Annual Report 2004

Energy is what we do best

At a glance

EnBW group		01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
External sales				
Electricity	€ millions	7,021.1	6,261.3	12.1
Gas	€ millions	1,498.7	1,384.9	8.2
Energy and environmental services	€ millions	494.8	483.1	2.4
Core business, total	**€ millions**	**9,014.6**	**8,129.3**	**10.9**
Discontinuing operations	€ millions	829.4	1,822.8	-54.5
External sales, total	**€ millions**	**9,844.0**	**9,952.1**	**-1.1**
EBITDA	€ millions	2,223.3	1,013.6	119.3
EBIT	€ millions	1,216.9	-190.4	-
Net result	€ millions	308.1	-1,192.9	-
Earnings per share	€	1.36	-5.40	-
Cash flow from operating activities	€ millions	1,585.5	885.4	79.1
Capital expenditures on intangible assets and property, plant and equipment	€ millions	500.8	565.6	-11.5
Free cash flow	€ millions	2,351.8	-348.7	-

Energy sales EnBW group		01.01. – 31.12.2004	01.01. – 31.12.2003[1]	Variance as %
Core business				
Electricity	billions of kWh	99.7	95.3	4.6
Gas	billions of kWh	82.9	78.4	5.7
Discontinuing operations				
Electricity	billions of kWh	8.5	9.5	-10.5
Gas	billions of kWh	5.6	4.2	33.3

1) Adjusted to the segment structure as of December 31, 2004

Employees EnBW group[2]	01.01. – 31.12.2004	01.01. – 31.12.2003[3]	Variance as %
Employees (annual average)	19,385	33,224	- 41,7

2) Headcount, without trainees and without inactive employees
3) Adjusted to eliminate the number of trainees

Annual Report 2004
Energy is what we do best



Contents

Future-oriented statements

This report contains statements relating to the future that are based on current assumptions and projections of the management of EnBW. Such statements are subject to risks and uncertainties. These and other factors may mean that the actual events, financial position, development or performance of the company diverge materially from the estimates made here. EnBW assumes no obligation of any kind to update future-related statements or to adjust them to reflect future events or developments.

The annual report in German, English and French can also be downloaded from the internet. In case of doubt the German version shall prevail.

The pictures in the annual report all relate to the topic “Hydropower”. The photos show hydroelectric power stations at various locations within EnBW’s sphere of activity.



Summary

Board of Management and Supervisory Board

Capital market and EnBW share

Combined management report of the EnBW group and EnBW AG

Further Information

Financial statements

Additional information

In the Black Forest: the river Murg and railroad bridge

Rudolf-Fettweis plant, Forbach | weir with view of service platform and stop log hoist

Rudolf-Fettweis plant, Forbach | stilling basin at the foot of the Schwarzenbach dam

Brief portrait:
Who we are

With some five million customers, Energie Baden-Württemberg AG with its headquarters in Karlsruhe is the third largest energy company in Germany. In 2004, EnBW generated annual sales of approx. € 9,844 million with around 17,700 employees. Our core activities focus on the segments electricity, gas as well as energy and environmental services.

Traditionally, we are firmly rooted in Baden-Württemberg. We also operate throughout Germany and in other markets of central and eastern Europe. In future, we will continue to focus on our core competencies and supply our customers reliably and competently with energy and energy-related services. The close proximity to our customers and their loyalty are ideal prerequisites and also an incentive for us to continuously improve our distribution structures, to refine our product range in accordance with the requirements of our customers and to enhance our performance along the whole value added chain.

Following the liberalisation of the electricity market, we quickly positioned ourselves in the competition and were one of the first energy companies to offer electricity throughout Germany. As pioneers and forerunners on the energy market, we give impetus for scientific research and development. In the interest of sustainability, we see ourselves as an economically, socially and ecologically responsible company. We want our actions to be characterized by honesty, commitment and consistency at all times. By developing new concepts and ideas, we play an active part in shaping the energy policy of the future through current legislation. We endeavour to do justice to our responsibility for future generations.

Structure of the EnBW group

The tasks of the most important companies of EnBW are:

EnBW Kraftwerke AG operates the majority of EnBW's power stations. With its own and partially owned power stations, investments and long-term procurement agreements has a balanced generating portfolio of nuclear energy, coal, gas, water and other renewable energy sources.

EnBW Trading GmbH is responsible for the risk management of the energy value added chain as well as trading with physical and financial products.

EnBW Transportnetze AG operates the transmission network and ensures transparency and equality of market access for all participants to EnBW's high voltage network (220 kV and 380 kV).

EnBW Regional AG operates the high, medium and low voltage network of EnBW (110 kV, 20 kV, 0.4 kV), provides network-related and municipal services in the area of electricity, gas, water and telecommunications and is responsible for relations to local councils and public utilities in Baden-Württemberg.

Gasversorgung Süddeutschland GmbH is one of the largest German regional grid gas companies. It transports natural gas through its grid in Baden-Württemberg. It supplies some 750 towns and municipalities in Baden-Württemberg directly and indirectly as well as customers in Vorarlberg, Liechtenstein and eastern Switzerland.

EnBW Gas GmbH is the central gas distribution company to final customers within the EnBW group. The main sales area is the Greater Stuttgart region. Within its own network territory, it is responsible for the procurement and supply of natural gas and the sale of natural gas to the customer.

EnBW Vertriebs- und Servicegesellschaft mbH sells energy (electricity, gas and district heating), water as well as energy-related and other services for industrial, commercial and private customers, public utilities and municipalities.

Yello Strom GmbH sells energy to private and commercial customers throughout Germany.

EnBW Energy Solutions GmbH provides energy-related services on the basis of contracting models. It manages energy plants and areal networks of the customers and supplies its customers with self-generated electricity, heating and cooling.

EnBW Systeme Infrastruktur Support GmbH provides internal support services within the EnBW group with extensive controlling and normative functions on behalf of the holding company.

U-plus Umweltservice AG is an association of mid-sized waste disposal companies. It combines the service functions disposal logistics, recycling and removal for municipalities, commerce, trade and industry in Baden-Württemberg.

Energie Baden-Württemberg AG

		Generation	Procurement	Transportation and distribution	Sales
Energy	Electricity	EnBW Kraftwerke AG	EnBW Trading GmbH	EnBW Transportnetze AG EnBW Regional AG	EnBW Vertriebs- und Servicegesellschaft mbH Yello Strom GmbH
	Gas		EnBW Trading GmbH Gasversorgung Süddeutschland GmbH EnBW Gas GmbH	Gasversorgung Süddeutschland GmbH EnBW Gas GmbH	EnBW Vertriebs- und Servicegesellschaft mbH Gasversorgung Süddeutschland GmbH EnBW Gas GmbH
Energy and environmental services		Cross-divisional companies: EnBW Energy Solutions GmbH | EnBW Systeme Infrastruktur Support GmbH Waste disposal services: U-plus Umweltservice AG			

Our diagram shows EnBW's most important core companies along the whole value added chain and allocated to our business segments electricity, gas as well as energy and environmental services.

For detailed information about our main shareholdings we refer to page 162ff.

Vision:
What we want

We are ambitiously implementing the targets and strategies derived from our vision. We have already achieved a great deal, and we are glad about that. But there are still important tasks ahead of us, which need our full and permanent attention.

We want:

1.
– to be the market player in our industry with the strongest regional base and responsibility.

2.
– to reinforce, develop and expand our number three position in the industry in Germany, to pursue – compared to the competition – the most consistent synergetic multi-brand strategy and to achieve the highest levels of customer satisfaction.

3.
– to develop the existing perspectives for central and eastern Europe significantly.

4.
– to be the most focused market player in our industry that bundles its strengths most effectively and does the important things the right way.

5.
– to develop the strategic alliance with EDF into a model and symbol of pan-European collaboration within the America-Europe-Asia triad.

6.
– to become the market player in our industry with the highest relative earnings power.

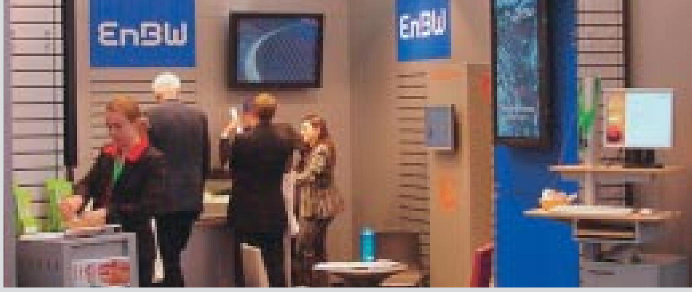
7.
– to be the number one in terms of our ability to adapt rapidly to a dynamic business environment.

8.
– to be the market player which does greatest justice to its social and ecological responsibility.

9.
– to participate actively in the development of the future energy-mix and in the future development of energy policy and business in general and to intervene appropriately, clearly and constructively.

10.
– to be the number one in knowledge management to ensure the best possible support for and development of the potential of our people.

Rudolf-Fettweis plant, Forbach
access tunnel to the gate-valve
chamber in the dam wall



Top issues

January 2004

EnBW Regional AG introduces a standard network user charge throughout its network territory in Baden-Württemberg.

The collective bargaining partners in the energy industry in Baden-Württemberg achieve a result that is acceptable for both parties.

February 2004

EnBW Energy Solutions GmbH sells its shares in SCR Tech LLC along with the usage right in the regeneration technology.

March 2004

EnBW announces negative earnings for the fiscal year 2003. By reorganising the core companies, EnBW streamlines the operating processes and improves the coordination.

EnBW passes a resolution to close down the Karlsruhe Thermoselect plant as soon as possible.

The boards of EnBW approve the sale of APCOA Parking AG.

Stadtwerke Düsseldorf AG takes over EnBW's 50% share in ENRW Energie Nordrhein-Westfalen GmbH and renames the company SWD Energie Nordrhein-Westfalen GmbH.

April 2004

In the course of the annual rating, the rating agency Standard & Poor's again rates EnBW's creditstanding with grade A. The long-term rating is reduced from A to A-, the outlook remains stable. The short-term rating is also reduced a notch from A-1 to A-2.

EnBW supports "Partners for Innovation", an initiative of the German government that aims to secure Germany's technological leadership. Having been placed in charge by Germany's Chancellor of the "Impulskreis Energie", one of five technology and market-driven impetus-giving circles, Prof. Dr. Utz Claassen promises extensive support for the government's initiative.

EnBW Regional AG acquires 49% of the shares in Stadtwerke Backnang.

EVS-Gasversorgung Nord GmbH (EGVN) is merged with EnBW Gas GmbH.

The antitrust authorities approve the foundation of EnSO Energie Sachsen Ost GmbH.

May 2004

For financial reasons, Stadtwerke Bad Urach decides to stop drilling for geothermal heat. EnBW continues to pursue its goal to set up a pre-commercial geothermal power station to generate electricity and heat.

Summary

June 2004

At Renewables 2004, the international conference for renewable energies in Bonn, EnBW proves its commitment to renewable energies in collaboration with NaturEnergie AG.

EnBW files a complaint with the European Commission against the German allocation law for the implementation of the national allocation plan 2005 – 2007.

EnBW extends the syndicated line of credit established in June 2003. Due to the sound liquidity situation, EnBW reduces the volume from € 1.5 to 1.2 billion.

With retroactive effect as of May 1, 2004, Salamander AG sells Salamander Industrie-Produkte GmbH, Türkheim, to the investor group Dortmund Verwaltungs GmbH and its associate ConAmax Management GmbH.

EnBW places 11,262,652 treasury shares with EnBW shareholders. As a result of the sale, EnBW receives issue proceeds of around € 288 million.

The shareholders of EnBW, Electricité de France International (EDFI) and Zweckverband Oberschwäbische Elektrizitätswerke (OEW) grant a five-year subordinated loan totalling € 350 million at market conditions.

Together with the Massachusetts Institute of Technology (MIT) and the University of Cambridge, EnBW holds the CMI-EnBW Electricity Conference about energy-related policy and economics in Berlin.

An investor group takes over 98.26% of the shares in APCOA Parking AG, Stuttgart, from Salamander AG.

July 2004

Regrettably, the EU Commission rejects EnBW's objections as to the content and legality of the National Allocation Plan.

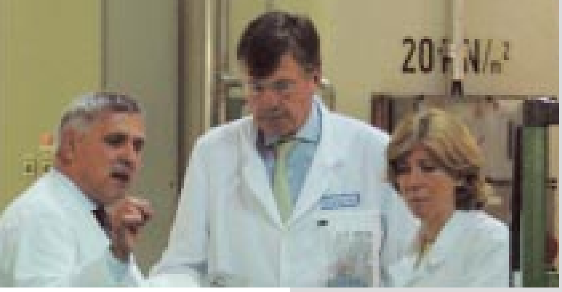
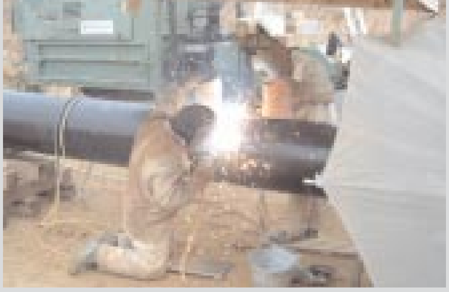
EnBW joins the Initiative Brennstoffzelle (IBZ) (initiative relating to fuel cells) which aims to prepare the market launch of the fuel cell for the decentralized supply of domestic households.

EnBW sells its shares in the Spanish energy company Hidroeléctrica del Cantábrico S.A. to the Portuguese electricity provider Electricidade de Portugal S.A. (EDP) subject to the antitrust approval of the EU Commission and the implementation of the financing by EDP according to plan.

August 2004

EnBW Vertriebs- und Servicegesellschaft mbH emerges from the merger of EnBW Kundenservice GmbH and EnBW Energie-Vertriebsgesellschaft mbH. The company combines all customer-related sales and billing processes.

In the half-year report for 2004, the EnBW group announces a substantial improvement in operating earnings power. The EBITDA rose by 275% while the free cash flow rose by € 1.4 billion. The reduction of debts is progressing much more quickly than planned.


September 2004

Moody's rating agency raises the outlook for both the long and short-term rating of EnBW from "negative" to "stable". Moody's attributes this to the success of EnBW's consolidation course, the action taken to strengthen the equity base as well as the high credit rating.

EnBW Vetriebs- und Servicegesellschaft mbH acquires Vertriebsgesellschaft Watt Deutschland GmbH from Centralschweizerische Kraftwerke AG and Energiedienst Holding AG. In future, this company will supplement the sales and production portfolio for small and mid-sized industrial and commercial customers.

EnBW Gesellschaft für Stromhandel mbH is renamed EnBW Trading GmbH (ETG). The new name does justice to the extended sphere of responsibility of ETG. In the course of process optimisations and to manage risks along the value added chain, ETG assumes responsibility for power station deployment planning and management, the procurement of hard coal for the power stations and coal logistics.

EVS-Gasversorgung Süd GmbH and Badenwerk Gas GmbH become Erdgas Südwest GmbH. The new company's shareholders are EnBW Gas GmbH (51%), Thüga Aktiengesellschaft (28%) and OEW Energie-Beteiligungs GmbH (21%).

In the debate surrounding the amendment of the German Power Industry Law at the World Energy Congress in Sydney, EnBW puts forward its own regulation concept based on competition in the electricity grids while at the same time ensuring network quality.

EnBW files an action with the European Court of First Instance in Luxembourg against the EU Commission's approval of the German allocation law on the basis of which the CO_2 certificates are to be allocated to the operators of the plants concerned.

EnBW Kraftwerke AG decides to carry out modernization measures at Rheinhafen-Dampfkraftwerk Karlsruhe and to reactivate the power station blocks in Marbach and Walheim, thus increasing the available output of EnBW power stations by a total of around 380 MW.

EnBW Vertriebs- und Servicegesellschaft introduces all-round service and makes a clearly defined service promise to its electricity customers with the comfort tariff. If they fail to keep this promise, the customer receives a credit note with its electricity bill.

EnBW signs a new gas franchise with the city of Wiernsheim.

Based on the amended German Renewable Energy Law, the wind equalization process (equalization of wind energy in real time) is successfully implemented nationwide.

For its publication "Ethik Energie Ästhetik – Das Helle und das Dunkle" EnBW wins the internationally renowned design prize "iF communication design award 2004" in the category publishing media.

October 2004

The International Atomic Energy Agency (IAEA) checks the operation of the Philippsburg nuclear power station over a period of several weeks. The following areas were the focus of attention: management, organisation, administration, training and qualification, operation, maintenance, technical support, radiation protection, chemicals, emergency planning and precautions, industrial knowhow and security culture.

The British ambassador Sir Peter Torry visits the EnBW headquarters and the nuclear power station in Philippsburg.

November 2004

EnBW sells its 6.33% investment in Österreichische Elektrizitätswirtschafts-AG ("Verbund"), Vienna, to around 100 internationally renowned institutional investors through an accelerated global tender. The transaction volume comes to almost € 300 million.

The Thermoselect plant in Karlsruhe finally ceases operations.

The newly implemented expert circle Sales and Trade Solutions (STS) bundles and combines the know-how of EnBW Trading GmbH and EnBW Vertriebs- und Servicegesellschaft mbH. The platform will be used to supply large industry customers and public utilities with commercially relevant customised products.

December 2004

EnBW issues a bond on the capital market of € 500 million with a maturity of just over 20 years.

EDF transfers its loan of € 175 million to OEW. Accordingly, OEW grants EnBW subordinated shareholder loans of € 350 million.

After satisfying all conditions precedent, EnBW successfully completes the sale of its share in Hidroeléctrica del Cantábrico S.A. to Electricidade de Portugal S.A.

EnBW takes over a financial investment from the E.ON group of 15.05% in Mannheimer Energieunternehmen MVV Energie AG.

EnBW discontinues the selling activities of the Austria branch EnBW Austrian Energie-Vertriebsgesellschaft mbH.

EnBW Service GmbH is renamed EnBW Systeme Infrastruktur Support GmbH and is entrusted with extensive control and normative functions.

As a "Partner for Innovation", an initiative of the German Chancellor of the same name, EnBW's CEO Prof. Dr. Utz Claassen presents four practice-related projects of the "Impulskreis Energie" on specific areas for innovation in the energy industry.

As planning for the industrial estate Fasanenhof-Ost in Stuttgart-Möhringen take on concrete forms, EnBW takes over the construction project. It purchases STAIR Stuttgart Airpark GmbH from L-Bank.

The new brand philosophy and corporate design of EnBW is presented to the entire management at the first EnBW management day in Heilbronn.

January 2005

On January 1 Dr. Christian Holzherr starts work as the CFO of EnBW. Since Dr. Bernd Balzereit left on July 3, 2003, the CEO Prof. Dr. Utz Classen has also been responsible for the finance portfolio.

The newly formed Stadtwerke Emmendingen GmbH commences operations. The shareholders are the city of Emmendigen and EnBW Regional AG, which holds a 49.9% share.

EnBW ends its selling activities bundled in EnBW Benelux B.V.

EnBW Regional AG increases its share in Stadtwerke Weinheim GmbH from 24.9% to 39.72%.

Deutsche Bank AG and HSBC Trinkaus & Burkhardt KGaA sell a total of 11.88% shares of EnBW to OEW and EDFI, which take over the shares in equal parts.

As sponsor of the innovations prize of the German industry, EnBW awards a prize to Pemeas for its fuel cell technology.

February 2005

The grooming of the investment portfolio approved by the Board of Management has already been implemented by more than 85%. At the beginning of February 2005, 154 companies or investments have been sold, liquidated, merged, contributed into alliances or otherwise deconsolidated.

Board of Management and Supervisory Board

Rudolf-Fettweis plant, Forbach | bridge in front of pressure pipeline to powerhouse

Letter to our shareholders

Prof. Dr. Utz Claassen
CEO

Dear Shareholders,

A year ago I wrote in the letter to our shareholders in the 2003 annual report: “The whole EnBW team is using its best efforts to achieve an acceptable result in the current fiscal year 2004 with which you can again be more satisfied.” I am delighted to be able to tell you that we have not only achieved the ambitious targets we set ourselves for 2004, but have in fact surpassed them.

Thus we have not only achieved the “acceptable” result targeted at that time for 2004, but have already achieved the “respectable” result which originally we had not dared to hope to achieve until 2005. The turnaround has therefore been achieved successfully and very quickly and the unpleasant term “legacy burdens” is also a thing of the past, once and for all.

Quarter for quarter, we have concentrated on important elements on our “to do” list and worked through them one by one. All the important earnings ratios have improved significantly, both in direct comparison with the earnings of 2003 and 2004 also after adjustment. The key developments include:

_ The EBITDA rose in the reporting period compared to the prior year by 119%, there was a turnaround in the EBIT from € –190 million to € +1.217 billion, and the EBT improved by an impressive € 1.8 billion.

_ Even adjusted for non-recurring burdens of the comparable prior-year period, all the key earnings ratios rose significantly in the reporting period; indeed the adjusted EBT more than doubled.

_ Various operative improvements played an important role here. The ambitious targets of the TOP FIT project were substantially exceeded in 2004, Yello was recapitalised under its own steam much sooner than planned, and a consensus was achieved resulting in a significant decrease in personnel expenses. The restructuring along the value added chain was also successfully implemented. Sales per employee practically doubled, with structural adjustments of course playing a decisive role here.

_ In terms of earnings development, EnBW thus achieved a particularly high, or perhaps even the highest change speed and intensity compared to the competition.

_ We made considerable progress not just with respect to earnings, but also regarding the liquidity situation. In 2004, operating cash flow rose year on year by 79%, while the free cash flow improved by as much as € 2.7 billion.

_ Of course, the divestiture programme that has since largely been completed played a decisive role here. In addition to the divestitures originally planned, the shares in the Austrian Elektrizitätswirtschafts-AG (Verbund) and the Spanish Hidroeléctrica del Cantábrico S.A. have also been successfully sold. Most of the remaining Salamander property has also since been sold according to plan.

_ In fiscal 2004, the net indebtedness was almost halved from € 6.96 billion to € 3.68 billion, thus already achieving the level originally targeted for early 2007.

The Board of Management of Energie-Baden-Württemberg AG in September 2004
from left to right: Prof. Dr.-Ing. Thomas Hartkopf, Pierre Lederer, Dr. h.c. Detlef Schmidt, Prof. Dr. Utz Claassen, CEO, Dr. Bernhard Beck, LL.M.

– Finally, EnBW was also able to focus more on the future again. With the support of our major shareholders EDF and OEW, an important corporate action was successfully implemented, an interesting investment was acquired in Mannheimer MVV towards the end of the year and we stamped our opinion on the topic of incentive regulation in the energy policy environment.

The basis for successfully shaping the future has thus been laid. Within our three fundamental tasks – recapitalization, integration and visionary development – equal attention can now also be given to longer term aspects and objectives. Nonetheless, dealing with our operative tasks must and will be our first priority. There is still a lot to do and considerable effort will continue to be required of us.

The excellent quality of our development as reflected in the figures is in itself a reminder for us to stay modest and focused. Quarter for quarter, we will continue to work our way through our homework without neglecting the long-term strategic vision and perspective of the group. And our work will continue to be guided by the principles of truth, clarity and consistency.

The extremely satisfactory development of business in 2004 is at the same time a great opportunity to express our heartfelt thanks to you, our shareholders, for the great faith you have placed in us and your unfaltering support. Reliability of this kind has been a very important cornerstone of our successful recapitalization.

I would also especially like to thank our dedicated workforce. It was their enormous effort and great sacrifices that have made the rapid progress of the reorganisation possible. The improved figures are impressive evidence that the path we have taken together is the right one. In an economic context there is hardly anything as socially compatible as good figures with which the future can be shaped and jobs permanently secured.

However, figures are not everything. From Oscar Wilde we know the world acquires value only through its extremes and endures only through moderation. In this sense, or more precisely: in the sense of extreme shareholder, customer and employee satisfaction we will work persistently to transform the EnBW group from a partnership of convenience to a community of values.

Very truly yours,

Prof. Dr. Utz Claassen
Chief Executive Officer

The Board of Management

Prof. Dr. Utz Claassen
born 1963 in Hanover
Chairman of the Board of Management
Chief Executive Officer since May 1, 2003
Chief Financial Officer
from July 4, 2003 to December 31, 2004
Appointed until April 30, 2008
Hanover/Stuttgart

Dr. Bernhard Beck, LL.M.
born 1954 in Tuttlingen
Member of the Board of Management
Chief Human Resources and Information Officer
since October 1, 2002
Appointed until September 30, 2007
Leonberg

Prof. Dr.-Ing. Thomas Hartkopf
born 1948 in Solingen
Member of the Board of Management
Chief Technical Officer
since November 1, 2002
Appointed until October 31, 2007
Leimen

Dr. Christian Holzherr
born 1963 Tuttlingen
Member of the Board of Management
Chief Financial Officer
since January 1, 2005
Appointed until December 31, 2007
Stuttgart

Pierre Lederer
born 1949 in Paris
Member of the Board of Management
Responsible for customers
since June 1, 2000
Chief Operating Officer
since May 1, 2003
Appointed until May 31, 2010
Karlsruhe

Dr. h.c. Detlef Schmidt
born 1944 in Döbern
Member of the Board of Management
Chief Marketing and Sales Officer
since July 1, 2003
Appointed until June 30, 2007
Gifhorn/Karlsruhe

As of: February 25, 2005

Prof. Dr. Utz Claassen
CEO

Dr. Bernhard Beck, LL.M.

Prof. Dr.-Ing. Thomas Hartkopf

Dr. Christian Holzherr

Pierre Lederer

Dr. h.c. Detlef Schmidt

Report of the Supervisory Board

Dr. Wolfgang Schürle
Chairman of the Supervisory Board

In the fiscal year 2004 the Supervisory Board performed the tasks required of it by law and the articles of incorporation and bylaws. It monitored the management of the company and supported the Board of Management in an advisory capacity. It was consulted on all decisions of fundamental importance for the company. The Board of Management kept the Supervisory Board informed regularly, promptly and fully about all material issues of business planning, the strategic and operational development of the group, about ongoing business transactions, the economic situation and risk management. Variances between the business development and the planning were explained in detail. At six meetings, the Supervisory Board discussed the oral reports and written draft resolutions of the Board of Management in depth. In 2004, deliberations and the resolutions focused on the following issues:

- regular detailed reporting on the development of sales and earnings as well as the financial position of the group, in particular also the progress of the TOP FIT programme to improve results,
- reorganisation of the core companies to streamline the operating processes,
- progress of the divestiture programme, above all with regard to the companies in the Salamander sub-group,
- termination and winding up of the Thermoselect projects,
- sale of the 34.58% share in the Spanish energy group Hidroeléctrica del Cantábrico S.A. to the Portuguese electricity supplier Electricidade de Portugal S.A.,
- divestiture of the 6.33% share in the Austrian Elektrizitätswirtschafts-AG (Verbund),
- takeover of a financial interest of 15.05% in the Mannheim energy company, MVV,
- current energy-related policy developments and their impact on EnBW, in particular with respect to the installation of a regulatory agency and emissions trading in the EU member states,
- the refinement of the company's corporate governance principles,
- corporate actions performed to improve the capital structure and to secure the rating,
- 2005 budget and the mid-term planning 2006 - 2008, consisting of projected income statement, balance sheet, investment planning and the cash flow statement.

Between the meetings, the Board of Management produced written reports to inform the members of the Supervisory Board about business events of particular importance for the company. In addition, the chairman of the Board of Management and the chairman of the Supervisory Board were in regular contact and discussed issues relating to the alignment of business policy, important individual events and impending decisions.

The large majority of the Supervisory Board members attended all Supervisory Board meetings. The Supervisory Board member Dr. Daniel Camus attended less than half of the Supervisory Board meetings in fiscal 2004. However, as chairman, Dr. Camus chaired all four meetings of the audit committee.

Work of the committees

To enhance the efficiency of its work, the Supervisory Board set up four committees. At the Supervisory Board meetings the chairmen of the committee each reported extensively on the work of the committees.

The committee for management board matters met four times during the reporting year. It prepared personnel decisions of the Supervisory Board, decided on the conclusion and termination of employment agreements with members of the Board of Management and fixed their year-end compensation.

The finance and investment committee prepared the investment and divestiture decisions of the Supervisory Board at three meetings. It also took an in-depth look at the financial, liquidity and profit situation of EnBW as well as at the budget and mid-term planning.

The audit committee had four meetings during the fiscal year 2004 and looked at questions relating to accounting, risk management and the independence of the auditor. In the presence of the auditor, it analysed the interim financial statements in depth and prepared the meeting of the Supervisory Board to ratify the financial statements. It also decided on the appointment of the auditor and stipulated the focal points of the audit and made the fee arrangements.

It was not necessary to convene the arbitration committee during the reporting year.

Corporate governance and declaration of compliance

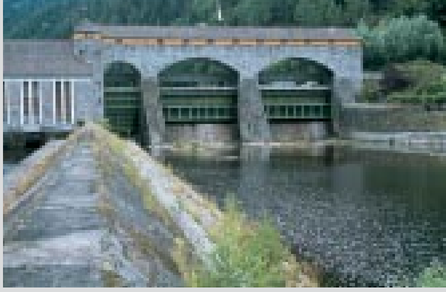
In the fiscal year 2004, the Supervisory Board took an in-depth look at the refinement of the company's own corporate governance principles. A detailed report of the Board of Management and the Supervisory Board can be found in the section "Corporate Governance at EnBW".

At its meeting on February 10, 2004 and after the end of the fiscal year 2004 at its meeting on February 1, 2005, the Supervisory Board again performed efficiency tests. The tests focused in particular on the procedures within the Supervisory Board, the provision of information by the Board of Management and the collaboration of the two boards, the work of the committees and the cooperation with the auditor. Even in these second and third efficiency reviews members of the Supervisory Board identified valuable ways of further optimising the committee work.

At its meeting on February 1, 2005, the Supervisory Board issued its declaration of compliance pursuant to Sec. 161 German Stock Corporation Law (AktG); a declaration with the same contents had previously been passed by the Board of Management at its meeting on January 18, 2005. The declaration of compliance was made permanently accessible to the shareholders on the website of the company. It is reproduced in the section "Corporate Governance at EnBW".

Audit of the financial statements and consolidated financial statements

The financial statements of Energie Baden-Württemberg Aktiengesellschaft as of December 31, 2004 prepared by the Board of Management in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) as well as the combined management report were audited by the audit firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Stuttgart. The auditor was elected by the annual general meeting on April 29, 2004 and the assignment to perform the audit of the financial statements was made in writing by the chairman of the audit committee of the Supervisory Board.



Making use of the exempting provision of Sec. 292a HGB, consolidated financial statements have not been prepared in accordance with HGB. The consolidated financial statements were supplemented by the explanations required under Sec. 292a HGB. The audits did not give rise to any objections and unqualified opinions were rendered by the auditor. The audit also covered the monitoring system to be installed by the Board of Management for the early detection of risks. The auditor confirmed that the system that had been installed is adequate for its purpose.

The report of the auditor on the annual and consolidated financial statements was distributed to all Supervisory Board members in good time before the closing meeting and incorporated in the discussion and review of the financial statements. At its meeting on February 17, 2005, the audit committee looked at the audit documents in detail and had no objections. The auditor attended the meetings of the audit committee and of the Supervisory Board about the financial statements and the consolidated financial statements of the company. It reported on the main results of its audit and was available to supply further information. The Supervisory Board acknowledged the result of the audit with approval.

The Supervisory Board reviewed the annual and consolidated financial statements as of December 31, 2004 and the combined management report and the Board of Management's proposal for the appropriation of net profit. There were no objections. At its closing meeting on March 10, 2005, the Supervisory Board therefore approved the financial statements and the consolidated financial statements prepared by the Board of Management. The financial statements have thus been ratified. The Supervisory Board agreed with the profit appropriation proposed by the Board of Management.

The report prepared by the Board of Management pursuant to Sec. 312 AktG on the relations of the company to affiliated companies was also presented to the Supervisory Board members for review. After careful review of this report in accordance with Sec. 313 (3) AktG, the auditor issued the following audit opinion:

"Based on our audit and assessment which was carried out according to professional standards, we confirm that

1. the information given in the report is correct,
2. the payments made by Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, in the transactions listed in the report were not unreasonably high."

The auditor participated in the Supervisory Board's discussion on the dependent company report. The Supervisory Board registered the result of the audit with approval. Based on the results of its own review, the Supervisory Board raises no objections to the declaration of the Board of Management made at the end of the report on the relations to affiliated companies and included in the management report.

Changes in the Supervisory Board and Board of Management

Jean-Pierre Benqué and Christian Fontanel retired from office on the Supervisory Board of EnBW as of the close of January 30, 2005. To replace them, Bruno Lescoœur, Directeur Général Adjoint Participations Internationales at Electricité de France, and Gérard Roth, Directeur de la Coordination Allemagne at Electricité de France, were appointed by the District Court Karlsruhe as Supervisory Board members, effective January 31, 2005.

Rudolf-Fettweis plant, Forbach
left: stilling basin at the foot of the Schwarzenbach dam
right: sluice weir with low pressure plant

The Supervisory Board would like to thank those members leaving the Supervisory Board for their valued service to the company.

At its meeting on December 9, 2004, the Supervisory Board appointed Dr. Christian Holzherr Chief Financial Officer in the Board of Management, effective January 1, 2005. In accordance with the recommendation of the German Corporate Governance Code, he was initially appointed for three years. Since Dr. Bernd Balzereit left on July 3, 2003, the CEO Prof. Dr. Utz Claassen has also been responsible for the finance portfolio.

At the meeting on December 9, 2004, the Supervisory Board also extended the appointment of Pierre Lederer as Chief Operating Officer by a further five years until May 31, 2010.

The Supervisory Board thanks the members of the Board of Management and all employees for their great personal commitment and the success achieved in the process to improve results and the strategic realignment of the group in the reporting year.

Karlsruhe, March 10, 2005
The Supervisory Board

Dr. Wolfgang Schürle
Chairman of the Board

Rudolf-Fettweis plan | Forbach
Schwarzenbach dam and reservoir

Rudolf-Fettweis plant, Forbach

The Rudolf-Fettweis plant in Forbach is regarded as the centre of hydroelectric power between the Black Forest and the Upper Rhine. It was built in two stages of expansion between 1914 and 1926. In 1914 this was the first plant in Europe to implement pumped storage on a large scale. All four plants (ten turbines, one storage pump) have an installed power generation capacity of around 71 MW and produce around 145 kWh per year.

Schwarzenbach dam and reservoir

The Supervisory Board

Dr. Wolfgang Schürle, Ulm
District administrator
of the Alb-Donau district
Chairman

Peter Neubrand, Winnenden
Chairman of the central works council of EnBW Regional AG
Deputy chairman

Gisela Beller, Karlsruhe
Chair of the central works council of EnBW Systeme Infrastruktur Support GmbH

Joachim Bitterlich, Paris
Directeur des Affaires Internationales at Veolia Environnement

Marc Boudier, Sèvres
Directeur de la Branche Europe Continentale at Electricité de France

Dr. Daniel Camus, Croissy sur Seine
Directeur Général Délégué Finances at Electricité de France

Franz Fischer, Berg
Regional director at ver.di,
Oberschwaben district

Willi Fischer, Meßstetten
District administrator of the Zollernalb district

Josef Götz, Stuttgart
Deputy chairman of the central works council of EnBW Regional AG

Dr. Claus Dieter Hoffmann, Leonberg
Managing partner of H + H Senior Advisors GmbH

Rolf Koch, Maselheim
Deputy chairman of the central works council of EnBW Regional AG

Bruno Lescœur, Paris
Directeur Général Adjoint Participations Internationales at Electricité de France
Member since January 31, 2005

Gérard Roth, Bois d'Arcy
Directeur de la Coordination Allemagne at Electricité de France
Member since January 31, 2005

Gerhard Stratthaus, Brühl
Finance minister of Baden-Württemberg

Volker Stüber, Schöneiche
Federal collective bargaining secretary for the ver.di head office

Siegfried Tann, Meckenbeuren
District administrator of the Lake Constance district

Christoph Walther, Langebrück
Deputy chairman of the works' council of ESAG Energieversorgung Sachsen Ost AG

Franz Watzka, Neckarwestheim
Chairman of the works council of EnBW Kernkraft GmbH, Kernkraftwerk Neckarwestheim

Klaus-Michael Weber, Ludwigsburg
Lawyer at EnBW Systeme Infrastruktur Support GmbH

Alfred Wohlfart, Ulm
Deputy district director ver.di, Baden-Württemberg district

Jean-Pierre Benqué, Paris
Directeur Général Adjoint Commerce at Electricité de France
Member until January 30, 2005

Christian Fontanel, Chatou
Directeur de la Stratégie Groupe at Electricité de France
Member from January 19, 2004 until January 30, 2005

Laurent Stricker, Paris
Directeur de la Division Production Nucléaire at Electricité de France
Member until January 18, 2004

Committees of the Supervisory Board

Arbitration committee (committee pursuant to Sec. 27 (3) Codetermination Law (MitbestG))

Dr. Wolfgang Schürle, Chairman
Marc Boudier
Josef Götz
Peter Neubrand

Committee for management board matters

Dr. Wolfgang Schürle, Chairman
Marc Boudier
Rolf Koch
Peter Neubrand

Finance and investment committee

Dr. Wolfgang Schürle, Chairman
Marc Boudier
Dr. Daniel Camus
Dr. Claus Dieter Hoffmann
Rolf Koch
Peter Neubrand
Klaus-Michael Weber
Alfred Wohlfart

Audit committee

Dr. Daniel Camus, Chairman
Gisela Beller
Marc Boudier
Franz Fischer
Willi Fischer
Peter Neubrand
Siegfried Tann
Christoph Walther

As of: February 25, 2005

Corporate governance at EnBW

At EnBW, great importance is attached to responsible management and control geared to a long-term increase in value in accordance with the recommendations of the German Corporate Governance Code. The German Corporate Governance Code was developed by a government commission in February 2002 to promote the confidence of national and international investors, customers, employees and the public in the management and supervision of German listed stock corporations.


Rudolf-Fettweis plant, Forbach, Murg hydroelectric power station
left: powerhouse
right: hydroelectric generating set with mechanical turbine controller

At EnBW, we understand corporate governance as a continuous process, involving everyone concerned in the group. We therefore regularly scrutinise the company's own corporate governance principles and adjust them to reflect developments in the German Corporate Governance Code. In the fiscal year 2004, we have undertaken further optimisations and in future will comply with the recommendations of the Code without any restrictions. We also largely comply with the suggestions of the Code.

Appointed by the Board of Management with the agreement of the Supervisory Board, the corporate governance officer, EnBW's labour relations manager, Dr. Bernhard Beck, continued to monitor the company's compliance with the corporate governance principles. At meetings on January 18, 2005 and February 1, 2005 he reported in depth to the Board of Management and the Supervisory Board on corporate governance during the fiscal year 2004. Both boards acknowledged the report and thereupon issued the declaration of compliance for the fiscal year 2004 that is printed at the end of this section.

Shareholders and annual general meeting

EnBW publishes all reports and documents of relevance for the annual general meeting on its Internet pages and sends them to the shareholders upon request. For shareholders who are not able to attend the annual general meeting in person, we offer the possibility to delegate a proxy of the company with a duty to comply with instructions who can also be reached during the annual general meeting. Our annual general meeting is broadcast in the Internet until the end of the CEO's report.

Cooperation between Board of Management and Supervisory Board

Close cooperation between the Board of Management and the Supervisory Board in the interest of the company is a matter of course at EnBW. The Board of Management keeps the Supervisory Board informed regularly, promptly and fully about all relevant issues of business planning, about ongoing business transactions, any risks that arise and risk management. The Supervisory Board provides detailed information about the content of its work in fiscal 2004 in its report on pages 22 to 25. In the reporting period, no consulting or other service agreements existed between members of the Supervisory Board and the company. Conflicts of interest of members of the Board of Management or the Supervisory Board are disclosed to the Supervisory Board without delay. There were no such cases in fiscal 2004.

Remuneration of the Board of Management and Supervisory Board

The basic principles of the remuneration systems for the Board of Management and Supervisory Board are explained in the notes to the consolidated financial statements on pages 144 to 146. By resolution of the annual general meeting taken on April 29, 2004, the remuneration system for the Supervisory Board was adapted to the recommendations of the Code. Since the fiscal year 2004, the remuneration of the Supervisory Board members includes a performance-based component in addition to the fixed component. In addition, the remuneration is graduated for the chair and members of the Supervisory Board and of the committees. The Board of Management and Supervisory Board of EnBW also decided to disclose the individual remuneration of the Board of Management and Supervisory Board for the first time in this annual report, showing the fixed and performance-based components.

Transparency

EnBW informs its shareholders, all capital market participants, financial analysts, shareholder associations as well as interested members of the general public regularly and promptly about any major business changes in the company. To ensure that all the interested parties are informed equally and on a timely basis we mainly use the Internet. Our financial calendar summarises all the dates of the regular publications. Outside the regular reporting, EnBW publishes insider information which pertains directly to the company without delay by means of ad-hoc reports.

Pursuant to Sec. 15a German Securities Trading Act (WpHG) persons in managerial positions at EnBW as well as persons closely related to them must disclose the purchase and sale of EnBW shares. EnBW did not receive any reports subject to such publication duty. Nor were any securities held which have to be reported in accordance with No. 6.6. of the German Corporate Governance Code.

Accounting and annual audit

The accounts of EnBW are prepared according to IFRS/IAS (International Financial Reporting Standards/International Accounting Standards). The audit committee engaged Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Stuttgart, the auditor elected by the annual general meeting, to audit the annual and consolidated financial statements for the fiscal year ending December 31, 2004 after first satisfying itself that there were not doubts as to the independence of the audit firm being engaged. It was agreed with the auditor that the chairman of the audit committee and the chairman of the Supervisory Board would be informed without delay of any grounds for disqualification or any factors affecting impartiality if they arise during the audit, unless they are remedied immediately. It was also agreed that the auditor would report without delay on any findings or events material for the tasks of the Supervisory Board and audit committee which arise during the audit. Moreover, the auditor will inform the audit committee and the Supervisory Board and report in the audit report if facts are discovered during the audit indicating that the declaration of compliance with the Code issued by the Board of Management and the Supervisory Board is not correct.

Rudolf-Fettweis plant, Forbach
left: view of the power station
right: weir plant turbine outlet
of the low pressure plant

Declaration of compliance

The Board of Management and Supervisory Board declare in accordance with Sec. 161 AktG that EnBW will in future comply without exception with the recommendations of the government commission for the German Corporate Governance Code as amended on May 21, 2003. The following recommendations have been implemented for the first time in the annual report for the fiscal year 2004:

Code No. 4.2.4: Disclosure of the remuneration of the individual members of the Board of Management

The Board of Management of EnBW has decided to disclose the individual fixed and variable remuneration components of its members for the first time in the 2004 annual report in the notes to the consolidated financial statements. In this way, EnBW wants to set a good example in matters of transparency. By publishing the individual remuneration of the Board of Management the shareholders, employees and general public will be in position to assess for themselves the appropriateness of the remuneration of the members of the Board of Management.

Code No. 5.4.5: Disclosure of the remuneration of the individual members of the Supervisory Board

In the interest of the greatest possible degree of transparency, the Supervisory Board also decided to disclose the individual remuneration of its members from the 2004 annual report onwards. This information is presented individually in the notes to the consolidated financial statements divided into fixed and performance-based components.

Code No. 7.1.4: Publication of a list of equity interests

In the 2004 annual report, EnBW will publish a list of its main equity interests stating the name and registered office of the company, the share of capital held, the equity and, for the first time, the results of the past fiscal year.

Comments on the suggestions of the Corporate Governance Code

Pursuant to No. 3.10 of the German Corporate Governance Code, the Board of Management and Supervisory Board declare that the suggestions of the Corporate Governance Code have been complied with, with the following exceptions, and will in future be complied with, with the same exceptions:

Code No. 2.3.4: Transmission of the annual general meeting via modern communication media

EnBW transmits the annual general meeting until the end of the report of the CEO via the Internet. Due to the small free float of the EnBW share and the usual length of our annual general meeting, the transmission of the entire annual general meeting would not be justified in light of the high costs involved.


Code No. 4.2.3: Components with long-term incentive effect and risk element as a component of the variable remuneration of the Board of Management

At EnBW, the variable components of the remuneration of the Board of Management consist of non-recurring as well as annually recurring components based on the success of the business. There are currently no components with a long-term incentive effect and risk element because a remuneration system with components based on the long-term success of the company throughout the group is still in the initial stages.

Code No. 5.4.4: Election or re-election of Supervisory Board members by the shareholders on different dates and for different terms of office

EnBW has not yet made use of this option because, due to the specific shareholder structure, the shareholder side of the Supervisory Board is largely determined by the two large shareholders Electricité de France (EDF) and Zweckverband Oberschwäbische Elektrizitätswerke (OEW).

This allows occasional changes in office holders on the shareholder side between the election dates while continuity is ensured beyond the election period by reappointment of some of the shareholder representatives. The introduction of a graduated election system would thus be of no advantage to EnBW.

Code No. 5.4.5: Components of the remuneration of the Supervisory Board based on the long-term performance of the company

The performance-based remuneration of the Supervisory Board members does not currently contain any components based on the long-term performance of the company because EnBW wants first to wait until such remuneration components are introduced for the Board of Management.

The listed subsidiary ZEAG Energie AG, formerly ZEAG Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG, also implements the German Corporate Governance Code. Deviations from the recommendations of the Code are set forth in the company's declaration of compliance of February 17, 2005.

Karlsruhe, February 1, 2005
EnBW Energie Baden-Württemberg AG

The Board of Management	The Supervisory Board

The full corporate governance principles of EnBW adopted by the Board of Management and the Supervisory Board, the declaration of compliance presented above as well as the scorecard of DVFA (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.) as well as other information on the topic corporate governance are available on the Internet at www.enbw.com in the "Investors" section. The printed version of the EnBW principles can be ordered on our Internet pages or via our shareholders' hotline (phone 0800 1020030).

Capital market and EnBW share

Glems pumped storage plant | generator bearing and turbine

The capital market on EnBW

Royal Bank of Scotland/Fixed Income Research, Financial Markets
April 19, 2004
... EnBW is one of the “yielder” names in the utility sector ...
... We see scope for EnBW spreads to out perform into the summer...

HVB/Global Markets Research European Utilities
April 20, 2004
... We are confident in management’s strategy and, in the absence of major acquisitions, expect credit metrics to realign to a single A credit profile in the medium term. ...

Deutsche Bank Corporate Bond Research/News Flash
May 6, 2004
... We feel that the right noises continue to come from Karlsruhe. ...

Deutsche Bank Corporate Bond Research/News Flash
May 17, 2004
... Q1 04 results showed encouraging improvements in profitability and a further debt reduction. ...
... One of EnBW’s key issues, profitability, is improving and the cost cuts as well as disposals of non profitable businesses are coming through. ...

Deutsche Bank/Global Electric Utilities and Energy/Utility Weekly, Trading Recommendation
June 21, 2004
... A classical theme for every bond investor should be: SELL deteriorating credit quality, BUY restructuring stories. Since last summer we remain buyers of EnBW.

Feedback from Landesbank Baden-Württemberg the day after the investors’ presentation at LBBW
August 3, 2004
... The first investors have already requested that their holdings in other utilities be exchanged for an EnBW bond...

Société Générale/Credit Research, Europe Utilities
August 13, 2004
... The company is progressing well in addressing key issues: profitability improvement and debt reduction. ...

LBBW/Corporate Bond Update Utility
August 13, 2004

... The systematic strategy of the new management reflected in the implemented consolidation and restructuring measures is clearly a success, as shown by the excellent half-year figures.

... All the financial ratios have improved substantially. ...

... We predict that EnBW will also succeed in maintaining the current A-/A3 rating in the long term. ...

Deutsche Bank/Global Electric Utilities and Energy/Market Colour
August 16, 2004

... EnBW impressed with having delivered within a year a turn around under new CEO Claassen, making us nearly forget the nasty little surprise of last July when the new CEO initiated unexpectedly a "spring cleaning" of the balance sheet.

... The debt reduction progress was impressive... While we considered that a turn around of the group was possible, given... the lack of dedication to profitability by Claassen's predecessor, these results and their speed are still impressive. ...

... Clearly we look for a removal of the negative outlook by Moody's. ...

HVB/Global Markets Research European Utilities
August 16, 2004

... EnBW released sound H1 figures. ...

... The figures reflect successful restructuring with earnings significantly recovering, higher operating cash and net debt declining. Overall, we view the results as credit positive and confirm our buy recommendation for EnBW 5.125% 02/07 bond. ...

Société Générale/Weekly Corporate Bond Watch
August 27, 2004

… EnBW's H1 04 results showed great operating improvements and deleveraging, confirming the turnaround of the group. …
… The restructuring plan is progressing well and the upcoming disposal of its stake in Hidro Cantabrico will further improve credit metrics. …

Deutsche Bank/Global Electric Utilities and Energy/Utility Weekly/Highlights
September 28, 2004

… The change … basically reflects the agency's recognition of the turn-around achieved at EnBW, which was further underpinned by the recently agreed disposal of its stake in Hidrocantabrico. We have been buyers of the EnBW 12 since last summer, and while the bond has tightened and looks less attractive than before, we still like it and remain buyers. …

Société Générale/€ Weekly Corporate Bond Watch
November 15, 2004

… EnBW accelerated its turnaround in Q3 mostly driven by the effects of its restructuring plan. …

BNP Paribas/Credit Espresso
November 15, 2004

… EnBW has moved a long way over the past 18 months under the new management regime and the balance sheet is starting to look in good shape. Additionally the group has shown good discipline in conserving cash over the last 9 months as well as disposing non-core assets. …

Handelsblatt/Quotation Franz Rudolf, Analyst Hypovereinsbank
November 15, 2004

… Management has so far delivered what it promised. The interim report has shown that the restructuring plan is taking effect. …

Citigroup/European Credit Research High Grade Daily Notes
November 16, 2004

... EnBW on 12 November released good 3Q04 results through September, which probably represented the most improved results in the European utility sector versus the 2003 period. ...

... We think both agencies could raise their EnBW ratings one notch at some point during 2005.

Deutsche Bank/Global Electric Utilities and Energy/Utility Weekly/Highlights
November 16, 2004

... EnBW's results showed tangible results from the restructuring. We believe that the company has financial headroom for acquisitions with the disposal of Hidrocantabrico stake. ...

Börsenzeitung
December 3, 2004

... The pricing was set at a level of 56 basis points above the mid-swap rate. The bond thus offered a lower pick-up compared to the fair curve, LBBW wrote. ...

Euroweek/Citigroup
December 3, 2004

... This was a great reintroduction of the EnBW name since the borrower last came to market in February 2002. This is a credit that investors fully appreciate has been successfully deleveraging over the past year [sic]. ...

Euroweek/Market Appraisal
December 3, 2004

... This was a great success. It was clearly oversubscribed with a book of Eu3bn. ...

... Not surprisingly, the spread talk generated huge momentum. All the same, we were surprised when they told us that the book was so big. ...

The EnBW share

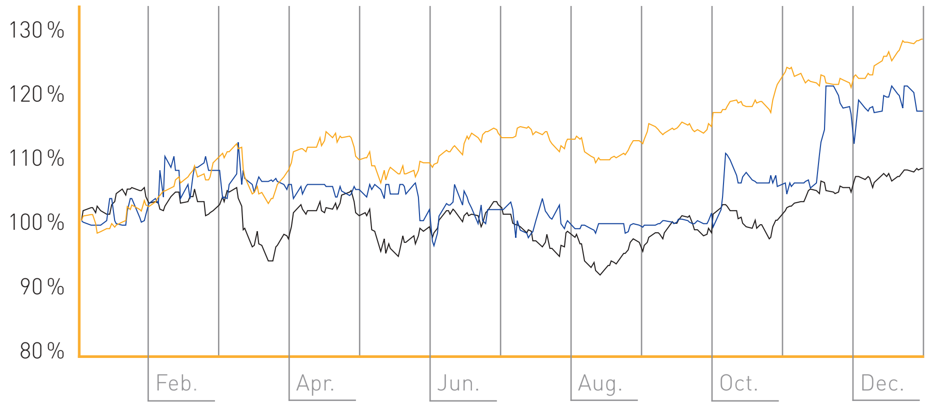
EnBW share climbs to € 30 in November.

The stock exchange environment in 2004 was friendly. In the past year, the DAX gained around 7% and at the end of December reached 4,272 points, its highest level since mid-2002.

After a brief upswing at the beginning of the year, the EnBW share, which is listed on the Frankfurt and Stuttgart stock exchanges, initially fell to an annual low of € 24.20 (Frankfurt floor).

In the last quarter it then rallied strongly in line with the development of the German stock market: In November it reached € 30, its highest value for 18 months. This development was attributable, among other things, to the good results of the first nine months of the fiscal year 2004. On December 31, 2004, the EnBW share closed at € 29.10.

Performance of the EnBW share in 2004

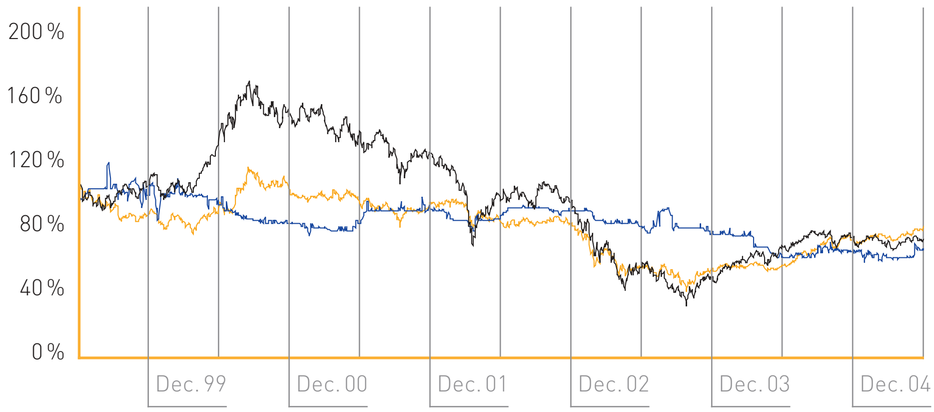


EnBW

DAX

DJ Euro STOXX Utilities

Performance of the EnBW in the past five years



EnBW share in figures

		2004[1]	2003[1]	2002[1]	2001[2]	2000[2]
No. of shares outstanding as of December 31[3]	million shares	231.974	220.711	221.011	243.765	241.264
Annual high	€	30.00	34.44	34.94	36.43	35.44
Annual low	€	24.20	24.96	29.75	29.95	28.95
End-of-year price	€	29.10	25.15	33.94	34.44	35.44
Stock exchange trade (total)	number	260,700	113,300	159,700	242,800	295,100
Stock exchange trade (daily average)	number	1,109	567	791	1,220	1,261
Dividends per share	€	0.70[4]	-	0.66	0.66	0.46
Earnings per share	€	1.36	-5.40	-0.19	0.74	0.43
Operating cash flow per share	€	6.98	4.01	2.23	1.89	0.24
Distribution	€ millions	162[4,5]	-	146	161	112
Distribution quota[6]	%	52.6	-	-[7]	89.1	108.8
Tax credit per share	€	-	-	-	-	0.20
Number of shares outstanding (weighted average)	million shares	227.281	220.711	232.347	243.140	241.264
Market capitalisation as of December 31[8]	€ billions	6.8	5.6	7.5	8.4	8.6

Shareholder composition

From May 24 to June 8, 2004, EnBW offered its shareholders 12,261,746 treasury shares held by the company for purchase. In June, EnBW then placed 11,262,652 treasury shares with its shareholders; this is equivalent to 91.9% of the shares offered. In this way, EnBW significantly reduced its share of treasury stock from 11.7% (as of December 31, 2003) to 7.21% (for details please see page 57).

In early December, Electricité de France (EDF) increased its share in EnBW from 34.5% to 38.99%. Zweckverband Oberschwäbische Elektrizitätswerke (OEW) continued to hold 34.5% of the shares. This does not affect the decision-making parity of the two large shareholders.

As of December 31, 2004, the shareholder composition was as follows:

Electricité de France International (EDFI)	38.99 %
Zweckverband Oberschwäbische Elektrizitätswerke (OEW)	34.50 %
EnBW*	7.21 %
Deutsche Bank	5.94 %
HSBC Trinkaus & Burkhardt	5.94 %
Free float	2.58 %
Badische Energieaktionärs-Vereinigung	2.54 %
Gemeindeelektrizitätsverband Schwarzwald-Donau	1.47 %
Landeselektrizitätsverband Württemberg	0.83 %

*) directly 2.2%, indirectly 4.9% (via TWS Beteiligungsgesellschaft mbH) and 0.1% (via Energiedienst Holding AG); figures rounded to one decimal point.

EnBW reduces treasury shares from 11.7% to 7.21%.

Notes:
The price information relates to floor trading on the Frankfurt stock exchange
1) IFRS/IAS
2) HGB
3) Total number of shares: 250.006 million
4) Dividend proposal for the fiscal year 2004, subject to the approval of the annual general meeting on April 29, 2005
5) Distribution in terms of the shares entitled to dividends as of December 31, 2004
6) Distribution in terms of the net earnings of the EnBW group
7) Net earnings of the EnBW group 2002 under IFRS/IAS negative
8) Number of shares outstanding at the end of the fiscal year multiplied by the end-of-year price

Investor relations

EnBW intensifies contact to institutional investors.

Internet gains in importance in investor relations work.

In the fiscal year 2004, we intensified contact with our institutional investors. Due to the current capital structure of EnBW, bond investors were the main target of our investor relations work. In the second and third quarters we held presentations at roadshows attended by Prof. Dr. Utz Claassen in Frankfurt, London, Paris, Munich and Stuttgart, and had numerous personal meetings. The main topics were the corporate strategy and the anticipated development of earnings.

In the interest of enhanced transparency, we have announced our financial figures quarterly since 2004. On the day on which our annual and interim reports are published, we offer our investors a telephone conference in which the Board of Management and the Investor Relations department present and explain the current figures and answer any questions of the investors.

Our annual general meeting on April 29, 2004 was broadcast for the first time on the internet until the end of the CEO's report. We committed to this in our corporate governance principles in order to inform all market participants openly and simultaneously in accordance with the rules of fair disclosure.

The Internet is thus gaining in importance in our investor relations work. With a view to achieving the greatest possible degree of transparency, we publish all information on the Internet at www.enbw.com without access restrictions on the investor pages. All annual and interim reports can be downloaded here as well as other important presentations and other relevant information. In this way, we satisfy the principle of equal treatment that is anchored in our corporate governance principles.

Also in 2005, we will work to improve the personal contact to our investors and analysts, thus doing justice to our aspirations for transparent and comprehensive communication in the interest of our investors.

Inspection work on the generator

Working on the bearing axial play
of the turbine guide blades

Wheel of a Francis turbine

Glems pumped storage plant

EnBW's Glems pumped storage plant is located on the edge of the Swabian Alb and thanks to the steep incline of the terrain there is a drop of almost 300 m between the man-made top reservoir and the powerhouse. With its two turbines, the plant that was commissioned in 1964 has an installed power generation capacity of 90 MW with operational availability of 99%. For the supply of electricity, pumped storage plants have an important role to play among the renewable energy sources because they can be on stream within a few seconds, ready to cope with peaks in demand and can assume important balancing tasks in the grid.

Combined management report of the EnBW group and EnBW AG

EnAlpin | dam wall of the Gries reservoir

Economic environment

Economy developed positively in 2004.

Overall economic developments

After two years of stagnation, the German economy developed positively in 2004. Real GDP grew year-on-year by 1.8%, and thus exceeded our expectations. Growth was sustained by strong international demand. Although the international economy weakened over the course of the year, exports grew by 9.4% over the prior year.

As in previous years, the development of the domestic economy was weak in 2004. Compared with the prior year, consumer spending and public spending were down by 0.3% and 0.4% respectively. Nevertheless, an increase in investment activity toward the end of the year – the first time this area had disclosed positive growth throughout the whole year since 2001 – meant that overall domestic demand was slightly above its prior-year level.

Developments in the industry

Power generation and prices up.

Electricity

Utilisation: Despite economic growth, German electricity consumption remained on its prior-year level of 490 TWh.

Generation: At 501 TWh, gross generation from power stations for general electricity supply in Germany was some 1.2% below its prior-year level in 2004. As in the prior year, nuclear power and brown coal were the main sources of primary energy for power generation.

In 2004, German energy companies exported far more electricity to neighbouring countries than they imported from there. The power exchange balance with neighbouring countries presented a trade surplus of approx. 5 TWh.

In 2003, the German electricity market was dominated by significantly rising prices. This trend continued in a weaker fashion in 2004. On the futures market, prices for base products[1] rose slightly compared with the period between the end of 2003 and September 2004. Their mean level in the fourth quarter was approx. 6% (annual band 2005) and approx. 3% (annual band 2006) higher than the prices in the fourth quarter of 2003. The prices for base products comprise the prices for peak products[2] and the implicitly traded prices in offpeak[3]. As the average prices of the corresponding peak supplies in the fourth quarter of 2004 were 6% and 8% higher than the mean prices of the same quarter of the prior year, the price increases are above all due to a considerable increase in implicitly traded prices in offpeak.

Similarly to the futures market, the spot market prices on the German wholesale electricity market rose slightly in the course of the year. Taking the mean for the fourth quarter of 2004, however, they did not reach prior-year levels, either for base or peak supplies. Only the implicit offpeak prices were quoted higher in the fourth quarter of 2004 than in the same period in 2003, as a result of increased fuel prices.

1) Price for constant purchase/supply throughout the year
2) Price for purchase/supply Monday to Friday, 8 am to 8 pm
3) Price for purchase/supply Monday to Friday midnight to 8 am and 8 pm to midnight; Saturday and Sunday around the clock

Comparison of average quarterly prices in 2003 and 2004

€/MWh	EEX forward market Year 2005 Base	Year 2006 Base	Year 2005 Peak	Year 2006 Peak	EEX spot market Base	Peak
Q1 2003	25.07	25.40	37.54	37.87	29.97	43.18
Q2 2003	27.13	27.52	41.32	41.88	24.62	36.47
Q3 2003	29.79	30.70	47.72	50.10	32.15	49.03
Q4 2003	32.24	33.47	51.10	53.85	31.16	42.64
Q1 2004	32.30	33.57	48.59	51.29	28.52	36.59
Q2 2004	32.95	33.56	49.06	51.13	26.48	36.76
Q3 2004	34.69	34.76	51.22	52.63	29.38	38.56
Q4 2004	33.99	34.45	47.51	49.33	29.69	39.03

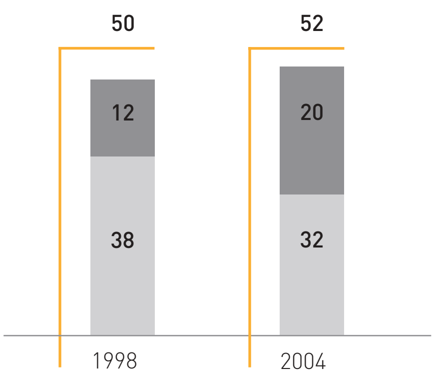
Price development for private and business customers: For private and business customers, 2004 was marked by electricity price increases by many suppliers. Suppliers reacted to the significant increase in costs of fuel procurement, electricity generation, and electricity procurement by adjusting their prices. In addition, cost allocations pursuant to the German Combined Heat and Power Act and as a result of power supply pursuant to the German Renewable Energy Law ("EEG") increased further. The amended EEG that was enacted on August 1, 2004 redefined the provision of balancing power for electricity feed-in. The horizontal compensation that arises from the new EEG is causing a rise in network user charges both at EnBW and at other competitors, which have to be borne by network users.

Despite significantly higher government burdens, electricity prices have risen at a lower rate than the cost of living since 1998. This is mainly due to successful rationalisation by competitors.

In 2004, the normal household's average monthly electricity bill was approx. € 52, just € 2 or 4% more than in 1998 (based on a household of three consuming 3,500 kWh p.a.). In the same period, the rate of inflation was 9%. In 2004, the government share in an average German household rose to approx. 40% (electricity tax, levies, VAT). In 1998, this share was only about 25%.

Electricity generation, electricity procurement costs, and network user charges up.

Monthly electricity bill for a three-person household, consuming 3,500 kWh p.a., in €



Source: VDEW

Government taxes and dues
Electricity generation, transportation and sales

Natural gas consumption increases slightly.

Natural gas in greater demand than light heating oil.

Natural gas prices rise significantly.

Gas

Utilisation: In 2004, natural gas consumption in Germany was approx. 996 billion kWh. This is an increase of 0.3% over 2003. Of this, 49% was allocable to the household and small-scale consumption sector. Industry accounted for 24% of this consumption. 13% of the natural gas was used in the power station sector. The remaining 14% was used for non-energy purposes, to cover own needs, and for district heating.

In heat generation, natural gas has become increasingly more popular over the last decades. It has meanwhile overtaken light heating oil, as its chief competing energy, on the heating market. In 2004, natural gas accounted for a total of 47.2% of heating energy consumption, while light heating oil and district heating covered 31.3% and 12.4% of heating needs respectively. The remaining needs were covered by electricity (5.7%) and coal (3.4%).

Procurement: Natural gas supplies in Germany come from a variety of sources. In 2004, 16% of natural gas supplies came from domestic production and 84% from imports of diverse origin. The largest shares come from Russia (35%) and the fields in the Norwegian North Sea (24%). In the EU, 19% is imported from the Netherlands and 6% from the UK and Denmark.

Price developments: To secure the sales basis in the long term, the gas price is based on the price level of competing energy sources. In the household and small-scale consumption segment, light heating oil is the chief competitor. So as not to expose customers too severely to potential oil price fluctuations, the gas price tracks the adjusted moving average oil price. This price system forms the basis for long-term procurement contracts at import level, and is cross-charged across the various trading stages.

The cutbacks in oil production implemented by OPEC at the beginning of the year brought about a sustained increase in oil prices in the first quarter of 2004. This increase was aggravated by the failure of supplies from Iraq and the great demand for oil, not least from China and the US. The price of light heating oil (HEL) at the trading places Düsseldorf, Frankfurt am Main, Mannheim and Ludwigshafen along the Rhine thus climbed over the year from 28 €/hl to 45 €/hl. Because German import prices for natural gas are linked to the international development of the oil price, gas prices also increased significantly along the entire gas supply chain in 2004.

Gries glacier and Gries reservoir with dam wall

Gries reservoir, gallery in the dam wall

Aletsch weir, desander located in cavern

Aletsch weir, basalt slabs

EnAlpin AG

Domiciled in Visp (Wallis, Switzerland), EnAlpin AG has been a wholly-owned subsidiary of EnBW since 2001. It owns most of the electricity grids in Wallis as well as various transfer and transit rights at 380/220 kV level within Switzerland and to the German, Austrian and Italian borders. Besides investments in power stations on the High Rhine, EnAlpin AG owns several power stations, distributors and investments in Wallis. Among other things, it holds a 98.69% interest in Aletsch AG with its Mörel power station that is fed by the Aletsch glacier, a 50% interest in Kraftwerk Loetschen AG with its Loetschen power station that is fed by the Ferden reservoir and 15% in Kraftwerke Aegina AG with its power station on the Gries glacier. With its conventional storage power stations, EnAlpin has an installed power generation capacity of around 300 MW and produces an average of 1.2 million MWh of electricity per year. That is around 3.5% of the energy generated from hydroelectric power in Switzerland.

Rise in hard coal prices continues unabated.

German federal states call for ex-ante regulation combined with incentives system to bring about a permanent reduction in network user charges.

Renewable Energy Law promotes large-scale hydropower.

Coal market

World market prices for hard coal continued to rise unabated in 2004. Since the beginning of the year, the price for deliveries to the ARA ports (Amsterdam, Rotterdam, Antwerp) has risen from USD 57/t to USD 72/t. At the same time, the US dollar depreciated against the euro. Even in euro terms, however, a significant price increase remains. One important factor in coal supplies is freight charges, which can account for up to one-third of the coal price. Their increase is above all due to the high level of economic growth in China and the concomitant high level of traffic.

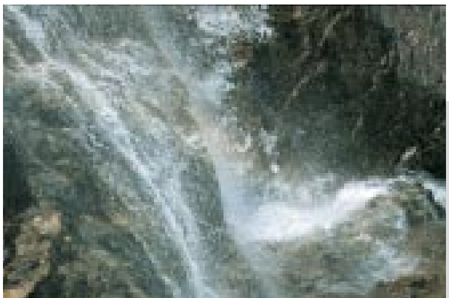
Regulatory framework

Apart from somewhat lively market developments, the fiscal year 2004 was marked by intense debate about legislation relating to the energy industry.

Renewable Energy Law: The amended "law to give priority to renewable energy sources" (Renewable Energy Law or EEG) has been passed. After being passed by the lower and upper house of the German parliament in the amended form proposed by the mediation committee, it came into force on August 1, 2004. Among other things, the law had the following effects: statutory promotion of large-scale hydropower will be extended, and the nationwide compensation for fluctuations in current from wind-power generation will not only be financial but also physical (horizontal compensation).

Power Industry Law: From the summer on, discussion on energy policy in Germany was dominated by the pending amendment of the power industry law (EnWG). The draft bill of the power industry law was accepted by the Federal Cabinet on July 28, 2004 and passed on to the upper house of the German parliament for enactment. The upper house opposed material aspects of the Cabinet draft bill: the German federal states above all demanded the introduction of ex-ante regulation in conjunction with an incentive system for the permanent reduction of network user charges. Contrary to original expectations, the federal government accommodated some of the upper house's objections: it passed on the draft bill to the lower house of the German parliament for parliamentary treatment with a statement expressly providing for elements of the incentive regulation. The lower house of the German parliament began its deliberations in November and December. Final agreement of the coalition on still disputed points in the power industry law cannot be expected until mid-February 2005 at the earliest. Given this background, the final readings are not likely to take place until March, when the law will then go to the upper house of the German parliament. The upper house can be expected to deal with it for the first time at the end of April. This is likely to be followed by a mediation procedure in May or June. The amended power industry law is therefore not expected to come into force until July 1, 2005.

EnAlpin | At the Aletsch weir
left: basalt slabs
middle: official measuring point of the Swiss National Hydrological Survey
right: melt water



EnBW has accompanied the legislative process with its own proposal for incentive-based ex-ante regulation. From the point of view of EnBW, it is urgently necessary that network operators also face "pro forma competition" in the network. Under the EnBW model, calculation of the network cost basis should be based on net maintenance of capital, as it has been hitherto. An incentive regulation system is then added to this in order to determine the price for network utilisation. This gives rise to true competition in a natural monopoly. Efficient providers will gain, less efficient ones will lose.

EnBW calls for competition to include all network operators.

On the gas side, the draft ordinances submitted for network access and network user charges contain fundamental changes compared with practice hitherto. The draft gas network access ordinance is available in the version dated October 14, 2004, and basically describes an entry-exit model for organising network access that is geared to the idiosyncrasies of the German gas market. The Federal Economics Ministry sent the relevant associations a draft gas network user charges ordinance on November 30, 2004. Generally speaking, it uses the principle of net maintenance of capital to calculate charges.

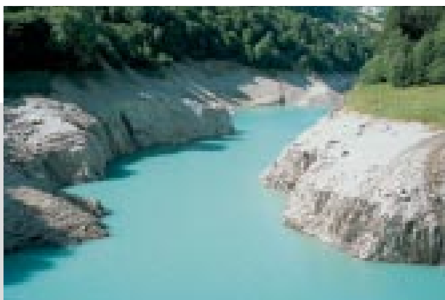
Emissions trading: In Germany, the EU directive on emissions trading has been transposed into national law by the greenhouse gas emissions trading law (TEHG) and the allocation law (ZuG). The TEHG, which was enacted on May 28, 2004, regulates emissions trading while the ZuG, which was passed by the lower house of the German parliament on July 9 and came into force on August 27, regulates the cost-free allocation of CO_2 certificates to the plants.

Despite various complaints, on July 7, 2004 the European Commission approved, with a few changes, the German National Allocation Plan, on which the ZuG was based. The transfer ruling criticised by EnBW was accepted unchanged.

EnBW criticises allocation law.

EnBW has filed an action against the EU Commission with the European Court of First Instance in Luxembourg. The object of the action is the EU Commission's approval of the German allocation law. EnBW argues that the German allocation law does not implement the European directive in accordance with community law and gives preference to national competitors, thus directly breaching European requirements. From the perspective of EnBW, the transfer ruling contained in the allocation law represents illegal assistance which infringes both the Treaty Establishing the European Community (EC Treaty) and the EU directive on emissions trading. The action of EnBW aims to revoke the EU Commission's decision as regards its approval of the German allocation law.

EnAlpin | Ferden reservoir



Company situation
of the EnBW group

Sales

EnBW records higher sales in core business.

In the fiscal year 2004, the EnBW group recorded external sales before deducting electricity and natural gas tax of € 11,177.4 million, 1.2% down on the prior year. The main reason for this decrease is the reduction in the number of companies included in consolidation.

In the fiscal year 2004, external sales after deducting electricity and natural gas tax decreased by 1.1% to € 9,844.0 million. While sales in the core business rose by 10.9% to € 9,014.6 million, sales in the discontinuing operations segment dropped significantly.

Adjusted to eliminate changes in the consolidation group, sales rose by € 772.2 million or 8.5%.

External sales of the EnBW group by business segment in € millions*

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Electricity	7,021.1	6,261.3	12.1
Gas	1,498.7	1,384.9	8.2
Energy and environmental services	494.8	483.1	2.4
Total core business	**9,014.6**	**8,129.3**	**10.9**
Discontinuing operations	829.4	1.822.8	-54.5
Total	**9,844.0**	**9,952.1**	**-1.1**

*) Less electricity and natural gas tax

Unit sales of the EnBW group in kWh billions

	01.01. – 31.12.2004	01.01. – 31.12.2003*	Variance as %
Core business			
Electricity	99.7	95.3	4.6
Gas	82.9	78.4	5.7
Discontinuing operations			
Electricity	8.5	9.5	-10.5
Gas	5.6	4.2	33.3

*) Adjusted to the segment structure as of Dec. 31, 2004

Electricity and gas sales up.

Electricity

The electricity business segment generated roughly 71.3% of the sales of the EnBW group in fiscal 2004.

Unit sales of electricity rose by 4.6% to 99.7 billion kWh thanks to successful marketing activities.

Thanks to higher electricity prices and unit sales, electricity revenues rose by around 12.1% to € 7,021.1 million.

Based on the sale of Hidroeléctrica del Cantábrico S.A. (Hidrocantábrico) contractually agreed in July 2004, we spun off its operations in the electricity and gas segments and disclosed them under discontinuing operations. The prior-year figures have been adjusted accordingly.

Gas

In the fiscal year 2004, the gas segment accounted for 15.2% of the sales of the EnBW group.

Apart from consolidation effects, the rise in unit sales of gas by 5.7% to 82.9 billion kWh is due to the colder weather in fiscal 2004 and successful marketing activities. After adjusting for consolidation effects, unit sales rose by 0.8%.

Gas sales rose in fiscal 2004 by 8.2% to € 1,498.7 million. Adjusted to eliminate consolidation effects, sales revenues increased by € 23.0 million or 1.6%. Among other things, the increase in gas sales revenues is due to passing on the increased gas procurement prices to customers.

EnBW increases sales revenues in energy and environmental services.

Energy and environmental services

Sales revenues in the energy and environmental services segment comprise sales revenues from disposal, water supply, and other services. In fiscal 2004, we recorded sales revenues of € 494.8 million. This constitutes an increase of 2.4% on the prior year.

Following the merger of EnBW Kundenservice GmbH with EnBW Energie-Vertriebsgesellschaft mbH to form EnBW Vertriebs- und Servicegesellschaft mbH, the company is now disclosed in the electricity segment and not the energy and environmental services segment. The prior-year figures have been adjusted accordingly.

EnBW has decided to discontinue the Thermoselect plant in Karlsruhe at the next possible date and end the Thermoselect project in Ansbach. The Thermoselect activities are therefore no longer disclosed in the energy and environmental services segment but under discontinuing operations. Again, the prior-year figures have been adjusted accordingly.

Discontinuing operations

Sales revenues in discontinuing operations recorded a decrease of € 993.4 million to € 829.4 million in fiscal 2004. The main reason for this development is the reduction in the number of companies included in consolidation. At the beginning of February 2005, 154 companies had already been sold, merged, closed down, or contributed to alliances. This means that we are already more than 85% on the way to achieving the goal of the project begun in 2003 to significantly reduce the complexity of the group.

Earnings

EnBW improves operating efficiency and earnings power.

The financial statements as of December 31, 2004 show a substantial improvement in earnings. The result in fiscal 2004 is significantly higher than the prior-year result after adjusting for non-recurring burdens. We were able to increase the operative earnings power considerably due to the TOP FIT programme to improve results.

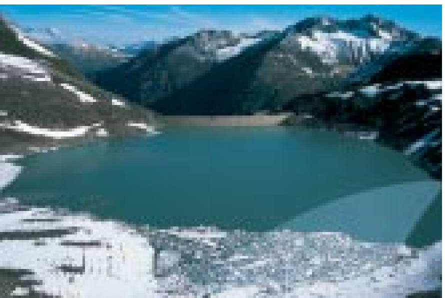
While we have again disclosed special effects in fiscal 2004, they are on balance positive. The progress in improving results has been achieved independent of the provisions of the prior year. We have achieved a substantial improvement in our operating efficiency.

The result of fiscal 2003 was largely influenced by non-recurring burdens. For this reason, the results for the fiscal years 2003 and 2004 are only comparable to a limited extent. For the analysis of the development of earnings, the earnings ratios of fiscal 2003 have been adjusted to eliminate non-recurring burdens.

EBITDA of the EnBW group by business segment in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Electricity	1,728.1	1,059.5	63.1
Gas	196.6	253.3	-22.4
Energy and environmental services	201.5	180.8	11.4
Total core business	**2,126.2**	**1,493.6**	**42.4**
Discontinuing operations	242.1	-196.2	-
Other activities/holding company	-145.0	-283.8	48.9
Total	**2,223.3**	**1,013.6**	**119.3**

EnAlpin | Gries reservoir and dam wall



Adjusted to eliminate the non-recurring burdens of € 475.3 million incurred in fiscal 2003, the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) rose by 49.3% or € 734.4 million.

In the core business segment electricity, we have improved the earnings power of the group. All value added stages contributed to the favourable development of the electricity business segment. Adjusted to eliminate non-recurring burdens of fiscal 2003 of € 137.7 million, the EBITDA in the electricity segment increased by 44.3% or € 530.9 million. The improvement in the operative earnings power of all the companies involved in the value added process and consistent cost monitoring as part of the TOP FIT programme to improve results have led to a significant improvement in EBITDA. On the unit sales side, it was possible to utilise synergy effects by integrating Yello more closely and by tightening the branch structure. Consistent focus on margins, optimisation of the customer portfolio, and target price management using improved tools for monitoring the competition led to significant improvements in earnings power. With respect to power generation, it was possible to improve the asset management of our power station company.

As part of the reallocation of responsibilities, the trading function took on additional tasks from the power station company. This allowed power station utilisation to be optimised and widened the scope of application of risk management and cross-commodity trading.

In the gas business segment there were positive non-recurring effects of € 69.9 million in fiscal 2003. After adjusting for the non-recurring effects of fiscal 2003, the EBITDA rose by 7.2% in fiscal 2004, to € 196.6 million. The main reason for this improvement is the greater number of companies included in consolidation.

In fiscal 2003, the EBITDA of the energy-related and environmental services business segment was influenced by non-recurring burdens totalling € 3.4 million. After adjusting for these non-recurring burdens, the EBITDA rose by 9.4% or € 17.3 million in fiscal 2004. Our TOP FIT programme has successfully borne fruit in this segment as well.

The EBITDA in the discontinuing operations segment improved by € 438.3 million. The reason for this is the burden on the EBITDA of fiscal 2003 as a result of risk provisions.

Operating success leads to increased EBITDA.

EBIT of the EnBW group by business segment in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Electricity	1,128.6	462.0	144.3
Gas	112.6	180.0	-37.4
Energy and environmental services	84.1	50.1	67.9
Total core business	**1,325.3**	**692.1**	**91.5**
Discontinuing operations	36.6	-598.8	-
Other activities/holding company	-145.0	-283.7	-
Total	**1,216.9**	**-190.4**	-

EBIT improves despite impairment losses.

Compared with fiscal 2003, the EBIT – Earnings Before Interest and Taxes – increased by € 1,407.3 million to € 1,216.9 million. After adjusting for non-recurring burdens of € 878.2 million from fiscal 2003, this increase is 76.9% or € 529.1 million.

After adjusting for non-recurring burdens from fiscal 2003, the EBIT increased less than the EBITDA. This is mainly due to impairment losses in fiscal 2004. These mainly relate to goodwill from capital consolidation of € 103.9 million and other intangible assets and property, plant and equipment of € 66.6 million.

Key indicators of the EnBW group in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
EBITDA	2,223.3	1,013.6	119.3
EBIT	1,216.9	-190.4	-
EBT	707.4	-1,093.5	-
Earnings after tax	357.7	-1,182.5	-
Minority interests	-49.6	-10.4	-
Net income for the year	**308.1**	**-1,192.9**	-

Special effects, improvement in operative earnings power, and financial result cause EBT to improve.

Compared with fiscal 2003, the EBT – Earnings Before Taxes – increased by € 1,800.9 million to € 707.4 million. After adjusting for non-recurring burdens of € 1,330.5 million from fiscal 2003, the EBT increased by 198.5% or € 470.4 million. The decisive factors here, apart from special effects the of fiscal year 2004, were the significantly higher operative earnings power and an improved financial result.

After deducting income taxes of € 349.7 million and minority interests of € 49.6 million in fiscal 2004, net income for 2004 comes to € 308.1 million. Income tax was affected by extraordinary factors and factors relating to other periods, which resulted in total in a burden of € 158.0 million (prior year: tax income of € 56.7 million).

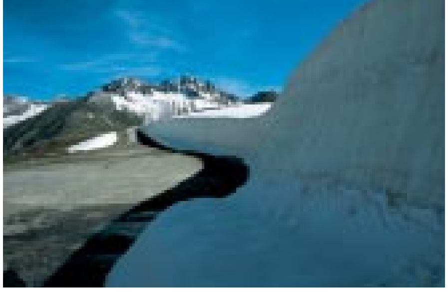
Non-operating result

Apart from extraordinary factors and factors relating to other periods, the non-operating result of the EnBW group also includes the result of discontinuing operations.

On the whole, the factors that led to non-recurring burdens of € 1,330.5 million before income taxes in fiscal 2003 resulted on balance in a further burden on earnings before income taxes in fiscal 2004. However, other non-operating effects not connected with the non-recurring burdens from fiscal 2003 more than compensated for this burden on earnings.

The positive non-operating result in fiscal 2004 at the EBITDA level is mainly attributable to gains on sale, the positive EBITDA of Hidrocantábrico, and the reversal of provisions. Gains on sale mainly relate to the reduction of our share in ESAG Energieversorgung Sachsen Ost AG and the successful exploitation of assets in the discontinuing operations segment.

The lower non-operating result at the EBIT and EBT levels compared to the EBITDA level is due to impairment losses recorded on goodwill and property, plant and equipment and financial assets, expenses from obligations to acquire equity investments, interest on tax back payments, as well as scheduled amortisation and financing expenses of discontinuing operations. Some of these effects were compensated for by capital gains from securities.




EnAlpin | around the Gries reservoir at 2,300 m height above mean sea level

Non-operating result of the EnBW group in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
EBITDA	569.0	-475.3	-
EBIT	278.5	-878.2	-
EBT	194.6	-1,330.5	-

Net income of EnBW and dividend

EnBW records retained earnings of € 173.8 million.

The net income for the year in the individual financial statements of EnBW AG, calculated according to German Commercial Law, is € 210.7 million, or € 1,034.2 million more than the prior year result. After contributing € 10.5 million to statutory reserve, € 30.0 million to other revenue reserves, € 21.4 million to the reserve for treasury shares, and withdrawing € 25.0 million from the reserve for treasury shares, retained earnings come to € 173.8 million.

On April 29, 2005, the Board of Management will propose to the AGM that a dividend of € 0.70 per share be distributed from the retained earnings of EnBW AG. As of December 31, 2004, a total of 231,974,074 shares were entitled to dividends. If the AGM approves this proposal, the amount distributed by EnBW AG for fiscal 2004 will come to € 162.4 million.

TOP FIT programme to improve results

In 2004, we consistently and successfully continued our TOP FIT programme to improve results. We have come considerably closer to our target of sustainably reducing our costs by € 1 billion by the year 2006.

In fiscal 2004 we achieved a volume of € 495 million, thus significantly exceeding our 2004 target of € 300 million. We achieved these economies both by rigorously optimising our internal processes and as a result of the organisational changes introduced, such as the merger of our marketing and after-sales service companies to form one marketing and service company. One major success factor was also the successful conclusion of negotiations with employee representatives to harmonise the rules agreed in collective bargaining and within the company with the agreed reduction in working hours. In 2004, this resulted among other things in positive non-recurring effects in our TOP FIT programme.

In 2004, we implemented a whole range of actions to help us achieve our target of sustainably reducing our costs by € 1 billion by the year 2006. With respect to a sustained improvement in result, we also introduced the target-investment approach in 2004 in order to optimise our investment planning further.

TOP FIT programme significantly exceeds 2004 target.

Capital expenditures and acquisitions

EnBW's future-oriented ability to act manifested in financial investment in MVV.

Investments focus on electricity core business segment.

Group capital expenditure on intangible assets and property, plant and equipment fell by 11.5% and stood at € 500.8 million in fiscal 2004. The drop in investments was chiefly due to economies as a result of the TOP FIT programme. These economies did not affect areas relevant to safety.

Major investments in the core business segment electricity came to € 253.9 million. In the discontinuing operations segment, capital expenditures were also made at Hidrocantábrico.

In property, plant, and equipment, most investments were made in expanding the generation and distribution plant.

Capital expenditure of the EnBW group in € millions by business segment (intangible assets and property, plant and equipment)

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Electricity	253.9	295.1	-14.0
Gas	46.8	39.2	19.4
Energy and environmental services	106.3	100.4	5.9
Total core business	**407.0**	**434.7**	**6.4**
Discontinuing operations	93.8	130.9	-28.4
Total	**500.8**	**565.6**	**-11.5**

With economic effect from December 23, 2004, the EnBW group acquired a financial investment of 15.05% in the publicly listed Mannheim-based energy company MVV Energie AG from the E.ON group. This investment in Germany's fifth largest electricity supplier was acquired at a favourable time, and is an important positive signal for the future, both externally vis-à-vis the capital markets, shareholders, and customers, and internally vis-à-vis our employees. EnBW has regained its future-oriented creativity and ability to act faster than originally planned, and is further expanding its core business segment.

In the past fiscal year, MVV had carried out a comprehensive programme of reorganisation, and had recently performed significant write-downs on equity investments and discontinuing operations. EnBW regards this acquisition as an interesting financial investment with attractive potential for development. The financial investment in MVV creates a basis for EnBW and MVV to be both good neighbours and fair competitors in the future.

Financing

At the AGM on April 29, 2004, we reported among other things that the EnBW Board of Management and Supervisory Board had passed a corporate action package in order to help preserve our A-category rating.

Placement of treasury shares strengthens equity.

In May, the Board of Management and Supervisory Board presented the details of a comprehensive set of actions designed to strengthen equity. From May 24 to June 8, we offered our shareholders 12,261,746 of the company's treasury shares for sale at a ratio of 18:1 and at a price of € 25.60. On the basis of the acquisition ratio, shareholders were able to purchase one further EnBW share for every 18 shares held. In a compensatory agreement based on equal treatment of all EnBW shareholders, shareholders with less than 18 shares were also able to purchase one EnBW share. The right to purchase was rounded up to the next full number of shares. In other words, owning 19 shares gave the right to acquire two further shares. Although the price of the EnBW share fell below the purchase price of € 25.60 while the offer stood, we placed a total of 11,262,652 treasury shares. This transaction fully satisfied our expectations and allowed us to increase our equity by approx. € 288 million.

Following completion of the offer for purchase, the two major shareholders EDF and OEW made subordinated shareholder loans available, each for € 175 million and with a five-year term. At the beginning of December, EDF transferred its loan to OEW. Accordingly, OEW granted EnBW subordinated shareholder loans of € 350 million.

Syndicated loan allows flexible financing.

At the beginning of June, EnBW extended the 364-day credit line that had fallen due by a further 364 days. Due to our good liquidity situation, we were able to reduce the amount of the credit line from the previous € 1.5 billion to € 1.2 billion. All the banks that had participated previously extended their credit facilities. Three new banks also participated, giving us a significant over-subscription. The lead managers are Citigroup, Royal Bank of Scotland, and Société Générale.

The extended credit facility is part of a loan that was originally set up in June 2003. The credit comprises two tranches. The term of the first tranche, which has now been extended and has a volume of € 1.2 billion, is also 364 days. We have the option to extend it for a further year at a time until the second tranche falls due in June 2008. The volume of the second tranche remains unaltered at € 1.5 billion. At year-end, both credit facilities were unused.

In addition, EnBW can draw on further short-term, bilateral credit facilities totalling € 400 million, the commercial paper programme (€ 2 billion), and the medium-term note programme (€ 3 billion). At year-end, € 237.4 million of the commercial paper programme had been used. After issuing the 20-year bond of € 500 million, € 2.615 billion of the medium-term note programme had been used. EnBW finance management guarantees a high level of financial flexibility and ready access to short and long-term finance resources on the international money and capital markets.

New bond extends EnBW's maturity profile.

At the end of November, EnBW issued a bond for € 500 million on the capital market. The bond has a term of slightly over 20 years and serves to extend the maturity profile of EnBW. EnBW thus took advantage of the attractive capital market environment to convert existing short-term liabilities into a long-term bond.

In a telephone conference, we informed investors about the current situation of EnBW and the bond to be issued. Due to strong demand, book-building was closed after just four hours, with the bond oversubscribed more than six times. Pricing was very advantageous for us, at 56 basis points above the corresponding mid-swap rate; it was thus lower than the price spread announced in the book-building process. The bond is equipped with a coupon of 4.875%, which is attractive for EnBW. The joint bookrunners of the transaction were Barclays Capital, Citigroup, and Société Générale.

The bonds in figures

Issuer	EnBW International Finance B.V.
Underwriter	Energie Baden-Württemberg AG
Volume	€ 500 million
Issue date	November 30, 2004
Bullet maturity	January 16, 2025
Coupon	4.875 %
Offering price	100 %
Securities identification number	ISINXS0207320242
Bookrunners	Barclays Capital, Citigroup, SG Group Corporate and Investment Banking
Co-managers	Deutsche Bank, Dresdner Kleinwort Wasserstein, HypoVereinsbank, Landesbank Baden-Württemberg
Stock exchange	Luxembourg

EnBW ratings remain in A category with outlook stable.

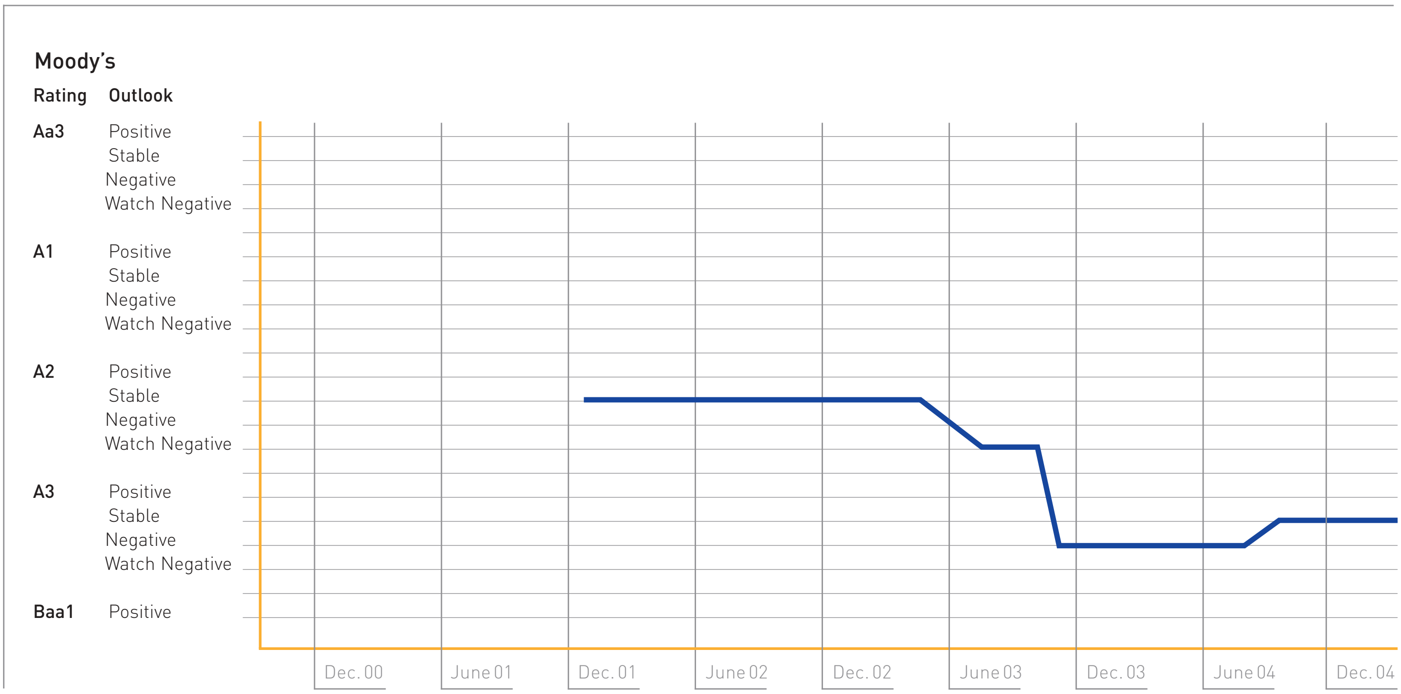
In April 2004, the ratings agency Standard & Poor's (S&P) once again rated EnBW's creditworthiness in the A category. The agency reduced the long-term rating by one notch from A to A-. S&P attributed the rating decision to the poorer financial profile of EnBW due to the acquisitions made in past years and the aggressive marketing strategy of the past.

The outlook remains stable. The rating agency thus expressed its confidence in the new management coupled with the expectation that EnBW will continue to focus on cutting costs, improving earnings and cash flow, grooming the portfolio by means of divestitures and strengthening the equity gearing. S&P also reduced the short-term rating a notch from A-1 to A-2.

In September, Moody's rating agency raised the outlook for both the long and short-term rating of EnBW from "negative" to "stable". In this way, Moody's was measuring the successful consolidation course of EnBW and the action taken at the end of May/early June 2004 to strengthen the equity base, again classifying the credit rating of EnBW as high. According to Moody's, EnBW has made considerable progress in its strategy to focus on the core business, to strengthen the equity ratio and to reduce and curtail costs. In effect, Moody's considered the capital structure of EnBW to have improved considerably. Long and short-term ratings remain unchanged at A3 and Prime-2 respectively.

In previous years, the two ratings agencies Standard & Poor's and Moody's had always rated the creditworthiness of EnBW in the A category. So far we have thus always achieved our objective of maintaining an A category rating. This is due, among other things, to the rigorous implementation of the TOP FIT programme, the continuous reduction in the level of debt and the constant improvement of our credit standing indicators.

The rating changes in detail



Composition of assets and equity and liabilities

Total net assets in the group decreased by 4.4% or € 1,100.5 million compared to December 31, 2003. This is due, among other things, to the sale of subsidiaries in fiscal 2004. On account of the emissions allowances allocated without consideration for the fiscal years 2005 to 2007, there was a balance sheet extension of € 265.1 million.

Intangible assets and property, plant and equipment decrease.

Intangible assets in the group fell by € 52.6 million or 2.8% to € 1,845.8 million. The emissions allowances for the fiscal years 2005 to 2007 disclosed as intangible assets amount to € 265.1 million. Property, plant and equipment in the group decreased by € 1,907.5 million, or 15.4% to € 10,452.1 million, and account for 43.3% of the total net assets. Financial assets mainly comprise securities in the form of special funds and equity investments. Financial assets in the group fell by € 81.8 million to € 6,392.2 million.

Compared with December 31, 2003, current assets rose by approx. 19.9% or € 875.5 million. The increase in current assets is largely due to the increase in cash and cash equivalents.

Equity ratio increases.

The equity ratio in the group, including minority interests, rose from 6.1% (as of December 31, 2003) to 9.7%. The increase in the equity ratio is due above all to the sale of treasury shares, the positive earnings after tax, the satisfactory development of unrealised gains in our securities as well as the increase in minority interests in equity.

The ratio of equity to assets calculated according to German GAAP in the individual financial statements of EnBW AG stands at around 7.5% (prior year: 6.4%) as of December 31, 2004; calculated according to the same principles, total net assets of EnBW AG stands at € 13,803.3 million (prior year: € 12,997.9 million).

Provisions in the group mainly consist of long-term provisions relating to the closure and disposal of our nuclear power plants as well as provisions for pensions. Provisions increased by a total of 2.0% to € 9,699.2 million.

The liabilities mainly consist of financial liabilities as well as trade payables. The financial liabilities of the EnBW group were reduced by 26.5% to € 5,913.1 million.

Deferred income rose by € 237.1 million. Due to the acquisition of emissions allowances without consideration in December 2004, we recorded a deferred income item equivalent to their market value on the day of allocation of € 269.9 million.

Vorarlberger Illwerke AG

Vorarlberger Illwerke AG, domiciled in Bregenz (Austria), is a supplier of electricity and contractual partner of EnBW. With its nine hydro-electric power stations, four reservoirs and several smaller storage basins in Montafon and Walgau, Illwerke currently provides its electricity customers with turbine output of 1,248 MW and pump input of 533 MW. After completion of the Kopswerk II pumped storage plant, there will be an estimated additional 450 MW output in pump and turbine operations from 2007/2008. The Illwerke power stations, whose operation control is incumbent on EnBW, produce refined peak and balancing power for the German network as required.

Power station at the Lüner lake | powerhouse

Vorarlberger Illwerke, power station at the Lüner lake | machine

Vorarlberger Illwerke, power station at the Lüner lake | work on the turbine bearing

EnBW records positive cash flow from investing activities and reduces financial debt.

Cash flow statement in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Cash flow from operating activities	1,585.5	885.4	79.1
Cash flow from investing activities	589.6	-1,158.3	-
Cash flow from financing activities	-1,214.4	509.5	-
Net foreign exchange difference and other changes in value	0.2	-1.1	-
Change in cash and cash equivalents	960.9	235.5	-

Free cash flow in € millions

	01.01. – 31.12.2004	01.01. – 31.12.2003	Variance as %
Cash flow from operating activities	1,585.5	885.4	79.1
Capital expenditures	-655.2	-684.7	4.3
Cash received from disposals of fixed assets	650.1	155.5	318.1
Cash paid for investments in group companies	2.6	-754.1	-
Cash received from the sale of group companies	768.8	49.2	-
Free cash flow	**2,351.8**	**-348.7**	-

Cash flow statement

In fiscal 2004, the cash flow from operating activities increased by € 700.1 million to € 1,585.5 million. The increase was due to special effects and above all the improved results of operations of the group.

In fiscal 2004, we recorded a positive cash flow from investing activities. Besides the disposal of financial assets and property, plant and equipment, the sale of subsidiaries and joint ventures – Hidrocántabrico and the Salamander subsidiaries APCOA, Salamander Industrieprodukte and Melvo – had a positive impact on the cash flow from investing activities.

We are thus a good bit nearer to our goal of significantly reducing the financial debt of EnBW. In the fiscal year 2004, we succeeded in reducing the financial liabilities, adjusted for changes in the consolidated companies, by € 1,517.8 million or 18.9%.

The free cash flow rose by € 2,700.5 million compared to the fiscal year 2003. In fiscal 2003 it was most heavily burdened by cash outflows relating to the acquisition of the ED group. By contrast, it increased significantly in fiscal 2004. The reasons for this include consistent management of capital expenditures, sales of subsidiaries and joint ventures, financial assets and the improved earnings power. Capital expenditures on fixed assets in fiscal 2004 also include expenditures for the purchase of a financial investment in Mannheimer Energieunternehmen MVV.

Net financial debt

A positive free cash flow, the sale of treasury shares and the deconsolidation of Hidrocantábrico enabled us to significantly reduce our net financial debt in fiscal 2004 by € 3,276.0 million from € 6,959.7 million or 47.1% to € 3,683.7 million.

Net financial debt is financial liabilities less cash and cash equivalents including marketable securities. The debentures, long-term investments and other loans are no longer considered when calculating the net financial debt. The comparative figures were adjusted accordingly.

Dependent company declaration

Pursuant to Sec. 312 AktG, the Board of Management of EnBW AG prepared a dependent company report for fiscal year 2004. This details relationships with affiliated companies, and closes with the following declaration:

"In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction and was not placed at a disadvantage. There were no actions at the instigation or in the interest of the controlling companies on which we would be obliged to report."

EnBW reduces net financial debt.

Net financial debt in € millions

	31.12.2004	31.12.2003	Variance as %
Cash	1,927.4	966.5	99.4
Marketable securities	302.0	122.8	145.9
Cash and cash equivalents	**2,229.4**	**1,089.3**	**104.7**
Bonds	3,053.7	2,649.8	15.2
Commercial papers	237.4	1,619.8	-85.3
Liabilities to banks	1,344.6	2,940.2	-54.3
Other financial liabilities	1,277.4	839.2	52.2
Financial liabilities	**5,913.1**	**8,049.0**	**-26.5**
Net financial debt	**3,683.7**	**6,959.7**	**-47.1**

Vorarlberger Illwerke | in the powerhouse of the Kopswerk I power station

Subsequent events

Effective January 1, 2005, a further package of retail properties of Salamander AG was sold. The few remaining retail properties are to be sold in fiscal 2005 in order to continue the grooming of the real estate portfolio.

On January 28, 2005, Deutsche Bank AG and HSBC Trinkaus & Burkhardt KGaA sold a total of 11.88% of the shares in EnBW to OEW and EDF; EnBW's two large shareholders each acquired half of the shares. On February 2, 2005, OEW held 40.51% of the shares in EnBW while EDF held 45.01%.

Vorarlberger Illwerke
Latschau basins I and II

Employees

Headcount development

Employees of the EnBW group[1]

	31.12.2004	31.12.2003[2]	Variance as %
Electricity	12,004	12,674	-5.3
Gas	639	314	103.5
Energy and environmental services	4,450	4,865	-8.5
Core business, total	**17,093**	**17,853**	**-4.3**
Discontinuing operations	252	5,249	-95.2
Holding	382	201	90.0
Total	**17,727**	**23,303**	**-23.9**
In full-time equivalents	**17,157**	**22,553**	**-23.9**

1) Headcount, without trainees and without inactive employees
2) Adjusted to reflect the new segment structure as of December 31, 2004 and adjusted to eliminate the number of trainees

As of December 31, 2004, the EnBW group employed 17,727 employees, that is 5,576 or 23.9% fewer than in the prior year. Adjusted for significant changes in the consolidated group, the number of employees dropped by 6.2%.

In our core business, we recorded a drop in headcount of 760 (-4.3%). In the discontinued operations, the headcount decreased by a total of 4,997 (-95.2%), mainly due to sales of companies. The main deconsolidations in the reporting period include the carpark operator APCOA Parking AG, Salamander Industrie-Produkte GmbH and Hidroeléctrica del Cantábrico S.A.

Headcount drops by more than 20%.

Constructive negotiations preserve industrial peace and ensure improved earnings.

Ratio of trainees to total workforce in the main core companies up to 8.4%.

Agreements reached on tools for a socially compatible personnel restructuring and reduction process.

Personnel expenses down by 25.7%.

Personnel composition: At the end of 2004, the EnBW group had a total of 1,280 part-time employees, of which 928 were women (72.5%). Part-time employees account for 7.2% of the total workforce in the group. This is a slight increase of 0.2% in a year-on-year comparison. The proportion of female employees in the total workforce was down to 23.9% as of December 31, 2004 (prior year: 24.5%). The average length of service of group employees is 13.5 years.

Training: At the end of 2004, 927 young people were employed as trainees in EnBW's main core companies. The ratio of trainees to the total workforce was thus raised compared to the high reference figure of the prior year by a further 0.5 percent points to 8.4%. As part of the "Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland", a pact between industry and government in Germany to provide apprenticeships and traineeships, we provided more than 50 additional jobs for apprentices and trainees for the recruitment year 2005. We are also doing justice to our socio-political responsibility by pledging to offer our trainees a position in the group for at least six months after the successful completion of their professional training or apprenticeship.

Personnel expenses: In the reporting year, personnel expenses fell € 419.3 million or 25.7% to € 1,209.2 million (prior year: € 1,628.5 million). The main reasons include the reforms and actions taken within the TOP FIT programme to improve results and the deconsolidation of companies in which equity investments were held.

In the personnel project of the TOP FIT programme we were able to achieve sweeping successes in long and difficult, but at the same time constructive negotiations with the employee representatives. Thanks to our sensitive but consistent approach, we succeeded in preserving industrial peace while at the same time achieving the necessary savings. One milestone was the collectively bargained agreement of January 30, 2004. By reducing the working hours – implemented in the form of a 4.5-day week – we avoided terminations for operational reasons. By taking a lower assessment base as a basis, we were able to agree on a uniform arrangement for the payment of the Christmas bonus. In further negotiations, the remuneration was regulated in a collectively bargained agreement for a period of 24 months. We have also succeeded in reorganising and harmonising the numerous and complex sets of company rulings within the group. This includes, among other things, profit participation, company pensions and reduced energy prices.

So that the prescribed savings can be realised in as socially compatible a way as possible, in 2003 we had already adjusted or renegotiated various personnel management tools such as early retirement, phased retirement, premature retirement, part-time work, non-renewal of temporary contracts and severance pay agreements to meet these special needs.

Since 2004 we can offer employees whose jobs have been cut temporary positions in our TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH until a suitable position becomes available in the group, if necessary after retraining. Based on a collectively bargained agreement is also possible to place these employees with external companies on a contract work basis.

In order to proceed fairly and efficiently with the necessary personnel restructuring, we have agreed group-wide selection criteria with the employee representatives which were already successfully implemented in 2004. With the help of our internal employment exchange we have improved the transparency of the internal job market and also accelerated the large number of necessary transfers. The “EnBW job pilot”, a special intranet-based information database, allows employees to search expediently for vacant positions within the EnBW group or personnel officers to find suitable employees.

Personnel and management development: In the course of the restructuring and realignment of the EnBW group, we provide support to our employees and managers in the form of the CHANGE support programme developed by EnBW Akademie Gesellschaft für Personal- und Managemententwicklung mbH. The programme aims to strengthen change readiness among employees and managers alike and to develop the ability to successfully implement the necessary changes.

We support the current change process inside and outside the group by means of additional measures in the advanced training sector. The measures include basic commercial training for technical employees, a special training programme for our employees working in the management network covering electricity, gas and water which was developed in collaboration with associations in the energy industry, universities and partners from the Chamber of Industry and Commerce as well as the internally development company planning game “Metanopoly”.

On October 1, 2004, our group trainee programme with 15 participants went into a new round. The participants of this programme are mainly engineers and economists reflecting the group companies’ specific needs for young managers.

Improvement processes in the group: The continuous improvement process introduced in the customer support department of our subsidiary EnBW Vetriebs- und Servicegesellschaft mbH in the course of a pilot project in 2003 has developed extremely well. Since the introduction of the tool, some 170 employees have generated more than 1,700 ideas with an annual savings potential of around € 200,000.

In the past year, our employees used our idea management scheme to submit more than 500 suggestions for improvement. In this way, we are able to save around € 800,000 per year.

Improvement processes achieve high savings.

CHANGE programme supports change processes.

Vorarlberger Illwerke | Kops lake

Research and development

R&D continues to focus on fuel cells, geothermal heat, and energy supplies to buildings.

In 2004, the EnBW group spent € 7.5 million (prior year: € 10.7 million) on research, development, and technical demonstration projects. The decline is above all due to the unscheduled stop of construction work on the geothermal power station in Bad Urach, as well as being a one-off effect of the strategic realignment of EnBW's energy-related service. In 2004, we further pursued and intensified the focal areas of our research – fuel cells, geothermal heat, and innovative energy supplies to buildings. Increasing the efficiency of conventional power stations was made a further focal point because of their significance for the energy mix of the future.

Research and development continues to be lean in structure. Together with the operative EnBW companies, the department's ten professionally qualified employees, mainly engineers, apply practical developments on the spot. In the companies, more than 50 persons, again most of them engineers and mechanics, are involved in research projects in addition to their everyday jobs.

EnBW is a partner of the "Power Stations of the 21st Century" research initiative, launched at the instigation of Baden-Württemberg and Bavaria in 2004. The results of this research initiative are likely to be of benefit, some of it direct, for the already existing EnBW power stations in Karlsruhe/Rheinhafen (gas and steam-driven turbine plant) and the CHP station in Altbach/Deizisau.

We are also involved in other joint research projects run by power station operators and power station components manufacturers with the aim of developing viable solutions in the power station field and of making power stations even more reliable, efficient, environmentally-friendly, and above all, economical.

We have continued our fuel cell trials at industrial and private customers, and expanded these activities in the area of energy supplies to buildings. At the end of 2004, 16 fuel cell heaters had been installed, and we plan to have 55 such appliances in operation by the end of 2006.

Not least because of our favourable geological location, we want to drive forward the professionalisation of geothermal utilisation with experienced partners, and in this way tap further renewable sources of energy. In Bad Urach, however, it was not possible to complete the geothermal reservoir needed for this in 2004. EnBW continues to pursue its goal to set up a pre-commercial geothermal power station to generate electricity and heat. The Upper Rhine rift valley offers many promising additional locations for this.

For the sake of consolidating and expanding our hydropower portfolio, we are seeking new technical solutions to reduce the environmental impact of power station buildings so that fish can by-pass the plants without harm.

Partners for Innovation: the "Impulskreis Energie"

EnBW is a member of the Federal Government's "Partners for Innovation" initiative. Back in January 2004, at the instigation of the Federal Chancellor, representatives of business, politics, and science agreed to launch the initiative. The "partners for innovation" have set themselves the aim of strengthening Germany's system of innovation, of removing disincentives, and of creating new confidence in the nation's potential.

The Federal Chancellor bestowed the innovation partnership for the energy topic on Prof. Dr. Utz Claassen, the CEO of EnBW. The "Impulskreis Energie" (roughly: energy think-tank) led by EnBW is one of the initiative's 13 expert groups. The aim of the energy think-tank is to find new solutions for tomorrow's energy system. Experts from EnBW and its technological companies play a key role in this group and support the future implementation of projects, which for EnBW also means getting ahead through innovation. As early as December 2004, Prof. Dr. Utz Claassen used the "Partnerrunde Innovation" to present pioneering projects for the energy sector to the Federal Chancellor.

EnBW assumes chair of the "Impulskreis Energie".

"The Energy-Efficient School" is the title of a project to promote the renovation of school-buildings across the country. By financing the first three pilot projects in Baden-Württemberg, EnBW intends to get the project off the ground quickly. Ideally, it wants to make all 18,000 schools in Germany energy-efficient in this way. The programme can be expected to provide as many as 25,000 new jobs. The "Price Signal at the Power Socket" project uses price incentives to harmonise supply and demand on the electricity market in the best possible way, combining metering technology with information and communication technology. Via learning local networks for small and medium-sized enterprises, another project "Energy Tables" aims to provide expert information about model methods for using energy more rationally. The aim of the "Local Solar Warmth" project is to cover up to 50% of the heating requirements of residential areas by exploiting suitable roof space and advanced heat storage technology and using renewable, emission-free energy sources. A suitable new housing development is already being considered for this pilot project.

EnBW supports implementation of projects in the energy sector.

Our "EnyCity" concept aims to develop a model of the energy city of the future. This idea is to combine, in module form, already existing German advanced technology in the relevant areas of technology to form total urban systems, and in this way to achieve optimum power generation, and to apply and use energy in a highly efficient way.

Risk report

Risk management organisation adjusted to changed structures.

In the course of the strategic and organisational realignment of the EnBW group, we have adjusted our risk management organisation to the changed structures. To support the risk management process we have also revised the IT application in use. Both measures allow us to analyse risks on a more target-oriented basis, thus enhancing the informative value for the recipients of the reports.

To support the planning quality, our group companies perform regular risk audits when developing the mid-term planning. During the year, periodical risk monitoring ensures that risk-induced plan variances are disclosed at an early stage and that possibilities for action can be developed to manage the risks.

Active knowledge management promotes risk awareness.

By systematically training our managers in workshops and seminars, we have achieved a high degree of risk awareness in the group. For our risk managers in the group companies and group entities we have set up working groups to intensify the exchange of information. We organise regular forums at which the participants are informed about current developments in risk management. With this active knowledge management, we aim to promote the idea of risk management in the group.

To ensure consistent risk monitoring throughout the group we focus our attention on the causes. We differentiate here between risks based on external factors and those based on internal factors. Externally, we are exposed in particular to legal, political and regulatory risks. We are exposed to market risks above all in energy trading, sales and marketing and in our treasury activities. In our business relationships we are also subject to credit risks in the form of counterparty risks. Other external risks may stem for example from natural risks or terrorist attacks; these are presented under other risks.

Internally, we are naturally exposed to risks associated with the strategic alignment of the company. We are also exposed to risks inherent in the performance of our business operations.

Project targets credit evidence for business partners.

In 2004, we started measuring our credit risks with a group-wide uniform method and consolidating them at group level. The implementation of the project in 2005 will create the prerequisites for credit evidence on all our business partners.

Overall economic risks

CO_2 certificate trading: To reduce greenhouse gas emissions in the European Union and to fulfil the climate protection obligations under the Kyoto Protocol, trade with CO_2 certificates was introduced throughout the EU. The trading conditions are prescribed in the 2007 allocation law that took effect on August 31, 2004. The German emissions trading office has awarded the certificates for the years 2005 to 2007.

Original uncertainty about the volume of the allocation for EnBW's power stations and the structuring of the certificate trading has thus been eliminated.

We monitor and manage the market price and credit risks from CO_2 certificates associated with trading transactions through the risk controlling function of EnBW Trading GmbH.

Industry risks

Reform of the German Power Industry Law: The amended Power Industry Law transposes the EU single market package for fixed network power into national German law. The government's current bill has not, however, been passed either by the lower house of the German parliament or by the upper house. The main objectives of the amendment are to promote competition in the energy market by regulating the power supply networks and to unbundle the network operators to ensure non-discriminatory network access.

The future regulatory authorities will mainly influence the nature and amount of the network user charge calculation. A comparison with other European countries shows that the resulting reduction in charges would burden the industry as a whole. EnBW would also be affected. By constructively working to form political opinion, EnBW is trying to exert influence to have the current ex-post charge calculation on a cost basis replaced by an ex-ante incentive regulation.

The bill is currently being discussed in the committees of the lower house of the German parliament. The risk situation has therefore been shifted to subsequent fiscal years and is unchanged.

Besides the regulatory measures to change the calculation of network user charges, the amendment of the German Power Industry Law aims to legally unbundle power supply companies. It is not currently possible to estimate the effects on the industry as the implementation is still the subject of controversial debate. As things stand today, however, synergies are likely to be lost, making organisational matters more complicated and involving higher costs.

Amendment of the German Renewable Energy Law: The sustainability strategy of the German federal government and the EU directive to promote renewable energy had made it necessary to amend the Renewable Energy Law. On March 4, 2004, the amended law was discussed in the lower house of the German parliament for the first time and took effect on August 1, 2004. The main effects on the industry include increased expenses at the network operators for balancing power resulting from the wind-generated power feed-in into the grid. Due to technical difficulties, the allocation of the equalisation between the balancing zones was not achieved nationwide until September. To judge by the current status of the political debate, increased expenses are to be expected in the coming years as well, which will negatively impact operating results.

Risk controlling manages market price and credit risks.

Increased expenses will have a negative effect on results.

EnBW favours ex-ante incentive regulation.

Early warning systems allow rapid responses to impending customer fluctuation.

High quality standards ensure high supply reliability.

Construction of interim storage facilities ensures continuing operation of KKP and GKN.

Transparent monitoring, emergency plans and catalogue of actions support supply reliability.

Nuclear power provisions: The European Commission is still committed to separating the financial resources for nuclear power provisions. The separation is part of the "nuclear package" that dates from the uniform EU standards for the operation of nuclear power plants demanded in April 2002 by Loyola de Palacio, the EU vice president at that time. Even if the original draft is not applied – the EU Council of the Environment rejected it in July 2004 – there is still a possibility that a pared down version will take effect through an initiative of the EU Commission or the EU Parliament. As part of our forward-looking risk management, we are monitoring developments and are trying to assert our opinion by means of political lobbying.

Disposal of nuclear waste: The location for the ultimate storage of nuclear waste in Germany is still open. The possibility to dispose of nuclear waste by transporting it for reprocessing abroad ends in mid-2005. To secure the continuing operation of our nuclear power plants in Philippsburg (KKP) and Neckarwestheim (GKN) in spite of this, construction commenced in 2004 of the interim storage facility approved a year before. For the Obrigheim location there is no disposal risk for the remaining operating period because it has adequate storage facilities.

Operating risks

Competition risks: As a free-market company, EnBW is naturally exposed to competition risks. As part of the pro-active risk management, our sales companies have established extensive early warning systems to swiftly counteract a possible customer fluctuation.

Influence of the weather on transportation and distribution network: The transportation and distribution networks of EnBW are exposed to numerous weather-related risks. These include, for instance, high winds, floods, frost and snow loads. In the fiscal years 2004, highly-qualified staff and high-quality materials again ensured a high level of supply reliability.

As part of the group-wide risk management, we continuously check the necessary property insurance as regards insurance cover, exclusions, deductibles and premiums. A risk is only insured with an insurance firm if all four factors are economically in proportion to one another.

Extreme climatic weather conditions: The energy generating companies had expected to face extreme climatic weather conditions again in the summer months of 2004. In a long, uninterrupted heat wave and the dryness it brings with it there is a risk that the generation of power will be subject to restrictions. We used the experience of past years and collaborated with the authorities to develop transparent monitoring, emergency plans and measures to minimise risks.

Vorarlberger Illwerke
Silvretta lake and dam wall

Although river temperatures and levels of the Rhine and Neckar rivers in fiscal 2004 did not reach the extreme figures of the summer of 2003, the situation was strained for several weeks, particularly on the river Neckar. However, by taking early action, negative effects on the results of operations were minimised.

Unplanned downtimes of power stations: EnBW bundles its large generating plants in EnBW Kraftwerke AG. To produce electrical power and district heat, we use technically complex power stations with state-of-the-art safety standards. We consider and evaluate possible production risks both by specific power station and across all power stations. Technical defects of power station components can lead to plant failures and thus to unscheduled downtimes.

Our subsidiary EnBW Trading GmbH optimises the deployment planning of power stations and the procurement of replacement electricity. In this way, we can minimise negative effects on earnings for the whole group.

IT risks: Our production and business processes simply would not work without efficient IT support. The high availability of our IT network and IT applications ensure the highest possible level of data protection and comprehensive data security place, but at the same time places especially high demands on people and technology.

We encounter possible risks with state-of-the-art technology, regular training for our staff and high security standards.

To ensure high-level availability, the individual application systems were evaluated over the past year as part of service continuity management initiative and a service continuity plans were developed on the basis of the thus calculated potential damage. We succeeded in reducing the risk of IT failure still further by means of targeted measures to stabilise and secure the computing centre. There were no serious failures of important IT components during fiscal 2004.

Market and liquidity risks

Energy market: Within the group, EnBW Trading GmbH (ETG) plays a central role in risk management along the value added chain. ETG markets the power station generation on the basis of market prices, thus managing the fuel position. The CO_2 emissions of the power stations and the allocation of the CO_2 certificates give rise to a CO_2 certificates position for the group which is managed by ETG. The risk portfolio is optimised by risk management with an integrated approach.

Existing competences on the electricity and primary energy markets are used for cross-commodity trading and the company's own gas trading.

On the sales side, ETG is responsible for the procurement of the quantities being sold and manages the price and quantity risk from the selling activities of EnBW Vertriebs- und Servicegesellschaft mbH.

Risk of IT failures further reduced.

Power station deployment planning and the procurement of replacement electricity have been further optimised.

Qualified employees, state-of-the-art technology and high safety standards minimise IT risks.

Master agreements for all trading transactions intended to minimise credit risks.

Group-wide cash pooling optimises daily liquidity position.

Changed asset structure and declining volatility reduce value at risk.

To manage credit risks, the aim is to effect all physical and financial transactions on the basis of master agreements. The standard for physical electricity and gas trading transactions is the master agreement of the European Federal of Energy Traders (EFET). Financial transactions are concluded on the basis of the master agreement of the International Swaps and Derivatives Association (ISDA) and of the German master agreement while CO_2 trading transactions are concluded on the basis of the master agreement of the EFET and the International Emissions Trading Association (IETA). A trading scope is prescribed on the basis of trading partner's credit standing. Credit exposure of each trading partner is continuously monitored.

Based on current market prices, all trading transactions are marked to market each day. To limit market price and credit risks associated with trading transactions, the existing risk limits and trading positions are continuously monitored by risk controlling using financial risk parametres.

Asset management: In accordance with our asset management guidelines, the management of financial assets in the EnBW group is geared to risk minimisation. Assets are regularly marked to market. Using the value-at-risk indicator commonly used on the financial markets, we determined the market risk associated with our positioning.

In terms of the market value of the EnBW financial assets, the market risk as of the balance sheet date (VaR 95%/10 days) came to € 52.9 million. Due to the changed asset structure and with volatility still in decline, the value at risk has decreased significantly in a year-on-year comparison.

When selecting financial assets we take care that they are highly marketable so that the assets can be sold on the market at any time.

We place high demands on the creditworthiness of our business associates and issuers. During the reporting year the limits were observed at all times.

Financing: In the course of business operations we are exposed to interest and currency risks. As part of our finance and risk management, we hedge these risks individually by means of primary and derivative financial instruments. We have presented the details of the transactions in the notes to the financial statements. Our treasury directive which applies throughout the group contains binding rulings on scope of action, responsibilities and controls.

Liquidity: There are sufficient free lines of credit from banks to cover short-term liquidity requirements. Cash pooling, including the EnBW subsidiaries, is used to optimise the daily liquidity position.

Thanks to our good rating in the A category, in the fiscal year 2004 we used not only the bank market but also the capital and money markets for refinancing. For the majority of our floating rate liabilities, the stability of our creditstanding, which remains high, represents the valuation basis for the associated market risks.

Overall risk

Due to the strategic realignment of EnBW, in particular the focus on the core business and the divestiture of discontinuing operations, there was a qualitative shift in the risk portfolio over the past year. As regards the net assets, financial position and results of operations, the overall risk position was reduced compared to the prior year. However, thanks to the focus on the core business energy the relative share of industry-specific risks, which was already high, in proportion to the overall risk, continued to rise. In addition, the EnBW group is exposed to warranty and guarantee risks given in connection with the sale of companies.

In fiscal 2004, there were no discernable risks to the continued existence of the company either from individual risks or from the overall risk position of the EnBW group.

Risk management system

In 2004, reporting on the risk situation consisted of detailed quarterly reports and monthly risk change reports to the EnBW Board of Management and to the heads of the group companies and other consolidated entities. In the case of unforeseen risks, decision-makers were provided with additional ad-hoc reports.

On a quarterly basis, the EnBW Board of Management provides the EnBW Supervisory Board with in-depth information about the group's current risk situation.

The risk management system is one of the areas reviewed annually by the group's internal audit. In 2004, the focal point of the internal audit was the review of the risk management processes within the decentralised risk management organisation of our group companies. The internal audit paid special attention to the monitoring of group-wide risks, their consolidated evaluation and full risk reporting at all levels of the hierarchy.

As part of the annual audit, the auditors assess both the operability and the compliance of the risk management system installed at all our group companies and at holding level.

The auditors and the group internal audit confirmed the high quality of our risk management system and also that it complies with the legal requirements of an early risk warning system.

Focus on core business leads to proportionate increase in industry-specific risks.

High quality of EnBW's risk management system confirmed.

Forecast report

Future economic development

German gas market continues to expand.

In light of the slowing global economy, it is doubtful whether strong export growth can form the basis for economic growth in 2005. However, we expect the domestic economy to pick up in 2005 so that overall the GDP looks set to grow more than 1% compared to the prior year.

Future industry development

Downward trend in fuel prices.

Future development of fuel markets

On the fuel markets, prices are falling over the supply period of subsequent years.

Emissions trading will impact electricity prices.

Future development of electricity market

It is currently to be expected that prices for the products annual base and peak supplies of electricity will increase over the supply period. However, prices for off-peak, that is only traded implicitly, look set to drop over the supply period in line with coal prices. It is expected that that traders will increasingly turn their attention to this product in the future. Emissions trading is regarded as the price-determining parameter for this area and thus has the strongest influence alongside the price of coal.

Future development of the gas market

Over the next two years, we expect the constant growth in the German gas market to continue. Power station gas as a potential new growth segment will not be able to exert any material influence on gas consumption in Germany in the near future. Perceptible effects are only to be expected in the medium term here if potential suppliers actively develop this market by setting prices accordingly. Due to market parameters, significant changes are not expected in gas procurement either. The new legal framework should encourage the development of a liquid trading market that can increasingly serve as a procurement alternative for market participants in Germany in the future.

2005 will be shaped by legislative proceedings in the energy industry.

Future legal conditions

On a national level, the year 2005 will be shaped by the further legislative process on the German Power Industry Law. As the planning stands today, the law does not look likely to come into force before July 1, 2005.

Another focal point will be the negotiations for the National Allocation Plan (NAP) for emissions trading for the period 2008 to 2012. As the member states have to submit the drafts for their allocation plans to the European Commission for approval by the end of 2006, the preparatory work for the drafting of a NAP by the Federal Ministry of the Environment will commence in the first half of 2005 so that the legislator can present a bill by the middle of the year for discussion.

Vorarlberger Illwerke | Kops lake and dam wall

Future sales development

In 2005, the sales development will be characterised by the consolidation course we have embarked on and the focus on the core business. No larger acquisitions are planned. However, due to the sale of Hidrocantábrico at the end of 2004, whose sales and earnings for 2004 and 2003 are contained in the discontinuing operations, a drop in sales revenues at group level is to be expected in 2005.

The development of sales in the electricity segment is largely detached from the overall economic development.

In 2005, we expect an increase in sales of approx. 3%, on the one hand due to rising wholesale market prices and on the other to the price increases that have already been announced.

In the gas segment, we anticipate growth in sales of just under 15%, due among other things to consolidation effects. This is largely attributable to the full consolidation of our gas subsidiary Gas Gasversorgung Sachsen Ost GmbH (GASO) since July 1, 2004. However, since the gas price is linked to the oil price the sales forecast is subject to considerable uncertainty.

In the energy and environmental services segment, sales in 2005 are expected to match the prior-year level.

Sales are expected to increase in the electricity and gas segments.

Units sales of electricity will drop slightly, while unit sales of gas will increase.

Capital expenditures of approx. € 600 million.

EBIT to be raised in electricity and gas segments.

Spending to focus on electricity generation.

Future unit sales

Compared to the prior year, we expect a slight decrease in unit sales of electricity in the electricity segment in 2005.

In the gas segment we think that it will be possible to achieve a significant increase in the unit sales of gas thanks to the consolidation of GASO and plans to further intensify selling activities in Baden-Württemberg.

Anticipated earnings development

In the electricity segment, we expect the EBIT to increase in 2005. This improvement will be attributable to the TOP FIT programme to improve results and the continuing focus on margins and profitable customer segments. In addition, we want to further reduce direct and indirect selling expenses with a view to continuously improving the contribution margin.

In the gas segment, we also expect to exceed the EBIT of 2004 in 2005. Here too, the TOP FIT programme to improve results will be decisive as will the consolidation of GASO.

In the energy and environmental services segment we are confident that we will match the 2004 EBIT in 2005.

Anticipated development of the TOP FIT programme

In 2005, we are targeting a cumulative cost reduction from the TOP FIT programme of € 700 million, to be achieved throughout the group including all equity investments.

Expected dividend

If the results of the EnBW group develop positively, we are targeting a constant increase in dividends.

Future capital expenditures

Following the comparatively low capital expenditures of prior years, in future we expect capital expenditures to increase steadily as the renewal of both the power stations and the network are pending. In 2005, we expect spending to be just under € 600 million.

Capital expenditures on property, plant and equipment have been audited as part of our investment management policy to ensure an optimal return on capital in the long term. Capital expenditures on property, plant and equipment will be roughly divided between the segments as follows:

- Electricity: approx. 70%
- Gas: approx. 10%
- Energy and environmental services: approx. 20%

In the electricity segment, almost half of the capital expenditures will be made in the generation area. Our nuclear generating facilities are a key item here. The other planned expenditures mainly relate to replacement and expansion investments in transportation, distribution and sales and marketing.

In connection with the development of the gas segment we plan to spend around € 60 million on replacement and expansion investments.

In the energy and environmental services segment, spending will focus above all on the construction of waste treatment plants. Expenditures are also planned on infrastructure services and for projects relating to energy services.

Future financing

At present, we do not see any additional financing needs. We will continue to use the existing external sources of finance – syndicated credits, the commercial paper programme and medium-term-note programme – to secure our financing. Moreover, we can use the high volume of cash and cash equivalent for impending refinancing and other financing purposes.

As EnBW continues to rigorously implement the TOP FIT programme, while at the same time continually reducing its debt and constantly improving its credit ratings, we assume that the credit standing risk will be further minimised in future.

Planned changes in human resources and welfare

The further implementation and securing of the TOP FIT targets will again play a key role in the personnel area in 2005. Important tasks include the management of the personnel restructuring and securing the necessary know-how, the latter both in light of personnel downsizing and the changed requirements of the energy market.

With this as a basis, in the coming year we will pay greater attention to other qualitative and forward-looking topics. We want to create tools to guarantee an equitable classification of jobs in our company and to implement a transparent, market and performance-based remuneration policy.

With new career-development concepts we want to select managers and young managers systematically and prepare them for managerial positions. We want to refine our business model in the personnel area with a view to increasing both our contribution to the value added of the company as a business partner of management and also to ensuring that our administrative processes are competitive.

In 2005 a comprehensive initiative on the topic knowledge management will be the focus of attention. We understand knowledge management is a broad sense: it includes not only personnel-management concerns but also the information and communication structures and the corporate culture. We see knowledge management as an important factor to manage strategic and operative complexity and thus as a cornerstone of our entrepreneurial success.

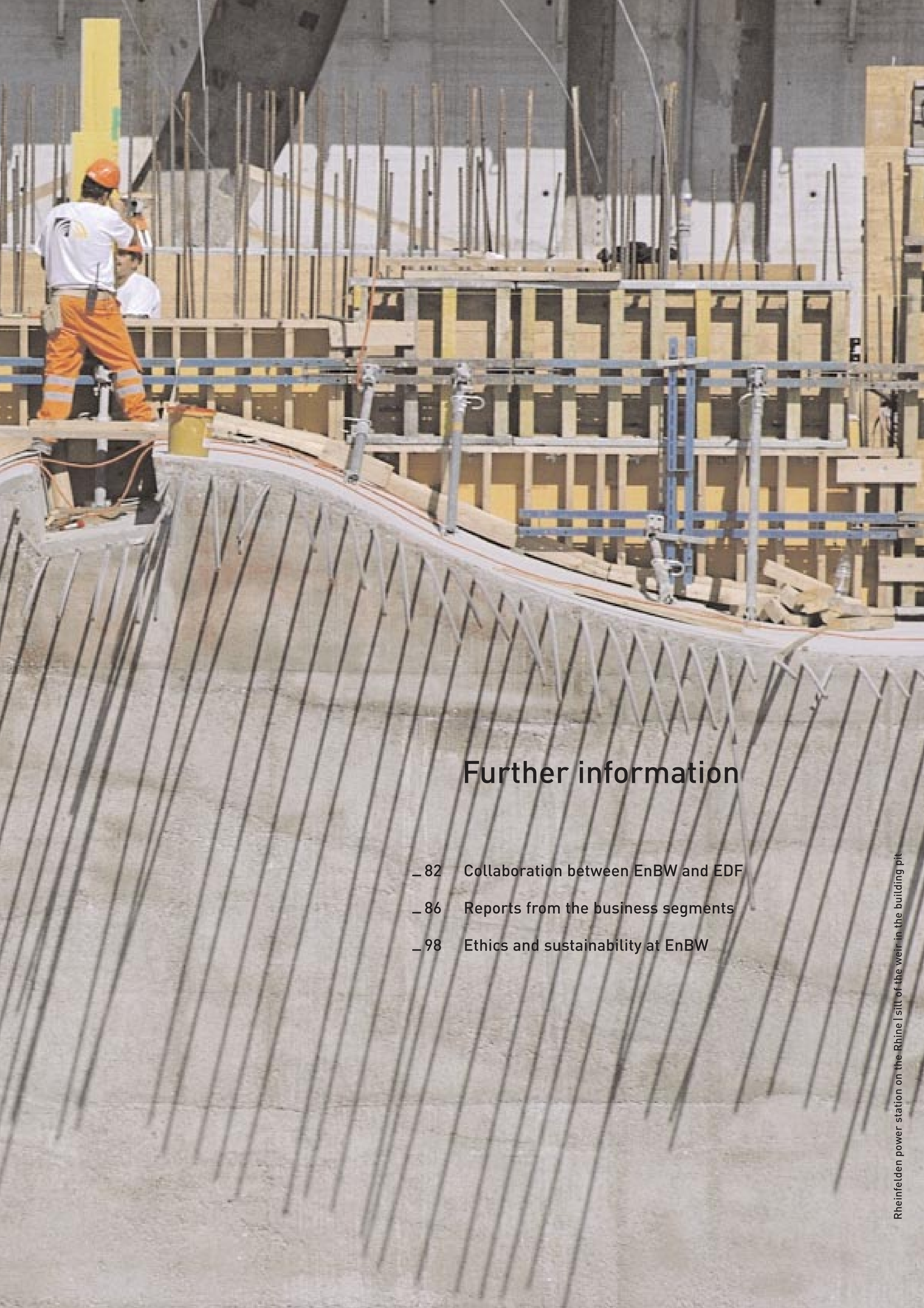
Knowledge management as key topic.

Future research and development

EnBW will reinforce the tried-and-tested research model – early development partnerships and application-related in-house implementation – with a view to securing the future of the company. The research area is therefore to be expanded significantly both in terms of personnel and resources in 2005. There will a number of interesting new projects under the “Partners for Innovation” initiative.

R&D will be enlarged both in terms of human and financial resources.

Sights still set on TOP FIT targets.



Further information

Rheinfelden power station on the Rhine | sill of the weir in the building pit

Collaboration between EnBW and EDF

Collaboration in partnership with the two large shareholders

OEW and EDF reinforce capital base of EnBW.

EDF wants to intensify collaboration with EnBW.

The large shareholders of EnBW

Electricité de France (EDF) and Zweckverband Oberschwäbische Elektrizitätswerke (OEW) are still the large shareholders and reliable partners of EnBW. OEW strengthens our regional base, while our operative collaboration with EDF enables us to operate outside Germany's borders. OEW and EDF are the fundamental pillars of our business operations.

In 2004, both large shareholders made decisive contributions to strengthen the capital base of our company. We offered our shareholders to purchase shares from our treasury stock in proportion to the share already held. OEW and EDF also subscribed to the offer. We placed around 4.5% of our shares in this way. In addition, OEW and EDF granted us a shareholder loan of € 350 million.

In December 2004, both large shareholders informed us that EDF's shareholding at this point in time stood at 39%. Both large shareholders strengthened their position further in January 2005 by each purchasing 5.94% of EnBW shares previously held by Deutsche Bank and HSBC Trinkhaus und Burkhardt. In February 2005, OEW announced its intent to restore parity with EDF as soon as possible.

The strategic alliance of EnBW and EDF

As liberalisation progresses, the interlocking of European energy markets will increase. In this context, the strategic alliance between EDF and EnBW already plays an important role. In regular exchanges between the partners, the management of the two companies coordinate their activities at European level. Soon after taking office, Pierre Gadonneix, the new president of EDF, announced that he was intent upon intensifying the close cooperation with our management.

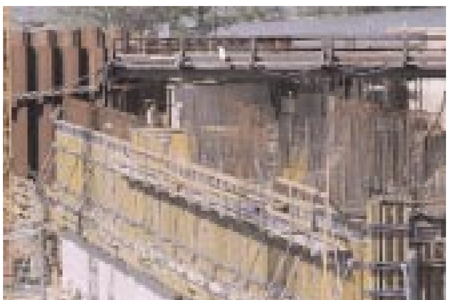
As part of the restructuring of its management, EDF decided to consult EnBW's CEO, Prof. Dr. Utz Claassen, in its management body (Comité Exécutif) in all deliberations on European issues. This arrangement does justice to the need for close cooperation between the two companies while at the same time preserving entrepreneurial independence.

We are also integrated in the structure of the EDF group. In this context, a large number of our managers took part in a large-scale strategy convention of the EDF group in Frankfurt in June 2004.

Development of collaboration between EnBW and EDF

Back in 2001, EnBW and EDF established the basis for their cooperation in an agreement. The objective pursued by the companies is to strengthen their positions on the energy market and to secure leading positions in the European competition by combining forces. In the past year, the collaboration in partnership was particularly successful in the development of franchise agreements with the municipalities.

Rheinfelden power station on the Rhine
building pit



Both companies arranged contacts and supported visits of various municipal delegations. In this way a full exchange of information and profitable cooperation is secured for the future.

Joint foreign investments of EnBW and EDF in central and eastern Europe

The accession of the eastern European countries to the EU and the gradual opening and liberalization of their markets allows cross-border activities in the energy industry. In this way, EnBW and EDF were able to realise synergies from the ownership of power stations and distributors in various eastern European countries. In this area, EnBW and EDF exchange experiences and competencies and their know-how and combine their asset and ideas management. Both companies have already achieved first successes: their eastern European subsidiaries have not only reduced their costs but also recorded higher revenues. EnBW and EDF continue to coordinate the management of their eastern European investments.

In the prior year, EnBW and EDF already combined their representative offices in the Czech Republic and Poland and opened a joint representative office in Slovakia. Since mid-2004 they have a joint branch office in Hungary.

Exploiting common synergy potential by EnBW and EDF

In 2003, EnBW and EDF launched a synergy project. In numerous projects in the purchasing, generation, energy procurement, information technology (IT), engineering and research and development (R&D) functions we identified synergy potential with EDF employees and some of these have already been realised. Through the enormous commitment of its employees and executives, EnBW is also supporting the successful development of the EDF group.

In the purchasing function, the two companies have already saved considerable costs by benchmarking in more than 30 product categories and joint invitations to tender. In the generation area there are currently five projects relating to nuclear power and hydro-electric power as well as another ten projects in the nuclear area via the EDF business network “generation”. In the IT function, the budget is benchmarked regularly. In the energy procurement area we examined the possibilities of procuring energy at short notice from France. From 2005 onwards the EDF share of the run-of-the-river power station in Iffezheim is to be made directly available to EnBW. In the engineering function there is both close cooperation with EDF in international engineering projects for external customers and reciprocal support in EDF internal group projects to achieve best practices. In the field of R&D, EnBW and EDF have intensified their collaboration: under the lead of the newly created EnBW holding function “Technology and Innovation Management” in the technology portfolio of the Board of Management, the research functions of the two companies have formulated a common R&D vision.

Subsidiaries record lower costs and higher revenues.

Rheinfelden power station on the Rhine
excavated shell limestone

The projects relate to operating areas such as generation, transportation, distribution, marketing and sales as well as the strategic alignment of the EDF group to the challenges of the future. It is our common goal to enhance efficiency, to increase operating and supply reliability, to curtail costs and to make our power stations and networks more environmentally friendly. Another focus in the area of renewable energies is hydro-electric power and geothermal power. In our joint deliberations, we consider forecasts for the development of technologies and the social and political conditions. Thanks to this intensive exchange, we create competitive advantages and secure the sustainable earnings power of the two companies.

Through these synergy projects and other projects that we will initiate jointly in 2005, we will reduce costs, thus contributing to the respective programmes to reduce costs and improve results at the two companies – TOP FIT (EnBW) and Altitude 7500 (EDF).

Personnel exchange between EnBW and EDF

The personnel exchange programme for qualified specialists and managers started in 2001. We prepare our employees systematically for their secondment and support them before, during and after their stay abroad. For us it is very important that our employees are reintegrated in the group after their secondment. In 2004, the first "Expatriés" returned to EnBW. We regard this exchange as a enrichment and expect these employees to give new impetus in their area of work and companies through the experience that they have gathered at EDF.

To build up a network of relationships with EDF, we have developed a "mini internship" in collaboration with EnBW Akademie. This three-day event allows the participants to get to know their direct contact in the other country and to recognise common perspectives in the collaboration. In the true sense of intercultural knowledge management, the goal is to generate best practices and to exchange information about tried and tested processes and tools.

In annual rotation, the various members of the EDF group host the Human Resources Convention. At this event the board members, managers, representatives of staff units and employees responsible for personnel matters from the entire EDF group, including delegates from EnBW, come together. They exchange information about current issues and measures in the personnel area and strive to bring the rulings applicable for employees in the companies throughout the EDF group closer together. One focus is to introduce future managers to their managerial responsibilities and to facilitate their deployment in various companies in the group. In January 2005 the HR Convention took place in Stuttgart.

The Rhine churning around the building pit

Reports from the business segments

Electricity segment

€ millions	2004	2003	Variance as %
Sales (kWh billions)	99.7	95.3	4.6
External sales	7,021.1	6,261.3	12.1
EBITDA	1,728.1	1,059.5	63.1
EBIT	1,128.6	462.0	144.3

Rheinfelden power station

When construction of the Rheinfelden hydroelectric power station commenced in 1895, the result was the first run-of-river power stations in Europe, equipped with 20 turbines that are still in operation today and an installed power generation capacity of 25.7 MW; today it belongs to Energiedienst AG, a subsidiary of EnBW. The reconstruction of the hydroelectric power station with four state-of-the-art Kaplan pipe turbines is currently at the planning stage. The reconstruction of the weir has already started, as documented by our photos of this part of the project. The whole project is currently Germany's largest construction project in the area of renewable energies. The new plant will have an output of more than 100 MW. As a result, the annual electricity production will increase from 185 kWh today to around 600 million kWh.

In the home market Baden-Württemberg, EnBW supplies private final customers, commercial and industrial customers, municipalities and public utilities under the EnBW brand. In the national market outside Baden-Württemberg, private final customers and commercial customers are supplied with energy under the Yello brand. Small and mid-sized companies are supplied under the Watt brand. Industrial customers outside Baden-Württemberg are served by the national EnBW branch network and by the key account management. Besides the German market, EnBW also operates on the markets of central and eastern Europe.

General business development in the electricity segment

In the fiscal year 2004, sales were around 12.1% up on the prior year. The reasons for the increase include organic growth, price increases at EnBW and Yello and a growth in unit sales in the key account management.

Unit sales of electricity rose by 4.6% to 99.7 billion kWh thanks to successful marketing activities.

Non-recurring burdens from the fiscal year 2003, special measures taken during fiscal 2004 and an improvement in the general operative earnings power of the group in fiscal 2004 led to a substantial increase in the EBITDA in the core business segment electricity of around 63.1% to € 1,728.1 million.

Sales and marketing

The contribution of sales and marketing to this operating success was achieved above all by optimising the sales structure and rigorously monitoring costs within the TOP FIT programme to improve results. Synergy effects were utilised by integrating Yello more closely and by tightening the branch structure. Consistent focus on margins, optimisation of the customer portfolio, and target price management on the basis of improved tools for monitoring the competition led to significant improvements in earnings power.

The price of electricity rose again in 2004. To a large extent this is due to a dramatic increase in the price of raw materials such as coal. Other factors influencing the rising price of electricity include regulatory factors such as the nationwide equalisation of fluctuations in electricity from wind-power generation.

Yello Strom GmbH managed the turnaround this year. Rigorous optimisation measures on the cost and revenues side not only generated a positive result but also achieved a positive net growth in customers.

Thanks to customer loyalty measures such as the introduction of service guarantees in Baden-Württemberg, EnBW's strong position in the domestic customer segment was maintained.

It was thanks to the consistent refinement and specialisation of the product portfolio for industrial customers and redistributors that EnBW was able to uphold its strong position in this highly competitive segment, both inside and outside Baden-Württemberg.

A detailed analysis of EnBW's customer structure reveals that EnBW supplies and serves a high percentage of its customers outside its network territory. Indeed, it still has more customers outside its own network territory than all other energy supply companies. And as a consistent champion of competition on the German energy market, EnBW will continue the development in this direction.

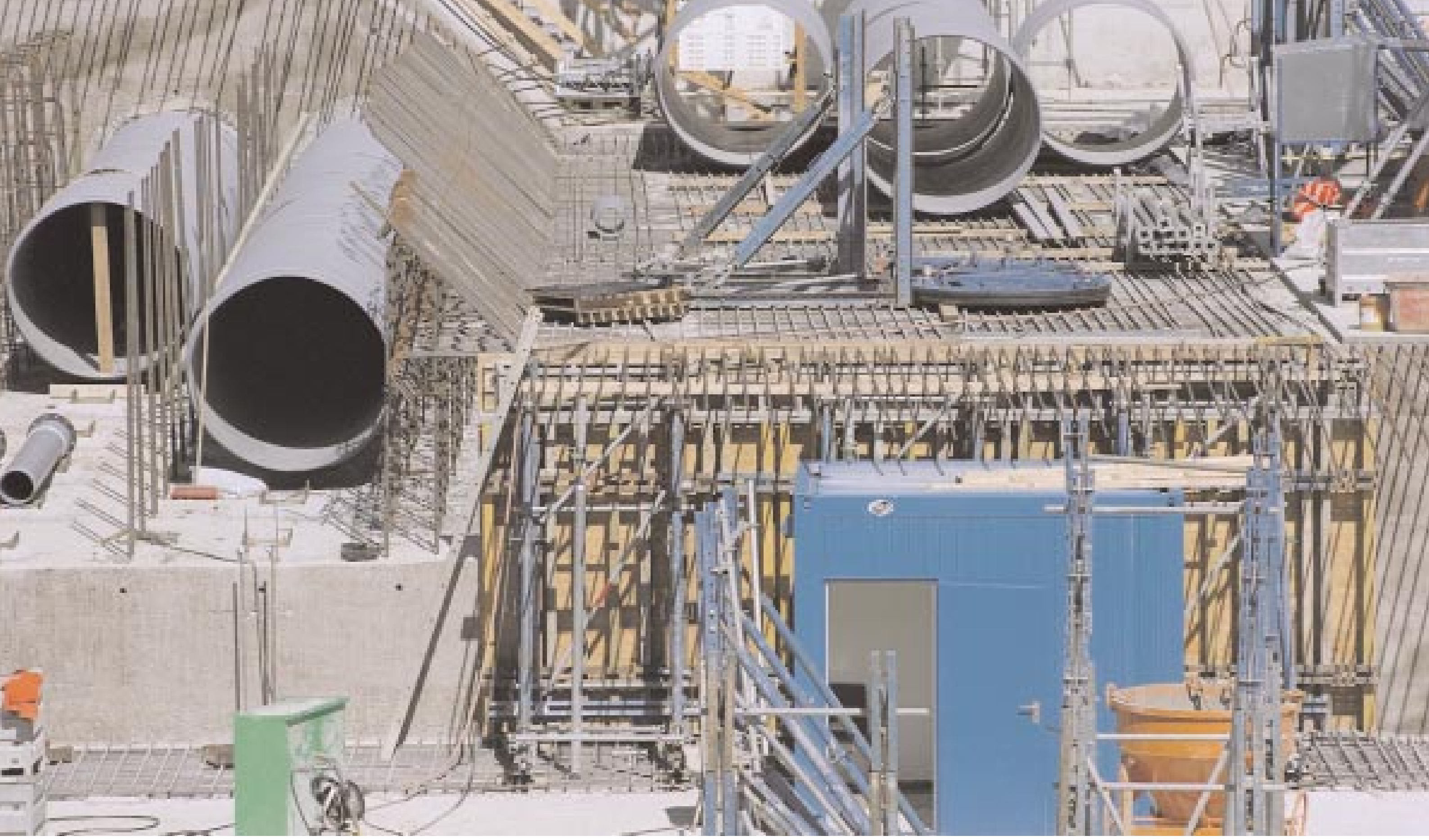
Unit sales of electricity of the EnBW group by customer segment in 2004

kWh billions	Private customers	Industrial customers	Redistributors	Trade*	Total
Core business	21.159	42.574	12.035	23.947	**99.715**

*) Net of electricity trading

Rheinfelden power station
the Rhine churning around the building pit

Rheinfelden power station
seepage is pumped back into the Rhine



Rheinfelden power station
pipes for discharging wastewater

Electricity provision by primary source of energy (%)

Coal, gas, oil	22.0
Nuclear power	39.6
Water and other renewable energies	15.9
Primary energy source unknown	22.5

*) including electricity from pumped storage plants and electricity procured under the renewable energy law (EEG)

Generation mix	Electrical output in MW
Nuclear power stations (incl. EDF contracts)	5,182
Conventional power stations	5,860
Run-of-river and storage hydropower stations	3,298
Other renewable energies	26
Total	**14,366**

Generation

We cover our electricity sales to a large extent from our own power stations and through long-term delivery agreements; in 2004 we provided 68.4 TWh of electricity in this way.

We rely here on a well-balanced generation portfolio of power stations with different sources of primary energy and procurement contracts. Nuclear power, coal, gas, oil and hydroelectric power form the basis for the efficient generation of electricity. At 88.8%, the availability of our nuclear power stations remained on the high level of prior years.

In 2004, EnBW made an important contribution to climate protection. At 74.7%, our share of CO_2-free electricity generation is high compared to our competitors.

Network

EnBW Transportnetze AG operates the very high voltage network in Baden-Württemberg.

Very high voltage network grid lengths	
Very high voltage 380 kV	1,936 km
Very high voltage 220 kV	1,674 km

EnBW also operates distribution networks in Baden-Württemberg and Saxony.

Distribution network grid lengths	
High voltage	9,632 km
Medium voltage	43,566 km
Low voltage	94,038 km

In Germany, the network user charges are calculated in accordance with the calculation guidelines set forth in Verbändevereinbarung II plus which came into force on January 1, 2002. The fees for the use of our networks in Baden-Württemberg were calculated according to these guidelines and the calculation was confirmed by an audit opinion.

In the most recent publication of the comparison of network user charges based on structural indicators on October 4, 2004, the price level of EnBW Regional AG in the low and medium voltage areas was in the lower half and lower quarter respectively; the high voltage area it was above average, but on a moderate level.

In 2004, there were no extreme climatic situations with effects on the reliability of the transfer network like those of the prior year. Several weather-related incidents on December 18, 2004 did not result in an interruption of supply. A malfunction that caused damage to the 30/110 kV transformer station led for a short time on March 29, 2004 to restrictions in the transportation capacities in the Greater Heilbronn Area with repercussions for the power stations in Heilbronn and Neckarwestheim.

Equity investments in the electricity segment

In the fiscal year 2004, EnBW Regional AG was awarded a 49.9% equity investment in the newly founded Stadtwerke Emmendingen GmbH, which commenced the supply of electricity, gas and water in Emmendigen on January 1, 2005. In this way, EnBW has strengthened its position in the south Baden region and built on long-standing relationships with the municipalities in Baden-Württemberg.

In the autumn of 2004, the necessary bodies granted their approval to an enlargement of EnBW Regional AG's investment in Stadtwerke Weinheim GmbH. On January 1, 2005, EnBW Regional AG increased its share in the public utilities from 24.9% to 39.72%. EnBW has thus intensified its partnership with Weinheim and strengthened its position in the northern part of Baden-Württemberg.

Outlook

Continuous margin orientation and the focus on profitable customer segments will continue to be reflected in a positive development of results.

The future development will be defined by the change in the legal basis. The amendment of the German Power Industry Law and the regulatory measures introduced as a result will have a material effect.

Large-scale capital expenditures are planned from 2005 onwards. Due to the aging structure of the networks and political requirements for the exit from nuclear power will necessitate restructuring of the 380/220 kV grid in the central Neckar region and east Württemberg.

EnBW strengthens its involvement in Emmendingen and Weinheim.

EnBW's network user charges in the low and medium voltage areas are below average.

Restructuring of the 380/220 kV grid in the central Neckar region and east Württemberg.

Gas segment

€ millions	2004	2003	Variance as %
Sales (kWh billions)	82.9	78.4	5.7
External sales	1,498.7	1,384.9	8.2
EBITDA	196.6	253.3	-22.4
EBIT	112.6	180.0	-37.4

Gas sales rise.

In the fiscal year 2004, the gas segment accounted for 15.2% of the sales of the EnBW group.

Besides consolidation effects, the 5.7% increase in unit sales of gas to 82.9 billion kWh is to attributable to selling activities. After adjusting for consolidation effects, unit sales rose by 0.8%.

Gas sales rose in fiscal 2004 by 8.2% to € 1,498.7 million. Adjusted to eliminate consolidation effects, sales revenues increased by € 23.0 million or 1.6%. Among other things, the increase in gas sales revenues is due to passing on the increased gas procurement prices to customers.

Procurement

A special strength of EnBW in the gas business is its vertical integration. With the Italian Eni S.p.A., we have a strong partner with procurement competence and its own gas sources. In the joint venture (50/50) with Eni, we hold 100% of the Baden-Württemberg district gas company Gasversorgung Süddeutschland GmbH (GVS) which has also procured gas directly from Eni Gas since 2004.

In 2004, GVS also concluded new gas procurement contracts with two existing upstream suppliers. The downstream gas distribution company EnBW Gas GmbH wholly owned by EnBW is a direct customer of GVS.

GVS paves the way for the future.

Midstream: Gasversorgung Süddeutschland

The strategic partnership with Eni was continued successfully. Together, we decided on changes at GVS which should enable it to meet the future requirements of a changing market environment. The organisational structure introduced back in 2003 was further optimised and the management enlarged.

GVS grants special termination rights.

As a result of the EU antitrust proceedings in connection with the share purchase by EnBW and Eni, GVS granted special termination rights to redistribution customers with long-term supply agreements. In March 2004, individual customers had the first opportunity to terminate, but GVS managed to keep these customers by making competitive offers.

EnBW and Eni hold 100% of the shares in GVS.

Stadtwerke Ulm exercised their put option for their shares in GVS (2.2%) effective September 29, 2004. Via EnBW Eni Verwaltungsgesellschaft mbH, EnBW and Eni thus hold 100% of the shares in GVS.

Downstream: EnBW Gas GmbH

By merging EVS Gasversorgung Nord GmbH into EnBW Gas GmbH at the beginning of 2004, the bundling of the gas distribution activities of EnBW and Neckarwerke Stuttgart GmbH (NWS) into a single company largely realised in the prior year was completed. In this way, EnBW has strengthened its position as large and competitive market player in the Baden-Württemberg gas market.

With one exception, all industrial and redistribution customers were retained, despite the special termination rights for the gas business year 2004/2005. An important large customer was won back. EnBW Gas GmbH signed a new franchise agreement with the city of Wiernsheim and opened the third natural gas service station in Stuttgart.

The merger of the subsidiaries Badenwerk Gas GmbH and EVS Gasversorgung Süd GmbH took effect in August. EnBW Gas GmbH holds 51% of the shares in the new company Erdgas Südwest GmbH.

Downstream: Gasversorgung Sachsen Ost GmbH

The restructuring of the supply industry in east Saxony was implemented. The municipal and private shareholders have bundled their shares in ESAG Energieversorgung Sachsen Ost AG and Gasversorgung Sachsen Ost GmbH (GASO) via Enso Energie Sachsen Ost GmbH. Via this structure, EnBW holds 50.4% of the shares in GASO.

With this new structure, GASO is able to benefit from synergies with ESAG and to win new customers.

Outlook

The strategies, processes and structures for the downstream gas business of EnBW developed in a group project in 2004 to align it for growth and competition will be rigorously implemented in 2005.

As the gas-to-gas competition intensifies, the ability to bind customers will continue to gain in importance. In this respect, EnBW benefits from the experience with competition gained in the electricity business in the past and is intent on building up its competencies in the area of customer loyalty.

Special potential growth is to be found in the Baden-Württemberg territory where the gas market is not as well developed as in other parts of Germany. By means of systematic consolidation measures (changeover customers, new connections) new customers can be won here.

If attractive opportunities arise to purchase gas companies, EnBW also intends to achieve further growth in the German gas market in this way.

The development of specific concepts for the implementation of requirements from the amended German Power Industry Law on unbundling, network access model and network access charges will also be key topics in the gas segment.

EnBW strengthens its position in the Baden-Württemberg gas market.

Business segment: Energy and environmental services

€ millions	2004	2003	Variance as %
External sales	494.8	483.1	2.4
EBITDA	201.5	180.8	11.4
EBIT	84.1	50.1	67.9

EnBW increases the residual waste disposal volume in the Stuttgart region.

Construction of two ISKA® plants commences.

Sales revenues in the energy and environmental services segment comprise sales revenues from disposal, water supply, and other services. In fiscal 2004, we recorded sales revenues of € 494.8 million. This constitutes an increase of 2.4% on the prior year.

Non-thermal waste disposal

In 2004, the dominating topic in the field of non-thermal waste disposal was the start of construction of two mechanical-biological waste treatment plants using the ISKA method in Buchen (Neckar-Odenwald district) and Heilbronn. With these ISKA® plants, U-plus Umweltservice AG is implementing the residual waste treatment prescribed by law from June 1, 2005 by the "Technische Anleitung Siedlungsabfall" (TASi) for several municipal authorities. Long-term contracts with these districts and towns in Baden-Württemberg secure the investments in the ISKA® plants, thus ensuring waste disposal reliability for more than 1.7 million inhabitants.

Thermal waste disposal

In August 2003, work commenced on the construction of two new waste incineration boilers on the site of the EnBW residual waste heating and power station Stuttgart-Münster. Thanks to state-of-the-art boiler and furnace technology, the two replacement boilers will play an important role in the reliable, environmentally friendly and efficient disposal of residual waste in Greater Stuttgart. In total, the treatment capacity will rise from around 250,000 at present to 420,000 tons a year. The city of Stuttgart and the Esslingen and Rems-Murr districts had already concluded a waste disposal agreement with EnBW Kraftwerke AG to treat 225,000 tons of waste a year back in April 2003. A further 185,000 tons are available to T-plus GmbH, which belongs to the waste disposal business unit of EnBW. Construction is progressing in line with budget and schedule. On November 5, 2004, the Stuttgart authorities also granted permission for the second phase of the new construction project so that all licenses required for the erection of all technical facilities and the operation of the two waste incineration boilers are all in place.

Water

The water quantity sold in 2004 dropped by 4.5% to 42.6 million m^3. This is attributable to the lower summer temperatures compared to 2003. Sales revenues from the supply of water to the city of Stuttgart amounted to € 83.4 million.

With a market share of around 11% – in terms of sales volume, including pro-rata public utility holdings – EnBW is the largest water supplier in Baden-Württemberg. Within the EnBW group, EnBW Regional AG provides services in the field of water supply both for final customers and municipalities. In the reporting year, cooperation agreements were entered into with several public utilities focusing on water/waste-water operations. EnBW Regional AG expanded its activities in this service sector and is a competent partner for the municipalities in their task of providing public services. It also entered into an innovative operation of service and maintenance model with the US Army in Stuttgart.

EnBW Regional AG enters into an innovative operation of service and maintenance model with the US Army in Stuttgart.

Other services

Roche Diagnostics GmbH (Roche) commissioned Energieversorgung Sandhofener Straße GmbH & Co. KG (EVS) to build an industrial heating power station. EVS is a joint subsidiary of EnBW Energy Solutions GmbH (ESG) and Technische Werke Ludwigshafen AG for energy and media supply at Roche in Mannheim. From January 1, 2006, the environmentally-friendly co-generation (CHP) plant will provide around 100 GWh of electricity and around 150 GWh of steam per year. GVS will provide around 350 GWh of natural gas per year for the operation.

ESG expands its position at Roche in Mannheim.

Since 1997, EnBW has operated a steam generating plant at the paper factory Stora Enso at the Wolfsheck location in the northern Black Forest. EnBW planned the plant under a contracting agreement with a term of 15 years and erected it as general contractor. The plant, which has been transferred to ESG, covers the entire steam requirement of the paper factory. At the Wolfsheck location, ESG is currently erecting a highly efficient steam turbine with annual steam generation of 13 GWh to be commissioned no later than March 2005.

ESG reinforces its cooperation with Stora Enso in Wolfsheck.

Outlook

The upper house of the German parliament has decided to transpose the WEEE directive (EU directive governing the collection and recycling of waste electrical and electronic equipment separate from other domestic waste) into national law before March 1, 2005, with a transitional period of twelve months. This means that the WEEE directive will be implemented in Germany from March 2006. U-plus Umweltservice AG has innovative recycling technologies and offers system solutions suitable for the implementation of the European electronic waste directive. It is estimated that there are 800,000 tons of electronic waste (refrigerators, computers, etc.) per year in Germany. The high proportion of recycling materials such as aluminium, copper, glass and plastic granulate is resold by U-plus as raw materials.

U-plus is ready for the electronic scrap directive.

In early 2004, U-plus commissioned a pilot plant to produce secondary fuels. Mixed commercial waste is used to produce high-quality fuel which can substitute fossil fuels in the cement and limestone industry as well as in coal-fired power stations to generate energy. With a renewable share of approx. 45%, secondary fuels help to reduce harmful CO_2 emissions.

U-plus generates fuel from commercial waste.

Rheinfelden power station
sheet piling demarcating
the building pit

Discontinuing operations and divestitures

€ millions	2004	2003	Variance as %
External sales	829.4	1,822.8	-54.5
EBITDA	242.1	-196.2	-
EBIT	36.6	-598.8	-

EnBW largely concludes portfolio grooming.

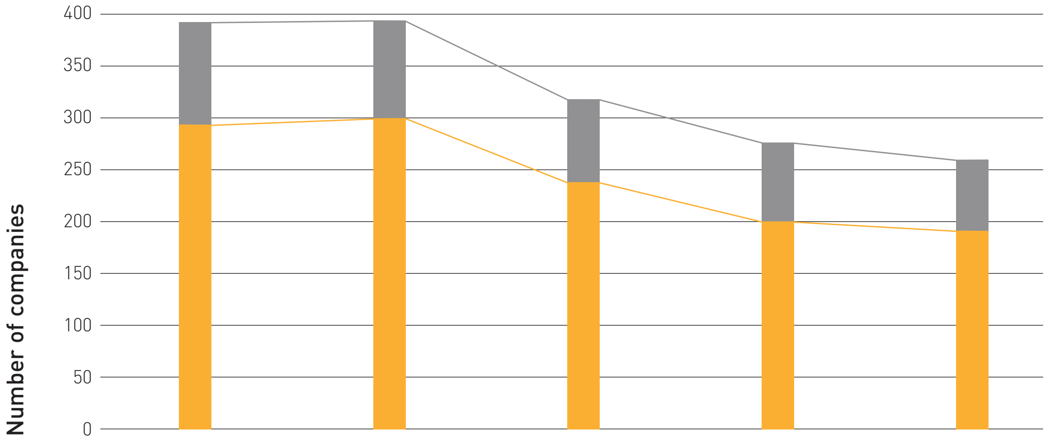
Discontinuing operations
Discontinuing operations recorded a decrease of € 993.4 million in sales revenues to € 829.4 million in fiscal 2004. The main reason for this development is the reduced number of consolidated companies.

Simplification of group structures – portfolio grooming
In the early summer of 2003, the Board of Management initiated a systematic and comprehensive analysis of the EnBW investment portfolio. Based on the results presented in subsequent months, it was decided to systematically groom the portfolio.

The companies identified for elimination from the portfolio were mainly companies that did not belong to the core business of EnBW, which failed to meet projected earnings targets without any prospect of improvement in the short term or which do not necessarily have to be continued as legally independent entities.

By year-end 2004, the portfolio grooming had been largely completed. By early February 2005, 154 companies or investments had been sold, liquidated, merged, contributed into alliances or otherwise deconsolidated. The financial resources that have been freed up were used to repay group liabilities and used selectively for investment projects and acquisitions in the core business, provided they satisfied the feasibility criteria in a detailed review. The continuous monitoring and management of the investment portfolio will remain an important task at EnBW in future.

EnBW investment portfolio



	31.12.2002	30.06.2003	31.12.2003	30.06.2004	**31.12.2004**
Total of associates	389	391	318	278	**261**
■ Other investments (not consolidated)	101	92	82	77	**74**
■ Consolidated companies (full, proportionate, at equity)	288	299	236	201	**187**

Divestiture of the group company Salamander

In 2004, EnBW forged ahead with the divestiture process of parts of the group company Salamander.

Effective January 1, 2004, EnBW sold the Salamander subsidiary Melvo GmbH to financial investors and management. Melvo is one of the leading companies in the shoe care product and accessories area.

We sold Salamander Industrie-Produkte GmbH, Türkheim, on May 1, 2004 to an investor group including the company's operative management.

With its five domestic and foreign subsidiaries, Salamander Industrie-Produkte GmbH is one of the leading providers for the development, production and sale of plastic window profile and leather materials.

As of June 30, 2004, we sold our 98.26% share in the car park management company APCOA Parking AG to the investment group Investcorp, London. APCOA is the leading service provider for car park management in Europe. Founded in 1970, the APCOA group now manages more than 2,600 locations with more than 700,000 parking spaces.

We have also continued the consistent divestiture policy at Salamander in the real estate area. In fiscal 2004, we successfully sold the first retail properties. Parallel to the divestiture program, we outsourced the operation of the building at the Kornwestheim location to an external service provider.

Progress made with the sale of the Salamander subsidiaries.

EnBW sells ENRW share to Stadtwerke Düsseldorf.

EnBW sells Verbund investment and successfully implements the strategy for Austria.

EnBW closes down Thermoselect plant in Karlsruhe.

Further divestitures of the EnBW group

With retroactive effect as of January 1, 2004, EnBW sold its 50% share in ENRW Energie Nordrhein-Westfalen GmbH to the co-shareholder Stadtwerke Düsseldorf AG.

In February 2004, we sold the shares in EnBW Energy Solutions GmbH to SCR Tech LLC. The company is involved in the development and marketing of recycling services for catalytic converters of hard coal power stations in the USA. We also sold the associated technology licence.

Effective May 1, 2004, we sold EuroSourceLine GmbH to the management. EuroSourceLine specialises in the procurement of supplies and consumables and generated sales of around € 40 million in fiscal 2003.

In July 2004, EnBW sold its 34.58% share in the Spanish energy company Hidroeléctrica del Cantábrico S.A. to the Portuguese electricity provider Electricidade de Portugal S.A. (EDP). The sale was subject to the antitrust approval of the EU Commission and the implementation of the financing by EDP according to plan.

In the meantime, all the conditions precedent of the purchase agreement have been satisfied and the transaction was successfully completed on December 16. EDP paid the purchase price to EnBW; in return, EnBW transferred the shares in Hidrocantábrico to EDP. The transaction was thus executed within the contractually agreed period of fifteen working days after fulfilling the last condition. As a result, we received cash payments of € 649 million. The deconsolidation led to an additional reduction in the net financial debt by around € 600 million. There were no material effects on the profit and loss in the second half year.

At the end of 2004, we discontinued the selling activities of the Austria branch EnBW Austria Energie-Vertriebsgesellschaft mbH. This does not mean, however, that we are withdrawing from Austria, but that as one of the most influential foreign energy suppliers we are focusing on our strategic investment in Energieversorgung Niederösterreich AG (EVN).

From January 1, 2005 onwards, our Dutch customers will be serviced by Electrabel Nederland N.V., a subsidiary of the Belgian Electrabel S.A. We discontinued the selling activities of EnBW Benelux B.V.

Thermoselect

The Thermoselect plant in Karlsruhe finally discontinued operations in November 2004. EnBW has taken steps against the manufacturers of the plant Thermoselect S.A. with a view to reversing the contracts for work and services for the plant in Karlsruhe and for the Ansbach plant which is only partially completed.

Rheinfelden power station on the Rhine
left: preparing the formwork for concreting
right: formwork for covering pillars with concrete

Outlook
The portfolio grooming of EnBW has largely been completed. In future, we will redirect our attention in the mergers and acquisitions area in the core segment energy.

Divestitures outside discontinuing operations
In June 2004, our subsidiary ZEAG Energie AG exercised an option and sold its cement activities to Märker Zement GmbH, Harburg.

In November 2004, EnBW sold its 6.33% investment in Österreichische Elektrizitätswirtschafts-AG (Verbund), Vienna, to around 100 internationally renowned institutional investors through an accelerated global tender. The placement of around 1.95 million Verbund shares followed a six-day roadshow for potential investors in Austria, Switzerland, the United Kingdom, Belgium, the Netherlands and Germany.

Due to the high demand and a clear oversubscription, the books were already closed on the first day of the bookbuilding phase. Despite the market challenges of a low free float combined with a low trading volume and a higher than average valuation, the placement was very successful.

EnBW sells Verbund investment and successfully implements the strategy for Austria.

Rheinfelden power station
formwork

Ethics and sustainability at EnBW

EnBW takes its economic, ecological and social responsibilities seriously.

EnBW is committed to the model of sustainability, i.e. economic, ecological and social responsibility. In the 2004 Ethics and Sustainability Report we present in detail what that means precisely for us and document our progress on the way to sustainability.

Economy and sustainability

Ethical values such as transparency and clarity, acting in line with moral principles – as required by the corporate governance principles – and the sustainability idea are reflected in our corporate culture and our corporate philosophy. Openness and drive are the hallmarks of the way we act, internally and externally. A new corporate design that freshens up our appearance and with which we start the year 2005 is the outward symbol of our values.

Ecology and sustainability

EnBW respects nuclear power agreement and switches the Obrigheim nuclear power station off in 2005.

The new group environmental protection function consults, coordinates and analyses.

Group environmental protection becomes new holding function

As energy provider we have a special responsibility. We consider our economic interests to be in line with society's need for reliable energy supply now and in the future with the aim of conserving resources and protecting the environment. The Group's new environmental function created in the technology portfolio of the Board of Management demonstrates the high importance attached to the sustainability concept at EnBW.

The employees in the group environmental protection function advise the EnBW Board of Management on environmental issues and coordinate the cross-company environmental activities in the group. The environment officers at management level are responsible for the shaping and implementation of environmental work and the maintenance of their environmental management system.

Another focus of environmental protection work within the group is the transfer of knowledge and the internal audit; these consist of the analysis and evaluation of the environmental management system of the group companies and recording EnBW's environmental performance and developing ratios for this purpose.

Our vision for environmental protection is: EnBW is to be the market player which does greatest justice to its social and ecological responsibility.

Energy mix of the future

In 2005, EnBW will switch off the Obrigheim nuclear power station in accordance with the nuclear power agreement. We are thus observing the strategy decided by those concerned to exit nuclear power. This does not mean that the political and economic problems facing the energy industry have been solved. Indeed, it raises new questions which our company needs to answer. Three legal parameters, among others, influence the energy mix of the future: emissions trading, the German Renewable Energy Law and the regulation of the electricity and gas market (see section on legal conditions, pages 48 – 49).

EnBW plans the largest project for renewable energies in Germany.

Of the energy providers in Germany, EnBW's energy mix exhibits the highest share of renewable energies: In relation to EnBW's total unit sales of electricity, which also includes the electricity generated by our investments in Switzerland like EnAlpin AG and Energiedienst Holding AG, renewable energies accounts for around 15.9%. This includes electricity from pumped storage plants and electricity procured under the renewable energy law (EEG). The new hydro-electric power station planned in Rheinfelden on the Upper Rhine is the largest project for renewable energies in Germany. Besides hydroelectric power, we have also turned our attention to the expedient recovery of energy from biomass and geothermal heat.

The energy mix of the future will also be impacted by new technologies and micro- and macro-economic processes. As part of the "Partners for Innovation" scheme, an initiative of the German Chancellor, "Impulskreis Energie" is working under the lead of EnBW to tap innovative potential. The first projects were presented to the public at the end of 2004 (see the section on research and development, pages 68 - 69).

Society and sustainability

We are active on a regional, national and international level to promote dialogue between politics, industry, the media and the general public. Besides our involvement as "Partner for Innovation", in 2004 we also supported relevant international events such as Renewables 2004, the international conference for renewable energies in Bonn, or CMI-EnBW Electricity Conference in Berlin which we organised together with the Massachusetts Institute of Technology (MIT) and the University of Cambridge. At the same time we use specialist, consumer and company trade fairs to convey information on topics like climate protection or innovative and renewable energy systems to the region.

Foundations for the environment

One aim of our foundations is to sharpen the senses for a conscious handling of finite resources. One of the most important activities besides the Energy Research Foundation is the awarding of the environmental media prize. Each year it is awarded to outstanding journalists and scientists who help the general public to understand complex environmental topics. Scientific or technical innovations in the energy sector are recognised with the Heinrich Hertz prize.

Finally, our rainforest foundation has two objectives: to promote worldwide actions and projects to protect the rainforests and their biodiversity from intervention and to remedy damage that has already been done. It also supports research work about the sustainable use of natural resources.

Supporting the community

Our third-time participation in the organisation, staging and financing of the "Tour de Ländle" is one example of what we refer to as social sponsoring. EnBW's involvement in this several-day cycling tour for amateur and recreational cyclists documents our strong roots in Baden-Württemberg and, through its special campaigns, is intended to strengthen both the sense of welfare and community in the region. Together with the state marketing board, the Landesstiftung foundation and the Südwestrundfunk radio station we started the campaign "Ehrenamt – echt gut!" to promote voluntary work, including awarding prize money.

In 2004, as in prior years, we also supported the transatlantic initiative of the Chancellor "The Bridge New York – Berlin" and looked after 20 young people who had been affected by the terrorist attacks in 2001 and their teachers during their stay in Germany.

Environmental media prize and Heinrich Hertz prize promote environmental consciousness and innovations in energy sector.

Financial statements

Rheinfelden power station | old dam

EnBW group

Income statement from January 1 to December 31, 2004

€ millions	Notes	**2004**	2003
Sales		11,177.4	11,318.5
Electricity and natural gas tax		-1,333.4	-1,366.4
Sales without electricity and natural gas tax	(1)	**9,844.0**	**9,952.1**
of which discontinuing operations		(829.4)	(1,822.8)
Changes in inventories		-9.7	-14.3
Own work capitalised		46.2	37.2
Other operating income	(2)	1,051.8	667.9
Cost of materials	(3)	-6,292.2	-6,155.4
Personnel expenses	(4)	-1,209.2	-1,628.5
Amortisation and depreciation	(5)	-1,006.4	-1,204.0
of which goodwill from capital consolidation		(-140.3)	(-144.5)
Other operating expenses	(6)	-1,192.2	-1,820.4
Result from operating activities		**1,232.3**	**-165.4**
Financial result*	(7)	-509.5	-903.1
Earnings before tax		**722.8**	**-1,068.5**
of which discontinuing operations		(10.1)	(-650.2)
Tax	(8)	-365.1	-114.0
of which discontinuing operations		(-28.4)	(101.8)
Earnings after tax		**357.7**	**-1,182.5**
of which discontinuing operations		(-18.3)	(-548.4)
Minority interests		-49.6	-10.4
Net result		**308.1**	**-1,192.9**
of which discontinuing operations		(-17.0)	(-542.1)
Outstanding shares (millions), weighted		**227.281**	**220.711**
Earnings per share (€)	(20)	**1.36**	**-5.40**

*) of which result from associates accounted for at equity: € 112.9 million (prior year: € -120.6 million)

EnBW group
Balance sheet as of December 31, 2004

€ millions	Notes	31.12.2004	31.12.2003
Assets			
Fixed assets	(9)		
Intangible assets		1,845.8	1,898.4
Property, plant and equipment		10,452.1	12,359.6
Financial assets*		6,392.2	6,474.0
		18,690.1	**20,732.0**
Current assets			
Inventories	(10)	569.1	667.1
Receivables and other assets**	(11)	2,476.3	2,642.9
Securities	(12)	302.0	122.8
Cash and cash equivalents	(13)	1,927.4	966.5
		5,274.8	**4,399.3**
Deferred taxes	(18)	62.1	0.0
Prepaid expenses	(14)	92.3	88.5
		24,119.3	**25,219.8**
Equity and liabilities			
Equity/minority interests	(15)		
Group shares			
Subscribed capital		640.0	640.0
Capital reserve		22.2	22.2
Revenue reserves		929.3	333.1
Accumulated other comprehensive income		76,3	-73.3
		1,667.8	**922.0**
Minority interests		680.1	622.2
		2,347.9	**1,544.2**
Provisions***	(16)	9,699.2	9,508.5
Liabilities****	(17)	8,285.7	10,645.5
Deferred taxes	(18)	1,556.3	1,528.5
Deferred income	(19)	2,230.2	1,993.1
		24,119.3	**25,219.8**

*) of which associates accounted for at equity: € 1,243.7 million (prior year: € 1,238.1 million)
**) of which tax refund claims: € 323.3 million (prior year: € 326.8 million)
***) of which tax provisions: € 359.1 million (prior year: € 266.2 million)
****) of which long-term interest-bearing liabilities: € 4,918.4 million (prior year: € 5,110.7 million)

EnBW group
Cash flow statement

€ millions	2004	2003
1. Operating activities		
Result after tax	357.7	-1,182.5
Write-down/write-up of fixed assets	1,096.5	1,609.1
Loss on disposal of fixed assets	-362.0	-28.9
Changes in long-term provisions	196.1	431.0
Other non-cash expenses/income	27.8	-236.2
Change in working capital and short-term provisions	269.4	292.9
Cash flow from operating activities	**1,585.5**	**885.4**
of which discontinuing operations	(83.4)	(118.5)
2. Investing activities		
Capital expenditures	-655.2	-684.7
Cash received from disposals of fixed assets	650.1	155.5
Cash paid for investments in group companies	2.6	-754.1
Cash received from the sale of group companies	768.8	49.2
Cash received/paid on account of the purchase of financial instruments in connection with short-term finance planning	-176.7	75.8
Cash flow from investing activities	**589.6**	**-1.158.3**
of which discontinuing operations	(771.9)	(-289.0)
3. Financing activities		
Dividends paid	-34.8	-185.2
Cash paid for the purchase of treasury shares	0.0	-10.2
Cash received from the sale of treasury shares	288.1	0.0
Cash received from capital increases by minority interests	50.0	0.0
Borrowing	1,100.3	2,862.9
Repayment of financial liabilities	-2,618.0	-2,158.0
Cash flow from financing activities	**-1,214.4**	**509.5**
of which discontinuing operations	(-276.6)	(78.3)
Net change in cash and cash equivalents	**960.7**	**236.6**
Net foreign exchange difference and other changes in value	0.2	-1.1
Change in cash and cash equivalents	**960.9**	**235.5**
Cash and cash equivalents at the beginning of the period	966.5	731.0
Cash and cash equivalents at the end of the period	**1,927.4**	**966.5**

Notes to the financial statements EnBW group

Statement of changes in equity

€ millions

	Subscribed capital	Capital reserve	Revenue reserves
December 31, 2002	**640.0**	**634.0**	**1,070.1**
Purchase of treasury shares			-10.2
Dividends paid			-145.7
Other comprehensive income			
Earnings after tax			-1,192.9
Other changes		-611.8	611.8
December 31, 2003	**640.0**	**22.2**	**333.1**
Sale of treasury shares			288.1
Dividends paid			
Other comprehensive income			
Earnings after tax			308.1
Other changes			
December 31, 2004	**640.0**	**22.2**	**929.3**

	Revaluation intangible assets	Difference from currency translation	Market valuation of financial instruments	Group shares	Minority interests	Total
	-165.7	**5.3**	**-141.2**	**2,042.5**	**349.5**	**2,392.0**
				-10.2		-10.2
				-145.7	-39.5	-185.2
	89.2	-16.2	155.3	228.3	0.1	228.4
				-1,192.9	10.4	-1,182.5
				0.0	301.7	301.7
	-76.5	**-10.9**	**14.1**	**922.0**	**622.2**	**1,544.2**
				288.1		288.1
					-34.8	-34.8
	24.8	16.4	108.4	149.6	3.9	153.5
				308.1	49.6	357.7
					39.2	39.2
	-51.7	**5.5**	**122.5**	**1,667.8**	**680.1**	**2,347.9**

Notes to the financial statements EnBW group
General principles and explanatory comments on the consolidation group

General principles

The consolidated financial statements of Energie Baden-Württemberg AG (EnBW) are prepared according to the International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) the application of which is mandatory at the balance sheet date. IFRS/IAS standards the application of which is not yet mandatory are not applied. In addition, the interpretations of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC) are observed. The consolidated financial statements of EnBW AG comply in all respects with the IFRS/IAS and the IFRIC/SIC.

The consolidated financial statements are presented in million of euro. Besides the income statement and balance sheet, a cash flow statement, statement of changes in equity and segment reporting have been presented separately.

In the interest of clarity, items have been combined in the income statement and in the balance sheet and disclosed separately and explained in the notes.

The income statement has been prepared using the method of total costs.

The consolidated financial statements are prepared as of the balance sheet date of the financial statements of the parent company.

Consolidated companies

Under the full-consolidation method, all companies (subsidiaries) are included on whose financial and business policy a controlling influence is exercised as defined by the control concept.

In the course of proportionate consolidation, joint ventures are included in the consolidated financial statements based on their holding.

Consolidation at equity is used when a controlling influence is exercised on the business policy of the associate, but the criteria to qualify as a subsidiary or a joint venture are not in place.

Shares in subsidiaries, joint ventures and associates which from the group perspective are of secondary importance are accounted for according to IAS 39. This relates in particular to subsidiaries without primary operations or with a lower business volume. They represent only an immaterial share of the total group assets and of the group profit/loss.

The list of shareholdings of EnBW AG and the EnBW group is filed with the Commercial Register of the Karlsruhe District Court under No HRB 7956. In the additional disclosures to the financial statements there is a list of major subsidiaries stating registered office, capital share, result of the last fiscal year and equity.

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

Initial consolidation (purchase accounting) or deconsolidation is generally performed at the time the shares are purchased or sold respectively.

The companies have been consolidated as follows:

Type of consolidation

Number	**31.12.2004**	31.12.2003
Full consolidation	122	170
Proportionate consolidation (joint ventures)	4	4
Consolidation at equity	61	62

The share of joint ventures in the consolidated balance sheet and income statement breaks down as follows:

Joint ventures

€ millions	**31.12.2004**	31.12.2003
Fixed assets	159	1,857
Current assets	22	164
Liabilities and provisions	83	1,098

€ millions	**2004**	2003
Sales	582	584
Cost of materials	-384	-390
Result from operating activities	-16	54
Financial result	-13	-27
Earnings before income tax	-29	27
Income taxes	-9	-8
Earnings after tax	-38	19

Changes in the consolidated companies

Of the companies fully consolidated in the consolidated financial statements, 8 (prior year: 12) German companies and 2 (prior year: 2) foreign companies were consolidated for the first time in the reporting year. 41 (prior year: 39) companies were deconsolidated; another 17 (prior year: 18) companies were merged. Of the deconsolidated companies, 22 (prior year: 27) were German companies and 19 (prior year: 12) foreign companies. The mergers related mostly to German companies.

Of the joint ventures, our share of which was included in the consolidated financial statements, 0 (prior year: 2) German companies and 1 (prior year: 0) foreign company were deconsolidated in the reporting year. 1 (prior year: 0) German joint venture was deconsolidated.

Of the associates included in the consolidated financial statements at equity, 0 (prior year: 3) German companies and 4 (prior year: 1) foreign companies were consolidated for the first time in the reporting year. 2 (prior year: 9) German and 3 (prior year: 2) foreign companies were consolidated for the first time.

The main changes in the consolidation group relative to the fully consolidated companies are:

Company Fully consolidated companies	Overall group share as a %
Additions	
Gasversorgung Sachsen Ost GmbH	50.4
STAIR Stuttgart Airpark GmbH	100.0
Ceskamoravska plynárenska a.s.	50.0
Disposals	
DiTRA Gesellschaft für Kabelnetze und Telekommunikation mbH	100.0
Melvo GmbH	100.0
ENRW Energie Nordrhein-Westfalen GmbH	50.0
EuroSourceLine GmbH	100.0
Salamander Industrie-Produkte GmbH	100.0
APCOA Parking AG	98.3
Erdgas Südwest GmbH*	51.0

*) transition to proportionate consolidation

In the absence of control, Erdgas Südwest GmbH (formerly: Badenwerk Gas GmbH) is included in the consolidated financial statements of EnBW AG as a joint venture instead of being fully consolidated.

The changes in the consolidation group relative to the proportionately consolidated companies are:

Company Proportionately consolidated companies	Overall group share as a %
Additions	
Erdgas Südwest GmbH	51.0
Disposals	
Hidroeléctrica del Cantábrico S.A.	34.6

The assets newly recognised as a result of first-time consolidation in the fiscal year 2004 total € 574.6 million and liabilities amount to € 376.2 million.

The purchase prices paid for acquisition of shares in group companies in the fiscal year 2004 amounted to € 135.5 million, of which € 34.3 million was settled in cash. Cash and cash equivalents of the group companies acquired amounted to € 36.9 million as of the acquisition date.

Gasversorgung Sachsen Ost GmbH, Dresden, was acquired as of June 23, 2004 by way of reduction of our overall (direct and indirect) shareholding in ESAG Energieversorgung Sachsen Ost AG from 50.3% to 34.7%. The share swap produced a gain on disposal of € 38.8 million. In the course of purchase accounting of Gasversorgung Sachsen Ost GmbH the following hidden reserves have been disclosed on a preliminary basis:

€ millions		31.12.2004
Debit difference		70.5
Intangible assets	51.5	
Property, plant and equipment	91.1	
Deferred tax liabilities	-54.9	
Increase in equity	87.7	
Overall capital share EnBW 50.4%		44.2
Preliminary goodwill		26.3

The preliminary goodwill of Gasversorgung Sachsen Ost GmbH is € 26.3 million.

In accordance with the provisions of IAS 22.71, assets of companies acquired in the prior year were adjusted subsequently in fiscal 2004 by € 202.3 million (prior year: € 1,525.8 million) and liabilities by € 0.0 million (prior year: € -10.3 million). After considering deferred tax liabilities of € 54.6 million (prior year: € 561.0 million), minority interests of € 31.3 million (prior year: € 53.9 million) and effects on income of € -2.3 million (prior year: € +2.1 million), the subsequent adjustments reduced goodwill by € 118.7 million (prior year: € 919.1 million).

Discontinuing operations

EnBW has decided to discontinue the Thermoselect plant in Karlsruhe at the next possible date and end the Thermoselect project in Ansbach. The Thermoselect activities are therefore no longer disclosed in the energy and environmental services segment but under discontinuing operations. The prior-year figures have been adjusted accordingly.

Based on the sale of Hidrocantábrico contractually agreed in July 2004, the group's operations were removed from the electricity and gas segments and disclosed under discontinuing operations. The prior-year figures have been adjusted accordingly.

Our shares in the following companies were sold in the fiscal year 2004:
_ENRW Energie Nordrhein-Westfalen GmbH
_EuroSourceLine GmbH
_DiTRA Gesellschaft für Kabelnetze und Telekommunikation mbH
_Melvo GmbH
_Salamander Industrie-Produkte GmbH
_APCOA Parking AG
_Hidroeléctrica del Cantábrico S.A.

The total sales prices received for the group companies sold in the fiscal year 2004 amounted to € 843.7 million, of which € 818.7 million was settled in cash. The group companies sold had cash and cash equivalents of € 49.8 million at the time of the sale.

The table below shows the main effect of the companies sold in fiscal 2004 listed above on the balance sheet, income statement and the cash flow statement:

€ millions	**31.12.2004**	31.12.2003
Balance sheet notes		
Assets	0.0	3,042.5
Liabilities	0.0	1,650.3

€ millions	**2004**	2003
Income statement notes		
Sales	786.4	1,348.4
Earnings before income taxes	-28.4	-71.9
Income taxes	-9.9	-2.9
Earnings after tax	-38.3	-74.8
Net result	-44.0	-78.4
Earnings per share	-0.2	-0.4

€ millions	**2004**	2003
Cash flow statement notes		
Cash flow from operating activities	146.7	171.1
Cash flow from investing activities	678.2	-302.0
Cash flow from financing activities	-21.1	100.6

Pro forma notes

Adjusted to eliminate the changes in the consolidation group, the prior-year balance sheet and income statement would have been as follows (pro forma prior year):

€ millions	**31.12.2004**	Pro forma 31.12.2003
Balance sheet notes		
Fixed assets	18,690.1	19,056.2
Other assets	5,429.2	4,269.4
Provisions and deferred tax liabilities	11,255.5	10,861.0
Liabilities	8,285.7	9,760.3

€ millions	**2004**	Pro forma 2003
Income statement notes		
Sales	9,844.0	9,071.8
Cost of materials	-6,292.2	-5,643.4
Amortisation and depreciation	-1,006.4	-1,186.7
Result from operating activities	1,232.3	-84.6
Financial result	-509.5	-902.1
Earnings before tax	722.8	-986.7
Earnings after tax	357.7	-1,101.2

Consolidation principles

The financial statements of the domestic and foreign subsidiaries and joint ventures included in the consolidation were prepared in accordance with the accounting and measurement methods of EnBW. In some cases, divergent carrying values in the financial statements of associates have been retained for materiality reasons.

Capital consolidations are performed by offsetting the purchase cost against the proportionate revalued equity of the subsidiaries at the date of acquisition. Assets and liabilities are carried at fair value. Any residual amounts are recognised as goodwill and, if they arose prior to March 31, 2004, amortised systematically over a period of up to 20 years. Like goodwill, negative differences are shown on the asset side of the balance sheet and, if generated prior to March 31, 2004, reversed systematically.

Where minority interests held indirect shares in goodwill, they were deducted from the minority interests in the group of € 23.3 million for the first time in the reporting year.

In accordance with the provisions of IFRS 3, goodwill arising after March 31, 2004 is no longer systematically amortised.

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

Joint ventures are consolidated according to the same principles.

The same accounting principles also apply to companies valued according to the equity method. Goodwill is recorded in the carrying value of the investment while the associated amortisation is disclosed in the investment result.

Currency translation

The reporting currency of EnBW AG is the euro (€). The financial statements of the group companies are translated to euro. Currency translation is performed in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the functional currency method. Under the functional currency method, the assets and liabilities of companies that do not report in euro are translated at the mean rate prevailing on the balance sheet date, while expenses and income are translated at the average annual rate. The companies concerned are economically independent foreign operating units. Translation differences are recorded directly in equity within the accumulated other comprehensive income.

The companies of the EnBW group mainly operate in the euro zone.

Currency translation was based on the following exchange rates, among others:

€	Closing rate		Average rate	
	2004	2003	**2004**	2003
1 Swiss franc	0.65	0.64	0.65	0.66
1 pound sterling	1.42	1.42	1.47	1.45
1 US dollar	0.73	0.79	0.80	0.88
100 Hungarian forint	0.41	0.38	0.40	0.40

Accounting and measurement

Fixed assets

Intangible assets acquired for a consideration are generally carried at cost and amortised using the straight-line method over their economic useful life. The amortisation period of intangible assets – without goodwill – ranges from 3 to 20 years. Long-term electricity procurement rights and emissions allowances are measured using the revaluation method (IAS 38.64) at fair value. Revaluation is performed at regular intervals.

The **emissions allowances** allocated to the group without consideration in December 2004 for the trading periods 2005 to 2007 have been recognised at fair value as intangible assets.

Internally generated intangible assets satisfying the prerequisites of IAS 38 are capitalised at cost of conversion. Cost of conversion comprises all costs allocable to the creation, production and preparation of the intangible asset.

To the extent generated prior to March 31, 2004, **goodwill** resulting from capital consolidation is amortised over its economic life, as a rule between 10 and 20 years. Negative goodwill from capital consolidation is capitalised in the intangible assets. To the extent that the negative goodwill does not relate to anticipated future losses, the negative goodwill is reversed in accordance with the useful life of the purchased assets. It is reversed within the amortisation of goodwill.

Property, plant and equipment is measured at cost less systematic straight-line depreciation for depletion. As a rule, the straight-line method of depreciation is used. Debt servicing costs are not capitalised as a component of historical cost.

Maintenance and repair costs are recorded as expenses. Renewal or maintenance expenses which extend the useful life of an asset are recognised.

Investment grants or subsidies are not deducted from the cost of the asset concerned. Pursuant to IAS 20, they are disclosed as deferred income.

The nuclear power generating plants also contain the present value net of depreciation of the cost of the closure and dismantling of the contaminated plants estimated at the time of commissioning.

Investment properties are measured at amortised cost. The market value of the investment properties is stated in these notes to the financial statements. The market value is determined using internationally recognised methods (e.g. the discounted cash flow method or mark to market).

Systematic depreciation on our major items of property, plant and equipment is computed according to the following uniform group useful lives:

	Years
Buildings	25 – 50
Power stations	15 – 50
Electricity distribution plants	25 – 45
Gas distribution plants	15 – 55
Water distribution plants	20 – 40
Other equipment, furniture and fixtures	5 – 14

Property, plant and equipment used under a **finance lease** is measured at the inception of the lease at market value, or the lower present value of the lease instalments. Depreciation is charged systematically over the economic useful life.

The impairment of the carrying amount of the intangible assets including goodwill and of property, plant equipment is tested at regular intervals in accordance with IAS 36. If the net realisable amount of the asset falls short of the book value, an impairment loss is recognised. If the asset is part of a cash-generating unit, the realisable amount is determined at the level of the cash-generating unit. If the reasons for the impairment losses no longer apply, these assets are written up to amortised cost. Goodwill is only written up if the prerequisites of IAS 36.109 are satisfied.

The carrying value of the shares in **associates** accounted for at equity comprises the proportionate equity plus goodwill less any negative difference.

Shares in **non-consolidated affiliated companies**, in associates not accounted for at equity and in **other equity investments** as well as **long-term investments** are classified as **"available for sale"**. These are measured at fair value provided this value can be reliably determined. Unrealised gains and losses are recorded directly in equity. In the event of a permanent impairment in value, depreciation is charged. The unrealised gains or losses previously recorded directly in equity are recognised in profit and loss upon sale.

The fair value of the publicly traded securities, derivatives and other financial investments is based on the market values published as of the balance sheet date.

Loans are accounted for at amortised cost. Loans subject to customary market interest rates are accounted for at nominal value, low or interest-free loans at present value.

Current assets

Inventories are stated at cost of purchase or costs of conversion. As a rule, they are measured at average prices. Pursuant to IAS 2, costs of conversion contain the directly allocable direct costs and an appropriate portion of the necessary material and production overheads including depreciation. Costs of conversion are determined on the basis of normal employment. Debt servicing costs are not capitalised as a component of costs of conversion. Appropriate allowance is made for risks from impaired usability. Where necessary, the lower net realisable value compared to the carrying amount is recognised. Reversals of impairment losses on inventories are deducted from the cost of materials.

The **nuclear fuel rods** disclosed in the inventories are measured at amortised cost. Depreciation is determined in accordance with consumption.

Receivables and other assets are accounted for at cost less necessary valuation allowances based on the actual bad debt risk. Low or interest-free receivables and other assets are stated at present value.

Marketable securities belong to the "held for trading" category of assets. They are measured at fair value. Changes in market value are recognised in profit and loss immediately.

Debt discount and similar borrowing costs are capitalised under **prepaid expenses** and released using the effective interest method.

Equity and liabilities

Provisions for pensions and similar obligations are determined using the projected unit credit method (IAS 19). This method considers current and future pension benefits known at the balance sheet date as well as future anticipated salary and pension increases. Actuarial gains and losses outside the 10% corridor are distributed over the remaining working lives of the employees. The service cost is disclosed in the personnel expense, the interest portion of the addition to the provision in the financial result.

Other provisions take account of all legal or constructive obligations towards a third party on account of past events that are identifiable at the balance sheet date and which are uncertain in terms of amount and/or date of occurrence. The provisions are recognised at the settlement amount. They are measured at the estimated future amount or the amount most likely to be incurred.

The **long-term provisions** are stated at the future amount needed to settle the obligation discounted to the balance sheet date. This does not apply to provisions for pensions and similar obligations which are governed by the special rulings set forth in IAS 19.

Deferred taxes are recorded in accordance with the temporary concept (IAS 12) on all timing differences between the tax accounts and the IFRS/IAS balance sheet of the individual companies. Deferred taxes from consolidation entries are recognised separately. Deferred tax assets on unused tax losses are accounted for provided their realisation can be assumed with sufficient certainty. Deferred taxes are calculated on the basis of the tax rates that apply or that are expected to apply in the individual countries at the time of realisation. A tax rate of 38% is applied for domestic group companies. Tax benefits and tax liabilities are netted, provided the prerequisites are in place.

Liabilities are reported at net settlement value. Liabilities from finance leases are measured at the present value of the lease instalments when the leased asset is recognised.

The construction cost subsidies recorded as **deferred income** are released to other operating income in accordance with the use of the subsidised assets. As a rule, the period of release is between 40 and 45 years. Investment subsidies and grants are released over the depreciation period of the underlying assets. The release is netted openly with the depreciation. For emissions allowances allocated without consideration, a deferred income item is set up at the market value at the date of allocation. The deferred income item is released in line with actual emissions.

Contingent liabilities are possible or existing commitments which relate to past events and which are not likely to result in an outflow of resources. They are not recorded on the face of the balance sheet. The amounts stated correspond to the extent of liability as of the balance sheet date. In the fiscal year 2004, potential financial obligations from guarantees for third-party services were disclosed for the first time under contingent liabilities together with the prior-year figures.

Notes to the financial statements EnBW group
Explanations to the income statement

(1) Sales
Sales are recorded when the risk has been transferred to the customer. The electricity and natural gas tax paid by the companies is openly deducted from sales.

In the fiscal year 2004, the prerequisites for the net disclosure of income and expenses from electricity trading were satisfied for the first time. The net disclosure means that sales from electricity trading are reported net of cost of materials.

The comparative figures of fiscal 2003 were adjusted to give a better insight into the business development. For the fiscal year 2004, electricity trading revenues came to € 592.4 million (prior year: € 657.0 million).

The segment reporting contains a breakdown of sales by business segment and region.

(2) Other operating income
Other operating income is presented in the following table:

€ millions	2004	2003
Rent and lease income	33.2	33.1
Disposals of assets	138.5	48.0
Exchange rate gains	4.0	24.1
Reversal of provisions	424.2	179.5
Release of deferred income	86.8	78.6
Other	365.1	304.6
Total	**1,051.8**	**667.9**

The exchange rate gains are counterbalanced by exchange rate losses which are shown in other operating expenses. In the reporting year, write-ups came to € 5.0 million (prior year: € 0.0 million).

(3) Cost of materials

€ millions	2004	2003
Cost of raw materials, consumables and supplies and of purchased merchandise	4,496.2	4,158.2
Cost of purchased services	1,796.0	1,997.2
Total	**6,292.2**	**6,155.4**

Cost of raw materials, consumables and supplies and of purchased merchandise comprise in particular gas and electricity procurement costs, the required additions – with the exception of the mark-up – to provisions for the shutdown of nuclear power stations, costs for the disposal of irradiated fuel rods and radioactive waste as well as the depreciation of nuclear fuel rods and nuclear fuels and the fuels of conventional power stations.

Cost of purchased services mainly contains services purchased for the operation and maintenance of the plants as well as the cost of waste disposal and contract production. In addition, other expenses directly attributable to services rendered are shown under this heading.

(4) Personnel expenses

€ millions	2004	2003
Wages and salaries	979.0	1,278.4
Social security and other pension costs	230.2	350.1
of which for pensions	(42.4)	(97.0)
Total	**1,209.2**	**1,628.5**

Average headcount during the year

	2004	2003
Salaried employees	11,923	15,570
Wage earners	7,462	17,654
Total without apprentices	**19,385**	**33,224**
Apprentices	1,176	1,495
Total	**20,561**	**34,719**

Expenses for pensions from the addition to the provision for pensions amount to € 54.9 million (prior year: € 66.3 million). The other expenses for pensions mainly contain contributions to the pension guarantee association.

Where companies have been included on a proportionate basis, the employees have been included in the total figure according to the EnBW share. The distribution of the employees between the segments as of the balance sheet date is shown separately in the segment reporting.

Changes occurred in pension obligations on account of the change of works agreements concerning company pensions and/or cancellation of obligations in fiscal 2004, leading to a reversal of the provisions for pensions and similar obligations of € 60.4 million. The reversal consists of personnel expenses of € 35.1 million (of which settlement of claims of € 4.1 million) and the interest result of € 25.3 million.

(5) Amortisation/depreciation

€ millions	2004	2003
Amortisation of intangible assets	247.6	224.5
of which goodwill from capital consolidation	(140.3)	(144.5)
of which goodwill from the individual financial statements	(8.7)	(9.9)
Depreciation of property, plant and equipment	771.3	991.8
Release of investment cost subsidies	-12.5	-12.3
Total	**1,006.4**	**1,204.0**

In the reporting year, the impairment loss on goodwill from capital consolidation came to € 103.9 million (prior year: € 106.0 million). Goodwill from individual financial statements accounted for € 0.0 million (prior year: € 4.5 million) of the impairment loss. The impairment losses on goodwill mainly relate to the discontinuing operations. The impairment losses on other intangible assets and property, plant and equipment amount to € 66.6 million (prior year: € 223.7 million) and primarily relate to distribution plants, generating plants and land and buildings.

(6) Other operating expenses

Other operating expenses are presented in the following table:

€ millions	2004	2003
Rent and lease expenses	75.1	88.1
Bad debt allowances	84.6	66.6
Disposals of assets	20.2	57.3
License fees	251.5	244.4
Exchange rate losses	3.5	28.8
Other personnel expenses	68.7	321.6
Advertising expenses	69.9	81.9
Administrative and selling expenses	67.1	129.8
Audit, legal and consulting fees	74.4	71.5
Insurance	50.4	57.1
Dues	43.9	47.6
Other	382.9	625.7
Total	**1,192.2**	**1,820.4**

(7) Financial result

€ millions	2004	2003
Income from investments	115.6	118.7
of which affiliated non-consolidated companies	(1.7)	(1.7)
of which associates included at equity	(106.0)	(109.5)
Amortisation of investments	-44.3	-334.4
of which affiliated non-consolidated companies	(0.0)	(0.0)
of which associates included at equity	(-17.2)	(-230.3)
Write-ups of investments	44.6	8.2
of which affiliated non-consolidated companies	(0.0)	(0.0)
of which associates included at equity	(24.1)	(0.2)
Other	-48.6	-5.9
Investment result	**67.3**	**-213.4**
Interest and similar income	269.1	237.9
of which affiliated non-consolidated companies	(0.0)	(0.7)
Interest and similar expenses	-426.4	-425.8
of which affiliated non-consolidated companies	(-1.6)	(-0.8)
Interest portion of additions to provisions	-442.5	-431.8
of which personnel-related provisions	(-218.4)	(-206.4)
of which provisions relating to nuclear power	(-213.2)	(-202.8)
of which other long-term provisions	(-10.9)	(-22.6)
Other financial income	231.4	110.9
Other financial expenses	-208.4	-180.9
Interest result	**-576.8**	**-689.7**
Financial result	**-509.5**	**-903.1**

The share of the investment result allocable to associates included in the consolidated financial statements using the equity method is € 112.9 million (prior year: € -120.6 million). In the reporting year, the impairment loss on goodwill of associates came to € 0.7 million (prior year: € 210.9 million). The line item "other" under the investment result contains allocations to provisions for potential losses from writer obligations for the potential acquisition of investments of € 48.0 million (prior year: € 0.0 million).

Interest and similar income contains interest income from interest-bearing securities and loans as well as dividends and other profit shares. The disclosure also includes income from the reversal of provisions for pensions and similar obligations of € 25.3 million on account of the amendment to the works agreements concerning company pensions in fiscal 2004.

Interest and similar expenses contain in particular expenses for bank interest and bonds, interest on back taxes as well as the interest portion for the cost of finance leases.

The interest portions from the addition to provisions relate to the annual mark-up of the long-term provisions.

Other financial income/expenses contain write-ups/write-downs, allocations to the provisions for potential losses from writer obligations and realised exchange rate gains/ losses from sales of long-term investments and marketable securities. In the reporting year write-downs totalled € 85.0 million (prior year: € 119.9 million), while write-ups came to € 10.4 million (prior year: € 11.7 million). The allocations to provisions for potential losses from writer obligations for the potential acquisition of securities amounted to € 85.0 million in fiscal 2004 (prior year: € 0.0 million).

(8) Taxes

€ millions	2004	2003
Current income taxes	255.8	251.1
Deferred taxes	93.9	-162.1
Income taxes (-income/+expense)	**349.7**	**89.0**
Other taxes	15.4	25.0
Total	**365.1**	**114.0**

The current income taxes contain netted expenses of € 81.2 million (prior year: € 132.2 million) that relate to prior periods. The burdens from prior periods mainly result from the measurement for tax purposes of the provisions relating to nuclear power and the measurement of the burning of nuclear fuel rods.

Deferred taxes are computed using an unchanged tax rate of 38%. This consists of corporate income tax, the solidarity surcharge and the average trade tax.

In the reporting year, the deferred tax expense was reduced by € 75.5 million by recognizing previously unused tax losses (prior year: € 7.5 million) and increased by write-down of a deferred tax claim by € 51.3 million (prior year: € 0.0 million). The tax reduction claim on future distributions was not recognised.

The reconciliation from the theoretical income tax expense to the current income tax expense is presented below:

€ millions	**2004**	2003
Earnings before tax	722.8	-1,068.5
Other taxes	-15.4	-25.0
Earnings before income taxes	**707.4**	**-1,093.5**
Theoretical tax rate	38 %	38 %
Theoretical income tax expense	**268.8**	**-415.5**
Tax effects		
Differences in accordance with the German flood victim solidarity law	0.0	8.6
Differences to foreign tax rates	-0.8	-0.8
Zero-rated income	-138.8	-55.4
Non-deductible expenses	102.4	163.0
Addbacks and reductions for trade tax purposes	13.4	17.4
Amortisation of goodwill from capital consolidation and consolidation at equity	59.7	142.4
At equity valuation of associates	-3.8	-9.3
Change in unvalued unused losses	-2.1	79.4
Zero-rated sales of equity investments	-19.1	-8.8
Taxes relating to other periods	69.3	162.8
Other	0.7	5.2
Current income tax expense	**349.7**	**89.0**

Explanations to the balance sheet

(9) Fixed assets
The split-up of the asset items combined in the balance sheet and their development in the fiscal year 2004 are presented separately in the analysis of fixed assets.

Goodwill from capital consolidation and from the individual financial statements of the subsidiaries and joint ventures included in the consolidation as well as negative goodwill from capital consolidation are disclosed in the line **goodwill**.

Based on new information in the fourth quarter of 2004, the carrying amounts for land and buildings and deferred tax liabilities resulting from the disclosure of hidden reserves in the course of purchase accounting for the former Neckarwerke Stuttgart AG were reduced by € 215.0 million and € 81.7 million respectively in accordance with the provisions of **IAS 8.38 (1993)**. The reason for adjustment of the carrying amounts is that the revaluation of individual plots of land and buildings of the former Neckarwerke Stuttgart AG revealed deviation from the applicable measurement methods which meant that the land and buildings and deferred tax liabilities had been measured too high and goodwill too low in the course of purchase accounting.

Due to the reduction of the carrying amounts of land and deferred tax liabilities, the goodwill of the former Neckarwerke Stuttgart AG was raised by € 126.8 million. The expenses from adjustment of the carrying amounts as of January 1, 2004 reported in the fiscal year in the result from ordinary activities amounted to € 6.5 million. If the adjustment had been made prior to the start of the fiscal year 2003, earnings after tax for the fiscal year 2003 would have been € 1.2 million lower.

Of the carrying amount of **intangible assets**, an amount of € 518.4 million (prior year: € 523.0 million) relates to an electricity procurement right that qualifies as a finance lease. The contract expires in the year 2015.

The **emissions allowances** allocated to the EnBW group in December for the trading periods 2005 to 2007 have been recognised at the fair value as of the date of allocation as intangible assets. Deferred income was posted for the same amount. On account of lower market prices, impairment losses of € 4.8 million were recorded on emissions allowances as of December 31, 2004. The amortised cost of the emissions allowances is € 265.1 million as of December 31, 2004.

In the reporting year, a total of € 7.5 million (prior year: € 10.7 million) was spent on **research and development**. The recognition criteria required under IFRS/IAS are not satisfied.

As of the balance sheet date, the market value of the real estate that is classified as **investment properties** was € 151.3 million (prior year: € 162.5 million). The market value was determined either using the discounted cash flow method or from current market prices. The valuation was largely performed by internal valuers. Rent income totalled € 11.9 million (prior year: € 6.5 million). The directly allocable operating expenses amounted to € 0.7 million (prior year: € 0.6 million). The impairment losses on investment properties amounted to € 4.0 million (prior year: € 43.9 million). There are no obligations to purchase investment properties.

Items of **property, plant and equipment** are encumbered by property liens totalling € 35.7 million (prior year: € 57.9 million).

Of the carrying amount of property, plant and equipment, € 180.9 million (prior year: € 44.2 million) relates to finance leases. These pertain in particular to the powerhouse of the Rheinhafen steam power station in Karlsruhe and a gas grid in Saxony. It is highly likely that EnBW will exercise its option to purchase the powerhouse when the contract expires in 2005.

The carrying amounts of the finance leases recognised as fixed assets are summarised below:

€ millions	**31.12.2004**	31.12.2003
Franchises, industrial rights and similar rights and assets	518.4	523.0
Land, land rights and buildings including buildings on third-party land	31.6	42.6
Technical equipment and machines	149.3	1.6
Total	**699.3**	**567.2**

The **shares in affiliated companies** disclosed in the financial assets are companies that are not included in the consolidated financial statements.

The additions from the equity roll-forward at the **associates** measured at equity came to € 103.2 million (prior year: € 76.6 million) while disposals came to € 93.3 million (prior year: € 52.1 million). The goodwill and negative differences from equity consolidation disclosed in the carrying amount came to a net amount of € 254.7 million as of December 31, 2004. The negative differences from equity consolidation netted with the goodwill came to € 17.8 million as of December 31, 2004.

The **long-term investments** are mainly fixed-interest bonds as well as listed shares. To a large extent, the long-term investments are held in special funds. For consolidation purposes, the individual securities in the special funds are shown separately in the consolidated balance sheet by type of investment. The depreciation of securities with unrealised price losses, which we consider to be permanent, amounted to € 24.6 million (prior year: € 67.5 million). Unrealised price gains totalled € 202.0 million (prior year: € 162.1 million), while unrealised price losses came to € 40.6 million (prior year: € 124.1 million).

Notes to the financial statements EnBW group

Development of fixed assets 2004

€ millions	Acquisition and production cost						
	01.01.2004	Change in consolidation group	Addition	Currency adjustment	Disposal	Reclassification	**31.12.2004**
Intangible assets							
Franchises, industrial rights and similar and assets [1]	1,552.6	198.5	320.7	-5.0	18.5	14.0	2,062.3
Self-generated intangible assets	0.0	0.0	21.4	0.0	0.0	2.1	23.5
Goodwill							
from individual financial statements	109.0	-303.9	0.1	0.0	0.0	211.1	16.3
from capital consolidation	1,029.3	-405.2	0.0	0.0	0.0	-107.9	516.2
of which goodwill	1,400.1	-464.9	0.0	0.0	0.0	-116.0	819.2
of which credit difference	-370.8	59.7	0.0	0.0	0.0	8.1	-303.0
Payments on account	32.9	0.0	5.3	-0.1	6.5	-5.6	26.0
	2,723.8	**-510.6**	**347.5**	**-5.1**	**25.0**	**113.7**	**2,644.3**
Property, plant and equipment							
Land, land rights and buildings incl. buildings on third-party land	3,698.6	-114.0	12.0	2.0	116.8	-141.2	3,340.6
Investment properties	229.5	5.0	2.9	0.0	4.8	-1.9	230.7
Technical equipment and machines	356.1	-129.0	10.2	1.0	6.8	11.7	243.2
Generating plants/ gas transfer stations	11,977.8	-1,109.2	53.8	3.3	53.3	58.0	10,930.4
Distribution plants	13,783.6	-635.1	126.6	0.9	61.0	34.7	13,249.7
Other equipment, furnitures and fixtures	1,228.2	-47.9	54.3	0.3	67.4	16.7	1,184.2
Payments on account and assets under construction	336.4	-94.8	205.3	0.0	5.4	-134.7	306.8
	31,610.2	**-2,125.0**	**465.1**	**7.5**	**315.5**	**-156.7**	**29,485.6**
Financial assets							
Shares in affiliated companies	22.5	1.1	1.5	0.0	13.9	0.0	11.2
Loans to affiliated companies	0.4	0.0	78.7	0.0	78.8	-0.3	0.0
Equity investments in associates [2]	1,555.9	-13.5	108.6	17.1	125.2	42.4	1,585.3
Other investments	317.1	-25.6	142.1	0.3	37.1	0.6	397.4
Loans to companies in which an equity investment is held	8.8	0.6	2.8	-0.1	3.5	0.3	8.9
Long-term investments [3]	4,752.7	-12.7	3,263.3	0.2	3,322.3	0.0	4,681.2
Other loans [4]	313.7	-3.1	11.7	0.1	37.0	0.0	285.4
	6,971.1	**-53.2**	**3,608.7**	**17.6**	**3,617.8**	**43.0**	**6,969.4**
	41,305.1	**-2,688.8**	**4,421.3**	**20.0**	**3,958.3**	**0.0**	**39,099.3**

1) Of the additions € 40 million stems from the revaluation.
2) Of the additions € 103.2 million stems from the the rollforward of equity accounting, of the disposals € 93.3 million.
3) Of the additions € 173.9 million stems from market valuation pursuant to IAS 39, of the disposals € 7.2 million.
4) Of the additions € 1.2 million stems from market valuation pursuant to IAS 39, of the disposals € 1.2 million.

						Depreciation/write-ups		Book value	
01.01.2004	Change in consolidation group	Addition	Currency adjustment	Disposal	Reclassi-fication	Write-up	**31.12.2004**	**31.12.2004**	31.12.2003
694.9	-20.6	96.6	0.1	15.2	0.3	0.0	756.1	1,306.2	857.7
0.0	0.0	2.0	0.0	0.0	-0.3	0.0	1.7	21.8	0.0
37.3	-34.4	8.7	0.0	0.0	4.4	0.0	16.0	0.3	71.7
93.2	-173.1	140.3	0.0	0.0	-35.7	0.0	24.7	491.5	936.1
332.6	-183.4	174.5	0.0	0.0	-37.3	0.0	286.4	532.8	1,067.5
-239.4	10.3	-34.2	0.0	0.0	1.6	0.0	-261.7	-41.3	-131.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0	32.9
825.4	**-228.1**	**247.6**	**0.1**	**15.2**	**-31.3**	**0.0**	**798.5**	**1,845.8**	**1,898.4**
1,206.8	-24,0	81.2	0.5	23.1	-6.4	0.0	1,235.0	2,105.6	2,491.8
80.6	0.0	8.1	0.0	2.7	3.7	1.3	88.4	142.3	148.9
273.5	-82.4	12.0	0.7	5.7	10.9	0.0	209.0	34.2	82.6
9,204.1	-448.0	277.5	1.5	4.4	-12.1	3.7	9,014.9	1,915.5	2,773.7
7,559.5	-255.0	300.6	1.1	47.2	8.8	0.0	7,567.8	5,681.9	6,224.1
880.8	-32.3	83.5	0.0	61.3	-4.8	0.0	865.9	318.3	347.4
45.3	-0.3	8.4	0.0	0.6	-0.3	0.0	52.5	254.3	291.1
19,250.6	**-842.0**	**771.3**	**3.8**	**145.0**	**-0.2**	**5.0**	**19,033.5**	**10,452.1**	**12,359.6**
12.3	3.0	0.0	0.0	10.6	0.0	0.0	4.7	6.5	10.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
317.8	-0.6	17.2	0.0	0.2	31.5	24.1	341.4	1,243.7	1,238.1
130.8	5.8	27.1	0.0	11.2	0.0	20.5	132.0	265.4	186.3
0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.2	8.7	8.7
27.7	0.0	24.6	0.0	20.2	0.0	0.0	32.1	4,649.1	4,725.0
8.4	0.0	59.6	0.0	0.1	0.0	1.3	66.6	218.8	305.3
497.1	**8.2**	**128.5**	**0.1**	**42.3**	**31.5**	**45.9**	**577.2**	**6,392.2**	**6,474.0**
20,573.1	**-1,061.9**	**1,147.4**	**4.0**	**202.5**	**0.0**	**50.9**	**20,409.2**	**18,690.1**	**20,732.0**

(10) Inventories

€ millions	31.12.2004	31.12.2003
Raw materials, consumables and supplies	186.8	227.7
Nuclear fuel rods (incl. payments on account)	343.4	369.5
Work in process	14.2	25.8
Finished goods and merchandise	18.2	42.2
Payments on account	6.5	1.9
Total	**569.1**	**667.1**

There are no restrictions on titles to assets or other encumbrances. There are no significant long-term construction contracts which would require accounting for as long-term construction contracts.

In the reporting year, impairment losses of € 9.6 million (prior year: € 24.5 million) were recorded on inventories.

(11) Receivables and other assets

€ millions	31.12.2004	of which due in more than 1 year	31.12.2003	of which due in more than 1 year
Trade receivables	1,602.6	0.6	1,724.2	0.4
Receivables from affiliated companies	1.0	0.0	14.8	1.5
Receivables from companies in which investments are held	14.6	0.0	33.4	0.3
Payments on account for electricity procurement agreements	55.1	30.6	43.4	35.9
Other assets	803.0	232.3	827.1	61.9
Total	**2,476.3**	**263.5**	**2,642.9**	**100.0**

Other assets mainly contain short-term loan receivables, receivables from debentures, tax refund claims and interest cut-offs.

The prior-year disclosure of other assets contained lease receivables from industrial equipment based on the following parameters:

€ millions	31.12.2004	31.12.2003
Total lease instalments	0.0	10.1
Lease instalments already received	0.0	-0.1
Interest portion of outstanding lease instalments	0.0	-3.8
Present value of outstanding lease instalments	**0.0**	**6.2**

The present value of the outstanding lease instalments splits up as follows:

€ millions	31.12.2004	31.12.2003
Due within 1 year	0.0	0.4
Due in 1 to 5 years	0.0	5.8
Due in more than 5 years	0.0	0.0
Total	**0.0**	**6.2**

(12) Securities
Marketable securities mainly include shares, investment funds open to the general public, profit participation certificates as well as fixed-interest securities. Due to the measurement at market value, write-ups in the fiscal year come to € 9.1 million (prior year: € 11.7 million) and depreciation to € 0.8 million (prior year: € 52.4 million).

(13) Cash and cash equivalents
Cash and cash equivalents relate almost exclusively to bank balances, largely in the form of time and call deposits.

(14) Prepaid expenses
The debt discount disclosed under prepaid expenses amounted to € 0.7 million (prior year: € 0.8 million), while accrued lease instalments on electricity procurement rights came to € 53.1 million (prior year: € 58.2 million).

(15) Equity
The development of equity and the overall result are presented separately in the statement of changes in equity.

Subscribed capital
The capital stock of EnBW AG amounts to € 640,015,872.00 and is divided into 250,006,200 registered no-par value shares. The no-par value shares each represent an imputed share of approx. € 2.56/share of the subscribed capital.

Electricité de France International SA (EDFI) and Zweckverband Oberschwäbische Elektrizitätswerke (OEW) hold 39.0% and 34.5% respectively of the capital stock of EnBW AG as of December 31, 2004.

The Board of Management of EnBW AG is entitled, with the approval of the Supervisory Board, to increase the capital stock by June 4, 2007:

- by € 64 million by issuing new shares in exchange for a cash contribution (authorised capital I)
- by € 64 million by issuing new shares in exchange for a cash contribution or contribution in kind (authorised capital II)

In the fiscal year 2004, EnBW AG has disclosed net income for the year under German commercial law of € 210.7 million. After transfer to the statutory reserve of € 10.5 million, the other revenue reserves of € 30.0 millLion, to the reserve for treasury shares of € 21.4 million, and withdrawals of € 25.0 million from the reserve for treasury shares, retained earnings amount to € 173.8 million.

The carrying amounts of EnBW AG pursuant to German commercial law were transferred to the classification of group equity pursuant to IFRS/IAS.

Capital reserve

The capital reserve relates to EnBW AG. The capital reserve contains the external cash flows to be included in equity in accordance with Sec. 272 (2) HGB.

Revenue reserves

The revenue reserves contain the pro rata revenue reserves of the parent company and the other companies included in the consolidation after the date of initial consolidation.

As of the balance sheet date, EnBW AG holds 5,497,743 treasury shares that are valued at € 29.10. In accordance with German commercial law, the treasury stock of EnBW AG was written up by € 21.4 million in the fiscal year. Treasury shares are also held indirectly via TWS Beteiligungsgesellschaft mbH (12,234,383) and via Energiedienst Holding AG (300,000). As of the balance sheet date, EnBW AG thus directly or indirectly holds 18,032,126 treasury shares; this is equivalent to 7.2% of the capital stock. In the first half-year 2004, 11,262,652 treasury shares were sold at € 25.60. After deducting transaction costs, the sale increased the equity in the consolidated financial statements by € 288.1 million.

The company has no rights, in particular dividend entitlements, from the directly or indirectly held treasury shares. In accordance with the rulings of IFRS/IAS, the treasury shares are not recognised as securities but offset against the revenue reserves.

Accumulated other comprehensive income

Accumulated other comprehensive income comprises changes in the market value of financial instruments, changes from the revaluation of intangible assets as well as currency translation differences from the conversion of foreign financial statements.

In the reporting year, income of € 37.3 million (prior year: expenses of € 57.3 million) was recognised in the income statement from the reversal of the reserve set up in the prior year to mark the financial instruments to market.

Minority interests

Minority interests relate to shares in group companies held by third parties. The minority interests relate in particular to ESAG Energieversorgung Sachsen Ost AG, Gasversorgung Sachsen Ost GmbH, Energiedienst AG, the EnAlpin group and EnBW Eni Verwaltungsgesellschaft mbH.

(16) Provisions

€ millions	31.12.2004	31.12.2003
Provisions for pensions and similar obligations	3,778.6	3,798.8
Tax provisions	359.1	266.2
Provisions in the nuclear power area less payments on account	4,125.8	3,920.3
Other provisions	1,435.7	1,523.2
Total	**9,699.2**	**9,508.5**

The **provisions for pensions and similar obligations** are recorded on the basis of the existing commitments for future and current post-employment benefits to current and former employees with a pension entitlement as well as their survivors. Most of them are defined benefit plans. The commitments are measured above all on the basis of the length of service and remuneration of the employees.

The provision amount corresponds to the present value of the future financial obligations and is computed using actuarial methods. The main parameters of the calculation of the defined contribution plans for the domestic companies are presented below:

	31.12.2004	31.12.2003
Discount rate	5.0 %	5.5 %
Future expected wage and salary increases	2.6 %	2.4 %
Future expected pension increase	2.2 %	2.0 %

The calculation is essentially based on the modified demographic assumptions of Prof. Dr. Klaus Heubeck (1998 mortality tables).

The expense for pensions and similar obligations is comprised as follows:

€ millions	31.12.2004	31.12.2003
Current service cost	56.1	68.7
Past service cost	0.1	0.1
Expected return on plan assets	-0.6	-0.9
Change/settlement of benefit obligations	-35.1	0.0
Actuarial gains and losses	-0.7	-1.6
	19.8	**66.3**
Change of benefit obligations	-25.3	0.0
Interest cost	197.6	191.9
Total	**192.1**	**258.2**

The carrying amount of the pension and similar benefit obligations can be reconciled to the present value of the benefit obligations as follows:

€ millions	**31.12.2004**	31.12.2003
Projected benefit obligation	4,009.7	3,704.8
Fair market value of plan assets	-12.2	-11.2
Unrecognised actuarial gains/losses	-218.2	105.2
Unrecognised past service cost	-0.7	0.0
Provisions for pensions and similar obligations	**3,778.6**	**3,798.8**

Schedule of provisions € millions	**As of 01.01.2004**	Additions	Reversals	Mark-ups	Changes in consolidated companies, currency adjustments, reclassifications	Utilisations	**As of 31.12.2004**
Provisions for pensions and similar obligations	3,798.8	54.9	-60.4	197.6	-15.9	-196.4	3,778.6
Tax provisions	266.2	203.0	-9.5	0.0	14.3	-114.9	359.1
Provisions relating to nuclear power	3,920.3	213.0	-120.1	213.2	-1.2	-99.4	4,125.8
Other provisions	1,523.2	618.4	-304.1	31.7	-28.1	-405.4	1,435.7
Total	**9,508.5**	**1,089.3**	**-494.1**	**442.5**	**-30.9**	**-816.1**	**9,699.2**
of which with a term of up to one year	(898.8)						(1,153.1)
of which changes in the consolidated group					(-31.4)		

The provisions with a term of up to one year consist of provisions for pensions and similar obligations of € 188.0 million (prior year: € 0.0 million), tax provisions of € 270.5 million (prior year: € 178.2 million), provisions relating to nuclear power of € 0.0 million (prior year: € 1.4 million) and other provisions of € 694.6 million (prior year: € 719.2 million). The average residual term of the provisions for pensions and similar obligations as well as of the provisions relating to nuclear power is more than ten years.

The **tax provisions** contain provisions for income taxes like corporate income tax including solidarity surcharge as well as trade tax on income.

The **provisions relating to nuclear power** have been recorded for the disposal of irradiated fuel rods and radioactive waste as well as for the shutdown and restoration of contaminated plants. They are based on public law obligations and requirements in the operating licences.

The provisions for the disposal of irradiated fuel rods and radioactive waste mainly contain the costs of reprocessing including the cost of the disposal of reprocessing waste as well as the cost of ultimate storage. The provisions are set up in an amount equivalent to the present value of the future expected obligations.

The provisions for the shutdown and restoration of contaminated plants are recognised at the discounted settlement amount at the time of commissioning. This is disclosed accordingly under the generating plants and depreciated systematically. The provisions are marked up annually.

The estimated costs are determined on the basis of external appraisals or based on the contractual rulings. The ultimate storage costs are calculated according to the “Scheibenmodell” generally applied in the industry. Decommissioning costs are calculated on the basis of the scenario that assumes that the plants will be removed immediately.

The provision for costs of central interim storage was calculated using the “Scheibenmodell” for the first time in the reporting period. A change in the Final Storage Advance Payments Ordinance (EndlagerVlV) led to a new cost allocation key for the final storage projects Konrad and Gorleben. Earnings before taxes were burdened with € 46.3 million from these effects. The effects are a component of the non-operating result reported in the management report.

The discount rate for the calculation of the provisions in the nuclear power sector is unchanged at 5.5%. The part of the provision for the shutdown and removal of the plants recognised under the generating plants amounts to € 76.2 million (prior year: € 126.0 million).

The payments on account offset against the provisions in the nuclear power sector amount to € 423.5 million (prior year: € 405.6 million).

Other provisions mainly relate to obligations for the conventional electricity and fuel procurement of € 177.6 million (prior year: € 107.1 million), personnel provisions of € 412.5 million (prior year: € 537.0 million) as well as provisions for potential losses from pending transactions of € 420.9 million (prior year: € 562.1 million). Other provisions are generally discounted using an interest rate of 5.0% (prior year: 5.5 %).

(17) Liabilities

€ millions	**31.12.2004**		of which due in		31.12.2003
		up to 1 year	1 to 5 years	more than 5 years	
Bonds	3,053.7	214.8	1,070.6	1,768.3	2,649.8
Commercial papers	237.4	237.4			1,619.8
Liabilities to banks	1,344.6	488.9	772.8	82.9	2,940.2
Other financial liabilities	1,277.4	53.6	606.4	617.4	839.2
Financial liabilities	**5,913.1**	**994.7**	**2,449.8**	**2,468.6**	**8,049.0**
Payments received on account of orders	100.4	20.2	17.9	62.3	94.8
Trade payables	1,156.6	1,155.0	1.3	0.3	1,182.5
Liabilities to affiliated companies	0.0				5.4
Liabilities to companies in which equity investments are held	84.2	78.6	4.2	1.4	95.6
of which due to associates included at equity	(46.5)	(46.5)			(47.3)
Other liabilities	1,031.4	835.7	49.8	145.9	1,218.2
of which taxes	(289.8)	(250.9)	(38.9)	(0.0)	(365.5)
of which relating to social security	(59.9)	(58.4)	(1.0)	(0.5)	(55.3)
Total	**8,285.7**	**3,084.2**	**2,523.0**	**2,678.5**	**10,645.5**

Financial liabilities fell by € 2,135.9 million in the fiscal year 2004. Short-term revolving bank liabilities and outstanding commercial paper liabilities in particular were reduced substantially in the course of the year. In addition, principal payments were made as scheduled.

Adjusted for changes in consolidated companies, the financial liabilities would have decreased by € 1,517.8 million.

In December 2004, EnBW International Finance B.V. issued a bond for € 500 million maturing in January 2025 which is guaranteed by EnBW AG. In the context of refinancing, the subsidiary EnBW Eni Verwaltungsgesellschaft mbH borrowed a syndicated credit line.

The maturity structure of our financial liabilities is as follows:

€ millions	Due in 2005	Due in 2006	Due in 2007	Due in 2008	Due in 2009	Due after 2009	**Total**
Bonds	214.8	65.0	747.2	258.4		1,768.3	3,053.7
Commercial papers	237.4						237.4
Liabilities to banks	488.9	184.6	318.8	43.9	225.5	82.9	1,344.6
Other financial liabilities	53.6	56.8	63.3	67.5	418.8	617.4	1,277.4
Financial liabilities	**994.7**	**306.4**	**1,129.3**	**369.8**	**644.3**	**2,468.6**	**5,913.1**

The structure of the main bonds is as follows:

Issuer	Issue volume	Nominal value	Coupon	Maturity
EnBW AG	CHF 100 million	EUR 64.8 million	variable	11.04.2005
EnBW Finance B.V.	EUR 150 million	EUR 150.0 million	variable	02.02.2005
EnBW Finance B.V.	EUR 65 million	EUR 65.0 million	3.290%	05.05.2006
EnBW Finance B.V.	EUR 750 million	EUR 747.2 million	5.125%	28.02.2007
EnBW Finance B.V.	CHF 400 million	EUR 258.4 million	2.250%	25.02.2008
EnBW Finance B.V.	EUR 150 million	EUR 149.5 million	5.000%	06.09.2010
EnBW Finance B.V.	EUR 1,000 million	EUR 994.8 million	5.875%	28.02.2012
EnBW Finance B.V.	EUR 500 million	EUR 494.4 million	4.875%	16.01.2025
Energiedienst AG	CHF 100 million	EUR 64.8 million	3.75%	27.08.2010
Energiedienst AG	CHF 100 million	EUR 64.8 million	3.00%	16.01.2012
Total bonds		**EUR 3,053.7 million**		

The fair market value as of December 31, 2004 was € 3,270.5 million, while the fair market value of the liabilities to banks came to € 1,378.5 million.

The majority of the liabilities to banks are bilateral loans and renewed syndicated credit lines of EnBW Eni Verwaltungsgesellschaft mbH.

As of December 31, 2004, EnBW AG had a fully unused contractually agreed syndicated credit line of € 2.7 million. In addition, the group had further free credit lines of € 0.4 billion at its disposal.

The average interest on financial liabilities developed as follows as of December 31, 2004:

Average interest	**31.12.2004**	31.12.2003
Liabilities to banks	4.7%	3.8%
Bonds	4.6%	4.6%
Commercial papers	2.2%	2.2%
Other financial liabilities	4.7%	5.6%
Total financial liabilities	**4,5%**	**3.9%**

The year-on-year increase in average interest as of December 31, 2004 is above all attributable to the sharp drop in short-term bank liabilities with variable interest and commercial paper liabilities.

Of the liabilities to banks, € 35.7 million (prior year: € 57.9 million) is secured by property liens.

The other financial liabilities include liabilities from finance leases. The minimum payments from such leases have the following maturities:

€ millions	Nominal value	Present value
Due within 1 year	124.1	117.3
Due in 1 to 5 years	492.4	384.6
Due in more than 5 years	797.7	425.1

Other financial liabilities also contain subordinated shareholder loans of OEW (Zweckverband Oberschwäbische Elektrizitätswerke) amounting to € 350 million. The shareholder loans are subject to interest at usual market interest rates.

Liabilities to affiliated companies relate to non-consolidated affiliated companies. Trade payables include accruals for outstanding invoices amounting to € 401.2 million (prior year: € 396.2 million).

(18) Deferred taxes

The valuation differences from the tax accounts on which deferred taxes have been set up break down as follows:

€ millions	31.12.2004 Deferred tax assets*	31.12.2004 Deferred tax liabilities*	31.12.2003 Deferred tax assets*	31.12.2003 Deferred tax liabilities*
Fixed assets	31.7	2,957.6	26.1	3,079.4
Current assets and other assets	148.9	53.9	142.4	37.8
Provisions	625.9	389.6	813.7	374.7
Liabilities	446.1	89.2	419.7	120.3
Deferred income/ Special tax-allowed items	409.3	230.1	321.9	224.3
	1,661.9	**3,720.4**	**1,723.8**	**3,836.5**
Unused tax losses	564.3		584,2	-
Subtotal	**2,226.2**	**3,720.4**	**2,308.0**	**3,836.5**
Offsetting	-2,164.1	-2,164.1	-2,308.0	-2,308.0
Total	**62.1**	**1,556.3**	**0.0**	**1,528.5**

*) deferred tax assets and liabilities prior to offsetting

Deferred tax assets are set up on unused tax losses only to the extent that it is probable that taxable profit will be available against which the temporary difference can be used. Unused tax losses reduced the current tax burden in the reporting period by € 69.0 million (prior year: € 0.0 million). The existing unused tax losses can be carried forward for an indefinite period. According to the law to reduce tax benefits, from 2004 only 60% (previously 100%) of the current tax income can be offset against unused tax losses. This did not, however, change the appraisal of the realisability of the existing unused tax losses. The deferred taxes on the unused tax losses are comprised as follows:

€ millions	31.12.2004	31.12.2003
Corporate income tax (or comparable foreign tax)	340,1	288,3
Trade tax	224,2	295,9
Total	**564,3**	**584,2**

Deferred tax assets of € 2,164.1 million (prior year: € 2,308.0 million) were offset against deferred tax liabilities in the reporting period.

Deferred tax liabilities totalling € 34.7 million (prior year: € 13.6 million) from the measurement of financial instruments at market value and deferred tax assets of € 31.7 million (prior year: € 46.9 million) from the revaluation of intangible assets were offset directly to equity against accumulated other comprehensive income.

(19) Deferred income

€ millions	31.12.2004	31.12.2003
Investment allowances for fixed assets		
Investment subsidies	25.2	15.0
Investment grants	47.5	67.5
Construction cost subsidies	1,798.3	1,774.0
Emissions allowances	269.9	0.0
Other	89.3	136.6
Total	**2,230.2**	**1,993.1**

The investment grants have been granted in accordance with Sec. 4a Investment Grant Act (InvZulG).

The construction cost subsidies which have not yet been recognised in profit and loss were largely used for capital expenditures in the electricity and gas segments; title to the subsidised assets is retained by the EnBW group companies.

Of the total amount of deferred income, € 2,033.0 million (prior year: € 1,786.0 million) will be recognised in profit and loss in more than one year.

(20) Earnings per share

		2004	2003
Net result	€ millions	308.1	-1,192.9
Number of outstanding shares (weighted average)	thousand shares	227,281	220,711
Earnings per share	€	1.36	-5.40
Earnings per share before amortisation of goodwill from capital consolidation	€	1.97	-4.75
Dividends per share for fiscal year 2003 of EnBW AG	€	-	-
Proposed dividends per share for fiscal year 2004 of EnBW AG	€	0.70	-

Earnings per share is determined by dividing the net result by the average number of outstanding shares. The indicator may be diluted by potential shares on account of share options or convertible bonds. As EnBW does not have any potential shares the basic earnings per share is identical to the diluted earnings per share.

Other disclosures

Accounting for financial instruments

Financial instruments include primary and derivative financial instruments.

On the assets side the primary financial instruments mainly consist of cash and cash equivalents, receivables and securities. The securities are reported at market value. On the liabilities side, the primary financial instruments comprise liabilities. The primary financial instruments are shown in the balance sheet; the amount of the financial assets indicates the maximum bad debt risk. Valuation allowances are recorded for any discernable bad debt risks in the financial assets.

There are potential payment commitments of € 1,432.8 million (prior year: € 1,191.9 million) from potential acquisitions of equity investments; provisions of € 133.0 million (prior year: € 10.4 million) have been set up due to negative market values. € 1,299.8 million (prior year: € 1,181.5 million) was disclosed under contingent liabilities and financial commitments.

In the course of its operating activities, the EnBW group is exposed to financial price risks in the currency, interest and commodity area.

In connection with electricity trading on the futures market, energy trading contracts are entered into for the following purposes: management of price-related risks, optimisation of power stations, burden equalisation and trading for own account.

To hedge against financial risks, the EnBW group uses financial instruments in accordance with the assessment criteria such as position limit and loss limit prescribed in group instructions.

All derivative financial instruments which are held for trading are accounted for as assets or liabilities. Derivative financial instruments are measured at market value. The market values are derived from market rates or using generally accepted measurement methods.

Changes in value from derivatives which were entered into hedge cash flows are recorded directly in accumulated other comprehensive income (market valuation of financial instruments). On balance, the unrealised losses from derivatives came to € 0.0 million (prior year: € 9.1 million).

Changes in the fair value of derivatives which do not satisfy the prerequisites to qualify as hedges for cash flows are recorded in the income statement.

The nominal volume of the hedges presented below is stated net. It represents the sum of all purchase and sale amounts underlying the transactions. The amount of the nominal volume allows conclusions to be drawn about the extent to which derivatives have been used. However, it does not reflect the risk of the group as the derivative transactions are counterbalanced by underlyings with risks that run counter to that of the derivative.

€ millions	31.12.2004	Nominal volume 31.12.2003	31.12.2004	Market value 31.12.2003
Currency derivatives	80.7	128.9	-1.6	10.9
Interest derivatives	312.8	66.3	1.0	5.2
Electricity options and futures	377.4	364.6	-12.6	3.3
Electricity futures	1,256.7	1,053.1	12.8	-4.5
Gas futures	114.2	35.8	0.6	0.6
Other futures and derivatives	0.0	16.9	0.0	2.3
Total	**2,141.8**	**1,665.6**	**0.2**	**17.8**

Counterparty risks are measured taking into account the term of the current replacement and selling risk. In addition, these risks are analysed with reference to the current rating by the rating agency Moody's. Trading partners that do not have such an external rating are subject to an internal rating procedure.

The counterparty risk is based on replacement and selling risks resulting from the market value of the item in question with the individual trading partner as of the balance sheet date. Netting options agreed in master agreements concluded with the trading partner are also taken into account when determining the counterparty risk. If there is a netting agreement, positive and negative market values are netted for each trading partner. Otherwise, only positive market values are taken into consideration.

As part of the credit risk management, bilateral margin agreements have been concluded with individual trading partners. Margin payments based on such agreements are considered in the assessment of the counterparty risk.

Contingent liabilities and financial commitments

After the amended Atomic Power Act (AtG) and the amended Directive on the Coverage Provisions in the Nuclear Power Industry (AtDeckV) came into force on April 27, 2002, the German nuclear power operators are required to provide evidence of coverage provision up to a maximum amount of € 2.5 billion per case of damage.

From January 2003 uniform third-party liability insurance is in place for an amount of € 255.6 million. The cover via Nuklear Haftpflicht GbR is now restricted to a solidarity agreement to cover claims in connection with evacuation measures ordered by the authorities of between € 0.5 million and € 15 million. In proportion to their shares in nuclear power stations, group companies have undertaken to equip their operating companies with sufficient resources so that they can meet their obligations from the membership in Nuklear Haftpflicht GbR at all times.

To fulfil the subsequent coverage provision of € 2,244.4 million per case of damage, Energie Baden-Württemberg AG and the other ultimate parent companies of the German nuclear power plant operators agreed by contract dated July 11/July 27/August 21/August 28, 2001 to provide financial assistance to the liable nuclear power plant operator in case of damage after exhausting its own possibilities and those of its parent company – so that it can meet its payment obligations (solidarity agreement). According to the agreement, Energie Baden-Württemberg AG has to bear a 23.941% share of the liability plus 5% for loss settlement costs.

Financial commitments from rent, lease and leasing agreements are as follows:

€ millions	31.12.2004	31.12.2003
Due within 1 year	58.2	143.1
Due in 1 to 5 years	165.4	474.1
Due in more than 5 years	65.8	438.4
Total	**289.4**	**1,055.6**

Financial commitments from rent agreements and leases mainly relate to warehouse and administrative buildings as well as electricity generating plants.

In the area of the fuel cycle there are long-term agreements for the purchase, conversion, enrichment, production and disposal of uranium. Long-term contracts customary for the industry have been entered into for the procurement of electricity, coal and gas.

The obligations from the provision of guarantees and securities total € 85.9 million (prior year: € 56.8 million). Other financial commitments amount to € 79.3 million (prior year: € 29.2 million). The potential financial commitments from guarantees for third-party services total € 88.7 million (prior year: € 79.3 million).

As of the balance sheet date there is a purchase obligation totalling € 1,217.6 million (prior year: € 640.0 million).

In the group there are capital commitments of € 63.3 million (prior year: € 10.7 million).

The acquisition of equity investments may give rise to financial commitments of up to € 1,299.8 million (prior year: € 1,181.5 million).

Pending litigation against group companies for which no provisions were set up on account of the unlikeliness of the counterparty winning the case could lead to potential financial commitments of up to € 45.0 million from EnBW's perspective. In addition, various court cases, investigations by authorities or proceedings and other claims are pending against group companies which are not, however, expected to be successful and are therefore not reported under contingent liabilities and financial commitments.

Exemption pursuant to Sec. 264 (3) HGB and Sec. 264b HGB

The following German subsidiaries made use of the exemption provisions of Sec. 264 (3) HGB or Sec. 264b HGB in 2004 with respect to the publication of financial statements:

Exemption pursuant to Sec. 264 (3) HGB

Bautrans Umweltservice GmbH, Karlsruhe
Elektrizitätswerk Braunsbach GmbH, Braunsbach
Elektrizitätswerk Tullau GmbH, Tullau
EnBW Akademie Gesellschaft für Personal und Managemententwicklung mbH, Stuttgart
EnBW Enhol Beteiligungsgesellschaft mbH, Karlsruhe
EnBW Gas GmbH, Stuttgart
EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart
EnBW Kraftwerke AG, Stuttgart
EnBW REG Beteiligungsgesellschaft mbH, Stuttgart
EnBW Regional AG, Stuttgart
EnBW Systeme Infrastruktur Support GmbH, Karlsruhe
EnBW Telekommunikation GmbH, Stuttgart
EnBW Trading GmbH, Karlsruhe
EnBW Transportnetze AG, Stuttgart
EnBW Vertriebs- und Servicegesellschaft mbH, Stuttgart
Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart
Gasversorgung Unterland GmbH, Heilbronn
GEBA GmbH, Ettlingen
Kernkraftwerk Obrigheim GmbH, Obrigheim
Max Schrägle GmbH, Dunningen
MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach
NeckarCom Telekommunikation GmbH, Stuttgart
Neckarwerke Stuttgart GmbH, Stuttgart
NWS Energiehandel GmbH, Stuttgart
NWS REG Beteiligungsgesellschaft mbH, Stuttgart
ODR Technologie Services GmbH, Ellwangen
RBS-Genius GmbH, Stuttgart
Reisswolf GmbH Akten- und Datenvernichtungs GmbH, Waiblingen
S-plus Umweltservice GmbH, Waiblingen
TDL Ges. für anlagentechnische Dienste und kaufmännische Leistungen mbH, Karlsruhe
TEWERATIO GmbH, Stuttgart
Thermogas Gas- und Gerätevertriebs GmbH, Stuttgart
Thermoselect Südwest GmbH Thermische Abfallbehandlungsanlagen, Karlsruhe
T-plus GmbH, Karlsruhe
TWS Kernkraft GmbH, Gemmrigheim
U-plus Umweltservice AG, Karlsruhe
UVR GmbH, Riegel
Yello Strom GmbH, Cologne
Yello Strom Verwaltungs-GmbH, Karlsruhe

Exemption pursuant to Sec. 264b HGB

Alb Windkraft GmbH & Co. KG, Geislingen/Steige
EnBW Grundstücks- und Gebäudemanagement GmbH & Co. KG Karlsruhe, Karlsruhe
EnBW Grundstücks- und Gebäudemanagement GmbH & Co. KG Stuttgart, Stuttgart
Energieversorgung Raum Friedrichshafen GmbH & Co. KG, Stuttgart
EnSüdWest Energiebeteiligungen AG & Co. KG, Karlsruhe
EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Stuttgart
Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Karlsruhe
Jürgen Stiefel GmbH & Co. KG Kunststoff-Recycling, Dettingen
KMS Kraftwerke Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Karlsruhe
Koch Entsorgung GmbH & Co. KG, Metzingen
MB-plus Umweltservice GmbH & Co. KG, Bad Saulgau
NWS Grundstücksmanagement GmbH & Co. KG, Stuttgart
Rieger GmbH & Co. KG, Lichtenstein Kreis Reutlingen
Vogt Recycling GmbH & Co. KG, Pforzheim
Zehner GmbH & Co. KG Entsorgungsunternehmen, Heilbronn

Declaration of Compliance with the German Corporate Governance Code

The declaration of compliance with the German Corporate Governance Code required by Sec. 161 German Stock Corporation Law (AktG) has been issued by the Board of Management and Supervisory Board of EnBW AG and is permanently available to the shareholders in the internet at www.enbw.com.

The declaration of compliance of the listed subsidiary ZEAG Energie AG (formerly: ZEAG Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG) is available on the internet at www.zeag.de.

Share deals and shares held by members of the Board of Management and Supervisory Board

No acquisitions or disposals subject to reporting pursuant to Sec. 15a German Securities Trading Act (WpHG) had been effected by the end of the fiscal year 2004. The total shares held by all members of the Board of Management and the Supervisory Board of EnBW AG amount to 1% of the Company's shares outstanding.

Remuneration of the Board of Management

The remuneration of the members of the Board of Management of EnBW is determined by the Supervisory Board's committee for management board matters. The current remuneration system provides for a fixed and a variable component according to the categories of the Code – fixed annual basic remuneration payable in equal monthly instalments and a variable annual bonus determined by the committee for management board matters at the end of the fiscal year. The bonus thus constitutes a variable, annually recurring component of the remuneration of the Board of Management which is linked to the company performance and the personal success of each board member. There are currently no components of a long-term incentive and risk nature such as stock option plans.

Individually and on aggregate, all remuneration components are reasonable. The criteria for assessing the appropriateness of remuneration include the responsibilities and performance of the member of the Board of Management, the economic situation, the company’s success and its future prospects.

Total remuneration paid to the members of the Board of Management in fiscal 2004 was as follows:

€	Fixed remuneration*	Variable remuneration**	Total
Prof. Dr. Utz Claassen, Vorsitzender	733,624	3,436,418	4,170,042
Dr. Bernhard Beck LL.M.	334,987	1,084,505	1,419,492
Prof. Dr.-Ing. Thomas Hartkopf	342,547	1,084,505	1,427,052
Pierre Lederer	336,787	1,084.505	1,421,292
Dr. h.c. Detlef Schmidt	349,208	1,084,505	1,433,713
Total	**2,097,153**	**7,774,438**	**9,871,591**

* including lump-sum compensation for committee work, without pension claims
** including non-recurring components

The fixed remuneration of the members of the Board of Management includes compensation in kind totalling € 53,563.

In the fiscal year 2004, the variable remuneration for fiscal year 2003 paid out to the then members of the Board of Management amounted to € 3,222,927. In addition to the considerably changed earnings situation, it must also be taken into account that Prof. Dr. Claassen and Dr. h.c. Schmidt only joined the company in the course of 2003 and that 2003 therefore only includes pro-rata remuneration.

No loans or advances were granted to members of the Board of Management in the fiscal year 2004.

Former members of the Board of Management and their surviving dependants received € 3,755,168. EnBW has set aside € 40,086,671 for pension commitments to former members of the Board of Management in accordance with IFRS/IAS.

Remuneration of the Supervisory Board

Pursuant to the resolution of the annual general meeting on April 29, 2004, the Supervisory Board members receive fixed remuneration of € 5,000 payable at the end of a fiscal year in addition to reimbursement of their expenses. In addition, for every dividend of € 0.01 per share distributed to the shareholders in excess of a dividend amount of € 0.50 per share for the past fiscal year, they receive variable remuneration of € 300. The variable remuneration of the Supervisory Board members currently does not include any components geared towards the long-term success of the company. The Chairman of the Supervisory Board receives twice the above amounts and the Deputy Chairman receives one and a half times the above amounts. The chairman of a committee also receives one and a half times the amounts and each committee member 1.25 times the amounts providing the committee met at least once in the fiscal year. If a member of the Supervisory Board holds several offices at the same time, he/she only receives remuneration for the highest office. Remuneration paid to Supervisory Board members who only belonged to the supervisory board or a committee or acted as chairman for part of the fiscal year is proportionately lower.

Total remuneration may, however, not exceed € 30,000 for the Chairman of the Supervisory Board, € 22,500 for his deputy and the chairman of a committee, € 18,750 for a committee member and € 15,000 for the other Supervisory Board members.

In addition, the Supervisory Board members receive a per-meeting fee of € 300 for attending supervisory board meetings and committee meetings. Attendance at preliminary meetings is remunerated with € 150 per meeting; this remuneration is however only paid for one preliminary meeting per supervisory board meeting. To the extent that the Supervisory Board remuneration is subject to VAT, the members of the Supervisory Board are reimbursed for the VAT levied on their remuneration.

Provided that the annual general meeting approves the proposed dividend, total remuneration of the Supervisory Board members in fiscal 2004 (including attendance fees and remuneration for offices held in subsidiaries) will be as follows:

€	Fixed remuneration	Variable remuneration[1)]	Board remuneration of subsidiaries	Total
Dr. Wolfgang Schürle*, Chairman	13,900	12,000	1,790	27,690
Peter Neubrand, Deputy chairman	13,200	9,000	9,203	31,403
Gisela Beller	9,850	7,500	8,896	26,246
Jean-Pierre Benqué**	6,200	6,000	–	12,200
Joachim Bitterlich	6,800	6,000	–	12,800
Marc Boudier**	11,350	7,500	–	18,850
Dr. Daniel Camus**	9,900	9,000	–	18,900
Franz Fischer***	9,700	7,500	6,647	23,847
Willi Fischer*	9,250	7,500	–	16,750
Christian Fontanel**, since January 19, 2004	6,254	5,705	–	11,959
Josef Götz	7,550	6,000	2,660	16,210
Dr. Claus Dieter Hoffmann	8,350	7,500	–	15,850
Rolf Koch	11,050	7,500	6,647	25,197
Gerhard Stratthaus****	6,800	6,000	–	12,800
Volker Stüber***	7,700	6,000	–	13,700
Siegfried Tann*	9,250	7,500	–	16,750
Christoph Walther	10,150	7,500	9,645	27,295
Franz Watzka	7,700	6,000	3,422	17,122
Klaus-Michael Weber	9,850	7,500	–	17,350
Alfred Wohlfart***	9,700	7,500	12,747	29,947
Laurent Stricker**, until January 18, 2004	246	295	1,667	2,208
Total	**184,750**	**147,000**	**63,324**	**395,074**

[1)] The variable remuneration for the fiscal year 2004 is not paid out until the annual general meeting has passed a resolution on the dividend amount in fiscal year 2005.

*) Pursuant to Secs. 82 - 88 Civil Service Act (LBG) in conjunction with Sec. 5 Ancillary Activities Ordinance (LNTVO), the remuneration is transferred to the district.
**) The remuneration is transferred to EDF.
***) In accordance with the regulations of the German Federation of Trade Unions (DGB) on the transfer of supervisory board remuneration, the remuneration is transferred to the Hans-Böckler-Stiftung foundation.
****) Applying Sec. 5 Ancillary Activities Ordinance (LNTVO) by analogy, the remuneration is transferred to the German state of Baden-Württemberg.

The fixed remuneration of the members of the Supervisory Board includes per-meeting fees totalling € 62,250.

No other remuneration or benefits for services rendered personally, in particular consulting or mediation services, were paid to members of the Supervisory Board. They did not receive any loans or advances in the reporting year.

Cash flow statement

The cash flow statement is split up into cash flows from operating, investing and financing activities. The balance of the cash flow statement represents the change in cash and cash equivalents during the fiscal year 2004 of € 960.7 million (prior year: € 236.6 million).

Effects of changes in the consolidation group have been eliminated from the respective items of the three areas of activity.

In the fiscal year 2004, the cash flow from operating activities was € 1,585.5 million (prior year: € 885.4 million). The cash flow from operating activities includes:

_interest income of € 239.2 million (prior year: € 227.0 million) and interest expenses of € 396.7 million (prior year: € 420.7 million)
_current income taxes of € 198.1 million (prior year: € 217.6 million)
_dividends received of € 105.6 million (prior year: € 94.2 million)

In the fiscal year 2004, € 34.8 million was distributed to minority interests by group companies.

The cash and cash equivalents comprise cash of € 1,927.4 million (prior year: € 966.5 million). Of the cash and cash equivalents, € 0.3 million (prior year: € 28.7 million) is attributable to companies consolidated on a proportionate basis.

The group's total net financial debt splits up as follows:

Net financial debt

€ millions	31.12.2004	31.12.2003
Cash	1,927.4	966.5
Marketable securities	302.0	122.8
Cash and cash equivalents	**2,229.4**	**1,089.3**
Bonds	3,053.7	2,649.8
Commercial papers	237.4	1,619.8
Liabilities to banks	1,344.6	2,940.2
Other financial liabilities	1,277.4	839.2
Financial liabilities	**5,913.1**	**8,049.0**
Net financial debt	**3,683.7**	**6,959.7**

Segment reporting

By business segment
€ millions

	Electricity		Gas	
	2004	2003	**2004**	2003
External sales	7,021.1	6,261.3	1,498.7	1,384.9
Internal sales	95.0	157.7	67.9	86.5
Total sales	7,116,1	6,419.0	1,566.6	1,471.4
EBITDA	1,728.1	1,059.5	196.6	253.3
EBIT	1,128.6	462.0	112.6	180.0
Result from investments accounted for at equity	89.4	-124.1	1.6	2.5
Amortisation and depreciation	-555.4	-516.3	-81.2	-72.7
Impairment	-44.1	-80.0	-2.8	-0.6
Other significant non-cash expenses	-200.1	-407.4	-29.5	-4.6
Capital expenditures on intangible assets and property, plant and equipment	253.9	295.1	46.8	39.2
Segment assets	10,924.0	10,772.4	2,653.6	2,346.1
Segment liabilities	8,576.8	8,063.1	671.8	572.6
Carrying amount of shares in companies accounted for at equity	1,101.8	1,122.7	7.1	6.9
Number of employees as of December 31	12,004	12,674	639	314

The objective of the segment reporting is to provide information about the main business operations of the group. At the same time, it is designed to give an insight into the risk and opportunity structure of a diversified group. The segmentation of the business areas and regions in the EnBW group follows the internal reporting. The structure and content of the internal reporting also provide a fair view of the risk/opportunity structure of the various business segments.

The segment figures have been determined in accordance with the recognition and measurement methods used in the consolidated financial statements.

The segment reporting comprises the segments electricity, gas as well as energy and environmental services.

Energy and environmental services		Discontinuing operations		Holding/ Consolidation		Total	
2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
494.8	483.1	829.4	1,822.8	0.0	0.0	9,844.0	9,952.1
366.7	430.7	3.0	197.5	-532.6	-872.4	0.0	0.0
861.5	913.8	832.4	2,020.3	-532.6	-872.4	9,844.0	9,952.1
201.5	180.8	242.1	-196.2	-145.0	-283.8	2,223.3	1,013.6
84.1	50.1	36.6	-598.8	-145.0	-283.7	1,216.9	-190.4
13.0	5.7	8.9	-4.7	0.0	0.0	112.9	-120.6
-89.6	-110.1	-109.7	-170.7	0.0	0.0	-835.9	-869.8
-27.8	-26.1	-95.8	-227.5	0.0	0.0	-170.5	-334.2
-21.0	-107.9	-5.9	-277.0	-39.2	-16.3	-295.7	-813.2
106.3	100.4	93.8	130.9	0.0	0.0	500.8	565.6
1,129.3	1,404.7	167.5	2,559.2	159.2	213.2	15,033.6	17,295.6
503.6	501.8	146.2	644.4	4,044.5	4,050.0	13,942.9	13,831.9
82.9	38.4	51.9	70.1	0.0	0.0	1,243.7	1,238.1
4,450	4,865	252	5,249	382	201	17,727	23,303

The electricity segment comprises the value added stages generation, transportation, distribution and sales. The gas segment consists of the procurement, transportation, distribution and sale of gas. The energy and environmental services segment includes the areas thermal and non-thermal disposal, water and other services. Discontinuing operations are reported separately.

The holding/consolidation segment contains consolidation effects, EnBW AG as well as other activities not allocable to the other segments.

Internal sales show the level of sales between group companies. Intrasegment sales were made at market prices. Other non-cash expenses no longer contain impairment losses on intangible assets and property, plant and equipment as impairment is disclosed separately for the first time. The prior-year figures were adjusted accordingly.

The earnings ratio EBIT presented in the segment reporting is derived from result from ordinary activities disclosed in the consolidated income statement less other taxes. The earnings ratio EBITDA is derived from the EBIT plus depreciation and amortisation disclosed in the consolidated income statement.

The segmentation of capital expenditures, assets and gross debts was performed within the EnBW group itself. In comparison to the prior year, the definition of segment assets and segment liabilities was changed to improve the presentation of net assets. Reconciliation of the segment assets and segment liabilities to gross assets and gross liabilities is as follows:

€ millions	2004	2003
Gross assets pursuant to the balance sheet	**24,119.3**	**25,219.8**
Financial assets	-6,392.2	-6,474.0
Marketable securities	-302.0	-122.8
Income tax refund claims and bonds payable	-402.0	-360.9
Cash and cash equivalents	-1,927.4	-966.5
Deferred tax assets	-62.1	0.0
Segment assets	**15,033.6**	**17,295.6**
Gross debts pursuant to the balance sheet	**21,771.4**	**23,675.6**
Tax provisions	-359.1	-266.2
Financial liabilities	-5,913.1	-8,049.0
Deferred tax liabilities	-1,556.3	-1,528.5
Segment liabilities	**13,942.9**	**13,831.9**

To improve the presentation of the risk/opportunities structure in line with the currency risks, segment reporting by region was changed in the reporting year. The segment reporting by region now comprises the regions Germany, European Monetary Union without Germany, the rest of Europe and rest of world. The prior-year figures were adjusted based on these changes and new findings.

By region

€ millions	2004	2003
External sales		
Germany	8,720.2	8,391.5
European Monetary Union without Germany	810.6	1,018.2
Rest of Europe	309.5	528.2
Rest of world	3.7	14.2
	9,844.0	**9,952.1**
Segment assets		
Germany	13,610.3	13,904.0
European Monetary Union without Germany	19.1	1,894.5
Rest of Europe	1,404.2	1,497.1
	15,033.6	**17,295.6**
Capital expenditures on intangible assets and property, plant and equipment		
Germany	385.9	434.6
European Monetary Union without Germany	83.6	96.2
Rest of Europe	31.3	34.8
	500.8	**565.6**

Related parties

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

OEW has granted EnBW AG subordinated shareholder loans of € 350 million. The shareholder loans are subject to interest at usual market interest rates.

The business transacted with EDF during the reporting year had the following impact on the consolidated financial statements of Energie Baden Württemberg AG:

€ millions	**31.12.2004**	31.12.2003
Income statement		
Sales	176.3	88.5
Cost of materials	267.4	303.0
Balance sheet		
Other loans	10.4	22.2
Receivables	29.3	40.1
Payments on account	34.9	35.9
Liabilities	19.5	82.1

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

Relationships also exist with municipal associates (in particular municipal utilities) which were valued at equity. The exchange of services and supplies with these companies took place on customary market terms.

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

Disclosures concerning franchises

Franchise agreements in the areas electricity, gas, district heating and water are in place between the individual companies in the EnBW group and the municipalities. The term of the majority of the franchise agreements is 20 years. There are obligations governed by law to connect to the supply networks. Under the franchise agreements, the EnBW group is obliged to provide and maintain the facilities required to satisfy the general supply needs. In addition, it is required to pay a franchise fee to the municipalities. Upon expiry of a franchise agreement, the facilities must be returned or transferred to the municipalities or the subsequent network operator in return for reasonable compensation unless the franchise agreement is extended.

Subsequent events

The subsequent events are presented in the management report.

Future-oriented statements: This report contains statements relating to the future that are based on current assumptions and projections of the management of EnBW. Such statements are subject to risks and uncertainties. These and other factors may mean that the actual events, financial position, development or performance of the company diverge materially from the estimates made here. EnBW assumes no obligation of any kind to update future-related statements or to adjust them to reflect future events or developments.

Special explanations pursuant to Sec. 292a HGB

The accounting, measurement and consolidation methods under IFRS/IAS differ materially in the following respects from the provisions of the German commercial law (HGB).

Pursuant to the provisions of the HGB, internally generated **intangible assets** may not be capitalised. Under IFRS/IAS, they must be recognised if certain prerequisites are satisfied.

Under IFRS/IAS costs for the obligation to restore the sites of our nuclear power plants in the amount equivalent to the present value of the costs estimated at the time of commissioning for the shutdown and dismantling of contaminated plants fall under **property, plant and equipment**. Depreciation is charged over the life of the power stations. Under IFRS/IAS a provision for this amount is recorded when the power station is commissioned. Under HGB, they are not capitalised. Under HGB, additions to the corresponding provision are made pro rata temporis.

Under IFRS/IAS **long-term investments** are recognised at market value. Unrealised gains and losses are generally offset directly against equity. Under HGB, long-term investments are valued at amortised cost.

Treasury shares are deducted directly from equity under IFRS/IAS. Under HGB, treasury shares are disclosed under marketable securities. Contrary to HGB, a drop in the market value of treasury shares does not impact the income statement under IFRS/IAS.

The measurement of **provisions for pensions and similar obligations** under IFRS/IAS takes account of future estimated pension and salary increases. These are not considered under HGB.

Other provisions are recognised at the estimated settlement amount under IFRS/IAS. Long-term provisions are discounted. Under HGB, provisions are to be created as prudent business judgment requires on the balance sheet date. Discounting is only performed if the underlying liability contains an interest portion.

Under IFRS/IAS **deferred taxes** are recognised on all temporary differences between the tax accounts and the IFRS/IAS balance sheet. Unlike HGB, deferred taxes are also recorded for quasi-permanent differences and unused tax losses.

Declaration of the Board of Management

The Board of Management of EnBW AG is responsible for the preparation, completeness and correctness of the consolidated financial statements and the group management report as well as other information provided in the annual report. The principles of the International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) have been observed when preparing the consolidated financial statements. The figures for the prior year have been calculated according to the same principles. The consolidated financial statements are exempting within the meaning of Sec. 292a HGB.

An effective internal control and management system, the use of uniform instructions and continuous staff training ensure the reliability of the data contained in the consolidated financial statements and the group management report. Adherence to legal provisions and uniform group accounting instructions as well as the internal control and management system are subject to constant monitoring.

The risk management system satisfies the legal requirements. It is designed to allow the Board of Management to recognise risks in good time and if necessary to implement countermeasures.

Karlsruhe, February 25, 2005

Prof. Dr. Claassen　　Dr. Beck　　Prof. Dr. Hartkopf

Dr. Holzherr　　Lederer　　Dr. h.c. Schmidt

EnBW group
Audit opinion

We have audited the consolidated financial statements, comprising the balance sheet, income statement, the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements, prepared by Energie Baden-Württemberg Aktiengesellschaft, Karlsruhe, for the fiscal year from January 1 to December 31, 2004. The preparation and the content of the consolidated financial statements are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS), based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW) as well as in accordance with the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatement. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the group for the fiscal year in accordance with IFRS.

Our audit, which also extends to the group management report prepared by the Board of Management for the fiscal year from January 1 to December 31, 2004, which was combined with the management report of the company, has not led to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and the group management report in accordance with German law.

Stuttgart, February 25, 2005

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert
Wirtschaftsprüfer
(German public auditor)

Gebbert
Wirtschaftsprüfer
(German public auditor)

Additional information to the financial statements EnBW group
Offices held by Board of Management and Supervisory Board members

Offices held by members of the Board of Management*

Prof. Dr. Utz Claassen
(1) Salamander AG (Chairman)
Stadtwerke Düsseldorf AG
Stadtwerke Karlsruhe GmbH
Vivascience AG
(2) Otto Bock Holding GmbH & Co. KG, (Advisory Board)

Dr. Bernhard Beck
(1) DREWAG – Stadtwerke Dresden GmbH
EnBW Kernkraft GmbH, formerly: Gemeinschaftskernkraftwerk Neckar GmbH (since September 27, 2004)
EnBW Kraftwerke AG
EnBW Kundenservice GmbH (until August 11, 2004)
EnBW Systeme Infrastruktur Support GmbH, formerly: EnBW Service GmbH (Chairman)
EnBW Vertriebs- und Servicegesellschaft mbH, formerly: EnBW Energie-Vertriebsgesellschaft mbH
Energiedienst AG
ESAG Energieversorgung Sachsen Ost AG
GESO Beteiligungs- und Beratungs-AG
Großkraftwerk Mannheim AG
Obere Donau Kraftwerke AG
Salamander AG
SOMENTEC Software AG (Chairman)
(2) EnBW Akademie Gesellschaft für Personal- und Managemententwicklung mbH (Chairman)
Energiedienst Holding AG
EnSO Energie Sachsen Ost GmbH (since June 23, 2004)
Gasversorgung Süddeutschland GmbH
SaarPOWER GmbH (Chairman)
Skandinavisk Kraftmegling AS
Stadtwerke Völklingen GmbH
TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH (Chairman)
Teweratio GmbH (Chairman)

Prof. Dr.-Ing. Thomas Hartkopf
(1) Elektrizitätswerk Rheinau AG
EnBW Kernkraft GmbH, formerly: Gemeinschaftskernkraftwerk Neckar GmbH (Chairman since September 27, 2004)
EnBW Kraftwerke AG (Chairman)
EnBW Transportnetze AG
Großkraftwerk Mannheim AG (since January 7, 2004)
Kraftwerk Reckingen AG (Chairman)
Neckarwerke Stuttgart AG (until October 28, 2004)
Rheinkraftwerk Säckingen AG (Chairman)
Schluchseewerk AG (Chairman)
U-plus Umweltservice AG (Chairman)
(2) Amata Power Ltd.
Centrale Electrique Rhénane de Gambsheim SA
EnAlpin AG (President)
EnAlpin Wallis AG (President until May 28, 2004)
EnBW Trading GmbH, formerly: EnBW Gesellschaft für Stromhandel mbH
Kernkraftwerk Obrigheim GmbH
Kraftwerk Ryburg-Schwörstadt AG
Rheinkraftwerk Iffezheim GmbH (Chairman since June 22, 2004)
Vorarlberger Illwerke AG

Dr. Christian Holzherr
(Member of the Board of Management since January 1, 2005, list of offices held since then)
(1) EnBW Systeme Infrastruktur Support GmbH, vormals EnBW Service GmbH
Elektrizitätswerk Mittelbaden Verwaltungs-AG
ZEAG Energie AG, vormals Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG (Chairman)
(2) Elektrizitätswerk Mittelbaden AG & Co. KG
Heilbronner Versorgungs GmbH
Zweckverband Bodensee-Wasserversorgung

Pierre Lederer

(1) Deutsche Steinkohle AG (since May 24, 2004)
EnBW Kernkraft GmbH (since September 27, 2004)
EnBW Kraftwerke AG
EnBW Kundenservice GmbH (until August 11, 2004)
EnBW Regional AG (Chairman)
EnBW Transportnetze AG (Chairman)
EnBW Vertriebs- und Servicegesellschaft mbH, vormals EnBW Energie-Vertriebsgesellschaft mbH
ESAG Energieversorgung Sachsen Ost AG
GESO Beteiligungs- und Beratungs-AG
Neckarwerke Stuttgart AG (Chairman until October 28, 2004)
Rheinkraftwerk Säckingen AG

(2) EnBW Gas GmbH (Chairman)
EnBW Trading GmbH, vormals EnBW Gesellschaft für Stromhandel mbH (Chairman)
EnSO Energie Sachsen Ost GmbH (since June 23, 2004)
Gasversorgung Sachsen Ost GmbH (since June 30, 2004)
Gasversorgung Süddeutschland GmbH (Chairman)
Hidroeléctrica del Cantábrico S.A. (until December 16, 2004)
Skandinavisk Kraftmegling AS

Dr. h.c. Detlef Schmidt

(1) EnBW Kundenservice GmbH (Chairman until August 11, 2004)
EnBW Regional AG
EnBW Vertriebs- und Servicegesellschaft mbH, vormals EnBW Energie-Vertriebsgesellschaft mbH (Chairman)
ESAG Energieversorgung Sachsen Ost AG (Vorsitzender)
GESO Beteiligungs- und Beratungs-AG (Chairman)
Stadtwerke Düsseldorf AG

(2) EnBW Trading GmbH, vormals EnBW Gesellschaft für Stromhandel mbH
EnSO Energie Sachsen Ost GmbH (Chairman since June 23, 2004)
Gasversorgung Sachsen Ost GmbH (since June 30, 2004)

* (1) Membership in other statutory supervisory boards.
(2) Membership in comparable domestic and foreign control bodies of business organisations.

Disclosures pursuant to Sec. 285 Sentence 1 No 10 HGB, as of February 25, 2005.

Other offices held by the Supervisory Board members*

Dr. Wolfgang Schürle
(Chairman)
(1) Donau-Iller-Nahverkehrsverbund-gesellschaft mbH Ulm
EnBW Ostwürttemberg DonauRies AG (until June 30, 2004)
Krankenhaus-GmbH Alb-Donau-Kreis (Chairman)
Kreisbau-GmbH Ulm (Chairman)
(2) Fernwärme Ulm GmbH
Landesbausparkasse Baden-Württemberg
Sparkasse Ulm
Zweckverband Oberschwäbische Elektrizitätswerke (OEW) (Chairman)
Zweckverband Thermische Abfall-verwertung Donautal

Peter Neubrand
(Deputy Chairman)
(1) EnBW Regional AG
(2) Betriebskrankenkasse Energieverbund, Körperschaft öffentlichen Rechts (Chairman since January 1, 2005)
BKK Landesverband Baden-Württemberg

Gisela Beller
(1) EnBW Systeme Infrastruktur Support GmbH, vormals EnBW Service GmbH
(2) TDL Gesellschaft für anlagentechnische Dienste und kaufmännische Leistungen mbH

Joachim Bitterlich
(2) CGEA Connex SA
CGEA Onyx SA
Ecole Nationale d'Administration

Marc Boudier
(2) Aare Tessin SA d'Electricité
Dalkia International SA
ESTAG Energie Steiermark Holding AG
SEMOBIS SA (Chairman)
Société de production d'électricité SA (until January 14, 2004)

Dr. Daniel Camus
(1) Morphosys AG
(2) Dalkia Holding SA
EDF International SA (Chairman since March 29, 2004)

Franz Fischer
(1) EnBW Regional AG

Willi Fischer
(1) Hohenzollerische Landesbahn AG
(2) Sparkasse Zollernalb, Balingen (Chairman)
Verkehrsverbund Naldo GmbH (Chairman)
Wirtschaftsförderungsgesellschaft im Zollernalbkreis (Chairman)
Zollernalb Klinikum GmbH (since January 1, 2004)
Zweckverband Oberschwäbische Elektrizitätswerke (OEW)

Josef Götz
(1) Neckarwerke Stuttgart AG (until October 28, 2004)
(2) Zweckverband Bodensee-Wasser-versorgung

Dr. Claus Dieter Hoffmann
(1) Bauerfeind AG
Jowat AG
Supply On AG (Chairman until April 30, 2004)
(2) ING Group NV

Rolf Koch
(1) EnBW Regional AG
(2) Betriebskrankenkasse Energieverbund, Körperschaft öffentlichen Rechts
EnBW Akademie Gesellschaft für Personal- und Management-entwicklung mbH
TDL Gesellschaft für anlagen-technische Dienste und kaufmännische Leistungen mbH

Bruno Lescœur
(2) World Nuclear Association (since April 15, 2004)

Gérard Roth
none

Gerhard Stratthaus
(1) Baden-Württembergische Bank AG (Chairman)
Badische Staatsbrauerei Rothaus AG (Chairman)
(2) Landeskreditbank Baden-Württemberg – Förderbank, Anstalt öffentlichen Rechts
Landesstiftung Baden-Württemberg GmbH
Zentrum für Europäische Wirtschafts-förderung GmbH (Chairman)

Volker Stüber
none

Siegfried Tann
(1) ABK-Abfallwirtschaftsgesellschaft mbH des Bodenseekreises und des Kreises Konstanz
Bodensee-Oberschwaben Verkehrsver-bundgesellschaft mbH (Chairman)
Klinik Tettnang GmbH (Chairman since January 14, 2004)
(2) Internationale Bodenseetourismus GmbH (IBT) (until November 23, 2004)
Landesbausparkasse Baden-Württem-berg
Sparkasse Bodensee
Zweckverband Oberschwäbische Elektrizitätswerke (OEW)

Christoph Walther
(1) ESAG Energieversorgung Sachsen Ost AG
(2) EnSO Energie Sachsen Ost GmbH (since June 23, 2004)

Franz Watzka
(1) EnBW Kernkraft GmbH, vormals Gemeinschaftskernkraftwerk Neckar GmbH
Neckarwerke Stuttgart AG (until October 28, 2004)

Klaus-Michael Weber
none

Alfred Wohlfart
(1) EnBW Kraftwerke AG
EnBW Regional AG

Jean-Pierre Benqué
none

Christian Fontanel
(2) Dalkia International SA
Electricité de Strasbourg SA (until October 28, 2004)

Laurent Stricker
(1) EnBW Kernkraft GmbH, formerly: Ge-meinschaftskernkraftwerk Neckar GmbH (since March 29, 2004)
(2) Commissariat à l'Energie Atomique, Etablissement public administratif
Compagnie Nucléaire de Services SA
SEMOBIS SA
SOCODEI Société pour le Conditionne-ment des Déchets et Effluents Indus-triels SA (Chairman)

* (1) Membership in other statutory supervisory boards
(2) Membership in comparable domestic and foreign control bodies of business organisations.

Disclosures of office holders pursuant to Sec. 285 Sentence 1 No 10 HGB, as of February 25, 2005

The Advisory Board

Gerhard Mayer-Vorfelder
Former Finance Minister of the state of Baden-Württemberg, President of the German Football Association, Stuttgart
Chairman

Dr.-Ing. e. h. Heinz Dürr
Chairman of the supervisory board of Dürr AG, Berlin
Deputy chairman

Marc Boudier
Directeur de la Branche Europe Continentale of Electricité de France, Paris

Jean-Pierre Benqué, Paris
Directeur Général Adjoint Commerce of Electricité de France, Paris
Member since February 1, 2005

Dr. rer. nat. Joachim Dreyer
Former chairman of the management board of debitel AG, Stuttgart

Joachim Erwin
Lord Mayor of Düsseldorf

Dr. Andreas Fabritius
Lawyer at Freshfields Bruckhaus Deringer, Frankfurt

Walter Frey
Chairman of the management board of Emil Frey AG, Zurich

Dr. Monika Gommolla
Chairwoman of the supervisory board of Maritim Hotelgesellschaft mbH, Bad Salzuflen

Dipl.-Ing. Karl Haase
General manager of Edelstahlwerke Südwestfalen GmbH, Siegen

Dr. Franz Wilhelm Hopp
Former member of the management board of ERGO Versicherungsgruppe AG, Düsseldorf

Dr. Klaus Kinkel
Former Vice Chancellor, St. Augustin

Dr. Rolf Linkohr
Special advisor to the EU Commissioner for Energy, Stuttgart

Roland Mack
Managing partner of Europa-Park, Rust

Dr. Klaus Mangold
Executive advisor to the chairman of DaimlerChrysler Bank AG, Stuttgart

Dr.-Ing. e. h. Hartmut Mehdorn
Chairman of the management board of Deutsche Bahn AG, Berlin
Member since October 1, 2004

Dr.-Ing. e. h. Peter Mihatsch
Former member of the management board of Mannesmann AG, Sindelfingen

Thomas Oppermann
Former minister for science and culture of the German state of Lower Saxony, Göttingen
Member since January 1, 2005

Prof. Dr. Dres. h. c. Arnold Picot
Director of the Institute for Information, Organisation and Management, University of Munich

Dr. Wolf Hartmut Prellwitz
Honorary chairman of the supervisory board of IWKA AG, Karlsruhe

Urs B. Rinderknecht
General director of UBS AG, Zurich

Dr. Sieghardt Rometsch
Chairman of the supervisory board of HSBC Trinkaus & Burkardt, Düsseldorf

Hans-Joerg Rudloff
Chairman of the executive committee of Barclays Capital, London

Hans Dietmar Sauer
Chairman of the management board of Landesbank Baden-Württemberg, Stuttgart

Dr. Ronaldo Hermann Schmitz
Chairman of Heidelberger Akademie der Wissenschaften, Frankfurt
Member until December 31, 2004

Dr. Wolfgang Schuster
Lord Mayor of Stuttgart

Prof. Dr. Dr. h.c. Bernhard Servatius
Lawyer at Treubesitz GmbH, Hamburg

Karl Starzacher
Counsel at White & Case, Feddersen, Düsseldorf

Erwin Staudt
President of VfB Stuttgart 1893 e.V., Stuttgart
Member since January 1, 2005

Prof. Dr. Dr. h.c. mult. Rita Süssmuth
Former President of the German parliament, Berlin

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

Dr. Theo Waigel
Former government minister, lawyer at GSK-Gassner Stockmann und Kollegen, Munich

Prof. Dr.-Ing. Hartmut Weule
Professor at the University of Karlsruhe, Institute for machine tools and operating technology, Karlsruhe

Matthias Wissmann
Former government minister, member of the German parliament, chairman of the committee for European Union affairs, Berlin

Horst R. Wolf
Chairman of Verband für industrielle Energie- und Kraftwirtschaft e.V., Nussloch

As of February 25, 2005

Major shareholdings of Energie Baden-Württemberg AG (EnBW AG)

Holding

		Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
	Energie Baden-Württemberg AG		Karlsruhe		1,036,496	210,746	0
	Neckarwerke Stuttgart GmbH		Stuttgart	100.00	583,407	-12,229	0

Electricity segment

Fully consolidated companies

		Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
1	EnAlpin AG	2)	Visp/Switzerland	100.00	117,866	5,037	64,514
2	EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH		Stuttgart	100.00	297,640	–[3]	96,509
3	EnBW Kraftwerke AG		Stuttgart	100.00	1,264,522	–[3]	2,334,600
4	EnBW Regional AG		Stuttgart	100.00	1,443,025	–[3]	1,742,155
5	EnBW Trading GmbH (formerly: EnBW Gesellschaft für Stromhandel mbH)		Karlsruhe	100.00	2,560	–[3]	3,288,049
6	EnBW Transportnetze AG		Stuttgart	100.00	144,259	–[3]	1,048,003
7	EnBW Vertriebs- und Servicegesellschaft mbH (formerly: EnBW Energie-Vertriebsgesellschaft mbH)		Stuttgart	100.00	15,164	–[3]	4,634,000
8	EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG		Stuttgart	100.00	90,109	5,219	26,972
9	Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG		Karlsruhe	100.00	132,769	2,417	15,255
10	GESO Beteiligungs- und Beratungs-AG		Dresden	100.00	110,772	–[3]	412
11	Kernkraftwerk Obrigheim GmbH		Obrigheim	100.00	54,429	3,300	101,127
12	KMS Kraftwerke Grundbesitzmanagement und -service GmbH & Co. Besitz KG		Karlsruhe	100.00	274,024	-11,586	12,154
13	NWS Grundstücksmanagement GmbH & Co. KG		Stuttgart	100.00	288,798	16,801	46,248
14	TWS Kernkraft GmbH		Gemmrigheim	100.00	149,297	–[3]	152,293
15	Watt Deutschland GmbH		Frankfurt am Main	100.00	3,219	834	149,665
16	Yello Strom GmbH		Cologne	100.00	500	–[3]	699,683
17	EnBW Kernkraft GmbH		Obrigheim	99.80	10,994	950	442,606
18	EnBW Ostwürttemberg DonauRies AG		Ellwangen	99.59	105,442	–[3]	291,826
19	ZEAG Energie AG (formerly: Zementwerk Lauffen – Elektrizitätswerk Heilbronn AG)		Heilbronn	98.15	89,850	19,069	82,896
20	Energiedienst Holding AG	2)	Laufenburg/Switzerland	77.75[10]	434,100	38,300	501,900
21	ESAG Energieversorgung Sachsen Ost AG		Dresden	68.91	399,009	43,438	536,180
22	Kraftwerk Bexbach Verwaltungsgesellschaft mbH		Bexbach an der Saar	66.66	24,161	1,151	2,723

Proportionately consolidated companies

		Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
23	Fernwärme Ulm GmbH	4)	Ulm	50.00	20,622	1,604	38,346
24	Industriekraftwerk Baienfurt OHG		Baienfurt	50.00	10,386	6,733	29,783

	Companies included at equity	Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
25	e.wa.riss GmbH & Co. KG	5)	Biberach	50.00	9,204	4,775	41,271
26	Schluchseewerk Aktiengesellschaft	5)	Freiburg	50.00	59,339	2,809	65,453
27	Stadtwerke Esslingen am Neckar GmbH & Co. KG (formerly: Stadtwerke Esslingen am Neckar GmbH)	5)	Esslingen	49.98	50,290	1,664	57,573
28	Energie- und Wasserwerke Bautzen GmbH	5)	Bautzen	49.00	18,486	6,017	35,236
29	Prazská teplárenská Holding a.s.	5)	Prague/ Czech Republic	49.00	79,589	7,946	0
30	Kraftwerk Ryburg-Schwörstadt AG	4)	Rheinfelden/Switzerland	38.00	25,003	1,185	10,695
31	DREWAG–Stadtwerke Dresden GmbH	5)	Dresden	35.00	277,902	53,487	514,318
32	Elektrizitätswerk Mittelbaden AG & Co. KG (formerly: Elektrizitätswerk Mittelbaden AG)	5)	Lahr	34.74	36,643	8,903	156,470
33	Prazská energetiká Holding a.s.	5)	Prague/ Czech Republic	34.00	142,094	8,906	0
34	Grosskraftwerk Mannheim AG	5)	Mannheim	32.00	114,142	6,647	302,746
35	Stadtwerke Elbtal GmbH	5)	Coswig	30.00	7,417	7,136	38,777
36	Stadtwerke Düsseldorf AG	5)	Düsseldorf	29.90	348,582	39,410	940,634
37	Stadtwerke Nürtingen GmbH	5)	Nürtingen	29.41	28,849	2,576	34,417
38	Budapesti Elektromos Müvek Rt. (ELMÜ)	5)	Budapest/Hungary	27.25	267,345	46,774	736,900
39	Eszak-Magyarországi Áramszolgáltató Rt. (EMASZ)	5)	Miskloc/Hungary	26.83	123,021	261	327,961
40	Elektrownia Rybnik S.A.	5)	Rybnik/Poland	25.87	284,666	24,898	370,805
41	Albwerk GmbH & Co. KG	5)	Geislingen an der Steige	25.10	10,179	9,052	56,546
42	Energie- und Wasserversorgung Bruchsal GmbH	5)	Bruchsal	25.10	21,993	4,129	41,048
43	ENRW Energieversorgung Rottweil GmbH & Co. KG	5)	Rottweil	25.10	19,641	3,375	53,382
44	Stadtwerke Sindelfingen GmbH	5)	Sindelfingen	25.10	23,577	3,101	58,142
45	Technische Werke Schussental GmbH & Co. KG	5)	Ravensburg	25.10	21,819	5,372	54,161
46	FairEnergie GmbH	5)	Reutlingen	24.90	87,466	12,425	210,289
47	Stadtwerke Weinheim GmbH	5)	Weinheim	24.90	24,532	1,844	39,706
48	Mátrai Erömü Rt. (MATRA)	5)	Visonta/Hungary	21.71	161,709	27,798	197,001
49	Stadtwerke Karlsruhe GmbH	5)	Karlsruhe	20.00	165,710	18,776	389,298

Other investments

50	Miejskie Przedsiebiorstwo Energetyki Cieplnej Wroclaw SA	5) 6)	Breslau/Poland	33.11	90,130	2,148	66,503
51	Heilbronner Versorgungs GmbH	5)	Heilbronn	25.10	36,375	3,808	80,015
52	Stadtwerke Schwäbisch Gmünd GmbH	5)	Schwäbisch Gmünd	25.10	22,701	3,147	57,521
53	Stadtwerke Völklingen GmbH	5)	Völklingen	25.10	23,265	4,099	34,084
54	Kogeneracja Zespol Wroslawskich	5)	Breslau/Poland	15.59	99,362	3,115	83,288
55	MVV Energie AG	4)	Mannheim	15.01	849,000	-43,524	1,652,000
56	Energieversorgung Niederösterreich AG	4)	Maria Enzersdorf/Austria	13.20	1,555,700	117,400	1,207,300

Gas segment

	Fully consolidated companies	Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
57	EnBW Gas GmbH		Stuttgart	100.00	133,862	–[3]	615,586
58	Gasversorgung Sachsen Ost GmbH		Dresden	100.00	89,118	9,097	107,568
59	Gasversorgung Süddeutschland GmbH	7)	Stuttgart	100.00	76,694	–[3]	1,592,612
	Proportionately consolidated companies						
60	Erdgas Südwest GmbH (formerly: Badenwerk Gas GmbH)	8)	Karlsruhe	51.00	39,417	9,023	119,777
	Companies included at equity						
61	GSW Gasversorgung Sachsen Ost Wärmeservice GmbH & Co. KG	5)	Dresden	23.50	1,278	6,928	23,159

Energy and environmental services segment

	Fully consolidated companies	Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
62	EnBW Grundstücks- und Gebäudemanagement GmbH & Co. KG Karlsruhe		Karlsruhe	100.00	144,490	171	20,844
63	EnBW Grundstücks- und Gebäudemanagement GmbH & Co. KG Stuttgart		Stuttgart	100.00	49,160	1,115	7,117
64	EnBW Systeme Infrastruktur Support GmbH (formerly: EnBW Service GmbH)		Karlsruhe	100.00	16,499	–[3]	293,899
65	STAIR Stuttgart Airpark GmbH		Stuttgart	100.00	1,673	-6,431	0
66	U-plus Umweltservice AG	2)	Karlsruhe	100.00	53,988	–[3]	248,362
	Companies included at equity						
67	Gegenbauer Holding GmbH & Co. KG	5)	Berlin	49.00	14,703	11,697	10,700
68	Zweckverband Bodensee-Wasserversorgung	5)	Stuttgart	33.33	197,501	-1,599	50,292
69	Zweckverband Landeswasserversorgung	5)	Stuttgart	33.33	148,908	0	38,787

Other activities

	Fully consolidated companies	Footnote	Registered office	Capital share[1] (%)	Equity[1] (in € thousands)	Result[1] (in € thousands)	Sales[1] (in € thousands)
70	Ceskamoravska plynárenska a.s.	9)	Prague/ Czech Republic	100.00	2,816	-14,020	2,402
71	Salamander AG		Kornwestheim	100.00	-178,937	-45,050	1,641
72	Thermoselect Südwest GmbH Thermische Abfallbehandlungsanlagen		Karlsruhe	100.00	1,534	–[3]	19,802

	Companies included at equity						
73	DIW Deutsche Industriewartung AG	4)	Stuttgart	45.20	103,889	6,744	32
74	AMATA-Power Company Ltd.	5)	Bangkok/Thailand	30.00	60,009	13,703	2,,032

1) equity shares calculated pursuant to Sec. 313 (2) HGB) 2. The other information stems from financial statements prepared pursuant to local principles and does not show the contributions of each company to the consolidated financial statements. For financial statements in foreign currency equity is translated at the spot rate on the balance sheet date, while earnings and sales are translated at annual avergae rates.
2) disclosures for sub-group
3) profit and loss transfer agreement
4) diverging fiscal year
5) prior-year figures
6) voting rights by statute 18,74%
7) (EnBW holding 50 %) fully consolidated by virtue of the "casting vote" regulation held via EnBW Eni Verwaltungsgesellschaft mbH, Karlsruhe
8) proportionate consolidation by statute
9) preliminary figures
10) before treasury shares of the company

Additional information to the financial statements of EnBW AG (excerpt)
Income statement from January 1 to December 31, 2004

€ millions	**2004**	2003
Investment result	831.7	-45.0
Net interest	-336.3	-455.8
Other operating income	181.5	46.9
Personnel expenses	-160.7	-35.1
Amortisation and depreciation	-0.2	-0.1
Other operating expenses	-219.3	-249.4
Result from ordinary activities	**296.7**	**-738.5**
Taxes	-86.0	-85.0
Net profit/net loss for the year	**210.7**	**-823.5**
Profit carryforward from the prior year	0.0	0.3
Withdrawals from the capital reserve	0.0	611.8
Withdrawals from the reserve for treasury shares	25.0	35.6
Withdrawals from other revenue reserves	0.0	175.8
Allocations to the legal reserve	-10.5	0.0
Allocations to the reserve for treasury shares	-21.4	0.0
Allocations to other revenue reserves	-30.0	0.0
Retained earnings	**173.8**	**0.0**

The full financial statements of EnBW AG on which Ernst & Young AG Wirtschaftsprüfungsgesellschaft rendered an unqualified audit opinion are published in the Federal Gazette ("Bundesanzeiger") and filed with the Commercial Register of the Karlsruhe District Court under No HRB 7956. The full financial statements of EnBW AG are available for downloading at www.enbw.com.

Karlsruhe, February 25, 2005
Energie Baden-Württemberg Aktiengesellschaft
The Board of Management

EnBW AG
Balance sheet as of December 31, 2004

€ millions	31.12.2004	31.12.2003
Assets		
Fixed assets		
Property, plant and equipment	4.0	3.0
Financial assets	9,989.4	10,887.4
	9,993.4	**10,890.4**
Current assets		
Receivables from affiliated companies	1,739.5	1,004.3
Other receivables and other assets	342.6	342.0
Securities	358.3	205.0
Cash and cash equivalents	1,302.0	486.8
	3,742.4	**2,038.1**
Prepaid expenses	67.5	69.4
	13,803.3	**12,997.9**
Equity and liabilities		
Equity		
Subscribed capital	640.0	640.0
Capital reserve	22.2	22.2
Revenue reserves	200.5	163.6
Retained earnings	173.8	0.0
	1,036.5	**825.8**
Provisions	2,952.2	1,884.6
Liabilities		
Liabilities to affiliated companies	8,943.4	8,845.5
Other liabilities	845.0	1,415.8
	9,788.4	**10,261.3**
Deferred income	26.2	26.2
	13,803.3	**12,997.9**

Additional information

Underwater power station Heidelberg Karlstor | weir plant in front of Heidelberg Castle

Five-year summary

EnBW group		2004 IFRS/IAS	2003 IFRS/IAS	2002 IFRS/IAS	2001 HGB	2000 HGB
Result						
Sales	€ millions	9,844	9,952	8,489	7,861	5,829
EBITDA	€ millions	2,223	1,014	1,141	919	600
EBIT	€ millions	1,217	-190	394	204	30
EBT	€ millions	707	-1,094	-134	296	230
Earnings after tax	€ millions	358	-1,183	-31	272	180
Earnings per share	€	1.36	-5.40	-0.19	0.74	0.43
Balance sheet						
Fixed assets	€ millions	18,690	20,732	19,397	11,833	11,934
Current assets	€ millions	5,275	4,399	4,616	6,817	5,119
Total net assets	€ millions	24,119	25,220	24,107	18,744	17,148
Equity	€ millions	2,348	1,544	2,392	2,483	2,434
EnBW share						
Cash from operating activities per share	€	6.98	4.01	2.23	1.89	0.24
Distribution	€ millions	162	-	146	161	112
Dividends per share	€	0.70 *		0.66	0.66	0.46
Ratios						
Equity ratio	%	9.7	6.1	9.9	13.2	14.2
EBIT margin	%	12.4	-1.9	4.6	2.6	0.5
EBITDA margin	%	22.6	10.2	13.4	11.7	10.3
Finance and capital expenditures						
Cash from ordinary activities	€ millions	1,586	887	517	461	59
Amortisation and depreciation	€ millions	1,006	1,204	747	725	587
Capital expenditures	€ millions	501	566	604	701	1,108
(intangible assets, property, plant and equipment)						
Financial assets	€ millions	2,229	1,089	932	1,372	1,506
Financial liabilities	€ millions	5,913	8,049	7,183	3,190	1,540
Net financial debt	€ millions	-3,684	-6,960	-6,251	-1,818	-34

*) according to the proposal of the annual general meeting

EnBW-Konzern		**2004** IFRS/IAS	2003 IFRS/IAS	2002 IFRS/IAS	2001 HGB	2000 HGB
Energy sales of the EnBW group in its core business						
Electricity	kWh billions	100[1]	95[1]	109	97	78
Gas	kWh billions	83[1]	78[1]	21	18	11
Provision of electricity of the EnBW group in its core business by primary source of energy						
Coal, oil, gas	%	22	24	24	23	22
Nulcear power	%	40	42	37	40	41
Water and other renewable energies[2]	%	16	15	12	10	11
Primary source of energy unknown	%	22	19	26	27	26
Employees (annual average)[3]	number	19,385	33,224[4]	36,918[4]	35,682[4]	26,184[4]

1) net disclosure of the electricity trading business, electricity and gas unit sales figures adjusted to the segment structure as of December 31, 2004.
2) including electricity from pumped storage plants and electricity procured under the renewable energy law (EEG)
3) headcount, without trainees and without inactive employees
4) adjusted to eliminate the number of trainees

Mathematical rounding in the sums may give rise to apparent differences throughout the annual report.

Glossary

Accruals
Certain liabilities whose date of settlement and/or amount is not completely certain, but which can be determined with a high degree of certainty are referred to as accruals.

Best Practice
Continuous process of measuring products, services and practices against the strongest competitors or the firms considered to be market leaders.

Borrowing costs
Interest and other costs incurred by a company when borrowing debt capital.

Cash flow
Inflows and outflows of cash and cash equivalents.

Combined heat and power (CHP)
When generating electrical energy in thermal power stations, fuel utilisation can be made more efficient by uncoupling heating or process heat. A power station that simultaneously generates electrical energy and usable heat is also called a heating power station.

Commercial paper program
Financing platform via which unsecured bonds with maturities of one day to 364 days can be issued in a standardised form on the euro capital market.

CO_2
Chemical nomenclature for carbon dioxide.

Corporate governance
Principles and rules geared to the interests of the shareholders on organisation, behaviour and transparency which, while preserving the decision-making ability and efficiency of the management, aim to achieve a balance of management and control at the top level of the company.

Credit rating
Creditworthiness of a company.

Derivative financial instruments
Financial instruments, such as financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. Derivative instruments do not result in a transfer of the underlying primary financial instrument on inception of the contract and such a transfer does not necessarily take place on maturity of the contract.

Downstream
Gas supply companies with regional distribution and final customer business that procure from the midstream stage.

EBT
Earnings before taxes. EBT serves as a ratio for comparing the earnings power of companies at an international level. Income taxes are not included in the calculation. Financing costs, by contrast, are included in this ratio as are income from the disposal of assets, i.e. factors that are subject to national tax law. This means that the ratio is indirectly affected by taxation, which limits comparability on an international scale. The ratio of EBT to sales is the pre-tax margin.

EBIT
Earnings before interest and taxes. EBIT is the net income for the year before the financial result/interest and income taxes. Eliminating these balance sheet items allows for a more objective comparison of the operating results of different companies. However, EBIT is not simply earnings before interest and taxes, but also the result of operations before the financial result. Earnings before taxes can thus still be affected considerably if, for instance, there is additional income from financing activities.

EBITDA
Earnings before interest, taxes, depreciation and amortisation. This ratio, which was developed in the USA, and which is now used worldwide in business valuations, is also relevant for the analysis of financial statements. The result from ordinary activities (operating result) – which is not identical to net income/loss for the year reported on the balance sheet – is adjusted here for certain factors. In simple terms, EBITDA is determined as follows:

Result from ordinary activities
+ Net interest
+ Taxes
+ Depreciation and amortization

EBITDA can be used to determine to what extent a company generates net income from its result from ordinary activities (operating result). This ratio primarily serves to improve comparability of listed companies.

EBIT margin
The EBIT margin (EBIT return on sales) is an operating ratio calculated by dividing EBIT by sales. It is used to compare the EBIT earnings power of different companies.

EBITDA margin
The EBITDA margin (EBITDA return on sales) is an operating ratio calculated by dividing EBITDA by sales. It serves to compare the EBITDA earnings power of different companies and provides information on the relation of depreciation and amortisation to the operating profit.

EEG
Erneuerbare-Energien-Gesetz (German Renewable Energy Law). The amended law came into force in summer 2004. The aim of the law is to significantly increase the role of renewable energies in the supply of electricity and to double their share in energy consumption in Germany by the year 2010. Specifically, it promotes the generation of electricity from hydropower (for the first time more than 5 MW), wind power, solar energy, geothermal energy, landfill gas, sewage gas, pit gas and biomass.

Emissions trading
Emissions trading is an abbreviated term for trade with emission allowances and constitutes an environmental policy instrument with the aim of climate protection. In the Kyoto Protocol, the industrialised countries agreed on worldwide reduction of greenhouse gas emissions (CO_2 in particular) by 5.2% compared to 1990; Europe has declared its target of reducing greenhouse gas emissions by around 8% (approx. 0.35 billion metric tons). This target reduction is distributed differently among the individual member states of the European Community. Germany bears the main burden of about 75% of the European target and has to reduce its greenhouse gas emissions by 21%. As it is a question of distributing the reduction in the most efficient way – defined in quantitative terms – of gases impacting the climate, the allowance for the total emissions allocated to one country is split – similar to the splitting of business capital in shares – into what is referred to as emissions certificates that permit emission of certain quantities of gases impacting the climate. They are issued to the companies based on the previous emissions pursuant to the “National Allocation Plan”. Companies requiring more certificates must purchase these from companies that require fewer certificates because they have already largely met their reduction obligations. Every market participant is free to purchase an emissions certificate or, alternatively, use environmentally friendly technologies. The decision will be based on the market prices at which the certificates are traded.

EnWG
Energiewirtschaftsgesetz (German Energy Industry Law). The EnWG enacted in April 1998 revoked the existing territory monopolies of the energy providers in Germany. This created the basic prerequisites for the liberalisation of the electricity market. It prescribes that network access is governed by a system of negotiated network access. The network user costs may not exceed the costs which a network operator would collect from its own electricity supply company or affiliated companies. On account of the Acceleration Directive passed by the EU, the German Energy Industry Act needs to be adjusted to the European requirements (e.g. appointment of a regulatory authority, unbundling). The corresponding legislative process is currently underway. The EnWG is expected to be amended by summer 2005.

Equity method
A method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. For companies acquired prior to March 31, 2004 amortisation of goodwill is additionally taken into account. The equity method is used when a controlling influence is exercised on the business policy of the associate, but the criteria to qualify as a subsidiary or a joint venture are not in place.

Equity ratio
The equity ratio is determined as a percentage derived from the ratio of equity to total assets of a company and provides information on the economic and financial stability. A higher equity ratio is generally considered positive in terms of safeguarding against insolvency. The higher equity ratio, the higher the possibility that any losses incurred can principally be offset.

EStG
Einkommensteuergesetz (German Income Tax Act).

Ex-ante regulation
With ex-ante regulation, the regulator defines the framework conditions for competition in the network in advance. One example is price limits.

Fair disclosure
Equal, timely and comprehensive notification of all market participants about all new facts in a company.

Fuel cell
A fuel cell is an electrochemical converter based on the principle of inverse electrolysis which generates electrical current and heat. The products of the chemical reaction are water and, depending on the energy carrier used, also carbon dioxide.

GbR
Gesellschaft bürgerlichen Rechts (civil law partnership).

Geothermal energy
Power harnessed by means of heat from the interior of the earth, for example using the Hot Dry Rock method (HDR) or Enhanced Geothermal System (EGS).

Gross domestic product (GDP)
The total economic output of an economy within a certain period of time. Measurement of value of economic performance resulting from domestic productions.

HGB
Handelsgesetzbuch (German Commercial Code).

IFRIC (SIC)
International Financial Reporting Interpretations Committee (formerly: Standing Interpretations Committee). Its task is to interpret and specify the Standards promulgated by the International Accounting Standards Board (IASB). The London-based IASB, which is organised and financed under private law, has been in existence since 2001.

IFRS/IAS
International Financial Reporting Standards (formerly: International Accounting Standards). They are issued by the International Accounting Standards Board (IASB).

Investment properties
Real estate held as financial assets.

KonTraG
Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (German Law on Control and Transparency in Business).

kWh
Kilowatt-hour. Unit of measure for power. If the power remains constant, it is the product of power and time (1 kW x 1 h = 1 kWh).

Limit
To restrict the risk of price fluctuation when buying or selling shares, investors can set limits. When buying shares, the price high is set as the limit. If the market price exceeds this, the transaction is not carried out. When selling, the limit fixes the maximum price at which the investor is still prepared to sell.

Mark to market
Daily valuation of open positions to determine gains and losses on account of price developments from contracts.

Medium Term Note Programme
Financing platform for the standardised issue of medium to long-term bonds. Both private placements and publicly syndicated bonds are possible with a flexible choice of all major currencies and different maturities.

Midstream
Import and transportation of natural gas via district pipe system. Sale to gas supply companies at the distribution stage.

MWh
Megawatt-hour. Unit of measure for power. 1 MWh = 1 million watt-hours = 1,000 kWh = 3.6 billion joules.

Natural monopoly
There is a natural monopoly in the pipe-based power industry, i.e. in the electricity and gas industry. In most cases, having parallel transmission networks is economically not feasible. Each network operator thus has a monopoly in its network area. Regulation can, however, be used to establish competitive structures for the monopoly.

Net maintenance of capital
The principle of net maintenance of capital is method for calculating the acquisition cost of capital goods. This method is used to determine investment costs as a percentage of network costs. In addition to the acquisition cost, the impairment caused by inflation must be taken into account. The principle of net maintenance of capital uses product-specific inflation rates for that purpose. This ensures that a sufficient amount of capital is available for reinvestment at the end of the useful life of capital goods.

No par shares
Shares without a par value which embody a certain share of the capital stock of a company.

Option
Right to buy (call) or sell (put) the underlying option asset (for example securities or foreign currency) at a predetermined price (strike price) at a certain point in time or within a certain period of time from/to the contracting party (writer of option).

Performance
Development of the value of a financial asset over a certain period of time.

Projected unit credit method
The obligation and costs of pension benefits are determined using this method (IAS 19). The projected unit credit method considers not only the pensions and future claims known on the cut-off date but also future anticipated increases in salaries and pensions.

Rating
Independent rating agencies use ratings to appraise the ability of a company to settle its contractual obligations. Classification in a certain credit rating category helps investors to evaluate the creditworthiness of a company. A rating is not, however, a recommendation to buy or sell securities. Nor is it a guarantee as the rating is based on data provided by the company to the rating agency.

ROCE
Return on capital employed. This business ratio sets the EBIT adjusted for non-operating results into relation with the average capital employed.

Scorecard
In the scorecard of the DVFA (German Association for Financial Analysis and Investment Counselling), questions are used to make reference to the German Corporate Governance Code. In individual and overall evaluations it calculates to what extent the company has satisfied the recommendations and suggestions of the Code. The aim is to provide analysts and investors with a practical way of evaluating the actual Corporate Governance situation in a company. The Scorecard for German corporate governance provides both financial analysts and (potential) investors with an important means of analysing companies. The scorecard can also be used by companies for self-assessment. The scorecard allows each company to analyse its corporate governance. This way, foreign capital market participants in particular gain an insight into the commitment of the companies towards good corporate governance in light of the relevant legal provisions in Germany. The Scorecard for German Corporate Governance is a practical analytical tool for analysts and investors.

Target investment approach
Target investment is a cost management process based on target costing. In target costing, market research results are used to determine a price realisable on the market for a certain product and derive the maximum cost. In the target investment approach, the maximum permissible investment volume is derived taking into account the customer/market requirements and the economic targets of a company. The special aspects of major investments are considered, such as the unique character of an investment or irreversibility of the investment decision. This approach can help to secure/increase return on capital, thus helping the company as a whole to preserve its competitiveness.

TrPublG
Transparenz- und Publizitätsgesetz (German Transparency and Disclosure Law). It is based on the German Corporate Governance Code and is laid down in Sec. 161 AktG. This law requires the commitment of the members of the supervisory board and the management board to the Code. Each year, they have to declare whether they have complied with the Code or not (declaration of compliance).

TWh
Terawatt-hour. Unit of work. One TWh equals 1,000 gigawatt-hours or one million megawatt-hours or one billion kilowatt-hours.

Unbundling
The separate accounting required by the electricity market law for the areas generation, transmission and distribution and any other activities of a vertically integrated company. This includes in particular the duties of separate accounting, organisational segregation, confidentiality duties and in future also legal separations.

Value at risk
The market risk of the trading book is calculated using the value at risk indicator which determines the loss potential with a certain probability and holding period.

Vertical integration
Companies with activities both on the network side (transportation and distribution) and on the market side (generation, trade and sales) are referred to as vertically integrated.

Financial calendar

March 11, 2005
Publication of the 2004 annual report

March 11, 2005
Press briefing on annual results

April 29, 2005
2005 annual general meeting

May 11, 2005
Publication interim report
January – March 2005

August 10, 2005
Publication interim report
January – June 2005

November 9, 2005
Publication interim report
January – September 2005

Contact

Shareholder Hotline/Investor Relations
Phone: 0800 1020030 or
0800 AKTIEENBW
Fax: 0800 9999977
email: info@investor.enbw.com
Internet: www.enbw.com

Picture credits

Photo story - EnBW's hydroelectric power stations
Bernd Franck, Düsseldorf
(photos of the hydro-electric power stations)

Photos of the members of the Board of Management and Supervisory Board:
Andy Ridder, Esslingen
(photo of Prof. Dr. Claassen, page 16)
Jim Rakete, Berlin
(photos of the Board of Management, pages 19-21)
Uli Deck, Karlsruhe
(photo of Dr. h.c. Schmidt, page 21)
Ivo Faber, Düsseldorf
(photo of Dr. Wolfgang Schürle, page 23)

Photos "Top issues"
Bernd Franck, Düsseldorf
(photos of the Illerkraftwerke, exciter of the Aitrach run-of-the-river hydro-electric power station, page 10)

Uli Deck, Karlsruhe
(photo of Sir Peter Torry, page 12)

Sebastian Pfütze, Berlin
(photo of the German Chancellor, "Partner for Innovation", page 12)

EnBW employees:
Ingrid Jonda-Friedrich, Heilbronn
(photo of Prof. Dr. Claassen in the Neckarwestheim nuclear power station, page 10),
Rudolf Sommer, Biberach
(photo of EnBW trade fair stand, page 10),
Maurer Michael, Philippsburg
(photo of EnBW-festival, page 11),
Erhard Friedrich, Stuttgart
(photo of gas work, page 12)

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

More detailed information about hydroelectric power stations of EnBW can be found in the brochure of the same name. This can also be obtained from our shareholders' hotline. It is only available in German.

Index

About this publication

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

Coordination and editor
Ursula Meister,
Dr. Haike Frank, Andrea Krieg,
Corporate Communication,
Karlsruhe

Layout and design
Büro Franck
Visuelle Kommunikation,
Düsseldorf

Lithography
digit!
Digitale Medienproduktion GmbH,
Düsseldorf

Printed by
Kraft Druck und Verlag GmbH,
Ettlingen

Paper
PhoeniXmotion Xenon,
Content 150 g/m²
Cover 250 g/m²

ISBA: B.0957.0503

Publication
EnBW Annual Report 2004:
March 11, 2005

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