

Six-Monthly Financial Report

January to June 2011

Q1–Q2



EnBW

EnBW Energie
Baden-Württemberg AG

At a glance

EnBW group

€ millions	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Revenue				
Electricity generation and trading	2,670.1	2,384.2	12.0	4,817.0
Electricity grid and sales	5,314.9	5,148.6	3.2	10,192.7
Gas	1,066.6	1,076.2	-0.9	1,788.1
Energy and environmental services	358.2	342.4	4.6	711.2
External revenue, total	9,409.8	8,951.4	5.1	17,509.0
Adjusted EBITDA	1,308.6	1,592.1	-17.8	2,837.8
EBITDA	746.3	1,873.2	-60.2	3,279.8
Adjusted EBIT ¹	878.1	1,158.6	-24.2	1,930.6
EBIT ¹	272.0	1,427.7	-80.9	2,115.0
Adjusted group net profit ^{1, 2}	458.7	696.5	-34.1	986.7
Group net loss/profit ^{1, 2}	-589.8	899.0	-	1,169.4
Earnings per share from group net loss/ profit ² in €	-2.41	3.68	-	4.79
Cash flow from operating activities	930.5	1,301.0	-28.5	2,560.9
Free cash flow ³	497.5	751.9	-33.8	1,060.1
Capital expenditures	563.1	932.6	-39.6	2,327.9

Energy sales of the EnBW group

billions of kWh	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Electricity	76.2	74.4	2.4	146.9
Gas	31.5	32.5	-3.1	53.6

Employees of the EnBW group⁴

Number	30/6/2011	30/6/2010	Variance %	31/12/2010
Employees	21,154	19,972	5.9	20,952

¹ The figures for the period from 1 January to 31 December 2010 have been restated.

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

³ Free cash flow before financing.

⁴ Number of employees without apprentices and without inactive employees.



The cover shows the town of Leutkirch. Together with our shareholder Zweckverband Oberschwäbische Elektrizitätswerke (OEW) and Biberach University of Applied Sciences, we are working on a pilot project entitled “Sustainable town of Leutkirch” to develop the basis for an ecological, economically viable and largely autonomous energy concept. The objective is to optimise the town’s energy balance with the involvement of its people and businesses. Located in Allgäu, the town is also an example of our close relations with towns and municipalities throughout Baden-Württemberg, which is also expressed in our regional strategy.

Significant financial developments

- The three-month suspension of the extension of the nuclear power plants' working lives and the amendments to the German Atomic Power Act (AktG) have placed a burden on the operations of the EnBW group. Adjusted EBIT came to €878.1 million in the first six months of 2011, after €1,158.6 million in the prior year.
- After a group net profit of €899.0 million in the first six months of 2010, extraordinary expenses led to a group net loss of €589.8 million in the reporting period. Adjusted group net profit amounted to €458.7 million.
- Net investments totalled €519.9 million at the end of the first six months of 2011. A volume of €53.3 million had been recorded in the same period of the prior year on account of divestitures.
- The cash flow from operating activities fell by 28.5% on the prior year to €930.5 million.
- Due to the additions to the nuclear power provisions, adjusted net debt rose to €8,680.1 million as of 30 June 2011, compared to €8,139.8 million as of the end of 2010.

Top issues April to July 2011

April

EnBW is main electricity partner for municipalities in the state

In a Europe-wide tender process by the Association of the Municipalities of Baden-Württemberg, EnBW is awarded the contract to supply 262 million kWh of electricity to more than 14,000 town halls, kindergartens, schools and other municipal facilities throughout Baden-Württemberg in 2012 and 2013.



"Sustainable town of Leutkirch" pilot project kicked off

Together with OEW and Biberach University, EnBW is working on an energy concept for Leutkirch. The aim is to achieve an ecological, economically viable and socially sustainable energy supply. The pilot project is to help to accelerate the move towards more efficient and environmentally compatible technologies.

May



EnBW Baltic 1 officially commissioned

Commercial use of offshore wind power in Germany is heralded in on the Baltic Sea in the presence of Federal Chancellor Dr. Angela Merkel, Prime Minister Erwin Sellering and representatives from business and politics. The electricity from EnBW's Baltic 1 wind farm, 185 million kWh a year, is enough to supply 50,000 households.

New research projects launched

The operations of EnBW Baltic 1 are accompanied by scientists to gather important data in order to optimise the operations of offshore wind farms and their integration in the grid. In addition, EnBW is involved in a research programme to reduce noise emissions when constructing offshore wind farms. The aim is to protect harbour porpoises during the construction phase.

June

GKN I and KKP 1 stay offline

EnBW decides not to put its nuclear power plants GKN I and KKP 1 back online between the end of the temporary three-month shutdown and the upcoming change in the German Atomic Power Act. EnBW's Board of Management reaches this decision in consultation with the Supervisory Board following in-depth discussions and careful consideration of different points of view.

Onshore activities reinforced

EnBW buys another onshore wind farm with 6 MW near Friedberg in the federal state of Hesse. EnBW likewise reinforces its commitment to this technology in Baden-Württemberg. In a first step, contracts are concluded for the project development of two wind farms. Further locations are being reviewed.



July

Decision to phase out nuclear power adopted

The upper house of German parliament approves the gradual phase-out of nuclear power in Germany by the year 2022. The eight nuclear power plants affected by the temporary shutdown will not be put back online. The nine nuclear power plants still in operation will be issued dates by which they must be closed down at the latest.



Leading role on the electricity exchange in Leipzig

EnBW Transportnetze AG is the first transmission system operator in Germany to start trading on the forward market of the European Energy Exchange (EEX) in Leipzig. It sources electricity from the exchange to compensate for energy losses in the grid which arise in the transmission of electricity and power transformation.



Hans-Peter Villis, Chief Executive Officer

Letter to our shareholders

Dear shareholders,
investors and friends of EnBW,

Over the last few months the government has made important political decisions affecting the energy industry: the cornerstones of a new energy concept have been defined and Germany is to phase out the use of nuclear power by 2022.

As the third largest energy company in Germany, EnBW is aware of its responsibility in redesigning the energy supply concept, and expressly and proactively accepts this challenge. For many years now we have been investing in the expansion of renewable energies; in 2010 alone, we spent more than € 500 million in this area. We intend to increase the share of renewable energies in EnBW's generation portfolio to around 20% by 2020, thereby doubling it.

One of the preconditions for doing this is that we maintain our ability to invest. However, the suspension of the decision to extend certain nuclear power plants' working lives as well as the amendment of the German Atomic Power Act have led to considerable negative effects on earnings.

In the first six months of 2011, the initial three-month and now permanent shutdown of two of EnBW's nuclear power plants, combined with the new nuclear fuel rod tax, has reduced our operating and our non-operating results. Adjusted EBIT has fallen by 24.2% compared to the corresponding prior-year period to € 878.1 million. The operating result of the electricity

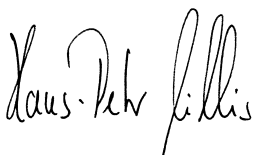
generation and trading segment decreased by € 243.3 million to € 666.9 million. Adjusted EBIT likewise declined in the gas segment, here mostly as a result of the sale of GESO in the prior year, but also due to intense competition and comparatively mild weather in the first quarter. The electricity grid and sales segment, by contrast, recorded 6.1% growth in earnings to € 172.3 million. The energy and environmental services segment also recorded a rise in earnings of 19.3% to € 69.9 million.

Generally, in line with the operating result, the adjusted group net profit in terms of the profit shares attributable to the equity holders of EnBW AG decreased by 34.1% to € 458.7 million when comparing the period from January to June 2011 and the prior-year period.

In the first six months, the non-operating group net profit was negative at € 1,048.5 million. Among other things, it includes expenses relating to nuclear power arising from the shutdown of the two nuclear power plants and impairment losses recognised on equity investments due to changes in economic conditions. Since the group's operating result was not able to compensate for all of the extraordinary burdens, the income statement of the EnBW group reports a group net loss of € 589.8 million. Adjusted net debt increased from € 8,139.8 million at the end of 2010 to € 8,680.1 million as of the end of June 2011 despite the repayment of financial liabilities. This is essentially due to the rise in provisions for relating to nuclear power.

Due to the further negative effects that we anticipate, we have maintained our negative forecast for adjusted EBIT. We expect the operating result to fall by up to 25% compared to 2010. We are therefore investigating further measures with the aim of reducing capital expenditures, increasing divestitures and expanding efficiency measures under the "Fokus" programme that has already been launched. Our goals of safeguarding the company's financial stability and ability to invest – and thus maintain an A rating, are unchanged.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hans-Peter Villis', written in a cursive style.

Hans-Peter Villis

Chief Executive Officer

Karlsruhe, July 2011

EnBW on the capital market

Communication with the capital market currently focuses on the major energy policy measures and decisions being taken. Our aim is to present the effect of these developments on EnBW in a transparent way in order to retain and strengthen capital market players' trust in EnBW.



FURTHER INFORMATION
www.enbw.com > Investors >
Bonds > Ratings

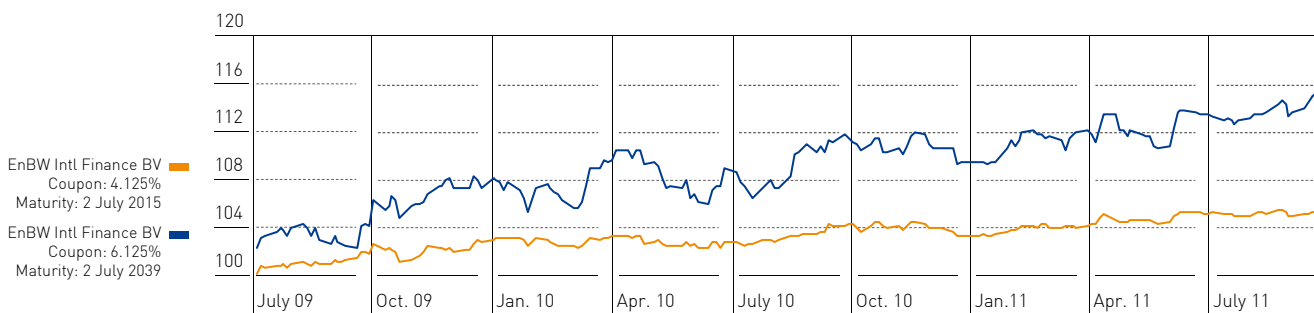
Established issuer on the debt capital market

EnBW pursues the goal of maintaining the A rating through strategic decisions and by optimising its capital structure. One important criterion is the company's gearing level that we manage within an appropriate range on the basis of the dynamic leverage ratio (adjusted net debt to adjusted EBITDA). EnBW has so far always achieved an A rating. Currently, ratings have been issued by Fitch (A-/outlook stable), Moody's (A2/outlook negative) and Standard & Poor's (A-/outlook negative). In early June 2011, the rating agencies Moody's and Fitch amended their ratings based on the changed energy policy environment. Fitch lowered the rating by one grade to "A-", giving as a reason a weaker financial profile. Moody's changed the outlook from "stable" to "negative" in view of the difficult operating market environment and associated potential negative effects on EnBW's results of operations in the short or medium term. According to Moody's the rating may change depending on the countermeasures that EnBW now introduces. EnBW already adopted an extensive package of measures in the first quarter of 2011. The focus of these measures will be sharpened further once the decision on the new energy policy has been made. The rating by Standard & Poor's (S&P) was last confirmed at the end of March 2011.

Development of the bond market and of EnBW bonds

In the first six months of 2011, concerns regarding the budgetary and financial stability of some peripheral euro countries had a negative impact on the price development of government bonds. The level of returns of the bonds issued by European utility companies listed in the iBoxx € Utilities index increased continually from 3.92% to 4.24% in the first six months of 2011. EnBW's bonds also experienced an increase in returns and price losses.

Performance of the EnBW bonds issued in 2009 in %

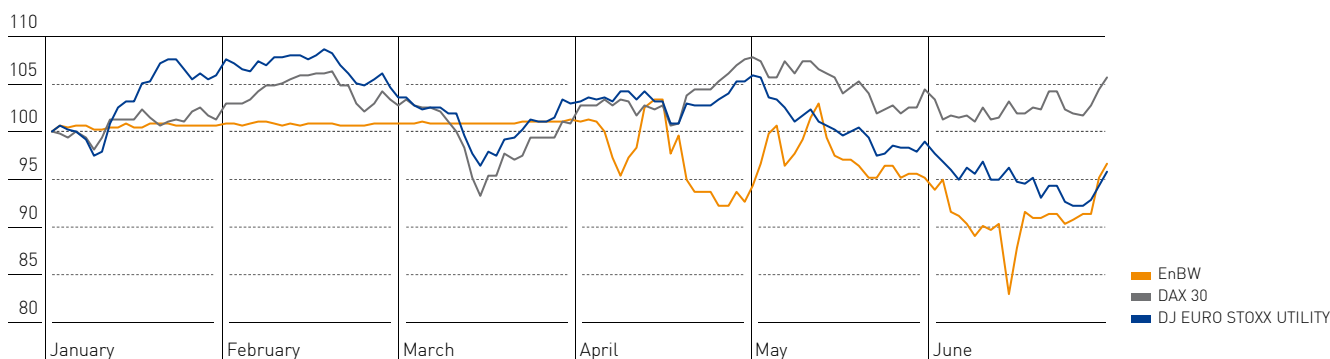


Development of the EnBW share

The discussions in recent months on the topic of nuclear power led to significant price losses for listed energy supply companies in Germany. The EnBW share price of €41.50 per share was set by the public takeover offer by NECKARPRI GmbH valid until 6 April 2011. As the offer period expired, the quoted price started to fall in the second quarter of 2011 as expected as the EnBW share was not able to escape the market's general downward movement. The closing price on 30 June 2011 was €39.60, down 4.6% compared to year-end 2010.

As of the end of the reporting period on 30 June 2011, the leading share index in Germany, the DAX, stood at 7,376.24 points, up 7% in comparison to year-end 2010. The DJ EURO STOXX UTILITY index, which reflects the share price of European utilities, showed similar price developments until the end of May 2011. As a result of the strong price losses seen in June 2011, however, the index was some 4.2% lower as of 30 June 2011 than at the beginning of 2011.

Performance of the EnBW share from January to June 2011 in %



Shareholder composition

Since 13 April 2011, the federal state of Baden-Württemberg (via NECKARPRI-Beteiligungsgesellschaft mbH) and OEW Energie-Beteiligungs GmbH each hold 46.55% of EnBW AG's share capital. The shareholder agreement previously in effect between EDF and OEW remains in force between the shareholders. As of 30 June 2011, the shareholder composition of EnBW AG was as follows:

Shareholder structure

NECKARPRI-Beteiligungsgesellschaft mbH	46.55 %
OEW Energie-Beteiligungs GmbH	46.55 %
Badische Energieaktionärs-Vereinigung	2.45 %
EnBW Energie Baden-Württemberg AG	2.30 %
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.95 %
Neckar-Elektrizitätsverband	0.69 %
Free float	0.40 %
Landeselektrizitätsverband Württemberg	0.11 %

Following the outcome of the elections to the state parliament in Baden-Württemberg, there has also been a change in the composition of EnBW AG's Supervisory Board. The terms of office of the members of the Supervisory Board elected by the 2011 annual general meeting, Dr.-Ing. Rainer Dulger, Prof. Dr. Ulrich Goll and Helmut Rau, ended effective as of the end of the day on 30 June 2011 or 9 July 2011, respectively. Dr. Nils Schmid, deputy prime minister and minister at the Baden-Württemberg state ministry, Silke Krebs, minister at the Baden-Württemberg state ministry, and Guenther Cramer, supervisory board member at SMA Solar Technology AG, will join the Supervisory Board as proposed by the new state government.

Dialogue with the capital market

Our ongoing and transparent communication focuses on maintaining and strengthening the capital market participants' trust in EnBW. The year started with our attending two investor conferences in New York and Paris. At the beginning of April, we held our annual Bankers' Day at the Neckarwestheim location, during which around 60 representatives of banks were given a deeper insight into the company and nuclear power. Topics included the previously imposed temporary shutdown of certain nuclear power plants, for instance, and increased requirements on grids caused by a further significant expansion of renewable energies. This year's annual general meeting of EnBW took place on 19 April 2011. In view of the current political and economic developments, we arranged for numerous personal meetings with analysts and investors to discuss current events and the implications for the energy industry and EnBW.

Business activity and economic environment

In the first six months of 2011, the prices of primary energy sources, CO₂ allowances and electricity were at times significantly up on the prior-year level. This increased price level was primarily due to the geopolitical events in North Africa and the Middle East as well as the severe consequences of the earthquake in Japan and the ensuing disaster at the nuclear power plant in Fukushima and the federal government's decision to phase out nuclear power in Germany.

Business activity



FURTHER INFORMATION
www.enbw.com > The Group

As an integrated energy supplier, EnBW operates along the entire value added chain, offering an extensive portfolio of services. In the area of electricity, the group operates in two segments: electricity generation and trading as well as electricity grid and sales. The activities in the gas segment currently extend to the midstream and downstream areas. The midstream business includes import agreements and infrastructure, among other things. Downstream covers the transmission, distribution and sale of gas. In the energy and environmental services segment EnBW provides network and energy-related services, thermal and non-thermal waste disposal and water supply services. Contracting accounts for the largest volume of energy-related services. Contracting services cover the entire value added chain from the initial needs analysis as well as planning, financing and realisation through to the operation, servicing and maintenance of facilities at the customer. In addition to energy and (combined power and) heating plants, these services also extend to the media infrastructure. The electricity generation and trading segment is a decisive factor in the group's results of operations.

Heterogeneous market structures

With our four segments, we operate on three very different markets. EnBW's activities in the wholesale markets consist of electricity generation, procurement of primary energy sources and CO₂ emission allowances as well as electricity trading. The efficiency and flexibility of the generation and procurement portfolio are decisive success factors on the highly competitive wholesale markets. On the regulated markets, the market environment is characterised by political, legal and regulatory requirements. This applies to our grids and to renewable energies, in particular wind power, biomass and photovoltaic generation. On the end customer market, EnBW advises and supplies a total of some six million business and retail customers (date of information: 31 December 2010). The traditional sales business of energy utilities is supplemented at EnBW with customer-centric energy consultation and services relating to the efficient use of energy.

Corporate strategy

The EnBW group is the third largest energy company in Germany and is one of the top ten in Europe. We intend to reinforce and expand our position among the largest players in this industry in the long term. As an integrated supply company, the EnBW group operates in Germany as well as in the Czech Republic. In selected foreign markets, we aim to achieve focused growth through activities in the areas of renewable energy as well as energy management and efficiency.

On account of the energy policy decisions made in 2010 and the related reduction of earnings for the group, we adopted a package of measures at the beginning of 2011 in order to safeguard the financial stability of EnBW and its ability to prepare for the future. The gross investment volume was reduced and investments were adjusted across all strategic moves. Gross investments of € 5.1 billion were originally planned for the period

from 2011 to 2013. Taking divestitures of €1.8 billion into account, net investments will come to €3.3 billion. The three-month suspension of the extension of the working lives of nuclear power plants was announced in March 2011, to be followed in July by the federal government's decision in favour of a new energy concept involving Germany phasing out nuclear power. These events will lead to further financial burdens for EnBW.

Economic environment

There are various external factors that will influence the development of EnBW's business. The main ones are the general economic environment, price developments on the markets for electricity, fuels and CO₂ allowances as well as political and regulatory decisions.

Overall economic developments

After a boost in the growth dynamics of the global economy towards the end of last year and around the start of 2011, the International Monetary Fund (IMF) now expects the international economy to slow down again for 2011. At the same time, it forecasts a further rise in economic risks. The pattern of growth in individual countries and regions remains inconsistent. Most developing and emerging economies are enjoying strong growth. In industrialised countries, by contrast, some economies continue to struggle with high levels of unemployment and structural problems. According to the IMF, overall global economic growth in the first quarter of 2011 reached an annualised rate of 4.3% compared to the prior year. In its recent forecast for the first quarter of 2011, the European Commission estimates growth to have reached 2.5% in the euro area in relation to the same period of the prior year. In addition, inflationary pressure is rising. The annual inflation rate in the EU reached 3.2% in May 2011 compared to 2.1% in May 2010. For the Czech economy, the Organisation for Economic Co-operation and Development (OECD) has forecast a growth rate of 2.4% for the current year. Economic developments in Turkey are particularly expansive, with growth in economic output expected to reach 6.5% for 2011 according to the OECD.

The German economy continued to see a level of growth in the second quarter comparable to the unexpectedly strong growth enjoyed in the first quarter of 2011. A comparison with the prior-year period of 2010 shows an increase in gross domestic product (GDP) of 5.2% in the first quarter of 2011, according to the Federal Statistical Office. In the second quarter of 2011 forecasts by the German Institute for Economic Research (DIW) estimate GDP growth at 3.4%. The DIW believes that the negative factors influencing economic developments are the high levels of capacity utilisation at companies and potential disruptions in production as a result of supply chain difficulties following the earthquake in Japan. In addition, the rising inflation risk could impact consumer demand.

In 2010, electricity and gas consumption increased by 4.2% and 4.5%, respectively, in comparison to the prior year. Figures are available for electricity consumption showing a slight rise of around 1.1% in the first four months of 2011 compared to the prior-year period.

Market situation for primary energy sources, CO₂ allowances and electricity

The reduction of the uncertainties for the generation margin arising from developments in the price of primary energy sources, CO₂ allowances and electricity on the wholesale markets is a priority for EnBW. The quantities of primary energy sources and CO₂ emission allowances required for electricity generation are procured on the forward market and the scheduled electricity production is sold at the same time. Costs and revenue in the first six months of 2011 can therefore mainly be attributed to the conditions agreed in the supply contracts concluded in previous years. The price developments seen on the forward market for the first six months of 2011 will have an effect on the results of subsequent periods. The same applies to the quantities of electricity procured by the sales function on the forward market.

Oil market: The protest movements in several states of North Africa and the Middle East have pushed oil prices up considerably in the reporting period. These price developments initially reflected the deteriorating situation in individual countries such as Egypt, Tunisia and Bahrain. While not all countries in the region are directly relevant for oil production and supplies, there was great uncertainty as to whether unrest and protests would spread to countries such as Saudi Arabia or Kuwait. Significant production and supply outages could have arisen as a result. In February prices stabilised temporarily at a higher level. As a result of the armed conflict in Libya,

which caused a stoppage of most of that country's oil production, prices rose once more. On 8 April, front month prices reached the highest level seen so far in 2011 of US\$ 126.65/bbl. This means that prices were up US\$ 31.81/bbl or 33% on the prices at the beginning of the year. In early May, the cooling-off of economic optimism and intensification of the debt crisis in some European countries led to a notable change in oil prices. The oil price for short-term oil deliveries was around US\$ 112.48/bbl at the end of June.

Coal market: In the first six months of 2011, average price levels on forward markets for coal deliveries to the ARA ports (Amsterdam, Rotterdam, Antwerp) were significantly higher than in the prior-year period. Whereas prices for deliveries in 2012 (front year) were volatile throughout the first quarter, they started to climb steadily as of mid-March. The reasons included the earthquake disaster in Japan and the suspension announced by the federal government relating to the previous decision to extend nuclear power plants' working lives. In the second quarter of 2011, forward prices moved sideways. Prices temporarily dropped, on the one hand due to the damage to Japanese coal-fired power stations and transport infrastructure which led to lower imports and, on the other, due to low water levels on European waterways, which caused high stockpiles at the ARA ports.

Price development on the oil and coal markets	Average H1 2011	Average H1 2010	Average 2010
Crude oil (Brent) front month (daily quotes in US\$/bbl)	111.25	78.40	80.34
Crude oil (Brent) annual price 2012 (daily quotes in US\$/bbl)	108.79	86.20	86.68
Coal – index for short-term delivery (API #2 Index) in US\$/t ¹	123.68	83.15	92.50
Coal – API #2 Y2012 in US\$/t	125.38	104.55	106.32

¹ Source: Argus Media <http://www.argusmedia.com>

Gas market: Long-term gas import contracts form the basis for gas supplies in Germany. Prices track oil quotations with a time lapse of around six months. Following the higher oil prices in 2010, the monthly border price index compiled by the Federal Office of Economics and Export Control (BAFA) for natural gas also started to rise, reaching € 25.30/MWh in April 2011.

Another important source of natural gas are the wholesale markets such as the Dutch Title Transfer Facility (TTF) and the trading point of the NetConnect Germany (NCG) market territory. Spot market prices in the first six months of 2011 averaged € 22.72/MWh, which was € 7.74/MWh or 52% above the level prevailing in the first six months of 2010. The average price for deliveries in 2012 was € 25.74/MWh, i.e. 29% higher than in the prior year. The high price levels at the start of 2011 were mainly caused by the cold winter. Owing to the good supply situation, this development on the spot market was followed by a phase of slight downward movements. By contrast, forward market prices remained stable to a great extent. At the end of February, prices rose once more in light of the situation in North Africa and the Middle East and rising oil prices. The events in Japan this March also contributed to the price hike on spot and forward markets. Market participants assume that there will be higher demand for gas in Japan in the future, which will lead to a decrease in the quantities of liquefied natural gas (LNG) available for Europe. As of 1 April 2011, the start of the summer season, prices started to fall slightly before rising again when the federal government announced towards the end of May that Germany would phase out nuclear power.

Development of prices for natural gas on the TTF (Dutch wholesale market) in €/MWh	Average H1 2011	Average H1 2010	Average 2010
Spot	22.72	14.95	17.38
Delivery 2012	25.74	20.00	21.12

CO₂ emission allowances: Under the European emissions trading system, power plants are required to evidence the requisite number of emissions allowances for their CO₂ emissions. The prices of emission allowances (EU Allowances – EUA) for delivery in December 2011 (EUA-11) initially remained stable in January 2011, despite a record level of Certified Emission Reduction (CER) allowances distributed. This was due to the unusually low volume of sales by industry and small businesses at that time of year. Due to EUA theft following a hacker attack, the EU registers were closed temporarily and CO₂ spot trading on the exchanges was suspended provisionally as a result. From mid-February onwards, there was a continual increase in EUA-11 prices from around € 15/t CO₂ to just under € 16/t CO₂. This was mainly caused by rising gas prices and the resulting higher fuel switching costs.

In mid-March, prices then exceeded €17/t CO₂, triggered by the federal government suspending its decision to extend the working lives of nuclear power plants combined with a further increase in fuel switching costs. Prices then remained largely stable until the start of May, but started to rise by around €1/t CO₂ around mid-May when the intention to withdraw the decision to extend the working lives of nuclear power plants in Germany was announced. In the first half of June, prices showed a slight downward trend in spite of the relative stability of fundamental factors. From mid-June onwards, prices fell by €1/t CO₂ in just a few days, and shortly after that by another €3/t CO₂. Following a slight recovery, the EUA-11 price closed the first six months of the year at around €13.50/t CO₂. The downward movement in prices was caused by political decisions: the planned EUA auctions for the third trading period in the fourth quarter of 2011, the EU's draft Energy Efficiency Directive aiming to reduce future emissions, and the postponement of a decision on raising target reductions by 2020.

In the reporting period, prices of CER-11 allowances generally paralleled the development of EUA-11 allowances. However, the prices of CER-11 allowances tend to be lower due to the limited trading possibilities in the EU emissions trading system. The limitation of the number of projects that can be used to generate CER allowances increased the spread between EUA-11 and CER-11 allowances further in the second quarter of 2011.

Development of prices for emission allowances/ daily quotes in €/t CO ₂	Average H1 2011	Average H1 2010	Average 2010
EUA-11	15.86	14.53	14.82
CER-11	12.11	12.03	12.12

Wholesale electricity market: At €53.61/MWh, the average price for immediate delivery of electricity (base load product) on the spot market of the European Energy Exchange (EEX) in the second quarter of 2011 was €12/MWh or 29% higher than the prior-year figure. As in the first quarter of 2011, this development was caused by higher fuel prices and the ongoing economic recovery. In addition, the second quarter saw a fall in power plant availability as a result of the temporary shutdown of certain nuclear power plants. On the EEX forward market, the average price for delivery in 2012 increased by around 8% compared to the prior-year level to €58.87/MWh (base load product). The reasons here included higher prices for gas and coal. Another factor pushing prices upwards was the possibility of those nuclear power plants affected by the temporary shutdown being closed down permanently. Compared to the average level recorded in 2010, in the second quarter of 2011 prices for electricity deliveries in 2012 rose by as much as 12%.

Development of prices for electricity (EEX) base load product in €/MWh	Average H1 2011	Average H1 2010	Average 2010
Spot	52.73	41.27	44.49
Delivery 2012	56.23	53.32	52.57

Prices for retail and industrial customers: According to calculations by the Federal Statistical Office, electricity prices for retail customers were 7.7% higher in April 2011 than in the same month of the prior year. The price rise is mainly attributable to higher taxes and levies on electricity imposed by the government, including in particular the increase in cost allocations under the German Renewable Energies Act (EEG) from 2.047 ct/kWh in 2010 to 3.53 ct/kWh in 2011. Following the significant drop in gas prices for retail customers throughout 2010, prices for gas were considerably higher than in the prior year. Reasons include higher procurement costs, which are still strongly linked to the oil price.

Political environment

Review of nuclear power plants: In the aftermath of the earthquake in Japan and the ensuing disaster at Fukushima nuclear power plant changes were also made to European energy policy. At the initiative of the European Council, the EU Commission decided in May 2011 to require stress tests for all European nuclear power plants starting in June 2011 to review risks and safety aspects. The criteria were determined by the European Commission and the European Nuclear Safety Regulators Group (ENSREG). The criteria relate to unusual external events such as earthquakes and floods, but not to aeroplane crashes.

Energy efficiency: On 22 June 2011, the European Commission presented a proposal for a new Energy Efficiency Directive. It sets forth requirements for energy utilities to achieve annual savings equal to 1.5 % of their energy sales to final customers. Further measures include promoting cogeneration and contracting. The Council and European Parliament are expected to reach an agreement before the end of 2012.

Energy policy in Germany

New energy concept: After the federal government and the lower house of German parliament, the upper house followed suit on 8 July 2011, adopting the decision for Germany to phase out nuclear power. The phase-out is to be completed by 2022. Following this decision, the eight nuclear power plants affected by the temporary shutdown after Fukushima will not be put back online and will be dismantled. The Federal Network Agency has until September this year to decide whether one of the power plants is to be kept on standby until 2013 for any electricity bottlenecks. The nine nuclear power plants still in operation will be issued dates by which they must be closed down at the latest. An act to accelerate expansion of the grid (NABEG) was also adopted.

Amendment of the German Renewable Energies Act (EEG): The payment rates under the German Renewable Energies Act (EEG) were modified. For EnBW, the most relevant aspect is what is referred to as the compression model for offshore wind farms which increases payment rates, while at the same time limiting the subsidy period to eight years.

German Energy Industry Act (EnWG): The German Energy Industry Act (EnWG) was amended as well. It transposes the unbundling requirements of the EU's third energy liberalisation package into national law. Other new requirements relate to smart metering and network user charge exemptions for storage facilities and for flexible consumption.

CCS directive: The lower house of German parliament adopted the carbon dioxide capture and storage (CCS) bill on 7 July 2011, thereby creating the conditions for EU subsidisation of model projects to test CCS technology in Germany. In future, energy supply companies will be permitted to store harmful carbon dioxide (CO₂) in subterranean storage facilities for test purposes. At the insistence of some federal states an opt-out clause was included in the act, allowing the states to prevent exploration activities for CO₂ storage facilities within their territory. The approval of the upper house of German parliament is still pending.

The EnBW group

The suspension of the decision to extend the working lives of two of our nuclear power plants, the new fuel rod tax and the amendment of the German Atomic Power Act reduced the operating result and the non-operating result. Group net profit was also burdened by high impairment losses recognised on equity investments.

Results of operations

Unit sales and revenue

Electricity sales of the EnBW group in billions of kWh	Generation and trading		Grid and sales		Total	
	1/1–30/6/2011	1/1–30/6/2010	1/1–30/6/2011	1/1–30/6/2010	1/1–30/6/2011	1/1–30/6/2010
Retail customers (B2C)	0.0	0.0	10.0	10.9	10.0	10.9
Industry and redistributors (B2B)	2.1	1.6	23.0	22.4	25.1	24.0
Trade	34.1	32.6	7.0	6.9	41.1	39.5
Total	36.2	34.2	40.0	40.2	76.2	74.4

At 10.0 billion kWh, unit sales of electricity to retail customers in the first six months of 2011 were below the prior-year level of 10.9 billion kWh. This was due to keen competition and milder weather in the first quarter of 2011 compared to the prior year. In contrast, unit sales to industry customers recorded an increase of 1.1 billion kWh for consolidation-related reasons, reaching 25.1 billion kWh in the reporting period. The group-wide increase of 2.4% in unit sales of electricity to 76.2 billion kWh in the first six months of 2011 was partly buoyed by increased trading activities.

Gas sales of the EnBW group in billions of kWh	1/1–30/6/2011	1/1–30/6/2010	Variance %	1/1–31/12/2010
Retail customers (B2C)	4.9	7.8	-37.2	11.8
Industry and redistributors (B2B)	25.6	24.7	3.6	41.8
Trade	1.0	0.0	-	0.0
Total	31.5	32.5	-3.1	53.6

In the first six months of 2011, unit sales of gas by the EnBW group came to 31.5 billion kWh. Around 40% of the decrease of 2.9 billion kWh sustained with retail customers is attributable to the sale of GESO Beteiligungs- und Beratungs-AG (GESO) and its subsidiaries in the first quarter of 2010. In a year-on-year comparison, the milder weather was another factor for the decline in sales with retail customers. With regard to industry customers, unit sales were up 3.6% despite the sale of GESO and the milder winter.

External revenue of the EnBW group by segment in € millions ¹	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Electricity generation and trading	2,670.1	2,384.2	12.0	4,817.0
Electricity grid and sales	5,314.9	5,148.6	3.2	10,192.7
Gas	1,066.6	1,076.2	-0.9	1,788.1
Energy and environmental services	358.2	342.4	4.6	711.2
Total	9,409.8	8,951.4	5.1	17,509.0

¹ After deducting electricity and natural gas tax.

In the first six months of 2011, the EnBW group generated external revenue including electricity and natural gas tax of € 9,926.0 million. After deducting electricity and natural gas tax, external revenue came to € 9,409.8 million, a rise of 5.1% in relation to the prior year. Adjusted to eliminate consolidation effects, the increase would have come to 5.4%.

Electricity generation and trading: External revenue in the electricity generation and trading segment rose by 12.0% compared to the prior-year period in the first six months of 2011, reaching € 2,670.1 million. Adjusted to eliminate consolidation effects, this is a rise of 13.4%. The reasons for this rise are the positive price and volume effects. This segment's share in total group revenue increased to 28.4%, after 26.6% in the prior year.

Electricity grid and sales: Due to price effects, revenue in the electricity grid and sales segment saw a rise of 3.2% in the reporting period to € 5,314.9 million. After eliminating consolidation effects, it would have increased by 0.9%. This segment's share of total group revenue decreased marginally by 1.0 percentage point to 56.5%.

Gas: At € 1,066.6 million, the revenue of the gas segment remained virtually at the level of the prior year due to price effects, despite a decrease in unit sales. Without taking into account consolidation effects, revenue would have improved by 10.5%. In light of the higher level of group revenue, the segment's share in group revenue fell to 11.3% after 12.0% in the prior-year period.

Energy and environmental services: The energy and environmental services segment increased its revenue by 4.6% in comparison to the prior year to € 358.2 million in the first six months of 2011. At 3.8%, the segment's share in group revenue remained constant in comparison to the prior year.

Material developments in the income statement

At € 365.1 million, other operating income was much lower in the reporting period than in the first six months of 2010. The high prior-year figure of € 605.2 million was attributable to positive effects from deconsolidation of GESO and a compensation payment received for the premature termination of a long-term electricity supply agreement. The increase of 21.4% in cost of materials to € 7,811.9 million in the reporting period was due to higher revenue and extraordinary expenses from additions to nuclear power provisions. Personnel expenses rose by 5.7% to € 857.0 million, most of all due to the collective wage increase and a higher headcount. The investment result showed a loss of € 453.7 million due to impairment losses, after the profit of € 156.8 million seen in the prior year. Accordingly, earnings before taxes (EBT) came to € -485.4 million. In the prior year, EBT amounted to € 1,249.7 million. In line with this development, income taxes were lower than in the prior-year period at € 56.6 million compared to € 309.0 million one year earlier.

Earnings

EnBW reported a group net loss in terms of the loss/profit shares attributable to the equity holders of EnBW AG of € -588.3 million in the first six months of 2011 (prior year: group net profit of € 899.0 million). This was attributable to the high negative non-operating result of the group of € -1,047.0 million, whereas the group had recorded a clearly positive figure of € 202.5 million one year earlier. The operating business could only compensate for some of these effects. Earnings per share totalled € -2.41 in the reporting period, after € 3.68 in the prior year.

Adjusted earnings and non-operating result

One key performance indicator within the EnBW group is adjusted EBIT. Adjusted EBIT is an earnings ratio adjusted for non-operating effects to accurately reflect the development of results of operations. The non-operating result contains extraordinary effects such as 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.

Adjusted EBIT of the EnBW group by segment in € millions ¹	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Electricity generation and trading	666.9	910.2	-26.7	1,626.7
Electricity grid and sales	172.3	162.4	6.1	263.8
Gas	46.2	106.1	-56.5	80.1
Energy and environmental services	69.9	58.6	19.3	111.3
Holding/consolidation	-77.2	-78.7	1.9	-151.3
Total	878.1	1,158.6	-24.2	1,930.6

¹ The figures for the period from 1 January to 31 December 2010 have been restated.

At €878.1 million, the EnBW group's adjusted EBIT was 24.2% below the level of the prior-year period in the first half of 2011. In addition to the negative factors in the operating business, the deconsolidation of GESO also reduced profit. There was a positive effect from the share swap with Pražská energetika, a.s. (PRE) and Pražská teplárenská a.s. (PT). After eliminating consolidation effects, adjusted EBIT decreased by 21.6%.

Adjusted EBIT in the electricity generation and trading segment decreased by 26.7% to €666.9 million compared to the prior year on account of a number of factors. As expected, earnings were significantly reduced by the new nuclear fuel rod tax. Another material factor reducing earnings was the shutdown of two of our nuclear power plants on account of the three-month suspension of the extension of their working lives and the subsequent decision to keep the power plants concerned offline. The procurement of forecast quantities from these power plants that had already been sold on the forward market also led to losses. In addition, negative effects came from smaller spreads between the price of off-peak and peak electricity in comparison to the prior year. After eliminating consolidation effects, adjusted EBIT was 25.1% below the prior-year level.

The electricity grid and sales segment recorded 6.1% growth in earnings to €172.3 million in the first six months of 2011. After eliminating consolidation effects, adjusted EBIT increased by 1.7%. Our grid area saw a slight increase and was therefore able to compensate for the slight decrease in electricity sales.

At €46.2 million, adjusted EBIT in the gas segment was significantly below the prior-year level of €106.1 million. The sale of GESO was one of the main negative effects here. Adjusted for consolidation effects, adjusted EBIT was 41.2% below the prior-year value. With regard to operations, unit sales of gas were also impacted by intense competition and a milder winter. The associated decline in earnings was accelerated by the lower income from network user charges in relation to the comparative period, due to the lower volume of gas transmitted.

The energy and environmental services segment recorded a sharp rise in earnings of 19.3% to €69.9 million in the reporting period. The reasons here included above all higher income from other services. At the level of the holding company, the net loss decreased marginally by 1.9% to €-77.2 million.

Adjusted earnings indicators of the EnBW group in € millions ¹	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Adjusted investment result	161.2	159.3	1.2	192.3
Adjusted financial result	-295.9	-280.9	-5.3	-642.8
Adjusted income taxes	-242.4	-301.2	19.5	-444.7
Adjusted group net profit	501.0	735.8	-31.9	1,035.4
of which loss/profit shares attributable to non-controlling interests	(42.3)	(39.3)	7.6	(48.7)
of which loss/profit shares attributable to the equity holders of EnBW AG	(458.7)	(696.5)	-34.1	(986.7)

¹ The figures for the period from 1 January to 31 December 2010 have been restated.

The adjusted investment result stood at €161.2 million, around the same level as in the prior year. Higher amounts from unwinding the discount on nuclear power provisions on account of the amendment of the German Atomic Power Act (AtG) increased the loss in the adjusted financial result to € -295.9 million, after € -280.9 million in the prior year. Due to the decrease in the operating result, adjusted income taxes fell to € 242.4 million (prior year: € 301.2 million). Adjusted group net profit in terms of the loss/share shares attributable to the equity holders of EnBW AG decreased by 34.1% on the prior-year period, to € 458.7 million.



















Non-operating result of the EnBW group in € millions	1/1– 30/6/2011	1/1– 30/6/2010	1/1– 31/12/2010
Income/expenses relating to nuclear power	-559.6	-9.8	-77.5
Income from the reversal of other provisions	58.7	33.9	75.8
Gains on sale and income from acquisitions achieved in stages	19.7	192.6	473.1
Other non-operating result	-81.1	64.4	-29.4
Non-operating EBITDA	-562.3	281.1	442.0
Impairment losses	-43.8	-12.0	-257.6
Non-operating EBIT	-606.1	269.1	184.4
Non-operating investment result	-614.9	-2.5	-89.1
Non-operating financial result	-7.8	-53.9	-46.9
Non-operating income taxes	185.8	-7.8	80.1
Non-operating group net loss/profit	-1,043.0	204.9	128.5
of which loss/profit shares attributable to non-controlling interests	(5.5)	(2.4)	(-54.2)
of which loss/profit shares attributable to the equity holders of EnBW AG	(-1,048.5)	(202.5)	(182.7)

High extraordinary expenses lead to a non-operating result of € -606.1 million in the reporting period. By comparison, non-operating EBIT had amounted to € 269.1 million in the prior year, driven by gains on the disposal of GESO and the compensation payments for the premature termination of a long-term electricity supply agreement. The main negative factors in the reporting period were expenses of € 559.6 million relating to nuclear power. These were due to the final decommissioning of two of EnBW's nuclear power plants and the withdrawal in the amended Atomic Power Act of the decision to extend the remaining nuclear power plants' working lives. Due to the earlier dismantling of the power plants, the decommissioning provision was increased and fuel rods in the reactor were written off. The other non-operating result of € -81.1 million was likewise negatively affected by increases in provisions. The permanent closure of the two nuclear power plants made it necessary to recognise impairment losses on non-current assets.

The group reports a negative non-operating investment result of € 614.9 million. This reflects impairment losses that had to be recognised in relation to EWE Aktiengesellschaft (EWE) and EVN AG. At EWE, the impairment losses of € 296.5 million were caused by an increased interest level and changed conditions in the energy industry. The group's carrying amount of the investment in EVN was adjusted to the market value by recognising an impairment loss of € 245.4 million. In addition, there were other non-operating expenses relating to the accounting for EWE using the equity method. The non-operating financial result was € -7.8 million. In the prior year (€ -53.9 million), this had reflected the volume of impairment losses on securities.

The negative development of the non-operating result produced tax income of €185.8 million in the reporting period after non-operating income taxes of €7.8 million in the prior year. Due to the above-mentioned effects, the group incurred a non-operating group net loss in terms of the loss/profit shares attributable to the equity holders of EnBW AG of €1,048.5 million in the first six months of 2011. Non-operating group net profit of €202.5 million had been generated in the prior-year period.

Financial performance of the EnBW group in € millions

Adjusted EBITDA		1,308.6		1,592.1	-17.8%
Non-operating EBITDA		-562.3		281.1	
EBITDA		746.3		1,873.2	-60.2%
Adjusted EBIT		878.1		1,158.6	-24.2%
Non-operating EBIT		-606.1		269.1	
EBIT		272.0		1,427.7	-80.9%
Adjusted group net profit ¹		458.7		696.5	-34.1%
Non-operating group net loss/profit ¹		-1,048.5		202.5	
Group net loss/profit ¹		-589.8		899.0	
	1/1-30/6/2011		1/1-30/6/2010		Variance (%)

¹ In relation to the loss/profit shares attributable to the equity holders of EnBW AG.

Financial position

Financing

Cash flow from operating activities constitutes a significant portion of EnBW's financing and amounted to €930.5 million in the first six months of 2011.

In terms of external financing, the company has various instruments at its disposal, some not fully utilised:

- > Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 30 June 2011)
- > Syndicated line of credit for €2.0 billion with a term of five years (undrawn as of 30 June 2011)
- > Bilateral short-term lines of credit (€493 million, undrawn as of 30 June 2011)
- > Euro Medium Term Note (EMTN) programme with a line of €7.0 billion (€5.0 billion utilised as of 30 June 2011)
- > Measures to strengthen equity and issue special products (e.g. bond denominated in Swiss francs from 2008 with a volume of CHF 300 million)

There are no maturities on the capital market in 2011. We will review in good time the options for refinancing the bonds for a total of €1.0 billion that mature in 2012. EnBW's bonds have a well-balanced maturity profile.

Capital expenditures and acquisitions

Investments in the EnBW group amounted to €563.1 million in the six months of 2011. This corresponds to a fall of around 40 % compared to the prior-year period (€932.6 million). The higher prior-year figure was primarily attributable to higher investments, mainly the purchase of a shareholding in Gesellschaft für die Beteiligung an dem Kraftwerk Rostock mbH in 2010.

Growth projects accounted for a 50% share of investment in the 2011 reporting period. The remaining 50% was attributable to replacement and renewal measures, in particular for power stations and grid infrastructure. In the first six months of 2011, capital expenditures on renewable energies came to around 15% of total investment. One notable event in this context was the commissioning of the first offshore wind farm, Baltic 1, and the start of development of the second offshore wind farm, Baltic 2.

In the reporting period, €464.6 million (prior year: €590.2 million) relates to capital expenditure on intangible assets and property, plant and equipment. This is equivalent to 82.5% of total investment in comparison to 63.3% in the first six months of 2010. 42.9% of capital expenditure on intangible assets and property, plant and equipment was made in the electricity generation and trading segment. Capital expenditures in this segment amounted to €199.3 million, i.e. a strong 41.1% below the prior-year figure. In this segment, the funds mainly went into ongoing projects such as the construction of RDK 8 hard coal power station in Karlsruhe, the hydro-electric power station in Iffezheim, realisation of the offshore wind farms in the Baltic Sea and the hydro-electric power station in Rheinfelden commissioned at the beginning of 2011. In the electricity grid and sales segment, capital expenditure stood at €130.7 million, which is close to the prior-year level of €127.4 million. A large portion of the capital expenditure served the ongoing modernisation and expansion of our grids. An amount of €61.2 million was invested in expanding the gas segment, in particular for the gas storage project in Etzel. In the energy and environmental services segment, capital expenditures totalled €73.4 million in the first six months, 17.4% below the prior-year level of €88.9 million. Here we invested in, among other things, the construction of a substitute fuel power plant in Eisenhüttenstadt.

In the first six months of 2011, the financial investments made by EnBW came to €98.5 million and essentially contain a subsequent purchase price payment relating to the acquisition of a shareholding in EWE Aktiengesellschaft. The prior-year figure of €342.4 million principally arose from the purchase of a shareholding in Gesellschaft für die Beteiligung an dem Kraftwerk Rostock mbH. The divestitures made in the prior year totalled €879.3 million and were mainly the result of the sale of GESO. The comparatively low divestitures in the first half of 2011 of €43.2 million comprise above all construction cost subsidies and other disposals of assets. Net investments in the reporting period therefore totalled €519.9 million.

Net cash investments of the EnBW group in € millions	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Electricity generation and trading	199.3	338.2	-41.1	933.4
Electricity grid and sales	130.7	127.4	2.6	383.3
Gas	61.2	35.7	71.4	92.7
Energy and environmental services	73.4	88.9	-17.4	215.4
Total capital expenditures on intangible assets and property, plant and equipment	464.6	590.2	-21.3	1,624.8
Cash paid for the acquisition of fully and proportionately consolidated entities and entities accounted for using the equity method ¹	85.5	333.6	-74.4	643.1
Cash paid for the acquisition of investments ²	13.0	8.8	47.7	60.0
Total investments	563.1	932.6	-39.6	2,327.9
Cash received from disposals of intangible assets and property, plant and equipment	-10.3	-19.4	-46.9	-45.7
Cash received from construction cost and investment subsidies	-21.3	-21.7	-1.8	-78.3
Cash received from the sale of fully and proportionately consolidated entities and entities accounted for using the equity method ³	-6.3	-834.4	-99.2	-843.9
Cash received from the sale of investments ²	-5.3	-3.8	39.5	-3.9
Total divestitures	-43.2	-879.3	-95.1	-971.8
Net (cash) investments	519.9	53.3	-	1,356.1

¹ This does not include cash and cash equivalents. In the reporting period, these amounted to € 0.0 million (1 January 2010 to 30 June 2010: € 0.3 million; 1 January 2010 to 31 December 2010: € 12.1 million).

² Without investments held as financial assets.

³ This does not include cash and cash equivalents disposed of upon sale. In the reporting period, these amounted to € 0.0 million (1 January 2010 to 30 June 2010: € 24.2 million; 1 January 2010 to 31 December 2010: 63.0 million).

Liquidity analysis

Free cash flow in € millions	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
FFO electricity generation and trading	854.7	1,199.3	-28.7	2,077.2
FFO electricity grid and sales	269.9	225.1	19.9	359.4
FFO gas	76.0	140.9	-46.1	155.4
FFO energy and environmental services	137.0	101.2	35.4	257.4
FFO Holding/consolidation	-65.5	-68.8	4.8	-101.7
Funds from operations (FFO) before taxes and financing	1,272.1	1,597.7	-20.4	2,747.7
Change in assets and liabilities from operating activities	-438.2	-196.5	-123.0	124.8
Income tax paid	96.6	-100.2	-	-311.6
Cash flow from operating activities	930.5	1,301.0	-28.5	2,560.9
Capital expenditures on intangible assets and property, plant and equipment	-464.6	-590.2	-21.3	-1,624.8
Cash received from disposals of intangible assets and property, plant and equipment	10.3	19.4	-46.9	45.7
Cash received from construction cost and investment subsidies	21.3	21.7	-1.8	78.3
Free cash flow before financing	497.5	751.9	-33.8	1,060.1
Interest and dividends received	222.4	223.7	-0.6	381.6
Interest paid for financing activities	-132.3	-128.0	3.4	-355.1
Free cash flow after financing	587.6	847.6	-30.7	1,086.6

In a year-on-year comparison, funds from operations (FFO) before taxes and financing fell by 20.4% to €1,272.1 million in the first six months of 2011. This fall is mainly attributable to the decline in EBITDA. As a result, the cash flow from operating activities stood at €930.5 million, a considerable decrease compared to the prior-year figure. The drop of 28.5% was partly also due to the higher increase in assets and liabilities from operations, caused by higher security deposits for derivatives. In contrast, the sale of a corporate income tax credit brought about a cash inflow from income taxes.

Free cash flow before financing dropped from €751.9 million in the prior year to €497.5 million in the first six months of 2011. The interest and dividends received were roughly at prior-year level, while interest paid for financing activities rose slightly. Overall, the free cash flow after financing totalled €587.6 million after €847.6 million in the prior-year period.

Cash flow statement in € millions	1/1– 30/6/2011	1/1– 30/6/2010	Variance %	1/1– 31/12/2010
Cash flow from operating activities	930.5	1,301.0	-28.5	2,560.9
Cash flow from investing activities	-298.1	279.1	-	-1,272.6
Cash flow from financing activities	-799.2	-535.4	49.3	-1,001.2
Net change in cash and cash equivalents	-166.8	1,044.7	-	287.1
Net foreign exchange difference	0.0	5.6	-	12.3
Change in cash and cash equivalents	-166.8	1,050.3	-	299.4

Cash outflows from investing activities came to €298.1 million in the first six months of 2011. In the prior-year period, divestitures had led to cash inflows of €279.1 million. Due to the repayment of current financial liabilities in the reporting period, the cash outflow from financing activities increased to €799.2 million after €535.4 million in the prior year. Cash and cash equivalents in the group thus fell by €166.8 million in the reporting period. In the same period of the prior year, they had increased by €1,050.3 million.

Net assets

At €35,228.3 million, total assets of the EnBW group remained virtually unchanged as of 30 June 2011 in comparison to year-end 2010. Whereas non-current assets fell by €266.3 million, under the influence of impairment losses, current assets rose by €207.5 million. This rise is primarily due to marking derivatives to market and is also reflected in equity and liabilities by an increase in current liabilities. The rise in current liabilities of €1,312.2 million, however, is due first and foremost to a bond with a volume of €1 billion maturing next year. The respective decrease in non-current liabilities as a result of this reclassification was reduced to €292.8 million by the effect of the increase in nuclear power provisions. On account of the net loss in the first six months of 2011, equity fell by 14.0% to €6,570.0 million as of 30 June 2011. The equity ratio as of the reporting date is 18.6%. It was 21.7% as of 31 December 2010.

Balance sheet structure of the EnBW group in € millions ¹	30/6/2011	31/12/2010	Variance %
Non-current assets	25,937.7	26,204.0	-1.0
Current assets	9,271.1	9,063.6	2.3
Assets held for sale	19.5	11.8	65.3
Assets	35,228.3	35,279.4	-0.1
Equity	6,570.0	7,640.5	-14.0
Non-current liabilities	19,934.0	20,226.8	-1.4
Current liabilities	8,724.3	7,412.1	17.7
Equity and liabilities	35,228.3	35,279.4	-0.1

¹ The figures as of 31 December 2010 have been restated.

Adjusted net debt

Compared with 31 December 2010, the adjusted net debt grew by 6.6% to €8,680.1 million as of 30 June 2011. The level of net debt reported in the balance sheet rose by €877.6 million on account of higher provisions relating to nuclear power. The smaller increase in adjusted net debt is due to two reasons: the positive change, due to interest rates, in unrecognised actuarial gains and losses from provisions for pensions and similar obligations as well as the increase in receivables relating to the nuclear power provisions.

Adjusted net debt in € millions	30/6/2011	31/12/2010	Variance %
Cash and cash equivalents	-2,527.9	-2,718.1	-7.0
Cash and cash equivalents of the special funds and short-term investments to cover the pension and nuclear power provisions	1,089.8	1,038.5	4.9
Adjusted cash and cash equivalents	-1,438.1	-1,679.6	-14.4
Bonds	5,375.6	5,490.9	-2.1
Liabilities to banks	1,078.7	1,182.8	-8.8
Other financial liabilities	530.9	647.2	-18.0
Financial liabilities	6,985.2	7,320.9	-4.6
Recognised net financial liabilities¹	5,547.1	5,641.3	-1.7
Pension and nuclear power provisions	10,551.3	9,616.2	9.7
Long-term investments and loans ²	-5,519.3	-5,536.7	-0.3
Cash and cash equivalents of the special funds and short-term investments to cover the pension and nuclear power provisions	-1,089.8	-1,038.5	4.9
Other	-85.9	-156.5	-45.1
Recognised net debt²	9,403.4	8,525.8	10.3
Actuarial gains (-)/losses (+) not yet offset arising from provisions for pensions and similar obligations	-106.8	157.3	-
Non-current receivables associated with nuclear power provisions	-542.2	-464.4	16.8
Valuation effects from interest-induced hedging transactions	-74.3	-78.9	-5.8
Adjusted net debt²	8,680.1	8,139.8	6.6

¹ Adjusted for valuation effects from interest-induced hedging transactions, net financial liabilities amount to € 5,472,8 million (31 December 2010: € 5,562,4 million).

² Includes investments held as financial assets.

Related parties

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

Employees

Employees of the EnBW group ¹	30/6/2011	31/12/2010	Variance %
Electricity generation and trading	4,984	4,850	2.8
Electricity grid and sales	6,115	5,535	10.5
Gas	709	704	0.7
Energy and environmental services	8,861	9,378	-5.5
Holding	485	485	0.0
Total	21,154	20,952	1.0
Number of full-time equivalents ²	20,296	20,119	0.9

¹ Number of employees without apprentices and without inactive employees.

² Number of employees translated into full-time equivalents.

As of 30 June 2011, the EnBW group had 21,154 employees, that is 202 or 1.0% more than as of the end of 2010. The increase in headcount in the electricity grid and sales segment is due, among other things, to the change in allocation of some employees from the energy and environmental services segment.

The ME EnBW management development process was revised and has been put into practice: It integrates and optimises all instruments used within the group to identify, select and develop management employees and to manage their succession planning. The ME EnBW process components are: discuss competences, evaluate performance, assess potential, give feedback, plan development, plan succession and promote development. The purpose of the management development process is to have the right person in the right position at the right time, taking into account future challenges.

EnBW's competence management system "KomMit" was applied in the annual employee performance review discussions for the first time in 2011. The competence management system is intended to prepare employees in a targeted manner for future challenges and thereby strengthen the company's competitiveness. Moreover, it makes it possible to align personnel development with EnBW's strategic goals. Uniform target profiles for employees, clear assessment criteria and structured review discussions make it easier to identify and respond to development needs in an efficient way. The introduction process had been launched back in December 2010 with a range of seminars, which were well received by executives and employees alike. The gradual introduction by first using defined user groups both for the group as a whole and each entity received very positive feedback.

The EnBW group's 2011/2012 trainee programme was launched on 1 April 2011 with 17 participants, nine of them women. The university graduates of different courses such as business administration, engineering, information technology or political sciences will get to know the company along the entire value added chain over a period of twelve months. In a total of six practical phases and supplementary training phases, the trainees will get to see different entities and areas within the EnBW group over the period until April 2012. This includes, among other things, a project that they work on together unaided, and a "hands on" phase where the trainees help to put down gas pipelines on location, for example, or gain an insight at our power stations.

Research and development

At EnBW, the focus of research and development centres on the following objectives:

- > **To viably exploit renewable energies** and tap additional potential, for example in the fields of wind energy, new sources of bioenergy and geothermal energy. In addition, we are working on new methods of forecasting that simplify integrating large quantities of electricity from wind and photovoltaic systems into the grid
- > **To manage grids better at both the consumer and generation ends (smart grid)** in order to be able to handle more renewable energy being fed into our electricity grids at a local level. With our fuel cell field test and new types of small-scale power stations on the basis of micro gas turbines, we also continue the development of combined heat and power (CHP) solutions that are able to make additional contributions to managing grid imbalances
- > **To press forward with electromobility** using model and pilot projects for the emission-free individual mobility of tomorrow
- > **To use conventional sources of energy more efficiently and reduce emissions** by increasing the degree of efficiency of power stations and separating CO₂ from flue gases

EnBW's focus is on creating solutions for a sustainable energy supply that generate added value in our own facilities and for our customers. In the second quarter of 2011, we pressed forward with projects in the areas of wind energy and electromobility in particular.

Efficient operation of offshore wind farms: EnBW Baltic 1, the first commercial offshore wind farm in Germany, was commissioned at the beginning of May. A research project was launched with the aim of optimising operations of offshore wind farms and their integration in the network system. Together with "ForWind", the joint Center for Wind Energy Research of the Universities of Oldenburg, Hanover and Bremen, and the University of Stuttgart, EnBW develops methods of monitoring wind power systems output and fatigue load. The starting point for the research is the evaluation of data from the commercial operation of the wind farm and from laser-optical remote sensing techniques that measure wind conditions and the turbulences produced behind the turbine. The emphasis is on optimising wind farm management systems and turbine operations. In addition, efforts will be made to improve wind output forecasts and minimise income risks. The objective of this three-year project is to ensure that wind power systems are managed efficiently throughout a planned operating period of 30 years, as is the case for conventional power stations.

Innovation to minimise noise emissions of wind farms: EnBW and other constructors and operators of offshore wind farms in Germany joined forces in mid-May under the German Offshore Wind Energy Foundation, "Stiftung Offshore Windenergie", in a research programme to evaluate systems for reducing noise emissions (ESRA). Tests will be carried out on five different techniques for reducing noise emissions under water during the construction of offshore wind power systems. The noise reduction is intended above all to improve the protection of harbour porpoises during the wind farm construction phase. The programme is laid out over eight months and is currently in the four-month preparatory phase preceding the test phase that starts in August. Offshore field tests are planned to be carried out in the Baltic Sea off Travemünde. The results and recommendations regarding each technology will be made available to all project partners, the authorities and manufacturers of noise reduction systems at the end of the project. The aim is to drive forward a rapid expansion of offshore wind farms in Germany.

Smart charging management: EnBW is involved in the further development of electromobility and in developing a functioning, standardised charging management system. The first smart charging station for electric vehicles was put into operation at Stuttgart Airport in April as part of the MeRegioMobil research project. The prototype was created in cooperation with Robert Bosch GmbH and bears the DEKRA test certificate. In future, irrespective of manufacturer brands, drivers of electric vehicles will be able to draw electricity at such charging stations and pay simply and conveniently via their monthly electricity bill. In addition, the charging stations allow for bidirectional charge management. Their ability to feed electricity back into the grid is another contribution to the flexible grids of the future. By the end of June, 41 of the around 150 smart charging stations planned had been installed in Karlsruhe and Stuttgart. EnBW's electric vehicles fleet is also being expanded continuously: at the end of June 2011 it comprised 623 electric scooters, 24 smart ED vehicles, two Opel Merivas and seven Mercedes-Benz Vito electric vans as well as two Mercedes-Benz fuel cell hydrogen-powered B class vehicles.



FURTHER INFORMATION
www.offshore-stiftung.de



FURTHER INFORMATION
www.meregionobil.de

Risk management

The federal government's decision in March 2011 to suspend the extension of some nuclear power plants' working lives significantly intensified the risk situation of the EnBW group. The package of laws on a new energy concept adopted by the federal cabinet in the meantime presents major challenges for the energy industry as a whole and consequently also for EnBW. The EnBW group's risk situation therefore remains tense. However, there are currently no identifiable risks to the group's ability to continue as a going concern.

Risk management at the EnBW group covers the identification, analysis as well as the assessment and reporting of risks. This process contributes to the early detection of risks in an appropriate manner and supports risk management. At the level of the holding company, group risk management is responsible for specifying group-wide methods and processes and determining group risk exposure as well as risk reporting to the Board of Management. The risk areas of the EnBW group break down as follows: systemic and industry risks, strategic, IT, personnel, financial as well as operating and other risks. Building on the reporting contained in the annual report 2010 and the financial report on the first quarter of 2011, this six-monthly financial report presents the material risks that have changed or come into being in the reporting period.

Systemic and industry risks

Economic risks

Market and price risks: The suspension for eight German plants of the decision to extend nuclear power plants' working lives meant that EnBW had to take two power plants offline. We procured on the wholesale market those quantities of electricity that have already been sold on the forward market but have not yet been produced. The federal government's package of laws does not provide for the nuclear power plants affected by the suspension to be put back online. Therefore, we have also sourced these additional quantities lost from the wholesale market. This negative effect is partly compensated for by an increase in electricity prices on the wholesale market, which lead to better margins for other generation capacities.

Political and regulatory risks

Nuclear power plant suspension: EnBW's nuclear power plants affected by the final decommissioning of nuclear power plants commissioned before 1981 provided for by the package of laws on the new energy concept are unit I of Neckarwestheim nuclear power plant (GKN I) and unit 1 of Philippsburg nuclear power plant (KKP 1). This will lead to a loss of income in the 2011 reporting year. The six-monthly financial statements already report impairment losses recognised on fuel rods and property, plant and equipment. In addition, extraordinary additions to the provisions for nuclear power reduce earnings and increase net debt. There is uncertainty at present regarding the possibility of keeping one of the nuclear power plants on standby reserve to ensure grid stability and supply reliability.

Strategic risks

Viability of investments: The EnBW group has a range of new construction projects underway. Such large-scale projects are by their very nature highly complex and involve a large number of participants. It is impossible to rule out disruptions during the process of construction which may cause delays or cost increases. We currently anticipate a further delay in the completion of the new coal power station RDK 8 beyond the year 2012. It is also highly likely that the new GKM 9 power station and Baltic 2 wind farm will be affected by delays in completion. The gas storage project in Etzel will be commissioned with a delay and at higher costs. All in all, such factors in conjunction with changes to the market environment may mean that the return on investment is not achieved as planned. This gives rise to the risk of impairment losses.

Equity investments: EnBW's corporate strategy includes the acquisition of shareholdings. This involves uncertainties as to the success of a transaction and the integration of the new entity in the group. The risk of impairment of shareholdings arises, among other factors, from changes in assumptions regarding the equity investment's business development and changes in interest rate levels.

In order to finance investments, EnBW also plans to divest some shareholdings. If divestitures are not realised as planned, this can affect the amount of the group's total investment. In addition, the current market environment harbours the risk that divestitures may not be possible at the targeted price, and that impairment losses may therefore have to be recognised.

Financial risks

Rating: EnBW pursues the objective of maintaining its A rating in the medium term. This is the credit rating that the group has received from rating agencies to date. In view of the changed energy policy environment and its estimated effects on EnBW, the rating agencies Moody's and Fitch amended their ratings in early June 2011. Moody's lowered the outlook to "negative", Fitch downgraded its rating to "A-". At the end of March, Standard & Poor's (S&P) had confirmed its rating of EnBW with "A-, negative outlook". S&P will give the rating a final review in the second half of 2011. At the end of 2010, EnBW had already adopted an extensive range of measures in order to support the financial power of the company in response to the burdens arising from the introduction of the nuclear fuel rod tax. EnBW maintains a close dialogue with the rating agencies. We will take measures suitable from the company's perspective to maintain the A rating.

Overall assessment

The EnBW group's risk exposure remains at the high level seen in the first quarter of 2011. Earnings will be reduced in the 2011 reporting year by the decommissioning of two of the company's nuclear power plants, which were not put back online even after the end of the period during which the decision to extend their working lives was suspended. In our opinion, there are currently no discernable risks to the group's ability to continue as a going concern either from individual risks or from the overall risk position of the EnBW group.

Subsequent events

There were no events after 30 June 2011 which would be significant for assessing the net assets, financial position and results of operations of EnBW.

Forecast

The permanent shutdown of two of EnBW's nuclear power plants will cause significant losses of earnings in the 2011 reporting year. In view of this, we have had to review our investment and divestiture programme as well as the current "Fokus" efficiency programme to identify requisite adjustments.

In the following forecast, we take an in-depth look at the expected future development of EnBW and the business environment for the current fiscal year. The present economic environment clearly increases the uncertainty with regard to predictions of future development, as the premises on which they were based can quickly become outdated. The framework conditions give rise to opportunities and risks for the business development of EnBW. Current risks are summarised in the section entitled "risk management".

Compared to the forecast made in the annual report 2010, the current outlook for 2011 is influenced by factors that have arisen in the course of 2011. These include the three-month suspension of the federal government's decision to extend nuclear power plants' working lives affecting eight German plants, including power plants of EnBW's. After that, the amendment made to the German Atomic Power Act set forth the final decommissioning of these eight power plants and the withdrawal of the decision to extend the remaining nuclear power plants' working lives. This will lead to significant burdens for the company.

Future economic conditions

Overall economic developments: The International Monetary Fund (IMF) revised its growth forecast for the global economy downwards by 0.1 percentage points in June 2011. For the year 2011 it now anticipates a 4.3% increase in global gross domestic product (GDP). Emerging and developing countries are expected to grow at a rate of 6.6%, exhibiting more dynamism than industrialised countries, which look set to grow by 2.2%. This slight adjustment was brought about by the negative effects of the earthquake in Japan, the weaker economic growth in the US and the debt crisis in some peripheral euro countries. For Turkey, the Organisation for Economic Co-operation and Development (OECD) has forecast economic growth of 6.5% for this year. In its growth forecast for the year 2011, the European Commission expects real GDP growth of 1.8% in the European Union. According to the OECD, the Czech Republic should see GDP growth of 2.4% in real terms in 2011 despite its strict fiscal policies. For Germany, Deutsche Bundesbank expects GDP growth of around 3.1% for 2011. The continuing exports-induced economic recovery and increasing domestic demand are the key factors supporting this dynamic economic development.

Demand for energy: In the wake of the positive economic development, demand for energy will rise in Germany in 2011 in relation to the prior year. According to estimates by Weltenergierat – Deutschland e. V., the German member organisation of the World Energy Council, global energy needs increased by around 4% in 2010. For the current year, it forecasts another rise in energy consumption based on the dynamic economic growth experienced by some emerging and developing countries and the continuing economic recovery in many European countries.

Markets for primary energy sources: The price developments on the markets for primary sources of energy were dominated by extraordinary effects in the first six months of 2011, some of which will continue to affect prices in the future. Forward prices for oil stood at US\$ 112.45/bbl (front year 2012) as of 30 June 2011. On the supply side, the further political development in North Africa and in the Middle East as well as OPEC's response to developments will be key factors determining future price developments. With regard to demand, global economic growth is the main parameter of relevance in pricing. In addition, the future value of the US dollar and the appeal to market players of crude oil as an asset class will play an important role in price levels. The forward contracts for coal reveal a higher price level for subsequent years in comparison to the current spot prices. Reasons for the higher prices are the uncertainties in connection with the amounts imported by China and India in future based on their economic development. Japan and Germany can be expected to have a higher

demand for imports as a result of the reduction in the quantity of electricity generated from nuclear power. Short-term supply shortages caused by bad weather or impairment to the infrastructure can also be reflected in coal prices. On the gas market, the forward prices for 2012 are still significantly higher than the spot price. Market participants expect the Japanese demand for LNG to increase. Due to the damage to some of the country's nuclear power plants, there will probably be an increase in the amount of electricity generated in gas power stations in Japan in the near future. The accelerated phase-out of nuclear power in Germany is likely to involve using more gas and coal-fired power stations, which will in turn cause a higher demand for the respective energy sources. Prices will also continue to be pushed up due to the unstable situation in North Africa and the Middle East.

CO₂ emission allowances: Important factors influencing the development of the price of CO₂ allowances include the progress of the international climate protection negotiations and a decision on an increase in the European Union's climate targets for 2020. This could have an impact on the volume of emissions permitted in future. In addition, the decisions and measures taken by the European Union on the topic of using nuclear power and Germany's decision to phase out nuclear power will impact the price of emission allowances. Another factor influencing prices is the future level of fuel switching costs. Demand is determined by the volume of emissions, i.e. by future economic developments.

Electricity market: As of the end of the first six months of 2011, the fact that forward prices for 2012 and 2013 are higher than the average spot market prices indicates that market players assume that spot market prices will rise. In addition to fuel prices, another factor relevant to future price developments is the level of supply and demand on the electricity market. The economic development, especially industrial demand, is a significant factor in the level of demand for electricity. Supply-related factors that could reduce prices include, for example, the great expansion of renewable energies and the realisation of existing power station construction projects. In contrast, if the supply situation remains tense, the decommissioning of older nuclear power plants is likely to push prices up. The increase in volatility on the wholesale spot market is mostly attributable to the increase in the feed-in level of renewable energies based on the purchase and remuneration obligation under the German Renewable Energies Act (EEG). This may lead to the more frequent occurrence of very low prices in some hours. At the same time, the cost allocation under the German Renewable Energies Act will cause a structural rise in the costs for end customers.

Future development of the company

Capital expenditure, strategy and financing: In view of the considerable burdens from the nuclear fuel rod tax, EnBW had already reviewed its investment programme and scaled it back. Including divestitures, the volume of net investments budgeted for the period from 2011 to 2013 was €3.3 billion. The "Fokus" efficiency programme launched in October 2010 was intended to additionally improve EBIT sustainably by a target volume of €300 million p.a. as of 2013. The three-month suspension of the extension of the nuclear power plants' working lives will lead to an additional loss of income from our nuclear power plants. We are therefore investigating further measures with the aim of reducing capital expenditure, increasing divestitures and expanding efficiency measures under the "Fokus" programme.

Anticipated development of earnings: In our quarterly financial report for 2011, we forecast a larger drop in earnings in the electricity generation and trading segment than we had done in the forecast published in the annual report 2010. The reason was the three-month shutdown of GKN I and KKP 1. In addition, we assumed in the best case scenario that operations would only be viable for KKP 1 after the temporary shutdown. Therefore, we also increased the estimated decrease in earnings at group level to between 15% and 25%. The amendment of the German Atomic Power Act has now, however, led to the permanent shutdown of both nuclear power plants. This will give rise to a further loss of income in the electricity generation and trading segment, and since the best case scenario is no longer possible we therefore now anticipate a decrease in earnings at group level of between 20% and 25%. We have filed an action against the nuclear fuel rod tax. Positive effects on earnings cannot arise until a decision has been issued by the court, a process that can take several years. In the electricity grid and sales segment, developments are better than forecast. Therefore, we now expect the decrease in earnings to be lower than forecast in the annual report 2010, although the trend remains set at falling strongly. In the energy and environmental services segment, we have raised our earnings forecast to stable.

Development of earnings 2011 (adjusted EBIT) compared to the prior year	Annual report 2010	H1 2011
Electricity generation and trading segment	falling	falling strongly
Electricity grid and sales segment	falling strongly	falling strongly
Gas segment	falling	falling
Energy and environmental services segment	falling	stable
Consolidated companies	no effect	no effect
Adjusted EBIT, group	-10 % to -15 %	-20 % to -25 %

INTERIM FINANCIAL STATEMENTS OF THE ENBW GROUP

Income statement

€ millions	1/4- 30/6/2011	1/4- 30/6/2010	1/1- 30/6/2011	1/1- 30/6/2010
Revenue including electricity and natural gas tax	4,619.5	4,266.5	9,926.0	9,453.9
Electricity and natural gas tax	-243.4	-214.7	-516.2	-502.5
Revenue	4,376.1	4,051.8	9,409.8	8,951.4
Changes in inventories	9.2	16.5	17.0	20.0
Own work capitalised	15.4	15.5	24.3	26.6
Other operating income	204.5	175.8	365.1	605.2
Cost of materials	-4,076.7	-3,059.4	-7,811.9	-6,433.1
Personnel expenses	-433.0	-405.5	-857.0	-811.1
Other operating expenses	-172.2	-250.5	-401.0	-485.8
EBITDA	-76.7	544.2	746.3	1,873.2
Amortisation and depreciation	-262.7	-238.3	-474.3	-445.5
Earnings before interest and taxes (EBIT)	-339.4	305.9	272.0	1,427.7
Investment result	-571.7	66.0	-453.7	156.8
of which net loss/profit from entities accounted for using the equity method	(-589.3)	(50.4)	(-474.3)	(132.4)
of which other income from investments	(17.6)	(15.6)	(20.6)	(24.4)
Financial result	-162.7	-196.0	-303.7	-334.8
of which finance revenue	(85.5)	(110.1)	(179.7)	(218.5)
of which finance costs	(-248.2)	(-306.1)	(-483.4)	(-553.3)
Earnings before tax (EBT)	-1,073.8	175.9	-485.4	1,249.7
Income tax	111.8	-84.5	-56.6	-309.0
Group net loss/profit	-962.0	91.4	-542.0	940.7
of which loss/profit shares attributable to non-controlling interests	(14.7)	(9.5)	(47.8)	(41.7)
of which loss/profit shares attributable to the equity holders of EnBW AG	(-976.7)	(81.9)	(-589.8)	(899.0)
Shares outstanding (millions), weighted average	244.257	244.257	244.257	244.257
Earnings per share from group net loss/profit (€)¹	-4.00	0.33	-2.41	3.68

¹ Basic and diluted; in relation to loss/profit shares attributable to the equity holders of EnBW AG.

Statement of comprehensive income

€ millions	1/4– 30/6/2011	1/4– 30/6/2010	1/1– 30/6/2011	1/1– 30/6/2010
Group net loss/profit	-962.0	91.4	-542.0	940.7
Difference from currency translation	-13.0	-26.6	10.2	-10.6
Cash flow hedge	-63.6	404.4	40.2	299.8
Available-for-sale financial assets	-60.5	28.9	-154.3	78.6
Entities accounted for using the equity method	-21.3	-15.8	-6.7	-62.1
Income taxes on other comprehensive income	31.0	-113.9	-3.1	-88.0
Other comprehensive income	-127.4	277.0	-113.7	217.7
Total comprehensive income	-1,089.4	368.4	-655.7	1,158.4
of which loss/profit shares attributable to non-controlling interests	(17.3)	(10.8)	(48.2)	(39.3)
of which loss/profit shares attributable to the equity holders of EnBW AG	(-1,106.7)	(357.6)	(-703.9)	(1,119.1)

Balance sheet

€ millions ¹	30/6/2011	31/12/2010
Assets		
Non-current assets		
Intangible assets	2,092.3	2,144.9
Property, plant and equipment	13,501.9	13,435.0
Investment properties	98.7	99.0
Entities accounted for using the equity method	3,195.8	3,752.5
Other financial assets	5,949.3	5,950.6
Trade receivables	556.4	479.2
Income tax refund claims	22.3	23.7
Other non-current assets	494.7	290.9
Deferred taxes	26.3	28.2
	25,937.7	26,204.0
Current assets		
Inventories	814.5	991.1
Financial assets	853.4	955.8
Trade receivables	3,015.6	3,213.8
Income tax refund claims	191.8	389.1
Other current assets	2,684.3	1,635.5
Cash and cash equivalents	1,711.5	1,878.3
	9,271.1	9,063.6
Assets held for sale	19.5	11.8
	9,290.6	9,075.4
	35,228.3	35,279.4
Equity and liabilities		
Equity		
Equity holders of EnBW AG		
Subscribed capital	640.0	640.0
Capital reserve	22.2	22.2
Revenue reserves	4,478.1	5,442.2
Treasury shares	-204.1	-204.1
Other comprehensive income	470.7	584.8
	5,406.9	6,485.1
Non-controlling interests	1,163.1	1,155.4
	6,570.0	7,640.5
Non-current liabilities		
Provisions	10,767.4	9,767.8
Deferred taxes	1,749.7	1,815.9
Financial liabilities	5,492.4	6,677.4
Other liabilities and subsidies	1,924.5	1,965.7
	19,934.0	20,226.8
Current liabilities		
Provisions	1,116.3	1,213.2
Financial liabilities	1,492.8	643.5
Trade payables	2,821.4	3,164.4
Income tax liabilities	36.5	47.7
Other liabilities and subsidies	3,257.3	2,343.3
	8,724.3	7,412.1
	35,228.3	35,279.4

¹ The figures as of 31 December 2010 have been restated.

Cash flow statement

€ millions	1/1– 30/6/2011	1/1– 30/6/2010
1. Operating activities		
EBITDA	746.3	1,873.2
Change in non-current provisions	450.3	-48.2
Gain/loss on disposal of non-current assets	0.6	-178.6
Other non-cash expenses/income	74.9	-48.7
Funds from operations (FFO) before taxes and financing	1,272.1	1,597.7
Change in assets and liabilities from operating activities	-438.2	-196.5
Inventories	[1.9]	[-11.9]
Net balance of trade receivables and payables	[-239.0]	[-399.1]
Net balance of other assets and liabilities	[-150.0]	[234.4]
Current provisions	[-51.1]	[-19.9]
Income tax paid	96.6	-100.2
Cash flow from operating activities	930.5	1,301.0
2. Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-464.6	-590.2
Cash received from disposals of intangible assets and property, plant and equipment	10.3	19.4
Cash received from construction cost and investment subsidies	21.3	21.7
Cash paid for the acquisition of fully and proportionately consolidated entities and entities accounted for using the equity method	-85.5	-333.3
Cash received from the sale of fully and proportionately consolidated entities and entities accounted for using the equity method	6.3	810.2
Change in securities and investments	-8.3	127.6
Interest received	126.0	106.3
Dividends received	96.4	117.4
Cash flow from investing activities	-298.1	279.1
3. Financing activities		
Interest paid for financing activities	-132.3	-128.0
Dividends paid	-417.2	-417.0
Proceeds from financial liabilities	142.5	157.0
Repayment of financial liabilities	-392.2	-147.4
Cash flow from financing activities	-799.2	-535.4
Net change in cash and cash equivalents	-166.8	1,044.7
Net foreign exchange difference	0.0	5.6
Change in cash and cash equivalents	-166.8	1,050.3
Cash and cash equivalents at the beginning of the period	1,878.3	1,578.9
Cash and cash equivalents at the end of the period	1,711.5	2,629.2
of which cash and cash equivalents recognised as current assets	[1,711.5]	[2,587.3]
of which cash and cash equivalents of assets held for sale	[0.0]	[41.9]

€ millions	1/1– 30/6/2011	1/1– 30/6/2010
Interest paid for investing activities (capitalised borrowing costs)	-25.1	-14.1
Interest paid for financing activities	-132.3	-128.0
Total interest paid in the period	-157.4	-142.1

Statement of changes in equity

€ millions ¹	Sub- scribed capital and capital reserve ²	Revenue reserve	Treasury shares	Other comprehensive income ³				Equity holders of EnBW AG ³	Non- control- ling interests ³	Total
				Diffe- rence from currency trans- lation	Cash flow hedge	Available- for-sale financial assets	Entities account- ed for using the equity method			
As of 31 December 2009	662.2	4,646.5	-204.1	-4.3	-130.3	336.0	23.8	5,329.8	1,077.9	6,407.7
Other comprehensive income				-7.6	207.2	82.6	-62.1	220.1	-2.4	217.7
Group net profit		899.0						899.0	41.7	940.7
Total comprehensive income	0.0	899.0	0.0	-7.6	207.2	82.6	-62.1	1,119.1	39.3	1,158.4
Dividends paid		-373.7						-373.7	-43.3	-417.0
Other changes								0.0	-112.1	-112.1
As of 30 June 2010	662.2	5,171.8	-204.1	-11.9	76.9	418.6	-38.3	6,075.2	961.8	7,037.0
As of 31 December 2010	662.2	5,442.2	-204.1	-49.6	102.8	524.9	6.7	6,485.1	1,155.4	7,640.5
Other comprehensive income				14.7	28.8	-150.9	-6.7	-114.1	0.4	-113.7
Group net loss/profit		-589.8						-589.8	47.8	-542.0
Total comprehensive income	0.0	-589.8	0.0	14.7	28.8	-150.9	-6.7	-703.9	48.2	-655.7
Dividends paid		-373.7						-373.7	-43.5	-417.2
Other changes		-0.6						-0.6	3.0	2.4
As of 30 June 2011	662.2	4,478.1	-204.1	-34.9	131.6	374.0	0.0	5,406.9	1,163.1	6,570.0

¹ The figures as of 31 December 2010 have been restated.

² Of which subscribed capital € 640.0 million and capital reserve € 22.2 million.

³ Of which other comprehensive income directly associated with assets classified as held for sale amounting to € 0.0 million as of 30 June 2011 [31 December 2010: € 0.0 million; 30 June 2010: € 13.2 million]. Attributable to the equity holders of EnBW AG: € 0.0 million [31 December 2010: € 0.0 million; 30 June 2010: € 13.2 million].

Notes and explanations

Accounting policies

The interim financial statements of the EnBW group are prepared according to the International Financial Reporting Standards (IFRSs) the adoption of which is mandatory in the EU at the reporting 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 June 2011 are the same as those for the consolidated financial statements as of 31 December 2010 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 June 2011 was condensed compared to that of the consolidated financial statements as of 31 December 2010.

The income statement as well as the statement of comprehensive income, the balance sheet, the condensed cash flow statement and the statement of changes in equity of the EnBW group are presented separately.

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

Changes in accounting policy

The International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS IC) have issued the following new standards and interpretations, the adoption of which is mandatory as of the fiscal year 2011:

- **Omnibus of amendments to various IFRSs (2010) "Improvements to International Financial Reporting Standards"**: The amendments are the product of the IASB's annual improvements project and affect a number of IFRSs. The amendments are intended to clarify the wording of the standards and remove any unintended inconsistencies between them. Unless stipulated otherwise in the respective standard, the amendments are effective for the first time for fiscal years beginning on or after 1 July 2010. First-time adoption of these amendments did not have any material effect on EnBW's consolidated financial statements.
- **Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters – amendment to IFRS 1 (2010) "First-time Adoption of International Financial Reporting Standards"**: This amendment exempts first-time adopters from the new disclosures about financial instruments introduced in March 2009. IFRS 1 (2010) is effective for the first time for fiscal years beginning after 30 June 2010. The amendments did not have any effect on EnBW's consolidated financial statements.
- **IAS 24 (2009) "Related Party Disclosures"**: IAS 24 was revised initially to simplify disclosure requirements for government-related entities. Certain related party relationships arising from an interest held by a government have been excluded from the scope of IAS 24. In addition, the definition of related parties was revised completely. The revised standard is effective for the first time for fiscal years beginning after 31 December 2010. The amendments did not have any material effect on EnBW's consolidated financial statements.
- **Classification of Rights Issues – amendment to IAS 32 (2009) "Financial Instruments: Presentation"**: The amendment governs the accounting by the issuing entity for foreign currency denominated rights issues as well as options and warrants to acquire the entity's own equity instruments. From now on, such rights should be accounted for as equity and not as liabilities. The revised standard is effective for the first time for fiscal years beginning on or after 1 February 2010. The amendment did not have any effect on EnBW's consolidated financial statements.

- > **Prepayments of a Minimum Funding Requirement – amendment to IFRIC 14 (2009) “IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”:** The amendment to IFRIC 14 is relevant in cases where an entity has minimum funding requirements and makes prepayments to meet such minimum funding requirements. The amendment allows entities to recognise the economic benefit from such prepayment as an asset. IFRIC 14 is effective for the first time for fiscal years beginning on or after 1 January 2011. First-time adoption of IFRIC 14 did not have any effect on EnBW’s consolidated financial statements.
- > **IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”:** IFRIC 19 illustrates the requirements set forth in IFRSs when an entity issues shares or other equity instruments to extinguish all or part of a financial liability. This interpretation is effective for the first time for fiscal years beginning on or after 1 July 2010. First-time adoption of IFRIC 19 did not have any effect on EnBW’s 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.

Subsidiaries are consolidated in accordance with the acquisition method. The cost of a business combination is measured based on the fair value of the assets acquired and liabilities assumed or entered into as of the acquisition date. Non-controlling interests are measured at the proportionate share of fair value of the identified assets and liabilities assumed. Since 2010 acquisition-related costs have been expensed as incurred. In the case of business combinations achieved in stages, the acquisition-date fair value of the acquirer’s equity interest previously held in the acquiree has been remeasured at fair value as of the acquisition date through profit or loss since 2010. Goodwill is measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the group’s net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets acquired, the difference is recognised immediately in profit or loss following further review.

A change in the ownership interest of a subsidiary which continues to be fully consolidated is accounted for as an equity transaction. All remaining shares are remeasured at fair value upon loss of control.

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.

Changes in the consolidated companies

Acquisitions in 2010

Share swap Pražská energetika, a.s. and Pražská teplárenská a.s.

In the first quarter of 2011, a final fair value opinion was made available to us in connection with the acquisition of Pražská energetika, a.s. (PRE). Consequently, the accounting for the business combination was completed as of 31 March 2011. The assets and liabilities recognised as of the acquisition date and the resulting effects on the income statement were adjusted.

As of 20 September 2010, EnBW swapped the 24.3 % share it had previously held primarily via Pražská teplárenská Holding a.s. (PT Holding) in the Prague-based district heating supplier Pražská teplárenská a.s. (PT) in return for the 41.1 % share held by Energetický a průmyslový holding, a.s. in PRE. The purpose of the transaction was to obtain a majority shareholding in the Czech energy company PRE and thereby expand our presence in the Czech Republic, a target strategic market. Supplying some 745,000 points of consumption, PRE is the third largest electricity company in the Czech Republic, bringing together grid operations and sales in the capital city of Prague and the surrounding region.

Prior to the share swap, PRE and PT had been included as joint ventures in the EnBW group by way of proportionate consolidation. Since the transaction, EnBW overall holds 69.6 % of the shares in PRE. EnBW has obtained economic and industrial control over PRE through the contractual agreements in connection with the share increase, and the entity is therefore included in the consolidated financial statements by way of full consolidation. Following the share swap, EnBW no longer holds any shares in PT.

The consideration transferred in the course of the share acquisition included the PT shares, measured at fair value, of € 200.5 million and a cash component of € 305.1 million. The PT share swap generated other operating income of € 81.1 million contained in the 2010 financial statements.

The 28.5 % share previously held in PRE was measured at fair value as of the acquisition date. The resulting gain of € 173.6 million was recognised in other operating income in the 2010 financial statements.

Costs directly attributable to the transaction amounted to € 6.0 million and were recognised in other operating expenses in the 2010 financial statements.

The non-controlling interests were measured on the basis of PRE's identifiable net assets and amount to € 236.5 million. The goodwill of € 271.1 million represents non-separable synergies in the electricity grid and sales segment.

Since its consolidation in full, PRE has accounted for revenue of € 215.4 million and earnings after tax of € 17.2 million recorded in the 2010 financial statements. If PRE had been fully consolidated since the beginning of 2010, revenue would have increased by € 462.8 million to € 17,971.8 million and earnings after tax would have increased by € 39.5 million to € 1,203.4 million.

The following assets were acquired and the following liabilities were assumed as part of the acquisition.

€ millions	Carrying amount under IFRS	Recognised on acquisition
Intangible assets	7.9	197.5
Property, plant and equipment	720.3	847.4
Current assets	93.5	93.5
Total assets	821.7	1,138.4
Non-current liabilities	243.6	253.0
Current liabilities	106.9	106.9
Total liabilities	350.5	359.9
Net assets	471.2	778.5
EnBW's interest in net assets 69.6%		542.0
Costs (paid in cash)		305.1
Fair value of PT shares		200.5
Total consideration transferred		505.6
Fair value of previously held PRE shares		307.5
Goodwill		271.1

The fair value of the trade receivables acquired in the business combination amounted to € 67.7 million. The total amount of these receivables is expected to be recoverable.

On account of the final fair value opinion made available in the meantime, the prior-year figures were adjusted as follows:

Income statement 2010 in € millions	Figures reported in the annual report 2010	PRE changes	Figures reported in the 2011 reports
EBITDA	3,279.8	0.0	3,279.8
Amortisation and depreciation	-1,162.8	-2.0	-1,164.8
Earnings before interest and taxes (EBIT)	2,117.0	-2.0	2,115.0
Investment result	103.2		103.2
Financial result	-689.7		-689.7
Earnings before tax (EBT)	1,530.5	-2.0	1,528.5
Income tax	-365.0	0.4	-364.6
Group net profit	1,165.5	-1.6	1,163.9
of which loss/profit shares attributable to non-controlling interests	(-5.0)	(-0.5)	(-5.5)
of which loss/profit shares attributable to the equity holders of EnBW AG	(1,170.5)	(-1.1)	(1,169.4)

Balance sheet as of 31 December 2010 in € millions	Figures reported in the annual report 2010	PRE changes	Figures reported in the 2011 reports
Assets			
Non-current assets			
Intangible assets	2,197.0	-52.1	2,144.9
Property, plant and equipment	13,343.3	91.7	13,435.0
Other non-current assets	10,624.1	0.0	10,624.1
	26,164.4	39.6	26,204.0
Current assets	9,063.6	0.0	9,063.6
Assets held for sale	11.8		11.8
	9,075.4	0.0	9,075.4
	35,239.8	39.6	35,279.4
Equity and liabilities			
Equity			
Equity holders of EnBW AG	6,485.2	-0.1	6,485.1
Non-controlling interests	1,133.0	22.4	1,155.4
	7,618.2	22.3	7,640.5
Non-current liabilities			
Deferred taxes	1,798.6	17.3	1,815.9
Other non-current liabilities	18,410.9	0.0	18,410.9
	20,209.5	17.3	20,226.8
Current liabilities	7,412.1	0.0	7,412.1
	35,239.8	39.6	35,279.4

Further information on the acquisitions and disposals of entities in the prior year can be found in the notes to the consolidated financial statements for the fiscal year 2010.

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 over 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 proportionate equity of the entity is included in consolidated financial statements, and not its assets and liabilities. Goodwill is included in the carrying amount of the investment. Negative differences are recognised in profit or loss via investment income.

Shares in subsidiaries, jointly controlled entities or entities accounted for using the equity method which are immaterial from the group's perspective are accounted for according to IAS 39.

There are no cross-holdings as defined by Sec. 19 (1) German Stock Corporations Act (AktG) in the EnBW group.

The companies have been consolidated as follows:

Type of consolidation and number	30/6/2011	31/12/2010	30/6/2010
Full consolidation	114	114	99
Proportionate consolidation (joint ventures)	29	31	35
Entities accounted for using the equity method (associates)	18	18	17

Investment result

€ millions	1/1– 30/6/2011	1/1– 30/6/2010
Share of loss/profit of entities accounted for using the equity method	67.6	132.4
Write-downs of entities accounted for using the equity method	-541.9	0.0
Net loss/profit from entities accounted for using the equity method	-474.3	132.4
Investment income	20.1	28.1
Write-downs of investments	-0.9	-3.7
Income from the sale of equity investments	1.4	0.0
Other income from investments	20.6	24.4
Investment result	-453.7	156.8

The write-downs of entities accounted for using the equity method include impairment losses recognised on the carrying amount of the investment in EWE Aktiengesellschaft (EWE) and EVN AG. At EWE, the impairment losses of €296.5 million were caused by interest level increasing by 0.5 percentage points and changed conditions in the energy industry. The carrying amount of the investment in EVN was adjusted to market price by recognising an impairment loss of €245.4 million.

Financial result

€ millions	1/1– 30/6/2011	1/1– 30/6/2010
Interest and similar income	115.3	104.1
Other finance revenue	64.4	114.4
Finance revenue	179.7	218.5
Borrowing costs	-148.6	-146.1
Other interest and similar expenses	-14.5	-22.8
Interest portion of increases in provisions	-280.7	-258.7
Personnel provisions	[-111.8]	[-114.4]
Provisions relating to nuclear power	[-164.3]	[-142.7]
Other non-current provisions	[-4.6]	[-1.6]
Other finance costs	-39.6	-125.7
Finance costs	-483.4	-553.3
Financial result	-303.7	-334.8

Notes to the cash flow statement

Funds from operations (FFO) in € millions	1/1– 30/6/2011	1/1– 30/6/2010
FFO before taxes and financing	1,272.1	1,597.7
Income tax paid	96.6	-100.2
Interest and dividends received	222.4	223.7
Interest paid for financing activities	-132.3	-128.0
FFO after taxes and financing	1,458.8	1,593.2

Other non-cash expenses and income in the reporting period contain impairment losses on inventories of €84.7 million.

Contingent liabilities and financial commitments

Compared to 31 December 2010, contingent liabilities and financial commitments have increased by €510.7 million to €20,988.3 million. This increase is mainly attributable to a higher level of natural gas purchase obligations.

Related parties (entities)

On 17 February 2011, NECKARPRI GmbH, an entity wholly owned by the federal state of Baden-Württemberg, purchased the 45.01% shareholding in EnBW Energie Baden-Württemberg AG (EnBW AG) previously held by E.D.F. INTERNATIONAL S.A. (EDFI), a wholly owned subsidiary of Electricité de France (EDF). Furthermore, NECKARPRI GmbH and the federal state of Baden-Württemberg (federal state) entered into the already existing shareholder agreement with Zweckverband Oberschwäbische Elektrizitätswerke (OEW) and its wholly owned subsidiary OEW Energie-Beteiligungs GmbH (OEW GmbH), thus replacing EDF and EDFI. On account of the undertaking contained in the shareholder agreement on exercising their voting rights at EnBW AG in a uniform manner, the voting rights held in EnBW AG are reciprocally attributable to the federal state and NECKARPRI GmbH and to OEW and OEW GmbH. This means that, as of 17 February 2011, related parties include in particular the federal state, NECKARPRI GmbH, OEW, OEW GmbH and entities controlled or jointly controlled by them or over which they have a significant influence.

As of 31 March 2011, OEW GmbH and NECKARPRI GmbH each directly held 45.01% of the shares in EnBW AG.

On 5 April 2011, NECKARPRI GmbH announced that it had formed the wholly owned subsidiary NECKARPRI Beteiligungsgesellschaft mbH to which it had transferred its 45.01% equity interest in EnBW AG.

On 7 January 2011, NECKARPRI GmbH published a voluntary takeover offer to all shareholders of EnBW AG. By the end of the tender period on 6 April 2011, the takeover offer was accepted for 3.08% of EnBW shares. In accordance with an obligation published in the tender documents, NECKARPRI-Beteiligungsgesellschaft mbH transferred to OEW GmbH on 11 April 2011 1.54% of the EnBW shares at the offer price. This transaction was performed outside of the offer procedure with the aim of restoring the parity of the shareholdings of the two major shareholders. On 13 April 2011, 3.08% of EnBW shares for which the takeover offer had been accepted were transferred to NECKARPRI GmbH in return for payment of the offer price. NECKARPRI GmbH subsequently likewise contributed these shares to its subsidiary NECKARPRI-Beteiligungsgesellschaft mbH.

After closing of the transaction to ensure parity of the shareholdings, completion of the takeover offer and the transfer of EnBW shares acquired on the basis of the takeover offer to NECKARPRI-Beteiligungsgesellschaft mbH, the federal state and NECKARPRI GmbH each indirectly hold 46.55% of the shares in EnBW AG, and NECKARPRI-Beteiligungsgesellschaft mbH holds the same amount directly. Since this date, OEW indirectly holds 46.55% of the shares in EnBW AG, and OEW GmbH holds the same amount directly.

Until 17 February 2011, EnBW AG was controlled jointly by EDF and OEW. Until this date, related parties of EnBW AG included EDF, which is controlled by the French state, and the entities controlled or jointly controlled by it or over which it has a significant influence. The transactions concluded with EDF and its related parties up to 17 February 2011 essentially relate to electricity supply and electricity procurement agreements. Revenue and cost of materials came to a low nine-digit figure. Existing receivables and liabilities are due within one year. All business relations with EDF were at arm's length. Of the contingent liabilities and financial commitments, around 3% are attributable to EDF entities.

The transactions concluded with the federal state and entities controlled or jointly controlled by it or over which it has significant influence essentially relate to electricity supply agreements to public entities, such as universities and clinics. The revenue from such transactions was immaterial in the reporting period and most of the receivables had been settled by 30 June 2011. All business relations with the federal state were at arm's length. There are no contingent liabilities or financial commitments to the federal state.

There are no business relations with OEW and NECKARPRI-Beteiligungsgesellschaft mbH apart from dividends paid.

The business relations with joint ventures were as follows:

Income statement in € millions	1/1– 30/6/2011	1/1– 30/6/2010
Revenue	2.8	12.8
Cost of materials	-3.0	-8.9

Balance sheet in € millions	30/6/2011	31/12/2010
Other loans	7.9	11.2
Receivables	1.0	2.8
Liabilities	0.9	1.5
Payments on account received	0.1	0.1

Contingent liabilities and financial commitments in € millions	30/6/2011	31/12/2010
Guarantees and collateral	47.0	45.2
Other financial commitments	6.2	6.6
Total	53.2	51.8

The revenue and cost of materials mainly result from electricity supply and electricity procurement agreements. Receivables and liabilities are due within one year. All business relations with joint ventures were at arm's length.

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 income statement and balance sheet of the EnBW group:

Income statement in € millions	1/1– 30/6/2011	1/1– 30/6/2010
Revenue	146.7	129.0
Cost of materials	-101.8	-66.8

Balance sheet in € millions	30/6/2011	31/12/2010
Other loans	9.8	10.1
Receivables	37.2	26.7
Liabilities	25.9	110.0
Payments on account received	0.2	0.2

Contingent liabilities and financial commitments in € millions	30/6/2011	31/12/2010
Electricity purchase commitments	347.5	302.3
Financial commitments from business combinations	0.3	0.3
Other financial commitments	3.9	4.0
Total	351.7	306.6

The receivables and liabilities of the reporting year are generally due within one year.

Related parties (individuals)

The EnBW group has not entered into any significant transactions with individuals that are related parties.

Dividends

On 19 April 2011, the annual general meeting of EnBW approved the proposal put forward by the Board of Management and the Supervisory Board to pay a dividend of €1.53 per share for the fiscal year 2010. This corresponds to a dividend payment of €373.7 million.

Treasury shares

As of 30 June 2011, EnBW AG holds 5,749,677 treasury shares (31 December 2010: 5,749,677 treasury shares). The cost of acquiring the treasury shares of €204.1 million was deducted from the carrying amount of equity. The attributable amount of share capital amounts to €14,719,173.12 (2.3% of subscribed capital).

Segment reporting

1/1– 30/6/2011 in € millions	Electricity generation and trading	Electricity grid and sales	Gas	Energy and environmental services	Holding/ consolidation	Total
External revenue	2,670.1	5,314.9	1,066.6	358.2	0.0	9,409.8
Internal revenue	2,019.6	82.8	42.6	308.7	-2,453.7	0.0
Total revenue	4,689.7	5,397.7	1,109.2	666.9	-2,453.7	9,409.8
Adjusted EBIT	666.9	172.3	46.2	69.9	-77.2	878.1
EBIT	21.6	198.4	46.3	70.0	-64.3	272.0
Amortisation and depreciation	-168.3	-139.6	-36.7	-84.8	-1.1	-430.5
Impairment losses	-35.0	-8.8	0.0	0.0	0.0	-43.8
Capital employed as of 30 June 2011	5,648.4	4,771.9	1,505.4	1,576.4	1,854.8	15,356.9

1/1– 30/6/2010 in € millions	Electricity generation and trading	Electricity grid and sales	Gas	Energy and environmental services	Holding/ consolidation	Total
External revenue	2,384.2	5,148.6	1,076.2	342.4	0.0	8,951.4
Internal revenue	2,264.6	132.2	53.3	207.2	-2,657.3	0.0
Total revenue	4,648.8	5,280.8	1,129.5	549.6	-2,657.3	8,951.4
Adjusted EBIT	910.2	162.4	106.1	58.6	-78.7	1,158.6
EBIT	962.1	362.2	106.2	60.2	-63.0	1,427.7
Amortisation and depreciation	-206.6	-117.2	-36.6	-72.2	-0.9	-433.5
Impairment losses	-11.9	0.0	0.0	0.0	-0.1	-12.0
Capital employed as of 31 December 2010 ¹	5,320.8	4,769.9	1,440.6	1,357.6	2,734.1	15,623.0

¹ The figures of the comparative period have been restated.

One of the key performance indicators is adjusted EBIT. Adjusted EBIT is an earnings ratio adjusted for non-operating effects, which reflects the development of results of operations. The management report describes the development of segments on the basis of adjusted EBIT.

Adjusted EBIT can be reconciled to earnings before tax (EBT) as follows:

€ millions	1/1– 30/6/2011	1/1– 30/6/2010
Adjusted EBIT	878.1	1,158.6
Non-operating EBIT	-606.1	269.1
Earnings before interest and taxes (EBIT)	272.0	1,427.7
Investment result	-453.7	156.8
Financial result	-303.7	-334.8
Earnings before tax (EBT)	-485.4	1,249.7

Segment reporting is based on internal reporting. The electricity generation and trading segment comprises the value added stages of generation as well as trading and procurement. The electricity grid and sales segment comprises the value added stages of transmission, distribution and sales. The gas segment comprises the midstream area including import agreements and infrastructure, storage, trading, portfolio management as well as the downstream area including transmission, distribution and sales. The energy and environmental services segment includes the areas of thermal disposal, non-thermal disposal, water and other services including contracting services.

Assets, liabilities, revenue and expenses allocable to EnBW AG, our shareholdings in EWE Aktiengesellschaft and EVN AG and other activities not allocable to the segments presented separately are disclosed in the holding/consolidation column together with eliminations. The direct costs of EnBW AG are allocated to the individual segments using allocation keys.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between group companies. Intersegment sales were made at market prices.

Review report

To EnBW Energie Baden-Württemberg AG

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, statement of comprehensive income, balance sheet, condensed cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim group management report of EnBW Energie Baden-Württemberg AG, Karlsruhe, for the period from 1 January to 30 June 2011, which are part of the six-monthly financial report pursuant to Sec. 37w German Securities Trading Act (WpHG). The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue a review report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance obtainable from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Mannheim, 28 July 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft



Walter
Wirtschaftsprüfer
[German Public Auditor]



Woche
Wirtschaftsprüfer
[German Public Auditor]

Declaration of the legal representatives

We assure to the best of our knowledge that in accordance with the accounting principles applicable for the interim financial reporting the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group and that the interim group management report gives a true and fair view of the business development including the result and situation of the group and also describes the significant opportunities and risks relating to the anticipated development of the group for the remaining fiscal year.

Karlsruhe, 28 July 2011


EnBW Energie Baden-Württemberg AG



Villis



Dr. Beck



Kusterer

Board of Management and Supervisory Board

Board of Management

Hans-Peter Villis,
Castrop-Rauxel/Karlsruhe
Chief Executive Officer
since 1 October 2007
Appointed until 30 September 2012

Dr. Bernhard Beck LL.M., Leonberg
Chief Personnel Officer
since 1 October 2002
Appointed until 30 September 2012

Christian Buchel, Karlsruhe
Chief Operating Officer
from 1 February 2009 to 31 May 2011

Thomas Kusterer, Karlsruhe
Chief Financial Officer
since 1 April 2011
Appointed until 31 March 2014

Dirk Gaerte, Sigmaringendorf
District administrator of the
Sigmaringen district

Prof. Dr. Ulrich Goll MdL, Waiblingen
Former minister of justice and deputy
prime minister of the federal state of
Baden-Württemberg
Member until 9 July 2011

Josef Götz, Stuttgart
Officer with special responsibilities at
EnBW Regional AG
Member until 19 April 2011

Reiner Koch, Gliencke/Nordbahn
Responsible for supply and waste
disposal divisions at ver.di head office

Silke Krebs, Stuttgart
Minister at the state ministry of Baden-
Württemberg
Member since 10 July 2011

Marianne Kugler-Wendt, Heilbronn
Regional director at ver.di, Heilbronn-
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Publication of the Six-Monthly Financial Report January to June 2011

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Publication of the Annual Report 2011,
Press briefing on annual results

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2012 annual general meeting

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Publication of the Six-Monthly Financial Report January to June 2012

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