Energie Baden-Württemberg AG

Annual Report 1999

The
colour yellow
yellow
like Yello

Cover: Painting by Roy Lichtenstein
Yellow and Green Brushstrokes, 1966

At a glance

EnBW Group		1999	1998	1997
External sales revenues				
Energy *	DM mill.	7,478	7,700	7,901
Disposal	DM mill.	461	393	414
Industry and Services	DM mill.	102	57	12
	DM mill.	8,041	8,150	8,327
Net income for the year	DM mill.	271	718	298
Cash flow	DM mill.	1,795	2,309	2,768
Investments				
Tangible and intangible assets	DM mill.	792	1,326	1,323
Financial assets	DM mill.	1,099	2,612	1,074
	DM mill.	1,891	3,938	2,397
Fixed assets	DM mill.	14,376	14,199	12,596
Current assets	DM mill.	7,755	7,277	7,428
Shareholders' equity	DM mill.	3,375	3,367	3,088
No. of employees on an annual average	Number	12,581	12,605	12,769
Earnings per share	DM	2.44	3.72	3.59

EnBW AG				
Subscribed capital	DM mill.	1,252	1,250	1,250
Investment income	DM mill.	973	1,640	1,024
Interest income	DM mill.	– 167	105	145
Net income for the year	DM mill.	218	762	323
Distribution	DM mill.	217	217	225
Dividend per share	DM	0.90	0.90	0.90
Tax credit per share	DM	0.39	0.39	0.39

* 1999 figure includes electricity tax of DM 222 million.

Contents

Supervisory Board and Board of Management

Supervisory Board

Dr. Wolfgang Schürle, Ulm
Landrat (Chief Administrative Officer)
Chairman since 6 May 1999

Adolf Dinkel, Karlsruhe
Chairman of the Works Council of EnBW Service GmbH
Vice-Chairman since 30 March 2000

Manfred Autenrieth, Zimmern o. R.
Landrat (Chief Administrative Officer)

Gisela Beller, Karlsruhe
Vice-Chairwoman of the Works Council of EnBW Service GmbH

Dr. Guntram Blaser, Ravensburg
Landrat, rtd. (Chief Administrative Officer)
Chairman until 6 May 1999
(until 14 July 1999)

Manfred Eichkorn, Bad Dürrheim
Divisional Manager, Baden-Württemberg District Administration of ÖTV (Public Services and Transport Workers' Union)

Dr. Karl Epple, Stuttgart
Permanent Secretary in the Ministry of Economics of Baden-Württemberg

Franz Fischer, Berg
Chief Executive of District Administration of ÖTV, Oberschwaben

Gisela Gräber, Weinsberg
Regional Director of Deutsche Angestellten-Gewerkschaft (Salaried Employee Union)

Rolf Koch, Maselheim
Vice-Chairman of the Central Works Council of EnBW Regional AG

Gerhard Mayer-Vorfelder, Stuttgart
Former Finance Minister of Baden-Württemberg
(until 14 July 1999)

Peter Neubrand, Winnenden
Chairman of the Central Works Council of EnBW Regional AG
(since 1 March 2000)

Wolfgang Rückert, Leonberg
Permanent Secretary in the Ministry of Finance of Baden-Württemberg

Günter Scheck, Steinenbronn
Chairman of the Board of Management of Neckarwerke Stuttgart AG

Ernst Spadinger, Deisslingen
Mayor

Gerhard Stratthaus, Brühl
Finance Minister of Baden-Württemberg
(since 14 July 1999)

Ulrich Stückle, Schwäbisch Hall
Landrat (Chief Administrative Officer)

Siegfried Tann, Meckenbeuren
Landrat (Chief Administrative Officer)
(since 14 July 1999)

Ernst Vetter, Erbach-Dellmensingen
Chairman of the Works Council, Biberach Regional Centre,
EnBW Regional AG
Vice-Chairman (since 29 February 2000)

Günther Vogelbacher, Stutensee
Chairman of the Central Works Council of EnBW Kraftwerke AG

Christoph Walther, Dresden-Langebrück
Team Leader at ESAG Energieversorgung Sachsen Ost AG
(since 1 December 1999)

Klaus-Michael Weber, Ludwigsburg
Lawyer at EnBW Service GmbH

Gerhard Widder, Mannheim
Mayor

Harri Wollny, Dresden
Chairman of the Works Council of ESAG Energieversorgung
Sachsen Ost AG
(until 30 November 1999)

Board of Management

Gerhard Goll, Karlsruhe
Chairman

Hans-Jürgen Arndt, Gerlingen

Dr. Hartmut Bilger, Ettlingen

Dr. Karlheinz Bozem, Stuttgart
Vice-Chairman (until 31 March 1999)

Dr. Klaus J. Kasper, Stuttgart
(since 1 May 1999)

Foreword from the Board of Management

In 1999, EnBW lived up to its aspiration to set new standards in the electricity market. This applied as much to our products, Yello, Garant and comfort-time, as to our distribution organization. We have played a key role in the development of the German electricity exchange in Frankfurt – an important electricity trading platform.

Our corporate philosophy is shaped by the principles of customer orientation and active risk management.

For us, customer orientation means being close to the customer and personalizing customer relations. To maintain a presence close to our industrial customers we have built a decentralized distribution organization in Central Europe, with the emphasis on personal contact with customers and short lines of communication. To maintain a presence across communication media vis-à-vis private customers we have a model after-sales service and channels of communication which include advertising, as well as shops, mail order and e-commerce. We plan to further strengthen our media presence.

Management of production and distribution is a central function of our electricity brokerage arm, which thereby ensures active risk management for the Energy business segment. Using specially developed computer programs, we optimize electricity provision to suit the requirements of our customers.

A continuing hindrance to competition, and therefore against the interests of customers, is the failure to neutralize the electricity network – i.e. to take systematic steps to ensure that the network is not used as a means to prevent competition. There is also uncertainty about the future operating climate for the power industry in Germany. There are governmental responsibilities at stake. In so far as there is scope for the power industry to contribute, EnBW is participating, for example through the so-called consensus talks on the future of the nuclear industry.

The deregulation of the electricity market has already transformed the landscape for power utilities in Germany and further changes are on the horizon. The new market needs new structures. Our growth-oriented company is expanding through partnerships – most notably with the largest European power utility Electricité de France (EDF) – participations and a strategic modification of the shareholder structure, as well as diversification into energy-related products. We do not aspire to be a multi-utility enterprise, since that goes against customers' express desire for more product individuality. However, we will not confine ourselves solely to the power industry, because activities in other areas have a stimulating effect on our electricity business, both qualitatively and commercially. Our aspiration is to be able to match our customers' needs with solutions they consider to be optimal.

Our efforts are bearing fruit. EnBW has a solid footing in the market. For that, we owe thanks to our customers and employees. This is our incentive and our challenge for the future which we face with confidence.

Status Report

EnBW pushed competition forward

No other deregulated energy market in the world has developed such dynamism in so short a time than that in Germany. As recently as the beginning of 1999, such a rapid transformation was considered by many to be impossible. Not only did EnBW prepare itself in good time for this leap forward, but actually played a leading role in bringing it about and pushing it forward vigorously with a customer-oriented growth strategy. We created Germany's first electricity brand – 'Yello Strom' – raising the tempo of competition in the private segment. Notwithstanding the tough competition in EnBW Group's core energy business, we finished 1999 with a net income for the year of DM 270.6 million, on a cash flow of DM 1.8 billion. We will recommend to the Shareholders' Annual Meeting that a dividend of DM 0.90 per share be distributed.

General trading conditions and industry situation

In Germany, there have been growing signs of a strong economic upturn since autumn 1999. This recovery is underpinned mainly by manufacturing, in particular the export industry. Germany is benefiting above all from a worldwide economic upturn as well as the low exchange rate of the euro. The knock-on effects are already being felt on the employment front, and demographic factors should lead to a further reduction in unemployment.

Accompanying this economic upswing, a greater willingness to invest is clearly discernible, despite the fact that private consumption has so far provided little stimulus. To consolidate this positive trend, investors must now be given clear and binding commitments on the future direction of fiscal policy.

The price hike in late 1999 was due almost entirely to the rise in oil prices. On top of this, the enactment of the second stage of the environmental tax reforms will fuel inflation in the short term.

Power consumption slightly up

At around 485 billion kWh, general consumption of electricity in Germany in 1999 was slight up on the 1998 figures. While, according to initial estimates, industrial power consumption rose slightly as a result of the economic recovery, sales to private and commercial customers were down on 1999 owing to the mild weather.
Net output at the general supply plants in 1999 was around 457 billion kWh, about the same level as the previous year.

Stronger competition

At the same time, competition in the electricity market continued to heat up. Germany had Europe's biggest price falls. Numerous new suppliers, for example brokers and subsidiaries of foreign energy utilities, moved into the market; and some major mergers and joint ventures in the municipal utilities segment are looming.

Run of business and earnings situation

Electricity is yellow: With the launch of its subsidiary, Yello Strom GmbH, EnBW gave the starting signal for competition in the private segment and revolutionized the German energy market by introducing the first national electricity brand. EnBW broke new ground with various other initiatives in the marketing domain in 1999. The motto was: success depends on getting as close to our customers as possible, as quickly as possible, and winning their loyalty with intelligent products and top-quality service.

EnBW's market successes

Despite hefty electricity price cutting, EnBW was able to maintain sales at a high level: DM 8.0 billion in 1999, compared with DM 8.1 billion the previous year.

EnBW Group sales (in DM million)

	1999	1999	1998	1998
Energy				
Electricity	6,981		7,488	
Gas	183		120	
District heat	92	7,256	92	7,700
Disposal		461		393
Industry and Services		102		57
Electricity tax		222		0
Total		**8,041**		**8,150**

EnBW Group electricity sales by customer category (in kWh billion)

	1999	1998
Private customers	11.5	11.4
Industrial clients	14.7	13.1
Downline electricity supply companies	17.1	18.5
Interconnected power companies	11.4	8.3
Total	**54.7**	**51.3**

In the power business, we were able to consolidate our position, especially with industrial clients (+12.2 %) and interconnected power companies (+ 37.3 %). At downline suppliers, sales declined by 7.6 %. We made a successful entry into the national private supply market. Our Yello brand gained almost 200,000 customers by the end of 1999 and is by far the leading contender in the new nationwide private consumer market.

In contrast to the power market, sales revenue in our gas business was up 53 %. First-time inclusion of EVS-Gasversorgung Süd GmbH in the scope of consolidation affected sales. After adjustment for this special factor, the revenue increase was around 9 %.

After a successful restructuring exercise, the disposal segment was consolidated and its market leadership in Baden-Württemberg further strengthened. Thanks to acquisitions and internal growth, sales increased by 17.4 % to DM 461.5 million.

Satisfactory result

Group earnings for the year decreased by around 62 % from DM 717.9 million to DM 270.6 million. However, this comparison is not meaningful as the 1998 result was influenced by a number of special factors. Against this background, and in view of the more intensive competition in every customer segment, we view the 1999 result with some satisfaction.

Adjusted according to DVFA/SG guidelines, Group earnings for 1999 were roughly DM 308.7 million down on the 1998 figure. Earnings per share were DM 2.44, compared with DM 3.72 in 1998.

In 1999, earnings before interest, taxes and depreciation (EBITDA) came to DM 1.7 billion (1998: DM 2.4 billion).

Of the Group earnings, DM 22.7 million is accounted for by other shareholders. After allocating DM 22.9 million to capital reserves, the remaining Group earnings amount to DM 225.0 million, corresponding to the unappropriated profit of EnBW AG.

Despite the 7 % increase in sales, material costs rose by only 3.5 % compared with the previous year. This was due to the success of measures to raise efficiency in the area of generating capacity and the activities of EnBW Gesellschaft für Stromhandel mbH to optimize electricity purchasing.

The Group’s own personnel expenses rose by 6 % to DM 1.7 billion. Apart from the 2.8 % wage and salary increase fixed by the tariff agreement, the main contributing factor was the higher allocation to pension funds. Adjusted to take account of pension provisions and the other personnel costs contained in other operating expenses, the personnel-related expenses remained virtually unchanged compared with the previous year.

We will recommend to the Shareholders’ Annual Meeting on 12 July 2000 that a dividend of DM 0.90 per share be paid. Shareholders with entitlement to tax credit will receive a gross dividend of DM 1.29 per share, including tax credit of $^{3}/_{7}$.

EnBW share data

	1999	1998	1997*
Number of shares (million, 31/12)	250.0	250.0	250.0
Annual high (in euro)	42.90	40.90	28.22
Annual low (in euro)	32.00	26.59	26.08
End of year (in euro)	36.50	36.30	27.61
Dividend per share (in euro)	0.46	0.46	0.46
Tax credit per share (in euro)	0.20	0.20	0.20
Earnings per share after DVFA adjustment (in euro)	1.25	1.90	1.84
Market capitalization at year-end (in billion euro) **	9.1	9.1	6.9

* Initial quotation of EnBW per 31 October 1997, euro 26.59, after merger of Badenwerk AG, Karlsruhe, and Energie-Versorgung Schwaben AG, Stuttgart
** Number of shares x end of year price in euro

Financing and investment activities: Cash flow again reached high level

In the report year, cash flow again reached a high level at DM 1.8 billion. The level of self-generated financing continued to be high, though it did not quite reach the level achieved the previous year.

The following summary of the cash flow statement shows the movement of funds. The full details are given in the notes to the consolidated financial statements.

Cash flow statement of EnBW Group (in DM million)
– Summary –

	1999	1998
Cash flow		
From operating activities	1,635	3,088
From investing activities	– 892	– 2,981
From financing activities	– 225	333
Items not involving the movement of cash	– 9	0
Increase in cash and cash equivalents	509	440
Cash at bank and in hand as at 31/12	4,094	3,586
Cash flow (as defined by DVFA/SG)	1,795	2,309

In 1999, the cash and cash equivalents (cash at bank and in hand and securities held as current assets) increased by DM 508.6 million to DM 4.1 million. At year-end, the cash and cash equivalents in the Group were set against bank debts and long-term bonds amounting to DM 1.4 billion.

In 1999, investments in fixed assets, including intangible assets held by EnBW Group, totalled DM 792.0 million. Overall, investments were substantially lower than in 1998.

As a result of changes in the scope of consolidation, there were additions to historical costs amounting to DM 205.2 million.

Investment activities focussed on the Lippendorf brown-coal power station, the Thermoselect plant in Karlsruhe and the expansion and redevelopment of our electricity and gas networks. In the disposal segment, efforts were concentrated on modernization of the sorting facility.

The investments in fixed assets were fully financed from operational cash flow.

Investments in fixed assets by EnBW Group in 1999 (DM million)

	1999	1998
Energy	588	831
Disposal	118	197
Industry and Services	86	298
Total	**792**	**1,326**

In 1999, our investments in financial assets totalled DM 1.1 billion. Of particular significance was the net increase in securities held as current assets.

Asset and capital structure: Consolidated balance-sheet total up 3.3 %

The consolidated balance-sheet total rose 3.3 % compared with 1998. The balance-sheet total of EnBW AG was up by 6 %.

Consolidated fixed assets rose 1.2 % in 1999. Within the fixed assets, there were contradictory trends: the proportion of tangible fixed assets fell, while that of intangible and financial assets rose. The rise in current assets by some DM 478.0 million or 6.6 % was largely due to the increase in securities, cash and cash equivalents.

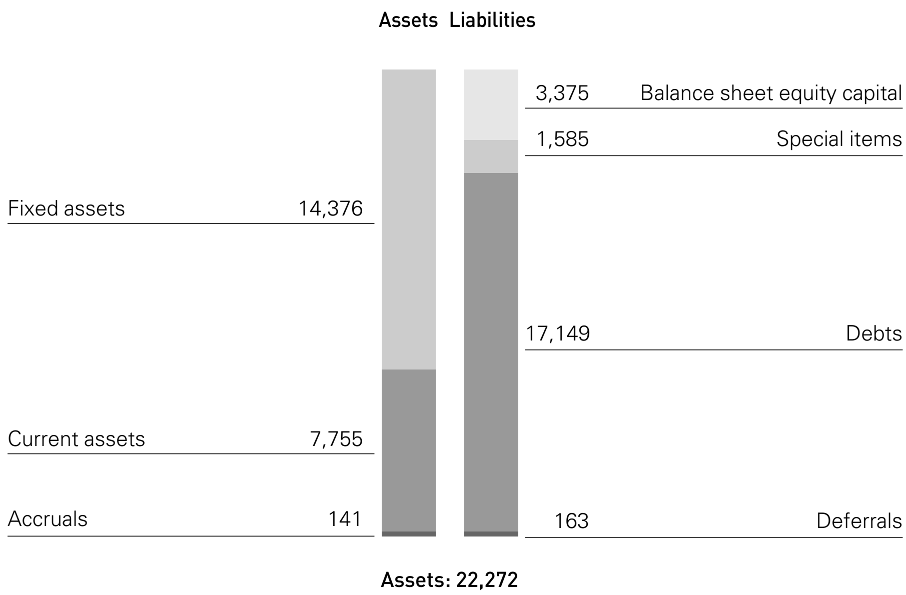
The Group's capital-to-asset ratio showed a slight decrease from 15.6 % in 1998 to 15.2 %. At EnBW AG, the proportion of equity decreased from 20.5 % to 19.4 %.

The balance-sheet and capital structures of EnBW Group and EnBW AG are solid.

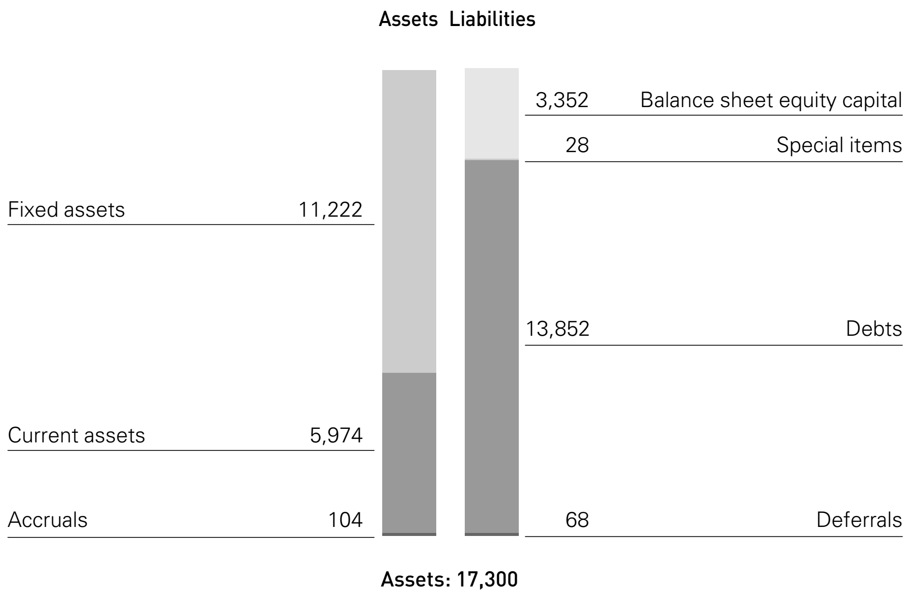
Employees: EnBW creates new jobs

On 31 December 1999, EnBW Group had 12,983 employees (including apprentices), 440 more than at the end of 1998. There were contrasting trends in the employment pattern at the different EnBW companies. The power generation and supply sector continued to shed jobs through systematic application of existing arrangements for early retirement and part-time working of older employees. By contrast, in our energy marketing activities, as well as in marketing-related activities such as trading and account settlement, new jobs were created to meet the demands of competition and the needs of our growing customer base.

Balance sheet structure of EnBW Group (in DM million)



Balance sheet structure of EnBW AG (in DM million)



Ownership and corporate structure: market position strengthened, merger completed

New ownership structure at EnBW

Around the turn of the year 1999/2000, a decision was taken which will widen the scope for development of EnBW and benefit employees, shareholders and above all our customers: in November 1999, the Landtag (State Parliament) of Baden-Württemberg decided to sell its 25.01 % stake in EnBW to Electricité de France (EDF). Contracts were signed in January 2000 and completion of the deal now awaits approval from the Cartel Office and the consortium agreement between EDF and the second largest EnBW shareholder, Oberschwäbische Elektrizitätswerke (OEW). The cooperation of these two stakeholders will safeguard the future of EnBW as an independent company.

The partnership with EDF will enable EnBW to strengthen its position in the German market as well as in Europe. Many customers, especially industrial clients, already have a European perspective and want to be supplied by us on a Europe-wide basis.

EnBW cooperates with Neckarwerke Stuttgart AG

At the beginning of 2000, EnBW entered into a close and long-term cooperation agreement with Neckarwerke Stuttgart AG (NWS), the eighth largest German electricity supplier, thereby rounding off its portfolio of activities in Baden-Württemberg.

EnBW already holds a 25.7 % stake in NWS and aims to secure a majority interest and managerial control. The established NWS brand will maintain a presence in the market, especially regionally. The two largest shareholders in NWS, the City of Stuttgart and Neckar-Elektrizitätsverband are willing to sell shares to enable EnBW to gain a majority holding in the Stuttgart company.

EnBW aims for majority holding in Salamander AG

EnBW aims to secure a majority holding in Salamander AG, in which it has 27.1 %. At the same time, it plans to transfer its shareholding in DIW Deutsche Industriewartung AG (24.9 %) to its co-shareholder J. M. Voith GmbH & Co. Behind this decision, reached in March 2000, is the desire to clarify managerial responsibility while maintaining shared running of operations between EnBW, Voith and Salamander. Gaining managerial control of Salamander opens the way for EnBW to further develop its distribution channels to private customers. Completion of the transaction is subject to approval from the Federal Cartel Office.

Holding in DEG-Verkehrs-GmbH sold as of 1 January 2000

At the beginning of 2000, EnBW sold its interest in DEG-Verkehrs-GmbH (40 %) to co-owner CGEA Transport, Paris, following the losses incurred in 1999.

New EnBW companies established

In 1999, the legal formalities of the merger of EnBW Badenwerk AG and EnBW Energie-Versorgung Schwaben AG were completed: the regional supply companies remaining as EnBW subsidiaries in the aftermath of the merger were amalgamated, with administrative effect from 1 January 1999, into the new EnBW Regional GmbH. This was transformed into a limited company in August 1999. EnBW Regional AG has a capital stock of DM 100 million. At the same time, the Group's internal service activities were spun off, as of 1 January 1999, to form EnBW Service GmbH, with a joint stock of DM 5 million.

In EnBW Regional AG, which has a central section, nine regional and about 100 district centres, EnBW has concentrated its technical expertise as a network operator. The company runs EnBW's regional grid (0.4 kV, 20 kV, 110 kV), making it the most important network operator in Baden-Württemberg. Over and above its role as a centre of competence for its network customers, it offers services in the areas of construction and maintenance of power grids at all voltage levels, as well as information network services.

EnBW Service GmbH is the central service provider within the EnBW Group, for example, accounting and controlling, information technology, procurement and logistics, public relations and human resources management.

Another newly established company, EnBW Gesellschaft für Messung und Abrechnung mbH (GMA), began operations on 1 January 1999. The task of this company is to provide EnBW Group and third parties with metering, measurement, data processing and billing of transmission charges, as well as other services and products. GMA is a 100 % subsidiary of EnBW and – like EnBW Regional AG and EnBW Service GmbH – has signed an agreement with the parent company on controlling and surrender of profits.

Research and development: focal point fuel cell

In 1999, we concentrated the strategic management of research, development and piloting activities into a new autonomous unit of EnBW Holding. Projects are carried out using the know-how of our operating companies and research institutes. Total expenditure in 1999 for research, development and piloting was DM 15 million.

In the report year, we invested a total of DM 10 million in four fuel-cell projects – our research focus in 1999. The largest project – also Europe's largest – is the construction of a 1 MW pilot power plant with high-temperature fuel cells and downstream micro-gas turbines in Marbach/Neckar.

In the realm of renewable energy, Würth Solar, a 20 % holding of EnBW, built a pilot production line for the new generation of photovoltaic cells using thin-layer technology (CIS, copper-indium-diselenide) at EnBW's Marbach power plant. The CIS cells, developed with EnBW's participation, are simpler and cheaper to make than silicon cells and therefore potentially more cost-effective. Production is set to get under way during 2000.

Field trials for data transmission via the mains power network (power-line communications) were started in 1998 and now extend to over 100 pilot customers. In a joint project with Siemens, we aim to get this project ready for market launch by the beginning of 2001.

Commercial scale-up of projects that have been in progress since 1998 was completed or nearly completed. These include the regenerative process "REKAT" for the reactivation of flue-gas catalysts and the mechanical-biological waste treatment process based on the ISKA concept.

Environmental protection: expansion of activities

EnBW continued in 1999 to build environmental management systems at its generating plants. At Rheinhafen-Dampfkraftwerk, Karlsruhe, an environmental audit was launched under the auspices of the EU eco-audit directive and is due for completion in summer 2000. The certification procedure will make it possible to design processes which are more efficient and have a lower impact on non-renewable resources and the environment.

Working with the nuclear power stations at Obrigheim and Neckarwestheim, the Philippsburg power plant will develop a comprehensive environmental-management system in consultation with the Environment Ministry of Baden-Württemberg.

Another contribution to environmental protection is the energy mix used in the generation of electricity in EnBW's own plants. By reducing the amount of energy from fossil fuels, the output of carbon dioxide (CO_2) was cut by approximately 1.6 million tonnes compared with the previous year. If the same amount of electricity that is generated by EnBW in nuclear and hydroelectric power plants were produced from coal, an additional 29 million tonnes of CO_2 would be released into the environment.

EnBW's environmental tariff was certified by the South German Technical Inspection Authority (TÜV) in accordance with its strict EE0103/99 criteria. There are now twelve photovoltaic and one wind generating plants operating under the environmental tariff scheme.

Our 1999 environmental report contains details of all our environmental protection activities.

Risk management system expanded

In recent years, risk management has taken on increasing importance for energy utilities. EnBW concluded the measures for further development and completion of its risk management system in compliance with the requirements of the law on control and transparency in business (KonTraG). An open information culture encourages communication about risks among the decentralized and Group-level risk management units.

Key role of electricity brokerage

In the competitive environment, energy utilities must increasingly hedge supply risks and secure manufacturing capacity on the market. A key role is played by electricity brokerage, as a link between EnBW's own power stations and distribution. EnBW Gesellschaft für Stromhandel mbH is responsible for risk management for the Electricity division. On the basis of market prices, the performance of electricity brokerage is measured continually and the risk situation assessed. On 31 December 1999, unrealized profits were several times higher than the risks arising from open trading positions. A further expansion of risk management is planned for the Electricity division in 2000.

Trouble-free Y2K transition

EnBW made the year 2000 transition without any problems. No faults were reported at power stations or on distribution grids.

EnBW started addressing potential problems associated with the year 2000 transition as early as 1995. Twelve project teams were set up with our information technology and plant engineering experts to investigate all the core business processes – energy generation, transmission and distribution – and make any modifications that were considered necessary or useful. By mid-September 1999 virtually all upgrade work in all departments was completed. EnBW invested more than DM 20 million and the working time of numerous specialists in the analysis, modernization and improvement of our technical systems.

Quite apart from these comprehensive preparations for the year 2000 switch, EnBW also had contingency plans to cover every eventuality on New Year's Eve. In addition to the normal shifts, hundreds of EnBW employees were ready to deal with any emergencies at power stations, network control points and computer centres, as well as customer service and administrative offices.

Outlook

Key indicators signal a further improvement in general economic conditions in the year 2000. Several growth factors are interacting synergistically, boosting export opportunities for German industry and directly affecting demand for energy.

Uncertain operating conditions for the power industry

At the same time, the power industry faces some uncertainties owing to the federal government's energy policy, aspects of which pose problems whose scale is difficult to estimate at present.

Still unclear are the prospects for the future use of nuclear energy. As far as possible, EnBW is contributing to clarification of the situation through the so-called consensus discussions between government and the nuclear power industry, which got under way at the beginning of 1999. The main points at issue are the useful working lives of the nuclear power stations and the method of charging.

In response to the federal government's proviso that future fuel rod shipments will only be approved if intermediate storage facilities are provided at nuclear power stations, we have applied for permission to build such a facility at the Philippsburg site. Obrigheim is the first, and so far only, German nuclear power station to have an intermediate storage site.

The tax relief act (1999/2000/2002) is a considerable burden for the nuclear power industry. Under this legislation, the reserves we have built, in compliance with legal requirements, for the decommissioning of nuclear power plants will be taxed retroactively. We have made sufficient provisions to meet this additional tax burden. Nuclear power companies are considering an appeal against specific provisions of the tax relief act.

Two other laws passed at the beginning of 2000 will result in further expenses: the amendment of the electricity supply act – from now on: the renewable energy act – and the immediate relief for combined heat and power facilities. Under the renewable energy act, operators of plants generating electricity from renewable energy sources will be subject to significantly higher indemnification rates than previously. Only part of the additional costs arising from this can be passed on to customers through price rises.

The future of the industry: market rules established

Over the last few months, it was necessary for the workings of the liberalized energy market to settle down. In particular, the precise modalities of network access were unclear. This had a dampening effect on competition – to the cost of customers as well as companies geared for competition. At the end of 1999, consumer and supplier associations agreed standardized charging structures for billing of private customers. This removed a major obstacle to free competition in this important market segment. The agreement will add new vigour to competition in the private segment – although full implementation will take some time.

A new basis for the negotiation of transmission rights was established in December 1999 by the German Electricity Utilities Association, the Association of Industrial Producers of Electricity and the Federation of German Industries in an amendment to the so-called "federation agreement". This will remain in force until 31 December 2001.

The new arrangement greatly simplifies transmission access as well as pricing, and makes the charging system highly transparent for customers. Up to now, the transmission of electricity from the supply point to the point of consumption was calculated on the basis of distance. The new system establishes two sales points in Germany and customers are charged from one of those points, irrespective of the distance. The network operators balance out the transmission charges against each other, instead of treating every usage of the network as a separate transaction.

Because of the two sales points, Germany is to be divided into two electricity trading zones. When power is supplied from one zone to the other, a supplementary transmission charge of 0.25 Pfennig/kWh will be incurred. This agreement is currently under close scrutiny from the Federal Cartel Office. It is possible that developments in the area of power transmission charges on a European level will render the German zoning system superfluous.

Development of the business segments

Energy: rising sales, falling revenues expected

Against this background, we expect our core energy business, with the key divisions of electricity generation, brokerage, transmission and distribution, to increase turnover. Our optimism is partly based on the growth of the customer base at our subsidiary, Yello Strom GmbH, Cologne.

From the launchpad of our core Energy segment, we aim to intensify our efforts to establish a presence in growth markets at home and abroad. However, we expect a further marked decrease in overall revenues owing to tighter competition and the fall in prices, as well as continuing difficulties with transmission. Current measures to increase sales and reduce costs will not offset the decline in revenues in 2000. We are therefore expecting a decrease in the operating result for the 2000 business year. However, specific measures are being taken in all areas to optimize cost structures.

Investments in the Energy segment will be of the same order of magnitude as in 1999. The focal points are the construction of the Lippendorf power station and overall development of the network. In the medium term, investments in fixed assets will fall significantly. Investments in intangible assets and fixed assets will be financed from operational cash flow.

Disposal: U-plus plans further increase in sales and revenues

In the Disposal business segment, which is centred largely on U-plus, we have established a sound basis for the development of our position in the South German waste disposal market. Despite the persistence of difficult market conditions, U-plus plans a further increase in sales and revenues. Investment is focussed on the areas of disposal logistics and recycling.

Industry and Services: sale of DEGV a setback

The Industry and Services business segment, with the divisions of Telecommunications, Building and Property Management, as well as financial holdings, turnover will be hit by the disposal of the previously consolidated equity holding in DEG-Verkehrs-GmbH. The other divisions of this business segment will maintain revenues and results at about the previous year's level.

Strategy aimed at securing dividends

Prices in the electricity market are bottoming out; the shake-out in the market is beginning. The year 2000 will be one of the most testing ever for the German power industry, EnBW included. Nonetheless, EnBW is confident that it will be a key contender thanks to its strategy of focusing on customers and offering products geared to the needs of the market – in Germany as well as in the markets opening up in the rest of Europe. The expansion of sales markets and measures to reduce costs should ensure that the dividend per share will continue to achieve satisfactory levels in the future.

Main Participations of Energie Baden-Württemberg AG[1]

- EnBW Kraftwerke AG 100%
  - Kraftwerk Bexbach Verwaltungsgesellschaft mbH 66.7%
  - Kernkraftwerk Obrigheim GmbH 63.0%
  - Neckar AG 60.2%
  - Centrale Electrique Rhénane de Gambsheim S.A. 50.0%
  - Rheinkraftwerk Iffezheim GmbH 50.0%
  - Kraftwerk Reckingen AG 50.0%
  - Obere Donau Kraftwerke AG 40.0%
  - Schluchseewerk AG 37.5%
  - Rheinkraftwerk Säckingen AG 37.5%
  - Grosskraftwerk Mannheim AG 32.0%
  - Gemeinschaftskernkraftwerk Neckar GmbH 9.1%
  - Kernkraftwerk Leibstadt AG 7.5%
  - Deutsche Gesell. für Wiederaufbereitung von Kernbrennstoffen mbH 12.1%
  - EnBW Ingenieure GmbH 100%
- EnBW Gesellschaft für Stromhandel mbH 100%
  - Skandinavisk Kraftmegling AS 51.0%
- EnBW Energie Vertriebsgesellschaft mbH 100%
  - Yello Strom GmbH 100%
  - EnBW Benelux B. V. 100%
  - EnBW Energia España, S. L. 100%
  - EnBW Energie-Vertriebsgesellschaft mbH, Wien 100%
  - EnBW Italia SPA 100%
  - EnBW Polska Sp. z. o. o. 100%
  - ESC Energy Solutions GmbH 100%
- EnBW Transportnetze AG 100%
- EnBW Regional AG 100%
  - EnBW Ostwürttemberg DonauRies AG 99.3%
  - Elektrizitätswerk Aach eG 100%
  - Energieversorgung Gaildorf OHG 50.0%
  - Elektrizitätswerk Calw GmbH 49.0%
  - Energieversorgung Rottenburg am Neckar GmbH 49.0%
  - Elektrizitätswerk Mittelbaden AG 34.7%
  - Stadtwerke Karlsruhe GmbH 20.0%
  - Energie- und Wasserversorgung Bruchsal GmbH 25.1%
  - Stadtwerke Freudenstadt GmbH 25.1%
  - EnBW Energieversorgung Rottweil GmbH & Co. KG 25.1%
  - Stadtwerke Sindelfingen GmbH 16.6%
  - Stromversorgung Sulz am Neckar GmbH 10.0%
  - Fernwärme Heilbronn GmbH & Co. Besitz KG 100%
  - Fernwärme Unterland GmbH 100%
  - Fernwärme Rhein-Neckar GmbH 50.0%
  - Fernwärme Ulm GmbH 50.0%
  - DiTRA Gesell. f. Kabelnetze u. Telekomm. mbH 100%

	Energy Generation
	Energy Marketing
	Energy Distribution
	District heat
	Gas
	Disposal
	Industry and Services
	Other Holdings

[1] The composition of the shareholding as a whole in accordance with Section 313, para. 2 and Section 285, no. HGB (German Commercial Code) is deposited with the Commercial Register of the District Court in Karlsruhe (Amtsgericht, Dept. B No. 11 HRB 7956).

- EnBW Gas GmbH 100%
  - Badenwerk Gas GmbH 72.0%
  - EVS-Gasversorgung Nord GmbH 60.0%
  - Gasversorgung Dornstadt GmbH 50.0%
  - EVS-Gasversorgung Süd GmbH 51.0%
  - Gasversorgung Pforzheim Land GmbH 49.0%
- EnBW International GmbH 100%
  - Rojana Power Company Ltd. 39.0%
  - Amata Power Ltd. 30.0%
  - Amata Power (Bien Hoa) Ltd. 12.5%
- GESO Beteiligungs- und Beratungs-AG 63.3%
  - ESAG Energieversorgung Sachsen Ost AG 79.4%
  - DREWAG – Stadtwerke Dresden GmbH 35.0%
  - Prazská energetiká a.s. 16.8%
  - Prazská teplárenská a.s. 21.6%
- Budapesti Elektromos Müvek Rt. (ELMÜ) 25.2%
- Észak-Magyaroszági Áramszolgáltató Rt. (ÉMASZ) 25.0%
- Mátrai Erömü Rt. 21.5%
- Watt AG 24.5%
- Neckarwerke Stuttgart AG 25.7%
- Kraftübertragungswerke Rheinfelden AG 17.4%
- U-plus Umwelt-service AG 100%
  - Bautrans Umweltservice GmbH 100%
  - R-plus Recycling GmbH 100%
  - S-plus Umwelt-service GmbH 100%
  - T-plus GmbH 100%
- Thermoselect Südwest GmbH 100%
- Thermische Abfallentsorgung Ansbach GmbH 51.0%
- Thermoselect AG 25.1%
- EnBW Telekom-munikation GmbH 100%
  - tesion Communika-tionsnetze Südwest GmbH & Co. KG 50.0%
  - NOVACOM Telekom-munikation GmbH 25.0%
- EnBW Service GmbH 100%
- EnBW Gesellschaft für Messung und Abrechnung mbH 100%
- EnBW Immobilien GmbH 100%
- Facilma Grundbesitz-management und -service GmbH 100%
- EnBW Venture Capital Beteiligungs-gesellschaft mbH 100%
- Rheinmetall Elektronik AG 32.9%
- Salamander AG 27.1%
- DIW Deutsche Industrie-wartung AG 24.9%
- TDL Gesellschaft für anlagentechn. Dienste und kaufm. Leistungen mbH 100%
- STOCK Beteiligungs-gesellschaft mbH 100%

Correct as of March 2000

Energy

Market holds great challenges for all business segments

The past year brought major challenges not just for the sales and marketing departments, but also for electricity brokerage, generation and transport. Falling electricity prices mean that great efforts have to be made to optimize all areas and to reduce costs.

DM million	1999	1998	Change in %
External sales	7,478	7,700	– 2.9
of which:			
Electricity	6,981	7,488	– 6.8
Gas	183	120	+ 52.5
District heat	92	92	+/– 0.0
Electricity tax	222	0	not relevant
Operating result	1,083	1,477	– 26.7
EBITDA*	1,551	2,345	– 33.9

* Net income/net loss for the year before adjustment for interest, tax on income and profits, profit-pooling and depreciation

Electricity sales up 6.8 %

In 1999, EnBW was successful in gaining new customers thanks to its aggressive, customer-centred strategy: Electricity sales were 54.7 billion kWh, which was 6.8 % higher than in the previous year and partly offset the lower prices. The growth was mainly in sales to industrial clients. EnBW has earned a reputation as the most innovative company in the market, and become the market leader for groups of companies and the hotel and beverages sectors.

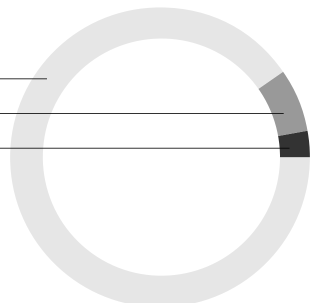
We cemented relations with almost all the roughly 100 municipal utilities and power supply companies in Baden-Württemberg by adapting existing contracts to the new conditions and concluding new contracts with municipal utilities outside Baden-Württemberg.

The electricity sold came mainly from our own EnBW power stations grouped in EnBW Kraftwerke AG, as well as from purchase contracts. EnBW Kraftwerke AG supplied a total of 44.7 billion kWh of electricity, 1.1 billion kWh less than in 1998. The rest was bought in on the market by EnBW Gesellschaft für Stromhandel mbH, which optimizes the purchase of electricity for EnBW.

District heating sales in 1999 were approximately 1.7 billion kWh_{th}, 3.9 % down on the previous year.

Energy sales of EnBW Group in 1999

Electricity	54.7 billion kWh
Gas	4.1 billion kWh
District heat	1.7 billion kWh_{th}



Gas sales up 65 %

In spite of the mild weather, gas sales also grew approximately 65 % in 1999 compared with 1998, reaching 4.1 billion kWh. This increase can be put down to new domestic and industrial customers and to changes in the scope of consolidation. Through a share exchange, EVS-Gasversorgung Süd GmbH was included for the first time.

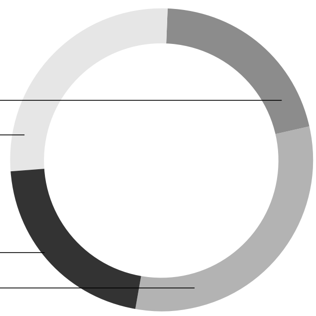
Through our wholly-owned subsidiary EnBW Gas GmbH, EnBW has the know-how and wherewithal to compete in the developing gas sector. We can exploit synergistic effects in the demand for electricity and gas to the benefit of our customers. At the same time, we see good prospects for setting up partnerships in Germany and in Europe. New fields will open up as a result of developments in the Baden-Württemberg gas market. EnBW has already established a presence in several regions and acquired further equity interests in 1999.

EnBW even closer to its customers

The central focus of EnBW's sales, public relations and marketing activities in 1999 were measures to attract customers and develop customer loyalty. As competition has grown, customers no longer automatically come to us as electricity consumers and so we have to go to our customers – our existing client base in Baden-Württemberg, private customers throughout Germany and industrial customers in Germany and Europe. In 1999, we developed various sales channels, geared to the needs of different target groups.

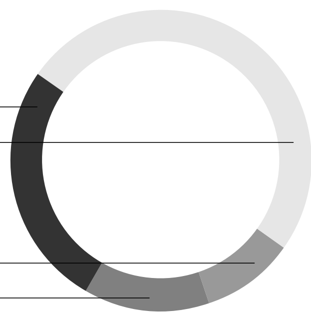
Electricity sales by EnBW Group in 1999 by customer group

Private customers	21.1 %
Industrial customers	26.8 %
Interconnected power companies	20.8 %
Electricity supply companies	31.3 %



Electricity production by EnBW Group in 1999 by primary energy source

Coal, oil, gas	26.4 %
Nuclear energy	50.1 %
Water	10.0 %
Primary energy unknown	13.5 %



EnBW no. 1 in the private customer market with Yello

If one event characterized developments in the electricity market in 1999, it was the opening up of competition in the private customer sector. EnBW has played an active part in shaping this market and established itself as the no. 1 supplier. Yello Strom GmbH, a wholly-owned subsidiary of EnBW Energie-Vertriebsgesellschaft mbH headquartered in Cologne, set new standards in price structuring, PR and marketing – and in the measure of its success. With the slogan "Gelb. Gut. Günstig" and a comprehensive PR and marketing concept, Yello established itself within a few weeks as the leading and by far highest-profile electricity brand in Germany. By the end of 1999, the company had gained some 200,000 customers. Although the very attractive and straightforward offer quickly attracted many imitators, it remains the benchmark today.

Yello also departed from familiar ground in its marketing. For example, "yellow electricity" was sold through the Otto catalogue and the electronics chain Red Zac. In 2000, Yello is also getting into e-commerce in a partnership with AOL.

The objective of this ground-breaking campaign is to acquire 25 to 30 % of the electricity customers willing to change suppliers (10 % of 43 million electricity customers overall). With a market volume of DM 43 billion, this means a share of approximately DM 1.3 billion.

Pioneers in product design

A few weeks before the launch of Yello, EnBW became the first German energy company to offer its 1.8 million private customers in Baden-Württemberg different product options rather than just lowering prices. With EnBW Garant, customers can choose a contract period of 20, 40 or 60 months. A similar offer was made to industrial clients. The basic idea of Garant is: the longer the contract, the cheaper the electricity.

And EnBW remains flexible in its response to further market developments: Garant prices have already been reduced, first by 3 %, and then in September by a further 10 %. On 1 January 2000, EnBW reacted to electricity price rises resulting from the enactment of the second stage of the environmental tax with a further reduction of 0.5 Pfennig. As a result, Garant customers suffered no additional increase in electricity costs.

Customer Care Centre: a central contact point for all customer queries

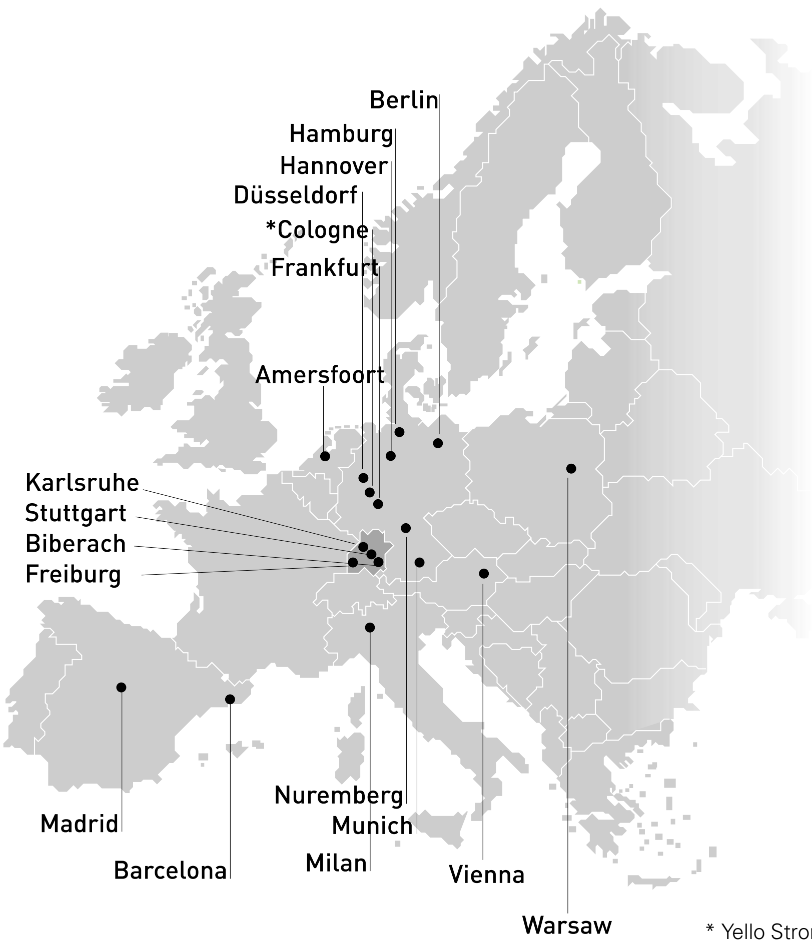
Since June, EnBW and Yello customers have had a 'hotline' for queries about these new products, their electricity bills or anything else relating to power supply: the Customer Care Centre (CCC) is reachable from all over the country on 08 00-9 99 99 66. The CCC can be contacted round the clock and is the central enquiry point for EnBW customers and anyone interested in the company and its products. This comprehensive customer care concept is an idea borrowed from the USA.

The CCC is equipped with the most up-to-date technology. Every day, the customer care staff, now numbering over 300 employees, answer around 5,000 calls and deal with all customer correspondence.

Branch network built up

EnBW's objective is to establish a strong position in Europe, as well. The industrial market is European and has a European perspective. Our customers want to be supplied by us not just in Germany, but in locations throughout Europe, and want to have local service points. In order to meet these requirements and compete in the markets opening up in Europe, EnBW Energie-Vertriebsgesellschaft mbH has systematically built up a network of branches. EnBW is represented throughout Germany from Berlin to Munich; our branches in Austria (Vienna), Italy (Milan), Spain (Madrid and Barcelona), the Netherlands (Amersfoort) and Poland (Warsaw) are leading the advance into new markets. Initial successes were posted over the last year. EnBW Austria has already gained a number of major customers. The Milan office has also established a foothold in the market.

EnBW locations in Europe



* Yello Strom GmbH

Electricity brokerage: key role in the deregulated market

Electricity brokerage plays a key role in the deregulated market: on the one hand, optimizing the purchase of electricity within the Group, and on the other, covering supply risks as an instrument of risk controlling/risk management. Finally, as a new business sector, it offers new opportunities. In line with its overall strategy, EnBW has entered the market aggressively. The aim was and is to develop a dynamic trading division via EnBW Gesellschaft für Stromhandel mbH and to contribute to the expansion of the market in the wholesale area. Major steps were made on both fronts in 1999.

Increasing volume of trade

EnBW Gesellschaft für Stromhandel mbH was able to increase its volume of trade month on month in 1999 and it finally reached 10 billion kWh. As a result, the company more than offset the reduction in margins at the trading company. Risk controlling and risk management were developed and expanded in a focused and systematic manner. The company increased the workforce constantly to keep pace with this growth.

The subsidiary Skandinavisk Kraftmegling (SKM) also expanded, opening up new business areas in its home market in Scandinavia and entering new markets with the existing brokerage and consulting businesses. Five brokers are now working on the central European market from a Frankfurt branch.

EnBW helps energy exchange breakthrough

Covering risks is the most important function of an energy exchange. However, it can only fulfil this role if there is an adequate trading volume and it becomes the heart of the deregulated European energy market. EnBW Gesellschaft für Stromhandel mbH has therefore devoted considerable efforts to developing the concept of a bourse-type trading centre and helped the European Energy Exchange (EEX) achieve a breakthrough. EnBW Gesellschaft für Stromhandel mbH will be investing in EEX equity in 2000.

Expansion course to continue

In 2000, EnBW Gesellschaft für Stromhandel mbH expects a further increase in the volume of business. Derivative trading in particular will give the market new impetus and prepare for and anticipate the start-up of the EEX. EnBW Gesellschaft für Stromhandel mbH is well prepared for this development and views it very positively in view of the new business opportunities it will provide. To make the best of these opportunities, the Group will create attractive new jobs in 2000.

Production further optimized

Falling electricity prices are exerting pressure on power generation. Political considerations are also affecting the business situation: the discussion about abandoning nuclear power continues; the groundwater tax pushes up production costs; the government has intervened in the market with subsidies for combined heat and power facilities. Nonetheless, EnBW Kraftwerke AG, where our production capacity is concentrated, came a step nearer its aim of achieving a strong position in the market. Measures to improve efficiency began to bite: processes were optimized and the reorganization of the Philippsburg nuclear power station was successfully completed. Not least because of these improvements as well as the ready availability of capacity the plant produced over 18 billion kWh, the highest production figure in the history of the two power units. The other power stations matched the high level of performance seen in previous years.

Further production capacity in eastern Germany and Austria

In June 1999, Block S of the Lippendorf lignite-fired power station, in which EnBW Kraftwerke AG has a 50 % holding, supplied electricity to the grid for the first time. Management of the works was transferred to VEAG in December.

EnBW Kraftwerke AG took over operational management of the Illerkraftwerke in July 1999. Since the beginning of 2000, EnBW has been taking 75 % (about 1 billion kWh per year) of the peak electricity generated in the Obere Ill-Lünersee power station group of the Vorarlberger Illwerke AG, increasing its share from the previous 50 %. This co-operation means EnBW can rely on even more electricity from water power and supply the Austrian market in particular from production close to the point of consumption.

Coincineration of sewage sludge in Heilbronn

In the Heilbronn power station, sewage sludge has been mechanically dehydrated and burned with other fuel since April 1999. By this means, EnBW Kraftwerke AG has opened up an important alternative and ecologically sound way in which to dispose of municipal sewage sludge and at the same time improved the profitability of the power station.

Applications for building of intermediate storage depots for fuel rods

In December, we submitted an application for the construction of an intermediate storage depot for the Philippsburg nuclear power station in accordance with Article 6 of the law on atomic energy. We also sought approval to store spent fuel elements temporarily in the transport or storage containers. The background to these moves is the fact that the storage capacity in the fuel element storage areas in the power units will be exhausted by 2001 at the latest. We are currently negotiating with the local authorities to construct the intermediate storage depot.

At the Obrigheim nuclear power station – so far the only German nuclear power station to have an intermediate storage depot on site – the first fuel elements have been stored since September 1999. EnBW Kraftwerke AG has a 63.1 % share in this power station.

EnBW's own production remains a key competitive factor

We aim to develop our power station facilities through "best practice" measures to improve efficiency and use all possible means to reduce costs. However, this crucial task is becoming increasingly difficult as the remaining scope for savings narrows.

An important goal in 2000 is to solve the considerable problems at the Mannheim power station with the two other companies involved.

In our competitive field, it is evident that municipal energy utilities and regional companies want increasingly to pull out of power generation. During the current business year, EnBW will have to decide whether to intervene with financial investments. Generating its own electricity remains a key factor for EnBW.

Power station capacities of EnBW

Own plants	**Electrical outpout**
Philippsburg nuclear power station	2,248 MW
Heilbronn combined heating and power station	878 MW
Rheinhafen steam power station Karlsruhe	815 MW
Rudolf-Fettweis station, Forbach	68 MW
Illerkraftwerke	46 MW
Marbach power station (cold reserve)	399 MW
Total	**4,454 MW**

Plants, partially-owned power stations and electricity purchased	
Nuclear power stations	3,586 MW
Coal-fired power stations	2,629 MW
Gas-/oil-fired power stations	982 MW
Run-of-river power stations	340 MW
Storage power stations	2,421 MW
Total	**9,958 MW**

Important participating interests and purchase contracts	**Proportional output**
Bexbach power station	468 MW
Mannheim power station	550 MW
Lippendorf power station (being commissioned)	466 MW
Schluchsee stations	931 MW
Neckar joint power station	311 MW
Obrigheim nuclear power station	214 MW
Leibstadt nuclear power station	77 MW
Purchase contract with EDF	735 MW
Illwerke, Vorarlberg, Zemm-Ziller and Sellrain-Silz	1,310 MW

Mains networks: big increase in demand for transit

The effects of electricity market deregulation on mains network operations is exemplified by the increase in transit requests the network companies receive. At the same time, revenue is falling, especially in the system services area. In December 1999, EnBW experienced a surge in demands in the aftermath of hurricane "Lothar".

EnBW in favour of transparent mains access at competitive prices

From EnBW's point of view, the natural monopoly of mains network installations should not hinder competition. Given the greatly increased demand for transit, EnBW Transportnetze AG, which runs EnBW's ultra-high-voltage network, has therefore set up a new "EnBW Network Access Service" division to deal with all the transit enquiries for all the companies in the Group.

In addition, in the past year, the company has completed a study started in 1998 to compare German and European network costs and to optimize network structures over the long term. We will gradually introduce the findings into our network planning.

Hurricane causes DM 33.1 million of damage to the EnBW network

In December 1999, hurricane "Lothar" caused EnBW damage totalling DM 33.1 million. The main areas affected were the medium- and low-voltage networks, i.e. the regional distribution network of EnBW Regional AG. In the nine regional centres and the 100 or so decentralized units in Baden-Württemberg, all available staff were deployed so that the majority of customers had their supplies restored within just a few hours. Emergency generating sets were used where blocked roads or storm and snow debris hindered the work.

New tasks resulting from amended "federation agreement"

The amendment of the "federation agreement" (federation agreement II), in which the supplier and customer associations stipulate the conditions for network access, specifies that a network connection and network utilization contract must be concluded with each individual customer. In 2000, this will result in a raft of administrative tasks, particularly for EnBW Regional AG, such as contract administration and management and setting network user charges.

As we have adapted our network user charges to market conditions, we expect some loss of revenue in the ultra-high and high-voltage areas, but still count on a satisfactory result.

The EnBW electricity supply network (length per voltage level)

380 kV	1,787 km
220 kV	1,701 km
110 kV	6,215 km
20 kV	23,828 km
0.4 kV	49,010 km

Participating interests abroad: focus on Europe and Asia

In the framework of our strategy, the main emphasis of our activities abroad is on Europe. Outside Europe, EnBW is concentrating on certain target countries in the growth markets of Asia. The focus is on high-yield projects, particularly in the generating sector, since in Asia – in contrast to most European countries – generating capacity is lacking.

In order to identify and evaluate promising projects, and acquire participating interests, we consolidated ongoing prospecting activities in the report year to set up EnBW International GmbH as an internal service. This company is also responsible for management of our participating interests outside Europe.

Our holdings in Thailand are developing as planned. The power stations came on stream in 1998 and 1999 or are under construction. It will be some years before a positive operating result and dividends can be expected.

EnBW is already a presence in the energy market gradually opening up in Eastern Europe. In Hungary, it has holdings of 25.2 % and 25 % respectively in the Budapest power utility ELMÜ and in the Northern Hungarian supply company ÉMASZ, as well as 21.5 % of MATRA Kraftwerk AG. This gives us a platform from which to seize opportunies offered by the start of deregulation in Hungary. The main thrust will be in the area of combined heat and power plants in locations close to the customer.

We also have some highly promising projects in the Czech Republic and Poland, where our interests are represented by GESO Beteiligungs- und Beratungs-AG.

In 2000, EnBW will be making every effort to acquire further European equity interests, particularly in the markets opening up in Eastern Europe, as well as holdings in power stations in Asian growth markets.

Disposal

Segment sales up 17.4 %

After the successful restructuring of U-plus Umweltservice AG, the Disposal business segment made satisfactory progress in 1999, despite difficult operating conditions. The company contributed DM 461.5 million to Group sales, 17.4 % up on 1998. The operating result of the segment was a loss of DM 64 million, compared with a profit of DM 3 million the previous year. This was due to costs arising from the start-up of Thermoselect Südwest GmbH, due to delays and work carried out in connection with the commissioning of the Thermoselect plant in Karlsruhe.

DM million	1999	1998	Change in %
External sales	461	393	+17.4
Operating result	– 64	3	not relevant
EBITDA*	40	53	– 24.5

* Net income/net loss for the year before adjustment for interest, tax on income and profits, profit-pooling and depreciation

Some of the activities in this segment were combined in 1999: EVAS Thermik GmbH, a wholly-owned subsidiary, was integrated into the U-plus Group under the name of T-Plus GmbH, and the headquarters of the company moved from Stuttgart to Ettlingen, Karlsruhe, to the headquarters of U-plus.

U-plus has a network of small- and medium-sized subsidiaries and the integration of T-plus significantly extends its offering across the entire range of services in the field of municipal waste management.

Waste disposal market still beset by problems

In the German waste disposal market, differing environmental standards in the various Lands resulted in substantial differentials in waste disposal pricing, thus distorting competition. The market continued to be affected by divergent interpretations of the life cycle management law. The law does not clearly define the kinds of refuse to be classified as waste for recycling, which can be handled by private companies, as opposed to waste for disposal, which is the responsibility of municipalities. In the face of declining supplies from the commercial sector, many district authorities now interpret the regulations to their own advantage. At the same time, they are becoming increasingly active themselves as competitors in this sector. Finally, among local authorities there is a growing interest in the privatization of waste disposal activities.

U-plus: result almost doubled

In spite of these difficult operating conditions, U-plus successfully pursued its course of consolidation, generating a net income for the year of DM 14.2 million – double that of 1998 – on external revenues of DM 452 million. With the integration of T-plus GmbH, the subscribed capital was increased by around DM 0.2 million and DM 19.8 million was transferred to the capital reserve. Over the year, U-plus had an average of 1,756 employees.

U-plus was able to consolidate its market leadership in the area of commercial waste disposal in Baden-Württemberg. Investments focused on a systematic modernization of the sorting facilities.

Uneven development in the sector companies

The sector companies of U-plus showed uneven development in 1999. The regional disposal companies further improved their market positions as all-round disposal partners for commercial and industrial companies in Baden-Württemberg through a number of acquisitions and the conclusion of basic agreements beyond the regional boundaries and in some cases on a national level. All the regional companies generated a positive operating result. Sales rose to DM 319.9 million, up 20.3 % compared with the previous year.

In spite of persistent price and cost pressure, U-plus continues to rely on top-quality recycling technology. It streamlined its own recycling facilities for metal, electronic scrap and refrigerators. In the organic waste and demolition wood sectors, the market situation is difficult, mainly due to the low price of recycled products. The company has addressed the problem by restructuring.

U-plus is in a stronger position in the sewage sludge recycling and disposal market. The key factor was sewage sludge incineration as part of the fuel mix at EnBW's Heilbronn power plant. The company became active in the area of sludge drainage in England and France.

Development continued at the Vehicle Recycling division, which U-plus operates with partners.

T-plus, formerly EVAS Thermik, has concluded several municipal contracts for residue disposal starting in 2005. In the Neckar-Odenwald district, T-plus is building a pilot plant for mechanical-biological waste treatment based on the 'ISKA' concept (integrated material- and customer-oriented waste management).

Market position further strengthened

Comprehensive know-how in the fields of logistics, recycling and waste disposal is a sound basis for U-plus to build on its strong position in the southern German disposal market. This applies both to the implementation of total solutions for commercial and industrial customers, and to joint ventures and privatization projects with local authorities. Despite the continuing adverse market, U-plus plans further growth of sales and earnings.

Thermoselect Südwest: Karlsruhe plant starts regular operations

During the report year, Thermoselect put the effectiveness of its technology to the test: In February 1999, the first of the three thermal processing lines began converting refuse to synthesis gases and recyclable granulates. The second line came on stream in mid-March and the third in April 1999.

During the pilot phase, now concluded, the facility was optimized by the supplier, numerous technical improvements were made and components upgraded. As a result of these optimization measures – by no means unusual during the commissioning of a major technical installation of a novel type – the plant did not reach its full operating capacity of 225,000 tonnes per year.

In November 1999, the authorities in Karlsruhe gave their approval for the start-up of operations under controlled conditions. Between 24 February and 21 March 2000, comprehensive testing performed as part of these operations proved the environmental compatibility of the innovative Thermoselect process. In regular operations, with three processing lines, emissions were well below the legally permitted levels and the even stricter limits required for approval. Only the combustion chamber – which is required only in the event of a system breakdown – failed to reach the extremely strict approval levels for heavy metals, though it was within legal requirements. A modification proposal was submitted to the Karlsruhe authorities.

Another Thermoselect plant is under construction at Ansbach. In February 2000, the planned facility at Hanau received approval under pollution control legislation for construction and operation.

Industry and Services

Upward trend

Overall, the Industry and Services business segment, with the divisions Telecommunication, Building and Property Management and Innovation, turned in a pleasing performance in 1999.

DM million	1999	1998	Change in %
External sales	102	57	+ 78.9
Operating result	94	50	+ 88.0
EBITDA*	370	258	+ 43.4

* Net income/net loss for the year before adjustment for interest, tax on income and profits, profit-pooling and depreciation

Telecommunications develops well

EnBW's telecommunications business showed a gratifying picture in 1999. The Group's flagship in this sector is tesion)) Communikationsnetze Südwest GmbH & Co. KG, in which EnBW, via EnBW Telekommunikation GmbH (formerly Telekommunikationsholding Südwest GmbH), and Swisscom each hold a 50 % interest. tesion)) is included in the Group consolidation at equity.

tesion)) trebles its sales

At tesion)), the pleasing progress of the previous year was sustained in 1999. Sales trebled to reach DM 100 million. The number of employees rose from 200 to 300. tesion)) plans to continue this growth in 2000, aiming to double sales and increase its payroll by 50 % to 450.

Recognized consulting and problem-solving competence

The key to success at tesion)) is its consulting and problem-solving competence, particularly for the target group of small and medium-sized businesses. But the company also achieved success with major customers: the government agencies of Baden-Württemberg Land authorities place their calls via tesion)).

tesion))'s services – integration of basic services such as voice, data and Internet communications; value-added services; voice and fax mail and e-commerce solutions – have received expert recognition: a readers' poll in the journal "Telecom Handel" voted tesion)) the phone company of the year in 1999. tesion)) was one of the first German telecoms companies to gain quality and environmental certification.

Further expansion planned

In 2000, tesion)) plans to expand beyond its regional stronghold. It is developing an optical fibre network to cover the whole of Germany, to become more independent from Deutsche Telekom AG. The company is investing a total of over DM 200 million in network expansion in 2000. Unlike other telecommunications network operators, tesion)) built up its own infrastructure early on and already covers the whole of Baden-Württemberg with an optical fibre network with an overall length of around 3,000 km.

From 2000, tesion))'s business customers will benefit from a broader range of services. In cooperation with the mobile phone operator E-Plus, it has added mobile communications to its offering. Both partners are currently working to harmonize services and make their products compatible, in order to offer innovative telecom solutions.

Joint development of powerline technology with Siemens

EnBW and tesion)) have been testing powerline technology since 1998 and now have over 100 test customers at three locations in Baden-Württemberg. Powerline communications technology (PLC) uses the electricity grid for data transmission, providing a permanent high-speed connection to the global data network. The results so far are very promising and customers are showing great interest.

At the beginning of 2000, EnBW decided to push forward the development and marketing of PLC with Siemens. A joint venture is planned. Both partners consider the commercial potential of PLC technology to be excellent and intend to bring forward the market launch by combining EnBW's comprehensive operational expertise with Siemens' powerful system development capabilities.

Possibility of utilizing broad-band networks

EnBW's telecommunications activities are complemented by the newly established DiTRA Gesellschaft für Kabelnetze und Telekommunikation mbH. DiTRA operates and markets EnBW's cable television network. It currently has 39,000 customers in 36 municipalities in Baden.

DiTRA is cooperating with tesion)) on a pilot project to exploit broadband cables for telephony. It is also planning an attractive multi-media service in cooperation with Bertelsmann AG.

Central services sectors integrated in EnBW Service GmbH

EnBW's know-how in administrative and commercial management (accounting, controlling, finance, legal affairs), purchasing and logistics, human resources, information technology and public relations was integrated on 1 January 1999 in EnBW Service GmbH, a wholly-owned subsidiary of EnBW. It provides central services for all Group companies, allowing them to concentrate on their core businesses.

A particular challenge for EnBW Service GmbH was the competition in the electricity market in the areas of employee training and information technology. This was also the focus for investment. Ongoing training of employees and advances in information technology will remain key corporate goals in the future.

Metering and billing know-how offered to external customers

EnBW's know-how in the field of metering and billing is concentrated in the wholly-owned subsidiary EnBW Gesellschaft für Messung und Abrechnung mbH. It has established itself in the past year as a customer- and market-oriented company and increased its payroll. In future, it will not only offer its services internally, but also exploit the potential of the external market. More and more power suppliers outside the Group, e.g. municipal utilities, are outsourcing metering and billing, because the liberalization of the market and other factors (such as euro readiness of the software) have placed increasing demands on accounting software and pushed up costs as a result. EnBW Gesellschaft für Messung und Abrechnung mbH has developed marketing activities to win over such customers. It is expecting to conclude the first contracts in 2000. Internally, services for Yello will play a key role in the future.

Restructuring in the property sector

Facilma Grundbesitzmanagement und -service GmbH became a wholly-owned subsidiary of EnBW Energie Baden-Württemberg AG on 1 October 1999. In its start-up phase, it was supported with market know-how by minority shareholder HSG Philipp Holzmann Technischer Service GmbH. This connection was ended by mutual agreement, although cooperation is continuing on an operational level.

The reorganization also affected EnBW's property activities. On 1 January 2000, EnBW Immobilien GmbH took over as owner of EnBW's properties, leaving Facilma free to focus on its service role.

Winning new customers

The Facilma team succeeded in gaining customers outside the Group with its services in the facility management sector. In addition, Facilma offers the EnBW Group comprehensive building and property management services, ensuring that optimal use is made of its properties.

Further expansion of target segment activities in 2000

In 2000, Facilma will further expand its regional activities in the customer segments of industrial and service companies, small and medium-sized businesses, municipalities and owners of special properties. It also provides service support in specific areas for EnBW Energie-Vertriebsgesellschaft mbH.

Reorganization of venture capital activities

The Innovation division was also restructured in 1999. innotech Beteiligungsgesellschaft mbH & Co. KG took over the responsibilities of INNOTECH Innovationen und neue Technologien Beteiligungs GmbH. As a venture capitalist, it provides fledgling technology enterprises with resources for financing as well as active help in building up the company – from product development, through market launch to establishing a foothold in the market.

In future, EnBW Venture Capital Beteiligungsgesellschaft mbH will act as an intermediate holding for EnBW's venture capital activities. It was created by renaming INNOTECH Innovationen und neue Technologien Beteiligungs GmbH.

The interest in risk capital and in support from EnBW showed a clear increase in 1999. Three further equity holdings were acquired; other ongoing projects in 2000 will lead to EnBW participation.

In this sector, too, the dominant trend is towards electronic media and related business ideas; e-commerce and Internet applications were therefore a particular focus for innotech.

Other Holdings

Salamander AG: foundation laid for improved results

The positive effects of the comprehensive restructuring measures in the shoe sector became apparent in 1999. Revenue from the sale of property offset the cost of measures to increase earning potential.

The result in the Services division was adversely affected by the reframing of the legislation on low-pay employment (DM 630 pay threshold on which no tax or benefit contributions are paid) and on continued salary payment in the event of illness. In the Industrial Products division, the muted business environment put a damper on sales and earnings in leather fibre materials.

The sustained vigorous growth in the Services division and the measures taken in the shoe sector are the basis for further growth. With around 12,200 employees, the Salamander Group generated sales of DM 1.6 billion in 1999.

Rheinmetall Elektronik AG: restructuring creates powerful Group

Via Rheinmetall Elektronik AG, EnBW holds a stake in ADITRON AG, a publicly listed electronics company, specializing in vehicle electronics, information and communications technology, as well as security systems.

Rheinmetall Elektronik Group, which has 5,600 employees, generated sales of DM 1.3 billion in 1999. It aims to increase turnover beyond the DM 2 billion mark through internal growth and acquisitions.

AGIV AG: parts of core business sold

Via our holding company Stock Beteiligungsgesellschaft mbH we have a 10 % stake in the publicly listed company AGIV AG. In recent years, AGIV has transformed itself from a diversified holding into an engineering and metrology group. However, in the report year, the company began to sell off key parts of its core business. The reason for this was the failure of the main shareholder, BHF-Bank AG, to dispose of its stake. The net proceeds from the sale of equity holdings should flow to the other shareholders.

Employees

EnBW creates new jobs

On 31 December 1999, EnBW Group had a total of 12,983 employees (including apprentices), 440 more than at the end of 1998. However, in certain sectors such as power generation and supply, the offer of early retirement and part-time working for older employees led to a drop in the payroll. By contrast, in marketing and related activities, many attractive new jobs were created. Some of these were offered to people already employed by the Group, in some cases with retraining opportunities; others were advertised externally.

Employees of EnBW Group as at 31 December 1999

Energy	8,663
Disposal	1,842
Industry and Services	2,409
Holding	69
Total	**12,983**

Leadership principles affirmed: self-reliance and delegation

A company can succeed only if everybody pulls together and pursues the same goals. EnBW is constantly striving to develop its corporate culture and forge a sense of togetherness and common purpose among its employees. An important basis for this was established in 1999 with the publication of our Group "leadership principles". These set out binding principles for the management of personnel and for how we deal with each other generally. The core principles are self-reliance and delegation of responsibilities on the basis of agreed goals. On the one hand, it should be clear to every employee how he or she can best contribute to the Group's success. On the other, employees should examine what they are doing and question whether it really serves the Group's interests. The principles are also the basis for individual performance assessment. A key instrument in the implementation of these guidelines and principles is an annual discussion between line manager and employee.

In order to embed these leadership principles in everyday working life on all levels of the company and at all locations, we continued to develop the integrated training concept for management and employees that was launched in 1998. The goal is to ensure that key strategic themes are communicated throughout the EnBW Group, to the different companies and to all levels of organization within them. In 1999, all managerial staff and all employees of EnBW had an opportunity to inform themselves about the new leadership principles and instruments, and to try them out in practice.

Greater flexibility thanks to new part-time working agreement

Our employees know how best to organize their work for maximum efficiency. Recognizing this, we want to offer them the possibility of determining their own working hours to suit their personal needs, in consultation with their teams or departments, and as far as the task in hand allows. As part of the systematic implementation of the leadership guidelines and the delegation principle, EnBW introduced flexible working hours at the beginning of 1999.

Benefit plans harmonized

The foundation of EnBW Regional AG and EnBW Service GmbH in 1999 marked the legal completion of the merger. But a further step in the actual integration of the Group is the harmonization of the company benefit plans. After intensive negotiations between employer and employees, benefits for employees of the energy companies of EnBW Group, who joined before 1 March 1998, were harmonized with effect from 1 July 1999. Employees who joined after 1 March 1998 already have standardized benefit packages.

New management trainee programme in pilot phase

Since the end of 1999, EnBW's energy companies and tesion have been testing a new training concept for the managers of the future. The objective and approach of this ambitious initiative are designed to establish a completely new platform for filling management posts from within our own ranks. In future, we aim to give 15 employees with good leadership potential the chance to prepare themselves for a future role in company management. Candidates will undergo a detailed selection process in which their leadership qualities are assessed, initially by a representative of management, and in a second phase by an assessment centre. After completion of the pilot phase, the first programme is set to begin in autumn 2000.

Apart from nurturing future managerial talent, the scheme will establish a network of management personnel through an intensive interchange among participants from the various EnBW companies.

Customer Care: fit for the challenges of competition

The start of competition in the private customer market and the establishment of our Customer Care Centre (CCC) have brought a huge growth in the Group's training requirements in the areas of marketing and customer care. In a new four-week programme, the so-called "agents" in the CCC front office are prepared for their role as the contact person on the customer "hotline". The programme includes telephone training, knowledge of products and courses on energy-specific know-how, specialized computer training and intensive courses in call-centre-specific processes. We have also developed a special familiarization programme for the new team leaders in the Customer Care Centre.

Reorganization of continuing education and training

In the last quarter of 1999, we began to reorganize our personal development and training activities at EnBW and give them a new direction. Through professionally organized customer- and market-oriented personal development and training courses, managers and employees, we aim to provide managers and employees with the best possible support in their efforts on behalf of the company.

The competitive environment places great demands on our employees. In 1999, they faced the task of maintaining EnBW's challenge at the forefront of the deregulated energy market. We would like to thank them for the commitment they have shown. We are also grateful to the works councils, the representative bodies for executive staff and the youth representatives of the EnBW Group companies for their constructive contribution and the confidence they have placed in us.

Yellow – as in Yello

Until August of last year, "yellow" conjured up many things: pollen or a traffic light, honey or sulphur, vanilla pudding, the sun, bananas or a New York cab. But one of the last things you'd think of would be electricity.

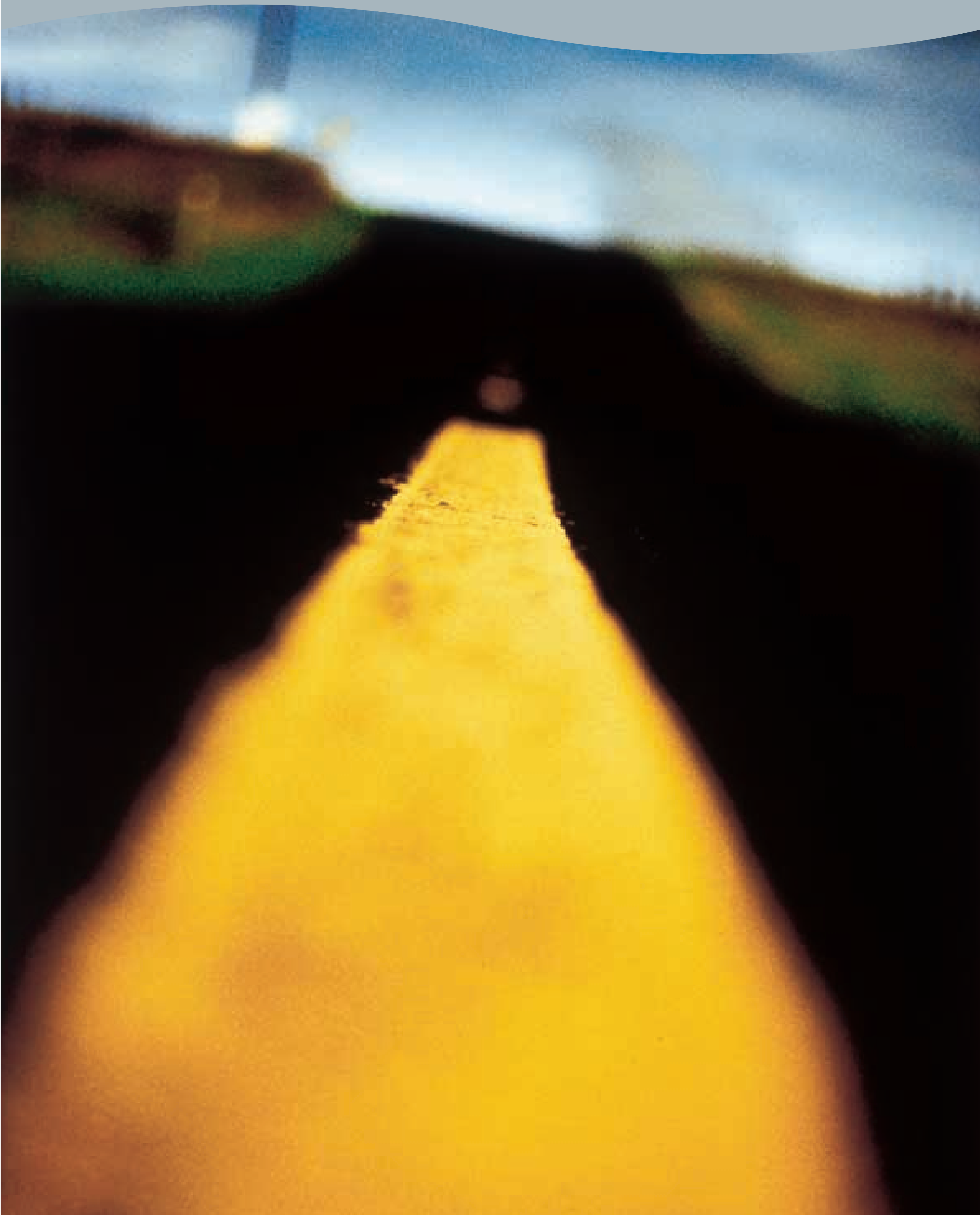
All that changed in August 1999. Since then, electricity – or at least the Yello brand of electricity – is one of the things that springs to mind when you see yellow.

But with Yello electricity, yellow is more than just a colour – it is a programme: fresh, smart and good-humoured. Through its original approach, the EnBW offshoot has given electricity an emotional dimension. Thanks to Yello, electricity has become a brand product.

From the moment competition took off in the domestic electricity market, the newcomer from Cologne set the pace. And kept its nose in front – true to our motto: Enterprise with energy.

In the following pages, we give some examples of the impact of yellow in art, nature and everyday life.

Photograph by Steve Bonini



Photograph by Hans Hansen

Painting by J. M. W. Turner
Light and Colour (Goethe's Theory) – the Morning after the Deluge, 1843

Painting by Henri de Toulouse-Lautrec
La clownesse Cha-U-KO, artiste au Moulin-Rouge, 1895

Photograph by Christi Carter

Photograph by Ernst Haas

Painting by Winfred Gaul
Jaune de Chine, 1960

Painting by Piet Mondrian
Composition with Yellow Patch, 1930

Photograph by Hans Hansen

Photograph by Helfried Weyer

Painting by Lucio Fontana
Concetto spaziale, 1957

Painting by Vincent van Gogh
Sunflowers, 1888

Painting by Gotthard Graubner
Sonce, 1995

Painting by Josef Albers
Homage to the Square: Suffused, 1969

Installation by Bernd Kreutz

Financial Statements of EnBW Group and EnBW AG as at 31 December 1999

EnBW Group
Balance Sheet as at 31 December 1999

ASSETS

	Note	31/12/1999 DM mill.	31/12/1998 DM mill.
Fixed assets	(1)		
Intangible assets		199.9	196.7
Tangible assets		5,988.6	6,236.0
Financial assets		8,187.1	7,766.7
		14,375.6	14,199.4
Current assets			
Inventories	(2)	617.7	656.8
Accounts receivable and other assets	(3)	3,042.9	3,034.4
Securities	(4)	2,582.9	2,197.5
Cash at bank and in hand	(5)	1,511.4	1,388.2
		7,754.9	7,276.9
Deferred charges	(6)	141.3	86.1
		22,271.8	**21,562.4**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Note	31/12/1999 DM mill.	31/12/1998 DM mill.
Shareholders' equity	(7)		
Subscribed capital		1,251.8	1,250.0
Capital reserve		1,239.9	1,241.7
Revenue reserves		313.5	321.8
Minority interests		345.1	328.0
Group net income		225.0	225.0
		3,375.3	3,366.5
Special items	(8)	1,584.9	1,482.2
Provisions	(9)	14,348.6	13,847.3
Liabilities	(10)	2,800.4	2,664.1
Deferred income		162.6	202.3
		22,271.8	**21,562.4**

EnBW Group
Income Statement from 1 January to 31 December 1999

	Note	1999 DM mill.	1998 DM mill.
Sales revenue	(11)	8,041.2	8,149.7
Changes in inventories		4.0	5.0
Own work capitalized		37.4	30.4
Other operating income	(12)	846.2	832.2
Cost of materials	(13)	– 3,877.2	– 3,744.5
Personnel costs	(14)	– 1,743.8	– 1,645.7
Depreciation	(15)	– 1,097.1	– 1,116.3
Other operating expenses	(16)	– 1,423.8	– 1,219.9
Financial result	(17)	301.7	362.8
Profit on ordinary activities before tax and minority interests		1,088.6	1,653.7
Taxes	(18)	– 818.0	– 935.8
Net income for the year	(19)	270.6	717.9
Minority interests	(20)	– 22.7	– 16.7
Transfer to revenue reserves		– 22.9	– 476.2
Group net income for the year		**225.0**	**225.0**

Annex EnBW Group
Fixed Asset Movement Schedule
(in DM million)

	Acquisition and production cost					
	1/1/1999	Changes in scope of consolidation	Additions	Disposals	Re-postings	31/12/1999
Intangible assets						
Concessions, industrial property rights and similar rights and values	406.0	6.4	29.6	25.2	1.7	418.5
Goodwill	87.1	– 1.4	39.0	9.7	0.0	115.0
Payments on account	0.9	0.0	0.2	0.0	– 1.1	0.0
	494.0	5.0	68.8	34.9	0.6	533.5
Tangible fixed assets						
Land and leasehold rights and buildings, including buildings on third-party land	3,320.3	4.7	59.9	52.9	82.7	3,414.7
Plant and machinery	261.4	9.4	33.8	10.5	– 59.3	234.8
Generation plants/ Gas transfer stations	9,697.6	– 0.1	146.9	2.6	711.9	10,553.7
Distribution plants	11,799.1	168.0	261.8	83.0	31.7	12,177.6
Waste incinerating plants	0.0	0.0	7.3	0.0	228.4	235.7
Other installations, factory and office equipment	1,590.0	18.2	130.2	79.6	11.3	1.670.1
Payments on account and assets in course of construction	1,104.4	0.0	85.5	9.9	– 1,007.3	172.7
	27,772.8	200.2	725.4	238.5	– 0.6	28,459.3
Financial assets						
Shares in affiliated companies	61.6	– 54.4	1.6	0.3	0.0	8.5
Loans to affiliated companies	2,280.0	– 6.3	123.8	153.6	– 668.4	1,575.5
Other participations	1,116.5	0.4	230.2	7.6	671.3	2,010.8
Loans to companies in which there is a participation interest	12.1	0.1	6.1	7.3	0.0	11.0
Securities held as fixed assets	3,592.6	0.0	822.9	385.3	– 31.2	3,999.0
Other loans	929.2	0.2	24.7	153.7	28.3	828.7
	7,992.0	– 60.0	1,209.3	707.8	0.0	8,433.5
	36,258.8	**145.2**	**2,003.5**	**981.2**	**0.0**	**37,426.3**

Depreciation/discounts							Net book value	
1/1/1999	Changes in scope of consolidation	Additions	Disposals	Repostings	Appreciations	31/12/1999	31/12/1999	31/12/1998
247.1	4.1	36.5	18.5	0.0	0.0	269.2	149.3	158.9
50.2	– 1.4	15.6	0.0	0.0	0.0	64.4	50.6	36.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
297.3	2.7	52.1	18.5	0.0	0.0	333.6	199.9	196.7
1,574.6	2.1	119.0	30.7	24.2	7.4	1,681.8	1,732.9	1,745.7
143.5	7.6	20.0	8.6	– 7.9	0.1	154.5	80.3	117.9
8,727.2	– 0.1	329.5	2.5	291.4	0.0	9,345.5	1,208.2	970.4
9,425.6	62.1	401.5	74.1	14.6	0.4	9,829.3	2,348.3	2,373.5
0.0	0.0	55.8	0.0	7.1	0.0	62.9	172.8	0.0
1,314.9	15.3	123.4	78.6	0.0	0.0	1,375.0	295.1	275.1
351.0	0.0	0.2	0.0	– 329.4	0.1	21.7	151.0	753.4
21,536.8	87.0	1,049.4	194.5	0.0	8.0	22,470.7	5,988.6	6,236.0
0.3	0.0	0.0	0.0	0.0	0.0	0.3	8.2	61.3
118.7	0.0	101.0	18.1	0.0	0.0	201.6	1,373.9	2,161.3
27.9	0.0	0.0	12.4	0.0	0.0	15.5	1,995.3	1,088.6
1.2	0.0	2.8	1.2	0.0	0.0	2.8	8.2	10.9
47.4	0.0	1.5	4.3	0.0	43.0	1.6	3,997.4	3,545.2
29.8	0.0	3.6	0.2	0.0	8.6	24.6	804.1	899.4
225.3	0.0	108.9	36.2	0.0	51.6	246.4	8,187.1	7,766.7
22,059.4	**89.7**	**1,210.4**	**249.2**	**0.0**	**59.6**	**23,050.7**	**14,375.6**	**14,199.4**

Annex EnBW Group
Cash Flow Statement

1. Operations

	1999 DM mill.	1998 DM mill.
Net income for the year	270.6	717.9
Depreciation/write-up of fixed assets	1,079.1	1,127.3
Changes in long-term provisions	389.9	413.8
Other items not involving the movement of cash	55.6	50.4
Cash flow (as defined by DVFA/SG)	1,795.2	2,309.4
Profit on disposal of fixed assets	– 119.9	– 62.0
Changes in inventories	39.8	60.0
Changes in receivables and other assets	– 273.7	528.6
Changes in short-term provisions	108.6	442.7
Changes in trade payables and other liabilities	84.5	– 190.5
Net cash inflow from operating activities	**1,634.5**	**3,088.2**

2. Investments

	1999 DM mill.	1998 DM mill.
Investments in tangible and intangible fixed assets	– 770.2	– 1,326.0
Investments in financial assets	– 1,139.7	– 2,611.5
Proceeds on disposal of tangible fixed assets and financial assets	1,018.0	956.4
Net cash outflow from investing activities	**– 891.9**	**– 2,981.1**

3. Financing

	1999 DM mill.	1998 DM mill.
Dividends paid	– 229.5	– 236.9
Transfer to capital reserve	0.0	11.2
Minority interest in increases in capital	0.0	10.8
Other cash inflows from financing activities	1.3	12.8
Changes in other financial liabilities	3.0	535.1
Net cash inflow from financing activities	**– 225.2**	**333.0**

4. Items not involving the movement of cash

	1999 DM mill.	1998 DM mill.
Items not involving the movement of cash	**– 8.8**	**0.0**
Increase in cash and cash equivalents (Sub-totals 1–4)	**508.6**	**440.1**

Increase in cash and cash equivalents

	31/12/1999 DM mill.	31/12/1998 DM mill.	Difference DM mill.
Securities held as current assets	2,582.9	2,197.5	385.4
Cash at bank and in hand	1,511.4	1,388.2	123.2
	4,094.3	**3,585.7**	**508.6**

Annex EnBW Group Segmental Report

Classes of business	Energy		Disposal	
DM mill.	1999	1998	1999	1998
External sales	7,478	7,700	461	393
Internal sales	12	10	3	5
Total sales	7,490	7,710	464	398
Operating result	1,083	1,477	– 64	3
Financial result	400	287	– 18	– 9
Investments				
Tangible and intangible fixed assets	588	831	118	197
Financial assets	487	872	12	75
Depreciation	715	856	102	48
Assets	16,509	14,010	687	713
Cash flow as defined by DVFA/SG	1,134	1,421	14	41
Employees at 31/12 (No.)	8,663	10,236	1,842	1,707

Industry and Services		Holding Company Consolidation		Total	
1999	1998	1999	1998	1999	1998
102	57	0	0	8,041	8,150
658	246	– 673	– 261	0	0
760	303	– 673	– 261	8,041	8,150
94	50	– 326	– 239	787	1,291
16	6	– 96	79	302	363
85	298	1	–	792	1,326
9	247	591	1,418	1,099	2,612
279	206	1	6	1,097	1,116
2,588	2,458	2,488	4,381	22,272	21,562
389	305	258	542	1,795	2,309
2,409	554	69	46	12,983	12,543

Annex EnBW Group
General Principles and Notes on the Scope of Consolidation

General principles

The group financial statements of Energie Baden-Württemberg AG (EnBW) have been drawn up in accordance with the accounting regulations set out in German company law and the supplementary provisions of the German Stock Corporation Law, and the figures are given in millions of DM.

To make the financial statements clearer to the reader, a number of items have been grouped together under a single heading in the balance sheet and income statement and then disclosed separately and explained in the notes to the financial statements.

The Income Statement has been prepared under the "type of expenditure format".

The consolidated financial statements have been drawn up as at the same accounting reference date as that of the parent company.

Scope of consolidation

The companies included in the consolidation are EnBW and all its German and foreign subsidiaries, where these are managed on a unified basis, directly or indirectly, or over which EnBW exercises a dominant influence. Joint ventures are consolidated on a basis proportionate to the share of capital held. Associates are accounted for under the equity method.

Investments in subsidiaries, joint ventures and associates which are not material in the context of the group as a whole are shown at updated cost in the balance sheet. This applies particularly to subsidiaries which do not have their own business establishment or which have low volumes of business.

Companies acquired and consolidated for the first time are included in the consolidation with effect from the date of their acquisition, while companies sold are excluded from the consolidation with effect from the date of their disposal.

The companies included in the consolidation alongside EnBW are 109 German and foreign subsidiaries (1998: 87), 26 joint ventures (1998: 24) and 49 associated companies (1998: 53).

28 subsidiaries have been included in the consolidated financial statements for the first time. These companies are new business starts, companies acquired or restructured. The additions comprise 15 subsidiaries in the energy division, 6 companies in the disposal division and 7 companies in the industry and services division. One company, which was previously shown as an associate, was fully consolidated for the first time.

One subsidiary was sold to buyers outside the group and is therefore no longer included in the consolidation.

DEG-Verkehrs-Gruppe – a joint venture with Vivendi S.A. in the rail transport division – and Industriekraftwerk Baienfurt OHG and Fernwärme Ulm GmbH are consolidated on a basis proportionate to the share of capital held.

Three associated companies are no longer included in the consolidation, either because they have been sold or because EnBW no longer exercises significant influence over those companies.

17 subsidiaries (1998: 38) and 41 associated companies (1998: 33) have not been included in the consolidation. These are shown as affiliated companies or companies in which there is a participating interest. This is either because these companies are not material to the net assets, financial position and results of operations of the group, or because it can be shown that the parent company did not have a significant influence on the operating and financial policies of the company.

A complete list of companies included in the consolidation is given in the list of shareholdings in accordance with § 313 HGB (German Commercial Code), which is deposited with the Commercial Register of the District Court in Karlsruhe (Dept. B No. HRB 7956).

The changes in the companies included in the consolidation have had no significant effect on the comparability of the figures with those of the prior year.

Consolidation principles

The financial statements of German and foreign subsidiaries and joint ventures included in the consolidation have been drawn up on the basis of accounting and valuation policies which are consistent throughout the group, as required by law. Different valuation policies have been retained in the financial statements of associated companies, due to considerations of materiality.

The consolidation of capital is carried out according to the book value method, by offsetting the acquisition cost of the subsidiary against the appropriate proportion of the subsidiary’s equity as at the date of its acquisition or when it is first consolidated. Positive differences arising are allocated to the appropriate group balance sheet account, where possible, and depreciated; any remaining amounts are treated as goodwill and amortized on a scheduled basis. Negative differences are taken to revenue reserves to the extent that they relate to realized profits, or shown as provisions.

Receivables, liabilities and provisions between consolidated companies are set off against each other. Intra-group income is set off against the corresponding expenses.

Tax accruals and deferrals have been made to account for the adjustments necessary to bring group companies into line with group accounting and valuation policies, where these have an effect on net income, and for other consolidation adjustments.
Joint ventures are consolidated according to the same principles.

Differences arising from the inclusion of companies under the equity method are treated in the same way as differences arising on the consolidation of subsidiaries, whereby goodwill is included in the valuation of the holding in the associated company and the corresponding amortization is set off against the profit from the associated company. A separate record is kept, outside the accounting records, of negative differences arising on companies acquired.

Associated companies not brought into the consolidation are disclosed under participating interests.

Currency translation

Transactions in foreign currency in the financial statements of the individual companies are translated at the exchange rate ruling on the date of the transaction (posting date) while accounts receivable are translated at the year-end rate, if lower, and accounts payable, at the year-end rate, if higher.

The subsidiaries and associated companies included in the consolidated financial statements generally run their own businesses independently. For this reason balance sheet items in all the foreign companies and the share of net assets of the foreign associates valued under the equity method are translated at the middle rate ruling on the balance sheet date (closing rate method). Differences arising in comparison with the prior year are taken to reserves and therefore have no effect on income. Items in the income statement including the net income for the year are translated at the average rate for the year. The group accounts do not include any financial statements relating to group companies in countries of high inflation.

Accounting and valuation policies

Fixed assets

Intangible fixed assets acquired are stated at cost and amortized over their estimated useful life on a straight-line basis. Goodwill arising on consolidation is amortized over a period of between 4 and 20 years, to the extent that it is the result of group expansion. Goodwill arising as a result of the restructuring of the group is set off in the revenue reserves.

Tangible fixed assets are shown at acquisition or production cost and depreciated using the reducing balance method.

Repair and maintenance costs are expensed. Replacement and maintenance costs which prolong the life of an asset are capitalized.

Advantage is taken of the option to change over to the straight-line method of depreciation, wherever this would result in higher levels of depreciation if the remaining book value were allocated equally over the remaining useful life of the asset. Advantage is also taken of special rates of depreciation allowed under tax law. Factory and office equipment acquired in the first half of the year is fully depreciated, while additions in the second half of the year are depreciated at half the annual rate. Unscheduled depreciation occurs when assets have to be written down to their lower attributable value. Low-value assets are written off immediately.

The official tax depreciation tables for the energy and water supply sector are used to establish the estimated useful life of an asset, especially in the energy division.

Loan costs have not been capitalized.

The investments included in financial assets, i.e. affiliated companies not included in the consolidation, associated companies not accounted for under the equity method and other investments, are valued at cost or, in certain cases, their lower attributable value. If the reasons for unscheduled write-downs no longer apply, the investments are revalued.

Shares held in associated companies are valued under the equity method, the so-called book value method.

Investments and other financial assets are stated at the lower of cost and market value.

Loans at market interest rates are stated at face value, low-interest and non-interest-bearing loans are stated at present value, based on an assumed rate of interest of 6 %.

Securities held as fixed assets are valued at the lower of cost and stock market value. If the reasons for unscheduled write-downs no longer apply, the investments are written up again.

Current assets

Inventories are valued at the lower of cost and net realizable value. Fuel inventories are valued on a LIFO basis at the lower of cost and net realizable value in order to agree with the tax balance sheet. There were no significant differences in valuation arising from the latest available market prices as at the balance sheet date. Supplies are valued at average cost and stated at the lower of cost and market value. Appropriate deductions are made for inventory risks.

Nuclear fuel elements included in inventories are valued at cost less depreciation, the rate of which is dependent both on the level of consumption and on the estimated useful life of the reactor.

Appropriate provisions for doubtful accounts and for the diminution in value of other assets have been made to take account of the risk of losses. An assumed interest rate of 6% is applied to non-interest-bearing long-term loans. A general provision for doubtful accounts of 1% of accounts receivable has been made.

Securities held as current assets are valued at the lower of cost and stock market value or bid value.

Loan discounts and other similar financing costs are carried forward as deferred charges in the balance sheet and written off over the term of the individual loans.

Shareholders' equity and liabilities

Subscribed capital is stated at nominal value.

Investment cost subsidies and investment grants are treated as deferred income and credited to the income statement over the expected useful economic life of the asset. The amount credited in respect of investment cost subsidies is set off against the depreciation charge.

Construction cost subsidies received by customers are released in equal annual instalments of 5 %.

Provisions for pensions and similar obligations are calculated at the actuarial "going concern" value using an interest rate of 6 %. 25 % of the effect of changing to the new 1998 Heubeck mortality tables has been accounted for in the current year.

Tax provisions and other provisions have been determined on the basis of prudent commercial judgement. Deferred taxation is provided at the rates applicable or anticipated on the date of the transaction. If there is more than one rate, the rate on distributed profits will apply. Other provisions comprise all obligations known at the balance sheet date which relate to past transactions or events, where the amount or due date is not certain.

In 1999, long-term commitments to electricity price reductions for pensioners have been stated for the first time at a discounted value throughout the group, to ensure consistency of treatment with obligations similar to pensions. This has meant that the provisions could be greatly reduced and the amount released has been included in Other operating income.

Liabilities are stated at the amounts repayable.

Derivative financial instruments are used exclusively for hedging purposes. The underlying transactions are, wherever possible, valued together with the hedging transactions concluded. Financial instruments are currently not material.

Notes to the consolidated Balance Sheet

(1) Fixed assets

The figure stated in the balance sheet for fixed assets is analyzed by category in a separate schedule, the fixed asset movement summary, which also shows movements in fixed assets during the year.

Goodwill arising on consolidation and goodwill shown in the individual financial statements of the subsidiaries and joint ventures included in the consolidation are disclosed under the goodwill heading in the consolidated balance sheet.

Shares in affiliated companies shown as investments under the financial assets heading relate to companies which have not been included in the consolidation.

Additions to financial assets relate mainly to increases in the proportion of shares held in participating interests and additions to securities held as fixed assets.

Securities held as fixed assets are mainly restricted funds and long-term fixed-interest securities.

(2) Inventories

	31/12/1999 DM mill.	31/12/1998 DM mill.
Raw materials and supplies	178.3	183.5
Nuclear fuel elements (including payments on account)	397.2	429.7
Work in progress: goods and services	41.9	34.4
Finished goods and goods purchased for resale	0.0	4.2
Payments on account	0.3	5.0
Total	**617.7**	**656.8**

Analysis of nuclear fuel elements:

	31/12/1999 DM mill.	31/12/1998 DM mill.
Fuel elements in reactors	89.8	97.4
Inventories of fuel elements	295.0	309.4
Payments on account	12.4	22.9
Total	**397.2**	**429.7**

(3) Accounts receivable and other assets

	31/12/1999 DM mill.	of which due in more than one year DM mill.	31/12/1998 DM mill.
Trade accounts receivable	1,006.4	0.1	796.8
Due from affiliated companies	13.0	3.0	26.1
Due from companies in which there is a participating interest	119.9	10.5	125.4
Payments on account for electricity procurement agreements	82.2	57.4	102.4
Other assets	1,821.4	80.9	1,983.7
Total	**3,042.9**	**151.9**	**3,034.4**

Other assets consists mainly of loans against promissory notes (DM 1,202.3 million) and deferred interest (DM 99.8 million).

(4) Securities

	31/12/1999 DM mill.	31/12/1998 DM mill.
Own shares	616.8	615.0
Other securities	1,966.1	1,582.5
Total	**2,582.9**	**2,197.5**

It was resolved at the annual general meeting that EnBW be authorized to purchase up to ten per cent of its own shares.

As a result of this resolution on 25 August 1998, EnBW purchased during the period from 28 December 1998 to 22 January 1999 a total of 8,741,815 of its own ordinary bearer shares at an average price of € 35.99. In total EnBW is holding own shares which comprise 3.5 % of capital stock.

The purchases of own shares were made with a view to proposed partnerships with energy suppliers within and outside Germany and with industrial customers, which would be based on reciprocal equity participation.

The Company has not acquired any rights with its own shares; in particular, it is not entitled to any dividend payments.

In addition, the own shares held by a fully consolidated subsidiary which amount to DM 1.2 million are included in this heading.

Other securities consists mainly of shares (DM 106.1 million), participating certificates (DM 53.7 million), mortgage bonds (DM 1,713.1 million), bearer debentures (DM 43.3 million) and municipal bonds (DM 38.6 million).

(5) Cash at bank and in hand

Cash at bank and in hand consists almost exclusively of cash at banks, largely invested as fixed-term deposits and overnight money.

(6) Deferred charges

Included in Deferred charges is a deferred tax asset of approximately DM 8 million (1998: DM 17.5 million) arising from consolidation adjustments with an effect on net income. The discount amounts to DM 0.6 million (1998: DM 0.7 million).

(7) Shareholders' equity

Movements in shareholders' equity are as follows:

Movements in shareholders' equity DM mill.	As at 1/1/1999	Contribution to capital	Dividend payments	Currency adjustments	Net income for the year	Other	As at 31/12/1999
Subscribed capital	1,250.0	–	–	–	–	1.8	1,251.8
Capital reserves	1,241.7	–	–	–	–	– 1.8	1,239.9
Revenue reserves	321.8	–	–	– 1.4	22.9	– 29.8	313.5
Minority interests	328.0	7.5	– 12.4	–	22.7	– 0.7	345.1
Group net income	225.60	–	– 217.1	–	225.0	– 7.9	225.0
Total	**3,366.5**	**7.5**	**– 229.5**	**– 1.4**	**270.6**	**– 38.4**	**3,375.3**

Subscribed capital

In view of the introduction of the European unitary currency, the capital stock of EnBW was changed over to euros (€).

In order to round off the mathematical proportion of capital stock represented by each non-par-value share and to make it easier to carry out further capital restructuring, the capital stock was increased out of the Company's reserves without any new shares being issued (§ 207 (2), sentence 2, Stock Corporation Law). The amount required for this purpose of DM 1,731,242.94 (€ 885,170.46) was transferred out of the capital reserve included in the audited balance sheet as at 31 December 1998.

The capital stock of EnBW amounts to € 640,015,872.00 and consists of 250,006,200 individual shares, analyzed as follows:

	No.
Registered shares	141,088,383
Bearer shares	108,917,817
Total	**250,006,200**

The mathematical value of the non-par-value shares in relation to the subscribed capital is € 2.56 per share.

OEW, the special-purpose association of the Oberschwäbische Elektrizitätswerke, holds 34.5 % of the voting capital of EnBW.

Landesbeteiligung Baden-Württemberg GmbH holds 25.01 % of the voting capital of EnBW. In November 1999, the state parliament of Baden-Württemberg decided to sell its share to Electricité de France (EDF).

Until 22 October 2002, the Board of Management has the right to increase the capital stock, with the approval of the Supervisory Board:
– by DM 125 million (€ 63,911,485.15) by issuing new shares in return for a contribution in cash (approved capital I)
– by DM 125 million (€ 63,911,485.15) by issuing new shares in return for a contribution in cash or in kind (approved capital II).

Capital reserve

The capital reserve includes cash inflows from external sources in accordance with § 272 (2) HGB (German Commercial Code). The capital reserve relates to EnBW. The decrease in the capital reserve of DM 1.8 million relates to an amount transferred out in order to increase capital stock out of the Company's reserves to round off the mathematical share amounts.

Revenue reserves

The revenue reserves consist of the reserve for own shares, and the appropriate share of the revenue reserves of the parent company and of the other companies included in the consolidation. Consolidation adjustments with no effect on net income are set off against or credited to the revenue reserves and exchange differences are shown here.

Minority interests

The minority interests figure relates to the shares in group companies held by third parties. The major part of the minority interests, or DM 230.0 million, relates to the shares held by parties outside the group in the GESO sub-group.

Group net income for the year

The group net income for the year is the same as the unappropriated profit of EnBW.

(8) Special items

	31/12/1999 DM mill.	31/12/1998 DM mill.
Special items relating to investments in fixed assets		
Investment grants	21.6	30.3
Investment cost subsidies	12.6	17.3
Special tax-allowable reserves	145.2	48.5
Construction cost subsidies	1,405.5	1,386.1
Total	**1,584.9**	**1,482.2**

The investment grants are made in accordance with § 4a InvZulG (German Investment Grant Law).

The special tax-allowable reserves relate mainly to gains arising on disposal in accordance with § 6b EStG (German Income Tax Law) and transfers in accordance with § 273 HGB in conjunction with § 52 (16) EStG.

The construction cost subsidies which have not yet been released to income were mainly paid for investments in the electricity sector, where the subsidized assets remain the property of the EnBW group companies. The subsidies are released to income on a straight-line basis.

(9) Provisions

	31/12/1999 DM mill.	31/12/1998 DM mill.
Provisions for pensions and similar obligations	2,875.1	2,648.5
Tax provisions	1,011.0	1,082.0
Provisions in the nuclear energy division		
Less payments on account	8,909.6	8,699.6
	– 462.1	– 478.7
	8,447.5	8,220.9
Other provisions	2,015.0	1,895.9
	14,348.6	**13,847.3**

The provisions for pensions and similar obligations are based on existing pension commitments for future benefits and current payments to eligible employees and former employees and their surviving dependants.

Tax provisions include provisions for income taxes and corporation taxes including the solidarity surcharge and trade income tax.

The provisions in the nuclear energy sector are based on obligations under public law and operating licenses; they have been set up to provide for the reprocessing and disposal of spent fuel elements and radioactive waste and for decommissioning nuclear power stations.

The provisions for the disposal of fuel elements are accrued ratably. They include in particular the costs of reprocessing on the basis of existing agreements and the costs of direct final storage.

Expert opinions form the basis of the provisions for decommissioning nuclear power stations.

Other provisions relate to conventional electricity and fuel procurement, personnel, outstanding invoices for supplies and services and other liabilities which are uncertain.

(10) Liabilities

	31/12/1999 DM mill.	of which falling due within 1 year DM mill.	1 to 5 years DM mill.	over 5 years DM mill.	31/12/1998 DM mill.
Loan	123.4	–	–	123.4	123.4
Due to banks	1,268.8	720.3	186.1	362.4	1,223.4
of which secured by mortgages	(82.4)				(76.1)
Advance payments from customers	278.1	57.3	95.2	125.6	300.7
Trade accounts payable	476.4	460.8	15.6	–	404.0
Amounts due to affiliated companies	14.7	14.7	–	–	27.1
Amounts due to companies in which there is a participating interest	161.5	144.9	11.0	5.6	191.2
Other liabilities	477.5	457.3	18.5	1.7	394.3
of which taxes	(203.6)	(203.6)			(127.9)
of which social security	(17.1)	(14.4)	(2.7)		(19.9)
Total	**2,800.4**	**1,855.3**	**326,4**	**618.7**	**2,664.1**

The loan is a Swiss franc loan. The term of the loan ends, unless it is repaid early, on 11 April 2005.

The amounts due to affiliated companies are in respect of affiliated companies not included in the consolidation.

Annex EnBW Group
Notes to the Income Statement

(11) Sales revenue

	1999 DM mill.	1999 DM mill.	1998 DM mill.	1998 DM mill.
Energy				
Electricity	6,980.8		7,488.3	
Gas	183.3		119.8	
District heat	91.4	7,255.5	91.5	7,699.6
Disposal		461.5		393.0
Industry and Services		102.2		57.1
Electricity tax		222.0		0.0
Total		**8,041.2**		**8,149.7**

Of the sales revenue for the year, DM 109.2 million relates to companies included in the consolidation for the first time. Sales revenue for 1999 includes approximately DM 222 million of electricity tax invoiced for the first time.

A separate segmental report shows an analysis of the group by division. Sales revenue derives almost exclusively from Germany.

(12) Other operating income

Other operating income relates mainly to profits on the sale of fixed assets, transfers from provisions, rental income and write-ups. Income from the transfers out of the special tax-allowable reserves was DM 25.7 million. Of the amount disclosed in other operating income, DM 150.1 million relates to previous financial years.

(13) Cost of materials

	1999 DM mill.	1998 DM mill.
Cost of raw materials and supplies and of goods purchased for resale	3,164.8	3,135.0
Cost of external services	712.4	609.5
Total	**3,877.2**	**3,744.5**

The cost of raw materials and supplies and of goods purchased for resale includes, inter alia, electricity procurement costs, transfers to provisions for decommissioning nuclear power stations, the disposal costs of spent fuel elements and radioactive waste, depreciation of nuclear fuel elements and fuel for conventional power stations.

The cost of external services consists mainly of services provided for the operation and maintenance of plant and costs of waste disposal.

(14) Personnel expenses

	1999 DM mill.	1998 DM mill.
Wages and salaries	1,136.6	1,085.2
Social security contributions, pension costs and staff welfare costs	607.2	560.5
of which pension costs	(395.9)	(355.4)
Total	**1,743.8**	**1,645.7**

Average number of employees during the year:

	1999	1998
White-collar	7,000	6,931
Blue-collar	4,761	4,928
Apprentices	820	746
Total	**12,581**	**12,605**

Where companies have been consolidated on a proportionate basis, the relevant proportion of the employees is included in the total.

(15) Depreciation

	1999 DM mill.	1998 DM mill.
On intangible and tangible fixed assets	1,101.4	1,119.8
of which goodwill arising on consolidation	(15.4)	(12.8)
Transfer of investment cost subsidies	– 4.9	– 4.7
On current assets	0.6	1.2
Total	**1,097.1**	**1,116.3**

Depreciation in accordance with tax regulations amounted to DM 22.1 million, while non-scheduled depreciation totalled DM 31.5 million.

(16) Other operating expenses

Other operating expenses of DM 1,423.8 million relate mainly to fiscal charges, external administration and marketing services, other personnel costs and rental and leasing expenditure. The amount transferred to the special tax-allowable reserves was DM 122.4 million. A total amount of DM 13.4 million relates to previous financial years.

(17) Financial result

	1999 DM mill.	1998 DM mill.
Income from participating interests	42.7	35.2
of which from affiliated companies	(0.0)	(0.0)
Results of companies included under equity method	– 10.3	– 26.8
Income from the disposal of affiliated companies and participating interests	1.9	22.4
Income from profit and loss transfer agreements	0.6	0.0
Expenses from profit and loss transfer agreements	– 8.4	– 8.0
Losses on disposal of affiliated companies and participating interests	– 0.8	– 11.0
Other	3.6	– 1.9
Net investment income	29.3	9.9
Income from other securities and long-term financial investments	236.8	229.0
Other interest and similar income	187.4	213.2
of which from affiliated companies	(1.1)	(0.7)
Write-ups of financial assets	35.0	0.0
Profits on disposal of securities held as fixed assets and current assets	36.6	61.0
Interest and similar charges	– 190.8	– 138.6
of which from affiliated companies	(– 0.3)	(– 0.3)
Write-downs of securities held as fixed assets and current assets	– 32.0	– 6.6
Losses on disposal of securities held as fixed assets and current assets	– 0.6	– 5.1
Net interest income	**272.4**	**352.9**
Financial result	**301.7**	**362.8**

Amortization of goodwill arising from valuation under the equity method, amounting to DM 53.9 million (1998: DM 79.3 million), has been set off in the Results of companies included under the equity method.

(18) Taxes

	1999 DM mill.	1998 DM mill.
Current taxes on income	571.0	942.5
Deferred tax (expense (+) / income (-))	9.1	– 10.3
Taxes on income	580.1	932.2
Other taxes	237.9	3.6
Total	**818.0**	**935.8**

The increase in other taxes relates to electricity tax included for the first time in 1999.

(19) Group net income for the year

Due to movements on the special tax-allowable reserves, depreciation on fixed and current assets allowable for tax purposes and the resulting effect on tax expenditure, the group net income for the year is approximately 11.3 % lower than the amount which would otherwise have been posted. Significant future charges are therefore not expected.

(20) Minority interests

This item comprises the shares of profit and loss of the minority shareholders in the fully consolidated subsidiaries.

Annex EnBW Group Additional Information

Contingent liabilities

Guarantee obligations amounted to DM 103.5 million.

EnBW or one of its subsidiaries is jointly and severally liable in respect of participating interests in partnerships under the Civil Code and commercial partnerships.

Contingent liabilities amounting to DM 85.0 million exist as a result of limited partners' contributions not yet fully paid in.

There are guaranty obligations amounting to DM 79.5 million.

Other financial commitments

There are other financial commitments from rental and leasing agreements of DM 233.4 million. Of this, DM 76.6 million relates to a particular rental agreement for an office building with a remaining term of 19.5 years.

Additional financial commitments exist in connection with an electricity purchase-option leasing agreement until the year 2015. The leasing instalments during the financial year were DM 217.2 million.

Order commitments of DM 274.2 million exist in respect of various construction projects.

There is a commitment of DM 100.6 million which relates to a conditionally repayable loan to finance a waterway.

In the group, there are commitments to invest which amount to DM 1.9 million.

Other details

The members of the Supervisory Board and the Board of Management are listed on pages 4 and 5.

The remuneration of the Board of Management for the business year came to DM 3,422,480.42.

Former members of the Boad of Management and their surviving dependants received DM 7,845,761,47.

EnBW has set aside DM 38,945,628.00 for pension obligations to former members of the Board of Management and their surviving dependants.

The members of the Supersivory Board of EnBW received DM 716,975.71 in remuneration.

Annex EnBW Group
Notes to the Cash Flow Statement

Preliminary notes

In the Cash Flow Statement, cash flows are separated into those derived from operating activities, investing activities and financing activities.

Within the Net cash inflow from operating activities, the cash flow as defined by DVFA/SG is also disclosed. The balance on the Cash Flow Statement represents the increase in cash and cash equivalents during the financial year.

Cash flow statement for the 1999 financial year

During the 1999 financial year, the net cash inflow from operating activities was DM 1,634.5 million (1998: DM 3,088.2 million). This net cash inflow derives mainly from the cash flow as defined by DVFA/SG (the German Association for Financial Analysis and Investment Advice and Schmalenbach-Gesellschaft, a German economic research company) of DM 1,795.2 million (1998: DM 2,309.4 million).

There was a net cash outflow from investing activities of DM 891.9 million. The net cash outflow from financing activities was DM 225.2 million. Cash and cash equivalents increased by DM 508.6 million, which is represented by the sum of the net cash inflow from operating activities and the net cash outflows from investing and financing activities, taking account of items not involving the movement of cash.

Cash and cash equivalents consist of short-term cash at bank and in hand and short-term securities. Of the total, DM 4.4 million (1998: DM 5.3 million) is attributable to proportionately consolidated companies. No other restrictions on the right of disposal apply.

There are no significant cash flows from extraordinary items or major investment or financing transactions not affecting the movement of cash to be recorded.

Cash flows arising from the purchase and sale of companies and other business units are not material to the group.

Notes to the Segmental Report

Preliminary notes

The aim of the segmental report is to provide information about the major classes of business in the Group. It is also intended to present a view of the risk structure of a diversified group. The segments in the EnBW Group correspond to the divisions used for internal reporting. The structure and content of the internal reporting systems also provide a view of the risk structure of the various divisions.

EnBW Group operates mainly in Germany. The geographical segments are not significant enough to warrant a segmental analysis by geographical area.

The segment data has been determined in accordance with the valuation methods used in the consolidated financial statements.

Classes of business

The energy segment includes the following activities: production of electricity, buying and selling electricity, and the transport, distribution and sales of electricity. The gas and district heat divisions are also included here.

The disposal segment, under the management of U-plus Umweltservice AG, a 100% subsidiary of EnBW, consists of waste disposal services and recycling services provided.

The industry and services segment relates to all other industrial activities not included in either of the above segments. It includes in particular telecommunications, land and property management, transport and other services.

Notes relating to the segment data

Internal sales consists of sales between group companies. Sales between segments are at market prices.

The operating result is the profit on ordinary activities before tax less the financial result.

Allocation of investments, assets and liabilities to segments has taken place within EnBW Group itself.

There were no extraordinary items in the 1999 financial year.

EnBW Group
Auditors' report

We have audited the consolidated financial statements of Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, and the management report of the Company and Group for the year ended 31 December 1999. The preparation of the consolidated financial statements and management report in accordance with German company law is the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the management report of the Company and Group, based on our audit.

Our audit of the consolidated financial statements was conducted in accordance with § 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that an audit be planned and performed so as to obtain reasonable assurance about whether the presentation of net assets, financial position and results of operations in the consolidated financial statements and the management report of the Company and Group is free from material misstatement and in compliance with accounting principles generally accepted in Germany. Knowledge of the Group's business activities and the economic and legal environment in which it operates and evaluations of possible misstatements are taken into account in determining audit procedures. The audit includes an examination, primarily on a test basis, of the effectiveness of the internal control system and of the supporting evidence for the figures and disclosures in the consolidated financial statements and in the management report of the Company and Group. It also includes an assessment of the financial statements of the companies included in the consolidated financial statements, the scope of the consolidation, the accounting policies and consolidation principles used, significant estimates made by the Board of Management and of the presentation of the consolidated financial statements and the management report of the Company and Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, in compliance with accounting principles generally accepted in Germany. The management report of the Company and Group properly reflects the position of the group and includes an appropriate assessment of the risks to the future development of the Group.

Stuttgart, 14 April 2000

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagner	Bäder
Auditor	Auditor

Financial statements of EnBW AG

EnBW AG
Balance Sheet as at 31 December 1999

ASSETS

	31/12/1999 DM mill.	31/12/1998 DM mill.
Fixed assets		
Tangible fixed assets	2.5	2.0
Financial assets	11,219.6	10,784.4
	11,222.1	10,786.4
Current assets		
Due from affiliated companies	982.4	1,023.7
Other accounts payable and other assets	1,349.3	1,448.6
Securities	2,417.8	1,920.1
Cash at bank and in hand	1,224.4	1,086.3
	5,973.9	5,478.7
Deferred charges	104.3	58.0
	17,300.3	**16,323.1**

SHAREHOLDERS' EQUITY AND LIABILITIES

	31/12/1999 DM mill.	31/12/1998 DM mill.
Shareholders' equity		
Subscribed capital	1,251.8	1,250.0
Capital reserve	1,239.9	1,241.7
Revenue reserves	635.5	635.0
Unappropriated profit	225.0	225.0
	3,352.2	3,351.7
Special items	27.6	34.0
Provisions	3,769.1	7,627.5
Liabilities		
Due to affiliated companies	9,482.4	4,337.1
Other liabilities	601.1	895.4
	10,083.5	5,232.5
Deferred income	67.9	77.4
	17,300.3	**16,323.1**

EnBW AG
Income Statement
from 1 January to 31 December 1999

	1999 DM mill.	1998 DM mill.
Net investment income	973.2	1,639.8
Net interest income	– 166.6	104.7
Other operating income	140.5	96.8
Personnel costs	– 206.7	– 168.2
Depreciation	– 0.6	– 0.2
Other operating expenses	– 180.2	– 125.5
Profit on ordinary activities before tax	559.6	1,547.4
Taxes	– 342.0	– 785.4
Net income for the year	217.6	762.0
Brought forward from prior year	7.9	0.0
Transfers from other revenue reserves	0.0	78.0
Transfer to reserve for own shares	– 0.5	– 615.0
Unappropriated profit	**225.0**	**225.0**

The financial statements of EnBW AG, on which PwC Deutsche Revision, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, has expressed an unqualified opinion, will be published in the German Federal Official Gazette and deposited with the Commercial Register of the Karlsruhe municipal court, ref. HRB 7956. A copy of the financial statements in German language may also be requested directly from EnBW.

EnBW AG
Fixed Asset Movement Schedule
(in DM million)

	Acquisition or production cost				
	As at 1/1/1999	Additions	Transfers	Disposals	As at 31/12/1999
Tangible fixed assets					
Land and leasehold rights and buildings, including buildings on third-party land	4.1	0.6	0.0	0.0	4.7
Factory and office equipment	0.0	0.5	0.0	0.0	0.5
Payments on account and assets course of construction	0.0	0.0	0.0	0.0	0.0
	4.1	1.1	0.0	0.0	5.2
Financial assets					
Shares in affiliated companies	6,167.1	49.2	0.0	34.0	6,182.3
Loans to affiliated companies	53.4	0.9	0.0	0.0	54.3
Participations	2,607.2	211.8	0.0	76.8	2,742.2
Loans to companies in which there is a participating interest	4.0	0.0	0.0	0.0	4.0
Securities held as fixed assets	1,947.9	373.1	0.0	149.6	2.171.4
Other loans	58.3	15.0	49.5	15.5	107.3
	10,837.9	650.0	49.5	275.9	11,261.5
	10,842.0	**651.1**	**49.5**	**275.9**	**11,266.7**

Accumulated depreciation/discounts				Net book value	
As at 1/1/1999	Transfers (T) Depreciation for the year	Disposals	As at 31/12/1999	As at 31/12/1999	As at 31/12/1998
2.1	0.5	0.0	2.6	2.1	2.0
0.0	0.1	0.0	0.1	0.4	0.0
0.0	0.0	0.0	0.0	0.0	0.0
2.1	0.6	0.0	2.7	2.5	2.0
7.5	0.0	0.0	7.5	6,174.8	6,159.6
10.2	0.0	0.9	9.3	45.0	43.2
22.4	4.4	11.4	15.4	2,726.8	2,584.8
0.0	4.0	0.0	4.0	0.0	4.0
13.3	0.0	13.3	0.0	2,171.4	1,934.6
0.1	(T) 2.5 5.6	2.5	5.7	101.6	58.2
53.5	(T) 2.5 14.0	28.1	41.9	11,219.6	10,784.4
55.6	(T) 2.5 **14.6**	**28.1**	**44.6**	**11.222.1**	**10,786.4**

EnBW AG
Proposal for the Allocation of Profit

In the financial statements of EnBW AG as at 31 December 1999, unappropriated profit amounts to DM 225,034,141.39. It will be proposed at the annual general meeting that this amount is allocated as follows:

	DM
Distribution of a dividend of 0.90 DM per share entitled to dividend (241,264,385 shares)	217,137,946.50
Amount carried forward	7,896,194.89
Unappropriated profit	**225,034,141.39**

Karlsruhe, 31 March 2000

Energie Baden-Württemberg Aktiengesellschaft
The Board of Management

Goll Arndt Dr. Bilger Dr. Kasper

EnBW AG
Auditors' report

We have audited the financial statements, accounting records and management report of Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, for the year ended 31 December 1999 which is integrated with the Group management report. The maintenance of the accounting records and the preparation of the financial statements and integrated management report in accordance with German company law and relevant provisions of the articles of association are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the financial statements, accounting records and integrated management report, based on our audit.

Our audit of the financial statements was conducted in accordance with § 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that an audit be planned and performed so as to obtain reasonable assurance about whether the presentation of net assets, financial position and results of operations in the financial statements and integrated management report is free from material misstatement and in compliance with accounting principles generally accepted in Germany. Knowledge of the Company's business activities and the economic and legal environment in which it operates and evaluations of possible misstatements are taken into account in determining audit procedures. The audit includes an examination, primarily on a test basis, of the effectiveness of the internal control system and of the supporting evidence for the figures and disclosures in the accounting records, financial statements and management report. It also includes an assessment of the accounting policies used and of significant estimates made by the Board of Management. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the financial statements give a true and fair view of the net assets, financial position and results of operations of Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, in compliance with accounting principles generally accepted in Germany. The management report, integrated with the Group management report, properly reflects the position of Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, and includes an appropriate assessment of the risks to the future development of the Company.

Karlsruhe, 14 April 2000

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Report of the Supervisory Board

During the 1999 business year, the Supervisory Board performed the tasks prescribed by law and the Articles of Association, obtained written and oral reports on current activities and fundamental questions of business policy, and discussed these with the Board of Management.

A total of seven Supervisory Board meetings were held in the 1999 business year. The main points dealt with at these meetings were:

- the Board of Management's report on the course of business
- the economic plan for the 2000 business year
- medium-term planning for the period from 2000 to 2004, comprising the business, investment and financial plans
- the granting of loans to various participating interests
- the restructuring of the Group's Service and Customer Care division
- the introduction of risk management in the Group
- the establishment of EnBW Gesellschaft für Stromhandel mbH
- the creation of a Customer Care Centre
- the launch of the "Yello" brand of EnBW Energie-Vertriebsgesellschaft mbH
- the sale of the shares held by the Land.

In addition to these meetings, the Chairman of the Supervisory Board had one-to-one discussions with members of the Board of Management on questions of business orientation, strategic goals and specific matters of importance.

The Staff Advisory Committee met five times; the Financial Policy and Audit Committee twice.

The annual financial statements, the consolidated financial statements and the summarized status report for the 1999 business year were prepared by the Board of Management. These were submitted to the auditors, PwC Deutsche Revision Aktiengesellschaft, Stuttgart, who were instructed in writing by the Chairman of the Supervisory Board on 27 September 1999, and approved without qualification.

The auditors' reports on the annual financial statements and consolidated financial statements were presented to all the members of the Supervisory Board; the reports were included in the exposition and audit of the annual financial statements. The auditors took part in the deliberations of the Supervisory Board on the annual financial statements, presented the main conclusions of their audit and were at the Board's disposal to provide detailed explanations.

The Supervisory Board endorsed the auditors' report and conducted its own verification of the two annual financial statements prepared by the Board of Management as well as the summarized status report. The conclusion of this examination was an unqualified acceptance of the reports. The Supervisory Board endorsed the annual financial statements and consolidated statements as of 31 December 1999, thereby establishing them as final.

After examining the proposal for the appropriation of profits, the Supervisory Board gave its approval.

At the meeting held on 6 May 1999, Dr. Guntram Blaser stepped down as Chairman of the Supervisory Board. Dr. Wolfgang Schürle was elected as Chairman of the Supervisory Board in accordance with § 9 of EnBW's Articles of Associaton.

On 6 May 1999, Dr. Wolfgang Schürle was elected to succeed Dr. Guntram Blaser on the Financial Policy and Audit Committee and the Advisory Committee on Management Affairs.

Dr. Guntram Blaser and Gerhard Mayer-Vorfelder retired from the Supervisory Board with effect from 14 July 1999; Harry Wollny with effect from 30 November 1999. Gerhard Stratthaus and Siegfried Tann were appointed to the Supervisory Board with effect from 14 July 1999 and 30 November 1999 respectively.

We would like to thank the retiring officers of the Supervisory Board for their support.

On 31 March 1999, Dr. Bozem retired from the Board of Management. On 12 April 1999, Dr. Kaspar was appointed to serve as a member of the Board of Management for a term of five years, with effect from 1 May 1999. On 12 April 1999, Dr. Bilger was confirmed as a member of the Board of Management for the period from 1 August 1999 to 30 November 2000. On 27 September 1999, Mr. Arndt was confirmed as a member of the Board of Management and Worker Director for the period from 1 October 1999 to 31 December 2002.

The Supervisory Board wishes to thank the Board of Management, the Works Councils and all employees for their efforts on behalf of the company in 1999.

Karlsruhe, May 2000
On behalf of the Supervisory Board

Dr. Wolfgang Schürle
Chairman

Information on the Executive Bodies

Other offices held by members of the Supervisory Board *

Dr. Wolfgang Schürle
Landrat (Chief Administrative Officer)
(Chairman from 6 May 1999)

(1) Donau-Iller-Nahverkehrsverbundgesellschaft mbH Ulm
EnBW Ostwürttemberg DonauRies AG
Fernwärme Ulm GmbH
Krankenhaus-GmbH Alb-Donau-Kreis (Chairman)
Kreisbau-GmbH Ulm (Chairman)

Adolf Dinkel
Chairman of the Works Council of EnBW Service GmbH
(Vice-Chairman from 30 March 2000)

(1) EnBW Service GmbH
Elektrizitätswerk Mittelbaden AG
(3) TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Manfred Autenrieth
Landrat (Chief Administrative Officer)

(1) Gesundheitszentren Landkreis Rottweil GmbH (Chairman)
(3) Kreisbaugenossenschaft Rottweil (Chairman)
Kreissparkasse Rottweil (Chairman of Board of Directors)
Landesbausparkasse Württemberg
Schwarzwald Tourismus GmbH

Gisela Beller
Vice-Chairman of the Works Council of EnBW Service GmbH

(1) EnBW Service GmbH

Dr. Guntram Blaser
Landrat, rtd. (Chief Administrative Officer)
(Chairman until 6 May 1999)

(1) in each case until 31 October 1999:
Kreissparkasse Ravensburg (Chairman of the Board of Directors)
Landesbank Baden-Württemberg (Board of Directors)
Oberschwabenklinik GmbH (Chairman)
Zweckverband Oberschwäbische Elektrizitätswerke (Chairman)

Manfred Eichkorn
Divisional Manager, Baden-Württemberg District Administration of ÖTV
(Public Services and Transport Workers' Union)

(1) EnBW Kraftwerke AG
EnBW Regional AG
U-plus Umweltservice AG
(3) Badischer Gemeindeunfallversicherungsverband Karlsruhe

*(1) Office in accordance with § 100 I AktG
(2) Office in accordance with § 100 II sentence 2, AktG
(3) Office in accordance with § 125 I AktG
Information provided by the office-holders

Dr. Karl Epple
Permanent Secretary in the Ministry of Economics of Baden-Württemberg

(3) Gasversorgung Süddeutschland GmbH (Vice-Chairman)
Landesbank Baden-Württemberg (Board of Directors)
Messe Friedrichshafen GmbH
Spielbank Stuttgart GmbH & Co. KG
Staatliche Toto-Lotto GmbH (Vice-Chairman)

Franz Fischer
Chief Executive of District Administration of ÖTV, Oberschwaben

(1) EnBW Regional AG

Gisela Gräber
Regional Director of Deutsche Angestellten-Gewerkschaft (Salaried Employee Union)

(1) Bausparkasse Schwäbisch Hall AG
SVH Sparkassen Versicherung Baden-Württemberg Holding AG

Rolf Koch
Vice-Chairman of the Central Works Council of EnBW Regional AG

(1) EnBW Regional AG
(3) TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Gerhard Mayer-Vorfelder
Former Finance Minister of Baden-Württemberg

(1) Baden-Württembergische Bank AG (Chairman until July 1999; from July 1999 Member of the Supervisory Board; Chairman of the regional advisory boards)
(3) Landeskreditbank Baden-Württemberg – Förderbank (Chairman of the Advisory Board)

Peter Neubrand
Chairman of the Central Works Council of EnBW Regional AG

(1) EnBW Regional AG (Vice-Chairman)
(3) TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Wolfgang Rückert
Permanent Secretary in the Ministry of Finance of Baden-Württemberg

(1) Flughafen Stuttgart GmbH
Südwestdeutsche Salzwerke AG (Chairman)
(2) Bäder- und Kurverwaltung Baden-Württemberg, Anstalt des öffentlichen Rechts (Chairman)
Hafenverwaltung Kehl, Anstalt des öffentlichen Rechts (Chairman)
Landesbank Baden-Württemberg (Board of Directors), Anstalt des öffentlichen Rechts
Landeskreditbank Baden-Württemberg – Förderbank, Anstalt des öffentlichen Rechts
Landsiedlung Baden-Württemberg GmbH (Chairman)
Projektgesellschaft Neue Messe GmbH & Co. KG
Projektgesellschaft Neue Messe Verwaltungs-GmbH
Staatliche Rhein-Neckar-Hafengesellschaft Mannheim mbH (Chairman)
Staatliche Toto-Lotto GmbH (Chairman)

Günter Scheck
Chairman of the Board of Management of Neckarwerke Stuttgart AG

(3) "Energie" Wohnungsbaugenossenschaft kommunaler Versorgungsbetriebe und ihrer Arbeitnehmer eG (Chairman)
Gasversorgung Süddeutschland GmbH
Gemeinschaftskernkraftwerk Neckar GmbH (Board of Directors)
Heizkraftwerk Stuttgart GmbH
NeckarCom Telekommunikation GmbH (Chairman of the Board of Directors)
SWG Südwestdeutsche Ferngas GmbH
Thermogas Gas- und Gerätevertriebsgesellschaft mbH

Ernst Spadinger
Mayor

(3) Kreisbaugenossenschaft e.G. Rottweil
Kreissparkasse Rottweil, Anstalt des öffentlichen Rechts (Board of Directors)

Gerhard Stratthaus
Finance Minister of Baden-Württemberg

(1) Baden-Württembergische Bank AG (Chairman)
Badische Staatsbrauerei Rothaus AG (Chairman)
Gebäudeversicherung Baden-Württemberg AG (until 31 December 1999)
(3) Landesbank Baden-Württemberg, Anstalt des öffentlichen Rechts
Landeskreditbank Baden-Württemberg – Förderbank, Anstalt des öffentlichen Rechts

Ulrich Stückle
Landrat (Chief Administrative Officer)

(1) EnBW Regional AG
EnBW Ostwürttemberg DonauRies AG
(3) Verkehrsgemeinschaft Schwäbisch Hall GmbH (Chairman)

Siegfried Tann
Landrat (Chief Administrative Officer)

(1) EnBW Kraftwerke AG (until 21 October 1999)
(3) Landesbausparkasse Baden-Württemberg (Board of Directors)
Oberschwäbische Elektrizitätswerke (Vice-Chairman of the Board of Directors)

Ernst Vetter
Chairman of the Works Council, Biberach Regional Centre,
EnBW Regional AG
(Vice-Chairman until 29 February 2000)

(3) EnBW Service GmbH (Advisory Board)
EVS Gasversorgung Süd GmbH (Advisory Board)

Günther Vogelbacher
Chairman of the Central Works Council of EnBW Kraftwerke AG

(1) EnBW Kraftwerke AG
(3) Fernwärme Rhein-Neckar GmbH (Advisory Board)
TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH (Board of Directors)
Thoraxklinik-Heidelberg gGmbH

Christoph Walther
Team Leader at ESAG Energieversorgung Sachsen Ost AG

(1) ESAG Energieversorgung Sachsen Ost AG (Vice-Chairman)

Klaus-Michael Weber
Lawyer at EnBW Service GmbH

(3) EnBW Service GmbH (Advisory Board)

Gerhard Widder
Mayor

(1) EnBW Kraftwerke AG
Grosskraftwerk Mannheim AG (Chairman)
(2) Energie- und Wasserwerke Rhein-Neckar AG (Chairman)
Oberrheinische Eisenbahn-Gesellschaft AG (Chairman)
MVV GmbH (Chairman)
MVV Energie AG (Chairman)
MVV Verkehr AG (Chairman)
Klinikum Mannheim gGmbH Universitätsklinikum (Chairman)
(3) Sparkasse Mannheim (Chairman)

Harri Wollny
Chairman of the Works Council of ESAG Energieversorgung Sachsen Ost AG

(1) ESAG Energieversorgung Sachsen Ost AG

Offices held by members of the Board of Management *

Gerhard Goll
Chairman

(1) Karlsruher Lebensversicherung AG
Rheinmetall AG (until 17 December 1999)
Rheinmetall Elektronik AG (until 17 December 1999)
Salamander AG
Stadtwerke Karlsruhe GmbH (until 18 May 2000)
(2) EnBW Kraftwerke AG
EnBW Regional AG (Chairman)
EnBW Service GmbH
U-plus Umweltservice AG (until 31 December 1999)
(3) Baden-Württembergische Kapitalbeteiligung GmbH
Elektrizitäts-Gesellschaft Laufenburg AG (Verwaltungsrat)
EnBW Gesellschaft für Stromhandel mbH (Board of Directors)
EnBW Energie-Vertriebsgesellschaft mbH (Board of Directors)
EnBW Gesellschaft für Messung und Abrechnung mbH (Board of Directors)
EnBW Venture Capital Beteiligungsgesellschaft mbH (Board of Directors; until 12 January 2000)
WATT AG (Board of Directors)

Hans-Jürgen Arndt

(1) DIW Deutsche Industriewartung AG (until October 2000)
Elektrizitätswerk Mittelbaden AG
Energie- und Wasserversorgung Bruchsal mbH (until October 1999)
Gasversorgung Pforzheim Land GmbH (until June 1999)
Grosskraftwerk Mannheim AG
Heizkraftwerk Pforzheim GmbH (until 30 April 2000)
Kraftwerk Reckingen AG (Chairman; until September 2000)
RADAG Rheinkraftwerk Albbruck-Dogern AG
Reederei Schwaben GmbH (from June 1999)
Rheinkraftwerk Säckingen AG (Chairman; until April 2000)
Schluchseewerk AG
(2) EnBW Kraftwerke AG (from 1 May 1999)
EnBW Ostwürttemberg DonauRies AG (from July 1999)
EnBW Regional AG (from July 1999)
EnBW Service GmbH (Chairman; from July 1999)
EnBW Transportnetze AG (until 31 May 2000)
ESAG Energieversorgung Sachsen Ost
GESO Beteiligungs- und Beratungs-AG
Neckar AG (Vice-Chairman; until July 1999)
U-plus Umweltservice AG (until December 1999)

*(1) Office in accordance with § 100 I AktG
(2) Office in accordance with § 100 II sentence 2, AktG
(3) Office in accordance with § 125 I AktG

(3) Centrale Electrique Rhénane de Gambsheim SA
DEG-Verkehrs-GmbH (until April 2000)
EnBW Energie-Vertriebsgesellschaft mbH (Board of Directors)
EnBW Gesellschaft für Stromhandel mbH (Board of Directors)
EnBW Gesellschaft für Messung und Abrechnung mbH (Chairman of Board of Directors; from September 1999)
Kraftwerk Ryburg-Schwörstadt AG (Board of Directors; until February 2000)
Kernkraftwerk Obrigheim GmbH (Board of Directors)
Rheinkraftwerk Iffezheim GmbH
TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH (Chairman of Board of Directors)

Dr. Hartmut Bilger

(1) Rhein-Main-Donau AG (until 1 July 1999)
Schluchseewerk AG (until 25 May 2000)
(2) EnBW Kraftwerke AG (Chairman; until 15 October)
EnBW Ostwürttemberg DonauRies AG
EnBW Transportnetze AG (Chairman)
ESAG Energieversorgung Sachsen Ost AG (Chairman)
GESO Beteiligungs- und Beratungs-AG (Chairman)
Neckar AG (until 1 July 1999)
U-plus Umweltservice AG (Chairman)
(3) Amata Power Ltd.
Budapesti Elektromos Müvek Rt.
Centale Electrique Rhénane de Gambsheim SA (until 29 June 2000)
EnBW Gesellschaft für Stromhandel mbH (Board of Directors)
EnBW International GmbH (Board of Directors)
EnBW Energie-Vertriebsgesellschaft mbH (Board of Directors)
EnBW Telekommunikation GmbH (Board of Directors)
Eszak Magyaroszág Áramszolgáltató Rt.
Fernwärme Ulm GmbH
Kernkraftwerk Obrigheim GmbH (Board of Directors; until 2 March 2000)
Mátrai Erömü Rt.
Novacom Tàvközlési Kft.
RWE-EnBW Mgyaroszág Kft.
Rheinkraftwerk Iffezheim GmbH (until 1 March 2000)
Rojana Power Company Ltd.
tesion Communikationsnetze Südwest GmbH & Co. KG (Board of Directors)

Dr. Karlheinz Bozem
(Vice-Chairman until 31 March 1999)

(1) AGIV AG für Industrie und Verkehrswesen (until 15 June 1999)
DREWAG Stadtwerke Dresden GmbH (until 31 March 1999)
Gasversorgung Pforzheim Land GmbH (until 31 March 1999)
(2) EnBW Kraftwerke AG (until 31 March 1999)
EnBW Tranportnetze AG (until 31 March 1999)
ESAG Energieversorgung Sachsen Ost AG (Chairman; until 17 June 1999)
GESO Beteiligungs- und Beratungs-AG (Chairman; until 31 March 1999)
Mittelschwäbische Überlandzentrale AG (until 31 March 1999)
U-plus Umweltservice AG (until 31 March 1999)
(3) Budapesti Elektromos Müvek Rt. (until 29 April 1999)
DEG-Verkehrs-GmbH (Chairman; until 31 March 2000)
EnBW Energie-Vertriebsgesellschaft mbH (Board of Directors; until 31 March 1999)
EnBW Gesellschaft für Stromhandel mbH (Board of Directors; until 31 March 1999)
Rojana Power Company Ltd. (until 30 June 1999)
Schluchseewerk AG (Advisory Board; until 31 March 1999)
tesion Communikationsnetze Südwest GmbH & Co. KG (Chairman of Board of Directors)
VVEBW VersicherungsVermittlungsgesellschaft für die Energieversorgung Baden-Württemberg GmbH (Advisory Board; until 31 March 1999)
WATT AG (until 31 March 1999)

Dr. Klaus J. Kasper

(1) Gemeinschaftskernkraftwerk Neckar GmbH (Board of Directors; until 31 January 2000)
Grosskraftwerk Mannheim AG
Obere Donau Kraftwerke AG (Chairman)
Rheinkraftwerk Säckingen AG
Rhein-Main-Donau AG (from 13 July 1999)
Schluchseewerk AG (Chairman)
Stadtwerke Karlsruhe GmbH
(2) EnBW Kraftwerke AG (Chairman; from 15 October 1999)
EnBW Transportnetze AG (from 1 March 1999)
ESAG Energieversorgung Sachsen Ost AG (from 17 June 1999)
GESO Beteiligungs- und Beratungs-AG (from 18 June 1999)
Neckar AG
U-plus Umweltservice AG
(3) Centrale Electrique Rhénane de Gambsheim SA
Deutsche Ges. für Wiederaufarbeitung von Kernbrennst. mbH (Board of Directors; until May 2000)
EnBW Energie-Vertriebsgesellschaft mbH (Board of Directors)
EnBW Gesellschaft für Stromhandel mbH (Board of Directors)
EnBW Ingenieure GmbH (Chairman of the Board of Directors; from 1 July 1999)

EnBW International GmbH (Board of Directors; from 1 January 2000)
EnBW Venture Capital Beteiligungsgesellschaft mbH (Board of Directors; from 3 August 1999)
Fernwärme Ulm GmbH
Gasversorgung Pforzheim Land GmbH (from 1 July 1999)
GNS Gesellschaft für Nuklear-Service mbH (until 24 November 1999)
Kernkraftwerk-Betriebsgesellschaft mbH (Advisory Board; until December 1999)
Kernkraftwerk Leibstadt AG (Board of Directors; until 21 June 2000)
Kernkraftwerk Obrigheim GmbH (Chairman of the Board of Directors)
Kraftwerk Ryburg-Schwörstadt AG (Board of Directors, Vice-President)
Mátrai Erömü Rt.
Rheinkraftwerk Iffezheim GmbH (Chairman)
Skandinavisk Kraftmegling AS (Board Member)
TAE Thermische Abfallentsorgung Ansbach GmbH (Board of Directors)
Wärmeverbundkraftwerk Freiburg GmbH
WATT AG (Board of Directors; from 15 March 1999)

Advisory Council

Loic Caperan
Directeur Général Délégué “Clients” at Electricité de France, Paris

Dr. Joachim Dreyer
Chairman of the Board of Management of debitel AG, Stuttgart

Dr.-Ing. h. c. Heinz Dürr
Chief Executive of Heinz Dürr GmbH, Berlin

Klaus Eberhardt
Chairman of the Board of Management of Rheinmetall AG, Düsseldorf

Dr. Andreas Fabritius
Lawyer at Bruckhaus Westrick Heller Löber, Frankfurt

Walter Frey
Member of the Board of Management of Emil Frey AG, Zurich

Karl Haase
Chief Executive of Badische Stahlwerke GmbH, Kehl

Dr. Franz-Wilhelm Hopp
Member of the Board of Management of ERGO Versicherungsgruppe AG, Düsseldorf

Dr. Klaus Kinkel
Former Foreign Minister, Member of the Bundestag, Berlin

Bernd Kreutz
Owner of the advertising agency Kreutz & Partner, Düsseldorf

Dr. Rolf Linkohr
Member of the European Parliament, Strasbourg

Dr. Klaus Mangold
Member of the Board of Management of DaimlerChrysler AG, Stuttgart

Gerhard Mayer-Vorfelder
Former Minister of Finance of Baden-Württemberg, Member of the Landtag (state parliament), Stuttgart

Dr.-Ing. Peter Mihatsch
Former member of the Board of Management of Mannesmann AG, Stuttgart

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