Cash and cash equivalents at the end of 2015 also include an amount of €1 million at E.ON E&P UK, which is presented as a disposal group. The figure for 2014 includes an amount of €4 million at the Spain region, which is presented as a discontinued operation, and a combined total of €6 million from the generation activities in Spain and Italy, which are presented as disposal groups. Cash and cash equivalents of €15 million at the Italy region as of Dec. 31, 2014, were reclassified back to continuing operations in the cash flow statement, but not on the consolidated balance sheet.
[6]Cash and cash equivalents of continuing operations at the end of 2015 also include an amount of €1 million at E.ON E&P UK, which is presented as a disposal group. The figure for 2014 includes a combined total of €6 million from the generation activities in Spain and Italy, which had been presented as disposal groups. Cash and cash equivalents of €15 million at the Italy region as of Dec. 31, 2014, were reclassified back to continuing operations in the cash flow statement, but not on the consolidated balance sheet.

Additional information on the Statements of Cash Flows is provided in Note 29.

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, 2014	**2,001**	**13,733**	**23,306**	**-2,742**	**1,201**	**-292**
Change in scope of consolidation						
Treasury shares repurchased/sold		-656	-9			
Capital increase						
Capital decrease						
Dividends			-1,145			
Share additions/reductions			48			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-5,358	-2,175	-314	-511
Net income/loss			*-3,160*			
Other comprehensive income			*-2,198*	*-2,175*	*-314*	*-511*
Remeasurements of defined benefit plans			*-2,198*			
Changes in accumulated other comprehensive income				*-2,175*	*-314*	*-511*
Balance as of December 31, 2014	**2,001**	**13,077**	**16,842**	**-4,917**	**887**	**-803**
Balance as of January 1, 2015	**2,001**	**13,077**	**16,842**	**-4,917**	**887**	**-803**
Change in scope of consolidation						
Treasury shares repurchased/sold		-519	-9			
Capital increase						
Capital decrease						
Dividends			-966			
Share additions/reductions			-10			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-6,438	-434	-468	-100
Net income/loss			*-6,999*			
Other comprehensive income			*561*	*-434*	*-468*	*-100*
Remeasurements of defined benefit plans			*561*			
Changes in accumulated other comprehensive income				*-434*	*-468*	*-100*
Balance as of December 31, 2015	**2,001**	**12,558**	**9,419**	**-5,351**	**419**	**-903**

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-3,484	**33,723**	**3,574**	**-659**	**2,915**	**36,638**
		-115		-115	-115
982	317				317
		6		6	6
		-15		-15	-15
	-1,145	-207		-207	-1,352
	48	-71		-71	-23
			64	64	64
	-8,358	-449		-449	-8,807
	-3,160	*30*		*30*	*-3,130*
	-5,198	*-479*		*-479*	*-5,677*
	-2,198	*-184*		*-184*	*-2,382*
	-3,000	*-295*		*-295*	*-3,295*
-2,502	**24,585**	**2,723**	**-595**	**2,128**	**26,713**
-2,502	**24,585**	**2,723**	**-595**	**2,128**	**26,713**
		-142		-142	-142
788	260				260
		167		167	167
		-18		-18	-18
	-966	-163		-163	-1,129
	-10				-10
			34	34	34
	-7,440	642		642	-6,798
	-6,999	*622*		*622*	*-6,377*
	-441	*20*		*20*	*-421*
	561	*95*		*95*	*656*
	-1,002	*-75*		*-75*	*-1,077*
-1,714	**16,429**	**3,209**	**-561**	**2,648**	**19,077**

(1) Summary of Significant Accounting Policies

Basis of Presentation

These Consolidated Financial Statements have been prepared in accordance with Section 315a (1) of the German Commercial Code ("HGB") and with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2015.

Principles

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

Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of E.ON SE and entities controlled by E.ON ("subsidiaries"). Control exists when E.ON as the investor has the current ability to direct the relevant activities of the investee entity. Relevant activities are those activities that most significantly affect the performance of a business. In addition, E.ON must participate in this business performance in the form of variable returns and be able to influence those returns to its benefit through existing opportunities and rights. Control is normally deemed established if E.ON directly or indirectly holds a majority of the voting rights in the investee. In structured entities, control can be established be means of contractual arrangements.

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

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

Associated Companies

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

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

Interests in associated companies accounted for using the equity method are reported on the balance sheet at cost, adjusted for changes in the Group's share of the net assets after the date of acquisition and for any impairment charges. Losses that might potentially exceed the Group's interest in an associated company when attributable long-term loans are taken into consideration are generally not recognized. Any difference between the cost of the investment and the remeasured value of its net assets is recognized in the Consolidated Financial Statements as part of the carrying amount.

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

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

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

Joint Ventures

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

Joint Operations

A joint operation exists when E.ON and the other parties to a joint arrangement have direct rights to the assets, and obligations for the liabilities, attributable to the operation. In a joint operation, assets and liabilities, as well as revenues and expenses, are recognized pro rata according to the rights and obligations attributable to E.ON.

Business Combinations

Business combinations are accounted for by applying the purchase method, whereby the purchase price is offset against the proportional share in the acquired company's net assets. In doing so, the values at the acquisition date that corresponds to the date at which control of the acquired company was attained are used as a basis. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognized at their fair values irrespective of the extent attributable to non-controlling interests. The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities, for example, and in the case of land, buildings and major technical equipment, generally using independent expert reports that have been prepared by third parties. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the acquired activities.

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

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

Gains and losses from disposals of shares to subsidiaries are also recognized in equity, provided that such disposals do not coincide with a loss of control.

Intangible assets must be recognized separately from goodwill if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures may not be recorded in a purchase price allocation. If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No goodwill is recognized for positive differences attributable to non-controlling interests. A negative difference is immediately recognized in income.

Foreign Currency Translation

The Company's transactions denominated in foreign currency are translated at the current exchange rate at the date of the transaction. Monetary foreign currency items are adjusted to the current exchange rate at each balance sheet date; any gains and losses resulting from fluctuations in the relevant currencies, and the effects upon realization, are recognized in income and reported as other operating income and other operating expenses, respectively. Gains and losses from the translation of non-derivative financial instruments used in hedges of net investments in foreign operations are recognized in equity as a component of other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in income.

The functional currency as well as the reporting currency of E.ON SE is the euro. The assets and liabilities of the Company's foreign subsidiaries with a functional currency other than the euro are translated using the exchange rates applicable on the balance sheet date, while items of the statements of income are translated using annual average exchange rates. Material transactions of foreign subsidiaries occurring during the fiscal year are translated in the financial statements using the exchange rate at the date of the transaction. Differences arising from the translation of assets and liabilities compared with the corresponding translation of the prior year, as well as exchange rate differences between the income statement and the balance sheet, are reported separately in equity as a component of other comprehensive income.

Foreign currency translation effects that are attributable to the cost of monetary financial instruments classified as available for sale are recognized in income. In the case of fair-value adjustments of monetary financial instruments and for non-monetary financial instruments classified as available for sale, the foreign currency translation effects are recognized in equity as a component of other comprehensive income.

Foreign-exchange transactions out of the Russian Federation may be restricted in certain cases. The Brazilian real is not freely convertible.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currencies

	ISO Code	€1, rate at year-end 2015	€1, rate at year-end 2014	€1, annual average rate 2015	€1, annual average rate 2014
British pound	GBP	0.73	0.78	0.73	0.81
Brazilian real	BRL	4.31	3.22	3.70	3.12
Norwegian krone	NOK	9.60	9.04	8.95	8.35
Russian ruble	RUB	80.67	72.34	68.07	50.95
Swedish krona	SEK	9.19	9.39	9.35	9.10
Turkish lira	TRY	3.18	2.83	3.03	2.91
Hungarian forint	HUF	315.98	315.54	310.00	308.71
U.S. dollar	USD	1.09	1.21	1.11	1.33

Recognition of Income

a) Revenues

The Company generally recognizes revenue upon delivery of goods to customers or purchasers, or upon completion of services rendered. Delivery is deemed complete when the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of goods and services are measured at the fair value of the consideration received or receivable. They reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of the last invoice and the end of the period.

Revenues include the surcharge mandated by the German Renewable Energy Sources Act and are presented net of sales taxes, returns, rebates and discounts, and after elimination of intragroup sales.

Revenues are generated primarily from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets. Also shown in this line item are revenues earned from the distribution of electricity and gas and from deliveries of steam, heat and water.

b) Interest Income

Interest income is recognized pro rata using the effective interest method.

c) Dividend Income

Dividend income is recognized when the right to receive the distribution payment arises.

Electricity and Energy Taxes

The electricity tax is levied on electricity delivered to retail customers and is calculated on the basis of a fixed tax rate per kilowatt-hour ("kWh"). This rate varies between different classes of customers. Electricity and energy taxes paid are deducted from sales revenues on the face of the income statement if those taxes are levied upon delivery of energy to the retail customer.

Accounting for Reductions of Shareholdings in Subsidiaries or Associated Companies

If a subsidiary or associated company sells shares to a third party, leading to a reduction in E.ON's ownership interest in the relevant company ("dilution"), and consequently to a loss of control, joint control or significant influence, gains and losses from these dilutive transactions are included in the income statement under other operating income or expenses.

Earnings per Share

Basic (undiluted) earnings per share is computed by dividing the consolidated net income attributable to the shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the relevant period. At E.ON, the computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

Goodwill and Intangible Assets

Goodwill

According to IFRS 3, "Business Combinations," ("IFRS 3") goodwill is not amortized, but rather tested for impairment at the cash-generating unit level on at least an annual basis. Impairment tests must also be performed between these annual tests if events or changes in circumstances indicate that the carrying amount of the respective cash-generating unit might not be recoverable.

Newly created goodwill is allocated to those cash-generating units expected to benefit from the respective business combination. The cash-generating units to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is reported, and considered in performance metrics for controlling, only at that level. With some exceptions, goodwill impairment testing is performed in euro, while the underlying goodwill is always carried in the functional currency.

In a goodwill impairment test, the recoverable amount of a cash-generating unit is compared with its carrying amount, including goodwill. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. In a first step, E.ON determines the recoverable amount of a cash-generating unit on the basis of the fair value (less costs to sell) using generally accepted valuation procedures. This is based on the medium-term planning data of the respective cash-generating unit. Valuation is performed using the discounted cash flow method, and accuracy is verified through the use of appropriate multiples, to the extent available. In addition, market transactions or valuations prepared by third parties for comparable assets are used to the extent available. If needed, a calculation of value in use is also performed. Unlike fair value, the value in use is calculated from the viewpoint of management. In accordance with IAS 36, "Impairment of Assets," ("IAS 36") it is further ensured that restructuring expenses, as well as initial and subsequent capital investments (where those have not yet commenced), in particular, are not included in the valuation.

If the carrying amount exceeds the recoverable amount, the goodwill allocated to that cash-generating unit is adjusted in the amount of this difference.

If the impairment thus identified exceeds the goodwill allocated to the affected cash-generating unit, the remaining assets of the unit must be written down in proportion to their carrying amounts. Individual assets may be written down only if their respective carrying amounts do not fall below the highest of the following values as a result:

- Fair value less costs to sell
- Value in use, or
- Zero.

Any additional impairment loss that would otherwise have been allocated to the asset concerned must instead be allocated pro rata to the remaining assets of the unit.

E.ON has elected to perform the annual testing of goodwill for impairment at the cash-generating unit level in the fourth quarter of each fiscal year.

Impairment charges on the goodwill of a cash-generating unit and reported in the income statement under "Depreciation, amortization and impairment charges" may not be reversed in subsequent reporting periods.

Intangible Assets

IAS 38, "Intangible Assets," ("IAS 38") requires that intangible assets be amortized over their expected useful lives unless their lives are considered to be indefinite. Factors such as typical product life cycles and legal or similar limits on use are taken into account in the classification.

Acquired intangible assets subject to amortization are classified as marketing-related, customer-related, contract-based, and technology-based. Internally generated intangible assets subject to amortization are related to software. Intangible assets subject to amortization are measured at cost and useful lives. The useful lives of marketing-related, customer-related and contract-based intangible assets generally range between 5 and 25 years. Technology-based intangible assets are generally amortized over a useful life of between 3 and 5 years. This category includes software in particular. Contract-based intangible assets are amortized in accordance with the provisions specified in the contracts. Useful lives and amortization methods are subject to annual verification. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired.

Intangible assets not subject to amortization are measured at cost and tested for impairment annually or more frequently if events or changes in circumstances indicate that such assets may be impaired. Moreover, such assets are reviewed annually to determine whether an assessment of indefinite useful life remains applicable.

In accordance with IAS 36, the carrying amount of an intangible asset, whether subject to amortization or not, is tested for impairment by comparing the carrying value with the asset's recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Should the carrying amount exceed the corresponding recoverable amount, an impairment charge equal to the difference between the carrying amount and the recoverable amount is recognized and reported in income under "Depreciation, amortization and impairment charges."

If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed. A reversal shall not cause the carrying amount of an intangible asset subject to amortization to exceed the amount that would have been determined, net of amortization, had no impairment loss been recognized during the period.

If a recoverable amount cannot be determined for an individual intangible asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) that the intangible asset may be assigned to is determined. See Note 14 for additional information about goodwill and intangible assets.

Research and Development Costs

Under IFRS, research and development costs must be allocated to a research phase and a development phase. While expenditure on research is expensed as incurred, recognized development costs must be capitalized as an intangible asset if all of the general criteria for recognition specified in IAS 38, as well as certain other specific prerequisites, have been fulfilled. In the 2015 and 2014 fiscal years, these criteria were not fulfilled, except in the case of internally generated software.

Emission Rights

Under IFRS, emission rights held under national and international emission-rights systems for the settlement of obligations are reported as intangible assets. Because emission rights are not depleted as part of the production process, they are reported as intangible assets not subject to amortization. Emission rights are capitalized at cost at the time of acquisition.

A provision is recognized for emissions produced. The provision is measured at the carrying amount of the emission rights held or, in the case of a shortfall, at the current fair value of the emission rights needed. The expenses incurred for the recognition of the provision are reported under cost of materials.

Property, Plant and Equipment

Property, plant and equipment are initially measured at acquisition or production cost, including decommissioning or restoration cost that must be capitalized, and are depreciated over the expected useful lives of the components, generally using the straight-line method, unless a different method of depreciation is deemed more suitable in certain exceptional cases. The useful lives of the major components of property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment	
Buildings	10 to 50 years
Technical equipment, plant and machinery	10 to 65 years
Other equipment, fixtures, furniture and office equipment	3 to 25 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. In such a case, property, plant and equipment are tested for impairment according to the principles prescribed for intangible assets in IAS 36. If an impairment loss is determined, the remaining useful life of the asset might also be subject to adjustment, where applicable. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed and recognized in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

Investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income.

Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition or production cost of the asset, or else—if relevant—recognized as a separate asset if it is probable that the Group will receive a future economic benefit and the cost can be determined reliably.

Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.

Exploration for and Evaluation of Mineral Resources

The exploration and field development expenditures are accounted for using the so-called "successful efforts method." In accordance with IFRS 6, "Exploration for and Evaluation of Mineral Resources," ("IFRS 6") expenditures for exploratory drilling for which the outcome is not yet certain are initially capitalized as an intangible asset.

Upon discovery of oil and/or gas reserves and field development approval, the relevant expenditures are reclassified as property, plant and equipment. Such property, plant and equipment is then depreciated in accordance with production volumes. For uneconomical drilling, the previously capitalized expenditures are immediately expensed. Other capitalized expenditures are also written off once it is determined that no viable reserves could be found. Other expenses for geological and geophysical work (seismology) and licensing fees are immediately expensed.

Borrowing Costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset from the time of acquisition or from the beginning of construction or production until its entry into service are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs incurred for that particular arrangement during the period are used. For non-specific financing arrangements, a financing rate uniform within the Group of 5.75 percent was applied for 2015 (2014: 5.5 percent). Other borrowing costs are expensed.

Government Grants

Government investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income. They are recognized in income on a straight-line basis over the associated asset's expected useful life.

Government grants are recognized at fair value if it is highly probable that the grant will be issued and if the Group satisfies the necessary conditions for receipt of the grant.

Government grants for costs are posted as income over the period in which the costs to be compensated through the respective grants are incurred.

Leasing

Leasing transactions are classified according to the lease agreements and to the underlying risks and rewards specified therein in line with IAS 17, "Leases" ("IAS 17"). In addition, IFRIC 4, "Determining Whether an Arrangement Contains a Lease," ("IFRIC 4") further defines the criteria as to whether an agreement that conveys a right to use an asset meets the definition of a lease. Certain purchase and supply contracts in the electricity and gas business as well as certain rights of use may be classified as leases if the criteria are met. E.ON is party to some agreements in which it is the lessor and to others in which it is the lessee.

Leasing transactions in which E.ON is the lessee are classified either as finance leases or operating leases. If the Company bears substantially all of the risks and rewards incident to ownership of the leased property, the lease is classified as a finance lease. Accordingly, the Company recognizes on its balance sheet the asset and the associated liability in equal amounts.

Recognition takes place at the beginning of the lease term at the lower of the fair value of the leased property or the present value of the minimum lease payments.

The leased property is depreciated over its useful economic life or, if it is shorter, the term of the lease. The liability is subsequently measured using the effective interest method.

All other transactions in which E.ON is the lessee are classified as operating leases. Payments made under operating leases are generally expensed over the term of the lease.

Leasing transactions in which E.ON is the lessor and substantially all the risks and rewards incident to ownership of the leased property are transferred to the lessee are classified as finance leases. In this type of lease, E.ON records the present value of the minimum lease payments as a receivable. Payments by the lessee are apportioned between a reduction of the lease receivable and interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method.

All other transactions in which E.ON is the lessor are treated as operating leases. E.ON retains the leased property on its balance sheet as an asset, and the lease payments are generally recorded on a straight-line basis as income over the term of the lease.

Financial Instruments

Non-Derivative Financial Instruments

Non-derivative financial instruments are recognized at fair value, including transaction costs, on the settlement date when acquired. IFRS 13, "Fair Value Measurement," ("IFRS 13") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). The valuation techniques used are classified according to the fair value hierarchy provided for by IFRS 13.

Unconsolidated equity investments and securities are measured in accordance with IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). E.ON categorizes financial assets as held for trading, available for sale, or as loans and receivables. Management determines the categorization of the financial assets at initial recognition.

Available-for-sale securities are non-derivative financial assets that have been allocated either to this category or to none of the other categories mentioned above. They are allocated to non-current assets as long as the management does not intend to sell them within twelve months after the balance sheet date, and as long as the asset does not mature within that same period. Securities categorized as available for sale are carried at fair value on a continuing basis, with any resulting unrealized gains and losses, net of related deferred taxes, reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually. If there is objective evidence of impairment, any losses previously recognized in other comprehensive income are instead recognized in financial results. When estimating a possible impairment loss, E.ON takes into consideration all available information, such as market conditions and the length and extent of the impairment. If the value on the balance sheet date of the equity instruments classified as available for sale and of similar long-term investments is more than 20 percent below their cost, or if the value has been more than 10 percent below its cost for a period of more than twelve months, this constitutes objective evidence of impairment. For debt instruments, objective evidence of impairment is generally deemed present if one of the three major rating agencies has downgraded its rating from investment-grade to non-investment-grade. Reversals of impairment losses relating to equity instruments are recognized exclusively in equity, while reversals relating to debt instruments are recognized entirely in income.

Loans and receivables (including trade receivables) are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables are reported on the balance sheet under "Receivables and other assets." They are subsequently measured at amortized cost. Valuation allowances are provided for identifiable individual risks.

Non-derivative financial liabilities (including trade payables) within the scope of IAS 39 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In subsequent periods, the amortization and accretion of any premium or discount is included in financial results.

Derivative Financial Instruments and Hedging

Derivative financial instruments and separated embedded derivatives are measured at fair value as of the trade date at initial recognition and in subsequent periods. IAS 39 requires that they be categorized as held for trading as long as they are not a component of a hedge accounting relationship. Gains and losses from changes in fair value are immediately recognized in net income.

The instruments primarily used are foreign currency forwards and cross-currency interest rate swaps, as well as interest rate swaps and options. In commodities, the instruments used include physically and financially settled forwards and options related to electricity, gas, coal, oil and emission rights.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. E.ON determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

IAS 39 sets requirements for the designation and documentation of hedging relationships, the hedging strategy, as well as ongoing retrospective and prospective measurement of effectiveness in order to qualify for hedge accounting. The Company does not exclude any component of derivative gains and losses from the measurement of hedge effectiveness. Hedge accounting is considered to be appropriate if the assessment of hedge effectiveness indicates that the change in fair value of the designated hedging instrument is 80 to 125 percent effective at offsetting the change in fair value due to the hedged risk of the hedged item or transaction.

For qualifying fair value hedges, the change in the fair value of the derivative and the change in the fair value of the hedged item that is due to the hedged risk(s) are recognized in income. If a derivative instrument qualifies as a cash flow hedge under IAS 39, the effective portion of the hedging instrument's change in fair value is recognized in equity (as a component of other comprehensive income) and reclassified into income in the period or periods during which the cash flows of the transaction being hedged affect income. The hedging result is reclassified into income immediately if it becomes probable that the hedged underlying transaction will no longer occur. For hedging instruments used to establish cash flow hedges, the change in fair value of the ineffective portion is recognized immediately in the income statement to the extent required. To hedge the foreign currency risk arising from the Company's net investment in foreign operations, derivative as well as non-derivative financial instruments are used. Gains or losses due to changes in fair value and from foreign currency translation are recognized separately within equity, as a component of other comprehensive income, under currency translation adjustments.

Changes in fair value of derivative instruments that must be recognized in income are presented as other operating income or expenses. Gains and losses from interest-rate derivatives are netted for each contract and included in interest income. Gains and losses from derivative financial instruments are shown net as either revenues or cost of materials, provided they meet the corresponding conditions for such accounting. Certain realized amounts are, if related to the sale of products or services, also included in sales or cost of materials.

Unrealized gains and losses resulting from the initial measurement of derivative financial instruments at the inception of the contract are not recognized in income. They are instead deferred and recognized in income systematically over the term of the derivative. An exception to the accrual principle applies if unrealized gains and losses from the initial measurement are verified by quoted market prices, observable prices of other current market transactions or other observable data supporting the valuation technique. In this case the gains and losses are recognized in income.

Contracts that are entered into for purposes of receiving or delivering non-financial items in accordance with E.ON's anticipated procurement, sale or use requirements, and held as such, can be classified as own-use contracts. They are not accounted for as derivative financial instruments at fair value in accordance with IAS 39, but as open transactions subject to the rules of IAS 37.

IFRS 7, "Financial Instruments: Disclosures," ("IFRS 7") and IFRS 13 both require comprehensive quantitative and qualitative disclosures about the extent of risks arising from financial instruments. Additional information on financial instruments is provided in Notes 30 and 31.

Primary and derivative financial instruments are netted on the balance sheet if E.ON has both an unconditional right—even in the event of the counterparty's insolvency—and the intention to settle offsetting positions simultaneously or on a net basis.

Inventories

The Company measures inventories at the lower of acquisition or production cost and net realizable value. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. In addition to production materials and wages, production costs include material and production overheads based on normal capacity. The costs of general administration are not capitalized. Inventory risks resulting from excess and obsolescence are provided for using appropriate valuation allowances, whereby inventories are written down to net realizable value.

Receivables and Other Assets

Receivables and other assets are initially measured at fair value, which generally approximates nominal value. They are subsequently measured at amortized cost, using the effective interest method. Valuation allowances, included in the reported net carrying amount, are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss.

Liquid Funds

Liquid funds include current available-for-sale securities, checks, cash on hand and bank balances. Bank balances and available-for-sale securities with an original maturity of more than three months are recognized under securities and fixed-term deposits. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted.

Restricted cash with a remaining maturity in excess of twelve months is classified as financial receivables and other financial assets.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale

Individual non-current assets or groups of assets held for sale and any directly attributable liabilities (disposal groups) are reported in these line items if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. For a group of assets and associated liabilities to be classified as a disposal group, the assets and liabilities in it must be held for sale in a single transaction or as part of a comprehensive plan.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group.

Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If the fair value is less than the carrying amount, an impairment loss is recognized.

The income and losses resulting from the measurement of components held for sale at fair value less any remaining costs to sell, as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

Equity Instruments

IFRS defines equity as the residual interest in the Group's assets after deducting all liabilities. Therefore, equity is the net amount of all recognized assets and liabilities.

E.ON has entered into purchase commitments to holders of non-controlling interests in subsidiaries. By means of these agreements, the non-controlling shareholders have the right to require E.ON to purchase their shares on specified conditions. None of the contractual obligations has led to the transfer of substantially all of the risk and rewards to E.ON at the time of entering into the contract. In such a case, IAS 32, "Financial Instruments: Presentation," ("IAS 32") requires that a liability be recognized at the present value of the probable future exercise price. This amount is reclassified from a separate component within non-controlling interests and reported separately as a liability. The reclassification occurs irrespective of the probability of exercise. The accretion of the liability is recognized as interest expense. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any difference between liabilities and non-controlling interests is recognized directly in retained earnings.

Where shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests from equity into liabilities under IAS 32. The liability is recognized at the present value of the expected settlement amount irrespective of the probability of termination. Changes in the value of the liability are reported within other operating income. Accretion of the liability and the non-controlling shareholders' share in net income are shown as interest expense.

If an E.ON Group company buys treasury shares of E.ON SE, the value of the consideration paid, including directly attributable additional costs (net after income taxes), is deducted from E.ON SE's equity until the shares are retired, distributed or resold. If such treasury shares are subsequently distributed or sold, the consideration received, net of any directly attributable additional transaction costs and associated income taxes, is added to E.ON SE's equity.

Share-Based Payment

Share-based payment plans issued in the E.ON Group are accounted for in accordance with IFRS 2, "Share-Based Payment" ("IFRS 2"). The E.ON Share Performance Plan introduced in fiscal 2006 involves share-based payment transactions that are settled in cash and measured at fair value as of each balance sheet date. From the sixth tranche forward, the 60-day average of the E.ON share price as of the balance sheet date is used as the fair value. In addition, the calculation of the provision for the sixth tranche takes into account the financial measures ROACE and WACC. The final allocations under the E.ON Share Performance Plan took place in fiscal 2012. Beginning in the 2013 fiscal year, share-based payments have been based on the E.ON Share Matching Plan. Under this plan, the number of allocated rights is governed by the development of the financial measure ROACE. The compensation expense is recognized in the income statement pro rata over the vesting period. The E.ON Share Matching Plan also represents a cash-settled share-based payment.

For the 2015 fiscal year, E.ON extended a multi-year bonus to certain executives who previously were eligible for a share-based compensation element. The configuration of that bonus is described in more detail in Note 11.

Distributions of Non-cash Assets to Owners

IFRIC 17, "Distributions of Non-cash Assets to Owners," ("IFRIC 17") provides that distributions to owners can also take the form of in-kind assets. In Germany, the obligation to pay an in-kind dividend, once appropriately authorized by the Annual Shareholders Meeting, is recognized as a liability at the fair value of the net assets to be distributed and remeasured on each annual reporting date and on the settlement date on the basis of the fair value of the assets to be distributed, with any resulting changes recognized in equity as adjustments to the distribution amount. Any existing differences between the dividend liability on the settlement date and the carrying amount of the net assets distributed are recognized in the income statement.

Provisions for Pensions and Similar Obligations

Measurement of defined benefit obligations in accordance with IAS 19 (revised 2011), "Employee Benefits," ("IAS 19R" or "IAS 19," used synonymously unless explicitly stated otherwise) is based on actuarial computations using the projected unit credit method, with actuarial valuations performed at year-end. The valuation encompasses both pension obligations and pension entitlements that are known on the reporting date and economic trend assumptions such as assumptions on wage and salary growth rates and pension increase rates, among others, that are made in order to reflect realistic expectations, as well as variables specific to reporting dates such as discount rates, for example.

Included in gains and losses from the remeasurements of the net defined benefit liability or asset are actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables. Additionally included is the difference between the actual return on plan assets and the interest income on plan assets included in the net interest result. Remeasurements effects are recognized in full in the period in which they occur and are not reported within the Consolidated Statements of Income, but are instead recognized within the Statements of Recognized Income and Expenses as part of equity.

The employer service cost representing the additional benefits that employees earned under the benefit plan during the fiscal year is reported under personnel costs; the net interest on the net liability or asset from defined benefit pension plans determined based on the discount rate applicable at the start of the fiscal year is reported under financial results.

Past service cost, as well as gains and losses from settlements, are fully recognized in the income statement in the period in which the underlying plan amendment, curtailment or settlement takes place. They are reported under personnel costs.

The amount reported on the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. If a net asset position arises from this calculation, the amount is limited to the present value of available refunds and the reduction in future contributions and to the benefit from prepayments of minimum funding requirements. Such an asset position is recognized as an operating receivable.

Payments for defined contribution pension plans are expensed as incurred and reported under personnel costs. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans.

Provisions for Asset Retirement Obligations and Other Miscellaneous Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," ("IAS 37") provisions are recognized when E.ON has a legal or constructive present obligation towards third parties as a result of a past event, it is probable that E.ON will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognized at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts if the interest rate effect (the difference between present value and repayment amount) resulting from discounting is material; future cost increases that are foreseeable and likely to occur on the balance sheet date must also be included in the measurement. Long-term obligations are generally discounted at the market interest rate applicable as of the respective balance sheet date. The accretion amounts and the effects of changes in interest rates are generally presented as part of financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset. No offsetting within provisions is permitted. Advance payments remitted are deducted from the provisions.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized during the period of their occurrence at their discounted settlement amounts, provided that the obligation can be reliably estimated. The carrying amounts of the respective property, plant and equipment are increased by the same amounts. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis.

Changes in estimates arise in particular from deviations from original cost estimates, from changes to the maturity or the scope of the relevant obligation, and also as a result of the regular adjustment of the discount rate to current market interest rates. The adjustment of provisions for the decommissioning and restoration of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. If the property, plant and equipment to be decommissioned have already been fully depreciated, changes to estimates are recognized within the income statement.

The estimates for nuclear decommissioning provisions are based on studies, cost estimates and legally binding civil agreements. A material element in the estimates are the real interest rates applied (the applied discount rate, less the general rate of inflation, less the nuclear-specific cost increase rate). A change of 0.1 percent in the applied real interest rate leads to a change in the provision of approximately €0.4 billion. The impact on EBITDA depends on the level of the corresponding adjustment posted to property, plant and equipment.

Under Swedish law, E.ON Sverige AB ("E.ON Sverige") is required to pay fees to the Swedish Nuclear Waste Fund. The Swedish Radiation Safety Authority proposes the fees payable by each nuclear power company for the disposal of high-level radioactive waste and nuclear power plant decommissioning, based on the amount of electricity generated or on time in operation. The proposed fees are then submitted to government offices for approval. Upon approval, the nuclear power company makes the corresponding payments. In accordance with IFRIC 5, "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds," ("IFRIC 5") payments into the Swedish national fund for nuclear waste management are offset by a right of reimbursement of asset retirement obligations, which is recognized as an asset under "Other assets." In accordance with customary procedure in Sweden, the provisions are discounted at the real interest rate.

No provisions are established for contingent asset retirement obligations where the type, scope, timing and associated probabilities can not be determined reliably.

If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are established for losses from open transactions. Such provisions are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Contingent liabilities are possible obligations toward third parties arising from past events that are not wholly within the control of the entity, or else present obligations toward third parties arising from past events in which an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are generally not recognized on the balance sheet.

Where necessary, provisions for restructuring costs are recognized at the present value of the future outflows of resources. Provisions are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with the future operation are not taken into consideration.

Income Taxes

Under IAS 12, "Income Taxes," ("IAS 12") deferred taxes are recognized on temporary differences arising between the carrying amounts of assets and liabilities on the balance sheet and their tax bases (balance sheet liability method). Deferred tax assets and liabilities are recognized for temporary differences that will result in taxable or deductible amounts when taxable income is calculated for future periods, unless those differences are the result of the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss. Uncertain tax positions are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carryforwards and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Each of the corporate entities is assessed individually with regard to the probability of a positive tax result in future years. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced.

Deferred tax liabilities caused by temporary differences associated with investments in affiliated and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Group and it is probable that, owing to this control, the differences will in fact not be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be applicable for taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates and tax law is generally recognized in income. Equity is adjusted for deferred taxes that had previously been recognized directly in equity.

Deferred taxes for the E.ON Group's major German companies are calculated using an aggregate tax rate of 30 percent (2014: 30 percent). This tax rate includes, in addition to the 15 percent (2014: 15 percent) corporate income tax, the solidarity surcharge of 5.5 percent on the corporate tax (2014: 5.5 percent on the corporate tax) and the average trade tax rate of 14 percent (2014: 14 percent). For the remaining companies in Germany, a total tax rate of 31 percent has been applied. This rate includes an average trade tax rate of 15 percent. Foreign subsidiaries use applicable national tax rates.

Note 10 shows the major temporary differences so recorded.

Consolidated Statements of Cash Flows

In accordance with IAS 7, "Cash Flow Statements," ("IAS 7") the Consolidated Statements of Cash Flows are classified by operating, investing and financing activities. Cash flows from discontinued operations are reported separately in the Consolidated Statement of Cash Flows. Interest received and paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas dividends paid are classified as financing cash flows. The purchase and sale prices respectively paid (received) in acquisitions and disposals of companies are reported net of any cash and cash equivalents acquired (disposed of) under investing activities if the respective acquisition or disposal results in a gain or loss of control. In the case of acquisitions and disposals that do not, respectively, result in a gain or loss of control, the corresponding cash flows are reported under financing activities. The impact on cash and cash equivalents of valuation changes due to exchange rate fluctuations is disclosed separately.

Segment Information

In accordance with the so-called management approach required by IFRS 8, "Operating Segments," ("IFRS 8") the internal reporting organization used by management for making decisions on operating matters is used to identify the Company's reportable segments. The internal performance measure used as the segment result is earnings before interest, taxes, depreciation and amortization ("EBITDA") adjusted to exclude certain extraordinary effects (see Note 33).

Structure of the Consolidated Balance Sheets and Statements of Income

In accordance with IAS 1, "Presentation of Financial Statements," ("IAS 1") the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current.

The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Capital Structure Management

E.ON uses the debt factor as the measure for the management of its capital structure. The debt factor is defined as the ratio of economic net debt to our EBITDA. Economic net debt supplements net financial position with provisions for pensions and asset retirement obligations.

Based on our EBITDA in 2015 of €7,557 million (2014: €8,376 million) and economic net debt of €27,714 million as of the balance sheet date (2014: €33,394 million), the debt factor is 3.7 (2014: 4.0).

Critical Accounting Estimates and Assumptions; Critical Judgments in the Application of Accounting Policies

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may influence the application of accounting principles within the Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on additional knowledge obtained on transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

Estimates are particularly necessary for the measurement of the value of property, plant and equipment and of intangible assets, especially in connection with purchase price allocations, the recognition and measurement of deferred tax assets, the accounting treatment of provisions for pensions and miscellaneous provisions, for impairment testing in accordance with IAS 36, as well as for the determination of the fair value of certain financial instruments.

The underlying principles used for estimates in each of the relevant topics are outlined in the respective sections.

(2) New Standards and Interpretations

Standards and Interpretations Applicable in 2015

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") have issued the following standards and interpretations that have been adopted by the EU into European law and whose application is mandatory in the reporting period from January 1, 2015, through December 31, 2015:

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2011–2013 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. The EU has adopted these amendments into European law. Consequently, they shall be applied for fiscal years beginning on or after January 1, 2015. They will result in no material changes for E.ON affecting its Consolidated Financial Statements.

IFRIC 21, "Levies"

In May 2013, the IASB published IFRIC 21, "Levies," ("IFRIC 21") interpreting IAS 37, which addresses the timing of the recognition of obligations to pay levies imposed by governments. Taxes that are within the scope of other standards, such as income taxes, are explicitly excluded from this interpretation. The new guidance is aimed at eliminating diversity in accounting practice with respect to the timing of the recognition of obligations to pay levies imposed by governments. Accordingly, liabilities or, if applicable, provisions shall not be recognized until the obligating event has occurred. The interpretation shall be applied for fiscal years beginning on or after January 1, 2014. It has been adopted by the EU into European law. Consequently, its application is mandatory for fiscal years beginning on or after June 17, 2014. IFRIC 21 had no material impact on E.ON's Consolidated Financial Statements.

Standards and Interpretations Not Yet Applicable in 2015

The IASB and the IFRS IC have issued the following additional standards and interpretations. These standards and interpretations are not being applied by E.ON in the 2014 fiscal year because adoption by the EU remains outstanding at this time for some of them, or because their application is not yet mandatory.

IFRS 9, "Financial Instruments"

In November 2009 and October 2010, respectively, the IASB published phases of the new standard IFRS 9, "Financial Instruments" ("IFRS 9"). Under IFRS 9, all financial instruments currently within the scope of IAS 39 will henceforth generally be subdivided into only two classifications: financial instruments measured at amortized cost and financial instruments measured at fair value. As part of the revisions of July 24, 2014, an additional measurement category has been introduced for debt instruments. These may in future be measured at fair value through other comprehensive income as long as the prerequisites for the corresponding business model and the contractual cash flows are met. The application of IFRS 9 is to be mandatory for fiscal years beginning on or after January 1, 2018. Earlier application is permitted. In that context, the IASB also issued a discussion paper on further rules for macro hedge accounting, separately from IFRS 9. The standard has not yet been adopted by the EU into European law. E.ON is currently evaluating the impact on its Consolidated Financial Statements.

IFRS 14, "Regulatory Deferral Accounts"

In January 2014, the IASB published the new standard IFRS 14, "Regulatory Deferral Accounts" ("IFRS 14"). IFRS 14 gives an entity the option to apply this standard in its first IFRS financial statements if it conducts rate-regulated activities and recognizes regulatory deferrals under the accounting policies it had previously applied. The intention is to allow entities that are subject to rate regulation to avoid having to make changes to accounting policies relating to regulatory deferrals. IFRS 14 shall be applied for fiscal years beginning on or after January 1, 2016. The introduction of the standard has no impact on the E.ON Consolidated Financial Statements as they are already prepared in accordance with IFRS.

On October 30, 2015, the EU decided not to adopt IFRS 14 into European law.

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB published the new standard IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). IFRS 15 will replace IAS 11, "Construction Contracts," IAS 18, "Revenue," IFRIC 13, "Customer Loyalty Programmes," IFRIC 15, "Agreements for the Construction of Real Estate," IFRIC 18, "Transfers of Assets from Customers," and SIC-31, "Revenue—Barter Transactions Involving Advertising Services." The standard defines when revenues should be recognized and in what amount. According to IFRS 15, revenues should be recognized in the amount that reflects the consideration expected for the performance obligations being undertaken. The standard shall be applied for fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The standard has not yet been adopted by the EU into European law. E.ON is currently evaluating the impact on its Consolidated Financial Statements.

The IASB issued an amendment to this standard on September 11, 2015, changing its effective date. Consequently, the standard shall be applied for fiscal years beginning on or after January 1, 2018.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2010–2012 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 37, IAS 38 and IAS 39. The EU has adopted these amendments into European law. Consequently, they shall be applied for fiscal years beginning on or after February 1, 2015. They will result in no material changes for E.ON affecting its Consolidated Financial Statements.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2012–2014 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In September 2014, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. They will result in no material changes for E.ON affecting its Consolidated Financial Statements.

Amendments to IFRS 10, IFRS 12 and IAS 28—Investment Entities: Applying the Consolidation Exception

In December 2014, the IASB published amendments to IFRS 10, IFRS 12 and IAS 28. The amendments are designed to clarify that entities that are both investment entities and parent entities are exempt from presenting consolidated financial statements even if they are themselves subsidiaries. They further clarify that subsidiaries providing investment-related services that are themselves investment entities shall be measured at fair value. For non-investment entities, they clarify that such entities should account for an investment entity using the equity method. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. They have not yet been adopted by the EU into European law. E.ON anticipates that the amendments will have no impact on its Consolidated Financial Statements.

Amendments to IAS 1, "Presentation of Financial Statements"

In December 2014, the IASB published amendments to IAS 1. They are primarily intended to clarify disclosures of material information, and of the aggregation and disaggregation of line items on the balance sheet and in the statement of comprehensive income. The amendments further provide that an entity's share of the other comprehensive income of companies accounted for using the equity method shall be presented in its statement of comprehensive income. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. E.ON anticipates that the amendments will have no impact on its Consolidated Financial Statements.

Amendments to IFRS 10 and IAS 28—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In September 2014, the IASB published amendments to IFRS 10 and IAS 28. The amendments provide that unrealized gains from transactions between an investor and an associated company or a joint venture should be recognized in full by the investor if the transaction involves a business. In transactions where only assets are being sold, the recognition of gains shall be partial. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. They have not yet been adopted by the EU into European law. E.ON anticipates that the amendments will have no impact on its Consolidated Financial Statements.

When the IASB published Exposure Draft ED/2015/7 on August 10, 2015, regarding the amendments to IFRS 10 and IAS 28, it proposed to defer the effective date of these amendments indefinitely.

Amendments to IFRS 11—Accounting for Acquisitions of Interests in Joint Operations

In May 2014, the IASB published amendments to IFRS 11. The standard thus amended requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3 to apply all of the principles relating to business combinations accounting in IFRS 3 and other standards, as long as those principles are not in conflict with the guidance in IFRS 11. Accordingly, the relevant information specified in those standards is to be disclosed. These amendments necessitated consequential amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards," to have the exemption extended to business combinations. Accordingly, the amendment now also includes past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. E.ON anticipates that the amendments will have no material impact on its Consolidated Financial Statements.

Amendments to IAS 16 and IAS 38—Clarification of Acceptable Methods of Depreciation and Amortization

In May 2014, the IASB published amendments to IAS 16 and IAS 38. The amendments contain further guidance on which methods can be used to depreciate property, plant and equipment, and to amortize intangible assets. In particular, they clarify that the use of a revenue-based method arising from an activity that includes the use of an asset does not provide an appropriate representation of its consumption. Within the context of IAS 38, however, this presumption can be rebutted in certain limited circumstances. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. E.ON anticipates that the amendments will have no impact on its Consolidated Financial Statements.

Amendments to IAS 16 and IAS 41—Agriculture: Bearer Plants

In June 2014, the IASB published amendments to IAS 16 and IAS 41. They provide that bearer plants shall be accounted for in the same way as property, plant and equipment, in accordance with IAS 16. IAS 41 shall continue to apply for the produce they bear. As a result of the amendments, bearer plants will in future no longer be measured at fair value less estimated costs to sell, but rather in accordance with IAS 16, using either a cost model or a revaluation model. The amendments shall be applied for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IAS 19—Defined Benefit Plans: Employee Contributions

In November 2013, the IASB published amendments to IAS 19. This pronouncement amends IAS 19 in respect of the accounting for defined benefit plans involving contributions from employees (or third parties). If the contributions made by employees (or third parties) to a defined benefit plan are independent of the number of years of service, their nominal amount can still be deducted from the service cost. But if employee contributions vary according to the number of years of service, the benefits must be computed and attributed by applying the projected unit credit method. The amendments shall be applied for fiscal years beginning on or after July 1, 2014. Earlier application is permitted. They have been adopted by the EU into European law. Consequently, application of the new amendments will be mandatory for fiscal years beginning on or after February 1, 2015. E.ON anticipates that the amendments will have no material impact on its Consolidated Financial Statements.

Amendments to IAS 27—Equity Method in Separate Financial Statements

In August 2014, the IASB published amendments to IAS 27, "Separate Financial Statements." The amendments permit the use of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor. The amendments shall be applied retrospectively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law without specifying an alternative mandatory effective date. The amendments have no impact on E.ON's Consolidated Financial Statements.

(3) Scope of Consolidation

The number of consolidated companies changed as follows:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2014	**114**	**228**	**342**
Additions	1	4	5
Disposals/Mergers	8	22	30
Consolidated companies as of December 31, 2014[1]	**107**	**210**	**317**
Additions	11	11	22
Disposals/Mergers	11	31	42
Consolidated companies as of December 31, 2015	**107**	**190**	**297**

[1]This also includes the Spanish entities reported as discontinued operations.

In 2015, a total of 19 domestic and 23 foreign associated companies were accounted for under the equity method (2014: 19 domestic and 35 foreign). One domestic company, reported as a joint operation, was presented pro rata (2014: 1 domestic and 1 foreign company). Significant acquisitions, disposals and discontinued operations are discussed in Note 4.

(4) Acquisitions, Disposals and Discontinued Operations

Discontinued Operations and Assets Held for Sale in 2015

Exploration and Production Business in the North Sea

In November 2014, E.ON had announced the strategic review of its exploration and production business in the North Sea. Because of a firming commitment to divest itself of these activities, E.ON had reported this business as disposal groups as of September 30, 2015.

E.ON had already signed an agreement to sell all of its shares in E.ON Exploration & Production Norge AS ("E.ON E&P Norge"), Stavanger, Norway, to DEA Deutsche Erdoel AG ("DEA"), Hamburg, Germany, in October 2015. The transaction value was \$1.6 billion, including \$0.1 billion in cash and cash equivalents on the balance sheet as of the January 1, 2015, effective date. The transaction resulted in a minimal gain on disposal when it closed in December 2015. The major asset and liability items of these activities, which were held in the Exploration & Production global unit, were goodwill (€0.1 billion), other non-current assets (€0.9 billion) and current assets (€0.2 billion), as well as liabilities (€1.0 billion).

In January 2016, E.ON signed an agreement to sell its British E&P subsidiary E.ON E&P UK Limited, London, United Kingdom, to Premier Oil plc, London, United Kingdom. The base sale price as of the January 1, 2015, effective date was approximately €0.1 billion, or \$0.12 billion. In addition, E.ON retains liquid funds that existed in the company as of the effective date, and also receives other adjustments that will result in the transaction producing an expected net cash inflow of approximately €0.3 billion. As the purchase price for the British E&P business became more certain in the fourth quarter of 2015, a charge was recognized on its goodwill in the amount of approximately €0.1 billion. Held as a disposal group in the Exploration & Production global unit, the major asset and liability items of the British E&P business as of December 31, 2015, were goodwill (€0.1 billion) and other assets (€0.8 billion), as well as liabilities (€0.6 billion). The transaction is expected to close in the second quarter of 2016.

As the disposal process for the North Sea E&P business took greater shape, it already became necessary to perform impairment tests on assets in the third quarter of 2015. These tests resulted in impairments totaling approximately €1 billion, which were partially offset by amortizing deferred tax liabilities to income in the amount of roughly €0.6 billion. In addition, the goodwill of approximately €0.8 billion attributable to these activities was written down by roughly €0.6 billion as of September 30, 2015 (see also Note 14).

Enovos International S.A.

In December 2015, E.ON signed an agreement to sell its 10-percent shareholding in Enovos International S.A., Esch-sur-Alzette, Luxembourg—joining with RWE AG, Essen, Germany, ("RWE") which is also selling its own 18.4-percent stake—to a bidder consortium led by the Grand Duchy of Luxembourg and the independent private investment company Ardian, Paris, France. The carrying amount of the 10-percent shareholding, which is held in the Global Commodities global unit, amounted to approximately €0.1 billion as of December 31, 2015.

The transaction is conditional upon the approval by the Municipal Council of the City of Luxembourg, the Supervisory Board of RWE and the respective antitrust authorities, and is expected to close in the first quarter of 2016. The parties agreed to not disclose the purchase price.

AS Latvijas Gāze

On December 22, 2015, E.ON entered into an agreement to sell 28.974 percent of the shares of its associated shareholding AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à r.l. The carrying amount of the equity interest, which is reported within the Global Commodities global unit, amounted to approximately €0.1 billion as of December 31, 2015. The transaction, which closed in January 2016 at a sale price of approximately €0.1 billion, resulted in a minimal gain on disposal.

Grid Connection Infrastructure for the Humber Gateway Wind Farm

Following the construction and entry into service of the Humber Gateway wind farm in the U.K. North Sea, E.ON is required by regulation to sell to an independent third party the associated grid connection infrastructure currently held by E.ON Climate & Renewables Humber Wind Ltd., Coventry, United Kingdom ("Humber Wind"). Because the disposal process has been initiated and the transaction is expected to close in the 2016 fiscal year, this grid connection infrastructure has been reported as assets held for sale. The carrying amount as of December 31, 2015, was approximately €0.2 billion.

E.ON in Spain

In late November 2014, E.ON entered into contracts with a subsidiary of Macquarie European Infrastructure Fund IV LP (the "Macquarie Fund"), London, United Kingdom, on the sale of its Spanish and Portuguese activities.

The activities sold include all of E.ON's Spanish and Portuguese businesses, including 650,000 electricity and gas customers and electricity distribution networks extending over a total distance of 32,000 kilometers. In addition, the activities include a total generation capacity of 4 GW from coal, gas, and renewable sources in Spain and Portugal. While the Spain regional unit was reported as a discontinued operation, the Spanish generation businesses held in the Generation and Renewables segments have been classified as disposal groups as of November 30, 2014.

The agreed transaction volume for the equity and for the assumption of liabilities and working capital positions was €2.4 billion. The respective classification as discontinued operations and disposal groups required that the Spanish and Portuguese businesses be measured at the agreed purchase price. This remeasurement produced a goodwill impairment of approximately €0.3 billion in 2014.

The following table shows selected financial information from the Spain regional unit now being reported as discontinued operations:

Selected Financial Information—E.ON Spain (Summary)[1]

€ in millions	2015	2014
Sales	324	1,085
Other income/expenses, net	-284	-1,292
Income/Loss from continuing operations before income taxes	**40**	**-207**
Income taxes	–	7
Income/Loss from discontinued operations, net	**40**	**-200**

[1]This does not include the deconsolidation gain/loss.

The transaction closed on March 25, 2015, with a minimal loss on disposal. The disposed asset and liability items of the regional unit now being reported as discontinued operations were property, plant and equipment (€1.0 billion) and current assets (€0.5 billion), as well as provisions (€0.2 billion) and liabilities (€0.7 billion). The major asset items of the generation activities held as a disposal group were property, plant and equipment (€1.1 billion), intangible assets and goodwill (€0.4 billion), financial assets (€0.1 billion) and current assets (€0.4 billion). The liability items consisted primarily of provisions (€0.2 billion) and liabilities (€0.4 billion).

E.ON in Italy

As of December 31, 2014, against the backdrop of specifying its divestment intentions, E.ON reported the Italy regional unit under discontinued operations, and the Italian businesses held in its Generation and Renewables segments—except for the wind-power activities—as disposal groups.

The non-controlling interest in Gestione Energetica Impianti S.p.A. ("GEI"), Crema, Italy, was already sold in December 2014. Also agreed in December 2014 was the disposal of the Italian coal and gas generation assets to the Czech energy company Energetický a Průmyslový Holding ("EPH"), Prague, Czech Republic.

As the disposal process took greater shape, it also became necessary to reexamine the measurement of the Italian businesses on the basis of the expected proceeds on disposal. This remeasurement resulted in an impairment of approximately €1.3 billion as of December 31, 2014, of which roughly €0.1 billion was charged to goodwill and roughly €1.2 billion to other non-current assets.

A contract with F2i SGR S.p.A., Milan, Italy, for the sale of the solar activities held in the Renewables segment was signed and finalized in February 2015. Its major balance sheet items related to property, plant and equipment (€0.1 billion). There were no significant items on the liabilities side. The transaction closed with a minimal gain on disposal.

The disposal of the Italian coal and gas generation assets, which were reported as a disposal group, was finalized in July 2015. The result was a minimal deconsolidation gain. The disposed asset and liability items related to property, plant and equipment (€0.3 billion) and current assets (€0.2 billion) and to liabilities (€0.5 billion).

E.ON additionally signed an agreement in August 2015 to sell its Italian hydroelectric activities to ERG Power Generation S.p.A. ("ERG"), Genoa, Italy, at a purchase price of roughly €1.0 billion. This agreement, which resulted in a minimal gain on disposal, was finalized in December 2015. The major asset and liability items of the activities, which were held as a disposal group in the Renewables global unit, were property, plant and equipment (€0.5 billion), intangible assets (€0.5 billion) and current assets (€0.1 billion), as well as liabilities (€0.2 billion).

E.ON also decided in early August 2015 that it would retain and further develop the electricity and gas distribution business held by the Italy regional unit. Accordingly, because the planned sale was abandoned in the third quarter of 2015, the assets and liabilities and the results reported separately for the discontinued operations had to be reported once again in the individual line items of the balance sheet and the income statement, and the corresponding adjustments had to be made to the cash flow statement. This reverse reclassification resulted in no material impact on consolidated net income.

Esperanto Infrastructure

In late March 2015, E.ON signed an agreement with the Swedish private equity group EQT on the sale of the remaining 49-percent stake in Esperanto Infrastructure. The carrying amount of this Energy from Waste activity held in the Germany regional unit was €0.2 billion. The agreed transaction closed in late April 2015. It produced a gain of approximately €0.1 billion on disposal.

Disposal Groups and Assets Held for Sale in 2014

Magic Valley 1 and Wildcat 1 Wind Farms

As part of its "build and sell" strategy, E.ON agreed to sell an 80-percent interest in a portfolio of two wind farms in the United Sates, Magic Valley 1 and Wildcat 1, to Enbridge Inc., Toronto, Canada, in November 2014. The net purchase price after deduction of liabilities was approximately €0.3 billion. The carrying amount of the property, plant and equipment was approximately €0.5 billion as of December 31, 2014.

The transaction, which closed at the end of December 2014, produced a €0.1 billion gain on disposal. E.ON continues to hold a 20-percent interest and remains the operator of the wind farms.

Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH

In late October 2014, E.ON signed a contract with First State European Diversified Infrastructure Fund ("EDIF"), an investment fund managed by First State Investments, Luxembourg, for the sale of its 50-percent stake in Erdgasversorgungsgesellschaft Thüringen-Sachsen mbH ("EVG"), Erfurt, Germany.

The equity investment was held in the Germany regional unit with a carrying amount of approximately €0.1 billion. The transaction, which also closed in the fourth quarter of 2014, resulted in a gain on disposal of approximately €0.1 billion.

E.ON in Lithuania

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

Swedish Thermal Power Plants

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

City of Prague Municipal Utility

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

Rødsand Offshore Wind Farm

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

(5) Revenues

Revenues are generally recognized upon delivery of goods to purchasers or customers, or upon completion of services rendered. Delivery is considered to have occurred when the risks and rewards associated with ownership have been transferred to the buyer, compensation has been contractually established and collection of the resulting receivable is probable.

Revenues are generated primarily from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets. Additional revenue is earned from the distribution of gas and electricity and from deliveries of steam, heat and water.

Revenues from the sale of electricity and gas to industrial and commercial customers, to retail customers and to wholesale markets are recognized when earned on the basis of a contractual arrangement with the customer or purchaser; they reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of their last meter reading and period-end.

At €116 billion, revenues in 2015 were roughly 3 percent higher than in the previous year. The increase is primarily the result of higher gas sales volumes at the Global Commodities unit.

The classification of revenues by segment is presented in Note 33.

(6) Own Work Capitalized

Own work capitalized amounted to €478 million in 2015 (2014: €345 million) and resulted primarily from capitalized work performed in connection with IT projects, engineering services in networks and new construction projects.

(7) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other Operating Income

€ in millions	2015	2014
Income from exchange rate differences	3,300	2,437
Gain on derivative financial instruments	6,840	6,210
Gain on disposal of equity investments and securities	528	872
Write-ups of non-current assets	404	54
Gain on disposal of property, plant and equipment	107	111
Miscellaneous	2,032	1,296
Total	**13,211**	**10,980**

In general, E.ON employs derivatives to hedge commodity risks as well as currency and interest risks.

Income from exchange rate differences consisted primarily of realized gains from currency derivatives in the amount of €1,943 million (2014: €1,747 million) and from receivables and payables denominated in foreign currency in the amount of €738 million (2014: €359 million). In addition, there were effects from foreign currency translation on the balance sheet date in the amount of €619 million (2014: €331 million).

Gains and losses on derivative financial instruments relate to gains from fair value measurement from derivatives under IAS 39. In this respect there was a significant impact from commodity derivatives in particular, which in 2015 resulted predominantly from the marking to market of gas, coal, electricity and other derivatives. In 2014, there were effects resulting especially from electricity, emissions and gas derivatives.

Write-ups of non-current assets amounted to €404 million (2014: €54 million) and consisted primarily of reversals of impairments from previous years in the amount of €43 million (2014: €0 million) in Italy and €283 million (2014: €0 million) in the United Kingdom.

The gain on the disposal of equity investments and securities consisted primarily of gains of €78 million on the disposal of Esperanto Infrastructure and €42 million on the sale of the

E&P Norge shares, and of purchase price adjustments of €35 million on the Finnish electricity activities (Fennovoima) sold in 2013. In 2014, there were gains of €144 million on the divestiture of Erdgasversorgung Thüringen, €128 million on the disposal of Rødsand 2, €90 million on the sale of the City of Prague Municipal Utility and €69 million on the sale of the stake in Gasum Oy.

Gains were realized on the sale of securities in the amount of €266 million (2014: €203 million).

Miscellaneous other operating income in 2015 included the proceeds of passing on charges for the provision of personnel and services, as well as reimbursements, reversals of valuation allowances on loans and receivables, and additional income relative to the previous year from minority shareholders arising from charges passed on in the context of cost-plus-fee agreements.

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses

€ in millions	2015	2014
Loss from exchange rate differences	3,587	2,937
Loss on derivative financial instruments	6,055	5,305
Taxes other than income taxes	336	351
Loss on disposal of equity investments and securities	86	30
Miscellaneous	4,073	3,289
Total	**14,137**	**11,912**

Losses from exchange rate differences consisted primarily of realized losses from currency derivatives in the amount of €1,928 million (2014: €1,621 million) and from receivables and payables denominated in foreign currency in the amount of €867 million (2014: €575 million). In addition, there were effects from foreign currency translation on the balance sheet date in the amount of €792 million (2014: €741 million).

Miscellaneous other operating expenses included concession payments in the amount of €315 million (2014: €243 million), expenses for external consulting, audit and non-audit services in the amount of €263 million (2014: €222 million), advertising and marketing expenses in the amount of €174 million (2014: €139 million), write-downs of trade receivables in the amount of €332 million (2014: €313 million), rents and leases in the amount of €227 million (2014: €250 million) and other services rendered by third parties in the amount of €609 million (2014: €484 million). Additionally reported in this item, among other things, are IT expenditures, insurance premiums, travel expenses and, in 2015, higher valuation allowances on loan receivables relative to the previous year.

Other operating expenses from exploration activity totaled €48 million (2014: €49 million).

(8) Cost of Materials

The principal components of expenses for raw materials and supplies and for purchased goods are the purchase of gas and electricity and of fuels for electricity generation. Network usage charges are also included in this line item. Expenses for purchased services consist primarily of maintenance costs. The cost of materials increased by €4 billion to €104 billion (2014: €100 billion). The primary cause was an increased expense for gas purchases.

Cost of Materials

€ in millions	2015	2014
Expenses for raw materials and supplies and for purchased goods	101,457	96,996
Expenses for purchased services	2,754	2,920
Total	**104,211**	**99,916**

(9) Financial Results

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

Financial Results € in millions	2015	2014
Income/Loss from companies in which equity investments are held	74	107
Impairment charges/reversals on other financial assets	-84	-91
Income/Loss from equity investments	**-10**	**16**
Income/Loss from securities, interest and similar income[1]	697	881
Available for sale	*421*	*300*
Loans and receivables	*122*	*170*
Held for trading	*38*	*41*
Other interest income	*116*	*370*
Interest and similar expenses[1]	-2,027	-2,692
Amortized cost	*-778*	*-1,070*
Held for trading	*-47*	*-46*
Other interest expenses	*-1,202*	*-1,576*
Net interest income/loss	**-1,330**	**-1,811**
Financial results	**-1,340**	**-1,795**

[1]The measurement categories are described in detail in Note 1.

The improvement in financial results relative to the previous year is primarily attributable to the diminished impact of discount rate changes on other non-current provisions. Also, financial results in the previous year had been affected by non-recurring effects (in connection with prepayment penalties and the reversal of provisions).

Other interest income consists predominantly of income from lease receivables (finance leases) and income from institutional funds. Other interest expenses include the accretion of provisions for asset retirement obligations in the amount of €878 million (2014: €882 million). Also contained in this item is the net interest cost from provisions for pensions in the amount of €115 million (2014: €93 million). No bonds were repaid early in 2015. Accordingly, no prepayment penalties were paid in this respect (2014: €136 million).

Other interest expenses further include the effects on financial results of carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries and of non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, which according to IAS 32 must be recognized as liabilities and amounted to -€9 million (2014: €22 million).

Interest expense was reduced by capitalized interest on debt totaling €179 million (2014: €162 million).

Realized gains and losses from interest rate swaps are shown net on the face of the income statement.

(10) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income Taxes € in millions	2015	2014
Domestic income taxes	-600	-349
Foreign income taxes	221	303
Other income taxes	–	–
Current taxes	**-379**	**-46**
Domestic	1,600	654
Foreign	-386	-38
Deferred taxes	**1,214**	**616**
Total income taxes	**835**	**570**

The tax expense in 2015 amounted to €0.8 billion, compared with €0.6 billion in 2014. In spite of the pre-tax loss there is still a tax expense, and hence a negative effective tax rate of 15 percent (2014: 24 percent). Write-downs that provided no tax relief, as well as material effects from changes in the value of deferred tax assets, were the principal reasons for the change in the effective tax rate in 2015.

Of the amount reported as current taxes, -€963 million is attributable to previous years (2014: -€712 million).

Deferred taxes reported for 2015 resulted from changes in temporary differences, which totaled €695 million (2014: €43 million), loss carryforwards of €498 million (2014: €519 million) and tax credits amounting to €21 million (2014: €54 million).

German legislation providing for fiscal measures to accompany the introduction of the European Company and amending other fiscal provisions ("SE-Steuergesetz" or "SEStEG"), which came into effect on December 13, 2006, altered the regulations on corporate tax credits arising from the corporate imputation system ("Anrechnungsverfahren"), which had existed until 2001. The change de-links the corporate tax credit from distributions of dividends. Instead, after December 31, 2006, an unconditional claim for payment of the credit in ten equal annual installments from 2008 through 2017 has been established. The resulting receivable is included in income tax assets and amounted to €53 million in 2015 (2014: €78 million).

Income tax liabilities consist primarily of income taxes for the respective current year and for prior-year periods that have not yet been definitively examined by the tax authorities.

As of December 31, 2015, €5 million (2014: €27 million) in deferred tax liabilities were recognized for the differences between net assets and the tax bases of subsidiaries and associated companies (the so-called "outside basis differences").

Deferred tax liabilities were not recognized for subsidiaries and associated companies to the extent that the Company can control the reversal effect and that it is therefore probable that temporary differences will not be reversed in the foreseeable future. Accordingly, deferred tax liabilities were not recognized for temporary differences of €466 million (2014: €261 million) at subsidiaries and associated companies, as E.ON is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

Changes in tax rates resulted in tax income of €53 million in total (2014: tax expense of €5 million).

Income taxes relating to discontinued operations (see also Note 4) are reported in the income statement under "Income from discontinued operations, net." In the prior year they amounted to tax income of €7 million.

The prior-year figures have been similarly adjusted to include discontinued operations (see also Note 4).

The base income tax rate of 30 percent applicable in Germany, which is unchanged from the previous year, is composed of corporate income tax (15 percent), trade tax (14 percent) and the solidarity surcharge (1 percent). The differences from the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Taxes / Tax Rate

	2015		2014	
	€ in millions	%	€ in millions	%
Income/Loss from continuing operations before taxes	**-5,543**	**100.0**	**-2,398**	**100.0**
Expected income taxes	-1,663	30.0	-719	30.0
Foreign tax rate differentials	-58	1.0	-87	3.6
Changes in tax rate / tax law	-53	1.0	5	-0.2
Tax effects on tax-free income	-193	3.5	-171	7.1
Tax effects on income from companies accounted for under the equity method	-83	1.5	88	-3.7
Tax effects of goodwill impairment and elimination of negative goodwill	1,582	-28.5	37	-1.5
Tax effects of changes in value and non-recognition of deferred taxes	1,357	-24.5	1,910	-79.7
Tax effects of other taxes on income	-138	2.5	107	-4.5
Tax effects of income taxes related to other periods	12	-0.2	-649	27.1
Other	72	-1.4	49	-2.0
Effective income taxes / tax rate	**835**	**-15.1**	**570**	**-23.8**

Deferred tax assets and liabilities as of December 31, 2015, and December 31, 2014, break down as shown in the following table:

Deferred Tax Assets and Liabilities

€ in millions	December 31, 2015 Tax assets	December 31, 2015 Tax liabilities	December 31, 2014 Tax assets	December 31, 2014 Tax liabilities
Intangible assets	439	898	294	1,007
Property, plant and equipment	325	3,378	264	4,280
Financial assets	162	360	159	521
Inventories	47	23	25	105
Receivables	766	6,910	707	5,708
Provisions	6,262	2,077	7,810	2,255
Liabilities	6,536	1,248	5,698	1,180
Loss carryforwards	1,887	–	2,488	–
Tax credits	18	–	13	–
Other	786	319	651	913
Subtotal	**17,228**	**15,213**	**18,109**	**15,969**
Changes in value	-3,574	–	-1,688	–
Deferred taxes (gross)	**13,654**	**15,213**	**16,421**	**15,969**
Netting	-9,558	-9,558	-10,249	-10,249
Deferred taxes (net)	**4,096**	**5,655**	**6,172**	**5,720**
Current	*2,155*	*2,003*	*1,776*	*1,841*

Of the deferred taxes reported, a total of -€685 million was charged directly to equity in 2015 (2014: -€1,789 million charge). A further €49 million in current taxes (2014: €45 million) was also recognized directly in equity.

Income taxes recognized in other comprehensive income for the years 2015 and 2014 break down as follows:

Income Taxes on Components of Other Comprehensive Income

€ in millions	2015 Before income taxes	2015 Income taxes	2015 After income taxes	2014 Before income taxes	2014 Income taxes	2014 After income taxes
Cash flow hedges	151	-287	-136	-718	211	-507
Available-for-sale securities	-498	3	-495	-262	-48	-310
Currency translation adjustments	-142	-144	-286	-2,530	77	-2,453
Remeasurements of defined benefit plans	1,323	-680	643	-3,299	942	-2,357
Companies accounted for under the equity method	-150	3	-147	-53	3	-50
Total	**684**	**-1,105**	**-421**	**-6,862**	**1,185**	**-5,677**

The declared tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

€ in millions	December 31, 2015	December 31, 2014
Domestic tax loss carryforwards	6,446	7,730
Foreign tax loss carryforwards	9,806	8,699
Total	**16,252**	**16,429**

Since January 1, 2004, domestic tax loss carryforwards can only be offset against a maximum of 60 percent of taxable income, subject to a full offset against the first €1 million. This minimum corporate taxation also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate tax loss carryforwards amounting to €2,231 million (2014: €2,958 million) and trade tax loss carryforwards amounting to €4,215 million (2014: €4,772 million).

The foreign tax loss carryforwards consist of corporate tax loss carryforwards amounting to €7,359 million (2014: €5,616 million) and local income taxes amounting to €2,447 million (2014: €3,083 million). Of the foreign tax loss carryforwards, a significant portion relates to previous years. Deferred taxes were not recognized, or no longer recognized, on a total of €7,144 million (2014: €5,367 million) in tax loss carryforwards that, for the most part, do not expire. Deferred tax assets were no longer recognized on non-expiring domestic corporate tax loss carryforwards of €2,132 million (2014: €3,424 million) or on domestic trade tax loss carryforwards of €4,004 million (2014: €3,888 million). Deferred tax assets also have not been recognized on temporary differences totaling €802 million (2014: €418 million).

As of December 31, 2015, and December 31, 2014, E.ON reported deferred tax assets for companies that incurred losses in the current or the prior-year period that exceed the deferred tax liabilities by €193 million and €3,050 million, respectively. The basis for recognizing deferred tax assets is an estimate by management of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset.

(11) Personnel-Related Information

Personnel Costs

The following table provides details of personnel costs for the periods indicated:

Personnel Costs		
€ in millions	2015	2014
Wages and salaries	3,167	3,231
Social security contributions	511	512
Pension costs and other employee benefits	499	404
Pension costs	*493*	*397*
Total	**4,177**	**4,147**

Personnel costs rose by €30 million to €4,177 million (2014: €4,147 million). The increase was due primarily to higher expenses for occupational retirement benefits, which were offset only in part by lower expenses from restructuring programs and associated cost savings.

Share-Based Payment

The expenses for share-based payment in 2015 (employee stock purchase programs in Germany and the United Kingdom, the E.ON Share Performance Plan, the E.ON Share Matching Plan and the multi-year bonus) amounted to €31.1 million (2014: €50.8 million).

Employee Stock Purchase Program

In 2015, as in 2014, employees at German E.ON Group companies had the opportunity to purchase E.ON shares at preferential terms under a voluntary employee stock purchase program. Employees currently receive a regular matching contribution from the Company of €390 on purchases of shares, which are being offered in five graduated packages, by the November 19, 2015, cut-off date. Because of the planned Uniper spin-off, the employee stock purchase program will be suspended in 2016. Employees were instead granted an additional matching contribution for purchasing shares in 2015. Once the spin-off is completed and Uniper AG is listed on the stock exchange, E.ON plans to resume its employee stock purchase program in 2017 with rules similar to those that had applied until 2014. Depending on the stock package purchased, the employee contribution in 2015 ranged from a minimum of €510 to a maximum of €1,560. The relevant market price of E.ON stock on the cut-off date was €8.90. Depending on the number of shares purchased, the preferential prices paid ranged between €4.51 and €5.78 (2014: between €7.09 and €10.66). The lock-up period for the shares ends on December 31, 2017. The expense of €5.5 million (2014: €4.6 million) arising from granting the preferential prices is recognized as personnel costs and included in the "Wages and salaries" line item.

As part of the voluntary employee stock purchase program, 1,419,934 shares, or 0.07 percent of the capital stock of E.ON SE, were purchased in the open market and distributed to employees in Germany in 2015 (2014: distribution of 919,064 treasury shares, or 0.05 percent of the capital stock of E.ON SE).

Information on the changes in the number of treasury shares held by E.ON SE can be found in Note 19.

Since the 2003 fiscal year, employees in the United Kingdom have the opportunity to purchase E.ON shares through an employee stock purchase program and to acquire additional bonus shares. The expense of issuing these matching shares amounted to €2.1 million in 2015 (2014: €1.9 million) and is also recorded under personnel costs as part of "Wages and salaries."

Long-Term Variable Compensation

Members of the Management Board of E.ON SE and certain executives of the E.ON Group receive share-based payment as part of their voluntary long-term variable compensation. The purpose of such compensation is to reward their contribution to E.ON's growth and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the E.ON Share Performance Plan, which was introduced in 2006 and modified in 2010 and 2011 for subsequent tranches, on the E.ON Share Matching Plan introduced in 2013 and on the multi-year bonus introduced in 2015.

E.ON Share Performance Plan

From 2006 through 2012, E.ON granted virtual shares ("Performance Rights") under the E.ON Share Performance Plan.

Beginning in 2011, grants of Performance Rights required possession of a specified number of E.ON SE shares, which had to be held through the end of the term or until the rights were fully exercised. At the end of its term, each Performance Right is entitled to a cash payout linked to the final E.ON share price established at that time and—under the modified terms of the plan, beginning with the sixth tranche—to the degree to which specific corporate financial measures are achieved over the term. The benchmark is the return on capital, expressed as the return on average capital employed ("ROACE") compared with the weighted-average cost of capital ("WACC"), averaged over the unchanged four-year term of the new tranche. At the same time, starting with the sixth tranche, the maximum payout was further limited to 2.5 times the target value originally set.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements. The plan contains adjustment mechanisms to eliminate the effects of interim corporate actions.

The following are the base parameters of the final tranche active in 2015 under these plan terms:

E.ON Share Performance Rights	
	7th tranche
Date of issuance	Jan. 1, 2012
Term	4 years
Target value at issuance	€17.10
Maximum amount paid	€42.75

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the rights. The provision for the plan as of the balance sheet date is €14.4 million (2014: €31.8 million). The expense for the seventh tranche in the 2015 fiscal year was €1.0 million (2014: €12.4 million).

E.ON Share Matching Plan

Since 2013, E.ON has been granting virtual shares under the E.ON Share Matching Plan. At the end of its four-year term, each virtual share is entitled to a cash payout linked to the final E.ON share price established at that time. The calculation inputs for this long-term variable compensation package are equity deferral, base matching and performance matching.

The equity deferral is determined by multiplying an arithmetic portion of the beneficiary's contractually agreed target bonus by the beneficiary's total target achievement percentage from the previous year. The equity deferral is converted into virtual shares and vests immediately. In the United States, virtual shares were granted in the amount of the equity deferral for the first time in 2015. Beneficiaries are additionally granted virtual shares in the context of base matching and performance matching. For members of the Management Board of E.ON SE, the proportion of base matching to the equity deferral is determined at the discretion of the Supervisory Board; for all other beneficiaries it is 2:1. The performance-matching target value at allocation is equal to that for base matching in terms of amount. Performance matching will result in a payout only on achievement of a minimum performance, based on ROACE, as specified at the beginning of the term by the Management Board and the Supervisory Board.

In 2015, virtual shares from the third tranche were granted in the context of base matching and performance matching exclusively to members of the Management Board of E.ON SE. Executives were instead granted a multi-year bonus, the terms of which are described further below.

The amount paid out under performance matching is equal to the target value at issuance if the E.ON share price is maintained at the end of the term and if the average ROACE performance matches a target value specified by the Management Board and the Supervisory Board. If the average ROACE during the four-year term exceeded the target value, the number of virtual shares granted under performance matching increases up to a maximum of twice the target value. If the average ROACE falls short of the target value, the number of virtual shares, and thus also the amount paid out, decreases. In the event of a defined underperformance, there is no payout under performance matching.

A payout generally will not take place until after the end of the four-year term. This is true even if the beneficiary retires beforehand, or if the beneficiary's contract is terminated on operational grounds or expires during the term. A payout before the end of the term will take place in the event of a change of control or on the death of the beneficiary. If the service or employment relationship ends before the end of the term for reasons within the control of the beneficiary, all virtual shares—except for those that resulted from the equity deferral—expire.

At the end of the term, the sum of the dividends paid to an ordinary shareholder during the term is added to each virtual share. The maximum amount to be paid out to a plan participant is limited to twice the sum of the equity deferral, base matching and the target value under performance matching.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements.

The plan contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The following are the base parameters of the tranches active in 2015 under these plan terms:

E.ON Share Matching Virtual Shares

	3rd tranche	2nd tranche	1st tranche
Date of issuance	Apr. 1, 2015	Apr. 1, 2014	Apr. 1, 2013
Term	4 years	4 years	4 years
Target value at issuance	€13.63	€13.65	€13.31

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the virtual shares. In addition, the change in ROACE is simulated for performance matching. The provision for the first, second and third tranches of the E.ON Share Matching Plan as of the balance sheet date is €52.7 million (2014: €40.6 million). The expense for the first, second and third tranches amounted to €15.8 million in the 2015 fiscal year (2014: €31.9 million).

Multi-Year Bonus

In 2015, E.ON extended to those executives who in previous years had been granted virtual shares in the context of base matching and performance matching a multi-year bonus extending over a term of four years. Beneficiaries were informed individually of the target value of the multi-year bonus.

The amount paid out under the multi-year bonus initially depends on whether the beneficiary works in the Uniper Group or in the E.ON Group after the planned Uniper AG spin-off. For executives in the E.ON Group, the amount paid out is equal to the target value if the E.ON share price at the end of the term is equal to the E.ON share price after the spin-off. For executives in the Uniper Group, the amount paid out is equal to the target value if the Uniper share price at the end of the term is equal to the Uniper share price after the spin-off. If the share price at the end of the term is higher or lower than the share price after the spin-off, the amount paid out relative to the target value will increase or decrease in equal proportion to the change in the share price, but in no event shall the payout be higher than twice the target value.

A payout generally will not take place until after the end of the four-year term. This is true even if the beneficiary retires beforehand, or if the beneficiary's contract is terminated on operational grounds or expires during the term. A payout before the end of the term will take place in the event of a change of control or on the death of the beneficiary. However, the planned Uniper AG spin-off is not treated as a change of control. If the service or employment relationship ends before the end of the term for reasons within the control of the beneficiary, there is no entitlement to a multi-year bonus payout.

60-day average prices are used to determine both the share price after the spin-off and the final price in order to mitigate the effects of incidental, short-lived price movements. The plan contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

For accounting purposes, the target value is used as the basis for as long as the planned Uniper AG spin-off has not yet taken place.

The provision for the multi-year bonus as of the balance sheet date is €6.0 million. The expense amounted to €6.7 million in the 2015 fiscal year.

Employees

During 2015, E.ON employed an average of 56,923 persons (2014: 59,538), not including an average of 1,178 apprentices (2014: 1,321).

The breakdown by segment is shown in the table below:

Employees[1]

	2015	2014
Generation	6,520	8,262
Renewables	1,606	1,699
Global Commodities	1,248	1,264
Exploration & Production	243	234
Germany	11,506	12,000
Other EU Countries[2]	24,823	25,345
Non-EU Countries	5,209	5,232
Group Management/Other[3]	5,768	5,502
Total	**56,923**	**59,538**

[1]Figures do not include board members, managing directors, or apprentices.
[2]Not including the Spanish entities reported as discontinued operations.
[3]Includes E.ON Business Services.

(12) Other Information

German Corporate Governance Code

On December 15, 2015, the Management Board and the Supervisory Board of E.ON SE made a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"). The declaration has been made permanently and publicly accessible to stockholders on the Company's Web site (www.eon.com).

Fees and Services of the Independent Auditor

During 2015 and 2014, the following fees for services provided by the independent auditor of the Consolidated Financial Statements, PricewaterhouseCoopers ("PwC") Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, (domestic) and by companies in the international PwC network were recorded as expenses:

Independent Auditor Fees

€ in millions	2015	2014
Financial statement audits	22	21
Domestic	*15*	*13*
Other attestation services	20	21
Domestic	*15*	*18*
Tax advisory services	1	1
Domestic	–	–
Other services	2	1
Domestic	*2*	–
Total	**45**	**44**
Domestic	*32*	*31*

The fees for financial statement audits concern the audit of the Consolidated Financial Statements and the legally mandated financial statements of E.ON SE and its affiliates.

Fees for other attestation services concern in particular the review of the interim IFRS financial statements. Further included in this item are project-related reviews performed in the context of the introduction of IT and internal control systems, due-diligence services rendered in connection with acquisitions and divestitures, and other mandatory and voluntary audits.

Fees for tax advisory services primarily include advisory on a case-by-case basis with regard to the tax treatment of M&A transactions, ongoing consulting related to the preparation of tax returns and the review of tax assessments, as well as advisory on other tax-related issues, both in Germany and abroad.

Fees for other services consist primarily of technical support in IT and other projects.

List of Shareholdings

The list of shareholdings pursuant to Section 313 (2) HGB is an integral part of these Notes to the Financial Statements and is presented on pages 203 through 215.

(13) Earnings per Share

The computation of basic and diluted earnings per share for the periods indicated is shown below:

Earnings per Share		
€ in millions	2015	2014
Income/Loss from continuing operations	-6,378	-2,968
Less: Non-controlling interests	-620	-25
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**-6,998**	**-2,993**
Income/Loss from discontinued operations, net	1	-162
Less: Non-controlling interests	-2	-5
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**-1**	**-167**
Net income/loss attributable to shareholders of E.ON SE	**-6,999**	**-3,160**
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	-3.60	-1.55
from discontinued operations	0.00	-0.09
from net income/loss	**-3.60**	**-1.64**
Weighted-average number of shares outstanding (in millions)	1,944	1,923

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

(14) Goodwill, Intangible Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets and Property, Plant and Equipment

	Acquisition and production costs						
€ in millions	Jan. 1, 2015	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	Dec. 31, 2015
Goodwill	**12,324**	**174**	**-555**	**0**	**0**	**0**	**11,943**
Marketing-related intangible assets	2	–	–	–	–	–	2
Customer-related intangible assets	591	5	167	–	-47	1	717
Contract-based intangible assets	4,657	-106	-19	84	-17	65	4,664
Technology-based intangible assets	740	5	21	53	-56	32	795
Internally generated intangible assets	155	2	–	24	-15	46	212
Intangible assets subject to amortization	**6,145**	**-94**	**169**	**161**	**-135**	**144**	**6,390**
Intangible assets not subject to amortization	1,454	9	-451	1,532	-1,684	-36	824
Advance payments on intangible assets	223	13	23	362	-8	-287	326
Intangible assets	**7,822**	**-72**	**-259**	**2,055**	**-1,827**	**-179**	**7,540**
Real estate and leasehold rights	2,690	42	89	21	-126	-1	2,715
Buildings	6,674	-47	80	297	-507	60	6,557
Technical equipment, plant and machinery	79,488	932	-1,427	2,830	-6,532	2,860	78,151
Other equipment, fixtures, furniture and office equipment	1,410	10	-14	91	-183	15	1,329
Advance payments and construction in progress	6,441	125	16	1,010	-486	-2,838	4,268
Property, plant and equipment	**96,703**	**1,062**	**-1,256**	**4,249**	**-7,834**	**96**	**93,020**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2015

€ in millions	Generation	Renewables[5]	Global Commodities	Exploration & Production	Germany	Other EU Countries	Russia[6]	Group Management/ Consolidation	E.ON Group
Net carrying amount of goodwill as of January 1, 2015	**4,321**	**1,698**	**1,084**	**1,808**	**796**	**1,248**	**857**	**0**	**11,812**
Changes resulting from acquisitions and disposals	-87	-61	–	–	–	–	–	–	-148
Impairment charges	-4,454	-38	–	-57	–	-25	-212	–	-4,786
Other changes[1]	220	167	1	-834	–	67	-58	–	-437
Net carrying amount of goodwill as of December 31, 2015	**0**	**1,766**	**1,085**	**917**	**796**	**1,290**	**587**	**0**	**6,441**
Growth rate (in %)[2, 3]	0.0	1.5-2.0	1.5	–	1.5	–	4.0	–	–
Cost of capital (in %)[2, 3]	5.2-6.4	4.0-5.5	5.4	10.8	4.3	–	17.2	–	–
Other non-current assets[4]									
Impairment	-1,731	-244	-258	-1,026	-36	-41	-26	–	-3,362
Reversals	334	–	45	–	4	55	7	4	449

[1]Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale. Also included is the goodwill impairment of disposal groups (see also page 147).
[2]Presented here are growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[3]Exploration & Production: growth rate and weighted-average cost of capital indicated solely for Exploration & Production Russia.
[4]Other non-current assets consist of intangible assets and of property, plant and equipment.
[5]The Renewables segment consists of the two cash-generating units EC&R and Hydro. Their net carrying amounts of goodwill as of December 31, 2015, were €1,359 million and €407 million, respectively.
[6]Growth rate and cost of capital before taxes, in local currency.

Accumulated depreciation									Net carrying amounts
Jan. 1, 2015	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2015	Dec. 31, 2015
-512	**32**	**-236**	**0**	**0**	**0**	**-4,786**	**0**	**-5,502**	**6,441**
-2	–	–	–	–	–	–	–	-2	0
-342	-3	-167	-42	47	–	–	34	-473	244
-1,615	20	16	-153	5	-1	-77	–	-1,805	2,859
-571	-5	-26	-76	55	–	–	8	-615	180
-81	-2	-1	-49	13	–	–	–	-120	92
-2,611	**10**	**-178**	**-320**	**120**	**-1**	**-77**	**42**	**-3,015**	**3,375**
-307	4	280	–	97	–	-137	45	-18	806
-22	-2	-5	1	–	–	-14	–	-42	284
-2,940	**12**	**97**	**-319**	**217**	**-1**	**-228**	**87**	**-3,075**	**4,465**
-411	-4	1	-6	11	–	-36	4	-441	2,274
-4,082	-14	-58	-156	457	4	-113	3	-3,959	2,598
-48,815	-499	86	-2,486	6,300	-138	-2,762	348	-47,966	30,185
-1,037	-9	10	-109	175	3	-1	–	-968	361
-1,085	-7	–	-7	395	230	-222	7	-689	3,579
-55,430	**-533**	**39**	**-2,764**	**7,338**	**99**	**-3,134**	**362**	**-54,023**	**38,997**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2015—Presentation of Other EU Countries

€ in millions	UK	Sweden	Czechia	Hungary	Other regional units	Other EU Countries
Net carrying amount of goodwill as of January 1, 2015	**962**	**121**	**50**	**0**	**115**	**1,248**
Changes resulting from acquisitions and disposals	–	–	–	–	–	–
Impairment charges	–	–	–	–	-25	-25
Other changes[1]	59	3	3	–	2	67
Net carrying amount of goodwill as of December 31, 2015	**1,021**	**124**	**53**	**0**	**92**	**1,290**
Other non-current assets[2]						
Impairment	-1	-4	–	-5	-31	-41
Reversals	1	8	–	–	46	55

[1]Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale. Also included is the goodwill impairment of disposal groups (see also page 147).
[2]Other non-current assets consist of intangible assets and of property, plant and equipment.

Goodwill, Intangible Assets and Property, Plant and Equipment

€ in millions	Acquisition and production costs Jan. 1, 2014	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Dec. 31, 2014
Goodwill	**16,062**	**-276**	**-3,462**	**0**	**0**	**0**	**12,324**
Marketing-related intangible assets	3	–	–	–	–	-1	2
Customer-related intangible assets	921	-10	-162	–	-158	–	591
Contract-based intangible assets	6,726	-859	-1,330	115	-19	24	4,657
Technology-based intangible assets	881	-10	-158	28	-30	29	740
Internally generated intangible assets	141	3	1	18	-28	20	155
Intangible assets subject to amortization	**8,672**	**-876**	**-1,649**	**161**	**-235**	**72**	**6,145**
Intangible assets not subject to amortization	1,897	-3	-96	1,723	-2,070	3	1,454
Advance payments on intangible assets	143	8	-13	135	-2	-48	223
Intangible assets	**10,712**	**-871**	**-1,758**	**2,019**	**-2,307**	**27**	**7,822**
Real estate and leasehold rights	2,967	-89	-189	9	-18	10	2,690
Buildings	7,745	-502	-623	96	-87	45	6,674
Technical equipment, plant and machinery	87,231	-960	-11,168	2,072	-584	2,897	79,488
Other equipment, fixtures, furniture and office equipment	1,424	-16	-27	71	-65	23	1,410
Advance payments and construction in progress	7,598	-388	-139	2,412	-47	-2,995	6,441
Property, plant and equipment	**106,965**	**-1,955**	**-12,146**	**4,660**	**-801**	**-20**	**96,703**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2014

€ in millions	Genera-tion	Renew-ables[4]	Global Commodi-ties	Explora-tion & Production	Germany	Other EU Countries	Russia[5]	Group Manage-ment/ Consolida-tion	E.ON Group
Net carrying amount of goodwill as of January 1, 2014	**4,294**	**1,846**	**1,084**	**1,835**	**806**	**1,434**	**1,367**	**0**	**12,666**
Changes resulting from acquisitions and disposals	–	–	–	–	-10	14	–	–	4
Impairment charges	-37	-91	–	–	–	–	–	–	-128
Other changes[1]	64	-57	–	-27	–	-200	-510	–	-730
Net carrying amount of goodwill as of December 31, 2014	**4,321**	**1,698**	**1,084**	**1,808**	**796**	**1,248**	**857**	**0**	**11,812**
Growth rate (in %)[2]	0.0	0.0-2.0	1.5	1.5	–	–	3.5	–	–
Cost of capital (in %)[2]	6.5	5.6-6.1	5.8	7.4	–	–	15.0	–	–
Other non-current assets[3]									
Impairment	-4,249	-170	-93	-372	-24	-47	-23	–	-4,978
Reversals	26	24	205	–	1	1	–	–	257

[1]Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.
[2]Presented here are growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[3]Other non-current assets consist of intangible assets and of property, plant and equipment.
[4]The Renewables segment consists of the two cash-generating units EC&R and Hydro. Their net carrying amounts of goodwill as of December 31, 2014, were €1,292 million and €406 million, respectively.
[5]Growth rate and cost of capital before taxes, in local currency.

Accumulated depreciation									Net carrying amounts
Jan. 1, 2014	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2014	Dec. 31, 2014
-3,396	**1**	**3,011**	**0**	**0**	**0**	**-128**	**0**	**-512**	**11,812**
-1	–	-1	–	–	–	–	–	-2	0
-614	7	147	-39	157	–	–	–	-342	249
-2,199	181	687	-212	7	–	-102	23	-1,615	3,042
-652	9	118	-74	29	–	-1	–	-571	169
-75	-2	1	-25	20	–	–	–	-81	74
-3,541	**195**	**952**	**-350**	**213**	**0**	**-103**	**23**	**-2,611**	**3,534**
-512	-2	–	–	66	–	-62	203	-307	1,147
-11	-2	2	–	–	–	-11	–	-22	201
-4,064	**191**	**954**	**-350**	**279**	**0**	**-176**	**226**	**-2,940**	**4,882**
-386	1	12	-7	4	–	-35	–	-411	2,279
-4,520	159	519	-172	53	12	-133	–	-4,082	2,592
-50,832	398	7,948	-2,944	231	-18	-3,621	23	-48,815	30,673
-1,008	9	31	-107	49	-6	-5	–	-1,037	373
-136	29	14	–	1	7	-1,008	8	-1,085	5,356
-56,882	**596**	**8,524**	**-3,230**	**338**	**-5**	**-4,802**	**31**	**-55,430**	**41,273**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2014—Presentation of Other EU Countries

€ in millions	UK	Sweden	Czechia	Hungary	Other regional units	Other EU Countries
Net carrying amount of goodwill as of January 1, 2014	**899**	**132**	**43**	**0**	**360**	**1,434**
Changes resulting from acquisitions and disposals	–	-3	8	–	9	14
Impairment charges	–	–	–	–	–	–
Other changes[1]	63	-8	-1	–	-254	-200
Net carrying amount of goodwill as of December 31, 2014	**962**	**121**	**50**	**0**	**115**	**1,248**
Other non-current assets[2]						
Impairment	-11	0	–	0	-36	-47
Reversals	–	1	–	–	–	1

[1]Other changes include restructuring, transfers and exchange rate differences, as well as reclassifications to assets held for sale.
[2]Other non-current assets consist of intangible assets and of property, plant and equipment.

Goodwill and Non-Current Assets

The changes in goodwill within the segments, as well as the allocation of impairments and their reversals to each reportable segment, are presented in the tables on pages 142 through 145.

Impairments

IFRS 3 prohibits the amortization of goodwill. Instead, goodwill is tested for impairment at least annually at the level of the cash-generating units. Goodwill must also be tested for impairment at the level of individual cash-generating units between these annual tests if events or changes in circumstances indicate that the recoverable amount of a particular cash-generating unit might be impaired. Intangible assets subject to amortization and property, plant and equipment must generally be tested for impairment whenever there are particular events or external circumstances indicating the possibility of impairment.

To perform the impairment tests, the Company first determines the fair values less costs to sell of its cash-generating units. In the absence of binding sales transactions or market prices for the respective cash-generating units, fair values are calculated based on discounted cash flow methods.

Valuations are based on the medium-term corporate planning authorized by the Management Board. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. In certain justified exceptional cases, a longer detailed planning period of ten years is used as the calculation basis, especially when that is required under a regulatory framework or specific regulatory provisions. The cash flow assumptions extending beyond the detailed planning period are determined using segment-specific growth rates that are based on historical analysis and prospective forecasting. The growth rates used in 2015 generally correspond to the inflation rates in each of the currency areas where the cash-generating units are tested. In 2015, the inflation rate used for the euro area was 1.5 percent (2014: 1.5 percent). A general growth rate of 2 percent was applied for the Renewables segment in the 2014 fiscal year. The Generation and Hydro units are using a growth rate of 0 percent. The interest rates used for discounting cash flows are calculated using market data for each cash-generating unit, and as of December 31, 2015, ranged between 4.0 and 10.8 percent after taxes (2014: 4.8 and 8.3 percent).

The principal assumptions underlying the determination by management of recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, E.ON's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital. These assumptions are based on market data and on internal estimates

E.ON has made the general assumption in 2015 that the market will not return to an equilibrium free from regulatory elements. Appropriate compensation elements were taken into account.

The above discussion applies accordingly to the testing for impairment of intangible assets and of property, plant and equipment, and of groups of these assets. In the Generation segment, for example, the tests are based on the respective remaining useful life and on other plant-specific valuation parameters. If the goodwill of a cash-generating unit is combined with assets or groups of assets for impairment testing, the assets must be tested first.

The recoverable amount primarily used to test a business for impairment is the fair value less costs to sell; at the Russia focus region, however, the recoverable amount is based on the value in use. The value in use for the Russia region is determined in local currency and according to the regulatory framework over a detailed planning period of 15 years. The pre-tax cost of capital of this cash-generating unit is 17.2 percent (after-tax interest rate: 13.7 percent; 2014: 15 and 12 percent, respectively); the growth rate is 4 percent (2014: 3.5 percent).

The goodwill impairment testing performed in 2015 necessitated the recognition of impairment charges totaling €4.8 billion (2014: €0 million). The most substantial individual issue in terms of amount, at €4.5 billion, was the total write-down of all goodwill in the Generation global unit to its recoverable amount of €6.9 billion. This total write-down is primarily attributable to a deterioration in projected earnings. In addition, goodwill was written down by roughly €0.2 billion in the focus region Russia. This unit was written down to a recoverable amount of €2.7 billion, likewise because of a deterioation in projected earnings.

In connection with initiated sales, impairments were recognized on goodwill in the disposal group in the amount of roughly €0.7 billion relating to the U.K. and Norwegian North Sea businesses of the Exploration & Production unit on the basis of the expected purchase prices.

The goodwill of all cash-generating units whose respective goodwill as of the balance sheet date is material in relation to the total carrying amount of all goodwill shows a surplus of recoverable amounts over the respective carrying amounts and, therefore, based on current assessment of the economic situation, only a significant change in the material valuation parameters would necessitate the recognition of goodwill impairment. In the Russia cash-generating unit, on which a goodwill impairment charge was recognized in 2015, every deterioration of any of the material assumptions used by management to determine the recoverable amount of the cash-generating unit would further increase the deficit between the recoverable amount and the carrying amount. An increase in the cost of capital by one percentage point, for example, would thus necessitate an additional impairment charge of €0.2 billion on goodwill. In the Exploration & Production Russia unit, an increase in the cost of capital by one percentage point would necessitate an additional impairment charge of €0.1 billion on goodwill, and a lowering of the principal commodity price assumption by 10 percentage points would necessitate an additional impairment charge of €0.3 billion on goodwill.

A total of €3.1 billion in impairments was charged to property, plant and equipment. Material impairment charges were attributable to the Generation global unit, in the amount of €1.7 billion, and to the Exploration & Production global unit, in the amount of €0.9 billion (see also Note 4). Within the Generation global unit, property, plant and equipment was written down in several countries as a consequence of lower expected power sales. The most substantial individual impairments in terms of amount related to one conventional power plant in France at €0.4 billion and one in the United Kingdom at €0.2 billion, and to one conventional power plant in Germany and one in the Netherlands at €0.2 billion each. This resulted in recoverable amounts of €0.1 billion, €0.6 billion, €1.1 billion and €1.5 billion, respectively, in France, the United Kingdom, Germany and the Netherlands. Furthermore, a gas storage facility within the Global Commodities unit was written down by €0.2 billion to a recoverable amount of €0.1 billion.

Impairments charged to intangible assets amounted to €0.2 billion in total. This is primarily attributable to the developments in the Exploration & Production segment (€0.1 billion).

Because impairments were recognized on a number of items of property, plant and equipment in previous years, and particularly on generation assets, the assets involved were particularly sensitive in subsequent years to future changes in the principal assumptions used to determine their recoverable amounts. Reversals of impairments recognized in previous years amounted to €0.4 billion in 2015. The greatest impairment reversal in terms of amount related to a power plant in the United Kingdom, which was written up by €0.2 billion to a recoverable amount of €1 billion. Responsible for this reversal were changed expectations regarding price developments for carbon allowances in the United Kingdom.

Goodwill impairment testing performed in 2014 had necessitated no recognition of impairment charges. However, impairments on goodwill were recognized in connection with initiated disposals in the amount of €382 million.

In the 2014 fiscal year, impairments were recognized on property, plant and equipment in the amount of €4,802 million. The most substantial individual issue in terms of amount, at €990 million, relates to two nuclear generation units in Sweden, which were written down in the fourth quarter to a recoverable amount of €22 million. The primary reasons for this charge were lower expected power sales, the additional investment needed to fulfill government-mandated safety specifications for long-term operation and the associated review of the potential useful life of the units. Further material impairment charges were recognized at the Generation global unit in the United Kingdom, of which the largest in terms of amount related to two conventional power plants. These were written down by €441 million and €392 million, respectively, to recoverable amounts of €651 million and €0 million. The main reason for this impairment was the reduction of market spreads.

In addition, a Swedish thermal power plant was fully written down by an amount of €320 million because it is expected that the facility will be rendered economically inoperable as a consequence of environmental specifications. Moreover, conventional generation capacity was written down by €1.2 billion in the context of the divestment process in Italy.

Impairments on intangible assets amounted to €176 million in 2014. Of this amount, €102 million was attributable to the Renewables segment.

Reversals of all impairments recognized in previous years totaled €257 million in 2014, of which €203 million was attributable to emission rights.

Intangible Assets

In 2015, the Company recorded an amortization expense of €319 million (2014: €350 million). Impairment charges on intangible assets amounted to €228 million in 2015 (2014: €176 million).

Reversals of impairments on intangible assets totaled €87 million in 2015 (2014: €226 million). Of this amount, €45 million is attributable to price effects in carbon allowances.

Intangible assets include emission rights from different trading systems with a carrying amount of €442 million (2014: €447 million).

€34 million in research and development costs as defined by IAS 38 were expensed in 2015 (2014: €30 million).

As of December 31, 2015, this presentation includes no intangible assets from exploration activity (2014: €299 million). These are presented as assets held for sale as of the reporting date (see also Note 4). Impairment charges of €136 million (2014: €47 million) were recognized on these intangible assets.

Property, Plant and Equipment

Borrowing costs in the amount of €179 million were capitalized in 2015 (2014: €162 million) as part of the historical cost of property, plant and equipment.

In 2015, the Company recorded depreciation of property, plant and equipment in the amount of €2,764 million (2014: €3,230 million). Impairment charges, including those relating to the issues already mentioned, were recognized on property, plant and equipment in the amount of €3,134 million (2014: €4,802 million). A total of €362 million in reversals of impairments on property, plant and equipment was recognized in 2015 (2014: €31 million).

In 2015 there were restrictions on disposals involving primarily land and buildings, as well as technical equipment and machinery, in the amount of €1,434 million (2014: €1,926 million).

Certain gas storage facilities, supply networks and power plants are utilized under finance leases and capitalized in the E.ON Consolidated Financial Statements because the economic ownership of the assets leased is attributable to E.ON.

The property, plant and equipment thus capitalized had the following carrying amounts as of December 31, 2015:

E.ON as Lessee—Carrying Amounts of Capitalized Lease Assets

	December 31,	
€ in millions	2015	2014
Land	4	4
Buildings	29	8
Technical equipment, plant and machinery	717	725
Other equipment, fixtures, furniture and office equipment	93	103
Net carrying amount of capitalized lease assets	**843**	**840**

Some of the leases contain price-adjustment clauses, as well as extension and purchase options. The corresponding payment obligations under finance leases are due as shown below:

E.ON as Lessee—Payment Obligations under Finance Leases

	Minimum lease payments		Covered interest share		Present values	
€ in millions	2015	2014	2015	2014	2015	2014
Due within 1 year	103	100	57	56	46	44
Due in 1 to 5 years	397	390	222	217	175	173
Due in more than 5 years	1,357	1,341	751	745	606	596
Total	**1,857**	**1,831**	**1,030**	**1,018**	**827**	**813**

The present value of the minimum lease obligations is reported under liabilities from leases.

Regarding future obligations under operating leases where economic ownership is not transferred to E.ON as the lessee, see Note 27.

E.ON also functions in the capacity of lessor. Contingent lease payments received totaled €30 million (2014: €57 million). Future lease installments receivable under operating leases are due as shown in the table at right:

E.ON as Lessor—Operating Leases

€ in millions	2015	2014
Nominal value of outstanding lease installments		
Due within 1 year	14	13
Due in 1 to 5 years	21	23
Due in more than 5 years	12	11
Total	**47**	**47**

See Note 17 for information on receivables from finance leases.

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

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets

	December 31, 2015			December 31, 2014		
€ in millions	E.ON Group	Associates[1]	Joint ventures[1]	E.ON Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	4,536	2,092	2,444	5,009	2,423	2,586
Equity investments	1,202	278	10	1,573	245	9
Non-current securities	4,724	–	–	4,781	–	–
Total	**10,462**	**2,370**	**2,454**	**11,363**	**2,668**	**2,595**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

Companies accounted for under the equity method consist solely of associates and joint ventures.

The amount shown for non-current securities relates primarily to fixed-income securities.

In 2015, impairment charges on companies accounted for under the equity method amounted to €120 million (2014: €491 million).

In 2014, these impairments included €467 million relating to a Brazilian equity investment in the Other Non-EU Countries segment. The principal causes of these impairments were the investee's operational challenges and the development of its stock price, as well as the company's filing for legal protection from creditors in order to facilitate the reorganization of its capital structure and the elevated financing costs that are associated with such restructuring. The recoverable amount, which was determined during the year in terms of both value in use and fair value, was of minimal significance as of December 31, 2014, in light of the bankruptcy filing.

Impairments on other financial assets amounted to €72 million (2014: €72 million). The carrying amount of other financial assets with impairment losses was €376 million as of the end of the fiscal year (2014: €337 million).

€623 million (2014: €729 million) in non-current securities is restricted for the fulfillment of legal insurance obligations of Versorgungskasse Energie ("VKE") (see Note 31).

Shares in Companies Accounted for under the Equity Method

The carrying amounts of the immaterial associates accounted for under the equity method totaled €1,045 million (2014: €1,019 million), and those of the joint ventures totaled €371 million (2014: €384 million).

Investment income generated from companies accounted for under the equity method amounted to €305 million in 2015 (2014: €301 million).

The following table summarizes significant line items of the aggregated statements of comprehensive income of the associates and joint ventures that are accounted for under the equity method:

Summarized Financial Information for Individually Non-Material Associates and Joint Ventures Accounted for under the Equity Method

	Associates		Joint ventures		Total	
€ in millions	2015	2014	2015	2014	2015	2014
Proportional share of net income from continuing operations	125	136	44	-478	169	-342
Proportional share of other comprehensive income	3	-5	-10	10	-7	5
Proportional share of total comprehensive income	**128**	**131**	**34**	**-468**	**162**	**-337**

The tables below show significant line items of the aggregated balance sheets and of the aggregated statements of comprehensive income of the material companies accounted for under the equity method. The material associates in the E.ON Group are Nord Stream AG, OAO Severneftegazprom, Gasag Berliner Gaswerke AG and Západoslovenská energetika a.s.

The Group adjustments presented are primarily attributable to the goodwill and hidden reserves created in the context of acquisitions, and to adjustments made in line with the accounting policies applicable throughout the E.ON Group.

Material Associates—Balance Sheet Data as of December 31

	Nord Stream AG		OAO Severneftegazprom		Gasag Berliner Gaswerke AG		Západoslovenská energetika a.s.	
€ in millions	2015	2014	2015	2014	2015	2014	2015	2014
Non-current assets	6,234	6,502	949	1,025	1,824	1,796	736	703
Current assets	606	664	269	220	313	443	136	136
Current liabilities (including provisions)	506	508	107	61	400	413	159	163
Non-current liabilities (including provisions)	4,596	5,109	389	432	1,034	1,121	751	739
Equity	1,738	1,549	722	752	703	705	-38	-63
Ownership interest (in %)	15.50	15.50	25.00	25.00	36.85	36.85	49.00	49.00
Proportional share of equity	269	240	181	188	259	260	-19	-31
Consolidation adjustments	89	95	-1	9	58	56	212	216
Carrying amount of equity investment	**358**	**335**	**180**	**197**	**317**	**316**	**193**	**185**

Material Associates—Earnings Data

	Nord Stream AG		OAO Severneftegazprom		Gasag Berliner Gaswerke AG		Západoslovenská energetika a.s.	
€ in millions	2015	2014	2015	2014	2015	2014	2015	2014
Sales	1,080	1,074	415	371	1,054	1,099	1,009	1,013
Net income/loss from continuing operations	395	346	114	67	52	33	88	87
Dividend paid out	321	535	29	41	31	57	–	52
Other comprehensive income	116	-219	–	–	-12	-39	1	-1
Total comprehensive income	511	127	114	67	40	-6	89	86
Ownership interest (in %)	15.50	15.50	25.00	25.00	36.85	36.85	49.00	49.00
Proportional share of total comprehensive income after taxes	79	20	29	17	15	-2	43	42
Proportional share of net income after taxes	61	54	29	17	19	12	43	43
Consolidation adjustments	-5	2	-16	-8	-3	-5	-5	-1
Equity-method earnings	**56**	**56**	**13**	**9**	**16**	**7**	**38**	**42**

Presented in the tables below are significant line items of the aggregated balance sheets and of the aggregated income statements of the sole joint venture accounted for under the equity method, Enerjisa Enerji A.Ş.:

Material Joint Venture—Balance Sheet Data as of December 31

	Enerjisa Enerji A.Ş.	
€ in millions	2015	2014
Non-current assets	7,251	7,441
Current assets	1,304	1,138
Current liabilities (including provisions)	2,000	1,678
Non-current liabilities (including provisions)	3,464	3,923
Cash and cash equivalents	81	78
Current financial liabilities	1,226	979
Non-current financial liabilities	2,741	3,146
Equity	3,091	2,978
Ownership interest (in %)	50	50
Proportional share of equity	1,545	1,489
Consolidation adjustments	528	713
Carrying amount of equity investment	**2,073**	**2,202**

Material Joint Venture—Earnings Data

	Enerjisa Enerji A.Ş.	
€ in millions	2015	2014
Sales	3,725	3,880
Net income/loss from continuing operations	90	-57
Write-downs (and reversals)	-60	-27
Interest income/expense	-233	-272
Income taxes	-47	-17
Dividend paid out	–	–
Other comprehensive income	12	3
Total comprehensive income	102	-54
Ownership interest (in %)	50	50
Proportional share of total comprehensive income after taxes	51	-27
Proportional share of net income after taxes	45	-29
Consolidation adjustments	-48	-16
Equity-method earnings	**-3**	**-45**

The material associates and the material joint venture are active in diverse areas of the gas and electricity industries. Disclosures of company names, registered offices and equity interests as required by IFRS 12 for material joint arrangements and associates can be found in the list of shareholdings pursuant to Section 313 (2) HGB (see Note 36).

The carrying amounts of companies accounted for under the equity method whose shares are marketable totaled €82 million in 2015 (2014: €212 million). The fair value of E.ON's share in these companies was €84 million (2014: €227 million).

Investments in associates totaling €538 million (2014: €532 million) were restricted because they were pledged as collateral for financing as of the balance sheet date.

There are no further material restrictions apart from those contained in standard legal and contractual provisions.

(16) Inventories

The following table provides a breakdown of inventories as of the dates indicated:

Inventories

€ in millions	December 31, 2015	December 31, 2014
Raw materials and supplies	1,454	1,821
Goods purchased for resale	978	1,432
Work in progress and finished products	114	103
Total	**2,546**	**3,356**

Raw materials, goods purchased for resale and finished products are generally valued at average cost.

Write-downs totaled €309 million in 2015 (2014: €101 million). Reversals of write-downs amounted to €21 million in 2015 (2014: €11 million).

No inventories have been pledged as collateral.

(17) Receivables and Other Assets

The following table lists receivables and other assets by remaining time to maturity as of the dates indicated:

Receivables and Other Assets

€ in millions	December 31, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Receivables from finance leases	45	564	43	602
Other financial receivables and financial assets	1,448	3,007	1,333	2,931
Financial receivables and other financial assets	**1,493**	**3,571**	**1,376**	**3,533**
Trade receivables	11,213	–	11,800	–
Receivables from derivative financial instruments	11,108	5,102	10,199	3,517
Other operating assets	3,010	432	2,312	430
Trade receivables and other operating assets	**25,331**	**5,534**	**24,311**	**3,947**
Total	**26,824**	**9,105**	**25,687**	**7,480**

In 2015, there were unguaranteed residual values of €14 million (2014: €18 million) due to E.ON as lessor under finance leases. Some of the leases contain price-adjustment clauses, as well as extension and purchase options. As of December 31, 2015, other financial assets include receivables from owners of non-controlling interests in jointly owned power plants of €303 million (2014: €283 million) and margin account deposits for futures trading of €389 million (2014: €301 million). In addition, based on the provisions of IFRIC 5, other financial assets include a claim for a refund from the Swedish Nuclear Waste Fund in the amount of €2,281 million (2014: €1,879 million) in connection with the decommissioning of nuclear power plants and nuclear waste disposal. Since this asset is designated for a particular purpose, E.ON's access to it is restricted.

The aging schedule of trade receivables is presented in the table below:

Aging Schedule of Trade Receivables

€ in millions	2015	2014
Not impaired and not past-due	10,387	10,908
Not impaired and past-due by	715	844
up to 60 days	*440*	*681*
61 to 90 days	*70*	*22*
91 to 180 days	*101*	*44*
181 to 360 days	*73*	*32*
more than 360 days	*31*	*65*
Net value of impaired receivables	111	48
Total trade receivables	**11,213**	**11,800**

The individual impaired receivables are due from a large number of retail customers from whom it is unlikely that full repayment will ever be received. Receivables are monitored within the various units.

Valuation allowances for trade receivables have changed as shown in the following table:

Valuation Allowances for Trade Receivables

€ in millions	2015	2014
Balance as of January 1	**-952**	**-1,065**
Change in scope of consolidation	-47	134
Write-downs	-332	-313
Reversals of write-downs	89	64
Disposals	277	219
Other[1]	-13	9
Balance as of December 31	**-978**	**-952**

[1] "Other" includes also currency translation adjustments.

Receivables from finance leases are primarily the result of certain electricity delivery contracts that must be treated as leases according to IFRIC 4. The nominal and present values of the outstanding lease payments have the following due dates:

E.ON as Lessor—Finance Leases

€ in millions	Gross investment in finance lease arrangements 2015	Gross investment in finance lease arrangements 2014	Unrealized interest income 2015	Unrealized interest income 2014	Present value of minimum lease payments 2015	Present value of minimum lease payments 2014
Due within 1 year	99	104	55	60	44	44
Due in 1 to 5 years	368	381	185	198	183	183
Due in more than 5 years	552	637	170	219	382	418
Total	**1,019**	**1,122**	**410**	**477**	**609**	**645**

The present value of the outstanding lease payments is reported under receivables from finance leases.

(18) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds

	December 31,	
€ in millions	2015	2014
Securities and fixed-term deposits	2,078	1,812
Current securities with an original maturity greater than 3 months	*2,020*	*1,749*
Fixed-term deposits with an original maturity greater than 3 months	*58*	*63*
Restricted cash and cash equivalents	923	1,064
Cash and cash equivalents	5,189	3,191
Total	**8,190**	**6,067**

In 2015, there was €4 million in restricted cash (2014: €1 million) with a maturity greater than three months.

Current securities with an original maturity greater than three months include €435 million (2014: €265 million) in securities held by VKE that are restricted for the fulfillment of legal insurance obligations (see Note 31).

Cash and cash equivalents include €4,404 million (2014: €2,434 million) in checks, cash on hand and balances in Bundesbank accounts and at other financial institutions with an original maturity of less than three months, to the extent that they are not restricted.

(19) Capital Stock

The capital stock is subdivided into 2,001,000,000 registered shares with no par value ("no-par-value shares") and amounts to €2,001,000,000 (2014: €2,001,000,000). The capital stock of the Company was provided by way of conversion of E.ON AG into a European Company ("SE").

Pursuant to a resolution by the Annual Shareholders Meeting of May 3, 2012, the Company is authorized to purchase own shares until May 2, 2017. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel any shares thus acquired without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of December 31, 2015, was 1,952,396,600 (December 31, 2014: 1,932,736,845). As of December 31, 2015, E.ON SE and one of its subsidiaries held a total of 48,603,400 treasury shares (December 31, 2014: 68,263,155) having a book value of €1,714 million (equivalent to 2.43 percent or €48,603,400 of the capital stock).

As part of the scrip dividend for the 2014 fiscal year, shareholder cash dividend entitlements totaling €260 million (2014: €305 million) were settled through the issue and distribution of 19,615,021 (2014: 24,008,788) treasury shares. The issue of treasury shares reduced by €787 million (2014: €964 million) the valuation allowance for treasury shares, which is measured at historical cost. Conversely, additional paid-in capital was reduced by €520 million (2014: €649 million). This amount represents the difference between the historical cost and the subscription price of the shares. The discount of €7 million (2014: €9 million) granted on the current share price is charged to retained earnings.

An additional 1,670,000 shares were purchased in the open market for the employee stock purchase program in December 2015 at a purchase price of €14,687,503.83. This corresponds to 0.08 percent or a computed share of €1,670,000 of the capital stock. A total of 1,419,934 shares were distributed to employees for the 2015 employee stock purchase program (2014: 919,064 treasury shares used). See also Note 11 for information on the distribution of shares under the employee stock purchase program. A further 1,065 treasury shares (2014: 630 shares) were distributed as bonuses to eligible employees. Another 293,735 shares were sold in the open market in December.

The Company has further been authorized by the Annual Shareholders Meeting to buy shares using put or call options, or a combination of both. When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted at market terms with a financial institution or on the market. No shares were acquired in 2015 using this purchase model.

Authorized Capital

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

Conditional Capital

At the Annual Shareholders Meeting of May 3, 2012, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of €175 million, which is authorized until May 2, 2017. The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights and income bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG, and to the extent that no cash settlement has been granted in lieu of conversion and no E.ON SE treasury shares or shares of another listed company have been used to service the rights. However, this conditional capital increase only applies up to the amount and number of shares in which the conditional capital pursuant to Section 3 of the Articles of Association of E.ON AG has not yet been implemented at the point in time when the conversion of E.ON AG into a European company ("SE") becomes effective in accordance with the conversion plan dated March 6, 2012. The conditional capital has not been used.

Voting Rights

The following notices pursuant to Section 21 (1) of the German Securities Trading Act ("WpHG") concerning changes in voting rights have been received:

Information on Stockholders of E.ON SE

Stockholder	Date of notice	Threshold exceeded	Gained voting rights on	Allocation	Voting rights	
					Percentages	Absolute
BlackRock Inc. Wilmington, U.S.	Dec. 23, 2015	5%	Dec. 21, 2015	indirect	6.59	131,779,688

(20) Additional Paid-in Capital

Additional paid-in capital declined by €519 million during 2015, to €12,558 million (2014: €13,077 million). The reduction of additional paid-in capital is primarily due to the issue of treasury shares as part of the scrip dividend. Additional paid-in capital was reduced by €520 million (2014: €649 million) in this context. This amount represents the difference between the historical cost and the subscription price of the shares. The change further includes the loss realized on the sale of shares distributed to eligible employees of the E.ON Group under the employee stock purchase program.

(21) Retained Earnings

The following table breaks down the E.ON Group's retained earnings as of the dates indicated:

Retained Earnings

	December 31,	
€ in millions	2015	2014
Legal reserves	45	45
Other retained earnings	9,374	16,797
Total	**9,419**	**16,842**

Under German securities law, E.ON SE shareholders may receive distributions from the balance sheet profit of E.ON SE reported as available for distribution in accordance with the German Commercial Code.

As of December 31, 2015, these German-GAAP retained earnings totaled €3,673 million (2014: €6,540 million). Of this amount, legal reserves of €45 million (2014: €45 million) are restricted pursuant to Section 150 (3) and (4) AktG.

In order to fulfill retirement benefit obligations, funds have been invested as restricted, bankruptcy-remote assets in fund units administered in trust by E.ON Pension Trust e.V. and by Pensionsabwicklungstrust e.V., both registered in Düsseldorf, Germany. In accordance with Section 253 (1) HGB, these investments are measured at fair value, which stood at €232 million as of the balance sheet date and exceeded by €1 million their cost of €231 million. The €1 million difference is composed of €1.6 million in increases in value and €0.9 million in decreases in value. Taking into account deferred tax assets of €0.5 million, increases in value totaled €2.1 million and decreases in value totaled €0.9 million. This surplus is fully covered by a sufficient amount of available reserves. Accordingly, there is no restriction preventing payment in 2016 of the proposed dividend distribution of €976 million.

Accordingly, the amount of retained earnings available for distribution in principle is €3,626 million (2014: €6,487 million).

A proposal to distribute a cash dividend for 2015 of €0.50 per share will be submitted to the Annual Shareholders Meeting. For 2014, shareholders at the May 7, 2015, Annual Shareholders Meeting voted to distribute a dividend of €0.50 for each dividend-paying ordinary share. Based on a €0.50 dividend, the total profit distribution is €976 million (2014: €966 million).

As in the previous year, shareholders in 2015 could once again choose between having their cash dividend entitlement settled entirely in cash and converting part of it into E.ON shares. Accounting for a participation rate of roughly 37 percent, 19,615,021 treasury shares were issued for distribution. This reduced the cash distribution to €706 million.

(22) Changes in Other Comprehensive Income

The table at right illustrates the share of OCI attributable to companies accounted for under the equity method:

Share of OCI Attributable to Companies Accounted for under the Equity Method

€ in millions	2015	2014
Balance as of December 31 (before taxes)	**-875**	**-725**
Taxes	7	4
Balance as of December 31 (after taxes)	**-868**	**-721**

(23) Non-Controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table:

Non-Controlling Interests

€ in millions	December 31, 2015	2014
Generation	172	-29
Renewables	351	196
Global Commodities	–	–
Exploration & Production	1	1
Germany	1,321	1,096
Other EU Countries	374	427
Russia	166	220
Group Management/Consolidation	263	217
Total	**2,648**	**2,128**

The increase in non-controlling interests in 2015 resulted primarily from other operating income in Sweden in the Generation global unit and from a share sale in the Renewables segment.

The table below illustrates the share of OCI that is attributable to non-controlling interests:

Share of OCI Attributable to Non-Controlling Interests

€ in millions	Cash flow hedges	Available-for-sale securities	Currency translation adjustments	Remeasurements of defined benefit plans
Balance as of January 1, 2014	**2**	**22**	**-294**	**-52**
Changes	2	4	-296	-186
Balance as of December 31, 2014	**4**	**26**	**-590**	**-238**
Changes	2	-21	-41	92
Balance as of December 31, 2015	**6**	**5**	**-631**	**-146**

Subsidiaries with material non-controlling interests are active in diverse areas of the gas and electricity industries. Disclosures of company names, registered offices and equity interests as required by IFRS 12 for subsidiaries with material non-controlling interests can be found in the list of shareholdings pursuant to Section 313 (2) HGB (see Note 36).

The following tables provide a summary overview of cash flow and significant line items of the aggregated income statements and of the aggregated balance sheets of subsidiaries with material non-controlling interests:

Subsidiaries with Material Non-Controlling Interests—Balance Sheet Data as of December 31

	E.ON România Group		E.ON Russia Group		Avacon Group	
€ in millions	2015	2014	2015	2014	2015	2014
Non-controlling interests in equity	356	359	166	220	721	604
Non-controlling interests in equity (in %)[1]	24.8	9.8	16.3	16.3	38.5	36.9
Dividends paid out to non-controlling interests	–	–	42	76	60	63
Operating cash flow	229	118	342	477	237	340
Non-current assets	969	888	2,767	3,191	2,898	2,822
Current assets	586	562	234	324	282	658
Non-current liabilities	241	209	270	271	1,341	1,495
Current liabilities	335	348	110	94	392	831

[1]Non-controlling interests in the lead company of the respective group; share of segment in Romania.

Subsidiaries with Material Non-Controlling Interests—Earnings Data

	E.ON România Group		E.ON Russia Group		Avacon Group	
€ in millions	2015	2014	2015	2014	2015	2014
Share of earnings attributable to non-controlling interests	45	55	37	58	110	120
Sales	1,202	1,168	1,123	1,518	3,148	3,144
Net income/loss	115	121	15	355	271	306
Comprehensive income	110	126	-271	-1,509	270	302

There are no major restrictions beyond those under customary corporate or contractual provisions. Foreign-exchange transactions out of the Russian Federation may be restricted in certain cases.

(24) Provisions for Pensions and Similar Obligations

The retirement benefit obligations toward the active and former employees of the E.ON Group, which amounted to €17.9 billion, were covered by plan assets having a fair value of €13.7 billion as of December 31, 2015. This corresponds to a funded status of 77 percent.

In addition to the reported plan assets, VKE, which is included in the Consolidated Financial Statements, administers another fund holding assets of €1.1 billion (2014: €1.0 billion) that do not constitute plan assets under IAS 19 but which are mostly intended for the coverage of retirement benefit obligations at E.ON Group companies in Germany (see Note 31).

The present value of the defined benefit obligations, the fair value of plan assets and the net defined benefit liability (funded status) are presented in the following table for the dates indicated:

Provisions for Pensions and Similar Obligations

€ in millions	December 31, 2015	2014
Present value of all defined benefit obligations		
Germany	11,453	12,799
United Kingdom	6,280	5,920
Other countries	187	230
Total	**17,920**	**18,949**
Fair value of plan assets		
Germany	8,133	8,033
United Kingdom	5,554	5,296
Other countries	25	46
Total	**13,712**	**13,375**
Net defined benefit liability/asset (-)		
Germany	3,320	4,766
United Kingdom	726	624
Other countries	162	184
Total	**4,208**	**5,574**
Presented as operating receivables	*-2*	*-*
Presented as provisions for pensions and similar obligations	*4,210*	*5,574*

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former E.ON Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at E.ON. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

E.ON regularly reviews the pension plans in place within the Group for financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as inflation and rising wages and salaries. In order to avoid exposure to future risks from occupational benefit plans, newly designed pension plans were introduced at the major German and foreign E.ON Group companies beginning in 1998. Virtually all employees hired at E.ON Group companies after 1998 are now covered by benefit plans for which the risk factors can be better calculated and controlled as presented below.

The existing entitlements under defined benefit plans as of the balance sheet date cover about 54,000 retirees and their beneficiaries (2014: 54,000), about 17,000 former employees with vested entitlements (2014: 15,000) and about 40,000 active employees (2014: 42,000). Aside from normal employee turnover, the changes from the previous year also resulted from expiring restructuring programs. The corresponding present value of the defined benefit obligations is attributable to retirees and their beneficiaries in the amount of €10.1 billion (2014: €10.4 billion), to former employees with vested entitlements in the amount of €2.7 billion (2014: €2.6 billion) and to active employees in the amount of €5.1 billion (2014: €5.9 billion).

The features and risks of defined benefit plans are regularly shaped by the general legal, tax and regulatory conditions prevailing in the respective country. The configurations of the major defined benefit and defined contribution plans within the E.ON Group are described in the following discussion.

Germany

Active employees at the German Group companies are predominantly covered by cash balance plans. In addition, some final-pay arrangements, and a small number of fixed-amount arrangements, still exist under individual contracts.

The majority of the reported benefit obligation toward active employees is centered on the "BAS Plan," a pension unit system launched in 2001, and on a "provision for the future" ("Zukunftssicherung") plan, a variant of the BAS Plan that emerged from the harmonization in 2004 of numerous benefit plans granted in the past. In the Zukunftssicherung benefit plan, vested final-pay entitlements are considered in addition to the defined contribution pension units when determining the benefit. These plans are closed to new hires.

The plans described in the preceding paragraph generally provide for ongoing pension benefits that generally are payable upon reaching the age threshold, or in the event of disability or death.

The only benefit plan open to new hires is the E.ON IQ contribution plan (the "IQ Plan"). This plan is a "units of capital" system that provides for the alternative payout options of a prorated single payment and payments of installments in addition to the payment of a regular pension.

The benefit expense for all the cash balance plans mentioned above is dependent on compensation and is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation. The cash balance plans contain different interest rate assumptions for the pension units. Whereas fixed interest rate assumptions apply for both the BAS Plan and the Zukunftssicherung plan, the units of capital for the open IQ Plan earn interest at the average yield of long-term government bonds of the Federal Republic of Germany observed in the fiscal year. Future pension increases at a rate of 1 percent are guaranteed for a large number of active employees. For the remaining eligible individuals, pensions are adjusted mostly in line with the rate of inflation, usually in a three-year cycle.

To fund the pension plans for the German Group companies, plan assets were established in the form of Contractual Trust Arrangements ("CTAs"). The major part of these plan assets is administered by E.ON Pension Trust e.V. as trustee in accordance with specified investment principles. In preparation for the planned spin-off of Uniper, an additional CTA was established whose plan assets are administered by Uniper Pension Trust e.V. as trustee in accordance with specified investment principles. Existing plan assets intended for the coverage of the benefit obligations of German Uniper companies were transferred out of the E.ON CTA and into the Uniper CTA. Additional domestic plan assets are managed by smaller German pension funds. The long-term investments and liquid funds administered by VKE do not constitute plan assets under IAS 19, but are almost exclusively intended for the coverage of benefit obligations at German E.ON Group companies.

Only at the pension funds and at VKE do regulatory provisions exist in relation to capital investment or funding requirements.

United Kingdom

In the United Kingdom, there are various pension plans. Until 2005 and 2008, respectively, employees were covered by defined benefit plans, which for the most part were final-pay plans and make up the majority of the pension obligations currently reported for the United Kingdom. These plans were closed to employees hired after these dates. Since then, new hires are offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional actuarial risks for the employer.

Benefit payments to the beneficiaries of the currently existing defined benefit pension plans are adjusted for inflation as measured by the U.K. Retail Price Index ("RPI").

Plan assets in the United Kingdom are administered in a pension trust. The trustees are selected by the members of the plan or appointed by the entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

Separate pension trusts were established for Uniper employees in the context of the planned Uniper spin-off. Uniper employees have until the end of January 2016 to choose whether to have the entitlements they earned through September 30, 2015, transferred to these new trusts or whether to keep them in the existing pension trust.

The Pensions Regulator in the United Kingdom requires that a so-called "technical valuation" of the plan's funding conditions be performed every three years. The actuarial assumptions underlying the valuation are agreed upon by the trustees and E.ON UK plc. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels. The most recent technical valuation took place as of March 31, 2010, and resulted in a technical funding deficit of £446 million. The agreed deficit repair plan provides for annual payments of £34 million to the pension trust. The revaluation of the technical funded status scheduled for 2013 was carried forward to the effective date of March 31, 2015, and replaces the revaluation planned for 2016. This revaluation is not yet complete as of the balance sheet date.

Other Countries

The remaining pension obligations are spread across various international activities of the E.ON Group.

However, these benefit plans in Belgium, France, Russia, Sweden, Romania, the Czech Republic and the United States are of minor significance from a Group perspective.

Description of the Benefit Obligation

The following table shows the changes in the present value of the defined benefit obligations for the periods indicated:

Changes in the Defined Benefit Obligation

€ in millions	2015 Total	2015 Germany	2015 United Kingdom	2015 Other countries	2014 Total	2014 Germany	2014 United Kingdom	2014 Other countries
Defined benefit obligation as of January 1	**18,949**	**12,799**	**5,920**	**230**	**15,179**	**9,574**	**4,926**	**679**
Employer service cost	339	255	74	10	253	182	59	12
Past service cost	30	16	16	-2	30	23	12	-5
Gains (-) and losses (+) on settlements	–	–	–	–	-1	–	–	-1
Interest cost on the present value of the defined benefit obligations	489	251	232	6	607	365	231	11
Remeasurements	-1,498	-1,424	-50	-24	3,733	3,099	567	67
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	*-98*	–	*-98*	–	*-14*	–	*-15*	*1*
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	*-1,401*	*-1,380*	*-7*	*-14*	*3,794*	*3,143*	*579*	*72*
Actuarial gains (-)/losses (+) arising from experience adjustments	*1*	*-44*	*55*	*-10*	*-47*	*-44*	*3*	*-6*
Employee contributions	1	–	1	–	1	–	1	–
Benefit payments	-730	-447	-276	-7	-708	-444	-244	-20
Changes in scope of consolidation	-16	5	–	-21	2	2	–	–
Exchange rate differences	363	–	363	–	360	–	368	-8
Other	-7	-2	–	-5	-507	-2	–	-505
Defined benefit obligation as of December 31	**17,920**	**11,453**	**6,280**	**187**	**18,949**	**12,799**	**5,920**	**230**

The benefit obligations in the other countries relate mostly to the benefit plans at the E.ON Group companies in France (2015: €116 million; 2014: €134 million).

The net actuarial gains generated in 2015 are largely attributable to a general increase in the discount rates used within the E.ON Group. This increase was partly offset by the rise in the wage and salary growth rates and pension increase rates that were used by the Group companies in the United Kingdom as the basis for measuring the benefit obligation as of December 31, 2015.

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost at E.ON's German and U.K. subsidiaries as of the respective balance sheet date are as follows:

Actuarial Assumptions

Percentages	December 31, 2015	2014	2013
Discount rate			
Germany	2.70	2.00	3.90
United Kingdom	3.80	3.70	4.60
Wage and salary growth rate			
Germany	2.50	2.50	2.50
United Kingdom	3.20	3.10	3.40
Pension increase rate			
Germany[1]	1.75	1.75	2.00
United Kingdom	3.00	2.90	3.10

[1]The pension increase rate for Germany applies to eligible individuals not subject to an agreed guarantee adjustment.

The discount rate assumptions used by E.ON basically reflect the currency-specific rates available at the end of the respective fiscal year for high-quality corporate bonds with a duration corresponding to the average period to maturity of the respective obligation.

Since the second quarter of 2015, the determination of discount rates for the euro currency area by reference to the yield curve of high-quality corporate bonds was adjusted by applying a more precise extrapolation of these corporate-bond yields. This change led to an increase of 20 basis points in the discount rate in Germany as of December 31, 2015. Consequently, the corresponding actuarial gain was €369 million. For the 2016 fiscal year, this will result in a slightly lower net interest cost of €3.4 million in Germany.

To measure the E.ON Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)

Germany	2005 G versions of the Klaus Heubeck biometric tables (2005)
United Kingdom	CMI "00" and "S1" series base mortality tables 2015, taking into account future changes in mortality

Changes in the actuarial assumptions described previously would lead to the following changes in the present value of the defined benefit obligations:

Sensitivities

	Change in the present value of the defined benefit obligations			
	December 31, 2015		December 31, 2014	
Change in the discount rate by (basis points)	+50	-50	+50	-50
Change in percent	*-7.44*	*8.44*	*-7.85*	*8.96*
Change in the wage and salary growth rate by (basis points)	+25	-25	+25	-25
Change in percent	*0.44*	*-0.43*	*0.47*	*-0.46*
Change in the pension increase rate by (basis points)	+25	-25	+25	-25
Change in percent	*1.79*	*-1.73*	*1.86*	*-1.79*
Change in mortality by (percent)	+10	-10	+10	-10
Change in percent	*-2.85*	*3.18*	*-2.96*	*3.32*

A 10-percent decrease in mortality would result in a higher life expectancy of beneficiaries, depending on the age of each individual beneficiary. As of December 31, 2015, the life expectancy of a 63-year-old male E.ON retiree would increase by approximately one year if mortality were to decrease by 10 percent.

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets and the Investment Policy

The defined benefit plans are funded by plan assets held in specially created pension vehicles that legally are distinct from the Company. The fair value of these plan assets changed as follows:

Changes in the Fair Value of Plan Assets

€ in millions	2015 Total	2015 Germany	2015 United Kingdom	2015 Other countries	2014 Total	2014 Germany	2014 United Kingdom	2014 Other countries
Fair value of plan assets as of January 1	**13,375**	**8,033**	**5,296**	**46**	**11,761**	**6,789**	**4,596**	**376**
Interest income on plan assets	374	163	210	1	514	294	217	3
Remeasurements	-149	47	-199	3	480	185	282	13
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	*-149*	*47*	*-199*	*3*	*480*	*185*	*282*	*13*
Employee contributions	1	–	1	–	1	–	1	–
Employer contributions	517	316	197	4	1,296	1,182	108	6
Benefit payments	-704	-426	-276	-2	-668	-417	-244	-7
Changes in scope of consolidation	-12	–	–	-12	–	–	–	–
Exchange rate differences	325	–	325	–	334	–	336	-2
Other	-15	–	–	-15	-343	–	–	-343
Fair value of plan assets as of December 31	**13,712**	**8,133**	**5,554**	**25**	**13,375**	**8,033**	**5,296**	**46**

The actual return on plan assets was a gain of €225 million in 2015 (2014: €994 million).

A small portion of the plan assets consists of financial instruments of E.ON (2015: €0.2 billion; 2014: €0.4 billion). Because of the contractual structure, however, these instruments do not constitute an E.ON-specific risk to the CTA in Germany. The plan assets further include virtually no owner-occupied real estate and no equity or debt instruments issued by E.ON Group companies. Each of the individual plan asset components has been allocated to an asset class based on its substance. The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets

Percentages	December 31, 2015 Total	Germany	United Kingdom	Other countries	December 31, 2014 Total	Germany	United Kingdom	Other countries
Plan assets listed in an active market								
Equity securities (stocks)	18	22	12	2	21	25	14	1
Debt securities[1]	46	47	45	37	55	46	67	48
Government bonds	*35*	*30*	*43*	*1*	*37*	*24*	*58*	*2*
Corporate bonds	*8*	*12*	*2*	*36*	*13*	*15*	*9*	*46*
Other investment funds	19	6	38	–	9	5	16	–
Total listed plan assets	**83**	**75**	**95**	**39**	**85**	**76**	**97**	**49**
Plan assets not listed in an active market								
Equity securities not traded on an exchange	3	5	1	–	3	6	–	–
Debt securities	2	3	–	–	2	4	–	–
Real estate	7	10	4	–	6	9	1	–
Qualifying insurance policies	–	–	–	59	–	–	–	29
Cash and cash equivalents	3	5	–	–	4	5	2	–
Other	2	2	–	2	–	–	–	22
Total unlisted plan assets	**17**	**25**	**5**	**61**	**15**	**24**	**3**	**51**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

[1]In Germany, 5 percent (2014: 7 percent) of plan assets are invested in other debt securities, in particular mortgage bonds ("Pfandbriefe"), in addition to government and corporate bonds.

The fundamental investment objective for the plan assets is to provide full coverage of benefit obligations at all times for the payments due under the corresponding benefit plans. This investment policy stems from the corresponding governance guidelines of the Group. A deterioration of the net defined benefit liability or the funded status following an unfavorable development in plan assets or in the present value of the defined benefit obligations is identified in these guidelines as a risk that is controlled as part of a risk-budgeting concept. E.ON therefore regularly reviews the development of the funded status in order to monitor this risk.

To implement the investment objective, the E.ON Group primarily pursues an investment approach that takes into account the structure of the benefit obligations. This long-term investment strategy seeks to manage the funded status, with the result that any changes in the defined benefit obligation, especially those caused by fluctuating inflation and interest rates are, to a certain degree, offset by simultaneous corresponding changes in the fair value of plan assets. The investment strategy may also involve the use of derivatives (for example, interest rate swaps and inflation swaps, as well as currency hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, derivatives have been allocated, based on their substance, to the respective asset classes in which they are used. In order to improve the funded status of the E.ON Group as a whole, a portion of the plan assets will also be invested in a diversified portfolio of asset classes that are expected to provide for long-term returns in excess of those of fixed-income investments and thus in excess of the discount rate.

The determination of the target portfolio structure for the individual plan assets is based on regular asset-liability studies. In these studies, the target portfolio structure is reviewed in a comprehensive approach against the backdrop of existing investment principles, the current funded status, the condition of the capital markets and the structure of the benefit obligations, and is adjusted as necessary. The parameters used in the studies are additionally reviewed regularly, at least once each year. Asset managers are tasked with implementing the target portfolio structure. They are monitored for target achievement on a regular basis.

Description of the Pension Cost

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in operating receivables is shown in the table below:

Net Periodic Pension Cost

€ in millions	2015 Total	2015 Germany	2015 United Kingdom	2015 Other countries	2014 Total	2014 Germany	2014 United Kingdom	2014 Other countries
Employer service cost	339	255	74	10	253	182	59	12
Past service cost	30	16	16	-2	30	23	12	-5
Gains (-) and losses (+) on settlements	–	–	–	–	-1	–	–	-1
Net interest on the net defined benefit liability/asset	115	88	22	5	93	71	14	8
Total	**484**	**359**	**112**	**13**	**375**	**276**	**85**	**14**

The past service cost for 2015 and 2014 consists mostly of the expenses incurred in the context of restructuring measures.

In addition to the total net periodic pension cost for defined benefit plans, an amount of €89 million in fixed contributions to external insurers or similar institutions was paid in 2015 (2014: €81 million) for pure defined contribution plans.

Contributions to state plans totaled €0.3 billion (2014: €0.3 billion).

Description of Contributions and Benefit Payments

In 2015, E.ON made employer contributions to plan assets totaling €517 million (2014: €1,296 million) to fund existing defined benefit obligations.

For the 2016 fiscal year, it is expected that Group-wide employer contributions to plan assets will amount to a total of €515 million and primarily involve the funding of new and existing benefit obligations, with an amount of €143 million attributable to foreign companies.

Benefit payments to cover defined benefit obligations totaled €730 million in 2015 (2014: €708 million); of this amount, €26 million (2014: €40 million) was not paid out of plan assets.

Prospective benefit payments under the defined benefit plans existing as of December 31, 2015, for the next ten years are shown in the following table:

Prospective Benefit Payments

€ in millions	Total	Germany	United Kingdom	Other countries
2016	744	467	265	12
2017	754	476	268	10
2018	769	485	274	10
2019	783	497	276	10
2020	801	509	282	10
2021–2025	4,229	2,707	1,473	49
Total	**8,080**	**5,141**	**2,838**	**101**

The weighted-average duration of the defined benefit obligations measured within the E.ON Group was 19.7 years as of December 31, 2015 (2014: 20.1 years).

Description of the Net Defined Benefit Liability

The recognized net liability from the E.ON Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability

	2015				2014			
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Net liability as of January 1	**5,574**	**4,766**	**624**	**184**	**3,418**	**2,785**	**330**	**303**
Net periodic pension cost	484	359	112	13	375	276	85	14
Changes from remeasurements	-1,349	-1,471	149	-27	3,253	2,914	285	54
Employer contributions to plan assets	-517	-316	-197	-4	-1,296	-1,182	-108	-6
Net benefit payments	-26	-21	–	-5	-40	-27	–	-13
Changes in scope of consolidation	-4	5	–	-9	2	2	–	–
Exchange rate differences	38	–	38	–	26	–	32	-6
Other	8	-2	–	10	-164	-2	–	-162
Net liability as of December 31	**4,208**	**3,320**	**726**	**162**	**5,574**	**4,766**	**624**	**184**

(25) Miscellaneous Provisions

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions

	December 31, 2015		December 31, 2014	
€ in millions	Current	Non-current	Current	Non-current
Non-contractual nuclear waste management obligations	80	10,902	155	10,977
Contractual nuclear waste management obligations	527	7,794	475	7,162
Personnel obligations	229	1,182	305	1,254
Other asset retirement obligations	67	1,805	41	2,105
Supplier-related obligations	1,085	186	554	208
Customer-related obligations	409	108	381	208
Environmental remediation and similar obligations	76	775	75	796
Other	1,807	3,693	2,134	3,092
Total	**4,280**	**26,445**	**4,120**	**25,802**

The changes in the miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions

€ in millions	Jan. 1, 2015	Exchange rate differ-ences	Changes in scope of consoli-dation	Unwind-ing of dis-counts / Effects of changes in dis-count rates	Additions	Utiliza-tion	Reclassifi-cations	Reversals	Changes in estimates	Dec. 31, 2015
Non-contractual nuclear waste management obligations	11,132	27	–	503	16	-58	-19	–	-619	10,982
thereof Germany	*9,989*	–	–	*469*	*16*	*-58*	*-19*	–	*-619*	*9,778*
thereof Sweden	*1,143*	*27*	–	*34*	–	–	–	–	–	*1,204*
Contractual nuclear waste management obligations	7,637	24	–	342	49	-384	19	–	634	8,321
thereof Germany	*6,578*	–	–	*310*	*38*	*-315*	*19*	–	*566*	*7,196*
thereof Sweden	*1,059*	*24*	–	*32*	*11*	*-69*	–	–	*68*	*1,125*
Personnel obligations	1,559	1	18	-3	263	-368	6	-65	–	1,411
Other asset retirement obligations	2,146	36	-517	33	35	-53	–	-9	201	1,872
Supplier-related obligations	762	–	–	2	742	-211	–	-24	–	1,271
Customer-related obligations	589	1	–	1	77	-66	-3	-82	–	517
Environmental remedia-tion and similar obligations	871	–	1	8	60	-55	–	-34	–	851
Other	5,226	44	172	32	2,273	-1,550	-42	-655	–	5,500
Total	**29,922**	**133**	**-326**	**918**	**3,515**	**-2,745**	**-39**	**-869**	**216**	**30,725**

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 9).

As of December 31, 2015, the real interest rates applied for the nuclear power segment, calculated on a country-specific basis, were 0.9 percent (2014: 0.7 percent) in Germany and 3.0 percent (2014: 3.0 percent) in Sweden. The underlying nominal discount rates were 4.4 percent (2014: 4.7 percent) in Germany and 5.0 percent (2014: 5.0 percent) in Sweden. The other provision items relate almost entirely to issues in countries of the euro area, as well as in the U.K. and Sweden. The nominal interest rates used with regard to these issues ranged from 0 percent to 2.53 percent, depending on maturity (2014: 0 percent to 2.6 percent).

Provisions for Non-Contractual Nuclear Waste Management Obligations

The total of €11.0 billion in provisions based on German and Swedish nuclear power legislation comprise all those nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies and cost estimates.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

The asset retirement obligations recognized for non-contractual nuclear obligations include the anticipated costs of post- and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Additionally included in the disposal of spent nuclear fuel rods are costs for transports to the final storage facility and the cost of proper conditioning prior to final storage, including the necessary containers.

Included furthermore are the costs of final storage of nuclear waste. Final storage costs consist particularly of the expected investment, operating and decommissioning costs for the final storage projects Gorleben and Konrad and are based on data from the German Federal Office for Radiation Protection and on Germany's ordinance on advance payments for the establishment of facilities for the safe custody and final storage of radioactive wastes in the country ("Endlagervorausleistungsverordnung"); additional costs arise from the German legislation governing the selection of a repository site for high-level radioactive waste ("Standortauswahlgesetz" or "StandAG"), which took effect in 2013. Advance payments remitted to the Federal Office for Radiation Protection and the Federal Office for the Regulation of Nuclear Waste Management in the amount of €1,183 million (2014: €1,125 million) have been deducted from the provisions. These payments are made each year based on the amount spent by the two aforementioned Federal Offices.

The cost estimates used to determine the provision amounts are all based on studies and analyses performed by external specialists and are updated annually. The amendments to the German Nuclear Energy Act of August 6, 2011, were taken into account in the measurement of the provisions in Germany.

Changes in estimates reduced provisions in 2015 by €619 million (2014: provisions increased by €374 million) at the German operations. Provisions were utilized in the amount of €58 million (2014: €59 million), of which €25 million (2014: €24 million) relates to nuclear power plants that are being dismantled or are in shutdown mode, on the basis of issues for which retirement and decommissioning costs had been capitalized. As in 2014, there were no changes in estimates affecting provisions at the Swedish operations in 2015, and no provisions were utilized.

Provisions for Contractual Nuclear Waste Management Obligations

The total of €8.3 billion in provisions based on German and Swedish nuclear power legislation comprise all those contractual nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are measured at amounts firmly specified in legally binding civil agreements.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

Advance payments made to other waste management companies in the amount of €136 million (2014: €161 million) have been deducted from the provisions attributed to Germany. The advance payments relate to the delivery of interim storage containers.

Concerning the disposal of spent nuclear fuel rods, the obligations recognized in the provisions comprise the contractual costs of finalizing reprocessing and the associated return of waste with subsequent interim storage at Gorleben and Ahaus, as well as costs incurred for interim on-site storage, including the necessary interim storage containers, arising from the "direct permanent storage" path. The provisions also include the contractual costs of decommissioning and the conditioning of low-level radioactive waste.

Changes in estimates increased provisions in 2015 by €566 million (2014: €6 million) at the German operations. Provisions were utilized in the amount of €315 million (2014: €419 million), of which €221 million (2014: €287 million) relates to nuclear power plants that are being dismantled or are in shutdown mode, on the basis of issues for which retirement and decommissioning costs had been capitalized. The Swedish operations recorded an increase in provisions of €68 million (2014: €20 million) resulting from changes in estimates. Provisions were utilized in the amount of €69 million (2014: €61 million), of which €27 million (2014: €39 million) is attributable to the Barsebäck nuclear power plant, which is in post-operation. Retirement and decommissioning costs had already been capitalized for the underlying issues.

In 2015, the German Ministry of Economic Affairs and Energy commissioned stress tests on the nuclear-energy provisions of the country's nuclear operators. Included in the stress tests were assessments of whether the provisions fully cover the tasks and cost elements on which the operators had based them and whether the provision amounts reconcile with reference values correctly calculated based on the real discount rate, as well as a finding on the grouping of the assets in the form of an overview. Applying the classification used in the stress test report, the nuclear waste management obligations in Germany break down as follows:

Nuclear Waste Management Obligations in Germany by Technical Cost Element (Less Advance Payments)

	December 31,	
€ in millions	2015	2014
Retirement and decomissioning	7,857	8,116
Containers, transports, operational waste, other	2,902	2,519
Interim storage	2,205	1,804
Schacht Konrad final storage facility	1,363	1,369
Final storage facilities for high active waste	2,647	2,759
Total	**16,974**	**16,567**

The aforementioned amounts are based on the cost estimates and real interest rates applied by E.ON (2015: 0.9 percent, 2014: 0.7 percent), but the data derived for 2015 also draw on findings from the stress test. The higher real interest rate is the result of having developed a firmer decommissioning strategy for the German nuclear power plants. This required a reassessment of the cost increase rates to be applied.

The advance payments made in 2015 in the amount of €1,319 million (2014: €1,286 million) include €648 million (2014: 651 million) in advance payments for the Gorleben final-storage project through 2012 and €31 million (2014: €16 million) in cost allocations under the StandAG, as well as €504 million (2014: €458 million) for the Schacht Konrad final storage site. E.ON is taking legal action against these advance-payment and cost-allocation orders.

Personnel Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, in-kind obligations, restructuring and other deferred personnel costs.

Provisions for Other Asset Retirement Obligations

The provisions for other asset retirement obligations consist of obligations for conventional and renewable-energy power plants, including the conventional plant components in the nuclear power segment, that are based on legally binding civil agreements and public regulations. Also reported here are provisions for environmental improvements at gas storage facilities, for the dismantling of installed infrastructure and for environmental-improvement obligations in the Exploration & Production segment.

Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts, among others.

Customer-Related Obligations

Provisions for customer-related obligations consist primarily of potential losses on rebates and on open sales contracts.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment and water protection measures and to the rehabilitation of contaminated sites. Also included here are provisions for other environmental improvement measures and for land reclamation obligations at mining sites.

Other

The other miscellaneous provisions consist primarily of provisions from the electricity and gas business. Further included here are provisions for potential obligations arising from tax-related interest expenses and from taxes other than income taxes.

(26) Liabilities

The following table provides a breakdown of liabilities:

Liabilities	December 31, 2015			December 31, 2014		
€ in millions	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities	**2,788**	**14,954**	**17,742**	**3,883**	**15,784**	**19,667**
Trade payables	2,375	–	2,375	2,185	–	2,185
Capital expenditure grants	22	386	408	15	366	381
Construction grants from energy consumers	232	1,803	2,035	217	1,856	2,073
Liabilities from derivatives	10,779	4,786	15,565	9,908	3,868	13,776
Advance payments	141	203	344	245	252	497
Other operating liabilities	11,262	1,168	12,430	12,045	1,462	13,507
Trade payables and other operating liabilities	**24,811**	**8,346**	**33,157**	**24,615**	**7,804**	**32,419**
Total	**27,599**	**23,300**	**50,899**	**28,498**	**23,588**	**52,086**

Financial Liabilities

The following is a description of the E.ON Group's significant credit arrangements and debt issuance programs. Included under "Bonds" are the bonds currently outstanding, including those issued under the Debt Issuance Program.

Group Management

Covenants

The financing activities of E.ON SE, E.ON International Finance B.V. ("EIF"), Rotterdam, The Netherlands, and E.ON Beteiligungen GmbH involve the use of covenants consisting primarily of change-of-control clauses, negative pledges, pari-passu clauses and cross-default clauses, each referring to a restricted set of significant circumstances. Financial covenants (that is, covenants linked to financial ratios) are not employed.

€35 Billion Debt Issuance Program

E.ON SE and EIF have in place a Debt Issuance Program enabling the issuance from time to time of debt instruments through public and private placements to investors. The total amount available under the program is €35 billion. The program was extended in April 2015 for another year as planned.

At year-end 2015, the following EIF bonds were outstanding:

Major Bond Issues of E.ON International Finance B.V.[1]

Volume in the respective currency	Initial term	Repayment	Coupon
EUR 1,238 million[2]	7 years	Jan 2016	5.500%
EUR 900 million	15 years	May 2017	6.375%
EUR 1,769 million[3]	10 years	Oct 2017	5.500%
USD 2,000 million[4]	10 years	Apr 2018	5.800%
GBP 850 million[5]	12 years	Oct 2019	6.000%
EUR 1,400 million[6]	12 years	May 2020	5.750%
GBP 975 million[7]	30 years	June 2032	6.375%
GBP 900 million	30 years	Oct 2037	5.875%
USD 1,000 million[4]	30 years	Apr 2038	6.650%
GBP 700 million	30 years	Jan 2039	6.750%

[1]Listing: All bonds are listed in Luxembourg with the exception of the two Rule 144A/Regulation S USD bonds, which are unlisted.
[2]After early redemption, the volume of this issue was lowered from originally EUR 1,500 million to approx. EUR 1,238 million.
[3]After early redemption, the volume of this issue was lowered from originally EUR 2,375 million to approx. EUR 1,769 million.
[4]Rule 144A/Regulation S bond.
[5]The volume of this issue was raised from originally GBP 600 million to GBP 850 million.
[6]The volume of this issue was raised from originally EUR 1,000 million to EUR 1,400 million.
[7]The volume of this issue was raised from originally GBP 850 million to GBP 975 million.

Additionally outstanding as of December 31, 2015, were private placements with a total volume of approximately €0.9 billion (2014: €0.9 billion), as well as promissory notes with a total volume of approximately €0.4 billion (2014: €0.6 billion).

€10 Billion and $10 Billion Commercial Paper Programs

The euro commercial paper program in the amount of €10 billion allows E.ON SE and EIF (under the unconditional guarantee of E.ON SE) to issue from time to time commercial paper with maturities of up to two years less one day to investors. The U.S. commercial paper program in the amount of $10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to 366 days and extendible notes with original maturities of up to 397 days (and a subsequent extension option for the investor) to investors. As of December 31, 2015, no commercial paper was outstanding under either the euro commercial paper program (2014: €401 million) or the U.S. commercial paper program (2014: €0 million).

€5 Billion Syndicated Revolving Credit Facility

Effective November 6, 2013, E.ON arranged a syndicated revolving credit facility of €5 billion over an original term of five years, with two renewal options for one year each. In 2014, E.ON exercised the first option and extended the term of the credit facility by one year through 2019. In 2015, E.ON, with the consent of the banks, postponed its right to exercise the second term-extension option by one year, to 2016. The facility has not been drawn on; rather, it serves as the Group's long-term liquidity reserve, one purpose of which is to function as a backup facility for the commercial paper programs.

The bonds issued by E.ON SE and those issued by EIF and E.ON Beteiligungen GmbH (respectively guaranteed by E.ON SE) have the maturities presented in the table below. Liabilities denominated in foreign currency include the effects of economic hedges, and the amounts shown here may therefore vary from the amounts presented on the balance sheet.

Bonds Issued by E.ON SE, E.ON International Finance B.V. and E.ON Beteiligungen GmbH

€ in millions	Total	Due in 2015	Due in 2016	Due in 2017	Due in 2018	Due in 2019	Due between 2020 and 2026	Due after 2026
December 31, 2015	14,011	–	1,238	2,669	1,986	1,282	1,939	4,897
December 31, 2014	14,703	1,118	1,238	2,669	1,796	1,267	1,939	4,676

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31

	Generation		Renewables		Global Commodities	
€ in millions	2015	2014	2015	2014	2015	2014
Bonds	–	–	–	–	–	–
Commercial paper	–	–	–	–	–	–
Bank loans/Liabilities to banks	60	73	75	84	–	–
Liabilities from finance leases	18	37	–	–	453	457
Other financial liabilities	1,202	1,324	377	411	527	159
Financial liabilities	**1,280**	**1,434**	**452**	**495**	**980**	**616**

Among other things, financial liabilities to financial institutions include collateral received, measured at a fair value of €115 million (2014: €142 million). This collateral relates to amounts pledged by banks to limit the utilization of credit lines in connection with the fair value measurement of derivative transactions. The other financial liabilities include promissory notes in the amount of €375 million (2014: €638 million) and financial guarantees totaling €8 million (2014: €11 million). Additionally included in this line item are margin deposits received in connection with forward transactions on futures exchanges in the amount of €525 million (2014: €153 million), as well as collateral received in connection with goods and services in the amount of €18 million (2014: €22 million). E.ON can use this collateral without restriction.

Trade Payables and Other Operating Liabilities

Trade payables totaled €2,375 million as of December 31, 2015 (2014: €2,185 million).

Capital expenditure grants of €408 million (2014: €381 million) were paid primarily by customers for capital expenditures made on their behalf, while the E.ON Group retains ownership of the assets. The grants are non-refundable and are recognized in other operating income over the period of the depreciable lives of the related assets.

Exploration & Production		Germany		Other EU Countries		Group Management/ Consolidation		E.ON Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
–	–	–	–	–	–	13,750	14,280	13,750	14,280
–	–	–	–	–	–	–	401	–	401
–	4	35	28	4	137	115	937	289	1,263
–	–	246	220	22	1	88	98	827	813
–	–	63	58	98	53	609	905	2,876	2,910
0	**4**	**344**	**306**	**124**	**191**	**14,562**	**16,621**	**17,742**	**19,667**

Construction grants of €2,035 million (2014: €2,073 million) were paid by customers for the cost of new gas and electricity connections in accordance with the generally binding terms governing such new connections. These grants are customary in the industry, generally non-refundable and recognized as revenue according to the useful lives of the related assets.

Other operating liabilities consist primarily of accruals in the amount of €8,389 million (2014: €9,661 million) and interest payable in the amount of €571 million (2014: €594 million). Also included in other operating liabilities are carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries, in the amount of €260 million (2014: €311 million), as well as non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, in the amount of €426 million (2014: €452 million).

(27) Contingencies and Other Financial Obligations

As part of its business activities, E.ON is subject to contingencies and other financial obligations involving a variety of underlying matters. These primarily include guarantees, obligations from litigation and claims (as discussed in more detail in Note 28), short- and long-term contractual, legal and other obligations and commitments.

Contingencies

The fair value of the E.ON Group's contingent liabilities arising from existing contingencies was €16 million as of December 31, 2015 (2014: €48 million). E.ON currently does not have reimbursement rights relating to the contingent liabilities disclosed.

E.ON has issued direct and indirect guarantees to third parties, which require E.ON to make contingent payments based on the occurrence of certain events. These consist primarily of financial guarantees and warranties.

In addition, E.ON has also entered into indemnification agreements. Along with other guarantees, these indemnification agreements are incorporated in agreements entered into by Group companies concerning the disposal of shareholdings and, above all, cover the customary representations and warranties, as well as environmental damage and tax contingencies. In some cases, obligations are covered in the first instance by provisions of the disposed companies before E.ON itself is required to make any payments. Guarantees issued by companies that were later sold by E.ON SE (or VEBA AG and VIAG AG before their merger) are usually included in the respective final sales contracts in the form of indemnities.

Moreover, E.ON has commitments under which it assumes joint and several liability arising from its interests in civil-law companies ("GbR"), non-corporate commercial partnerships and consortia in which it participates.

The guarantees of E.ON also include items related to the operation of nuclear power plants. With the entry into force of the German Nuclear Energy Act ("Atomgesetz" or "AtG"), as amended, and of the ordinance regulating the provision for coverage under the Atomgesetz ("Atomrechtliche Deckungsvorsorge-Verordnung" or "AtDeckV") of April 27, 2002, as amended, German nuclear power plant operators are required to provide nuclear accident liability coverage of up to €2.5 billion per incident.

The coverage requirement is satisfied in part by a standardized insurance facility in the amount of €255.6 million. The institution Nuklear Haftpflicht Gesellschaft bürgerlichen Rechts ("Nuklear Haftpflicht GbR") now only covers costs between €0.5 million and €15 million for claims related to officially ordered evacuation measures. Group companies have agreed to place their subsidiaries operating nuclear power plants in a position to maintain a level of liquidity that will enable them at all times to meet their obligations as members of the Nuklear Haftpflicht GbR, in proportion to their shareholdings in nuclear power plants.

To provide liability coverage for the additional €2,244.4 million per incident required by the above-mentioned amendments, E.ON Energie AG ("E.ON Energie") and the other parent companies of German nuclear power plant operators reached a Solidarity Agreement ("Solidarvereinbarung") on July 11, July 27, August 21, and August 28, 2001, extended by agreement dated March 25, April 18, April 28, and June 1, 2011. If an accident occurs, the Solidarity Agreement calls for the nuclear power plant operator liable for the damages to receive—after the operator's own resources and those of its parent companies are exhausted—financing sufficient for the operator to meet its financial obligations. Under the Solidarity Agreement, E.ON Energie's share of the liability coverage on December 31, 2015, remained unchanged from 2014 at 42.0 percent plus an additional 5.0 percent charge for the administrative costs of processing damage claims. Sufficient liquidity has been provided for within the liquidity plan.

In accordance with Swedish law, the companies of the Swedish generation unit and their parent company have issued guarantees to governmental authorities. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. These costs could arise if actual costs exceed accumulated funds. In addition, the companies of the Swedish generation unit and their parent company are also responsible for any costs related to the disposal of low-level radioactive waste.

In Sweden, owners of nuclear facilities are liable for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substances connected to the operation of those facilities. The liability per incident as of December 31, 2015, was limited to SEK 3,475 million, or €378 million (2014: SEK 3,394 million, or €361 million). This amount must be insured according to the Law Concerning Nuclear Liability. The necessary insurance for the affected nuclear power plants has been purchased. On July 1, 2010, the Swedish Parliament passed a law that requires the operator of a nuclear power plant in operation to have liability insurance or other financial security in an amount equivalent to €1.2 billion per facility. As of December 31, 2015, the conditions enabling this law to take effect were not yet in place.

The Generation global unit operates nuclear power plants only in Germany and Sweden. Accordingly, there are no additional contingencies comparable to those mentioned above.

Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to reported contingent liabilities, there also are other mostly long-term financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

As of December 31, 2015, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €2.7 billion (2014: €1.7 billion). Of these commitments, €1.3 billion are due within one year. This total mainly includes financial obligations for as yet outstanding investments in connection with new power plant construction projects and the expansion and modernization of existing generation assets, as well as with gas infrastructure projects, particularly at the Generation, Renewables, Global Commodities, Germany, Russia and Sweden units. On December 31, 2015, the obligations for new power plant construction reported under these purchase commitments totaled €1.3 billion. They also include the obligations relating to the construction of wind power plants.

Additional financial obligations arose from rental and tenancy agreements and from operating leases. The corresponding minimum lease payments are due as broken down in the table below:

E.ON as Lessee—Operating Leases

	Minimum lease payments	
€ in millions	2015	2014
Due within 1 year	259	221
Due in 1 to 5 years	550	539
Due in more than 5 years	697	795
Total	**1,506**	**1,555**

The expenses reported in the income statement for such contracts amounted to €211 million (2014: €210 million). They include contingent rents that were expensed when they arose in 2015.

Additional long-term contractual obligations in place at the E.ON Group as of December 31, 2015, relate primarily to the purchase of fossil fuels such as natural gas, lignite and hard coal. Financial obligations under these purchase contracts amounted to approximately €220.9 billion on December 31, 2015 (€7.7 billion due within one year).

Gas is usually procured on the basis of long-term purchase contracts with large international producers of natural gas. Such contracts are generally of a "take-or-pay" nature. The prices paid for natural gas are tied to the prices of competing energy sources or market reference prices, as dictated by market conditions. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. In the absence of an agreement on a pricing review, a neutral board of arbitration makes a final binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations. The decrease compared with December 31, 2014, in contractual obligations for the purchase of fossil fuels is primarily attributable to a price-related reduction of the minimum purchase requirement for gas procurement.

As of December 31, 2015, €3.4 billion in contractual obligations (€1.5 billion due within one year) are in place for the purchase of electricity; these relate in part to purchases from jointly operated power plants in the Generation and Renewables units. The purchase price of electricity from jointly operated power plants is generally based on the supplier's production cost plus a profit margin that is generally calculated on the basis of an agreed return on capital.

Other purchase commitments as of December 31, 2015, amounted to approximately €6.4 billion (€0.4 billion due within one year). In addition to purchase commitments primarily for heat and alternative fuels, there are long-term contractual obligations in place at the Generation unit for the purchase of nuclear fuel elements and of services relating to the interim and final storage of nuclear fuel elements.

Aside from the preceding, further financial obligations in place as of December 31, 2015, totaled approximately €2.9 billion (€1.2 billion due within one year). They include, among other things, financial obligations from services to be procured and obligations concerning the acquisition of real estate funds held as financial assets, as well as corporate actions.

(28) Litigation and Claims

A number of different court actions (including product liability claims, price adjustments and allegations of price fixing), governmental investigations and proceedings, and other claims are currently pending or may be instituted or asserted in the future against companies of the E.ON Group. This in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) concerning price increases, alleged price-fixing agreements and anticompetitive practices. Legal action is also pending in the nuclear power segment, centered on the new Repository Site Selection Act and the nuclear-power moratorium in Germany.

The entire sector is involved in a multitude of court proceedings throughout Germany in the matter of price-adjustment clauses in the retail electricity and gas supply business with high-volume customers. These proceedings also include actions for the restitution of amounts collected through price increases imposed using price-adjustment clauses determined to be invalid. In a judgment delivered in October 2014, the European Court of Justice ruled that Germany's Basic Supply Ordinances for Power and Gas do not comply with the relevant European directives. The German Federal Court of Justice has issued numerous rulings on the legal consequences of this violation for German law. More rulings relating to this matter are expected in 2016. Although no companies of the

E.ON Group are directly involved in these particular preliminary-ruling proceedings, there is a risk that claims asserted against Group companies for the restitution of amounts collected through such price increases might be successful. Furthermore, there are several court proceedings with major customers on contract amendments and price adjustments in long-term electricity and gas supply contracts in response to the altered situation brought about by market upheavals. In some of these cases, customers are challenging the validity not only of the price-adjustment clauses, but of the contracts in their entirety.

Applying the provisions of IAS 37.92, E.ON is making no additional disclosures on the proceedings presented, or on any associated risks and measures taken, in particular because such disclosure would prejudice their outcome.

Competition in the gas market and rising trading volumes at virtual trading points and on gas exchanges could result in considerable risks for gas quantities purchased under long-term take-or-pay contracts. In addition, given the extensive upheavals in the German wholesale markets for natural gas in the past years, substantial price risks have arisen between purchase and sales volumes. Long-term gas-procurement contracts generally include the option for producers and importers to adjust the terms in line with constantly changing market conditions. On this basis, E.ON Global Commodities continuously conducts intensive negotiations with producers. The possibility of further legal disputes cannot be excluded.

Applying the provisions of IAS 37.92, E.ON is making no additional disclosures on the proceedings presented, or on any associated risks and measures taken, in particular because such disclosure would prejudice their outcome.

The reactor accident at Fukushima caused the political parties in Germany's coalition government to reverse their nuclear-energy policy. Having initially extended the operating lives of the country's nuclear power plants in the fall of 2010 as provided for in the coalition agreement at the time, the German federal government then rescinded the extensions in the thirteenth amended version of the Nuclear Energy Act, and added further restrictive provisions. However, E.ON contends that the nuclear phaseout as currently legislated is irreconcilable with constitutionally-protected property rights and the freedom to choose an occupation and operate a business. Such an intervention would, in E.ON's view, be unconstitutional unless compensation is granted for the rights thus taken, and for the corresponding stranded assets. Accordingly, in mid-November 2011, E.ON filed a constitutional complaint against the thirteenth amendment of the Nuclear Energy Act with the Federal Constitutional Court of Germany in Karlsruhe. The nuclear-fuel tax remains at its original level after the reversal of the operating-life extensions. E.ON believes that this tax contravenes Germany's constitution and European law and is therefore pursuing administrative proceedings and taking legal action against it. This view was affirmed by both the Hamburg Fiscal Court and the Munich Fiscal Court. After the Federal Fiscal Court overturned the temporary suspension of the tax previously ordered by the lower fiscal courts, the European Court of Justice ruled in June 2015, with regard to the issues brought before it, affirming that the tax is consistent with European law. The Federal Constitutional Court has not yet issued its final ruling.

Applying the provisions of IAS 37.92, E.ON is making no additional disclosures on the proceedings presented, or on any associated risks and measures taken, in particular because such disclosure would prejudice their outcome.

Because litigation and claims are subject to numerous uncertainties, their outcome cannot be ascertained; however, in the opinion of management, any potential obligations arising from these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

(29) Supplemental Cash Flow Disclosures

Supplemental Cash Flow Disclosures		
€ in millions	2015	2014
Non-cash investing and financing activities		
Funding of external fund assets for pension obligations through transfer of fixed-term deposits and securities	–	623

The total consideration received by E.ON in 2015 on the disposal of consolidated equity interests and activities generated cash inflows of €3,933 million (2014: €939 million). This amount includes repaid Group loans in the amount of €2,905 million. Cash and cash equivalents divested in connection with the disposals amounted to €187 million (2014: €27 million). The sale of these activities led to reductions of €6,351 million (2014: €1,625 million) in assets and €5,225 million (2014: €572 million) in provisions and liabilities.

The purchase prices paid for subsidiaries totaled €0 million in 2015 (2014: €22 million). Accordingly, no cash and cash equivalents were acquired in this context (2014: €1 million).

At €6.2 billion, the E.ON Group's operating cash flow was close to the prior-year level. With virtually unchanged levels of working capital, the decrease in cash earnings was for the most part offset by lower net interest and income tax payments.

Cash provided by investing activities of continuing operations amounted to roughly -€0.3 billion in 2015 (2014: -€3.2 billion). Of this roughly €2.9 billion improvement, €1.9 billion is attributable to higher cash inflows from disposals, mainly of operations in Spain, of solar, hydro and conventional generating capacity in Italy, of exploration and production activities in Norway, and of the remaining stake in the company formerly called E.ON Energy from Waste. This effect was made more pronounced by a €0.5 billion decline in investments in intangible assets, property, plant and equipment and shareholdings, and by a €0.1 billion reduction in restricted cash relative to a €0.4 billion increase in the previous year.

In 2015, cash provided by financing activities of continuing operations amounted to -€3.9 billion (2014: -€4.6 billion). The change of roughly €0.7 billion is primarily attributable to a €0.4 billion reduction in the net repayment of financial liabilities, to a €0.1 billion reduction of the dividend payout to E.ON Group shareholders and to a €0.1 billion increase in non-controlling interests in the equity of fully consolidated Group companies.

Exploration activity resulted in operating cash flow of -€48 million (2014: -€49 million) and in cash flow from investing activities of -€63 million (2014: -€13 million).

(30) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

The Company's policy generally permits the use of derivatives if they are associated with underlying assets or liabilities, planned transactions, or legally binding rights or obligations.

Hedge accounting in accordance with IAS 39 is employed primarily for interest rate derivatives used to hedge long-term debts and bonds to be issued in the future, as well as for currency derivatives used to hedge net investments in foreign operations, long-term receivables and debts denominated in foreign currency, as well as planned capital investments.

In commodities, potentially volatile future cash flows resulting primarily from planned purchases and sales of electricity within and outside of the Group, as well as from anticipated fuel purchases and purchases and sales of gas, are hedged.

Fair Value Hedges

Fair value hedges are used to protect against the risk from changes in market values. Gains and losses on these hedges are generally reported in that line item of the income statement which also includes the respective hedged items.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Interest rate swaps, cross-currency interest rate swaps, swaptions and interest rate options are the principal instruments used to limit interest rate and currency risks. The purpose of these swaps is to maintain the level of payments arising from long-term interest-bearing receivables and liabilities and from capital investments denominated in foreign currency and euro by using cash flow hedge accounting in the functional currency of the respective E.ON company.

In order to reduce future cash flow fluctuations arising from electricity transactions effected at variable spot prices, futures contracts are concluded and also accounted for using cash flow hedge accounting.

As of December 31, 2015, the hedged transactions in place included foreign currency cash flow hedges with maturities of up to 35 years (2014: up to 23 years) and interest cash flow hedges with maturities of up to 10 years (2014: up to 12 years).

The amount of ineffectiveness for cash flow hedges recorded for the year ended December 31, 2015, produced a gain of €6 million (2014: €25 million loss).

Pursuant to the information available as of the balance sheet date, the following effects will accompany the reclassifications from accumulated other comprehensive income to the income statement in subsequent periods:

Timing of Reclassifications from OCI[1] to the Income Statement—2015

€ in millions	Carrying amount	Expected gains/losses 2016	2017	2018–2020	>2020
OCI—Currency cash flow hedges	70	–	32	8	-110
OCI—Interest cash flow hedges	759	-2	-2	-8	-747
OCI—Commodity cash flow hedges	–	–	–	–	–

[1]OCI = Other comprehensive income. Figures are pre-tax.

Timing of Reclassifications from OCI[1] to the Income Statement—2014

€ in millions	Carrying amount	Expected gains/losses 2015	2016	2017–2019	>2019
OCI—Currency cash flow hedges[2]	202	–	24	17	-243
OCI—Interest cash flow hedges[2]	899	-8	-9	-22	-860
OCI—Commodity cash flow hedges	-1	1	–	–	–

[1]OCI = Other comprehensive income. Figures are pre-tax.
[2]Prior-year figures have been reallocated in line with a required risk classification adjustment.

Gains and losses from reclassification are generally reported in that line item of the income statement which also includes the respective hedged transaction. Gains and losses from the ineffective portions of cash flow hedges are classified as other operating income or other operating expenses. Interest cash flow hedges are reported under "Interest and similar expenses." The fair values of the designated derivatives in cash flow hedges totaled -€574 million (2014: -€974 million).

A gain of €499 million (2014: €55 million loss) was posted to other comprehensive income in 2015. In the same period, a loss of €348 million (2014: €663 million loss) was reclassified from OCI to the income statement.

Net Investment Hedges

The Company uses foreign currency loans, foreign currency forwards and foreign currency swaps to protect the value of its net investments in its foreign operations denominated in foreign currency. For the year ended December 31, 2015, the Company recorded an amount of €746 million (2014: €269 million) in accumulated other comprehensive income due to changes in fair value of derivatives and to currency translation results of non-derivative hedging instruments. As in 2014, no ineffectiveness resulted from net investment hedges in 2015.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). E.ON also takes into account the counterparty credit risk when determining fair value (credit value adjustment). The fair values of derivative instruments are calculated using common market valuation methods with reference to available market data on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments in the Consolidated Financial Statements.

- Currency, electricity, gas, oil and coal forward contracts, swaps, and emissions-related derivatives are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.

- Market prices for interest rate, electricity and gas options are valued using standard option pricing models commonly used in the market. The fair values of caps, floors and collars are determined on the basis of quoted market prices or on calculations based on option pricing models.

- The fair values of existing instruments to hedge interest risk are determined by discounting future cash flows using market interest rates over the remaining term of the instrument. Discounted cash values are determined for interest rate, cross-currency and cross-currency interest rate swaps for each individual transaction as of the balance sheet date. Interest income is recognized in income at the date of payment or accrual.

- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking into consideration any timing components.

- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Paid initial margins are disclosed under other assets. Variation margins received or paid during the term of such contracts are stated under other liabilities or other assets, respectively.

- Certain long-term energy contracts are valued with the aid of valuation models that use internal data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €44 million or an increase of €45 million, respectively.

At the beginning of 2015, a loss of €48 million from the initial measurement of derivatives was deferred. After realization of €1 million in gains, the remainder is a deferred loss of €47 million at year-end, which will be recognized in income during subsequent periods as the contracts are settled.

The following two tables include both derivatives that qualify for IAS 39 hedge accounting treatment and those for which it is not used:

Total Volume of Foreign Currency, Interest Rate and Equity-Based Derivatives

€ in millions	December 31, 2015 Nominal value	December 31, 2015 Fair value	December 31, 2014 Nominal value	December 31, 2014 Fair value
FX forward transactions	21,398.3	38.9	17,113.9	42.9
Subtotal	**21,398.3**	**38.9**	**17,113.9**	**42.9**
Cross-currency swaps	7,929.2	110.9	8,175.7	-134.6
Cross-currency interest rate swaps	35.5	38.8	35.5	32.1
Subtotal	**7,964.7**	**149.7**	**8,211.2**	**-102.5**
Interest rate swaps	1,786.0	-548.6	2,893.0	-558.2
Fixed-rate payer	*1,536.0*	*-590.1*	*2,393.0*	*-607.5*
Fixed-rate receiver	*250.0*	*41.5*	*500.0*	*49.3*
Interest rate options	1,600.0	-248.3	2,000.0	-322.5
Subtotal	**3,386.0**	**-796.9**	**4,893.0**	**-880.7**
Other derivatives	165.0	-0.8	208.0	9.8
Subtotal	**165.0**	**-0.8**	**208.0**	**9.8**
Total	**32,914.0**	**-609.1**	**30,426.1**	**-930.5**

Total Volume of Electricity, Gas, Coal, Oil and Emissions-Related Derivatives

€ in millions	December 31, 2015 Nominal value	December 31, 2015 Fair value	December 31, 2014 Nominal value	December 31, 2014 Fair value
Electricity forwards	42,677.4	210.3	50,440.2	519.1
Exchange-traded electricity forwards	17,620.1	411.9	15,408.3	175.9
Electricity swaps	1,694.4	38.4	2,462.8	49.1
Electricity options	196.2	-35.1	256.1	-27.8
Gas forwards	34,697.1	484.0	37,619.7	282.4
Exchange-traded gas forwards	12,344.1	249.2	9,723.6	72.2
Gas swaps	4,919.0	22.7	5,888.7	15.0
Gas options	59.2	-15.2	68.3	19.0
Coal forwards and swaps	1,190.0	17.5	1,807.0	1.8
Exchange-traded coal forwards	12,953.3	-208.7	12,004.3	-296.4
Oil derivatives	968.5	-9.0	9,431.7	-72.1
Exchange-traded oil derivatives	439.8	-6.1	4,711.2	31.4
Emissions-related derivatives	20.1	-8.0	–	–
Exchange-traded emissions-related derivatives	651.4	38.0	808.0	84.7
Other derivatives	51.7	21.2	38.8	-2.8
Other exchange-traded derivatives	112.7	43.3	103.9	18.2
Total	**130,595.0**	**1,254.4**	**150,772.6**	**869.7**

(31) Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IAS 39 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2015

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category[1]	Fair value	Determined using market prices	Derived from active market prices
Equity investments	1,202	1,202	AfS	1,202	145	408
Financial receivables and other financial assets	5,064	5,044		5,044	92	517
Receivables from finance leases	*609*	*609*	*n/a*	*609*	*92*	*517*
Other financial receivables and financial assets	*4,455*	*4,435*	*LaR*	*4,435*	–	–
Trade receivables and other operating assets	30,865	28,938		28,938	6,521	9,296
Trade receivables	*11,213*	*11,213*	*LaR*	*11,213*	–	–
Derivatives with no hedging relationships	*15,600*	*15,600*	*HfT*	*15,600*	*6,521*	*8,686*
Derivatives with hedging relationships	*610*	*610*	*n/a*	*610*	–	*610*
Other operating assets	*3,442*	*1,515*	*LaR*	*1,515*	–	–
Securities and fixed-term deposits	6,802	6,802	AfS	6,802	6,268	463
Cash and cash equivalents	5,189	5,189	AfS	5,189	5,153	36
Restricted cash	923	923	AfS	923	923	–
Assets held for sale	1,191	203	AfS	203	–	93
Total assets	**51,236**	**48,301**		**48,301**	**19,102**	**10,813**
Financial liabilities	17,742	16,837		20,116	17,199	289
Bonds	*13,750*	*13,750*	*AmC*	*16,655*	*16,655*	–
Commercial paper	–	–	*AmC*	–	–	–
Bank loans/Liabilities to banks	*289*	*289*	*AmC*	*289*	–	*289*
Liabilities from finance leases	*827*	*827*	*n/a*	*1,201*	–	–
Other financial liabilities	*2,876*	*1,971*	*AmC*	*1,971*	*544*	–
Trade payables and other operating liabilities	33,157	28,317		28,317	5,985	9,548
Trade payables	*2,375*	*2,375*	*AmC*	*2,375*	–	–
Derivatives with no hedging relationships	*14,384*	*14,384*	*HfT*	*14,384*	*5,985*	*8,367*
Derivatives with hedging relationships	*1,181*	*1,181*	*n/a*	*1,181*	–	*1,181*
Put option liabilities under IAS 32[2]	*686*	*686*	*AmC*	*686*	–	–
Other operating liabilities	*14,531*	*9,691*	*AmC*	*9,691*	–	–
Total liabilities	**50,899**	**45,154**		**48,433**	**23,184**	**9,837**

[1] AfS: Available for sale; LaR: Loans and receivables; HfT: Held for trading; AmC: Amortized cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and the fair values of the two hierarchy levels listed.
[2] Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The carrying amounts of cash and cash equivalents and of trade receivables are considered reasonable estimates of their fair values because of their short maturity.

Where the value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This applies in particular to equities held and to bonds held and issued.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2014

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category[1]	Fair value	Determined using market prices	Derived from active market prices
Equity investments	1,573	1,573	AfS	1,573	120	320
Financial receivables and other financial assets	4,909	3,739		4,032	99	546
Receivables from finance leases	*645*	*645*	*n/a*	*645*	*99*	*546*
Other financial receivables and financial assets	*4,264*	*3,094*	*LaR*	*3,387*	-	-
Trade receivables and other operating assets	28,258	26,984		26,984	6,157	7,115
Trade receivables	*11,800*	*11,800*	*LaR*	*11,800*	-	-
Derivatives with no hedging relationships	*13,258*	*13,346*	*HfT*	*13,346*	*6,157*	*6,745*
Derivatives with hedging relationships	*458*	*370*	*n/a*	*370*	-	*370*
Other operating assets	*2,742*	*1,468*	*LaR*	*1,468*	-	-
Securities and fixed-term deposits	6,593	6,593	AfS	6,593	5,761	832
Cash and cash equivalents	3,191	3,191	AfS	3,191	3,143	48
Restricted cash	1,064	1,064	AfS	1,064	1,064	-
Assets held for sale	5,770	125	AfS	125	21	104
Total assets	**51,358**	**43,269**		**43,562**	**16,365**	**8,965**
Financial liabilities	19,667	19,222		23,213	18,824	1,664
Bonds	*14,280*	*14,280*	*AmC*	*17,997*	*17,997*	-
Commercial paper	*401*	*401*	*AmC*	*401*	-	*401*
Bank loans/Liabilities to banks	*1,263*	*1,263*	*AmC*	*1,263*	-	*1,263*
Liabilities from finance leases	*813*	*813*	*n/a*	*1,296*	-	-
Other financial liabilities	*2,910*	*2,465*	*AmC*	*2,256*	*827*	-
Trade payables and other operating liabilities	32,419	27,151		27,151	6,187	7,541
Trade payables	*2,185*	*2,185*	*AmC*	*2,185*	-	-
Derivatives with no hedging relationships	*12,947*	*12,332*	*HfT*	*12,332*	*6,187*	*6,097*
Derivatives with hedging relationships	*829*	*1,444*	*n/a*	*1,444*	-	*1,444*
Put option liabilities under IAS 32[2]	*764*	*764*	*AmC*	*764*	-	-
Other operating liabilities	*15,694*	*10,426*	*AmC*	*10,426*	-	-
Total liabilities	**52,086**	**46,373**		**50,364**	**25,011**	**9,205**

[1]AfS: Available for sale; LaR: Loans and receivables; HfT: Held for trading; AmC: Amortized cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and the fair values of the two hierarchy levels listed.
[2]Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments. Fair value measurement was not applied in the case of shareholdings with a carrying amount of €62 million (2014: €49 million) as cash flows could not be determined reliably for them. Fair values could not be derived on the basis of comparable transactions. The shareholdings are not material by comparison with the overall position of the Group.

The carrying amount of commercial paper, borrowings under revolving short-term credit facilities and trade payables is used as the fair value due to the short maturities of these items. The determination of the fair value of derivative financial instruments is discussed in Note 30.

In the fourth quarter of 2015, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data (see also Note 1). In 2015, equity investments were reclassified into Level 3 in the amount of €19 million, and out of Level 3 into Level 2 in the amount of €37 million. The losses recognized in OCI resulted from a market-related measurement effect on an equity interest in a Swedish power plant. 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, 2015	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	Dec. 31, 2015
Equity investments	1,133	53	-142	–	30	19	-37	-407	649
Derivative financial instruments	396	–	–	–	-35	–	–	–	361
Total	**1,529**	**53**	**-142**	**0**	**-5**	**19**	**-37**	**-407**	**1,010**

The extent to which the offsetting of financial assets is covered by netting agreements is presented in the following table:

Netting Agreements for Financial Assets and Liabilities as of December 31, 2015

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets						
Trade receivables	11,213	–	11,213	3,982	–	7,231
Interest-rate and currency derivatives	1,436	–	1,436	–	115	1,321
Commodity derivatives	14,774	–	14,774	6,213	478	8,083
Total	**27,423**	**0**	**27,423**	**10,195**	**593**	**16,635**
Financial liabilities						
Interest-rate and currency derivatives	2,047	–	2,047	–	848	1,199
Commodity derivatives	13,518	–	13,518	6,213	426	6,879
Other operating liabilities	14,531	–	14,531	3,982	–	10,549
Total	**30,096**	**0**	**30,096**	**10,195**	**1,274**	**18,627**

Netting Agreements for Financial Assets and Liabilities as of December 31, 2014

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets						
Trade receivables	11,800	–	11,800	4,300	–	7,500
Interest-rate and currency derivatives	1,447	–	1,447	–	143	1,304
Commodity derivatives	12,269	–	12,269	4,205	121	7,943
Total	**25,516**	**0**	**25,516**	**8,505**	**264**	**16,747**
Financial liabilities						
Interest-rate and currency derivatives	2,375	–	2,375	–	981	1,394
Commodity derivatives	11,401	–	11,401	4,195	328	6,878
Other operating liabilities	15,694	–	15,694	–	–	15,694
Total	**29,470**	**0**	**29,470**	**4,195**	**1,309**	**23,966**

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are generally concluded on the basis of standard contracts that permit the netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA) and the European Federation of Energy Traders (EFET), as well as the German Master Agreement for Financial Derivatives Transactions (”DRV”) and the Financial Energy Master Agreement (”FEMA”). Collateral pledged to and received from financial institutions in relation to these liabilities and assets limits the utilization of credit lines in the fair value measurement of interest-rate and currency derivatives, and is shown in the table. For commodity derivatives in the energy trading business, the netting option is not presented in the accounting because the legal enforceability of netting agreements varies by country.

The following two tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2015

€ in millions	Cash outflows 2016	Cash outflows 2017	Cash outflows 2018–2020	Cash outflows from 2021
Bonds	2,088	3,347	5,837	9,830
Commercial paper	–	–	–	–
Bank loans/Liabilities to banks	161	35	77	49
Liabilities from finance leases	103	166	231	1,357
Other financial liabilities	1,362	34	469	1,068
Financial guarantees	26	–	–	–
Cash outflows for financial liabilities	**3,740**	**3,582**	**6,614**	**12,304**
Trade payables	2,329	–	–	–
Derivatives (with/without hedging relationships)	32,623	12,532	6,962	–
Put option liabilities under IAS 32	162	5	109	410
Other operating liabilities	9,611	2	6	2
Cash outflows for trade payables and other operating liabilities	**44,725**	**12,539**	**7,077**	**412**
Cash outflows for liabilities within the scope of IFRS 7	**48,465**	**16,121**	**13,691**	**12,716**

Cash Flow Analysis as of December 31, 2014

€ in millions	Cash outflows 2015	Cash outflows 2016	Cash outflows 2017–2019	Cash outflows from 2020
Bonds	2,035	1,943	7,092	10,926
Commercial paper	401	–	–	–
Bank loans/Liabilities to banks	1,120	33	79	52
Liabilities from finance leases	100	162	228	1,341
Other financial liabilities	1,001	42	473	1,112
Financial guarantees	87	–	–	–
Cash outflows for financial liabilities	**4,744**	**2,180**	**7,872**	**13,431**
Trade payables	2,241	–	–	–
Derivatives (with/without hedging relationships)	34,774	14,428	2,361	6
Put option liabilities under IAS 32	17	108	108	531
Other operating liabilities	10,516	2	14	6
Cash outflows for trade payables and other operating liabilities	**47,548**	**14,538**	**2,483**	**543**
Cash outflows for liabilities within the scope of IFRS 7	**52,292**	**16,718**	**10,355**	**13,974**

Financial guarantees with a total nominal volume of €26 million (2014: €87 million) were issued to companies outside of the Group. This amount is the maximum amount that E.ON would have to pay in the event of claims on the guarantees; a book value of €8 million (2014: €11 million) has been recognized.

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time. All covenants were complied with during 2015.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

The net gains and losses from financial instruments by IAS 39 category are shown in the following table:

Net Gains and Losses by Category[1]

€ in millions	2015	2014
Loans and receivables	-496	-96
Available for sale	977	722
Held for trading	-450	1,166
Amortized cost	-778	-1,070
Total	**-747**	**722**

[1]The categories are described in detail in Note 1.

In addition to interest income and expenses from financial receivables, the net gains and losses in the loans and receivables category consist primarily of valuation allowances on trade receivables. Gains and losses on the disposal of available-for-sale securities and equity investments are reported under other operating income and other operating expenses, respectively.

The net gains and losses in the amortized cost category are due primarily to interest on financial liabilities, reduced by capitalized construction-period interest.

The net gains and losses in the held-for-trading category encompass both the changes in fair value of the derivative financial instruments and the gains and losses on realization. The fair value measurement of commodity derivatives and of realized gains on currency derivatives is the most important factor in the net result for this category.

Risk Management

Principles

The prescribed processes, responsibilities and actions concerning financial and risk management are described in detail in internal risk management guidelines applicable throughout the Group. The units have developed additional guidelines of their own within the confines of the Group's overall guidelines. To ensure efficient risk management at the E.ON Group, the Trading (Front Office), Financial Controlling (Middle Office) and Financial Settlement (Back Office) departments are organized as strictly separate units. Risk controlling and reporting in the areas of interest rates, currencies, credit and liquidity management is performed by the Financial Controlling department, while risk controlling and reporting in the area of commodities is performed at Group level by a separate department.

E.ON uses a Group-wide treasury, risk management and reporting system. This system is a standard information technology solution that is fully integrated and is continuously updated. The system is designed to provide for the analysis and monitoring of the E.ON Group's exposure to liquidity, foreign exchange and interest risks. The units employ established systems for commodities. Credit risks are monitored and controlled on a Group-wide basis by Financial Controlling, with the support of a standard software package. The commodity positions of most of the global and regional units are transferred to the Global Commodities unit for risk management and optimization purposes, based on a transfer-pricing mechanism. Special risk management, coordinated with Group Management, applies in a small number of exceptional cases.

Separate Risk Committees are responsible for the maintenance and further development of the strategy set by the Management Board of E.ON SE with regard to commodity, treasury and credit risk management policies.

1. Liquidity Management

The primary objectives of liquidity management at E.ON consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the E.ON Group.

Cash pooling and external financing are largely centralized at E.ON SE and certain financing companies. Funds are provided to the other Group companies as needed on the basis of an "in-house banking" solution.

E.ON SE determines the Group's financing requirements on the basis of short- and medium-term liquidity planning. The financing of the Group is controlled and implemented on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturity of bonds and commercial paper.

2. Price Risks

In the normal course of business, the E.ON Group is exposed to risks arising from price changes in foreign exchange, interest rates, commodities and asset management. These risks create volatility in earnings, equity, debt and cash flows from period to period. E.ON has developed a variety of strategies to limit or eliminate these risks, including the use of derivative financial instruments, among others.

3. Credit Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Uniform credit risk management procedures are in place throughout the Group to identify, measure and control credit risks.

The following discussion of E.ON's risk management activities and the estimated amounts generated from profit-at-risk ("PaR"), value-at-risk ("VaR") and sensitivity analyses are "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected due to actual, unforeseeable developments in the global financial markets. The methods used by the Company to analyze risks should not be considered forecasts of future events or losses. For example, E.ON faces certain risks that are either non-financial or non-quantifiable. Such risks principally include country risk, operational risk, regulatory risk and legal risk, which are not represented in the following analyses.

Foreign Exchange Risk Management

E.ON SE is responsible for controlling the currency risks to which the E.ON Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the E.ON Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of the balance sheet and income statement items of the foreign consolidated Group companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also includes shareholder loans in foreign currency. In addition, derivative and primary financial instruments are employed as needed. The hedges qualify for hedge accounting under IFRS as hedges of net investments in foreign operations. The Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary. The respective debt factor and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

The E.ON Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. These risks arise for the Group companies primarily from physical and financial trading in commodities, from intragroup relationships and from capital spending in foreign currency. The subsidiaries are responsible for controlling their operating currency risks. E.ON SE coordinates hedging throughout the Group and makes use of external derivatives as needed.

Financial transaction risks result from payments originating from financial receivables and payables. They are generated both by external financing in a variety of foreign currencies, and by shareholder loans from within the Group denominated in foreign currency. Financial transaction risks are generally fully hedged.

The one-day value-at-risk (99 percent confidence) from the translation of deposits and borrowings denominated in foreign currency, plus foreign-exchange derivatives, was €181 million as of December 31, 2015 (2014: €143 million) and resulted primarily from the positions in British pounds and Swedish kronor.

Interest Risk Management

E.ON is exposed to profit risks arising from floating-rate financial liabilities and from interest rate derivatives. Positions based on fixed interest rates, on the other hand, are subject to changes in fair value resulting from the volatility of market rates. E.ON seeks a specific mix of fixed- and floating-rate debt over time. The long-term orientation of the business model in principle means fulfilling a high proportion of financing requirements at fixed rates, especially within the medium-term planning period. This also involves the use of interest rate derivatives.

With interest rate derivatives included, the share of financial liabilities with floating interest rates was 0 percent as of December 31, 2015 (2014: 7 percent). Under otherwise unchanged circumstances, the volume of financial liabilities with fixed interest rates, which amounted to €14.1 billion at year-end 2015, would decline to €12.2 billion in 2016 and to €11.1 billion in 2017. The effective interest rate duration of the financial liabilities, including interest rate derivatives, was 9.6 years as of December 31, 2015 (2014: 7.4 years). The volume-weighted average interest rate of the financial liabilities, including interest rate derivatives, was 5.9 percent as of December 31, 2015 (2014: 5.6 percent).

As of December 31, 2015, the E.ON Group held interest rate derivatives with a nominal value of €3,386 million (2014: €4,893 million).

A sensitivity analysis was performed on the Group's short-term floating-rate borrowings, including hedges of both foreign exchange risk and interest risk. This measure is used for internal risk controlling and reflects the economic position of the E.ON Group. A one-percentage-point upward or downward change in interest rates (across all currencies) would neither raise nor lower interest charges in the subsequent fiscal year (2014: no increase or decrease).

Commodity Price Risk Management

The E.ON portfolio of physical assets, long-term contracts and end-customer sales is exposed to substantial risks from fluctuations in commodity prices. The principal commodity prices to which E.ON is exposed relate to electricity, gas, hard coal, iron ore, freight charters, petroleum products, LNG and emission certificates.

The objective of commodity risk management is to transact through physical and financial contracts to optimize the value of the portfolio while reducing the potential negative deviation from target EBITDA.

The maximum permissible risk is determined centrally by the Management Board and allocated over a three-year planning horizon into a decentralized limit structure in coordination with the units. Before limits are approved, investment plans and all other known obligations and quantifiable risks are taken into account. Ongoing risk controlling and reporting, including portfolio optimization, is steered centrally by Group Management and operationally managed within the units independently from trading operations. There is a clear system of internal controls in place that follows best-practice industry standards of risk management.

From a forward-looking perspective, risks are assessed using a profit-at-risk metric that quantifies the risk by taking into account the size of the open position, price levels and price volatilities, as well as the underlying market liquidity in each market. Profit-at-risk reflects the potential negative change in the market value of the open position if it is closed as quickly as market liquidity allows with a 5-percent chance of being exceeded.

The profit-at-risk for the financial and physical commodity positions covering the planning horizon of up to three years amounted to €1,042 million as of December 31, 2015 (2014: €1,412 million).

As of December 31, 2015, the E.ON Group has entered into electricity, gas, coal, oil and emissions-related derivatives with a nominal value of €130,595 million (2014: €150,773 million).

A key foundation of the risk management system is the Group-wide Commodity Risk Policy and the corresponding internal policies of the units. These specify the control principles for commodity risk management, minimum required standards and clear management and operational responsibilities.

Commodity exposures and risks are aggregated across the Group on a monthly basis and reported to the members of the Risk Committee.

The commodity risk management as presented above reflects the Group's internal management reporting and also covers the financial instruments within the scope of IFRS 7.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, the Company enters into transactions only with counterparties that satisfy the Company's internally established minimum requirements. Maximum credit risk limits are set on the basis of internal and (where available) external credit ratings. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on Group-wide credit risk management guidelines. Long-term operating contracts and asset management transactions are not comprehensively included in this process. They are monitored separately at the level of the responsible units.

In principle, each Group company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the credit risk, additional credit risk monitoring and controls are performed both by the units and by Group Management. Monthly reports on credit limits, including their utilization, are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as close monitoring of the credit quality of counterparties, enable E.ON to act early in order to minimize risk.

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €6,304 million.

The levels and backgrounds of financial assets received as collateral are described in more detail in Notes 18 and 26.

Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements.

Exchange-traded forward and option contracts as well as exchange-traded emissions-related derivatives having an aggregate nominal value of €44,121 million as of December 31, 2015, (2014: €42,759 million) bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

At E.ON, liquid funds are normally invested at banks with good credit ratings, in money market funds with first-class ratings or in short-term securities (for example, commercial paper) of issuers with strong credit ratings. Bonds of public and private issuers are also selected for investment. Group companies that for legal reasons are not included in the cash pool invest money at leading local banks. Standardized credit assessment and limit-setting is complemented by daily monitoring of CDS levels at the banks and at other significant counterparties.

Asset Management

For the purpose of financing long-term payment obligations, including those relating to asset retirement obligations (see Note 25), financial investments totaling €5.4 billion (2014: €5.4 billion) were held predominantly by German E.ON Group companies as of December 31, 2015.

These financial assets are invested on the basis of an accumulation strategy (total-return approach), with investments broadly diversified across the money market, bond, real estate and equity asset classes. Asset allocation studies are performed at regular intervals to determine the target portfolio structure. The majority of the assets is held in investment funds managed by external fund managers. Corporate Asset Management at E.ON SE, which is part of the Company’s Finance Department, is responsible for continuous monitoring of overall risks and those concerning individual fund managers. Risk management is based on a risk budget whose usage is monitored regularly. The three-month VaR with a 98-percent confidence interval for these financial assets was €189 million (2014: €240 million).

In addition, the mutual insurance fund Versorgungskasse Energie VVaG (”VKE”) manages financial assets that are almost exclusively dedicated to the coverage of benefit obligations at E.ON Group companies in Germany; these assets totaled €1.1 billion at year-end 2015 (2014: €1.0 billion). The assets at VKE do not constitute plan assets under IAS 19 (see Note 24) and are shown as non-current and current assets on the balance sheet. The majority of the diversified portfolio, consisting of money market instruments, bonds, real estate and equities, is held in investment funds managed by external fund managers. VKE is subject to the provisions of the Insurance Supervision Act (”Versicherungsaufsichtsgesetz” or ”VAG”) and its operations are supervised by the German Federal Financial Supervisory Authority (”Bundesanstalt für Finanzdienstleistungsaufsicht” or ”BaFin”). Financial investments and continuous risk management are conducted within the regulatory confines set by BaFin. The three-month VaR with a 98-percent confidence interval for these financial assets was €58.0 million (2014: €35.3 million).

(32) Transactions with Related Parties

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Some of these companies are related parties, the most significant of which are associated companies accounted for under the equity method and their subsidiaries. Additionally reported as related parties are joint ventures, as well as equity interests carried at fair value and unconsolidated subsidiaries, which are of lesser importance as regards the extent of the transactions described in the following discussion. Transactions with related parties are summarized as follows:

Related-Party Transactions

€ in millions	2015	2014
Income	**1,486**	**1,753**
Associated companies	*1,246*	*1,480*
Joint ventures	*58*	*95*
Other related parties	*182*	*178*
Expenses	**1,416**	**1,697**
Associated companies	*1,206*	*1,395*
Joint ventures	*21*	*102*
Other related parties	*189*	*200*
Receivables	**1,318**	**1,740**
Associated companies	*675*	*1,057*
Joint ventures	*457*	*448*
Other related parties	*186*	*235*
Liabilities	**1,385**	**1,180**
Associated companies	*989*	*737*
Joint ventures	*31*	*63*
Other related parties	*365*	*380*

Income from transactions with related companies is generated mainly through the delivery of gas and electricity to distributors and municipal entities, especially municipal utilities. The relationships with these entities do not generally differ from those that exist with municipal entities in which E.ON does not have an interest.

Expenses from transactions with related companies are generated mainly through the procurement of gas, coal and electricity.

Receivables from related companies consist mainly of trade receivables.

Liabilities of E.ON payable to related companies as of December 31, 2015, include €393 million (2014: €368 million) in trade payables to operators of jointly-owned nuclear power plants. These payables bear interest at 1.0 percent or at one-month EURIBOR less 0.05 percent per annum (2014: 1.0 percent or one-month EURIBOR less 0.05 percent per annum) and have no fixed maturity. E.ON continues to have in place with these power plants a cost-transfer agreement and a cost-plus-fee agreement for the procurement of electricity. The settlement of such liabilities occurs mainly through clearing accounts.

Under IAS 24, compensation paid to key management personnel (members of the Management Board and of the Supervisory Board of E.ON SE) must be disclosed.

The total expense for 2015 for members of the Management Board amounted to €10.8 million (2014: €9.9 million) in short-term benefits and €5.6 million (2014: €0 million) in termination benefits, as well as €3.0 million (2014: €2.8 million) in post-employment benefits. Additionally taken into account in 2015 were actuarial gains of €9.3 million (2014: actuarial losses of €11.7 million). The cost of post-employment benefits is equal to the service and interest cost of the provisions for pensions.

The expense determined in accordance with IFRS 2 for the tranches of the E.ON Share Performance Plan and the E.ON Share Matching Plan in existence in 2015 was €0.6 million (2014: €6.0 million).

Provisions for the E.ON Share Performance Plan and the E.ON Share Matching Plan amounted to €9.5 million as of December 31, 2015 (2014: €10.4 million).

The members of the Supervisory Board received a total of €3.2 million for their activity in 2015 (2014: €3.1 million). Employee representatives on the Supervisory Board were paid compensation under the existing employment contracts with subsidiaries totaling €0.5 million (2014: €0.5 million).

Detailed, individualized information on compensation can be found in the Compensation Report on pages 82 through 95.

(33) Segment Information

Led by its Group Management in Düsseldorf, Germany, the E.ON Group ("E.ON" or the "Group") is segmented into global and regional units, which are reported here in accordance with IFRS 8, "Operating Segments" ("IFRS 8"). The Germany regional unit's trading business serving major customers has been transferred to the Global Commodities unit. Following a strategic review of the power and gas sales business in Italy, E.ON decided in early August 2015 to retain and continue developing this business within the Italy regional unit. The corresponding prior-year figures have been adjusted accordingly.

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 facilities and contracts at different levels in the gas market's value chain.

Exploration & Production

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

Regional Units

E.ON's distribution and sales operations in Europe are managed by ten regional units in total.

For segment reporting purposes, the Germany, UK, Sweden, Czechia and Hungary regional units are reported separately.

Those units not reported separately are instead reported collectively as "Other regional units." They include the France, Benelux, Slovakia, Romania and Italy units and, through December 2014, the Spain unit (see Note 4 for further discussion of the Italy and Spain units). Additionally reported here are the activities of E.ON Connecting Energies, which concentrates on providing decentralized, complete solutions.

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

Group Management/Consolidation

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

The change in EBITDA relative to the previous year resulted primarily from the earnings of the aforementioned company, especially higher additions to provisions caused by changes in interest rates. They were offset by consolidation effects related to the measurement of provisions for emission rights.

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

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

Due to the adjustments, the key figures by segment may differ from the corresponding IFRS figures reported in the Consolidated Financial Statements.

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

Net Income

€ in millions	2015	2014
EBITDA[1]	**7,557**	**8,376**
Depreciation and amortization	-3,052	-3,561
Impairments (-)/Reversals (+)[2]	-136	-120
EBIT[1]	**4,369**	**4,695**
Economic interest income (net)	-1,572	-1,613
Net book gains/losses	450	589
Restructuring/cost-management expenses	-217	-133
E.ON 2.0 restructuring expenses	-293	-363
Impairments (-)/Reversals (+)[2, 3]	-8,430	-5,457
Other non-operating earnings	150	-116
Income/Loss from continuing operations before taxes	**-5,543**	**-2,398**
Income taxes	-835	-570
Income/Loss from continuing operations	**-6,378**	**-2,968**
Income/Loss from discontinued operations, net	1	-162
Net income/loss	**-6,377**	**-3,130**
Attributable to shareholders of E.ON SE	*-6,999*	*-3,160*
Attributable to non-controlling interests	*622*	*30*

[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.

Net book gains in 2015 were approximately €139 million below the prior-year level. The book gains resulted primarily from the sale of securities and from the disposals of the remaining stake in E.ON Energy from Waste, the exploration and production activities in the Norwegian North Sea and network segments in Germany, as well as from the sale of activities in Italy and Finland.

The 2014 figure reflects book gains on the sale of securities and on the disposals of an equity interest in a natural-gas utility in Germany, a majority stake in a gas company in the Czech Republic, an equity interest in a Finnish gas company and various micro thermal power plants in Sweden, as well as on the sale of network segments in Germany.

Restructuring and cost-management expenses increased by €14 million in total over the previous year. As in 2014, the expenses were primarily attributable to the internally-initiated cost-reduction programs and the strategic realignment.

The earnings reported for 2015 reflected especially the recognition of impairment charges of €8.8 billion and reversals of €0.4 billion. Impairment tests were triggered primarily by revised assumptions concerning the long-term development of electricity and primary energy prices, supported by well-known forecasting institutions and E.ON's own estimates, and by the political situation and its impact on expected profitability. Impairment charges were particularly necessary at the Generation global unit. Additional impairments were recognized at the Exploration & Production, Renewables and Global Commodities units, as well as in Russia and within Other EU Countries. In 2014, impairment charges were recognized particularly at the Generation, Renewables, Global Commodities and Exploration & Production units, and on the activities in the Non-EU Countries segment.

Other non-operating earnings include, among other things, the marking to market of derivatives used to shield the operating businesses from price fluctuations. As of December 31, 2015, this marking to market produced a positive effect of €533 million (2014: €540 million). Non-operating earnings in 2015 were especially adversely affected by costs associated with the Oskarshamn and Ringhals power plants; this effect was offset by income from passing on costs that arose in connection with the generating units Oskarshamn 1 and 2 to the co-owner of these units. Other negative effects arose from valuation allowances on inventories and securities. In 2014, other non-operating earnings were adversely affected by write-downs on gas inventories and securities and within the activities in the Non-EU Countries, and by expenses incurred in connection with bond buybacks.

An additional adjustment to the internal profit analysis relates to net interest income, which is presented based on economic considerations. Economic net interest income is calculated by taking the net interest income from the income statement and adjusting it using economic criteria and excluding certain extraordinary (that is, non-operating) effects.

Economic Net Interest Income

€ in millions	2015	2014
Interest and similar expenses (net) as shown in the Consolidated Statements of Income	-1,330	-1,811
Non-operating interest expense (+)/ income (-)	-242	198
Economic interest income (net)	**-1,572**	**-1,613**

Due in large part to the improved net financial position, economic net interest income, at -€1,572 million, was above its 2014 level of -€1,613 million.

Transactions within the E.ON Group are generally effected at market prices.

Financial Information by Business Segment

€ in millions	Generation 2015	Generation 2014	Renewables 2015	Renewables 2014	Global Commodities 2015	Global Commodities 2014
External sales	1,488	2,561	646	682	72,747	67,967
Intersegment sales	6,049	7,724	1,840	1,715	15,115	15,359
Sales	**7,537**	**10,285**	**2,486**	**2,397**	**87,862**	**83,326**
EBITDA[1]	**1,472**	**2,215**	**1,346**	**1,500**	**223**	**106**
Equity-method earnings[2]	*60*	*53*	*16*	*-3*	*126*	*128*
Operating cash flow before interest and taxes	**1,500**	**1,769**	**1,152**	**1,161**	**-145**	**693**
Investments	**563**	**862**	**1,106**	**1,222**	**113**	**115**

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

Financial Information by Business Segment—Presentation of Other EU Countries

€ in millions	UK 2015	UK 2014	Sweden 2015	Sweden 2014	Czechia 2015	Czechia 2014
External sales	9,515	9,303	1,947	2,136	2,107	2,093
Intersegment sales	31	43	88	87	117	128
Sales	**9,546**	**9,346**	**2,035**	**2,223**	**2,224**	**2,221**
EBITDA[1]	**384**	**384**	**589**	**622**	**279**	**290**
Equity-method earnings[2]	–	–	*5*	*7*	*5*	*5*
Operating cash flow before interest and taxes	**543**	**546**	**710**	**601**	**289**	**322**
Investments	**155**	**121**	**405**	**331**	**140**	**141**

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

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

€ in millions	Russia 2015	Russia 2014	Other Non-EU Countries 2015	Other Non-EU Countries 2014	Non-EU Countries 2015	Non-EU Countries 2014
External sales	1,123	1,518	–	–	1,123	1,518
Intersegment sales	–	–	–	–	0	0
Sales	**1,123**	**1,518**	**0**	**0**	**1,123**	**1,518**
EBITDA[1]	**361**	**517**	**-39**	**-78**	**322**	**439**
Equity-method earnings[2]	–	–	*-9*	*-77*	*-9*	*-77*
Operating cash flow before interest and taxes	**379**	**502**	**-22**	**-11**	**357**	**491**
Investments	**180**	**347**	**114**	**356**	**294**	**703**

[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.

Exploration & Production		Germany		Other EU Countries		Non-EU Countries		Group Management/ Consolidation		E.ON Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1,250	1,639	18,958	18,704	19,805	19,788	1,123	1,518	201	236	116,218	113,095
481	479	379	465	701	799	–	–	-24,565	-26,541	0	0
1,731	**2,118**	**19,337**	**19,169**	**20,506**	**20,587**	**1,123**	**1,518**	**-24,364**	**-26,305**	**116,218**	**113,095**
895	**1,136**	**2,157**	**1,761**	**1,756**	**1,775**	**322**	**439**	**-614**	**-556**	**7,557**	**8,376**
41	*9*	*113*	*82*	*48*	*63*	*-9*	*-77*	*1*	*1*	*396*	*256*
925	**1,081**	**1,733**	**1,045**	**2,062**	**2,093**	**357**	**491**	**-545**	**-12**	**7,039**	**8,321**
97	**64**	**881**	**745**	**1,035**	**883**	**294**	**703**	**85**	**43**	**4,174**	**4,637**

Hungary		Other regional units		Other EU Countries	
2015	2014	2015	2014	2015	2014
1,535	1,637	4,701	4,619	19,805	19,788
2	1	463	540	701	799
1,537	**1,638**	**5,164**	**5,159**	**20,506**	**20,587**
207	**200**	**297**	**279**	**1,756**	**1,775**
–	–	*38*	*51*	*48*	*63*
187	**208**	**333**	**416**	**2,062**	**2,093**
107	**102**	**228**	**188**	**1,035**	**883**

Financial Information by Business Segment—Presentation of Discontinued Operations

	Spain[3]	
€ in millions	2015	2014
External sales	324	1,085
Intersegment sales	31	81
Sales	**355**	**1,166**
EBITDA[1]	**34**	**146**
Equity-method earnings[2]	–	–
Operating cash flow before interest and taxes	**19**	**190**
Investments	**5**	**63**

[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 Spanish activities had already been disposed of in the first quarter of 2015 (see also Note 4).

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

Operating Cash Flow[1]

€ in millions	2015	2014	Difference
Operating cash flow before interest and taxes	**7,039**	**8,321**	**-1,282**
Interest payments	-756	-1,049	293
Tax payments	-150	-918	768
Operating cash flow	**6,133**	**6,354**	**-221**

[1]Operating cash flow from continuing operations.

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

Additional Entity-Level Disclosures

External sales by product break down as follows:

Segment Information by Product

€ in millions	2015	2014
Electricity	54,522	56,089
Gas	56,602	51,198
Other	5,094	5,808
Total	**116,218**	**113,095**

The "Other" item consists in particular of revenues generated from services and from other trading activities.

The following table breaks down external sales (by customer and seller location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information

	Germany		United Kingdom		Sweden		Europe (other)		Other		Total	
€ in millions	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External sales by location of customer	40,176	41,605	35,376	32,854	3,329	3,279	35,671	32,551	1,666	2,806	116,218	113,095
External sales by location of seller	92,797	86,867	9,882	9,700	2,169	2,357	11,023	12,319	347	1,852	116,218	113,095
Intangible assets	1,566	1,556	394	426	187	184	2,089	2,499	229	217	4,465	4,882
Property, plant and equipment	15,492	15,319	5,480	5,650	7,716	7,681	7,814	10,423	2,495	2,200	38,997	41,273
Companies accounted for under the equity method	1,330	1,615	–	–	185	259	2,706	2,865	315	270	4,536	5,009

E.ON's customer structure did not result in any major concentration in any given geographical region or business area. Due to the large number of customers the Company serves and the variety of its business activities, there are no individual customers whose business volume is material compared with the Company's total business volume.

(34) Compensation of Supervisory Board and Management Board

Supervisory Board

Total remuneration to members of the Supervisory Board in 2015 amounted to €3.2 million (2014: €3.1 million).

As in 2014, there were no loans to members of the Supervisory Board in 2015.

The Supervisory Board's compensation structure and the amounts for each member of the Supervisory Board are presented on page 95 in the Compensation Report.

Additional information about the members of the Supervisory Board is provided on pages 216 and 217.

Management Board

Total compensation of the Management Board in 2015 amounted to €15.6 million (2014: €16.2 million). This consisted of base salary, bonuses, other compensation elements and share-based payments.[1]

Total payments to former members of the Management Board and their beneficiaries amounted to €15.8 million (2014: €10.2 million). Provisions of €154.6 million (2014: €175.0 million) have been established for the pension obligations to former members of the Management Board and their beneficiaries.

As in 2014, there were no loans to members of the Management Board in 2015.

The Management Board's compensation structure and the amounts for each member of the Management Board are presented on pages 82 through 95 in the Compensation Report.

Additional information about the members of the Management Board is provided on page 218.

[1]Uniper AG granted Mr. Schäfer a multi-year bonus for 2015 of €636,000. This bonus is not included in the total compensation of the Management Board.

(35) Other Significant Issues

On February 1, 2016, a fire erupted in the boiler house of Unit 3 at Berezovskaya GRES in Russia, which has a capacity of 800 MW. As a result of the fire, significant parts of the boiler were damaged and will have to be replaced. The unit has been taken out of service for at least 20 months of unscheduled repair, during which it will not be generating an electricity margin and will be losing a significant part of its capacity payment. Management believes that no additional fines will have to be paid for not providing capacity during the outage. Management is currently assessing the magnitude of the damage to the boiler with the objective of determining the length of the forced outage. The estimated cost of restoration is at least RUB 15 billion. The Group is insured against construction risks and property damage, machinery breakdown and business interruption. Investigations involving representatives of the insurance companies are currently underway to determine whether the accident is covered by one of the insurance contracts, as well as the amount of the insurance settlement. Management believes that a significant part of the damage will be covered by insurance.

Declaration of the Management Board

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

Düsseldorf, February 29, 2016

The Management Board

Teyssen Birnbaum Reutersberg Sen

(36) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
:agile accelerator GmbH, DE, Düsseldorf[2]	100.0
AB Svafo, SE, Stockholm[6]	22.0
Abfallwirtschaft Dithmarschen GmbH, DE, Heide[6]	49.0
Abfallwirtschaft Schleswig-Flensburg GmbH, DE, Schleswig[6]	49.0
Abfallwirtschaft Südholstein GmbH (AWSH), DE, Elmenhorst[6]	49.0
Abfallwirtschaftsgesellschaft Rendsburg-Eckernförde mbH, DE, Borgstedt[6]	49.0
Abwasser und Service Burg, Hochdonn GmbH, DE, Burg[6]	44.0
Abwasser und Service Mittelangeln GmbH, DE, Satrup[6]	33.3
Abwasserbeseitigung Nortorf-Land GmbH, DE, Nortorf[6]	49.0
Abwasserentsorgung Albersdorf GmbH, DE, Albersdorf[6]	49.0
Abwasserentsorgung Amt Achterwehr GmbH, DE, Achterwehr[6]	49.0
Abwasserentsorgung Bargteheide GmbH, DE, Bargteheide[6]	27.0
Abwasserentsorgung Berkenthin GmbH, DE, Berkenthin[6]	44.0
Abwasserentsorgung Bleckede GmbH, DE, Bleckede[6]	49.0
Abwasserentsorgung Brunsbüttel GmbH (ABG), DE, Brunsbüttel[6]	49.0
Abwasserentsorgung Friedrichskoog GmbH, DE, Friedrichskoog[6]	49.0
Abwasserentsorgung Kappeln GmbH, DE, Kappeln[6]	25.0
Abwasserentsorgung Kropp GmbH, DE, Kropp[6]	25.0
Abwasserentsorgung Marne-Land GmbH, DE, Diekhusen-Fahrstedt[6]	49.0
Abwasserentsorgung Schladen GmbH, DE, Schladen[6]	49.0
Abwasserentsorgung Schöppenstedt GmbH, DE, Schöppenstedt[6]	49.0
Abwasserentsorgung St. Michaelisdonn, Averlak, Dingen, Eddelak GmbH, DE, St. Michaelisdonn[6]	25.1
Abwasserentsorgung Tellingstedt GmbH, DE, Tellingstedt[6]	25.0
Abwasserentsorgung Uetersen GmbH, DE, Uetersen[6]	49.0
Abwassergesellschaft Bardowick mbH & Co. KG, DE, Bardowick[6]	49.0
Abwassergesellschaft Bardowick Verwaltungs-GmbH, DE, Bardowick[6]	49.0
Abwassergesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Abwassergesellschaft Ilmenau mbH, DE, Melbeck[6]	49.0
Abwasserwirtschaft Fichtelberg GmbH, DE, Fichtelberg[6]	25.0
Abwasserwirtschaft Kunstadt GmbH, DE, Burgkunstadt[6]	30.0
Acme Group Limited, GB, Bury[2]	100.0
Acme Technical Services Limited, GB, Bury[2]	100.0
Adria LNG d.o.o. za izradu studija u likvidaciji, HR, Zagreb[6]	39.2
Aerodis, S.A., FR, Paris[1]	100.0
Åliden Vind AB, SE, Malmö[2]	100.0
Amrum-Offshore West GmbH, DE, Düsseldorf[1]	100.0
Anacacho Wind Farm, LLC, US, Wilmington[1]	100.0
ANCO Sp. z o.o., PL, Jarocin[2]	100.0
Aquila Power Investments Limited, GB, Coventry[2]	100.0
Aquila Sterling Limited, GB, Coventry[2]	100.0
AS Latvijas Gāze, LV, Riga[5]	47.2
AV Packaging GmbH, DE, Munich[1]	0.0
Avacon AG, DE, Helmstedt[1]	61.5
Avacon Beteiligungen GmbH, DE, Helmstedt[1]	100.0
Avacon Hochdrucknetz GmbH, DE, Helmstedt[1]	100.0
Avacon Natur GmbH, DE, Sarstedt[1]	100.0
Avon Energy Partners Holdings, GB, Coventry[2]	100.0
AWE-Arkona-Windpark Entwicklungs-GmbH, DE, Hamburg[1]	98.0
B.V. NEA, NL, Dodewaard[6]	25.0
Barsebäck Kraft AB, SE, Löddeköpinge[2]	100.0
BauMineral GmbH, DE, Herten[1, 8]	100.0
Bayernwerk AG, DE, Regensburg[1]	100.0
Bayernwerk Anlagentechnik Nord GmbH, DE, Regensburg[2]	100.0
Bayernwerk Anlagentechnik Süd GmbH, DE, Regensburg[2]	100.0
Bayernwerk Energiedienstleistungen Licht GmbH, DE, Regensburg[2]	100.0
Bayernwerk Natur 1. Beteiligungs-GmbH, DE, Regensburg[2]	100.0
Bayernwerk Natur GmbH, DE, Unterschleißheim[1]	100.0
Bayernwerk Portfolio GmbH & Co. KG, DE, Regensburg[2]	100.0
Bayernwerk Portfolio Verwaltungs GmbH, DE, Regensburg[1]	100.0
BBL Company V.O.F., NL, Groningen[5]	20.0
Bergeforsens Kraftaktiebolag, SE, Bispgården[5]	40.0
Beteiligungsgesellschaft der Energieversorgungsunternehmen an der Kerntechnische Hilfsdienst GmbH GbR, DE, Eggenstein-Leopoldshofen[6]	47.4
Beteiligungsgesellschaft e.disnatur mbH, DE, Potsdam[2]	100.0
BHL Biomasse Heizanlage Lichtenfels GmbH, DE, Lichtenfels[6]	25.1
BHO Biomasse Heizanlage Obernsees GmbH, DE, Hollfeld[6]	40.7
BHP Biomasse Heizwerk Pegnitz GmbH, DE, Pegnitz[6]	46.5
Bioenergie Bad Füssing GmbH & Co. KG, DE, Bad Füssing[6]	25.0
Bioenergie Bad Füssing Verwaltungs-GmbH, DE, Bad Füssing[6]	25.0
Bioenergie Merzig GmbH, DE, Merzig[2]	51.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. · [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Other companies in which share investments are held. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]IFRS figures.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
Bioerdgas Hallertau GmbH, DE, Wolnzach[2]	90.0
Bioerdgas Schwandorf GmbH, DE, Schwandorf[2]	100.0
Biogas Ducherow GmbH, DE, Ducherow[2]	80.0
Biogas Steyerberg GmbH, DE, Sarstedt[2]	100.0
BIOPLYN Třeboň spol. s r.o., CZ, Třeboň[6]	24.7
Bio-Wärme Gräfelfing GmbH, DE, Gräfelfing[6]	40.0
Blackbriar Battery, LLC, US, Wilmington[2]	100.0
Blåsjön Kraft AB, SE, Arbrå[5]	50.0
BMV Energie Beteiligungs GmbH, DE, Fürstenwalde/Spree[2]	100.0
BMV Energie GmbH & Co. KG, DE, Fürstenwalde/Spree[6]	41.8
Boiling Springs Wind Farm, LLC, US, Wilmington[2]	100.0
Braila Power S.A., RO, Chiscani village[2]	69.8
Brattmyrliden Vind AB, SE, Malmö[2]	100.0
Broken Spoke Solar, LLC, US, Wilmington[2]	100.0
Brunnshög Energi AB, SE, Malmö[2]	100.0
BTB Bayreuther Thermalbad GmbH, DE, Bayreuth[6]	33.3
Bursjöliden Vind AB, SE, Malmö[2]	100.0
Bützower Wärme GmbH, DE, Bützow[6]	20.0
Carbiogas b.v., NL, Nuenen[6]	33.3
Cardinal Wind Farm LLC, US, Wilmington[2]	100.0
Cattleman Wind Farm, LLC, US, Wilmington[2]	100.0
Celle-Uelzen Netz GmbH, DE, Celle[1]	97.5
Celsium Sp. z o.o., PL, Skarżysko-Kamienna[2]	87.8
Centrale Solare di Fiumesanto S.r.l., IT, Sassari[2]	100.0
Českomoravská distribuce s.r.o., CZ, České Budějovice[6]	50.0
Champion WF Holdco, LLC, US, Wilmington[1]	100.0
Champion Wind Farm, LLC, US, Wilmington[1]	100.0
CHN Contractors Limited, GB, Coventry[2]	100.0
CHN Electrical Services Limited, GB, Coventry[2]	100.0
CHN Group Ltd, GB, Coventry[2]	100.0
CHN Special Projects Limited, GB, Coventry[2]	100.0
Citigen (London) Limited, GB, Coventry[1]	100.0
Colbeck's Corner, LLC, US, Wilmington[1]	100.0
Colonia-Cluj-Napoca-Energie S.R.L., RO, Cluj-Napoca[6]	33.3
Cremlinger Energie GmbH, DE, Cremlingen[6]	49.0
CT Services Holdings Limited, GB, Coventry[2]	100.0
Dampfversorgung Ostsee-Molkerei GmbH, DE, Wismar[6]	50.0
DD Brazil Holdings S.à r.l., LU, Luxembourg[1]	100.0
DD Turkey Holdings S.à r.l., LU, Luxembourg[1]	100.0
Deutsche Flüssigerdgas Terminal oHG, DE, Essen[2]	90.0
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, DE, Gorleben[6]	42.5
DFTG - Deutsche Flüssigerdgas Terminal Gesellschaft mit beschränkter Haftung, DE, Essen[2]	90.0
Donau-Wasserkraft Aktiengesellschaft, DE, Munich[1]	100.0
DOTI Deutsche-Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, DE, Oldenburg[5]	26.3
DOTI Management GmbH, DE, Oldenburg[6]	26.3
DOTTO MORCONE S.r.l., IT, Milan[2]	100.0
Drivango GmbH, DE, Düsseldorf[2]	100.0
Dutchdelta Finance S.à r.l., LU, Luxembourg[1]	100.0
E WIE EINFACH GmbH, DE, Cologne[1]	100.0
e.dialog Netz GmbH, DE, Potsdam[2]	100.0
E.DIS AG, DE, Fürstenwalde/Spree[1]	67.0
e.discom Telekommunikation GmbH, DE, Rostock[2]	100.0
e.disnatur Erneuerbare Energien GmbH, DE, Potsdam[1]	100.0
e.distherm Wärmedienstleistungen GmbH, DE, Schönefeld[1]	100.0
e.kundenservice Netz GmbH, DE, Hamburg[1]	100.0
E.ON (Cross-Border) Pension Trustees Limited, GB, Coventry[2]	100.0
E.ON 10. Verwaltungs GmbH, DE, Düsseldorf[2]	100.0
E.ON Anlagenservice GmbH (since 2016 Uniper Anlagenservice GmbH), DE, Gelsenkirchen[1]	100.0
E.ON Asset Management GmbH & Co. EEA KG, DE, Grünwald[1,8]	100.0
E.ON Austria GmbH, AT, Vienna[1]	75.1
E.ON Bayern Verwaltungs AG, DE, Munich[2]	100.0
E.ON Belgium N.V., BE, Brussels[1]	100.0
E.ON Benelux CCS Project B.V. (since 2016 Uniper Benelux CCS Project B.V.), NL, Rotterdam[2]	100.0
E.ON Benelux Geothermie B.V. (in liquidation), NL, Rotterdam[2]	100.0
E.ON Benelux Holding b.v. (since 2016 Uniper Benelux Holding B.V.), NL, Rotterdam[1]	100.0
E.ON Benelux Levering b.v., NL, Eindhoven[1]	100.0
E.ON Benelux N.V. (since 2016 Uniper Benelux N.V.), NL, Rotterdam[1]	100.0
E.ON Beteiligungen GmbH, DE, Düsseldorf[1,8]	100.0
E.ON Bioerdgas GmbH, DE, Essen[1]	100.0
E.ON Biofor Sverige AB, SE, Malmö[1]	100.0
E.ON Brasil Energia LTDA., BR, City of São Paulo[2]	100.0
E.ON Business Services (UK) Limited, GB, Coventry[1]	100.0
E.ON Business Services Benelux B.V., NL, Rotterdam[2]	100.0
E.ON Business Services Berlin GmbH, DE, Berlin[2]	100.0
E.ON Business Services Cluj S.R.L., RO, Cluj-Napoca[2]	100.0
E.ON Business Services Czech Republic s.r.o., CZ, České Budějovice[2]	100.0
E.ON Business Services GmbH, DE, Hanover[1]	100.0
E.ON Business Services Hannover GmbH, DE, Hanover[2]	100.0
E.ON Business Services Hungary Kft., HU, Budapest[2]	100.0
E.ON Business Services Iaşi S.R.L., RO, Iaşi[2]	100.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. · [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Other companies in which share investments are held. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]IFRS figures.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
E.ON Business Services Italia S.r.l., IT, Milan[2]	100.0
E.ON Business Services Regensburg GmbH, DE, Regensburg[2]	100.0
E.ON Business Services Slovakia spol. s.r.o., SK, Bratislava[2]	51.0
E.ON Business Services Sverige AB, SE, Malmö[2]	100.0
E.ON Carbon Sourcing North America LLC, US, Wilmington[2]	100.0
E.ON Česká republika, s.r.o., CZ, České Budějovice[1]	100.0
E.ON Citiri Contoare S.A., RO, Târgu Mureş[2]	100.0
E.ON Climate & Renewables Canada Ltd., CA, Saint John[1]	100.0
E.ON Climate & Renewables Carbon Sourcing Limited, GB, Coventry[2]	100.0
E.ON Climate & Renewables France Solar S.A.S. (since 2016 Uniper Climate & Renewables France Solar S.A.S.), FR, Paris[1]	100.0
E.ON Climate & Renewables GmbH, DE, Essen[1]	100.0
E.ON Climate & Renewables Italia S.r.l., IT, Milan[1]	100.0
E.ON Climate & Renewables North America LLC, US, Wilmington[1]	100.0
E.ON Climate & Renewables Services GmbH, DE, Essen[2]	100.0
E.ON Climate & Renewables UK Biomass Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Blyth Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Developments Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Humber Wind Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK London Array Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Offshore Wind Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Operations Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Robin Rigg East Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Robin Rigg West Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Wind Limited, GB, Coventry[1]	100.0
E.ON Climate & Renewables UK Zone Six Limited, GB, Coventry[1]	100.0
E.ON Commodity DMCC, AE, Dubai[2]	100.0
E.ON Connecting Energies GmbH, DE, Essen[1, 8]	100.0
E.ON Connecting Energies Italia S.r.l., IT, Milan[2]	100.0
E.ON Connecting Energies Limited, GB, Coventry[1]	100.0
E.ON Connecting Energies SAS, FR, Paris[2]	100.0
E.ON Czech Holding AG, DE, Munich[1, 8]	100.0
E.ON Danmark A/S, DK, Frederiksberg[1]	100.0
E.ON Dél-dunántúli Áramhálózati Zrt., HU, Pécs[1]	100.0
E.ON Dél-dunántúli Gázhálózati Zrt., HU, Pécs[1]	100.0
E.ON Distribuce, a.s., CZ, České Budějovice[1]	100.0
E.ON Distributie România S.A., RO, Târgu Mureş[1]	68.1
E.ON E&P Algeria GmbH, DE, Düsseldorf[1]	100.0
E.ON E&P UK Energy Trading Limited, GB, London[1]	100.0
E.ON E&P UK EU Limited, GB, London[1]	100.0
E.ON E&P UK Limited, GB, London[1]	100.0
E.ON edis Contracting GmbH, DE, Fürstenwalde/Spree[2]	100.0
E.ON edis energia Sp. z o.o., PL, Warsaw[1]	100.0
E.ON Elektrárne s.r.o., SK, Trakovice[1]	100.0
E.ON Elnät Kramfors AB, SE, Malmö[1]	100.0
E.ON Elnät Stockholm AB, SE, Malmö[1]	100.0
E.ON Elnät Sverige AB, SE, Malmö[1]	100.0
E.ON Energetikai Tanácsadó Kft., HU, Budapest[2]	100.0
E.ON Energia S.p.A., IT, Milan[1]	100.0
E.ON Energiakereskedelmi Kft, HU, Budapest[1]	100.0
E.ON Energiaszolgáltató Kft., HU, Budapest[1]	100.0
E.ON Energiatermelő Kft., HU, Debrecen[1]	100.0
E.ON Energie 25. Beteiligungs-GmbH, DE, Munich[2]	100.0
E.ON Energie 38. Beteiligungs-GmbH, DE, Munich[2]	100.0
E.ON Energie AG, DE, Düsseldorf[1, 8]	100.0
E.ON Energie Deutschland GmbH, DE, Munich[1]	100.0
E.ON Energie Deutschland Holding GmbH, DE, Munich[1]	99.8
E.ON Energie Dialog GmbH, DE, Potsdam[2]	100.0
E.ON Energie Kundenservice GmbH, DE, Landshut[1]	100.0
E.ON Energie Odnawialne Sp. z o.o., PL, Szczecin[1]	100.0
E.ON Energie Real Estate Investment GmbH, DE, Munich[2]	100.0
E.ON Energie România S.A., RO, Târgu Mureş[1]	54.8
E.ON Energie, a.s., CZ, České Budějovice[1]	100.0
E.ON Energienetze Berlin GmbH, DE, Berlin[2]	100.0
E.ON Energies Renouvelables S.A.S. (since 2016 Uniper Energies Renouvelables S.A.S.), FR, Paris[1]	100.0
E.ON Energihandel Nordic AB, SE, Malmö[1]	100.0
E.ON Energy Gas (Eastern) Limited, GB, Coventry[2]	100.0
E.ON Energy Gas (Northwest) Limited, GB, Coventry[2]	100.0
E.ON Energy Projects GmbH, DE, Munich[1]	100.0
E.ON Energy Sales GmbH (since 2016 Uniper Energy Sales GmbH), DE, Düsseldorf[1]	100.0
E.ON Energy Sales Polska Sp. z o.o. (since 2016 Uniper Energy Sales Polska Sp. z o.o.), PL, Warsaw[2]	100.0
E.ON Energy Services, LLC, US, Wilmington[1]	100.0
E.ON Energy Solutions GmbH, DE, Unterschleißheim[2]	100.0
E.ON Energy Solutions Limited, GB, Coventry[1]	100.0
E.ON Energy Southern Africa (Pty) Ltd., ZA, Johannesburg[2]	100.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. · [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Other companies in which share investments are held. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]IFRS figures.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
E.ON Energy Storage GmbH (since 2016 Uniper Storage Innovation GmbH), DE, Essen[2]	100.0
E.ON Energy Trading NL Staff Company 2 B.V. (since 2016 Uniper Energy Trading NL Staff Company 2 B.V.), NL, Rotterdam[2]	100.0
E.ON Energy Trading NL Staff Company B.V. (since 2016 Uniper Energy Trading NL Staff Company B.V.), NL, Rotterdam[2]	100.0
E.ON Energy Trading S.p.A., IT, Milan[1]	100.0
E.ON Energy Trading Srbija d.o.o. (since 2016 Uniper Energy Trading Srbija d.o.o.), RS, Belgrade[2]	100.0
E.ON Erőművek Termelő és Üzemeltető Kft. (since 2016 Uniper Hungary Energetikai Kft.), HU, Budapest[1]	100.0
E.ON Észak-dunántúli Áramhálózati Zrt., HU, Győr[1]	100.0
E.ON Exploration & Production GmbH (since 2016 Uniper Exploration & Production GmbH), DE, Düsseldorf[1, 8]	100.0
E.ON Fastigheter Sverige AB, SE, Malmö[1]	100.0
E.ON Fernwärme GmbH (since 2016 Uniper Wärme GmbH), DE, Gelsenkirchen[1]	100.0
E.ON Finanzanlagen GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON First Future Energy Holding B.V., NL, Rotterdam[2]	100.0
E.ON Försäljning Sverige AB, SE, Malmö[1]	100.0
E.ON France Energy Solutions S.A.S (since 2016 Uniper France Energy Solutions S.A.S), FR, Paris[1]	100.0
E.ON France Power S.A.S (since 2016 Uniper France Power S.A.S), FR, Paris[1]	100.0
E.ON France S.A.S. (since 2016 Uniper France S.A.S.), FR, Paris[1]	100.0
E.ON Fünfundzwanzigste Verwaltungs GmbH, DE, Düsseldorf[1]	100.0
E.ON Gas Mobil GmbH, DE, Essen[2]	100.0
E.ON Gas Storage GmbH (since 2016 Uniper Energy Storage GmbH), DE, Essen[1]	100.0
E.ON Gas Sverige AB, SE, Malmö[1]	100.0
E.ON Gashandel Sverige AB, SE, Malmö[1]	100.0
E.ON Gasification Development AB, SE, Malmö[1]	100.0
E.ON Gazdasági Szolgáltató Kft., HU, Győr[1]	100.0
E.ON Generation Belgium N.V. (since 2016 Uniper Generation Belgium N.V.), BE, Vilvoorde[1]	100.0
E.ON Generation GmbH (since 2016 Uniper Generation GmbH), DE, Hanover[1]	100.0
E.ON Global Commodities Canada Inc. (since 2016 Uniper Global Commodities Canada Inc.), CA, Toronto[2]	100.0
E.ON Global Commodities North America LLC (since 2016 Uniper Global Commodities North America LLC), US, Wilmington[1]	100.0
E.ON Global Commodities SE (since 2016 Uniper Global Commodities SE), DE, Düsseldorf[1]	100.0
E.ON Global Commodities UK Limited (since 2016 Uniper Global Commodities UK Limited), GB, Coventry[2]	100.0
E.ON Gruga Geschäftsführungsgesellschaft mbH, DE, Düsseldorf[2]	100.0
E.ON Gruga Objektgesellschaft mbH & Co. KG, DE, Düsseldorf[1, 8]	100.0
E.ON Hálózati Szolgáltató Kft. „v.a.", HU, Pécs[2]	100.0
E.ON Human Resources International GmbH, DE, Hanover[1, 8]	100.0
E.ON Hungária Energetikai Zártkörűen Működő Részvénytársaság, HU, Budapest[1]	100.0
E.ON Iberia Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Inhouse Consulting GmbH, DE, Essen[2]	100.0
E.ON Innovation Co-Investments Inc., US, Wilmington[1]	100.0
E.ON Insurance Services GmbH, DE, Essen[2]	100.0
E.ON INTERNATIONAL FINANCE B.V., NL, Rotterdam[1]	100.0
E.ON Invest GmbH, DE, Grünwald[2]	100.0
E.ON IT UK Limited, GB, Coventry[2]	100.0
E.ON Italia S.p.A., IT, Milan[1]	100.0
E.ON Kärnkraft Finland AB, FI, Kajaani[2]	100.0
E.ON Kernkraft GmbH, DE, Hanover[1]	100.0
E.ON Közép-dunántúli Gázhálózati Zrt., HU, Nagykanizsa[1]	99.8
E.ON Kundsupport Sverige AB, SE, Malmö[1]	100.0
E.ON Limited, GB, Coventry[2]	100.0
E.ON Mälarkraft Värme AB, SE, Örebro[1]	99.8
E.ON Metering GmbH, DE, Unterschleißheim[2]	100.0
E.ON NA Capital LLC, US, Wilmington[1]	100.0
E.ON New Build & Technology B.V. (since 2016 Uniper Technologies B.V.), NL, Rotterdam[2]	100.0
E.ON Nord Sverige AB, SE, Stockholm[1]	100.0
E.ON Nordic AB, SE, Malmö[1]	100.0
E.ON North America Finance, LLC, US, Wilmington[1]	100.0
E.ON Off Grid Solution GmbH, DE, Düsseldorf[2]	100.0
E.ON Pension Fund S.C.S., LU, Luxembourg[2]	100.0
E.ON Perspekt GmbH, DE, Düsseldorf[2]	100.0
E.ON Portfolio Solution GmbH (since 2016 Uniper Market Solutions GmbH), DE, Düsseldorf[2]	100.0
E.ON Power Innovation Pty Ltd, AU, Brisbane[2]	100.0
E.ON Power Plants Belgium BVBA, BE, Brussels[2]	100.0
E.ON Produktion Danmark A/S, DK, Frederiksberg[1]	100.0
E.ON Produzione S.p.A., IT, Sassari[1]	100.0
E.ON Project Earth Limited, GB, Coventry[1]	100.0
E.ON RAG Beteiligungsgesellschaft mbH, DE, Düsseldorf[1]	100.0
E.ON RE Investments LLC, US, Wilmington[1]	100.0
E.ON Real Estate GmbH, DE, Essen[2]	100.0
E.ON Regenerabile România S.R.L., RO, Iași[2]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
E.ON Retail Limited, GB, Coventry[2]	100.0
E.ON Rhein-Ruhr Ausbildungs-GmbH, DE, Essen[2]	100.0
E.ON Risk Consulting GmbH (since 2016 Uniper Risk Consulting GmbH), DE, Düsseldorf[1]	100.0
E.ON România S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Ruhrgas Austria GmbH, AT, Vienna[1]	100.0
E.ON Ruhrgas BBL B.V. (since 2016 Uniper Ruhrgas BBL B.V.), NL, Rotterdam[1]	100.0
E.ON Ruhrgas GPA GmbH, DE, Essen[1, 8]	100.0
E.ON Ruhrgas International GmbH (since 2016 Uniper Ruhrgas International GmbH), DE, Essen[1, 8]	100.0
E.ON Ruhrgas Nigeria Limited, NG, Abuja[2]	100.0
E.ON Ruhrgas Portfolio GmbH, DE, Essen[1, 8]	100.0
E.ON Russia Beteiligungs GmbH (since 2016 Uniper Russia Beteiligungs GmbH), DE, Düsseldorf[2]	100.0
E.ON Russia Holding GmbH (since 2016 Uniper Russia Holding GmbH), DE, Düsseldorf[1, 8]	100.0
E.ON Sechzehnte Verwaltungs GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Service GmbH, DE, Essen[2]	100.0
E.ON Servicii Clienti S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servicii S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servicii Tehnice S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servisní, s.r.o., CZ, České Budějovice[1]	100.0
E.ON Slovensko, a.s., SK, Bratislava[1]	100.0
E.ON Smart Living AB, SE, Malmö[1]	100.0
E.ON Sverige AB, SE, Malmö[1]	100.0
E.ON Technologies (Ratcliffe) Limited (since 2016 Uniper Technologies Limited), GB, Coventry[1]	100.0
E.ON Technologies GmbH (since 2016 Uniper Technologies GmbH), DE, Gelsenkirchen[1]	100.0
E.ON Tiszántúli Áramhálózati Zrt., HU, Debrecen[1]	100.0
E.ON Trend s.r.o. (since 2016 Uniper Trend s.r.o.), CZ, České Budějovice[1]	100.0
E.ON Ügyfélszolgálati Kft., HU, Budapest[1]	100.0
E.ON UK CHP Limited, GB, Coventry[1]	100.0
E.ON UK CoGeneration Limited, GB, Coventry[1]	100.0
E.ON UK Directors Limited, GB, Coventry[2]	100.0
E.ON UK Energy Lincoln Limited, GB, Coventry[2]	100.0
E.ON UK Energy Markets Limited, GB, Coventry[2]	100.0
E.ON UK Energy Services Limited, GB, Coventry[2]	100.0
E.ON UK Holding Company Limited, GB, Coventry[1]	100.0
E.ON UK Industrial Shipping Limited, GB, Coventry[2]	100.0
E.ON UK Pension Trustees Limited, GB, Coventry[2]	100.0
E.ON UK plc, GB, Coventry[1]	100.0
E.ON UK Property Services Limited, GB, Coventry[2]	100.0
E.ON UK PS Limited, GB, Coventry[2]	100.0
E.ON UK Secretaries Limited, GB, Coventry[2]	100.0
E.ON UK Technical Services Limited, GB, Edinburgh[2]	100.0
E.ON UK Trustees Limited, GB, Coventry[2]	100.0
E.ON US Corporation, US, Wilmington[1]	100.0
E.ON US Energy LLC, US, Wilmington[1]	100.0
E.ON US Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Varme Danmark ApS, DK, Frederiksberg[1]	100.0
E.ON Värme Sverige AB, SE, Malmö[1]	100.0
E.ON Värme Timrå AB, SE, Sundsvall[1]	90.9
E.ON Verwaltungs AG Nr. 1, DE, Munich[2]	100.0
E.ON Verwaltungs SE, DE, Düsseldorf[2]	100.0
E.ON Wind Denmark AB, SE, Malmö[2]	100.0
E.ON Wind Kårehamn AB, SE, Malmö[1]	100.0
E.ON Wind Norway AB, SE, Malmö[2]	100.0
E.ON Wind Resources AB, SE, Malmö[2]	100.0
E.ON Wind Services A/S, DK, Rødby[1]	100.0
E.ON Wind Sweden AB, SE, Malmö[1]	100.0
E.ON Zweiundzwanzigste Verwaltungs GmbH, DE, Düsseldorf[2]	100.0
East Midlands Electricity Distribution Holdings, GB, Coventry[2]	100.0
East Midlands Electricity Share Scheme Trustees Limited, GB, Coventry[2]	100.0
EASYCHARGE.me GmbH, DE, Düsseldorf[2]	100.0
EBY Immobilien GmbH & Co. KG, DE, Regensburg[2]	100.0
EBY Port 1 GmbH, DE, Munich[1]	100.0
EBY Port 3 GmbH, DE, Regensburg[1]	100.0
EBY Port 5 GmbH, DE, Regensburg[2]	100.0
EC&R Asset Management, LLC, US, Wilmington[1]	100.0
EC&R Canada Ltd., CA, Saint John[1]	100.0
EC&R Development, LLC, US, Wilmington[1]	100.0
EC&R Energy Marketing, LLC, US, Wilmington[1]	100.0
EC&R Ft. Huachuca Solar, LLC, US, Wilmington[2]	100.0
EC&R Grandview Holdco LLC, US, Wilmington[2]	100.0
EC&R Investco EPC Mgmt, LLC, US, Wilmington[2]	100.0
EC&R Investco Mgmt, LLC, US, Wilmington[1]	100.0
EC&R Investco Mgmt II, LLC, US, Wilmington[1]	100.0
EC&R Magicat Holdco, LLC, US, Wilmington[1]	100.0
EC&R NA Solar PV, LLC, US, Wilmington[1]	100.0
EC&R O&M, LLC, US, Wilmington[1]	100.0
EC&R Panther Creek Wind Farm III, LLC, US, Wilmington[1]	100.0
EC&R QSE, LLC, US, Wilmington[1]	100.0
EC&R Services, LLC, US, Wilmington[1]	100.0
EC&R Sherman, LLC, US, Wilmington[2]	100.0
EC&R Solar Development, LLC, US, Wilmington[1]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
Economy Power Limited, GB, Coventry[1]	100.0
EEP 2. Beteiligungsgesellschaft mbH, DE, Munich[2]	100.0
EFG Erdgas Forchheim GmbH, DE, Forchheim[6]	24.9
EFR CEE Szolgáltató Kft., HU, Budapest[6]	25.0
EFR Europäische Funk-Rundsteuerung GmbH, DE, Munich[6]	39.9
EGC UAE SUPPLY & PROCESSING LTD FZE, AE, Fujairah free zone[2]	100.0
Elektrizitätsnetzgesellschaft Grünwald mbH & Co. KG, DE, Grünwald[6]	49.0
Elektrizitätswerk Schwandorf GmbH, DE, Schwandorf[2]	100.0
Elevate Wind Holdco, LLC, US, Wilmington[4]	50.0
ELICA S.r.l., IT, Milan[2]	100.0
Elmregia GmbH, DE, Schöningen[6]	49.0
Első Magyar Szélerőmű Kft., HU, Kulcs[2]	74.7
Elverket Vallentuna AB, SE, Vallentuna[5]	43.4
EME Distribution No. 2 Limited, GB, Coventry[2]	100.0
ENACO Energieanlagen- und Kommunikationstechnik GmbH, DE, Maisach[6]	26.0
Energetika Malenovice, a.s., CZ, Zlín-Malenovice[2]	100.0
Energetyka Cieplna Opolszczyzny S.A., PL, Opole[6]	46.7
Energia Eolica Sud S.r.l., IT, Milan[2]	100.0
Energie und Wasser Potsdam GmbH, DE, Potsdam[5]	35.0
Energie und Wasser Wahlstedt/Bad Segeberg GmbH & Co. KG (ews), DE, Bad Segeberg[6]	50.1
Energie-Agentur Weyhe GmbH, DE, Weyhe[6]	50.0
Energieerzeugungswerke Geesthacht GmbH, DE, Geesthacht[6]	33.4
Energienetze Bayern GmbH, DE, Regensburg[1]	100.0
Energienetze Schaafheim GmbH, DE, Regensburg[2]	100.0
Energie-Pensions-Management GmbH, DE, Hanover[2]	100.0
Energieversorgung Alzenau GmbH (EVA), DE, Alzenau[6]	69.5
Energieversorgung Buching-Trauchgau (EBT) Gesellschaft mit beschränkter Haftung, DE, Halblech[6]	50.0
Energieversorgung Pfaffenhofen GmbH & Co.KG, DE, Pfaffenhofen[2]	100.0
Energieversorgung Pfaffenhofen Verwaltungs GmbH, DE, Pfaffenhofen[2]	100.0
Energieversorgung Putzbrunn GmbH & Co. KG, DE, Putzbrunn[6]	50.0
Energieversorgung Putzbrunn Verwaltungs GmbH, DE, Putzbrunn[6]	50.0
Energieversorgung Sehnde GmbH, DE, Sehnde[6]	30.0
Energieversorgung Vechelde GmbH & Co KG, DE, Vechelde[6]	49.0
Energie-Wende-Garching GmbH & Co. KG, DE, Garching[6]	50.0
Energie-Wende-Garching Verwaltungs-GmbH, DE, Garching[6]	50.0
Energiewerke Isernhagen GmbH, DE, Isernhagen[6]	49.0
Energiewerke Osterburg GmbH, DE, Osterburg (Altmark)[6]	49.0
Energy Collection Services Limited, GB, Coventry[2]	100.0
Enerji Almanya GmbH, DE, Düsseldorf[2]	100.0
Enerjisa Enerji A.Ş., TR, Istanbul[4]	50.0
EPS Polska Holding Sp. z o.o., PL, Warsaw[1]	100.0
Ergon Energia S.r.l. in liquidazione, IT, Brescia[6]	50.0
Ergon Holding Company Limited, GB, Coventry[2]	100.0
Ergon Holdings Ltd, MT, St. Julians[1]	100.0
Ergon Insurance Ltd, MT, St. Julians[1]	100.0
Ergon Nominees Limited, GB, Coventry[2]	100.0
Ergon Overseas Holdings Limited, GB, Coventry[1]	100.0
ESN EnergieSystemeNord GmbH, DE, Schwentinental[6]	47.5
etatherm GmbH, DE, Potsdam[6]	25.5
Etzel Gas-Lager GmbH & Co. KG, DE, Friedeburg[5]	75.2
Etzel Gas-Lager Management GmbH, DE, Friedeburg[6]	75.2
EVG Energieversorgung Gemünden GmbH, DE, Gemünden am Main[6]	49.0
EVU Services GmbH, DE, Neumünster[2]	100.0
EWC Windpark Cuxhaven GmbH, DE, Munich[6]	50.0
ews Verwaltungsgesellschaft mbH, DE, Bad Segeberg[6]	50.2
Exporting Commodities International LLC, US, Marlton[5]	49.0
EZV Energie- und Service GmbH & Co. KG Untermain, DE, Wörth am Main[6]	28.9
EZV Energie- und Service Verwaltungsgesellschaft mbH, DE, Wörth am Main[6]	28.8
Falkenbergs Biogas AB, SE, Malmö[2]	65.0
Farma Wiatrowa Barzowice Sp. z o.o., PL, Warsaw[1]	100.0
Fernwärmeversorgung Freising Gesellschaft mit beschränkter Haftung (FFG), DE, Freising[6]	50.0
FIDELIA Holding LLC, US, Wilmington[1]	100.0
Fitas Verwaltung GmbH & Co. Dritte Vermietungs-KG, DE, Pullach im Isartal[2]	90.0
FITAS Verwaltung GmbH & Co. REGIUM-Objekte KG, DE, Pullach im Isartal[2]	90.0
Flatlands Wind Farm, LLC, US, Wilmington[2]	100.0
Forest Creek Investco, Inc., US, Wilmington[1]	100.0
Forest Creek WF Holdco, LLC, US, Wilmington[1]	100.0
Forest Creek Wind Farm, LLC, US, Wilmington[1]	100.0
Fortuna Solar, LLC, US, Wilmington[2]	100.0
Freya Bunde-Etzel GmbH & Co. KG, DE, Essen[4]	60.0
Gasag Berliner Gaswerke Aktiengesellschaft, DE, Berlin[5]	36.9
Gasnetzgesellschaft Laatzen-Süd mbH, DE, Laatzen[6]	49.0
Gasspeicher Lehrte GmbH, DE, Helmstedt[2]	100.0
Gas-Union GmbH, DE, Frankfurt am Main[5]	23.6
Gasversorgung Bad Rodach GmbH, DE, Bad Rodach[6]	50.0

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Name, location	Stake (%)
Gasversorgung Ebermannstadt GmbH, DE, Ebermannstadt[6]	50.0
Gasversorgung im Landkreis Gifhorn GmbH (GLG), DE, Wolfsburg[1]	95.0
Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung, DE, Würzburg[5]	49.0
Gasversorgung Vorpommern GmbH, DE, Trassenheide[6]	49.0
Gasversorgung Wismar Land GmbH, DE, Lübow[6]	49.0
Gasversorgung Wunsiedel GmbH, DE, Wunsiedel[6]	50.0
Gelsenberg GmbH & Co. KG, DE, Düsseldorf[1, 8]	100.0
Gelsenberg Verwaltungs GmbH, DE, Düsseldorf[2]	100.0
Gelsenwasser Beteiligungs-GmbH, DE, Munich[2]	100.0
Gem. Ges. zur Förderung des E.ON Energy Research Center mbH, DE, Aachen[6]	50.0
Gemeindewerke Gräfelfing GmbH & Co. KG, DE, Gräfelfing[6]	49.0
Gemeindewerke Gräfelfing Verwaltungs GmbH, DE, Gräfelfing[6]	49.0
Gemeindewerke Leck GmbH, DE, Leck[6]	49.9
Gemeindewerke Uetze GmbH, DE, Uetze[6]	49.0
Gemeindewerke Wedemark GmbH, DE, Wedemark[6]	49.0
Gemeindewerke Wietze GmbH, DE, Wietze[6]	49.0
Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG, DE, Emmerthal[1]	100.0
Gemeinschaftskernkraftwerk Grohnde Management GmbH, DE, Emmerthal[2]	83.2
Gemeinschaftskernkraftwerk Isar 2 GmbH, DE, Essenbach[2]	75.0
Gemeinschaftskraftwerk Irsching GmbH, DE, Vohburg[1]	50.2
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung, DE, Kiel[6]	50.0
Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung, DE, Porta Westfalica[1]	66.7
Gemeinschaftskraftwerk Weser GmbH & Co. oHG, DE, Emmerthal[1]	66.7
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, AT, politische Gemeinde Braunau am Inn[6]	20.0
Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH, DE, Kiel[6]	33.3
GfS Gesellschaft für Simulatorschulung mbH, DE, Essen[6]	41.7
GHD Bayernwerk Natur GmbH & Co. KG, DE, Dingolfing[2]	75.0
GLG Netz GmbH, DE, Gifhorn[1]	100.0
Global Private Equity Select S.C.S., LU, Luxembourg[2]	100.0
Global Property Select S.C.S., LU, Luxembourg[2]	100.0
GNS Gesellschaft für Nuklear-Service mbH, DE, Essen[6]	48.0
GOLLIPP Bioerdgas GmbH & Co KG, DE, Gollhofen[6]	50.0
GOLLIPP Bioerdgas Verwaltungs GmbH, DE, Gollhofen[6]	50.0
Gondoskodás-Egymásért Alapítvány, HU, Debrecen[2]	100.0
Grandview Wind Farm, LLC, US, Wilmington[4]	50.0
Grandview Wind Farm III, LLC, US, Wilmington[2]	100.0
Grandview Wind Farm IV, LLC, US, Wilmington[2]	100.0
Grandview Wind Farm V, LLC, US, Wilmington[2]	100.0
Green Sky Energy Limited, GB, Bury[1]	100.0
GrönGas Partner A/S, DK, Hirtshals[6]	50.0
Hamburg Netz GmbH, DE, Hamburg[1]	74.9
Hamburger Hof Versicherungs-Aktiengesellschaft, DE, Düsseldorf[2]	100.0
Hams Hall Management Company Limited, GB, Coventry[6]	46.6
HanseWerk AG, DE, Quickborn[1]	66.5
HanseWerk Natur GmbH, DE, Hamburg[1]	100.0
Harzwasserwerke GmbH, DE, Hildesheim[5]	20.8
Havelstrom Zehdenick GmbH, DE, Zehdenick[6]	49.0
Heat & Power S.r.l., IT, Tortona[2]	100.0
Heizwerk Holzverwertungsgenossenschaft Stiftland eG & Co. oHG, DE, Neualbenreuth[6]	50.0
HGC Hamburg Gas Consult GmbH, DE, Hamburg[2]	100.0
Hochtemperatur-Kernkraftwerk GmbH (HKG), Gemeinsames europäisches Unternehmen, DE, Hamm[6]	26.0
Högbytorp Kraftvärme AB, SE, Malmö[2]	100.0
Holford Gas Storage Limited, GB, Edinburgh[1]	100.0
Holsteiner Wasser GmbH, DE, Neumünster[6]	50.0
HSN Magdeburg GmbH, DE, Magdeburg[1]	74.9
Hydropower Evolutions GmbH, DE, Düsseldorf[2]	100.0
Inadale Wind Farm, LLC, US, Wilmington[1]	100.0
Induboden GmbH, DE, Düsseldorf[2]	100.0
Induboden GmbH & Co. Grundstücksgesellschaft OHG, DE, Düsseldorf[2]	100.0
Induboden GmbH & Co. Industriewerte OHG, DE, Düsseldorf[2]	100.0
Industriekraftwerk Greifswald GmbH, DE, Kassel[6]	49.0
Industry Development Services Limited, GB, Coventry[2]	100.0
InfraServ-Bayernwerk Gendorf GmbH, DE, Burgkirchen/Alz[6]	50.0
Infrastrukturgesellschaft Stadt Nienburg/Weser mbH, DE, Nienburg/Weser[6]	49.9
Intelligent Maintenance Systems Limited, GB, Milton Keynes[6]	25.0
Interesco S.r.l., IT, Diano D'Alba[2]	100.0
Inwestycyjna Spólka Energetyczna-IRB Sp. z o.o., PL, Warsaw[6]	50.0
Iron Horse Battery Storage, LLC, US, Wilmington[2]	100.0
Javelin Global Commodities Holdings LLP, GB, London[6]	28.0
Jihočeská plynárenská, a.s., CZ, České Budějovice[2]	100.0
Kalmar Energi Försäljning AB, SE, Kalmar[6]	40.0
Kalmar Energi Holding AB, SE, Kalmar[5]	50.0
Kärnkraftsäkerhet & Utbildning AB, SE, Nyköping[6]	33.0

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Name, location	Stake (%)
Kasson Manteca Solar LLC, US, Wilmington[2]	100.0
Kernkraftwerk Brokdorf GmbH & Co. oHG, DE, Hamburg[1]	80.0
Kernkraftwerk Brunsbüttel GmbH & Co. oHG, DE, Hamburg[5]	33.3
Kernkraftwerk Gundremmingen GmbH, DE, Gundremmingen[5]	25.0
Kernkraftwerk Krümmel GmbH & Co. oHG, DE, Hamburg[3]	50.0
Kernkraftwerk Stade GmbH & Co. oHG, DE, Hamburg[1]	66.7
Kernkraftwerke Isar Verwaltungs GmbH, DE, Essenbach[1]	100.0
KGW – Kraftwerk Grenzach-Wyhlen GmbH, DE, Munich[1]	69.8
Klåvbens AB, SE, Olofström[6]	50.0
Kokereigasnetz Ruhr GmbH, DE, Essen[1]	100.0
Kolbäckens Kraft KB, SE, Sundsvall[1]	100.0
Komáromi Kogenerációs Erőmű Kft., HU, Győr[2]	100.0
KommEnergie Erzeugungs GmbH, DE, Eichenau[6]	100.0
KommEnergie GmbH, DE, Eichenau[6]	67.0
Kommunale Energieversorgung GmbH Eisenhüttenstadt, DE, Eisenhüttenstadt[6]	49.0
Kommunale Klimaschutzgesellschaft Landkreis Celle gemeinnützige GmbH, DE, Celle[6]	25.0
Kommunale Klimaschutzgesellschaft Landkreis Uelzen gemeinnützige GmbH, DE, Celle[6]	25.0
Kraftwerk Buer GbR, DE, Gelsenkirchen[6]	50.0
Kraftwerk Burghausen GmbH, DE, Munich[1]	100.0
Kraftwerk Hattorf GmbH, DE, Munich[1]	100.0
Kraftwerk Marl GmbH, DE, Munich[1]	100.0
Kraftwerk Plattling GmbH, DE, Munich[1]	100.0
Kraftwerk Schkopau Betriebsgesellschaft mbH, DE, Schkopau[1]	55.6
Kraftwerk Schkopau GbR, DE, Schkopau[1]	58.1
KSG Kraftwerks-Simulator-Gesellschaft mbH, DE, Essen[6]	41.7
Kurgan Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, DE, Grünwald[1]	90.0
LandE GmbH, DE, Wolfsburg[1]	69.6
Landwehr Wassertechnik GmbH, DE, Schöppenstedt[2]	100.0
Langerlo N.V., BE, Genk[2]	100.0
Lighting for Staffordshire Holdings Limited, GB, Coventry[1]	60.0
Lighting for Staffordshire Limited, GB, Coventry[1]	100.0
Lillo Energy NV, BE, Beveren/Antwerp[6]	50.0
Limfjordens Bioenergi ApS, DK, Frederiksberg[2]	78.0
Limited Liability Company E.ON IT, RU, Moscow[2]	100.0
London Array Limited, GB, Coventry[6]	30.0
LSW Energie Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Holding GmbH & Co. KG, DE, Wolfsburg[5]	57.0
LSW Holding Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Netz Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
Lubmin-Brandov Gastransport GmbH, DE, Essen[1]	100.0
LUMEN DISTRIBUČNÍ SOUSTAVY, s.r.o., CZ, České Budějovice[6]	34.0
LUMEN SYNERGY s.r.o., CZ, České Budějovice[6]	34.0
Luna Lüneburg GmbH, DE, Lüneburg[6]	49.0
Maasvlakte CCS Project B.V., NL, Rotterdam[6]	50.0
Magic Valley Wind Farm II, LLC, US, Wilmington[2]	100.0
Magicat Holdco, LLC, US, Wilmington[5]	20.0
Mainkraftwerk Schweinfurt Gesellschaft mit beschränkter Haftung, DE, Munich[2]	75.0
Maricopa East Solar PV, LLC, US, Wilmington[2]	100.0
Maricopa East Solar PV 2, LLC, US, Wilmington[2]	100.0
Maricopa Land Holding, LLC, US, Wilmington[2]	100.0
Maricopa West Solar PV 2, LLC, US, Wilmington[2]	100.0
Matrix Control Solutions Limited, GB, Bury[1]	100.0
MEON Pensions GmbH & Co. KG, DE, Grünwald[1, 8]	100.0
MEON Verwaltungs GmbH, DE, Grünwald[2]	100.0
METHA-Methanhandel GmbH, DE, Essen[1]	100.0
MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. Gamma oHG i. L., DE, Grünwald[2]	90.0
Midlands Electricity Limited, GB, Coventry[2]	100.0
Midlands Gas Limited, GB, Coventry[2]	100.0
Midlands Generation (Overseas) Limited, GB, Coventry[2]	100.0
Midlands Power (UK) Limited, GB, Coventry[2]	100.0
Midlands Power International Limited, GB, Coventry[2]	100.0
Midlands Sales Limited, GB, Coventry[2]	100.0
Mittlere Donau Kraftwerke Aktiengesellschaft, DE, Munich[2]	60.0
Montan GmbH Assekuranz-Makler, DE, Düsseldorf[6]	44.3
Mosoni-Duna Menti Szélerőmű Kft., HU, Győr[2]	100.0
Munnsville Investco, LLC, US, Wilmington[1]	100.0
Munnsville WF Holdco, LLC, US, Wilmington[1]	100.0
Munnsville Wind Farm, LLC, US, Wilmington[1]	100.0
Nahwärme Ascha GmbH, DE, Regensburg[2]	90.0
Naranjo Battery, LLC, US, Wilmington[2]	100.0
Netz- und Windservice (NWS) GmbH, DE, Schwerin[2]	100.0
Netzanschluss Mürow Oberdorf GbR, DE, Bremerhaven[6]	34.8
Netzgesellschaft Bad Münder GmbH & Co. KG, DE, Bad Münder[6]	49.0
Netzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Netzgesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Netzgesellschaft Hemmingen mbH, DE, Hemmingen[6]	49.0
Netzgesellschaft Hildesheimer Land GmbH & Co. KG, DE, Giesen[6]	49.0
Netzgesellschaft Hildesheimer Land Verwaltung GmbH, DE, Giesen[6]	49.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
Netzgesellschaft Hohen Neuendorf Strom GmbH & Co. KG, DE, Hohen Neuendorf[6]	49.0
Netzgesellschaft Ronnenberg GmbH & Co. KG, DE, Ronnenberg[6]	49.0
Netzgesellschaft Schwerin mbH (NGS), DE, Schwerin[6]	40.0
Netzgesellschaft Stuhr/Weyhe mbH, DE, Weyhe[2]	100.0
Netzgesellschaft Syke GmbH, DE, Syke[6]	49.0
Neumünster Netz Beteiligungs-GmbH, DE, Neumünster[1]	50.1
New Cogen Sp. z o. o., PL, Warsaw[2]	96.0
Nord Stream AG, CH, Zug[5]	15.5
NORD-direkt GmbH, DE, Neumünster[2]	100.0
Nordzucker Bioerdgas GmbH & Co. KG, DE, Braunschweig[2]	50.0
Nordzucker Bioerdgas Verwaltung-GmbH, DE, Braunschweig[2]	50.0
Northern Orchard Solar PV, LLC, US, Wilmington[2]	100.0
Ö.F. Östersjöfrakt AB, SE, Örebro[2]	80.0
OAO E.ON Russia, RU, Surgut[1]	83.7
OAO Severneftegazprom, RU, Krasnoselkup[5]	25.0
OAO Shaturskaya Upravlyayuschaya Kompaniya, RU, Shatura[1]	51.0
Obere Donau Kraftwerke Aktiengesellschaft, DE, Munich[2]	60.0
Oebisfelder Wasser und Abwasser GmbH, DE, Oebisfelde[6]	49.0
Offshore Trassenplanungs GmbH i. L., DE, Hanover[2]	50.0
Offshore-Windpark Beta Baltic GmbH, DE, Hamburg[2]	100.0
Offshore-Windpark Delta Nordsee GmbH, DE, Hamburg[2]	100.0
OHA B.V., NL, Eindhoven[2]	53.3
OKG AB, SE, Oskarshamn[1]	54.5
OLT Offshore LNG Toscana S.p.A., IT, Milan[4]	48.2
OOO E.ON Connecting Energies, RU, Moscow[1]	100.0
OOO E.ON E&P Russia (since 2016 Uniper NefteGaz LLC), RU, Moscow[2]	100.0
OOO E.ON Engineering, RU, Moscow[2]	100.0
OOO Noginskiy Teplovoy Zentr, RU, Moscow[1]	67.0
OOO Uniper, RU, Shatura[2]	100.0
Oskarshamns Energi AB, SE, Oskarshamn[5]	50.0
PannonWatt Energetikai Megoldások ZRt., HU, Győr[6]	49.9
Panther Creek Solar, LLC, US, Wilmington[2]	100.0
Panther Creek Wind Farm I&II, LLC, US, Wilmington[1]	100.0
Paradise Cut Battery, LLC, US, Wilmington[2]	100.0
Pecém II Participações S.A., BR, Rio de Janeiro[4]	50.0
PEG Infrastruktur AG, CH, Zug[1]	100.0
Peißenberger Kraftwerksgesellschaft mit beschränkter Haftung, DE, Peißenberg[2]	100.0
Peißenberger Wärmegesellschaft mbH, DE, Peißenberg[6]	50.0
Perstorps Fjärrvärme AB, SE, Perstorp[6]	50.0
Phelps Solar, LLC, US, Wilmington[2]	100.0
Pioneer Trail Wind Farm, LLC, US, Wilmington[1]	100.0
Pipkin Ranch Wind Farm, LLC, US, Wilmington[2]	100.0
Portfolio EDL GmbH, DE, Helmstedt[1, 8]	100.0
Powergen (East Midlands) Investments, GB, Coventry[2]	100.0
Powergen (East Midlands) Loan Notes, GB, Coventry[2]	100.0
Powergen Group Holdings Limited, GB, Coventry[2]	100.0
Powergen Group Investments, GB, Coventry[2]	100.0
Powergen Holdings B.V., NL, Amsterdam[1]	100.0
Powergen Holdings S.à r.l., LU, Luxembourg[2]	100.0
Powergen International Limited, GB, Coventry[1]	100.0
Powergen Limited, GB, Coventry[1]	100.0
Powergen LS SE, GB, Coventry[1]	100.0
Powergen Luxembourg Holdings S.À R.L., LU, Luxembourg[1]	100.0
Powergen Power No. 1 Limited, GB, Coventry[2]	100.0
Powergen Power No. 2 Limited, GB, Coventry[2]	100.0
Powergen Retail Supply Limited, GB, Coventry[2]	100.0
Powergen Serang Limited, GB, Coventry[2]	100.0
Powergen UK Holding Company Limited, GB, Coventry[2]	100.0
Powergen UK Investments, GB, Coventry[1]	100.0
Powergen UK Limited, GB, Coventry[2]	100.0
Powergen UK Securities, GB, Coventry[2]	100.0
Powergen US Holdings Limited, GB, Coventry[1]	100.0
Powergen US Investments, GB, Coventry[1]	100.0
Powergen US Securities Limited, GB, Coventry[1]	100.0
Powergen Weather Limited, GB, Coventry[2]	100.0
Promec Sp. z o.o., PL, Skarżysko-Kamienna[2]	100.0
Purena Consult GmbH, DE, Wolfenbüttel[2]	100.0
Purena GmbH, DE, Wolfenbüttel[1]	94.1
Pyron Wind Farm, LLC, US, Wilmington[1]	100.0
Raab Karcher Electronic Systems Limited, GB, Coventry[2]	100.0
RAG-Beteiligungs-Aktiengesellschaft, AT, Maria Enzersdorf[5]	30.0
Rampion Offshore Wind Limited, GB, Coventry[1]	50.1
Rauschbergbahn Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	77.4
RDE Regionale Dienstleistungen Energie GmbH & Co. KG, DE, Würzburg[2]	100.0
RDE Verwaltungs-GmbH, DE, Würzburg[2]	100.0
REGAS GmbH & Co KG, DE, Regensburg[6]	50.0
REGAS Verwaltungs-GmbH, DE, Regensburg[6]	50.0
REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG, DE, Regensburg[6]	35.5
regiolicht GmbH, DE, Helmstedt[2]	89.8
Regnitzstromverwertung Aktiengesellschaft, DE, Erlangen[6]	33.3

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
REWAG REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG & CO KG, DE, Regensburg[5]	35.5
RGE Holding GmbH, DE, Essen[1, 8]	100.0
Rhein-Main-Donau Aktiengesellschaft, DE, Munich[1]	77.5
Ringhals AB, SE, Varberg[5]	29.6
R-KOM Regensburger Telekommunikationsgesellschaft mbH & Co. KG, DE, Regensburg[6]	20.0
R-KOM Regensburger Telekommunikationsverwaltungsgesellschaft mbH, DE, Regensburg[6]	20.0
RMD Wasserstraßen GmbH, DE, Munich[2]	100.0
RMD-Consult GmbH Wasserbau und Energie, DE, Munich[2]	100.0
Rødsand 2 Offshore Wind Farm AB, SE, Malmö[5]	20.0
Roscoe WF Holdco, LLC, US, Wilmington[1]	100.0
Roscoe Wind Farm, LLC, US, Wilmington[1]	100.0
Rosengård Invest AB, SE, Malmö[6]	25.0
RuhrEnergie GmbH, EVR, DE, Gelsenkirchen[1]	100.0
S.C. Salgaz S.A., RO, Salonta[2]	60.1
Safetec Entsorgungs- und Sicherheitstechnik GmbH, DE, Heidelberg[2]	100.0
Sand Bluff WF Holdco, LLC, US, Wilmington[1]	100.0
Sand Bluff Wind Farm, LLC, US, Wilmington[1]	100.0
SBI Jordberga AB, SE, Linköping[6]	20.0
Scarweather Sands Limited, GB, Coventry[6]	50.0
SCF2 S.r.l., IT, Rome[2]	100.0
Schleswig-Holstein Netz AG, DE, Quickborn[1]	93.5
Schleswig-Holstein Netz GmbH, DE, Rendsburg[2]	100.0
Schleswig-Holstein Netz Verwaltungs-GmbH, DE, Quickborn[1]	100.0
SEC A Sp. z o.o., PL, Szczecin[2]	100.0
SEC B Sp. z o.o., PL, Szczecin[2]	100.0
SEC Barlinek Sp. z o.o., PL, Barlinek[2]	100.0
SEC C Sp. z o.o., PL, Szczecin[2]	100.0
SEC D Sp. z o.o., PL, Szczecin[2]	100.0
SEC Dębno Sp. z.o.o., PL, Dębno[2]	100.0
SEC E Sp. z o.o., PL, Szczecin[2]	100.0
SEC Energia Sp. z o.o., PL, Szczecin[2]	100.0
SEC F Sp. z o.o., PL, Szczecin[2]	100.0
SEC G Sp. z o.o., PL, Szczecin[2]	100.0
SEC HR Sp. z o.o., PL, Szczecin[2]	100.0
SEC Łobez Sp. z o.o., PL, Łobez[2]	100.0
SEC Myślibórz Sp. z o.o., PL, Myślibórz[2]	89.9
SEC Połczyn-Zdrój Sp. z o.o., PL, Połczyn-Zdrój[2]	100.0
SEC Słubice Sp. z o.o., PL, Słubice[2]	100.0
SEC Strzelce Krajeńskie Sp. z o.o., PL, Strzelce Krajeńskie[2]	100.0
SERVICE plus GmbH, DE, Neumünster[2]	100.0
Service Plus Recycling GmbH, DE, Neumünster[2]	100.0
Servicii Energetice pentru Acasa – SEA Complet S.A., RO, Târgu Mureş[6]	48.0
Settlers Trail Wind Farm, LLC, US, Wilmington[1]	100.0
ŠKO ENERGO, s.r.o., CZ, Mladá Boleslav[6]	21.0
ŠKO-ENERGO FIN, s.r.o., CZ, Mladá Boleslav[5]	42.5
Snow Shoe Wind Farm, LLC, US, Wilmington[2]	100.0
Société des Eaux de l'Est S.A., FR, Saint-Avold (Creutzwald)[6]	25.0
Söderåsens Bioenergi AB, SE, Malmö[2]	63.3
Solar Energy s.r.o., CZ, Znojmo[6]	25.0
Sollefteåforsens AB, SE, Sundsvall[5]	50.0
Sönderjysk Biogas Bevtoft A/S, DK, Vojens[6]	50.0
Sønderjysk Biogasproduktion I/S, DK, Vojens[6]	50.0
SPIE Energy Solutions Harburg GmbH, DE, Hamburg[6]	35.0
SQC Kvalificeringscentrum AB, SE, Stockholm[6]	33.3
Städtische Betriebswerke Luckenwalde GmbH, DE, Luckenwalde[6]	29.0
Städtische Werke Magdeburg GmbH & Co. KG, DE, Magdeburg[5]	26.7
Städtische Werke Magdeburg Verwaltungs-GmbH, DE, Magdeburg[6]	26.7
Stadtnetze Neustadt a. Rbge. GmbH & Co. KG, DE, Neustadt a. Rbge.[6]	24.9
Stadtnetze Neustadt a. Rbge. Verwaltungs-GmbH, DE, Neustadt a. Rbge.[6]	24.9
Stadtversorgung Pattensen GmbH & Co. KG, DE, Pattensen[6]	49.0
Stadtversorgung Pattensen Verwaltung GmbH, DE, Pattensen[6]	49.0
Stadtwerke Bad Bramstedt GmbH, DE, Bad Bramstedt[6]	36.0
Stadtwerke Barth GmbH, DE, Barth[6]	49.0
Stadtwerke Bayreuth Energie und Wasser GmbH, DE, Bayreuth[5]	24.9
Stadtwerke Bergen GmbH, DE, Bergen[6]	49.0
Stadtwerke Blankenburg GmbH, DE, Blankenburg[6]	30.0
Stadtwerke Bogen GmbH, DE, Bogen[6]	41.0
Stadtwerke Bredstedt GmbH, DE, Bredstedt[6]	49.9
Stadtwerke Burgdorf GmbH, DE, Burgdorf[6]	49.0
Stadtwerke Ebermannstadt Versorgungsbetriebe GmbH, DE, Ebermannstadt[6]	25.0
Stadtwerke Eggenfelden GmbH, DE, Eggenfelden[6]	49.0
Stadtwerke Frankfurt (Oder) GmbH, DE, Frankfurt (Oder)[5]	39.0
Stadtwerke Garbsen GmbH, DE, Garbsen[6]	24.9
Stadtwerke Geesthacht GmbH, DE, Geesthacht[6]	24.9
Stadtwerke Husum GmbH, DE, Husum[6]	49.9
Stadtwerke Lübz GmbH, DE, Lübz[6]	25.0
Stadtwerke Ludwigsfelde GmbH, DE, Ludwigsfelde[6]	29.0

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Name, location	Stake (%)
Stadtwerke Neunburg vorm Wald Strom GmbH, DE, Neunburg vorm Wald[6]	24.9
Stadtwerke Niebüll GmbH, DE, Niebüll[6]	49.9
Stadtwerke Parchim GmbH, DE, Parchim[6]	25.2
Stadtwerke Premnitz GmbH, DE, Premnitz[6]	35.0
Stadtwerke Pritzwalk GmbH, DE, Pritzwalk[6]	49.0
Stadtwerke Ribnitz-Damgarten GmbH, DE, Ribnitz-Damgarten[6]	39.0
Stadtwerke Schwedt GmbH, DE, Schwedt/Oder[6]	37.8
Stadtwerke Tornesch GmbH, DE, Tornesch[6]	49.0
Stadtwerke Vilshofen GmbH, DE, Vilshofen[6]	41.0
Stadtwerke Wismar GmbH, DE, Wismar[5]	49.0
Stadtwerke Wittenberge GmbH, DE, Wittenberge[6]	22.7
Stadtwerke Wolfenbüttel GmbH, DE, Wolfenbüttel[6]	26.0
Stadtwerke Wolmirstedt GmbH, DE, Wolmirstedt[6]	49.4
Statco Six Limited, GB, London[2]	100.0
Stella Wind Farm, LLC, US, Wilmington[2]	100.0
Stella Wind Farm II, LLC, US, Wilmington[2]	100.0
Stensjön Kraft AB, SE, Stockholm[5]	50.0
Stockton Solar I, LLC, US, Wilmington[2]	100.0
Stockton Solar II, LLC, US, Wilmington[2]	100.0
store-x Storage Capacity Exchange GmbH, DE, Leipzig[6]	32.0
Strom Germering GmbH, DE, Germering[2]	90.0
Stromnetz Kulmbach GmbH & Co. KG, DE, Kulmbach[2]	100.0
Stromnetz Kulmbach Verwaltungs GmbH, DE, Kulmbach[2]	100.0
Stromnetz Weiden i. d. OPf. GmbH & Co. KG, DE, Weiden i. d. OPf.[6]	49.0
Stromnetzgesellschaft Bad Salzdetfurth-Diekholzen mbH & Co. KG, DE, Bad Salzdetfurth[6]	49.0
Stromnetzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Stromversorgung Angermünde GmbH, DE, Angermünde[6]	49.0
Stromversorgung Ruhpolding Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	100.0
Stromversorgung Unterschleißheim GmbH & Co. KG, DE, Unterschleißheim[6]	49.0
Stromversorgung Unterschleißheim Verwaltungs GmbH, DE, Unterschleißheim[6]	49.0
strotög GmbH Strom für Töging, DE, Töging am Inn[6]	50.0
StWB Stadtwerke Brandenburg an der Havel GmbH & Co. KG, DE, Brandenburg an der Havel[5]	36.8
StWB Verwaltungs GmbH, DE, Brandenburg an der Havel[6]	36.8
SüdWasser GmbH, DE, Erlangen[2]	100.0
Surschiste, S.A., FR, Mazingarbe[2]	100.0
Svensk Kärnbränslehantering AB, SE, Stockholm[6]	34.0
Svenskt Gastekniskt Center AB, SE, Malmö[6]	30.0
SVH Stromversorgung Haar GmbH, DE, Haar[6]	50.0
SVI-Stromversorgung Ismaning GmbH, DE, Ismaning[6]	25.1
SVO Holding GmbH, DE, Celle[1]	50.1
SVO Vertrieb GmbH, DE, Celle[1]	100.0
SWN Stadtwerke Neustadt GmbH, DE, Neustadt bei Coburg[6]	25.1
SWS Energie GmbH, DE, Stralsund[5]	49.0
Sydkraft AB, SE, Malmö[1]	100.0
Sydkraft Försäkring AB, SE, Malmö[1]	100.0
Sydkraft Hydropower AB, SE, Sundsvall[1]	100.0
Sydkraft Nuclear Power AB, SE, Malmö[1]	100.0
Sydkraft Thermal Power AB, SE, Malmö[1]	100.0
Szczecińska Energetyka Cieplna Sp. z o.o., PL, Szczecin[1]	66.5
Szombathelyi Erőmű Zrt., HU, Győr[2]	55.0
Szombathelyi Távhőszolgáltató Kft., HU, Szombathely[6]	25.0
Tech Park Solar, LLC, US, Wilmington[1]	100.0
Teplárna Tábor, a.s., CZ, Tábor[1]	51.9
Terminal Alpi Adriatico S.r.l., IT, Rome[2]	100.0
The Power Generation Company Limited, GB, Coventry[2]	100.0
Thermondo GmbH, DE, Berlin[6]	20.2
Thor Cogeneration Limited, GB, Coventry[2]	100.0
Thor Holdings Limited, GB, Coventry[2]	100.0
Three Rocks Solar, LLC, US, Wilmington[2]	100.0
Tierra Blanca Wind Farm, LLC, US, Wilmington[2]	100.0
Tipton Wind, LLC, US, Wilmington[2]	100.0
Tishman Speyer Real Estate Venture VI Parallel (ON), L.P., US, New York[2]	99.0
TPG Wind Limited, GB, Coventry[6]	50.0
Twin Forks Wind Farm, LLC, US, Wilmington[2]	100.0
TXU Europe (AH Online) Limited, GB, Coventry[2]	100.0
TXU Europe (AHG) Limited, GB, Coventry[2]	100.0
TXU Europe (AHGD) Limited, GB, Coventry[2]	100.0
TXU Europe (AHST) Limited, GB, Coventry[2]	100.0
Überlandwerk Leinetal GmbH, DE, Gronau[6]	48.0
Umspannwerk Miltzow-Mannhagen GbR, DE, Sundhagen[6]	22.2
Umwelt- und Wärmeenergiegesellschaft Strasburg mbH, DE, Potsdam[2]	100.0
Union Grid s.r.o., CZ, Prague[6]	34.0
Uniper AG, DE, Düsseldorf[1]	100.0
Uniper Beteiligungs GmbH, DE, Düsseldorf[1]	100.0
Uniper Energy Storage Limited, GB, Coventry[1]	100.0
Uniper Energy Trading UK Staff Company Limited, GB, Coventry[1]	100.0
Uniper Global Commodities London Ltd., GB, London[2]	100.0
Uniper GmbH, DE, Essen[2]	100.0
Uniper GmbH, DE, Gelsenkirchen[2]	100.0

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Uniper GmbH, DE, Hanover[2]	100.0
Uniper Holding GmbH, DE, Düsseldorf[1]	100.0
Uniper Infrastructure B.V., NL, Rotterdam[2]	100.0
Uniper Kraftwerke GmbH, DE, Düsseldorf[1]	100.0
Uniper LNG Kraftstoff GmbH, DE, Düsseldorf[2]	100.0
Uniper UK Corby Limited, GB, Coventry[1]	100.0
Uniper UK Cottam Limited, GB, Coventry[1]	100.0
Uniper UK Gas Limited, GB, Coventry[1]	100.0
Uniper UK Ironbridge Limited, GB, Coventry[1]	100.0
Uniper UK Limited, GB, Coventry[1]	100.0
Uniper UK Trustees Limited, GB, Coventry[2]	100.0
Untere Iller AG, DE, Landshut[2]	60.0
Uranit GmbH, DE, Jülich[4]	50.0
Utilities Center Maasvlakte Leftbank b.v., NL, Rotterdam[1]	100.0
Utility Debt Services Limited, GB, Coventry[2]	100.0
Valencia Solar LLC, US, Tucson[1]	100.0
Valverde Wind Farm, LLC, US, Wilmington[2]	100.0
VEBA Electronics LLC, US, Wilmington[1]	100.0
VEBACOM Holdings LLC, US, Wilmington[2]	100.0
Venado Wind Farm, LLC, US, Wilmington[2]	100.0
Versorgungsbetrieb Waldbüttelbrunn GmbH, DE, Waldbüttelbrunn[6]	49.0
Versorgungsbetriebe Helgoland GmbH, DE, Helgoland[6]	49.0
Versorgungskasse Energie (VVaG), DE, Hanover[1]	79.3
Versuchsatomkraftwerk Kahl GmbH, DE, Karlstein[6]	20.0
Veszprém-Kogeneráció Energiatermelő Zrt., HU, Győr[2]	100.0
Vici Wind Farm, LLC, US, Wilmington[2]	100.0
Visioncash, GB, Coventry[1]	100.0
Volkswagen AG Preussen Elektra AG Offene Handelsgesellschaft, DE, Wolfsburg[6]	95.0
Wärme- und Wasserversorgung Friedensstadt GmbH, DE, Trebbin[6]	50.0
Wärmeversorgung Schenefeld GmbH, DE, Schenefeld[6]	40.0
Wärmeversorgungsgesellschaft Königs Wusterhausen mbH, DE, Königs Wusterhausen[2]	50.1
Warmtebedrijf Exploitatie N.V., NL, Rotterdam[6]	50.0
Wasser- und Abwassergesellschaft Vienenburg mbH, DE, Vienenburg[6]	49.0
Wasserkraft Baierbrunn GmbH, DE, Unterschleißheim[2]	100.0
Wasserkraft Farchet GmbH, DE, Bad Tölz[2]	60.0
Wasserkraftnutzung im Landkreis Gifhorn GmbH, DE, Müden/Aller[6]	50.0
Wasserversorgung Sarstedt GmbH, DE, Sarstedt[6]	49.0
Wasserwerk Gifhorn Beteiligungs-GmbH, DE, Gifhorn[6]	49.8
Wasserwerk Gifhorn GmbH & Co KG, DE, Gifhorn[6]	49.8
Wasserwirtschafts- und Betriebsgesellschaft Grafenwöhr GmbH, DE, Grafenwöhr[6]	49.0
WEA Schönerlinde GbR mbH Kiepsch & Bosse & Beteiligungsges. e.disnatur mbH, DE, Berlin[2]	70.0
Weißmainkraftwerk Röhrenhof Aktiengesellschaft, DE, Bad Berneck[2]	93.5
Werk Kraft GmbH, DE, Unterschleißheim[2]	100.0
West of the Pecos Solar LLC, US, Wilmington[2]	100.0
Western Gas Limited, GB, Coventry[2]	100.0
WEVG Salzgitter GmbH & Co. KG, DE, Salzgitter[1]	50.2
WEVG Verwaltungs GmbH, DE, Salzgitter[2]	50.2
Wildcat Wind Farm II, LLC, US, Wilmington[2]	100.0
Wildcat Wind Farm III, LLC, US, Wilmington[2]	100.0
Windenergie Leinetal GmbH & Co. KG, DE, Freden[6]	26.2
Windenergie Leinetal Verwaltungs GmbH, DE, Freden[6]	24.9
Windenergie Osterburg GmbH & Co. KG, DE, Osterburg (Altmark)[2]	100.0
Windenergie Osterburg Verwaltungs GmbH, DE, Osterburg (Altmark)[2]	100.0
WINDENERGIEPARK WESTKÜSTE GmbH, DE, Kaiser-Wilhelm-Koog[2]	80.0
Windkraft Gerolsbach GmbH & Co. KG, DE, Gerolsbach[6]	23.2
Windpark Anhalt-Süd (Köthen) OHG, DE, Potsdam[2]	83.3
Windpark Mutzschen OHG, DE, Potsdam[2]	77.8
Windpark Naundorf OHG, DE, Potsdam[2]	66.7
WIT Ranch Wind Farm, LLC, US, Wilmington[2]	100.0
WVM Wärmeversorgung Maßbach GmbH, DE, Maßbach[6]	22.2
Yorkshire Windpower Limited, GB, Coventry[6]	50.0
ZAO Gazprom YRGM Development, RU, Salekhard[1]	25.0
Západoslovenská energetika a.s. (ZSE), SK, Bratislava[5]	49.0
Zenit-SIS GmbH, DE, Düsseldorf[2]	100.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. · [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Other companies in which share investments are held. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]IFRS figures.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2015)

Name, location	Stake (%)
Consolidated investment funds	
ASF, DE, Düsseldorf[1]	100.0
E.ON Treasury , DE, Düsseldorf[1]	100.0
HANSEFONDS, DE, Düsseldorf[1]	100.0
OB 2, DE, Düsseldorf[1]	100.0
OB 4, DE, Düsseldorf[1]	100.0
OB 5, DE, Düsseldorf[1]	100.0
VKE-FONDS, DE, Düsseldorf[1]	100.0

Name, location	Stake (%)	Equity € in millions	Earnings € in millions
Other companies in which share investments are held			
BKW Energie AG, CH, Bern[7, 9]	6.6	1,425.8	209.7
ENEVA S.A., BR, Rio de Janeiro[7, 9]	12.3	267.4	-420.8
e-werk Sachsenwald GmbH, DE, Reinbek[7]	16.0	27.2	3.7
Forsmarks Kraftgrupp AB, SE, Östhammar[7]	8.5	37.3	0.8
GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, DE, Straelen[7]	10.0	39.4	49.0
GKL-Gemeinschaftskraftwerk Hannover-Linden GmbH, DE, Hanover[7]	10.0	9.2	0.0
HEW HofEnergie+Wasser GmbH, DE, Hof[7]	19.9	22.1	0.0
infra fürth gmbh, DE, Fürth[7]	19.9	68.1	0.0
Mellansvensk Kraftgrupp AB, SE, Stockholm[7]	5.4	8.5	0.0
Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH, DE, Bamberg[7]	10.0	30.1	0.0
Stadtwerke Straubing Strom und Gas GmbH, DE, Straubing[7]	19.9	7.2	0.0
Stadtwerke Wertheim GmbH, DE, Wertheim[7]	10.0	20.5	0.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. · [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Other companies in which share investments are held. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]IFRS figures.

Supervisory Board (and Information on Other Directorships Held by Supervisory Board Members)

Werner Wenning
Chairman of the E.ON SE Supervisory Board
Chairman of the Bayer AG Supervisory Board
- Bayer AG (Chairman)
- Henkel Management AG
- Siemens AG
- Henkel AG & Co. KGaA

Prof. Dr. Ulrich Lehner
Member of the Shareholders' Committee of Henkel AG & Co. KGaA
Deputy Chairman of the E.ON SE Supervisory Board
- Deutsche Telekom AG (Chairman)
- Porsche Automobil Holding SE
- ThyssenKrupp AG (Chairman)
- Henkel AG & Co. KGaA
- Novartis AG (Deputy Chairman) until February 27, 2015

Erhard Ott
(until May 7, 2015)
Employee of ver.di,
Deputy Chairman of the E.ON SE Supervisory Board

Andreas Scheidt
(since May 7, 2015)
Deputy Chairman of the E.ON SE Supervisory Board
Member of National Board, Unified Service Sector Union, ver.di, Director of Utility/Waste Management Section

Clive Broutta
Full-time Representative of the General, Municipal, Boilermakers and Allied Trade Union (GMB)

Thies Hansen
(since January 1, 2015)
Chairman of the Combined Works Council, HanseWerk AG
- HanseWerk AG
- Schlewsig-Holstein Netz AG
- Hamburg Netz GmbH

Baroness Denise Kingsmill, CBE
Attorney at the Supreme Court,
Member of the House of Lords
- APR Energy plc (Deputy Chairperson) until March 25, 2015
- International Consolidated Airlines Group S.A.
- Telecom Italia S.p.A.

Eugen-Gheorghe Luha
Chairman of Gas România (Romanian Federation of Gas Unions), Chairman of Romanian employee representatives
- SEA Complet S.A.

Unless otherwise indicated, information is as of December 31, 2015, or as of the date on which membership in the E.ON SE Supervisory Board ended.
- Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
- Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

René Obermann
Partner, Warburg Pincus LLC
- ThyssenKrupp AG
- CompuGroup Medical AG (since March 20, 2015)
- Spotify Technology S.A.

Eberhard Schomburg
(until December 31, 2015)
Chairman of E.ON SE Works Council (until December 17, 2015) and of the E.ON Group Works Council (until December 15, 2015)
- E.ON Kraftwerke GmbH (until December 4, 2015)
- E.ON Generation GmbH (Deputy Chairman) until December 31, 2015

Fred Schulz
First Deputy Chairman of the E.ON Group Works Council, Chairman of the General Works Council of E.DIS AG
- E.DIS AG
- Szczecińska Energetyka Cieplna Sp. z o.o.

Dr. Karen de Segundo
Attorney
- British American Tobacco plc
- Lonmin plc (until January 29, 2015)
- Pöyry Oyj (until March 10, 2016)

Dr. Theo Siegert
Managing Partner, de Haen-Carstanjen & Söhne
- Henkel AG & Co. KGaA
- Merck KGaA
- DKSH Holding Ltd.
- E. Merck KG

Elisabeth Wallbaum
(since January 1, 2016)
Expert, E.ON SE Works Council and E.ON Group Works Council

Supervisory Board Committees

Executive Committee
Werner Wenning, Chairman
Erhard Ott (until May 7, 2015), Deputy Chairman
Andreas Scheidt (since May 7, 2015), Deputy Chairman
Prof. Dr. Ulrich Lehner, Deputy Chairman
Eberhard Schomburg (until December 31, 2015)
Fred Schulz (since January 1, 2016)

Audit and Risk Committee
Dr. Theo Siegert, Chairman
Eberhard Schomburg (until December 31, 2015), Deputy Chairman
Fred Schulz (Deputy Chairman since January 1, 2016)
Thies Hansen (since January 1, 2016)
Werner Wenning

Finance and Investment Committee
Werner Wenning, Chairman
Thies Hansen (until December 31, 2015), Deputy Chairman
Eugen-Gheorghe Luha (Deputy Chairman since January 1, 2016)
Clive Broutta (since January 1, 2016)
Dr. Karen de Segundo

Nomination Committee
Werner Wenning, Chairman
Prof. Dr. Ulrich Lehner, Deputy Chairman
Dr. Karen de Segundo

Unless otherwise indicated, information is as of December 31, 2015, or as of the date on which membership in the E.ON SE Supervisory Board ended.
- Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
- Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

Management Board (and Information on Other Directorships Held by Management Board Members)

Dr. Johannes Teyssen

Born 1959 in Hildesheim, Germany
Chairman and CEO since 2010
Member of the Management Board since 2004
Strategy and Corporate Development, HR, Investor Relations, Political Affairs and Communications, Corporate Audit, Turkey, Health, Safety, and Environment, Sustainability, One2two project

- Deutsche Bank AG
- Salzgitter AG until September 15, 2015
- Uniper AG[1] since December 18, 2015

Dr.-Ing. Leonhard Birnbaum

Born 1967 in Ludwigshafen, Germany
Member of the Management Board since 2013
Distribution and Sales, Regional Units Coordination, Energy Policy, Regulation Policy, Consulting, IT

- E.ON Business Services GmbH[1] (Chairman) since June 1, 2015
- E.ON Czech Holding AG[1] (Chairman) since June 13, 2015
- E.ON Global Commodities SE[1] until December 31, 2015 (Chairman until September 6, 2015)
- E.ON Technologies GmbH[1] (Chairman) until August 21, 2015
- Georgsmarienhütte Holding GmbH
- E.ON Sverige AB[2] (Chairman) since June 18, 2015
- E.ON Hungária Zrt.[2] (Chairman) since June 1, 2015

Dr. Bernhard Reutersberg

Born 1954 in Düsseldorf, Germany
Member of the Management Board since 2010
Customer Solutions, Distributed Generation, Digital Transformation, Technology and Innovation, E.ON 2.0

- E.ON Czech Holding AG[1] (Chairman) until June 12, 2015
- Uniper AG[1] (Chairman) since December 18, 2015
- E.ON España S.L.[2] until March 25, 2015
- E.ON Hungária Zrt.[2] (Chairman) until May 31, 2015
- E.ON Italia S.p.A.[2] until June 30, 2015
- E.ON Sverige AB[2] (Deputy Chairman until June 18, 2015)
- E.ON Benelux Holding B.V.[2] (Chairman)
- Nord Stream AG until May 31, 2015
- OAO E.ON Russia[2] (Chairman since July 2, 2015)
- Uniper Benelux N.V. [2] (Chairman) until December 31, 2015
- Uniper France S.A.S.[2] (Chairman) until January 4, 2016

Michael Sen

Born 1968 in Korschenbroich, Germany
Member of the Management Board since 2015
Finance, Mergers and Acquisitions, Accounting and Controlling, Legal Affairs and Compliance, Taxes, Business Services for Finance, Exploration and Production, Procurement and Real Estate Managementect

- Uniper AG[1] since December 18, 2015

Klaus Schäfer

Born 1967 in Regensburg, Germany
Member of the Management Board since 2013 (until December 31, 2015)
Generation, Global Commodities, Engineering and Major Projects, Commercial Operations, Brazil, Russia, Uniper Projects

- E.ON Business Services GmbH[1] (Chairman) until May 31, 2015
- E.ON Global Commodities SE[1] (Chairman) since September 7, 2015
- E.ON Generation GmbH[1] (Chairman) since November 21, 2015
- Uniper Kraftwerke GmbH[1] (Chairman) since December 4, 2015
- E.ON Italia SpA[2] (Chairman) from June 30, 2015, until January 8, 2016
- Nord Stream AG since June 1, 2015

Jørgen Kildahl

Born 1963 in Bærum, Norway,
Member of the Management Board since 2010 (until September 30, 2015)

- E.ON Global Commodities SE[1] until August 31, 2015
- ENEVA S.A. (Chairman) until November 28, 2015
- Höegh LNG Holdings Ltd since September 15, 2015
- eSmart systems AS since September 17, 2015
- OAO E.ON Russia[2] (Chairman until July 2, 2015)

Mike Winkel

Born 1970 in Neubrandenburg, Germany
Member of the Management Board since 2013 (until May 31, 2015)

- E.ON Generation GmbH[1] (Chairman) until May 31, 2015
- E.ON Sverige AB[2] until May 31 , 2015
- OAO E.ON Russia[2]

Unless otherwise indicated, information is as of December 31, 2015, or as of the date on which membership in the E.ON Management Board ended.
- Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2, of the German Stock Corporation Act.
- Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

[1]Exempted E.ON Group directorship. [2]Other E.ON Group directorship.

Explanatory Report of the Management Board on the Disclosures Pursuant to Section 289, Paragraph 4, and Section 315, Paragraph 4, as well as Section 289, Paragraph 5, of the German Commercial Code

The Management Board has read and discussed the disclosures pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code contained in the Combined Group Management Report for the year ended December 31, 2015, and issues the following declaration regarding these disclosures:

The disclosures pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code contained in the Company's Combined Group Management Report are correct and conform with the Management Board's knowledge. The Management Board of therefore confines itself to the following statements:

Beyond the disclosures contained in the Combined Group Management Report (and legal restrictions such as the exclusion of voting rights pursuant to Section 136 of the German Stock Corporation Act), the Management Board is not aware of any restrictions regarding voting rights or the transfer of shares. The Company is not aware of shareholdings in the Company's share capital exceeding ten out of one hundred voting rights, so that information on such shareholdings is not necessary. There is no need to describe shares with special control rights (since no such shares have been issued) or special restrictions on the control rights of employees' shareholdings (since employees who hold shares in the Company's share capital exercise their control rights directly, just like other shareholders).

To the extent that the Company has agreed to settlement payments for Management Board of members in the case of a change of control, the purpose of such agreements is to preserve the independence of Management Board members.

The Management Board also read and discussed the disclosures in the Combined Group Management Report pursuant to Section 289, Paragraph 5, of the German Commercial Code. The disclosures contained in the Combined Group Management Report on the key features of our internal control and risk management system for accounting processes are complete and comprehensive.

Internal controls are an integral part of our accounting processes. Guidelines define uniform financial-reporting documentation requirements and procedures for the entire E.ON Group. We believe that compliance with these rules provides sufficient certainty to prevent error or fraud from resulting in material misrepresentations in the Consolidated Financial Statements, the Combined Group Management Report, and the Interim Reports.

Düsseldorf, February 29, 2016

E.ON SE
Management Board

Teyssen	Birnbaum
Reutersberg	Sen

Summary of Financial Highlights[1]					
€ in millions	2011	2012	2013	2014	2015
Sales and earnings					
Sales	112,954	132,093	119,615	113,095	116,218
EBITDA[2]	9,293	10,771	9,191	8,376	7,557
EBIT[2]	5,438	7,012	5,642	4,695	4,369
Net income/Net loss	-1,861	2,613	2,459	-3,130	-6,377
Net income/Net loss attributable to shareholders of E.ON SE	-2,219	2,189	2,091	-3,160	-6,999
Value measures					
ROACE/through 2009 ROCE (%)	8.4	11.1	9.2	8.6	9.4
Pretax cost of capital (%)	8.3	7.7	7.5	7.4	6.7
Value added[3]	90	2,139	1,031	640	1,251
Asset structure					
Non-current assets	102,221	96,563	95,580	83,065	73,612
Current assets	50,651	43,863	36,750	42,625	40,081
Total assets	152,872	140,426	132,330	125,690	113,693
Capital structure					
Equity	39,613	38,820	36,638	26,713	19,077
Capital stock	*2,001*	*2,001*	*2,001*	*2,001*	*2,001*
Minority interests without controlling influence	*3,876*	*3,862*	*2,915*	*2,128*	*2,648*
Non-current liabilities	67,129	65,027	63,179	63,335	61,172
Provisions	*25,672*	*28,601*	*28,153*	*31,376*	*30,655*
Financial liabilities	*24,029*	*21,937*	*18,051*	*15,784*	*14,954*
Other liabilities and other	*17,428*	*14,489*	*16,975*	*16,175*	*15,563*
Current liabilities	46,130	36,579	32,513	35,642	33,444
Provisions	*4,985*	*4,049*	*4,353*	*4,120*	*4,280*
Financial liabilities	*5,885*	*4,007*	*4,673*	*3,883*	*2,788*
Other liabilities and other	*35,260*	*28,523*	*23,487*	*27,639*	*26,376*
Total assets and liabilities	152,872	140,426	132,330	125,690	113,693
Cash flow and investments					
Cash provided by operating activities of continuing operations	6,610	8,808	6,260	6,354	6,133
Cash-effective investments	6,524	6,997	7,992	4,637	4,174
Financial ratios					
Equity ratio (%)	26	28	28	21	17
Long-term capital as a percentage of non-current assets (%)	104	108	104	108	109
Economic net debt (at year-end)	36,520	35,845	32,218	33,394	27,714
Debt factor[4]	3.9	3.3	3.5	4.0	3.7
Cash provided by operating activities of continuing operations as a percentage of sales	5.9	6.7	5.2	5.6	5.3
Stock					
Earnings per share attributable to shareholders of E.ON SE (€)	-1.16	1.15	1.10	-1.64	-3.60
Equity[5] per share (€)	18.76	18.33	17.68	12.72	8.42
Twelve-month high per share (€)	25.11	19.52	14.71	15.46	14.74
Twelve-month low per share (€)	12.88	13.80	11.94	12.56	7.13
Year-end closing price per share[6] (€)	16.67	14.09	13.42	14.20	8.93
Dividend per share[7] (€)	1.00	1.10	0.60	0.50	0.50
Dividend payout	1,905	2,097	1,145	966	976
Market capitalization[6, 8] (€ in billions)	31.8	26.9	25.6	27.4	17.4
E.ON SE long-term ratings					
Moody's	A3	A3	A3	A3	Baa1
Standard & Poor's	A	A-	A-	A-	BBB+
Employees					
Employees at year-end	78,889	72,083	61,327	58,811	56,490

[1]Starting in 2013, adjusted for discontinued operations and for the application of IFRS 10 and 11 and IAS 32. · [2]Adjusted for extraordinary effects. · [3]As of the balance-sheet date. [4]Ratio between economic net debt and EBITDA. · [5]Attributable to shareholders of E.ON SE. · [6]At the end of December. · [7]For the respective financial year; the 2015 figure is management's proposed dividend. · [8]Based on shares outstanding.

Attributable Generating Capacity

December 31 MW	Generation 2015	Generation 2014	Renewables 2015	Renewables 2014	Germany 2015	Germany 2014	Other EU Countries 2015	Other EU Countries 2014	Non-EU Countries 2015	Non-EU Countries 2014	E.ON Group 2015	E.ON Group 2014
Nuclear	4,128	5,403	–	–	–	–	–	–	–	–	4,128	5,403
Lignite	500	500	–	–	–	–	–	–	–	–	500	500
Hard coal	3,064	4,976	–	–	–	–	–	–	–	–	3,064	4,976
Natural gas	3,334	3,414	–	–	106	107	–	–	–	–	3,440	3,521
Oil	1,003	1,003	–	–	102	102	–	–	–	–	1,105	1,105
Hydro	–	–	1,904	1,904	19	21	–	–	–	–	1,923	1,925
Wind	–	–	462	174	8	5	–	–	–	–	470	179
Other	–	–	–	–	27	31	–	–	–	–	27	31
Germany	**12,029**	**15,296**	**2,366**	**2,078**	**262**	**266**	**–**	**–**	**–**	**–**	**14,657**	**17,640**
Nuclear	2,504	2,799	–	–	–	–	–	–	–	–	2,504	2,799
Lignite	–	–	–	–	–	–	30	30	1,895	1,263	1,925	1,293
Hard coal	4,816	6,273	–	–	–	–	–	–	–	–	4,816	6,273
Natural gas	5,513	12,172	–	–	–	–	1,357	1,468	7,050	7,050	13,920	20,690
Oil	1,383	1,714	–	–	–	–	–	–	–	–	1,383	1,714
Hydro	–	–	1,773	3,017	–	–	32	32	–	–	1,805	3,049
Wind	–	–	3,967	4,216	–	–	3	2	–	–	3,970	4,218
Other	72	812	30	130	–	–	253	253	–	–	355	1,195
Outside Germany	**14,288**	**23,770**	**5,770**	**7,363**	**–**	**–**	**1,675**	**1,785**	**8,945**	**8,313**	**30,678**	**41,231**
E.ON Group	**26,317**	**39,066**	**8,136**	**9,441**	**262**	**266**	**1,675**	**1,785**	**8,945**	**8,313**	**45,335**	**58,871**

Fully Consolidated Generating Capacity

December 31 MW	Generation 2015	Generation 2014	Renewables 2015	Renewables 2014	Germany 2015	Germany 2014	Other EU Countries 2015	Other EU Countries 2014	Non-EU Countries 2015	Non-EU Countries 2014	E.ON Group 2015	E.ON Group 2014
Nuclear	4,471	5,746	–	–	–	–	–	–	–	–	4,471	5,746
Lignite	900	900	–	–	–	–	–	–	–	–	900	900
Hard coal	2,902	4,916	–	–	–	–	–	–	–	–	2,902	4,916
Natural gas	3,755	3,875	–	–	82	85	–	–	–	–	3,837	3,960
Oil	1,003	1,003	–	–	102	102	–	–	–	–	1,105	1,105
Hydro	–	–	1,981	1,985	7	7	–	–	–	–	1,988	1,992
Wind	–	–	501	213	–	–	–	–	–	–	501	213
Other	–	–	–	–	24	32	–	–	–	–	24	32
Germany	**13,031**	**16,440**	**2,482**	**2,198**	**215**	**226**	**–**	**–**	**–**	**–**	**15,728**	**18,864**
Nuclear	1,873	2,511	–	–	–	–	–	–	–	–	1,873	2,511
Lignite	–	–	–	–	–	–	20	20	2,263	1,509	2,283	1,529
Hard coal	4,816	6,273	–	–	–	–	–	–	–	–	4,816	6,273
Natural gas	5,513	12,322	–	–	–	–	967	931	8,419	8,419	14,899	21,672
Oil	1,383	1,714	–	–	–	–	–	–	–	–	1,383	1,714
Hydro	–	–	1,579	2,824	–	–	33	33	–	–	1,612	2,856
Wind	–	–	3,530	3,609	–	–	–	–	–	–	3,530	3,609
Other	72	812	30	57	–	–	253	253	–	–	355	1,122
Outside Germany	**13,657**	**23,632**	**5,139**	**6,490**	**–**	**–**	**1,273**	**1,237**	**10,682**	**9,928**	**30,751**	**41,286**
E.ON Group	**26,688**	**40,072**	**7,621**	**8,688**	**215**	**226**	**1,273**	**1,237**	**10,682**	**9,928**	**46,479**	**60,151**

Owned Generation by Energy Source

Billion kWh	Generation 2015	Generation 2014	Renewables 2015	Renewables 2014	Germany 2015	Germany 2014	Other EU Countries 2015	Other EU Countries 2014	Non-EU Countries 2015	Non-EU Countries 2014	E.ON Group 2015	E.ON Group 2014
Nuclear	37.5	43.1	–	–	–	–	–	–	–	–	37.5	43.1
Lignite	2.9	2.9	–	–	–	–	–	–	–	–	2.9	2.9
Hard coal	13.1	17.9	–	–	–	–	–	–	–	–	13.1	17.9
Natural gas, oil	1.6	1.1	–	–	0.1	0.2	–	–	–	–	1.7	1.3
Hydro	–	–	4.7	4.7	–	–	–	–	–	–	4.7	4.7
Wind	–	–	0.9	0.3	–	–	–	–	–	–	0.9	0.3
Other	–	–	–	–	0.4	0.3	–	–	–	–	0.4	0.3
Germany	**55.1**	**65.0**	**5.6**	**5.0**	**0.5**	**0.5**	**–**	**–**	**–**	**–**	**61.2**	**70.5**
Nuclear	12.2	12.3	–	–	–	–	–	–	–	–	12.2	12.3
Lignite	–	–	–	–	–	–	0.2	0.2	9.0	10.0	9.2	9.2
Hard coal	23.9	29.5	–	–	–	–	–	–	–	–	23.9	29.5
Natural gas, oil	15.1	16.9	–	–	–	–	2.0	2.7	44.8	50.2	61.9	69.8
Hydro	–	–	9.9	9.5	–	–	–	–	–	–	9.9	9.5
Wind	–	–	9.8	11.8	–	–	–	–	–	–	9.8	11.8
Other	–	1.8	–	0.2	–	–	0.4	0.6	–	–	0.4	2.6
Outside Germany	**51.2**	**60.5**	**19.7**	**21.5**	**–**	**–**	**2.6**	**3.5**	**53.8**	**59.2**	**127.3**	**144.7**
Total	**106.3**	**125.5**	**25.3**	**26.5**	**0.5**	**0.5**	**2.6**	**3.5**	**53.8**	**59.2**	**188.5**	**215.2**
Percentages												
Nuclear	35	35	–	–	–	–	–	–	–	–	20	20
Lignite	3	2	–	–	–	–	–	–	–	–	2	1
Hard coal	12	14	–	–	–	–	–	–	–	–	7	9
Natural gas, oil	2	1	–	–	20	40	–	–	–	–	1	1
Hydro	–	–	19	18	–	–	–	–	–	–	2	2
Wind	–	–	3	1	–	–	–	–	–	–	–	–
Other	–	–	–	–	80	60	–	–	–	–	–	–
Germany	**52**	**52**	**22**	**19**	**100**	**100**	**–**	**–**	**–**	**–**	**32**	**33**
Nuclear	12	10	–	–	–	–	–	–	–	–	6	6
Lignite	–	–	–	–	–	–	8	6	17	15	5	4
Hard coal	22	24	–	–	–	–	–	–	–	–	13	14
Natural gas, oil	14	13	–	–	–	–	77	77	83	85	34	33
Hydro	–	–	39	36	–	–	–	–	–	–	5	4
Wind	–	–	39	45	–	–	–	–	–	–	5	5
Other	–	1	–	–	–	–	15	17	–	–	–	1
Outside Germany	**48**	**48**	**78**	**81**	**–**	**–**	**100**	**100**	**100**	**100**	**68**	**67**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Power Procurement[1]

	Generation		Renewables		Global Commodities[2]		Germany[2]		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Owned generation	106.3	125.5	25.3	26.5	–	–	0.5	0.5	2.6	3.5	53.8	59.2	–	–	188.5	215.2
Purchases	21.2	28.0	5.8	5.5	658.5	646.9	88.7	85.5	128.9	136.4	5.0	4.8	-300.8	-325.9	607.3	581.2
Jointly owned power plants	*10.1*	*13.2*	*2.0*	*1.6*	–	–	–	–	*0.2*	*0.2*	–	–	–	–	*12.3*	*15.0*
Global Commodities/outside sources	*11.1*	*14.8*	*3.8*	*3.9*	*658.5*	*646.9*	*88.7*	*85.5*	*128.7*	*136.2*	*5.0*	*4.8*	*-300.8*	*-325.9*	*595.0*	*566.2*
Total	**127.5**	**153.5**	**31.1**	**32.0**	**658.5**	**646.9**	**89.2**	**86.0**	**131.5**	**139.9**	**58.8**	**64.0**	**-300.8**	**-325.9**	**795.8**	**796.4**
Station use, line loss, etc.	-1.4	-1.6	–	-0.9	–	–	-3.8	-3.9	-7.6	-7.8	-2.1	-2.0	–	–	-14.9	-16.2
Power sales	**126.1**	**151.9**	**31.1**	**31.1**	**658.5**	**646.9**	**85.4**	**82.1**	**123.9**	**132.1**	**56.7**	**62.0**	**-300.8**	**-325.9**	**780.9**	**780.2**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Power Sales[1]

	Generation		Renewables		Global Commodities[2]		Germany[2]		Other EU Countries		Non-EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Residential and SME	–	–	–	–	–	–	18.9	19.2	45.2	45.4	–	–	–	–	64.1	64.6
I&C	3.3	3.6	–	–	8.3	6.6	14.0	14.4	67.2	70.2	–	–	–	–	92.8	94.8
Sales partners	23.8	28.4	4.5	5.6	14.5	20.0	44.8	44.7	0.1	0.2	–	–	–	–	87.7	98.9
Customer segments	**27.1**	**32.0**	**4.5**	**5.6**	**22.8**	**26.6**	**77.7**	**78.3**	**112.5**	**115.8**	**–**	**–**	**–**	**–**	**244.6**	**258.3**
Wholesale market/ Global Commodities	99.0	119.9	26.6	25.5	635.7	620.3	7.7	3.8	11.4	16.3	56.7	62.0	-300.8	-325.9	536.3	521.9
Total	**126.1**	**151.9**	**31.1**	**31.1**	**658.5**	**646.9**	**85.4**	**82.1**	**123.9**	**132.1**	**56.7**	**62.0**	**-300.8**	**-325.9**	**780.9**	**780.2**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Gas Sales[1]

	Global Commodities[2]		Germany[2]		Other EU Countries		Consolidation		E.ON Group	
Billion kWh	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Residential and SME	–	–	25.0	22.2	80.5	77.4	–	–	105.5	99.6
I&C	60.1	61.1	19.2	21.4	38.4	38.3	–	–	117.7	120.8
Sales partners	212.0	221.6	11.3	12.7	1.5	1.5	–	–	224.8	235.8
Customer segments	**272.1**	**282.7**	**55.5**	**56.3**	**120.4**	**117.2**	**–**	**–**	**448.0**	**456.2**
Wholesale market/Global Commodities	1,707.2	1,216.9	1.9	0.4	16.7	14.9	-452.0	-517.4	1,273.8	714.8
Total	**1,979.3**	**1,499.6**	**57.4**	**56.7**	**137.1**	**132.1**	**-452.0**	**-517.4**	**1,721.8**	**1,171.0**

[1]Adjusted for discontinued operations.
[2]Adjusted for E.ON Energy Sales.

Actuarial gains and losses
The actuarial calculation of provisions for pensions is based on projections of a number of variables, such as projected future salaries and pensions. An actuarial gain or loss is recorded when the actual numbers turn out to be different from the projections.

Beta factor
Indicator of a stock's relative risk. A beta coefficient of more than one indicates that a stock has a higher risk than the overall market; a beta coefficient of less than one indicates that it has a lower risk.

Bond
Debt instrument that gives the holder the right to repayment of the bond's face value plus an interest payment. Bonds are issued by public entities, credit institutions, and companies and are sold through banks. They are a form of medium- and long-term debt financing.

Capital employed
Represents the interest-bearing capital tied up in the E.ON Group. It is equal to a segment's non-current and current operating assets less the amount of non-interest-bearing available capital. Other equity interests are included at their acquisition cost, not their fair value.

Capital stock
The aggregate face value of all shares of stock issued by a company; entered as a liability in the company's balance sheet.

Cash flow statement
Calculation and presentation of the cash a company has generated or consumed during a reporting period as a result of its operating, investing, and financing activities.

Cash provided by operating activities
Cash provided by, or used for, operating activities of continuing operations.

Commercial paper ("CP")
Unsecured, short-term debt instruments issued by commercial firms and financial institutions. CPs are usually quoted on a discounted basis, with repayment at par value.

Consolidation
Accounting approach in which a parent company and its affiliates are presented as if they formed a single legal entity. All intracompany income and expenses, intracompany accounts payable and receivable, and other intracompany transactions are offset against each other. Share investments in affiliates are offset against their capital stock, as are all intracompany credits and debts, since such rights and obligations do not exist within a single legal entity. The adding together and consolidation of the remaining items in the annual financial statements yields the consolidated balance sheets and the consolidated statements of income.

Contractual trust arrangement ("CTA")
Model for financing pension obligations under which company assets are converted to assets of a pension plan administered by an independent trust that is legally separate from the company.

Controllable costs
Our key figure for monitoring operational costs that management can meaningfully influence: the controllable portions of the cost of materials (in particular, maintenance costs and the costs of goods and services), certain portions of other operating income and expenses, and most personnel costs.

Cost of capital
Weighted average of the costs of debt and equity financing (weighted-average cost of capital: "WACC"). The cost of equity is the return expected by an investor in a given stock. The cost of debt is based on the cost of corporate debt and bonds. The interest on corporate debt is tax-deductible (referred to as the tax shield on corporate debt).

Credit default swap ("CDS")
A credit derivative used to hedge the default risk on loans, bonds, and other debt instruments.

Debt factor
Ratio between economic net debt and EBITDA. Serves as a metric for managing E.ON's capital structure.

Debt issuance program
Contractual framework and standard documentation for the issuance of bonds.

Discontinued operations
Businesses or parts of a business that are planned for divestment or have already been divested. They are subject to special disclosure rules.

EBIT
Earnings before interest and taxes. The EBIT figure used by E.ON is derived from income/loss from continuing operations before interest income and income taxes and is adjusted to exclude certain extraordinary items, mainly other income and expenses of a non-recurring or rare nature (see Other non-operating earnings).

EBITDA
Earnings before interest, taxes, depreciation, and amortization. It equals the EBIT figure used by E.ON before depreciation and amortization. It is our key earnings figure for purposes of internal management control and as an indicator of our businesses' long-term earnings power.

Economic investments
Cash-effective capital investments plus debt acquired and asset swaps.

Economic net debt
Key figure that supplements net financial position with pension obligations and asset retirement obligations (less prepayments to the Swedish nuclear fund).

Equity method
Method for valuing shareholdings in associated companies whose assets and liabilities are not fully consolidated. The proportional share of the company's annual net income (or loss) is reflected in the shareholding's book value. This change is usually shown in the owning company's income statement.

Fair value
The price at which assets, debts, and derivatives pass from a willing seller to a willing buyer, each having access to all the relevant facts and acting freely.

Financial derivative
Contractual agreement based on an underlying value (reference interest rate, securities prices, commodity prices) and a nominal amount (foreign currency amount, a certain number of stock shares).

Goodwill
The value of a subsidiary as disclosed in the parent company's consolidated financial statements resulting from the consolidation of capital (after the elimination of hidden reserves and liabilities). It is calculated by offsetting the carrying amount of the parent company's investment in the subsidiary against the parent company's portion of the subsidiary's equity.

Impairment test
Periodic comparison of an asset's book value with its fair value. A company must record an impairment charge if it determines that an asset's fair value has fallen below its book value. Goodwill, for example, is tested for impairment on at least an annual basis.

International Financial Reporting Standards ("IFRS")
Under regulations passed by the European Parliament and European Council, capital-market-oriented companies in the EU must apply IFRS.

Net financial position
Difference between total financial assets (cash and non-current securities) and total financial liabilities (debts to financial institutions, third parties, and associated companies, including effects from currency translation).

Option
The right, not the obligation, to buy or sell an underlying asset (such as a security or currency) at a specific date at a predetermined price from or to a counterparty or seller. Buy options are referred to as calls, sell options as puts.

Other non-operating earnings
Income and expenses that are unusual or infrequent, such as book gains or book losses from significant disposals as well as restructuring expenses (see EBIT).

Profit at Risk ("PaR")
Risk measure that indicates, with a certain degree of confidence (for example, 95 percent), that changes in market prices will not cause a profit margin to fall below expectations during the holding period, depending on market liquidity. For E.ON's business, the main market prices are those for power, gas, coal, and carbon.

Purchase price allocation
In a business combination accounted for as a purchase, the values at which the acquired company's assets and liabilities are recorded in the acquiring company's balance sheet.

Rating

Standardized performance categories for an issuer's short- and long-term debt instruments based on the probability of interest payment and full repayment. Ratings provide investors and creditors with the transparency they need to compare the default risk of various financial investments.

Return on equity

The return earned on an equity investment (in this case, E.ON stock), calculated after corporate taxes but before an investor's individual income taxes.

ROACE

Acronym for return on average capital employed. A key indicator for monitoring the performance of E.ON's business, ROACE is the ratio between E.ON's EBIT and average capital employed. Average capital employed represents the average interest-bearing capital tied up in the E.ON Group.

ROCE

Acronym for return on capital employed. ROCE is the ratio between E.ON's EBIT and capital employed. Capital employed represents the interest-bearing capital tied up in the E.ON Group.

Syndicated line of credit

Credit facility extended by two or more banks that is good for a stated period of time.

Underlying net income

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

Value added

Key measure of E.ON's financial performance based on residual wealth calculated by deducting the cost of capital (debt and equity) from operating profit. It is equivalent to the return spread (ROACE minus the cost of capital) multiplied by average capital employed, which represents the average interest-bearing capital tied up in the E.ON Group.

Value at risk ("VaR")

Risk measure that indicates the potential loss that a portfolio of investments will not exceed with a certain degree of probability (for example, 99 percent) over a certain period of time (for example, one day). Due to the correlation of individual transactions, the risk faced by a portfolio is lower than the sum of the risks of the individual investments it contains.

Working capital

The difference between a company's current operating assets and current operating liabilities.

Further information

E.ON SE
E.ON-Platz 1
40479 Düsseldorf
Germany

T +49 211-4579-0
info@eon.com
www.eon.com

Media Relations
T +49 201-184-4236
presse@eon.com

Investor Relations
T +49 201-184-2804
investorrelations@eon.com

Creditor Relations
T +49 201-184-6526
creditorrelations@eon.com

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Financial Calendar

May 11, 2016	Interim Report: January - March 2016
June 8, 2016	2016 Annual Shareholders Meeting
August 10, 2016	Interim Report: January - June 2016
November 9, 2016	Interim Report: January - September 2016
March 15, 2017	Release of the 2016 Annual Report
May 10, 2017	Interim Report: January - March 2017
May 10, 2017	2017 Annual Shareholders Meeting
August 9, 2017	Interim Report: January - June 2017
November 8, 2017	Interim Report: January - September 2017