

**EnBW International Finance B.V.**

Financial report 2009

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## **Report of the Board of Management**

The Management of ENBW International Finance B.V. herewith submits its financial report for the year ended 31 December 2009.

### **Overview of activities**

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

In accordance with Article 3 of its Articles of Association, the purpose of EnBW International Finance B.V. is financing and participation activities. The 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 (see for further information hereafter).

### **Activities during the year**

On 7 July two Eurobonds were issued in the amount of EUR 750,000,000 maturing on 7 July 2015 and EUR 600,000,000 maturing on 7 July 2039.

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

During the year the received amounts under the Commercial Paper Programme (EUR 50 million) have been fully repaid.

### **Results for the year**

The profit for the period is EUR 1,341,061 (2008: EUR 708,560). This increase is mainly caused by the increase of the fees from EnBW AG and developed in line with the average outstanding loans

### **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 2009 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.

## **EnBW International Finance B.V.**

### **Future outlook and Post-balance sheet events**

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

On 29 January 2010, EnBW Energie Baden-Württemberg AG contributed 2,000,000 non-par value name shares (auf den Namen lautende Stückaktien) of GESO Beteiligungs- 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 approximately EUR 607.9 million and is based on purchase price negotiations as set forth in a Memorandum of Understanding with a potential purchaser. 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 shall be considered to be non stipulated share premium.

Also on 29 January 2010, EnBW Energie Baden-Württemberg 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 220,551,533.41 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 investment in GESO is to be considered as a short-term investment.

### **Activities in the field of research and development**

The company is not engaged in such activities.

### **Credit crunch**

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

The international bond markets experienced extraordinary investor demand in 2009 with EUR 269 billion priced compared to EUR 128 billion in 2008. Although credit spreads saw a general rise the underlying interest levels tightened throughout the year, EnBW AG and EnBW International Finance B.V. found favorable conditions to solve its funding needs. Due to the ratings and business profile of EnBW AG, EnBW International Finance B.V. was in the position to issue two public bonds of EUR 1.35 billion in total.

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 2010.

**EnBW International Finance B.V.**

**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, 8 February 2010

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

## Balance sheet as at 31 December 2009

(before appropriation of the profit)

		31 December 2009		31 December 2008	
		EUR	EUR	EUR	EUR
<b>Non-current assets</b>					
<i>Other investments</i>					
Loans EnBW AG	1		5,319,744,445		3,988,947,037
<b>Current assets</b>					
<i>Receivables</i>					
Current account group companies	2	131,741,712		98,028,820	
Corporation tax		—		226,925	
Turnover tax		992		818	
			131,742,704		98,256,563
Cash and cash equivalents	3		81,947		93,157
			5,451,569,096		4,087,296,757
<b>Shareholders' equity</b>					
Issued and paid up share capital	4	50,000		50,000	
Share premium reserve	5	1,950,000		1,950,000	
Other reserves	6	—		—	
Undistributed result		1,341,061		708,560	
			3,341,061		2,708,560
<b>Long-term debts</b>					
Interest-bearing loans and borrowings	7		5,319,744,445		3,988,947,037
<b>Current liabilities</b>					
Corporation tax		31,462		—	
Accrued expenses and deferred income	8	128,452,128		95,641,160	
			128,543,590		95,641,160
			5,451,569,096		4,087,296,757

## Profit & loss account for the year 2009

		2009		2008	
		EUR	EUR	EUR	EUR
Interest income and similar income	9	256,350,639		134,336,529	
Interest expense and similar expenses	10	256,384,355		134,365,147	
<b>Net interest result</b>			(33,716)		(28,618)
<b>Fees received from EnBW AG</b>			1,763,379		947,903
<b>Expenses</b>					
General expenses	11		131,608		139,513
Charged expenses to EnBW AG			(131,913)		(131,153)
<b>Result before corporate income tax</b>			1,729,968		910,925
Corporate income tax	12		(388,907)		(202,365)
<b>Net result</b>			1,341,061		708,560

## Statement of cash flows for the period ended 31 December 2009

	2009 EUR 1,000	2008 EUR 1,000
<b>Operating activities</b>		
Cash receipts from group companies	300	1,018
Cash paid to suppliers	(157)	(141)
	<hr/>	<hr/>
Cash generated from operations	143	877
Interest paid	(220,606)	(120,606)
Taxes paid	(119)	(813)
	<hr/>	<hr/>
<b>Cash flows from operating activities</b>	<b>(220,582)</b>	<b>(120,542)</b>
	<hr/>	<hr/>
<b>Investing activities</b>		
Interest received	220,571	117,478
Acquisition of other investments	(1,386,026)	(2,754,722)
Sale of other investments	49,968	1,318,598
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>	<b>(1,115,487)</b>	<b>(1,318,646)</b>
	<hr/>	<hr/>
<b>Financing activities</b>		
Proceeds from (non-) current borrowings	1,386,026	2,832,804
Repayment of borrowings	(49,968)	(1,393,587)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>	<b>1,336,058</b>	<b>1,439,217</b>
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(11)	29
Cash and cash equivalents as 1 January	93	64
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	<b>82</b>	<b>93</b>
	<hr/>	<hr/>



## **Notes**

### **General**

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

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

The company was incorporated and started its activities on April 2, 2001. The articles of association of the company (including the memorandum of association) were notari ally 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 2009 and 2008.

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 2009 are as follows:

1 CHF = EUR 0.6740 (31 December 2008: EUR 0.6734)

1 JPY = EUR 0.0075 (31 December 2008: EUR 0.0079)

**(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, 2009 amounts to EUR 5.813 billion (December 31, 2008: EUR 4.106 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, 2009 and 2008 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.

## **EnBW International Finance B.V.**

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 2009

### 1 Other investments

#### Loans EnBW AG

	31-12-2009 EUR	31-12-2008 EUR
1. Loan granted in 2002	998,201,912	997,444,781
2. Loan granted in 2002	149,930,184	149,832,782
3. Loan granted in 2004	495,301,803	495,094,910
4. Loan granted in 2006	495,596,504	495,051,813
5. Loan granted in 2008	201,457,730	201,044,527
6. Loan granted in 2008	747,232,388	746,618,321
7. Loan granted in 2008	745,651,513	745,305,915
8. Loan granted in 2008	150,195,254	158,553,988
9. Loan granted in 2009	748,132,881	—
10. Loan granted in 2009	588,044,276	--
	<hr/> 5,319,744,445 <hr/>	<hr/> 3,988,947,037 <hr/>

#### 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 2009 EUR 757,130 (2008: EUR 716,350) 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 2009 EUR 97,402 (2008: EUR 92,943) is therefore credited to the profit & loss account and presented as interest income.

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

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

## ***3. Loan granted in 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 2009 EUR 206,892 (2008 EUR 197,620) 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 2009 EUR 544,690 (2008: EUR 523,090) 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 202,210,839) 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 2009 CHF 331,565 (2008: CHF 275,123) is therefore credited to the profit & loss account and presented as interest income.

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

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

***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 2009 EUR 614,067 (2008: EUR 68,321) is therefore credited to the profit & loss account and presented as interest income.

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

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

***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 2009 EUR 345,598 (2008: 38,415) is therefore credited to the profit & loss account and presented as interest income.

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

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



***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 150,195,254) 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 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 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.

## 2 Current account group companies

	31-12-2009 EUR	31-12-2008 EUR
EnBW AG	131,741,712	98,028,820

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

## 3 Cash at banks

	31-12-2009 EUR	31-12-2008 EUR
Deutsche Bank AG (current accounts)	81,947	93,157

## 4 Issued and paid up share capital

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

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

## 5 Share premium reserve

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

## 6 Other reserves

	2009 EUR	2008 EUR
Balance as at 1 January	—	—
Dividend to shareholder	(708,560)	(657,018)
Result for the year 2008 (2007)	708,560	657,018
Balance as at 31 December	—	—

## 7 Interest-bearing loans and borrowings

	31-12-2009 EUR	31-12-2008 EUR
1. Loan granted in 2002	998,201,912	997,444,781
2. Loan granted in 2002	149,930,184	149,832,782
3. Loan granted in 2004	495,301,803	495,094,910
4. Loan granted in 2006	495,596,504	495,051,813
5. Loan granted in 2008	201,457,730	201,044,527
6. Loan granted in 2008	747,232,388	746,618,321
7. Loan granted in 2008	745,651,513	745,305,915
8. Loan granted in 2008	150,195,254	158,553,988
9. Loan granted in 2009	748,132,881	—
10. Loan granted in 2009	588,044,276	—
	<hr/> 5,319,744,445 <hr/>	<hr/> 3,988,947,037 <hr/>

### 1. Eurobond 2002/2012

The company has issued on 28 February 2002 1,000,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,960,000) and management and underwriting fees (EUR 3,750,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2009 EUR 757,130 (2008: EUR 716,350) 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 2009 EUR 97,402 (2008: EUR 92,943) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

### ***3. 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 2009 EUR 206,892 (2008: EUR 197,620) 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 2009 EUR 544,690 (2008: EUR 523,090) 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 2009 CHF 331,565 (2008: CHF 275,123) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.2512% per annum) and 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 2009 EUR 614,067 (2008: EUR 68,321) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.1094% per annum) and 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 2009 EUR 345,598 (2008: EUR 38,415) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.9647% per annum) and 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 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 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**

	<b>Total</b>	<b>Less than 1 Year</b>	<b>2-5 years</b>	<b>More than 5 years</b>
	<b>EUR 1.000</b>	<b>EUR 1.000</b>	<b>EUR 1.000</b>	<b>EUR 1.000</b>
Secured bond issues:				
Eurobonds 2010 – fixed at 5.0706%	<b>149,930</b>	<b>149,930</b>		
Eurobonds 2012 – fixed at 5.966%	<b>998,202</b>		<b>998,202</b>	
Eurobonds 2016 – fixed at 4.403%	<b>495,596</b>			<b>495,596</b>
Eurobonds 2025 – fixed at 4.9651%	<b>495,302</b>			<b>495,302</b>
CHF-bonds 2013 – fixed at 2.3544%	<b>201,458</b>		<b>201,458</b>	
Eurobonds 2013 – fixed at 6.1094%	<b>747,232</b>		<b>747,232</b>	
Eurobonds 2018 – fixed at 6.9647%	<b>745,652</b>			<b>745,652</b>
JPY-bonds 2038 – fixed at 3.88%	<b>150,195</b>			<b>150,195</b>
Eurobonds 2015 – fixed at 4.1763%	<b>748,133</b>			<b>748,133</b>
Eurobonds 2039 – fixed at 6.2718%	<b>588,044</b>			<b>588,044</b>
	<b>5,319,744</b>	<b>149,930</b>	<b>1,796,962</b>	<b>3,222,922</b>

## **8 Accrued expenses and deferred income**

	<b>31-12-2009</b>	<b>31-12-2008</b>
	<b>EUR</b>	<b>EUR</b>
Interest bond loans	128,420,532	95,606,160
Auditors' and consultants' fees	30,000	30,000
Management fees	1,462	5,000
	<b>128,452,128</b>	<b>95,641,160</b>

## Notes to the profit & loss account for the year 2009

### General

The company has no employees. The members of the Managing Board did not receive a remuneration during 2009 and 2008.

### 9 Interest income and similar income

	2009 EUR	2008 EUR
Loans EnBW AG	256,349,159	134,323,500
Bank interest	3	13,029
Interest corporation tax	1,477	–
	<u>256,350,639</u>	<u>134,336,529</u>

### 10 Interest expense and similar expenses

	2009 EUR	2008 EUR
Interest bond loans	256,316,888	131,378,611
Loans Commercial Paper Programme	32,271	2,944,889
Current account EnBW AG	13,000	–
Bank charges	22,107	1,734
Interest corporation tax 2001 - 2005	–	30,013
Exchange rate differences	89	9,900
	<u>256,384,355</u>	<u>134,365,147</u>

### 11 General expenses

	2009 EUR	2008 EUR
Auditors' and consultants' fees	73,145	94,699
Management fees and administrative expenses	52,286	45,852
Other general expenses	6,177	(1,038)
	<u>131,608</u>	<u>139,513</u>



## **12 Corporate income tax**

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

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

The taxable profit for the financial year 2009 can be calculated as follows:

	<b>2009 EUR</b>
Loan management fee	1,763,379
Deductible costs	(140,000)
<b>Taxable profit</b>	<b>1,623,379</b>
Corporate income tax 2009 (payable)	402,962
Corporate income tax 2008 (adjustment)	(14,055)
	<b>388,907</b>

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

## **13 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 5.32 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 1.76 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 2009 and 2008.

## **14 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 2010.

IAS 24 Related Party Disclosures (revised 2009). Not yet endorsed. 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, 8 February 2010

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 2009 profit after tax: an amount of EUR 1,341,061 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 2009.

### **Subsequent events**

EnBW International Finance B.V. serves as a financing company for the EnBW group. The purpose of the company set forth in its articles of incorporation and bylaws also includes holding, managing, monitoring as well as buying and selling entities or title to other assets. On 29 January 2010 EnBW AG contributed its 100% shareholding in GESO Beteiligungs- und Beratungs-AG into EnBW International Finance B.V. in return for the issue of new shares in order to strengthen the latter's financing power. For more detailed information with respect to this transaction reference is made to the Report of the Board of Management.

### **Auditors' report**

The auditors' report is shown on page 28 and 29

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

## **Auditors' report**

### **Report on the financial statements**

We have audited the financial statements 2009 of EnBW International Finance B.V., Rotterdam, which comprise the statement of financial position as at 31 December 2009, the statements of comprehensive income, the changes in equity and cash flows for the year then ended, and the notes, comprising a summary of 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**EnBW International Finance B.V.**

*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 2009, 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 requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 8 February 2010

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA