Interim Report 2010

1 January to 30 June 2010

EWE

EWE Group key figures

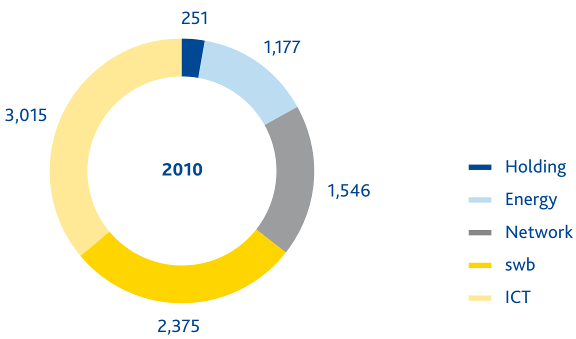
EUR million	01.01.–30.06.2010	01.01.–30.06.2009	Change in %
Sales[1]	3,627.4	2,923.3	24
Return on sales in %	5.4	8.4	80
EBITDA	537.8	534.3[2]	1
EBITDA margin in %	14.8	18.3	33
EBIT	335.6	381.3[2]	-12
EBIT margin in %	9.3	13.0	52
Consolidated net profit for the period	195.0	247.0[2]	-21
Capital expenditure (total)	265.7	255.3	4
Cash flow from operating activities	130.5	281.3[2]	-54
Share capital	243.0	200.0	21
Shareholders' equity	3,543.1	2,126.6[2]	67
Equity ratio in %	33.9	28.6	-4
Return on equity in %	6.9	12.2	90
Balance sheet total	10,448.8	7,428.3[2]	41
Borrowings	2,739.9	2,569.1	7
Average number of employees	8,363	5,801	44

[1] Without electricity and natural gas taxes
[2] Figures adjusted retroactively

The accounting methods applied may result in rounding differences of +/- one unit (euro, per cent, etc.)

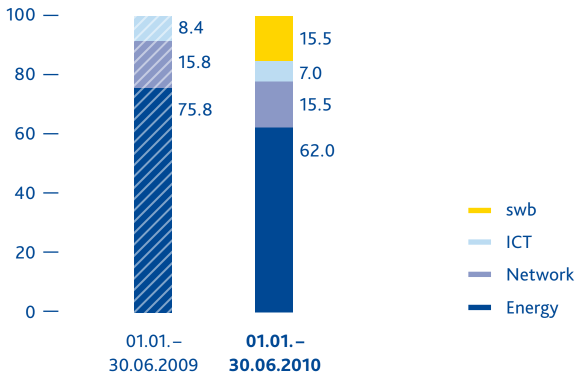
Employees by business areas

Ø 1st half year 2010: 8,363



Sales by business areas

(in per cent)



Content

Title picture – Energy concepts with a future

High above the rooftops of Bremen is the largest photovoltaics system in Germany to be integrated into a building. The system forms part of the Weser Stadium and feeds electricity into the local network. EWE, swb and Bremer Weser-Stadion GmbH are jointly implementing this innovative energy concept, which is due for completion before the end of 2010. The project also demonstrates how EWE and swb are working even more closely together. Their common goal is to provide northwest Germany with a sustainable energy supply that has a strong regional basis.

Letter from the Board of Management

Dear ladies and gentlemen, friends of the company,

The first half of 2010 brought a number of strategic changes for EWE. By forging an alliance with swb, the EWE Group has taken an important step in the right direction. The aim of this partnership is to continue developing a sustainable energy supply in northwest Germany with a strong regional focus. Less than a year after extending the scope of our collaboration we are now able to state with confidence that the initial results are positive. In future the core areas of business are to be pooled in centres of excellence at one location in the Group in order to make even more efficient use of growth opportunities. The appointment of Dr. Willem Schoeber to the Board of Management of EWE AG underlines the role of swb in the overall framework of the EWE Group. By completing the reorganisation effective as of 1 July 2010 and introducing a holding company we have also given the Group a sustainable structure for the future.

Even though the economic and financial crisis is not yet over, the increasingly positive economic indicators are also slowly leading to an improvement in EWE's industrial client business. This can be seen in both the electricity and gas sectors. Apart from that, the two energy sectors put in very different performances in the reporting period. With total sales of 31.6 billion kWh, gas volumes sold in the reporting period were up by 22.4 per cent on last year's figure, due to weather and economic conditions. The first full consolidation of the trading company EWE Doğalgaz' Turkish business also had a positive impact on sales of natural gas. Nevertheless, gas earnings are under pressure as a result of the price cuts for standard-rate customers implemented in 2009 and the current prices for purchasing gas on wholesale markets. In the electricity business on the other hand we were able to make up for higher procurement costs thanks to pricing and volume effects. The telecommunications and IT business reported moderate year-on-year growth.

Let us now turn to the key performance indicators for the EWE Group.

In the first half-year EWE reported sales of Euro 3.6 billion. This represents a sharp increase of 24 per cent on the same period of the previous year. This positive trend is largely due to the first-time consolidation of swb as a wholly owned subsidiary. All other operating business areas also contributed to this sales growth, however. The Energy business area benefited above all from consolidation and exchange rate factors relating to its Turkish business. The Network business area felt the positive effects of the increased feed-in of renewable energy and higher network use charges. The ICT business area also reported organic growth, increasing its telecommunications and IT sales compared with last year.

The operating result (EBIT) was 12 per cent below last year's figure at Euro 335.6 million. The positive factors mentioned in terms of sales were offset by various other effects: in particular the fall in natural gas revenue due to lower prices and the simultaneous increase in procurement costs depressed earnings considerably in the reporting period. In the telecommunications sector, expenses exceeded the revenue increase in a tough competitive environment. In the Network business area by contrast, efficient cost management delivered a clear improvement in earnings.





Management Board EWE AG (from top left)
Dr. Werner Brinker (CEO)
Heiko Harms
Dr. Thomas Neuber
Dr. Willem Schoeber
Michael Wagener

Consolidated net profit came to Euro 195.0 million, or 21 per cent below last year's figure of Euro 247.0 million.

For the full year 2010 we are still expecting a considerable increase in sales due to the first-time consolidation of swb for the entire year. The ruling issued by the German Federal Supreme Court on 14 July 2010 could still have an adverse effect on earnings over the remainder of the year. The court held that the price adjustment clause used since 2007 in EWE's special-rate natural gas contracts was invalid. EWE is now working with independent representatives to draft a proposal for a customer-friendly solution. The aim is to develop a solution that is not to the financial detriment of EWE and its shareholders, takes the interests of the customers into account, and establishes legal certainty at the same time.

Yours sincerely,

Oldenburg, Germany, August 2010

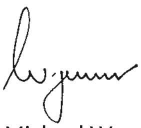
Board of Management


Dr. Werner Brinker


Heiko Harms


Dr. Thomas Neuber


Dr. Willem Schoeber


Michael Wagener

Investor Relations

EWE bonds and the capital market

In October 2004, EWE issued two euro bonds (maturities: 10 and 15 years, respectively) with an aggregate volume of Euro 1.5 billion. An additional euro bond for Euro 500 million was issued in July 2009 (maturity: 12 years).

Two diverging trends were seen on the fixed-interest markets in the first half of 2010. Until partway through May, the long phase of constructive market development continued. However, from this point on, the European debt crisis prompted a high level of volatility on the secondary market and higher risk premiums for corporate bonds. Based on the iBoxx Euro Corporate Bond Index, risk premiums for corporate bonds rose by around 26 base points (bp) overall to 110 bp in the first six months.

Companies' issuing activities were scaled back dramatically in the first half of 2010, from Euro 201 billion in the corresponding period of the previous year to Euro 84 billion. There were two reasons for this: firstly, the record volume of issues in 2009 led to overall lower refinancing requirements for companies in the current year. Secondly, the uncertainty surrounding several eurozone countries' solvency made it more difficult for companies to access the debt market in the second quarter.

The average risk premium for corporate bonds in the supplier sector also increased considerably in the course of the European debt crisis. As of 30 June 2010, the iBoxx Euro Utility Index stood around 25 bp higher than at the beginning of the year. This represents an increase of 35 per cent. Supplier securities from southern Europe were particularly hard hit by the effects of the debt crisis and dragged the index down as a result.

EWE's bonds largely succeeded in bucking this negative trend. The bonds issued in 2004 closed on 30 June 2010 with a risk premium compared with swaps of +55 bp (for the bond due in 2014) and +83 bp (for the bond due in 2019). This meant they traded for a lower price than at the beginning of the year. On the same date, the bond due in 2021 traded with a risk premium of +102 bp compared with swaps. This roughly corresponds to the level seen at the outset of the year.

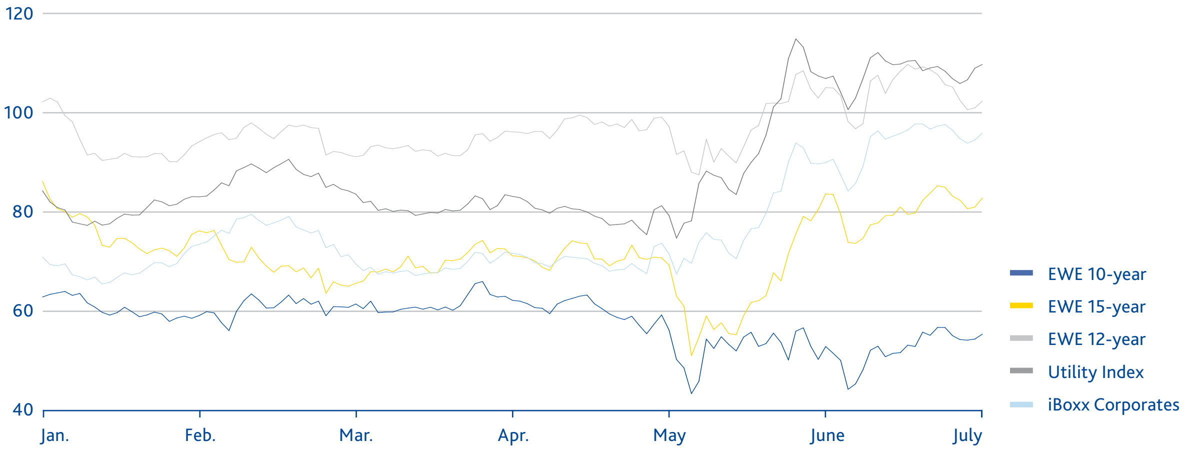
	EWE 10-year bond	EWE 15-year bond	EWE 12-year bond
ISIN	DE000A0DLU51	DE000A0DLU69	DE000A0Z2A12
Security code no.	A0DLU5	A0DLU6	A0Z2A1
Issue date	14.10.2004	14.10.2004	16.07.2009
Maturity	14.10.2014	14.10.2019	16.07.2021
Remaining term (as from August 2010)	4.2 years	9.2 years	10.11 years
Currency	EUR	EUR	EUR
Volume	1 billion	0.5 billion	0.5 billion
Nominal amount	1,000.0	1,000.0	1,000.0
Coupon type	Fixed coupon	Fixed coupon	Fixed coupon
Nominal interest	4.375%	4.875%	5.25%
Interest paid	annually	annually	annually
Interest payment date	14.10.	14.10.	16.07.
Issue spread	+40 bp	+52 bp	+160 bp
Spread as per 30.06.2010	+55 bp	+83 bp	+102 bp

Spread course of the EWE bonds in the first half year 2010

Spread vs. mid-swaps (bp)	30.06.2010	01.01.2010	Change
EWE 10-year bond	+55	+63	-8
EWE 15-year bond	+83	+86	-3
EWE 12-year bond	+102	+103	-1
iBoxx € Utility	+96	+71	+25
iBoxx € Corporates	+110	+84	+26

Performance of the EWE bonds in the first half year 2010

Spread vs. mid-swaps (bp)



Interim Group Management Report

1 January to 30 June 2010

Overview of the Course of Business

General economic conditions

The global economy recovered at a faster pace than expected in the first half of 2010. According to information supplied by the Kiel Institute for the World Economy (IfW), economic growth was particularly dynamic in the developing and emerging economies during October 2009 to March 2010. However, there are signs that this recovery is already beginning to slacken. Production in the industrialised nations also increased at a surprisingly strong rate. However, at the same time, the crisis of confidence in the eurozone showed that economic recovery still faces considerable risks in the industrialised countries. Turbulence on the financial markets, budget problems in a number of eurozone countries and high levels of public debt throughout the industrialised world still pose the greatest threat to the economy and growth.

The economic situation remains positive in Poland, where the financial and economic crisis did not prompt any significant falls in production. In addition, Poland's monetary and financial policies are particularly favourable. Turkey has also experienced sustained economic growth since the second half of 2009.

In Germany, the economy continued to recover during the period from October 2009 to March 2010. Business climate indicators improved in the first few months of the year, and incoming orders and industrial production likewise picked up considerably. In the second quarter gross domestic product rose by 2.2 per cent. This was the greatest quarterly increase since German reunification.

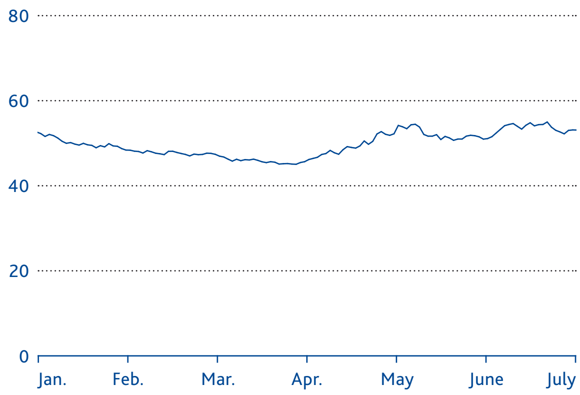
The Ifo Business Climate Index for Germany's trade and industry also improved slightly in June 2010, suggesting that companies are more satisfied with their business situation than they were in the preceding months.

Energy markets

The harsh winter and somewhat improved economic climate prompted higher energy consumption in Germany. According to calculations by the Working Group for Energy Balances (AGEB), primary energy consumption in the first half of 2010 was approximately 5 per cent higher than in the same period of the previous year at 7,129 petajoules (PJ) or 243.3 million tonnes of coal equivalent (MTCE). This meant that energy consumption rose much more sharply than economic output during the same period. Experts believe that this points towards a good economic recovery, especially in the energy-intensive primary-materials industries. Natural gas consumption in Germany climbed by 14 per cent due to stronger demand from industry and greater use of natural gas in power plants. Consumption in private households also rose due to the weather. Use of hard coal increased particularly sharply during the first half-year, soaring by 35 per cent. This is attributed primarily to a good recovery in the steel industry and greater usage of hard coal to produce electricity. Consumption of mineral oil bucked the trend, falling by 6 per cent to 2,236 PJ. There are a number of theories for this contrary development. One of these is that a large number of private households primarily used existing stocks to cover their requirements during the first six months due to the sharp rise in oil prices. Renewable energies contributed 626 PJ towards the energy balance for the first half-year and therefore increased their share by 6 per cent compared with the same period of 2009. Overall, renewable energies accounted for 8.8 per cent of primary energy consumption (previous year: 8.7 per cent).

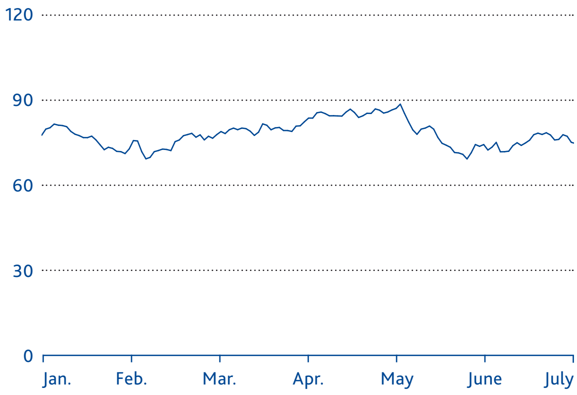
Development of base load electricity trading prices (EEX) in 2010

(in EUR / MWh)



Development of crude oil price (Brent) in 2010

(in USD / bbl)



Energy prices

Unlike the clear trends seen before and just after the global economic crisis began, no uniform price developments were identifiable in the first half of 2010. Crude oil prices continued to rise moderately during the first four months of the year before being dramatically corrected in May. However, the opposite was true of wholesale prices for natural gas: in the first quarter of 2010 these initially continued on the downward spiral that began in the second half of 2009. In April 2010, prices then rocketed up to finish the first half considerably higher than at the beginning of the year.

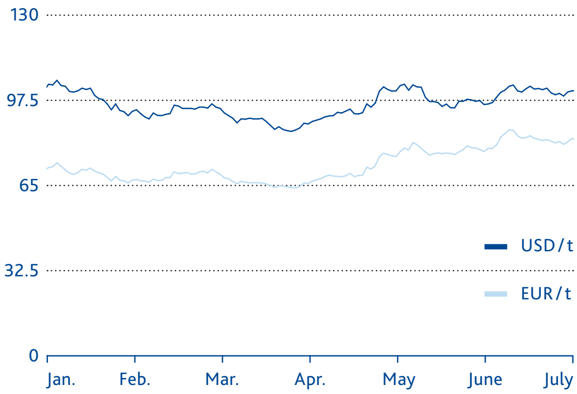
Wholesale prices for electricity also dipped in the early part of the first quarter before rising considerably as of April. They finished the first half on a par with prices at the start of the year. Meanwhile, prices for emissions rights remained steady throughout the first quarter. They then also shot up in April and have remained largely unchanged ever since.

Despite the unusually long winter, German spot prices were more than 13 per cent lower in the first quarter of 2010 than in the same period of the previous year. It should be noted that price developments in the first quarter of 2009 had already been weakened by slumps in demand caused by the economic crisis. In this context, the baseload price for the front year plummeted in the first quarter of 2010. The trend was only reversed at the end of March after prices reached the all-time low seen in February 2009. In line with rising coal and gas prices, contracts then became more expensive. They have since remained at a higher level but are proving highly volatile.

Until early May, crude oil prices continued to rise moderately. When it emerged that the eurozone's massive rescue efforts in response to Greece's financial crisis could only be funded by higher public debt, doubts mounted as to whether Europe's economy could recover quickly. As the euro subsequently depreciated, the US dollar gained hugely in value, accelerating the nosedive in oil prices denominated in US dollars. At the end of May, the Brent price fell below 70 US dollars per barrel (US$ / bbl) – its lowest point since early February. It then stabilised and finished the first half of 2010 at between US$75 and US$80 per barrel.

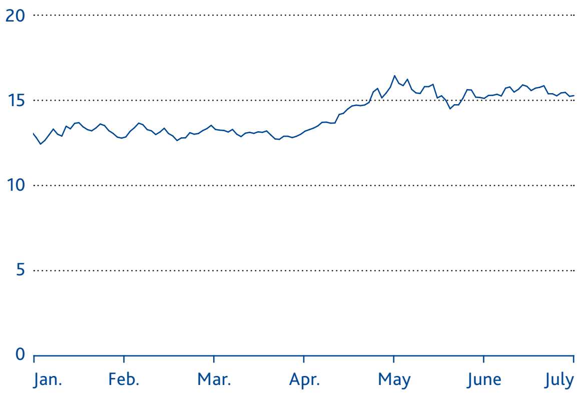
Traded in US dollars per tonne (US$ / t), coal prices on the international futures markets have been following the same volatile trend for over a year. In the first quarter of 2010, prices for front-year hard coal deliveries slumped from US$105 to US$86 per tonne, before climbing to over US$100 / t again in the second quarter. However, due to the considerable change in exchange rates, the cost of coal supplies in the eurozone increased from Euro 70 to over Euro 80 per tonne in the first six months of the year.

Hard coal price development in 2010



Development of prices for CO_2 certificates in 2010

(in EUR / AAU)



While prices for emissions certificates ranged from Euro 12.50 to Euro 13.50 per certificate (EUR / AAU) in the first quarter of 2010, certificates then became more expensive in line with the increasing prices on the electricity futures market before settling at their new, higher level of Euro 15 to Euro 16 / AAU in early June.

Telecommunications market

In the first half of 2010, growth in the telecommunications market dipped again slightly year on year. This was due to the increasing saturation of the DSL market, which was further accelerated by cable network operators offering telecommunications services. The industry association BITKOM e.V. expects the full year 2010 to bring moderate growth solely in the sub-markets of information technology, software and IT services. It remains unclear whether and how the German Federal Network Agency will regulate ethernet connections in the future. Ethernet connections use technology for a wired data network which was originally intended for local data networks and is therefore also known as LAN technology. It enables packages of data to be exchanged between devices connected within a local area network (LAN).

Legal environment

EU directive on energy end-use efficiency and energy services transposed

On 21 April 2010, the German Federal Cabinet passed draft legislation on energy services and other energy-efficiency measures (EDL-G). The lower and upper houses of the German Federal Parliament are expected to endorse the new act before their summer break. The act implements the EU directive on energy end-use efficiency and energy services. This will require energy suppliers to disclose additional information, e.g. printing further details on invoices and contracts. EWE sees this as an opportunity to further increase awareness of its own energy services and plans a listing in the German Federal Office of Economics and Export Control's supplier catalogue, in addition to fulfilling the new disclosure requirements.

Renewable energies: German Renewable Energy Act (EEG) amended and German Biomass Sustainability Ordinance

Discussions are under way regarding an amendment to the German Renewable Energy Act (EEG) regarding compensation for solar energy. In July 2010, the lower and upper houses of the German Federal Parliament agreed on a solution to cut the compensation paid for solar energy by 8 to 13 per cent initially and to subsequently reduce it by a further 3 percentage points for certain production facilities. Throughout the first half of the year, it proved impossible to determine the general conditions for the application of sustainability criteria for liquid biomass in the electricity and biofuel sector. Germany's existing Biomass Electricity Sustainability Ordinance (BioSt-NachV) stipulates that the sustainability criteria for liquid biomass are applicable as of 1 July 2010. The German government hopes to postpone this regulation by six months to make it effective as of 1 January 2011. The amendment was approved by the upper house of the German Federal Parliament at the beginning of July.

Electric mobility summit for climate protection

Germany's Chancellor, Dr. Angela Merkel, ushered in a new "National Electric Mobility Platform" at the electric mobility summit on 3 May 2010. Together, policy makers and industry aim to make Germany the leading market for electric mobility. The energy industry proposed a comprehensive concept to expand the relevant infrastructure. In return, the German government pledged research and development funding and promised to quickly put the necessary political and regulatory framework in place.

New foundation for European energy policy

The Directorate-General for Energy has called on all the relevant players to develop a new European energy strategy for 2011–2020. In this way, the European Commission hopes to establish a joint European energy policy which ensures that consumers and businesses are supplied with safe, sustainable, low-carbon energy at affordable prices. The central aim of the strategy is to fulfil the EU's 20-20-20 targets. EWE has issued a statement listing a number of priorities. These include establishing and expanding a modern energy infrastructure, boosting energy efficiency, improving the conditions for investing in production and grid infrastructure, and stepping up consumers' involvement.

New Energy Labelling Directive adopted

In May 2010, the European Parliament ratified the new Energy Labelling Directive. It must be transposed into national law within one year. At the end of 2009, the European Council and Parliament agreed to extend the current system of labelling household appliances such as fridges and washing machines to equipment for industrial and commercial use as well, such as televisions or boilers. Efficiency labelling will also be compulsory for construction products which do not use power themselves but affect a building's energy efficiency. These include items such as door and window frames. Three new efficiency classes (A+, A++ and A+++) will also be added to the upper end of the existing rating scale (currently A to G).

New version of European Building Directive approved

The European Parliament has ratified the new version of the European Building Directive. This directive stipulates that all newbuilds as of 31 December 2020 must be "nearly zero-energy buildings", i.e. they must consume very little energy and source the majority of this power from renewable energies. Public buildings must comply with the requirements two years earlier.

European Commission presents "Digital Agenda"

The European Commission has presented its action plan for a new "Digital Agenda for Europe". This forms part of the "Europe 2020" growth strategy. The aim of the agenda is to drive forward the development of a digital single market. To achieve this, the Commission intends to improve standardisation and interoperability among information and communication technologies and expand research and innovation in these fields.

Incentive system

Germany's incentive system was launched on 1 January 2009, but it quickly became clear that there were differences of opinion between the German Federal Network Agency (BNetzA) and network operators as to how the Incentive System Ordinance (ARegV) should be interpreted. As a result, many appeals have been lodged regarding the stipulated upper revenue limits by businesses from throughout the sector, including the EWE Group's network companies (EWE NETZ GmbH, swb Netze GmbH & Co. KG, swb Netze Bremerhaven GmbH & Co. KG).

The network companies from the swb subgroup are upholding their appeals against the upper revenue limits for electricity and gas.

EWE NETZ is also upholding its appeal regarding the revenue limit for electricity, but has withdrawn its complaints concerning the limit for gas. Proceedings to date have shown that the Higher Regional Court of Düsseldorf – which is responsible for the appeals – rejects the network operators' interpretation of the legislation almost entirely. It has ruled that the Ordinance's hardship provision may only be applied in the network operator's favour if the revenue limit and the actual network costs differ due to unexpectedly high grid losses (electricity) to such an extent that the company's ongoing existence is jeopardised. In light of the court's clear position, EWE NETZ has withdrawn its appeal concerning the revenue limit for gas as there is no prospect of success. As the appeal regarding the maximum revenue limit set for electricity also challenges the German Federal Network Agency's approach to assessing the cost of procuring energy for the coverage of grid losses as not permanently controllable costs, the complaint against the electricity revenue limit will initially be upheld based on statements by Düsseldorf's Higher Regional Court.

The next hearing for swb pertaining to its gas appeal is scheduled for July 2010; the next date for the electricity proceedings has not yet been set. A hearing has been arranged for October 2010 for the electricity appeal brought by EWE NETZ.

Significant events

Changes in the Group structure

EWE has realigned its organisational structure with effect as of 1 July 2010. Its aim is to optimise management of the Group, which has grown rapidly in recent years. As part of the realignment, the energy business, which was previously part of EWE AG, was spun off into an independent company. EWE ENERGIE AG is responsible for the sale of energy and services in Lower Saxony, Brandenburg, northern West Pomerania and on the island of Rügen. The new company will also be in charge of EWE's activities in the areas of renewable energies and gas storage. EWE AG, which previously managed the Group's functional divisions and operational activities in the area of energy, will now manage the Group as a holding company.

More electricity generated from renewable sources

EWE is further ramping up the amount of electricity it generates using renewable energies. The first open-sea, deep-water wind farm off the coast of Germany – alpha ventus – went operational in the first half of 2010. It is hoped that this pioneering project will provide fundamental insight into the construction and operation of an offshore wind farm. The farm consists of twelve wind turbines, each with an output of five megawatts (MW). Together with its partners, E.ON and Vattenfall Europe, EWE has invested approximately Euro 250 million in alpha ventus. The turbine manufacturer Siemens has already been commissioned to supply thirty 3.6 MW wind turbines for a second offshore project, which EWE is realising in conjunction with ENOVA and other partners. The Riffgat offshore wind farm should be completed by the end of 2012 and generate enough electricity for approximately 100,000 households. EWE launched a second wind farm development project in Poland in the first half of 2010. The Stara Dabrowa wind project is to operate up to 24 wind turbines. All in all, the EWE Group's installed wind power capacity now totals some 130 MW.

EWE TEL announces rebranding

EWE TEL GmbH is realigning its brand strategy: by June 2011, the regional telecommunications company will change its brand name from “EWE TEL” to “EWE”. The objective is to pool the Group’s expertise in the energy and telecommunications markets even more clearly under the umbrella of a strong brand. This will not affect the company’s legal structure: EWE TEL will continue to operate independently.

Dr. Willem Schoeber elected to EWE AG’s Board of Management

At its meeting on 28 June 2010, EWE AG’s Supervisory Board appointed Dr. Willem Schoeber to the Board of Management. Dr. Schoeber took up office on 1 August 2010. He is responsible for conventional electricity generation at the EWE Group. Dr. Schoeber also remains Chief Executive Officer of swb AG. Born in the Netherlands, the new Board member has been a successful figure in the energy industry for over 30 years. Before joining swb in February 2007, he held various management positions, most recently as Vice President Downstream Non-conventional Resources at Shell Exploration and Production in Houston, Texas.

EWE receives award for sustainable innovation

In February 2010, the German Federal Ministry of Economics and Technology presented EWE with the “Sustainable Innovation Management” award. Held in Berlin, the ceremony acknowledged companies which are making an exemplary commitment to sustainable and forward-looking products, services and processes. This was the sixth time the management consultancy A.T. Kearney and the magazine WirtschaftsWoche had held the nationwide “Best Innovator” competition. Its patron was the German Federal Minister of Economics and Technology, Rainer Brüderle. EWE won the award for innovative products such as the EWE trio smartbox and its holistic approach to establishing a future-proof energy supply.

Employees

In the first half of 2010 the EWE Group employed an average of 8,363 staff. The sharp rise on the same period last year (+44 per cent) is largely due to the first-time consolidation of swb with its 2,375 employees.

In the Corporate Centre business area the average number of employees fell by 36 per cent to 251. This was the result of shifts between companies as part of reorganising the structure of the Group (see also Energy business area).

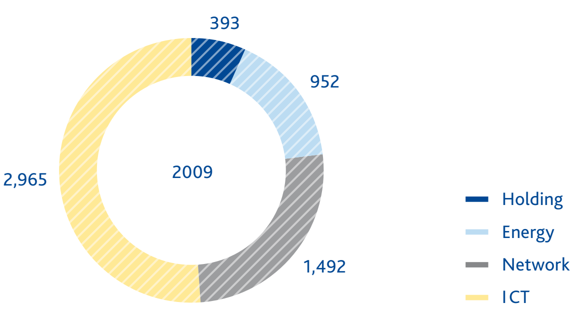
In the Energy business area staff numbers were up by 24 per cent to 1,177 as a result of shifts between companies in the course of reorganising the structure of the Group.

The workforce in the Network business area increased by 4 per cent to 1,546.

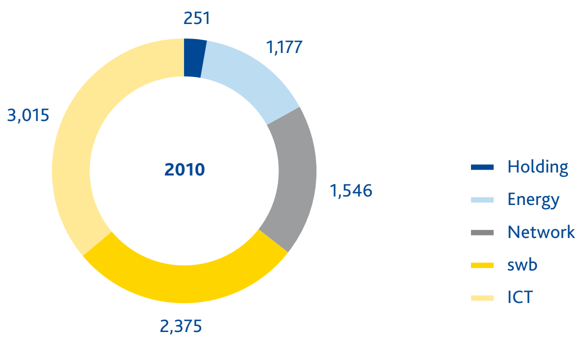
Employee numbers in the ICT business area grew moderately (+2 per cent). This is due to new recruitment in the IT department. In the telecommunications department, however, the average number of employees fell somewhat as a result of restructuring.

Employees by business areas

Ø 1st half year 2009: 5,801



Ø 1st half year 2010: 8,363



Earnings, Assets and Financial Position

This condensed interim financial report of EWE AG as of 30 June 2010 is based on International Financial Reporting Standards (IFRS). Compared with the corresponding period last year, the group of consolidated companies was expanded to include a further 20 fully consolidated companies and two accounted for under the equity method.

With the acquisition of the remaining shares (minus one) in swb AG as of 21 October 2009, the following companies – which form the new swb business area – were fully consolidated in the EWE Group's financial statements:

- swb AG
- swb Beleuchtung GmbH
- swb Bremerhaven GmbH
- Bohn GmbH Energie- und Kraftwerkstechnik
- swb CREA GmbH
- swb Entsorgung GmbH
- swb Erzeugung GmbH & Co. KG
- swb Immobilien GmbH
- swb Messung und Abrechnung GmbH
- swb Netze Bremerhaven GmbH & Co. KG
- swb Netze GmbH & Co. KG
- swb Services GmbH & Co. KG
- swb Vertrieb Bremen GmbH
- swb Vertrieb Bremerhaven GmbH & Co. KG
- Windfarm Märkisch Linden GmbH & Co. KG

In addition to this, swb Windpark Am Zolltor GmbH & Co. KG, Bremerhaven, and swb Windpark Industriehäfen GmbH & Co. KG, Bremerhaven, were included in the EWE Group for the first time in the 2010 financial year.

In the ICT business area, nordcom Niedersachsen GmbH (first consolidated on 1 October 2009) and BTC IT Services GmbH (spun off from BTC AG as of 1 July 2009) were fully consolidated for the first time. Martens Antennen- und Kabelanlagen-Gesellschaft mbH was merged with EWE TEL GmbH with effect from 1 July 2009.

In the Energy business area, Riffgat Beteiligungs GmbH & Co. KG, Oldenburg, and Offshore-Windpark RIFFGAT GmbH & Co. KG, Oldenburg, were fully consolidated for the first time in the 2010 financial year.

When the additional shares in swb AG were acquired, the company was fully consolidated and no longer accounted for under the equity method. The companies swb Weserwind GmbH & Co. KG, hanseWasser Ver- und Entsorgungs-GmbH, hanseWasser Bremen GmbH and Stadtwerke Bielefeld GmbH were all included in the swb business area of the EWE Group under the equity method as of 1 October 2009.

The Verbundnetz Gas AG (VNG) shares are classified as held for sale due to the decision to dispose of them.

Summary consolidated income statement

EUR million	01.01. – 30.06.2010	01.01. – 30.06.2009	Change absolute	Change in %
Sales (without electricity and natural gas taxes)	**3,627.4**	**2,923.3**	**704.1**	**24.1**
Cost of materials and services	- 2,784.9	- 2,250.7	-534.2	23.7
Personnel expenses	- 280.0	- 168.9	-111.1	65.8
Other income and expenses[1]	- 95.0	- 117.6	22.6	-19.2
Result of equity investments[1]	72.9	148.2	-75.3	-50.8
Result from financial instruments	- 2.6		-2.6	
EBITDA	**537.8**	**534.3**	**3.5**	**0.7**
Depreciation, amortisation and impairment[1]	- 202.2	- 153.0	-49.2	32.2
EBIT	**335.6**	**381.3**	**-45.7**	**-12.0**
Net interest income / expense	**- 95.8**	**- 75.5**	**-20.3**	**26.9**
Profit before tax	**239.8**	**305.8**	**-66.0**	**-21.6**
Income taxes[1]	- 44.8	- 58.8	14.0	-23.8
Consolidated net profit for the period	**195.0**	**247.0**	**-52.0**	**-21.1**
of which attributable to minority interests[1]	-	1.4	-1.4	-100.0
of which attributable to shareholders of EWE AG[1]	**195.0**	**245.6**	**-50.6**	**-20.6**

[1] Previous year's figures adjusted

Overall, the corresponding period last year is therefore only partially comparable with the current period.

Earnings position

In the first six months of 2010, the EWE Group generated sales (excluding electricity and natural gas taxes) of Euro 3.63 billion (H1 2009: Euro 2.92 billion). Of total Group sales, 62.0 per cent (H1 2009: 75.8 per cent) came from the Energy business area, 15.5 per cent (H1 2009: 15.8 per cent) from the Network business area, 7.0 per cent (H1 2009: 8.4 per cent) from the ICT business area and 15.5 per cent (H1 2009: 0.0 per cent) from the swb business area. The Corporate Centre business area has no appreciable sales.

The increase in sales in the first half of 2010 is largely due to the full consolidation of swb AG.

Electricity sales developed pleasingly and were up 11.0 per cent on last year's figure. This was due in part to a higher volume of sales, particularly among special-rate customers, which in turn was attributable to rising customer numbers and economic factors. However, higher retail prices for standard-rate customers had the largest positive effect on electricity sales. Sales in the natural gas business trended downwards and fell below last year's level, primarily due to lower prices in all customer segments. This was offset in part by higher sales volumes among standard and special-rate customers prompted by the cold weather, which were, however, unable to compensate for the price-related drop.

The Network business area posted sales growth of 10.9 per cent, which was mainly generated in the field of renewable energies. In addition to this, regulatory effects and the weather's impact on volumes in the area of network fees helped to boost sales revenue. The ICT business area recorded a slight, 3.8 per cent increase in sales.

The materials usage ratio – i.e. the cost of materials and services in relation to sales – remained virtually unchanged at 76.8 per cent (H1 2009: 77.0 per cent).

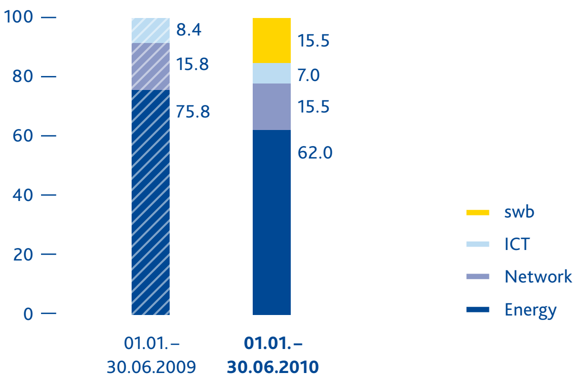
EBIT shrank by Euro 45.7 million or 12.0 per cent to Euro 335.6 million.

Net interest income / expense is principally made up of interest paid on three bearer bonds (EWE bonds), interest on current bank debt and expenses for compounding non-current provisions.

The consolidated net profit for the period was Euro 195.0 million and thus considerably lower than in the corresponding period last year. The return on sales fell from 8.4 per cent to 5.4 per cent.

Sales by business areas

(in per cent)



Summary Group cash flow statement

EUR million	01.01.–30.06.2010	01.01.–30.06.2009	Change
Cash flow from operating activities	130.5	282.3	-151.8
Cash flow from investing activities	-247.0	-295.4	48.4
Cash flow from financing activities	-99.0	-116.9	17.9
Currency translation and consolidation changes	9.1	-1.2	10.3
Net change in cash and cash equivalents	**-206.4**	**-131.2**	**-75.2**
Cash and cash equivalents at the beginning of the period	604.9	223.0	381.9
Cash and cash equivalents at the end of the period	**398.5**	**91.8**	**306.7**

Assets and financial position

The consolidated balance sheet structure has not changed significantly since 31 December 2009; the balance sheet total is almost identical.

The nature of business engaged in by EWE means that it has a high investment intensity and a correspondingly high level of capital commitment. Non-current assets therefore account for around 70 per cent of the balance sheet total. This figure is nearly unchanged as compared with 31 December 2009.

In the first half of 2010, capital expenditure amounted to Euro 265.7 million (H1 2009: Euro 255.3 million), which primarily went towards expanding infrastructure – including new technologies.

Non-current assets are financed by means of equity and non-current borrowings.

Non-current liabilities include three EWE bonds with a total volume of Euro 2.0 billion and terms of 10 years (2014), 12 years (2021) and 15 years (2019).

The equity ratio rose slightly in comparison with 31 December 2009, from 32 per cent to 34 per cent.

The summary Group cash flow statement shows that EWE's cash flow from operating activities came to Euro 130.5 million in the reporting period. This significant drop stems in particular from changes in receivables and other assets, which rose year on year by Euro 174.3 million, and the fall in EBIT, which shrank by Euro 45.7 million compared with the corresponding period in the previous year.

Consolidated balance sheet

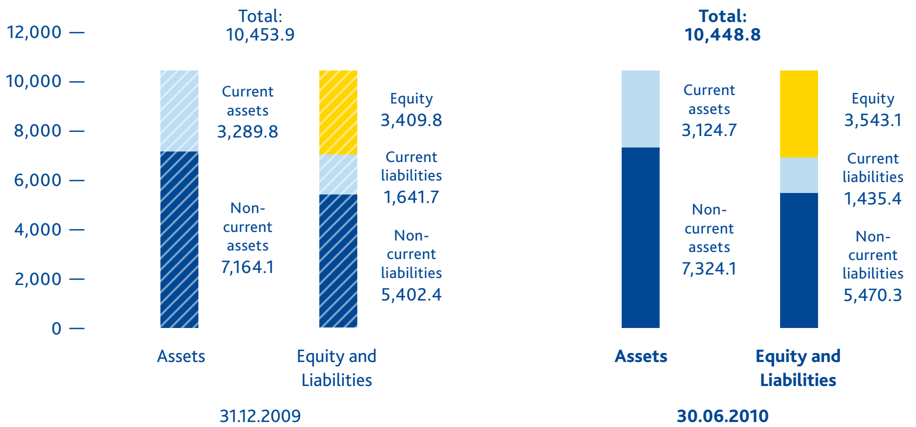
Assets EUR million	30.06.2010	in %	31.12.2009	in %
Non-current assets[1]	7,324.1	70 %	7,164.1	69 %
Current assets[1] (of which held for sale EUR 1,000 million)	3,124.7	30 %	3,289.8	31 %
Total assets	**10,448.8**	**100%**	**10,453.9**	**100 %**

Equity and liabilities EUR million	30.06.2010	in %	31.12.2009	in %
Shareholders' equity	3,543.1	34 %	3,409.8	32 %
Non-current liabilities	5,470.3	52 %	5,402.4	52 %
Current liabilities	1,435.4	14 %	1,641.7	16 %
Total equity and liabilities	**10,448.8**	**100 %**	**10,453.9**	**100 %**

[1] Previous year's figures adjusted

Consolidated balance sheet structure as of 30 June 2010

(in EUR million)



The EWE Group's financial flexibility is also secured via credit lines and a syndicated revolving credit facility for Euro 850.0 million. As of 30 June 2010, EWE AG had drawn down Euro 0.0 million (31 December 2009: Euro 0.0 million) of this facility. Overall, EWE benefits from its good credit rating, which is also confirmed by the rating agencies Standard & Poor's and Moody's. It currently stands at A- with the addition "negative" (Standard & Poor's) and A2 with outlook stable (Moody's).

Performance of business areas

Corporate Centre business area

The Corporate Centre business area comprises the Group's functional divisions, strategically important equity investments and other services of EWE AG and also fulfils EWE AG's function as the parent company in the EWE Group.

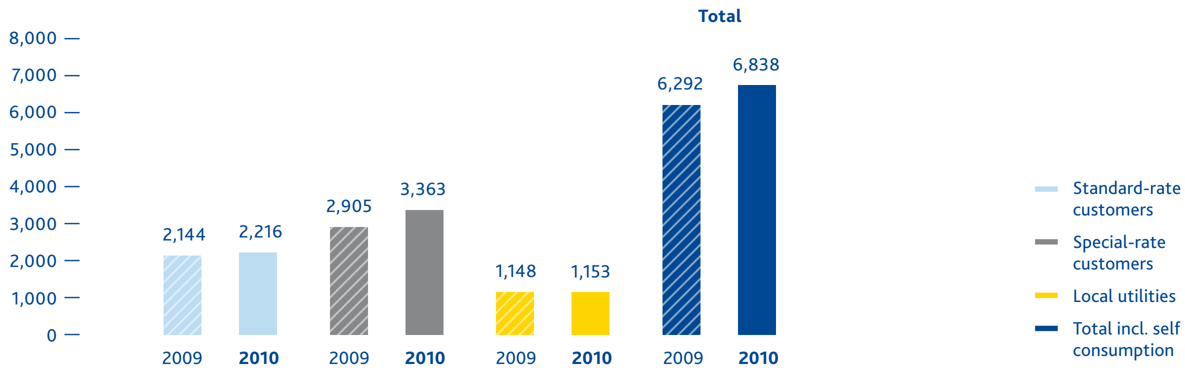
The Corporate Centre business area does not generate significant levels of sales. Compared with the same period last year its sales fell slightly in the first half of 2010 by Euro 2.2 million to Euro 2.1 million.

At Euro 243.5 million, the operating result (EBIT) generated by the Corporate Centre business area was down by Euro 127.3 million – or 34.3 per cent – on the very strong comparable figure from the previous year. The main reasons for the fall in earnings were the performance of the Energy business area and a lower result of equity investments due to VNG.

Capital expenditure in the Corporate Centre business area fell year-on-year by Euro 26.4 million to Euro 30.7 million as a result of cost-cutting measures.

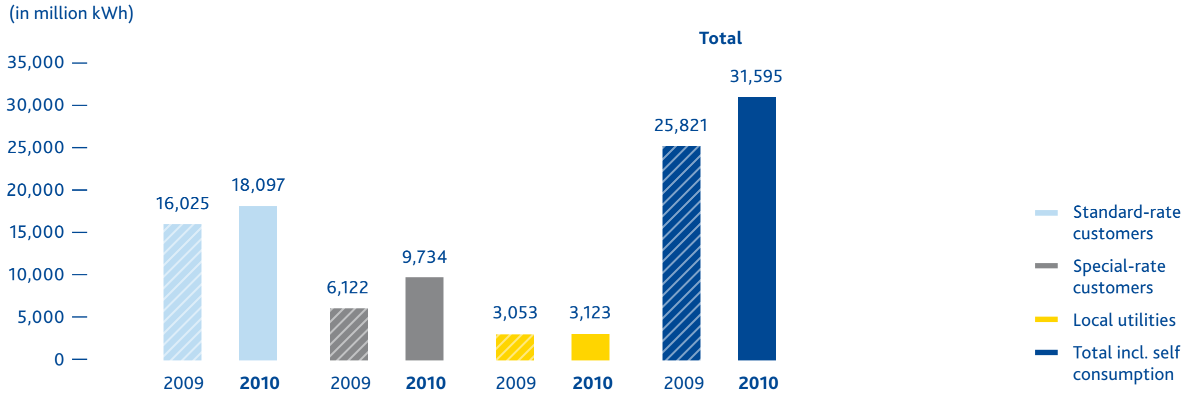
Electricity sales by customer group in Energy business area as of 1st half year

(in million kWh)



Natural gas sales by customer group in Energy business area as of 1st half year

(in million kWh)



Energy business area

In the first six months of the year electricity sales were up on the same period last year by 8.7 per cent at 6.8 billion kWh. In addition to a slight increase in sales volumes to standard-rate customers and local utilities, the special-rate customers were largely responsible for this improvement. Both new customer acquisitions and the stronger economy had a positive effect.

With total sales of 31.6 billion kWh, gas volumes sold in the reporting period were up by 22.4 per cent on last year's figure. Higher sales volumes in all customer segments contributed to the rise. Among standard-rate customers the much cooler weather in the first quarter of 2010 was responsible for the increase. For special-rate customers, economic factors also led to higher sales. The first full consolidation of EWE Doğalgaz also had a positive effect on sales volumes in this segment and to local utilities. In the first half of last year the Turkish shareholding was only included pro rata (consolidated as of 1 June 2009).

Sales in the Energy business area rose slightly compared with the same period a year ago by 2.2 per cent to Euro 2.3 billion. The main reason was the effect of consolidations and exchange rates from the business in Turkey. Sales in the core German market were roughly constant. The volume and price-induced sales increases recorded for electricity were offset by falls in sales in the natural gas business, also for pricing reasons. The full impact of three price cuts in the standard-rate customer segment in 2009 was felt during the reporting period. The weather had a positive effect on volumes, but these were not able to make up for the decline in natural gas sales revenues due to pricing.

EBIT came to Euro 51.9 million, which was Euro 102.7 million or 66.4 per cent below last year's strong result. This stems largely from price movements on gas procurement markets. In the current year oil prices are higher than last year, and in the second quarter of 2010 this resulted in higher costs for purchasing natural gas. The decline in revenue and simultaneous increase in purchasing costs depressed earnings for the Energy business area.

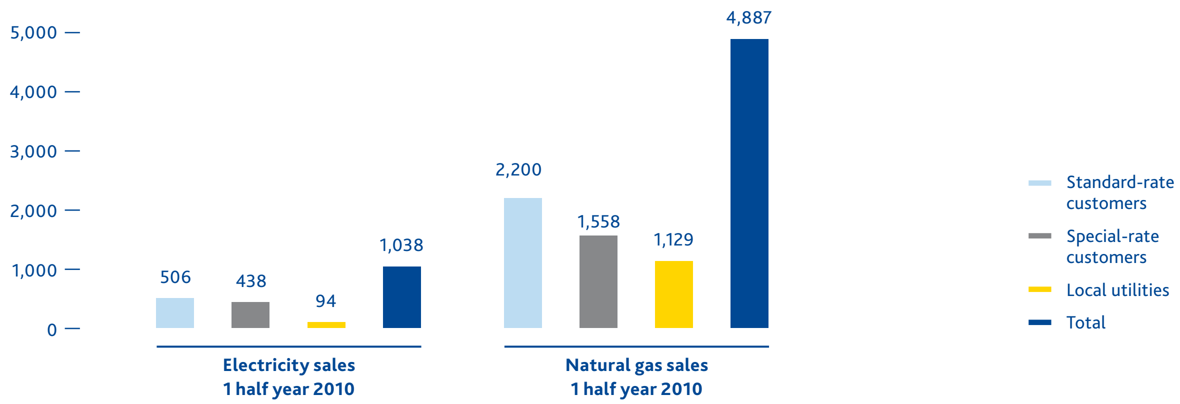
Capital expenditure in the business area came to Euro 101.0 million, a decline of 25.0 per cent on last year. This expenditure also included funds for the planned RIFFGAT offshore wind farm.

Network business area

The Network business area reported sales of Euro 989.7 million for the first half of 2010. The year-on-year increase of 10.9 per cent stemmed primarily from the increased feed-in of renewable energies as well as higher electricity and gas network use charges for regulatory reasons and due to greater volumes. As the cost of materials and services rose by virtually the same amount, the increase in revenue from feeding-in renewable energy remained largely without impact on earnings.

Electricity and natural gas sales by customer group in swb business area

(in million kWh)



EBIT went up sharply to Euro 145.8 million. In addition to lower upstream network expenses and diminishing costs for grid losses, efficient cost management was principally responsible for the earnings improvement.

The Network business area invested Euro 49.6 million in the electricity, gas and telecommunications networks in the first six months of the year.

swb business area

The swb business area has been consolidated in full since the fourth quarter of 2009. swb AG was previously accounted for using the equity method. For this reason no comparison is provided between the first half of 2010 and the same period last year.

ICT business area

The Group's telecommunications companies (including htp) increased their customer base in the first half of 2010 to more than 700,000. This corresponds to organic growth of 4.6 per cent compared with the same period last year. Sales in the ICT business area rose by 3.8 per cent to Euro 306.4 million.

EBIT fell by 16.6 per cent to Euro 2.6 million, principally as a result of higher expenses, which in a difficult competitive environment could not ultimately be recouped by higher sales revenue.

Capital expenditure for the ICT business area was at the same level as last year at Euro 28.9 million.

Overview of Group business areas[1]

EUR million	Corporate Centre		Energy		Network
	01.01. – 30.06.2010	01.01. – 30.06.2009	**01.01. – 30.06.2010**	01.01. – 30.06.2009	**01.01. – 30.06.2010**
Business area sales	**2.1**	4.3	**2,329.0**	2,278.6	**989.7**
Consolidation					
Group sales					
EBITDA	**250.1**	382.7	**97.4**	189.4	**209.4**
Consolidation					
Group EBITDA					
EBIT	**243.5**	370.8	**51.9**	154.6	**145.8**
Consolidation					
Group EBIT					
Capital expenditure	**30.7**	57.1	**101.0**	134.7	**49.6**
Consolidation					
Group capital expenditure					
Employees Ø	**251**	393	**1,177**	952	**1,546**

[1] Previous year's figures adjusted
[2] Consolidated in full for the first time from 1 October 2009

Supplementary Report

Customer-friendly solution sought following German Supreme Court ruling

On 14 July 2010, the German Federal Supreme Court reached a decision on a class action and two individual lawsuits brought by EWE customers concerning certain clauses contained in the terms and conditions of special-rate natural gas contracts. Germany's supreme civil court ruled that the price adjustment clause used by the company between 2004 and 2007 was valid. However, the clause in use since April 2007 was declared invalid. In the interests of its customers, EWE now plans to find a pragmatic solution outside of the courts. A suitable proposal is to be drafted by a group of independent external representatives in conjunction with the owners of EWE AG. Though from EWE's perspective the company supplied reliable, reasonably priced gas at all times during the period in question, EWE is keen to avoid shaking customer confidence by undergoing a series of further legal proceedings.

Risk Report

The early identification and active control of potential opportunities and risks are of crucial importance for the lasting successful development of the EWE Group. The planning and controlling process at Group level, featuring an integrated early recognition system for opportunities and risks, is an integral part of the Group-wide opportunity and risk management system. Its principal organisational elements are the Opportunities and Risks Committee and the central Risk Controlling team.

Risks are identified early by the individual companies responsible for the risks in a regular and structured process which takes into account the relevant Group standards as defined in Group guidelines. The risks are then evaluated in terms of potential damage and likelihood of occurrence, and reported to EWE's central Risk Controlling team along with a list of appropriate measures to limit the risks. The risks identified by the individual companies are included in summarised reporting at segment and Group level in accordance with their significance as measured by the key budget target figures. The data gathered in the regular, systematic risk early recognition process and urgent risk reports issued at short notice when certain

Network	swb[2]	ICT		Group	
01.01. – 30.06.2009	**01.01. – 30.06.2010**	**01.01. – 30.06.2010**	01.01. – 30.06.2009	**01.01. – 30.06.2010**	01.01. – 30.06.2009
892.1	**572.0**	**306.4**	**295.2**	**4,199.2**	**3,470.2**
				-571.8	-546.9
				3,627.4	2,923.3
161.2	**128.4**	**38.6**	**40.6**	**723.9**	**773.9**
				-186.1	-239.6
				537.8	534.3
92.4	**77.9**	**2.6**	**3.1**	**521.7**	**620.9**
				-186.1	-239.6
				335.6	381.3
57.4	**55.5**	**28.9**	**28.2**	**265.7**	**277.4**
				0.0	-22.1
				265.7	255.3
1,492	**2,375**	**3,015**	**2,965**	**8,363**	**5,801**

thresholds are reached form the basis for an evaluation of the EWE Group's current and future risk situation. Regular reports based on this information and geared towards materiality are submitted to the Board of Management and the supervisory bodies.

The risks which are currently most significant for the EWE Group and which can influence its development of business and therefore its assets, financial and earnings position are allocated to the risk areas of environment risks, market risks, operational risks, financial risks and risks from joint Group functions. Compared with the risk situation depicted in the Group management report as of year-end 2009, particularly in respect of the financial and economic crisis and regarding the adjustments of other regulatory and societal framework conditions, there were no significant changes in the reporting period. According to our current estimates, the terms of the normal special-rate contracts for gas deliveries may contain a limited risk that has not yet been quantified, as the German Federal Supreme Court ruled on 14 July 2010 that the price adjustment clause included in contracts since 1 April 2007 was invalid. If the changed overall market environment leads to a sustained substantial decline in demand in the Energy and ICT business areas, this could have a corresponding effect on the earnings position in the medium term. In overall terms, there are currently no discernible risks that might jeopardise the continued existence of the EWE Group.

Detailed information on the structure and process of the opportunity and risk management system and the risk areas can be found in the Group management report for 2009.

Outlook

The Kiel Institute for the World Economy (IfW) forecasts an increase of 4.4 per cent in the global gross domestic product for the full year. Slower growth of 3.7 per cent is anticipated by the experts for 2011. GDP in Poland and Turkey is also expected to grow in 2010, after Turkey in particular experienced considerable slumps in 2009. The foreign trade and inward investment agency Germany Trade & Invest forecasts growth of 2.7 to 3.2 per cent for Poland and 4.5 per cent for Turkey. The experts anticipate further growth in Poland for 2011, but project that economic growth in Turkey will decrease considerably, in line with global developments. According to calculations by the IfW, Germany's real gross domestic product should rise by 2.1 per cent in 2010. Its forecast for 2011 is also much lower, at 1.2 per cent. Financial policy and the global economic slowdown are expected to be the major dampening factors.

In autumn 2010, the German government intends to unveil its new energy concept to shape the country's future energy strategy. EWE will assist with the energy concept and contribute its views on certain issues. In addition to this, the 3rd internal energy market package is due to be implemented, having taken effect in 2009. It must be incorporated into national law by March 2011. This means that changes must be made to the German Energy Economy Law (EnWG) and a number of ordinances based on this act. The new regulations primarily affect EWE in relation to network operations, gas storage and supply.

Major reforms in the field of network operations include the further unbundling of vertically integrated energy suppliers in cases where the group of companies includes transfer or transmission system operators. Based on the forthcoming draft bill for an amended Energy Economy Law (EnWG), EWE NETZ will examine whether the unbundling regulations for pipeline networks to be transposed into national law affect the company's high-pressure gas networks. The swb subgroup's networks do not fall within the scope of the additional unbundling rules for transfer and / or transmission system operators.

In terms of natural gas storage, the 3rd internal energy market package primarily contains rules on unbundling storage facilities and regulating access to storage. As a storage system operator, EWE ENERGIE AG is directly affected by the new rules.

The new German Gas Network Access Ordinance (GasNZV) is expected to come into effect in summer or autumn 2010; the German Federal Cabinet passed the draft of the new ordinance in May. EWE is affected by the reforms as it operates networks, production plants and gas storage facilities. With this revised version, legislators are adjusting the ordinance to the network access model, which has been further developed continually since 2005. The new legislation also eliminates contradictions with the stipulations which have since been issued by the German Federal Network Agency. In addition to this, the ordinance contains numerous new regulations. These include rules on capacity management, merging market areas, transferring capacity to operators of storage and production facilities, feeding in biogas, and various disclosure requirements. The committees in the upper house of the German Federal Parliament (Bundesrat) have already addressed the draft; the Bundesrat plenum is expected to vote on it in early July.

Anticipated earnings development

The first full-year consolidation of swb will define the year 2010 to a large extent. Group sales will rise sharply year on year and are expected to stay at this high level in 2011. The EWE Group expects the close collaboration with swb to generate synergy effects which will lead to cost reductions in the medium term. Positive EBIT growth at Group level can be expected in 2011 at the latest.

Due to seasonal factors, the first half of the year makes the largest contribution to the Group's sales and earnings for the year. The ruling by the German Federal Supreme Court on 14 July 2010 and its justification published on 5 August 2010 may still have an adverse impact on earnings for the current year as a result of the conclusion of mediation proceedings. There may be a reduction in earnings, depending on what solution is found. In view of this fact, earnings for the first half of 2010 cannot be used to project the result for the year as a whole.

Consolidated Interim Financial Statements

1 January to 30 June 2010

Statement of Comprehensive Income for the EWE Group

1 January to 30 June 2010

EUR million	01.01. – 30.06.2010	01.01. – 30.06.2009
Sales	**3,857.7**	**3,089.8**
Electricity and natural gas taxes	- 230.3	- 166.5
Sales (without electricity and natural gas taxes)	**3,627.4**	**2,923.3**
Changes in inventories	- 2.1	3.3
Other own work capitalised	54.1	16.8
Other operating income[1]	165.6	45.4
Cost of materials and services	- 2,784.9	- 2,250.7
Personnel expenses	- 280.0	- 168.9
Depreciation, amortisation and impairment[1]	- 202.2	- 153.0
Other operating expenses[1]	- 312.6	- 183.1
Result of investments accounted for under the equity method[1]	16.9	144.6
Other investment income	56.0	3.6
Result from financial instruments	- 2.6	-
EBIT	**335.6**	**381.3**
Interest income	8.0	15.5
Interest expense	- 103.8	- 91.0
Profit before tax	**239.8**	**305.8**
Income taxes[1]	- 44.8	- 58.8
Consolidated net profit for the period	**195.0**	**247.0**
Minority interests[1]	-	- 1.4
Consolidated net profit / net profit attributable to shareholders of EWE AG[1]	195.0	245.6

Condensed Statement of Comprehensive Income for the Period for EWE Group – Reconciliation[1]

EUR million	01.01. – 30.06.2010	01.01. – 30.06.2009
Consolidated net profit for the period	**195.0**	**247.0**
Adjustment item for translation differences from foreign subsidiaries	60.1	-8.6
Actuarial gains and losses from defined-benefit pension commitments and similar obligations	-61.3	-18.3
Cash Flow Hedges	28.7	
Share of other income from financial investments accounted for under the equity method	-0.6	-1.5
Other income – net –	**26.9**	**-28.4**
Comprehensive income for the period	**221.9**	**218.6**
of which attributable to minority interests	6.6	0.8
of which attributable to shareholders of EWE AG	215.3	217.8

[1] Previous year's figures adjusted

Balance Sheet for the EWE Group

as of 30 June 2010

Assets

EUR million	30.06.2010	31.12.2009
Non-current assets		
Intangible assets	1,622.4	1,573.7
Property, plant and equipment	4,893.6	4,821.0
Investments accounted for under the equity method	491.7	497.4
Other non-current assets[1]	300.4	259.5
Deferred taxes[1]	16.0	12.5
	7,324.1	**7,164.1**
Current assets		
Inventories	280.5	266.6
Trade receivables	973.5	732.2
Other receivables and assets[1]	430.4	637.5
Income tax receivables	41.8	49.0
Cash and cash equivalents	398.5	604.5
	2,124.7	**2,289.8**
Non-current assets held for sale	1,000.0	1,000.0
	3,124.7	**3,289.8**
Total assets	**10,448.8**	**10,453.9**

[1] Previous year's figures adjusted

Equity and liabilities

EUR million	30.06.2010	31.12.2009
Shareholders' equity		
Subscribed capital	243.0	243.0
Capital reserve	1,534.5	1,532.1
Retained earnings[1]	1,723.1	1,598.7
Equity attributable to EWE AG's shareholders	3,500.6	3,373.8
Minority interests[1]	42.5	36.0
	3,543.1	**3,409.8**
Non-current liabilities		
Construction subsidies	745.7	749.3
Provisions	1,394.7	1,314.6
Bonds	1,989.5	1,988.9
Liabilities to banks	721.9	731.0
Other non-current liabilities	135.9	144.0
Deferred taxes[1]	482.6	474.6
	5,470.3	**5,402.4**
Current liabilities		
Construction subsidies and emissions rights	43.1	93.1
Provisions	79.3	94.5
Liabilities to banks	28.4	36.6
Trade payables	693.9	690.6
Income tax liabilities	4.7	11.5
Other current liabilities	586.0	715.4
	1,435.4	**1,641.7**
Total equity and liabilities	**10,448.8**	**10,453.9**

[1] Previous year's figures adjusted

Statement of Changes in Shareholders' Equity for the EWE Group

EUR million	Subscribed capital of the EWE Group	Capital reserve of the EWE Group		
			Accumulated income	
				Revaluation reserve in accordance with IFRS 3
As of 31.12.2008[1]	**200.0**	**278.5**	**1,330.2**	**74.5**
Consolidated net profit / consolidated net profit for the period			245.6	
Income and expenses recognised directly in equity				
Comprehensive income for the period				
Dividend payments			-65.0	
Change in the group of consolidated companies			-0.9	
Transactions under joint control		-20.0		
Other changes			0.4	
As of 30.06.2009[1]	**200.0**	**258.5**	**1,510.3**	**74.5**
As of 31.12.2009	**243.0**	**1,532.1**	**1,489.7**	**74.5**
Consolidated net profit / consolidated net profit for the period			195.0	
Income and expenses recognised directly in equity				
Comprehensive income for the period				
Capital increase		2.4		
Dividend payments			-88.0	
Change in the group of consolidated companies			-2.9	
As of 30.06.2010	**243.0**	**1,534.5**	**1,593.8**	**74.5**

[1] Previous year's figures adjusted

RETAINED EARNINGS					Attributable to EWE Group	Minority interests	Total
Comprehensive other income							
Reserve for cash flow hedges	Cumulative translation differences	Measurement of pension provisions	IFRS 5	Change from equity valuation without effect on profit and loss			
	-26.2	**60.8**		**39.6**	**1,957.4**	**44.8**	**2,002.2**
					245.6	1.4	247.0
	-8.0	-18.3	10.3	-11.8	-27.8	-0.6	-28.4
					217.8	**0.8**	**218.6**
					-65.0	-3.8	-68.8
					-0.9	-0.1	-1.0
					-20.0		-20.0
					0.4	-4.8	-4.4
	-34.2	**42.5**	**10.3**	**27.8**	**2,089.7**	**36.9**	**2,126.6**
11.9	**-29.8**	**41.3**	**10.3**	**0.8**	**3,373.8**	**36.0**	**3,409.8**
					195.0		195.0
28.7	53.5	-61.3		-0.6	20.3	6.6	26.9
					215.3	**6.6**	**221.9**
					2.4		2.4
					-88.0	-0.1	-88.1
					-2.9		-2.9
40.6	**23.7**	**-20.0**	**10.3**	**0.2**	**3,500.6**	**42.5**	**3,543.1**

Cash flow statement for the EWE Group

1 January to 30 June 2010 / Source of funds (+), use of funds (-)

EUR million	01.01. – 30.06.2010	01.01. – 30.06.2009
EBIT[1]	**335.6**	**381.3**
Depreciation, amortisation and impairment[1]	202.5	153.0
Reversals of depreciation, amortisation and impairment	-0.1	-0.2
Reversal of construction subsidies	-23.6	-19.4
Interest paid	-26.7	-48.4
Interest received	8.0	7.3
Income tax payments / rebates	-43.4	-40.7
Net gain / loss on disposal of non-current assets	0.2	0.6
Non-cash foreign currency gains / losses	0.2	0.2
Non-cash changes in provisions	-0.3	12.3
Income / loss from companies accounted for under the equity method[1]	5.0	-73.5
Net non-cash gain / loss from derivative financial instruments	-27.8	-17.9
Other non-cash income and expenses[1]	11.2	0.8
Changes in inventories	-13.5	10.7
Changes in receivables and other assets	-141.9	32.4
Changes in liabilities	-154.9	-116.2
Cash flow from operating activities	**130.5**	**282.3**
Construction subsidies received	13.1	11.2
Expenditure for investments in intangible assets	-3.0	-5.2
Proceeds from disposal of property, plant and equipment	3.1	1.6
Expenditure for investments in property, plant and equipment	-231.5	-184.5
Proceeds from disposal of financial assets	2.2	1.3
Expenditure for investment in financial assets	-30.9	-65.6
Expenditure for investment in interests in fully consolidated companies	-	-54.2
Cash flow from investing activities	**-247.0**	**-295.4**
Proceeds from issuing equity instruments	2.4	-
Dividend payments to shareholders and minority shareholders	-88.1	-68.8
Proceeds from assumption of financial liabilities	-	400.5
Repayment of non-current financial liabilities	-12.6	-448.6
Other payments for / from financing activities	-0.7	-
Cash flow from financing activities	**-99.0**	**-116.9**
Change in cash and cash equivalents	-215.5	-130.0
Change in cash and cash equivalents due to changes in exchange rates and in the group of consolidated companies	9.1	-1.2
Cash and cash equivalents at the beginning of the period	604.9	223.0
Cash and cash equivalents at the end of the period	**398.5**	**91.8**

[1] Previous year's figures adjusted

Notes to the Consolidated Financial Statements for the EWE Group

General remarks

EWE Aktiengesellschaft (hereafter EWE AG) with registered offices in 26123 Oldenburg (Germany), Donnerschweer Straße 22–26, is the parent company of the EWE Group.

This interim report has been prepared in accordance with IAS 34 and is an condensed version of the consolidated financial statements.

The interim consolidated financial statements and the Group interim management report are unaudited and have not been subject to any review procedures.

These consolidated financial statements were approved by the Board of Management for presentation to the Supervisory Board on 20 August 2010.

Accounting and valuation methods

With the exception of the new regulations described below, the accounting and valuation methods applied as of 30 June 2010 comply with those used for the consolidated financial statements to 31 December 2009.

For more information we refer to the consolidated financial statements as of 31 December 2009, which form the basis of these interim financial statements.

Changes in accounting and valuation methods

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted the following new standards and interpretations which are mandatory for the EWE Group as from the financial year 2010.

Amendments to standards as part of the 2009 annual improvement process (revised April 2009):
The IASB has issued a further collection of amendments to standards as part of its annual improvement process. They include a large number of minor amendments intended to illustrate the rules and remove inconsistencies.

Its first-time application had no significant impact on the EWE consolidated financial statements.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – eligible hedged items in a hedging relationship (September 2009):
The revised version of IAS 39 emphasises that inflation risks can only be hedged by hedging transactions if payments are directly linked to an inflation index. It is also made clear that it is not generally possible to hedge one-sided risks effectively by an entire option.

Its first-time application had no significant impact on the EWE consolidated financial statements.

Amendments to IAS 39 "Reclassification of Financial Assets: Effective Date and Transition" (September 2009): This amendment stipulates that reclassifications made on or after 1 November 2008 are effective from the date of reclassification. Reclassifications made before 1 November 2008 can be reclassified with effect from 1 July 2008 or later. The reclassification regulations cannot be applied to any date before 1 July 2008.

Its first-time application had no significant impact on the EWE consolidated financial statements as no assets have been reclassified.

Amendment to IFRS 2 "Group Cash-settled Share-based Payment Transactions" (June 2009): This makes it clear that a company that receives goods or services as part of a share-based payment transaction has to recognise these goods and services in their financial statements. This applies irrespectively of which company in the group settles the transaction and by which means settlement takes place. The first-time application had no effect on the EWE consolidated financial statements as the EWE Group has no share-based payment programmes.

The amendment to IFRIC 9 and IAS 39 "Embedded Derivatives" (December 2009) makes it clear that if financial assets are reclassified from the category "at fair value through profit or loss" to the category "at amortised cost", an assessment must be made as to whether an embedded derivative needs to be separated from a host contract and accounted for separately. If separate recognition is necessary but separate measurement of the embedded derivative is not possible, the financial asset may not be reclassified. Its first-time application had no significant impact on the EWE consolidated financial statements.

IFRIC 12 "Service Concession Arrangements" (March 2009) governs the accounting treatment of agreements by which a government or other public-sector institution awards contracts (service concessions) to private companies to provide public services. To provide the services, the private company uses infrastructure which remains public property. The private company is usually responsible for building, operating and maintaining the infrastructure. Its first-time application had no significant impact on the EWE consolidated financial statements.

IFRIC 15 "Agreements for the Construction of Real Estate" (July 2009) provides guidance on how to determine whether an agreement for the construction of real estate falls within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and, accordingly, when revenue from the construction should be recognised. The first-time application had no significant impact on the EWE consolidated financial statements as the EWE Group has no agreements for the construction of real estate.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (June 2009) clarifies grey areas in connection with currency hedging for a foreign operation. The interpretation lays down in particular what risks can be hedged, which group companies can hold the hedging instrument and the accounting treatment in the event that the foreign entity is disposed of. Its first-time application had no significant impact on the EWE consolidated financial statements.

IFRIC 17 "Distributions of Non-cash Assets to Owners" (November 2009) deals with issues related to non-cash dividends for shareholders. Among other issues, it regulates when a dividend payable should be recognised and measured. In addition, it results in further disclosures in the Notes. The first-time application had no effect on the EWE consolidated financial statements as the EWE Group does not currently distribute non-cash assets to owners.

IFRIC 18 "Transfers of Assets from Customers" deals among other things with cases in which a company receives an item of property, plant and equipment from a customer (or the funds to produce or purchase an item of property, plant and equipment) in order to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. Its first-time application had no significant impact on the EWE consolidated financial statements.

New accounting regulations

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have amended or adopted additional standards and interpretations which are not yet binding for the financial year 2010 and which the EWE Group has not applied voluntarily. These are as follows:

IAS 24 "Related Party Disclosures" (November 2009) clarifies the definition of a related party. Another important aspect of the revision is the introduction of exemptions for companies that are controlled, jointly managed or under the significant influence of the public sector ("government-related entities").

The revised standard is effective for financial years beginning on or after 1 January 2011. The effects of the amendment to the standard on EWE's consolidated financial statements are currently under review.

IAS 32 "Financial Instruments: Presentation" – classification of rights issues (December 2009): The revision of IAS 32 means that if a company grants subscription rights, options or warrants for a fixed number of its own shares at a fixed currency amount in a currency other than its functional currency, these are to be classified as equity rather than as financial liabilities as previously.

The amendments are effective for financial years beginning on or after 1 February 2010. The first-time application is not expected to have any effect on the consolidated financial statements of the EWE Group.

IFRS 9 Financial Instruments (November 2009): This standard is part of the project for a successor to IAS 39. IFRS 9 deals with the classification and measurement of financial instruments. It also revises the rules on impairment and hedging relationships.

The amendments are effective retroactively for financial years beginning on or after 1 January 2013. Early adaption is possible. The effects of the amendment to the standard on EWE's consolidated financial statements are currently under review.

IFRIC 14 "Prepayments of Existing Minimum Funding Requirements": The amendment to IFRIC 14 is relevant in those rare cases in which a company has minimum funding requirements and makes prepayments to meet these minimum funding requirements. The amendment allows companies to recognise the benefit of this prepayment as an asset.

The amendment to IFRIC 14 is effective as of 1 January 2011. The amendments are not expected to have an effect on the consolidated financial statements of the EWE Group.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" is relevant in the event that the renegotiated terms of a contract for a financial liability allow the debtor to extinguish all or part of the financial liability by issuing equity instruments (known as debt-for-equity swaps). The interpretation deals exclusively with the accounting for the debtor, i.e. the issuer of the equity instrument.

On condition that the creditor is an independent third party, the equity instruments are to be measured at fair value at the time of issue. If this cannot be reliably determined the equity instruments are to be measured at the fair value of the liability extinguished in part or in full.

IFRIC 19 is applicable to financial years beginning on or after 1 July 2010 and is to be applied retrospectively to the extent that fair value can be determined retroactively. First-time application of IFRIC 19 is not expected to have any effect on the consolidated financial statements of the EWE Group.

Previous year's figures adjusted

In accordance with IFRS 3, EWE AG has taken the opportunity of finalising the allocation of the acquisition costs for the Turkish subsidiaries Bursagaz Bursa Şehiriçi Doğalgaz Dağitim Ticaret ve Taahhüt A.Ş., Bursa, Turkey, and Kayserigaz Kayseri Doğalgaz Dağitim Pazarlama ve Ticaret A.Ş., Kayseri, Turkey, within one year. The preliminary figures as of 30 June 2009 have therefore been adjusted accordingly.

A retrospective adjustment was made for MVR Müllverwertung Rugenberger Damm GmbH & Co. KG, Hamburg, in line with IAS 8. The shares are now accounted for under the equity method. This resulted in a reclassification of the shares from other shareholdings to investments accounted for under the equity method. The result of investments accounted for under the equity method was adjusted in the income statement.

Group of consolidated companies

The consolidated financial statements include EWE AG as well as all significant domestic and foreign subsidiaries controlled directly or indirectly by EWE AG. Significant associated companies are recorded using the equity method.

The following table shows the group of consolidated companies:

Type of consolidation and number	**30.06.2010**	31.12.2009	30.06.2009
Full consolidation	37	33	17
Associated companies	8	8	6

Segment information for the EWE Group[1]

EUR million	Corporate Center		Energy		Network	
	01.01.– 30.06.2010	01.01.– 30.06.2009	**01.01.– 30.06.2010**	01.01.– 30.06.2009	**01.01.– 30.06.2010**	01.01.– 30.06.2009
Sales						
External sales	0.2	0.9	2,293.7	2,215.4	520.0	461.2
Inter-segment sales	1.9	3.4	35.3	63.2	469.7	430.9
Total sales	**2.1**	**4.3**	**2,329.0**	**2,278.6**	**989.7**	**892.1**
Result						
Segment earnings (EBIT)	243.5	370.8	51.9	154.6	145.8	92.4
Interest income						
Interest expense						
Result for the period before income taxes (EBT)						
Income taxes						
Result for the period						
Other information						
Segment assets	2,158.0	2,843.4	2,909.8	2,604.3	2,419.5	2,471.1

[1] Previous year's figures adjusted
[2] Consolidated in full for the first time from 1 October 2009

Principles of consolidation

Consolidation takes place on the basis of the interim financial statements for EWE AG and the financial statements of the fully consolidated subsidiaries as of 30 June 2010, which are prepared using interim uniform accounting principles.

Receivables, liabilities, expenses and income between consolidated companies are eliminated in full in accordance with IAS 27.

Interim results from intra-Group transactions are eliminated in full and deferred taxes recognised as necessary.

Result of investments accounted for under the equity method

The change in the result of investments accounted for under the equity method compared with the previous year results primarily from the reclassification of the investment in VNG – Verbundnetz Gas Aktiengesellschaft (VNG), Leipzig, from this category to that of non-current assets held for sale.

Profit distribution

On 26 April 2010, the EWE AG Annual General Meeting resolved to distribute the proposed dividend for the financial year 2009, amounting to Euro 88.0 million (Euro 362.16 for each nominal Euro 1,000.00 of share capital amounting to Euro 242,988,000.00), to the shareholders.

swb[2]	ICT		Eliminations		Consolidated	
01.01.– 30.06.2010	**01.01.– 30.06.2010**	01.01.– 30.06.2009	**01.01.– 30.06.2010**	01.01.– 30.06.2009	**01.01.– 30.06.2010**	01.01.– 30.06.2009
560.6	252.9	245.8	0.0	0.0	3,627.4	2,923.3
11.4	53.5	49.4	-571.8	-546.9	0.0	0.0
572.0	**306.4**	**295.2**	**-571.8**	**-546.9**	**3,627.4**	**2,923.3**
77.9	2.6	3.1	-186.1	-239.6	335.6	381.3
					8.0	15.5
					-103.8	-91.0
					239.8	**305.80**
					-44.8	-58.80
					195.0	**247.0**
2,617.0	505.5	513.8	-900.0	-1,903.8	9,709.8	6,528.8

Provisions

The provisions for pensions and similar obligations bear interest at a rate of 4.75 per cent (31.12.2009: 5.25 per cent).

Segment information

The segments in the EWE Group are determined in accordance with internal reporting lines in what is known as the “management approach” (for more information, please see the table “Segment information for the EWE Group“ on page 32 / 33).

Related party disclosures

Transactions with companies included in the consolidated financial statements are eliminated as part of consolidation. The related parties of the EWE Group include the shareholders of EWE AG, non-consolidated affiliated companies, the associated companies accounted for under the equity method and VNG. They also include the members of the Board of Management and Supervisory Board of EWE AG.

With the group of shareholders there are mainly financial relationships as well as supply and service relationships. With the group of associated companies accounted for under the equity method and with VNG there are mainly supply and service relationships, commercial services as well as financial relationships. All transactions are concluded on standard market terms.

The following table shows the transactions with related parties:

Shareholders of EWE AG

EUR million	**01.01.–30.06.2010**	01.01.–30.06.2009	**30.06.2010**	31.12.2009
Purchase of goods	5.2			
Sale of goods	11.7			
Financing	2.4			
Receivables			9.5	5.3
Liabilities			4.9	4.1

Associated companies accounted for under the equity method and VNG

EUR million	**01.01.–30.06.2010**	01.01.–30.06.2009	**30.06.2010**	31.12.2009
Services rendered	1.8			
Purchase of goods	13.3			
Sale of goods	25.4			
Energy purchased	89.8	127.8		
Services purchased	9.1	0.7		
Financing	0.2			
Other		2.2		
Receivables[1]			38.6	23.8
Liabilities[2]			7.7	49.2

[1] of which Euro 0,3 million to VNG as of 30.06.2010 (IFRS 5)
[2] of which Euro 33.2 million to VNG as of 31.12.2009 (IFRS 5)

Non-consolidated affiliated companies

EUR million	30.06.2010	31.12.2009
Receivables	87.4	81.1
Liabilities	11.7	8.6

The members of Ems-Weser-Elbe Versorgungs- und Entsorgungsverband are the local authorities and municipalities in our supply area between the rivers Ems, Weser and Elbe. They are supplied with electricity, gas, and telecommunications and information services on standard market terms.

The EWE Group concluded no significant transactions with related individuals. The supply of electricity and natural gas and telecommunications services to related parties takes place on arm's length terms.

Information on the Boards of EWE AG

Supervisory Board

Günther Boekhoff	Chairman Honorary Mayor of the town of Leer, Leer
Rainer Janßen	First Deputy Chairman Technical Supervisor of EWE NETZ GmbH, Varel
Hans-Peter Villis	Second Deputy Chairman Chairman of the Board of Management of EnBW AG, Castrop-Rauxel
Martin Döscher	Third Deputy Chairman Honorary District Administrator of Cuxhaven, Köhlen
Hans Eveslage	Fourth Deputy Chairman District Administrator of Cloppenburg, Barßel
Wolfgang Behnke	Systems Integrator of EWE AG, Osterholz-Scharmbeck
Hermann Bröring	District Administrator of Emsland, Lingen
Claus Christ	Technical Supervisor of EWE NETZ GmbH, Remels
Karl-Heinz Funke	Minister (retired), Varel, from 30 April 2010
Dr. Hans Michael Gaul	Düsseldorf
Carsten Hahn GmbH,	Administrator of EWE NETZ Osterholz-Scharmbeck
Gregor Heller EWE AG, Haselünne	Senior Trades Consultant of
Dr. Stephan-Andreas Kaulvers	Chairman of the Board of Management of Bremer Landesbank, Bremen
Aloys Kiepe	ver.di District Trade Secretary, Emden
Sigrid Leidereiter	ver.di District Trade Secretary, Bremen
Immo Schlepper	Regional Department Director of ver.di, Oldenburg
Ulrike Schlieper	Party Chairwoman at the Friesland District Council, Sande, from 1 May 2010
Alwin Schlörmann	Regional Director of EWE AG, Bad Zwischenahn
Prof. Dr. Gerd Schwandner	Mayer of the town of Oldenburg, Oldenburg
Dierk Schwarting	Technical Supervisor of EWE NETZ GmbH, Ganderkesee
Dr. Hans-Josef Zimmer	Member of the Board of Management of EnBW AG, Steinfeld (Rhineland-Palatinate)

Board of Management

Dr. Werner Brinker — Chief Executive Officer of EWE AG, Rastede

Heiko Harms — Member of the Board of Management of EWE AG, Rastede

Dr. Thomas Neuber — Member of the Board of Management of EWE AG, Oldenburg

Dr. Willem Schoeber — Member of the Board of Management of EWE AG, Bremen

Michael Wagener — Chief Financial Officer and Board member for Human Resources of EWE AG, Rastede

Events after the balance sheet date

The main events which occurred after the balance sheet date are presented in the supplementary report to the Group interim management report.

Confirmation by the legal representatives

We confirm that – to the best of our knowledge and in accordance with the applicable accounting standards for interim reports – the consolidated interim financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the Group interim management report presents the course of business, earnings and the Group's situation in a true and fair way and that the main risks and opportunities of the Group's expected future development are described.

Oldenburg, Germany, 20 August 2010

Board of Management

Dr. Werner Brinker   Heiko Harms   Dr. Thomas Neuber

Dr. Willem Schoeber   Michael Wagener

Calendar 2011

Tuesday, 12 April 2011	Annual Report – Press conference on results 2010
August 2011	Interim Report 2011

Imprint

Published by
EWE Aktiengesellschaft
Donnerschweer Straße 22–26
26123 Oldenburg
Germany

Editorial team
EWE Aktiengesellschaft
Corporate Communications
Phone: +49 (0) 4 41/4805-18 30
Email: geschaeftsbericht@ewe.de

Concept and design
IR-One AG & Co., Hamburg
www.ir-1.com

Photography
Stephan Meyer-Bergfeld, Oldenburg

Printed by
W. Zertani, Druckerei und Verlag, Bremen

Translated by
EnglishBusiness, Hamburg

EWE on the Internet
www.ewe.com

Disclaimer

This interim report contains forward-looking statements based on assumptions and estimates by the management of EWE AG. Although company management believes that these assumptions and estimates are accurate, future developments and actual future results may differ considerably from these assumptions and estimates due to a wide variety of factors. These factors may include changes in the general economic situation, in the statutory and regulatory framework for Germany and the EU, and in the sector. EWE AG is neither liable for, nor guarantees that future developments and the actual results achieved in future will coincide with the assumptions and estimates made in this interim report. EWE AG neither intends nor assumes any obligation to update forward-looking statements to reflect events or developments after the date of this interim report.

This interim report also exists in German; in the event of any divergences, the German version of the interim report has precedence over the English version. Both language versions are available for download from *http://www.ewe.de.*

EWE Aktiengesellschaft
Donnerschweer Straße 22 – 26, 26123 Oldenburg, Germany
www.ewe.com