



Annual report 2001

Energie Baden-Württemberg AG

EnBW

At a glance

EnBW Group		2001	2000	1999	1998
External sales revenue					
Energy	M. €	6,098	4,593	3,710	3,937
Waste Management	M. €	259	259	236	201
Industry and Services	M. €	1,504	977	52	29
Net income for the year					
	M. €	7,861	5,829	3,998	4,167
	M. €	272	180	138	367
Cash flow according to DVFA/SG	M. €	1,008	732	918	1,181
Investments					
Tangible and intangible fixed assets	M. €	701	1,108	405	678
Financial assets	M. €	2,744	820	562	1,335
	M. €	3,445	1,928	967	2,013
Fixed assets	M. €	11,833	11,934	7,350	7,260
Current assets	M. €	6,817	5,119	4,883	3,721
Shareholders' equity	M. €	2,483	2,434	1,726	1,722
Number of employees (annual average)		37,053	27,327	12,581	12,605

EnBW AG		2001	2000	1999	1998
Subscribed capital	M. €	640	640	640	639
Investment income	M. €	213	314	497	839
Interest income	M. €	– 136	– 8	– 85	54
Net income for the year	M. €	162	111	111	390
Distribution	M. €	161	112	111	111
Dividends per share	€	0.66	0.46	0.46	0.46
Tax credit per share	€	–	0.20	0.20	0.20

EnBW Group energy sales in billion kWh		2001
Electricity (incl. all electricity supply companies, in which we have an interest)		110.1
Electricity		97.3
Gas		18.2
District heat in billion kWh _{th}		3.6

EnBW Group electricity production by primary energy sources		2001
Coal, oil, gas		23.0 %
Nuclear energy		40.2 %
Hydroelectric power and other renewable energies		9.8 %
Primary energy unknown		27.0 %

EnBW Group and significant participations ¹⁾

Energy					
Electricity Generation	EnBW Kraftwerke AG	Heizkraftwerk Neckar GmbH	Kernkraftwerk Obrigheim GmbH	Neckar Aktiengesellschaft	Gemeinschaftskraftwerk Neckar GmbH
	Kraftwerk Bexbach Verwaltungs-gesellschaft mbH	Centrale Electrique Rhénane de Gambsheim SA	Kraftwerk Reckingen AG	Rheinkraftwerk Iffezheim GmbH	Obere Donau Kraftwerke AG
	Rheinkraftwerk Säckingen AG	Schluchseewerk AG	Grosskraftwerk Mannheim AG	EnBW Contracting GmbH	Rojana Power Company Ltd.
	AMATA-Power Company Ltd.	Mátraí Erömü Rt. (MATRA)			
Electricity Transport	EnBW Transportnetze AG				
Electricity Distribution	EnBW Regional AG	EnBW Ostwürttemberg DonauRies AG	Stadtwerke Schwäbisch Gmünd GmbH	e.wa.riss GmbH & Co. KG	Stadtwerke Schramberg GmbH & Co. KG
	Elektrizitätswerk Mittelbaden AG	Albwerk GmbH & Co. KG	Energie- und Wasserversorgung Bruchsal GmbH	ENRW Energie-versorgung Rottweil GmbH & Co. KG	Stadtwerke Freudenstadt GmbH & Co. KG
	Stadtwerke Sindelfingen GmbH	Stadtwerke Stockach GmbH	Technische Werke Schussental GmbH & Co. KG	Stadtwerke Weinheim GmbH	Stadtwerke Karlsruhe GmbH
	Neckarwerke Stuttgart AG	Stadtwerke Esslingen am Neckar GmbH	GESO Beteiligungs- und Beratungs-AG	ESAG Energie-versorgung Sachsen Ost AG	Energie und Wasserwerke Bautzen GmbH
	Meißeener Stadtwerke GmbH	DREWAG-Stadtwerke Dresden GmbH	Stadtwerke Elbtal GmbH	Stadtwerke Zittau GmbH	Pražská energetika Holding a.s.
	Budapesti Elektromos Művek Rt. (ELMÜ)	Eszak-Magyarországi Áramszolgáltató Rt. (EMASZ)			
Electricity Trading	EnBW Gesellschaft für Stromhandel mbH	Skandinavisk Kraftmegling AS			
Electricity Marketing and Sales	EnBW Energie-Vertriebs-gesellschaft mbH	Yello Strom GmbH	EnBW Austria Energie-Vertriebsgesell-schaft mbH	EnBW Benelux B.V.	EnBW Energia España S.L.
	EnBW Italia S.p.A.	EnBW Polska Sp.z.o.o.	ESC Energy Solutions GmbH		
Gas	EnBW Gas GmbH	EVS-Gasversorgung Nord GmbH	Badenwerk Gas GmbH	EVS-Gasversorgung Süd GmbH	Gasversorgung Süddeutschland GmbH
District Heat	Fernwärme Unterland GmbH	Heizkraftwerk Stuttgart GmbH	Fernwärme Ulm GmbH	Fernwärme Rhein-Neckar GmbH	Pražská teplárenská a.s.
	Miejskie Przedsiębiorstwo Energetyki Ciepłej Wrocław S.A. (MPEC)				

Waste Management					
Non-thermal Disposal	U-plus	Bautrans	R-plus	S-plus	
	Umweltservice AG	Umweltservice GmbH	Recycling GmbH	Umweltservice GmbH	
Thermal Disposal	Thermoselect	T-plus GmbH	TAE Thermische		
	Südwest GmbH Thermische Abfallbehandlungs- anlagen		Abfallentsorgung Ansbach GmbH		

Industry and Services					
Industry	Salamander AG	Rheinmetall			
		Elektronik AG			
Services	EnBW Service GmbH	EML Einkaufsgesellschaft für Material und Dienstleistungen mbH	EnBW Ingenieure GmbH	EnBW Kundenservice GmbH	EnBW Akademie Gesellschaft für Personal- und Managemententwicklung mbH
	TDL Gesellschaft für anlagentechn. Dienste u. kaufm. Leistungen mbH	TEWERATIO Unternehmensberatung GmbH	regelmatic GmbH	APCOA Parking AG	
	DIW Deutsche Industriewartung AG	Euro SourceLine GmbH	Würth Solar GmbH & Co. KG		
Tele-communication	EnBW Telekommunikation GmbH	tesion Kommunikationsnetze Südwest GmbH & Co. KG	DiTRA Gesellschaft für Kabelnetze und Telekommunikation mbH		
Innovation	EnBW Venture Capital Beteiligungsgesellschaft mbH	innotech Beteiligungsgesellschaft mbH & Co. KG			
Property and real estate management	EnBW Immobilien GmbH	Facilma Grundbesitzmanagement und -service GmbH	GegenbauerBosse Holding GmbH & Co. KG	Senergi Immobilien GmbH	
Water	Zweckverband Bodensee-Wasserversorgung	Zweckverband Landeswasserversorgung			

¹ A compilation of all our interests according to § 313 para. 2 or § 285 no. 11 HGB (German Commercial Code) will be deposited at the Companies Registration Office of the District Court in Karlsruhe (Dept. B no. HRB 7956).

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Why go it alone, if you can dance with a partner?



Balance and trust make your steps safe.





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To be able to argue requires a willingness to understand each other.

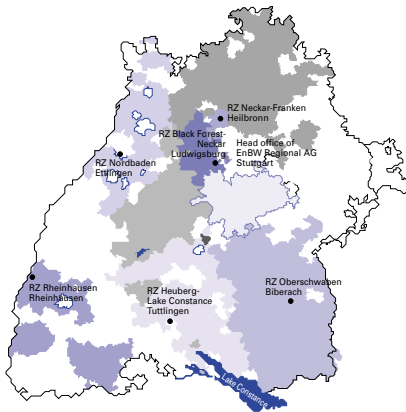


Short portrait

We, the EnBW Energie Baden-Württemberg AG, are the third largest electricity company in Germany. Our roots are in electricity, but we are also active in the areas of gas and district heat as well as in the growing waste management market and in the area of industry and services. We played a significant role in the liberalisation of the German energy market and we were the first energy business to offer electricity throughout Germany. In Europe, we have made a name for ourselves as an innovative service company. Our success is not least due to our employees, who in twelve countries see it as their daily challenge to satisfy our customers and to further EnBW's interests.

Our partners at home and abroad enable us to concentrate on our core business of energy and energy-related services. Together with them we take up new opportunities, realise synergies, grow and share the success. We share a market and customer philosophy with our partners. For us, the existing and aimed for partnerships mean an ideal combination of matches and mutual complements. It is therefore no coincidence that partnership is the subject of the current annual report.

Top issues in 2001



On January 1, the new structure of EnBW Regional AG in Baden-Württemberg officially comes into force. Across the state, the organisational structure is condensed from nine to six regional centres, making it more efficient and competitive.

EnBW makes a contribution to the avoidance of youth unemployment and creates 110 additional jobs for apprentices and "Berufsakademie" students – particularly in our core region of Baden-Württemberg.



On June 11, the operators of the German nuclear power stations sign the agreement reached in June 2000 with the federal government about the continued operation and the decommissioning of the German nuclear power stations.

In order to achieve integrated and uniform customer care and increased service quality for our customers, the EnBW Kundenservice GmbH is formed through the merger of the EnBW Gesellschaft für Messung und Abrechnung mbH and parts of the EnBW Energie-Vertriebsgesellschaft mbH.

January

February

April

May

June

July

The cartel office agrees to the sale of the EnBW shares (25.01 %) previously held by the state of Baden-Württemberg to EDF. The deeper partnership with EDF strengthens the competitiveness and autonomy of EnBW.



EnBW issues a conditional convertible bond and uses this innovative financing instrument to enter the international capital market. Based on its strong market position and the sound financial and earnings base, EnBW was previously rated very positively with "A+" as a long-term issuer by Standard & Poor's.



The EnBW Kraftwerke AG increases its investment in renewable energies and builds three wind power plants on the "Schwäbische Alb".

Through the formation of a Joint Venture, EnBW and ENI aim to utilise the existing synergies between the gas and electricity sectors, in order to be successful in the new competitive environment of the liberalised European gas market.

EnBW starts a national sympathy campaign with Tom & Jerry. In TV spots, advertisements and posters, the well-known comic duo is intended to fill the EnBW motto "Using energy intelligently" with humour and life.

The Federal Radiation Protection Agency has given approval for the intermediate storage facility at the site of the nuclear power station at Philippsburg, which is operated by EnBW Kraftwerke AG. This ensures the undisturbed operation of the Philippsburg nuclear power station.



On October 8, EnBW voluntarily switches off block 2 of the Philippsburg nuclear power station in order to be able to rapidly clarify the causes of a notifiable event that occurred in August 2001 (inconsistencies in the composition of the emergency cooling liquids). The plant is re-started on December 17. EnBW has processed the event comprehensively and has taken a multitude of technical, staff and organisational measures in order to avoid similar incidents in future. The EnBW Board of Management has engaged three independent nuclear experts with the international monitoring of all safety-relevant processes in EnBW's nuclear power installations.



With the successful acquisition of a stake in Hidrocantábrico, EnBW made its entry into the strongly growing Spanish energy market. Together with EDP and CajAstur, EnBW will take over the management of the fourth largest Spanish energy business.

With the acquisition of the energy business of the Swiss Lonza Group by EnBW Kraftwerke AG, EnBW reinforces its commitment to hydropower and positions itself in the opening Swiss energy market.

August September October November December



The acquisition of 29.9 % of the shares of Stadtwerke Düsseldorf AG is contractually sealed. The partnership concept of the two companies, which builds on sustainably profitable growth, can now be implemented. The competencies of both partners are bundled in a joint subsidiary, launched in early 2002 in the energy market of North-Rhine Westphalia.

EnBW and NWS jointly establish a new company, the EnBW Contracting GmbH. It bundles the energy-related services of the EnBW Group in order to ensure holistic customer support for all energy aspects.

Under the motto "EnBW in action at home", EnBW initiates several activities in Baden-Württemberg. The aim of the multi-stage campaign is to strengthen the EnBW brand and to encourage customer loyalty through an impressive local presence.





A good strategy and a strong pull are often all that is required in order to succeed.



Selen ge linn ARhonorär, selen ge linn Aktionär,

In 2001, the energy scene was dominated by the discussion about the replacement of nuclear energy and the neutralisation of the network as a prerequisite for a liberalised energy market. The energy report of the Federal Government showed that there is no alternative for nuclear energy unless the international CO₂ reduction targets are abandoned. The proceedings initiated by the Federal Cartel Office against network operators (after a long struggle led by EnBW) have demonstrated that the network in the Federal Republic of Germany is far from neutralised. As a competitive company, this deficiency continued to be detrimental for EnBW in 2001. We have justified hope that this situation will improve in 2002. An improvement is essential, if a standstill of competitive activities in Germany is to be avoided.

EnBW's plans for growth in 2001 were fully met. Concurrent with the holding acquisitions of Neckarwerke Stuttgart AG, Hidrocantábrico, Stadtwerke Düsseldorf AG and the Lonza energy business we developed partnership concepts with the respective companies. Joined market cultivation in coordinated roles has become the Leitmotiv of our strategy. 2001 was also the first year of our partnership with the new principal shareholder Electricité de France (EDF), with whom we had already collaborated previously. This year has demonstrated that the two companies have a stimulating influence on each other. We are convinced that this will be a lasting partnership, from which not least our customers will benefit.

In 2001, we started a gas business partnership with ENI, for which we have great hopes. This partnership ensures that EnBW will also be able to take up a relevant position in the gas business.

The malfunction at our Philippsburg nuclear power station in the autumn of 2001 was a heavy burden for the whole Group. We were able to resolve the resulting adverse consequences by the end of the year. Our organisational and conceptual efforts will mean that we will have pilot function for nuclear safety in 2002.

The core of our success is and remains – notwithstanding all national and international orientation – our market leadership in Baden-Württemberg, which we were able to expand further in cooperation with the Stadtwerke (municipal utilities). Like with the other partnership concepts, here too we can benefit from our experience with mergers. Only those partnerships are successful, in which the advantages are uniformly distributed to both sides.

For the coming years we expect our partnership concept to lead to a significant increase in our economic success. Our shareholders will be able to share this economic success. Furthermore, it will provide scope for further growth. The competitive instruments we have developed have given us an edge that we will be able to utilise even better in future.

On behalf of the Board of Management, I would like to thank our shareholders, the management and our employees for their trust, which is the basis and motivation for our work.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a series of loops and a horizontal line.

Gerhard Goll
Chairman of the Board of Management

The Board of Management



Dr. Klaus J. Kasper Pierre Lederer Gerhard Goll Gerhard Jochum Dr. Reinhard K. Volk Hans-Jürgen Arndt

Gerhard Goll, Karlsruhe
Chairman of the Board of Management

Hans-Jürgen Arndt, Gerlingen
Personnel director

Gerhard Jochum, Karlsruhe
Business Development, member of the Board of Management
since 1 April 2001

Dr. Klaus J. Kasper, Stuttgart
Technology, member of the Board of Management
since 15 October 2001

Pierre Lederer, Karlsruhe
Customers

Dr. Reinhard K. Volk, Waldbronn
Finance

Report of the Supervisory Board

The Supervisory Board performed the tasks prescribed by the law and the Articles of Association and supervised the work of the Board of Management and supported it in an advisory capacity. The Board of Management has informed us regularly and comprehensively about principal questions of business policy, the economic position and the development of the EnBW Group and the EnBW AG as well as the current business performance. In seven meetings we discussed in detail the oral reports and written documentation presented for decision by the Board of Management. During the business year 2001, the main points dealt with at these meetings were:

- the 2002 budget,
- the report of the Board of Management about the business position,
- the medium-term planning for the years 2002 to 2006, consisting of a success plan, an investment plan and a financial plan,
- regular and topical reporting in accordance with the law on "Kontrolle und Transparenz im Unternehmensbereich (KonTraG)" (Control and Transparency in Business),
- the issuing of the convertible bond,
- the cooperation with Neckarwerke Stuttgart AG,
- the takeover of the shares of the Spanish energy supplier Hidroelectrica DEL Cantábrico (Hidrocantábrico),
- the acquisition of Stadtwerke Düsseldorf AG shares ,
- the events at the Philippsburg nuclear power station,
- the participation in divestiture processes of European energy business, particularly in Poland, Switzerland and Austria.

The personnel committee and the accounts and financial committee had two meetings each.

The annual financial statements of EnBW AG and of the EnBW Group as of 31 December 2001, and the summarised management report were prepared by the Board of Management and audited by PwC Deutsche Revision Aktiengesellschaft, Frankfurt. The auditors were elected at the AGM on 11 July 2001 and officially appointed by the Chairman of the Board as auditors of the annual accounts. The measures to be taken by the Board of Management to ensure early recognition of risks that could endanger the continuity of the company were also subject of the audit. The audit did not come up with any objections, so that the auditors' report was issued without restrictions.

The auditors' report on the annual financial statements and consolidated financial statements was presented to all the members of the Supervisory Board; it was included in the exposition and audit of the annual financial statements. The auditor took part in the consultations of the Supervisory Board concerning the annual financial statements. He reported the main results of his audit and was available for explanations.

The Supervisory Board acknowledged the auditors' report, and verified and endorsed the annual financial statements of EnBW AG and the EnBW Group, as well as the summarised management report prepared by the Board of Management. The annual financial statements of EnBW AG as of 31 December 2001 are thereby established as final.

The Supervisory Board examined the proposal of the Board of Management regarding the appropriation of profits and gave its approval.

The report prepared by the Board of Management according to § 312 AktG about the relationships with partner companies is also at our disposal. The auditor concluded his report as follows: "Following the audit carried out in accordance with our duties and evaluation we confirm that,

- 1) the factual statements of the report are correct,
- 2) the input of Energie Baden-Württemberg AG, Karlsruhe, was not inappropriately high during the legal transactions listed in the report."

Following our own audit, as the Supervisory Board we agree with the result and have no objections against the declaration by the Board of Management stated at the end of the report about the relationships with partner companies, which is also included in the management report.

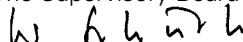
Mr. Wolfgang Rückert and Dr. Karl Epple have left the Supervisory Board with effect from 26 February 2001 and 6 March 2001 respectively. On 2 April 2001, Mr. Marc Boudier and Mr. Jacques Chauvin have been appointed as successors by the Amtsgericht Karlsruhe (municipal court). The Supervisory Board membership of Mr. Ernst Spadinger ended on 30 April 2001; with the end of the AGM on 11 July 2001, Mr. Ulrich Stückle stepped down from the Supervisory Board. At the AGM on 11 July 2001, Mr. Yannick d'Escatha and Mr. Siegfried Luz were elected as members of the Supervisory Board. We would like to thank the retiring members of the Supervisory Board for their support.

In view of the events at the Philippsburg nuclear power station, Dr. Klaus J Kasper resigned from the Board of Management on 15 October 2001. We would like to thank him for his co-operation.

The Supervisory Board would like to thank the members of the Board of Management, the members of the works committee and all employees for their motivated work during the past financial year. We would like to thank the shareholders for their trust in the company.

Karlsruhe, March 2002

The Supervisory Board



Dr. Wolfgang Schürle
Chairman

The Supervisory Board

Dr. Wolfgang Schürle, Ulm
Landrat (Chief Administrative County Officer)
Chairman

Adolf Dinkel, Karlsruhe
Chairman of the Central Works Council of EnBW Service GmbH
(Vice-Chairman)

Manfred Autenrieth, Zimmern
Landrat (Chief Administrative County Officer)

Gisela Beller, Karlsruhe
Deputy Chair of the Central Works Council of EnBW Service GmbH

Marc Boudier, Sèvres
Directeur Europe Centrale at Electricité de France
(since 2 April 2001)

Loïc Capéran, Paris
Directeur Général Délégué "Clients" at Electricité de France

Jacques Chauvin, Versailles
Directeur Général Adjoint Finance at Electricité de France
(since 2 April 2001)

Manfred Eichkorn, Bad Dürkheim
Head of division at ver.di head office

Dr. Karl Eppe, Stuttgart
Ministerialdirektor des Wirtschaftsministeriums, Baden-Württemberg
(Permanent Secretary in the Ministry of Economics)
(until 6 March 2001)

Yannick d'Escatha, Paris
Directeur Général Délégué "Industrie" at Electricité de France
(since 12 July 2001)

Franz Fischer, Berg
Regional Manager for ver.di, Oberschwaben district

Gisela Gräber, Weinsberg
Deputy district secretary, ver.di Baden-Württemberg

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

Siegfried Luz, Neubulach
Mayor
(since 12 July 2001)

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

Wolfgang Rückert, Leonberg
Permanent Secretary in the Ministry of Finance of Baden-Württemberg
(until 26 February 2001)

Dr. Wolfgang Schuster, Stuttgart
Mayor

Ernst Spadinger, Deißlingen
Mayor (retired)
(until 30 April 2001)

Gerhard Stratthaus, Brühl
Finance Minister of Baden-Württemberg

Ulrich Stückle, Schwäbisch Hall
Landrat (Chief Administrative County Officer)
(until 11 July 2001)

Siegfried Tann, Meckenbeuren
Landrat (Chief Administrative County Officer)

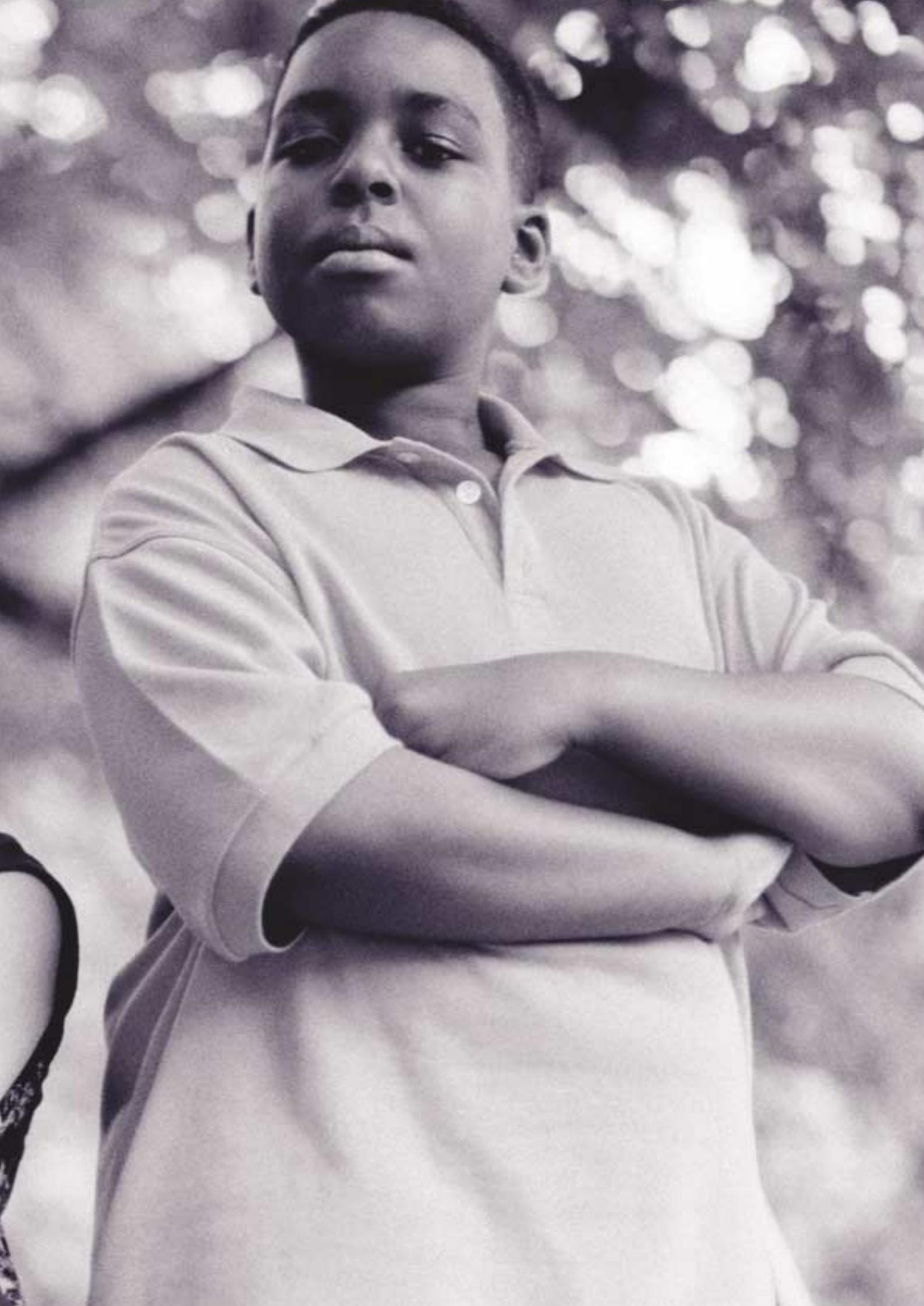
Günther Vogelbacher, Stutensee
Chairman of the Central Works Council of EnBW Kraftwerke AG

Christoph Walther, Langebrück
Member of the works committee at ESAG Energieversorgung Sachsen Ost AG

Klaus-Michael Weber, Ludwigsburg
Lawyer at EnBW Service GmbH

We are different, but together we are strong.





Partnership

EnBW Energie Baden-Württemberg AG, created in 1997 through the merger of Badenwerk AG and EVS Energie-Versorgung Schwaben AG, has maintained its position as number three in the German electricity market during the financial year 2001, even against the background of the formation of Vattenfall Europe AG through the bundling of HEW, Bewag, Veag and Laubag. The increase in electricity sales from 48.6 TWh during the year of the merger to 97.3 TWh in 2001 is an expression of a resolutely customer-oriented further development of EnBW's competitiveness.

The starting point for this development is the identity of EnBW as a German energy business with a powerful base in Baden-Württemberg and a European outlook. The realisation that, notwithstanding the Europeanisation of the energy markets regional differentiation is still a significant factor for success (in our view for some time to come), naturally also determines our market cultivation strategy. This regional differentiation applies both on a national and on a European level – accordingly EnBW acts in a differentiated way in Germany and in the European countries in which it has a presence. It sees Austria and Switzerland as an "expanded domestic market"; In the Benelux countries, the central-eastern European countries, Spain and Italy EnBW is involved directly or via partners.

"Partnership" is an increasingly important principle of market cultivation. Because we are convinced that independent initiatives within the energy sector are a thing of the past. Early on and deliberately, EnBW and Electricité de France (EDF) have therefore jointly developed a strategic partnership. This partnership thrives on the fact that, on the one hand we independently and with entrepreneurial responsibility fulfil the management tasks at EnBW, and on the other hand we are prepared to take on responsibility for defined tasks for the whole EDF group. EnBW's commitment to focussing its own entrepreneurial activities on the business areas of energy and energy-related services fits well into this "partnership logic" – just like the concentration of the activities outside of our core business in either risk-diversifying investments or engagements that are collateral with our core business.

A further significant principle of EnBW's company development and an integral component our partnership model is the development of sustainably profitable growth. This requires Europe-wide regionally differentiated strategies as well as differentiated growth along the added value chain. In our experience, regional

synergy effects and other regional success factors can be realised successfully more quickly, efficiently, stable and thus sustainably within partnership models than by going it alone. The partnership between EDF and EnBW demonstrates this as convincingly as the partnerships between EnBW and, for example, Neckarwerke Stuttgart AG (NWS).

The aim of such regional and differentiated growth strategies is the development of added value – in the interest of all stakeholders. Because both shareholders and customers benefit from a relationship management that adds value, cooperation partners benefit from active joint shaping and sharing of sustainably profitable growth of the partnership, and the employees benefit from their commitment to an attractive energy business that is valued by more and more customers and is therefore prospering.

An important prerequisite for this is the resolute utilisation of all opportunities that can increase efficiency. For this too, the partnership model offers an excellent basis. Because, like in the partnership between EDF and EnBW, the optimised distribution of tasks will make all partners more successful in the long run, in the relationship between EnBW and partners such as Hidroelectrica del Cantábrico, Lonza energy business, Neckarwerke Stuttgart AG or Stadtwerke Düsseldorf AG, the economic success for everyone involved is based on cooperation.

For EnBW, genuine partnership and resolute customer-orientation are two sides of the same coin. Organic and external growth are not only parallel, but integrative elements of our company development. With more specific, more attractive and more creative products and services we want to help our customers to use energy intelligently – both existing customers and customers that we want to recruit in future, be it directly or indirectly.

The achievability of this aim is a question of company strategy, the processes and structures – but also of the company's culture: We are convinced that an open and innovative company culture within EnBW, the courageous and appreciative delegation of responsibility as well as honesty, tolerance for mistakes and the commitment to be a "learning organisation" are the "breeding ground" for customer-orientation and partnership. We will continue to work on this.





Better face up to someone than bury one's head in the sand.

Economic boundary conditions

During the financial year 2001, the EnBW Group continued to grow within the competitive German electricity market. Compared with the previous year, we managed to increase our turnover by 34.9 % to approx. € 7.9 billion. The increase in sales is largely due to our core business area of energy, which contributed around 78 % of the sales revenues of the EnBW Group. Electricity sales increased by 24.9 %, gas sales by 71.7 %. During the year under review, the result before interest, depreciation and income taxes (EBITDA) was around 53 % or € 355 million higher than last year's result. In 2001, the net income for the year increased by € 272 million. At the end of the year, the EnBW Group had 44,500 employees.

Overall economic development

The German economy did not see a continuation of the upturn of the previous year. In 2001, the real gross domestic product increased by 0.6 % and was thus clearly lower than the production potential of the German economy.

The growth was mainly due to private consumption, which showed an increase of 1.4 % compared with the previous year. Economic growth was hindered in particular by the drastic reduction in investment activity. Whilst this provided the foundation for the strong growth in the year 2000, investments in equipment experienced a fall of 3.4 % in 2001, and investments in the building sector a fall of 5.7 %. The growth was further impaired by a strong reduction in exports, which until the summer of 2001 were 11 % below those of the previous year and by late autumn 2001 they were 4.5 % below those of the previous year.

Development of individual business areas

Developments in the electricity generation sector: Due to the significantly lower temperatures compared with the previous year, primary energy consumption in Germany rose by 1.6 % to 495 million tonnes of coal equivalent. With a correction for the temperature difference applied, the primary energy consumption fell slightly compared with the previous year. In 2001, the gross electricity production of the German electricity suppliers increased by 1.2 % to 492 TWh (previous year: 486 TWh). The most important energy source for electricity generation continued to be nuclear energy with a share of around one third. Brown coal and hard coal followed, each accounting for about one quarter. There was a slight reduction in the generation from hydroelectric plants, but the electricity generation from wind power plants increased significantly to around 11 TWh.

Electricity exports were of the same order as in the previous year. Due to a slight reduction in imports and a slight increase in exports, imports and exports were almost balanced in 2001 (0.1 TWh surplus in exports).

Development of the competition: The German electricity market continued to be highly competitive in 2001. However, the significant price reductions of recent years were partly compensated. Nationally, electricity prices for industrial customers rose by 3 % on average, for domestic customers by 4 %. These price increases were partly due to Government measures, for example an increase in electricity tax by 0.26 ct/kWh. Apart from about 70 companies, all network operators have reported their network user charges in accordance with the 2nd voluntary industry agreement. However, excessive transmission charges and other network access restrictions continue to hinder free competition.

Nuclear energy agreement: On 11 June 2001, the operators of the German nuclear power stations signed the agreement reached with the Federal Government in June 2000 about the continued operation and decommissioning of the nuclear power stations in Germany. The agreement specifies the remaining quantities of electricity that may be generated in the nuclear power stations. At the same time, the Federal Government agreed to ensure the orderly continued operation of the German nuclear power stations. The agreement represents a pragmatic compromise and does not affect the differing views about the future of nuclear energy. However, it can be no substitute for a comprehensive and cross-party energy consensus. An amendment of the "Atomgesetz" (nuclear power act) forms the legal basis of the agreement. On 1 February 2002, the "Bundesrat" (upper house of German parliament) approved the bill for winding down the utilisation of nuclear energy for commercial electricity generation. The bill is expected to be published in the "Bundesgesetzblatt" (German Law Gazette) and to come into force shortly.

Completion of the domestic energy market: During the year under review, the European Commission has produced far-reaching propositions for the completion of the domestic markets for electricity and gas. The current legal framework in the shape of the domestic market regulations for electricity and gas that came into force in 1997 and 1998 did not lead to a complete opening of the market. Even during the last stage of market liberalisation, the member states can keep around two thirds of their markets closed.

This is where the new proposals from the Commission come in. Their aim is a complete opening of the market for electricity and gas by 1 January 2005. Further propositions are stronger unbundling (separate companies for network business and competitive areas), the call for national regulatory bodies, particularly for the pre-examination of network user charges, as well as rules for cross-border electricity movements. The proposals by the EU commission have been delayed. The reason can be found in the different interests mainly of the member states Germany and France, as well as lengthy processing by the European parliament. It is therefore doubtful, whether the aim of complete market liberalisation by 2005 can be reached.

Renewable energies: The enactment of a guideline for renewable energies is a further step in the development of a common European energy market. It contains ambitious targets for the utilisation of renewable energies. Long transition periods will delay the aimed-for harmonisation of the support mechanisms in the individual member states by up to eleven years.

Regulation discussion in Germany: In 2001, the energy policy discussions in Germany were characterised by the question of the required regulation intensity. In contrast to other liberalised electricity markets, there is no governmental regulatory authority in Germany. EnBW has shown that, notwithstanding the legal requirement of complete opening of the market, significant competitive obstacles remain. This applies both to the opening of the network access and to network user charges. EnBW supports binding network access regulations and appropriate network user charges.

Politicians have partly taken up these demands. In the Federal Ministry of Commerce, a “network access” task force was set up, and in the “Bundeskartellamt” (Federal Cartel Office) an additional department was set up for dealing with electricity network questions (“Beschlussabteilung” no.11). Shortly after this department had been set up, numerous pre-examinations for proceedings relating to excessive network user charges were initiated. As a first step, formal misuse proceedings were initiated in January 2002.

The German energy associations have adopted a 2nd voluntary industry agreement (Verbändevereinbarung II plus), which permits network utilisation contracts with suppliers and which eliminates fees for changing suppliers. Customers can change their electricity suppliers more easily. Active market participants such as EnBW and its subsidiary Yello Strom GmbH now have more freedom of action in the market, and the costs for supplying customers will be reduced.

Support for combined heat and power production: Arguments about future support for combined heat and power production (CHP) continued throughout 2001. In August 2001, the "Bundeskabinett" (Federal Cabinet) produced a CHP modernisation bill. This had been preceded by intense negotiations with the industry about the future legal framework of CHP and further climate protection measures, which culminated in an agreement between the associations involved and the Federal Government. Due to political disagreements, the original target for the new law to come into force on 1 January 2002 could not be met. We expect the law to come into force on 1 April 2002.

In contrast to the so-called "KWK-Vorschaltgesetz" (auxiliary CHP law), the proposed CHP modernisation law only supports "genuine" CHP electricity (i.e. not electricity derived from condensing processes). The law proposes differentiated and varying degressive fee structures for electricity from CHP plants. It also contains a clause that expressly permits the shifting of liabilities relating to the CHP support within existing contractual arrangements. This represents significant progress in terms of the renewable energies law and the auxiliary CHP law.

Company situation and business performance

Turnover and sales

During the financial year 2001, turnover and sales of the EnBW Group showed a significant increase of 34.9 % from € 5,828.9 million to € 7,861.2 million. Apart from the NWS Group having been consolidated for a whole year for the first time, EnBW Energie-Vertriebsgesellschaft mbH and Yello Strom GmbH in particular achieved strong increases in turnover and sales. Compared with the previous year, sales of electricity increased by approx. 25 % from 77.9 TWh to 97.3 TWh (without sales of electricity supply companies, which are accounted at-equity or as holdings). The increase in sales was largely due to our core business area of energy.

EnBW Group sales by business areas in € million	2001	2000
Energy		
Electricity	5,719	4,439
Electricity tax	– 462	– 254
Gas	689	316
District heat	152	92
Energy total	6,098	4,593
Waste management	259	259
Industry and services	1,504	977
Total	7,861	5,829

Energy: The business area of energy contributed around 78 % of the sales revenues of the EnBW Group. It is by far the most significant business area of the EnBW Group. After adjustment to account for the electricity tax, profits from electricity sales increased by around 26 % or € 1,072 million. The electricity trading business of EnBW Stromhandelsgesellschaft mbH also showed a positive development. The volume of trade could be increased significantly during the financial year 2001. The development of sales to private customers and native load customers continues to be very encouraging. The level of sales to distributors matched that of the previous year.

The volume of gas trade more than doubled during the year under review. Sales increased by approx. 72 %. The main reason for this significant increase was the full consolidation of the NWS Group, including its gas business.

EnBW Group electricity sales by customer groups in billion kWh	2001	2000
Private customers	18.8	14.8
Industrial customers	34.5	23.1
Distributors	19.2	19.0
Electricity generating and network companies / Trade	24.8	21.0
Total	97.3	77.9

Waste management: The sales revenues in the business area of waste management were on the same level as those in the previous year. Whilst there was a drop in sales revenues from disposal logistics, turnover from recycling increased by approx. 13 %.

Industry and services: In the industry and services sector, there was a strong increase in profits particularly in the area of general services and car park management through the full consolidation of the APCOA group as well as organic growth. The Salamander AG experienced a decrease in shoe sales revenues. Due to the full-year consolidation of tesion Kommunikationsnetze GmbH & Co. KG, sales revenues for telecommunications services doubled.

Result

The year 2001 brought financial challenges for the EnBW Group. Our margins in the energy sector were under strong competitive pressure for all customer groups. Furthermore, risks arising from the energy subsidy laws, excessive transmission and cooperation expenses, and the temporary shutdown of block 2 at Philippsburg had a negative impact on our result.

Notwithstanding this difficult environment, in 2001 we were able to improve our result before income tax by approx. 29 % or € 66 million. Taking account of the overall tax position, an increase in net income for the year of 52 % to 272 € million was achieved. The result before income tax and interest income (EBIT) improved from € 89 million to € 305 million. The result before interest, depreciation and income tax (EBITDA) improved from € 675 million to € 1,030 million. EBITDA profits in 2001 were 13.1 % compared to 11.6 % in the previous year.

To comply with international accounting habits, EnBW has for the first time shown the interest part from the allocation for the long-term personnel commitments in the interest income. This modification influenced the EBIT and EBITDA indices. For better comparability, the figures from the previous year were adjusted accordingly.

Due to increased acquisition expenses, the financial result was lower. Of the net Group income for the year, approx. € 91 million are related to other shareholders. After transferring € 16 million into the revenue reserves, an unappropriated profit of € 165 million remains. The unappropriated profit of the Group thus corresponds to the unappropriated profit of EnBW AG.

Energy: Compared with the previous year, we were able to improve our result in the business area of energy as planned in nearly all stages of the added value chain. The result before interest, income tax and depreciation improved by 40.2 % to € 733 million. Our core business thus made a significant contribution to the overall result.

Whilst a significant improvement of the result was achieved, the revenue development in the electricity sector is not satisfactory. Our margins continue to suffer due to excessive transmission and cooperation expenses. Significant costs such as material, personnel and other operational expenses as well as depreciation were – apart from the transmission and cooperation expenses and the costs in association with the temporary shutdown of block 2 at Philippsburg – broadly as expected. The full consolidation of the NWS Group had a positive effect on the result.

Waste management: In the area of thermal waste management, EnBW managed to achieve its 2001 targets through its subsidiary U-plus, despite a difficult market environment. The fact that the Thermoselect plant in Karlsruhe was only able to go into continuous operation on 7 January 2002, i.e. not during the year under review, had a negative impact on the thermal waste management result. During the year under review, the EBITDA increased from € 12 million to € 9 million.

Industry and services: In the business areas of service and industry, the Salamander group was able to improve its result, whilst the business area of shoes suffered a decline. The development of the results in the shoe business was characterised by a strong reduction in demand during the second six months of 2001.

Due to start-up and expansion investments, the tesion Kommunikationsnetze Südwest GmbH & Co. KG made a loss during the financial year 2001. tesion has embarked on a restructuring programme. During the year under review, the EBITDA increased by € 35 million to € 238 million.

EnBW share: During the year under review, the EnBW share traded consistently above € 30 and was thus a sign of the strength and reliability of EnBW for national and international investors. During the stock market downturn, the utility shares were able to resist the negative fluctuations. This also applied to EnBW, who utilised this environment with the implementation of innovative capital measures.

EnBW share data	2001	2000	1999
No. of shares (million) as of 31.12.	250.0	250.0	250.0
Highest market price per share in €	35.50	35.50	42.90
Lowest market price per share in €	30.00	29.00	32.00
Year-end market price in €	34.50	35.50	36.50
Dividend per share in €	0.66	0.46	0.46
Tax credit per share in €	–	0.20	0.20
Market capitalisation as of 31.12. in € billion	8.5	8.9	9.1

Dividend: At the general meeting on 23 April 2002, the Board of Management will propose to distribute a dividend of € 0.66 per share (previous year: € 0.46). This corresponds to an increase of approx. 43 % compared with the previous year. We managed to fully compensate our shareholders for the loss of the tax credit through a higher dividend. The EnBW capital stock consists of 250,006,200 non-par-value shares. It is made up of 141,088,383 registered shares and 108,917,817 bearer shares. The total number of shares entitled to dividends is 243,765,005. If approved by the AGM on 23 April 2002, the EnBW AG dividend distribution will amount to € 160.9 million.

Financing and investments

Compared with the previous year, the cash flow according to DVFA/SG could be increased significantly by € 276 million or 37.7 %. The following cash flow statement shows the movement of funds:

EnBW Group cash flow statement in € million (summary)	2001	2000
Cash inflow/outflow		
from operating activities	461	59
from investment activity	– 1,863	– 380
from financing activities	1,461	395
Items not involving the movement of cash	0	0
Increase in cash and cash equivalents	59	74
Cash and cash equivalents of 31.12.	906	847
Cash flow according to DVFA/SG	1,008	732

In May 2001, EnBW issued a conditional convertible bond with a volume of € 490 million, which was oversubscribed 16-fold. This emission was supported by the long-term “A+” rating from Standard & Poor’s. This positive classification attested EnBW a strong market position as well as a sound financial and earnings base.

Group investments in 2001 were significantly higher than in the previous year. Whilst investments in intangible assets and tangible fixed assets declined, there was a significant increase in investments in holdings.

Significant investments in our core business area of energy were made in the following companies, among others: Hidroelectrica del Cantábrico/Spain, Elektrownia Rybnik S.A./Poland, Zespół Elektroplowni Wrolawskich S.A./Poland and Energie-Versorgung Niederösterreich AG/Austria (EVN).

In the business area of industry and services, we acquired the majority stake in the GegenbauerBosse group, Berlin. We disinvested our holdings in the Swiss company Watt AG and our shares in Dürr AG.

Tangible fixed asset investments focussed on the expansion of our distribution equipment.

Investments of the EnBW Group in € million by business areas (intangible assets and tangible fixed assets)		
	2001	2000
Energy	311	288
Waste management	41	36
Industry and services	349	296
Holding company / Consolidation	0	488
Total	701	1,108

Asset and capital structure

The total assets of the Group increased by 9 % compared with the previous year; the total assets of EnBW AG increased by approx. 8 %. There was a reduction in the tangible fixed assets of the Group by approx. € 54 million to approx. € 5,173 million. The tangible fixed assets make up 27 % of the total assets. With approx. € 5,790 million, the intangible assets remained virtually unchanged. The assets held in investments consist largely of special long-term securities.

Compared with the previous year, the current assets increased by approx. 33 % or € 1,698 million. Securities held as current assets have decreased by about 30 %, while cash at bank and in hand has increased by around 7 %. The EnBW Group is once again able to demonstrate a solid financial structure. The net surplus of securities held as fixed and current assets plus cash at bank and in hand over the financial liabilities is around € 2.6 billion (previous year: € 4.4 billion).

The capital-to-assets ratio, including minority interests, fell from 14.2 % to 13.2 %. At EnBW AG, the proportion of equity decreased from 18.5 % to 17.7 %. This does not take account of the special items which relate to operations included in shareholders' equity of € 1,030 million (previous year: € 1,098 million).

The outside capital of the Group consists mainly of long-term provisions relating to the decommissioning and disposal of our nuclear power stations. The interest-bearing loans from financial institutions contained in the liabilities amount to a total of € 2,616 million, the bonds payable to € 575 million. The interest-bearing financial liabilities can be repaid within 3.2 years from the cash flow of the EnBW Group.

Fixed assets are covered by our own resources and by long-term liabilities. The asset and capital structures of the EnBW Group and of EnBW AG are sound.

Balance sheet of the EnBW Group in € million		
	2001	%
Assets		
Fixed assets	11,833	63.1
Current assets	6,817	36.4
Deferred charges	94	0.5
	18,744	
Liabilities		
Shareholders' equity	2,483	13.2
Special items	1,030	5.5
Provisions	10,775	57.5
Liabilities	4,388	23.4
Deferred charges	68	0.4
	18,744	

Relationships with associated companies

For the financial year 2001, the EnBW AG Board of Management has prepared a report according to § 312 AktG about the relationships with associated companies, which closes with the with following declaration:

"In the legal transactions listed in the report about the relationships with associated companies, according to the circumstances known at the time of the transactions, our company has received an appropriate service in return for every transaction and has not been disadvantaged. There were no reportable measures on the orders or in the interest of the prevailing companies."

Employees

Further increase in the number of employees

As of 31 December 2001, the EnBW Group had a total of 44,500 employees (including apprentices), 10,560 or 31.1 % more than on 31 December 2000. The increase was largely due to the first consolidation of the GegenbauerBosse GmbH & Co. KG with 10,070 employees within the Salamander group. After adjustment for the change in the consolidation base, the number of Group employees increased by 1.4 %. In 2001, the proportion of part-time staff within the Group was 23.7 %, resulting in a full-time equivalent number of employees of 6,546.

EnBW Group employees as of 31.12.2001 (without quiescent employment relationships, including apprentices)	
Energy	13,017
Waste management	1,795
Industry and services	29,535
Holding	153
Total	44,500

Training figures continue to be above-average

Having already exceeded its 2001 training target in 2000, EnBW created a further 110 training places during the year under review. The EnBW core companies continue to play a leading role in Germany when it comes to training, thus underlining both the social responsibility and the entrepreneurial objectives of the Group. In 2001 we continued to internally employ all EnBW apprentices directly after the successful completion of their vocational training for a period of up to 18 months. Furthermore, we have extended the program for the improvement of the qualification and employment of young people.

Successful staff marketing, both externally and internally

We are aware of the importance of attracting new recruits for the long term and are in direct contact with universities and polytechnics. We particularly promote cooperation with energy-oriented courses.

This year, the Group was represented at more than 20 regional and national recruitment and university fairs and informed interested students and graduates about job opportunities and traineeships. The internet has gained increasing significance for communicating with suitable graduates. EnBW is available nationally for academic recruits through more than 60 university partner links. In 2001, approx. 600 student workers, trainees, students and holiday workers were again able to get an impression of the EnBW Group as a potential employer.

The company-wide internal job market as well as the increased use of the qualification programme "Drehscheibe" (hub) systematically promotes internal exchanges and the mobility of our employees.

Targeted development of employees and managerial staff

2001 was the first full financial year for the "EnBW Akademie für Personal- und Managemententwicklung mbH" (EnBW academy for staff and management development). Not only did it complete this financial year with a positive balance, but within a short space of time it also managed to significantly improve the training opportunities within the Group and expand them to suit the demand.

With the 2001 further education programme, the EnBW Academy for the first time prepared a comprehensive overview of the training opportunities within EnBW. The programme has generated a lot of interest and is used intensely. Apart from the classic training, the academy offers comprehensive development projects for teams, complete sections or companies. The staff of the EnBW Academy, which was jointly founded by EnBW and NWS, have themselves concrete integration experience. They make an important contribution to the integration of all those involved, particularly when it comes to the formation of new sections or the merger of hitherto separate sections.

Of particular importance are the three programs that the EnBW Academy has developed and is responsible for: The "Drehscheibe" (hub) programme supports internal job or task changes of individual members of staff through tailor-made qualification. The trainee manager programme "PROFILE" systematically prepares 20 participants for their first management task. The group trainee program has already proven itself over several years.

Company culture as a sound value

EnBW has positioned itself in the market as a fast-acting and flexible company. In order to be able to continue this strategy sustainably, we need a management and company culture that meets the requirements of the market. The new "corporate management" section was therefore installed in a central position. The implementation of the Group's company culture standards is thus structurally anchored.

Heading for Europe

In order to get ready for the future, we prepare employees and managerial staff for tasks in an increasingly internationally oriented market. In the foreign branches of the EnBW Energie-Vertriebsgesellschaft mbH in Vienna, Milan, Madrid, Amersfoort and Warsaw, we currently employ around 80 members of staff. For our trainees, foreign assignments are an important component of their training. With EDF we practice an intensive reciprocal exchange of staff.

Ideas within the Group

We want to promote the creativity of our employees and utilise existing potential. The Group does see ideas & suggestions for improvement not as criticism, but as a basis for constructive discussion about the further development. They are registered and followed up within the framework of our newly created ideas management. Through training and marketing measures, the number of propositions received since the start of the new ideas management has already quadrupled.

Employees are a crucial competitive factor

During last year, the EnBW Group was able to play a successful role and to set new directions within the liberalised energy market. This success is first and foremost due to our employees, who have contributed their knowledge and experience with a strong commitment. As in previous years, the cooperation with the works committee, with speaker committees and with youth representatives was based on mutual understanding and on the knowledge of our shared objectives. The management would like to thank all employees involved for the impressive joint performance.

Research and development

Using ideas intelligently

Under the motto “Using ideas intelligently”, the research, development and demonstration department of EnBW has set itself the task of generating added value and added benefit for all business areas of the company through the development and application of new or improved techniques. The fostering of new ideas within the subsidiaries is just as important as the development of own propositions for projects and their transfer to the respective group companies. These ideas and propositions can be further developed using funds from the research budget and then implemented, provided they are technically feasible and economically sensible. It is our job to consciously and specifically promote innovations in order to create customer benefit, and to improve the competitiveness and to enhance the reputation of our company. The results of EnBW’s research and development activities are published regularly and presented at trade fairs and exhibitions.

The research activities are based on EnBW’s guiding principles of environmental protection and sustainable cost effectiveness. This is a sign of our commitment to our special responsibility towards the environment and society. Many projects aim to increase technical efficiencies and thus contribute to reducing emissions and increasing energy efficiency.

Innovation and partnership

A significant factor of the innovation activities of the EnBW Group is the realisation of partnership projects. This distributes the project costs, which can sometimes be very high, across several companies or reduces them through the inclusion of subsidies. Furthermore, this approach ensures that the tasks can be solved in close cooperation of all partners, and that the project results directly benefit all companies involved. During the year under review, we submitted various new project proposals to the European Commission, in order to deepen existing partnerships within the EDF Group and particularly to EDF itself, and to build further contacts within Europe.

Whilst the previous year mainly focussed on project initiation and project development, during the financial year 2001 the realisation of these projects was in the foreground. For example, EnBW achieved first successes in the area of fuel cells, which generated a lot of interest. With the installation of the first Sulzer Hexis fuel cell domestic energy system at our gas base in Mingolsheim in December 2001, EnBW concluded the project design phase and now possesses its own plant. Work on the construction of the Alstom-Ballard 250 kW PEM fuel cell was similarly successful. The plant will be integrated into the energy supply system of a swimming pool in early 2002, also in Mingolsheim. EnBW has thus made good progress with its objective to build up its own know-how for the installation and operation of fuel cell systems. Progress was also made in other projects, for example in the successful demonstration of the operating principle of electro-kinetic ground rehabilitation or a new method for the electrical cleaning of solvent-containing exhaust air, for example from paint shops.

Innovation and future

The new German "Energieeinsparverordnung" or EnEV (energy saving regulations) that came into force on 1 February 2002 has far-reaching consequences for domestic energy supplies. EnBW will pay increasing attention to this subject in future. We have a lot of ideas for innovative domestic energy supply components for the different types of domestic and non-domestic buildings, both old and new. We adopt a holistic view of energy consumption, in order to be able to objectively assess the overall benefits for our customers arising from the combined use of the individual components and to determine the effects on the environment. This is an important prerequisite for being able to offer customers attractive and environment-friendly options for their domestic energy supplies.

Risk assessment

Holistic risk assessment

Through its global activities and the development of the competition, the EnBW Group is subject to various risks. EnBW sees any potential negative deviation of results from planned values as a risk. This far-reaching definition of risk and the integration of risk management into EnBW's business processes enable the utilisation of risk management as a significant element of our daily business management. One important factor are the statutory commitments arising from the law on "Kontrolle und Transparenz im Unternehmensbereich (KonTraG)" (Control and Transparency in Business).

During the financial year 2001, the Supervisory Board and the Board of Management of EnBW, as well as the boards of the EnBW subsidiaries that are integrated into the EnBW risk management, were informed at least every quarter about the risk situation in their areas of responsibility. During the review period, the Group audit carried out process-independent system and functional checks within the framework of the audit plan agreed by the Board of Management, both on a Group level and for individual companies.

The auditors attested that the risk management and early warning system implemented by EnBW complies with the statutory requirements.

Taking due consideration of the overall risk position and the measures taken, no substantial risk according to KonTraG was detectable for the EnBW Group during 2001. Significant individual risks are listed below.

Risks arising from underlying political and statutory conditions

Nuclear energy agreement: On 11 June 2001, the Federal Government and the operators of the German nuclear power stations signed the agreement reached last year about the continued operation and the decommissioning of the German nuclear power stations. During the period under review, this constituted a reduction of the political risks in connection with decommissioning. As part of the nuclear power agreement, the Federal Government will ensure that the existing reprocessing contracts will be honoured up to their date of expiration, and that subsequently spent nuclear fuel can be decommissioned by storing it on-site. The reprocessing shipments undertaken during 2001 proceeded without major incidents. Construction and nuclear safety approvals have been granted for the intermediate storage facilities at the Philippsburg and Neckarwestheim sites. The Obrigheim nuclear power station already has a suitable wet storage facility.

Taxation of provisions: Since the beginning of 2001, talks have been held between the nuclear power station operators and the Federal Finance Office about fiscally controversial nuclear power provisions. Disallowance would mean significant additional tax burdens. In a joint meeting with finance administration representatives on 20 November 2001, a compromise was found for the years 1993 to 1998, a solution through which an appeal was avoided. With this compromise, legal certainty was achieved about the past and legal conflicts avoided, but uncertainty remains for the future. We have made adequate provisions for this risk.

Network user charges and energy subsidy laws: On 1 August 2001, the Federal Cartel Office created a department for monitoring the competitive situation ("Beschlussabteilung"). Consequently, we expect a harmonisation and reduction of the network user charges in Germany during the year 2002.

The laws that came into force in 2000 about priority for renewable energies ("Vorrang erneuerbarer Energien", EEG law) and for safeguarding of electricity generation in CHP plants ("KWK-Vorschaltgesetz" – CHP law) have led to significant additional financial burdens in 2001 for ourselves and for our customers. We have counteracted the uncertainty regarding the interpretation of the text of the law concerning the transfer of these burdens to end users with unambiguous contractual agreements. The CHP modernisation law, which is expected to come into force on 1 April 2002, is expected to bring greater legal certainty about the transfer of such burdens to end users.

Market risks and contractor risks

Market price and contractor risk, electricity trading: The EnBW Group companies in the areas of energy, waste management, industry and services are subject to price and quantity risks. This applies particularly for the energy sector, whose risk management activities we have bundled in the EnBW Gesellschaft für Stromhandel mbH. As stipulated by the risk management and risk controlling standards applicable to trading by financial institutions, we have functionally and organisationally separated trade, handling and control. Limits apply for market price risks resulting from the trading business, compliance with which is continuously monitored.

Additionally, we monitor the risks of the trading portfolios through regular evaluation and risk measurement.

In order to reduce the risk of failure of contractors, we demand high financial credibility. With our trading partners we agree general framework contracts according to the EFET standard. Furthermore, we regularly and on special occasions monitor the financial credibility of our contractors. The insolvency of the energy trading company Enron during the year under review only had a very small effect on us, since we had already reduced our trading activities with this partner at an early stage.

Market price risk: Treasury: EnBW uses interest-sensitive financial instruments in a targeted way, in order to meet the requirements of the operational and strategic asset management. Our expansion strategy, successfully implemented last year, was accompanied by appropriate financing models. For this and for supporting our operational business management we use modern financial instruments. It is part of our risk policy to only use customary financial instruments that offer adequate liquidity. Using the modern portfolio method, we also invest in shares and special funds, in order to achieve an appropriate return for the existing liquidity vis-à-vis a pure money market investment.

For measuring our price risks we use the so-called Value-at-Risk (VAR) concept, customarily used by banks. At a market value of our assets of € 2,923.6 million, the treasury market price risk thus determined ($\text{VAR}_{95\%/10 \text{ days}}$) of EnBW AG was € 41.4 million on the balance sheet date. EnBW makes great demands on the creditworthiness of the contractors. Furthermore, risks are reduced by spreading the investments to a multitude of trading partners and by specifying investment limits for each contractor based on its financial credibility.

Operating risks

In our business areas of energy and waste management, we operate technically complex production units, whose failure would directly affect our profitability and may influence our public reputation. We reduce these risks through regular maintenance of all equipment as well as continuous staff training and education. Further measures are the specification of detailed operating and process instructions and taking out of insurances.

Philippsburg nuclear power station: Despite comprehensive risk limitation measures, unscheduled deviations occurred during the last financial year at the Philippsburg nuclear power station. Once this notifiable event of August 2001 had come to our attention, we voluntarily shut down block 2 on 8 October 2001 in order to undertake a detailed analysis of the causes. Based on the findings of this analysis, we immediately began to develop comprehensive technical, organisational and personnel measures in order to avoid similar incidents in future. The plant was re-started on 17 December 2001, after approval had been given by the public authorities.

Thermoselect plant Karlsruhe: In 2001, we were exposed to risks arising from the first application of the Thermoselect technology, which have been eliminated in the meantime by taking appropriate measures.

Addendum

The transfer of the Neckarwerke Stuttgart AG (NWS) share majority to EnBW, contractually agreed in summer 2000, can be implemented in 2002. On 7 February 2002, Stuttgart city council in principle approved the sale of the city's NWS share of 42.5 % to EnBW. By acquiring Stuttgart's holding, EnBW aims to increase its NWS share to 75 %.

On 10 January 2002, the Stadtwerke Düsseldorf AG (SWD) and EnBW finally sealed their partnership that was agreed in summer 2001. With the signing of the contract, EnBW acquired 29.9 % of the Stadtwerke Düsseldorf AG shares from the City of Düsseldorf. Via two put options, the City of Düsseldorf can offer EnBW a further 50.1 % of the SWD shares.

On 1 January 2002, EnBW took over 25.1 % of the shares of Stadtwerke Völklingen. Other shareholders are the "Versorgungs- und Verkehrs-Holding" of the City of Völklingen with 64.8 % and the Saar Ferngas AG with 10.1 %. Furthermore, the "Versorgungs- und Verkehrs-Holding" of the City of Völklingen and the EnBW Energie-Vertriebsgesellschaft mbH founded the joint marketing company "SaarPower GmbH" for the Saarland and western Palatinate, in which EnBW holds 51 % of the shares. It is planned to explore the energy potential of the Saarland market and to expand it for energy-related services such as heat, coolth and compressed air supply for trade and industrial customers.

On 24 January 2002, Heilbronn city council agreed the sale of the share of the City of Heilbronn in ZEAG Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG. Based on the option agreement signed at the end of 2000 between the City of Heilbronn and EnBW concerning the acquisition of the shares by EnBW, the option was exercised on 31 January 2002. The acquisition of 50.09 % of the ZEAG shares will come into force with the approval from the Federal Cartel Office, with EnBW then holding a total of 62.22 % of the ZEAG shares.

In early January, the competition authorities approved the purchase of the energy business of the Lonza Group. The EnBW subsidiary will enter the Swiss market under the new name of EnAlpin Wallis.

On 7 January 2002, the Thermoselect plant at Karlsruhe went into continuous operation.

The EnBW flotation will not occur during the first six months of 2002. This was agreed by the EnBW Supervisory Board on 24 January 2002 following a recommendation by the Board of Management. Within the framework of its overall financial strategy, EnBW will wait for an improvement of the conditions on the equity capital market. The bond with the right to a suspensive conditional conversion into EnBW AG shares issued in May 2001 will be repaid on 31 August 2002.

In January 2002, the rating agency Standard & Poor's once again attested EnBW a strong market position and a sound financial and earnings base and renewed its first rating from December 2000 with a long-term A+/stable (short-term rating A-1). The also internationally renowned rating agency Moody's assessed EnBW in their first rating with a long-term grade of A2/stable (short-term rating: Prime-1), based on EnBW's strong regional presence and EnBW's commitment to a sound financial profile.

In January 2002, EnBW launched a Euro-Medium-Term-Note (EMTN) programme within the framework of a debt issuance programme with an emission volume of € 3 billion. The ratings of Standard & Poor's and Moody's relate to both the company and to this programme. The first tranche of the programme, a Euro benchmark bond, will be issued in February 2002 and is mainly aimed at institutional investors at home and abroad. With this bond, EnBW wishes to finance the takeover of Neckarwerke Stuttgart AG during 2002.

Outlook 2002

Future underlying economic conditions

The amendment of the Nuclear Energy Act is likely to come into force shortly. It will prohibit the further expansion of nuclear power stations, specify the permitted residual quantities of electricity that can be produced in existing stations, limit the disposal route for spent nuclear fuel to direct permanent disposal after an interim period, and prescribe distributed interim storage for spent nuclear fuel. The cover provisions will be increased to € 2.5 billion. Through the existing insurances and the Nuklear-Haftpflicht GbR ("Gesellschaft bürgerlichen Rechts", civil-law partnership), this will be reduced by € 255.6 million. The partners E.ON, RWE, HEW and EnBW will guarantee the remaining amount up to € 2.5 billion pro rata within the framework of the solidarity agreement, in case an operator of a nuclear power station cannot meet its compensation commitments. Independent of this, each nuclear power station operator will continue to be responsible for an unlimited amount.

On a European level, we expect progress with the proposals of the European Commission regarding the completion of the internal market. EnBW welcomes this development. For the year 2002, the European Commission has given advance notice of a draft guideline for combined heat and power. It remains to be seen whether this will significantly influence national legislation. In the context of climate protection, we expect the discussions about reaching the Kyoto aims and a CO₂ trading system to intensify. We will carefully follow this discussion.

On a national level, the year 2002 will show whether optimised market access can be achieved without a complete change of system towards a genuine regulation approach. In our opinion, the existing measures agreed by the 11th "Beschlussabteilung" and the "network access" task force and the now proposed "general conditions for network access" (AVB Netz) by the Federal Ministry of Commerce are cause for cautious optimism. A further step ahead would be the implementation of the currently discussed shifting of the burden of proof in the context of cartel investigations of network user charges and the immediate execution of misuse injunctions against network operators within the "Gesetz gegen Wettbewerbsbeschränkungen", GWB (law against restraints of trade).

Future development of the business areas

Energy: Due to the uncertain development of the German economy we do not expect a significant increase in energy demand in 2002.

With effect from 1 January 2002 we increased our prices slightly. Apart from increased energy purchasing costs on the wholesale market and the general cost development, this price increase also reflects costs caused by statutory instruments such as the electricity tax.

Due to our strong positioning in Baden-Württemberg, our national expansion of the industrial customer base and the intensified partnership with the "Stadtwerke" (municipal utilities), the development of our business will continue to be positive. The margins in the electricity business will continue to improve as planned.

Through the resolute utilisation of efficiency-increasing potentials and the implementation of cost-saving opportunities, we will be able to significantly improve the profitability of our core business area. The utilisation of synergies from the integration of the NWS Group will make a significant contribution.

Investment in fixed assets will focus on small generation plants based on biomass and wind power, as well as electricity networks.

In terms of energy holdings, in 2002 we will take over further stakes in NWS AG as agreed. We will reduce the direct holding in Hidroelectrica del Cantábrico (Hidrocantábrico) to 35 % as agreed.

Investments will be financed from the net cash inflow from operating activities, the reduction of our current and fixed assets, through disinvestment within and outside of our core business area, and in future also through long-term outside and shareholder's equity instruments.

Waste management: In the area of non-thermal waste management, the U-plus group will strengthen its position in the German market and continue to be successful in neighbouring countries. The added value chain will be expanded through the targeted expansion of activities and the development of new utilisation techniques. Through its comprehensive competency in the areas of logistics, recycling and disposal, U-plus has a high potential for further growth. Priorities are the development of new business areas and targeted acquisitions. The internationalisation process already started will be continued through projects in various parts of Europe.

Due to the commencement of normal operations at our Thermoselect plant at Karlsruhe, the year 2002 will see a strong growth in sales and a clear improvement in the thermal waste management result. Further targeted investments will be made in this area.

Industry and services: At the Salamander Group we expect significant increases in sales revenue from the service sector. The areas of services and industrial products will see increased profits.

tesion has embarked on a restructuring programme. In future, telecommunications will no longer be part of our core activities.

In the profitable parts of our business activities, particularly within the service activities of the Salamander group, investments will increase compared with the previous year.

While others keep kissing frogs, we select our partners.





Energy

Energy continues to be EnBW's core business. Apart from our main business of electricity, where EnBW is active along the complete added value chain, we are also active in the areas of gas and district heat. Furthermore, we offer our customers energy services such as heat, coolth, technical gases and compressed air. Through the acquisition of holdings at home and abroad, we have pushed ahead with the continued expansion of our energy sector. In 2001, turnover in the business area of energy increased by 32.8 % to € 6,098 million compared with the previous year.

€ million	2001	2000	Change in %
External sales revenue	6,098	4,593	32.8
of which			
Electricity	5,719	4,439	28.8
./ Electricity tax	– 462	– 254	81.5
Gas	689	316	117.6
District heat	152	92	64.9
Operating result	228	122	86.9
EBITDA	733	523	40.2

EnBW Group energy sales in billion kWh	2001	2000	Change in %
Electricity (incl. all electricity supply companies, in which we have an interest)	110.1	87.9	25.3
Electricity	97.3	77.9	24.9
Gas	18.2	10.6	71.7
District heat in billion kWh _{th}	3.6	2.6	38.5

Distribution

With sales of 49 billion kWh in 2001 and a total of 16 branches in Germany and in other European countries, the Energie-Vertriebsgesellschaft is the most important distribution organisation of the EnBW Group. It sells our energy products and energy-related services across Germany and Europe.

The resolute orientation of the distribution company towards customer and industry segments has proven successful in 2001. Sales to industrial customers could be increased further, particularly through the intensive activities of our national and international branches. Despite intense competition, EnBW achieved profit-oriented growth, so that we were able to compensate for the strong drop in prices during 2000.

With a differentiated pricing policy that meets the different needs of customers in this segment, and with a comprehensive customer loyalty programme, EnBW Energie-Vertriebsgesellschaft mbH will continue to pursue its ambitious customer loyalty objective. The result of these efforts is, among other things, the continuing low cancellation ratio during the year under review among private and business customers of the distribution company in Baden-Württemberg.

EnBW also offers local authorities a differentiated product portfolio and further services. Not only can they buy their electricity from us, they can also develop individual energy concepts and implement them jointly with us.

Energy-related services

In addition to electricity, customers increasingly ask for energy services. Through their attractive margins, they open up potential for growth and safeguard EnBW's competitive advantages in the areas of energy marketing and customer loyalty. In order to further expand this product segment on the market, the EnBW Kraftwerke AG, the EnBW Energie-Vertriebsgesellschaft mbH and the Neckarwerke Stuttgart AG have founded the EnBW Contracting GmbH. EnBW Contracting GmbH's objective is the holistic support of the customer for all energy aspects.

Private customer business with Yello

Yello's market leadership amongst the new electricity suppliers in Germany, built up over the last two years, was further expanded in 2001. Yello Strom GmbH increased its customer base to over 700,000 and is thus once again way ahead of its direct competitors. The brand recognition of Yello is now 97 %. Every second customer changing supplier goes for the yellow electricity from Yello.

The once again worsened cost situation in the overall electricity market (further increase in eco tax, other government-induced burdens such as CHP and EEG, excessive transmission charges, increasing electricity purchasing prices on the wholesale markets) lead to a price adjustment in November 2001 and the new Yello 6.6 formula – a price formula in Euro, which for the first time contains a weighted component for transmission costs in Germany. These price increases only led to a negligible number of cancellations. Even after the price adjustment, Yello Strom continues to be positioned as the cheapest electricity supplier.

The year 2001 was characterised by continuing efforts to gain regular customers – based on a continuing optimisation of sales channels. The E-Commerce segment was expanded further, the catalogue buying and direct marketing activities were fine-tuned. Yello streamlined the national direct marketing activities for supporting business customers and the presence in shops and at the same time established a network of flexible sales agents, which is supplemented by a system of distribution partnerships. A comprehensive marketing mix was thus established in a market and cost-oriented fashion. This know-how, the complex marketing mix and the high brand recognition make Yello a company that can also successfully position new, non-electricity products in the market.

Following initial activities in the telecommunications sector in the year 2000 (pre-paid phone card, internet-by-call), 2001 saw the introduction of the new conventional telephone network product “YelloFon”, which is offered in co-operation with the partner company tesion.

Yello also introduced other domestic products in regional markets: Through “hiring not buying”, customers can hire large domestic appliances cost-effectively, via the financial services product “MONEYmore” they can improve their pension, and via a workmen hotline prompt help can be requested around the clock.

Compared with the previous year, the number of employees has fallen slightly to 280.

Trade

The wholesale market price for electricity in Germany saw a strong increase compared with the previous year. Further increases both in price and volatility can be expected for 2002, which already became apparent in December 2001. With increasing wholesale price transparency, caused not least by the electricity exchanges, the wholesale market price will increasingly be used as a reference price internally within EnBW. As energy hub between generation and sales within the EnBW Group, the EnBW Gesellschaft für Stromhandel mbH is the central risk manager for price and quantity risks in the EnBW electricity business. It utilises the capacities of the EnBW generation portfolio and optimises them through OTC (over-the-counter) and stock exchange trading.

Since March 2001, futures contracts for electricity have been traded at the European Energy Exchange (EEX) in Frankfurt. Our electricity trading company made a significant contribution to the conception and the structure of the futures exchange and has utilised the resulting options and opportunities for energy trade and risk management in the electricity sector right from the start.

The EnBW Gesellschaft für Stromhandel mbH continues to develop new models and processes for trading and risk management. For example, together with Karlsruhe University, it developed an evaluation model for electricity market options, implemented new forecasting techniques for customer charges and introduced new software for trading and risk management. In 2001, the EnBW Gesellschaft für Stromhandel mbH managed to increase its volume of trade in the electricity sector by 47 % to 86.2 TWh.

Generation

EnBW sees its own electricity generating capacities as an important competitive factor. In 2001, we continued to generate the majority of the electricity we sold ourselves, based on a portfolio of generating plant capacities and long-term purchasing contracts. This portfolio comprises a power plant capacity of more than 10,000 MW (over 13,000 MW incl. NWS). Of this capacity, a total of 5,136 MW comes from our own six large power plants.

Electricity generation capacities, holdings in power stations and electricity purchasing agreements are bundled within EnBW Kraftwerke AG. This wholly owned subsidiary of EnBW, which supplies 53.8 billion kWh per year (plus 14.8 billion kWh from NWS), is one of the leading energy producers in Germany.

Own plants	Electrical output in MW
Philippsburg nuclear power station (KKP)	2,282
Heilbronn combined heat and power station (HLB) (including cold reserve)	1,130
Rheinhafen steam power station Karlsruhe (RDK) (including cold reserve)	1,208
Rudolf-Fettweis station Forbach (RFW)	69
Illerkraftwerke (IKW)	48
Marbach power station (MAR) (including cold reserve)	399
Total	5,136

By optimising its power plant utilisation and entering into long-term purchase and supply agreements, EnBW Kraftwerke AG supplies power and district heat to the EnBW Group and its customers at acceptable market prices.

Important holdings and purchasing contracts	Pro-rata output in MW
Mannheim power station (GKM)	429
Bexbach power station (KBV)	476
Lippendorf power station	432
Neckar joint power station (GKN)	259
Obrigheim nuclear power station (KWO)	225
Leibstadt nuclear power station (KKL)	84
Purchase contract with EDF	835
Schluchsee hydro-plant	870
Vorarlberger Illwerke, Zemm-Ziller and Sellrain-Silz	1,725

Nuclear energy, coal, gas, oil and hydropower ensure an efficient, environmentally sound power generation mix for EnBW Kraftwerke AG.

Generation mix (plants, partially-owned power stations and electricity purchased)	Electrical output in MW
Nuclear power stations (incl. EDF contracts)	3,685
Conventional power stations	4,101
Run-of-river and storage hydropower stations	2,982
EnBW total	10,768

Overall, in 2001 the EnBW Kraftwerke AG generated 53.8 billion kWh of electricity or 8.55 % more than in the previous year. Electricity sales of EnBW Kraftwerke AG including NWS increased by 7.8 % to 65.8 billion kWh compared with the previous year.

With 50.2 % of the total electricity, nuclear energy continues to be the most important source of electricity for EnBW Kraftwerke AG. However, due to the temporary shutdown of the Philippsburg nuclear power station, output was lower compared with the previous year. EnBW has processed the incident at the Philippsburg nuclear power station that led to the temporary shutdown of block 2 comprehensively and has taken appropriate organisational and conceptual measures. In consultation with the relevant authorities and experts, we will develop a safety management pilot project, based on objective safety indicators. Furthermore, the EnBW Board of Management has assembled a group of internationally renowned experts, whose task as "special nuclear envoys" it is to investigate all safety-relevant processes in EnBW's nuclear power installations and to point out consequences for future actions. They have access to all data and act independently of orders from EnBW.

The fossil fuel power stations contributed 24.7 % and the run-of-river and storage hydropower stations 13.2 % of the total electricity generated. The remaining 11.9 % were electricity purchases for which the primary energy type could not be identified.

At the end of last year, EnBW Kraftwerke AG employed 1,632 members of staff, 29 fewer than in the previous year.

Cost-reduction potentials continue to be explored through the reorganisation of the power stations, utilisation of synergies from the integration of the NWS electricity generating capacities, re-negotiation of the purchasing contracts and increases in productivity through the formation of the technical services business area within the EnBW Kraftwerke AG.

In addition to its traditionally high proportion of hydro-electricity, the EnBW Kraftwerke AG has successfully repositioned itself into further renewable generation areas. During the course of the year, the output was increased by around 9 MW through the construction of new wind power plants in Baden-Württemberg and Rhineland Palatinate. The signing of various cooperation agreements in this area will further strengthen the position of EnBW Kraftwerke AG as a project developer and operator. Furthermore, the company plans to build five large biomass plants based on the combustion of wood chips.

Through the expansion of the renewable energy generation portfolio, around 1 million tonnes of CO₂ will be saved by 2010.

Within the framework of environmental and emissions legislation, we expect the introduction of EU-wide guidelines and instruments for limiting emissions, for example cross-border emissions trading.

Electricity networks

The EnBW Transportnetze AG is responsible for the provision and proper operation of the 380/220 kV supergrids in Baden-Württemberg. According to part 2 of the voluntary industry agreement, it makes its network available to all market participants without discrimination and with transparent conditions.

The EnBW Transportnetze AG has some of the lowest network user charges in Germany. Apart from its core activities, the company is responsible for the implementation of the laws about priority for renewable energies ("Vorrang erneuerbarer Energien", EEG law) and for safeguarding of electricity generation in CHP plants ("KWK-Vorschaltgesetz" – CHP law). This includes the national harmonisation of charges within the EnBW trading area, as stipulated by these laws.

In order to ensure optimum supergrid control, last year EnBW Transportnetze AG leased the supergrids of the Neckarwerke Stuttgart AG (total length 161 km, of which 67 km 220 kV grid).

Based on part 2 of the voluntary industry agreement, a cooperation agreement was signed with Neckarwerke Stuttgart AG concerning the utilisation of the distribution network.

Like in the previous year, the EnBW Transportnetze AG employed 68 members of staff.

The lengths of the EnBW electricity networks are shown in the following two tables:

EnBW Transportnetze AG	
380 kV grid length	1,787 km
220 kV grid length	1,701 km

EnBW Regional AG	
110 kV grid length	6,483 km (of which 74 km cable)
20 kV grid length	23,561 km (of which 12,152 km cable)
0.4 kV grid length	49,922 km (of which 33,122 km cable)

Within the EnBW Group, the EnBW Regional AG is an important link between electricity generation and electricity supply. It owns and operates the EnBW distribution network (110 to 0.4 kV) and the EnBW long-distance network. With a market share of around 80 %, it is the most significant network operator in Baden-Württemberg. Moreover, it offers services for project design, construction and maintenance of electricity and information centres for internal and external customers. As a service provider, it operates the network equipment of the distribution network (220/380 kV) of the EnBW Transportnetze AG.

The EnBW Regional AG thus ensures security of supply and customer-oriented service in EnBW's home market of Baden-Württemberg. It increasingly also offers network-related and infrastructure services for different customer groups such as local authorities, business and industrial customers. The service portfolio ranges from the management of customers' own electricity, gas and water networks via measurement and testing services to contracting models and development measures.

With the recently acquired holdings in Stadtwerke Schramberg GmbH und Co. KG, the Technische Werke Schussental GmbH & Co. KG, the e.wa.riss GmbH & Co. KG and the Elektrizitätswerk Braunsbach GmbH, EnBW Regional AG has successfully expanded its network of holdings, thereby creating added value also for its partners. The takeover of the municipal network of the town of Neuenbürg was an important step for rounding off the network arrangements for this region.

During the year under review, the company reduced its costs through condition-oriented maintenance in connection with the optimisation of the maintenance cycles, without affecting the high security of supply.

Further increases in efficiency are expected from the reorganisation of the decentralised structures, the implementation of which commenced in 2001. During this structural reform, EnBW Regional AG reduced the number of regional centres from nine on six, streamlined its area operation and utilised synergies from the cooperation with others partner and group companies. The restructuring of the 110 kV network, and the concentration of the five continuously staffed main system control centres at two locations, Daxlanden and Engstlatt, will be completed by the end of 2002.

EnBW Regional AG has some of the lowest network user charges of all network operators in Germany. Based on its attractive price structure and the implementation of network access without discrimination, it is used as a reference company during examinations by the Federal Cartel Office.

During the past year, the number of employees at EnBW Regional AG fell from 2,540 to 2,391. The agreement between employer and union to avoid operation and merger-related redundancies was honoured.

Energy sector holdings

Neckarwerke Stuttgart AG: During the summer of the year under review, the cartel authorities approved closer cooperation between EnBW and the Neckarwerke Stuttgart AG (NWS), as well as the takeover of the NWS share majority in 2002. With the approval, the control agreement concerning the management of NWS through EnBW that was signed in August 2000 came into force. Based on this major agreement, EnBW can complete the largest acquisition in its history. NWS is one of the largest regional energy businesses in Germany and supplies the state capital of Stuttgart as well as the surrounding region with electricity, gas, water and district heat. NWS is also active in waste management. The partnership with NWS will make a significant contribution to strengthening the position of the EnBW group in the European energy market. Large synergy potential exists in the areas of power station operation, network control and marketing, which we want to utilise swiftly, as soon as the City of Stuttgart and the "Neckar-Elektrizitätsverband" make use of their option of selling their shares from 2002. At the end of the year under review, EnBW had a share of 31.96 % in NWS.

Stadtwerke Düsseldorf AG: The Stadtwerke Düsseldorf AG (SWD) is a regional multi-service company with a solid base of round 550,000 electricity, gas and water customers. It strengthens our access to customers in North-Rhine Westphalia and the neighbouring Benelux countries – a market with a power consumption of more than 130 billion kWh. The partnership with SWD opens up opportunities for much stronger participation in the potential for growth of one of the most attractive regional markets in Europe. The company Energie Nordrhein-Westfalen (ENRW) was founded jointly by EnBW and SWD for the implementation of the partnership concept. Under the management of EnBW, the intention is to attract new customers based on existing large customers, to expand the partnership through cooperation and acquisition of further "Stadtwerke", and to offer services and new products for industrial customers and municipal partners.

Hidroeléctrica del Cantábrico: For a number of years, Spain has seen the highest growth rates across Europe both of the economy and the energy demand. Within EnBW's internationalisation strategy, this market was therefore defined early on as an important target market.

Through the successful holding in Hidroelectrica del Cantábrico (Hidrocantábrico), the fourth-largest energy supply company in Spain, we succeeded in being represented in this attractive market along the complete added value chain – particularly also in the lucrative generation business. After a prolonged takeover process and negotiations with the Portuguese energy supplier Electricidade de Portugal (EDP) and the Asturian savings bank CajAstur, at the end of 2001 we reached an agreement with these two parties about the future management of Hidrocantábrico. The three parties will manage Hidrocantábrico jointly. With 40 %, EDP will keep a slightly larger share, EnBW as the second partner will hold 35 %, and CajAstur 25 %. This restructuring significantly reduces the acquisition price and the overall financial commitment of EnBW. The approval of the relevant competition authorities for this restructuring is expected by spring 2002. This partnership aims to develop Hidrocantábrico from its existing independent position into a powerful player on the Spanish electricity and gas market, which will be subject to further liberalisation, and to significantly increase its market share. Hidrocantábrico will be the only and joint platform for all partners for the energy business in Spain. Apart from the pure operational synergies, EDP will contribute in particular its strong presence and experience on the Iberian market, and EnBW will contribute its experience in liberalising markets.

Energy business of the Lonza Group: With the acquisition of the energy business of the Lonza Group by EnBW Kraftwerke AG, EnBW now has an excellent opportunity for positioning itself prior to the forthcoming opening of the energy market in Switzerland. Under the new name of EnAlpin Wallis, EnBW Kraftwerke AG will manage, strengthen and develop the energy business of the Lonza Group as an independent Swiss company. We will also be looking specifically for partnerships with regionally active companies.

EnAlpin Wallis has shares in the power stations Neuhausen and Rheinau am Hochrhein and the large factory groups of Aletsch AG, Kraftwerk Lötschen AG, Rhonewerke AG and further hydroelectric plants. With the acquisition of the Lonza energy business, which the competition authorities approved in January 2002, EnBW will further strengthen its commitment to hydropower. Overall, this acquisition will increase the electricity generating capacity of EnBW Kraftwerke AG by around 300 MW, with an annual electricity production of more than 1 billion kWh.

GESO Beteiligungs- und Beratungs-AG: In the new German Länder (federal states), EnBW wishes to further strengthen and expand its already strong position through its majority stake in the GESO Beteiligungs- und Beratungs-AG and other companies belonging to the GESO group, particularly the Energieversorgung Sachsen Ost AG (ESAG) and the Stadtwerke Dresden GmbH (DREWAG). The strategy of securing and expanding market shares will be pursued with a variety of attractive offers for the customers and the implementation of the multi-utility approach. The focus of the business activities is on electricity. Additional business areas are gas, water/waste water, district heat and services.

Holdings in central and eastern Europe: Since October 2001, together with EDF EnBW has a majority stake in the 1,600 MW hard coal-fired power station at Rybnik in Poland. The power station in the Upper Silesian coal region is one of the most cost-effective generating plants in Poland. Since the completion of privatisation, with an increase in sales of around 10 % it has further strengthened its competitive position on the Polish wholesale market and met its income forecast. With Rybnik dealing with base load generation for the wholesale market, Kogeneracja in Breslau dealing with CHP and district heat, and the distribution company EDF-EnBW Polska dealing with industrial customers we have taken important steps for a successful market presence in Poland.

The Visegrad countries neighbouring Austria and Germany are important target countries for our European growth strategy. The electricity markets in Poland, Hungary, the Czech Republic and Slovakia have close economic, political and cultural links with Germany. With holdings in regional electricity distributors in Budapest and Prague as well as power stations in Poland and Hungary, we took up a strategic position at an early stage within the framework of the privatisation in the central and eastern European countries wishing to join the EU. Against the background of the forthcoming EU entry, our local holding companies will be prepared for the liberalisation of the energy markets right from the start. In Poland, together with our strategic partner EDF we will further develop the opportunities for end customers of the gradually opening electricity market. Furthermore, we will optimise our generation portfolio and are planning the country-specific completion of our growth strategy through involvement in further added value stages.

Waste management

In the areas of waste disposal logistics, recycling and waste disposal, EnBW offers comprehensive services for local authorities, business and industrial customers. In the year under review, with € 259 million the turnover of the U-plus Umweltservice AG was similar to that during the previous year. In December 2001, the Thermoselect plant Karlsruhe operated by Thermoselect Südwest GmbH completed six months of trial operation and passed all final tests and inspections.

in € million	2001	2000	Change in %
External sales revenue	259	259	0.1
Operating result	– 27	– 40	32.5
EBITDA	9	– 3	– 400.0

U-plus Umweltservice AG

The U-plus Umweltservice AG has held its ground in a strongly competitive waste management market. The company employs a total of 1,743 staff. With € 252 million, turnover was similar to last year. The net income for the year increased to € 9.1 million (previous year: € 8.6 million).

Core business areas of the regional waste disposal companies of the U-plus group are collection, transport and sorting. As providers of complete service, they act as contacts for the local commercial and municipal customers. They advise, realise economic waste disposal concepts and can offer logistics systems for all types of waste. The recycling companies specialise in the environment-friendly utilisation of separated materials. They offer know-how and plant engineering for the recycling of metal, electrical and electronics equipment and cars, timber waste and sludge utilisation, composting and soil, demolition and rehabilitation of contaminated land.

The German waste management market is currently adjusting to the new conditions that will apply from 1 June 2005 when the “Technische Anleitung Siedlungsabfall”, TASI (Technical directive on waste from human settlements) comes into force. After this date, waste must no longer be deposited untreated in Germany. With the “Gewerbeabfallverordnung” (Regulations for commercial waste) that was passed by the Federal Cabinet, the legislators have initiated further alterations whose main aim is a clear definition of wastes for utilisation and wastes for disposal. For the waste disposal industry, this means further

investments in equipment for the production of standardised substitute fuels are required.

The regulations passed in 2001 on a European level offer potential for growth in the foreign waste disposal markets.

The regional waste disposal companies of the U-plus group, which operate in all parts of Baden-Württemberg, have reached the turnover targets set for the financial year 2001 and have ensured that U-plus could stand its ground as a leading service company for business and industry. The enlargement of the regional operating area, and the further expansion of the service portfolio, have contributed to this success.

The companies operating in the area of recycling have strengthened their position in the German market and have achieved further marketing successes in the neighbouring countries. The added value chain was expanded through the targeted expansion of activities and the development of new utilisation techniques. Through its comprehensive competency in the areas of logistics, recycling and disposal, U-plus has significant potential for further growth. Priorities are the development of new business areas and targeted acquisitions. The internationalisation process already begun will be continued through projects in various parts of Europe.

Thermoselect Südwest GmbH

Between November 2000 and June 2001, Thermoselect Südwest GmbH installed an emergency combustion chamber system in the Thermoselect plant at Karlsruhe, together with a safety control system for the whole plant. During this period, comprehensive measures for increasing the availability of the plant were carried out.

On 6 July 2001, a further 6-month trial operation period commenced whose purpose was the verification of the functional performance of the emergency combustion chamber system and the compliance with the very low emissions limits both during emergency operation and in stationary operation with all three lines together over four weeks. The required proof was produced by 24 November 2001. During the trial operation, a total of 28,000 t of refuse were thermally treated. Final tests for cold start-up and an internal inspection of all components by the safety inspector were carried out by 7 December 2001. On 7 January 2002, the Thermoselect plant at Karlsruhe went into continuous operation.

Industry and services

With the formation of EnBW Kundenservice GmbH in June 2001, our company now has a qualified service provider and specialist for all contract management and customer relation processes. The restructuring of our building management activities has streamlined all processes that deal with properties and made them more efficient. During the financial year, turnover in the business area of industry and services increased by 54 % to € 1,504 million.

in € million	2001	2000	Change in %
External sales revenue	1,504	977	54.0
Operating result	46	47	– 2.1
EBITDA	238	203	17.1

EnBW Kundenservice GmbH

The EnBW Kundenservice GmbH (KSG) was formed from the EnBW Gesellschaft für Messung und Abrechnung mbH and parts of the EnBW Energie-Vertriebsgesellschaft mbH (customer care, IT-coordination as well as energy supply and logistics). It acts as service provider mainly for Yello Strom GmbH, EnBW Energie-Vertriebsgesellschaft mbH and EnBW Regional AG. Its task is the comprehensive management of customer relations and contractual processes (order-to-cash processes) in the energy sector. This also comprises network access and meter management, customer care and billing. Furthermore, KSG offers customer relations and billing services for non-energy products. In future, KSG will increasingly offer sales-oriented marketing support.

The combination of all customer management processes within a single company resulted in numerous synergy effects. The removal of internal barriers now enables integrated customer care, leading to further improvements in the quality our services.

In 2001, KSG supported and managed the Yello campaigns and all customer loyalty programmes within the EnBW core area. In the area of energy logistics and of negotiated network access, it ensured the supply of customers, notwithstanding the fragmented distribution network in the German electricity market, whereby it often had to stand its ground against uncooperative network operators.

In future, KSG will also offer its know-how and services to EnBW clients for energy supply companies and others companies with long-term relationships. The aim is continuous growth and the further expansion of its service portfolio within the framework of its core competencies.

Salamander AG

In 2001, the Salamander AG successfully continued its development into a European service provider. Through internal growth and acquisitions, Group sales rose by 11.1 % to € 1,286.2 million compared with € 1,157.8 million in the year 2000. The operating result of € 52.5 million (previous year: € 47.1 million) suffered from the poor performance of the shoe business.

The service sector was further expanded through the acquisition of the GegenbauerBosse group, Berlin. The turnover in the biggest Salamander sector increased by 21.0 % to € 774.7 million, whilst the operational result improved to € 42.3 million (previous year: € 38.6 million). The APCOA group further strengthened its leading position within Europe and increased its turnover by 18.1 % compared with the previous year. In 2002, Salamander will give up its majority stake in DIW Deutsche Industriewartung AG.

The shoe sector performed less well than expected. This affected both the turnover and the operational result. In order to increase the effectiveness of the shoe sector, the brand and retail areas were bundled into Euro Shoes + Fashion GmbH as of 31 December 2001 and became legally independent. This will also improve entry options for strategic investors.

tesion Kommunikationsnetze Südwest GmbH & Co. KG

During the past financial year, tesion has further established itself as a leading alternative telecommunications provider in Baden-Württemberg. Local presence and the high quality of the products and services offered strengthen tesion's position, particularly in the business customer market.

In order to keep up with increased market demands and the increased focussing of EnBW's entrepreneurial activities on the core business area of energy and energy-related services, we decided not to continue our telecommunications activities in their previous form. In 2001, together with tesion we had to determine and appraise possible alternatives, based on strategic objectives. As a result, a strategic realignment of tesion was initiated that improves the market positioning and further focuses its company profile. In parallel, cost-reduction and efficiency-increasing programmes were implemented. These combined measures increase the competitiveness and facilitate the search for a strategic partner that can support tesion in the areas of customers, products and finances.

EnPowerline – internet from the wall socket

In summer 2001, we began to equip the public electricity network at Ellwangen – at the western edge of the Schwäbische Alb – with EnPowerline devices. Despite initial technical problems and delays, around 10 % of the 7,500 potential EnPowerline customers opted for high-speed internet access via the electricity network and the wall socket. The know-how and the practical experience gained with this innovative transmission technology will benefit EnBW not only in its own network region. We also offer EnPowerline to partner companies and municipal utilities.

Apart from the public network activities, product development also concentrates on EnPowerline inhouse solutions, whereby the internet arrives in the building via conventional telecommunications lines and is then fed via modem into the internal electric circuit. Data connections are thus available at every electrical outlet. For larger buildings such as schools, hotels, hospitals and small to medium-sized companies, EnPowerline inhouse solutions are a cost-efficient alternative to conventional networking solutions.

Property management

In the summer of 2001, we realigned and reorganised our property management activities. The externally focussed facility management (Facilma) will in future be bundled at the Salamander subsidiary GegenbauerBosse. Within EnBW, property-related tasks will be concentrated within one area of responsibility. This leads to a significant reduction in the number of interfaces and the streamlining of processes. The aim is to ensure efficient handling of the resource "property" and to realise alternative utilisation options, e.g. for properties that are not essential for our operations.

Environmental protection

EnBW is committed to its responsibility for society and the environment and acts accordingly. In 2001, the proportion of nuclear energy and hydropower in EnBW's electricity generation and procurement portfolio was around 50 %. With this high proportion of CO₂-free electricity generation, we make a significant contribution to climate protection. In most cases, emissions from power stations operated by EnBW Kraftwerke AG were well below the statutory limits. In 2001 there were no noteworthy incidents giving rise to environmental concerns.

Economy and ecology

In 2001, electricity sales by EnBW Kraftwerke AG increased by around 29 %. Through the utilisation of nuclear energy and hydropower, the discharge of around 40 million tonnes carbon dioxide could be avoided, so that CO₂ emissions did not increase by the same amount as electricity generation.

Focussing on biomass and wind energy projects, last year EnBW Kraftwerke AG successfully repositioned itself within the area of renewable energies. In 2001 alone, it built eight wind power plants, achieving an increase in capacity of around 10 MW. Through the development of renewable generating capacities, the company expects an annual reduction in CO₂ emissions of around 1 million tonnes in the medium term. EnBW Kraftwerke AG currently operates eleven wind power plants, eleven biomass/gas plants and fifteen photovoltaic plants.

Environmental management system and eco audit

The development of environmental management systems and the implementation of eco audits in our power stations continued systematically. The conventional power stations are validated according to the eco audit regulations (EMAS II), and the nuclear power stations certified according to ISO 14001. During the coming year, the revalidation of the four Badenwerk Gas GmbH gas centres according to ISO 14001 and EMAS II is scheduled. EnBW Regional AG, which also looks after the equipment of EnBW Transportnetz AG, in 2001 introduced an environmental management system for all areas.

Eco-electricity and climate protection

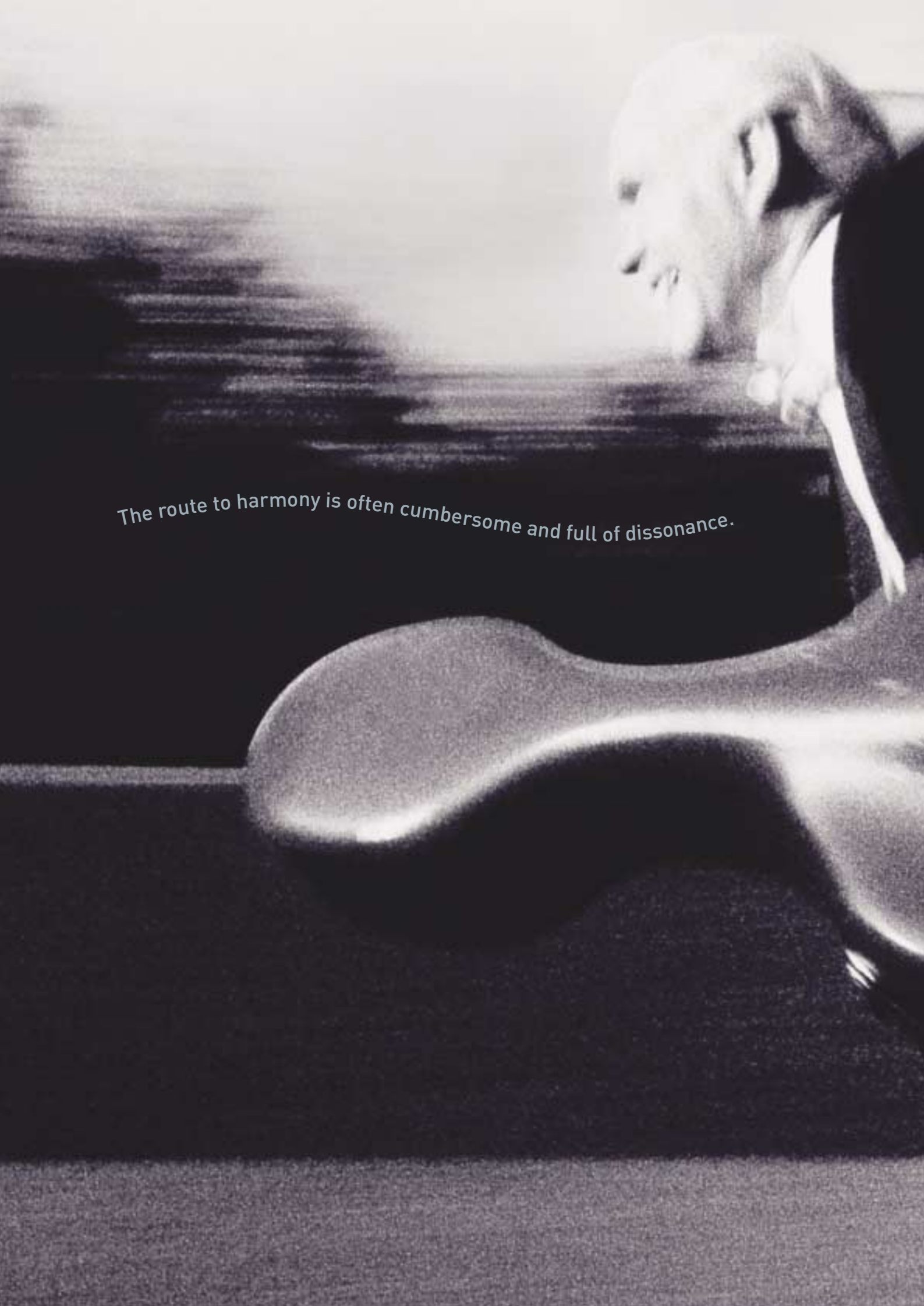
EnBW further contributed to climate protection through energy saving services, for example the “Energiespar-Service” campaign, and through the EnBW environmental tariff. Via the environmental tariff, EnBW customers can purchase electricity from renewable sources. The eco price mark-up flows exclusively into the construction of appropriate plants. We will make the eco-electricity portfolio even more attractive and expand it further. EnBW also participates in the Europe-wide trial trade with certificates (RECS) for electricity from renewable sources.

Logistics and traffic

Optimised transport and vehicle utilisation logistics reduce fuel consumption and emissions. For this purpose, EnBW Service GmbH, which supplies a large number of EnBW companies with vehicles, has installed a new EDP system. During the coming year, within the REDUVAT project our research, development and demonstration department will investigate jointly with Stuttgart University how the volume of traffic can be reduced through optimised traffic planning and optimum utilisation of existing transport systems.

Bird protection measures

In the year 2001, EnBW has modified several thousand medium-voltage pylons at an expense of around € 1.5 million for the protection of birds. We will continue to pursue these bird protection measures during 2002, so that they are completed by the end of the year.



The route to harmony is often cumbersome and full of dissonance.



EnBW Group

Balance sheet as of 31 December 2001

	€ million	Annex	31.12.2001	31.12.2000
ASSETS	Fixed assets	(1)		
	Intangible assets		905.7	897.7
	Tangible fixed assets		5,136.9	5,190.8
	Financial assets		5,790.3	5,845.6
			11,832.9	11,934.1
	Current assets			
	Inventories	(2)	706.5	715.0
	Accounts receivable and other assets	(3)	4,522.7	2,586.6
	Securities	(4)	682.3	970.4
	Cash at bank and in hand	(5)	905.4	846.9
			6,816.9	5,118.9
	Deferred income	(6)	93.8	95.2
			18,743.6	17,148.2
LIABILITIES	Shareholders' equity	(7)		
	Subscribed capital		640.0	640.0
	Capital reserve		634.0	634.0
	Revenue reserves		136.3	162.2
	Minority interests		907.2	883.1
	Group net income for the year		165.0	115.0
			2,482.5	2,434.3
	Special items	(8)	1,029.7	1,097.7
	Provisions	(9)	10,775.2	10,593.6
	Liabilities	(10)	4,388.3	2,951.6
	Deferred income		67.9	71.0
			18,743.6	17,148.2

EnBW Group

Income statement

from 1 January to 31 December 2001

€ million	Annex	2001	2000
Sales revenue		8,323.0	6,083.4
Electricity tax		– 461.8	– 254.5
Sales revenues without electricity tax	(11)	7,861.2	5,828.9
Changes in inventories		– 6.9	25.0
Own work capitalised		41.6	46.2
Other operating income	(12)	856.4	591.1
Cost of materials	(13)	– 4,896.5	– 3,451.2
Personnel costs	(14)	– 1,615.4	– 1,336.1
Depreciation	(15)	– 724.6	– 586.6
Other operating expenses	(16)	– 1,311.3	– 1,084.6
Financial result	(17)	102.0	216.8
Profit on ordinary activities before tax and minority interests		306.5	249.5
Taxes	(18)	– 34.6	– 70.0
Net income for the year	(19)	271.9	179.5
Minority interests	(20)	– 91.2	– 76.6
Adjustments (–) / Withdrawals			
Revenue reserves		– 15.7	12.1
Group net income for the year		165.0	115.0

Annex EnBW Group

Fixed asset movement schedule 2001 in € million

	Acquisition or production costs				Transferral	
	1.1.2001	Change consolid. circle	Additions	Disposals	to other accounts	31.12.2001
Intangible assets						
Concessions, industrial property rights and similar rights and assets	319.3	6.6	39.4	11.7	4.7	358.3
Goodwill	811.9	2.0	103.7	26.8	0.1	890.9
Payments on account	1.8	0.0	0.3	1.0	– 0.5	0.6
	1,133.0	8.6	143.4	39.5	4.3	1,249.8
Tangible fixed assets						
Land and leasehold rights and buildings, including buildings on third-party land	3,037.3	27.9	76.2	30.3	7.4	3,118.5
Technical plant and machinery	2,606.2	1.9	72.3	14.7	– 2,292.5	373.2
Generating plants / Gas transfer stations	7,372.5	0.5	46.2	120.2	2,322.1	9,621.1
Distribution facilities	9,615.6	9.0	158.5	53.3	29.6	9,759.4
Thermal disposal facilities	129.1	0.0	0.8	0.0	– 0.1	129.8
Other plant, technical plant and machinery	1,102.3	34.8	107.3	82.2	11.1	1,173.3
Payments on account and plants under construction	165.1	0.1	95.9	9.7	– 81.9	169.5
	24,028.1	74.2	557.2	310.4	– 4.3	24,344.8
Financial assets						
Shares in affiliated companies	5.1	0.2	3.4	3.1	7.3	12.9
Loans to affiliated companies	0.6	0.0	7.2	0.0	– 5.5	2.3
Equity holdings in associated companies	797.5	0.1	200.4	73.7	30.5	954.8
Other holdings	677.1	0.9	114.6	415.9	– 19.7	357.0
Loans to companies in which there is a participating interest	19.3	0.0	2.3	1.2	3.9	24.3
Securities held as fixed assets	4,130.1	0.0	503.3	366.0	– 16.5	4,250.9
Other loans	372.1	0.2	34.0	56.6	0.0	349.7
	6,001.8	1.4	865.2	916.5	0.0	5,951.9
	31,162.9	84.2	1,565.8	1,266.4	0.0	31,546.5

Depreciation/Appreciation								Book values	
1.1.2001	Change consolid. circle	Additions	Disposals	Transferral to other accounts	Appre- ciation	31.12.2001		31.12.2001	31.12.2000
197.3	4.2	34.4	7.5	0.0	0.7	227.7		130.6	122.0
38.0	1.2	77.3	0.1	0.0	0.0	116.4		774.5	773.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.6	1.8
235.3	5.4	111.7	7.6	0.0	0.7	344.1		905.7	897.7
1,576.9	4.5	82.3	21.1	– 6.8	0.4	1,635.4		1,483.1	1,460.4
2,236.9	1.2	38.8	10.5	– 2,072.0	2.0	192.4		180.8	369.3
6,369.6	0.3	185.3	111.0	2,072.2	0.0	8,516.4		1,104.7	1,002.9
7,756.2	3.5	180.8	41.5	3.2	5.4	7,896.8		1,862.6	1,859.4
41.1	0.0	9.1	0.0	0.0	0.0	50.2		79.6	88.0
854.0	26.4	100.0	71.8	4.2	0.2	912.6		260.7	248.3
2.6	0.0	5.2	2.9	– 0.8	0.0	4.1		165.4	162.5
18,837.3	35.9	601.5	258.8	0.0	8.0	19,207.9		5,136.9	5,190.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0		12.9	5.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0		2.3	0.6
113.0	0.0	9.7	0.0	0.0	0.0	122.7		832.1	684.5
8.2	0.0	11.6	2.0	0.0	0.0	17.8		339.2	668.9
0.4	0.0	3.0	0.3	0.0	0.0	3.1		21.2	18.9
20.6	0.0	6.3	17.8	0.0	2.0	7.1		4,243.8	4,109.5
14.0	0.0	2.4	0.1	0.0	5.4	10.9		338.8	358.1
156.2	0.0	33.0	20.2	0.0	7.4	161.6		5,790.3	5,845.6
19,228.8	41.3	746.2	286.6	0.0	16.1	19,713.6		11,832.9	11,934.1

Annex EnBW Group

Cash flow statement

€ million	2001	2000
1. Operations		
Net income for the year	271.9	179.5
Depreciation/appreciation of fixed assets	730.1	597.1
Changes in long-term provisions	56.0	– 23.4
Other items not involving the movement of cash	– 49.8	– 21.5
Cash flow according to DVFA/SG	1,008.2	731.7
Profits on disposal of securities held as fixed assets	– 300.7	– 50.3
Changes in inventories	17.0	20.4
Changes in receivables and other assets	– 4.4	– 623.7
Changes in short-term provisions	– 2.4	– 49.8
Changes in trade payables and other liabilities	– 257.2	30.9
Net cash inflow from operating activities	460.5	59.2
2. Investments		
Investments in tangible and intangible fixed assets	– 585.5	– 619.3
Investments in financial assets	– 2,870.8	– 1,137.9
Proceeds on disposal of tangible fixed assets and financial assets	1,198.2	522.8
Amounts paid in/out relating to short-term financial investments	394.7	854.5
Net cash outflow from investing activities	– 1,863.4	– 379.9

€ million	2001	2000	
3. Financing			
Dividends paid	– 178.9	– 156.9	
Amount paid in relating to the raising of long-term loans	1,628.5	541.1	
Changes in other financial liabilities	11.8	10.8	
Net cash inflow from financing activities	1,461.4	395.0	
4. Items not involving the movement of cash			
Items not involving the movement of cash	0.0	– 0.1	
Change in cash and cash equivalents (sub-totals 1-4)	58.5	74.2	
Increase in cash and cash equivalents in € million	31.12.2001	31.12.2000	Change
Cash at bank and in hand	905.4	846.9	58.5

Annex EnBW Group Segmental report

Group areas € million	Energy		Waste management		Industry and services		Holding company / Consolidation		Total	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
External sales revenue	6,098	4,593	259	259	1,504	977	0	0	7,861	5,829
Internal sales	53	25	5	4	346	344	– 404	– 373	0	0
Total sales	6,151	4,618	264	263	1,850	1,321	– 404	– 373	7,861	5,829
Operating result	228	122	– 27	– 40	46	47	– 42	– 96	205	33
Financial result	158	259	– 13	– 11	– 47	0	4	– 31	102	217
Investments in tangible and intangible fixed assets	311	288	41	36	349	296	0	488	701	1,108
financial assets	463	285	2	1	30	28	2,249	506	2,744	820
Depreciation	460	386	36	37	200	157	29	7	725	587
Assets	13,514	13,173	403	401	2,429	2,495	2,398	1,079	18,744	17,148
Gross debts	9,882	8,682	363	354	1,374	1,315	3,612	3,085	15,231	13,616
Cash flow according to DVFA/SG	701	390	45	46	161	165	101	131	1,008	732
Number of employees as of 31.12.	13,017	14,034	1,795	1,762	29,535	18,049	153	95	44,500	33,940

Segmental report according to regions in € million	2001	2000
External sales revenue		
Germany	7,128	5,272
European Union without Germany	488	357
Rest of Europe	228	181
Outside Europe	17	19
	7,861	5,829
Holding according to region		
Germany	16,077	16,323
European Union without Germany	2,165	147
Rest of Europe	478	654
Outside Europe	24	24
	18,744	17,148
Investments according to regions		
Germany	1,429	1,837
European Union without Germany	1,982	34
Rest of Europe	34	57
Outside Europe	0	0
	3,445	1,928

Annex EnBW Group

General principles and notes regarding the consolidation circle

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 quoted in million Euros.

In accordance with § 297 (1) HGB (German Commercial Code), the financial statements include, in addition to the balance sheet and income statement, the cash flow statement and segmental report, as well as a statement of changes in equity.

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 interest share of the additions to personal accruals has been disclosed in 2001 for the first time in the financial results. The depreciation of goodwill from the equity rating is no longer shown under the holding results in the financial year 2001 but under depreciation. The previous year's figures have been adjusted in accordance with § 265 (2) HGB (German Commercial Code).

The profit and loss account is drawn up in accordance with the total costs format.

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

Consolidation circle

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. Associate companies are accounted for under the so-called equity method.

Investments in subsidiaries, joint ventures and associates that 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 their date of acquisition, while companies sold are excluded from the consolidation with effect from the date of their disposal.

Along with EnBW the consolidation circle comprises 222 (2000: 188) domestic and foreign subsidiaries, 5 (2000: 2) joint ventures and 70 (2000: 58) associated companies. 52 (2000: 27) subsidiaries and 53 (2000: 44) associated companies have not been included. 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 the 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 policy.

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

The companies included in the consolidation increased considerably in the 2001 financial year. The main additions in terms of fully-consolidated companies were as follows:

Company	Share holding in %	First consolidation date	Inclusion according to German Commercial code
Yello Miles GmbH, Kornwestheim	95.44	1.1.2001	§ 290 (2) no.1
Salamander International GmbH, Kornwestheim	95.44	1.1.2001	§ 290 (2) no.1
Fricker Schuhe AG, Basel	71.58	1.4.2001	§ 290 (2) no.1
EnBW International Finance B.V., Amersfoort	100.00	1.4.2001	§ 290 (2) no.1
EnBW Energia España S.L., Madrid	100.00	1.1.2001	§ 290 (2) no.1
Yello Strom Verwaltungs-GmbH, Karlsruhe	100.00	1.1.2001	§ 290 (2) no.1
EW Braunsbach GmbH, Braunsbach	99.85	1.1.2001	§ 290 (2) no.1
EML Einkaufsgesellschaft für Material und Dienstleistungen mbH, Karlsruhe	83.67	1.2.2001	§ 290 (2) no.1
EnBW Contracting GmbH, Stuttgart	100.00	1.1.2001	§ 290 (2) no.1
GegenbauerBosse Holding GmbH & Co. KG, Berlin*)	73.49	1.10.2001	§ 290 (2) no.1
Euro Shoes + Fashion GmbH, Kornwestheim	95.44	1.11.2001	§ 290 (2) no.1

*) including their subsidiaries

The changes to the consolidation circle in 2001 do not affect the comparability with the previous 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. The active differential amounts are allocated as far as possible to the related group balance items and written off; amounts remaining thereafter are charged to capital as goodwill and written off according to plans. Negative differences are taken to revenue reserves to the extent that they relate to realised profits, or shown as provisions. Passive differential amounts are retransferred if the conditions of § 309 para. 2 HGB are met.

Receivables, liabilities and provisions between consolidated companies are set off against each other. Intra-group income is set off against the corresponding expenses. Intra-group profits and losses are eliminated, unless they are immaterial. Tax accruals and deferrals have been made.

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 the depreciation is shown under depreciations. 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 conversions

Transactions in foreign currency in the financial statements of the individual companies are converted at the exchange rate valid on the date of the transaction (posting date), with the lower reporting date price in the case of debts outstanding and/or the higher reporting date price in the case of liabilities.

The subsidiaries and associated companies included in the consolidated financial statements generally operate 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. The companies in the EnBW group carry out their business activities mainly in the euro zone.

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 on acquisition is amortised with effect from the financial year following the acquisition.

Tangible fixed assets are shown at acquisition or production costs and movable property is now uniformly depreciated on a straight-line basis within the group.

Repair and maintenance costs are expensed. Replacement and maintenance costs that the prolong the life of an asset are capitalised.

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. The estimated useful life of buildings is between 20 and 50 years. Power stations are depreciated over a period between 19 and 60 years. The estimated useful life of factory and office equipment is between 3 and 10 years.

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, at lower attributable current values. If the reasons for unscheduled write-downs no longer apply, the investments are re-valued.

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 interest rate 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. 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, the rate of which is dependent both on the level of consumption and on the estimated useful life of the reactor.

Work-in-progress and finished goods are stated at production costs. In addition to directly attributable costs, production costs also includes indirect manufacturing and material costs and depreciation. Work in progress is valued based on its state of completion. It is valued at the lower of cost and net realizable value, providing for any known losses. Specific write-downs are made in respect of any inventory and sales risks.

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 is 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 incomes and written off over the term of the individual loans.

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 %.

The provisions for pensions and similar obligations are determined according to insurance mathematics in accordance with the partial value process with an invoice interest rate of 6 %. The effects of the mortality charts of Heubeck "Guidance charts 1998" are fully taken into account.

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.

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.

Liabilities are stated at the amounts repayable.

Derivative financial instruments are used exclusively for hedging purposes. In the case of each derivative, there is an underlying transaction. The underlying transactions are valued together with the hedging transactions concluded. The derivatives relate mainly to forward exchange deals to hedge against long-term continuous purchase contracts. Financial instruments in use are not material to the Group.

Annex EnBW Group

Notes to the consolidated balance sheet

(1) Fixed assets

The figure stated in the balance sheet for fixed assets is analysed by category in a separate schedule, the fixed asset movement schedule, 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 that have not been included in the consolidation.

Securities held as fixed assets are mainly restricted funds and shares.

(2) Inventories

€ million	31.12.2001	31.12.2000
Raw materials and supplies	183.2	212.3
Nuclear fuel elements (including payments on account)	330.1	332.3
Work in progress: goods and services	47.9	52.2
Finished goods and goods purchased for resale	140.5	113.3
Payments on account	4.8	4.9
Total	706.5	715.0

(3) Accounts receivable and other assets

€ million	31.12.2001	Of which remaining period of validity more than 1 year	31.12.2000
Trade accounts receivable	1,946.8	2.3	1,757.8
Due from affiliated companies	8.3	1.5	4.4
Due from companies in which there is a participating interest	36.1	0.3	47.3
Payments on account for electricity procurement agreements	39.7	28.0	40.1
Other assets	2,491.8	27.2	737.0
Total	4,522.7	59.3	2,586.6

Other assets essentially discloses debts outstanding from loans, tax refund claims, interest constraints and secured claims to the transfer of assets with regard to Ferroatlantica S.A. (€ 1,967.1 million).

(4) Securities

€ million	31.12.2001	31.12.2000
Equity shares	215.3	310.9
Other securities	467.0	659.5
Total	682.3	970.4

As a result of this resolution passed at the general meeting on 11 July 2001, at 31 December 2001 EnBW held 6,241,195 equity bearer shares which were acquired at an average price of € 35.99. On the authority of the General Meeting held on 25 August 1998, a total of 8,741,815 bearer shares were acquired between 28 December 1998 and 22 January 1999, of which 2,500,620 were sold in 2001.

On the basis of the lower stock market rate on the balance reporting date the shares depreciated by € 6.2 million. A corresponding amount was transferred from the reserve for own shares.

The acquisition of the equity shares took place with regard to planned cooperation with domestic and foreign energy suppliers and industrial customers, which are to provide reciprocal capital holdings.

No rights accrue to the business from the equity shares; in particular, they are not entitled to dividends.

Other securities consist mainly of shares, bonds and mortgage bonds.

(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

The discount is € 8.0 million (2000: € 0.6 million). Included in deferred charges is a deferred tax asset of approximately € 2.1 million, arising from consolidation adjustments with an effect on net income.

(7) Shareholders' equity

Movements in shareholders' equity are as follows:

Development of equity capital in € million	As of 1.1.2001	Dividend payments	Currency adjustments	Net income for the year	Other changes	As of 31.12.2001
Subscribed capital	640.0					640.0
Capital reserve	634.0					634.0
Revenue reserves	162.2		11.2	15.7	– 52.8	136.3
Minority interests	883.1	– 66.7		91.2	– 0.4	907.2
Group net income for the year	115.0	– 112.2		165.0	– 2.8	165.0
	2,434.3	– 178.9	11.2	271.9	– 56.0	2,482.5

Subscribed capital

The capital stock of EnBW amounts to € 640,015,872.00 and consists of 250,006,200 individual shares 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.

Electricité de France International and OEW as the special purpose association of the Oberschwäbischen Elektrizitätswerke each hold 34.5 % of the voting capital of EnBW.

Until 22 October 2002, the Board of Management has the right to increase the capital stock, with the approval of the Supervisory Board:

- by € 63,911,485.15 by issuing new shares against cash contributions (approved capital I)
- by € 63,911,485.15 by issuing new shares against cash or tangible contributions (approved capital II)

The General Meeting of 11th July 2001 has decided to conditionally increase the capital stock of the business by up to € 50 million.

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.

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 from the date the companies are first consolidated. 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 relates to the shares held by parties outside the Group in the following sub-groups: GESO Beteiligungs- und Beratungs-AG, Neckarwerke Stuttgart AG and Salamander AG.

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

€ million	31.12.2001	31.12.2000
Special items relating to investments in fixed assets		
– investment grants	5.7	6.3
– investment cost subsidies	5.3	5.5
Special tax-allowable reserves	7.5	62.1
Construction cost subsidies	1,011.2	1,023.8
Total	1,029.7	1,097.7

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

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

The construction cost subsidies that have not yet been released to income were mainly paid for investment in the electricity and gas sectors, 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

€ million	31.12.2001	31.12.2000
Provisions for pensions and similar obligations	2,491.4	2,335.0
Tax provisions	489.6	512.7
Provisions in the nuclear energy sector	6,400.0	6,439.6
less payments on account	– 415.4	– 423.8
	5,984.6	6,015.8
Other provisions	1,809.6	1,730.1
Total	10,775.2	10,593.6

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.

The tax accruals include accruals for income tax such as corporate tax including solidarity supplement and trade earnings tax and passive latent taxes to an amount of € 26.0 million.

The provisions in the nuclear energy sector have been set up to provide for the reprocessing and disposal of spent fuel elements and radioactive waste and for shutdown and decommissioning of the plants. The accruals for the disposal of fuel elements include in particular the costs of disposal, the reprocessing of waste and costs of the direct final storage of those quantities for which no reprocessing contracts have been concluded. For payments made on account between the issue of the special regulation on advance payment for safe storage (Endlagervorausleistungsverordnung) and the balance sheet date, entitlements to interest were included when calculating the level of the provision. The final storage costs have been determined in accordance with the standard industry sliding model in the reporting year.

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

(10) Liabilities

€ million	31.12.2001	Remaining time thereof			31.12.2000
		up to 1 year	1 to 5 years	more than 5 years	
Loans	574.6	504.2	70.4	0.0	65.7
Liabilities with regard to credit institutes	2,615.8	1,396.4	739.8	479.6	1,474.4
of which secured by mortgages	(90.6)				(61.3)
Payments received on orders	138.6	35.7	52.7	50.2	170.6
Trade accounts payable	306.7	304.5	0.5	1.7	484.0
Due to affiliated companies	9.6	9.6	0.0	0.0	7.6
Amounts due to companies in which there is a participating interest	141.7	136.3	5.4	0.0	130.6
Other liabilities	601.3	382.3	26.7	192.3	618.7
of which from taxes	(201.5)	(201.5)	(0.0)	(0.0)	(206.7)
of which within the context of social security	(28.1)	(28.1)	(0.0)	(0.0)	(23.3)
Total	4,388.3	2,769.0	895.5	723.8	2,951.6

The loans essentially relate to Swiss Franc loan and a bond with a conversion privilege subject to a condition precedent.

The liabilities with regard to allied companies relate to non-consigned allied companies.

Annex EnBW Group

Notes to the consolidated income statement

(11) Sales revenue

€ million	2001	2000
Energy		
– electricity	5,719.1	4,439.0
– electricity tax	– 461.8	– 254.5
– gas	689.0	316.6
– district heat	151.5	91.9
Energy total	6,097.8	4,593.0
Waste management	259.3	259.1
Industry and services	1,504.1	976.8
Total	7,861.2	5,828.9

(12) Other operating income

Other operating income relates mainly to profits on the sale of fixed assets, the dissolution of accruals and passive differential amounts from the capital consolidation transfers from provisions and rental income. The earnings from the dissolution of the special item with reserve share are € 55.6 million.

(13) Cost of materials

€ million	2001	2000
Cost of raw materials and supplies and of goods purchased for resale	3,500.7	2,586.9
Cost of external services	1,395.8	864.3
Total	4,896.5	3,451.2

The expenditures on raw, auxiliary and operating materials and on related products encompass amongst other things the electricity supply costs, the necessary additions to accruals for the shutting down of nuclear power stations, the costs of the disposal of irradiated fuel elements and radioactive waste, the depreciation on fuel elements and nuclear fuels, the fuels of the conventional power stations and the material costs of the industrial products in the industry and services sector.

The cost of external services consists mainly of services provided for the operation and maintenance of plants and the costs of waste disposal and outsourced manufacture. In addition, other expenses directly attributable to services rendered are shown under this heading.

(14) Personnel expenses

€ million	2001	2000
Wages and salaries	1,299.5	992.7
Social security contributions, pension costs and staff welfare costs of which pension costs	315.9 (77.2)	343.4 (161.4)
Total	1,615.4	1,336.1

Average number of employees during the year	2001	2000
White-collar	15,814	12,348
Blue-collar	19,868	13,836
Apprentices	1,371	1,143
Total	37,053	27,327

Where companies have been consolidated on a proportionate basis, the relevant proportion of the employees is included in the total. The separate segmental report shows an analysis of employees at 31 December 2001 by business segment.

To adapt to international invoicing principles and to improve the clarification of the earnings position the interest share from the additions to the personnel reserves has been included for the first time in the financial results. The previous year's figures have been adjusted in accordance with § 265 (2) HGB (German Commercial Code).

(15) Depreciation

€ million	2001	2000
Depreciation on intangible and tangible fixed assets	713.2	571.0
of which goodwill arising on consolidation	(77.3)	(5.7)
Depreciation on goodwill equity rating	9.7	16.2
Transfer of investment cost subsidies	– 0.4	– 0.9
Depreciation on current assets	2.1	0.3
Total	724.6	586.6

The depreciations taken into account in accordance with purely statutory tax directives amount to € 6.9 million, the unscheduled depreciation € 38.9 million.

The depreciation of goodwill from the equity rating is shown under depreciation. The previous year's figures have been adjusted in accordance with § 265 (2) HGB (German Commercial Code).

(16) Other operating expenses

Other operational expenditure essentially relates to franchise outgoings, external performances for administration and sales, other personnel costs and rentals, hiring and leasing-expenditures.

To adapt to international invoicing principles and to improve the clarification of the earnings position the interest share from the additions to other long-term personnel reserves, particularly for early retirement, has been included for the first time in the financial results. The previous year's figures have been adjusted in accordance with § 265 (2) HGB (German Commercial Code).

(17) Financial result

€ million	2001	2000
Income from holdings	27.7	14.1
Results of companies included under equity method	79.3	69.4
Holdings income from the disposal of affiliated companies and holdings	44.9	0.3
Income from profit and loss transfer agreements	0.1	0.0
Expenses from profit and loss transfer agreements	– 0.9	– 4.1
Miscellaneous	– 40.0	– 4.5
Investment income	111.1	75.2
Income from other securities and long-term financial investments	176.4	207.7
Other interest and similar income	148.1	114.5
of which from affiliated companies	(0.3)	(1.1)
Write-ups of financial assets	2.0	0.0
Profits on disposal of securities held as fixed assets and current assets	35.1	24.2
Interest and similar charges	– 350.4	– 169.2
of which from affiliated companies	– (0.6)	(– 0.1)
Write-downs of securities held as fixed assets and current assets	– 19.7	– 34.7
Losses on disposal of securities held as fixed assets and current assets	– 0.6	– 0.9
Interest income	– 9.1	141.6
Financial result	102.0	216.8

The interest share of the additions to personnel provisions was € 152.0 million and has been disclosed for the first time in the financial results. The depreciation of goodwill from the equity rating is shown under depreciation. The previous year's figures have been adjusted in accordance with § 265 (2) HGB (German Commercial Code).

(18) Taxes

€ million	2001	2000
Current taxes on income	– 3.3	49.3
Deferred tax	27.5	1.5
Taxes on income	24.2	50.8
Other taxes	10.4	19.2
Total	34.6	70.0

Refund claims from existing corporate tax deposits on the dividends of the financial year to be paid out in the following year are balanced against the taxes from income and earnings tax.

(19) 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 3.6 % higher than the amount otherwise to be shown. Significant future charges are therefore not expected. The group net income for the year has been substantially increased by amounts in operating income and expenses not relating to the current period.

(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

The warranty obligation amounted to 56.9 € million (previous year: € 46.0 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.

The mandatory nuclear liability cover in accordance with the statutory regulations is fulfilled by corresponding insurance agreements. The group is a member of the nuclear third party liability GbR.

There are guarantee obligations amounting to € 48.1 million (2000: € 4.8 million).

There are other financial commitments from rental and leasing agreements of € 30.3 million (2000: € 1.5 million).

Other financial commitments amounted to € 21.2 million (2000: € 271.5 million).

Other financial commitments

The other financial commitments from rental, hiring and leasing agreements amount to € 1,053.7 million (previous year € 524.8 million).

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 € 111.2 million. From various building projects there are order obligations amounting to € 345.8 million (previous year € 97.7 million).

There are guarantee obligations amounting to € 65.6 million (2000: € 26.0 million).

Other financial commitments amount to € 220.7 million (2000: € 192.9 million). With € 86.9 million (previous year € 86.9 million) relates to a partially paid limited partner's commitment.

EnBW has committed itself to the acquisition of two holdings by 2007. The resulting financial obligations amount to € 1,210.2 million.

The acquisition of the share majority of Neckarwerke Stuttgart AG could result in future financial liabilities for EnBW AG of up to € 2.3 billion.

Other information

The members of the Supervisory Board and of the Board of Management are listed at the start of the business report.

The remuneration of the Board of Management for the financial year came to € 4,485,573.70.

Former members of the Board of Management and their surviving dependants received € 3,117,754.75. EnBW has set aside € 23,000,750.00 for pension obligations to former members of the Board of Management and their surviving dependants.

The members of the Supervisory Board received € 360,724.17 in remuneration.

Annex EnBW Group

Notes to the cash flow statement

Preliminary remarks

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 according to DVFA/SG is also disclosed. The balance on the Cash Flow Statement represents the increase in cash and cash equivalents during the financial year. The effects of changes in the companies included in the consolidation are eliminated under the respective headings in the three areas of activity.

Cash flow statement for the 2001 financial year

During the 2001 financial year, the cash flow according to DVFA/SG amounted to € 1,008.2 million. (2000: € 731.7 million). The net cash inflow from operating activities was € 460.5 million (2000: € 59.2). The increase of the influx of funds from the current business activities is essentially based on the improvement of the annual result and the lower production increase in the comparison with previous year.

There was a net cash outflow from investing activities of € 1,863.4 million. The secured claims on the transfer of assets with regard to the Ferroatlantica S.A. are allocated to the investment area. The net cash inflow from operating activities was € 1,461.4 million. Cash and cash equivalents increased by € 58.5 million, which is represented by the sum of the net cash inflow from operating activities and the net cash inflow from investment and financing activities.

The total cash and cash equivalents include the short-term liquid resources. proportionally consolidated companies contribute € 3.7 million cash and cash equivalents (2000: € 1.2 million). The liquid resources include € 305.1 million set aside in trust for the acquisition of a holding.

Annex EnBW Group

Notes to the segment reporting

Preliminary remarks

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 and opportunity structure of a diversified group. The segmentation of the business areas and regions of the EnBW group follows the internal reporting structure. The structure and content of the internal reporting systems also provide a view of the risk and opportunity structure of the various divisions. The segment data has been determined in accordance with the valuation methods used in the consolidated financial statements.

Business sectors

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

The business sector waste management includes non-thermal and thermal waste management. The area of non-thermal waste management – under the direction of U-plus Umweltservice AG, a 100 % subsidiary of the EnBW – includes services in the area of disposal and recycling.

The industry and services segment relates to all other industrial activities not included in either of the above segments, as well as the entire service portfolio of the EnBW Group. It includes, in particular, industrial products for commercial and private use, telecommunications, land and property management and services relating to business accounting and administration. Compared with the previous year, this section particularly highlights the activities of the Salamander Group.

The Holding company/Consolidation segment is used to account for the effects of consolidation, EnBW AG and other activities which cannot be allocated to the three segments mentioned above.

Notes on segment data

Internal sales consist 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 gross debts to segments has taken place within the EnBW Group itself. The gross debts contain the liabilities, the provisions and the passive deferred charges.

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 1 January to 31 December 2001. The preparation of the annual accounts and of the financial statements and integrated management report in accordance with German company law and supplementary provisions in the articles of association are 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.

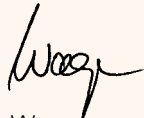
Our audit of the consolidated financial statements was conducted in accordance with § 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer" (IDW). These standards require that an audit be planned 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 random sample 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 comprises an assessment of the financial statements of the companies included in the consolidated financial statements, the consolidation circle, 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."

Karlsruhe, 14 February 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Wagner
Auditor



Kurz
Auditor

EnBW AG

Balance sheet as of 31 December 2001

	€ million	31.12.2001	31.12.2000
ASSETS			
Fixed assets			
Tangible fixed assets		2.5	2.6
Financial assets		5,690.8	6,528.7
		5,693.3	6,531.3
Current assets			
Due from affiliated companies		763.8	948.8
Other accounts receivable and other assets		2,238.0	381.5
Securities		654.2	928.0
Cash at bank and in hand		568.4	406.4
		4,224.4	2,664.7
Deferred charges		66.0	70.3
		9,983.7	9,266.3
LIABILITIES			
Shareholders' equity			
Subscribed capital		640.0	640.0
Capital reserve		634.0	634.0
Revenue reserves		325.0	325.0
Amount carried forward		2.9	4.0
Net income for the year		162.1	111.0
		1,764.0	1,714.0
Special items		6.4	9.9
Provisions		1,840.7	1,776.2
Liabilities			
Due to affiliated companies		4,560.6	4,865.4
Other liabilities		1,781.3	867.9
		6,341.9	5,733.3
Deferred charges		30.7	32.9
		9,983.7	9,266.3

EnBW AG

Income statement

from 1 January to 31 December 2001

€ million	2001	2000
Investment income	212.6	313.7
Interest income	– 136.0	– 8.4
Other operating income	200.2	29.5
Personnel costs	– 32.3	– 107.3
Depreciation	– 0.1	– 0.3
Other operating expenses	– 102.7	– 84.9
Profit on ordinary activities		
before tax and minority interests	141.7	142.3
Taxes	20.4	– 31.3
Net income for the year	162.1	111.0

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 full financial statements may also be requested directly from EnBW.

Annex EnBW AG

Fixed asset movement schedule in 2001 in € million

	Acquisition or production costs					
	As of 1.1. 2001	Additions	Trans- ferrals	Disposals	As of 31.12. 2001	
Tangible fixed assets						
Land and leasehold rights	1.6	0.1	0.0	0.0	1.7	
Buildings including buildings on third-party land	1.0	0.0	0.0	0.0	1.0	
Other plant, technical plant and machinery	1.9	0.0	0.0	0.0	1.9	
Payments on account and plants under construction	0.2	0.0	0.0	0.2	0.0	
	4.7	0.1	0.0	0.2	4.6	
Financial assets						
Shares in affiliated companies	4,057.6	102.5	0.0	889.8	3,270.3	
Loans to affiliated companies	128.3	135.0	0.0	3.0	260.3	
Holdings	820.5	66.8	0.0	341.6	545.7	
Loans to companies in which there is a participating interest	0.0	0.0	0.0	0.0	0.0	
Securities held as fixed assets	1,483.4	311.5	0.0	194.9	1,600.0	
Other loans	53.7	4.1	0.0	4.2	53.6	
	6,543.5	619.9	0.0	1,433.5	5,729.9	
	6,548.2	620.0	0.0	1,433.7	5,734.5	

Accumulated depreciation / Discounts				Book values	
As of 1.1. 2001	Appreciation (Z) Discounts (A) Depreciation	Disposals Accumulation (A)	As of 31.12. 2001	As of 31.12. 2001	As of 31.12. 2000
0.6	0.0	0.0	0.6	1.1	1.0
1.0	0.0	0.0	1.0	0.0	0.0
0.5	0.0	0.0	0.5	1.4	1.4
0.0	0.0	0.0	0.0	0.0	0.2
2.1	0.0	0.0	2.1	2.5	2.6
3.8	0.0	0.0	3.8	3,266.5	4,053.8
0.0	0.0	0.0	0.0	260.3	128.3
5.6	27.7	0.0	33.3	512.4	814.9
0.0	0.0	0.0	0.0	0.0	0.0
2.0	– 2.0 (Z)	0.0	0.0	1,600.0	1,481.4
3.4	2.0 (A)	3.4 (A)	2.0	51.6	50.3
	– 2.0 (Z) 2.0 (A)				
14.8	27.7 – 2.0 (Z) 2.0 (A)	3.4 (A)	39.1	5,690.8	6,528.7
16.9	27.7	3.4 (A)	41.2	5,693.3	6,531.3

EnBW AG






Proposal for the allocation of profit

In the financial statements of EnBW AG as of 31 December 2001 shows an unappropriated profit amounting to € 165,025,964.82. It will be proposed at the annual general meeting that this amount is allocated as follows:

	€
Distribution	
of 0.66 € dividend for each non-par-value share	
entitled to dividends (243,765,005 shares)	160,884,903.30
Amount carried forward	4,141,061.52
Unappropriated profit	165,025,964.82

Karlsruhe, January 2002

Energie Baden-Württemberg Aktiengesellschaft
The Board of Management

Goll

Arndt

Jochum

Lederer

Dr. Volk

EnBW AG

Audit

"We have audited the financial statements, accounting records and management report of Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, for the year 1 January to 31 December 2001. The maintenance of the accounting records and the preparation of the financial statements and integrated management report in accordance with German company law and supplementary provisions in 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.

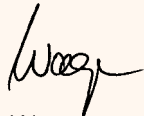
Our audit of the financial statements was conducted in accordance with § 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that an audit be planned and performed so as to obtain reasonable assurance about whether the presentation of net assets, financial position and results of operations in the 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 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 random sample 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 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.

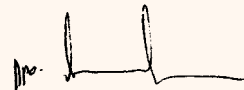
In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, in compliance with accounting principles generally accepted in Germany. The management report, which has been integrated with the Group management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

Karlsruhe, 25 January 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Wagner
Auditor



Kurz
Auditor

Those who reach a goal together don't celebrate alone.





Further information about the executive bodies

Positions held by members of the Board of Management*

Gerhard Goll

Chairman

- (1) Karlsruher Lebensversicherung AG (until 6 July 2001)
VEAG Vereinigte Energiewerke AG (until 28 May 2001)
Vorarlberger Illwerke AG (since 16 November 2001)
- (2) EnBW Energie-Vertriebsgesellschaft mbH
EnBW Kraftwerke AG (until 13 June 2001; rejoined and chairman since 23 October 2001)
Neckarwerke Stuttgart AG (Chairman)
Salamander AG (Chairman since 21 June 2001)
- (3) Baden-Württembergische Bank AG
Deutsche Bank AG
Elektrizitäts-Gesellschaft Laufenburg AG
EnBW Akademie Gesellschaft für Personal- und Managemententwicklung mbH
EnBW Telekommunikation GmbH (Chairman)
Schluchseewerk AG
tesion Kommunikationsnetze Südwest GmbH & Co. KG (Chairman)
Watt AG (until 28 December 2001)

Hans-Jürgen Arndt

- (1) Elektrizitätswerk Mittelbaden AG
Grosskraftwerk Mannheim AG
Kraftwerk Reckingen AG (Chairman)
Reederei Schwaben GmbH
Rheinkraftwerk Albrück-Dogern AG
Schluchseewerk AG
- (2) EnBW Kraftwerke AG
EnBW Service GmbH (Chairman)
ESAG Energieversorgung Sachsen Ost AG
GESO Beteiligungs- und Beratungs-AG

* (1) Mandate in accordance with § 100 para. 2 p. 1 no. 1 AktG
(2) Mandate in accordance with § 100 para. 2 p. 2 AktG
(3) Mandate in accordance with § 125 para. 1 p. 3 AktG

- (3) Centrale Electrique Rhénane de Gambsheim SA
EML Einkaufsgesellschaft für Material und Dienstleistungen mbH
(Chairman; since 11 May 2001)
EnBW Akademie Gesellschaft für Personal- und
Managemententwicklung mbH (Chairman)
EnBW Gesellschaft für Messung und Abrechnung mbH
(Chairman; until 15 May 2001)
Rheinkraftwerk Iffezheim GmbH

Gerhard Jochum

(since 1 April 2001)

- (1) Elektrizitätswerk Mittelbaden AG (since 21 June 2001)
Gasversorgung Süddeutschland GmbH (since 1 October 2001)
Stadtwerke Karlsruhe GmbH (since 22 November 2001)
ZEAG Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG
(since 16 November 2001)
- (2) EnBW Energie-Vertriebsgesellschaft mbH (since 1 April 2001)
EnBW Kundenservice GmbH (since 19 June 2001)
EnBW Ostwürttemberg DonauRies AG
(Chairman; since 3 December 2001)
EnBW Regional AG (since 29 June 2001;
Chairman since 30. November 2001)
EnBW Service GmbH (since 24 May 2001)
EnBW Transportnetze AG (since 1 April 2001;
Chairman since 30. November 2001)
ESAG Energieversorgung Sachsen Ost AG (since 21 June 2001)
GESO Beteiligungs- und Beratungs-AG (since 21 June 2001)
Neckarwerke Stuttgart AG (since 30 June 2001)
U-plus Umweltservice AG (since 11 May 2001)
- (3) Deutsche Bank AG
EnBW International AG (since 16 May 2001)
Ruhrgas AG
Watt AG (10 December 2001 to 28 December 2001)

Dr. Klaus J. Kasper

(until 15 October 2001)

- (1) Deutsche Gesellschaft zum Bau und Betrieb von Endlagern für Abfallstoffe mbH (until 24 October 2001)
Grosskraftwerk Mannheim AG (until 19 October 2001)
Rheinkraftwerk Säckingen AG (until 18 October 2001)
Rhein-Main-Donau AG (until 22 October 2001)
Schluchseewerk AG (Chairman; until 24 October 2001)
Stadtwerke Karlsruhe GmbH (until 23 October 2001)
Vorarlberger Illwerke AG (until 23 October 2001)
- (2) EnBW Energie-Vertriebsgesellschaft mbH (until 31 March 2001)
EnBW Kraftwerke AG (Chairman; until 18 October 2001)
EnBW Ostwürttemberg DonauRies AG
(Chairman since 27 June 2001; until 18 October 2001)
EnBW Regional AG (Chairman; until 19 October 2001)
EnBW Transportnetze AG (Chairman; until 23 October 2001)
ESAG Energieversorgung Sachsen Ost AG (until 20 June 2001)
GESO Beteiligungs- und Beratungs-AG (until 20 June 2001)
Neckar Aktiengesellschaft (until 22 October 2001)
U-plus Umweltservice AG (Chairman until 26 October 2001)
ZEAG Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG
(until 22 October 2001)
- (3) Amata Power Ltd. (from 27 March 2001 until 23 October 2001)
Centrale Electrique Rhénane de Gambsheim SA (until 22 October 2001)
EnBW Gesellschaft für Messung und Abrechnung mbH (until 15 May 2001)
EnBW Gesellschaft für Stromhandel mbH (until 19 October 2001)
EnBW Ingenieure GmbH (Chairman; until 24 October 2001)
EnBW International GmbH (until 15 May 2001)
EnBW Venture Capital Beteiligungsgesellschaft mbH
(until 19 October 2001; Chairman until 13 May 2001)
Facilma Grundbesitzmanagement und -service GmbH
(Chairman; until 21 March 2001)
Fernwärme Ulm GmbH (until 22 October 2001)
innotech Beteiligungsgesellschaft mbH & Co. KG
(until 19 October 2001; Chairman until 13 May 2001)
Kernkraftwerk Obrigheim GmbH (Chairman; until 22 October 2001)
Kraftwerk Ryburg-Schwörstadt AG (until 24 October 2001)

Mátrai Erözü Rt.
 Rheinkraftwerk Iffezheim GmbH (Chairman; until 24 October 2001)
 Rojana Power Company Ltd. (from 16 March 2001 until 23 October 2001)
 TAE Thermische Abfallentsorgung Ansbach GmbH (until 29 October 2001)
 Watt AG (until 23 October 2001)

Pierre Lederer

- (1) DREWAG Stadtwerke Dresden GmbH
- (2) EnBW Energie-Vertriebsgesellschaft mbH (Chairman)
 EnBW Kraftwerke AG
 EnBW Kundenservice GmbH (Chairman since 19 June 2001)
 EnBW Transportnetze AG (until 31 March 2001)
 ESAG Energieversorgung Sachsen Ost AG (Chairman)
 GESO Beteiligungs- und Beratungs-AG (Chairman)
- (3) EnBW Gas GmbH (Chairman)
 EnBW Gesellschaft für Messung und Abrechnung mbH (until 15 May 2001)
 EnBW Gesellschaft für Stromhandel mbH (Chairman)
 EnBW International GmbH (Chairman)
 Eszak-Magyarországi Áramszolgáltató Rt. (EMASZ) (since 25 April 2001)

Dr. Reinhard K. Volk

- (1) AGIV AG
- (2) EnBW Energie-Vertriebsgesellschaft mbH (since 1 February 2001)
 EnBW Kraftwerke AG (since 14 June 2001)
 EnBW Kundenservice GmbH (since 19 June 2001)
 EnBW Regional AG (since 29 January 2001)
 EnBW Service GmbH (since 1 January 2001)
 GESO Beteiligungs- und Beratungs-AG (since 1 February 2001)
 Salamander AG (since 21 June 2001)
 U-plus Umweltservice AG (Chairman; since 12 November 2001)

- (3) BWK GmbH Unternehmensbeteiligungsgesellschaft
- EnBW Gesellschaft für Stromhandel mbH
- EnBW International GmbH (since 16 May 2001)
- EnBW Venture Capital Beteiligungsgesellschaft mbH
(Chairman since 14 May 2001)
- Facilma Grundbesitzmanagement und -service GmbH
(Chairman since 22 March 2001)
- innotech Beteiligungsgesellschaft mbH & Co. KG
(Chairman since 14 May 2001)
- Kernkraftwerk Obrigheim GmbH
- Océ Germany GmbH
- tesion Kommunikationsnetze Südwest GmbH & Co. KG
(since 5 February 2001)

Other positions held by the Supervisory Board members*

Dr. Wolfgang Schürle

Landrat (Chief Administrative County Officer)
(Chairman)

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

Adolf Dinkel

Chairman of the Central Works Council since EnBW Service GmbH
(Vice-Chairman)

- (1) EnBW Service GmbH
Elektrizitätswerk Mittelbaden AG
- (3) Betriebskrankenkasse Energieverbund, Körperschaft öffentlichen
Rechts (public corporation)
EML Einkaufsgesellschaft für Material und Dienstleistungen mbH
(since 17 April 2001)
EnBW Akademie Gesellschaft für Personal- und
Managemententwicklung mbH
TDL Gesellschaft für anlagentechnische Dienste und kaufmännische
Leistungen mbH

Manfred Autenrieth

Landrat (Chief Administrative County Officer)

- (1) Gesundheitszentren Landkreis Rottweil GmbH (Chairman)
- (3) Kreisbaugenossenschaft Rottweil (Chairman)
Kreissparkasse Rottweil (Chairman)
Landesbausparkasse Württemberg

* (1) Mandate in accordance with § 100 para. 2 p. 1 no. 1 AktG
(2) Mandate in accordance with § 100 para. 2 p. 2 AktG
(3) Mandate in accordance with § 125 para. 1 p. 3 AktG
Information provided by the mandate holders

Schwarzwald-Tourismus GmbH (whole of Black Forest)
(since October 2001)
Schwarzwald-Tourismus GmbH (central Black Forest)
Wirtschaftsfördergesellschaft Schwarzwald-Baar-Heuberg GmbH
(since November 2001)

Gisela Beller

Deputy Chair of the Central Works Council of EnBW Service GmbH

- (1) EnBW Service GmbH

Marc Boudier

Directeur Europe Centrale at Electricité de France

- (3) Aare Tessin SA d'Electricité
Dalkia International
EDF International
EDF Trading
EDF UK
Graninge AB
London Electricity Group plc

Loïc Capéran

Directeur Général Délégué "Clients" at Electricité de France

- (3) Compagnie Holding d'Applications et de Réalisations Thermiques
et Hydrauliques
Dalkia Holding
Dalkia International
EDF International
EDF Trading
EDF UK
SDS Holding

Jacques Chauvin

Directeur Général Adjoint Finance at Electricité de France

- (3) Compagnie Holding d'Applications et de Réalisations Thermiques et Hydrauliques
 - Dalkia Holding
 - EDF Capital-Investissement
 - EDF Développement Environnement S.A.
 - EDF International Holding
 - EDF Trading
 - H4 Holding
 - SDS Holding
 - Société Nationale d'Electricité et de Thermique

Manfred Eichkorn

Head of Division at the National Executive Board of ver.di

- (1) EnBW Kraftwerke AG
 - EnBW Regional AG
 - U-plus Umweltservice AG
- (3) Badischer Gemeindeunfallversicherungsverband Karlsruhe
(until 30 September 2001)

Dr. Karl Epple

Ministerialdirektor des Wirtschaftsministeriums, Baden-Württemberg
(Permanent Secretary in the Ministry of Economics)

- (1) EnBW Service GmbH
- (3) Gasversorgung Süddeutschland GmbH Landesbank Baden-Württemberg, Anstalt öffentlichen Rechts (public corporation)
 - Messe Friedrichshafen GmbH
 - Spielbank Stuttgart GmbH & Co. KG
 - Staatliche Toto-Lotto GmbH

Yannick d'Escatha

Directeur Général Délégué "Industrie" at Electricité de France

- (3) Ecole Polytechnique
- EDF Développement Environnement S.A.
- EDF International
- EDF Trading
- EDF UK
- France Télécom
- Société Nationale d'Electricité et de Thermique

Franz Fischer

Regional Manager for ver.di, Oberschwaben district

- (1) EnBW Regional AG

Gisela Gräber

Deputy District Secretary, ver.di Baden-Württemberg

- (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) EnBW Akademie Gesellschaft für Personal- und Managemententwicklung mbH
- TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Siegfried Luz

Mayor

(since 12 July 2001)

(3) Kreissparkasse Calw

Peter Neubrand

Chairman of the Central Works Council of EnBW Regional AG

(1) EnBW Regional AG

(3) TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Wolfgang Rückert

Permanent Secretary in the Ministry of Economics of Baden-Württemberg

(1) Flughafen Stuttgart GmbH

LEG Landesentwicklungsgesellschaft Baden-Württemberg mbH

Südwestdeutsche Salzwerte AG

(3) Bäder- und Kurverwaltung Baden-Württemberg, Anstalt öffentlichen Rechts (public corporation) (Chairman)

Hafenverwaltung Kehl, Anstalt öffentlichen Rechts

(public corporation) (Chairman)

Landesbank Baden-Württemberg, Anstalt öffentlichen Rechts

(public corporation)

Landeskreditbank Baden-Württemberg – Förderbank,

Anstalt öffentlichen Rechts (public corporation)

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)

Dr. Wolfgang Schuster

Mayor

- (1) Flughafen Stuttgart GmbH
Neckarwerke Stuttgart AG
Stuttgarter Straßenbahn AG (Chairman)
Stuttgarter Versorgungs- und Verkehrsgesellschaft mbH (Chairman)
- (2) Landesbank Baden-Württemberg, Anstalt öffentlichen Rechts
(public corporation)
Stuttgart 2012 GmbH (Chairman; since 22 November 2001)
Verkehrs- und Tarifverbund Stuttgart GmbH (Chairman)
WAVE – Wasser, Abwasser, Vollservice, Engineering GmbH
Zweckverband Bodensee-Wasserversorgung (Chairman)
Zweckverband Landeswasserversorgung (Chairman)

Ernst Spadinger

Mayor (retired)

- (3) Kreisbaugenossenschaft Rottweil e. G.
Kreissparkasse Rottweil, Anstalt des öffentlichen Rechts
(public corporation)

Gerhard Stratthaus

Finance Minister of Baden-Württemberg

- (1) Baden-Württembergische Bank AG (Chairman)
Badische Staatsbrauerei Rothaus AG (Chairman)
- (3) Landesbank Baden-Württemberg, Anstalt öffentlichen Rechts
(public corporation)
Landeskreditbank Baden-Württemberg – Förderbank,
Anstalt öffentlichen Rechts (public corporation)
Landesstiftung Baden-Württemberg gGmbH

Ulrich Stücker

Landrat (Chief Administrative County Officer)

- (1) EnBW Ostwürttemberg DonauRies AG
EnBW Regional AG
- (3) Sparkasse Schwäbisch Hall-Crailsheim (Chairman)
Verkehrsgemeinschaft Schwäbisch Hall GmbH (VSH) (Chairman)

Siegfried Tann

Landrat (Chief Administrative County Officer)

- (1) ABK-Abfallwirtschaftsgesellschaft mbH der Kreise Friedrichshafen
und Konstanz
- (3) Landesbausparkasse Baden-Württemberg

Günther Vogelbacher

Chairman of the Central Works Council of EnBW Kraftwerke AG

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

Christoph Walther

Member of the works committee at ESAG Energieversorgung Sachsen Ost AG

- (1) ESAG Energieversorgung Sachsen Ost AG

Klaus-Michael Weber

Lawyer at EnBW Service GmbH

- (3) EnBW Service GmbH

Advisory Council

Loïc Capéran

Directeur Général Délégué "Clients" at Electricité de France, Paris

Dr. rer. nat. Joachim Dreyer

Former Chairman of the Board of Management of debitel AG, Stuttgart

Dr.-Ing. e. h. Heinz Dürr

Chairman of the Supervisory Board of Dürr AG, Berlin

Dipl.-Math. Klaus Eberhardt

Chairman of the Board of Management of Rheinmetall AG, Düsseldorf

Dr. Andreas Fabritius

Lawyer at Freshfields Bruckhaus Deringer, Frankfurt

Walter Frey

Chairman of the Board of Management of Emil Frey AG, Zurich

Karl Haase

Chief Executive of Badische Stahlwerke GmbH, Kehl/Rhine

Dr. Franz-Wilhelm Hopp

Member of the Board of Management of ERGO Versicherungsgruppe AG, Düsseldorf

Dr. Klaus Kinkel

Vice-chancellor (retired), member of the Bundestag (lower house of German parliament), Berlin

Bernd Kreutz

Owner of the advertising agency Kreutz & Partner, Düsseldorf

Dr. Rolf Linkohr

Member of the European parliament, Brussels

Dr. Klaus Mangold

Member of the Board of Management of DaimlerChrysler AG, Stuttgart

Gerhard Mayer-Vorfelder

Finance Minister of Baden-Württemberg (retired), president of the DFB, Stuttgart

Dr.-Ing. e. h. Peter Mihatsch
Chief Executive of Kirch Holding, Munich

Dr. Wolf Hartmut Prellwitz
Chairman of the Supervisory Board of IWKA AG, Karlsruhe

Urs B. Rinderknecht
Chief Executive, UBS AG, Zurich

Dr. Sieghardt Rometsch
Personally liable shareholder of HSBC Trinkaus & Burkhardt, Düsseldorf

Hans-Joerg Rudloff
Chairman of the Executive Committee of Barclays Capital, London

Dr. Ronaldo Schmitz
Former Member of the Board of Management of Deutsche Bank AG, Frankfurt

Dr. Wolfgang Schuster
Mayor, Stuttgart

Prof. Dr. Bernhard Servatius
Chairman of the Supervisory Board of Axel Springer Verlag AG, Berlin

Willem G. van Agtmael
Managing shareholder of E. Breuninger GmbH & Co., Stuttgart

Dr. Theo Waigel
Federal Minister (retired), member of the Bundestag (lower house of German parliament), Berlin

Prof. Dr.-Ing. Hartmut Weule
Professor at the University of Karlsruhe, Institute of Machine Tools and Production Science, Karlsruhe

Matthias Wissmann
Federal Minister (retired), member of the Bundestag (lower house of German parliament),
Chairman of the Committee for Economics and Technology, Berlin

Horst R. Wolf
Member of the Board of Management of Heidelberger Zement AG, Heidelberg

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Through our Shareholder Hotline, you can order annual reports, interim reports and further information.

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Published by:

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

Edited by:

Corinna Salzer, EnBW Service GmbH,
Public Relations, Karlsruhe

Concept and Design:

EnBW Service GmbH, Public Relations, Karlsruhe
Jutta Weick, Grafik-Design, Durmersheim

Data preparation and printing:

Kraft Druck und Verlag GmbH, Ettlingen-Oberweier

Photography:

Getty Images: Benelux Press, Burgum Boorman, Tim Flach,
Tony Garcia, Zigy Kaluzny, Christian Lantry, Barbara Peacock.
Agentur Thema Karlsruhe (Photo Bühlerhöhe).

Printed on Zanders mega matt paper.

This report is also available in German and French. In case of
discrepancies, the German version is the authoritative one.

ISBA B.0496.0203



Energie Baden-Württemberg AG

EnBW