

EnBW International Finance B.V.

Financial report 2008

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Report of the Board of Management

The Management of ENBW International Finance B.V. herewith submits its financial report for the year ended 31 December 2008.

Overview of activities

EnBW International Finance B.V. was founded by EnBW AG on 3 April 2001, according to Dutch law as a company with limited liability (besloten vennootschap met beperkte aansprakelijkheid). EnBW International Finance B.V. has its registered office at Schouwburgplein 30 – 34, 3012 CL Rotterdam.

In accordance with Article 3 of its Articles of Association, the purpose of EnBW International Finance B.V. is financing and participation activities. The exclusive task of EnBW International Finance B.V. is to support the financing requirements of EnBW AG.

Activities during the year

During the year the CHF 400,000,000 bond issued in 2003 matured on 25 February. On the same date a new CHF 300,000,000 bond was issued with maturity on 25 February 2013.

On 20 November two Eurobonds were issued both in the amount of EUR 750,000,000, maturing on 20 November 2013 and 20 November 2018.

On 16 December a JPY-bond in the amount of JPY 20,000,000,000 has been issued with a maturity date of 16 December 2038.

All proceeds of the issues have diverted by way of loan to EnBW AG.

During the year the received amounts under the Commercial Paper Programme have been fully repaid.

Results for the year

The profit for the period is EUR 708,560.

Future outlook

It is expected that the financing activities will increase in line with the growth strategy of the parent company EnBW AG.

Post-balance sheet events

No major post-balance sheet events affecting the financial statements herewith presented, have occurred to date.

EnBW International Finance B.V.

Activities in the field of research and development

The company is not engaged in such activities.

Credit crunch

The financial crisis has a limited effect on EnBW International Finance B.V. so far. EnBW International Finance B.V. issues under the guarantee of EnBW AG and therefore is exposed to the market conditions which affect EnBW AG as well.

The crisis has led to increased credit spreads for EnBW AG. Furthermore, in the current market conditions there have been weeks where there has not been any corporate issuance at all. However, with the ratings and business profile of EnBW AG, EnBW International Finance B.V. was in the position to issue even under difficult market conditions. EnBW issued two public bonds of € 1.5 billion in total in November and a private placement of Japanese Yen 20 billion in December.

EnBW AG has a comfortable level of liquidity. There are no refinancing needs for redemptions in 2009.

Management's accountability

Herewith the management confirms that the annual report provides a fair presentation of the financial statements and that all relevant risk applicable to the company have been described.

Rotterdam, 3 February 2009

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

Balance sheet as at 31 December 2008

(before appropriation of the profit)

		31 December 2008		31 December 2007	
		EUR	EUR	EUR	EUR
Non-current assets					
<i>Other investments</i>					
Loans EnBW AG	1		3,988,947,037		2,377,592,229
Current assets					
<i>Receivables</i>					
Investments	2	–		172,670,000	
Current account group companies	3	98,028,820		113,502,893	
Corporation tax		226,925		–	
Turnover tax		818		1,313	
			98,256,563		286,174,206
Cash and cash equivalents	4		93,157		63,816
			4,087,296,757		2,663,830,251
Shareholders' equity					
Issued and paid up share capital	5	50,000		50,000	
Share premium reserve	6	1,950,000		1,950,000	
Other reserves	7	–		–	
Undistributed result		708,560		657,018	
			2,708,560		2,657,018
Long-term debts					
Interest-bearing loans and borrowings	8		3,988,947,037		2,377,592,229
Current liabilities					
Interest-bearing loans and borrowings	9	–		199,507,121	
Corporation tax		–		375,123	
Accrued expenses and deferred income	10	95,641,160		83,698,760	
			95,641,160		283,581,004
			4,087,296,757		2,663,830,251

Profit & loss account for the year 2008

		2008		2007
		EUR	EUR	EUR
Interest income and similar income	11	134,336,529		152,590,871
Interest expense and similar expenses	12	134,365,147		152,610,954
Net interest result			(28,618)	(20,083)
Fees received from EnBW AG			947,903	836,689
Expenses				
General expenses	13	139,513		129,952
Charged expenses to EnBW AG		(131,153)		(135,058)
Result before corporate income tax			910,925	821,712
Corporate income tax	14	(202,365)		(164,694)
Net result		708,560		657,018

Statement of cash flows for the period ended 31 December 2008

	2008 EUR 1,000	2007 EUR 1,000
Operating activities		
Cash receipts from group companies	1,018	394
Cash paid to suppliers	(141)	(148)
	<hr/>	<hr/>
Cash generated from operations	877	246
Interest paid	(120,606)	(182,862)
Taxes paid	(813)	(52)
	<hr/>	<hr/>
Cash flows from operating activities	(120,542)	(182,668)
	<hr/>	<hr/>
Investing activities		
Interest received	117,478	182,856
Acquisition (sale) of other investments	202,600	550,368
	<hr/>	<hr/>
Cash flows from investing activities	320,078	733,224
	<hr/>	<hr/>
Financing activities		
Proceeds from (non-) current borrowings	952,382	8,183,145
Repayment of borrowings	(1,151,889)	(8,733,638)
	<hr/>	<hr/>
Cash flows from financing activities	(199,507)	(550,493)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	29	63
Cash and cash equivalents as 1 January	64	1
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	93	64
	<hr/>	<hr/>

Notes

General

EnBW International Finance B.V. is a company domiciled in the Netherlands. The company has a controlling related party relationship with its parent company. The company is a wholly owned subsidiary of EnBW AG (ultimate parent company).

The company is a private limited company, where Energie Baden-Württemberg Aktiengesellschaft (hereafter EnBW AG) holds 100% of the shares.

The company was incorporated and started its activities on April 2, 2001. The articles of association of the company (including the memorandum of association) were notarially executed on April 2, 2001. In March 2007 the articles of association are revised and the statutory seat of the company is now Rotterdam (formerly: Amersfoort).

The most important objectives of the company are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, convertible bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned.

Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

(b) Basis of preparation

The financial statements are presented in euro. They are prepared on the historical cost basis unless indicated otherwise hereafter.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant accounting policies

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated to euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Exchange rates applicable as at 31 December 2008 are as follows:

1 CHF = EUR 0.6734 (31 December 2007: EUR 0.6043)

1 JPY = EUR 0.0079

(b) Loans and investments

Investments held-to maturity are recognised/derecognised on the day they are transferred to/by the company. These assets are stated at amortised cost, taken into account the effective yield on these assets per inception date.

(c) Other receivables

Other receivables are stated at their cost less impairment losses if any.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(e) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings on an effective interest basis as per inception date.

(f) Other payables

Other payables are stated at cost.

(g) Expenses

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested, taking into account the effective yield on these assets and liabilities as per inception date.

(h) Income tax

Income tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The taxable profit of the company is based on the Advance Pricing Agreements. As a result of this the taxable result can deviate substantially from the commercial result.

Determination of fair values

The fair value of the long-term interest-bearing loans and borrowings is based on their listed market price. The fair value of these loans and borrowings as at December 31, 2008 amounts to EUR 4.106 billion (December 31, 2007: EUR 2.350 billion). Facing the fact that the net proceeds from each issue of these loans and borrowings by EnBW International Finance B.V. only is applied towards the purposes of on lending to EnBW AG and that the interest rates and other interest conditions on these loans and borrowings are equal to these on the long-term loans to EnBW AG, the fair value of these non-current assets is equal to the fair value of the long-term interest-bearing loans and borrowings. The fair value of the other assets and liabilities as at December 31, 2008 and 2007 is equal to the valuation in the balance sheet.

Financial risk management

Overview

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

EnBW International Finance B.V.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

The company's exposure to credit risk is influenced mainly by the individual characteristics of EnBW AG. The net proceeds from each issue of interest-bearing loans and borrowings by EnBW International Finance B.V. only will be applied towards the purposes of on lending to EnBW AG. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG. EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by EnBW International Finance B.V.

The long-term credit ratings of EnBW AG are A2 (Moody's) and A- (Standard & Poor's). Given these credit ratings, management does not expect that EnBW AG will fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by EnBW International Finance B.V.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The net proceeds from each issue of interest-bearing loans and borrowings by the company only will be applied towards the purposes of on lending to EnBW AG (for equal currency). Therefore the company is not exposed to currency risk on investments and borrowings that are denominated in a currency other than the functional currency of the EnBW group. The currencies in which these transactions primarily are denominated are Euro, Swiss Francs (CHF) and Japanese yen (JPY).

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Interest rate risk

The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG.

Capital management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the company's approach to capital management during the year.

The company is no subject to externally imposed capital requirements.

Notes to the balance sheet as 31 December 2008

1 Other investments

Loans EnBW AG (held to maturity)

	31-12-2008 EUR	31-12-2007 EUR
1. Loan granted in 2002	997,444,781	996,728,431
2. Loan granted in 2002	149,832,782	149,739,839
3. Loan granted in 2003	—	241,697,946
4. Loan granted in 2004	495,094,910	494,897,290
5. Loan granted in 2006	495,051,813	494,528,723
6. Loan granted in 2008	201,044,527	—
7. Loan granted in 2008	746,618,321	—
8. Loan granted in 2008	745,305,915	—
9. Loan granted in 2008	158,553,988	—
	<u>3,988,947,037</u>	<u>2,377,592,229</u>

1. Loan granted in 2002

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2002/2012 (nominal EUR 1,000,000,000) by way of a loan to EnBW AG on February 28, 2002. The payment of the loan has taken place after deduction of “disagio” (EUR 2,960,000) and management and underwriting fees (EUR 3,750,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 716,350 (2007: EUR 674,172) is therefore credited to the profit & loss account and presented as interest income.

As from January 1, 2003 the loan bears interest at a fixed interest rate (5.966% per annum) and has a fixed term of 9 years and 2 months. Redemption of the EUR 1 billion takes place on 28 February 2012.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

2. Loan granted in 2002

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2002/2010 (nominal EUR 150,000,000) by way of a loan to EnBW AG on December 6, 2002. The payment of the loan has taken place after deduction of “disagio” (EUR 141,000) and management and underwriting fees (EUR 525,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 92,943 (2007: EUR 88,216) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (5.0706% per annum) and has a fixed term of 7.75 years. Redemption of the EUR 150 million takes place on 6 September 2010.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

3. Loan granted in 2003

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF-bond 2003/2008 (nominal CHF 400,000,000/EUR 269,360,269) by way of a loan to EnBW AG on February 25, 2003. The payment of the loan has taken place after addition of “agio” (CHF 1,200,000) and deduction of management and underwriting fees (CHF 3,150,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 CHF 62,408 (2007: CHF 406,483) is therefore credited to the profit & loss account and presented as interest income.

The loan bore interest at a fixed interest rate (2.3544% per annum) and had a fixed term of 5 years. Redemption of the CHF 400 million has taken place on 25 February 2008.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

4. Loan granted in 2004

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2004/2025 (nominal EUR 500,000,000) by way of a loan to EnBW AG on December 9, 2004. The payment of the loan has taken place after deduction of “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 197,620 (2007 EUR 187,758) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.9651% per annum) and has a fixed term of 20.1 years. Redemption of the EUR 500 million takes place on 16 January 2025.

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EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

5. Loan granted in 2006

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2006/2016 (nominal EUR 500,000,000) by way of a loan to EnBW AG on October 19, 2006. The payment of the loan has taken place after deduction of “disagio” (EUR 4,820,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 523,090 (2007: EUR 499,663) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.403% per annum) and has a fixed term of 10 years. Redemption of the EUR 500 million takes place on 19 October 2016.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

6. Loan granted in 2008

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF-bond 2008/2013 (nominal CHF 300,000,000/EUR 202,020,202) by way of a loan to EnBW AG on February 25, 2008. The payment of the loan has taken place after addition of “agio” (CHF 651,000) and deduction of management and underwriting fees (CHF 2,375,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 CHF 275,123 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (3.2512% per annum) and has a fixed term of 5 years. Redemption of the CHF 300 million will take place on 25 February 2013.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

7. Loan granted in 2008

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2008/2013 (nominal EUR 750,000,000) by way of a loan to EnBW AG on November 20, 2008. The payment of the loan has taken place after deduction of “disagio” (EUR 1,575,000) and management and underwriting fees (EUR 1,875,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 68,321 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.1094% per annum) and has a fixed term of 5 years. Redemption of the EUR 750 million takes place on 20 November 2013.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

8. Loan granted in 2008

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2008/2018 (nominal EUR 750,000,000) by way of a loan to EnBW AG on November 20, 2008. The payment of the loan has taken place after deduction of "disagio" (EUR 2,482,500) and management and underwriting fees (EUR 2,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2008 EUR 38,415 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.9647% per annum) and has a fixed term of 10 years. Redemption of the EUR 750 million takes place on 20 November 2018.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

9. Loan granted in 2008

EnBW International Finance B.V. had diverted the proceeds from the issue of the JPY-bond 2008/2038 (nominal JPY 20,000,000,000/EUR 158,553,988) by way of a loan to EnBW AG on December 16, 2008.

The loan bears interest at a fixed interest rate (3.88% per annum) and has a fixed term of 30 years. Redemption of the JPY 20 billion takes place on 16 December 2038.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

2 Investments (held to maturity)

EnBW International Finance B.V. had diverted the net proceeds from the issue of the Commercial Paper Programme by way of loans to EnBW AG (on balance EUR 0).

The interest rate is equal to the rate, which has to be paid on the received amounts under the Commercial Paper Programme and vary between 4.17 and 4.65%. The interest for the year 2008 amounts to EUR 2,944,889.

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EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Commercial Paper notes issued by EnBW International Finance B.V.

3 Current account group companies

	31-12-2008	31-12-2007
	EUR	EUR
EnBW AG	98,028,820	113,502,893

The interest on this current account is EONIA +/- 0.125%. No securities are provided.

4 Cash at banks

	31-12-2008	31-12-2007
	EUR	EUR
Deutsche Bank AG (current accounts)	93,157	63,816

5 Issued and paid up share capital

The authorised share capital is composed of 500 ordinary shares with a nominal value of EUR 100 each, in total EUR 50,000. All shares have been issued and fully paid and belong to EnBW AG (Germany).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

6 Share premium reserve

In December 2002 it was decided to increase the equity of the company with EUR 1,950,000.

7 Other reserves

	2008	2007
	EUR	EUR
Balance as at 1 January	—	2,103,360
Dividend to shareholder	(657,018)	(935,366)
Result for the year 2007 (2006)	657,018	(1,167,994)
Balance as at 31 December	—	—

8 Interest-bearing loans and borrowings

	31-12-2008 EUR	31-12-2007 EUR
1. Loan granted in 2002	997,444,781	996,728,431
2. Loan granted in 2002	149,832,782	149,739,839
3. Loan granted in 2003	—	241,697,946
4. Loan granted in 2004	495,094,910	494,897,290
5. Loan granted in 2006	495,051,813	494,528,723
6. Loan granted in 2008	201,044,527	—
7. Loan granted in 2008	746,618,321	—
8. Loan granted in 2008	745,305,915	—
9. Loan granted in 2008	158,553,988	—
	<hr/> 3,988,947,037 <hr/>	<hr/> 2,377,592,229 <hr/>

1. Eurobond 2002/2012

The company has issued on 28 February 2002 1,000,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,960,000) and management and underwriting fees (EUR 3,750,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2008 EUR 716,350 (2007: EUR 674,172) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (5.966% per annum) and has a fixed term of 10 years. Redemption of the EUR 1 billion takes place on 28 February 2012.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

2. Eurobond 2002/2010

The company has issued on 6 December 2002 150,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 141,000) and management and underwriting fees (EUR 525,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2008 EUR 92,943 (2007: EUR 88,216) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (5.0706% per annum) and has a fixed term of 7.75 years. Redemption of the EUR 150 million takes place on 6 September 2010.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

3. CHF-bond 2003/2008

The company has issued on 25 February 2003 a CHF-bond in the amount of CHF 400 million. The proceeds of the bonds were increased with “agio” (CHF 1,200,000) and reduced with management and underwriting fees (CHF 3,150,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2008 CHF 62,408 (2007: CHF 406,483) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bore interest at a fixed interest rate (2.3544% per annum) and had a fixed term of 5 years. Redemption of the CHF 400 million has taken place on 25 February 2008.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

4. Eurobond 2004/2025

The company has issued on 9 December 2004 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). This amount will be calculated on the basis of the remaining term of the bond. For 2008 EUR 197,620 (2007: EUR 187,758) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.9651% per annum) and has a fixed term of 20.1 years. Redemption of the EUR 500 million takes place on 16 January 2025.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

5. Eurobond 2006/2016

The company has issued on 19 October 2006 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 4,820,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2008 EUR 523,090 (2007: EUR 499,663) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.403% per annum) and has a fixed term of 10 years. Redemption of the EUR 500 million takes place on 19 October 2016.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

6. CHF-bond 2008/2013

The company has issued on 25 February 2008 a CHF-bond in the amount of CHF 300 million. The proceeds of the bonds were increased with "agio" (CHF 651,000) and reduced with management and underwriting fees (CHF 2,375,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2008 CHF 275,123 is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.2512% per annum) and has a fixed term of 5 years. Redemption of the CHF 300 million takes place on 25 February 2013.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

7. Eurobond 2008/2013

The company has issued on 20 November 2008 15,000 Eurobonds in the amount of EUR 50,000 each. The proceeds of the bonds were decreased with "disagio" (EUR 1,575,000) and management and underwriting fees (EUR 1,875,000). This amount will be calculated on the basis of the remaining term of the bond. For 2008 EUR 68,321 is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.1094% per annum) and has a fixed term of 5 years. Redemption of the EUR 750 million takes place on 20 November 2013.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

8. Eurobond 2008/2018

The company has issued on 20 November 2008 15,000 Eurobonds in the amount of EUR 50,000 each. The proceeds of the bonds were decreased with "disagio" (EUR 2,482,500) and management and underwriting fees (EUR 2,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2008 EUR 38,415 is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.9647% per annum) and has a fixed term of 10 years. Redemption of the EUR 750 million takes place on 20 November 2018.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

9. JPY-bond 2008/2038

The company has issued on 16 December 2008 a JPY-bond in the amount of JPY 20 billion.

The bonds bear interest at a fixed interest rate (3.88% per annum) and has a fixed term of 30 years. Redemption of the JPY 20 billion takes place on 16 December 2038.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards Morgan Stanley & Co. International Plc) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

Terms and debt repayment schedule

	Total	2-5 years	More than 5 years
	EUR 1.000	EUR 1.000	EUR 1.000
Secured bond issues:			
Eurobonds 2010 – fixed at 5.0706%	149,833	149,833	
Eurobonds 2012 – fixed at 5.966%	997,455	997,445	
Eurobonds 2016 – fixed at 4.403%	495,052		495,052
Eurobonds 2025 – fixed at 4.9651%	495,095		495,095
CHF-bonds 2013 – fixed at 2.3544%	201,045	201,045	
Eurobonds 2013 – fixed at 6.1094%	746,618	746,618	
Eurobonds 2018 – fixed at 6.9647%	745,306		745,306
JPY-bonds 2038 – fixed at 3.88%	158,554		158,554
	<u>3,988,947</u>	<u>2,094,941</u>	<u>1,894,007</u>

9 Interest-bearing loans and borrowings

During the year 2008 the company has issued several short-term Euro notes under the Commercial Paper Programme. The notes have a maturity period of not less than 14 and of not more than 364 days. The notes bear interest at a fixed interest rate. During 2008 EUR 2,944,889 interest was paid.

The transactions (including conditions) are specified in the attached appendix.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of these notes issued by EnBW International Finance B.V.

10 Accrued expenses and deferred income

	31-12-2008	31-12-2007
	EUR	EUR
Interest bond loans	95,606,160	83,497,375
Interest Commercial Paper Programme	—	166,385
Auditors' and consultants' fees	30,000	25,000
Management fees	5,000	10,000
	<hr/>	<hr/>
	95,641,160	83,698,760
	<hr/>	<hr/>

Notes to the profit & loss account for the year 2008

General

The company has no employees.

11 Interest income and similar income

	2008	2007
	EUR	EUR
Loans EnBW AG	134,323,500	152,579,611
Bank interest	13,029	–
Current account EnBW AG	–	7,577
Interest corporation tax 2006	–	1,090
Exchange rate differences	–	2,593
	<u>134,336,529</u>	<u>152,590,871</u>

12 Interest expense and similar expenses

	2008	2007
	EUR	EUR
Interest bond loans	131,378,611	125,450,793
Loans Commercial Paper Programme	2,944,889	27,128,818
Bank charges	1,734	31,343
Interest corporation tax 2001 - 2005	30,013	–
Exchange rate differences	9,900	–
	<u>134,365,147</u>	<u>152,610,954</u>

13 General expenses

	2008	2007
	EUR	EUR
Auditors' and consultants' fees	94,699	93,221
Management fees and administrative expenses	45,852	34,312
Other general expenses	(1,038)	2,419
	<u>139,513</u>	<u>129,952</u>

14 Corporate income tax

EnBW International Finance B.V. constitutes a financing company for EnBW AG and provides and co-ordinates beneficial services to EnBW AG. In return for this EnBW AG pays a loan management fee. As from 2006 the taxable profit only consists of the loan management fee and deductible costs. As a result of this the taxable amount can deviate from the commercial result.

In August 2007 the tax advisor filed a (new) Advance Pricing Agreement request. In January 2008 the fiscal authorities had granted this request. This ruling covers all loans granted up to and including December 31, 2013.

The taxable profit for the financial year 2008 can be calculated as follows:

	2008 EUR
Loan management fee	947,903
Deductible costs	(130,000)
	<hr/>
Taxable profit	817,903
	<hr/>
Corporation tax payable:	202,365
	<hr/>

To date the tax returns, those have been filed up to and including 2007, are settled up to and including 2007.

Rotterdam, 3 February 2009

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

Other information

Provisions in the articles of association concerning the appropriation of profits

Under article 20 of the company's articles of association, the profit is at the disposal of the General Meeting of Shareholders which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Appropriation of result

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2008 profit after tax: an amount of EUR 708,560 to be paid out as a dividend.

The proposed appropriation of the result has not been included in the company's financial statements for the year 2008.

Subsequent events

There are no subsequent events.

Auditors' report

The auditors' report is shown on page 26 and 27

To: Board of management of EnBW International Finance B.V.

Auditors' report

Report on the financial statements

We have audited the financial statements 2008 of EnBW International Finance B.V., Amersfoort, which comprise the balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements give a true and fair view of the financial position of EnBW International Finance B.V. as at 31 December 2008, and of its result and its cash flows

EnBW International Finance B.V.

for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 3 february 2009

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA

Dealer Balance as at January 1, 2008	Nominal (redemption) amount	Issue price	Interest rate	Value date	Date of maturity	Exchange value	Redemptions	Loans to EnBW AG	Appendix Interest up to and including	
									December 31, 2008	December 31, 2008
DZ Bank	50,000,000	99.550	4.650%	December 21, 2007	January 25, 2008	49,774,976	50,000,000	172,670,000		225,024
DZ Bank	150,000,000	99.821	4.600%	December 27, 2007	January 10, 2008	149,732,146	150,000,000			267,854
L-Bank	40,000,000	99.919	4.170%	January 10, 2008	January 17, 2008	39,967,593	40,000,000	-150,000,000		32,407
DZ Bank	20,000,000	99.635	4.260%	January 10, 2008	February 11, 2008	19,926,901	20,000,000	40,000,000		73,099
L-Bank	20,000,000	99.918	4.220%	January 11, 2008	January 16, 2008	19,983,602	20,000,000	39,800,000		16,398
Bayrische Landesbank	40,000,000	99.635	4.360%	January 14, 2008	February 14, 2008	39,653,603	40,000,000	39,600,000		146,197
Bayrische Landesbank	50,000,000	99.636	4.340%	January 17, 2008	February 16, 2008	49,818,109	50,000,000	-20,000,000		181,891
Landesbank Baden-Württemberg	50,000,000	99.624	4.245%	January 19, 2008	February 22, 2008	49,812,043	50,000,000	48,800,000		187,957
DZ Bank	30,000,000	99.248	4.330%	January 21, 2008	March 25, 2008	29,774,385	30,000,000	48,900,000		225,615
Citibank London	40,000,000	99.636	4.240%	January 22, 2008	February 25, 2008	39,854,487	40,000,000	29,700,000		145,513
DZ Bank	50,000,000	99.577	4.250%	February 20, 2008	March 27, 2008	49,788,399	50,000,000	39,800,000		211,601
Dresdner Bank	50,000,000	99.684	4.230%	February 20, 2008	March 20, 2008	49,841,877	50,000,000	-20,000,000		158,123
Landesbank Baden-Württemberg	45,000,000	99.623	4.230%	February 22, 2008	March 25, 2008	44,931,434	45,000,000	-50,000,000		166,666
Bayrische Landesbank	50,000,000	99.660	4.230%	February 22, 2008	March 25, 2008	59,796,244	50,000,000	-50,000,000		203,756
Landesbank Baden-Württemberg	110,000,000	99.916	4.300%	March 27, 2008	April 8, 2008	109,909,105	110,000,000	94,700,000		91,695
DZ Bank	50,000,000	99.631	4.440%	April 8, 2008	May 26, 2008	49,815,682	50,000,000	109,600,000		184,318
DZ Bank	50,000,000	99.745	4.390%	April 23, 2008	May 19, 2008	49,872,285	50,000,000	-80,270,000		127,713
Landesbank Baden-Württemberg	50,000,000	99.916	4.300%	April 23, 2008	May 5, 2008	49,958,229	50,000,000	44,711,111		66,665
Bayrische Landesbank	50,000,000	99.868	4.330%	April 23, 2008	May 9, 2008	49,933,535	50,000,000	199,500,000		185,145
Landesbank Baden-Württemberg	50,000,000	99.630	4.460%	April 23, 2008	May 26, 2008	49,914,655	50,000,000	49,900,000		
DZ Bank	50,000,000	99.746	4.360%	May 8, 2008	June 18, 2008	49,973,155	50,000,000	-50,000,000		126,945
Landesbank Baden-Württemberg	50,000,000	99.913	4.460%	May 28, 2008	July 2, 2008	49,956,482	50,000,000	49,800,000		43,518
Totals	1,155,000,000					1,151,888,726	1,155,000,000			3,111,274
Redemptions (exchange value)						1,151,888,726			0	
Balance as at December 31, 2008										-166,385
Already taken into account in financial year 2007										2,944,889
Interest financial year 2008										