

Glossary of Selected Financial and Business Terms

Consolidated financial statements

Financial statements prepared as if all Group companies were dependent operations of one corporate entity. Inter-company profits and losses are eliminated.

Corporate Governance Code

This Code presents essential statutory regulations for the management and supervision of German listed companies and contains recognised standards for good and responsible governance. The aim of the German Corporate Governance Code, which was published in February 2002, is to safeguard the stockholders' interests, increase the transparency of corporate governance and ensure the independence of the Supervisory Board and the auditors.

Discontinued operations

Discontinued operations are reporting units which are either earmarked for sale or have already been sold. They are subject to special valuation and reporting rules.

EBITDA

Abbreviation for earnings before interest, taxes, depreciation and amortisation.

Financial derivatives

Contract based on a base value (e.g. reference interest rates, stocks and securities prices, raw materials prices etc.) and a nominal amount (e.g. amount in foreign currency, certain number of shares etc.). Either no fee or just a nominal fee has to be paid upon entering the contract.

Goodwill

The excess of the price paid for a business over the value of all net tangible assets purchased.

Gross floor area

The total (usable) area of all floors of a building; it is the total floor space including the thickness of external walls (incl. plaster or other cladding).

KonTraG

German Business Monitoring and Transparency Act. The Act, which came into force in 1998, lays down the requirements on detailed accounting information.

Monthly rent

Rent due on the first day of the month: Monthly rent including any government subsidies – before deductions for vacancy and excluding any heating and other service charges.

Non-operating result

The non-operating result of a company contains business transactions of a once-off or unusual character, including in particular book gains and losses from major divestments as well as restructuring costs (cf. operating result).

Operating result

Important result figure and an indicator of the earning power of our business activities. The operating result is the result from normal activities adjusted to eliminate expense and income of a once-off or unusual character (cf. non-operating result).

Risk management

Systematic procedure for identifying and assessing risks as well as selecting and implementing measures to handle the risks.

Sarbanes-Oxley Act

As a German company which is listed on the New York Stock Exchange, E.ON and, as its subsidiary, Viterro are subject to the regulations of the Sarbanes-Oxley Act of 2002 (SOX). Among other things, this Act obliges companies to maintain an internal control system for accounting, to assess the effectiveness of the systems and to have the correctness of the annual and monthly reports certified. SOX was enacted by the US legislature in 2002 as a result of the scandals surrounding the financial statements and the collapse of some companies. It is the most significant change in the US Securities Acts since 1933/34. The Act applies to all companies which are listed on the New York Stock Exchange.

Statement of cash flows

The statement of cash flows is for determining and showing the funds provided by or used for operating, investing and financing activities in a financial year.

US GAAP

Abbreviation for US Generally Accepted Accounting Principles – the US accounting principles which focus on the principle of fair presentation.

Vacancy rate

Percentage of empty apartments available for relet of the total housing stock.