EnBW International Finance B.V.

Financial report 2010

Contents

Financial report

Report of the Board of Management	3
Balance sheet as at 31 December 2010	5
Profit & loss account for the year 2010	6
Statement of cash flows for the period ended 31 December 2010	7
Notes	8
Other information	27

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 2010.

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 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 current purpose of EnBW International Finance B.V. is to support the financing requirements of EnBW AG. The Company has started holding activities in 2010.

Activities during the year

During the 1st quarter 2010 the company acquired by way of a contribution in kind the shares of GESO Beteiligungs- und Beratungs AG ("GESO"). This contribution is considered to be non stipulated share premium. As a consequence the share premium increased to EUR 831.1 million. The shareswere also sold in the 1st quarter 2010. This transaction and its financial consequences are thoroughly explained in the explanatory notes.

In September a public bond of EUR 150 million was redeemed.

Results for the year

The profit for the period is EUR 26,857,552 (2009: EUR 1,341,061). This increase of EUR 25.5 million is mainly caused by the above mentioned contribution in kind with respect to the GESO deal.

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 2010 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.

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.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 long-term credit ratings of EnBW AG are A2 (Moody's), A- (Standard & Poor's) and A (Fitch).

EnBW AG has a comfortable level of liquidity. There are no refinancing needs for redemptions in 2011.

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, 31 January 2011

EnBW International Finance B.V.

The Board of Management

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

Balance sheet as at 31 December 2010

(before appropriation of the profit)

		31 December 2010		31 December 2009	
		EUR	EUR	EUR	EUR
Non-current assets					
Other investments					
Loans EnBW AG	1		6,077,329,214		5,319,744,445
Current assets					
Receivables					
Investments	2	100,000,000		–	
Current account group companies	3	149,479,613		131,741,712	
Turnover tax		6,694		992	
			249,486,307		131,742,704
Cash and cash equivalents	4		198,266		81,947
			6,327,013,787		5,451,569,096
Shareholders' equity					
Issued and paid up share capital	5	100,000		50,000	
Share premium reserve	6	830,082,499		1,950,000	
Other reserves	7	–		–	
Undistributed result		26,857,552		1,341,061	
			857,040,051		3,341,061
Long-term debts					
Interest-bearing loans and borrowings	8		5,242,899,214		5,319,744,445
Current liabilities					
Interest-bearing loans and borrowings	9	99,918,289		–	
Corporation tax		6,511		31,462	
Accrued expenses and deferred income	10	127,149,722		128,452,128	
			227,074,522		128,543,590
			6,327,013,787		5,451,569,096

Profit & loss account for the year 2010

		2010		2009	
		EUR	EUR	EUR	EUR
Interest income and similar income	*11*	319,354,884		256,350,639	
Interest expense and similar expenses	*12*	291,878,431		256,384,355	
Net interest result			27,476,453		(33,716)
Fees received from EnBW AG			2,038,352		1,763,379
Share of profit of equity accounted investees (net of income tax)	*13*		4,895,941		–
Expenses					
General expenses	*14*		257,315		131,608
Charged expenses to EnBW AG			(263,507)		(131,913)
Result before corporate income tax			34,416,938		1,729,968
Corporate income tax	*15*		(7,559,386)		(388,907)
Net result			26,857,552		1,341,061

Statement of cash flows for the period ended 31 December 2010

	2010 EUR 1,000	2009 EUR 1,000
Operating activities		
Cash receipts from group companies	8,100	300
Cash paid to suppliers	(276)	(157)
Cash generated from operations	7,824	143
Interest paid	(289,551)	(220,606)
Taxes paid	(7,595)	(119)
Cash flows from operating activities	(289,322)	(220,582)
Investing activities		
Interest received	289,511	220,571
Acquisition of other investments	(934,430)	(1,386,026)
Acquisition of equity accounted investees	(828,182)	-
Sale of equity accounted investees	834,437	-
Sale of other investments	150,000	49,968
Cash flows from investing activities	(488,664)	(1,115,487)
Financing activities		
Increase of share capital and share premium reserve	828,182	-
Proceeds from (non-) current borrowings	99,918	1,386,026
Repayment of borrowings	(150,000)	(49,968)
Cash flows from financing activities	778,100	1,336,058
Net decrease in cash and cash equivalents	114	(11)
Exchange differences	2	
Cash and cash equivalents as 1 January	82	93
Cash and cash equivalents at 31 December	198	82

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. There are no substantial judgements, estimates and assumptions in the financial statements 2010 and 2009.

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 2010 are as follows:
1 CHF = EUR 0.7999 (31 December 2009: EUR 0.6740)

1 JPY = EUR 0.0091 (31 December 2009: EUR 0.0075)

(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, 2010 amounts to EUR 5.786 billion (December 31, 2009: EUR 5.813 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, 2010 and 2009 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.

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), A- (Standard & Poor's) and A (Fitch). 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.

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 2010

1 Other investments

Loans EnBW AG

	31-12-2010 EUR	31-12-2009 EUR
1. Loan granted in 2002	999,004,212	998,201,912
2. Loan granted in 2002	-	149,930,184
3. Loan granted in 2004	495,518,968	495,301,803
4. Loan granted in 2006	496,165,174	495,596,504
5. Loan granted in 2008	239,341,731	201,457,730
6. Loan granted in 2008	747,883,971	747,232,388
7. Loan granted in 2008	746,021,181	745,651,513
8. Loan granted in 2008	182,348,651	150,195,254
9. Loan granted in 2009	748,439,949	748,132,881
10. Loan granted in 2009	588,175,377	588,044,276
11. Loan granted in 2010	834,430,000	-
	6,077,329,214	5,319,744,445

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 2010 EUR 802,300 (2009: EUR 757,130) 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 2010 EUR 69,816 (2009: EUR 97,402) is therefore credited to the profit & loss account and presented as interest income.

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

EnBW AG had provided no securities, but had 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 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 2010 EUR 217,165 (2009 EUR 206,892) 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.

4. 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 2010 EUR 568,670 (2009: EUR 544,690) 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.

5. 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 239,961,606) 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 2010 CHF 342,341 (2009: CHF 331,565) 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.

6. 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 2010 EUR 651,583 (2009: EUR 614,067) 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.

7. 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 2010 EUR 369,668 (2009: 345,598) 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.

8. 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 182,348,651) 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.

9. 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 2010 EUR 307,068 (2009 EUR 105,381) 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.

10. 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 2010 EUR 131,101 (2009 EUR 14,276) 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.

11. 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 (on balance EUR 100,000,000).

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 2010 amounts to EUR 119,169. 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

	31-12-2010 EUR	31-12-2009 EUR
EnBW AG	149,479,613	131,741,712

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

4 Cash at banks

	31-12-2010 EUR	31-12-2009 EUR
Deutsche Bank AG (current accounts)	198,266	81,947

5 Issued and paid up share capital

The authorised share capital is composed of 1,000 (2009: 500) 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

	2010 EUR	2009 EUR
Balance as at 1 January	–	–
Dividend to shareholder	(1,341,061)	(708,560)
Result for the year 2009 (2008)	1,341,061	708,560
Balance as at 31 December	–	–

8 Interest-bearing loans and borrowings

	31-12-2010 EUR	31-12-2009 EUR
1. Loan granted in 2002	999,004,212	998,201,912
2. Loan granted in 2002	-	149,930,184
3. Loan granted in 2004	495,518,968	495,301,803
4. Loan granted in 2006	496,165,174	495,596,504
5. Loan granted in 2008	239,341,731	201,457,730
6. Loan granted in 2008	747,883,971	747,232,388
7. Loan granted in 2008	746,021,181	745,651,513
8. Loan granted in 2008	182,348,651	150,195,254
9. Loan granted in 2009	748,439,949	748,132,881
10. Loan granted in 2009	588,175,377	588,044,276
	5,242,899,214	5,319,744,445

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 2010 EUR 802,300 (2009: EUR 757,130) 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 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 2010 EUR 69,816 (2009: EUR 97,402) is therefore debited to the profit & loss account and presented as interest expenses.

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

EnBW AG had 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 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 2010 EUR 217,165 (2009: EUR 206,892) 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.

4. 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 2010 EUR 568,670 (2009: EUR 544,690) 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.

5. 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 2010 CHF 342,341 (2009: CHF 331,565) 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.

6. 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 2010 EUR 651,583 (2009: EUR 614,067) 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.

7. 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 2010 EUR 369,668 (2009: EUR 345,598) 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.

8. 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.

9. 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 2010 EUR 307,068 (2009 EUR 105,381) 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.

10. 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 2010 EUR 131,101 (2009 EUR 14,276) 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	2-5 years	More than 5 years
	EUR 1,000	EUR 1,000	EUR 1,000
Secured bond issues:			
Eurobonds 2012 – fixed at 5.966%	999,004	999,004	
Eurobonds 2016 – fixed at 4.403%	496,165		496,165
Eurobonds 2025 – fixed at 4.9651%	495,519		495,519
CHF-bonds 2013 – fixed at 2.3544%	239,342	239,342	
Eurobonds 2013 – fixed at 6.1094%	747,884	747,884	
Eurobonds 2018 – fixed at 6.9647%	746,021		746,021
JPY-bonds 2038 – fixed at 3.88%	182,349		182,349
Eurobonds 2015 – fixed at 4.1763%	748,440	748,440	
Eurobonds 2039 – fixed at 6.2718%	588,175		588,175
	5,242,899	2,734,670	2,508,229

9 Interest-bearing loans and borrowings

During the year 2010 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. The payable interest as at December 31, 2010 amounts to EUR 42,132. During 2010 EUR 77,037 interest was already 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

	31-12-2010 EUR	31-12-2009 EUR
Interest bond loans	127,067,590	128,420,532
Interest Commercial Paper Programme	42,132	-
Auditors' and consultants' fees	35,000	30,000
Management fees	5,000	1,462
	127,149,722	128,452,128

Notes to the profit & loss account for the year 2010

General

The company has no employees. The members of the Managing Board did not receive a remuneration during 2010 and 2009.

11 Interest income and similar income

	2010 EUR	2009 EUR
Loans EnBW AG	317,672,207	256,349,159
Loans GESO and GSW	1,666,822	-
Bank interest	-	3
Interest corporation tax	15,855	1,477
	319,354,884	256,350,639

12 Interest expense and similar expenses

	2010 EUR	2009 EUR
Interest bond loans	291,706,569	256,316,888
Loans Commercial Paper Programme	119,169	32,271
Current account EnBW AG	27,000	13,000
Bank charges	25,065	22,107
Exchange rate differences	628	89
	291,878,431	256,384,355

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 Beteiligungs- 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

	2010 EUR	2009 EUR
Auditors' and consultants' fees	196,061	73,145
Management fees and administrative expenses	58,427	52,286
Other general expenses	2,827	6,177
	257,315	131,608

15 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 2010 can be calculated as follows:

	2010 EUR
Loan management fee	2,043,145
Interest income loans not included in APA	27,513,291
Deductible costs	(30,646)
Taxable profit	29,525,790
Corporate income tax 2010 (payable)	7,518,136
Corporate income tax 2009 (adjustment)	41,250
	7,559,386

To date the tax returns, those have been filed up to and including 2009, are settled up to and including 2008.

16 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 5,24 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 2 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.

The members of the Managing Board did not receive a remuneration during 2010 and 2009.

17 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 2011.

IAS 24 Related Party Disclosures (revised in 2009 and endorsed in 2010). Effective date: 1 January 2011.

IFRS 9 Financial Instruments. Not yet endorsed. Effective date: 1 January 2013.

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

Rotterdam, 31 January 2011

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 2010 profit after tax: an amount of EUR 26,857,552 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 2010.

Auditors' report

The auditors' report is shown on page 28 and 29

Independent auditors' report

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

Report on the financial statements

We have audited the financial statements 2010 of EnBW International Finance B.V., Rotterdam, which comprise the statement of financial position as at 31 December 2010, 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 2010 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, 31 January 2011

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA