EnBW International Finance B.V.

Financial report 2011

Contents

Financial report

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 2011.

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 aansprakelijheid). EnBW International Finance B.V. has its registered office at Westblaak 89, 3012 KG Rotterdam.

In accordance with Article 3 of its Articles of Association, the purpose of EnBW International Finance B.V. is financing and participation activities and as a consequence of this EnBW International Finance B.V. supports the current financing requirements of EnBW AG.

Activities during the year

The company has repaid the outstanding commercial paper issues as at December 31, 2010 (EUR 99.9 million) during the first quarter 2011.

Results for the year

The profit for the period is EUR 26,844,978 (2010: EUR 26,857,552). The share of profit of equity accounted investees (GESO) in 2010 (EUR 4,9 million) which is not applicable in 2011, is more than compensated in 2011 by a higher interest on the loan EnBW AG in respect with the proceeds from the sale of the GESO shares.

Risk Management

The Board of Management is responsible for the internal control and the management of risks within the EnBW International Finance B.V. and for the assessment of the effectiveness of the control systems. These controls were set up in cooperation with EnBW Group to identify and manage foreign exchange, interest, liquidity and credit risks. The long-term bonds issues of EnBW International Finance B.V. are irrevocably guaranteed by EnBW AG and have long-term ratings which rely on the performance of the EnBW Group. As in previous years, the liquid funds of EnBW International Finance B.V. have been made available to EnBW AG by way of intercompany loans. As of 31 December 2011 the issued bonds are in full extent lend onward at similar conditions.

Financial instruments include cash items, loans and other financing commitments. EnBW International Finance B.V. does not use derivative financial instruments such as swaps and forward rate agreements.

Future outlook and Post-balance sheet events

It is expected that the financing activities will develop in line with the strategy of the parent company EnBW AG. In February 2012 a public bond of EUR 1 billion will be redeemed. It is expected that the company will merge in 2012 with 1 or 2 related companies in the Netherlands.

Activities in the field of research and development

The company is not engaged in such activities.

Market Environment

The financial crisis has a limited effect on EnBW International Finance B.V.
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 long-term credit ratings of EnBW AG are A3 with a negative outlook (Moody's), A- with a stable outlook (Standard & Poor's) and A- with a stable outlook (Fitch).

EnBW AG has a comfortable level of liquidity. There are no refinancing needs for redemptions in 2012.

Management's accountability

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

Rotterdam, 2 February 2012

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt Mr. W.P. Ruoff

Balance sheet as at 31 December 2011

(before appropriation of the profit)

		31 December 2011		31 December 2010	
		EUR	EUR	EUR	EUR
Non-current assets					
Other investments					
Loans EnBW AG	*1*		**6,104,902,439**		6,077,329,214
Current assets					
Receivables					
Investments	*2*	–		100,000,000	
Current account group companies	*3*	**149,724,994**		149,479,613	
Turnover tax		**8,594**		6,694	
Corporation tax		**87,460**		–	
			149,821,048		249,486,307
Cash and cash equivalents	*4*		**92,086**		198,266
			6,254,815,573		6,327,013,787
Shareholders' equity					
Issued and paid up share capital	*5*	**100,000**		100,000	
Share premium reserve	*6*	**830,082,499**		830,082,499	
Other reserves	*7*	–		–	
Undistributed result		**26,844,978**		26,857,552	
			857,027,477		857,040,051
Long-term debts					
Interest-bearing loans and borrowings	*8*		**5,270,472,439**		5,242,899,214
Current liabilities					
Interest-bearing loans and borrowings	*9*	–		99,918,289	
Corporation tax		–		6,511	
Accrued expenses and deferred income	*10*	**127,315,657**		127,149,722	
			127,315,657		227,074,522
			6,254,815,573		6,327,013,787

Profit & loss account for the year 2011

		2011		2010	
		EUR	EUR	EUR	EUR
Interest income and similar income	*11*	**322,179,286**		319,354,884	
Interest expense and similar expenses	*12*	**288,041,859**		291,878,431	
Net interest result			**34,137,429**		27,476,453
Fees received from EnBW AG			**1,740,223**		2,038,352
Share of profit of equity accounted investees (net of income tax)	*13*		**-**		4,895,941
Expenses					
General expenses	*14*		**207,384**		257,315
Wages and salaries	*15*		**4,202**		-
Charged expenses to EnBW AG			**(206,519)**		(263,507)
Result before corporate income tax			**35,872,583**		34,416,938
Corporate income tax	*16*		**(9,027,605)**		(7,559,386)
Net result			**26,844,978**		26,857,552

Statement of cash flows for the period ended 31 December 2011

	2011 EUR 1,000	2010 EUR 1,000
Operating activities		
Cash receipts from group companies	**9,125**	8,100
Cash paid to suppliers	**(195)**	(276)
Cash generated from operations	**8,930**	7,824
Interest paid	**(283,284)**	(289,551)
Taxes paid	**(9,123)**	(7,595)
Cash flows from operating activities	**(283,477)**	(289,322)
Investing activities		
Interest received	**283,289**	289,511
Acquisition of other investments	**-**	(934,430)
Sale of equity accounted investees	**-**	834,437
Sale of other investments	**100,000**	150,000
Cash flows from investing activities	**383,289**	339,518
Financing activities		
Proceeds from (non-) current borrowings	**-**	99,918
Repayment of borrowings	**(99,918)**	(150,000)
Cash flows from financing activities	**(99,918)**	(50,082)
Net decrease (increase) in cash and cash equivalents	**(106)**	114
Exchange differences	**-**	2
Cash and cash equivalents as 1 January	**198**	82
Cash and cash equivalents at 31 December	**92**	198

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). As per 1 December 2011 the company changed it address to Westblaak 89, 3012KG Rotterdam.

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. There are no substantial judgements, estimates and assumptions in the financial statements 2011 and 2010.

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 2011 are as follows:
1 CHF = EUR 0.8226 (31 December 2010: EUR 0.7999)
1 JPY = EUR 0.00998 (31 December 2010: EUR 0.0091)

(b) **Other investments**

These investments 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, 2011 amounts to EUR 5.815 billion (December 31, 2010: EUR 5.786 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 difference between the book value of the long-term loans to EnBW AG (EUR 6.105 billion) and the book value of the long-term interest-bearing loans and borrowings (EUR 5.270 billion) concerns the long-term loan to EnBW AG as a result of the sale of the GESO shares in 2010 (EUR 834 million).

The fair value of the other assets and liabilities as at December 31, 2011 and 2010 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at December 31, 2011 and 2010 is specified in the following overview.

	Carrying value 2011 (EUR million)	Fair value 2011 (EUR million)	Unrecognised gain/(loss) 2011 (EUR million)	Carrying value 2010 (EUR million)	Fair value 2010 (EUR million)	Unrecognise d gain/(loss) 2010 (EUR million)
Loans EnBW AG (corresponding debts are listed)	5,270	5,815	545	5,243	5,786	543
	834	868	34	834	834	0
Current Assets	150	150	0	249	249	0
Cash and cash equivalents	0.1	0.1	0	0.2	0.2	0
Long-term debts (listed)	5,270	5,815	(545)	5,243	5,786	(543)
Current liabilities	127	127	0	227	227	0

	Carrying value 2011 (EUR million)	Fair value 2011 (EUR million)	Unrecognised gain/(loss) 2011 (EUR million)	Carrying value 2010 (EUR million)	Fair value 2010 (EUR million)	Unrecognised gain/(loss) 2010 (EUR million)
Loans EnBW AG (corresponding debts are listed)	5.270	5.815	545	5.243	5.786	543
Loan EnBW AG (GESO)	834	868	34	834	834	0
Current Assets	150	150	0	249	249	0
Cash and cash equivalents	0,1	0,1	0	0,2	0,2	0
Long-term debts (listed)	5.270	5.815	(545)	5.243	5.786	(543)
Current liabilities	127	127	0	227	227	0

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.

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 A3 with a negative outlook (Moody's), A- with a stable outlook (Standard & Poor's) and A- with a stable outlook (Fitch). The negative outlook means that the rating agencies have the expectation that the rating would go down in the mid-term.

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.

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts.

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).

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 policy of EnBW AG is to maintain a strong capital base and satisfactory long-term credit ratings 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 2011

1 Other investments

Loans EnBW AG

	31-12-2011 EUR	31-12-2010 EUR
1. Loan granted in 2002	999,854,377	999,004,212
2. Loan granted in 2004	495,746,915	495,518,968
3. Loan granted in 2006	496,758,880	496,165,174
4. Loan granted in 2008	246,444,972	239,341,731
5. Loan granted in 2008	748,575,361	747,883,971
6. Loan granted in 2008	746,416,595	746,021,181
7. Loan granted in 2008	199,600,798	182,348,651
8. Loan granted in 2009	748,759,841	748,439,949
9. Loan granted in 2009	588,314,700	588,175,377
10. Loan granted in 2010	834,430,000	834,430,000
	6,104,902,439	6,077,329,214

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 2011 EUR 850,165 (2010: EUR 802,300) 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 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 2011 EUR 227,947 (2010 EUR 217,165) 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.

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 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 2011 EUR 593,706 (2010: EUR 568,670) 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.

4. 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 246,791,708) 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 2011 CHF 353,475 (2010: CHF 342,341) 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.

5. 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 2011 EUR 691,390 (2010: EUR 651,583) 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.

6. 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 2011 EUR 395,414 (2010: 369,668) 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.

7. 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 199,600,798) 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.

8. Loan granted in 2009

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2009/2015 (nominal EUR 750,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of "disagio" (EUR 472,500) and management and underwriting fees (EUR 1,500,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2011 EUR 319,892 (2010 EUR 307,068) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.1763% per annum) and has a fixed term of 6 years. Redemption of the EUR 750 million takes place on 7 July 2015.

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 2009

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2009/2039 (nominal EUR 600,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of "disagio" (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2011 EUR 139,323 (2010 EUR 131,101) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.2718% per annum) and has a fixed term of 30 years. Redemption of the EUR 750 million takes place on 7 July 2039.

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.

10. Loan granted in 2010

EnBW International Finance B.V. had diverted the proceeds from the sale of the GESO shares (EUR 834,430,000) by way of a loan to EnBW AG on 31 March 2010.

The loan bears interest at a fixed interest rate (4.13% per annum) and has a fixed term of 10 years. Redemption of the EUR 834,430,000 takes place on 31 March 2020.

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.

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 0.87 and 0.92%. The interest for the year 2011 amounts to EUR 39,579. Redemption of the EUR 100,000,000 took place during January 2011.

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

	31-12-2011 EUR	31-12-2010 EUR
EnBW AG	149,724,994	149,479,613

The interest on this current account is EONIA +/- 0.125% (2011: 1%). No securities are provided.

4 Cash at banks

	31-12-2011 EUR	31-12-2010 EUR
Deutsche Bank AG (current accounts)	92,086	198,266

5 Issued and paid up share capital

The authorised share capital is composed of 1,000 ordinary shares with a nominal value of EUR 100 each, in total EUR 100,000. 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. In January 2010 the share premium reserve was increased by EUR 828,132,499 as a result of the GESO transaction (see note 13).

7 Other reserves

	2011 EUR	2010 EUR
Balance as at 1 January	–	–
Dividend to shareholder	(26,857,552)	(1,341,061)
Result for the year 2010 (2009)	26,857,552	1,341,061
Balance as at 31 December	–	–

8 Interest-bearing loans and borrowings

	31-12-2011 EUR	31-12-2010 EUR
1. Loan granted in 2002	999,854,377	999,004,212
2. Loan granted in 2004	495,746,915	495,518,968
3. Loan granted in 2006	496,758,880	496,165,174
4. Loan granted in 2008	246,444,972	239,341,731
5. Loan granted in 2008	748,575,361	747,883,971
6. Loan granted in 2008	746,416,595	746,021,181
7. Loan granted in 2008	199,600,798	182,348,651
8. Loan granted in 2009	748,759,841	748,439,949
9. Loan granted in 2009	588,314,700	588,175,377
	5,270,472,439	5,242,899,214

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 2011 EUR 850,165 (2010: EUR 802,300) 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 have a fixed term of 9 years and 2 months. 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 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 2011 EUR 227,947 (2010 EUR 217,165) 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 have 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.

3. *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 2011 EUR 593,706 (2010: EUR 568,670) 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 have 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.

4. *CHF-bond 2008/2013*

The company has issued on 25 February 2008 60,000 CHF-bonds in the amount of CHF 5,000 each. 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 2011 CHF 353,475 (2010: CHF 342,341) 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 have 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.

5. 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 2011 EUR 691,390 (2010: EUR 651,583) 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 have 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.

6. 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 2011 EUR 395,414 (2010: 369,668) 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 have 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.

7. JPY-bond 2008/2038

The company has issued on 16 December 2008 200 JPY-bonds in the amount of JPY 100 million each.

The bonds bear interest at a fixed interest rate (3.88% per annum) and have 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.

8. Eurobond 2009/2015

The company has issued on 7 July 2009 750,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with "disagio" (EUR 472,500) and management and underwriting fees (EUR 1,500,000). This amount will be calculated on the basis of the remaining term of the bond. For 2011 EUR 319,892 (2010 EUR 307,068) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.1763% per annum) and have a fixed term of 6 years. Redemption of the EUR 750 million takes place on 7 July 2015.

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. Eurobond 2009/2039

The company has issued on 7 July 2009 600,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with "disagio" (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). This amount will be calculated on the basis of the remaining term of the bond. For 2011 EUR 139,323 (2010 EUR 131,101) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.2718% per annum) and have a fixed term of 30 years. Redemption of the EUR 750 million takes place on 7 July 2039.

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.

Terms and debt repayment schedule

	Total EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
Secured bond issues:				
Eurobonds 2012 – fixed at 5.966%	**999,854**	**999,854**		
Eurobonds 2016 – fixed at 4.403%	**496,759**		**496,759**	
Eurobonds 2025 – fixed at 4.9651%	**495,746**			**495,746**
CHF-bonds 2013 – fixed at 2.3544%	**246,445**		**246,445**	
Eurobonds 2013 – fixed at 6.1094%	**748,575**		**748,575**	
Eurobonds 2018 – fixed at 6.9647%	**746,417**			**746,417**
JPY-bonds 2038 – fixed at 3.88%	**199,601**			**199,601**
Eurobonds 2015 – fixed at 4.1763%	**748,760**		**748,760**	
Eurobonds 2039 – fixed at 6.2718%	**588,315**			**588,315**
	5,270,472	**999,854**	**2,240,539**	**2,030,079**

9 Interest-bearing loans and borrowings

During the year 2010 the company had issued several short-term Euro notes under the Commercial Paper Programme. The notes had a maturity period of not less than 14 and of not more than 364 days. The notes beared interest at a fixed interest rate. These notes have been repaid in January 2011. During 2011 EUR 39,579 interest was paid.

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

	31-12-2011 EUR	31-12-2010 EUR
Interest bond loans	127,255,657	127,067,590
Interest Commercial Paper Programme	-	42,132
Auditors' and consultants' fees	55,000	35,000
Management fees	5,000	5,000
	127,315,657	127,149,722

Notes to the profit & loss account for the year 2011

11 Interest income and similar income

	2011 EUR	2010 EUR
Loans EnBW AG	322,091,909	317,672,207
Loans GESO and GSW	-	1,666,822
Interest corporation tax	87,377	15,855
	322,179,286	319,354,884

12 Interest expense and similar expenses

	2011 EUR	2010 EUR
Interest bond loans	287,590,371	291,706,569
Loans Commercial Paper Programme	39,579	119,169
Current account EnBW AG	400,000	27,000
Bank charges	7,841	25,065
Exchange rate differences	4,068	628
	288,041,859	291,878,431

13 Investments in equity accounted investees/share of profit of equity accounted investees

On 29 January 2010 EnBW AG contributed 2,000,000 non-par value name shares of GESO Beteilungs- und Beratungs-Aktiengesellschaft, a company incorporated under the laws of Germany, into the Company in exchange for the issuance of 500 new shares in the Company's capital each share having a nominal value of EUR 100. The value allocated to the contribution amounts to EUR 607,630,966 and is based on purchase price negotiations as set forth in a Share Purchase Agreement (SPA). As far as the value of the contribution exceeds the amount of EUR 50,000 that was paid on the nominal value of the shares, the surplus is considered to be non stipulated share premium.

Also on 29 January 2010, ENBW AG contributed loan receivables due from GESO Beteilungs- und Beratungs-Aktiengesellschaft and GSW Gas- und Wärmeservice GmbH (a 100% participation of GESO) in the total amount of EUR 220,551,533 into the Company. The value of the contribution is based on the loan receivables' face value and the contribution is considered to be non stipulated share premium.

The company has contributed these loan receivables to GESO as equity on March 19, 2010. On March 31, 2010 the Company has sold the GESO shares to a third party. The selling price is EUR 834,430,000 and the realized gain on this transaction amounts to EUR 4,895,941.

14 General expenses

	2011 EUR	2010 EUR
Auditors' and consultants' fees	150,752	196,061
Management fees and administrative expenses	49,987	58,427
Other general expenses	6,645	2,827
	207,384	257,315

15 Wages and salaries

As per 1 December 2011 two staff members, including one of the managing directors, were employed by the company.

In accordance with article 383, Book 2 of the Netherlands Civil Code the remuneration of the statutory director is not presented, as there is only one paid statutory director.

16 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 (APA) 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 gain realized on the sale of the GESO shares is tax exempt under the participation exemption. In the form of an Advance Tax Ruling the fiscal authorities have granted this in April 2010. The taxable profit for the financial year 2011 can be calculated as follows:

	2011 EUR
Loan management fee	2,017,802
Interest income loans not included in APA	34,461,959
Deductible costs	(329,241)
Taxable profit	36,150,520
Corporate income tax 2011 (payable)	9,027,605

To date the tax returns, those have been filed up to and including 2010, are settled up to and including 2010.

17 Transactions with related parties

Transactions with related parties include relationships between EnBW International Finance B.V., companies of the EnBW Group and the company's directors.

EnBW International Finance B.V obtains funds from the market by issuing corporate bonds/notes. The net proceeds of these notes are lent on in the form of intercompany loans.

The issued notes (total EUR 5,27 billion) are unconditionally and irrevocably guaranteed by EnBW AG. EnBW International Finance B.V received a remuneration for her financing activities from EnBW AG (EUR 1.74 million).

Due to the company's general policy to match funding in terms of maturities and interest rate risks, the funds obtained are lent onward at similar conditions. As a consequence the terms in respect of currencies, maturities and interest rate on the in – and outbound loans correspond.

One of members of the Managing Board receive a remuneration during 2011 (see note 15). During 2010 no remuneration was paid.

18 Forthcoming requirements

Below is a brief summary of relevant new and amended standards and interpretations that may be newly effective for annual (and year-to-date interim) reporting beginning after 1 January 2012:

- IFRS 9 Financial Instruments and subsequent amendments. Not yet endorsed. Effective date: 1 January 2015 (postponed).

These requirements will not have a substantial impact on the forthcoming reporting.

Rotterdam, 2 February 2012

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 2011 profit after tax: an amount of EUR 26,844,978 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 2011.

Subsequent events

It is expected that the company will merge in 2012 with 1 or 2 related companies in the Netherlands.

Auditors' report

The auditors' report is shown on page 27 and 28

Independent Auditors' report

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

Report on the financial statements

We have audited the financial statements 2011 of EnBW International Finance B.V., Rotterdam, which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

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, and for the preparation of the management board report, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 2011 and of its result and its cash flows 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 requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 2 February 2012

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA