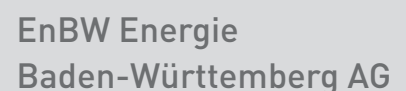


Nine-monthly financial report

January to September 2008



At a glance

EnBW group		1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Revenue					
Electricity	€ millions	9,413.4	8,367.4	12.5	11,539.7
Gas	€ millions	1,740.9	1,648.6	5.6	2,479.3
Energy and environmental services	€ millions	506.3	501.9	0.9	693.2
External revenue, total	€ millions	11,660.6	10,517.9	10.9	14,712.2
Adjusted EBITDA	€ millions	1,949.8	1,711.2	13.9	2,328.3
EBITDA	€ millions	1,965.6	1,843.2	6.6	2,336.4
Adjusted EBIT	€ millions	1,367.4	1,149.0	19.0	1,563.0
EBIT	€ millions	1,321.4	1,280.5	3.2	1,559.2
Adjusted group net profit ^{1,2}	€ millions	817.7	579.0	41.2	821.0
Group net profit ^{1,2}	€ millions	777.9	1,128.0	-31.0	1,364.1
Earnings per share from group net profit ^{1,2}	€	3.18	4.62	-31.2	5.58
Cash flow from operating activities	€ millions	1,483.5	1,274.9	16.4	1,558.7
Free cash flow	€ millions	775.3	843.4	-8.1	853.2
Capital expenditures on intangible assets and property, plant and equipment ³	€ millions	775.2	498.4	55.5	816.1

Energy sales of the EnBW group		1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Electricity	billions of kWh	95.6	100.2	-4.6	139.5
Gas	billions of kWh	46.6	50.5	-7.7	75.2

Employees of the EnBW group ⁴		30/9/2008	30/9/2007	Variance %	31/12/2007
Employees	Number	20,363	20,175	0.9	20,265

¹ The figures of the comparative period have been adjusted.

² In relation to the profit shares attributable to the equity holders of EnBW AG.

³ From continuing operations.

⁴ Number of employees without apprentices/trainees and without inactive employees.

Contents

_02	Top issues
_04	Letter to our shareholders
_06	The EnBW share
	Interim group management report (unaudited)
_09	Economic and political environment
_15	Company situation
_22	Employees
_22	Subsequent events
_23	Risk management
_25	Forecast
	Interim financial statements of the EnBW group January to September 2008 (unaudited)
_29	Income statement
_30	Balance sheet
_31	Cash flow statement
_32	Statement of changes in equity
_33	Notes and explanations
_38	Board of Management and Supervisory Board
_40	Financial calendar/Contact
_41	About this publication/Photo credits

Important note

No offer or investment recommendation

This report has been prepared for information purposes only. It does not constitute an offer, an invitation or a recommendation to purchase or sell securities issued by EnBW Energie Baden-Württemberg AG (EnBW), a company of the EnBW group or any other company. This report does not constitute a request, instruction or recommendation to vote or give consent. All descriptions, examples and calculations are included in this report for illustration purposes only.

Future-oriented statements

This report contains future-oriented statements that are based on current assumptions, plans, estimates and forecasts of the management of EnBW. Such future-oriented statements are therefore only valid at the time at which they are published for the first time. Future-oriented statements are indicated by the context, but may also be identified by the use of the words “may”, “will”, “should”, “plans”, “intends”, “expects”, “believes”, “assumes”, “forecasts”, “potentially” or “continued” and similar expressions.

By nature, future-oriented statements are subject to risks and uncertainties that cannot be controlled or accurately predicted by EnBW. Actual events, future results, the financial position, development or performance of EnBW and the companies of the EnBW group may therefore diverge considerably from the future-oriented statements made in this report. Therefore it cannot be guaranteed nor can any liability be assumed otherwise that these future-oriented statements will prove complete, correct or precise or that expected and forecast results will actually occur in the future.


No obligation to update the information

EnBW assumes no obligation of any kind to update the information contained in this report or to adjust or update future-oriented statements to future events or developments.

This quarterly financial report can also be downloaded from the internet in German or English. In case of doubt, the German version shall prevail.

Top issues

2008



January 2008

Bond issued on the Swiss capital market

Via its subsidiary EnBW International Finance B.V., EnBW issues a bond totalling CHF 300 million with a fixed term of five years.

February 2008

Bioenergy to reduce greenhouse gases

EnBW and the University of Hohenheim explore possibilities of reducing greenhouse gases in a pilot project for the production of bioenergy. This Clean Development Mechanism project involves the large-scale planting of the jatropha plant on a 3,000 hectare plantation on wasteland in Madagascar.

March 2008

IAEA attests high standard of Neckarwestheim nuclear power plant

The International Atomic Energy Agency attests the high standard of the Neckarwestheim nuclear power plant. EnBW is the only operator of nuclear power plants in Germany whose production locations have been completely reviewed by the IAEA in only a few years.

CFO leaves EnBW

The CFO of EnBW, Dr. Christian Holzherr, leaves the company of his own volition. CEO Hans-Peter Villis assumes responsibility for the finance portfolio for the time being.

EnBW once again named "Top Employer"

EnBW again receives top ranking in the "Top Employer Germany 2008" study carried out by the "karriere" journal in collaboration with the geva-Institut and the Corporate Research Foundation.

April 2008

Collective bargaining partners reach agreement

Employers and employee representatives of the private energy industry in Baden-Württemberg reach an agreement on a pay rise, a one-off payment and the hiring of trainees on limited and permanent contracts.

May 2008

Energy supply agreements signed

Some 50 towns and cities, municipalities and associations from the Ravensburg district and surroundings commission EnBW to supply electricity to their public facilities. The delivery volume in 2009 and 2010 comprises some 2,700 points with an annual consumption in excess of 51 million kWh.

Offshore wind power projects secured

The acquisition of all shares in Eos Offshore AG, Varel, and Offshore Ostsee Wind AG, Börgerende-Rethwisch, marks EnBW's entry into the offshore wind power business. Both companies hold rights in a total of four approved offshore wind farm projects with an installed wind power capacity of around 1,200 MW.

Approval procedure for Stade begins

The approval procedure for the integrated energy supply planned by Dow Stade and EnBW in Stade, a centre of the chemical industry, begins. The project comprises the development, construction and operation of a state-of-the-art hard coal power station and a gas and steam turbine power station with a total output in excess of 1,000 MW.

Both ratings confirmed

The rating agencies Standard & Poor's and Moody's confirm the long-term rating A-/A2 and the short-term rating A-2/Prime-1 of EnBW. The outlook in both ratings also continues to be "stable".

June 2008

Transfer of residual electricity rejected

The Federal Ministry for the Environment rejects EnBW's application dated 21 December 2006 for transfer of residual electricity volumes from GKN II to GKN I.

July 2008

26% of EWE AG acquired

EnBW's bid to acquire 26% of EWE AG, with registered offices in Oldenburg, is accepted. The Federal Anti-Trust Office's approval of the acquisition is still pending.



New CFO

EnBW's Supervisory Board appoints Dr. Rudolf Schulten to EnBW's Board of Management (CFO) for a term of five years commencing 1 January 2009.

August 2008

Municipal bid won

In the group tendering process of the Association of the Municipalities of Baden-Württemberg, EnBW is awarded the contract to supply a total of 618 million kWh of electricity in the years 2009 to 2011. This means that EnBW supplies around 13,000 municipal facilities and remains the most important electricity supplier for municipalities and associations in Baden-Württemberg.

September 2008

New trainees hired

A total of 334 young people begin their vocational training at EnBW. In addition to apprenticeships for 17 professions and trades, EnBW offers 12 courses of study in cooperation with universities of cooperative education and universities of applied science in Baden-Württemberg.

CESOC coordination company formed

swissgrid ag and EnBW Transportnetze AG form a joint coordination company, Central European System Operation Coordinator AG (CESOC) with registered offices in Laufenburg, Switzerland. The intention is to promote cross-border cooperation. The two companies each hold 50% of the shares in the new undertaking.

Decision to add fifth turbine at Iffezheim

EnBW has decided to extend Iffezheim hydroelectric power station, adding another turbine with an output of 38 MW. This will make Iffezheim one of the largest run-of-the-river power stations on the Rhine, with a total output of 148 MW.

Increased use of fuel cells

EnBW steps up its programme to promote the testing of fuel cells for residential energy purposes. A further 222 fuel cell heating devices are to be installed by 2012 as part of the milestone "CALLUX" project in Baden-Württemberg.

Energiedienst Holding and EnAlpin united

EnBW contributes 100% of the shares in EnAlpin AG to Energiedienst Holding AG (EDH). In return, EnBW's shareholding in EDH increases to 81.7%. By taking this step, EnBW is bundling its operations in Switzerland and is preparing for the liberalisation of the Swiss electricity market beginning in 2009. EDH's annual general meeting is due to pass a final resolution on this issue in November 2008.

Foundation stone laid for RDK 8

EnBW lays the foundation stone for the new RDK 8 hard coal power station at Karlsruhe Rheinhafen port. It is scheduled to be commissioned at the end of 2011.

October 2008

Intelligent electricity meters go into series production

EnBW is the first energy provider in Germany to offer its customers in Baden-Württemberg on a serial basis an intelligent electricity meter with real-time data. The new technology enables consumers to actively evaluate and control their electricity consumption.

Service company CASC formed

The joint service company CASC (Capacity Allocation Service Company) is formed by the German, French, Belgian, Luxembourg and Dutch transmission network operators to promote cross-border electricity trading between their respective countries. The German companies E.ON Netz, RWE TSO and EnBW Transportnetze AG have shareholdings in the new company.

Decommissioning and dismantling started in Obrigheim

Once the Baden-Württemberg Ministry for the Environment has given its initial approval for decommissioning and dismantling the Obrigheim nuclear power plant (KWO), work can start in the non-nuclear area. The process of dismantling will be effected in four stages and is currently scheduled for completion by 2020.

Personnel changes on the Board of Management

Pierre Lederer, deputy chairman and COO of EnBW is leaving the company of his own volition as of 31 January 2009. EnBW's Supervisory Board appoints Christian Buchel to the Board of Management and COO, effective as of 1 February 2009.

Letter to our shareholders

Dear shareholders,
investors and friends of EnBW,

The earnings power of EnBW Energie Baden-Württemberg AG continued to develop well in the third quarter of the current fiscal year 2008. We reported the following figures as of the cut-off date of the January to September 2008 quarterly financial statements:

- > Revenue grew in all three business segments, rising to a total of € 11,660.6 million. This equates to 10.9 per cent more than in the comparative period of the prior year.
- > Adjusted group net profit in terms of the profit attributable to the equity holders of EnBW AG rose by 41.2 per cent to € 817.7 million on the first nine months of 2007.
- > The group net profit, in terms of the profit shares attributable to the equity holders of EnBW AG, dropped by 31.0 per cent to € 777.9 million in a year-on-year comparison. The decline stems from a lower non-operating result mainly caused by non-recurring tax income in the prior year as a result of the 2008 Business Tax Reform Act. Other causes are lower income from the reversal of other provisions, the change in the nuclear power provisions and impairment losses on the gas grid.
- > Capital expenditures increased to € 775.2 million, up 55.5 per cent on the first nine months of 2007.

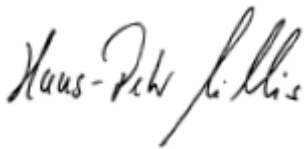
One important event for EnBW in the third quarter of 2008 that has just come to an end was the laying of the foundation stone for our new RDK 8 coal-fired power station at Karlsruhe Rheinhafen port. The decision to spend in excess of one billion euros on the new power station is a clear expression of our commitment to Karlsruhe as one of our group's sites, to Baden-Württemberg as our home market and to Germany as an industrial location.

In our eyes, conventional power stations are an important part of a balanced and therefore reliable and viable energy generation mix. We do not treat conventional power stations, nuclear power plants and renewable energies as being in opposition to each other. They should rather all be seen as complementary components of sustainable power generation. We consequently made a decision in September to extend our run-of-the-river power station at Iffezheim by adding another turbine with an output of 38 megawatts as part of our strategy of expanding our use of renewable energies. With the new fifth turbine, the hydro-electric power station will provide a total output of 148 megawatts. Iffezheim will then be one of the largest run-of-the-river power stations along the Rhine, generating renewable electricity for more than 500,000 people. Alongside the offshore wind farms off the German North Sea and Baltic coasts, hydropower will remain one of the renewable energy mainstays of our power generating capacity.

The investments and projects I have just mentioned and the partnership with EWE AG are only a small part of the growth strategy that we intend to pursue. On 10 July 2008, the association of municipal EWE shareholders approved our bid to acquire 26 per cent of the shares in EWE. The antitrust authorities' approval of the share acquisition is still pending. I am confident that the authorities will give their consent to the partnership between EWE and EnBW, probably in January 2009.

I am delighted that EnBW has maintained its earnings power at a satisfactory level over the first nine months of 2008 and I am confident that earnings will continue to develop well over the fiscal year 2008 as a whole.

Yours sincerely,

A handwritten signature in black ink, reading "Hans-Peter Villis". The signature is written in a cursive, flowing style.

Hans-Peter Villis
Chief Executive Officer

Karlsruhe, November 2008



Hans-Peter Villis
Chief Executive Officer

The EnBW share

EnBW share in figures ¹	30/9/2008	31/12/2007
Number of shares outstanding (millions of shares)	244,257	244,257
Closing price in €	42.00	60.16
Market capitalisation in € billions ²	10.3	14.7

EnBW share prices ¹	1/1 – 30/9/2008	1/1 – 31/12/2007
High in €	61.00	60.84
Low in €	42.00	48.01

¹ The price information relates to the XETRA prices.

² Number of shares outstanding at the end of the quarter multiplied by the closing price.

Development of the EnBW share from 1 January to 30 September 2008



Shareholder composition

The shareholder composition of EnBW Energie Baden-Württemberg AG as of 30 September 2008 is as follows¹:

Shareholder composition	
EDF International SA (EDFI)	45.01%
Zweckverband Oberschwäbische Elektrizitätswerke (OEW)	45.01%
EnBW Energie Baden-Württemberg AG	2.30%
Free float	2.04%
Badische Energieaktionärs-Vereinigung	2.58%
Gemeindeelektrizitätsverband Schwarzwald-Donau	1.28%
Landeselektrizitätsverband Württemberg	0.54%
Neckarelektrizitäts-Verband	0.48%
Other municipal shareholders	0.76%

¹ Figures rounded to two decimal places.

You can find up-to-the-minute information about the EnBW share on the internet at www.enbw.com.

Interim group management report

(unaudited)

_09 Economic and political environment

_15 Company situation

_22 Employees

_22 Subsequent events

_23 Risk management

_25 Forecast

Economic and political environment

The energy policy and regulatory environment continue to impact EnBW's operating activities. In the meantime, all electricity and gas supply companies in the EnBW group have received network user charge notices from the Federal Network Agency. In June and September, the lower and upper houses of the German parliament passed important laws and ordinances intended to assist implementation of the federal government's integrated energy and climate programme. After a significant increase in the first half of 2008 the market prices for fuels dropped again in the third quarter.

Energy policy

Energy and climate package

In August 2007, the federal cabinet decided at a meeting in Meseberg upon an ambitious energy and climate programme involving 29 measures. On 6 June 2008, the lower house of the German parliament passed the laws relating to the first part of the federal government's climate programme; the cabinet passed the second part on 18 June. The parts of the second package of measures material to the energy industry were passed by the upper house of the German parliament on 19 September and will come into effect in the near future. The programme presented is intended to double Germany's efforts towards climate protection. Germany has already reduced its greenhouse gas emissions by 18% in comparison to 1990. The energy and climate programme is intended to achieve a reduction of 36%. This would take Germany a long way towards achieving its own goal of a 40% reduction in emissions by 2020.

The targets set out in the energy and climate programme have come under pressure in the wake of a wide range of developments (biofuels, extension and connections to grids offshore, bottlenecks in components for renewable energies, etc.). Discussion over the next few months will reveal whether they can be upheld.

It is expected that the following acts and bills in particular will have an impact on EnBW's operating activities:

The amendment of the German Renewable Energies Act (EEG): It is intended to abolish the physical transfer of the electricity covered by the EEG and to introduce a uniform national EEG account. Details are set out by way of an ordinance scheduled to be approved by the lower house of the German parliament in spring/summer 2009. The abolition of the physical transfer would reduce the burden of significant risks and losses on EnBW. However,

the transition to a purely financial transfer might well lead to a higher level of procurement risk in the fiscal years 2009 and 2010 – depending on the exact wording of the ordinance.

The federal government has withdrawn the originally planned reduction in remuneration for energy from large-scale hydropower. The remuneration for energy from offshore wind power was increased.

The amendment of the German Combined Heat and Power Act (KWKG): The subsidised period has been extended to the end of 2016, industrial combined heat and power plants are now included in the subsidies.

Meter reading ordinance

The federal government intends to open the market for gas and electricity meter reading to competition. Plans are for electricity and gas customers to be able to choose between different providers in the future. The Act on the Liberalisation of Meter Reading came into force on 9 September 2008. The ordinance specifying how the opening to competition of measuring point operation and electricity and gas metering is going to be put into practice was passed by the upper house of the German parliament on 19 September and came into force on 18 October.

Power line extension act

The upper house of the German parliament stated its position on the bill to accelerate the extension of extra-high-voltage lines on 19 September 2008. Following the response passed by the federal cabinet on 7 October, the bill was then passed on to the lower house of the German parliament. The first reading was on 16 October and the second and third reading of the bill by the lower house of the German parliament is scheduled for 6 March.

One major pillar of the legislation is a power line extension act prioritising line construction projects. These projects will then be covered by fast-track rules of procedure.

From EnBW's perspective, there are still various hurdles that may seriously delay the approval procedure for line construction projects such as the number of steps in the proceedings, the copiousness of the application documents and the lack of planning reliability for lines.

In its position statement, the upper house of the German parliament suggested amending the Act regarding Examinations of Compatibility with the Environment in such a way that a strategic examination of compatibility with the

environment has to be performed for planning requirements under the Power Line Extension Act. In EnBW's opinion, this may also jeopardise the acceleration of procedure intended with the act or delay the entry into force of the act although the environmental compatibility of line construction projects of the corresponding extra-high voltage class is even today reviewed and assessed in multi-step proceedings.

EnBW is advocating relevant changes in the course of the legislative process.

European energy policy

The EU Commission presented a package of measures relating to the areas of energy and climate protection already on 23 January 2008. It includes legislative proposals to expand renewable energies to bring about a reduction in carbon dioxide emissions and to promote geological storage of carbon dioxide.

The proposed directive to extend the share of renewable energies in the EU's primary energy consumption provides for a 20% share of renewable energies by 2020. Shared among the member states, this would mean a target of 18% for Germany. The proposal does not provide for any harmonisation of the various incentive systems within the EU.

The review of the emissions trading directive similarly relates to the period until 2020. The Commission will now assume responsibility for allocating emissions trading allowances, which was previously the responsibility of the member states. Nevertheless, a distribution of burdens will still be carried out nationally, derived from an EU-wide target of a 20% reduction in CO₂ by 2020. Using 2005 as the base year, Germany is to reduce its carbon dioxide emissions by 14%. The Commission's proposal does not provide for any allowances to be distributed to the energy sector free of charge.

The third material element contained in the package consists of proposed legislation on geological storage of CO₂. Geological storage is preceded by the capture of carbon dioxide created when burning fossil fuels such as coal and gas to generate electricity. With this proposal, the European Commission is responding to demands by the member states to create the technical, economic and regulatory environment necessary to develop operable carbon capture and storage (CCS) technology as quickly as possible.

The European Parliament has already begun the first reading for all legislative procedures; draft reports are available for all projects. Voting on CCS and the emissions trading directive took place in the committees of the European Parliament at the beginning of October. The proposals by the Commission found committee support in many areas but very controversial positions were also taken. On 1 July 2008, France assumed presidency of the European Council and has announced its intention to broker a consensus between the European Parliament and the Council before the year is out. Consequently, the package is expected to be finally passed before the end of this legislative period despite the European elections scheduled for June 2009.

In connection with another EU project, the third liberalisation package, the European Parliament has already held its first reading for the electricity sector. The Commission's proposals focus on ownership unbundling of transmission network operators and vertically integrated energy suppliers, i.e. the compulsory sale of the transmission networks by the energy suppliers. While the energy ministers had already agreed upon an alternative on 6 June, providing for greater independence of the transmission networks, the European Parliament has stated its full support for ownership unbundling. The energy ministers brought about a "political agreement" in this context at the beginning of October. A final decision is similarly expected before the end of the legislative period.

Network user charge proceedings of the Federal Network Agency

All of EnBW's electricity grid companies have in the meantime received network user charge notices for 2008. Seen as a whole, there was a significant reduction in the network user charges in comparison to the application.

Decision by the Federal Court of Justice: The Federal Court of Justice (BGH) issued a total of six rulings on network user charge proceedings on 14 August 2008. The texts of the rulings have been available since 23 September 2008 and are currently being assessed.

In principle, the BGH establishes that the absorption of surplus revenue is legal and the corresponding amounts should be taken into consideration to lower network user charges in future network user charge calculations. The BGH further found that estimated costs can be taken into consideration for the energy required for the compensation of losses.

Absorption of surplus revenues: In an article published in the "Handelsblatt" newspaper, the president of the Federal Network Agency announced that he intended to demand absorption of surplus revenues. No details are available yet of how this will be put into practice. We anticipate that the Federal Network Agency will apply the corresponding amounts over several years with the effect of reducing network user charges. Surplus revenue is calculated by comparing the revenues actually recorded between 1 November 2005 and the date when the first network user charges came into effect with the revenues that would have been achieved if the new network user charges had already been collected as of 1 November 2005.

Incentive regulation

The benchmarking for network operators has been completed. The electricity and gas network operators were informed of the corresponding efficiency figures in September. After setting network user charges for 2009 the Federal Network Agency intends to publish the efficiency values of each individual network operator.

Long-distance gas grids: The Federal Network Agency has decided in the meantime that supra-regional long-distance gas companies that have up to now calculated their charges using the comparative market principle should now likewise be subject to a cost review. In agreement with the Federal Anti-Trust Office, it was established that these companies were not exposed to sufficient network competition.

Consequently, the companies affected by the decisions will have to submit the documents relevant to the cost review to the Federal Network Agency by the end of the year. The supra-regional long-distance network operators concerned will subsequently be subjected to an efficiency comparison. As of 1 January 2010, the companies will be subject to incentive regulation. They have the possibility of filing an application as early as the end of 2010, i.e. two years before the beginning of the next regulatory period, with a view to being exempted from the incentive regulation due to the potential network competition that would then have to be investigated and ascertained.

Cooperation agreement III – New regulation of balancing in the gas segment

In May 2008, the Federal Network Agency passed new market regulations (GABi Gas) for balancing in the gas segment with the intention of further simplifying gas trading. The transition from hourly to daily balancing will make a major contribution to this. These requirements of the Federal Network Agency have been specified in Cooperation Agreement III, which came into effect on 1 October 2008. This agreement was drafted by the associations BDEW Bundesverband der Energie- und Wasserwirtschaft e.V., VKU Verband kommunaler Unternehmen e.V. and GEODE Europäischer Verband der unabhängigen Strom- und Gasverteilerunternehmen. In the opinion of the associations, the advantage for all market participants is that the complicated balancing system used in the past has been greatly simplified. This involves the introduction of asymmetrical prices based on the prices at liquid trading hubs for the respective trading market and the establishment of a central balancing energy system for the physical operation of the network. The costs of balancing energy are allocated to the traders that use the network within the scope of daily balancing.

Further mergers of gas market territories

The number of market territories, which by definition allow free allocation of feed-in and feed-out capacities, fell from 14 as of 1 October 2007 to 12 as of 1 October 2008. Consequently, at the beginning of the 2008/2009 gas business year on 1 October 2008, there are still seven H gas territories (high calorific natural gas) and five L gas territories (low calorific natural gas). According to its own statements, the Federal Network Agency intends to speed up the reduction in the number of market territories. Consequently, the beginning of the coming gas business year on 1 October 2009 will see further mergers of market territories.

Market situation

Electricity market

The spot market price averaged € 73.17/MWh in the third quarter and was thus considerably above the average price of € 31.01/MWh seen in the comparative period of the prior year. This price difference can be attributed to fuel prices increasing significantly over the same period and the CO₂ price in the second trading period multiplying in comparison to the price in the first trading period of the European emissions trading system relevant for 2007.

The spot market prices achieved in the third quarter averaged around € 13/MWh below the price of the forward base product for the same period at the end of the second quarter. The main reason for this is the drop in the price of fuels in the course of the third quarter. In addition to this, power station availability was significantly better than in the comparative prior-year period despite the

permanent unavailability of two German nuclear power plants; one of the main factors being that there were no major restrictions on power stations caused by protracted heat waves.

Despite the drop in the price in the third quarter, the prices of the annual products of the fuels on the forward market averaged above the level of the second quarter. Consequently, the quotations for the annual products on the EEX forward market were on average above the level seen in the second quarter. At the same time, the high level of fuel price volatility infected the spot markets for electricity. The price of the base product for delivery in 2009 was around € 81.15/MWh on average in the quarter and € 9.70/MWh above the average of the second quarter. The average quotation of peak deliveries for 2009 rose by € 14.42/MWh to € 115.34/MWh over the same period. This price movement can also be seen in the base and peak products of the year 2010.

Comparison of average electricity prices in €/MWh

	EEX forward market (settlement price)				EEX spot market	
	2009 Base	2009 Peak	2010 Base	2010 Peak	Base	Peak
Q3 2007	55.26	78.74	54.48	78.75	31.01	43.25
Q2 2008	71.45	100.92	70.81	100.63	65.54	88.88
Q3 2008	81.15	115.34	79.43	114.38	73.17	96.29

CO₂ market

The price of the EU Allowance 2008 (EUA 08, CO₂ allowance for 2008) stood at € 28.75/t CO₂ at the end of the second quarter of 2008 and dropped to € 22.45/t CO₂ in the course of the third quarter of 2008. The decisive factors in the price development included the movements on the oil market and the price difference between gas and coal as fuels.

One further major factor was the price development for CER (Certified Emission Reductions). These are generated from CDM (Clean Development Mechanism) projects pursuant to the Kyoto protocol and result from measures to reduce emissions implemented by an investor in a developing country. The underlying principle of the CDM is that reductions in emissions can be more cost-effective in their implementation in developing countries than in industrialised countries. Investors are consequently able to use CDM projects to generate CER that can be offset against their payment dues in their home country, within certain limits. CER can also be offset to a certain extent against the obligations under the European emissions trading system and, in this respect, can be deemed equivalent to the EUA. In Germany, the limit amounts to 22% of the free allocation; the EU average is around 13.4%. This has a price-reducing effect on the EUA because it increases the amount of allowances available. CER, however, involve a different risk structure, meaning that they are currently more favourably priced than EUA. Nevertheless, the price difference between EUA and CER decreased from around € 7.8/t CO₂ at the end of the second quarter to around € 4.2/t CO₂ at the end of the third quarter. Two effects come into play here: After a long period of uncertainty, the EU Commission communicated in the third quarter that, as of the beginning of December, the Community Independent Transaction Log (CITL) will definitely be linked to the UN's International Transaction Log (ITL), making it possible to transfer CER into the European emissions trading system and significantly reducing the risks for actual delivery. At the same time, it was reported that CER were in short supply due to bottlenecks in the validation and verification of CDM projects, which would likewise tend to reduce the price difference to EUA.

Comparison of average prices for CO₂ emission allowances in €/t CO₂

	Second trading period		
	2008	2009	2010
Q3 2007	20.20	20.67	21.30
Q2 2008	25.66	26.31	27.03
Q3 2008	24.43	25.52	26.51

Coal market

After a significant increase in the world market prices for hard coal, the prices dropped again in the third quarter of 2008. The prices for deliveries to the European sea ports Amsterdam, Rotterdam and Antwerp (ARA) in the fourth quarter of 2008 reached the record level of US\$ 224/t at the beginning of the quarter. Over the next few weeks there was a significant drop in prices and, after a modest recovery, prices saw a further decline at the end of September reaching US\$ 148/t towards the end of the quarter. Overall, a large part of the major price rise seen in the second quarter, which started out with a price level for deliveries in the following quarter just under US\$ 126/t, was offset.

In the course of the reporting period, reports on weak economic development in Europe, for example, and the financial markets crisis exerted a price-lowering effect due to the associated expectations of a decline in coal demand. The drop in prices was favoured by large stockpiles at a number of coal terminals worldwide. This led to an increase in inventories at the ARA ports, Richards Bay (South Africa), Qinhuangdao (China) and Newcastle (Australia). A drop in oil prices and a downward trend in cargo rates in August similarly brought about falling prices.

Comparison of average coal prices (API # 2) in US\$/t

	2009	2010	Delivery in the following quarter
Q3 2007	81.98	78.85	87.09
Q2 2008	154.27	149.44	159.81
Q3 2008	180.96	177.01	186.27

API – All Publications Index, various brokers

Oil market

The third quarter of 2008 saw the price rise of the previous quarters come to an end. Following an average Brent price in excess of US\$ 122/bbl in the second quarter, the price of a barrel of Brent averaged roughly US\$ 117 in the third quarter.

On the first day of trading in the third quarter, a barrel of Brent cost US\$ 141. Two days later, Brent reached its annual peak of just over US\$ 146/bbl. This means that 3 July marks the end of the rapid rise in the first half of 2008. After a brief period of extreme volatility in the region of the record level, there was a fundamental reassessment of the oil market by the market participants, leading to Brent prices plummeting by over 38% by 16 September to around US\$ 89/bbl. For the rest of the quarter, oil prices jumped between US\$ 93 and US\$ 106/bbl in light of the US financial market crisis.

There were various factors in the oil price decline. The market participants' focus increasingly switched from the supply side to the demand side following increases in OPEC production in June and July. The weak US economy and the high price of oil derivatives were followed by a steep decline in demand on the part of the world's largest oil consumer, the USA. The demand for oil and oil derivatives also dropped in other OECD countries. The fear of oil shortages waned as a consequence. In addition, the US dollar appreciated strongly against the euro in the third quarter of 2008. Oil is deemed a natural hedge against depreciation of the US dollar. The re-emerging strength of the US currency made such a hedge superfluous. This factor and the US financial market crisis caused huge quantities of capital to be siphoned out of the oil market, providing additional impetus to the downward trend of oil prices.

Comparison of average crude oil (Brent) prices in US\$/bbl

	2009	2010	Delivery in the following quarter
Q3 2007	72.23	71.09	74.62
Q2 2008	121.75	119.97	121.97
Q3 2008	121.80	122.05	119.86

Gas market

The gas price in Germany is largely determined by the price of long-term gas import contracts. As the price of gas is indexed to the price of oil, the prices of these long-term contracts track the development of oil prices, albeit with a certain time lapse. The border price index of the Federal Office of Economics and Export Control (BAFA) stood at € 27.99/MWh in July 2008. This is a 4.9% increase compared to the import price in June 2008 of € 26.68/MWh and an increase of 40.1% compared to the average import price in 2007 of € 19.98/MWh.

The wholesale markets in north-west Europe are also guided by the development of the price of oil, even if they are not directly indexed. Production stoppage at one of Norway's major gas fields at the end of August significantly upped the spot market price. This led to temporary interruption to the oil price indexing.

In the third quarter of 2008, the forward prices were quoted on the Dutch TTF wholesale market at an average of € 37.22/MWh for the calendar year 2009 and at € 37.20/MWh for the calendar year 2010. Deliveries in the year 2009 thus rose in price by 9.3% and deliveries in the year 2010 by 11.3% in comparison to the second quarter of 2008.

The spot prices on the TTF in the third quarter of 2008 averaged € 26.50/MWh, i.e. 2.5% above the average spot prices of the previous quarter. Compared to the average price in the third quarter of 2007, the prices were as much as 72.1% higher. In this comparison, it should however be considered that the spot prices were unusually low in the summer of 2007 following the previous mild winter of 2006/2007.

Comparison of average natural gas prices (Dutch wholesale market) in €/MWh

	2009	2010	Spot market
Q3 2007	20.77	20.79	15.40
Q2 2008	34.05	33.41	25.85
Q3 2008	37.22	37.20	26.50

Company situation

In the first nine months of 2008, the adjusted group net profit in terms of the profit shares attributable to the equity holders of EnBW AG rose by 41.2% to € 817.7 million. Due to a marked decrease in non-operating result, the group net profit fell by 31.0% to € 777.9 million in terms of the profit shares attributable to the equity holders of EnBW AG. Capital expenditure rose by 55.5% to € 775.2 million.

Revenue and unit sales

In first nine months of 2008, the EnBW group recorded external revenue before deducting electricity and natural gas tax of € 12,458.5 million, 10.6% more than in the 2007 comparative period. External revenue after deducting electricity and natural gas tax increased by 10.9% to € 11,660.6 million.

Revenue increased in all segments.

Electricity: The electricity segment generated roughly 80.7% of the revenue of the group from January to September 2008. This segment's share of total group revenue therefore increased by 1.1 percentage points in comparison to the first nine months of 2007.

In the reporting period, unit sales of electricity fell by 4.6%. This decrease primarily stems from trading. The success of our sales activities led to a slight increase in unit sales to industrial and retail customers.

Despite the drop in unit sales, revenue increased by 12.5%, to € 9,413.4 million. In the retail and industrial customer division, the increase in electricity unit sales and higher prices led to an increase in revenue. In the trading division, the higher wholesale market prices more than made up for the decline in sales.

Gas: In the first nine months of 2008, the gas segment accounted for 14.9% of the revenue of the EnBW group. This means that the gas segment's share of total group revenue remained at the level of the prior-year period.

In the B2C gas division, unit sales increased due to the winter, although mild, being colder in comparison to the prior-year period. In contrast, gas sales in the B2B segment – in particular to redistributors – fell due to customers lost in the wake of the ongoing liberalisation of the gas market, despite the positive effects brought about by the weather. All in all, unit sales of gas declined by 7.7% to 46.6 billion kWh.

Despite the fall in sales volume, revenue increased by 5.6% to € 1,740.9 million. This resulted from the fact that the increase in gas procurement prices caused by the development of the oil price was passed on to our customers.

Energy and environmental services: Over the period from January to September 2008, the energy and environmental services segment contributed a share of 4.4% to the revenue of the EnBW group. In comparison to the prior-year period, the energy and environmental services segment's share of total group revenue therefore declined by 0.4 percentage points.

Revenue in the energy and environmental services segment comprises revenue from disposal, water supply and other energy services, totalling € 506.3 million. This represents an increase of 0.9% compared to the prior-year period. The higher revenue generated by other energy services was the main driver of this increase.

External revenue of the EnBW group by business segment in € millions ¹	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Electricity	9,413.4	8,367.4	12.5	11,539.7
Gas	1,740.9	1,648.6	5.6	2,479.3
Energy and environmental services	506.3	501.9	0.9	693.2
Total	11,660.6	10,517.9	10.9	14,712.2

¹ After deducting electricity and natural gas tax.

Electricity sales of the EnBW group in billions of kWh	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Retail customers (B2C)	16.4	15.6	5.1	22.2
Industry and redistributors (B2B)	46.9	46.5	0.9	62.1
Trade	32.3	38.1	-15.2	55.2
Total	95.6	100.2	-4.6	139.5

Gas sales of the EnBW group in billions of kWh	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Retail customers (B2C)	8.2	7.3	12.3	12.2
Industry and redistributors (B2B)	38.4	43.2	-11.1	63.0
Total	46.6	50.5	-7.7	75.2

Earnings and business development

Adjusted EBIT went up by 19.0% to € 1,367.4 million compared to the first nine months of 2007. This increase is the result of the positive developments in the electricity segment. Adjusted group net profit in terms of the profit shares attributable to the equity holders of EnBW AG improved by 41.2% to € 817.7 million. The non-operating group net profit in terms of the profit shares attributable to the equity holders of EnBW AG fell by € 588.8 million compared to the first nine months of the prior-year period to € -39.8 million. This drop was primarily caused by non-recurring tax income in the prior-year period as a result of the 2008 Business Tax Reform Act.

Adjusted earnings and non-operating result

The most important key performance indicator within the EnBW group is adjusted EBIT. Adjusted EBIT is an earnings ratio adjusted for non-operating effects, which accurately reflects the development of results of operations. Consequently, the development of segments is commented on the basis of adjusted EBIT for the first time in the fiscal year 2008. All other material earnings ratios have also been presented on an adjusted basis in order to better reflect the results of operations.

The non-operating result contains extraordinary effects. These include gains or losses on the disposal of non-current assets, extraordinary effects relating to the nuclear power provisions, income from the reversal of other provisions, expenses relating to restructuring, material

effects on earnings resulting from changes in the law as well as impairment losses. The most important components of non-operating result are reported separately.

Adjusted earnings

Adjusted EBIT in the electricity segment grew by 22.4% to € 1,299.4 million compared to the period January to September 2007. In the generation and trading division, net profit increased due to an improved generation margin and reimbursements of water supply fees as part of court composition proceedings. The increase in the generation margin results from higher sales prices from our electricity generation. Increased costs for the procurement of electricity, fuels and CO₂ allowances in addition to a decrease in the gain from marking derivatives to market had a negative impact on the generation margin. Margins dropped in the sales segment due to the increasing competition and increasing burdens on the cost side.

With regard to the regulatory framework, the further reduction in network user charges imposed by the Federal Network Agency placed a burden on the results. A decrease in the expenses in connection with feeding in wind energy had a positive impact in the area governed by the regulatory framework. Earnings for the first nine months of 2007 had been negatively impacted by exceptionally windy weather in January.

In the gas segment, adjusted EBIT rose in the first nine months of 2008 by 5.5% to € 111.2 million. Earnings in the gas segment were positively impacted by the winter being colder in comparison to the prior-year period. Stronger competition had a negative influence on earnings.

Adjusted EBIT in the energy and environmental services segment dropped by 23.5% to € 66.9 million over the period from January to September 2008. This resulted from less income relating to other periods and a decline in income from other energy services.

Adjusted EBIT for the holding/consolidation segment declined by 4.0% in the first nine months of 2008 in comparison to the prior-year period to € -110.1 million.

In total, adjusted EBIT went up by 19.0% to € 1,367.4 million in the first nine months of 2008.

The adjusted investment result dropped by 8.4% to € 169.5 million due to declining revenue from entities accounted for using the equity method and other investments. The negative adjusted financial result fell by 10.8% to € 343.0 million. This drop is essentially the result of the reduction in the costs of borrowing due to repayment of our financial liabilities.

Adjusted income taxes in the first nine months of 2008 amounted to € 311.6 million. This is equivalent to a tax rate of 26.1%. The adjusted tax rate of the prior-year period came to 32.6%. This reduction can essentially be traced back to the 2008 Business Tax Reform Act.

Adjusted group net profit in terms of the profit shares attributable to the equity holders of EnBW AG rose by 41.2% or € 238.7 million in the period from January to September 2008.

Adjusted EBIT of the EnBW group by business segment in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Electricity	1,299.4	1,062.0	22.4	1,413.1
Gas	111.2	105.4	5.5	175.1
Energy and environmental services	66.9	87.5	-23.5	126.4
Holding/consolidation	-110.1	-105.9	-4.0	-151.6
Total	1,367.4	1,149.0	19.0	1,563.0

Adjusted earnings indicators of the EnBW group in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Adjusted EBITDA	1,949.8	1,711.2	13.9	2,328.3
Adjusted EBIT	1,367.4	1,149.0	19.0	1,563.0
Adjusted investment result ¹	169.5	185.0	-8.4	195.9
Adjusted financial result	-343.0	-384.3	10.7	-475.5
Adjusted income taxes ¹	-311.6	-309.8	0.6	-383.6
Adjusted group net profit¹	882.3	639.9	37.9	899.8
of which profit shares attributable to minority interests	[64.6]	[60.9]	6.1	[78.8]
of which profit shares attributable to equity holders of EnBW AG	[817.7]	[579.0]	41.2	[821.0]

¹ The figures of the comparative period have been adjusted.

Non-operating result of the EnBW group in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Income from the reversal of other provisions	15.4	56.6	-72.8	102.9
Gain/loss on disposal of non-current assets	2.5	1.8	38.9	-8.9
Expenses from restructuring	-14.4	-3.4	-	-62.2
Income from changes in nuclear power provisions	23.5	67.6	-65.2	32.5
Other non-operating result	-11.2	9.4	-	-56.2
Non-operating EBITDA	15.8	132.0	-88.0	8.1
Impairment losses	-61.8	-0.5	-	-11.9
Non-operating EBIT	-46.0	131.5	-	-3.8
Non-operating investment result ¹	27.9	66.2	-57.9	76.3
Non-operating financial result	-25.9	0.0	-	17.0
Non-operating income taxes	6.1	367.9	-98.3	426.8
Result of discontinued operations	0.0	57.1	-	97.9
Non-operating group net profit¹	-37.9	622.7	-	614.2
of which profit shares attributable to minority interests	(1.9)	(73.7)	-97.4	(71.1)
of which profit shares attributable to equity holders of EnBW AG	(-39.8)	(549.0)	-	(543.1)

¹ The figures of the comparative period have been adjusted.

Non-operating result

Compared to the first nine months of 2007, non-operating EBIT fell by € 177.5 million. The decline is primarily a result of lower income from the reversal of other provisions, the change to the nuclear power provisions and impairment losses on the gas grid of € 61.0 million in the first nine months of 2008. The impairment losses on the gas grid resulted from a further reduction in the network user charges imposed by the Federal Network Agency.

The non-operating investment result in the reporting period includes a gain on the disposal of an equity investment. In the first nine months of 2007, the reversal of a provision for potential losses with regard to the possible acquisition of an equity investment had generated extraordinary income.

The non-operating financial result includes an impairment charge of € 30.2 million on our securities due to the current development on the share markets.

Non-operating income taxes in the prior-year period were primarily impacted by non-recurring tax income as a consequence of the 2008 Business Tax Reform Act.

The income from discontinued operations over the period from January to September 2007 primarily related to a gain on sale.

Due to the circumstances explained above, the non-operating group net profit in terms of the profit shares attributable to the equity holders of EnBW AG fell by € 588.8 million to € -39.8 million.

Reconciliation of result

Prior to adjustment for non-operating effects on earnings, the group net profit in terms of the profit shares attributable to the equity holders of EnBW AG fell by 31.0% to € 777.9 million.

Capital expenditures and acquisitions

In the first nine months of 2008, capital expenditures came to € 775.2 million. This is € 276.8 million or 55.5% more than in the first nine months of 2007. Some 75% of capital expenditures was made in the electricity segment. Spending here focused on the expansion of the power stations and distribution plants. The increase in capital expenditure results from the new activities in connection with the construction of four offshore wind farms off the German coast of the North Sea and Baltic Sea and from the construction of a hard coal power station in Karlsruhe. In the energy and environmental services segment, spending related to the construction of EnBW City, our new administrative building located in Stuttgart, among other projects.

Reconciliation of group net profit of the EnBW group in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
EBITDA	1,965.6	1,843.2	6.6	2,336.4
EBIT	1,321.4	1,280.5	3.2	1,559.2
Investment result ¹	197.4	251.2	-21.4	272.2
Financial result	-368.9	-384.3	4.0	-458.5
Income taxes ¹	-305.5	58.1	-	43.2
Result of discontinued operations	0.0	57.1	-	97.9
Group net profit¹	844.4	1,262.6	-33.1	1,514.0
of which profit shares attributable to minority interests	(66.5)	(134.6)	-50.6	(149.9)
of which profit shares attributable to equity holders of EnBW AG	(777.9)	(1,128.0)	-31.0	(1,364.1)

¹ The figures of the comparative period have been adjusted.

Capital expenditures on intangible assets and property, plant and equipment by business segment in € millions ¹	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Electricity	583.2	342.8	70.1	568.9
Gas	38.7	44.4	-12.8	71.7
Energy and environmental services	153.3	111.2	37.9	175.5
Total	775.2	498.4	55.5	816.1

¹ From continuing operations.

Financing

EnBW repaid its bank and lease liabilities as scheduled in the first nine months of 2008. We used the established commercial paper (CP) programme for short-term financing purposes.

The CHF 400 million bond issued by EnBW in 2003 became due for repayment on 25 February 2008. EnBW financed repayment by means of a new EnBW bond with a volume of CHF 300 million paid out on 25 February 2008 and using its own funds.

In May, EnBW prolonged the first tranche of the syndicated loan with a volume of € 1 billion by a further year. The entire syndicated line of credit with a volume of € 2.5 billion remained unused in the reporting period.

In addition to this, there is a negotiated but so far unused bilateral line of credit totalling € 500 million in addition to the CP programme available to EnBW for short-term financing purposes. As EnBW did not require any additional liquidity, however, it was not active on the CP market at the end of the quarter. This means that EnBW's CP programme was completely unused as of 30 September 2008.

Overview of the bond issue in figures

Tranche	CHF 300 million
Term	5 years
Coupon	3.125%
Issue price	100,217
Swiss security number	3727411 (CH0037274112)
Lead manager	HVB/Unicredit and Deutsche Bank AG
Senior co-lead manager	Landesbank Baden-Württemberg
Stock exchange	SWX Stock Exchange

Cash flow statement

In comparison to the prior-year period, funds from operations before taxes and financing improved by € 275.4 million to € 1,928.6 million. This rise is mainly attributable to the increase in EBITDA. In addition to this, negative fair value adjustments on derivatives which were not offset by any payments from variation margins increased other non-cash expenses/income.

The increase in cash flow from operating activities of € 208.6 million to € 1,483.5 million, which was not as high as the increase in FFO, arises from an increase in working capital which was partially offset by lower income tax payments. The increase in working capital is primarily the result of higher variation margins for forward sales of our electricity generation on the EEX. There was a reduction in the income tax paid, as the first nine months of 2007 had included additional payments as a result of tax field audits.

The cash flow from investing activities fell from € 48.8 million to € -255.6 million on account of the increase in capital expenditure on intangible assets and property, plant and equipment.

The cash flow from financing activities rose by € 145.4 million on the comparative prior-year period to € -25.1 million. This increase is the result of a lower level of redemption of financial liabilities. The lower interest payments enabled us to compensate for higher dividend payments.

It was this development, taking exchange rate differences into account, that led to the cash and cash equivalents of the EnBW group climbing by € 308.5 million to € 1,626.3 million.

Despite the € 276.8 million increase in capital expenditure, free cash flow deteriorated by € 68.1 million to € 775.3 million.

Net debt

Net financial liabilities decreased by 12.1% to € 2,612.7 million due to a reduction in the financial liabilities. In contrast, net debt increased by € 118.7 million to € 5,988.4 million

in the first nine months of 2008. The increase in net debt is primarily attributable to an € 84.9 million increase in liabilities resulting from put options and to a drop in the valuation reserves of our securities following the falls in capital market prices.

Composition of the balance sheet of the EnBW group

Compared with 31 December 2007, the total net assets of the group rose by € 2,036.0 million or 7.2%.

The non-current assets – accounting for 70.2% of total net assets – decreased by 0.7% to € 21,389.6 million.

Current assets increased by 31.4% to € 9,025.4 million. This is primarily the result of an increase in the market values of the derivative financial instruments.

Non-current assets held for sale increased by € 31.9 million to € 35.3 million.

The equity ratio in the group, including minority interests, decreased from 21.1% as of 31 December 2007, to 19.9% as of 30 September 2008. This drop can be attributed to the increase in total assets.

The non-current liabilities of the EnBW group rose by 2.3% to € 16,473.6 million. They comprise non-current provisions, deferred tax liabilities and non-current liabilities.

Current liabilities increased by 25.4% to € 7,911.2 million. This was the result of an increase in the carrying amounts of the derivative financial instruments.

The liabilities of discontinued operations remained unchanged at € 7.9 million.

Related parties

Transactions with related parties are disclosed in the notes and explanations contained in the interim consolidated financial statements.

Cash flow statement in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Cash flow from operating activities	1,483.5	1,274.9	16.4	1,558.7
Cash flow from investing activities	-255.6	48.8	-	-381.6
Cash flow from financing activities	-925.1	-1,070.5	13.6	-1,786.6
Net change in cash and cash equivalents	302.8	253.2	19.6	-609.5
Exchange-rate related change in cash and cash equivalents	5.7	-5.3	-	-5.0
Change in cash and cash equivalents	308.5	247.9	24.4	-614.5

Free cash flow in € millions	1/1 – 30/9/2008	1/1 – 30/9/2007	Variance %	1/1 – 31/12/2007
Cash flow from operating activities	1,483.5	1,274.9	16.4	1,558.7
Capital expenditures on intangible assets and property, plant and equipment	-775.2	-498.4	55.5	-816.9
Cash received from disposals of intangible assets and property, plant and equipment	10.6	13.2	-19.7	30.2
Cash received from construction cost and investment subsidies	56.4	53.7	5.0	81.2
Free cash flow	775.3	843.4	-8.1	853.2

Net debt in € millions	30/9/2008	31/12/2007	Variance %
Cash ¹	-953.2	-829.2	15.0
Short-term investments ¹	-132.5	-171.5	-22.7
Cash and cash equivalents¹	-1,085.7	-1,000.7	8.5
Bonds ²	2,454.7	2,698.2	-9.0
Liabilities to banks	595.9	546.9	9.0
Other financial liabilities	647.8	727.9	-11.0
Financial liabilities²	3,698.4	3,973.0	-6.9
Net financial liabilities^{1,2}	2,612.7	2,972.3	-12.1
Pension and nuclear power provisions	8,698.1	8,527.9	2.0
Long-term investments and loans	-4,609.1	-4,906.4	-6.1
Cash and cash equivalents of the special funds and short-term investments to cover the pension and nuclear power provisions	-1,053.3	-832.4	26.5
Liabilities from put options	482.3	397.4	21.4
Other	-142.3	-289.1	-50.8
Net debt²	5,988.4	5,869.7	2.0

¹ Without cash and cash equivalents of the special funds and short-term investments to cover the pension and nuclear power provisions.

² Adjusted for valuation effects from interest-induced hedging transactions.

Employees

Subsequent events

Employees of the EnBW group ¹	30/9/2008	31/12/2007	Variance %
Electricity	11,766	11,632	1.2
Gas	917	891	2.9
Energy and environmental services	7,081	7,187	-1.5
Holding	599	555	7.9
Continuing operations	20,363	20,265	0.5
Discontinued operations	0	0	-
Total	20,363	20,265	0.5
Full-time equivalents ²	19,498	19,424	0.4

¹ Number of employees without apprentices/trainees and without inactive employees.

² Number of employees translated into full-time equivalents.

Pierre Lederer, deputy chairman and COO of EnBW is leaving the company of his own volition as of 31 January 2009. EnBW's Supervisory Board has appointed Christian Buchel to the Board of Management and to the post of COO, effective as of 1 February 2009.

Risk management

Continuing our in-depth reporting in the 2007 annual report and the supplementary interim reporting, we report as of 30 September 2008 on significant changes in risks which could have a material impact on the net assets, financial position and results of operations of the EnBW group. As of the reporting date, we are not aware of any risks which could jeopardise the continuing existence of the company as a going concern. The opportunities associated with our business activities are presented in the section entitled "Forecast".

Industry risks

Regulation of network user charges

According to the incentive regulation ordinance, the charges approved for 2008 form the basis for the network user charges for the years 2009 to 2013 (electricity) and 2012 (gas). Another factor influencing future charges is the efficiency classification of the grid companies.

The Federal Network Agency has classified our electricity grid companies as being highly efficient and well above the average efficiency of 93.6% at a national level. The gas grid companies similarly have an average efficiency level of over 90%. Despite the relatively high level of efficiency, there are still uncertainties in light of the upcoming incentive regulation, which may have a long-term impact on the results of operations of the grid companies. This may lead to further impairment losses in the grid segment.

In the context of regulation of network user charges, the Federal Court of Justice (BGH) issued a final judgement on an already existing risk. On 14 August 2008, the antitrust division of the BGH found that the absorption of surplus revenues prior to the date of approval by the Federal Network Agency is legal in principle. How the Federal Network Agency will make use of the possibilities now granted for absorption of surplus revenues has yet to be specified. We assume that the absorption of surplus revenues will be spread over several years as part as of the process of defining future revenue caps.

Act against restraints on competition

Enactment of the amendments to the Act against Restraints of Competition (GWB) has widened the antitrust authorities' possibilities to regulate competition in the gas and electricity markets. Investigations into suspected abusive gas prices by the antitrust authorities also affect companies in the EnBW group.

Risks from the amendments to the renewable energies act

The amendments to the Act to Give Priority to Renewable Energies Act (EEG) include giving renewable energy plant operators the monthly option to switch to direct marketing and authorising the Federal Ministry for the Environment to replace the current physical transfer of renewable energy to the distributors by a purely financial transfer. The direct marketing and financial transfer may lead to the loss of supplies of renewable energy planned for delivery to retail customers. This could mean having to purchase renewable energy from other sources for existing distribution agreements at market prices that have risen significantly in the meantime. In order to mitigate the related potential loss, EnBW has implemented a concept for the active management of these risks, involving targeted hedging transactions for supplies in 2009 and 2010. This risk hedging may also result in negative or positive balance sheet effects in the fiscal year 2008. These effects will vary greatly depending on market price development.

Energy for compensation of losses

Our grid companies have to purchase on the market the energy lost during transmission through the networks. The amount of energy lost can be estimated quite accurately by using data from the past. The market prices for purchasing from other sources are very volatile, however. The risk for us is that these purchase costs may exceed our budgeted prices. We are reviewing measures to hedge against increasing electricity prices in order to mitigate the risk.

Operating risks

Technical and economic risks from mechanical-biological waste disposal plants

In the course of implementing the plans for the closure of Buchen mechanical-biological waste disposal plant as ordered by the Karlsruhe authorities, a review was carried out on the potential impact of its operation on the environment pursuant to the Federal Immission Control Act. This review revealed that the plant had leaks. The potential effects of this under the Federal Soil Protection Act are currently being assessed at the location in cooperation with the Neckar-Odenwald district and Karlsruhe authorities.

Initial hydrogeological investigations have not revealed any indication that any significant amounts of pollutants have penetrated the subsoil. It will only be possible to reliably estimate the financial risk once the investigations have been completed.

Disposal of fuel rods

We fulfilled the former statutory requirement to dispose of fuel rods by reprocessing and for producing MOX fuel rods by signing corresponding agreements with Sellafield Ltd. In the meantime, we have reason to doubt our contractual partner's ability to deliver. An alternative means of disposal involves considerable cost risks. We are currently reviewing to what extent it will be necessary to adjust balance sheet provision for risk in light of the current contractual negotiations.

Power station dismantling

Long-term and complex large-scale projects such as dismantling Obrigheim power station generally involve exposure to risk. In this respect, the focus is on technical and regulatory risks in addition to market risks. These may cause budget overruns or delays. The project is currently being planned on the basis of the 1st Closure and Dismantling Permit (1st SAG) issued on 28 August 2008 with regard to scheduling and budget. It is impossible to rule out the necessity to adjust the balance sheet risk provision in the 2008 financial statements.

New power stations

The construction work for the new RDK 8 power station is progressing according to plan. The final permit under water law was issued on 30 October 2008. The increase in the number of new power stations and increasing demand for advance investment may cause market prices to rise. There is a risk that EnBW will not be able to avoid cost increases for power stations currently being built, based on price indexing clauses with contractors. Furthermore, there is the risk of unexpected price increases in some areas. Due to the nature of such capital expenditures, we expect only minor effects on results during the planning period, however.

Market price, liquidity and credit risks

The energy markets were characterised by significant price fluctuations over the reporting period. Our risk management, involving the necessary price hedging on forward markets, prevents this leading to any extraordinary market price risks for us in the competitive areas. In addition to limiting market price risks, the concept underlying the hedging strategy also involves making use of opportunities.

In order for the hedging of market prices to be effective even if a trading partner becomes insolvent, any credit risks arising are continually monitored and managed. There is practically no risk involved in transactions on the energy exchanges such as EEX or ICE thanks to clearing and margining. ETG generally enters into transactions on the over-the-counter market on the basis of master agreements, as published by the European Federation of Energy Traders (EFET), the International Swaps and Derivatives Association (ISDA) or the International Emissions Trading Association (IETA), for example. In order to effectively limit credit risks, we additionally enter into bilateral margining agreements with our trading partners. The provision of collateral for existing receivables actively limits the credit risk from the business relationship and keeps it to a reasonable level. Lines of credit are granted to our trading partners on the basis of their credit standing. We determine credit risks regularly and monitor adherence to the line of credit. One credit event on the trading side was the insolvency of Lehman Brothers Inc., but exposure was relatively minor thanks to a margining agreement and related cash collateral.

It was primarily shares that suffered significant mark-downs on the financial markets over the reporting period. There is still pressure on the annual performance of our financial assets but it still remains above the relevant benchmark. We still consider our long-term target returns to be within reach. Despite the capital market situation that is likely to remain difficult for the foreseeable future, we currently do not anticipate this causing any significant risks for EnBW thanks to our stable financing with own funds and the contractually finalised lines of credit. Depending on share market development, there is a risk of further impairment losses on our securities portfolio having to be recognised at year-end.

Forecast

Despite the risks from the volatile political and regulatory environment, EnBW expects adjusted EBIT for 2008 to exceed the prior-year level.

The forecast report covers the anticipated development of the group until the end of the year. The developments presented below may also offer opportunities for EnBW. For a description of the risks, we refer to the risk management section. The anticipated development of the fiscal year 2009 is elaborated in the annual report for the fiscal year 2007.

Electricity market

The prices of primary energy sources and CO₂ allowances determine the marginal costs of electricity production and are thus decisive for the price of electricity on a competitive market. We assume that the price of electricity will continue to track the development of the price of fuels and CO₂ in the future. On the basis of this assumption, we outline below potential developments on the markets for fuels and CO₂.

CO₂ market

Future political decisions will have a major impact on the development of the European market for emission allowances. The EU Commission proposal for a directive on the design of the emissions trading system in the third trading period (2013 to 2020) is at the centre of current debates. Due to transferability of the allowances from this trading period into the following one, the contents of the final version will already have an impact on the present trading period. The final version of the directive is to be presented by the autumn of 2009. The development of fuel prices and the CER market (Certified Emission Reductions) will have a decisive impact on the future EUA market (EU Allowance).

Coal market

Despite the significant fall in the price of hard coal since the record prices seen at the beginning of July, world market prices are still far above full costs. The market is still strained, which is a reason why events on the supply or demand side can cause the price to significantly rise or

fall in a short period of time. Consequently, ongoing price volatility is anticipated. Price developments essentially depend on the development of free export capacities and consequently on how the world economy develops.

Oil market

The economic forecasts for 2008 and 2009 suggest that growth in demand will remain at a modest level. The drop in the price of oil derivatives may well lessen the impact of demand. However, unless the US financial crisis is followed by a palpable slowing of global economic growth, there will be no change to the fundamental constellation of significant growth in demand – primarily in Asia and the Middle East – in conjunction with only slow growth in production capacity outside OPEC. Furthermore, any further free fall of the oil price is likely to be countered by concerted action on the part of OPEC. The development of the dollar exchange rate will remain an important factor.

Gas market

The border price is likely to see a slight increase by year-end as the recent high oil prices have not yet been completely priced in. The year 2009 will see a trend towards declining import prices due to the decrease in oil prices over the last few months.

The forward prices on the trading markets continue to mirror the oil price. There are no signs that gas prices will be decoupled from oil market developments in the long term. Due to the stoppage of production at the Norwegian field Kvitebjørn, we anticipate the trading markets to react sensitively to unscheduled maintenance work or interruptions to operations. The market expects repairs at the Kvitebjørn field to come to a conclusion in spring 2009.

Over the winter months, prices will depend on how temperatures develop in comparison to the long-term average. The gas storage facilities are all full and will be used in the winter in response to market forces.

Anticipated development of significant acquisitions

The investment programme includes € 3 billion budgeted for financial investments. We see opportunities both in the field of German municipal utilities/regional suppliers and in central and south-eastern Europe (including Turkey).

The acquisition of a 26% interest in EWE AG is subject to the approval of the Federal Anti-Trust Office. As approval is not expected until the first quarter of 2009, the acquisition will not have any impact on the results of operations of the fiscal year 2008.

It will not be possible to consolidate any additional acquisitions until the fiscal year 2009; these will therefore not impact on the results of operations of the EnBW group in 2008.

Anticipated development of earnings (adjusted EBIT)¹

It is anticipated that developments in the electricity segment will be highly varied in 2008 in terms of earnings.

Within the regulatory framework, further reductions in network user charges placed a burden on earnings in 2008. The basis of this were the costs of the year 2006. The costs of the network companies and transmission system operators have, however, increased since then. It will not be possible to include in the network user charges the increasing prices in 2008 for loss and balancing energy. For this reason, we are aiming to minimise the drop in earnings by launching efficiency programmes (continual optimisation of operational processes) in the group's network companies.

¹ Adjusted for changes in the consolidated companies.

Sales in 2008 are characterised by significantly increasing prices on the forward market. In addition, the situation remains where increasing quotas and prices for renewable energies can generally only be passed on with a time delay. It is currently not possible to foresee the effects of the amendments to Sec. 29 German Act Against Restraints on Competition (GWB). Competition and higher pressure on margins will impose a burden on earnings in 2008 in comparison to the prior year, despite the continued focus on increasing margins and improving efficiency.

In the areas of generation and trading, we are confident that we will be able to compensate for the negative effects on earnings caused by regulation and competition by improving our position in these fields.

In the gas segment, we expect earnings to remain at the prior-year level despite regulatory activities and significantly fiercer competition.

After a very good year in the energy and environmental services segment in 2007, we continue to anticipate a decline in earnings in 2008.

Development of earnings 2008 (adjusted EBIT) compared to the prior year

Electricity segment including trading	rising
Gas segment	stable
Energy and environmental services segment	falling
Consolidation (no effects anticipated)	-
Adjusted EBIT, group	rising

Dividends

We aim to maintain a high dividend for the fiscal year 2008. The condition for this is a positive development in earnings ratios on the planned scale, i.e. improvement in the operating performance, a corresponding development of the economic and political conditions relating to the energy industry and of prices for retail and industry customers. However, there is also a risk that operating problems as well as other currently unforeseeable factors could have a negative influence on earnings.

Capital expenditures

Capital expenditures on property, plant and equipment of € 4.6 billion are planned for the period from 2008 to 2010. Approximately 75% of capital expenditure is accounted for by the electricity segment, while 12% is earmarked for the gas segment. The rest is allocated to the energy and environmental services segment.

Capital expenditures in the electricity segment focus on the replacement of power station capacities, for example the construction of a hard-coal-fired power plant in Karlsruhe, renewal of the distribution grids and restructuring of the extra-high-voltage networks (380 kV and 220 kV). EnBW is also investing in renewable energies, focusing on the run-of-the-river power station in Rheinfelden and the acquisition of four offshore wind farm projects on the German North Sea coast and Baltic Sea coast. EnBW is planning to invest as much as up to € 3 billion in the expansion of renewable energies over the next few years. Another major capital investment in the energy and environmental services segment is the construction of our new administrative complex in Stuttgart (EnBW City).

Financing

There is no change to the following financial instruments available to EnBW for upcoming refinancing activities:

- > Euro Medium Term Note programme
- > Commercial Paper programme
- > Syndicated line of credit

In light of the present capital market situation, however, we expect borrowing costs to be higher for any borrowings under these programmes than in the past.

Interim financial statements of the EnBW group January to September 2008

(unaudited)

[_29 Income statement](#)

[_30 Balance sheet](#)

[_31 Cash flow statement](#)

[_32 Statement of changes in equity](#)

[_33 Notes and explanations](#)

Income statement of the EnBW group

€ millions ¹	1/7 – 30/9/2008	1/7 – 30/9/2007	1/1 – 30/9/2008	1/1 – 30/9/2007
Revenue including electricity and natural gas tax	3,824.9	3,373.5	12,458.5	11,265.2
Electricity and natural gas tax	-235.7	-233.1	-797.9	-747.3
Revenue	3,589.2	3,140.4	11,660.6	10,517.9
Changes in inventories	9.3	6.6	22.0	17.6
Own work capitalised	14.8	13.3	34.8	35.6
Other operating income	86.6	124.6	506.6	582.0
Cost of materials	-2,625.8	-2,287.3	-8,434.9	-7,653.1
Personnel expenses	-359.5	-338.7	-1,095.2	-1,048.9
Amortisation and depreciation	-195.6	-188.7	-644.2	-562.7
Other operating expenses	-172.9	-214.6	-728.3	-607.9
Result from operating activities	346.1	255.6	1,321.4	1,280.5
Share of profit of entities accounted for using the equity method	12.7	41.1	123.4	143.1
Other income from investment	11.3	24.9	74.0	108.1
Finance revenue	82.9	75.3	289.6	258.8
Finance costs	-237.7	-232.2	-658.5	-643.1
Earning before tax	215.3	164.7	1,149.9	1,147.4
Income taxes	-48.5	307.2	-305.5	58.1
Result of continuing operations²	166.8	471.9	844.4	1,205.5
Result of discontinued operations	0.0	1.6	0.0	57.1
Group net profit	166.8	473.5	844.4	1,262.6
of which profit shares attributable to minority interests	(20.6)	(81.7)	(66.5)	(134.6)
of which profit shares attributable to equity holders of EnBW AG	(146.2)	(391.8)	(777.9)	(1,128.0)
Shares outstanding (millions), weighted average	244,257	244,257	244,257	244,257
Earnings per share from continuing operations³ (€)	0.60	1.60	3.18	4.38
Earnings per share from group net profit³ (€)	0.60	1.60	3.18	4.62

¹ The figures of the comparative period have been adjusted.

² Of which profit shares attributable to the equity holders of EnBW AG:

1 July – 30 September 2008: € 146.2 million (comparative period: € 390.2 million)

1 January – 30 September 2008: € 777.9 million (comparative period: € 1,070.9 million)

³ Basic and diluted; in relation to the profit shares attributable to the equity holders of EnBW AG.

Balance sheet of the EnBW group

€ millions	30/9/2008	31/12/2007
Assets		
Non-current assets		
Intangible assets	1,661.7	1,636.4
Property, plant and equipment	11,543.3	11,416.2
Investment properties	93.9	87.7
Entities accounted for using the equity method	1,957.0	1,856.5
Other financial assets	5,326.9	5,734.4
Trade receivables	366.3	372.6
Income tax refund claims	260.7	253.8
Other non-current assets	171.9	179.8
Deferred taxes	7.9	6.0
	21,389.6	21,543.4
Current assets		
Inventories	822.0	732.7
Financial assets	592.0	727.6
Trade receivables	1,692.2	2,108.7
Income tax refund claims	257.6	255.1
Other current assets	4,035.3	1,725.6
Cash and cash equivalents	1,626.3	1,317.8
	9,025.4	6,867.5
Non-current assets held for sale	35.3	3.4
	9,060.7	6,870.9
	30,450.3	28,414.3
Equity and liabilities		
Equity		
Group shares		
Subscribed capital	640.0	640.0
Capital reserve	22.2	22.2
Revenue reserves	4,196.8	3,787.7
Revaluation reserve in accordance with IFRS 3	49.6	49.6
Treasury shares	-204.1	-204.1
Total net income recognised in equity	471.8	756.0
	5,176.3	5,051.4
Minority interests	881.3	950.3
	6,057.6	6,001.7
Non-current liabilities		
Provisions	9,183.9	8,989.1
Deferred taxes	1,723.5	1,616.8
Financial liabilities	3,454.5	3,364.2
Other liabilities and subsidies	2,111.7	2,127.0
	16,473.6	16,097.1
Current liabilities		
Provisions	965.2	1,131.3
Financial liabilities	223.4	588.3
Trade payables	1,937.2	2,323.3
Income tax liabilities	6.4	6.3
Other liabilities and subsidies	4,779.0	2,258.4
	7,911.2	6,307.6
Liabilities of discontinued operations	7.9	7.9
	7,919.1	6,315.5
	30,450.3	28,414.3

Cash flow statement of the EnBW group

€ millions ¹	1/1 – 30/9/2008	1/1 – 30/9/2007
1. Operating activities		
EBITDA	1,965.6	1,843.2
EBITDA of discontinued operations	0.0	71.6
Change in non-current provisions	-185.5	-210.0
Gain/loss on disposal of non-current assets	-2.5	-34.7
Other non-cash expenses/income	151.0	-16.9
Funds from operations (FFO) before tax and financing	1,928.6	1,653.2
Change in working capital and current provisions	-223.6	187.3
Income tax paid	-221.5	-565.6
Cash flow from operating activities	1,483.5	1,274.9
of which discontinued operations	[0.0]	[-6.5]
2. Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-775.2	-498.4
Cash received from disposals of intangible assets and property, plant and equipment	10.6	13.2
Cash received from construction cost and investment subsidies	56.4	53.7
Cash paid for the acquisition of fully and proportionately consolidated entities and entities accounted for using the equity method	-50.1	-180.5
Cash received from the sale of fully and proportionately consolidated entities and entities accounted for using the equity method	3.2	74.1
Change in securities and investments	189.9	241.9
Interest received	185.8	225.8
Dividends received	123.8	119.0
Cash flow from investing activities	-255.6	48.8
of which discontinued operations	[0.0]	[72.4]
3. Financing activities		
Interest paid	-202.3	-346.0
Dividends paid	-417.4	-359.0
Borrowing of financial liabilities	315.0	833.9
Repayment of financial liabilities	-612.6	-1,194.7
Capital reduction for minority interests	-7.8	-4.7
Cash flow from financing activities	-925.1	-1,070.5
of which discontinued operations	[0.0]	[2.6]
Net change in cash and cash equivalents	302.8	253.2
Exchange-rate related change in cash and cash equivalents	5.7	-5.3
Change in cash and cash equivalents	308.5	247.9
Cash and cash equivalents at the beginning of the period	1,317.8	1,932.3
Cash and cash equivalents at the end of the period	1,626.3	2,180.2

¹ The figures of the comparative period have been adjusted.

Statement of changes in equity of the EnBW group

€ millions ¹	Group shares	Minority interests	Total
As of 31 December 2006	3,562.9	929.5	4,492.4
Total net income recognised in equity	242.7	-5.4	237.3
Group net profit	1,128.0	134.6	1,262.6
of which result of discontinued operations	(57.1)	(0.0)	(57.1)
Total income recognised directly in equity and group net profit	1,370.7	129.2	1,499.9
Dividends paid	-278.5	-80.5	-359.0
Other changes	0.0	-53.9	-53.9
As of 30 September 2007	4,655.1	924.3	5,579.4
As of 31 December 2007	5,051.4	950.3	6,001.7
Total net income recognised in equity	-284.2	-4.4	-288.6
Group net profit	777.9	66.5	844.4
of which result of discontinued operations	(0.0)	(0.0)	(0.0)
Total income recognised directly in equity and group net profit	493.7	62.1	555.8
Dividends paid	-368.8	-48.6	-417.4
Other changes	0.0	-82.5	-82.5
As of 30 September 2008	5,176.3	881.3	6,057.6

¹ The figures of the comparative period have been adjusted.

Notes and explanations

Accounting policies

The interim financial statements of the EnBW group are prepared according to the International Financial Reporting Standards (IFRS) the adoption of which is mandatory in the EU at the balance sheet date. In addition, the related interpretations (IFRIC/SIC) are observed. Standards and interpretations that have not yet come into force have not been adopted.

The accounting policies applied for the interim consolidated financial statements as of 30 September 2008 are the same as those for the consolidated financial statements as of 31 December 2007 with the exception of the following new policies.

In compliance with IAS 34, the reporting scope selected for the presentation of the consolidated financial statements of EnBW AG as of 30 September 2008 was condensed compared to that of the consolidated financial statements as of 31 December 2007.

Besides the balance sheet and the income statement, the financial statements include a condensed cash flow statement and a condensed statement of changes in equity.

All significant transactions and events in the reporting period are explained in the interim group management report.

The interpretations IFRIC 12 "Service Concession Agreements" and IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", which become effective as of 1 January 2008, were not early adopted because they had not yet been endorsed by the EU as European law. First-time adoption of IFRIC 12 is not expected to have any material effect on the EnBW consolidated financial statements. The effects of first-time adoption of IFRIC 14 on EnBW's consolidated financial statements are currently being assessed.

Changes in accounting policies

The International Financial Reporting Interpretations Committee (IFRIC) issued the following interpretations which must be adopted from fiscal year 2008 onwards:

> **IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"**: The interpretation deals with the question of how IFRS 2 "Share-based Payment" applies to agreements on share-based payments which contain group or treasury shares.

First-time adoption of IFRIC 11 had no material effect on the EnBW consolidated financial statements.

Basis of consolidation

The financial statements of the domestic and foreign subsidiaries and joint ventures included in consolidation were prepared in accordance with the accounting policies of EnBW.

Capital consolidation is performed according to the purchase method by offsetting the cost of acquisition against the proportionate revalued equity of the subsidiaries at the date of acquisition. Assets, liabilities and contingent liabilities are carried at fair value. Any remaining positive differences are recognised as goodwill. Negative differences are immediately recognised in profit or loss following a review of their calculation.

Receivables, liabilities and provisions between the consolidated entities are netted. Intercompany income is offset against the corresponding expenses. Intercompany profits are eliminated unless they are immaterial. Deferred taxes are recorded.

Joint ventures are consolidated according to the same principles as subsidiaries.

The same accounting policies apply to entities accounted for using the equity method. Goodwill is recognised in the carrying amount of the investment. Negative differences are recognised in profit or loss via investment income.

Consolidated companies

Under the full consolidation method, all subsidiaries are included over whose financial and business policy control can be exercised as defined by the control concept. In this case, the assets and liabilities of a subsidiary are included in full in the consolidated financial statements.

Jointly controlled entities are included in the consolidated financial statements by way of proportionate consolidation. In the case of the proportionate consolidation, the assets and liabilities of the subsidiary are only considered in the consolidated financial statements in proportion to the shareholding of the parent company.

The equity method is used when a significant influence may be exercised on the business policy of the associate, but the entity does not qualify as a subsidiary or a joint venture. When measuring shares this means that only the pro rata equity of the entity is included in consolidated financial statements, and not its assets and liabilities.

Type of consolidation and number ¹	30/9/2008	31/12/2007	30/9/2007
Full consolidation	87	95	92
Proportionate consolidation (joint ventures)	10	10	9
Entities accounted for using the equity method	17	17	25

¹ The figures of the comparative period have been adjusted.

Share of profit of entities accounted for using the equity method and other investment income

€ millions ¹	1/1 – 30/9/2008	1/1 – 30/9/2007
Share of profit of entities accounted for using the equity method	123.4	143.1
Investment income	45.8	55.0
Write-downs of investments	0.0	-1.1
Income from the sale of investments	28.2	-0.1
Other	0.0	54.3
Other income from investment	74.0	108.1
Investment result	197.4	251.2

¹ The figures of the comparative period have been adjusted.

Finance revenue and finance costs

€ millions	1/1 – 30/9/2008	1/1 – 30/9/2007
Interest and similar income	208.1	217.9
Other finance revenue	81.5	40.9
Finance revenue	289.6	258.8
Borrowing costs	-167.4	-203.9
Other interest and similar expenses	-23.0	-26.7
Interest portion of increases in provisions	-359.2	-341.6
Personnel provisions	(-161.2)	(-153.5)
Provisions relating to nuclear power	(-187.0)	(-180.8)
Other non-current provisions	(-11.0)	(-7.3)
Other finance costs	-108.9	-70.9
Finance costs	-658.5	-643.1
Financial result	-368.9	-384.3

Notes to the cash flow statement

Funds from operations (FFO) € millions ¹	1/1 – 30/9/2008	1/1 – 30/9/2007
Funds from operations before tax and financing	1,928.6	1,653.2
Income tax paid	-221.5	-565.6
Interest and dividends received	309.6	344.8
Interest paid	-202.3	-346.0
Funds from operations after tax and financing	1,814.4	1,086.4

¹ The figures of the comparative period have been adjusted.

In the cash flow statement, non-cash expenses/income include for the first time gains/losses on the measurement of derivatives that are not offset by cash receipts or payments from variation margins. Prior to the change in disclosure method, these were reported under change in working capital and current provisions. The figures of the comparative periods have been adjusted accordingly.

Contingent liabilities and financial commitments

Contingent liabilities and financial commitments have increased by € 4,653.2 million compared to 31 December 2007. The increase is primarily attributable to the planned acquisition of a 26% shareholding in EWE AG, long-term electricity purchase obligations and to the higher purchase commitment relating to the construction of the hard-coal-fired power plant in Karlsruhe.

Related parties

Related parties include Electricité de France (EDF) and Zweckverband Oberschwäbische Elektrizitätswerke (OEW). The financial statements of EnBW AG are included in the consolidated financial statements of EDF on a proportionate basis.

The business transacted with EDF during the first nine months had the following impact on the consolidated financial statements of EnBW:

Income statement € millions	1/1 – 30/9/2008	1/1 – 30/9/2007
Revenue	545.4	512.8
Cost of materials	-646.5	-470.0

Balance sheet € millions	30/9/2008	31/12/2007
Receivables	88.4	111.6
Payments on account	49.9	37.7
Liabilities	91.7	90.1
Payments on account received	40.6	44.4

The revenue and cost of materials mainly result from electricity supply and electricity procurement agreements. All business relations with EDF are at arm's length.

The business relations with joint ventures conducted at market conditions were as follows:

Income statement € millions	1/1 – 30/9/2008	1/1 – 30/9/2007
Revenue	27.3	29.2
Cost of materials	-6.8	-24.3

Balance sheet € millions	30/9/2008	31/12/2007
Other loans	7.4	7.4
Receivables	6.0	7.4
Payments on account	0.0	1.4
Liabilities	0.0	5.1
Payments on account received	0.0	1.3

In the course of ordinary business activities, relationships also exist with associates, including among others municipal entities (public utilities, in particular) that are accounted for using the equity method. Goods and service transactions with these entities took place at arm's length and had the following impact on the balance sheet and income statement of the EnBW group:

Income statement € millions	1/1 – 30/9/2008	1/1 – 30/9/2007
Revenue	141.9	90.9
Cost of materials	-43.1	-25.8

Balance sheet € millions	30/09/2008	31/12/2007
Receivables	14.0	9.3
Liabilities	2.8	4.8
Payments on account received	0.4	0.4

The EnBW group has not entered into any significant transactions with related persons.

Dividends

On 25 April 2008, the annual general meeting of EnBW approved the proposal put forward by the Board of Management and Supervisory Board to pay a dividend of € 1.51 per share for the fiscal year 2007. This corresponds to a dividend payment of € 368.8 million.

Treasury shares

As of 30 September 2008, EnBW AG holds 5,749,677 treasury shares that are valued at € 35.79 in the separate financial statements of EnBW AG. They account for 2.3% of the capital stock.

Segment reporting

The segment information presented below includes continuing operations.

1/1 – 30/9/2008					
in € millions	Electricity	Gas	Energy and environmental services	Holding/consolidation	Total
External revenue	9,413.4	1,740.9	506.3	0.0	11,660.6
Internal revenue	107.4	105.5	466.9	-679.8	0.0
Total revenue	9,520.8	1,846.4	973.2	-679.8	11,660.6
Adjusted EBIT	1,299.4	111.2	66.9	-110.1	1,367.4
EBIT	1,316.5	50.9	65.4	-111.4	1,321.4
Amortisation and depreciation	-428.7	-74.1	-78.4	-1.2	-582.4
Impairment losses	-0.8	-61.0	0.0	0.0	-61.8

1/1 – 30/9/2007					
in € millions	Electricity	Gas	Energy and environmental services	Holding / consolidation	Total
External revenue	8,367.4	1,648.6	501.9	0.0	10,517.9
Internal revenue	119.6	73.3	420.5	-613.4	0.0
Total revenue	8,487.0	1,721.9	922.4	-613.4	10,517.9
Adjusted EBIT	1,062.0	105.4	87.5	-105.9	1,149.0
EBIT	1,179.0	112.3	95.2	-106.0	1,280.5
Amortisation and depreciation	-414.1	-71.1	-77.0	0.0	-562.2
Impairment losses	-0.1	0.0	-0.4	0.0	-0.5

Board of Management and Supervisory Board

Board of Management

Hans-Peter Villis

Born 1958 in Castrop-Rauxel
Chairman of the Board of Management
Chief Executive Officer since 1 October 2007
also Chief Financial Officer since 1 May 2008
Appointed until 30 September 2012
Castrop-Rauxel/Karlsruhe

Pierre Lederer

Born 1949 in Paris
Deputy chairman of the Board of Management
Member of the Board of Management since 1 June 2000
Chief Operating Officer since 1 May 2003
Appointed until 31 May 2010
Karlsruhe

Dr. Bernhard Beck, LL. M.

Born 1954 in Tuttlingen
Member of the Board of Management and
Chief Personnel Officer
Chief Personnel Officer since 1 October 2002
Appointed until 30 September 2012
Leonberg

Dr. Hans-Josef Zimmer

Born 1958 in Merzig
Member of the Board of Management
Chief Technical Officer since 1 October 2007
Appointed until 30 September 2010
Steinfeld (Rhineland-Palatinate)

Dr. Christian Holzherr

Born 1963 in Tübingen
Member of the Board of Management
Chief Financial Officer
from 1 January 2005 to 30 April 2008
Stuttgart

Dr. h. c. Detlef Schmidt

Born 1944 in Döbern
Member of the Board of Management
Chief Marketing and Sales Officer
from 1 July 2003 to 30 June 2008
Gifhorn/Karlsruhe

As of 30 September 2008

Supervisory Board

Dr. Claus Dieter Hoffmann, Stuttgart

Managing partner
of H + H Senior Advisors GmbH
Chairman

Dietrich Herd, Philippsburg

Chairman of the central works
council of EnBW Kraftwerke AG
Deputy chairman

Marc Boudier, Sèvres

Directeur Europe at
Electricité de France SA

Dr. Daniel Camus, Croissy-sur-Seine

Directeur Général Délégué Finances
at Electricité de France SA

Dirk Gaerte, Sigmaringendorf

District administrator of the
Sigmaringen district

Josef Götz, Stuttgart

Chairman of the central works
council of EnBW Regional AG

Reiner Koch, Glienicke/Nordbahn

Responsible for supply and waste
disposal divisions at ver.di head
office

Marianne Kugler-Wendt, Heilbronn

Regional director at ver.di,
Heilbronn-Neckar-Franconia district

Wolfgang Lang, Karlsruhe

Chairman of the central works
council of EnBW Systeme
Infrastruktur Support GmbH

Gérard Roth, Bois d'Arcy

Directeur Allemagne at
Electricité de France SA

Klaus Schörnich, Düsseldorf

Chairman of the works council of
Stadtwerke Düsseldorf AG

Heinz Seiffert, Ehingen

District administrator of the Alb-
Donau district

Gerhard Stratthaus MdL, Brühl

Former finance minister of the
state of Baden-Württemberg

Laurent Stricker, Paris

Conseiller auprès du Président
Directeur Général at
Electricité de France SA
Member since 25 April 2008

Werner Vorderwülbecke, Stuttgart

Regional department head at ver.di,
Baden-Württemberg

Christoph Walther, Langebrück

Deputy chairman of the works
council of ENSO Energie Sachsen
Ost AG

Dietmar Weber, Esslingen

Chairman of the central works
council of EnBW Vertriebs- und
Servicegesellschaft mbH

Kurt Widmaier, Ravensburg

District administrator
of the Ravensburg district

Dr.-Ing. Gérard Wolf, Paris

Directeur Général Adjoint Filiales
et Développement à l'International
at Electricité de France SA

Dr. Bernd-Michael Zinow, Pfinztal

Responsible for regulation
and compliance at EnBW
Energie Baden-Württemberg AG

Prof. Joachim Bitterlich, Paris

Directeur des Affaires Internationales
at Veolia Environnement SA
Member until 25 April 2008

As of 30 September 2008

Financial calendar

13 November 2008

Publication of the nine-monthly financial report
January to September 2008

10 February 2009

Press briefing on annual results/preliminary results
of the 2008 fiscal year

27 February 2009

Publication of the 2008 annual report

23 April 2009

Annual general meeting

8 May 2009

Publication of the quarterly financial report
January to March 2009

30 July 2009

Publication of the six-monthly financial report
January to June 2009

13 November 2009

Publication of the nine-monthly financial report
January to September 2009

Contact

Shareholder Hotline/Investor Relations

Phone: 0800 1020030 or
0800 AKTIEENBW (Germany only)
Fax: 0800 3629111 (Germany only)
E-mail: info@investor.enbw.com
Internet: www.enbw.com

Group publications

Upon request, we would be pleased to send you additional complimentary copies of this report and other group publications such as the annual report, innovation report and sustainability report. These reports are available in German and English; the annual report is also available in French. In case of doubt, the German version shall prevail. Please place your orders with our Shareholder Hotline.

All reports and brochures of the group can be downloaded from the internet. The German and English versions of the annual report can also be accessed as an interactive annual report online.

About this publication

Published by

EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe
www.enbw.com

Basic layout

Büro Franck
Visuelle Kommunikation,
Düsseldorf

Typesetting

In-house using FIRE.sys

Lithography and printed by

Sommer Corporate Media GmbH & Co. KG,
Waiblingen



B.2125.0811

Publication of the nine-monthly financial report
January to September 2008:
13 November 2008

Photo credits

Photo of the Board of Management

p. 5
Rüdiger Nehmzow, Düsseldorf

**EnBW Energie
Baden-Württemberg AG**

Durlacher Allee 93
76131 Karlsruhe
www.enbw.com