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Securities Prospectus

for admission to trading on the Regulated Market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and admission to the Regulated Market subsegment with additional post-admission listing obligations (Prime Standard) on the Frankfurt Stock Exchange of

**365,960,000 no-par value registered shares
(entire share capital after the non-cash capital increase enters into effect in connection with the transfer of a 53.35% interest in Uniper SE to the shareholders of E.ON SE pursuant to a spin-off of all the shares in Uniper Beteiligungs GmbH to Uniper SE and the issue of shares to the shareholders of E.ON SE)**

each such no-par value share representing a notional interest in the share capital of €1.70 and carrying full dividend rights as from January 1, 2016

of

**Uniper SE, Düsseldorf
– International Securities Identification Number (ISIN): DE000UNSE018 –
– German Securities Identification Number (WKN): UNSE01 –
– Common Code: 148396396 –**

September 2, 2016

TABLE OF CONTENTS

	Page
1 SUMMARY	S-1
2 RISK FACTORS	1
2.1 Risks in connection with Macroeconomic Developments	1
2.2 Risks in connection with the Changes in the World's Electricity and Gas Markets and the Business Model of the Uniper Group	2
2.3 Market Risks for the Business of the Uniper Group	5
2.4 Operational Risks for the Business of the Uniper Group	11
2.5 Financial Risks for the Business of the Uniper Group	19
2.6 Regulatory Risks for the Business of the Uniper Group	27
2.7 Legal Risks for the Business of the Uniper Group	33
2.8 Risks in connection with the Ownership Structure and the Spin-off	37
2.9 Risks in connection with the Start of Trading in Uniper SE Shares and Capital Market Transactions	42
3 GENERAL INFORMATION	46
3.1 Documents on Display	46
3.2 Subject Matter of this Prospectus	46
3.3 Forward-Looking Statements	46
3.4 Currency Information	47
3.5 Presentation of Market Data Sources	47
3.6 Lock-up Agreements	48
3.7 Presentation of Financial Information	49
3.8 ISIN, German Securities Identification Number and Common Code	50
4 SPIN-OFF	51
4.1 Legal Background of the Spin-off	51
4.2 Preparatory Measures and Implementation of the Spin-off	51
4.3 Graphical Illustration of the Implementation of the Spin-off	52
4.4 Statutory Spin-off Auditor	54
4.5 Audit of Non-Cash Contribution	54
4.6 Allocation Ratio, Trustee, Allocation and Settlement	54
4.7 ADR-Program	57
4.8 Stock Exchange Admission and Commencement of Trading	58
4.9 Timetable for the Spin-off and Stock Exchange Admission	58
4.10 Designated Sponsors	58
4.11 Interests of Parties to the Spin-off	58
4.12 Listing Agreement, Fees and Indemnification	59
4.13 Other Relationships between the Listing Agents, E.ON SE, and the Company	59
5 REASONS FOR THE SPIN-OFF AND ISSUE COSTS	60
5.1 Reasons for the Spin-off	60
5.2 Costs and Taxes associated with preparing for the Separation and the Spin-off/Lack of any Issue Proceeds	61
6 DIVIDEND POLICY	62
6.1 General Provisions on Profit Allocation and Dividend Payments	62
6.2 Dividend Policy and Earnings per Share	62

	Page
7 CAPITALIZATION AND NET INDEBTEDNESS	64
7.1 Capitalization	64
7.2 Net Financial Debt	65
7.3 Other Financial Commitments and Contingent Liabilities	65
7.4 Working Capital	66
7.5 Material Change in the Group's Financial Position or Trading Position	66
7.6 Rating	66
8 SELECTED FINANCIAL AND OTHER INFORMATION	67
8.1 Statements of Income of the Uniper Group	68
8.2 Balance Sheet of the Uniper Group	69
8.3 Statement of Cash Flows of the Uniper Group	69
8.4 Segment Information	70
8.5 Selected Other Financial Measures	70
9 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	74
9.1 Business Overview	75
9.2 Basis of Discussion	75
9.3 Key Factors affecting the Results of Operations	78
9.4 Explanation of Individual Line Items in the Statements of Income	99
9.5 NON-GAAP Financial Measures	101
9.6 Comparison of the Results of Operations of the Uniper Group	106
9.7 Comparison of Results of Operations – Analysis of Segment Information	122
9.8 Selected Items from the Balance Sheet of the Uniper Group	129
9.9 Statement of Cash Flows	141
9.10 Investments	143
9.11 Financial Structure before and after the Spin-off from the E.ON Group	145
9.12 Risk Management System	146
9.13 Material Accounting-Related Estimates	150
9.14 Information from the Annual Financial Statements of Uniper AG in accordance with HGB for Fiscal Year 2015	153
10 MARKET AND COMPETITION	154
10.1 Development of Electricity Markets	154
10.2 Development of the European Gas Markets	167
10.3 Steam Coal and Freight	171
11 BUSINESS	173
11.1 Overview	173
11.2 History	173
11.3 Competitive Strengths	174
11.4 Strategy	177
11.5 Segments	181
11.6 Procurement	205
11.7 Investments	205
11.8 Real Estate Holdings, Facilities and other Material Property, Plant and Equipment	207
11.9 Research, Development and Innovation	211
11.10 Industrial Property Rights, Patents, and Licenses	212
11.11 Employees	214

	Page
11.12 Litigation	214
11.13 Insurances	220
11.14 Risk Management	220
11.15 Corporate Responsibility	222
11.16 Information Technology	222
11.17 Material Agreements	223
11.18 Other Material Holdings	228
12 CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	229
12.1 Relationship to the E.ON Group	229
12.2 Relationships with Members of the Board of Management and of the Supervisory Board	240
13 ENERGY LAW ENVIRONMENT	241
13.1 Overview and current Situation in the EU	241
13.2 Current Developments and Outlook	244
13.3 Energy Law Environment in Germany	245
13.4 Regulatory Framework in Non-German Markets	259
14 SHAREHOLDER STRUCTURE	277
15 GENERAL INFORMATION ON THE COMPANY AND THE UNIPER GROUP	278
15.1 Group Structure	278
15.2 Name, Registered Office, Fiscal Year and Term of the Company	278
15.3 Corporate Purpose	279
15.4 Information on Subsidiaries and Affiliates	279
15.5 Statutory Auditor	284
15.6 Notices, Paying and Registration Agent	285
16 INFORMATION ON THE CAPITAL OF UNIPER SE	286
16.1 Development of the Share Capital over the past three Years and in the course of the Spin-Off	286
16.2 Authorized Capital	286
16.3 Contingent Capital	287
16.4 Authorization to issue Convertible Bonds and/or Warrant-Linked Bonds	287
16.5 Authorization to acquire and sell Treasury Shares	288
16.6 Offsetting Clause	288
16.7 General Provisions on Liquidation of the Company	289
16.8 General Provisions on Changes in the Share Capital	289
16.9 General Provisions on Subscription Rights	289
16.10 Squeeze out of Minority Shareholders	290
16.11 Notification and Reporting Requirements for Shareholdings	291
16.12 Voting Rights Notifications	291
16.13 Notification Requirements relating to Holdings in Instruments	292
16.14 Takeover Offer	293
16.15 Ban on Naked Short Selling	293
17 INFORMATION ON THE GOVERNING BODIES OF UNIPER SE	294
17.1 Overview	294
17.2 Board of Management	295
17.3 Supervisory Board	302

	Page
17.4 Certain Information on the Members of the Board of Management and the Supervisory Board; Conflicts of interest	311
17.5 General Meeting	312
17.6 Corporate Governance	313
18 TAXATION IN THE FEDERAL REPUBLIC OF GERMANY	314
18.1 Taxation of the Company	314
18.2 Taxation of Shareholders resident in Germany	316
18.3 Taxation of Shareholders resident outside of Germany	320
18.4 Inheritance and Gift Tax	321
18.5 Other Taxes	322
19 CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS	323
19.1 Tax Consequences of the Spin-off	323
19.2 Taxation of the Company's Shares	324
19.3 Passive Foreign Investment Company Considerations	325
19.4 Backup Withholding and Information Reporting	326
19.5 Foreign Financial Asset Reporting	326
20 GLOSSARY	328
21 FINANCIAL SECTION	F-1
22 RECENT DEVELOPMENTS AND OUTLOOK	G-1

1 SUMMARY

A – Introduction and Warnings		
A.1	Introduction and Warnings.	This summary should be read as an introduction to this prospectus (the “ Prospectus ”). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.
A.2	Information regarding the subsequent use of the Prospectus.	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the shares has not been granted.

B – The Issuer		
B.1	Legal and commercial name.	<p>The legal name of the Company is Uniper SE (the “Company” or “Uniper SE”, and together with its direct and indirect subsidiaries, the “Uniper Group”).</p> <p>The companies of the Uniper Group primarily do business under the commercial name “Uniper”. In addition, the commercial name “Unipro” is used in Russia.</p>
B.2	Domicile, legal form, legislation, under which the issuer operates, country of incorporation.	The Company’s registered office is in Düsseldorf, Germany, E.ON-Platz 1. It is entered in the commercial register of the local court of Düsseldorf under HRB 77425. The Company is organized as a European stock corporation (<i>Societas Europaea</i> , “ SE ”) incorporated in Germany and governed by German law.
B.3	Issuer’s current operations and principal activities and markets in which the issuer is represented.	<p>The Company is the holding company of the Uniper Group, which in its own estimation is one of the important players in the field of conventional power generation and energy trading in Germany, Europe and Russia, with a generation capacity of 37,598 megawatts¹ (“MW”) in the six-month period ending June 30, 2016 (fiscal year 2015: 39,863 MW, fiscal year 2014: 43,000 MW, fiscal year 2013: 43,477 MW) (each taking into account the Uniper Group’s stake in the individual power plants) and EBIT adjusted for non-operating effects (“Adjusted EBIT”)² of €1,135 million for the six-month period ending June 30, 2016 (fiscal year 2015: €801 million, fiscal year 2014: €826 million, fiscal year 2013: €1,048 million). The Uniper Group’s primary fields of activity are conventional power generation and trading in electricity, gas, coal and liquefied natural gas (“LNG”), as well as gas storage operations and gas infrastructure participations. It is one of central Europe’s leaders in gas transport and distribution. It also trades CO₂ emission certificates and freight allotments, markets technical services to other market participants and undertakes hedging transactions. Its customers in this respect are primarily major and corporate customers, including, among others, network operators, municipal utilities and other energy distributors. In the Global Commodities segment, the Uniper Group interacts in particular with national and international energy traders.</p>

¹ The basis for calculation includes all power plant capacities that were available to the Uniper Group on at least one day in the respective period under review.

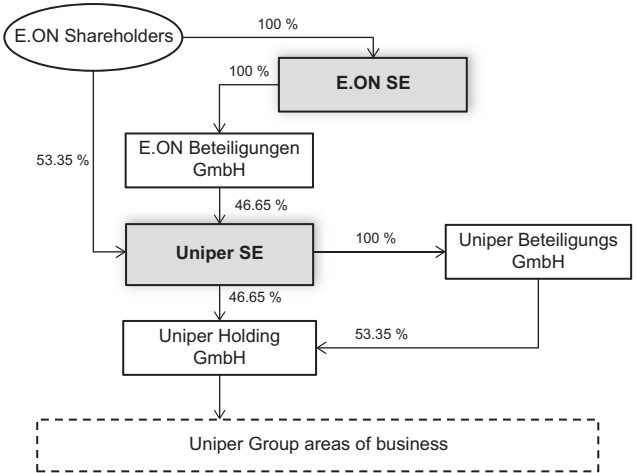
² “**Adjusted EBIT**” represents earnings before interest and taxes (“**EBIT**”), taking into account the net income/expense from equity investments, adjusted for non-operating effects. The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/cost-management, impairments/reversals of impairments on non-current assets, companies accounted for under the equity method and other financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Adjusted EBIT is not a recognized GAAP financial measure under the International Financial Reporting Standards or the German Commercial Code (*Handelsgesetzbuch*) and may therefore not be considered as an alternative to the generally accepted GAAP financial measures.

		<p>Based on Adjusted EBIT, the Uniper Group's business activities are focused in Germany, Sweden and Russia. The Uniper Group also has operations in the United Kingdom, France, the Netherlands and the United States.</p> <p>The Uniper Group is divided into three operating segments: European Generation, Global Commodities and International Power Generation. The additional Administration/Consolidation reconciliation item combines administrative functions which are performed centrally across segments as well as consolidation measures required at Group level.</p> <p>The European Generation segment comprises the Uniper Group's various generation facilities used in Europe (excluding Russia and the Czech Republic) for the purpose of generating power and heat. In addition to fossil-fuel power plants (coal-fired, gas-fired, oil-fired, and combined gas and steam power plants) and hydro power plants, these generation facilities also include nuclear power plants in Sweden, a biomass plant in France, and a small number of photovoltaic and wind power facilities. The majority of the energy generated is sold within the Group by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. Apart from the power plant business, the European Generation — Fossil Generation activity comprises the marketing of energy services to other market participants (third party services), ranging from fuel procurement to engineering, operational, maintenance and marketing services. As part of the European Generation — Other activity, Uniper Technologies GmbH ("UTG") and its group companies performs power plant maintenance and other tasks, both for the Uniper Group and for third parties.</p> <p>The Global Commodities segment combines the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation in the European Generation segment (mainly coal and gas) are procured, CO₂ emission certificates are traded, the majority of the electricity produced is marketed, and the power plant portfolio is optimized by managing the use of the power plants. All gas trading activities, <i>i.e.</i>, gas procurement on the basis of procurement contracts, trading on the energy markets and the distribution to wholesale customers are also bundled under this segment. This segment also bundles gas infrastructure participations and gas storage operations, as well as all the activities of the Uniper Group relating to its participation in the Siberian Yuzhno-Russkoye gas field in Russia. Beyond its own requirements, the Uniper Group also has worldwide activities in coal and LNG trading, and in the acquisition, trading, and marketing of freight allotments.</p> <p>The International Power Generation segment combines the operating power generation business of the Uniper Group in Russia and Brazil. With respect to the business in Russia, Unipro PJSC, a listed company in Russia in which the Uniper Group has an 83.7% holding (as of June 30, 2016), is responsible for all the activities in connection with power generation in Russia. These include, among others, the procurement of fuels needed in the power plants, the operation and management of the power plants, and the trading in and sale of the generated energy. Currently, the Uniper Group's business in Brazil comprises a 12.3% financial investment (as of June 30, 2016) in the energy utility ENEVA S.A. held by the Uniper Group and a directly held 50% shareholding (as of June 30, 2016) in Pecém II Participacoes S.A., which operates a coal-fired power plant in the Brazilian state of Ceará.</p>
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		<p>Competitive Strengths:</p> <p>The Uniper Group believes that it has the following strengths which are vital for its economic success and will continue to set it apart from its competitors in the future:</p> <ul style="list-style-type: none"> • Leading player in the field of conventional power generation in Europe. • Diversified generation portfolio with solid income generation. • Strong presence on the Russian electricity market. • Leading player in the midstream gas business in Europe (transport, storage, processing and marketing). • Diversified sources of income and reliable cash flows even in a difficult market environment. • Focus on steadily reducing costs as well as increasing efficiency and profitability. • Experienced management and extensive expertise in the field of power generation and commodities trading. <p>Strategy:</p> <p>The Uniper Group pursues the following strategic goals, to optimize and further expand its existing business activities, to safeguard the long-term competitiveness and viability of the Uniper Group in a changing market environment, and to generate sustainable cash flows:</p> <ul style="list-style-type: none"> • Contribute to ensuring system stability in the European electricity and gas markets. • Utilize the increasing interconnectedness of global energy markets. • Participate in the growth of the electricity markets worldwide.
B.4	Most significant recent trends affecting the issuer and the industries in which it operates.	<p>The Uniper Group believes that the energy and commodity markets throughout the world have been affected by the following megatrends in recent years:</p> <p>In Europe, the primary focus is directed toward reducing carbon dioxide (“CO₂”) emissions and increasing power generation from renewable energies. The United States aim to be largely independent of energy imports, whereas Russia is primarily interested in utilizing its national resources. In many other regions of the world, the focus lies on ensuring an affordable energy supply, which often also entails using nationally available raw materials.</p> <p>The Uniper Group considers that these trends will deliver a range of opportunities as well as challenges for the Uniper Group’s business activities:</p> <p>Further to the so-called energy transition, <i>i.e.</i>, the increased use of renewable energies in power generation, and taking into consideration changes in the regulatory environment, the Uniper Group expects conventional power plants to start playing a different role in Europe with respect to power generation. While conventional power plants in the past were primarily used to generate energy to cover demand, the Uniper Group believes that in the future they will increasingly be used to ensure the security of supply and system stability. This is happening in a market environment that is characterized by a changing supply and demand situation due to stagnant market prices for electricity and gas, whereby it cannot be ruled out that there will be a long term upward trend, particularly with respect to commodity prices. In this context, the Uniper Group believes it possible that alternative remuneration structures for the provision of generation capacity, such as capacity markets, will increasingly be adopted.</p>

		<p>Following the nuclear reactor accident in Fukushima, Japan, in 2011, Germany resolved to phase out nuclear generation completely. The Uniper Group believes that gradually shutting down nuclear generation units by 2022 will have a marked impact on Germany's power market in the future.</p> <p>Finally, in view of the expiration of existing supply obligations and decline in European production, the Uniper Group expects European natural gas supply in the coming years to be characterized by a growing gap between supply and demand, which needs to be filled by introducing new sources of supply.</p> <p>Worldwide, the Uniper Group assumes that demand for power will continue to grow and as a result conventional generation capacity, including from gas- and coal-fired facilities, will continue to be expanded. In the Company's opinion, this will also lead to an increase in global trade flows for coal and LNG.</p>
B.5	<p>Description of the Uniper Group and the issuer's position within this group.</p>	<p>The Company is the parent company of a group of companies, which has been restructured under corporate law in preparation for the spin-off from E.ON SE. The spin-off that will be effected on the basis of a spin-off and transfer agreement dated April 18, 2016 (the "Spin-off and Transfer Agreement") between E.ON SE and Uniper SE, was resolved by the general meeting of the Company on May 24, 2016 and the general meeting of E.ON SE on June 8, 2016.</p> <p>E.ON SE holds all shares in E.ON Beteiligungen GmbH both before and after the spin-off. Until the spin-off enters into effect upon being recorded in the commercial register of E.ON SE, E.ON SE holds 100% of the shares in Uniper SE via its wholly-owned subsidiary, E.ON Beteiligungen GmbH, which in turn holds 46.65% of the shares in Uniper Holding GmbH. The remaining 53.35% of the shares in Uniper Holding GmbH are held by Uniper Beteiligungs GmbH, which is wholly owned by E.ON SE.</p> <p>Diagram 1 – Status prior to the implementation of the spin-off</p> <pre> graph TD EONShareholders([E.ON Shareholders]) -- 100 % --> EONSE[E.ON SE] EONSE -- 100 % --> EONBeteiligungen[E.ON Beteiligungen GmbH] EONSE -- 100 % --> UniperBeteiligungs[Uniper Beteiligungs GmbH] EONBeteiligungen -- 100 % --> UniperSE[Uniper SE] UniperSE -- 46.65 % --> UniperHolding[Uniper Holding GmbH] UniperBeteiligungs -- 53.35 % --> UniperHolding UniperHolding -.-> UniperGroup[Uniper Group areas of business] </pre> <p>For purposes of transferring the majority shareholding in the Company to the shareholders of E.ON SE, it is intended that E.ON SE spins off its 100% shareholding in Uniper Beteiligungs GmbH to the Company by way of spin-off by absorption under the German Reorganization Act (<i>Umwandlungsgesetz</i>). As a result, the remaining 53.35% in Uniper Holding GmbH will indirectly transfer to the Company. As consideration for this spin-off, new shares in the Company will be allocated to the shareholders of E.ON SE at a ratio of 10:1, i.e., for ten (10) shares in E.ON SE the shareholders of E.ON SE will receive one (1) share in the</p>

		<p>Company. The new shares to be granted to the E.ON SE shareholders will be created by the Company by means of a capital increase for the purposes of the spin-off.</p> <p>Upon the spin-off taking effect, the shareholders of E.ON SE will hold 53.35% of the shares in the Company and E.ON SE will hold – indirectly via E.ON Beteiligungen GmbH – 46.65% of the shares in the Company. As a result, the shareholders of E.ON SE will remain fully invested in the activities of Uniper Group to be spun off after the spin-off – directly via their (new) shareholding in the Company and indirectly via their shareholding in E.ON SE. Information in this Prospectus on shareholdings of the Company as of December 31, 2015, 2014 and 2013 were taken from the audited combined financial statements of Uniper SE for the fiscal years ending December 31, 2015, 2014 and 2013 (the “Combined Financial Statements”), which show the ownership structures as of those balance sheet days, respectively, as they would have been had the spin-off been in effect as of those dates.</p> <p>Diagram 2 – Structure after the implementation of the spin-off</p>  <pre> graph TD EOSH([E.ON Shareholders]) -- 100% --> EOS[E.ON SE] EOSH -- 53.35% --> USE[Uniper SE] EOS -- 100% --> EOBG[E.ON Beteiligungen GmbH] EOBG -- 46.65% --> USE USE -- 100% --> UB[GmbH] UB -- 53.35% --> UHG[Uniper Holding GmbH] UHG -- 46.65% --> USE UHG -.-> UGA[Uniper Group areas of business] </pre>
<p>B.6</p>	<p>Persons who, directly or indirectly, have an interest in the issuer's capital or voting rights or have control over the issuer.</p> <p>Deviating Voting rights.</p> <p>Direct or indirect control over the issuer and nature of such control.</p>	<p>As of the date of this Prospectus E.ON SE holds all shares in Uniper SE indirectly through its wholly owned subsidiary E.ON Beteiligungen GmbH.</p> <p>Not applicable. Each share carries one vote at the general meeting. Shareholders, which had already held shares in the Company prior to the spin-off, do not have different voting rights.</p> <p>Before the spin-off enters into effect, <i>i.e.</i>, before the spin-off is recorded in the commercial register of E.ON SE, E.ON SE holds via its wholly owned subsidiary, E.ON Beteiligungen GmbH, 100% of the shares in Uniper SE, which in turn holds 46.65% of the shares in Uniper Holding GmbH. The remaining 53.35% of the shares in Uniper Holding GmbH is held by Uniper Beteiligungs GmbH, which is wholly owned by E.ON SE.</p> <p>After the spin-off has taken effect, E.ON SE will indirectly hold 46.65% of Uniper SE's share capital through E.ON Beteiligungen GmbH. The remaining 53.35% of the Company's share capital will be allocated to E.ON SE's shareholders in the context of the spin-off. E.ON SE will at this time only have a proportionate ability to influence the Company via this minority shareholding. Furthermore, two members of the board of management of E.ON SE are members of the Company's supervisory board. In addition, three members of the supervisory board (Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker) are employees of E.ON SE or its direct or</p>

		<p>indirect subsidiaries (together the “E.ON Group”). Furthermore, the chairman of the supervisory board of the Company is a former member of the board of management of E.ON SE.</p> <p>E.ON SE and the Company intend to enter into a deconsolidation agreement following the stock exchange listing of the Company in order to achieve the deconsolidation of the Uniper Group in the first half of 2017 at the latest. The deconsolidation agreement will contain provisions regarding E.ON SE's and E.ON Beteiligungen GmbH's abstention from exercising voting rights relating to the election of members of the supervisory board of the Company at the Company's general meeting. The purpose of the agreement is to ensure that, despite the 46.65% minority shareholding in the Company initially remaining with E.ON SE, which is expected to represent a majority in attendance (<i>Präsenzmehrheit</i>) at the Company's general meeting, E.ON SE will no longer have an obligation to fully consolidate the Uniper Group in its consolidated financial statements.</p>
B.7	Selected material historical financial information.	<p>The financial information presented in the following tables has been taken or derived from the Combined Financial Statements or the unaudited condensed consolidated interim financial statements of Uniper SE for the six-month period ending June 30, 2016 (including comparative figures for the six-month period ending June 30, 2015) (the “Consolidated Interim Financial Statements”).</p> <p>The Combined Financial Statements have been prepared in accordance with the International Financial Reporting Standard (“IFRS”) as adopted by the European Union (“EU”) and the interpretations of the IFRS Interpretations Committee (“IFRS IC”), which have been adopted by the EU Commission until the end of the reporting period for application in the EU, and have been audited in accordance with the International Standards on Auditing (ISA) by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40227 Düsseldorf, Germany, which issued an unqualified auditor's report thereon.</p> <p>The Combined Financial Statements of Uniper SE present the Uniper Group companies and the business activities allocated to the Uniper Group in the manner in which they were included in the IFRS consolidated financial statements of E.ON SE in the past and how they will exist after the spin-off enters into effect. During the fiscal years 2015, 2014 and 2013 the Uniper Group did not conduct business operations as an independent group.</p> <p>The unaudited Consolidated Interim Financial Statements of Uniper SE have been prepared in accordance with International Accounting Standard (“IAS”) 34 (Interim Financial Reporting).</p> <p>The financial data presented as “audited” in the following tables is data that has been taken from the above-mentioned audited Combined Financial Statements of Uniper SE. Financial data presented as “unaudited” is data that has been derived from the audited Combined Financial Statements or has been taken or derived from the unaudited Consolidated Interim Financial Statements of Uniper SE or has been taken or derived from the Uniper Group's accounting system.</p>

Statements of Income of the Uniper Group

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million) (audited)		
Sales including electricity and energy taxes	33,581	45,026	92,338	88,522	95,097
Electricity and energy taxes	-254	-115	-223	-297	-347
Sales	33,327	44,911	92,115	88,225	94,750
Changes in inventories (finished goods and work in progress)	-8	35	4	-64	-17
Own work capitalized	9	3	46	81	81
Other operating income	4,791	4,156	10,825	9,462	4,572
Cost of materials	-30,998	-43,117	-89,306	-84,501	-91,256
Personnel costs	-564	-603	-1,260	-1,329	-1,442
Depreciation, amortization and impairment charges	-3,275	-645	-5,357	-5,209	-2,191
Other operating expenses	-6,810	-4,640	-10,524	-9,319	-5,082
Income/loss from companies accounted for under the equity method	57	65	60	-388	-340
Income/loss before financial results and income taxes	-3,471	165	-3,397	-3,042	-925
Financial results	-364	-44	36	-118	-148
Income taxes	-50	-24	-396	348	-60
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133

Balance Sheet of the Uniper Group

	As of June 30, 2016	As of December 31,		
	2015	2014	2013	
	(unaudited)	(in € million) (audited)		
Goodwill	2,628	2,555	4,911	6,372
Intangible assets	1,966	2,159	2,436	3,258
Property, plant and equipment	11,274	14,297	15,717	19,778
Companies accounted for under the equity method	840	1,136	1,401	1,897
Other financial assets	530	558	927	1,306
Financial receivables and other financial assets	2,983	3,029	4,104	3,604
Operating receivables and other operating assets	4,315	4,687	3,158	1,985
Income tax assets	9	9	14	17
Deferred tax assets	1,031	1,031	1,355	1,040
Non-current assets	25,576	29,461	34,023	39,257
Inventories	1,451	1,734	2,297	2,888
Financial receivables and other financial assets	950	8,359	11,475	10,499
Trade receivables and other operating assets	14,141	23,085	23,205	18,726
Income tax assets	299	296	206	146
Liquid funds	536	360	412	896
Assets held for sale	32	228	2	98
Current assets	17,409	34,062	37,597	33,253
Total assets	42,985	63,523	71,620	72,510
Equity (net assets)	11,067	15,001	22,719	27,766
Financial liabilities	1,080	2,296	5,175	5,387
Operating liabilities	4,578	3,781	2,460	1,702
Income taxes	—	—	—	—
Provisions for pensions and similar obligations	1,175	796	1,773	1,479
Miscellaneous provisions	6,562	5,809	5,057	4,844
Deferred tax liabilities	1,705	1,622	1,966	2,210
Non-current liabilities	15,100	14,304	16,431	15,622
Financial liabilities	1,310	10,551	8,161	8,307
Trade payables and other operating liabilities	13,681	20,642	21,563	18,349
Income taxes	300	338	323	242
Miscellaneous provisions	1,527	2,569	2,423	2,224
Liabilities associated with assets held for sale	—	118	—	—
Current liabilities	16,818	34,218	32,470	29,122
Total equity and liabilities	42,985	63,523	71,620	72,510

Statement of Cash Flows of the Uniper Group

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133
Cash provided by (used for) operating activities (operating cash flow)	1,952	2,301	1,465	1,437	554
Cash provided by (used for) investing activities	945	-487	-610	-1,504	-1,017
Cash provided by (used for) financing activities	-2,706	-1,737	-979	37	741
Net increase/decrease in cash and cash equivalents	191	77	-124	-30	278
Cash and cash equivalents at the end of the period	528	468	299	340	551

Segment Information

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Sales					
European Generation	3,250	3,902	7,563	8,246	9,083
<i>Intersegment sales</i>	1,786	2,371	4,547	5,024	5,654
<i>External sales</i>	1,464	1,531	3,016	3,222	3,429
Global Commodities	32,827	44,619	91,207	86,672	93,767
<i>Intersegment sales</i>	1,475	1,808	3,235	3,196	4,322
<i>External sales</i>	31,352	42,811	87,972	83,476	89,445
International Power Generation	510	556	1,134	1,529	1,879
<i>Intersegment sales</i>	—	—	—	—	—
<i>External sales</i>	510	556	1,134	1,529	1,879
Administration/Consolidation	-3,260	-4,166	-7,789	-8,222	-9,979
<i>Intersegment sales</i>	-3,261	-4,179	-7,782	-8,220	-9,976
<i>External sales</i>	1	13	-7	-2	-3
Total sales	33,327	44,911	92,115	88,225	94,750

Selected Other Financial Measures

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited) (in € million, unless otherwise specified)		(audited, unless otherwise specified)		
Investments					
<i>European Generation</i>	177	275	774	877	1,018
<i>Global Commodities</i>	66	58	112	105	147
<i>International Power Generation</i>	44	85	193	547	1,037
<i>Administration/Consolidation</i>	5	—	4	2	0
Group investments	292	418	1,083	1,531	2,202
Adjusted EBIT					
<i>European Generation</i> ⁽¹⁾	120	195	506	539	504
<i>Global Commodities</i> ⁽¹⁾	1,095	334	262	173	328
<i>International Power Generation</i> ⁽¹⁾	-39	106	236	316	410
<i>Administration/Consolidation</i> ⁽¹⁾	-41	-90	-203	-202	-194
Group Adjusted EBIT ⁽¹⁾	1,135	545	801	826	1,048
Adjusted EBITDA					
<i>European Generation</i> ⁽¹⁾	406	515	1,125	1,331	1,254
<i>Global Commodities</i> ⁽¹⁾	1,165	420	449	362	546
<i>International Power Generation</i> ⁽¹⁾	5	150	335	465	609
<i>Administration/Consolidation</i> ⁽¹⁾	-36	-85	-192	-192	-182
Group Adjusted EBITDA ⁽¹⁾	1,540	1,000	1,717	1,966	2,227
Operating cash flow before interest and taxes					
<i>European Generation</i> ⁽²⁾	897	603	1,133	1,077	855
<i>Global Commodities</i> ⁽²⁾	1,111	1,771	767	342	-446
<i>International Power Generation</i> ⁽²⁾	149	172	388	511	655
<i>Administration/Consolidation</i> ⁽²⁾	-23	-105	-267	-186	-199
Group operating cash flow before interest and taxes ⁽²⁾	2,134	2,441	2,021	1,744	865
FFO ^{(3)*}	216	605	2,092	1,816	1,789
Adjusted FFO ^{(3)*}	8	393	1,805	1,548	1,495
Cash conversion ⁽⁴⁾ (in %)*	138.6	244.1	117.7	88.7	38.8
Net financial position ^{(5)*}	-1,531	—	-4,930	-2,066	-3,112
Economic net debt ^{(5)*}	-3,631	—	-6,690	-4,802	-5,624
Controllable costs ^{(6)*}	657	722	1,305	1,455	1,639

(*) Unaudited.

- (1) EBIT (unadjusted earnings before interest and taxes) represents the Uniper Group's income/loss before financial results and income taxes in accordance with IFRS, taking into account the net income/expense from equity investments. Unadjusted EBIT is adjusted for certain non-operating effects in order to increase its meaningfulness as an indicator of the operating profitability of the Uniper business. Adjusted EBIT also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/cost-management, impairments/reversals of impairments on non-current assets, companies accounted for under the equity method and other long-term financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. Restructuring/cost management expenses represent additional expenses which are not directly attributable to the operating business. 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 statement of income.

Adjusted EBITDA represents adjusted earnings before interest, taxes, depreciation and amortization.

- (2) The operating cash flow before interest and taxes ("OCFbIT") represents cash provided by (used for) operating activities (operating cash flow) less cash inflows from interest and tax payments or plus cash outflows from interest and tax payments (less refunds).
- (3) As from 2017, the Uniper Group uses the Non-GAAP financial measure "adjusted funds from operations" ("Adjusted FFO") to calculate the amount available for distribution to shareholders and as from 2017 for the variable remuneration awarded to the members of the board of management.

The basis for FFO (funds from operations) is the cash provided by (used for) operating activities (operating cash flow), which is initially adjusted for changes in operating assets and liabilities and in income taxes to eliminate period-specific shifts resulting from unforeseeable cash inflows or outflows. Changes in operating assets and liabilities include changes in the marking to market of derivatives as of the reporting date. These changes are also adjusted since they are non-cash. For the same reason, changes in the measurement of foreign currency-denominated operating receivables and payables recognized in income are also eliminated.

For Adjusted FFO, employer service costs for pension entitlements acquired during the fiscal year and recalculated service costs, which will in future result in cash flows, as well as payments to the Swedish Nuclear Waste Fund, are deducted from FFO, despite the fact that they are reported in cash provided by (used for) investing activities, since they result from operating activities. Dividends to minority shareholders that are resolved or paid are likewise unavailable to the Company's shareholders and are therefore adjusted.

- (4) Cash conversion represents the result of dividing operating cash flow before interest and taxes (OCFbIT) by the Adjusted EBITDA for the relevant period.
- (5) The net financial position comprises liquid funds, non-current securities and financial receivables from affiliated companies, net of financial liabilities (including financial liabilities to affiliated companies). The receivables from and liabilities to affiliated companies result from the inclusion of the Uniper Group in the E.ON Group's cash management; these are recognized in other financial receivables and financial assets, and in other financial liabilities. The outstanding net amount of financial receivables from and liabilities to the E.ON Group will be replaced by external financial liabilities as part of the spin-off and is therefore taken into consideration in the net financial position.

Provisions for pensions and similar obligations and provisions for asset retirement obligations are deducted from the net financial position calculated as above, since both these items give rise to long-term financial payment obligations. Segregated assets allocated to these obligations are included in the calculation of economic net debt.

Net financial position and economic net debt comprise balance sheet items and are therefore not compared to June 30, 2015.

- (6) Controllable costs represent a measure used to analyze and manage trends in expenses; it includes those operating costs that can be independently influenced and controlled by management. The definition of controllable costs only applies to the European Generation segment. This measure includes all personnel costs, as well as expenses for purchased goods and services. Controllable costs include miscellaneous other operating income which includes recharged costs for purchased goods and services, reimbursements of insurance premiums, reversals of impairments, investment subsidies, and rental income. The portions of other operating expenses that contain controllable costs are also taken into consideration. These include expenses for reclamation and demolition, marketing, IT and rental costs, costs for third-party services, fees and contributions, maintenance and repair costs, office, travel, training and notary costs, and consultancy and audit expenses. Fuel costs and costs associated with emissions allowances and electricity purchases are not included since these are influenced by market factors.

<p>Significant changes to the issuer's financial condition and operating results during or subsequent to the period covered by the material key historical financial information.</p>	<p>There has been no material change in the Uniper Group's financial position and trading position since June 30, 2016.</p> <p><i>Comparison of results of operations in the six-month periods ending June 30, 2016, and June 30, 2015</i></p> <p>In the six-month period ending June 30, 2016 compared to the six-month period ending June 30, 2015, there were the following material developments:</p> <p>Sales decreased by €11,584 million or 25.8% from €44,911 million in the six-month period ending June 30, 2015, to €33,327 million in the six-month period ending June 30, 2016.</p> <p>Other operating income increased by €635 million or 15.3% from €4,156 million in the six-month period ending June 30, 2015, to €4,791 million in the six-month period ending June 30, 2016.</p> <p>The loss before financial results and income taxes amounted to €3,471 million in the six-month period ending June 30, 2016, down €3,636 million on the income before financial results and income taxes amounting to €165 million in the six-month period ending June 30, 2015.</p> <p>The financial results declined by €320 million from €-44 million in the six-month period ending June 30, 2015, to €-364 million in the six-month period ending June 30, 2016.</p> <p>The net loss after income taxes amounted to €3,885 million in the six-month period ending June 30, 2016, down €3,982 million on the net income after income taxes amounting to €97 million in the six-month period ending June 30, 2015.</p> <p><i>Comparison of results of operations for fiscal years 2015 and 2014</i></p> <p>In the fiscal year ending on December 31, 2015 compared to the fiscal year ending on December 31, 2014, there were the following material developments:</p> <p>Sales increased by €3,890 million or 4.4% from €88,225 million in fiscal year 2014 to €92,115 million in fiscal year 2015.</p> <p>Other operating income increased by €1,363 million or 14.4% from €9,462 million in fiscal year 2014 to €10,825 million in fiscal year 2015.</p> <p>The income/loss before financial results and income taxes declined by €355 million or 11.7% from €-3,042 million in fiscal year 2014 to €-3,397 million in fiscal year 2015.</p> <p>The financial results rose from €-118 million in fiscal year 2014 by €154 million to €36 million in fiscal year 2015.</p> <p>The net income/loss after income taxes declined by €945 million or 33.6% from €-2,812 million in fiscal year 2014 to €-3,757 million in fiscal year 2015.</p> <p><i>Comparison of results of operations for fiscal years 2014 and 2013</i></p> <p>In the fiscal year ending on December 31, 2014 compared to the fiscal year ending on December 31, 2013, there were the following material developments:</p> <p>Sales declined from €94,750 million in fiscal year 2013 by €6,525 million or 6.9% to €88,225 million in fiscal year 2014.</p>
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		<p>Other operating income rose from €4,572 million in fiscal year 2013 by €4,890 million or 107.0% to €9,462 million in fiscal year 2014.</p> <p>The income/loss before financial results and income taxes declined by €2,117 million or 228.9% from €-925 million in fiscal year 2013 to €-3,042 million in fiscal year 2014.</p> <p>The financial results improved by €30 million or 20.3% from €-148 million in fiscal year 2013 to €-118 million in fiscal year 2014.</p> <p>The net loss after income taxes widened by €1,679 million or 148.2% from €1,133 million in fiscal year 2013 to €2,812 million in fiscal year 2014.</p> <p>Operative and financial optimization of the Uniper Group</p> <p>In April 2016, the Uniper Group announced a comprehensive program for its operative and financial optimization ("Project Voyager"). The plan is for most of the measures to be completed by the end of 2017 and thus to enter into effect in fiscal year 2018. A key component of the program involves the optimization of the Uniper Group's cost items, e.g., in the form of lower administration expenses (including through reducing management levels) and a critical review of existing structures and processes. Further action to optimize liquidity will include steadfastly continuing stringent working capital measures and limiting the scope of investments for maintenance and servicing as well as any growth projects already in existence. In addition, it is planned to sell off assets worth more than €2 billion in order to finance these projects and further strengthen the balance sheet. All in all, the Uniper Group plans to comfortably lower the ratio of economic net debt to Adjusted EBITDA to below 2:1 and the ratio of net financial position to Adjusted EBITDA to below 1:1.</p> <p>The objective of these measures, among other things, is to permanently strengthen the Uniper Group's current long-term investment grade rating of BBB-¹ with a stable outlook, which it had received from the rating agency Standard & Poor's Credit Market Services Europe Limited on May 10, 2016. In this way it will be possible to guarantee the vital access to the commodity trading markets and attain a stable and strong financial position in the volatile commodity markets.</p>
B.8	Selected key pro forma financial information.	Not applicable. The Company has not prepared pro forma financial information.
B.9	Profit forecast or estimate.	Not applicable. No profit forecast or estimate has been made.
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. The auditor's report on the Combined Financial Statements of Uniper SE for the fiscal years ending December 31 2013, 2014 and 2015 and the respective auditor's reports on annual financial statements of the Company or Uniper AG or E.ON Kraftwerke GmbH for the fiscal years ending December 31 2015, 2014 and 2013 were issued without qualification.
B.11	Insufficiency of the issuer's working capital for its present requirements.	Not applicable. The working capital of the issuer is sufficient to meet the existing requirements.

¹ Companies rated BBB- are regarded by Standard & Poor's Credit Market Services Europe Limited as companies with an adequate capacity to meet their financial commitments. The rating agency Standard & Poor's is established in the European Union and has been registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time.

C – Securities		
C.1	Description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.	<p>The subject matter of the Prospectus for purposes of admission to trading relates to 365,960,000 no-par value registered shares (the “Shares”), each such Share representing a notional interest in the Company’s share capital of €1.70 and fully entitled to participate in profits from January 1, 2016 (the entire share capital after the non-cash capital increase enters into effect in connection with the transfer of a 53.35% interest in the Company to the shareholders of E.ON SE through the spin-off of all shares of Uniper Beteiligungs GmbH to the Company by issuing new Shares to the shareholders of E.ON SE).</p> <p>International Securities Identification Number (ISIN): DE000UNSE018 German Securities Identification Number (WKN): UNSE01 Common Code: 148396396</p>
C.2	Currency of the securities issue.	Euro.
C.3	The number of shares issued and fully paid up and issued but not fully paid up. Par value per share, or statement that the shares have no par value.	<p>As of the date of this Prospectus, Uniper SE’s share capital amounted to €290,224,578, divided into 170,720,340 Shares. Once the spin-off enters into effect, <i>i.e.</i>, once the spin-off is entered in the commercial register of E.ON SE (expected on September 9, 2016), the share capital of the Company will amount to €622,132,000 and will be divided into 365,960,000 Shares. The shares are subject to German law. The share capital is fully paid up.</p> <p>The Shares have no par value. Each of the Shares represents a calculated notional value of €1.70 in the share capital.</p>
C.4	Description of the rights attached to the securities.	<p>All Shares issued by the Company carry dividend rights from January 1, 2016. This will also apply to the Shares created in the course of the spin-off.</p> <p>Each Share carries one vote at the general meeting of the Company.</p>
C.5	Description of any restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the transferability of the Shares.
C.6	Indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.	The application for admission of the Shares to trading on the Regulated Market (<i>Regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange was filed on August 19, 2016. It is anticipated that the respective admissions will be granted on September 9, 2016. The trading on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) is currently expected to commence on September 12, 2016.
C.7	Description of dividend policy.	According to the Company’s planned distribution policy, the Company intends to distribute a dividend in the amount of approximately €200 million, <i>i.e.</i> , €0.55 per share for fiscal year 2016 (based on 365,960,000 shares in issue). The general meeting will resolve on this dividend in fiscal year 2017. For subsequent fiscal years, a dividend is expected to be paid on the basis of Free Cash Flow from Operations (adjusted funds from operations minus payments for investments in fixed assets relating to replacement

		expenses and maintenance). There are plans for a distribution of at least 75% and up to 100% of the Free Cash from Operations in subsequent fiscal years, with respect to the payment of dividends, although Total Free Cash Flow after the distribution should be neutral or positive. The Company's ability to pay future dividends will depend on the amount of distributable net retained profits. However, the Company cannot forecast the amount of future distributable net retained profits and therefore the amount of possible future dividends at the date of this Prospectus. Neither can it guarantee the payment or the amount of dividends in the future.
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D – Risks		
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		<p>In addition to the other information in this Prospectus, investors should carefully read the risk factors described in this Prospectus before reaching a decision to acquire Shares and consider them when making their investment decision. The occurrence of an event or circumstances described in these risk factors could individually or together with other risks or uncertainties, which are currently not known or currently considered immaterial by the Uniper Group, have a material adverse effect on the business of the Uniper Group.</p> <p>The order of the risk factors indicates neither the likelihood of the risks nor the extent to which they could have a negative effect on the financial position and results of operations of the Uniper Group.</p> <p>The risk factors are based on assumptions which may prove to be inaccurate. In addition, other risks, facts or circumstances, which are currently not known or currently considered immaterial by the Company, may individually or cumulatively emerge as material and could have a material adverse effect on the financial position and results of operations of the Uniper Group. The market price of the Shares could fall in the case of occurrence of each of these risks or each of these facts or circumstances or as a result of an event or circumstances described in these risk factors and the investors could lose some or all of their investment.</p>
D.1	Key risks specific to the issuer or its industry.	<ul style="list-style-type: none"> • Risks arise for the Uniper Group's business from any negative macroeconomic developments and – in particular – the associated decline in energy trading, energy demand and/or energy prices and commodity prices. • Risks arise for the Uniper Group's business from the global promotion of decarbonization and a related decline in conventionally generated energy. • Risks arise for the Uniper Group's business from the increase in renewable energy generation and the resulting displacement of conventional power plants among the competition. • Risks arise for the Uniper Group's business from the transformation of the energy market, particularly in Europe. • Market risks arise for the Uniper Group's business from changing market prices and margins for power and primary energy sources. • Market risks arise for the Uniper Group's business from the availability of fossil fuels such as coal, gas and oil as well as biomass. • Risks arise for the Uniper Group's business from exchange rate and interest rate fluctuations.

		<ul style="list-style-type: none"> • Risks arise for the Uniper Group's business from unusual seasonal fluctuations in demand for power and gas. • Operational risks arise for the Uniper Group's business from human errors, technical failures in operating procedures or interruptions of business operations, in particular because of the bursting of dams. • Operational risks arise for the Uniper Group's business from a nuclear accident in one or several of the Uniper Group's Swedish plants and shareholdings in plants. • Risks arise for the Uniper Group's business from the operation of gas storage facilities. • Operational risks arise for the Uniper Group's business from building, expanding, refurbishing, retrofitting and decommissioning projects. • Operational risks arise for the Uniper Group's business from planned efficiency improvements and cost savings. • Operational risks arise for the Uniper Group's business from increased competition. • Financial risks arise for the Uniper Group's business from derivative financial instruments used for hedging purposes and proprietary trading. • Financial risks arise for the Uniper Group's business from counterparty defaults. • Financial risks arise for the Uniper Group's business from further depreciation of assets, despite depreciation and high impairments in the past. • Regulatory risks arise for the Uniper Group's business from interventions by government agencies. • Regulatory risks arise for the Uniper Group's business from the implementation and entry into force of new financial market regulations as well as other regulatory tightening. • Regulatory risks arise for the Uniper Group's business from failure to comply with supervisory provisions and regulatory conditions as well as any changes to existing provisions and the adoption of new statutory provisions. • Financial risks arise for the Uniper Group's business from claims under the German Reorganization Act (<i>Umwandlungsgesetz</i>) as a consequence of the spin-off (so-called continued liability (<i>Nachhaftung</i>) and the creditors' right to be provided with collateral). • The Uniper Group's business is exposed to risks arising from the E.ON Group's German nuclear activities as a result of the implementation of the German Federal Government's legislative initiative on continuing liability for nuclear disposal costs. • Risks arise for the Uniper Group's business from E.ON SE's ability to exert influence on the Company as a consequence of the (indirect) minority interest of 46.65% in the share capital held after the spin-off from E.ON SE.
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D.3	Key risks specific to the securities.	<ul style="list-style-type: none"> Financial risks arise for investors from share price losses arising from the sale of the Shares at the present time or in the future. Financial risks arise for investors that the cumulative value of the Shares and the shares of E.ON SE might not reach or exceed the value of the E.ON shares prior to the spin-off.
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E – Offer

E.1	Total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.	<p>Neither E.ON SE nor the Company will receive any issuance proceeds in connection with the spin-off.</p> <p>With respect to the expenses associated with the spin-off, a distinction must be made between external costs and taxes. A distinction must also be made between the expenses of preparing for the spin-off and the separation of the Uniper Group as well as the expenses of the actual spin-off and stock exchange listing of the Company.</p> <p>External costs incurred for preparatory measures for the separation of the Uniper Group amounted to approximately €120 million in total as at December 31, 2015. It is expected that additional external costs of the separation estimated at approximately €160 million will have been incurred by the time the separation measures are completed, which means that the external costs of the separation of the Uniper Group will amount to approximately €280 million. The external costs cover, among others, the separation of IT systems and applications as well as the establishment of energy procurement and marketing at E.ON SE. The major part of these costs is borne by E.ON SE.</p> <p>The major part of the external costs of the spin-off and its implementation, including the costs of the listing of the Company's shares, will be incurred during fiscal year 2016. The external costs of the spin-off and its implementation are expected to amount to approximately €80 million in total by the time the spin-off takes effect. These external costs of the spin-off mainly relate to the costs of external consulting (in particular by investment banks and legal advisers), audit fees (auditors), other transaction costs, including notarization fees, costs in connection with commercial register filings, as well as costs associated with the listing of the Company's shares. In principle, these costs are borne by E.ON SE. The costs associated with the listing will amount up to approximately €45 million, which will be borne by E.ON SE. These include the fees for J.P. Morgan Securities plc, London, United Kingdom ("J.P. Morgan"), and Morgan Stanley Bank AG, Frankfurt, Germany, ("Morgan Stanley" and together with J.P. Morgan, the "Listing Agents") (including discretionary fees) up to a total of approximately €20.5 million.</p> <p>Taxes have arisen in connection with the preparatory measures for the separation of the Uniper Group, which are expected to amount to a total of approximately €80 million. This includes real estate transfer tax of up to approximately €10 million, some of which must be reported under German commercial law.</p> <p>Taxes arising from the spin-off itself and its implementation are expected to amount to approximately €300 million. This figure includes real estate transfer tax amounting to approximately €260 million, which is expected to be payable in the years up to 2018, and approximately €180 million of which must be reported under German commercial law. The tax expense therefore amounts</p>
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		to approximately €120 million. The Company will bear any transfer taxes arising from the notarization of the Spin-off and Transfer Agreement and its performance, which will become payable after the spin-off enters into effect. Any other taxes arising in connection with the notarization of the Spin-off and Transfer agreement and its performance are borne by the entity that is taxable pursuant to the applicable tax law.
E.2a	Reasons for the offer, use of proceeds, estimated net amount of the proceeds.	Not applicable. An offer of securities is not the subject of this Prospectus.
E.3	Description of the terms and conditions of the offer.	Not applicable. An offer of securities is not the subject of this Prospectus.
E.4	Description of any interest that is material to the issue/ offer including conflicting interests.	<p>In connection with the spin-off and the listing of the Shares, the Listing Agents have entered into a contractual relationship with the Company and E.ON SE. The Listing Agents advise the Company and E.ON SE on the spin-off. In addition, the Listing Agents have been appointed to act as designated sponsors of the Shares. Upon successful implementation of the spin-off, the Listing Agents will receive a success commission at the free discretion of E.ON SE.</p> <p>The supervisory board of the Company has promised to grant a special incentive bonus to the current members of the Company's board of management in the context of the spin-off.</p> <p>E.ON SE has an interest in the spin-off, since it allows it to dispose of its majority shareholding. E.ON SE and the Company expect indirect benefits in connection with the spin-off.</p> <p>Two members of the Company's supervisory board, Dr. Johannes Teyssen and Michael Sen, are also members of the board of management of E.ON SE. In addition, three members of the supervisory board (Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker), who will resign their positions in the first half of 2017 at the latest, are employees in the E.ON Group. The current chairman of the Company's supervisory board, Dr. Bernhard Reutersberg, had been a member of E.ON SE's board of management until June 30, 2016. The interests of E.ON SE and the Company are not necessarily always aligned, which means that conflicts of interest or potential conflicts of interest could arise for those persons holding offices at both companies at the same time or in close succession.</p> <p>The Listing Agents and their affiliated companies already conduct lending activities with the Company and may in the future have other business relations with the Uniper Group and/or the E.ON Group (including lending activities) and/or may perform services in the ordinary course of business.</p>
E.5	Name of the person or entity offering to sell the security. Lock-up agreements the parties involved and period of the lock up.	<p>Not applicable. An offer of securities is not the subject of this Prospectus.</p> <p>In the listing agreement, E.ON SE has undertaken not to (1) offer, pledge, allot, sell, sell any option, purchase any option to sell, or otherwise transfer or dispose of, directly or indirectly, any Shares; and (2) propose any increase in the share capital of the Company, vote in favor of such a proposed increase or otherwise support any proposal for the issuance of shares of the Company, with option rights for shares of the Company, without the prior written consent of the Listing Agents (which may not be unreasonably withheld), subject to certain exceptions during the period commencing on</p>

		<p>September 1, 2016 and ending 90 days after the first day of trading of the Shares on the Frankfurt Stock exchange (<i>Frankfurter Wertpapierbörse</i>).</p> <p>In the listing agreement, the Company additionally has undertaken not to (1) announce or effect an increase of the share capital of the Company out of authorized capital; (2) submit a proposal for a capital increase to any general meeting for resolution; (3) announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares or with option rights for shares; or (4) enter into a transaction or perform any action economically similar to those described in (1) through (3) above, subject to certain exceptions and unless required by law, without the prior written consent of the Listing Agents during the period commencing on September 1, 2016 and ending 90 days after the first day of trading of the Shares on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>).</p>
E.6	The amount and percentage of immediate dilution resulting from the offer.	Not applicable. An offer of securities is not the subject of this Prospectus.
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	Not applicable. Investors will not be charged with expenses by the Company or the Listing Agents.

2 RISK FACTORS

*Prior to making a decision regarding the purchase of shares in Uniper SE (the “**Company**” or “**Uniper SE**” and, together with its direct and indirect subsidiaries, the “**Uniper Group**”) investors should carefully read and consider all of the risks hereinafter described along with the other information contained in this securities prospectus (the “**Prospectus**”). These risks are divided in the following categories: risks in connection with macroeconomic developments, risks in connection with the changes in the world’s electricity and gas markets and the business model, market risks for the business, operational risks for the business, financial risks for the business, regulatory risks for the business as well as legal risks for the business. There are further risks that are related to the spin-off as such as well as the securities markets and the ownership of the shares. The occurrence of one of the events or other circumstances described in these risk factors, alone or together with other risks and uncertainties which the Uniper Group is currently unaware of or which the Uniper Group currently regards as being insignificant, could have material adverse effects on its business.*

The order in which the risk factors are listed below is no indication as to the likelihood that any such risks will in fact occur; likewise, it is not an indication as to the extent to which they could materially adversely affect the Uniper Group’s business or its financial condition and results of operations.

The risk factors are based on assumptions that may prove to be incorrect. There may also be other risks, facts or circumstances, which the Company is currently unaware of or which the Company regards as being insignificant but that may prove, individually or cumulatively, to have material adverse effects on the Uniper Group’s financial condition and results of operations. The stock exchange price of the Company’s shares could fall if any of these risks, facts or circumstances were to occur or as a consequence of the events or circumstances described herein, and investors could lose all or part of their investment.

2.1 RISKS IN CONNECTION WITH MACROECONOMIC DEVELOPMENTS

The Uniper Group’s business activities depend, in many ways, on global macroeconomic development. For example, as part of its energy trading activities, the Uniper Group is engaged in the worldwide trade with commodities and is thus dependent on global economic developments. According to the International Monetary Fund (“**IMF**”) a moderate global economic growth of 3.2% in 2016 and 3.5% in 2017 is to be expected. These growth rates are above the 3.1% recorded for 2015 (all data in this section 2.1 are taken from the World Economic Outlook published by the IMF dated April 16, 2016, which is available on <http://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf>).

In advanced economies, the IMF expects growth to remain modest in line with 2015 outcomes of 1.9%. Growth is projected to remain flat at 1.9% in 2016 before improving to 2.0% in 2017. While very accommodative monetary policy and lower oil prices will support domestic demand, weak external demand, further exchange rate appreciation, especially in the United States of America (the “**United States**”), and somewhat tighter financial conditions will weigh on the recovery.

Higher growth rates are expected in emerging markets and developing economies where, after 4% growth in 2015, the IMF projects growth rates of 4.1% in 2016 and 4.6% in 2017. However, the IMF notes that prospects across countries remain uneven and generally weaker than over the last two decades.

Despite the improved growth outlook until 2017, the IMF warns that global growth could be derailed by downside risks including an extended period of slowing growth and tightened financial conditions in advanced economies, rising stress in emerging markets (for instance, additional exchange rate depreciations), a less-smooth-than-expected rebalancing process in China or an escalation of ongoing geopolitical tensions.

The Uniper Group has a significant presence in Germany, the United Kingdom, Sweden, France and the Netherlands, as well as in Russia. The demand for power and primary energy sources in these markets is driven in particular by energy intensive industries and more generally by the economic and business cycle developments in these markets.

For Germany, the IMF projects a growth rate of 1.5% in 2016 and 1.6% in 2017, only a slight improvement compared to the 1.5% recorded in 2015. While strong private consumption and public spending promote growth, the subdued global economic activity leads to lower exports and investment

activity. For Sweden, the IMF projects, after 4.1% growth in 2015, continued strong growth of 3.7% in 2016 and 2.8% in 2017 underpinned by expansionary monetary policy, higher residential investments and higher public spending. In France, economic activity is expected to grow at a rate of 1.1% in 2016 (in line with 2015) and 1.3% in 2017. In the Netherlands, the growth rates are expected to remain around the 2015 level of 1.9% with 1.8% in 2016 and 1.9% in 2017. In Russia, the international sanctions continue to compound the effects of lower oil prices and structural weakness. As a result, the IMF projects a contraction of -1.8% in 2016 before returning to positive growth rates of 0.8% in 2017.

On June 23, 2016, the United Kingdom voted in a national referendum to withdraw from the European Union (“EU”). The result of the referendum does not legally obligate the United Kingdom to exit the EU, and it is currently unclear if or when the United Kingdom will formally serve notice to the European Commission (“EU Commission”) of its desire to withdraw. Regardless of the ultimate date or terms of the United Kingdom’s exit from the EU, the referendum in the United Kingdom has created significant political, social, financial and macroeconomic uncertainties which make reliable forecasts for the macroeconomic development of the United Kingdom very difficult. The possible exit of the United Kingdom (or any other country) from the EU, the potential withdrawal of Scotland, Wales or Northern Ireland from the United Kingdom, or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to a decline in global share prices, increased volatility on foreign exchange markets (in particular a further weakening of the pound Sterling and euro against other leading currencies), decreased gross domestic product in the United Kingdom and also the EU and a further downgrade of the United Kingdom’s sovereign credit rating by several international rating agencies. In addition, there is a risk that these events could push the United Kingdom and/or the EU (including the Eurozone) into a severe economic recession, which could further destabilize the global financial markets.

The Uniper Group has significant business operations in the United Kingdom and produces and sells energy and other services both in the United Kingdom and in the remaining member states of the EU. Hence, the withdrawal of the United Kingdom from the EU could affect the Uniper Group in a number of different ways and could have a material adverse effect on the Uniper Group’s United Kingdom and overall business, prospects, financial condition and results of operations.

Should the global economy take an unfavorable turn in the future, this could have material adverse effects on energy demand, and thus the price of energy, as well as the supply and demand for commodities required for the generation of energy. This could result in a significant drop in production, trading and/or sales volumes as well as in sales prices in the electricity business, and could also lead to a significant decline in the coal, gas and liquefied natural gas (“LNG”) business and thus a drop in the profitability of these business activities of the Uniper Group. Moreover, an economic slowdown could also impair the ability and willingness of Uniper Group’s contractual partners to pay and thus lead to defaults on receivables (see “2.5.7 Risks arise for the Uniper Group’s business from counterparty defaults”).

Any negative macroeconomic developments and – in particular – the associated decline of energy trading, energy demand, and/or energy prices as well as commodity prices could have material adverse effects on the Uniper Group’s financial condition and results of operations.

2.2 RISKS IN CONNECTION WITH THE CHANGES IN THE WORLD’S ELECTRICITY AND GAS MARKETS AND THE BUSINESS MODEL OF THE UNIPER GROUP

2.2.1 Risks arise for the Uniper Group’s business from the global promotion of decarbonization and the related decline in conventionally generated energy.

The Uniper Group’s business activities focus on conventional power generation as well as on trading in the global energy markets. Conventional power generation is largely associated with greenhouse gas emissions. In 2015, the G7 countries resolved on the goal to complete the decarbonization of the world economy, for the most part, by the end of this century. Decarbonization, as a central goal of the energy transition, refers to the transition of the energy sector towards a lower emission of carbon dioxide (“CO₂”). At the World Climate Conference in Paris, France, held at the end of 2015 (*United Nations Framework Convention on Climate Change*), the participants agreed on the first global climate protection treaty that bindingly pledges a so-called 2-degree cap (the reduction of global warming to less than 2 degrees Celsius compared to the pre-industrialization level) under international law and obligates the signatories to achieve greenhouse gas neutrality in the second half of the century. This global climate protection policy, which in addition stipulates the endeavor of the

community of states to limit the increase in temperature to 1.5 degrees Celsius, could also have a significant impact on the development of the world's electricity and gas markets and gives rise to the expectation that the individual countries may adopt ever stricter climate protection requirements. According to the targets set at the World Climate Conference in Paris, greenhouse gas emissions should already be reduced globally by 40% to 70% by 2050, compared to the levels of 2010. In particular, this requires a transition from fossil-fuel energy sources to renewable generation.

In 2014, the European Council resolved on a new 2030 energy strategy, setting the target at a 40% cut in greenhouse gas emissions compared to 1990 levels (source: *EU Commission*, <http://ec.europa.eu/energy/en/topics/energy-strategy/2030-energy-strategy>). Germany, one of the leading countries in the initiation and implementation of the energy transition, wants to achieve a 40% reduction target in greenhouse gas emissions compared to 1990 by 2020 (source: *Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Germany)*, <http://www.bmub.bund.de/themen/klima-energie/klimaschutz/eu-klimapolitik/>). Britain's energy policy also aims consistently at a reduction of CO₂ emissions, aiming at a 35% reduction in its greenhouse gas emissions by 2020, a 50% reduction by 2030, and an 80% reduction by 2050 compared to 1990. (source: *Department of Energy and Climate Change (United Kingdom)*, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268221/181213_2013_EMR_Delivery_Plan_FINAL.pdf). In Sweden, under the national reform program from 2011, greenhouse gas emissions should be reduced by 40% by 2020 (source: *German-Swedish Chamber of Commerce*, <http://old.handelskammer.se/de/news/energiewende-schweden-sieht-gruen>). France also adopted a new law intended to reduce the emission of greenhouse gases and the dependence on nuclear energy. Moreover, by 2030, the share of fossil energy sources, such as petroleum, should be reduced by 30%. (source: *Art. 1 LOI n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte*). France is planning to reach a level of only a quarter of the emissions of 1990 by 2050. France introduced a CO₂ tax on motor fuels and heating fuels in 2014. In addition, the French government plans the implementation of a carbon floor mechanism in France in 2017. Should this measure be conclusively implemented in France, the Uniper Group's coal and biomass power plant activities in France would be adversely affected and may result in a shutdown of these power plants. It cannot be ruled out that the Uniper Group's other power plant activities (e.g., gas-fired power plants) in France will be adversely affected, *inter alia*, by virtue of strikes resulting from a potential shutdown.

After a court in The Hague found, in June 2015, that the Netherlands' efforts to date to combat climate change had been unlawfully inadequate, the Dutch government is currently working on various measures aimed at reducing the country's CO₂ emissions by 25% by 2020, as compared to the level of 1990 (source: <http://uitspraken.rechtspraak.nl/inziendocument?id=ECLI:NL:RBDHA:2015:7145>). As part of the package of measures it is being discussed to decommission the country's five oldest coal power plants by July 1, 2017 and to cease granting any new permits for the construction of coal power plants (source: <https://www.rijksoverheid.nl/documenten/kamerstukken/2015/12/18/kamerbrief-over-het-uitfaseren-van-de-kolencentrales-in-nederland>).

In Russia, currently there is only an indicative target for reducing carbon dioxide emissions by 25% by 2020 in comparison to the quantities of emissions in 1990 (source: *Official website of the President of Russia*, <http://static.kremlin.ru/media/acts/files/0001201310010043.pdf>).

Should the decarbonization of the energy industry be implemented earlier than has been expected by the Uniper Group so far, or should the Uniper Group fail to adjust its business activities, in good time and to a sufficient degree in line with these energy-policy measures, this could have material adverse effects on the business, financial condition and results of operations of the Uniper Group.

2.2.2 Risks arise for the Uniper Group's business from an increase in renewable power generation and the resulting displacement of conventional power plants among the competition.

Decarbonization requires a transition in power generation from fossil fuels to renewable energy sources. Therefore, conventional generation of power faces the risk of losing competitiveness against renewable energy and thus market share and, over the long term, even faces the risk of disappearing completely from the market. Furthermore, there is a risk that customer demand for renewable energy increases to the detriment of conventional energy. The shift from conventional fuels to renewable generation is happening in many countries around the world.

The European member states have agreed in their 2030 energy strategy to reach at least a 27% share of renewables by this date.

Germany's aim is that the electricity production from renewable energy shall contribute 40-45% in 2025 and 55-60% in 2035 to German gross electricity demand. The intention is that, going forward, the energy mix in Germany will be dominated by renewable energy and that by 2050 the share of power generated from renewable energy in the gross power consumption will be at least 80% (source: *Federal Ministry for Economic Affairs and Energy (Germany)*, <http://www.bmwi.de/BMWi/Redaktion/PDF/Eerneuerbare-energien-in-zahlen-2014,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>). Furthermore, the United Kingdom intends to generate 30% of all power from renewable energy by 2020. (source: *Department of Energy and Climate Change (United Kingdom)*, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268221/181213_2013_EMR_Delivery_Plan_FINAL.pdf). In Sweden, under the national reform program from 2011, the share of renewable energies in the total supply should increase to 50% by 2020 (source: *German-Swedish Chamber of Commerce*, <http://old.handelskammer.se/de/news/energiewende-schweden-sieht-gruen>). By 2030, renewable generation should account for 32% of electric power in France (source: *Art. 1 LOI n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte*). In Belgium the share of renewable energies in the total supply should increase to 13% by 2020 (source: *EU Commission*, <http://ec.europa.eu/energy/node/71>).

According to the energy-policy plans of the Russian government, the percentage of total energy generation and of total consumption in the Russian energy market represented by renewable generation should rise to 2.5% by 2024 (source: *International Energy Agency*, www.iea.org/publications/freepublications/publication/Russia_2014.pdf).

The steady expansion and government support of renewable power generation has an increasing impact on the electricity market. As storage capacity of power is limited, wholesale prices are normally determined by the power demand and supply at a point in time. Given a certain demand (so-called "load"), the power price is determined on the basis of the highest short-term marginal costs of the power plant that is still needed to cover the overall power demand (market clearing price). These marginal costs are only variable generation costs and include costs for commodities, CO₂ emissions rights ("**CO₂ Certificates**") (which also include CO₂ taxes and price floors) as well as variable operating costs and any opportunity costs as appropriate. The resulting merit order ranks the available power plants based on their short-term marginal costs in ascending order. Starting with the lowest marginal costs, power plants are deployed until the required power need is met.

The variable generation costs for generation from renewable energy, such as wind and solar energy, are almost zero as they do not require any fuel to produce electricity. As a result the merit order typically starts with renewables followed by power plants with high investments, but comparably low variable generation costs, such as nuclear-, hydro- or lignite-fired power plants. Coal, gas or oil-fired power plants constitute normally the middle / end of the merit order. The available power plant capacities, fuel prices and technical parameters of the operators in individual countries differ widely; as a result each country has its own characteristic merit order. In Germany, the German Renewable Energy Act (*Erneuerbare Energien Gesetz*, "**EEG**"), which entered into force in 2000 and has been further developed on a continual basis (EEG 2004, EEG 2009, EEG 2012, amendment regarding photovoltaics (*Photovoltaik-Novelle*), EEG 2014) since then, even includes provisions on a feed-in priority of renewable energy over energy from conventional generation in the event of bottlenecks arising in the transmission network and also provides for a minimum remuneration for generation from renewable energy.

The continuous growth of renewables results in a displacement of conventional power plants in the merit order. In times of high feed-ins of renewable energy, and a given demand, conventional power plants are no longer necessary to cover the demand. Additionally the marginal power plant determining the energy price has lower marginal cost which results in a lower energy price. Given the renewables target of the EU, it can be expected that conventional energy will be deployed to a lesser extent.

The shift of the energy mix towards a preference for power from renewable generation is leading to a reduction of power generation from fossil primary energy sources and to a decline in wholesale power prices. This has a negative impact on the part of the Uniper Group's energy business in Europe that is based on fossil energy sources including the gas and coal trading business, which could materially adversely affect the Uniper Group's financial condition and results of operations.

2.3 MARKET RISKS FOR THE BUSINESS OF THE UNIPER GROUP

2.3.1 Risks arise for the Uniper Group's business from the transformation of the energy market, particularly in Europe.

The global energy market is subject to fundamental change. Both national and international initiatives drive the transformation of the energy market.

As part of its strategy for an energy union within the EU, the EU Commission has submitted proposals for the transformation of the European electricity market, for the updating of energy labeling, and for a review of the emissions trading system. The initiative for a transformation of the European electricity market is intended to improve the functioning of the domestic electricity market, among other things through the abolition of regulated prices, the promotion of enabling technologies, such as intelligent power grids, modern consumption measurement systems and storage systems, as well as the efficient use of network capacities. The results of the sector inquiry by the EU Commission on capacity mechanisms in selected member states as well as the proposals on the future energy market and on the risk preparedness in the area of security of electricity supply ("**Summer Package**") from 2015 will contribute to the changed European legal framework.

The development of the European network codes in gas and electricity as well as their national implementation may also create risks for Uniper's existing generation assets and trading activities based on the changed market conditions. This could have material adverse effects on the business activities as well as the financial condition and results of operations of the Uniper Group.

2.3.2 Risks arise for the Uniper Group's business from the structuring of capacity markets or capacity mechanisms.

The trend of government measures which can be observed in the EU is to complement the energy market with capacity remuneration mechanisms or strategic reserves. Such mechanisms have been implemented in particular in the United Kingdom and Spain, political decisions to introduce capacity mechanisms have been made in France and Italy and an ongoing discussion regarding capacity markets is taking place in Belgium. Depending on the details of the implementation, capacity remuneration mechanisms or strategic reserves play an important role for the Uniper Group.

The first capacity auction in the United Kingdom for the 2018/19 supply year took place in December 2014, the second in December 2015. The introduction of an early capacity auction for the 2017/18 supply year replacing the interim supplemental balancing reserve (a form of strategic reserve) was announced in spring 2016. In Germany, in accordance with the law on the further development of the electricity market (Energy Industry Act) and a regulation governing the process for procuring, using and billing a capacity reserve (Capacity Reserve Ordinance) as well as certain other legislative changes, it is not intended to create a separate capacity market for the sole purpose of trading and explicitly remunerating the provision of capacity (output). Instead, it is intended to put so-called spare capacity of approximately two gigawatt ("**GW**") up to a maximum of 5% of the German annual peak load for tender. According to these plans, reserve power plants will only be used if short-term supply shortages emerge in the regular electricity market that cannot be covered despite free pricing in the wholesale market and the use of control energy. These reserve power plants must not participate in the regular electricity market and must be decommissioned after having been used for capacity reserve purposes.

Furthermore, the traders and suppliers shall increasingly be held responsible for imbalances between forecast and actual consumption (balancing responsibility) by reviewing the effectiveness of the existing balancing market and proposals for potential further measures to increase balancing responsibility. After the repeal of the decisions of the German Federal Network Agency (*Bundesnetzagentur*, "**BNetzA**") on the cost reimbursement for measures designed to adjust the operation of the power plants to prevent network bottlenecks at the behest of the transmission system operators (so-called "redispatch measures"), the Energy Industry Act also sets new rules on how these interventions by grid operators are compensated. Risks arise from potentially insufficient compensation rules, interim regulations and contract amendments required after the repeal of the decisions of the BNetzA. These reforms could have an impact on the Uniper Group's activities in the production segment.

In Sweden, the strategic reserve is procured through a competitive tendering mechanism (under public procurement rules), which is carried out on an annual basis to cover peak demand in the winter

season. The capacity mechanism was initially targeted to be phased out by 2020 and has now been extended by the Swedish parliament until 2025. In France, each supplier of electricity is under an obligation to hold a certain amount of capacity guarantees, calculated each year, based on the peak consumption of its clients. In Russia, the capacity market had already been implemented in 2011. The driving factor was not so much to create strategic reserves but rather to provide long-term incentives to develop the thermal power market.

Risks arise for the Uniper Group with regard to the introduction and/or structuring of capacity markets. Particularly to the extent that the focus is on specific technologies, such as lignite power plants as part of the capacity reserve in Germany, the Uniper Group could be disadvantaged in that less of its facilities would be included as capacity reserves than originally expected. In addition, if power plants are obliged to be operated as part of a reserve (e.g., the network reserve in Germany) risks may arise if the regulated remuneration does not cover the entire costs. Moreover, any participation in capacity markets or in the capacity reserve would require that the Uniper Group places successful bids in accordance with the relevant terms of tender and is awarded the contract. Increased competition during these auctions could lead to the Uniper Group failing to be successful in its bid to participate in the capacity market or capacity reserves or only at terms that prove insufficient to cover costs or do not enable the expected returns to be generated. The future structuring of the capacity markets or capacity reserves could have material adverse effects on the Uniper Group's business activities, as well as on its financial condition and results of operations.

2.3.3 Risks arise for the Uniper Group's business from technological change in the energy sector.

The energy market is subject to far-reaching technological change, both on the generation side and on the demand side. For example, with respect to energy generation, the development of energy storage devices (battery storage in the megawatt range) or facilities for the temporary storage of power through conversion to gas (so-called "power-to-gas technology"), the increase in energy supply due to new technological applications such as fracking or the digitalization of generation and distribution networks should be mentioned.

New technologies to increase energy efficiency and improve heat insulation, for the direct generation of power at the consumer level, or that enable improved refeeding (for example, by using power storage for renewable generation) may, on the demand side, lead to structural market changes in favor of energy sources with low or zero CO₂ or in favor of decentralized power generation, for instance via small-scale power plants within or close to residential areas or industrial facilities.

If the Uniper Group is unable to react to changes caused by new technological developments and the associated changes in market structure, this could result in a loss of customers, declining sales volumes and/or realizable prices and margins. This could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.3.4 Risks arise for the Uniper Group's business from rising costs of emissions certificates.

A large number of power plants operated by the Uniper Group generate energy from fossil fuels. This exposes the Uniper Group to risks in connection with the European Union Emissions Trading System ("EU ETS"), particularly with regard to power generation. The EU ETS is a "cap and trade" system and a major tool of the EU in its efforts to meet emissions reductions targets. It caps the total volume of greenhouse gas emissions from production facilities and aircraft operators responsible for around 50% of EU-wide greenhouse gas emissions. The system allows trading of emission allowances so that the total emissions of the production facilities stay below the maximum amount and the most cost-effective measures can be taken to reduce emissions. The trading approach helps to combat climate change in a cost-effective and economically efficient manner. The EU ETS covers more than 11,000 power plants and industrial plants in 31 countries, and flights between airports of participating countries. The system was first introduced in 2005, and has undergone several changes since then. The implementation of the system has been divided up into distinct trading periods over time, known as phases. The current phase of the EU ETS began in 2013 and will last until 2020.

The EU ETS legislation creates so-called EU allowances ("EUA") which are essentially rights to emit greenhouse gas emissions equivalent to the global warming potential of 1 ton of CO₂. The level of the cap determines the number of allowances available in the whole system. The cap is designed to decrease annually from 2013, reducing the number of allowances available to businesses covered by

the EU ETS by 1.74% per year. This allows companies to slowly adjust to meeting the stricter emissions reductions requirements. Each year, a proportion of the allowances are given to certain participants for free (for example in sectors where there is considered to be a potential risk, that production (and pollution) could shift to countries with less ambitious emissions reduction action), while the remaining allowances are sold mostly through auctions. At the end of a year, the participants must return an allowance for every ton of CO₂ they have emitted during that year. If a participant has insufficient allowances it must either take measures to reduce its emissions or buy more allowances on the market. Participants can acquire allowances at auctions or from each other.

Allocation of allowances is done either by free allocation, where installations receive allowances for free, or via auctioning of allowances. 5% of the total quantity of allowances is set aside for free allocation to new entrants. In the beginning of the EU ETS most allowances were awarded to participants including the Uniper Group for free. In phase 3 auctioning is the default method of allocation, although free allocations are still awarded, mainly to the industry sector. The power generation sector has generally been subject to 100% auctioning from 2013 onwards. The only exception is the free allocation for the modernization of the power sector in certain member states.

Currently, institutions of the EU are discussing the legal framework for the EU ETS in phase 4 beginning in 2021. The EU Commission among other things proposed that phase 4 should last until 2030 and that the number of allowances available to businesses subject to the EU ETS should be reduced by 2.2% per year. Final decisions from EU institutions are expected in 2017. Furthermore, the EU has already decided to introduce a market stability reserve (“MSR”) at European level from January 1, 2019 onwards. This MSR will help to adjust the number of available allowances based on actual emissions. In case of excess supply, allowances will be transferred to the MSR reducing the quantity of allowances auctioned to the market, or vice versa in case of under-supply.

EUA are traded on commodity exchanges, mainly on the Intercontinental Exchange (“ICE”) and on the European Energy Exchange (“EEX”). Rising prices for EUA due to increased demand for emissions allowances or changes to allotment rules or national emissions budgets, as well as the administrative burden associated with emissions trading could increase the production cost of fossil-fuel power plants – but not of hydro power plants and nuclear power plants – as well as the costs for the volumes of CO₂ Certificates or commodities to be procured on the market. In light of the associated increase in variable costs, this could have an adverse effect on the positioning of Uniper’s portfolio of power plants within the merit order. In addition, this could also have a negative effect on planned or already adopted investment decisions with regard to the modernization or new construction of power plants in the fossil-fuel production segment if these investments ceased to be commercially viable as a consequence of cost increases.

If the Uniper Group’s generation cost for power or the procurement cost for commodities increased due to emissions trading costs, this could materially adversely affect the Uniper Group’s financial condition and results of operations.

2.3.5 Risks arise for the Uniper Group’s business from changing market prices and margins for power and primary energy sources.

The Uniper Group is exposed to considerable market price risks in all of its areas of operation. The achievable margins depend on the market prices for power, and the respective fuels used in the Uniper Group’s power plants (gas and coal in particular), as well as the prices of CO₂ Certificates (see “2.3.4 Risks arise for the Uniper Group’s business from rising costs of emissions certificates”). The relevant prices can be affected in particular by external factors, on which the Uniper Group has no influence, such as global or regional cyclical fluctuations, trade or energy policy measures of national or supra-national institutions, seasonal imbalances of supply and demand, or the emergence of new providers. Power prices have been dropping significantly in the last years, with the wholesale base price in Germany for the supply year following the respective fiscal year (so-called “front year”) falling by 41% from €45.3/ megawatt hour (“MWh”) in the beginning of 2013 to €26.6/MWh at the end of 2015. In the first quarter of 2016, the average wholesale base price in Germany for electricity for the front year was €22.6/MWh. Generally, the price of electricity is determined at various energy and/or commodity exchanges by balancing supply and demand. Due to the continued increase of the renewable generation capacity, it cannot be ruled out that the power prices will drop even further in the future. Declining power prices as well as rising or falling commodity prices could materially adversely affect the profitability of the business of the Uniper Group.

Historically, the prices for primary energy sources (e.g., coal, gas, or oil) were subject to extreme fluctuations and have been falling significantly, in particular since January 2013. As a consequence of the increased production of shale gas in the United States and other countries, the price of natural gas has dropped significantly. Through the global trading of LNG, these price signals are also impacting the European gas markets. Moreover, the production facilities are becoming ever more efficient, *i.e.*, even new facilities can still be operated at a profit from the producer's perspective, despite record low commodity prices. As a result, price pressure intensifies further. The price for coal has also declined considerably since 2013. In addition, particularly in the recent past, political developments, such as the nuclear agreement with Iran coupled with the lifting of the trade embargo against Iran in some parts of the world, have resulted in a further decline of the oil price because of the anticipated higher supply volume in the world market. As the lead energy commodity, the price of oil also affects the prices for energy related commodities overall in the medium and long term. The prices for primary energy sources as well as power may fall further over the coming years.

As part of its operative business activities, the Uniper Group is endeavoring to hedge against existing price risks with regard to power and fossil-fuel primary energy sources, predominantly via hedging transactions (via exchanges as well as over-the-counter ("**OTC**")). In this context, there is an additional risk that the Uniper Group proves unable to comprehensively hedge against the adverse effects of any change in power and commodity prices through these hedging transactions. In addition, derivative financial instruments also face counterparty default risk, which must in particular be taken into account on a portfolio basis. Should the derivative financial instruments used prove to be insufficient to hedge market price, exchange rate, currency and interest rate risks, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

Price risks exist, in particular, with regard to Uniper Group's long-term supply contracts for natural gas and LNG. Should the pricing methodology for any long-term supply contracts no longer reflect the revenues that are achievable on the customer side, there is a risk that the margin between purchase costs and sales revenues decreases or that such business may even result in losses on the part of the Uniper Group. In fact, such a price divergence exists, *inter alia*, in the German gas market. While originally prices under both long-term gas purchase contracts and sales contracts were linked to the oil prices, in the wake of the liberalization of the German gas market and the emergence of trading hubs, the price of gas is now predominantly determined by the balance of supply and demand on these markets. These price signals are now deemed to be the standard for the prices that are achievable in distribution and trade. While the Uniper Group has been able to enter with almost all of its gas suppliers into price adjustment agreements under the respective long-term gas purchase contracts applying this new pricing methodology, the negotiations regarding such adjustments have not yet been completed with regard to a small part of the purchase portfolio. In this case, a considerable increase in oil prices in relation to German gas prices leads to a reduction of the margin and thus to a risk of loss. Similar risks arise under the Uniper Group's long-term LNG purchase contracts, whose prices are linked to other indexes than the prices at the potential target destinations. Should the Uniper Group's expectation that the sales revenues will exceed any costs incurred, particularly for liquefaction, transport, and regasification, fail to materialize, these transactions could result in declining margins or losses. If the Uniper Group is unable to pass temporary or permanent price increases on to its customers through increases in the price of energy without delay, and one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

The gas storage business is only profitable if the storage fees generated by granting the agreed level of access exceed the costs of operating the gas storage facilities. These storage fees in turn are significantly influenced by the margins attainable on the customers' side by storage customers when storing gas. Those margins are generated in part by leveraging seasonal differences in gas prices: gas that is cheaper in the summer gets stored and then taken out of storage in the winter to sell it at a higher price. In recent years, the difference between summer and winter gas prices (so-called "summer/winter spread") has narrowed considerably, e.g., due to climate change. In addition, competition on the market for gas storage and gas flexibility has grown fiercer. This has given rise to market price risk for operators of storage facilities, as well as a closely associated capacity utilization risk which may result in storage facility operators not being able to market their facilities at the storage fees necessary to generate the desired returns or the revenue necessary to cover the costs associated with operating the facilities.

If one of the above-mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.3.6 Volume risks arise for the Uniper Group's business due to market standards, cyclical and technical developments and political decisions.

The Uniper Group is exposed to the risk that any power and commodities volumes may fall below projected quantities. Overall, as in the past the power and commodities markets are likely to continue being characterized by a high degree of volatility in sales volumes, which is affected, *inter alia*, by meteorological factors, as well as by macroeconomic and cyclical developments, political decisions, and technical aspects.

This risk is exacerbated by the fact that the Uniper Group's power and gas customers are, for the most part, not subject to any contractual obligation to purchase the entire consumption quantities forecasted by the Uniper Group. The high-volume business with business-to-business (B2B) customers is characterized by a great willingness, on the part of customers, to change providers, and the Uniper Group is thus exposed to the risk that the volumes projected prove unable to be sold and forecast margins might therefore be unachievable. Conversely, the Uniper Group is also exposed to the risk that the power and gas quantities actually demanded by its customers exceed the projected consumption volumes, with the Uniper Group potentially proving unable to produce the required additional power or gas quantities itself at terms that cover its costs or to procure such volumes in the market at such terms. Under the capacity mechanism regimes in Russia, Brazil and the United Kingdom, in particular, sales volumes of the power plants operated by the Uniper Group also depend on regulatory conditions and decisions, as sales are subject to tight government regulations. In this regard, the Uniper Group is also exposed to the risk that the state-regulated volumes and terms may change to its detriment.

Sales and forecast risks also arise due to the fact that the Uniper Group purchases pipeline gas predominantly under long-term agreements with gas producers, which usually contain purchase obligations for a predefined percentage of the contract volume (minimum quantity). In addition, the Uniper Group has entered into a 20-year contract for the procurement of approximately 800,000 metric tons LNG per year, which are extracted in the United States and have not yet been resold in full to third parties. In addition to long-term storage and transport capacities, the Uniper Group has also booked long-term capacities for the regasification in LNG terminals in Rotterdam, Netherlands, and Grain, United Kingdom, and reserved capacity for the liquefaction of natural gas to LNG in the currently built terminal in Freeport, United States. Furthermore, the Uniper Group has a shareholding in Offshore LNG Toscana S.p.A., which operates an off-shore regasification terminal for LNG off the Tuscan coast of Livorno, Italy. In addition, the Uniper Group holds an interest in the development of the Goldboro LNG liquefaction facility in Nova Scotia, Canada. The change in the offer or demand of natural gas or LNG, whether regionally or globally, and the resulting change of the prices for natural gas and LNG and any change in government regulations may result in regasification capacities not being utilized as planned, despite the respective payment obligation continuing to exist. In accordance with Italian law, a so-called guarantee factor is applied with regard to the regasification terminal in Italy that guarantees minimum revenues up to a specific percentage share in total capacity, and thus minimum capacity utilization, for a predetermined period. If this guarantee factor fails to develop as expected, or if it is not applied by the regulator as expected, this may result in an underutilization of the regasification capacities not being compensated for.

In connection with the discrepancy between the forecast power and gas consumption and the actual consumption, the Uniper Group is exposed to a so-called imbalance risk. Within a balancing zone, balancing energy is required whenever the balancing zone is balanced by the operating reserve as a consequence of discrepancies between the forecast and actual consumption for the entire delivery zone (power) or the entire market territory (gas). Should the forecast quality drop, for example as a consequence of a strongly fluctuating generation from renewable generation or a volatile power consumption, or if the forecast was prepared incorrectly, the costs for balancing energy or for the structuring of the supply to customers in line with their needs would increase, which would have a lasting negative effect on the Uniper Group's cost structure and could lead to falling margins.

Moreover, the forecast consumption of power and gas as well as other primary energy sources also has an impact on the volume of any hedging transactions the Uniper Group enters into. Any change in consumption and thus the power and gas prices could result in the hedging transactions of the Uniper Group proving to be either insufficient or excessive.

Should the consumption figures forecast by the Uniper Group deviate from the actual demand figures, this could result in falling margins or even losses on the part of the Uniper Group, particularly under long-term energy supply contracts, and have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.3.7 Risks arise for the Uniper Group's business from the availability of fossil fuels such as coal, gas and oil as well as biomass.

As a power producer and commodity trader the Uniper Group relies on the continuous availability of fossil fuels, in particular coal, gas and oil, in sufficient quantity and at reasonable prices. Should the global supply or the required transport infrastructure experience any shortage, e.g., as a consequence of political instabilities in the producer countries or the geostrategic instrumentalization of natural resources, it would be increasingly difficult to satisfy these needs in the future.

The Uniper Group purchases gas largely under long-term supply contracts, e.g., with producers in Russia, the United Kingdom, the Netherlands, Norway, and in the future, Azerbaijan, as well as in the form of LNG from Qatar and Algeria and, going forward, the United States and Canada. In addition, the Uniper Group is active in various European trading markets for natural gas. Nevertheless there is a basic risk of supply disruption, e.g., for technical production-related reasons, for reasons linked to transport in the European pipeline system, liquefaction, the transport or regasification of LNG or because of other transit restrictions. As the Uniper Group obtains a large part of its gas supplies from Russia, it is highly exposed to risks in connection with the Russian political situation. At present, the main risks center around the Ukraine conflict. Therefore, as in the past, supply disruptions in the transit through Ukraine cannot be ruled out if Russia reduces or ceases its gas supplies to the Ukraine or if the Ukraine refuses to let gas supplies pass through.

In addition, in the event of a further reduction of the natural gas generation in the Dutch province of Groningen, there is a risk that the Uniper Group's suppliers might not be able to fulfill their contracts and therefore the Uniper Group might not be able to meet its supply obligations in full. Also, it cannot be ruled out that the Uniper Group will only be able to meet its supply obligations at a financial loss. As a consequence of numerous small earthquakes, courts have in the past ordered a reduction in the gas production volumes in Groningen. Since then, the maximum output of the natural gas field in Groningen has been limited in order to reduce the risk of further earthquakes in the region in the future.

The Uniper Group also purchases coal on the global markets. Coal has certain characteristics that affect, among other things, its calorific value. In this regard, the Uniper Group is exposed to the risk that coal it purchases for use in its power plants and for third parties does not have the requisite quality characteristics to serve its intended function. There is a risk of interruptions in the mining of coal resulting from, *inter alia*, protests in the mining area and the occupation of production facilities. Furthermore, there is the risk of supply disruptions, e.g., due to political unrest in the country of origin or technical disruptions during transportation.

The Uniper Group also purchases oil on the global markets. The availability of oil greatly depends, among other things, on the economic and political developments in the producer countries and surrounding regions. The global trading in oil primarily takes place via central routes, e.g., through the Persian Gulf. Any transport impediments or a blockade of these routes could have material adverse effects on both offer volumes and oil prices.

The Uniper Group has power plants that are fueled with biomass. For the operation of these facilities, the Uniper Group depends on the availability of biomass in sufficient quantity and within the correct specified quality and on economically viable conditions.

If supply bottlenecks or disruptions were to occur, there may not be a suitable replacement for the relevant resource, or the Uniper Group may be forced to rely on procuring expensive resources from other sources of supply, whose cost it may not necessarily be able to pass on through higher electricity prices in the electricity business and/or higher commodities prices in the commodities business.

Should the Uniper Group prove unable to compensate for any supply bottlenecks or disruptions on reasonable terms, and to ensure the continued availability of the quantities of primary fuels required for power plants and the supply to customers, this could result in the Uniper Group's power generation or its natural gas and other commodities supplies having to be stopped, in whole or in part. If one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.3.8 Risks arise for the Uniper Group's business from exchange rate and interest rate fluctuations.

The functional currency and the reporting currency of the Uniper Group is the euro. Due to the international character of its business activities, in which a significant portion of its revenue is

generated outside the Eurozone, particularly in Russia, Sweden and the United Kingdom, as well as due to the fact that commodities for the Uniper Group's European business activities are procured in US dollars, the Uniper Group is exposed to risks arising from exchange rate fluctuations. Currency risks arise from certain commercial transactions with coal and oil, gas and electricity supply contracts, dividend payments made by group companies and joint ventures located outside the Eurozone and from an accounting effect based on the translation of balance sheet items and income and expenses recognized by foreign subsidiaries (translation risk). Furthermore, such risks arise on the basis of payments being received and made in a currency other than the Company's functional currency (transaction risk). These exchange rate risks arise primarily in connection with transactions in US dollars, Russian rubles ("RUB"), pounds Sterling, and Swedish kronor ("SEK"). The currency risk in respect of the Russian ruble is particularly high. This is due to the fact that Russia represents a key region for the Uniper Group's business activities, and particularly due to the fact that in recent years, the Russian ruble has been exposed to heavy volatility in light of the uncertain (international) political situation and the associated economic difficulties experienced by Russia; the Company expects this to remain the case in the future as well.

The exchange rates between foreign currencies and the euro have been subject to significant volatility in the past and are expected to continue to do so in the future. The pound Sterling experienced a sharp devaluation against other currencies, especially against the US dollar as a result of the vote in the referendum in the United Kingdom to withdraw from the EU. It cannot be excluded that, *inter alia*, the political and economic uncertainties resulting from the vote could drive further volatility in the exchange rates of the pound Sterling and other currencies. The Uniper Group endeavors to use exchange-traded currency futures to hedge against existing exchange rate fluctuations, particularly with respect to the transaction risk described above. The hedges reflect the forecasted market developments at the time the respective contracts are entered into. Exchange rate risks can only be hedged for the medium term and can never be hedged completely. Hedges and losses arising from the expectation of deviating exchange rate movements can result in significant costs. The hedges are associated with exchange rate hedging costs, the amount of which depends on the respective currency pairs; they are typically higher for particularly volatile currencies such as the Russian ruble than they are for less volatile currencies.

Floating-rate financial liabilities and interest rate derivatives based on variable interest rates could expose the Uniper Group to risks due to changes in future interest rates even if the Uniper Group attempts to hedge against interest rate changes by using interest rate hedges. In 2015, following a long phase of low interest rates, the US Federal Reserve signaled with an initial rate hike that it would like to return to a higher interest rate level. This may indirectly also influence the interest rate policy in the EU. By contrast, should interest rates remain low in the future, or even fall further, this could necessitate an increase in the provisions for pensions, dismantlement of nuclear power plants and other power plants, storage facilities and transport conduits (including the disposal of waste) and in other obligations. Changes in expected long-term interest rates particularly may increase the net present value of pension obligations towards employees.

Currency exchange rate fluctuations and a change in the interest rate level could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.4 OPERATIONAL RISKS FOR THE BUSINESS OF THE UNIPER GROUP

2.4.1 Risks arise for the Uniper Group's business from unusual seasonal fluctuations in demand for power and gas.

The demand for power and gas is subject to seasonal effects. In general, the demand is higher during the cold months of October to March and lower during the warmer months of April to September.

The Uniper Group is exposed to meteorological and hydrological conditions, both with regard to power and gas consumption, and power generation. Changes to the normal patterns of temperature, wind precipitation and duration of sunshine could have material adverse effects on the revenues and operating results of the Uniper Group. A higher incidence of mild winters e.g., as a result of the ongoing climate change, as well as of very humid or very dry weather periods could have a material adverse effect on the Uniper Group's power generation business. During dry weather periods, a lower supply of available water reserves in the Uniper Group's hydropower plants in Sweden and Germany could lead to lower production volumes and thus lower proceeds, which might have material adverse

effects on the Uniper Group particularly in view of the importance of the Swedish hydropower plants. Moreover, there is the risk of a shortage in cooling water for the operation of power plants.

Unusual seasonal fluctuations in power and gas demand could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.4.2 Risks arise for the Uniper Group's business from human errors, technical failures in operating procedures or interruptions of business operations, in particular because of the bursting of dams.

Energy generation requires the use of technologically sophisticated production, generation, warehousing, storage, distribution and loading equipment. There is a general risk that human errors, technical failures, other damage or loss events and retrofitting requirements could completely or partially impact the functioning of the equipment or even necessitate a complete or partial suspension of operations under certain circumstances. In February 2016, significant fire damage was caused at the GRES TG 3 power block of the Beryozovskaya power plant, resulting in the suspension of operations at least until mid-2018. It is expected that the cost of repair will amount to more than 25 billion Russian rubles (approximately €352.7 million as of June 30, 2016). A severe malfunction could result in material adverse effects on the Uniper Group's business – even if the malfunction is not due to the fault of the Uniper Group as the plant operator but is rather deemed to be force majeure or an accident. A corresponding restriction could also be caused by such factors as natural disasters, sabotage, piracy, terrorist attacks, political unrest, strikes, cyber-crime (for instance in connection with the power plant control systems) and other damage or loss events, such as the non-availability of buildings, damages to buildings, fires, explosions and the shipwrecking of cargo freighters. In addition to limiting operations, technical disruptions or damage and loss events can necessitate significant repairs and result in personal injury, property damage and environmental contamination, which, particularly in the event the Uniper Group is held liable, can result in considerable costs and reputational damage as well as the disruption of ancillary activities (such as transport, communication, waste disposal, etc.). The Uniper Group could also be held liable for third-party losses and damage. In addition, there is the risk of contractual penalties and a loss of revenues in the context of capacity markets, where the actual output made available is remunerated, if the power plants to be provided by the Uniper Group are not available.

In operating hydro power plants, the Uniper Group uses dams to increase the water level and to retain and store water. This gives rise to the risk, *inter alia*, that technical disruptions, natural disasters or terrorist attacks, force majeure and other damage or loss events will completely or partially impair the functioning of the dams or cause a breach under certain circumstances. Damaged or breached dams could result in material adverse effects on the Uniper Group's business – even if this is not due to the fault of the Uniper Group as the plant operator but is rather deemed to be force majeure or an accident. Aside from limiting operations, technical disruptions and loss or damage events affecting the dams can result in personal injury, property damage and environmental contamination and necessitate significant repairs and result in considerable losses of revenue. The Uniper Group could also be held liable for third-party losses and damage. Moreover, such incidents can also result in the Uniper Group suffering significant reputational damage, particularly in the event of personal injury.

Should any of these risks materialize, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.4.3 Risks arise for the Uniper Group's business from a nuclear accident in one or several of the Uniper Group's Swedish plants and shareholdings in plants.

To generate power, the Uniper Group also operates or holds interests in nuclear power plants in Sweden. At these plants, electricity is generated through controlled nuclear fission. The Uniper Group has taken special precautions designed to eliminate the likelihood of personal injury, property and environmental damage occurring in connection with the operation of its nuclear power plants. Nevertheless, there remains a residual risk that the measures taken cannot or not entirely prevent an incident from occurring.

In Sweden, nuclear power plant licensees are liable for losses and damage resulting from accidents occurring in those nuclear power plants and for accidents involving any radioactive substances connected to the operation of those nuclear power plants. As of December 31, 2015, the liability per incident was limited to the equivalent of 300 million special drawing rights (an artificial currency of the IMF; approximately SEK 3,559 million as of June 30, 2016 or approximately

€378 million as of June 30, 2016). In accordance with the Swedish Nuclear Liability Act, the Uniper Group has taken out insurance to cover its liability arising from all nuclear power plants with which it is involved. On July 1, 2010, the Swedish Parliament passed a law imposing unlimited liability on nuclear power plant licensees in the event of a nuclear accident and obligating them to have liability insurance or provide other financial security in an amount equivalent to €1.2 billion per plant. However, the effectiveness of the law depends on the ratification of the Paris Convention as amended by the Protocol of February 12, 2004, which has not yet taken place in all countries.

A nuclear accident in one of the nuclear power plants operated by the Uniper Group and any future increase in the obligations to carry liability insurance or other financial security could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.4.4 Risks arise for the Uniper Group's business from the operation of gas storage facilities.

The Uniper Group operates underground natural gas storage facilities to store natural gas in Germany, Austria and the United Kingdom. The operation of gas storage facilities is associated with a variety of risks. Specifically, there are geological and/or technical risks related to operating gas storage facilities, which can be classified as either below-ground or above-ground risks. Below-ground risks include risks from geological changes, new insights in the field of geology and technical problems with wells or storage facilities. The occurrence of an uncontrolled escape of natural gas (a so-called "blow-out") could give rise to significant financial repercussions. Losses and damage result in particular from the loss of gas, firefighting and the operational recovery of the gas storage facilities. Additionally, there are also risks in connection with outages, disruptions and even the destruction of the above-ground technical equipment of the storage facilities, particularly with respect to compressors, gas scrubbers, pre-heating, and transmission and metering equipment. The Uniper Group is dependent on third-party parts and components to build, maintain and repair gas storage facilities. Delivery delays and defective or damaged parts and components can lead to interruptions in operations.

Should any of the risks described above materialize, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.4.5 Risks arise for the Uniper Group's business from building, expanding, refurbishing, retrofitting and decommissioning projects.

Part of the Uniper Group's business activities is the construction of new power plants and the expansion, the refurbishment, the retrofitting or the decommissioning of existing power plants. There is the risk that actual construction costs will exceed projected construction costs, for instance due to increases in the price of construction materials or labor costs. Moreover, during the construction phase delays in construction may occur or construction activities could be abandoned permanently, which could even necessitate the dismantlement of previously built (sections of) constructions and the restoration of affected land. Construction delays can be caused by factors such as delays in regulatory approval processes (particularly in instances where the public is involved in the process), changes in the political and regulatory environment, delays in the supply of construction materials, the weather and natural disasters or due to a failure to obtain financing for the construction project. Among others, the ultimate failure to obtain necessary permits or the court-ordered revocation of a permit can result in a construction project being abandoned and the Company being ordered to dismantle the constructions. Particularly in the member states of the EU, the public has broad rights to participate in approval processes and recognized nature conservation societies can have the interests of environmental protection enforced by court order. In accordance with EU law, a party may request the rescission of a permit approval decision in Germany, e.g., pursuant to the amended version of the German Environmental Appeals Act (*Umweltrechtsbehelfsgesetz*, "**UmwRG**"), if serious procedural errors were committed (such as the failure to implement a required environmental impact assessment or preliminary environmental impact assessment or failure to involve the public), regardless of whether such a procedural error resulted in the relevant authority taking an erroneous decision on the merits. For other procedural errors, the rescission of a permit approval decision requires the procedural error to have had an effect on the decision on the merits, although in cases of doubt this is presumed by law. Moreover, recognized nature conservation societies can appeal certain permit approval decisions, e.g., in accordance with the Federal Nature Conservation Act (*Bundesnaturschutzgesetz*) and regulations under federal state (*Bundesländer*) laws, if for instance a permit has been issued for a project providing exemptions from obligations and prohibitions designed to promote the conservation of nature. It is expected that means of appeal under the UmwRG will in future be expanded by the revision of the Act currently being undertaken.

Risks in connection with the failure to obtain the necessary government permits currently exist in connection with the construction of a coal-fired power plant in Datteln, Germany (“**Datteln 4**”), as well as a biomass power plant in Bouches-du-Rhône, France, and in connection with the decommissioning of power plants.

The Uniper Group has already invested a gross investment amount of well over €1 billion in connection with the construction and commissioning of Datteln 4. The Münster Higher Administrative Court (*Oberverwaltungsgericht Münster*, “**OVG Münster**”) declared the City of Datteln’s construction plan for the area on which the coal-fired power plant will be located null and void by a ruling which was upheld by the Federal Administrative Court (*Bundesverwaltungsgericht*, “**BVerwG**”) in Leipzig. As a result, a new planning process was initiated in order to revise the planning framework for the Datteln 4 power plant. Since several of the authorizing decisions granted under the German Emissions Control Act (*Bundes-Immissionsschutzgesetz*, “**BlmSchG**”) were also nullified, in December 2014, Uniper Kraftwerke GmbH again applied for the permits under German emissions control and water protection laws required for the operation as well as the construction of the entire power plant. Upon completion of the public consultation in the course of the permitting procedure under BlmSchG an early start of construction was authorized on March 4, 2016 at the request of Uniper Kraftwerke GmbH dated January 20, 2016. However, the project is still the subject of several legal actions. Actions are in particular pending against the authorization of the early start of construction granted in March 2016 and the not yet repealed partial permits under the BlmSchG granted on the basis of the nullified construction plan, as well as against the new project-specific construction plan and other planning decisions. At the end of May 2016, the Uniper Group filed another application for an early start of construction in order to ensure that, together with the measures permitted under the first authorization, further construction works will be carried out in due time.

For the purpose of hedging the capital expenditure of Datteln 4, long-term agreements for the marketing of power plant capacity were entered into with major customers. These agreements enabled customers to purchase electricity volumes at prices based on the actual power generation costs of Datteln 4. As a result of the delay in the commissioning of Datteln 4 and the decline in wholesale electricity prices in recent years, the parties to these long-term electricity supply agreements requested the adjustment of these agreements. In the meantime, one of the customers has terminated its supply contracts due to alleged breaches of contract by the relevant companies of the Uniper Group. If this termination should prove to be valid or if the long-term agreements described above should be adjusted, the Uniper Group would be exposed to the risk that the electricity volumes generated by Datteln 4 in future can only be sold at lower prices than those originally stipulated in these agreements. This could have a material adverse effect on the economic feasibility of operating Datteln 4.

In November 2012, the Préfecture Bouches-du-Rhône granted the Uniper Group the necessary permit under French nature conservation law for the biomass power plant Provence 4 in Bouches-du-Rhône, France. Three non-governmental organizations have filed lawsuit against the permit before the Marseille administrative court. The court has not yet ruled on the judicial proceedings.

The Uniper Group continues to assume that the aforementioned power plants will be commissioned. Nevertheless, there is the risk that all investments made thus far in connection with the construction of the power plants will have to be written down or written off if the relevant power plant cannot begin operations in the future because no operating permit is granted or the granted permit is revoked. In this case, there is also a risk of additional costs in connection with then existing dismantling obligations.

Should any of the above risks materialize, this could have material adverse effects on the Uniper Group’s business, as well as its financial condition and results of operations.

2.4.6 Risks arise for the Uniper Group’s business from information security risks, related regulations, as well as risks from the outsourcing of IT infrastructure to external service providers.

The operative and strategic control of the Uniper Group depends, to a large extent, on complex information and communications technology. The Uniper Group operates, in particular, process-related information technology (“**IT**”) linked to the generation of power and storage of natural gas (operational technology) and commercial IT, which covers a wide range of other areas, such as office applications and trading systems. Technical defects, operating errors by staff members, data losses, or the failure of IT systems could result in a significant impairment of the ongoing activities of individual segments or

the entire Uniper Group, and cause significant costs which may increase the longer the failure lasts. Additional risks exist in connection with the electronic storage and use of business-relevant data. Any unauthorized external access, unauthorized use, or unintentional transfer of sensitive data by staff could not only result in the loss of trade secrets but may also violate data protection laws. Any such information technology security-related incidents, any unauthorized outflow of sensitive information, or any violations of the law, such as breaches of the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) could also cause considerable reputational damage.

Moreover, there are risks in connection with the IT infrastructure outsourced to E.ON Business Services GmbH (“EBS”) and other third parties. The outsourcing increases the risk that defects or breaches of information security specifications given to third parties providing services to the Uniper Group may cause damage or loss.

In mid-2016, the Uniper Group and EBS agreed on which parts of the EBS IT organization will be transferred to the Uniper Group at which points in time. In an initial step, the plan is to transfer parts of the business IT on January 1, 2017, with parts of the shared IT also being transferred in a second step on July 1, 2017, to an extent that is still to be determined.

This gives rise to integration risks, such as those with respect to the establishment of a company’s own IT environment, the use of trained IT personnel and the maintenance of a sufficient risk management system (see “2.8.2 Risks arise for the Uniper Group’s business from the dependency on services of E.ON Business Services GmbH with respect to Human Resources, Accounting and IT.”).

In Germany, the so-called IT Security Act (*IT-Sicherheitsgesetz*), entered into force in July 2015, in which the requirements for the technical precautions to be taken for the protection of IT systems of critical infrastructures were increased. Critical infrastructures include, *inter alia*, installations for the generation and transportation of energy, to the extent that they are included in the relevant statutes’ scope of application by way of a regulation yet to be enacted. Within two years from such regulation entering into effect, operators of critical infrastructures are required to ensure appropriate protection against any threats to telecommunications and electronic data processing systems, which necessitates compliance with an entire catalog of security requirements and reporting obligations. The implementation of any such requirements for the energy installations operated by the Uniper Group could result in considerable financial expenditure.

Any failure, disruption, or unauthorized data access in connection with the use of IT or telecommunication systems of the Uniper Group could have material adverse effects on the Uniper Group’s financial condition and results of operations.

2.4.7 Risks arise for the Uniper Group’s business from planned efficiency improvements and cost savings.

The Uniper Group is operating in a business area where cost savings through process optimization are crucial in order to maintain performance capability and competitiveness. E.ON SE and its direct and indirect subsidiaries (the “E.ON Group”) already carried out a number of cost savings and efficiency improvement programs in the past. For instance, in 2011, the E.ON Group commenced the implementation of a comprehensive restructuring and cost savings program called E.ON 2.0 (“E.ON 2.0”). Further to this restructuring and cost savings program, the Uniper Group achieved additional cost savings by other internal cost saving programs and by restructuring its business for major customers (*Großkundenvertrieb*).

Even after the spin-off, the Uniper Group could still develop and/or implement cost optimization, transformation and/or restructuring programs (including headcount reduction) exceeding the planned cost savings and restructuring programs (in particular Project “Voyager”), which have been already announced. In this context, expected efficiency improvements or cost savings are based on assumptions and estimates, which are subject to uncertainties and that may, in hindsight, prove to be erroneous. Therefore, there is no guarantee that any efficiency improvements and/or cost savings previously expected may be achievable through future cost optimization, transformation and restructuring programs, whether within the expected time periods, or at all.

Should the planned efficiency improvements and/or cost savings fail or only partially be implemented, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.4.8 Risks arise for the Uniper Group's business from qualified personnel not being available and any inability to recruit qualified personnel or a high degree of staff fluctuation.

The success of the Uniper Group depends significantly on qualified managers and employees, including the members of the Company's board of management and key personnel. The Uniper Group, whose business activities largely depend on production, trade and sale as well as technologies and engineering performance, competes intensely with other energy supply companies (such as the E.ON Group) for qualified personnel. In this context, risks exist, *inter alia*, in connection with the spin-off of the Uniper Group from the E.ON Group that specialized and qualified staff members in particular no longer consider the Uniper Group as an attractive employer and thus look for a new workplace. Should qualified staff members leave the Company, or if the Uniper Group proves unable to recruit, retain and motivate specialized and qualified staff members for the operation, the transition, and the expansion of its business as well as the dismantlement of plants, this could restrict the Uniper Group's ability to successfully operate its business and research activities, pursue strategic and financial objectives, and to develop competitive technologies and processes. Moreover, the Uniper Group could lose experienced executives who are crucial to its business.

If one or more of the above risks were to materialize, this could have material adverse effects on the Uniper Group's competitive position as well as its business activities and financial condition and results of operations.

2.4.9 Risks arise for the Uniper Group's business from relationships with its employees, the trade unions, and employee representatives.

The Uniper Group is dependent on the continuance of its good relationships with its employees and their trade unions and employee representatives. The business activities and the functioning of the Uniper Group, its competitiveness and the smooth implementation of restructurings, as well as the prevention of disruptions in the operating processes depend, *inter alia*, on the employers' association being able, from the Uniper Group's perspective, to achieve reasonable and fair results in any wage negotiations, as reflected in collective employment agreements, and any other understandings with trade unions or employee representations. The same applies to the ongoing development and any amendments to existing collective employment agreements as well as the implementation of restructurings.

Strikes or other labor disputes concerning such negotiations, agreements, and amendments as well as rising labor and secondary labor costs could have material adverse effects on the Uniper Group's competitive position as well as its business activities and financial condition and results of operations.

2.4.10 Risks arise for the Uniper Group's business from partnerships and cooperations.

To conduct its business the Uniper Group is dependent on collaboration with other companies. By respective agreements, the Uniper Group and its partners have committed themselves to provide certain services. Should the Uniper Group fail to fulfill its obligations under these agreements, in whole or in part, this could lead to claims for damages, contractual penalties, or the termination of the cooperation or partnership. Furthermore, successful cooperation could be jeopardized or impaired by the partner acting contrary to the terms of the agreement or by unexpected events. Upon the termination of any such cooperation, there is a risk that the Uniper Group will not be able to enter into a new cooperation or partnership, in good time and at appropriate terms, if at all.

As part of the E.ON Group, the Uniper Group has in the past made use of centralized services within the E.ON Group, particularly in the areas of administration, finance, IT and logistics. As a legally independent group, the Uniper Group will no longer be given easy access to these services, but has or will have to install these service functions itself. As part of the spin-off of the Uniper Group, the Company has entered into a cooperation agreement with E.ON Beteiligungen GmbH and EBS governing the provision of services by EBS in the areas of accounting, IT and human resources for the Uniper Group for a transitional period until the April 1, 2018 and as well as the transfer of certain responsibilities, assets and human resources to the Uniper Group.

Moreover, in the area of accounting, an individual agreement was entered into for the provision of services by an E.ON Group service center until December 31, 2019 with an option to renew for up to two years.

If partners within a cooperation (including EBS) fail to satisfy their obligations or terminate the cooperation with the Uniper Group and the Uniper Group is unable to enter into a new cooperation in due time and at appropriate conditions or even at all, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.4.11 Risks arise for the Uniper Group's business from increased competition.

In the business areas in which the Uniper Group is active, the Uniper Group is subject to intense competition, which in recent years has sometimes resulted in significant decreases in sales. This competition has intensified in the past and could further intensify in the future owing to the entry of new market participants or a more competitive approach by existing competitors, thus increasing the risk of declining sales or lower profit margins for the Uniper Group.

Moreover, the contribution margins that are realizable with major customers have been declining overall for several years. While this applies primarily to the gas business, the achievable margins in the power market also decreased. Furthermore, customers are increasingly requesting standardized spot-trading related energy products that are based, for example, on products traded at energy exchanges and require less structuring by the Uniper Group. Such products have a smaller scope of service and thus create less added value. The loss of one or more key customers or a change in the purchase conditions of major customers may materially adversely affect the revenues and the achievable margins of the Uniper Group.

In particular, the current market environment in the area of gas trade and sales is characterized by intense price competition which impacts the sales volume and/or margins that result from the spread between sale and purchase prices. Considerable sales risks with regard to specific supply quantities under long-term contracts (involving purchase obligations) that are not gas-indexed arise from the competition in the gas market and rising trading volumes at virtual trading points as well as on gas exchanges. These contracts generally contain so-called take-or-pay clauses, whereby the buyer commits to paying a certain percentage of the contract volume even if the buyer does not actually purchase this quantity. In addition, the area of natural gas sales entails the risk that gas producers may decide to supply the Uniper Group's customers directly, with the consequence that the Uniper Group may lose trade margins.

If the Uniper Group proved unable to maintain its existing customer base in its core business areas of power and gas, or to compensate for the loss of customers through gaining new customers or by increasing revenues from its business with the remaining customers, and to assert reasonable prices in relation to such customers, this could result in an adverse effect on sales volume and/or the realizable prices and margins and the relevant market position of the Uniper Group, as well as declining revenues. If one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.4.12 Risks arise for the Uniper Group's business from relationships with suppliers and customers.

The Uniper Group's dependence on its primary suppliers and service providers can have an impact on the Uniper Group's ability to negotiate favorable contractual terms with these contract parties. There is no guarantee that the Uniper Group will be in a position to find a replacement for key suppliers or service providers on short notice or even at all if one of these relationships is suspended or terminated. Should the Uniper Group not be able to negotiate favorable contractual terms with its suppliers or service providers, or should these suppliers or service providers not be able to fulfill their obligations or should they suspend their dealings with the Uniper Group and the Uniper Group is unable to find a suitable replacement, this could have material adverse effects on the Uniper Group.

Furthermore, the Uniper Group is dependent on its relationships with a large number of major customers. Should the Uniper Group not be able to maintain its relationships with its major customers, this could adversely affect the business of the Uniper Group.

Furthermore, there is no guarantee that the Uniper Group will continue to have good business relationships and contacts with customers in the future. Disruptions in these relationships could lead to negative media coverage, which in turn could result in a loss of customers. If one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.4.13 There are reputational risks related to the Uniper Group's business.

As for all major energy utilities, the Uniper Group's reputation is influenced by discussions and events related to coal, nuclear power, energy policy, the energy transition, contractual partners and energy prices. As an energy utility with a focus on conventional power generation – including, *inter alia*, coal-fired electricity and nuclear power in Sweden – the Uniper Group is particularly exposed to criticism that is expressed in connection with coal-fired power plants and nuclear power. Moreover, in recent years many customers have come to prefer renewable generation, which is also associated with corresponding criticism of conventional energy generation.

There is a risk that damage to reputation resulting from unforeseeable and non-controllable external events could have material adverse effects on the financial condition and results of operations of the Uniper Group beyond the direct impact of such events.

2.4.14 Risks arise for the Uniper Group's business from access restrictions to trading venues and energy exchanges.

Trading in electricity, in the primary energy sources such as coal, gas and oil and in CO₂ Certificates constitutes a significant field of activity for the Uniper Group. In addition, the Uniper Group's trading portfolio also includes freight and weather derivatives. Trades involve both physical trades, which are settled through physical delivery, and financial trades, which are settled not through delivery of the goods but rather through cash settlement for the relevant products. The Uniper Group carries out its trading activities primarily in Europe, with the majority of the trades being settled via energy exchanges and other trading venues and only a portion being settled bilaterally with individual customers. In addition, the Uniper Group hedges against interest and price risks resulting from the procurement and sale of power, coal, gas, oil and CO₂ Certificates by concluding hedging transactions on the respective trading venues and energy exchanges.

With respect to the aforementioned business activities, the Uniper Group is dependent on unrestricted access to the respective energy exchanges and trading venues. As a rule, a right of admittance to the relevant energy exchanges and trading venues exists if the admission criteria set out in the respective exchange rules have been satisfied. However, even though it may have a right of access to the respective energy exchanges and other trading venues, the Uniper Group is effectively dependent on the energy exchanges or trading venues granting such access.

Should the Uniper Group fail to satisfy the admittance criteria or should access to an energy exchange or other trading venue not be granted despite its having satisfied the admission criteria, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.4.15 Risks arise for the Uniper Group's business from grid access as well as corresponding available transport capacities.

Electricity and gas is transported via trans-regional and regional transmission and distribution grids. The Uniper Group therefore enters into grid access agreements with grid operators in order to be able to use grids. In Germany the grid access fees imposed by grid operators are calculated using the calculation basis set out in the Electricity Grid Charges Ordinance (*Stromnetzentgeltverordnung*, "**StromNEV**") and the Gas Grid Charges Ordinance (*Gasnetzentgeltverordnung*, "**GasNEV**") and in other countries comparable provisions apply. The non-discriminatory access to grids is controlled by the BNetzA and the relevant competent foreign authorities.

Even if the applicable grid access regulations in certain countries were to grant the Uniper Group the right to non-discriminatory grid access and the right to enter into a grid access agreement with the respective grid operators – which is particularly the case in the EU – the Uniper Group effectively depends on the grid operators entering into a corresponding agreement with the Uniper Group and granting it access to the power grids.

Should the grid operators not grant grid access to the Uniper Group or limit its access to the grid due to capacity squeezes, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.5 FINANCIAL RISKS FOR THE BUSINESS OF THE UNIPER GROUP

2.5.1 Risks arise for the Uniper Group's business from investments, acquisitions and divestments.

In order to increase its operating efficiency and capital efficiency, the Uniper Group pursues an investment strategy for already existing assets and projects with the objective of a high profitability, the generation of funds and securing its ability to distribute dividends. Therefore, the planned investments of the Uniper Group primarily cover the maintenance of the current power plants as well as the finalization of already commenced growth projects. With respect to the finalization of power plants under construction, most of the investment funds will be used for the Datteln 4 power plant with a planned commissioning in the first half of 2018 assuming the required construction and operating permits are granted, the Provence 4 plant with a planned commissioning in the course of 2016, the Maasvlakte 3 power plant, which started operations in the first quarter of 2016, and the GRES TG 3 unit at the Beryozovskaya power plant, which is undergoing repairs until at least mid-2018.

Although the Uniper Group carries out a careful selection process before making such investment decisions – a process which involves, *inter alia*, due diligence reviews, obtaining legal assurances on the basis of contracts and internal decision-making processes – it cannot be ruled out that these measures will be insufficient, that individual investment decisions will be more risky than originally assumed, or that the investment strategy pursued by the Uniper Group will not result in the desired success. For instance, the political, regulatory, operational and/or economic conditions can substantially change compared to the point in time when the investment decision was taken. There could also be a cost increase or a significant delay in implementation. Each planning decision regarding Uniper Group's future business strategy comprises the risk that certain assumptions may need to be adjusted or revised at a later stage.

In the course of its investments in new power plants (such as Datteln 4), in expanding, refurbishing or retrofitting of power plants, in pipeline projects such as the extension of the Nord Stream natural gas pipeline between Russia and Germany (Nord Stream 2) and in further exploration of gas and oil fields, e.g., through its indirect interest in the Yuzhno-Russkoye gas field in Russia, the Uniper Group bears the risk that the actual return on an acquisition or investment falls short of the expected return and that the growth targets, economies of scale, cost savings, development, production or distribution targets or any other goals, sought to be achieved through the acquisition of companies and investments in companies cannot be realized in time and on budget, or only to an insufficient extent. Moreover, expected synergies may not eventuate, the purchase price paid may be too high, or unexpected restructuring expenses may be required. Furthermore, there is a risk that investment projects will be delayed, or rendered completely unfeasible, by government authorities or courts, e.g., as a result of non-granted permits.

Going forward, the Company's strategy could include not only investments in the Company's core business but also acquisitions and divestments. The success of acquisitions depends on successfully identifying, acquiring and integrating companies which represent logical complements to the Uniper Group's business. Above all there is the risk that the actual return on an acquisition or investment will fall short of the expected return. In addition, planned acquisitions in a number of countries and regions are subject to antitrust or other government review, which could under certain circumstances block a planned transaction. In order to obtain the necessary approvals for acquisitions, the Uniper Group could furthermore be required by the authorities to dispose of other parts of its business or make concessions which might materially influence and ultimately prove detrimental to the Uniper Group's business.

Furthermore, it cannot be guaranteed that the Uniper Group will be able to integrate acquired companies into the existing business and properly assess future market developments or regulatory changes. Acquisitions and investments in new geographical regions or business sectors (e.g., in Dubai) also entail the risk that estimates regarding the economic risks associated with new markets or competitors might prove to be wrong.

In the case of divestments, the Uniper Group faces the risk that the divestment might not be completed or might be delayed. In addition, the Uniper Group might receive lower disposal proceeds than expected. Furthermore, after the completion of transactions, liability risks arise in connection with contractual or statutory obligations or any legal proceedings.

If one or more of the above risks were to materialize, this could have material adverse effects on the Uniper Group's competitive position as well as its business activities and financial condition and results of operations.

2.5.2 Risks arise for the Uniper Group's business from German and international tax framework conditions, tax audits and any amendments to tax law, as well as any reduced availability of deferred taxes.

The Uniper Group operates globally, and is thus subject to the local tax laws that apply in the respective countries. Any changes to the tax laws themselves or changes in the interpretation or application of tax law provisions could result in higher tax burdens and payments. This could also have effects on the Uniper Group's tax claims and liabilities as well as deferred tax assets and liabilities. The availability of tax loss carryforwards or other deferred tax assets, and thus the non-impairment of any deferred tax assets shown in the Combined Financial Statements of Uniper SE for fiscal years 2015, 2014 and 2013, as well as the Consolidated Interim Financial Statements of Uniper SE as of June 30, 2016, depend on the respective national tax laws. The amount of any tax loss carryforwards or other deferred tax assets, and any deferred taxes based thereon, may also be affected by current or future tax audits. Deferred tax assets are recognized when it can be expected that the taxable entity concerned will generate sufficient taxable profits. As it is impossible to predict future business developments with certainty and any such developments, to a degree, elude control by the company management, assumptions to estimate the future taxable income and the point in time when deferred tax assets are realized are necessary. To the extent that the Uniper Group expects deferred tax assets to no longer be realizable, whether in whole or in part, a write-down in the relevant amount will be required. The companies of the Uniper Group are generally subject to regular tax audits. The tax audits for most of the German companies of the Uniper Group are finalized or close to finalization by the tax authorities for tax periods up until and including 2007. Moreover, the tax audit for fiscal years 2008 through 2011 is currently under way. The Uniper Group cannot rule out that, as a consequence of current or future tax audits and/or rulings in current court proceedings, the tax authorities may assess tax to be paid which would result in higher tax burdens for the Company or one of its subsidiaries, or which would exceed the provisions set aside for this purpose. In connection with the disposal of companies and parts thereof higher tax burdens could result, for instance, from the fact that the tax authorities subsequently arrive at a different tax-law assessment of a disposal. A higher tax burden could also result, *inter alia*, if the tax authorities carry out any income adjustments or challenge the internal transfer pricing between the group companies.

Prior to the spin-off, the majority of the German part of the Uniper Group was part of a fiscal unit with E.ON SE for income tax and VAT purposes. Thus, there is a risk under German tax law that the relevant companies of the Uniper Group, as (former) controlled companies, may be deemed liable for those taxes of the controlling company E.ON SE that arose during the existence of the fiscal unity between E.ON SE and the relevant companies. More specifically, it cannot be ruled out that the relevant companies of the Uniper Group may also be deemed liable for those taxes of E.ON SE, as the controlling company, which originated, as part of the fiscal unit for income and value-added tax purposes, from companies that do not form part of the Uniper Group. As a consequence, should the relevant companies of the Uniper Group be held liable for tax liabilities, this may lead to a higher financial burden at the level of the Uniper Group.

Being the controlling company E.ON SE will pay income taxes for the companies of the Uniper Group that have formed part of E.ON SE's tax group for income tax purposes until 31 December 2015 in respect of assessment periods up to and including 2015. In this regard, the Company will only be required to compensate E.ON SE under the framework agreement if there are any positive follow-up effects.

Should these factors result in a significant increase in the Uniper Group's tax burden, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.5.3 Risks arise for the Uniper Group's business from changes in accounting standards (including segment reporting).

The future consolidated financial statements of the Uniper Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU as well as the interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRS IC") as adopted by the EU Commission for application in the EU as of the end of the reporting period and the additionally applicable commercial law accounting rules pursuant to section 315a of the German Commercial Code (*Handelsgesetzbuch*, "HGB"). These standards and principles are subject to change by the standard setter and/or the legislative authority.

Changes in accounting standards could make it necessary for the Uniper Group to change its financial reporting practices. This harbors the risk that changed accounting standards could have material adverse effects on the financial condition and results of operations of the Uniper Group.

The accounting practices of companies listed on the Regulated Market in Germany are also subject to regular review by the German Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung e.V.*). Should any such review of Uniper Group's accounting practices result in relevant findings, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.4 Risks arise for the Uniper Group's business from derivative financial instruments used for hedging purposes and proprietary trading.

The business activities of the Uniper Group expose it to market price, currency and interest rate risks. In order to hedge against market price, exchange rate and interest rate risks as well as for proprietary trading purposes, the Uniper Group concludes standard derivative financial instruments with financial institutions, brokers, clearing houses of the energy exchanges and external customers. The instruments primarily used are forwards and cross-currency swaps for currency risk, as well as interest rate swaps and options for interest rate risks. In the commodities area, the instruments used include physically and financially settled options and forwards related to electricity, gas, coal, oil and emission rights.

Derivative financial instruments are associated with risks and it cannot be ruled out that the derivative financial instruments used for hedging and proprietary trading will not achieve the desired outcome. In addition, derivative financial instruments also comprise counterparty default risk, which must be taken into account on a portfolio basis in particular. Should the applied derivative financial instruments prove to be insufficient to hedge market price, currency and interest rate risks, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

In the course of its energy trading activities, the Uniper Group concludes energy trading contracts primarily for the purpose of managing price risk. Price risks result mainly from the procurement and sale of power and gas (as well as from the procurement of fuels (coal and oil) and CO₂ Certificates). The Uniper Group endeavors to hedge against these risks via suitable instruments such as forwards, futures, swaps and options. However, these hedges could in hindsight prove to be insufficient.

If one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.5.5 Risks arise for the Uniper Group's business from margin calls relating to its trading and hedging transactions.

The Uniper Group participates in international wholesale trading markets for energy, e.g., for power, natural gas, coal and emission rights, both as the seller and the buyer of positions. The Uniper Group conducts transactions via energy and commodity exchanges as well as OTC market transactions to optimize and hedge the utilization of power plant capacities and the procurement of sales volumes. In addition, the Uniper Group engages in proprietary trading within strict, clearly defined boundaries, to generate additional income. The Uniper Group may be required to meet margin calls on conducted trades that are made through exchanges or with bilaterally agreed margining. Though the value of the trade is not affected and credit risk is removed, margin calls may significantly impact the Uniper Group's liquidity position.

The Uniper Group is subject to risks of a change in the legal framework conditions for its trading and hedging transactions which could materially adversely affect its business. Margin calls could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.6 Risks arise for the Uniper Group's business from liquidity and refinancing needs and any potential change in ratings.

The Uniper Group is dependent on sufficient lines of credit from banks, access to the capital markets and available cash in order to satisfy its current and future financial obligations.

The Company currently has a long-term investment grade rating of BBB-¹ with stable outlook from the rating agency Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). The rating is of high significance not only for the Company's refinancing costs but also for its ability to conclude trades for hedging purposes, either on acceptable terms or at all. Should the Company's rating be downgraded, this could adversely affect the Uniper Group's ability to raise funds in the capital and credit markets or at appropriate financing costs. In addition, under certain circumstances the Company would no longer be able to hedge against market price, interest or currency risks to the same extent and/or on the same terms as before. Following a rating downgrade, potential counterparties may no longer be prepared to enter into trading and hedging transactions with the Company or may only be prepared to do so to a limited extent. Furthermore, future downgrades can result in new financial liabilities being created or existing ones being called due since a downgrade of the Company's rating can lead to certain financing instruments such as loans or bonds issued by the Company being extraordinarily terminated. Additionally, in the event of a rating downgrade of the Company, there is the risk that the Company will be required to pledge additional cash or securities as collateral or issue additional credit guarantees for existing and future financial, trading and supply transactions. This could make it difficult or impossible for the Uniper Group to refinance itself in the capital markets.

Should the rating of the Company be downgraded, it could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.7 Risks arise for the Uniper Group's business from counterparty defaults.

The Uniper Group is exposed to counterparty default risks and market price risks also in connection with the marketing of energy capacities stemming from its own generation activities as well as from other trading or hedging transactions (e.g., in relation to fuels, CO₂ Certificates, currencies or interest rates). In the event of a default on the part of a trading partner, for instance as a result of insolvency, the Uniper Group would be exposed to default risk in relation to this trading partner as well as to re-sale risk and replacement risk (i.e. market risk), since the corresponding trading position would then have to be sold or replaced at the current market price. In addition to counterparty default risk in trading and hedging transactions, the Uniper Group is exposed to a general default risk with respect to suppliers and customers. In Russia, the Uniper Group is exposed to particular counterparty default risks on the Russian wholesale trading market as a result of the increasing number of defaults by customers in the wake of the current economic crisis in Russia and the fact that producers cannot freely choose their customers and cannot readily suspend the sale of power and capacities to those who do not pay. Furthermore, it cannot be excluded that the Uniper Group could be exposed to a higher default risk of counterparties located in the United Kingdom which, following the vote in the national referendum to withdraw from the EU, could result, *inter alia*, from spillover effects from the downgrades of the sovereign rating of the United Kingdom by several rating agencies.

The Uniper Group faces uncertainties with regard to the assessment of counterparty default risks in connection with the decision by the German Federal Court of Justice (*Bundesgerichtshof*, "**BGH**") of June 9, 2016 (IX ZR 314/14) regarding the extent to which contractual netting agreements are valid under insolvency law. In its decision, the BGH held that the contractual netting agreement included in the German Master Agreement for Financial Derivatives Transactions was invalid to the extent that the calculation method provided for thereunder was inconsistent with the statutory provisions of section 104 of the German Insolvency Code (*Insolvenzordnung*, "**InsO**"). In addition, the BGH defined the requirements regarding the market or stock exchange price more precisely, requiring the possibility of replacement transactions. It cannot be ruled out that, beyond, or subsequent to, that decision, the set-off of any transactions under a master agreement to arrive at a net amount might be narrowly construed in its entirety, and that such decision might affect the acceptance of relevant master agreements in the market, or by regulatory authorities, in a way that goes beyond the individual case.

In the event of the (partial) invalidity of any contractual netting agreements in place between the Uniper Group and any of its counterparties, the Uniper Group would be exposed, on the one hand, to the risk that the risks associated with such counterparty's insolvency might increase because, in such case, the provisions of the InsO governing calculation, which, depending on the transactions' performance, might be disadvantageous to the Uniper Group, would apply directly. On the other hand,

¹ Companies rated BBB- are regarded by Standard & Poor's as companies with an adequate capacity to meet their financial commitments. The rating agency Standard & Poor's is established in the EU and has been registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time.

it cannot be ruled out that it might become more difficult for the Uniper Group, at least in future, to identify contracting parties willing to enter into financial derivatives transactions, or to enter into them at comparable terms, as the other contracting party, as well, would be exposed to the risk that, in the event of the Uniper Group's insolvency, the provisions of the InsO governing calculation, which, depending on the transactions' performance, might be disadvantageous to it, would apply directly.

Should any of the risks described above materialize, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.8 Risks arise for the Uniper Group's business from potentially insufficient insurance coverage.

The Uniper Group has taken out a variety of insurance policies, including business and environmental liability insurance in addition to environmental damage insurance and property insurance such as building and fire insurance which are subject to standard liability exclusions (e.g., no cover in the event of willful intent). In addition, it has taken out directors and officers insurance covering members of governing bodies against claims asserted as a result of losses caused by breaches of duties for which they are personally responsible ("**D&O Insurance**").

The possibility cannot be ruled out that the Uniper Group will incur losses which are not covered by its insurance policies, which insurance companies object to reimburse or which exceed the covered amount. Especially in recent years, the existing power plants suffered major damage that, at least with regard to a part of the insurance portfolio, has increased the risk that the premiums to be paid will increase or that the terms and conditions of insurance contracts will become less favorable in some other way. In addition, there is the risk that the Uniper Group will not be able to insure the risks associated with its business to the same extent going forward or will only be able to do so at higher premiums.

Should the Uniper Group incur losses for which it is not or not sufficiently covered by insurance, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.5.9 Risks arise for Uniper Group's business from the structure of the externally managed Swedish Nuclear Waste Fund.

Through its European Generation segment, the Uniper Group currently operates two boiling-water reactors in Oskarshamn, Sweden, of which one reactor unit is to enter the post-operational phase as of June 2017. A third boiling-water reactor was decommissioned already in fiscal year 2015. The Uniper Group also owns two decommissioned nuclear power plants in Barsebäck, Sweden, which have not yet been dismantled. Furthermore, the Uniper Group holds minority interests in seven further reactor blocks in Sweden, which are located in Ringshals and Forsmark. In Sweden, radioactive waste may only be permanently disposed of in approved final storage sites. The location of the permanent disposal site for spent fuel elements was decided upon in 2009 by Svensk Kärnbränslehantering AB ("**SKB AB**"), a subsidiary of the Swedish nuclear power plant operator. Since 2011, SKB AB has been in the process of seeking a permit to operate such a final storage site. The approval process is still pending and no permit has yet been granted. Permission to expand the presently operating final storage site for low- and intermediate-level radioactive waste from the dismantlement of nuclear facilities was applied for in 2014. The location for a final storage site for intermediate-level radioactive waste with long-lived nuclides has yet to be selected. This waste, which includes core fixtures, is currently being stored at interim storage facilities in Sweden.

The fees imposed to cover the entirety of the Swedish waste disposal model – which covers in particular the exploration, construction, operation and decommissioning of final storage sites, the development of suitable containers to be used at final storage sites, the provision of logistics between the locations and final storage sites, the operation of intermediate underwater storage facilities for spent fuel elements and the costs for decommissioning and dismantling all nuclear power plants (including research reactors) – are governed in Sweden by the *Lag om finansiella åtgärder för hanteringen av restprodukter från kärnteknisk verksamhet* (Nuclear Waste Disposal Financing Act, "**NW DFA**") and the associated regulation. According to these provisions, every nuclear power plant licensee is obligated to pay a contribution per kilowatt hour ("**kWh**") generated, which currently amounts to approximately 0.04 SEK/kWh and is recalculated every three years by SKB AB and subsequently set by the Swedish government, taking into account the recommendation of the Swedish

Radiation Safety Authority (*Strålsäkerhetsmyndigheten*, “SSM”). The next decision on an adjustment of that contribution is expected to be made at the end of 2017. It cannot be ruled out that a higher contribution will be determined, *inter alia*, also due to the anticipated increase in costs for the dismantling, transport, interim and final storage as well as the premature decommissioning of the Oskarshamn 1 reactor unit in 2017 and the Oskarshamn 2 reactor unit in 2015. Such increase in the contribution could result in higher provisions in 2016 and most likely higher cash outflows for the contributions from 2018.

For plants in the post-operation or decommissioning phase, the pro-rated contribution is determined by the government and levied directly, as is the case for the Barsebäck nuclear power plant. The amounts collected are managed by a government authority in the Nuclear Waste Fund (*Kärnavfallsfonden*, “KAF”). The reimbursement claim against the KAF amounted to €2,281 million in the 2015 fiscal year. Furthermore, the NWDA stipulates that nuclear power plant licensees shall provide security to the state for future costs for spent nuclear waste, the so-called “**Financing Amount**”. The nuclear power plant licensee shall also provide security to the state for the future costs for spent nuclear waste due to unplanned occurrences, the so-called “**Complementary Amount**”. Presently the securities have been issued through parent company guarantees from E.ON Sverige AB. In addition, the Swedish National Debt Office (“NDO”) shall every third year decide upon the credit risk for the state in relation to the guarantees. Considering such credit risk, the NDO may decide that the nuclear power plant licensee shall pay a risk fee corresponding to the state’s estimated cost for the credit risk of the guarantor. Previously, no such additional risk fee had been imposed on the nuclear power plant licensees. To date, the Uniper Group has not recognized any provisions for the risk fee. In a study on the NWDA prepared by the SSM for the Swedish government in 2013, the SSM recommended abolishing the risk fee. However, no decision has yet been made as to whether or not to follow this recommendation.

Operators are required to recognize provisions for the costs resulting from the statutory obligation in Sweden to decommission, dismantle and dispose of spent fuel elements and residual radioactive materials and waste from dismantlement (including costs in relation to final and interim storage sites). The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to each balance sheet date. In addition, E.ON Sverige AB has issued guarantees for 100% of the Financing Amount for Barsebäck Kraft AB, the licensee for the decommissioned power plants in Barsebäck; 54.5% of the Financing Amount and the Complementary Amount for Oskarshamns Kraftgrupp AB, the licensee for the power plants in Oskarshamn; and 9.863% of the Financing Amount and the Complementary Amount for Forsmarks Kraftgrupp AB, the licensee for the power plants in Forsmark. In total, guarantees have been provided for SEK 8.3 billion as of June 30, 2016 (approximately €884 million as of June 30, 2016). These guarantees are to be transferred to the Uniper Group. Prior to such transfer, and in the event such transfer is not possible, a Swedish subsidiary of the Uniper Group, Sydkraft AB, will indemnify E.ON Sverige AB from any claims made under the guarantees. Should the transfer of the guarantees in Sweden from E.ON Sverige AB to Sydkraft AB not be successful, the Company could be obliged to replace or release the guarantees itself or through another company of the Uniper Group pursuant to a framework agreement between the Company and E.ON SE. However, it cannot be ruled out that the assumptions and estimates made when assessing the provisions or the guarantees prove inaccurate, e.g., due to declining interest rates, or that the circumstances underlying the assumptions will change subsequently and thus the existing provisions or guarantees (in future) are no longer considered sufficient to cover the actual costs of dismantlement, decommissioning or final storage in Sweden. This is particularly applicable, given that the situation concerning permanent disposal has yet to be clarified. In addition, it cannot be ruled out that legislative measures in Sweden will necessitate an increase in the provisions or guarantees or the transfer of additional assets from the Uniper Group to third parties (such as an external fund) to ensure that the aforementioned costs can be met. Furthermore, there is the risk that due to the general interest rate trend and the change in the assumed cost trend, the reserves held by the KAF will generate lower returns than expected.

Should the actual or legal conditions for the decommissioning and dismantling of nuclear power plants or the permanent disposal of radioactive waste in Sweden change such that the costs increase and the provisions or guarantees of the Uniper Group be considered insufficient, or should stricter statutory requirements be implemented in Sweden as to the amount of the provisions or guarantees, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.10 Risks arise for the Uniper Group's business from further depreciation on assets, despite depreciation and high impairments in the past.

The Uniper Group's balance sheet total amounted to €63,523 million as of December 31, 2015, and €42,985 million as of June 30, 2016. In accordance with IFRS, impairment tests must be carried out in respect of certain assets or groups of assets. Impairment tests are conducted annually or for a specific reason if there are indications of an impairment. An asset is deemed to be impaired if its recoverable amount is lower than its carrying amount. The recoverable amount is the future value contribution of the asset or group of assets and must be calculated as a future value. The carrying amount is the amount at which an asset, group of assets or goodwill is recognized in the balance sheet after deducting any accumulated amortization or depreciation and accumulated impairment losses. Various measurement techniques can be used to determine the recoverable amount, the specifics of their nature and implementation being set out in IFRS. The applied parameters and input data used in the measurement are based in part on estimates which are subject to uncertainties and which may change over the course of time. There is a risk that certain assumptions need to be adjusted or corrected at a later stage, leading to negative valuation allowances, with the effect that the Uniper Group will have to recognize impairment losses in respect of assets or provisions for onerous contracts.

In particular a further declining demand for energy from conventional power plants, e.g., as a result of the increasing market share of renewable generation, with the associated decline in revenue, as well as price movements and regulatory changes such as the phase-out of energy generation from coal or the imposition of additional charges on generation units may result in the Uniper Group being required to recognize further impairment losses on power plants in the future. This risk is amplified by the fact that overcapacities already exist in the market with regard to a number of conventional power plants and that the Uniper Group has to observe legal restrictions with regard to the decommissioning of individual power plants. Price fluctuations and a decline of the expected margins could lead to impairments of assets in the Global Commodities segment. Furthermore, the potential future decline of the summer/winter spread or a deterioration in earnings forecasts for gas storage infrastructure could lead to extraordinary impairments with respect to gas storage. In the European Generation segment, the discussions in several European countries on a phase-out of energy generated from coal or additional charges for such generation units in particular may be decisive for the impairment charges.

Any market development that proves negative for the Uniper Group in the long term or any further change in the factors that are relevant to assess the market conditions may lead to additional impairments of the Uniper Group's assets, which would subsequently necessitate write-offs that have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.5.11 Risks arise for the Uniper Group's business from its pension commitments.

For the majority of employees within the Uniper Group, pension commitments exist as part of the company pension scheme. As of June 30, 2016, the retirement benefit obligations toward the former and active employees of the Uniper Group, which amounted to €3.2 billion, were covered by plan assets with a fair value of €2.0 billion as of December 31, 2015. As of June 30, 2016, the pension provisions reported in the balance sheet totaled €1.2 billion. Aside from the obligations under company pension schemes, additional commitments exist vis-à-vis employees in the form of wages in kind, partial retirement and early retirement commitments.

Deviations from the actuarial assumptions underlying the assessment of these obligations, e.g., due to unfavorable interest rate development, stronger than assumed increase in life expectancy, high inflation, changed legal requirements for commitments or unfavorable development of the plan assets or unfavorable combinations of these factors may cause an increase of the provision amount for the Uniper Group. If the obligations are not covered through the plan assets, the Uniper Group has to fulfil the obligations from the profits of the Uniper Group.

Should the risk described above materialize, this could have material adverse effects on the Uniper Group's competitive position as well as its business activities and financial condition and results of operations.

2.5.12 Risks arise for the Uniper Group's business from the contractual compensation obligations regarding the volume of gas reserves in the Russian gas field Yuzhno-Russkoye.

The Uniper Group holds an interest of approximately 25% (as of June 30, 2016) in the Russian gas field Yuzhno-Russkoye via its equity interests in OAO Severneftegazprom ("**SNGP**"). That interest was acquired subject to the contractual assumption that the gas field has proven and probable gas reserves (so-called "**2P Reserves**") of 610 billion m³ in total. The Uniper Group and Gazprom, which holds the majority of shares in the gas field, have concluded an agreement that provides for balancing payments between the Uniper Group and Gazprom in the event of a deviation between the assumed and the actual gas reserve volumes in Yuzhno-Russkoye. The actual volume of gas reserves in Yuzhno-Russkoye is expected to be ascertained in 2023. Depending on whether the 2P Reserves are higher or lower than the 610 billion m³ assumed in the agreement, either the Uniper Group could be obligated to make balancing payments to Gazprom or Gazprom could be obligated to make balancing payments to the Uniper Group. Any possible obligations on the part of the Uniper Group to make balancing payments to Gazprom would generally be offset by greater future sales volumes due to increased gas production. However, obligations to make balancing payments could adversely affect the Uniper Group's business, at least in the short term, as a result of mismatching cash flows.

Should the risk described above materialize, it could materially adversely affect the financial condition and results of operations of the Uniper Group.

2.5.13 Risks arise for the Uniper Group's business from the interest in the Brazilian company ENEVA S.A. and the interest in the Pecém II coal-fired power plant.

In early December 2014, the Brazilian energy utility ENEVA S.A. ("**ENEVA**"), in which the Uniper Group held a shareholding of 42.9% (as of December 31, 2014), filed creditor protection proceedings with the competent Brazilian authorities in an effort to restructure the company's debt as a result of external market factors, growing financial difficulties and delays in commissioning power plants and the resulting regulatory obligation to purchase electricity on the market. An important component of the restructuring proceedings was the capital increase through which some of the indebtedness was converted into equity capital. In this context, the Uniper Group's share in ENEVA was diluted to 12.3% (as of June 30, 2016). The Uniper Group still provided one supervisory board member of ENEVA. At the end of March 2016, ENEVA informed the capital market that it had entered into agreements with the Brazilian investment fund Cambuhy and OGX Petroleo e Gas S.A concerning the acquisition of their interests in Parnaíba Gas Natural S.A. The acquisition is to be effected by way of the contribution of corresponding interests in the context of a capital increase by ENEVA.

In late June 2016, ENEVA informed the capital market that, according to a ruling by the court of competent jurisdiction of Brazil of June 29, 2016, ENEVA's creditor protection proceedings had concluded successfully.

On August 2, 2016 ENEVA further informed the capital market that the extraordinary general meeting of ENEVA held that same day had granted its consent to the capital increase announced in March 2016. The implementation of the capital increase will further dilute the Uniper Group's holding in ENEVA.

Since the above-mentioned restructuring, the strategic focus of this participation, which was transferred to the Company during the course of the corporate restructuring in preparation for the spin-off, has been on a stable operating business to be able to repay any remaining financial liabilities of ENEVA as planned. Risks exist as a consequence of the difficult economic situation in Brazil and any potentially resulting negative effects on the regulatory environment and ENEVA's operative business activities. As the Uniper Group has been holding its participatory interest in ENEVA solely in the form of a financial investment since the fourth quarter of 2015, ENEVA's current results have no impact on the Uniper Group's income statement, neither in terms of present nor projected figures. Nevertheless, factors such as potential lawsuits by minority shareholders of ENEVA, claims and legal disputes or regulatory investigations (e.g., on the basis of Brazilian law) and the associated financial risks with regard to the holding in ENEVA in Brazil cannot be ruled out.

Furthermore, the Uniper Group directly holds a 50% participatory interest in Pecém II Participações S.A. (as of June 30, 2016), which operates a coal-fired power plant in the Brazilian state of Ceará. This plant was not affected by the aforementioned creditor protection proceedings. The participatory interest is exposed to the typical risks associated with the generation of energy in power

plants. Furthermore, specific risks exist, such as limited availability of cooling water, the absence of coal transport infrastructure and ambiguous regulatory requirements (e.g., imposition of fines for not making power plant capacities available, allocation of capacity between the regulated and unregulated market). Moreover, the tense political and the difficult economic situation in Brazil at present also give rise to further risks from the participatory interest in the Pecém II coal-fired power plant.

If one of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.5.14 Risks arise for the Uniper Group's shareholders from the Company not being able to pay dividends.

Uniper SE intends to distribute dividends to its shareholders in accordance with its dividend policy from free cash flow from operations. It is intended to pay a dividend in the amount of approx. €200 million, i.e., €0.55 per share (based on 365,960,000 issued shares) for the 2016 fiscal year. The general meeting will decide on this dividend in fiscal year 2017. For subsequent fiscal years, a dividend is planned to be paid on the basis of Free Cash from Operations (adjusted funds from operations minus payments for investments in fixed assets relating to replacement expenses and maintenance). There are plans for a distribution of at least 75% and up to 100% of the Free Cash from Operations, with respect to the payment of dividends in subsequent fiscal years, although total Free Cash Flow after the distribution should be neutral or positive.

The Company's ability to pay a dividend in future fiscal years depends in particular on the future financial condition and results of operations and liquidity requirements of the Company and its subsidiaries and future tax, regulatory and other general conditions. Dividends may only be distributed if the Company reports distributable net retained profits (based on the HGB separate financial statements) and these are not transferred to the Company's reserves to strengthen its equity base and to maintain or improve its rating or if dividends may be paid from the Company's reserves. Since the Company does not carry out operating activities itself but rather via its subsidiaries, its ability to pay dividends and their amount depends in particular on the amount of profits transferred or distributed to it by its operating subsidiaries. The Company cannot guarantee the amount of future net profits. In particular, the net assets and results of operations reported in the audited Combined Financial Statements for the Company for the fiscal years ending on December 31, 2015, 2014 and 2013 and in the unaudited Consolidated Interim Financial Statements for the Company for the half-year period ending on June 30, 2016, respectively, do not give any indication as to the amount of future dividend payments.

There is the risk that no dividend can be paid in the short, medium or long term due to the financial condition and results of operations of the Company or its subsidiaries or that the amount of such dividend might be less than that of the dividend expected to be paid in respect of the 2016 fiscal year.

2.6 REGULATORY RISKS FOR THE BUSINESS OF THE UNIPER GROUP

2.6.1 Risks arise for the Uniper Group's business from interventions by government agencies.

The Uniper Group takes energy-policy goals into account when planning its business activities. However, given the increasing trend of interventionist measures by governments and regulators, these could have unexpected, potentially significant positive or negative impacts on the business of the Uniper Group. There is a variety of potential interventionist measures by governments and a multitude of possible ways to implement them, which makes it difficult to identify and quantify them in advance when planning the Uniper Group's business activities.

The government agencies responsible for the monitoring of the energy markets may have a significant impact on the Uniper Group's business activities by exercising their statutory intervention powers. In Germany, for example, power plants may only be decommissioned, whether provisionally or permanently, once a formal notice has been filed with the BNetzA and a waiting period of, usually, 12 months has elapsed. If the BNetzA deems any such power plant to be system relevant, the decommissioning would be prohibited and the output from such power plants would need to be made available against reimbursement of costs. For instance, by virtue of an order issued by the BNetzA, the Uniper Group was not allowed to decommission an oil-fired power plant in Ingolstadt, Germany, as well as several gas-fired power plant blocks, such as the power plants of Staudinger in Großkrotzenburg, Germany, and Irsching near Vohburg, Germany, but has to maintain those stations as a reserve for the

duration of the order. These may be called up by the transmission grid operator at its discretion. The extent of the cost reimbursement is contractually determined in accordance with the German Reserve Power Plant Regulation (*Reservekraftwerksverordnung*), based on the cost structure of the specific plant and after consultation with the BNetzA. However, the determination of the refundable costs may prove to be insufficient, so that the costs actually incurred by making capacity available are not adequately compensated for.

Further, a government agency could change other rules in a way that could adversely affect the Uniper Group either by creating higher administrative cost or by reducing business opportunities, e.g., for the management and reimbursement of imbalances between forecast and actual consumption by traders and suppliers or for the balancing circle management for electricity and/or gas.

The EU Commission's proposed changes to the capacity allocation mechanisms of the so-called Network Access Code could have a material adverse effect on current business of the Uniper Group or limit future business opportunities.

Other interventionist measures such as forced plant closures – possibly in the context of decarbonization efforts – could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group. In several European countries, measures have been announced or implemented in order to reduce the number of coal-fired power plants. For instance, in the United Kingdom, the government's stated policy to close all coal power plants not equipped with a carbon capture and storage system by 2025 risks curtailing the output from Uniper Group's coal-fired power plant at Ratcliffe-on-Soar, United Kingdom, which has the capability otherwise to generate beyond this date due to investments made to extend the life of the plant.

Coal-fired power plants are also under severe political pressure in the Netherlands. In December 2015, a motion was adopted by the Dutch parliament urging the government to work out scenarios for the gradual phasing out of coal plants, taking into account aspects like growth in renewables, legal and financial consequences, CO₂ emission and innovation. A decision on the scenario to be elaborated by the government is still pending as of the date of this Prospectus (see "2.2.1 Risks arise for the Uniper Group's business from the global promotion of decarbonization and the related decline in conventionally generated energy.").

The French government plans the implementation of a carbon floor mechanism in France in 2017. This additional tax would, in particular, significantly increase the production costs of power generation activities from coal. This would have material adverse effects on the power generation units owned by the Uniper Group in France.

In Russia, state interventions could result in a loss of ownership rights and other rights (such as the distribution of dividends or contractually secured legal positions), e.g., with regard to the 25% holding in the Russian company SNGP or the 83.7% holding in Unipro PJSC Russia (as of June 30, 2016). As a consequence of the Russian gas export ban, the share of gas produced by SNGP that is attributable to the Uniper Group is sold via a trading company. The dividends distributed by the trading company are almost exclusively due to the Uniper Group and constitute a major share. There is a risk that the Russian authorities will not recognize the trading model and terminate the Uniper Group's business activities in Russia, whether in whole or in part. In such a case, it cannot be ruled out that the Uniper Group may be expropriated without appropriate compensation, that compensatory payments are limited, and that the Uniper Group will be denied due process to defend itself against potential state measures. Moreover, in Russia the Uniper Group is exposed to the risk that state measures restrict its enforcement powers with regard to its Russian subsidiary Unipro PJSC Russia despite its majority shareholding, e.g., in connection with the enforcement of corporate decisions, or that assets or dividends held by the Russian subsidiaries cannot be transferred abroad as a consequence of restrictions of the free movement of capital in Russian companies. Should the geopolitical climate deteriorate, legislative changes could eventuate in Russia that would provide either for a limitation of the share of foreign investments in strategic companies of the energy sector, or even partial or total expropriations of foreign investments without appropriate compensation. Moreover, in light of Russia's economic situation it cannot be ruled out that bank credit balances are not repaid to the account holders in the event of bank insolvencies, or not repaid in full.

Any new interventionist measure or change of existing interventionist measures could have material adverse effects on the Uniper Group's business activities, as well as its financial condition and results of operations.

2.6.2 Risks arise for the Uniper Group's business from export control regulations and different types of embargoes or prohibitions.

The Uniper Group distributes and purchases commodities and goods on a global scale and must observe export control regulations and different types of embargoes or prohibitions.

Trade restrictions were tightened for certain countries in the past and might be further tightened in the future. When procuring fossil fuels such as coal, gas and oil for electricity production and commodity trading, the Uniper Group relies on imports from exporting countries. In its foreign trade activities, the Uniper Group must comply with export control regulations as well as import regulations particularly in Germany, the EU, Russia, the United States and other countries. Export controls can place restrictions on any transaction involving the movement of goods or people.

For instance, as a result of the conflict between Russia and Ukraine, the EU has imposed a variety of sanctions on Russia which also affect the energy business, in particular gas and oil exploration. There is not only the risk that the EU might impose stricter sanctions but also the risk that Russia, as a result of this conflict, might impose sanctions against the EU, such as export controls or even a ban on the export of commodities such as coal and gas to the EU. In that regard, the economic sanctions imposed by the EU as a result of the Ukraine crisis could also result in a restriction on trading with Russian companies which do not conduct their business in Russia, but rather in other countries.

As a consequence of the potential exit of the United Kingdom from the EU, and depending on any potential agreement on future customs tariffs, the Uniper Group could be exposed to stricter import duties or charges in the United Kingdom and the EU, which would increase the Uniper Group's costs and could adversely affect the Uniper Group's business.

Export control regulations must also be complied with in connection with the future export of LNG from the United States. Violations result in particular risks in light of the amount of the sanctions in the United States. Should stricter export regulations be enacted in the United States, this could result in the Uniper Group not being able to export the planned quantities of LNG abroad. Given the fact that LNG liquefaction capacities in Freeport, United States, have already been reserved well in advance; this could result in a material adverse financial impact for the Uniper Group.

Should export control regulations or trade embargoes be expanded, tightened or breached, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.6.3 Risks arise for the Uniper Group's business from the implementation of MiFID II, the REMIT Regulation as well as other regulatory tightening.

As part of the implementation of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (so-called "**MiFID**"), financial services providers under the German Financial Instruments Directive Implementation Act (*Finanzmarktrichtlinie-Umsetzungsgesetz*) in conjunction with the German best practice rules and organizational regulations for the securities/ investment services sector (*Wertpapierdienstleistungs-, Verhaltens- und Organisationsverordnung*) are subject to certain organizational and behavioral obligations. In accordance with these provisions, the Uniper Group currently does not require any license under the German Banking Act (*Kreditwesengesetz*, "**KWG**") to carry out any trading or hedging transactions, including proprietary trading in electricity derivatives to hedge its customers. To expand the obligations under MiFID, on July 3, 2014 EU Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments amending Directives 2002/92/EC and 2011/61/EU (so-called "**MiFID II**") entered into force. The member states must implement MiFID II by July 3, 2017; market participants must comply with MiFID II after its implementation into national law from early 2018 after an accepted proposal to delay MiFID II by one year. MiFID II will be complemented by Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012 (the so-called "Markets in Financial Instruments Regulation" or "**MiFIR**"), which is directly applicable in the member states and must be complied with by the states as of January 3, 2018 after an accepted proposal to also delay MiFIR by one year. Both MiFID II and MiFIR are fleshed out by the technical standards of the European Securities and Markets Authority ("**ESMA**"). The new provisions also include expanded reporting obligations, an obligation to implement minimum requirements for risk management, an obligation to comply with position limits,

and capital adequacy requirements. The implementation of the new obligations is associated with significant liquidity and capital requirements, as well as considerable costs. The extent to which the Uniper Group will be subject to the new regulatory provisions is not yet entirely clear. However, it cannot be ruled out that further regulatory tightening in the area of financial market regulation will be effected, which could result in considerable liquidity and capital requirements, as well as costs, for the Uniper Group.

Regulation (EU) No 1227/2011 of the European Parliament and the Council of 25 October 2011 on wholesale energy market integrity and transparency (the “**REMIT Regulation**”), on the one hand sets out measures to promote the transparency of the energy wholesale market, while on the other hand contains prohibitions on abusive practices in the trade of energy wholesale products. Violations of the REMIT Regulation may result in significant adverse consequences, such as penalties or even criminal sanctions.

Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (the “**Market Abuse Regulation**”), establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of financial markets in the EU and to enhance investor protection and confidence in those markets. The Market Abuse Regulation imposes a range of regulatory requirements on the Uniper Group and violations of Market Abuse Regulation may result in significant adverse consequences, such as penalties or even criminal sanctions.

In the United Kingdom, EU law is either directly applied or has been transposed into national law in many areas, including energy law, corporate law, securities regulation, immigration, data protection, intellectual property and tax (including customs regulation). As a result of the national referendum in the United Kingdom to withdraw from the EU, it is currently unclear whether, how and the extent to which UK law will in future differ from EU rules and regulations in these areas once its withdrawal from the EU enters into effect.

Should additional obligations be imposed on the Uniper Group as part of the MiFID II implementation, the MiFIR, the Market Abuse Regulation, or other regulatory tightening in the area of financial market regulation, this could bring about changes that would result in additional process complexity, licensing requirements and, consequently, further requirements for capital adequacy. If one of the above-mentioned risks were to materialize, this could have material adverse effects on the business activities as well as the financial condition and results of operations of the Uniper Group.

2.6.4 Risks arise for the Uniper Group’s business from the implementation of EMIR as well as the planned introduction of the financial transaction tax.

Regulation (EU) No 648/2012 of the European Parliament and the Council of 4 July 2012 on over-the-counter derivatives, central counterparties and trade repositories (the European Market Infrastructure Regulation or “**EMIR**”) gives rise to risks concerning the regulation of OTC derivatives. Further risks result from the planned introduction of a financial transaction tax (“**FTT**”).

EMIR provides for the mandatory clearing of all derivative OTC transactions. Non-financial companies are excluded from this obligation if the transactions demonstrably serve for risk reduction or remain below certain threshold values. The Company monitors compliance with the threshold values to avoid additional liquidity risks from the requirement to provide collateral as part of clearing (margining). Any amendments to the existing rules and regulations within the EU could result in a significantly increased administrative burden, additional liquidity risks, as well as a higher tax burden if a FTT were to be introduced.

On February 14, 2013, the EU Commission adopted a proposal for a directive concerning a common system of FTT (the “**Draft Directive**”). In accordance with the Draft Directive, the FTT was intended to be introduced in 11 member states of the EU (Belgium, Germany, Estonia, France, Greece, Italy, Austria, Portugal, Slovakia, Slovenia, and Spain, collectively referred to as the “**Participating Member States**”). However, in December 2015, Estonia announced that it would not take part in the intended introduction of the FTT. As of the date of this Prospectus, no further official announcements have been made by the Participating Member States about the further progress on the implementation of a FTT on the basis of the Draft Directive. At least nine Participating Member States are required for the implementation of the FTT.

In accordance with the Draft Directive, the FTT will be imposed on financial transactions where at least one party to the transaction was founded in a Participating Member State (or is deemed to have been founded in a Participating Member State) and in which a financial institution founded in a Participating Member State (or a financial institution deemed to have been founded in a Participating Member State) is involved that acts as a party to the financial transaction or acts in the name of one transaction party.

The relevant FTT rate must be set by the individual Participating Member States. For transactions involving financial instruments other than derivatives, this rate will be at least 0.1% of the assessment basis for tax purposes. For these transactions, the assessment basis for tax purposes is always determined in reference to the consideration paid or to be paid for the transfer. The FTT is payable by all financial institutions that are party to the financial transaction or are acting in the name of a transaction party, provided that these financial institutions were founded in a Participating Member State (or are deemed to have been founded in a Participating Member State), provided that the transaction was executed for their account. In the event that any FTT due is not paid within the applicable payment period, all parties to the financial transaction are jointly and severally liable for the payment of any FTT due, even if these parties are not financial institutions.

Regulatory changes in the trading of financial instruments or the introduction of the FTT could have material adverse effects on the Uniper Group's business activities, as well as its financial condition and results of operations.

2.6.5 Risks arise for the Uniper Group's business in connection with the EU Energy Efficiency Directive and its varied implementation in national law.

In December 2012, Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (the "**Energy Efficiency Directive**"), entered into force. *Inter alia*, this Directive commits all energy distributors or retail energy sales companies to achieving annual energy savings from 2014 to 2020 of 1.5% of their energy sales to final customers. However, individual member countries of the EU may replace this provision with alternative measures that achieve a comparable effect. In Germany, the Energy Efficiency Directive was implemented into national law in 2015 during the course of the amendments to the German Energy Services Act (*Energiedienstleistungsgesetz*).

In addition the endeavors to increase energy efficiency in all European energy markets may reduce or slow-down the increase of gas and electricity demand which could give rise to risks for the gas and power assets and the sales business of the Uniper Group.

The implementation of the Energy Efficiency Directive could have material adverse effects on the Uniper Group's business activities, as well as its financial condition and results of operations.

2.6.6 Risks arise for the Uniper Group's business from future amendments to European and national legislation, for instance regarding climate protection and emissions trading.

Expectations are that, in the years to come, the EU Commission will table specific proposals for the structuring and implementation of the European framework for climate and energy policy up to 2030. (see "**2.2.2 Risks arise for the Uniper Group's business from an increase in renewable power generation and the resulting displacement of conventional power plants among the competition.**"). These proposals will then be debated over the course of the EU legislative process so that amendments to existing laws and regulations, and the adoption of new laws and regulations are to be expected. As part of the current debate concerning the achievement of long-term European climate protection goals by 2050, amendments to the European emissions trading legislation are also under discussion. The EU Commission presented a first draft for the amendment of the relevant directive in July 2015.

Aside from possible legislative amendments concerning climate protection and emissions trading, further risks arise with respect to a possible further legal tightening of existing laws or legislative drafts, for example in relation to continued liability under nuclear law on the part of spun-off company divisions (see "**2.8.8 The Uniper Group's business is exposed to risks arising from the E.ON Group's German nuclear activities as a result of the implementation of the German Federal Government's legislative initiative on continuing liability for nuclear disposal costs.**").

Any amendments to climate protection legislation and emissions trading as well as international climate protection agreements, such as an introduction or further increase of national coal taxes (e.g., the coal tax in the United Kingdom, France and the Netherlands), as well as other legislative amendments, could have materially adverse effects on the Uniper Group's business activities, e.g., the decommissioning of coal-fired power plants as a response to higher investments and/or operation costs.

2.6.7 Risks arise for the Uniper Group's business from failure to comply with supervisory provisions and regulatory conditions as well as any changes to existing provisions and the adoption of new statutory provisions.

In all countries in which the Uniper Group operates, the regulatory environment is subject to far-reaching change with the environmental and safety requirements regarding the construction and operation of power plants becoming ever stricter. It is expected, for example, that Russia will tighten its environmental standards by 2020, and also toughen the penalties imposed for environmental violations. Moreover, at EU level, the number of political and regulatory interventions in the form of additional taxes, price moratoriums, and changes in the subsidy regimes for renewable generation to the detriment of conventionally generated energies is increasing, posing a risk for the Uniper group's activities in these countries. These diverse changes could lead to additional financial burdens for the Uniper Group.

In particular, it cannot be ruled out that statutory requirements and regulatory conditions for conventional power plants will be tightened further, for example in view of a reduction of the available emissions certificates or the raising of emission limit values. Further restrictions on operations may arise in the wake of court proceedings regarding license permits for conventional power plants. This applies, in particular, to the approval proceedings for the Datteln 4 hard-coal fired power plant in Germany as well as any operating restrictions for power plants owing to conflicts with the requirements for air emissions to safeguard clean air and/or with the provisions of water protection laws, e.g., the phase-out period for particularly hazardous materials for coal-fired power plants (so-called "priority substances") under Article 4 of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for the Community action in the field of water policy (the "**Water Framework Directive**"). This aims to progressively reduce pollution of surface water from priority substances and cease or phase out emissions, discharges, and other losses of priority hazardous substances, such as mercury. Moreover, with regard to hydropower plants, it cannot be ruled out that statutory requirements and regulatory conditions will be tightened, for example to safeguard the continuity of water bodies, the protection of fish, and to ensure the maintenance of facilities and water bodies, and there is the additional risk that hydropower plant concessions will expire without being renewed. Furthermore, legislative initiatives have been launched in the area of mining law to expand the liability for subsidence damage to underground storage, which is of importance for the natural gas storage activities of the Uniper Group.

Specific regulatory risks arise for the Uniper Group in connection with its activities in regulated markets, particularly Russia. While no major legislative changes occurred in the Russian energy market during the recent past, it is always possible that the Russian legislator, in particular, will alter suddenly and comprehensively the regulatory framework for the Russian energy market. For this reason, there is also no assurance that Russia will not deviate from its current policy of liberalizing the energy and capacity markets. Interventions to that effect could slow down the liberalization process or even reverse it. Also, the Russian legislator has broad influence on the Russian electricity market. For instance, the government sets the prices for a certain sales quantity in the Russian electricity and capacity market. In addition, the Russian state regulates the price of gas which has a direct impact on the price of electricity in the market for the next day (day-ahead market). Moreover, the prerequisites for participation in the capacity markets as well as the pricing in market segments (auction model for capacities, pricing in the day-ahead market, terms of payment for capacity contracts) are frequently modified, tariff indexing is postponed or canceled, and fines for the non-availability of capacities are changed. Furthermore, it must be expected that the government will make changes to the share in the overall production volume that must be sold in the regulated market. The Russian government could also further increase the applicable taxes, in particular the mineral extraction tax levied on gas producers in Russia, including SNGP. In 2016 the mineral extraction tax was increased by 36.7% based on a one-off change applicable for 2016 only. However, it cannot be excluded that this change is applied to future years as well or that the mineral extraction tax is otherwise increased.

With regard to Swedish nuclear power plants, it cannot be ruled out that – in addition to measures already taken to ensure the safe use of nuclear power, such as safety evaluations (so-called “stress tests”) at the European level – further statutory or regulatory measures will be taken. This could bring about further significant investment costs, particularly for upgrade measures, and also extended corporate audits, during which the facilities would be switched off for maintenance and inspection purposes.

If any of the risks described above materialize, this could have material adverse effects on the Uniper Group’s financial condition and results of operations.

2.7 LEGAL RISKS FOR THE BUSINESS OF THE UNIPER GROUP

2.7.1 Risks arise for the Uniper Group’s business from environmental liabilities in connection with its operating facilities and real estate.

The operation of power plants and other facilities by the Uniper Group requires compliance with a wide range of environmental and safety requirements.

Considerable expenditure may be necessary in order to ensure that the facilities, in particular nuclear, oil, coal- and gas-fired power plants, hydropower plants, natural gas storage facilities, regasification facilities, and other operating facilities, comply with all environmental and safety-related legal requirements. Otherwise, there would be the general risk that the relevant facility may only continue to be operated subject to certain restrictions or that existing licenses for the operation of such facilities may be restricted or even withdrawn. Particularly for potential accident-prone facilities, *i.e.*, facilities that exceed certain quantities of stored or processed potentially hazardous operating materials or products, there is a risk that, despite existing control measures, accidents entailing considerable potential (third-party) damage may occur.

Numerous real estate properties of the Uniper Group have been used for decades to operate power plants and other heavy industrial operations. In the past, the operation of these facilities caused environmental legacy burdens on the Uniper Group’s real estate properties, such as soil or water contamination or contamination through asbestos, or oil or coal deposits. Going forward, further environmental legacy burdens or contaminations may be discovered for which the Uniper Group will be liable. Contaminations and the costs associated with their removal could materialize, in particular, as part of decommissioning, dismantlement or remediation measures. To the extent that properties owned or used by the Uniper Group contain soil or water contamination, *e.g.*, there is, to a certain extent, an obligation to carry out protection, containment and rehabilitation measures, or to investigate potentially suspicious areas. This obligation to investigate and/or remove existing soil and/or (ground) water contamination may arise, even if the Uniper Group did not originally cause any such contamination. In particular, the Uniper Group is liable for any contamination or damage resulting from the operation of power plants under various national legal provisions, often on a strict-liability basis.

Apart from these classic environmental liability cases, the Uniper Group is subject to decommissioning, deconstruction and recultivation obligations particularly with regard to former mining activities and the storage business, which may lead to considerable costs for many years or even decades. In addition, general civil-law liability provisions as well as liability regimes under special laws and statutes, *e.g.*, obligations at mining sites, will apply.

Furthermore, with regard to any decommissioning of power plants, it should also be noted that the Uniper Group could be subject to deconstruction obligations in order to ensure that no hazardous environmental impact or other dangers, significant harm or significant nuisances for the general public and neighbors emanate from any facilities or the associated real estate, and to ensure the restoration of the proper condition of the land on which the facility is located.

Environmental liability risks also arise in connection with the inactive coke oven gas pipelines owned by the Uniper Group, whose length, location, and condition has not yet been entirely clarified. These pipelines need to be taken into account for any third-party planning activities and there is the potential that some parts will have to be dismantled. As the condition of the pipeline sections is unknown, it is not possible to rule out contamination issues. Furthermore, environmental liability risks exist with regard to groundwater contamination from previous exploratory drilling operations in connection with the operation of gas storage facilities.

In order to take financial precautions, in the widest sense, for these and other environmental and safety measures, the Uniper Group sets aside provisions, primarily for redevelopment and water

protection measures, as well as the remediation of contaminated sites, in accordance with the relevant laws and regulations. Provisions are also set aside for future recultivation and for land reclamation obligations at mining sites.

There is a risk that the provisions set aside may ultimately prove insufficient to realize all the environmental measures that may be necessary, for example because relevant statutory requirements are tightened in the future, thus necessitating greater expenditure, or because environmental damage occurs, in particular soil contamination of real estate, of which the Uniper Group is not yet aware. Particularly with respect to the inactive coke oven gas pipelines owned by the Uniper Group, whose length, location, and condition is not entirely clear, it cannot be ruled out that the provisions recognized to date will be insufficient to cover future remediation measures in full as they arise.

Furthermore, the Uniper Group may be subject to obligations relating to contamination to a greater extent than currently assumed, ultimately meaning that the provisions set aside prove insufficient, e.g., for the prevention, removal or the compensation for certain environmental damage, adverse impact on soil, contaminated sites, or (ground) water contamination. Similarly, higher investment expenditure may be necessary for the maintenance of appropriate operating structures to meet all regulatory and statutory requirements, or for the maintenance and, if applicable, retrofitting of operating facilities, or for environmental improvement and decommissioning measures that may be necessary in the future.

Should any of the risks described above materialize, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.7.2 Risks arise for the Uniper Group in connection with competition and antitrust law as well as the law governing grants and subsidies.

The Uniper Group operates in the energy sector and thus in a highly regulated market sector, where competitive and antitrust restrictions require particular attention. The extent to which, in individual countries, antitrust law provisions are of any relevance to the Uniper Group's future strategic decisions depends primarily on the relevant market position of the Uniper Group in the respective country. Particularly in countries with relatively high market shares, such as Germany, growth strategies and acquisitions may be subject to restrictions to prevent any potential violations of antitrust provisions.

Violations of competition or antitrust law may have material adverse effects. This includes the potential prohibition to consummate a transaction, the invalidity of agreements, the imposition of fines, disgorgements, as well as sanctions under criminal law. Likewise, private claims for damages may also be asserted. Even the mere suspicion of anti-competitive or antitrust behavior could have material adverse effects on the Uniper Group, as this may lead to time delays in the execution of transactions and the incurrence of legal defense costs.

On September 4, 2015, the Uniper Group, Shell, OMV, BASF/Wintershall and Engie, signed the accession agreements with Gazprom regarding the Nord Stream 2 AG project company, which intends to construct the Nord Stream 2 gas pipeline linking Russia to Germany. It is intended for the Uniper Group to hold a share of 10% in Nord Stream 2 AG, for Gazprom to hold a 50% share in Nord Stream 2 AG and for Shell, OMV, BASF/Wintershall as well as Engie to hold a 10% share each. In July 2016, the Polish competition authority UOKiK raised objections against the establishment of this consortium, by issuing a preliminary assessment, stating that it was not permissible under merger control law. The Uniper Group and the other members of the consortium reacted against these objections in mid August 2016 by issuing a joint response. Directly thereafter, the Uniper Group and the other consortium members withdrew the application with the Polish antitrust authority and annulled the relevant agreements relating to the participation in the consortium. The Uniper Group and all other potential members of the consortium still maintain the view that the project is of critical importance for the European energy system. Therefore, the Uniper Group as well as the other consortium members are reviewing alternative approaches to enable implementation. The Uniper Group runs the risk that the review of alternative approaches will reveal that participating in the pipeline project is not possible, or would only be possible subject to substantial time delays or only under substantially different general economic conditions.

The Uniper Group received grants and subsidies in the past, which reduced its expenditures and costs. Any such grants and subsidies are tied to comprehensive legal and actual criteria, such as compliance with environmental regulations or the preservation of jobs. Some of these conditions will

also need to be met in the future. To the extent that the Uniper Group fails to meet these conditions, whether in the past, present or future, such grants or subsidies may cease, or grants and subsidies received in the past may have to be repaid.

Any actual or alleged violation of antitrust or anti-competitive provisions as well as the withholding of grants and subsidies or the obligation to repay any such grants and subsidies or a prohibition of the implementation of any investment projects could have material adverse effects on the Uniper Group's business activities, as well as its financial condition and results of operations.

2.7.3 Risks arise for the Uniper Group's business from pending or threatened litigations.

A number of different court actions, arbitration proceedings as well as regulatory investigations and proceedings are currently pending against the Uniper Group, both in Germany and abroad, and further actions or proceedings may be instituted in the future. Apart from disputes under public law, this in particular includes current and future legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the energy sector (also as a consequence of the energy transition), concerning payments received in its capacity as balancing group manager (*Bilanzkreisverantwortlicher*) on the German natural gas market, because of price increases as well as the entitlement to receive any amounts reimbursed. It cannot be ruled out that the outcome of a current or future legal dispute or proceedings, which is usually difficult to predict, may significantly impair the Uniper Group's business activities or reputation or that the Uniper Group suffers a loss that exceeds the provisions set aside or any insurance cover. Moreover, there is a risk that other contracting parties initiate other proceedings in similar cases.

These aforementioned proceedings in which the Uniper Group is involved include, in particular, several court or arbitration proceedings with major customers and major suppliers on contract amendments and price adjustments in long-term electricity and gas supply contracts as well as long-term bookings of storage capacity 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 validity of the contracts in their entirety. In a ruling by the regional court (*Landgericht*) of Munich, it was found that based on the underlying facts the customer had a claim to adjust a long-term electricity supply agreement. An appeal against this ruling has been filed with the higher regional court (*Oberlandesgericht*) of Munich.

Competition in the gas market and rising trading volumes at virtual trading points and on gas exchanges could result in considerable risks for specific gas quantities purchased under long-term contracts. In addition, given the extensive upheavals in the German wholesale markets for natural gas in the past few 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 contractual terms in line with constantly changing market conditions. On this basis, the Uniper Group continuously conducts extensive negotiations with producers. The possibility of further legal disputes cannot be ruled out.

Furthermore, public-law disputes are pending in connection with the operating license of the hard coal power plant in Datteln 4, the district heating pipeline in Datteln-Recklinghausen, Germany, and the Provence 4 biomass power plant in France.

Legal disputes are subject to many uncertainties and the resulting potential obligations could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.7.4 Risks arise for Uniper Group's business in connection with protection of its intellectual property (IP).

As the Uniper Group's economic success is supported by processes, designs, and brands that are, in turn, safeguarded by proprietary rights such as patents, trademarks, and copyrights, the Uniper Group holds a portfolio of IP rights. To safeguard its research and development expenditure and avoid losing market shares to competitors, the Uniper Group endeavors to maintain existing IP rights while at the same time generating new IP rights.

However, there is no assurance that all IP rights applied for by the Uniper Group will actually be issued in all those countries where the Uniper Group files such applications and, if they are issued, that they will have the scope of protection considered adequate in the Uniper Group's view. Furthermore, the granting of a proprietary right is no assurance that the entitlements bestowed by virtue of such right can in fact be asserted, in law and in fact, against third parties to the fullest extent or that breaches can be prevented during the period of applicability of the right. Moreover, the countries in which any such

application were filed may later on have no economic relevance for the technical solutions protected; in addition, in some countries (particularly outside the EU), it may not be possible to effectively assert IP rights. Also, IP rights apply only for a limited period.

In order to benefit from its IP rights, the Uniper Group must ensure that its competitors respect these rights. This would require the Uniper Group to monitor third-party products with regard to any infringements of its IP rights. This could entail costly litigation. With regard to safeguarding the Uniper Group's IP rights, risks also arise from staff fluctuations and a lack of staff loyalty. For instance, when staff members join another company, they could pass on proprietary information to their new employer.

If IP rights are infringed or any other of the above risks were to materialize, this could have material adverse effects on the Uniper Group's business, as well as its financial condition and results of operations.

2.7.5 Risks arise for the Uniper Group's business from competitors' IP rights, which the Uniper Group must identify and respect.

Competitors and other companies apply for patents and possess IP rights, which the Uniper Group must respect. Third parties could allege that the Uniper Group has infringed their proprietary rights and initiate patent infringement or other protection proceedings. Depending on the outcome of such proceedings, which is usually hard to predict, the Uniper Group may temporarily or permanently not be able to use the relevant technologies and manufacture or sell certain products. Also, holders of IP rights may assert claims for damages against the Uniper Group. The Uniper Group may not be able to acquire the licenses required for its economic success at reasonable terms or to the necessary extent, if at all.

Any expenditure for the acquisition of licenses, for the development of alternative technologies that do not infringe IP rights, and for the payment of damages for the infringement of third-party IP rights as well as potential court injunctions prohibiting the manufacture and sale of certain products could have materially adverse effects on the Uniper Group's business activities, as well as its financial condition and results of operations.

2.7.6 Risks arise for the Uniper Group's business from the functioning of its compliance system to prevent irregularities in its business transactions.

Due to the Uniper Group's international business activities, it must comply with a large variety of different legal regulations in a large number of countries. The Uniper Group has implemented a compliance program to detect and avoid compliance risks, and if necessary to take appropriate countermeasures. However, it cannot be ruled out that members of governing bodies or staff members enter into non-authorized or illegal transactions, *e.g.*, in the capital markets, to enrich either themselves or third parties at the Uniper Group's cost, or to acquire contracts through illegal activities, through corruption, certain sales promotion measures, or anti-trust law violations in particular. In the event of illegal transactions or business practices, government agencies could institute proceedings against the Uniper Group or its staff. Along with reputational damage and the resulting loss of business, any such proceedings could also lead to penalty payments under criminal and/or civil law as well as fines, sanctions, injunctions or temporary restraining orders to inhibit future behavior, forfeiture of profits, prohibition from practicing a profession or pursuing an activity, the loss of business licenses or permits, as well as other restrictions. Aside from monetary fines and other penalties, supervisors may be appointed to examine future business practices in order to ensure that the applicable laws are being complied with. Moreover, other conditions may be imposed, forcing the Uniper Group to change its business practices and compliance program. Similarly, the financial administration may impose certain sanctions, including potential tax penalties. Furthermore, non-authorized or illegal transactions could also result in the conclusion of disadvantageous contracts.

Should any of the risks described above materialize, this could have material adverse effects on the financial condition and results of operations of the Uniper Group.

2.7.7 Risks arise for the Uniper Group's business from so-called "change-of-control clauses" or termination and/or offer rights in favor of the contracting parties following the spin-off.

The Uniper Group is party to contracts that contain particular change-of-control clauses. This relates to change-of-control provisions in connection with the spin-off of the Uniper Group from E.ON

SE and to certain financing agreements entered into with regard to the future financing of the Uniper Group. Certain other agreements may also contain a change-of-control clause that provide for a right of termination and/or offer right in favor of the creditor.

The cooperation agreement for the Gemeinschaftskraftwerk Irsching GmbH, in which Uniper Kraftwerke GmbH holds a 50.2% share (as of June 30, 2016), provides for a right of the co-shareholders to offer their shares if the ownership structure of Uniper Kraftwerke GmbH changes such that Uniper Kraftwerke GmbH no longer constitutes an affiliated company of E.ON SE within the meaning of section 15 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*, “**AktG**”). There is a risk that the completion of the spin-off of the Uniper Group from the E.ON Group or the execution of the deconsolidation agreement will be qualified as such a change of control and trigger an offer right. If one or more of the co-shareholders exercised their rights to offer the shares in Gemeinschaftskraftwerk Irsching GmbH held by them, Uniper Kraftwerke GmbH would have to acquire the shares of these co-shareholders at the value determined using the capitalized earnings method and taking into account the benefit received from the pro-rata share of the power generated over the plants’ remaining useful economic life. This would involve increased liquidity requirements in the short term, and would entail a risk in the long term that there will be only a small rate of return on the investment relating to the acquisition or that it will result in losses.

The shareholders’ agreement regarding the construction and operation of the gas pipeline between Balgzand, the Netherlands, and Bacton, Great Britain, (“**BBL**”), pursuant to which Uniper Global Commodities SE holds, through the holding company Uniper Ruhrgas BBL B.V., 20% (as of June 30, 2016) of the shares in BBL, contains a qualifying change-of-control clause. An acquisition right of the co-shareholders in respect of the shareholding will be triggered if a change of control has adverse effects on the Company or if, as part of the change of control, a competitor of the Company obtains, directly or indirectly, control over one of the parties. Even though the Company believes that under the spin-off these requirements are not met, it cannot be ruled out that co-shareholders will succeed in asserting their acquisition rights.

Where one or more key contracts are terminated by virtue of change-of-control clauses, this could have material adverse effects on the Uniper Group’s business as well as its financial condition and results of operations if the Uniper Group proved unable to conclude any follow-up agreements at comparable terms, if at all.

2.8 RISKS IN CONNECTION WITH THE OWNERSHIP STRUCTURE AND THE SPIN-OFF

2.8.1 Risks of a loss of business opportunities, greater procurement costs and inefficiencies arise for the Uniper Group’s business from the spin-off from the E.ON Group.

In the past, the Company was able to profit to a certain extent from the E.ON Group’s business activities, primarily with respect to financing and services in the areas of personnel, property, information technology, intellectual property, legal, compliance, procurement, export control, treasury, and financial services, but also in other areas. It cannot be ruled out that E.ON SE’s significantly reduced interest in the Company might restrict this collaboration in the future. In this case, the Uniper Group could lose out on business opportunities that it had previously enjoyed because business partners had factored other business opportunities with the entire E.ON Group into their decision as to whether and on what terms they would enter into business relationships. In the past, the Uniper Group was able to benefit from the E.ON Group’s size and purchasing power, particularly in relation to the procurement of infrastructure services, commodities and other services. Following its spin-off from E.ON SE, the Uniper Group will be a smaller and less diversified company than E.ON SE prior to the spin-off. As a separate, independent listed company, the Company may be unable to obtain all types of services and products at the same favorable prices and conditions as prior to the spin-off or be unable to leverage efficiencies accordingly.

The restructuring of the E.ON Group and the spin-off of the Uniper Group and the associated change in the respective business activities and new segmentation were the subject of comprehensive, highly complex legal and organizational measures. The implementation of these measures has given rise to inefficiencies in the past and it must be assumed that going forward it will be necessary to make adjustments in the future associated with additional costs and expenses.

The loss of business opportunities and procurement advantages as well as the loss of efficiencies associated with being part of the E.ON Group could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.8.2 Risks arise for the Uniper Group's business from the dependency on services of E.ON Business Services GmbH with respect to Human Resources, Accounting and IT.

The E.ON Group holds all shares in EBS, which provides services to the Uniper Group in the areas of human resources ("HR"), accounting and IT. In the past, EBS had rendered these services for a large number of companies of the E.ON Group, including the companies of the Uniper Group of today. As part of the Uniper Group's spin-off, Uniper Holding GmbH has entered into a cooperation agreement with E.ON Beteiligungen GmbH and EBS governing EBS's provision of administrative services also for the Uniper Group for a transitional period until April 2018. During this transitional period, until the transfer of the respective functions from EBS to the Uniper Group, the Uniper Group will, in the context of its business operations, be dependent on EBS's administrative functions. It is expected that even beyond 2018, both the Uniper Group and the E.ON Group will continue to hold shares in a company established for the purpose of jointly managing the provision of pension services (being part of human resources services).

The Company has entered into agreements with E.ON SE and subsidiaries of E.ON SE, pursuant to which E.ON SE or the relevant subsidiaries will render certain transitional services for the Company for a limited period of time. However, it is possible that these services will not be sufficient to cover the relevant need and when these agreements with the E.ON Group expire, the Company may be unable to replace these services or obtain them at the same or comparable prices or terms and conditions. Should the above described be the case, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.8.3 Risks arise for the Uniper Group's business from creating its own financial structures and third party agreements.

In the past, the Uniper Group was financed primarily via the E.ON Group pursuant to the group's own financing principles. The Uniper Group will continue to be integrated in the E.ON Group's financial structures until the spin-off enters into effect. The Uniper Group post listing will, *inter alia*, no longer be integrated in the E.ON Group's cash management system. Although the Uniper Group has entered into new financing agreements in this regard in the form of syndicated bank loans, there is no guarantee that it will in future be able to obtain from third parties the funds it requires to finance itself as an independent company at all or at economically reasonable terms and conditions, such as in relation to the provision of loan collateral. Should this not be the case, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.8.4 Risks arise for the Uniper Group's business from the need to establish the structures and competencies to meet the various regulatory, legal and other requirements.

Since the Company will be listed, the management must, to the extent it has not already occurred, establish the necessary expertise to provide for an efficient internal accounting and control system, risk management systems and processes and to comply with various regulatory, legal and other requirements applicable to independent listed companies, including requirements relating to corporate governance, admission criteria, financial reporting and investor relations. The Uniper Group has had to carry out key group functions itself following its commencement of independent operations in January 2016. In so doing, the management must review the internal management and control mechanisms for the Uniper Group against the backdrop of its new status as an independent listed company and make necessary adjustments to reflect this new status. There is a risk that the Company will not be able to achieve this efficiently and in due time. Furthermore, it is conceivable that the post-spin-off structure of the Uniper Group will not satisfy the requirements of successful corporate governance or meet the expectations of its shareholders or prospective investors. All of the aforementioned factors could individually or cumulatively have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.8.5 Risks arise for the Uniper Group's business from increased expenses for administrative, financing and associated activities.

In the past, as part of the E.ON Group, the Company had access to a broad range of administrative, financial, IT, logistics and other services provided centrally to the E.ON Group companies. The financial statements included in this Prospectus for the period prior to the spin-off from E.ON SE do not fully reflect the additional costs that the Company will incur in the future as an

independent listed company. The Company could incur additional administrative expenses as an independent listed company, including expenses for services which the E.ON Group will continue to render for a fee pursuant to service agreements, although it will render these services at prices reflecting those which would be negotiated at arm's length. As a significantly smaller company, the Company could also lose certain economies of scale which the E.ON Group was able to leverage in the area of administrative activities. The Company is not an organically grown structure but rather a newly created structure, and it is possible that this will increase the costs. Moreover, in the future, the Uniper Group will no longer be able to take advantage of financing provided to it either directly by the E.ON Group or by third parties – on the basis of collateral and guarantees provided by the E.ON Group. Without the further support in this regard from the E.ON Group and depending on the Company's own creditworthiness and financial strength, it could become more difficult and more expensive for the Company as an independent company to obtain future financing and to provide guarantees as collateral for contractual obligations to third parties. Any of the developments noted above could have material adverse effects on the competitive position, the business and the financial condition and results of operations of the Uniper Group.

2.8.6 Risks arise for the Uniper Group's business from its complex financial history. It is possible that the Combined Financial Statements prepared for, and included in, the Prospectus will not provide sufficient information on the results and financial development of the Uniper Group as an independent company.

The Company has operated under the name E.ON Kraftwerke GmbH ("EKW") and was reorganized in December 2015 into a German stock corporation (*Aktiengesellschaft*, "AG"), and in April 2016 into a European stock corporation (*Societas Europaea*, "SE"). EKW's business was significantly different to that of the Company after the corporate restructuring. The Company is an issuer with a complex financial history. Therefore, Combined Financial Statements for fiscal years ending on December 31, 2015, 2014 and 2013 were prepared for the purposes of the Prospectus. The Company's Combined Financial Statements for fiscal years ending on December 31, 2015, 2014 and 2013 contained in the Prospectus present the development of the financial condition and results of operations of the Uniper Group's future business activities, as they historically evolved under the management of the E.ON Group and as they were included in E.ON SE's consolidated financial statements. For this reason, the historical financial information presented in the Prospectus only provides limited indications on which a forecast of the Uniper Group's combined business activities can be based. The Uniper Group's economic situation, as presented with regard to its financial condition and results of operations, therefore does not necessarily reflect the economic situation that would have arisen if it had already existed as an independent exchange-listed group of companies in fiscal years ending on December 31, 2015, 2014 and 2013.

The Combined Financial Statements of Uniper SE for the fiscal years ending on December 31, 2015, 2014 and 2013 were prepared on the basis of various assumptions and estimates affecting the presentation and amounts reported for assets, liabilities and equity, income and expenses, and contingent liabilities. Assumptions and estimates were used in particular when combining the recognized amounts for income tax and the inclusion of certain subsidiaries held during the reporting period by the E.ON Group and when allocating services which were not on-charged in the past. Assumptions and estimates are subject to risks and the historical financial information as presented in this Prospectus does not necessarily reflect in full the changes that would have occurred or which would occur if the Uniper Group had operated as an independent listed group of companies. Should the risk noted above materialize, this could have material adverse effects on the business and the financial condition and results of operations of the Uniper Group.

2.8.7 Risks arise for the Uniper Group from claims under the German Reorganization Act as a consequence of the spin-off (so-called continued liability (*Nachhaftung*) and the creditors' right to be provided with collateral).

In accordance with section 133 (1) and (3) of the German Reorganization Act (*Umwandlungsgesetz*, "UmwG"), the Company will be jointly and severally liable with E.ON SE for any liabilities that remain with E.ON SE and were incurred prior to the spin-off entering into effect if such liabilities fall due within five years after the registration of the spin-off in E.ON SE's commercial register has been announced and a claim against the Company of the type described in section 197 (1) nos. 3 to 5 of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB") is determined by a court of law or an

enforcement measure has been taken by a court or a government authority or such measure has been applied for. With regard to public-law liabilities, the issuance of an administrative act will suffice for this purpose. As for retirement benefit obligations under the German Company Pension Act (*Betriebsrentengesetz*), this deadline will be extended from five to ten years. The liability of the Company pursuant to section 133 (1) and (3) of the UmwG only applies to E.ON SE's own liabilities and does not apply to liabilities of the subsidiaries of E.ON SE.

Accordingly, although the Company is not directly liable for the losses of E.ON SE's subsidiaries, E.ON SE has entered into domination and profit and loss transfer agreements with its subsidiaries with respect to their losses and is thus obligated to absorb such losses to the extent the respective subsidiary's reserves or the profits of other subsidiaries cannot be used to offset those losses. Thus, the Company's joint and several liability also includes E.ON SE's obligation to absorb losses.

Consequently, the provisions of section 133 (1) and (3) of the UmwG do not give rise to any direct liability of the Company for the fulfilment of payment obligations related to the shutdown and the decommissioning of nuclear power plants and the disposal and final storage of radioactive waste from the German nuclear energy business remaining within the E.ON Group. These obligations do not affect E.ON SE, which is a party to the spin-off, but its indirect subsidiary PreussenElektra GmbH ("**PreussenElektra**"). Only to the extent that present and future obligations under German atomic energy law entail a loss on the part of PreussenElektra and, consequently, a loss on the part of its direct parent company, *i.e.*, E.ON Energie AG, and provided that E.ON SE is liable for such loss pursuant to section 302 of the AktG under the domination and profit and loss transfer agreement entered into between E.ON SE and E.ON Energie AG, will the Company be subject to indirect liability to E.ON Energie AG in the five-year period specified (section 133 (3) sentence 1 of the UmwG) in the amount of the loss compensation obligation.

E.ON SE and the Company agreed in the spin-off and transfer agreement (the "**Spin-off and Transfer Agreement**") to indemnify the Company in the event that existing claims of any third parties against E.ON SE are asserted by such third parties against the Company. Should any creditors of E.ON SE enforce such existing claims against the Company and should E.ON SE not satisfy its obligations to indemnify the Company, this could materially adversely affect the business and the financial condition and results of operations of the Uniper Group.

Furthermore, pursuant to the UmwG, the Company's creditors may, within six months after the date on which the spin-off was registered in the Company's commercial register, require the Company to provide collateral if they are unable to have their claims satisfied and if they can credibly demonstrate that the spin-off placed the satisfaction of their claims in jeopardy. Should the Company be required to provide such collateral, this could materially adversely affect the business and the financial condition and results of operations of the Uniper Group.

2.8.8 The Uniper Group's business is exposed to risks arising from the E.ON Group's German nuclear activities as a result of the implementation of the German Federal Government's legislative initiative on continuing liability for nuclear disposal costs.

On November 9, 2015, the German Federal Government introduced a draft bill for the Act on Continued Liability for the Dismantling of Nuclear Power Plants and the Disposal of Nuclear Waste (*Entwurf eines Gesetzes zur Nachhaftung für Rückbau- und Entsorgungskosten im Kernenergiebereich*, printed matter 18/6615 of the German Federal Parliament (*Bundestag*), "**Continued Liability Bill**") in the Federal Parliament. The Continued Liability Bill provides for a statutory continued liability of companies for nuclear power plant operators that are directly or indirectly dominated by them. In this regard, domination of an operator is assumed if the company directly or indirectly holds half of the shares or voting rights. The continued financial liability refers to the costs of the decommissioning and dismantling of their nuclear power plants and to the costs of the disposal and the final storage of radioactive waste. Liability continues to attach even if the dominating company – for example by means of a spin-off of the operators to a company not dominated by the dominating company – loses its dominating influence on the operators. Pursuant to the Continued Liability Bill, continued liability ends only after all of the operator's deliverable materials have been delivered to a final storage facility for radioactive waste of the Federal Republic of Germany and after these materials have been sealed.

On June 1, 2016, the German Federal Government issued a statement regarding implementation of the recommendations made by the Nuclear Phase-out Financing Review Commission (*Kommission*

zur Überprüfung der Finanzierung des Kernenergieausstiegs, “KFK”) and announced that it was preparing a legislative initiative that would govern the details of implementation. This will also include the aspect of continued liability on the part of spun-off group divisions. The goal is to extend the scope of the Continued Liability Bill to include liability of spun-off companies and business divisions for continued liability obligations to a yet-to-be-established public law fund. According to the recommendation of the KFK, companies for nuclear power plant operators have to transfer the funds needed for the interim and final storage of radioactive waste (which, on December 31, 2014, corresponded to an amount of €17.2 billion made available by all energy supply companies in total) to a public law fund for the purpose of an assumption of such tasks by the state. Companies can transfer this liability in full to the state in return for payment of a risk premium of approximately 35%. The continued liability obligation of the spun-off company or business division applies until the funds needed for the interim and final storage including a related risk premium have been transferred. According to the intentions of the German Federal Government, all spin-offs concluded after June 1, 2016 are to fall within the scope of the extended provision (that has not come into force and is insofar not yet involved in the parliamentary procedures).

If the Continued Liability Bill is enacted in the form envisaged by the Federal Government in its statement of June 1, 2016, the Company could face continued liability after the spin-off, going beyond the continued liability prescribed under the UmwG (see “2.8.7 Risks arise for the Uniper Group from claims under the German Reorganization Act as a consequence of the spin-off (so-called continued liability (Nachhaftung) and the creditors’ right to be provided with collateral)”), and be liable for the share of the costs of interim and final storage of radioactive waste attributable to the operators dominated by E.ON SE until the funds necessary for interim and final nuclear storage, plus a risk premium of approximately 35% of the required funds, have been paid.

E.ON SE and the Company agreed in the Spin-off and Transfer Agreement to indemnify the Company in the event that existing claims of any third parties against E.ON SE are asserted by such third parties against the Company, so that the Company’s risk is limited to cases where E.ON SE does not satisfy its obligations to indemnify the Company. There is a risk that the obligation to indemnify the Company will become time-barred at the end of December 31, 2026, unless some action operates to suspend or interrupt the limitation period.

In the event that: (i) the Continued Liability Bill is implemented to include a scheme whereby spun-off companies or company divisions are also liable for payments to the yet-to-be established public law fund; (ii) the scheme is constitutional; (iii) PreussenElektra fails to meet its obligations to make payments into the yet-to-be established public law fund for the interim and final storage of radioactive waste; and (iv) E.ON SE does not meet its own obligations under the Continued Liability Bill or its obligations to indemnify the Company under the Spin-off and Transfer Agreement, or if these fall under the statute of limitations, the Company would be subject to continued liability. This would have a material adverse effect on the business and on the financial condition and results of operations of the Uniper Group.

2.8.9 Risks arise for the Uniper Group’s business from unutilized tax loss carryforwards, interest carryforwards and EBITDA carryforwards for tax purposes of the Company and its subsidiaries which may have been lost in the implementation of the spin-off.

Unutilized losses and interest carryforwards are forfeited in full and can no longer be deducted if within five years more than 50% of the share capital or voting rights in a corporation are transferred either directly or indirectly to an acquirer or its related parties or a group of acquirers with similar interests or if a comparable situation arises (harmful acquisition of shares). If more than 25% and up to 50% of the share capital or voting rights in a corporation are transferred or another harmful acquisition of shares takes place within the meaning of the foregoing sentence, unutilized losses and interest carryforwards only expire in proportion to the amount of capital or voting rights transferred. The foregoing limitations do not apply if the share capital or voting rights in the corporation are transferred to acquirers belonging to the same group of companies described in greater detail in the relevant statutory provisions, to which the respective corporation belongs (group clause) or to the extent the losses do not exceed the taxable hidden reserves in Germany (exemption provision). It is presently unclear whether the limitations applicable to current losses, unutilized losses and interest carryforwards also apply to any existing EBITDA carryforwards for tax purposes (pursuant to section 4 h (1) sentence 3 of the German Income Tax Act (*Einkommensteuergesetz*)). The spin-off could result in a harmful acquisition of shares if the companies of the Uniper Group are acquired by another indirect shareholder to the extent specified above. Taking into consideration the current tax

legislation, the loss of unutilized losses and interest carryforwards can in particular only be avoided if and to the extent that the working capital of the respective company in Germany includes taxable hidden reserves. If any of the above mentioned risks were to materialize, this could have material adverse effects on the Uniper Group's financial condition and results of operations.

2.8.10 Risks arise for the Uniper Group's business from E.ON SE's ability to exert influence on the Company as a consequence of the (indirect) minority interest of 46.65% in the share capital held after the spin-off from E.ON SE.

The entry into effect of the spin-off of the Uniper Group and the transfer of Uniper shares to the shareholders of E.ON SE as consideration for the spin-off will result in the reduction of E.ON SE's indirect shareholding – through its wholly owned subsidiary E.ON Beteiligungen GmbH – in Uniper SE to 46.65% of the share capital and voting rights. Currently, two members of the twelve-person supervisory board of the Company are concurrently members of the board of management of E.ON SE. It is intended that Dr. Johannes Teyssen, Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker will resign their positions in the first half of 2017, at the latest, following which only one member of the twelve-person supervisory board of the Company will concurrently be a member of the board of management of E.ON SE. In addition, the Chairman of the supervisory board of the Company is a former member of the board of management of E.ON SE. Depending on attendance at the relevant general meeting of the Company, E.ON SE's 46.65% equity interest could constitute a simple majority of voting rights or even a qualified majority. The average number of valid votes cast in the last three general meetings of E.ON SE was in 2014 at approximately 32%, in 2015 at approximately 33% and in 2016 at approximately 45% of the share capital of E.ON SE. Depending on attendance at the general meeting of the Company, E.ON SE's remaining (indirect) equity interest following the spin-off could also enable it to outvote the other shareholders to pass resolutions requiring a mere simple majority. Such resolutions include in particular resolutions on the appropriation of net profits and resolutions to ratify the actions of the board of management and the supervisory board. These resolutions need not necessarily coincide with the interests of the other shareholders. With respect to the election of members of the Company's supervisory board, E.ON SE intends, together with E.ON Beteiligungen GmbH, to enter into a deconsolidation agreement in the first half of 2017 at the latest, in which it will undertake not to exercise its voting rights with respect to the election of two of the six shareholder representatives to the Company's supervisory board. If attendance is low at the general meeting and the (indirect) shareholding of E.ON SE represents a qualified majority of 75% of the voting rights in attendance, E.ON SE can also outvote the other shareholders to pass resolutions requiring a qualified majority of votes cast or share capital represented, such as resolutions relating to capital increases to finance acquisitions, investments or other objectives. These resolutions, too, need not necessarily be in the interests of the other shareholders. In addition, E.ON SE can block resolutions by the general meeting requiring a qualified majority. Should E.ON SE's influence be exercised in a manner that conflicts with the interests of the other shareholders, this could have a material adverse effect on the business and the financial condition and results of operations of the Uniper Group.

2.9 RISKS IN CONNECTION WITH THE START OF TRADING IN UNIPER SE SHARES AND CAPITAL MARKET TRANSACTIONS

2.9.1 Risks arise for the Uniper Group's business from being a listed company, which includes additional requirements entailing considerable costs, including, but not limited to, the preparation of quarterly statements.

Once the Company is listed on the stock exchange following its spin-off, it will be subject to the statutory provisions governing the Regulated Market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with the additional post-admission requirements of the Prime Standard and the stock exchange rules and securities laws regulations associated with the listing. These require, besides the publication of quarterly financial statements within two months after the end of each quarter and financial reporting in accordance with IFRS, the publication of ad-hoc disclosures and the holding of analyst events. In addition, the prohibition on insider trading, the obligation to maintain insider lists and the prohibition on market manipulation apply. Listed companies are also subject to stricter requirements in relation to accounting, controlling, risk management and corporate governance; as a non-listed company within the E.ON Group, the Company was not obligated to comply with such requirements in the past. Compliance with these requirements will necessitate additional human resources and result in additional costs, and a failure to comply with these

requirements may result in regulatory fines or punitive measures. In addition, the Company will be required to hold a public general meeting in the future, which the Company did not carry out in this form in the past. In addition, listed companies are subject to stricter requirements with respect to market communication and investor relations. These additional activities will require more of the management's and additional employees' time, which will not be available for the operating business and this could have a material adverse effect on the financial condition and results of operations of the Uniper Group.

2.9.2 Risks of share price losses arise for investors from potential sales of the Company's shares at the present time or in the future.

After the spin-off enters into effect and trading in Uniper shares begins, a significant number of these shares could be sold and Uniper's share price could accordingly experience a sharp decline. Such a decline in the price of the shares could be due to shareholders selling their Uniper shares because they do not wish to invest in the activities which have been spun off and new investors refrain from buying Uniper shares in the same volume, e.g., because the Company does not yet have a history as an independent company. Above all, it is likely that the shares of the Company will not be included in the same share indexes as those which currently include the shares of E.ON SE. This means that shareholders who, in accordance with investment guidelines or for other reasons, can only invest in shares in a certain share index which currently includes E.ON SE are required to sell the Uniper shares immediately after they are listed.

Moreover, the Company will not be establishing its own American Depositary Receipts ("ADR") program in the United States when its shares are listed. This means that the shares of E.ON SE, which are available for sale in the United States in the form of ADRs, will be sold by a representative of the depositary when the spin-off enters into effect. The proceeds (after costs and applicable taxes) from the sale of the shares in the Company allocated to ADR holders in the course of the spin-off will be distributed to them. It is therefore possible that shortly after the Company shares are listed on the Regulated Market, there will be significant pressure to sell, and this could have a negative impact on the Company's share price.

The shareholders are not subject to any lock-up, with the exception of E.ON SE's remaining 46.65% (indirect) minority interest in the Company after the spin-off. If E.ON SE sells a significant amount of its shares on the stock exchange as a result of an exemption from its lock-up obligation or after the lock-up period, which begins on September 1, 2016 and expires 90 days after the first day of trading in the Company's shares on the Frankfurt Stock Exchange, or if the market anticipates such a sale, this could negatively affect the share price. Share price losses could have material adverse effects on the business and financial condition and results of operations of the Uniper Group.

2.9.3 Risks arise for investors due to the fact that there is no guarantee that an active and liquid market will develop for the shares of the Company.

Prior to their listing, there was no public market for the shares of the Company. There is no guarantee that a liquid market for trading in the shares of the Company will develop and become established. Investors may be unable to sell their shares quickly or at a fair market price if no active market exists for the shares. If no active and liquid market develops, this could have adverse economic effects on an investment in the shares of the Company.

2.9.4 Risks arise for investors from several factors which can have an adverse effect on Uniper's stock price and stock price volatility.

Prior to the Company's spin-off from E.ON SE, there was no public market for the Company's shares. Following the listing, share turnover and the share price may be subject to significant fluctuations, particularly because a significant number of Uniper shares will be credited to the securities accounts of the shareholders of E.ON SE without them having made their own investment decision, and these shareholders may not wish to invest in the shares of the Company in the long-term or at all. It is also possible that institutional investors are prohibited from investing in the Company shares due to their investment policies. Furthermore, it is possible that investors have not formed a sufficient opinion on which to base an investment decision or to assess the Uniper Group.

If the price of the Company's shares falls, investors may be unable to sell their shares at what they consider to be an appropriate share price. Further conditions which could negatively affect the share

price or which could result in strong fluctuations in turnover in the shares include, *inter alia*, changes in the Uniper Group's financial figures, profit forecasts (if any), changes in the economic situation of energy companies, takeover offers, negative changes affecting competitors or negative deviations from investor and analyst expectations. Changes in the Uniper Group's strategy, risk assessment, shareholder structure or other factors could also have an adverse effect. Finally, general fluctuations in share prices, particularly for the shares of other companies in the energy sector, may result in price pressure on the shares of the Company, even if this was not caused by the business or the business development of the Uniper Group. This could have adverse economic effects on an investment in the Company's shares.

2.9.5 Risks arise for investors that the cumulative value of the shares of the Company and the shares of E.ON SE might not reach or exceed the value of the shares of E.ON SE prior to the spin-off.

Following the spin-off, E.ON SE's shares will continue to be listed and will trade as of the trading day following the entry into effect of the spin-off, taking into account the spin-off. There is no guarantee that the total of the E.ON SE share price after the spin-off and the share price of the Company shares allocated to the E.ON SE shareholders in accordance with the allocation ratio, will be equal to or higher than the E.ON SE share price prior to the spin-off. Until the market has fully priced the business of the E.ON Group excluding the business of the Company and also priced the business of the Company as an independent company, the shares in the Company and E.ON SE may be subject to significant fluctuations, and this could have material adverse effects on an investment in the shares of the Company.

2.9.6 Share price risks arise for investors from the issue of new shares as part of capital increases (including issues of bonds with conversion rights or obligations) or the reallocation of existing shares.

In the future, the Uniper Group may raise capital by issuing new shares or bonds with conversion rights/obligations. The execution of such securities transactions may be subject to restrictions on investors' participation on the basis of foreign regulations under securities laws, particularly in the United States. The issue of further shares or securities with conversion rights could materially adversely affect the share price and would result in a dilution of existing shareholders' economic and voting rights if no subscription right is granted to the existing shareholders but rather is excluded. Since the timing and nature of any future offerings depends on the market conditions prevailing at the time of such an offering, it is not possible to comment on or provide estimates of the amount, timing or nature of any future offering. Therefore, the shareholders bear the risk that future offerings might put pressure on the share price and/or dilute their interests in the Company. Such a dilution could also occur if other companies are acquired or investments in companies are made in exchange for newly issued shares in the Company and if employees exercise stock options granted to them in the context of future stock option plans or if shares are issued in the context of future employee stock purchase programs. Should one or more of these risks materialize, this could have material adverse effects on an investment in the shares of the Company.

2.9.7 If the Company is a passive foreign investment company for US federal income tax purposes for any taxable year, it could result in adverse US federal income tax consequences for US shareholders.

If the Company were a "*passive foreign investment company*" (a "**PFIC**") within the meaning of section 1297 of the US Internal Revenue Code of 1986, as amended, for any taxable year during which a US shareholder holds shares in the Company, certain adverse US federal income tax consequences may apply to the US shareholder. Based on the present nature of the Company's activities and the present composition of its assets and sources of income, the Company does not expect to be treated as a PFIC for its current taxable year. However, PFIC status depends on the composition of the Company's income and assets and the fair market value of those assets from time to time, as well as on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. This determination is made annually and cannot be completed until the close of a taxable year. Moreover, the application of the PFIC rules to the Company's sale of commodities and commodities hedging transactions is unclear. Thus, no assurance can be given that the Company is not or will not become a PFIC due to its income or asset composition or changes to the composition

of its income or assets or changes in the fair market value of its assets (including goodwill). US shareholders should review “19. *Certain US Federal Income Tax Considerations*” and should consult their tax own advisers regarding the US federal income tax consequences applicable to shareholders in a PFIC.

3 GENERAL INFORMATION

3.1 DOCUMENTS ON DISPLAY

For the period until September 2, 2017 during which this Prospectus is valid, the following documents (or copies thereof) may be inspected during regular business hours at the offices of the Company, E.ON-Platz 1, 40479 Düsseldorf, Germany:

- the currently applicable version of the Company's articles of association (the "**Articles of Association**");
- the audited combined financial statements of the Company (prepared in accordance with IFRS and the interpretations of the IFRS IC as adopted by the EU Commission as at the end of the reporting period for application in the EU) for the fiscal years ending on December 31, 2015, 2014 and 2013 (the "**Combined Financial Statements**");
- the unaudited condensed consolidated interim financial statements of the Company (prepared in accordance with International Accounting Standard ("**IAS**") 34 (for interim financial reporting)) for the six-month period ending on June 30, 2016 (the "**Consolidated Interim Financial Statements**");
- the audited annual financial statements of the Company (prepared in accordance with the HGB) for the fiscal years ending on December 31, 2015, 2014 and 2013.

The aforementioned documents will also be available for the period during which this Prospectus is valid on the Company's website (<http://www.uniper.energy>). The Company's future annual, consolidated and interim financial statements will also be available at the Company's offices and in electronic form on the aforementioned website.

3.2 SUBJECT MATTER OF THIS PROSPECTUS

The subject matter of the Prospectus for purposes of admission to trading relates to 365,960,000 no-par value registered shares (the "**Shares**"), each such Share representing a notional interest in the Company's share capital of €1.70 (entire share capital after the non-cash capital increase enters into effect in connection with the spin-off and transfer of all the shares in Uniper Beteiligungs GmbH to the Company and issuing shares representing a 53.35% interest in the Company's share capital to the shareholders of E.ON SE).

3.3 FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. These include statements about future profitability, plans and expectations concerning the business and management of the Uniper Group, the Uniper Group's growth and earning capacity as well as general economic and regulatory conditions and other factors which could affect the Uniper Group.

The forward-looking statements contained in this Prospectus are based on current estimates and assumptions by the Uniper Group made to the best of its knowledge at the present time. These forward-looking statements are subject to risks, estimates, assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual results, including with respect to the Uniper Group's financial position and results of operations, performance, achievements or business success to differ materially from or fail to meet the expectations expressed or implied in such forward-looking statements. In light of the uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. Any forward-looking statements are qualified in their entirety by reference to the factors discussed in this Prospectus. Actual results, performance or events may differ materially from those in such statements due to, without limitation:

- changes in general economic and financial conditions;
- changes in the prices of energy and commodities;
- changes in the technologies used in energy supply;
- political, legal and regulatory changes in the markets in which the Uniper Group operates;
- changes in the competitive situation;
- changes in laws and regulations;

- changes in exchange rates;
- changes in interest rates; or
- adverse effects from current or future litigation.

The Uniper Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or forecast in this Prospectus to become inaccurate. Investors are therefore urged to read the following sections of the Prospectus in particular: "2. *Risk Factors*", "9. *Management's Discussion and Analysis of Financial Condition and Results of Operations*", "10. *Market and Competition*", "11. *Business*" and "22. *Recent Developments and Outlook*" for a more detailed discussion of the factors that could impact the Uniper Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur, and forward-looking estimates and forecasts derived from third-party studies that have been reproduced in this Prospectus may prove to be inaccurate (see "3.5 *Presentation of Market Data Sources*"). Neither the Company nor J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, E14 5JP London, United Kingdom ("**J.P. Morgan**") or Morgan Stanley Bank AG, Junghofstrasse 13-15, 60311 Frankfurt am Main, Germany ("**Morgan Stanley**", and together with J.P. Morgan, the "**Listing Agents**") are under any obligation to update forward-looking statements or adjust them to reflect future events or developments beyond that which is required by law. The risks specified in this Prospectus might not be the only risks to which the Company is exposed. New risk factors may arise at any time and the Company is not in a position to predict all the risks to which its business is exposed nor the extent to which each of these risk factors or any combination thereof may cause actual results to differ materially from those described in the forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictors of actual results.

3.4 CURRENCY INFORMATION

Figures in this Prospectus stated in "€" or "euros" refer to the single currency of the participating member states in the third stage of the European Economic Union pursuant to the Treaty establishing the European Community. Figures stated in other currencies refer to the official currency of the respective country. The functional currency of the Uniper Group is the euro and the Combined Financial Statements and Consolidated Interim Financial Statements have been prepared in euros.

3.5 PRESENTATION OF MARKET DATA SOURCES

Certain information provided in this Prospectus on the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which the Company operates stems from publicly available external sources, the most important of which are listed below:

- EU Commission, Energy Union Package, February 25, 2015;
- EU Commission, Appendix to the Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Renewable energy progress report, June 2015;
- IEA, World Energy Outlook 2015, November 2015;
- IEA, Medium-Term Gas Market Report, July 2016;
- IHS Energy, January 2016 European Base-Load Wholesale Power Price and Spreads Projections to 2021, August 4, 2016;
- IHS CERA, European Gas Supply & Demand Outlook to 2040 – Rivalry, July 2016;
- IHS CERA, European Gas Long-Term Price Outlook, July 2016;
- IHS CERA Energy, July 2016. Planning Scenario Data for European Power, July 28, 2016;
- IHS CERA, Long-Term LNG Market Outlook, July 2016;
- IHS, LNG Market SnD Gap, July 2016;
- IHS, IHS Energy Insight, July 2015;

- IHS Global Insight, World Economic Service, July 2016;
- IHS, Steam Coal Seaborne Exports and Imports Outlook to 2040, July 2016;
- IMF, World Economic Outlook Data Base, July 2016.

To the extent not otherwise indicated, the information contained in this Prospectus relating to the market environment, market developments, growth rates, market trends and competition in the markets in which the Uniper Group operates are based on assessments of the Company, which are based in part on internal observations of the market and on market studies. Moreover, the public and nonpublic market studies specified above are also cited in certain places in this Prospectus. The market data and other information on the basis of which third parties have prepared their studies or the external sources on which the assessments are based have not been independently verified by the Company or the Listing Agents. Therefore, the Company and the Listing Agents assume no responsibility for the accuracy of the information relating to the market environment, market developments, growth rates, market trends and the competitive situation presented in this Prospectus from third-party studies or the accuracy of the information on which the assessments in these studies are based.

To the extent the Company's assessments are based on information that is not available from publicly available sources, the Company believes that it has prepared these assessments with due care and that these assessments reproduce the relevant information in a neutral manner. All the information in this Prospectus that the Company derived from publicly available sources or otherwise sourced from third parties has been accurately reproduced and cited accordingly. As far as the Company is aware and able to ascertain from the information published by external sources, no facts have been presented that would render the information reproduced in this Prospectus incorrect or misleading. Nevertheless, investors should bear in mind that market studies are often based on information or assumptions which may not always be precise or appropriate, and that the methods they use are themselves inherently forward-looking and speculative.

3.6 LOCK-UP AGREEMENTS

There exist the following lock-up agreements.

During the period commencing on September 1, 2016 and ending 90 days after the first day of trading of the Shares on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), without the prior written consent of the Listing Agents (which may not be unreasonably withheld), E.ON SE will not (except for transactions with companies of the E.ON Group, provided that such group companies assume towards the Listing Agents the lock-up obligation for the then remaining part of the lock-up period of E.ON SE) (1) offer, pledge, allot, sell any Shares or sell any related option, purchase any option to sell, or otherwise transfer or dispose of, directly or indirectly, any Shares; and (2) propose any increase in the share capital of the Company, vote in favor of such a proposed increase or otherwise support any proposal for the issuance of shares of the Company, including option rights for Shares. This restriction shall not apply to sales, effected other than through (1) trades on a stock exchange and (2) transactions similar to stock-exchange trades (such as accelerated bookbuilding offerings) provided that the purchaser of such Shares assumes towards the Listing Agents the lock-up obligation of E.ON SE for the then remaining part of the lock-up period. It shall also not apply to disposals of Shares in the context of a public takeover bid or purchase offer made by a third party.

During the period commencing on September 1, 2016 and ending 90 days after the first day of trading of Shares on the Frankfurt Stock Exchange, without the prior written consent of the Listing Agents, the Company will not other than required by law (1) announce or effect an increase of the share capital of the Company out of authorized capital; or (2) submit a proposal for a capital increase to the general meeting for resolution; or (3) announce to issue, effect or submit a proposal for the issuance of any securities with conversion or option rights for Shares; or (4) enter into a transaction or perform any action economically similar to those described in (1) through (3) above.

The Company may, however, offer, sell and issue options, warrants and shares of the Company (i) under future employee share purchase and share option schemes or (ii) as partial or full consideration for a business acquired by the Group or for purposes of entering into a joint venture, provided that the Company shall use its best efforts to negotiate an undertaking of the recipient of the Shares or such other securities of the Company to comply with the restrictions contained in the lock-up agreements.

3.7 PRESENTATION OF FINANCIAL INFORMATION

3.7.1 General

The Combined Financial Statements of the Company for the fiscal years ending on December 31, 2015, 2014 and 2013 were audited in accordance with the International Standards on Auditing (ISA) by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (“**PwC**”), Moskauer Straße 19, 40227 Düsseldorf, Germany, which issued an unqualified auditor’s report. The Combined Financial Statements were prepared in accordance with IFRS, as adopted by the EU and the interpretations of the IFRS IC adopted by the EU Commission as at the end of the reporting period for application in the EU. PwC is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), with its registered office in Berlin.

The Consolidated Interim Financial Statements of the Company for the six-month period ending on June 30, 2016 in accordance with IFRS were prepared in accordance with IAS 34 (Interim Financial Reporting) and have not been audited.

The annual financial statements of Uniper AG for the fiscal year ending on December 31, 2015 (HGB), the annual financial statements of E.ON Kraftwerke GmbH for the fiscal year ending on December 31, 2014 (HGB), and the annual financial statements of E.ON Kraftwerke GmbH for the fiscal year ending on December 31, 2013 (HGB) were audited by PwC and were each issued an unqualified auditor’s report. In addition, statements of cash flow and statements of changes in equity for each of the aforementioned annual financial statements were also provided on a voluntary basis and audited by PwC. The statement of cash flow and statement of changes in equity as at December 31, 2013 and December 31, 2014, respectively, were each issued an auditor’s report for the fiscal year ending on those dates. The statement of cash flow and the statement of changes in equity as at December 31, 2015, respectively, for the fiscal year ending on that date, are covered under the unqualified auditor’s report issued on the separate financial statements of Uniper AG for the fiscal year ending on December 31, 2015.

Unless indicated otherwise, the financial information contained in this Prospectus was prepared in accordance with IFRS.

3.7.2 Financial Measures not defined by IFRS or the German Commercial Code (Non-GAAP Financial Measures)

Certain terms used in this Prospectus and financial measures presented in the tables such as EBIT, Adjusted EBIT, Adjusted EBITDA, Funds from Operations, Adjusted Funds from Operations, Operating Cash Flow before Interest and Taxes, Economic Net Debt and Net-Finance Position are not recognized financial measures under IFRS or the HGB (“**Non-GAAP Financial Measures**”) and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles (“**GAAP Financial Measures**”). The Company has provided these Non-GAAP Financial Measures and other information in this Prospectus because it believes they provide investors with additional information to assess the economic situation of the Uniper Group’s business activities. The definition of the Non-GAAP Financial Measures may vary from the definition of identically named non-GAAP financial measures used by other companies. The Non-GAAP Financial Measures used by the Company should not be considered as an alternative to net income/loss after income taxes, revenues or any other measures derived in accordance with IFRS or the HGB as measures of operating performance. Nor should they be considered as an alternative to cash flows from operating activities as measures of liquidity. These Non-GAAP Financial Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of results as reported under IFRS or under the HGB.

For definitions and further explanations of Non-GAAP Financial Measures, see “9. Management’s Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures”.

3.7.3 Presentation of financial information and rounding

Unless indicated otherwise, financial information in this Prospectus is presented in millions of euros (€ million).

Certain numerical data, financial information and market data (including percentages) in this Prospectus have been rounded according to established commercial standards. As a result, the

aggregate amounts (sum totals or sub-totals or differences or correlated numbers) in this Prospectus may not correspond in all cases to the amounts contained in the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

3.8 ISIN, GERMAN SECURITIES IDENTIFICATION NUMBER AND COMMON CODE

International Securities Identification Number (ISIN): DE000UNSE018

German Securities Identification Number (WKN): UNSE01

Common Code: 148396396

4 SPIN-OFF

4.1 LEGAL BACKGROUND OF THE SPIN-OFF

The legal basis of the spin-off is the Spin-off and Transfer Agreement concluded between E.ON SE and the Company on April 18, 2016 before the notary Dr. Armin Hauschild with offices in Düsseldorf.

The spin-off will take retrospective economic effect as from January 1, 2016, 00:00 hours (the **"Spin-off Date"**). The spin-off will enter into effect upon its entry into E.ON SE's commercial register. Upon the registration of the spin-off, the shares in Uniper Beteiligungs GmbH will pass in their entirety to the Company by virtue of law. As a consequence, the Company will indirectly acquire the further 53.35% in Uniper Holding GmbH's share capital in addition to the 46.65% which it already holds, and thus become the sole parent company of the newly formed Uniper Group.

The Spin-off and Transfer Agreement is subject to the approval of the general meetings of E.ON SE and the Company, which was granted at the annual general meeting of E.ON SE on June 8, 2016 and at the Company's general meeting on May 24, 2016, respectively. In addition, the Company's general meeting on May 24, 2016 also resolved on the implementation of the share capital increase required for purposes of the spin-off, under which the shareholders of E.ON SE receive new shares in the Company (one (1) share in the Company in return for ten (10) shares in E.ON SE).

4.2 PREPARATORY MEASURES AND IMPLEMENTATION OF THE SPIN-OFF

In view of the fundamental changes taking place on the energy markets, the board of management of E.ON SE resolved in fiscal year 2014, with the consent of the supervisory board, on a strategic realignment, which includes splitting the E.ON Group in two by way of a spin-off. The spin-off will create two separate legal entities, each focusing on different challenges posed by today's energy markets.

In preparation for the spin-off, in the course of 2015 and at the beginning of 2016, E.ON SE's board of management laid the foundation for the separation of the Uniper Group, headed by the Company. For this purpose, the essential activities relating to the conventional energy world, with the exception of the German nuclear power business, were combined into the Company's subsidiary, Uniper Holding GmbH, and the listing of the Company was prepared.

In essence, the following measures were or are being implemented to reorganize the E.ON Group and to enable the Company to conduct its business as a stand-alone company:

- transfer of the operating business and the shareholdings held by E.ON Kraftwerke GmbH (the name under which the Company formerly operated) to Uniper Kraftwerke GmbH, a subsidiary of Uniper Holding GmbH, as well as transfer of various shareholdings held by E.ON Beteiligungen GmbH to Uniper Holding GmbH;
- various individual transfers of German and foreign shareholdings held by the E.ON Group relating to the conventional energy world, to Uniper Holding GmbH as well as individual transfers of shareholdings held by the Uniper Group relating to the new energy world, to companies of the E.ON Group;
- dissolution of the contractual group between the companies of the E.ON Group and the Uniper Group, and establishing of a contractual group within the Uniper Group;
- various measures to separate the Uniper Group from E.ON Group's financial structures and achieve its financial independence;
- further measures to achieve the separation of the Uniper Group, in particular transfer and separation of administrative functions in the areas of IT, HR, and accounting, which are currently bundled in EBS.

This reorganization was finalized and implemented in close cooperation with the employee representatives. Its purpose is to permanently continue the current businesses in two companies that are viable for the future. The reorganization did not entail any job-cutting measures. Continued employee participation was guaranteed to employees both in Germany and abroad.

Following completion of the measures for the reorganization of the E.ON Group, E.ON SE will – via its wholly owned subsidiary E.ON Beteiligungen GmbH – hold 100% of the shares in Uniper SE,

which in turn will hold 46.65% of the shares in Uniper Holding GmbH. The remaining 53.35% of the shares in Uniper Holding GmbH will be held by Uniper Beteiligungs GmbH, which is wholly owned by E.ON SE.

For purposes of transferring the majority shareholding in the Company to the shareholders of E.ON SE, it is intended that E.ON SE spins off its 100% shareholding in Uniper Beteiligungs GmbH to the Company by way of spin-off by absorption (*Abspaltung zur Aufnahme*) under the UmwG. As a result, the remaining 53.35% in Uniper Holding GmbH will indirectly transfer to the Company. As consideration for this spin-off, new shares in the Company will be allocated to the shareholders of E.ON SE at a ratio of 10:1, *i.e.*, for ten (10) shares in E.ON SE, the shareholders of E.ON SE will receive one (1) share in the Company. Treasury shares of E.ON SE are not eligible for allocation in connection with the spin-off and hence will not be taken into account when allocating the new shares of the Company granted for the purposes of implementing the spin-off. The new shares to be granted to E.ON's shareholders will be created by the Company by means of a capital increase for purposes of implementing the spin-off (the "**Spin-off Capital Increase**").

Upon the spin-off taking effect, the shareholders of E.ON SE will hold 53.35% of the shares in the Company and E.ON SE will hold – indirectly via E.ON Beteiligungen GmbH – 46.65% of the shares in the Company. As a result, the shareholders of E.ON SE will remain fully invested in the activities of the Uniper Group to be spun off after the spin-off – directly via their (new) shareholding in the Company and indirectly via their shareholding in E.ON SE.

4.3 GRAPHICAL ILLUSTRATION OF THE IMPLEMENTATION OF THE SPIN-OFF

The following diagrams illustrate the implementation of the spin-off and the relevant ownership structures. Information in this Prospectus on shareholdings of the Company as of December 31, 2015, 2014 and 2013 were taken from the Combined Financial Statements, which show the ownership structures as of those balance sheet days, respectively, as they would have been had the spin-off been in effect as of those dates.

Diagram 1 – Status prior to the implementation of the spin-off

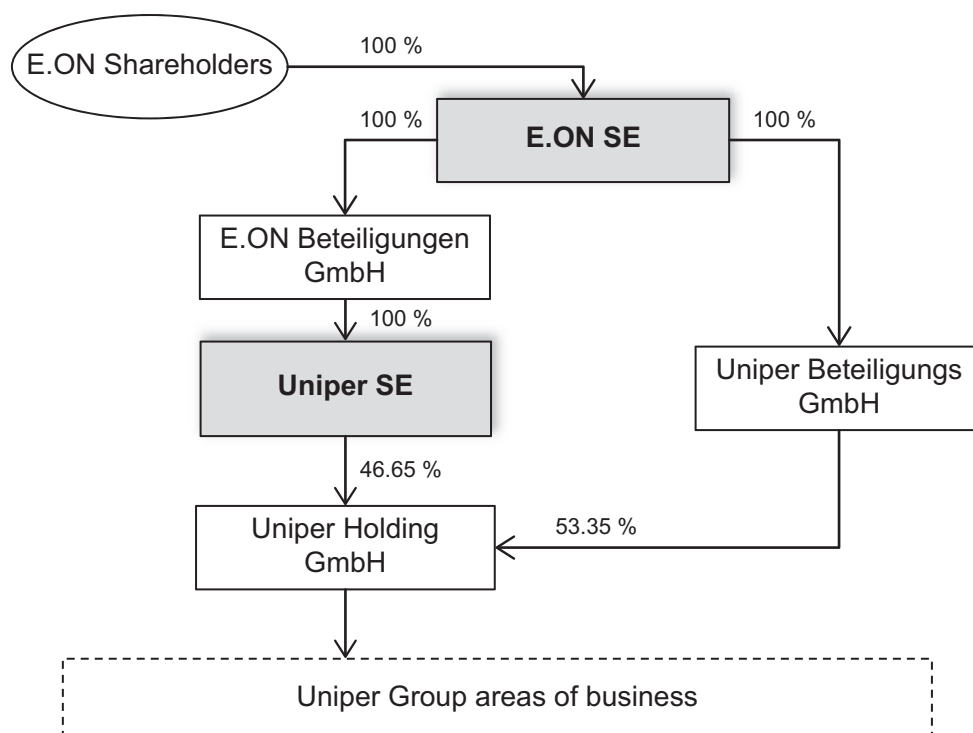


Diagram 2 – Transfer of the 100% shareholding in Uniper Beteiligungs GmbH from E.ON SE to the Company by way of spin-off by absorption

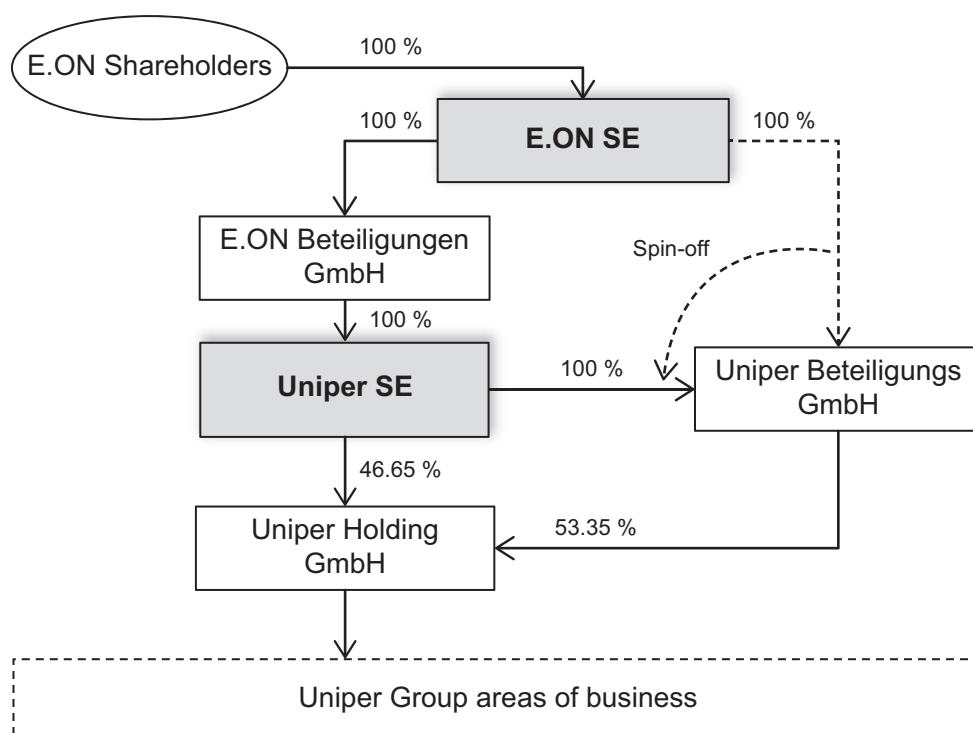


Diagram 3 – Spin-off Capital Increase and allocation to E.ON shareholders

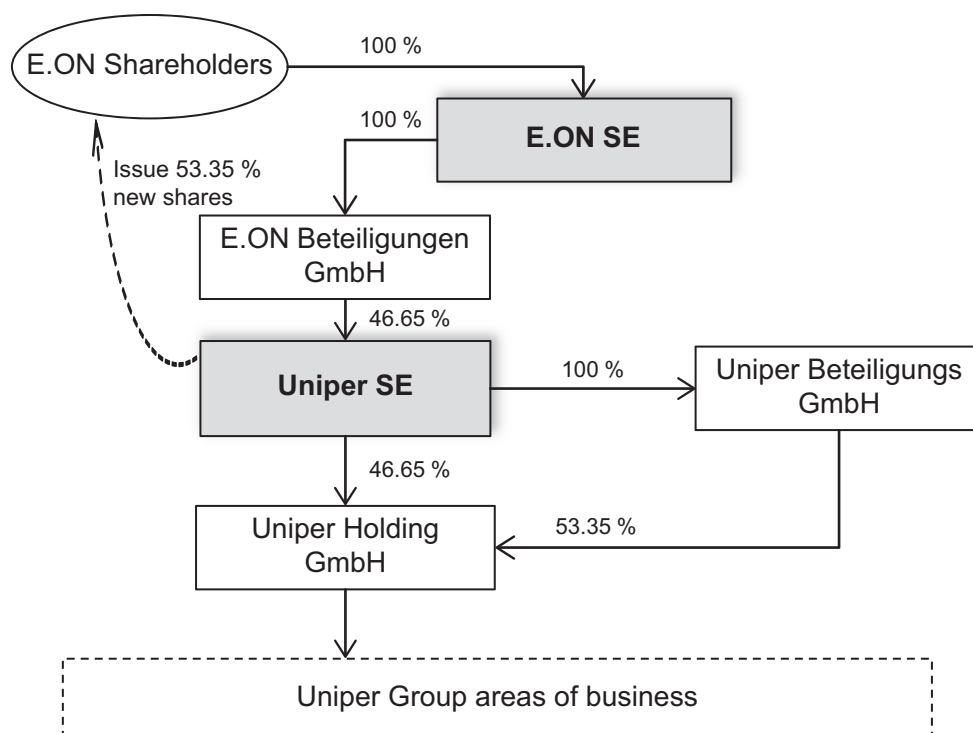
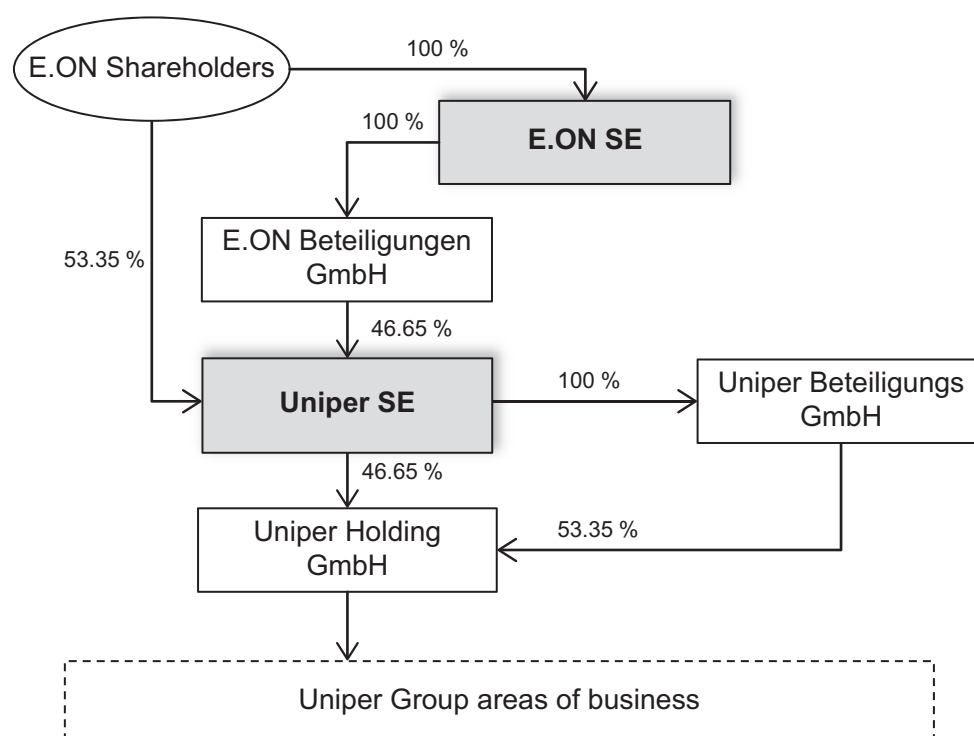


Diagram 4 – Structure after implementation of the spin-off



4.4 STATUTORY SPIN-OFF AUDITOR

By court order of the Düsseldorf Regional Court (*Landgericht Düsseldorf*) dated August 4, 2015, Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft, Cecilienallee 6-7, 40474 Düsseldorf, Germany, was appointed as spin-off auditor. Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft as the spin-off auditor audited the Spin-off and Transfer Agreement and prepared a spin-off audit report.

4.5 AUDIT OF NON-CASH CONTRIBUTION

The issuance of new shares to the shareholders of E.ON SE against contribution of the shares in Uniper Beteiligungs GmbH to Uniper SE by way of spin-off by absorption is associated with a non-cash capital increase (*Sachkapitalerhöhung*) at Uniper SE. By court order of the Düsseldorf Local Court (*Amtsgericht Düsseldorf*) dated March 8, 2016, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40227 Düsseldorf, Germany, was appointed as the auditor of the non-cash contribution (*Sacheinlage*). PwC prepared the audit report for the non-cash contribution on July 15, 2016.

4.6 ALLOCATION RATIO, TRUSTEE, ALLOCATION AND SETTLEMENT

In connection with the spin-off, Morgan Stanley Bank AG, Junghofstrasse 13-15, 60311 Frankfurt am Main, Germany, was appointed as trustee, as required under the UmwG. Prior to the spin-off taking effect, *i.e.*, before the spin-off is entered into the commercial register of E.ON SE, the trustee takes possession of the Uniper shares to be issued to the shareholders of E.ON SE and then distributes these shares to these shareholders without undue delay after the spin-off has taken effect in accordance with the allocation ratio of 10:1 set forth in the Spin-off and Transfer Agreement. In connection with the spin-off, Morgan Stanley Bank AG was also mandated as a central issuing agent with the processing of the allocation. Uniper SE's no-par value shares are securitized in two global share certificates and deposited with Clearstream Banking AG ("**Clearstream**"); Uniper SE's shareholders hold an interest in these collective holdings of shares in line with their share as a co-owner.

It is expected that the following allocation notice will be published on September 12, 2016 in the German Federal Gazette (*Bundesanzeiger*), subjected to the correctness of the stated dates on the time of publication:

E.ON SE, Düsseldorf

ISIN code DE 000 ENAG999 // German Securities Identification Number (WKN) ENAG99

- Allocation of Uniper SE shares in the course of the spin-off ISIN code DE000UNSE018 // WKN UNSE01 -

E.ON SE as the transferring company and Uniper SE as the receiving company entered into a spin-off and transfer agreement on April 18, 2016. Under this agreement, E.ON SE transfers all shares in Uniper Beteiligungs GmbH, which, in turn, holds, as its sole asset, 53.35% of the shares in Uniper Holding GmbH (the remaining 46.65% of the shares in Uniper Holding GmbH are held by Uniper SE) by way of spin-off by absorption (*Abspaltung zur Aufnahme*) under section 123 (2) no. 1 of the German Reorganization Act (*Umwandlungsgesetz*) to Uniper SE. As consideration, Uniper SE grants the shareholders of E.ON SE newly created shares in Uniper SE. The spin-off and transfer agreement stipulates an allocation ratio of 10:1, i.e., one (1) share in Uniper SE will be issued for every ten (10) shares in E.ON SE.

The general meetings of E.ON SE and Uniper SE approved the spin-off and transfer agreement dated April 18, 2016 on June 8, 2016 and May 24, 2016, respectively. Following registration of the spin-off and the share capital increase necessary to implement the spin-off in the commercial register of Uniper SE at the Local Court of Düsseldorf on July 27, 2016, the spin-off will enter into effect by virtue of being recorded in the commercial register of E.ON SE at the Local Court of Düsseldorf. Upon the spin-off taking effect, i.e., upon its registration in the commercial register of E.ON SE, 53.35% of the Uniper shares are held by the shareholders of E.ON SE, while 46.65% of the Uniper shares continue being held indirectly by E.ON SE via its wholly owned subsidiary, E.ON Beteiligungen GmbH.

To implement the spin-off, Uniper SE is increasing its share capital of €290,224,578 by €331,907,422 to €622,132,000 by issuing 195,239,660 no-par value registered shares with a notional proportional amount in the share capital of €1.70 per share. These new shares created as a result of the share capital increase will be granted to the shareholders of E.ON SE. All shares issued by Uniper SE are entitled to participate in profits as from January 1, 2016.

Allocation ratio

Upon the spin-off taking effect through its registration into E.ON SE's commercial register, the shareholders of E.ON SE will become also shareholders of Uniper SE. In this regard, clause 10.1 of the spin-off and transfer agreement provides for an allocation ratio of 10:1. This means that a shareholder of E.ON SE will receive per securities account

- for every ten (10) no-par value registered shares in E.ON SE (ISIN DE000ENAG999 / WKN ENAG99)
- one (1) no-par value registered share in Uniper SE (ISIN DE000UNSE018 / WKN UNSE01) with a notional proportional amount in the share capital of €1.70 and conferring the right to participate in profits as from January 1, 2016.

Treasury shares of E.ON SE are not eligible for allocation in connection with the spin-off and hence will not be taken into account when allocating the new shares of Uniper SE granted for the purposes of implementing the spin-off.

On the allocation date, expected to be September 9, 2016, a determination will be made as to who is a shareholder of E.ON SE for purposes of allocating the new Uniper SE shares. The determination will be made in the evening, i.e., after the daily transactions have been cleared at Clearstream, based on the securities account holdings in E.ON shares.

Trustee and central issuing agent

E.ON SE and Uniper SE have appointed Morgan Stanley Bank AG to handle processing and allocation and to act as trustee in accordance with sections 125 sentence 1, 71 (1) sentence 1 of the

UmwG for receipt of the Uniper SE shares to be granted and to deliver them to the eligible shareholders. Prior to the spin-off taking effect, Morgan Stanley Bank AG, in its capacity as trustee, will take possession of the Uniper SE shares to be granted to the shareholders of E.ON SE and then distribute these shares to the shareholders without undue delay after the spin-off has taken effect in accordance with the allocation ratio of 10:1 set forth in the spin-off and transfer agreement.

Implementation of allocation

The allocation of Uniper SE shares to the eligible shareholders of E.ON SE will be effected via Clearstream in a ratio of 10:1 on the basis of the individual securities accounts by the respective depositary bank by way of a securities account credit. Because the allocation of Uniper SE shares, as a component of the spin-off, is in the interest of E.ON SE, E.ON SE will pay the E.ON shareholders' depositary banks domiciled in Germany a fee to cover their processing expenses. However, no assurance can be given that respective E.ON shareholders will not be subject to additional charges by the respective depositary banks.

As all shares in E.ON SE are securitized in the form of global certificates deposited with Clearstream and held in collective safe securities accounts, the shareholders of E.ON SE do not need to take action with regard to the allocation of Uniper SE shares, except for a potential purchase or sale of fractional shares up or down to full shares (so-called settlement of fractional shares). The allocation of Uniper SE shares to the shareholders of E.ON SE will be effected on the basis of their holdings of E.ON SE shares as per the expected date of September 9, 2016 (so-called allocation date), in the evening, by way of a securities account credit. The allocated Uniper SE shares are expected to be booked to the Clearstream accounts of the depositary banks prior to the start of trading on the morning of September 12, 2016 by Clearstream, initially in the form of fractional shares and then booked to the securities accounts of the respective E.ON shareholders by the depositary banks. As a rule, the respective depositary bank will effect the book transfer of the fractional shares in Uniper SE shares booked at Clearstream even before the start of trading, presumably on September 12, 2016, and thereafter credit the securities account of the respective E.ON SE shareholder. The articles of association of Uniper SE exclude the right of the shareholders of Uniper SE to have their shares and dividend coupons securitized, unless this is required by the rules of a stock exchange to which the Uniper SE shares are admitted. The shares in Uniper SE will be securitized by two global share certificates and deposited with Clearstream; Uniper SE's shareholders will hold an interest as a co-owner in the collective holdings of shares corresponding to their respective interest. The processing of the above measures will be coordinated by Morgan Stanley Bank AG.

No Uniper SE shares will be allocated to holders of American Depositary Receipts ("ADR") of E.ON SE. Citibank N.A. as Depositary (or an agent of the Depositary, for example an affiliate of the Citibank Group), on the basis of provisions of the existing deposit agreement, is expected to sell the Uniper SE shares attributable to the ADR on the stock exchange for the benefit of the ADR holders and distribute the proceeds, net of costs and taxes to the ADR holders on a *pro rata* basis.

Because the shareholders of E.ON SE will receive one (1) share in Uniper SE for every ten (10) shares in E.ON SE, the shareholders of E.ON SE whose securities account holdings in shares of E.ON SE are not a multiple of ten will receive fractional shares in Uniper SE (ISIN code DE000UNSE0T2 / WKN UNSE0T). These fractional shares generally do not carry any shareholder rights (see section 213 (2) of the AktG). A rounding of the fractional shares to full shares (so-called settlement of fractional shares (*Spitzenregulierung*)) by the respective depositary bank requires that a corresponding buy or sell order be issued by the shareholder to its depositary bank. Those shareholders of E.ON SE holding fractional Uniper shares even after the depositary banks have effected the book-transfer of fractional shares in Uniper SE shares have the opportunity to instruct their depositary bank as soon as possible,

but no later than presumably September 23, 2016,

to purchase or sell fractional shares for the purpose creating full shares. Upon request, Morgan Stanley Bank AG or any of its affiliated companies, as the central issuing agent, is prepared to broker the buying and selling of fractional shares as far as possible. Where no settlement of fractional shares is effected, upon expiry of the expected date of October 4, 2016, the fractional shares attributable to the allocated Uniper SE shares will be combined into full shares and sold via the central issuing agent. The proceeds from this sale will be credited to the relevant shareholders in cash in proportion to the

fractional shares attributable to them, likely by mid-October 2016. It has to be expected that in some cases depositary banks, in particular foreign banks, will not co-operate in a settlement of fractional shares or will not accept related orders.

Because the settlement of fractional shares, as a component of the spin-off, is in the interest of E.ON SE, E.ON SE will pay the E.ON shareholders' depositary banks domiciled in Germany, a fee to cover their processing expenses. However, no assurance can be given that respective E.ON shareholders will not be subject to additional charges by the respective depositary banks for the allocation of shares in Uniper SE or for the processing of an order to settle fractional shares with regard to Uniper SE's shares. In addition, it cannot be excluded that the depositary banks will book the shares in Uniper SE or the fractional shares with a delay.

As a consequence of the spin-off, the acquisition costs or the book values for the shares in E.ON SE are to be allocated to the shares in E.ON SE after the spin-off on the one hand, and to the new shares of Uniper SE on the other. The depositary banks regularly use the allocation ratio for this allocation. The question of whether the allocation ratio can also be applied for tax purposes as a reference for allocating the acquisition costs or book values or whether the allocation could be based on the ratio of the stock exchange value instead was the subject of a query put to the German Federal Ministry of Finance. The German Federal Ministry of Finance has since responded that for shares attributable to private assets for tax purposes (flat tax) (*Abgeltungsteuer*), acquisition costs must be allocated based on the allocation ratio and any subsequent change of the allocation criterion in the assessment process would not be permissible. The German Federal Ministry of Finance did not address the allocation of acquisition costs or book values in the case of shares attributable to operating assets for tax purposes. Therefore it is unclear whether, in the assessment procedure with respect to such shares, the allocation could be based on the ratio of the stock exchange value instead of the allocation. The above information relating to the allocation reference has also been published on the website of E.ON SE.

Stock exchange admission and commencement of listing

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"*) approved Uniper SE's Prospectus for the exchange listing on September 2, 2016. Pursuant to section 13 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), BaFin's decision to approve the Prospectus is made after it has examined it for completeness, which includes reviewing the information submitted for consistency and comprehensibility. Printed copies of the Prospectus for Uniper SE's no-par value registered shares totaling 365,960,000 are available, free of charge, at Uniper SE, Investor Relations, E.ON-Platz 1, 40479 Düsseldorf, Germany (e-mail: prospectus@uniper.energy; fax: +49 211 4579615) as well as J.P. Morgan Securities plc, Canary Wharf, 25 Bank Street, E14 5JP London, UK, and Morgan Stanley Bank AG, Junghofstrasse 13-15, 60311 Frankfurt am Main, Germany.

Uniper SE's 365,960,000 no-par value registered shares will be admitted to the Regulated Market of the Frankfurt Stock Exchange and in addition to the Regulated Market sub-segment with additional post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange likely on September 9, 2016.

Exchange trading in the 365,960,000 shares of Uniper SE is expected to start on September 12, 2016.

Presumably also on September 12, 2016, E.ON SE's shares will be listed on the Regulated Market of the Frankfurt am Main stock exchange with the notation "ex spin-off". The intention is that the E.ON shares listed at the other stock exchange markets in and outside the Federal Republic of Germany are, as far as possible, traded with a comparable notation. Upon the spin-off taking effect, the E.ON share will represent merely a 46.65% indirect interest in Uniper SE.

Essen, in September 2016

E.ON SE

The Board of Management

4.7 ADR-PROGRAM

In the US, E.ON SE's shares are traded over-the-counter (OTC) in the form of ADRs. The E.ON ADRs are listed on OTCQX, the premium segment of OTC trading in the US, under the code EONGY. The deposit agreement between E.ON SE and Citibank, N.A., as the depositary, provides that, in the

event of any non-cash distributions by E.ON SE (except for subscription rights and additional E.ON shares), the depositary will be entitled, under certain circumstances upon request and in coordination with E.ON SE, in particular when a distribution of securities would not be feasible in practice or legally, to distribute the net proceeds from the sale of these securities to the holders of the ADRs instead of the relevant securities.

Since no ADR program will be created for the Company's shares, Citibank, N.A., as the depositary (or an agent of the depositary such as an affiliate of the Citibank Group) is expected to sell the shares in the Company attributable to the ADRs after commencement of stock market trading in the Company's shares, and then distribute the proceeds, after deduction of costs and taxes, to the holders of E.ON SE's ADRs on a *pro rata* basis.

4.8 STOCK EXCHANGE ADMISSION AND COMMENCEMENT OF TRADING

The admission of the shares to trading on the Regulated Market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), with concurrent admission to the Regulated Market sub-segment with additional post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange, was applied for on August 19, 2016. The admission is expected to take place on September 9, 2016. The commencement of trading at the Frankfurt Stock Exchange is expected to take place on the morning of September 12, 2016, as the next exchange trading day. Trading in the Uniper SE shares will not be possible on the date on which the spin-off enters into effect by virtue of being recorded in the commercial register of E.ON SE and the E.ON SE shares will still be trading with Uniper SE.

4.9 TIMETABLE FOR THE SPIN-OFF AND STOCK EXCHANGE ADMISSION

The spin-off and the stock exchange admission will take place according to the following presumed timetable:

September 2, 2016	Approval of the Prospectus by the German Federal Financial Supervisory Authority. Publication of the Prospectus on the Company's website (http://www.uniper.energy/de/investor-relations/).
by September 9, 2016	Registration of the spin-off and non-cash capital increase with the competent commercial registers; Non-cash capital increase taking effect in connection with the spin-off.
September 9, 2016	Listing order (<i>Zulassungsbeschluss</i>) of the Frankfurt Stock Exchange and publication of the listing order.
September 12, 2016	Delivery of the new shares to the E.ON shareholders and booking of fractional shares to their securities accounts in line with the allocation ratio (as per the securities account holdings on the expected date of September 9, 2016 in the evening).
September 12, 2016	First trading day for the Shares.

4.10 DESIGNATED SPONSORS

The Listing Agents will each serve as designated sponsors for the Shares trading on the Frankfurt Stock Exchange, with each of these two Listing Agents being entitled, with the Company's prior consent, to delegate the exercise of this function to an authorized third party. In accordance with the respective designated sponsor agreement between the Company, J.P. Morgan, and Morgan Stanley or an authorized third party, the two Listing Agents will, *inter alia*, during the daily trading hours provide limited buy or sell orders for shares of the Company in the electronic trading system of the Frankfurt Stock Exchange. The purpose thereof is, in particular, achieving a higher level of liquidity for the trading in the Company's shares.

4.11 INTERESTS OF PARTIES TO THE SPIN-OFF

In the context of the spin-off and the stock exchange admission of the Shares, the Listing Agents have entered into a contractual relationship with the Company and E.ON SE. The Listing Agents

advise the Company and E.ON SE in the course of the spin-off. In addition, the Listing Agents have been instructed to act as designated sponsors for the Company's shares. E.ON SE has undertaken to pay the Listing Agents fees (including discretionary fees) up to a total of approximately €20.5 million.

In March 2016, the Company's supervisory board promised a special incentive to the members of the Company's board of management, Klaus Schäfer, Christopher Delbrück, Keith Martin, and Eckhardt Rümmler. The amount of the payment depends, among others, on the market capitalization, the rating, and the corporate value (enterprise value/Adjusted EBITDA) of the Company in comparison to a defined peer group. The Company's supervisory board will assess these success criteria – also taking into account the general market conditions. In addition, the supervisory board will take into account the individual contributions of the members of the board of management by way of discretionary judgement. The grant of the special incentive is contingent upon the members of the board of management committing to the creation of a stock portfolio of Uniper shares by way of shareholding obligations, under which they are obligated to acquire Uniper shares equivalent to the value of 100% of their annual base remuneration and hold the acquired shares for the duration of their terms of office. The timeframe for creation of the stock portfolio amounts to a maximum of four years from entry of the spin-off into the commercial register of E.ON SE. With regard to the special incentive, see *"17. Information on the Governing Bodies of Uniper SE — 17.2 Board of Management — 17.2.3 Board of Management compensation"*.

E.ON SE has a self-interest in the spin-off as the spin-off serves for the disposal of a majority shareholding. With regard to the indirect advantages in connection with the spin-off expected by E.ON SE and the Company, see *"5. Reasons for the Spin-off and Issue Costs — 5.1 Reasons for the Spin-off"*.

4.12 LISTING AGREEMENT, FEES AND INDEMNIFICATION

In the context of the spin-off and the listing of the Company's shares, E.ON SE, the Company, and the Listing Agents entered into a listing agreement on September 1, 2016. In addition, E.ON SE and the Company entered into a trustee and settlement agreement with Morgan Stanley Bank AG, which will act, as aforementioned, as trustee in accordance with sections 125 sentence 1, 71 (1) sentence 1 UmwG and as central issuing agent. With regard to the fee payable to the Listing Agents, see *"4. Spin-off — 4.11 Interests of parties to the Spin-off"*.

In the listing agreement, E.ON SE and the Company undertook to indemnify the Listing Agents against certain liabilities arising in connection with the spin-off and the exchange listing. Within their internal relationship, E.ON SE and the Company agreed to assume certain liability risks at a specific ratio.

4.13 OTHER RELATIONSHIPS BETWEEN THE LISTING AGENTS, E.ON SE, AND THE COMPANY

J.P. Morgan, Morgan Stanley and further credit institutions have entered into loan agreements with the Company (see *"11. Business — 11.17 Material Agreements — 11.17.4 Loan Agreements"*). The Listing Agents and/or their affiliated companies may also enter into other business relations with the Uniper Group or the E.ON Group or render services to them in the ordinary course of business from time to time (see *"4. Spin-off — 4.11 Interests of Parties to the Spin-off"*).

5 REASONS FOR THE SPIN-OFF AND ISSUE COSTS

5.1 REASONS FOR THE SPIN-OFF

The conventional value chain is breaking into an increasing number of progressively diverse submarkets due to the growing significance of renewable energies within the scope of power generation, the shift in customer needs as well as political and regulatory decisions over the past few years. Two completely different energy worlds are emerging:

The conventional energy world meets the demand for stable, reliable energy supply. It can only be secured by conventional plants (including hydroelectric and nuclear power plants) and access to the international energy markets. A new energy world is emerging in parallel, characterized by the establishment of new, decentralized and renewable energy generation technologies and that meets customers' individual demand for tailored, innovative energy solutions. It also requires smart grids that keep pace with the increasing digitalization of energy supply. Accordingly, both energy worlds offer a broad range of market and growth opportunities. However, there are significant differences in terms of the value drivers, competitors, processes, risks, cost of capital, know-how, investors and factors for success.

Against the background of these fundamental and progressive changes in the energy markets, the board of management of E.ON SE has, with the supervisory board's consent, resolved on a strategic reorientation that includes the separation of the group into two parts by way of spin-off by absorption. The general meeting of E.ON SE on June 8, 2016 approved this spin-off by absorption with a 99.7% majority of votes cast. Two separate listed companies led by two different boards of management will be created by the spin-off. These companies focus on the different challenges of the energy markets:

- Today, Uniper Group's conventional energy supply is primarily based on its expertise and cost efficiency in power generation using conventional large-scale power plants, as well as on the global energy trading. In doing so, the Uniper Group fundamentally contributes to supply security and thus to stable framework conditions for the changing energy systems. Value is intended to be created through the strategic positioning of generation assets, cost leadership via optimized technology and optimized use of fuel, excellent expertise in operations, technologies, optimization, and trading as well as through efficient capital allocation, and not least, by an efficient and streamlined positioning of the entire enterprise.
- The E.ON Group will focus on an energy supply segment that is centered on customer orientation, efficient and increasingly smart grids, renewable and decentralized energy, distributed generation as well as technical innovations. The German nuclear power business will remain within the E.ON Group pursuant to resolutions to that effect adopted by the board of management and the supervisory board of E.ON SE in September 2015. In taking this decision, the board of management and the supervisory board of E.ON SE had taken into account, in particular, the Continued Liability Bill which, following its entry into force, would have led to E.ON SE's liability – unlimited both in time and amount – with respect to the nuclear power activities spun-off to the Uniper Group and the obligations entailed thereby. The solution adopted ensures that any such separation of liability and influence on corporate decisions can be avoided.

The transfer of the conventional upstream and midstream gas business (*inter alia*, gas production, generation, trading and major customer businesses including related assets) from the E.ON Group into a new, independent company is intended to enable the Uniper Group to realize the full potential of its businesses in the future. In its European Generation, Global Commodities and International Power Generation segments, the Uniper Group will focus on ensuring energy supply security, which will be required in the long term, and access to global trading markets for the relevant products. With a generation capacity of approximately 38 GW as of June 30, 2016, the Uniper Group is a leading power producer in Europe and Russia. With a strong natural gas portfolio from a participation in one of Russia's largest natural gas fields and transport pipelines to Europe, long-term gas supply contracts and the trading with liquefied natural gas (LNG) and considerable gas storage capacities in Germany and other countries, the Uniper Group is also one of the major European suppliers in the natural gas business.

Further strategic reasons for the spin-off are:

- As a result of the spin-off and the independence of the Uniper Group, the Company will be in a position to focus on its own business areas. This focus will enable the Company to respond more quickly and effectively to the shifting challenges of the energy market.

- As part of the E.ON Group, the Uniper Group had only very limited options for independent external funding and was reliant on the intra-group allocation of funds. This allocation depended on a variety of factors and was based, *inter alia*, on the strategic importance for the E.ON Group assigned in total to the relevant activities to be funded or on which synergy potential with other group parts was anticipated in the financing of these activities. Direct access to the capital markets creates opportunities for an independent Uniper Group to obtain funds independently on the capital market and to independently decide on how to use these funds.
- The landscape will also change from the investors' perspective. A clearer focus will also enable investors to recognize opportunities and risks arising under the focused portfolio more easily. As a result of the ratio between opportunities and risks that arises, it will be possible to approach new investors who have not previously held any E.ON shares and who are looking for exactly this ratio between opportunities and risks.

5.2 COSTS AND TAXES ASSOCIATED WITH PREPARING FOR THE SEPARATION AND THE SPIN-OFF/LACK OF ANY ISSUE PROCEEDS

Neither E.ON SE nor the Company will receive any issuance proceeds in connection with the spin-off.

With respect to the expense associated with the spin-off, a distinction must be made between external costs and taxes. A distinction must also be made between the expense of preparing for the spin-off by separating and establishing the Uniper Group as well as the expense of the actual spin-off and stock exchange listing of the Company.

The external costs of the preparatory measures for the separation of the Uniper Group incurred amounted to approximately €120 million in total as at December 31, 2015. It is expected that additional external costs of the separation estimated at approximately €160 million will have been incurred by the time the separation measures are completed, which means that the external costs of the separation of the Uniper Group will be in the order of approximately €280 million. The external costs cover, among others, the separation of IT systems and applications as well as the establishment of energy procurement and marketing at E.ON SE. The major part of these costs is borne by E.ON SE.

The major part of the external costs of the spin-off and its implementation, including the costs of the listing of the Company's shares, will be incurred during fiscal year 2016. The external costs of the spin-off and its implementation are expected to amount to approximately €80 million in total by the time the spin-off takes effect. These external costs of the spin-off mainly relate to the costs of external consulting (in particular by investment banks and legal advisers), audit fees (auditors), other transaction costs, including notarization fees, costs in connection with commercial register filings, as well as costs associated with the listing of the Company's shares. These costs are borne by E.ON SE in principle. The costs associated with the listing will amount up to approximately €45 million, which will be borne by E.ON SE. This also includes the Listing Agents' fees (including discretionary fees) of up to a total of approximately €20.5 million.

Taxes have arisen in connection with the preparatory measures for the separation of the Uniper Group, which are expected to amount to a total of approximately €80 million. This includes real estate transfer tax of up to approximately €10 million, some of which must be reported under German commercial law.

Taxes arising from the spin-off itself and its implementation are expected to amount to approximately €300 million. This figure includes real estate transfer tax amounting to approximately €260 million, which is expected to be payable in the years up to 2018, and approximately €180 million of which must be reported under German commercial law. The tax expense therefore amounts to approximately €120 million. The Company will bear any transfer taxes arising from the notarization of the Spin-off and Transfer Agreement and its performance, which will become payable after the spin-off enters into effect. Any other taxes arising in connection with the notarization of the Spin-off and Transfer Agreement and its performance are borne by the entity that is taxable pursuant to the applicable tax law.

6 DIVIDEND POLICY

6.1 GENERAL PROVISIONS ON PROFIT ALLOCATION AND DIVIDEND PAYMENTS

The shareholders' share in profits is determined based on the respective proportionate interest they hold in the Company's share capital. In German stock corporations (*Aktiengesellschaften*, AG), resolutions concerning the distribution of dividends for a given fiscal year, and the amount thereof, are adopted by the annual general meeting in the immediately following fiscal year upon a joint proposal by the board of management and the supervisory board. Dividends may only be distributed from net retained profits as recognized in the Company's annual financial statements prepared in accordance with the HGB. The HGB accounting rules differ in material respects from the IFRS rules used for group accounting.

To calculate distributable net retained profits, the net profit/loss for the year must be adjusted for retained profits/accumulated losses carried forward from the previous fiscal year and withdrawals from/contributions to revenue reserves. Certain reserves must be recognized by operation of law and must be deducted from net retained profits prior to the dividend distribution. Additional restrictions apply pursuant to section 268 (8) of the HGB if internally generated intangible fixed assets, deferred tax assets or the amount by which recognized plan assets exceed the corresponding pension obligations are recognized in the balance sheet. The board of management must prepare the annual financial statements (balance sheet, income statement and notes to the annual financial statements) and the management report for the previous fiscal year within the statutory period and, once prepared, submit the annual financial statements to the auditor and the supervisory board without undue delay after preparation. At the same time, the board of management must present to the supervisory board a proposal for the appropriation of the Company's net retained profits pursuant to section 170 of the AktG. Under section 171 of the AktG, the supervisory board is required to review the annual financial statements, the board of management's management report and the proposal for the appropriation of net retained profits, and report to the general meeting in writing on the results of its review. Within one month of receiving those documents, the supervisory board must submit its report to the board of management. If the supervisory board approves the annual financial statements, these will be deemed adopted, unless the board of management and the supervisory board resolve to delegate this responsibility to the general meeting. If the board of management and the supervisory board delegate the adoption of the annual financial statements to the general meeting, or if the supervisory board fails to approve them, the board of management must convene the general meeting without undue delay.

The general meeting resolves on the appropriation of net retained profits by simple majority of the votes cast. If the board of management board and the supervisory board adopt the annual financial statements, they may transfer up to 50% of the Company's net profit for the year to other retained earnings. Amounts to be transferred into statutory reserves and any loss carryforwards must be deducted in advance from the annual surplus. Dividends resolved by the general meeting are paid each year shortly after the general meeting as stipulated in the resolution on the appropriation of profit and in compliance with the rules of the respective clearing system. Generally, dividends will be subject to capital gains tax of 25% plus a 5.5% solidarity surcharge (*Solidarit tszuschlag*) (in total 26.375% plus church tax where applicable). For further information on the taxation of dividends, see "18. Taxation in the Federal Republic of Germany — 18.2 Taxation of Shareholders resident in Germany" and "— 18.3 Taxation of Shareholders resident outside of Germany".

Dividend claims are subject to a three-year standard limitation period. If dividend payment claims become time-barred, the Company becomes the beneficiary of the dividends. Details concerning any dividends resolved by the general meeting and the Company's appointed paying agents will be published in the Federal Gazette (*Bundesanzeiger*).

6.2 DIVIDEND POLICY AND EARNINGS PER SHARE

On December 18, 2015, E.ON Kraftwerke GmbH was reorganized as Uniper AG and on April 14, 2016 was converted into Uniper SE. The Company's ability and intention to pay dividends in the future will depend on the Company's financial position, results of operations, capital requirements, investment alternatives and other factors that the board of management and the supervisory board may deem relevant. In addition, any proposals by the board of management and the supervisory board concerning the appropriation of profits require the approval of the general meeting. The Company expects that the primary source of funds for the payment of dividends, if any, will be profit distributions/transfers and other income received from its current and future subsidiaries. The extent to which individual

subsidiaries will be able to distribute dividends will depend on the laws applicable to the respective company. Based on the Company's planned distribution policy, the Company intends to distribute a dividend for the fiscal year 2016 in the amount of approximately €200 million, i.e., €0.55 per share (based on 365,960,000 issued shares). The general meeting will decide on this dividend in fiscal year 2017. For subsequent fiscal years, a dividend is expected to be paid on the basis of Free Cash from Operations (adjusted funds from operations minus payments for investments in fixed assets relating to replacement expenses and maintenance). With regard to the payment of dividends, a distribution of between min. 75% and up to 100% of Free Cash from Operations is planned in subsequent fiscal years, although Total Free Cash Flow (see "9. Management's Discussion and Analysis of Financial Condition and results of Operations — 9.5 Non-GAAP Financial Measures") after the distribution should be neutral or positive. The Company's ability to pay dividends in the future will depend on the amount of distributable net retained profits. The Company cannot as of the date of this Prospectus predict the amount of future net retained profits and thus the amount of any future dividend payment. Nor can it guarantee what amount it will pay or that it will pay any dividends at all in the future. The results of operations presented in the audited Combined Financial Statements of the Company for the fiscal years ending on December 31, 2015, 2014 and 2013 and the unaudited Consolidated Interim Financial Statements of the Company for the six-month period until June 30, 2016 are not indicative of the amounts of future dividend payments.

Up to and including December 31, 2015, a domination and profit and loss transfer agreement was in place between the Company (formerly doing business under the name Uniper AG and before that as E.ON Kraftwerke GmbH) and E.ON Beteiligungen GmbH. Pursuant to this agreement, the Company was required to take into account the instructions issued by E.ON SE in the management of its business and (subject to the economically justifiable transfer of certain amounts into net retained earnings) pay its entire profit to E.ON Beteiligungen GmbH, while E.ON Beteiligungen GmbH was required to absorb any losses incurred in the course of a given fiscal year (based on the HGB annual financial statements). Furthermore, a domination and profit and loss transfer agreement remains in place between E.ON Beteiligungen GmbH and E.ON SE, resulting in corresponding obligations of E.ON Beteiligungen GmbH which must take into account the instructions issued by E.ON SE in the management of its business and (subject to the economically justifiable transfer of certain amounts into net retained earnings) pay its entire profit to E.ON SE, while E.ON SE must absorb any losses incurred in the course of a given fiscal year (based on the HGB annual financial statements).

The following table shows the net income for the year before profit/loss transfer of the Company for fiscal years 2015 and 2014 in accordance with the HGB annual financial statements for fiscal year 2015 (which contains comparison figures for fiscal year 2014) and for fiscal year 2013 in accordance with the HGB annual financial statements for fiscal year 2013.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income before profit/loss transfer (<i>in € million</i>) (<i>audited</i>) ⁽¹⁾	787.6	424.7	217.4
Earnings per share (<i>in €</i>) (<i>unaudited</i>) ⁽²⁾	2.8	1.5	0.8

(1) The net income for the year before profit/loss transfer generally corresponds to the amount of profits indirectly paid to/ losses indirectly absorbed by E.ON SE under the domination and profit and loss transfer agreement. Only a limited comparison can be made of the figures shown due to the restructuring that has taken place in preparing for the Uniper Group's independence. Uniper AG has only functioned as the holding company of the Uniper Group since December 31, 2015. Prior to the restructuring, domination and profit and loss transfer agreements existed in some cases directly between E.ON SE and Uniper's operating companies.

(2) Earnings per share for the fiscal years 2015, 2014 and 2013, respectively, is calculated as net income for the year before profit/loss transfer divided by the number of shares in issue. Since the Company was still organized as a German limited liability company (GmbH) in fiscal year 2014 and 2013 (then E.ON Kraftwerke GmbH), subscribed capital as of December 31, 2015 in the amount of 283,445,000 shares was used to calculate the number of shares in issue. After the spin-off and contribution of Uniper Beteiligungs GmbH, 365,960,000 shares will be in circulation.

7 CAPITALIZATION AND NET INDEBTEDNESS

The Company is not issuing any new shares in the context of its listing on the stock exchange. The shares from the spin-off capital increase are already being newly created as part of the spin-off by way of entry of the implementation of the non-cash capital increase into the commercial register of Uniper SE and of the spin-off into the commercial register of E.ON SE and are not being created in the context of the stock exchange listing. The Company will not receive any cash proceeds from the spin-off. The spin-off will not have any impact on the Company's capitalization, which is presented below.

The tables below provide an overview of the Uniper Group's capitalization and net indebtedness as of June 30, 2016, which are based on the Consolidated Interim Financial Statements as of June 30, 2016. Investors should read these tables together with the sections entitled "8. Selected Financial and Other Information" and "9. Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as together with the Consolidated Interim Financial Statements of Uniper SE for the six-month period ending on June 30, 2016 including the notes, which are reproduced in the Financial Section of this Prospectus (beginning on page F-2).

7.1 CAPITALIZATION

	June 30, 2016 (unaudited) € million
Current liabilities	
Current financial liabilities	1,310
<i>of which: Liabilities to the E.ON Group</i>	897
Trade payables and other operating liabilities	13,681
Other current liabilities ⁽¹⁾	1,827
Total current liabilities⁽²⁾	16,818
<i>of which: guaranteed⁽³⁾</i>	4,476
<i>of which: collateralized⁽⁴⁾</i>	—
<i>of which: not guaranteed/collateralized</i>	12,342
Non-current liabilities	
Non-current financial liabilities (excl. current portion of non-current financial liabilities)	1,080
Provisions for pensions and similar obligations	1,175
Other non-current liabilities ⁽⁴⁾	12,845
Total non-current liabilities⁽⁵⁾	15,100
<i>of which: guaranteed⁽³⁾</i>	1,549
<i>of which: collateralized⁽⁴⁾</i>	—
<i>of which: not guaranteed/collateralized</i>	13,551
Equity	
Subscribed capital	290
Capital reserves	4,188
Revenue reserves	185
Accumulated other comprehensive income	-1,818
Attributable to the shareholders of Uniper SE	2,845
Non-controlling interests	8,222
<i>of which: non-controlling interests attributable to Uniper Beteiligungs GmbH⁽⁶⁾</i>	7,681
Total equity	11,067
Total liabilities and equity (capitalization)	42,985

(1) Comprised of current miscellaneous provisions, current income taxes and liabilities associated with assets held for sale.

(2) Corresponds to "Current liabilities" reported in the interim consolidated balance sheet.

(3) Payment guarantees, contract guarantees, performance bonds and other trade-related guarantees. For further information, see "12. Certain Relationships and Related Party Transactions — 12.1 Relationship to the E.ON Group — 12.1.3 Measures regarding the financing of the Uniper Group."

(4) Comprised of non-current operating liabilities, non-current income taxes, non-current miscellaneous provisions and deferred tax liabilities.

(5) Corresponds to "Non-current liabilities" reported in the interim consolidated balance sheet.

(6) Once the spin-off becomes effective, these non-controlling interests will be reclassified into equity attributable to the shareholders of Uniper SE.

7.2 NET FINANCIAL DEBT

	June 30, 2016 (unaudited) € million
A. Cash	518
B. Cash equivalents	11
C. Securities and fixed-term deposits	7
D. Total liquidity⁽¹⁾ (A)+(B)+(C)	536
E. Current financial receivables⁽²⁾	950
F. Current liabilities to banks	37
G. Current portion of non-current liabilities ⁽³⁾	—
H. Other current financial liabilities ⁽⁴⁾	1,273
I. Total current financial liabilities (F)+(G)+(H)⁽⁵⁾	1,310
J. Current net financial liabilities (I)-(E)-(D)	-176
K. Non-current liabilities to banks	95
L. Bonds including Medium Term Notes	—
M. Other non-current financial liabilities ⁽⁶⁾	985
N. Total non-current financial liabilities (K)+(L)+(M)⁽⁷⁾	1,080
O. Net financial debt⁽⁸⁾ (J)+(N)	904

(1) Corresponds to "Liquid funds" reported in the interim consolidated balance sheet.

(2) Corresponds to "Financial receivables and other financial assets".

(3) The current portion of the non-current liabilities is included in full in current financial liabilities.

(4) Comprised of current liabilities from leases, current promissory notes and other loans, current margin payments to derivatives counterparties, current financial liabilities to non-consolidated jointly operated power plants and companies and current miscellaneous other financial liabilities.

(5) Corresponds to the current "Financial liabilities" in the interim consolidated balance sheet.

(6) Comprised of non-current liabilities from leases, non-current promissory notes, non-current other loans and non-current miscellaneous other financial liabilities.

(7) Corresponds to the non-current "Financial liabilities" in the interim consolidated balance sheet.

(8) Does not correspond to the term "Net financial position" or "Economic net debt" used elsewhere in this Prospectus. For further information, see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures".

7.3 OTHER FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

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.

The fair value of the Uniper Group's contingent liabilities amounted to €77 million as of June 30, 2016. There were no material claims for reimbursement relating to these contingent liabilities as of the date of this Prospectus.

In Sweden, nuclear power plant owners are liable for damages caused by accidents at the respective nuclear power plants and by accidents involving radioactive substances connected with the operation of these nuclear power plants. As of June 30, 2016, this liability was limited to SEK 3,559 million (approximately €378 million as of June 30, 2016) per incident. In accordance with the Swedish Nuclear Liability Act, insurance must be in place to cover this amount. The corresponding insurance policies have been taken out in the European Generation segment for the nuclear power plants in question.

As of June 30, 2016, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €0.6 billion. Of these total obligations, an amount of €0.3 billion as of June 30, 2016 is due within one year. This item 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, particularly in the European Generation segment, and, in the Global Commodities segment, with gas infrastructure projects. The obligations for new power plant construction reported under these purchase commitments as of June 30, 2016 totaled €0.3 billion.

In addition, financial liabilities arose from rental agreements, lease agreements and operating lease agreements. These liabilities amounted to €494 million as of June 30, 2016.

Additional long-term contractual obligations in place at the Uniper Group as of June 30, 2016 related primarily to the purchase of fossil fuels such as natural gas, lignite and hard coal. Financial obligations under these purchase contracts amounted to approximately €214.7 billion on June 30, 2016 (€6.7 billion due within one year).

Contractual obligations for the purchase of electricity amounted to approximately €0.9 billion as of June 30, 2016 and relate in part to purchases from jointly operated power plants in the Generation units. The purchase price of electricity from jointly operated power plants is normally based on the supplier's production cost plus a profit margin that is generally calculated on the basis of an agreed return on capital. Further purchase obligations amounted to around €4.2 billion as of June 30, 2016. In addition to purchase obligations mainly for heat and alternative fuels, the European Generation segment has long-term contractual obligations for services relating to the interim and permanent storage of fuel elements in connection with the Uniper Group's Swedish nuclear power plants. Other financial obligations amounted to approximately €0.9 billion as of June 30, 2016. Among other items, they include financial obligations for future purchases of services.

7.4 WORKING CAPITAL

In the opinion of the Uniper Group, its net working capital is sufficient to meet the present requirements and to cover all payment obligations arising in the course of ordinary business falling due within at least the next twelve months from the date of this Prospectus.

7.5 MATERIAL CHANGE IN THE GROUP'S FINANCIAL POSITION OR TRADING POSITION

There has been no material change in the Uniper Group's financial position or trading position since June 30, 2016.

7.6 RATING

On May 10, 2016, Standard & Poor's assigned the Company a long-term investment grade rating of BBB- with a stable outlook; this rating is currently still in place. Standard & Poor's considers companies with a BBB- rating as having adequate capacity to meet their financial commitments. Standard & Poor's has its registered office in the EU and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

8 SELECTED FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information for fiscal years 2015, 2014 and 2013 presented in the tables below has been taken or derived from the audited Combined Financial Statements for the fiscal years ending December 31, 2015, 2014 and 2013 contained in the Financial Section of this Prospectus beginning on page F-32, or has been taken from the Uniper Group's accounting records. The financial information for the six-month period ending June 30, 2016 (including comparative figures for the six-month period ending June 30, 2015) has been taken or derived from the unaudited Consolidated Interim Financial Statements of Uniper SE for the six-month period ending June 30, 2016 contained in the Financial Section of this Prospectus beginning on page F-2, or has been taken from the Uniper Group's accounting records.

The Combined Financial Statements were prepared in accordance with IFRS and the interpretations of the IFRS IC, as adopted by the EU Commission for application in the EU up to the end of the reporting periods. PwC audited the Combined Financial Statements in accordance with the International Standards on Auditing ("ISA") and issued an unqualified auditors' report. The unaudited Consolidated Interim Financial Statements of Uniper SE were prepared in accordance with IAS 34 (Interim Financial Reporting).

For the purposes of preparing the Combined Financial Statements, a range of assumptions and estimates were made that may differ from the assumptions and estimates made for the purposes of the consolidated financial statements of E.ON SE and that may affect the recognition and measurement of assets and liabilities, income, expenses, and contingent liabilities. In such cases, actual results may differ from the assumptions and estimates made by the Company. In addition, the Combined Financial Statements include companies that were owned by E.ON SE in the respective reporting periods. As a consequence, the Combined Financial Statements make no claims of fully reflecting the financial condition and results of operations of the Uniper Group and its cash flows as they would have been had the Uniper Group existed in its current form since January 1, 2013; neither can the financial condition and results of operations or the cash flows resulting from the Combined Financial Statements be carried forward to future reporting periods or a future reporting date. Please also see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.2 Basis of Discussion".

The financial data indicated as "audited" in the following tables are taken from the above-mentioned audited Combined Financial Statements of Uniper SE. The financial data indicated as "unaudited" are data derived from the audited Combined Financial Statements, data taken or derived from the unaudited Consolidated Interim Financial Statements of Uniper SE, or data taken or derived from the accounting records of the Uniper Group.

Certain terms used in this section and financial measures presented in tables are Non-GAAP Financial Measures and may not be regarded as alternatives to GAAP Financial Measures. The Company has used these Non-GAAP Financial Measures and other information in this Prospectus because it believes they provide investors with additional information to assess the economic situation of the Uniper Group's business activities. The definitions of the individual Non-GAAP Financial Measures may vary from the definition of identically named non-GAAP financial measures used by other companies in the energy industry or in other industries. The Non-GAAP Financial Measures used by the Company should not be considered as an alternative to net income/loss after income taxes, revenues or any other financial measures defined in accordance with IFRS or the HGB as measures of operating performance. Neither should they be considered as an alternative to cash flows from operating activities as measures of liquidity. These Non-GAAP Financial Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of the measures reported in accordance with IFRS or the HGB. If these Non-GAAP Financial Measures are not included as such in the Combined Financial Statements, they are indicated as "unaudited" in the following tables. By contrast, if Non-GAAP Financial Measures are included in the Combined Financial Statements, they are marked as "audited".

Unless otherwise indicated, the financial information presented in the tables is a selection of the financial information contained in the Combined Financial Statements or Consolidated Interim Financial Statements of Uniper SE, and should be read together with the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements or Consolidated Interim Financial Statements, as well as the additional financial information contained in other sections of the Prospectus.

Unless indicated otherwise, all financial information in this Prospectus is presented in millions of euros (€ million). Certain numerical data and financial information (including percentages) in this Prospectus have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub-totals or differences or correlated numbers) in this Prospectus may not correspond in all cases to the amounts contained in the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts. With respect to financial information contained in this Prospectus, a dash (“-”) means that the relevant number is not available or is zero, while a zero (“0”) means that the number is available but has been rounded to zero.

8.1 STATEMENTS OF INCOME OF THE UNIPER GROUP

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Sales including electricity and energy taxes	33,581	45,026	92,338	88,522	95,097
Electricity and energy taxes	-254	-115	-223	-297	-347
Sales	33,327	44,911	92,115	88,225	94,750
Changes in inventories (finished goods and work in progress)	-8	35	4	-64	-17
Own work capitalized	9	3	46	81	81
Other operating income	4,791	4,156	10,825	9,462	4,572
Cost of materials	-30,998	-43,117	-89,306	-84,501	-91,256
Personnel costs	-564	-603	-1,260	-1,329	-1,442
Depreciation, amortization and impairment charges	-3,275	-645	-5,357	-5,209	-2,191
Other operating expenses	-6,810	-4,640	-10,524	-9,319	-5,082
Income/loss from companies accounted for under the equity method	57	65	60	-388	-340
Income/loss before financial results and income taxes	-3,471	165	-3,397	-3,042	-925
Financial results	-364	-44	36	-118	-148
Income taxes	-50	-24	-396	348	-60
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133

8.2 BALANCE SHEET OF THE UNIPER GROUP

	As of June 30, 2016 (unaudited)	As of December 31, (in € million)		
		2015	2014	2013
Goodwill	2,628	2,555	4,911	6,372
Intangible assets	1,966	2,159	2,436	3,258
Property, plant and equipment	11,274	14,297	15,717	19,778
Companies accounted for under the equity method	840	1,136	1,401	1,897
Other financial assets	530	558	927	1,306
Financial receivables and other financial assets	2,983	3,029	4,104	3,604
Operating receivables and other operating assets	4,315	4,687	3,158	1,985
Income tax assets	9	9	14	17
Deferred tax assets	1,031	1,031	1,355	1,040
Non-current assets	25,576	29,461	34,023	39,257
Inventories	1,451	1,734	2,297	2,888
Financial receivables and other financial assets	950	8,359	11,475	10,499
Trade receivables and other operating assets	14,141	23,085	23,205	18,726
Income tax assets	299	296	206	146
Liquid funds	536	360	412	896
Assets held for sale	32	228	2	98
Current assets	17,409	34,062	37,597	33,253
Total assets	42,985	63,523	71,620	72,510
Equity (net assets)	11,067	15,001	22,719	27,766
Financial liabilities	1,080	2,296	5,175	5,387
Operating liabilities	4,578	3,781	2,460	1,702
Income taxes	—	—	—	—
Provisions for pensions and similar obligations	1,175	796	1,773	1,479
Miscellaneous provisions	6,562	5,809	5,057	4,844
Deferred tax liabilities	1,705	1,622	1,966	2,210
Non-current liabilities	15,100	14,304	16,431	15,622
Financial liabilities	1,310	10,551	8,161	8,307
Trade payables and other operating liabilities	13,681	20,642	21,563	18,349
Income taxes	300	338	323	242
Miscellaneous provisions	1,527	2,569	2,423	2,224
Liabilities associated with assets held for sale	—	118	—	—
Current liabilities	16,818	34,218	32,470	29,122
Total equity and liabilities	42,985	63,523	71,620	75,510

8.3 STATEMENT OF CASH FLOWS OF THE UNIPER GROUP

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)	(audited)	
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133
Cash provided by (used for) operating activities (operating cash flow)	1,952	2,301	1,465	1,437	554
Cash provided by (used for) investing activities	945	-487	-610	-1,504	-1,017
Cash provided by (used for) financing activities	-2,706	-1,737	-979	37	741
Net increase/decrease in cash and cash equivalents	191	77	-124	-30	278
Cash and cash equivalents at the end of the period	528	468	299	340	551

8.4 SEGMENT INFORMATION

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Sales					
European Generation	3,250	3,902	7,563	8,246	9,083
<i>Intersegment sales</i>	1,786	2,371	4,547	5,024	5,654
<i>External sales</i>	1,464	1,531	3,016	3,222	3,429
Global Commodities	32,827	44,619	91,207	86,672	93,767
<i>Intersegment sales</i>	1,475	1,808	3,235	3,196	4,322
<i>External sales</i>	31,352	42,811	87,972	83,476	89,445
International Power Generation	510	556	1,134	1,529	1,879
<i>Intersegment sales</i>	—	—	—	—	—
<i>External sales</i>	510	556	1,134	1,529	1,879
Administration/Consolidation	-3,260	-4,166	-7,789	-8,222	-9,979
<i>Intersegment sales</i>	-3,261	-4,179	-7,782	-8,220	-9,976
<i>External sales</i>	1	13	-7	-2	-3
Total sales	33,327	44,911	92,115	88,225	94,750

8.5 SELECTED OTHER FINANCIAL MEASURES

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited) (in € million, unless specified otherwise)		(audited, unless specified otherwise)		
Investments					
European Generation	177	275	774	877	1,018
Global Commodities	66	58	112	105	147
International Power Generation	44	85	193	547	1,037
Administration/Consolidation	5	—	4	2	0
Group investments	292	418	1,083	1,531	2,202
Adjusted EBIT					
European Generation ⁽¹⁾	120	195	506	539	504
Global Commodities ⁽¹⁾	1,095	334	262	173	328
International Power Generation ⁽¹⁾	-39	106	236	316	410
Administration/Consolidation ⁽¹⁾	-41	-90	-203	-202	-194
Group Adjusted EBIT⁽¹⁾	1,135	545	801	826	1,048
Adjusted EBITDA					
European Generation ⁽¹⁾	406	515	1,125	1,331	1,254
Global Commodities ⁽¹⁾	1,165	420	449	362	546
International Power Generation ⁽¹⁾	5	150	335	465	609
Administration/Consolidation ⁽¹⁾	-36	-85	-192	-192	-182
Group Adjusted EBITDA⁽¹⁾	1,540	1,000	1,717	1,966	2,227
Operating cash flow before interest and taxes					
European Generation ⁽²⁾	897	603	1,133	1,077	855
Global Commodities ⁽²⁾	1,111	1,771	767	342	-446
International Power Generation ⁽²⁾	149	172	388	511	655
Administration/Consolidation ⁽²⁾	-23	-105	-267	-186	-199
Group operating cash flow before interest and taxes	2,134	2,441	2,021	1,744	865
FFO ^{(3)*}	216	605	2,092	1,816	1,789
Adjusted FFO ^{(3)*}	8	393	1,805	1,548	1,495
Cash conversion ⁽⁴⁾ (in %)	138.6	244.1	117.7	88.7	38.8
Net financial position ^{(5)*}	-1,531	—	-4,930	-2,066	-3,112
Economic net debt ^{(5)*}	-3,631	—	-6,690	-4,802	-5,624
Controllable costs ^{(6)*}	657	722	1,305	1,455	1,639

(*) Unaudited.

- (1) EBIT (unadjusted earnings before interest and taxes) represents the Uniper Group's income/loss before financial results and income taxes in accordance with IFRS, taking into account the net income/expense from equity investments. Unadjusted EBIT is adjusted for certain non-operating effects in order to increase its meaningfulness as an indicator of the operating profitability of the Uniper business. Adjusted EBIT also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/cost-management, impairments/reversals of impairments on non-current assets, companies accounted for under the equity method and other long-term financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. Restructuring/cost management expenses represent additional expenses which are not directly attributable to the operating business. 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 statement of income.

Adjusted EBITDA represents adjusted earnings before interest, taxes, depreciation and amortization.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Income/loss before financial results and income taxes	-3,471	165	-3,397	-3,042	-925
Net income/expense from equity investments	11	4	-12	10	23
EBIT	-3,460	169	-3,409	-3,032	-902
Non-operating adjustments	4,595	376	4,210	3,858	1,950
Net book gains/losses	-522	—	-38	—	21
<i>Fair value measurement of derivative financial instruments</i>	<i>1,034</i>	<i>118</i>	<i>-511</i>	<i>-1,167</i>	<i>-319</i>
<i>Restructuring/cost management expenses^(A)</i>	<i>223</i>	<i>42</i>	<i>137</i>	<i>211</i>	<i>142</i>
<i>Non-operating impairments (+)/ reversals^{(-)(B)}</i>	<i>2,863</i>	<i>144</i>	<i>4,199</i>	<i>4,484</i>	<i>1,225</i>
<i>Miscellaneous other non-operating earnings^{(A)(C)}</i>	<i>997</i>	<i>72</i>	<i>423</i>	<i>330</i>	<i>881</i>
Adjusted EBIT	1,135	545	801	826	1,048
Economic depreciation and amortization/reversals ^(D)	405	455	916	1,140	1,179
Adjusted EBITDA	1,540	1,000	1,717	1,966	2,227

(A) In fiscal year 2015 included depreciation and amortization amounting to €18 million (2014: €14 million; 2013: €14 million). Depreciation and amortization amounting to €8 million are included in the expenses for restructuring/cost management for the six-month period ending June 30, 2016 (six-month period ending June 30, 2015: €9 million).

(B) Consist of non-operating extraordinary impairments and reversals triggered by regular impairment tests. The total non-operating impairments/reversals and economic depreciation and amortization/reversals deviates from the depreciation and amortization reported in the statement of income since the two items also include impairments on companies accounted for under the equity method and other financial assets and a small portion is included in restructuring/cost management expenses and the miscellaneous other non-operating earnings.

(C) In fiscal year 2014 included impairments amounting to €97 million on assets held for sale. The year-on-year change in miscellaneous other non-operating earnings in the six-month period ending June 30, 2016 was primarily due to the recognition of a non-operating provision for onerous contracts in accordance with IAS 37.

(D) Includes operating depreciation and amortization.

- (2) The operating cash flow before interest and taxes ("OCFbIT") represents the cash provided by (used for) operating activities (operating cash flow) less cash inflows from interest and tax payments or plus cash outflows from interest and tax payments (less refunds).

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)	(in € million)	(audited)		
Operating cash flow	1,952	2,301	1,465	1,437	554
Interest payments	170	39	152	102	63
Tax payments	12	101	404	205	248
Operating cash flow before interest and taxes	2,134	2,441	2,021	1,744	865

- (3) As from 2017, the Uniper Group uses the Non-GAAP Financial Measure "adjusted funds from operations" ("Adjusted FFO") to calculate the amount available for distribution to shareholders and as from 2017 for the variable remuneration awarded to the members of the board of management.

The basis for FFO (funds from operations) is the cash provided by (used for) operating activities (operating cash flow), which is initially adjusted for changes in operating assets and liabilities and in income taxes to eliminate period-specific shifts resulting from unforeseeable cash inflows or outflows. Changes in operating assets and liabilities include changes in the marking to market of derivatives as of the reporting date. These changes are also adjusted since they are non-cash. For the same reason, changes in the measurement of foreign currency-denominated operating receivables and payables recognized in income are eliminated.

For Adjusted FFO, employer service costs for pension entitlements acquired during the fiscal year and recalculated service costs, which will in future result in cash flows, as well as payments to the Swedish Nuclear Waste Fund are deducted from FFO, despite the fact that they are reported in cash provided by (used for) investing activities, since they result from the operating activities. Dividends to minority shareholders that are resolved or paid are likewise unavailable to the Company's shareholders and are therefore adjusted.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)	(in € million)	(audited, unless specified otherwise)		
Operating cash flow	1,952	2,301	1,465	1,437	554
Changes in operating assets and liabilities and in income taxes	2,931	1,801	-1,367	-1,467	-1,805
Elimination of fair value measurement of derivatives recognized in income (unaudited)	-1,222	-104	751	1,088	571
Measurement of foreign currency-denominated operating receivables and liabilities recognized in income (unaudited)	-27	-0	11	—	0
Funds from operations (FFO) (unaudited)	216	605	2,092	1,816	1,789
Current employer service cost and past service cost (unaudited)	-38	-54	-108	-75	-94
Payments to the Swedish Nuclear Waste Fund (unaudited)	-144	-114	-137	-116	-128
(Resolved) dividends paid to minority shareholders	-26	-44	-42	-77	-75
Adjusted FFO (unaudited)	8	393	1,805	1,548	1,495

- (4) Cash conversion represents the result of dividing operating cash flow before interest and taxes (OCFbIT) by the Adjusted EBITDA for the relevant period.
- (5) The net financial position comprises liquid funds, non-current securities and financial receivables from affiliated companies, net of financial liabilities (including financial liabilities to affiliated companies). The receivables from and liabilities to affiliated companies result from the inclusion of the Uniper Group in the E.ON Group's cash management; these are recognized in other financial receivables and financial assets, and in other financial liabilities. The outstanding net amount of financial receivables from and liabilities to the E.ON Group will be replaced by external financial liabilities as part of the spin-off and is therefore taken into consideration in the net financial position.

Provisions for pensions and similar obligations and provisions for asset retirement obligations are deducted from the net financial position calculated as above, since both these items give rise to long-term financial payment obligations. Segregated assets allocated to these obligations are included in the calculation of economic net debt.

Net financial position and economic net debt comprise balance sheet items and are therefore not compared to June 30, 2015.

	As of June 30, 2016	As of December 31,		
		2015	2014	2013
	(unaudited)	(audited, unless specified otherwise)		
		(in € million)		
Liquid funds	536	360	412	896
Financial receivables from affiliated companies	174	7,368	10,674	9,507
Non-current securities	149	189	184	179
Financial liabilities (including financial liabilities to affiliated companies)	-2,390	-12,847	-13,336	-13,694
Net financial position (unaudited)	-1,531	-4,930	-2,066	-3,112
Provisions for pensions and similar obligations	-1,175	-796	-1,773	-1,479
Provisions for asset retirement obligations (unaudited) ^(A)	-925	-964	-963	-1,033
Economic net debt (unaudited)	-3,631	-6,690	-4,802	-5,624

(A) Reduced by receivables from the Swedish Nuclear Waste Fund.

- (6) Controllable costs represent a measure used to analyze and manage trends in expenses; it includes those operating costs that can be independently influenced and controlled by management. The definition of controllable costs only applies to the European Generation segment. This measure includes all personnel costs, as well as expenses for purchased goods and services. Controllable costs include miscellaneous other operating income which includes recharged costs for purchased goods and services, reimbursements of insurance premiums, reversals of impairments, investment subsidies, and rental income. The portions of other operating expenses that contain controllable costs are also taken into consideration. These include expenses for reclamation and demolition, marketing, IT and rental costs, costs for third-party services, fees and contributions, maintenance and repair costs, office, travel, training and notary costs, and consultancy and audit expenses. Fuel costs and costs associated with emissions allowances and electricity purchases are not included since these are influenced by market factors.

9 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion and analysis of the financial condition and results of operations (Vermögens-, Finanz- und Ertragslage) of the Uniper Group together with chapters "8. Selected Financial and Other Information", "2. Risk Factors", and "11. Business" of this Prospectus, as well as the unaudited Consolidated Interim Financial Statements of Uniper SE for the six-month period ending June 30, 2016 (inclusive of the comparative figures for the six-month period ending June 30, 2015), including the notes, and the Combined Financial Statements of Uniper SE for the fiscal years ending December 31, 2015, 2014, and 2013, including the notes, which are contained in the Financial Section of this Prospectus from page F-2 onwards.

The Combined Financial Statements were prepared in accordance with IFRS and the interpretations of the IFRS IC, as adopted by the EU Commission for application in the EU up to the end of the reporting periods. PwC audited the Combined Financial Statements in accordance with the International Standards on Auditing (ISA) and issued an unqualified auditors' report. The unaudited Consolidated Interim Financial Statements of Uniper SE were prepared in accordance with IAS 34 (Interim Financial Reporting).

This discussion contains forward-looking statements that involve risks and uncertainties. The Uniper Group's future results could differ materially from the expectations described or implied below. The factors that could cause or contribute to such differences are presented in chapters "2. Risk Factors", "3. General Information" and "11. Business"; these do not, however, constitute an exhaustive list.

For the purposes of preparing the Combined Financial Statements, a range of assumptions and estimates were made that may differ from the assumptions and estimates made for the purposes of the consolidated financial statements of E.ON SE and that may affect the recognition and measurement of assets and liabilities, income, expenses, and contingent liabilities. In such cases, actual results may differ from the assumptions and estimates made by the Company. In addition, the Combined Financial Statements include companies that were owned by E.ON SE in the respective reporting periods. As a consequence, the Combined Financial Statements make no claims of fully reflecting the financial condition and results of operations of the Uniper Group and its cash flows as they would have been had the Uniper Group existed in its current form since January 1, 2013; neither can the financial condition and results of operations or the cash flows resulting from the Combined Financial Statements be carried forward to future reporting periods or a future reporting date. See also the following section "9.2 Basis of Discussion".

The financial data indicated as "audited" in the following tables are taken from the above-mentioned audited Combined Financial Statements of Uniper SE. The financial data indicated as "unaudited" are data derived from the audited Combined Financial Statements, data taken or derived from the unaudited Consolidated Interim Financial Statements of Uniper SE, or data taken or derived from the accounting records of the Uniper Group.

Certain terms used in this section and financial measures presented in the tables are Non-GAAP Financial Measures and may not be considered as an alternative to GAAP Financial Measures. The Company has provided these Non-GAAP Financial Measures and other information in this Prospectus because it believes they provide investors with additional information to assess the economic situation of the Uniper Group's business activities. The definition of the Non-GAAP Financial Measures may vary from the definition of identically named non-GAAP financial measures used by other companies in the energy industry or other industries. The Non-GAAP Financial Measures used by the Company should not be considered as an alternative to net income/loss after income taxes, revenues or any other measures defined in accordance with IFRS or the HGB as measures of operating performance. Neither should they be considered as an alternative to cash inflows/outflows from operating activities as measures of liquidity. These Non-GAAP Financial Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of measures as reported under IFRS or under the HGB. If these Non-GAAP Financial Measures are not included as such in the Combined Financial Statements, they are indicated as "unaudited" in the following tables. By contrast, if Non-GAAP Financial Measures are included in the Combined Financial Statements, they are marked as "audited".

Unless indicated otherwise, all financial information in this Prospectus is presented in millions of euros (€ million). Certain numerical data and financial information (including percentages) in this Prospectus have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub-totals or differences or correlated numbers) in this Prospectus

may not correspond in all cases to the amounts contained in the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts. With respect to financial information contained in this Prospectus, a dash (“-”) means that the relevant number is not available or is zero, while a zero (“0”) means that the number is available but has been rounded to zero.

9.1 BUSINESS OVERVIEW

The Company is the holding company of the Uniper Group, which in its own estimation is one of the leading players in the field of conventional power generation and energy trading in Germany, Europe and Russia, with a generation capacity of 37,598 megawatts¹ (“MW”) in the six-month period ending June 30, 2016 (fiscal year 2015: 39,863 MW, fiscal year 2014: 43,000 MW, fiscal year 2013: 43,477 MW) (each taking into account the Uniper Group’s stake in the individual power plants) and EBIT adjusted for non-operating effects (“**Adjusted EBIT**”) of €1,135 million for the six-month period ending June 30, 2016 (fiscal year 2015: €801 million, fiscal year 2014: €826 million, fiscal year 2013: €1,048 million). The Uniper Group’s primary fields of activity are conventional power generation and trading in electricity, gas, coal and LNG, as well as gas storage operations and gas infrastructure participations. It is one of central Europe’s leaders in gas transport and distribution. It also trades CO₂ Certificates and freight allotments, markets technical services to other market participants and undertakes hedging transactions. Its customers in this respect are primarily major and corporate customers, including, among others, network operators, municipal utilities and other energy distributors. In the Global Commodities segment, the Uniper Group interacts in particular with national and international energy traders.

Based on Adjusted EBIT, the Uniper Group’s business activities are focused in Germany, Sweden and Russia. The Uniper Group also has operations in the United Kingdom, France and the Netherlands, in particular, as well as in the United States. The registered office of the Uniper Group is located in Düsseldorf, Germany.

In fiscal year 2015, the Uniper Group generated revenues totaling €92,115 million (fiscal year 2014: €88,225 million, fiscal year 2013: €94,750 million), of which external sales, broken down by customer location, in the amount of €27,191 million were attributable to Germany, €30,778 million to the United Kingdom, €2,010 million to Sweden, €30,635 million to the rest of Europe and €1,501 million to Other. As of the six-month period ending June 30, 2016, the Uniper Group employed an average of 13,146 employees and included more than 150 companies and holdings.

The Uniper Group is divided into three operating segments: European Generation, Global Commodities and International Power Generation. The individual segments are subdivided into various activities, some of which in turn are divided into sub-activities. The additional Administration/Consolidation reconciliation item combines administrative functions which are performed centrally across segments as well as consolidation measures to be implemented at Group level.

9.2 BASIS OF DISCUSSION

9.2.1 Spin-off, structure of the Uniper Group, Combined Financial Statements, Consolidated Interim Financial Statements

In view of the fundamental changes taking place on the energy markets, the board of management of E.ON SE resolved in fiscal year 2014, with the consent of the supervisory board, on a strategic reorientation, which includes splitting the E.ON Group in two by way of a spin-off. The spin-off will create two separate legal groups, each focusing on different challenges posed by today’s energy markets (see “5. Reasons for the Spin-off and Issue Costs — 5.1 Reasons for the Spin-off”).

The basis for the spin-off of the Company was established during the course of fiscal year 2015 and in the first months of fiscal year 2016 by combining the conventional energy activities of the E.ON Group (with the exception of the German nuclear power business) into the Company’s subsidiary Uniper Holding GmbH and its direct and indirect subsidiaries, and preparing for the Company’s stock exchange listing. See “4. Spin-off” for more information.

As the parent company of the Uniper Group, Uniper SE (formerly Uniper AG and before that E.ON Kraftwerke GmbH) is a European stock corporation (*Societas Europaea*, SE) incorporated under

¹ The basis for calculation includes all power plant capacities that were available to the Uniper Group on at least one day in the respective period under review.

German and European law. It is entered in the commercial register of the Local Court of Düsseldorf under the name “Uniper SE” with registration number HRB 77425 and registered office in Düsseldorf. The operating activities of the Uniper Group are combined into the direct subsidiary Uniper Holding GmbH (formerly E.ON Kraftwerke 6. Beteiligungs GmbH) and its direct and indirect subsidiaries.

The Company has a “complex financial history” within the meaning of the EU Prospectus Regulation (Regulation (EU) 809/2004), since the reorganization under corporate law and therefore the transfer of Uniper’s business activities to the Company or to its direct and indirect subsidiaries had not been fully completed as of December 31, 2015. On March 30, 2016, Uniper SE therefore prepared Combined Financial Statements for fiscal years 2015, 2014 and 2013. These consist of the IFRS Group financial information of the Company, Uniper Beteiligungs GmbH and Uniper Holding GmbH and their direct and indirect subsidiaries, as included in the E.ON consolidated financial statements. The business activities allocated to the Uniper Group that were previously conducted in E.ON Group companies have been recorded at their historical values.

The Combined Financial Statements comprise the combined statement of income, the combined statement of income and expenses recognized in equity (net assets), the combined balance sheet, the combined statement of cash flows, the combined statement of changes in equity (net assets), and the notes to the Combined Financial Statements for fiscal years 2015, 2014, and 2013.

The Company prepared the unaudited Consolidated Interim Financial Statements of the Uniper Group in accordance with IAS 34 for the six-month period ending June 30, 2016.

9.2.2 Bases of preparation of the Combined Financial Statements

The Company prepared the Combined Financial Statements in accordance with IFRS and the interpretations issued by the IFRS IC. IFRS do not contain any specific rules for the preparation of Combined Financial Statements. In consequence, IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” is applicable to the preparation of Combined Financial Statements.

The method of book value accounting in accordance with the rules for business combinations under common control was used for the preparation of the Combined Financial Statements of Uniper SE. The Combined Financial Statements of Uniper SE present the Uniper Group companies and the business activities allocated to the Uniper Group in the manner in which they were included in the IFRS consolidated financial statements of E.ON SE in the past and how they will exist after the spin-off enters into effect. For this purpose, the Uniper Group has essentially used the same accounting policies and carrying amounts for the preparation of the Combined Financial Statements that were used to prepare the IFRS consolidated financial statements of E.ON SE. This procedure was modified with respect to transactions with E.ON Group companies. Transactions between the Uniper Group and the remainder of the E.ON Group were accounted for in accordance with IFRS and classified as related party transactions. IFRS accounting standards adopted for the first time by E.ON SE in fiscal years 2013 through 2015 were incorporated in the Combined Financial Statements in accordance with the respective date of first-time adoption by the E.ON Group. The Uniper Group comprises the Company and its direct and indirect subsidiaries, Uniper Beteiligungs GmbH and the Uniper Group business activities that were conducted in direct and indirect subsidiaries of E.ON SE. The allocation of legal entities to the Uniper Group as part of the reorganization under corporate law was completed by December 31, 2015. Further operating activities, such as parts of the German power and gas wholesale business, were transferred to the Uniper Group on January 1, 2016. From January 1, 2016 onwards, all operating business activities have been held in direct and indirect subsidiaries of the Company.

9.2.3 Segment information

The European Generation segment comprises the Uniper Group’s various generation facilities used in Europe (excluding Russia and the Czech Republic) for the purpose of generating power and heat. In addition to fossil-fuel power plants (coal-fired, gas-fired, oil-fired, and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden, a biomass plant in France, and a small number of photovoltaic and wind power facilities. The majority of the energy generated is sold within the Group by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. Apart from the power plant business, the European Generation—Fossil-fuel generation activity comprises the

marketing of energy services to other market participants (third party services), which range from fuel procurement to engineering, operational, maintenance and marketing services. As part of the European Generation—Other activity, power plant maintenance and other tasks are performed for both the Uniper Group as well as for third parties by Uniper Technologies GmbH (“**UTG**”) and its group companies.

The Global Commodities segment combines the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as major customers. Within this segment, the fuels required for power generation in the European Generation segment (mainly coal and gas) are procured, CO₂ Certificates are traded, the majority of the electricity produced is marketed, and the power plant portfolio is optimized by managing the use of the power plants. All gas trading activities, *i.e.*, gas procurement on the basis of procurement contracts, trading on the energy markets and the distribution to wholesale customers are also bundled under this segment. This segment also bundles gas infrastructure participations and gas storage operations, as well as all the activities of the Uniper Group relating to its participation in the Siberian Yuzhno-Russkoye gas field in Russia. Beyond its own requirements, the Uniper Group also has worldwide activities in coal and LNG trading, and in the acquisition, trading, and marketing of freight allotments.

The International Power Generation segment combines the operating generation business of the Uniper Group in Russia and Brazil. With respect to the business in Russia, Unipro PJSC, a listed company in Russia in which the Uniper Group has an 83.7% holding (as of June 30, 2016), is responsible for all the activities in connection with power generation in Russia. These include, among others, the procurement of fuels needed in the power plants, the operation and management of the power plants, and the trading in and sale of the generated energy. Currently, the Uniper Group's business in Brazil comprises a 12.3% financial investment (as of June 30, 2016) in the energy utility ENEVA held by the Uniper Group and a directly held 50% shareholding (as of June 30, 2016) in Pecém II Participacoes S.A., which operates a coal-fired power plant in the Brazilian state of Ceará.

The non-operating functions across segments which are carried out centrally for all segments of the Uniper Group are combined into Administration/Consolidation. In addition, the consolidations to be carried out at Group level take place here.

9.2.4 Segmentation of the E.ON Group and the Uniper Group

The business activities of the Uniper Group were included in the consolidated financial statements of E.ON SE primarily in the reporting segments Generation, Global Commodities, Exploration & Production, Renewables (Hydro), Other EU countries, and Non-EU countries. The allocation of individual activities or items within these segments differed from the allocation selected for the purposes of segment reporting in the Uniper Group. Consequently, it is not possible to reconcile the individual segments of the E.ON Group to the segments of the Uniper Group, some of which are identically named.

9.2.5 Calculation and recognition of taxes

Income taxes are determined on the assumption that the Uniper Group's companies and business activities are separate taxable entities (so-called “separate tax return approach”). This assumption implies that the current and deferred taxes of all companies and business activities and of the fiscal units for tax purposes within the Uniper Group are calculated separately, and the assessment of the recoverability of deferred tax assets assumes that this is the case. Deferred tax assets on tax loss carryforwards were recognized in the Combined Financial Statements to the extent that it is probable that there will be future positive taxable income of the relevant companies or business activities within the Uniper Group against which the losses can be offset. In the case of companies and business activities that were not subject to income tax independently in previous years, the respective tax receivables and liabilities as well as deferred tax assets on loss carryforwards were treated in the relevant years as contributions or transfers from reserves by shareholders who do not form part of the Uniper Group. Receivables and liabilities of the Company due from/to E.ON SE that are attributable to a fiscal unit for value-added tax purposes are reported under other tax receivables and liabilities. The management of the Uniper Group considers the separate tax return approach to be appropriate, but not necessarily indicative of the tax charge or benefit that would have arisen if the companies had actually been subject to tax separately.

9.2.6 Expenses and income attributable to specific services provided by central functions

The Uniper Group received and provided administrative services (such as IT services or administrative activities) from/to other E.ON Group companies. These services were recharged by the entities providing them in fiscal years 2015, 2014, and 2013, and have been included in the combined statement of income at their historical amounts. Service companies and the associated assets and liabilities were either transferred or services will be provided temporarily on the basis of service agreements in future (“**Transitional Service Agreements**”). In addition, holding companies such as E.ON SE or E.ON Sverige AB also provided various central services to the Uniper Group. These services were recharged by the entities providing them in fiscal years 2015, 2014, and 2013, and have been included in the combined statement of income at their historical amounts. Services attributable to the Uniper Group but not recharged in the past were allocated directly or, where this was not possible, on the basis of appropriate allocation keys and recognized in the Combined Financial Statements of the Company.

In preparation for the separation, the employees of the E.ON Group who worked for the Uniper Group transferred to the Uniper Group on January 1, 2016.

9.3 KEY FACTORS AFFECTING THE RESULTS OF OPERATIONS

The Uniper Group believes that the following key factors in particular affected its results of operations in fiscal years 2015, 2014, and 2013 presented in the Prospectus, as well as in the six-month period ending June 30, 2016 and that they will likely continue to impact the Uniper Group’s results of operations in the future.

9.3.1 Macroeconomic environment and economic development

The global macroeconomic environment, and in particular the economic environment in the countries and regions where the Uniper Group is active, are a key driver for the Uniper Group’s results of operations. While energy consumption by private households is largely independent of economic trends, phases of strong economic growth or contraction have a significant impact on industrial demand for power and gas and their respective price levels. The global economic situation also affects the market prices of raw materials (such as coal, gas, and oil) and other commodities (such as CO₂ Certificates) that are of considerable significance to the Uniper Group’s trading activities and the operation of its generation fleet.

Further information on the macroeconomic environment and economic trends can be found in chapter “10. Market and Competition”. The potential future impact of economic trends on the Uniper Group is discussed in section “2. Risk Factors—2.1—Risks in connection with the macroeconomic development”.

9.3.2 Energy policy and regulatory environment

The Uniper Group’s business activities are subject to various statutory requirements, in particular those of European and national law. The respective regulatory environment has seen extensive change in the past in all of the countries where the Uniper Group is active and will presumably also change significantly with regard to any adjustments in actual or political requirements in the respective countries in the future. In particular, the energy policy and regulatory requirements in the markets in which the Uniper Group operates had a considerable influence on its revenue and earnings in the past, and it is expected that they will have an impact on the revenues and earnings of the Uniper Group in the future.

(i) European Union

The “Strategy 2020” proposed by the EU Commission at the beginning of 2010 had a major influence on the development of the electricity markets in the EU. It specifies (i) a target value for the reduction of carbon emissions; (ii) a target for the market introduction of usage systems for renewable energy sources; (iii) an increased target value for energy efficiency; and finally (iv) the integration of the European electricity market through the further expansion of interconnectors between the various European market areas. The “Strategy 2020” is supplemented by the Energy Union, which was introduced in 2015 and is intended to achieve complete integration of the national energy markets within the EU.

At a European level, the expansion of power generation from renewable energy sources by 2020 has been driven forward, in particular, by Directive 2009/28/EC of the European Parliament and of the Council of April 23, 2009 on the promotion of the use of energy from renewable sources, which entered into force in 2009. At the level of the EU, the Directive provides for a 20% share of renewables in the gross final consumption of energy by 2020. Beyond 2020, the aim is to further promote the use of electricity from renewable sources to achieve a share of up to 27%.

(ii) Germany

Germany plays a leading role in the global promotion of energy generation from renewable energy sources and with its expansion targets it significantly exceeds the overall European level. The EEG, which entered into force in 2000 and has since then been continuously expanded (EEG 2004, EEG 2009, EEG 2012, Amending Law on Photovoltaics (*Photovoltaik-Novelle*), EEG 2014) governs, among other things, the feed-in priority for renewable energy over energy from conventional sources during transmission network bottlenecks, and also provides for minimum fees for energy generation from renewable energy sources. In Germany, the significant investment incentives have ensured a considerable enlargement of generation capacity from renewable energy sources in recent years, as well as a continuous reduction in average wholesale electricity prices.

The volumes of electricity from renewable energies available on the market are subject to significant fluctuations, depending on external factors such as hours of sunshine, and wind and water levels. In response, the German legislator enacted additional regulations aimed at ensuring security of energy supply in order to avoid the decommissioning of certain generation units at fossil-fuel power plants.

Following the nuclear reactor accident at Fukushima, Japan, in 2011, Germany resolved to phase out nuclear generation by 2022.

A detailed presentation of the regulatory environment in the markets in which the Uniper Group operates can be found in chapter “13. Energy Law Environment”, and potential future implications of energy policy for the Uniper Group are described in section “2. Risk Factors—2.6 Regulatory risks for the business of the Uniper Group”.

9.3.3 Energy generation from renewable energy sources

The constant expansion of power generation from renewable energy sources had a considerable influence on wholesale electricity prices and the Uniper Group's revenue and earnings in the six-month period ending June 30, 2016, and in fiscal years 2015, 2014, and 2013, and is expected to influence them in the future.

Owing to the limited electricity storage capacities, in liberalized, centrally organized markets wholesale electricity prices usually depend, to a great degree, on the immediate supply and demand situation at any given time. If a certain demand (so-called “load”) emerges in a market at any given time, the lower threshold for the price of electricity depends on the power plant with the highest short-term marginal costs that is necessary to cover the load (market clearing price). Only variable generation costs (costs for commodities, CO₂ Certificates and variable operating costs, as well as any opportunity costs) are designated as marginal costs.

The so-called merit order denotes the order of deployment of the available power plants, sorted in an ascending order according to their short-term marginal costs. Beginning with the lowest marginal costs, power plants having higher marginal costs are included, one after another, until the demand is covered. The position of a power plant within the merit order determines how often a power plant is deployed. Typically, power plants having high investment costs but comparatively low variable generation costs (e.g., nuclear, hydro and lignite-fired power plants) characterize the start of the merit order. Hard coal, gas and oil power plants typically range from the middle to the end of the merit order. The available power plant capacities, fuel prices, and technical parameters of the generation units in the individual countries usually differ greatly; as a consequence, each country has its own characteristic merit order.

Many renewable energy sources, including wind and solar power, have practically no variable generation costs since no fuel or CO₂ Certificates are needed for energy generation. These are therefore classified at the start of the merit order, which shifts fossil-fuel power plants further back. As a result, during times of a high feed-in from renewable energy sources, power plants having higher

variable generation costs will no longer be needed to cover the load, assuming that demand remains the same. A power plant having lower variable generation costs then becomes a price-setting marginal power plant, resulting in a lowering of the power price. In Germany, Sweden, the United Kingdom, France, and the Benelux countries, the significant expansion of renewable energies and their statutory feed-in priority has resulted (and could also result in the future) in a situation where the power price is increasingly determined by previous medium-load power plants, e.g., hard coal power plants, while many peak-load power plants, e.g., natural gas power plants, are hardly utilized at all. Nevertheless, gas-fired power plants are needed to satisfy demand for power in times of low feed-in from renewable energy sources.

However, the volumes of electricity and renewable energies available on the market are subject to significant fluctuations, depending on external factors such as hours of sunshine, and wind and water levels. As a result, the share of total electricity production attributable to renewable energy sources and the associated effect on the merit order and power price is not constant and can be subject to considerable year-on-year fluctuations. The volume of electricity from renewable sources available on the market and its share in total electricity consumption is boosted by state support programs in the individual countries, such as the guaranteed minimum fee for electricity from renewable sources in Germany, and has constantly increased in recent years despite the above-mentioned generation volatility (see “9.3.2 *Energy policy and regulatory environment*”).

Detailed information on the promotion of energy generation from renewable energy sources can be found in chapter “13. *Energy Law Environment*”.

9.3.4 Security of supply and capacity markets

To safeguard energy supply, the fluctuations in energy generation from renewable energy sources (depending on meteorological and hydrological conditions) and the limited electricity storage capacities make it necessary to continue to maintain a considerable amount of generation capacity from fossil-fuel power plants, to the extent that there are no adequately efficient storage capacities available. However, the promotion of energy generation from renewable energy sources has resulted in a situation where not all fossil-fuel power plants are sufficiently utilized and not all can continue to be operated at a profit. This has impacted the Uniper Group’s generation fleet in the past, and will continue to do so in the future.

To safeguard energy supply in the case of high demand and the limited availability of renewable energy capacities, the operators of fossil-fuel power plants in Germany are required by law to disclose the planned decommissioning of generation units to the authorities. Permanent decommissioning or dismantling can be prohibited for power plants that are classified as vital for the security of energy supply (so-called “systemically relevant power plants”). The relevant operator must maintain such power plants as a reserve to contribute to meeting short-term energy demand when necessary. Although the operators are negotiating a fixed-rate fee for this in accordance with the Reserve Power Plants Ordinance (*Reservekraftwerksverordnung*), this only covers a certain proportion of the costs. As of the date of this Prospectus, six Uniper Group power plant units were affected by this requirement and continue to be operated against payment of the fee mandated by law. For two of these power plant units the Uniper Group applied only for temporary decommissioning, while notification of permanent decommissioning was made for the remaining four power plant units. In accordance with the laws applicable in Germany, power plant units for which permanent decommissioning has been notified may not be returned to operation in the power market after the end of any use as a system reserve.

Similar reserve mechanisms apply in Sweden and Belgium, whereby the transmission system operator keeps power plants available as a strategic reserve for the winter months and remunerates them accordingly. At the date of this Prospectus, the Uniper Group is receiving payments for nine power plant units in Sweden and one power plant unit in Belgium.

A distinction must be drawn between the situation in Germany and the capacity markets already established in various countries such as Russia and Brazil or being established in the United Kingdom and France to safeguard security of supply. Although the exact form of these markets varies from country to country, the standard feature is that power plant operators receive a fixed payment, the amount of which is determined as a result of a bidding procedure, for the assured provision of generation capacity, irrespective of whether the corresponding unit is later used for generation. As of the date of this Prospectus, the Uniper Group was receiving payments for provision of generation capacity at 26 power plant units in Russia and four, respectively, after the commissioning of the Parnaíba II power plant in July 2016, five power plant units in Brazil.

Detailed information on the Uniper Group's legal requirements to continue operating certain power plants and on capacity markets can be found in "13. *Energy Law Environment*".

9.3.5 Movements in commodities and CO₂ Certificates prices

The prices of commodities and CO₂ Certificates on the international trading markets are a key factor for the Uniper Group's results of operations. Commodities (in particular coal and gas) and CO₂ Certificates are required to operate the Uniper Group's generation fleet and have a decisive influence on generation units' variable costs, which in turn impacts the position of the Uniper Group's generation fleet in the merit order. In addition, beyond the Uniper Group's own requirements, the Global Commodities segment is active in the proprietary trading of commodities and CO₂ Certificates to generate margins.

As part of its operating activities, the Uniper Group hedges against price risks with regard to power and fossil primary energy sources, predominantly via hedging transactions. For this purpose, a range of derivative financial instruments are concluded with financial institutions, brokers, energy exchanges, and external customers. The hedges used include physically and financially settled options and forward contracts related to electricity, gas, coal, oil, and emission rights. The prices are set in advance taking into account the market liquidity in each case. The Uniper Group is thus able not only to safeguard a specific margin for a significant proportion of sales of the energy or other commodities it has generated, but also to generally exploit the potential benefit of market price fluctuations, by regularly optimizing the long and short positions (see section "11. *Business* — 11.5 *Segments* — 11.5.3 *Global Commodities segment*").

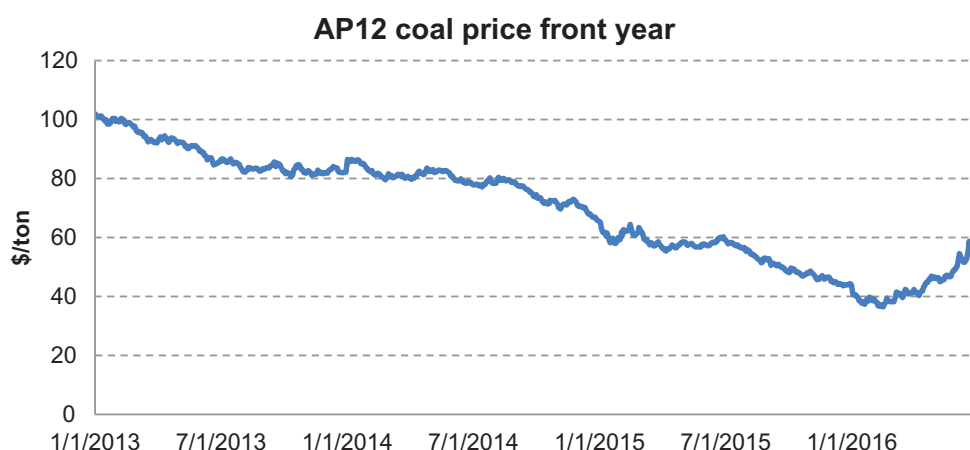
For further information on the risk of changes in prices for commodities and for CO₂ Certificates, see "2. *Risk Factors* — 2.3 *Market risks for the business of the Uniper Group* — 2.3.5 *Risks arise for the Uniper Group's business from changing market prices and margins for power and primary energy sources*" and "— 2.3.4 *Risk arise for the Uniper Group's business from rising costs of emissions certificates*".

(i) **Coal market**

Coal is used as fuel in part of the Uniper Group's generation fleet and is therefore a cost factor. In addition, traded coal affects the results of operations of the Uniper Group in the context of commodity trading.

Thanks to global production activities and easy transportation, a world-wide market in coal has developed with prices essentially determined by supply and demand as well as transportation costs.

The illustration below shows the development of the coal futures price (API2) in the European coal market for the six-month period ending June 30, 2016, as well as for fiscal years 2015, 2014 and 2013 using the prices for delivery in the respective front year in \$/ton. The front year is the delivery year following the respective fiscal year.



(Source: Intercontinental Exchange data, as of July 25, 2016)

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, the last price quoted for coal for the year following the respective fiscal year (front year) of 55.6 \$/ton on June 30, 2016 was 14.9 \$/ton or approximately

36% above the first price quoted of 40.8 \$/ton on January 4, 2016. The average price for coal for the front year in the six-month period ending June 30, 2016 amounted to 43.9 \$/ton (source: *ICE, as of July 25, 2016*).

Following a weak start to fiscal year 2016, the coal price began to recover at the end of the three-month period ending March 31, 2016 in line with the simultaneous rise in oil prices and increased demand in China. This continued through to the end of the six-month period ending June 30, 2016. The key drivers were higher production costs, since the currencies of the key coal-producing nations (e.g., the Russian ruble and Colombian peso) also gained in value together with the oil price. Added to this was lower coal production in Asia, which led to exports from the Atlantic market, and the resurgence in hedging activities on the futures and derivatives market, which drives the prices in physical trading. Overall, the API2 coal price for the front year was up approximately 36% in the six-month period ending June 30, 2016.

Fiscal year 2015

In fiscal year 2015, the last price quoted for coal for the front year of 44.0 \$/ton on December 31, 2015 was 21.3 \$/ton or 33% below the first price quoted of 65.3 \$/ton on January 2, 2015. The average price for coal for the front year in fiscal year 2015 amounted to 54.6 \$/ton (source: *ICE, as of May 31, 2016*).

After a weak start at the beginning of fiscal year 2015 and a brief period of stabilization in the three-month period ending March 31, 2015, coal prices resumed their downward trend at a faster pace than in fiscal year 2014. The main factor driving this development was declining demand, caused by lower Chinese imports and the poor outlook for coal-based power generation in Europe due to the low gas prices. Production remained relatively stable, since the mine operators benefited from the lower oil price and the weakness of local currencies (principally the Russian ruble and the Colombian peso) against the US dollar.

Fiscal year 2014

In fiscal year 2014, the last price quoted for coal for the front year of 65.9 \$/ton on December 31, 2014 was 20.7 \$/ton or 24% below the first price quoted of 86.6 \$/ton on January 2, 2014. The average price for coal for the front year in fiscal year 2014 amounted to 78.3 \$/ton (source: *ICE, as of May 31, 2016*).

Coal prices suffered a significant fall in fiscal year 2014. The market was characterized by oversupply and weak demand, which put prices under pressure especially in the three-month period ending March 31, 2014. Unusually high temperatures throughout the whole of winter were reflected in a significant decline in demand for imports in North America. In addition, the sharp fall in oil prices and the appreciation of the US dollar against the currencies of all the main coal exporting countries in the three-month period ending December 31, 2014, were responsible for a four-year low in the coal price.

Fiscal year 2013

In fiscal year 2013, the last price quoted for coal for the front year of 82.3 \$/ton on December 31, 2013 was 19.9 \$/ton or 19% below the first price quoted of 102.2 \$/ton on January 2, 2013. The average price for coal for the front year in fiscal year 2013 amounted to 88.9 \$/ton (source: *ICE, as of May 31, 2016*).

In fiscal year 2013, the average prices in the European coal market for next year delivery continued the downward path that started in fiscal year 2012. As before, production in the Atlantic market significantly exceeded demand. The growth in demand for imported coal from China was also significantly below the level of previous years. The price stabilized in the three-month period ending December 31, 2013, only due to the significant increase in freight costs.

(ii) Gas market

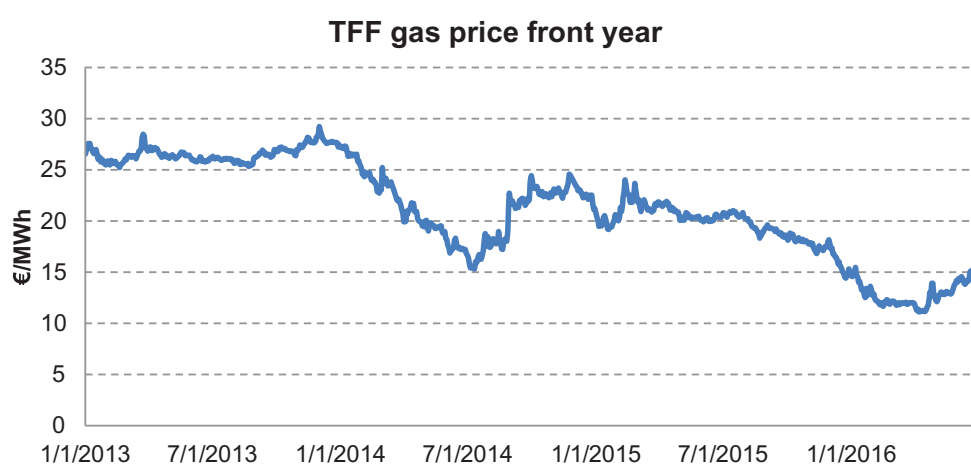
Gas is used as fuel in part of the Uniper Group's generation fleet and is therefore a cost factor and is also significant for the Uniper Group's pipeline and gas storage business. In addition gas affects the results of operations of the Uniper Group as a traded item in the context of commodity trading. Conventional natural gas is transported to European consumer countries through pipelines, in particular from Russia and Norway.

In addition to the costs of extraction and transportation, the price of gas is also affected by supply and demand as well as by political developments, such as the Russia-Ukraine conflict, and the pipeline infrastructure. Furthermore, there are seasonal imbalances in supply and demand in the summer and winter months with corresponding effects on the gas price, which could have a material influence on the profitability and margin of the Uniper Group's gas storage business.

In contrast to conventional natural gas, LNG can be transported in special containers because of its physical properties and can therefore be traded globally. The development of the price of LNG, unlike the price of conventional natural gas, is therefore driven by global supply and demand as well as by transportation costs and the prices of other energy sources, such as oil.

Long-term agreements for the import of natural gas form the basis for the majority of the natural gas supplied to the Uniper Group. Wholesale markets represent another important source of supply for gas, for example the Dutch Title Transfer Facility ("TTF") and the trading point of the NetConnect Germany market area.

The illustration below shows the development of the gas futures price on the TTF for the six-month period ending June 30, 2016, as well as for fiscal years 2015, 2014 and 2013 using the prices for delivery in the respective front month in €/MWh. The front month is the delivery month following the respective fiscal month.



(Source: Intercontinental Exchange data, as of July 25, 2016)

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, the last price quoted on the TTF for natural gas for the front month of 14.4 €/MWh on June 30, 2016 was 0.2 €/MWh or 2% below the first price quoted of 14.6 €/MWh on January 4, 2016. The average price for natural gas for the front month in the six-month period ending June 30, 2016 was 12.9 €/MWh (source: ICE, as of July 25, 2016).

The first half of the six-month period ending June 30, 2016 was characterized by mild temperatures accompanied by low demand for gas, high imports from Russia and Norway, and comfortable storage facility levels in Europe. The gas price primarily reflected the uncertainty about the development of the global economy and lingered at a low level. In addition, the first Australian LNG export projects commenced operations and the price for deliveries of LNG in Asia fell by 30%. The gas price recovered in the second half of the six-month period ending June 30, 2016. This was driven by the higher oil price, the sustained withdrawal from storage facilities in April, various shutdowns at the UK's Rough storage facility and adjustments to the maintenance plans for Norway's gas fields. The price increase was boosted by stable price trends on the other commodities markets and the announcement that production in the Groningen gas field in the Netherlands will be subject to further caps in the coming years.

Fiscal year 2015

In fiscal year 2015, the last price quoted on the TTF for natural gas for the front month of 14.8 €/MWh on December 31, 2015 was 5.7 €/MWh or 28% below the first price quoted of 20.4 €/MWh on January 2, 2015. The average price for natural gas for the front month in fiscal year 2015 amounted to 19.7 €/MWh (source: ICE, as of April 21, 2016).

In fiscal year 2015, the European gas market conformed to the downward trend in prices in the energy sector and experienced a fundamental shift in supply and demand due to weak economic growth and very mild temperatures, especially in the three-month period ending December 31, 2015. However, the production side recorded further growth. The LNG market, which is growing and becoming increasingly liquid, was responsible in particular for smaller price differences between local markets. As a result of this, and also due to higher imports from Norway, the gas price for delivery in the front month fell further in fiscal year 2015. Moreover, the summer/winter spread continued to narrow. A brief increase in prices was driven by a short period of cold weather and by uncertainty about a possible further reduction in the maximum output of the Groningen field. At the start of fiscal year 2015, low gas imports from Russia throughout the winter of the preceding year were responsible for a high level of withdrawals from gas storage facilities in the whole of Europe. In the three-month period ending December 31, 2015, storage levels across Europe returned to normal.

Fiscal year 2014

In fiscal year 2014, the last price quoted on the TTF for natural gas for the front month of 21.3 €/MWh on December 31, 2014 was 6.0 €/MWh or 22% below the first price quoted of 27.3 €/MWh on January 2, 2014. The average price for natural gas for the front month in fiscal year 2014 amounted to 21.4 €/MWh (source: ICE, as of April 21, 2016).

The European gas market in fiscal year 2014 was characterized by relatively high price volatility and a declining overall level of prices. The negative trend in prices reflected the mild three-month period ending March 31, 2014, and falling oil prices in the second half of fiscal year 2014. In addition, the LNG spot market in the three-month period ending December 31, 2014, showed initial signs of oversupply as a result of high LNG storage levels in East Asia and weaker global industrial demand, while prices in the summer months stabilized temporarily. The price for delivery in the front month was subject to sharp fluctuations in the meantime in reaction to news with respect to political developments in the Ukraine.

Fiscal year 2013

In fiscal year 2013, the last price quoted on the TTF for natural gas for the front month of 27.6 €/MWh on December 31, 2013 was 0.9 €/MWh or 4% above the first price quoted of 26.6 €/MWh on January 2, 2013. The average price for natural gas for the front month in fiscal year 2013 amounted to 26.6 €/MWh (source: ICE, as of April 21, 2016).

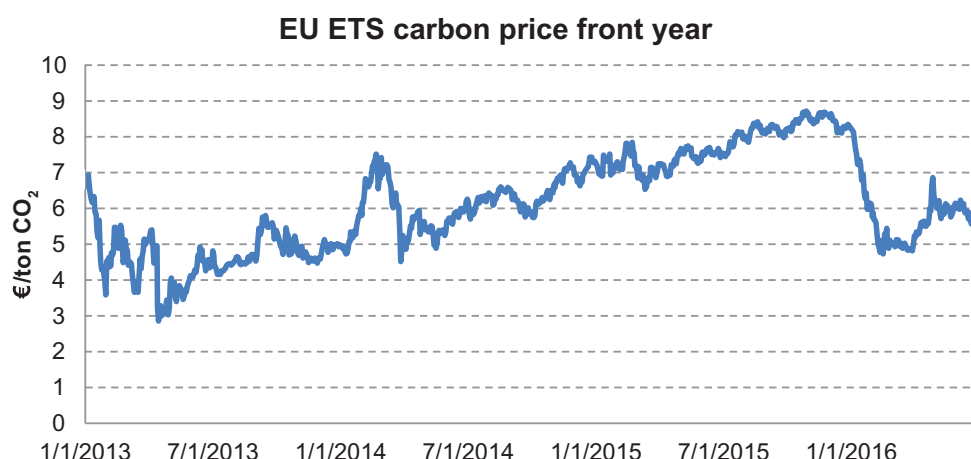
Prices for deliveries of gas in the front month remained almost unchanged throughout fiscal year 2013, irrespective of the performance of the oil and coal markets. The reasons for this were the continuing expectation of weak demand from the industrial and power sectors, lower demand in the summer months due to higher temperatures, the very mild December in 2013 and the continuing rather short supply of LNG. Only March and April 2013 saw a brief rise in prices on the spot market due to a spell of cold weather in Europe and almost empty gas storage facilities.

(iii) CO₂ Certificates

Within the EU emissions trading system, companies must acquire an allowance for each metric ton of CO₂ emitted. In order to limit the total volume of emissions that are damaging to the climate, only a restricted number of CO₂ Certificates are issued by governments. The Uniper Group needs to possess and/or acquire CO₂ Certificates in order to operate its portfolio of power plants for the purpose of generating energy from fossil fuels. In addition, CO₂ Certificates also represent a traded item in the Global Commodities segment.

Carbon allowances are freely tradable and, like fuels and power, are traded on the relevant exchanges. Price formation is largely based on supply and demand, with supply determined to a great extent by regulatory and political factors through the issue of allowances by government bodies, while demand is influenced by the prevailing economic conditions.

The illustration below shows the development of the price for CO₂ Certificates (EU ETS) for the six-month period ending June 30, 2016, as well as for fiscal years 2015, 2014 and 2013 using the prices for delivery in the respective front year (December contract) in €/ton of CO₂.



(Source: Intercontinental Exchange data, as of July 25, 2016)

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, the last price quoted for CO₂ Certificates for the front year of 4.5 €/ton on June 30, 2016 was 3.7 €/ton or 45% below the first price quoted of 8.2 €/ton on January 4, 2016. The average price for CO₂ Certificates for the front year in the six-month period ending June 30, 2016 was 5.8 €/ton (source: ICE, as of July 25, 2016).

At the beginning of fiscal year 2016, the price of CO₂ Certificates reflected developments in the other energy markets. The price of CO₂ Certificates initially lost 40% of its value, but was subsequently able to stabilize, in particular shortly before the publication of emissions data for fiscal year 2015 at the end of the three-month period ending March 31, 2016. The price of CO₂ Certificates increased at the beginning of the second half of the six-month period ending June 30, 2016, primarily keeping track with the generally positive sentiment in the other energy markets. In the short term, the upcoming discussions surrounding the introduction of a price corridor for emission certificates in France sparked high volatility with significant price surges. Ultimately, the UK referendum on withdrawal from the EU at the end of June 2016 led to a sharp decline in prices.

Fiscal year 2015

In fiscal year 2015, the last price quoted for CO₂ Certificates for the front year of 8.3 €/ton on December 31, 2015 was 1.1 €/ton or 15% above the first price quoted of 7.2 €/ton on January 2, 2015. The average price for CO₂ Certificates for the front year in fiscal year 2015 amounted to 7.8 €/ton (source: ICE, as of May 31, 2016).

The prices of CO₂ Certificates in the EU ETS rose over the course of fiscal year 2015. In the first three quarters of 2015, this increase was primarily due to political decisions on the reform of the Emissions Trading System and to the reduction of auction volumes. In the three-month period ending December 31, 2015, prices were increasingly driven by the general development of the energy sector, while the outcome of the Paris climate conference had less effect than expected.

Fiscal year 2014

In fiscal year 2014, the last price quoted for CO₂ Certificates for the front year of 7.3 €/ton on December 31, 2014 was 2.3 €/ton or 47% above the first price quoted of 5.0 €/ton on January 2, 2014. The average price for CO₂ Certificates for the front year in fiscal year 2014 amounted to 6.2 €/ton (source: ICE, as of May 31, 2016).

The political agreement at EU level on backloading led to substantial price fluctuations in the EU ETS due to speculative activity. From May to December of fiscal year 2014 prices rose steadily as a consequence of the implementation of the directive. The three-month period ending December 31, 2014, saw a further increase in prices following the discussions on the proposed introduction of a market stabilization reserve (a long-term method of dealing with oversupply in the EU ETS).

Fiscal year 2013

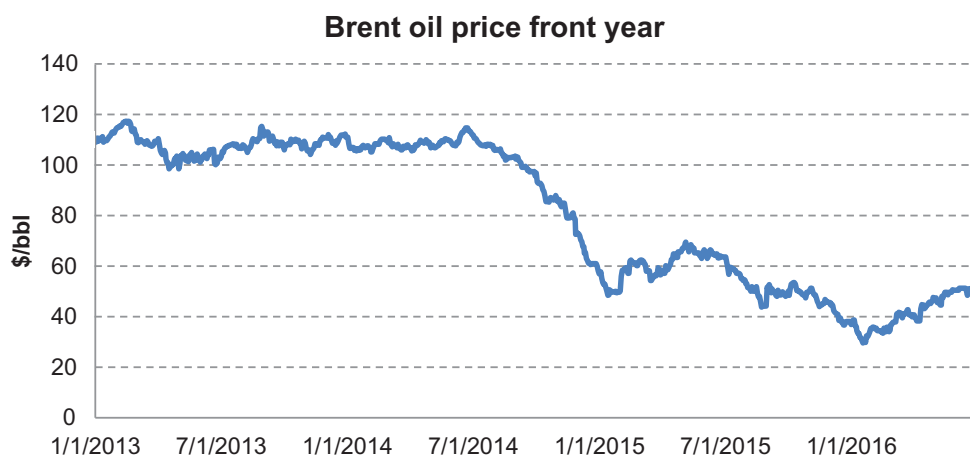
In fiscal year 2013, the last price quoted for CO₂ Certificates for the front year of 5.0 €/ton on December 31, 2013 was 1.9 €/ton or 28% below the first price quoted of 6.9 €/ton on January 2, 2013. The average price for CO₂ Certificates for the front year in fiscal year 2013 amounted to 4.7 €/ton (source: ICE, as of May 31, 2016).

The prices of CO₂ Certificates in the EU ETS hit a record low in fiscal year 2013 due to the oversupply of CO₂ Certificates. The movement in prices was primarily affected by the announcement and consultation relating to the planned implementation of measures to reduce the number of available CO₂ Certificates. The final decision to introduce these measures was taken in December 2013 but had only a limited impact on the price.

(iv) Oil market

The price of oil traditionally has a significant impact on the global economic situation and affects the prices of other commodities, especially coal and gas. In addition, changes in the oil price also affect the Uniper Group's logistics costs and the operating costs of individual oil-fired generation units.

The illustration below shows the development of the oil futures price for one barrel (159 l) of Brent oil for the six-month period ending June 30, 2016, as well as for fiscal years 2015, 2014 and 2013 using the prices for delivery in the respective front month in \$/bbl.



(Source: ICAP data, as of July 25, 2016)

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, the last price quoted for oil for the front month of 50.9\$/bbl on June 30, 2016 was 12.5 \$/bbl or 33% above the first price quoted of 38.4 \$/bbl on January 4, 2016. The average price for oil for the front month in the six-month period ending June 30, 2016 was 41.7 \$/bbl (source: ICAP, as of July 25, 2016).

The oil price lost significant ground in the first few weeks of fiscal year 2016 as a result of global oversupply. This was clearly demonstrated, among other things, by above-average storage facility levels, especially in the USA. The steady decline in oil production in the United States and production outages in Kuwait, Canada and Nigeria led to a more robust oil price, in particular in the second half of the six-month period ending June 30, 2016. The oil price rebounded as a result, exceeding the 50 \$/bbl mark.

Fiscal year 2015

In fiscal year 2015, the last price quoted for oil for the front month of 36.5 \$/bbl on December 31, 2015 was 20.1 \$/bbl or 35% below the first price quoted of 56.6 \$/bbl on January 1, 2015. The average price for oil for the front month in fiscal year 2015 amounted to 54.3 \$/bbl (source: ICAP, as of April 21, 2016).

Following a weak three-month period ending March 31, 2015, and a fairly stable three-month period ending June 30, 2015, the second half of fiscal year 2015 was influenced by a number of significant developments on the oil markets. The nuclear agreement with Iran and the stock exchange

turbulence in China were responsible for a distinct downward trend, which was followed by a modest rise due to lower production in the United States and the worsening conflicts in Yemen. However, a significant price collapse was then observed in the three-month period ending December 31, 2015: The lack of agreement between OPEC members on production volumes, growth in inventories, a stronger US dollar and continued healthy production figures caused the oil price to fall below 40 \$/bbl at the end of fiscal year 2015.

Fiscal year 2014

In fiscal year 2014, the last price quoted for oil for the front month of 56.6 \$/bbl on December 31, 2014 was 54.2 \$/bbl or 49% below the first price quoted of 110.8 \$/bbl on January 1, 2014. The average price for oil for the front month in fiscal year 2014 amounted to 99.4 \$/bbl (source: ICAP, as of April 21, 2016).

The development of the oil price in fiscal year 2014 was varied. The first half of fiscal year 2014 recorded a stable price performance. The increase in oil production in non-OPEC countries was more than outweighed by uncertainty in connection with the crisis in the Middle East. In the second half of fiscal year 2014, weaker global demand, a further increase in production and the resumption of production in Libya generated a 40% collapse in prices to a five-year low. The situation was further exacerbated by the refusal of OPEC, more particularly Saudi Arabia, to play its historical role in market stabilization and by additional increases in Russian and Iraqi production despite falling prices.

Fiscal year 2013

In fiscal year 2013, the last price quoted for oil for the front month of 110.8 \$/bbl on December 31, 2013 was 1.9 \$/bbl or 2% above the first price quoted of 108.9 \$/bbl on January 1, 2013. The average price for oil for the front month in fiscal year 2013 amounted to 108.0 \$/bbl (source: ICAP, as of April 21, 2016).

The price for Brent crude oil for delivery in the following month, which had come under substantial pressure in the first half of fiscal year 2013, rose from a relatively low level to a six-month high within a very short period in the three-month period ending September 30, 2013. Thanks to suggestions at that time of a de-escalation of the conflict in Syria and signs of a possible rapprochement between the United States and Iran, the price of Brent crude oil then decreased once again. In the three-month period ending December 31, 2013, the price again came under pressure due to the expected increase in production in non-OPEC countries, especially relating to oil from shale and tar sands in North America. However, significant production outages in Libya, Nigeria, Iraq and Iran prevented a substantial decline.

9.3.6 Development of the power price

The development of the power price in the markets in which the Uniper Group operates is a material factor affecting the results of operations of the Uniper Group.

(i) Price formation and spreads

For the main part, the price of power is determined at various power exchanges. Although only a small proportion of power is traded on power exchanges, the price determined on those exchanges also governs OTC trading. At the moment, trading on power price exchanges is limited to particular countries or regions with the result that the price of power can vary substantially from one market to another. While power is traded on the spot market to cover the next day's requirement, long-term power supply agreements with a variety of periods until settlement and contract periods are traded on the derivatives market. While the price on the spot market is directly affected by all the factors influencing supply and demand, such as changes in fuel prices, seasonal variations and meteorological and hydrological effects (e.g., heat waves, water levels in northern Europe) as well as by the current economic situation, prices on the derivatives market reflect particular medium-and long-term expectations of the market participants.

The primary drivers of the wholesale price of power are:

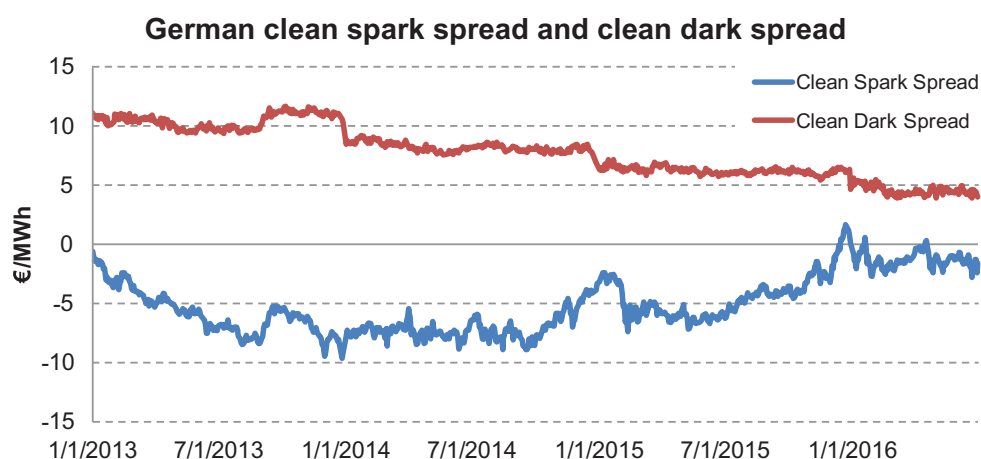
- the available generation capacities both of conventional producers and of producers of renewable energies with their respective parameters,
- demand for power, i.e., the load pending at a particular point in time,

- the prices of the fuels required to generate power, especially coal and gas, as well as
- in some markets, the price of CO₂ Certificates which producers must acquire in accordance with regulatory provisions.

Another important factor is the degree of interaction between a given market and its neighboring markets. Markets that are isolated from one another have their own respective generation and demand structures and therefore mutually independent price profiles. The greater the capacity of the transmission lines between different market areas (interconnectors), the higher the level of price convergence between these markets. Bottlenecks in the transmission system may also arise within a single market; depending on the design of the market, these bottlenecks are either resolved by direct intervention on the part of the transmission system operator or result temporarily in an effective splitting of the market into submarkets with differing prices (see “10. Market and Competition — 10.1 Development of electricity markets — 10.1.2 Development of the global electricity markets — (a) Merit order effect”).

The profitability of the Uniper Group’s thermal generation fleet is therefore primarily derived from the relationship between variable generation costs (costs of raw materials and CO₂ Certificates) and the price of power determined on the market (so-called “clean spread”). If the variable generation costs are higher than the price of power determined on the market, the clean spread is negative and the use of the power plant for energy generation is not profitable.

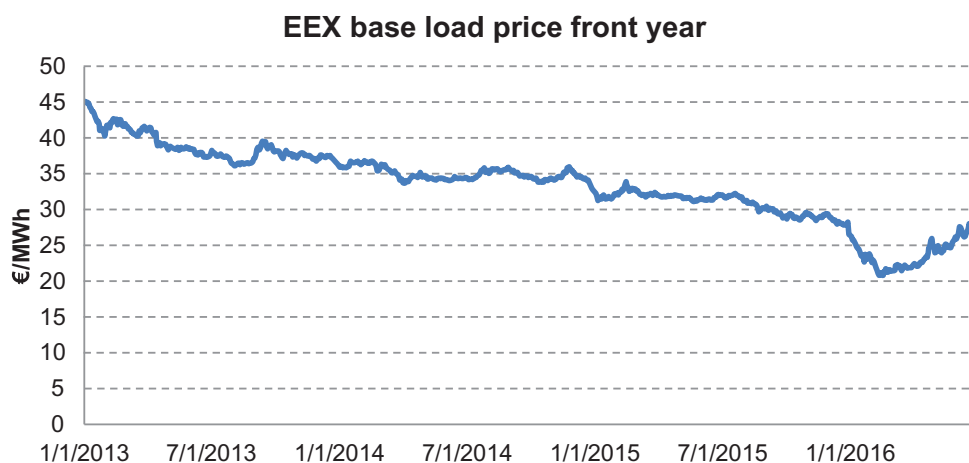
The illustration below shows the spreads for gas power plants (so-called “clean spark spread”) and coal-fired power plants (so-called “clean dark spread”) in Germany, including the respective costs for CO₂ Certificates for fiscal year 2016 to date and for fiscal years 2015, 2014 and 2013, based on delivery in the front year in €/MWh.



(Source: based on data from the Intercontinental Exchange, the EEX and the ECB, as of July 25, 2016; parameters for calculating the clean spark spread: German peak load power price, TTF gas price, EU ETS CO₂ price for delivery in the respective front year, efficiency level of 55%; parameters for calculating the clean dark spread: German base load power price, API2 coal price, EU ETS CO₂ price for delivery in the respective front year, efficiency level of 39%)

(ii) **Development of price**

The illustration below shows the development of the power futures price in Germany for the six-month period ending June 30, 2016, as well as for fiscal years 2015, 2014 and 2013 using the prices for delivery in the respective front year in €/MWh.



(Source: data from the EEX, as of July 25, 2016; for this purpose: base load price is the simple average price of traded power in the 24 single hours of each day during the contract period; peak load price is the simple average price of traded power in the single hours from 9.00 to 20.00 for all weekdays from Monday to Friday during the contract period.)

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, the last price quoted for power (EEX base load price) in Germany for the front year of 26.25 €/MWh on June 30, 2016 was 0.07 €/MWh or 0.3% below the first price quoted of 26.3 €/MWh on January 4, 2016. The average price for power for the front year in the six-month period ending June 30, 2016 amounted to 23.9 €/MWh (source: EEX, as of July 25, 2016).

Germany

German power prices for delivery in the front year intensified their negative trend until the middle/end of February 2016 and ultimately reached a twelve-year low. The reasons for the significant decline were substantial falls in commodity prices, in particular for gas and CO₂ Certificates, but also declining prices in the coal market. Power prices finally recovered slightly towards the end of the three-month period ending March 31, 2016, primarily due to the recovery in the oil price and the positive influence of the other commodity markets. This upward trend intensified in the second half of the six-month period ending June 30, 2016 due to the further rebound in commodity prices, primarily for oil and coal. Prices rallied again at the end of April 2016 on the back of the French government's announcement that it will introduce a carbon price floor and carbon tax on coal- and oil-fired power plants from 2017. The volatility in fuel prices, the euro and the British pound triggered by the EU referendum in the United Kingdom was also reflected in German power prices at the end of the six-month period ending June 30, 2016.

United Kingdom

At the beginning of fiscal year 2016, power prices in the United Kingdom were initially buoyed by temperatures below the seasonal average and the significantly lower availability of generation capacity, before they resumed their downward trend due to the sharp fall in gas prices. The second half of the six-month period ending June 30, 2016 marked a turning point for the British power market, with coal generation falling to a historic low following the closure of 5 GW of generation capacity due to the lower dark spreads. This caused a significant shortage on the British power market and led the National Grid, the UK's network operator, to issue its first Notice of Inadequate System Margin (NISM) in eight years for the summer. Together with fears that supply bottlenecks could arise in the winter, this supported the power price in the British spot and forward markets. Quoted base-load power prices for winter 2016 reached their high for the year at the end of June 2016, based on higher gas prices and increased demand. At the same time, the spark spread for winter 2016 hit a record high.

Nordic power market

Spot prices in the power market for the Nordic region (Norway, Sweden, Denmark and Finland) initially rose significantly at the beginning of fiscal year 2016 as a result of the unusually low temperatures, but fell back again as temperatures returned to normal. The cold weather was reflected in an increase in the production of hydroelectric power, resulting in a reduction of surplus levels in the water storage facilities. The spot market rounded off the three-month period ending March 31, 2016 with a modest upward trend, driven by a recovery in commodity prices and the commissioning in mid-February 2016 of the NordBalt cable. This trend continued in the second half of the six-month period ending June 30, 2016, driven by a moderate feed-in of wind power, comparably low temperatures and the resulting high demand, and the late thaw. The forward markets in the Nordic region also saw an upward price trend due to developments on the markets for coal and emission certificates. Prices only fell at the end of the six-month period ending June 30, 2016, with the new Swedish Energy Commission agreement and the more stable hydro balance compensating for the effects of increased German power prices.

Fiscal year 2015

In fiscal year 2015, the last price quoted for power (EEX base load price) in Germany for the front year of 26.6 €/MWh on December 30, 2015 was 5.8 €/MWh or 18% below the first price quoted of 32.4 €/MWh on January 2, 2015. The average price for power for the front year in fiscal year 2015 amounted to 30.9 €/MWh (source: *EEX, as of April 21, 2016*).

Germany

Overall, German power prices decreased in fiscal year 2015. Following a brief recovery towards the end of the three-month period ending June 30, 2015, prices for next-year delivery fell further in the second half of fiscal year 2015 to reach a twelve-year low in December 2015. This was attributable to the decline in fuel costs, mainly for coal but also for gas. The low gas prices had a beneficial effect on the clean spark spread. Electricity prices on the spot market conformed to the downward trend due to unusually mild temperatures and correspondingly lower demand, with a high feed-in of wind power at the same time.

United Kingdom

Lower fuel costs affected power prices in the United Kingdom in fiscal year 2015 with the result that – together with the significant decline in power exports to France due to the generally mild weather conditions in Europe – prices for delivery in the front year were nearly at historical lows at the end of fiscal year 2015. A consequence of the low gas prices was that power generation using gas became more economically viable in comparison with coal-fired power plants.

Nordic power market

The first half of fiscal year 2015 was the wettest six-month period in the Nordic region (Norway, Sweden, Denmark and Finland) for more than twenty years. The above-average rainfall and late snowmelt were responsible for a significant downward trend in the spot price on the Nordic power market in the first three quarters. A dry start to the three-month period ending December 31, 2015, was reflected in somewhat lower levels in the water reservoirs and a brief rise in power prices at the end of October in fiscal year 2015. But heavy precipitation at the start of December in fiscal year 2015 – particularly in Norway in combination with very mild weather – reversed the trend again. In addition to the low coal price, limitations on exports due to maintenance work and the continued expansion of renewable energy capacity also played a major role in Norway.

Fiscal year 2014

In fiscal year 2014, the last price quoted for power (EEX base load price) in Germany for the front year of 32.9 €/MWh on December 30, 2014 was 3.1 €/MWh or 9% below the first price quoted of 36.0 €/MWh on January 2, 2014. The average price for power for the front year in fiscal year 2014 amounted to 35.1 €/MWh (source: *EEX, as of April 21, 2016*).

Germany

Fiscal year 2014 saw a continuation of the previous year's downward trend in German power prices for next-year delivery. The reasons for this, as before, were the constant increases in renewables capacity and the low prices for coal. After a steady decline in prices in the first half of fiscal year 2014, the second half of the year was characterized by substantial fluctuations in prices, mostly reflecting the development of the underlying fuel prices and increasing uncertainty about regulatory changes with respect to renewables.

United Kingdom

Movements in power prices in the United Kingdom for the whole of fiscal year 2014 were clearly shaped by the development of the gas price. Accordingly, prices for next-year delivery followed the downward trend in the gas price in the first half of fiscal year 2014, then stabilized in the three-month period ending September 30, 2014, before resuming their decline in the three-month period ending December 31, 2014, due to the mild winter.

Nordic power market

The average spot price in the Nordic power market in fiscal year 2014 was lower than it had been since fiscal year 2007. This was primarily due to the low fuel prices, the development of the German power price, and the above-average temperatures. Accordingly, the region continued to act as a net exporter into the neighboring markets. The storage levels of the water reservoirs deviated only insignificantly from their usual averages during the course of fiscal year 2014. Likewise, the prices for delivery in the front year also displayed a pronounced downward trend.

Fiscal year 2013

In fiscal year 2013, the last price quoted for power (EEX base load price) in Germany for the front year of 36.5 €/MWh on December 30, 2013 was 8.8 €/MWh or 19% below the first price quoted of 45.3 €/MWh on January 2, 2013. The average price for power for the front year in fiscal year 2013 amounted to 39.1 €/MWh (source: EEX, as of April 21, 2016).

Germany

The decline in the prices of coal and CO₂ Certificates in fiscal year 2013 was responsible for heavy pressure on German power prices for next-year delivery. This trend was also assisted by below-average growth in demand and a healthy supply situation, reflecting the continuing expansion of solar and wind power capacity. The divergence between the costs of coal-based power generation and power generation from gas increased continually over the course of the year.

United Kingdom

Due to their traditionally greater dependence on the gas price, which remained broadly stable during fiscal year 2013, power prices for next-year delivery in the United Kingdom recorded only a modest downward trend, which was mainly due to below-average growth in demand and the expansion of power generation capacity from renewable energy sources.

Nordic power market

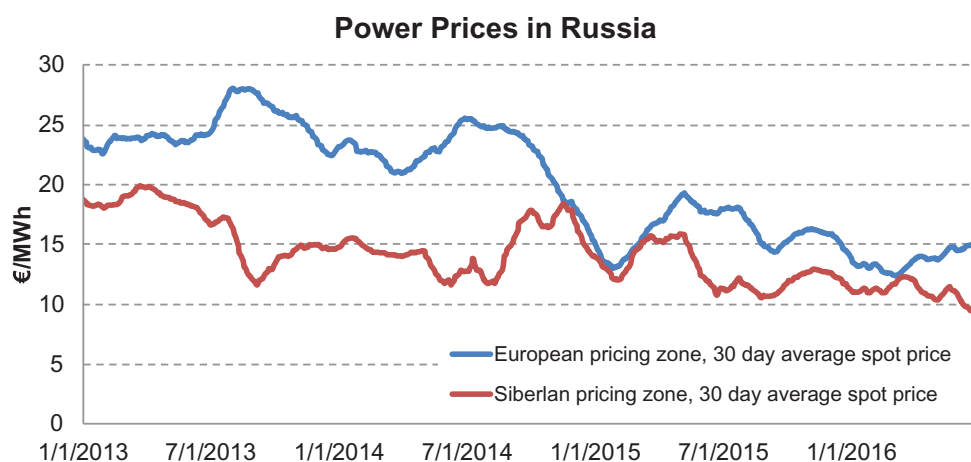
In fiscal year 2013, the Nordic power market was characterized by significantly higher spot prices, compared to the previous year. The reason was the decline in generation from hydropower due to lower precipitation during the course of the year. The below-average water levels in the reservoirs in Norway and Sweden rose once again to a normal level only during the three-month period ending December 31, 2013. As a result, the region became a net importer of electricity during fiscal year 2013. Measured by the price for next-year delivery, the long-term trend displayed a slight price decrease over the course of the year, driven by the price development of CO₂ Certificates, coal and the German power market, as well as the improvement of the hydrological situation in the three-month period ending December 31, 2013.

(iii) Power prices in Russia

Two commodities are traded on the Russian energy market: the power actually generated (energy-only market) and the provision of capacity for power generation (referred to as the capacity market). The capacity market is divided into a sub-market for power generation capacity commissioned prior to 2007, which is traded in an annual capacity auction four years in advance, and a sub-market for power generation capacity commissioned as of 2007, which is assigned a guaranteed capacity price for a period of 10 years and is sold via capacity supply agreements. On expiration of this period, these capacities are included in the annual auctions. If capacities promised under capacity supply agreements or in auctions are not available, capacity payments are reduced. With its International Power Generation—Russia activity, the Uniper Group participates in the capacity market via annual competitive capacity outtakes and via capacity supply agreements. The energy-only market is regulated in such a way that generated power can only be sold for the next day (referred to as day-ahead trading) – and not for longer periods. A portion of the power sold and capacity commissioned prior to 2007 is sold at regulated prices, which are set each year by the Russian price regulator on the basis of actual costs in 2007 subject to a limited adjustment for inflation. In particular on the energy-only market, but sometimes also on the capacity market, the regulated price is generally lower than the market price. The proportion of power sold at regulated prices is measured against the proportion of power consumed by households and equivalent, and amounted to approximately 20% in 2015 (source: *Market Council Report 2015*). The proportion of capacity commissioned prior to 2007, which is sold at regulated prices, amounted to approximately 31% in 2015.

All demanded capacity and power generated are sold via the Russian wholesale energy market, which brings together supply and demand. The respective customers for power and capacity are allocated to Unipro PJSC by the market. In fiscal year 2015, a significant portion of the adjusted EBITDA of Unipro PJSC was generated from the capacity markets, with the remainder generated from the energy-only market.

The illustration below shows the development of the power price in Russia (European and Siberian pricing zones) for the six-month period ending June 30, 2016, and for fiscal years 2015, 2014 and 2013, based on a rolling 30-day average for spot deliveries in €/MWh.



(Source: ATS Energo data, as of July 25, 2016)

9.3.7 Uniper Group sales in selected key markets

The revenues of the Uniper Group are materially dependent on the sales volumes of gas and power.

(i) Gas sales volume

The volume of gas sold by the Uniper Group decreased in the six-month period ending June 30, 2016 in comparison with the six-month period ending June 30, 2015. This was due to the lower physical sales volumes in the wholesale business and lower volumes purchased by customers under existing contracts in comparison with the six-month period ending June 30, 2015.

The volume of gas sold by the Uniper Group increased year on year in fiscal year 2015. This mainly reflected the growth in the volume of gas sold in the Global Commodities segment as a result of substantially higher trading volumes. The lower temperatures compared with the previous year, which

increased the demand for gas, were another significant reason. The increase was offset to some extent by a reduction in the volume of gas sold to industrial and wholesale customers, which was below the prior-year level mainly due to customer losses as a result of competition.

The year-on-year decline in the gas sales volume in fiscal year 2014 was primarily caused by the warm weather in the three-month period ending March 31, 2014, and the loss of customers to competitors. The volume of gas sold by the Uniper Group was also adversely affected by an oversupply of gas as a result of the rapid expansion of shale gas extraction and the increasing supply of LNG to Europe. Newly developed gas extraction capacity in Europe and fiercer competition also contributed to this trend (see also “10. Market and Competition”).

The slight year-on-year decline in the gas sales volume in fiscal year 2013 was primarily attributable to lower sales to industrial and wholesale customers mainly due to lower deliveries of balancing energy. A temporary increase in demand as a result of weather conditions was not sufficient to fully compensate for the decline in sales volumes both in Germany and in the rest of Europe.

(ii) Power sales volume

The volume of power sold by the Uniper Group fell steadily in fiscal years 2015, 2014 and 2013. This was also true of the six-month period ending June 30, 2016 in comparison with the six-month period ending June 30, 2015.

The volume of power sold by the Uniper Group in the six-month period ending June 30, 2016 decreased in comparison with the six-month period ending June 30, 2015. This was due to lower own power generation by the Uniper Group and the expiration of supply contracts.

In fiscal year 2015, Germany saw lower average consumption as a result of improved energy efficiency measures on the part of customers, which had a negative effect on the volume of power sold. In the other EU countries, the decline was attributable to energy efficiency measures and the effects of power generation by solar facilities in the United Kingdom. Sales to industrial and wholesale customers were also below the prior-year level, primarily as a result of increased competition and the lower average individual quantities purchased in the United Kingdom as well as customer losses for competitive reasons in Germany. Lower overall sales to external sales partners in the Global Commodities segment were also responsible for adverse effects, which increased trading activity by the Global Commodities segment was not able to offset in full.

In fiscal year 2014, the decline in the volume of power sold in the retail business was due to growing overcapacity resulting from the rapid expansion of generation capacity from renewable energy sources, as well as increasing competition which was responsible for the loss of industrial and wholesale customers in particular (see also chapter “10. Market and Competition”). In addition, continuing energy efficiency measures and the more cost-conscious use of energy impacted power consumption. The reduction in the volume of power sold in the European Generation segment in fiscal year 2014 mainly reflected lower generation in fossil-fuel power plants and unscheduled power plant outages in Germany. The relatively mild weather in the three-month period ending March 31, 2014, also had a negative effect on sales. On the other hand, the Global Commodities segment was able to increase its trading activity and counteract the downward trend in sales volumes in fiscal year 2014.

In fiscal year 2013, the decline in the power sales volume was essentially the result of decommissioning generation capacity and the conversion of a power plant in the United Kingdom from coal to biomass. Furthermore, less power was generated in gas-fired power plants especially due to the market situation in Germany and the Netherlands. The effects of customer losses due to competitive pressure were also felt.

9.3.8 Changes in the market and competitive situation

The market and competitive situation in all of the countries in which the Uniper Group operates has undergone far-reaching changes in the past. Competition is particularly intense in times of falling demand or overcapacity in the market, since competitors are tempted to boost their sales and trading volumes by cutting prices (or by not adjusting prices in line with rising costs) in order to make better use of their generation capacity. Recent fiscal years have been marked by the constant expansion of energy generation from renewable energy sources and by overcapacity for power and gas on the one hand, and falling general price levels for power and gas in particular on the other, which have resulted

in intensified competition (see chapter “10. Market and Competition”). Increasing overcapacity and lower price levels have led to an aggressive pricing environment and impacted the Uniper Group’s margins.

9.3.9 Weather conditions and seasonal variations

As a rule, the demand for power and gas is seasonal. In general, demand is higher during the cold months of October to March and lower during the warmer months of April to September. The consequence of this seasonal structure is that the Uniper Group’s sales and operating results tend to be higher in the three-month periods ending March 31 or December 31, and lower in the three-month periods ending June 30 and September 30.

The Uniper Group’s sales may be adversely affected in the event of unusually warm spells of weather in the autumn and winter months. While the volume of power and gas sold to industrial customers is subject to only minor weather-related and seasonal variations, these factors have a material impact on sales volumes to distributors (municipal utilities, wholesale transmission companies). The lower sales volume results in an oversupply of gas and power generated as well as power plant capacity and leads to falling market prices which have a negative effect on the Uniper Group’s revenues in these periods.

Furthermore, the availability of sufficient water capacity is essential for the operation of hydroelectric power plants. Accordingly, the Uniper Group’s business activities may be negatively impacted by too little precipitation, which may be reflected in a reduction in the amount of hydroelectric power generated. Fiscal year 2014 in particular was affected by the low snowfall and low levels of precipitation which meant that in some cases in the months of April and May only extremely limited operation of hydroelectric power plants was possible in Germany. In addition, extended dry periods in Scandinavia in recent fiscal years have also repeatedly meant that the hydroelectric generation capacity in Sweden could not be fully utilized, which had an adverse effect on the results of operations of the Uniper Group.

9.3.10 Power plant capacity

The results of operations of the Uniper Group are materially dependent on the power plant capacity of its generation fleet.

The attributable power plant capacity of the Uniper Group’s generation fleet (taking into account the Uniper Group’s stake in the individual power plants) declined by 477 MW from 43,477 MW in fiscal year 2013 to 43,000 MW in fiscal year 2014 and by 3,137 MW to 39,863 MW in fiscal year 2015. In fiscal year 2013, the power plant capacity of the Uniper Group’s generation fleet was reduced by 800 MW and previously in fiscal year 2012 by 2,600 MW. The attributable power plant capacity of the Uniper Group’s generation fleet (taking into account the Uniper Group’s stake in the individual power plants) amounted to 37,598 MW in the six-month period ending June 30, 2016.

The attributable power plant capacity of the Uniper Group’s generation fleet decreased in the six-month period ending June 30, 2016, including due to the fire damage to the GRES TG 3 power plant unit at the Beryozovskaya power plant in February 2016. Repairs will last until mid-2018 at the earliest, meaning that it will not be available for power generation.

The decline in the generating capacity as of December 31, 2015 was primarily due to the closure of the Ironbridge 2 biomass plant in the United Kingdom and the scheduled decommissioning of several generating units at the Veltheim location in Germany.

The decline as of December 31, 2014 was mainly attributable to the scheduled decommissioning of three generating units at the Datteln location in Germany and the closure of three units in France in fiscal year 2014, as well as the closure of a gas turbine in Germany and power plants in Slovakia and the Netherlands.

In fiscal year 2013, the closure of the Kingsnorth hard coal-fired power plant and the Grain oil-fired generating unit, together with the conversion of the Ironbridge plant in the United Kingdom from coal to biomass and the decommissioning of additional power plants in Europe, were responsible for the reduction in generating capacity.

9.3.11 Cost reduction and optimization measures for the Uniper Group's generation fleet and other measures to enhance efficiency and reduce costs

The results of operations of the Uniper Group are materially dependent on its ability to constantly improve its existing generation capacity and position itself in the market in the best possible way.

The consequence of the merit order principle (see “9.3.3 Energy generation from renewable energy sources”) is that the ranking of power plants in the merit order and their profitability depends on their short-term marginal costs. The lower the power plants' marginal costs, the better their position in the merit order and the more likely they are to be used when there is corresponding demand. In Germany, Sweden, the United Kingdom, France, and the Benelux countries, the significant expansion of renewables and their statutory feed-in priority has resulted (and could also result in the future) in a situation where the power price is increasingly determined by what to date had been medium-load power plants, e.g., hard coal power plants, while many peak-load power plants, e.g., natural gas power plants, are hardly utilized at all. Nevertheless, gas-fired power plants are needed to satisfy demand for power in times of low feed-in from renewable energy sources.

In recent fiscal years, the Uniper Group has worked continually on reducing the marginal costs of its power plants and implemented a variety of measures to optimize the use of its generation fleet, which have resulted in increased efficiency.

As a result of these measures in particular, the Uniper Group has succeeded in ensuring that the Controllable Costs (see “8. Selected Financial and Other Information — 8.5 Selected Other Financial Measures”) of its generation fleet in the European Generation segment are frequently lower than those of its competitors. In total, it was possible to reduce the annual Controllable Costs in the European Generation segment from €1,639 million in fiscal year 2013 to €1,305 million in fiscal year 2015. The Controllable Costs decreased by €65 million year on year in the six-month period ending June 30, 2016.

A central measure for enhancing efficiency and reducing costs was the reorganization of the Group structure and the creation of a unified generation division in order to optimize the interaction of the different types of energy generation within the Uniper Group (“Next Generation” project), which was implemented in 2014.

A further measure relating to general restructuring and cost reduction was “E.ON 2.0”, which enabled a substantial reduction in annual costs to be achieved. This mainly involved the reorientation of the control and trading functions within the Uniper Group and reductions in headcount. The implementation of this measure was accompanied by temporary or permanent closures of power plants that were no longer operating profitably, in order to raise efficiency levels, streamline the generation fleet and enhance competitiveness.

In the Global Commodities segment, personnel costs were cut by 26.8% from €304 million in fiscal year 2013 to €223 million in fiscal year 2015 (fiscal year 2014: €269 million) due to E.ON 2.0 and other measures.

9.3.12 Depreciation, amortization and write-downs

In fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016, the Uniper Group recorded significant impairment write-downs particularly in relation to non-current assets including goodwill. Depreciation, amortization and write-downs for the six-month period ending June 30, 2016 amounted to €3,275 million, in fiscal year 2015 to €5,357 million, in fiscal year 2014 to €5,209 million and in fiscal year 2013 to €2,191 million. These changes were mainly attributable to the increase in impairment write-downs charged on non-current assets amounting to €2.8 billion in the six-month period ending June 30, 2016, €2.0 billion in fiscal year 2015, €3.1 billion in fiscal year 2014 and €1.0 billion in fiscal year 2013.

The impairment write-downs in fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016 related principally to generation assets and were mainly based on a review of the assumptions made about the long-term development of power and commodity prices and an associated deterioration in forecast earnings.

Furthermore, impairment losses on holdings of the Uniper Group accounted for under the equity method were recognized in fiscal years 2015, 2014 and 2013. These are recognized in the Statement of Income under “Income/loss from companies accounted for under the equity method”. No impairment losses were recognized in this regard in the six-month period ending June 30, 2016.

Six-month period ending June 30, 2016

In the six-month period ending June 30, 2016, depreciation, amortization and write-downs of €3,275 million were recognized.

The depreciation expense for property, plant and equipment amounted to €351 million in the six-month period ending June 30, 2016, and amortization charged on intangible assets amounted to €51 million.

In the six-month period ending June 30, 2016, impairment charges on intangible assets amounted to €96 million.

In the six-month period ending June 30, 2016, impairment charges amounting in total to €2.8 billion were recognized in respect of property, plant and equipment, of which €1.8 billion related to the European Generation segment and €1.0 billion to the Global Commodities segment. The most substantial individual items in terms of amount related to two conventional power plants outside Germany, at €0.8 billion and €0.7 billion respectively, as well as storage infrastructure outside Germany, at €0.5 billion. In particular, the reasons for the impairment charges were amended estimates of the regulatory conditions and the change in the market environment, which led to a deterioration in forecast earnings for the affected assets.

In the European Generation segment, the discussions in several European countries on a phase-out of coal generation or additional charges for such generation units in particular were decisive for the impairment charges. As a consequence, a possible scenario in which certain generation units are taken offline before the end of their useful lives was also taken into consideration in the required forecasts for their profitability.

The amended forecasts for the profitability of the gas storage infrastructure took particular account of the further narrowing of the summer/winter spreads in the gas price; as a consequence, it was necessary to reevaluate the gas storage capacity business. Under these market conditions, it is uncertain whether the provision of gas storage capacities will be adequately remunerated in the future.

Fiscal year 2015

Impairment write-downs amounting to €2.4 billion were recognized in respect of goodwill as of December 31, 2015. The most substantial individual item in terms of amount, at €2.1 billion, related to the goodwill in the European Generation segment, which was written off in full mainly due to a deterioration in forecast earnings. In the International Power Generation segment, a write-down of €0.3 billion was charged in respect of goodwill as of December 31, 2015 due to a deterioration in forecast earnings and higher costs of capital.

Impairment charges on intangible assets in fiscal year 2015 amounted to €54 million.

A total of €2.0 billion in impairments was charged to property, plant and equipment in fiscal year 2015, of which €1.7 billion related to the European Generation segment and €0.3 billion to the Global Commodities segment. Within the European Generation segment, property, plant and equipment in a number of countries was written down as of December 31, 2015 in view of lower expected power sales. The most substantial individual impairments in terms of amount related to one fossil-fuel power plant in France at €0.4 billion and one in the United Kingdom at €0.2 billion, as well as one in Germany and one in the Netherlands at €0.2 billion each. This resulted in recoverable amounts of €0.1 billion in France, €0.6 billion in the United Kingdom, €1.1 billion in Germany and €1.5 billion in the Netherlands. In the Global Commodities segment, a gas storage facility was written down by €0.2 billion to a recoverable amount of €0.1 billion as of December 31, 2015.

Fiscal year 2014

Impairment write-downs amounting to €1.0 billion were recognized in respect of goodwill as of December 31, 2014. These related exclusively to the European Generation segment and were primarily attributable to a deterioration in forecast earnings and currency translation effects.

Impairment charges on intangible assets in fiscal year 2014 amounted to €15 million.

In the 2014 fiscal year, impairments were recognized on property, plant and equipment in the amount of €3.1 billion. The most substantial individual item in terms of amount, at €1.0 billion, related to two nuclear generation units in Sweden, which were written down in the fourth quarter of fiscal year

2014 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 in the United Kingdom, of which the largest in terms of amount related to two fossil-fuel power plants. These were each written down by approximately €0.4 billion to their recoverable amount of €0.7 billion and fully, respectively, as of December 31, 2014. The main reason for this was the reduction in market spreads. In addition, a Swedish thermal power plant was fully written down by an amount of €0.3 billion as of December 31, 2014 because it is expected that the facility will be rendered economically inoperable as a consequence of environmental specifications.

Fiscal year 2013

No impairment write-downs were recognized in respect of goodwill as of December 31, 2013.

Impairment charges on intangible assets in fiscal year 2013 amounted to €213 million.

In the 2013 fiscal year, impairments were recognized on property, plant and equipment in the amount of €1.0 billion. The most substantial individual item in terms of amount, at approximately €0.2 billion, related to a power plant in Russia, which was written down to a recoverable amount of €0.3 billion in the third quarter of 2013 because of a changed regulatory framework. The recoverable amount was the value in use. The other impairment charges on property, plant and equipment as of December 31, 2013 comprised a large number of individual items and related mainly to fossil-fuel power plants in the European Generation segment (€0.7 billion) and in International Power Generation (€0.1 billion).

9.3.13 Exchange rate fluctuations

The functional currency and the reporting currency of the Company is the euro. Due to the international nature of its business activities, the Uniper Group generates a portion of its revenue outside the Eurozone, particularly in Russia, and procures commodities for the Group's European business activities in US dollars, which exposes the Group to exchange rate fluctuations. The assets and liabilities of the Uniper Group's foreign companies with a functional currency other than the euro are translated using the average exchange rates applicable on the balance sheet date, while income statement items are translated using annual average exchange rates.

In fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016, the movements in the average euro/US dollar exchange rates were as follows: In fiscal years 2013 and 2014, the average price of the euro in relation to the US dollar rose by 3.37% and 0.03%, respectively. In fiscal year 2015, the average euro rate initially fell by 16.48% and then rose again marginally by 3.40% in the six-month period ending June 30, 2016.

In fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016, the movements in the average euro/British pound exchange rates were as follows: In fiscal year 2013, the average price of the euro in relation to the British pound rose by 4.73%. In fiscal years 2014 and 2015, the average euro rate fell by 5.08% and 9.96%, respectively. In the six-month period ending June 30, 2016, the price of the euro against the British pound rose by 4.76%.

In fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016, the movements in the average euro/Swedish kronor exchange rates were as follows: In fiscal year 2013, the average price of the euro in relation to the Swedish kronor fell by 0.60%. In fiscal years 2014 and 2015, the average euro rate rose by 5.17% and 2.80%, respectively. In the six-month period ending June 30, 2016, the price of the euro against the Swedish kronor rose slightly by 0.55%.

In fiscal years 2015, 2014 and 2013, the Russian ruble depreciated significantly in value against the euro: In fiscal year 2013, the average price of the euro against the Russian ruble rose by 6.04%. In fiscal years 2014 and 2015, the decline in value of the Russian ruble accelerated, with the average euro rate increasing by 20.35% and 33.60%, respectively. In the six-month period ending June 30, 2016, the Russian ruble regained value against the euro, the average price of the euro against the Russian ruble fell by 12.78%.

The Uniper Group generally hedges its exchange-rate risks for booked transactions when this is deemed economic through the use of derivative and primary financial instruments as part of the Uniper Group's systematic risk management. The latter are also consistent with the E.ON Group's hedging mechanisms for fiscal years 2015, 2014 and 2013.

For further information with respect to the risks of changes in exchange rates, see “2. Risk Factors — 2.5 Financial risks for the business of the Uniper Group — 2.5.4 Risks arise for the Uniper Group’s business from derivative financial instruments used for hedging purposes and proprietary hedging” and “2. Risk Factors — 2.3 Market risks for the business of the Uniper Group — 2.3.8 Risks arise for the Uniper Group’s business from exchange rate and interest rate fluctuations.”.

9.3.14 Investments, acquisitions and divestments

The results of operations of the Uniper Group in fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016 were impacted by the effects of investments and divestments; there were no material acquisitions.

The Uniper Group made investments totaling €292 million in the six-month period ending June 30, 2016 (fiscal year 2015: €1,083 million; fiscal year 2014: €1,531 million; fiscal year 2013: €2,202 million).

In December 2015, the Uniper Group entered into an agreement to sell 28.974% of the shares in its associate AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à.r.l. The carrying amount of the investment, which is reported in the Global Commodities segment, amounted to €0.1 billion as of December 31, 2015. The transaction, which was closed in January 2016, resulted in a minimal gain on disposal with a sale price of around €0.1 billion.

With economic effect as of January 1, 2016, 100% of the shares in PEG Infrastruktur AG (“**PEGI**”), Zug, Switzerland, including its equity interest in Nord Stream AG, Zug, Switzerland, were sold to E.ON Beteiligungen GmbH, Düsseldorf, Germany. The transaction was completed in March 2016. The sale resulted in the deconsolidation of the equity investment in PEGI previously consolidated in full in the Global Commodities segment and the investment in Nord Stream AG previously accounted for under the equity method in the six-month period ending June 30, 2016. The sale price amounted to approximately €1.0 billion and was received in the six-month period ending June 30, 2016. The transaction generated a gain on disposal in the amount of €0.5 billion in the six-month period ending June 30, 2016.

From a geographical point of view, Germany is the focus of past investment activity. The Uniper Group invested here in the European Generation segment, primarily in conventional power generation. In the Global Commodities segment, investments related principally to the storage business infrastructure. In the International Power Generation segment, most of the investments were attributable to power plants in Russia.

The Uniper Group resolved on a number of projects in the past that require further investment (see “11. Business — 11.7 Investments”).

9.3.15 Provisions

The Uniper Group recognized provisions in fiscal years 2015, 2014 and 2013 and in the six-month period ending June 30, 2016. These related firstly to provisions for pensions and similar obligations of the Uniper Group amounting to €1,175 million as of June 30, 2016 (December 31, 2015: €796 million; December 31, 2014: €1,773 million; December 31, 2013: €1,479 million).

Provisions were also recognized, among other things, for a wide variety of asset retirement obligations. The other provisions amounted to €8,089 million as of June 30, 2016 (December 31, 2015: €8,378 million; December 31, 2014: €7,480 million; December 31, 2013: €7,068 million). In addition to provisions for waste management obligations resulting from the operation of nuclear power plants in Sweden, these provisions include provisions for decommissioning and dismantling obligations relating to conventional and renewable-energy power plants, for environmental improvements at gas storage locations and for the dismantling of installed infrastructure.

In March 2016, in negotiations pertaining to long-term gas supply contracts, Uniper Global Commodities SE (“**UGC**”) and the Russian Gazprom Group agreed to modify the terms of the agreements to reflect current market conditions. In this context, a positive effect on earnings in the amount of €383 million was recognized in the six-month period ending June 30, 2016, due to the reversal of provisions for supply periods in the past.

Furthermore, in the six-month period ending June 30, 2016, the Uniper Group has recognized provisions amounting to €0.9 billion in its Global Commodities segment for supplier-related obligations

in the form of a provision for onerous contracts. This was prompted by expected losses from the business with contracted gas storage facilities due to a reduction in forecast earnings in the European gas storage market.

9.3.16 Changes in the level of interest rates

Interest expenses, which essentially comprise periodic interest accrued on provisions for asset retirement obligations and the net interest cost arising from pension provisions, are dependent on the current level of interest rates. For example, a reduction in interest rates can therefore cause an increase in pension provisions and provisions for asset retirement obligations.

9.4 EXPLANATION OF INDIVIDUAL LINE ITEMS IN THE STATEMENTS OF INCOME

The following provides information on the individual line items in the statements of income of the Uniper Group prepared in accordance with IFRS.

Sales including electricity and energy taxes

Sales are generated primarily from the sale of power and gas to industrial and commercial customers, and to wholesale markets in the Global Commodities segment, including related financial hedging transactions. Also shown in this line item are revenues earned from the transportation of gas and from deliveries of steam, heat and water.

The Company generally recognizes sales 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 their last invoice and the end of the period.

Sales include the surcharge in accordance with the EEG that must be paid to the transmission system operator for each kWh of electricity delivered to retail customers (EEG surcharge), and are presented net of sales taxes, returns, rebates and discounts, and after elimination of sales within the Uniper Group.

Electricity and energy taxes

The electricity tax is generally levied on electricity delivered to retail customers and is calculated on the basis of a fixed tax rate per kWh that varies between different customer groups. Electricity and energy taxes paid are deducted from sales revenues on the face of the income statement.

Changes in inventories (finished goods and work in progress)

Changes in inventories (finished goods and work in progress) primarily comprise changes in gas, coal and LNG inventories measured at the lower of cost or net realizable value as of the respective reporting date.

Own work capitalized

Own work capitalized mainly results from engineering services.

Other operating income

Other operating income comprises income from exchange rate differences, gains on derivative financial instruments, gains on disposals of equity investments and securities, reversals of impairments charged on non-current assets, gains on disposals of property, plant and equipment, and miscellaneous other operating income.

Income from exchange rate differences primarily includes gains from currency derivatives, effects from translation at the closing rate on the balance sheet date, and realized income from the translation

of foreign currency receivables and payables. Gains on derivative financial instruments relate to fair value measurement and to realized gains and losses from derivatives under IAS 39. The principal effects for this item resulted from the marking to market of commodity derivatives, in particular electricity-, emission allowance-, gas- and coal-related derivatives measured at market values. Miscellaneous other operating income includes all other income such as income from goods and services recharged, income from claims for reimbursements and damages, and income from insurance premiums.

Cost of materials

Cost of materials comprises expenses for raw materials and supplies and for purchased goods (in particular for purchases of gas, coal, electricity, oil and CO₂ Certificates, as well as network usage charges), and expenses for purchased services (primarily maintenance costs and other purchased services).

Personnel costs

Personnel costs comprise wages and salaries, social security contributions, and pension costs and other employee benefits.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges include depreciation charged on property, plant and equipment, amortization charged on intangible assets, and impairment charges recognized in respect of goodwill, intangible assets, and property, plant and equipment.

Other operating expenses

Other operating expenses comprise the loss from exchange rate differences, the loss on derivative financial instruments, taxes other than income taxes, the loss on disposal of equity investments and securities, and miscellaneous other operating expenses.

Miscellaneous other operating expenses primarily include a service charge from E.ON SE, impairment write-downs on assets held for sale, third-party services, IT expenditure, insurance premiums, rental and lease payments, external consultancy and audit costs, advertising and marketing expenses, and valuation allowances for trade receivables.

Income/loss from companies accounted for under the equity method

This line item presents the share in profit or loss of companies accounted for under the equity method. The material associates of the Uniper Group that were accounted for under the equity method in fiscal years 2015, 2014 and 2013 were SNGP and Nord Stream AG, which was sold in the three-month period ending March 31, 2016.

Financial results

The financial results comprise income/loss from equity investments (income/loss from companies in which equity investments are held, and impairment charges/reversals on other financial assets) and net interest income/loss (income from other securities, interest and similar income, and interest and similar expenses). Income from other securities, interest and similar income consists mainly of income from the Swedish Nuclear Waste Fund. The interest and similar expenses item also includes other interest expenses, the major contributors to which were periodic interest accrued on provisions for asset retirement obligations and the net interest cost arising from pension provisions.

Income taxes

Income taxes reported comprise taxes levied on taxable profits in the individual countries and the portion of changes in deferred tax assets and liabilities recorded in income. Income taxes are determined in the Combined Financial Statements on the assumption that the Uniper Group's companies and business activities are separate taxable entities (so-called "separate tax return

approach"). Income taxes are reported on the basis of the tax laws enacted or substantively enacted at the respective balance sheet date at the amount at which they would have been expected to be payable.

Net income/loss after income taxes

Net income/loss after income taxes is calculated by subtracting income taxes and the financial results from income/loss before financial results and taxes. It also includes non-controlling interests. In the combined statements of income of the Uniper Group, the net income/loss attributable to non-controlling interests is presented separately from the net income/loss attributable to the E.ON Group and the Uniper Group which, beginning from the three-month period ending March 31, 2016, corresponds to the consolidated net income/loss attributable to the Company's shareholders.

9.5 NON-GAAP FINANCIAL MEASURES

This Prospectus contains reporting on certain Non-GAAP Financial Measures that the Uniper Group uses to measure its economic performance or that the board of management of the Uniper Group believes are useful for investors, such as EBIT, Adjusted EBIT, Adjusted EBITDA, funds from operations, adjusted funds from operations, operating cash flow before interest and taxes, economic net debt and net financial position. These measures are not recognized GAAP Financial Measures under IFRS or the HGB and may therefore not be considered as an alternative to the generally accepted GAAP Financial Measures used in the Combined Financial Statements. If these Non-GAAP Financial Measures are not included as such in the Combined Financial Statements, they are indicated as "unaudited" in the following tables. By contrast, if Non-GAAP Financial Measures are included in the Combined Financial Statements, they are marked as "audited".

The Non-GAAP Financial Measures and other information are disclosed since the management of the Uniper Group believes that they provide investors with additional information to assess the economic situation of Uniper Group's business activities. The use of Non-GAAP Financial Measures within the Uniper Group may vary from the use of identically named non-GAAP financial measures by other companies in the energy industry and other industries. The Non-GAAP Financial Measures used should not be considered as an alternative to net income/loss after income taxes, revenues or any other measures derived in accordance with IFRS or the HGB as measures of operating performance. The Non-GAAP Financial Measures have limitations as analytical tools and should not be considered in isolation. They may include or exclude items or amounts that are not used or are included in calculating the most comparable GAAP Financial Measures recognized under IFRS or the HGB. Their meaningfulness is therefore subject to the limitations described below. The Non-GAAP Financial Measures should be considered in conjunction with the Combined Financial Statements or Consolidated Interim Financial Statements prepared in accordance with IFRS or the HGB, including the respective notes.

The following section describes the Non-GAAP Financial Measures. It also includes a reconciliation to the most comparable GAAP Financial Measures.

9.5.1 Adjusted EBIT and Adjusted EBITDA

The Uniper Group uses Adjusted EBIT for purposes of internal management control and as the most important indicator of a business' operating earnings power.

The unadjusted earnings before interest and taxes ("**EBIT**") represents the Uniper Group's income/loss before financial results and income taxes in accordance with IFRS, taking into account the net income/expense from equity investments. Unadjusted EBIT is adjusted for certain non-operating effects in order to increase its meaningfulness as an indicator of the operating profitability of the Uniper business. Adjusted EBIT also includes income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/cost management, impairments/reversals of impairments on non-current assets, companies accounted for under the equity method and other long-term financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. Restructuring/cost management expenses represent additional expenses which are not directly attributable to the operating business. 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 statement of income.

In addition, adjusted earnings before interest, taxes, depreciation and amortization (“**Adjusted EBITDA**”) is reported for information purposes.

The table below presents the reconciliation of the Uniper Group’s income/loss before financial results and income taxes in accordance with IFRS to adjusted earnings before interest and taxes:

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Income/loss before financial results and income taxes . .	-3,471	165	-3,397	-3,042	-925
Net income/expense from equity investments	11	4	-12	10	23
EBIT	-3,460	169	-3,409	-3,032	-902
Non-operating adjustments	4,595	376	4,210	3,858	1,950
<i>Net book gains/losses</i>	-522	—	-38	—	21
<i>Fair value measurement of derivative financial instruments</i>	1,034	118	-511	-1,167	-319
<i>Restructuring/cost management expenses⁽¹⁾</i>	223	42	137	211	142
<i>Non-operating impairments (+)/ reversals (-)⁽²⁾</i>	2,863	144	4,199	4,484	1,225
<i>Miscellaneous other non-operating earnings⁽¹⁾⁽³⁾</i>	997	72	423	330	881
Adjusted EBIT	1,135	545	801	826	1,048
Economic depreciation and amortization/reversals ⁽⁴⁾	405	455	916	1,140	1,179
Adjusted EBITDA	1,540	1,000	1,717	1,966	2,227

(1) In fiscal year 2015, restructuring/cost management expenses included depreciation and amortization amounting to €18 million (2014: €14 million; 2013: €14 million). Depreciation and amortization in the amount of €8 million was included in restructuring/cost management expenses in the six-month period ending June 30, 2016 (six-month period ending June 30, 2015: €9 million).

(2) Non-operating impairments/reversals include non-operating extraordinary impairments and reversals triggered by regular impairment tests. The total non-operating impairments/reversals and economic depreciation and amortization/reversals deviates from the depreciation and amortization reported in the statement of income since the two items also include impairments on companies accounted for under the equity method and other financial assets and a small portion is included in restructuring/cost management expenses and the miscellaneous other non-operating earnings.

(3) In fiscal year 2014, miscellaneous other non-operating earnings included impairments on assets held for sale amounting to €97 million. The year-on-year change in miscellaneous other non-operating earnings in the six-month period ending June 30, 2016 was primarily due to the recognition of a non-operating provision for onerous contracts in accordance with IAS 37.

(4) Economic depreciation and amortization/reversals include operating depreciation and amortization.

The table below presents the reconciliation of the income/loss before financial results and income taxes of the Uniper Group's segments in accordance with IFRS to the adjusted earnings before interest and taxes:

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(unaudited, unless specified otherwise) (in € million)		
European Generation					
Income/loss before financial results and income taxes	-1,935	60	-3,306	-3,528	-222
Net income/expense from equity investments	9	1	31	0	3
EBIT	-1,926	62	-3,275	-3,528	-219
Non-operating adjustments	2,045	133	3,780	4,067	724
<i>Net book gains/losses</i>	-0	—	-7	—	62
<i>Fair value measurement of derivative financial instruments</i>	21	5	26	-82	37
<i>Restructuring/cost management expenses</i>	190	28	112	175	102
<i>Non-operating impairments (+)/ reversals (-)⁽¹⁾</i>	1,787	92	3,538	3,956	541
<i>Miscellaneous other non-operating earnings</i>	47	8	112	18	-17
Adjusted EBIT	120	195	506*	539*	504*
Economic depreciation and amortization/reversals ⁽²⁾	286	320	619	791	750
Adjusted EBITDA	406	515	1,125*	1,331*	1,254*
Global Commodities					
Income/loss before financial results and income taxes	-987	-143	-44	1,608	407
Net income/expense from equity investments	2	3	0	-17	19
EBIT	-985	-140	-44	1,590	426
Non-operating adjustments	2,081	474	306	-1,417	-99
<i>Net book gains/losses</i>	-522	—	-30	—	-41
<i>Fair value measurement of derivative financial instruments</i>	539	362	-194	-1,697	-1,046
<i>Restructuring/cost management expenses⁽³⁾</i>	17	16	23	36	32
<i>Non-operating impairments (+)/ reversals (-)⁽¹⁾</i>	1,075	52	300	88	66
<i>Miscellaneous other non-operating earnings⁽⁴⁾</i>	973	44	206	157	889
Adjusted EBIT	1,095	334	262*	173*	328*
Economic depreciation and amortization/reversals ⁽²⁾	70	86	187	190	219
Adjusted EBITDA	1,165	420	449*	362*	546*
International Power Generation					
Income/loss before financial results and income taxes	-17	102	-144	-289	-224
Net income/expense from equity investments	—	—	0	-1	0
EBIT	-17	102	-144	-290	-225
Non-operating adjustments	-22	3	379	606	635
<i>Net book gains/losses</i>	—	—	—	—	—
<i>Fair value measurement of derivative financial instruments</i>	0	-0	0	0	—
<i>Restructuring/cost management expenses</i>	—	—	—	—	—
<i>Non-operating impairments (+)/ reversals (-)⁽¹⁾</i>	—	—	361	467	617
<i>Miscellaneous other non-operating earnings⁽⁵⁾</i>	-23	3	19	139	18
Adjusted EBIT	-39	106	236*	316*	410*
Economic depreciation and amortization/reversals ⁽²⁾	44	44	99	149	199
Adjusted EBITDA	5	150	335*	465*	609*
Administration/Consolidation					
Income/loss before financial results and income taxes	-531	145	96	-832	-886
Net income/expense from equity investments	-1	—	-44	29	2
EBIT	-532	145	53	-804	-884
Non-operating adjustments	491	-235	-255	603	690
<i>Net book gains/losses</i>	—	—	—	—	—
<i>Fair value measurement of derivative financial instruments</i>	474	-250	-343	612	691
<i>Restructuring/cost management expenses</i>	17	-0	2	1	9
<i>Non-operating impairments (+)/ reversals (-)⁽¹⁾</i>	1	—	1	-27	—
<i>Miscellaneous other non-operating earnings</i>	0	15	85	17	-10
Adjusted EBIT	-41	-90	-203*	-202*	-194*
Economic depreciation and amortization/reversals ⁽²⁾	5	5	10	9	12
Adjusted EBITDA	-36	-85	-192*	-192*	-182*

(*) Audited.

- (1) Non-operating impairments/reversals consist of non-operating extraordinary impairments and reversals triggered by regular impairment tests. The total non-operating impairments/reversals and economic depreciation and amortization/reversals deviates from depreciation, amortization and impairment charges reported in the statement of income since the two items also include impairments on companies accounted for under the equity method and other financial assets and a small portion is included in restructuring/cost management expenses and miscellaneous other non-operating earnings.
- (2) Economic depreciation and amortization/reversals include operating depreciation and amortization.
- (3) In Global Commodities, restructuring/cost management expenses included depreciation and amortization of €18 million for fiscal year 2015 (2014: €14 million; 2013: €14 million) and €8 million for the six-month period ending June 30, 2016 (six-month period ending June 30, 2015: €9 million).
- (4) The year-on-year change in miscellaneous other non-operating earnings in the six-month period ending June 30, 2016 was primarily due to the recognition of a non-operating provision for onerous contracts in accordance with IAS 37.
- (5) Miscellaneous other non-operating earnings in the International Power Generation segment for fiscal year 2014 included impairments on assets held for sale amounting to €97 million.

See “9.7 Comparison of results of operations — Analysis of segment information” for a presentation of trends in Adjusted EBIT at segment level within the Uniper Group.

9.5.2 Operating cash flow before interest and taxes

The Uniper Group currently uses operating cash flow before interest and taxes (“**OCFbIT**”) for internal management purposes and as an indicator for the operating cash flow of a business.

The operating cash flow before interest and taxes is calculated as the operating cash flow less cash inflows from interest and tax payments or plus cash outflows from interest and tax payments (less refunds).

The table below presents the reconciliation of the Uniper Group's operating cash flow to OCFbIT for the six-month periods ending June 30, 2016 and 2015, and the fiscal years ending December 31, 2015, 2014 and 2013, respectively:

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in € million)				
Operating cash flow	1,952	2,301	1,465	1,437	554
Interest payments	170	39	152	102	63
Tax payments	12	101	404	205	248
Operating cash flow before interest and taxes	2,134	2,441	2,021	1,744	865

9.5.3 Adjusted FFO (adjusted funds from operations)

As from 2017, the Uniper Group uses the Non-GAAP Financial Measure “adjusted funds from operations” (“**Adjusted FFO**”) to calculate the amount available for distribution to shareholders and as from 2017 for the variable remuneration awarded to the members of the board of management.

The basis for funds from operations (“**FFO**”) is cash provided by (used for) operating activities (operating cash flow), which is initially adjusted by changes in operating assets and liabilities and in income tax to eliminate period-specific shifts resulting from unforeseeable cash inflows or outflows. Changes in operating assets and liabilities include changes in the marking to market of derivatives as of the reporting date. These changes are also adjusted since they are non-cash. Finally, measurements of foreign currency-denominated operating receivables and payables recognized in income are also eliminated for the same reason.

For Adjusted FFO, employer service costs for pension entitlements acquired during the fiscal year and the recalculated service costs, which will in future result in cash flows, as well as payments to the Swedish Nuclear Waste Fund are deducted from FFO, despite the fact that they are reported in cash provided by (used for) investing activities, since they are due to operating activities. Dividends to minority shareholders that are resolved or paid are likewise unavailable to the Company's shareholders and are therefore adjusted.

Adjusted FFO is calculated as follows:

Operating cash flow

+/-	Changes in operating assets and liabilities and in income taxes
+/-	Adjustment to the marking to market of derivatives recognized in income
+/-	Measurement of foreign currency-denominated operating receivables and liabilities recognized in income
=	Funds from operations (FFO)
-	Current employer service cost and past service cost
-	Payments to the Swedish Nuclear Waste Fund
-	(Resolved) dividends paid to minority shareholders
=	Adjusted FFO

9.5.4 Economic net debt and net financial position

Economic net debt is a Non-GAAP Financial Measure that management uses to control the Uniper Group's financing structure.

The net financial position comprises liquid funds, non-current securities and financial receivables from affiliated companies, net of financial liabilities (including financial liabilities to affiliated companies). The receivables from and liabilities to affiliated companies result from the inclusion of the Uniper Group in the E.ON Group's cash management; these are recognized in other financial receivables and financial assets, and in other financial liabilities. The outstanding net amount of financial receivables from and liabilities to the E.ON Group will be replaced by using external financial liabilities as part of the spin-off and is therefore taken into consideration in the net financial position.

Provisions for pensions and similar obligations and provisions for asset retirement obligations are deducted from the net financial position calculated as above, since these two items give rise to long-term financial payment obligations. Segregated assets allocated to these obligations are included in the calculation of net debt.

Economic net debt is calculated as follows:

	Liquid Funds
+	Financial receivables from affiliated companies
+	Non-current securities
-	Financial liabilities (including financial liabilities to affiliated companies)
=	Net financial position
-	Provisions for pensions and similar obligations
-	Provisions for asset retirement obligations ⁽¹⁾
=	Economic net debt

(1) Reduced by receivables from the Swedish Nuclear Waste Fund.

9.6 COMPARISON OF THE RESULTS OF OPERATIONS OF THE UNIPER GROUP

9.6.1 Overview

The following table presents selected financial information from the statement of income of the Uniper Group for the six-month periods ending June 30, 2016, and June 30, 2015, and for the fiscal years ending December 31, 2015, December 31, 2014, and December 31, 2013.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Sales including electricity and energy taxes	33,581	45,026	92,338	88,522	95,097
Electricity and energy taxes	-254	-115	-223	-297	-347
Sales	33,327	44,911	92,115	88,225	94,750
Changes in inventories (finished goods and work in progress)	-8	35	4	-64	-17
Own work capitalized	9	3	46	81	81
Other operating income	4,791	4,156	10,825	9,462	4,572
Cost of materials	-30,998	-43,117	-89,306	-84,501	-91,256
Personnel costs	-564	-603	-1,260	-1,329	-1,442
Depreciation, amortization and impairment charges	-3,275	-645	-5,357	-5,209	-2,191
Other operating expenses	-6,810	-4,640	-10,524	-9,319	-5,082
Income/loss from companies accounted for under the equity method	57	65	60	-388	-340
Income/loss before financial results and income taxes	-3,471	165	-3,397	-3,042	-925
Financial results	-364	-44	36	-118	-148
Income taxes	-50	-24	-396	348	-60
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133

9.6.2 Comparison of results of operations in the six-month periods ending June 30, 2016, and June 30, 2015

The following table presents selected financial information from the consolidated statement of income of the Uniper Group for the six-month periods ending June 30, 2016, and June 30, 2015.

	Six-month period ending June 30,		Changes
	2016	2015	
	(unaudited)		(percentages)
	(in € million)		
Sales including electricity and energy taxes	33,581	45,026	-25.4
Electricity and energy taxes	-254	-115	120.9
Sales	33,327	44,911	-25.8
Changes in inventories (finished goods and work in progress)	-8	35	-122.9
Own work capitalized	9	3	200.0
Other operating income	4,791	4,156	15.3
Cost of materials	-30,998	-43,117	-28.1
Personnel costs	-564	-603	-6.5
Depreciation, amortization and impairment charges	-3,275	-645	407.8
Other operating expenses	-6,810	-4,640	46.8
Income/loss from companies accounted for under the equity method	57	65	-12.3
Income/loss before financial results and income taxes	-3,471	165	—
Financial results	-364	-44	-727.3
Income taxes	-50	-24	108.3
Net income/loss after income taxes	-3,885	97	—

Sales

Sales decreased by €11,584 million or 25.8% from €44,911 million in the six-month period ending June 30, 2015 to €33,327 million in the six-month period ending June 30, 2016.

This was primarily due to the decline in sales in the Global Commodities segment. The decrease was due to a significant year-on-year decrease in the price level and lower physical sales volumes for gas and power (see also “9.3 Key factors affecting the results of operations — 9.3.5 Movements in commodities and CO₂ Certificates prices — (ii) Gas market” and “— 9.3.6 Development of the power price”).

The following table presents sales broken down by product for the six-month periods ending June 30, 2016 and June 30, 2015:

	Six-month period ending June 30,		Changes (percentages)
	2016	2015 (unaudited) (in € million)	
Electricity	13,220	16,728	-21.0
Gas	18,988	26,656	-28.8
Other	1,118	1,528	-26.8
Total	33,327	44,911	-25.8

The Uniper Group’s sales from deliveries of gas decreased by €7,668 million or 28.8% from €26,656 million in the six-month period ending June 30, 2015 to €18,988 million in the six-month period ending June 30, 2016.

The Uniper Group’s sales from deliveries of electricity decreased by €3,508 million or 21.0% from €16,728 million in the six-month period ending June 30, 2015 to €13,220 million in the six-month period ending June 30, 2016.

Changes in inventories (finished goods and work in progress)

Changes in inventories (finished goods and work in progress) changed by €43 million from €35 million in the six-month period ending June 30, 2015 to €-8 million in the six-month period ending June 30, 2016. This was mainly due to higher partial settlements for services in the European Generation segment in the six-month period ending June 30, 2016.

Own work capitalized

Own work capitalized increased by €6 million or 200.0% from €3 million in the six-month period ending June 30, 2015 to €9 million in the six-month period ending June 30, 2016. In both periods, this was mainly attributable to recharged IT, material and personnel costs.

Other operating income

The following table presents other operating income for the six-month periods ending June 30, 2016 and June 30, 2015:

	Six-month period ending June 30,		Changes (percentages)
	2016	2015 (unaudited) (in € million)	
Income from exchange rate differences	495	1,010	-50.9
Gains on derivative financial instruments	3,474	2,895	20.0
Gains on disposals of equity investments and securities	531	1	—
Reversals of impairments charged on non-current assets	—	38	—
Gains on disposals of property, plant and equipment	25	7	242.4
Miscellaneous	266	206	28.9
Total	4,791	4,156	15.3

Other operating income increased by €635 million or 15.3% from €4,156 million in the six-month period ending June 30, 2015 to €4,791 million in the six-month period ending June 30, 2016.

This increase was first and foremost due to higher gains on derivative financial instruments, which rose by €580 million or 20.0% from €2,895 million in the six-month period ending June 30, 2015 to €3,474 million in the six-month period ending June 30, 2016, mainly as a result of changes in the marking to market of commodity derivatives. In addition, the sale of PEGI, including the interest in Nord Stream AG held by it, with economic effect as of January 1, 2016, made a €528 million contribution to the increase in other operating income.

By contrast, income from exchange rate differences decreased by €514 million or 50.9% from €1,010 million in the six-month period ending June 30, 2015 to €495 million in the six-month period ending June 30, 2016.

Cost of materials

The following table presents cost of materials for the six-month periods ending June 30, 2016 and June 30, 2015:

	Six-month period ending June 30,		Changes (percentages)
	2016 (in € million)	2015 (unaudited) (in € million)	
Expenses for raw materials and supplies and for purchased goods	30,636	42,751	-28.3
Expenses for purchased services	363	367	-1.3
Total	30,998	43,117	-28.1

Cost of materials decreased by €12,119 million or 28.1% from €43,117 million in the six-month period ending June 30, 2015 to €30,998 million in the six-month period ending June 30, 2016. This was primarily attributable to a decline in the cost of gas and electricity purchases in the Global Commodities segment, which corresponds to the decrease in sales in the Global Commodities segment.

The expenses for purchases of gas and electricity, which constitute the majority of expenses for raw materials and supplies and for purchased goods, amounted to €39,876 million in the six-month period ending June 30, 2015, and €28,479 million in the six-month period ending June 30, 2016.

More than half of the overall expenses for raw materials and supplies and for purchased goods were attributable to gas transactions. The cost of gas purchases fell from €26,127 million in the six-month period ending June 30, 2015 to €17,902 million in the six-month period ending June 30, 2016.

Conventional fuel costs for power generation declined by €130 million or 23.4% from €556 million in the six-month period ending June 30, 2015 to €426 million in the six-month period ending June 30, 2016; this was mainly attributable to lower power generation volumes.

Expenses for purchased services decreased by €5 million or 1.3% from €367 million in the six-month period ending June 30, 2015 to €363 million in the six-month period ending June, 2016; these mainly comprised maintenance costs relating to the Uniper Group's generation fleet, which declined by €25 million or 18.1% from €139 million in the six-month period ending June 30, 2015 to €113 million in the six-month period ending June 30, 2016, as well as other purchased services, which rose by €24 million or 13.4% from €182 million in the six-month period ending June 30, 2015 to €206 million in the six-month period ending June 30, 2016.

Personnel costs

The following table presents personnel costs for the six-month periods ending June 30, 2015 and June 30, 2016:

	Six-month period ending June 30,		Changes (percentages)
	2016 (in € million)	2015 (unaudited) (in € million)	
Wages and salaries	438	457	-4.1
Social security contributions	70	74	-5.7
Pension costs and other employee benefits	56	73	-23.0
<i>Pension costs</i>	<i>55</i>	<i>72</i>	<i>-23.4</i>
Total	564	603	-6.5

Personnel costs fell by €39 million or 6.5% from €603 million in the six-month period ending June 30, 2015 to €564 million in the six-month period ending June 30, 2016. The decline was mainly attributable to lower expenses for wages and salaries and lower social security contributions, mainly as a result of the measures taken under the earlier restructuring programs and the decommissioning of power plants, together with the associated lower number of employees. An additional contribution was made by lower net expenses for occupational pension schemes. This was partly offset by a year-on-year increase in restructuring costs in the six-month period ending June 30, 2016.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges rose by €2,630 million or 407.8% from €645 million in the six-month period ending June 30, 2015 to €3,275 million in the six-month period ending June 30, 2016. The increase was mainly attributable to impairment write-downs in the European Generation and Global Commodities segments.

Other operating expenses

The following table presents other operating expenses for the six-month periods ending June 30, 2016 and June 30, 2015:

	Six-month period ending June 30,		Changes (percentages)
	2016 (in € million)	2015 (unaudited)	
Loss from exchange rate differences	430	984	-56.3
Loss on derivative financial instruments	4,528	3,013	50.3
Taxes other than income taxes	303	105	188.0
Loss on disposal of equity investments and securities	10	0	—
Miscellaneous	1,539	538	186.1
Total	6,810	4,640	46.8

Other operating expenses increased by €2,170 million or 46.8% from €4,640 million in the six-month period ending on June 30, 2015, to €6,810 million in the six-month period ending on June 30, 2016.

This was primarily due to the increase in losses on derivative financial instruments which increased by €1,516 million or 50.3% from €3,013 million in the six-month period ending June 30, 2015 to €4,528 million in the six-month period ending June 30, 2016, mainly due to changes in the marking to market of commodity derivatives. In addition, the fire at the GRES TG 3 power plant unit at the Beryozovskaya power plant in Russia resulted in a €162 million loss on disposal of property, plant and equipment at Unipro PJSC, which operates the plant. Other operating expenses also increased due to the recognition of provisions for onerous contracts in the Global Commodities segment (€935 million) and the recognition of provisions for land transfer tax (€186 million).

By contrast, the loss from exchange rate differences narrowed by €554 million or 56.3% from €984 million in the six-month period ending June 30, 2015 to €430 million in the six-month period ending June 30, 2016.

Incomeloss from companies accounted for under the equity method

Income from companies accounted for under the equity method decreased by €8 million or 12.3% from €65 million in the six-month period ending June 30, 2015 to €57 million in the six-month period ending June 30, 2016. This was primarily attributable to the €7 million decrease in income from AS Latvijas Gāze and the €8 million decrease in income from Gas-Union GmbH. In the six-month period ending June 30, 2016, the figure was adversely affected in the amount of €7 million by the absence of income from PEGI, which was sold together with its interest in Nord Stream AG, with economic effect as of January 1, 2016. By contrast, income from Pecém II Participacoes S.A. in Brazil rose by €9 million year on year.

Incomeloss before financial results and income taxes

The loss before financial results and income taxes amounted to €3,471 million in the six-month period ending June 30, 2016, down €3,636 million on the income before financial results and income taxes in the amount of €165 million in the six-month period ending June 30, 2015.

Financial results

The following table presents the financial results for the six-month periods ending June 30, 2016 and June 30, 2015:

	Six-month period ending June 30,		Changes (percentages)
	2016 (in € million)	2015 (unaudited)	
Income/loss from companies in which equity investments are held	12	4	200.0
Impairment charges/reversals on other financial assets	-1	—	—
Income/loss from equity investments	11	4	175.0
Income from other securities, interest and similar income	69	96	-28.1
<i>Available for sale</i>	21	27	-22.8
<i>Loans and receivables</i>	37	52	-29.0
<i>Held for trading</i>	—	—	—
<i>Other interest income</i>	12	17	-30.9
Interest and similar expenses	-444	-144	208.3
<i>Amortized cost</i>	-171	-65	163.3
<i>Held for trading</i>	—	—	—
<i>Other interest expenses</i>	-273	-79	246.4
Net interest income/loss	-375	-48	-681.3
Financial results	-364	-44	-727.3

The financial results fell by €320 million or 727.3% from €-44 million in the six-month period ending June 30, 2015 to €-364 million in the six-month period ending June 30, 2016. This was primarily due to the deterioration in the net interest loss, which widened by €327 million from €48 million in the six-month period ending June 30, 2015 to €375 million in the six-month period ending June 30, 2016. The main causes of the decrease were the negative measurement effects, recognized in the net interest loss, from the Swedish nuclear fund and the arm's length early repayment penalty associated with the early repayment of a loan to MEON Pensions GmbH & Co. KG ("MEON") by Uniper Benelux. In addition, the net interest loss widened due to changes in interest rates connected with the measurement of non-current provisions.

By contrast, income from equity investments rose by €7 million year on year in the six-month period ending June 30, 2016, primarily due to the termination of the Uniper Group companies' membership of Versorgungskasse Energie (a German energy industry pension fund).

Income taxes

Income taxes increased by €26 million or 108.3% from a tax expense in the amount of €24 million in the six-month period ending June 30, 2015 to a tax expense in the amount of €50 million in the six-month period ending June 30, 2016. Despite the loss before financial results and income taxes, a tax expense was recognized in the six-month period ending June 30, 2016 since, *inter alia*, material amounts of depreciation, amortization and impairment charges cannot be recognized for tax purposes and thus did not result in a lower tax burden.

Net incomeloss after income taxes

The net loss after income taxes amounted to €3,885 million in the six-month period ending June 30, 2016, down €3,982 million on the net income after income taxes amounting to €97 million in the six-month period ending June 30, 2015.

9.6.3 Comparison of results of operations for fiscal years 2015 and 2014

The following table presents selected financial information from the combined statement of income for the fiscal years ending December 31, 2015, and December 31, 2014.

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Sales including electricity and energy taxes	92,338	88,522	4.3
Electricity and energy taxes	-223	-297	-24.9
Sales	92,115	88,225	4.4
Changes in inventories (finished goods and work in progress)	4	-64	—
Own work capitalized	46	81	-43.2
Other operating income	10,825	9,462	14.4
Cost of materials	-89,306	-84,501	5.7
Personnel costs	-1,260	-1,329	-5.2
Depreciation, amortization and impairment charges	-5,357	-5,209	2.8
Other operating expenses	-10,524	-9,319	12.9
Income/loss from companies accounted for under the equity method	60	-388	—
Income/loss before financial results and income taxes	-3,397	-3,042	-11.7
Financial results	36	-118	—
Income taxes	-396	348	—
Net income/loss after income taxes	-3,757	-2,812	-33.6

Sales

The Uniper Group's sales increased by €3,890 million or 4.4% from €88,225 million in fiscal year 2014 to €92,115 million in fiscal year 2015. This was primarily due to higher gas sales volumes in the Global Commodities segment (see "9.3 Key factors affecting the results of operations — 9.3.7 Uniper Group sales in selected key markets").

The following table presents sales broken down by product for the fiscal years ending December 31, 2015, and December 31, 2014.

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Electricity	34,260	35,145	-2.5
Gas	54,459	49,255	10.6
Other	3,396	3,825	-11.2
Total	92,115	88,225	4.4

The Uniper Group's revenues from deliveries of gas increased by €5,204 million or 10.6% from €49,255 million in fiscal year 2014 to €54,459 million in fiscal year 2015. This is primarily due to a considerable increase in wholesale gas volumes in the Global Commodities segment. The increase was partly offset by a reduction in the volume of gas sold to industrial and commercial customers, which was below the prior-year level mainly due to customer losses as a result of competition.

By contrast, the Uniper Group's revenues from deliveries of electricity declined by €885 million or 2.5% from €35,145 million in fiscal year 2014 to €34,260 million in fiscal year 2015. A key cause was the overall decline in average consumption due to improved energy efficiency measures on the part of customers in Germany and other EU countries. In the United Kingdom, this was due to the effects of increased generation by solar facilities. Other causes were the decrease in sales to industrial and wholesale customers, which was due in particular to increased competition and the lower average individual quantities purchased in the United Kingdom. Lower overall sales to external sales partners in the Global Commodities segment and the lower generation levels by coal-fired power plants were also responsible for adverse effects, which increased trading activity by the Global Commodities segment was not able to offset in full.

The reduction in the general price level for power and gas had an overall adverse effect on revenue (see “9.3 Key factors affecting the results of operations—9.3.5 Movements in commodities and CO₂ Certificates prices — (ii) Gas market” and “9.3.6 Development of the power price”).

Changes in inventories (finished goods and work in progress)

Changes in inventories changed by €68 million from €-64 million in fiscal year 2014 to €4 million in fiscal year 2015. This was primarily due to higher gas storage facility levels in fiscal year 2015 as against fiscal year 2014, although this was countered by the lower gas prices.

Own work capitalized

Own work capitalized decreased by €35 million or 43.2% from €81 million in fiscal year 2014 to €46 million in fiscal year 2015. In both fiscal years, this item primarily comprised recharged IT, material and personnel costs for new construction projects and in networks.

Other operating income

The following table presents other operating income for the fiscal years ending December 31, 2015, and December 31, 2014:

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Income from exchange rate differences	1,900	1,910	-0.5
Gains on derivative financial instruments	7,232	7,064	2.4
Gains on disposals of equity investments and securities	37	7	428.6
Reversals of impairments charged on non-current assets	348	30	—
Gains on disposals of property, plant and equipment	17	9	88.9
Miscellaneous	1,291	442	192.1
Total	10,825	9,462	14.4

Other operating income increased by €1,363 million or 14.4% from €9,462 million in fiscal year 2014 to €10,825 million in fiscal year 2015.

Gains on derivative financial instruments rose by €168 million or 2.4% from €7,064 million in fiscal year 2014 to €7,232 million in fiscal year 2015. Commodity derivatives, in particular gas and electricity-related derivatives, constituted a major share of the Uniper Group's derivative financial instruments. The steady increase in gains and losses from the measurement of commodity derivatives in fiscal years 2014 and 2015 is mainly attributable to price changes from fiscal year 2014 onward, particularly in oil and gas trading.

At €1,900 million in fiscal year 2015, income from exchange rate differences remained almost level with the figure of €1,910 million recorded in fiscal year 2014. This was impacted by the lower realized gains from currency derivatives, which amounted to €1,136 million in fiscal year 2015 as against €1,521 million in fiscal year 2014. By contrast, realized gains from the translation of foreign currency receivables and payables amounted to €311 million in fiscal year 2014 after €535 million in fiscal year 2015. In addition, the €151 million increase in unrealized income from translation at the closing rate on the balance sheet date (from €78 million in fiscal year 2014 to €229 million in fiscal year 2015) had an offsetting effect. The currency translation effects are primarily attributable to volatility in the exchange rates for receivables and payables denominated in US dollars, British pounds and Swedish kronor.

Reversals of impairments charged on property, plant and equipment increased by €318 million from €30 million in fiscal year 2014 to €348 million in fiscal year 2015. This was due to the reversal of an impairment on a power plant in the United Kingdom in fiscal year 2015.

Miscellaneous other operating income increased by €849 million or 192.1% from €442 million in fiscal year 2014 to €1,291 million in fiscal year 2015. This mainly resulted from the €670 million increase (as against fiscal year 2014) in income from costs recharged to a minority shareholder under a cost-plus fee arrangement. The following were also reported as miscellaneous other operating

income: income from goods and services recharged (fiscal year 2015: €208 million; fiscal year 2014: €216 million), one-off income in the amount of €115 million from the redemption of a loan in fiscal year 2015, income from claims for reimbursements and damages (fiscal year 2015: €95 million; fiscal year 2014: €28 million), and income from insurance premiums.

Cost of materials

The following table presents cost of materials for the fiscal years ending December 31, 2015, and December 31, 2014:

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Expenses for raw materials and supplies and for purchased goods	88,297	83,830	5.3
Expenses for purchased services	1,009	671	50.4
Total	89,306	84,501	5.7

Cost of materials increased by €4,805 million or 5.7% from €84,501 million in fiscal year 2014 to €89,306 million in fiscal year 2015. This was mainly attributable to the increased expenses for raw materials and supplies and for purchased goods, which rose by €4,467 million or 5.3% from €83,830 million in fiscal year 2014 to €88,297 million in fiscal year 2015. This mainly resulted from an increased expense for gas purchases in the Global Commodities segment.

The expenses for purchase of gas and electricity, which constitute the majority of expenses for raw materials and supplies and for purchased goods, amounted to €77,174 million in fiscal year 2014 and €80,571 million in fiscal year 2015.

More than half of the overall expenses for raw materials and supplies and for purchased goods were attributable to gas transactions. Despite the drop in gas prices, which also had an adverse effect on long-term supply contracts due to price formulas and price adjustment clauses, gas purchase costs increased from €49,015 million in fiscal year 2014 to €53,706 million in fiscal year 2015 on the back of increased purchase volumes.

Conventional fuel costs for power generation declined by €350 million or 25.0% from €1,399 million in fiscal year 2014 to €1,048 million in fiscal year 2015; this was mainly attributable to the decrease in price.

Expenses for CO₂ Certificates decreased in fiscal year 2015 as against fiscal year 2014; this was due to both price and volume effects, since CO₂ Certificates were no longer required for decommissioned generation units.

Expenses for purchased services increased by €338 million or 50.4% from €671 million in fiscal year 2014 to €1,009 million in fiscal year 2015; these mainly comprise maintenance costs relating to the Uniper Group's generation fleet, which were up €79 million or 35.7% from €221 million in fiscal year 2014 to €300 million in fiscal year 2015, as well as other purchased services, which rose by €191 million or 51.6% from €370 million in fiscal year 2014 to €561 million in fiscal year 2015.

Personnel costs

The following table presents personnel costs for the fiscal years ending December 31, 2015, and December 31, 2014:

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Wages and salaries	948	1,069	-11.3
Social security contributions	167	150	11.3
Pension costs and other employee benefits	145	110	31.8
<i>Pension costs</i>	<i>144</i>	<i>108</i>	<i>33.3</i>
Total	1,260	1,329	-5.2

Personnel costs declined by €69 million or 5.2% from €1,329 million in fiscal year 2014 to €1,260 million in fiscal year 2015. This was predominantly due to effects in connection with local restructuring programs and the group-wide E.ON 2.0 restructuring program, as well as the reorganization of the power plant operations. The associated measures resulted in corresponding reductions in headcount numbers. In addition to the lower expenses for wages and salaries, there was also a reduction in the costs of restructuring measures. In contrast, higher expenses were recorded for company pension schemes.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges increased by €148 million or 2.8% from €5,209 million in fiscal year 2014 to €5,357 million in fiscal year 2015. This was attributable to factors including the increase in impairments recognized on property, plant and equipment. In addition, impairment write-downs amounting to €2.4 billion were recognized in particular in respect of goodwill as of December 31, 2015. The most substantial individual item in terms of amount, at €2.1 billion, related to the goodwill in the European Generation segment, which was written off in full mainly due to a deterioration in forecast earnings. In the International Power Generation segment, a write-down of €0.3 billion was charged in respect of goodwill as of December 31, 2015 due to a deterioration in forecast earnings and higher costs of capital. A detailed presentation of depreciation, amortization and impairment charges can be found in "9.8 Selected items in the balance sheet of the Uniper Group".

Other operating expenses

The table below shows the other operating expenses for the fiscal years ending December 31, 2015 and 2014, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2015 (audited) (in € million)	2014	
Loss from exchange rate differences	1,883	2,005	-6.1
Loss on derivative financial instruments	6,718	5,898	13.9
Taxes other than income taxes	216	218	-0.9
Loss on disposal of equity investments and securities	21	6	250.0
Miscellaneous	1,686	1,192	41.4
Total	10,524	9,319	12.9

Other operating expenses rose from €9,319 million in fiscal year 2014 by €1,205 million or 12.9% to €10,524 million in fiscal year 2015, mainly due to increases in the loss on derivative financial instruments and miscellaneous other operating expenses, which were only partly offset by the decline in the loss from exchange rate differences.

The loss on derivative financial instruments increased from €5,898 million in fiscal year 2014 by €820 million or 13.9% to €6,718 million in fiscal year 2015. The increase mostly reflected higher expenses from the marking to market of commodity derivatives in fiscal year 2015. For the reasons for the changes in losses from derivative financial instruments, please refer to the information on other operating income.

The loss from exchange rate differences declined from €2,005 million in fiscal year 2014 by €122 million or 6.1% to €1,883 million in fiscal year 2015. This was primarily attributable to the reduction in realized losses from currency derivatives, which fell from €1,607 million in fiscal year 2014 by €463 million or 28.8% to €1,144 million in fiscal year 2015. In contrast, realized losses from the translation of foreign currency receivables and payables rose from €313 million in fiscal year 2014 to €504 million in fiscal year 2015. Unrealized losses from currency translation at the closing rate on the balance sheet date also increased by €150 million from €85 million in fiscal year 2014 to €235 million in fiscal year 2015.

Miscellaneous other operating expenses grew by €494 million or 41.4% from €1,192 million in fiscal year 2014 to €1,686 million in fiscal year 2015. This item mainly comprised third-party services (fiscal year 2015: €333 million, fiscal year 2014: €256 million), and IT expenditure (fiscal year 2015: €203 million, fiscal year 2014: €218 million). The third-party services were provided for the most part

by related entities and invoiced on normal market terms. Miscellaneous other operating expenses again included a flat-rate service charge from E.ON SE and E.ON Sverige AB. The associated expenses rose from €120 million in fiscal year 2014 by €41 million or 34.2% to €161 million in fiscal year 2015.

Miscellaneous other operating expenses also included impairment write-downs on assets held for sale (fiscal year 2015: €1 million, fiscal year 2014: €97 million), insurance expenses and insurance premiums (fiscal year 2015: €72 million, fiscal year 2014: €31 million), rental and lease payments (fiscal year 2015: €66 million, fiscal year 2014: €60 million), external consultancy and audit costs (fiscal year 2015: €27 million, fiscal year 2014: €44 million), advertising and marketing expenses (fiscal year 2015: €21 million, fiscal year 2014: €20 million) and write-downs on trade receivables and loan receivables (fiscal year 2015: €358 million, fiscal year 2014: €27 million). The increase in write-downs on trade receivables in fiscal year 2015 was mostly due to a write-down on a loan receivable from a Swedish investment accounted for using the equity method.

Income/loss from companies accounted for under the equity method

The income/loss from companies accounted for under the equity method rose by €448 million from €-388 million in fiscal year 2014 to €60 million in fiscal year 2015. The increase in fiscal year 2015 mainly reflected the write-downs on the Brazilian equity investment ENEVA recognized in fiscal year 2014.

Income/loss before financial results and income taxes

The income/loss before financial results and income taxes declined by €355 million or 11.7% from €-3,042 million in fiscal year 2014 to €-3,397 million in fiscal year 2015.

Financial results

The table below shows the breakdown of the financial results for the fiscal years ending December 31, 2015 and 2014, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2015 (audited) (in € million)	2014	
Income from equity investments	5	12	-58.3
Impairment charges/reversals on other financial assets	-17	-2	750
Income/loss from equity investments	-12	10	—
Income from other securities, interest and similar income	380	388	-2.1
<i>Available for sale</i>	<i>276</i>	<i>153</i>	<i>80.4</i>
<i>Loans and receivables</i>	<i>91</i>	<i>141</i>	<i>-35.5</i>
<i>Held for trading</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Other interest income</i>	<i>13</i>	<i>94</i>	<i>-86.2</i>
Interest and similar expenses	-332	-516	-35.7
<i>Amortized cost</i>	<i>-158</i>	<i>-157</i>	<i>0.6</i>
<i>Held for trading</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Other interest expenses</i>	<i>-174</i>	<i>-359</i>	<i>-51.5</i>
Net interest income/expense	48	-128	—
Financial results	36	-118	—

The financial results rose from €-118 million in fiscal year 2014 by €154 million to €36 million in fiscal year 2015. The improvement in the financial results in fiscal year 2015 compared with fiscal year 2014 mainly reflected the development of the net interest income/expense, which was offset to some extent by lower income from equity investments.

The net interest income/expense improved from €-128 million in fiscal year 2014 by €176 million to €48 million in fiscal year 2015. Interest and similar expenses declined from €516 million in fiscal year 2014 by €184 million or 35.7% to €332 million in fiscal year 2015. Income from other securities, interest and similar income also fell from €388 million in fiscal year 2014 by €8 million or 2.1% to €380 million in fiscal year 2015. This item includes income from the Swedish Nuclear Waste Fund

(fiscal year 2015: €273 million, fiscal year 2014: €151 million). The decline in other interest expenses in fiscal year 2015 compared with 2014 is mainly attributable to low expenses in connection with periodic interest accrued on other non-current provisions.

Income taxes

Income taxes changed from a tax benefit amounting to €348 million in fiscal year 2014 by €744 million to a tax expense of €396 million in fiscal year 2015. The tax rate amounted to -12% in fiscal year 2015 and 11% in fiscal year 2014. The change in tax rates was mainly due to depreciation, amortization and write-downs that cannot be recognized for tax purposes. The effects of changes in the value of deferred tax assets also impacted the tax rate.

Net income/loss after income taxes

The net income/loss after income taxes declined by €945 million or 33.6% from €-2,812 million in fiscal year 2014 to €-3,757 million in fiscal year 2015.

9.6.4 Comparison of results of operations for fiscal years 2014 and 2013

The following table presents selected financial information from the combined statements of income for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Sales including electricity and energy taxes	88,522	95,097	-6.9
Electricity and energy taxes	-297	-347	-14.4
Sales	88,225	94,750	-6.9
Changes in inventories (finished goods and work in progress)	-64	-17	276.5
Own work capitalized	81	81	0
Other operating income	9,462	4,572	107.0
Cost of materials	-84,501	-91,256	-7.4
Personnel costs	-1,329	-1,442	-7.8
Depreciation, amortization and impairment charges	-5,209	-2,191	137.7
Other operating expenses	-9,319	-5,082	83.4
Income/loss from companies accounted for under the equity method	-388	-340	-14.1
Income/loss before financial results and income taxes	-3,042	-925	-228.9
Financial results	-118	-148	20.3
Income taxes	348	-60	—
Net income/loss after income taxes	-2,812	-1,133	-148.2

Sales

The Uniper Group's sales declined from €94,750 million in fiscal year 2013 by €6,525 million or 6.9% to €88,225 million in fiscal year 2014. The decline was principally due to lower sales in the Global Commodities segment, which reflected in particular lower sales volumes for gas and power (see "9.3 Key factors affecting the results of operations — 9.3.7 Uniper Group sales in selected key markets") and the significant fall in the general level of prices for gas and power.

The table below shows the breakdown of sales by product for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Electricity	35,145	37,150	-5.4
Gas	49,255	53,984	-8.8
Other	3,825	3,616	5.8
Total	88,225	94,750	-6.9

The decline in sales of electricity and gas in fiscal year 2014 compared with fiscal year 2013 was mainly due to lower volumes of gas and power sold. The decline in the sales volume of gas in fiscal year 2014 was exacerbated by the warm weather in the first quarter of 2014 and an oversupply of gas. The lower volume of power sold was driven by increasing overcapacity due to the rapid expansion of renewables generation capacity and rising competition, which led to the loss of industrial and commercial customers in particular (see “9.3 Key factors affecting the results of operations — 9.3.7 Uniper Group sales in selected key markets”).

Sales suffered an overall adverse effect from the material decline in the general price level of power and gas (see “9.3 Key factors affecting the results of operations — 9.3.5 Movements in commodities and CO₂ Certificates prices — (ii) Gas market” and “9.3.6 Development of the power price”) and from lower income from contracts with major customers, the latter caused mainly by adjusting prices to the lower price level and the loss of customers to competitors.

The decline in sales in fiscal year 2014 was also affected by the scheduled and unscheduled decommissioning of power plants. This effect was reinforced by unplanned repair work at hydroelectric power plants and rather dry water conditions during the year.

Changes in inventories (finished goods and work in progress)

Changes in inventories changed from €-17 million in fiscal year 2013 by €47 million to €-64 million in fiscal year 2014. This was primarily attributable to lower gas storage facility levels in fiscal year 2014 as against fiscal year 2013, and to reductions in their valuation due to the lower price level for gas.

Own work capitalized

Own work capitalized remained unchanged at €81 million in fiscal year 2014 and in fiscal year 2013 and mainly comprised recharged IT, material and personnel costs for new construction projects and in networks in both fiscal years.

Other operating income

The table below shows other operating income for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Income from exchange rate differences	1,910	1,465	30.4
Gains on derivative financial instruments	7,064	2,424	191.4
Gains on disposals of equity investments and securities	7	43	-83.7
Reversals of impairments charged on non-current assets	30	177	-83.1
Gains on disposals of property, plant and equipment	9	9	-0
Miscellaneous	442	454	-2.6
Total	9,462	4,572	107.0

Other operating income rose from €4,572 million in fiscal year 2013 by €4,890 million or 107.0% to €9,462 million in fiscal year 2014, mainly due to strong growth in gains on derivative financial instruments and income from exchange rate differences, offset to some extent by lower income from reversals of impairment charges on non-current assets and reduced gains on disposals of equity investments and securities. This development was matched against higher losses on derivative financial instruments.

Gains on derivative financial instruments rose from €2,424 million in fiscal year 2013 by €4,640 million or 191.4% to €7,064 million in fiscal year 2014. Commodity derivatives, essentially gas and power-linked derivatives, represent a significant proportion of the derivative financial instruments used by the Uniper Group. The steady increase in gains and losses from the measurement of commodity derivatives in fiscal years 2013 and 2014 is mainly attributable to price changes from fiscal year 2014 onward, particularly in oil and gas trading.

Income from exchange rate differences increased from €1,465 million in fiscal year 2013 by €445 million or 30.4% to €1,910 million in fiscal year 2014. The change was primarily due to higher

realized gains on currency derivatives of €1,521 million in fiscal year 2014 as compared with €962 million in fiscal year 2013 and, in contrast, lower realized gains from the translation of foreign currency receivables and payables of €311 million in fiscal year 2014 as compared with €451 million in fiscal year 2013. In addition, effects from currency translation at the closing rate on the balance sheet date amounting to €78 million were recorded in fiscal year 2014 as compared with €52 million in fiscal year 2013. The currency translation effects are primarily attributable to volatility in the exchange rates for receivables and payables denominated in US dollars, British pounds and Swedish kronor.

Reversals of impairments charged on property, plant and equipment declined from €177 million in fiscal year 2013 by €147 million or 83.1% to €30 million in fiscal year 2014.

Miscellaneous other operating income remained virtually unchanged at €442 million in fiscal year 2014 as compared with €454 million in fiscal year 2013. Income from goods and services recharged (fiscal year 2014: €216 million, fiscal year 2013: €193 million), income from claims for reimbursements and damages (fiscal year 2014: €28 million, fiscal year 2013: €2 million) and income from insurance premiums were also reported as miscellaneous other operating income.

Cost of materials

The table below shows the cost of materials for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Expenses for raw materials and supplies and for purchased goods	83,830	90,428	-7.3
Expenses for purchased services	671	828	-19.0
Total	84,501	91,256	-7.4

The cost of materials fell from €91,256 million in fiscal year 2013 by €6,755 million or 7.4% to €84,501 million in fiscal year 2014, mainly as a result of lower expenses for raw materials and supplies and for purchased goods which declined by €6,598 million or 7.3% from €90,428 million in fiscal year 2013 to €83,830 million in fiscal year 2014.

The expenses for purchases of gas and power, which constitute the majority of expenses for raw materials and supplies and for purchased goods, amounted to €81,359 million in fiscal year 2013 and to €77,174 million in fiscal year 2014.

Gas purchase costs fell from €52,935 million in fiscal year 2013 to €49,015 million in fiscal year 2014. This was due, firstly, to a lower volume of purchases in particular as a result of the mild winter in fiscal year 2014 and, secondly, to the significant fall in the level of prices which was reflected in long-term supply contracts as a result of price formulas and price adjustment clauses.

Conventional fuel costs for power generation declined from €1,634 million in fiscal year 2013 to €1,399 million in fiscal year 2014; this was mainly attributable to the decrease in price.

The same applied to expenses for CO₂ Certificates which were significantly lower in comparison with fiscal year 2013, mostly due to falling prices for CO₂ Certificates in fiscal year 2014 as a result of the oversupply of CO₂ Certificates.

Expenses for purchased services fell from €828 million in fiscal year 2013 by €157 million or 19.0% to €671 million in fiscal year 2014 and mostly comprised maintenance expenses, in particular for repair work at the Staudinger and Heyden power plants.

Personnel costs

The table below shows the personnel costs for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Wages and salaries	1,069	1,151	-7.1
Social security contributions	150	174	-13.8
Pension costs and other employee benefits	110	117	-6.0
<i>Pension costs</i>	<i>108</i>	<i>115</i>	<i>-6.1</i>
Total	1,329	1,442	-7.8

Personnel costs fell from €1,442 million in fiscal year 2013 by €113 million or 7.8% to €1,329 million in fiscal year 2014. The decline was mostly attributable to effects in connection with local restructuring programs and the group-wide E.ON 2.0 restructuring program, as well as the reorganization of the power plant operations, which were reflected in a lower headcount. The resulting lower expense for wages and salaries as well as social security contributions and infrastructure costs was partly offset by higher restructuring costs.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges rose from €2,191 million in fiscal year 2013 by €3,018 million or 137.7% to €5,209 million in fiscal year 2014. The change was primarily attributable to higher impairment write-downs recognized on property, plant and equipment amounting to €3.1 billion in fiscal year 2014 after €1.0 billion in fiscal year 2013. Depreciation, amortization and impairment charges are presented in detail under "9.8 Selected items from the balance sheet of the Uniper Group".

Other operating expenses

The table below shows the other operating expenses for the fiscal years ending December 31, 2014 and 2013, respectively.

	Fiscal year ending December 31,		Changes (unaudited) (in percent)
	2014 (audited) (in € million)	2013	
Loss from exchange rate differences	2,005	1,415	41.7
Loss on derivative financial instruments	5,898	2,105	180.2
Taxes other than income taxes	218	244	-10.7
Loss on disposal of equity investments and securities	6	49	-87.8
Miscellaneous	1,192	1,269	-6.1
Total	9,319	5,082	83.4

Other operating expenses grew by €4,237 million or 83.4% from €5,082 million in fiscal year 2013 to €9,319 million in fiscal year 2014, mainly as a result of a sharp increase in losses on derivative financial instruments and from exchange rate differences, which were only partly offset by slight declines in miscellaneous other operating expenses, the loss on the disposal of equity instruments and securities, and taxes other than income taxes.

The loss on derivative financial instruments increased from €2,105 million in fiscal year 2013 by €3,793 million or 180.2% to €5,898 million in fiscal year 2014. The increase mostly reflected higher expenses from the marking to market of commodities derivatives in fiscal year 2014. For the reasons for the changes in losses on derivative financial instruments, please refer to the information on other operating income.

The loss from exchange rate differences rose from €1,415 million in fiscal year 2013 by €590 million or 41.7% to €2,005 million in fiscal year 2014. This mainly reflected the increase of €741 million or 85.6% in realized losses on currency derivatives from €866 million in fiscal year 2013 to

€1,607 million in fiscal year 2014. In contrast, realized losses from the translation of foreign currency receivables and payables fell from €519 million in fiscal year 2013 by €206 million or 39.7% to €313 million in fiscal year 2014. Unrealized effects from currency translation at the closing rate on the balance sheet date rose from €30 million in fiscal year 2013 to €85 million in fiscal year 2014.

Miscellaneous other operating expenses declined from €1,269 million in fiscal year 2013 by €77 million or 6.1% to €1,192 million in fiscal year 2014. This item mainly comprised third-party services (fiscal year 2014: €256 million, fiscal year 2013: €285 million), and IT expenditure (fiscal year 2014: €218 million, fiscal year 2013: €205 million). The third-party services were provided for the most part by related entities and invoiced on normal market terms. Miscellaneous other operating expenses again included a flat-rate service charge from E.ON SE and E.ON Sverige AB. The expenses for this fell by €52 million or 30.2% from €172 million in fiscal year 2013 to €120 million in fiscal year 2014.

Miscellaneous other operating expenses also included impairment write-downs on assets held for sale (fiscal year 2014: €97 million, fiscal year 2013: €0 million), insurance expenses and insurance premiums (fiscal year 2014: €31 million, fiscal year 2013: €42 million), rental and lease payments (fiscal year 2014: €60 million, fiscal year 2013: €50 million), external consultancy and audit costs (fiscal year 2014: €44 million, fiscal year 2013: €37 million), advertising and marketing expenses (fiscal year 2014: €20 million, fiscal year 2013: €27 million) and write-downs on trade receivables and loan receivables (fiscal year 2014: €27 million, fiscal year 2013: €86 million).

Income/loss from companies accounted for under the equity method

The income/loss from companies accounted for under the equity method fell from €-340 million in fiscal year 2013 by €48 million or 14.1% to €-388 million in fiscal year 2014.

Material negative items were the increase in write-downs on the Brazilian equity investment ENEVA of €125 million in fiscal year 2014 as compared with fiscal year 2013 and the decline of €30 million in fiscal year 2014 as compared with fiscal year 2013 in the income/loss under the equity method from the operating company for the Russian gas field Yuzhno-Russkoye, SNGP, caused by the depreciation of the Russian ruble.

The increase in the contribution to earnings from PEGI's holding in Nord Stream AG represented a positive effect in fiscal year 2014.

Income/loss before financial results and income taxes

The income/loss before financial results and income taxes declined by €2,117 million or 228.9% from €-925 million in fiscal year 2013 to €-3,042 million in fiscal year 2014.

Financial results

The following table presents the financial results for the fiscal years ending December 31, 2014, and December 31, 2013.

	Fiscal year ending December 31,		Changes
	2014	2013	
	(audited)		(unaudited)
	(in € million)		(percentages)
Income/loss from companies in which equity investments are held	12	25	-52.0
Impairment charges/reversals on other financial assets	-2	-2	0
Income/loss from equity investments	10	23	-56.5
Income from other securities, interest and similar income	388	258	50.4
<i>Available for sale</i>	153	28	446.4
<i>Loans and receivables</i>	141	171	-17.5
<i>Held for trading</i>	—	—	—
<i>Other interest income</i>	94	59	59.3
Interest and similar expenses	-516	-429	20.3
<i>Amortized cost</i>	-157	-135	16.3
<i>Held for trading</i>	—	—	—
<i>Other interest expenses</i>	-359	-294	22.1
Net interest income/loss	-128	-171	25.1
Financial results	-118	-148	20.3

The financial results improved by €30 million or 20.3% from €-148 million in fiscal year 2013 to €-118 million in fiscal year 2014. The improvement in the financial results in fiscal year 2014 compared with fiscal year 2013 was mainly attributable to the development of the net interest loss, which was partly offset by the lower figure for net income from equity investments.

The net interest loss narrowed by €43 million or 25.1 % from €171 million in fiscal year 2013 to €128 million in fiscal year 2014. Interest and similar expenses rose by €87 million or 20.3% from €429 million in fiscal year 2013 to €516 million in fiscal year 2014. Income from other securities, interest and similar income also grew, increasing by €130 million or 50.4% from €258 million in fiscal year 2013 to €388 million in fiscal year 2014. This income was primarily attributable to the Swedish Nuclear Waste Fund (fiscal year 2014: €151 million; fiscal year 2013: €27 million). The rise in other interest expenses in fiscal year 2014 compared with fiscal year 2013 was mainly caused by changes in interest rates in connection with the measurement of other non-current provisions. This was partly offset by higher tax-related interest expenses.

By contrast, income from equity investments declined by €13 million or 56.5% from €23 million in fiscal year 2013 to €10 million in fiscal year 2014.

Income taxes

The change in income taxes in the amount of € 408 million resulted in a tax benefit of € 348 million in fiscal year 2014, as against a tax expense of € 60 million in fiscal year 2013. The tax rate amounted to 11 % in fiscal year 2014, following -6 % in fiscal year 2013. The change in tax rates was mainly due to depreciation, amortization and write-downs that cannot be recognized for tax purposes. The effects of changes in the value of deferred tax assets also impacted the tax rate.

Net income/loss after income taxes

The net loss after income taxes widened by €1,679 million or 148.2 % from €1,133 million in fiscal year 2013 to €2,812 million in fiscal year 2014.

9.7 COMPARISON OF RESULTS OF OPERATIONS — ANALYSIS OF SEGMENT INFORMATION

9.7.1 Overview

The following table presents selected financial information for the segments of the Uniper Group for the six-month periods ending June 30, 2016, and June 30, 2015, and for the fiscal years ending December 31, 2015, December 31, 2014, and December 31, 2013.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Sales					
European Generation	3,250	3,902	7,563	8,246	9,083
<i>Intersegment sales</i>	1,786	2,371	4,547	5,024	5,654
<i>External sales</i>	1,464	1,531	3,016	3,222	3,429
Global Commodities	32,827	44,619	91,207	86,672	93,767
<i>Intersegment sales</i>	1,475	1,808	3,235	3,196	4,322
<i>External sales</i>	31,352	42,811	87,972	83,476	89,445
International Power Generation	510	556	1,134	1,529	1,879
<i>Intersegment sales</i>	—	—	—	—	—
<i>External sales</i>	510	556	1,134	1,529	1,879
Administration/Consolidation	-3,260	-4,166	-7,789	-8,222	-9,979
<i>Intersegment sales</i>	-3,261	-4,179	-7,782	-8,220	-9,976
<i>External sales</i>	1	13	-7	-2	-3
Total sales	33,327	44,911	92,115	88,225	94,750
Adjusted EBIT					
European Generation ⁽¹⁾	120	195	506	539	504
Global Commodities ⁽¹⁾	1,095	334	262	173	328
International Power Generation ⁽¹⁾	-39	106	236	316	410
Administration/Consolidation ⁽¹⁾	-41	-90	-203	-202	-194
Total Adjusted EBIT⁽¹⁾	1,135	545	801	826	1,048
Adjusted EBITDA					
European Generation ⁽¹⁾	406	515	1,125	1,331	1,254
Global Commodities ⁽¹⁾	1,165	420	449	362	546
International Power Generation ⁽¹⁾	5	150	335	465	609
Administration/Consolidation ⁽¹⁾	-36	-85	-192	-192	-182
Total Adjusted EBITDA⁽¹⁾	1,540	1,000	1,717	1,966	2,227

(1) Adjusted for non-operating effects; for further information and a reconciliation, see "9.5 Non-GAAP Financial Measures".

9.7.2 Comparison of results of operations in the six-month periods ending June 30, 2016, and June 30, 2015

Sales, Adjusted EBIT and Adjusted EBITDA

The following table presents sales, Adjusted EBIT and Adjusted EBITDA for the six-month periods ending June 30, 2016, and June 30, 2015, broken down by segment.

	Six-month period ending June 30,		Changes (percentages)
	2016 (in € million)	2015 (unaudited) (in € million)	
Sales			
European Generation	3,250	3,902	-16.7
Intersegment sales	1,786	2,371	-24.7
External sales	1,464	1,531	-4.4
Global Commodities	32,827	44,619	-26.4
Intersegment sales	1,475	1,808	-18.4
External sales	31,352	42,811	-26.8
International Power Generation	510	556	-8.3
Intersegment sales	—	—	—
External sales	510	556	-8.3
Administration/Consolidation	-3,260	-4,166	21.7
Intersegment sales	-3,261	-4,179	22.0
External sales	1	13	-92.3
Total sales	33,327	44,911	-25.8
Adjusted EBIT			
European Generation ⁽¹⁾	120	195	-38.5
Global Commodities ⁽¹⁾	1,095	334	227.8
International Power Generation ⁽¹⁾	-39	106	—
Administration/Consolidation ⁽¹⁾	-41	-90	54.4
Total Adjusted EBIT⁽¹⁾	1,135	545	108.3
Adjusted EBITDA			
European Generation ⁽¹⁾	406	515	-21.2
Global Commodities ⁽¹⁾	1,165	420	177.4
International Power Generation ⁽¹⁾	5	150	-96.7
Administration/Consolidation ⁽¹⁾	-36	-85	57.6
Total Adjusted EBITDA⁽¹⁾	1,540	1,000	54.0

(1) Adjusted for non-operating effects; for further information and a reconciliation, see "9.5 Non-GAAP Financial Measures".

European Generation

Sales in the European Generation segment decreased by €652 million or 16.7% from €3,902 million in the six-month period ending June 30, 2015 to €3,250 million in the six-month period ending June 30, 2016. External sales in the European Generation segment decreased by €67 million or 4.4% from €1,531 million in the six-month period ending June 30, 2015 to €1,464 million in the six-month period ending June 30, 2016. Adjusted EBIT in the European Generation segment decreased by €75 million or 38.5% from €195 million in the six-month period ending June 30, 2015 to €120 million in the six-month period ending June 30, 2016. Adjusted EBITDA in the European Generation segment decreased by €109 million or 21.2% from €515 million in the six-month period ending June 30, 2015 to €406 million in the six-month period ending June 30, 2016.

The decrease in external sales was primarily attributable to lower prices and volumes. In particular, these negative price and volume effects could only partly be offset by operating measures and had a negative effect on Adjusted EBIT.

In addition to the market-related reduction in margins, lower water volumes at the hydropower plants in Sweden also had a negative effect on Adjusted EBIT in the six-month period ending June 30, 2016.

On the whole, these negative effects could only be partially offset by operational countermeasures, such as increasing the availability of the Oskarshamn nuclear power plant in Sweden. The commissioning the Maasvlakte 3 power plant in the Netherlands had a further positive effect.

Global Commodities

Sales in the Global Commodities segment decreased by €11,792 million or 26.4% from €44,619 million in the six-month period ending June 30, 2015 to €32,827 million in the six-month period ending June 30, 2016. External sales in the Global Commodities segment decreased by €11,459 million or 26.8% from €42,811 million in the six-month period ending June 30, 2015 to €31,352 million in the six-month period ending June 30, 2016. Adjusted EBIT in the Global Commodities segment increased by €761 million or 227.8% from €334 million in the six-month period ending June 30, 2015 to €1,095 million in the six-month period ending June 30, 2016. Adjusted EBITDA in the Global Commodities segment increased by €745 million or 177.4% from €420 million in the six-month period ending June 30, 2015 to €1,165 million in the six-month period ending June 30, 2016.

In the gas business, the decrease in sales was primarily due to the drop in gas prices compared to the six-month period ending June 30, 2015 and due to the lower physical trading volumes in the wholesale business. Sales in the power business were impacted by the lower price level and the decreased production at generation units as against June 30, 2015.

In the gas business, Adjusted EBIT was impacted mainly by the agreement with Gazprom to modify the pricing terms for long-term gas supply contracts to reflect current market conditions and the associated non-recurring effect from the reversal of provisions for future delivery periods, which was recognized in the income statement. The increase in the power business was mainly due to the change in the process of transferring capacities between the Global Commodities and European Generation segments. The contribution to earnings from the Yuzhno-Russkoye gas field activity was negatively affected in the six-month period ending June 30, 2016 by a lower price level and by a reduction in the allocated gas volumes planned for this fiscal year. Gas allocations to the Uniper Group were reduced in fiscal year 2016 (referred to as a *make-up year*) to make up for overproduction and excess supplies in fiscal years 2009 to 2015.

International Power Generation

Sales in the International Power Generation segment decreased by €46 million or 8.3% from €556 million in the six-month period ending June 30, 2015 to €510 million in the six-month period ending June 30, 2016. This was due exclusively to external sales. Adjusted EBIT in the International Power Generation segment decreased by €145 million from €106 million in the six-month period ending June 30, 2015 to €-39 million in the six-month period ending June 30, 2016. Adjusted EBITDA in the International Power Generation segment decreased by €145 million or 96.7% from €150 million in the six-month period ending June 30, 2015 to €5 million in the six-month period ending June 30, 2016.

The decrease in sales was primarily due to negative currency translation effects, which more than offset the positive effects of the increased power and capacity available at the Surgutskaya power plant and the increased prices for capacity at new power plants. Adjusted EBIT was adversely affected by the accident-related decommissioning of the 800 MW unit at the Beryozovskaya power plant in February 2016 and the associated partial derecognition of the boiler from property, plant and equipment. The increase in prices on the day-ahead market and higher tariff payments for new capacities had a positive effect. In addition, the losses in Brazil narrowed year on year.

Administration/Consolidation

Sales attributable to the Administration/Consolidation reconciliation item rose by €906 million or 21.7% from €-4,166 million in the six-month period ending June 30, 2015 to €-3,260 million in the six-month period ending June 30, 2016. This was due almost exclusively to intersegment sales.

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item rose by €49 million from €-90 million in the six-month period ending June 30, 2015 to €-41 million in the six-month period ending June 30, 2016. Adjusted EBITDA attributable to the Administration/Consolidation reconciliation item rose by €49 million from €-85 million in the six-month period ending June 30, 2015 to €-36 million in the six-month period ending June 30, 2016. This was due to lower costs compared to the comparison period.

9.7.3 Comparison of results of operations for fiscal years 2015 and 2014

Sales, Adjusted EBIT and Adjusted EBITDA

The following table presents sales, Adjusted EBIT and Adjusted EBITDA for the fiscal years ending December 31, 2015, and December 31, 2014, broken down by segment.

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2015 (audited) (in € million)	2014	
Sales			
European Generation	7,563	8,246	-8.3
<i>Intersegment sales</i>	4,547	5,024	-9.5
<i>External sales</i>	3,016	3,222	-6.4
Global Commodities	91,207	86,672	5.2
<i>Intersegment sales</i>	3,235	3,196	1.2
<i>External sales</i>	87,972	83,476	5.4
International Power Generation	1,134	1,529	-25.8
<i>Intersegment sales</i>	—	—	—
<i>External sales</i>	1,134	1,529	-25.8
Administration / Consolidation	-7,789	-8,222	5.3
<i>Intersegment sales</i>	-7,782	-8,220	5.3
<i>External sales</i>	-7	-2	—
Total sales	92,115	88,225	4.4
Adjusted EBIT			
European Generation ⁽¹⁾	506	539	-6.1
Global Commodities ⁽¹⁾	262	173	51.4
International Power Generation ⁽¹⁾	236	316	-25.3
Administration/Consolidation ⁽¹⁾	-203	-202	-0.5
Total Adjusted EBIT⁽¹⁾	801	826	-3.0
Adjusted EBITDA			
European Generation ⁽¹⁾	1,125	1,331	-15.5
Global Commodities ⁽¹⁾	449	362	24.0
International Power Generation ⁽¹⁾	335	465	-28.0
Administration/Consolidation ⁽¹⁾	-192	-192	0
Total Adjusted EBITDA⁽¹⁾	1,717	1,966	-12.7

(1) Adjusted for non-operating effects; for further information and a reconciliation, see "9.5 Non-GAAP Financial Measures".

European Generation

Sales in the European Generation segment declined by €683 million or 8.3% from €8,246 million in fiscal year 2014 to €7,563 million in fiscal year 2015. External sales in the European Generation segment decreased by €206 million or 6.4% from €3,222 million in fiscal year 2014 to €3,016 million in fiscal year 2015. Adjusted EBIT in the European Generation segment declined by €33 million or 6.1% from €539 million in fiscal year 2014 to €506 million in fiscal year 2015. Adjusted EBITDA in the European Generation segment decreased by €206 million or 15.5% from €1,331 million in fiscal year 2014 to €1,125 million in fiscal year 2015.

The decrease in external sales is primarily attributable to the decline in sales to major customers under long-term agreements, which is mainly the result of customer losses for competitive reasons. In addition, the general decrease in gas and electricity prices had an adverse effect. This was partly offset by the reduced cost of materials for fuels used in conventional power generation. Another factor was

the closure of a gas-fired power plant in the United Kingdom. In hard coal, the decline was due in particular to the scheduled decommissioning of several generating units in Germany. Adjusted EBIT was adversely impacted in particular by the closure of a generation unit, lower average electricity prices and the lower average availability of nuclear generation unit capacities. The commissioning of a generation unit in the Netherlands had an offsetting effect.

Global Commodities

Sales in the Global Commodities segment increased by €4,535 million or 5.2% from €86,672 million in fiscal year 2014 to €91,207 million in fiscal year 2015. External sales in the Global Commodities segment rose by €4,496 million or 5.4% from €83,476 million in fiscal year 2014 to €87,972 million in fiscal year 2015. Adjusted EBIT in the Global Commodities segment was up €89 million or 51.4% from €173 million in fiscal year 2014 to €262 million in fiscal year 2015. Adjusted EBITDA in the Global Commodities segment increased by €87 million or 24.0% from €362 million in fiscal year 2014 to €449 million in fiscal year 2015.

The rise in external sales was mainly due to a considerable increase in sales volumes in the gas business, which more than offset the decline in gas prices. The growth in gas sales, primarily in the second and third quarters of 2015, was mainly attributable to higher physical trading volumes resulting from the exercise of options. This reflected the intense trading activity in the three-month period ending March 31, 2015, resulting from greater market volatility.

International Power Generation

Sales in the International Power Generation segment declined by €395 million or 25.8% from €1,529 million in fiscal year 2014 to €1,134 million in fiscal year 2015. This was due exclusively to external sales. Adjusted EBIT in the International Power Generation segment decreased by €80 million or 25.3% from €316 million in fiscal year 2014 to €236 million in fiscal year 2015. Adjusted EBITDA in the International Power Generation segment declined by €130 million or 28.0% from €465 million in fiscal year 2014 to €335 million in fiscal year 2015.

This was primarily attributable to negative foreign currency translation effects. In addition, the delayed commissioning and accident-related decommissioning of power plants had an adverse effect on power plant capacity.

Administration/Consolidation

Sales attributable to the Administration/Consolidation reconciliation item rose by €433 million or 5.3% from €-8,222 million in fiscal year 2014 to €-7,789 million in fiscal year 2015. This was due almost exclusively to intersegment sales. The Adjusted EBIT attributable to the Administration/Consolidation reconciliation item declined by €1 million or 0.5% from €-202 million in fiscal year 2014 to €-203 million in fiscal year 2015. The Adjusted EBITDA attributable to the Administration/Consolidation reconciliation item remained level at €-192 million in both fiscal year 2014 and fiscal year 2015.

9.7.4 Comparison of results of operations for fiscal years 2014 and 2013

Sales, Adjusted EBIT and Adjusted EBITDA

The following table presents sales, Adjusted EBIT and Adjusted EBITDA for the fiscal years ending December 31, 2014, and December 31, 2013, broken down by segment.

	Fiscal year ending December 31,		Changes (unaudited) (percentages)
	2014 (audited) (in € million)	2013	
Sales			
European Generation	8,246	9,083	-9.2
Intersegment sales	5,024	5,654	-11.1
External sales	3,222	3,429	-6.0
Global Commodities	86,672	93,767	-7.6
Intersegment sales	3,196	4,322	-26.1
External sales	83,476	89,445	-6.7
International Power Generation	1,529	1,879	-18.6
Intersegment sales	—	—	—
External sales	1,529	1,879	-18.6
Administration/Consolidation	-8,222	-9,979	17.6
Intersegment sales	-8,220	-9,976	17.6
External sales	-2	-3	33.3
Total sales	88,225	94,750	-6.9
Adjusted EBIT			
European Generation ⁽¹⁾	539	504	6.9
Global Commodities ⁽¹⁾	173	328	-47.3
International Power Generation ⁽¹⁾	316	410	-22.9
Administration/Consolidation ⁽¹⁾	-202	-194	-4.1
Total Adjusted EBIT⁽¹⁾	826	1,048	-21.2
Adjusted EBITDA			
European Generation ⁽¹⁾	1,331	1,254	6.1
Global Commodities ⁽¹⁾	362	546	-33.7
International Power Generation ⁽¹⁾	465	609	-23.6
Administration/Consolidation ⁽¹⁾	-192	-182	-5.5
Total Adjusted EBITDA⁽¹⁾	1,966	2,227	-11.7

(1) Adjusted for non-operating effects; for further information and a reconciliation, see "9.5 Non-GAAP Financial Measures".

European Generation

Sales in the European Generation segment declined by €837 million or 9.2% from €9,083 million in fiscal year 2013 to €8,246 million in fiscal year 2014. External sales in the European Generation segment decreased by €207 million or 6.0% from €3,429 million in fiscal year 2013 to €3,222 million in fiscal year 2014. Adjusted EBIT in the European Generation segment rose by €35 million or 6.9% from €504 million in fiscal year 2013 to €539 million in fiscal year 2014. Adjusted EBITDA in the European Generation segment increased by €77 million or 6.1% from €1,254 million in fiscal year 2013 to €1,331 million in fiscal year 2014.

The decline in external sales was primarily attributable to the expiry of long-term supply contracts in Germany. Adjusted EBIT was impacted by restrictions on the availability of the Staudinger 5, Heyden and Wilhelmshaven power plant units, although this was more than offset by the higher spreads for coal-fired power plants in the United Kingdom and the reduction in costs due to the decommissioning of power plants in France. The increased availability of the nuclear power generation units in Sweden, including the recognition of lower provisions for the dismantling of nuclear power plants, compensated for the negative developments in electricity procurement at the nuclear minority interests in Sweden and at the German hydroelectric power plants due to the dry year in 2014.

Global Commodities

Sales in the Global Commodities segment decreased by €7,095 million or 7.6% from €93,767 million in fiscal year 2013 to €86,672 million in fiscal year 2014. External sales in the Global Commodities segment declined by €5,969 million or 6.7% from €89,445 million in fiscal year 2013 to €83,476 million in fiscal year 2014. Adjusted EBIT in the Global Commodities segment was down €155 million or 47.3% from €328 million in fiscal year 2013 to €173 million in fiscal year 2014. Adjusted EBITDA in the Global Commodities segment decreased by €184 million or 33.7% from €546 million in fiscal year 2013 to €362 million in fiscal year 2014.

The lower price level in the electricity business in comparison with fiscal year 2013 had an adverse effect in the Global Commodities segment. The key factors in the gas business were the weather-related decline in sales volumes in the wholesale business and lower gas prices.

International Power Generation

Sales in the International Power Generation segment declined by €350 million or 18.6% from €1,879 million in fiscal year 2013 to €1,529 million in fiscal year 2014. This was due exclusively to external sales. Adjusted EBIT in the International Power Generation segment decreased by €94 million or 22.9% from €410 million in fiscal year 2013 to €316 million in fiscal year 2014. Adjusted EBIT in the International Power Generation segment declined by €144 million or 23.6% from €609 million in fiscal year 2013 to €465 million in fiscal year 2014.

This was mainly attributable to negative foreign currency translation effects.

Administration/Consolidation

Sales attributable to the Administration/Consolidation reconciliation item rose by €1,757 million or 17.6% from €-9,979 million in fiscal year 2013 to €-8,222 million in fiscal year 2014. This was due almost exclusively to intersegment sales. The Adjusted EBIT attributable to the Administration/Consolidation reconciliation item declined by €8 million or 4.1% from €-194 million in fiscal year 2013 to €-202 million in fiscal year 2014. The Adjusted EBITDA attributable to the Administration/Consolidation reconciliation item decreased by €10 million or 5.5% from €-182 million in fiscal year 2013 to €-192 million in fiscal year 2014. This was due in particular to consolidation effects.

9.8 SELECTED ITEMS FROM THE BALANCE SHEET OF THE UNIPER GROUP

The table below shows selected items from the balance sheet of the Uniper Group as of the June 30, 2016 reporting date and as of December 31, 2015, 2014 and 2013:

	As of June 30,	As of December 31,		
	2016	2015	2014	2013
	(unaudited)	(in € million)		
			(audited)	
Goodwill	2,628	2,555	4,911	6,372
Intangible assets	1,966	2,159	2,436	3,258
Property, plant and equipment	11,274	14,297	15,717	19,778
Companies accounted for under the equity method	840	1,136	1,401	1,897
Other financial assets	530	558	927	1,306
Financial receivables and other financial assets	2,983	3,029	4,104	3,604
Operating receivables and other operating assets	4,315	4,687	3,158	1,985
Income tax assets	9	9	14	17
Deferred tax assets	1,031	1,031	1,355	1,040
Non-current assets	25,576	29,461	34,023	39,257
Inventories	1,451	1,734	2,297	2,888
Financial receivables and other financial assets	950	8,359	11,475	10,499
Trade receivables and other operating assets	14,141	23,085	23,205	18,726
Income tax assets	299	296	206	146
Liquid funds	536	360	412	896
Assets held for sale	32	228	2	98
Current assets	17,409	34,062	37,597	33,253
Total assets	42,985	63,523	71,620	72,510
Equity (net assets)	11,067	15,001	22,719	27,766
Financial liabilities	1,080	2,296	5,175	5,387
Operating liabilities	4,578	3,781	2,460	1,702
Income taxes	—	—	—	—
Provisions for pensions and similar obligations	1,175	796	1,773	1,479
Miscellaneous provisions	6,562	5,809	5,057	4,844
Deferred tax liabilities	1,705	1,622	1,966	2,210
Non-current liabilities	15,100	14,304	16,431	15,622
Financial liabilities	1,310	10,551	8,161	8,307
Trade payables and other operating liabilities	13,681	20,642	21,563	18,349
Income taxes	300	338	323	242
Miscellaneous provisions	1,527	2,569	2,423	2,224
Liabilities associated with assets held for sale	—	118	—	—
Current liabilities	16,818	34,218	32,470	29,122
Total equity and liabilities	42,985	63,523	71,620	72,510

9.8.1 Comparison of selected items from the balance sheet of the Uniper Group as of June 30, 2016 and December 31, 2015

The balance sheet total fell from €63,523 million as of December 31, 2015, by €20,538 million or 32.3% to €42,985 million as of June 30, 2016.

Assets

Goodwill

Goodwill rose by €73 million or 2.9% from €2,555 million as of December 31, 2015, to €2,628 million as of June 30, 2016. This was mainly due to currency translation effects relating to the Russian ruble.

Intangible assets

Intangible assets declined from €2,159 million as of December 31, 2015 by €193 million or 8.9% to €1,966 million as of June 30, 2016. This decrease was primarily due to impairment write-downs in the Global Commodities segment and to amortization.

Property, plant and equipment

Property, plant and equipment decreased from €14,297 million as of December 31, 2015 by €3,023 million or 21.1% to €11,274 million as of June 30, 2016.

In the six-month period ending June 30, 2016, impairment charges amounting in total to €2.8 billion were recognized in respect of property, plant and equipment, of which €1.8 billion related to the European Generation segment and €1.0 billion to the Global Commodities segment. The most substantial individual items in terms of amount related to two conventional power plants outside Germany, at €0.8 billion and €0.7 billion respectively, as well as storage infrastructure outside Germany, at €0.5 billion. In particular, the reasons for the impairment charges were amended estimates of the regulatory conditions and the change in the market environment, which led to a deterioration in forecast earnings for the affected assets.

In particular the discussions in several European countries on a phase-out of coal generation or additional charges for such generation units in particular were decisive for the impairment charges. As a consequence, a possible scenario in which certain generation units are taken offline before the end of their useful lives was also taken into consideration in the required forecasts for their profitability.

The amended forecasts for the profitability of the gas storage infrastructure took particular account of the further narrowing of the summer/winter spreads in the gas price; as a consequence, it was necessary to reevaluate the gas storage capacity business. Under these market conditions, it is uncertain whether the provision of gas storage capacities will be adequately remunerated in the future.

The depreciation expense for property, plant and equipment amounted to €351 million in the six-month period ending June 30, 2016.

Companies accounted for under the equity method and other financial assets

As of June 30, 2016 companies accounted for under the equity method and other financial assets amounting to €1,370 million were reported in the balance sheet of the Uniper Group compared to €1,694 million as of December 31, 2015. This decrease was primarily attributable to the sale of PEGI with effect as of January 1, 2016, including the interest in Nord Stream AG held by it.

The carrying amounts of associates accounted for under the equity method amounted to €702 million as of June 30, 2016, compared with €1,011 million as of December 31, 2015. The carrying amount of joint ventures accounted for under the equity method amounted to €138 million as of June 30, 2016, compared with €125 million as of December 31, 2015.

Financial receivables and other financial assets

Current financial receivables and other financial assets fell from €8,359 million as of December 31, 2015, by €7,409 million or 88.6% to €950 million as of June 30, 2016. Non-current financial receivables and other financial assets declined from €3,029 million as of December 31, 2015 by €46 million or 1.5% to €2,983 million as of June 30, 2016.

The decline in financial receivables and other financial assets was mainly due to the reduction in receivables from the E.ON Group, which declined by €7,194 million or 97.6% from €7,368 million as of December 31, 2015, to €174 million as of June 30, 2016. This was due to the partial suspension of cash management with the E.ON Group and the introduction of a cash pooling system within the Uniper Group.

Trade receivables and other operating assets

Current trade receivables and other operating assets fell from €23,085 million as of December 31, 2015 by €8,944 million or 38.7% to €14,141 million as of June 30, 2016. Non-current operating receivables and other operating assets declined by €372 million or 7.9% from €4,687 million as of December 31, 2015, to €4,315 million as of June 30, 2016. The reduction in current receivables was primarily attributable to trade receivables and receivables from derivative financial instruments. The decline in non-current operating assets mainly resulted from changes in the fair values of commodity derivatives.

Inventories

Inventories of €1,734 million as of December 31, 2015 declined by €283 million or 16.3% to €1,451 million as of June 30, 2016. This was mainly due to a reduced valuation of the gas storage facility levels in the Global Commodities segment on the back of the lower price level as at June 30, 2016 in comparison with December 31, 2015, as well as reduced fuel inventories in the European Generation segment.

Deferred tax assets

At €1,031 million as of June 30, 2016, deferred tax assets remained unchanged as against December 31, 2015. They consisted primarily of deferred tax assets related to provisions and liabilities.

Equity and liabilities

Equity (net assets)

Equity (net assets) declined by €3,934 million or 26.2% from €15,001 million as of December 31, 2015, to €11,067 million as of June 30, 2016. The Uniper Group was formed within the meaning of IFRS on completion of the reorganization under corporate law at the beginning of fiscal year 2016, with the Company as parent. The Company has consequently been the sole parent company of the Uniper Group since January 1, 2016. For this reason, the net assets reported in the Combined Financial Statements were reported under the Company's capital structure.

On January 19, 2016, the general meeting of Uniper AG, in preparation for the spin-off, resolved to increase the share capital of €283,445,000 by €6,779,578 to €290,224,578 and to divide it into 170,720,340 no-par value registered shares, each such no-par value share representing a notional interest in the share capital of €1.70.

The conversion of Uniper AG into the legal form of a European Company (SE), which was resolved on March 23, 2016 by the general meeting of Uniper AG and entered into effect on April 14, 2016 when it was entered in the competent commercial register, did not operate to change the share capital of €290,224,578 or the division thereof into 170,720,340 no-par value registered shares, with each such no-par value share representing a notional interest in the share capital of €1.70. There are no restrictions on the transferability of the Company's shares. The no-par value shares are fully paid in. Each no-par value share represents a notional interest in the share capital of €1.70 and carries full dividend rights as from January 1, 2016.

On March 30, 2016, E.ON Beteiligungen GmbH paid in €120 million to the free capital reserves of Uniper SE (at that time trading as Uniper AG). Also on March 30, 2016, Uniper Beteiligungs GmbH paid in €145 million to the free capital reserves of Uniper Holding GmbH.

Financial liabilities

Current financial liabilities fell by €9,241 million or 87.6% from €10,551 million as of December 31, 2015, to €1,310 million as of June 30, 2016. Non-current financial liabilities declined by €1,216 million or 53.0% from €2,296 million as of December 31, 2015, to €1,080 million as of June 30, 2016.

The decline in financial liabilities mainly results from the repayment of liabilities under cash pooling and cash management to E.ON SE; these decreased by €9,818 million or 91.7% from €10,712 million as of December 31, 2015, to €894 million as of June 30, 2016.

Trade payables and other operating liabilities

Current trade payables and other operating liabilities declined by €6,961 million or 33.7% from €20,642 million as of December 31, 2015, to €13,681 million as of June 30, 2016. Non-current operating liabilities rose by €797 million or 21.1% from €3,781 million as of December 31, 2015, to €4,578 million as of June 30, 2016. The increase in non-current operating liabilities was primarily the result of the increased negative fair value of commodity derivatives.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations increased from €796 million as of December 31, 2015 by €379 million or 47.6% to €1,175 million as of June 30, 2016. The obligations for pensions and other benefits for former and active employees of the Uniper Group amounting to €3.2 billion as of June 30, 2016 (December 31, 2015: €2.4 billion) were covered by plan assets with a fair value of €2.0 billion (December 31, 2015: €1.6 billion). The change in comparison with December 31, 2015, was primarily caused by net actuarial losses, which were mainly due to the decline in the actuarial rates of interest calculated for the Uniper Group for Germany from 3.0% as of December 31, 2015, to 1.6% as of June 30, 2016, as well as additions reflecting the net pension cost for the period. The employer contributions to plan assets and the net pension payments made in the first half of the year had a partly offsetting effect.

Miscellaneous provisions

Miscellaneous non-current provisions rose from €5,809 million as of December 31, 2015 by €753 million or 13.0% to €6,562 million as of June 30, 2016. Miscellaneous current provisions decreased by €1,042 million or 40.6% from €2,569 million as of December 31, 2015 to €1,527 million as of June 30, 2016. The miscellaneous provisions comprised the following individual items in each case:

Provisions for non-contractual nuclear waste management obligations

A material component of the miscellaneous provisions was accounted for by the provisions based on the requirements of Swedish nuclear law for non-contractual nuclear waste management obligations which amounted to €1,191 million as of June 30, 2016, and €1,204 million as of December 31, 2015. The provisions comprised all obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the decommissioning and dismantling of power plant components, determined on the basis of external studies and cost estimates.

The asset retirement obligations recognized in the provisions for non-contractual obligations included 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.

Provisions for contractual nuclear waste management obligations

The provisions based on the requirements of Swedish nuclear energy law for contractual nuclear waste management obligations amounted as of June 30, 2016, to €1,084 million and as of December 31, 2015, to €1,125 million. The provisions included all contractual obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the decommissioning and dismantling of nuclear power plants, determined on the basis of agreements under civil law. No changes in estimates affecting the Uniper Group's Swedish nuclear operations were made as of June 30, 2016, while such changes in estimates amounted to €68 million as of December 31, 2015. Provisions were utilized in the amount of €33 million as of June 30, 2016, and €69 million as of December 31, 2015, of which €17 million as of June 30, 2016, and €27 million as of December 31, 2015 were attributable to Sydkraft Nuclear Power AB, operator of the Barsebäck nuclear power plant, which is in post-operation.

Provisions for personnel costs and for other asset retirement obligations, market-related provisions and provisions for environmental remediation

Further provisions were recognized for personnel obligations (as of June 30, 2016: €532 million and as of December 31, 2015: €561 million), other asset retirement obligations (as of June 30, 2016: €925 million; as of December 31, 2015: €916 million), supplier-related obligations (as of June 30, 2016: €1,243 million; as of December 31, 2015: €1,431 million), customer-related obligations (as of June 30, 2016: €220 million; as of December 31, 2015: €200 million) and for environmental remediation and similar obligations (as of June 30, 2016: €367 million; as of December 31, 2015: €371 million). In March 2016, in negotiations pertaining to long-term gas supply contracts, UGC and the Russian Gazprom Group agreed to modify the terms to reflect current market conditions. As a consequence, considerable provisions for supplier-related obligations were reversed. By contrast to these reversals,

further provisions for supplier-related obligations in the Global Commodities segment were recognized in the amount of €0.9 billion as of June 30, 2016 in the form of a provision for onerous contracts. This was prompted by expected losses from the business with contracted gas storage capacities due to a reduction in forecast earnings in the European gas storage market.

Other miscellaneous provisions

Other miscellaneous provisions consisted primarily of provisions for gas transportation and regasification (as of June 30, 2016: €802 million and as of December 31, 2015: €869 million) and provisions relating to the generation activities mainly from the hydroelectric power business segment (as of June 30, 2016: €694 million and as of December 31, 2015: €776 million). Further included here are provisions for probable obligations arising from tax-related interest expenses and from taxes other than income taxes.

Deferred tax liabilities

Deferred tax liabilities rose by €83 million or 5.1% from €1,622 million as of December 31, 2015 to €1,705 million as of June 30, 2016. They consist primarily of deferred tax liabilities on property, plant and equipment, receivables and payables.

9.8.2 Comparison of selected items from the balance sheet of the Uniper Group as of December 31, 2015 and December 31, 2014

The balance sheet total declined from €71,620 million as of December 31, 2014 by €8,097 million or 11.3% to €63,523 million as of December 31, 2015.

Assets

Goodwill

Goodwill fell from €4,911 million as of December 31, 2014 by €2,356 million or 48.0% to €2,555 million as of December 31, 2015.

This reflected impairment write-downs amounting to €2.4 billion as of December 31, 2015. The largest single item in terms of amount of €2.1 billion related to goodwill in the European Generation segment, which was written off in full mainly as a result of a deterioration in forecast earnings. Goodwill in the International Power Generation segment was written down in the amount of €0.3 billion as of December 31, 2015, due to lower forecast earnings and higher costs of capital.

Intangible assets

Intangible assets declined from €2,436 million as of December 31, 2014 by €277 million or 11.4% to €2,159 million as of December 31, 2015.

Amortization charged on intangible assets in fiscal year 2015 amounted to €141 million compared to €158 million in fiscal year 2014. Impairment write-downs of intangible assets in fiscal year 2015 amounted to €54 million compared with €15 million in fiscal year 2014. By contrast, reversals of impairments charged on intangible assets amounted to €45 million in fiscal year 2015, compared to €203 million in fiscal year 2014. The reversals of impairment write-downs in fiscal year 2015 were attributable in their entirety to the effects of prices for CO₂ Certificates.

Property, plant and equipment

Property, plant and equipment declined by €1,420 million or 9.0% from €15,717 million as of December 31, 2014 to €14,297 million as of December 31, 2015.

In fiscal year 2015 impairment write-downs amounting in total to €2.0 billion were recognized in respect of property, plant and equipment, of which €1.7 billion related to the European Generation segment and €0.3 billion to the Global Commodities segment. Within the European Generation segment, property, plant and equipment in a number of countries was written down as of December 31, 2015 in view of lower expected power sales. The most substantial individual impairments in terms of amount related to one fossil-fuel power plant in France at €0.4 billion and one

in the United Kingdom at €0.2 billion, as well as one in Germany and one in the Netherlands at €0.2 billion each. This resulted in recoverable amounts of €0.1 billion in France, €0.6 billion in the United Kingdom, €1.1 billion in Germany and €1.5 billion in the Netherlands. In the Global Commodities segment, a gas storage facility was written down by €0.2 billion to a recoverable amount of €0.1 billion as of December 31, 2015.

Reversals of impairments charged on property, plant and equipment amounted to €348 million in fiscal year 2015 compared to €30 million in fiscal year 2014. The largest individual reversal of €0.2 billion related to a power plant in the United Kingdom and the resulting carrying amount reflected its recoverable amount of €1.0 billion. This was due to changes in expectations about future prices.

Depreciation charged on property, plant and equipment in fiscal year 2015 amounted to €0.8 billion compared to €1.0 billion in fiscal year 2014.

Companies accounted for under the equity method and other financial assets

As of December 31, 2015, companies accounted for under the equity method and other financial assets amounting in total to €1,694 million were reported in the balance sheet of the Uniper Group compared to €2,328 million as of December 31, 2014.

The carrying amounts of the material associates SNGP and Nord Stream AG amounted to €180 million and €358 million, respectively, as of December 31, 2015, compared to €197 million and €335 million, respectively, as of December 31, 2014. The carrying amounts of the non-material associates accounted for under the equity method amounted to €473 million as of December 31, 2015, compared to €690 million as of December 31, 2014. The carrying amounts of the joint ventures accounted for under the equity method amounted to €125 million as of December 31, 2015, compared to €179 million as of December 31, 2014.

In fiscal year 2015, impairment charges of €106 million were recognized in respect of companies accounted for under the equity method compared with €467 million in fiscal year 2014. In fiscal year 2015 these related principally to a Swedish investment in the European Generation segment in the amount of €37 million, a Russian investment in the International Power Generation segment in the amount of €28 million and a Latvian investment in the Global Commodities segment in the amount of €27 million.

Financial receivables and other financial assets

Current financial receivables and other financial assets declined by €3,116 million or 27.2% from €11,475 million as of December 31, 2014 to €8,359 million as of December 31, 2015. Non-current financial receivables and other financial assets decreased from €4,104 million as of December 31, 2014 by €1,075 million or 26.2% to €3,029 million as of December 31, 2015.

As a result of the integration of the Uniper Group into the cash management system of the E.ON Group at that time, other financial assets included receivables to the E.ON Group of €7,368 million as of December 31, 2015, compared to €10,674 million as of December 31, 2014. In addition, other financial assets included claims for refunds from the Swedish Nuclear Waste Fund in connection with the decommissioning and dismantling of nuclear power plants and nuclear waste disposal amounting to €2,281 million as of December 31, 2015, as compared with €1,879 million as of December 31, 2014. Since this asset is designated for a particular purpose, the Uniper Group's access to it was restricted.

Furthermore, financial receivables also contained margin account deposits for stock exchange futures transactions amounting to €389 million as of December 31, 2015 and €301 million as of December 31, 2014.

Trade receivables and other operating assets

Current trade receivables and other operating assets fell from €23,205 million as of December 31, 2014 by €120 million or 0.5% to €23,085 million as of December 31, 2015. Non-current trade receivables and other operating assets rose by €1,529 million or 48.4% from €3,158 million as of December 31, 2014 to €4,687 million as of December 31, 2015. The increase in non-current operating receivables resulted from the fair values of commodity derivatives.

Other operating assets contained receivables from profit and loss transfer agreements amounting to €1,071 million as of December 31, 2015, and €465 million as of December 31, 2014.

Inventories

Inventories declined by €563 million or 24.5% from €2,297 million as of December 31, 2014, to €1,734 million as of December 31, 2015. This was mostly due to the lower price level for gas.

Deferred tax assets

Deferred tax assets decreased from €1,355 million as of December 31, 2014 by €324 million or 23.9% to €1,031 million as of December 31, 2015. They consisted primarily of deferred tax assets related to provisions and liabilities.

Equity and liabilities

Equity (net assets)

Equity (net assets) declined by €7,718 million or 34.0% from €22,719 million as of December 31, 2014 to €15,001 million as of December 31, 2015. The net assets of the Uniper Group are derived by aggregating the net assets of Uniper AG, Uniper Beteiligungs GmbH, Uniper Holding GmbH and their indirect and direct subsidiaries and the net assets of Uniper business activities conducted in indirect and direct subsidiaries of E.ON SE.

Financial liabilities

Current financial liabilities rose from €8,161 million as of December 31, 2014 by €2,390 million or 29.3% to €10,551 million as of December 31, 2015. Non-current financial liabilities fell by €2,879 million or 55.6% from €5,175 million as of December 31, 2014 to €2,296 million as of December 31, 2015.

Trade payables and other operating liabilities

Current trade payables and other operating liabilities declined by €921 million or 4.3% from €21,563 million as of December 31, 2014 to €20,642 million as of December 31, 2015. Non-current other operating liabilities increased from €2,460 million as of December 31, 2014 by €1,321 million or 53.7% to €3,781 million as of December 31, 2015. The increase in non-current operating liabilities was primarily attributable to the fair values of commodity derivatives.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations decreased from €1,773 million as of December 31, 2014 by €977 million or 55.1% to €796 million as of December 31, 2015. The obligations for pensions and other benefits for former and active employees of the Uniper Group amounting to €2.4 billion as of December 31, 2015 (December 31, 2014: €2.6 billion) were covered by plan assets with a fair value of €1.6 billion (December 31, 2014: €0.8 billion). This corresponded to a funded status of 66% (December 31, 2014: 32%). The increase in the fair value of plan assets was due to the transfer of the assets of MEON in the amount of €0.7 billion from the E.ON Group to the Uniper Group as of November 30, 2015. MEON's pension liability receivables due from Versorgungskasse Energie in the amount of €0.1 billion were transferred to the eligible Uniper companies as of November 30, 2015. In addition to the reported plan assets, pension liability receivables due from Versorgungskasse Energie in the amount of €0.2 billion as of December 31, 2015, (December 31, 2014: €0.1 billion) did not qualify as plan assets within the meaning of IAS 19 and were therefore not included in the funded status.

Miscellaneous provisions

Miscellaneous non-current provisions grew from €5,057 million as of December 31, 2014 by €752 million or 14.9% to €5,809 million as of December 31, 2015. Miscellaneous current provisions increased by €146 million or 6.0% from €2,423 million as of December 31, 2014 to €2,569 million as of December 31, 2015. The miscellaneous provisions comprised the following individual items in each case:

Provisions for non-contractual nuclear waste management obligations

A material component of the miscellaneous provisions was accounted for by the provisions based on the requirements of Swedish nuclear law for non-contractual nuclear waste management obligations which amounted to €1,204 million as of December 31, 2015 and €1,143 million as of December 31, 2014. The provisions comprised all obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste (as of December 31, 2015: €775 million and as of December 31, 2014: €735 million) and to the decommissioning and dismantling of nuclear power plant components (as of December 31, 2015: €429 million and as of December 31, 2014: €408 million), determined on the basis of external studies and cost estimates.

The asset retirement obligations recognized for non-contractual obligations included 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.

Provisions for contractual nuclear waste management obligations

The provisions based on the requirements of Swedish nuclear energy law for contractual nuclear waste management obligations amounted as of December 31, 2015 to €1,125 million and as of December 31, 2014 to €1,059 million. The provisions included all contractual obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste (as of December 31, 2015: €737 million and as of December 31, 2014: €690 million) and to the decommissioning and dismantling of nuclear power plants (as of December 31, 2015: €388 million and as of December 31, 2014: €369 million), determined on the basis of agreements under civil law. Changes in estimates affecting provisions for the Uniper Group's Swedish nuclear operations amounting to €68 million as of December 31, 2015 and to €20 million as of December 31, 2014 were recorded. Provisions were utilized in the amount of €69 million as of December 31, 2015 and €61 million as of December 31, 2014, of which €27 million as of December 31, 2015 and €22 million as of December 31, 2014 were attributable to Sydkraft Nuclear Power AB, the operator of the Barsebäck nuclear power plant, which is in post-operation.

Provisions for personnel costs and for other asset retirement obligations, market-related provisions and provisions for environmental remediation

Further provisions were recognized for personnel obligations (as of December 31, 2015: €561 million and as of December 31, 2014: €653 million), other asset retirement obligations (as of December 31, 2015: €916 million and as of December 31, 2014: €640 million), supplier-related obligations (as of December 31, 2015: €1,431 million and as of December 31, 2014: €1,170 million), customer-related obligations (as of December 31, 2015: €200 million and as of December 31, 2014: €210 million) and for environmental remediation and similar obligations (as of December 31, 2015: €371 million and as of December 31, 2014: €383 million).

Other miscellaneous provisions

Other miscellaneous provisions consisted primarily of provisions for gas transportation and regasification (as of December 31, 2015: €869 million and as of December 31, 2014: €830 million) and provisions relating to the generation activities mainly from the hydroelectric power business segment (as of December 31, 2015: €776 million and as of December 31, 2014: €771 million). Further included here are provisions for probable obligations arising from tax-related interest expenses and from taxes other than income taxes.

Deferred tax liabilities

Deferred tax liabilities fell by €344 million or 17.5% from €1,966 million as of December 31, 2014 to €1,622 million as of December 31, 2015. They consist primarily of deferred tax liabilities on property, plant and equipment, receivables and payables.

9.8.3 Comparison of selected items from the balance sheet of the Uniper Group as of December 31, 2014 and December 31, 2013

The balance sheet total declined from €72,510 million as of December 31, 2013 by €890 million or 1.2% to €71,620 million as of December 31, 2014.

Assets

Goodwill

Goodwill fell from €6,372 million as of December 31, 2013 by €1,461 million or 22.9% to €4,911 million as of December 31, 2014.

The main reasons for this were the need for an impairment write-down of €1.0 billion as of December 31, 2014, which related entirely to the European Generation segment and was primarily attributable to a deterioration in forecast earnings, and currency translation effects.

In contrast, no impairment write-downs on goodwill were required to be recognized in fiscal year 2013.

Intangible assets

Intangible assets declined from €3,258 million as of December 31, 2013 by €822 million or 25.2% to €2,436 million as of December 31, 2014.

Amortization charged on intangible assets in fiscal year 2014 amounted to €158 million compared to €177 million in fiscal year 2013. Impairment write-downs of intangible assets in fiscal year 2014 amounted to €15 million compared with €213 million in fiscal year 2013. These were offset by reversals of impairments charged on intangible assets in fiscal year 2014 of €203 million compared to €35 million in fiscal year 2013 which related mainly to emissions allowances due to the effects of price changes.

Property, plant and equipment

Property, plant and equipment fell by €4,061 million or 20.5% from €19,778 million as of December 31, 2013 to €15,717 million as of December 31, 2014.

In the 2014 fiscal year, impairments were recognized on property, plant and equipment in the amount of €3.1 billion. The most substantial individual item in terms of amount, at €1.0 billion, related to two nuclear generation units in Sweden, which were written down in the fourth quarter of fiscal year 2014 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 in the United Kingdom, of which the largest in terms of amount related to two fossil-fuel power plants. These were each written down by approximately €0.4 billion to recoverable amounts of €0.7 billion or written down in their entirety as of December 31, 2014. The main reason for this was the reduction in market spreads. In addition, a Swedish thermal power plant was fully written down by an amount of €0.3 billion as of December 31, 2014 because it is expected that the facility will be rendered economically inoperable as a consequence of environmental specifications.

In the 2013 fiscal year, impairments were recognized on property, plant and equipment in the amount of €1.0 billion. The most substantial individual item in terms of amount, at approximately €0.2 billion, related to a power plant in Russia, which was written down to a recoverable amount of €0.3 billion in the third quarter of 2013 because of a changed regulatory framework. The recoverable amount was the value in use. The other impairment charges on property, plant and equipment as of December 31, 2013 comprised a large number of individual items and related mainly to fossil-fuel power plants in the European Generation segment in the amount of €0.7 billion and in International Power Generation in the amount of €0.1 billion.

Reversals of impairment write-downs on property, plant and equipment in fiscal year 2014 amounted to €30 million compared to €176 million in fiscal year 2013. In fiscal year 2013, the reversals related essentially to power plants in the Netherlands and Germany due to changes in the forecasts for power prices and fuel costs.

Depreciation charged on property, plant and equipment in fiscal year 2014 amounted to €973 million compared to €994 million in fiscal year 2013.

Companies accounted for under the equity method and other financial assets

As of December 31, 2014, companies accounted for under the equity method and other financial assets amounting in total to €2,328 million were reported in the balance sheet of the Uniper Group compared to €3,203 million as of December 31, 2013.

The carrying amounts of the material associates SNGP and Nord Stream AG amounted to €197 million and €335 million, respectively, as of December 31, 2014 compared to €325 million and €361 million, respectively, as of December 31, 2013. The carrying amounts of the non-material associates accounted for under the equity method amounted to €690 million as of December 31, 2014 compared to €701 million as of December 31, 2013. The carrying amounts of the joint ventures accounted for under the equity method amounted to €179 million as of December 31, 2014 compared to €510 million as of December 31, 2013.

In fiscal year 2014 impairment charges of €467 million were recognized in respect of companies accounted for under the equity method compared with €391 million in fiscal year 2013. In fiscal year 2014 this related to a Brazilian investment in the International Power Generation segment. The principal causes of these impairments were the investee's operational challenges and the development of its stock price, as well as one 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. In fiscal year 2013, the same equity investment had already been written down by €342 million to a recoverable amount of €472 million due to project delays and technical issues.

Financial receivables and other financial assets

Current financial receivables and other financial assets grew by €976 million or 9.3% from €10,499 million as of December 31, 2013 to €11,475 million as of December 31, 2014. Non-current financial receivables and other financial assets rose from €3,604 million as of December 31, 2013 by €500 million or 13.9% to €4,104 million as of December 31, 2014.

As a result of the integration of the Uniper Group into the cash management system of the E.ON Group at that time, other financial assets included receivables of €10,674 million as of December 31, 2014 compared to €9,507 million as of December 31, 2013. In addition, other financial assets included claims for refunds from the Swedish Nuclear Waste Fund in connection with the decommissioning and dismantling of nuclear power plants and nuclear waste disposal amounting to €1,879 million as of December 31, 2014 as compared with €1,768 million as of December 31, 2013. Since this asset is designated for a particular purpose, the Uniper Group's access to it was restricted.

The financial receivables as of December 31, 2014 and as of December 31, 2013 included indemnification claims of the Uniper companies against MEON amounting to €1.1 billion and €0.8 billion, respectively.

Furthermore, financial receivables also contained margin account deposits for stock exchange futures transactions amounting to €301 million as of December 31, 2014 and €445 million as of December 31, 2013.

Trade receivables and other operating assets

Current trade receivables and other operating assets recorded growth of €4,479 million or 23.9% from €18,726 million as of December 31, 2013 to €23,205 million as of December 31, 2014. Non-current trade receivables and other operating assets rose from €1,985 million as of December 31, 2013 by €1,173 million or 59.1% to €3,158 million as of December 31, 2014. The increases in both the current and the non-current receivables were primarily due to the fair value measurement of derivatives.

Other operating assets contained receivables from profit and loss transfer agreements amounting to €465 million as of December 31, 2014 and €581 million as of December 31, 2013.

Inventories

Inventories declined from €2,888 million as of December 31, 2013 to €2,297 million as of December 31, 2014. This was mostly due to the lower price level for gas.

Deferred tax assets

Deferred tax assets increased from €1,040 million as of December 31, 2013 by €315 million or 30.3% to €1,355 million as of December 31, 2014. They consisted primarily of deferred tax assets related to provisions and liabilities.

Equity and liabilities

Equity (net assets)

Equity (net assets) fell by €5,047 million or 18.2% from €27,766 million as of December 31, 2013 to €22,719 million as of December 31, 2014. The net assets of the Uniper Group are derived by aggregating the net assets of Uniper AG, Uniper Beteiligungs GmbH, Uniper Holding GmbH and their indirect and direct subsidiaries and the net assets of Uniper business activities conducted in indirect and direct subsidiaries of E.ON SE.

Financial liabilities

Current financial liabilities declined from €8,307 million as of December 31, 2013 by €146 million or 1.8% to €8,161 million as of December 31, 2014. Non-current financial liabilities fell by €212 million or 3.9% from €5,387 million as of December 31, 2013 to €5,175 million as of December 31, 2014.

Trade payables and other operating liabilities

Current trade payables and other operating liabilities grew by €3,214 million or 17.5% from €18,349 million as of December 31, 2013 to €21,563 million as of December 31, 2014. Non-current operating liabilities fell by €758 million or 44.5% from €1,702 million as of December 31, 2013 to €2,460 million as of December 31, 2014. The increases in both the current and the non-current liabilities were primarily due to the fair value measurement of derivatives.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations rose from €1,479 million as of December 31, 2013 by €294 million or 19.9% to €1,773 million as of December 31, 2014. The obligations for pensions and other benefits for former and active employees of the Uniper Group amounting to €2.6 billion as of December 31, 2014 (December 31, 2013: €1.8 billion) were covered by plan assets with a fair value of €0.8 billion (December 31, 2013: €0.4 billion). This corresponded to a funded status of 32% (December 31, 2013: 20%). The rise in the provisions for pensions and similar obligations was attributable to net actuarial losses, mainly due to the decline in the actuarial rates of interest determined for the Uniper Group, and to additions reflecting the net pension cost for the period. The increase was offset to some extent by employer contributions to plan assets. These include claims arising from indemnification agreements based on agreements on the assumption of debt and the assumption of the obligation to settle pension obligations with MEON as of the December 31, 2014 reporting date amounting to €1.1 billion (December 31, 2013: €0.8 billion), and also pension liability receivables due from Versorgungskasse Energie amounting to €0.1 billion (December 31, 2013: €0.1 billion).

The claims arising from indemnification agreements are the result of agreements on the assumption of debt and the assumption of the obligation to settle pension obligations entered into by German Uniper companies and MEON, relating to those Uniper companies' benefit obligations to current employees and their surviving dependents earned until December 31, 2006, 24:00 hours.

Miscellaneous provisions

Miscellaneous non-current provisions grew from €4,844 million as of December 31, 2013 by €213 million or 4.4% to €5,057 million as of December 31, 2014. Miscellaneous current provisions rose from €2,224 million as of December 31, 2013 by €199 million or 8.9% to €2,423 million as of December 31, 2014. The miscellaneous provisions comprise the following individual items in each case:

Provisions for non-contractual nuclear waste management obligations

A material component of the miscellaneous provisions was accounted for by the provisions based on the requirements of Swedish nuclear law for non-contractual nuclear waste management obligations which amounted to €1,143 million as of December 31, 2014 and €1,176 million as of December 31, 2013. The provisions comprise all obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste (as of December 31, 2014: €735 million and as of December 31, 2013: €756 million) and to the decommissioning and dismantling of nuclear power plant components (as of December 31, 2014: €408 million and as of December 31, 2013: €420 million), determined on the basis of external studies and cost estimates.

The asset retirement obligations recognized in the provisions for non-contractual obligations included 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.

Provisions for contractual nuclear waste management obligations

The provisions based on the requirements of Swedish nuclear energy law for contractual nuclear waste management obligations amounted as of December 31, 2014 to €1,059 million and as of December 31, 2013 to €1,121 million. The provisions included all contractual obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste (as of December 31, 2014: €690 million and as of December 31, 2013: €728 million) and to the decommissioning and dismantling of nuclear power plants (as of December 31, 2014: €369 million and as of December 31, 2013: €393 million), determined on the basis of agreements under civil law. Changes in estimates affecting provisions for the Uniper Group's Swedish nuclear operations amounting to €20 million as of December 31, 2014 and €195 million as of December 31, 2013 were recorded. Provisions were utilized in the amount of €61 million as of December 31, 2014 and €77 million as of December 31, 2013, of which €22 million as of December 31, 2014 and €31 million as of December 31, 2013 were attributable to Sydkraft Nuclear Power AB, the operator of the Barsebäck nuclear power plant, which is in post-operation.

Provisions for personnel costs and for other asset retirement obligations, market-related provisions and provisions for environmental remediation

Further provisions were recognized for personnel obligations (as of December 31, 2014: €653 million and as of December 31, 2013: €530 million), other asset retirement obligations (as of December 31, 2014: €640 million and as of December 31, 2013: €504 million), supplier-related obligations (as of December 31, 2014: €1,170 million and as of December 31, 2013: €1,153 million), customer-related obligations (as of December 31, 2014: €210 million and as of December 31, 2013: €136 million) and for environmental remediation and similar obligations (as of December 31, 2014: €383 million and as of December 31, 2013: €378 million).

Other miscellaneous provisions

Other miscellaneous provisions consisted primarily of provisions for gas transportation and regasification (as of December 31, 2014: €830 million and as of December 31, 2013: €744 million) and provisions relating to the generation activities mainly from the hydroelectric power business segment (as of December 31, 2014: €771 million and as of December 31, 2013: €687 million). Further included here are provisions for probable obligations arising from tax-related interest expenses and from taxes other than income taxes.

Deferred tax liabilities

Deferred tax liabilities declined by €244 million or 11.0% from €2,210 million as of December 31, 2013 to €1,966 million as of December 31, 2014. They consist primarily of deferred tax liabilities on property, plant and equipment, receivables and payables.

9.9 STATEMENT OF CASH FLOWS

The table below shows the statement of cash flows of the Uniper Group for the six-month periods ending June 30, 2016 and 2015, respectively, and for the fiscal years ending December 31, 2015, 2014 and 2013, respectively.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
			(audited)		
Net income/loss after income taxes	-3,885	97	-3,757	-2,812	-1,133
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	3,275	645	5,357	5,209	2,191
Changes in provisions	-1	101	1,388	460	957
Changes in deferred taxes	42	-84	-50	-170	-337
Other non-cash income and expenses	-27	-252	-79	214	677
Gain/loss on disposals	-383	-7	-27	3	4
Changes in operating assets and liabilities and in income taxes	2,931	1,801	-1,367	-1,467	-1,805
Cash provided by (used for) operating activities (operating cash flow)	1,952	2,301	1,465	1,437	554
Proceeds from disposals of assets	1,175	194	208	170	151
Payments for investments	-292	-418	-1,083	-1,531	-2,202
Proceeds from disposals of securities (>3 months) and of financial receivables and fixed-term deposits	845	253	713	911	1,756
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-783	-516	-438	-1,055	-722
Changes in restricted cash and cash equivalents	—	—	-10	1	—
Cash provided by (used for) investing activities	945	-487	-610	-1,504	-1,017
Payments received/made from changes in capital ⁽¹⁾	127	-3	-2	-101	-100
Transactions with the E.ON Group ⁽²⁾	-2,233	-2,317	-703	96	849
Dividends paid to non-controlling interests	—	—	-42	-77	-75
Proceeds from financial liabilities	468	808	844	622	341
Repayments of financial liabilities	-1,068	-225	-1,076	-503	-274
Cash provided by (used for) financing activities	-2,706	-1,737	-979	37	741
Net increase/decrease in cash and cash equivalents	191	77	-124	-30	278
Effect of foreign exchange rates on cash and cash equivalents	38	51	83	-181	-58
Cash and cash equivalents at the beginning of the period	299	340	340	551	331
Cash and cash equivalents at the end of the period	528	468	299	340	551
Supplementary information on cash flows from operating activities					
Income taxes paid (less refunds)	-12	-101	-404	-205	-248
Interest paid	-215	-92	-234	-238	-200
Interest received	45	53	82	136	137
Dividends received	12	16	60	66	93

(1) No significant netting is included in the figures for the respective years (payments received 2015: €7 million, 2014: €0 million, 2013: €10 million).

(2) The transactions with the E.ON Group mostly relate to domination and profit and loss transfer agreements, payments for the acquisition of economic units as part of the legal reorganization and financing with the E.ON Group.

9.9.1 Comparison of the six-month periods ending June 30, 2016 and June 30, 2015

Cash provided by (used for) operating activities

Cash provided by (used for) operating activities decreased by €349 million or 15.2% from €2,301 million in the six-month period ending June 30, 2015 to €1,952 million in the six-month period ending June 30, 2016. This was mainly due to disbursements in the Global Commodities segment in connection with the agreement reached with Gazprom. This effect more than compensated for the one-off payment by the Finnish energy utility Fortum Oyj for the *pro rata* assumption of costs for the Oskarshamn power plant, Sweden, in the European Generation segment.

Cash provided by (used for) investing activities

Cash provided by (used for) investing activities increased by €1,432 million from €-487 million in the six-month period ending June 30, 2015 to €945 million in the six-month period ending June 30, 2016. Investments decreased by €126 million from €418 million to €292 million. Proceeds from the disposal of investments rose by €981 million from €194 million to €1,175 million. This mainly resulted from the sale of the shares in PEGI, including its interest in Nord Stream AG, to E.ON Beteiligungen GmbH in March 2016.

Cash provided by (used for) financing activities

Cash provided by (used for) financing activities decreased by €969 million or 55.8% from €-1,737 million in the six-month period ending June 30, 2015 to €-2,706 million in the six-month period ending June 30, 2016. This was mainly due to the repayment of financial liabilities.

9.9.2 Comparison of fiscal years 2015 and 2014

Cash provided by (used for) operating activities

Cash provided by (used for) operating activities increased from €1,437 million in fiscal year 2014 by €28 million or 1.9% to €1,465 million in fiscal year 2015. The increase was mainly the result of the net growth in operating receivables and liabilities, which was partly offset by the decline in earnings.

Cash provided by (used for) investing activities

Cash provided by (used for) investing activities rose by €894 million or 59.4% from €-1,504 million in fiscal year 2014 to €-610 million in fiscal year 2015. Proceeds from disposals of assets grew by €38 million or 22.4% from €170 million in fiscal year 2014 to €208 million in fiscal year 2015. Investments declined from €1,531 million in fiscal year 2014 by €448 million or 29.3% to €1,083 million in fiscal year 2015. This was mostly due to higher investments in Russia and Brazil in fiscal year 2014.

Cash provided by (used for) financing activities

Cash provided by (used for) financing activities fell by €1,016 million from €37 million in fiscal year 2014 to €-979 million in fiscal year 2015. The cash outflows related primarily to transactions with the E.ON Group. These include payments from profit and loss transfer agreements, dividend payments and payments arising from other financial and capital transactions with the E.ON Group.

9.9.3 Comparison of fiscal years 2014 and 2013

Cash provided by (used for) operating activities

Cash provided by (used for) operating activities increased from €554 million in fiscal year 2013 by €883 million or 159.4% to €1,437 million in fiscal year 2014. The change mostly reflected positive working capital effects, especially in inventories, partly reduced by the decline in net income.

Cash provided by (used for) investing activities

Cash provided by (used for) investing activities declined by €487 million or 47.9% from €-1,017 million in fiscal year 2013 to €-1,504 million in fiscal year 2014. Proceeds from disposals of

assets rose by €19 million or 12.6% from €151 million in fiscal year 2013 to €170 million in fiscal year 2014. Investments fell from €2,202 million in fiscal year 2013 by €671 million or 30.5% to €1,531 million in fiscal year 2014. The primary factor responsible for this was the acquisition and development of new activities in Brazil in fiscal year 2013.

Cash provided by (used for) financing activities

Cash provided by (used for) financing activities fell from €741 million in fiscal year 2013 by €704 million or 95.0% to €37 million in fiscal year 2014. While net repayments of financial liabilities continued at a high level, cash outflows declined and were attributable almost entirely to transactions with the E.ON Group. These included payments from profit and loss transfer agreements, dividend payments and payments arising from other financial and capital transactions with the E.ON Group.

9.10 INVESTMENTS

The table below shows the investments of the Uniper Group for the six-month periods ending June 30, 2016 and 2015, respectively, and for the fiscal years ending December 31, 2015, 2014 and 2013, respectively, analyzed by segment.

	Six-month period ending June 30,		Fiscal year ending December 31,		
	2016	2015	2015	2014	2013
	(unaudited)	(in € million)	(audited)	(audited)	
European Generation	177	275	774	877	1,018
Global Commodities	66	58	112	105	147
International Power Generation	44	85	193	547	1,037
Administration/Consolidation	5	—	4	2	0
Total	292	418	1,083	1,531	2,202

No investment projects were completed in the period between June 30, 2016 and the date of this Prospectus. The following table provides an overview of major projects that have been launched or resolved but still require further investments:

Project	Segment and location	Planned and still outstanding investment volume (in € million)	Project launch	Planned completion
Provence 4	European Generation, France	less than 50	2013	2016
Maasvlakte 3 ⁽¹⁾	European Generation, the Netherlands	less than 50	2007	2016
Beryozovskaya GRES TG 3 ⁽²⁾	International Power Generation, Russia	less than 400	2011	Mid-2018
Datteln 4	European Generation, Germany	less than 500	2006	2018
Nord Stream 2 ⁽³⁾	Global Commodities, Germany and Russia ⁽⁴⁾	between 300 and 1,000	2016	End of 2019

(1) The power plant is already operational.

(2) It will not be possible to determine the exact cost of the repairs following the fire damage in February 2016 until a complete investigation of the incident has been conducted. Repair costs of at least RUB 25 billion (approximately €352.7 million as of June 30, 2016) must be assumed based on the information available as of the date of the Prospectus. Talks with the relevant insurance companies are still ongoing as of the date of the Prospectus. However, the Uniper Group assumes that insurance benefits will cover a substantial portion of the damage.

(3) Implementation of the investments and their scope and implementation timescale are dependent on whether and how the Uniper Group will contribute new approaches to implementing the Nord Stream 2 project.

(4) The pipeline is to run across the Baltic Sea from Russia to Germany.

In addition to above-mentioned projects there will be further investments in the area of maintenance and servicing, as well as other essential investments in power plants. In terms of geographical distribution, Germany remains the focal point of the planned investment activities. Here the Uniper Group invests largely in maintaining conventional power generation. In the European Generation segment, investments are made in maintaining power generation assets. In the Global

Commodities segment, investments are primarily made in the storage business infrastructure and IT systems. In the European Power Generation segment, most of the investments are attributable to power plants in Germany.

9.10.1 Investments in the six-month period ending June 30, 2016 in comparison with the six-month period ending June 30, 2015

European Generation

In the six-month period ending June 30, 2016, investments in the European Generation segment amounted to €177 million, €98 million or 35.6% lower than the figure of €275 million recorded in the six-month period ending June 30, 2015. This mainly resulted from the decisions to decommission units 1 and 2 at the Oskarshamn nuclear power plant in Sweden.

Global Commodities

In the six-month period ending June 30, 2016, investments in the Global Commodities segment amounted to €66 million, €8 million or 13.8% higher than the figure of €58 million recorded in the six-month period ending June 30, 2015. The change in the Global Commodities segment was mainly due to increased capital contributions for project activities, whereby a substantial amount of the capital employed had already been returned in the six-month period ending June 30, 2016 (recognized under disposals of investments).

International Power Generation

In the six-month period ending June 30, 2016, investments in the International Power Generation segment amounted to €44 million, €41 million or 48.2% lower than the figure of €85 million recorded in the six-month period ending June 30, 2015. This was mainly attributable to the completion of the Beryozovskaya 3 lignite power plant unit.

9.10.2 Investments in fiscal year 2015 in comparison with fiscal year 2014

European Generation

In fiscal year 2015, investments in the European Generation segment amounted to €774 million, €103 million or 11.7% lower than in fiscal year 2014 at €877 million. The reduction was attributable, among other things, to the delay in the commissioning of the Datteln 4 coal-fired power plant in Germany and lower expenditure on the Maasvlakte 3 power plant in the Netherlands, which entered service in 2015. Other material projects included, for example, overhaul work on unit 2 at the Oskarshamn nuclear power plant in Sweden and environmental protection measures at the Ratcliffe power plant in the United Kingdom.

Global Commodities

In fiscal year 2015, investments in the Global Commodities segment amounted to €112 million, €7 million or 6.7% higher than in fiscal year 2014 at €105 million. The investments were made primarily in the gas storage business and in equity interests in the oil and gas business.

International Power Generation

In fiscal year 2015, investments in the International Power Generation segment amounted to €193 million, a significant reduction of €354 million or 64.7% compared with fiscal year 2014 at €547 million. The investments related mainly to new construction programs in Russia.

9.10.3 Investments in fiscal year 2014 in comparison with fiscal year 2013

European Generation

In fiscal year 2014, investments in the European Generation segment amounted to €877 million, €141 million or 13.9% lower than in fiscal year 2013 at €1,018 million. Significant projects in this segment included overhaul work to prolong the life of unit 2 at the Oskarshamn nuclear power plant in Sweden, environmental protection measures at the Ratcliffe power plant in the United Kingdom, the newly constructed Maasvlakte 3 power plant in the Netherlands and the conversion of the Provence 4 power plant in France to biomass operation.

Global Commodities

In fiscal year 2014, investments in the Global Commodities segment amounted to €105 million, €42 million or 28.6% lower than in fiscal year 2013 at €147 million. The decline was mainly caused by lower investments in the gas storage business and in gas infrastructure since a number of projects were completed.

International Power Generation

In fiscal year 2014, investments in the International Power Generation segment amounted to €547 million, €490 million or 47.3% lower than in fiscal year 2013, for which investments of €1,037 million were recorded. The investments in fiscal year 2014 were allocated for the most part to new construction programs in Russia and the activities in Brazil, including the acquisition of an equity investment in Pecém II Participações S.A., which operates a coal-fired power plant.

9.10.4 Financing of current and future investments

The intention is to finance the Uniper Group's investments using the operating cash flow generated in the respective year, as well as proceeds from the disposal of investments. The use of revolving, syndicated credit facilities is possible to satisfy peaks in the Uniper Group's financing requirements during the year.

9.11 FINANCIAL STRUCTURE BEFORE AND AFTER THE SPIN-OFF FROM THE E.ON GROUP

Prior to initiating the process of its independence, the Uniper Group was integrated into the financial management procedures of the E.ON Group. The financing largely took place by means of inclusion in the E.ON Group's cash pooling process. E.ON SE or financial institutions (credit and insurance institutions) instructed by it provided security (e.g., guarantees, comfort letters, or parent company guarantees) for the performance of contractual obligations on the part of the Uniper Group companies vis-à-vis their contractual partners. In addition, the E.ON Group entered into currency hedges with Uniper Group companies.

Various measures have already been taken to prepare the process of making the Uniper Group financially independent by the time the spin-off enters into effect.

9.11.1 Financial structure post-independence and before the spin-off from the E.ON Group

As part of the Uniper Group's separation, the inclusion of the companies belonging to the Uniper Group in the automatic cash pooling process of the E.ON Group was terminated. The resulting individual balances of respective Uniper Group companies at the date the inclusion was terminated were transferred to the Company or settled in cash and centralized by total netting between the Company and E.ON SE. For this purpose, E.ON SE granted the Company a credit facility, enabling the Uniper Group to cover its financing requirements until the spin-off becomes effective. Furthermore, an individual cash pooling process was set up for the Uniper Group. In addition to the credit facility between E.ON SE and the Company, various loans are in place between Uniper Group companies and E.ON SE or its financing companies, respectively. These loans will remain in place until maturity if they mature prior to the spin-off entering into effect, or will be settled at market value at the latest by the time the spin-off enters into effect.

9.11.2 Financial structure after the spin-off from the E.ON Group

Once the spin-off enters into effect, the Uniper Group will be primarily financed utilizing a syndicated bank loan. For this purpose, on June 1, 2016 the Uniper Group entered into a loan agreement consisting of two tranches with a total volume of €5 billion with an existing international banking consortium of three banks. In July 2016, the Company voluntarily reduced the amount of the credit facilities made available under the loan agreement to €4.5 billion. Twelve additional banks joined the loan agreement as part of subsequent syndication. The tranches made available under the loan agreement comprise a term loan in the amount of €2.0 billion (€2.5 billion before the above reduction of the facility) and a revolving credit line in the amount of €2.5 billion. It will be possible to draw down both facilities after the spin-off enters into effect.

The term loan has a maturity of three years and is intended to finance liabilities to E.ON SE and its other subsidiaries. The revolving credit line has an original maturity of three years and is intended to finance general corporate purposes in particular. The credit line provides for extension options, under which the maturity can be extended by a total of up to two years with the agreement of the banks (for a detailed discussion see “11. Business — 11.17 Material agreements — 11.17.4 Loan agreements”).

The Uniper Group has guarantee facilities with banks to cover relevant requirements in its operating activities, e.g., sureties.

9.12 RISK MANAGEMENT SYSTEM

For the purposes of the Uniper Group’s risk management, identified risks are combined in the following risk categories: operational risks, market price risks, credit risks and liquidity risks.

The Uniper Group’s Risk Committee discusses the Uniper Group’s risk situation at regular intervals and, where necessary, decides on the measures to be taken with respect to significant risks.

The impact of risks on the assets, financial position and results of operations as well as the cash flows of the Uniper Group is regularly analyzed. This is intended to ensure that risks are entered into only to the extent covered by the available financial resources.

The requirement for cash funds is monitored on an ongoing basis as part of central liquidity risk management. This is aimed at guaranteeing that the Uniper Group is in a position to meet its payment obligations at all times.

Uniper Risk Consulting GmbH, a wholly-owned subsidiary of the Company (as of June 30, 2016), has responsibility for the management of insurance risks within the Uniper Group. It develops and optimizes solutions for the Group’s operational risks by way of insurance instruments and covers these on the international insurance markets. To this end, Uniper Risk Consulting GmbH ensures, among other things, the portfolio management, claims management, settlement of insurance contracts and claims as well as the corresponding reporting.

The specific risk management approaches to the individual types of risk are described in the following.

9.12.1 Operational risk management

Operational risks include, among others, investment risks (technological, environmental and project risks), “HSSE” risks (risks to health, occupational safety, the environment, business continuity and crisis management, and information security), risks of fraud, personnel risks, reputational risks and other risks, principally legal, political and regulatory risks.

(i) Asset risk management

The Uniper Group has established a risk management system for its assets in order to reduce technological risks, under which potential threats and their prevention and the operating risks and opportunities associated with its operating assets are analyzed.

The Uniper Group works continuously to optimize the use of its generation assets. At the same time, the Uniper Group implements operating and infrastructure measures enabling the reliability of its generation assets to be enhanced, even under unusually adverse conditions.

The Uniper Group has taken the operating and financial impact of environmental risks into account in its emergency planning. They are integrated into a range of crisis and system failure scenarios drawn up by the Uniper Group’s incident and crisis management team.

The following are some of the wide-ranging measures taken by the Uniper Group to counter these risks:

- Systematic employee training, advanced training and qualification programs
- Ongoing further development and optimization of production procedures, processes and technologies
- Systematic evaluation of potential threats and their prevention
- Ongoing assessment of technical risks and opportunities associated with assets

- Regular facility maintenance and inspection
- Company guidelines as well as work and process instructions
- Risk-based prioritization of maintenance budgets/operating expenses
- Quality management, control and assurance
- Project, environmental and deterioration management
- Crisis-prevention measures and emergency planning

In addition, the Uniper Group's stated goal is to ensure the timely identification and minimization of risks resulting from its investment projects through leveraging professional project management that regards the identification of the risks and opportunities of a project as an integral part of project management.

(ii) *Health, safety, security and environmental risk management, business continuity and crisis management, and information security*

(a) *Health, safety, security and environmental (HSSE) risks*

HSSE risks receive high priority in the planning and implementation of the Uniper Group's business activities. The Uniper Group has developed minimum requirements for HSSE risk management that are laid down in an HSSE Policy. This policy covers a wide range of topics, including the following:

- Policy targets
- Organizational structures and responsibilities
- Communications channels and reporting structures
- Knowledge, training and awareness on specific topics
- Preparation and response to emergencies
- Registration, identification and analysis of incidents
- Performance monitoring and compliance

The management of the Uniper Group is responsible for implementing these minimum requirements and the statutory and industry-specific requirements.

A quarterly performance report is drafted for the management and the board of management to identify the need for improvements.

(b) *Business continuity risks and crisis management*

A central business continuity and crisis management function is responsible for a comprehensive business continuity and crisis management system. Reporting lines and communication channels from local emergency teams at operating level to the crisis teams at business level up to the crisis management organization of the Company are specified and implemented. Training sessions and practice exercises are planned and carried out on a regular basis. Procedures and guidelines relating to accident reporting and accident and crisis management are implemented, communicated, practiced and reviewed.

(c) *Information security risks*

Since the processes and activities of the Uniper Group's core business are dependent on information technology (IT) to an ever greater extent, the need arises to protect the Uniper Group's systems against threats using effective and risk-oriented procedures. Risk analyses and assessments of consequences for the business are carried out at regular intervals in order to identify potential vulnerabilities and threats and minimize possible risks for the Uniper Group's business processes.

Optimizing the ability to identify errors and correct them and preparing possible reactions to changing developments are intended to enable the Uniper Group to continue its business processes with the least possible disruption in the event of a serious incident.

In light of the constant changing nature of cyber threats, the Uniper Group has implemented a comprehensive information security system based on the ISO/IEC 27000 standard in order to protect its business processes and facilities.

(iii) *Fraud risk management*

The Uniper Group has a comprehensive system of internal governance and controls. The Uniper Group expects its employees to demonstrate clear awareness of risks and assists and encourages compliance with the rules by means of Company-wide training and information exercises. In day-to-day operations, the dual control principle, including the separation of functions where necessary, and various other controls serve as effective means of preventing and detecting irregularities.

(iv) *Personnel risk management*

The Uniper Group has indispensable expertise and key employees in particular areas. If the people in question were to leave the Company, this could have a noticeable impact on potential earnings, the continued existence of the business, innovation and development. In order to control and minimize personnel risk, the Uniper Group endeavors to ensure that knowledge is transferred within teams, new employees are trained as successors and expertise is developed, and carries out regular reviews and revisions of the existing incentive schemes for its employees.

(v) *Reputational risk management*

The Uniper Group has a range of control systems to reduce reputational risks, which ensure that the Company maintains high standards both internally and in its dealings with third parties. The Uniper Group ensures that external communications are conducted in an appropriate manner and takes a proactive approach to the development of relations with interested media or other stakeholder groups (financial sector, environmental organizations, regulatory authorities etc.) in order to identify potential problems as soon as possible and to achieve a clear and accurate presentation of the Uniper Group's position.

(vi) *Management of external risks (legal, political and regulatory risks)*

The Uniper Group is exposed to operational risks arising from the political, regulatory and legal environment. The Uniper Group takes part in an intensive dialog with external stakeholders such as government agencies, political parties, regulatory authorities and associations to ensure the early identification of potential adverse effects on the Uniper Group due to changes in the political, regulatory and legal environment, and to minimize such adverse effects through contributing to the development of targeted measures.

9.12.2 Market risk management

Market risks include risks in connection with changes in commodities prices, exchange rates or interest rates.

(i) *Commodity price risk management*

The Uniper portfolio of physical assets, long-term contracts and end-customer sales is exposed to risks from fluctuations in commodity prices. The market price risks to which the Uniper Group is exposed relate in particular to prices for the procurement of electricity, gas, coal, freight charters, oil, LNG and CO₂ Certificates.

The Uniper Group manages the majority of its commodity risks via a central trading function. Risk management for the commodity trading activities is guided by general industry standards for the trading business and includes the separation of functions, and the calculation and reporting of profits and losses and of risks on a daily basis.

The objective of commodity price risk management is to optimize the value of the Uniper Group's commodity portfolio while at the same time limiting the associated potential losses.

The core elements of the commodity price risk management system are governed by the Uniper Group's market risk guidelines. These include the new product process which helps to identify new

risks, a range of key indicators enabling commodity risk to be quantified, and a system of risk controls and limits. Commodity price risks are measured on the basis of a value-at-risk approach with a confidence interval of 95%. The value-at-risk figures are complemented by stop-loss and volume-based indicators. Where necessary, additional portfolio-specific limits are stipulated.

Commodity price risks are analyzed and monitored daily by specialist teams established specifically for this purpose. The managers responsible receive daily information on the profits and losses from the commodity trading activities and on the existing risks.

For the purposes of commodity price risk management, commodity positions are combined on the basis of internal organizational responsibilities and trading strategies. Market correlations and portfolio diversification are taken into account in the calculations of commodity risk, in conformity with the risk guidelines agreed.

The methods of quantifying and analyzing commodity risk are regularly reviewed and refined in order to ensure that they adequately reflect the risk positions and the resultant exposures.

Commodity price risks are entered into subject to upper limits approved by the board of management and the supervisory board.

The Uniper Group uses two complementary approaches to risk reduction: On the one hand, commodity risks are limited from an economic point of view over the entire manageable time horizon taking into account market liquidity. At the same time, the risks are subject to a limit per calendar year from an accounting point of view over a three-year planning horizon. This second approach helps to limit potential negative deviations from target EBIT.

The upper limits for commodity risk are specified and approved as part of the higher-level Company-wide risk assessment procedure which incorporates all known obligations and quantifiable risks.

(ii) *Foreign exchange risk management*

The Uniper Group is exposed to exchange rate risks in various ways as a result of its business activities and its geographical coverage.

Currency translation risks arise within the Uniper Group as a result of its involvement in business activities outside the Eurozone (translation risk). Movements in exchange rates generate accounting effects resulting from the translation of the balance sheet and income statement items of the foreign Group companies included in the consolidated financial statements. Currency risks are hedged through borrowing in the corresponding local currency, which may also include shareholder loans in foreign currency. In addition, derivative and primary financial instruments are employed as needed. The Uniper Group's currency risks are regularly reviewed and the degree of hedging is adjusted if it is considered to be financially worthwhile.

The Uniper Group is also exposed to operational risks attributable to foreign currency transactions (transaction risk). The Uniper Group companies face these risks in particular as a result of physical and financial trading in commodities (e.g., supplying coal for a power plant in US dollars), intra-Group relations and investment projects in foreign currencies.

These risks are monitored, controlled and hedged using derivative and primary financial instruments with the help of the systematic risk management procedures of the Uniper Group. The subsidiaries are responsible for managing their operational currency risks and hedge them by means of intra-Group transactions with the Company.

(iii) *Interest risk management*

The Uniper Group is exposed to the risk of changes in interest rates as a result of variable-rate financial liabilities and/or investments, pensions and other liabilities in the balance sheet. Changes in interest rates could affect net (interest) income and the measurement of assets and liabilities reported in the balance sheet. These risks are monitored, controlled and – by using derivative and primary financial instruments – partially hedged with the help of the systematic risk management procedures of the Uniper Group.

9.12.3 Credit risk management

The Uniper Group is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risk represents the risk that the Uniper Group may suffer financial loss as a result of the non-settlement or partial settlement of outstanding receivables by the Uniper Group's counterparties or from replacement risks for open transactions.

As part of the Group-wide credit risk management, the creditworthiness of business partners is systematically assessed and monitored on the basis of Group-wide minimum requirements, complemented by specific internal control processes for particular business areas involving the majority of the risks entered into.

Uniper manages credit risks using appropriate measures, including setting limits for individual counterparties, groups of counterparties and at portfolio level, taking collateral, structuring agreements and/or transferring the credit risk to third parties (such as insurers). Credit risks are measured and monitored on an ongoing basis in order to ensure that the measures taken are adequate. The Uniper Group's Risk Committee receives regular reports on the material credit risks. A conservative investment policy and wide diversification of the portfolio represent a further basis for managing risks.

As a result of its activities on the international energy exchanges and bilateral margining agreements, the Uniper Group is exposed to margining risk. Margining risk is the risk of having to pay cash into a margin account in order to cover unfavorable price movements for contracts entered into on a margin basis, whether on exchanges or in the context of bilateral collateral agreements. This risk is directly linked to actual or potential movements in commodity prices. The margining risk arising as a result of the exchange trading of commodities is measured, monitored and managed using an overall limit for the Uniper Group.

9.12.4 Internal control system (ICS)

Internal controls are an integral part of Uniper's defined processes. They have been developed to minimize risks arising in connection with important business processes, financial reporting and compliance.

Requirements and procedures for the Uniper Group are defined in standardized Group-wide guidelines. They include a risk catalog (ICS model), standards for establishing, documenting and evaluating internal controls, a catalog of ICS principles and a description of the test activities of the internal audit division.

The scope of the internal control system is documented centrally. Evidence of the implementation and assessment of internal controls is stored in a central location.

9.13 MATERIAL ACCOUNTING-RELATED ESTIMATES

The Company has prepared the Combined Financial Statements for the fiscal years ending December 31, 2015, 2014 and 2013 in accordance with IFRS and the Consolidated Interim Financial Statements for the six-month period ending June 30, 2016 in accordance with IAS 34. Knowledge of the material accounting principles is required in order to understand the financial condition and results of operations of the Uniper Group. In certain cases it is necessary to apply accounting policies that are sensitive to the estimates and assumptions made. The latter include complex and subjective assessments together with the use of assumptions relating to matters that are uncertain by nature and may be subject to change. These accounting policies that are sensitive to estimates and assumptions may be revised over the course of time and have a material effect on the assets, liabilities, financial position and results of operations of the Uniper Group. Moreover, they may incorporate estimates and assumptions which the Company's board of management could have formulated differently in the same reporting period for equally understandable reasons. Estimates are routinely subject to revision following the occurrence of future events that differ from the forecasts made.

9.13.1 Goodwill

Goodwill is not amortized but is reviewed for impairment at least once a year. If events or circumstances occur giving rise to indications that the carrying amount may not be recoverable, an impairment test must also be carried out during the year. Goodwill is recorded at acquisition cost less accumulated impairment write-downs.

Impairment testing for goodwill is carried out at the level of the cash-generating unit or group of cash-generating units representing the lowest level at which goodwill is monitored by management. Goodwill arising in the course of a business combination is allocated to the cash-generating units expected to benefit from the synergies of the business combination. For fiscal years 2015, 2014 and 2013, impairment testing was carried out at the level of the reportable segments European Generation, Global Commodities and International Power Generation.

For the purposes of the impairment testing of goodwill, 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. If the carrying amount of the cash-generating unit to which goodwill has been allocated exceeds its recoverable amount, an impairment loss in the amount of the difference is recorded in respect of the goodwill allocated to that cash-generating unit. If either the fair value less costs to sell or the value in use of the cash-generating unit is higher than its carrying amount, it is not necessary to determine both amounts. Impairment charges on the goodwill of a cash-generating unit may not be reversed in subsequent reporting periods. The Uniper Group generally determines the recoverable amount on the basis of discounted cash flow valuations. The determination of the recoverable amount of a cash-generating unit to which goodwill has been allocated requires estimates to be made by the Uniper Group's management.

Valuations are based on the medium-term corporate planning authorized by the Company's board of management. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. A longer detailed planning period is used in exceptional cases where there are good reasons. This applies in particular if it is demanded by regulatory requirements or general conditions. 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 inflation rate used for the Eurozone was 1.5% for each of fiscal years 2013 through 2015. Since 2014, planning for the European Generation segment has been based on the general assumption that there will be no more growth.

The principal assumptions underlying the determination of the recoverable amount by the Uniper Group's management are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, the Company's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital. The cash flow forecasts take into account past experience and current operating results and are based on the best possible estimate of future developments made by the Uniper Group's management as well as market assumptions. The estimate of the growth rates takes into account expectations relating to inflation and market growth as well as macroeconomic data and sector-specific trends. Costs of capital used reflect the risks specific to each individual cash-generating unit to which goodwill has been allocated, taking into account current market assessments. These estimates and the underlying methodology may have a significant influence on the respective values and ultimately on the amount of any write-down of goodwill.

The recoverable amount primarily used to test goodwill for impairment is the fair value less costs to sell; for the International Power Generation segment, however, the recoverable amount is based on the value in use. This value in use is determined in principle in local currency and according to the regulatory framework over an extended detailed planning period.

9.13.2 Property, plant and equipment and other intangible assets

In principle, the detailed information above on impairment write-downs of goodwill also applies accordingly to the impairment testing of intangible assets and of property, plant and equipment, and of groups of assets (other non-current assets). Intangible assets subject to amortization and property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired. Intangible assets not subject to amortization are also tested for impairment annually or more frequently if events indicate that such assets may be impaired, in the same manner as goodwill.

In the event of an impairment test, the carrying amount of other non-current assets is compared with the recoverable amount, which is equal to the higher of the value in use of the asset 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. 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 been recognized in earlier periods.

The detailed information above relating to measurement also applies accordingly to the impairment testing of intangible assets and of property, plant and equipment as well as groups of assets, but is based in principle on the respective remaining useful life and takes into account further asset-specific valuation parameters.

The principal assumptions underlying the determination of the recoverable amount by the Uniper Group's management are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, Uniper's investment activity, changes in the regulatory framework, the cost of capital and the remaining useful life as well as asset-specific valuation parameters.

9.13.3 Trade receivables

Valuation allowances in respect of uncertain receivables are based to a considerable extent on estimates and assessments relating to individual receivables, which reflect the creditworthiness of the particular customer, current economic developments and an analysis of historical bad debts on a portfolio basis. To the extent that the Company derives valuation allowances on a portfolio basis from historical rates of default, a decline in the volume of receivables is reflected in a reduction in such provisions for bad debts and vice versa.

9.13.4 Litigation

The Uniper Group is involved in litigation and regulatory proceedings in a variety of jurisdictions. These proceedings could result in the imposition of criminal or civil law sanctions, fines or disgorgements on the Uniper Group. The Company recognizes provisions for litigation, regulatory proceedings or official investigations if it is probable that in connection with these proceedings an obligation has arisen that is likely to result in a future outflow of resources and the amount of the obligation can be reliably estimated. Litigation, regulatory proceedings or official investigations frequently involve complex underlying legal issues and are subject to considerable uncertainty. The assessment of whether a present obligation resulting from a past event exists at the reporting date, a future outflow of resources is probable and the obligation can be reliably estimated, therefore entails a considerable degree of judgment on the part of the Company's management. The Uniper Group regularly assesses the current state of progress of proceedings, including with the involvement of external attorneys. An assessment may need to be revised on the basis of new information. It may be necessary to adjust the amount of a provision for current proceedings in the future as a result of new developments. Changes in estimates and assumptions over the course of time may have a material impact on the future results of operations. On conclusion of the proceedings, the Uniper Group could incur expenses exceeding the amount of the provision recognized for the matter in question. The possibility cannot be ruled out that an adverse outcome of litigation, regulatory proceedings or official investigations from the Uniper Group's point of view may result in the Uniper Group incurring further expenses in addition to the provision recognized that could have a material impact on the net assets, financial position and results of operations of the Uniper Group.

9.13.5 Income taxes

The Uniper Group has operations in a large number of tax jurisdictions. The tax items presented in the Combined Financial Statements are determined on the basis of the respective tax laws and relevant administrative opinions, and may be subject to different interpretations by taxable entities on the one hand and local tax authorities on the other due to their complexity. Deferred tax assets and liabilities are recognized in accordance with IAS 12 "Income Taxes" 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 relation to a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss (initial differences). Uncertain tax items are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carry forwards 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.

The assessment includes consideration of the forecast earnings from operating activities, the impact on profit of the reversal of taxable temporary differences and possible tax planning strategies. As future business developments are uncertain and, to a degree, lie outside the control of the Company's management, assumptions are necessary to estimate future taxable income and the point in time when deferred tax assets will be realized. Estimated amounts are adjusted in the period when sufficient information to support an adjustment becomes available.

9.14 INFORMATION FROM THE ANNUAL FINANCIAL STATEMENTS OF UNIPER AG IN ACCORDANCE WITH HGB FOR FISCAL YEAR 2015

In connection with the preparations for the spin-off, the assets and liabilities relating to the operations of E.ON Kraftwerke GmbH were demerged from Uniper SE (formerly Uniper AG and before that E.ON Kraftwerke GmbH) with effect as of September 25, 2015 and as of the demerger date of January 1, 2015.

As of December 31, 2015 the balance sheet total of Uniper AG amounted to €5,156.1 million. The financial assets of €4,367.4 million consisted of the 46.65 percent stake held by Uniper AG in Uniper Holding GmbH. The receivables from affiliated companies amounting to €787.6 million related in their entirety to the profit and loss transfer agreement with Uniper Holding GmbH. Balances with banks as of December 31, 2015 amounted to €1.1 million.

The equity of Uniper AG amounted to €4,367.3 million as of December 31, 2015, of which €283.4 million represented subscribed capital (divided into 283,445,000 no-par value registered shares each with a nominal value of €1.00), €4,068.1 million capital reserves and €15.8 million revenue reserves. The liabilities to affiliated companies of €788.7 million mostly reflected liabilities from the profit and loss transfer agreement with E.ON Beteiligungen GmbH, which held 100% of the shares in Uniper AG before the spin-off came into effect. Other operating expenses in fiscal year 2015 amounting to €0.1 million comprised audit and consulting expenses in connection with the demerger and the costs of preparing the annual financial statements.

In fiscal year 2015, Uniper AG reported positive net interest income of €0.1 million, which was earned almost entirely from affiliated companies.

10 MARKET AND COMPETITION

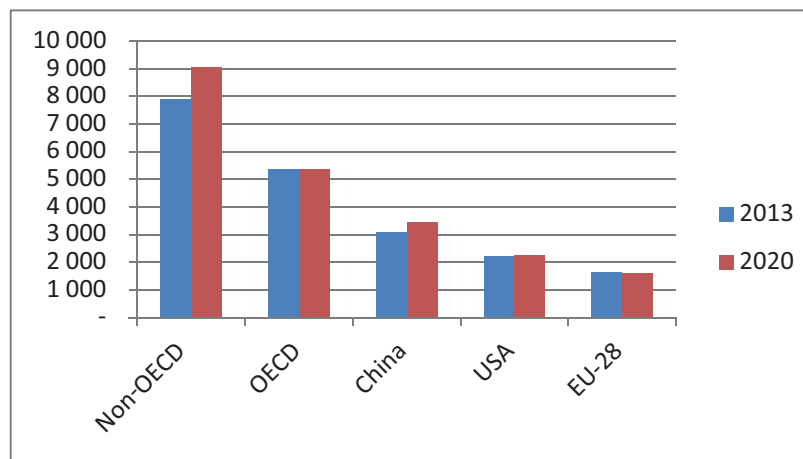
10.1 DEVELOPMENT OF ELECTRICITY MARKETS

10.1.1 Global economic development

Global energy demand depends, among other things, on the development of the global economy. It is forecast that the global gross domestic product (“GDP”) will grow at a compound annual growth rate (“CAGR”) of approximately 2.8% during the period from 2015 to 2020 (source: *IMF, World Economic Outlook Database, April 2016*; *IHS Global Insight, World Economic Service, July 2016*). However, the growth prospects of the individual regions differ. For the period from 2015 to 2020, IHS expects GDP growth in the EU of approximately 1.6%, while GDP growth of around 2.3% is being predicted for North America and a growth rate of some 4.8% for Asia (source: *IHS Global Insight, World Economic Service, July 2016*). Overall, it is expected that the Asian emerging markets will continue gaining in importance.

Proceeding on the basis of these growth prospects, an annual increase in the global primary energy demand of around 1% is expected in the period from 2013 to 2020 (source: *IEA, World Energy Outlook 2015, November 2015*). In non-member countries of the Organization for Economic Cooperation and Development (“OECD”) energy demand is growing twice as fast than the global average, at 2%. Despite the expected slowdown of the growth momentum in the largest emerging market, China (IHS forecasts a decline in GDP growth to below 6% per year from 2024 onwards (source: *IHS Global Insight, World Economic Service, July 2016*), China is still expected to see an increase in its primary energy demand by more than 1.5% every year until 2020 (source: *IEA, World Energy Outlook 2015, November 2015*). In addition to China, India is regarded as being the second major growth driver of global energy demand, recording a growth rate of around 4% per year until 2020 (source: *IEA, World Energy Outlook 2015, November 2015*). Individual European countries, such as Germany, the United Kingdom or France, only play a minor role as drivers of global demand for primary energy. At an annual economic growth rate averaging 1.4% (CAGR 2013-2020), (source: *IHS Global Insight, World Economic Service, July 2016*), a decline in the demand for primary energy of 0.5% per year is being predicted for the EU as an economic region (CAGR 2013-2020) (source: *IEA, World Energy Outlook 2015, November 2015*).

Diagram 5: Primary energy demand Mtoe (million tons of oil equivalent)



(Source: *IEA, World Energy Outlook 2015, November 2015*)

Once again, express reference is made to the uncertainties associated with the demand and price forecasts that are similar for all energy sources.

10.1.2 Development of the global electricity markets

(i) *The workings of electricity markets*

As a consequence of their reliance on grids and their considerable relevance for the entire economy, the electricity markets are largely shaped by national regulations. In most countries, electricity supply has traditionally been organized in the form of regional state-owned monopolies. It

was only in the 1980s that the global electricity markets were liberalized and state-owned enterprises privatized, in particular in the more developed economies. The necessary prerequisite was, *inter alia*, the division between monopolistically structured and competition-based areas of the energy supply (so-called “unbundling”) to enable discrimination-free competition (see “13. Energy Law Environment”). Today, electricity markets around the world differ greatly in their structure. Along with the degree of liberalization, market organization and the associated market transparency are also important factors. Centrally organized, transparent and open market platforms have been established in many countries, such as the energy exchange EEX in Germany or so-called pools organized by transmission system operators in the United Kingdom and the United States. There are also many regions, in which trading continues to take place primarily via bilateral power purchase agreements, for example in the southeast of the United States (source: *FERC, Energy Primer, November 2015, p. 67*). Both market forms exist side by side in most markets, to varying degrees.

(a) *Merit order effect*

Owing to the limited storability of electricity, in liberalized, centrally organized electricity markets the wholesale price of power usually depends, to a great degree, on the immediate supply and demand situation at any given time. If a certain demand (load) emerges in a market at any given time, the lower threshold for the price of electricity depends on the maximum short-term marginal costs of all the power plants necessary to cover the load. It then depends on the intensity of the competition within the market (along with other factors, such as market rules), whether and to what extent prices can form above this limit. This pricing mechanism results in the electricity prices in wholesale markets being subject to pronounced temporal fluctuations, with strong characteristic profiles.

The main drivers of the electricity wholesale prices are:

- the available generation capacities of both conventional producers and producers of renewable energies, in each case dependent on their respective technical parameters;
- the demand for electricity, *i.e.*, the load required at the relevant point in time;
- the prices of the fuels for the generation of power, particularly coal and natural gas as the most important primary energy sources for power generation; and
- in some markets, the price of emission certificates, whose purchase is prescribed by regulation.

The so-called “merit order” denotes the order of deployment of the available power plants, sorted in an ascending order according to their short-term marginal costs. Beginning with the lowest marginal costs, power plants having higher marginal costs are included, one after another, until the demand is covered. The position of a power plant within the merit order determines how often a power plant is deployed. Typically, power plants having high investment but comparably low variable generation cost, such as nuclear power plants, hydroelectric power plants and lignite power plants, characterize the start of the merit order. Hard coal, gas and oil power plants typically range from the middle to the end of the merit order. The available power plant capacities, fuel prices, and technical parameters of the generation units in the individual countries usually differ greatly, accordingly, each country has its own characteristic merit order.

The difference between the electricity price and the fuel cost is referred to as spread (“dark spread” for hard coal, “spark spread” for natural gas) and largely determines the profitability of a power plant. In some markets, harmful emissions are penalized, which results in additional variable generation cost. This is the case, for example, in the EU ETS. If the penalization is included in the calculation of the spread, this is referred to as “clean dark spread” for hard coal and “clean spark spread” for natural gas. Any changes in the emission penalty (in the EU ETS, this is the price per each metric ton of CO₂ equivalent) have the same effect on the variable generation cost as price changes to the primary energy source used.

If the price of one fuel changes relative to that of other fuels (for example, the price of hard coal rises while the price of natural gas remains the same), this results in a corresponding change of the variable generation cost of power plants that use this fuel. As a consequence, the profitability of the various technologies shifts in relation to one another. If a price-setting technology increases in price, all else being equal, the electricity price will rise, thus increasing the contribution margins for all power plants that are ahead of this technology in the merit order. If the variable generation cost thereby rises above those of another power plant, they will swap positions in the merit order. For instance, in North

America the price of natural gas has been plummeting over recent years due to the strong expansion of shale gas production. As a consequence, the most efficient natural gas power plants have moved ahead of hard coal power plants in the merit order.

Whenever the generation structure changes as a result of new power plants entering into the market or old stations being decommissioned, this also leads to the corresponding changes in the merit order and thus of the power price. In Germany, for example, the strong expansion of renewable energies, which practically have no variable generation cost and are fed into the grid with regulatory priority, has resulted in the power price being increasingly determined by medium-load power plants, e.g., hard coal power plants, while many peak-load power plants, e.g., natural gas power plants, are hardly utilized at all. In the long term, however, their flexibility makes natural gas power plants particularly well suited to supplement the fluctuating feed-in of electricity from renewable energies.

(b) Market integration

Another important factor is the degree of interaction between a given market and its neighboring markets. Markets that are isolated from one another display mutually independent price profiles in line with the respective generation and demand structure. The greater the capacity of the transmission lines between different market areas (interconnectors), the higher the level of price convergence between these markets. Transmission network bottlenecks can also occur within one and the same market. Depending on the market design, these bottlenecks are removed by direct interventions of the transmission network operator or lead to a temporary effective division of the market in sub-markets with differing prices.

(c) Energy-only markets and capacity markets

In many markets, power plants must be almost entirely financed through the sale of power via wholesale markets. In such energy-only markets, the profitability of peak-load power plants in particular largely depends on the extent to which power prices exceed the short-term marginal costs. Various countries have created so-called capacity markets in recent years to increase investment security for power plant operators. This is the case, e.g., in the United Kingdom, the United States and Russia. The structure of these markets varies greatly. The basic feature of these markets is that power plant operators receive a fixed payment for the committed provision of generation capacity, irrespective of whether or not the relevant plants are later used to generate power. Lacking any long-term experience with these markets, it has thus far not been possible to make any reliable predictions as to the effect that the introduction of such a system may have over a longer term, particularly in view of the fact that regulators are likely to make numerous changes to the market structure.

(ii) Development of supply and demand

It is expected that the power demand will continue to grow worldwide (source: *IEA, World Energy Outlook 2015, November 2015*). According to forecasts, the global gross power consumption will increase from 23,318 terawatt hours ("TWh") in 2013, by an average 2.2%, to 27,222 TWh by 2020. This forecast increase is primarily due to an increase in the power demand of emerging markets, while consumption in the industrialized countries is predicted to rise by only 0.6% per annum as a function of the stagnating population growth and improved energy efficiency (source: *IEA, World Energy Outlook 2015, November 2015*).

The following tables show the expected development of power generation capacities in the period from 2013 to 2020. According to a prognosis of the International Energy Agency ("IEA"), the worldwide increase in total power consumption is also reflected in the corresponding expansion of generation capacities by 1,415 GW (3.1% per year), from 5,884 GW in 2013 to a total of 7,299 GW in 2020. At an average annual growth rate of 5.9% during the period from 2013 to 2020, which equates to a total increase of 833 GW, the expected increase is most marked in the renewable energies segment. Of this total, wind energy accounts for 313 GW, followed by photovoltaics with 260 GW and hydropower with 205 GW. In the segment of fossil energy sources, the expected increase in generation capacity amounts to 527 GW (an average 1.9% per year), with natural gas, at 381 GW, accounting for the largest share of the increase, followed by coal at 213 GW. In contrast, the generation capacity from petroleum will decline by a total of 68 GW (2.4%) according to this estimate. It is expected that nuclear power generation will increase, on average, by 1.9%, or 56 GW, per year (source: *IEA, World Energy Outlook 2015, November 2015*).

Worldwide, two major trends have emerged with regard to the development of generation infrastructure: on the one hand, a strong increase in the generation from renewable energy and, on the other hand, a shift of power generation from coal and nuclear energy from the industrialized countries to the emerging countries.

A growing number of countries are aiming to increase their power generation from renewable energies (source: *IEA, World Energy Outlook 2015, November 2015*). Apart from the industrialized countries, this applies in particular to China and India (source: *IEA, World Energy Outlook 2015, November 2015*). In addition to the reduction of CO₂ emissions, the primary motives are the improvement of the air quality and the establishment of a more strongly diversified generation portfolio in order to reduce the dependence on individual energy sources (source: *IEA, World Energy Outlook 2015, November 2015*).

The expectation is that coal-based power generation will significantly decrease, over the long term, in the OECD countries in Europe and America. In Europe, this is primarily due to political and regulatory interventions for the reduction of CO₂ emissions (source: *IEA, World Energy Outlook 2015, November 2015*). In North America, and in the United States in particular, gas prices have been plummeting over recent years due to the massive expansion of shale gas production. As a consequence, the expanded power generation from natural gas has been increasingly displacing the previously dominant coal-based power generation. The decline in the industrialized countries is countered by a massive increase in coal-based generation in the Asian emerging markets, particularly in China and India (source: *IEA, World Energy Outlook 2015, November 2015*).

While the generation capacity from nuclear power remains on the whole constant in the OECD countries, it is being strongly expanded in the emerging markets, particularly in China.

Generation capacity GW⁶ 2013-2020		2013	All technologies 2020	Diff.	% p.a.
Worldwide		5,884	7,299	1,415	3.1
OECD countries		2,875	3,163	287	1.4
of which					
United States		1,134	1,164	30	0.4
EU		976	1,078	102	1.4
Other countries		3,009	4,137	1,128	4.7
of which					
China		1,286	1,850	564	5.3
India		263	436	173	7.5

Generation capacity GW 2013-2020		2013	Coal 2020	Diff.	% p.a.	2013	Natural gas 2020	Diff.	% p.a.
Worldwide		1,851	2,064	213	1.6	1,502	1,883	381	3.3
OECD countries		639	566	-73	-1.7	865	1,001	136	2.1
of which									
United States		322	252	-71	-3.5	448	494	45	1.4
EU		185	164	-20	-1.7	214	250	36	2.3
Other countries		1,211	1,497	286	3.1	637	882	245	4.8
of which									
China		826	979	152	2.4	48	110	61	12.5
India		154	230	76	5.9	22	41	19	9.5

⁶ Generation capacities based on petroleum are included in the aggregate figures for all technologies, but are not reported separately.

Generation capacity GW 2013-2020	Nuclear energy				Renewable energies			
	2013	2020	Diff.	% p.a.	2013	2020	Diff.	% p.a.
Worldwide	392	448	55	1.9	1,700	2,534	833	5.9
OECD countries	315	314	-1	0.0	855	1,161	306	4.5
of which								
United States	105	108	3	0.5	196	280	84	5.2
EU	129	124	-4	-0.5	389	503	114	3.7
Other countries	78	134	56	8.1	845	1,373	527	7.2
of which								
China	17	55	38	18.3	384	696	312	8.9
India	6	10	4	7.6	74	147	73	10.3

(Source: IEA, World Energy Outlook 2015, November 2015)

10.1.3 Development of the electricity market in selected countries

(i) Overarching developments in the EU

In 2014, net power generation in the EU amounted to 3,026 TWh (excluding power plant own requirements). According to the estimate of IHS Energy, the demand for power in the EU will increase between 2015 to 2020 only moderately at an annual growth rate of 0.6% on average. Only a few – predominantly Eastern European – countries are likely to record an above-average annual increase in demand during this period (source: *IHS CERA, February 2016 Planning Scenario Data for European Power, February 2016*).

In contrast to the demand side, the supply side is highly heterogeneous and is characterized by the differing availability of energy sources, technological preferences and energy policy requirements. For instance, it is expected that the installed capacity of power plants in the EU will be increased by approximately 215 GW during the period from 2015 to 2022, on the basis of an installed capacity of about 950 GW in 2014. More than 70% of the expansion results from renewable energies and a further 13 % from natural gas-fired power plants. To a lesser extent, the expansion is based on additional coal-fired capacity (some 15 GW, continuous commissionings in Germany and the Netherlands as well as some additions in Eastern Europe), two commissionings of nuclear power plants (Flamanville in France, Olkiluoto in Finland) as well as some smaller additions in the area of hydropower. On the other hand, the conventional thermal merit order will shorten considerably for the same period. It is expected that more than 111 GW in capacity will be preserved or decommissioned for reasons of obsolescence, or economic reasons. Of this, a share of almost 75% is expected to come from coal-fired capacity (some 50 GW), particularly in the United Kingdom, Poland, Germany, Spain, France and natural gas-fired capacity (some 29 GW), particularly in Italy, the United Kingdom, Spain, Germany and the Netherlands (sources for this paragraph: *IHS Energy, February 2016 Planning Scenario Data for European Power, February 2016*).

The “Strategy 2020” proposed by the EU Commission at the beginning of 2010 has a major influence on the development of the electricity markets in the EU. The Strategy 2020 includes (i) a target value for the reduction of CO₂ emissions; (ii) a target for the market introduction of usage systems for renewable energy sources; (iii) an increased target value for energy efficiency; and finally (iv) the integration of the electricity market through the further expansion of interconnectors (source: *EU Commission, Results of the public consultation on the “Stock-taking document Towards a new Energy Strategy for Europe 2011-2012”, July 2010*). The Strategy 2020 is supplemented by the Energy Union, which was introduced in 2015 and is intended to achieve complete integration of the national energy markets within the EU (source: *EU Commission, Energy Union Package, February 25, 2015*) (see “13. Energy Law Environment – 13.1 Overview and current situation in the EU”).

In the assessment of the EU Commission, it is, in particular, Italy, Ireland, Romania, Portugal, Estonia, Latvia, Lithuania, the United Kingdom, Spain, Poland, Cyprus, and Malta that are not sufficiently integrated into the EU's internal electricity market (source: *EU Commission, Energy Union Package, February 25, 2015*). To improve integration, particularly with regard to the generation from renewable energy sources, the member countries of the EU are supposed to provide at least 10 % of the installed generation capacity as interconnector capacity by 2020. The EU is currently examining whether this target can be increased to 15% by 2030 (source: *EU Commission, Energy Union Package, February 25, 2015*).

(ii) Development in the European CO₂ market

In 2005, the EU ETS was introduced as a market-based instrument for the reduction of greenhouse gas emissions.

The significant reduction of CO₂ emissions as a consequence of the economic crisis, the expansion of renewable energies and state energy efficiency measures led, in conjunction with a static allocation of certificates which precluded any immediate response to current events or incorrect predictions, to an overhang of certificates in the market. This resulted in falling CO₂ prices (source: *IHS, Energy Insight, July 2015*). In 2013, the prices for CO₂ certificates within the European Trading System fell to a record low, but recovered slightly over the subsequent period through the implementation of a directive for the temporary reduction of the available certificates (so-called “backloading”) (source: *IHS CERA, Market Briefing, February 2014*).

With the resolution for the introduction of the MSR in 2015, the European Emissions Trading System underwent its most significant change since its adoption in 2005. As a result of the planned introduction of the MSR in 2019, the auction quantities will be dynamically regulated in the market. Once the total number of certificates in the market exceeds a maximum threshold, certificates are allocated to the stability reserve. The auction volume for the following periods is reduced accordingly. By contrast, if the number of certificates falls short of the threshold, the future auction volume will be increased through transferring certificates from the stability reserve to the market. Conversely, if the total number of certificates in the market falls below a certain threshold, the auction volume will be increased. This is intended to decrease the prevailing certificate overhang on the one hand while, on the other hand, precluding the emergence of any surpluses. According to an IHS assessment, the reduction of the certificate overhang is likely to result in rising CO₂ prices (source: *IHS, IHS Energy Insight, July 2015*).

Despite the resolution for the adoption of new instruments to regulate the market, the structure of the system, in terms of further details on the MSR, after expiration of the third trading period in 2020 is still open and requires further clarification. The ongoing review of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community (so-called “Emissions Trading Directive”) marks an important milestone in this regard. If the EU Commission’s amendment proposals are implemented, this Directive will presumably lead to a further lowering of the upper limits for emissions (source: *IHS, IHS Energy Insight, July 2015*).

At the World Climate Conference in Paris, France, held at the end of 2015 (United Nations Framework Convention on Climate Change), the members of this UN Framework Convention agreed on the first global climate protection treaty that bindingly pledges a 2 degree cap (the reduction of global warming to less than 2 degrees Celsius compared to the pre-industrialization level) under international law and imposes an obligation to achieve greenhouse gas neutrality in the second half of the century. This global climate protection policy gives rise to the expectation that the individual countries may adopt increasingly ambitious national climate protection requirements and could also have a significant impact on the development of the world’s electricity markets (see “13. Energy Law Environment –13.2 Current developments and outlook”).

(iii) Promotion of renewable energies

The steady expansion of renewable energies in Europe has an increasing impact on the European electricity market.

The overall EU target for 2020 has been broken down into individual targets for the individual EU member states, taking into consideration each country’s previous share of renewable energies and their existing potential for expansion. Each member state lays down its targets and the measures envisaged to realize its goals in a national action plan in accordance with Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources, (source: <http://ec.europa.eu/energy/en/topics/renewable-energy/national-action-plans>, May 26, 2016). The member states are free in the process of raising their respective targets and to adopt different promotional systems for renewable energies. However, they are required to comply with the EU Commission’s guidelines for state environmental and energy subsidies.

At a European level, the enlarging of the renewables capacity by 2020 has been driven forward, in particular, by Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources, which entered into force in 2009. At the EU level, the Directive provides for a 20% share of renewable energies in the gross final consumption by 2020. The further expansion by 2030 is intended to be governed by the EU climate and energy framework agreed upon in 2014, which is not yet legally binding at the level of the individual member states. This framework provides for a share of renewable energies in the EU's energy consumption of at least 27% (source: EU Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, June 2009). In 2013, this share amounted to 15 % (source: *EU Commission, Annex to the report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, The Renewable Energy Progress Report, June 2015*).

(iv) Germany

(a) Development of supply and demand

In 2014, the German electricity market had installed capacity of approximately 183 GW. This includes capacity in excess of 77 GW from fluctuating supply-dependent generation from wind power (onshore and offshore) and photovoltaics. In the same year, demand amounted to around 503 TWh with a peak load of about 81 GW. In 2014, domestic net power generation amounted to roughly 581 TWh (excluding power plant own consumption), of which over a quarter (some 27%) originated from renewable energies, around 45% from coal-fired power plants, some 16% from nuclear power plants, and around 10% from natural gas-fired power plants (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

According to IHS CERA, with an expected annual growth rate of 0.3%, demand for power (and the annual peak load) in Germany will barely rise during the period from 2014 to 2022. In contrast, structural changes on the supply side are to be expected. In fact, approximately 25 GW in capacity may be preserved or decommissioned for economic reasons or reasons of obsolescence in the period from 2015 to 2022. Nuclear generation accounts for a large part of this capacity (12 GW), which the German Nuclear Energy Act (*Atomgesetz*) requires to be decommissioned by the end of 2022 at the latest. To a lesser degree, coal-fired (8 GW) and natural gas-fired (4 GW) capacities also contribute (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

The shortening of the merit order, *i.e.*, the decommissioning of power plants, is only partially counteracted by the commissioning of ongoing power plant projects and the further expansion of renewable energies. As a consequence, the secured capacity for the coverage of the annual peak load is expected to decline. In Germany, power generation from renewable energies was largely promoted by the EEG, which was introduced in 2000 (source: <https://www.bmwi.de/DE/Themen/Energie/Erneuerbare-Energien/eeg-2014.html>, May 30, 2016). With a view to the power generation balance, it must be assumed that the share of renewable energies in power generation will reach almost 43% of the domestic gross demand by 2022. Approximately 72% of the feed-in of renewable energies in 2022 could then originate from fluctuating supply-based generation from wind power and photovoltaics (source for this paragraph: *IHS CERA July 2016 Planning Scenario Data for European Power, July 28, 2016*). The rising share of fluctuating generation requires a more flexible deployment of conventional power plants in order to meet demand at all times.

Between 2013 and 2015, the average annual price (base load price) on the German spot market fell from 37.8 €/MWh to 31.6 €/MWh. During the same period, the clean dark spread for coal-fired power plants declined from 8.1 €/MWh to 2.9 €/MWh. The development of the clean spark spread for natural-gas-fired power plants was relatively stable but clearly negative (-7.9 €/MWh in 2015 in relation to the peak load price) since the price for natural gas dropped in line with the electricity price. IHS expects that the spot price in Germany will bottom out in 2018 by falling to approximately 26 €/MWh and then recover until 2020 to reach approximately 28 €/MWh (in nominal terms). The clean dark spread is expected to remain in negative territory for the period between 2017 and 2020 (2020: -1.7 €/MWh in nominal terms) while the clean spark spread may well increase to 5.9 €/MWh in 2018 and 2019 (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Price and Spreads Projections to 2021, August 4, 2016*).

(b) *Competitors*

The electricity wholesale market in Germany is characterized by intense competition, with power generation capacities being broadly distributed. As of the end of 2014, no company owned more than 13% of the total installed capacity. Based on the power generation capacity at the end of 2014, the RWE Group accounted for 23.9 GW (13% of total capacity) and thus was the largest power generation company in Germany, followed by the Vattenfall Group with 14.7 GW (8%), the Uniper Group with 14 GW (7.6%), and the EnBW Group with 10.1 GW (5 %) (source: *IHS February 2016. Capacity of the Uniper Group according to its own information*). Accordingly, the four largest power generation companies owned around 35% of the total installed capacity in Germany. The remaining power generation capacities were held by a large number of smaller market participants, such as municipal energy supply companies, industrial producers, or companies specialized in renewable energies or on-site generation, mostly via combined heat and power (“CHP”).

(v) *United Kingdom*

(a) *Development of supply and demand*

In 2014, 94 GW in power plant capacity was in operation in the United Kingdom. Natural gas (35 GW) accounted for the largest share in the generation capacity from fossil fuels, followed by hard coal (19 GW) and nuclear power (10 GW). Furthermore, a total of 23 GW in generation capacity from renewable energy sources was installed, mainly wind power (12 GW) and photovoltaics (5 GW). It is expected that the generation structure on the supply side will be subject to great changes until 2022. According to IHS CERA, total installed capacity is expected to increase to 106 GW in 2022. The expansion will focus primarily on wind power (23 GW) and photovoltaics (14 GW). According to an IHS assessment, a large part of the existing generation capacity from hard coal will already be withdrawn from the market by 2022. The British government has announced its goal of shutting down all coal-fired power plants by 2025 assuming sufficient alternative capacities are available. At present, 16 nuclear power plants are still in operation in the United Kingdom. Although most plants are approaching the end of their initially approved operating life, further decommissionings are not to be expected before 2023 as a result of applications for extensions, whether pending or already approved (sources for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*; see also World Nuclear Association: <http://www.world-nuclear.org/information-library/country-profiles/countries-t-z/united-kingdom.aspx>, as at November 27, 2015).

Since 2005, power consumption has been declining due to a drop in industrial production and improving energy efficiency (source: *IHS Energy, European Power Country Profile United Kingdom, February 22, 2016*) and amounted to 302 TWh in 2014. It is expected that the power demand will grow minimally, by 0.2% per annum, to 306 TWh in 2022 (source: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

In 2013, the baseload price on the British spot market was 58.5 €/MWh, after which it fell to 52 €/MWh in 2014, recovering in 2015 to just under 56 €/MWh. For the years following until 2020 it is assumed that the price will be between 37.5 €/MWh and 45.4 €/MWh. Since 2013, the clean dark spread has decreased from more than 25 €/MWh to 8.4 €/MWh in 2015. In this respect, the recently adopted CO₂ price floor also represents a substantial additional burden on the profitability of coal-fired power plants. The clean dark spread is expected to continue to decrease in the coming years and be negative from 2017. In 2015, the clean spark spread was 10 €/MWh and is expected to remain above 8 €/MWh from 2016 through 2020 (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Price and Spreads Projections to 2021, August 4, 2016*).

Owing to the recently introduced capacity market, it is particularly thermal power plants that benefit from an additional source of income for the provision of secure capacity, in addition to their earnings from the direct marketing of electricity. As the auctions always take place in good time before the period during which capacity is made available, this should improve the plannability of the contribution margins from the power plant operation (see “13. Energy Law Environment – 13.4 Regulatory framework in non-German markets – 13.4.1 United Kingdom”).

(b) *Competitors*

The electricity wholesale market in the United Kingdom is characterized by intense competition, with power generation capacities being broadly distributed. As of the end of 2014, no company owned more than 14% of the total installed capacity. Based on the power generation capacity, the largest

power generation companies in the United Kingdom were the EDF Group with 13.2 GW (14% of total capacity), followed by the SSE Group with 11.1 GW (12%), and the RWE Group with 11.1 GW (12%). The Uniper Group accounted for generation capacity in the amount of 7.4 GW (7.8%) (source: *IHS February 2016. Capacity of the Uniper Group according to its own information*). The remaining power generation capacities stemmed from smaller market participants, such as other energy supply companies or companies specializing in renewable energies or on-site generation, mostly by CHP.

(vi) Sweden

(a) Development of supply and demand

In 2014, the Swedish electricity market had installed capacity of approximately 40 GW. In the same year, demand amounted to around 122 TWh with a peak load of about 26 GW. In 2014, domestic net power generation amounted to roughly 153 TWh, of which more than half originated from renewable energy sources (some 56%) and approximately 40% from nuclear power (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

According to IHS CERA, at an annual growth rate of around 0.1%, the demand for power in Sweden will rise only minimally during the period from 2014 to 2022, i.e., to 123 TWh, while the annual peak will grow slightly less (source: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

Further additions to the generation structure through renewable energy sources (primarily onshore wind power but also biomass) could drive the share of renewables to cover the gross energy demand further upwards to approximately 74% in 2022. According to IHS CERA's assessment, the installed capacity of onshore wind power plants could amount to more than 9 GW in 2022 and therefore exceed the level of 2014 by more than 75% (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

The so-called system price at the Scandinavian energy exchange Nordpool has been under pressure since 2013 and fell from about 38 €/MWh to 21 €/MWh in 2015 (baseload in each case). IHS CERA expects the price to fall further by 2018 to under 17 €/MWh, with a subsequent slight recovery by 2020. The Clean Dark and Clean Spark Spreads are of little relevance since thermal power generation accounts for only a small portion of total generation capacity in Sweden (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Prices and Spreads Projections to 2021, August 4, 2016*).

(b) Competitors

The electricity wholesale market in Sweden is characterized by intense competition (see “13. Energy Law Environment” — “13.4 Regulatory framework in non-German markets” — “13.4.2 Sweden”). At the end of 2014, the Vattenfall Group accounted for 14.4 GW in generation capacity (35 % of total capacity) and thus was the largest power generation company in Sweden, followed by the Uniper Group with 6 GW (14.6%) and the Fortum Group with 5.4 GW (13%) (source: *IHS February 2016. Capacity of the Uniper Group according to its own information*). Consequently, around 60% of the power generation capacity within the market is attributable to the three largest energy generators. The remaining power generation capacities are held by a large number of smaller market participants, focusing on the generation of renewable energies and on-site generation, mostly via CHP.

(vii) France

(a) Development of supply and demand

In 2014, the French electricity market had installed capacity of approximately 130 GW. In the same year, demand amounted to around 413 TWh with a peak load of about 83 GW. In 2014, domestic net power generation amounted to roughly 538 TWh, of which approximately 17% originated from renewable energy sources and 77% from nuclear power plants (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

In expectation of a moderate development, IHS CERA expects an increase in the power demand in France to around 424 TWh by 2022 (source: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*). From the current perspective it is, however, unclear whether or to what extent the French Energy Transition Act (*Loi no 2015-992 relative à la transition énergétique pour la croissance verte*) to lower the total energy demand, which entered into force in 2015, will have an effect on the power demand.

According to the declaration of intent of the French government, the share of nuclear power in French power generation is supposed to be reduced to 50% by 2025 by setting the installed capacity of nuclear power plant generation to the current level of 63.2 GW (source: *Ministry of Ecology, Sustainable Development and Energy, ENERGY TRANSITION FOR GREEN GROWTH ACT, User guide for the act and its attendant actions, October 2015*). IHS CERA currently expects that coal-fired power plants in particular (2.8 GW) and oil-fired power plants (3.5 GW) will be preserved or decommissioned, respectively, by the year 2022. During the same period, additions to the generation structure could occur, predominantly in the area of renewable energies (roughly 24 GW, of which some 8 GW are attributable to onshore wind and 11 GW to photovoltaics). France, in particular, is likely to see a declining output to reliably cover the annual peak load (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*). For this reason, the capacity market, which is intended to ensure security of supply in France, was introduced in 2015 (see “13. Energy Law Environment” — “13.4 Regulatory framework in non-German markets” — “13.4.3 France”). Furthermore, the adoption of a CO₂ price floor and a levy on the use of coal for energy generation similar to that introduced in the United Kingdom, is under discussion and could enter into effect as soon as 2017.

Between 2013 and 2015, the annual average price on the spot market fell from 43.3 €/MWh to 38.5 €/MWh. During the same period, the clean dark spread for coal-fired power plants developed from 13.5 €/MWh to 9.8 €/MWh. In 2013 the clean spark spread was still under -3 €/MWh but in 2015 it rebounded into positive territory and was quoted at around 2.6 €/MWh in 2015. IHS expects the spot price for France to reach its lowest level in 2018 by falling to 26 €/MWh and to subsequently recover to just under 28 €/MWh in 2020. It is expected that the clean dark spread will continue to fall until 2020, reaching negative territory as from 2018. The clean spark spread is expected to hover at around 6 €/MWh between 2017 and 2020 (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Price and Spreads Projections to 2021, August 4, 2016*).

(b) *Competitors*

The electricity wholesale market in France is dominated by the EDF Group. As at the end of 2013, the EDF Group owned about 74% (96 GW) of the power generation capacities in France. The remaining capacities are widely held. At 3 GW, the Uniper Group owned a share of approximately 2.3 % in the French power generation capacities (source: *IHS February 2016. Capacity of the Uniper Group according to its own information*).

(viii) **Netherlands**

(a) *Development of supply and demand*

In 2014, the Dutch electricity market had installed capacity of approximately 28 GW. In the same year, demand amounted to around 105 TWh with a peak load of about 18 GW. In 2014, domestic net power generation amounted to roughly 99 TWh, of which approximately 12% originated from renewable energy sources, approximately 32% from coal-fired power plants, and approximately 49% from natural gas-fired power plants (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

From 2014 to 2022, demand for power in the Netherlands is expected to increase minimally by approximately 0.1% per year to roughly 106 TWh (source: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

Persistent overcapacities jeopardize the profitability of gas-fired power plants in the Netherlands. The expansion of renewable energies, which continues despite cuts in government subsidies, could further exacerbate this situation (source: *IHS CERA Energy, European Power Country Profile Netherlands, March 31, 2016*).

Between 2013 and 2015, the annual average price on the spot market fell from 52.0 €/MWh to 40.0 €/MWh. During the same period, the clean dark spread for coal-fired power plants developed from 23.4 €/MWh to 12.7 €/MWh. The clean spark spread remained relatively stable at around 4 €/MWh. IHS expects that the spot price for the Netherlands in line with France will hit rock bottom in 2018 by falling to below 27 €/MWh and will then recover to just under 29 €/MWh in 2020. Accordingly, the development of the clean dark spread is expected to be similar to that in France. The clean spark spread could rise again somewhat to over 6 €/MWh (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Price and Spreads Projections to 2021, August 4, 2016*).

(b) *Competitors*

The electricity wholesale market in the Netherlands is characterized by intense competition (see “13. Energy Law Environment” — “13.4 Regulatory framework in non-German markets — “13.4.4 Netherlands”). The power generation capacities are broadly distributed. As of the end of 2014, no company owned more than 15% of the installed total capacity. At the end of 2014, the GDF Suez Group (renamed Engie Group) accounted for 4.3 GW in generation capacity (15% of total capacity) and thus was the largest power generation company, followed by the Uniper Group with 2.9 GW (10 %), the RWE Group with 2.6 GW (9 %), and the Vattenfall Group with 2.3 GW (8%) (source: *IHS February 2016. Capacity of the Uniper Group according to its own information*). Accordingly, the four largest power generation companies owned around 40% of the total installed capacity in the Netherlands. The remaining power generation capacities were held by a large number of smaller market participants, which are, among other things, specialized in on-site generation via CHP.

(ix) *Belgium*

(a) *Development of supply and demand*

In 2014, the Belgian electricity market had installed capacity of approximately 20 GW. In the same year, demand amounted to roughly 77 TWh, with a peak load of about 13 GW. In 2014, domestic net power generation amounted to roughly 66 TWh, of which approximately 18% originated from renewable energy sources, approximately 45% from nuclear power plants, and approximately 29 % from natural gas-fired power plants (source for this paragraph: *IHS CERA, July 2016 Planning Scenario Data for European Power, July 28, 2016*).

The introduction of a strategic reserve, the establishment of a direct transmission line to the German electricity market, the extension of the service life of the Tihange 1, Doel 1, and Doel 2 nuclear power plants by ten years each to a total of 50 years, as well as the further extension of renewable energies, is intended to reduce the Belgian market's current dependence on imports (source: *IHS Energy, European Power Country Profile Belgium, March 31, 2016*) (see “13. Energy Law Environment” — “13.4 Regulatory framework in non-German markets” — “13.4.5 Belgium”).

Between 2013 and 2015, the base load price on the Belgian spot market fell from 47.5 €/MWh to 44.7 €/MWh, which meant that it was significantly higher than that of the neighboring markets. Consequently, the spreads in 2015 were also higher than those in Germany, France and the Netherlands. IHS expects the spot price for Belgium to reach its lowest level in 2018 by falling to 26 €/MWh and then to recover to just 28 €/MWh in 2020 (source for this paragraph: *IHS Energy, August 2016 Power Wholesale Price and Spreads Projections to 2021, August 4 2016*).

(b) *Competitors*

The Belgian electricity wholesale market is dominated by the power supply company GDF Suez Group (renamed Engie Group), which accounted for a power generation capacity of 11.2 GW (58% of total capacity) in Belgium at the end of 2014. Furthermore, other important players in the Belgian power generation market are the EDF Group with 1.1 GW (6%), and the Uniper Group with 0.8 GW (4 %) (source: *IHS February 2016; capacity of the Uniper Group according to its own information*).

(x) United States

The US electricity supply is organized into several regional sub-markets. The responsibility for ensuring stable supply and thus the market organization within the individual regions lies with so-called Independent System Operators (“ISOs”). The largest ISO is PJM, which is in charge of the supply in various states in the Northeast of the United States and covers, for the most part, the region between Chicago, New York and Washington DC, as well as parts of the southern states. PJM is the most liquid and most actively traded individual market within the United States. Other important markets are ERCOT (Texas), MISO (midwest), CAISO (California), New York, and New England.

In all markets, forwards are traded, on a large scale, either on stock exchanges, primarily the ICE in Atlanta, or OTC. The transition to these forms of trading has significantly increased the liquidity and market transparency as well as facilitated access for new market participants. Forwards are the principal product group, based on the daily day-ahead quotation of individual regions across certain periods, such as one year for example. Products are offered with a lead time of up to seven years. For most of the derivatives in the electricity segment, the ICE exchange is the central trading platform.

Over the last few years, the US electricity market has been characterized by the rise of the shale gas production. The offer of cheap gas in combination with stricter environmental regulations has resulted in coal-based generation capacity in excess of 50 GW having been shut down since 2010. To a great degree, these plants have been replaced by generation assets based on natural gas. As a consequence, the wholesale electricity price has become more dependent on the natural gas price. This means that indirectly the impact of the weather on the wholesale electricity price has also risen, driven by the demand for natural gas as a heating fuel. As a consequence, the annual cycle with price peaks in summer is increasingly moving towards a profile shaped by peaks in both summer and winter.

In addition to proprietary trading in forward contracts, hedging and energy management services for producers and purchasers are potential business areas for market participants, such as the Uniper Group, who do not have their own physical generation portfolio. These services also include, but are not limited to, long-term power purchase agreements for wind power plants.

(xi) Russia

The Russian electricity supply system has the largest geographical expansion in the world. As a result of such expansion and the very sparse population in many parts of the country, the electricity supply is not connected to the Unified Energy System (“UES”) in all the regions. However, the regions with a decentralized supply of electricity merely constitute a very small share of the overall Russian consumption. Unless specified in greater detail, the figures in this section relate to that portion of the Russian power supply which has been connected to the UES since all of the Uniper Group’s power plants are operated within the UES.

Apart from geographically isolated regions such as Kaliningrad, where energy prices are regulated, competition in the Russian market takes place in two (deregulated) price zones. In price zone 1 (“European Russia” and the Urals), power generation from natural gas and nuclear power dominates. The Uniper Group’s Shaturskaya, Smolenskaya, Yavinskaya, and Surgutskaya power plants are located in this zone. In price zone 2 (Siberia), power generation from hydropower and coal dominates. Uniper Group’s Beryozovskaya power plant is situated in this zone.

(a) Development of supply and demand

The Russian economy is currently in a deep recessionary phase, primarily driven by the low global market prices for oil and natural gas. As per IHS’s assessment, positive growth rates may only emerge, once again, from 2017 onwards (source: *IHS, Russia Watch, No Magic Wand Yet, December 2015*).

Over the past few years, new generation assets have been commissioned on a large scale in Russia. Between 2010 and 2015 the installed capacity increased from 212 GW to 232 GW. More than two thirds (158 GW) of this increase is attributable to generation from fossil energy sources although natural gas and hard coal are the predominant energy sources in the western parts of Russia and Siberia respectively. A very considerable share of 48 GW (21%) is generated from hydroelectric power, particularly in the Siberian part of Russia. In addition, nuclear power plants with a total capacity of 26 GW (11%) are in operation in the European part of Russia. At present, wind powered and solar energy

generating facilities have only been installed to a very limited extent (sources: *Federal Grid Company of the UES. Annual Reports 2010—2015 on the Operation of the UES appeared in January of the respective following year*). A further increase in installed capacity to 251 GW is expected for the period from 2016 to 2020 (source: *Ministry of Energy of the Russian Federation, UES Development Program, March 2016*).

In the past, the total consumption of electricity in Russia grew steadily for a long time, preliminarily peaking in 2012 at 1,017 TWh. Consumption stagnated after 2012 and came to 1,008 TWh in 2015 (source: *Federal Grid Company of the UES, Annual Report 2015 on the Operation of the UES, January 2016*). Over the next few years, consumption is expected to rise at a moderate annual growth rate of 0.9% to reach 1,056 TWh in 2020 (source: *Ministry of Energy of the Russian Federation, UES Development Program, March 2016*).

In the period from 2007 to 2014 electricity prices in Russia rose sharply, largely driven by the price increase in the primary energy sources of natural gas and coal. During this period, the increase in price zone 1 (European Russia and the Urals) was more than 90 %, and in price zone 2 (Siberia) it was even more than 160%. Although the base load price in Zone 1 had still been marginally lower than 600 RUB/MWh in 2007, it reached a level of 1,163 RUB/MWh in 2014 but then fell to 1106 RUB/MWh in 2015. In the period between 2007 and 2014, the price in Zone 2 climbed from 300 RUB/MWh to 789 RUB/MWh and then continued to rise to 862 RUB/MWh in 2015 (sources: *Atsenergo. Annual Report 2014, April 2014; Market Council, Bulletin on the functioning of the Russian wholesale and retail markets in December 2015, February 2016*).

In the Russian market, power plants generated income from electricity generation and provision of capacity (and to a small extent also from providing balancing reserves and heat). Under the regulatory regime the capacity markets and generation markets are divided up into various segments in which price formation takes place partly in free competition and partly through price-setting by the state (see “13. Energy Law Environment — 13.4 Regulatory framework in non-German markets — 13.4.6 Russia”).

In 2011, an additional support program for newly installed generation facilities (*dogovor predostavleniya moschnosti*, “DPM”) was introduced in order to provide additional incentives for investors. The DPM system ensures that operators of newly installed facilities will receive fixed payments over a ten-year period. The amount of the payments was calculated such that it covers the bulk of the investment costs and annual fixed overheads and guarantees a pre-agreed return on the capital invested for a period of fifteen years. The structure of the DPM is seen as one of the main reasons for the strong capacity expansion over recent years. However, the program had from the very outset been set up as a support system of limited duration for a clearly defined list of facilities and therefore cannot be used for new investments in the future (see “13. Energy Law Environment — 13.4 Regulatory framework in non-German markets — 13.4.6 Russia”).

(b) Competitors

As of the end of 2015, the largest private-sector power producers in Russia were the InterRAO Group with power generation capacity of 22.9 GW (excluding the TGK-11 Group, the BGC Group and foreign generation capacities), OGC-2 with 18.5 GW, the Uniper Group with 10.7 GW, the OGC-5 Group with 9.5 GW and the Fortum group with 4.9 GW (source: *publicly available information of the respective companies*).

(xii) Brazil

(a) Development of supply and demand

In 2014, Brazilian power consumption stood at 493 TWh. Despite the difficult macroeconomic situation in Brazil at the present time, IHS expects the country's power consumption to grow by around 3% per year until 2020. Accordingly, consumption would amount to 583 TWh in 2020 (source: *IHS, Latin America Power Market Fundamentals Report, July 2015*).

Brazil's electricity supply is primarily based on hydropower, with a 68% share in the entire generation capacity in 2013 (source: *IEA, World Energy Outlook 2015, November 2015*). In recent years, the prolonged drought in Brazil has resulted in a need to operate, on a large scale, expensive peak-load power plants that use fossil fuels, which has in turn caused electricity prices to rise considerably (source: *IEA, World Energy Outlook 2015, November 2015*).

The government is therefore aiming for a comprehensive expansion of generation capacity. The IEA estimates that installed capacity will increase by 35%, from 126 GW in 2013 to 171 GW in 2020 (source: *IEA, World Energy Outlook 2015, November 2015*), corresponding to an investment volume of \$ 87 billion (World Energy Investment Outlook 2014, Annex, Brazil table, June 2014). The further development of hydropower potentials accounts for the largest share of the expansion (total of \$ 51 billion), followed in second place by the expansion of wind power, first and foremost in the Northeastern part of the country, which is particularly suitable for this purpose. To a lesser degree, generation capacity is expanded through natural gas, nuclear power and photovoltaics (see "13. Energy Law Environment — 13.4 Regulatory framework in non-German markets" — 13.4.7 Brazil").

(b) *Competitors*

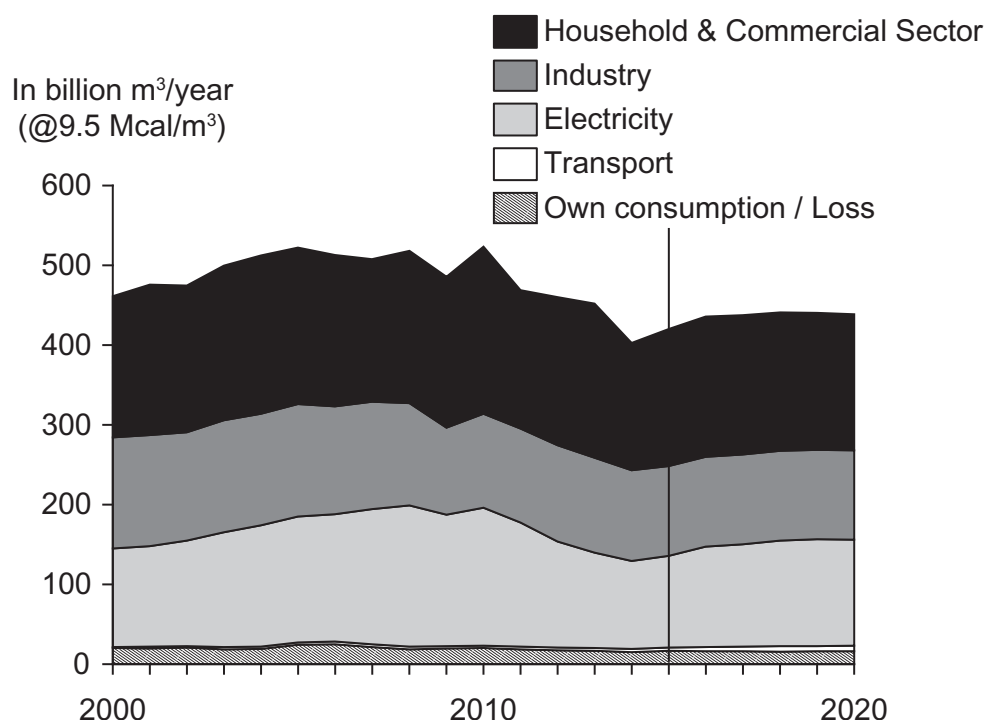
Most of the generation capacities, particularly in the hydropower segment, are owned by public utilities such as the Eletrobras Group, the Petrobras Group, the Cemig Group and the Copel Group (source: *IHS, Brazil Power Sector Profile, February 2016*). Power generation from renewable energies is relatively broadly distributed among various companies. In addition to state-owned companies, there are a number of privately owned power producers, such as the CPFL Energia Group, the AES Group, the Engie Group, the Duke Energy Group, the Iberdrola Group, and the Energias de Portugal Group (source: *IHS, Brazil Power Sector Profile, February 2016*).

10.2 DEVELOPMENT OF THE EUROPEAN GAS MARKETS

10.2.1 Overarching developments of supply and demand

IEA market analysts expect an increase in global gas demand by, on average, around 1.5% per annum over the period from 2015 to 2021. This growth will largely be generated in non-OECD countries (source: *IEA, Medium-Term Gas Market Report, July 2016*). Likewise, some analysts also expect the gas demand in the EU to increase. For the period 2015 to 2020, the IHS predicts an annual average growth rate of approximately 0.9% from 419.8 billion m³ in 2015 to 438.7 billion m³ in 2020 (see diagram below). Accordingly, the trend in gas demand, which was on the decline between 2010 and 2014, would reverse. High growth rates are expected, in particular, in Southeastern Europe, Spain and the Baltic states, whereas the gas demand in Germany is expected to rise only slightly from 79.2 billion m³ in 2015 to 81.9 billion m³ in 2020, which equates to an average annual growth rate of 0.7%. Gas demand in Europe is affected by several factors: Consumption cuts in the household and commercial sector will supposedly ensure that the demand in the household and commercial sector within the EU will decrease by 0.1% per year on average over the period from 2015 to 2020. In addition, the demand for gas in the industrial sector is expected to decline by an average of 0.1% per year across the entire EU by 2020. However, according to IHS, these effects will be more than offset by an increase in the competitiveness of gas power plants in the electricity sector due to the low gas prices. Demand for gas in the electricity sector is consequently expected to rise by an average of 3.0% per year between 2015 and 2020 (source for this paragraph: *IHS, European Long-Term Gas Supply & Demand Outlook to 2040 – Rivalry, July 2016*).

Diagram 6: Sectoral breakdown of EU gas demand and its forecast until 2020



(Source: IHS, European Long Term Gas Supply & Demand Outlook to 2025 – Rivalry)

While gas demand within the EU is set to develop positively, there are many indications that the production of gas within the EU will decline. IHS predicts an average annual 2.7% decrease during the period from 2015 to 2020, from 127.7 billion m³ to 111.3 billion m³. The decline in domestic production is likely to be attributable in particular to the Netherlands and the United Kingdom. In the Netherlands, the total quantity produced will drop every year by 2.5% on average, from 47.2 billion m³ in 2015 to 41.6 billion m³ in 2020. Likewise, a decrease in the United Kingdom's domestic production, from 41.7 billion m³ in 2015 to 33.4 billion m³ in 2020, is expected. This corresponds to an annual reduction averaging 4.4%. The IEA expects that the declining domestic production until 2020 will not be compensated for by the exploitation of new natural gas deposits (shale gas, dense gas, coal pit methane) in Europe (source: IEA, *World Energy Outlook, November 2015*). Against the backdrop of a rising demand for gas, any decreasing domestic production in Europe could therefore result in an increase in gas imports via pipelines as well as LNG imports from overseas. For instance, the market share of LNG as a percentage of EU-wide gas demand is expected to rise from 10.3% in 2015 to 19.0% in 2020. The forecast rise of LNG imports from 43.2 billion m³ in 2015 to 83.5 billion m³ in 2020 would equate to an average annual growth rate of 14.1% from 2015 onwards. However, over the medium term, local resources and pipeline-based supplies are set to be the main sources of the European market. According to IHS forecasts, the supplies from Russia to the EU in the period 2015 to 2020 are initially likely to see a slight drop from 122.4 billion m³ in 2015 to 116.1 billion m³ in 2020, after which they are expected to increase to 138.1 billion m³ in 2025. In line with this prognosis, the market share of Russian imports in the total EU demand should grow from 29.2% in 2015 to 30.8% in 2025, after an interim drop to 26.5% in 2020 (source for this paragraph: IHS, *European Long-Term Gas Supply & Demand Outlook to 2040 – Rivalry, July 2016*).

10.2.2 Prices

Since US gas prices were down significantly compared to the years prior to 2010 and remained at a low level in the first half of 2016, IHS analysts expect a continuation of the low, slightly rising US gas prices, which will also shape the prices on the world's gas markets into the 2020s (sources: IHS, *Long-Term LNG Market Outlook, July 2016*; IHS, *European Energy Scenarios to 2040, July 2016*). As a consequence of the low costs of the production of shale gas and the expansion of LNG export capacities, US producers can offer LNG at competitive prices on the world market, thus increasingly influencing the European price structure. According to IHS forecasts, the – overall – robust supply situation in the European markets (source: IHS, *European Gas Long-Term Price Outlook, July 2016*)

will bring about in the first instance low prices in Europe until 2020. After 2020, IHS expects the market to recover and by the mid-2020s to return to the level of European wholesale prices which are roughly in line with the real prices realized before 2014. The failure to exploit new supply sources on the global market is, *inter alia*, cited as a reason for this recovery. Due to the fact that hardly any new investment projects for gas liquefaction plants are being commenced in view of the low sales prices, IHS projects that this will have the effect of temporarily slowing the global growth of LNG supply from 2020 onwards, so that the equilibrium market prices can re-form and recover (sources: *IHS, Long-Term LNG Market Outlook, July 2016*; *IHS, LNG Market SnD Gap, July 2016, Excel appendix*).

Since 2013, price convergence on the global natural gas trading markets on the various continents has been observed, which IHS forecasts will initially continue with global LNG trade growth (source: *IHS, Long-Term LNG Market Outlook, July 2016*). As per IHS's projections, the price differences existing in Europe today should also decline slightly in the period until 2020 (source: *IHS, European Gas Long-Term Price Outlook, July 2016*). Network expansion plans and the interconnectivity of the European gas markets could contribute to price convergence. Likewise, the continuation of the trend toward higher trading volumes and liquidity in sub-markets in connection with the currently low long-term supply contract prices could also contribute to price convergence (sources: *EU Commission, Quarterly Report on European Gas Markets, vol. 9, issue 1, 2016, pp. 24 ff.*; *Oxford Institute, Continental European Gas Hubs: Are they fit for purpose?, 2012, pp. 3 and 27*). Therefore, the announced plans of the Russian gas producer Gazprom to auction off natural gas deliveries are regarded as being an indication of increased liquidity in the spot trading markets. It is expected that Gazprom will also continue to offer sales quantities by way of auctions, thus supplementing its offer of long-term contracts on a case-by-case basis (source: *IHS, Integrated Energy Research Briefing, Moscow, October 2015*). However, it is also expected that a large share of the European gas demand will continue to be met via long-term contracts until 2020 (source: *DIW, Long-Term Contracts in the Natural Gas Industry – Literature Survey and Data on 426 Contracts (1965-2014), 2015, p. 16*). As the pricing under some long-term contracts has an oil-price indexation, petroleum prices will remain at least indirectly relevant to the formation of gas prices (source: *IHS, Long-Term LNG Outlook, July 2016, PowerPoint presentation, slide 31*). According to IHS, the link between coal and gas prices is directly relevant to price formation in the European gas trading markets because coal and gas-based power are in direct competition with each other. Even slight fluctuations in relation to the relevant fuel costs could have a significant impact on the market equilibrium in the electricity sector and thus gas prices (source: *IHS, Integrated Energy Research Briefing, Moscow, 2015*).

In addition to regional price differences, seasonal price differences exist between the winter and summer months. These seasonal price differences largely depend on the availability of flexibility options via gas storage facilities, supply contracts, as well as production and import capacities. Seasonal price fluctuations are important indicators of economic efficiency in the operation of natural gas storage facilities and investments in storage infrastructure. In 2012, 2013 and 2015, the average price differences between the summer and winter months (the so-called “summer/winter spread”) on the most significant European gas markets declined (sources: *EU Commission, Quarterly Report on European Gas Markets, vol. 9, issue 1, 2016, p. 18—based on Platts*; *IHS, European Gas Long-Term Price Outlook, July 2016*). According to a forecast by IHS, the gas storage facilities in Northwest Europe will only increase modestly until 2020; this is due to the current tense economic situation for storage operators (source: *IHS, Integrated Energy Research Briefing, Moscow, October 2015*). The price differences may increase owing, *inter alia*, to increased demand for flexibility options resulting from declining EU domestic production and an increase in the gas demand. Furthermore, seasonal price differences may be influenced by seasonal fluctuations in the utilization of gas, for example in the electricity sector.

10.2.3 Pipeline infrastructure

According to the current expansion plans, the European gas markets will continue to be shaped by a further expansion of the transport infrastructure in the years to come. The larger projects include the announced construction of the “Nord Stream 2” pipeline from Russia to Germany in connection with the expected medium-term increase in gas deliveries from Russia to the EU (source: *IHS, European Long-Term Gas Supply & Demand Outlook to 2040 – Rivalry, July 2016*). As matters stand at present, the construction of this pipeline would result in additional capacities of 55 billion m³ per year and thus a doubling of the existing capacity of Nord Stream 1 before 2020 (see “13. Energy Law Environment” – “13.3 Energy Law Environment in Germany” – “13.3.3 Energy infrastructure”). Moreover, the Russian supply of natural gas to Ukraine as well as the passthrough of transit gas for the EU via Ukraine is

being hotly debated. In parallel, the EU is also driving the diversification of its gas supply sources forward through other projects. Ongoing projects to link Europe to gas sources in Azerbaijan and possibly other Asian countries are known under the name “Southern Corridor”. The plan is to install annual pipeline transit capacity of 16 billion m³ on the Trans-Anatolian Natural Gas Pipeline via Turkey towards Europe, which would enable the transport of gas from Azerbaijan. In addition, it should also be noted that there are EU-initiated projects that facilitate improved interconnectivity within the EU gas markets. These include, e.g., the Trans-Adriatic Pipeline and the strengthening of a number of European interconnectors for return flows (source: *EU Commission, Commission Delegated Regulation (EU) 2016/89 of 18 November 2015 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest (PCI), Official Journal of the EU*).

10.2.4 LNG

Global demand for LNG has been experiencing a strong growth phase for more than 15 years, although it has lost momentum since 2011. As per IHS's projections, this market will continue to gain significantly in importance, both globally and in Europe. For instance, LNG demand in Europe is expected to grow from 37.8 million tons/year (~52.2 billion m³) in 2015 to 67.6 million tons/year (~93.3 billion m³) in 2020. According to this forecast, the market share of Europe in the global LNG import market will rise from 15.2% in 2015 to 20.0% in 2020. The expectation is that the main target countries for LNG will continue to be Asian countries. With an import volume of 133.8 million tons (~185 billion m³) in Japan, Korea and Taiwan in 2015 as well as 45.5 million tons (~63 billion m³) in the rest of Asia, the Asian LNG import demand in 2015 accounts for nearly two-thirds of the global import demand of 249.5 million tons (~344 billion m³). The Asian market's dominance will only diminish slightly in the years to 2020. IHS forecasts that the share of Asian demand in the global market will drop from 71.9% to 67.5%. Nevertheless, absolute LNG demand in Asia is expected to grow from 179.4 million tons/year (~248 billion m³) in 2015 to 228.6 million tons/year (~316 billion m³) in 2020 (source for this paragraph: *IHS, LNG Market SnD Gap, July 2016, Excel appendix. According to information in the LNG Outlook, the conversion factor of billion m³ into million t. is 1.38 (source: IHS, Long-Term LNG Outlook, July 2016, Excel appendix)*).

As per IHS's projections, the global LNG liquefaction capacities, i.e., facilities for the production of liquefied gas from natural gas, will rise from around 283.9 million tons/year (~392 billion m³) in 2015 to 418.4 million tons/year (~577 billion m³) by 2020. With this, the LNG market will resume the strong growth momentum seen before 2011. In Australia and the United States in particular, investment decisions were made in recent years that are geared toward the strong expansion of liquefaction capacities before 2020. The proposed expansion would make Australia and the United States the main players on the global LNG market next to Qatar. Since, according to IHS's expectations, hardly any new investment projects for LNG liquefaction facilities are being launched at present, given the low selling prices, these analysts are also expecting a slowdown of the global growth momentum of the LNG capacity supply after 2020 (source for this paragraph: *IHS, LNG Market SnD Gap, July 2016, Excel appendix. According to information in the LNG Outlook, the conversion factor of billion m³ into million t. is 1.38. (source: IHS, Long-Term LNG Outlook, July 2016, Excel appendix)*).

Owing to the large demand on the LNG world market, IHS sees the European LNG market as fulfilling the role of a “residual market” to shape a global equilibrium; the import volume of this residual market will be strongly price-dependent. IHS expects that the LNG supply will also result in a phase of falling prices in Europe, before market prices recover in the 2020s (sources for this paragraph: *IHS, Long-Term LNG Outlook, July 2016, pp. 5 and 35; IHS, European Energy Scenarios to 2040, July 2016, p. 65*).

10.2.5 Competitors

In 2015, the Uniper Group was one of the largest gas supply companies in the German gas supply business, with gas sales amounting to 294.3 TWh (own data). There are a number of competitors active in the German gas market, with the Wingas Group, the RWE Group and the Verbundnetz Gas (“VNG”) Group being the largest. In 2014, the Wingas Group generated gas sales of approximately 298 TWh (source: *Wingas Group factsheet, https://www.wingas.com/fileadmin/Wingas/content/04_Unternehmen/factsheet_wingas-auf-einen-blick_300dpi_ID_2tlg.pdf, March 18, 2016*). In 2015, the RWE Group generated gas sales of 96.3 TWh in the sales/distribution network business line (source:

RWE Group's 2015 Annual Report, p. 48). In 2015, the VNG Group generated gas sales of 84 TWh (source: *VNG Group's 2015 Annual Report*, p. 31).

The working gas volume of German natural gas storage facilities stands at 25 billion m³. At a working gas volume of 6.8 billion m³ and a market share of 28 % in terms of the working gas volume, the Uniper Group is the largest market player in Germany (source: *GSE, Storage Map May 2015*). The principal competitors in the German natural gas storage market are the Astora Group, the EWE Group, the RWE Group and the VNG Group. On the European market for gas storage facilities, the Uniper Group has a working gas volume of approximately 9 billion m³ and a market share of around 8 % in the EU gas storage market. Excluding Russia and Ukraine, the principal competitors in the European natural gas storage market are the STOGIT Group with a working gas volume of approximately 16 billion m³, the Storengy Group with a working gas volume of approximately 11 billion m³ and the NAM Group with a working gas volume of approximately 8 billion m³ (source: *GSE, Storage Map, May 2015*). For information on the regulation of natural gas storage facilities, see "13. Energy Law Environment" — "13.3 Energy Law Environment in Germany" — "13.3.3 Energy infrastructure".

In the global LNG trading market, companies that are focused on the purchase and sale of LNG (so-called "merchant traders") are regarded as competitors. In contrast, companies that market their own LNG production, or energy supply companies that primarily focus on procurement for their own requirements, are not regarded as competitors on the global LNG trading market.

The Uniper Group believes that the Royal Dutch Shell Group, the Engie Group and the Gas Natural Group are the principal players in the global LNG trading market. In terms of the physical quantities delivered during 2014, the Uniper Group had a smaller market position, compared to the other main players.

10.3 STEAM COAL AND FREIGHT

10.3.1 Development of supply and demand

The global coal market is essentially driven by the development of supply and demand in the Pacific region. Since 2005, the global coal trading volume of around 520 million metric tons increased to approximately 900 million metric tons by 2015, with this steep rise being primarily attributable to China. Between 2005 and 2015, China's coal imports rose from 6 million metric tons to 130 million metric tons (source: *IHS, Steam Coal Seaborne Exports and Imports Outlook to 2040, July 2016*). As a result of the global interconnectedness of the regional coal markets, it is the coal supply and coal demand, primarily in the most important coal market, *i.e.*, China, that has an impact on trade flows and coal prices. With the Chinese market position changing in 2009 from being a net exporter to a net importer, which was primarily due to an expansion of coal-based power generation and existing infrastructure bottlenecks in the domestic coal supply, a strong increase of global trading activities to around 900 million metric tons per year was recorded. The demand projections for India and China, together with the high market prices during the last few years, have led to massive investments in coal production capacities, predominantly in the Asia/Pacific region (Australia and Indonesia). A large portion of these new mining capacities entered the market during the last few years.

For the years up to 2020, IHS (source: *IHS, Steam Coal Seaborne Exports and Imports Outlook to 2040, July 2016*) projects a decline of China's annual import quantities by up to 15 million metric tons per year. At the same time, however, IHS expects an increase in total net imports of up to 11 million metric tons per year in Asia, which is primarily due to the rising imports of India and Vietnam. Expectations are that India's import demand, currently approximately 167 million metric tons, will rise to about 180 million metric tons by 2020 (source: *IHS, Steam Coal Seaborne Exports and Imports Outlook to 2040, July 2016*).

At present, coal represents 40 % of global power generation. Even though in most OECD countries, the share of coal in power generation will decline due to a reduction in emissions and an increase in renewable energies and natural gas, it can be assumed that coal-fired electricity generation will continue to increase in non-OECD countries, particularly in the Asia/Pacific region (source: *IEA, World Energy Outlook 2015, November 2015*). Even though the demand for coal is expected to rise much faster in the Pacific emerging countries than in other countries, global coal trading is expected to rise by approximately 2.5 % by 2020 (source: *IHS, Steam Coal Seaborne Exports and Imports Outlook to 2040, July 2016*). The significant domestic coal deposits of the Pacific emerging countries are seen as the main reason for this development; it is expected that these will meet the largest share of the coal supply during the years to come (source: *IEA, World Energy Outlook 2015, November 2015*).

10.3.2 Freight

The weaker growth of the global coal trading volumes as well as the iron ore trading volumes also affect the market conditions in the freight business. Together with a significant expansion of freight capacity over recent years, the falling prices for coal and iron ore have also put the freight rates under considerable pressure. The expansion of freight capacity is, among other things, the result of the optimistic growth projections for the Asian region.

10.3.3 Competitors

In the global coal trading market, companies that are focused on the purchase and sale of coal (so-called “merchant traders”) are regarded as competitors. In contrast, companies which market their own coal production volumes (e.g., Glencore plc, BHP Billiton plc) are not regarded as competitors of the Uniper Group.

The Uniper Group considers the Noble Group, the Trafigura Group, and the Vitol Group to be its main competitors.

11 BUSINESS

11.1 OVERVIEW

The Company is the holding company of the Uniper Group, which in its own estimation is one of the important players in the field of conventional power generation and energy trading in Germany, Europe and Russia, with generation capacity of 37,598 MW¹ for the six-month period ending on June 30, 2016 (fiscal year 2015: 39,863 MW, fiscal year 2014: 43,000 MW, fiscal year 2013: 43,477 MW) (each taking into account the Uniper Group's stake in the individual power plants) and Adjusted EBIT of €1,135 million for the six-month period ending on June 30, 2016 (fiscal year 2015: €801 million, fiscal year 2014: € 826 million, fiscal year 2013: €1,048 million). The Uniper Group's primary fields of activity are conventional power generation and trading in electricity, gas, coal, and LNG, as well as gas storage operations and gas infrastructure investments. It is one of central Europe's leaders in gas transport and distribution. It also trades in CO₂ certificates and freight allotments, markets technical services to other market participants and undertakes hedging transactions. Its customers in this respect are primarily major and corporate customers, including network operators, municipal utilities and other energy distributors. In the Global Commodities segment, the Uniper Group interacts with national and international energy traders in particular.

Based on Adjusted EBIT, the Uniper Group's business activities are concentrated in Germany, Sweden and Russia. The Uniper Group also has operations in the United Kingdom, France and the Netherlands, in particular, as well as in the United States. The registered office of the Uniper Group is located in Düsseldorf, Germany.

In fiscal year 2015, the Uniper Group generated revenues totaling €92,115 million (fiscal year 2014: €88,225 million, fiscal year 2013: €94,750 million), of which external sales, broken down by customer location, of €27,191 million were attributable to Germany, €30,778 million to the United Kingdom, €2,010 million to Sweden, €30,635 million to Rest of Europe and €1,501 million to Other. As of the six-month period ending on June 30, 2016, the Uniper Group employed an average of 13,146 employees and included more than 150 companies and holdings.

The Uniper Group is divided into three operating segments: European Generation, Global Commodities and International Power Generation. The individual segments are subdivided into various activities, some of which are in turn divided into sub-activities. The additional Administration/Consolidation reconciliation item comprises administrative functions which are performed centrally for all segments as well as consolidation measures to be implemented at Group level.

11.2 HISTORY

The Uniper Group has its origins in Innwerk, Bayerische Aluminium Aktiengesellschaft with its registered office in Munich, which was founded in 1917 and whose core business was the construction and operation of hydro power plants. In 1923, Innwerk, Bayerische Aluminium Aktiengesellschaft became a subsidiary of Vereinigte Industrieunternehmen AG ("**VIAG**") and was later renamed Bayernwerk Wasserkraft Aktiengesellschaft in 1995. VIAG, like Vereinigte Elektrizitäts- und Bergwerks-Aktiengesellschaft ("**VEBA**"), with which it merged on June 16, 2000 to become E.ON AG, is a holding company for state industrial holdings in the energy, chemicals, telecommunications and real estate sectors, among others. Thereafter, Bayernwerk Wasserkraft Aktiengesellschaft was reorganized as a German limited liability company (*Gesellschaft mit beschränkter Haftung*, "**GmbH**") doing business under the name E.ON Wasserkraft GmbH.

From the start, E.ON AG focused its business activities on the energy sector. In subsequent years until 2005, it pursued this objective by disposing of numerous holdings in fields outside the energy sector. At the same time, until 2007, it acquired energy sector holdings in Sweden, the United Kingdom, France and Russia, among others. In 2003, E.ON AG acquired Ruhrgas AG, one of the largest private importers of natural gas, which shortly thereafter was renamed E.ON Ruhrgas AG. This company began purchasing natural gas from Russia in 1970. E.ON AG further expanded its business activities in Russia by acquiring (in October 2007) a 78.3% interest in the Russian power producer OGC-4, which changed its company name to

¹ The basis for calculation includes all power plant capacities that were available to the Uniper Group on at least one day in each respective period under review.

E.ON Russia JSC in 2011 and subsequently to Unipro PJSC in July 2016 as part of the spin-off of the Uniper Group, and in which E.ON SE (into which E.ON AG was converted in 2012) held 83.7 % of the shares at the end of fiscal year 2012, the holding in the Nord Stream 1 pipeline project and a stake in the Siberian Yuzhno-Russkoye gas field in 2009.

From 2005, E.ON AG also became involved in the planning and construction of a large number of modern power plants and expanding global trading activities. All the new construction activities for fossil-fuel power plants were managed by EKW. The E.ON Group's trading activities were under the auspices of E.ON Energy Trading SE, which changed its name to E.ON Global Commodities SE on March 1, 2013 and into which E.ON Ruhrgas AG, along with its gas trading business, was merged in 2013. E.ON Global Commodities SE, which today operates under the name Uniper Global Commodities SE, was responsible for trading in electricity, gas, coal and oil.

At the start of 2013, EKW and Amrumbank-West GmbH were merged into E.ON Wasserkraft GmbH, which continued doing business under the name EKW and relocated its registered office to Hanover, Germany. Since that time, the new EKW, in addition to its original hydroelectric power plant business, has also operated the E.ON Group's coal, gas and oil-fired power plants in Germany.

In view of the progressive, radical changes taking place on the energy markets, the board of management of E.ON SE resolved in 2014, with the consent of the supervisory board, on a strategic realignment, which includes splitting the E.ON Group in two by way of a spin-off. Over the course of 2015, various group-internal structures were reorganized to lay the foundation for the spin-off of the Company (see "4. Spin-off"). The spin-off will create two separate legal entities, each focusing on different challenges posed by today's energy markets (see "5. Reasons for the Spin-off and Issue Costs — 5.1 Reasons for the spin-off").

11.3 COMPETITIVE STRENGTHS

The Uniper Group believes that it has the following strengths which are vital for its economic success and will continue to set it apart from its competitors also in the future.

Leading player in the field of conventional power generation in Europe and Russia

Given a generating capacity of 37,598 MW for the six-month period ending on June 30, 2016 (in proportion to the Uniper Group's stake in the power plants), of which 31,306 MW was from fossil-fuel power plants, and an Adjusted EBIT of €1,135 million for the six-month period ending on June 30, 2016 (fiscal year 2015: €801 million, 2014: €826 million, 2013: €1,048 million), the Uniper Group believes that it is one of the leading players in the field of conventional power generation in Europe. In its core markets in Germany, the United Kingdom and Sweden, the Uniper Group is one of the four largest energy supply companies.

Given the steady growth in power generation from renewable energies in Europe, the role of conventional power plants in the context of energy production has fundamentally changed in recent years, moving away from supplying the bulk of the electricity base load toward safeguarding the supply of electricity from renewable energy sources, which is subject to significant fluctuations.

With its strong position in the key European markets and its centrally controlled, continuously optimized generation fleet, the Uniper Group makes a significant contribution to system stability in the European energy markets, and is favorably placed to take advantage of opportunities arising from the changeover in systems on the energy markets. In addition, the Uniper Group markets system service and reserve products, e.g., primary, secondary, or minute control reserves, to operators of electric energy transmission networks, to guarantee the technically secure operation of power supply systems. In countries with capacity markets, the Uniper Group operates generation units against compensation so as to ensure system stability.

Diversified generation portfolio with solid income generation

The Uniper Group has a portfolio of generation units that is diversified both in geographical as well as technological terms. In addition to having the locations of its facilities at strategically important positions in the electric energy transmission network, the Uniper Group benefits, in particular, from the fact that its generation fleet is based on a balanced mix of different technologies and fuels for power

generation and offers a high degree of flexibility. In addition to hydroelectric power plants, gas-fired, coal-fired, and oil-fired power plants, the Uniper Group has biomass plants as well as nuclear generation units and interests in such units in Sweden. Of the energy produced by the Uniper Group in fiscal year 2015, around 20 % was generated from hydroelectric power and nuclear power plants which do not generate any CO₂ emissions. The remaining portion was attributable to gas-fired and other power plants. Given its diversified portfolio, the Uniper Group is able to take advantage of current trends, such as the emergence of capacity markets in individual countries.

All its power plants in Europe are centrally controlled and optimized by a highly-specialized team in the Global Commodities segment, which is able to flexibly respond to changes, such as fluctuations in fuel prices, and secure the best possible positioning of the Uniper Group's generation portfolio in the electricity market. All generation units are continuously evaluated to ensure the greatest possible profitability of the portfolio.

In addition to sales via the energy exchanges, approximately 40 % of the European Generation segment's Adjusted EBITDA in fiscal year 2015 was generated on the non-wholesale market, also driven, *inter alia*, by the sale of power, steam, heat, and compressed air from conventional power plants under long-term, asset-based sales contracts, by virtue of which capacity at the Uniper Group's power plants is sold to major customers. In this respect, the price for electricity and other products is calculated on the basis of the full costs of production in the respective power plant (*i.e.*, fixed costs for maintenance, personnel, etc., in addition to variable generation costs). This means that the margin is influenced only to an insignificant extent by the fluctuating prices of the primary energy sources. In addition, income from power plant reserve mechanisms and regulatory income (*e.g.*, capacity premiums and EEG fee) contributed to non-wholesale earnings. For the generation volumes sold on the trading market, which are thus exposed to price fluctuations (the wholesale market), the Uniper Group undertakes hedging transactions to limit the impact of volatile electricity and gas prices on the Uniper Group (see "11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(ii) Global Commodities — Electricity activity — 11.5.3(ii)(b) Electricity trading").

Strong presence on the Russian electricity market

In terms of its generation capacities, the Uniper Group is the third largest private power producer in Russia, with a share of approximately 5% in Russian power generation.

The Uniper Group's generation portfolio in Russia is spread across different regions, with power plants located in the vicinity of industrial centers with rapidly growing power requirements. The higher efficiency of these power plants also sets the Uniper Group apart from its competitors. Since 2010 the Uniper Group has commissioned four new, highly efficient gas and steam power units at three power plant locations with a capacity of 1.6 GW and a new lignite power plant (GRES TG 3 unit of the Beryozovskaya power plant has been taken out of service at least until mid-2018 due to repair work) with a capacity of 0.8 GW. In addition, the primary energy sources for some of the Uniper Group's power plants in Russia can be purchased locally without entailing considerable transportation costs, which significantly reduces the variable costs of these power plants compared with competitors.

These circumstances have enabled the Uniper Group to run its fleet of power plants in Russia very efficiently, and secure a strong position in the country-specific merit order, which in turn has had a positive impact on the utilization and profitability of the power plants, and in the past has led to predictable income for the Uniper Group in the Russian electricity market.

Leading player in the midstream gas business in Europe

The Uniper Group is one of the leading players in gas business in Europe. From the purchase of natural gas on the international procurement markets to the transport, storage and sale of natural gas to major customers, the Uniper Group covers the entire value chain and has significant expertise and know-how for these activities.

The gas activity is bundled within the Global Commodities segment and thus ensures that the Uniper Group has access to global natural gas wholesale markets. As a result, the gas portfolio which includes the long-term gas procurement contracts, sales portfolio, transport bookings and gas storage facilities, can be optimized in the short to medium term.

The Uniper Group has a portfolio of long-term gas procurement contracts with a total volume of over 400 TWh (as of December 31, 2015), of which some key long-term contracts run until 2035. The contracts provide for price adjustment formulas which ensure that the price is in line with the market (see also section “2. Risk factors — 2.7 Legal risks for the business of the Uniper Group — 2.7.3 Risks arise for the Uniper Group’s business from pending or threatened litigations.”). The price formulas and other contractual terms are periodically adapted to structural market changes in the context of a contractually agreed price review procedure. As a result of the intra-group optimization of the trading activities, which comprise its sales as well as its activities on the wholesale markets, the Uniper Group actively addresses the risks arising under long-term gas procurement contracts.

In addition, the Uniper Group has long-term reservations for regasification capacities in Europe, which enable it to participate in global LNG trading. Furthermore, its total working gas capacities of 8.8 billion m³ (as of December 31, 2015) in its underground storage facilities in Germany, Austria and the United Kingdom enable the Uniper Group to leverage seasonal price effects and short-term fluctuations in gas prices. Finally, the Uniper Group has acquired investments in major gas pipelines in Europe, or has contractually secured the corresponding capacity, thus facilitating cross-border gas transport between Germany and its neighboring countries, and securing an integrated market position for the Uniper Group in gas trading operations in Europe.

The Uniper Group also has an almost 25% stake in the Russian gas field Yuzhno-Russkoye, with high and stable levels of gas production until the start of the next decade and no significant expected investment needs.

Based on its fully integrated gas business and cross-border positioning, all positions of the Uniper Group in gas trading can be uniformly managed and optimized by the Global Commodities segment. In the past, this has enabled the Uniper Group to generate stable earnings in the gas business.

Diversified sources of income and reliable cash flows even in a difficult market environment

With the conventional power generation in Europe, its integrated gas business, the strong business in Russia, its stake in the Yuzhno-Russkoye gas field, and the global coal and freight trading operations, the Uniper Group is active in a range of markets and business areas in connection with power generation and trading in electricity and commodities.

Through its broad-based positioning and diversified revenue streams, for example from the power generation through various power plant types and in various markets, commodities trading and the gas storage business, the Uniper Group has in the past been able to generate reliable cash flows, even in a difficult market environment subject to numerous changes.

Focus on steady cost reduction, while increasing efficiency and profitability

In a difficult market environment, the Uniper Group in the past has repeatedly demonstrated its ability to continually increase the efficiency and profitability of its generation fleet.

Consistent implementation of optimization measures, along with the reduction of the capacities of the Uniper Group’s generation fleet, has led to significantly lower variable power plant costs and optimized use of the Uniper Group’s generation fleet – also in comparison with competitors of the Uniper Group. This meant that it was possible to reduce the annual Controllable Costs (see “9. Management’s Discussion and Analysis of Financial Condition and Results of Operations – 9.3 Key factors affecting the results of operations – 9.3.11 Cost reduction and optimization measures for the Uniper Group’s generation fleet and other measures to enhance efficiency and reduce costs”) in the European Generation segment from €1,639 million in fiscal year 2013 to €1,305 million in fiscal year 2015. It was possible to reduce the Controllable Costs in the six-month period ending June 30, 2016 by €65 million as compared with the six-month period ending June 30, 2015.

To identify further potential for optimization and ensure profitability, all of the Uniper Group’s generation units undergo an ongoing evaluation which, in particular, also takes stock of external circumstances, such as the development of the market as a whole. If it is found that a power plant can no longer be operated profitably for the foreseeable future, further measures are taken within the scope of regulatory requirements, up to the decommissioning of the plant, in order to increase the earnings power of the rest of the portfolio. For this reason, the Uniper Group has been reducing its generation capacities by 8.8 GW since fiscal year 2012, as these have no longer proved profitable.

In the past, the Uniper Group has repeatedly implemented programs to reduce costs and enhance efficiency in all its business areas. There it was possible to cut personnel costs in the Global Commodities segment by 26.8% from €304 million in fiscal year 2013 to €223 million in fiscal year 2015. At the same time, investments were reduced by 51% between 2013 and 2015. For the last five fiscal years in Russia, the International Generation segment has managed to keep the rise in power plant operating costs (not taking into account the costs for primary energy sources) below the local rate of inflation.

Experienced management and extensive expertise in the field of power generation and commodities trading

The Uniper Group's management has many decades of experience in the industry, with in-depth knowledge of the energy and commodity markets. The principle of operational excellence is deeply embedded within management and instilled in the corporate culture.

Moreover, the Uniper Group has a pool of experienced and talented employees with extensive expertise and know-how in all aspects of the commodity and energy markets, as well as in the construction, maintenance, operation, and optimization of power plants.

11.4 STRATEGY

11.4.1 Strategic focus

The Uniper Group's long-term aim is to further extend its leading market position in its existing business activities, by focusing on its competitive strengths and market opportunities. The Uniper Group also intends to build on the successful efficiency gains and cost reductions achieved to date in all segments.

11.4.2 Megatrends

The Uniper Group believes that the energy and commodity markets throughout the world were affected by the following megatrends in recent years:

In Europe, the primary focus is directed toward reducing CO₂ emissions and increasing power generation from renewable energies. The United States aims to be largely independent of energy imports, whereas Russia is primarily interested in utilizing its national resources. In many other regions of the world, focus lies on ensuring an affordable energy supply, which often also entails using nationally available raw materials.

The Uniper Group considers that these trends will deliver a range of opportunities as well as challenges for the Uniper Group's business activities:

Further to the energy transition, *i.e.*, the increased use of renewable energies in power generation, and taking into consideration changes in the regulatory environment, the Uniper Group expects conventional power plants to start playing a different role in Europe with respect to power generation. While conventional power plants in the past were primarily used to generate energy to cover demand, the Uniper Group believes that they will increasingly be used to ensure the security of supply and system stability in the future. In this context, the Uniper Group believes it possible that alternative remuneration structures for the provision of generation capacity, such as capacity markets, will increasingly be adopted.

Following the nuclear reactor accident at the Fukushima, Japan, in 2011, Germany resolved to phase out nuclear generation by 2022. The Uniper Group believes that gradually shutting down nuclear generation units will have a marked impact on Germany's power market in the future.

Finally, in view of the expiry of existing supply obligations and decline in European production, the Uniper Group expects European natural gas supply in the coming years to be characterized by a growing gap between supply and demand, which needs to be filled by introducing new sources of supply.

Worldwide, the Uniper Group assumes that demand for power will continue to grow and as a result conventional generation capacity, including from gas- and coal-fired facilities, will continue to be expanded. In the Company's opinion, this will also lead to an increase in global trade flows for coal and LNG.

11.4.3 Strategy

In view of these megatrends, the Uniper Group pursues the following strategic goals, to optimize and further expand its existing business activities, to safeguard the competitiveness and viability of the Uniper Group in a changing market environment in the long term, and to generate sustainable cash flows:

- Contribute to ensuring system stability in the European electricity and gas markets
- Utilize the increasing interconnectedness of global energy markets
- Participate in the growth of the electricity markets worldwide

As part of the process toward achieving these long-term goals, the Uniper Group adopts the strategy of primarily making use of its existing capacities and know-how.

(i) *Contribute to ensuring system stability in the European electricity and gas markets*

The Uniper Group has a portfolio of efficient conventional power plants in Europe and Russia, with a generation capacity of 37,598 MW in the six-month period ending June 30, 2016 (in proportion to the Uniper Group's stake in the power plants). Using this portfolio, the Uniper Group intends to contribute to ensuring system stability in the European electricity markets. Power generation from renewable energies has been steadily developed in the last few years in Europe. However, the available volumes of electricity from renewable energies are subject to significant fluctuations, depending on meteorological and hydrological factors, such as sunshine, wind, rain, and water levels. This in turn has brought about changes in the role played by conventional power plants in power generation. Whereas in the past, they were primarily used to generate energy to cover demand, in the future they will mainly be used to ensure the security of supply and provide generation capacity that may be called upon in periods in which less energy is generated from renewable sources.

Given the distribution across different countries and regions, and the use of varying technologies and energy sources, the Uniper Group's portfolio of power plants is favorably positioned in the market to meet the new demand for flexible and controllable conventional energy generation and to leverage the emerging opportunities, such as the possible establishment of capacity markets.

To reinforce its competitive position, further enhance its profitability, and increase its attractiveness to capital markets, the Uniper Group will continue with and further develop the measures it has already taken to achieve cost leadership – including overheads – in operating its power plants. This may also include decommissioning power plants found to be unprofitable in the long term, or selective consolidation options to be reviewed on a case-by-case basis. As a general rule, investments in existing facilities are strictly subject to profitability considerations – unless such investment is prescribed by law. However, if there are attractive conditions for investing, for example multi-year guaranteed capacity payments, in the medium term the Company will not exclude the possibility of new investments in the corresponding markets, to participate in the transformation on the European energy markets.

A clear area of strategic focus for the Uniper Group is on diversifying portfolio risks, so that it can increasingly generate alternative income that is not affected by fluctuations in commodity prices. This may also include, for example, remuneration for contributions to system stability (e.g., through reserve products, capacity market payments, or reserve power plant remuneration), or involve entering into new end-customer contracts for the supply of electric energy, process steam, or heat. In this respect, the Uniper Group will focus in particular on developing its good business relations with industrial customers.

With respect to ensuring stability in the European gas market in the long term, the Uniper Group strives to be one of the leading players in Central Europe on the basis of its long-term procurement contracts, gas storage facilities, and pipeline capacities. The Uniper Group thus plans to increase the flexibility in its gas portfolio, with a view to broadening its margins in trading with gas. The Uniper Group also intends to keep optimizing costs in its portfolio of gas storage facilities, by reducing operating costs, so that it can improve its competitive position in this market segment as well.

The Uniper Group is moreover convinced that through its Global Commodities segment, it will be able to play a leading role in the process of integrating Europe in the global trade of coal and LNG. This will allow the Uniper Group to keep offering its customers alternative purchase options for coal and LNG that are not dependent on European raw material reserves or individual suppliers, and thus contribute to ensuring the supply of raw materials.

(ii) *Utilize the increasing interconnectedness of global energy markets*

The Uniper Group believes that the growing dynamism and interconnection of the global markets will present new opportunities for the Uniper Group's trading activities. The Uniper Group therefore plans to further expand and continually improve its globally networked portfolios of energy and commodity positions, and its global energy trading activities, with a view to taking advantage of price differences in increasingly globalized markets, in particular with coal and LNG, by concluding procurement and supply positions.

With respect to the global coal market, the Uniper Group already enjoys established market access, with its existing procurement positions to supply its own generation fleet in Europe. Building on this, the Uniper Group intends to enter into partnerships with other coal-fired power plant operators in particular, including operators outside Europe, in order to expand its procurement position and generate additional low-risk revenues by leveraging price differences in the global market. In the medium term, the Uniper Group expects its procurement position for coal to decrease, in view of the decline in its own generation portfolio. Substantial own investment in coal-fired power plants is not currently planned. The Uniper Group therefore aims to develop the already existing third-party business in the form of supplying third party coal-fired power plants or marketing the coal produced by third parties, so that it can continue to participate in global coal-trading operations with significant volumes. In fiscal year 2015, supply and marketing to third parties already accounted for more than 50 % of the Uniper Group's overall trading volumes of coal. The aim is to step up trading activities with coal, particularly in the Pacific market, which is most affected by the forecast growth in new coal-fired power plant capacity. The Uniper Group therefore aims to exploit regional arbitrage opportunities between the coal markets in the Pacific and Atlantic region. The Uniper Group envisages further potential for growth by utilizing existing freight positions that can be improved by optimizing routes or incorporating other cargo. To this end, the Uniper Group increasingly markets its freight services to third parties.

In its global trading operations with LNG, the Uniper Group seeks to build up a portfolio of procurement and sales contracts, based on the existing regasification capacity in Europe and the long-term procurement contracts already concluded. Using its existing regasification capacity in Europe, in particular its long-term hedged terminal capacity, the Uniper Group is able to feed contracted LNG volumes into the European gas pipeline system and market these volumes as part of the Uniper Group's gas portfolio. The Uniper Group aims to further increase utilization of these terminals, which in turn will improve the revenue situation. To reduce the risk of price fluctuations in long-term LNG procurement contracts, the Uniper Group aims to hedge these contracts by entering into corresponding sales contracts. To further improve its global network of procurement and sales contracts, the Uniper Group plans to further diversify its existing long-term procurement portfolio. Furthermore, by setting up short- and medium-term positions, the flexibility of the portfolio should increase as a whole.

(iii) *Participate in the growth of the electricity markets worldwide*

With its efficient generation activities established in the market in Europe and Russia, the Uniper Group finds itself in a good initial position to participate in the growth of the electricity markets worldwide.

In this respect, the Uniper Group envisages potential for growth in particular in the following areas:

Services for third parties

To take advantage of the know-how within the Uniper Group, the aim is to keep driving forward and developing the provision of energy services for third parties, for example in the area of development, planning, operation, maintenance, fuel supply, and marketing of power plants and gas storage facilities. Possible customers for such services in the European markets include in particular

other power plant operators wanting to reduce their costs by outsourcing activities and streamlining their internal procedures, as well as investors that do not have technical expertise of their own in such services or only have limited expertise. Globally, the Uniper Group plans in particular to approach investors or investor groups that are looking for partners with the necessary technical expertise to build and operate new power plants. In this respect, the Uniper Group aims to adopt a business model, in which local partners are engaged in line with the scope and nature of the services to be provided, for example to perform power plant overhaul works.

By providing services to third parties, the Uniper Group is also able to exploit synergies with other business areas. For example, if services are taken on to supply a power plant with coal or gas, new sales and procurement contracts can be concluded for these commodities, which in turn offers the Uniper Group further opportunities in its Global Commodities segment to leverage price differences on the global markets.

The long-term goal of the Uniper Group is to become the leading service-provider for bundled services from a single source across the entire value chain (from fuel supply, through operation, to marketing) and for the entire lifecycle of power plant and gas storage facilities (from planning to decommissioning).

Global generation investments

To a limited extent in the medium term, the Uniper Group plans to establish a global portfolio of selected power plant investments, so that it can participate in the growth of global demand for power and conventional generation technologies. The related investment risk will be managed by restricting the amount of equity used in minority interests, through sharing risks with partners, using additional income from fuel procurement and the maintenance and operation of power plants, and by establishing a clear investment strategy (including a comprehensive audit process) when selecting projects.

Further development of business in Russia

With respect to the significance of its business in Russia, the Uniper Group aims to secure the income generated in Russia by continuing to focus specifically on cost leadership and operational excellence.

To further develop its business in Russia, in the medium term the Uniper Group plans, *inter alia*, to implement modernization projects paid for via the Russian capacity market system, to invest in decentralized generation technologies (for example, combined heat and power facilities), and to provide services for third parties.

11.4.4 Strategy implementation

When implementing its overall strategy as set out above, the Uniper Group intends to proceed on the basis of two successive phases.

Phase 1 – “Portfolio optimization”

During the first phase, which has been running since January 1, 2016, the strategic focus of the Uniper Group aims at significantly optimizing its direct and indirect costs and improving efficiency in investing capital. The plan is for lower average investments in the period from 2016 to 2018 than in the previous fiscal years. At the same time, the Uniper Group is continually adapting its organizational structures and processes to the Company's strategic orientation, with the aim of reducing costs.

In addition, it is planned to sell off parts of companies to the extent of more than €2 billion to further strengthen the balance sheet. All in all, the Uniper Group plans to comfortably lower the ratio of economic net debt to Adjusted EBITDA to below 2:1 and the ratio of net financial position to Adjusted EBITDA to below 1:1.

The objective of these measures, among other things, is to permanently strengthen the Uniper Group's existing long-term investment grade rating of BBB- with a stable outlook, which it had received from Standard & Poor's on May 10, 2016. In this way it will be possible to guarantee the vital access to the commodity trading markets and attain a stable and strong financial position in the volatile commodity markets.

Phase 2 – “Focused growth”

The second phase of implementing the strategy will follow on from the first phase, and should be fully implemented in the next decade.

As in the previous phase, the focus in this phase will be geared toward increasing operational and capital efficiency as a basic requirement for future growth. In doing so, revenue opportunities with little or no exposure to market price risk are sought. In addition to the expansion of activities and existing facilities in Europe with regard to ensuring security of supply and securing contracted income, the global trading portfolio with coal and LNG will continue to be expanded, the service business with third parties will be broadened, and selected investments in global power plant projects (with additional opportunities from the supply of fuel or provision of services for these power plants) will be acquired.

11.5 SEGMENTS

11.5.1 Overview

The Uniper Group is divided into three operating segments: European Generation, Global Commodities, and International Power Generation. In addition, the cross-segment non-operating functions carried out centrally for all segments of the Uniper Group are brought together under Administration/Consolidation.

The following table provides an overview of the segments of the Uniper Group and the Administration/Consolidation reconciliation item, and the activities within the individual segments:

	Uniper Group			
	Segments			
	European Generation	Global Commodities	International Power Generation	Administration / Consolidation
Activities	<ul style="list-style-type: none"> Hydropower Nuclear power (Sweden) Fossil-fuel generation Other 	<ul style="list-style-type: none"> Electricity⁽¹⁾ Gas⁽²⁾ Yuzhno-Russkoye gas field Coal & freight/ LNG/oil 	<ul style="list-style-type: none"> Russia Brazil 	

(1) Including energy sales, business in the United States, and CO₂ certificate trading.

(2) Including gas sales, gas storage operations, and gas infrastructure investments.

European Generation segment

The European Generation segment comprises the Uniper Group’s various generation facilities used in Europe (excluding Russia and the Czech Republic) for the purpose of generating power and heat. In addition to fossil-fuel power plants (coal-fired, gas-fired, oil-fired, and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden, a biomass plant in France, and a small number of photovoltaic and wind power facilities. The majority of the energy generated is sold within the Group by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. Apart from the power plant business, the European Generation — Fossil-fuel generation activity comprises the marketing of energy services to other market participants (“third party services”), which range from fuel procurement to engineering, operational, maintenance and marketing services. As part of the European Generation — Other activity, power plant maintenance and other tasks are performed for both the Uniper Group as well as for third parties by UTG and its group companies.

Global Commodities segment

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) in the European Generation segment are procured, CO₂ certificates are traded, the majority of the electricity produced is marketed, and the power plant portfolio is optimized by managing the use of the power plants. All gas trading activities, *i.e.*, gas procurement on the basis of procurement contracts, trading on the energy markets and the distribution to wholesale customers are also bundled under this segment. This segment also bundles gas infrastructure investments and gas storage operations, as well as all the activities of the Uniper Group relating to its investment in the Siberian gas field Yuzhno-Russkoye in Russia. Beyond its own requirements, the Uniper Group also has activities in coal and LNG trading around the globe, and in the worldwide acquisition, trading, and marketing of freight allotments.

International Power Generation segment

The International Power Generation segment brings together the operating generation business of the Uniper Group in Russia and Brazil. With respect to the business in Russia, Unipro PJSC (formerly E.ON Russia JSC), an exchange-listed company in Russia in which the Uniper Group has an 83.7 % holding (as of June 30, 2016), is responsible for all the activities in connection with power generation in Russia. These include the procurement of fuels needed for the power plants, the operation and management of the plants, and the trading in and sale of the energy produced. Currently, the Uniper Group's business in Brazil comprises a 12.3% financial investment (as of June 30, 2016) in the energy utility ENEVA held by the Uniper Group and a directly held 50 % shareholding (as of June 30, 2016) in Pecém II Participacoes S.A., which operates a coal-fired power plant in the Brazilian state of Ceará.

Administration/Consolidation

The cross-segment non-operating functions carried out centrally for all segments of the Uniper Group are brought together under Administration/Consolidation. In addition, the consolidations to be carried out at Group level take place here.

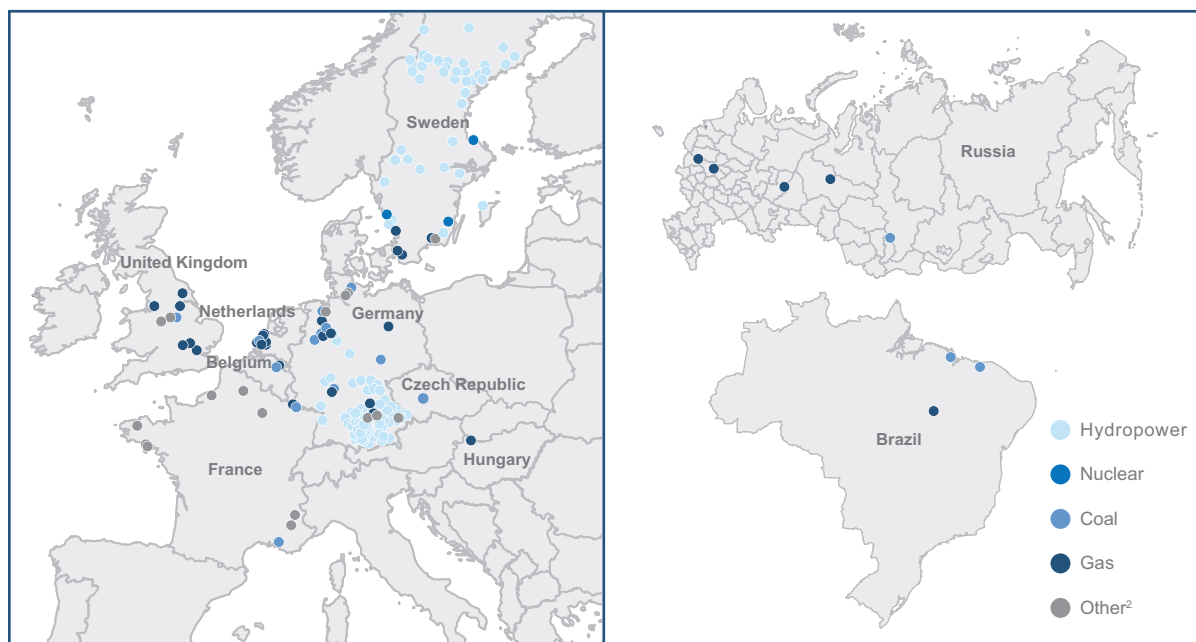
The following table provides an overview of the sales generated by the Uniper Group and in the individual segments, as well as the key figures for the Uniper Group:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Sales					
European Generation	3,250	3,902	7,563	8,246	9,083
Intersegment sales	1,786	2,371	4,547	5,024	5,654
External sales	1,464	1,531	3,016	3,222	3,429
Global Commodities	32,827	44,619	91,207	86,672	93,767
Intersegment sales	1,475	1,808	3,235	3,196	4,322
External sales	31,352	42,811	87,972	83,476	89,445
International Power Generation	510	556	1,134	1,529	1,879
Intersegment sales	—	—	—	—	—
External sales	510	556	1,134	1,529	1,879
Administration/Consolidation	-3,260	-4,166	-7,789	-8,222	-9,979
Intersegment sales	-3,261	-4,179	-7,782	-8,220	-9,976
External sales	1	13	-7	-2	-3
Total sales	33,327	44,911	92,115	88,225	94,750
Adjusted EBIT					
European Generation ⁽¹⁾	120	195	506	539	504
Global Commodities ⁽¹⁾	1,095	334	262	173	328
International Power Generation ⁽¹⁾	-39	106	236	316	410
Administration/Consolidation ⁽¹⁾	-41	-90	-203	-202	-194
Total adjusted EBIT⁽¹⁾	1,135	545	801	826	1,048
Adjusted EBITDA					
European Generation ⁽¹⁾	406	515	1,125	1,331	1,254
Global Commodities ⁽¹⁾	1,165	420	449	362	546
International Power Generation ⁽¹⁾	5	150	335	465	609
Administration/Consolidation ⁽¹⁾	-36	-85	-192	-192	-182
Total Adjusted EBITDA⁽¹⁾	1,540	1,000	1,717	1,966	2,227
Investments	292	418	1,083	1,531	2,202

(1) Adjusted for non-operating effects (see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures").

The following diagram provides an overview of the generation units of the Uniper Group available in the individual countries, broken down by type of energy generation, as of December 31, 2015 (including minority shareholdings of the Uniper Group).

Diagram 7 – Generation units of the Uniper Group⁽¹⁾



- (1) The diagram shows the power plants in operation in fiscal year 2015 with a generation capacity exceeding 5 MW.
 (2) Includes solar, wind and biomass.

The following table provides an overview of the number of generation units of the Uniper Group available in the individual countries, broken down by type of energy generation, in fiscal year 2015 (including minority shareholdings of the Uniper Group). Generation assets were included if the power plant was in operation or under construction in fiscal year 2015:

	Number	Comments
Hydroelectric power plants	202	Run-of-river and storage power plants are not counted at the level of the individual units but at power plant level
<i>in Germany</i>	124	
<i>in Sweden</i>	78	
Nuclear power plants in Sweden	9	
Gas and steam power plants	73	
<i>in Belgium</i>	3	Two power plant units sold as of January 8, 2016.
<i>in Brazil</i>	4	
<i>in Germany</i>	7	
<i>in France</i>	2	
<i>in the United Kingdom</i>	13	
<i>in the Netherlands</i>	11	
<i>in Russia</i>	23	
<i>in Sweden</i>	9	
<i>in Hungary</i>	1	
Coal-fired and gas-fired power plants	44	
<i>in Belgium</i>	2	Both power plant units sold as of January 8, 2016.
<i>in Brazil</i>	2	
<i>in Germany</i>	23	Of which two power plant units are not operationally active.
<i>in France</i>	2	
<i>in the United Kingdom</i>	6	
<i>in the Netherlands</i>	3	
<i>in Russia</i>	3	
<i>in Sweden</i>	2	
<i>in the Czech Republic</i>	1	
Biomass-fired power plants	3	
<i>in France</i>	1	
<i>in the United Kingdom</i>	1	The power plant was decommissioned in fiscal year 2015.
<i>in the Czech Republic</i>	1	
Wind power facilities in France	6	
Solar facilities	3	
<i>in France</i>	2	
<i>in the Czech Republic</i>	1	

11.5.2 European Generation segment

(i) Overview

The European Generation segment comprises the Uniper Group's various generation facilities used in Europe (excluding Russia and the Czech Republic) for the purpose of generating power and heat. In addition to fossil-fuel power plants (coal-fired, gas-fired, oil-fired, and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden, a biomass plant in France, and a small number of photovoltaic and wind power facilities. Apart from the power plant business, the European Generation — Fossil-fuel generation activity comprises the marketing of energy services to other market participants ("third party services"), which range from fuel procurement to engineering, operational, maintenance and marketing services. As part of the European Generation — Other activity, power plant maintenance and other tasks are performed for both the Uniper Group as well as for third parties by UTG and its group companies.

The European Generation segment is divided into the activities of Hydropower, Nuclear power (Sweden), Fossil-fuel generation, and Other. The Fossil-fuel generation activities are in turn divided into the sub-activities of Gas and steam, and Coal.

The majority of the energy generated is sold within the Group, for the purposes of short- and medium-term sales, by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. To this end, the Global Commodities segment purchases either generated electricity or power plant capacity from the European Generation segment, for which it pays internally via a system of transfer pricing based on normal market terms.

The European Generation segment is also responsible for the long-term asset-based sales contracts of the Uniper Group. Capacity at the Uniper Group's power plants in Europe is sold to major customers on the basis of long-term contracts. Within the scope of such contracts, customers can purchase the capacity of specific power plants in the form of electricity, steam, and district heating, to meet their individual requirements. The European Generation segment is also responsible for the fuel supply contracts for these contracted power plants, which are used to fulfill distribution contracts. Additional energy-related activities include the contract management of grid contracts, billing, and gross profit planning for the contracted power plants of the Uniper Group.

Earnings generated via long-term asset-based sales contracts, power plant reserve mechanisms and regulatory income (e.g., capacity premiums and EEG fee) made up a share of approximately 40% of the Adjusted EBITDA of the European Generation segment in fiscal year 2015. ("non-wholesale EBITDA")¹. The remaining 60 % of the Adjusted EBITDA of the European Generation segment ("wholesale EBITDA") was generated through sales of generated energy to the Global Commodities segment within the Group, which then sells it on the energy markets and resells it in part to major customers via its own sales unit Uniper Energy Sales GmbH.

The following table provides an overview of the sales and other key figures for the European Generation segment:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Sales	3,250	3,902	7,563	8,246	9,083
<i>Intersegment sales</i>	1,786	2,371	4,547	5,024	5,654
<i>External sales</i>	1,464	1,531	3,016	3,222	3,429
Adjusted EBIT⁽¹⁾	120	195	506	539	504
Adjusted EBITDA⁽¹⁾	406	515	1,125	1,331	1,254
Investments	177	275	774	877	1,018

(1) Adjusted for non-operating effects (see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures").

Of the Adjusted EBITDA generated by the European Generation segment in fiscal year 2015 amounting to €1,125 million, €548 million related to activities in Germany and Hungary and €580 million to activities outside Germany and Hungary. The Adjusted EBITDA generated by the European Generation segment also includes consolidation effects amounting to €-3 million in fiscal year 2015. In fiscal year 2015, €249 million of the activities in Germany and Hungary related to Hydropower, and €298 million to Fossil-fuel generation; with respect to activities outside Germany and Hungary, €196 million related to Hydropower, €178 million to Fossil-fuel generation, and € 230 million to Nuclear power (Sweden) and € -24 million to Other activities.

In fiscal year 2015, the Hydropower activity in the European Generation segment generated an Adjusted EBIT of €389 million (Adjusted EBITDA: €446 million), the Nuclear power activity (Sweden) an Adjusted EBIT of €137 million (Adjusted EBITDA: €230 million), the Fossil-fuel generation activity

¹ In calculating the "non-wholesale EBITDA", certain overheads (central control and support functions) not directly connected with specific power plants are allocated, depending on the relevant technology used for the power generation, on the basis of individual distribution keys which the Uniper Group developed and consistently applied in the period between January 1, 2013 and the date of publication of this Prospectus.

an Adjusted EBIT of €11 million (Adjusted EBITDA: €476 million) and the Other activities an Adjusted EBIT of €-29 million (Adjusted EBITDA: €-24 million).

In the six-month period ending June 30, 2016, the Hydropower activity in the European Generation segment generated Adjusted EBIT of €99 million (Adjusted EBITDA: €127 million), the Nuclear power activity (Sweden) an Adjusted EBIT of €8 million (Adjusted EBITDA: €38 million), the Fossil-fuel generation activity an Adjusted EBIT of €20 million (Adjusted EBITDA: €239 million) and the Other activities an Adjusted EBIT of €-8 million (Adjusted EBITDA: €2 million).

The capacities of the generation portfolio of the European Generation segment amounted to a total of 28,192 MW in the six-month period ending June 30, 2016 (fiscal year 2015: 30,508 MW, 2014: 33,883 MW, 2013: 34,532 MW) (each taking into account the Uniper Group's stake in the individual power plants). The capacities of fully consolidated power plants of the European Generation segment (taking into account long-term supply contracts) amounted to a total of 28,707 MW in the six-month period ending June 30, 2016 (fiscal year 2015: 31,566 MW, 2014: 34,994 MW, 2013: 36,132 MW). In terms of generation capacity, the most significant countries for the activities of the European Generation segment are Germany, Sweden, and the United Kingdom. The European Generation segment also operates in France, the Benelux countries and Hungary.

In fiscal year 2015, the annual power generation attributable to the Uniper Group generated by the power plants of the European Generation segment amounted to 83.3 TWh (2014: 85.1 TWh, 2013: 105.1 TWh) (excluding long-term supply contracts for hydropower). Of this, approximately 32 % of the power generation was attributable to the CO₂-free power generation by hydroelectric power plants and nuclear power plants in Sweden.

For the fiscal years ended on December 31, 2015, 2014, and 2013 respectively, the following table shows the generation capacities for the power plant portfolio of the European Generation segment (for fully consolidated power plants). Generation capacities are included if a power plant was in operation in the respective year.

	Fiscal year ending December 31,		
	2015	2014 (unaudited) (in MW)	2013
Generation capacity			
Hydroelectric power plants ⁽¹⁾	4,179	4,171	4,348
Nuclear power plants in Sweden	2,511	2,511	2,511
Coal-fired power plants	9,905	12,649	13,490
Gas and steam power plants	11,708	11,706	11,826
Other	3,263	3,957	3,957
Total	31,566	34,994	36,132

(1) Including long-term supply contracts.

The following table shows the power generation attributable to the Uniper Group generated by the power plants of the European Generation segment, broken down by type of generation, for fiscal years 2015, 2014, and 2013 (for fully consolidated power plants). Long-term supply contracts have not been taken into account.

	Fiscal year ending December 31		
	2015	2014 (unaudited) (in TWh)	2013
Attributable power generation			
Hydroelectric power plants	14.5	12.2	12.6
Nuclear power plants in Sweden	12.2	12.3	11.7
Coal-fired power plants	38.8	44.1	59.3
Gas and steam power plants	15.3	14.4	19.5
Other	2.5	2.1	2.0
Total	83.3	85.1	105.1

In the opinion of the board of management of the Company, the European Generation segment altogether has a balanced generation portfolio for its business with respect to the mix of individual

energy sources, based on load type requirements (base, average, and peak load) and the age structure of the power plants.

The Global Commodities segment performs fuel procurement and logistic services for the power plants of the European Generation segment, including CO₂ certificate management, management of power plant use, as well as most of the marketing and sales activities for the generated energy (see “11.5 Segments — 11.5.3 Global Commodities segment”).

(ii) European Generation — Hydropower activity

The European Generation—Hydropower activity includes the 202 hydroelectric power plants of the Uniper Group in Germany and Sweden (as of December 31, 2015), which generated approximately 14.5 TWh of electricity in fiscal year 2015 (2014: 12.2 TWh, 2013: 12.6 TWh) (excluding long-term supply contracts), approximately 5.8 TWh of which related to Germany and 8.7 TWh to Sweden. In fiscal year 2015, the power plant capacity of European Generation — Hydropower activity amounted to 4,179 MW (for fully consolidated power plants, including long-term procurement contracts), approximately 62.5 % of which related to Germany and 37.5 % to Sweden.

Variable costs for the TWh generated through the operation of hydroelectric power plants are lower than with other forms of power generation, as no fuels are used. Either run-of-river power plants or storage power plants or pumped storage power plants are used to generate energy, depending on the topographical conditions of the respective sites.

Run-of-river power plants by rivers or canals make up the majority of the hydroelectric power plants operated. These plants utilize the existing difference in altitude (referred to as the fall height) between the higher level on the upstream side and lower level on the downstream side, and drive turbines to generate electricity using the water stored behind a dam. Run-of-river power plants generally contribute to base load generation.

Storage power plants exploit the difference in altitude between the waters of a naturally fed high-level reservoir and a hydroelectric power plant at a lower level. The water flows via a system of pipes or tunnels, and drives the turbines of the power plant located in the valley below to generate electricity. A water storage facility ensures a high level of flexibility in terms of time for generating electricity. For example, it is possible to temporarily convey significantly more water through the turbines than flows into the water storage facility, so that a very high level of electricity output can be generated within a short space of time. As a result, the supply of water for power plants is subject to seasonal fluctuations. These storage power plants are primarily used during peak load periods, when the demand for power rises sharply at short notice, as they ensure balancing reserves to stabilize electricity supply.

Pumped storage power plants pump water into a storage basin, which is located at a higher altitude and is usually artificially created, without any natural water supply. At times of peak demand, the water drives the turbines of the power plant in the valley below to generate electricity; when energy demand is lower, the unused electricity capacity is used to pump the water up to the basin. Pumped storage power plants are mainly used to balance short-term peaks in energy demand. They also serve to stabilize power supply by providing balancing reserves.

The functional management of the European Generation — Hydropower activity is performed by Uniper Kraftwerke GmbH. The activity is divided into sub-activities on the basis of regions: Germany and Sweden. The total of 124 water-operated power plants which belong to the Uniper Group in Germany are managed from the Landshut, Germany site. The 78 hydroelectric power plants in Sweden are managed from the Sundsvall, Sweden site.

In June 2016, the Swedish government reached a consensus with the largest opposition party on a framework agreement for energy policy. In this context it was agreed that the annual property tax on hydropower plants in Sweden was to be reduced from the current rate of 2.8 % to 0.5 %. A calculated market value of the plants would serve as assessment basis for the tax. The tax reduction is to be phased in gradually over a period of four years starting in 2017. As of the date of this Prospectus, no legislative action has yet to be taken to implement the planned tax reduction. The Uniper Group believes that the reduced property tax will have a positive effect on the earnings of the European Generation — Hydropower activity.

(iii) European Generation—Nuclear power (Sweden) activity

The Uniper Group only operates nuclear power plants in Sweden. The European Generation — Nuclear power (Sweden) activity brings together a total of nine reactor units operated by the Uniper Group in Sweden or reactor units in which the Uniper Group holds a stake. In fiscal year 2015, these facilities generated approximately 12.2 TWh of electricity (2014: 12.3 TWh, 2013: 11.7 TWh).

The total capacity of the reactor units operated by the Uniper Group in Sweden amounted to 2,852 MW in fiscal year 2015 (in proportion to the Uniper Group's stake in the power plants).

The Uniper Group operates two boiling-water reactors at the Oskarshamn site, in which it holds a majority stake. These reactors differ in terms of age and generation capacity. The Uniper Group also owns minority shareholdings in a further seven reactor units (pressurized-water reactors as well as boiling-water reactors) of nuclear power plants at the sites of Ringhals and Forsmark in Sweden, which are operated by other energy producers (as of December 31, 2015). Boiling-water reactors only have one steam and water loop for the water, which is used as a moderator and coolant, whereas pressurized-water reactors have a primary and secondary loop. Unlike with boiling-water reactors, the operating pressure of the water is selected such that it does not boil at the planned operating temperature. The Uniper Group also owns two decommissioned nuclear power plants in Barsebäck, Sweden, which have not yet been dismantled.

Not least because of the drop in wholesale prices for electricity over the last few years, the Uniper Group is not currently planning to commission any further nuclear power plants in Sweden, or to establish any shareholdings in such plants. After the nuclear power plant in Barsebäck was decommissioned back in 2005, it was decided on at the end of 2015 and at the beginning of 2016 to decommission two of the three reactor units still in operation in Oskarshamn. While one of these two reactor units has already been decommissioned and is currently in post-operation phase, the second reactor unit is planned to enter the post-operation phase as of June 2017. As for the third reactor unit, the plan is currently to keep it in operation until probably 2045. In addition, operation of two further reactor units in the Ringhals facility in Sweden, in which the Uniper Group owns a minority shareholding, is planned to be discontinued by 2020. At present, a phase-out of nuclear power is also being discussed in Sweden. However, in June 2016 the Swedish government and the largest opposition parties agreed a framework agreement on energy policy goals. Among other things, it permits the replacement of up to ten reactor units as they reach the end of their useful lives. At the same time, the tax on the installed thermal power of nuclear power plants will be phased out between 2017 and 2019. The abolition of this tax is expected to have a positive effect on the income from investments in the nuclear power plants. However, the political framework agreement has yet to be transposed into law. Following abolition of the tax, Vattenfall AB, the majority shareholder in the company operating the nuclear power plant units in Forsmark and Ringhals, has announced that it will modernize the three nuclear power plant units in Forsmark to enable their operation beyond 2020. A decision on whether to modernize the Ringhals 3 and 4 nuclear power plant units is expected in 2017.

In addition to operating the power plants, European Generation — Nuclear power (Sweden) is also responsible for the requisite planning and organization work involved in the disposal of the spent fuel elements, residual radioactive materials, and waste from dismantlement. These items are taken to a central intermediate storage site. In Sweden, radioactive waste may only be permanently disposed of in an approved final storage site; a permit for a storage site for the permanent disposal of highly radioactive waste has not yet been granted. As a nuclear power plant licensee, the Uniper Group is obligated to pay a contribution per kWh generated, which currently amounts to approximately 0.04 SEK/kWh and is recalculated every three years and subsequently set by the Swedish government. The amounts collected are managed by a government authority and paid into the state-regulated Swedish Nuclear Waste Fund. Dismantling and disposal obligations will nevertheless remain the responsibility of the Uniper Group, and will therefore be consolidated accordingly. As a nuclear power plant operator, it must guarantee acceptance of future costs in connection with the disposal of spent nuclear waste (see “13. Energy Law Environment” and “2. Risk Factors”).

(iv) European Generation — Fossil-fuel generation activities

The Uniper Group bundles all types of energy generation based on fossil fuels under its European Generation — Fossil-fuel generation activity. This activity is in turn divided into the sub-activities of Gas and steam, Coal as well as Oil and biomass.

(a) European Generation — Fossil-fuel generation — Gas and steam sub-activity

The European Generation — Fossil-fuel generation — Gas and steam sub-activity unites the generation of energy by gas and steam combined cycle power plants and pure gas-fired power plants.

The European Generation — Fossil-fuel generation — Gas and steam sub-activity generates energy in seven European countries and is responsible for 46 gas and steam power plant units (as of December 31, 2015).

In fiscal year 2015, the power plant capacity of the European Generation — Fossil-fuel generation — Gas and steam sub-activity amounted to 11,135 MW (each taking into account the Uniper Group's stake in the individual power plants), with 29% relating to Germany, 42% to the United Kingdom, 9% to Sweden, 7% to France, 9% to the Netherlands, 4 % to Hungary, and 1% to Belgium in fiscal year 2015. In fiscal year 2015, the power plants of the European Generation — Fossil generation — Gas and steam sub-activity generated approximately 15.3 TWh of electricity attributable to the Uniper Group (2014: 14.4 TWh, 2013: 19.5 TWh), with 11% relating to Germany, 53% to the United Kingdom, 5% to Sweden, 13% to France, 10% to the Netherlands, 7% to Hungary, and 1% to Belgium in fiscal year 2015.

The functional management for the European generation — Fossil generation — Gas and steam sub-activity is performed by Uniper Kraftwerke GmbH.

With pure gas-fired power plants, electricity is generated by the combustion of natural gas. Combined gas and steam plants combine the principles of a gas plant and a steam plant: The hot exhaust gases from the gas turbine are used in a heat recovery steam generator to produce steam. The steam then passes through a conventional steam turbine process, which in turn generates electricity or district heating. Combined gas and steam power plants achieve a higher level of efficiency than gas-fired plants or conventionally fired steam plants.

The natural gas required to generate power is mainly purchased by the European Generation — Fossil-fuel generation — Gas and steam sub-activity from the Global Commodities segment (Global Commodities — Gas activity). The Global Commodities segment purchases the requisite gas volumes from gas producers on the commodities markets, i.e., natural gas trading markets, primarily on the basis of long-term contracts (see “11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(iii) Global Commodities — Gas activity — 11.5.3(iii)(a) Procurement and portfolio optimization”). In individual cases, the gas is also procured directly by the power plants on the basis of local procurement contracts.

Not least because of the drop in wholesale prices for electricity over the last few years, the overcapacities leading to a lower utilization of power plant capacity, the expansion of renewables, and the consistently low prices for CO₂ certificates, the Uniper Group is not currently planning to construct any further combined gas and steam power plants. The margin to be generated between gas and electricity prices and the current market environment in Germany have already led to the decommissioning of individual combined gas-fired and steam power plants. If there are signs that legislators will create capacity markets, for instance in Germany or in other countries, the Uniper Group may decide to construct and commission further combined gas and steam power plants.

With capacity markets, the capacity guaranteed and provided by the respective supplier is already paid for. This means that income is generated even with generation capacity that may not be used. The corresponding capacities are offered sometimes several years in advance, or are auctioned. In addition to its activities in Russia (see “11.5 Segments — 11.5.4 International Power Generation segment — 11.5.4(ii) International Power Generation — Russia activity”), the Uniper Group has already participated in capacity auctions in the United Kingdom, where capacity is to be provided as of 2018. In the United Kingdom, nearly all of the Uniper Group's generation capacities were selected to participate in the capacity market. The appropriate supply prices are determined and offers are prepared jointly between the Global Commodities and European Generation segments. Capacity market payments are recorded in the accounts of the European Generation segment in each case. In addition, the Uniper Group is preparing to participate in further capacity market auctions in 2017.

In addition to the generation of electricity, the European Generation—Fossil-fuel generation—Gas and steam sub-activity also covers marketing activities and third-party energy services (third-party services). Third-party services is understood to mean sales of pooled energy services from a single source across the entire value chain and life-cycle of conventional generation assets. To this end, market participants operating outside the Uniper Group are offered services ranging from fuel procurement to engineering, operational, maintenance, trading and procurement services. The expertise of the Uniper Group as owner and operator of a diversified generation and trading portfolio, and its proven asset management methods (experience from best practice), extending beyond all technologies of the Group's own conventional generating fleet, can thus be applied to third-party business, and the value of the respective assets can be optimized for customers.

(b) *European Generation — Fossil-fuel generation — Coal sub-activity*

The European Generation — Fossil-fuel generation — Coal sub-activity comprises the generation of energy by steam power plants that are fueled by hard coal or to a small extent lignite. In addition, this sub-activity includes the German district heating business and other heating business.

The power plants belonging to the Coal sub-activity include 22 coal-fired power plants at 13 sites (as of December 31, 2015). In fiscal year 2015, the power plant capacity of the European Generation — Fossil-fuel generation — Coal sub-activity amounted to 9,565 MW (each taking into account the Uniper Group's stake in the individual power plants), with 40 % relating to Germany, 21 % to the United Kingdom, 12 % to France, 22 % to the Netherlands, and 5 % to Belgium in fiscal year 2015. In fiscal year 2015, the units attributable to the European Generation — Fossil-fuel generation — Coal sub-activity generated approximately 38.8 TWh of electricity attributable to the Uniper Group (2014: 44.1 TWh, 2013: 59.3 TWh), with 46 % relating to Germany, 13 % to the United Kingdom, 10 % to France, 26 % to the Netherlands, and 5 % to Belgium in fiscal year 2015.

The functional management for the European generation — Fossil generation — Coal is performed by Uniper Kraftwerke GmbH.

Coal-fired power plants generate electricity by burning coal and using the heat released in the process to convert water into steam. This steam is then used to operate a steam turbine.

Hard coal-fired power plants account for the majority of coal-based power generation operations. Lignite is used in only one power plant in Germany. The Uniper Group aims to continually reduce CO₂ emissions from coal-based power generation, by increasing efficiency and further developing the existing technology for generating electricity from hard coal. In fiscal year 2015, the coal-fired power plants of the European Generation — Fossil-fuel generation — Coal sub-activity had an overall capacity of 9,565 MW (each taking into account the Uniper Group's stake in the individual power plants).

The hard coal needed to generate energy is purchased within the Group by the European Generation — Fossil-fuel generation — Coal sub-activity from the Global Commodities segment (Gas and Coal & freight/LNG/oil activities), which primarily purchases it on the commodity markets (see "11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(v) Global Commodities — Coal & freight/LNG/oil activity"). The Global Commodities segment receives a corresponding payment for this coal. The lignite required to operate the power plant operated by the European Generation — Fossil-fuel generation — Coal sub-activity is purchased directly by the power plant from an integrated open-cast mine not belonging to the Uniper Group.

Not least because of the drop in wholesale prices for electricity over the last few years, and the overcapacities leading to a lower utilization of power plant capacity, the Uniper Group is not currently planning to construct further coal-fired power plants. It may also be necessary to decommission existing coal-fired power plants, if there are legal, strategic or commercial grounds for doing so. In the United Kingdom, the Uniper Group's generation capacities were selected to participate in the capacity market. In addition, the Uniper Group is preparing to participate in another capacity market auction in the United Kingdom for 2017.

A hard coal-fired power plant (Datteln 4), which the Uniper Group had decided to construct some time ago, is currently still to be constructed, and assuming the necessary construction and operating permits are granted, is expected to be commissioned in the first half of 2018 (see "11.12 Litigation — 11.12.1 Proceedings under public law"). Given the fact that long-term electricity supply contracts have already been entered into with customers, the Uniper Group aims to continue building this power plant, despite the change in market conditions.

(c) *European Generation — Fossil-fuel generation — Oil and biomass sub-activity*

The European Generation — Fossil-fuel generation — Oil and biomass sub-activity operates oil- and biomass-fired power plants. A biomass-fired power plant is currently under construction in France and one power plant in the United Kingdom is being dismantled. With both types of power plant, oil or biomass is used as a fuel to produce steam, in the same way as with coal-fired power plants. The steam is then used to generate electricity via turbines. Two of the 17 oil-fired power plant units of this sub-activity are located in Sweden, two others are located in the United Kingdom and the other 13 units are located in Germany. The generation capacity of oil-fired and biomass power plants together amounted to approximately 3,169 MW (each taking into account the Uniper Group's stake in the individual power plants) in fiscal year 2015. By virtue of an order issued by the BNetzA, three oil-fired power plant units in Germany are kept on standby to maintain electricity grid stability. It is therefore not possible for the Uniper Group to decommission the power plants in question for the duration of the order. For the continued operation of the power plant, the Uniper Group receives a payment and is reimbursed for a share of the operating costs. The oil needed to generate energy is purchased within the Group by the European Generation — Fossil-fuel generation — Oil and biomass sub-activity from the Global Commodities segment (Gas and Coal & freight/LNG/oil activities), which primarily purchases it on the commodity markets (see "11.5 Segments — 11.5.3 Global Commodities segment"). For historical reasons, fuel procurement in connection with power generation on the basis of biomass falls within the scope of the European Generation — Fossil-fuel generation — Oil and biomass sub-activity.

(v) *European Generation — Other activity*

The European Generation — Other activity encompasses the wind and solar power facilities, which remain with the Uniper Group, and various service companies. This includes in particular UTG and its group companies, which carry out maintenance services on the Uniper Group power plants as well as other services and which are also involved in the third-party business. This sub-activity is also responsible for sales of electricity, gas, and services for customers in France and the Benelux countries. The activity is thus broken down into the three sub-activities of Wind and solar power, (Third-party) services and Sales Benelux and France.

(a) *European Generation — Other — Wind and solar power sub-activity*

The European Generation — Other sub-activity also includes wind and solar power facilities, consisting of six wind and three photovoltaic power plants (as of December 31, 2015), which have a total generation capacity of 94 MW (each taking into account the Uniper Group's stake in the individual plants).

(b) *European Generation — Other — (Third-party) services sub-activity*

The European Generation — Other — (Third-party) services sub-activity encompasses various service companies. This includes UTG and its group companies in particular.

UTG and its group companies carry out engineering work within the Uniper Group and provide a range of technical services for all facilities belonging to the Uniper Group, while also offering such services to other market participants. UTG has its registered office in Gelsenkirchen, Germany, from where it manages its global business. UTG and its group companies provide services for over 600 customers in over 40 countries. UTG and its group companies have various sites, in particular in the United Kingdom, Russia, the Netherlands, Sweden, and Italy.

The services provided by UTG and its group companies comprise a range of technical services, including in the areas of project management, maintenance and servicing, environmental management, risk management, technical consultancy, quality assurance, occupational health, safety, and environmental protection, strategy, further training and development, software, and IT. In addition, UTG and its group companies offer services for upgrading and decommissioning energy generation assets, and for developing, servicing, and optimizing electricity and gas infrastructural facilities. They provide these services for major projects as well as within the scope of smaller-scale power plant or infrastructural works. In addition to the specified activities, UTG and its group companies are also responsible for managing innovation measures to be initiated by the Uniper Group.

(c) *European Generation — Other — Sales Benelux and France sub-activity*

The European Generation — Other — Sales Benelux and France sub-activity encompasses sales of electricity, gas, and services for customers in France and the Benelux countries.

11.5.3 Global Commodities segment

(i) Overview

The Global Commodities segment forms another core area of activity of the Uniper Group. This segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy and the major customers.

The Global Commodities segment is primarily responsible for the marketing and sale of energy in Europe generated by the units of the European Generation segment or procured from third parties. This includes electricity and gas trading and distribution activities via the energy trading markets and its own sales organization to major customers. In addition, the segment focuses on procuring the fuels required for power generation by the power plants of the European Generation segment, and on optimizing power plant use and the energy portfolio. The segment also covers the operation of gas storage facilities and gas infrastructure (investments in pipelines), and all the activities of the Uniper Group relating to its investment in the Siberian gas field Yuzhno-Russkoye in Russia.

The Global Commodities segment is divided into four activities: Power, Gas, Yuzhno-Russkoye gas field, and Coal & freight/LNG/oil. The Uniper Group has bundled all trading activities in connection with electricity and gas within Global Commodities — Electricity and Global Commodities — Gas. The activities performed within these units include the procurement of energy (in Global Commodities — Electricity energy is procured from the European Generation segment and on the market, and in Global Commodities — Gas energy is procured from the producers and via trading venues), asset and portfolio optimization, trading and sales of electricity and/or gas, and the associated services. The Global Commodities — Gas activity is also assigned responsibility for the operation of gas storage facilities via storage operator Uniper Energy Storage GmbH, and for the Uniper Group's investments in pipelines.

All activities relating to the Uniper Group's almost 25% investment in the Siberian gas field Yuzhno-Russkoye in Russia are bundled within the Global Commodities — Yuzhno-Russkoye gas field activity.

The Uniper Group's trading activities in connection with coal and freight allotments, LNG and oil are brought together within the Global Commodities — Coal & freight/LNG/oil activity.

The Global Commodities segment operates worldwide on approximately 25 stock exchanges and in OTC trading.

The following table provides an overview of the sales and other key figures for the Global Commodities segment:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(audited)		
	(in € million)				
Sales	32,827	44,619	91,207	86,672	93,767
<i>Intersegment sales</i>	1,475	1,808	3,235	3,196	4,322
<i>External sales</i>	31,352	42,811	87,972	83,476	89,445
Adjusted EBIT⁽¹⁾	1,095	334	262	173	328
Adjusted EBITDA⁽¹⁾	1,165	420	449	362	546
Investments	66	58	112	105	147

(1) Adjusted for non-operating effects (see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures").

In fiscal year 2015, the Global Commodities segment generated an Adjusted EBIT of € 262 million and an Adjusted EBITDA of €449 million.

The Global Commodities—Gas activity accounts for a significant share of the Adjusted EBIT or Adjusted EBITDA of the Global Commodities segment as a whole in fiscal year 2015. The clearly positive Adjusted EBIT or Adjusted EBITDA generated by the Global Commodities—Gas field Yuzhno-Russkoye activity also contributed to the earnings of the Global Commodities segment, whereas the contribution from the Coal & freight/LNG/oil activity was comparatively meager. These positive contributions were partially offset by the negative Adjusted EBIT or Adjusted EBITDA generated by the Global Commodities—Electricity activity in fiscal year 2015.

In the six-month period ending June 30, 2016, the Global Commodities — Gas activity represented nearly the entire proportion of Adjusted EBIT or Adjusted EBITDA of the Global Commodities segment as a whole. The Global Commodities — Yuzhno-Russkoye gas field activity contributed to the Global Commodities Segment's earnings with a comparatively low positive Adjusted EBIT and Adjusted EBITDA, whereas the Global Commodities — Electricity activity's contribution was even less by comparison. These positive contributions partly offset the likewise very low negative Adjusted EBIT and Adjusted EBITDA of the Coal & freight/LNG/oil activity in the six-month period ending June 30, 2016.

(ii) Global Commodities — Electricity activity

The Uniper Group has bundled business relating to the optimization of power plant use and electricity portfolio, electricity trading (physical and via financial products, including CO₂ certificates), and sale of power via Uniper Energy Sales GmbH (a sales company belonging to the Uniper Group) within its Global Commodities — Electricity activity. The Global Commodities — Electricity activity also comprises all trading operations in the United States, and the Uniper Group's 5.7 % shareholding, as of December 31, 2015, in the EEX, a leading energy trading exchange in Europe.

(a) Procurement and asset & portfolio optimization

The Global Commodities — Electricity activity is responsible for asset and portfolio optimization of the power plants operated by the European Generation segment and ensuring that they are deployed as efficiently as possible. The Global Commodities — Electricity activity is therefore primarily responsible for the planning and control of power plant use (referred to as dispatch planning) for all the Uniper Group's European power plants. This does not include the planning of power plant use for power generation under long-term asset-based contracts (see "11.5 Segments — 11.5.2 European Generation segment — 11.5.2(i) Overview") or the planning of power plant use in Russia and Brazil, as this falls under the remit of the International Power Generation segment. The Global Commodities — Electricity activity decides when power is generated in the available power plants, the extent to which it is generated, and the market segment for which it is generated (spot or balancing electricity markets or intra-day market), in accordance with the market conditions prevailing at the time, taking into consideration, *inter alia*, electricity prices and power plant availabilities.

The available generation capacities of the Uniper Group are sold within the Group by the European Generation segment to the Global Commodities segment using a market-based transfer pricing system. Income (and cash flows) from the provision of capacity are reported in the accounts of the European Generation segment (see "11.5 Segments — 11.5.2 European Generation segment", in particular the explanatory information on the capacity market), while income (and cash flows) from the optimization of the power plant portfolio are reported in the accounts of the Global Commodities — Electricity activity of the Global Commodities segment.

The major part of the power generated by the Uniper Group is generally sold for hedging purposes through futures before it has been generated (see "11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(ii) Global Commodities—Electricity activity — 11.5.3(ii)(b) Electricity trading") and at the same time, the CO₂ certificates and fuel required for generation are acquired via futures to hedge the positions. In the past, the lead time within the scope of the Uniper Group's optimization strategy was up to three years, with particular regard to the respective market liquidity. Depending on market conditions, the lead time may be significantly less than three years. The Uniper Group is thus able not only to safeguard a significant proportion of sales of the volumes it has generated at a specific margin, but also to generally exploit the potential benefit of market price fluctuations, by regularly optimizing the long and short positions.

For 2016, more than 80 % of the German run-of-river volumes has already been hedged through various hedging transactions in a price corridor¹ of €35 to €39 per MWh for Germany, and €31 to €35 per MWh for outright volumes generated by hydro- and nuclear power in Sweden. For 2017 too, it has been possible to hedge more than 80% of the German run-of-river generation in a price corridor of €31 to €35 per MWh for Germany, and more than 90% in a price corridor of €25 to €29 per MWh for the Swedish outright volumes. For 2018, it has been possible to hedge already more than 80% of the German run-of-river capacity in a price corridor of €25 to €29 per MWh and more than 60% of the Swedish outright volumes in a price corridor of €22 to €26 per MWh (as of June 30, 2016). In fiscal year 2015, based on a volume of between 25 and 27 TWh of hydro- and nuclear power produced, every 1 €/MWh increase in the power price in fiscal year 2015 would have resulted in an increase of approximately €25 million in Adjusted EBITDA assuming that costs remained constant.

(b) *Electricity trading*

Furthermore, the Global Commodities — Electricity activity increases the Uniper Group's access to the European energy trading markets, and is responsible for all the Uniper Group's trading activities with physical and financial products for electricity, and with CO₂ certificates on the energy markets. This role includes marketing the power generated by the power plants on the energy trading markets. This is done with a lead time of up to three years in compliance with the corresponding optimization strategy, but does not exclude open trading positions. Some of the electricity is also marketed via Uniper Energy Sales GmbH. This is done either physically through the supply of electricity or financially in connection with structured financial products.

Based on existing contractual agreements between UGC and the E.ON Group, the Global Commodities — Electricity activity also purchases electricity generated by the German nuclear power plants belonging to the E.ON Group, to then market it (see "12. *Certain Relationships and Related Party Transactions* — 12.1 *Relationship to the E.ON Group* — 12.1.7 *Purchase and sale of power and gas* — 12.1.7(ii) *Marketing of electricity generated from nuclear power in Germany*").

The requisite CO₂ certificates for the entire European Generation segment are purchased on the corresponding markets. The Global Commodities — Electricity activity also purchases the necessary green power certificates required in Sweden, thus ensuring market access for the corresponding companies.

The Global Commodities — Electricity activity enters into transactions in particular for various maturities on power exchanges and in OTC trading.

In this connection, primarily to optimize portfolios, it uses various financial instruments and trading contracts to reduce the risk of changes in prices on the electricity market. In this respect, Global Commodities — Electricity relies in particular on electricity spot market contracts, physical futures contracts, options, futures, and other appropriate products. Electricity spot market contracts are used to trade electricity volumes in the short term, to cover demand for the next day. The long-term demand for power is safeguarded, *inter alia*, via physical futures contracts, under which a contractual party undertakes to supply specific volumes of electricity at a contractually agreed time. In general, the stipulated time of supply lies up to three years ahead (in trading, even longer terms to maturity are possible in some cases). Options give the purchaser of the option the right, but do not oblige them, to acquire a set volume of electricity at a set time from the seller of the option against payment of a fee. With futures entered into by the Global Commodities — Electricity activity, instead of the supply of electricity, the parties agree on a cash settlement, which is calculated on the basis of the difference between the agreed electricity price and the actual electricity price applicable on the agreed date on which the future matures. The Global Commodities — Electricity activity enters into a variety of contracts as set out above, to optimize portfolios within the scope of its business, assuming the role of seller and purchaser in different constellations for the goods and services typically performed under the contract. This leads to a specific physical volume of electricity being subject to a large number of trading contracts and financial instruments.

¹ The price corridors indicated represent the respective minimum and maximum, although they do not permit an assumptions as to the weighted average.

The appropriate supply prices are determined and offers are prepared for the capacity market auctions jointly between the Global Commodities and European Generation segments. The capacity market payments are recorded in the accounts of the European Generation segment in each case (see “11.5 Segments — 11.5.2 European Generation segment — 11.5.2(iv) European Generation — Fossil-fuel generation activities — 11.5.2(iv)(a) European Generation — Fossil-fuel generation — Gas and steam sub-activity”, in particular the explanatory information on the capacity market).

To a lesser extent, the Global Commodities — Electricity activity also engages in proprietary trading for electricity and CO₂ certificates. To safeguard against risks resulting from the activities of the Global Commodities — Electricity activity, volume-based limits are in place for hedges and transactions to be executed by analyzing possible counter-party risks, in addition to an optimization strategy (see “11.14 Risk Management”).

(c) *Energy sales*

In addition to the electricity sold via electricity trading on the energy markets, the Uniper Group sells a proportion of the generated or purchased electricity to major customers, e.g., municipal utilities and industrial customers in Germany and Europe, via its own sales unit, Uniper Energy Sales GmbH. Apart from sales, it is also responsible for (sales) marketing for the Uniper Group. In addition, Uniper Energy Sales GmbH offers services to customers in the areas of consultancy, service, and the electricity industry. The volume of electricity sold by Uniper Energy Sales GmbH in fiscal year 2015 amounted to 51.6 TWh (2014: 61.6 TWh, 2013: 79.6 TWh). The sales strategy of Uniper Energy Sales GmbH aims to support customers with expertise in optimizing their energy business or energy purchases, and to develop a range of supply concepts and products. Over the last few years, continuous improvements have been made to the sales structure and customer contact process by setting up and developing various online services and a market information package together with Uniper Market Solutions GmbH.

(d) *Business in the United States*

The Uniper Group’s business in the United States is also bundled within the Global Commodities — Electricity activity. This business is carried out by Uniper Global Commodities North America LLC, which mainly operates in Texas and in the northeast of the United States. Its business primarily falls within the scope of physical and financial electricity and gas trading. This includes bookings of gas storage facility capacities and proprietary trading to generate margins. While physical trading takes place by means of supplying volumes of electricity and/or gas, financial trading in electricity and gas is based on structured financial products and cash settlement of the respective positive or negative market value of the relevant products.

(iii) **Global Commodities — Gas activity**

The Uniper Group primarily bundles all trading, transport, and storage activities relating to grid-based gas within its Global Commodities — Gas activity. These activities include in particular the procurement of gas (also in addition to the volumes required for power generation), optimization of the gas portfolio, wholesale and trading activities, gas storage operations, investments in gas pipelines, and gas sales to major customers. By contrast, activities relating to LNG fall within the remit of the Global Commodities — Coal & freight/LNG/oil activity (see “11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(v) Global Commodities — Coal & freight/LNG/oil activity”). It also does not include the gas business in the United States (see “11.5 Segments — 11.5.3 Global Commodities segment — 11.5.3(ii) Global Commodities — Electricity activity — 11.5.3(ii)(d) Business in the United States”). In fiscal years 2015, 2014 and 2013 the Global Commodities—Gas activity generated a fairly constant annual Adjusted EBITDA, whereby approximately 70 % of annual EBIT and EBITDA were attributable to procurement, storage, trading and optimization activities and approximately 30 % to the transport of the gas.

(a) *Procurement and portfolio optimization*

Gas is mainly procured on the basis of various long-term contracts entered into with gas producers. Some of the important long-term contracts will expire in 2035. The gas required by the Uniper Group is essentially purchased from suppliers in Germany, the Netherlands, Norway and Russia, and in the future also from Azerbaijan. The main contractual partners are Gazprom and

GasTerra. The parties to the long-term contracts are generally entitled to price adjustments at regular intervals and in line with the contractual conditions. In fiscal year 2015, 401 TWh of gas were purchased under the long-term contracts (2014: 433 TWh, 2013: 430 TWh).

In 2013, the Uniper Group entered into a long-term gas supply contract with Azerbaijan Gas Supply Company Ltd. concerning the supply of approximately 16 TWh per year from the Shah Deniz gas field in the Azerbaijani part of the Caspian Sea. Based on this contract, Azerbaijani gas will be supplied to Europe for a period of 25 years, beginning from 2020.

The aim of the portfolio optimization activities relating to the gas business undertaken by the Global Commodities — Gas activity is to ensure that the long-term contracts and procurement operations on the spot markets, and thereby the purchase and sale of gas, is structured as efficiently as possible. Optimization involves in particular exploiting any agreed flexibility in decision-making in the contracts entered into. Such flexibility extends in particular to options defining when, where, and to what extent the agreed volumes can and must be supplied. To comply with its supply obligations, the Global Commodities — Gas activity also makes use of gas storage capacities, which it procures from Uniper Energy Storage GmbH and on the market, in accordance with statutory requirements relating to the unbundling of the grid. A significant value driver in this respect is the difference in price between gas prices in the summer and winter, and the flexibility of storage facilities.

(b) *Gas trading*

The Global Commodities — Gas activity is furthermore responsible for all the Uniper Group's trading operations with physical and financial products for gas and weather derivatives throughout the Uniper Group.

The volumes of gas required for gas trading and power plant operation are partly procured by the Global Commodities — Gas activity via the energy markets and stock exchanges. The volumes of gas procured for the Uniper Group's power plants are significantly lower than the volumes procured for further gas trading.

To a lesser extent, the Global Commodities — Gas activity also engages in proprietary trading for gas.

Based on existing contractual agreements between UGC and E.ON SE, the Global Commodities — Gas activity also buys and sells gas, among other commodities, for and to the E.ON Group at arms'-length terms. To the extent permitted by law, this practice is to be continued until such time as the E.ON Group's own market access is viable.

In addition to the optimization strategy, volume-based limits for transactions to be executed are in place to safeguard against risks resulting from the activities of the Global Commodities — Gas activity, in particular the risk of price fluctuations. The Uniper Group also analyzes counterparty and weather-related risks to which the Uniper Group's sales of electricity and gas are subject and performs hedging transactions on the market (see "11.14 Risk management").

(c) *Gas storage operations*

The operation of gas storage facilities by Uniper Energy Storage GmbH is also assigned to the Global Commodities — Gas activity. Its activities include technical and commercial development, construction, and operation of underground natural gas storage facilities, the marketing of capacity, services and products on the European storage market, and the development of new storage technologies. Uniper Energy Storage GmbH markets natural gas storage facilities in Germany and Austria, as well as via a subsidiary in the United Kingdom. The storage facilities currently have a storage capacity of approximately 6.9 billion m³ (working gas volume) in Germany, approximately 1.7 billion m³ in Austria, and approximately 0.2 billion m³ in the United Kingdom (as of December 31, 2015).

The gas storage capacities operated by Uniper Energy Storage GmbH are primarily booked within the group through gas portfolio optimization, but also by external contracting parties. Uniper Energy Storage GmbH is independent of the Uniper Group's generation, trading, and sales activities, in accordance with statutory requirements relating to the unbundling of the grid.

The Global Commodities — Gas activity also comprises the Uniper Group's activities in connection with facilities for the interim storage of power through conversion to gas. However, these activities do not yet represent a priority area of the Uniper Group's business at present.

(d) Gas infrastructure investments

The Uniper Group's existing investments in gas infrastructure are also bundled in the Global Commodities — Gas activity. This mainly concerns investments in gas pipelines. The Uniper Group's material investments are the "OPAL" (*Ostsee-Pipeline-Anbindungsleitung*) pipeline from Lubmin in Germany to Brandov in the Czech Republic, with an annual transit capacity of 7.3 billion m³, which stems from its 20% stake in OPAL, as well as the 20% stake in the BBL from Balgzand in the Netherlands to Bacton in the United Kingdom, with an annual transit capacity of 3.2 billion m³, and its 3% stake in Transitgas in Switzerland (as of December 31, 2015). Until 2015 it held an interest in Nord Stream 1; this investment was sold to the E.ON Group with effect as of January 1, 2016. In fiscal year 2015, the investment in Nord Stream 1 generated equity-method earnings amounting to €56 million. The specified pipelines are largely exempt from regulation of network access for third parties and from network usage charges, and comprise holdings in just under 1,000 km of natural gas pipelines (not including Nord Stream 1). The Uniper Group receives stable flows of income and cash from these investments based on existing long-term transport bookings. The Global Commodities — Gas activity is responsible for all key decisions to be made in connection with investments in the pipelines.

On September 4, 2015, the Uniper Group, Shell, OMV, BASF/Wintershall and Engie signed agreements with Gazprom to join the project company Nord Stream 2 AG for the construction of the Nord Stream 2 Pipeline from Russia to Germany. The Uniper Group was to hold a 10% interest in Nord Stream 2 AG, Gazprom 50% and Shell, OMV, BASF/Wintershall and Engie 10% each. In July 2016, Poland's antitrust authority, UOKiK, in a preliminary ruling issued objections to the formation of such a consortium, saying that it might lead to an unlawful restriction of competition. The Uniper Group and the other members of the consortium reacted against these objections in mid August 2016 by issuing a joint response. Directly thereafter, the Uniper Group and the other consortium members withdrew the application with the Polish antitrust authority and annulled the relevant agreements relating to the participation in the consortium. The Uniper Group and all the other potential members of the consortium still maintain the view that the project is of critical importance for the European energy system. Therefore, the Uniper Group as well as the other consortium members are reviewing alternative approaches to enable implementation.

In addition, the Uniper Group holds an interest of 48.2% in OLT Offshore LNG Toscana S.p.A. which operates an off-shore regasification terminal for LNG. This terminal is located off the Tuscan coast of Livorno in Italy, and is subject to Italian regulation. Kokereigasnetz Ruhr GmbH, wholly owned by the Uniper Group, is also assigned to the Global Commodities — Gas activity.

(e) Gas sales

The Global Commodities — Gas activity is furthermore responsible for sales of the Uniper Group's purchased gas volumes. In this respect, gas purchased by the Uniper Group is sold, in particular via its own sales unit, Uniper Energy Sales GmbH, to major customers under long-term contracts, such as municipal utilities, regional gas supply companies, industrial customers, and power plants based domestically and abroad. Apart from sales, it is responsible for (sales) marketing for the Uniper Group. In addition, Uniper Energy Sales GmbH offers services to customers in the areas of consultancy, service, and the gas industry. The volume of gas sold by Uniper Energy Sales GmbH via the Global Commodities — Gas activity in fiscal year 2015 amounted to 294.3 TWh (2014: 316.5 TWh, 2013: 443.4 TWh).

(iv) **Global Commodities — Yuzhno-Russkoye gas field activity**

The Global Commodities — Yuzhno-Russkoye gas field activity bundles all the activities of the Uniper Group relating to its investment in the Siberian gas field of Yuzhno-Russkoye in Russia. Due to nonscheduled overproduction and excess supplies in fiscal years 2009 to 2015, there will be a reduction of the allocated gas volumes (referred to as a "make-up" year).

The Uniper Group holds just under 25 % of the shares in SNGP (as of June 30, 2016). SNGP holds the license for exploration and extraction of gas in the Yuzhno-Russkoye gas field. Through its involvement in shareholder voting and various committees, the Uniper Group holds the right of participation in terms of technical and economic decisions relating to the Yuzhno-Russkoye gas field, e.g., with respect to the business plan, investments, and production volume. Apart from the Uniper Group, other shareholders are PAO Gazprom, with just over 50 % (40 % calculated economically), and Wintershall Holding GmbH, with just under 25 % (35 % calculated economically). The Uniper share of just under 25 % of gas production is sold to the so-called trader, joint stock company (JSC) AO Gazprom YRGM Development ("**Trader**"), which acts as an intermediary. This Trader is a fully consolidated company of the Uniper Group.

That interest was acquired subject to the contractual assumption that the gas field has 2P reserves of 610 billion m³ in total. The Uniper Group and Gazprom, which holds the majority of shares in the gas field, have concluded an agreement that provides for balancing payments between the Uniper Group and Gazprom in the event of a deviation between the assumed and the actual gas reserve volumes in Yuzhno-Russkoye. The actual volume of gas reserves in Yuzhno-Russkoye is expected to be ascertained in 2023. Depending on whether the 2P reserves are higher or lower than the 610 billion m³ assumed in the agreement, either the Uniper Group could be obligated to make balancing payments to Gazprom (but would profit in the future from higher or more extended deliveries) or Gazprom could be obligated to make balancing payments to the Uniper Group.

The license for operating the Yuzhno-Russkoye gas field ends in 2043, with an option for renewal. The current field development plan for the Yuzhno-Russkoye gas field envisages constant maximum production ("plateau" production) of 25 billion m³ for the entire gas field until approx. 2022. Thereafter, annual production volumes will steadily decrease as a result of a natural decline. According to the field development plan, exploration and feasibility studies are currently being carried out into the possibility of increasing gas production from adjacent gas-bearing strata and elsewhere at the end of the plateau production phase.

Both SNGP and the Trader are companies organized under Russian law, and their dividends are distributed each year in Russian rubles. Key factors governing the amount of these dividends are the production volumes, production costs, and gas prices in Russia and Germany. The respective exchange rate between euros and Russian rubles is also a significant factor affecting the Uniper Group's earnings.

(v) Global Commodities — Coal & freight/LNG/oil activity

The Uniper Group's trading activities in connection with coal and freight allotments, LNG and oil are brought together within the Global Commodities — Coal & freight/LNG/oil activity. The activity is divided into the sub-activities of Coal & freight, LNG and oil.

(a) Global Commodities — Coal & freight/LNG/oil — Coal & freight sub-activity

The Global Commodities — Coal & freight/LNG/oil — Coal & freight sub-activity comprises the global coal and marine freight logistics businesses operated by the Uniper Group. By covering the entire supply chain, from procurement in the mine to supply of coal to the power plant, the Uniper Group can procure, store, mix, transport, and trade in coal at a global level. For transport reasons, the Global Commodities — Coal & freight/LNG/oil — Coal & freight sub-activity acquires the freight capacities required to transport the coal to purchasers and/or also markets these capacities to other market participants (also partly through long-term bookings of freight capacities). Based on this extensive portfolio of suppliers, varying coal quality levels, transport options, and purchasers with different requirements, arbitrage opportunities are generated and exploited by the Uniper Group. The Global Commodities — Coal & freight/LNG/oil — Coal & freight sub-activity is also active in trading operations with financial products.

The coal volumes procured to meet the demand for coal in the coal-fired power plants of the European Generation segment currently make up approximately half of the volumes traded, and are passed on to the European Generation segment at market prices. In 2015, the Global Commodities — Coal & freight/LNG/oil — Coal & freight sub-activity supplied 26.8 million metric tons of coal to third parties and companies of the E.ON Group (2014: 29.0 million metric tons, 2013: 28.8 million metric tons)¹⁰.

¹⁰ Figures excluding UK indigenous coal in each case. Figures including UK indigenous coal: 2015: 27.9 million metric tons, 2014: 30.2 million metric tons, 2013: 31.0 million metric tons.

The minority shareholding of 28 % (as of December 31, 2015) in Javelin Global Commodities Holdings LLP (“**Javelin**”) based in London is also assigned to the Global Commodities—Coal & freight/LNG/oil—Coal & freight sub-activity. Javelin acts as primary marketer of the coal produced by US hard coal producer Murray Energy. It trades in various commodity markets, and is active in the area of logistics. The Global Commodities segment generates income for the Uniper Group by providing services for Javelin in the specified areas. The Global Commodities segment also holds a 49 % share (as of December 31, 2015) in Exporting Commodities Int., LLC, a coal exporter and importer in the United States, and, since July 6, 2016, a 51 % share in Greanex LLC, a coal product service provider in the United States.

To a lesser extent, this sub-activity also engages in proprietary trading.

(b) *Global Commodities—Coal & freight/LNG/oil—LNG sub-activity*

The Global Commodities—Coal & freight/LNG/oil—LNG sub-activity encompasses the Uniper Group’s global business relating to the importing and trading of LNG, and conversion of liquefied gas into natural gas so that it can be transported in pipelines (regasification). To regasify LNG, the Global Commodities—Coal & freight/LNG/oil—LNG sub-activity has booked long-term regasification capacities with fixed payment obligations in the Netherlands and United Kingdom. LNG is delivered to these terminals, where it is regasified and fed into the natural gas transport system for onward transport, or alternatively temporarily stored and reloaded as LNG. Two medium-term contracts have been entered into with Qatargas and RasGas for the supply of LNG to Rotterdam in the Netherlands and to the Isle of Grain in the United Kingdom. The primary aim of these contracts is to improve the utilization of capacity. For Rotterdam in the Netherlands, these regasification capacities amount to 3.0 billion m³ per annum, and for the Isle of Grain in the United Kingdom they amount to 1.7 billion m³ per annum. The Uniper Group also has other bookings of regasification capacities in Spain on the basis of a long-term supply contract for LNG with supply point in Spain.

The Uniper Group has entered into a contract for the procurement of 800,000 metric tons LNG per year; the contract has a term of 20 years. These LNG quantities will be supplied via a terminal in the vicinity of Freeport, Texas, United States, which is currently under construction. For purposes of purchasing the aforementioned LNG quantities, the Uniper Group has at the same time entered into a contract, for transport capacities on the scale of an LNG tanker; the contract has a term of 20 years.

In addition, the Uniper Group holds a 1 % interest in the development of the Goldboro LNG liquefaction facility in Nova Scotia in Canada, and has entered into a purchase contract with operator Goldboro LNG Limited Partnership for a volume of approximately 4.8 million metric tons of LNG a year over a 20 year-period, at prices based on Western European gas market prices.

(c) *Global Commodities—Coal & freight/LNG/oil—Oil sub-activity*

The Global Commodities—Coal & freight/LNG/oil—Oil sub-activity comprises the companies EGC UAE Supply & Processing Ltd. Fze in Fujairah (United Arab Emirates) and E.ON Commodity DMCC (future name: Uniper Energy DMCC) in Dubai (United Arab Emirates), in which the Uniper Group directly and indirectly holds a 100 % stake, respectively. The business purpose of the companies is to provide oil products for use primarily in fuel for ships in maritime transport. Storage capacities in Fujairah are leased in advance for this purpose.

11.5.4 International Power Generation segment

(i) **Overview**

The International Power Generation segment is divided into the activities of International Power Generation—Russia and International Power Generation—Brazil. The activities in Russia comprise the Uniper Group’s 83.7 % interest (as of June 30, 2016) in the energy utility Unipro PJSC, as well as investments in the Czech Republic, primarily a 52.0 % interest (as of June 30, 2016) in Teplarna Tabor, a.s. The activities in Brazil comprise the Uniper Group’s 12.3 % interest (as of June 30, 2016) in the energy utility ENEVA, and the directly held 50 % interest (as of June 30, 2016) in Pecém II Participacoes S.A., which operates a coal-fired power plant in the Brazilian federal state of Ceará. In addition to its actual activities, the segment is also available to all segments of the Uniper Group along with its knowledge of the respective markets and their specific political and regulatory conditions. The activities are, for example, responsible for the development of power generation projects in their respective countries, from preliminary analyses to investment proposals. In addition, they are the sole point of contact for all relevant stakeholders, including policymakers, government agencies, trade associations, and the media.

The following table provides an overview of the sales and other key figures for the International Power Generation segment:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)		(in € million)		
Sales	510	556	1,134	1,529	1,879
<i>Intersegment sales</i>	—	—	—	—	—
<i>External sales</i>	510	556	1,134	1,529	1,879
Adjusted EBIT⁽¹⁾	-39	106	236	316	410
Adjusted EBITDA⁽¹⁾	5	150	335	465	609
Investments	44	85	193	547	1,037

(1) Adjusted for non-operating effects (see "9. Management's Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures").

In fiscal year 2015, the International Power Generation segment generated an Adjusted EBIT of €236 million and an Adjusted EBITDA of €335 million.

The International Power Generation — Russia activity generated an Adjusted EBIT of €244 million (Adjusted EBITDA: €342 million) in fiscal year 2015. The contribution made by the International Power Generation — Brazil activity in fiscal year 2015 was slightly negative with an Adjusted EBIT of €8 million (Adjusted EBITDA: €-7 million).

The International Power Generation — Russia activity generated an Adjusted EBIT of €-37 million (Adjusted EBITDA: €8 million) in the six-month period ending June 30, 2016. The contribution made by the International Power Generation — Brazil activity in the six-month period ending June 30, 2016 was slightly negative with an Adjusted EBIT of €-2 million (Adjusted EBITDA: €-2 million).

(ii) **International Power Generation — Russia activity**

The International Power Generation — Russia activity comprises the power generation business in Russia. This represents a key region for the Uniper Group, and, given its geographical location and market conditions, has not been included in the European Generation segment, which is restricted to European markets. The International Power Generation — Russia activity is responsible for all activities in connection with energy generation in Russia through Unipro PJSC. These include, *inter alia*, the procurement of fuels needed for the Uniper Group's Russian power plants, the operation and management of the plants, and the trading and sale of the energy generated. With respect to the activities it performs, there are generally no interfaces with the European Generation and Global Commodities segments, because there is no connection between the markets in Russia and the other markets in which the Uniper Group is active, nor are any synergy effects leveraged from central optimization activities.

Unipro PJSC is a listed stock corporation under Russian law, in which the Uniper Group holds 83.7% of the shares (as of June 30, 2016). The remaining shares are in free float. This means that Unipro PJSC is the third largest privately held energy producer in Russia (source: *Ministry for Energy*, <http://minenergo.gov.ru/node/3851>). The company's registered office is in Surgut, Russia. Its business is managed from Moscow, Russia. The dividend of Unipro PJSC is distributed each year in Russian rubles. For 2014, Unipro PJSC distributed RUB 17,505 million (approximately €254 million as of the August 5, 2015 payment date), with RUB 12,437 million (approximately €166 million as of the August 4, 2016 payment date) for 2015. The Uniper Group received a *pro rata* pre-tax dividend payment of RUB 10,413.5 million (approximately €139 million as of the August 4, 2016 payment date) for 2015.

The International Power Generation — Russia activity operated power plants via Unipro PJSC, *inter alia*, at five sites with a total capacity attributable to the Uniper Group of 8,995 MW in the six-month period ending June 30, 2016. This means that the Uniper Group generates approximately 5% of the entire Russian power, taking into account the Uniper Group's interest in the individual power plants (source: *Unipro PJSC*). The Uniper Group recently commissioned four new, highly efficient gas and steam power plant units at three power plant sites with a capacity of 1.6 GW and a new lignite power plant (the GRES TG 3 unit of the Beryozovskaya power plant is out of commission for repairs until at least mid-2018) with a capacity of 0.8 GW.

The power plants of the International Power Generation — Russia activity are located at the following sites: Surgutskaya 2 (5,456 MW as a fully consolidated power plant in fiscal year 2015) in the autonomous area of Khanty-Mansi, Beryozovskaya (2,263 MW as a fully consolidated power plant in fiscal year 2015) in the Krasnoyarsk region, Shaturskaya (1,408 MW as a fully consolidated power plant in fiscal year 2015) near Moscow, Smolenskaya (585 MW as a fully consolidated power plant in fiscal year 2015), and in the Smolensk and Yaivinskaya region (971 MW as a fully consolidated power plant in fiscal year 2015) near Perm in the Urals. Apart from the lignite-fired power plant in Beryozovskaya, gas is used as a fuel to generate power. In fiscal year 2015, the power plants of the International Power Generation activity in Russia generated approximately 51.7 TWh of electricity attributable to the Uniper Group (2014: 56.1 TWh, 2013: 60.7 TWh). On account of fire damage in February 2016, the GRES TG 3 unit of the Beryozovskaya power plant will be undergoing repairs at least until mid-2018, so it will not be available for power generation until then. It will not be possible to determine the exact cost of the repairs until a complete investigation of the incident has been conducted. Based on the information available at the time of publication of the Prospectus, it is believed that the costs for the repair will amount to more than RUB 25 billion (approximately €352.7 million as of June 30, 2016). Talks with the relevant insurance companies are still ongoing as of the date of the Prospectus. However, the Uniper Group assumes that insurance benefits will cover a substantial portion of the damage.

In fiscal year 2015, the fuel balance of Unipro PJSC was 84% gas and 16% lignite. Unipro PJSC has entered into some long-term fuel contracts with leading suppliers in Russia to secure power generation operations at its power plants. In some cases, the contracts impose penalty payments for purchase volumes exceeding or below the contractually agreed quantities.

Two commodities are traded on the Russian energy market: the power actually generated (energy-only market) and the provision of capacity for power generation (referred to as the capacity market). The capacity market is divided into a sub-market for power generation capacity commissioned prior to 2007, which is traded in an annual capacity auction four years in advance, and a sub-market for power generation capacity commissioned as of 2007, which is assigned a guaranteed capacity price for a period of 10 years and is sold via capacity supply agreements. On expiration of this period, these capacities are included in the annual auctions. If capacities promised under capacity supply agreements or in auctions are not available, capacity payments are reduced. With its International Power Generation — Russia activity, the Uniper Group participates in the capacity market via annual competitive capacity outtakes and via capacity supply agreements. The energy-only market is regulated in such a way that generated power can only be sold for the next day (referred to as day-ahead trading) — and not for longer periods. A portion of the power sold and capacity commissioned prior to 2007 is sold at regulated prices, which are set each year by the Russian price regulator on the basis of actual costs in 2007 subject to a limited adjustment for inflation. In particular on the energy-only market, but sometimes also on the capacity market, the regulated price is generally lower than the market price. The proportion of power sold at regulated prices is measured against the proportion of power consumed by households and equivalent, and amounted to approximately 20% in 2015 (source: *Market Council Report 2015*). The proportion of capacity commissioned prior to 2007, which is sold at regulated prices, amounted to approximately 31% in 2015.

All demanded capacity and power generated are sold via the Russian wholesale energy market, which brings together supply and demand. The respective customers for power and capacity are allocated to Unipro PJSC by the market. In fiscal year 2015, a large portion of the Adjusted EBITDA of Unipro PJSC was generated from the capacity markets and the rest from the energy-only market.

Unipro PJSC has been building and commissioning power generation capacity with a volume of 2,400 MW since 2007, so it has fully met all investment commitments entered into in 2010 under capacity supply agreements. The capacity supply agreements have different remaining terms for the individual power plants (Beryozovskaya: 8 years, Shaturskaya: 4 years, Yaivinskaya: 4 years, Surgutskaya: 5 years).

Via a joint venture operated together with OOO E.ON Connecting Energies belonging to the E.ON Group, Unipro PJSC owns interests in OOO Noginskij Teplovoj Tsentr, a company which generates heat and power and markets them to customers at an industrial park. Furthermore, on July 14, 2016 OOO E.ON Connecting Energies completed the purchase of a 50% interest in AO Natek Invest Energo, which also generates heat and power and markets them to customers in the Moscow area, for RUB 400 million (approximately €5.6 million as of June 30, 2016). The purchase agreements

additionally provide OOO E.ON Connecting Energies with a three-year option to acquire the remaining shares of AO NATEK Invest Energo for a maximum price of RUB 900 million (approximately €12.7 million as of June 30, 2016). Part of the purchase price will be financed by Unipro PJSC in the event that the option is exercised.

(iii) *International Power Generation — Brazil activity*

The International Power Generation — Brazil activity comprises a 12.3% interest (as of June 30, 2016) held by the Uniper Group in ENEVA, an energy utility in Brazil, and a directly held 50% interest (as of June 30, 2016) in Pecém II Participacoes, which operates a coal-fired power plant in the Brazilian state of Ceará.

ENEVA has its head office in Rio de Janeiro, and is a company publicly traded on the Brazilian stock exchange. Its primary activities are in power generation from coal and gas in Brazil. In 2013 and 2014, the Uniper Group increased its interest in ENEVA to 42.9% as of December 31, 2014. ENEVA's total generation capacity was 2,065 MW as of December 31, 2015. In addition, ENEVA and the Uniper Group jointly operate a coal-fired power plant in Brazil (Pecém II) with a generation capacity of 334 MW in which the companies each hold a 50 % interest.

The electricity generated by ENEVA is primarily sold on the Brazilian energy market by providing power generation capacity (referred to as the capacity market). The power generation capacities are traded in capacity auctions with a term of ten to fifteen years. If commissioned capacities that have been promised are not available, capacity payments will be reduced via a penalty mechanism.

Due to external market factors, growing financing difficulties, delays in the commissioning of power plants, and the resultant regulatory obligation to purchase electricity on the market at a high price, the ENEVA holding company filed creditor protection proceedings with the relevant Brazilian authorities at the start of December 2014 to restructure the company's indebtedness. This resulted in the Uniper Group's interest in ENEVA being diluted from 42.9% to 12.3%. The corresponding capital increase at ENEVA was completed in November 2015. The interest in Pecém II Participacoes S.A. was not affected by these restructuring measures.

At the end of March 2016, ENEVA informed the capital market that it had entered into agreements with the Brazilian investment fund Cambuhy and OGX Petróleo e Gas S.A concerning the acquisition of their interests in Parnaíba Gas Natural S.A. The acquisition is to be effected by way of the contribution of such interests in the context of a capital increase by ENEVA.

At the end of June 2016, ENEVA informed the capital market that the competent court in Brazil had approved the successful end of the creditor protection proceedings at ENEVA on June 29, 2016.

On August 2, 2016, ENEVA further informed the capital market that the extraordinary general meeting of ENEVA taking place on the same day had granted its consent to the capital increase announced in March 2016. The implementation of the capital increase will dilute the Uniper Group's holding in ENEVA.

11.5.5 Administration/Consolidation

In the Administration/Consolidation reconciliation item the Uniper Group has essentially brought together Group Management and the central functions that are fully integrated. Furthermore, the consolidation measures to be implemented at Group level and the subsidiaries which support the segments of the Uniper Group are bundled within this segment.

(i) *Group Management*

The segments of the Uniper Group are supported centrally across all segments by Group Management and certain subsidiaries.

The main task of Group Management in Düsseldorf, Germany, is the corporate governance and the functional and integrated coordination of the central functions. These include charting the Uniper Group's strategic course, defining its financial policy and initiatives, managing business issues that transcend individual markets, managing risk, continually optimizing the Uniper Group's business portfolio, and managing shareholder and investor relations.

Cross-segment administrative functions, such as auditing, procurement, legal, risk management, insurance, and certain human resources and accounting services are brought together within Group Management. In addition, Group Management encompasses the functions of IT, and the remaining parts of human resources and accounting, which are performed for a transitional period pursuant to a cooperation agreement between E.ON Beteiligungen GmbH, Uniper Holding GmbH, a subsidiary of the Company, and EBS, an indirect subsidiary of E.ON SE. The cooperation agreement aims to ensure that IT services and services in the areas of human resources and accounting are gradually transferred to the Uniper Group. There are also a number of associated companies: E.ON Perspekt GmbH and Energie-Pensions-Management GmbH. Uniper Market Solutions GmbH is a wholly owned indirect subsidiary of UGC, and Uniper Risk Consulting GmbH is a wholly owned subsidiary of the Company.

The functions bundled within Group Management support the core business of the Uniper Group around the globe. This ensures the leveraging of synergy effects.

(ii) E.ON Perspekt GmbH

E.ON Perspekt GmbH is operated as a joint venture between E.ON Beteiligungen GmbH, a subsidiary of E.ON SE, and Uniper Holding GmbH, a subsidiary of the Company. E.ON Beteiligungen GmbH holds a 70 % interest in E.ON Perspekt GmbH, and Uniper Holding GmbH a 30 % interest. E.ON Perspekt GmbH was formed on the basis of a collective bargaining agreement and a Group shop agreement based thereon. Its aim is to place staff of the E.ON Group and the Uniper Group who have been affected by personnel adjustment measures within the meaning of the collective bargaining agreement or other Group shop agreements (as amended), in new permanent employment inside or outside the E.ON Group or the Uniper Group through the provision of placement support services.

(iii) Energie-Pensions-Management GmbH

The Corporate Pension business unit will be transferred from E.ON Business Services Hannover GmbH, a wholly-owned subsidiary of E.ON Business Service GmbH, to a joint subsidiary of E.ON Beteiligungen GmbH and Uniper Holding GmbH: Energie-Pensions-Management GmbH. E.ON Beteiligungen GmbH will hold a 70 % interest in Energie-Pensions-Management GmbH, and Uniper Holding GmbH a 30 % interest. An independent consortium agreement will be concluded to manage Energie-Pensions-Management GmbH as a joint venture between the parties. The new pension unit was formed as of January 6, 2016; it will commence business operations and provide pension services for both Groups (E.ON/Uniper) starting January 1, 2017.

Other central administration functions are not run as joint venture companies, but have either been established within the Uniper Group, or are made available by the E.ON Group on a contractual basis.

(iv) Uniper Market Solutions GmbH

The Uniper Group offers comprehensive consultancy and energy portfolio services to distributing energy utilities and large industrial companies throughout Europe via Uniper Market Solutions GmbH, a wholly owned subsidiary of UGC. Its offering includes a range of services, such as daily asset consultancy on discretionary portfolio management and the brokering of trading transactions. The activities of Uniper Market Solutions GmbH are subject to strict legal requirements and are under the supervision of the Federal Financial Supervisory Authority ("BaFin").

(v) Uniper Risk Consulting GmbH

Uniper Risk Consulting GmbH, a wholly-owned indirect subsidiary of the Company, is responsible for the insurance risk management of the Uniper Group. It develops and optimizes solutions for hedging the Group's operational risks by way of insurance instruments and covers these on the international insurance markets. To this end, Uniper Risk Consulting GmbH ensures, among other things, the portfolio management, claims management, settlement of insurance contracts and claims as well as the corresponding reporting.

The following table provides an overview of the sales and other key figures for Administration/ Consolidation:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)	(unaudited)	(in € million)		
			(audited)	(audited)	
Sales	-3,260	-4,166	-7,789	-8,222	-9,979
Intersegment sales	-3,261	-4,179	-7,782	-8,220	-9,976
External sales	1	13	-7	-2	-3
Adjusted EBIT⁽¹⁾	-41	-90	-203	-202	-194
Adjusted EBITDA⁽¹⁾	-36	-85	-192	-192	-182
Investments	5	—	4	2	0

(1) Adjusted for non-operating effects (see explanations in “9. Management’s Discussion and Analysis of Financial Condition and Results of Operations — 9.5 Non-GAAP Financial Measures”).

11.6 PROCUREMENT

The Uniper Group’s primary requirements consist of procurements of new and replacement components for power plants, as well as the planning, construction, maintenance and repair of power plants. Materials and services for building management and support services for employees are also part of the procurement portfolio. However, the procurement of energy sources is not included.

The Uniper Group’s purchasing organization is centrally operated and inter-regional teams procure the product categories and services essential for the Uniper Group. These teams pool requirements throughout the group, launch public tenders, develop appropriate suppliers for the Uniper Group and enter into supplier contracts. The teams work together with local purchasing departments in the various countries in order to take full advantage of local market experience and bundled purchasing power for the Uniper Group.

The Uniper Group regularly assesses suppliers and jointly agrees on measures to improve supply relationships and also seeks to identify and minimize risks along the supply chain as far as possible. To this end, the Uniper Group conducts, for example, risk assessments for its material suppliers.

11.7 INVESTMENTS

In fiscal year 2015, the Uniper Group had investments amounting to €1,083 million (2014: €1,531 million, 2013: €2,202 million). Of that, € 992 million was attributable to property, plant and equipment and intangible assets in fiscal year 2015 (2014: €1,328 million, 2013: €1,517 million). Investments in equity holdings amounted to €91 million in fiscal year 2015 (2014: €203 million, 2013: €685 million). For a description of the Uniper Group’s past investments, see “9. Management’s Discussion and Analysis of Financial Condition and Results of Operations — 9.10 Investments”.

No investment projects were completed in the period between June 30, 2016 and the date of this Prospectus. The following table provides an overview of major projects which were started or resolved and still require further investments:

Project	Segment and location	Planned and still outstanding investment volume	Project launch	Planned completion
		(in € million)		
Provence 4	European Generation, France	less than 50	2013	2016
Maasvlakte 3 ⁽¹⁾	European Generation, the Netherlands	less than 50	2007	2016
Beryozovskaya				Mid-
GRES TG 3 ⁽²⁾	International Power Generation, Russia	less than 400	2011	2018
Datteln 4	European Generation, Germany	less than 500	2006	2018
Nord Stream 2 ⁽³⁾	Global Commodities, Germany and Russia ⁽⁴⁾	between 300 and 1,000	2016	End of 2019

(1) The power plant is already operational.

(2) It will not be possible to determine the exact cost of the repairs following the fire damage in February 2016 until a complete investigation of the incident has been conducted. Repair costs of at least RUB 25 billion (approximately € 352.7 million as of June 30, 2016) must be assumed based on the information available as of the date of the Prospectus. Talks with the relevant insurance companies are still ongoing as of the date of the Prospectus. However, the Uniper Group assumes that insurance benefits will cover a substantial portion of the damage.

(3) Implementation of the investments and their scope and implementation timescale are dependent on whether and how the Uniper Group will contribute new approaches to implementing the Nord Stream 2 project.

(4) The pipeline is to run across the Baltic Sea from Russia to Germany.

In addition to above-mentioned projects there will be further investments in the area of maintenance and servicing, as well as other essential investments in power plants. In terms of geographical distribution, Germany remains the focal point of the planned investment activities. Here the Uniper Group invests largely in maintaining conventional power generation. In the European Generation segment, investments are made in maintaining power generation assets. In the Global Commodities segment, investments are primarily made in the storage business infrastructure and IT systems. In the European Power Generation segment, most of the investments are attributable to power plants in Germany.

The following table provides an overview of the Uniper Group's investments:

	Six-month period ending on June 30,		Fiscal year ending on December 31,		
	2016	2015	2015	2014	2013
	(unaudited)			(audited)	
	(in € million)				
Investments	292	418	1,083	1,531	2,202
<i>of which: property, plant and equipment/ intangible assets . . .</i>	<i>241</i>	<i>368</i>	<i>992</i>	<i>1,328</i>	<i>1,517</i>
<i>of which: equity investments</i>	<i>51</i>	<i>50</i>	<i>91</i>	<i>203</i>	<i>685</i>

11.8 REAL ESTATE HOLDINGS, FACILITIES AND OTHER MATERIAL PROPERTY, PLANT AND EQUIPMENT

The Uniper Group's material property, plant and equipment includes land and buildings, power plants and distribution facilities such as gas storage facilities and pipelines. The Uniper Group also owns a coke oven gas pipeline in the northern Ruhr region of Germany.

The following table provides an overview of the property, plant and equipment owned by the Uniper Group:

	As of June 30, 2016 (unaudited)	As of December 31, <div>2015 2014 2013</div> <div>(audited)</div>		
		(in € million)		
Real estate and leasehold rights	1,615	1,667	1,637	1,754
Buildings	1,245	1,277	1,213	1,655
Technical equipment, plant and machinery	6,681	9,549	10,197	10,988
Other equipment, fixtures, furniture and office equipment	77	82	95	110
Advance payments and construction in progress	1,657	1,722	2,575	5,271
Property, plant and equipment	11,274	14,297	15,717	19,778

The Uniper Group as Lessee – Carrying amounts of capitalized leased assets:

	As of June 30, 2016 (unaudited)	As of December 31, <div>2015 2014 2013</div> <div>(audited)</div>		
		(in € million)		
Real estate	—	—	—	—
Buildings	—	—	—	—
Technical equipment, plant and machinery	308	462	489	606
Other equipment, fixtures, furniture and office equipment	30	31	34	34
Net carrying amount of capitalized leased assets	338	493	523	640

The following table provides an overview of the Uniper Group's key fossil fuel and nuclear power plant units (including the power plants held under the equity method) with a net capacity of at least 300 MW (excluding the power plants that were decommissioned prior to fiscal year 2015 or are currently under construction) broken down by location and specifying the technology, capacity (in fiscal year 2015), stake (in fiscal year 2015) and date of commissioning of power plant unit. The following table also includes the 20 largest hydroelectric power plants of the Uniper Group.

Location	Technology	Net capacity (in MW)	Stake (in %)	Commissioned on
Bålforsen, Sweden	Hydroelectric power plants	88	100	1958
Beryozovskaya GRES TG 1, Russia	Coal-fired and gas-fired power plants	754	83.7	1987
Beryozovskaya GRES TG 2, Russia	Coal-fired and gas-fired power plants	754	83.7	1991
Beryozovskaya GRES TG 3, Russia ¹	Coal-fired and gas-fired power plants	754	83.7	2015
Bergeforsen, Sweden	Hydroelectric power plants	155	43.2	1955
Connah's Quay U1, United Kingdom	Gas and steam power plants	345	100	1996
Connah's Quay U2, United Kingdom	Gas and steam power plants	345	100	1996

<u>Location</u>	<u>Technology</u>	<u>Net capacity (in MW)</u>	<u>Stake (in %)</u>	<u>Commissioned on</u>
Connah's Quay U3, United Kingdom	Gas and steam power plants	345	100	1996
Connah's Quay U4, United Kingdom	Gas and steam power plants	345	100	1996
Cottam Development Centre, United Kingdom	Gas and steam power plants	395	100	1998
Degerforsen, Sweden	Hydroelectric power plants	70	100	1965
Edensforsen, Sweden	Hydroelectric power plants	73	100	1956
Emile Huchet 6, France	Coal-fired and gas-fired power plants	595	100	1981
Emile Huchet 7, France	Gas and steam power plants	414	100	2010
Emile Huchet 8, France	Gas and steam power plants	414	100	2010
Enfield, United Kingdom	Gas and steam power plants	408	100	2002
Forsmark 1, Sweden	Nuclear power plants	984	9.3	1980
Forsmark 2, Sweden	Nuclear power plants	1120	9.3	1981
Forsmark 3, Sweden	Nuclear power plants	1167	10.8	1985
Franken I/1, Germany	Gas and steam power plants	383	100	1973
Franken I/2, Germany	Gas and steam power plants	440	100	1976
Gammelänge, Sweden	Hydroelectric power plants	78	6.6	1944
Gönyü, Hungary	Gas and steam power plants	428	100	2011
Grain 6, United Kingdom	Gas and steam power plants	455	100	2011
Grain 7, United Kingdom	Gas and steam power plants	455	100	2011
Grain 8, United Kingdom	Gas and steam power plants	455	100	2011
Gulsele, Sweden	Hydroelectric power plants	72	100	1955
Hällby, Sweden	Hydroelectric power plants	84	100	1970
Happurg, Germany	Hydroelectric power plants	160	100	1958
Heyden, Germany	Coal-fired and gas-fired power plants	875	100	1987
Hjälta, Sweden	Hydroelectric power plants	178	100	1949
Huntorf, Germany	Gas and steam power plants	321	100	1978
Ingolstadt 3, Germany	Coal-fired and gas-fired power plants	386	100	1973
Ingolstadt 4, Germany	Coal-fired and gas-fired power plants	386	100	1974
Ironbridge 2, United Kingdom ²	Biomass power plant	360	100	1970
Irsching 3, Germany	Coal-fired and gas-fired power plants	415	100	1974
Irsching 4, Germany	Gas and steam power plants	550	100	2011

<u>Location</u>	<u>Technology</u>	<u>Net capacity (in MW)</u>	<u>Stake (in %)</u>	<u>Commissioned on</u>
Irsching 5, Germany	Gas and steam power plants	846	50.2	2010
Itaqui, Brazil	Coal-fired and gas-fired power plants	322	12.3	2013
Karlshamn G2, Sweden	Coal-fired and gas-fired power plants	334	100	1971
Karlshamn G3, Sweden	Coal-fired and gas-fired power plants	328	100	1973
Kiel, Germany	Coal-fired and gas-fired power plants	323	50	1970
Killingholme Mod 1 ³ , United Kingdom	Gas and steam power plants	450	100	1992
Killingholme Mod 2 ³ , United Kingdom	Gas and steam power plants	450	100	1992
Krångede, Sweden	Hydroelectric power plants	248	9.2	1936
Langenprozelten, Germany	Hydroelectric power plants	164	77.7	1976
Linnvasselv, Sweden	Hydroelectric power plants	70	9.9	1962
Maasvlakte 1, Netherlands	Coal-fired and gas-fired power plants	535	100	1988
Maasvlakte 2, Netherlands	Coal-fired and gas-fired power plants	535	100	1987
Maasvlakte 3, Netherlands	Coal-fired and gas-fired power plants	1,070	100	2013
Moforsen, Sweden	Hydroelectric power plants	135	100	1968
Öresundsverket, Sweden	Gas and steam power plants	449	100	2009
Oskarshamn 1, Sweden	Nuclear power plants	473	54.5	1972
Oskarshamn 2, Sweden ²	Nuclear power plants	638	54.5	1974
Oskarshamn 3, Sweden	Nuclear power plants	1,400	54.5	1985
Parnaíba I, Brazil	Gas and steam power plants	668	12.3	2013
Parnaíba II, Brazil	Gas and steam power plants	512	12.3	2016
Pecém II, Brazil	Coal-fired and gas-fired power plants	334	56.2	2013
Pleinting 2, Germany	Coal-fired and gas-fired power plants	402	100	1976
Provence 5, France	Coal-fired and gas-fired power plants	595	100	1984
Ramsele, Sweden	Hydroelectric power plants	163	100	1958
Ratcliffe U1, United Kingdom	Coal-fired and gas-fired power plants	500	100	1967
Ratcliffe U2, United Kingdom	Coal-fired and gas-fired power plants	500	100	1968
Ratcliffe U3, United Kingdom	Coal-fired and gas-fired power plants	500	100	1969
Ratcliffe U4, United Kingdom	Coal-fired and gas-fired power plants	500	100	1970
Ringhals 1, Sweden	Nuclear power plants	881	29.6	1976
Ringhals 2, Sweden	Nuclear power plants	865	29.6	1975
Ringhals 3, Sweden	Nuclear power plants	1,063	29.6	1981
Ringhals 4, Sweden	Nuclear power plants	1,115	29.6	1983

<u>Location</u>	<u>Technology</u>	<u>Net capacity (in MW)</u>	<u>Stake (in %)</u>	<u>Commissioned on</u>
Schkopau A, Germany	Coal-fired and gas-fired power plants	450	58.1	1996
Schkopau B, Germany	Coal-fired and gas-fired power plants	450	58.1	1996
Scholven B, Germany	Coal-fired and gas-fired power plants	345	100	1968
Scholven C, Germany	Coal-fired and gas-fired power plants	345	100	1969
Shaturskaya GRES TG 7, Russia	Gas and steam power plants	383	83.7	2010
Staudinger 4, Germany	Gas and steam power plants	622	100	1977
Staudinger 5, Germany	Coal-fired and gas-fired power plants	510	100	1992
Stensjöfallet, Sweden	Hydroelectric power plants	95	50	1968
Storfinnforsen, Sweden	Hydroelectric power plants	112	100	1953
Surgutskaya GRES-2 TG 1, Russia	Gas and steam power plants	780	83.7	1985
Surgutskaya GRES-2 TG 2, Russia	Gas and steam power plants	780	83.7	1985
Surgutskaya GRES-2 TG 3, Russia	Gas and steam power plants	780	83.7	1986
Surgutskaya GRES-2 TG 4, Russia	Gas and steam power plants	780	83.7	1987
Surgutskaya GRES-2 TG 5, Russia	Gas and steam power plants	780	83.7	1987
Surgutskaya GRES-2 TG 6, Russia	Gas and steam power plants	780	83.7	1988
Surgutskaya GRES-2 TG 7, Russia	Gas and steam power plants	386	83.7	2011
Surgutskaya GRES-2 TG 8, Russia	Gas and steam power plants	390	83.7	2011
Trångfors, Sweden	Hydroelectric power plants	73	100	1975
Veltheim 3, Germany ²	Coal-fired and gas-fired power plants	303	66.6	1970
Veltheim 4, Germany ²	Gas and steam power plants	400	66.6	1974
Walchensee, Germany	Hydroelectric power plants	124	100	1924
Waldeck I, Germany	Hydroelectric power plants	145	100	1931
Waldeck II, Germany	Hydroelectric power plants	480	100	1974
Wilhelmshaven, Germany	Coal-fired and gas-fired power plants	757	100	1976
Yaivinskaya GRES TG 5, Russia	Gas and steam power plants	410	83.7	2011

(1) Expected to be out of commission for repairs until mid-2018.

(2) Power plant was decommissioned in fiscal year 2015.

(3) The Killingholme Mod 1 and Killingholme Mod 2 power plants are closed for renovation as of the date of this Prospectus. The renovation work is expected to be completed in the third quarter of 2016.

Numerous real estate properties of the Uniper Group have been used for decades to operate power plants and other facilities. In the past, the operation of these facilities caused environmental legacy burdens on the Uniper Group's real estate properties, such as soil or water contamination or contamination through asbestos, or oil or coal deposits. Going forward, further environmental legacy burdens or contaminations may be discovered, for which the Uniper Group will be liable. Contaminations and the costs associated with their removal could materialize, in particular, as part of decommissioning, dismantlement or remediation measures (see "2. Risk Factors — 2.7 Legal risks for the business of the Uniper Group — 2.7.1 Risks arise for the Uniper Group's business from environmental liabilities in connection with its operating facilities and real estate").

11.9 RESEARCH, DEVELOPMENT AND INNOVATION

11.9.1 Overview

The Uniper Group invests in research and development with the primary goal of improvements and cost savings in its existing operations and processes. The primary focus thereby is ensuring the competitiveness of the existing generation fleet, preparing the existing business for future challenges and increasing earnings from the existing business activities, as well as relevant cost optimization measures.

Continuous efforts to improve the quality of its internal operating processes and to reduce costs are an integral part of the business operations of the Uniper Group. Special focus is placed on improving conventional (gas, coal) and renewable power generation (including hydropower). In so doing, the Uniper Group aims to meet the changing requirements of modern energy generation systems by continually enhancing its own operations in order to ensure an environmentally-friendly and secure energy supply, do business on a sustainable basis and distribute the costs across all areas of the Uniper Group. The individual initiatives to improve business operations are assigned to the affected segments to ensure that the operational requirements of the segment and the needs of the Uniper Group's customers are also taken into account in all stages of development.

The Uniper Group also invests in the development of innovative technologies and the identification of new business areas and services (such as energy storage solutions) which can be used and marketed on a proprietary basis.

In this regard, the focus is on selected development projects, which can serve as a starting point for innovative activities of the Uniper Group offering high commercial potential worldwide. On the basis of fundamental market analyses and the development of business models, pilot projects aimed at entering the market are carried out. The Uniper Group's activities in the area of innovation are focused on projects where the development process can be completed in three to five years on average.

In fiscal year 2015, the Uniper Group's expenditures for research and development amounted to €14 million (in accordance with IAS 38).

11.9.2 Business improvement and innovation

(i) *Improvement of business activities and promoting innovation*

Activities for the technical development and improvement of the business are embedded in the operating units which conduct their planning along the value chain. By contrast, innovation activities are centrally coordinated using standardized processes to provide transparency and systematic knowledge management to promptly disseminate results, thus facilitating rapid implementation by the business units. The offsetable costs will be debited within the Uniper Group on a causal basis.

In 2015, activities for improving business operations and promoting innovation involved employees from five different countries (Germany, the United Kingdom, Sweden, the Netherlands and France). To supplement the innovative potential existing within the Uniper Group, research projects are commissioned in partnership with universities and research institutes in Europe and throughout the world, some of which are co-funded by international, government and national organizations.

(ii) *Selected areas of focus for activities to improve business operations*

To support the profitability of the coal and gas fleets, the short-term focus is on improving business activities, reducing operating costs and optimizing operations (for example, longer maintenance

intervals, increased plant lifetime and improved condition monitoring) of these generation units. For the medium term, a large number of measures are being taken to adapt the Uniper Group's generation capacities to new market conditions (capacity market, ancillary services) and position the fleet favorably in a rapidly changing production environment.

Operational improvements in the field of hydropower generation focus on optimal deployment of existing plants and maximizing revenue streams from ancillary services. This includes areas such as dam safety, flood protection and sustainability licensing to support long-term hydropower plant operation as well as development of hydropower technologies to enable exploitation of the remaining potential in existing river regimes, and comprehensive condition monitoring to optimize maintenance efforts and reduce non-availability. The measures aim to optimally position hydropower generation capacity within an energy system with greater focus on decentralization and storage.

Uniper Energy Sales GmbH offers its major customers "Uniper Digital", a web-based solution which is being expanded and developed into a constantly evolving cooperation platform. The online services created in this context provide customers with a wide range of energy application options as well as enabling price calculations on energy supplies, realization of procurement and visualization of energy purchases, e.g., in the case of service level agreements (*Tranchenverträge*). Together with Uniper Market Solution GmbH, Uniper Energy Sales GmbH, also provides its customers with a market information package.

(iii) Example innovation focus area – new energy storage solutions

The Uniper Group's research and development activities in the area of innovation include activities in the fields of "Digitalization", "Commercial Companion Products", "New Generation Technologies", "Fuels & Mobility" and "Energy Storage".

The expansion of fluctuating renewable power generation from the wind and sun as well as the variable consumption mean that energy storage solutions will gain significance in the future, with energy storage technology expected to play an increasingly important role in the energy system. The main task of storage technology is to enable wind and solar-generated power to be delivered in the form of electricity, heat or gas precisely when there is an appropriate demand. Energy storage systems should make a decisive contribution toward the efficient use of energy in an increasingly decentralized system which unites different industries, create synergy effects and save costs. With regard to storage technologies, the Uniper Group focuses on three main developments: Power-to-power, Power-to-gas and Power-to-heat.

Power-to-power generally refers to electrical energy storage technology in which energy is stored directly and can be discharged again in the form of electricity (e.g., batteries) as needed.

Power-to-gas is a technology designed to integrate renewable energies by converting power to hydrogen using electrolysis or other methods. The generated hydrogen can be used as a substitute for natural gas or other fossil fuels in a wide range of applications, e.g., in industrial, mobility and heating sectors and later for energy generation and use as "green hydrogen" as well. Power-to-gas technology can make a significant contribution toward reducing emissions in the fuel sector.

Power-to-heat is an option for converting power into heat. This technology provides, for example, (negative) balancing energy and ancillary services which stabilize the power grid and supplements the Uniper Group's power plants and district heating.

11.10 INDUSTRIAL PROPERTY RIGHTS, PATENTS, AND LICENSES

The Uniper Group's business activities are supported by processes, designs, and brands that are secured by a portfolio of IP rights such as patents, trademarks, and copyrights. To safeguard its research and development expenditure and protect its competitive position, the Uniper Group endeavors to maintain and, if necessary, defend existing IP rights while at the same time generating new IP rights. In some jurisdictions, the process of registering or transferring individual Uniper trademarks to the Uniper Group is still underway.

In the area of the power plant facilities, a worldwide patent called "Method and system for condition monitoring" (also known as: ACM SpheriCAL) is based on a proprietary software tool called "SpheriCAL" which identifies any deviations from the normal behavior to be expected of a power plant using multi-dimensional mathematical models (into which operational data are introduced), thereby

helping to detect potential disruptions and problems in the power plant's operation at an early stage. Further patents exist especially in the area of the operation and monitoring of stators and rotors in a turbine.

Via its subsidiaries, UGC and Uniper Kraftwerke GmbH, the Uniper Group also has licenses to various patents applied or registered for the E.ON Group, including the associated know-how, which were developed under a pool administration agreement – a cooperation of several companies from the E.ON Group for the promotion of joint research and development. While UGC was itself a member of the pool and therefore has direct licenses to the research results, Uniper Kraftwerke GmbH, which is not a party to the pool administration agreement, entered into a sub-pool administration agreement with E.ON Beteiligungen GmbH, who is a party to the pool administration agreement; under the sub-pool administration agreement, Uniper Kraftwerke GmbH was granted the licenses to the patents and know-how from the pool administration agreement. E.ON SE is the pool administrator and receives a remuneration for this function. The patents were applied for and registered in its name in line with the terms and conditions of the pool agreement. The costs are allocated to the pool and sub-pool member companies among themselves. As a result of the (sub-)pool administration agreement, the (sub-)pool member companies are also entitled to non-exclusive, worldwide, transferable, and sub-licensable licenses to the pool's research results after their withdrawal. UGC and Uniper Kraftwerke GmbH have terminated the (sub-)pool administration agreement as of December 31, 2015, so that although the Uniper Group's licenses relate to the research results until such termination date, it is explicitly entitled to further independent development outside that of the pool.

One of the Uniper Group's key trademarks is the "Uniper" trademark. The Uniper Group operates under this trademark on the relevant markets and vis-à-vis its business partners. The Uniper Group also operates under the "Unipro" trademark in Russia. Based on licensing agreements in the Benelux countries and Russia, the Uniper Group may also use the "E.ON" trademark for a transitional period.

The Uniper Group operates a large number of Internet domains and websites, of which the following are the most important:

- www.uniper.energy (general website of the Uniper Group)
- www.unipro.energy (business in Russia)
- www.uniper-sales.de (energy sales in Germany)
- www.uniper-energy.fr (energy sales in France)
- www.uniper-engineering.com (engineering activities)
- www.uniper-energy-storage.com (energy storage)
- www.uniper-engineeringacademy.com (Engineering Academy United Kingdom)
- www.remit-uniper.energy (integrity and transparency of the energy market)
- www.barsebackkraft.se (Barsebäck nuclear power plant)
- www.okg.se (Oskarshamn nuclear power plant)

Moreover, the Uniper Group is entitled to use the Internet domain www.eon-russia.ru (Russia) until December 31, 2016 and the domain www.eon.nl (energy sales Netherlands) and www.eon.be (energy sales Belgium) until June 30, 2017.

Apart from the above-mentioned rights, the Uniper Group does not hold any material industrial property rights, patents and licenses and does not depend on industrial property rights, patents and licenses for its business operation.

11.11 EMPLOYEES

The following table contains an overview of the average number of employees, calculated on the basis of full-time equivalents (excluding board members, managing directors and apprentices) of the Uniper Group in the six-month period ending on June 30, 2016, as well as in fiscal years 2015, 2014 and 2013, in each case broken down by segment:

	Six-month period ending on June 30, 2016 (unaudited)	Fiscal year ending on December 31		
		2015	2014	2013
			(audited)	
Employees of the Uniper Group				
European Generation	6,386	6,928	7,636	8,554
Global Commodities	1,322	1,412	1,621	1,767
International Power Generation	5,027	5,305	5,386	5,199
Administration/Consolidation	411	492	515	471
Total	13,146	14,137	15,158	15,991
<i>of which: Germany</i>	<i>4,658</i>	<i>5,046</i>	<i>5,778</i>	<i>6,622</i>
<i>of which: International</i>	<i>8,488</i>	<i>9,091</i>	<i>9,380</i>	<i>9,369</i>

The number of employees has not changed significantly since June 30, 2016; temporary staff under temporary employment relationships, job leasing, and personnel leasing arrangements are not employed to any significant extent. Some of the Uniper Group's employees in Europe and Russia are organized in country-specific trade unions. In Germany, many employees are members of the trade union for the mining, chemicals and energy sectors (*Industriegewerkschaft Bergbau, Chemie, Energie*, IG BCE) and the United Services Trade Union (*Vereinte Dienstleistungsgewerkschaften*, ver.di). The vast majority of the operating companies of the Uniper Group in Germany are, for their part, members of the employers' association for energy utilities (*Arbeitgebervereinigung energiewirtschaftlicher Unternehmen e.V.*, AVE). With the exception of one token strike at the beginning of 2013, there were no strikes in Germany in the past three years. Smaller strikes in connection with the negotiation of a social compensation plan were held in Belgium at the end of 2014 and beginning of 2015. In France, strikes were held in the context of restructuring measures with corresponding reductions in staff. The Uniper Group believes that it has a good relationship with its employees and the representatives of operational co-determination.

The German employees are represented by works council members endowed with extensive participation and co-determination rights with regard to personnel, social and economic matters. Pursuant to the German Works Council Constitution Act (*Betriebsverfassungsgesetz*, BetrVG), the members of the works council must be consulted prior to any planned termination of an employment contract; in addition, their consent will be required for recruitments, job gradings and re-gradings and transfers. In addition, they have co-determination rights in other areas, in particular social-security issues (production schedules or rules of conduct for example). The co-determination rights of the employee representatives outside Germany are based on the applicable national laws and regulations.

In order to promote employee participation in the Uniper Group and to improve opportunities for attracting and retaining highly qualified staff, the Uniper Group intends to set up a share-based compensation plan for its senior-management level employees after the spin-off. The specifics as to how the compensation plan is to be structured and to whom and as from what date it will apply will be decided by the Company's board of management in due course. Moreover, at a later point in time and depending on the Uniper Group's economic development it shall be analyzed whether an employee stock option plan will be launched for the Uniper Group's employees.

11.12 LITIGATION

In the course of its business, the Uniper Group is subject to various other legal matters. Apart from disputes under public law, this particularly includes proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sector (also as a consequence of the energy transition). To a certain extent, the proceedings regarding price adjustments also related to repayment claims as a consequence of price adjustments asserted retrospectively.

11.12.1 Proceedings under public law

(i) *Proceedings regarding the Datteln 4 hard coal power plant*

Uniper Kraftwerke GmbH is currently constructing the hard-coal fired Datteln 4 power plant, which has a net electric output of approximately 1,055 GW. The construction work carried out to date had been approved by the Münster Regional Government (*Bezirksregierung Münster*, “**BRM**”) in 2007 and 2008 by means of a preliminary decision under pollution control regulations and five partial permits. Furthermore, the BRM passed a planning approval decision, which contained, *inter alia*, a permit for the construction of a port on the Dortmund-Ems Canal and the associated alteration of the course of the Ölmühlenbach stream.

On September 3, 2009 the OVG Münster declared the construction plan no. 105 – E.ON power plant (*Bebauungsplan Nr. 105 – E.ON-Kraftwerk*) – null and void. This judgement was upheld by the BVerwG and is final and binding.

In June 2012, the OVG Münster set aside the preliminary decision under pollution control regulations following a lawsuit brought by Friends of the Earth Germany (*Bund für Umwelt und Naturschutz Deutschland*, “**BUND**”). This judgement was also upheld by the BVerwG, and is final and binding.

Subsequently, the BRM revoked the partial permits 1, 4 and 5 in December 2013, thus settling the pending actions for avoidance to this extent.

As a result of this planning law and regulatory law development, it became necessary to establish a new basis under planning law at the level of regional and urban development planning, as well as the issuance of an operating permit: The new state development plan for North-Rhine Westphalia, which transfers responsibilities for determining the location of power plants from state to regional level, was resolved by the state government through a resolution of the state cabinet on July 5, 2016. The necessary approval of the state parliament of North-Rhine Westphalia and the official notification are expected in the late summer or fall of 2016.

In December 2013, the general meeting of the Ruhr Regional Association (*Regionalverband Ruhr*, “**RVR**”) resolved on an amendment to the regional plan. In addition, the state chancellery of North-Rhine Westphalia, as the state planning authority, issued a notice to the RVR that permits deviations from the graphic depictions and written stipulations of the state development plan of 1995. The amendment to the regional plan entered into force in April 2014. On September 1, 2014, an amended zoning plan and the project-related construction plan no. 105a – power plant – entered into force, following the issuance of a notice permitting a deviation from a planning objective for this purpose by the city of Datteln.

In December 2014, Uniper Kraftwerke GmbH applied for the permits needed to construct and operate the hard coal power plant. Upon completion of the hearing in September 2015, the involvement of the public was completed in these administrative proceedings. Upon Uniper Kraftwerke GmbH's application dated January 20, 2016, on March 4, 2016 the BRM approved the early commencement of construction of Datteln 4. On May 30, 2016, Uniper Kraftwerke GmbH applied to the BRM to approve the early commencement of construction for other works.

At present, the project and the planning decisions necessary for its approval are subject to various legal actions: at the regional planning level, the city of Waltrop has filed an action with the Gelsenkirchen Administrative Court (*Verwaltungsgericht*, “**VG**”) challenging the notice permitting a deviation from a planning objective that the state chancellery of North-Rhine Westphalia issued to RVR. In addition, the city of Waltrop has filed an action with the VG Gelsenkirchen challenging the notice permitting a deviation from a planning objective that was issued to the city of Datteln and that forms the basis for the project-related construction plan no. 105a – power plant – and the associated change to the zoning plan. Three lawsuits against the urban development planning, *i.e.*, the project-related construction plan no. 105a – power plant –, are currently pending before the OVG Münster. The plaintiff is the city of Waltrop, BUND, and several residents; the actions of the various residents have been combined into one single lawsuit. At the approval level, a lawsuit is currently pending at the OVG Münster challenging the planning approval decision by the BRM that permits the construction of a port on the Dortmund-Ems Canal as well as an alteration of the course of the Ölmühlenbach stream. At present, these proceedings are suspended. Moreover, actions filed by residents challenging the final 2nd and 3rd partial permit and aimed at requiring the BRM to revoke these partial permits are pending. Beyond this, in April 2016 BUND filed an action to rescind the approval for early commencement of construction works granted in March 2016.

(ii) *Permit under nature conservation law for the biomass-fired power plant Provence 4, France*

Uniper-Société Nationale d'Electricité et de Thermique ("**Uniper-SNET**") is third party in a legal dispute between three non-governmental organizations as plaintiffs and the Bouches-du Rhône Préfecture as respondent in which an environmental permit granted to Uniper-SNET is being contested. Uniper-SNET is building a new biomass-fired power plant in Bouches-du-Rhône, France, with a capacity of 150 MW. In November 2012, the Bouches-du Rhône Préfecture granted the required environmental permit to Uniper-SNET. The local branches of three non-governmental organizations filed a total of three lawsuits contesting the environmental permit granted by the Bouches-du Rhône Préfecture before the administrative tribunal in Marseille, which are still pending.

(iii) *Dutch coal tax*

For the period from January 1, 2013 to January 1, 2016, the Dutch legislator abolished the tax exemption on coal used as fuel for power plants. In response, Uniper Benelux N.V. filed lawsuit against the abolition of the tax exemption before both the civil court of The Hague and the tax court of The Hague.

Both the civil court and the tax court dismissed the lawsuit. The respective appeals against these dismissals were unsuccessful. Uniper Benelux NV then filed a claim with the supreme tax court of the Netherlands and requested that the court present certain issues to the European Court of Justice for a preliminary decision.

11.12.2 Price adjustment proceedings

The Uniper Group is conducting or has conducted several arbitration and court proceedings with major customers and gas suppliers on contract amendments and price adjustments in long-term electricity and gas 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.

(i) *Arbitration proceedings with a gas customer*

In December 2013, a gas customer filed a request for arbitration in *ad-hoc* proceedings against Uniper Energy Sales GmbH, through which the claimant asserted repayment claims against Uniper Energy Sales GmbH in the amount of approximately €389 million plus interest from the date on which the proceedings became pending. The litigation is based on four gas supply contracts concluded between the claimant and Uniper Energy Sales GmbH between March 2005 and March 2011 under which Uniper Energy Sales GmbH supplied natural gas to the claimant between October 2006 and October 2013. The claimant bases its repayment claims on the assertion that the gas supply contracts entered into are null and void and that the claimant is therefore entitled to the repayment of the payments made to Uniper Energy Sales GmbH during the period from December 2009 to October 2013. The parties concluded a settlement agreement which is still conditional upon approval by the management bodies of the claimant.

(ii) *Arbitration proceedings with a gas supplier on price adjustment*

UGC is the claimant in arbitration proceedings conducted in accordance with the arbitration rules of the International Chamber of Commerce ("**ICC**"), in which UGC has filed a claim against the respondent for price adjustment under several long-term gas supply contracts entered into by UGC as purchaser and the respondent as seller. Based on the contractually agreed price adjustment clause, UGC is requesting that the contractual price formulas be brought into line with the changed price formation in the German natural gas market (see "**2. Risk Factors — 2.3 Market risks for the business of the Uniper Group — 2.3.5 Risks arise for the Uniper Group's business from changing market prices and margins for power and primary energy sources**"). In a partial award rendered on May 8, 2015, a price adjustment was granted on the merits. The arbitration tribunal established a new price formula in a second partial award dated August 5, 2016. The arbitration tribunal is expected to pass its final decision on subsequent settlement of the purchase price in the course of 2016.

(iii) Arbitration proceedings with a gas supplier relating to price adjustment

UGC was claimant and counterclaiming respondent in an *ad-hoc* arbitration proceedings in which UGC conducted a dispute with the respondent concerning a price adjustment under several long-term gas supply contracts entered into by UGC as purchaser and the respondent as seller. Based on the contractually agreed price adjustment clauses UGC demanded that that contractual price formulas be brought into line with changed price formation in the German natural gas market. In a counterclaim, the respondent in return sought an increase of the contract price. UGC and the respondent reached a settlement outside the arbitration tribunal, which entered into force on March 29, 2016, whereupon the arbitration proceedings were concluded.

(iv) Arbitration proceedings concerning price adjustment under a gas storage agreement

Uniper Energy Storage GmbH is the claimant in arbitration proceedings instituted in August 2016 in accordance with the arbitration rules of the German Institution of Arbitration (*Deutsche Institution für Schiedsgerichtsbarkeit e.V.*). Uniper Energy Storage GmbH has filed a claim against the respondent for price adjustment under a long-term storage contract that had been entered into by the legal predecessors of Uniper Energy Storage GmbH and the respondent back in 2002 and on the basis of which the respondent granted Uniper Energy Storage GmbH rights to use a natural gas storage facility. Uniper Energy Storage GmbH takes the view that it has a claim to a reduction in the usage fees pursuant to the contractual agreements. The value of the matter in dispute is approximately €10 million.

(v) Arbitration proceedings with sub-lessee of gas storage facilities

Uniper Energy Storage GmbH is the respondent in arbitration proceedings that were commenced in October 2014 in accordance with the arbitration rules of the German Institute of Arbitration (*Deutsche Institution für Schiedsgerichtsbarkeit e.V.*). The claimant has filed a request for arbitration against Uniper Energy Storage GmbH for damages of €7.4 million (status: June 2016) arising from a cavity lease agreement for natural gas storage facilities, which Uniper Energy Storage GmbH and the claimant concluded in October, 2011 ("**Sublease Agreement**"). The value of the matter in dispute is approximately €10 million. In October 2007 Uniper Energy Storage GmbH and an owner of gas caverns had entered into an agreement on the lease of gas caverns in the Etzel salt dome ("**Lease Agreement**"). Under the Sublease Agreement, Uniper Energy Storage GmbH yields part of the cavity it is leasing from the owner to the claimant. In accordance with the Sublease Agreement between Uniper Energy Storage GmbH and the claimant, Uniper Energy Storage GmbH is required to safeguard potential rights for non-payment or reduction of the contractual payment under the Lease Agreement and, in case of success, pass on any repayments or set-offs, on a *pro rata* basis, to the claimant. The claimant believes that, under the Sublease Agreement, Uniper Energy Storage GmbH is also obligated to assert potential adjustment claims pursuant to section 313 (1) of the BGB vis-à-vis the owner and that Uniper Energy Storage GmbH has breached this obligation, causing the claimant to lose price reductions in the sub-lease relationship between Uniper Energy Storage GmbH and the claimant. In addition, the claimant asserts the right to demand direct amendment of the Sublease Agreement on the basis of section 313 (1) BGB.

(vi) Court proceedings concerning virtual power plant agreements

Uniper Energy Sales GmbH is the respondent in two legal disputes before the Munich I Regional Court, in which the respective plaintiff primarily seeks an adjustment of the price stipulated in its respective long-term power supply contract with Uniper Energy Sales GmbH and in the alternative to void the contract. The contracts that form the subject matter of the disputes entitle the respective plaintiffs to purchase electricity at the agreed generation cost of a virtual hard coal power plant. The plaintiffs substantiate their request for adjustment with the hardship clause contained in the contracts and demand an adjustment of the price stipulations to the effect that the remuneration to be paid by them, respectively, be no longer based on the agreed generation cost of a virtual hard coal power plant but rather on the wholesale prices for power. In one of the lawsuits, with a value in dispute of €90 million, the Regional Court pronounced a judgment in favor of the plaintiff on September 28, 2015, which has already been appealed against. In the second lawsuit, having a value in dispute of €30 million, on August 8, 2016, the Regional Court passed a partial judgment dismissing the plaintiff's price adjustment claim; the plaintiff's claim to void the contract will be decided once the partial judgement becomes final.

11.12.3 Other proceedings

(i) **JadeWeserPort court proceedings**

Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG ("**JadeWeserPort Marketing**"), the legal successor of the State of Lower Saxony, operating a commercial enterprise by the name of "**JadeWeserPort**" (the "**JadeWeserPort Operation**"), filed an action with the Hanover Regional Court in August 2015 in which JadeWeserPort Marketing seeks the repayment of €20.2 million from EKW. This litigation was transferred to Uniper Holding GmbH and then to Uniper Kraftwerke GmbH as part of the spin-off. In 2006, the JadeWeserPort Operation proposed the construction of a container deep-water port on the Jade major shipping route in Wilhelmshaven ("**JadeWeserPort**"). Directly to the south of the JadeWeserPort, EKW operates a coal-fired power plant whose cooling water is taken from the Jade river. During the underlying planning approval proceedings, Uniper Kraftwerke GmbH raised objections to the construction of the JadeWeserPort, asserting that the construction of the JadeWeserPort would compromise the cooling water system of the power plant and thus lead to a reduction of the power plant output if no countermeasures are taken over the longer term. EKW and the JadeWeserPort Operation settled the dispute in November 2006. Thereafter the JadeWeserPort Operation undertook, in particular, to erect a deflecting wall and to share in the costs of the construction of a new water abstraction structure in the form of a one-off payment in the amount of €20.2 million. Under the settlement agreement, EKW undertook to withdraw the objections raised in the planning approval proceedings for JadeWeserPort. In the complaint, JadeWeserPort Marketing argued that EKW had failed to construct a new water abstraction structure and also no longer intended to construct such, so that the one-off payment in the amount of €20.2 million made to EKW would have to be repaid. EKW refuses to make the repayment on the grounds that the one-off payment was not directly related to the construction of the new water abstraction structure. On February 23, 2016, the Hannover Regional Court dismissed the action brought by JadeWeserPort Marketing. JadeWeserPort has filed a notice of appeal against this ruling by written notice dated March 22, 2016. The reasons for the appeal have yet to be submitted. Negotiations are currently ongoing in parallel to reach an out-of-court settlement.

(ii) **TenneT court proceedings**

In February 2016, Uniper Kraftwerke GmbH filed a lawsuit against TenneT TSO GmbH ("**TenneT**") with the Bayreuth Regional Court. With its action, Uniper Kraftwerke GmbH seeks to challenge the prohibition of the temporary decommissioning of the Irsching 4 power plant unit of the Irsching gas power plant operated by it, which prohibition was brought about by TenneT. In June 2015, TenneT had objected to the decommissioning of the Irsching 4 power plant unit previously announced and had demanded that Uniper Kraftwerke GmbH continue securing the operational readiness of the power plant unit also after April 1, 2016. In its lawsuit, Uniper Kraftwerke GmbH asserts that the statutory authorities in the German Energy Industry Act (*Energiewirtschaftsgesetz*, "**EnWG**") for the decommissioning prohibition as well as the order to continue operating under the EnWG are unconstitutional. Uniper Kraftwerke GmbH argues further that TenneT, as a private-law entity, was not authorized to order sovereign acts, and that the constitutionally safeguarded right of ownership and the freedom to choose an occupation have been violated, since no appropriate remuneration had been secured for the continued operation ordered and the engagement of the power plant operators resulting therefrom.

Gemeinschaftskraftwerke Irsching GmbH, in which Uniper Kraftwerke GmbH is the majority shareholder, also filed a lawsuit against TenneT before the Düsseldorf Regional Court in February 2016. In this suit, Gemeinschaftskraftwerke Irsching GmbH seeks to have the contract concluded with TenneT in 2013 amended to further specify the remuneration of a performance share for grid-stabilizing measures of the Irsching 5 power plant unit and thus an adjustment of the remuneration for any grid-stabilizing measures taken in the past. In this connection Gemeinschaftskraftwerke Irsching GmbH is also asserting a payment claim in the amount of approximately €89.7 million plus interest against TenneT.

In April 2016, Uniper Kraftwerke GmbH furthermore filed a lawsuit against TenneT with the Bayreuth Regional Court with respect to the compensation for using the Franken power plant for redispatch purposes in 2013 and 2014. The contentious issue between the parties relates to the amount in which adequate compensation for redispatch usage is owed on the basis of the applicable statutory provisions. In this connection, Uniper Kraftwerke GmbH is asserting a payment claim in the amount of approximately €18.8 million plus interest against TenneT.

(iii) Arbitration proceedings concerning gas transport/capacity agreement

UGC is the respondent in arbitration proceedings before the International Court of Arbitration of the ICC. In the request for arbitration received by the Secretariat of the ICC International Court of Arbitration on June 24, 2015, the claimant filed a claim against UGC for payment of remuneration of approximately €2.8 million arising from a gas transport/capacity agreement as well as for determination of a payment obligation of approximately €43.4 million during the remaining term of the above-mentioned agreement. This dispute relates to a gas transport/capacity agreement concluded by the parties (or their legal predecessors) in January 2006 and a contractual amendment in December 2012. In this agreement, UGC and the claimant agreed on the transport of gas for a term until December 31, 2021, with UGC obligated to pay, to the claimant, monthly remuneration in the amount of approximately €550,000 for the gas transport. UGC terminated the transport/capacity agreement with the claimant with effect from December 31, 2014. In response, the claimant rejected the termination by UGC, pointing out that the contract had a term until December 31, 2021. In line with its termination, UGC ceased the payment of remuneration under the transport/capacity agreement with the claimant in January 2015. As a consequence, the claimant initiated arbitration proceedings before the ICC International Court of Arbitration against UGC. The arbitration tribunal has not yet been established. The value of the matter in dispute is approximately €46 million.

(iv) Threatened arbitration proceedings in Sweden

In October 2007, a Swedish Uniper Group company entered into two project agreements, which both together served the implementation of a project in the nuclear power plant in Oskarshamn. One project agreement was terminated. The primary aim of the second agreement, which had been entered into with a contractor consortium consisting of three companies, was to upgrade the safety. Although the project's completion had been planned for 2012, this was considerably delayed.

At the end of 2015 the Swedish company and the contractor consortium agreed to terminate the second agreement; merely the work still required for the later decommissioning of the power plant unit was to be completed. The last contentious issue relates to claims totaling approximately €100 million which the contractor consortium is asserting against the Swedish company primarily on the basis of various delays in the project flow. According to the contractor consortium's opinion, the Swedish company, as customer, was responsible for such delays. The Swedish company and the contractor consortium have reached a settlement, whereby the contractor consortium will relinquish all of its claims in return for a net payment of €5.0 million by the Swedish company.

(v) Court proceedings with a transmission system operator relating to payment of the EEG surcharge

A transmission system operator filed lawsuit against RuhrEnergie GmbH before the Essen Regional Court as a multistage action (*Stufenklage*), for information and production of an auditors' certificate specifying the electricity quantities the defendant delivered to retail customers, as well as the purchase of and compensation for these electricity quantities, based on the EEG quota applicable at the relevant time. The subject matter of the proceedings was the scope of the notification and publication duties owed by the defendant, as electricity supply utility, to the plaintiff as transmission system operator under the EEG, and the associated question of whether the defendant should subsequently be charged the EEG surcharge regarding the electricity quantities delivered to retail customers. RuhrEnergie GmbH contests the claims asserted on the basis that they have become statute-barred. At the same time, the defendant served a third party notice on the retail customers affected by the litigation, contending that according to the statutory EEG load balancing scheme (*EEG-Lastenausgleich*), its costs had in any event to be borne by the respective third party defendants.

In a partial judgment pronounced in May 2015, the Regional Court of Essen upheld the multistage action for the providing of information. The court affirmed that a general notification and publication duty existed with regard to electricity supplies to retail customers. In the court's opinion, the claim had not become statute-barred due to the lack of knowledge or grossly negligent ignorance of the transmission system operator. In July 2015, RuhrEnergie GmbH thereupon filed an appeal with the Higher Regional Court (*Oberlandesgericht*) of Hamm and in its reasons for the appeal of November 2015 stated, *inter alia*, that the Regional Court of Essen erred in its findings with respect to the

knowledge or grossly negligent ignorance triggering the start of the limitation period. The plaintiff and defendant in the appeals proceedings subsequently responded to the reasons for the appeal in June 2016.

11.13 INSURANCES

Until the spin-off enters into effect, the activities of the Uniper Group have been covered under the E.ON Group's global corporate insurance (so-called "group policies"). In addition, individual policies existed for the Uniper Group. In the context of the spin-off, the Uniper Group has taken steps to ensure that it has separate insurance coverage.

Under coordinated insurance plans or individual separate policies, the Uniper Group will have the following insurance coverage once the spin-off enters into effect: product liability and business liability insurance in the event of property damage, personal injury and/or consequential financial loss of third parties, environmental liability insurance and environmental damage insurance for environmental damage arising from incidents and to a limited extent also from normal operations, property insurance, in particular fire, machinery, loss or damage due to adverse weather conditions and business interruption insurance, individual credit insurance policies for customer accounts receivables, fidelity bond coverage (for financial losses incurred by the Company as a result of tortious acts of its employees or other fiduciaries). It will continue to have directors and officers liability insurance (D&O insurance) to protect them from claims for breach of the duty of due care and in the United States it will have employment practices liability insurance (covering employers and their directors and officers against workplace discrimination or unlawful termination lawsuits, among other things).

The Uniper Group assumes that it has sufficient insurance coverage at reasonable premiums. The insurance coverage is regularly reviewed and will be adapted if required. However, it cannot be ruled out that the Company or one of its subsidiaries will incur loss or damage that is not fully covered or not covered at all or that exceeds the coverage limits.

This particularly applies with regard to liability for any incidents from the operation of Swedish nuclear power plants. Nor is there any guarantee that the Uniper Group will be able to obtain insurance coverage that is then adequate on reasonable terms in the future.

Uniper Risk Consulting GmbH, a wholly owned subsidiary of the Company, is responsible for the insurance management of the Uniper Group (see "12. *Certain Relationships and Related Party Transactions — 12.1.6 Agreement regarding insurance coverage*").

11.14 RISK MANAGEMENT

11.14.1 Overview

The Uniper Group manages its risks via a comprehensive enterprise risk management system. This system comprises several components which collectively work together to identify, assess, manage and monitor material risks impacting the commercial objectives of the Uniper Group. It aims to

- fulfil legal and regulatory requirements (e.g., the German Law on Corporate Control and Transparency),
- secure the Uniper Group's existence through consideration of the available financial resources,
- protect enterprise value through the holistic, active management of risks, and
- create value by considering risks / return in key decisions and processes including investments, capital allocation and business planning.

Key components of Uniper's enterprise risk management system are

- a network of experienced risk managers throughout the organization,
- a central risk inventory in which all known risks are captured and from which they are made transparent to and understood by key stakeholders,
- an internal governance and related infrastructure enabling the active management of risks at all levels of the organization,
- a risk-bearing capacity concept,
- a compliance system enforcing decision making in accordance with the law and external regulation,

- an internal control system comprising a set of measures to prevent, detect and mitigate risks, including those that threaten the Company's continuing existence, that meets the requirements of section 91 (2) AktG, and
- the enforcement of a strong risk culture at all levels of the organization.

11.14.2 Governance

(i) Board of Management

The board of management of the Company bears the ultimate legal accountability for the Uniper Group wide enterprise risk management system. It is responsible for establishing and monitoring the effectiveness of an enterprise risk management system to manage all risks across the Uniper Group. The board of management of the Company establishes the Uniper risk committee, appoints its members and approves its rules of procedure. It determines Uniper Group's enterprise risk bearing capacity concept, as well as the overall risk limits to those risk types for which the risk committee deems limits relevant.

(ii) Supervisory Board

The supervisory board is responsible for supervising the board of management. That involves the monitoring of adherence to major legal requirements and the establishment of an effective system to identify risks which could threaten the existence of the Uniper Group. In addition to this the supervisory board advises the board of management of the Uniper Group on general risk management approaches and also concrete actions related to specific risks and chances as appropriate.

(iii) Risk Committee

The board of management has delegated its risk-related responsibilities to a Risk Committee. This Risk Committee is the top level decision body for all risk related business steering decisions. Supported by the relevant functional teams the Risk Committee covers all material enterprise risks that are relevant for economic and financial steering of the Uniper Group. Key responsibility of the Risk Committee is to establish a risk management governance and infrastructure capable of managing enterprise risks at all levels of the organization.

(iv) Functional/Operational responsibility

Risks are identified, assessed and managed based on Uniper Group's functional organization. Risk ownership is assigned to the functional team who is best capable to manage the risk.

11.14.3 Compliance

(i) Overview

A compliance management system was put in place throughout the Uniper Group to manage compliance risks more effectively and to provide support in acting compliant.

Compliance risks may in particular arise in the following areas: anti-bribery and anti-corruption, anti-money-laundering, antitrust law and capital markets law/insider trading. The relevant areas and specific risks are regularly reviewed by the compliance function within a compliance risk assessment.

The main elements and activities of the compliance management system are

- appoint a contact person for compliance queries (internal and external);
- train staff on the compliance topics and keep staff informed on developments in these areas;
- establish policies, processes and procedures for the effective management of relevant topics and risks;
- identify, document and assess the compliance risks associated with Uniper Group's business and establish procedures and measures to detect and analyse potential deficiencies and peculiarities;
- coordinate the investigation, evaluation, elimination and sanctioning of compliance violations and install and maintain a so-called "Whistleblower-Hotline"; and

- monitor the implementation of the compliance management system within the business areas and legal entities and ensure that the compliance reporting duties defined within the compliance management system are fulfilled.

Twice per year, the chief compliance officer submits a compliance report to the board of management and the supervisory board's Audit Committee. Material compliance incidents are reported immediately to both bodies.

(ii) Internal Control System (ICS)

Internal controls are an integral part of defined processes within the Uniper Group. Guidelines define uniform requirements and procedures for the entire Uniper 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 the Internal Audit function; and a description of the final sign-off process. The documentation and evaluation of internal controls plus the sign-off process are performed within a group wide IT application. The adherence to these rules shall minimize risks in connection with important business processes, financial reporting and compliance.

11.15 CORPORATE RESPONSIBILITY

The Uniper Group is aware of its corporate responsibility toward its different stakeholder groups. The Company is convinced that it can only be commercially successful over the long term if it balances economic developments with ecological and social responsibility.

Assuming responsibility generally means being accountable to itself and others for the consequences and motivations of its acts and omissions. The Uniper Group sees corporate responsibility as the management's responsibility to use the granted freedoms of (corporate) actions in such a way that the conditions of freedom are preserved and are not destroyed in the future. The basis for this is the continuous and systematic identification and evaluation of social expectations and developments with regard to their present and future relevance to the Uniper Group. The results of the evaluation are constantly integrated into the corporate strategy and corporate activities.

The Uniper Group plans to report transparently and based on recognized standards on significant developments of its corporate responsibility for the future.

11.16 INFORMATION TECHNOLOGY

Information technology plays an important role in the Uniper Group's business operations. The portfolio of IT applications covers a broad spectrum, from standardized systems for planning corporate resources within the Uniper Group to highly individualized systems for specific processes within individual areas of business.

The Uniper Group employs special solutions particularly in its core areas of business. Special IT solutions are used to control operation of the power plants, to control power and gas grids as well as gas storage facilities and are combined with process management technology. These IT systems are crucial components for the smooth operation and optimization of the respective plants. In addition, highly sophisticated monitoring systems are used to analyze any irregularities occurring in the plants, such as turbine vibrations, to optimize maintenance and predict disruptions, ideally in order to prevent unexpected failures. The maintenance process itself is supported by plant maintenance systems, which contain, *inter alia*, plant documentation, thus making it easier for technicians to perform on-site inspections or repairs if necessary. These systems are also crucial for health and safety precautions of employees and contract workers while inspecting the power plant facilities. Other specific applications, for example for fuel regulation or chemical analyses, are also used, depending on the requirements of the relevant power plants.

Operating nuclear power plants also requires special IT due to official requirements and the highest level of safety standards. The operations control system supports central functions in operations. The operations control system is used to control and monitor key operational processes. These systems and applications, which are required for nuclear power plants, are protected from outside access by firewalls in layered security zones depending on the level of hazard and are subject to rules on critical infrastructure.

In the Global Commodities segment, a number of specialized energy trading and risk management solutions are employed. Among other things, several products by Openlink are used to ensure that the requirements for trading on global energy markets, risk management, optimization and regulatory reporting are met quickly and professionally. Some of these systems are subject to the rules and requirements of BaFin.

In addition to some of the aforementioned IT solutions, digital channels and customer portals are increasingly being used in the Sales (major customers) and Gas Storage divisions in an effort to focus on and better serve the needs of market partners and customers.

Pursuant to a cooperation agreement between E.ON Beteiligungen GmbH, Uniper Holding GmbH, a wholly owned subsidiary of the Company, and EBS, the latter is providing IT, HR and accounting services to both the E.ON Group and the Uniper Group for a transitional period. Most of the Uniper Group's IT services are being performed by EBS for a transitional period. To this end, the cooperation agreement and IT/HR/FS framework agreements are in place between the Uniper Group and EBS, which cover, *inter alia*, the provision of basic services in the areas of IT, infrastructure and applications operation. In addition, project-specific agreements are entered into for certain IT projects. EBS primarily relies on the IT providers Hewlett Packard and T-Systems for the provision of IT infrastructure services (e.g., data center operations, incident management, telephony and networks). To the extent the Uniper Group still requires the services of EBS after the end of the relevant contractual term, the parties will enter into a corresponding agreement in due time before the Uniper IT framework agreement expires.

11.17 MATERIAL AGREEMENTS

The following presents the agreements to which the Company or another company within the Uniper Group is party and which are of material importance to the Uniper Group.

11.17.1 Spin-off agreement

(i) Content

On April 18, 2016, E.ON SE and the Company entered into a notarized Spin-off and Transfer Agreement under which E.ON SE transfers all its shares in Uniper Beteiligungs GmbH (which in turn holds 53.35% of the interests in Uniper Holding GmbH) to the Company by way of spin-off by absorption. The Company's general meeting endorsed the Spin-off and Transfer Agreement on May 24, 2016, and E.ON SE's general meeting endorsed the Spin-off and Transfer Agreement on June 8, 2016. The spin-off will take effect upon its registration with E.ON SE's commercial register, with the spin-off having a retrospective economic effect, *i.e.*, the transfer of the shares in Uniper Beteiligungs GmbH to the Company will be treated as if it had already taken place with effect as at the spin-off date, namely January 1, 2016, 00:00 hours. If the spin-off has not been registered with E.ON SE's commercial register by the end of February 28, 2017, the spin-off date will be deferred to January 1, 2017, 00:00 hours. Where said registration is delayed beyond February 28 of the year following, the spin-off date shall also be deferred by a further year. As compensation for the transfer of the shares in Uniper Beteiligungs GmbH to the Company, the shareholders of E.ON SE will each receive one (1) share in the Company for every ten (10) shares in E.ON SE in line with their existing shareholding. The shares in the Company to be transferred will be created by way of an increase in the Company's share capital.

Subject to a different allocation of obligations and liabilities under the Framework Agreement (see "11.17. Material agreements — 11.17.2 Framework agreement"), E.ON SE is obligated to indemnify the Company, upon first demand, from any liabilities or obligations if and to the extent that claims are asserted against the Company under section 133 of the UmwG or other stipulations by creditors for liabilities, obligations or arrangements to assume liability on the part of E.ON SE which have not been transferred to the Company under the terms of the Spin-off and Transfer Agreement. This is a common arrangement between companies involved in a spin-off as an internal apportioning of the statutory liability under section 133 UmwG. In accordance with section 133 (1) and (3) UmwG, the Company will be jointly and severally liable with E.ON SE for any liabilities that remain with E.ON SE and were incurred prior to the spin-off becoming effective if such liabilities fall due within five years after the registration of the spin-off in E.ON SE's commercial register has been announced and a claim against the Company of the type described in section 197 (1) nos. 3 to 5 BGB is determined or an enforcement measure has been taken by a court or a government authority or such measure has been applied for.

With regard to public-law liabilities, the issuance of an administrative act will suffice for this purpose. As for retirement benefit obligations under the German Company Pension Act (*Betriebsrentengesetz*), this deadline will be extended from five to ten years. E.ON SE's mirrored liability under section 133 (1) and (3) UmwG for the liabilities transferred to the Company, and the Company's respective obligation to indemnify under the Spin-off and Transfer Agreement, are practically of no relevance, as no liabilities are transferred to the Company as part of the spin-off.

At the time of registration of the spin-off in E.ON SE's commercial register, E.ON SE warrants that it is the holder of the shares in Uniper Beteteiligungs GmbH, that it can freely dispose of these shares and that these shares are not encumbered by third-party rights.

On the basis of a prior resolution of the board of management dated August 2, 2016, the Company's general meeting adopted a resolution on August 19, 2016 affirming its resolution dated May 24, 2016 to enter into the Spin-off and Transfer Agreement even in view of the Federal Government's subsequent statement of June 1, 2016 regarding implementation of the recommendation made by the Nuclear Phase-out Financing Review Commission on April 27, 2016 (for information on the terms of the Federal Government's statement, see "13. Energy Law Environment — 13.3 Energy law environment in Germany — 13.3.3(v)(i) Liability issues — continued liability for the obligations under nuclear energy law applicable to the operators of nuclear power plants") on the grounds that the spin-off is in the Company's interest despite the Federal Government's statement. The supervisory board endorsed the further continuation of the execution in its meeting on August 29, 2016.

(ii) Presentation of advantages

The Spin-off and Transfer Agreement provides special advantages within the meaning of section 126 (1) no. 8 UmwG in descriptive form.

In March 2016, the Company's supervisory board promised a special bonus to the members of the Company's board of management, which is contingent on the spin-off being entered into E.ON SE's commercial register no later than by the end of March 2017. The bonus amount paid out will depend, among other things, on the Company's market capitalization, rating, and corporate value in comparison to a defined reference group (so-called "peer group") and the individual contributions of the board of management members, which the supervisory board will take into consideration on a discretionary basis. For Mr. Klaus Schäfer, the target amount is €1.24 million, and for Messrs. Christopher Delbrück, Keith Martin, and Eckhardt Rümmler the target amount is €700,000 each. The amount actually paid out may be between 50% and 150% of the target amount. The condition for payment of the special bonus is that the members of the board of management commit to the creation of a stock portfolio of Uniper shares by way of shareholding obligations, under which they are obligated to acquire and hold Uniper shares equal in value to 100% of their annual base remuneration during their terms of office. The period for the creation of the relevant stock portfolio is capped at four years from the time the spin-off is entered into E.ON SE's commercial register.

The Spin-off and Transfer Agreement sets out which offices on the board of management and on the supervisory board of the Company are held by members of E.ON SE's board of management.

Furthermore, the Spin-off and Transfer Agreement provides that, upon the spin-off becoming effective, E.ON SE's Long Term Incentive program (the "**E.ON LTI**") will settle early with Messrs. Klaus Schäfer, Christopher Delbrück and Eckhardt Rümmler, with any E.ON LTI tranches outstanding at that time being paid out. As a consequence, the virtual E.ON shares allocated to Messrs. Klaus Schäfer, Christopher Delbrück, and Eckhardt Rümmler will be settled on the basis of the final price of the E.ON share determined upon early maturity and a predetermined dividend equivalent.

Finally, the Spin-off and Transfer Agreement also states that, in connection with the stock market listing of the Company's shares, E.ON SE and the Company intend to take out a standard insurance policy to cover the risks typically associated with a stock market listing. The insurance cover will also extend to the members of the boards of management and supervisory boards of E.ON SE and the Company.

The Spin-off and Transfer Agreement presents, in a descriptive form, the consequences that the spin-off will have for both the employees and their representations. In particular, it is laid out that Group-wide optimization programs are being examined in detail for the Uniper Group with a view to completing these programs by 2018. Moreover, the Uniper Group intends to carry out portfolio disposals with a value of more than €2 billion. Overall, these measures will reduce the number of employees within the Uniper Group.

As a rule, E.ON SE will bear any and all costs associated with the notarial recording of the Spin-off and Transfer Agreement and its implementation until the spin-off is entered into E.ON SE's commercial register, including the costs of the joint spin-off report, the spin-off review, the proposed stock exchange listing, and any resulting costs of advisers and banks.

The transaction taxes incurred upon notarization and implementation of the Spin-off and Transfer Agreement (in particular real estate transfer tax) will generally be borne by the Company. Otherwise the party who is the tax debtor under tax law will pay the taxes incurred as a result of the notarization and implementation of the Spin-off and Transfer Agreement. This applies in particular where the spin-off leads to a breach of qualifying periods for land transfer tax purposes.

11.17.2 Framework agreement

(i) Content

On April 18, 2016, E.ON SE and the Company entered into a framework agreement, which is attached as an annex to the Spin-off and Transfer Agreement concluded by the two companies. The framework agreement serves for the completion of the group-wide restructuring to create the two company divisions E.ON and Uniper below the level of E.ON SE. It contains complementary provisions on issues in connection with the establishment of the company divisions that have not yet been fully finalized. To the extent that any issues have already been finally settled by agreement between the parties, the framework agreement does not apply.

In principle, assets are deemed to be finally allocated if they were allocated to the Uniper company division or the E.ON company division or, at least temporarily, to both company divisions on January 1, 2016.

To the extent that collateral exists that was furnished by businesses of one company division for businesses of another company division, any such collateral must be redeemed in any case. In any event, the company providing collateral must — unless expressly provided otherwise — be indemnified by the parent company of the other company division with regard to any claims to the collateral being asserted.

As many companies of the Uniper Group were treated as part of the E.ON Group for tax purposes until December 31, 2015, the intention is that the Company compensate E.ON SE for any relief in the tax burden reflected in the cash-flow that results from a subsequent increase in E.ON SE's tax assessment whenever a company within the Uniper Group is subject to subsequent tax assessments for any fiscal year up to and including 2015 that have a direct impact on E.ON SE's tax position. This also applies analogously in the event of additional tax liabilities for the Company resulting from a subsequent reduction of E.ON SE's tax assessment; any such additional tax liabilities on the part of the Company must be compensated for by E.ON SE.

Moreover, behavioral and compensation obligations exist in connection with fiscal unities not subsequently recognized by the tax administration and in connection with income-tax waiting periods that apply to the interests of Uniper Group companies and that would result in an increase in taxable income on the part of E.ON SE or another company within the E.ON Group if the waiting period was breached. In addition, there are behavioral, cooperation and information obligations connected with the preparation of tax returns and tax self-assessments and the filing of appeals and litigation before the finance courts.

Any tax-related compensation claims can only be asserted, once a minimum threshold of €1 million (tax base on a case-by-case basis) has been exceeded.

(ii) General liability provision

As a rule, each contracting party is liable for any risks, liabilities, companies, and assets that are deemed to be part of their company division as at or as from January 1, 2016. Exceptions to this rule exist only if a liability was caused by the other contracting party, or its allotted company division, after January 1, 2016.

As far as cooperation obligations are concerned, there is a duty to ensure, by employing appropriate measures, that the allocation ratio in connection with the spin-off will not change if the spin-off date was to be postponed.

It is only the contracting parties that have rights and obligations under the framework agreement and must fulfill their duties under the framework agreement within their respective company divisions. Only insofar as a business or assets have subsequently been withdrawn from their respective company division, no further action with regard to any such business or assets may be demanded. However, to the extent that any claims under the framework agreement are based on the allocation of a business or an asset to a company division, these claims will also arise, or remain in place, if the relevant business or asset withdraws or has been withdrawn from the relevant company division.

Any claims under the framework agreement will lapse upon expiry of December 31, 2026.

11.17.3 Agreements for the marketing of electricity generated from German nuclear energy by Uniper Global Commodities SE

Following the spin-off, UGC, a subsidiary of Uniper SE, will for the most part handle the purchase and sale of power for both the Uniper Group as well as the E.ON Group. As regards the E.ON Group, this arrangement will apply until it has established its own procurement and marketing unit or function that can perform the purchases and sales instead of UGC, which left the E.ON Group as part of the separation of the Uniper Group. A large number of commercial energy contracts are in place between PreussenElektra (formerly E.ON Kernkraft GmbH) — a second-tier subsidiary of E.ON SE — and UGC for purposes of UGC's marketing of the electricity generated by the E.ON Group from German nuclear energy (see "12. *Certain Relationships and Related Party Transactions* — 12.1. *Relationship to the E.ON Group* — 12.1.7 *Purchase and sale of power and gas*"). The electricity supply and service agreement in place between PreussenElektra and UGC was amended with regard to the spin-off as of January 1, 2016, and replaced in part, without affecting value, by several new agreements between UGC and PreussenElektra. It essentially provides that, for 2016 and 2017 (for the entire planned generation) and also for 2018 (for half of the planned generation), the rights to trade with the electricity quantities, which have already been transferred to UGC, are converted to deliverable trading products subject to a time-limit (so-called standard trading products) as from January 1, 2016. Additional electricity quantities that exceed the agreed purchase quantities in 2016 to 2018 or which are produced in the years after 2018 will no longer be sold on the basis of this electricity delivery and service agreement: rather, these as well as any future deviations from the planned standard trading products will be governed by forward contracts. Such forward contracts are individual agreements under the Standard Master Trade Agreement of the European Federation of Energy Traders ("**EFET Standard Agreement**") that grant PreussenElektra the option to buy or sell electricity from or to UGC in the future at a market price-based electricity price. This ensures, in particular, that UGC purchases the electricity quantities marketed by PreussenElektra in line with the liquidity situation on the trading markets. The forward contracts do not provide for an exclusivity clause so that PreussenElektra may enter into agreements with third parties concerning the purchase or sale of power quantities.

In addition, PreussenElektra and UGC have concluded the following agreements which cover the short-term marketing and the use of the nuclear power plants by UGC:

- Day-ahead-agreements which provide for discrepancies between forward and day-ahead planning;
- A service agreement which covers the provision of various services of Uniper Commodities SE for PreussenElektra in connection with the operation of the nuclear power plants;
- A flexibility agreement which grants UGC the right to modify, in day-to-day business, the actual generation compared to the planned generation volumes; and
- A reserve power and delivery contract under which Uniper Global Commodities has agreed to set aside a certain energy quantity as a reserve for PreussenElektra for the event of any unscheduled failure or partial failure of a generation facility and to deliver such energy to PreussenElektra should the need arise. On the other hand, PreussenElektra has agreed to purchase the needed reserve energy from UGC or one of its subsidiaries in the event of any unscheduled failure or partial failure of a generation facility.

With the exception of the base hedge agreement, either party may terminate the above agreements until the end of the envisaged contract term until the end of 2022 subject to 12 months' notice to the end of a given month.

The present energy delivery and service agreement for energy generated from nuclear power plants in France, Belgium and the Netherlands will remain in place. It may also be terminated by either

party subject to 12 months' notice to the end of a given month. It has been agreed that, with respect to the period until the end of 2018, any termination shall be subject to the mutual consent of the contract parties.

11.17.4 Loan agreements

On June 1, 2016, the Company entered into a loan agreement with an existing consortium of three banks (Deutsche Bank AG, JP Morgan Chase Bank N.A. and UniCredit Luxembourg S.A.) to provide credit facilities in the total amount of €5.0 billion for the period following the spin-off. The Company voluntarily reduced the amount under the loan agreement to €4.5 billion in July 2016. Twelve additional banks (including the Morgan Stanley Group) joined the loan agreement as part of subsequent syndication.

The loans made available under the loan agreement comprise a term loan in the amount of €2.0 billion (€2.5 billion before the above reduction of the facility) and a credit line in the amount of €2.5 billion. It will be possible to draw down both loans after the spin-off enters into effect. The primary purpose of the term loan is to refinance liabilities to E.ON SE and its other subsidiaries. The credit line is designed to finance general corporate purposes. A swingline facility in the amount of €1.0 billion was also agreed as part of this credit line for the purposes of securing liquidity. In addition, ancillary facilities may be established, with the agreement of the banks in question, to further increase flexibility.

The term loan has a maturity of three years, but can be partially or fully repaid on a voluntary basis before maturity. In addition, if the total loan commitments relating to the term loan and the loans outstanding thereunder exceed €500 million in total, the net gains from specific capital market activities and certain net gains exceeding the exemption amounts from specific disposals must be used for the early partial repayment of this loan. The revolving credit line has an initial maturity of three years and provides for extension options, under which the maturity can be extended by a total of up to two years with the agreement of the banks. Amounts drawn down under the credit facility can be repaid and (in contrast to amounts drawn down under the term loan) can be borrowed again. The amounts under the credit facilities can be drawn down in euros, or another currency with the approval of the banks, and carry interest at a variable rate based on the respective EURIBOR (if drawn down in euros, STIBOR if drawn down in Swedish kronor or LIBOR for other currencies, whereby the applicable base rate may not fall below 0% in each case), plus a margin. The term loan is subject to a fixed margin. The margin to which the credit line is subject varies depending on the Company's credit rating. The loan agreement and accompanying documentation also contain fee and indemnification entitlements on the part of the banks.

In addition, the loan agreement provides each bank with a termination option in the event of a change in control relating to the Company (excluding the transfer of shares to the Company as part of the planned spin-off), as well as representations, guarantees, obligations as to conduct, and causes for termination. For example, the borrower is subject to specific restrictions regarding the provision of collateral for defined financial liabilities, the disposal of assets, the acceptance of guaranties, and a general merger prohibition, and is furthermore required to ensure that all or certain of its subsidiaries also comply with these restrictions. The assumption of financial liabilities by subsidiaries is also subject to restriction. In addition, the loan agreement provides for a financial covenant, whereby the ratio of net liabilities to Adjusted EBITDA (as defined in the loan agreement in each case) is not permitted to exceed a certain threshold. Compliance with the financial covenant is reviewed as of each reporting date based on figures taken from the IFRS consolidated financial statements for the fiscal year or half-year then ended. After December 31, 2016 and on a permanent basis thereafter, the obligation to comply with the financial covenant is no longer applicable if one or more credit rating(s) requested by the Uniper Group reaches a certain level and the total loan commitments under the term loan and loans outstanding thereunder does not exceed €500 million. Subject to certain exceptions and grace periods, the lenders are entitled to terminate the loan agreement and accelerate the maturity of the loans outstanding, *inter alia*, if the borrower violates its obligations under the loan agreement (including compliance with the financial covenant and/or its payment obligations); if cause arises for the opening of insolvency proceedings regarding the assets of the borrower or certain of its material subsidiaries or if such proceedings have been opened; if certain financial liabilities of the borrower or certain material subsidiaries are not paid when due or are accelerated; if the Company materially modifies its fundamental corporate purpose or that of the Uniper Group; or if material adverse consequences arise for the business, the assets or financial condition of the Company or the Uniper Group as a whole that, in applying reasonable judgment, have an adverse impact on the Company's ability to meet its payment obligations under the loan agreement and the accompanying documentation.

11.17.5 Agreements between Uniper Group and E.ON Group

The Uniper Group and the E.ON Group have entered into a number of agreements, e.g., to establish independent structures for the Company (Transitional Service Agreements, in particular), a cooperation agreement with regard to EBS and a framework agreement (see “12. *Certain Relationships and Related Party Transactions — 12.1 Relationship to the E.ON Group — 12.1.1 Measures to create independent structures for the Company*”, “— 12.1.4 *Cooperation agreement regarding E.ON Business Services GmbH*” and “— 12.1.9 *Framework agreement*”).

11.18 OTHER MATERIAL HOLDINGS

11.18.1 OAO Severneftegazprom in Russia with respect to the Yuzhno-Russkoye gas field

For purposes of extracting gas in the Yuzhno-Russkoye gas field in Russia, the Uniper Group holds via Uniper Exploration & Production GmbH shares in SNGP, a stock corporation under Russian law. The Uniper Group holds just under 25% of the shares in SNGP (as of June 30, 2016), which holds the extraction license and operates the Yuzhno-Russkoye gas field. In addition to the Uniper Group, the other shareholders are Gazprom, which holds an interest of just over 50% (economic interest of 40%), and Wintershall Holding GmbH, which holds an interest of just under 25% (economic interest of 35%). As a consequence of the Russian gas export ban, the share of gas produced by SNGP that is attributable to Uniper Exploration & Production GmbH is sold via a Russian trading company, AO Gazprom YRGM Development. Gazprom and Uniper Exploration & Production GmbH are shareholders therein. SNGP has been established for an indefinite term.

SNGP's board of directors consists of eight members elected by the general meeting of shareholders. Currently four members of the board of directors are from Gazprom, two members are from Wintershall Holding GmbH and two members are from the Uniper Group. The rules concerning quorum for decisions of the board of directors are governed by Russian stock corporation law, the shareholder agreement and the articles of association of SNGP. The chairman of the board of directors has two votes, while certain decisions can only be adopted unanimously. SNGP has established a technical committee consisting of eight members appointed by the SNGP's board of directors. In accordance with the composition of the board of directors, four members of the technical committee are from Gazprom, two members are from Wintershall Holding GmbH and two members are from Uniper Exploration & Production GmbH. The technical committee is tasked with advising the board of directors on all important technical issues. The general director is responsible for managing the day-to-day operations of SNGP, is nominated by Gazprom and is confirmed by the board of directors for a three-year term in each case.

12 CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies belonging to the same group as Uniper SE or dominating Uniper SE or being dominated by the Uniper Group, must be disclosed, unless these companies have already been included in the Combined Financial Statements of the Uniper Group. The disclosure obligations under IAS 24 also extend to transactions with associated enterprises (including joint ventures) as well as transactions with persons who are able to exert significant influence over the financial and business policy of the Company, including family members and intermediary companies. The following section contains an overview of such related party transactions for the fiscal years 2015, 2014 and 2013 as well as the fiscal year 2016 up to the date of this Prospectus. Further information regarding related party transactions, including quantitative details, are contained in the notes (no. 34) to the audited Combined Financial Statements (see “21 Financial Section”).

12.1 RELATIONSHIP TO THE E.ON GROUP

The Company was established in 1917 as Innwerk, Bayerische Aluminium AG. After several changes of the Company's name and the transformation from a stock corporation under German law (AG) into a GmbH, the Company has been trading as E.ON Kraftwerke GmbH since 2013. In December 2015, the Company was transformed from a GmbH into a stock corporation under German law (*Aktiengesellschaft*) trading under the name of Uniper AG, and on April 14, 2016 it was transformed into a European stock corporation (*Societas Europaea*, SE). Until the spin-off enters into effect, the Company will remain an indirect wholly owned subsidiary of E.ON SE.

As an indirect wholly owned subsidiary of E.ON SE and a part of the E.ON Group, the Company has maintained a variety of business relationships with E.ON SE and other companies of the E.ON Group (outside the Uniper Group itself) in the past. These will also continue in the future, albeit to a lesser degree. In the course of restructuring the E.ON Group in preparation for the separation of the Uniper Group, a major part of the business relationships were either terminated or adjusted and/or may be further adjusted or terminated upon the spin-off entering into effect. More specifically in this regard:

- Several companies of the Uniper Group were party to domination and profit and loss transfer agreements with various companies of the E.ON Group, which were terminated at the latest with effect from the end of December 31, 2015.
- The Uniper Group has received certain services from the E.ON Group in the areas of human resources, real estate, information technology, IP rights, law, compliance, procurement, export control and customs, treasury, financial services, taxation, and other areas, and was integrated into the cash pooling and cash management as well as the global insurance cover of the E.ON Group. After completion of the spin-off, the Uniper Group will continue to draw on the services of the E.ON Group, primarily in the areas of IT, HR, and accounting, for a transitional period and on the basis of transitional agreements. However, in most areas, the Uniper Group has already established its own resources (see “12.1.6 Agreement regarding insurance coverage”). In the area of accounting, the Uniper Group has entered into a service agreement with the E.ON Group with a term of three years until December 31, 2019. If not terminated in time, this agreement renews for two years, until December 31, 2021.
- Various subsidiaries and other assets which, while being part of the Uniper Group business division within the E.ON Group, were not owned by the Uniper Group, but were owned by the E.ON Group, were transferred by the E.ON Group to the Uniper Group in the run-up to the spin-off.
- The Uniper Group maintains business relationships with the E.ON Group and expects that these will also continue in the future, albeit to a lesser degree. The E.ON Group is currently one of the most important customers, and it is expected that the Uniper Group will continue to benefit from this business relationship, particularly with regard to the sale of power produced by the Uniper Group to E.ON – for procuring power and gas for E.ON sales – but also with regard to the sale of the power produced by the E.ON Group to UGC.
- The inclusion of the companies belonging to the Uniper Group in the E.ON Group's cash pooling system was terminated as part of the separation of the Uniper Group. A separate cash pooling system was established for the Uniper Group. After completion of the spin-off, the Uniper Group will largely finance itself by drawing on syndicated bank facilities, which have

already been ratified by contract and which will replace the current financing facilities provided to the Uniper Group by the E.ON Group internally.

12.1.1 Measures to create independent structures for the Company

The restructuring measures in preparation for the spin-off and separation of the Company essentially consisted of the following measures (see “4. The Spin-off — 4.1 Legal background of the spin-off” and “4.3 Graphical illustration of the implementation of the spin-off”).

With effect from September 25, 2015 and the demerger date of January 1, 2016, the entire operating business of the Company, or E.ON Kraftwerke GmbH as the Company was called at the time, including all of the Company’s shareholdings (with the exception of the shareholding in its subsidiary Uniper Holding GmbH) was demerged to Uniper Holding GmbH and subsequently to Uniper Kraftwerke GmbH, a subsidiary of Uniper Holding GmbH.

With effect from September 30, 2015/ October 1, 2015, separate corporate structures of the Uniper Group were put in place. E.ON Beteiligungen GmbH, which will continue to belong to the E.ON Group after the spin-off has taken effect, demerged material participations in the areas of conventional power generation and energy trading into its subsidiary EKW. EKW further demerged these participations to Uniper Holding GmbH. As part of these demergers, the beneficial ownership in the demerged participations was transferred with effect from the end of September 30, 2015. The *in rem* transfer of these participations took place upon the demergers becoming effective on November 9, 2015 and November 16, 2015, respectively. Moreover, Uniper Beteiligungs GmbH also contributed to Uniper Holding GmbH various shareholdings in domestic and foreign companies allocated to the Uniper Group by way of a non-cash capital increase, particularly from the conventional power generation sector. Ultimately, various companies and other assets which, while being part of the Uniper Group business division within the E.ON Group, were not owned by EKW, either directly or indirectly, but were held by companies of the E.ON Group, were transferred by the relevant companies of the E.ON Group to companies of the Uniper Group. Conversely, various companies and other assets which fell under the umbrella of the E.ON Group, but were held by companies of the Uniper Group, were transferred by the relevant companies of the Uniper Group to companies of the E.ON Group.

With effect from the end of December 31, 2015, the combining of all companies which belong to the Uniper Group under the umbrella of the Company has essentially been completed.

With effect from January 1, 2016, the operative separation of the Uniper Group from the E.ON Group took place; more specifically, the existing domination and profit and loss transfer agreements between the Uniper Group companies and E.ON Group companies were replaced by domination and profit and loss transfer agreements within the Uniper Group (with regard to the domination and profit and loss transfer agreement between the Company and E.ON Beteiligungen GmbH, which was rescinded but not replaced by a new domination and profit and loss transfer agreement, see “12.1.2 Domination and profit and loss transfer agreements”).

As part of the operative separation from the E.ON Group, Transitional Service Agreements were concluded for a transitional phase when this was necessary for the reliable continuation of the operating business until the spin-off enters into effect. As far as possible, these service relationships will already end when the spin-off enters into effect and will be replaced by internal solutions within Uniper or new agreements with external providers. Individual agreements regarding specific service relationships, e.g., in the areas of training, archiving, or brand utilization, will remain in effect after the spin-off has entered into effect.

E.ON Beteiligungen GmbH, Uniper Holding GmbH, and EBS, an indirect wholly owned subsidiary of E.ON SE, entered into a cooperation agreement in order to ensure the initial performance of full services in the areas of IT, HR and accounting following consummation of the operative separation on January 1, 2016, which will then be transferred gradually to the Uniper Group. Under this partnership agreement, EBS will provide services to the Uniper Group during a transitional period, particularly in the above-mentioned areas.

In addition, numerous further contracts were concluded between E.ON SE and the Company, which govern primarily the transition and handling of services, existing rights, and contracts (see “12.1.3 Measures regarding the financing of the Uniper Group” to “12.1.9 Framework Agreement”).

E.ON SE and the Company entered into a framework agreement that serves for the completion of the group-wide restructuring to create the two company divisions E.ON and Uniper below the level of E.ON SE (see “12.1.9 Framework agreement”).

12.1.2 Domination and profit and loss transfer agreements

A domination and profit and loss transfer agreement, dated November 3, 2003 and amended by an agreement dated November 11/18, 2013, existed between the Company (formerly Uniper AG and prior to that E.ON Kraftwerke GmbH) as the dominated company and E.ON Beteiligungen GmbH as the dominating company. Under this agreement, the dominated company was obligated to conduct its business in accordance with the instructions of the dominating company and to transfer its entire annual net income to the dominating company (subject to the creation of other retained earnings to the extent that this was permitted under German commercial law and was justified on the basis of a prudent commercial judgement). In return, the dominating company was obligated to assume, in every fiscal year, the dominated company’s annual net losses, as shown in the annual financial statements of the dominated company, which were prepared in accordance with German commercial law. During the 2016 fiscal year, the Company transferred profits for the 2015 fiscal year in the amount of €787.6 million, in the 2015 fiscal year, it transferred profits for the 2014 fiscal year in the amount of €424.7 million and, in the 2014 fiscal year, profits for the 2013 fiscal year in the amount of €217.4 million under the domination and profit and loss transfer agreement with E.ON Beteiligungen GmbH. The domination and profit and loss transfer agreement ended upon the expiry of December 31, 2015.

Furthermore, the following companies of the Uniper Group were parties to domination and profit and loss transfer agreements or profit and loss transfer agreements with companies of the E.ON Group, which were consensually terminated at the latest upon expiry of December 31, 2015: Uniper Exploration & Production GmbH (formerly E.ON Exploration & Production GmbH), Uniper Generation GmbH (formerly E.ON Generation GmbH), Uniper Russia Holding GmbH (formerly E.ON Russia Holding GmbH), Uniper Wärme GmbH (formerly E.ON Fernwärme GmbH), Kokereigasnetz Ruhr GmbH, and E.ON Perspekt GmbH, in which the Uniper Group holds a 30% interest, each as the dominated company, and UTG (formerly E.ON Technologies GmbH) and Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH), each as the dominating company.

The domination and profit and loss transfer agreements between E.ON Beteiligungen GmbH and Uniper Global Commodities SE (formerly E.ON Global Commodities SE) and UTG (formerly E.ON Technologies GmbH) as the dominated company, were demerged into Uniper Holding GmbH as of September 30, 2015.

12.1.3 Measures regarding the financing of the Uniper Group

Up to the beginning of its separation, the Uniper Group was integrated into the financial management of the E.ON Group. The financing was predominantly effected by integrating the relevant Uniper Group companies into the E.ON Group’s cash pooling system. In order for the performance of contractual obligations of Uniper Group companies vis-à-vis their respective contracting parties, E.ON SE or financial institutions (credit and insurance institutions) instructed by E.ON SE provided collateral, such as guarantees, comfort letters or parent company guarantees. In addition, the E.ON Group entered into currency and interest hedges with companies of the Uniper Group.

Various measures have already been taken to prepare the process of making the Uniper Group financially independent by the time the spin-off enters into effect.

(i) Cash pooling & cash management

As part of the separation of the Uniper Group, the inclusion of the companies of the Uniper Group in the automatic cash pooling process of the E.ON Group was terminated. The resulting individual balances of the respective Uniper Group companies at the time the inclusion was terminated were transferred to Uniper SE or settled in cash and centralized by total netting between the Company and E.ON SE. For this purpose, E.ON SE granted the Company a credit line that the Uniper Group will use to cover its financing requirements until the spin-off enters into effect. In addition, a separate cash pooling system for the Uniper Group was set up to utilize netting options within the Uniper Group. In addition to the credit line between E.ON SE and the Company, a number of loans exist between the

companies of the Uniper Group and E.ON SE and its financing companies, respectively. These remain or remained in place until their maturity if they mature or matured prior to the spin-off entering into effect, or will be or were settled at their market value in the course of Uniper's public offering at the latest.

(ii) Replacement of financial liabilities vis-à-vis the E.ON Group

After the spin-off enters into effect, the Uniper Group will be primarily financed utilizing a syndicated bank loan. On June 1, 2016, the Company entered into a loan agreement with an existing international consortium of three banks, comprising two tranches in the total amount of €5.0 billion. The Company voluntarily reduced the amount under the loan agreement to €4.5 billion in July 2016. Twelve additional banks joined the loan agreement as part of subsequent syndication. The loans provided under the loan agreement comprise a term loan in the amount of €2.0 billion (€2.5 billion before the above reduction of the facility) and a credit line in the amount of €2.5 billion. It will be possible to draw down both loans after the spin-off enters into effect.

The term loan has a maturity of three years and its purpose is to refinance liabilities to E.ON SE and its other subsidiaries. The revolving credit line has an initial maturity of three years and is designed to finance general corporate purposes. It provides for extension options, under which the maturity can be extended by a total of up to two years with the agreement of the banks (for a detailed description, see "11. Business — 11.17 Material agreements — 11.17.4 Loan agreements").

In addition, the Uniper Group has lines of credit for guarantee purposes with banks to meet respective requirements of the operating business, such as guarantee loans.

(iii) Replacement of security and of bank and group guaranties

Moreover, the E.ON Group or financial institutions (credit and insurance institutions) instructed by it have provided security, such as guarantees, comfort letters or parent company guarantees, for the performance of contractual obligations of Uniper Group companies vis-à-vis their respective contracting parties. The intention is for this security to be replaced by companies of the Uniper Group as part of the spin-off. This replacement is primarily effected by replacing the security with corresponding security provided by the Uniper Group.

The same approach applies to a legally required guarantee, previously provided by E.ON Sverige AB in connection with the operation of nuclear power plants in Sweden; the intention is for this to be replaced by Sydkraft AB.

(iv) Hedging

The currency and interest hedges entered into between E.ON SE and the companies of the Uniper Group will initially remain in place. For the further settlement of transactions, the respective Uniper Group companies and E.ON SE entered into relevant framework agreements. E.ON SE and the companies of the Uniper Group entered and will enter into new hedges until the spin-off enters into effect. It is envisaged that hedges with maturities extending beyond the date of the spin-off will be either transferred to third parties (banks) or settled through settlement at market value until the spin-off enters into effect.

(v) Adjustment of the capital structure

To adjust the Uniper Group's capital structure, E.ON SE and E.ON Beteiligungen GmbH, a wholly owned subsidiary of E.ON SE, paid a total amount of €272 million into the equity of the Company and Uniper Beteiligungs GmbH, who contributed this amount to Uniper Holding GmbH's capital reserves *pro rata* to their respective participations.

Of the total amount of contributions of €272 million, an amount of approximately €127 million is allocated to the Company, which was paid by E.ON Beteiligungen GmbH and consists of the increase of the Company's subscribed capital by approximately €7 million, effected in preparation for the spin-off (see "16. Information on the Capital of Uniper SE — 16.1 Development of the share capital over the past three years and in the course of the spin-off") and a payment into the Company's capital reserves. E.ON SE paid an amount of approximately €145 million into the capital reserves of Uniper Beteiligungs GmbH.

12.1.4 Cooperation agreement regarding E.ON Business Services GmbH

EBS, an indirect wholly owned subsidiary of E.ON SE, will continue to provide services to the Uniper Group during a transitional period, particularly in the areas of IT, HR, and accounting (Financial Services, “FS”). This is based on the cooperation agreement concluded between E.ON Beteiligungen GmbH, Uniper Holding GmbH, and EBS to ensure that the IT services as well as the services in the HR and accounting areas would initially be able to be provided in full after the operative separation implemented on January 1, 2016 and thereafter gradually be transferred to the Uniper Group. The cooperation agreement will end on December 31, 2018.

The services in the IT area range from planning advice to the provision of hardware, software, project and other services, and also include the support of existing IT systems. It is intended to complete the migration by the expiry of the cooperation agreement at the latest. The services rendered and the respective remuneration payable by the Uniper Group are specified in greater detail in the relevant Uniper IT framework agreement and in agreements between the E.ON Group and the Uniper Group specifying the terms of the framework agreement.

In the areas of HR and accounting, EBS will continue to provide services to the Uniper Group for a transitional period after the spin-off has entered into effect. HR services include, for example, payroll, recruiting, learning, executive HR services, and HR controlling & planning. FS services include, for example, accounts payable, accounts receivable, fixed assets, general ledger, and banking & payment. These services are based on the cooperation agreement and on the relevant Uniper HR/FS framework agreement as well as the agreements between the E.ON Group and the Uniper Group specifying the terms of the framework agreement. The extent of further provision of services by EBS to the Uniper Group after the term of the agreement will be the subject of a corresponding agreement to be entered into by the parties in due course before the expiry of the agreement.

12.1.5 Agreements regarding the use of IP rights and trademarks

In the past, some companies of the E.ON Group conducted joint research and development activities on the basis of a so-called pool administration agreement. The resulting patents applied for by or registered on behalf of E.ON SE and the associated know-how relate primarily to the steam, storage, hydro and thermal research projects carried out in the so-called “innovation centers”. Under the pool administration agreement, the pool member companies are also entitled to non-exclusive, world-wide, transferable, and sub-licensable rights to use the research results of the pool after their withdrawal.

The companies that were transferred from the E.ON Group to the Uniper Group as part of the Uniper Group’s separation, withdrew from the pool with effect from December 31, 2015 as a result of a respective termination notice. This applies, *inter alia*, to UGC, which was one of the parties of the pool administration agreement. In addition, Uniper Kraftwerke GmbH, which had the same rights as a pool member due to a sub-pool administration agreement with E.ON Beteiligungen GmbH, also withdrew from the pool. In accordance with the provisions of the pool administration agreement and the sub-pool administration agreement, as the case may be, the relevant companies of the Uniper Group, such as UGC and Uniper Kraftwerke GmbH, will continue to be entitled to use the know-how and the intellectual property resulting from the pool, which entitles them to independent further development and marketing, even after their withdrawal from the pool administration agreement and the sub-pool administration agreement. The relevant know-how is stored in a database that is accessible to all pool and sub-pool members. As a result of UGC’s termination of the pool administration agreement and Uniper Kraftwerke GmbH’s termination of the sub-pool administration agreement, respectively, with effect from December 31, 2015, the Uniper Group received a copy of the database as of that reference date. The Uniper Group is expressly entitled to pursue further development of the research results contained in the database that exist as at December 31, 2015, independently and outside of the pool.

Moreover, in the context of the cooperation agreement, E.ON Beteiligungen GmbH, Uniper Holding GmbH, and EBS agreed on provisions regarding the joint use of the IT infrastructures, licenses and applications owned by EBS or made available by its IT provider that is intended and required for the provision of services by EBS for the period after the spin-off. In order to continue to have unrestricted use without infringing third-party IP rights after the spin-off, further corresponding transfers of assets and licenses and, where applicable, adjustments to licenses, were, and are being, negotiated.

By way of a licensing agreement with a term until June 30, 2017, E.ON SE grants Uniper Benelux Holding B.V., Uniper Benelux N.V., E.ON Benelux Levering B.V., and E.ON Belgium N.V. the right to

use the trademarks “E.ON” and “e.on”, respectively, as well as other registered trademarks related to the names “E.ON” or “e.on” (“**E.ON Trademarks**”) for the period after the spin-off enters into effect. The right to use includes the right to reproduce the E.ON Trademarks, *inter alia*, in order to customize products and services of the above-mentioned Uniper companies, to use E.ON Trademarks for advertising and at public events (such as conferences), as well as in communication and mass media. The licensing agreement entitles the relevant companies to use the E.ON Trademarks in order to achieve their respective business objectives in the Benelux (Belgium, the Netherlands, and Luxembourg) during a transitional period until they are renamed to “Uniper”. A transfer of the license as well as sub-licensing is generally not permissible. Solely E.ON Benelux Levering B.V. is allowed to sub-license Uw Huismeester B.V. in connection with joint products and services. The E.ON Trademarks must be used in accordance with the E.ON Group Corporate Design Guidelines.

Moreover, E.ON SE grants E.ON Russia JSC the right to use the E.ON Trademarks by way of a license agreement with a term until December 31, 2016. A transfer of the license as well as sub-licensing is not permissible.

12.1.6 Agreement regarding insurance coverage

On December 17, 2015, E.ON SE and Uniper Holding GmbH entered into an agreement regarding the insurance coverage under joint insurance policies. This agreement will terminate either following the settlement of the last claim (including potential compensation for disadvantages) or as soon as assertion of a claim under any joint policy is no longer possible.

Under the agreement, the insurances specified are each to be taken out with a term starting on January 1, 2016 and ending at the time the spin-off enters into effect, but no later than December 31, 2016, as joint insurance policies with both parties to the agreement as equal main policyholders and each having only individual rights and obligations under the insurance contract. Other companies of the E.ON Group and the Uniper Group may be included in the insurance coverage, each of them as co-insured companies. For the duration of the agreement, the Uniper Group’s company in charge of insurance matters, Uniper Risk Consulting GmbH, will act as the joint broker for the joint insurance coverage. The agreement provides for an adjustment procedure to cover new risks by way of additional insurance as well as for the compensation of disadvantages between the parties to the agreement in the event of a lack of cover.

In addition, the parties will take out prospectus liability insurance in view of the intended stock exchange listing of the Company’s shares; this policy provides insurance cover for both the E.ON Group and the Uniper Group (see “4. Spin-off — 4.12 Listing agreement, fees and indemnification”).

12.1.7 Purchase and sale of power and gas

The following relationships exist between the Uniper Group and the E.ON Group with respect to the purchase and sale of power and gas.

(i) *Joint purchase and sale of power and gas by Uniper Global Commodities SE for the E.ON Group*

UGC, a subsidiary of the Company, will carry out the purchase and sale of power and gas for both the Uniper Group and the E.ON Group after the spin-off for the time being. This will apply to the E.ON Group until mid-2017 (for Italy: until the end of 2017). During this period, the E.ON Group will create its own procurement and marketing unit or function that will carry out purchases and sales in place of UGC, which left the E.ON Group as part of the separation of the Uniper Group.

(ii) *Marketing of electricity generated from nuclear power in Germany*

E.ON Kernkraft GmbH under the new name PreussenElektra GmbH, as a separate operational unit having its registered office in Hanover, manages the German nuclear power business. For the time being, PreussenElektra’s nuclear power generated electricity will be marketed by UGC. In this context, the contracts for the supply of electricity from PreussenElektra to UGC under purchase rights in Belgium, France, and the Netherlands substantially remain unchanged. For the supply of electricity in Germany, a separate electricity supply and service agreement exists, which was amended and partly replaced – on a neutral basis in terms of value (*wertneutral*) for both parties – by several new contracts

between UGC and PreussenElektra. As a result, as from January 1, 2016, the volumes of electricity already marketed to UGC for 2016 and 2017 (for the full, projected generation) as well as 2018 were delivered to UGC in the form of standard trading products.

In addition, PreussenElektra and UGC entered into further contracts relating to energy trading and distribution, *inter alia*, so-called forward contracts which ensure that UGC will purchase the volumes of quantities marketed by PreussenElektra within the limits of the liquidity on the trading markets for the various traded periods (yearly, quarterly and monthly, periods). These forward contracts are based on a standard agreement between PreussenElektra and UGC, which was developed by the European Federation of Energy Traders (EFET). On the basis of this agreement, individual commercial transactions may be concluded in a legally binding manner by indicating a few details (price, product, quantity).

Moreover, agreements in the form of a service agreement, a flexibility agreement, and a reserve supply agreement exist between PreussenElektra and UGC which govern the short-term marketing and deployment of the nuclear power plants by UGC. The reserve supply agreement ensures that PreussenElektra is able to perform its supply obligations under the commercial transactions entered into, particularly in the event of outage shutdown of the largest single plant. For this purpose, PreussenElektra pays UGC a lump sum plus the costs for utilized services and work in the event of a request for reserve supply. Additionally, an infrastructure agreement exists between PreussenElektra and Uniper Kraftwerke GmbH, under which Uniper Kraftwerke GmbH largely covers the IT-related prerequisites for compliance with regulatory requirements of the energy market on behalf of PreussenElektra.

(iii) Marketing of E.ON Group's electricity generated from renewable energies

After the spin-off, various agreements will exist between the E.ON Group and the Uniper Group regarding the marketing of electricity generated from renewable energies in Sweden, Great Britain, the US, and Germany.

For Germany, Sweden and the United Kingdom, the marketing of electricity generated from renewable energies, in particular wind-generated electricity, for the E.ON Group by UGC is based on the agreements entered into between the affected E.ON Group unit and UGC. The cooperation will be continued for a certain period of time following the spin-off, and is expected to end during the course of 2017. Thereafter, marketing is intended to be carried out by an own procurement and marketing unit of the E.ON Group.

In the US, a hedging service agreement for electricity generated from wind energy exists between Uniper Global Commodities North America LLC and EC&R Energy Marketing LLC, which belongs to the E.ON Group. Currently no final decision has been made whether the hedging service will in the medium to long-term also be carried out through Uniper Global Commodities North America LLC, an own marketing unit of the E.ON Group, or a third party. For this reason, the current agreement is structured so that the hedging service can be continued even after the spin-off has entered into effect.

(iv) Other agreements between the E.ON Group and the Uniper Group

Even after the spin-off has entered into effect, further contractual relationships will exist between the E.ON Group and the Uniper Group in connection with the marketing and the purchase of electricity and gas. More specifically, these are, *inter alia*, electricity and gas supply agreements freely agreed at arm's length, as well as various service agreements (*inter alia*, dispatch, technical processing, and balancing services).

Once the spin-off enters into effect, UGC will for the time being conduct the purchase and sale of power and gas for both the Uniper Group and the E.ON Group. The Uniper Group is required to furnish cash and securities as collateral or guarantees for such transactions regardless of whether they are settled for the benefit of the Uniper Group or the E.ON Group. In this respect, the Uniper Group runs the risk of having higher expenditures for furnishing collateral in the form of cash and securities as a result of UGC's activity.

In August 2016, E.ON SE and UGC also signed a binding term sheet in which E.ON SE agreed to enter into an Umbrella Collateral Support Agreement ("UCSA") with UGC on or before the date on which the Spin-off enters into effect. Pursuant to the term sheet, E.ON SE is obligated to provide UGC various forms of credit support under the UCSA. The credit support serves to compensate UGC for

additional requirements that it must meet vis-a-vis its counterparties to secure the aforementioned services performed for the E.ON Group. The credit support to be provided by E.ON SE under the UCSA pursuant to the term sheet varies over the term of the UCSA contingent on a fair value assessment and the settlement risk of exposures between UGC and the various E.ON Group companies. In addition to credit support of up to €850 million to be provided pursuant to the term sheet, E.ON SE will also compensate UGC for the costs in connection with the furnishing of collateral above a certain threshold. The UCSA shall expire at the latest upon termination or settlement of all transactions between UGC and the E.ON Group companies.

12.1.8 Other agreements

(i) *Transitional Service Agreements*

As part of the separation of the Uniper Group, Uniper Holding GmbH and E.ON SE entered into Transitional Service Agreements for the provision of certain services.

Based on these agreements, Uniper Holding GmbH provides or provided certain services to the E.ON Group from January 1, 2016 to the date the spin-off enters into effect, particularly procurement services in the area of the German nuclear power business, the nuclear power business phase out in Germany, activities in the area of accounting systems, services in connection with credit risk management, as well as reporting services in the context of EMIR. Compensation is or was on an arm's length basis.

In turn, E.ON SE has been providing certain services and consulting services to Uniper Holding GmbH from January 1, 2016 to the date the spin-off enters into effect, particularly in the areas of accounting and taxes, HSSE, procurement, treasury, and in connection with the spin-off. Compensation is on an arm's length basis.

(ii) *Joint pension management*

Energie-Pensions-Management GmbH is responsible for the pension management of both the E.ON Group and the Uniper Group. It will manage the companies' pension commitments, particularly under the implementation alternatives for company pension schemes that exist in the Federal Republic of Germany. Energie-Pensions-Management GmbH is held, at 70%, by E.ON Beteiligungen GmbH, a wholly owned subsidiary of E.ON SE, and at 30% by Uniper Holding GmbH, which will be a wholly owned subsidiary of the Company upon completion of the spin-off. An independent consortium agreement has been entered into for the management of Energie-Pensions-Management GmbH as a joint venture of the parties; for the provision of the services of Energie-Pensions-Management GmbH, pension service agreements have been concluded between the companies of the E.ON Group and the companies of the Uniper Group.

(iii) *Service agreements*

Numerous additional service relationships exist between the companies of the E.ON Group and the Uniper Group. These are, for example, research services agreements, construction planning agreements, and agreements for the provision of server services. These agreements were concluded at arm's length prior to the spin-off. To the extent that such service relationships or their contractual documentation, respectively, only became necessary in view of the spin-off, corresponding agreements were concluded on an arm's length basis.

(iv) *Lease agreements*

Lease agreements and contracts of use as well as corresponding service agreements (if any) will continue to exist between the E.ON Group and the Uniper Group, also after the spin-off. These agreements primarily relate to the Uniper Group's Hanover, Essen, and Regensburg sites. The contracts existing before the spin-off were concluded at arm's length and will therefore remain effective in their current form until new decisions are made.

(v) *Other material contracts*

Finally, other material contracts exist between the E.ON Group and the Uniper Group some of which will continue to exist after the spin-off has taken effect and which either have an annual volume

in excess of €10 million or relate to services of strategic relevance which, if ceased, would have an adverse effect on the operating business. These are individual agreements on selective relationships, *inter alia*, in the areas of sales, procurement, research and development, training, archiving, and brand utilization.

(vi) Cost transfer agreements

On December 18, 2015 Uniper Beteiligungs GmbH and E.ON SE as well as the Company and E.ON Beteiligungen GmbH, respectively, entered into agreements for the assumption of certain revenues and expenses incurred on the part of Uniper Beteiligungs GmbH and the Company, respectively, by E.ON SE and E.ON Beteiligungen GmbH, respectively (both agreements are collectively referred to as the “**Cost Transfer Agreements**”). The Cost Transfer Agreements are related to a group services agreement between the Company, Uniper Beteiligungs GmbH, and Uniper Holding GmbH, on basis of which the Company and Uniper Beteiligungs GmbH provide certain services for group governance and management functions to Uniper Holding GmbH (the “**Service Agreement**”). Due to the Cost Transfer Agreements, any revenues or expenses incurred by Uniper Beteiligungs GmbH and the Company, respectively, in excess of the revenues or expenses for these services are assumed by E.ON SE and E.ON Beteiligungen GmbH, respectively. Accordingly, the Cost Transfer Agreements cover in particular expenses (or revenues) in connection with executive or supervisory bodies of Uniper Beteiligungs GmbH or the Company, direct expenses (or revenues) in connection with the corporate measures for the “one2two” spin-off project, particularly fees for advisory services by lawyers, tax advisers, or auditors that are directly related to these measures, certain expenses and revenues in connection with taxes, as well as all expenses and revenues that are not covered by the Service Agreement. Furthermore, E.ON Beteiligungen GmbH bears all expenses (or revenues) incurred by the Company in connection with the Company’s public offering, its previously conducted transformation into a European stock corporation (*Societas Europaea*, SE), and the audit of the Company’s separate financial statements, the audit of E.ON Group’s 2015 consolidated financial statements, and, if applicable, the audit of the Uniper Group’s 2016 consolidated financial statements. The Cost Transfer Agreements entered into force on January 1, 2016 and will end automatically upon the registration of the spin-off in E.ON SE’s commercial register.

12.1.9 Framework agreement

E.ON SE and the Company entered into a framework agreement, which is attached as an annex to the Spin-off and Transfer Agreement concluded by the two companies on April 18, 2016 for the implementation of the spin-off. The framework agreement serves the completion of the group-wide restructuring in order to create the company divisions E.ON and Uniper below the level of E.ON SE (see “11. Business — 11.17 Material agreements — 11.17.2 Framework agreement”).

12.1.10 Personal connection with E.ON Group and voting agreement

Some personal connections exist between the E.ON Group and the Uniper Group as well as the intention to enter into an agreement regarding the partial abstention of E.ON SE from exercising voting rights relating to the election of members to the Company’s supervisory board at the Company’s general meeting.

(i) Personal connection with E.ON Group – dual mandates

Two members of the Company’s supervisory board, Dr. Johannes Teyssen and Mr. Michael Sen, are also members of the board of management of E.ON SE. It is intended that Dr. Johannes Teyssen leaves the Company’s supervisory board by the first half of 2017 at the latest. The current chairman of the Company’s supervisory board, Dr. Bernhard Reutersberg, had been a member of E.ON SE’s board of management until June 30, 2016. The interests of E.ON SE and the Company are not necessarily always aligned, which means that conflicts of interest or potential conflicts of interest could arise for those persons holding offices at both companies at the same time or in close succession. Beyond that, no conflicts of interest or potential conflicts of interest exist between the members of the board of management and of the supervisory board vis-à-vis the relevant company as far as their obligations are concerned. For further information see “17. Information on the Governing Bodies of Uniper SE — 17.2 Board of Management” and “— 17.3 Supervisory Board”.

(ii) Deconsolidation agreement between E.ON SE and the Company

E.ON SE and the Company intend to enter into a deconsolidation agreement following the stock exchange listing of the Company in order to achieve the deconsolidation of the Uniper Group in the first half of 2017 at the latest. The deconsolidation agreement will contain provisions regarding E.ON SE's abstention from exercising voting rights relating to the election of members of the supervisory board of Uniper SE at the Company's general meeting. The purpose of the agreement is to ensure that, despite the 46.65% minority shareholding in the Company initially remaining with E.ON SE, which is expected to represent a majority in attendance (*Präsenzmehrheit*) at the Company's general meeting, the obligation to fully consolidate the Uniper Group in E.ON SE's consolidated financial statements will terminate.

The agreement will stipulate an obligation on the part of E.ON SE and E.ON Beteiligungen GmbH vis-à-vis the Company not to exercise its voting rights relating to the election of two of the six members of the Company's supervisory board to be elected by the shareholders in accordance with article 40 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European stock company (SE) (the "**SE Regulation**"; separate references to articles 9 and 10 of the SE Regulation hereinafter waived). Likewise, E.ON SE and E.ON Beteiligungen GmbH will not exercise their voting rights in decisions on an early re-election of, elections of substitute members for, and removals of the supervisory board members in respect of which they did not exercise its voting rights upon their original election. Furthermore, under this agreement, the Company shall promptly publish on its website the information received from E.ON SE regarding the voting behavior of E.ON SE and E.ON Beteiligungen GmbH in connection with the election or removal of members of the Company's supervisory board, and will keep this information published on its website at least until the end of the general meeting at which the decision on election or removal will be made.

The Company or shareholders of the Company whose overall shares together account for at least €50,000 in proportion to the Company's share capital may demand E.ON SE's and E.ON Beteiligungen GmbH's compliance with the agreement.

The agreement is intended to remain in force until the end of the Company's fifth annual general meeting following the Company's annual general meeting in 2017. If the agreement is not terminated by due notice until, at the latest, six months' prior to its expiry, it will be extended until the end of the fifth annual general meeting following the end of the agreement's original term. Regardless of this, it is the intention that the agreement will end automatically if E.ON SE's (indirect) shareholding in the Company falls below 20%.

12.1.11 Supply and service relationship in fiscal years 2015, 2014 and 2013

In the past, an extensive exchange of supplies and services during the course of ordinary business activities existed between the companies of the E.ON Group and the Uniper Group. Income from transactions with related companies of the E.ON Group was generated mainly through the delivery of gas and power to distributors and municipal entities, especially municipal utilities. The business relationships with these entities generally do not differ from those that exist with municipal entities in which the E.ON Group does not hold an interest. Expenses from transactions with other related companies were generated mainly from transactions with the E.ON Group for the procurement of gas, coal, and electricity.

The E.ON Group rendered services for central administrative functions, such as IT, HR, and FS, to the Uniper Group. These services were rendered in part by E.ON Group companies and in part by E.ON SE. As a rule, the Uniper Group was integrated into E.ON SE's group-wide cash pooling and cash management, with interest on the cash pool balances accruing at arm's length.

In fiscal years 2015, 2014 and 2013, the Uniper Group carried out hedging transactions against exchange rate fluctuations mainly via E.ON SE. To the extent these forward contracts were classified as derivative financial instruments under IFRS, they were accounted for as derivative receivables or liabilities at fair value on an ongoing basis. The Uniper Group entered into leasing agreements with the E.ON Group, with various finance lease and operating lease agreements existing. The E.ON Group has provided security in favor of the Uniper Group.

In the past, the majority of Uniper Group employees (particularly in German and English companies) participated in pension plans of the E.ON Group. The benefits varied according to the legal, tax and financial circumstances in the respective country, and were generally based on the

length of service and remuneration of the employees. As part of the restructuring, the plan assets were and are being transferred from the E.ON Group to the Uniper Group.

Additionally, the Uniper Group also maintained business relationships with its associated companies valued under the equity method and their subsidiaries and joint ventures, as well as shareholdings accounted for at fair value and not fully consolidated subsidiaries and with the E.ON Group with associated companies of the E.ON Group valued under the equity method and their subsidiaries and joint ventures, as well as shareholdings accounted for at fair value and not fully consolidated subsidiaries of the E.ON Group.

Supplies and services provided as well as other income and supplies and services received, as well as other expenses vis-à-vis the E.ON Group in fiscal years 2015, 2014 and 2013 are set out in the following table:

	Supplies and services provided and other income			Supplies and services received and other expenses		
	Fiscal year ending December 31,			Fiscal year ending December 31,		
	2015	2014	2013	2015	2014	2013
	(audited, in € millions)			(audited, in € millions)		
E.ON SE	1,427	1,697	1,124	1,315	1,719	1,202
E.ON Group companies	13,532	14,185	15,743	6,759	8,879	9,195
Associated companies	558	580	930	556	704	584
Joint ventures	31	32	88	61	49	55
Other related parties	275	401	347	42	89	177
Total	15,823	16,895	18,232	8,733	11,458	11,213

Supplies and services provided as well as other income and supplies and services received, as well as other expenses vis-à-vis the E.ON Group for the first six months ending June 30, 2016 and 2015 are set out in the following table:

	Supplies and services provided and other income		Supplies and services received and other expenses	
	Six-month period ending June 30		Six-month period ending June 30	
	2016	2015	2016	2015
	(unaudited, in € million)		(unaudited, in € million)	
E.ON SE	450	981	364	961
E.ON Group companies	5,363	6,957	3,253	4,250
Associated companies	181	357	187	270
Joint ventures	12	13	23	19
Other related parties	175	189	134	28
Total	6,181	8,497	3,961	5,528

The Uniper Group's receivables and liabilities against and vis-à-vis, respectively, the E.ON Group, respectively, are as follows at the reference dates stated:

	As at June 30, 2016	As at December 31,		
	(unaudited, in € million)	2015	2014	2013
Receivables from				
E.ON SE	347	8,631	11,058	9,366
E.ON Group companies	1,270	2,753	5,862	6,945
Associated companies	490	551	875	873
Joint ventures	449	456	439	382
Other related parties	50	50	36	55
Total	2,606	12,441	18,270	17,621
Liabilities to				
E.ON SE	1,013	10,069	7,124	7,627
E.ON SE Group companies	1,782	2,974	7,997	8,819
Associated companies	144	260	80	93
Joint ventures	41	51	39	32
Other related parties	97	7	83	93
Total	3,077	13,361	15,323	16,664

12.2 RELATIONSHIPS WITH MEMBERS OF THE BOARD OF MANAGEMENT AND OF THE SUPERVISORY BOARD

Sections “17. *Information on the Governing Bodies of Uniper SE — 17.2 Board of Management*” and “17. *Information on the Governing Bodies of Uniper SE — 17.3 Supervisory Board*” as well as the notes to the Combined Financial Statements for fiscal years 2015, 2014 and 2013 contained in “20. *Financial Section*” in this Prospectus provide an overview of the remuneration, the shareholdings, and the share-based remuneration components of the members of the board of management and of the supervisory board.

13 ENERGY LAW ENVIRONMENT

The Uniper Group's business is subject to the national laws of the countries in which it operates. In the member states of the EU, it is also subject to the provisions of European law to the extent that such provisions are required to be implemented in each member state's national law, or where they automatically apply directly to participants in the energy market without implementation into national law.

This national and European legislative framework, particularly energy law provisions and regulatory requirements, are subject to constant change as a result of legislative action, regulatory practice and judicial decisions.

13.1 OVERVIEW AND CURRENT SITUATION IN THE EU

Energy policy is largely harmonized across the member states of the EU. The EU has steered the general development of energy policy over the past 20 years by implementing three internal energy market legislative packages. The energy market in the member states of the EU is largely liberalized in line with EU legislation.

The EU's most recent package (for now), the Third Energy Package, was adopted in 2009. It contains significant pieces of legislation that have influenced the structure of the market in recent years:

- Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (the “**Electricity Directive**”);
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the “**Gas Directive**”);
- Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (the “**Regulation on Cross-border Trade of Electricity**”);
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (the “**Regulation on Access to Natural Gas Networks**”); and
- Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.

The Electricity Directive and the Gas Directive specifically require the unbundling of vertically integrated companies, which were hitherto engaged in power generation and/or gas extraction/import and energy supply or allowed to operate a transmission network. The package also provides for a simplified procedure for switching providers, which is designed to make customer structures less rigid and promote competition. Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC is intended to ensure a secure gas supply across Europe. This is to be achieved, *inter alia*, through implementation by each member state of a three-level approach to dealing with supply crises and the preparation of preventive action plans and emergency plans.

Generation/extraction, trade and distribution in the electricity and gas markets are subject to freedom of competition in the EU within the regulated legal framework, while the transmission and distribution of electricity and gas, being natural monopolies, are generally subject to full regulation.

At EU level, the EU Commission (specifically the Directorate-General for Energy and the Directorate-General for Competition) monitors the internal energy market. The EU Agency for the Cooperation of Energy Regulators (“**ACER**”) coordinates cooperation between the various national regulatory authorities of the member states. With regard to the regulation of financial markets, which can also be relevant for energy trading, the ESMA performs the role of coordinating the national regulatory authorities.

The provisions on non-discriminatory network access in the Regulation on Cross-border Trade of Electricity and the Regulation on Access to Natural Gas Networks in particular safeguard trade in

electricity and gas within the EU. In addition, cooperation between transmission system operators (both electricity and gas) has been institutionalized since the establishment of the European Network of Transmission System Operators for Electricity ("**ENTSO-E**") and the European Network of Transmission System Operators for Gas ("**ENTSO-G**").

Based on the Third Energy Package and the specifications of the EU Commission, ENTSO-E and ENTSO-G work in accordance with ACER's framework guidelines to develop European network codes in order to harmonize the rules for technical integration and the operation of networks. After a consultation process carried out by ACER, the network codes are adopted by the Commission and enacted in the form of a Regulation. Particular importance is attributed to capacity allocation and congestion management in the process of establishing the internal energy market. Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management, which entered into force in August 2015, aims to standardize these processes even further in the electricity sector. Since November 1, 2015, the gas sector has been subject to Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a network code on capacity allocation mechanisms in gas transmission systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council. In May 2016, Commission Regulation (EU) No 2016/631 of 14 April 2016 establishing a network code on requirements for network connection of generators entered into force. It contains harmonized provisions for network access of new power generation plants to be constructed. However, the requirements will not apply until May 2019 and then only to newly constructed plants. At the European level, changes to these network code capacity allocation mechanisms (so-called NC CAM) are currently under discussion. Among other things, major restrictions are planned for booking interruptible transport capacities at network connection points. This affects, for example, cross-border transfer points to Germany at which gas is transferred to importers. This could mean that gas would no longer be able to be transferred at the cross-border transfer point but only at gas trading points (so-called hubs), resulting in additional transport costs and/or the need to renegotiate the terms of contracts with the upstream suppliers. Should these changes be implemented in the ongoing legislative process, they could enter into force in mid 2017.

The REMIT Regulation on the one hand sets out measures to promote the transparency of the wholesale energy market, and on the other hand contains prohibitions on abusive practices in the trade of wholesale energy products. While "wholesale energy products" generally describe both contracts for the physical delivery and distribution of electricity or gas as well as derivative contracts relating to electricity or gas, which are settled on a purely financial basis (in cash), the prohibitions on insider trading (accompanied by a duty to publish inside information) and market manipulation under the REMIT Regulation apply only to wholesale energy products that are not deemed financial instruments within the scope of Directive 2003/6/EC on insider dealing and market manipulation (the so-called "**Market Abuse Directive**"), which has since been repealed. Wholesale energy products that also qualify as financial instruments have been subject to a direct prohibition on insider trading and market manipulation under the Market Abuse Regulation since July 3, 2016.

In order to promote transparency in the wholesale energy market, REMIT requires all market participants to register with their national regulatory authority, to publically disclose inside information in a generally effective and timely manner, and to report fundamental data and transaction data to ACER. This is the foundation upon which ACER monitors trading in wholesale energy products at the European level.

Alongside the REMIT Regulation, Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets (the so-called "**Transparency Regulation**") requires market participants to submit certain data on electricity generation, transmission and consumption to transmission system operators, which in turn forward such data to ENTSO-E, which publishes it on a central transparency platform.

Apart from the rules and regulations specific to energy trading, the Uniper Group is also subject to financial market regulation pursuant to MiFID. Under MiFID, trading in financial instruments is subject to certain authorization, organizational and conduct requirements. Financial instruments also include derivative contracts relating to commodities, in other words futures contracts relating to electricity, gas, oil or coal that are settled in cash, as well as contracts settled physically, provided they: (i) may also be settled in cash at the option of one of the parties; (ii) are traded on a regulated market or a multilateral trading facility or; (iii) have the characteristics of other derivative financial instruments (as regards clearing or margin calls, for example).

As it currently stands, MiFID does not apply to entities whose main business consists of dealing on own account in commodities and/or commodity derivatives, provided such entities do not belong to a group whose main business is the provision of investment services or banking services. Accordingly, the Uniper Group's proprietary trading in energy derivatives is generally exempt from the authorization requirement. However, this exception for commodity traders will be abolished by the MiFID reforms incorporated in MiFID II. The original intention was for MiFID II to be implemented in national law by July 3, 2016, and the requirements under MiFID II to apply from January 3, 2017. For the purposes of implementation, however, elaboration is needed in ESMA's technical standards, which include expanded reporting requirements and an obligation to comply with position limits. Given the complex technical structures required to be set up in order to implement the Directive, MiFID II's entry into force has been postponed by one year to January 3, 2018.

Under MiFID II, energy utilities will only be excluded from the scope of the Directive if they deal on own account in commodity derivatives or emission allowances or derivatives thereof, or provide investment services, other than dealing on own account, in commodity derivatives or emission allowances or derivatives thereof to the customers or suppliers of their main business, provided that, for each of those cases individually and on an aggregate basis, this is an ancillary activity to their main business when considered on a group basis, and that their main business is not the provision of investment services or banking services, or acting as a market-maker in relation to commodity derivatives ("**Ancillary Activity Exception**"). ESMA and the EU Commission are currently developing technical standards to provide more specific guidance on when an activity will be deemed an ancillary activity. It will only be possible to conclusively determine the extent to which the Ancillary Activity Exception applies to the trading activities of the Uniper Group once ESMA has finalized these technical standards, which is expected at the end of 2016.

In addition to MiFID II, MiFIR, which had been postponed by a year, will apply directly from January 3, 2018. MiFIR mainly governs transparency and reporting requirements.

The key provisions of the now repealed Market Abuse Directive have been incorporated in the Market Abuse Regulation. Directive 2014/57/EU on criminal sanctions for market abuse has also entered into force, which requires member states to impose criminal sanctions for insider dealing, the unlawful disclosure of insider information and market manipulation. Inciting, aiding and abetting or attempting the above offenses should also be punishable offenses. This Directive was implemented in national law on July 2, 2016.

OTC trading is governed in particular by EMIR, which not only requires OTC derivatives contracts to be settled through a clearing agent, but also requires all derivatives transactions to be reported to a trade repository. Entities that deal in derivatives but are not engaged in the financial market sector (so-called "non-financial counterparties") are exempt from the clearing requirement under EMIR if their transaction volumes in various asset classes fall below certain thresholds. Transactions executed for the purpose of minimizing risk are disregarded when calculating the transaction volume relevant for the clearing threshold. The Uniper Group performs ongoing monitoring and assurance to check that its transaction volume stays below the relevant thresholds.

Various national electricity markets have been coupled to allow available day-ahead transmission capacities to be used as efficiently as possible in the event of physical congestion in cross-border trade (market coupling). Market coupling is a process by which neighboring spot markets for electricity are coupled by means of implicit auctions. The allocation of cross-border electricity transmission capacities and cross-border electricity trading occur as part of a single process in order to optimally utilize available capacity. Hourly prices are calculated for coupled markets. Provided there is sufficient capacity available, the market prices on coupled markets are identical. Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management will progressively introduce over the coming years EU-wide harmonized market coupling for day-ahead and intra-day trading in electricity in national zones or regional market coupling zones that already incorporate several national markets.

Ensuring the security of the natural gas supply is of particular importance given EU member states' dependency on natural gas imports. Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC (the so-called "**SoS Regulation**") represents a precaution against any potential supply crisis. It sets out an extensive list of measures to be taken by the member states and requires the implementation in national law of a warning system with three crisis levels (early warning, alert and emergency) to be used in the event of a supply crisis. In addition, member

states are required to draw up preventive action and emergency plans which predefine the crisis management procedure and the preventive action to be taken. The SoS Regulation also requires capacity to be established for reverse flow to cross-border interconnections. In February 2016, the EU Commission presented a draft amendment to the SoS Regulation as part of the Energy Union “winter package”. Under the amendment, member states would be required to carry out additional regional risk assessments and to support one another through cross-border deliveries. The execution or amendment of gas delivery contracts with suppliers from non-EU states (which cover 40% of annual national gas consumption) are to be reported to the EU Commission.

Numerous other rules, regulations and political schemes at the European level are of relevance to the convergence of the European electricity and gas markets. They include the EU Commission’s 2011 Energy Roadmap 2050, the EU Commission’s Energy Efficiency Plan 2011, the Energy Efficiency Directive (which is to undergo reform in 2017), Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure, the 2014 European framework for climate and energy policy through 2030, the EU Commission’s guidelines for state environmental and energy subsidies 2014-2020, Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment and the other network codes developed by ACER and ENTSO-E. The European guidelines issued pursuant to the Regulation on Cross-border Trade of Electricity, such as those relating to the compensatory mechanism, also need to be observed.

13.2 CURRENT DEVELOPMENTS AND OUTLOOK

The creation of a common energy market has now been a key objective of the EU for around twenty years. In February 2015, the EU Commission presented a strategy for creating a European Energy Union. With Jean-Claude Juncker at the helm, this Energy Union is one of the EU Commission’s primary objectives. The European Energy Union is intended to facilitate the planning and implementation of a secure, affordable and sustainable energy supply across Europe. The goal of the Energy Union is to fully integrate national energy markets so energy flows freely across borders within the EU. It also addresses four other closely related issues: security of supply, energy efficiency, emissions reductions and research and innovation (source: *COM/2015/080 final*). In its first step towards an Energy Union, the EU Commission published the “Summer Package” in July 2015, followed by a “winter package” in February 2016. The Summer Package particularly included initial ideas for a new electricity market design. It was open for public consultation from July through October 2015. The EU Commission plans to publish a legislative package for a new energy market design in the fall or toward the end of 2016. It is expected to contain, *inter alia*, proposals for strengthening competitive markets in the energy sector, clear investment signals for new generation capacities (such as by means of dynamic pricing signals), the further integration of renewable energies into competitive markets, a harmonized capacity assessment mechanism and strengthening cross-border electricity trading. The winter package focuses on improving the security of supply and on energy efficiency. Independently of this, the EU Commission is currently carrying out a review of the sector for state aid law purposes. The review is assessing the capacity mechanisms/schemes introduced in certain member states to subsidize investment in new power plants or to ensure the continued operation of existing power plants. In addition, consultation on risk provisioning in the context of supply security ended in October 2015. In light of all of these developments, some significant changes to European energy legislation are expected in 2016 and beyond.

According to the EU Commission, the key prerequisites for a functional Energy Union also include a comprehensive strategy for LNG and natural gas storage. In its communication on an EU strategy for liquefied natural gas and gas storage (COM (2016) 49 final), the EU Commission established that there were generally sufficient LNG and gas storage capacities with the EU, but that not all member states had adequate access to them. Accordingly, the EU Commission intends to improve, above all, the cross-border and broader regional availability of LNG and gas storage capacities and to subsidize new LNG hubs in central and south-eastern Europe, in the Baltic region, in south-west Europe and in the Mediterranean region. On the issue of transmission tariffs to and from storage, the plan is for network codes to be developed so as to ensure a level playing field between competing flexibility instruments.

In the course of the debate concerning the achievement of long-term European climate protection goals by 2050, a structural reform and the adjustment of the European emissions trading legislation are being discussed. A draft by the EU Commission of July 2015 provides, *inter alia*, that the total number of CO₂ certificates that are available within the European emissions trading system for the current third

trading period to the end of 2020 should be reduced, on an annual basis, more significantly than originally planned, and that emissions benchmarks should be brought into line with technological progress to further reward more efficient plants. To date there has been a concrete decision to introduce the MSR, which is intended to reduce the excess number of CO₂ certificates that are currently available in the market from 2019 onwards (see “2. Risk Factors – 2.3 Market risks for the business of the Uniper Group – 2.3.4 Risks arise for the Uniper Group’s business from rising costs of emissions certificates”).

The introduction of a financial transaction tax is currently being discussed at EU level. The discussions are based on a proposal presented by the EU Commission in 2013 which seeks to harmonize the key aspects of member state initiatives to tax financial services. In December 2015, ten member states of the EU reached a political agreement on such a tax (although one member state has already pulled out). The agreement should at least apply to a core group of EU member states, including Germany. However, further negotiation is required before a final decision to introduce such a tax will be made.

MiFID II and MiFIR will also regulate energy trading when they are implemented as scheduled in the member states of the EU. Both pieces of legislation will become applicable in the beginning of 2018.

In addition, changes may be afoot for large-scale combustion and gas turbine plants operated by the Uniper Group if the EU Commission’s Proposal for a Directive on the reduction of national emissions of certain atmospheric pollutants and amending Directive 2003/35/EC of 18 December 2003 (the “**NEC Directive**”) enters into force. On June 30, 2016, the final text of the new NEC Directive was agreed at the European level. It sets new national emissions ceilings for six priority air pollutants for the period 2020 through 2030 and adds fine particulate matter and methane to the list of priority air pollutants. The final draft of the NEC Directive is to be adopted by the European Parliament in November 2016 and thereafter by the European Council so that it can enter into force in early 2017. The member states will then have 18 months to transpose the NEC Directive into national law.

13.3 ENERGY LAW ENVIRONMENT IN GERMANY

13.3.1 Overview

The German energy market is shaped by the provisions of the EU’s Third Energy Package. The EnWG brought about the complete liberalization of the electricity and gas markets in 2005 and implemented EU law requirements relating to the unbundling of vertically integrated energy utilities and non-discriminatory network access in national legislation. The EnWG provides the framework for competition in the electricity and gas markets and is intended to ensure a secure, environmentally-compatible and affordable energy supply.

There is also a considerable number of other laws and subordinate laws that contain important requirements for market participants. They include the following in particular:

- the EEG;
- the German Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*, “**GWB**”);
- the German Electricity Network Access Ordinance (*Stromnetzzugangsverordnung*) and the German Gas Network Access Ordinance (*Gasnetzzugangsverordnung*);
- the StromNEV, the GasNEV and the German Incentive Regulation Ordinance (*Anreizregulierungsverordnung*);
- the German Combined Heat and Power Act (*Kraftwärmekopplungsgesetz*, “**KWKG**”);
- the German Power Grid Expansion Act (*Energieleitungsausbaugesetz*) and the German Grid Expansion Acceleration Act (*Netzausbaubeschleunigungsgesetz*);
- the Network Reserve Ordinance (*Netzreserveverordnung*) and (by decision) the Capacity Reserve Ordinance (*Kapazitätsreserveverordnung*);
- environmental and planning law regulations, particularly the German Emissions Control Act (*Bundes-Immissionsschutzgesetz*) and the German Greenhouse Gas Emissions Trading Act (*Treibhausgas-Emissionshandelsgesetz*, “**TEHG**”);
- regulations relating to energy trading, which are particularly influenced by European law.

13.3.2 Current developments and outlook

For some years now, legal and economic developments on the German energy market have been influenced by Germany's phase-out of nuclear power and its concurrent transition to renewable energy sources, as well as the associated effects of these policies on the structure of power generation markets and power networks (the so-called "energy transition"). The phase-out of nuclear power plants, which began in the year 2000, has been expedited since the Fukushima disaster in 2011 and should be complete by 2022. To a large extent, the gap left by nuclear power plants will be filled by additional power generation from renewable energy sources: since the year 2000, power generated from renewable energy sources as a percentage of gross electricity consumption in Germany has increased from 6.2% to 32.6% in 2015 (source: *Federal Ministry for Economic Affairs and Energy (BMWi), Zeitreihen zur Entwicklung der erneuerbaren Energien in Deutschland, February 2016*), and now the EEG is prescribing future targets of 40-45% by 2025 and 55-60% by 2035. Germany is primarily focused on offshore wind and solar power. The Federal Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft und Energie*, "BMWi") has outlined the key energy transition projects of the 18th legislative term in its "10-point energy agenda", which was first published in June 2014 and most recently updated in January 2016 (source: *BMWi, <https://www.bmwi.de/BMWi/Redaktion/PDF/0-9/10-punkte-energie-agenda-zweite-fortschreibung,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>, July 27, 2016*). The priorities of the agenda include making the funding of renewable energy sources competitive and viable for the future, ensuring the efficient use of power plants as shares of renewable energy sources grow, while at the same time ensuring the security of supply, deepening the level of cooperation in Europe to make further progress on integrating the markets, creating the preconditions to ensure that the gas supply will remain secure in future, and increasing energy efficiency. In July 2015, the German federal government published a white paper entitled "An electricity market for Germany's energy transition" containing twenty specific measures designed to strengthen competition on the electricity market, protect free pricing and at the same time ensure the security of supply (source: *BMWi, <http://www.bmwi.de/BMWi/Redaktion/PDF/Publikationen/weissbuch,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>, July 27, 2016*).

These measures are being progressively implemented and will necessitate amendments to key national energy law provisions.

The next reform of the EEG (EEG 2017) is set to enter into force on January 1, 2017. This will complete, starting in 2017, the fundamental shift toward an auction-based system for calculating subsidies for wind power, solar power and biomass plants, which better enables the entry of more renewable power generation capacities to the market and their systematic expansion in the future (e.g., by requiring technology-specific extension corridors).

The KWKG, which entered into force on January 1, 2016, aims to provide moderate funding for CHP, which is compatible with the other objectives of the energy transition. For example, funding for gas-fired CHP plants will encourage existing coal-fired CHP plants to convert to gas-fired CHP plants. Operators of existing CHP plants will, on certain conditions, receive funding for a limited period if the electricity output of the CHP plant is more than two MW. Industrial self-supply CHP plants are to be subsidized separately from the energy-intensive industry. The CHP surcharge generally applies in full where annual consumption is up to one gigawatt hour.

Also passed in June 2016 was the German Act on the Digitalization of the Energy Transition (*Gesetz zur Digitalisierung der Energiewende*), the core of which is the Meter Operation Act (*Messstellenbetriebsgesetz*). The Act aims to establish a legal framework for the installation of smart meters. These are essentially digitally controlled meters integrated in a communications network. Starting in 2017, smart meters are to be gradually installed with major energy consumers who use at least 6,000 kWh per year. The Meter Operation Act governs the details and the timeframe for the conversion to smart meters. Another key objective of the Meter Operation Act will be to create an independent role in the market for meter operators, and to make that market competitive. The Act will also define lawful data communication to ensure privacy and data security within modern energy networks.

Central to the energy market reforms is the Electricity Market Act (*Strommarktgesetz*), by virtue of which the EnWG and other laws and regulations were materially amended in July 2016. The reforms codify the principles of a competitive energy market in the EnWG. In particular, electricity prices are to be determined by free market forces, even in times of shortages and high prices on the energy exchanges. Electricity prices may not be limited by regulatory interference. Allowing peak prices in times of shortages is intended to give operators of (conventional) generation plants the opportunity to amortize their investments. Other objectives of the reforms are increasing the flexibility of supply and

demand, enabling competition between flexible generation, flexible demand and storage, strengthening balancing group commitments, increasing transparency and anchoring Germany's electricity market in the European single market. Access to the balancing markets will also be given to more providers in order to increase competition on these markets and reduce costs for consumers. At the same time, the remuneration provisions for redispatch measures will be amended to allow operators of generation plants subject to claims to be compensated in particular for *pro rata* impairments in value and lost earnings opportunities.

The initially considered option of introducing a capacity market was abandoned in favor of a more developed energy-only market, (so-called "electricity market 2.0"). In an energy-only market, remuneration is paid only for energy actually delivered, not for available generating capacity. To ensure security of supply, that energy-only market is to be supplemented by four reserve mechanisms. These mechanisms would only kick in when power volumes on the energy markets are not sufficient to cover demand or where the stability of the power network is threatened. A newly introduced capacity reserve is to be used in the exceptional case when trading on the energy-only market and the use of balancing energy is unable to ensure security of supply. Further, transmission system operators are to procure generation capacities and interruptible loads of 2 GW. The capacity reserve is to be made available for the first time in the winter half year 2018/2019. Power plants in the capacity reserve may not participate in the regular electricity market and must be decommissioned after having been used for capacity reserve purposes. The BNetzA may adjust the capacity reserve to up to 5% of the annual peak load in Germany starting in 2020. Details, in particular relating to remuneration, will be laid down in a Capacity Reserve Ordinance still to be adopted. In addition to the capacity reserve, a so-called network reserve already exists. The network reserve serves to manage network congestion and ensure voltage stability. It is procured and used by the transmission network operators. The network transmission operators enter into contracts with the operators of, in particular, power plants, which are to be temporarily or permanently decommissioned, but which were classified as systemically relevant by the transmission network operators and therefore may not be decommissioned. Details, in particular relating to remuneration, are laid down in the EnWG and the Network Reserve Ordinance. The power plants in the network reserve which were slated for permanent decommissioning may not participate in the electricity market after participating in the network reserve and must be decommissioned. As a third reserve mechanism, network transmission operators may themselves construct up to 2 GW of new generation capacities as so-called network stability plants and use these to ensure network security. The network stability plants are intended in particular to bridge the shortage of generation capacities expected to hit southern Germany in 2022 as a result of the nuclear phase-out until such time as sufficient transmission capacities are available for electricity from northern Germany as a result of expanding the network in the north-south direction. The requirements for network stability plants will initially be determined by the BNetzA by the end of 2017. The fourth reserve mechanism primarily serves to achieve Germany's climate targets by 2020. For a transitional period, eight lignite power plants, none of which is owned by the Uniper Group, are to be transferred into so-called security standby mode (*Sicherheitsbereitschaft*) in exchange for cost reimbursement, and in 2020 permanently decommissioned in order to cut CO₂ emissions. The various reserve mechanisms (with the exception of the security standby mode) may not be implemented until the EU Commission has approved them under the EU state aid rules.

Charges for access to transmission systems are subject to government regulation and vary from region to region. The proposal to introduce uniform federal network charges for the use of transmission systems was not taken up in the Electricity Market Act. Depending on the region in which the Uniper Group's customers are located, the standardization of network charges could either increase or decrease transmission costs.

The German Incentive Regulation Ordinance (*Anreizregulierungsverordnung*) was amended in August 2016 to facilitate, in particular, financing the expansion of distribution networks of particular importance for the energy transition.

The federal government sees grid expansion as a top priority. The aim of the German Power Grid Expansion Act and the German Grid Expansion Acceleration Act is to speed up the planning process, particularly for high voltage lines that cross state borders. Extensive powers were delegated to the BNetzA for this purpose. In the current electricity grid development plan, the BNetzA has endorsed only 63 of the 92 expansion and reinforcement measures proposed by transmission system operators. Federal requirements planning is to be updated based on the endorsed electricity grid development plan. In future, high voltage direct current power lines will generally be laid underground so that grid expansion is more readily accepted by those immediately affected. Alternating current power lines will for the most part continue to be installed as overhead lines.

The federal government is also aiming for a reduction of national greenhouse gas emissions by no less than 40% by 2020, and no less than 80-95% by 2050 (in each case compared to 1990 levels). With the measures implemented until the summer of 2014, e.g., in the form of the energy concept and as part of the integrated energy and climate program of the German federal government, Germany is planning to reduce its greenhouse gas emissions by an expected 33-34% by 2020 compared to 1990 levels (source: <http://www.bmwi.de/BMWi/Redaktion/PDF/Eckpunkt-fuer-ein-integriertes-energie-und-klimaprogramm,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>, July 27, 2016). To ensure that the 40% reduction target is reached by 2020, the federal government adopted the "Climate Action Programme 2020" in December 2014 (source: *Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit)*, <http://www.bmub.bund.de/service/publikationen/downloads/details/artikel/aktionsprogramm-klimaschutz-2020/>, July 27, 2016), which includes, *inter alia*, measures for the energy industry. The Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety is currently developing a "Climate Protection Plan 2050", which will detail the implementation of the agreed 80-95% reduction in greenhouse gas emissions by 2050 compared to 1990 levels. The German federal government is supposed to resolve on the Climate Protection Plan 2050 in September 2016. In the years to come, the German federal government and the legislator will have to flesh out many of the measures resolved. Given that the level of emissions produced by Germany's fleet of fossil fuel-burning power plants will substantially influence the attainment of Germany's climate protection targets, it is already seen as a challenge over the next few years that direct measures will need to be implemented at these power plants, and issues such as renewable energy sources, electricity market design, CHP and the like will continue to be important factors in the discussion. The EU Commission is also expected to make more specific proposals in several areas in the coming years in relation to the design and implementation of the European framework for climate and energy policy through 2030.

Due to the decline in German and Dutch production of low calorific gas, the networks and all consumer appliances in German network areas in which low calorific gas is still supplied have to be converted so as to be compatible with high calorific gas. The conversion schedule is contained in the respective current gas network development plan. The operators of gas supply networks are able to transfer the conversion costs to all gas supply networks within the market territory and ultimately pass the costs on to customers.

In December 2015, the BMWi presented a key issues paper in which it concluded that no major intervention in the natural gas storage and trading market would be necessary in order to bolster the security of natural gas supply. Similar to the energy-only market for electricity, further improvements should be market-driven. In this context, long-term gas balancing products are to be auctioned on a greater scale, with storage facilities also being used, and the ability of industrial customers to manage demand (demand-side management) will be enhanced, including in gas.

With the enactment of the German Evaporative Cooling System Ordinance (*Verdunstungskühlanlagen-Verordnung*) in 2016 (likely to be the 42nd ordinance to the BImSchG), it is planned that operators of evaporative cooling systems and cooling towers, which generally include the cooling towers of conventional power plants, will be subject to enhanced self-monitoring and maintenance obligations, specifically in the interests of hygienically sound system operation. The aim is to reduce the risks of legionella in plants that utilize water and bring it into contact with the ambient air.

13.3.3 Energy infrastructure

(i) **Construction and operation of power generation assets**

The Uniper Group operates plants that generate electricity and heating from various energy sources. In Germany, these include not only conventional power plants (coal-fired plants, gas-fired plants, gas and steam (combined cycle) plants, a compressed air energy storage and gas turbine power plant and oil-fired plants), but also hydroelectric and pumped storage power plants.

The proper operation of power plants and other facilities operated by the Uniper Group requires compliance with a wide range of environmental and safety requirements, and the existence of compliant management systems. The following provides an overview of the relevant legal framework.

(a) *Conventional power plants*

The main requirements for constructing and operating conventional power plants are contained in the BImSchG, the applicable ordinances implementing the BImSchG (*Bundes-*

Immissionsschutzverordnungen, “BImSchV”), the Federal Water Act (*Wasserhaushaltsgesetz*, “WHG”), nature conservation laws, technical standards (e.g., Technical Instructions on Air Quality Control (*Technische Anleitung zur Reinhaltung der Luft*, TA Luft), Technical Instructions on Noise Abatement (*Technische Anleitung zum Schutz gegen Lärm*, TA Lärm)) and requirements such as the Technical Rules for Handling Hazardous Substances (*Technische Regeln für Gefahrstoffe*) and the Technical Rules on Industrial Safety (*Technische Regeln für Betriebssicherheit*). The construction of new plants and major modifications are also subject to approval. The approval of specific power plants pursuant to federal emission control law is usually an extension of regional planning guidelines (state-wide development plans and regional plans) and urban land-use planning (zoning plan and local development plan). For this reason, if any of these plans turn out to be unlawful, the approval of a proposed power plant may also be deemed unlawful. Unless a simplified procedure applies, the public must be involved in the approval process. Depending on the size and type of the plant, an environmental impact assessment (“EIA”) must be carried out as part of the approval process under emission control law; in these cases, it is mandatory to involve the public in the approval process. In addition, where a decision has been made to approve a plant for which an EIA was required, the decision may be subject to appeal under the UmwRG, including appeals lodged by recognized nature conservation societies. The legislation, including the UmwRG, is currently undergoing reform. Under the current version of the UmwRG, it is only possible to apply for the annulment of a decision to approve a plant on the grounds of a serious procedural error (such as the failure to carry out a required EIA or preliminary EIA); other procedural errors may only be relied upon as grounds for annulment if it is possible that they affected the decision on the merits of the case. The reform of the UmwRG is expected to broaden the avenues for appeal. The Uniper Group is required to operate its power plants in accordance with the relevant statutory requirements and the terms of the notice of approval (permit) in each case; in particular, the relevant limits on pollutant emissions and immissions must be complied with. Where waste is generated (e.g., ash), it must be recycled and removed in accordance with the requirements of the German Recycling Act (*Kreislaufwirtschaftsgesetz*). The European Water Framework Directive, which has been in force since December 2000 and has been implemented in Germany by virtue of the WHG and the German Surface Water Ordinance (*Oberflächengewässerverordnung*), is of particular significance for processes such as the discharge of industrial waste water and cooling water. This Directive establishes environmental targets for the protection of groundwater and surface water that are uniformly applicable in all member states of the EU. The primary objective of the Water Framework Directive is for rivers, lakes, coastal waters and groundwater to reach “good status” by 2015 (or subject to the grant of any extensions by no later than 2027) or to maintain any good or very good status already achieved. Nationally, this target was largely not achieved by 2015, so the competent authorities have in some cases already applied for extensions of the 2027 deadline. This has given rise to requirements for plant operators to ensure that the use of hydropower is environmentally compatible. The competent authorities are able to define these requirements in detail in the approval or planning approval process, also retrospectively in certain circumstances.

Where power plants are decommissioned, restoration obligations under the BImSchG may apply. They provide that no hazardous environmental impact or other dangers may emanate from any plant or land on which it is located, and that it must be ensured that the land on which the plant is located is restored to its proper condition.

Energy law provisions govern the use of conventional power plants and the feed-in of generated electricity to the upstream network. The EEG gives feed-in priority to electricity generated from renewable energy sources. This means that, in principle, network operators must give priority to purchasing, transmitting and distributing electricity generated from renewable energy sources. If the security or reliability of the electricity supply system is at risk or has been disrupted, the responsible transmission system operator may ask the plant operator to adjust the feed-in on certain conditions, subject to the payment of reasonable compensation (so-called “redispatch measure”). The BNetzA’s determination on cost reimbursement was overruled in 2015 by a court decision. The court held that the cost reimbursement was not reasonable because it meant that the amount of compensation paid (usually limited to the reimbursement of expenses) was too low, and the barriers to claiming additional compensation were too arbitrary. The BNetzA thereupon withdrew its determination on cost reimbursement *vis-à-vis* all market participants with retroactive effect. The provisions on reimbursable compensation components were fleshed out under the EnWG reform in July of 2016. Particularly the pro rata impairments in value and lost earnings opportunities are now to be compensated. Power plant operators are therefore entitled to higher reasonable compensation. The amendments apply in favor of the operators of affected generation plants with retroactive effect from January 1, 2013 as well. In

certain emergency situations, transmission system operators may also request a feed-in adjustment from plant operators without having to pay compensation. The Reserve Power Plants Ordinance entered into force in 2013 and sets out the substance of the EnWG reform of 2012 aimed at ensuring the security of supply. The Ordinance has since been renamed the Network Reserve Ordinance (*Netzreserveverordnung*). Firstly, it contains provisions governing the transparent procurement by transmission system operators of the so-called network reserve in order to ensure network stability (see “13. 2 Current developments and outlook”). Secondly, it fleshes out the statutory provisions on decommissioning and safeguarding systemically relevant power plants. Generation plants with a capacity of more than 10 MW may only be decommissioned, whether temporarily or permanently, once a formal notice has been filed with the BNetzA and a waiting period of, usually, 12 months has elapsed. If the BNetzA deems a power plant with a capacity of more than 50 KW designated for permanent shutdown to be systemically relevant, it must be kept on standby for use by the relevant transmission system operator. The operator of the relevant power plant is entitled to reasonable compensation for the necessary costs of generating electricity (“generating expenses”) (*Erzeugungsauslagen*), the costs of keeping the plant on standby (“standby operation expenses”) (*Betriebsbereitschaftsauslagen*), the pro rata impairments in value and lost earnings opportunities (the latter only for those power plants with respect to which notice of permanent decommissioning has been filed).

In the case of power plants to be decommissioned temporarily, the responsible transmission system operator may, even without the approval of the BNetzA, classify them as systemically relevant and instruct the plant operator to continue to provide capacity. In such a case, the plant operator concerned can claim compensation not only for the generating expenses, but for the standby operation expenses, and the pro rata impairments in value as well. However, in that case, the relevant power plant may only be operated in accordance with the instructions of the transmission system operator for the duration of its systemic relevance status (a maximum of 24 months in each case). If the power plant returns to the electricity market after this period, the plant operator has to pay the transmission system operator the residual value of any residual investment benefits (*verbliebene investive Vorteile*). This also applies to permanently decommissioned power plants to the extent residual investment benefits have been derived as at the date of decommissioning.

(b) *Hydroelectric power plants*

In Germany, there are several laws at the state and federal level regulating the construction and operation of hydroelectric power plants for generating electricity (storage power plants, run-of-river power plants) and for storing electricity (pumped storage power plants). Of particular relevance here are the WHG and state laws such as the Bavarian Water Act (*Bayerisches Wassergesetz*) in force in Bavaria. In addition to the requirements laid down in the WHG to protect bodies of water and the environment from harmful impacts, the emission control requirements under the BImSchG and the relevant ordinances and technical rules, for example in relation to noise pollution, as well as nature conservation and fisheries legislation must be complied with.

The use of hydropower constitutes water usage within the meaning of the WHG which requires a permit under water law (approval or authorization) because of the associated impacts on waters or river banks. With the exception of a small number of older permits, most permits granted under water law have a limited term (usually 30 years). Once this period has expired, a new permit will only be granted if the current regulatory and, in particular, environmental law criteria are met. In river development, it is usually also necessary to go through a planning approval process. Dependent on the plant's reservoir or storage capacity, it may be necessary to conduct an environmental impact assessment involving the public for the purposes of the planning approval process. The WHG imposed important environmental requirements on proposed and existing hydroelectric power plants in order to protect bodies of water and the environment from harmful impacts. These requirements are based to a large extent on the Water Framework Directive. This Directive establishes environmental targets for the protection of groundwater and surface water that are uniformly applicable in all member states of the EU (see “13.3 Energy law environment in Germany – 13.3.3 Energy infrastructure – 13.3.3(i) Construction and operation of power generation assets – (a) Conventional power plants”).

Hydroelectric power plants are operated on the basis of individual permits granted under water law, which not only impose environmental, safety and water engineering requirements, but also particularly impose construction and maintenance obligations and, in some cases, restoration obligations.

For the majority of hydroelectric power plants, the permits granted under water law or, in the case of federal waterways, government contracts also provide for “reversion” (*Heimfallregelungen*). This means that, on certain conditions (such as the expiry, forfeiture or revocation of the relevant water law approval), the German state (particularly Bavaria in the case of hydroelectric power plants) and/or the Federal Republic of Germany may require ownership, possession and other rights in respect of a hydroelectric power plant or certain equipment, machinery, buildings or sites of operation to be transferred to the state. Rights of reversion can be drafted in various ways. In particular, there may be differences in the scope of the right of reversion (*i.e.* the assets it covers), the date on which the right of reversion may be exercised, and the terms of such exercise (particularly whether compensation is payable and, if so, how it should be calculated, *e.g.*, based on reimbursement of market value or carrying amount).

(c) *Other requirements applicable to the construction and operation of power generation assets*

The requirements applicable to constructing and operating conventional power plants may become more onerous with the amendment of national laws or European law requirements and/or regulatory rulings. This is particularly the case in relation to pollutant and noise emissions.

For example, Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control – the “**Industrial Emissions Directive**”) generally provides for stricter permit requirements and stricter emissions levels for certain plants and activities regarded as particularly emissions-intensive. A key element of the Industrial Emissions Directive is the development and adoption of best available techniques (“**BAT**”) (known as “BAT conclusions”) by the EU Commission. These conclusions also include a binding range of emission levels or immissions respectively for plant operation, which must be met within four years (dynamization requirement). Industrial plants will also become subject to more onerous standards with the imposition of adaptation and remediation obligations, new monitoring and control instruments and publication requirements. In Germany, the Directive was largely implemented in 2013 with the reform of the BImSchG and the Ordinances implementing the Federal Emission Control Act (particularly the 4th, 13th, 17th and 41st BImSchV), which traced back to the Act implementing the Industrial Emissions Directive (*Gesetz zur Umsetzung der Industrieemissions-Richtlinie*). In particular, to ensure the effective implementation of BAT, adaptation obligations may arise for existing plants within four years of the publication of BAT conclusions relating to the plant’s main activity. Furthermore, since January 1, 2016, some existing large-scale combustion and gas turbine plants have also been subject to higher limit values under the Industrial Emissions Directive and the 13th BImSchV. However, a transitional period running until January 1, 2019 or 2023 applies with respect to certain annual limit values and certain plants.

In relation to the construction of new and the modification of existing conventional power plants and hydroelectric power plants, the Water Framework Directive and/or the WHG provide that the plants must meet the applicable water protection requirements from the outset. It is expressly stated in the legislation that the grant of a permit or authorization under water law is at the authority’s discretion (management discretion); if the permit granted under water law expires, the authority has this same discretion during the required renewal process. A permit is to be rejected if it is likely that there will be harmful changes to water which cannot be avoided or offset by imposing incidental conditions. In the case of existing plants, obligations to retrofit the plant within a reasonable time may apply, and/or retrospective orders may be issued pursuant to the WHG, the Water Framework Directive or new technical rules, for example to protect fish populations, regulate the minimum flow of water and waterway continuity, or to comply with the European law target for the phase-out of priority hazardous substances and to limit heat transfer. One such priority hazardous substance that is particularly relevant for coal-fired power plants is mercury, which is released during the combustion process. Even using advanced purification processes, there is currently no known technique for completely preventing the release of mercury.

In relation to dealing with water pollutants, of particular relevance is the draft federal government Ordinance on Facilities for Processing Water Pollutants (*Bundesverordnung über Anlagen zum Umgang mit wassergefährdenden Stoffen*), which has been waiting in the wings for some time but has not yet been adopted. This ordinance would supersede the currently applicable state ordinances in favor of a uniform federal approach.

The EU legislator has paved the way for tightening the law governing major accidents by enacting Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of

major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive 96/82/EC (the “**Seveso III Directive**”). This Directive has not yet been implemented in Germany. The amendments and extensions of major accident law to be introduced under Community law are not only relevant to establishments covered by the Directive (*Störfallbetriebe*) at which certain quantities of dangerous substances are used, stored, handled, processed or produced in accordance with Regulation (EU) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labeling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006, but are also relevant to project developers who wish to develop sites for other uses “in the vicinity of” the establishments classified as covered by the Directive. With regard to the requirements for constructing plants, it is particularly important to note that the Seveso III Directive contains new requirements relating to the provision of information to the public on establishments covered by the Directive, as well as requirements relating to public participation in the approval process.

(ii) Construction, operation and regulation of natural gas storage facilities

(a) Permit, construction and operation

The Uniper Group’s portfolio also includes operating underground natural gas storage facilities which fall within the scope of, in particular, the German Federal Mining Act (*Bundesberggesetz*, “**BBergG**”) and mining-related ordinances. While a mining permit granted under the BBergG is required in order to construct such a storage facility, there is generally no permit required for operating an underground storage facility if there is no mining activity involved. Pivotal for the construction and operation of a gas storage facility are the so-called mine planning approvals (*Betriebsplanzulassungen*) under the BBergG, which authorize the storage operations and also define the applicable (technical) requirements for ensuring safe operation and risk prevention, such as precautions to be taken against potential seismic activity. In certain circumstances, approval will be preconditioned upon an EIA being carried out in accordance with the German Ordinance on Environmental Impact Assessments for Mining Proposals (*Verordnung über die Umweltverträglichkeitsprüfung bergbaulicher Vorhaben*). In addition, depending on the method of constructing and operating the underground storage facility, it may also be necessary to obtain permits or approvals under construction, water and/or immission control law.

Above and beyond the aforementioned requirements, the construction and operation of natural gas storage facilities must meet various environmental, safety and technical standards, which will differ depending on the plant, the date of construction, plant design and mode of operation. These include, for example, accident prevention and general industrial safety standards (e.g., in accordance with the German Hazardous Incident Regulation (*Störfallverordnung*), the German Industrial Safety Regulation (*Betriebssicherheitsverordnung*), the German Hazardous Substances Regulation (*Gefahrstoffverordnung*), the 11th Regulation implementing the German Equipment and Product Safety Act (*Elfte Verordnung zum Geräte- und Produktsicherheitsgesetz*), the German Explosion Prevention Regulation (*Explosionsschutzverordnung*) and national and European chemicals legislation). Under the German Hazardous Incident Regulation, for example, the operator of a storage facility must prepare a safety report and emergency and contingency plans, and also provide information to the public.

In July 2016, liability for so-called mining damage under the BBergG was extended to natural gas storage facilities which use underground caverns. It provides, in particular, that damage typically associated with the construction or operation of natural gas storage facilities (mining damage) will be presumed to have been caused by the operator. The onus is on the operator to rebut that presumption.

(b) Regulation

The operation of natural gas storage facilities in Germany is regulated by European law. The main energy law requirements are contained in the EnWG, the provisions of the Regulation on Access to Natural Gas Networks that are relevant to storage operations and the directive relating to access to storage facilities, transparency and storage products.

Under the EnWG, storage facility operators covered by the EnWG (not necessarily also the owner of the storage facility) must give third parties access to the storage facility on reasonable conditions that are non-discriminatory from a technical and economic standpoint, if such access is necessary on technical or economic grounds to ensure efficient network access with a view to supplying customers. This is generally the case for underground storage facilities (with the exception of underground pipe

storage facilities). Unlike the charges for and conditions of network access, the charges for and other conditions of storage facility access are not regulated but are determined by the storage facility operators as part of a competitive process (so-called “negotiated storage facility access”). The charges and conditions must be non-discriminatory. In particular, enterprises affiliated with the storage facility operator must not enjoy preferential conditions.

Storage facility operators are required to publish information about their storage facilities, their available capacities and the key technical and economic conditions of storage facility access.

Where a gas storage facility is operated as part of the activities of a corporate group that is also engaged in extraction or generation or in distributing electricity or gas (vertically integrated energy utility), the storage operations must be unbundled from these competitive activities both in a legal and organizational sense, and classed as separate as far as the provision of information and accounting is concerned. In practice, this means that storage facilities must be operated by a separate company, the independence of which is ensured by virtue of staff and financial arrangements, and which can only be controlled to a limited extent by a vertically integrated energy utility as shareholder.

(iii) Construction and operation of gas networks

The Uniper Group’s portfolio also includes investments in gas transmission networks. Under section 43 EnWG, the construction and operation and any modification of gas supply lines with a diameter exceeding 300mm requires planning approval from the authority competent under state law. Depending on the area involved and the operational details, as well as the length and diameter of the piping system, it may be necessary to carry out an environmental impact assessment. The German High Pressure Gas Pipeline Ordinance (*Verordnung über Gashochdruckleitungen*), the German Pipeline Ordinance (*Rohrfernleitungsverordnung*) and the Technical Rules for Pipelines (*Technische Richtlinien für Rohrfernleitungen*) or the 13th BImSchV also lay down requirements for the construction, quality and operation of high pressure gas pipelines that are deemed energy installations for the purpose of the EnWG, are used for supplying gas and are designed to tolerate a maximum operating pressure of more than 16 bar, and/or combustion facilities including gas turbine and gas engine plants. As operators of high pressure gas pipelines, Uniper Group companies must ensure that the pipelines are maintained in the proper condition and are monitored and examined at regular intervals.

In the north of the Ruhr region of Germany, the Uniper Group maintains, in accordance with the provisions of the EnWG, an independent system of pipes stretching over approximately 75km for supplying industrial customers with coke oven gas. Some of the pipes date back to the 1930s. The operation of these pipelines is subject to the requirements applicable to high pressure gas pipelines.

(iv) Regulation of access to electricity and gas networks

(a) Regulation of network access

The operation of and access to electricity and gas networks is subject to regulation in Germany. The EnWG imposes an obligation on operators of electricity and gas networks to grant third parties non-discriminatory access to their infrastructure. Transmission system operators enter into standard contracts with third parties for this purpose. The German Electricity Network Access Ordinance (*Stromnetzzugangsverordnung*) and the German Gas Network Access Ordinance (*Gasnetzzugangsverordnung*) govern the conditions of access. The charges payable to transmission system operators for network access are also regulated and are determined in accordance with StromNEV, GasNEV and the German Incentive Regulation Ordinance (*Anreizregulierungsverordnung*). Under the incentive system, revenue caps are prescribed for transmission system operators, which are then used to calculate the grid charges. The BNetzA or the state regulatory authority sets an individual revenue cap for each transmission system operator for a period of five years (the “regulated period”). This is intended to create an incentive for transmission system operators to become more cost-efficient, and it is also supposed to prevent costs that are regarded as inefficient from a regulatory standpoint from being included in the grid charges. In the electricity sector, grid charges are only payable for taking electricity from the grid, not for feeding electricity into the grid. By contrast, both the feed-in and withdrawal of gas from gas networks are subject to a charge.

Physical access to the network and electricity and gas trading are governed by balancing group contracts between balancing group managers and transmission system operators (electricity) or

market area managers (gas). Physical settlement occurs by transferring quantities of energy between the balancing accounts of the parties to the transaction. The balancing group manager must ensure that the quantity taken from the grid is balanced by the quantity fed into the grid within its own balancing group.

(b) *Partial exemption from regulation for certain infrastructure assets*

Lubmin-Brandov Gastransport GmbH (“**LBTG**”), a wholly owned subsidiary of the Uniper Group, holds a 20% stake in OPAL. LBTG runs and markets the associated transmission capacities. In a decision dated February 2009, amended as of July 2009, the BNetzA exempted OPAL from the application of sections 21 through 25 EnWG for a period of 22 years from the date on which it was put into operation in October 2011. Alongside the North European Gas Pipeline (in which the Uniper Group does not hold a stake), the OPAL pipeline is one of two connecting pipelines via which natural gas arriving in Lubmin near Greifswald from Russia through the Nord Stream gas pipeline in the Baltic Sea is transported on to Europe. The exemption applies only to gas transiting through the OPAL pipeline, *i.e.*, being transported from the Nord Stream 1 pipeline through Germany up to the Czech border. By contrast, gas that is fed into the market area managed by GASPOOL in Lubmin near Greifswald through the OPAL pipeline remains subject to full regulation under the EnWG.

(v) *Liability issues – environmental liability*

Various legislation contains special liability provisions that particularly apply not only to the conventional generation of electricity, but also to the construction and operation of natural gas storage facilities and gas networks. The WHG imposes liability for adverse changes in water quality (e.g., caused by discharging pollutants into water), the Federal Emission Control Act imposes liability for adverse changes in the soil or groundwater, and in certain circumstances liability will also be imposed under the German Environmental Damage Act (*Umweltschadensgesetz*) and the BImSchG. In addition, in their capacity as the operator of power plants, Uniper Group companies are also subject to the liability provisions of the German Environmental Liability Act (*Umwelthaftungsgesetz*, “**UmweltHG**”). This Act prescribes the situations in which compensation is payable for personal injury or property damage caused by environmental impacts. Under the UmweltHG, if a plant is generally likely to cause damage, a causal nexus between plant operation and the damage incurred will be presumed. The operator must prove the contrary. Strict liability is capped at €85 million for both personal injury and property damage. The UmweltHG does not exclude liability on the basis of other provisions.

Uniper Group companies are also subject to decommissioning, dismantling and environmental improvement obligations, particularly in connection with former mining activities. General civil law liability provisions also apply, as well as the liability regime under the BBergG for damage caused by mining activities. There is current debate concerning an amendment of the BBergG, under which, *inter alia*, the provisions relating to liability for damage caused by mining activities, including the presumption of causation, would fully apply in the future to the construction and operation of cavern storage facilities created from artificial cavities, and to borehole drilling.

(vi) *Liability issues – continued liability for the obligations under nuclear energy law applicable to the operators of nuclear power plants*

There is a risk that, under a proposed expansion of the Continued Liability Bill, the Company will be financially liable in the future for liabilities of the E.ON Group in connection with the costs of interim and final storage of radioactive waste (see “2. Risk Factors – 2.8 Risks in connection with the ownership structure and the spin-off – 2.8.8 The Uniper Group’s business is exposed to risks arising from the E.ON Group’s German nuclear activities as a result of the implementation of the German Federal Government’s legislative initiative on continuing liability for nuclear disposal costs.”).

At present, the German Federal Government is responsible for setting up final repositories for radioactive waste, and operators have an obligation to contribute financially under section 21b (2) of the German Nuclear Energy Act (*Atomgesetz*, “**AtG**”) and the German Ordinance on Advance Payments for the Establishment of Facilities for the Safe Custody and Final Storage of Radioactive Waste (*Endlagervorausleistungsverordnung*). Under section 21a of the AtG, operators are required to pay to use the final repository. The duties to act and financial responsibilities of operators of nuclear power plants also include dismantling the nuclear power plant in accordance with section 7 (3) of the

AtG, and the non-hazardous (re)application or safe disposal (interim storage and surrender to the final repository) of radioactive waste in accordance with section 9a (1) of the AtG and sections 21a and 21b of the AtG, as well as the German Ordinance on Advance Payments for the Establishment of Facilities for the Safe Custody and Final Storage of Radioactive Wastes and Chapter 4 of the German Repository Site Selection Act (*Standortauswahlgesetz*). These obligations are incumbent upon license holders. Under section 9a (2) sentence 3 of the AtG, the safe disposal of radioactive waste (direct final storage) requires the operator of a nuclear power plant to take the preliminary step of storing the waste locally at an intermediate storage site. Once the state has constructed a final repository, the operator of the plant is also required under section 9a (2) sentence 1 of the AtG to seal the radioactive waste in accordance with the final repository's requirements and transport it to the final repository.

Operators must make financial provision in accordance with section 7c of the AtG in order to be able to comply with their decommissioning and disposal obligations during the post-operating phase. They do this by setting aside provisions in accordance with general accounting principles. In this way, operators ensure that their liability is generally limited to the assets of the operating company itself. The assets of other group companies may in some cases also be available by virtue of domination and profit and loss transfer agreements, but only while the respective domination and profit and loss transfer agreement continues in force. For this reason, some operating licenses contain a condition that domination and profit and loss transfer agreements or letters of comfort can only be amended with the consent of the supervisory authority. In this context, and for the purpose of ensuring liability cover, certain parent companies of nuclear power plant operators entered into a solidarity agreement (*Solidarvereinbarung*) dating back to 2001 (E.ON Energie AG entered into this agreement for the E.ON Group), and under that agreement they undertook to enter into domination and profit and loss transfer agreements with the operators or to issue them with or maintain previously issued binding ("hard") letters of comfort (*harte Patronatserklärungen*).

The Federal Government published the Continued Liability Bill in November 2015. The aim of the bill is to introduce and provide a statutory basis for secondary liability on the part of the entities that dominate the operators. The Bill presumes that a company dominates an operator if it directly or indirectly owns half of the operator's shares or voting rights. With regard to the liabilities that fall within the scope of the continued liability scheme, the Continued Liability Bill refers to the requirements of the AtG regarding the decommissioning and dismantling of nuclear power plants and the proper removal of radioactive waste. The respective operators still have primary liability for fulfilling the existing duties to act. If an operator fails to comply with its duties to act and the state fulfills such duties by way of substitute performance, the controlling entity is liable for the associated costs.

The KFK was established at the same time as the draft bill, and in its final report of April 27, 2016, it proposed a future funding model for decommissioning nuclear power plants and disposing of radioactive waste. The aim of the proposal is to reallocate responsibility for the individual phases of nuclear waste disposal between the state and the operators, and to combine responsibility to take action and financial responsibility. According to the model, operators are to remain responsible for decommissioning and promptly dismantling the nuclear power plants, and for sealing the radioactive waste and establishing an intermediate storage site within the power plant sites. The quantum of an operator's liability would in this respect be unlimited, as it is today. Operation of the intermediate storage site would be delegated to the state, which would assume financial responsibility. As the current law provides, the construction and operation of final repositories is to be the state's responsibility. In connection with the transfer of responsibility for interim and final storage to the state, operators will be required to transfer the necessary funds to a public law fund (nuclear waste disposal fund). Until 2022, operators can transfer their liability in full to the state in return for payment of a risk premium of approximately 35%. Until such time as the risk premium is paid in full, the operator will remain liable for any costs that exceed the funds transferred. The KFK also proposes that, in the event that company divisions are spun off, the spun-off company should be subject to continued liability for any payments required to be made by its (former) parent company to the nuclear waste disposal fund for the interim and final storage of radioactive waste, as well as extended liability for the risk premium. This potential expansion of continued liability to spun-off companies or company divisions would not cover the costs of decommissioning and dismantling nuclear power plants that are still required to be borne by the operators.

In its statement on the implementation of the KFK's recommendations on June 1, 2016, the Federal Government announced that by implementing the KFK's recommendations, the government intended to expand the Continued Liability Bill to include extended liability on the part of spun-off company divisions for payments required to be made to the nuclear waste disposal fund pursuant to

the continued liability scheme. In the event that: (i) the Continued Liability Bill is implemented, subject to the inclusion of a scheme whereby spun-off companies or company divisions are also liable for payments to the yet-to-be established public law fund; (ii) the scheme is constitutional; (iii) PreussenElektra fails to meet its obligations to make payments into the yet-to-be established public law fund for the interim and final storage of radioactive waste; and (iv) E.ON SE does not meet its continued liability scheme obligations under the Continued Liability Bill and its obligations to indemnify the Company under the Spin-off and Transfer Agreement, or if these fall under the statute of limitations, the Company would be subject to continued liability.

13.3.4 Trading in energy, other commodities and weather derivatives

(i) **Overview of the trading markets**

Energy trading essentially comprises trading in electricity, trading in the primary energy sources of oil, gas/LNG and coal, and trading in emission rights. In addition, the Uniper Group's trading portfolio also includes freight and weather derivatives. Trades are settled either physically or in cash. Short-term trading occurs on the spot market ("intra-day" or "day-ahead" trading), while longer term trading occurs on the futures market, and transactions may be settled on the exchange or OTC. Both exchange trading and OTC trading cater for short-term and long-term transactions and transactions settled physically or in cash. OTC trades may be cleared on the exchange.

With OTC trading, the parties enter into transactions with one another usually on the basis of standard contracts. Standard templates are used for this purpose, particularly those developed by the International Swaps and Derivatives Association ("**ISDA**"), the European Federation of Energy Traders (EFET), or the Association of German Banks (*Bundesverband deutscher Banken*).

Exchange trading takes place anonymously on public, transparent and standardized trading platforms in accordance with established rules on pricing, financial settlement, including the assumption of counterparty risk ("**Clearing**") and physical settlement. Important energy trading exchanges in Europe include the EEX domiciled in Leipzig, Germany, the EPEX SPOT and Powernext domiciled in Paris, France, the ICE domiciled in London, Great Britain, the ICE ENDEX domiciled in Amsterdam, the Netherlands, Nord Pool domiciled in Lysaker, Norway, and NASDAQ Commodities Europe domiciled in Oslo, Norway. Important US exchanges include the ICE domiciled in Atlanta, Georgia, United States and the CME domiciled in Chicago, Illinois, United States. The energy exchanges are subject to supervision by the competent supervisory authority prescribed by national law. The Ministry for Economic Affairs, Employment and Transport of the Free State of Saxony (*Sächsisches Staatsministerium für Wirtschaft, Arbeit und Verkehr*) is responsible for supervising the EEX, Europe's largest energy trading exchange.

For transactions executed on the EEX, EPEX SPOT, HUPX, PXE and Powernext, European Commodity Clearing AG ("**ECC**") acts as the central counterparty and handles clearing and physical settlement. ECC also clears OTC transactions registered through the above exchanges.

In the electricity sector, there is also a special market segment that allows transmission system operators to procure so-called "balancing energy". Transmission system operators are responsible for ensuring that there is a balance at all times between electricity generation and electricity consumption in their balancing zone. They procure the balancing energy required to achieve this balance by way of a transparent and non-discriminatory auction process carried out on the *regelleistung.net* trading platform.

(ii) **Regulation of trading**

The provisions of the Electricity Directive and the Gas Directive requiring vertically integrated companies to be unbundled, and the provisions relating to non-discriminatory network access under the Regulation on Cross-border Trade of Electricity and the Regulation on Access to Natural Gas Networks have been implemented in Germany through being incorporated in the EnWG.

In the United States, energy trading is subject to special requirements, primarily pursuant to the following legislation: the Commodity Exchange Act, the Federal Power Act, and the Natural Gas Act.

Within the EU, and thus also in Germany, energy trading is governed by European laws, specifically REMIT, the accompanying Transparency Regulation and the Market Abuse Regulation, and EMIR (see "**13.1 Overview**"). Effective July 2, 2016, the First Financial Markets Reform Act (*Erstes Finanzmarktnovellierungsgesetz*) implements the requirements of Directive 2014/57/EU on criminal

sanctions for market abuse (market abuse directive) and the market abuse regulation through their incorporation in the German Securities Trading Act (*Wertpapierhandelsgesetz*, “WpHG”). The regulatory requirements for financial markets under MiFID were implemented in Germany through their incorporation in the WpHG and the KWG. The new provisions of MiFID II will be implemented by the Second Financial Markets Reform Act (*Zweites Finanzmarktnovellierungsgesetz*), by virtue of which new provisions will be inserted in the WpHG, the KWG, the German Stock Exchange Act (*Börsengesetz*), the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz*) and the German Investment Code (*Kapitalanlagegesetzbuch*). The amendments will enter into force on January 3, 2018, a year later than originally planned.

A market transparency unit (*Markttransparenzstelle*) for wholesale electricity and gas trading was established within the BNetzA to act as the national market monitoring body required to be established under REMIT (“**Market Transparency Unit**”). It is responsible for monitoring electricity and gas pricing on wholesale markets so as to uncover any signs of abuse of a dominant market position, antitrust arrangements, insider trading, market manipulation or breaches of the WpHG or the German Stock Exchange Act (*Börsengesetz*). To assist with this, ACER forwards data on wholesale energy trades on organized market places, which the Market Transparency Unit needs for its analysis. Transactions executed outside organized market places have been reported since April 7, 2016.

(iii) **Special features of emissions trading**

Emissions trading is governed by the TEHG, which implements Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, and which applies to, *inter alia*, CO₂-emitting power generating installations. The installations covered by the Act (or their operators) require a sufficient number of emission certificates for their CO₂ emissions. The EU ETS sets an annual cap for the emission of greenhouse gases. Operators of energy and industrial plants incorporated in the EU ETS within the EU therefore require one emission certificate per metric ton of CO₂ emitted during a particular period (trading period).

Emission certificates are allocated for a single trading period. While certificates were basically allocated free of charge until the end of 2012 in accordance with the German Certificate Allocation Act (*Zuteilungsgesetz*) and the German Certificate Allocation Ordinance (*Zuteilungsverordnung*), this is no longer the case for power generation in the current third trading period 2013-2020, apart from exceptional cases. Emission allowances are now generally auctioned in accordance with European legislation. The Uniper Group will have to purchase more emission allowances if the CO₂ certificates allocated to it or purchased at auction do not cover its CO₂ emissions. Emission allowances can be traded freely by market participants. Emission rights from countries outside the EU, particularly certified emission reduction (CER) credits purchased as part of the clean development mechanism under the Kyoto Protocol, may on certain conditions be exchanged for allowances in the course of emissions trading.

Trading in emission certificates will also generally fall within the scope of MiFID II in future. However, no authorization under the KWG will be required if the criteria for the Ancillary Activity Exception are met, in particular where the threshold relevant for market share is not exceeded (see “13.1 Overview”).

13.3.5 Energy sales

(i) **Electricity**

Alongside the basic statutory model requiring basic access to energy (*Grundversorgung*), whereby the largest electricity provider in the region has an obligation to supply electricity to households (not relevant for the Uniper Group), there is also the supply of electricity to special contract customers (*Sonderkunden*), in other words customers who have switched from the basic provider to another provider. The main provisions governing both models are found in the EnWG and the German Electricity Network Access Ordinance (*Stromnetzzugangsverordnung*). Special provisions apply to the sale of power on energy exchanges and to the sale of power covered by the EEG which is purchased and paid for by transmission system operators.

The EnWG makes the sale of power subject to certain organizational requirements relating particularly to the supply of electricity to residential customers (not relevant for the Uniper Group).

Other requirements sometimes depend on the category of end consumer (particularly in the case of non-residential customers), such as the obligation to notify of the entities involved so as to be able to implement the statutory requirements relating to the EEG surcharge scheme and the balancing group system. The application of certain provisions of the EnWG to major commercial customers (such as a residential customer's right of termination under the EnWG if the terms and conditions of supply are unilaterally changed) is problematic and is still awaiting final clarification. Indeed, laws that are primarily intended to protect consumers cannot simply be analogously applied precisely because of their aim. Other applicable provisions can be found in general civil law, such as the law relating to standard terms and conditions, in the German Electricity Network Access Ordinance, and also in statutory provisions on price control and the control of abusive practices. Pricing and abusive practices are controlled on the one hand by means of the competition law regime for controlling abusive practices under the GWB, and on the other hand by means of civil law mechanisms for monitoring contract terms (particularly the monitoring of standard terms and conditions of delivery or supply), which are intended to ensure that consumer protection laws are enforced. Until the end of 2017, stricter price control requirements on electricity and gas utilities with a dominant market position will apply under the GWB. The EnWG and rulings by the BNetzA relating to provider switching also require electricity providers to simplify the switching process. In particular, switching providers must not give rise to additional charges for the customer and must be completed within three weeks.

On several occasions in the past, contractual price-adjustment clauses have been the subject of decisions in the highest courts. In some cases these clauses were declared invalid, so the electricity providers concerned were not able to automatically pass on price increases to their customers. This principally happened in cases involving price increases passed on to residential customers who had switched away from the basic provider (special contract customers). It has now, however, been made clear by more recent case law that price-adjustment clauses with special contract customers need not contain an exhaustive explanation of all of the cost factors relevant for price calculation. This case law applies to existing contracts.

The German Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*) is particularly important in the context of dealing with end consumers. It prohibits, *inter alia*, persons or entities engaged in trade or commerce from employing certain methods of soliciting customers. The German Act governing Energy Services and other Energy Efficiency Measures (*Gesetz über Energiedienstleistungen und andere Energieeffizienzmaßnahmen*) must also be observed. It prohibits energy utilities from interfering with demand for and the provision of energy services, and from obstructing the development of markets.

Electricity providers are also subject to tax law obligations, including the obligation to pay statutory surcharges such as the EEG surcharge, the CHP surcharge or the offshore liability surcharge. Other costs that must be taken into consideration arise due to concession payments, the operation of meters including the provision of metering services and electricity tax.

The area of law governing the sale of power is heavily influenced by case law that is constantly changing and difficult to predict.

(ii) Gas

The sale of gas is essentially governed by the provisions described above in the section on electricity sales. Of particular relevance are the EnWG and the German Gas Network Access Ordinance (*Gasnetzzugangsverordnung*).

The German Gas Network Access Ordinance and rulings by the BNetzA contain various provisions to simplify provider switching.

Like the electricity price, the price of gas is essentially made up of the cost of procurement and distribution, network charges and taxes and levies. The tax burden is considerably lower for gas than for electricity because fewer surcharges apply in the gas sector, although the amount of the surcharges is subject to fluctuation, which can result in overpaid surcharges being distributed to gas suppliers responsible for balancing group management. The way in which these distributions are dealt with in the relationship between gas suppliers and gas customers may become the subject of court proceedings. In the European context, the network codes developed on the basis of the Regulation on Access to Natural Gas Networks are of particular importance, especially because they impose technical requirements.

Long-term supply contracts face issues such as the potential invalidity of price-adjustment clauses, the amendment of contracts pursuant to agreed "hardship" clauses (*Wirtschaftsklauseln*), and

potential refund claims by customers. According to the highest-level case law of the BGH, this risk particularly arises where pricing is linked solely to the price of oil and the customer is not a commercial customer. Furthermore, the prohibition on pricing agreements (price-fixing) and on other abusive market practices also applies to gas sales.

(iii) **District heating**

The supply of district heating does not fall within the regulatory scope of the EnWG. It is governed by a vast number of specific laws and the general contract law provisions contained in the BGB. There are no unbundling requirements, so the same company can generate the district heat, distribute it through the local district heating networks and sell it. Consideration is currently being given to the creation of laws to require the unbundling of integrated district heating providers. These laws would be based on the provisions of the EnWG.

In order to install their distribution networks, distribution system operators acquire rights of way pursuant to license agreements, which impose an obligation on the operators – often in disregard of their right of freedom of contract – to connect customers in the relevant area as far as technically possible and economically feasible.

Charges for the supply of district heating are not regulated. However, the prohibitions on abusive and impeding practices in the GWB are relevant, particularly as regards network access and pricing. The GWB may also be used as the basis for asserting the right to transmit district heating through a third party distribution network. The special provisions in the GWB applicable to the energy industry, which prohibit abusive practices and reverse the burden of proof in favor of the competent authorities, explicitly apply only to providers of electricity and gas, and therefore do not apply to providers of district heating. However, the Federal Ministry of Justice (*Bundesjustizministerium*), with the support of the *Bundesrat*, does have general plans to introduce a similar provision for district heating providers.

Supply contracts with residential customers are governed not only by the general contract law provisions in the BGB, but also by the German Ordinance governing Standard Terms and Conditions for District Heating Supply (*Verordnung über Allgemeine Bedingungen für die Versorgung mit Fernwärme*, “**AVBFernwärmeV**”). The AVBFernwärmeV does not apply directly to supply contracts with industrial customers, but it is usual for the parties to such contracts to agree to the application of the AVBFernwärmeV. District heating contracts are usually entered into for an extended term, although the AVBFernwärmeV limits their term to ten years. The supplier protects itself against the length of the contract by including a price-adjustment clause. Under the AVBFernwärmeV, price adjustments are permitted only to the extent that they adequately take into account changes in the cost of generating and providing district heating and the environment on the heating market at the relevant time.

The state Municipal Codes (*Gemeindeordnungen*) permit municipalities to compel property owners to connect to and use district heating, and to make a financial contribution to the construction of pipelines.

13.4 REGULATORY FRAMEWORK IN NON-GERMAN MARKETS

13.4.1 United Kingdom

The UK electricity and gas markets are fully liberalized in line with the EU’s third energy package. The main legislation governing the electricity and gas sector in England, Wales and Scotland can be found in the Electricity Act 1989, as amended, (the “**Electricity Act**”), the Gas Act 1986, as amended, (the “**Gas Act**”), the Utilities Act 2000 and the Energy Act 2004, as last amended in 2013. The Secretary of State for Business, Energy and Industrial Strategy (“**Secretary of State**”) and the Department for Business, Energy and Industrial Strategy (“**BEIS**”) are responsible for setting the government policy and implementing legislation in relation to the energy markets. The Gas and Electricity Markets Authority (“**GEMA**”) is the national regulatory authority for electricity and gas markets. GEMA’s day-to-day functions are carried out by the Office of Gas and Electricity Markets (“**Ofgem**”).

The energy market regulation in Great Britain is based on a licensing system (Northern Ireland is subject to separate regulation). The Electricity Act requires a license for generation, transmission, distribution and supply of electricity. The Gas Act 1986, as amended, lists as licensable activities in particular grid operation, gas shipping and the supply of gas. Licenses are issued by GEMA for an indefinite term and subject to certain standard license conditions. The standard license conditions are

published and may be changed – subject to consultation – by GEMA. These standard license conditions require licensees, *inter alia*, to maintain or become party to certain industry codes which set out detailed operating rules for the respective licensed activity. Relevant codes are in particular the Uniform Network Code in the gas sector and, in the electricity sector, the Grid Code, the Connection and Use of System Code (which governs how generators connect to, and use, the national electricity transmission system) and the Balancing and Settlement Code. Each code has the form of a framework agreement by which the parties agree to be bound by the provisions of the respective code. New licensees have to accede to these agreements. The codes may be modified subject to consultation and consent by Ofgem. As well as standard license conditions, licenses may also be subject to special conditions.

The UK energy market is unbundled in the sense that there are restrictions on the ability of the same person to hold different types of license under either the Electricity Act (in relation to generation, transmission, distribution, supply and interconnection of electricity) and under the Gas Act 1986, as amended (in relation to transportation, supply and shipping of gas). In line with the third European energy package, grid access is regulated (regulated access). This entails that grid operators must grant non-discriminatory grid access and regularly publish their main commercial conditions for grid access and ensure non-discriminatory application of those conditions to all grid users. Grid fees are regulated by Ofgem. The Competition and Markets Authority (CMA) recently completed an investigation into the energy markets in the UK with a focus on the retail markets. The findings were published on June 24, 2016. The majority of the CMA's recommendations related to the retail markets whereas most issues relating to generation were dropped. However, some points could have effects for the wholesale electricity market. The most important is the instruction to the National Grid to work towards an adjustment of the Balancing and Settlement Code amending the principles used to calculate the transmission network charges to be paid by generators and suppliers. This amendment is expected to be implemented in April 2018.

A Secretary of State for Exiting the EU has been appointed following the United Kingdom's referendum to exit the EU. The United Kingdom's official notification of intent to withdraw from the EU will initiate a two-year negotiation period, during which the details of the future relationship between the United Kingdom and the EU will be negotiated, including in the energy sector. The negotiation period can be extended, subject to the consent of all remaining member states. Until its withdrawal, the United Kingdom will remain a member of the EU and will continue to implement EU legislation, e.g., the NEC Directive.

(i) Electricity markets

Construction or extension of onshore generation facilities located in England and Wales with a capacity of more than 50 MW requires a development consent order from the Secretary of State. If the capacity does not exceed 50 MW a planning permission from the local planning authority is required. Construction of onshore generation facilities located in Scotland with a capacity of more than 50 MW requires approval from the Scottish executive and approval from the local planning authority if the capacity does not exceed 50 MW. Generation facility operators require a generation license according to the Electricity Act, unless the operator benefits from an exemption. A generation license under the Electricity Act is personal to the generator and not specific to any particular generating station.

With the Energy Act 2013 the Government enacted an electricity market reform program which has now been largely implemented. The purpose is to attract investment into new low carbon generation in order to ensure that the United Kingdom's climate change targets are met and that its energy needs are secure while keeping the cost to energy consumers as low as possible. The following elements are the cornerstones of the electricity market reform:

- Contracts for difference (CfD), which will guarantee on a long-term basis revenues for low carbon generation (nuclear and renewable energies) at a level intended to make these projects economically viable without over-compensating them. The generator enters into a contract for difference with a low carbon contracts company, shares in which are held by the BEIS. It must market the electricity itself, but under the contract for difference receives financial compensation if the wholesale price for electricity is below the strike price set in the contract. Conversely, the generator must pay any proceeds from electricity sales which exceed the strike price. The strike price thus functions as a fixed price, which is designed to provide the generator investment security.

- Due to the persistently low prices for EUAs, the carbon price floor introduced a minimum price established by the government for the release of CO₂ in power generation using fossil fuels. The carbon price floor is made up of the EU ETS carbon price and an additional levy (carbon price support rates) charged on the purchase of fossil fuels for power generation.
- An emissions performance standard (EPS), which limits the amount of carbon dioxide that fossil fuel plants are allowed to emit. The emissions performance standard applies to all new fossil fuel power plants with a capacity of more than 50 MW that received development consent after February 18, 2014. The emissions performance standard does not apply to existing fossil fuel electricity generation plants constructed before the EPS came into force except those which upgrade to supercritical technology or where an existing main boiler is replaced. Nor does the emissions standard apply to fossil fuel plants which are equipped with a complete carbon capture and storage system (CSS); however, the foregoing exemption applies only for a period of three years, and then only until the end of 2027 at the latest. In case of an electricity shortfall or a significant risk of an electricity shortfall the emissions standard may be suspended or modified.
- A capacity market, which aims to ensure security of electricity supply by maintaining sufficient available generation capacity. Details of the capacity market are set out in the Electricity Capacity Regulations 2014 and the Capacity Market Rules 2014. Pre-qualified generators may participate in capacity auctions whereby successful bidders will be awarded capacity agreements. According to these capacity agreements operators of generating units receive a monthly payment in return for providing electricity to the grid, if required. The payment is based on the clearing price in the auction, *i.e.*, all bidders receive the same price. Failure to deliver when required results in financial penalties being paid by the defaulting generator (subject to a monthly and annual cap, which are stated in the capacity market register for every generating unit which is allocated a capacity agreement). The length of capacity agreements available are: (i) 15 years for new capacity, (ii) one year agreements for existing capacity, (iii) three year agreements for plants which require significant refurbishment. The capacity auction price is subject to a cap, in order to protect consumers from excessive costs. Two auctions are held every year – one for delivery four years ahead and the second for delivery one year ahead. The first auction for this was held in December 2014 for delivery of capacity in 2018/19 and the second auction was held in December 2015 for delivery in 2019/2020. In order to ensure security of supply, the start of the capacity market has been moved up by a year and an auction for delivery of capacity in 2017/2018 will be held in January 2017. At the same time incentives have been increased for generators to comply with capacity agreements, *e.g.*, by means of higher contractual penalties.

The electricity supply markets are liberalized. Market participants and consumers are free to choose their supplier and to negotiate their terms of supply. Wholesale and retail prices are not regulated. Wholesale prices are determined bilaterally in OTC supply agreements or based on forward and spot quotations for trades on energy exchanges. Electricity is traded physically or non-physically across the grid between generators, traders and suppliers. Trades may be based on standard agreements such as the standard grid trade master agreement or under an ISDA Master Agreement. There are also bespoke power purchase agreements *e.g.*, for long-term offtake from generation facilities. Imbalances between demand and supply are balanced by the transmission system operator National Grid Electricity Transmission plc and charged to traders, suppliers and generators.

(ii) Gas markets

Gas can be traded at entry points, within and at exit points to the national transmission system, which is operated by National Grid Gas plc. As for electricity market participants are free to agree the trade conditions. Unlike trades within the national transmission system, which take place at a virtual point (National Balancing Point) and are often based on ISDA standard agreements, physical entry or exit of gas requires a shipper license. National Gas Grid plc is responsible for maintaining physical and operational balancing on the grid.

(iii) Gas Storage

Under the Planning Act 2008, development of onshore underground gas storage facilities with a working capacity of at least 43 million standard m³ or with a maximum flow rate of at least 4.5 million

standard m³ requires a development consent order to be issued by the Secretary of State. Developers of facilities below those thresholds need to apply for a development consent order with local authorities. Unless gas storage operators benefit from an exemption, they have to grant non-discriminatory third party access to their facilities. Uniper Group's Holford gas storage facility benefits from an exemption to the third party access rules. Storage tariffs must be applied in a non-discriminatory way but are not regulated (although Ofgem guidelines indicate that storage facilities with significant market power are expected to set the reserve price for their standard storage services based on the relevant marginal cost reference). Gas storage facilities are also subject to health, safety and environmental regulations (in particular Control of Major Accident Hazards (COMAH) Regulations).

(iv) Environmental liability

Operators of power plants require an environmental permit pursuant to the Environmental Permitting (England and Wales) Regulations 2010 (the “**EP Regulations**”). Other environment legislation relating to water and waste (including hazardous waste) may also apply, depending on the full scope of activities of the operators. Operators may incur liability for contamination within the area of the permitted installation, or for breaching permit conditions in relation to polluting emissions by the installation. EP Regulations breaches will be enforced by the Environment Authority in England, Natural Resources Wales in Wales and the Scottish Environmental Protection Agency in Scotland. Liability for contamination in areas not covered by an environmental permit is governed by Part 2A of the Environmental Protection Act 1990 and is in general enforced by the relevant local authority. If contamination is identified then the relevant authority will seek to identify the “appropriate person” on which to serve a remediation notice (which may include investigation, mitigation, monitoring and clean-up measures), the failure to comply with which is a criminal offence. In the first instance, those who caused or knowingly permitted the contamination will be considered “appropriate persons”. If no such person can be found, then liability passes to the then current site owners and occupiers. Breaches of conditions of an environmental permit, or failure to comply with an enforcement or suspension notice, are punishable by imprisonment and/or an unlimited fine. The Environmental Liability Directive 2004 imposes strict liability on Operators carrying out regulated activities under the EP Regulations for “environmental damage” and requires them, among other things, to carry out remedial activities where environmental damage has occurred. It is an offence punishable by imprisonment or an unlimited fine, or both, under the Environmental Liability Directive 2004 to fail to prevent damage or comply with prevention orders or a remediation notice by an enforcing authority.

13.4.2 Sweden

The electricity market in Sweden is fully liberalized with free wholesale and retail markets and regulated grid access in accordance with the EU's Third Energy Package. The relevant provisions are set forth in the Swedish Electricity Act (*Ellag*), which governs the material obligations of power producers, traders and electricity utilities. Other provisions are contained in secondary legislation and technical codes for the energy sector.

The Swedish Energy Markets Inspectorate (*Energimarknadsinspektionen*) is the most important national supervisory authority for the energy sector. It oversees the electricity, natural gas and district heating markets by regulating the activities of monopolies, supervising competitive markets and providing assistance to consumers on energy matters. The Inspectorate also maintains the national emissions trading register. Other specialized agencies are responsible for regulating the nuclear energy sector in Sweden. Svenska Kraftnät is an authority structured as a government-owned enterprise which operates the national grid and constitutes a Swedish transmission system operator under the Swedish Electricity Act. It is unbundled as required by European law. As the grid license holder, it is required to ensure grid access on non-discriminatory and reasonable conditions (regulated grid access).

(i) Electricity market

Power generation in Sweden is deregulated and is open to competition. The vast majority of power is generated by hydroelectric and nuclear plants. The construction of power plants requires land and/or water use and is governed by property law, in particular the Swedish Planning and Construction Act (*Plan- och bygglag*) and environmental laws.

An energy certificates scheme was introduced in 2003. Under the scheme, renewables are promoted in a market-based way by means of electricity certificates, which are issued to generators of

renewable energy, including operators of small hydroelectric power plants with a capacity of up to 1.5 MW. The power producers generate additional income for their renewable energy by selling the certificates to electricity utilities. The electricity certificates are traded on the energy exchange Nord Pool. Electricity utilities and certain electricity consumers who have not purchased a sufficient number of certificates to cover their electricity sales or electricity consumption are required to pay a fine to the Swedish Energy Agency (*Energimyndigheten*) for the quantity not covered by certificates.

The Swedish wholesale market is part of the integrated northern European electricity market. Electricity trading mostly occurs on the Nord Pool Spot energy exchange, which is jointly owned by the northern European grid operators including Svenska Kraftnät, and some electricity is traded by way of bilateral electricity supply contracts. No license is required for electricity trading. Nord Pool Spot offers day-ahead and intraday trading. The terms of electricity supply contracts are not regulated. For the purposes of balancing, traders and utilities are required to enter into a balancing contract with Svenska Kraftnät or another service provider. Since November 2011, the Swedish energy market has been divided into four bidding zones, with capacity being managed between them at the bidding zone borders. Unlike the wholesale market, the retail market is a national one. The sale of power is tied to the electricity certificates issued to the operators of renewable energy power plants and traded on the energy exchange. Electricity utilities are required to disclose their electricity supply contracts with consumers on a price comparison website provided by the Swedish Energy Markets Inspectorate.

A peak load reserve with a maximum capacity of 2,000 MW was introduced in Sweden in 2003 as a mechanism for managing capacity, however the reserve has since been reduced to 1,000 MW. There was a proposal to reduce the reserve even further to a maximum capacity of 750 MW by 2017, and to completely abolish it by 2020, however the Swedish government has now suggested an extension until 2025. The reserve is put to tender each year for the winter period (November 16 until March 15), and is covered, *inter alia*, by contracts with providers of generation capacity that are connected to the Swedish grid. The key statutory provisions in this regard are set forth in the Swedish Peak Load Reserve Act (*lag om effektreserv*) and the Swedish Peak Load Reserve Ordinance (*Förordning om effektreserv*), which also stipulates the volumes to be put to tender each winter period.

(ii) Nuclear power plants

The SSM is the authority responsible for overseeing nuclear power generation (in addition to the Swedish Energy Markets Inspectorate). The construction, ownership and operation of nuclear power plants and the handling of nuclear waste is governed by the Swedish Act on Nuclear Activities (*Lag om kärnteknisk verksamhet*), the Swedish Nuclear Liability Act (*Atomansvarighetslag*) and the Swedish Radiation Protection Act (*Strålskyddslag*), as well as certain other specific laws and ordinances. Licenses to operate nuclear power plants are issued by the Swedish government and the Land and Environment Court (*Mark- och miljödomstolen*) on the recommendation of the SSM. A license may be revoked if the operator fails to comply with the provisions of the Swedish Act on Nuclear Activities or the license conditions.

Under the Swedish Act on Nuclear Activities, the holder of a license to operate a nuclear power plant bears full responsibility for safety management with respect to nuclear waste and the waste from dismantling the nuclear power plant. This includes constructing and operating plants for handling and disposing of nuclear waste and for conducting the necessary research and development into final repository strategies for radioactive waste. Nuclear power plant licensees remain responsible until all obligations are met or they are released from responsibility. In Sweden, the nuclear power plant licensees have established Svensk Kärnbränslehantering AB, a joint venture to ensure they meet their obligations with respect to nuclear waste. Svensk Kärnbränslehantering AB's activities are largely funded by the Swedish Nuclear Waste Fund, which is discussed below.

Nuclear power plant licensees in Sweden are required to pay a nuclear waste levy to the Nuclear Waste Fund managed by the Swedish government for as long as their nuclear power plant is in operation. The amounts collected are used to organize and fund the final disposal of spent nuclear fuel and other nuclear waste, as well as to decommission and dismantle nuclear power plants and cover the costs incurred by the government in connection with regulating nuclear power plants and the final disposal of nuclear waste. The nuclear waste levy is set for each operator by the Swedish government for a period of three years and is charged per kWh of electricity. The amount of the levy is based on factors including the costs incurred by the nuclear power plant licensee in order to safely and finally dispose of nuclear waste.

Nuclear power plant licensees are supposed to pay contributions to the fund as security for the future costs associated with nuclear waste, and make supplementary payments to the state in order to cover the costs associated with nuclear waste in the case of unforeseen events. Sweden's National Debt Office (*Riksgälden*) may also require nuclear power plant owners to pay a risk levy to cover the state's costs incurred in connection with the disposal of nuclear waste, where such costs are not borne by the nuclear power plant licensees. Previously, no additional amount had been imposed on the nuclear power plant licensees. To date, the Uniper Group has not recognized any provisions for the additional amount. In a study prepared by the SSM for the Swedish government in 2013, the Authority recommended abolishing the additional amount. However, no decision has yet been made as to whether or not to follow this recommendation.

Nuclear power plant licensees must provide guarantees or other forms of collateral in order to secure their contributions to the fund and the supplementary payments. The security provided must not be limited in term and may not consist of the land on which the nuclear activities take place. The guarantees or collateral provided may be called in if the payments received are insufficient to cover the costs associated with the nuclear waste, and if the nuclear power plant licensees fail to take the necessary measures or fail to pay the amount outstanding.

The Swedish Nuclear Liability Act governs the liability of nuclear power plant owners and prescribes that such owners must take out liability insurance covering nuclear activities. Shareholders of companies that own and operate nuclear power plants are exempt from liability under the Swedish Nuclear Liability Act. The liability of nuclear power plant licensees for damage associated with nuclear power is limited to SDR 300 million. SDR stands for "special drawing right" and is an artificial currency introduced by the IMF that can be used as tender internationally. The sum of SDR 300 million was equivalent to approximately €378 million as of June 30, 2016. The insurance policy must cover this amount and must be approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*). If this amount is not sufficient to cover the damage, a second round of compensation will be paid by the Swedish government together with the other signatories to the Paris Convention.

In 2010, the Swedish parliament adopted a new Act on Liability and Compensation for Nuclear Accidents which will supersede the Swedish Nuclear Liability Act. The new Act on Liability and Compensation for Nuclear Accidents establishes direct liability on the part of nuclear power plant licensees. The coverage under a nuclear power plant licensee's insurance policy must be €1,200 million, while the coverage under the insurance policy of the operator of any other nuclear facility must be €700 million. The Act on Liability and Compensation for Nuclear Accidents has not yet entered into force and is contingent upon the implementation of a Swedish government ordinance, which in turn depends on ratification of the 2004 Protocol to amend the Paris Convention (see "2. Risk Factors – 2.5 Financial risks for the business of the Uniper Group – 2.5.9 Risks arise for Uniper Group's business from the structure of the externally managed Swedish Nuclear Waste Fund").

In June 2016, the Swedish government and the largest opposition parties reached consensus on a framework agreement on energy policy objectives. According to that agreement, up to 10 reactor units may be replaced at the end of their useful life by new reactor units. At the same time, the tax on the thermal output of nuclear reactors will be phased out gradually starting in 2017 and eliminated by 2019. Another objective of the framework agreement is to have 100% of electricity generated from renewable energy sources by the year 2040. Implementing the framework agreement will require amendments to be made to the existing legislative framework.

(iii) Hydroelectric power plants

The generation of hydroelectric power is governed by the Swedish Environment Code (*Miljöbalken*) and other specific laws and ordinances, in particular the Swedish Act on Water Activities (*Lag med särskilda bestämmelser om vattenverksamhet*), the Swedish Electricity Act and the Swedish Planning and Construction Act.

The construction of new and the modification of existing hydroelectric power plants requires a license from the Swedish authorities in accordance with the Swedish Environment Code. Licenses are issued by the Land and Environment Court, and in some cases by the Swedish government. The license can be revoked if the operator of the hydroelectric power plant fails to meet the terms and conditions of the license. The Swedish Environment Code also contains general environmental provisions that supplement the terms of the license.

The relevant County Administrative Board (*Länsstyrelsen*) is responsible for overseeing hydroelectric power plants. Among other things, the County Administrative Board monitors the owner's

compliance with the provisions of the Swedish Environment Code and the terms and conditions of the license, the performance of necessary maintenance work and self-supervision. Sanctions for non-compliance include revocation of the license, mandatory demolition of the hydroelectric power plant, or the compulsory transfer of ownership.

(iv) Environmental liability

The Swedish Environment Code contains a range of general provisions that reflect, for example, the precautionary principle, the polluter-pays principle, the choice of product principle as well as principles relating to resource management, recycling and allocating activities and measures. The Environment Code also contains environmental standards and allows sanctions to be imposed. Ordinances enacted by the Swedish government contain more detailed provisions. There are also important provisions in specific environmental laws and ordinances that do not form part of the Swedish Environment Code, such as laws and ordinances on liability for nuclear incidents. The Swedish Environment Code governs liability and compensation for environmental damage to neighboring property caused by activities undertaken on a parcel of land, and establishes a strict liability for polluters. Under the Swedish Environment Code, the operator of a facility that has caused contamination is liable for the costs of decontaminating the area. This responsibility is not subject to a limitations period and generally remains applicable even after the decontaminated property has been sold.

The circumstances surrounding the discharge of pollutants into the soil, the air and the water are relevant to environmental agency assessments. The precautionary principle is an important starting point. An additional element of the precautionary principle requires the best available technologies to be used in the planning, construction and operation of facilities in order to minimize emissions into soil, air and water. Environmental agencies also apply principles relating for example to resource management and product choice, with the consequence being that waste management and recycling play a role in the assessment. When assessing applications to engage in environmentally hazardous activities, the agencies must ensure, among other things, that the environmental standards of the Swedish Environmental Protection Agency (*Naturvårdsverket*) are met. With regard to air quality, there are standards relating to levels of nitrogen dioxide, nitrous oxide, sulfur dioxide and suspended particulate matter. There are currently no standards for water, however they are currently in the process of being set. Activities that could affect the environment but do not require a license must also comply with the above principles.

13.4.3 France

The French energy sector has been largely liberalized in line with the Second and Third EU Energy Package. This resulted in the end of the legal monopolies of *Électricité de France S.A. ("EDF")* and *Gaz de France S.A. (now Engie)*. In addition, the State has sought to diversify the energy mix in order to promote the development of renewables. The key legal source is the *Code de l'énergie ("French Energy Code")*, which sets out, *inter alia*, the legal framework for the supply and transport of electricity and gas as well as for renewable energies. The energy sector is supervised by the national regulatory authority for the energy sector (*Commission de régulation de l'énergie*, the "**CRE**"). Operators of electricity and gas transmission and distribution networks have to grant access to their networks on non-discriminatory and transparent terms (regulated network access). The regulated tariffs for network access are defined by the CRE. In 2015, the energy transition bill for green growth (*Loi relative à la transition énergétique pour une croissance verte*) entered into force, codifying French objectives in terms of environmental protection, energy mix diversification and energy security into the French Energy Code. In particular, it sets targets to reduce the share of nuclear energy in the power mix to 50% by 2025, increase the share of renewable energy in gross final energy consumption to 32% by 2030, reduce CO₂ emissions by 40% as against 1990 by 2030, reduce the consumption of fossil fuels by 30% by 2030 in comparison to 2012, and reduce final energy consumption by 50% by 2050 in comparison to 2012.

(i) Electricity market

The supply of electricity by purchasing it with a view to selling it to end consumers or network operators is subject to an authorization granted by the Minister for Energy. EDF still holds a significant part of the energy generation and retail markets, in particular due to the fact that it owns nuclear plants

which contribute approx. 70% of the total electricity generated. In order to facilitate market liberalization, the so-called ARENH-mechanism was introduced in 2011. This mechanism entitles suppliers to purchase certain amounts of electricity of nuclear origin from EDF, representing about 25% of EDF's total annual nuclear power generation (100 TWh), at a regulated price determined by the CRE (currently 42 €/MWh). It will run until December 31, 2025.

Since July 2007, all the customers, including residential customers, can move from regulated to non-regulated supply tariffs. With effect since January 1, 2016 price regulation for customers with contract power above 36 kilovolt ampere (kVA) connected to the public grid in continental France has ended. All customers below this threshold (*i.e.* residential and small business customers) and those not connected to the public grid in continental France will keep the choice of contracting with an incumbent supplier (*e.g.*, EDF) at market rates or to pay regulated tariffs.

On April 1, 2015 the implementation of a capacity market started in France, which will be effective for the first time beginning 2017. Details are set out in the French Energy Code and Decree no. 2012-1405 dated December 14, 2012 and the implementing Order dated January 22, 2015. The capacity market aims to remunerate the availability of production or demand-side response capacity by (i) issuing capacity guarantees on the basis of their certified capacity at no cost to generators (conventional and renewable energies) and demand-side response suppliers; and (ii) enabling them to trade these capacity guarantees on the market. Note that for renewable energies benefitting from the purchase obligation, it is not the plant operator but the offtaker who will be considered as the holder of the capacity guarantees. The capacity market obliges energy suppliers to purchase sufficient capacity certificates to cover forecast demand of their customers at peak times, *i.e.*, suppliers have to guarantee the availability of a certain capacity. In order to abide by their capacity obligation, capacity suppliers are allowed to purchase or sell capacity guarantees on the capacity certificate market. The price of the capacity certificates is to be determined on market principles via bilateral transactions without a central bidding process, though an organized trading platform will be implemented by EPEX SPOT. An ex-post control system with high penalties (€40,000 /MW) ensures that capacity market participants meet their obligations. In November 2015 the EU Commission started an investigation to verify whether the capacity mechanism is in line with EU state aid rules. The ongoing investigation may delay the effective start of the capacity market and may require amendments to the mechanism.

Construction of electricity generation facilities requires a building permit where peak capacity exceeds 250 kW. In such case, an environmental impact assessment and a mandatory public enquiry must be carried out. As a general rule, construction works in France must be compliant with legal/regulatory provisions relating to town planning. Operation of electricity generation facilities requires a generation license. Facilities of no more than 12 MW capacity are connected to the distribution grid whereas plants with a capacity exceeding 12 MW are connected to the transmission network.

Additional specific rules apply to generation of electricity from renewable energies:

- Solar and biomass plants with a capacity below or equal to 12 MW are deemed to be authorized and no specific generation license is required. Similarly, wind farms with an installed capacity of less than or equal to 30 MW are deemed to be authorized. Where capacity exceeds the relevant threshold, a generation license from the Minister for Energy is required.
- EDF and certain other power distributors (local public sector companies) are required by law to purchase electricity generated by independent power generators from renewable sources, including in particular solar and wind generation plants, at a preferential tariff set by the Minister for Energy. To benefit from the purchase obligation, a renewable generation facility is required to obtain a power purchase obligation certificate (*certificat relatif à l'obligation d'achat*) confirming that it complies with specific power requirements and/or requirements for minimum distances between the facility and certain properties such as residential areas. The certificate is granted by the Préfet (the representative of the State at a local level). A generator holding such certificate is entitled to apply for the execution of a power purchase agreement with EDF (or in rare cases, another distributor), acting as offtaker. Under the power purchase agreement, EDF (or the other relevant distributor) undertakes to purchase all of the generated electricity fed into the grid up to the contracted capacity. The power purchase agreement has a term of 20 years for solar and biomass plants and 15 years for wind farms as from the commissioning date of the facility.
- The French government is entitled to launch public tenders if it considers that it is necessary to reach France's target capacity for renewables set by the multi-annual investment plan

(*Programmation Pluriannuelle des Investissements*). In such a case, the selected bidder is granted a generation license and, depending on the specifications of the public tenders, benefits from either a power purchase agreement or from a tariff compensation. Such public tenders have already been launched for solar, biomass and wind power projects.

The operation of power plants may be subject to an environmental operating permit under regulations on classified facilities for the protection of the environment provided for by the French energy code (the so-called ICPE regime), which requires a mandatory public enquiry to be carried out. This obligation concerns most power plants (in particular if they require storage or use of waste or hazardous products) and certain wind plants – depending on the features of these facilities. Operators must comply with the generation license and with any other requirements from the authorities, otherwise they may be liable for administrative sanctions (including the suspension of the operation of the plant and closure of the plant) and criminal sanctions. The construction and operation of power plants may also be subject to other environmental permits, depending on the scope of activities performed by the operator. Power plants which are not subject to the ICPE regime (e.g., solar plants) may be subject to other specific environmental permits (e.g., water law authorization, derogations from protective provisions for protected species, clearing permits). In addition, the building permit itself may be conditional upon the compliance with environmental requirements (such as fire prevention or fauna/flora preservation measures). Environmental obligations may be enforced by the *Préfet* or the relevant local authority (e.g., the mayor).

(ii) Supply of gas

As for the natural gas market, the incumbent, Gaz de France S.A. (now Engie) remains the main supplier in France. The supply of gas is subject to an authorization granted by the Minister for Energy. Such authorization specifies the categories of clients to whom the supplier is authorized to supply. Specific rules apply to the supply of residential customers and customers performing activities in the general interest. Regulated tariffs are no longer applicable (i) since June 18, 2014 to end customers that are not residential customers (i.e. residential buildings, business and industrial customers) and that are connected to the public transmission network; (ii) since June 19, 2014 for customers directly connected to the transmission networks, (iii) since January 1, 2015 to end customers that are not residential customers and consume more than 200 MWh/year; and (iv) since January 1, 2016 to end customers that are not residential customers and consume more than 30 MWh/year. As an exception, residential buildings consuming less than 150 MWh/year remain eligible for regulated gas tariffs set by the Government.

Access to natural gas storage facilities is currently governed by agreements negotiated between storage operators and customers (negotiated network access). A reform is under discussion regarding the introduction of regulated third-party access to gas storage facilities from winter 2017/2018. It is planned that gas storage capacities will be auctioned and gas storage operators will be fully regulated by the regulatory authority. End user suppliers are subject to certain storage obligations: end users have so-called storage rights which are designed to cover a defined share of their annual consumption under certain extreme winter conditions. Suppliers are required to maintain gas volumes equivalent to at least 80% of these storage rights in gas storage facilities.

(iii) Environmental liability

With regards to liability in case of pollution, as a general rule, the last operator of the plant (either as holder of the environmental permit or as producer/holder of the waste that caused the pollution) will be held liable for depollution measures. In the alternative, the owner of the land on which the pollution occurred could be held liable, should it be proven that he was negligent or can be accused of causing the pollution. Depending on the materiality of the breach and/or damage to the environment, environmental liability may result either in administrative liability (administrative fine) and/or criminal liability (criminal sanctions).

13.4.4 The Netherlands

The electricity and gas market in the Netherlands is fully liberalized with free wholesale and retail markets and regulated network access in accordance with the EU's third energy package. The applicable rules have been implemented in the Dutch Electricity Act 1998 (*Electriciteitswet 1998*) (the “**Dutch Electricity Act**”) and the Dutch Gas Act (*Gaswet*) (the “**Dutch Gas Act**”), which set out the

main obligations for transmission system operators, distribution system operators, electricity producers, consumer protection and tariff structures in the energy sector. Further regulations are incorporated in secondary legislation and applicable technical codes for the energy sector such as the (i) tariff code, (ii) system code, (iii) grid code and (iv) metering code. The Netherlands Authority for Consumers and Markets (*Autoriteit Consument en Markt*, “ACM”) is the national regulatory authority for the energy sector. In particular, the ACM safeguards access to electricity and gas networks and ensures non-discriminatory tariffs and conditions for network connection and transportation of electricity and gas. It also sets the annual access and transport tariffs for electricity and gas.

(i) **Electricity markets**

The construction and operation of power plants and the capture and storage of CO₂ are regulated by, among others, the Dutch Act containing general provisions on environmental law (*Wet algemene bepalingen omgevingsrecht*, “Wabo”). Furthermore, the use of land for any activities must comply with the applicable provincial and/or municipal zoning plan. In particular the integrated environmental permit (*omgevingsvergunning*) issued under the Wabo stipulates the requirements regarding the construction and operation of power plants and furthermore the emissions, releases and other environmental related obligations that must be complied with. In addition, the Dutch Activities Decree (*Activiteitenbesluit*) sets forth emission limits for large combustion plants. Further permits may be required under Nature Protection Act (*Natuurbeschermingswet 1998*), the Water Act (*Waterwet*) and the Flora and Fauna Act (*Flora- en faunawet*). Plans or projects developed or undertaken under the Wabo that have a significant environmental impact require an environmental impact assessment (*milieu-effectrapportage*). To the extent that operational activities impact any so-called Natura 2000 areas or any protected species, permits or exemptions must be obtained pursuant to the Nature Conservation Act 1998 (*Natuurbeschermingswet 1998*) or the Flora and Fauna Act (*Flora- en faunawet*) respectively.

In 2013, stakeholders of the energy sector and the Government concluded the Dutch Energy Agreement for Sustainable Growth (*Energieakkoord voor duurzame groei*). Key elements of the Energy Agreement are (i) achieving an average energy consumption saving of 1.5% and (ii) the Dutch government’s commitment to derive 16% of its energy use from renewable resources by 2023, and meeting the corresponding EU target of 14% by 2020, and (iii) closure of six coal-fired power plants commissioned in the 1980s, including the power plants Maasvlakte 1 and 2 of the Uniper Group. As the closure was considered non-compliant with competition law by the ACM, an update of the Activities Decree (*Activiteitenbesluit*) has been enacted introducing a minimum efficiency of coal-fired power plants of 40% and effectively aiming at closing down old and inefficient large combustion plants.

Construction or operation of conventional power plants does not require a license pursuant to the Electricity Act. The supply of electricity and gas to small-scale or household consumers is a licensed activity under the Dutch Electricity Act and the Dutch Gas Act and secondary legalization. This activity is regulated by the ACM. Such suppliers are obliged to use a template contract (*model contract*) as prescribed by the ACM. An adjustment of the prices to be paid by consumers may only take place twice a year, on January 1 and July 1 and must be announced at least one (1) week in advance and needs approval by ACM. The Dutch Electricity Act and the Dutch Gas Act are currently under review. A legislative proposal referred to as “STROOM”, which is the Dutch acronym for Streamlining, Optimization and Modernization of the Dutch Electricity Act and the Dutch Gas Act, aims to prevent future discrepancies between electricity and gas regulation and to facilitate integration of growing decentralized electricity generation from renewable energies into the grid and general energy mix.

(ii) **Heat market**

The Dutch Heat Act (*Warmtewet*) regulates supply of heat to consumers but does not apply to heat supply to industrial customers. The Heat Act is currently under revision and might change the regulatory environment for heat production, heat delivery and dispatch services within the local and future national heat grid.

(iii) **Carbon Capture and Storage (CCS)**

Carbon capture and storage (CCS) forms an important part of the Dutch government’s strategy in light of the transition to a sustainable energy environment. In addition to any relevant planning and environmental permits, the rules on the geological storage of carbon dioxide set forth in European

Directive 2009/31/EC dated April 23, 2009 have been implemented in the Dutch Mining Act (*Mijnbouwwet*), the Dutch Mining Decree (*Mijnbouwbesluit*) and the Dutch Mining Regulation (*Mijnbouwregeling*). The rules included herein regulate the construction of pipelines to transport and storage of CO₂. The Dutch Ministry of Economic Affairs is the competent authority for granting permits in relation to CCS activities.

(iv) Environmental liability

Pursuant to the Dutch Environmental Management Act (*Wet Milieubeheer*) the operator of a facility must compensate damage to the climate system or the environment. The liability is not limited. Violation of applicable rules and permit conditions can be sanctioned by administrative actions (e.g., order for remedial actions), revocation of permits or closure of a facility or penalties. In particular with regard to CCS, any leakage of CO₂ that causes damage to the climate system or the environment must be reimbursed by the operator pursuant to the Dutch Environmental Management Act. In accordance with the Dutch Civil Code, the liability for any damage to people or property is for the account of the operator of a CCS facility if damages result from mineral emissions or ground movement.

13.4.5 Belgium

The Belgian legal framework for gas and electricity is based on the EU's third energy package, which has resulted in the creation of liberalized production and supply markets. The competence to regulate energy markets in Belgium is broadly divided between on the one hand the federal level, being competent for matters that require an equal treatment on the national level such as the national electricity infrastructure plan, large-scale storage and generation infrastructure as well as transmission tariffs, and on the other hand the three regions Wallonia, Brussels and Flanders, being competent, for example, for renewable energies, supply and distribution. The key sources of law on the federal level are the Law on the organization of the electricity market (*Loi relative à l'organisation du marché de l'électricité*) and the Law on the transport of gaseous and other products through pipes (*Loi relative au transport de produits gazeux et autres par canalisations*). On the regional level each region has transposed the EU's third energy package in regional legislation. The Commission for the Regulation of Electricity and Gas (*Commission de Régulation de l'Electricité et du Gaz*, “**CREG**”) is the federal regulatory authority. Its functions include advising on the individual electricity generation licenses, the supervision of the TSOs and the approval of the transmission tariffs. There are three regional regulators: the Flemish regulator VREG, the Walloon regulator CWaPE and the Brussels regulator Brugel. Their functions include issuing or advising on supply licenses, certification of co-generation (CHP) and renewable energy facilities and approving distribution network tariffs. In line with the third European energy package, grid access is regulated (regulated third-party access). This entails that grid operators must grant non-discriminatory grid access and regularly publish their main commercial conditions for grid access and ensure non-discriminatory application of those conditions to all grid users. Grid fees are regulated by CREG (transmission level) and the regional regulatory authorities (distribution level). Network users must maintain the hourly and daily balance between their total injections and offtakes. For imbalances, imbalance tariffs, as approved by the competent regulatory authority, are due.

(i) Electricity market

Units with a generating capacity exceeding 25 MW need to obtain a prior individual production license from the federal Energy Minister, who will decide after having received the prior advice of the federal energy regulator CREG who consults the grid operator and the competent federal and regional authorities. Installations need an environmental and building permit pursuant to regional legislation. Alterations to an existing generation facility require a request of review of the license by the federal Minister for Energy, for example, if they result in an increase of the net generation capacity of more than 10% or 25 MW. In 2012 the Belgian federal Government agreed on a general framework for the energy security. This resulted in the extension of the operational life time of three nuclear units for ten more years until 2025 and the introduction of a strategic reserve mechanism in 2014. Court proceedings against the life time extension are pending; results will likely only be known in 2017.

The strategic reserve mechanism was introduced to cover shortage in generation during winter months. Each year the national transmission system operator Elia defines the strategic reserve

requirement by means of a probabilistic analysis of the security of supply. The federal Energy Minister will then instruct Elia whether or not to constitute a strategic reserve for a period of 1 to 3 years and also decide upon the size in MW. The required capacity is tendered by Elia. Operators of generation units scheduled to be shut down, or that have already been temporarily shut down, are obliged to make at least one offer, for the full capacity of the units. Based on the offers received, Elia – with the approval of the CREG – enters into agreements with the successful bidders for the offered prices and volumes. The cost of the strategic reserve is (mainly) covered by the network users through the regulated tariffs. Currently, amendments to the strategic reserve regime are contemplated. The prices and volumes that have been set for three years in the agreement with Elia should not be affected by such change of law.

Electricity is traded on wholesale markets either bilaterally (OTC) or on organized market places with anonymous matching such as the Belgian power exchange operated by Belpex NV/SA. A regional electricity supply license is required to engage in retail electricity supply activities on the distribution grid in each of the three Regions. In addition, a federal electricity supply license is required by intermediaries that sell electricity to end consumers in Belgium that are directly connected to the transmission system. Suppliers are subject to a number of other requirements, including information obligations, public service obligations and control over allowed indexation of supply prices, many of which are situated in consumer law as well as in federal and regional energy legislation and apply only to the supply of household consumers and, for some specific topics, small and medium sized enterprises. Suppliers also have certain obligations in the framework of the regional renewable energy support schemes. A minimum number of green certificates and, for the Flemish Region, of combined heating and power (CHP) certificates have to be presented to the regulators each year. Failing to do so gives rise to fines. Green or CHP certificates can be obtained either through generation from renewable energy sources or trade in certificates. The TSO and/or the DSOs are under an obligation to buy certificates at a predetermined minimum price. The cost to suppliers that arise from renewable support schemes can be charged on to household consumers and SMEs only within certain boundaries (*i.e.*, limited to the actual cost, taking into account the market price of the certificates and a lump-sum transaction fee).

(ii) Gas markets

Suppliers on the wholesale market (*e.g.*, traders and intermediaries) buy natural gas abroad. They then sell these volumes on to other wholesale or retail suppliers, traders, industrial consumers and electricity producers. On the wholesale market gas can be traded bilaterally (OTC) at the Zeebrugge Beach Hub or on the virtual Zeebrugge Trading Point (ZTP). As is the case for the electricity sector, retail gas supply activities also require a regional and federal gas supply license and suppliers are subject to a number of other requirements, many of which are situated in consumer law as well as in federal and regional energy legislation.

(iii) Environmental liability

Environmental liability is mostly a competence of the regions. Environmental laws can, amongst other things, impose liability, without regard to fault, for investigations and clean-up costs on current and former operators and owners of real property and persons who have disposed of or released hazardous substances into the environment. Civil liability may also arise in connection with the presence of hazardous materials. In particular, the handling, storage, management and disposal of hazardous materials – both known and unknown – at production installations is subject to regional environmental regulations. Environmental costs may include site surveys and environmental investigations of contaminated or potentially contaminated sites, as well as the costs for monitoring, mitigation and remediation of these sites, fines, penalties or the cessation of the operation for non-compliance with hazardous material laws or other regulations and third party claims for property damage or personal injury or other damages. Furthermore, the operation of production installations can be subject to federal, regional and local laws and regulations that relate to the protection of the environment. These laws include, but are not limited to, regional laws relating to environmental permits, water pollution, waste and air pollution and regulations regarding fire and other safety provisions. In addition, general civil law liability rules also apply to loss caused by industrial operations. Failure to comply with these regulations could result in a criminal and administrative sanctions, civil penalties, remedial requirements, the issuance of temporary or permanent injunctions and the cessation of operations.

13.4.6 Russia

(i) *Electricity market*

The key statutory acts regulating generation and sale of power and capacity in Russia are as follows: (i) Federal Law “On electricity industry” (*Federal’nyi zakon „Ob élektroénergetike”*) No. 35-FZ dated March 26, 2003 (as amended); (ii) Resolution of the Government of Russia “On approval of the rules of the wholesale electricity and capacity market” (*Postanovlenie Pravitel’sstva Rossijskoj Federacii „Ob utverzhenii Pravil optovogo rynka élektricheskoi énergii i moščnosti i o vnesenii izmenenij v nekotorye akty Pravitel’sstva Rossijskoj Federacii po voprosam organizacii funkcionirovanija optovogo rynka élektricheskoi énergii i moščnosti”*) No. 1172 dated December 27, 2010 (as amended); (iii) Resolution of the Government of Russia “On price determination for the regulated prices (tariffs) in electricity industry” (*Postanovlenie Pravitel’sstva Rossijskoj Federacii „O cenoobrazovanii v oblasti reguliruemych cen (tarifov) v élektroénergetike”*) No. 1178 dated December 29, 2011 (as amended); and (iv) Resolution of the Government of Russia “On determining pricing parameters for capacity trade on the wholesale electricity (capacity) market of the transitional period” (*Postanovlenie Pravitel’sstva Rossijskoj Federacii „Ob opredelenii cenovykh parametrov tovgovli moščnost’yu na optovom rynke élektricheskoi énergii (moščnosti) perechodnogo perioda”*) No. 238 dated April 13, 2010 (as amended).

(a) *Structure of the Wholesale Electricity and Capacity Market in Russia*

At present there is a two-level (wholesale and retail) market of electricity and capacity in the Russian Federation. Uniper Group predominantly operates in the wholesale electricity and capacity market that connects the major generating companies, suppliers, major customers, infrastructural organizations and Federal Grid Company of Unified Energy System. Certain subsidiaries of Uniper Group operate in the retail market of electricity and capacity.

Operational dispatch management of the united power system of Russia is exercised by the System Operator (OJSC SO UPS). Trading in the wholesale electricity and capacity market is conducted in accordance with wholesale market regulations established by the Market Council – a self-regulatory non-profit organization of wholesale market participants. Organizing trade and conducting settlements between wholesale electricity market participants are functions of the Trading Operator (OJSC Trading System Administrator), a wholly-owned subsidiary of the Market Council. A subsidiary of both OJSC “Trading System Administrator” and NP “Market Council” – OJSC “Centre of Financial Settlements” acts as a unified party in electricity and capacity purchase and sale transactions and calculates the claims and liabilities under electricity and capacity purchase and sale contracts.

The wholesale market is divided into independent geographic zones: first pricing zone (European part of Russia and Urals), second pricing zone (Siberia) and non-pricing zones (include geographically isolated regions that do not form part of the competitive market (e.g., Kaliningrad Region, Far East regions etc.). Uniper Group operates within the first pricing zone and the second pricing zone.

The wholesale electricity and capacity market is the trading field of special commodities – electricity and capacity. The product which is traded as “capacity” is the obligation of generating companies to provide a certain level of generating capacity, which involves the obligation to maintain or repair existing generating facilities and can involve obligations to construct new ones. The electricity and capacity are traded at regulated prices and non-regulated prices.

(b) *Regulated Price Market*

The rules of the wholesale electricity and capacity market specify the share of electricity and capacity that must be supplied under the regulated contracts. Such contracts are concluded for the supply of electricity and sufficient capacity to the population and some specified territories of Russia. Prices (tariffs) under the regulated contracts are calculated by the Federal Antimonopoly Service using the base year 2007 and partially adjusted for inflation. The total amount of electricity and capacity to be supplied by each supplier under the regulated contracts in a calendar year cannot exceed 35% of the electricity supply volume. If the supplier is unable to deliver the contractually agreed volume at regulated prices, it must purchase the shortfall on the free market.

According to the current wholesale capacity market model, there are two additional types of contracts with regulated prices: (i) capacity supply agreements and (ii) agreements on the sale and purchase of capacity of plants with capacity that must be ensured (so-called “must-run plants”). The main features of capacity supply agreements are that they create legally binding obligations for the

supplier to build a power plant and for the consumers to compensate the cost of the power plant. The sum that is compensated by consumers is established by the Administrator of the Trading System in accordance with a formula determined by the state authorities. Under the capacity supply agreements, the period when a supplier receives back the sum of money invested in the power plant is 10 years. The agreements on sale and purchase of capacity of must-run plants are concluded in regard to generating facilities which cannot rival in competitive capacity outtake, but are necessary for the purpose of electricity supply reliability or for the purpose of heat supplying. Generating companies can apply for recognition of these facilities as must-run plants in order to obtain compensation of costs if they cannot withdraw this capacity due to one of the aforesaid reasons. Prices (tariffs) under these contracts are determined by the Federal Antimonopoly Service.

(c) *Free Price Market*

Supply of electricity at freely determined prices on the wholesale market is carried out by the following mechanisms: The day-ahead market constitutes a competitive selection of suppliers' and consumers' price bids by the Trading System Administrator for each hour of the following day. The price is calculated by balancing demand and supply for each node in both pricing zones and is then applicable to the respective market (marginal pricing). Trade in deviations from planned production/consumption is carried out in real time on the balancing market. Three hours before each delivery hour, the Trading System Administrator conducts an additional competitive selection of suppliers' bids for deviations in the amount of electricity.

Supply of capacity at freely determined prices on the wholesale capacity market is carried out by means of a competition among wholesale suppliers, which submit their bids for supply of capacity to the trading system. The competitive capacity outtake for 2016 and for the period from 2017 to 2019 has already been held. Then starting from 2016 competitive capacity outtakes should be held for the fourth year following the year of the outtake (in 2016 for 2020, in 2017 for 2021 and so on). The competitive capacity outtakes are held within each pricing zone. The more capacity is selected the lower is the capacity price. The function linking the volume of selected capacities and prices is set by the Government of Russia. If the supplier is unable to provide the contractually agreed capacity, it loses the agreed capacity payments on a *pro rata* basis, in part subject to accelerating factors. In the event capacities under capacity delivery contracts are not made available in due time, the contractual penalty will amount to approximately 25% of the price of the volume not delivered.

In addition to the above-stated mechanisms of electricity and capacity supply at free prices there are also bilateral contracts for sale of power and capacity (OTC trades) where market participants may choose their counterparties within the same pricing zone.

(ii) *Heat market*

The heating industry is regulated primarily by the following laws and regulations: Federal Law "On heat supply" (*Federal'nyi zakon „O teplosnabzhenii“*) No. 190-FZ dated July 27, 2010 (as amended); Resolution of the Government of Russia "On pricing in heat supply sector" (*Postanovlenie Pravitel'stva Rossijskoj Federacii „O cenoobrazovanii v sfere teplosnabzhenija“*) No. 1075 dated October 22, 2010 (as amended); and Resolution of the Government of Russia "On organization of heat supply in the Russian Federation" (*Postanovlenie Pravitel'stva Rossijskoj Federacii „Ob organizacii teplosnabzhenija v Rossijskoj Federacii“*) No. 808 dated August 8, 2012 (as amended).

Generally, sales of heat energy, heat-bearing agent and provision of heat transfer services in the Russian Federation are subject to tariff regulation, although there are some exemptions when free prices can be used by the contracting parties. The procedure for calculation and approval of heat tariffs provides different tariff methodologies (the cost-plus method, return on investment method, method of indexing of the determined tariffs and comparative method). Prior to January 1, 2016, there was a phased transition to regulation of tariffs based on the return on investment model, the indexation of the determined tariffs, and the comparative method. Since January 1, 2016, other tariff methods are still relevant but are of minor importance.

(iii) *Environmental liability*

The following laws and regulations set out the legislative framework in relation to environmental protection in the Russian Federation: Federal Law "On environmental protection" (*Federal'nyi zakon*

„Ob ochrane okružajuščeje sredy”) No. 7-FZ dated January 10, 2002 (as amended); Federal Law “On Amendments to the Environmental Protection Law” (*Federal’nyi zakon „O vnesenii izmenenij v Federal’nyi zakon „Ob ochrane okružajuščeje sredy”) No. 219-FZ dated July 21, 2014 (the “Law on Amendments to the Environmental Protection Law”); Federal Law “On protection of the atmosphere air” (*Federal’nyi zakon „Ob ochrane atmosfernogo vozducha”) No. 96-FZ dated May 4, 1999 (as amended); and Federal Law “On production and consumption wastes” (*Federal’nyi zakon „Ob otchodach proizvodstva i potreblenja”) No. 89-FZ dated June 24, 1998 (as amended).***

The key bodies responsible for regulation of environmental matters and implementation of environmental laws and regulations are the Government of the Russian Federation, the Ministry of Natural Resources and Environment of the Russian Federation and a number of Federal supervisory bodies competent, *inter alia*, for the management of natural resources, subsoil resources and water resources. Industrial plants whose operation may have an adverse impact on the environment must comply with the prescribed maximum permissible level of emissions. Legal entities and individuals must assume financial liability for the adverse impact on the environment caused by their activities. Emissions of harmful substances are permitted subject to compliance with the prescribed maximum permissible level of emissions limits set by the relevant state authority. If the relevant permission is not obtained or if the maximum permissible level of emissions is exceeded, emissions of the harmful substances may be restricted, suspended or terminated. The entity that has been issued with a permit or interim emissions limit is obliged to make regular payments for the emission of harmful substances. If the entity’s emissions are in excess of the maximum permissible level of emissions or interim emissions limits, the rate for emissions is five times higher than the rate established for emissions within the maximum permissible level of emissions.

Harm to the environment caused by legal entities may lead to imposition of administrative fines and the costs arising as a result of the environmental damage must be fully reimbursed. The amount of the reimbursement is calculated on the basis of the actual expenses incurred by the state in restoring the disturbed environment, incurred losses (including lost profits), recultivation measures and other restoration works. Monitoring of compliance with environmental standards is required to be implemented by the legal entities and is subject to regular inspections by the respective supervisory bodies. The Law on Amendments to the Environmental Protection Law has been adopted and will be in full effect as of 2019. It will tighten regulation in the sphere of a negative impact on the environment based on application of the best available technologies concept. Under this concept, facilities are classified into four groups according to potential environmental harm (big thermal power plants fall into the group of the most hazardous objects), for each group a different regulatory approach applies. The limitation of environmental impact will be implemented on the basis of best available environmental indicators (as opposed to the maximum permissible level of emissions) and the applicable technical standards for emission on the basis of the BAT will be defined. All planned or existing objects of the Uniper Group (including big thermal power plants) will require a complex environmental permit. The reform also introduces a substantial gradual increase of payments for emissions (pollution fee) within approved limits of emissions (5 to 25 times), and for pollution exceeding such limits (25 to 100 times) as well as significant benefits for entities in the future for implementing environmental protection measures based on the BAT (e.g., pollution fee reduction, credit interest compensation).

(iv) Regulation in relation to Yuzhno-Russkoye license area

The exploitation of natural resources, such as the exploration and production of hydrocarbons, is carried out on the basis of and in compliance with a subsoil license issued by the Federal Subsoil Resources Management Agency on the basis of technological project documentation prepared by the applicant. This documentation provides (among other things) the obligations of subsoil users in respect of hydrocarbons production levels and levels of exploration work. The Federal Supervisory Natural Resources Management Service and the Federal Environmental, Industrial and Nuclear Supervision Service of Russia supervise the compliance with the terms of the license by the subsoil user. The assessment of the subsoil user’s compliance is documented in reports on the result of regular audits conducted by the Federal Supervisory Natural Resources Management Service. Failure to comply with the material terms of a license (e.g., failure to start operations, extract the required amount of hydrocarbons) may lead to termination, suspension or revocation of the license if the relevant breaches will not be rectified in the prescribed amount of time (which cannot be less than three months). The subsoil license can be also revoked in case of: (i) systematic violations of applicable subsoil use rules; (ii) immediate danger to life and health of people working or living in the operation area; (iii) emergency; (iv) failure to fulfil required reporting obligations; (v) liquidation of the licensee; (vi) by

application of the licensee for termination of the license. The production of natural resources is subject to a tax, which is calculated by multiplying the produced volume of hydrocarbons by the applicable tax rate. Gas (excluding LNG) may only be transported and exported by certain companies of the State-owned Gazprom Group. Other companies are prohibited from exporting gas themselves and must have companies of the Gazprom Group do so on their behalf. Oil is not subject to this export monopoly.

13.4.7 Brazil

(i) Electricity market

The electricity market in Brazil is largely liberalized. However, much of the generation and transmission capacities are still under state control, particularly through the state-controlled Eletrobras Group. Depending on whether an interstate or intrastate project is involved, the use of land and natural raw materials as well as environmental protection and emissions control are subject to competing legislation by the Union and the individual federal states. However, the federal constitution gives the federal government the authority to establish the general framework for the energy sector. Under Law No. 8,987/1995 and Law No. 9,074/1995, independent power producers, in particular, were granted access to the market on the basis of concessions and permissions, and customers who have a certain minimum demand for power (free consumers) were given free choice of their supplier. Law No. 9,648/1998 established the foundation for the Wholesale Energy Market (*Mercado Atacadista de Energia*), which was later replaced by the Chamber of Electric Energy Commercialization (*Câmara de Comercialização de Energia Elétrica*, “CCEE”), as well as for the National Electricity System Operator (*Operador Nacional do Sistema*, “ONS”). Under Law No. 10,848/2004, further regulated by Decree No. 5,081/2004, the electricity sector was further restructured and, in particular, the regulated market and the free market for the sale of power were introduced. The main body in the government responsible for setting national energy policy is the Ministry of Mines and Energy (*Ministério de Minas e Energia*, “MME”), which establishes the energy policy guidelines, objectives and projects. The National Electricity Regulatory Agency (*Agência Nacional de Energia Elétrica*, “ANEEL”), an independent regulatory agency for the electricity market that is assigned to the MME, supervises the generation, transmission, distribution and trading of electricity. The ONS operates the Brazilian National Interconnected System (*Sistema Nacional Integrado*, SIN) and supervises energy feed-in and transmission. Regulated and supervised by ANEEL, CCEE is responsible for settlement of electricity trading on the Brazilian market and conducts, for example by delegation of ANEEL, auctions for power supply contracts on the regulated market.

The permitting requirements for an oil- or gas-fired power plant depend on the size of the project. Thermal power plants with a capacity exceeding 5 MW require a permit from ANEEL. In particular, an environmental impact assessment and other environmental permits are also required, such as an installation license and operating license. Other special requirements apply for large hydropower projects, which are not relevant to the Uniper Group and its holdings in Brazil.

Electricity is traded and sold on the regulated market or the free market. On the regulated market, regional suppliers must cover their entire requirements from the generators for so-called captive consumers whose demand for power is less than 3 MW and thus are not free to select their supplier. For this purpose, the CCEE conducts auctions in which, after prequalifying, generators can market their capacities long-term. Contracts are awarded based on the lowest price. Demand is based on the suppliers' long-term forecasts. Separate auctions are held with a lead time of three to five years for new power plants, and a lead time of one to three years for existing power plants and for balancing energy. For the lots awarded, the generators enter into long-term power supply contracts for a term of three to 15 years (except for the balancing energy market). The fee comprises a capacity price for the capacity to be reserved, and a commodity price for the operating expenses. Generators must guarantee the awarded capacities. If they fail to deliver, they must procure, generally at higher prices, replacement supplies on the short-term balancing market organized by the CCEE and also pay penalties to the CCEE. On the free market, generators may enter into power supply contracts with free consumers on terms negotiated between them. Grid access is regulated. The transmission and distribution system operators are required to grant access to their grids on a non-discriminatory basis. The grid fees are regulated by ANEEL and must also be paid by generators for feeding into the grid.

(ii) Environmental liability

Law No. 6,938/81, which forms the basis of national environmental policy, provides for strict liability for persons deemed to have caused environmental damage. Legal entities and natural persons

may also be subject to criminal liability for causing certain environmental damage. Compliance with environmental standards and laws is monitored by ANEEL or ANP as well as the Brazilian Institute of the Environment and Renewable Natural Resources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*, IBAMA).

13.4.8 Hungary

The liberalization of the Hungarian electricity and gas market took place in 2008 and 2009 and has opened up the retail and wholesale markets to competition. The EU's third energy package has been implemented in Hungary. The government-owned electricity company (MVM Zrt.) continues to be the largest market participant and controls a significant share of Hungary's generation capacity. The Uniper Group operates a gas and steam power plant in Gönyü, Hungary. The Hungarian Electricity Act No. LXXXVI from 2007 (*2007. évi LXXXVI. törvény a villamos energiáról*, "**Hungarian Electricity Act**") and the Hungarian Gas Supply Act No. XL from 2008 (*2008. évi XL. törvény a földgázellátásról*, "**Hungarian Gas Act**") contain the key legislative provisions for the energy market. The Hungarian electricity market is also governed by secondary legislation in the form of governmental decrees as well as network codes. The Hungarian Authority for the Energy Industry and Public Utilities (*Magyar Energetikai és Közműszabályozási Hivatal*, "**Hungarian Regulatory Authority**") is the most important national regulatory authority for the energy sector. The Hungarian Regulatory Authority's main functions include the issue of permits, supervision of permit holders and the fixing of grid fees for transmission and distribution grids. The Hungarian Regulatory Authority has been established as an independent authority. Its prior approval is also required for the following corporate actions: decreases in the share capital of permit holders, reorganizations (mergers and split-ups) of permit holders and acquisitions of direct or indirect equity interests in permit holders that exceed certain equity investment limits.

In 2008, the regulated public utility services that had formerly been available for all customers were replaced by services of general interest (basic services), to which merely a small circle of defined consumer groups (household consumers, other retail customers with a connection capacity of below 3 x 63A and public facilities such as hospitals) have access. Thus these consumer groups may choose to have their electricity supplied as part of the basic services or under a non-regulated contract. While the customers who have access to the basic services are supplied with electricity at regulated prices fixed by the Hungarian Ministry for Economic Development, the market sets the prices for all other customers, including the industrial customers, who are free to choose their own electricity and gas supply companies. Power producers may sell their electricity to all customers without any restrictions.

Access to the grids is regulated and must be granted on non-discriminatory terms on the basis of regulated tariffs (regulated grid access).

(i) **Electricity market**

Under Hungarian law, particularly pursuant to the Hungarian Electricity Act, all commercial activities relating to the energy industry are subject to a permit from the Hungarian regulatory authority. Power plants with a capacity of 50 MW and more require various permits under the Hungarian Electricity Act. The most important permits include the IPPC permit (IPPC – Integrated Pollution Prevention and Control) and the greenhouse gas emission permit, building permit and settlement permit. Prior to the commissioning of a new facility, developers will also need a license. In addition, the power plant operator requires a permit for increasing or reducing the power plant's capacity and for ceasing operations.

Two types of permit exist for energy trading: a comprehensive trading license and a limited trading license. Energy traders in possession of a comprehensive license are entitled to purchase electricity from power producers, other traders or abroad and to sell such electricity to retail customers, other traders or foreign purchasers. The limited trading license is granted by way of a simplified procedure but may only be issued to entities that are active in an EU or EEA member state. Such license does not entitle the holder to sell to retail customers. On the Hungarian Power Exchange ("**HUPX**"), traders have the choice between day-ahead, intraday and futures trading. HUPX also acts as clearing agent in OTC trading. Energy trading is mostly conducted through bilateral OTC contracts, but trading through spot contracts is on the increase, for example via HUPX.

At present, Hungary does not have a capacity mechanism and, according to publicly available information, there are no plans to introduce any such capacity mechanism.

(ii) Gas markets

At present, traders and basic providers may sell imported gas and domestically produced gas to domestic purchasers on the Hungarian gas market. Consumers are free to choose their supplier. As is the case for the electricity market, the market participants, such as grid operators, traders, gas utilities, basic providers, require various permits which are granted by the Hungarian Regulatory Authority. Just as for electricity trading, two different types of licenses exist for trading with gas: a comprehensive gas trading license and a restricted gas trading license. Licensees are subject to detailed reporting obligations *vis-à-vis* the Hungarian Regulatory Authority. Despite the fact that Hungary has an organized gas exchange (CEEGEX), the physical and financial trading with natural gas is generally conducted in the form of OTC contracts.

(iii) Environmental liability

The environmental requirements for the operation of power plants are spread over several laws on the protection of the environment: the Environmental Protection Act No. LIII from 1995 (*1995. évi LIII. törvény a környezet védelmének általános szabályairól*, “**Hungarian Environmental Protection Act**”), the Water Management Act No. LVII from 1995 (*1995. évi LVII. törvény a vízgazdálkodásról*) and the Nature Conservation Act No. LIII from 1996 (*1996. évi LIII. törvény a természet védelméről*). The key authorities for enforcing the rules on environmental liability are the regional administrations, who perform the functions of the environmental protection authorities (*környezetvédelmi és természetvédelmi hatóságként eljáró megyei kormányhivatalok*), and its supervisory authority, the National Inspectorate for Environment and Nature (*Országos Környezetvédelmi és Természetvédelmi Főfelügyelőség*). The person causing environmental damage is responsible for such acts pursuant to civil and criminal law and on the basis of regulatory and administrative provisions (so-called “polluter-pays principle”). The owner and person in possession (user) of the property on which the pollution occurred are jointly and severally liable unless it can be disproved that they were at fault. The Hungarian Environmental Protection Act is based on the principle of strict liability, according to which the person deemed to have caused the environmental damage is liable, irrespective of negligence or fault, except in very isolated instances. Environmental damage may also trigger liability under Hungarian civil law. Failure to comply with the applicable environmental protection regulations exposes one to the threat of criminal and administrative sanctions and prohibition of operation.

14 SHAREHOLDER STRUCTURE

Before the spin-off enters into effect, E.ON SE indirectly holds all shares in Uniper SE. E.ON SE is a European stock corporation (*Societas Europaea*, SE) organized under German and European law and entered in the commercial register of the Local Court (*Amtsgericht*) of Düsseldorf under registration number HRB 69043. E.ON SE's registered office is in Düsseldorf; the business address is Brüsseler Platz 1, 45131 Essen.

Each share in the Company carries one vote at the general meeting. All the Company's shares confer the same rights. All shares are freely transferable in accordance with the provisions pertaining to registered shares. With the exception of the lock-up agreement between E.ON SE and the Company (see "3. General Information — 3.6 Lock-up agreements") there are no restrictions on the ability to dispose over the shares.

The following table contains information on the equity interest in Uniper SE held by E.ON SE indirectly through its wholly owned subsidiary, E.ON Beteiligungen GmbH, both before and directly after the spin-off's closing (see "4. Spin-off").

	Before the spin-off		After the spin-off	
	No. Shares	(in %)	No. Shares	(in %)
E.ON SE	170,720,340	100	170,720,340	46.65
Free float	0	0	195,239,660	53.35
Total	170,720,340	100	365,960,000	100

E.ON SE is an international private-sector energy company that is facing a fundamental transition: with the implementation of its new strategy, the E.ON Group's future focus will be exclusively on renewable energy, power networks and customer solutions – the building blocks for the new energy world. Its conventional generation, with the exception of nuclear generation capacities in Germany, and energy trading activities have since January 1, 2016 been conducted by Uniper SE (at that time trading as Uniper AG).

E.ON SE's shares (ISIN DE000ENAG999, WKN ENAG99) are listed on the regulated markets of the stock exchanges in Berlin, Düsseldorf, Frankfurt (Prime Standard), Hamburg, Hanover, Munich and Stuttgart, as well as the DAX 30, Euro Stoxx 50 and Stoxx Europe 600 Utilities.

15 GENERAL INFORMATION ON THE COMPANY AND THE UNIPER GROUP

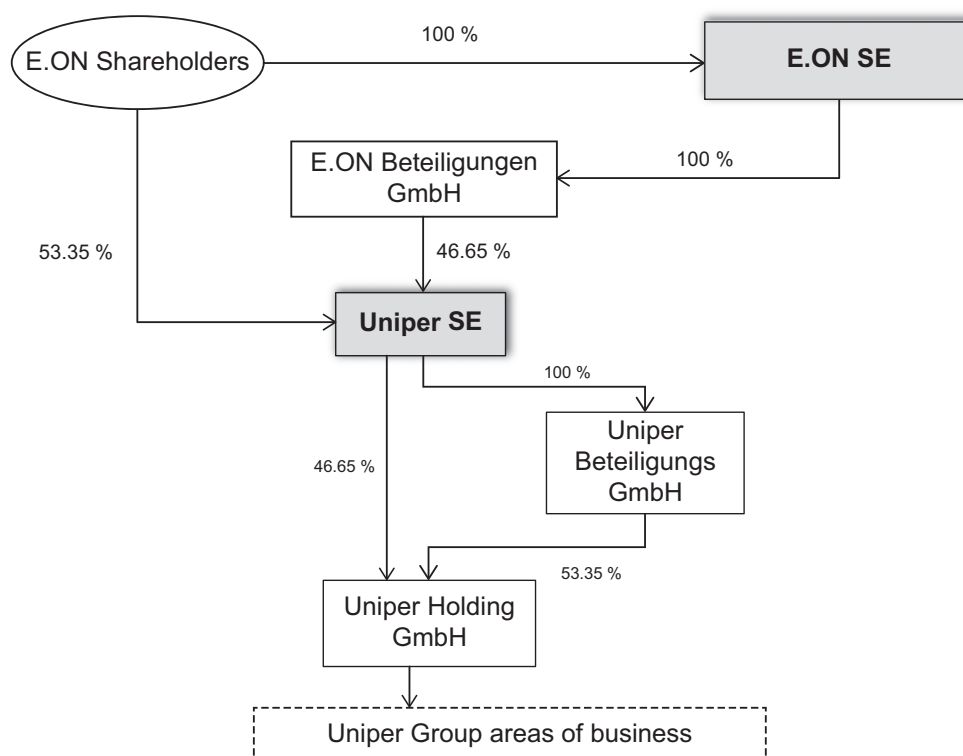
The current Company was founded in 1917 as Innwerk, Bayerische Aluminium AG with its registered office in Munich. Following its reorganization as a German limited liability company (*Gesellschaft mit beschränkter Haftung*, GmbH) and several name changes prior to the beginning of the Uniper Group's separation, it operated under the name E.ON Kraftwerke GmbH until December 18, 2015. As part of the Uniper Group independence, it was again converted into the legal form of German stock corporation (*Aktiengesellschaft*, AG) and renamed Uniper AG. It was then reorganized as an SE and received its current name. It is currently entered in the commercial register of the Local Court of Düsseldorf under HRB 77425.

15.1 GROUP STRUCTURE

The Company is organized as a European stock company (*Societas Europaea*, SE) under German and European law. It is entered under the name "Uniper SE" in the commercial register of the Local Court of Düsseldorf under registration number HRB 77425. The Company's business address is E.ON-Platz 1, 40479 Düsseldorf, Germany; the telephone number is +49 0211 4579-0.

Once the spin-off enters into effect, *i.e.*, once the spin-off is entered in the commercial register of E.ON SE, this will result in a holding company structure with Uniper SE as the parent company of the Uniper Group. Uniper SE holds 46.65 % of the shares in Uniper Holding GmbH directly and the remaining 53.35 % indirectly through Uniper Beteiligungs GmbH, thus in the aggregate the entire share capital in Uniper Holding GmbH.

The following chart shows the future structure of the Uniper Group once the spin-off enters into effect:



15.2 NAME, REGISTERED OFFICE, FISCAL YEAR AND TERM OF THE COMPANY

The legal name of the Company is Uniper SE.

The companies of the Uniper Group primarily do business under the commercial name "Uniper". In addition, the commercial name "Unipro" is used in Russia.

The Company's fiscal year ends on December 31 of a given calendar year. The Company is incorporated as a European stock corporation (*Societas Europaea*, SE) under German and European law and is domiciled in Germany. The Company has been established for an indefinite term.

15.3 CORPORATE PURPOSE

The corporate purpose of the Company is the supply of energy (primarily electricity and gas) and water as well as the provision of disposal services. The activities may encompass generating or gaining, transferring or transporting, acquiring, distributing, and trading. Facilities of all types may be constructed, acquired and operated, and services and cooperations of all types may be performed.

The Company may operate in the above-specified or related areas of business either itself or via subsidiaries or affiliates. It is entitled to all actions and measures related to the corporate purpose or which are suitable to directly or indirectly serve the corporate purpose.

It may also found, acquire or hold an interest in other companies, particularly those whose corporate purpose extends, in whole or in part, to the aforementioned areas of business. In addition, it may also acquire equity interests in companies for the primary purpose of investing its own funds. The Company may change the structure of companies in which it holds an interest, unite them under a unified management or confine itself to managing them as well as dispose of the interests it holds.

On August 30, 2016, the Company's general meeting adopted a resolution amending the Articles of Association to the effect that the corporate purpose is the supply of energy (primarily electricity and gas). The activities may encompass the generating or gaining, transferring or transporting, acquiring, distributing, and trading energy. Apart from that, the corporate purpose remains unchanged. This amendment to the Articles of Association will be recorded in the Company's commercial register after the spin-off enters into effect.

15.4 INFORMATION ON SUBSIDIARIES AND AFFILIATES

The Company has the following direct and indirect subsidiaries with an investment book value representing at least 10 % of the Uniper Group's equity as of December 31, 2015, as reported in the Combined Financial Statements, which amounted to a total of € 15,001 million, or which contributed at least 10 % to the combined net profit/loss of the Uniper Group for fiscal year 2015, as reported in the Combined Financial Statements. Share capital and reserves, carrying value of the shares, receivables and liabilities and profit/loss for the specified period are taken from the financial statements and accounts of the relevant subsidiaries as of December 31, 2015, which were prepared in accordance with IFRS.

AO Gazprom YRGM Development, Russia (formerly ZAO Gazprom YRGM Development)

Interest ⁽¹⁾ (in %)	25
Carrying value of the shares (€)	2,189,434,509
Share capital (€)	930,016
Reserves ⁽²⁾ (€)	1,023,784,894
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	141,455,665

(1) The 25 % interest in AO Gazprom YRGM Development relates to the date after the spin-off enters into effect.

(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).

(3) The receivables relate to receivables from the Company.

(4) The liabilities relate to liabilities to the Company.

(5) Prior to any profit transfer.

Unipro PJSC, Russia
(formerly E.ON Russia JSC)

Interest ⁽¹⁾ (in %)	83.7
Carrying value of the shares (€)	3,708,715,740
Share capital (€)	1,840,733,175
Reserves ⁽²⁾ (€)	674,820,141
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	-110,777,001

- (1) The 83.7 % interest in Unipro PJSC relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income). Equity is reported here including minority interest.
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

Sydskraft AB, Sweden

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	3,094,309,137
Share capital (€)	107,867,046
Reserves ⁽²⁾ (€)	568,073,735
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	57,209

- (1) The 100 % interest in Sydkraft AB relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

Sydskraft Nuclear Power AB, Sweden

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	317,584,484
Share capital (€)	10,721,906
Reserves ⁽²⁾ (€)	435,075,759
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	-818,592,326

- (1) The 100 % interest in Sydkraft Nuclear Power AB relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

Uniper Beteiligungs GmbH, Germany

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	6,753,450,570
Share capital (€)	26,000
Reserves ⁽²⁾ (€)	11,213,415,648
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	-17,626

- (1) The 100 % interest in Uniper Beteiligungs GmbH relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

Uniper Energy Sales GmbH, Germany

(formerly E.ON Energy Sales GmbH)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	1,885,667,628
Share capital (€)	1,002,000
Reserves ⁽²⁾ (€)	3,011,257,565
Receivables from the Company ⁽⁶⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	12,760,804

- (1) The 100 % interest in Uniper Energy Sales GmbH relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer. As of December 31, 2015, Uniper Energy Sales GmbH was a controlled company under a domination and profit and loss transfer agreement.

Uniper Exploration & Production GmbH, Germany

(formerly E.ON Exploration & Production GmbH)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	1,607,675,139
Share capital (€)	50,000,000
Reserves ⁽²⁾ (€)	1,819,607,933
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	211,680,389

- (1) The 100 % interest in Uniper Exploration & Production GmbH relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer. As of December 31, 2015, Uniper Exploration & Production GmbH was a subsidiary company under a profit and loss transfer agreement.

Uniper France Power S.A.S, France

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	0
Share capital (€)	204,462,440
Reserves ⁽²⁾ (€)	-419,168,140 ⁽³⁾
Receivables from the Company ⁽⁴⁾	—
Liabilities to the Company ⁽⁵⁾	—
Net profit/loss in fiscal year 2015 ⁽⁶⁾ (€)	-551,121,939

- (1) The 100 % interest in Uniper France Power S.A.S. relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The negative reserves of Uniper France Power S.A.S. are mainly due to a cumulative loss carryforward.
(4) The receivables relate to receivables from the Company.
(5) The liabilities relate to liabilities to the Company.
(6) Prior to any profit transfer.

Uniper Global Commodities SE, Germany

(formerly E.ON Global Commodities SE)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	5,141,411,800
Share capital (€)	1,138,187,655
Reserves ⁽²⁾ (€)	4,257,670,905
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	108,260,131

- (1) The 100 % interest in UGC relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer. As of December 31, 2015, UGC was a controlled company under a domination and profit and loss transfer agreement.

Uniper Holding GmbH, Germany

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	20,778,450,430
Share capital (€)	21,150,000
Reserves ⁽²⁾ (€)	13,995,457,985
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾ (€)	785,062,441
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	884,362,553

- (1) The 100 % interest in Uniper Holding GmbH relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer. Until December 31, 2015, Uniper Holding GmbH was a controlled company under a domination and profit and loss transfer agreement.

Uniper Kraftwerke GmbH, Germany

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	1,413,166,011
Share capital (€)	283,444,000
Reserves ⁽²⁾ (€)	1,304,085,212
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	-312,178,693

- (1) The 100 % interest in Uniper Kraftwerke GmbH relates to the date after the spin-off enters into effect.
- (2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
- (3) The receivables relate to receivables from the Company.
- (4) The liabilities relate to liabilities to the Company.
- (5) Prior to any profit transfer. As of December 31, 2015, Uniper Kraftwerke GmbH was a controlled company under a domination and profit and loss transfer agreement.

Uniper Ruhrgas International GmbH, Germany (formerly E.ON Ruhrgas International GmbH)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	2,201,710,936
Share capital (€)	156,000,000
Reserves ⁽²⁾ (€)	2,057,386,431
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	61,139,962

- (1) The 100 % interest in Uniper Ruhrgas International GmbH relates to the date after the spin-off enters into effect.
- (2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
- (3) The receivables relate to receivables from the Company.
- (4) The liabilities relate to liabilities to the Company.
- (5) Prior to any profit transfer. As of December 31, 2015, Uniper Ruhrgas International GmbH was a controlled company under a domination and profit and loss transfer agreement.

Uniper Russia Holding GmbH, Germany (formerly E.ON Russia Holding GmbH)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	4,348,795,862
Share capital (€)	50,000
Reserves ⁽²⁾ (€)	4,146,767,088
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	202,977,292

- (1) The 100 % interest in Uniper Russia Holding GmbH relates to the date after the spin-off enters into effect.
- (2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
- (3) The receivables relate to receivables from the Company.
- (4) The liabilities relate to liabilities to the Company.
- (5) Uniper SE (as controlling company) and Uniper Russia Holding GmbH (as controlled company) entered into a domination and profit and loss transfer agreement on August 30, 2016. The domination and profit and loss transfer agreement is applicable with retroactive effect from January 1, 2016, and may not be terminated until December 31, 2020. However, the agreement will only enter into effect upon its entry into the commercial register of Uniper Russia Holding GmbH, which is planned to take place after the spin-off enters into effect.

Uniper Trend s.r.o., Czech Republic
(formerly E.ON Trend s.r.o.)

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	4,348,468,570
Share capital (€)	4,312,832,597
Reserves ⁽²⁾ (€)	74,116,814
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	4,496,527

- (1) The 100 % interest in Uniper Trend s.r.o. relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

Uniper UK Gas Limited, United Kingdom

Interest ⁽¹⁾ (in %)	100
Carrying value of the shares (€)	363,299
Share capital (€)	577,908
Reserves ⁽²⁾ (€)	7,655,217
Receivables from the Company ⁽³⁾	—
Liabilities to the Company ⁽⁴⁾	—
Net profit/loss in fiscal year 2015 ⁽⁵⁾ (€)	-1,711,976,074

- (1) The 100 % interest in Uniper UK Gas Limited relates to the date after the spin-off enters into effect.
(2) Capital reserves and retained earnings as well as other components of equity (incl. other comprehensive income).
(3) The receivables relate to receivables from the Company.
(4) The liabilities relate to liabilities to the Company.
(5) Prior to any profit transfer.

15.5 STATUTORY AUDITOR

The Company's auditor is PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40227 Düsseldorf, Germany. PwC is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), with its registered office in Berlin. PwC audited the Combined Consolidated Financial Statements of Uniper AG for the fiscal years ended on December 31, 2015, 2014 and 2013, which were prepared by the Company in accordance with IFRS, audited in accordance with the International Standards on Auditing (ISA), and issued an unqualified auditor's report, which is reproduced in the Financial Section of this Prospectus. PwC also audited the annual financial statements of Uniper AG, which were prepared in accordance with HGB for the fiscal year ending on December 31, 2015, of E.ON Kraftwerke GmbH (HGB) for the fiscal year ending on December 31, 2014 and of E.ON Kraftwerke GmbH (HGB) for the fiscal year ending on December 31, 2013 in accordance with section 317 of the HGB and German generally accepted standards for the audit of annual financial statements promulgated by the Institute of Public Auditors in Germany (IDW), and issued in each case an unqualified auditor's report, which is reproduced in the Financial Section of this Prospectus.

The annual financial statements of Uniper AG for the fiscal year ending on December 31, 2015, the annual financial statements (HGB) of E.ON Kraftwerke GmbH for the fiscal year ending on December 31, 2014 and the annual financial statements (HGB) of E.ON Kraftwerke GmbH for the fiscal year ending on December 31, 2013 voluntarily included for each set of financial statements a cash flow statement and statement of changes in equity, which were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hanover, Germany. The statement of cash flow and statement of changes in equity as at December 31, 2013 and December 31, 2014, respectively, were each issued an auditor's report for the fiscal year ending on those dates. The statement of cash flow and the statement of changes in equity as at December 31, 2015, respectively, for the fiscal year ending on that date, are covered under the unqualified auditor's report issued on the separate financial statements of Uniper AG for the fiscal year ending on December 31, 2015.

15.6 NOTICES, PAYING AND REGISTRATION AGENT

Notices of the Company are published in the Federal Gazette (*Bundesanzeiger*). Shareholder notifications may also be effected by remote data transfer.

In compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) notices in connection with the approval of this Prospectus or supplements to this Prospectus must be published in the manner stipulated for this Prospectus, *i.e.*, by publication on the Company's website (<http://www.uniper.energy.de/investor-relations/>).

Deutsche Bank AG will assume the function of paying agent for future dividend distributions upon commencement of trading of the shares of the Company.

16 INFORMATION ON THE CAPITAL OF UNIPER SE

16.1 DEVELOPMENT OF THE SHARE CAPITAL OVER THE PAST THREE YEARS AND IN THE COURSE OF THE SPIN-OFF

After numerous changes to its corporate structure and being reorganized as a German limited liability company (GmbH), the share capital of E.ON Kraftwerke GmbH, the name under which the Company had been doing business before its legal form was changed to Uniper AG, amounted to € 283,445,000 as of November 3, 2015.

On November 23, 2015, the shareholders' meeting of EKW resolved to convert the company into a German stock corporation (AG) doing business under the name Uniper AG. EKW's share capital in the amount of € 283,445,000 remained unchanged and became the share capital of Uniper AG, divided into 283,445,000 no-par value registered shares, each such no-par value share representing a notional interest in the share capital of € 1.00.

On January 19, 2016, the general meeting of Uniper AG, in preparation for the spin-off, resolved to increase the share capital of € 283,445,000 by € 6,779,578 to € 290,224,578 and to divide it into 170,720,340 no-par value registered shares, each such no-par value share representing a notional interest in the share capital of € 1.70.

The conversion of Uniper AG into the legal form of an SE, which was resolved on March 23, 2016 by the general meeting of Uniper AG and became effective on April 14, 2016 when it was entered in the competent commercial register, did not operate to change the share capital of € 290,224,578 or the division thereof into 170,720,340 no-par value registered shares, with each such no-par value share representing a notional interest in the share capital of € 1.70. There are no restrictions on the transferability of the Company's shares.

The no-par value shares are fully paid in. Each no-par value share represents a notional interest in the share capital of € 1.70 and carries full dividend rights as from January 1, 2016. In order to create the new shares, which will be issued to the shareholders of E.ON SE pursuant to the spin-off, the Company's general meeting resolved on May 24, 2016 to increase the share capital of € 290,224,578 by € 331,907,422 to € 622,132,000 by issuing 195,239,660 no-par value registered shares. The registration of the capital increase in the commercial register of the Company is a condition for the registration of the spin-off.

16.2 AUTHORIZED CAPITAL

On August 30, 2016, the Company's general meeting resolved to create authorized capital ("Authorized Capital 2016").

The board of management is authorized, subject to the supervisory board's consent, to increase the Company's share capital on one or more occasions until June 30, 2021 by up to € 145,112,289 by issuing up to 85,360,170 new no-par value registered shares against cash and/or non-cash contributions. This equates to approximately 25 % of the Company's increased share capital after the spin-off entering into effect.

The Articles of Association provide that the board of management may, subject to the supervisory board's consent, exclude the subscription right that must, in principle, be granted to shareholders. Such exclusion of subscription rights is possible when shares are issued against cash contributions in the amount of up to 10 % of the share capital as of the date on which this authorization enters into effect or – should this value be lower – as of the date on which this authorization is exercised, if the issue price of the new shares is not significantly lower than the stock exchange price (section 186 (3) sentence 4 AktG). As of the date on which the authorization enters into effect, 10 % of the share capital will equate to an amount of € 62,213,200.

Subscription rights may also be excluded when shares are issued against non-cash contributions, however only to the extent that the shares issued under such authorization against non-cash contributions do not represent in the aggregate more than 20 % of the share capital existing as of the date on which this authorization enters into effect or – should this value be lower – as of the date on which this authorization is exercised. As of the date on which this authorization enters into effect, 20 % of the share capital will equate to an amount of € 124,426,400.

Furthermore, shareholders' subscription rights may be excluded with regard to fractional amounts and in connection with the issue of shares to persons employed by the Company or one of its affiliates.

16.3 CONTINGENT CAPITAL

On August 30, 2016, the Company's general meeting resolved to create contingent capital ("Contingent Capital 2016").

Pursuant thereto, the share capital will be conditionally increased by up to € 145,112,289 by issuing up to 85,360,170 no-par value registered shares. This equates to approximately 25 % of the Company's increased share capital after the spin-off entering into effect.

The contingent capital increase serves for granting shares in connection with the exercise of conversion rights or obligations and option rights or obligations that serve, in accordance with the issued authorization hereinafter described, for the issuance of convertible bonds and/or warrant-linked bonds by the Company or companies of the Uniper Group.

16.4 AUTHORIZATION TO ISSUE CONVERTIBLE BONDS AND/OR WARRANT-LINKED BONDS

On August 30, 2016, the Company's general meeting resolved on the authorization to issue convertible bonds and/or warrant-linked bonds.

The board of management is authorized, subject to the supervisory board's consent, during the period up to June 30, 2021, to issue bonds having a total nominal value of up to € 1,000,000,000 that grant or impose, respectively, in accordance with the relevant terms and conditions of the bonds or warrant-linked bonds, conversion rights or obligations, option rights and/or obligations with regard to up to 85,360,170 no-par value registered shares of the Company, representing a *pro rata* interest in its share capital of up to € 145,112,289 in total, to the holders or creditors of the bonds or warrant-linked bonds. The bonds may also be issued by an affiliated company of the Company against cash and/or non-cash contributions.

Where bonds are issued that are subject to a conversion right or obligation, the holders of such bonds will have the right or the obligation, as the case may be, to convert their convertible bonds into shares in the Company in accordance with the issue terms and conditions. The proportion of equity capital attributed to each individual share of the Company to be issued per each bond upon conversion may not exceed the nominal value of the bond or, if the issue price is lower than the nominal value, the issue price of the bond. This also applies to bonds with option rights or option obligations. The relevant conversion or option price to be set must, with the exception of those cases where a conversion or option obligation or a right to substitute is provided for, amount to no less than 80 % of a reference price based on the volume-weighted average stock exchange price of the Company's shares.

The issue terms and conditions may also provide for protection against dilution as well as adjustment mechanisms, e.g., with regard to the Company's capital measures during the term of the bonds, dividend distributions, the issuance of subscription rights for additional bonds with conversion rights, conversion obligations, option rights and/or option obligations that entitle holders to subscribe shares in the Company or provide for other extraordinary events during the bonds' term to maturity. Any protection against dilution as well as any adjustment mechanisms provided for in the issue terms and conditions may include, in particular, changes in the conversion or option price, the granting of rights to subscribe for shares in the Company or to convertible bonds or warrant-linked bonds, or the granting or adjustment of cash components.

Subject to the consent of the supervisory board, the board of management is authorized to exclude shareholders' subscription rights with regard to bonds, which they would otherwise be entitled to, in the following cases:

- in order to compensate for fractional amounts,
- to the extent that bonds are issued against non-cash contributions,
- to the extent that bonds are issued against cash contributions and the requirements for a simplified exclusion of subscription rights under section 186 (3) sentence 4 of the AktG have been met; this means that bonds may only be issued at a price that does not fall significantly below their theoretical market value and that the issuance of bonds is only permissible on a scale that entitles or obligates to the subscription of the Company shares in an amount not exceeding 10 % of the share capital as of the date on which said authorization enters into effect or – if this value is lower – as of the date on which this authorization is exercised. As of

the date on which the authorization enters into effect, 10 % of the share capital will equate to an amount of € 62,213,200,

- to the extent that this is required to protect against dilution.

16.5 AUTHORIZATION TO ACQUIRE AND SELL TREASURY SHARES

On August 30, 2016, the Company's general meeting resolved on the authorization to acquire treasury shares. The Company is authorized, until June 30, 2021, to acquire treasury shares in an amount equivalent to up to a total of 10 % of its share capital.

At the board of management's discretion, the acquisition may take place on the stock exchange, by way of a purchase offer addressed to all shareholders, a public offering or a public solicitation of offers for the exchange of liquid exchange shares for Company shares (so-called "exchange offer"), or through the use of derivatives (put or call options or a combination of both).

If the shares are acquired on the stock exchange, the price may neither exceed the price determined during the opening auction of the Company's share on that trading day by more than 10 % nor fall short of said price by more than 20 %.

Where the purchase takes place by way of a purchase or exchange offer, the Company may determine a purchase price or a purchase price range, or an exchange ratio or an exchange range, for the acquisition of the shares that may neither exceed an average price, based on the stock exchange price of the Company's shares, by more than 10 % nor fall short of said price by more than 20 %.

Where acquisition is effected by way of derivatives in the form of put or call options, or a combination of both, the option transactions must be conducted at close to market terms. In any case, using such derivatives, the acquisition of treasury shares is capped at a total of 5 % of the share capital. The term of the relevant option will not exceed 18 months and will end, in any case, no later than June 30, 2021. By analogous application of section 186 (3) sentence 4 of the AktG, shareholders do not have a right to enter into such option transactions with the Company. Likewise, the strike price may neither exceed an average price, based on the stock exchange price of the Company's shares, by more than 10 % nor fall short of said price by more than 20 %.

Furthermore, the board of management is also authorized to use the Company's shares under exclusion of shareholders' subscription rights. For instance, the above-mentioned Company shares may be sold against payment in cash, provided that the sales price is not significantly lower than the stock exchange price of the Company shares as of the date of disposal (section 186 (3) sentence 4 of the AktG). The sum of the shares sold excluding subscription rights in accordance with section 186 (3) sentence 4 of the AktG may not exceed 10 % of the share capital. The calculation of the 10 % limit is based on the amount of share capital as of the date on which the authorization enters into effect or – if this value is lower – as of the date on which this authorization is exercised. As of the date on which the authorization enters into effect, 10 % of the share capital will equate to an amount of € 62,213,200.

The above-mentioned shares in the Company may be sold against non-cash payment, particularly in connection with business combinations or the acquisition of businesses (or parts thereof), interests in other companies, or assets. The granting of convertible or subscription rights or call options, as well as the lending of shares in connection with securities lending transactions, are also deemed to be a disposal within the meaning of the foregoing. Furthermore, the above-mentioned shares may also be used to terminate or settle valuation proceedings under company law (*gesellschaftsrechtliche Spruchverfahren*) at the Company's affiliates.

The above-mentioned Company shares may be used to satisfy the rights of creditors of bonds issued by the Company or its group companies with conversion or option rights or conversion obligations. Moreover, they may be offered for purchase to persons that were or are employed by the Company or its affiliates and transferred to any such persons.

Furthermore, the board of management is authorized to redeem treasury shares without requiring a separate resolution of the general meeting for such redemption or its implementation.

16.6 OFFSETTING CLAUSE

As a result of the relevant deduction clauses, the authorizations to exclude subscription rights, as described in this section 16, are offset such that these authorizations to exclude subscription rights

may only be used in such a way that any new shares so issued or sold and the new shares that are to be issued based on rights that enable or require the subscription of Company shares, notionally do not account for more than 20 % of the share capital as of the date on which the authorizations enter into effect or – if this value is lower – as of the date on which the authorizations are exercised. As of the date on which the authorizations to exclude subscription rights enter into effect, 20 % of the share capital will equate to an amount of € 124,426,400.

16.7 GENERAL PROVISIONS ON LIQUIDATION OF THE COMPANY

Pursuant to its Articles of Association, the Company has been established for an indefinite term. With the exception of liquidation as a result of insolvency proceedings, the Company may only be dissolved by a resolution of the general meeting requiring a majority of at least 75 % of the share capital represented at the adoption of the resolution. Under article 9 (1) c) ii), article 10 of the SE Regulation in conjunction with the AktG, in the event of liquidation, the assets remaining after settlement of all of the Company's liabilities will be distributed among the shareholders in proportion to their respective interest in the share capital. In this context, specific provisions relating to the protection of creditors must be observed.

16.8 GENERAL PROVISIONS ON CHANGES IN THE SHARE CAPITAL

Under the applicable provisions of the SE Regulation and the AktG, the share capital of a European Company (SE) may be increased by resolution of the general meeting adopted by a majority of at least 75 % of the votes validly cast, to the extent the entity's articles of association do not require a different majority. Pursuant to article 21 of the Company's currently applicable Articles of Association and unless mandatory legal regulations provide otherwise, resolutions of the general meeting are adopted by simple majority of the votes cast and, where a capital majority is prescribed by law, by simple majority of the share capital represented at adoption of the resolution.

The general meeting may also create authorized capital. To create authorized capital, a resolution adopted with a 75 % majority of the votes validly cast which authorizes the board of management to issue shares up to a certain amount within a period not to exceed five years is required. The nominal amount of the authorized capital may not exceed 50 % of the share capital existing at the time the authorization of the board of management is entered in the commercial register (see "*16.2 Authorized Capital*").

The general meeting may also create contingent capital for purposes of issuing shares (i) to holders of convertible bonds or other securities granting rights to subscribe for shares; (ii) as consideration in the context of a merger with another entity; or (iii) for the purpose of offering them to executives and employees. In each case, a resolution adopted with a 75 % majority of the votes validly cast is required. The nominal amount of any contingent capital may not exceed 10 % of the share capital existing at the time the resolution is adopted if it was created for the purpose of issuing shares to executives and employees; for all other purposes it may not exceed 50 % of the share capital existing at the time the resolution is adopted. As a measure to protect holders of conversion or subscription rights, the German Stock Corporation Act provides that, in the case of a capital increase from corporate funds, contingent capital will increase by operation of law, *i.e.*, automatically in the same proportion as the share capital (see "*16.3 Contingent Capital*").

Share capital reductions require a resolution of the general meeting adopted with a minimum 75 % majority of the votes validly cast.

16.9 GENERAL PROVISIONS ON SUBSCRIPTION RIGHTS

Pursuant to the applicable provisions of the SE Regulation and the AktG, shareholders are generally entitled to a preemptive right to subscribe for new shares to be issued pursuant to a capital increase (including convertible bonds, warrant-linked bonds, profit participation rights or participating bonds). Their subscription rights are freely transferable and generally tradeable. They may be traded on one or several German securities exchanges during a specified period before the subscription period expires. Shareholders have no claim to the arrangement of trading in subscription rights. The general meeting may resolve to exclude subscription rights, either in whole or in part, by a simple majority of the votes cast and simultaneously at least a 75 % majority of the share capital represented at the adoption of the resolution; any such exclusion of subscription rights may only be effected in the

resolution on the increase of the share capital. In this respect, the Articles of Association may stipulate (only) a greater capital majority and additional requirements (such as the special consent of certain shareholders). In order to exclude subscription rights, the board of management must furthermore submit a report showing that the exclusion of subscription rights is objectively justified in that the Company's interest in excluding subscription rights outweighs the shareholders' interests in being granted such subscription rights. Pursuant to section 186 (3) sentence 4 of the AktG, it is generally permissible and objectively justified to exclude subscription rights when new shares are issued against cash contributions, provided the amount of the capital increase does not exceed 10 % of the existing share capital and the issue price of the new shares is not substantially lower than the stock exchange price (so-called "simplified exclusion of subscription rights"). However, an explanatory report by the board of management in the above mentioned sense is required in this case as well.

16.10 SQUEEZE OUT OF MINORITY SHAREHOLDERS

Under the provisions of sections 327a *et seq.* of the AktG governing the exclusion of minority shareholders (so-called "squeeze-out under stock corporation law"), which are applicable pursuant to the SE Regulation, the general meeting of a German stock corporation may, at the request of a shareholder holding at least 95 % of the share capital (principal shareholder), resolve to transfer the shares of the other shareholders to the principal shareholder in return for appropriate cash compensation. The amount of cash compensation to be paid to the minority shareholders in this regard must take into account the "circumstances of the company" prevailing at the time the general meeting adopts the resolution. The amount of the compensation is to be based on the full enterprise value, which is generally determined based on the capitalized earnings method.

Section 62 (5) UmwG (so-called "squeeze-out under reorganization law"), which is applicable pursuant to the SE Regulation, provides that in connection with a merger into an acquiring German stock corporation or an equivalent entity, the minority shareholders of the company may be excluded at the request of a shareholder holding at least 90 % of a stock corporation's share capital by transfer of the shares of the other shareholders to the acquiring stock corporation as the principal shareholder in return for appropriate cash compensation. As in the case of a squeeze-out under stock corporation law, the amount of the cash compensation to be paid to the minority shareholders in this regard must take into account the "circumstances of the company" prevailing at the time the general meeting adopts the resolution. The amount of the compensation is to be based on the full enterprise value, which is generally determined based on the capitalized earnings method.

Under the provisions of section 319 *et seq.* of the AktG relating to so-called integration (*Eingliederung*), which are applicable pursuant to the SE Regulation, the general meeting of a German stock corporation may resolve the integration into another entity domiciled in Germany, provided that 95 % of the shares of the entity to be integrated are held by the prospective principal entity. The withdrawing shareholders in the entity being integrated are entitled to appropriate compensation, which must generally be granted in the form of shares in the principal entity. In this regard, the amount of the compensation is to be determined based on the so-called merger value ratio (*Verschmelzungswertrelation*) between the two entities, *i.e.*, the exchange ratio that would be deemed appropriate in the event the two entities were merged.

Pursuant to sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**"), the offeror holding at least 95 % of the voting capital in the target company may, in the course of a public takeover bid or mandatory offer, petition within a period of three months after the deadline for acceptance has expired for the remaining voting shares to be transferred to it by way of a court order in exchange for payment of appropriate compensation. Where the offeror also holds shares representing 95 % of the share capital in the target company, the remaining non-voting preferred shares must be transferred to the offeror upon request as well. The type of compensation must be the same as the consideration provided in the takeover bid or mandatory offer. A cash alternative must be offered. The consideration paid in the context of the takeover bid or mandatory offer shall be deemed to be appropriate compensation if, as a result of the offer, the offeror has acquired shares representing at least 90 % of the share capital to which the offer relates. Section 39c of the WpÜG furthermore provides that, following a takeover bid or mandatory offer, those shareholders in a target company who did not accept the offer may do so within three months after the acceptance period has expired (so-called "sell out"), provided the offeror is entitled to petition for the transfer of the outstanding voting shares under section 39a of the WpÜG.

16.11 NOTIFICATION AND REPORTING REQUIREMENTS FOR SHAREHOLDINGS

Once the Company's shares are admitted to the Regulated Market and the Regulated Market subsegment with post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange, it will be subject to the special provisions of the WpHG.

16.12 VOTING RIGHTS NOTIFICATIONS

Section 21 (1) sentence 1 of the WpHG provides for certain notification and publication requirements in the event of any change in the voting interest held in an issuer whose home country is the Federal Republic of Germany. Specifically, any person who holds shares in an issuer whose home country is the Federal Republic of Germany and whose voting interest in that issuer reaches, exceeds or falls below 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % through acquisition, sale or otherwise (party subject to the notification requirement) must notify the relevant issuer and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) promptly, in any case not later than within four trading days, of this fact. The notifications must be drafted in German or in English and sent in writing or by fax to the issuer and the Supervisory Authority. Notifications will be deemed sent if they are transmitted via an electronic procedure provided by the Supervisory Authority for filing notifications. Pursuant to section 21 (1) sentence 3 of the WpHG, the four-day notification period begins on the date upon which the party subject to the notification requirement has knowledge, or, based on the circumstances, should have known that its voting interest reached, exceeded or fell below any of the specified thresholds. Section 21 (1) sentence 4 of the WpHG provides for a conclusive presumption that the party subject to the notification requirement has such knowledge not later than two trading days after reaching, exceeding or falling below the specified thresholds. Where treasury shares are acquired or sold and the other prerequisites for notification and publication requirements exist, domestic issuers must publish the notification without undue delay and otherwise not later than three trading days following receipt of the notification. Publication must be effected by forwarding the information to the media, including media that can be expected to disseminate the information throughout the entire EU and the other signatories to the Agreement on the European Economic Area (EEA). Section 21 (1a) of the WpHG provides that the aforementioned notification and publication requirements shall apply to any party who, at the time the shares are admitted to trading on an organized market for the first time, holds 3 % or more of the voting rights in an issuer whose home country is the Federal Republic of Germany.

To avoid risks of circumvention and to ensure that the notification requirement concerning changes in voting interests also applies to the party who ultimately controls the voting interests, the WpHG stipulates various conditions under which certain voting rights attaching to shares held in the issuer by third parties will be attributable to the party subject to the notification requirement for the purpose of calculating the above-described voting rights thresholds. For example, section 22 of the WpHG provides that the voting rights in the company held by a subsidiary will be attributed to the party subject to the notification requirement as well as voting rights attaching to those shares held by a third party acting for the account of the party subject to the notification requirement or for the account of a subsidiary of the party subject to the notification requirement. This also applies to the voting rights in the company held by those third parties with whom the party subject to the notification requirement or its subsidiaries coordinate their actions with respect to the issuer whose home country is the Federal Republic of Germany pursuant to an agreement or other understanding (so-called "acting in concert"). Should the party subject to the notification requirement fail to comply with the above-described notification requirements, it faces civil law sanctions including the loss of all rights (including voting rights and under certain conditions the right to receive dividends) attaching to the shares in the issuer held by or attributed to it for the duration of its failure to comply with its notification requirements. If the voting interest is reported in the incorrect amount, rights may be suspended for an additional six months where the failure to comply with the notification requirement was due to willful or grossly negligent conduct. This sanction does not extend to rights to receive dividends and participate in any liquidation proceeds if the voting rights notification was omitted inadvertently and subsequently submitted without undue delay. In addition, if notification was omitted, or not correctly, completely, properly or timely effected, the non-compliant party may be sanctioned with fines for an administrative offense.

Failure to give the requisite notification will operate to preclude the party subject to the notification requirement from exercising the rights attaching to its shares for the term of default.

16.13 NOTIFICATION REQUIREMENTS RELATING TO HOLDINGS IN INSTRUMENTS

Anyone directly or indirectly holding instruments which grant holders upon maturity an unconditional right to acquire shares previously issued with attaching voting rights in an issuer whose home country is the Federal Republic of Germany or which confer on the holders a discretion with respect to their rights to acquire such shares or which relate to corresponding shares and have a comparable economic effect, regardless of whether or not they grant any right to physical delivery, must, as specified in section 25 (1) sentence 1 of the WpHG, notify the issuer and the BaFin promptly, in any case not later than within four trading days, upon reaching, exceeding or falling below the thresholds of 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % of voting rights. The voting rights from holdings that are to be notified in a voting rights notification will be aggregated. Financial instruments and other instruments that may be acquired by the party subject to the notification requirement by a declaration of intent and which are therefore already attributable to the voting interest of the party subject to the notification requirement under the WpHG, will be accounted for only once in the calculation. Instruments within the meaning of section 25 (2) of the WpHG include, in particular, transferable securities, options, futures, swaps, forward rate agreements and contracts for differences.

16.13.1 Notification requirements in the event of aggregation; authorization to issue statutory instruments

Under section 25a of the WpHG, the same notification requirement as that applicable to the party subject to the notification requirement upon reaching, exceeding or falling below the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % of voting rights shall apply analogously to holders of voting rights attaching to shares held by the party subject to the notification requirement in an issuer whose home country is the Federal Republic of Germany within the meaning of section 21 of the WpHG, as well as to holders of instruments specified in section 25 (1) of the WpHG, if the sum of the voting rights to be taken into account under section 21 (1) or (1a) of the WpHG and section 25 (1) sentence 1 of the WpHG in the same issuer reaches, exceeds or falls below the thresholds specified in section 21 (1) sentence 1 of the WpHG with the exception of the 3 % threshold.

16.13.2 Notification requirements applicable to owners of qualifying holdings

Any person whose shareholding reaches or exceeds the threshold of 10 %, or a higher threshold, of voting rights attached to shares must, within 20 trading days after reaching or exceeding the threshold, inform the issuer whose home country is the Federal Republic of Germany of the aims underlying the purchase of the voting rights and of the origin of the funds used to purchase the voting rights. According to section 27a of the WpHG, any change in the reported aims must be notified within 20 trading days.

16.13.3 Disclosure of transactions by persons discharging managerial responsibilities

Furthermore, pursuant to the provisions of the Market Abuse Regulation, persons discharging managerial responsibilities (e.g., members of the Company's administrative, management or supervisory bodies) at an issuer of shares are required to notify the issuer and BaFin of their transactions involving shares of the issuer or related financial instruments, in particular, debt financial instruments and related derivatives (so-called "directors' dealings") without undue delay, in any case no later than within three business days after the transaction date. The notification requirement also applies to persons closely associated with the person discharging managerial responsibilities. Parties who are closely associated include in particular: spouses, registered civil partners, dependent children and other relatives living in the same household as the person discharging managerial responsibilities for a period of at least one year as of the date of the transaction concerned, as well as any legal person, trust or partnership, whose managerial responsibilities are discharged by the aforementioned person, or which is directly or indirectly controlled by such a person, or that is set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such person. The aforementioned notification requirements shall not apply provided the total aggregate value of the transactions of a person discharging managerial responsibilities or persons closely associated with that person is less than € 5,000 in a given calendar year for each such person. The domestic issuer must promptly publish the notification received from the party subject to the notification requirement, stating the name of the relevant party and send a copy thereof to BaFin. The issuer is also required to transmit the information to the companies register for storage without undue delay, not later than three business

days prior to the transaction, but not before its publication. The above publication requirements apply as soon as an application for admission to trading on an organized market has been filed. Failure to comply with the aforementioned notification and publication requirements may be sanctioned by the imposition of administrative fines if notification was omitted, or not correctly, completely, properly or timely effected.

16.14 TAKEOVER OFFER

Under the WpÜG, any person who acquires direct or indirect control of a company listed on a stock exchange in Germany must publish this fact, including the voting interest held, online and via an electronic information dissemination system for financial information without undue delay, but not later than within seven calendar days of such acquisition. Control within the meaning of the WpÜG means a voting interest of at least 30 % in a company listed on a stock exchange in Germany based on voting shares in the target company held by the offeror or voting rights in the target company attributed to the offeror. A mandatory public offer must subsequently be submitted to all the company's shareholders for the acquisition of its shares, unless BaFin has granted an exemption from this obligation. As with the provisions on requirements for the notification of voting rights, the WpÜG also provides for the attribution of voting rights.

Under the WpÜG, the thresholds are not calculated on the basis of direct control, but rather on effective control over voting rights. Under German law, failure to give the requisite notification will operate to preclude the investor from exercising the rights attaching to its shares (including voting rights and under certain conditions the right to receive dividends) for the term of default. Failure to comply with notification requirements may also lead to the imposition of a statutory fine.

16.15 BAN ON NAKED SHORT SELLING

The WpHG was supplemented by the German Act against Abusive Securities and Derivative Trades (*Gesetz zur Vorbeugung gegen missbräuchliche Wertpapier- und Derivategeschäfte*) dated July 21, 2010 to prohibit uncovered or "naked" short selling. Specifically, the law prohibits naked short selling in equities as well as debt securities issued by Eurozone countries, which are admitted to trading on the regulated market of a German stock exchange. It also prohibits certain credit default swaps on liabilities of member countries of the Eurozone which are not used for proprietary hedging purposes, and introduces a two-tier transparency system for holders of net short positions. A net short position shall be deemed to exist when netting all of a holder's financial instruments, the holder's economic exposure in the company's shares in issue is equivalent to a short position in shares. Any person holding a net short position in the issued share capital of a company whose shares are admitted to trading on a trading platform must notify BaFin if that position reaches, exceeds or falls below a notification threshold. The threshold is 0.2 % and thereafter in intervals of 0.1 % of the issued share capital of the relevant company. The law also authorizes BaFin, in consultation with the German Central Bank (*Bundesbank*) to temporarily prohibit or suspend trading in individual financial instruments.

17 INFORMATION ON THE GOVERNING BODIES OF UNIPER SE

17.1 OVERVIEW

Uniper SE is organized as a European stock corporation (*Societas Europaea*, SE). The governing bodies of the Company are the board of management (*Vorstand*), the supervisory board (*Aufsichtsrat*) and the general meeting (*Hauptversammlung*). The Company has a two-tier corporate governance structure. The board of management and the supervisory board work independently of one another. As a rule, no member of the Company's supervisory board may at the same time serve as a member of the Company's board of management. The powers of the governing bodies are stipulated in the SE Regulation, the German Act implementing Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (*Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE)*, "SEAG"), the AktG, the Articles of Association and the internal rules of procedure for the board of management and the supervisory board.

The board of management manages the Company on its own responsibility in accordance with the law, the provisions of the Articles of Association and the rules of procedure for the board of management, and the supervisory board as well as in compliance with the resolutions by the general meeting. The board of management represents the Company vis-à-vis third parties. The board of management must ensure that appropriate risk management and internal oversight systems are established and operated within the Company in order to facilitate the early identification of developments that might jeopardize the continued existence of the Company. The board of management is obligated to report to the supervisory board. In particular, it must provide the supervisory board with regular, timely and comprehensive reports on all relevant matters pertaining to budgeting, business performance, risk position, risk management, strategic initiatives and compliance. The board of management must indicate any deviations between actual developments and objectives previously reported and the reasons for any such deviations. Reports must also be presented to the chairman of the supervisory board if other important circumstances so require. Moreover, the supervisory board may demand a report on the Company's affairs at any time.

The members of the board of management are appointed and dismissed by the supervisory board. The supervisory board has to oversee the board of management in managing the Company. The supervisory board may appoint certain of its members to serve as deputies for members of the board of management who are absent or unable to carry out their duties; the deputies' term of office must be fixed in advance and is limited to a maximum of one year. During their term of office as deputy members of the board of management, the members of the supervisory board may not exercise any functions in their capacity as supervisory board members. Management responsibilities may not be delegated to the supervisory board. The rules of procedure for the supervisory board provide that certain types of transactions and other actions are subject to the consent of the supervisory board. In such cases, the board of management must obtain the supervisory board's prior consent.

Both the members of the board of management and the supervisory board have fiduciary duties and duties of care toward the Company. In performing those duties, they must take into account a broad range of interests, in particular those of the Company, its shareholders, its employees, its creditors, and the general public. The board of management must, in particular, take into account the shareholders' rights to equal treatment and equal information.

According to German stock corporation law, individual shareholders, like any other person, are prohibited from using their influence on the Company to cause a member of the board of management or supervisory board to act in a manner that would be detrimental to the Company. Any person who uses his or her influence to cause a member of the board of management or the supervisory board, a commercial attorney-in-fact (*Prokurist*) or an authorized agent to act in a manner that damages the Company or its shareholders is required to compensate the Company for the damage suffered by it as a result. In addition, the members of the board of management and the supervisory board are jointly and severally liable if they have acted in breach of their duties and the Company has suffered damage as a result.

Generally, a shareholder has no standing to bring a court action against members of the board of management or the supervisory board if that shareholder believes that the relevant members have breached their duties toward the Company and that the Company has suffered damage as a result. As a rule, compensatory damages claims on the part of the Company against members of the board of management or the supervisory board may be enforced only by the Company itself, in which respect

the Company is represented by the board of management where claims are brought against supervisory board members, and by the supervisory board where claims are brought against board of management members. The supervisory board is required to assert against the board of management any compensatory damages claims that are foreseeably enforceable, unless substantial interests of the Company argue against the assertion of such claims and such arguments outweigh or are at least equal to the arguments in favor of asserting them.

Should the respective governing body authorized to represent the Company decide not to prosecute a claim, compensatory damages claims of the Company against members of the board of management or the supervisory board must be asserted if the general meeting so resolves by simple majority of votes cast, although the general meeting may appoint a special representative to assert the claims. Shareholders whose shares collectively constitute 10 % of the share capital or a *pro rata* amount of € 1 million may also petition for the judicial appointment of a special representative to assert the compensatory damages claims, who, if appointed, becomes responsible for this in place of the Company's governing bodies. If there are facts in evidence which justify the suspicion that the Company has suffered damage as a result of impropriety or a gross breach of duties, shareholders whose shares collectively constitute 1 % of the share capital or a *pro rata* amount of € 100,000 may, subject to certain requirements, furthermore be granted leave by the competent court to assert compensatory damages claims of the Company against members of the relevant governing bodies in their own name on the Company's behalf.

The Company may not waive or settle compensatory damages claims against members of the governing bodies until three years after a given claim has vested, and then only if the shareholders so resolve by simple majority of votes cast at the general meeting and provided that no minority of shareholders whose shares collectively constitute at least 10 % of the share capital place an objection on the record of the notary. Shareholders and shareholder associations may use the shareholders' forum of the Federal Gazette (*Bundesanzeiger*), which may also be accessed on the website of the companies register (*Unternehmensregister*), to request other shareholders to, collectively or by proxy, petition for a special review (*Sonderprüfung*) or request that the general meeting be convened or to exercise their voting rights at the general meeting.

17.2 BOARD OF MANAGEMENT

17.2.1 General

Pursuant to the Company's Articles of Association, the board of management consists of at least two members. The exact number of members of the board of management is determined by the supervisory board. The board of management currently has four members. The supervisory board is responsible for appointing and dismissing members of the board of management. It may designate a member of the board of management to serve as chairman or speaker. Deputy members of the board of management may also be appointed. Members of the board of management are appointed for a maximum term of five years. They may be reappointed for a further term of five years in each case. The supervisory board may dismiss a member of the board of management for good cause prior to the end of the term, for example in the event of a gross breach of duty or where the general meeting issues a vote of no confidence with respect to that member. A distinction must be drawn between the legal relationship between a member of the board of management and the Company, established on the basis of that member's appointment to the board of management, and the service agreement between the board of management member and the Company. This service agreement is also subject to a maximum term of five years, although it is permissible to provide for its automatic extension in the event the appointment is renewed. Otherwise, the service agreement and termination thereof are governed by the provisions of the BGB pertaining to service relationships.

If the supervisory board does not issue rules of procedure for the board of management, the board of management may issue rules of procedure for itself. In this case, the supervisory board adopted a business allocation plan for the board of management and the board of management issued rules of procedure for itself. Resolutions of the board of management are adopted by simple majority of the votes cast. The board of management has a quorum if all members of the board of management have been invited and at least 50 % of its members participate in the meeting personally or via electronic media. The Company is represented by two members of the board of management or by one member of the board of management acting jointly with a commercial attorney-in-fact (*Prokurist*). A member of the board of management is generally prohibited from entering into legal transactions with himself or herself in the Company's name or voting on any such transactions.

The members of the board of management manage the business of the Company jointly (principle of joint management). Nevertheless, the individual members of the board of management act independently and bear responsibility for their respective department (*Ressort*), although they must place the general interests of the Company above those of their respective department.

17.2.2 Members of the Board of Management

The following provides more detailed information on the current members of the board of management, including their year of birth, the date on which they were first appointed, the date on which their current appointment expires, the position they currently hold at the Company and their areas of responsibility as well as other positions they have held in the administrative, management and supervisory bodies or as partners at companies outside the Uniper Group during the past five years.

Name	Year of birth	Date of first Appointment	End of period of Appointment	Areas of responsibility	Positions held outside the Uniper Group during the last five years
Klaus Schäfer (Chief Executive Officer ("CEO"))	1967	December 30, 2015	December 29, 2020	Strategy, Corporate Development & M&A, Legal & Compliance, Political Affairs & Regulatory, Communications & Investor Relations, Corporate Audit, HR, Russia and national management for the United Kingdom, Sweden, France and the Benelux countries	Member of the board of management of E.ON SE (2013 to 2015); Shareholders' Committee of Nord Stream AG; Vice President of the International Business Congress (IBC); Vice Chairman of the Committee on Eastern European Economic Relations; advisory board of HSBC Trinkhaus & Burkhardt AG (2014 to 2016); President of E.ON Italia S.p.A. (2015 to 2016); Chairman of the supervisory board of E.ON Business Services GmbH (2013 to 2015)
Christopher Delbrück (Chief Financial Officer ("CFO"))	1966	December 30, 2015	December 29, 2020	Risk Management, Finance, Tax, Accounting & Financial Control, Commercial, and Operational Controlling and Financial Organization Russia as well as for IT & Operations	Shareholders' Committee of Nord Stream AG (since 2013); member of the supervisory board of E.ON IT GmbH (today E.ON Business Services GmbH) (from 2010 to 2013)
Eckardt Rümmler (Chief Operating Officer ("COO"))	1960	December 30, 2015	December 29, 2020	HSSE, Plant Management, Plant Operation, Nuclear Power, Gas Storage, Engineering, Operational Excellence and Third Party Business & Infrastructure	CEO of E.ON Climate & Renewables GmbH (2013 to 2015); member of the supervisory board of E.ON Energie AG (until 2013); member of the supervisory board of E.ON Kernkraft GmbH (today PreussenElektra GmbH) (until 2015), of which temporarily Chairman
Keith Martin (Chief Commercial Officer ("CCO"))	1968	March 1, 2016	February 28, 2019	Coal, LNG & Freight, Electricity & Gas, E&P (Yuzhno-Russkoye), Sales, Group Purchasing, Real Estate Management	Executive Director Global Business Development Gazprom Marketing & Trading (2011 to 2013); Vice President Gas, Power, Carbon and LNG at Petrochina (2013 to 2016)

Klaus Schäfer

Klaus Schäfer, born 1967, studied business administration at the Universität Passau (Germany) from 1988 to 1990. After completing his basic studies (*Vordiplom*), he transferred to the ESCP Europe School of Management, Paris, France, Oxford, UK, and Berlin, Germany, where he completed his degree in business (*Dipl.-Kfm.*) in 1993. That same year, he joined Morgan Stanley & Co. Limited,

London (UK) as an M&A analyst. From 1996 until the merger with VEBA into the E.ON Group in 2000, he worked at VIAG AG, Munich (Germany), most recently as Deputy Head of Controlling. Since 2000, Mr. Schäfer has held various positions within the E.ON Group. From 2000 to 2003, he served as Head of Corporate Strategy at E.ON AG, Düsseldorf (Germany); from 2003 to 2006 as CFO at Thüga AG, Munich (Germany); from 2006 to 2007 as CEO of E.ON Sales & Trading GmbH, Munich (Germany); from 2007 to 2010 as chairman and amministratore delegato of E.ON Italia S.p.A., Milan (Italy); from 2010 to 2013 as CEO of E.ON Ruhrgas AG, Essen (Germany); and from 2011 to 2013 as CEO of E.ON Global Commodities SE, Düsseldorf (Germany). From 2013 to 2015, Mr. Schäfer served as member of the board of management and CFO of E.ON SE, Düsseldorf (Germany). Since December 30, 2015, he has served as CEO of Uniper SE and is responsible for Strategy, Corporate Development & M&A, Legal & Compliance, Political Affairs & Regulatory, Communications & Investor Relations, Corporate Audit, HR, Russia and national management for the United Kingdom, Sweden, France and the Benelux countries.

Christopher Delbrück

Christopher Delbrück, born 1966, studied from 1986 to 1988 at the Universität Heidelberg (Germany), earning a B.A. in economics, and from 1988 to 1993 at the Universität Kiel (Germany), where he earned a degree in economics. He then went on to study at Harvard University in Cambridge, Massachusetts (United States), completing his studies in 1995 with a Master of Public Administration. After completing his education, Mr. Delbrück worked from 1995 to 1999 at the Boston Consulting Group, Hamburg (Germany), where he began as a consultant and later served as case leader. 2000/2001 he served as managing director at Decision Warehouse Softwareunternehmen, Hamburg (Germany). In 2002, he joined the E.ON Group, where he served as Vice President Corporate Development, Central Europe and European Gas from 2002 to 2005. From 2005 to 2010 he worked within the group for E.ON Sverige AB, Malmö (Sweden) as Managing Director Business Development until 2007, as Chief Financial Officer from 2007 to 2010 and from 2009 also as Deputy Chief Executive Officer. He then returned to Düsseldorf (Germany) to serve as Chief Financial Officer at E.ON Energy Trading SE and from 2011 to 2013 also served as Chief Financial Officer at E.ON Ruhrgas AG, Essen (Germany) and in 2013 as Chief Financial Officer at E.ON Global Commodities SE, Düsseldorf (Germany). From 2013 to 2016, he served as Chief Executive Officer of Uniper Global Commodities SE, Düsseldorf (Germany) (formerly E.ON Global Commodities SE). Since December 30, 2015, he has served as CFO of Uniper SE and is responsible for Risk Management, Finance, Tax, and Accounting & Financial Control, as well as Commercial and Operational Controlling and Financial Organization Russia as well as for IT & Operations.

Eckhardt Rümmler

Eckhardt Rümmler, born 1960, studied Marine Engineering at the Fachhochschule Hamburg (Germany) from 1980 to 1984, earning an engineering degree (*Dipl.-Ing.*) in 1984. From 1984 to 1986, he worked for the Helmut Bastian shipping company, Bremen (Germany), before joining Steag AG, Essen (Germany) where he worked in power plant development, commissioning, and operations. At the E.ON Group, he worked from 1994 to 2005 at then PreussenElektra Aktiengesellschaft, Hanover (Germany) (later known as E.ON Energie AG, Munich (Germany) and at then E.ON Kraftwerke GmbH, Hanover (Germany) in various capacities, including as Head of Process Technology and Head of the Process Engineering Unit at the headquarters in Hanover, Germany, and as Plant Manager, Staudinger power plant, and from 2005 to 2007 as Senior Vice President for Energy Optimization at E.ON Energie AG, Munich (Germany). From 2007 to 2010, he served as Senior Vice President for Upstream/Generation at E.ON AG, Munich (Germany) and from 2010 to 2013 as Senior Vice President for Strategy & Corporate Development at E.ON SE, Düsseldorf (Germany). From 2013 to 2015, Mr. Rümmler served as CEO of E.ON Climate & Renewables GmbH, Essen (Germany), as CEO of E.ON Generation GmbH, Düsseldorf (Germany) from 2014 to 2015, and as CEO of Global Unit Next Generation in 2015. He was also a member of the supervisory board of several E.ON Group companies. Since December 30, 2015, he has served as member of the board of management of the Company and as the Company's Chief Operating Officer (COO) responsible for HSSE, Plant Management, Plant Operation, Nuclear Power, Gas Storage, Engineering, Operational Excellence and Third Party Business & Infrastructure.

Keith Martin

Keith Martin, born 1968, studied history at Liverpool University (United Kingdom) from 1987 to 1990. After completing his B.A., he worked for Shell UK as an Analyst in Supply & Logistic from 1990 to 1995. From 1991 to 1996, he also worked as manager of retail at Shell UK. From 1996 to 2000, Mr. Martin served as divisional Director of Optimization and Logistic at Shell UK, after which he worked for Shell Energy Trading as Manager of European Energy Trading from 2000 to 2005. Thereafter, Mr. Martin joined Gazprom Marketing & Trading, London (UK), where he held various positions in the period from 2005 to 2013, serving as Commercial Director from 2005 to 2009 and as Executive Director Global Business Development from 2011 to 2013. From 2013 until February 20, 2016, Mr. Martin served as Vice President Gas, Power, Carbon and LNG at Petrochina, London (UK). Since March 1, 2016, he has served on the board of management of Uniper SE as Chief Commercial Officer (CCO) responsible for Coal, LNG & Freight, Electricity & Gas, E&P (Yuzhno-Russkoye), Sales and Operations, Group Purchasing, Real Estate Management.

The members of the board of management may be contacted at the Company's business address.

17.2.3 Board of Management compensation

The current members of the Company's board of management were appointed as of December 30, 2015 and, beginning on January 1, 2016, received compensation pursuant to their service agreements, with the exception of Mr. Martin, who was only appointed as of March 1, 2016 and has only received compensation since that date (*pro rata* for fiscal year 2016). Until the current members of the board of management were appointed, the supervisory board of the Company, which until December 17, 2015 had been operating under the name E.ON Kraftwerke GmbH and from December 18, 2015 until April 14, 2016 as Uniper AG, had appointed managing directors or interim members of the board of management, respectively, although the managing directors withdrew from office when the change of legal form entered into effect on December 18, 2015, and the interim members of the board of management withdrew from office effective December 30, 2015. No service agreements were in place between the managing directors or interim members of the board of management appointed in fiscal year 2015 and E.ON-Kraftwerke GmbH or Uniper AG, respectively, nor did they receive any compensation for their services at E.ON Kraftwerke GmbH or Uniper AG, respectively.

However, the Combined Financial Statements contain information on expenses for the members of management on the basis of a cost allocation key dependent on the number of employees based on the compensation for members of the board of management of E.ON SE, because until December 31, 2015, the Uniper Group was under centralized management of E.ON SE's board of management. This amount does not reflect the actual compensation received by the Company's management for fiscal year 2015.

Following his appointment as member of the board of management and CEO, Uniper AG granted Mr. Schäfer a multi-year bonus in the amount of € 636,000 including for fiscal year 2015 in the context of transitioning his contractual claims against E.ON SE. E.ON SE's supervisory board decided against granting Mr. Schäfer any further virtual E.ON shares under the relevant long-term incentive scheme for the board of management of E.ON SE in view of his upcoming transfer in 2015.

The compensation scheme contained in the service agreements of the members of the board of management of the Company is described below.

(i) Compensation scheme

The Company's scheme for board of management compensation aims to create incentives for long-term, performance-driven corporate governance. The compensation for the members of the board of management comprises the following components, which take into account their respective functions and responsibilities.

The compensation scheme is competitive and complies with regulatory requirements.

(a) Non-performance-based components

The members of the Board or Management receive a fixed base compensation, which is paid in the form of a monthly salary. For the full fiscal year 2016, the fixed base compensation for Klaus

Schäfer is € 1,240,000; the fixed base compensation for Christopher Delbrück, Keith Martin and Eckhardt Rümmler, respectively, is € 700,000.

Additionally, non-cash benefits and perquisites are granted, such as continued benefits in the event of short-term disability, provision of a company car, contributions toward costs in connection with preventive medical care, as well as accident insurance and D&O Insurance with a deductible in line with statutory requirements.

As of March 1, 2016, Mr. Martin was appointed as member of the Company's board of management. The Company has agreed to assume any moving and broker expenses Mr. Martin may incur and will assume the rental costs for maintaining a second residence for a maximum of two years. Uniper SE has furthermore agreed to compensate any documented bonus commitments and long-term incentives forfeited with his former employer as a result of his transfer to the Company. This commitment covers a sum equivalent to € 4,044,039 paid in 2016 and a further sum of \$ 2,220,000 payable in the foreign currency in 2017.

(b) Performance based components

Performance-based components include variable compensation (bonus) and long-term, share-based compensation:

Variable compensation (bonus)

The variable compensation component (bonus) is tied to the Company's business performance in the respective prior fiscal year. The supervisory board may also adjust this to reflect individual performance (factor 0.7 – 1.3). At the start of each fiscal year, the supervisory board sets clearly defined targets for specific performance indicators (Adjusted EBITDA for the transitional year 2016, thereafter the Company's business performance is measured using the Adjusted FFO). The bonus target amount (100 %) corresponds to approximately 63 % of the fixed base compensation and for the full fiscal year 2016 amounts to € 775,000 for Mr. Schäfer and € 435,000 for Mr. Delbrück, Mr. Martin and Mr. Rümmler, respectively. The bonus is capped at 200 % of the target amount. Subject to any taxes, the bonus is generally paid out in cash in April of the following year.

Long-term share-based compensation

The members of the board of management are entitled to participate in a cash-based long-term incentive ("LTI") plan. The payout amounts under the LTI plan are based on an LTI target amount, which is granted at the start of the performance period as a future claim. The plan launches annually, with a performance period of 4 years in each case. The performance target on which the payout is based is measured using absolute Total Shareholder Return ("TSR") at the end of the performance period against previously calibrated target values.

The LTI target amount (100 %) corresponds to 88 % of the base compensation and for the full fiscal year 2016 amounts to € 1,085,000 for Mr. Schäfer and € 615,000 for Mr. Delbrück and Mr. Rümmler, respectively. The target amount for Mr. Martin, who took up his position as a member of the board of management on March 1, 2016, is € 512,000. The LTI is capped at 400 % of the target amount (payment cap). The LTI payout is made only upon reaching a calibrated threshold (absolute TSR). If this is achieved exactly, the members of the board of management receive a payout equivalent to 50 % of the target amount. The payout amount is calculated by multiplying the LTI target amount by a performance factor to which certain parameters are assigned. If TSR performance lies within those parameters, the performance factor is calculated by linear interpolation of the target performance based on the relevant parameters. If the threshold is not achieved, no payout is made. The long-term compensation is generally paid out in cash at the end of the performance period.

(c) Pension benefit commitments

The Company has agreed with the members of the board of management a defined contribution pension plan based on the Uniper board of management contribution plan.

The Company provides the members of the board of management notional contributions equivalent to a maximum of 18 % of their eligible compensation (base compensation and target bonus). The amount of annual contributions is made up of a fixed base percentage (14 %) and a

matching contribution (4 %). The matching contribution will only be granted if the board of management member makes a minimum contribution in the same amount by deferring compensation. The matching contribution financed by the Company will be suspended if the dividend distribution corridor set by the supervisory board is not met for three consecutive years. The credits are converted in accordance with actuarial principles into units of capital (based on age 62) and accrue to the pension accounts of the board of management members. The units of capital earn interest at the yield of long-term government bonds of the Federal Republic of Germany observed in the respective fiscal year. The board of management members (upon reaching the age of 62), or their surviving dependents, may opt to have the accrued balance on their pension account paid out in the form of a pension, in installments or in a lump sum amount. In accordance with the provisions of the German Act to Improve Company Pension Schemes (*Gesetz zur Verbesserung der betrieblichen Altersversorgung*, "**BetrAVG**"), the company-financed pension entitlements earned by the members of the board of management vest after five years.

The pension commitment for Mr. Schäfer under the defined contribution plan was transferred from E.ON SE to Uniper AG unchanged with an accumulated (base and matching contributions) account balance of € 3,911,090. The pension commitments for Mr. Delbrück and Mr. Rümmler were likewise transferred to Uniper AG by the respective former employers and at the same time transferred from a final pay scheme into the above-described defined contribution scheme, while the expectancy interests already vested under the existing commitments were converted into starting balances. The starting balance for Mr. Delbrück is € 3,163,620 and for Mr. Rümmler € 3,450,091, each based on a contractual age at maturity of 62. The former employers each paid compensation to the Company equivalent to the corresponding transfer values.

Provisions for pensions and similar obligations vis-à-vis members of the board of management amounted to € 11 million as of June 30, 2016.

(d) *Commitments in connection with termination of Board of Management membership*

The service agreements for members of the board of management provide for a cap on severance benefits as recommended by the German Corporate Governance Code (the "**Code**").

If the appointment to the board of management and the relevant service agreement are terminated prematurely without good cause, any severance benefits payable are capped at two year's total compensation, and may in no case exceed the compensation for the remaining term. This cap is calculated in accordance with the provisions in point 4.2.3 of the Code. If good cause within the meaning of section 626 of the BGB is given, no severance benefits are payable. In the event of a change of control, the following special provisions apply.

If members of the board of management lose their position due to a change-of-control event, they are entitled to severance benefits. The change-of-control provision assumes a change-of-control event in the following three cases: (i) a third party directly or indirectly acquires at least 30 % of the voting rights and thus reaches the control threshold defined in the German Securities and Takeover Act (WpÜG); (ii) the Company enters into an intercompany agreement as a dependent entity; or (iii) the Company merges with another legal entity pursuant to section 2 *et seq.* UmwG not affiliated with the group, unless the enterprise value of such other legal entity constitutes less than 20 % of the enterprise value of the Company as of the date on which the resolution is adopted. An entitlement to severance benefits arises if within a period of 12 months following the change of control the board of management member's service agreement is terminated by mutual agreement, expires or if the board of management member gives notice of termination; in the latter case only if the position as member of the board of management is materially affected as a result of the change of control. The severance benefits of the members of the board of management consist of the base compensation and target bonus (100 %) as well as perquisites for a period of two years from the date of the premature termination of the service agreement. In accordance with the Code, these severance payments may not exceed 150 % of the above-described cap.

The service agreements for the members of the board of management contain a post-contractual non-compete covenant in accordance with section 88 of the AktG. The members of the board of management are prohibited from directly or indirectly working for any company considered to be a direct or indirect competitor of the Company or any of its affiliates for a period of six months from the date on which the service agreement terminates. For the period of such restrictive covenant, members of the board of management receive a compensatory payment equivalent to 100 % of their contractual

annual target compensation (excluding long-term variable compensation), but at least 60 % of the benefits most recently drawn under their contracts.

(e) *D&O Insurance*

The Company maintains D&O insurance for the members of the board of management and the supervisory board. In accordance with German stock corporation law and the recommendation of the Code, the insurance policy provides for a deductible equivalent to 10 % of the respective loss or damage for the board of management members, with an annual cap of 150 % of their annual fixed base compensation.

(f) *Special incentive commitment in connection with the spin-off*

In March 2016, the supervisory board of the Company granted the members of the board of management of the Company a special incentive, the payout and amount of which were contingent on the success of the spin-off. Condition for the payout of this special incentive is that E.ON SE's general meeting approves the spin-off in June 2016 and that the spin-off is recorded in E.ON SE's commercial register by no later than March 2017. The amount of the payout depends, *inter alia*, on the market capitalization, the credit rating and the enterprise value/Adjusted EBITDA of the Company as compared to a defined peer group. The supervisory board of the Company will evaluate these performance criteria, also in view of general market conditions. The supervisory board will also make a discretionary assessment of the contributions made by the individual members of the board of management. For Mr. Schäfer, the target value is € 1,240,000. For Mr. Delbrück, Mr. Martin and Mr. Rümmler, respectively, the target value is € 700,000. Taking into consideration the aforementioned performance criteria, the payout amount may range from 50 % to 150 % of the target value. In the event a member of the board of management withdraws prematurely before the four-year period from the date on which the spin-off enters into effect expires, the special incentive must be repaid on a *pro rata temporis* basis in staggered payments.

(g) *Guidelines on obligation to hold shares*

The grant of the special incentive is subject to the condition that in the context of their shareholding obligations, the members of the board of management commit to acquiring a portfolio of Uniper shares in an amount equivalent to 100 % of their annual fixed base compensation and to hold these for the duration of their term in office. The timeframe for creation of the stock portfolio amounts to a maximum period of four years from the date on which the spin-off is recorded in E.ON SE's commercial register.

(ii) ***Treatment of E.ON stock awards after the spin-off enters into effect***

In 2015, 2014 and 2013, Mr. Schäfer and Mr. Rümmler were granted long-term variable compensation commitments from E.ON Group companies in the form of virtual shares in E.ON SE. These commitments replicate stock awards, but do not grant any entitlement to shares in E.ON SE, only a future claim to a cash payout. The virtual shares are purely notional accounting items, *i.e.*, they do not confer any rights in the company such as voting or dividend rights in particular. The obligations resulting from these commitments were assumed from companies of the Uniper Group under discharge of the original obligor. The assumption of these obligations is subject to the condition precedent that the spin-off is recorded in the commercial register maintained at the registered office of the Company as the acquiring entity. Similar commitments for prior years still exist for Mr. Schäfer, Mr. Delbrück and Mr. Rümmler at companies of the Uniper Group. For all three members of the board of management, the cash amounts resulting from the virtual shares will be settled and paid out early after the spin-off enters into effect.

(iii) ***Shareholdings of Board of Management members***

Except for indirect holdings in the form of shares in E.ON SE, the members of the board of management do not directly or indirectly hold any shares or options to acquire shares in the Company as of the date of this Prospectus. At the present time, the members of the board of management hold in the aggregate approximately 20,000 shares in E.ON SE, with respect to which approximately 2,000 shares in the Company will be allocated when the spin-off enters into effect insofar as the shareholdings still exist as of that date.

17.3 SUPERVISORY BOARD

17.3.1 General

Pursuant to article 40 (3) of the SEAG, section 21 (3) of the German Act on Employee Participation in European Companies (*Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft*, “SEBG”), part 2 clause 2 of the Agreement on employee participation in the Company under the SEBG dated January 12, 2016 (“**Uniper Participation Agreement**”), and article 8 (1) of the Company’s Articles of Association, the supervisory board consists of 12 members. Six members are elected at the general meeting and six members are elected by the employees in accordance with the election procedure stipulated in the Uniper Participation Agreement. Former members of the board of management are generally prohibited from serving on the supervisory board for a qualifying period of two years. This is designed to avoid conflicts of interest. However, an exception to this will be made if shareholders whose voting interest in the Company exceeds 25 % propose the election to the supervisory board.

Unless a shorter period is stipulated at the time of their appointment, supervisory board members are appointed until the close of the annual general meeting that ratifies their actions for the fourth fiscal year after the start of the term of office. The year in which the term of office starts is not included in this calculation. The general meeting may stipulate a shorter term of office. Supervisory board members may be re-elected. The general meeting may revoke the appointment of a supervisory board member elected by it with a majority of at least 75 % of the votes cast. Substitute members may be elected for the shareholder representatives on the supervisory board to replace supervisory board members who leave office prematurely in the order stipulated at the time of their election. The term of a substitute member for a shareholder representative on the supervisory board expires with the end of the general meeting in which a successor for the departing supervisory board member is appointed, but no later than the expiration of the departing supervisory board member’s term.

The supervisory board elects a chairman and at least one deputy chairman from among its ranks for the duration of their respective term of office. If the chairman withdraws before his or her term of office has expired, the supervisory board must promptly hold a new election to appoint a successor for the remaining term of office of the departing member. If a deputy chairman withdraws before his or her term of office has expired, a new election must be held no later than at the next regular meeting of the supervisory board following his or her departure. The deputy chairman exercises the rights and duties of the chairman of the supervisory board in the latter’s absence.

As a rule, resolutions of the supervisory board are adopted at physical meetings. The Articles of Association provide that absent members may participate in the adoption of resolutions by having written or signed votes delivered to other members of the supervisory board in the form of a fax or electronic copy. Resolutions may also be adopted by procuring votes in text form, by telephone, by video conference or with the aid of other electronic media, provided that no member of the supervisory board objects to the procedure. The supervisory board has a quorum if all the members have been invited and at least 50 % of its members participate in the adoption of the resolution. Unless a qualified majority is prescribed by law or the Articles of Association, the supervisory board adopts its resolutions by simple majority of the votes cast. In the case of a tie vote, the supervisory board chairman, or in his absence the deputy chairman (provided he is a shareholder representative), has the casting vote.

The supervisory board has to oversee the board of management in managing the Company. The supervisory board has the right to inspect and audit the Company’s books and records as well as its assets. The board of management is required to provide regular reports to the supervisory board, the scope of which is defined by law. The supervisory board may at any time request reports and whatever information it may require in order to properly oversee management by the board of management.

Pursuant to article 10 (3) of the Company’s Articles of Association, the following types of transactions require the prior consent of the supervisory board:

- Fixing investment, financial and personnel plans of the Group for the following fiscal years (budget);
- Acquiring or selling companies, shareholdings or operations (except for financial investments) as well as investments in tangible assets, providing that the fair market value or, in the absence of the fair market value, the book value of each transaction is in excess of € 300 million; this does not apply in the event of intra-group acquiring or selling;

- Financing measures which are not covered by resolutions of the supervisory board on financial plans and where the value of each transaction exceeds € 1 billion; this does not apply to intra-group financing measures;
- Concluding, amending or terminating intercompany agreements.

The Articles of Association provide that the supervisory board may make other types of transactions and measures contingent on the supervisory board's prior consent.

If the supervisory board withholds its consent, the board of management may request the general meeting to decide on the consent issue. The resolution granting consent by the general meeting requires a majority of at least 75 % of the votes cast. The supervisory board may at any time amend the list of transactions which are subject to consent.

17.3.2 Deconsolidation agreement

Once the Company is listed on the stock exchange, E.ON SE and the Company intend to enter into a deconsolidation agreement aimed at deconsolidating the Uniper Group at the latest by the first half of 2017. The deconsolidation agreement will contain provisions to the effect that E.ON SE and E.ON Beteiligungen GmbH will not exercise voting rights at the general meeting of the Company for the election of supervisory board members. The agreement aims to ensure that, despite the indirect minority interest of 46.65 % E.ON SE initially still holds in the Company, which is expected to represent a majority of the capital represented by those in attendance at the general meeting of the Company, the obligation to fully consolidate the Uniper Group in the consolidated financial statements of E.ON SE will be terminated (see "12. Certain Relationships and Related Party Transactions — 12.1 Relationship to the E.ON Group — 12.1.10 Personal connection with E.ON Group and voting agreement").

17.3.3 Members of the Supervisory Board

The following provides an overview of the members of the Company's supervisory board, including the positions they have held in the administrative, management and supervisory bodies or as partners at companies outside the Company and its subsidiaries during the past five years. Unless otherwise indicated, the positions outside the Uniper Group are current.

<u>Name</u>	<u>Start of term of office</u>	<u>End of term of office (date of the annual general meeting)</u>	<u>Other positions outside the Uniper Group</u>
Dr. Bernhard Reutersberg (Chairman)	December 18, 2015 ⁽¹⁾	2017	Member of the board of management of E.ON SE (2010 to 2016, in his final year as Chief Markets Officer); Chairman of the supervisory board of E.ON Czech Holding AG (2014 to 2015), E.ON Hungaria Zrt (2011 to 2015), E.ON Energie AG (2010 to 2013), member of the supervisory board of E.ON Sverige AB (since 2010, Chairman from 2010 to 2015); member of the supervisory board of E.ON España S.L. (2010 to 2015), E.ON Italia S.p.A. (2010 to 2015); member of the Shareholders' Committee of Nord Stream AG (2008 to 2015)
Dr. Johannes Teyssen	December 18, 2015 ⁽¹⁾	2017	CEO of E.ON SE (since 2010); member of the supervisory board of Salzgitter AG (2010 to 2015); member of the supervisory board of E.ON Energie AG (until 2011) and Deutsche Bank AG (since 2008)

Michael Sen	December 18, 2015 ⁽¹⁾	2017	Member of the board of management of E.ON SE (since 2015); Chief Financial Officer Healthcare/member of the Managing Board of Siemens AG (until 2015); member of the Board of Managing Directors of Siemens Healthcare GmbH (2015), member of the Investment Committee at Siemens Venture Capital GmbH (2009 to 2013); member of the advisory board of Siemens Venture Capital Healthcare GmbH (2010 to 2011), member of the Managing Board of Siemens Ltd. China (2009 to 2014), Siemens Healthcare K.K. (2013 to 2015), Siemens Japan Holding K.K. (2013 to 2015), Siemens Ltd. Seoul (2013 to 2014), Siemens Healthcare Diagnostics Inc. (until 2013), Siemens Medical Solutions United States, Inc. (until 2013); Chairman of the Audit Committee of Siemens Medical Solution United States, Inc. (until 2013)
Karl-Heinz Feldmann	April 14, 2016	2017	Member of the Board of Directors of E.ON Beteiligungen GmbH, E.ON 10. Verwaltungs GmbH, E.ON Fünfundzwanzigste Verwaltungs GmbH, E.ON Iberia Holding GmbH E.ON Sechzehnte Verwaltungs GmbH, E.ON Zweiundzwanzigste Verwaltungs GmbH, E.ON RAG Beteiligungs GmbH, Gelsenberg Verwaltungs GmbH; member of the supervisory board of Hamburger Hof Versicherungs AG (until 2016) PreussenElektra GmbH, E.ON Energie AG, E.ON Italia S.p.A.; Chairman of the board of the Energie Verwaltungs- und Sicherungstreuhand e.V.
Dr. Verena Volpert	April 14, 2016	2017	Managing Director of E.ON Finanzanlagen GmbH, E.ON Insurance Services GmbH and E.ON Ruhrgas GPA GmbH; member of the board of the Energie Verwaltungs- und Sicherungstreuhand e.V.; member of the supervisory board of E.ON International Finance B.V. and Saarschmiede GmbH Freiformschmiede
Dr. Marc Spieker	April 14, 2016	2017	CFO of E.ON Climate & Renewables GmbH; CFO of E.ON España S.L. (2011 to 2012)
Ingrid Åsander	April 14, 2016	2022 ⁽²⁾	Finance Controller, Sydkraft Hydropower AB (Uniper Group)
Oliver Biniek	April 14, 2016	2022 ⁽²⁾	Employee, Uniper-Anlagenservice GmbH (Uniper Group), Member of the Works Council
Barbara Jagodzinski	April 14, 2016	2022 ⁽²⁾	Employee, Uniper Global Commodities SE (Uniper Group), Chairperson of the Works Council
Andre Muilwijk	April 14, 2016	2022 ⁽²⁾	Employee (Uniper Group), Member of the Works Council
Andreas Scheidt	April 14, 2016	2022 ⁽²⁾	Employee, Member of the supervisory board of WSW Wuppertaler Stadtwerke GmbH, WSW Energie und Wasser AG, WSW mobil GmbH (until 2015 in each case) and E.ON SE, Member of the Works Council
Harald Seegatz	April 14, 2016	2022 ⁽²⁾	Employee, Uniper Kraftwerke GmbH (Uniper Group), Chairman of the ver.di Federal Committee (since 2016), Member of the Works Council

- (1) Start of the term of office as a member of the supervisory board of Uniper AG. The term of office as a member of the supervisory board of Uniper SE started when the conversion into a SE entered into effect on April 14, 2016.
- (2) The employee representatives on the supervisory board have already been appointed for a second term of office.

It is intended that Dr. Johannes Teyssen, Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker will resign from office at the latest by the end of the first half of 2017. The following four persons are then to be court-appointed (taking into account limitations due to preceding activities) as members of the supervisory board or proposed to the general meeting of the Company as shareholder representatives on the supervisory board:

- Jean-Francois Cirelli,
- David Charles Davies,
- Dr. Marion Helmes, and
- Rebecca Ranich.

Dr. Bernhard Reutersberg and Michael Sen are to remain in office beyond the first half of 2017 as well; Dr. Bernhard Reutersberg is to continue to serve as Chairman of the supervisory board.

Dr. Bernhard Reutersberg

Dr. Bernhard Reutersberg, born 1954, trained as a banker at Deutsche Bank AG in Düsseldorf (Germany) from 1975 to 1977 before studying business management at the Westfälische Wilhelms-Universität Münster (Germany) from 1977 to 1981. After completing his degree in business administration (*Dipl.-Kfm*) in 1981, he studied at the Institute of Transport Economics, Münster (Germany) earning his doctorate (*Dr. rer. pol.*) in 1985. In 1984, Dr. Reutersberg joined Henkel KGaA in Düsseldorf (Germany), where he worked as a marketing assistant from 1984 to 1986 and then as international product manager from 1986 to 1988. From 1988 to 1990 he was employed at Henkel Austria, Vienna (Austria) as Director of Marketing and Sales. Dr. Reutersberg worked from 1990 to 1991 as marketing director at the Henkel Group company Loctite Corp., Automotive and Consumer Group, in Cleveland, Ohio (United States) and from 1991 to 1992 as Director of Product Management at Henkel KGaA in Düsseldorf (Germany). From 1992 to 1999, Dr. Reutersberg was employed at Joh. Vaillant GmbH und Co. KG, Remscheid (Germany), where he held various positions, the last of which was Deputy Managing Director of Marketing and Sales (from 1998 to 1999). In 1999, he joined Bayernwerk Vertriebsgesellschaft mbH, Munich (Germany), where he served as managing director until 2000. Dr. Reutersberg joined the E.ON Group in 2000, where he initially served as chairman of the board of management of E.ON Vertrieb GmbH, Munich (Germany) from 2000 to 2002 and from 2001 to 2002 also as member of the board of management of E.ON Trading GmbH, Munich (Germany) and from 2001 to 2006 as member of the board of management of E.ON Energie AG, Munich (Germany). From 2006 to 2010, Dr. Reutersberg worked at E.ON Ruhrgas AG, Essen (Germany), where he served as member of the board of management from 2006 to 2008 and thereafter as chairman of the board of management from 2008 to 2010. From 2010 until June 30, 2016, he served as member of the board of management, responsible for regional markets, and thereafter served as Chief Markets Officer of E.ON SE, Düsseldorf (Germany). In addition, he was a member of the supervisory board of several E.ON Group companies. Since May 3, 2016, Dr. Reutersberg has served as Chairman of the supervisory board of Uniper SE.

Dr. Johannes Teyssen

Dr. Johannes Teyssen, born 1959, studied economics and law at the universities of Freiburg and Göttingen (Germany) from 1979 to 1984. After a research year placement in Boston, Massachusetts (United States), Dr. Teyssen worked as a research assistant at the University of Göttingen from 1984 to 1986. He then began his legal internship at the Higher Regional Court (OLG) of Celle (Germany), which lasted from 1986 to 1989. He received his doctorate (*Dr. jur.*) from the University of Göttingen in 1991. After his internship, Dr. Teyssen worked at PreussenElektra Aktiengesellschaft in Hanover (Germany) from 1989 to 1998 before being appointed Head of the Energy and Corporate Law Department from 1991 to 1994 and then Head of Legal Affairs (Regional Utilities) from 1994 to 1998. After his time at PreussenElektra Aktiengesellschaft, Hanover (Germany), he moved to HASTRA (Hannover-Braunschweigische Stromversorgung) AG in Hanover (Germany), where he served as a

member of the board of management from 1998 to 1999. In 1999, HASTRA merged with four other energy utilities to become AVACON AG, domiciled in Helmstedt (Germany). Dr. Teyssen was appointed Chairman of the board of management from 1999 to 2001. He joined the board of management of E.ON Energie AG, Munich (Germany) in 2001, where he was responsible for Finance until 2003. Dr. Teyssen served as Chairman of the board of management from 2003 to 2007. He sat on the board of management of E.ON SE, Düsseldorf (Germany) (renamed in 2012) from 2004 to 2008 and served as Vice Chairman and Chief Operating Officer as well as a member of the supervisory boards of various E.ON Group companies between 2008 and 2010. He was also a member of the supervisory board of Salzgitter AG, Braunschweig (Germany) from 2010 to 2015. Dr. Teyssen has been CEO of E.ON SE, Düsseldorf (Germany) since 2010 and a member of the supervisory board of Deutsche Bank AG, Frankfurt am Main (Germany) since 2008.

Michael Sen

Michael Sen, born 1968, completed a commercial apprenticeship at Siemens AG (*Siemens Stammhauslehre*) in Berlin (Germany) from 1988 to 1990 in the power cables unit. From 1991 to 1996, Mr. Sen pursued an MBA at the Technical University of Berlin (Germany), while continuing to work part-time for Siemens AG, Berlin (Germany) in the Gas Turbine Factory (Controlling), gaining practical experience at Siemens in the United States. After his studies, Mr. Sen worked for Siemens in Munich (Germany) from 1996 to 2001 in Corporate Development and Corporate Finance, assuming various operational and strategic projects and numerous leadership responsibilities. Mr. Sen continued to work for Siemens in the Siemens Mobile division from 2001 to 2002 and was appointed Vice President of the Efficiency and Growth programs. In 2003, he moved to the Information & Communication division and assumed commercial responsibility for Siemens' Solutions Business. In 2004 and 2005, he served as CFO Applications & Solutions in the Communication Mobile Networks division. From 2005 to 2007, Mr. Sen managed the Strategy Transformation department within Corporate Development at Siemens in Munich (Germany). He was appointed Head of Investor Relations in 2007, a position he held until 2008. Mr. Sen served as CFO Healthcare and on the Managing Board of Siemens in Erlangen (Germany) from 2008 to 2015. He has been a member of the board of management of E.ON SE in Düsseldorf (Germany) since 2015.

Karl-Heinz Feldmann

Karl-Heinz Feldmann, born 1959, studied law and took the second state examination in 1988 before serving as legal counsel to Hüls AG, Marl (Germany). In 1994, he transferred to the US holding company of Hüls AG (Germany) and was appointed General Counsel of the Group in 1996. From 1999 to 2001, he first served as General Counsel of Stinnes AG (Germany) and then also assumed responsibility for corporate development there. As General Counsel of E.ON SE, Düsseldorf (Germany), he has been Head of Legal & Compliance since 2003. He is a member of the management and supervisory boards of various E.ON Group companies.

Dr. Verena Volpert

Dr. Verena Volpert, born 1960, attended the University of Siegen (Germany), graduating with a degree in business administration (*Diplom Kauffrau*) in 1984. She then worked there as a research assistant and earned her doctorate (*Dr. rer. pol.*) in 1988. In the same year, she joined Bertelsmann AG, Gütersloh (Germany) as Executive Assistant to the CFO. After various positions in the Corporate Center, she was appointed Head of Finance in 1998. Dr. Volpert moved to E.ON SE, Düsseldorf (Germany) as Senior Vice President Corporate Finance in 2006. As part of this role, she also took on various managing director roles and positions on the supervisory bodies of E.ON Group companies, as well as external appointments.

Dr. Marc Spieker

Dr. Marc Spieker, born 1975, studied at the Otto Beisheim School of Management (WHU) in Vallendar (Germany) as well as at the University of Madrid (Spain) and the University of Texas, Austin (United States). He received his doctorate (*Dr. rer. pol.*) from the WHU. Dr. Spieker joined the E.ON Group in 2002. After various roles at Group headquarters and at E.ON Sverige AB, Malmö (Sweden), he assumed responsibility for Corporate Development & Controlling as well as Energy Optimization as Vice President of E.ON SE, Düsseldorf (Germany). From 2011 to 2012, he served as Chief Financial

Officer of E.ON España S.L, Madrid (Spain). From 2012 to the beginning of 2015 he was Head of Investor Relations at E.ON SE, Düsseldorf (Germany). In 2015, he assumed responsibility for the Group-wide "one2two" project (spin-off) aimed at realigning the E.ON Group and the associated spin-off and stock exchange listing of the company. He has been Chief Financial Officer of E.ON Climate & Renewables GmbH, Essen (Germany) since September 1, 2016.

Ingrid Åsander

Ingrid Åsander, born 1956, studied at the College in Östersund (Sweden) from 1977 to 1980 and graduated with a B.Sc. in social work with focus on finance. From 1974 to 1977 Ms. Åsander worked at Jämtland-Härjedalens Idrottförbund, Östersund (Sweden), as Office Administrator. After completing her education in 1980, Ms. Åsander worked from 1980 to 1984 as Accounting Officer at ICA Hakon AB, Sundsvall (Sweden) and she then worked from 1984 to 1989 as Tax Auditor at the Tax Agency in Sundsvall (Sweden). At the Tax Agency, Ms. Åsander was responsible for financial audits of both large and small companies. From 1989 to 1993 she worked as Financial Controller at BÅKAB Energi AB (Bålforsens Kraft Aktiebolag) (Sweden), which was acquired by Sydkraft Hydropower AB in 1993. Ms. Åsander has been working at Sydkraft Hydropower AB since 1993.

Oliver Biniek

Oliver Biniek, born 1967, trained as an industrial mechanic (operating technology) and energy technician from 1988 to 1992. He has worked for the E.ON Group since 1988. From 1989 until 2003 he was a youth representative and independent works council member at E.ON Kraftwerke GmbH, Hanover (Germany) and since 2002 has served as Chairman of the Works Council of Uniper-Anlagenservice GmbH, Gelsenkirchen (Germany).

Barbara Jagodzinski

Barbara Jagodzinski, born 1959, trained as a secretary from 1976 to 1978 and has worked for various E.ON Group companies since 1976. She completed further training to become an executive assistant in 1995. From 2008 to 2013, she worked as a purchaser for training, conferences, events and travel management at E.ON Global Commodities SE, Düsseldorf (Germany), and has been the independent Chairperson of the Works Council of Uniper Global Commodities SE, Düsseldorf (Germany) since 2013.

Andre Muilwijk

André Muilwijk, born 1961, went from 1978 to 1983 to the school Van't Hoff Instituut Rotterdam and graduated with an HBO (Higher professional education) diploma. From 1984 to 1988 Mr. Muilwijk worked for the EZH (Electriciteitsbedrijf Zuid-Holland) as a chemical analyst in Dordrecht (The Netherlands). Thereafter he worked from 1988 to 2000 for EZH / E.ON Benelux N.V. in Maasvlakte (The Netherlands) again as a chemical analyst. During this time, from 1995 to 1997, he studied chemical technologies at the Royal Polytechnic Office of the Netherlands in Arnhem (PBNA) (the Netherlands). In 2000, Mr. Muilwijk became the boundary manager for E.ON Benelux N.V., Maasvlakte (the Netherlands) of Rotterdam/Den Haag/Leiden and worked in this position until 2006. From 2006 to 2009 he worked as a team leader of the civil team (civiel team) for E.ON Benelux N.V., Maasvlakte (the Netherlands). In 2009 he became the quality officer of the HSEQ generation and worked in this position until 2016. Mr. Muilwijk was member of the works council of EZH and E.ON Benelux N.V., Maasvlakte (the Netherlands) from 1999 to 2002. During this time he also served as the chairman of the finance committee. From 2009 to 2011 he was again a member of the works council of E.ON Benelux N.V., Maasvlakte (the Netherlands), as well as the chairman of the finance committee and also a member of the strategy committee. Thereafter, from 2011 to 2014 Mr. Muilwijk served as the secretary of the works council and as the chairman of the finance committee and member of the strategy committee. Since 2014 Mr. Muilwijk is the chairman of the works council as well as a member of the executive committee of the group works council of E.ON SE, Düsseldorf (Germany), and since 2016 he has served as the deputy chairman of the executive committee of the group works council of the Uniper SE.

Andreas Scheidt

Andreas Scheidt, born 1964, trained as an electronics specialist for energy systems and electric systems fitter until 1985. He completed his military service between 1985 and 1986 and worked as an electronics technician at Quante GmbH in Wuppertal (Germany) from 1986 to 1989. He has been employed by WSW Wuppertaler Stadtwerke GmbH (Germany) since 1989. Mr. Scheidt has been a member of the Works Council of WSW Wuppertaler Stadtwerke GmbH (Germany) since 1998 and was an independent member of the Works Council from 2001 to 2012. From 2003 to 2014, Mr. Scheidt was a member of the supervisory boards of WSW Wuppertaler Stadtwerke GmbH, WSW Energie & Wasser AG and WSW mobil GmbH in Wuppertal (Germany). From 2012 to 2014, Mr. Scheidt served as a consultant for codetermination matters at WSW Wuppertaler Stadtwerke GmbH, Wuppertal (Germany). Since July 2014 he has been a member of the ver.di National Executive Board responsible for Energy Supply and Waste Management and since 2015 he has been a member of the supervisory board of E.ON SE, Düsseldorf (Germany).

Harald Seegatz

Harald Seegatz, born 1969, trained as an electronics specialist for energy systems at the Wilhelmshaven power plant from 1985 to 1989. He then worked as an electronics specialist for energy systems there from 1989 to 1994, serving as a youth representative at the Wilhelmshaven power plant from 1986 to 1994. At the same time, Mr. Seegatz pursued part-time training in industrial electrical engineering from 1991 to 1993. From 1994 to 2004, he worked as a power plant shift supervisor in electrical engineering at the Wilhelmshaven power plant and has been a member of the Works Council of the Wilhelmshaven power plant since 1996. Since 2004, Mr. Seegatz has been an independent member of the Works Council of the Wilhelmshaven power plant and has chaired the Works Council since 2006. Mr. Seegatz has also served as an honorary judge at the labor court in Wilhelmshaven since 2004. From 2007 to 2010, Mr. Seegatz gained tertiary qualifications in management, communication as well as codetermination and change at the Institute of Management, Labor Law and Labor Economics (IPPA) in Dortmund in cooperation with the Hamm-Lippstadt University of Applied Sciences, Germany. Mr. Seegatz has been Chairman of the Group Works Council of Uniper SE and a member of the supervisory board of Uniper Kraftwerke GmbH, Düsseldorf (Germany) since 2015. He has also chaired the ver.di Federal Committee for E.ON/Uniper since 2016.

The members of the supervisory board may be contacted at the Company's business address.

17.3.4 Future members

Jean- François Cirelli

Jean-François Cirelli, born 1958, studied from 1977 to 1980 at the Paris Institute of Political Studies (Sciences Po), Paris (France) and Ecole Nationale d'Administration, Strasbourg (France) and received a degree in law in 1981. After completing his education, Mr. Cirelli worked from 1985 to 1995 in the French Ministry of Economy and Finance, Paris (France), where he held different positions including as Alternate Director for France at the International Monetary Fund in Washington (United States). He then worked from 1995 to 2002 as Economic Advisor to the president of the French Republic, Jacques Chirac. After that he worked from 2002 to 2004 as Deputy Chief of Staff to the French Prime Minister Jean-Pierre Raffarin. From 2004 to 2008 Mr. Cirelli served as Chairman and Chief Executive Officer at Gas de France (France) until the merger with Suez (France) in 2008. In 2008, he served as President of GDF SUEZ (France), where he had a direct operational responsibility of all energy activities in Europe until 2014. He also served as Vice President of the Executive Board of Electrabel (Belgium) from 2008 to 2014. From 2010 to 2014 Mr. Cirelli served as President of Eurogas Brussels (Belgium) and from 2009 to 2016 as Member of the supervisory board of Vallourec (France). Furthermore, he served from 2012 to 2016 as Member of the Executive Board of the Institut d'études politiques de Paris (Sciences Po) (France). Since 2015, Mr. Cirelli has served as Senior Advisor at Advent International (United States) and at McKinsey & Company (United States) and since 2016 he has served as Chairman for BlackRock France, Belgium and Luxembourg.

David Charles Davies

David Charles Davies, born 1955, studied Economics at the University of Liverpool (UK) from 1975 to 1978, and graduated with a BA Honours. From 1978 to 1981 he worked as trainee chartered

accountant at Touche Ross & Co (UK). In 1981, he became a member of the Institute of Chartered Accounts. Thereafter, Mr. Davies joined PriceWaterhouse (Italy) as an Auditor from 1982 to 1983, then he worked at BOC Group Plc (UK) from 1983 to 1988, from 1983 to 1984 as Internal Audit Manager, from 1984 to 1986 as Finance Manager of a division and from 1986 to 1988 as Finance Director of a division. In 1988, he received his degree in Master of Business Administration at Cass Business School of the City University in London (UK). From 1988 to 1994, Mr. Davies has held various positions within the Grand Metropolitan Group PLC (UK). Mr. Davies served from 1988 to 1989 as Commercial Director of new retail ventures (UK), thereafter from 1989 to 1991 as Finance Director for European restaurants division (Germany); from 1991 to 1994 as Vice President and Corporate Controller of Burger King Corporation (United States) and finally 1994 as Finance Director in the United Kingdom. Subsequently, Mr. Davies joined The Walt Disney Company (UK) as Vice President for Finance and Market Development and worked there until 1997. From 1997 to 1999 Mr. Davies served as Finance Director of the London International Group PLC (LIG) (UK). Thereafter Mr. Davies served as the Finance Director at The Morgan Crucible Company PLC (UK) from 2000 to 2002. From 2002 to 2016 he worked as CFO and Deputy Chairman of Executive Board at OMV AG (Austria) as well as managing director or supervisory board member, respectively, of various OMV group companies and participations (*i.a.* Borealis AG (Austria), Petrom SNP (Romania) and Petrol Ofisi (Turkey)). From 2009 to 2010 he was director and chairman of the audit committee of Nova Chemicals Inc. (United States) and in 2015 he was deputy chairman of the board of directors and chairman of the audit committee of Xella International SA (Luxembourg). From 2009 to 2016 Mr. Davies was also deputy chairman of the board of management of Central European Gas Hub GmbH (Austria). Since 2009 he is a member of supervisory board at Vienna Stock Exchange. In August 2016 Mr. Davies was appointed to the board of directors of Ophir Energy Plc (UK) as an independent director and member of the audit committee.

Dr. Marion Helmes

Dr. Marion Helmes, born 1965, studied from 1985 to 1991 at the Freie Universität Berlin. After earning a degree in business administration (*Dipl.-Kaufrau*), she worked from 1991 to 1994 at the Treuhandanstalt ("Trust Agency") (German privatization agency) in Berlin. Thereafter, she graduated from the University of St. Gallen (HSG) (Switzerland) with the academic degree of *Dr. oec* in 1995. In 1996, Ms. Dr. Helmes worked as a project manager in Corporate Finance for the SCG St. Gallen Consulting Group in Warsaw, Poland. She worked at the Krupp Group (later ThyssenKrupp, Germany) from 1997 to 2010, where she began as a senior consultant in Controlling/Corporate Development/ M&A (from 1997 to 1999) in Germany. From 2000 to 2002, she served as Head of Corporate Development at the Budd Company (United States) within the Krupp Group. She then returned to Germany in 2003, where she worked as Director of Corporate M&A until 2005. That same year, she was appointed as CFO of ThyssenKrupp Stainless AG (Germany) and 2006 she served as CFO of ThyssenKrupp Elevator AG (Germany) until 2010. After her time at the ThyssenKrupp Group, she worked as CFO of Q-Cells SE (Germany), from 2010 to 2011 and from 2012 to 2014 as CFO and from 2013 to 2014 also as speaker of the management board at Celesio AG (Germany). From 2009 to 2014 Dr. Helmes served as member of the supervisory board of Furgo N.V. (the Netherlands). Since 2013, she has served as member of supervisory board (audit committee) of NXP (the Netherlands) and since 2014, she has served as member of the supervisory board (and audit committee) of ProSiebenSat.1 Media SE (Germany). Since 2016 she has served as a member of the supervisory board (and as chairman of the audit committee) of Bilfinger SE (Germany) and as member of the supervisory board (and the audit committee) of British American Tobacco Plc., London (UK).

Rebecca Ranich

Rebecca Ranich, born 1957, studied at Northwestern University (United States) from 1975 to 1979. After earning her Bachelor of Arts in 1979, she worked from 1979 to 1983 as an economics analyst in the US government, Washington D.C. (United States). In 1988, she graduated with an MBA from the University of Detroit Mercy (United States). From 1990 to 1992, she worked as Head of International Development at the Pittsburgh Chamber of Commerce (United States). Thereafter, Ms. Ranich served from 1992 to 1999 as Vice President at Michael Baker Corporation (US and UK). From 1999 to 2002, she was a member of the management board at PSG International (UK). From 2005 to 2013, Ms. Ranich served as Director in Deloitte Consulting (United States). Since 2013, she has served as a non-executive Director on several boards: as Chairman of the Governance and Nominating Committee at Questar Corporation (United States); since July 2016, non-executive Director at National Fuel Gas (United States) serving on the Governance and Nominating Committee; since 2008 as Vice-Chairman of the Board and Investment Committee Chair at the Gas Technology Institute (United States), and as advisory board

Member at Yet Analytics (United States). In addition, the US Secretary of Energy appointed her to the National Petroleum Council, a US energy industry advisory board.

17.3.5 Supervisory Board committees

The supervisory board may form committees from among its ranks and transfer decision-making authority to these committees to the extent permitted by law. The supervisory board stipulates the committees' responsibilities, powers and procedures. The supervisory board has established the following committees, which are tasked with the responsibilities described below:

(i) Executive Committee

The Executive Committee coordinates the supervisory board's work and prepares the supervisory board meetings, taking into account senior management planning. It is also charged with preparing resolutions on the appointment of board of management members and negotiating the terms and conditions of their employment agreements, including compensation. The Executive Committee submits proposals to the full supervisory board on setting the total compensation to be granted to the individual members of the board of management. The Executive Committee's tasks also include: (i) granting consent to requests by members of the board of management to take on other positions or other material secondary employment or exempting them from non-compete obligations; (ii) granting loans to members of the board of management and the supervisory board and their dependents; and (iii) granting consent to transactions between the Company and its affiliates on the one hand and any member of the board of management or related parties on the other.

(ii) Audit and Risk Committee

The Audit and Risk Committee assists the supervisory board in fulfilling its responsibilities to oversee the accounting and financial reporting processes. These include preparing the review of the correctness and completeness of the Company's annual and consolidated financial statements and related disclosures as well as overseeing the Company's internal control system, risk management and internal audit. The Committee also oversees the performance, qualifications and independence of the auditor and discusses the semi-annual and the quarterly financial reports with the board of management.

(iii) Nomination Committee

The Nomination Committee prepares the decisions of the supervisory board regarding proposals to the general meeting on the appointment of shareholder representatives to the supervisory board.

(iv) Interim Committee

The supervisory board has established an Interim Committee for the period until the spin-off of the Company is recorded in the commercial register of E.ON SE and the shares of the Company are admitted to trading on the Frankfurt Stock Exchange. The Interim Committee is responsible for advising the Company's board of management on all issues relating to the termination of the contractual group relationship with E.ON SE and the preparation and implementation of the spin-off of the Company.

17.3.6 Compensation and shareholdings of Supervisory Board members

The compensation which the members receive for their activities on the first supervisory board of the Company may only be approved by the general meeting. The resolution is adopted by the first annual general meeting which resolves on the ratification of the actions of the members of the first supervisory board. Assuming the Company is registered in 2016, this would be the 2017 general meeting.

Pursuant to the compensation provision still to be resolved, the chairman of the supervisory board will receive compensation in the amount of € 210,000 and the deputy chairman will receive € 140,000. The other members of the supervisory board will be entitled to compensation in the amount of € 70,000. In addition, the chairman of the Audit and Risk Committee will receive € 70,000, members of

that committee will receive € 35,000, the chairmen of other committees will receive € 35,000, and members of those other committees will receive € 15,000. Where members sit on more than one committee, they will receive compensation for only one of those committees, whichever is the highest in the given case. The chairman and the deputy chairman will receive no additional compensation for their committee activities. Members of the supervisory board who have held office for less than a full fiscal year will be paid compensation on a *pro rata temporis* basis.

Members of the supervisory board will receive a partial amount equivalent to 20 % of the above-described compensation in the form of variable compensation, which will be granted as a future payment claim in the form of virtual shares, whereby that partial amount forms the target value. The virtual shares are purely notional accounting items, *i.e.*, they do not confer any rights in the company such as voting or dividend rights in particular. In January of each calendar year, the number of virtual shares shall be calculated by dividing the variable compensation from the previous year by the Company's 60-day average share price from the last 60 exchange trading days prior to January 1 of the current year. Following the expiration of four calendar years, the virtual shares shall be multiplied by the Company's average share price from the last 60 exchange trading days prior to January 1 of the fourth calendar year and increased by the total dividends distributed to the shareholders during the last four years for one Company share. The variable compensation is to be paid within the first month following expiration of the four years, and overall is capped at 200 % of the compensation described above (cap).

Contrary to the above-described compensation method, compensation paid for the year of departure shall be paid 100 % as fixed compensation. In the event of departure, the payout amount of the variable compensation for prior years not yet paid out shall be determined on the basis of the above-described method. The last day of the month of departure shall serve as the basis for calculating the 60-day average share price.

To the extent members of the supervisory board are also employees or board members of the E.ON Group, any compensation they receive for their service on the supervisory board of the Company will be offset against the compensation they receive for their service on the supervisory board of the E.ON Group.

None of the aforementioned current or future members of the supervisory board hold any shares or options to acquire shares in the Company as of the date of this Prospectus. However, individual members of the supervisory board hold in total approximately 75,000 shares in E.ON SE for which approximately 7,500 shares in the Company will be issued once the spin-off enters into effect, provided the shares are still held on such date.

No other service agreements are in place between the Company or its subsidiaries on the one hand, and any member of the supervisory board on the other pursuant to which a supervisory board member would receive benefits on termination of their activity.

To the extent D&O liability insurance policies exist which cover liability claims against board members in connection with their board activities, the coverage thereunder also extends to the members of the Company's supervisory board.

No provisions for pensions or similar obligations of the Company *vis-à-vis* members of the supervisory board existed as of June 30, 2016.

17.4 CERTAIN INFORMATION ON THE MEMBERS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD; CONFLICTS OF INTEREST

No current member of the board of management or any aforementioned future member of the supervisory board has been convicted of any criminal acts of fraud in the last five years. Nor has any current member of the board of management or any aforementioned future member of the supervisory board been subject to any public charges and/or sanctions by statutory or regulatory authorities. No current member of the board of management or any aforementioned future member of the supervisory board has been involved in any insolvency, receivership or liquidation proceedings in connection with their activities as a member of an administrative, management or supervisory body or as a member of senior management in the last five years. No current member of the board of management or any aforementioned future member of the supervisory board has ever been deemed unfit by a court of law for membership in an administrative, management or supervisory body of any company or for a position in management or for managing the business of an company. As of the date of this

Prospectus, none of the members of the board of management or supervisory board is related to any other member of the board of management or supervisory board.

Two members of the supervisory board also sit on the board of management of E.ON SE and will hold an indirect minority interest in the Company once the spin-off enters into effect. In addition, three members of the supervisory board (Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker) are employees of the E.ON Group. Dr. Johannes Teyssen, Karl-Heinz Feldmann, Dr. Verena Volpert and Dr. Marc Spieker are intended to resign from office in the first half of 2017 at the latest. The current chairman of the Company's supervisory board, Dr. Bernhard Reutersberg, was a member of the board of management of E.ON SE until June 30, 2016. The interests of E.ON SE and those of the Company are not necessarily identical in all cases and holding office in both companies at the same time or in close succession could give rise to conflicts of interest or potential conflicts of interest for these persons. Apart from this, neither the members of the board of management nor the members of the supervisory board have any other potential conflicts of interest with regard to their obligations to the Company on the one hand and their private interests or other obligations on the other. In addition, the chairman of the supervisory board of the Company is a former member of the board of management of E.ON SE.

17.5 GENERAL MEETING

The general meeting is the meeting of the shareholders. The general meeting is held at the site of the Company's registered office or another German city with at least 100,000 inhabitants. The SE Regulation provides that the general meeting must be held at least once every calendar year within the first six months of a given fiscal year. As a rule, it is convened by the board of management. Each share in the Company carries one vote at the general meeting. The general meeting resolves on the following matters, in particular:

- appointment of the shareholder representatives on the supervisory board;
- appropriation of net retained profits;
- ratification of the actions of the members of the board of management and the supervisory board;
- appointment of the auditor;
- amendments to the Articles of Association;
- corporate actions involving capital increases or reductions;
- appointment of auditors to review actions in connection with the Company's formation or management; and
- dissolution of the Company.

Pursuant to the Company's Articles of Association, resolutions of the general meeting are adopted by simple majority of the votes validly cast, unless otherwise prescribed by law or the Articles of Association. In those cases where the law prescribes a majority of the share capital represented at the time the resolution is adopted and provided no greater majority is mandated by law, a simple majority of the share capital represented will suffice. Under the German Stock Corporation Act, resolutions of fundamental importance require not only a majority of the votes cast, but also a majority of at least 75 % of the share capital represented at the time the resolution is adopted. Such resolutions include, in particular:

- capital increases excluding subscription rights;
- capital reductions;
- the creation of authorized or contingent capital;
- dissolution of the Company;
- reorganizations under the German Reorganization Act (UmwG) such as mergers, spin-offs, conversions of legal form;
- the transfer of the entirety of the Company's assets;
- integration into another entity; and

- execution or amendment of intercompany agreements (specifically, domination and profit and loss transfer agreements).

In the case of an SE, article 59 (1) of the SE Regulation provides that articles of association may only be amended by resolution of the general meeting adopted by a majority of at least two-thirds of the votes cast, provided the provisions governing German stock corporations do not require a greater majority. The prevailing view is that, in the case of an SE, amendments to its articles of association, which under German stock corporation law already required a 75 % majority of the share capital, require a 75 % majority of the votes (validly) cast. Section 51 sentence 1 of the SEAG stipulates that an SE's articles of association may be amended by resolution of the general meeting by simple majority of the votes cast, provided at least 50 % of the share capital is represented. However, section 51 sentence 1 of the SEAG does not apply to amendments to the corporate purpose, for relocating the Company's registered office or in those cases where a higher capital majority is prescribed by law. Section 21 (1) sentence 2 of the Company's Articles of Association contains such a provision.

As a rule, the general meeting is convened once annually (annual general meeting). The board of management or the supervisory board may also call an extraordinary general meeting at any time. The supervisory board is obligated to do so if the best interests of the Company so require. Shareholders holding an aggregate of 5 % or more of the registered share capital may also request that the board of management call a general meeting. The request must be made in writing and set out the grounds for convening such meeting.

17.6 CORPORATE GOVERNANCE

The German Corporate Governance Code, adopted in February 2002 and last amended on May 5, 2015 (in the version that entered into force upon publication in the Federal Gazette on June 12, 2015), contains recommendations and suggestions for managing and supervising companies listed on German stock exchanges with regard to shareholders and general meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. There is no obligation to comply with the Code's recommendations or suggestions. Under German stock corporation law, the board of management and the supervisory board of a listed company merely have to issue a declaration stating which recommendations have been and will be complied with, which recommendations have not been or will not be applied and why. That declaration must be made permanently available to the shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

Prior to the admission of its shares to trading on the Frankfurt Stock Exchange, the Company is under no obligation to issue any such declaration of compliance. As of the date of this Prospectus, the Company – as an unlisted company with only a single shareholder – is not yet in compliance with the Code's recommendations. Once it is listed, the Company will comply with its obligation to issue, publish and make permanently available to the shareholders a declaration in accordance with section 161 of the AktG in the course of the current fiscal year. The Company's board of management and supervisory board endorse the Code's aims of fostering responsible and transparent corporate governance and control to achieve a sustained increase in shareholder value. Therefore, the Company plans to document in its declaration that it is largely compliant with the Code's recommendations. The board of management and the supervisory board are still in the process of coordinating the details in this regard.

18 TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section “Taxation in the Federal Republic of Germany” outlines certain key German tax principles that may typically be relevant for shareholders with respect to the acquisition, holding or transfer of the shares. However, it does not address the tax consequences for the shareholders of E.ON SE that arise in connection with the spin-off. This section does not contain a comprehensive or exhaustive description of all possible tax considerations, nor does it include a definitive explanation of all possible tax considerations of the Company or future shareholders but provides a general overview of certain German tax principles. This section does not cover the special rules of taxation that specifically apply to credit institutions, financial services institutions, companies engaged in the financial, life insurance and health insurance sectors and pension funds. Furthermore, it does not provide a comprehensive or exhaustive description of all conceivable tax considerations that may be of relevance for future shareholders. This summary is based upon German tax laws in force as of the date of this Prospectus (including the provisions of double taxation treaties typically entered into between Germany and other countries) as interpreted by the courts and administrative authorities. Tax provisions may change, possibly with retroactive effect. The tax consequences of the potential withdrawal of the United Kingdom from the EU are not foreseeable as of the date of this Prospectus and therefore cannot be addressed here. The statements made with regard to the taxation of dividend income (see “18.2. Taxation of shareholders resident in Germany – 18.2.1 Taxation of dividend income” and “18.3. Taxation of shareholders resident outside of Germany – 18.3.1 Taxation of dividend income”) shall apply *mutatis mutandis* to non-cash dividends and so-called undisclosed profit distributions, although these special cases are subject to special requirements with respect to liability for tax on capital investment income, which is not addressed here. This section is unable to replace the personal tax advice provided to individual shareholders. Prospective purchasers of shares should therefore consult their own tax advisors as to the individual tax consequences that may arise from acquiring, holding, selling, gifting or the inheriting of shares. The same applies for the provisions governing the refund of German withholding tax (tax on capital investment income) that was at first withheld. Proper consideration can only be given to the respective shareholder’s specific tax-related circumstances within the scope of an individual tax consultation.

18.1 TAXATION OF THE COMPANY

18.1.1 Corporate income tax

The Company’s taxable income, irrespective of whether it distributes or retains its profits, is subject to corporate income tax at a tax rate of 15 % plus a solidarity surcharge of 5.5 % thereon (15.825 % in total).

Dividends which the Company receives from domestic and foreign corporations are not generally subject to corporate income tax; however, 5 % of the dividends are deemed to be non-deductible business expenses and are subject to corporate income tax plus solidarity surcharge. Ultimately, therefore, only 95 % of the dividends which the Company receives from domestic or foreign corporations are exempt from corporate income tax. In contrast thereto, dividends which the Company receives from domestic or foreign corporations will be subject to corporate income tax plus solidarity surcharge thereon if the Company holds a direct participation of less than 10 % in the share capital of such corporation at the beginning of the calendar year (Portfolio Participation) (*Streubesitzbeteiligung*). Participations of at least 10 % acquired during the year are deemed to have been acquired at the beginning of the calendar year. Participations held via a co-entrepreneurship (*Mitunternehmerschaft*) are attributable to the Company *pro rata* as co-entrepreneur.

Dividends received from the Company are generally subject to withholding tax (tax on capital investment income). Tax withheld on capital investment income from dividends on shareholdings in domestic corporations is generally deductible or refundable in full. As a rule (and subject to any formal requirements) no withholding tax is payable on dividend income from shareholdings in foreign corporations domiciled in the EU which are governed by the so-called “**Parent-Subsidiary Directive**” (EU Directive 2001/96/EU of 30 November 2011), otherwise a full refund is possible. In the case of dividend income from other foreign corporations, the amount of deductible or refundable withholding tax will depend on whether a double taxation treaty applies, in which case the full amount thereof often cannot be guaranteed and additional tax burden may be caused as a result.

For the taxation of profit transfers in fiscal unity for income tax purposes, see “18.1.6 Fiscal unity”.

Capital gains arising from the disposal of shares held in domestic or foreign corporations are – as a general rule and irrespective of any minimum holding period and/or minimum percentage level of shareholding – exempt from corporate income tax. However, 5 % of the capital gains are deemed to be non-deductible business expenses and are subject to corporate income tax (plus solidarity surcharge). Conversely, losses from a disposal or other losses in connection with shares in domestic or foreign corporations are generally not tax deductible. Currently no special rules exist for capital gains resulting from the disposal of Portfolio Participations. Although in this respect a potential future legislative amendment is continually under discussion, it is not clear whether and when this will in fact occur.

18.1.2 Trade tax

In addition, the Company is subject to a trade tax (*Gewerbesteuer*) with respect to its taxable trade income from its permanent establishments (*Betriebsstätte*) maintained in Germany. The taxable trade income corresponds in principle with the profit as determined for corporate income tax purposes. However, certain add-backs (including, for instance, certain amounts of lease payments and interest expenses) and deductions might result in a lower or higher tax base for trade tax purposes. Trade tax is generally calculated on the basis of trade income and the so-called basic tax rate (*Steuermesszahl*) and depends on the trade tax levy factor (*Hebesatz*) of the respective local municipality in which the Company maintains its permanent establishments. Dividends received from other corporations and capital gains from the disposal of shares held in corporations are generally treated in the same manner for trade tax purposes as for corporate income tax purposes. However, dividends received from domestic and foreign corporations are effectively 95 % exempt from trade tax only if the Company holds at least 15 % (10 % in the case of EU corporations) of the share capital of the distributing corporation at the beginning or – in the case of non-EU corporations – uninterruptedly since the beginning of the relevant tax assessment period (intercorporate privilege for trade tax purposes (*gewerbesteuerliches Schachtelprivileg*)). Additional limitations apply for dividends received from non-EU corporations.

18.1.3 Restrictions on deduction of interest expenses

The provisions of the so-called interest barrier (*Zinsschranke*) may restrict the tax deductibility of interest expenses. Under these rules, net interest expenses are generally only deductible up to an amount of 30 % of the EBITDA (as specifically calculated for such tax purposes) in a given fiscal year, although there are certain exceptions to this rule. Subject to certain conditions, interest expenses that are not deductible may be carried forward to subsequent fiscal years and may then be deducted in those years pursuant to the interest barrier rules. EBITDA amounts for tax purposes that could not be fully utilized in a fiscal year may generally be carried forward for five fiscal years. Further restrictions may apply to interest expenses on shareholder loans. For purposes of trade tax, 25 % of the interest expenses, which are deductible for corporate income tax purposes under the interest barrier rules, are added back to compute the taxable income for trade tax purposes, so that effectively only 75 % of the interest expenses are deductible for trade tax purposes.

18.1.4 Tax losses

Subject to certain conditions, any losses that are not offset in an assessment or collection period may be carried back or forward to other assessment periods. A tax loss may be carried back to the immediately preceding assessment period, but only up to an amount of € 1,000,000, and only for corporate income tax purposes. Any remaining losses that were not carried back may, in subsequent assessment or collection periods, be utilized to fully offset taxable income in an amount of up to € 1,000,000 only for corporate income tax or trade tax purposes (loss carry-forward). To the extent that the income for corporate and trade tax purposes exceeds this threshold, only 60 % of the excess amount can be offset by tax loss carry-forwards. The remaining 40 % of the taxable income is thus subject to tax at the applicable rate (so-called minimum taxation rule (*Mindestbesteuerung*)).

18.1.5 Forfeiture of tax loss carry-forwards and interest carry-forwards

Unutilized tax losses and interest carry-forwards are forfeited in full and can no longer be deducted if, within a period of five years, more than 50 % of the Company's share capital or voting rights are transferred either directly or indirectly to an acquiring party or its related parties or a group of acquirers with aligned interests or if a comparable situation arises (harmful acquisition of shares (*schädlicher*

Beteiligungserwerb)). If more than 25 % and up to 50 % of the Company's share capital or voting rights are transferred or another harmful acquisition of shares takes place within the meaning of the foregoing sentence, unutilized losses and interest carry-forwards will only be forfeited *pro rata* to the transferred percentage. The foregoing limitations do not apply if the Company's share capital or voting rights are transferred to acquirers belonging to the same group of companies as described in more detail in the relevant statutory provisions, to which also the Company belongs (group clause (*Konzernklausel*)) or to the extent the losses do not exceed the *pro rata* (acquisition of more than 25 % to 50 % interest) or entire (acquisition of more than 50 % interest) taxable hidden reserves in Germany (exemption provision (*Verschonungsregelung*)). It has not been conclusively clarified whether the restrictions applicable to unutilized losses and interest carry-forwards may also apply to any existing EBITDA carry-forwards for tax purposes.

18.1.6 Fiscal unity

The Company is the controlling company of a fiscal unit for income tax purposes. Some of the group companies within the Company's Group, as controlled companies, are also part of the fiscal unit. The statutory provisions regarding fiscal unity for corporate income tax purposes (sections 14-19 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**")) and trade tax purposes (section 2 (2) sentence 2 of the German Trade Tax Act (*Gewerbesteuer*gesetz, "**GewStG**")) provide, as the most significant tax implication, that the taxable losses or profits (income for corporate income and trade tax purposes) of the controlled companies are attributed to the controlling company and, together with the controlling company's own income, are subject to both corporate income and trade tax. As a result, a fiscal unity for corporate income tax and trade tax purposes leads to the netting of the taxable losses or profits of the legally independent members of the fiscal unit.

Corporations with effective place of management in Germany are eligible as controlled companies. Other material requirements for the validity of a fiscal unit for corporate income tax and trade tax purposes are the financial integration of the controlled companies into the controlling company and the conclusion of a profit and loss transfer agreement within the meaning of section 291 (1) AktG. Financial integration exists if the controlling company holds the majority of voting rights attributable to the controlled company's shares. The profit and loss transfer agreement must be valid under civil law, must be entered into for a minimum period of no less than five years, and must actually be performed during its entire term.

Moreover, any profit transfers within the fiscal unit do not generally give rise to a so-called "dividend tax" of approximately 1.5 %, resulting from the 5 % tax on any dividend distributions outside the fiscal unit for income tax purposes (see "*18.1.1 Corporate income tax*").

18.2 TAXATION OF SHAREHOLDERS RESIDENT IN GERMANY

18.2.1 Taxation of dividend income

(i) Shares held by individuals as non-business assets

Dividends received by a shareholder who is subject to unlimited tax liability in Germany and holds his shares as non-business assets are, as a general rule, taxed as capital investment income (*Einkünfte aus Kapitalvermögen*). These dividends are subject to a 25 % withholding tax on capital investment income (*Kapitalertragsteuer*) plus 5.5 % solidarity surcharge thereon, resulting in an aggregate tax rate of 26.375 % (flat tax) (*Abgeltungsteuer*), plus church tax, if the individual shareholder is subject to church tax. The flat tax is settled through withholding which will generally settle the shareholder's personal income tax liability with respect to the dividends. The tax base for the tax on capital investment income is the dividend resolved by the general meeting. If and to the extent amounts from the capital contribution account for tax purposes (*steuerliches Einlagekonto*) are deemed to have been used for distributions to shareholders holding their shares as non-business-assets, such payments will generally not be subject to tax (on capital investment income). Special provisions apply to Qualified Participations (as defined below). For dividends received as of January 1, 2015, the church tax will be withheld by way of an automated procedure and remitted to the religious community levying the tax in case of taxpayers subject to church tax. Where shareholders have lodged a timely written objection with the German Federal Central Office for Taxes (*Bundeszentralamt für Steuern*) (so-called "blocking notice" (*Sperrvermerk*)) as regards the automated retrieval of data on their religious affiliation, church tax will not be automatically deducted. In this case, the dividend income must be declared in the shareholder's income tax return. The deduction for church tax will then be made in the context of the personal income tax assessment.

Since the Company's shares involve securities that have been admitted for collective safe custody by a central securities depository (*Wertpapiersammelbank*) in accordance with section 5 of the German Securities Deposit Act (*Depotgesetz*) and were entrusted to such depository for collective custody (*Sammelverwahrung*) in Germany, the withholding tax on capital investment income will be withheld by (i) the German credit institution or German financial services institution (including the German branch of a foreign credit or financial services institution), (ii) the German securities trading company or the German securities trading bank that keeps or administers them and disburses or credits the investment income or disburses or credits the investment income against delivery of the dividend coupons or disburses the investment income to a foreign entity or (iii) the central securities depository to which the shares were entrusted for collective safe custody, if such depository disburses the investment income to a foreign entity. The Company does not assume any responsibility for the withholding of tax on capital investment income. Shareholders who are subject to an unlimited tax liability in Germany and hold their shares as non-business assets may be paid the dividends without deduction of withholding tax if certain prerequisites are met, in particular, if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption declaration (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

The individual shareholder is taxed on its aggregate capital investment income, less the saver's lump sum amount (*Sparer-Pauschbetrag*) of € 801 (or, for married couples or civil partners in accordance with the Act on Registered Civil Partnerships (*Lebenspartnerschaftsgesetz*) filing jointly, € 1,602). Income-related expenses in connection with private capital investment income are not deductible. However, shareholders who hold their shares as non-business assets may apply to have their capital investment income assessed at the individual income tax rate determined on the basis of their personal circumstances instead of at the flat tax rate if this results in a lower tax burden. In this case, also, any deduction of income-related expenses actually incurred is excluded.

(ii) Shares held as business assets

Where the shares form part of the assets of a German business, the taxation of dividends differs depending on whether the shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to dividends paid on shares held by a German tax resident shareholder as business assets. However, irrespective of the shareholder's legal form, dividends are generally subject to the withholding of tax on capital investment income of 25 % plus 5.5 % solidarity surcharge thereon, resulting in an aggregate tax rate of 26.375 %, plus church tax for individuals, if applicable. Subject to certain conditions, the tax on capital investment income that has been withheld will be credited to the relevant personal income tax or corporate income tax liability. To the extent that the amounts withheld exceed the corporate or personal income tax liability of the shareholder, they will be refunded, provided certain requirements are met.

If and to the extent the capital contribution account for tax purposes (*steuerliches Einlagekonto*) is deemed to have been used for distributions to shareholders holding their shares as business assets, such payments are generally not subject to tax on capital investment income. Distributions from the capital contribution account for tax purposes reduce the shares' acquisition costs accordingly and may result in a higher taxable profit upon disposal of the shares. If the distributions from the capital contribution account for tax purposes exceed the shares' acquisition costs, a taxable capital gain will be realized in accordance with the principles outlined below.

(a) Corporations

For corporations subject to unlimited tax liability in Germany, dividends are generally exempt from corporate income tax (including solidarity surcharge), provided that a direct participation in the share capital of at least 10 % is held. However, 5 % of the dividend income is deemed to be a non-deductible business expense and, as such, subject to corporate income tax plus the solidarity surcharge thereon. In contrast thereto, dividends paid to the shareholder will be subject to corporate income tax in the full amount (plus solidarity surcharge thereon), if the shareholder holds a Portfolio Participation, *i.e.*, if the shareholder only holds a participation of less than 10 % in the share capital, at the beginning of the calendar year. Participations of at least 10 % acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations via a co-entrepreneurship are attributable to the Company *pro rata* as co-entrepreneur.

Dividends are subject to trade tax in the full amount unless the shareholder holds at least 15 % of the share capital of the Company at the beginning of the relevant tax assessment period

(intercorporate privilege for trade tax purposes (*gewerbsteuerliches Schachtelprivileg*)). In the latter case, 95 % of the dividends are as a result exempt from trade tax. Business expenses which are, from an economic perspective, related to the dividend income are generally deductible for corporate income tax and – subject to certain restrictions – also for trade tax purposes.

(b) *Sole proprietors*

Where shares are held as part of the business assets of a sole proprietor (individual) who is subject to unlimited tax liability in Germany, 60 % of the dividends are taxed at the applicable individual income tax rate plus 5.5 % solidarity surcharge on such income tax (partial income taxation method (*Teileinkünfteverfahren*)) totaling up to a maximum tax rate of approximately 47.5 %, plus church tax, if applicable. As a general rule, only 60 % of any business expenses which are, from an economic perspective, related to the dividends are tax deductible. Dividends are subject to trade tax in the full amount unless the shareholder holds at least 15 % of the share capital of the Company at the beginning of the relevant tax assessment period. In the latter case, the net amount of the dividend (*i.e.* after deduction of the business expenses related to the dividend income from an economic perspective) is exempt from trade tax. All or part of the trade tax levied is generally credited on a lump-sum basis against the shareholder's personal income taxes, depending on the trade tax levy factor set by the relevant municipality and the personal income tax situation of the individual shareholder.

(c) *Partnerships*

If the shareholder is a partnership, which is engaged in genuine commercial activities or is commercially imprinted (*gewerblich geprägt*) for tax purposes, the individual income tax or corporate income tax is not levied at the level of the partnership, but rather at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Therefore, the personal income tax or corporate income tax will be levied at the level of the partners; in this respect, the principles relating to a direct participation as described under (i) and (ii) above generally apply *mutatis mutandis*. Trade tax, however, is assessed and levied at the level of the partnership if the shares are attributable to a permanent establishment of the partnership's business in Germany; this applies irrespective of whether the dividends are attributable to a partner who is an individual or a corporation. If the partnership held a participation of at least 15 % in the share capital of the Company at the beginning of the relevant tax assessment period, the dividends, following deduction of the business expenses economically related thereto, are generally not subject to trade tax. It has yet to be definitively clarified if and to what extent the rules for the taxation of dividends from Portfolio Participations (see "18.1 Taxation of the Company – 18.1.1 Corporate income tax") might impact the trade tax treatment in this case. Taxpayers are urged to discuss the potential consequences with their tax advisors. The trade tax paid by the partnership and attributable to an individuals' respective profit shares is fully or partially credited to such partners' personal income tax liability in accordance with a lump-sum method.

18.2.2 Taxation of capital gains

(i) ***Shares held by individuals as non-business assets***

Capital gains from the disposal of shares held as non-business assets are subject to personal income tax at a tax rate of 25 % (plus 5.5 % solidarity surcharge thereon, thus 26.375 % in total), plus church tax, if applicable. Losses from the disposal of shares may only be offset against profits from capital investments arising from the disposal of the Company's shares or other shares in stock corporations during the same assessment period or future assessment periods. The amount of the taxable capital gain is the difference between (a) the disposal proceeds and (b) the acquisition costs of the shares and the expenses directly related to the disposal. Only the saver's annual lump sum amount of € 801 (or, for married couples or civil partners in accordance with the Act on Registered Civil Partnerships filing jointly, € 1,602) may be deducted from all the capital investment income. The deduction of income-related expenses actually incurred is not permissible.

If the shares are kept or administered by a German credit institution or financial services institution (including the German branches of foreign credit or financial services institutions), a German securities trading company or a German securities trading bank, or if such entities are carrying out the disposal and are disbursing or crediting the proceeds from the disposal ("**Domestic Paying Agent**"), the tax on the capital gains is levied by way of withholding, generally with discharging effect, through the

Domestic Paying Agent; in this respect, tax on capital investment income totaling 26.375 % (including solidarity surcharge), plus church tax, if applicable, of the capital gain must be withheld from the disposal proceeds and remitted to the tax authorities. The church tax deduction for capital gains is performed by way of standardized tax withholding procedure unless the shareholder has applied for a blocking notice at the Federal Central Tax Office.

The flat tax is withheld irrespective of the holding period. Shareholders who are subject to unlimited tax liability in Germany and hold their shares as non-business assets may be paid the capital gains without deduction of tax on capital investment income and solidarity surcharge if certain prerequisites are met, particularly if the shareholder has provided a non-assessment certificate or an exemption declaration and the exempt amount indicated therein has not yet been exhausted.

If a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least 1 % of the share capital of the Company at any time during the five years preceding the disposal (a "**Qualified Participation**"), the flat tax regime does not apply to the capital gain; rather, 60 % of the capital gain arising from the disposal will be taxable as business income at the shareholder's personal income tax rate plus 5.5 % solidarity surcharge (and church tax, if applicable) thereon. Conversely, 60 % of a capital loss from the disposal of the shares is generally tax deductible. Withholding tax on capital investment income is also withheld by a Domestic Paying Agent in the case of a Qualified Participation, but this does not have any discharging effect. In the shareholder's income tax assessment, the tax on capital investment income (including solidarity surcharge) withheld and remitted to the tax authorities will be credited to the shareholder's income tax liability and any overpayment will be refunded.

(ii) Shares held as business assets

Gains from the disposal of shares that are held as business assets are in principle not subject to the flat tax regime. Withholding tax on capital investment income must only be withheld in the case of a Domestic Paying Agent. Subject to certain prerequisites, the withholding tax on capital investment income withheld and remitted to the tax authorities will be credited to the shareholder's personal or corporate income tax liability and any excess amount paid will be refunded. Subject to certain requirements, however, the Domestic Paying Agent may refrain from deducting tax on capital investment income if (i) the shareholder is a corporation subject to unlimited tax liability in Germany, an association of individuals or an estate or (ii) the shares form part of the business assets of a business operation in Germany and the shareholders declares such to the Domestic Paying Agent in the officially prescribed form. Should the Domestic Paying Agent nonetheless have withheld tax on capital investment income, the tax withheld and remitted to the tax authorities (including solidarity surcharge, and church tax, if applicable) will be imputed towards the shareholder's personal income tax or corporate income tax liability and any overpayment will be refunded.

The taxation of capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership:

(a) Corporations

For corporations, capital gains from the disposal of shares are – as a general rule and irrespective of any minimum holding period or minimum percentage level of shareholding – exempt from corporate income tax (including solidarity surcharge) and trade tax. However, 5 % of the capital gains are deemed to be non-deductible business expenses and are therefore subject to corporate income tax (plus solidarity surcharge) and trade tax. Losses from a disposal or other losses that are connected to the disposed shares are not deductible for corporate income tax and trade tax purposes. Currently there exist no special rules for capital gains arising from the disposal of Portfolio Participations. Although in this respect a potential future legislative amendment is continually under discussion, it is not clear whether and when this will in fact occur.

(b) Sole proprietors

Where a sole proprietor holds the shares as part of his or her business assets, 60 % of capital gains from the disposal of the shares are taxed at the personal progressive income tax rate plus 5.5 % solidarity surcharge (plus church tax, if applicable) thereon. Only 60 % of the capital losses and expenses which, from an economic perspective, are connected with such disposals, are deductible for

income tax purposes. Only 60 % of the capital gains are subject to trade tax. Depending on the trade tax levy factor set by the relevant municipality and the personal income tax situation of the shareholder, the trade tax can be credited in whole or in part against the shareholder's personal income taxes on a lump sum basis.

(c) *Partnerships*

For personal and corporate income tax purposes, partnerships are generally treated as transparent. As a result, personal or corporate income tax will be levied at the level of the partners only; the above-described rules regarding a direct participation generally apply *mutatis mutandis*. Trade tax, however, is levied at the level of the partnership if the shares are attributable to a permanent establishment of the partnership's business in Germany. As a general rule, 60 % of the capital gains attributable to a partner who is an individual, and 5 % of the capital gains attributable to a partner who is a corporation, are subject to tax. Losses from a disposal or other losses in connection with the disposed shares are not taken into account for trade tax purposes if they are attributable to the profit share of a corporation; subject to general restrictions, 60 % of such losses are taken into account if they are attributable to the profit share of an individual.

If the partnership's partner is an individual, the trade tax paid by the partnership and attributable to the individual's profit share is credited in whole or in part against the shareholder's individual income tax on a lump-sum basis.

18.3 TAXATION OF SHAREHOLDERS RESIDENT OUTSIDE OF GERMANY

18.3.1 Taxation of dividend income

Shareholders who are not tax resident in Germany but whose shares form part of the business assets of a permanent establishment or a fixed place of business in Germany, or constitute business assets for which a permanent representative has been appointed in Germany, are subject to taxation in Germany with their dividend income. To this extent, the above considerations regarding shareholders who are tax resident in Germany and hold their shares as business assets (see "*18.2 Taxation of shareholders resident in Germany – 18.2.1 Taxation of shareholders resident in Germany – Taxation of dividend income – 18.2.1(ii) Shares held as business assets*") generally apply *mutatis mutandis*. The withholding tax on capital investment income (including solidarity surcharge) withheld and remitted to the tax authorities will be credited to such shareholder's personal income tax or corporate income tax liability and any excess amount paid will be refunded.

In all other cases, any tax liability in Germany for dividends received by shareholders resident outside of Germany will be discharged through the withholding of the tax on capital investment income at a rate of 25 % plus 5.5 % solidarity surcharge thereon (in total 26.375 %). Subject to certain requirements, shareholders who are corporations may apply for a refund of the tax on capital investment income insofar as this exceeds 15 % plus 5.5 % solidarity surcharge thereon.

Where dividends are paid to a corporation domiciled in another member state of the EU within the meaning of Article 3(1)(a) of the Parent-Subsidiary Directive – which among other things, is conditional on a direct participation of 10 % or more in the share capital of the Company – the tax on capital investment income withheld will be refunded upon application, provided that certain requirements are met. The same applies where the dividends are distributed to a German parent company's permanent establishment which is located in another member state of the EU.

The tax rate on dividend income of other shareholders resident outside of Germany may be reduced in accordance with a double taxation treaty if Germany has entered into a double taxation treaty with the shareholder's country of residence and if the shares are not held as part of the assets of a permanent establishment or a fixed place of business in Germany or as business assets for which a permanent representative has been appointed in Germany. The tax reduction on capital investment income is generally granted in a manner whereby the difference between the withheld tax on capital investment income, including the solidarity surcharge, and the tax on capital investment income actually owed under the applicable double taxation treaty (usually 15 %) is refunded by the German Federal Central Office for Taxes (Bundeszentralamt für Steuern, Hauptdienstszitz Bonn-Beuel, An der Kuppe 1, D-53225 Bonn, Germany, www.bzst.bund.de) upon application (using an official pre-printed form). Forms for the refund procedure are available at the German Federal Central Office for Taxes (under above-named address) as well as at German embassies and consulates.

The refund of tax on capital investment income pursuant to the Parent-Subsidiary Directive and the aforementioned option for a refund of the tax on capital investment income under a double taxation treaty depend on whether certain additional prerequisites (in particular so-called “substance requirements”) are met.

18.3.2 Taxation of capital gains

Capital gains generated by shareholders that are not tax resident in Germany are only subject to taxation in Germany if the disposing shareholder holds a Qualified Participation in the Company or the shares are held as part of the assets of a permanent establishment or fixed place of business in Germany or as business assets for which a permanent representative is appointed in Germany. However, most of the double taxation treaties provide for partial or full relief from German taxation in the case of a Qualified Participation. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25 % (plus 5.5 % solidarity surcharge thereon, in total 26.375 %). However, if (i) the capital gains are taxable in Germany and the shares are not held through a permanent establishment or fixed place of business in Germany or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then, pursuant to a tax decree issued by the German Federal Ministry of Finance on January 18, 2016, the Domestic Paying Agent will not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon) upon production of a certification of residence (*Ansässigkeitsbescheinigung*). In the case of a Qualified Participation, the capital gains must be declared in a tax return and will be (partially) taxed via an assessment procedure if no exemption under double taxation treaty or domestic law applies.

In the case of capital gains or losses from the disposal of shares held through a permanent establishment in Germany or a fixed place of business, or as business assets for which a permanent representative has been appointed in Germany, the explanation provided above for German tax resident shareholders who hold their shares as business assets applies *mutatis mutandis* (see “18.2 Taxation of shareholders resident in Germany – 18.2.2 Taxation of shareholders resident in Germany – Taxation of capital gains – 18.2.2(ii) Shares held as business assets”). A Domestic Paying Agent may not refrain from withholding tax on capital investment income unless the shareholder declares *vis-à-vis* the Domestic Paying Agent (using an official preprinted form) that the Shares are held as assets of a German business and certain further prerequisites are met.

18.4 INHERITANCE AND GIFT TAX

As a rule, the transfer of shares by way of inheritance or gift will be subject to German inheritance or gift tax only if at least one of the following requirements is met:

- (i) the decedent, donor, heir, beneficiary or other transferee has his or her place of residence, habitual abode, place of management or registered office in Germany at the time of the transfer of the shares, or is a German citizen who has spent no more than five consecutive years outside Germany without maintaining a residence in Germany (where time was spent in the United States of America, the period is extended to ten years); or
- (ii) the shares formed part of the business assets of the decedent or donor for which a permanent establishment was maintained in Germany or for which a permanent representative had been appointed in Germany; or
- (iii) at the time of the inheritance or gift, the deceased or donor held, either alone or together with other persons related to him/her within the meaning of section 1 (2) of the German Foreign Transactions Tax Act (*Außensteuergesetz*, “**AStG**”), directly or indirectly at least 10 % of the share capital of the Company.

The few German double taxation treaties on inheritance tax and gift tax usually provide that German inheritance tax or gift tax can only be levied in case of (i) above and, subject to certain restrictions, also in case of (ii) above. Special rules apply to and may in particular adversely affect certain German citizens living outside Germany and to former German citizens.

18.5 OTHER TAXES

Generally no other taxes (value-added tax, capital transactions tax stamp duty or similar taxes) are levied on the acquisition, disposal or other forms of share transfers. However, entrepreneurs may opt into the value-added tax regime for transactions with shares, which are generally exempt from value-added tax, if the share transfer is made to another entrepreneur for purposes of the latter's business. At present, no wealth tax (*Vermögenssteuer*) is levied in Germany.

19 CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of the Shares by a US Holder (as defined below). This summary deals only with US Holders of E.ON SE shares or ADRs that receive the Company's shares in the spin-off and that will hold the Company's shares as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of the Company's shares by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address state, local, non-US or other tax laws. This summary also does not address tax considerations applicable to investors that own or will own (directly, indirectly or by attribution) 10 % or more of the voting stock of E.ON SE or the Company, nor does this summary discuss all the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that hold their E.ON SE shares, or will hold the Company's shares, as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors that hold E.ON SE shares, or will hold the Company's shares, in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US dollar).

As used herein, the term **"US Holder"** means a beneficial owner of E.ON SE's shares or the Company's shares, as applicable, that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds E.ON SE shares, or that will hold the Company's shares, will depend on the status of the partner and the activities of the partnership. Partnerships holding E.ON SE shares or ADRs, or that will hold the Company's shares, and partners in such partnerships should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the Company's shares.

Except as otherwise noted, the summary assumes that each of E.ON SE and the Company is not a PFIC for US federal income tax purposes. If E.ON SE is or the Company were to become a PFIC, materially adverse consequences could result for US Holders.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the **"Internal Revenue Code"**), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Germany (the **"Treaty"**), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE COMPANY'S SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

19.1 TAX CONSEQUENCES OF THE SPIN-OFF

The spin-off has not been structured to qualify as a tax free spin-off for US federal income tax purposes, and no ruling has been sought from the US Internal Revenue Service. E.ON SE believes that the spin-off will be treated as a taxable distribution of the Company's shares to US Holders of

E.ON SE shares and ADRs. The amount of the distribution will be the fair market value of the Company's shares, and this amount will be treated as a dividend to US Holders to the extent of E.ON SE's current or accumulated earnings and profits (as determined for US federal income tax purposes). The amount of the distribution in excess of E.ON SE's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the E.ON SE shares and ADRs and thereafter as capital gain. E.ON SE does not maintain calculations of its earnings and profits for US federal income tax purposes. US Holders should therefore assume that their receipt of the Company's shares pursuant to the spin-off will be reported as ordinary dividend income. The amount of the dividend will equal the fair market value of the Company's shares on the date of the spin-off (as determined in US dollars), and a US Holder will have a tax basis in the Company's shares equal to that fair market value. The dividend generally will be taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided E.ON SE qualifies for the benefits of the Treaty, which E.ON SE believes to be the case, and certain other requirements are met. The dividend will be foreign source, and US Holders will not be eligible for the dividends-received deduction generally available to US corporations under the Internal Revenue Code. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of their receipt of the Company's shares pursuant to the spin-off.

The Company's shares that US Holders of ADRs would otherwise be entitled to receive in the spin-off will be sold by Citibank, N.A., as the depositary, for cash on behalf of the US Holders (see "4. Spin-off – 4.7 ADR-Program"). US Holders of ADRs should be treated as if they received a taxable distribution of the Company's shares on the date of the spin-off and then sold such shares for cash when they are disposed of by the depositary. US Holders of ADRs will recognize dividend income in an amount equal to the fair market value of the Company's shares on the date of the spin-off as described above and will also recognize short-term capital gain or loss in an amount equal to the difference (if any) between the US Holder's tax basis in the Company's shares and the amount of cash realized on the sale of the Company's shares by the depositary (each as determined in US dollars). As described above, the US Holder's tax basis in the Company's shares will be equal to their US dollar value as of the date of the spin-off.

19.2 TAXATION OF THE COMPANY'S SHARES

19.2.1 Distributions with respect to the Company's shares

(i) General

Distributions paid by the Company with respect to the Company's shares will be treated as a dividend to the extent the distribution is considered to be paid from the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). The amount of any distribution that is in excess of the Company's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Company's shares and thereafter as capital gain. The Company does not maintain calculations of its earnings and profits for US federal income tax purposes. US Holders should therefore assume that any distribution by the Company with respect to its shares will be reported as ordinary dividend income. The amount of a distribution will include any amounts withheld by the Company in respect of German taxes. The dividend will be foreign source, and US Holders will not be eligible for the dividends-received deduction generally available to US corporations under the Internal Revenue Code.

Dividends paid by the Company generally will be taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, which the Company believes to be the case, and certain other requirements are met. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

(ii) Foreign currency dividends

Dividends paid by the Company in euros will be included in a US Holder's income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the euros are converted into US dollars at that time. If dividends received in euros are converted into US dollars on the day they are received, the US Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

(iii) Effect of German withholding taxes

Under current law, payments of dividends by the Company to foreign investors are subject, in principle, to German withholding tax at a rate of 25 % plus 5.5 % solidarity surcharge thereon (resulting in an aggregate withholding tax rate of 26.375 %) (see “18. Taxation in the Federal Republic of Germany – 18.3 Taxation of shareholders resident outside of Germany”). The rate of withholding tax applicable to US Holders that are eligible for benefits under the Treaty is reduced to a maximum of 15 %. For US federal income tax purposes, US Holders will be treated as having received the amount of German taxes withheld by the Company, and as then having paid over the withheld taxes to the German taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the US Holder from the Company with respect to the payment.

A US Holder generally will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for German income taxes withheld by the Company. US Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any German taxes withheld in excess of the 15 % maximum rate and with respect to which the holder is entitled to obtain a refund from the German taxing authorities.

For purposes of the foreign tax credit limitation, foreign source income is classified in one of two “baskets”, and the credit for foreign taxes on income in any basket is limited to US federal income tax allocable to that income. Dividends paid by the Company generally will constitute foreign source income in the “passive category income” basket. If a US Holder receives a dividend from the Company that qualifies for the reduced rate described above (see “19.2 Taxation of the Company’s shares – 19.2.1 Distributions with respect to the Company’s shares – 19.2.1(i) General”), the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The rules relating to the determination of the US foreign tax credit are complex, and US Holders should consult their tax advisers concerning the foreign tax credit implications of the payment of German withholding taxes.

19.2.2 Sale or other taxable disposition of the Company’s shares

Upon a sale or other taxable disposition of the Company’s shares, a US Holder generally will recognize capital gain or loss for US federal income tax purposes in an amount equal to the difference, if any, between the amount realized on the sale or other taxable disposition and the US Holder’s tax basis in the Company’s shares. Such capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period for the Company’s shares exceeds one year. Long-term capital gain recognized by certain non-corporate US Holders, including individuals, generally is eligible for reduced rates of US federal income taxation. There are limitations on the deductibility of capital losses.

The amount realized on a sale or other taxable disposition of the Company’s shares for an amount in foreign currency generally will be the US dollar value of this amount on the trade date of the sale or other taxable disposition. On the settlement date, the US Holder generally will recognize US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the trade date and the settlement date. However, in the case of shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognized on such date.

19.3 PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75 % of its gross income is “passive income” or (ii) at least 50 % of the average quarterly value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For purposes of the PFIC rules, “passive income” includes, among other things, the excess of gains over losses from certain commodities transactions. Gains that are active business gains from the sale of commodities and gains that arise out of commodities hedging

transactions, however, are generally excluded from the definition of “passive income” if certain specified criteria are met. The application of these rules in the context of determining whether the Company is a PFIC is unclear.

Based on the present nature of the Company’s activities and the present composition of its assets and sources of income, the Company does not expect to be treated as a PFIC for its current taxable year. However, the Company’s possible status as a PFIC depends on the composition of the Company’s income and assets and the fair market value of those assets from time to time, as well as on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. This determination is made annually and cannot be completed until the close of a taxable year. Moreover, the application of the PFIC rules to the Company’s sale of commodities and commodities hedging transactions is unclear. Thus, no assurance can be given that the Company is not or will not become a PFIC due to its income or asset composition or changes to the composition of its income or assets or changes in the fair market value of its assets (including goodwill). If the Company is classified as a PFIC in any year that a US Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company subsequently continues to meet the income or asset test described above.

If the Company were to be treated as a PFIC in any year during which a US Holder owned the Company’s shares, the US Holder generally would be subject to special rules (regardless of whether the Company continued to be a PFIC) with respect to (i) any “excess distribution” (generally, any distributions received by the US Holder on the Company’s shares in a taxable year that are greater than 125 % of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US Holder’s holding period for the shares) and (ii) any gain realized on the sale or other disposition of the Company’s shares. Under these rules (a) the excess distribution or gain would be allocated ratably over the US Holder’s holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company was a PFIC would be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Company would not be eligible for the reduced rate of tax described above (see “19.2 Taxation of the Company’s shares – 19.2.1 Distributions with respect to the Company’s shares – 19.2.1(i) General”).

In addition, if E.ON SE is a PFIC for the year in which the spin-off occurs, which E.ON SE does not expect to be the case, a US Holder would be taxable on the distribution of the Company’s shares pursuant to the spin-off in the same manner as described immediately above to the extent that the fair market value of the Company’s shares received by such US Holder with respect to E.ON SE shares or ADRs exceeds 125 % of the average annual distributions with respect to E.ON SE shares or ADRs received by the US Holder in the three preceding taxable years or, if shorter, the US Holder’s holding period. Certain elections may be available that would result in alternative treatment of the Company’s shares. US Holders should consult their tax adviser regarding the potential application of the PFIC regime.

19.4 BACKUP WITHHOLDING AND INFORMATION REPORTING

Dividends paid with respect to the Company’s shares and proceeds from a sale or other taxable disposition of the Company’s shares received in the United States or through certain US-related financial intermediaries may be subject to information reporting and backup withholding (currently, at a rate of 28 %) unless such holder provides proof of an applicable exemption or furnishes its taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not additional tax and may be allowed as a refund or a credit against the holder’s US federal income tax liability, provided the required information is furnished to the Internal Revenue Service in a timely manner. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

19.5 FOREIGN FINANCIAL ASSET REPORTING

US taxpayers that own certain foreign financial assets, including equity of foreign entities, with an aggregate value in excess of \$ 50,000 at the end of the taxable year or \$ 75,000 at any time during the

taxable year (or, for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Shares are expected to constitute foreign financial assets subject to these requirements unless the Shares are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). US Holders should consult their tax advisers regarding the application of the rules relating to foreign financial asset reporting.

20 GLOSSARY

2P Reserves	Proven and probable gas reserves
ACER	EU Agency for the Cooperation of Energy Regulators
ACM	<i>Autoriteit Consument en Markt</i> – The Netherlands Authority for Consumers and Markets
Adjusted EBIT	Earnings before interest and taxes adjusted for non-operating effects
Adjusted EBITDA	Earnings before interest, taxes, depreciation and amortization, adjusted for economic depreciation and amortization/reversals
Adjusted FFO	Adjusted funds from operations (FFO)
ADR	American Depositary Receipts – US dollar-denominated certificates issued by a depositary bank in the United States representing shares in foreign stock
AktG	<i>Aktiengesetz</i> – German Stock Corporation Act
Ancillary Activity Exception	Exemption from the scope of MiFID II for certain companies
ANEEL	<i>Agência Nacional de Energia Elétrica</i> – the Brazilian National Electricity Regulatory Agency
Articles of Association	The currently applicable version of the Company's articles of association
AtG	<i>Atomgesetz</i> – German Nuclear Energy Act
AVBFernwärmeV	<i>Verordnung über Allgemeine Bedingungen für die Versorgung mit Fernwärme</i> – the German Ordinance governing Standard Terms and Conditions for District Heating Supply
BaFin	<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> – Federal Financial Supervisory Authority
BAT	Best available techniques
BBergG	<i>Bundesberggesetz</i> – German Federal Mining Act
BBL	Pipeline between Balgzand, the Netherlands, and Bacton, United Kingdom
BEIS	Department for Business, Energy and Industrial Strategy in the United Kingdom
BGB	<i>Bürgerliches Gesetzbuch</i> – German Civil Code
BImSchG	<i>Bundes-Immissionsschutzgesetz</i> – German Federal Emission Control Act
BImSchV	<i>Bundes-Immissionsschutzverordnung</i> – the applicable ordinances implementing the BImSchG
BMWi	<i>Bundesministerium für Wirtschaft und Energie</i> – German Federal Ministry for Economic Affairs and Energy
BNetzA	<i>Bundesnetzagentur</i> – German Federal Network Agency
BRM	<i>Bezirksregierung Münster</i> – Münster Regional Government
BUND	<i>Bund für Umwelt und Naturschutz Deutschland</i> – Friends of the Earth Germany
BVerwG	<i>Bundesverwaltungsgericht</i> – German Federal Administrative Court
CAGR	Compound annual growth rate
CCEE	<i>Câmara de Comercialização de Energia Elétrica</i> – Brazilian Chamber of Electric Energy Commercialization

CCO	Chief Commercial Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHP	Combined heat and power
Clearing	Financial settlement process whereby mutual receivables are calculated and settled via a central counterparty
Clearstream	Clearstream Banking AG
CO₂	Carbon dioxide
CO₂ Certificate	CO ₂ emissions rights
Code	German Corporate Governance Code
Combined Financial Statements ..	The audited Combined Financial Statements of Uniper SE for the fiscal years ending on December 31, 2015, 2014 and 2013
Company	Uniper SE, Düsseldorf, Germany
Complementary Amount	Contributions to be paid under Swedish law as security to cover the costs in connection with the disposal of spent nuclear waste resulting from unforeseen events
Consolidated Interim Financial Statements	The unaudited condensed Consolidated Interim Financial Statements of Uniper SE for the six-month period ending June 30, 2016
Continued Liability Bill	<i>Entwurf eines Gesetzes zur Nachhaftung für Rückbau- und Entsorgungskosten im Kernenergiebereich</i> – Draft bill for the German Act on Continued Liability for the Dismantling of Nuclear Power Plants and the Disposal of Nuclear Waste dated November 9, 2015
COO	Chief Operating Officer
Cost transfer agreements	Arrangements between Uniper Beteiligungs GmbH and E.ON SE and between Uniper SE and E.ON Beteiligungen GmbH
CRE	<i>Autorité administrative indépendante chargée de veiller au bon fonctionnement des marchés de l'électricité et du gaz</i> – French national regulatory authority for the energy sector
CREG	<i>Commissie voor de Regulering van de Elektriciteit en het Gas</i> – Belgian Commission for the Regulation of Electricity and Gas
D&O Insurance	Directors and officers insurance covering members of governing bodies against claims asserted as a result of losses caused by a breach of duties for which they are personally responsible
Datteln 4	Coal-fired power plant currently being constructed in Datteln, Germany, by Uniper Kraftwerke GmbH
Domestic Paying Agent	A German credit institution or German financial services institution (including the German branch of a foreign credit or financial services institution), a German securities trading company or German securities trading bank that holds the shares in safe custody or manages them or sells them and disburses or credits the proceeds from the disposal
DPM	<i>Dogovor predostavlenia moshchnosti</i> – Russian support program for newly installed generation facilities
Draft Directive	Proposal of February 14, 2013 for a directive concerning a common system of financial transaction tax
Dutch Electricity Act	<i>Electriciteitswet 1998</i> – Dutch Electricity Act of 1998

Dutch Gas Act	<i>Gaswet</i> – Dutch Gas Act
E.ON 2.0	E.ON Group restructuring and cost savings program from 2011 onwards
E.ON LTI	E.ON SE's long-term incentive program
E.ON Trademarks	Various registered trademarks containing the term “E.ON” or “e.on”
E.ON Group	E.ON SE, Düsseldorf together with its direct and indirect subsidiaries
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBS	E.ON Business Services GmbH
ECC	European Commodity Clearing AG
EDF	Électricité de France S.A
EEG	German Renewable Energy Sources Act
EEX	European Energy Exchange
EFET Standard Agreement	European Federation of Energy Traders standard master trading agreement
EIA	Environmental impact assessment
EKW	E.ON Kraftwerke GmbH
Electricity Act 1989	Electricity Act 1989, as amended, governing the electricity sector in England, Wales and Scotland
Electricity Directive	Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC
EMIR	Regulation (EU) No 648/2012 of the European Parliament and the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
Energy Efficiency Directive	Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC
ENEVA	ENEVA S.A
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
EnWG	<i>Energiewirtschaftsgesetz</i> – German Energy Industry Act
EP Regulations	Environmental Permitting (England and Wales) Regulations 2010
ESMA	European Securities and Markets Authority
EU	European Union
EU Commission	European Commission
EU ETS	European Union Emissions Trading System
EUA	EU-Allowances
FFO	Funds from Operations – cash provided by (used for) operating activities adjusted for certain factors
Financing Amount	Contributions to be paid under Swedish law as security to cover the costs in connection with the disposal of spent nuclear waste

French Energy Code	French <i>Code de l'énergie</i>
FS	Financial Services – accounting
FTT	Financial transaction tax
GAAP Financial Measures	Performance indicators calculated on the basis of generally accepted accounting principles
Gas Act 1986	United Kingdom Gas Act 1986 as amended
Gas Directive	Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC
GasNEV	<i>Gasnetzentgeltverordnung</i> – German Gas Network Charges Ordinance
GDP	Gross domestic product
GEMA	Gas and Electricity Markets Authority in the United Kingdom
GmbH	<i>Gesellschaft mit begrenzter Haftung</i> – company with limited liability under German law
GW	Gigawatt
GWB	<i>Gesetz gegen Wettbewerbsbeschränkungen</i> – German Act against Restraints of Competition
GWh	Gigawatt hours
HGB	<i>Handelsgesetzbuch</i> – German Commercial Code
HR	Human Resources
HSSE	Risks relating to Health, Safety, Security and Environment, as well as business continuity, crisis management and information security
Hungarian Electricity Act	2007. évi LXXXVI. törvény a villamos energiáról – Hungarian Electricity Act
Hungarian Environmental Protection Act	1995. évi LIII. törvény a környezet védelmének általános szabályairól – Hungarian Environmental Protection Act
Hungarian Gas Act	2008. évi XL. törvény a földgázellátásról – Hungarian Gas Act no. XL of 2008
Hungarian Regulatory Authority ..	<i>Magyar Energetikai és Közműszabályozási Hivatal</i> – Hungarian Regulatory Authority
HUPX	Hungarian Power Exchange
IAS	International Accounting Standard
ICC	International Chamber of Commerce
ICE	Intercontinental Exchange
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee
IMF	International Monetary Fund
Industrial Emissions Directive	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)
InsO	<i>Insolvenzordnung</i> – German Insolvency Code
Internal Revenue Code	United States Internal Revenue Code of 1986, as amended

ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number
ISOs	Independent System Operators – organizations responsible for ensuring stable electricity supply in the United States
IT	Information technology
J.P. Morgan	J.P. Morgan Securities plc, London, United Kingdom
JadeWeserPort	Container deep-water port on the Jade major shipping route in Wilhelmshaven
JadeWeserPort Marketing	Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG
JadeWeserPort Operation	State of Lower Saxony, operating a commercial enterprise by the name of “JadeWeserPort”
Javelin	Javelin Global Commodities Holdings LLP
KAF	<i>Kärnavfallsfonden</i> – Swedish Nuclear Waste Fund
KFK	<i>Kommission zur Überprüfung der Finanzierung des Kernenergieausstiegs</i> – Commission to Review the Financing for the Phase-out of Nuclear Energy
KWG	<i>Kreditwesengesetz</i> – German Banking Act
kWh	Kilowatt hours
KWKG	<i>Kraftwärmekopplungsgesetz</i> – German Combined Heat and Power Act
Law on Amendments to the Environmental Protection Law	Russian Federal Act “On the Amendment of the Act on Environmental Protection” of July 21, 2014
LBTG	Lubmin-Brandov Gastransport GmbH
Lease Agreement	Agreement between Uniper Energy Storage GmbH and the owner on the lease of gas caverns
Listing Agents	J.P. Morgan and Morgan Stanley
LNG	Liquefied Natural Gas
LTi	Long term incentive plan
m³	Cubic meter
Market Abuse Directive	The now-repealed Directive 2003/6/EC on insider trading and market manipulation
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse
Market Transparency Unit	A market transparency unit (<i>Markttransparenzstelle</i>) for wholesale electricity and gas trading established within the German Federal Network Agency (<i>Bundesnetzagentur</i>)
MEON	MEON Pensions GmbH & Co. KG
MiFID	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC

MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments amending Directives 2002/92/EC and 2011/61/EU
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012
MME	<i>Ministério de Minas e Energia</i> – Brazilian Ministry of Mines and Energy
Morgan Stanley	Morgan Stanley Bank AG, Frankfurt, Germany
MSR	Market stabilization reserve
MW	Megawatt
MWh	Megawatt hours
NDO	Swedish National Debt Office
NEC Directive	National Emissions Ceilings Directive – directive to reduce national emissions of certain pollutants and to amend Directive 2003/35/EC of 18 December 2003
Non-GAAP-Financial Measures ...	Performance indicators which are not recognized financial measures under IFRS or the German Commercial Code
NW DFA	<i>Lag om finansiella åtgärder för hanteringen av restprodukter från kärnteknisk verksamhet</i> – Swedish Nuclear Waste Disposal Financing Act
OCFbIT	Operating cash flow before interest and taxes
OECD	Organization for Economic Development and Cooperation
Ofgem	Office of Gas and Electricity Markets in the United Kingdom
ONS	<i>Operador Nacional do Sistema</i> – Brazilian National Electricity System Operator
OPAL	<i>Ostsee-Pipeline-Anbindungs-Leitung</i> – Baltic Sea Pipeline Link, Europe's largest north-west natural gas pipeline
OTC	Over-the-counter
OVG Münster	<i>Oberverswaltungsgericht Münster</i> – Münster Higher Administrative Court
Parent-Subsidiary Directive	Directive 2011/96/EU of the Council of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States
Participating Member States	Belgium, Germany, Estonia, France, Greece, Italy, Austria, Portugal, Slovakia, Slovenia, and Spain
PEGI	PEG Infrastruktur AG, Zug, Switzerland
PFIC	Passive foreign investment company within the meaning of section 1297 of the US Internal Revenue Code of 1986, as amended
PreussenElektra	PreussenElektra GmbH
Prospectus	Prospectus dated September 2, 2016
PwC	PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft Aktiengesellschaft
Qualified Participation	If a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least 1 % of the share capital of the Company at any time during the five years preceding the disposal

Regulation on Access to Natural Gas Networks	Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005
Regulation on Cross-border Trade of Electricity	Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003
REMIT Regulation	Regulation (EU) No 1227/2011 of the European Parliament and the Council of 25 October 2011 on wholesale energy market integrity and transparency
RUB	Russian ruble
RVR	Regional Association Ruhr
SE	<i>Societas Europaea</i> – European stock corporation
SE Regulation	Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European stock company (SE)
SEAG	<i>SE-Ausführungsgesetz</i> – German Act implementing Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European stock company (SE)
SEBG	<i>Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft</i> – German Act on Employee Participation in European Companies
Secretary of State for Energy and Climate Change	Secretary of State for Energy and Climate Change in the United Kingdom government
SEK	Swedish kronor
Service Agreement	Service agreement between the Company, Uniper Beteiligungs GmbH and Uniper Holding GmbH on the basis of which the Company and Uniper Beteiligungs GmbH render certain services to Uniper Holding GmbH.
Seveso III Directive	Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive 96/82/EC
Shares	No-par value registered shares of the Company, each such share representing a <i>pro rata</i> interest in the share capital of € 1.70 and carrying dividend rights as from January 1, 2016
SKB AB	Svensk Kärnbränslehantering AB
SNGP	OAQ Severneftegazprom
SoS Regulation	Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC
Spin-off and Transfer Agreement	The spin-off and transfer agreement concluded between E.ON SE and the Company on April 18, 2016 before the notary Dr. Armin Hauschild with offices in Düsseldorf
Spin-off Capital Increase	Non-cash capital increase to implement the spin-off
Spin-off Date	January 1, 2016, 00:00 hours (CET)

SSM	<i>Strålsäkerhetsmyndigheten</i> – Swedish Radiation Safety Authority
Standard & Poor's	Standard & Poor's Credit Market Services Europe Limited
StromNEV	<i>Stromnetzengeltverordnung</i> – German Electricity Grid Charges Ordinance
Sublease Agreement	Cavity lease agreement between Uniper Energy Storage GmbH and a third party for natural gas storage facilities
Summer Package	Proposals for creating a “new deal” for energy consumers, redesigning the European electricity market, revising the energy label and reviewing the EU emissions trading system by the EU Commission from 2015
TEHG	Environmental and planning law regulations, particularly the Federal Emission Control Act (<i>Bundesimmissionsschutzgesetz</i>) and the German Greenhouse Gas Emissions Trading Act (<i>Treibhausgas-Emissionshandelsgesetz</i>)
TenneT	TenneT TSO GmbH
Trader	AO Gazprom YRGM Development
Transitional Service Agreements	Transitional service agreements between the Uniper Group and the E.ON Group in relation to the provision of certain services
Transparency Regulation	Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council
Treaty	Income tax treaty between the United States and Germany
TSR	Total Shareholder Return
TTF	Title Transfer Facility – Dutch wholesale gas market
TWh	Terrawatt hours
UCSA	Umbrella Collateral Support Agreement
UES	Unified Energy System – Central Russian transmission network
UGC	Uniper Global Commodities SE
UmweltHG	<i>Umwelthaftungsgesetz</i> – German Environmental Liability Act
UmwG	<i>Umwandlungsgesetz</i> – German Reorganization Act
UmwRG	<i>Umweltrechtsbehelfsgesetz</i> – German Environmental Appeals Act
Uniper Participation Agreement ...	Agreement dated January 12, 2016 on employee participation in the Company pursuant to the SEBG
Uniper Group	Uniper SE together with its direct and indirect subsidiaries
Uniper-SNET	Uniper-Société Nationale d'Electricité et de Thermique
United States	United States of America
US Holder	US Holder means a beneficial owner of E.ON SE's shares or the Company's shares, as applicable, that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the

administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

UTG	Uniper Technologies GmbH
VEBA	Vereinigte Elektrizitäts- und Bergwerks- Aktiengesellschaft
VG	<i>Verwaltungsgericht</i> – Administrative Court
VIAG	Vereinigte Industrieunternehmungen AG
VNG	Verbundnetz Gas
Wabo	<i>Wet algemene bepalingen omgevingsrecht</i> – Dutch Act containing general provisions on environmental law
Water Framework Directive	Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for the Community action in the field of water policy
WHG	<i>Wasserhaushaltsgesetz</i> – Water Management Act
WKN	<i>Wertpapierkennnummer</i> – German Securities Identification Number
WpHG	<i>Wertpapierhandelsgesetz</i> – German Securities Trading Act
WpÜG	<i>Wertpapiererwerbs- und Übernahmegesetz</i> – German Securities Acquisition and Takeover Act

21 Financial Section

Condensed Consolidated Interim Financial Statements of Uniper SE (IFRS) for the period from January 1 to June 30, 2016 (unaudited)

Statement of Income	F-3
Statement of Recognized Income and Expenses	F-4
Balance Sheet	F-5
Statement of Cash Flows	F-6
Statement of Changes in Equity	F-8
Notes to the Condensed Consolidated Interim Financial Statements	F-10

Combined Financial Statements of Uniper SE (IFRS) for the fiscal years ending on December 31, 2015, 2014 and 2013 (audited)

Combined Statement of Income	F-30
Combined Statement of Income and Expenses recognized in Equity (Net Assets)	F-31
Combined Balance Sheet	F-32
Combined Statement of Cash Flows	F-34
Combined Statement of Changes in Equity (Net Assets)	F-36
Notes to the Combined Financial Statements	F-38
Auditors' Report	F-143

Annual Financial Statements of Uniper AG (formerly E.ON Kraftwerke GmbH) (HGB) for the fiscal year ending on December 31, 2015 (audited)

Balance Sheet	F-145
Income Statement	F-146
Cash Flow Statement	F-147
Statement of Changes in Equity	F-148
Notes	F-149
Auditors' Report	F-158

Annual Financial Statements of E.ON Kraftwerke GmbH (HGB) for the fiscal year ending on December 31, 2014 (audited)

Balance Sheet	F-160
Income Statement	F-161
Notes	F-162
Auditors' Report	F-175
Additional elements of the financial statements for fiscal year 2014	F-176
Cash Flow Statement	F-177
Statement of Changes in Equity	F-178
Auditors' Report for the Statement of Cash Flows and Statement of Changes in Equity	F-179

Annual Financial Statements of E.ON Kraftwerke GmbH (HGB) for the fiscal year ending on December 31, 2013 (audited)

Balance Sheet	F-181
Income Statement	F-182
Notes	F-183
Auditors' Report	F-198
Additional elements of the financial statements for fiscal year 2013	F-199
Cash Flow Statement	F-200
Statement of Changes in Equity	F-201
Auditors' Report for the Statement of Cash Flows and Statement of Changes in Equity	F-202

**Condensed Consolidated Interim Financial Statements of
Uniper SE (IFRS) for the
period from January 1 to June 30, 2016**

Statement of Income of the Uniper Group

in EUR millions	Note	April 1-June 30		January 1-June 30	
		2016	2015	2016	2015
Sales including electricity and energy taxes		13,886	20,627	33,581	45,026
Electricity and energy taxes		-123	-63	-254	-115
Sales	(15),(16)	13,763	20,564	33,327	44,911
Changes in inventories (finished goods and work in progress)		5	27	-8	35
Own work capitalized		5	-6	9	3
Other operating income		476	1,369	4,791	4,156
Cost of materials	(5),(15)	-12,911	-19,892	-30,998	-43,117
Personnel costs		-298	-323	-564	-603
Depreciation, amortization and impairment charges	(8)	-3,063	-348	-3,275	-645
Other operating expenses		-2,296	-1,483	-6,810	-4,640
Income/loss from companies accounted for under the equity method		21	37	57	65
Income/loss before financial results and income taxes		-4,298	-55	-3,471	165
Financial results	(6)	-227	47	-364	-44
Income/loss from equity investments		2	4	11	4
Income from other securities, interest and similar income		30	8	69	96
Interest and similar expenses		-259	35	-444	-144
Income taxes		-6	-6	-50	-24
Net income/loss		-4,531	-14	-3,885	97
Attributable to shareholders of Uniper SE		-4,523	-4	-3,871	98
Attributable to non-controlling interests		-8	-10	-14	-1
in EUR					
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted	(7)				
from continuing operations		-26.61	-0.02	-22.77	0.59
from discontinued operations		0.00	0.00	0.00	0.00
from net income/loss		-26.61	-0.02	-22.77	0.59

Statement of Recognized Income and Expenses of the Uniper Group

in EUR millions	April 1-June 30		January 1-June 30	
	2016	2015	2016	2015
Net income/loss	-4,531	-14	-3,885	97
Remeasurements of defined benefit plans	-239	282	-651	100
Remeasurements of defined benefit plans of companies accounted for under the equity method	—	3	—	-9
Income taxes	-20	-56	-7	-17
Items that will not be reclassified subsequently to the income statement	-259	229	-658	74
Cash flow hedges	-4	-4	-15	-10
<i>Unrealized changes</i>	-1	-2	-5	-6
<i>Reclassification adjustments recognized in income</i>	-3	-2	-10	-4
Available-for-sale securities	-4	-5	-5	5
<i>Unrealized changes</i>	-4	-5	-5	5
<i>Reclassification adjustments recognized in income</i>	—	—	—	—
Currency translation adjustments	173	47	247	910
<i>Unrealized changes</i>	173	47	247	910
<i>Reclassification adjustments recognized in income</i>	—	—	—	—
Companies accounted for under the equity method	21	5	129	28
<i>Unrealized changes</i>	21	5	36	28
<i>Reclassification adjustments recognized in income</i>	—	—	93	—
Income taxes	12	1	14	3
Items that might be reclassified subsequently to the income statement	198	44	370	936
Total income and expenses recognized directly in equity	-61	273	-288	1,010
Total recognized income and expenses (total comprehensive income)	-4,592	259	-4,173	1,107
<i>Attributable to shareholders of Uniper SE</i>	-4,563	271	-4,025	1,030
<i>Attributable to non-controlling interests</i>	-29	-12	-148	77

Balance Sheet of the Uniper Group

in EUR millions	Note	June 30, 2016	Dec. 31, 2015	Jan. 1, 2015
Goodwill		2,628	2,555	4,911
Intangible assets		1,966	2,159	2,436
Property, plant and equipment	(8)	11,274	14,297	15,717
Companies accounted for under the equity method	(3),(9)	840	1,136	1,401
Other financial assets	(9)	530	558	927
<i>Equity investments</i>		381	369	743
<i>Non-current securities</i>		149	189	184
Financial receivables and other financial assets		2,983	3,029	4,104
Operating receivables and other operating assets		4,315	4,687	3,158
Income tax assets		9	9	14
Deferred tax assets		1,031	1,031	1,355
Non-current assets		25,576	29,461	34,023
Inventories		1,451	1,734	2,297
Financial receivables and other financial assets		950	8,359	11,475
Trade receivables and other operating assets	(16)	14,141	23,085	23,205
Income tax assets		299	296	206
Liquid Funds		536	360	412
<i>Securities and fixed-term deposits</i>		7	60	72
<i>Restricted cash and cash equivalents</i>		1	1	—
<i>Cash and cash equivalents</i>		528	299	340
Assets held for sale	(3)	32	228	2
Current assets		17,409	34,062	37,597
Total assets		42,985	63,523	71,620
Equity and Liabilities				
Subscribed capital	(10)	290	—	—
Capital reserves	(10)	4,188	—	—
Revenue reserves		185	18,684	25,967
Accumulated other comprehensive income		-1,818	-4,223	-3,550
Equity attributable to shareholders of Uniper SE		2,845	14,461	22,417
Non-controlling interests ¹⁾	(1)	8,222	540	302
Equity		11,067	15,001	22,719
Financial liabilities		1,080	2,296	5,175
Operating liabilities		4,578	3,781	2,460
Income taxes		—	—	—
Provisions for pensions and similar obligations	(11)	1,175	796	1,773
Miscellaneous provisions	(16)	6,562	5,809	5,057
Deferred tax liabilities		1,705	1,622	1,966
Non-current liabilities		15,100	14,304	16,431
Financial liabilities		1,310	10,551	8,161
Trade payables and other operating liabilities	(16)	13,681	20,642	21,563
Income taxes		300	338	323
Miscellaneous provisions		1,527	2,569	2,423
Liabilities associated with assets held for sale	(3)	—	118	—
Current liabilities		16,818	34,218	32,470
Total equity and liabilities		42,985	63,523	71,620

1) See also the Statement of Changes in Equity

Statement of Cash Flows of the Uniper Group

January 1-June 30
in EUR millions

	2016	2015
Net income/loss	-3,885	97
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	3,275	645
Changes in provisions	-1	101
Changes in deferred taxes	42	-84
Other non-cash income and expenses	-27	-252
Gain/loss on disposals	-383	-7
<i>Intangible assets and property, plant and equipment</i>	138	-6
<i>Equity investments</i>	-521	-1
<i>Securities (>3 months)</i>	—	—
Changes in operating assets and liabilities and in income taxes	2,931	1,801
<i>Inventories and carbon allowances</i>	471	933
<i>Trade receivables</i>	3,523	3,743
<i>Other operating receivables and income tax assets</i>	4,527	3,170
<i>Trade payables</i>	-333	-1,218
<i>Other operating liabilities and income taxes</i>	-5,257	-4,827
Cash provided by (used for) operating activities (operating cash flow)¹⁾	1,952	2,301
Proceeds from disposals	1,175	194
<i>Intangible assets and property, plant and equipment</i>	5	7
<i>Equity investments</i>	1,170	187
Payments for investments in	-292	-418
<i>Intangible assets and property, plant and equipment</i>	-241	-368
<i>Equity investments</i>	-51	-50
Proceeds from disposals of securities (>3 months) and of financial receivables and fixed-term deposits	845	253
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-783	-516
Changes in restricted cash and cash equivalents	—	—
Cash provided by (used for) investing activities	945	-487
Payments received/made from changes in capital ²⁾	127	-3
Transactions with the E.ON Group ³⁾	-2,233	-2,317
Dividends paid to non-controlling interests	—	—
Changes in financial liabilities ⁴⁾	-600	583
Cash provided by (used for) financing activities	-2,706	-1,737
Net increase/decrease in cash and cash equivalents	191	77
Effect of foreign exchange rates on cash and cash equivalents	38	51
Cash and cash equivalents at the beginning of the year	299	340
Cash and cash equivalents at the end of the quarter	528	468
Supplementary Information on Cash Flows from Operating Activities		
Income taxes paid (less refunds)	-12	-101
Interest paid	-215	-92
Interest received	45	53
Dividends received	12	16

1) Additional information on operating cash flow is provided in Note 15.

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

3) The transactions with the E.ON Group mostly relate to control and profit and loss transfer agreements and financing with the E.ON Group.

4) Proceeds from financial liabilities in the first six months of fiscal year 2016 amounted to EUR 468 million (first six months of 2015: EUR 808 million), while repayments of financial liabilities for the first six months of fiscal year 2016 amounted to EUR -1,068 million (first six months of 2015: EUR -225 million).

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Statement of Changes in Equity

in EUR millions	Accumulated other comprehensive income					
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2015	0	0	25,967	-3,977	508	-81
Capital increase						
Capital decrease						
Dividends			0			
Transfers from reserves/ contributions			-343			
Total comprehensive income			171	859	4	-4
<i>Net income/loss</i>			98			
<i>Other comprehensive income</i>			73	859	4	-4
<i>Remeasurements of defined benefit plans</i>			73			
<i>Changes in accumulated other comprehensive income</i>				859	4	-4
Balance as of June 30, 2015	0	0	25,795	-3,118	512	-85
Balance as of January 1, 2016	0	0	18,684	-4,251	87	-59
Allocation of revenue reserves in accordance with legal structure	283	4,068	-4,351			
Presentation of non-controlling interests in accordance with legal structure			-9,968	2,268	-46	31
Capital increase	7	120				
Capital decrease						
Dividends			0			
Transfers from reserves/ contributions			-3			
Total comprehensive income			-4,177	119	-2	35
<i>Net income/loss</i>			-3,871			
<i>Other comprehensive income</i>			-306	119	-2	35
<i>Remeasurements of defined benefit plans</i>			-306			
<i>Changes in accumulated other comprehensive income</i>				119	-2	35
Balance as of June 30, 2016	290	4,188	185	-1,864	39	7

1) Once the spin-off becomes effective, those non-controlling interests will be reclassified into equity attributable to the shareholders of Uniper SE. For further information, see Note 1.

Equity attributable to shareholders of Uniper SE	Presentation of the non-controlling interests attributable to Uniper Beteiligungs GmbH ¹⁾	Non-controlling interests	Total non-controlling interests	Total
22,417	0	302	302	22,719
0			0	0
0		-3	-3	-3
0		-44	-44	-44
-343			0	-343
1,030		77	77	1,107
98		-1	-1	97
932		78	78	1,010
73		1	1	74
<u>859</u>	<u> </u>	<u>77</u>	<u>77</u>	<u>936</u>
23,104	<u>0</u>	<u>332</u>	<u>332</u>	<u>23,436</u>
14,461	0	540	540	15,001
0			0	0
-7,715	7,715		7,715	0
127	145		145	272
0			0	0
0		-26	-26	-26
-3	-4		-4	-7
-4,025	-175	27	-148	-4,173
-3,871		-14	-14	-3,885
-154	-175	41	-134	-288
-306	-348	-4	-352	-658
<u>152</u>	<u>173</u>	<u>45</u>	<u>218</u>	<u>370</u>
<u>2,845</u>	<u>7,681</u>	<u>541</u>	<u>8,222</u>	<u>11,067</u>

Notes to the Condensed Consolidated Interim Financial Statements

(1) General Principles

First-time Consolidated Interim Financial Statements of Uniper SE

At the end of November 2014, E.ON SE, Düsseldorf announced its plan to bring together the E.ON Generation segment (except for the German nuclear power business and associated activities), the E.ON Russia focus region, the E.ON Global Commodities segment, the E.ON Russian business activities in the E.ON Exploration & Production segment, the E.ON hydroelectric power business area and the E.ON Brazilian business activities in the E.ON Other Non-EU Countries segment, that have been managed since January 1, 2016 under the Uniper name, and prepare a placement on the stock exchange by means of a spin-off through absorption into another company (*Abspaltung zur Aufnahme*) with the issue of Uniper shares to the shareholders of E.ON SE. The spin-off requires the approval of the Annual General Meetings of Uniper SE and E.ON SE which was granted by the Annual General Meeting of Uniper SE on May 24, 2016 and by the Annual General Meeting of E.ON SE on June 8, 2016.

The issuer and parent company of the Uniper Group is Uniper SE, Düsseldorf (until April 14, 2016, Uniper AG).

In course of the reorganization under corporate law completed at the beginning of fiscal year 2016 (i.e. with the transfer of the parts of the German power and gas wholesale business attributable to Uniper), the entire Uniper operating business was brought together in the direct subsidiary Uniper Holding GmbH, Düsseldorf (formerly E.ON Kraftwerke 6. Beteiligungs-GmbH, Hanover) or its direct and indirect subsidiaries. The shareholders in Uniper Holding GmbH are Uniper SE (46.65 percent) and Uniper Beteiligungs GmbH (53.35 percent), Düsseldorf. As part of the reorganizations under corporate law, a majority voting right for Uniper SE was enshrined in the Articles of Association of Uniper Holding GmbH with the result that Uniper SE directly holds the majority of the voting rights at least until the spin-off becomes effective. Until the spin-off becomes effective, the shares held by Uniper Beteiligungs GmbH representing an interest of 53.35 percent in Uniper Holding GmbH are reported in the consolidated interim financial statements in the corresponding amount as non-controlling interests in accordance with IFRS 10. Once the spin-off becomes effective, those non-controlling interests will be reclassified into equity attributable to the shareholders of Uniper SE. The current earnings of Uniper Holding GmbH are allocated in their entirety to Uniper SE on the basis of the control and profit and loss transfer agreement between Uniper SE and Uniper Holding GmbH.

Until the spin-off, Uniper SE is an indirect 100 percent subsidiary of E.ON SE and is included in the consolidated financial statements of E.ON SE together with its subsidiaries. As a result, pursuant to section 291 (1) HGB, there has been no requirement to date for Uniper to prepare consolidated financial statements. As of June 30, 2016, the sole shareholder in Uniper SE is E.ON Beteiligungen GmbH, Düsseldorf.

First-time Adoption of International Financial Reporting Standards

The Uniper Group consists of Uniper SE and its indirect and direct subsidiaries, joint ventures and associated companies. Consolidated interim financial statements in accordance with the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1) were prepared for the first time for the reporting period ending June 30, 2016. Those consolidated interim financial statements were prepared on the basis of uniform IFRS accounting policies with an opening balance sheet as of January 1, 2015. Since the Uniper Group was not previously obliged to prepare consolidated financial statements, the reconciliations for equity and total comprehensive income provided for in principle by IFRS 1 are not required. None of the optional exemptions permitted by IFRS 1 was applied in the consolidated interim financial statements as of June 30, 2016.

For the purposes of the first-time preparation of consolidated interim financial statements, the Board of Management of Uniper SE made use of the possibility of presenting the legal transfers of the business activities of E.ON to Uniper as a transaction under common control using the book value method. In addition, the Company took up the option of presenting the prior-year comparative information required by IFRS as if the legal structure of the Uniper Group after reflecting the legal transfers of the business activities had already existed in the past. The figures presented in the corresponding Combined (Interim) Financial Statements were therefore used for the purposes of the prior-year comparative information.

The Combined Financial Statements of Uniper SE for the fiscal years ended December 31, 2013, 2014 and 2015 prepared in accordance with International Financial Reporting Standards (referred to in the following as “Combined Financial Statements”) are published on the homepage of Uniper SE.

Disclosures Relating to the Consolidated Interim Financial Statements

The consolidated interim financial statements as of June 30, 2016 were prepared in accordance with the requirements of IAS 34 and the other International Financial Reporting Standards (IFRS) as well as the related interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU).

With the exception of the changes explained in Note 2, the same accounting and measurement policies and consolidation principles were applied in these interim financial statements as in the preparation of the Combined Financial Statements for fiscal year 2015.

The consolidated interim financial statements were prepared in euros. Unless otherwise indicated, all amounts are presented in millions of euros (EUR millions).

(2) Newly Adopted Standards and Interpretations

Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”

In November 2013, the IASB published an amendment to IAS 19. This pronouncement amends IAS 19 in respect of the accounting treatment of defined benefit plans involving contributions from employees (or third parties). If the contributions made by employees (or third parties) 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 are applicable for fiscal years beginning on or after July 1, 2014. Earlier application is permitted. The amendments have been adopted by the EU into European law. Consequently, they shall be applied for fiscal years beginning on or after February 1, 2015. The amendments have no material impact on Uniper's Consolidated Financial Statements.

Omnibus Standard to Amend Multiple International Financial Reporting Standards (2010-2012 Cycle)

In the context of its Annual Improvements Process, the IASB revises existing standards. In December 2013, the IASB published a corresponding omnibus standard. It contains changes to IFRS and their associated Bases for Conclusions. The revisions affect the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, 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 have no material impact on Uniper's Consolidated Financial Statements.

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. This required amendments to IFRS 1, “First-time Adoption of International Financial Reporting Standards”, in order to expand the exemption relating 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 are applicable for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. They have no material impact on Uniper's 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 are applicable for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. The amendments have no impact on Uniper's 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 are applicable for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. The amendments have no impact on Uniper's 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 are applicable retrospectively in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, and for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. The amendments have no impact on Uniper's 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 are applicable for the first time for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. They have no material impact on Uniper's 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 are applicable for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The EU has adopted these amendments into European law. There is no difference under European law in the date of first-time application. They have no impact on Uniper's Consolidated Financial Statements.

(3) Disposals and Discontinued Operations

PEG Infrastruktur AG/Nord Stream AG

With economic effect from January 1, 2016, 100 percent of shares in PEG Infrastruktur AG (PEGI), Zug, Switzerland, including its equity interest in Nord Stream AG, Zug, Switzerland, were sold to E.ON Beteiligungen GmbH, Düsseldorf, Germany. The transaction was closed in March 2016. The sale resulted in the deconsolidation of the equity investment in PEGI previously fully consolidated in the Global Commodities segment and of the investment in Nord Stream AG accounted for under the equity method in the first quarter of 2016. The sale price amounted to approximately EUR 1.0 billion and was received in the first quarter of 2016. The transaction generated a gain on disposal of EUR 0.5 billion.

AS Latvijas Gāze

On December 22, 2015, Uniper entered into an agreement to sell 28.974 percent of the shares in its associate AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à r.l. The carrying amount of the investment, which is reported in the Global Commodities segment, amounted to around EUR 0.1 billion as of December 31, 2015. The transaction, which was closed in January 2016 at a sale price of around EUR 0.1 billion, resulted in a minimal gain on disposal.

(4) Research and Development Costs

The Uniper Group's research and development costs in accordance with IFRS amounted in total to EUR 1.4 million in the first half of 2016 (first half of 2015: EUR 6.0 million).

(5) Cost of Materials

In March 2016, in negotiations pertaining to long-term gas delivery contracts, Uniper Global Commodities SE and the Russian Gaz-prom Group agreed to modify the terms of the agreements to reflect current market conditions. In this connection, the reversal of provisions for supply periods in the past resulted in a positive effect on earnings in the first half of 2016 amounting to EUR 383 million.

(6) Financial Results

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

Financial results

in EUR millions	April 1-June 30		January 1-June 30	
	2016	2015	2016	2015
Income/loss from companies in which equity investments are held	2	4	12	4
Impairment charges/reversals on other financial assets	—	—	-1	—
Income/loss from equity investments	2	4	11	4
Income from other securities, interest and similar income	30	8	69	96
Interest and similar expenses	-259	35	-444	-144
Net interest income/loss	-229	43	-375	-48
Financial results	-227	47	-364	-44

(7) Earnings per Share

The computation of earnings per share for the periods indicated is shown below:

Earnings per Share

in EUR millions	April 1-June 30		January 1-June 30	
	2016	2015	2016	2015
Income/loss from continuing operations	-4,531	-14	-3,885	97
Less: Non-controlling interests	8	10	14	1
Income/loss from continuing operations (attributable to shareholders of Uniper SE)	-4,523	-4	-3,871	98
Income/loss from discontinued operations	—	—	—	—
Less: Non-controlling interests	—	—	—	—
Income/loss from discontinued operations (attributable to shareholders of Uniper SE)	0	0	0	0
Net income/loss attributable to shareholders of Uniper SE	-4,523	-4	-3,871	98
in EUR				
Earnings per share (attributable to shareholders of Uniper SE)				
from continuing operations	-26.61	-0.02	-22.77	0.59
from discontinued operations	0.00	0.00	0.00	0.00
from net income/loss	-26.61	-0.02	-22.77	0.59
Weighted-average number of shares outstanding (in millions)	170	167	170	167

The computation of diluted earnings per share is identical to that of basic earnings per share because Uniper SE has issued no potentially dilutive ordinary shares.

Earnings per share for the first half of 2015 is derived from the relationship between net income and the number of shares outstanding. Since in the first half of 2015 Uniper SE still had the legal form of a limited liability company (*Gesellschaft mit beschränkter Haftung*, "GmbH"), the calculation of the number of shares outstanding was based on the nominal amount of EUR 1.70 (after the reorganization of the shares). With the contribution by means of the spin-off of Uniper Beteiligungs GmbH, which currently has no entitlement to profits, the number of shares will increase by 195,239,660 to 365,960,000.

(8) Impairment Charges in the First Half of 2016

Uniper determined the need for an impairment charge on non-current assets amounting to EUR 2.9 billion in accordance with IAS 36. Of this figure, approximately EUR 1.8 billion was attributable to the European Generation segment and EUR 1.1 billion to the Global Commodities segment. The most substantial individual items in terms of amount related to two conventional power plants outside Germany, at EUR 0.8 billion and EUR 0.7 billion respectively, as well as storage infrastructure outside Germany, at EUR 0.5 billion. In particular, the reasons for the impairment charges were amended estimates of the regulatory conditions and the change in the market environment, which led to a deterioration in forecast earnings for the affected assets.

The impairment tests involved the calculation of the recoverable amounts as the higher of the fair value less costs to sell and the value in use of the respective cash-generating units. The calculation was based on discounted cash flow methods and the medium-term corporate planning authorized by the Board of Management. The principal assumptions underlying the determination by management of the recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, Uniper's investment activity, changes in the regulatory framework, as well as for the cost of capital. These assumptions are based on publicly available market data and on internal estimates. Uniper continues to make the general assumption that the European power generation market will not return to an equilibrium free from regulatory elements. Appropriate compensation elements were taken into account. The post-tax discount rates used are determined using market data for each cash-generating unit and amounted to between 5.4 and 6.1 percent as of the valuation date.

For the same reasons outlined above, provisions amounting to EUR 0.9 billion were also recognized in the Global Commodities segment for onerous contracts within the meaning of IAS 37.

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

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

in EUR millions	June 30, 2016			Dec. 31, 2015			Jan. 1, 2015		
	Uniper Group	Associated companies ¹⁾	Joint ventures ¹⁾	Uniper Group	Associated companies ¹⁾	Joint ventures ¹⁾	Uniper Group	Associated companies ¹⁾	Joint ventures ¹⁾
Companies accounted for under the equity method	840	702	138	1,136	1,011	125	1,401	1,222	179
Equity investments . . .	381	38	9	369	32	9	743	37	9
Non-current securities	149	—	—	189	—	—	184	—	—
Total	1,370	740	147	1,694	1,043	134	2,328	1,259	188

1) Associated companies and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

(10) Equity

Upon the completion of the reorganization under corporate law at the start of fiscal year 2016, the Uniper Group within the meaning of IFRS came into existence with Uniper SE as the parent company. Since January 1, 2016, Uniper SE has therefore been the sole parent company of the Uniper Group. For that reason, the net assets reported in the Combined Financial Statements of Uniper SE for fiscal year 2015 were carried over into the capital structure of Uniper SE.

On January 19, 2016, the Annual General Meeting of Uniper AG (the legal predecessor of Uniper SE), in preparation for the spin-off, resolved to increase the share capital of EUR 283,445,000 by EUR 6,779,578 to EUR 290,224,578 and to divide it into 170,720,340 no-par value registered shares, each such no-par value share representing a notional interest in the share capital of EUR 1.70.

The conversion of Uniper AG into a European Company (SE), which was resolved by the Annual General Meeting of Uniper AG on March 23, 2016 and entered into effect on April 14, 2016 when it was entered in the relevant commercial register, did not operate to change the share capital of EUR 290,224,578 or the division thereof into 170,720,340 no-par value registered shares, with each such no-par value share representing a notional interest in the share capital of EUR 1.70. There are no restrictions on the transferability of the Company's shares.

The no-par value shares are fully paid in. Each no-par value share represents a notional interest in the share capital of EUR 1.70 and carries full dividend rights as from January 1, 2016.

On March 30, 2016, E.ON Beteiligungen GmbH paid an amount of EUR 120 million into the free capital reserves of Uniper SE.

Also on March 30, 2016, Uniper Beteiligungs GmbH paid an amount of EUR 145 million into the free capital reserves of Uniper Holding GmbH.

The individual components of equity and their development are derived from the statement of changes in equity of the Uniper Group.

(11) Provisions for Pensions and Similar Obligations and Number of Employees

The provisions for pensions and similar obligations increased by EUR 379 million compared with year-end 2015 to EUR 1,175 million as of June 30, 2016. This was mainly due to net actuarial losses which mostly resulted from the decrease in the discount rates determined for the Uniper Group and additions attributable to the net periodic pension cost. These effects were partly offset by employer contributions to plan assets and net pension payments in the first six months of 2016.

In comparison with January 1, 2015, the provisions for pensions and similar obligations at the December 31, 2015 reporting date fell by EUR 977 million to EUR 796 million. The decline was mainly due to employer contributions to plan assets, net actuarial gains, which mostly resulted from the increase in the discount rates determined for the Uniper Group, and net pension payments in fiscal year 2015. This was partly offset by additions attributable to the net periodic pension cost.

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

Discount rate

in %	June 30, 2016	Dec. 31, 2015	Jan. 1, 2015
Germany	1.60	3.00	2.20
United Kingdom	3.00	4.10	3.90

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

Net Defined Benefit Liability

in EUR millions	June 30, 2016	Dec. 31, 2015	Jan. 1, 2015
Present value of all defined benefit obligations	3,195	2,366	2,572
Fair value of plan assets	2,020	1,572	812
Net defined benefit liability	1,175	794	1,760
<i>Presented as operating receivables and other operating assets</i>	<i>—</i>	<i>-2</i>	<i>-13</i>
<i>Presented as provisions for pensions and similar obligations</i>	<i>1,175</i>	<i>796</i>	<i>1,773</i>

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

Net Periodic Pension Cost for Defined Benefit Plans

in EUR millions	April 1-June 30		January 1-June 30	
	2016	2015	2016	2015
Employer service cost	21	29	39	52
Past service cost	1	1	-1	2
Net interest on the net defined benefit liability	5	10	10	20
Total	27	40	48	74

The breakdown by segment is shown in the table below:

Employees¹⁾

	<u>June 30, 2016</u>	<u>Dec. 31, 2015</u>	<u>Jan. 1, 2015</u>
European Generation	6,386	6,928	7,636
Global Commodities	1,322	1,412	1,621
International Power Generation	5,027	5,305	5,386
Administration/Consolidation	411	492	515
Total	13,146	14,137	15,158
<i>Domestic</i>	4,658	5,046	5,778
<i>Foreign</i>	8,488	9,091	9,380

1) Excluding board members, managing directors, and apprentices

(12) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments that are generally measured at market value is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Company assesses and monitors the fair value of derivative instruments at regular intervals. The fair value determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. The fair values of derivative instruments are calculated using customary market valuation methods with reference to market data available on the measurement date. The counterparty credit risk is recognized in the form of a credit value adjustment.

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are also used in the calculations.

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, Uniper 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 activities.

Additional Disclosures on Financial Instruments

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

Carrying Amounts of Financial Instruments as of June 30, 2016

<u>in EUR millions</u>	<u>Total carrying amounts within the scope of IFRS 7</u>	<u>Determined using market prices</u>	<u>Derived from active market prices</u>
Assets			
Equity investments	381	70	151
Derivatives	12,223	5,246	6,644
Securities and fixed-term deposits	156	156	—
Cash and cash equivalents	528	528	—
Restricted cash	1	1	—
Liabilities			
Derivatives	11,818	4,921	6,910

Carrying Amounts of Financial Instruments as of December 31, 2015

<u>in EUR millions</u>	<u>Total carrying amounts within the scope of IFRS 7</u>	<u>Determined using market prices</u>	<u>Derived from active market prices</u>
Assets			
Equity investments	369	67	142
Derivatives	16,166	6,464	9,337
Securities and fixed-term deposits	249	249	—
Cash and cash equivalents	299	266	33
Restricted cash	1	1	—
Liabilities			
Derivatives	14,348	5,928	8,414

Carrying Amounts of Financial Instruments as of January 1, 2015

<u>in EUR millions</u>	<u>Total carrying amounts within the scope of IFRS 7</u>	<u>Determined using market prices</u>	<u>Derived from active market prices</u>
Assets			
Equity investments	743	32	71
Derivatives	13,708	6,154	7,093
Securities and fixed-term deposits	256	147	109
Cash and cash equivalents	340	292	48
Restricted cash	—	—	—
Liabilities			
Derivatives	12,041	6,155	5,866

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. In the case of commercial paper and borrowings under short-term credit facilities, if applicable, and of trade payables, the carrying amount is used as the fair value due to the short maturities of these items. The fair value of the remaining financial instruments largely corresponds to the carrying amount. Bank loans/liabilities to banks as of June 30, 2016 amounted to EUR 132 million (December 31, 2015: EUR 134 million; January 1, 2015: EUR 148 million).

At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2015. There were no material reclassifications between these two fair value hierarchy levels in the first half of 2016. In the first half of 2016, equity investments were reclassified into Level 3 in the amount of EUR 8 million, and derivatives were reclassified out of Level 3 into Level 2 in the amount of EUR 4 million. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

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

<u>in EUR millions</u>	<u>Jan. 1, 2016</u>	<u>Purchases (including additions)</u>	<u>Sales (including disposals)</u>	<u>Settlements</u>	<u>Gains/losses in income statement</u>	<u>Transfers</u>		<u>Gains/losses in OCI</u>	<u>June 30, 2016</u>
						<u>into Level 3</u>	<u>out of Level 3</u>		
Equity investments	160	—	—	—	1	8	—	-9	160
Derivative financial instruments	359	—	—	—	-9	—	-4	—	346
Total	519	0	0	0	-8	8	-4	-9	506

At the beginning of 2016, a net loss of EUR 30 million from the initial measurement of derivatives was deferred. After realization of EUR 5 million in deferred gains, the remainder at the end of the half-year was a deferred loss of EUR 25 million, which will be recognized in income during subsequent periods as the contracts are settled.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10 percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of EUR 114 million or an increase of EUR 113 million, respectively.

Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Guarantees issued by the respective parent companies or evidence of profit and loss transfer agreements in combination with letters of awareness are accepted as collateral. 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 EUR 4,655 million. 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 and stock exchange clearing. As of June 30, 2016, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(13) Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to 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 June 30, 2016, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to EUR 0.6 billion (December 31, 2015: EUR 0.6 billion; January 1, 2015: EUR 1.1 billion). Of the total commitments, an amount of EUR 0.3 billion (December 31, 2015: EUR 0.3 billion; January 1, 2015: EUR 0.8 billion) was due within one year. This item 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 in the European Generation segment. The obligations for new power plant construction projects included in the purchase commitments amounted to EUR 0.3 billion (December 31, 2015: EUR 0.3 billion; January 1, 2015: EUR 0.7 billion) as of June 30, 2016.

Uniper as Lessee – Operating Leases

in EUR millions	Minimum lease payments		
	June 30, 2016	Dec. 31, 2015	Jan. 1, 2015
Due in 1 year	86	100	1,187
Due in 1-5 years	212	192	1,404
Due in more than 5 years	196	217	254
Total	494	509	2,845

Additional long-term contractual obligations in place at the Uniper Group as of June 30, 2016, related primarily to the purchase of fossil fuels such as natural gas, lignite and hard coal. The financial obligations under these purchase contracts amounted to approximately EUR 214.7 billion as of June 30, 2016 (due within one year: EUR 6.7 billion), to approximately EUR 218.2 billion as of December 31, 2015 (due within one year: EUR 7.2 billion) and to approximately EUR 231.5 billion as of January 1, 2015 (due within one year: EUR 9.8 billion).

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 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 contractual obligations for purchases of fossil fuels recorded a decline in the first six months of fiscal year 2016 compared with the December 31, 2015 reporting date. The principal reason for this was a price-related reduction in the minimum purchase obligations for gas procurement.

Contractual obligations for the purchase of electricity amounted to approximately EUR 0.9 billion as of June 30, 2016 (due within one year: EUR 0.4 billion), to approximately EUR 2.0 billion as of December 31, 2015 (due within one year: EUR 1.0 billion) and to approximately EUR 2.1 billion as of January 1, 2015 (due within one year: EUR 1.0 billion), and relate in part to purchases from jointly operated power plants in the Generation units. The purchase price of electricity from jointly operated power plants is normally based on the supplier's production cost plus a profit margin that is generally calculated on the basis of an agreed return on capital.

Further purchase obligations amounted to approximately EUR 4.2 billion as of June 30, 2016 (due within one year: EUR 0.2 billion), to approximately EUR 5.4 billion as of December 31, 2015 (due within one year: EUR 0.3 billion) and to approximately EUR 3.1 billion as of January 1, 2015 (due within one year: EUR 0.4 billion). In addition to purchase obligations mainly for heat and alternative fuels, the European Generation segment has long-term contractual obligations for services relating to the interim and permanent storage of fuel elements in connection with the Uniper Group's Swedish nuclear power plants.

There were additional financial obligations of approximately EUR 0.9 billion as of June 30, 2016 (due within one year: EUR 0.4 billion), approximately EUR 1.1 billion as of December 31, 2015 (due within one year: EUR 0.5 billion) and approximately EUR 1.1 billion as of January 1, 2015 (due within one year: EUR 0.5 billion). Among other items, they include financial obligations for future purchases of services.

(14) Related-Party Transactions

The Uniper Group still currently forms part of the E.ON Group and has business relationships with E.ON SE and E.ON Group companies.

The E.ON Group companies comprise direct and indirect subsidiaries of E.ON SE.

Transactions with associated companies of the Uniper Group and its subsidiaries accounted for under the equity method, as well as with joint ventures of the Uniper Group, are presented separately.

Transactions with associated companies of the E.ON Group and their subsidiaries accounted for under the equity method, joint ventures of the E.ON Group, equity investments recognized at fair value and subsidiaries of the E.ON Group and of the Uniper Group that are not fully consolidated are presented as transactions with other related parties. Their overall share of the transactions referred to in the following chapter is not material.

The following were the principal related-party transactions in the first six months of fiscal year 2016:

Transactions for Goods and Services and Financing Activities

Goods delivered and services performed, income from transactions and goods and services received as well as expenses from transactions with the E.ON Group were as follows in the first six months of fiscal year 2016:

Related-Party Transactions – Statement of Income

January 1-June 30 in EUR millions	2016	2015
Income	6,181	8,497
<i>E.ON SE</i>	450	981
<i>E.ON Group companies</i>	5,363	6,957
<i>Associated companies</i>	181	357
<i>Joint ventures</i>	12	13
<i>Other related parties</i>	175	189
Expenses	3,961	5,528
<i>E.ON SE</i>	364	961
<i>E.ON Group companies</i>	3,253	4,250
<i>Associated companies</i>	187	270
<i>Joint ventures</i>	23	19
<i>Other related parties</i>	134	28

Related-Party Transactions – Balance Sheet

in EUR millions	June 30, 2016	Dec. 31, 2015	Jan. 1, 2015
Receivables	2,606	12,441	18,270
<i>E.ON SE</i>	347	8,631	11,058
<i>E.ON Group companies</i>	1,270	2,753	5,862
<i>Associated companies</i>	490	551	875
<i>Joint ventures</i>	449	456	439
<i>Other related parties</i>	50	50	36
Liabilities	3,077	13,361	15,323
<i>E.ON SE</i>	1,013	10,069	7,124
<i>E.ON Group companies</i>	1,782	2,974	7,997
<i>Associated companies</i>	144	260	80
<i>Joint ventures</i>	41	51	39
<i>Other related parties</i>	97	7	83

Business relationships with related parties primarily consist of the Group-wide procurement and sales activities of Uniper Global Commodities SE mainly in connection with power and gas on the commodity markets for the E.ON Group, and the central financing function of E.ON SE for the Uniper Group. These relationships are responsible for the extensive mutual obligations and trade relations.

Income generated from transactions with E.ON SE and E.ON Group companies included in particular revenues from deliveries of electricity and gas amounting to EUR 4,415 million in the first six months of fiscal year 2016 (first six months of 2015: EUR 6,375 million). The corresponding expenses from transactions with E.ON SE and E.ON Group companies principally related to materials expenses for the procurement of electricity and gas amounting to EUR 1,635 million (first six months of 2015: EUR 3,568 million).

Accordingly, receivables and liabilities due from/to related parties mainly consist of receivables and liabilities relating to deliveries and services from electricity and gas transactions.

Other Services

E.ON companies have provided services to the Uniper Group for central functions, such as IT services, personnel-related services and accounting. The services were provided partly by E.ON Group companies and also by E.ON SE.

Financing

During the reporting period, the Uniper Group was in principle integrated into the Group-wide cash pooling and cash management systems of E.ON SE. Interest paid on cash pooling balances is based on normal market terms and conditions. Liabilities to E.ON related to cash pooling as of June 30, 2016 amounted to EUR 888 million (December 31, 2015: EUR 9,935 million; January 1, 2015: EUR 7,903 million). Where netting was permitted in accordance with IAS 32, financial receivables and liabilities due from/to the E.ON Group have been reported net. As of December 31, 2015 and January 1, 2015, the preconditions for this were not met. Financial receivables from cash pooling and cash management as of June 30, 2016 amounted to EUR 174 million (December 31, 2015: EUR 7,368 million; January 1, 2015: EUR 10,674 million). Financial liabilities from cash pooling and cash management as of June 30, 2016 amounted to EUR 894 million (December 31, 2015: EUR 10,712 million; January 1, 2015: EUR 11,348 million). Of the total liabilities, an amount of EUR 892 million as of June 30, 2016 (December 31, 2015: EUR 9,936 million; January 1, 2015: EUR 7,903 million) was due within one year. The interest expenses and interest income generated in connection with the financing activities with E.ON SE and E.ON Group companies in the first six months of fiscal year 2016 amounted to EUR 180 million (first six months of 2015: EUR 87 million) and EUR 4 million (first six months of 2015: EUR 17 million), respectively.

Hedging Transactions

During the reporting period, hedging transactions for the purpose of protecting against exchange rate movements were carried out within the Uniper Group, mainly through E.ON SE. Where these forward transactions are classified as derivative financial instruments under IFRS, they are accounted for as derivative receivables or liabilities at fair value on an ongoing basis. Income from these hedging transactions in the first six months of fiscal year 2016 amounted to EUR 438 million (first six months of 2015: EUR 904 million), while the expenses from these hedging transactions for the first six months of fiscal year 2016 amounted to EUR 351 million (first six months of 2015: EUR 902 million).

Leasing

The Uniper Group has entered into lease agreements with the E.ON Group. At the end of fiscal year 2015, these consisted in particular of operating lease agreements with German E.ON Group companies within the nuclear power sector (see also Note 13). Liabilities from finance leases with the E.ON Group as of June 30, 2016 amounted to EUR 26 million (December 31, 2015: EUR 26 million; January 1, 2015: EUR 29 million). Of these, an amount of EUR 5 million as of June 30, 2016 (December 31, 2015: EUR 5 million; January 1, 2015: EUR 26 million) was due within one year.

Collateral/Global Letters of Awareness/Guarantees

The E.ON Group has provided collateral in favor of the Uniper Group. The guarantees issued by the E.ON Group had a value of EUR 7,620 million as of June 30, 2016 (December 31, 2015: EUR 6,942 million; January 1, 2015: EUR 3,005 million). The increase as of June 30, 2016 was mainly caused by revised company legal structures resulting from the planned spin-off, for which E.ON SE is contractually required to give guarantees to third parties in favor of Uniper companies.

The guarantees from E.ON for the Uniper Group referred to above include guarantees in connection with the Swedish nuclear power activities. 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. The transfer of these guarantees and obligations from E.ON to Uniper requires the approval of the Swedish nuclear energy regulatory authority which had not been granted as of June 30, 2016. Until approval is received from the regulatory authority, the Uniper Group has released E.ON from any obligations arising from these guarantees by means of an indemnification agreement.

Company Pension Plans

In the past, the majority of the Uniper Group's employees were members of the E.ON Group pension plans. The benefits vary in accordance with the legal, tax and financial circumstances in the particular country, and are generally based on the employees' length of service and remuneration. In the course of the legal reorganization, plan assets have been or are being transferred from the E.ON Group to the Uniper Group. This mainly relates to German and English companies (see Note 11).

Insurances

In the first six months of fiscal year 2016, the Uniper Group was insured under the E.ON Group insurance arrangements. The costs incurred for this were borne by the Uniper Group. In the context of Uniper becoming an independent entity, the insurance cover provided by the E.ON Group will be largely replaced by separate insurance cover for the Uniper Group by the date of the spin-off.

Other

As part of the reorganizations under corporate law, a majority voting right for Uniper SE was enshrined in the Articles of Association of Uniper Holding GmbH with the result that Uniper SE directly holds the majority of the voting rights at least until the spinoff becomes effective. The current earnings of Uniper Holding GmbH are allocated in their entirety to Uniper SE on the basis of the control and profit and loss transfer agreement between Uniper SE and Uniper Holding GmbH.

On April 18, 2016, E.ON SE and Uniper SE entered into a notarized spin-off and transfer agreement under which E.ON SE transfers all its shares in Uniper Beteiligungs GmbH (which in turn holds 53.35percent of the shares in Uniper Holding GmbH) to Uniper SE by way of spin-off and absorption (the "Spin-off Agreement"). Approval was granted by the Annual General Meeting of Uniper SE on May 24, 2016 and by the Annual General Meeting of E.ON SE on June 8, 2016. It is planned to enter the spin-off in the commercial register during the third quarter of 2016.

Subject to a different allocation of obligations and liabilities under the Master Agreement (see below), E.ON SE is obligated to indemnify Uniper SE, upon first demand, from any liabilities or obligations if and to the extent that claims are asserted against Uniper SE under section 133 of the German Act Regulating the Transformation of Companies (*Umwandlungsgesetz*, "UmwG") or other stipulations by creditors for liabilities, obligations or arrangements to assume liability on the part of E.ON SE which have not been transferred to Uniper SE under the terms of the Spin-off Agreement. Pursuant to section 133 (1) and (3) UmwG, Uniper SE has joint and several liability together with E.ON SE for liabilities remaining with E.ON SE that were created prior to the spin-off becoming effective, if they are due before the expiry of five years after the announcement of the entry of the spin-off in the commercial register of E.ON SE and, as a result, claims are asserted against Uniper SE in a manner described in section 197 (1) nos. 3 to 5 of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB"), or if enforcement proceedings by the courts or the regulatory authorities are initiated or applied for. In the case of liabilities to entities governed by public law, the adoption of an administrative act is sufficient. For benefit obligations under the German Company Pensions Act (*Betriebsrentengesetz*, "BetrAVG"), the period referred to is extended from five years to ten years. The identical corresponding liability of E.ON SE pursuant to section 133 (1) and (3) UmwG for liabilities transferred to Uniper SE and the related indemnification obligation of Uniper SE under the terms of the Spinoff Agreement are not relevant in practice, since no liabilities are being transferred to Uniper SE in the course of the spin-off.

E.ON SE and Uniper SE entered into a Master Agreement on April 18, 2016. The purpose of the Master Agreement is to complete the internal restructuring process necessary to create the E.ON and Uniper divisions under E.ON SE. It contains supplementary provisions relating to issues in connection with the creation of the divisions that had not yet been fully regulated.

Related Parties

Under IAS 24, compensation paid to key management personnel (members of the Board of Management and of the Supervisory Board) must be disclosed.

The expense for the first six months of fiscal year 2016 for members of the Uniper Board of Management amounted to EUR 6.6 million (first six months of 2015: EUR 1.3 million) for short-term benefits, EUR 0.0 million (first six months of 2015: EUR 0.3 million) for termination benefits and EUR 0.5 million (first six months of 2015: EUR 0.0 million) for post-employment benefits. The expense for the multi-year share-based compensation of the members of the Board of Management determined in accordance with IFRS 2 for the first six months of fiscal year 2016 amounted to EUR 0.6 million (first six months of 2015: EUR 0.1 million).

As of June 30, 2016 provisions for the multi-year share-based compensation of the members of the Board of Management amounted to EUR 0.6 million (December 31, 2015: EUR 0.0 million; January 1, 2015: EUR 0.0 million). The provisions for pensions and similar obligations for members of

the Board of Management amounted to EUR 11.0 million as of June 30, 2016 (December 31, 2015: EUR 0.0 million; January 1, 2015: EUR 0.0 million). Provisions for short-term benefits for the members of the Uniper Board of Management as of June 30, 2016 amounted to EUR 1.0 million (December 31, 2015: EUR 0 million; January 1, 2015: EUR 0.0 million).

The expense for the short-term compensation of the members of the Supervisory Board of Uniper SE in the first six months of fiscal year 2016 amounted to EUR 0.0 million (first six months of 2015: EUR 0.4 million).

The total compensation for key management personnel for the first six months of fiscal year 2016 amounted to EUR 7.7 million (first six months of 2015: EUR 2.6 million).

(15) Segment Information

The following information for the first six months of fiscal year 2016 is provided on the basis of the Uniper Group's internal reporting system.

Operating Segments

The following operating segments are reported separately in accordance with IFRS 8.

European Generation

The European Generation segment comprises the Uniper Group's various generation facilities available in Europe for the purpose of generating power and heat. In addition to fossil-fuel power stations (coal, gas, oil and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power stations in Sweden, a biomass plant in France and a small number of solar and wind power facilities. The majority of the energy generated is sold by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. In addition to the power plant business, the European Generation segment is also engaged in the marketing of energy services, ranging from fuel procurement and engineering, operational and maintenance services through to trading services ("third-party services"), and also the provision of technical services by Uniper Engineering GmbH.

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, CO₂ certificates are traded, the electricity produced is marketed and the portfolio is optimized by managing the use of the power plants. In addition, this segment includes infrastructure investments and the gas storage operations as well as all the activities of the Uniper Group relating to its investment in the Siberian gas field Yuzhno Russkoye.

International Power Generation

The International Power Generation segment is divided into the activities of International Power Generation – Russia and International Power Generation – Brazil. The Russia activities comprise the equity investment of 83.7 percent (as of June 30, 2016) in the energy generation company Unipro PJSC held by the Uniper Group, and also equity investments in the Czech Republic, principally a 52.0 percent interest (as of June 30, 2016) in Teplarna Tabor, a.s. The Brazil activities comprise the 12.3 percent financial investment (as of June 30, 2016) in the energy supplier ENEVA S.A. held by the Uniper Group, as well as a 50 percent equity interest (as of June 30, 2016) in Pecém II Participacoes S.A., which operates a coal power station in the Brazilian federal state of Ceará. In addition to its actual activities, the segment is also available to all segments of the Uniper Group with its knowledge of the respective markets and the specific political and regulatory conditions applicable in these countries. The activities are, for example, responsible for the development of power generation projects in their respective countries, from preliminary analyses to investment proposals. In addition, they are the sole point of contact for all stakeholders, including policymakers, government agencies, trade associations, and the media.

In addition, the Group-wide non-operating functions carried out centrally for all segments of the Uniper Group are brought together under Administration/Consolidation. The consolidation adjustments required to be carried out at Group level are also made here.

Adjusted EBIT, earnings before interest and taxes adjusted for non-operating effects, is the key measure at Uniper for purposes of internal management control and as the most important indicator of a business's operating earnings power.

The unadjusted earnings before interest and taxes (EBIT) represents the Group's income/loss before financial results and income taxes in accordance with IFRS, taking into account the net income/expense from equity investments. Unadjusted EBIT is adjusted for certain non-operating effects in order to increase its informative value as an indicator of the operating profitability of the Uniper business. Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/cost management, impairment charges/reversals on non-current assets, companies accounted for under the equity method and other long-term financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. Restructuring/cost management expenses represent additional expenses which are not directly attributable to the operating business. 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.

The table below presents the reconciliation of the income/loss before financial results and income taxes in accordance with IFRS and the adjusted earnings before interest and taxes:

Reconciliation of income/loss before financial results and income taxes

January 1-June 30 in EUR millions	2016	2015
Income/loss before financial results and income taxes	-3,471	165
Income/loss from equity investments	11	4
EBIT	-3,460	169
Non-operating adjustments	4,595	376
<i>Net book gains/losses</i>	-522	—
<i>Marking to market of derivative financial instruments</i>	1,034	118
<i>Restructuring/cost management expenses</i> ¹⁾	223	42
<i>Non-operating impairment charges (+)/reversals (-)</i> ²⁾	2,863	144
<i>Miscellaneous other non-operating earnings</i>	997	72
Adjusted EBIT	1,135	545
Economic depreciation and amortization/reversals ^{2), 3)}	405	455
Adjusted EBITDA	1,540	1,000

1) Restructuring/cost management expenses for the Global Commodities segment in the first six months of 2016 include depreciation and amortization of EUR 8 million (first six months of 2015: EUR 9 million).

2) Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the statement of income since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost management expenses and in miscellaneous other non-operating earnings.

3) Economic depreciation and amortization/reversals include only operating depreciation and amortization.

Due to the adjustments made, the key figures shown here may differ from the corresponding figures determined in accordance with IFRS.

Net book gains/losses

The net book gains/losses during the reporting period amounting to EUR 522 million mostly resulted from the sale of PEG Infra-struktur AG and Nord Stream AG as well as of AS Latvijas Gāze. There were no book gains in 2015.

Marking to market of derivative financial instruments

The marking to market at the reporting date of derivatives used to hedge the operating business against price fluctuations generated an expense of EUR 1,034 million as of June 30, 2016 (first six months of 2015: EUR -118 million).

Restructuring/cost management

Restructuring/cost management expenses rose by EUR 181 million year-on-year in the first six months of fiscal year 2016. In the first six months of fiscal year 2016 they amounted to EUR 223 million (first six months of 2015: EUR 42 million). The additional expenses related mainly to the strategic realignment.

Non-operating impairment charges

Non-operating impairment charges amounting to EUR 2,863 million were recorded during the reporting period (first six months of 2015: EUR 144 million). For further information, see Note 8.

Miscellaneous other non-operating earnings

Miscellaneous other non-operating earnings amounted to EUR -997 million in the first six months of fiscal year 2016 (first six months of 2015: EUR -72 million). The deterioration was principally due to the recognition of a provision for onerous contracts in accordance with IAS 37. For further information, see Note 8.

Financial Information by Business Segment

January 1-June 30 in EUR millions	European Generation		Global Commodities	
	2016	2015	2016	2015
External sales	1,464	1,531	31,352	42,811
Intersegment sales	1,786	2,371	1,475	1,808
Sales	3,250	3,902	32,827	44,619
Adjusted EBITDA	406	515	1,165	420
Economic depreciation and amortization/ reversals ^{1), 2)}	-286	-320	-70	-86
Adjusted EBIT (Segment earnings)	120	195	1,095	334
<i>of which equity-method earnings³⁾</i>	<i>—</i>	<i>-2</i>	<i>59</i>	<i>78</i>
Operating cash flow before interest and taxes	897	603	1,111	1,771
Investments	177	275	66	58

1) The total economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the statement of income since this item also includes impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost management expenses and in miscellaneous other non-operating earnings.

2) Economic depreciation and amortization/reversals include only operating depreciation and amortization.

3) The income/loss from companies accounted for under the equity method presented here is generally adjusted for non-operating effects and therefore differs from the income/ loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.

International Power Generation		Administration/Consolidation		Uniper Group	
2016	2015	2016	2015	2016	2015
510	556	1	13	33,327	44,911
—	—	-3,261	-4,179	0	0
510	556	-3,260	-4,166	33,327	44,911
5	150	-36	-85	1,540	1,000
-44	-44	-5	-5	-405	-455
-39	106	-41	-90	1,135	545
-2	-11	—	—	57	65
149	172	-23	-105	2,134	2,441
44	85	5	—	292	418

The investments presented in the financial information by business segment tables are the purchases of investments reported in the statement of cash flows. In the first six months of fiscal year 2016 they related to growth investments amounting to EUR 144 million (first six months of 2015: EUR 155 million) and investments in non-current assets in connection with procurements of replacement components and maintenance amounting to EUR 148 million (first six months of 2015: EUR 263 million).

Transactions within the Uniper Group are generally executed at market prices.

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

Operating Cash Flow

January 1-June 30 in EUR millions	2016	2015	Difference
Operating cash flow	1,952	2,301	-349
Interest payments	170	39	131
Tax payments	12	101	-89
Operating cash flow before interest and taxes	2,134	2,441	-307

(16) Summary of Significant Changes Over the Previous Year

The change in sales corresponds to the change in the cost of materials and mostly reflects volume- and price-related effects in the trading operations. Further information on the change in the cost of materials is provided in Note 5.

The changes in other operating income and corresponding changes in other operating expenses are principally due to the fair value measurement of derivatives on the reporting date. Other operating income also includes the gain on the disposal of PEGI amounting to EUR 0.5 billion. Other operating expenses include real estate transfer taxes in connection with the spin-off itself and its implementation amounting to approximately EUR 190 million.

The principal changes in property, plant and equipment and depreciation, amortization and write-downs are presented in Note 8.

The main reason for the decline in non-current operating liabilities was the fair value measurement of commodity derivatives.

The reduction in the current financial receivables/liabilities was the result of repayments of liabilities to E.ON SE as part of netting. Further information is provided in Note 14.

The fall in current trade receivables and other operating assets reflected a decline in trade receivables corresponding to the change in sales and was mainly due to volume and price factors. In addition, the fair value measurement of commodity derivatives was responsible for a decline in current other operating assets.

The increase in other non-current provisions resulted primarily from the recognition of a provision for onerous contracts within the meaning of IAS 37 in the second quarter of fiscal year 2016.

The fall in current trade payables and other operating liabilities reflected a decline in trade payables corresponding to the change in the cost of materials and was mainly due to volume and price factors. In addition, the fair value measurement of commodity derivatives was responsible for a decline in current other operating liabilities.

(17) Other Significant Issues

On June 1, 2016, Uniper SE entered into a loan agreement for the time after the spin-off with a consortium of three banks to provide credit facilities in the total amount of EUR 5.0 billion. The amount of the credit facilities made available under the loan agreement was voluntarily reduced to EUR 4.5 billion in July 2016 due to a lower medium-term financing requirement. Twelve additional banks joined the loan agreement on July 27, 2016 as part of subsequent syndication.

Düsseldorf, August 17, 2016

The Board of Management

Klaus Schäfer

Christopher Delbrück

Keith Martin

Eckhardt Rümmler

**Combined Financial Statements of Uniper SE
(IFRS) for the fiscal years ending on December 31, 2015,
2014 and 2013**

Statement of Income of the Uniper Group

in EUR millions

	Note	2015	2014	2013
Sales including electricity and energy taxes		92,338	88,522	95,097
Electricity and energy taxes		-223	-297	-347
Sales	(6)	92,115	88,225	94,750
Changes in inventories (finished goods and work in progress)		4	-64	-17
Own work capitalized	(7)	46	81	81
Other operating income	(8)	10,825	9,462	4,572
Cost of materials	(9)	-89,306	-84,501	-91,256
Personnel costs	(12)	-1,260	-1,329	-1,442
Depreciation, amortization and impairment charges	(14)	-5,357	-5,209	-2,191
Other operating expenses	(8)	-10,524	-9,319	-5,082
Income/loss from companies accounted for under the equity method		60	-388	-340
Income/loss before financial results and income taxes		-3,397	-3,042	-925
Financial results	(10)	36	-118	-148
Income/loss from equity investments		-12	10	23
Income from other securities, interest and similar income		380	388	258
Interest and similar expenses		-332	-516	-429
Income taxes	(11)	-396	348	-60
Net income/loss after income taxes		-3,757	-2,812	-1,133
Attributable to the E.ON Group		-4,085	-2,550	-1,173
Attributable to non-controlling interests		328	-262	40

Statement of Income and Expenses Recognized in Equity (Net Assets) of the Uniper Group

in EUR millions	2015	2014	2013
Net income/loss after income taxes	-3,757	-2,812	-1,133
Remeasurements of defined benefit plans	199	-302	37
Remeasurements of defined benefit plans of companies accounted for under the equity method	-10	-1	-12
Income taxes	-119	111	-31
Items that will not be reclassified subsequently to the income statement	70	-192	-6
Cash flow hedges	2	10	6
<i>Unrealized changes</i>	2	21	7
<i>Reclassification adjustments recognized in income</i>	—	-11	-1
Available-for-sale securities	-420	-313	294
<i>Unrealized changes</i>	-385	-281	309
<i>Reclassification adjustments recognized in income</i>	-35	-32	-15
Currency translation adjustments	-335	-2,498	-1,087
<i>Unrealized changes</i>	-355	-2,498	-1,087
<i>Reclassification adjustments recognized in income</i>	20	—	—
Companies accounted for under the equity method	38	-112	-171
<i>Unrealized changes</i>	-29	-112	-171
<i>Reclassification adjustments recognized in income</i>	67	—	—
Income taxes	1	-1	-3
Items that might be reclassified subsequently to the income statement	-714	-2,914	-961
Total income and expenses recognized directly in equity (net assets)	-644	-3,106	-967
Total recognized income and expenses (total comprehensive income)	-4,401	-5,918	-2,100
<i>Attributable to the E.ON Group</i>	-4,691	-5,354	-2,035
<i>Attributable to non-controlling interests</i>	290	-564	-65

Balance Sheet of the Uniper Group – Assets

in EUR millions	Note	December 31,		
		2015	2014	2013
Goodwill	(14)	2,555	4,911	6,372
Intangible assets	(14)	2,159	2,436	3,258
Property, plant and equipment	(14)	14,297	15,717	19,778
Companies accounted for under the equity method	(15)	1,136	1,401	1,897
Other financial assets	(15)	558	927	1,306
<i>Equity investments</i>		369	743	1,127
<i>Non-current securities</i>		189	184	179
Financial receivables and other financial assets	(17)	3,029	4,104	3,604
Operating receivables and other operating assets	(17)	4,687	3,158	1,985
Income tax assets	(11)	9	14	17
Deferred tax assets	(11)	1,031	1,355	1,040
Non-current assets		29,461	34,023	39,257
Inventories	(16)	1,734	2,297	2,888
Financial receivables and other financial assets	(17)	8,359	11,475	10,499
Trade receivables and other operating assets	(17)	23,085	23,205	18,726
Income tax assets	(11)	296	206	146
Liquid funds	(18)	360	412	896
<i>Securities and fixed-term deposits</i>		60	72	344
<i>Restricted cash and cash equivalents</i>		1	—	1
<i>Cash and cash equivalents</i>		299	340	551
Assets held for sale	(5)	228	2	98
Current assets		34,062	37,597	33,253
Total assets		63,523	71,620	72,510

Balance Sheet of the Uniper Group – Equity and Liabilities

in EUR millions	Note	December 31,		
		2015	2014	2013
Equity (net assets) attributable to the E.ON Group	(19)	18,684	25,967	27,744
Accumulated other comprehensive income	(20)	-4,223	-3,550	-934
Total equity attributable to the E.ON Group		14,461	22,417	26,810
Non-controlling interests	(21)	540	302	956
Equity (net assets)		15,001	22,719	27,766
Financial liabilities	(24)	2,296	5,175	5,387
Operating liabilities	(24)	3,781	2,460	1,702
Income taxes	(11)	—	—	—
Provisions for pensions and similar obligations	(22)	796	1,773	1,479
Miscellaneous provisions	(23)	5,809	5,057	4,844
Deferred tax liabilities	(11)	1,622	1,966	2,210
Non-current liabilities		14,304	16,431	15,622
Financial liabilities	(24)	10,551	8,161	8,307
Trade payables and other operating liabilities	(24)	20,642	21,563	18,349
Income taxes	(11)	338	323	242
Miscellaneous provisions	(23)	2,569	2,423	2,224
Liabilities associated with assets held for sale	(5)	118	—	—
Current liabilities		34,218	32,470	29,122
Total equity and liabilities		63,523	71,620	72,510

Statement of Cash Flows of the Uniper Group

in EUR millions

	2015	2014	2013
Net income/loss after income taxes	-3,757	-2,812	-1,133
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	5,357	5,209	2,191
Changes in provisions	1,388	460	957
Changes in deferred taxes	-50	-170	-337
Other non-cash income and expenses	-79	214	677
Gain/loss on disposals	-27	3	4
<i>Intangible assets and property, plant and equipment</i>	-11	4	-3
<i>Equity investments</i>	-18	-1	7
<i>Securities (>3 months)</i>	2	—	—
Changes in operating assets and liabilities and in income taxes	-1,367	-1,467	-1,805
<i>Inventories and carbon allowances</i>	631	767	-152
<i>Trade receivables</i>	619	2,334	18
<i>Other operating receivables and income tax assets</i>	-2,094	-8,037	1,127
<i>Trade payables</i>	168	-1,637	-776
<i>Other operating liabilities and income taxes</i>	-691	5,106	-2,022
Cash provided by (used for) operating activities (operating cash flow)¹	1,465	1,437	554
Proceeds from disposals	208	170	151
<i>Intangible assets and property, plant and equipment</i>	94	38	127
<i>Equity investments</i>	114	132	24
Payments for investments in	-1,083	-1,531	-2,202
<i>Intangible assets and property, plant and equipment</i>	-992	-1,328	-1,517
<i>Equity investments</i>	-91	-203	-685
Proceeds from disposals of securities (>3 months) and of financial receivables and fixed-term deposits	713	911	1,756
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-438	-1,055	-722
Changes in restricted cash and cash equivalents	-10	1	—
Cash provided by (used for) investing activities	-610	-1,504	-1,017
Payments received/made from changes in capital ²	-2	-101	-100
Transactions with the E.ON Group ³	-703	96	849
Dividends paid to non-controlling interests	-42	-77	-75
Proceeds from financial liabilities	844	622	341
Repayments of financial liabilities	-1,076	-503	-274
Cash provided by (used for) financing activities	-979	37	741

1 Additional information on operating cash flow is provided in Notes 27 and 31.

2 No material netting has taken place in the years presented (payments received 2015: EUR 7 million; 2014: EUR 0 million; 2013: EUR 10 million).

3 The transactions with the E.ON Group mostly relate to control and profit and loss transfer agreements, payments for the acquisition of economic units as part of the legal reorganization and financing with the E.ON Group.

Statement of Cash Flows of the Uniper Group¹

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net increase/decrease in cash and cash equivalents	-124	-30	278
Effect of foreign exchange rates on cash and cash equivalents	83	-181	-58
Cash and cash equivalents at the beginning of the year	340	551	331
Cash and cash equivalents at the end of the year	299	340	551
Supplementary Information on Cash Flows from Operating Activities			
Income taxes paid (less refunds)	-404	-205	-248
Interest paid	-234	-238	-200
Interest received	82	136	137
Dividends received	60	66	93

1 Additional information on the statement of cash flows is provided in Note 27.

Statement of Changes in Equity (Net Assets)

in EUR millions	Equity (net assets) attributable to the E.ON Group ¹	Accumulated other comprehensive income		
		Currency translation adjustments	Available- for-sale securities	Cash flow hedges
Balance as of January 1, 2013	25,690	-556	530	-54
Change in scope of combined financial statements				
Capital decrease				
Dividends				
Withdrawals/contributions	3,235			
Payment for shares acquired				
Total comprehensive Income	-1,181	-1,111	293	-36
<i>Net income/loss after income taxes</i>	-1,173			
<i>Other comprehensive income</i>	-8	-1,111	293	-36
<i>Remeasurements of defined benefit plans</i>	-8			
<i>Changes in accumulated other comprehensive income</i>		-1,111	293	-36
As of December 31, 2013	27,744	-1,667	823	-90
Balance as of January 1, 2014	27,744	-1,667	823	-90
Change in scope of combined financial statements				
Capital decrease				
Dividends				
Withdrawals/contributions	952			
Payment for shares acquired	9			
Total comprehensive Income	-2,738	-2,310	-315	9
<i>Net income/loss after income taxes</i>	-2,550			
<i>Other comprehensive income</i>	-188	-2,310	-315	9
<i>Remeasurements of defined benefit plans</i>	-188			
<i>Changes in accumulated other comprehensive income</i>		-2,310	-315	9
As of December 31, 2014	25,967	-3,977	508	-81
Balance as of January 1, 2015	25,967	-3,977	508	-81
Change in scope of combined financial statements				
Capital decrease				
Dividends				
Withdrawals/contributions	-3,265			
Payment for shares acquired				
Total comprehensive Income	-4,018	-274	-421	22
<i>Net income/loss after income taxes</i>	-4,085			
<i>Other comprehensive income</i>	67	-274	-421	22
<i>Remeasurements of defined benefit plans</i>	67			
<i>Changes in accumulated other comprehensive income</i>		-274	-421	22
As of December 31, 2015	18,684	-4,251	87	-59

1 The Uniper Group is not a group within the meaning of IFRS 10. The combined financial statements have therefore been prepared by aggregating equity (net assets) (see Note 2).

Total equity (net assets) attributable to the E.ON Group	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
25,610	1,225	-121	1,104	26,714
				0
	-9		-9	-9
	-74		-74	-74
3,235				3,235
				0
-2,035	-65		-65	-2,100
-1,173	40		40	-1,133
-862	-105		-105	-967
-8	2		2	-6
-854	-107		-107	-961
26,810	1,077	-121	956	27,766
26,810	1,077	-121	956	27,766
	-1		-1	-1
	-9		-9	-9
	-77		-77	-77
952				952
9	-3		-3	6
-5,354	-564		-564	-5,918
-2,550	-262		-262	-2,812
-2,804	-302		-302	-3,106
-188	-4		-4	-192
-2,616	-298		-298	-2,914
22,417	423	-121	302	22,719
22,417	423	-121	302	22,719
				0
	-10		-10	-10
	-42		-42	-42
-3,265				-3,265
				0
-4,691	290		290	-4,401
-4,085	328		328	-3,757
-606	-38		-38	-644
67	3		3	70
-673	-41		-41	-714
14,461	661	-121	540	15,001

Notes to the Combined Financial Statements

(1) General Principles

Background

In the context of the new Group strategy, the Board of Management of E.ON SE (referred to in the following as “E.ON”) has resolved to separate the Generation segment (except for the German nuclear power business and associated activities), the Russian special-focus region, the Global Commodities segment, the Russian business activities in the Exploration & Production segment, the hydro-units and the Brazilian business activities in the Other Non-EU Countries segment, to bring them together under Uniper AG, Düsseldorf, Germany (referred to in the following as “Uniper” or the “Uniper Group”), and to make them the subject of a stock market placement. The stock market placement is intended to take the form of a spin-off through absorption into another company (Abspaltung zur Aufnahme) with the issuance of Uniper AG shares to the shareholders of E.ON SE and the subsequent stock exchange listing of those shares. The spin-off requires the approval of the Annual Shareholders Meetings of E.ON SE and Uniper AG.

All of the legal entities allocated to the Uniper Group were transferred to Uniper AG or one of its direct or indirect subsidiaries as part of the restructuring under corporate law. All legal entities not forming part of the Uniper Group will remain in the E.ON Group or were transferred to the E.ON Group, as applicable. Uniper’s business activities were bundled together in the direct or indirect subsidiaries of Uniper AG by means of a reorganization under corporate law. Most of Uniper’s business activities that were not conducted in separate companies in the past were brought into separate Uniper companies in an initial preparatory step, and then transferred. Business activities attributable to E.ON that were conducted in Uniper companies have been transferred to E.ON companies. In the course of the reorganization under corporate law, all control and profit and loss transfer agreements (Beherrschungs- und Gewinnabführungsvertrag) between Uniper Group companies and E.ON SE as well as other E.ON Group companies were terminated by mutual agreement at the end of fiscal year 2015, i.e. with effect at the latest as of December 31, 2015, or transferred to a company within the same group.

The parent company of the future Uniper Group and therefore the issuer for the planned stock exchange listing is Uniper AG, Düsseldorf, Germany, (formerly E.ON Kraftwerke GmbH, Hanover). The operating activities have been brought together in the direct subsidiary Uniper Holding GmbH, Düsseldorf (formerly E.ON Kraftwerke 6. Beteiligungs-GmbH, Hanover) and its direct and indirect subsidiaries. In addition to Uniper AG, Uniper Beteiligungs GmbH, Düsseldorf (formerly Uniper GmbH, Düsseldorf) functions as a further transaction company. Each of these three companies is a direct or indirect 100% subsidiary of E.ON SE.

E.ON SE’s intention, subject to the approval of the Annual Shareholders Meetings of E.ON SE and Uniper AG, is to transfer all of the shares in Uniper Beteiligungs GmbH to Uniper AG as the acquiring legal entity by means of a spin-off through absorption into another company in accordance with the German Reorganization of Companies Act (Umwandlungsgesetz). As consideration for the spin-off of all the shares in Uniper Beteiligungs GmbH, E.ON shareholders will receive newly issued shares in Uniper AG in proportion to their shareholdings in E.ON SE. The new shares will be created by a capital increase for contributions in kind (contribution of all the shares in Uniper Beteiligungs GmbH to Uniper AG). As a consequence of these measures under corporate law, once the spin-off has been entered in the relevant commercial registers, Uniper AG will directly hold 100 percent of the shares in Uniper Beteiligungs GmbH. E.ON SE will hold 46.65 percent of the share capital of Uniper AG (indirectly via E.ON Beteiligungen GmbH), while E.ON shareholders will hold the remaining 53.35 percent.

In accordance with Commission Regulation (EC) No. 809/2004 (“Prospectus Regulation”), an issuer must present historical financial information covering the last three fiscal years in its securities prospectus. In the present case, this relates to information for the fiscal years from January 1, 2015 to December 31, 2015, January 1, 2014 to December 31, 2014 and January 1, 2013 to December 31, 2013.

Uniper AG has a “complex financial history” within the meaning of Prospectus Regulation No. 211/2007, since the reorganization under corporate law and therefore the transfer of Uniper’s business activities to Uniper AG or to its direct and indirect subsidiaries had not been fully completed as of December 31, 2015. Uniper AG has therefore prepared Combined Financial Statements for fiscal years 2015, 2014 and 2013. These consist of the IFRS group financial information of Uniper AG, Uniper Beteiligungs GmbH and Uniper Holding GmbH and their direct and indirect subsidiaries, as

included in the E.ON consolidated financial statements. The business activities allocated to the Uniper Group that were previously conducted in E.ON Group companies have been recorded at their historical amounts. Further information on the scope and bases of preparation of the Combined Financial Statements is presented in Note 2.

The Combined Financial Statements ("Combined Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), comprise a Combined Statement of Income, a Combined Statement of Income and Expenses Recognized in Equity (Net Assets), a Combined Balance Sheet, a Combined Statement of Cash Flows, a Statement of Changes in Equity (Net Assets) and Notes to the Combined Financial Statements for fiscal years 2015, 2014 and 2013 ("Combined Notes"). The Combined Financial Statements were prepared in euros. Unless otherwise indicated, all amounts are presented in millions of euros (EUR millions). These Combined Financial Statements were prepared on March 30, 2016 by the Board of Management of Uniper AG, E.ON Platz 1, 40479 Düsseldorf, Germany.

Description of Uniper's Business

The Uniper Group's business consists of the following areas of activity:

- **European Generation** comprises the Uniper Group's various generation facilities available in Europe for the purpose of generating power and heat. In addition to fossil-fuel power stations (coal, gas, oil and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power stations in Sweden, a biomass plant in France and a small number of solar and wind power facilities. The majority of the energy generated is sold by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. In addition to the power plant business, the European Generation segment is also engaged in the marketing of energy services, ranging from fuel procurement and engineering, operational and maintenance services through to trading services ("third-party services"), and also the provision of technical services by Uniper Engineering GmbH.
- **The Global Commodities** segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, CO₂ certificates are traded, the electricity produced is marketed and the portfolio is optimized by managing the use of the power plants. In addition, this segment includes infrastructure investments and the gas storage operations as well as all the activities of the Uniper Group relating to its investment in the Siberian gas field Yushno Russkoje.
- **International Power Generation** brings together the operating power generation business of the Uniper Group in Russia and Brazil. With respect to the business in Russia, OAO E.ON Russia, an indirect subsidiary of Uniper AG listed in Russia, is responsible for all the activities in connection with power generation in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced. The Uniper Group's business in Brazil primarily comprises a 12.3 percent financial investment in the energy utility ENEVA S.A held by the Uniper Group and a 50 percent shareholding in Pecém II Participações S.A., which operates a coal power station.

The Uniper Group has worldwide operations in a variety of legal entities and was included up to now in the consolidated financial statements of E.ON SE for fiscal year 2015, mainly in the reportable segments Generation, Global Commodities, Exploration & Production, Renewable Energies (hydroelectric power), the Russian special-focus region and Other Non-EU Countries (Brazil).

(2) Bases of Preparation of the Combined Financial Statements

Conformity with IFRS

Uniper AG has prepared these Combined Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee ("IFRIC") that had been adopted by the European Commission by the end of the reporting period for

application in the EU. IFRS do not contain any specific rules for the preparation of Combined Financial Statements. In consequence, IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) is applicable to the preparation of combined financial statements.

In the Combined Financial Statements of the Uniper Group presented in the following, book value accounting in accordance with the rules for business combinations under common control was used. The Combined Financial Statements of the Uniper Group present the Uniper companies and the business activities allocated to Uniper in the manner in which they were included in the IFRS consolidated financial statements of E.ON SE in the past. For this purpose Uniper AG has essentially used the same accounting policies and carrying amounts for the preparation of the Combined Financial Statements that were used to prepare the IFRS consolidated financial statements of E.ON SE. This procedure was modified with respect to transactions with E.ON Group companies. Transactions between the Uniper Group and the remainder of the E.ON Group were accounted for in accordance with IFRS and classified as related party transactions. IFRS accounting standards adopted by E.ON SE in fiscal years 2013 through 2015 for the first time were incorporated in the Combined Financial Statements of Uniper AG in accordance with the respective date of first-time adoption by E.ON.

The IFRS group financial information of the combined companies and business activities of the Uniper Group is prepared in each case as at the reporting date of the Combined Financial Statements. The period for recognizing adjusting events in the Combined Financial Statements is identical to that of the E.ON consolidated financial statements. Material issues arising up to the date of preparation of these financial statements are nevertheless explained in Note 32.

Scope of Combined Financial Statements

The Uniper Group comprises Uniper AG and its direct and indirect subsidiaries, Uniper Beteiligungs GmbH and Uniper business activities that were conducted in direct and indirect subsidiaries of E.ON SE. The legal transfers of the legal entities allocated to the Uniper Group in the context of the reorganization under corporate law were completed by December 31, 2015. Further operating activities, such as parts of the German power and gas wholesale business, were transferred to Uniper on January 1, 2016. From January 1, 2016 onwards, all of Uniper's operating business activities have been held in direct and indirect subsidiaries of Uniper AG.

The scope of the Combined Financial Statements of the Uniper Group for the fiscal years ended December 31, 2015, 2014, and 2013 has been determined according to the reorganization concept under corporate law. Where the activities transferred to Uniper met the definition of a business in accordance with IFRS 3 "Business Combinations" (IFRS 3), the relevant assets and liabilities as well as income and expenses were included in the Combined Financial Statements of the Uniper Group for the whole of the reporting period, i.e. from January 1, 2013. Where business activities that met the IFRS 3 definition were sold or transferred to E.ON Group companies during the reporting period, the relevant assets and liabilities as well as income and expenses for the whole of the reporting period were not included in the Combined Financial Statements of the Uniper Group. The transfers of businesses under common control of E.ON SE were presented in the Combined Financial Statements at the carrying amounts recorded in the E.ON consolidated financial statements.

Assets and liabilities that do not meet the definition of a business in accordance with IFRS 3 were recorded in the Combined Financial Statements at the date of transfer with their market values as initial cost or, where applicable, as disposals at market value at the date of sale.

A full list of the companies included in the Combined Financial Statements that were allocated to the Uniper Group as part of the reorganization under corporate law in preparation for the spin-off can be found in Note 33 of the Combined Notes.

Uniper business activities bundled in legal units within the E.ON Group and transferred to Uniper Holding GmbH in the course of the extensive reorganizations under corporate law, were included in the Combined Financial Statements of the Uniper Group on the basis of their respective historical IFRS group financial information as presented in the E.ON consolidated financial statements.

In the case of companies with business activities remaining within the E.ON Group whose business operations allocated to Uniper were transferred into legally independent Uniper companies, the assets and liabilities allocated and the employment contracts of the relevant employees were transferred to Uniper companies. These transfers to existing or newly formed Uniper companies took place for the most part in fiscal year 2015. Separate IFRS group financial information was prepared for

these business operations transferred and included in the Combined Financial Statements. For the purposes of the Combined Financial Statements, income, expenses, assets, liabilities and, where required, items recorded in accumulated other comprehensive income were allocated to the relevant Uniper business activities. Assets and liabilities as well as income and expenses were allocated directly or, where this was not possible, indirectly with the help of appropriate allocation keys (for example on the basis of headcount or revenues), which were applied consistently during the periods under review.

The Uniper Group received and provided administrative services from/to other E.ON Group companies. These services were recharged by the entities providing them in the periods under review and have been included in the Combined Statement of Income at their historical amounts. Service companies and the associated assets and liabilities were either transferred or future services will be provided temporarily on the basis of transitional service agreements.

Holding companies such as E.ON SE and E.ON Sverige AB generated expenses for various services provided on a centralized basis, including services for the Uniper Group. These services were generally recharged by the entities providing them in the periods under review and have been included in the Combined Statement of Income at their historical amounts. Services attributable to Uniper but not recharged in the past were allocated directly or, where this was not possible, on the basis of appropriate allocation keys and recorded in the Combined Financial Statements of Uniper AG. Employees of E.ON SE who will in future be working for Uniper transferred to the Uniper Group on January 1, 2016.

Consolidation Principles in the Combined Financial Statements

The transfers of business operations between the Uniper Group and the E.ON Group were classified as transactions under common control. In principle, the Uniper Group utilized the option of carrying forward the historical carrying amounts recorded by the E.ON Group. Any differences arising from the transactions were recorded directly in equity (net assets) as a contribution or withdrawal, respectively. The business operations acquired in this manner were included retrospectively for all reporting periods presented in the Combined Financial Statements. The payments associated with the relevant transactions under corporate law were recognized directly in equity as a contribution or withdrawal by the shareholder.

All income, expenses, assets and liabilities economically attributable to the Uniper Group were included in the Combined Financial Statements of the Uniper Group.

For periods within the overall reporting period from 2013 through 2015 in which there was not yet a requirement to prepare consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" (IFRS 10), the companies or business activities were combined. The carrying amounts of the investments and the respective share of Uniper AG in the equity of its subsidiaries were treated in accordance with the relevant IFRS requirements. If consideration payments were made by Uniper to the E.ON Group or vice versa as part of the legal reorganization of the Uniper Group, they were presented as withdrawals or transfers from reserves, respectively, by the shareholder E.ON SE as of the date of the transfer.

The Combined Financial Statements also include joint ventures and associates accounted for using the equity method. For investments measured in accordance with the equity method of accounting, the cost of the investment was increased or reduced annually by the amount of the pro rata share of the changes in equity. Differences arising on the initial recognition of investments accounted for using the equity method were treated in accordance with the principles applied for full consolidation.

Outstanding balances and transactions within Uniper and all intercompany profits and losses from transactions within the Uniper Group were eliminated for the purposes of the Combined Financial Statements.

The effects on deferred taxes of the adjustments for the purposes of the Combined Financial Statements were also recorded.

Combined Statement of Cash Flows

Operating transactions of the Uniper Group with the E.ON Group were reported in the cash flow from operating activities. Financial transactions with the E.ON Group (in particular cash pooling) are included in the cash flow from financing activities. The transactions with the E.ON Group also include cash inflows and outflows in connection with control and profit and loss transfer agreements between Uniper companies and E.ON Group companies, capital contributions and transfers from reserves in connection with the reorganization under corporate law as well as tax receivables, tax liabilities and deferred taxes presented as contributions or withdrawals under the separate tax return approach (see the detailed explanation below).

Services recharged by the holding companies were also presented within operating cash flow in the same way as tax charges and benefits under the separate tax return approach.

Goodwill Allocation

The allocation of goodwill to the Uniper Group was based on the relative fair values of the Uniper Group's cash-generating units containing goodwill and of the E.ON Group's cash-generating units containing goodwill at the date of the transactions under common control in the context of the reorganization under corporate law. The ratios determined using this method were applied to the goodwill of the respective E.ON Group cash-generating unit containing goodwill as of January 1, 2013. From January 1, 2013 onwards, the carrying amount of the goodwill allocated was adjusted in the Combined Financial Statements within the Uniper Group in accordance with the provisions of IAS 36 "Impairment of Assets" (IAS 36).

Pensions and Similar Obligations

The Combined Financial Statements include the pension obligations and associated plan assets or reimbursement claims attributable to Uniper. The obligations were measured on the basis of expert actuarial valuations. Both active employees and those no longer active were included in the obligations of the Uniper companies. In the case of future Uniper employees who were or are still employed in E.ON companies during the periods under review, only the obligations attributable to them have in principle been included. The transfer of employees and the associated transfer of their benefit entitlements may be subject to local requirements or the consent of the employees and may therefore differ from the obligations presented in the Combined Financial Statements. The transfer of the employees into Uniper companies took place mainly during the period under review. Most of the obligations were determined on an individual basis and were only allocated with the aid of an employee-related allocation key in exceptional cases. The actuarial valuation parameters were determined and applied specifically for the Uniper Group (see Note 22).

The plan assets, where they were not clearly attributable, were generally allocated on the basis of the amount of the plan participants' obligations, taking into account any local requirements applicable to the transfer. Uniper companies' indemnification receivables due from MEON Pensions GmbH & Co. KG (MEON) were presented as of December 31, 2014 and December 31, 2013 as indemnification claims (reimbursement claims within the meaning of IAS 19; further information is provided in Note 22). The final allocation of the plan assets transferred may differ from the plan assets presented in the Combined Financial Statements as a result of local requirements and laws applying to the transfer.

Capital Structure

The equity of the Uniper Group consists of the net assets attributable to the E.ON Group, accumulated other comprehensive income and non-controlling interests. Since these are combined financial statements, they do not report any subscribed capital.

The Uniper Group was mainly financed by the E.ON Group in the periods under review. The Uniper Group's capital structure at the time of the stock market placement will differ from the capital structure in the Combined Financial Statements. The intention is to replace the net debt to the E.ON Group by means of external financing measures and to obtain an investment-grade rating from one of the major rating agencies prior to the stock exchange listing.

Income Taxes and Deferred Taxes

Income taxes are determined on the assumption that the Uniper Group's companies and business activities are separate taxable entities (separate tax return approach). This assumption implies that the current and deferred taxes of all companies and business activities and of the fiscal units for tax purposes within the Uniper Group are calculated separately, and the assessment of the recoverability of deferred tax assets assumes that this is the case. Deferred tax assets on tax loss carryforwards were recognized in the Combined Financial Statements to the extent that it is probable that there will be future positive taxable income of the relevant companies or business activities within the Uniper Group against which the losses can be offset. In the case of companies and business activities that were not subject to income tax independently in previous years, the respective tax receivables and liabilities as well as deferred tax assets on loss carryforwards were treated in the relevant years as contributions or transfers from reserves by shareholders who do not form part of the Uniper Group.

Receivables and liabilities of Uniper AG due from/to E.ON SE that are attributable to a fiscal unit for value-added tax purposes are reported under other tax receivables and liabilities.

Uniper's management considers the separate tax return approach to be appropriate, but not necessarily indicative of the tax charge or benefit that would have arisen if the companies had actually been subject to tax separately.

Uncertainties Due to Estimates in the Combined Financial Statements

The combined financial information presented here does not necessarily reflect the net assets, financial position and results of operations, as well as the capital structure, that would have resulted if the Uniper Group had already existed as an independent group during the periods under review. The absence of any historical unity and independence of the Uniper Group limits the informative value of the combined financial information for these reasons. It is therefore also not possible to use the combined financial information to derive any forecast about the future development of the business activities brought together in the Uniper Group.

Additional assumptions and estimates were made in preparing the Combined Financial Statements, relating in particular to business activities transferred and expenses allocated for administrative services provided by E.ON Group companies, that affect the amount and presentation of assets and liabilities recognized, of income and expenses and of contingent liabilities.

(3) Summary of Significant Accounting Policies

The Uniper Group applied the following material accounting policies in the 2015, 2014 and 2013 reporting periods:

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.

The functional currency and the reporting currency of Uniper AG is the euro. The assets and liabilities of the foreign Uniper companies with a functional currency other than the euro are translated at the middle rates applicable on the balance sheet date, while items of the statements of income are translated using annual average exchange rates. 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 net assets 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 net assets 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	EUR 1, mid-rate at year-end		
		2015	2014	2013
British pound	GBP	0.73	0.78	0.83
Brazilian real	BRL	4.31	3.22	3.26
Russian ruble	RUB	80.67	72.34	45.32
Swedish krona	SEK	9.19	9.39	8.86
U.S. dollar	USD	1.09	1.21	1.38

Currencies

	ISO Code	EUR 1, annual average rate		
		2015	2014	2013
British pound	GBP	0.73	0.81	0.85
Brazilian real	BRL	3.70	3.12	2.87
Russian ruble	RUB	68.07	50.95	42.23
Swedish krona	SEK	9.35	9.10	8.65
U.S. dollar	USD	1.11	1.33	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 their 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 sales within the Uniper Group.

Revenues are generated primarily from the sale of electricity and gas to industrial and commercial customers, and to wholesale markets, including related hedging transactions. Also shown in this line item are revenues earned from the transportation of 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"), that varies between different classes of customers. Electricity and energy taxes paid are deducted from sales revenues on the face of the income statement.

Goodwill and intangible assets

Goodwill

In accordance with 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 euros, while the underlying goodwill is always carried in the functional currency.

Please refer to Note 2 for information on the initial allocation of goodwill for the purpose of preparing the Combined Financial Statements.

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, the Uniper Group 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, it is further ensured that restructuring expenses in particular, as well as initial and subsequent capital investments (where those have not yet commenced), 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.

The Uniper Group 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 are reported in the income statement under "Depreciation, amortization and impairment charges" and 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 amortized on a straight-line basis over their 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 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 amount 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 carrying amount that would have been determined, net of amortization, during the period had no impairment losses been recognized.

If a recoverable amount cannot be determined for an individual intangible asset, the recoverable amount for the smallest identifiable group of assets 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, 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, 2014 and 2013 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 measured at acquisition or production cost, including decommissioning or restoration costs 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 reflects the depletion of the asset more accurately 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 been recognized in earlier 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 Uniper Group will receive a future economic benefit as a result and the cost of the asset can be determined reliably.

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

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 uniform financing rate of 5.75 percent was applied for 2015 (2014: 5.5 percent; 2013: 5.25 percent) within the Uniper Group, as in the E.ON Group. 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 Uniper 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 also be classified as leases if the criteria are met. The Uniper Group is party to some agreements in which it is the lessor and to others in which it is the lessee.

Leasing transactions in which the Uniper Group 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 leased 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 the Uniper Group is the lessee are classified as operating leases. Payments made under operating leases are generally expensed over the term of the lease on a straight-line basis.

Leasing transactions in which the Uniper Group is the lessor and substantially all the risks and rewards arising from the use of the leased property are transferred to the lessee are classified as finance leases. In this type of lease, the present value of the minimum lease payments is recorded 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 the Uniper Group is the lessor are classified as operating leases; the leased asset continues to be recognized by the Uniper Group and the lease payments are generally recorded as income over the term of the lease on a straight-line basis.

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"). The Uniper Group categorizes financial assets as held for trading, available-for-sale securities, or as loans and receivables. Management determines the categorization of the financial assets at initial recognition.

Available-for-sale securities are non-derivative financial instruments that have either been allocated to this category or have not been allocated to one of the other categories. They are reported under non-current assets if management does not intend to sell them within twelve months following the balance sheet date and the asset does not fall due within that period. Securities classified as available for sale are measured at fair value on an ongoing basis. Any resulting unrealized gains and losses are reported as a component of equity (other comprehensive income), net of deferred taxes, until they are 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, the Uniper Group 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 20 percent or more below their cost, or if the value has been on average significantly below their 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 the rating awarded by one of the three leading rating agencies has deteriorated from investment-grade to non-investment-grade. Reversals of impairment losses relating to equity instruments are recognized exclusively in equity, while reversals relating to debt instruments are recognized entirely in income.

Loans and receivables (including trade receivables) are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables are reported on the balance sheet under "Receivables and other assets." They are subsequently measured at amortized cost. Valuation allowances are provided for identifiable individual risks.

Non-derivative financial liabilities (including trade payables) within the scope of IAS 39 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In subsequent periods, the net book value is adjusted by the amortization and accretion of any premium or discount remaining until maturity. The 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 income.

The instruments primarily used are foreign currency forwards and cross-currency rate swaps. In the commodities area, the instruments used include physically and financially settled options and forwards 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. The Uniper Group 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 hedging instrument is 80 to 125 percent effective at offsetting the change in fair value of the hedged item.

For qualifying fair value hedges, the change in the fair value of the derivative and the offsetting 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 forms part of 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 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.

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 derivative financial instruments are shown net as either sales 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 the Uniper Group'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 28 and 29.

Primary and derivative financial instruments are netted on the balance sheet if the Uniper Group 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 checks, cash on hand, bank balances, and current available-for-sale securities. 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.

Non-current assets that are held for sale either individually or collectively as part of a disposal group 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.

Equity Instruments

IFRS defines equity, as distinct from debt, as the residual interest in the Uniper Group's assets after deducting all liabilities. Therefore, the net assets (equity) of the Uniper Group is the net amount of all recognized assets and liabilities.

For the purposes of the Combined Financial Statements the term net assets is used instead of equity.

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 in such entities held within the Group from equity into liabilities under IAS 32. The liability is reported at the present value of the expected settlement amount in the event of termination. The amount is recognized 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.

Share-based Payment

The Uniper Group participated in the E.ON Group's share-based payment plans. The payment plans 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. Furthermore, from the sixth tranche forward changes in the return on average capital employed ("ROACE") and the weighted average cost of capital ("WACC") are incorporated in the calculation of provision. The last allocations under the E.ON Share Performance Plan were made in fiscal year 2012. Since fiscal year 2013, share-based payments have been granted using the 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. In 2015, virtual shares were granted only to members of the Board of management of

E.ON SE in the context of basis matching and performance matching. For fiscal year 2015, executives entitled to share-based payment were granted a multi-year bonus. The Share Matching Plan and the multi-year bonus also represent cash-settled share-based payments.

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 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. Remeasurement effects are recognized in full in the period in which they occur and are not reported within the Statement of Income, but are instead recorded in the Uniper Group's Statement of Income and Expenses Recognized in Net Assets (Other Comprehensive Income).

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.

As of the December 31, 2014 and 2013 reporting dates, indemnification claims were outstanding against one related party in connection with defined benefit pension obligations (see also Note 22). As with reimbursement claims within the meaning of IAS 19, the indemnification claims are measured at fair value on the basis of the valuation variables for the corresponding obligations applying at the balance sheet date and are reported within financial receivables.

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 there is a legal or constructive present obligation towards third parties as a result of a past event, it is probable that a future outflow of resources 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 related 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.

Under Swedish law, the Uniper Group's Swedish nuclear operations are required to pay fees to the Swedish Nuclear Waste Fund. The Swedish Radiation Safety Authority proposes the fees for the disposal of high-level radioactive waste and nuclear power plant decommissioning for the particular nuclear power plant on the basis of the amount of electricity produced or on a time basis. The proposed fees are then submitted to government offices for approval and the corresponding payments are made by the power plant. In accordance with IFRIC 5, "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds", ("IFRIC 5"), a right of reimbursement for asset retirement expenditure is recognized as an asset under "Other assets" for payments into the Swedish Nuclear Waste Fund. In accordance with customary procedure in Sweden, the provisions are discounted at a 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 future operations are not taken into consideration.

Income Taxes

Income taxes reported comprise taxes levied on taxable profits in the individual countries and the portion of changes in deferred tax assets and liabilities that is recorded in income. Income taxes are determined in the Combined Financial Statements on the assumption that the Uniper Group's companies and business activities are separate taxable entities ("separate tax return approach"). Income taxes are reported on the basis of the tax laws enacted or substantively enacted at the balance sheet date at the amount at which they would have been expected to be payable.

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 (initial differences). Uncertain tax positions are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carry forwards 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 subsidiaries and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Uniper 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 tax rates expected to be applicable in the years in which the 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. The adjustment is generally recorded in the period in which the legislative process is substantially completed.

Deferred taxes for domestic companies are calculated using an overall tax rate of 31 percent (2014: 31 percent; 2013: 31 percent). This tax rate includes, in addition to the 15 percent (2014: 15 percent; 2013: 15 percent) rate of corporate income tax, the solidarity surcharge of 5.5 percent on corporate income tax (2014: 5.5 percent; 2013: 5.5 percent on corporate income tax in each case), and the average trade tax rate of 15 percent (2014: 15 percent; 2013: 15 percent) applicable to the Group. Foreign subsidiaries use applicable national tax rates.

Note 11 shows the major temporary differences so recorded.

Combined Statement of Cash Flows

In accordance with IAS 7, "Cash Flow Statements" ("IAS 7"), the Combined Statement of Cash Flows is classified by operating, investing and financing activities. 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 shares in 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 Company's internal reporting structure is used to identify its reportable segments. The internal performance measure used as the segment result is earnings before interest and taxes (EBIT) adjusted to exclude non-operating effects (see Note 31).

Structure of the Combined Balance Sheet and Combined Statement of Income

In accordance with IAS 1, "Presentation of Financial Statements" ("IAS 1"), the Combined Balance Sheet has 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 Combined Statement of Income is classified using the nature of expense method, which is also applied for internal purposes.

Critical Accounting Estimates and Assumptions; Critical Judgments in the Application of Accounting Policies

The preparation of the Combined Financial Statements requires management to make estimates and assumptions that may influence the application of accounting principles within the Uniper 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 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.

(4) 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 are applicable for the first time for fiscal years beginning on or after January 1, 2015. The amendments had no material impact on the Uniper Group's Combined Financial Statements.

IFRIC 21, "Levies"

In May 2013, the IASB published IFRIC 21, "Levies" ("IFRIC 21"), which addresses the timing of the recognition of obligations to pay levies imposed by governments. Levies 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 is applicable for fiscal years beginning on or after January 1, 2014. It has been adopted by the EU into European law. Consequently, application of the interpretation is mandatory for fiscal years beginning on or after June 17, 2014. The amendments had no material impact on the Uniper Group's Combined 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 in the 2015 fiscal year because adoption by the EU remains outstanding at this time for some of them, or because their application is not yet mandatory.

IFRS 9, "Financial Instruments"

In November 2009 and October 2010 the IASB published phases of the new standard IFRS 9, "Financial Instruments" ("IFRS 9"). Under IFRS 9, all financial instruments currently within the scope of

IAS 39 will henceforth generally be subdivided into only two classifications: financial instruments measured at amortized cost and financial instruments measured at fair value. 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 (FVOCI) as long as the preconditions 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 has also published a discussion paper on further rules for macro hedge accounting that are independent of IFRS 9. It has not yet been adopted by the EU into European law. Uniper AG is currently assessing the impact on its future 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 is applicable for the first time for fiscal years beginning on or after January 1, 2016. The introduction of this standard will have no effect on the future consolidated financial statements of Uniper AG, since by a resolution dated October 30, 2015 it was not adopted into European law by the EU.

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 is applicable for the first time for fiscal years beginning on or after January 1, 2017. Earlier application is permitted. It has not yet been adopted by the EU into European law. Uniper AG is currently assessing the impact on its future consolidated financial statements.

The IASB issued an amendment to this standard on September 11, 2015, changing its effective date. According to the amendment, the standard is intended to be applicable 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 are applicable for the first time for fiscal years beginning on or after February 1, 2015. The amendments will have no material impact on Uniper AG's future 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 are applicable for the first time 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 will have no material impact on Uniper AG's future 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 are applicable 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. The amendments will have no material impact on Uniper AG's future 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 are applicable 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. Uniper AG does not expect the amendments to have any impact on its future 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 associate 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 are applicable 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. Uniper AG does not expect the amendments to have any material impact on its future 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 amended standard requires the acquirer of an interest in a joint operation constituting a business as defined in IFRS 3 to apply all of the principles relating to accounting for business combinations derived from IFRS 3 and other standards, provided that those principles are not in conflict with the guidance in IFRS 11. Accordingly, the relevant information specified in those standards is to be disclosed. This required amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards", in order to expand the exemption relating to business combinations. Accordingly, it now also includes past acquisitions of interests in joint operations when the operation constitutes a business. The amendments are applicable 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. Uniper AG does not expect the amendments to have any material impact on its future 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 are applicable 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. Uniper AG does not expect the amendments to have any impact on its future 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 are applicable 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. Uniper AG does not expect the amendments to have any impact on its future consolidated financial statements.

Amendments to IAS 19, "Defined Benefit Plans: Employee Contributions"

In November 2013, the IASB published an amendment to IAS 19. This pronouncement amends IAS 19 in respect of the accounting treatment of defined benefit plans involving contributions from employees (or third parties). If the contributions made by employees (or third parties) 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 are applicable for fiscal years beginning on or after July 1, 2014. Earlier application is permitted. The amendments have been adopted by the EU into European law. Consequently, application will be mandatory for fiscal years beginning on or after February 1, 2015. Uniper AG does not expect the amendments to have any material impact on its future 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 are applicable retrospectively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", and 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. Uniper AG does not expect the amendments to have any impact on its future consolidated financial statements.

(5) Scope of Combined Financial Statements, Equity Investments and Assets Held For Sale

Changes in the Scope of the Combined Financial Statements

The changes in the scope of the Combined Financial Statements were as follows:

Uniper Group

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
As of January 1, 2013	24	42	66
Changes in the scope of the combined financial statements			
<i>Additions</i>	—	1	1
<i>Mergers</i>	—	—	0
As of December 31, 2013	24	43	67
Changes in the scope of the combined financial statements			
<i>Additions</i>	—	—	0
<i>Mergers</i>	1	2	3
As of December 31, 2014	23	41	64
Changes in the scope of the combined financial statements			
<i>Additions</i>	4	2	6
<i>Disposals</i>	—	1	1
As of December 31, 2015	27	42	69

13 associates (2014: 13; 2013: 13) and 3 joint ventures (2014: 4; 2013: 3) were included in the combined financial statements using the equity method. Details of these are given in Note 15.

43 subsidiaries (2014: 38; 2013: 37) and 24 associates (2014: 22; 2013: 22) which were not material in total for the net assets, financial position and results of operations of the Uniper Group were recorded as equity investments.

A complete list of the companies included in the Combined Financial Statements is provided in Note 33.

Assets Held for Sale in 2015

AS Latvijas Gāze

On December 22, 2015, Uniper entered into an agreement to sell 28.974 percent of the shares in its associate AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à r.l. The carrying amount of the investment, which is reported in the Global Commodities segment, amounted to around EUR 0.1 billion as of December 31, 2015. The transaction, which was closed in January 2016 at a sale price of around EUR 0.1 billion, resulted in a minimal gain on disposal.

(6) Revenues

Revenues in fiscal year 2015 were 5 percent higher than in the previous year at EUR 92 billion (2014: EUR 88 billion; 2013: EUR 95 billion). The increase was primarily due to higher gas sales volumes in the Global Commodities segment. The decline in revenues in fiscal year 2014 compared with fiscal year 2013 mainly reflected warm weather conditions during the winter and the loss of major wholesale customers. Lower price levels also contributed to the significant reduction in revenues in fiscal year 2014.

The classification of revenues by segment is presented in Note 31.

(7) Own Work Capitalized

Own work capitalized in fiscal year 2015 amounted to EUR 46 million (2014: EUR 81 million; 2013: EUR 81 million) and was generated from engineering services among other items in all fiscal years.

(8) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other operating income

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Income from exchange rate differences	1,900	1,910	1,465
Gains on derivative financial instruments	7,232	7,064	2,424
Gains on disposals of equity investments and securities	37	7	43
Reversals of impairments charged on non-current assets	348	30	177
Gains on disposals of property, plant and equipment	17	9	9
Miscellaneous	1,291	442	454
Total	10,825	9,462	4,572

The Uniper Group generally employs derivatives to hedge commodity and currency risks. Gains and losses on derivative financial instruments relate to the fair value measurement of derivatives under IAS 39. The principal effects for this item resulted from changes in commodity derivatives measured at market values. The steady increase in gains and losses from the measurement of commodity derivatives in fiscal years 2013 through 2015 is attributable among other things to price changes from fiscal year 2014 onward, particularly in oil and gas trading.

Income from exchange rate differences consisted primarily of realized gains from currency derivatives in the amount of EUR 1,136 million (2014: EUR 1,521 million; 2013: EUR 962 million) and from the translation of foreign currency receivables and payables in the amount of EUR 535 million (2014: EUR 311 million; 2013: EUR 451 million). There were also unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of EUR 229 million (2014: EUR 78 million; 2013: EUR 52 million).

In the 2015 reporting period, miscellaneous other operating income included higher income compared with the previous year resulting from costs recharged to a minority shareholder under cost-plus fee arrangements and amounting to EUR 670 million. In addition, as in previous years, income from goods and services recharged amounting to EUR 208 million (2014: EUR 216 million; 2013: EUR 193 million) was reported under this item. Miscellaneous other operating income for fiscal year 2015 also included one-time income from the redemption of a loan amounting to EUR 115 million. Income from claims for reimbursements and damages of EUR 95 million (2014: EUR 28 million; 2013: EUR 2 million), and income from insurance premiums of EUR 33 million (2014: EUR 20 million; 2013: EUR 33 million) were also reported under miscellaneous other operating income.

The following table provides details of other operating expenses for the periods indicated:

Other operating expenses

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Loss from exchange rate differences	1,883	2,005	1,415
Loss on derivative financial instruments	6,718	5,898	2,105
Taxes other than income taxes	216	218	244
Loss on disposal of equity investments and securities	21	6	49
Miscellaneous	1,686	1,192	1,269
Total	10,524	9,319	5,082

For the reasons for the changes in losses from derivative financial instruments, please refer to the information on other operating income.

Expenses from exchange rate differences consisted primarily of realized losses from currency derivatives in the amount of EUR 1,144 million (2014: EUR 1,607 million; 2013: EUR 866 million) and from the translation of foreign currency receivables and payables in the amount of EUR 504 million (2014: EUR 313 million; 2013: EUR 519 million). There were also unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of EUR 235 million (2014: EUR 85 million; 2013: EUR 30 million).

Miscellaneous other operating expenses also included third-party services of EUR 333 million (2014: EUR 256 million; 2013: EUR 285 million) and IT expenditure of EUR 203 million (2014: EUR 218 million; 2013: EUR 205 million), mostly relating to work performed by a related

company that was invoiced on normal market terms. Miscellaneous other operating expenses also included service charges from E.ON SE and E.ON Sverige AB. These involved expenses in fiscal year 2015 of EUR 161 million (2014: EUR 120 million; 2013: EUR 172 million). Miscellaneous other operating expenses also included impairment write-downs on assets held for sale amounting to EUR 1 million (2014: EUR 97 million; 2013: EUR 0 million), insurance expenses and insurance premiums of EUR 72 million in total (2014: EUR 31 million; 2013: EUR 42 million), rental and lease payments of EUR 66 million (2014: EUR 60 million; 2013: EUR 50 million), external consultancy and audit costs amounting to EUR 27 million (2014: EUR 44 million; 2013: EUR 37 million), advertising and marketing expenses of EUR 21 million (2014: EUR 20 million; 2013: EUR 27 million) and write-downs on trade receivables and loan receivables amounting to EUR 358 million (2014: EUR 27 million; 2013: EUR 86 million). The increase in fiscal year 2015 was mostly due to a write-down on a loan receivable from a Swedish investment accounted for using the equity method.

(9) Cost of Materials

The following table provides details of the cost of materials for the periods indicated:

Cost of materials

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses for raw materials and supplies and for purchased goods	88,297	83,830	90,428
Expenses for purchased services	1,009	671	828
Total	89,306	84,501	91,256

In fiscal year 2015, the Uniper Group recorded an increase in the cost of materials compared with the previous year of approximately EUR 4 billion to EUR 89 billion (2014: EUR 85 billion; 2013: EUR 91 billion). The primary cause was an increased expense for gas purchases in the Global Commodities segment.

The expenses for raw materials and supplies and for purchased goods consist primarily of purchases of gas and electricity amounting to EUR 81 billion (2014: EUR 77 billion; 2013: EUR 81 billion). Network usage charges for fiscal year 2015 of EUR 936 million (2014: EUR 836 million; 2013: EUR 2,272 million) are also included in this line item.

Expenses for purchased services mainly comprise maintenance costs amounting to EUR 300 million (2014: EUR 221 million; 2013: EUR 250 million) and other purchased services of EUR 561 million (2014: EUR 370 million; 2013: EUR 321 million).

(10) Financial Results

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

Financial results

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Income/loss from companies in which equity investments are held	5	12	25
Impairment charges/reversals on other financial assets	-17	-2	-2
Income/loss from equity investments	-12	10	23
Income from other securities, interest and similar income ¹	380	388	258
<i>Available for sale</i>	276	153	28
<i>Loans and receivables</i>	91	141	171
<i>Held for trading</i>	—	—	—
<i>Other interest income</i>	13	94	59
Interest and similar expenses ¹⁾	-332	-516	-429
<i>Amortized cost</i>	-158	-157	-135
<i>Held for trading</i>	—	—	—
<i>Other interest expenses</i>	-174	-359	-294
Net interest income/loss	48	-128	-171
Financial results	36	-118	-148

¹ The measurement categories are explained in Note 3.

The improvement in the financial results both in fiscal year 2015 compared with 2014 and in fiscal year 2014 compared with 2013 was mostly attributable to the positive development of the net interest income.

Income from other securities, interest and similar income consists mainly of income from the Swedish nuclear fund amounting to EUR 273 million in fiscal year 2015 (2014: EUR 151 million; 2013: EUR 27 million).

The major items contributing to other interest expenses were periodic interest accrued on provisions for asset retirement obligations amounting to EUR 64 million (2014: EUR 87 million; 2013: EUR 76 million) and the net interest cost arising from pension provisions of EUR 38 million (2014: EUR 47 million; 2013: EUR 54 million). Interest and similar expenses were reduced by capitalized borrowing costs amounting to EUR 72 million (2014: EUR 79 million; 2013: 139 million). Interest and similar expenses fell year on year in fiscal year 2015 due to a lower expense from periodic interest accrued on other non-current provisions caused by interest rate levels. The loss of positive effects from the tax-related interest expense in fiscal year 2014 compensated for this in part. The lower interest rate level and resulting effects on other non-current provisions reduced interest and similar expenses in fiscal year 2014 as compared to the previous year. Positive one-off tax effects had a contrary effect.

(11) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income taxes

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Domestic income taxes	49	-218	208
Foreign income taxes	97	215	295
Current taxes	146	-3	503
Domestic	240	65	-230
Foreign	10	-410	-213
Deferred taxes	250	-345	-443
Total income taxes	396	-348	60

Please refer to Note 2 for special considerations in connection with the recognition of income taxes in the Combined Financial Statements ("separate tax return approach").

The tax expense in the fiscal year amounted to EUR 396 million compared with a tax benefit of EUR 348 million in the previous year (2013: tax expense of EUR 60 million). Despite the loss before taxes, a net tax expense was generated in 2015 with an associated tax rate of -12 percent (2014: 11 percent; 2013: -6 percent). The change in tax rates in fiscal years 2013 to 2015 was mainly due to non-deductible depreciation, amortization and write-downs. The effects of changes in the value of deferred tax assets also influenced the tax rate in 2013 and 2015. An amount of EUR -159 million of current income taxes in fiscal year 2015 related to prior periods (2014: EUR -272 million; 2013: EUR 254 million).

Deferred taxes reflected changes in temporary differences amounting to EUR 45 million (2014: EUR 185 million; 2013: EUR -235 million) and in loss carryforwards of EUR 205 million (2014: EUR -530 million; 2013: EUR -208 million).

Income tax liabilities mainly comprise income taxes for the current year. Deferred tax liabilities of EUR 2 million (2014: EUR 22 million; 2013: EUR 6 million) were recognized at the balance sheet date in respect of differences between the net assets and the tax bases of subsidiaries and associates ("outside basis differences"). Deferred tax liabilities were not recognized for subsidiaries and associates 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. Deferred tax liabilities amounting to EUR 502 million (2014: EUR 137 million; 2013: EUR 293 million) in respect of temporary differences attributable to subsidiaries and associates were not recognized, since Uniper is able to control the timing of the reversal and the temporary differences will not reverse in the foreseeable future.

Changes in foreign tax rates resulted in an overall tax expense of EUR 19 million (2014: tax expense of EUR 27 million; 2013: tax benefit of EUR 23 million).

The income tax rate of 31 percent applicable in Germany is made up of corporate income tax (15 percent), trade tax (15 percent) and the solidarity surcharge (1 percent). The differences from the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Tax Expense/Tax Rate

	2015		2014		2013	
	in EUR millions	in %	in EUR millions	in %	in EUR millions	in %
Income/Loss before taxes	-3,361	100.0	-3,160	100.0	-1,073	100.0
Expected income taxes	-1,042	31.0	-980	31.0	-333	31.0
Foreign tax rate differentials	202	-6.0	146	-4.6	18	-1.7
Changes in tax rates/tax laws	19	-0.6	27	-0.9	-23	2.2
Tax effects on tax-free income	-60	1.8	-114	3.6	-73	6.8
Tax effects on income from companies accounted for under the equity method	-22	0.6	110	-3.5	97	-9.0
Tax effects of goodwill impairment	524	-15.6	319	-10.1	0	0.0
Tax effects of changes in value and non-recognition of deferred taxes	595	-17.7	349	-11.0	333	-31.1
Tax effects of other taxes on income	27	-0.8	51	-1.6	63	-5.9
Tax effects of income taxes related to other periods	129	-3.8	-246	7.8	-7	0.7
Other	24	-0.7	-10	0.3	-15	1.4
Effective income taxes/tax rate	396	-11.8	-348	11.0	60	-5.6

Deferred tax assets and liabilities break down as shown in the following table:

Deferred Tax Assets and Liabilities

in EUR millions	December 31, 2015		December 31, 2014		December 31, 2013	
	Tax assets	Tax liabilities	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Intangible assets	104	431	109	486	123	642
Property, plant and equipment	242	870	253	976	200	1,522
Financial assets	13	80	7	72	4	71
Inventories	41	19	22	93	20	134
Receivables	155	6,106	198	4,593	309	2,584
Provisions	2,493	102	2,490	37	2,296	195
Liabilities	5,139	750	3,619	577	1,766	382
Loss carryforwards	427	—	429	—	489	—
Other	35	90	37	418	30	476
Subtotal	8,649	8,448	7,164	7,252	5,237	6,006
Changes in value	-792	—	-523	—	-401	—
Deferred taxes (gross)	7,857	8,448	6,641	7,252	4,836	6,006
Netting	-6,826	-6,826	-5,286	-5,286	-3,796	-3,796
Deferred taxes (net)	1,031	1,622	1,355	1,966	1,040	2,210
Current	253	403	449	425	377	414

Of the deferred taxes reported, a total amount of EUR -11 million was recognized directly in equity (2014: EUR -128 million; 2013: EUR -17 million).

Income taxes recognized in other comprehensive income break down as follows:

Income Taxes on Components of Other Comprehensive Income

in EUR millions	2015			2014			2013		
	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
Cash flow hedges	2	—	2	10	-1	9	6	-1	5
Available-for-sale securities	-420	—	-420	-313	-1	-314	294	-1	293
Currency translation adjustment	-335	1	-334	-2,498	1	-2,497	-1,087	-1	-1,088
Remeasurements of defined benefit plans	199	-120	79	-302	111	-191	37	-32	5
Companies accounted for under the equity method	28	1	29	-113	—	-113	-183	1	-182
Total	-526	-118	-644	-3,216	110	-3,106	-933	-34	-967

The declared tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

in EUR millions	December 31,		
	2015	2014	2013
Domestic tax loss carryforwards	123	128	127
Foreign tax loss carryforwards	2,723	2,434	1,614
Total	2,846	2,562	1,741

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 EUR 1 million. This rule relating to minimum taxation for corporate income tax purposes also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate income tax loss carryforwards amounting to EUR 74 million (2014: EUR 76 million; 2013: EUR 75 million) and trade tax loss carryforwards amounting to EUR 49 million (2014: EUR 52 million; 2013: EUR 52 million).

The foreign tax loss carryforwards consist entirely of corporate income tax loss carryforwards. Of the foreign tax loss carryforwards, a significant portion relates to previous years. Deferred taxes were not recognized, or no longer recognized, at the December 31, 2015 reporting date on a total of EUR 2,003 million (2014: EUR 2,422 million; 2013: EUR 1,102 million) in usable foreign loss carryforwards that, for the most part, do not expire. No deferred tax assets were recognized in respect of temporary differences amounting to EUR 421 million (2014: EUR 77 million; 2013: EUR 146 million).

As of December 31, 2015, Uniper reported deferred tax assets for companies that incurred losses in the current or the prior-year period that exceed the deferred tax liabilities by EUR 90 million. As of December 31, 2014 and December 31, 2013, the excess amount was EUR 126 million and EUR 97 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.

(12) Personnel-Related Information

Personnel costs

The following table provides details of personnel costs for the periods indicated:

Personnel costs

in EUR millions	2015	2014	2013
Wages and salaries	948	1,069	1,151
Social security contributions	167	150	174
Pension costs and other employee benefits	145	110	117
<i>Pension costs</i>	<i>144</i>	<i>108</i>	<i>115</i>
Total	1,260	1,329	1,442

The personnel costs of the Uniper Group in fiscal year 2015 fell by EUR 69 million to EUR 1,260 million (2014: EUR 1,329 million; 2013: EUR 1,442 million). The declines of EUR 69 million in fiscal year 2015 and EUR 113 million in fiscal year 2014 were predominantly due to effects in connection with local restructuring programs and the E.ON 2.0 restructuring program across the groups as well as the reorganization of the power station operations. The associated measures were reflected in corresponding reductions in headcount numbers. In fiscal year 2015 both the expenses for wages and salaries and the costs of restructuring measures were lower than in the previous year. In contrast, higher expenses were recorded for company pension schemes. In fiscal year 2014 as compared with 2013, the lower expenses for wages and salaries as well as social security contributions resulting from the fall in the number of employees were offset to some extent by increased costs for the restructuring measures.

Share-based Payment

In fiscal years 2015, 2014 and 2013, employees of the Uniper Group participated in the share-based payment programs of the E.ON Group. For the purposes of the Combined Financial Statements, the expenses and obligations arising from share-based payment were recognized in the financial statements of those Uniper companies which incurred the expenses or obligations, respectively. In the case of holding companies, such as E.ON SE, which provide services for the Uniper Group that have been reflected in the Combined Financial Statements in the form of a service charge, the expenses arising from share-based payment were attributed directly or, where this was not possible, on the basis of appropriate cost allocation keys and recorded in the Combined Financial Statements of Uniper AG.

Share-based payment plans (employee stock purchase programs in Germany and the UK, the E.ON Share Performance Plan, the E.ON Share Matching Plan and the multi-year bonus) generated expenses in 2015 amounting to EUR 7.6 million (2014: EUR 12.0 million; 2013: EUR 4.7 million).

Employee Stock Purchase Program

In 2015, as in 2014, employees of German Uniper companies had the opportunity to purchase E.ON shares at preferential terms under a voluntary employee stock purchase program. In fiscal year 2015, the employees received a regular matching contribution amounting to EUR 390 (2014: EUR 400; 2013: EUR 450) on the shares they subscribed for as of the 19 November 2015 cut-off date; the shares are being offered in five graduated packages. The employee stock purchase program will be suspended in 2016 due to the planned spin-off from E.ON. Employees were instead granted an additional matching contribution for the purchase of shares in fiscal year 2015. Depending on the stock package purchased, the employee contribution in 2015 amounted to a minimum of EUR 510 and a maximum of EUR 1,560 (2014: minimum EUR 500 and maximum EUR 2,000; 2013: minimum EUR 450 and maximum EUR 1,950). The relevant market price of E.ON stock on the cut-off date was EUR 8.90 (2014: EUR 12.80; 2013: EUR 13.75). Depending on the number of shares subscribed for, the preferential prices ranged between EUR 4.51 and EUR 5.78 (2014: between EUR 7.09 and EUR 10.66; 2013: between EUR 6.83 and EUR 11.16). The lock-up period for these shares ends on December 31, 2017. The expense arising from granting the preferential prices is recognized as personnel costs under "Wages and salaries". The expense attributable to the German Uniper companies in fiscal year 2015 amounted to EUR 0.8 million (2014: EUR 1.1 million; 2013: EUR 0.9 million).

Since fiscal year 2003, employees in the United Kingdom have had the opportunity to purchase E.ON shares through an employee stock purchase program and to acquire bonus shares in addition. The expense for the Uniper companies resulting from the issue of these shares in fiscal year 2015 amounted to EUR 0.2 million (2014: EUR 0.2 million; 2013: EUR 0.2 million) and is also recorded under "Wages and salaries" as personnel costs.

Long-Term Variable Compensation

Members of the Board of Management of E.ON SE and certain executives of the Uniper Group receive share-based payment as a voluntary component of their long-term variable compensation. The purpose of such compensation is to reward the contribution made to increasing enterprise value 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, the E.ON Share Matching Plan introduced in 2013 and the multi-year bonus introduced in 2015.

E.ON Share Performance Plan

From 2006 through 2012, virtual shares ("Performance Rights") were granted 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. 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. 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 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 last tranche still active in 2015 under these plan terms:

E.ON Share Performance Rights

	<u>7th tranche</u>
Date of issuance	Jan. 1, 2012
Term	4 years
Target value at issuance	EUR 17.10
Maximum amount paid	EUR 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 virtual shares. The provision for the plan as of the balance sheet date is EUR 4.0 million (2014: EUR 7.8 million; 2013: EUR 4.6 million). The expense for the respective relevant tranches in the 2015 fiscal year was EUR 0.4 million (2014: EUR 3.4 million; 2013: EUR 1.7 million).

E.ON Share Matching Plan

From 2013 through 2014, virtual shares were granted 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 in the amount of the equity deferral were granted 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 Board of Management 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 level, based on ROACE, as specified at the beginning of the term by the E.ON Board of Management and the Supervisory Board.

In 2015, virtual shares were granted only to members of the Board of Management of E.ON SE in the context of base matching and performance matching. 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 E.ON Board of Management and the Supervisory Board. If the average ROACE during the four-year term exceeded the target value, the number of virtual shares granted under performance matching increases up to a maximum of twice the target value. If the average ROACE falls short of the target value, the number of virtual shares, and thus also the amount paid out, decreases. In the event of a defined level of 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 applies 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. The planned spin-off also qualifies 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, 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, the 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

	<u>3rd tranche</u>	<u>2nd tranche</u>	<u>1st tranche</u>
Date of issuance	Apr. 1, 2015	Apr. 1, 2014	Apr. 1, 2013
Term	4 years	4 years	4 years
Target value at issuance	EUR 13.63	EUR 13.65	EUR 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 EUR 13.4 million (2014: EUR 9.1 million; 2013: EUR 1.9 million). The expense for the respective relevant tranches in the 2015 fiscal year was EUR 4.7 million (2014: EUR 7.3 million; 2013: EUR 1.9 million).

Multi-Year Bonus

In 2015, those executives who would have been granted virtual shares in the context of base matching and performance matching under the previous rules were granted 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 E.ON Group or in the Uniper Group after the planned spin-off. For executives remaining 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 transferring to 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 will increase or decrease relative to the target value in proportion to the deviation of the share price from the target value, but in no event shall the payout be higher than twice the target value.

A payout will generally not take place until after the end of the four-year term. This applies 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 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 spin-off has not yet taken place.

The provision for the multi-year bonus as of December 31, 2015 is EUR 1.5 million.

Employees

During 2015, Uniper employed an average of 14,137 persons (2014: 15,158; 2013: 15,991). This figure does not include board members, managing directors, or apprentices. Employees of holding companies such as E.ON SE and E.ON Sverige AB who have worked for both Uniper and E.ON in the past are recorded proportionally based on the same appropriate allocation keys used to allocate personnel costs for the purposes of the Combined Financial Statements.

The breakdown by segment is shown in the table below:

Employees¹

	<u>2015</u>	<u>2014</u>	<u>2013</u>
European Generation	6,928	7,636	8,554
Global Commodities	1,412	1,621	1,767
International Power Generation	5,305	5,386	5,199
Administration/Consolidation	492	515	471
Total	14,137	15,158	15,991
<i>Domestic</i>	<i>5,046</i>	<i>5,778</i>	<i>6,622</i>
<i>Foreign</i>	<i>9,091</i>	<i>9,380</i>	<i>9,369</i>

¹ Excluding board members, managing directors, and apprentices.

(13) Other Information

Disclosures Relating to the Scope of the Combined Financial Statements

The disclosures relating to the scope of the Combined Financial Statements pursuant to IFRS 12 is an integral part of these Notes to the Combined Financial Statements and is presented in Note 33.

(14) Goodwill, Intangible Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets and Property, Plant and Equipment

in EUR millions	Acquisition and production costs						Dec. 31, 2015
	Jan. 1, 2015	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	
Goodwill	5,962	51	0	0	0	0	6,013
Marketing-related intangible assets	0	—	—	—	—	—	0
Customer-related intangible assets	60	—	—	—	—	—	60
Contract-based intangible assets	2,960	-151	—	12	—	38	2,859
Technology-based intangible assets	154	—	—	9	-2	2	163
Internally generated intangible assets	98	—	—	6	—	—	104
Intangible assets subject to amortization	3,272	-151	0	27	-2	40	3,186
Intangible assets not subject to amortization	418	2	1	600	-677	-37	307
Advance payments on intangible assets ..	4	—	—	31	—	-3	32
Intangible assets	3,694	-149	1	658	-679	0	3,525
Real estate and leasehold rights	1,919	35	-10	44	-1	1	1,988
Buildings	3,406	-65	-3	263	-316	4	3,289
Technical equipment, plant and machinery	29,601	284	-163	429	-1,602	1,271	29,820
Other equipment, fixtures, furniture and office equipment	370	2	—	15	-31	1	357
Advance payments and construction in progress	3,638	-46	2	458	-447	-1,279	2,326
Property, plant and equipment	38,934	210	-174	1,209	-2,397	-2	37,780

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2015

in EUR millions	European Generation	Global Commodities	International Power Generation ²	Uniper Group
Net carrying amount of goodwill as of January 1, 2015	1,986	2,066	859	4,911
Changes resulting from acquisitions and disposals	—	—	—	—
Impairment charges	-2,104	—	-323	-2,427
Exchange rate differences	118	-9	-38	71
Net carrying amount of goodwill as of December 31, 2015	0	2,057	498	2,555
Growth rate (in %)	—	1.5	4.0	—
Cost of capital (in %)	5.2 - 6.3	5.4 or 10.8	17.2	—
Other non-current assets¹				
Impairments	-1,731	-258	-26	-2,015
Reversals	341	45	7	393

1 Other non-current assets consist of intangible assets and property, plant and equipment.

2 Growth rate and cost of capital before taxes and in local currency.

Accumulated depreciation								Net carrying amounts	
Jan. 1, 2015	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	Impairments	Reversals	Dec. 31, 2015	Dec. 31, 2015
-1,051	20	0	0	0	0	-2,427	0	-3,458	2,555
0	—	—	—	—	—	—	—	0	0
-42	—	—	-4	—	—	—	—	-46	14
-1,011	41	—	-105	—	—	-54	—	-1,129	1,730
-103	—	—	-18	2	—	—	—	-119	44
-42	—	—	-14	—	—	—	—	-56	48
-1,198	41	0	-141	2	0	-54	0	-1,350	1,836
-58	—	-1	—	—	—	—	45	-14	293
-2	—	—	—	—	—	—	—	-2	30
-1,258	41	-1	-141	2	0	-54	45	-1,366	2,159
-282	-3	—	-4	—	—	-35	3	-321	1,667
-2,193	-7	2	-68	312	3	-62	1	-2,012	1,277
-19,404	-345	131	-675	1,564	-234	-1,645	337	-20,271	9,549
-275	-2	—	-31	31	3	-1	—	-275	82
-1,063	59	—	—	381	230	-218	7	-604	1,722
-23,217	-298	133	-778	2,288	2	-1,961	348	-23,483	14,297

Goodwill, Intangible Assets and Property, Plant and Equipment

in EUR millions	Acquisition and production costs						Dec. 31, 2014
	Jan. 1, 2014	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	
Goodwill	6,372	-410	0	0	0	0	5,962
Marketing-related intangible assets	0	—	—	—	—	—	0
Customer-related intangible assets	60	—	—	—	—	—	60
Contract-based intangible assets	3,832	-903	—	31	—	—	2,960
Technology-based intangible assets	163	-3	—	7	-19	6	154
Internally generated intangible assets	59	—	—	21	—	18	98
Intangible assets subject to amortization	4,114	-906	0	59	-19	24	3,272
Intangible assets not subject to amortization	627	-4	—	885	-1,090	—	418
Advance payments on intangible assets	22	—	—	3	-1	-20	4
Intangible assets	4,763	-910	0	947	-1,110	4	3,694
Real estate and leasehold rights	2,001	-85	—	5	-5	3	1,919
Buildings	3,853	-474	—	40	-18	5	3,406
Technical equipment, plant and machinery	27,905	-822	—	698	-347	2,167	29,601
Other equipment, fixtures, furniture and office equipment	359	-13	—	17	-9	16	370
Advance payments and construction in progress	5,383	-412	—	872	-10	-2,195	3,638
Property, plant and equipment	39,501	-1,806	0	1,632	-389	-4	38,934

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2014

in EUR millions	European Generation	Global Commodities	International Power Generation ²	Uniper Group
Net carrying amount of goodwill as of January 1, 2014	2,888	2,115	1,369	6,372
Changes resulting from acquisitions and disposals	—	—	—	—
Impairment charges	-1,026	—	—	-1,026
Exchange rate differences	124	-49	-510	-435
Net carrying amount of goodwill as of December 31, 2014	1,986	2,066	859	4,911
Growth rate (in %)	—	1.5	3.5	—
Cost of capital (in %)	5.6 - 6.6	5.8 or 8.8	15.0	—
Other non-current assets¹				
Impairments	-2,954	-93	-23	-3,070
Reversals	26	207	—	233

1 Other non-current assets consist of intangible assets and property, plant and equipment.

2 Growth rate and cost of capital before taxes and in local currency.

Accumulated depreciation								Net carrying amounts	
Jan. 1, 2014	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	Impairments	Reversals	Dec. 31, 2014	Dec. 31, 2014
0	-25	0	0	0	0	-1,026	0	-1,051	4,911
0	—	—	—	—	—	—	—	0	0
-38	—	—	-4	—	—	—	—	-42	18
-1,083	197	—	-125	—	—	—	—	-1,011	1,949
-101	1	—	-22	19	—	—	—	-103	51
-36	—	—	-6	—	—	—	—	-42	56
-1,258	198	0	-157	19	0	0	0	-1,198	2,074
-247	—	—	—	—	—	-14	203	-58	360
0	—	—	-1	—	—	-1	—	-2	2
-1,505	198	0	-158	19	0	-15	203	-1,258	2,436
-247	2	—	-5	3	—	-35	—	-282	1,637
-2,198	141	—	-82	14	6	-74	—	-2,193	1,213
-16,917	219	—	-854	80	-6	-1,948	22	-19,404	10,197
-249	8	—	-32	8	-6	-4	—	-275	95
-112	28	—	—	1	6	-994	8	-1,063	2,575
-19,723	398	0	-973	106	0	-3,055	30	-23,217	15,717

Goodwill, Intangible Assets and Property, Plant and Equipment

in EUR millions	Acquisition and production costs						Dec. 31, 2013
	Jan. 1, 2013	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	
Goodwill	6,610	-238	0	0	0	0	6,372
Marketing-related intangible assets	0	—	—	—	—	—	0
Customer-related intangible assets	60	—	—	—	—	—	60
Contract-based intangible assets	4,123	-305	—	11	-1	4	3,832
Technology-based intangible assets ...	139	-2	—	28	-11	9	163
Internally generated intangible assets	65	—	—	4	-7	-3	59
Intangible assets subject to amortization	4,387	-307	0	43	-19	10	4,114
Intangible assets not subject to amortization	278	-2	—	1,427	-1,076	—	627
Advance payments on intangible assets	6	—	—	15	—	1	22
Intangible assets	4,671	-309	0	1,485	-1,095	11	4,763
Real estate and leasehold rights	2,098	-51	—	9	-60	5	2,001
Buildings	4,024	-181	—	25	-61	46	3,853
Technical equipment, plant and machinery	27,965	-583	—	627	-717	613	27,905
Other equipment, fixtures, furniture and office equipment	356	-6	—	30	-33	12	359
Advance payments and construction in progress	5,112	-124	—	1,193	-121	-677	5,383
Property, plant and equipment	39,555	-945	0	1,884	-992	-1	39,501

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2013

in EUR millions	European Generation	Global Commodities	International Power Generation ²	Uniper Group
Net carrying amount of goodwill as of January 1, 2013	2,940	2,131	1,539	6,610
Changes resulting from acquisitions and disposals	—	—	—	—
Impairment charges	—	—	—	—
Exchange rate differences	-52	-16	-170	-238
Net carrying amount of goodwill as of December 31, 2013	2,888	2,115	1,369	6,372
Growth rate (in %)	1.5	1.5	3.5	—
Cost of capital (in %)	5.7 - 6.7	5.7 or 8.9	13.9	—
Other non-current assets¹				
Impairments	-717	-240	-278	-1,235
Reversals	177	34	—	211

1 Other non-current assets consist of intangible assets and property, plant and equipment.

2 Growth rate and cost of capital before taxes and in local currency.

Accumulated depreciation								Net carrying amounts	
Jan. 1, 2013	Exchange rate differences	Changes in scope of combined financial statements	Additions	Disposals	Transfers	Impairments	Reversals	Dec. 31, 2013	Dec. 31, 2013
0	0	0	0	0	0	0	0	0	6,372
0	—	—	—	—	—	—	—	0	0
-32	—	—	-5	—	—	-1	—	-38	22
-1,000	56	—	-143	3	—	—	1	-1,083	2,749
-88	1	—	-23	11	-2	—	—	-101	62
-31	—	—	-6	2	2	-3	—	-36	23
-1,151	57	0	-177	16	0	-4	1	-1,258	2,856
-72	—	—	—	—	—	-209	34	-247	380
0	—	—	—	—	—	—	—	0	22
-1,223	57	0	-177	16	0	-213	35	-1,505	3,258
-279	2	—	-5	28	1	-8	14	-247	1,754
-2,113	57	—	-87	54	15	-147	23	-2,198	1,655
-16,151	229	—	-868	648	-23	-844	92	-16,917	10,988
-251	4	—	-34	31	2	-1	—	-249	110
-152	—	—	—	15	—	-22	47	-112	5,271
-18,946	292	0	-994	776	-5	-1,022	176	-19,723	19,778

Goodwill and Non-Current Assets

Goodwill was reallocated, where necessary, as of January 1, 2013 (see Note 2). 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 above "Changes in Goodwill and in Other Reversals and Impairment Charges by Segment".

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 normally 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 for fiscal years 2013 through 2015 by the Board of Management of E.ON. 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 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 generally correspond to the inflation rates in each of the countries where the cash-generating units operate. The inflation rate used for the eurozone was 1.5 percent for each of fiscal years 2013 through 2015. Planning for the European Generation segment since 2014 has been based on the general assumption that there will be no more growth (2013: 1.5 percent).

The principal assumptions underlying the determination by management of the recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, Uniper'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 publicly available market data and on internal estimates. Since fiscal year 2014, the general assumption has been made that the energy market in Europe will not return to equilibrium without regulatory involvement. Appropriate compensation elements have been taken into account since then.

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 European 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 within that cash-generating unit for impairment testing, the assets must be tested first.

The recoverable amount primarily used to test goodwill for impairment is the fair value less costs to sell; for the International Power Generation cash-generating unit, however, the recoverable amount is based on the value in use. This value in use is determined in principle in local currency and according to the regulatory framework over an extended detailed planning period. The pre-tax cost of capital of this cash-generating unit is 17.2 percent (post-tax rate: 13.7 percent; 2014: 15 and 12 percent, respectively; 2013: 13.9 and 11.1 percent, respectively).

The impairment testing of Uniper's cash-generating units for the purposes of the Combined Financial Statements is generally based on the respective individual measurements of the particular sub-units from the corresponding impairment testing at E.ON ("sum of the parts" measurement). The growth rates and costs of capital given in the preceding tables headed "Changes in Goodwill and in Other Reversals and Impairment Charges by Segment" relate only to those units making a significant value contribution to the respective cash-generating unit.

Goodwill impairment testing in fiscal year 2015 necessitated the recognition of impairment charges amounting to EUR 2.4 billion. The most significant individual item at EUR 2.1 billion related to the write-down in full of the goodwill in the European Generation cash-generating unit. The main reason for the

write-down was a further year-on-year deterioration in forecast earnings. In addition, goodwill of around EUR 0.3 billion was written down in the International Power Generation cash-generating unit. Goodwill in this segment was written down to the recoverable amount of around EUR 2.6 billion also due to lower forecast earnings as well as a higher cost of capital. In the International Power Generation segment, an increase of one percentage point in the cost of capital would result in a further goodwill impairment charge of EUR 0.2 billion.

The goodwill of the Global Commodities cash-generating unit shows a recoverable amount significantly in excess of the carrying amount with the result that, based on the current assessment of the economic situation, only a significant change in the material valuation parameters would necessitate the recognition of an impairment charge for goodwill.

Goodwill impairment testing in fiscal year 2014 necessitated the recognition of impairment charges amounting to EUR 1.0 billion. This related entirely to the European Generation cash-generating unit. The main reason for the write-down was a deterioration in forecast earnings. The goodwill of the Global Commodities and International Power Generation cash-generating units in 2014 showed recoverable amounts significantly in excess of the carrying amounts with the result that, based on the assessment of the economic situation at that time, only a significant change in the material valuation parameters would have necessitated the recognition of an impairment charge for goodwill. In the European Generation cash-generating unit, in which a goodwill impairment charge was recognized in 2014, any deterioration in the material assumptions used by management to determine the recoverable amount of the cash-generating unit would have further increased the excess of the carrying amount over the recoverable amount.

The goodwill impairment testing performed in 2013 indicated no need for impairment charges. The goodwill of all cash-generating units in 2013 showed a recoverable amount significantly in excess of the carrying amount with the result that, based on the assessment of the economic situation at that time, only a significant change in the material valuation parameters would have necessitated the recognition of an impairment charge for goodwill.

A total of EUR 2.0 billion in impairments was charged to property, plant and equipment in fiscal year 2015, of which EUR 1.7 billion related to the European Generation segment and EUR 0.3 billion to the Global Commodities segment. Within the European Generation segment, property, plant and equipment in a number of countries was written down in view of lower expected power sales. The most substantial individual impairments in terms of amount related to one conventional power plant in France at EUR 0.4 billion and one in the United Kingdom at EUR 0.2 billion, as well as one in Germany and one in the Netherlands at EUR 0.2 billion each. This resulted in recoverable amounts of EUR 0.1 billion in France, EUR 0.6 billion in the United Kingdom, EUR 1.1 billion in Germany and EUR 1.5 billion in the Netherlands. In the Global Commodities segment, a gas storage facility was written down by EUR 0.2 billion to a recoverable amount of EUR 0.1 billion.

In the 2014 fiscal year, impairments were recognized on property, plant and equipment in the amount of EUR 3.1 billion which related primarily to the European Generation segment. The most substantial individual item in terms of amount, at EUR 1.0 billion, related to two nuclear generation units in Sweden, which were written down in the fourth quarter to a recoverable amount of EUR 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 in the United Kingdom, of which the largest in terms of amount related to two conventional power plants. These were each written down by around EUR 0.4 billion; in one case the plant was written down to its recoverable amount of EUR 0.7 billion, while the other plant was written off in full. The main reason for this was the reduction in market spreads. In addition, a Swedish thermal power plant was fully written down by an amount of EUR 0.3 billion because it is expected that the facility will be rendered economically inoperable as a consequence of environmental specifications.

In the 2013 fiscal year, impairments were recognized on property, plant and equipment in the amount of EUR 1.0 billion. The most substantial individual item in terms of amount, at around EUR 0.2 billion, related to a power plant in Russia in the International Power Generation segment, which was written down to a recoverable amount of EUR 0.3 billion in the third quarter of 2013 because of a changed regulatory framework. The recoverable amount was the value in use. The other impairment charges on property, plant and equipment comprised a large number of individual items and related mainly to conventional power plants in the European Generation segment (EUR 0.7 billion) and in International Power Generation (EUR 0.1 billion).

Impairments on intangible assets in fiscal year 2015 amounted in total to EUR 54 million (2014: EUR 15 million; 2013: EUR 213 million). In fiscal year 2013 and 2014 these impairment charges related mainly to emission rights.

Because impairments were recognized on a large number of assets in previous years, especially relating to property, plant and equipment in the European Generation segment, 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 EUR 0.4 billion in fiscal year 2015. The largest individual reversal of EUR 0.2 billion related to a power plant in the United Kingdom and the resulting carrying amount reflected its recoverable amount of EUR 1.0 billion. This was due to changes in expectations about future prices.

In fiscal years 2014 and 2013 reversals of impairments recognized in previous years amounted to approximately EUR 0.2 billion each year. The majority of that amount related to emission rights in 2014. In 2013, the reversals related essentially to power plants in the Netherlands and Germany and were primarily due to changes in the forecasts for power prices and fuel costs.

Intangible assets

Amortization charged on intangible assets in 2015 amounted to EUR 141 million (2014: EUR 158 million; 2013: EUR 177 million). Impairment charges on intangible assets in the year under review amounted to EUR 54 million (2014: EUR 15 million; 2013: EUR 213 million).

Reversals of impairment charges on intangible assets of EUR 45 million (2014: EUR 203 million; 2013: EUR 35 million) were recorded in 2015. These related primarily to emission certificates during the years under review due to price effects.

Intangible assets include emission rights from different trading systems with a carrying amount of EUR 238 million for fiscal year 2015 (2014: EUR 271 million; 2013: EUR 287 million). The year-on-year decrease in emission rights is primarily the result of the reduction in emissions-intensive generation. EUR 14 million in research and development costs as defined by IAS 38 were expensed in 2015 (2014: EUR 11 million; 2013: EUR 17 million).

Property, Plant and Equipment

Borrowing costs in the amount of EUR 72 million were capitalized in 2015 (2014: EUR 79 million; 2013: EUR 139 million) as part of the historical cost of property, plant and equipment.

The depreciation expense for property, plant and equipment in 2015 amounted to EUR 778 million (2014: EUR 973 million; 2013: EUR 994 million). Impairment charges, including those relating to the issues already mentioned, were recognized on property, plant and equipment in the amount of EUR 1,961 million in 2015 (2014: EUR 3,055 million; 2013: EUR 1,022 million). Reversals of impairment charges on property, plant and equipment of EUR 348 million were recorded in 2015 (2014: EUR 30 million; 2013: EUR 176 million).

Certain gas storage facilities, supply networks and power plants are utilized under finance leases and capitalized in the Combined Financial Statements because the economic ownership of the assets leased is attributable to the Uniper Group.

The property, plant and equipment thus capitalized had the following net carrying amounts:

Uniper as Lessee – Carrying Amounts of Capitalized Leased Assets

<u>in EUR millions</u>	<u>December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	—	—	—
Buildings	—	—	—
Technical equipment, plant and machinery	462	489	606
Other equipment, fixtures, furniture and office equipment	31	34	34
Net carrying amount of capitalized leased assets	493	523	640

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:

Uniper as Lessee – Payment Obligations under Finance Leases

in EUR millions	Minimum lease payments			Covered interest share			Present values		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Due within 1 year	52	53	65	38	39	51	14	14	14
Due in 1-5 years	204	213	259	152	154	200	52	59	59
Due in more than 5 years	1,098	1,117	1,517	673	674	944	425	443	573
Total	1,354	1,383	1,841	863	867	1,195	491	516	646

The present value of the minimum lease obligations is reported under liabilities from leases.

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

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets

in EUR millions	December 31, 2015		
	Uniper Group	Associates ¹	Joint Ventures ¹
Companies accounted for under the equity method	1,136	1,011	125
Equity investments	369	32	9
Non-current securities	189	—	—
Total	1,694	1,043	134

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

The amount shown for non-current securities relates primarily to fixed-income securities.

In fiscal year 2015, impairment charges on companies accounted for under the equity method amounted to EUR 106 million (2014: EUR 467 million; 2013: EUR 391 million). The impairment charges in fiscal year 2015 related mainly to a Swedish investment in the European Generation segment in the amount of EUR 37 million, a Russian investment in the International Power Generation segment in the amount of EUR 28 million and a Latvian investment in the Global Commodities segment in the amount of EUR 27 million.

In fiscal year 2014, a EUR 12 million impairment loss on an investment in Italy was reversed.

Impairment charges in fiscal year 2014 related to a Brazilian investment in the International Power Generation segment in the amount of EUR 467 million. The principal causes of these impairments were the investee's operational challenges and the development of its stock price, as well as one 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. In fiscal year 2013, the same equity investment had been written down by EUR 342 million to a recoverable amount of EUR 472 million due to project delays and technical issues. The recoverable amount had been determined based on the value in use.

Impairment charges on other financial assets amounted to EUR 16 million (2014: EUR 2 million; 2013: EUR 2 million). The carrying amount of impaired other financial assets was EUR 7 million at the end of the fiscal year (2014: EUR 1 million; 2013: EUR 2 million).

December 31, 2014			December 31, 2013		
Uniper Group	Associates ¹	Joint Ventures ¹	Uniper Group	Associates ¹	Joint Ventures ¹
1,401	1,222	179	1,897	1,387	510
743	37	9	1,127	22	9
184	—	—	179	—	—
2,328	1,259	188	3,203	1,409	519

Shares in Companies Accounted for under the Equity Method

The carrying amounts of the immaterial associates accounted for under the equity method amounted to EUR 473 million (2014: EUR 690 million; 2013: EUR 701 million) and those of the joint ventures to EUR 125 million (2014: EUR 179 million; 2013: EUR 38 million).

Investment income from companies accounted for under the equity method recorded by Uniper in the year under review amounted to EUR 75 million (2014: EUR 88 million; 2013: EUR 137 million).

The following table summarizes significant line items of the aggregated statements of comprehensive income of the immaterial associates and joint ventures that are accounted for under the equity method:

Summarized Financial Information for Individually Immaterial Associates and Joint Ventures Accounted for under the Equity Method

in EUR millions	Associates			Joint Ventures			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Proportional share of net income/loss for the year	9	74	87	-19	9	-53	-10	83	34
Proportional share of other comprehensive income	-3	-7	-15	-31	-9	—	-34	-16	-15
Proportional share of total comprehensive income	6	67	72	-50	0	-53	-44	67	19

The tables below show significant line items of the aggregated balance sheets and of the aggregated statements of comprehensive income of the material associates accounted for under the equity method. The material associates in the Uniper Group are OAO Severneftegazprom and Nord Stream AG.

Material Associates – Balance Sheet Data

in EUR millions	OAO Severneftegazprom			Nord Stream AG		
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Non-current assets	949	1,025	1,588	6,234	6,502	6,786
Current assets	269	220	423	606	664	947
Current liabilities (including provisions)	107	61	207	506	508	495
Non-current liabilities (including provisions) . . .	389	432	645	4,596	5,109	5,280
Equity	722	752	1,159	1,738	1,549	1,958
Ownership interest in % . . .	25.00	25.00	25.00	15.50	15.50	15.50
Proportional share of equity	181	188	290	269	240	303
Uniper Group adjustments	-1	9	35	89	95	58
Carrying amount of equity investment	180	197	325	358	335	361

Material Associates – Earnings Data

in EUR millions	OAO Severneftegazprom			Nord Stream AG		
	2015	2014	2013	2015	2014	2013
Sales	415	371	549	1,080	1,074	868
Net income from continuing operations	114	67	122	395	346	119
Dividend paid out	29	41	69	321	535	190
Other comprehensive income	—	—	—	116	-219	234
Total comprehensive income	114	67	122	511	127	353
Ownership interest in %	25.00	25.00	25.00	15.50	15.50	15.50
Proportional share of total comprehensive income after taxes . . .	29	17	31	79	20	55
Proportional share of net income after taxes	29	17	31	61	54	18
Uniper Group adjustments	-16	-8	8	-5	2	-8
Equity method earnings	13	9	39	56	56	10

The Uniper Group adjustments presented in the tables are primarily attributable to the goodwill and hidden reserves arising in the context of acquisitions, and to adjustments made in line with the accounting policies applicable in the Uniper Group.

Presented in the tables below are significant line items of the aggregated balance sheets and of the aggregated income statement of the sole material joint venture accounted for under the equity method, ENEVA S.A. (ENEVA):

Material Joint Venture – Balance Sheet Data

in EUR millions	ENEVA S.A.	
	Dec. 31, 2014	Dec. 31, 2013
Non-current assets	1,897	2,744
Current assets	293	230
Current liabilities (including provisions)	1,124	914
Non-current liabilities (including provisions)	685	1,270
Cash and cash equivalents	49	85
Current financial liabilities	1,021	739
Non-current financial liabilities	582	1,167
Equity	381	790
Ownership interest in %	41.74	36.47
Proportional share of equity	159	288
Uniper Group adjustments	-159	184
Carrying amount of equity investment	0	472

Material Joint Venture – Earnings Data

in EUR millions	ENEVA S.A.	
	2014	2013
Sales	558	442
Net income/loss from continuing operations	-294	-289
Net income/loss from discontinued operations	-174	—
Write-downs (and reversals)	-53	-45
Interest expense/income	-146	-112
Income taxes	—	-1
Dividend paid out	—	—
Other comprehensive income	-6	-21
Total comprehensive income	-474	-310
Ownership interest in %	41.74	36.47
Proportional share of total comprehensive income after taxes	-198	-113
Proportional share of net income/loss after taxes	-195	-105
Uniper Group adjustments	-342	-318
Equity method earnings	-537	-423

Following the application by ENEVA S.A. to the responsible Brazilian authorities for judicial recovery proceedings at the beginning of December 2014, corporate actions were agreed and implemented during the course of 2015 which resulted in a dilution of Uniper's interest from 42.9 percent to 12.3 percent and therefore in the loss of significant influence. In this context, the shareholder agreement with the anchor shareholder on which the joint venture was based was also terminated. Consequently, ENEVA is now reported only as a financial investment as of December 31, 2015.

The material associates and joint ventures are active in diverse areas of the gas and electricity industries. Information relating to company names, registered offices and equity interests as required by IFRS 12 for material joint arrangements and associates can be found in the disclosures on the scope of the combined financial statements (see Note 33).

The carrying amounts of companies accounted for under the equity method whose shares are marketable totaled EUR 69 million (2014: EUR 199 million; 2013: EUR 667 million). The fair values of those shares amounted to EUR 71 million (2014: EUR 216 million; 2013: EUR 413 million).

Investments in associates totaling EUR 538 million (2014: EUR 532 million; 2013: EUR 685 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:

Inventories

in EUR millions	December 31,		
	2015	2014	2013
Raw materials and supplies	752	905	975
Goods purchased for resale	916	1,330	1,787
Work in progress and finished products	66	62	126
Total	1,734	2,297	2,888

Raw materials, goods purchased for resale and finished products are generally valued at average cost.

Write-downs totaled EUR 248 million in 2015 (2014: EUR 89 million; 2013: EUR 50 million) and related mostly to goods purchased for resale. Reversals of write-downs amounted to EUR 1 million were recognized (2014: EUR 2 million; 2013: EUR 8 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 EUR millions	December 31, 2015		December 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current	Current	Non-current
Receivables from finance leases	14	224	13	238	12	250
Other financial receivables and financial assets	8,345	2,805	11,462	3,866	10,487	3,354
Financial receivables and other financial assets	8,359	3,029	11,475	4,104	10,499	3,604
Trade receivables	8,564	—	10,173	—	12,488	—
Receivables from derivative financial instruments	11,942	4,224	10,956	2,752	4,405	1,568
Other operating assets	2,579	463	2,076	406	1,833	417
Trade receivables and other operating assets	23,085	4,687	23,205	3,158	18,726	1,985
Total	31,444	7,716	34,680	7,262	29,225	5,589

As a result of the integration of the Uniper Group in the cash management system of the E.ON Group, other financial assets at the balance sheet date included receivables of EUR 7,368 million (2014: EUR 10,674 million; 2013: EUR 9,507 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 EUR 2,281 million (2014: EUR 1,879 million; 2013: EUR 1,768 million) in connection with the decommissioning and dismantling of nuclear power plants and nuclear waste disposal. Since this asset is designated for a particular purpose, the Uniper Group's access to it is restricted.

Financial receivables also include indemnification claims of the Uniper companies against MEON at the December 31, 2014 (EUR 1.1 billion) and December 31, 2013 (EUR 0.8 billion) reporting dates. These indemnification receivables do not meet the criteria for qualification as plan assets, but instead are recognized as a separate asset at the fair value of the indemnification claims. As of November 30, 2015, the agreements with MEON on the assumption of debt and the assumption of the obligation

to settle pension obligations underlying the indemnification receivables were terminated, and the receivables were commuted by transferring assets of MEON out of the CTA of the E.ON Group into the Uniper CTA and by transferring MEON's pension liability receivables vis-à-vis Versorgungskasse Energie (VKE) to Uniper companies entitled to them (see Notes 2, 3 and 22).

Financial receivables also include margin account deposits for stock exchange futures transactions amounting to EUR 389 million (2014: EUR 301 million; 2013: EUR 445 million). In addition, other operating assets as of December 31, 2015 contained receivables from profit and loss transfer agreements amounting to EUR 1,071 million (2014: EUR 465 million; 2013: EUR 581 million). These were due immediately and had been settled by the time the Combined Financial Statements were prepared.

Other financial receivables include restricted cash of EUR 22 million (2014: EUR 11 million; 2013: EUR 5 million) deposited in the context of OTC transactions.

The aging schedule for trade receivables is as follows:

Aging Schedule of Trade Receivables

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Not impaired and not past-due	8,315	9,653	11,397
Not impaired and past-due by	136	290	413
<i>up to 60 days</i>	107	156	189
<i>61 to 90 days</i>	10	66	7
<i>91 to 180 days</i>	10	46	18
<i>181 to 360 days</i>	1	13	23
<i>more than 360 days</i>	8	9	176
Net value of impaired receivables	113	230	678
Total trade receivables	8,564	10,173	12,488

The individual impaired receivables are due from customers from whom it is unlikely that full repayment will ever be received. Receivables are monitored within the individual companies.

Valuation allowances for trade receivables have changed as shown in the following table:

Valuation Allowances for Trade Receivables

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Balance as of January 1	-147	-161	-138
Change in scope of combined financial statements	—	—	7
Write-downs	-14	-27	-82
Reversals of write-downs	20	8	5
Disposals	16	9	42
Other ¹	5	24	5
Balance as of December 31	-120	-147	-161

1 "Other" also includes 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:

Uniper as Lessor – Finance Leases

<u>in EUR millions</u>	<u>Gross investment in finance leases</u>			<u>Unrealized interest income</u>			<u>Present value of minimum lease payments</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Due within 1 year	32	33	34	18	21	22	14	12	12
Due in 1 to 5 years	122	133	130	68	77	77	54	56	53
Due in more than 5 years	270	307	345	100	124	148	170	183	197
Total	424	473	509	186	222	247	238	251	262

The present value of the outstanding lease payments is reported under receivables from finance leases.

(18) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds

in EUR millions	December 31,		
	2015	2014	2013
Securities and fixed-term deposits	60	72	344
<i>Current securities with an original maturity greater than 3 months</i>	1	9	12
<i>Fixed-term deposits with an original maturity greater than 3 months</i>	59	63	332
Restricted cash and cash equivalents	1	—	1
Cash and cash equivalents	299	340	551
Total	360	412	896

In the year under review, there was EUR 1 million in restricted cash (2014: EUR 0 million; 2013: EUR 1 million) with a maturity greater than three months.

Cash and cash equivalents include EUR 266 million (2014: EUR 293 million; 2013: EUR 518 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) Equity (Net Assets)

The individual components of equity and their development in the years 2013 through 2015 are presented in the Combined Statement of Changes in Equity of the Uniper Group (see also Note 2).

Net Assets attributable to the E.ON Group

The net assets of the Uniper Group are derived by aggregating the net assets of Uniper AG, Uniper Beteiligungs GmbH, Uniper Holding GmbH and their indirect and direct subsidiaries and the net assets of Uniper business activities conducted in indirect and direct subsidiaries of E.ON SE. The remaining changes in net assets relate to accumulated other comprehensive income and contributions/transfers from reserves by the shareholder. All remeasurements of the net obligation from defined benefit plans recognized in other comprehensive income and the effects of the measurement of cash flow hedges and the translation of foreign operations are also included here. The payments associated with the relevant corporate transactions and the effects from the separate tax return approach (see also Note 2) were recognized directly in equity as a contribution or transfer of reserves by the shareholder.

Capital Management

The capital management of the Uniper Group was carried out centrally by E.ON SE during the periods under review. Considerations with respect to statutory requirements in relation to equity and liquidity needs are determined in line with the requirements of the E.ON Group.

Control and Profit and Loss Transfer Agreements

A number of control and profit and loss transfer agreements were in place in the past between Uniper Group companies on the one hand and E.ON Group companies on the other, all of which were terminated by mutual agreement at the expiry of fiscal year 2015 as a result of the legal restructuring. For further information, see Notes 17 and 24.

(20) Accumulated Other Comprehensive Income

The table below illustrates the share of OCI attributable to companies accounted for under the equity method:

Share of OCI Attributable to Companies Accounted for under the Equity Method

in EUR millions	2015	2014	2013
Balance as of December 31 (before taxes)	-306	-335	-222
Taxes	3	2	2
Balance as of December 31 (after taxes)	-303	-333	-220

Accumulated currency translation differences represent the other principal component of OCI. They are largely the result of the translation of Russian operations.

(21) Non-Controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table:

Non-Controlling Interests

in EUR millions	December 31,		
	2015	2014	2013
European Generation	359	72	404
Global Commodities	1	2	2
International Power Generation	180	228	550
Administration/Consolidation	—	—	—
Total	540	302	956

The increase of EUR 238 million in non-controlling interests in 2015 mainly reflects other operating income in Sweden in the European Generation segment. The decline of EUR 654 million in non-controlling interests in 2014 was primarily due to an impairment on property, plant and equipment in Sweden and exchange-rate movements in Russia.

The table below illustrates the share of OCI that is attributable to non-controlling interests:

Share of OCI Attributable to Non-Controlling Interests

in EUR millions	Cash flow hedges	Available-for-sale securities	Currency translation adjustments	Remeasurements of defined benefit plans
Balance as of January 1, 2013	1	—	-106	—
Changes	1	1	-109	2
Balance as of December 31, 2013	2	1	-215	2
Changes	3	—	-301	-4
Balance as of December 31, 2014	5	1	-516	-2
Changes	—	—	-41	3
Balance as of December 31, 2015	5	1	-557	1

The currency translation adjustments mostly reflect the translation of Russian and Swedish operations.

Uniper companies with significant non-controlling interests operate in a variety of sectors within the energy industry. Information relating to company names, registered offices and equity interests as required by IFRS 12 for subsidiaries with non-controlling interests can be found in the disclosures on the scope of the combined financial statements (see Note 33).

The following tables provide a summary overview of the cash flow and significant line items in the aggregated income statements and aggregated balance sheets of Uniper companies with material non-controlling interests:

Subsidiaries with Material Non-Controlling Interests – Balance Sheet Data as of December 31,

in EUR millions	Uniper Russia Group ¹			OKG AB		
	2015	2014	2013	2015	2014	2013
Non-controlling interests in net assets	172	220	542	85	-241	77
Non-controlling interests in net assets (in %)	16.3	16.3	16.3	45.5	45.5	45.5
Dividends paid out to non-controlling interests	42	76	70	—	—	3
Operating cash flow	342	477	617	643	60	95
Non-current assets	2,674	3,191	4,798	2,292	2,299	3,248
Current assets	234	324	868	1,700	478	496
Non-current liabilities	270	271	422	3,181	3,170	3,432
Current liabilities	110	94	122	641	136	143

1 Non-controlling interests in the lead company of the group.

Subsidiaries with Material Non-Controlling Interests – Earnings Data

in EUR millions	Uniper Russia Group			OKG AB		
	2015	2014	2013	2015	2014	2013
Share of earnings attributable to non-controlling interests	37	58	38	325	-323	-2
Sales	1,123	1,518	1,865	551	550	591
Net income/loss	-96	355	232	698	-710	-5
Comprehensive Income	-365	-1,509	-405	700	-697	-10

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.

(22) Provisions for Pensions and Similar Obligations

The principal assumptions and procedures underlying the measurement and presentation of the provisions for pensions and similar obligations are set out in Notes 2 and 3.

The obligations for pensions and other benefits for former and active employees of the Uniper Group amounting to EUR 2.4 billion (2014: EUR 2.6 billion; 2013: EUR 1.8 billion) were covered as at December 31, 2015 by plan assets with a fair value of EUR 1.6 billion (2014: EUR 0.8 billion; 2013: EUR 0.4 billion). This corresponds to a funded status of 66 percent (2014: 32 percent; 2013: 20 percent).

There were also additional assets held for the purpose of covering defined benefit obligations but which do not qualify as plan assets within the meaning of IAS 19 and are therefore not included in the funded status. These assets include claims amounting to EUR 1.1 billion and EUR 0.8 billion as of the December 31, 2014 and December 31, 2013 reporting dates, respectively, arising from indemnification agreements due to agreements with MEON Pensions GmbH & Co. KG on the assumption of debt and the assumption of the obligation to settle pension obligations, as well as pension liability receivables due from Versorgungskasse Energie (VKE) amounting to EUR 0.2 billion as of December 31, 2015 (2014: EUR 0.1 billion; 2013: EUR 0.1 billion).

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 EUR millions	December 31,		
	2015	2014	2013
Present value of all defined benefit obligations			
Germany	1,850	2,082	1,433
United Kingdom	378	317	242
Other Countries	138	173	147
Total	2,366	2,572	1,822
Fair value of plan assets			
Germany	1,181	458	78
United Kingdom	380	330	263
Other Countries	11	24	23
Total	1,572	812	364
Net defined benefit liability (+)/asset (-)			
Germany	669	1,624	1,355
United Kingdom	-2	-13	-21
Other Countries	127	149	124
Total	794	1,760	1,458
<i>Presented as operating receivables</i>	<i>-2</i>	<i>-13</i>	<i>-21</i>
<i>Presented as provisions for pensions and similar obligations</i>	<i>796</i>	<i>1,773</i>	<i>1,479</i>

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 Uniper Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at Uniper. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

The pension plans within the Uniper Group are regularly reviewed with respect to their financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as increases in 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 Uniper Group companies beginning in 1998. Virtually all employees hired at Uniper 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 10,800 active employees (2014: 11,800; 2013: 12,900), about 4,200 retirees and surviving dependents (2014: 3,900; 2013: 3,600) and about 2,400 former employees with vested entitlements (2014: 1,900; 2013: 1,300). The changes in comparison with prior years are mainly due to restructuring programs, as well as to normal employee turnover. The corresponding present value of the defined benefit obligations is attributable to active employees in the amount of EUR 1.3 billion (2014: EUR 1.6 billion; 2013: EUR 1.2 billion), to retirees and surviving dependents in the amount of EUR 0.5 billion (2014: EUR 0.5 billion; 2013: EUR 0.4 billion) and to former employees with vested entitlements in the amount of EUR 0.6 billion (2014: EUR 0.5 billion; 2013: EUR 0.2 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 Uniper Group are described in the following discussion.

Germany

Active employees at German Uniper 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 benefit 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 plan open for new hires is a defined contribution 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 Zukunfts-sicherung plan, the units of capital for the open defined contribution 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 p. a. 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 Uniper companies, plan assets were established in the form of a Contractual Trust Arrangement (“CTA”). The major part of these plan assets is administered by Uniper Pension Trust e.V. as trustee in accordance with specified investment principles. Additional domestic plan assets are managed by smaller German pension funds.

German Uniper companies and MEON had entered into indemnification agreements for benefit entitlements of employees who were active in those Uniper companies as of December 31, 2006 based on agreements on the assumption of debt and the assumption of the obligation to settle pension obligations. As part of the planned spin-off of the Uniper Group and with respect to a condition subsequent occurring in any case at the date on which it was completed, these agreements on the assumption of debt were terminated as of November 30, 2015 and assets of MEON amounting to EUR 0.7 billion were transferred to Uniper Pension Trust e.V., while pension liability receivables due from VKE held by MEON and amounting to EUR 0.1 billion were transferred to Uniper companies entitled to them. The receivables arising from the indemnification agreements with MEON were measured at fair value as of December 31, 2014 and December 31, 2013 on the basis of the valuation parameters applying at the respective balance sheet date for the underlying pension obligations due to the relevant group of beneficiaries, and were recorded as financial receivables (2014: EUR 1.1 billion; 2013: EUR 0.8 billion). The assets transferred by MEON to Uniper Pension Trust e.V. in fiscal year 2015 qualify as plan assets within the meaning of IAS 19. The netting of the plan assets against the corresponding pension obligations of the Uniper companies resulted in a reduction in the net pension provision of the Uniper Group as of December 31, 2015.

Pension liability receivables due from VKE 2015 in the amount of EUR 0.2 billion (2014: EUR 0.1 billion; 2013: EUR 0.1 billion) were recognized as operating receivables as of December 31, 2015. The increase of EUR 0.1 billion in the pension liability receivables in fiscal year 2015 was almost entirely due to the transfer of corresponding receivables from MEON in connection with the termination of the agreements on the assumption of debt as of November 30, 2015. In the first quarter of 2016, the method of occupational retirement provision relating to the pension commitments covered by VKE was changed to a pension fund commitment. The pension liability insurance was terminated as of the end of December 31, 2015. The corresponding pension liability receivables were reported in the balance sheet under operating receivables and other operating assets as of December 31, 2015. The disbursement claims vis-à-vis VKE (EUR 0.2 billion) were settled in the context of a condensed payment method of VKE on the basis of a payment and pledge agreement by

way of direct payments to a Group-wide pension fund which is qualified under IAS 19 as plan assets to repay the Uniper companies' preliminary one-off contribution obligations owed to the pension fund.

Only pension insurance schemes and pension funds are subject to regulatory provisions in relation to the investment of capital or funding requirements.

United Kingdom

In the United Kingdom, there are various pension plans. During the period under review, employees allocated to Uniper participated in the pension plans of E.ON UK plc, that were replaced by corresponding Uniper pension plans in 2015. The accounting treatment in fiscal years 2015, 2014 and 2013 was based on the assumption that the entitlements acquired by Uniper employees in the past would be transferred in full. Employees moving over to Uniper had the choice, into the first quarter of 2016, of leaving their entitlements acquired up until September 30, 2015 with E.ON UK or transferring them to the Uniper UK Pension Trust ("Uniper Group of the ESPS"). The net result of those choices largely confirmed the assumptions made.

The structure of the E.ON pension plans was as follows. Until 2008 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 this date. Since December 2008, new hires have been offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional risks for the employer.

Benefit payments to the beneficiaries of the existing defined benefit pension plans are adjusted for inflation as measured by the U.K. Retail Price Index ("RPI").

Plan assets in the United Kingdom are administered in a pension trust. The trustees are selected by the members of the plan or appointed by the entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

The plan assets recognized in fiscal years 2015, 2014 and 2013 were allocated on the basis of the respective present value determined for the defined benefit obligations, taking into account local regulations applicable in the context of the transfer. The plan assets actually transferred to the new Uniper UK Pension Trust are ultimately determined by the trustees of the E.ON UK Pension Trust as the transferring trustees, and may therefore differ from the plan assets allocated in the past.

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 between the trustees of the Uniper UK Pension Trust and Uniper UK. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels. The effective date for the upcoming technical valuation is expected to be March 31, 2016.

Other Countries

The remaining pension obligations are spread across various international activities of the Uniper Group.

However, the defined benefit and defined contribution plans in Belgium, France, the Netherlands, Russia, Sweden, Hungary, the Czech Republic and the USA are largely of minor significance from the perspective of the Uniper Group.

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 EUR millions	2015			
	Total	Germany	United Kingdom	Other Countries
Defined benefit obligation as of January 1	2,572	2,082	317	173
Employer service cost	94	66	22	6
Past service cost	14	9	7	-2
Gains (-) and losses (+) on settlements	—	—	—	—
Interest cost on the present value of the defined benefit obligations	64	45	14	5
Remeasurements	-344	-322	-1	-21
<i>Actuarial gains (-)/losses (+) arising from changes in demographic assumptions</i>	-5	—	-5	—
<i>Actuarial gains (-)/losses (+) arising from changes in financial assumptions</i>	-333	-312	-9	-12
<i>Actuarial gains (-)/losses (+) arising from experience adjustments</i>	-6	-10	13	-9
Benefit payments	-33	-30	—	-3
Exchange rate differences	17	—	19	-2
Other	-18	—	—	-18
Defined benefit obligation as of December 31	2,366	1,850	378	138

The benefit obligations in the other countries in fiscal year 2015 relate mostly to the Uniper companies in France amounting to EUR 116 million (2014: EUR 134 million; 2013: EUR 97 million).

The net actuarial gains generated in 2015 are largely attributable to a general increase in the discount rates used.

The net actuarial losses generated in 2014 are largely attributable to a general decrease in the discount rates used.

The principal reason for the net actuarial gains recorded in fiscal year 2013 was the increase in the discount rate used by the Uniper Group companies in Germany for measuring the extent of the obligations as of December 31, 2013.

2014				2013			
Total	Germany	United Kingdom	Other Countries	Total	Germany	United Kingdom	Other Countries
1,822	1,433	242	147	1,809	1,453	202	154
71	49	15	7	76	55	14	7
7	8	3	-4	23	8	7	8
-3	-2	—	-1	-5	-5	—	—
75	57	12	6	70	53	10	7
632	577	26	29	-82	-73	12	-21
—	—	—	—	1	—	3	-2
656	592	30	34	-77	-81	13	-9
-24	-15	-4	-5	-6	8	-4	-10
-33	-29	—	-4	-29	-25	—	-4
12	—	19	-7	-7	—	-3	-4
-11	-11	—	—	-33	-33	—	—
2,572	2,082	317	173	1,822	1,433	242	147

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost for the Uniper companies in Germany and the United Kingdom as of the respective balance sheet dates are as follows:

Actuarial Assumptions

<u>Percentages</u>	<u>December 31,</u>			<u>January 1,</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Discount rate				
Germany	3.00	2.20	4.00	3.70
United Kingdom	4.10	3.90	4.70	4.90
Wage and salary growth rate				
Germany	2.50	2.50	2.50	2.50
United Kingdom	3.20	3.10	3.50	3.70
Pension increase rate				
Germany ¹	1.75	1.75	2.00	2.00
United Kingdom	3.00	2.90	3.20	3.00

1 The pension increase rate for Germany applies to pension commitments to eligible individuals not subject to an agreed guarantee adjustment.

The discount rates used by the Uniper Group are essentially based on the currency-specific returns available at the end of the respective fiscal year on 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, a corresponding actuarial gain of EUR 71 million was generated. For the 2016 fiscal year, this will result in reductions of EUR 1.1 million in the net interest cost for the German companies and of EUR 1.9 million in the employer service cost for 2016.

To measure the Uniper 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	2013: CMI "00" and "S1" series base mortality tables 2009 and 2008, taking into account future changes in mortality.
	2014: CMI "00" and "S1" series base mortality tables 2014, taking into account future changes in mortality.
	2015: 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 at the respective reporting dates:

Sensitivities

	Change in the present value of the defined benefit obligations					
	December 31, 2015		December 31, 2014		December 31, 2013	
Change in the discount rate by (basis points)	+50	-50	+50	-50	+50	-50
<i>Change in percent</i>	-9.05	10.46	-9.64	11.18	-8.69	9.97
Change in the wage and salary growth rate by (basis points)	+25	-25	+25	-25	+25	-25
<i>Change in percent</i>	0.87	-0.85	0.92	-0.90	1.01	-0.98
Change in the pension increase rate by (basis points)	+25	-25	+25	-25	+25	-25
<i>Change in percent</i>	1.37	-1.27	1.32	-1.26	1.37	-1.31
Change in mortality by (percent)	+10	-10	+10	-10	+10	-10
<i>Change in percent</i>	-2.28	2.52	-2.38	2.64	-1.58	1.73

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 the December 31, 2015, 2014 and 2013 reporting dates, the life expectancy of a 63-year-old male Uniper 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 EUR millions	2015			
	Total	Germany	United Kingdom	Other Countries
Fair value of plan assets as of January 1	812	458	330	24
Interest income on plan assets	26	10	15	1
Remeasurements	-32	-20	-13	1
<i>Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets</i>	-32	-20	-13	1
Employer contributions	772	742	29	1
Benefit payments	-10	-9	—	-1
Exchange rate differences	19	—	19	—
Other	-15	—	—	-15
Fair value of plan assets as of December 31	1,572	1,181	380	11

The growth in plan assets in fiscal year 2015 was mainly due to the termination of the agreements with MEON on the assumption of debt and the associated indemnification agreements and the associated transfer of plan assets into the Uniper CTA.

In fiscal year 2014, the German plan assets received funding in the amount of EUR 362 million in connection with the enlargement of the existing CTA in Germany.

The actual losses on plan assets in fiscal year 2015 amounted in total to EUR 6 million (2014: income of EUR 54 million; 2013: income of EUR 8 million).

2014				2013			
Total	Germany	United Kingdom	Other Countries	Total	Germany	United Kingdom	Other Countries
364	78	263	23	337	80	234	23
28	14	13	1	16	3	12	1
26	11	15	—	-8	-3	-6	1
26	11	15	—	-8	-3	-6	1
383	362	19	2	30	—	28	2
-9	-7	—	-2	-6	-2	—	-4
20	—	20	—	-5	—	-5	—
—	—	—	—	—	—	—	—
812	458	330	24	364	78	263	23

The plan assets did not include any owner-occupied real estate of Uniper companies during the period under review. 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
Plan assets listed in an active market				
Equity securities (stocks)	20	23	12	4
Debt securities ¹	48	48	45	89
<i>Government bonds</i>	33	30	43	3
<i>Corporate bonds</i>	10	12	2	86
Other investment funds	13	5	38	1
Total listed plan assets	81	76	95	94
Plan assets not listed in an active market				
Equity securities not traded on an exchange	3	4	1	—
Debt securities	2	3	—	—
Real estate	8	10	4	1
Qualifying insurance policies	—	—	—	—
Cash and cash equivalents	4	5	—	—
Other	2	2	—	5
Total unlisted plan assets	19	24	5	6
Total	100	100	100	100

1 In Germany, 6 percent (2014: 7 percent; 2013: 6 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 E.ON Group to which the Uniper companies were also subject. 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. The development of the funded status is therefore regularly reviewed in order to monitor this risk.

Until a Uniper investment strategy can be implemented, the investment objective is pursued using the investment strategy applied to date by E.ON, which is essentially an investment approach designed to match 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 Uniper Group over the long term, a portion of the plan assets is also 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.

December 31, 2014				December 31, 2013			
Total	Germany	United Kingdom	Other Countries	Total	Germany	United Kingdom	Other Countries
19	24	14	2	13	13	12	24
58	50	67	92	62	76	58	52
39	28	58	4	42	25	50	4
15	15	9	88	18	45	8	48
9	4	16	1	15	—	21	1
86	78	97	95	90	89	91	77
3	5	—	—	—	—	—	—
2	3	—	—	—	—	—	3
5	9	1	1	5	9	5	4
—	—	—	—	—	—	—	—
4	5	2	—	4	2	4	2
—	—	—	4	1	—	—	14
14	22	3	5	10	11	9	23
100	100	100	100	100	100	100	100

Description of the Reimbursement Claims

The indemnification claims of the Uniper companies against MEON relate to receivables from indemnification agreements which are accounted for in the same manner as reimbursement claims within the meaning of IAS 19. With effect from December 31, 2006, MEON and the Uniper companies entered into agreements on the assumption of debt and the assumption of the obligation to settle pension obligations via direct pension commitments to pension beneficiaries in active employment with the Uniper companies at that time. MEON internally indemnifies the Uniper companies against the benefit obligations set out in this agreement on the assumption of debt (indemnification agreements).

These indemnification claims arising from the indemnification agreements do not meet the criteria for qualification as plan assets, but instead are recognized as separate assets at fair value. This is equivalent to the present value of the underlying pension obligations due to the relevant group of beneficiaries based on the valuation parameters applying at the reporting date.

The agreements on the assumption of debt between MEON and the Uniper companies were terminated as of November 30, 2015 and assets of MEON amounting to EUR 0.7 billion were transferred out of the existing E.ON Group CTA into the Uniper CTA, while pension liability receivables due from VKE held by MEON amounting to EUR 0.1 billion were transferred to Uniper companies entitled to them. The difference of EUR 257 million between the carrying amount of the indemnification claims and the assets transferred was recorded directly in equity as a withdrawal by the shareholder.

The fair value of the indemnification claims (reimbursement claims within the meaning of IAS 19) changed as follows:

Changes in the Fair Value of Reimbursement Claims

in EUR millions	2015	2014	2013
Fair value of reimbursement claims as of January 1	1,149	834	861
Interest income on the fair value of the reimbursement claims	23	33	32
Remeasurements	-113	304	-37
Benefit payments	-15	-15	-10
Other	-1,044	-7	-12
Fair value of reimbursement claims as of December 31	0	1,149	834

Interest income on the fair value of the reimbursement claims (2015: EUR 23 million; 2014: EUR 33 million; 2013: EUR 32 million) was reported under financial results.

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 EUR millions	2015			
	Total	Germany	United Kingdom	Other Countries
Employer service cost	94	66	22	6
Past service cost	14	9	7	-2
Gains (-) and losses (+) on settlements	—	—	—	—
Net interest on the net defined benefit liability/asset ..	38	35	-1	4
Total	146	110	28	8

The past service cost for 2015, 2014 and 2013 consists mostly of expenses incurred in the context of restructuring measures.

In addition to the total net periodic pension cost for defined benefit plans, an amount of EUR 28 million in fixed contributions to external insurers or similar institutions was paid in 2015 (2014: EUR 27 million; 2013: EUR 29 million) for pure defined contribution plans.

Contributions to state plans totaled EUR 0.1 billion (2014: EUR 0.1 billion; 2013: EUR 0.1 billion).

Description of Contributions and Benefit Payments

In 2015, Uniper made employer contributions to plan assets totaling EUR 772 million (2014: EUR 383 million; 2013: EUR 30 million) to fund existing defined benefit obligations.

For the 2016 fiscal year, it is expected that employer contributions to plan assets for the Uniper Group will amount to a total of EUR 275 million and primarily involve the funding of new and existing benefit obligations, with an amount of EUR 24 million attributable to foreign companies.

Benefit payments to cover defined benefit obligations in 2015 amounted to EUR 33 million (2014: EUR 33 million; 2013: EUR 29 million); of this amount, EUR 23 million (2014: EUR 24 million; 2013: EUR 23 million) was not paid out of plan assets.

2014				2013			
Total	Germany	United Kingdom	Other Countries	Total	Germany	United Kingdom	Other Countries
71	49	15	7	76	55	14	7
7	8	3	-4	23	8	7	8
-3	-2	—	-1	-5	-5	—	—
47	43	-1	5	54	50	-2	6
122	98	17	7	148	108	19	21

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 EUR millions	Total	Germany	United Kingdom	Other Countries
2016	46	36	—	10
2017	55	43	4	8
2018	55	45	4	6
2019	65	52	6	7
2020	71	56	7	8
2021-2025	436	346	55	35
Total	728	578	76	74

The weighted-average duration of the defined benefit obligations measured within the Uniper Group was 23.8 years as of December 31, 2015 (2014: 24.1 years; 2013: 23.1 years).

Description of the Net Defined Benefit Liability

The recognized net liability from the Uniper Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability

in EUR millions	2015			
	Total	Germany	United Kingdom	Other Countries
Net liability as of January 1	1,760	1,624	-13	149
Net periodic pension cost	146	110	28	8
Changes from remeasurements	-312	-302	12	-22
Employer contributions to plan assets	-772	-742	-29	-1
Net benefit payments	-23	-21	—	-2
Exchange rate differences	-2	—	—	-2
Other	-3	—	—	-3
Net liability as of December 31	794	669	-2	127

(23) Miscellaneous Provisions

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous provisions

in EUR millions	December 31, 2015		December 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current	Current	Non-current
Non-contractual nuclear waste management obligations	—	1,204	—	1,143	—	1,176
Contractual nuclear waste management obligations	82	1,043	81	978	81	1,040
Personnel obligations	159	402	203	450	101	429
Other asset retirement obligations	35	881	12	628	26	478
Supplier-related obligations	1,193	238	855	315	463	690
Customer-related obligations	187	13	183	27	108	28
Environmental remediation and similar obligations	51	320	62	321	77	301
Other	862	1,708	1,027	1,195	1,368	702
Total	2,569	5,809	2,423	5,057	2,224	4,844

The changes in the miscellaneous provisions are shown in the tables below:

Changes in Miscellaneous Provisions

in EUR millions	Jan. 1, 2015	Exchange rate differences	Changes in scope of combined financial statements
Non-contractual nuclear waste management obligations	1,143	27	—
Contractual nuclear waste management obligations ...	1,059	24	—
Personnel obligations	653	1	-5
Other asset retirement obligations	640	9	-39
Supplier-related obligations	1,170	—	—
Customer-related obligations	210	—	—
Environmental remediation and similar obligations	383	—	—
Other	2,222	11	-20
Total	7,480	72	-64

2014				2013			
Total	Germany	United Kingdom	Other Countries	Total	Germany	United Kingdom	Other Countries
1,458	1,355	-21	124	1,472	1,373	-32	131
122	98	17	7	148	108	19	21
606	566	11	29	-74	-70	18	-22
-383	-362	-19	-2	-30	—	-28	-2
-24	-22	—	-2	-23	-23	—	—
-8	—	-1	-7	-2	—	2	-4
-11	-11	—	—	-33	-33	—	—
1,760	1,624	-13	149	1,458	1,355	-21	124

Unwinding of discounts	Additions	Utilizations	Reclassifications	Reversals	Changes in estimates	Dec. 31, 2015
34	—	—	—	—	—	1,204
32	11	-69	—	—	68	1,125
2	137	-194	1	-34	—	561
-2	247	-16	-6	-10	93	916
1	1,387	-514	-599	-14	—	1,431
—	51	-38	-2	-21	—	200
—	14	-22	—	-4	—	371
4	1,046	-552	-9	-132	—	2,570
71	2,893	-1,405	-615	-215	161	8,378

Changes in Miscellaneous Provisions

<u>in EUR millions</u>	<u>Jan. 1, 2014</u>	<u>Exchange rate differences</u>	<u>Changes in scope of combined financial statements</u>
Non-contractual nuclear waste management obligations	1,176	-68	—
Contractual nuclear waste management obligations . . .	1,121	-64	—
Personnel obligations	530	—	—
Other asset retirement obligations	504	9	—
Supplier-related obligations	1,153	-1	—
Customer-related obligations	136	—	—
Environmental remediation and similar obligations	378	—	—
Other	2,070	4	—
Total	7,068	-120	0

Changes in Miscellaneous Provisions

<u>in EUR millions</u>	<u>Jan. 1, 2013</u>	<u>Exchange rate differences</u>	<u>Changes in scope of combined financial statements</u>
Non-contractual nuclear waste management obligations	1,179	-38	—
Contractual nuclear waste management obligations . . .	999	-35	—
Personnel obligations	812	-1	—
Other asset retirement obligations	596	-3	—
Supplier-related obligations	1,070	-2	—
Customer-related obligations	183	—	—
Environmental remediation and similar obligations	394	—	—
Other	1,173	-2	—
Total	6,406	-81	0

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 10).

The real rate of interest used in the nuclear power sector in Sweden is determined based on country-specific factors and amounts to 3.0 percent as of December 31, 2015, the same as in previous years. The other provisions items relate almost entirely to issues in eurozone countries, as well as in the United Kingdom and Sweden. The interest rates used with regard to these issues ranged from 0 to 2.53 percent, depending on the term (2014: 0 to 2.6 percent; 2013: 0.4 to 4.0 percent).

<u>Unwinding of discounts</u>	<u>Additions</u>	<u>Utilizations</u>	<u>Reclassifications</u>	<u>Reversals</u>	<u>Changes in estimates</u>	<u>Dec. 31, 2014</u>
35	—	—	—	—	—	1,143
33	11	-61	—	-1	20	1,059
24	234	-125	7	-17	—	653
19	53	-16	-1	-1	73	640
3	600	-508	27	-104	—	1,170
—	118	-19	-3	-22	—	210
2	16	-11	—	-2	—	383
33	768	-450	7	-210	—	2,222
149	1,800	-1,190	37	-357	93	7,480

<u>Unwinding of discounts</u>	<u>Additions</u>	<u>Utilizations</u>	<u>Reclassifications</u>	<u>Reversals</u>	<u>Changes in estimates</u>	<u>Dec. 31, 2013</u>
35	—	—	—	—	—	1,176
30	10	-77	—	-1	195	1,121
1	111	-116	-209	-68	—	530
11	8	-19	-86	-2	-1	504
1	436	-313	-18	-21	—	1,153
—	75	-76	21	-67	—	136
1	6	-15	—	-8	—	378
3	1,245	-215	-16	-118	—	2,070
82	1,891	-831	-308	-285	194	7,068

Provisions for Non-Contractual Nuclear Waste Management Obligations

The provisions based on the requirements of Swedish nuclear energy law in fiscal year 2015 amounted to EUR 1.2 billion (2014: EUR 1.1 billion; 2013: EUR 1.2 billion). The provisions comprise all those nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies and cost estimates.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

The asset retirement obligations recognized for non-contractual nuclear obligations include the anticipated costs of post and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

There were no changes in estimates affecting provisions for the Swedish operations in 2015, 2014 and 2013, and no provisions were utilized.

The following table lists the provisions by technical specification as of the dates indicated:

Provisions for Non-Contractual Nuclear Waste Management Obligations

<u>in EUR millions</u>	<u>December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Retirement	429	408	420
Fuel element and operational waste management	775	735	756
Advance payments	—	—	—
Total	1,204	1,143	1,176

Provisions for Contractual Nuclear Waste Management Obligations

The provisions based on the requirements of Swedish nuclear energy law in fiscal year 2015 amounted to EUR 1.1 billion (2014: EUR 1.1 billion; 2013: EUR 1.1 billion). The provisions comprise all those contractual nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are measured at amounts firmly specified in legally binding civil agreements.

The provisions are classified primarily as non-current provisions and measured at their settlement amounts, discounted to the balance sheet date.

Changes in estimates affecting provisions for the operations amounting to EUR 68 million were recorded (2014: EUR 20 million; 2013: EUR 195 million). Provisions were utilized in the amount of EUR 69 million (2014: EUR 61 million; 2013: EUR 77 million), of which EUR 27 million (2014: EUR 22 million; 2013: EUR 31 million) is attributable to the Barsebäck nuclear power plant, which is in post-operation. Retirement and decommissioning costs had already been capitalized for the underlying issues.

The following table lists the provisions by technical specification as of the dates indicated:

Provisions for Contractual Nuclear Waste Management Obligations

<u>in EUR millions</u>	<u>December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Retirement	388	369	393
Fuel element and operational waste management	737	690	728
Advance payments	—	—	—
Total	1,125	1,059	1,121

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 and for the dismantling of installed infrastructure.

Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts, among others.

Customer-Related Obligations

Provisions for customer-related obligations consist primarily of potential losses on rebates and on open sales contracts.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment and water protection measures, the rehabilitation of contaminated sites, and other environmental improvement measures.

Other

Other provisions consisted primarily of provisions for gas transportation and regasification amounting to EUR 869 million (2014: EUR 830 million; 2013 EUR 744 million) and provisions relating to the generation segment of EUR 776 million (2014: EUR 771 million; 2013: EUR 687 million) mainly from the hydroelectric power business segment. Further included here are provisions for potential obligations arising from tax-related interest expenses and from taxes other than income taxes.

(24) Liabilities

The following table provides a breakdown of liabilities:

Liabilities

in EUR millions	December 31, 2015			December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities	10,551	2,296	12,847	8,161	5,175	13,336	8,307	5,387	13,694
Trade payables	1,599	—	1,599	2,178	—	2,178	3,717	—	3,717
Liabilities from derivatives	11,067	3,281	14,348	10,157	1,884	12,041	4,344	1,047	5,391
Advance payments	102	203	305	190	252	442	202	289	491
Other operating liabilities	7,874	297	8,171	9,038	324	9,362	10,086	366	10,452
Trade payables and other operating liabilities	20,642	3,781	24,423	21,563	2,460	24,023	18,349	1,702	20,051
Total	31,193	6,077	37,270	29,724	7,635	37,359	26,656	7,089	33,745

Financial Liabilities

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31

in EUR millions	European Generation			Global Commodities		
	2015	2014	2013	2015	2014	2013
Bank loans/liabilities to banks	134	147	163	—	—	—
Liabilities from finance leases	12	30	33	453	457	584
Other financial liabilities	<u>2,648</u>	<u>6,996</u>	<u>6,966</u>	<u>3,339</u>	<u>5,652</u>	<u>5,845</u>
Financial liabilities	2,794	7,173	7,162	3,792	6,109	6,429

Other financial liabilities mainly comprise financial liabilities to the E.ON Group amounting to EUR 10,712 million (2014: EUR 11,348 million; 2013: EUR 11,682 million). They also include financial liabilities to third parties of EUR 923 million (2014: EUR 1,099 million; 2013: EUR 1,125 million) and to investment holding companies of EUR 62 million (2014: EUR 72 million; 2013: EUR 69 million).

Margin deposits in connection with forward transactions on futures exchanges amounting to EUR 525 million (2014: EUR 153 million; 2013: EUR 7 million) are also reported under other financial liabilities.

Trade Payables and Other Operating Liabilities

Trade payables amounted to EUR 1,599 million as of December 31, 2015 (2014: EUR 2,178 million; 2013: EUR 3,717 million).

The other operating liabilities principally comprised accruals of EUR 5,799 million (2014: EUR 6,919 million; 2013: EUR 8,271 million) and liabilities for taxes of EUR 561 million (2014: EUR 245 million; 2013: EUR 183 million). Also included in other operating liabilities are non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, amounting to EUR 102 million in fiscal year 2015 (2014: EUR 104 million; 2013: EUR 112 million).

As of December 31, 2015, other operating liabilities included liabilities from profit and loss transfer agreements of EUR 806 million (2014: EUR 1,250 million; 2013: EUR 965 million). These were due immediately and had been settled by the time the Combined Financial Statements were prepared.

International Power Generation			Administration/Consolidation				Uniper Group	
2015	2014	2013	2015	2014	2013	2015	2014	2013
—	—	—	—	1	1	134	148	164
—	—	—	26	29	29	491	516	646
8	10	62	6,227	14	11	12,222	12,672	12,884
8	10	62	6,253	44	41	12,847	13,336	13,694

(25) Contingencies and Other Financial Obligations

As part of its business activities, the Uniper Group is subject to contingencies and other financial obligations involving a variety of underlying matters. These primarily include guarantees, obligations from litigation and claims for damages (as discussed in more detail in Note 26), short- and long-term contractual, legal and other obligations and commitments.

Contingencies

The fair value of the Uniper Group's contingent liabilities arising from existing contingencies was EUR 10 million as of December 31, 2015 (2014: EUR 41 million; 2013: EUR 42 million). The Uniper Group does not currently have any significant reimbursement rights relating to these contingent liabilities.

The Uniper Group has issued direct and indirect guarantees to third parties and parties outside of the Uniper Group, which require Uniper to make contingent payments based on the occurrence of certain events. These consist primarily of financial guarantees and warranties.

In addition, the Uniper Group has also entered into indemnification agreements. Along with other guarantees, these indemnification agreements are incorporated in agreements entered into by Uniper 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 companies sold before Uniper 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, the Uniper Group 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.

With respect to the activities of the Swedish nuclear plants, the companies of the Swedish generation units and E.ON Sverige AB have issued guarantees to governmental authorities in accordance with Swedish law. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the asset retirement and 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 E.ON Sverige AB are also responsible for all costs related to the disposal of low-level radioactive waste.

E.ON Sverige AB does not form part of the Uniper Group. The transfer of these guarantees from E.ON to Uniper requires the approval of the Swedish nuclear energy regulatory authorities which had not been granted as of December 31, 2015. Until approval is received from the Swedish regulatory authorities, the Uniper Group has released E.ON from any obligations arising from the guarantees referred to above by means of an indemnification agreement.

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 EUR 378 million (2014: SEK 3,394 million, or EUR 361 million; 2013: SEK 3,007 million, or EUR 339 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 cover in an amount equivalent to EUR 1.2 billion per facility. As of December 31, 2015, the conditions enabling this law to take effect were not yet in place.

The European Generation segment operates nuclear power plants exclusively in 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 EUR 0.6 billion (2014: EUR 1.1 billion; 2013: EUR 1.6 billion). Of the total commitments, an amount of EUR 0.3 billion (2014: EUR 0.8 billion; 2013: EUR 0.8 billion) was due within one year. This item 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 in the European Generation segment. The obligations for new power plant construction projects included in the purchase commitments amounted to EUR 0.3 billion (2014: EUR 0.7 billion; 2013: EUR 1.3 billion) as of December 31, 2015.

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:

Uniper as Lessee – Operating Leases

in EUR millions	Minimum lease payments		
	2015	2014	2013
Due within 1 year	100	1,187	1,642
Due in 1-5 years	192	1,404	1,989
Due in more than 5 years	217	254	303
Total	509	2,845	3,934

The expenses reported in the income statement for such contracts amounted to EUR 1,321 million in fiscal year 2015 (2014: EUR 1,669 million; 2013: EUR 1,616 million). Until the end of fiscal year 2015 and in the previous years, this consisted primarily of marketing agreements with one German E.ON Group company in the nuclear energy sector that were recorded as leases.

Additional long-term contractual obligations in place at the Uniper Group as of December 31, 2015, related primarily to the purchase of fossil fuels such as natural gas, lignite and hard coal. The financial obligations under these purchase contracts amounted to approximately EUR 218.2 billion as of December 31, 2015 (due within one year: EUR 7.2 billion), to approximately EUR 231.5 billion as of December 31, 2014 (due within one year: EUR 9.8 billion) and to approximately EUR 253.9 billion as of December 31, 2013 (due within one year: EUR 13.1 billion).

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 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 contractual obligations for purchases of fossil fuels recorded a decline in fiscal year 2015 compared with the prior year. The principal reason for this was a price-related reduction in the minimum purchase obligations for gas procurement. The decline in fiscal year 2014 compared with 2013 is also attributable to lower minimum purchase obligations for gas procurement. In addition, there was an increase in the contracts recognized at fair value. The latter have already been included in the financial statements at their market values.

Contractual obligations for the purchase of electricity amounted to approximately EUR 2.0 billion as of December 31, 2015 (due within one year: EUR 1.0 billion), to approximately EUR 2.1 billion as of December 31, 2014 (due within one year: EUR 1.0 billion) and to approximately EUR 3.2 billion as of December 31, 2013 (due within one year: EUR 1.6 billion), and relate in part to purchases from jointly operated power plants in the Generation units. The purchase price of electricity from jointly operated power plants is normally based on the supplier's production cost plus a profit margin that is generally calculated on the basis of an agreed return on capital.

Further purchase obligations amounted to approximately EUR 5.4 billion as of December 31, 2015 (due within one year: EUR 0.3 billion), to approximately EUR 3.1 billion as of December 31, 2014 (due within one year: EUR 0.4 billion) and to approximately EUR 3.4 billion as of December 31, 2013 (due within one year: EUR 0.3 billion). In addition to purchase obligations mainly for heat and alternative fuels, the European Generation segment has long-term contractual obligations for services relating to the interim and permanent storage of fuel elements in connection with the Uniper Group's Swedish nuclear power plants.

There were additional financial obligations of approximately EUR 1.1 billion as of December 31, 2015 (due within one year: EUR 0.5 billion), approximately EUR 1.1 billion as of December 31, 2014 (due within one year: EUR 0.5 billion) and approximately EUR 1.0 billion as of December 31, 2013 (due within one year: EUR 0.4 billion). Among other items, they include financial obligations for future purchases of services.

(26) Litigation and Claims

A number of different court actions, arbitration proceedings as well as regulatory investigations and proceedings are currently pending against the Uniper Group, and further actions or proceedings may be instituted or asserted in the future. In addition to disputes under public law, 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.

These aforementioned proceedings include several court or arbitration proceedings with major customers and major suppliers, also initiated in some instances by the Uniper Group, on contract amendments and price adjustments in long-term electricity and gas supply contracts and procurement options, as well as long-term bookings of line capacity and long-term contracts for storage capacity in response to the altered situation brought about by market upheavals, and also reimbursements of costs. In some of these cases, the validity of the price-adjustment clauses and of the contracts in their entirety is being challenged. 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, Uniper continuously conducts extensive negotiations with producers. The possibility of further legal disputes cannot be excluded.

Applying the provisions of IAS 37.92, Uniper is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, in particular because such disclosure could prejudice their outcome.

Public-law disputes are pending in particular in connection with the operating license of the hard coal power station in Datteln, the permits under nature conservation law for the hard coal power station Maasvlakte 3 in the Netherlands and for the biomass power plant Provence 4 in France, and the coal tax in the Netherlands.

Applying the provisions of IAS 37.92, Uniper is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, in particular because such disclosure could prejudice their outcome.

(27) Supplemental Cash Flow Disclosures

Supplemental Cash Flow Disclosures

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Non-cash investing and financing activities			
Funding of external fund assets for pension obligations by transfer of fixed-term deposits and securities	771	381	28

Operating cash flowing of EUR 1,465 million remained virtually unchanged as compared to the previous year (2014: EUR 1,437 million; 2013: EUR 554 million). The increase from 2014 to 2015, which was due in particular to the net increase in operating receivables and liabilities, partly offset the decrease in net income. The rise in operating cash flow from 2013 to 2014 reflected positive working capital effects, especially in inventories, which in turn were partly reduced by the decline in net income.

Cash used in investing activities amounted to around EUR -610 million (2014: EUR -1,504 million; 2013: EUR -1,017 million). Proceeds from disposals of assets during the period under review were EUR 208 million higher than in the previous year (2014: EUR 170 million; 2013: EUR 151 million). Investments amounted to EUR 1,083 million in fiscal year 2015 and were therefore below the prior-year level (2014: EUR 1,531 million; 2013: EUR 2,202 million). This mainly reflected higher investments in both Brazil and Russia in 2014 compared with the year under review. The decline from 2013 to 2014 was primarily the result of the acquisition and development of new activities in Brazil in 2013.

In 2015 the cash flow from financing activities amounted to EUR -979 million (2014: EUR 37 million; 2013: EUR 741 million). The rise in cash outflows during the year under review compared with 2014 was primarily due to transactions with the E.ON Group, relating especially to dividends and financial liabilities. They also included payments from profit and loss transfer agreements, which were recorded under other operating receivables and liabilities in prior periods, and from other financial and capital transactions with the E.ON Group. A comparison of the years 2014 and 2013 shows that while net repayments of financial liabilities continued at a high level, cash outflows declined and were also attributable almost entirely to transactions with the E.ON Group.

(28) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

In accordance with the E.ON guidelines, which Uniper companies were required to comply with during the periods under review, the use of derivatives is permitted if they are associated with underlying assets or liabilities, legally binding rights or obligations, or planned transactions.

Hedge accounting in accordance with IAS 39 is employed primarily to hedge 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 item.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Cross-currency interest rate swaps are the principal instruments used to limit 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 euros by using cash flow hedge accounting in the functional currency of the respective Uniper 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, hedged transactions outstanding included foreign currency cash flow hedges with maturities of up to 8 years (2014: up to 9 years; 2013: up to 10 years). Hedged commodity transactions expired regularly in 2014; in 2013, commodity cash flow hedges had maturities of up to one year. The effects from commodity cash flow hedges previously recorded in other comprehensive income were reclassified to the income statement for the last time in fiscal year 2014. No new commodity cash flow hedges have been designated.

There were no ineffective parts of the cash flow hedges in 2015, 2014 or 2013.

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 Reclassification from OCI¹ to the Income Statement – 2015

in EUR millions	Carrying amounts	Expected gains/losses			
		2016	2017	2018–2020	>2020
OCI – Currency cash flow hedges	34	-8	-7	-14	-5
OCI – Interest cash flow hedges	-88	9	9	21	49
OCI – Commodity cash flow hedges	—	—	—	—	—

1 OCI Other comprehensive income, figures before taxes.

Timing of Reclassification from OCI¹ to the Income Statement – 2014

in EUR millions	Carrying amounts	Expected gains/losses			
		2015	2016	2017–2019	>2019
OCI – Currency cash flow hedges	31	-2	-1	-4	-24
OCI – Interest cash flow hedges	-106	8	9	22	67
OCI – Commodity cash flow hedges	—	—	—	—	—

1 OCI Other comprehensive income, figures before taxes.

Timing of Reclassification from OCI¹ to the Income Statement – 2013

in EUR millions	Carrying amounts	Expected gains/losses			
		2014	2015	2016–2018	>2018
OCI – Currency cash flow hedges	13	-3	-3	-1	-6
OCI – Interest cash flow hedges	-108	6	7	15	80
OCI – Commodity cash flow hedges	11	-11	—	—	—

1 OCI Other comprehensive income, figures before taxes.

Other comprehensive income includes effects from cash flow hedges that are recognized proportionally under the equity method of accounting.

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. The fair values of the designated derivatives in cash flow hedges totaled EUR 47 million (2014: EUR 77 million; 2013: EUR 84 million).

A loss of EUR 11 million (2014: EUR 45 million loss; 2013: EUR 1 million loss) was posted to other comprehensive income in 2015. In the same period, a gain amounting to EUR 8 million (2014: EUR 11 million gain; 2013: EUR 0 million) was reclassified to the income statement.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Company assesses and monitors the fair value of derivative instruments at regular intervals. 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). Uniper 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:

- Currency, electricity, gas, oil and coal forward contracts and 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 electricity and gas options are valued using standard pricing models commonly used in the market. The fair values of caps, floors and collars are determined using quoted market prices or on the basis of option pricing models.
- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking account of time 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. Initial margins paid are disclosed under other assets. Variation margins received or paid during the term of such contracts are reported 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 EUR 111 million (2014: EUR 50 million; 2013: EUR 164 million) or an increase of EUR 111 million (2014: EUR 48 million; 2013: EUR 181 million), respectively.

At the beginning of 2015, a loss of EUR 13 million (2014: EUR 25 million loss; 2013: EUR 38 million loss) from the initial measurement of derivatives was deferred. After realizing losses of EUR 17 million (2014: EUR 11 million gain; 2013: EUR 13 million gain), the deferred loss at the year-end amounted to EUR 30 million (2014: EUR 13 million loss; 2013: EUR 25 million loss), which will be recognized in income in 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 EUR millions	December 31, 2015		December 31, 2014		December 31, 2013	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
FX forward transactions	5,845.7	55.4	10,772.5	-27.8	14,174.4	-102.9
Other derivatives	0.1	—	1.7	—	3.2	0.2
Total	5,845.8	55.4	10,774.2	-27.8	14,177.6	-102.7

Total Volume of Electricity, Gas, Coal, Oil and Emissions-Related Derivatives

in EUR millions	December 31, 2015		December 31, 2014		December 31, 2013	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Electricity forwards	49,251.4	283.2	53,869.7	623.5	48,481.1	134.5
Exchange-traded electricity forwards	17,602.1	412.8	15,405.3	175.7	9,671.0	258.1
Electricity swaps	2,458.0	76.2	3,937.9	71.1	4,701.0	138.8
Electricity options	141.1	-29.2	198.6	-29.2	148.6	-26.0
Gas forwards	36,019.0	870.6	41,390.6	917.9	30,508.6	506.3
Exchange-traded gas forwards	12,344.1	249.2	9,723.6	72.2	3,213.1	-5.0
Gas swaps	5,042.8	45.4	6,170.1	18.5	1,356.5	0.7
Gas options	59.2	-15.2	68.3	19.1	15.9	-1.4
Coal forwards and swaps	1,190.0	17.5	2,036.9	43.3	2,859.9	-42.0
Exchange-traded coal forwards	12,953.3	-208.7	12,004.3	-296.4	10,849.0	-172.5
Oil derivatives	1,059.5	-38.2	9,953.9	-56.7	9,001.7	51.6
Exchange-traded oil derivatives	439.8	-6.1	4,711.2	32.3	15,969.2	-13.7
Emissions-related derivatives	27.9	-8.2	48.9	-16.8	65.3	1.8
Exchange-traded emissions-related derivatives	651.4	38.0	808.0	84.7	1,128.5	-157.5
Other derivatives	105.6	32.6	79.3	18.1	97.9	16.4
Other exchange-traded derivatives	112.7	43.3	103.9	18.2	58.3	-6.2
Total	139,457.9	1,763.2	160,510.5	1,695.5	138,125.6	683.9

(29) 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 EUR 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	369	369	AfS	369	67	142
Financial receivables and other financial assets	11,388	11,388		11,388	92	146
<i>Receivables from finance leases</i>	238	238	<i>n/a</i>	238	92	146
<i>Other financial receivables and financial assets</i>	11,150	11,150	<i>LaR</i>	11,150	—	—
Trade receivables and other operating assets	27,772	26,399		26,399	6,464	9,337
<i>Trade receivables</i>	8,564	8,564	<i>LaR</i>	8,564	—	—
<i>Derivatives with no hedging relationships</i>	16,119	16,119	<i>HfT</i>	16,119	6,464	9,290
<i>Derivatives with hedging relationships</i>	47	47	<i>n/a</i>	47	—	47
<i>Other operating assets</i>	3,042	1,669	<i>LaR</i>	1,669	—	—
Securities and fixed-term deposits	249	249	AfS	249	249	—
Cash and cash equivalents	299	299	AfS	299	266	33
Restricted cash	1	1	AfS	1	1	—
Assets held for sale	228	197	AfS	197	—	197
Total assets	40,306	38,902		38,902	7,139	9,855
Financial liabilities	12,847	12,322		12,568	12	134
<i>Bank loans/liabilities to banks</i>	134	134	<i>AmC</i>	134	—	134
<i>Liabilities from finance leases</i>	491	491	<i>n/a</i>	737	—	—
<i>Other financial liabilities</i>	12,222	11,697	<i>AmC</i>	11,697	12	—
Trade payables and other operating liabilities	24,423	22,954		22,954	5,928	8,414
<i>Trade payables</i>	1,599	1,599	<i>AmC</i>	1,599	—	—
<i>Derivatives with no hedging relationships</i>	14,348	14,348	<i>HfT</i>	14,348	5,928	8,414
<i>Derivatives with hedging relationships</i>	—	—	<i>n/a</i>	—	—	—
<i>Put option liabilities under IAS 32²</i> ..	102	102	<i>AmC</i>	102	—	—
<i>Other operating liabilities</i>	8,374	6,905	<i>AmC</i>	6,905	—	—
Total liabilities	37,270	35,276		35,522	5,940	8,548

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 3. 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 24).

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 is the case, for example, for equities held.

**Carrying Amounts, Fair Values and Measurement Categories by Class
within the Scope of IFRS 7 as of December 31, 2014**

in EUR 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	743	743	AfS	743	32	71
Financial receivables and other financial assets	15,579	14,431		14,721	99	152
<i>Receivables from finance leases</i> ..	251	251	<i>n/a</i>	251	99	152
<i>Other financial receivables and financial assets</i>	15,328	14,180	<i>LaR</i>	14,470	—	—
Trade receivables and other operating assets	26,363	25,679		25,679	6,154	7,093
<i>Trade receivables</i>	10,173	10,173	<i>LaR</i>	10,173	—	—
<i>Derivatives with no hedging relationships</i>	13,631	13,631	<i>HfT</i>	13,631	6,154	7,016
<i>Derivatives with hedging relationships</i>	77	77	<i>n/a</i>	77	—	77
<i>Other operating assets</i>	2,482	1,798	<i>LaR</i>	1,798	—	—
Securities and fixed-term deposits ...	256	256	AfS	256	147	109
Cash and cash equivalents	340	340	AfS	340	292	48
Restricted cash	—	—	AfS	—	—	—
Assets held for sale	2	2	AfS	2	—	2
Total assets	43,283	41,451		41,741	6,724	7,475
Financial liabilities	13,336	13,153		13,309	41	148
<i>Bank loans/liabilities to banks</i>	148	148	<i>AmC</i>	148	—	148
<i>Liabilities from finance leases</i>	516	487	<i>n/a</i>	851	—	—
<i>Other financial liabilities</i>	12,672	12,518	<i>AmC</i>	12,310	41	—
Trade payables and other operating liabilities	24,023	22,967		22,967	6,155	5,866
<i>Trade payables</i>	2,178	2,178	<i>AmC</i>	2,178	—	—
<i>Derivatives with no hedging relationships</i>	12,041	12,041	<i>HfT</i>	12,041	6,155	5,866
<i>Derivatives with hedging relationships</i>	—	—	<i>n/a</i>	—	—	—
<i>Put option liabilities under IAS 32²</i>	104	104	<i>AmC</i>	104	—	—
<i>Other operating liabilities</i>	9,700	8,644	<i>AmC</i>	8,644	—	—
Total liabilities	37,359	36,120		36,276	6,196	6,014

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 3. 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 24).

The fair value of shareholdings in unlisted companies and of financial liabilities that are not actively traded 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. Shareholdings for which fair value measurement was not applied as the cash flows could not be reliably determined, are not material in comparison with the overall position of the Uniper Group.

The carrying amount of borrowings under short-term credit facilities and of 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 28.

**Carrying Amounts, Fair Values and Measurement Categories by Class
within the Scope of IFRS 7 as of December 31, 2013**

in EUR 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	1,127	1,127	AfS	1,127	72	77
Financial receivables and other financial assets	14,103	13,073		13,314	106	156
<i>Receivables from finance leases</i>	262	262	<i>n/a</i>	262	106	156
<i>Other financial receivables and financial assets</i>	13,841	12,811	<i>LaR</i>	13,052	—	—
Trade receivables and other operating assets	20,711	19,309		19,309	1,835	3,911
<i>Trade receivables</i>	12,488	12,488	<i>LaR</i>	12,488	—	—
<i>Derivatives with no hedging relationships</i>	5,889	5,889	<i>HfT</i>	5,889	1,835	3,827
<i>Derivatives with hedging relationships</i>	84	84	<i>n/a</i>	84	—	84
<i>Other operating assets</i>	2,250	848	<i>LaR</i>	848	—	—
Securities and fixed-term deposits	523	523	AfS	523	523	—
Cash and cash equivalents	551	551	AfS	551	517	34
Restricted cash	1	1	AfS	1	1	—
Assets held for sale	98	98	AfS	98	—	98
Total assets	37,114	34,682		34,923	3,054	4,276
Financial liabilities	13,694	13,657		13,928	—	164
<i>Bank loans/liabilities to banks</i>	164	164	<i>AmC</i>	164	—	164
<i>Liabilities from finance leases</i>	646	616	<i>n/a</i>	953	—	—
<i>Other financial liabilities</i>	12,884	12,877	<i>AmC</i>	12,811	—	—
Trade payables and other operating liabilities	20,051	18,887		18,887	1,909	3,378
<i>Trade payables</i>	3,717	3,717	<i>AmC</i>	3,717	—	—
<i>Derivatives with no hedging relationships</i>	5,391	5,391	<i>HfT</i>	5,391	1,909	3,378
<i>Derivatives with hedging relationships</i>	—	—	<i>n/a</i>	—	—	—
<i>Put option liabilities under IAS 32²</i>	112	112	<i>AmC</i>	112	—	—
<i>Other operating liabilities</i>	10,831	9,667	<i>AmC</i>	9,667	—	—
Total liabilities	33,745	32,544		32,815	1,909	3,542

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 3. 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 24).

In fiscal year 2015, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, Uniper 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 3). In this fiscal year, no equity investments were reclassified into Level 3 of the fair value hierarchy or from Level 3 into Level 2. 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)

<u>in EUR millions</u>	<u>Equity investments</u>	<u>Derivative financial instruments</u>	<u>Total</u>
As of January 1, 2013	697	99	796
Purchases (including additions)	1	37	38
Sales (including disposals)	-2	-26	-28
Settlements	—	—	—
Gains/losses in income statement	-9	13	4
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Gains/losses in OCI	291	—	291
As of December 31, 2013	978	123	1,101
Purchases (including additions)	—	—	—
Sales (including disposals)	—	249	249
Settlements	—	69	69
Gains/losses in income statement	1	—	1
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Gains/losses in OCI	-339	—	-339
As of December 31, 2014	640	441	1,081
Purchases (including additions)	11	4	15
Sales (including disposals)	-81	—	-81
Settlements	—	—	—
Gains/losses in income statement	30	-86	-56
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Gains/losses in OCI	-440	—	-440
As of December 31, 2015	160	359	519

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**

<u>in EUR millions</u>	<u>Gross amount</u>	<u>Amount offset</u>	<u>Carrying amount</u>	<u>Conditional netting amount (netting agreements)</u>	<u>Financial collateral received/ pledged</u>	<u>Net value</u>
Financial assets						
Trade receivables	8,564	—	8,564	3,982	—	4,582
Interest-rate and currency derivatives	155	—	155	—	—	155
Commodity derivatives	16,011	—	16,011	6,213	478	9,320
Total	24,730	0	24,730	10,195	478	14,057
Financial liabilities						
Interest-rate and currency derivatives	100	—	100	—	—	100
Commodity derivatives	14,248	—	14,248	6,213	426	7,609
Other operating liabilities	8,374	—	8,374	3,982	—	4,392
Total	22,722	0	22,722	10,195	426	12,101

**Netting Agreements for Financial Assets and Liabilities
as of December 31, 2014**

<u>in EUR millions</u>	<u>Gross amount</u>	<u>Amount offset</u>	<u>Carrying amount</u>	<u>Conditional netting amount (netting agreements)</u>	<u>Financial collateral received/ pledged</u>	<u>Net value</u>
Financial assets						
Trade receivables	10,173	—	10,173	4,300	—	5,873
Interest-rate and currency derivatives	269	—	269	—	—	269
Commodity derivatives	13,439	—	13,439	4,195	121	9,123
Total	23,881	0	23,881	8,495	121	15,265
Financial liabilities						
Interest-rate and currency derivatives	296	—	296	—	—	296
Commodity derivatives	11,745	—	11,745	4,195	328	7,222
Other operating liabilities	9,700	—	9,700	4,300	—	5,400
Total	21,741	0	21,741	8,495	328	12,918

**Netting Agreements for Financial Assets and Liabilities
as of December 31, 2013**

<u>in EUR millions</u>	<u>Gross amount</u>	<u>Amount offset</u>	<u>Carrying amount</u>	<u>Conditional netting amount (netting agreements)</u>	<u>Financial collateral received/ pledged</u>	<u>Net value</u>
Financial assets						
Trade receivables	12,488	—	12,488	3,664	—	8,824
Interest-rate and currency derivatives	185	—	185	—	—	185
Commodity derivatives	5,788	—	5,788	1,920	7	3,861
Total	18,461	0	18,461	5,584	7	12,870
Financial liabilities						
Interest-rate and currency derivatives	288	—	288	—	—	288
Commodity derivatives	5,103	—	5,103	1,920	468	2,715
Other operating liabilities	10,831	—	10,831	3,664	—	7,167
Total	16,222	0	16,222	5,584	468	10,170

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are generally concluded on the basis of standard contracts that permit the netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA) and the European Federation of Energy Traders (EFET), as well as the German Master Agreement for Financial Derivatives Transactions ("DRV") and the Financial Energy Master Agreement ("FEMA"). For commodity derivatives, the netting option is not presented in the accounting because the legal enforceability of netting agreements varies by country. As of December 31, 2015, other financial assets amounting to EUR 426 million (2014: EUR 328 million; 2013: EUR 468 million) had been deposited as collateral.

The following 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

<u>in EUR millions</u>	<u>Cash out- flows 2016</u>	<u>Cash out- flows 2017</u>	<u>Cash out- flows 2018-2020</u>	<u>Cash out- flows from 2021</u>
Bank loans/liabilities to banks	21	31	61	35
Liabilities from finance leases	52	69	135	1,098
Other financial liabilities	11,789	67	62	1,872
Financial guarantees	—	—	—	—
Cash outflows for financial liabilities	11,862	167	258	3,005
Trade payables	1,599	—	—	—
Derivatives (with/without hedging relationships)	33,798	11,708	7,663	—
Put option liabilities under IAS 32	102	—	—	—
Other operating liabilities	7,128	—	—	—
Cash outflows for trade payables and other operating liabilities	42,627	11,708	7,663	0
Cash outflows for liabilities within the scope of IFRS 7	54,489	11,875	7,921	3,005

Cash Flow Analysis as of December 31, 2014

in EUR millions	Cash out- flows 2015	Cash out- flows 2016	Cash out- flows 2017-2019	Cash out- flows from 2020
Bank loans/liabilities to banks	28	29	70	38
Liabilities from finance leases	53	72	141	1,117
Other financial liabilities	7,955	845	1,987	1,941
Financial guarantees	79	—	—	—
Cash outflows for financial liabilities	8,115	946	2,198	3,096
Trade payables	2,178	—	—	—
Derivatives (with/without hedging relationships)	38,630	12,736	2,527	—
Put option liabilities under IAS 32	17	—	—	101
Other operating liabilities	8,464	9	3	175
Cash outflows for trade payables and other operating liabilities	49,289	12,745	2,530	276
Cash outflows for liabilities within the scope of IFRS 7	57,404	13,691	4,728	3,372

Cash Flow Analysis as of December 31, 2013

in EUR millions	Cash out- flows 2014	Cash out- flows 2015	Cash out- flows 2016-2018	Cash out- flows from 2019
Bank loans/liabilities to banks	57	37	41	48
Liabilities from finance leases	65	102	157	1,517
Other financial liabilities	8,338	786	2,194	1,907
Financial guarantees	449	—	—	—
Cash outflows for financial liabilities	8,909	925	2,392	3,472
Trade payables	3,717	—	—	—
Derivatives (with/without hedging relationships)	22,767	5,010	1,575	175
Put option liabilities under IAS 32	3	—	—	109
Other operating liabilities	9,106	20	22	115
Cash outflows for trade payables and other operating liabilities	35,593	5,030	1,597	399
Cash outflows for liabilities within the scope of IFRS 7	44,502	5,955	3,989	3,871

No financial guarantees were issued in fiscal year 2015, although financial guarantees with a nominal amount of EUR 79 million (2013: EUR 449 million) were issued to companies outside the Uniper Group in fiscal year 2014. This amount is the maximum amount that Uniper would have to pay in the event of claims on the guarantees; a carrying amount of EUR 3.1 million as of December 31, 2014 (December 31, 2013: EUR 22.5 million) was 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.

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 Category¹

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Loans and receivables	-260	122	90
Available for sale	302	237	92
Held-for-Trading	-1,269	1,212	318
Amortized cost	-158	-157	-135
Total	-1,385	1,414	365

1 The measurement categories are explained in Note 3.

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 and losses on currency derivatives is the most important factor in the net result for this category.

Risk Management

Principles

E.ON SE was responsible for managing the risks and financing activities in the relevant reporting periods. The processes, responsibilities and measures taken in connection with financial and risk management conformed to the E.ON Group guidelines. The Uniper units have developed additional guidelines of their own within the confines of the E.ON Group overall guidelines. To ensure efficient risk management, all of the trading (Front Office), risk controlling and reporting (both for interest rates/currencies and for commodities) and financial controlling (Middle Office) functions are organized as strictly separate units.

The finance function uses a treasury, risk management and reporting system based on a standard information technology solution that is fully integrated and continuously updated. The system is designed to provide a database for the analysis and monitoring of liquidity, foreign exchange and interest rate risks, among other things. The units employ established systems for commodities. The monitoring and control of credit risks within the E.ON Group, into which the Uniper Group is also integrated, was based on Group-wide guidelines supported by standardized Group-wide software systems.

Separate Risk Committees are responsible for the maintenance and further development of the strategy set by the Board of Management of E.ON SE with regard to commodity, treasury and credit risk management policies.

1. Liquidity Management

Uniper was integrated into the liquidity management system of the E.ON Group in fiscal years 2015, 2014 and 2013. The primary objectives of liquidity management 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 E.ON financing companies. Funds are provided to the Group companies, including the Uniper companies, as needed on the basis of an “in-house banking” solution.

The financing requirements of the E.ON Group companies are determined on the basis of short- and medium-term liquidity planning. The financing of the E.ON Group is controlled and implemented

centrally 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 maturities of financial liabilities.

2. Market Risks

The Uniper Group, as part of the E.ON Group in the relevant reporting periods, is exposed to the risk of changes in prices in foreign currencies, interest rates and commodities in the course of its ordinary business activities. The E.ON Group, in which the Uniper Group is also integrated, has developed risk reduction strategies in order to limit the resulting fluctuations in earnings, equity, indebtedness and cash flows. Financial derivatives are used for the purpose of reducing risk and optimizing earnings.

Foreign Exchange Risk Management

Uniper is integrated into the foreign currency risk management system of the E.ON Group. E.ON SE is responsible for controlling the currency risks to which the E.ON Group, including the Uniper companies, is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the Uniper Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of items in the combined balance sheets and income statements of the foreign Uniper companies included in the Combined Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also include shareholder loans in foreign currency. In addition, derivative and primary financial instruments are employed as needed. The Uniper 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 Uniper Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. These risks arise for the Uniper Group companies primarily from physical and financial trading in commodities, from business relations within the Uniper Group and from capital spending projects in foreign currencies. The Uniper companies are responsible for controlling their operating currency risks. E.ON SE is responsible for the overall coordination of the companies' hedging activities 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 also by shareholder loans within the Uniper Group denominated in foreign currency.

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 EUR 27.5 million as of December 31, 2015 (2014: EUR 35.7 million; 2013: EUR 33.0 million) and resulted primarily from the positions in US dollars, Swedish kronor, British pounds and Russian rubles.

Interest Risk Management

Uniper is exposed to earnings risks arising from floating-rate financial liabilities. The carrying amounts of fixed-rate positions measured at fair value are subject to risk from changes in the market level of interest rates. The Uniper companies are generally financed using the E.ON Group's cash pooling system. Cash pooling balances bear interest on normal market terms and conditions (rates of interest for specific maturities and currencies). Individual Uniper companies that are not included in the E.ON Group cash pool due to legal restrictions arrange financing independently or deposit their excess liquidity with leading local banks.

A sensitivity analysis for the short-term floating-rate borrowings taking account of both interest-rate and currency risks, showed that a change in interest rates of +/- 1 percentage point (across all currencies) would respectively increase or reduce interest charges in the following fiscal year by EUR 24 million (2014: EUR 0 million; 2013: EUR 0 million).

Commodity Price Risk Management

The Uniper portfolio of physical assets, long-term contracts and wholesale customer contracts is exposed to substantial risks from fluctuations in commodity prices. The commodity price risks to which Uniper is exposed relate to electricity, gas, hard coal, freight charters, petroleum products, LNG and emission certificates.

The essential foundation of the risk management system is the Commodity Risk Policy applicable within the E.ON Group and the operating processes in the units. These specify the control principles for commodity risk management, minimum required standards and clear management and operational responsibilities.

The Uniper Group is integrated into the E.ON Group's commodity risk management system which has been developed in order to reduce volatility in earnings and cash flows. The objective of commodity risk management is to transact through physical and financial contracts to optimize the value of the portfolio while at the same time reducing potential negative deviations from target EBITDA.

The maximum permissible risk is determined centrally by the E.ON Board of Management 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 is managed centrally by the Risk Committee and implemented operationally by the Chief Risk Officer function, independently of trading operations. The reporting process is subject to a system of internal controls in place that follows best-practice industry standards of risk management.

Risks from open commodity positions are quantified using a profit-at-risk ("PaR") metric taking into account the size of the open positions, 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 that has a 95 percent chance of not being exceeded if the position is closed as quickly as market liquidity allows.

The development of commodity exposures and other risks is aggregated across the Group on a monthly basis and reported to the Risk Committee of the E.ON Group.

Based on the current Uniper portfolio, the profit-at-risk for the financial and physical commodity positions covering a planning horizon of three years amounted to EUR 982 million as of December 31, 2015 (2014: EUR 998 million; 2013: EUR 1,117 million).

As of December 31, 2015, the Uniper Group had entered into electricity, gas, coal, oil and emissions-related derivatives with a notional value of EUR 139,458 million (2014: EUR 160,511 million; 2013: EUR 138,126 million).

Commodity risk management as presented above reflects the E.ON Group's internal management reporting and also covers the financial instruments within the scope of IFRS 7.

3. Credit Risks

Uniper is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risks arise from the non-settlement or partial settlement of outstanding receivables by counterparties and from replacement risks for open transactions. The monitoring and control of credit risks conforms to the E.ON Group's credit risk management requirements which cover the identification and measurement of credit risks and to which Uniper was subject during the periods under review.

The Uniper Group is exposed to material credit risks as a result of its integration into the E.ON Group.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, transactions are entered into only with counterparties that satisfy the internally established minimum requirements. Maximum credit risk limits are set on the basis of internal and (where available) external credit ratings for the counterparties. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on the credit risk principles implemented by E.ON. Long-term contracts within the operating business are not fully covered by this process. They are monitored separately at the level of the responsible units.

In principle, each Uniper company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the level of credit risk, additional credit risk monitoring and controls are performed both by the units and by E.ON Group Management. Monthly reports on the total credit limits set and their utilization are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as regular monitoring of the credit quality of counterparties, enable the credit risk management system 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. Guarantees issued by the respective parent companies or evidence of profit and loss transfer agreements in combination with letters of awareness are accepted as collateral. The Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Collateral amounting to EUR 5,865 million (2014: EUR 6,537 million; 2013: EUR 5,144 million) has been accepted in the context of risk management.

The amounts and backgrounds of financial assets received as collateral are described in more detail in Note 17.

Derivative transactions are generally executed on the basis of standard agreements under which the netting of all open transactions can in principle be agreed 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 and stock exchange clearing.

Exchange-traded forward and option contracts as well as exchange-traded emissions-related derivatives having an aggregate notional value of EUR 44,103 million (2014: EUR 42,756 million; 2013: EUR 40,889 million) bear no credit risk as of the balance sheet date. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

The Uniper Group generally invests its liquid funds with counterparties with good credit ratings. Uniper companies that are not included in the E.ON Group cash pool due to legal restrictions 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.

(30) Transactions with Related Parties

The Uniper Group maintains business relations with E.ON SE and E.ON Group companies.

The E.ON Group companies comprise direct and indirect subsidiaries of E.ON SE.

Transactions with associates of the Uniper Group accounted for under the equity method, as well as with joint ventures of the Uniper Group and their subsidiaries, are presented separately.

Transactions with associates of the E.ON Group and their subsidiaries accounted for under the equity method, joint ventures of the E.ON Group, equity investments recognized at fair value and subsidiaries of the E.ON Group and of the Uniper Group that are not fully consolidated are presented as transactions with other related parties. Their overall share of the transactions referred to in the following chapter is not material.

The following were the principal transactions with related parties in fiscal years 2015, 2014 and 2013.

Transactions in Connection with the Legal Reorganization of the Uniper Group

A large number of corporate restructuring measures were taken in connection with the legal reorganization. The following material transactions were completed in fiscal year 2015, among others:

- Acquisition of 100 percent of the shares in Uniper Global Commodities SE, Düsseldorf, Germany, from E.ON Beteiligungen GmbH (spin-off of group of assets) at the book value of EUR 5,425 million, which is below fair value.
- Acquisition of 100 percent of the shares in Uniper Exploration & Production GmbH, Düsseldorf, Germany, from E.ON Ruhr-gas Portfolio GmbH at the fair value of EUR 2,337 million. To acquire 100 percent of the shares in Uniper Exploration & Production GmbH, E.ON SE made a contribution to the capital reserves of Uniper Beteiligungs GmbH in the amount of the purchase price.

- Acquisition (contribution in kind) of 100 percent of the shares in Uniper Trend s.r.o., České Budějovice, Czech Republic, from E.ON SE at a fair value of EUR 4,419 million.
- At the end of 2015 real estate was transferred from E.ON to the Uniper Group. A purchase price of EUR 98 million was agreed for these assets previously utilized by Uniper or for Uniper business activities.

Furthermore, in the course of the corporate restructuring measures 100 percent of the shares in Sydkraft AB, Malmö, Sweden, and 100 percent of the shares in Uniper UK Limited, Coventry, United Kingdom, which had previously acquired the local business activities, were acquired from E.ON Fünfundzwanzigste Verwaltungs GmbH for an insignificant purchase price. The fair value of these activities amounted to EUR 4.5 billion.

Please refer to Note 2 for information on the withdrawals and contributions in connection with the legal reorganization.

Transactions for Goods and Services and Financing Activities

Goods delivered and services performed as well as income from transactions and goods and services received as well as expenses from transactions with the E.ON Group were as follows in fiscal years 2015, 2014 and 2013:

Related-Party transactions

<u>in EUR millions</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Income	15,823	16,895	18,232
<i>E.ON SE</i>	1,427	1,697	1,124
<i>E.ON Group companies</i>	13,532	14,185	15,743
<i>Associated companies</i>	558	580	930
<i>Joint ventures</i>	31	32	88
<i>Other related parties</i>	275	401	347
Expenses	8,733	11,458	11,213
<i>E.ON SE</i>	1,315	1,719	1,202
<i>E.ON Group companies</i>	6,759	8,897	9,195
<i>Associated companies</i>	556	704	584
<i>Joint ventures</i>	61	49	55
<i>Other related parties</i>	42	89	177
Receivables	12,441	18,270	17,621
<i>E.ON SE</i>	8,631	11,058	9,366
<i>E.ON Group companies</i>	2,753	5,862	6,945
<i>Associated companies</i>	551	875	873
<i>Joint ventures</i>	456	439	382
<i>Other related parties</i>	50	36	55
Liabilities	13,361	15,323	16,664
<i>E.ON SE</i>	10,069	7,124	7,627
<i>E.ON Group companies</i>	2,974	7,997	8,819
<i>Associated companies</i>	260	80	93
<i>Joint ventures</i>	51	39	32
<i>Other related parties</i>	7	83	93

Business relationships with related parties primarily consist of the Group-wide procurement and sales activities of Uniper Global Commodities SE mainly in connection with electricity and gas on the commodity markets for the E.ON Group, and the central financing function of E.ON SE for the Uniper Group. These relationships are responsible for the extensive mutual obligations and trade relations.

Income generated from transactions with E.ON SE and E.ON Group companies included in particular revenues from deliveries of electricity and gas amounting to EUR 12,822 million in fiscal year 2015 (2014: EUR 13,005 million; 2013: EUR 15,499 million). The corresponding expenses from transactions with E.ON SE and E.ON Group companies principally related to materials expenses for the procurement of electricity and gas amounting to EUR 6,234 million (2014: EUR 7,730 million; 2013: EUR 8,390 million).

Accordingly, receivables and liabilities due from/to related parties mainly consist of receivables and liabilities relating to deliveries and services from electricity and gas transactions.

Other Services

E.ON companies have provided services to the Uniper Group for central functions, such as IT services, personnel-related services, accounting. The services were provided partly by E.ON Group companies and also by E.ON SE. For further information, see Notes 8 and 12.

Financing

During the reporting period, the Uniper Group was in principle integrated into the Group-wide cash pooling and cash management systems of E.ON SE. Interest on cash pooling balances is based on normal market terms and conditions. Financial receivables and liabilities due from/to E.ON SE are presented without netting in the Combined Financial Statements. Financial receivables as of December 31, 2015 amounted to EUR 7,368 million (2014: EUR 10,674 million; 2013: EUR 9,507 million). Financial liabilities as of December 31, 2015 amounted to EUR 10,712 million (2014: EUR 11,348 million; 2013: EUR 11,682 million). For further details see also Notes 17 and 24. The interest expenses and interest income generated in connection with the financing activities with E.ON SE and E.ON Group companies in fiscal year 2015 amounted to EUR 205 million (2014: EUR 191 million; 2013: EUR 230 million) and EUR 30 million (2014: EUR 43 million; 2013: EUR 53 million), respectively.

Hedging Transactions

In fiscal years 2015, 2014 and 2013, the Uniper Group entered into hedging transactions to protect against exchange rate movements mainly via E.ON SE. Where these forward transactions are classified as derivative financial instruments under IFRS, they are accounted for as derivative receivables or liabilities at fair value on an ongoing basis. Income from these hedging transactions in fiscal year 2015 amounted to EUR 1,283 million (2014: EUR 1,588 million; 2013: EUR 982 million), while the expenses from these hedging transactions amounted to EUR 1,216 million for 2015 (2014: EUR 1,611 million; 2013: EUR 1,104 million).

Leasing

The Uniper Group has entered into lease agreements with the E.ON Group. At the end of fiscal year 2015, these consisted in particular of operating lease agreements with German E.ON Group companies within the nuclear power sector (see also Note 25).

Collateral/Global Letters of Awareness/Guarantees

The E.ON Group has provided collateral in favor of the Uniper Group. The guarantees issued by the E.ON Group had a value of EUR 6,942 million as of December 31, 2015 (2014: EUR 3,005 million; 2013: EUR 2,389 million). The increase in fiscal year 2015 was mainly caused by revised company legal structures resulting from the planned spin-off, for which E.ON SE is contractually required to give guarantees to third parties in favor of Uniper companies.

The guarantees from E.ON for the Uniper Group named above include guarantees in connection with the Swedish nuclear power activities. 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 (see Note 25 for further details). The transfer of these guarantees and obligations from E.ON to Uniper requires the approval of the Swedish nuclear energy regulatory authority which had not been granted as of December 31, 2015. Until approval is received from the regulatory authority, the Uniper Group has released E.ON from any obligations arising from these guarantees by means of an indemnification agreement.

Guarantees provided by Uniper companies in favor of E.ON in 2014 and 2013 consisted primarily of a liquidity assistance guarantee for MEON as a result of the assumption of benefit obligations. The liquidity assistance guarantee granted to MEON amounted to EUR 2,056 million as of December 31, 2014 and EUR 2,040 million as of December 31, 2013. A Uniper CTA was established in fiscal year 2015 as part of the planned spin-off. The acquisition of the MEON limited partnership shares by

E.ON SE on December 31, 2015 resulted in the transfer of the portion of the liquidity assistance guarantee to MEON attributable to the spin-off to E.ON SE. The portion of the liquidity assistance guarantee relating to the assumption of debt expired upon termination of the assumption of debt on December 31, 2015. In addition, there are still guarantees from Uniper companies in favor of companies of the E.ON Group resulting from operating leases.

Company Pension Plans

In the past, the majority of the Uniper Group's employees were members of the E.ON Group pension plans. The benefits vary in accordance with the legal, tax and financial circumstances in the particular country, and are generally based on the employees' length of service and remuneration. In the course of the legal reorganization, plan assets have been or are being transferred from the E.ON Group to the Uniper Group. This mainly relates to German and English companies (see Note 22).

Insurances

In fiscal years 2015, 2014 and 2013, the Uniper Group was insured under the E.ON Group insurance arrangements. The costs incurred for this were borne by the Uniper Group. In the context of Uniper becoming an independent entity, the insurance cover provided by the E.ON Group will be largely replaced by separate insurance cover for the Uniper Group by the date of the spin-off.

Other

In addition, profit and loss transfer agreements and fiscal units for tax purposes were in place with the E.ON Group in the past which were terminated at the expiry of fiscal year 2015. The receivables for income from profit transfers and liabilities for losses assumed were reported under operating receivables and other operating assets or under trade payables and other operating liabilities, respectively (see the detailed information in Notes 17 and 24). For the purposes of the Combined Financial Statements of the Uniper Group, receivables and liabilities in connection with control and profit and loss transfer agreements and fiscal units for tax purposes were presented as contributions and transfers from reserves by the shareholder.

In connection with the legal reorganization and the subsequent waiver of a receivable, a contribution by the shareholder in the amount of EUR 336 million was recorded in fiscal year 2015. In addition, an amount of EUR 115 million was recorded in other operating income in fiscal year 2015 as income from the redemption of a loan.

Related Parties

Under IAS 24, compensation paid to key management personnel (members of the Board of Management and of the Supervisory Board) must be disclosed. The costs economically attributable to the Uniper Group were determined using an allocation key based on the number of employees, and have been recognized accordingly in the Combined Statement of Income.

The expense for fiscal year 2015 for members of the E.ON Board of Management, determined on the basis of the costs recharged, amounted to EUR 2.6 million (2014: EUR 2.4 million; 2013: EUR 2.9 million) for short-term benefits, EUR 0.5 million (2014: EUR 0.4 million; 2013: EUR 0.7 million) for termination benefits and EUR 0 million (2014: EUR 0 million; 2013: EUR 0.8 million) for post-employment benefits. 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 (see also Note 12) was EUR 0.1 million (2014: EUR 1.5 million; 2013: EUR 0.8 million).

The proportional expense, determined on the basis of the costs allocated, for the short-term remuneration of members of the Supervisory Board of E.ON SE in fiscal year 2015 amounted to EUR 0.8 million (2014: EUR 0.8 million; 2013: EUR 0.8 million).

The total compensation for key management personnel for fiscal year 2015 amounted to EUR 5.1 million (2014: EUR 5.0 million; 2013: EUR 5.2 million).

(31) Segment Information

The following information for the 2015, 2014 and 2013 reporting periods has been made available on the basis of the Uniper Group's internal reporting system in order to enable an assessment to be made of the nature and financial consequences of the business activities conducted by the Uniper Group and of the economic environment in which it operates.

Operating Segments

The following operating segments are reported separately in accordance with IFRS 8.

European Generation

The European Generation segment comprises the Uniper Group's various generation facilities available in Europe for the purpose of generating power and heat. In addition to fossil-fuel power stations (coal, gas, oil and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power stations in Sweden, a biomass plant in France and a small number of solar and wind power facilities. The majority of the energy generated is sold by the European Generation segment to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. In addition to the power plant business, the European Generation segment is also engaged in the marketing of energy services, ranging from fuel procurement and engineering, operational and maintenance services through to trading services ("third-party services"), and also the provision of technical services by Uniper Engineering GmbH.

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, CO₂ certificates are traded, the electricity produced is marketed and the portfolio is optimized by managing the use of the power plants. In addition, this segment includes infrastructure investments and the gas storage operations as well as all the activities of the Uniper Group relating to its investment in the Siberian gas field Yushno Russkoje.

International Power Generation

The International Power Generation segment brings together the operating power generation business of the Uniper Group in Russia and Brazil. With respect to the business in Russia, OAO E.ON Russia, an indirect subsidiary of Uniper AG listed in Russia, is responsible for all the activities in connection with power generation in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced. The Uniper Group's business in Brazil primarily comprises a 12.3 percent financial investment in the energy utility ENEVA S.A held by the Uniper Group and a 50 percent shareholding in Pecém II Participações S.A., which operates a coal power station.

In addition, the Group-wide non-operating functions carried out centrally for all segments of the Uniper Group are brought together under Administration/Consolidation. In addition, the consolidations to be carried out took place at Group level.

Adjusted EBIT, earnings before interest and taxes adjusted for non-operating effects, is the key measure at Uniper for purposes of internal management control and as the most important indicator of a business's operating earnings power.

The unadjusted earnings before interest and taxes (EBIT) represents the Group's income/loss before financial results and income taxes in accordance with IFRS, taking into account the net income/expense from equity investments. Unadjusted EBIT is adjusted for certain non-operating effects in order to increase the indicator's meaningfulness as an indicator of the operating profitability of the Uniper business. Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include in particular income and expenses from the marking to market of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring/ cost-management, impairments/reversals of impairments on non-current assets, companies accounted for under the equity method and other long-term financial assets and goodwill in the context of impairment tests and other contributions to non-operating earnings.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. Restructuring/cost management expenses represent additional expenses which are not directly attributable to the operating business. 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.

The table below presents the reconciliation of the Group's earnings in accordance with IFRS and the adjusted earnings before interest and taxes:

Reconciliation of income/loss before financial results and income taxes

in EUR millions	2015	2014	2013
Income/loss before financial results and income taxes	-3,397	-3,042	-925
Net income/expense from equity investments	-12	10	23
EBIT	-3,409	-3,032	-902
Non-operating adjustments	4,210	3,858	1,950
<i>Net book gains/losses</i>	-38	—	21
<i>Fair value measurement of derivative financial instruments</i>	-511	-1,167	-319
<i>Restructuring/cost management expenses¹</i>	137	211	142
<i>Non-operating impairments (+)/reversals (-)²</i>	4,199	4,484	1,225
<i>Miscellaneous other non-operating earnings³</i>	423	330	881
Adjusted EBIT	801	826	1,048
Economic depreciation and amortization/reversals ⁴	916	1,140	1,179
Adjusted EBITDA	1,717	1,966	2,227

1 In 2015, restructuring/cost management expenses included depreciation and amortization amounting to EUR 18 million (2014: EUR 14 million; 2013: EUR 14 million).

2 Non-operating impairments/reversals consist of non-operating extraordinary impairments and reversals triggered by regular impairment tests. The total non-operating impairments/reversals and economic depreciation and amortization/reversals deviates from the depreciation and amortization reported in the income statement since the two items also include impairments on companies accounted for under the equity method and other financial assets and a small portion as described in footnotes 1 and 3 is included in restructuring/cost management expenses and the miscellaneous other non-operating earnings.

3 In 2014, miscellaneous other non-operating earnings included impairments on assets held for sale amounting to EUR 97 million.

4 Economic depreciation and amortization/reversals include operating depreciation and amortization.

Due to the adjustments made, the key figures shown here may differ from the corresponding figures determined in accordance with IFRS.

Net book gains/losses

The book gains in fiscal year 2015 amounting to EUR 38 million reflected the sale of an other equity investment and of a high voltage sub-station in Sweden. There were no book gains in 2014. The net book loss of EUR 21 million in 2013 was primarily caused by the sale of a power station in Germany which exceeded the gain from the sale of an investment in a gas transportation company.

Fair value measurement of derivative financial instruments

The marking to market of derivatives used to hedge against price fluctuations generated income of EUR 512 million as of December 31, 2015 (2014: EUR 1,168 million; 2013: EUR 319 million).

Restructuring/cost management

Restructuring/cost-management expenses declined by EUR 74 million year-on-year in fiscal year 2015. They amounted to EUR 137 million in fiscal year 2015 (2014: EUR 211 million; 2013: EUR 142 million). The expenses were incurred primarily in connection with the internal cost-reduction programs which had been initiated, as well as for the strategic realignment.

Non-operating impairments/reversals

The earnings reported for 2015 were heavily impacted, as in the previous year, by impairments amounting to EUR 4,540 million (2014: EUR 4,526 million; 2013: EUR 1,402 million). The reason for the impairment tests required was triggered primarily by revised assumptions about the long-term development of electricity and primary energy prices – supported by studies from well-known forecasting institutions and E.ON management's estimates – as well as the deteriorating political environment and its expected effect on future profitability. Most of the impairments related to the European Generation segment. Impairments were also recognized in the Global Commodities and International Power Generation segments. In 2015 reversals of impairments amounting to EUR 341 million (2014: EUR 42 million) were recorded, principally in the European Generation segment.

The impairment charges in the 2014 reporting period were attributable to activities in the European Generation, International Power Generation and Global Commodities segments.

In fiscal year 2013 impairment losses of EUR 1,402 million were incurred in the European Generation, Global Commodities and International Power Generation segments.

Miscellaneous other non-operating earnings

In fiscal year 2015, effects in connection with the planned early decommissioning of Blocks 1 and 2 of the Oskarshamn power station in Sweden had a negative impact on earnings. In fiscal year 2014 net income was affected by provisions recognized in the Global Commodities segment and impairments in the International Power Generation segment. In fiscal year 2013 earnings were impacted in particular by provisions in the Global Commodities segment in connection with company disposals and long-term contracts.

Financial Information by Business Segment

in EUR millions	European Generation			Global Commodities		
	2015	2014	2013	2015	2014	2013
External sales	3,016	3,222	3,429	87,972	83,476	89,445
Intersegment sales	4,547	5,024	5,654	3,235	3,196	4,322
Sales	7,563	8,246	9,083	91,207	86,672	93,767
Adjusted EBITDA	1,125	1,331	1,254	449	362	546
Adjusted EBIT (Segment earnings)	506	539	504	262	173	328
<i>of which equity-method earnings¹</i>	<i>-3</i>	<i>-9</i>	<i>-10</i>	<i>175</i>	<i>149</i>	<i>141</i>
Operating cash flow before interest and taxes²	1,133	1,077	855	767	342	-446
Investments	774	877	1,018	112	105	147

1 The income/loss from companies accounted for under the equity method presented here were adjusted for non-operating effects and therefore deviate from the Income/loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.

2 The operating cash flow of the Global Commodities segment for 2013 was affected by the legal spin-off of the gas sales operations at that time.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statements of Cash Flows.

Transactions within the Uniper Group are generally executed at market prices.

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

Operating Cash Flow

in EUR millions	2015	2014	Difference
Operating cash flow	1,465	1,437	28
Interest payments	152	102	50
Tax payments	404	205	199
Operating cash flow before interest and taxes	2,021	1,744	277

Operating Cash Flow

in EUR millions	2014	2013	Difference
Operating cash flow	1,437	554	883
Interest payments	102	63	39
Tax payments	205	248	-43
Operating cash flow before interest and taxes	1,744	865	879

International Power Generation			Administration/Consolidation			Uniper Group		
2015	2014	2013	2015	2014	2013	2015	2014	2013
1,134	1,529	1,879	-7	-2	-3	92,115	88,225	94,750
—	—	—	-7,782	-8,220	-9,976	—	—	—
1,134	1,529	1,879	-7,789	-8,222	-9,979	92,115	88,225	94,750
335	465	609	-192	-192	-182	1,717	1,966	2,227
236	316	410	-203	-202	-194	801	826	1,048
-5	-31	-81	-1	—	1	166	109	51
388	511	655	-267	-186	-199	2,021	1,744	865
193	547	1,037	4	2	0	1,083	1,531	2,202

Additional Entity-Level Disclosures

External sales by product are made up as follows:

Segment Information by Product

in EUR millions	2015	2014	2013
Electricity	34,260	35,145	37,150
Gas	54,459	49,255	53,984
Other	3,396	3,825	3,616
Total	92,115	88,225	94,750

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 company location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information

in EUR millions	Germany			United Kingdom		
	2015	2014	2013	2015	2014	2013
External sales by customer location	27,191	28,555	33,630	30,778	28,538	33,834
External sales by company location	87,757	83,474	89,487	159	134	129
Intangible assets	1,032	1,055	1,053	1	—	—
Property, plant and equipment	4,978	5,419	5,652	1,915	1,908	3,174
Companies accounted for under the equity method	947	743	849	—	—	—

The Group's customer structure did not result in any major concentration in any given geographical region or business area, with the exception of the business relationships with the E.ON Group described in Note 30. Due to the Company's large number of customers and the variety of its business activities, there are no customers whose business volume is material in relation to the total business volume of the Group.

Sweden			Europe (other)			Other			Total		
2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
2,010	1,914	2,578	30,635	26,643	23,972	1,501	2,575	736	92,115	88,225	94,750
317	293	325	3,691	4,236	4,799	191	88	10	92,115	88,225	94,750
64	63	68	1,060	1,316	2,135	2	2	2	2,159	2,436	3,258
2,960	3,080	4,476	4,444	5,310	6,476	—	—	—	14,297	15,717	19,778
55	130	148	125	519	895	9	9	5	1,136	1,401	1,897

(32) Other Significant Issues

On January 1, 2016 the German power and gas wholesale business was transferred from E.ON Energie Deutschland GmbH, Munich, Germany, to Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH, Düsseldorf, Germany). The German power and gas wholesale business qualifies as a business within the meaning of IFRS 3 and has already been included in the Combined Financial Statements.

With economic effect from January 1, 2016, 100 percent of shares in PEG Infrastruktur AG (PEGI), Zug, Switzerland, including its equity interest in Nord Stream AG, Zug, Switzerland, were sold to E.ON Beteiligungen GmbH, Düsseldorf, Germany. The sale resulted in the deconsolidation of the equity investment in PEGI previously consolidated in full in the Global Commodities segment and the investment in Nord Stream previously accounted for under the equity method in the first quarter of 2016. The sale price amounted to approximately EUR 1.0 billion and has already been received.

On February 1, 2016 a fire broke out in the boiler house of Unit 3 at the Berezovskaya location in Russia. As a result of the fire, significant components of the 800 MW boiler were damaged and will have to be replaced. The unit has been taken out of service for at least 20 months of repair work, during which it will not be generating electricity and will lose a significant part of its capacity margin. Management believes that no additional penalties will be incurred even though no capacity can be made available during this period. Management is currently assessing the extent of the damage to the unit in order to determine the duration of the outage. The cost of restoration is estimated to be at least RUB 15 billion. The Company is insured against construction risks, damage to plant and machinery and business interruptions. Investigations involving representatives of the insurers are currently underway in order to determine whether the accident is covered by an insurance policy and the amount of the insurance settlement. Management believes that a significant part of the damage will be covered by the insurance.

In the first quarter of 2016 and in the course of implementing an agreement already in place at the end of the previous year, Uniper set off a financial liability held by a Swedish power station company against an operating receivable from a minority shareholder in this Swedish power station company in the amount of EUR 424 million.

In the first quarter of 2016, the method of occupational retirement provision relating to the pension commitments covered by VKE was changed to a pension fund commitment. The pension liability insurance was terminated as of the end of December 31, 2015. The corresponding pension liability receivables were reported in the balance sheet under operating receivables and other operating assets as of December 31, 2015. The disbursement claims vis-à-vis VKE (EUR 0.2 billion) were settled in the context of a condensed payment method of VKE on the basis of a payment and pledge agreement by way of direct payments to a Group-wide pension fund which is qualified under IAS 19 as plan assets to repay the Uniper companies' preliminary one-off contribution obligations owed to the pension fund.

In March 2016, in negotiations pertaining to long-term gas delivery contracts, Uniper Global Commodities SE and the Russian Gazprom Group agreed to modify the terms of the agreements to reflect current market conditions. In this connection, the reversal of provisions for supply periods in the past resulted in a positive effect on earnings in 2016 amounting to EUR 0.4 billion.

On March 30, 2016, E.ON SE and E.ON Beteiligungen GmbH paid in a total of EUR 265 million the free capital reserves of Uniper AG and Uniper Beteiligungen GmbH for the purpose of adjusting the Uniper Group's capital structure.

Düsseldorf, March 30, 2016

The Board of Management

Klaus Schäfer

Christopher Delbrück

Keith Martin

Eckhardt Rümmler

(33) Disclosures Relating to the Scope of the Combined Financial Statements

In addition to Uniper AG, Düsseldorf (formerly E.ON Kraftwerke GmbH, Hanover), the following companies are included in the scope of the Combined Financial Statements or reported as an equity investment.

Companies and equity interests included in the scope of the Combined Financial Statements

Name	Location	Stake %		
		31. 12. 2015	31. 12. 2014	31. 12. 2013
AB Svafo ⁶	SE, Stockholm	22.0	22.0	22.0
ADRIA LNG d.o.o. za izradu studija u likvidaciji ⁶	HR, Zagreb	39.2	39.2	39.2
Aerodis, S.A. ¹	FR, Paris	100.0	100.0	100.0
AO Gazprom YRGM Development (formerly ZAO Gazprom YRGM Development) ¹	RU, Salekhard	25.0	25.0	25.0
AS Latvijas Gāze ⁵	LV, Riga	47.2	47.2	47.2
B.V. NEA ⁶	NL, Dodewaard	25.0	25.0	25.0
Barsebäck Kraft AB ²	SE, Löddeköpinge	100.0	—	—
BauMineral GmbH ¹	DE, Herten	100.0	100.0	100.0
BBL Company V.O.F. ⁵	NL, Groningen	20.0	20.0	20.0
Bergeforsens Kraftaktiebolag ⁵	SE, Bispgården	40.0	40.0	40.0
BioMass Nederland b.v. ^{1,8}	NL, Maasvlakte	—	—	100.0
BIOPLYN Třeboň spol. s r.o. ⁶	CZ, Třeboň	24.7	24.7	24.7
Blåsjön Kraft AB ⁵	SE, Arbrå	50.0	50.0	50.0
Carbiogas b.v. ⁶	NL, Nuenen	33.3	33.3	33.3
DD Brazil Holdings S.à r.l. ¹	LU, Luxembourg	100.0	100.0	100.0
Deutsche Flüssigerdgas Terminal oHG ²	DE, Essen	90.0	90.0	90.0
DFTG-Deutsche Flüssigerdgas Terminal Gesellschaft mit beschränkter Haftung ²	DE, Essen	90.0	90.0	90.0
Donau-Wasserkraft Aktiengesellschaft ¹	DE, Munich	100.0	100.0	100.0
E.ON Austria GmbH ¹	AT, Vienna	75.1	75.1	75.1
E.ON Belgium N.V. ¹	BE, Brussels	100.0	100.0	100.0
E.ON Benelux Geothermie B.V. (in liquidation) ²	NL, Rotterdam	100.0	100.0	100.0
E.ON Benelux Levering b.v. ¹	NL, Eindhoven	100.0	100.0	100.0
E.ON Commodity DMCC ²	AE, Dubai	100.0	—	—
E.ON Direkt GmbH ^{1,9}	DE, Essen	—	—	100.0
E.ON E&P Algeria GmbH ^{2,10}	DE, Düsseldorf	100.0	100.0	100.0

1 consolidated affiliated company.

2 affiliated company not consolidated for reasons of immateriality (accounted for at cost).

3 affiliated company not consolidated in 2013 and 2014 for reasons of immateriality (accounted for at cost); affiliated company consolidated in 2015.

4 joint venture pursuant to IFRS 11.

5 associate (accounted for under the equity method).

6 associate (not accounted for under the equity method for reasons of immateriality).

7 other equity investments.

8 merged with Uniper Benelux Holding B.V. (formerly E.ON Benelux Holding b.v.) with effect as of 01.01.2014.

9 merged with Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH) with effect as of 30.04.2014.

10 merged with Uniper Exploration & Production GmbH (formerly E.ON Exploration & Production GmbH) with effect as of 21.12.2015 (entered in the commercial register on 07.01.2016).

11 merged with Uniper France Power S.A.S (formerly E.ON France Power S.A.S) with effect as of 01.01.2014.

12 merged with Uniper AG (formerly E.ON Kraftwerke GmbH) with effect as of 01.01.2014.

13 merged with Sydkraft Thermal Power AB (formerly E.ON Värmekraft Sverige AB) with effect as of 24.06.2014.

14 liquidated on 21.04.2015, assets transferred to OAO E.ON Russia.

15 contributed to ENEVA S.A. (formerly MPX Energia S.A.) on 31.10.2015

Name	Location	Stake %		
		31. 12. 2015	31. 12. 2014	31. 12. 2013
E.ON Energy Southern Africa (Pty) Ltd. ² . . .	ZA, Johannesburg	100.0	100.0	—
E.ON France Management S.A.S. ^{2, 11}	FR, Paris	—	—	100.0
E.ON Kärnkraft Finland AB ²	FI, Kajaani	100.0	100.0	100.0
E.ON Perspekt GmbH ⁶	DE, Düsseldorf	30.0	30.0	30.0
E.ON Ruhrgas Austria GmbH ¹	AT, Vienna	100.0	100.0	100.0
E.ON Ruhrgas Nigeria Limited ²	NG, Abuja	100.0	100.0	100.0
EASYCHARGE.me GmbH (formerly E.ON Zwanzigste Verwaltungs GmbH) ²	DE, Düsseldorf	100.0	100.0	100.0
EGC UAE SUPPLY & PROCESSING LTD FZE ²	AE, Fujairah free zone	100.0	100.0	—
Energie-Pensions-Management GmbH ⁶ . . .	DE, Hanover	30.0	—	—
ENEVA Participações S.A. (formerly MPX Participações S.A.) ^{4, 15}	BR, Rio de Janeiro	—	50.0	50.0
Ergon Holdings Ltd ¹	MT, St. Julians	100.0	100.0	100.0
Ergon Insurance Ltd ¹	MT, St. Julians	100.0	100.0	100.0
Etzel Gas-Lager GmbH & Co. KG ⁵	DE, Friedeburg	75.2	75.2	75.2
Etzel Gas-Lager Management GmbH ⁶	DE, Friedeburg	75.2	75.2	75.2
Exporting Commodities International LLC ⁵	US, Marlton	49.0	49.0	30.0
Freya Bunde-Etzel GmbH & Co. KG ⁴	DE, Essen	60.0	60.0	60.0
Gas-Union GmbH ⁵	DE, Frankfurt am Main	23.6	23.6	23.6
Gemeinschaftskraftwerk Irsching GmbH ¹ . .	DE, Vohburg	50.2	50.2	50.2
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung ⁶	DE, Kiel	50.0	50.0	50.0
Gemeinschaftskraftwerk Staudinger Verwaltungs-GmbH ^{2, 12}	DE, Großkrotzenburg	—	—	100.0
Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung ¹	DE, Porta Westfalica	66.7	66.7	66.7
Hamburger Hof Versicherungs- Aktiengesellschaft ²	DE, Düsseldorf	100.0	100.0	100.0
Holford Gas Storage Limited ¹	GB, Edinburgh	100.0	100.0	100.0
Hydropower Evolutions GmbH ²	DE, Düsseldorf	100.0	100.0	100.0
Induboden GmbH & Co. Industrierwerte OHG ²	DE, Düsseldorf	100.0	100.0	100.0
Inwestycyjna Spółka Energetyczna-IRB Sp. z o.o. ⁶	PL, Warsaw	50.0	50.0	50.0
Javelin Global Commodities Holdings LLP ⁶	GB, London	28.0	—	—

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		31. 12. 2015	31. 12. 2014	31. 12. 2013
Karlshamn Kraft AB ^{1, 13}	SE, Karlshamn	—	—	70.0
Kärnkraftsäkerhet & Utbildning AB ⁶	SE, Nyköping	33.0	25.0	25.0
Klåvbens AB ⁶	SE, Olofström	50.0	50.0	50.0
Kokereigasnetz Ruhr GmbH ^{1, 3}	DE, Essen	100.0	100.0	100.0
Kolbäckens Kraft KB ¹	SE, Sundsvall	100.0	100.0	100.0
Kraftwerk Buer GbR ⁶	DE, Gelsenkirchen	50.0	50.0	50.0
Kraftwerk Schkopau Betriebsgesellschaft mbH ¹	DE, Schkopau	55.6	55.6	55.6
Kraftwerk Schkopau GbR ¹	DE, Schkopau	58.1	58.1	58.1
Langerlo N.V. ²	BE, Genk	100.0	100.0	—
Lubmin-Brandov Gastransport GmbH ¹	DE, Essen	100.0	100.0	100.0
Maasvlakte CCS Project B.V. ⁶	NL, Rotterdam	50.0	50.0	50.0
Mainkraftwerk Schweinfurt Gesellschaft mit beschränkter Haftung ²	DE, Munich	75.0	75.0	75.0
METHA-Methanhandel GmbH ¹	DE, Essen	100.0	100.0	100.0
Mittlere Donau Kraftwerke Aktiengesellschaft ²	DE, Munich	60.0	60.0	60.0
Montan GmbH Assekuranz-Makler ⁶	DE, Düsseldorf	44.3	44.3	44.3
Nord Stream AG ⁵	CH, Zug	15.5	15.5	15.5
OAO E.ON Russia ¹	RU, Surgut	83.7	83.7	83.7
OAO Severneftegazprom ⁵	RU, Krasnoselkup	25.0	25.0	25.0
OAO Shaturskaya Upravlyayushaya Kompaniya ¹	RU, Shatura	51.0	51.0	51.0
Obere Donau Kraftwerke Aktiengesellschaft ²	DE, Munich	60.0	60.0	60.0
Offshore Trassenplanungs GmbH i. L. ²	DE, Hanover	50.0	50.0	50.0
OHA B.V. (formerly Q-Energie b.v.) ²	NL, Eindhoven	53.3	53.3	53.3
OKG AB ¹	SE, Oskarshamn	54.5	54.5	54.5
OLT Offshore LNG Toscana S.p.A. ⁴	IT, Milan	48.2	48.2	46.8
OOO E.ON Connecting Energies ⁶	RU, Moscow	50.0	50.0	50.0
OOO E.ON Engineering ²	RU, Moscow	100.0	—	—
OOO Teplosbyt ^{1, 14}	RU, Shatura	—	100.0	100.0
OOO Uniper ²	RU, Shatura	100.0	—	—
Pecém II Participações S.A. ⁴	BR, Rio de Janeiro	50.0	50.0	—
PEG Infrastruktur AG ¹	CH, Zug	100.0	100.0	100.0
RAG-Beteiligungs-Aktiengesellschaft ⁵	AT, Maria Enzersdorf	30.0	30.0	30.0
RGE Holding GmbH ¹	DE, Essen	100.0	100.0	100.0
Rhein-Main-Donau Aktiengesellschaft ¹	DE, Munich	77.5	77.5	77.5
Ringhals AB ⁵	SE, Varberg	29.6	29.6	29.6

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RMD Wasserstraßen GmbH ²	DE, Munich	100.0	100.0	100.0
RMD-Consult GmbH Wasserbau und Energie ²	DE, Munich	100.0	100.0	100.0
RuhrEnergie GmbH, EVR ¹	DE, Gelsenkirchen	100.0	100.0	100.0
Société des Eaux de l'Est S.A. ⁶	FR, Saint Avold (Creutzwald)	25.0	25.0	25.0
Solar Energy s.r.o. ⁶	CZ, Znojmo	25.0	25.0	25.0
Sollefteåforsens AB ⁵	SE, Sundsvall	50.0	50.0	50.0
SQC Kvalificeringscentrum AB ⁶	SE, Stockholm	33.3	33.3	33.3
Stensjön Kraft AB ⁵	SE, Stockholm	50.0	50.0	50.0
store-x Storage Capacity Exchange GmbH ⁶	DE, Leipzig	32.0	32.0	32.0
Surschiste, S.A. ²	FR, Mazingarbe	100.0	100.0	100.0
Svensk Kärnbränslehantering AB ⁶	SE, Stockholm	34.0	34.0	34.0
Sydkraft AB ¹	SE, Malmö	100.0	—	—
Sydkraft Försäkring AB (formerly E.ON Försäkring Sverige AB) ¹	SE, Malmö	100.0	100.0	100.0
Sydkraft Hydropower AB (formerly E.ON Vattenkraft Sverige AB) ¹	SE, Sundsvall	100.0	100.0	100.0
Sydkraft Nuclear Power AB (formerly E.ON Kärnkraft Sverige AB) ¹	SE, Malmö	100.0	100.0	100.0
Sydkraft Thermal Power AB (formerly E.ON Värmekraft Sverige AB) ¹	SE, Malmö	100.0	100.0	100.0
Teplárna Tábor, a.s. ¹	CZ, Tábor	51.9	51.5	51.5
Uniper Anlagenservice GmbH (formerly E.ON Anlagenservice GmbH) ¹	DE, Gelsenkirchen	100.0	100.0	100.0
Uniper Benelux CCS Project B.V. (formerly E.ON Benelux CCS Project B.V.) ²	NL, Rotterdam	100.0	100.0	100.0
Uniper Benelux Holding B.V. (formerly E.ON Benelux Holding b.v.) ¹	NL, Rotterdam	100.0	100.0	100.0
Uniper Benelux N.V. (formerly E.ON Benelux N.V.) ¹	NL, Rotterdam	100.0	100.0	100.0
Uniper Beteiligungs GmbH (formerly Uniper GmbH, formerly E.ON Vierundzwanzigste Verwaltungs GmbH) ^{1, 3}	DE, Düsseldorf	100.0	100.0	100.0
Uniper Climate & Renewables France Solar S.A.S. (formerly E.ON Climate & Renewables France Solar S.A.S.) ¹	FR, Paris	100.0	100.0	100.0
Uniper Brasil Energia Ltda. (formerly E.ON Brasil Energia LTDA.) ²	BR, City of São Paulo	100.0	100.0	100.0

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Uniper Energies Renouvelables S.A.S. (formerly E.ON Energies Renouvelables S.A.S.) ¹	FR, Paris	100.0	100.0	100.0
Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH) ¹	DE, Düsseldorf	100.0	100.0	100.0
Uniper Energy Sales Polska Sp. z o.o. (formerly E.ON Energy Sales Polska Sp. z o.o.) ²	PL, Warsaw	100.0	100.0	100.0
Uniper Energy Storage GmbH (formerly E.ON Gas Storage GmbH) ¹	DE, Essen	100.0	100.0	100.0
Uniper Energy Storage Limited (formerly E.ON Gas Storage UK Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper Energy Trading NL Staff Company 2 B.V. (formerly E.ON Energy Trading NL Staff Company 2 B.V.) ²	NL, Rotterdam	100.0	100.0	100.0
Uniper Energy Trading NL Staff Company B.V. (formerly E.ON Energy Trading NL Staff Company B.V.) ²	NL, Rotterdam	100.0	100.0	100.0
Uniper Energy Trading Srbija d.o.o. (formerly E.ON Energy Trading Srbija d.o.o.) ²	RS, Belgrade	100.0	100.0	100.0
Uniper Energy Trading UK Staff Company Limited (formerly E.ON Energy Trading UK Staff Company Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper Exploration & Production GmbH (formerly E.ON Exploration & Production GmbH) ¹	DE, Düsseldorf	100.0	100.0	100.0
Uniper France Energy Solutions S.A.S. (formerly E.ON France Energy Solutions S.A.S.) ¹	FR, Paris	100.0	100.0	100.0
Uniper France Power S.A.S (formerly E.ON France Power S.A.S.) ¹	FR, Paris	100.0	100.0	100.0
Uniper France S.A.S. (formerly E.ON France S.A.S.) ¹	FR, Paris	100.0	100.0	100.0
Uniper Generation Belgium N.V. (formerly E.ON Generation Belgium N.V.) ¹	BE, Vilvoorde	100.0	100.0	100.0
Uniper Generation GmbH (formerly E.ON Generation GmbH) ¹	DE, Hanover	100.0	100.0	100.0

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Uniper Global Commodities Canada Inc. (formerly E.ON Global Commodities Canada Inc.) ²	CA, Toronto	100.0	—	—
Uniper Global Commodities London Ltd. ²	GB, London	100.0	—	—
Uniper Global Commodities North America LLC (formerly E.ON Global Commodities North America LLC) ¹	US, Wilmington	100.0	100.0	100.0
Uniper Global Commodities SE (formerly E.ON Global Commodities SE) ¹	DE, Düsseldorf	100.0	100.0	100.0
Uniper Global Commodities UK Limited (formerly E.ON Global Commodities UK Limited) ²	GB, Coventry	100.0	100.0	100.0
Uniper Holding GmbH (formerly E.ON Kraftwerke 6. Beteiligungs-GmbH) ^{1, 3}	DE, Düsseldorf	100.0	100.0	100.0
Uniper Hungary Energetikai Kft. (formerly E.ON Erőművek Termelő és Üzemeltető Kft.) ¹	HU, Budapest	100.0	100.0	100.0
Uniper Infrastructure B.V. ²	NL, Rotterdam	100.0	—	—
Uniper Kraftwerke GmbH (formerly E.ON Achtzehnte Verwaltungs GmbH) ^{1, 3}	DE, Düsseldorf	100.0	100.0	100.0
Uniper LNG Kraftstoff GmbH ²	DE, Düsseldorf	100.0	—	—
Uniper Market Solutions GmbH (formerly E.ON Portfolio Solution GmbH) ²	DE, Düsseldorf	100.0	100.0	100.0
Uniper NefteGaz LLC (formerly OOO E.ON E&P Russia) ²	RU, Moscow	100.0	100.0	100.0
Uniper Risk Consulting GmbH (formerly E.ON Risk Consulting GmbH) ¹	DE, Düsseldorf	100.0	100.0	100.0
Uniper Ruhrgas BBL B.V. (formerly E.ON Ruhrgas BBL B.V.) ¹	NL, Rotterdam	100.0	100.0	100.0
Uniper Ruhrgas International GmbH (formerly E.ON Ruhrgas International GmbH) ¹	DE, Essen	100.0	100.0	100.0
Uniper Russia Beteiligungs GmbH (formerly E.ON Russia Beteiligungs GmbH) ²	DE, Düsseldorf	100.0	100.0	100.0
Uniper Russia Holding GmbH (formerly E.ON Russia Holding GmbH) ¹	DE, Düsseldorf	100.0	100.0	100.0
Uniper Storage Innovation GmbH (formerly E.ON Energy Storage GmbH) ²	DE, Essen	100.0	100.0	100.0

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Uniper Technologies B.V. (formerly E.ON New Build & Technology B.V.) ²	NL, Rotterdam	100.0	100.0	100.0
Uniper Technologies GmbH (formerly E.ON Technologies GmbH) ¹	DE, Gelsenkirchen	100.0	100.0	100.0
Uniper Technologies Limited (formerly E.ON Technologies (Ratcliffe) Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper Trend s.r.o. (formerly E.ON Trend s.r.o.) ¹	CZ, České Budějovice	100.0	100.0	100.0
Uniper UK Corby Limited (formerly East Midlands Electricity Generation (Corby) Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper UK Cottam Limited (formerly Cottam Development Centre Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper UK Gas Limited (formerly E.ON UK Gas Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper UK Ironbridge Limited (formerly Powergen Power No. 3 Limited) ¹	GB, Coventry	100.0	100.0	100.0
Uniper UK Limited (formerly Enfield Energy Centre Limited) ¹	GB, Coventry	100.0	—	—
Uniper UK Trustees Limited ²	GB, Coventry	100.0	—	—
Uniper Wärme GmbH (formerly E.ON Fernwärme GmbH) ¹	DE, Gelsenkirchen	100.0	100.0	100.0
Untere Iller AG ²	DE, Landshut	60.0	60.0	60.0
Utilities Center Maasvlakte Leftbank b.v. ¹	NL, Rotterdam	100.0	100.0	100.0
Volkswagen AG Preussen Elektra AG Offene Handelsgesellschaft ⁶	DE, Wolfsburg	95.0	95.0	95.0
Warmtebedrijf Exploitatie N.V. ⁶	NL, Rotterdam	50.0	50.0	50.0

Other companies in which share investments are held

AB Lesto ⁷	LT, Vilnius	—	—	11.8
Brännälven Kraft AB ⁷	SE, Arbrå	19.1	19.1	19.1
Electrorisk Verzekeringsmaatschappij N.V. ⁷	NL, Rotterdam	18.9	18.9	18.9
ENAG Energiefinanzierungs AG ⁷	CH, Schwyz	14.4	14.4	14.4
ENEVA S.A. (formerly MPX Energia S.A.) ⁷	BR, Rio de Janeiro	12.3	42.9	37.9

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Enovos International S.A. ⁷	LU, Esch-sur-Alzette	—	10.0	10.0
European Energy Exchange AG ⁷	DE, Leipzig	5.7	3.5	3.5
Forsmarks Kraftgrupp AB ⁷	SE, Östhammar	8.5	8.5	8.5
GKL-Gemeinschaftskraftwerk Hannover-Linden GmbH ⁷	DE, Hanover	10.0	10.0	10.0
Global Coal Limited ⁷	GB, London	3.1	3.1	3.1
Goldboro LNG Limited Partnership ⁷	CA, Calgary	1.0	1.0	—
GSB-Sonderabfall-Entsorgung Bayern GmbH ⁷	DE, Baar-Ebenhausen	1.6	1.6	1.6
Holdigaz SA ⁷	CH, Vevey	2.2	2.2	2.2
Internationale Schule Hannover Region GmbH ⁷	DE, Hanover	13.5	13.5	13.5
IRB Deutschland GmbH & Co. KG ⁷	DE, Essen	1.0	1.0	1.0
Mellansvensk Kraftgrupp AB ⁷	SE, Stockholm	5.4	5.4	5.4
Parnaíba Gás Natural S.A. ^{7, 15}	BR, Rio de Janeiro	—	9.1	—
Pieridae Energy (Canada) Ltd. ⁷	CA, Calgary	1.0	1.0	—
Powernext, S.A. ⁷	FR, Paris	—	5.0	5.0
Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH ⁷	DE, Bamberg	—	—	6.0
Transitgas AG ⁷	CH, Zürich	3.0	3.0	3.0
VAW-Innwerk Unterstützungsgesellschaft mbH ⁷	DE, Bonn	15.0	15.0	15.0
WIN EMSCHER-LIPPE Gesellschaft zur Strukturverbesserung mbH ⁷	DE, Herten	0.8	0.8	0.8

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8 merged with Uniper Benelux Holding B.V. (formerly E.ON Benelux Holding b.v.) with effect as of 01.01.2014.

9 merged with Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH) with effect as of 30.04.2014.

10 merged with Uniper Exploration & Production GmbH (formerly E.ON Exploration & Production GmbH) with effect as of 21.12.2015 (entered in the commercial register on 07.01.2016).

11 merged with Uniper France Power S.A.S (formerly E.ON France Power S.A.S) with effect as of 01.01.2014.

12 merged with Uniper AG (formerly E.ON Kraftwerke GmbH) with effect as of 01.01.2014.

13 merged with Sydkraft Thermal Power AB (formerly E.ON Värmekraft Sverige AB) with effect as of 24.06.2014.

14 liquidated on 21.04.2015, assets transferred to OAO E.ON Russia.

15 contributed to ENEVA S.A. (formerly MPX Energia S.A.) on 31.10.2015

This is a non binding convenience translation.

Only the German version of the combined financial statements is binding.

Independent Auditor's Report

To Uniper AG, Düsseldorf

We have audited the accompanying combined financial statements, which comprise the combined balance sheet as at December 31, 2015, 2014 and 2013, the combined statement of income, combined statement of recognized income and expenses, the changes in equity (net assets) and combined cash flows for the years then ended and the notes to the combined financial statements, prepared by Uniper AG, Düsseldorf, (formerly E.ON Kraftwerke GmbH, Hannover) ("Uniper AG") for the business of Uniper AG of E.ON SE Group as described in Notes 1 and 2 of the notes to the combined financial statements ("Uniper Business").

Management's Responsibility for the Combined Financial Statements

Uniper AG's management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, as well as for such internal control as management determines is necessary to enable the preparation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Uniper Business as at December 31, 2015, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Emphasis of Matter

Without modifying our opinion, we draw attention to the fact that, as described in Note 2 of the notes to the combined financial statements, the Uniper Business included in the combined financial statements has not operated as a separate group of entities. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the Uniper Business had been a separate stand-alone group of entities during the years presented or of future results of the Uniper Business.

Düsseldorf, 31 March 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Dittmann
Wirtschaftsprüfer

Aissata Touré
Wirtschaftsprüferin

**Annual Financial Statements of Uniper AG
(formerly E.ON Kraftwerke GmbH)(HGB) for the
fiscal year ending on December 31, 2015**

Uniper AG

Balance Sheet as of December 31, 2015

Assets

in € million

	Note	Dec. 31, 2015	Dec. 31, 2014
Fixed assets			
Intangible fixed assets		0.0	30.5
Tangible fixed assets		0.0	2,625.4
Long-term financial assets	(1)		
Shares in affiliated companies		4,367.4	796.9
Other long-term financial assets		0.0	74.2
		4,367.4	3,527.0
Current assets			
Inventories		0.0	204.6
Receivables and other assets	(2)	787.6	3,739.4
Bank balances	(3)	1.1	(€1.8 thousand)
		788.7	3,944.0
Prepaid expenses		0.0	191.5
Excess of plan assets over pension liability		0.0	11.0
		5,156.1	7,673.5

Equity and liabilities

in € million

		Dec. 31, 2015	Dec. 31, 2014
Equity			
Subscribed capital	(4)	283.4	283.4
Capital reserves	(5)	4,068.1	5,113.2
Revenue reserves	(6)	15.8	15.8
		4,367.3	5,412.4
Grants		0.0	3.5
Provisions	(7)	0.1	1,341.3
Liabilities			
Trade payables		0.0	72.7
Liabilities to affiliated companies	(8)	788.7	743.2
Other liabilities		0.0	32.6
		788.7	848.5
Deferred income		0.0	67.8
		5,156.1	7,673.5

Uniper AG

Income Statement from January 1 to December 31, 2015

in € million	Note	2015	2014
Sales		0.0	2,265.7
Other own work capitalized		0.0	2.1
Other operating income		0.0	413.9
Cost of materials		0.0	-1,558.4
Personnel expenses		0.0	-303.1
Depreciation, amortization and write-downs		0.0	-75.3
Other operating expenses	(9)	-0.1	-180.8
Investment income	(10)	787.6	35.2
Interest income and expense	(11)	0.1	-32.6
Write-downs of long-term financial assets		0.0	-142.0
Result from ordinary activities		787.6	424.7
Net income for the year before profit transfer		787.6	424.7
Profit transferred on the basis of a profit transfer agreement	(12)	787.6	424.7
Net income for the year		0.0	0.0

Uniper AG

Cash flow statement for the period from January 1 to December 31, 2015

		in € million ¹
1.	Net income or loss for the period (net income for the year)	787.60
2.	+/- Amortisation/depreciation/write-downs and write-ups of fixed assets	—
3.	+/- Increase/decrease in provisions	0.10
4.	+/- Other non-cash expenses/income	—
5.	-/+ Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	—
6.	+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	—
7.	-/+ Gains/losses on the disposal of fixed assets	—
8.	+/- Interest expenses/interest income	-0.10
9.	- Other income from equity investments	-787.60
10.	+/- Expenses/income from extraordinary items	—
11.	+ Proceeds from extraordinary items	—
12.	= Cash flows from operating activities (total of items 1 to 11)	—
13.	+ Proceeds from the disposal of intangible fixed assets	—
14.	- Payments for investments in tangible fixed assets	—
15.	+ Proceeds from the disposal of long-term financial assets	—
16.	- Payments for investments in long-term financial assets	—
17.	+ Interest received	—
18.	+ Dividends received	—
19.	- Payments for loss absorption	—
20.	+ Proceeds from profit transfer agreements	—
21.	= Cash flows from investing activities (total of items 12 to 19)	—
22.	- Interest paid	—
23.	- Dividends paid	—
24.	+/- Changes from Group financing activities ²	1.10
25.	= Cash flows from financing activities (total of items 21 to 23)³	1.10
26.	Net change in cash funds (total of items 11, 20 and 25)	1.10
27.	+ Cash and cash equivalents at beginning of period	—
28.	= Cash funds at end of period (total of items 26 to 27)	1.10
29.	Cash funds as reported on the balance sheet	1.10

1 Presentation adjusted by hive down effects (see notes)

2 Includes changes from cash pooling with affiliated companies

3 The withdrawal from capital reserves in the amount of €3,999 million is not included in the cash flow statement since that amount was offset against receivables from shareholders

Uniper AG

Statement of changes in equity for the period from January 1 to December 31, 2015

	in €mn	
	2015	2014
Subscribed capital		
Balance at 1 January	283.4	283.4
+ Capital increase	(+€1 thousand)	—
Balance at 31 December	283.4	283.4
Capital reserves		
Balance at 1 January	5,113.2	5,113.2
./ Withdrawal from capital reserves		
within the meaning of section 272 (2) no. 4 HGB	3,999.3	—
+ Increase of capital reserves		
within the meaning of section 272 (2) no. 1 HGB	2,954.2	—
Balance at 31 December	4,068.1	5,113.2
Revenue reserves		
Balance at 1 January	15.8	15.8
Balance at 31 December	15.8	15.8

Uniper AG, Düsseldorf
Notes for fiscal year 2015 (January 1 to December 31, 2015)

A. Preliminary Remarks

The E.ON Group is currently undergoing a reorganization under the project “One2Two”, in which the business areas European and international Power Generation, Global Energy Trading and Exploration & Production are to be transferred to an independent company (Uniper AG), with the majority of the shares being issued to the shareholders of E.ON SE in the course of a spin-off. In fiscal year 2015, the first steps of the reorganization were implemented at the level of Uniper AG (UAG; formerly E.ON Kraftwerke GmbH).

In this context, the assets and liabilities relating to the business of E.ON Kraftwerke GmbH (EKW) were hived down in a first step to Uniper Holding GmbH (UHG) on the basis of the Hive down and Transfer Agreement dated August 26, 2015, and subsequently to Uniper Kraftwerke GmbH (UKW, formerly E.ON 18. Verwaltungs GmbH) as part of a chained hive down (*Kettenausgliederung*) for the purposes of absorption within the meaning of section 123 (3) no. 1 of the German Transformation Act (*Umwandlungsgesetz*, “UmwG”), in each case in application of book value accounting in accordance with section 24 of the UmwG. January 1, 2015 was set as the hive down date. The hive down was registered in the commercial register on September 25, 2015.

In addition, on the basis of the Hive down Agreements I and II dated September 29, 2015 and with effect from October 1, 2015, certain equity interests and agreements were hived down and transferred from E.ON Beteiligungen GmbH (EOB) to UAG as part of a chained hive down (Hive down Agreement I) and subsequently from UAG to UHG (Hive down Agreement II.) The hive down was entered into the commercial register on November 16, 2015.

Due to the hive down process described above, prior-year figures are not comparable to those of the current fiscal year. In fiscal year 2015, UAG initially operated under the name E.ON Kraftwerke GmbH. By a resolution of the shareholders’ meeting on November 23, 2015, EKW was renamed Uniper AG in the course of a change of legal form. The change was registered in the commercial register on December 18, 2015.

Annual financial statements

The 2015 annual financial statements were prepared in accordance with the accounting principles set out in the German Commercial Code (*Handelsgesetzbuch*, “HGB”), the German Stock Corporation Act (*Aktiengesetz*, “AktG”) and the German Energy Industry Act (*Energiewirtschaftsgesetz*, “EnWG”).

UAG is a micro corporation (*Kleinstkapitalgesellschaft*) which, subsequent to the implementation of the hive downs of the assets and liabilities relating to EKW’s business operations as described in the foregoing, exercises the executive functions of a holding company. The notes to the annual financial statements were prepared in accordance with section 288 (1) of the HGB and section 274a of the HGB, with certain exemptions for small corporations having been exercised. The exemptions for micro corporations were not exercised. Unless otherwise specified, figures are presented in millions of euros (€ million). The accounting policies applied in the previous year were retained in the year under review. To enhance the clarity of presentation, the statutory disclosures on the items of the balance sheet and the income statement as well as the information that can be disclosed optionally in the balance sheet or the income statement, or in the notes to the annual financial statements, are disclosed in full in the notes to the annual financial statements. Individual items that have been combined in the balance sheet or income statement are broken down in the notes to the financial statements. The fiscal year corresponds to the calendar year.

The income statement has been prepared using the nature of expense method.

Group affiliation

In accordance with section 291 of the HGB, UAG is exempt from the requirement to prepare consolidated financial statements as well as a group management report in accordance with sections 290 et seq of the HGB.

UAG and its subsidiaries are included in the consolidated financial statements of E.ON SE, Düsseldorf (HRB 69043), which provide the basis for the exemption. E.ON SE is the parent company that prepares the consolidated financial statements and the group management report for the largest

and smallest group of companies. In accordance with section 325 HGB, the consolidated financial statements and the group management report are submitted electronically to the operator of the Federal Gazette (*Bundesanzeiger*), where they are made public. These documents can be accessed online under www.bundesanzeiger.de or www.eon.com.

E.ON SE prepares the consolidated financial statements in accordance with section 315a HGB and with those International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Commission whose application in the European Union was mandatory as of December 31, 2015.

B. General Accounting Policies

ASSETS

Fixed assets

Long-term financial assets are recorded at cost, taking into account the principle of lower of cost or market value.

Fixed assets are written down if the carrying amount calculated in accordance with the above principles is higher than the fair value on the reporting date.

Current assets

Receivables and all miscellaneous other assets as well as cash-in-hand and bank balances are measured at their principal amounts. Appropriate valuation allowances are recognized for identifiable default risks.

EQUITY AND LIABILITIES

Equity

The subscribed capital is carried at the nominal amount of the share capital.

Provisions

Provisions include all identifiable risks and uncertain obligations. They are recognized at the necessary settlement amount dictated by prudent business judgment.

Liabilities

Liabilities are carried at their settlement amount as of the reporting date.

C. Balance Sheet Disclosures

UAG's balance sheet for the previous year ended December 31, 2014, adjusted for the assets and liabilities transferred with retroactive economic effect as of January 1, 2015, simplified and compared with the balance sheet as of December 31, 2015 were as follows:

Balance Sheet	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014 pro forma
	€ million	€ million	€ million
Fixed assets			
Intangible fixed assets	0.0	30.5	0.0
Tangible fixed assets	0.0	2,625.4	0.0
Long-term financial assets			
Shares in affiliated companies	4,367.4	796.9	1,413.1
Other long-term financial assets	0.0	74.2	0.0
Current assets			
Inventories	0.0	204.6	0.0
Receivables and other assets	787.6	3,739.4	3,999.3
Bank balances	1.1	(€1.8 thousand)	0.0
Prepaid expenses	0.0	191.5	0.0
Excess of plan assets over pension liability	0.0	11.0	0.0
Total assets	5,156.1	7,673.5	5,412.4
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014 pro forma
	€ million	€ million	€ million
Equity			
Subscribed capital	283.4	283.4	283.4
Capital reserves	4,068.1	5,113.2	5,113.2
Revenue reserves	15.8	15.8	15.8
Liabilities			
Grants	0.0	3.5	0.0
Provisions	0.1	1,341.3	0.0
Liabilities	788.7	848.5	0.0
Deferred income	0.0	67.8	0.0
Total equity and liabilities	5,156.1	7,673.5	5,412.4

(1) Long-term financial assets

Long-term financial assets increased by a total of €3,496.3 million year on year.

The increase in long-term financial assets resulted on the one hand from the transactions on the basis of the Hive down and Transfer Agreement dated August 26, 2015, which resulted in an increase in the carrying amount of UAG's equity investment in UHG as consideration for the transferred assets and liabilities. On the other hand, long-term financial assets increased with effect from October 1, 2015 due to the transfer of further equity investments pursuant to the Hive down and Transfer Agreement dated September 29, 2015.

The equity investments in the amount of 77.49% in Rhein-Main-Donau AG (RMD), 100% in Uniper Global Commodities SE (formerly E.ON Global Commodities SE), 100% in Uniper Generation GmbH (formerly E.ON Generation GmbH) and 100% in Uniper Technologies GmbH (formerly E.ON Technologies GmbH) were transferred.

The list of shareholdings of UAG is as follows:

List of shareholdings pursuant to section 285 no. 11 of the HGB (as of December 31, 2015)

<u>Name</u>	<u>Country</u>	<u>Registered office</u>	<u>Interest in capital in %</u>	<u>Equity (2015) in € million</u>	<u>Net profit/loss (2015) in € million</u>
Directly affiliated companies					
Uniper Holding GmbH ^{1), 4)}	DE	Düsseldorf	46.65	11,190.96	—
Indirectly affiliated companies					
E.ON Global Commodities SE (since 2016: Uniper Global Commodities SE) ^{2), 4)}	DE	Düsseldorf	100	2,329.00	—
E.ON Trend s.r.o. (since 2016: Uniper Trend s.r.o.) ²⁾	CZ	České Budějovice	100	4,382.52	-48.27
Sydkraft AB ²⁾	SE	Skåne	100	3,123.19	0.06
E.ON Exploration & Production GmbH (since 2016: Uniper Exploration & Production GmbH) ^{2), 3), 4)}	DE	Düsseldorf	100	1,693.64	—
Uniper Kraftwerke GmbH ^{2), 4)}	DE	Düsseldorf	100	1,413.17	—
UNIPER UK Limited ²⁾	UK	Coventry	100	—	—
DD Brazil Holdings S.à r.l. ²⁾	LU	Luxembourg	100	260.37	-408.82
E.ON Technologies GmbH (since 2016: Uniper Technologies GmbH) ^{2), 4)}	DE	Gelsenkirchen	100	76.56	—
E.ON Benelux Holding b.v. (since 2016: Uniper Benelux Holding B.V.) ²⁾	NL	Rotterdam	100	197.53	-230.91
Rhein-Main-Donau Aktiengesellschaft ²⁾	DE	Munich	77.49	110.17	—
E.ON Global Commodities North America LLC (since 2016: Uniper Global Commodities North America LLC) ²⁾	US	Wilmington	80	31.53	3.20
E.ON Risk Consulting GmbH (since 2016: Uniper Risk Consulting GmbH) ²⁾	DE	Düsseldorf	100	14.05	2.25
Ergon Holdings Ltd ²⁾	MT	St. Julians	100	153.23	0.20
E.ON France S.A.S. (since 2016: Uniper France S.A.S.) ²⁾	FR	Paris	97.88	36.16	-561.92
E.ON Generation GmbH (since 2016: Uniper Generation GmbH) ^{2), 4)}	DE	Hanover	100	0.03	—
E.ON Perspekt GmbH ²⁾	DE	Düsseldorf	30	0.03	—
Energie-Pensions-Management GmbH ²⁾ ...	DE	Hanover	30	0.03	0

1) 51% voting rights

2) Share of Uniper Holding GmbH

3) Section 264 (3) of the HGB applied for the company

4) Profit and loss transfer agreement (Profit/loss after profit/loss transfer)

(2) Receivables and other assets

	<u>Dec. 31, 2015</u>		<u>Dec. 31, 2014</u>	
	<u>Total</u>	<u>due after more than one year</u>	<u>Total</u>	<u>due after more than one year</u>
	<u>(in € millions)</u>	<u>(in € millions)</u>	<u>(in € millions)</u>	<u>(in € millions)</u>
Trade receivables	0.0	0.0	112.0	86.8
Receivables from affiliated companies	787.6	0.0	3,570.2	41.6
<i>of which from the shareholder</i>	0.0	0.0	(203.3)	(0.0)
Other assets	0.0	0.0	57.2	0.0
	787.6	0.0	3,739.4	128.4

Receivables of €787.6 million resulted from a profit and loss transfer agreement entered into with UHG.

(3) Bank balances

Cash as of December 31, 2015 consisted entirely of bank balances.

(4) Subscribed capital

The share capital is divided into 283,445,000 registered shares and amounts to €283,445,000. The share capital was paid in in accordance with the aforementioned hive down agreements.

To implement the hive down, the share capital of the acquiring legal entity UAG of €283,444,000 was increased by €1,000 to €283,445,000 through the creation of 1,000 new shares.

(5) Capital reserves

Capital reserves amounted to €4,068.1 million and developed as follows:

During the year under review, by virtue of the shareholder resolution dated September 28, 2015, UAG resolved to distribute €3,999.3 million to EOB by way of a transfer from reserves. The corresponding amount of capital reserves were released accordingly (section 272 (2) no. 4 of the HGB).

On the basis of Hive down Agreements I and II, the capital reserves were increased in a subsequent step (section 272 (2) no. 1 of the HGB) by €2,954.2 million.

(6) Revenue reserves

As in the previous year, revenue reserves amounted to €15.8 million. These consisted exclusively of other revenue reserves (section 272 (3) sentence 2 of the HGB).

(7) Provisions

Provisions consisted of costs of the formation audit, the audit of the annual financial statements and outstanding invoices.

(8) Liabilities

	Dec. 31, 2015			Dec. 31, 2014		
	Total	due after less than one year	due after more than 5 years	Total	due after less than one year	due after more than 5 years
	(in € millions)	(in € millions)	(in € millions)	(in € millions)	(in € millions)	(in € millions)
Trade payables	0.0	0.0	0.0	72.8	71.4	0.3
Liabilities to affiliated companies	788.7	788.7	0.0	703.9	703.6	0.3
<i>of which liabilities to the shareholder</i>	<i>(787.6)</i>	<i>(787.6)</i>	<i>0.0</i>	<i>(430.6)</i>	<i>(430.6)</i>	<i>(0.0)</i>
Liabilities to other long-term investees and investors	0.0	0.0	0.0	39.2	39.2	0.0
Other liabilities	0.0	0.0	0.0	32.6	26.4	0.3
<i>of which taxes</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>(5.3)</i>	<i>(5.3)</i>	<i>(0.0)</i>
<i>of which social security</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>(2.2)</i>	<i>(2.2)</i>	<i>(0.0)</i>
	788.7	788.7	0.0	848.5	840.6	0.9

Liabilities resulted primarily from liabilities from profit transfer to EOB amounting to €787.6 million (previous year: €424.7 million) and from the cash pooling agreement with E.ON SE amounting to €1.1 million.

D. Income Statement Disclosures

(9) Other operating expenses

Other operating expenses in the year under review amounted to €0.1 million (previous year: €0.2 million) and included audit and consulting expenses in connection with the hive downs and costs of preparing the annual financial statements.

(10) Investment income

Investment income in the fiscal year ended amounted to €787.6 million (previous year: €35.2 million) and resulted in the year under review from the income from the profit and loss transfer agreement with UHG and thus in the full amount from affiliated companies.

(11) Interest income and expense

In fiscal year 2015, UAG reported net interest income of €0.1 million (previous year: net income expense of €32.6 million), which was realized almost exclusively from affiliated companies (previous year: €41.0 million).

(12) Profit transferred on the basis of a profit transfer agreement

For the fiscal year ended, UAG reported €787.6 million in profit to be transferred to EOB (previous year: €424.7 million).

Other disclosures

The members of the Supervisory Board did not receive any remuneration during the fiscal year.

The members of the Board of Management are employed at E.ON SE and its subsidiaries and did not receive any remuneration, loans or advances from the Company.

The audit fees and the remuneration for members of the Board of Management are not disclosed since this information is included in the notes to the consolidated financial statements of E.ON SE.

The members of the Supervisory Board and the Board of Management are listed in Appendix 1, which forms an integral component of these notes.

Significant transactions with affiliated or associated companies (section 6b (2) of the EnWG)

During the fiscal year, prior to the hive down of the assets and liabilities relating to the business of EKW, UAG served as the operator of generation assets and thus fell under the scope of application of section 6b of the EnWG in fiscal year 2015.

Significant contractual relations existed in particular with E.ON SE in relation to the investment and borrowing of cash funds (cash pooling agreement). Liabilities under this agreement in the amount of €1.1 million were recognized as of the reporting date. During the year under review, net interest income of €0.1 million was realized from E.ON SE.

There is a control and profit and loss transfer agreement with EOB, which resulted in €787.6 million in liabilities.

There is a control and profit and loss transfer agreement with UHG, which resulted in €787.6 million in receivables.

Düsseldorf, April 7, 2016

Uniper AG

The Board of Management

Klaus Schäfer

Christopher Delbrück

Eckhardt Rümmler

Keith Martin

Annex 1

Overview Management Board and Supervisory Board

Management Board of/Management of Uniper AG

Klaus Schäfer (since December 30 th 2015)	Chairman of the management board Chief Executive Officer
Christopher Delbrück (since December 30 th 2015)	Member of management board Chief Financial Officer
Eckhardt Rümmler (since December 30 th 2015)	Member of the management board Chief Operating Officer
Keith Martin (since March 1 st 2016)	Member of the management board Chief Commercial Officer
Marc Hoffmann (from December 18 th to December 29 th 2015)	Member of the management board Senior Vice President Risk, Accounting & Controlling E.ON SE
Dr. Christoph Radke (from December 18 th to December 29 th 2015)	Member of the management board Vice President Legal & Compliance E.ON SE
Dirk Jost (until December 17 th 2015)	Chairman of the management board E.ON Kraftwerke GmbH
Dr. Ulf Klostermann (until December 17 th 2015)	Member of the management board E.ON Kraftwerke GmbH

Supervisory Board of Uniper AG

Dr. Bernhard Reutersberg (since December 18 th 2015)	Chairman of the supervisory board Chief Markets Officer E.ON SE
Dr. Johannes Teyssen (since December 18 th 2015)	Member of the supervisory board Chief Executive Officer E.ON SE
Michael Sen (since December 18 th 2015)	Member of the supervisory board Chief Financial Officer E.ON SE
Eckhardt Rümmler (from March 1 st to November 3 rd 2015)	Chairman of the supervisory board Chief Operating Officer Uniper AG
Dr. Bernhard Fischer (until February 28 th 2015)	Chairman of the supervisory board formerly managing director Generation GmbH
Dr. Walter Hohlefelder (until February 28 th 2015)	Member of the supervisory board former member of the supervisory board E.ON Energie AG
Hermann Ikemann (until February 28 th 2015)	Member of the supervisory board former Global Head of Employee Relations & Labor Law E.ON SE
Dirk Steinheider (until February 28 th 2015)	Member of the supervisory board former managing director E.ON Generation GmbH

Claus-Christian Gleimann
(from March 1st to November 3rd 2015)

Member of the supervisory board
Director Employee Relations / Labor Law
E.ON SE

Michael Kamsteeg
(from March 1st to November 3rd 2015)

Member of the supervisory board
Managing director
Uniper Kraftwerke GmbH

Dr. Ingo Luge
(until November 3rd 2015)

Member of the supervisory board
Chairman of management board E.ON
Deutschland
E.ON SE

Dr. Michael Moser
(from March 1st to November 3rd 2015)

Member of the supervisory board
Project leader transaction "One2two", M & A
Legal
E.ON SE

Dr. Nanna Rapp
(until November 3rd 2015)

Member of the supervisory board
Managing Director
E.ON Inhouse Consulting GmbH

Dr. Marc Spieker
(until November 3rd 2015)

Member of the supervisory board
Head of Investor Relations
E.ON SE

Jörn Becker
(from October 6th to November 3rd 2015)

Member of the supervisory board
Senior Vice President
Corporate & Governance
Uniper AG

Dr. Patrick Wolff
(until October 5th 2015)

Member of the supervisory board
Executive Vice President Legal & Compliance
Uniper AG

Holger Grzella
(until September 25th 2015)

Member of the supervisory board
Chairman of the work council of
Kraftwerkgruppe West
Uniper Kraftwerke GmbH

Anton Baumgartner
(until September 25th 2015)

Member of the supervisory board
Head of Management Isar
Uniper Kraftwerke GmbH

Alexander Gröbner
(until September 25th 2015)

Member of the supervisory board
Area managing director District Oberpfalz
ver.di

Matthias Hube
(until September 25th 2015)

Member of the supervisory board
Head of power plant Maasvlakte
Uniper Kraftwerke GmbH

Josef Irlsberger
(until September 25th 2015)

Member of the supervisory board
Chairman of work council River Group Lech
Uniper Kraftwerke GmbH

Peter Obramski
(until September 25th 2015)

Member of the supervisory board
Head of district Ruhr-Mitte
IG mining, chemical and energy

Andreas Reichwald
(until September 25th 2015)

Member of the supervisory board
Chairman of the work council centre Hanover
Uniper Kraftwerke GmbH

Eberhard Schomburg
(until September 25th 2015)

Member of the supervisory board
Chairman of sector works council
Uniper Kraftwerke GmbH

Annex 2

Statement of changes in fixed assets

in € million	as of Jan. 1, 2015	Cost		as of Dec. 31, 2015	Depreciation, amortization and write-downs		Carrying amounts	
		Additions	Disposals		as of Jan. 1, 2015	Disposals	as of Dec. 31, 2015	as of Dec. 31, 2014
Intangible fixed assets								
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	150.8	0.0	150.8	0.0	120.3	120.3	0.0	30.5
	150.8	0.0	150.8	0.0	120.3	120.3	0.0	30.5
Tangible fixed assets								
Land, land rights and buildings, including buildings on third-party land	869.9	0.0	869.9	0.0	549.9	549.9	0.0	320.0
Technical equipment and machinery	6,526.2	0.0	6,526.2	0.0	5,996.0	5,996.0	0.0	530.2
Other equipment, operating and office equipment	86.6	0.0	86.6	0.0	72.4	72.4	0.0	14.2
Prepayments and assets under construction	1,761.0	0.0	1,761.0	0.0	0.0	0.0	0.0	1,761.0
	9,243.7	0.0	9,243.7	0.0	6,618.3	6,618.3	0.0	2,625.4
Long-term financial assets								
Shares in affiliated companies	1,646.3	4,367.4	1,646.3	4,367.4	849.4	849.4	4,367.4	796.9
Loans to affiliated companies	62.3	0.0	62.3	0.0	0.0	0.0	0.0	62.3
Equity investments	19.5	0.0	19.5	0.0	7.8	7.8	0.0	11.7
Other loans	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.2
	1,728.3	4,367.4	1,728.3	4,367.4	857.2	857.2	4,367.4	871.1
	11,122.8	4,367.4	11,122.8	4,367.4	7,595.8	7,595.8	4,367.4	3,527.0

Auditor's Report

To Uniper AG, Düsseldorf

We have audited the annual financial statements - comprising the balance sheet, the income statement, the notes to the financial statements, the cash flow statement and the statement of changes in equity - together with the bookkeeping system of Uniper AG, Düsseldorf, for the business year from January 1 to December 31, 2015. According to section 6b (5) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law, as well as the observance of the obligations pursuant to section 6b (3) EnWG are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, as well as the observance of obligations for the accounting according to section 6b (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material respects, the obligations pursuant to section 6b (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements, as well as the observance of obligations for the accounting according to section 6b (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and assessing whether the amounts stated and the classification of accounts in accordance with section 6b (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit of the annual financial statements, together with the bookkeeping system, has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting.

The audit of the observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG, has not led to any reservations.

We issue this auditor's report pursuant to our statutory audit conducted on February 19, 2016, and our supplementary audit conducted in respect of the supplement of the annual financial statements by a cash flow statement and a statement of changes in equity as well as the amendment of the disclosures on shareholdings pursuant to section 285 no. 11 HGB. Our supplementary audit has not led to any reservations.

Hanover, February 19, 2016

Restricted to the aforementioned amendments: April 8, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Sven Rosorius
Wirtschaftsprüfer

Thorsten Wesch
Wirtschaftsprüfer

**Annual Financial Statements of E.ON Kraftwerke GmbH (HGB)
for the fiscal year ending on December 31, 2014**

E.ON Kraftwerke GmbH, Hanover

Balance Sheet

Assets

in € million

	Note	Dec. 31, 2014	Dec. 31, 2013
Fixed assets			
Intangible fixed assets	(1)	30.5	32.2
Tangible fixed assets	(1)	2,625.4	2,365.2
Long-term financial assets	(2)		
Shares in affiliated companies		796.9	879.4
Other long-term financial assets		74.2	78.7
		3,527.0	3,355.5
Current assets			
Inventories	(3)	204.6	253.0
Receivables and other assets	(4)	3,739.4	3,921.8
Cash	(5)	(€ 1.8 thousand)	0.3
		3,944.0	4,175.1
Prepaid expenses	(6)	191.5	200.6
Excess of plan assets over pension liability	(7)	11.0	15.0
		7,673.5	7,746.2

Equity and liabilities

in € million

	Note	Dec. 31, 2014	Dec. 31, 2013
Equity	(8)		
Subscribed capital		283.4	283.4
Capital reserves		5,113.2	5,113.2
Revenue reserves		15.8	15.8
		5,412.4	5,412.4
Grants	(9)	3.5	20.9
Provisions	(10)	1,341.3	1,435.8
Liabilities	(11)	848.5	690.5
Deferred income	(12)	67.8	186.6
		7,673.5	7,746.2

E.ON Kraftwerke GmbH, Hanover

Income Statement

in € million	Note	2014	2013
Sales	(15)	2,265.7	2,706.5
Increase or decrease in stock of finished goods and work in progress		0.0	-0.4
Other own work capitalized		2.1	1.9
Other operating income	(16)	413.9	236.7
Cost of materials	(17)	1,558.4	1,832.3
Personnel expenses	(18)	303.1	296.9
Depreciation, amortization and write-downs	(19)	75.3	81.4
Other operating expenses	(20)	180.8	254.0
Investment income	(21)	35.2	27.0
Interest income and expense	(22)	-32.6	-23.4
Write-downs of long-term financial assets	(23)	142.0	233.9
Result from ordinary activities		424.7	249.8
Extraordinary result	(24)	0.0	-32.4
Taxes on income and profit	(25)	(€ -1.6 thousand)	(€ -19 thousand)
Net income for the year before profit transfer		424.7	217.4
Profit transferred on the basis of a profit transfer agreement	(26)	424.7	217.4
Net income for the year		0.0	0.0

E.ON Kraftwerke GmbH, Hanover

Notes

A. Preliminary Remarks

Annual financial statements

The annual financial statements have been prepared in accordance with the accounting principles for large corporations set out in the German Commercial Code (*Handelsgesetzbuch*, “HGB”), the German Limited Liability Companies Act (*GmbH-Gesetz*, “GmbHG”) and the German Energy Industry Act (*Energiewirtschaftsgesetz*, “EnWG”). The income statement has been prepared using the nature of expense method. Unless otherwise specified, figures are presented in millions of euros (€ million). The accounting policies applied in the previous year were retained in the year under review.

To enhance the clarity of presentation, the statutory disclosures on the items of the balance sheet and the income statement as well as the information that can be disclosed optionally in the balance sheet or the income statement, or in the notes to the annual financial statements, are disclosed in full in the notes to the annual financial statements. Individual items that have been combined in the balance sheet or income statement are broken down in the notes to the financial statements. The fiscal year corresponds to the calendar year.

Group affiliation

In accordance with section 291 of the HGB, E.ON Kraftwerke GmbH is exempt from the requirement to prepare consolidated financial statements and a group management report in accordance with sections 290 et seq of the HGB.

E.ON Kraftwerke GmbH and its subsidiaries are included in the consolidated financial statements of E.ON SE, Düsseldorf (HRB 69043), which provide the basis for the exemption. E.ON SE is the parent company that prepares the consolidated financial statements and the group management report for the largest and smallest group of companies. In accordance with section 325 of the HGB, the consolidated financial statements and the group management report are submitted electronically to the operator of the Federal Gazette (*Bundesanzeiger*), where they are made public. These documents can be accessed online under www.bundesanzeiger.de or www.eon.com.

Pursuant to section 315a of the HGB, E.ON SE prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Commission for use in the European Union.

B. General Accounting Policies

ASSETS

Fixed assets

Purchased intangible and tangible fixed assets are measured at cost less depreciation and amortization, to the extent that these have a finite useful life. Both the straight-line and declining balance methods of depreciation are used. The retention option in accordance with article 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, “EGHGB”) was exercised and the declining balance method retained for assets already held as of January 1, 2010 and depreciated using the declining balance method. Additions from fiscal year 2010 onwards are exclusively depreciated on a straight-line basis in accordance with the expected useful life.

Depreciation of tangible fixed assets is generally based on the following useful lives:

- Intangible fixed assets 3 to 91 years
(rights of water use based on individual agreements)
- Buildings, including buildings on third-party land 10 to 60 years
- Technical equipment and machinery 8 to 40 years
- Other equipment, operating and office equipment 3 to 20 years

The production costs of internally generated tangible fixed assets include directly attributable production and material costs, as well as an appropriate share of indirect material costs, indirect production costs, and depreciation of fixed assets. The production costs for the Pleinting plant include borrowing costs.

Due to their negligible significance, finite-lived assets costing between €150 and €1,000 are combined and reported as a single item, and are depreciated over five years on a straight-line basis. Finite-lived assets costing less than €150 are expensed in full in the year of acquisition.

Long-term financial assets are recorded at cost, taking into account the principle of lower of cost or market value.

Interest-bearing loans are carried at their principal amount; non- or low-interest-bearing loans are carried at their present value.

Fixed assets are written down if the carrying amount calculated in accordance with the above principles is higher than the fair value on the reporting date.

Current assets

Inventories are measured at the lower of cost, market value or fair value. Raw materials, consumables and supplies are generally measured at the lower of average amortized or market prices.

Emission rights are recognized on the date of issue or acquisition. 565,302 certificates were issued to the Company free of charge in the fiscal year. Certificates are only measured if there is a purchase price. The Company holds 1.7 million certificates. The fair value of each certificate was €6.54 per ton of CO₂ as of the reporting date (Carbix).

Receivables and all miscellaneous other assets as well as cash-in-hand and bank balances are measured at their principal amounts. Appropriate valuation allowances are recognized for identifiable default risks.

Plan assets

The obligations to employees arising from occupational pension and partial retirement schemes are covered by corresponding funds invested in fund units and fixed-term deposits; in addition, there are claims from reinsured pension obligations against Versorgungskasse Energie VVaG, Hanover (VKE). The fund units are managed in trust on behalf of EKW by E.ON Pension Trust e.V. and by Pensionsabwickelungstrust e.V., both domiciled in Düsseldorf, and the fixed-term deposits for partial retirement schemes are managed in trust on behalf of EKW by Energie-Sicherungstreuhand e.V., Hanover. The relevant assets are ringfenced from all other creditors.

Plan assets are measured at fair value and are offset against the respective underlying obligations in accordance with section 246 (2) of the HGB. The associated expenses and income from interest effects and from the assets to be offset are treated in the same way. The resulting accumulated benefit obligation is reported under provisions. The fair value of the plan assets exceeding the obligation is recognized under "Excess of plan assets over pension liability" on the assets side of the balance sheet.

EQUITY AND LIABILITIES

Provisions

(Provisions for pensions and similar obligations)

Pensions and similar obligations are measured using the internationally recognized projected unit credit method. According to this method, pension obligations are calculated on the basis of the pension entitlements as of the reporting date, taking into account future salary increases. Pension obligations are discounted at the average market interest rate for the past seven years published by the Deutsche Bundesbank assuming a remaining maturity of 15 years. Salary and pension trends are also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables. The retirement age for measurement purposes is generally the earliest possible age limit under the statutory retirement pension system in Germany, taking into account the provisions of the Act to Adapt the Standard Retirement Age (*RV-Altersgrenzenanpassungsgesetz*) dated April 20, 2007. The contractually agreed retirement age is taken into account for employees who have signed early retirement or partial retirement agreements. Fluctuation probabilities are also applied.

Effective December 31, 2006, MEON assumed the obligation to settle the Company's benefit obligations to current employees and their surviving dependents as the debtor by way of an agreement on the assumption of debt. MEON internally indemnifies the Company against the benefit obligations set out in this agreement. In return for this indemnification, the Company has transferred assets of an equivalent value to MEON. Indemnification receivables are measured in the same way as the underlying benefit obligations.

Indemnification receivables are offset openly against pension provisions.

In 2014, EKW established a further Contractual Trust Arrangement (CTA) in order to protect the pension claims. To that end, the Company entered into a trust agreement with the independent trustees E.ON Pension Trust e.V. (administrative trustee) and Pensionsabwicklungstrust e.V. (security trustee) and pledged €121.1 million to the security trustee as collateral. The administrative trustee manages the assets. EKW remains liable for the direct pension commitments. This CTA protects the pension obligations arising after December 31, 2006. The pension obligations arising prior to January 1, 2007 have already been transferred to MEON Pensions GmbH & Co. KG (MEON) with effect from December 31, 2006 by way of an agreement on the assumption of debt. For its part, in 2006 MEON also entered into a CTA trust agreement in order to protect payment obligations transferred to it. Accordingly, the administrative trustee must reimburse EKW for future pension obligations arising and settled after December 31, 2006.

The first-time funding of EKW means that as of the reporting date, plan assets of €125.6 million were offset for the first time against pension obligations in accordance with section 246 (2) of the HGB. The fair value of the plan assets exceeds their cost by €4.5 million. This additional amount is covered by sufficient freely available reserves. There are therefore no restrictions on transfers in accordance with section 268 (8) of the HGB.

(Provisions for anniversaries and similar obligations)

Anniversary obligations are also measured using the internationally recognized projected unit credit method. As for pension obligations, the discount rate published by the Deutsche Bundesbank assuming a remaining maturity of 15 years is applied to anniversary and long-service leave obligations as well as to death benefit and benefit in kind obligations. A salary trend is also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables.

(Provisions for partial and early retirement schemes)

Durations of 1.2 years and 3.1 years are assumed for partial retirement and early retirement obligations, respectively. The interest rate applicable to these durations is interpolated on a straight-line basis from the interest rates published by the Deutsche Bundesbank. A salary trend is also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables.

(Miscellaneous other provisions)

Miscellaneous other provisions include all identifiable risks and uncertain obligations. They are recognized at the necessary settlement amount dictated by prudent business judgment. Long-term provisions (with a remaining maturity of over one year) are discounted at the average market interest rate for the past seven years in line with their remaining maturity. Provisions with a remaining maturity of less than one year as of the reporting rate that were originally long-term provisions are also discounted.

Income and expenses from the discounting of provisions and the unwinding of the discount on provisions, as well as from changes to the interest rates, are reported separately under "Other interest and similar income" and "Other interest and similar expenses".

Liabilities

Liabilities are carried at their settlement amount as of the reporting date.

Prepaid expenses and deferred income

Prepaid expenses and deferred income were recognized for expenses and income attributable to future periods.

Foreign currency translation

Receivables and payables denominated in foreign currencies are translated at the middle rate on the date of the transaction. They are subsequently translated at the middle spot rate.

Deferred taxes

Deferred taxes are recognized in the consolidated financial statements of E.ON SE as the tax group parent due to the existing profit transfer agreement.

C. Balance Sheet Disclosures

(1) Intangible and tangible fixed assets

The changes to the individual fixed asset items in 2014 are presented in the statement of changes in fixed assets in Annex 1, which forms part of the notes to the financial statements. All intangible fixed assets have been purchased.

Additions to fixed assets mainly relate to assets in construction as well as power and district heating generation assets.

(2) Long-term financial assets

The list of shareholdings of E.ON Kraftwerke GmbH can be found in Annex 2, which forms part of the notes to the financial statements.

Loans to affiliated companies are exclusively attributable to loans to Kraftwerk Schkopau GbR.

(3) Inventories

<u>in € million</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Raw materials	107.5	153.5
Consumables and supplies	96.3	99.5
Emission rights	0.8	0.0
	<u>204.6</u>	<u>253.0</u>

(4) Receivables and other assets

<u>in € million</u>	<u>Dec. 31, 2014</u>		<u>Dec. 31, 2013</u>	
	<u>Total</u>	<u>due after more than one year</u>	<u>Total</u>	<u>due after more than one year</u>
Trade receivables	112.0	86.8	122.0	84.2
Receivables from affiliated companies ...	3,570.2	41.6	3,759.1	0.0
of which from shareholders	(203.3)	(0.0)	(0.2)	(0.0)
of which trade receivables	(283.9)	(0.0)	(401.8)	(0.0)
of which from allocation and financial transactions	(3,083.0)	(41.6)	(3,357.1)	(0.0)
Receivables from other long-term investees and investors	(€ 3.0 thousand)	0.0	(€ 1.3 thousand)	0.0
Other assets	57.2	0.0	40.7	0.0
	<u>3,739.4</u>	<u>128.4</u>	<u>3,921.8</u>	<u>84.2</u>

Receivables from affiliated companies are mainly due to intragroup cash pooling with E.ON SE, Düsseldorf.

(5) Cash

Cash comprises cash-in-hand.

(6) Prepaid expenses

Prepaid expenses are primarily attributable to contractual payments for energy supply contracts, which are economically attributable to subsequent years and will be recognized over the term of the contract.

(7) Excess of plan assets over pension liability

The offsetting of plan assets as well as the reinsured pension obligation and the outstanding settlement amount from partial retirement arrangements has led to an excess of plan assets over pension liability, which is broken down as follows:

<u>in € million</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Benefit obligations reinsured with VKE		
Settlement amount/pension obligations before offsetting (gross amount)	40.3	27.5
Fair value of plan assets		
Pension liability insurance claims	50.1	39.8
Net amount	9.8	12.3
Outstanding settlement amount from partial retirement arrangements		
Settlement amount	15.9	27.4
Fair value of the plan assets (fixed-term deposits)	17.1	30.1
Net amount	1.2	2.7
Total excess of plan assets over pension liability	11.0	15.0

The fair values of the pension liability insurance claims correspond to the actuarial reserve documented by the insurer and thus their cost. The fair value of the fixed-term deposits is equal to their cost.

(8) Equity

As previously, the Company's subscribed capital amounts to €283.4 million. 100% of the subscribed capital is held by E.ON Beteiligungen GmbH, Düsseldorf.

The revenue reserves relate to other revenue reserves.

(9) Grants

Reversals of €0.4 million were recognized in the year under review. A €17.0 million capital expenditure grant was reclassified under other liabilities due to a different use.

(10) Provisions

<u>in € million</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Provisions for pensions and similar obligations (offset against VKE's reinsurance claims and plan assets)	331.2	407.7
Indemnification claims against MEON	-314.4	-280.3
Remaining provisions for pensions	16.8	127.4
Provisions for taxes	4.1	4.8
Other provisions	1,320.4	1,303.6
	1,341.3	1,435.8

Provisions for pensions and similar obligations cover the benefit obligations to former and current employees. These are partially financed by the employer and partially by the employee as part of a salary sacrifice scheme.

The benefit obligations to retirees, former employees and their surviving dependents at the end of 2006 were transferred to MEON as of December 31, 2006.

Collateral for the obligations from pension commitments has been provided in part in the form of fund units managed in trust by E.ON Pension Trust e.V. and Pensionsabwicklungstrust e.V., both domiciled in Düsseldorf. In part, collateral is provided in the form of pension liability insurance claims

against VKE. The assets invested serve exclusively to satisfy pension obligations and are ringfenced from all other creditors. In accordance with section 246 (2) of the HGB, they must be offset against the respective underlying obligations. The fair values of the plan assets presented in the table below, to the extent these are fund units, were derived as of the reporting date by the management companies on the basis of stock market prices and generally accepted valuation techniques. The fair values of the pension liability insurance claims correspond to the actuarial reserve documented by the insurer and thus their cost.

Of the remaining pension obligations, the pension liability insurance claims are offset as follows:

in € million	Dec. 31, 2014	Dec. 31, 2013
Benefit obligations not reinsured with VKE/via CTA		
Settlement amount	440.2	392.1
Pension obligations before offsetting (gross amount)	442.6	394.1
Fair value of plan assets		
Fund units	125.6	0.0
Net amount	317.0	394.1
Benefits in kind (electricity) (settlement amount)	14.2	13.6
Total provisions	331.2	407.7

The cost of the plan assets (fund units) amounted to €121.1 million (previous year: €0.0 million).

The pension obligations and the provisions for benefits in kind (electricity) reported are offset openly with the indemnification claims against MEON.

The discount rate applied in the discounting of pension obligations was 4.54% p.a. in fiscal year 2014 (previous year: 4.91% p.a.). Furthermore, a salary trend of 2.5% p.a. and a pension trend of 1.75% p.a. (previous year: 2.0% p.a.) were assumed, as in the previous year.

Other provisions mainly comprise provisions for concession obligations, renewal obligations, emissions certificates required, personnel obligations, for environmental improvement and disposal obligations, for expenses in connection with construction projects not eligible for capitalization, as well as for unbilled goods and services.

The higher carrying amount was retained to the extent that the measurement rules set out in section 253 of the HGB that changed as a result of the BilMoG in the year of transition (2010) led to a reversal of other provisions and additions are expected by December 31, 2024 at the latest. The excess amount totaled €83.8 million as of December 31, 2014.

Based on a duration of 1.2 years (previous year: 1.5 years), a discount rate of 2.82% p.a. (previous year: 3.49% p.a.) and, as in the previous year, a salary trend of 2.5% p.a. was applied for partial retirement obligations. Based on a duration of 3.1 years (previous year: 3.4 years), a discount rate of 3.1% p.a. (previous year: 3.74% p.a.) was applied for early retirement obligations and potential obligations. Furthermore, as in the previous year, a salary trend of 2.5% p.a. was assumed.

(11) Liabilities

in € million	Dec. 31, 2014				Dec. 31, 2013	
	Total	Due			Due	
		within 1 year	within 1 to 5 years	after more than 5 years	Total	after more than 1 year
Trade payables	72.8	71.4	1.1	0.3	66.3	1.6
Liabilities to affiliated companies	703.9	703.6	0.0	0.3	575.4	0.3
of which to shareholders	(430.6)	(430.6)	(0.0)	(0.0)	(230.8)	(0.0)
of which trade payables	(231.7)	(231.7)	(0.0)	(0.0)	(268.2)	(0.0)
of which from allocation and financial transactions	(41.6)	(41.3)	(0.0)	(0.3)	(76.4)	(0.3)
Liabilities to other long-term investees and investors	39.2	39.2	0.0	0.0	33.1	0.0
Other liabilities	32.6	26.4	5.9	0.3	15.7	7.5
	848.5	840.6	7.0	0.9	690.5	9.4

Other liabilities relate to tax liabilities in the amount of €5.3 million (previous year: €3.9 million) and social security liabilities in the amount of €2.2 million (previous year: €2.8 million).

(12) Deferred income

This item is mainly attributable to payments received for energy supply contracts, which are economically attributable to subsequent years and will be recognized over the term of the contract.

(13) Contingent liabilities and other financial commitments

Contingent liabilities are as follows:

<u>in € million</u>	<u>Total</u>	<u>Of which attributable to affiliated companies</u>
Contingent liabilities from guarantees	36.0	35.7
Contingent liabilities from warranties	6.3	6.3
	<u>42.3</u>	<u>42.0</u>

Contingent liabilities from warranties also include letters of comfort, parent company guarantees and indemnity agreements, the amount of which cannot be quantified.

The Company's financial guarantees include the liquidity support guarantee to MEON in the amount of €1,131.9 million.

E.ON Kraftwerke GmbH is jointly and severally liable for its equity interests in Kraftwerk Schkopau GbR, Schkopau, Kraftwerk Buer GbR, Gelsenkirchen, as well as Volkswagen AG PreussenElektra AG oHG, Wolfsburg.

Electricity delivery, fuel supply and disposal, and the procurement of electricity are covered by long-term agreements customary to the industry. Other financial commitments relate to the usual commitments arising from rental and lease agreements, from purchase commitments for investments (€616.6 million, of which €70.2 million is attributable to affiliated companies), as well as from loans that have been granted but not yet drawn down.

EKW is obliged to make additional contributions to VKE and VAW-Innwerk Unterstützungsgesellschaft mbH, Bonn, if short-term compensatory payments are required in the case of an asset shortfall.

Under the asset swap agreement between the three E.ON group companies and other external contractual parties dated July 30, 2009, EKW is obliged to pay damages in various cases provided specific conditions have been met. Different time restrictions of up to ten years apply to the assertion of any future claims for damages. This liability to pay compensation is limited to the total purchase price achieved.

Contingent liabilities in accordance with the provisions of the German Reorganization Act (*Umwandlungsgesetz*, "UmwG") are due to the liabilities transferred in connection with reorganizations under company law in previous years.

The risk of utilization is considered low for each of the contingent liabilities. This opinion is based mainly on the credit assessments of the primary liable parties as well as on past experience.

(14) Financial instruments

The Company is exposed to currency risk as part of its business activities. This is managed using a systematic risk management system. As of the reporting date, there were no currency swaps.

D. Income Statement Disclosures

(15) Sales

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Power generation	2,106.6	2,539.7
Management fee	147.6	151.7
Other sales	11.5	15.1
	<u>2,265.7</u>	<u>2,706.5</u>

Sales were generated almost exclusively in Germany.

(16) Other operating income

Other operating income primarily comprises income from recharged goods and services, from recharged personnel and administrative expenses, from the disposal of fixed assets as well as from the reversal of provisions. Significant prior-period income in the amount of €26.2 million was attributable to the reversal of provisions. The item also includes currency translation gains of €29.7 thousand (previous year: €0.9 million).

(17) Cost of materials

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Cost of raw materials, consumables and supplies	1,257.7	1,539.4
Cost of purchased services	300.7	292.9
	<u>1,558.4</u>	<u>1,832.3</u>

(18) Personnel expenses

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Wages and salaries	252.9	235.4
Social security, post-employment and other employee benefit costs	50.2	61.5
of which for post-employment benefits	(18.3)	(22.6)
	<u>303.1</u>	<u>296.9</u>

Amounts resulting from the unwinding of the discount on personnel provisions, in particular pension provisions, are not recorded under personnel expenses; rather, these are reported under interest income.

An average of 2,292 people were employed in the year under review. These are broken down as follows:

	<u>2014</u>	<u>2013</u>
Waged employees	890	1,284
Salaried employees	1,154	1,400
Part-time employees	248	185
	<u>2,292</u>	<u>2,869</u>

The decrease in the average employee headcount was due primarily to the spin-off of the Buschhaus power plant, employee departures in relation to E.ON 2.0 and the implications of Next Generation.

(19) Depreciation, amortization and write-downs

Depreciation, amortization and write-downs are solely attributable to amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets.

(20) Other operating expenses

Other operating expenses primarily comprise losses on the disposal of tangible fixed assets and current assets, expenses for consulting and other services, as well as general administration costs and currency losses of €0.5 million (previous year: €0.2 million).

(21) Investment income

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Income from long-term equity investments	5.3	3.4
of which from affiliated companies	(4.3)	(2.4)
Income from profit transfer agreements	55.7	61.1
of which from affiliated companies	(55.7)	(61.1)
Cost of loss absorption	-25.8	-37.5
of which from affiliated companies	(-25.6)	(-37.3)
	<u>35.2</u>	<u>27.0</u>

(22) Interest income and expense

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Income from long-term loans	42.4	4.6
- of which from affiliated companies	(42.4)	(4.6)
Other interest and similar income	3.5	12.9
- of which from affiliated companies	(3.5)	(2.6)
Income from the discounting of provisions	0.0	4.7
	3.5	17.6
Interest and similar expenses	-5.1	-7.3
- of which due to affiliated companies	(-4.9)	(-3.9)
Expenses from the unwinding of the discount on provisions	-73.4	-38.3
	-78.5	-45.6
	-32.6	-23.4

Expenses from the unwinding of the discount on provisions also include a net expense of €54.4 million from the unwinding of the discount (including changes to the interest rate) on pension and long-term personnel provisions (€61.1 million) after offsetting against income from the corresponding plan assets (€6.7 million). The Wind, Water and Conventional Generation divisions are financed via separate cash accounts at E.ON SE.

(23) Write-downs of long-term financial assets

This item mainly relates to write-downs on the shares in affiliated companies, which totaled €141.6 million due to expected permanent impairments.

(24) Extraordinary result

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Extraordinary income	0.0	52.7
Extraordinary expenses	0.0	-85.1
	0.0	-32.4

(25) Taxes on income and profit

Income tax has not been collected since 2011. Tax refunds of € 1.6 thousand were recorded outside the tax group.

(26) Profit transferred on the basis of a profit transfer agreement

The net income for the year of €424.7 million was transferred to the parent company on the basis of the profit transfer agreement with E.ON Beteiligungen GmbH.

Other disclosures

Transactions with related parties

EKW exchanges goods and services with a large number of companies, including related parties, as part of its continuing operations. These transactions are summarized as follows:

<u>in € million</u>	<u>2014</u>	<u>2013</u>
Income	171.3	177.6
Expenses	171.0	226.6
Receivables	111.1	108.3
Liabilities	188.0	195.1

Expenses from transactions with related parties primarily relate to the procurement of electricity and operational expenses at jointly operated power plants. These are settled on a cost plus return on equity basis in accordance with the cost transfer agreements. Receivables from related parties include trade receivables.

Liabilities to related parties are due to cash transfers and from the ongoing electricity business with jointly operated power plants.

Significant transactions with affiliated or associated companies (section 6b (2) of the EnWG)

Significant contractual relationships exist in particular with:

- E.ON SE on the investment/borrowing of cash funds (cash pooling agreement). Receivables in the amount of €2,965.1 million were recognized as of the reporting date. Interest income of €3.5 million and an interest expense of €4.8 million were recognized in this connection.
- E.ON Anlagenservice GmbH on the provision of support and other services in the area of technical maintenance and plant service (€36.9 million).
- E.ON Technologies GmbH on technical project management and planning services (€21.4 million).

Remuneration of the Supervisory Board and the managing directors

Remuneration of the members of the Supervisory Board amounted to €97 thousand. In accordance with section 286 (4) of the HGB, the remuneration of the managing directors is not disclosed since only Mr. Jost and Mr. Gattermann receive remuneration from E.ON Kraftwerke GmbH.

Obligations from pension commitments to former managing directors and their surviving dependents as well as the necessary plan assets were transferred to MEON as of December 31, 2006. MEON recognized a provision in the amount of €30,557 thousand for the obligations to former managing directors and their surviving dependents assumed by it. The current remuneration of this group is €2,395 thousand.

The members of the Supervisory Board and the managing directors are listed on page F-174. The audit fees are not disclosed since this information is included in the notes to the consolidated financial statements of E.ON SE.

Hanover, January 19, 2015

E.ON Kraftwerke GmbH

The management

Jost

Dr. Klostermann

E.ON Kraftwerke GmbH, Hanover
Notes to the Annual Financial Statements
Statement of changes in fixed assets

in € million	as of Jan. 1, 2014	Additions	Disposals	Transfers	as of Dec. 31, 2014	Cumulative depreciation, amortization and write- downs	Carrying amounts as of Dec. 31, 2014	as of Dec. 31, 2013	Depreciation, amortization and write- downs in fiscal year 2014
Intangible fixed assets									
Purchased concessions and similar rights	150.7	0.2	0.1	0.0	150.8	120.3	30.5	32.2	2.0
	<u>150.7</u>	<u>0.2</u>	<u>0.1</u>	<u>0.0</u>	<u>150.8</u>	<u>120.3</u>	<u>30.5</u>	<u>32.2</u>	<u>2.0</u>
Tangible fixed assets									
Land, land rights and buildings, including buildings on third-party land	863.9	4.3	4.1	5.8	869.9	549.9	320.0	324.0	12.7
Technical equipment and machinery	6,425.1	18.8	1.4	83.7	6,526.2	5,996.0	530.2	484.7	56.9
Other equipment, operating and office equipment	87.1	2.8	3.6	0.3	86.6	72.4	14.2	14.9	3.7
Prepayments and assets under construction . . .	1,541.6	316.0	6.8	-89.8	1,761.0	0.0	1,761.0	1,541.6	0.0
	<u>8,917.7</u>	<u>341.9</u>	<u>15.9</u>	<u>0.0</u>	<u>9,243.7</u>	<u>6,618.3</u>	<u>2,625.4</u>	<u>2,365.2</u>	<u>73.3</u>
Long-term financial assets									
Shares in affiliated companies	1,587.2	91.0	31.9	0.0	1,646.3	849.4	796.9	879.4	141.6
Loans to affiliated companies	66.3	0.0	4.0	0.0	62.3	0.0	62.3	66.3	0.0
Equity investments	19.5	0.0	0.0	0.0	19.5	7.8	11.7	12.1	0.4
Other loans	0.4	0.0	0.2	0.0	0.2	0.0	0.2	0.3	0.0
	<u>1,673.4</u>	<u>91.0</u>	<u>36.1</u>	<u>0.0</u>	<u>1,728.3</u>	<u>857.2</u>	<u>871.1</u>	<u>958.1</u>	<u>142.0</u>
	<u>10,741.8</u>	<u>433.1</u>	<u>52.1</u>	<u>0.0</u>	<u>11,122.8</u>	<u>7,595.8</u>	<u>3,527.0</u>	<u>3,355.5</u>	<u>217.3</u>

List of shareholdings as of December 31, 2014

	Registered office	Interest in capital in %	Equity (2013) in € '000	Net profit/ loss (2013) in € '000
Affiliated companies				
BauMineral GmbH	Herten	100.00	4,591	0 ¹
E.ON Achtzehnte Verwaltungs GmbH	Düsseldorf	100.00	23	0
E.ON Anlagenservice GmbH	Gelsenkirchen	100.00	43,100	0 ¹
E.ON Elektrárne s.r.o.	Trakovice	100.00	54,007	-100,847
E.ON Erömüvek Kft.	Budapest	100.00	36,611	-132,522 ²
E.ON Kraftwerke 6. Beteiligungs-GmbH	Hanover	100.00	23	0
Gemeinschaftskraftwerk Irsching GmbH	Vohburg	50.20	268,861	3,479
Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung	Porta Westfalica	66.67	9,649	631
Kraftwerk Schkopau Betriebsgesellschaft mbH	Schkopau	55.60	28	2
Kraftwerk Schkopau GbR	Schkopau	58.10	108,434	6,176 ^{3, 4}
MEON Pensions GmbH & Co. KG	Grünwald	31.78	1,942,974	49,528
Netz Veltheim GmbH	Porta Westfalica	66.67	14,299	5,836
Offshore Trassenplanungs GmbH	Hanover	50.00	168	78
RuhrEnergie GmbH, EVR	Gelsenkirchen	100.00	12,783	0 ¹
Untere Iller AG	Landshut	60.00	1,135	41
Equity investments				
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung	Kiel	50.00	16,873	-464
Kraftwerk Buer GbR	Gelsenkirchen	50.00	5,113	-362 ^{3, 4}
Volkswagen AG Preussen Elektra AG Offene Handelsgesellschaft	Wolfsburg	95.00	-1,535	296 ³

1) After profit transfer

2) Translated at the closing rate/average rate

3) E.ON Kraftwerke GmbH is the general partner

4) Before profit transfer

Members of the Supervisory Board of E.ON Kraftwerke GmbH

Dr. E. h. Bernhard Fischer , Hanover	Chairman of the supervisory board E.ON Generation GmbH
Holger Grzella , Gelsenkirchen	Deputy chairman of the supervisory board E.ON Kraftwerke GmbH Kraftwerksgruppe West, Gelsenkirchen
Anton Baumgartner , Finsing	Management Isar, Finsing E.ON Kraftwerke GmbH
Alexander Gröbner , Regensburg	Area managing director ver.di District Oberpfalz
Dr. Walter Hohlefelder , Munich	Former member of the management board E.ON Energie AG
Matthias Hube , Maasvlakte (Belgium)	Head Maasvlakte Power Plant
Hermann Ikemann , Dusseldorf	formerly E.ON SE
Josef Irlesberger , Landsberg/Lech	Head of operations Lech, Landsberg/Lech E.ON Kraftwerke GmbH
Dr. Ingo Luge , Essen	Chairman of management board of E.ON Deutschland
Peter Obramski , Gelsenkirchen	Head of district Ruhr-Mitte IG mining, chemical and energy
Dr. Nanna Rapp , Dusseldorf	Managing Director E.ON Inhouse Consulting GmbH
Andreas Reichwald , Petershagen	Works council centre E.ON Kraftwerke GmbH
Eberhard Schomburg , Petershagen	Chairman of sector works council E.ON Kraftwerke GmbH
Dirk Steinheider , Hanover	E.ON Generation GmbH
Dr. Marc Spieker , Dusseldorf	Head of Investor Relations E.ON SE
Dr. Patrick Wolff , Dusseldorf	Head of Group Corporate & Governance E.ON SE

Management Board

Dirk Jost , Hanover	Chairman
Christof Gattermann , Hanover	Department coordination regional units (until April 30 th 2014)
Dr. Ulf Klostermann , Hanover	Department finances, material- and energy management

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with section 322 HGB ("Handelsgesetzbuch": German Commercial Code) on the annual financial statements and the management report for the business year from January 1 to December 31, 2014 of E.ON Kraftwerke GmbH. The management report is neither included nor incorporated by reference in this prospectus.

Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of E.ON Kraftwerke GmbH, Hanover, for the business year from January 1 to December 31, 2014. According to section 6b (5) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG. The maintenance of the books and records, the preparation of the annual financial statements and management report in accordance with German commercial law for corporations, as well as the observance of the obligations pursuant to section 6b (3) EnWG are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report as well as the observance of obligations for the accounting according to section 6b (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material respects, the obligations pursuant to section 6b (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report, as well as the observance of obligations for the accounting according to section 6b (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report and assessing whether the amounts stated and the classification of accounts in accordance with section 6b (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit of the annual financial statements, together with the bookkeeping system, and of the management report has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of the observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG, has not led to any reservations.

Hanover, January 23, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Versen
Wirtschaftsprüfer

Thorsten Wesch
Wirtschaftsprüfer

**Additional elements of the financial statements
for fiscal year 2014**

Cash flow statement in accordance with GAS 21 for fiscal year 2014

Uniper SE, Düsseldorf (formerly E.ON Kraftwerke GmbH)

Cash flow statement for the period January 1 to December 31, 2014		2014 in EUR million
1.	Net income/loss for the period before extraordinary items	424.70
2. +/-	Depreciation, amortization and write-downs of fixed assets/reversals of write-downs of fixed assets	217.30
3. +/-	Increase/decrease in provisions	-61.50
4. +/-	Other non-cash income and expenses	-75.20
5. -/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-1.60
6. +/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-65.90
7. -/+	Gain/loss on disposal of fixed assets	-182.90
8. +/-	Interest expense/interest income	32.60
9. -	Other investment income	-61.00
10. +/-	Expenses for/income from extraordinary items	—
11. +	Cash receipts from extraordinary items	—
12. =	Cash flows from operating activities (total of items 1 to 11)¹	226.50
13. +	Proceeds from disposal of intangible fixed assets	4.50
14. -	Payments to acquire tangible fixed assets	-329.10
15. +	Proceeds from disposal of long-term financial assets	212.80
16. -	Payments to acquire long-term financial assets	-211.10
17. +	Interest received	8.00
18. +	Dividends received	5.30
19. -	Payments for loss absorption	-37.40
20. +	Cash receipts from profit transfer agreements	61.10
21. =	Cash flows from investing activities (total of items 13 to 20)¹	-285.90
22. -	Interest paid	-5.10
23. -	Dividends paid	-217.40
24. +/-	Changes resulting from Group financing activity ²	281.60
25. =	Cash flows from financing activities (total of items 22 to 24)¹	59.10
26.	Net change in cash funds (total of items 12, 21 and 25)	-0.30
27. +	Cash funds at the beginning of period	0.30
28. =	Cash funds at the end of period	—
29.	Liquid funds in accordance with the balance sheet	—

1 Deviations from the management report result from the application of GAS 21

2 Includes changes due to cash pooling with affiliated companies

Statement of changes in equity for fiscal year 2014

Uniper SE, Düsseldorf (formerly E.ON Kraftwerke GmbH)

Statement of changes in equity for the period January 1 to December 31, 2014

	in EUR millions	
	2014	2013
Subscribed capital		
Balance as of January 1	283.4	283.4
Balance as of December 31	283.4	283.4
Capital reserves		
Balance as of January 1	5,113.2	3,571.7
+ Increase in capital reserves within the meaning of section 272 (2) no. 4 of the German Commercial Code (HGB)	—	1,541.5
Balance as of December 31	5,113.2	5,113.2
Revenue reserves		
Balance as of January 1	15.8	15.8
Balance as of December 31	15.8	15.8

Düsseldorf, April 22, 2016

Uniper SE

Klaus Schäfer
Chairman of the Board of Management

Christopher Delbrück
Member of the Board of Management

Auditor's Report

To Uniper SE, Düsseldorf

We have audited the cash flow statement and statement of changes in equity for the financial year 2014 derived by the Company from the annual financial statements for the financial year 2014 as well as from the underlying bookkeeping system. The cash flow statement and statement of changes in equity supplement the annual financial statements of Uniper SE (formerly E.ON Kraftwerke GmbH) for the financial year 2014 prepared on the basis of German commercial law provisions.

The preparation of the cash flow statement and statement of changes in equity for the financial year 2014 in accordance with German commercial law provisions is the responsibility of the company's legal representatives.

Our responsibility is to express, based on the audit performed by us, an opinion as to whether the cash flow statement and statement of changes in equity for the financial year 2014 have been properly derived from the annual financial statements for the financial year 2014 as well as from the underlying bookkeeping system in accordance with German commercial law provisions. The subject matter of this engagement did not include the audit of the underlying annual financial statements as well as the underlying bookkeeping system.

We have planned and performed our audit in compliance with IDW Auditing Practice Statement: *Audit of Additional Elements of Financial Statements* (IDW PH 9.960.2) such that any material errors in the derivation of the cash flow statement and statement of changes in equity from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, which is based on the findings obtained during the audit, the cash flow statement and statement of changes in equity for the financial year 2014 have been properly derived from the annual financial statements for the financial year 2014 as well as the underlying bookkeeping system in accordance with German commercial law provisions.

Hanover, April 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Sven Rosorius
Wirtschaftsprüfer

Thorsten Wesch
Wirtschaftsprüfer

**Annual Financial Statements of E.ON Kraftwerke GmbH
(HGB) for the fiscal year ending on December 31, 2013**

E.ON Kraftwerke GmbH, Hanover

Balance Sheet

Assets

<u>in € million</u>	<u>Note</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Fixed assets			
Intangible fixed assets	(1)	32.2	119.3
Tangible fixed assets	(1)	2,365.2	219.5
Long-term financial assets	(2)		
Shares in affiliated companies		879.4	70.3
Other long-term financial assets		78.7	74.5
		<u>3,355.5</u>	<u>483.6</u>
Current assets			
Inventories	(3)	253.0	0.0
Receivables and other assets	(4)	3,921.8	4,158.9
Cash	(5)	0.3	(€ 37 thou.)
		<u>4,175.1</u>	<u>4,158.9</u>
Prepaid expenses	(6)	200.6	418.3
Excess of plan assets over pension liability	(7)	15.0	1.2
		<u>7,746.2</u>	<u>5,062.0</u>

Equity and liabilities

<u>in € million</u>	<u>Note</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Equity	(8)		
Subscribed capital		283.4	283.4
Capital reserves		5,113.2	3,571.7
Revenue reserves		15.8	15.8
		<u>5,412.4</u>	<u>3,870.9</u>
Grants	(9)	20.9	0.1
Provisions	(10)	1,435.8	809.0
Liabilities	(11)	690.5	375.9
Deferred income	(12)	186.6	6.1
		<u>7,746.2</u>	<u>5,062.0</u>

E.ON Kraftwerke GmbH, Hanover

Income Statement

<u>in € million</u>	<u>Note</u>	<u>2013</u>	<u>2012</u>
Sales	(15)	2,706.5	655.7
Increase or decrease in stock of finished goods and work in progress		-0.4	0.0
Other own work capitalized		1.9	1.8
Other operating income	(16)	236.7	87.8
Cost of materials	(17)	1,832.3	255.1
Personnel expenses	(18)	296.9	65.2
Depreciation, amortization and write-downs	(19)	81.4	15.6
Other operating expenses	(20)	254.0	31.7
Investment income	(21)	27.0	1.9
Interest income and expense	(22)	-23.4	-8.5
Write-downs of long-term financial assets	(23)	233.9	0.2
Result from ordinary activities		249.8	370.9
Extraordinary result	(24)	-32.4	-17.7
Taxes on income and profits	(25)	(€ -19 thousand)	0.1
Net income for the year before profit transfer		217.4	353.1
Profit transferred on the basis of a profit transfer agreement	(26)	217.4	353.1
Net income for the year		0.0	0.0
Net retained profits		0.0	0.0

E.ON Kraftwerke GmbH, Hanover

Notes

A. Preliminary Remarks

Annual financial statements

The annual financial statements have been prepared in accordance with the accounting principles for large corporations set out in the German Commercial Code (*Handelsgesetzbuch*, "HGB"), the German Limited Liability Companies Act (*GmbH-Gesetz*, "GmbHG") and the German Energy Industry Act (*Energiewirtschaftsgesetz*, "EnWG"). The income statement has been prepared using the nature of expense method. Unless otherwise specified, figures are presented in millions of euros (€ million). The accounting policies applied in the previous year were retained in the year under review.

To enhance the clarity of presentation, the statutory disclosures on the items of the balance sheet and the income statement as well as the information that can be disclosed optionally in the balance sheet or the income statement, or in the notes to the annual financial statements, are disclosed in full in the notes to the annual financial statements. Individual items that have been combined in the balance sheet or income statement are broken down in the notes to the financial statements. The fiscal year corresponds to the calendar year.

In accordance with the merger agreement between E.ON Wasserkraft GmbH, Landshut (EWK), E.ON Kraftwerke GmbH, Hanover (EKW), and Amrumbank-West GmbH, Munich (Amrumbank), the assets and liabilities – in whole and with all rights and obligations in each case – of EKW and Amrumbank were merged with EWK by way of dissolution without liquidation (merger by absorption) in accordance with section 2 no. 1 of the German Transformation Act (*Umwandlungsgesetz*, "UmwG"), with retrospective effect as of January 1, 2013. E.ON Wasserkraft GmbH was then renamed E.ON Kraftwerke GmbH. The Company's registered office was moved to Hanover.

The prior-year figures in the notes to the annual financial statements relate to the former E.ON Wasserkraft GmbH.

The following table shows the figures taken over from the former EKW:

<u>in € million</u>	<u>Jan. 1, 2013</u>
Fixed assets	3,182.1
Current assets	943.8
Other assets	29.0
Equity	2,004.9
Grants	21.2
Provisions	756.6
Other liabilities	1,372.2

The comparability of the prior-year figures in the income statement is limited and is explained in the following. The following table shows a condensed income statement of the former EKW from 2012:

<u>in € million</u>	<u>2012</u>
Sales	2,716.2
Other income	117.8
Cost of materials	1,867.4
Personnel expenses	254.7
Depreciation, amortization and write-downs	106.8
Other operating expenses	338.8
Financial result	-76.0
Result from ordinary activities	190.3
Extraordinary result	-42.3
Taxes on income and profits	-0.2
Net income for the year before profit transfer	148.2

The following table shows the figures taken over from Amrumbank:

<u>in € million</u>	<u>Jan. 1, 2013</u>
Fixed assets	110.9
Current assets	5.4
Equity	0.1
Provisions	4.5
Other equity and liabilities	111.7

In accordance with the spin-off and transfer agreement, EKW transferred the following assets and liabilities to Innwerk AG, Landshut, as of the spin-off date of January 1, 2013:

<u>in € million</u>	<u>Jan. 1, 2013</u>
Fixed assets	172.2
Current assets	11.9
Equity	127.5
Provisions	53.7
Liabilities	2.9

The restructuring had a negligible effect on the income statement.

In accordance with the spin-off and transfer agreement, EKW transferred the following assets and liabilities in particular to Helmstedter Revier GmbH, Hanover, as of the spin-off date of October 1, 2013:

<u>in € million</u>	<u>Oct. 1, 2013</u>
Fixed assets	30.2
Inventories	42.7
Current assets	39.4
Provisions	111.9
Liabilities	0.3

The restructuring had a negligible effect on the income statement.

Group affiliation

In accordance with section 291 of the HGB, E.ON Kraftwerke GmbH is exempt from the requirement to prepare consolidated financial statements and a group management report in accordance with sections 290 et seq of the HGB.

E.ON Kraftwerke GmbH and its subsidiaries are included in the consolidated financial statements of E.ON SE, Düsseldorf (HRB 69043), which provide the basis for the exemption. E.ON SE is the parent company that prepares the consolidated financial statements and the group management report for the largest group of companies. In accordance with section 325 of the HGB, the consolidated financial statements and the group management report are submitted electronically to the operator of the Federal Gazette (*Bundesanzeiger*), where they are made public. These documents can be accessed online under www.bundesanzeiger.de or www.eon.com.

Pursuant to section 315a of the HGB, E.ON SE prepares the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Commission for use in the European Union (IFRS).

B. General Accounting Policies

ASSETS

Fixed assets

Purchased intangible and tangible fixed assets are measured at cost less depreciation and amortization, to the extent that these have a finite useful life. Both the straight-line and declining balance methods of depreciation are used. The retention option in accordance with article 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB") was exercised and the declining balance method retained for assets already held as of January 1, 2010 and depreciated using the declining balance method. Additions from fiscal year 2010 onwards are exclusively depreciated on a straight-line basis in accordance with the expected useful life.

Depreciation of tangible fixed assets is generally based on the following useful lives:

- Intangible fixed assets 3 to 91 years
(rights of water use based on individual agreements)
- Buildings, including buildings on third-party land 10 to 60 years
- Technical equipment and machinery 8 to 40 years
- Other equipment, operating and office equipment 3 to 20 years

The production costs of internally generated tangible fixed assets include directly attributable production and material costs, as well as an appropriate share of indirect material costs, indirect production costs, and depreciation of fixed assets. The production costs for the Pleinting plant include borrowing costs.

Due to their negligible significance, finite-lived assets costing between €150 and €1,000 are combined and reported as a single item, and are depreciated over five years on a straight-line basis. Finite-lived assets costing less than €150 are expensed in full in the year of acquisition.

Long-term financial assets are recorded at cost, taking into account the principle of lower of cost or market value.

Interest-bearing loans are carried at their principal amount; non- or low-interest-bearing loans are carried at their present value.

Fixed assets are written down if the carrying amount calculated in accordance with the above principles is higher than the fair value on the reporting date.

Current assets

Inventories are measured at the lower of cost, market value or fair value. Raw materials, consumables and supplies are generally measured at the lower of average amortized or market prices.

Emission rights are recognized on the date of issue or acquisition. No certificates were issued to the Company free of charge in the fiscal year. Certificates are only measured if there is a purchase price. Each certificate is valued at €4.88 per ton of CO₂ as of the reporting date (Carbix).

Receivables and all miscellaneous other assets as well as cash-in-hand and bank balances are measured at their principal amounts. Appropriate valuation allowances are recognized for identifiable default risks.

Plan assets

The obligations to employees arising from occupational pension and partial retirement schemes are covered by corresponding funds invested in fixed-term deposits; in addition, there are claims from reinsured pension obligations against Versorgungskasse Energie VVaG, Hanover (VKE). The fixed-term deposits for partial retirement schemes are managed in trust by Energie-Sicherungstreuhand e.V., Hanover, on behalf of E.ON Kraftwerke GmbH. The relevant assets are ringfenced from all other creditors.

Plan assets are measured at fair value and are offset against the respective underlying obligations in accordance with section 246 (2) of the HGB. The associated expenses and income from interest effects and from the assets to be offset are treated in the same way. The resulting accumulated benefit obligation is reported under provisions. The fair value of the plan assets exceeding the obligation is recognized under "Excess of plan assets over pension liability" on the assets side of the balance sheet.

EQUITY AND LIABILITIES

Provisions

(Provisions for pensions and similar obligations)

Pensions and similar obligations are measured using the internationally recognized projected unit credit method. According to this method, pension obligations are calculated on the basis of the pension entitlements as of the reporting date, taking into account future salary increases. Pension obligations are discounted at the average market interest rate for the past seven years published by the Deutsche Bundesbank assuming a remaining maturity of 15 years. Salary and pension trends are also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables. The retirement age for measurement purposes is generally the earliest possible age limit under the statutory retirement pension system in Germany, taking into account the provisions of the Act to Adapt the Standard Retirement Age (*RV-Altersgrenzenanpassungsgesetz*) dated April 20, 2007. The contractually agreed retirement age is taken into account for employees who have signed early retirement or partial retirement agreements. Fluctuation probabilities are also applied.

Effective December 31, 2006, MEON Pensions GmbH & Co KG, Grünwald, (MEON) assumed the obligation to settle the Company's benefit obligations to current employees and their surviving dependents as the debtor by way of an agreement on the assumption of debt. MEON internally indemnifies the Company against the benefit obligations set out in this agreement. In return for this indemnification, the Company has transferred assets of an equivalent value to MEON. Indemnification receivables are measured in the same way as the underlying benefit obligations.

Indemnification receivables are offset openly against pension provisions.

(Provisions for anniversaries and similar obligations)

Anniversary obligations are also measured using the internationally recognized projected unit credit method. As for pension obligations, the discount rate published by the Deutsche Bundesbank assuming a remaining maturity of 15 years is applied to anniversary and long-service leave obligations as well as to death benefit and benefit in kind obligations. A salary trend is also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables.

(Provisions for partial and early retirement schemes)

Durations of 1.5 years and 3.4 years are assumed for partial retirement and early retirement obligations, respectively. The interest rate applicable to these durations is interpolated on a straight-line basis from the interest rates published by the Deutsche Bundesbank. A salary trend is also taken into account. The actuarial calculation of provisions is based on K. Heubeck's 2005 G mortality tables.

(Miscellaneous other provisions)

Miscellaneous other provisions include all identifiable risks and uncertain obligations. They are recognized at the necessary settlement amount dictated by prudent business judgment. Long-term provisions (with a remaining maturity of over one year) are discounted at the average market interest rate for the past seven years in line with their remaining maturity. Provisions with a remaining maturity of less than one year as of the reporting date that were originally long-term provisions are also discounted.

Income and expenses from the discounting of provisions and the unwinding of the discount on provisions, as well as from changes to the interest rates, are reported separately under "Other interest and similar income" and "Other interest and similar expenses".

Liabilities

Liabilities are carried at their settlement amount as of the reporting date.

Prepaid expenses and deferred income

Prepaid expenses and deferred income were recognized for expenses and income attributable to future periods.

Foreign currency translation

Receivables and payables denominated in foreign currencies are translated at the middle rate on the date of the transaction. They are subsequently translated at the middle spot rate.

Deferred taxes

Deferred taxes are recognized in the consolidated financial statements of E.ON SE as the tax group parent due to the existing profit transfer agreement.

C. Balance Sheet Disclosures

(1) Intangible and tangible fixed assets

The changes to the individual fixed asset items in 2013 are presented in the statement of changes in fixed assets in Annex 1, which forms part of the notes to the financial statements. All intangible fixed assets have been purchased.

Additions to fixed assets mainly relate to assets in construction as well as power and district heating generation assets.

(2) Long-term financial assets

The list of shareholdings of E.ON Kraftwerke GmbH can be found in Annex 2, which forms part of the notes to the financial statements.

Loans to affiliated companies are exclusively attributable to loans to Kraftwerk Schkopau GbR.

(3) Inventories

<u>in € million</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Raw materials	153.5	0.0
Consumables and supplies	99.5	0.0
	<u>253.0</u>	<u>0.0</u>

(4) Receivables and other assets

<u>in € million</u>	<u>Dec. 31, 2013</u>		<u>Dec. 31, 2012</u>	
	<u>Total</u>	<u>due after more than one year</u>	<u>Total</u>	<u>due after more than one year</u>
Trade receivables	122.0	84.2	91.5	90.5
Receivables from affiliated companies	3,759.1	0.0	4,059.6	0.0
of which from shareholders	(0.2)	(0.0)	(2.1)	(0.0)
of which trade receivables	(401.8)	(0.0)	(54.5)	(0.0)
of which from allocation and financial transactions	(3,357.1)	(0.0)	(4,003.0)	(0.0)
Receivables from other long-term investees and investors	(€1.3 thousand)	0.0	0.0	0.0
Other assets	40.7	0.0	7.8	0.0
	<u>3,921.8</u>	<u>84.2</u>	<u>4,158.9</u>	<u>90.5</u>

Receivables from affiliated companies are mainly due to intragroup cash pooling with E.ON SE, Düsseldorf.

(5) Cash

Cash comprises cash-in-hand and bank balances.

(6) Prepaid expenses

Prepaid expenses are primarily attributable to contractual payments for energy supply contracts, which are economically attributable to subsequent years and will be recognized over the term of the contract.

(7) Excess of plan assets over pension liability

The offsetting of plan assets as well as the reinsured pension obligation and the outstanding settlement amount from partial retirement arrangements has led to an excess of plan assets over pension liability, which is broken down as follows:

<u>in € million</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Benefit obligations reinsured with VKE		
Settlement amount/pension obligations before offsetting (gross amount)	27.5	0.0
Fair value of plan assets		
Pension liability insurance claims	39.8	0.0
Net amount	12.3	0.0
Outstanding settlement amount from partial retirement arrangements		
Settlement amount	27.4	11.6
Fair value of the plan assets (fixed-term deposits)	30.1	12.8
Net amount	2.7	1.2
Total excess of plan assets over pension liability	15.0	1.2

The fair values of the pension liability insurance claims correspond to the actuarial reserve documented by the insurer and thus their cost. The fair value of the fixed-term deposits is equal to their cost.

(8) Equity

The Company's subscribed capital is unchanged at €283.4 million since the share capital was not increased by the merger in accordance with section 54 (1) sentence 2 no. 2 and sentence 3 of the UmwG. All of the shares in EKW were transferred from E.ON Energie AG, Munich, to E.ON Beteiligungen GmbH, Munich, in accordance with the spin-off and transfer agreement.

The capital reserves (within the meaning of section 272 (2) no. 4 of the HGB) rose by €1,541.5 million to €5,113.2 million as a result of the mergers of EKW and Amrumbank with EWK. This led to contributions in the amount of €1,669.0 million. A capital decrease of €127.5 million was recorded due to the spin-off of the Flussgruppe Inn.

The revenue reserves relate to other revenue reserves.

(9) Grants

Reversals of €0.4 million were recognized in the year under review.

(10) Provisions

<u>in € million</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Provisions for pensions and similar obligations (offset against VKE's reinsurance claims)	407.7	92.6
Indemnification claims against MEON	-280.3	-63.7
Remaining provisions for pensions	127.4	28.9
Provisions for taxes	4.8	1.3
Other provisions	1,303.6	778.8
	1,435.8	809.0

Provisions for pensions and similar obligations cover the benefit obligations to former and current employees. These are partially financed by the employer and partially by the employee as part of a salary sacrifice scheme.

The benefit obligations to retirees, former employees and their surviving dependents at the end of 2006 were transferred to MEON as of December 31, 2006.

Of the remaining pension obligations, the pension liability insurance claims are offset as follows:

in € million	Dec. 31, 2013	Dec. 31, 2012
Benefit obligations not reinsured with VKE		
Settlement amount	392.1	80.5
Pension obligations before offsetting (gross amount)	394.1	83.0
Benefit obligations reinsured with VKE		
Settlement amount	27.5	3.2
Pension provisions before offsetting (gross amount)	27.5	3.2
Cost of plan assets	27.5	3.0
Net amount after offsetting	0.0	0.2
Benefits in kind (electricity)	13.6	9.4
Total provisions	407.7	92.6

The fair values of the pension liability insurance claims correspond to the actuarial reserve documented by the insurer and thus their cost. The fair value of the fixed-term deposits is equal to their cost.

The pension obligations and the provisions for benefits in kind (electricity) reported are offset openly with the indemnification claims against MEON.

The discount rate applied in the discounting of pension obligations was 4.91% p.a. in fiscal year 2013 (previous year: 5.07% p.a.). Furthermore, a salary trend of 2.5% p.a. and a pension trend of 2.0% p.a. were assumed, as in the previous year.

The retention option exercised in previous years in accordance with German Accounting Law Modernization Act (*Bilanzrechtsmodernisierungsgesetz*, "BilMoG") no longer exists since the amounts originally recognized in the year of transition (2010) were exceeded for the first time.

Other provisions mainly comprise provisions for concession obligations, renewal obligations, emissions certificates required, personnel obligations (including for partial retirement), for environmental improvement and disposal obligations, for expenses in connection with construction projects not eligible for capitalization, as well as for unbilled goods and services.

The higher carrying amount was retained to the extent that the measurement rules set out in section 253 of the HGB that changed as a result of the BilMoG in the year of transition (2010) led to a reversal of other provisions and additions are expected by December 31, 2024 at the latest. The excess amount totaled €106.3 million as of December 31, 2013.

Based on a duration of 1.5 years (previous year: 1.8 years), a discount rate of 3.49% p.a. (previous year: 3.83% p.a.) and, as in the previous year, a salary trend of 2.5% p.a. was applied for partial retirement obligations. Based on a duration of 3.4 years (previous year: 3.8 years and 4.0 years), a discount rate of 3.74% p.a. (previous year: 4.11% p.a. and 4.14% p.a.) was applied for early retirement obligations and potential obligations. Furthermore, as in the previous year, a salary trend of 2.5% p.a. was assumed.

(11) Liabilities

in € million	Dec. 31, 2013				Dec. 31, 2012	
	Due				Due	
	Total	within 1 year	within 1 to 5 years	after more than 5 years	Total	after more than 1 year
Trade payables	66.3	64.7	1.1	0.5	7.5	0.0
Liabilities to affiliated companies	575.4	575.1	0.0	0.3	365.9	0.3
of which to shareholders	(230.8)	(230.8)	(0.0)	(0.0)	(353.7)	(0.0)
of which trade payables	(268.2)	(268.2)	(0.0)	(0.0)	(9.4)	(0.0)
of which from allocation and financial transactions	(76.4)	(76.1)	(0.0)	(0.3)	(2.8)	(0.3)
Liabilities to other long-term investees and investors	33.1	33.1	0.0	0.0	0.8	0.0
Other liabilities	15.7	8.2	5.9	1.6	1.7	0.0
	690.5	681.1	7.0	2.4	375.9	0.3

Other liabilities relate to tax liabilities (€3.9 million; previous year: €0.6 million) and social security liabilities (€2.8 million; previous year: €0.6 million).

(12) Deferred income

This item is mainly attributable to payments received for energy supply contracts, which are economically attributable to subsequent years and will be recognized over the term of the contract.

(13) Contingent liabilities and other financial commitments

Contingent liabilities are as follows:

<u>in € million</u>	<u>Total</u>	<u>Of which attributable to affiliated companies</u>
Contingent liabilities from guarantees	53.1	52.8
Contingent liabilities from warranties	2.3	2.3
	<u>55.4</u>	<u>55.1</u>

Contingent liabilities from warranties also include letters of comfort, parent company guarantees and indemnity agreements, the amount of which cannot be quantified.

The Company's financial guarantees include the liquidity assistance guarantee to MEON in the amount of €1,123.0 million.

E.ON Kraftwerke GmbH is jointly and severally liable for its equity interests in Kraftwerk Schkopau GbR, Schkopau, Kraftwerk Buer GbR, Gelsenkirchen, as well as Volkswagen AG PreussenElektra AG oHG, Wolfsburg.

Electricity delivery, fuel supply and disposal, and the procurement of electricity are covered by long-term agreements customary to the industry. Other financial commitments relate to the usual commitments arising from rental and lease agreements, from purchase commitments for investments (€759.2 million, of which €60.6 million is attributable to affiliated companies), as well as from loans that have been granted but not yet drawn down.

EKW is obliged to make additional contributions to VKE and VAW-Innwerk Unterstützungsgesellschaft mbH, Bonn, if short-term compensatory payments are required in the case of an asset shortfall.

Under the asset swap agreement between the three E.ON group companies and other external contractual parties dated July 30, 2009, EKW is obliged to pay damages in various cases provided specific conditions have been met. Different time restrictions of up to ten years apply to the assertion of any future claims for damages. This liability to pay compensation is limited to the total purchase price achieved.

Contingent liabilities in accordance with the provisions of the UmwG are due to the liabilities transferred in connection with reorganizations under company law in previous years.

The risk of utilization is considered low for each of the contingent liabilities. This opinion is based mainly on the credit assessments of the primary liable parties as well as on past experience.

(14) Financial instruments

The Company is exposed to currency risk as part of its business activities. This is managed using a systematic risk management system. As of the reporting date, currency swaps with affiliated companies had a notional value of €2.1 million and a lower fair value of €0.1 million.

D. Income Statement Disclosures

(15) Sales

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Power generation	2,539.7	611.4
Management fee	151.7	44.3
Other sales	15.1	0.0
	<u>2,706.5</u>	<u>655.7</u>

Sales were generated almost exclusively in Germany.

(16) Other operating income

Other operating income primarily comprises income from recharged goods and services, from recharged personnel and administrative expenses, from the disposal of fixed assets as well as from the reversal of provisions. Significant prior-period income in the amount of €34.2 million was attributable to the reversal of provisions. The item also includes currency translation gains of €0.9 million.

(17) Cost of materials

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Cost of raw materials, consumables and supplies	1,539.4	150.0
Cost of purchased services	292.9	105.1
	<u>1,832.3</u>	<u>255.1</u>

(18) Personnel expenses

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Wages and salaries	235.4	51.4
Social security, post-employment and other employee benefit costs	61.5	13.8
of which for post-employment benefits	(22.6)	(4.7)
	<u>296.9</u>	<u>65.2</u>

Amounts resulting from the unwinding of the discount on personnel provisions, in particular pension provisions, are not recorded under personnel expenses; rather, these are reported under interest income.

An average of 2,869 people were employed in the year under review. These are broken down as follows:

	<u>2013</u>	<u>2012</u>
Waged employees	1,284	377
Salaried employees	1,400	269
Part-time employees	185	78
	<u>2,869</u>	<u>724</u>

The increase in the average number of employees is largely due to the addition of employees in the Conventional Generation division. The disposals as part of E.ON 2.0 in particular and the spin-off transactions had an offsetting effect.

(19) Depreciation, amortization and write-downs

Depreciation, amortization and write-downs are solely attributable to amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets.

(20) Other operating expenses

Other operating expenses primarily comprise losses on the disposal of tangible fixed assets and current assets, expenses for consulting and other services, as well as general administration costs and currency losses of €0.2 million.

(21) Investment income

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Income from long-term equity investments	3.4	1.9
of which from affiliated companies	(2.4)	(€25 thousand)
Income from profit transfer agreements	61.1	0.0
of which from affiliated companies	(61.1)	(0.0)
Cost of loss absorption	-37.5	-0.0
of which from affiliated companies	(-37.3)	(-0.0)
	<u>27.0</u>	<u>1.9</u>

(22) Interest income and expense

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Income from long-term loans	4.6	(€4 thousand)
- of which from affiliated companies	(4.6)	(0.0)
Other interest and similar income	12.9	1.9
- of which from affiliated companies	(2.6)	(1.1)
Income from the discounting of provisions	4.7	0.0
	17.6	1.9
Interest and similar expenses	-7.3	-2.7
- of which due to affiliated companies	(-3.9)	(-0,5)
Expenses from the unwinding of the discount on provisions	-38.3	-7.7
	-45.6	-10.4
	-23.4	-8.5

Expenses from the unwinding of the discount on provisions also include a net expense of €19.2 million from the unwinding of the discount (including changes to the interest rate) on pension and long-term personnel provisions (€22.0 million) after offsetting against income from the corresponding plan assets (€2.8 million). The Wind, Water and Conventional Generation divisions are financed via separate cash accounts at E.ON SE.

(23) Write-downs of long-term financial assets

This item mainly relates to write-downs on the shares in two affiliated companies, which totaled €233.9 million.

(24) Extraordinary result

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Extraordinary income	52.7	0.8
Extraordinary expenses	-85,1	-18.5
	-32,4	-17.7

Extraordinary income is attributable to non-recurring income of €52.7 million to compensate for the disadvantage caused by the reduction in the power generation capacity available to EGC.

In addition, extraordinary expenses were incurred in connection with the spin-off transactions described above due to book losses.

(25) Taxes on income and profits

Income and profit tax has not been collected since 2011. Tax refunds of €18.5 thousand were recorded outside the tax group.

(26) Profit transferred on the basis of a profit transfer agreement

The net income for the year of €217.4 million was transferred to the parent company on the basis of the profit transfer agreement with E.ON Beteiligungen GmbH.

Other disclosures

Transactions with related parties

EKW exchanges goods and services with a large number of companies, including related parties, as part of its continuing operations. These transactions are summarized as follows:

<u>in € million</u>	<u>2013</u>	<u>2012</u>
Income	177.6	0.0
Expenses	226.6	0.0
Receivables	108.3	0.0
Liabilities	195.1	0.0

Expenses from transactions with related parties primarily relate to the procurement of electricity and operational expenses at jointly operated power plants. These are settled on a cost plus return on equity basis in accordance with the cost transfer agreements. Receivables from related parties mainly include trade receivables.

Liabilities to related parties are due to cash transfers and from the ongoing electricity business with jointly operated power plants.

Significant transactions with affiliated or associated companies (section 6b (2) of the EnWG)

Significant contractual relationships exist in particular with:

- E.ON SE on the investment/borrowing of cash funds (cash pooling agreement). Receivables in the amount of €3,235.0 million were recognized as of the reporting date. Interest income of €2.4 million and an interest expense of €9.0 million were recognized in this connection.
- E.ON Anlagenservice GmbH on the provision of support and other services in the area of technical maintenance and plant service (€47.0 million).
- E.ON New Build & Technology GmbH on technical project management and planning services (€20.9 million).

Remuneration of the Supervisory Board and the Managing Directors

Remuneration of the members of the Supervisory Board amounted to €106.6 thousand. In accordance with section 286 (4) of the HGB, the remuneration of the Managing Directors is not disclosed since only Mr. Jost and Mr. Gattermann receive remuneration from E.ON Kraftwerke GmbH.

Obligations from pension commitments to former Managing Directors and their surviving dependents as well as the necessary plan assets were transferred to MEON as of December 31, 2006. MEON recognized a provision in the amount of €27,095.0 thousand for the obligations to former Managing Directors and their surviving dependents assumed by it. The current remuneration of this group is €2,487.1 thousand.

The members of the Supervisory Board and the Managing Directors are listed on pages F-196 and F-197. The audit fees are not disclosed since this information is included in the notes to the consolidated financial statements of E.ON SE.

Hanover, January 23, 2014

E.ON Kraftwerke GmbH

The management

Jost

Sattermann

Dr. Klostermann

E.ON Kraftwerke GmbH, Hanover

Notes

Statement of changes in fixed assets

in € million	Cumulative depreciation, amortization and write-downs									
	of which:					Carrying amounts		Depreciation, amortization and write-downs in		
	As of Jan. 1, 2013	Additions/ disposals (-) as a result of reorganizations	Disposals	Transfers	As of Dec. 31, 2013	As of Dec. 31, 2013	As of Dec. 31, 2013	As of Dec. 31, 2012	As of Dec. 31, 2012	fiscal year 2013
Intangible fixed assets										
Purchased concessions and similar rights	168.4	-17.6	0.4	0.5	0.0	150.7	118.5	68.0	119.3	2.0
	<u>168.4</u>	<u>-17.6</u>	<u>0.4</u>	<u>0.5</u>	<u>0.0</u>	<u>150.7</u>	<u>118.5</u>	<u>68.0</u>	<u>119.3</u>	<u>2.0</u>
Tangible fixed assets										
Land, land rights and buildings, including buildings on third-party land	144.4	717.0	3.0	2.1	1.6	863.9	539.9	450.7	67.6	13.4
Technical equipment and machinery	1,180.4	5,246.9	6.6	16.5	7.7	6,425.1	5,940.4	4,849.1	134.3	61.6
Other equipment, operating and office equipment	22.7	67.6	2.2	5.4	0.0	87.1	72.2	52.8	2.2	4.4
Prepayments and assets under construction	15.4	1,280.2	255.6	0.3	-9.3	1,541.6	0.0	0.0	15.4	0.0
	<u>1,362.9</u>	<u>7,311.7</u>	<u>267.4</u>	<u>24.3</u>	<u>0.0</u>	<u>8,917.7</u>	<u>6,552.5</u>	<u>5,352.6</u>	<u>219.5</u>	<u>79.4</u>
Long-term financial assets										
Shares in affiliated companies	70.3	1,362.8	189.6	35.5	0.0	1,587.2	707.8	494.6	70.3	233.9
Loans to affiliated companies	0.0	70.4	0.0	4.1	0.0	66.3	0.0	0.0	0.0	0.0
Equity investments	82.0	-49.6	0.0	12.9	0.0	19.5	7.4	8.4	74.5	0.0
Other loans	0.0	0.5	0.0	0.1	0.0	0.4	0.1	0.1	0.0	0.0
	<u>152.3</u>	<u>1,384.1</u>	<u>189.6</u>	<u>52.6</u>	<u>0.0</u>	<u>1,673.4</u>	<u>715.3</u>	<u>503.1</u>	<u>144.8</u>	<u>233.9</u>
	<u>1,683.6</u>	<u>8,678.2</u>	<u>457.4</u>	<u>77.4</u>	<u>0.0</u>	<u>10,741.8</u>	<u>7,386.3</u>	<u>5,923.7</u>	<u>483.6</u>	<u>315.3</u>
of which:										
Merger of E.ON Kraftwerke GmbH	9,439.9							6,593.8		
Merger of Amrumbank-West GmbH	113.0							2.1		
Spin-off of VIPER	-297.0							-124.7		
Spin-off of Helmstedter Revier	-577.7							-547.5		
	<u>8,678.2</u>							<u>5,923.7</u>		

List of shareholdings as of December 31, 2013

	Registered office	Interest in capital in %	Equity (2012) in € '000	Net profit/ loss (2012) in € '000
Affiliated companies				
BauMineral GmbH	Herten	100.00	4,591	0 ¹
EEP 2. Beteiligungsgesellschaft mbH	Munich	100.00	24	0
EEP Kraftwerks-gesellschaft Obernb- urg mbH	Munich	100.00	24	0
E.ON Anlagenservice GmbH	Gelsenkirchen	100.00	43,100	0 ¹
E.ON Elekträrne s.r.o.	Trakovice	100.00	54,855	18,938
E.ON Energy Projects GmbH	Munich	100.00	20,689	0 ¹
E.ON Energy Solutions GmbH	Munich	100.00	1,017	-7
E.ON Erömüvek Kft.	Budapest	100.00	81,357	-2,352 ²
E.ON Fernwärme GmbH	Gelsenkirchen	100.00	18,600	0 ¹
E.ON Kraftwerke 6. Beteiligungs-GmbH	Hanover	100.00	24	0
Gemeinschaftskraftwerk Irsching GmbH	Vohburg	50.20	284,382	3,661
Gemeinschaftskraftwerk Staudinger Verwaltungs-GmbH	Großkrotzenburg	100.00	27	2
Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung	Porta Westfalica	66.67	9,649	631
KGW - Kraftwerk Grenzach-Wyhlen GmbH	Munich	69.76	11,568	1,762
Kraftwerk Burghausen GmbH	Munich	100.00	4,807	0 ¹
Kraftwerk Hattorf GmbH	Munich	100.00	25	0 ¹
Kraftwerk Plattling GmbH	Munich	100.00	75	0 ¹
Kraftwerk Schkopau Betriebsgesellschaft mbH	Schkopau	55.60	28	2
Kraftwerk Schkopau GbR	Schkopau	58.10	108,386	6,128
MEON Pensions GmbH & Co. KG	Grünwald	34.28	1,892,707	112,396
Netz Veltheim GmbH	Porta Westfalica	66.67	10,613	2,150
Offshore Trassenplanungs GmbH	Hanover	50.00	90	3
RuhrEnergie GmbH, EVR	Gelsenkirchen	100.00	12,783	0 ¹
Untere Iller AG	Landshut	60.00	1,135	41
VEW-VKR Fernwärmeleitung Shamrock- Bochum GbR	Gelsenkirchen-Buer	55.10	0	0
Equity investments				
Fernwärmeversorgung Herne GmbH	Herne	50.00	1,023	0 ¹
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung	Kiel	50.00	18,870	1,533
Industriekraftwerk Greifswald GmbH	Kassel	49.00	22	-3
InfraServ-Bayernwerk Gendorf GmbH	Burgkirchen/Alz	50.00	7,546	1,032
Kraftwerk Buer Betriebsgesellschaft mbH i. L.	Gelsenkirchen	50.00	0	0
Kraftwerk Buer GbR	Gelsenkirchen	50.00	5,113	-293
Lillo Energy NV	Beveren/Antwerp	50.00	17,809	3,180
Volkswagen AG Preussen Elektra AG Offene Handels-gesellschaft	Wolfsburg	95.00	-1,825	296

1) After profit transfer

2) Translated at the closing rate/average rate

Members of the Supervisory Board of E.ON Kraftwerke GmbH

Dr. E. h. Bernhard Fischer , Hanover	Chairman of the supervisory board Chairman of the management E.ON Generation GmbH
Holger Grzella , Gelsenkirchen	Deputy chairman of the supervisory board Chairman of sector works council of E.ON Kraftwerke GmbH
Thomas Barth , Munich	Chairman of the management board of E.ON Energie AG (until December 31 st 2013)
Anton Baumgartner , Finsing	Management Isar, Finsing, of E.ON Kraftwerke GmbH (since May 10 th 2013)
Alexander Gröbner , Regensburg	Area managing director ver.di Oberpfalz, Regensburg
Wolf Hatje , Hanover	Former member of the management board of E.ON Mitte AG (until February 6 th 2013)
Dr. Walter Hohlefelder , Munich	Former member of the management board of E.ON Energie AG (since April 26 th 2013)
Matthias Hube , Maasvlakte (Belgium)	Plant Manager of E.ON Generation Fleet
Gerald Humpel , Ingolstadt/Irsching	Member of sector works council of E.ON Kraftwerke GmbH (until March 11 th 2013)
Hermann Ikemann , Dusseldorf	Global Head of Employee Relations & Labor Law of E.ON SE (since April 26 th 2013)
Josef Irlesberger , Landsberg/Lech	Head of operations Lech, Landsberg/Lech, of E.ON Kraftwerke GmbH (since May 10 th 2013)
Dr. Ingo Luge , Essen	Chairman of management of E.ON Deutschland
Peter Obramski , Gelsenkirchen	Head of district Ruhr-Mitte IG mining, chemical and energy, Gelsenkirchen
Dr. Nanna Rapp , Dusseldorf	Head of Operational Efficiency of E.ON SE (since April 26 th 2013)
Andreas Reichwald , Petershagen	Group Works council of E.ON Kraftwerke GmbH
Heinz-Peter Schierenbeck , Hanover	Former head of senior executives area of the E.ON Energie AG group (until April 6 th 2013)
Dr. Albrecht Schleich , Munich	Member of the management board of Rhein- Main-Donau AG (until December 31 st 2013)
Andreas Schneider , Helmstedt	Deputy chairman of sector works council of E.ON Kraftwerke GmbH
Eberhard Schomburg , Petershagen	Chairman of sector works council of E.ON Kraftwerke GmbH
Dirk Steinheider , Hanover	CFO E.ON Generation GmbH (since April 26 th 2013)

Management Board

Dirk Jost, Hanover

Department HR
Chairman
(Chairman since June 3rd 2013)

Christof Gattermann, Hanover

Department coordination regional sections

Dr. Ulf Klostermann, Hanover

Department finances, material- and energy
management

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with section 322 HGB ("Handelsgesetzbuch": German Commercial Code) on the annual financial statements and the management report for the business year from January 1 to December 31, 2013 of E.ON Kraftwerke GmbH. The management report is neither included nor incorporated by reference in this prospectus.

Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of E.ON Kraftwerke GmbH, Hanover, for the business year from January 1 to December 31, 2013. According to section 6b (5) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG. The maintenance of the books and records, the preparation of the annual financial statements and management report in accordance with German commercial law for corporations, as well as the observance of the obligations pursuant to section 6b (3) EnWG are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report as well as the observance of obligations for the accounting according to section 6b (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material respects, the obligations pursuant to section 6b (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report, as well as the observance of obligations for the accounting according to section 6b (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report and assessing whether the amounts stated and the classification of accounts in accordance with section 6b (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit of the annual financial statements, together with the bookkeeping system, and of the management report has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of the observance of obligations for the accounting according to section 6b (3) EnWG, which require separate bookkeeping for activities stated in section 6b (3) EnWG, has not led to any reservations.

Hanover, January 24, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Versen
Wirtschaftsprüfer

ppa. Thorsten Wesch
Wirtschaftsprüfer

**Additional elements of the financial statements for
fiscal year 2013**

Cash flow statement in accordance with GAS 21 for fiscal year 2013

Uniper SE, Düsseldorf (formerly E.ON Kraftwerke GmbH)

Cash flow statement for the period January 1 to December 31, 2013		2013 in EUR million
1.	Net income/loss for the period before extraordinary items	217.40
2. +/-	Depreciation, amortization and write-downs of fixed assets/reversals of write-downs of fixed assets	315.30
3. +/-	Increase/decrease in provisions	-172.70
4. +/-	Other non-cash income and expenses	287.70
5. -/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	158.90
6. +/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-17.00
7. -/+	Gain/loss on disposal of fixed assets	5.80
8. +/-	Interest expense/interest income	23.40
9. -	Other investment income	-64.40
10. +/-	Expenses for/income from extraordinary items	32.40
11. +	Cash receipts from extraordinary items	52.70
12. =	Cash flows from operating activities (total of items 1 to 11)¹	839.50
13. +	Proceeds from disposal of intangible fixed assets	4.80
14. -	Payments to acquire tangible fixed assets	-267.80
15. +	Proceeds from disposal of long-term financial assets	9.50
16. -	Payments to acquire long-term financial assets	-189.60
17. +	Interest received	17.50
18. +	Dividends received	3.40
19. -	Payments for loss absorption	-70.10
20. +	Cash receipts from profit transfer agreements	52.70
21. =	Cash flows from investing activities (total of items 13 to 20)¹	-439.60
22. -	Interest paid	-7.30
23. -	Dividends paid	-497.80
24. +/-	Changes resulting from Group financing activity ²	105.50
25. =	Cash flows from financing activities (total of items 22 to 24)¹	-399.60
26.	Net change in cash funds (total of items 12, 21 and 25)	0.30
27. +	Cash funds at the beginning of period	—
28. =	Cash funds at the end of period	0.30
29.	Liquid funds in accordance with the balance sheet	0.30

1 Deviations from the management report result from the application of GAS 21

2 Includes changes due to cash pooling with affiliated companies

Statement of changes in equity for fiscal year 2013

Uniper SE, Düsseldorf (formerly E.ON Kraftwerke GmbH)

Statement of changes in equity for the period January 1 to December 31, 2013

	in EUR million	
	2013	2012
Subscribed capital		
Balance as of January 1	283.4	283.4
Balance as of December 31	283.4	283.4
Capital reserves		
Balance as of January 1	3,571.7	71.7
+ Increase in capital reserves within the meaning of section 272 (2) no. 4 of the German Commercial Code (HGB)	1,541.5	3,500.0
Balance as of December 31	5,113.2	3,571.7
Revenue reserves		
Balance as of January 1	15.8	15.8
Balance as of December 31	15.8	15.8

Düsseldorf, April 22, 2016

Uniper SE

Klaus Schäfer
Chairman of the Board of Management

Christopher Delbrück
Member of the Board of Management

Auditor's Report

To Uniper SE, Düsseldorf

We have audited the cash flow statement and statement of changes in equity for the financial year 2013 derived by the Company from the annual financial statements for the financial year 2013 as well as from the underlying bookkeeping system. The cash flow statement and statement of changes in equity supplement the annual financial statements of Uniper SE (formerly E.ON Kraftwerke GmbH) for the financial year 2013 prepared on the basis of German commercial law provisions.

The preparation of the cash flow statement and statement of changes in equity for the financial year 2013 in accordance with German commercial law provisions is the responsibility of the company's legal representatives.

Our responsibility is to express, based on the audit performed by us, an opinion as to whether the cash flow statement and statement of changes in equity for the financial year 2013 have been properly derived from the annual financial statements for the financial year 2013 as well as from the underlying bookkeeping system in accordance with German commercial law provisions. The subject matter of this engagement did not include the audit of the underlying annual financial statements as well as the underlying bookkeeping system.

We have planned and performed our audit in compliance with IDW Auditing Practice Statement: *Audit of Additional Elements of Financial Statements* (IDW PH 9.960.2) such that any material errors in the derivation of the cash flow statement and statement of changes in equity from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, which is based on the findings obtained during the audit, the cash flow statement and statement of changes in equity for the financial year 2013 have been properly derived from the annual financial statements for the financial year 2013 as well as the underlying bookkeeping system in accordance with German commercial law provisions.

Hanover, April 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Sven Rosorius
Wirtschaftsprüfer

Thorsten Wesch
Wirtschaftsprüfer

22 RECENT DEVELOPMENTS AND OUTLOOK

Operational developments

On January 1, 2016 the German power and gas wholesale business was transferred from E.ON Energie Deutschland GmbH, Munich, Germany, to Uniper Energy Sales GmbH (formerly E.ON Energy Sales GmbH), Düsseldorf, Germany.

With economic effect from January 1, 2016, 100 % of shares in PEGI, including its equity interest in Nord Stream AG, Zug, Switzerland, were sold to E.ON Beteiligungen GmbH, Düsseldorf, Germany. The sale price amounted to approximately € 1.0 billion and was already received in the six-month period ending on June 30, 2016.

On February 1, 2016 a fire broke out in the boiler house of the GRES TG 3 unit at the Beryozovskaya power plant in Russia, damaging significant components of the 800 MW boiler that now have to be replaced. The unit has been taken out of service until mid-2018 at the earliest, during which time it will not be generating electricity and will lose a significant part of its capacity margin. Talks with the relevant insurance companies are still ongoing as of the date of the Prospectus. However, the Uniper Group assumes that insurance benefits will cover a substantial portion of the damage.

On March 4, 2016, the regional government in Münster approved the Uniper Group's application for early commencement of construction work at the Datteln 4 power plant. The Uniper Group immediately recommenced construction work on the power plant, the majority of which had already been completed, with the aim of bringing the power plant into service in the first half of 2018 to supply electricity and ensure a long-term, reliable source of supply for the district heating network.

In March 2016, in negotiations pertaining to long-term gas delivery contracts, UGC and the Russian Gazprom Group agreed to modify the terms of the agreements to reflect current market conditions.

In the six-month period ending June 30, 2016, the Uniper Group set off a financial liability held by a Swedish power plant company towards a minority shareholder in the power plant against an existing operating receivable, in accordance with an agreement entered into at the end of 2015.

In mid-August 2016, the Uniper Group and the other members of the consortium for the Nord Stream 2 pipeline issued a joint response to the preliminary objections raised by the Polish antitrust authority UOKiK against the establishment of the consortium on the basis that it was not permissible under merger control law. Directly thereafter, the Uniper Group and the other potential consortium members withdrew the application with the Polish antitrust authority and annulled the relevant agreements relating to the participation in the consortium. The Uniper Group and all the other members of the consortium still maintain the view that the project is of critical importance for the European energy system. Therefore, the Uniper Group as well as the other consortium members are reviewing alternative approaches to contribute to its implementation.

Preparation for the spin-off

On January 19, 2016, the general meeting of Uniper AG, in preparation for the spin-off, resolved to increase the share capital of € 283,445,000 by € 6,779,578 to € 290,224,578 and to divide it into 170,720,340 no-par value registered shares, each such no-par value share representing a notional interest in the share capital of € 1.70. On March 23, 2016, the general meeting of Uniper AG resolved in favor of converting Uniper AG into an SE, and this conversion took effect on April 14, 2016 when it was recorded in the relevant commercial register. On March 30, 2016, E.ON SE and E.ON Beteiligungen GmbH paid in a total of € 265 million to the free capital reserves of Uniper AG and Uniper Beteiligungs GmbH for the purpose of adjusting the Uniper Group's capital structure.

The Spin-off and Transfer Agreement entered into force after being approved by the annual general meeting of E.ON SE on June 8, 2016 and by the general meeting of the Company on May 24, 2016.

Operative and financial optimization of the Uniper Group

In April 2016, the Uniper Group announced a comprehensive program for its operative and financial optimization ("Project Voyager"). The plan is for most of the measures to be completed by the end of 2017 and thus to enter into effect in fiscal year 2018. A key component of the program involves the optimization of the Uniper Group's cost items, e.g., in the form of lower administration expenses

(including through reducing management levels) and a critical review of existing structures and processes. Further action to optimize liquidity will include steadfastly continuing stringent working capital measures and limiting the scope of investments for maintenance and servicing as well as any growth projects already in existence. In addition, it is planned to sell off assets worth more than € 2 billion in order to finance these projects and further strengthen the balance sheet. All in all, the Uniper Group plans to comfortably lower the ratio of economic net debt to Adjusted EBITDA to below 2:1 and the ratio of net financial position to Adjusted EBITDA to below 1:1.

The objective of these measures, among other things, is to permanently strengthen the Uniper Group's current long-term investment grade rating of BBB- with a stable outlook, which it had received from Standard & Poor's on May 10, 2016. In this way it will be possible to guarantee the vital access to the commodity trading markets and attain a stable and strong financial position in the volatile commodity markets.