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Trianel

Management Report 2010

Trianel GmbH

Contents

Summarised

Management Report of Trianel GmbH

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1.1.1 Legal corporate structure

In the 2010 reporting year, more new partners joined Trianel GmbH with the addition of Ahauser Energie und Dienstleistungs GmbH and Stadtwerke Aalen GmbH to the group. The (cash) capital increases implemented for this further increased Trianel GmbH's equity.

As of the balance sheet date, 49 municipal utility companies from Germany, Switzerland, Austria held a participating interest in Trianel GmbH.

Overall, the share capital of Trianel GmbH increased during the 2010 reporting year by € 250,000 from € 17,896,575 to € 18,146,575 on the balance sheet date. At the meeting of the Shareholders' Committee on 15 December 2010, the shareholders also decided to add a 50th shareholder. The implementation of the decision, and thus the entry of this shareholder via a (cash) capital increase took place on 17 April 2011 via entry in the Commercial Register. Negotiations are currently underway with other municipal utility companies on joining. We view the success in attracting new shareholders as proof of the continued appeal of our business model.

The shareholders have decided to add a 50th shareholder.

We view the success in attracting new shareholders as proof of the continued appeal of our business model.

The following chart provides an overview of the shareholder structure of Trianel GmbH as of 31 December 2010.

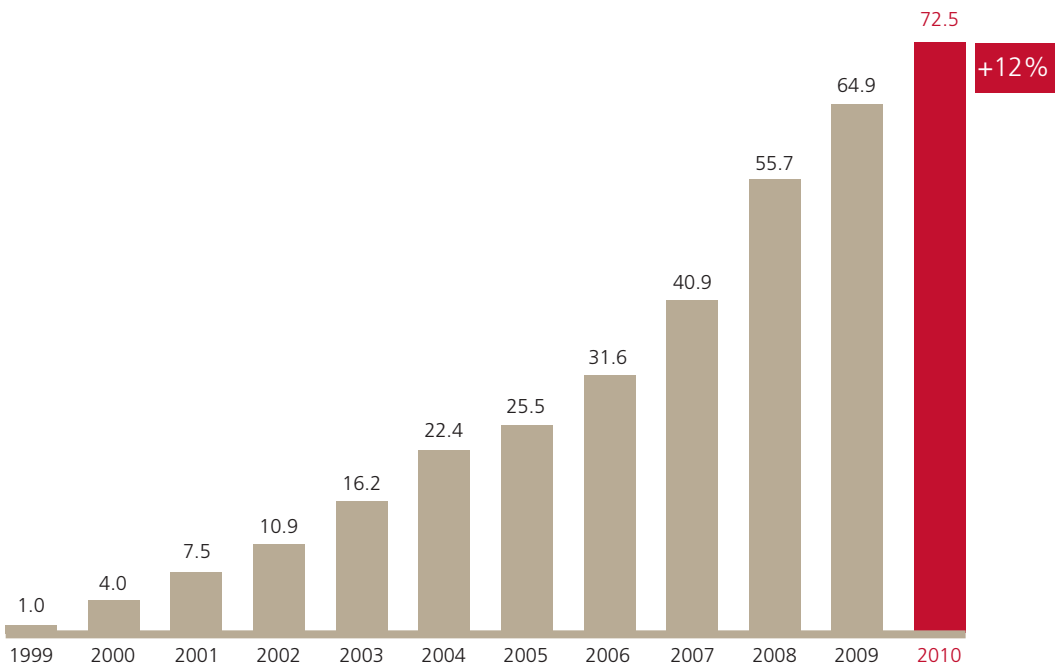
Trianel GmbH

ewmr – Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH, Bochum (Bochum, Herne, Witten)	27.42%
STAWAG Stadtwerke Aachen AG	13.30%
Überlandwerk Fulda AG	7.72%
Stadtwerke Bonn GmbH	6.45%
Stadtwerke Lübeck Holding GmbH	5.69%
SWU Energie GmbH, Ulm	4.21%
Stadtwerke Energie Jena-Pößneck GmbH	3.32%
Niederrheinwerke Viersen GmbH	3.19%
Salzburg AG für Energie, Verkehr und Telekommunikation, Österreich	1.96%
enwor – energie & wasser vor ort GmbH, Herzogenrath	1.90%
Stadtwerke Halle GmbH	1.75%
SWT Stadtwerke Trier Versorgungs-GmbH	1.65%
Allgäuer Überlandwerk GmbH	1.38%
NVB Nordhorner Versorgungsbetriebe GmbH	1.32%
Stadtwerke Hamm GmbH	1.25%
Stadtwerke Lindau (B) GmbH & Co. KG	1.07%
GSW Gemeinschaftsstadtwerke GmbH Kamen – Bönen – Bergkamen	0.92%
Stadtwerke Aalen GmbH	0.83%
Stadtwerke Borken/Westf. GmbH	0.83%
Stadtwerke Lünen GmbH	0.73%
Regio Energie Solothurn, Schweiz	0.66%
Energie- und Wasserversorgung Rheine GmbH	0.63%
Hertener Energiehandelsgesellschaft mbH	0.60%
Stadtwerke Fröndenberg GmbH	0.59%
Ahauser Energie- und Dienstleistungs GmbH	0.55%
ENNI Energie Wasser Niederrhein GmbH	0.55%
GWS Stadtwerke Hameln GmbH	0.55%
Schleswiger Stadtwerke GmbH	0.55%
Stadtwerke Bad Salzuflen GmbH	0.55%
Stadtwerke Dachau	0.55%
Stadtwerke Elmshorn	0.55%
Stadtwerke Gronau GmbH	0.55%
Stadtwerke Sindelfingen GmbH	0.55%
Stadtwerke Tuttlingen GmbH	0.55%
Stadtwerke Wedel GmbH	0.55%
Stadtwerke Bad Pyrmont Beteiligungs und Bäder GmbH	0.41%
Stadtwerke Uelzen GmbH	0.41%
Stadtwerke Detmold GmbH	0.40%
Stadtwerke Flensburg GmbH	0.37%
Stadtwerke Unna GmbH	0.36%
Stadtwerke EVB Huntetal GmbH	0.34%
Stadtwerke Soest GmbH	0.32%
Stadtwerke Lemgo GmbH	0.30%
Stadtwerke Schwäbisch Hall GmbH	0.29%
Stadtwerke Georgsmarienhütte GmbH	0.28%
Stadtwerke Herford GmbH	0.28%
Stadtwerke Lengerich GmbH	0.28%
Stadtwerke Verden GmbH	0.28%
Teutoburger Energie Netzwerk e.G., Hagen	0.28%

Taking into account the annual net income of € 6,558,898 for the 2010 financial year, Trianel GmbH has equity of € 72,486,359. The equity development is shown in the following chart.

Equity development of Trianel GmbH (individual financial statements)

In € millions



On the reporting date of 31 December 2010, Trianel owned sixteen subsidiaries and affiliated companies. The participation structure is shown in the following chart:

Trianel GmbH

Trianel Gaskraftwerk Hamm GmbH & Co. KG Generation	6.12%	Trianel Gaskraftwerk Hamm Verwaltungs GmbH	100%
Trianel Gasspeicher Epe GmbH & Co. KG Gas storage	17.60%	Trianel Gasspeicher Epe Verwaltungs GmbH	100%
Trianel Kohlekraftwerk Lünen GmbH & Co. KG Generation	6.34%	Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	100%
Trianel Windkraftwerk Borkum GmbH & Co. KG Generation	2.69%	Trianel Windkraftwerk Borkum Verwaltungs GmbH	100%
Trianel Erdgasförderung Nordsee GmbH & Co. KG Gas production	28.59%	Trianel Erdgasförderung Nordsee Verwaltungs GmbH*	100%
Trianel Finanzdienste GmbH Portfolio management/ Financial services	100%	Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH*	100%
Trianel Energie B.V. Sales, Benelux	100%	Trianel Service GmbH	20%
energieGUT GmbH Consumer sales Germany	8.26%	EEX AG	0.25%

Status: 31/12/2010

* According to economic attribution.

Trianel Gaskraftwerk Hamm GmbH & Co. KG, domiciled in Aachen, Germany, is responsible for operating the 840 megawatt municipal gas and steam turbine power plant in Hamm-Uentrop. On the reporting date, Trianel GmbH's shareholding was 6.12%. Personally liable shareholder Trianel Gaskraftwerk Hamm Verwaltungs GmbH, domiciled in Aachen, a wholly owned subsidiary of Trianel GmbH, manages the company.

Trianel Gasspeicher Epe GmbH & Co. KG, domiciled in Aachen, is responsible for the operation of a natural gas storage facility located in Epe in the district of Borken (North Rhine-Westphalia). In the reporting year, Trianel Gasspeicher Epe GmbH & Co. KG commissioned its fourth gas cavern. This almost doubled its storage capacity. On the reporting date, Trianel GmbH's shareholding was 17.60%. Personally liable shareholder Trianel Gasspeicher Epe Verwaltungs GmbH, domiciled in Aachen, a wholly owned subsidiary of Trianel GmbH, manages the company.

Trianel Kohlekraftwerk Lünen GmbH & Co. KG, domiciled in Lünen, has been building a modern, highly efficient 750 megawatt hard coal-fired power station at the Lünen site (North Rhine-Westphalia) since mid-2008. On the reporting date, Trianel GmbH's shareholding was 6.34%. Personally liable shareholder Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, domiciled in Aachen, a wholly owned subsidiary of Trianel GmbH, manages the company.

Trianel Windkraftwerk Borkum GmbH & Co. KG, domiciled in Aachen, was established in June 2008, and is responsible for planning and development and construction and operation of the Borkum-West II offshore wind farm with a total capacity of 400 megawatts. On 15 December 2010, the shareholders decided to build forty wind turbines with a capacity of 200 megawatts. On the balance sheet date, Trianel GmbH's shareholding was 2.69%. Personally liable shareholder Trianel Windkraftwerk Borkum Verwaltungs GmbH, domiciled in Aachen, a wholly owned subsidiary of Trianel GmbH, manages the company.

Trianel Erdgasförderung Nordsee GmbH & Co. KG, domiciled in Aachen, was established in mid-2010. It is responsible for studying possible activities in producing natural gas within the European Economic Area (EEA) to ensure sustainable supplies of energy to municipal energy utility companies. Since the fourth quarter of 2010, more and more municipal energy supply companies have been joining this company as limited partners. On the reporting date, Trianel GmbH's shareholding was 28.59%. The personally liable shareholder, Trianel Erdgasförderung Nordsee Verwaltungs GmbH, domiciled in Aachen, which is commercially wholly affiliated with Trianel GmbH, is responsible for management.

Trianel Finanzdienste GmbH, domiciled in Aachen, is a wholly owned subsidiary of Trianel GmbH. The activities of the Trianel Group which require authorisation for the provision of financial services pursuant to § 32, para. 1 of the German Banking Act (Kreditwesengesetz, KWG) are pooled in this company.

Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH, domiciled in Aachen, manages the corresponding company for the development of a hard coal-fired CHP plant in Krefeld-Uerdingen and is wholly commercially attributed to Trianel GmbH.

The Dutch sales company Trianel Energie B.V., domiciled at Maastricht Airport, is a wholly owned subsidiary of Trianel GmbH and bundles the sales and distribution activities of the Trianel Group in the Netherlands and Belgium.

energieGUT GmbH, domiciled in Aachen, markets energy to domestic end consumers via an internet platform. As part of the scheduled development, Trianel GmbH decreased its shareholding in the company in the 2010 financial year. On the balance sheet date, the shareholding was 8.26%.

The purpose of the Cologne-based Trianel Service GmbH is the development and pooling of technical energy supply services. On the balance sheet date, Trianel GmbH's shareholding was 20%. The strategic orientation of the company is under examination, with business operations currently suspended.

1.1.2 Business sectors

As Europe's largest cooperation of municipal utility companies, Trianel utilises the potential of liberalised energy markets.

Trianel GmbH operates in multiple sectors of the energy industry throughout the entire value chain. As Europe's largest cooperation of municipal utility companies, Trianel GmbH utilises the potential of liberalised energy markets by pooling complementary interests in a municipal environment with the objective of boosting the competitiveness and therefore autonomy of municipal utility companies. Consistently working together towards shared goals allows barriers to market entry to be overcome, thus opening business sectors which would not be accessible to individual municipal utility companies.

The starting point and core business of Trianel GmbH is the energy supply business. Trianel assists municipal utility companies in their responsibility of guaranteeing the supply of energy to end consumers by procuring energy on wholesale markets for these distributors. Trianel's area of activity has expanded considerably in recent years due to the development of large-scale energy generation and gas storage facilities and their energy industry and commercial management and optimization. New strategic initiatives have been launched via joint analysis of social, technological and regulatory development in end-consumer related sectors (e.g. electromobility, smart metering) and the development of corresponding business models together with the municipal utility companies.

All activities of Trianel are developed in close coordination with the preferences of the shareholders and customised for their needs and circumstances.

In our role as energy service providers for municipal utility companies, we currently operate in the following individual areas of the value chain:

a) Upstream activities

In this area, we develop projects for the construction or purchase of facilities in the energy industry, for example conventional and regenerative power plants and energy storage facilities. This enables municipal utility companies to expand their value creation in the energy industry by adding the energy generation and storage sectors. We continue to monitor these projects after commissioning with our commercial and energy management services. By purchasing minor shares in the project companies, we, as a service provider, ensure that our interests are the same as those of the owners of the facilities, and we participate in their results.

b) Midstream activities

These activities include all services required to manage and administer an energy portfolio - whether for procurement or generation marketing. Trianel GmbH assumes some risk in this context – such as forecast risk – for its customers. Depending on the individual risk propensity of the customer, we offer a variety of solutions, which range from a full-service package to active management of their own portfolio. Our access to the OTC markets and energy exchanges mean that we can obtain the energy quantities required by our customers. Where necessary, we avail of the services of Trianel Finanzdienste GmbH, which is authorised to provide financial services.

All activities involving risk are embedded in a risk management system, which strictly restricts the profit results from open, unhedged items.

c) Downstream activities

We provide services for municipal utility companies to support them in fulfilling their sales responsibilities. This includes joint development of new products and risk management services. In addition, a range of areas are currently being developed together with interested municipal utility companies. These developments could have major effects on the business of the municipal utility companies. In 2010, one area focused on was electromobility, where the response of municipal utility companies to the new e-mobility network was very positive. Other projects involve energy efficiency and smart metering.

We help our customers in all business sectors make the most of new value creation opportunities on the energy market. We rely on early recognition of changes and innovative solutions, in particular on joint development of new products with our customers and shareholders.

We help our customers in all business sectors make the most of new value creation opportunities on the energy market.

1.1.3. Management and control

In addition to the Management Board with directors, Sven Becker, management spokesman, and Dr. Jörg Vogt, Trianel GmbH's governance bodies include the Shareholders' Committee and the twelve-member Supervisory Board.

1.1.4 Important products, services, business processes, projects

Trianel GmbH operates or can, if necessary, deal in all trade products and on all exchanges for both electricity and gas products in Germany and Netherlands market regions. This trade infrastructure is the basis for varied sales products in the supply sector and also gives our customers a direct source for trade products.

A key part of the activities in the electricity management sector in 2010 was portfolio management on the procurement and generation fronts. Revenue from procurement portfolio management increased slightly, in spite of generally decreasing sales figures for electricity in the roughly 35 municipal utility companies supported. New customers were secured in the competition for portfolio management services. The service was expanded to include power station segments of other joint power stations in the Trianel Group and from third party companies thanks to our performance proven in quantitative comparisons compared with alternative portfolio managers. Expansion of the product range contributed to our ability to better serve the individual requirements of customers with modular service components.

A key part of the activities in the electricity management sector in 2010 was portfolio management.

Assuming quantity and price risks for municipal utility companies remains a key service in the German electricity supply industry. After the market upheavals in 2009 due to the recession, and the associated losses for Trianel GmbH in this sector, this service was successfully restructured. Risks taken on are restricted further, while preserving the added value for the customer. In particular, development of the processes for exchanging information with customers has resulted in additional value creation potential for Trianel GmbH and its customers.

In commercial operational management for the Hamm-Uentrop power station, further optimisation of the service in the CO_2 and reserve energy market resulted in additional revenues totalling millions of euros for the power plant company. During the reporting year, establishment of commercial management processes and systems for the Trianel joint power station in Lünen, which is currently under construction, was also continued according to plan. Commercial full-time operation is expected to commence there in the first half of the year 2013.

As part of our corporate strategy to provide attractive services in conjunction with the conversion of the energy industry to sustainability, we have significantly advanced our activities for the integration of renewable generation systems in existing energy markets. In the reporting year, the decision to found GESY Green Energy Systems GmbH, a joint venture by leading German wind farm operators and Trianel GmbH, was the successful foundation stone for Trianel GmbH's entry into the wholesale market for green electricity. In 2011, Trianel GmbH will become a formal shareholder in GESY. The first result of this cooperation was the implementation of the Green Electricity Privilege per § 37 of the German Renewable Energy Act (EEG) with nine municipal utility companies, which reduces their purchasing costs significantly on one hand, and also increases the remuneration for electricity from renewable generation systems for plant operators on the other.

As part of our corporate strategy, we have significantly advanced our activities for the integration of renewable generation systems in existing energy markets.

In the gas industry sector, we further expanded our customer portfolio in the reporting year. In particular the portfolio management products (with the addition of services from the balancing group management and market access sectors) were in great demand as a result of the market development. At the end of the reporting year, the service included a managed customer portfolio totalling 18 terawatt hours/year (TWh/a). The market for flexible supply products is still characterised by highly aggressive price competition due to the relatively low demand.

In the gas industry sector, we further expanded our customer portfolio.

In the reporting year, the Epe gas storage facility was operated commercially virtually without restrictions in spite of the expansion of storage implemented at the same time. The commercial applications of the storage facility were expanded via more trade-oriented marketing and continued marketing of our new interruptible storage product. In addition, further third-party customers were attracted for the storage facility in 2010 in spite of the difficult market environment.

In order to reduce its risk exposures, Trianel GmbH strives to reduce its shareholding in the storage company Trianel Gasspeicher Epe GmbH & Co. KG, currently 17.6%. At the end of 2010, a declaration of intent was concluded as part of a strategic cooperation with a well-known company from the gas industry, which resulted in a transfer of 10% in shares effective from 1 January 2011. Accordingly, Trianel GmbH's shareholding in Trianel Gasspeicher Epe GmbH & Co. KG decreased to 7.6% as of 1 January 2011. As part of the cooperation with the new partner, further collaborative steps are planned for 2011.

After the successful launch of the new "Consulting and services" sector in 2009, services were expanded in the reporting year, in particular services for end consumer-oriented marketing of municipal utility companies. In 2010, the sector developed some successful consulting projects for re-orienting municipal utility company marketing departments. These projects confirmed the high practical relevance of our consulting services, the expert support and implementation of new processes in marketing-specific divisions of municipal utility companies as a unique selling proposition of Trianel GmbH.

In order to develop competitive processes and to manage key sales figures, sales portfolio management was introduced in 2010 as a new service for the sales operations of municipal utility companies. In addition to this, risk management consultancy services for municipal utility companies both in procurement portfolios (electricity and gas) and in generation portfolios were developed successfully, and in part were developed to form a holistic risk management package for municipal utility companies. We now provide the risk management reporting as continuous service for a total of 20 municipal utility companies.

The "New Technologies" business unit was established this year to analyse relevant future topics and trends for the municipal utility companies.

The "New Technologies" business unit developed in the reporting year was established to analyse relevant future topics and trendy systematically for municipal utility companies, and develop new products and business models for end consumer-specific departments of municipal utility companies based on the analyses. In the reporting year, the focus was on electromobility. Smart metering, energy efficiency and decentralised generation were among the other topics analysed. In addition to the established business segments in the upstream and midstream industries, these two downstream businesses are to grow as a third cornerstone of our business activities.

The Trianel GmbH project development business was further enhanced in the 2010 financial year. In particular, the planned investments for the first construction phase of the Borkum West II offshore wind farm created the basis for further expansion of the project development sector. In addition to this, we succeeded in preparing the successful start of a project to develop pumped storage power stations. Both projects emphasise Trianel GmbH's strategic focus of actively supporting municipal utility companies in converting the energy industry for the "age of renewables".

Trianel GmbH provides the management as well as technical expertise in the fields of legislation, energy industry, technology, financial and commercial tasks and corporate and project communication for the corresponding projects. The parties involved in managing the projects, besides Trianel GmbH, include municipal utility companies, who are looking for an independent and cost-effective way to participate in activities at all levels of the value chain. In detail, our activities in the 2010 financial year included the following projects:

GAS STORAGE FACILITY PROJECT IN EPE: The expansion of the gas storage facility was completed successfully on 1 October 2010 and commercial operation was started on schedule. From the start of the 2010/11 gas industry year, it provides almost twice the capacity and performance. Follow-up work will be completed by mid-2011.

NATURAL GAS PRODUCTION PROJECT: In the reporting year, the company law requirements and the economic parameters for an upstream gas project were developed and/or specified. For this purpose, Trianel Erdgasförderung Nordsee GmbH & Co. KG was founded. The initial objective is to investigate options for investment in natural gas production. A business model with minimum risk is targeted.

LÜNEN HARD COAL-FIRED POWER STATION PROJECT: The decision to build the hard coal-fired power station block with a net output of approximately 750 megawatts in Lünen was made by the shareholders in May 2008 when all main contracts were concluded. It is being built by a consortium under Siemens as a general contractor. The construction progress in the reporting year was delayed by the insolvency of one partner in the consortium. According to current estimates, a delay of at least four months, and thus the commencement of continuous operation in 2013 are expected. The costs for the delay will be largely covered by the general contractor. According to current plans, the overall budget will be met in spite of the delay. As of 31 December 2010, almost € 871 million of a total planned approx. € 1,400 million had been invested.

KREFELD-UERDINGEN COMBINED HEAT AND POWER STATION (CHP) PROJECT: On the northern expansion site of the CURRENTA Chemical Park in Uerdingen, a hard coal-fired CHP station is currently under development. To supply the industrial park, the equivalent of 200 megawatts can be decoupled as heat, thus achieving a very high efficiency level (energy use level) of over 60%. The approval for this project was further delayed in the reporting year. In light of the continued barriers to implementing a hard coal-fired power station in the current political and public environment, an alternative plan for a gas and steam turbine power station at the Krefeld-Uerdingen site is currently being studied. Commissioning is scheduled for the end of 2016, in order to replace the existing process steam provision plants at the CURRENTA site at the end of their service life.

RENEWABLE ENERGY PROJECTS: Since 2009 Trianel GmbH has been investigating investment options in various renewable technologies together with the participating municipal utility companies. The first project to be processed as part of Trianel GmbH's involvement in renewable energy is the Borkum West II offshore wind farm. In 2010, this work focused on the first construction phase (200 megawatts), which was initiated successfully at the end of 2010 with a construction decision after the conclusion of all key project contracts based on project financing. In addition to the option of the second construction phase in the offshore wind farm project, other projects, project options and business models in the renewable energy sector are being considered and reserved, which are to facilitate investments by municipal utility companies in 2011.

BORKUM WEST II OFFSHORE WIND FARM PROJECT: The project involves the construction of a total of 80 wind turbines with auxiliary systems (wiring, transformer stations) in the exclusive economic zone of the Federal Republic of Germany off the German North Sea coast (45 km north of the island of Borkum in water with a depth of 28 - 33 m) to generate electricity from wind energy. The permitted overall output of the wind farm is up to 400 megawatts; the expected investment volume is approx. € 1.5 billion (400 megawatts). In the first expansion phase, Trianel GmbH and the 33 municipal utility companies involved have created a total output of 200 megawatts. The Borkum West II project is one of the first projects of this scale implemented off the German coast. Five megawatt offshore wind turbines are to be used in the project. These turbines are the state-of-the-art in offshore wind energy industry. Once the decision to build had been made and the financing had been secured at the end of the reporting year, the schedule specifies a start of construction in the second half of 2011. As a result, test operation could start in autumn 2012 and the first construction phase of the project could be completed by early 2013 at the latest. The high quality of the project and its

level of innovation has also been recognised by the EU, which agreed to partially fund the implementation of the project to a total of almost € 43 million at the end of 2009. Overall, eleven banks are involved in financing the Borkum West II offshore wind farm, including the European Investment Bank (EIB) and NRW-Bank as development banks.

PUMPED STORAGE POWER STATION PROJECT: After first tests in 2009, the reporting year was used to identify a number of possible sites. From the point of view of energy industry experts and studies, the construction of new storage power stations will be one of the keys to restructuring the power generation industry in the decades to come. The expansion of renewable energy results in an increase in the demand for energy storage. Pumped storage power stations help compensate for generation fluctuations which will increase due to the priority and increasing supply from renewable energy sources. Project development orders are currently being concluded with a group of Trianel companies and partners, in order to evaluate and secure potential sites and initiate the approval processes required.

ELECTROMOBILITY PROJECT: The electromobility project started at the end of summer 2009, involving 29 municipal utility companies with a project development contract for the establishment of electromobility, was completed successfully in April 2010. To implement the results, 16 municipal utility companies came together to form the Trianel electromobility network in May 2010. By March 2011, a total of over 40 companies joined this project, which is currently the largest municipal network in this sector. A proprietary "Stadtwerke EnergieRad©" (Utility Company Energy Bike) was designed and built as part of the network. The bike was introduced successfully in September 2010 as a product for network partners. The number of products designed in the network is to increase further, thus ensuring that the network continues to grow in 2011.

PV CARPORT PROJECT: In the second half of 2010, Trianel built a carport with a PV roof as ordered by Trianel Gaskraftwerk Hamm GmbH & Co. KG. The carport with a surface of approx. 500 m² acts as a reference project for possible entry into the photovoltaics market. The system was commissioned on 30 September 2010, and has supplied solar power since then. The implementation of additional carport projects depends on the development of funding quotas under the General Renewable Energy Act (EEG).

Key sales markets

Germany is Trianel GmbH's most important sales market. The Netherlands, Luxembourg, Switzerland and Austria follow at some distance. Our most important customers are German municipal utility companies, in general the shareholders of Trianel GmbH.

Within Germany, Trianel GmbH succeeded in further strengthening its shareholder base in the reporting year with the addition of two new municipal shareholders.

In OTC wholesale trade, we have business relations to most of the German and European utility companies which operate in this market segment. Although the physical performance largely takes place in Germany, many of our competitors are located in other European countries.

1.1.5 Economic and legal influencing factors

2010 was a successful economic year for Germany. After the general economic development in 2009 decreased overall by 5% as a consequence of the economic crisis, the gross domestic product adjusted for inflation increased by 3.6% in 2010 according to current calculations by the Federal Statistics Office, more than any year since reunification. The economic recovery affected virtually all economy sectors and was supported by domestic and overseas demand. Exports increased by over 14%; national government consumption expenditure increased by 2.2%, and the private consumption expenditure increased by 0.5%. This had a corresponding positive effect on the labour market. The annual average employment rate was 7.7% based on the entire civilian labour force. This is 0.5% lower than the previous year.

The positive economic development had direct effects on the sales of electricity and gas in 2010. The gross electricity generation increased from 599 billion kilowatt hours (KWh) in 2009 to 621 billion KWh in 2010. This is equivalent to an increase of 4.7%. Renewable energy sources accounted for 16% of this. Natural gas consumption increased by 3.7% to 3,048 Petajoules (PJ). In addition to the significant revival of the industry, the low temperatures at the beginning of the year increased sales in the heat market. Temperatures in January, February and December were significantly lower than the averages from 2000 to 2009. The significantly higher demand for natural gas for electricity generation decreased in the second half of the year.

The positive economic development had direct effects on the sales of electricity and gas in 2010.

On the procurement side, gas availability reached a higher level. This was in particular due to the high production of unconventional natural gas in the USA. This meant that the unused quantities of liquid natural gas (LNG) were also available for Europe. The cross-border prices for pipe-bound gas imports varied between 2.1 cents and almost 3.2 cents per kilowatt hour over the past year. The electricity trade volume on the EEX increased 21% over the previous year in 2010. This reflects both the increasing involvement of German and overseas market participants and marketing of highly fluctuating renewable energy sources with the resulting demand for balancing energy.

The passing of the German Government's energy concept was extremely important for the energy industry in the past year. The delayed phase out of nuclear power plants was particularly significant for electricity-producing companies. Since the election of the German Parliament in 2009, an unclear decision situation regarding pro-competition requirements for nuclear power station operators has prevented urgently needed investments in modernisation of electricity generation in Germany. Power station construction in 2010 focused on gas, hard coal and lignite-fired plants. However, the opposition of the population to the construction of power stations increased, which added to the uncertainty in planning due to the unclear framework conditions.

Other components of the energy concept include improvements in the energy properties of buildings, measures to optimise energy efficiency and strong growth in renewable energy sources. This includes significant expansion of the infrastructure to ensure a powerful energy supply for increasingly decentralised generation. According to the German Energy Agency (dena), 3,600 additional kilometres of high-voltage power lines will be required by 2015.

In October 2010, the four transmission grid operators published the new German Renewable Energy Act allocation for 2011. The law obliges grid operators to purchase renewably-generated electricity and to pay a specified remuneration to the producers. The transmission grid operators are obliged to market the electricity under the Renewable Energy Act electricity on the spot market of an electricity exchange. The difference between the remuneration paid to producers under the Renewable Energy Act and the spot market revenues is covered by the Renewable Energy Act allocation. The goal is to systematically promote further expansion of renewable energy in this way. The current increase of the Renewable Energy Act allocation from 2.047 cents per kilowatt hour in 2010 to 3.530 cents per kilowatt hour in 2011 is due to the significant expansion of renewable energy sources – photovoltaics in particular.

The reduction from six to three gas market regions in 2010 also affected the energy market. Further simplifications for transportation and thus further competitive impetuses are expected for market participants without their own lines. In addition to this, the German Government launched the National Electromobility Platform in May. In conjunction with smart meters, which promote efficient use of energy in private households, this provides power supply companies with approaches for new services.

1.2 Corporate management, targets and strategy

1.2.1 Corporate strategy

Market framework

Almost 13 years after the new Energy Industry Act *(Energiewirtschaftsgesetz)* entered into force, the significant changes to market conditions on the German energy market are now obvious. In the end customer sector, liberalisation produced many competitors, while the margins which can be reached in the competitive markets have also reduced significantly. In the grid sector, the cost pressure and the focus on best practice processes continue to increase after the introduction of incentive regulation. By contrast, the market structure in the upstream section of the value chain – in the areas of electricity generation and gas production and storage – is virtually unchanged. It is marked by an oligopoly of providers with considerable market power. The "phasing out of the nuclear phase-out" decided in 2010 has further heightened this situation. However, after the nuclear disaster in Japan, it is not yet clear whether and how specific changes to the remaining operating period of the German nuclear power stations may happen.

The margins which can be reached in the competitive markets have reduced significantly.

The energy concept of the German Government expressed the social and political trend to sustainability in the supply of energy. In addition to the delayed phase-out for nuclear power stations, clear political preferences for restructuring the energy industry to an "age of renewables" were announced. The events in Japan are likely to have advanced this development and accelerated the determination of specific framework conditions. The corresponding homogenisation of political targets and values to a fundamental energy policy consensus and the respect for the opinion of society on the topic of nuclear power are likely to lead to more constant political framework conditions than in the previous years.

The market participants must review their strategic alignment within this system of coordinates. At the same time, the markets are becoming less clear as a result of the effects of a comprehensive restructuring of the generation landscape on one hand, and due to the trend to increasing differentiation of the energy markets and the fact that participation in these markets is becoming increasingly professional on the other. As a result, the ability to master complex and frequently changing processes is a key to successful operation in many areas of the energy industry, which will remain trapped between the conflicting interests of a liberal market order and a high density of regulation.

Business model and planned orientation

As an independent company, we support municipal utility companies in remaining autonomous.

Trianel GmbH regards itself as a comprehensive service provider for municipal utility companies which is supported by municipal utility companies. As an independent company, we help municipal utilities maintain their autonomy by providing services along the entire value chain, where advantages in terms of scale or specialisation are of particular importance. The basis for the collaboration is our approach based on cooperation and partnership. It focuses on sharing success with customers and shareholders. For this reason, the advantages developed in Trianel GmbH are largely passed on to customers. Based on this fundamental vision, we strive to become the most important value driver for municipal utility companies in Germany. The strategic options made possible via Trianel GmbH are a second and just as important value driver for our shareholders. These options become available wherever framework conditions change.

In addition to the services for this core customer group, Trianel GmbH also performs business activities for other customers and markets, to make best use of existing expertise and resources and make an additional value contribution for its shareholders.

Trianel GmbH has succeeded in establishing an organisation for all subjects related to the procurement of energy, in order to take advantage of the opportunities presented by the liberalised procurement markets for the municipal utilities. They are developed and adapted to the changed market structures and market conditions. Together with its shareholders, Trianel GmbH has succeeded in entering the markets in the electricity generation and gas storage value chain stages. After the construction of fossil fuel-fired power stations, which are among the most efficient in the industry, we will continue to support the municipal utility companies in building on their position when establishing renewable generation portfolios and thus in the transition to the age of renewables, and offer them access to a generation mix which is ecologically and economically balanced and also takes the security of supply into consideration.

We also support the municipal supply companies in the downstream sector, for example by providing consulting and other services to the marketing departments of municipal utility companies, or by developing the electromobility market together. In the years to come, we want to establish expertise for entry into future sectors such as smart metering and energy efficiency with the partner municipal utility companies, and operationalise it commercially. The downstream sectors are to become a new cornerstone in our business model.

Trianel GmbH has succeeded in establishing an organisation for all subjects related to procuring energy.

Trianel GmbH's goal is to continue the growth of previous years and establish itself as the largest municipal energy cooperation in Germany. On one hand, we view continued growth as an opportunity to use the existing resources even more efficiently, and expand the range of services qualitatively and quantitatively. On the other hand, we can also offer our shareholders options for future expansion of their value creation activities on this basis, for example by participating in other major investment projects.

Products and services

In order to help achieve the targeted growth, we constantly adapt our range of products and our services in the four product areas to changing requirements:

WHOLESALE BUSINESS: Trianel GmbH markets and manages its power generation capabilities, gas storage capacities and is involved in energy trading. In so doing, it participates in the opportunities and risks of the wholesale markets. Trianel GmbH uses the market knowledge obtained in the trade sector both for its supply and for its services business.

SUPPLY BUSINESS: Trianel GmbH procures energy for municipal utility companies on wholesale markets to allow them to fulfil their classic responsibility of guaranteeing the power supply. If necessary, Trianel GmbH also provides energy logistics services and takes on forecast risks.

SERVICES BUSINESS: Our services currently include consultancy and support services for procurement, trading and generation, operational and commercial management of generation plants and gas storage facilities, as well as marketing consulting and marketing support services. Our range of products is continuously developed with a view to customer requirements. The services business is the most profitable segment at Trianel.

PROJECT DEVELOPMENT: Trianel GmbH seeks, evaluates and develops investment projects for upstream activities, i.e. generation and storage of electricity and gas. It offers these investment projects to its shareholders and other interested municipal utilities. In future, it will focus on the development of projects in renewable generation systems.

The diversified product portfolio based on our energy sector expertise and market knowledge contributes to stabilising our business development and allows us to provide comprehensive services to our customers. Synergies between the business segments can only be used due to the variety of our services. Our process efficiency is the basis for competitive quality and prices. We strive to further optimise the service processes behind our products in order to increase the process efficiency and the corresponding competitiveness.

Our typical customers are independent municipal utility companies and regional suppliers of various sizes.

Customers

Our typical customers are independent municipal utility companies and regional suppliers of various sizes. We offer our customers tailored and efficient solutions for the respective individual requirements. We want to help them preserve their independence by taking on responsibility for them where we can implement economies of scale or specialisation advantages.

Employees

The main reason for Trianel's success is our committed staff.

The main reason for Trianel's success is our committed staff, who develop and provide innovative services in a highly dynamic market. The great expertise and above-average dedication and the motivation of all employees are the basis of our success. Our most important asset is therefore the targeted investment in our employees, in development of personal, social and methodical skills – a concept which made us one of Germany's top 100 employers again and again since 2007. Regular surveys as part of a company-wide study help us implement ideas from the staff and further increase our attractiveness and effectiveness.

Trianel GmbH had a staff of 198 employees on 31 December 2010, representing an overall increase of 18 employees (approx. 10%, total of 36 new employees including replacements) compared to the end of 2009. On 31 December 2010, the Trianel Group had a total staff of 212, ten of whom are part-time employees. The company's staff level increased approximately 8% over the previous year. 34% of Trianel's staff is female, and three of those are second and third-level managers. At the end of the year, the average age of staff in the Trianel Group was 36.

The overall personnel strategy is built on four pillars:
(1) Personnel marketing: Positioning Trianel as an attractive employer
(2) Recruiting: Attracting talent
(3) Talent management: Developing and securing the loyalty of talent
(4) Organisational development: Optimisation of structure and workflow organisation

Once again in 2010, we positioned Trianel GmbH consistently as an employer brand and strategically implemented it. This includes appropriate internal and external communication. Among other recognitions, the company was awarded the quality mark of the German Great Place to Work® Institute and the Fair Company Initiative of the "Junge Karriere" (Young Careers) magazine. Thus we have positioned ourselves as a fair, respectful and attractive employer on the market. In turn, the great interest shown in us again this year – not only from graduates looking to start their careers – confirms our choices and shows that we are well positioned for a competition for qualified employees.

In addition to attracting talents, building loyalty and developing qualified employees also played an essential part in our strategy. The starting point for identifying and developing talents is the Trianel-specific skill model, which maps success-critical basic, specialised and leadership skills. Regular status evaluations for all employees allowed targeted derivation of education and advanced training requirements and represent the starting point for systematic personnel development. At Trianel GmbH, up-and-coming managers take part in a management development program, which systematically develops leadership skills for the department management level.

The continued high growth meant that the organisation also developed organisationally in 2010. These developments were accompanied by a comprehensive change management project with suitable information and training measures. In addition to a target group-specific communication strategy, the intensive support by managers was a major factor in the success of these change processes.

In 2010, the remuneration structure at Trianel GmbH was developed on the basis of a comprehensive analysis. It focused on comparison with internal and external benchmarks. On this basis, the variable pay elements of the managers will play a greater role than previously. This is intended to take into account the performance-oriented corporate culture and the entrepreneurial responsibility of each individual.

Our attractive remuneration system is supplemented via employee contributions to pension plans and an employer-financed company pension scheme. Furthermore, existing social services were expanded constantly in recent years – in particular with a view to improving the work-life balance. Thanks to the trust-based working hours agreed throughout the company, Trianel GmbH offers its employees a high degree of flexibility, combined with options such as teleworking from home, part-time models and support services for childcare placements.

Society and the environment

Trianel GmbH was established as a result of the liberalisation of the energy markets and is therefore not only wholly dedicated to competition, but also strives to promote it through its activities. With our partners, we share the common goal of expanding the independence of municipal utility companies, thus ensuring decentralised power supply in close coordination with citizens and customers.

We report on potential competitive disadvantages of individual municipal utility companies via corresponding corporate communication. In this way, we contribute to democratic and fair decision-making in energy-related areas of politics.

By building power stations and gas storage facilities in collaboration with our partners, we aim to decrease their dependence on generator oligopolies, to create competition on energy markets which offers customers attractive services at fair prices. At the same time, new, modern and highly efficient gas and coal-fired power stations will force older, less-efficient plants out of the market. These modernisation measures in the German power generation mix represent a considerable contribution on our part to protecting the environment and climate, as emission levels and CO_2 per kilowatt hour will be reduced. With the planned construction of the offshore wind farm off the coast of Borkum starting in 2011, we and our shareholders are entering the renewable energy sector, contributing to a sustainable supply of energy. In future projects, the expansion of renewable energy capacities will play a major role, allowing us to make a greater contribution to environmental protection.

We will contribute to environmental protection to an increasing extent.

1.2.2 Internal corporate control system

The management uses a variety of systems and processes to control and monitor the company and to analyse and document risks and opportunities of the company. The control system focuses on the development of profit and liquidity of the company and monitoring risks. For this purpose, contribution margins, structure costs and result figures are calculated.

The company's liquidity is monitored via a rolling daily liquidity forecast. By allocating risk capital for the risk types relevant in our sector and daily measurement of the respective utilisation, we ensure that risks and opportunities are dealt with appropriately. Extreme value considerations provide findings on events not covered by standard processes (see also Risk report, section 4). Auditors commissioned by the shareholders confirm compliance with the risk guideline every three months.

The management and control mechanisms are adapted to the growing company structures on an ongoing basis.

The product development strategy is marked by thorough observation of future market developments and customer requirements. Important investment decisions are made using discounted cash flow models. The management regularly checks the progress of the main projects and monitors compliance with project plans and targets. The management and control mechanisms are adapted to the growing company structures on an ongoing basis. The Supervisory Board is regularly informed of all major economic developments at Trianel GmbH.

The internal audits are implemented by external service providers who report directly to the management.

1.2.3 Financial targets

Trianel GmbH's business model is primarily aimed at contributing to creating value for our customers with our services. At the same time, we strive to earn pre-tax profits which are an appropriate return on our equity. Another important financial target is to strengthen our equity basis to finance the planned growth and thus to implement the associated development targets.

1.2.4 Non-financial targets

Customer satisfaction is our main non-financial target. Therefore, we strive to maximise quality and customer-oriented design of the products we offer. Also, we aim to anticipate new customer needs as well and as early as possible, so that we can continue to offer the products required by customers in the future. For this, we continuously and intensively observe market and industry developments. Closely associated with customer satisfaction is the aim of reaching as many of our partners with our product range as possible.

Moreover, we want to increase the value of the company for our shareholders, not just by balance sheet figures, but also contribute in particular to increasing the company value with shareholders. This is also expressed in the target of being the clear no. 1 energy cooperation relevant for municipal utility companies on the German market.

Our objective: To be the clear no. 1 on the German market of energy cooperations relevant for municipal utility companies.

We aim for maximum process quality and reliability as a basis for economic success.

Our employees are also a major reason for our success, as they make it possible with their commitment and qualification. Our goal is to create conditions to optimally promote the performance capacity and willingness of our employees with high employee satisfaction. Accordingly, we choose and train our personnel to meet our demanding quality standards. We also want to contribute to an improvement of the conditions for employees in a social context.

Promoting sustainable and safe generation of energy is another objective. We want to continue on the path we have started down, and make more investments in this area together with our shareholders in the years to come. In doing so, we rely in the short and medium term on a technically and economically implementable energy mix of highly efficient conventional and renewable generation capacity.

1.3 Innovation management

The energy industry is subject to constant and ever-accelerating pressure to change. Currently, many energy and service contracts are only concluded for one year. As an innovative service company, Trianel must also face these challenges anew every year and win the trust of customers with new innovative products and services. The good relationship between Trianel GmbH and its customers is also based on close cooperation in a very early phase of product development. This allows services to be developed which are specifically tailored to customers' requirements, and thus can make a significant contribution to increasing the value. This strengthens trust and lead to a long-term customer relationship. For over ten years, Trianel GmbH has developed market-appropriate solutions customised for its customers and always tries to remain one step ahead of the market.

At Trianel, innovation is based on three key elements:

1.3.1 Idea and demand analysis

The company uses different tools in order to monitor technology and market developments, as well as changes in the regulatory environment.

1. Regular discussions with customers
2. Systematic and detailed study of complex issues in all areas relating to the markets, technology and project development
3. Systematic monitoring of the political and regulatory environment by a body assigned to the Management Board
4. Regular attendance at specialist conferences and trade fairs

The Board of Managing Directors is directly involved in these processes. The main question is how excellent ideas can be generated, identified and ultimately developed to market maturity. An expression of the great innovativeness is that Trianel was voted one of the 100 top innovators in Germany for the third time running in 2010.

1.3.2 Innovation quality

In order to guarantee high innovation quality, we place great value on our close contact with the customer. We identify the customer's requirements and future challenges in innovation workshops. In addition, the ideas and suggestions for improvement that come from our employees form the foundation for innovations at Trianel.

1.3.3 Innovation process

Trianel's innovation management is based on three different pillars: product development, project development and business segment development.

The individual divisions are responsible for product development, which is implemented in close cooperation between the specialised marketing departments and the technical staff. This ensures that the products meet the market requirements on one hand, and are first class in process and technical terms on the other.

As well as developing specific projects, the project development department monitors market and technology trends and compiles preliminary and feasibility studies. The New Technologies business unit added this year supplements the project development activities outside the classic upstream business. New developments can be observed in the topics of electromobility or smart metering, for example.

The development of business segments, which is embedded in our corporate strategy, is implemented in a close exchange with the Supervisory Board, shareholders and Management.

The development of our products is controlled for all departments by a central product coordination department and critically reviewed in regular meetings, the product circles. This ensures that all relevant departments are involved and that, at the same time, product calculations are dependable and capable. Decentralised responsibility for actual product development speeds up processes.

1.4 Overview of business development

1.4.1 General macroeconomic conditions

The economy in Germany recovered considerably in 2010. The gross domestic product adjusted for inflation increased 3.6% compared with the economic crisis year 2009. In spite of this, the level did not reach that of before the crisis. The economic upturn affected virtually all sectors of the economy. In the manufacturing industry, which was hit particularly hard by the crisis, gross value creation adjusted for inflation increased 10.3% in 2010. In the trade, hotel and restaurant industry and transportation, the economic performance grew by 3.3% compared with the previous year. And in the construction industry, the economic performance rose for the first time in over ten years. The trend in consumer expenditure was also positive. In the public sector, it increased by 2.2%, and in the private sector, it increased by 0.5%. The growth of private expenditure would have been greater if the scrappage scheme in 2009 had not had a negative effect on the 2010 figures as a result of sales brought forward. The positive economic development is reflected on the labour market: The annual average unemployment rate decreased by 0.5% to 7.7% compared with the previous year.

The economy in Germany recovered considerably in 2010.

After the negative growth rates of the previous two years, foreign trade was once again the foundation for economic development in 2010. Adjusted for inflation, exports increased 14.2%, and import growth was slightly lower at 13.0%. The resulting balance made a positive growth contribution of 1.1 per cent to the GDP in 2010. Also, the investment level in 2010 was far higher than in the previous year: Adjusted for inflation, gross investments increased by 10.7%. Investments in equipment, at a plus of 9.4%, made a key contribution to this.

The economic and financial crisis had a significant effect on the government budget in 2010. According to preliminary figures of the Federal Statistics Office, there is a budgetary deficit of € 88.6 billion. Relative to the gross domestic product, this is a deficit ratio of 3.5%, which exceeds the reference figure specified in the Maastricht Treaty of 3.0% for the first time in five years.

On a global scale, the economic recovery in 2010 varied. For example, the development in emerging countries was highly dynamic, while countries directly affected by the crisis did not really get going, with a few exceptions, one of which was Germany.

The oil prices, which remained in a comparatively narrow range in 2010, contributed to the positive trends in the development of the global economy. As a result of a stable supply-demand balance, they fluctuated between $ 70 US per barrel and $ 94 US per barrel. The lowest values were reached in the summer, and the highest values at the end of the year. Other forms of energy, in particular natural gas, followed with the usual delay. As the main energy currency, crude oil had a primarily stabilising effect and did not strain the economy with a high level of volatility. A high level of availability of gas had a positive impact. High production levels for non-conventional natural gas in the USA made additional unrequired quantities of LNG available to Europe.

1.4.2 Sector-specific general conditions

2010 was characterised by a recovery of the demand for electricity.

After the decreases in consumption due to the crisis in the previous year, 2010 was characterised by a recovery in the demand for electricity. The prices on the fuel markets also recovered, but remained below the price level immediately before the financial and economic crisis. By contrast, the electricity prices on the spot and futures markets only increased slightly compared with the previous year. The gross generation margin, i.e. the difference between the electricity price attainable and the market prices for fuel (coal, gas) which represent the electricity production costs, and CO_2 certificates continued to decrease as a result, and reached historic lows, in particular in the second half of 2010. This fact adversely affects the profit forecasts of electricity producers significantly for the years to come.

The implementation of the Capacity Allocation Service Company for Central Western Europe Project (CASCCWE) in November 2010 was an important milestone in the development of the European electricity market. The day-ahead markets in Germany, France, the Netherlands and Belgium are implicitly linked with one another, to facilitate optimisation among the countries, taking the available transport capacities into account. This procedure will lead to optimum use of the transport capacities, which will probably align the prices in the countries involved. As a result, the likelihood of negative electricity prices in the German market should decrease.

Changed market regulations for marketing renewable energy (removal of physical rollover and limitation of negative sales prices by the transmission grid operators) at the beginning of 2010 did not cause the market upheaval feared by some market participants. In spite of this, exclusive marketing of electricity under the German Renewable Energy Act (EEG) by the transmission grid operators was a new direction for the market. The objective of the German Government is to increase the contribution of renewable energy sources to the overall German electricity consumption to 35%. In light of the current compensatory mechanism, that means that in the future 35% of the electricity consumed in Germany will be traded by the transmission grid operators on the electricity exchange. The consequences on the markets cannot be foreseen yet. However, a corresponding legal monopoly is not reconcilable with a liberalised electricity market for regulative reasons. Thus, the trend apparent in the German Government's energy concept, of relying on a few major companies as the cornerstones of the energy industry to restructure the power supply, continues.

Only the most recent state parliamentary election results indicated that a different line of thinking, which focuses more on competitive and medium-sized company structures as the basis for integrating renewable energy into the market, was possible. It remains to be seen whether corresponding concepts are implemented, how the further development of the existing green electricity privilege in accordance with § 37 EEG, the introduction of an optional market bonus for direct marketing of "green electricity" or creation of competition in marketing quantities of electricity under the EEG.

In 2010, the deals made at the relatively high price levels prevalent in 2008 still affected the credit exposure and the trading lines between Trianel GmbH and individual market participants. By the end of the year, our room for manoeuvre increased greatly. The reasons for this were the trend to lateral market price development, the expansion of the securities available and further improvement of the creditworthiness of Trianel GmbH.

The situation on the gas market was characterised by a great divergence of oil and gas trading prices. As a result, customers with oil-indexed supply contracts were subjected to particular financial duress. This market environment led to increased demand for trade-oriented gas products.

The marketing activities of municipal utility companies in the domestic customer segment were characterised by a further increase of switchover rates to over 20%, both in the electricity and gas sectors. Thus, until the reporting year, every 5th domestic customer had changed their vendor at least once. Energy suppliers from other industries in particular attracted customers with low-cost rates due to the favourable procurement situation in 2009 and 2010.

For the Trianel project development company, the financial market is particularly important as the projects were implemented via project financing through the financial market to date. Even in the second year after the financial crisis, this form of financing is still only offered with stricter conditions. The banks' risk propensity has decreased significantly and various financing markets now exist only in name. Major projects are no longer financed by a single source. At the same time, higher equity capital requirements are made and higher risk supplements are requested on financing. The only signs of relief are in the financing terms, i.e. terms of between 15 and 20 years are being offered to an increasing extent. This drastic change in market conditions has made it far more difficult to finance large projects. Only the current low interest level has a positive effect on project financing.

The banks' risk propensity decreased significantly.

1.4.3 Key events affecting business development

From a trade point of view, 2010 was characterised by relatively stable prices. The price changes, in particular for futures products, could only be explained based on fundamental factors to a minimal extent. This resulted in a significant decrease in the gross margin for fossil energy generation. The non-fundamentally driven price development made 2010 a challenging year for all proprietary energy traders.

The option created by the German Renewable Energy Act (EEG) of using green electricity for direct supply to end customers instead of placing it on the market via the subsidy structure currently governed by the EEG. We could confirm to multiple customers that we would supply them with at least 50% non-subsidised renewable electricity from German generation systems, with the result that we were released from the allocation under the German Renewable Energy Act (EEG) in accordance with the so-called "green electricity privilege". Trianel GmbH, in conjunction with GESY Green Energy Systems GmbH, founded with leading German wind farm operators, and nine municipal energy companies, succeeded in implementing this model in 2010 for the 2011 delivery year, thus reducing the electricity procurement costs.

The low level of gas prices improved the conditions for structured procurement.

The continuing low gas price level compared with the heating oil market improved the conditions for structured procurement in the gas segment. Trianel GmbH participated successfully in this with its range of services (portfolio management, balancing group management and market access). Also, Trianel GmbH has managed to improve the procurement situation, significantly in some cases, by advising customers as part of existing procurement contracts. A major revenue was earned as a bonus for successful completion of the negotiations as part of the gas price review.

The low price for flexibility as a result of the high gas availability on the market continues to lower the value of gas storage facilities for structuring gas procurement portfolios. On the other hand, the prevailing balancing regime, "GABi Gas", requires that large volumes of balancing energy are kept. Trianel GmbH was able to continue to establish its storage facilities in providing balancing energy output.

As part of the restructuring of our subsidiary, Trianel Energie B.V., the supply contracts held by Trianel GmbH on the Dutch market were sold to Trianel Energie B.V. as of 1 January 2010 based on a market evaluation. This meant that we earned a one-off sales revenue.

1.4.4 General statement on business development by corporate management, and a comparison of actual business development with the previous year's forecast

2010 was a successful year for Trianel GmbH.

2010 was a successful year for Trianel GmbH. With a pre-tax profit of € 10,317 thousand, an annual net income of € 6,559 thousand was earned, the highest since the company was established in 1999. The forecast values were also significantly exceeded. This business success confirms the corporate focus, which is to be continued in the years to come with the objective of further strengthening and stabilising the company.

After the difficult conditions in the previous year affected by the economic crisis, both the economic development in Germany and the demand for electricity by customers stabilised. As part of this normalisation and the adjusted contract model, we managed to significantly improve the profit in the power supply sector, which had been decimated by the crisis, and in particular, succeeded in exceeding the forecast figures considerably.

As a result of the diversification in previous years, we succeeded in significantly overcompensating the lower contribution margins overall compared with preceding years from managing our power station segments and the wholesale trade, which were due among other things to market price development, by exceeding forecasts in other sectors, in particular in the gas consulting and project development business. As in most other previous years, due to our business model, our profit in 2010 was greatly affected by unique and therefore irregular services in the energy industry (e.g. result-based bonuses for procurement contract negotiations), which are not incorporated in cautious planning, and regularly contribute to positive deviations from forecasts.

Significant non-period revenues from the energy industry in previous years were also received. Compensating the profits, we did not form valuation units in select cases as part of initial reporting under the German Reporting Modernisation Act (BilMoG).

The equity basis was further strengthened in the reporting year by attracting new shareholders and the annual net income achieved. The new shareholders also allowed the customer base to be expanded further. The number of employees also increased further in 2010.

The equity basis was further increased.

Compared with the previous year, the result before taxes increased from € 6,498 thousand to € 10,317 thousand.

The annual result was primarily characterised by

- the positive influences from the supply business as a result of the standardised market framework and an adapted contract model,
- a lower than expected result from trade, which was reduced further via the switch to a yearly unbalanced balance sheet evaluation of pending transactions,
- the once-off revenue from a bonus for successful negotiation of a long-term procurement contract,
- the sale of the Dutch supply portfolio to our subsidiary Trianel Energie B.V. as part of the strategic restructuring of the Netherlands business,
- the value adjustment of our exposure in the hard coal-fired power station project for the Krefeld site,
- non-period subsequent profits from the energy business of the previous years and
- the establishment of provisions for potential losses from not forming valuation units for balance sheet evaluation of pending transactions.

The new shareholders we attracted allowed us to further increase the equity basis as in previous years.

The high level of qualification and commitment of our employees were key factor.

In 2010, the high level of qualification and commitment of our employees were key factor, which is why we will continue to focus on employee satisfaction in future.

Other foundations were the internal processes and supporting systems, in particular a successful risk and liquidity management system. A range of activities was implemented in 2010 to further improve the quality. The release change for our trading system implemented in 2010 sustainably strengthened our corresponding processes.

With regard to our non-financial goals, the decision to build the first expansion stage of the Borkum West II offshore wind farm, with a capacity of 200 megawatts was made in December 2010. The construction progress for the Lünen coal-fired power station joint project was delayed in the reporting year due to the insolvency of a partner in the construction consortium. As a result of this, we expect the start of full-time operation in 2013 to be delayed by at least four months. The costs for the delay will be largely covered by the general contractor. We are currently considering alternative plans for a gas and steam turbine power station for our CHP coal project in the Krefeld-Uerdingen site. As part of our pumped storage power station project, we identified possible locations for these plants which are becoming increasingly important, which means that the project development can follow from 2011 onwards. In order to implement the findings of the project study on electromobility, the Electromobility Network was established in 2010. In the reporting year, the Stadtwerke EnergieRad© electric bike was developed and introduces as joint project by the network partners. In 2011, other products are to follow and the network is to be expanded further. Further activities in the downstream sector are to be initiated in 2011. A further professionalisation and expansion of our service provision created additional development prospects for our company in the reporting year.

Further activities in the downstream sector are to be initiated in 2011.

2 Earnings, financial and asset situation

2.1 Earnings situation

The result from ordinary business operations of Trianel GmbH rose by € 3,826 thousand to € 10,323 thousand, thus exceeding the projected result before taxes by € 6,357 thousand. The result of the ordinary business operations is derived in the economic analysis from an operating result of € 8,114 thousand (2009: € 2,128 thousand), the financial result of € 235 thousand (2009: € 239 thousand) and a positive neutral result not relating to the period of € 1,973 thousand (2009: € 4,131 thousand). The transition to the evaluation of provisions under the German Reporting Modernisation Act also led to an unscheduled result of € –6 thousand (2009: € 0 thousand).

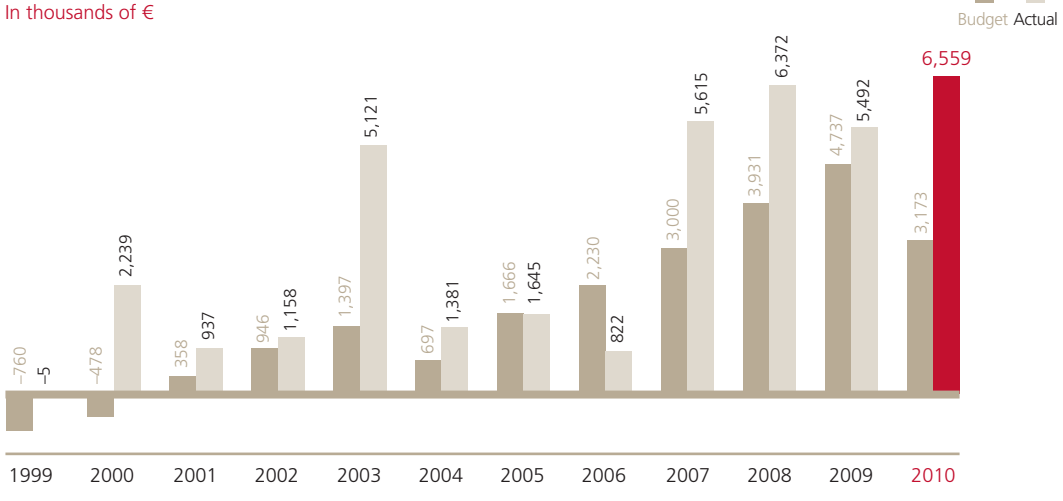
The result from ordinary business operations increased significantly and clearly exceeded the forecast result.

Taxes on income totalled € 3,758 thousand (2009: €1,005 thousand), and other taxes totalled € 0.0 thousand (2009: € –0.3 thousand), resulting in an annual result of € 6,559 thousand (2009: € 5,492 thousand).

The analysis of the Group result breaks down as follows:
An operating result of € 12,366 thousand (2009: € 2,872 thousand) is offset by a neutral and non-period result of € –2,277 thousand (2009: € 3,963 thousand). Taking into account the financial result of € –556 thousand (2009: € –781 thousand) and the taxes on income of € 3,590 thousand (2009: € 1,033 thousand), the Group annual net income amounted to € 5,943 thousand (2008: € 5,021 thousand).

The development of projected and actual annual results since the formation of the company is shown in the following chart.

Development of the annual results of Trianel GmbH (individual financial statements)
In thousands of €



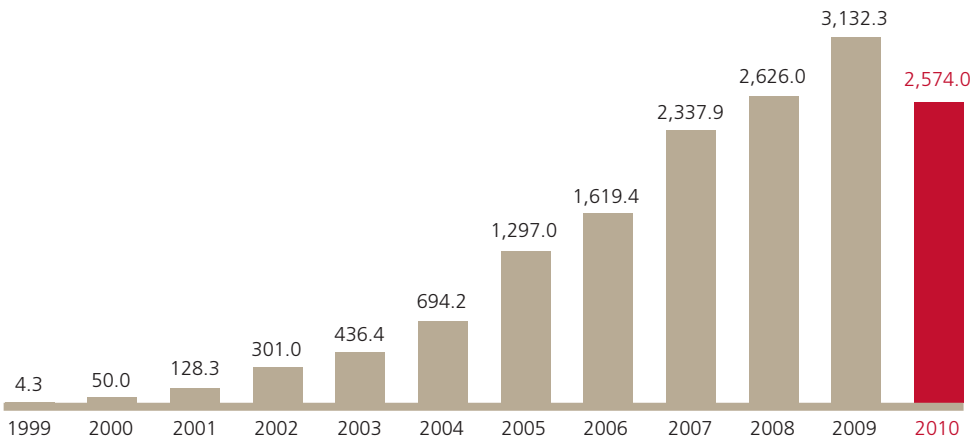
The development in 2010 is attributable to several effects which are reflected in different items of the income statement. The following comments concern the individual financial statements of Trianel GmbH unless they make specific reference to the Group.

Trianel GmbH's turnover largely reflects our function as providers of market access for our customers. This primarily incorporates the procurement and power station marketing activities for third parties, which are each associated with back-to-back transactions on the wholesale market and therefore form part of the material expenditures of the profit and loss statements of Trianel GmbH. There were hardly any effects on the result. Also, our own trade activities have a major impact on the turnover level; as a result of this, the turnover level and thus the material expenditures do not allow any conclusions to be made on the economic success of the company.

The decrease of the turnover of Trianel GmbH in the 2010 financial year compared with 2009 was largely due to price effects. The sales revenues amount to € 2,574 million (2009: € 3,132 million) and have thus decreased by 17.8% compared with the previous year. In quantity terms, the activities in electricity, gas and emission trading only increased to a minor extent. The following chart shows sales development since the company was founded in 1999.

Sales development of Trianel GmbH (individual financial statements)

In € millions



Other operating income rose by € 6,027 thousand to € 10,936 thousand. It primarily consists of revenues from the sale of major parts of our Dutch operations to the affiliated company Trianel Energie B.V. (€ 4,240 thousand, 2009: € 0 thousand), revenues from the dissolution of provisions (€ 3,853 thousand; 2009: € 1,871 thousand) and transfers of project costs (€ 2,144 thousand, 2009: € 2,128 thousand). The income from the dissolution of provisions relate in particular to provisions for outstanding invoices for balancing energy and quantity differences totalling € 1,795 thousand (2008: € 2,657 thousand).

The cost of materials share decreased from 99.09% to 98.77%.

Personnel expenses rose from € 13,323 thousand to € 15,495 thousand as a result of the increase in the number of employees.

Other operating expenditures totalled € 14,369 thousand, up from € 12,963 thousand in the previous year. The increase stems mainly from higher expenditure on consulting services, IT costs, and insurance. In addition, trade accounts receivable totalling € 287 thousand (2009: € 83 thousand) were value adjusted in 2010.

The financial result totalled € 235 thousand (2009: € 238 thousand). The interest result at € –568 thousand (2009: € –746 thousand) and the result from participating interests at € 803 thousand (2009: € 984 thousand) developed in opposite directions. While the interest revenues from short-term financial investments increased slightly from € 385 thousand to € 461 thousand as a result of increased liquid assets, the interest revenues decreased from € 1,130 thousand to € 1,029 thousand in particular due to the advances in repayment of the long-term loans. The decrease in the result of investments is largely due to the fact that in 2009 one-off earnings from the dividends of energieGUT GmbH totalling € 440 thousand were received. By contrast, first revenues from other securities and loans of financial assets totalling € 112 thousand were posted in 2010.

The earnings situation has been positive in the first months of 2011.

2.2 Financial situation

Trianel GmbH's operating cash flow in the reporting year was € 22,483 thousand, up from € 10,664 thousand in the previous year. The Group cash flow from day-to-day business was € 17,902 thousand in the reporting period following € 16,096 thousand in the previous year. The change in the operating cash flow was mainly due to the decrease in accounts receivable and other assets, which was greater than the change in liabilities. The cash flow from investment activities totalling € –9,491 thousand (Group: € –7,252 thousand) is largely based on outgoing payments for investments in intangible fixed assets and financial assets. The cash flow from financing activities primarily reflects incoming payments from entry of new shareholders and capital increases, as well as repayment of funds borrowed to finance the holdings. Overall the total financial resources increased by € 12,828 thousand and amounted to € 60,106 thousand on the balance sheet date. The total financial resources of the Group increased by € 10,487 thousand, amounting to € 67,656 thousand on the balance sheet date. There were sufficient funds available to meet financial obligations.

2.3 Asset situation

Trianel GmbH's balance sheet total is € 239,919 thousand.

The balance sheet total of Trianel GmbH was € 239,919 thousand on 31 December 2010 (balance sheet total of the Group: € 249,415 thousand) and has thus decreased compared with the previous year by € 11,736 thousand or 4.7 % (Group: € –11,599 thousand).

On the assets side, the decrease is due to various effects, some of which offset one another: On one hand, the fixed assets (€ 8,679 thousand, Group: € 6,413 thousand) and liquid assets (€ 12,828 thousand, Group: € 10,486 thousand) increased, while on the other hand the accounts receivable and other assets decreased by € 30,152 thousand (Group: € 25,735 thousand).

In the 2010 financial year, Trianel GmbH invested roughly € 10,015 thousand (2009: € 1,824 thousand) in fixed assets. Of this, € 1,093 thousand (2009: € 471 thousand) was allotted to intangible assets. The company invested € 262 thousand (2009: € 632 thousand) in tangible fixed assets, in particular in tenant installations, hardware and office furniture. The major changes involve the financial assets. Trianel GmbH invested in the capital increases of Trianel Windkraftwerk Borkum GmbH & Co. KG and became a partner in Trianel Erdgasförderung Nordsee GmbH & Co. KG. The investments in Trianel Erdgasförderung Nordsee Verwaltungs GmbH and Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH were economically attributed to Trianel GmbH on 31 December 2010. In addition, a long-term loan was granted to Trianel Energie B.V., an affiliated company. The book value of the holding in Trianel Gaskraftwerk Hamm GmbH & Co. KG decreased due to a capital repayment of € 123 thousand.

The inventories include Trianel GmbH's share of working gas which was fed to the caverns of Trianel Gasspeicher Epe GmbH & Co. KG.

The accounts receivable and other assets form the largest item on the assets side of the balance sheet total at 59.6% (31 December 2009: 68.8%). Trade accounts receivable account for the bulk of receivables. As in the previous year, they were offset against similar trade accounts payable from the same business partners. On 31 December 2010, trade accounts receivable and trade accounts payable were balanced to the value of € 145,125 thousand, following an offset of € 178,942 thousand on the previous balance sheet date. While the trade accounts receivable decreased by € 7,137 thousand to € 65,855 thousand, other assets decreased by € 18,119 thousand. The decrease is largely due to lower accounts receivable from the Tax Office from VAT refund claims and decreased cash collateral for trading in electricity, gas and emission rights.

The liquid funds increased by € 12,828 thousand to € 60,106 thousand.

On the liabilities side, the decrease in the balance sheet total is largely due to the decreased accounts payable.

The equity ratio increased to 30.2% (31 December 2009: 25.8%) due to the addition of new partners, the annual net income earned in 2010 and the decreased balance sheet total. The equity ratio for the Group rose to 29.3% (31 December 2009: 25.3%). In absolute figures, equity rose by € 7,558 thousand to € 72,486 thousand, of which € 6,559 thousand was derived from the annual net income for 2010 (Group annual net income for 2010: € 5,943 thousand).

The other provisions total € 23,975 thousand (31 December 2009: € 28,385 thousand) and primarily contain provisions for outstanding invoices of (€ 12,611 thousand; 31 December 2009: € 19,605 thousand) and for anticipated losses from pending transactions of (€ 8,100 thousand (31 December 2009: € 6,061 thousand).

The provisions for anticipated losses from pending transactions primarily relate to the trading business.

2.4 General statement on the business situation

On the one hand, Trianel GmbH has a holding function in the Trianel Group, while on the other performing essential operative tasks. The business situation of the Trianel Group is to a large extent determined by Trianel GmbH.

The annual accounts as of 31 December 2010 of the key companies belonging to the Group in addition to Trianel GmbH were audited by independent auditors and were awarded an unrestricted auditor's certificate.

Trianel GmbH can look back on a successful 2010, the best year in the company's history. Earnings before taxes were at a satisfactory level, at € 10,317 thousand. The result exceeded that of the previous year, which was influenced by the economic crisis, by € 3,820 thousand. The forecast figures were also surpassed significantly. Thus, Trianel GmbH returned to the positive development of the previous years faster than expected. The result confirms the business strategy chosen in the preceding years.

The earnings situation improved significantly compared to the previous year. The result was improved in the supply business in particular, which was afflicted considerably by the major upheaval on the energy markets due to the economic crisis. The revenues from the varied energy industry and commercial services were also significantly higher than the figures of the previous year, as a result of successful individual transactions.

The earnings situation improved significantly compared to the previous year.

By contrast, the result from our segment in the gas and steam power station in Hamm was lower than we expected, due to the industry-wide low spread level between fuel costs and electricity prices. The emptying of the storage facility in conjunction with the sale of a 10% share in the Epe gas storage facility on 1 January 2011 facilitated positive result. In the trade sector, a provision had to be formed for potential losses totalling € 1,571 thousand, which was also influenced by the change in the evaluation methods (multi-year balancing not applied). Overall, the result from trade was lower than the forecast figures.

The sale of the Dutch supply portfolio to our subsidiary Trianel Energie B.V. totalling € 4,240 thousand, and the value adjustment of our investment in the Krefeld hard coal-fired power station project of € –1,922 thousand had major effects on the result. In 2010, the energy sector resulted in non-period subsequent profits from previous years which totalled € 4,085 thousand. By contrast, we were able to forego the formation of evaluation units in selected cases, which resulted in a deterioration of the result of € 4,530 thousand.

The asset situation continued to improve in the reporting year. In 2010, Trianel GmbH implemented two capital raises through new shareholders, and decided on another, which is to be implemented in 2011. The development clearly shows the continued high esteem in which Trianel GmbH is held in the supply industry. In addition, the shareholders left their 2009 operating profit in the company in order to further support the continued growth and financial solidarity at Trianel GmbH.

The equity ratio of 30.2% (Group: 29.3%) is characterised by the high level of receivables with simultaneous high liabilities. Both reflect the established process in energy wholesale trade of invoicing and paying for energy accounts on a monthly basis. This means that at the end of the year, the accounts receivable and payable from deliveries in December – one of the months with the highest turnover – must be stated regularly. Since our customers are mainly municipal utility companies with a good credit rating and/or their subsidiaries with very low default risks, we regard the equity level as being stable and conservative.

The ratio of long-term financial liabilities to equity is low, at only 14.4%.

The company's financial situation improved further in 2010.

The company's financial situation improved further in 2010. The successful expansion of our bank lines to cover liquidity peaks and the substantial expansion of our guarantee lines proves the great trust of the financial markets in the company. The liquidity stocks were also increased further and the capacity for investments in years to come was expanded further. The financial result was roughly at the same level as of the previous year, whereby the higher interest revenue, lower interest expenditure and greater revenues from profit sharing largely compensated the one-off investment revenue from the previous year.

For 2011, we expect a significant positive result due to the growing stabilisation.

3 Supplementary report

Report on significant events since the balance sheet date
We are not aware of any events of particular significance.

4 Risk report

The business activity of Trianel GmbH demands that risks are consciously entered into in order to take advantage of opportunities. In particular the constant growth rate in conjunction with the development of new business sectors mean that the resulting risks and opportunities must be integrated into a comprehensive risk and opportunity management system.

Since an event can lead to both opportunities and risks, depending on its nature, the term "risk" will be used below to describe both opportunities and risks.

4.1 Risk management system

Trianel GmbH's risk-bearing capacity forms the framework for the risk management system. This is aligned with the equity capital and liquid funds available, and derived from the company's risk strategy.

Risk management organisation

The Management Board appoints risk officers for every organisational unit. They act as initial contacts for central risk management as part of the risk management process. The risk officers are responsible for the control and development tasks assigned to them within the risk management system. The central risk management is responsible for developing and implementing guidelines, methods and processes for risk measurement and control, as well as reporting risk items. Central risk management also monitors compliance with risk guidelines.

The Trianel Risk Committee regularly meets to discuss the implementation and need for changes to the risk management system. The Risk Committee is also involved in specific issues such as market and product clearance, limit specifications for trade partners and the distribution of risk capital to risk types. In new risk related matters, the Risk Committee develops proposals for solutions and decisions.

The risk management system fulfils the legal requirements. Since Trianel GmbH acts as a service provider for Trianel Finanzdienste GmbH, the standards and ordinances which apply to financial service providers also apply to the Trianel GmbH risk management system. The suitability and functionality of the risk management system are monitored by internal revision and external auditors commissioned by the shareholders.

Risk management process

The risk management process at Trianel GmbH comprises the standardised identification, evaluation, aggregation, control and monitoring of risks and internal and external reporting.

In order to guarantee systematic risk identification, various risk areas and sectors are defined. They are areas for monitoring which could result in risks for Trianel. Risk detection also includes identifying interdependences between risks.

Risk control comprises all measures and tools used for avoiding, reducing or shifting identified risks, as well as consciously entering into certain (residual) risks, whereby the control period is determined by the underlying risks. Trianel's risk-bearing capacity and the provision of risk capital derived from this form the framework for risk management. The level of approved risk capital and its distribution to the risk areas which are defined in this context – market, credit and operational/other risks – are determined by the Shareholders' Committee at the proposal of the Management Board. The internal risk capital allocation is approved by the Management Board and is checked regularly. In order to evaluate the effectiveness of the risk control measures which have been put in place, the target and actual risk situations are continuously compared as part of risk monitoring.

Internal and external addressees are informed on a regular basis of the current results and risk situation. The frequency, type and scope of the reporting vary according to the type and the significance of the risk. The Supervisory Board and Shareholders' Committee were informed of the current results and risk situation on a quarterly basis during the reporting year.

The specific design of the phases of the risk management process is documented per risk area and regularly checked for a need to update.

4.2 Risk areas and individual risks

The following risk areas summarise the main risks for Trianel GmbH.

Market risks

Market risks can significantly influence the results situation at Trianel GmbH in the form of market price fluctuations, market liquidity changes and quantity deviations.

Market risks as a result of price fluctuations only occur if portfolios contain open trading positions. These arise when the volume of purchasing transactions is greater or less than the sales transactions of similar products. The related market risk is determined by the size of the discrepancy, and by the course the price fluctuation takes. Due to the sales and trading activities of the company, together with its holdings in power stations and the gas storage facility in Epe, market price developments and open items in the electricity, gas and CO_2 commodities are particularly relevant to the company's success.

If the supply or demand for certain products fall, their suitability for trading decreases and their so-called "market liquidity" declines. This creates the risk for Trianel that trading positions which are still open can only be closed to a limited degree, or closed at less favourable conditions.

If physical delivery transactions are concluded on the basis of forecast generation or consumption quantities, deviations between the actual physical fulfilment and the planned quantity may occur, leading to open trading positions. Deviations from the forecast must be offset, and thus incur additional costs. Further changes in quantity can occur due to failed or restricted physical deliveries as a result of generation, transportation or storage capacity shortfalls. Measures such as regular updates of forecast load curves, agreement of tolerance ranges in combination with a transfer of the risk to third parties when the tolerances are exceeded, as well as optimisations on the basis of the latest forecast can reduce this type of risk.

For example, the risk of open forward transactions is assessed by calculating the value-at-risk figure each working day, with a confidence level of 99%, and a defined holding period. This means that the loss due to an open trading position within the holding period does not exceed the calculated value to a degree of probability of 99%. The risk reporting is supplemented by so-called "stress values". Stress tests are used to examine the effects of external market situations on the portfolio values. The given result is the worst case loss that can expected within the holding period. In addition, the profit-at-risk is calculated with a confidence level of 99% to evaluate open spot and balancing energy positions. This means that the loss is calculated, to a degree of probability of 99%, which will not be exceeded during the physical processing.

Possible cash flow fluctuations due to market price changes and associated margin payments are monitored daily and taken into account as part of liquidity control. For example, in order to measure risk, the liquidity-at-risk is calculated at a confidence level of 99%, and a defined holding period. This means that the maximum liquidity change due to market price fluctuations within the holding period does not exceed the calculated value to a degree of probability of 99%. Stress tests are used to simulate the effects of extreme market price fluctuation on the forecast cash flow. In order to guarantee the liquidity requirements, the necessary liquid funds and possible fluctuation ranges are also forecast continuously in the medium to long-term horizon and provided via liquidity reserves.

Trianel GmbH also restricts the potential risks via binding market and product release processes. In addition to this, product, portfolio and portfolio group-specific loss limits are specified and the risk capital requirements are determined, reviewed periodically and risk capital is provided where required.

Limit systems, measuring methods and the limits of individual portfolios are documented in the appendix of the risk manual.

The current portfolio values and anticipated results and cash flow are regularly calculated and reported, if necessary every working day. The methods and assumptions used are checked during the annual back-up testing, among other times, and at least once a year, and are modified as necessary.

Credit risks

By contrast to stock exchange transactions, as part of bilateral transactions (OTC), Trianel GmbH is exposed to the risk that the contract partners do not fulfil, or are delayed in fulfilling their contractual obligations regarding agreed delivery prices or quantities and the agreed delivery and payment periods. For transactions which have not yet been completed, a risk arises from the difference between the contractual price and the current market price. For transactions which have already been completed, or completed by Trianel, the risk is composed of the advance performances minus payments which have already been received.

To limit this risk, Trianel GmbH uses a multi-stage rating system for classifying the credit standing of its trading partners that makes individually permissible trading volumes dependent on the rating and the risk capital held in reserve for the credit risk. In addition to this, business partners provide securities in some cases. Also, standardised framework agreements containing close-out netting agreements, among others, are used; i.e. in the event of counterparty default, opposite risk items from purchasing and sales transactions are offset. This reduces the credit risks on the wholesale side in particular. Adherence to the limits is regularly monitored and reported within the scope of the standard risk report.

Operational risks

Risks arising from the legal, personnel, process and systems areas are generally referred to as operational risks.

Legal risks are defined as the risk that a contract or a group of contracts may not include the legal items required by Trianel GmbH. Furthermore, the uncertainty must be taken into account that (unforeseeable) changes to the legal or regulatory framework may have negative effects on the achievement of planned corporate goals, and that damage may occur as a result. Trianel counteracts these risks by involving its own legal department in all relevant procedures, by means of the mandatory product approval process described above and by the use of standardised contracts wherever possible. In addition to this, legal and regulatory framework conditions are monitored for each legal area in the responsible organisational units and active association work or active integration of our energy policy positions are used to contribute to decisions in these areas, where this makes sense for us.

The company's success is also determined to a large extent by the expertise, commitment and contacts of its employees. Thanks to flat hierarchies, interdepartmental work and a high degree of personal responsibility, employees are able to use their qualifications in the most effective way. The ongoing development of all employees, together with support for potential managers from an early stage, is aimed at facilitating the sustainable achievement of corporate goals.

In order to enable effective risk management, there is a functional separation between those areas, posts and functions that enter into risks in the course of their activities and those that monitor the risks entered into and limit and report them where necessary. The specific design of the risk management system, particularly in relation to the content, responsibilities, processes, reporting obligations and documentation requirements is documented in the company's Risk Manual. Trianel also handles further organisational and process risks with binding regulations and process descriptions which are documented in the Organisation Manual and in the Compliance Guideline.

The communication and information systems are of key importance for the business processes at Trianel. In particular the IT security, data security and data protection aspects have to be taken into account in this respect. Alongside the general security of applications and data in the IT network, service level agreements oblige IT service providers to guarantee that the required standards are met. All Trianel employees are instructed with regard to data protection according to § 5 of the German Federal Data Protection Act (BDSG), and are obliged to observe data privacy. Regulations on this issue are also an integral part of the corporate guidelines. Trianel GmbH has also appointed an IT security officer and a data protection officer.

Other risks

Other risks arise in particular as a result of possible deviations from the forecast for affiliated companies and/or the development of asset projects. Corresponding controlling and audit processes were established for management. The projects provided options for the parties involved in the planning phase. The possibility of not exercising these by not implementing the projects that can make write-offs necessary is part of Trianel GmbH's business strategy. This is taken into consideration in risk calculation. It is used to comply with and monitor the risk capital requirements by the shareholders. Also, the key individual risk positions (e.g. granting loans to companies in which a participating interest exists) are only entered into after a case-specific decision by the Trianel Shareholders' Committee.

The use of financial instruments

The financial instruments include original and derivative financial instruments. The original financial instruments on the assets side fundamentally include accounts receivable, liquid funds and financial assets. On the liabilities side, the original financial instruments fundamentally include the liabilities valued at the amount repayable. The level of the financial assets in the balance sheet indicates the maximum default risk for the items mentioned. If non-payment risks exist, these are taken into account through value adjustments.

Trianel GmbH uses derivative financial instruments to hedge against market risks. These include financial swaps, futures and options on energy or emission certificates. In addition, financial instruments in the form of interest swap agreements are used to secure bank loans. Transactions with financial instruments are subject to risk guidelines in accordance with the risk management system described above.

4.3 General statement on the risk situation

The current risk management system creates the transparency required for successful company management on an ongoing basis, and is thus an important foundation for good business development.

In 2010, neither individual risks nor the overall risk endangered the company's status as a going concern. Instead, the equity basis and risk coverage were further expanded via equity capital, and the liquid funds available were improved by the positive annual result in 2010.

The key to the business and risk strategy is profitable growth while ensuring risk-bearing capacity. As a result of the adaptation of wholesale-side market risk items (e.g. as part of the development of the investment portfolio), the further diversification of the business activities and the continued shift of focal points to the service business, the company stability will increase further. The risk capital framework, which has been stable since 2008, required by the shareholders and on which the business plans are based, will not be expanded in the years to come, in spite of the growth strategy.

The key to the business and risk strategy is profitable growth while ensuring risk-bearing capacity.

Regarding the credit risks, it remains true that Trianel's business model, which relies on municipal utility companies as customers, will continue to restrict risk of insolvency in this sector in the future. The increased quantities generated will also maintain a stable wholesale credit risk position via the resulting netting of quantities and risks – in spite of the expected quantity and price-related increase of returns on sales.

5 Forecast

5.1 Orientation of Trianel GmbH in the next two financial years

Planned changes in business policy and non-financial targets

In financial years 2011 and 2012, Trianel GmbH will continue the successful strategy pursued in recent years.

In financial years 2011 and 2012, Trianel GmbH will continue the successful strategy pursued in recent years. The aim is to continue to grow while restricting risks appropriately. Based on the requirements of the municipal utility companies, we want to further expand our range, using our existing expertise.

In the midstream section of the value chain, which includes trade, procurement and portfolio management services in particular, our range of services on the market will continue to grow. At the same time, some services will become commodities. For this reason, we are faced with increasing competitive pressure in this core business sector. In order to improve our competitive position, we rely on improving processes to reduce costs and minimise process risks for standard services and on product innovation. In particular, we strive to distinguish ourselves from customers via the quality of our service and via rapid and flexible adaptation to industry and market changes.

In the trade sector, the company will concentrate on improved utilisation of synergies between market access services and proprietary trading. In order to support the growth strategy of Trianel Energie B.V., an expansion of the trade activities on the Belgian market is planned. The objective is to offer market access services in this sector, too.

In the power station service sector, Trianel GmbH was able to secure the commercial operation management for the Borkum West II offshore wind farm with the construction decision. In addition to this, the operating processes for the joint Trianel power station in Lünen will be developed in order to allow us to efficiently and competently perform the operation for the planned commissioning in 2013. The service for marketing power station capacities is to be expanded to other virtual or physical generation systems outside the Trianel Group.

In the next two years, we will concentrate in particular on further developing and establishing additional generation services. The market opportunities created by the expected amendment to the German Renewable Energy Act (EEG) for market-oriented management of electricity from renewable energy sources are to be used just as the potential for pooling and market-specific dimensioning of work and the performance of decentralised systems. This can be built on the marketing processes developed for the Trianel large-scale power stations and the pooling experience of Trianel GmbH, which means that significant synergy potential with the existing business activities can be used.

In the next two years, we will concentrate in particular on further developing and establishing additional generation services.

We expect constant market growth in the years to come in the gas services. As a result, our market position is to be strengthened and the turnover with this product group is to be increased. IN order to develop corresponding products, we rely on the use of our gas storage facility segment, and our experience as an active participant in the gas trade in the German market areas NetConnect Germany (NCG) and GASPOOL with a focus on the short-term area. We expect bio natural gas to become increasingly important in the gas market. We will develop this topic in particular under the aspects of trade and balancing group management.

The supply business for municipal utility companies will remain a key element in the Trianel product portfolio. Supplying shareholders and other customers is not only clearly a business purpose of Trianel, but is also a starting point for a whole series of supplementary services. We offer a wide range of products in this sector, from full supply to structured procurement.

In order to meet the demand by municipal utility companies for renewable generation capacities, Trianel GmbH will focus to a greater extent on the development of renewable generation systems. At the same time, the demand for flexible systems to compensate for fluctuating generation output will increase. Accordingly, this generation segment will also be a focus for our project development capacities in the years to come. By contrast, the demand for generation projects based on fossil fuels – an important area for Trianel GmbH – will decrease. The resources will be adapted accordingly, and developed towards the new requirements. We believe there are excellent opportunities to use our market position and our expertise in financing and project organisation and streamline our pooling experience with the specification of priorities.

Trianel GmbH will focus to a greater extent on the development of renewable generation systems.

In 2011, construction work is expected to begin on the Borkum West II project in the second half of the year – after the construction decision was made at the end of 2010. The coal-based combined heat and power project in Krefeld is currently on hold. By the end of the first six months of 2011, this is to be reviewed and a decision is to be made on whether and how the project is to be further developed. This process will focus on whether the change of fuel to gas is economically feasible. Construction of the Lünen coal-fired power station will continue, whereby there will be a particular focus on quality assurance. All three projects would enhance Trianel GmbH's position as a generator, strengthen the municipal utility companies involved and facilitate diversification in fuels and plants.

The challenges in the downstream sector are becoming increasingly important for municipal utility companies.

The challenges in the downstream sector (marketing and networks) are becoming increasingly important for municipal utility companies. We want to make this area a third pillar of our activities (in addition to mid-stream and upstream activities). We expect increasing demand for consulting and services in the marketing strategy, marketing control and customer acquisition processes as well as sales portfolio management and risk management. Also, we are witnessing increasing demand from municipal utility companies for analysis of trends in the future orientation of the energy industry and the topic of sustainability for the population. This primarily includes developing business models for the municipal utility companies with regard to how they can meet the growing requirements of their customers for sustainable use of energy. Prioritised tasks for this include electromobility, smart metering, energy efficiency and decentralised household generation systems. We believe that the topics mentioned are important areas for the future and trends, which municipal utility companies must face in the years to come. By combining the activities of municipal utility companies aimed at these areas, we can create added value.

In order to guarantee competitiveness of the municipal utility companies and to create new perspectives for them, we want to offer comprehensive market and trend development observation services to our shareholders, as well as monitoring of developments in the regulatory environment. In collaboration with the municipal utility companies, the preparation of these analyses will result in new services and products for Trianel GmbH, which permit continuous growth.

Our strategic focus is no longer on marketing to the end customer sector. After restructuring energieGUT GmbH in 2009 and transferring our Dutch end customer business to Trianel Energie B.V., we started selling our industrial customer portfolio in 2010. When this step is completed in 2011, Trianel GmbH will no longer be active in the end customer sales sector.

In order to increase the profitability of the company for the shareholder – in spite of a clear focus by Trianel on the requirements of municipal utility companies – the search for profitable applications of the energy sector expertise to a commercially meaningful extent is required. For the future development of Trianel GmbH it is important that all business segments are connected, either via the necessary energy industry knowledge or the processes on which they are based, or the ability to pool the resources of many.

5.2 General economic conditions in the next two financial years

After the economy grew considerably in Germany and worldwide in 2010, most forecasts assume a positive but moderate development for the next two years. In Germany, the gross domestic product is expected to increase by 2% in 2011, and to continue to grow at a slightly lower rate the following year. Globally, gross domestic products are expected to grow by 3.6% on average in 2011, and to increase by a further 4% on average in 2012. However, development is unlikely to be evenly distributed. Broken down into country and region, significant growth opportunities are forecast for Asia, while North America should grow slightly and Europe will remain at the same level. Uncertainties regarding further global economic developments exist primarily in the financial sector. On one hand, it is not clear how strongly the significant reduction of budget deficits will affect the economy. On the other hand, there is a risk that countries will be forced to make drastic savings. Significant risks are also derived from extremely expansive fiscal policy in some areas, which could lead to expectations of inflation and exchange rate fluctuations. On the other hand, the real economic activity in the industrial countries and in emerging countries could benefit from the increasing liquidity.

Most forecasts assume positive developments.

According to economic experts, the development in the Federal Republic of Germany will be determined by both the expiry of the economic incentive programmes and the increased saving measures in state budgets. The recessionary effects of the savings on domestic demand can be compensated or overcompensated by greater trust among German consumers and investors in the solidity of the state budgets, and, accordingly, in long-term positive economic development. Export growth is positive at a high single-digit rate. These figures affect the labour market. In 2011, a further significant decline in the unemployment rate is expected. Economists assume that new debt will fall below three per cent by 2013 as a result of consolidation measures already taken.

The recently relaunched debates on the future energy concept – with its possible impact on the speed of the expansion of renewable energy generation – and measures to improve the energy efficiency are key aspects for the energy industry in Germany. Increasingly decentralised electricity generation and the strong growth and fluctuating feed rates of renewable energy sources do not only entail significant investments in generation systems. They also require an expansion of the cable infrastructure. By contrast, modernisation of existing buildings and heating systems and the use of new, low-energy technologies in domestic households will lead to gradually decreasing energy sales. By contrast, gas in electricity generation and new business segments like electromobility, smart metering or contrasting offer interesting prospects.

The effects of the crude oil price are difficult to estimate. At the beginning of February 2011, prices were far higher than the average prices in the previous year, at over 100 dollars per barrel. If the prices remain at this level or even rise further, negative effects on the general economic development and consumer behaviour cannot be ruled out.

5.3 Anticipated earnings situation

The energy policy framework, including the delayed phase out of the German nuclear power plants decided in 2010, initially led to a significant reduction of the profit forecasts from conventional generation systems, in particularly in the first years of operation of the Lünen power station. In order to create a balanced asset portfolio, we decreased our participating interest in the gas storage company effective 1 January 2011 as part of a strategic cooperation. The participating interest maintained until now was kept at this level to allow new project partners to participate. We can compensate for the earnings scenarios expected in the medium term as a result of the fluctuating value developments of the assets even in low-profit years, and thus deal with them, as a result of our business model which was diversified in recent years. Depending on the development, further adaptations in our investment portfolio are conceivable in the future.

Our product adjustments have increased the sustainability of our business model in the long-term.

The global economic crisis has been largely overcome, with the result that the risks for unusual market developments have returned to a normal level. Our product adjustments implemented in the previous year as a result of the experience in the crisis have increased the sustainability of our business model in the long-term, should exceptional market fluctuations occur again.

The development of turnover at Trianel GmbH largely depends on the trade business and the extent to which we can provide our customers access to energy markets. For this reason, turnover development is difficult to foresee, but also largely irrelevant for the economic success of the company. As the development of results is not determined by sales revenues in our business model, we intend to change to a reporting system for the 2011 financial year which presents the sales revenues as net figures (i.e. after offsetting the corresponding material expenditures) to increase the transparency of our business figures.

We currently expect a positive result before taxes for 2011.

We currently expect a positive result before taxes for 2011. This will not reach the level of the 2010 result of € 10.3 million, but should clearly exceed the 2009 result of € 6.5 million. We expect further positive business development for 2012.

The energy policy framework for the next two years is a state of upheaval as a result of the events in Japan and the subsequent energy policy debates in Germany. This could not have been foreseen in mid-March and its results still cannot be predicted. The possible changes will have consequences for the future development of business at Trianel GmbH. As a result of the expected changes in the postponement of the nuclear power

station phase-out, we expect a better revenue situation for our holdings in fossil fuel-based generation systems, in spite of the CO_2 prices which are increasing faster than expected, contrary to our original estimates. The faster switch to a national energy generation system based largely on renewable sources is likely to impact the funding program for renewable generation systems, to create further impetus for investments. We expect improvements, in particular in funding for offshore wind turbines and improved conditions for the integration of renewable generation systems into the energy markets. Due to our good positioning in this market segment, this would lead to a faster development of corresponding services. We also assume that the topics of energy efficiency, decentralised generation via home combined heat and energy generation units and consumption control via smart meters will receive clearer political support, and our projects in these areas will develop better than initially expected.

Thus, overall, we expect a development which supports our decisions in the past three years, and view this as a confirmation of our strategic orientation. In light of the fact that a rapid transition to the age of renewables could be an alternative to delaying the phase-out of nuclear power, we consider this confirmation of our objective of relying on renewable energy and on power station capacities which support the transition to largely renewable energy generation, and which are compatible with a generation situation structured accordingly. We do not believe that the changes we expect are a fundamental reorientation of policy and framework conditions, but that they are an acceleration of developments. In spite of this, many questions remain, which means that only conservative estimates can be made of the changes to the energy policy conditions ahead. However these estimates are positive.

Overall, we expect a development which supports our decisions in the past three years, and view this as a confirmation of our strategic orientation.

5.4 Anticipated financial situation

Our business development will still focus on services, which requires little investment in fixed assets. Investments in financial assets entail our holdings in the power plant and gas storage companies, which were financed via bank loans and our own cash flow. Due to our good creditworthiness and the good relationship to our core banks, we do not foresee bottlenecks in obtaining funding for future investments for Trianel GmbH. Current financing of operative business is guaranteed via the increasing liquid funds and also secured via existing credit lines. In summary, we see no restrictions in our solvency.

Our business development will still focus on services.

The debt ratio of the company is primarily characterised by accounts payable for energy purchased in December 2010, which are offset against corresponding accounts receivable for energy supplied in the same period. As a result of the monthly invoicing of energy supplied established in energy wholesale, these are generally short-term items, which do not entail pre-financing effects. The debt ratio therefore does not allow any conclusions on the fundamental creditworthiness of a company. With an EBIT interest-coverage ratio of approximately 10 on the cut-off date, we consider our financial situation very good.

In 2012, Trianel plans to distribute dividends appropriately for the 2011 financial year for the first time.

5.5 Opportunities

The future result will largely depend on the development of the energy and raw material prices, as the revenue of our fuel-dependent assets is closely related to this. With regard to projects in the renewable energy sector, there are opportunities as a result of a favourable development of system prices and financing costs. An improvement of the framework conditions as part of the system integration of renewable energy sources can create further opportunities. A positive development will result in good earnings opportunities.

The positive development on the gas market is of great strategic importance to us.

The positive development on the gas market is of great strategic importance to us. The gas service sector offers a great and as yet far from exhausted potential as a result of the market upheaval. Our gas storage facility allows us to develop and market other supply products. However, this development also depends on the behaviour of established suppliers on the market, who could further delay a change in the procurement strategy with offers below the market price level.

Increased cooperation of the municipal utility company marketing departments in Trianel can considerably increase the clout for many municipal utility companies. It offers us an opportunity to actively help shape the marketing success for municipal utility companies in an increasingly competitive environment. For this purpose, the "Trianel Marketing Triathlon" will be launched in 2011 with a network of marketing and market managers in interested Trianel companies.

By further establishing products and business segments in the downstream sector, we believe we can build a third pillar within Trianel. If the development is positive, we can intensify business relations to our customers significantly, giving us access to municipal utility companies whom we have not yet reached with our range. If this is the case, we could also generate additional contribution margins from a more diverse earnings structure.

Many projects we are pursuing also have positive outlooks. Insofar as these projects can continue to be substantiated in 2011 and 2012, we will offer them to our shareholders and other municipal utilities. The necessary services for further project development also create earnings potential.

Opportunities for earnings also derive from marketing generating systems, where we want to use our expertise to develop new products and business models, accessing new groups of customers and creating additional value.

Good opportunities to earn future profit result from our progress in developing projects, with which we constantly analyse the current market developments for possible potential for joint development with our shareholder companies.

5.6 General statement on the business outlook and development forecast of Trianel GmbH by corporate management

We believe that Trianel GmbH is still growing. This is reflected in a further expansion of the group of shareholders, an expansion of our business activities and continued increases in equity capital. We will continue the business orientation started in 2009, which aims to further expand the largely risk-free service business. We will also counteract possible fluctuations in revenue from asset items via further diversification of our portfolio of participating interests with the aim of increasing the amount supplied from renewable energy sources. If necessary, this can also include selling further shares. We view this as a further increase in the solidity of our business model. The numerous projects and topics currently under development confirm that the potential for purposeful collaboration of municipal utility companies is at an unchanged high level. That is why we look into the future with an overall sense of optimism.

We believe that Trianel GmbH is still growing.

6 Reporting pursuant to § 108 para. 2 no. 2 of the North Rhine-Westphalian Local Government Ordinance (GO NRW)

The purpose of the company is national and international energy trading, with the objective of improving local energy supply. The company may undertake the following tasks to implement this objective:

1.1 Trading in

a. Energy (electricity, gas, oil, coal),
b. Energy derivatives and energy-related financial derivatives
(pursuant to the German Banking Act (KWG): proprietary transactions),
c. Financial products relating to energy supply, such as weather derivatives and emission certificates
(pursuant to the German Banking Act (KWG): proprietary transactions)

1.2 Energy sales

1.3 Provision of consulting and other fee-based services directly related to energy supply

The company is entitled to conduct all measures and business transactions through which the purpose of the company can directly or indirectly be promoted. It may, in order to fulfil its tasks, operate other companies, participate in them or establish, acquire and lease such companies as well as auxiliary and ancillary companies, furthermore it may enter into joint ventures and establish subsidiary branches.

The comments and data in the Notes and the Management Report illustrate that we have conformed fully with the public purpose based on our terms of reference as per the Shareholders' Agreement.

Aachen, Germany, 9 May 2011

Trianel GmbH

Sven Becker Dr. Jörg Vogt

Management Board of Trianel GmbH

Annual Financial Statements

of Trianel GmbH

Balance sheet
as of 31 December 2010

ASSETS in €	31.12.2010	31.12.2009
A. Fixed assets		
I. Intangible assets		
1. Acquired rights of use and similar rights	716,768.00	416,350.00
2. Down payments made	767,865.73	339,028.59
	1,484,633.73	**755,378.59**
II. Tangible assets		
Furniture and fixtures	1,044,075.00	1,160,844.00
III. Financial assets		
1. Shares in affiliated companies	2,900,000.00	2,850,000.00
2. Loans to affiliated companies	2,697,789.44	0.00
3. Participating interests	26,693,449.86	21,379,822.54
4. Securities held as fixed assets	220,000.00	220,000.00
5. Other loans	5,121.14	0.00
	32,516,360.44	**24,449,822.54**
	35,045,069.17	**26,366,045.13**
B. Current assets		
I. Inventories		
Merchandise	384,809.76	3,850,906.75
II. Accounts receivable and other assets		
1. Trade accounts receivable	65,855,369.11	72,991,950.68
2. Accounts receivable from affiliated companies	6,705,892.16	9,233,781.18
3. Accounts receivable from shareholders	21,140,386.68	20,957,791.17
4. Accounts receivable from companies with which a participating interest exists	2,360,822.24	4,912,628.68
5. Other assets	46,906,317.21	65,024,651.73
	142,968,787.40	**173,120,803.44**
III. Cash in hand, cash at bank	60,106,028.06	47,278,357.42
C. Accruals and deferrals	**1,414,042.65**	**1,038,738.67**
	239,918,737.04	**251,654,851.41**

LIABILITIES in €	31.12.2010	31.12.2009
A. Equity		
I. Capital stock	18,146,575.00	17,896,575.00
II. Capital reserves	19,237,869.24	18,487,869.24
III. Earnings reserves		
Other earnings reserves	28,543,016.87	23,051,181.75
IV. Annual net income	6,558,898.19	5,491,835.12
	72,486,359.30	**64,927,461.11**
B. Provisions		
1. Provisions for pensions	82,738.00	64,324.00
2. Provisions for taxes	2,727,900.00	307,793.30
3. Other provisions	23,974,884.70	28,385,494.05
	26,785,522.70	**28,757,611.35**
C. Liabilities		
1. Accounts payable to credit institutions	11,650,480.79	12,821,999.90
2. Down payments received for orders	418,916.08	229,198.29
3. Trade accounts payable	70,386,905.46	97,592,978.26
4. Accounts payable to shareholders	16,620,757.51	3,987,528.10
5. Accounts payable to companies with which a participating interest exists	1,507,798.64	4,871,303.80
6. Other accounts payable - From taxes € 27,319,235.17 (prev. year: € 22,697,430.15) - As part of social security € 47,926.13 (previous year: € 14,951.14)	37,043,495.74	32,365,412.20
	137,628,354.22	**151,868,420.55**
D. Accruals and deferrals	**3,018,500.82**	**6,101,358.40**
	239,918,737.04	**251,654,851.41**

Profit and loss statement

for the financial year from 1 January to 31 December 2010

In €	2010	2009
1. Sales revenues		
a) Gross sales revenues	2,577,153,124.94	3,136,412,893.16
b) Electricity tax	–3,103,724.82	–4,107,020.70
	2,574,049,400.12	**3,132,305,872.46**
2. Other operating revenue	10,935,895.32	4,909,272.44
3. Cost of materials		
Expenditure on goods purchased	2,542,295,310.63	3,103,993,976.43
Expenditure on purchased services	72,549.07	0.00
	2,542,367,859.70	**3,103,993,976.43**
4. Personnel expenditure		
a) Wages and salaries	13,113,024.74	11,491,188.63
b) Social charges and expenditure for pension provision and support	2,381,968.80	1,831,443.17
	15,494,993.54	**13,322,631.80**
5. Depreciation		
a) On intangible fixed assets and tangible fixed assets	742,191.05	676,579.23
b) On current assets which exceed usual depreciation in the corporation	1,922,424.24	0.00
	2,664,615.29	**676,579.23**
6. Other operating expenditure	14,369,267.14	12,963,274.69
	10,088,559.77	**6,258,682.75**
7. Revenues from participating interests	0.00	439,607.21
8. Revenues from other securities and loans of financial assets	111,654.44	0.00
9. Other interest and similar revenues	460,999.89	384,881.11
10. Revenues from profit and loss transfer agreements	761,347.41	604,483.60
11. Depreciation on financial assets	70,199.00	60,000.00
12. Interest and similar expenditure	1,029,225.26	1,130,422.45
	234,577.48	**238,549.47**
13. Result on ordinary activities	**10,323,137.25**	**6,497,232.22**
14. Unscheduled revenues	4,819.32	0.00
15. Unscheduled expenditure	10,742.00	0.00
16. Unscheduled result	**–5,922.68**	**0.00**
17. Tax on income	3,758,316.38	1,005,698.10
18. Other taxes	0.00	–301.00
19. Annual net income	**6,558,898.19**	**5,491,835.12**

Notes
for the 2010 financial year

1 Form and presentation of the annual financial statements

The financial statements have been prepared in accordance with the regulations of the German Commercial Code (HGB) for large incorporated companies in conjunction with the supplementary provisions of the GmbH-Gesetz (German Limited Liability Company Law).

To improve the clarity of the presentation we have provided details on affiliations to other items in the balance sheet.

The profit and loss statement is structured according to the expenditure format.

The fundamental items of the balance sheet and income statement are explained separately in the notes.

Instalments received from B2B trade are stated as down payments received for orders. In the previous year, they were stated under other accounts payable. The figures from the previous year were adapted. The figures from the previous year were also restructured from the other assets to trade accounts receivable, and from the other accounts payable to trade accounts payable, as they are transactions as part of ordinary business operations of the company.

The annual financial statements were prepared in accordance with the regulations of the German Reporting Modernisation Act (BilMoG) for the first time. The presentation and evaluation methods used until now were modified accordingly. Pursuant to § 67 para. 8 no. 2 of the Introductory Act for the German Commercial Code (EGHGB), the figures from the previous year were not adapted.

2 Accounting and valuation principles

The accounting and valuation were performed based on the assumption that company activities would be continued.

The intangible assets and tangible fixed assets were valued at acquisition cost less depreciation.

Depreciation was effected on a straight-line basis and – as far as possible – using the declining balance method based on the useful life of the capital assets. From 2010 onwards, all low-value assets with purchase costs less than € 410.00 were written off in full in the year of addition, exercising the option per § 6 para. 2 no. 1 of the German Income Tax Act (EStG).

The financial assets are evaluated at acquisition cost, taking account of repayment, depreciation and write-ups.

Inventories are valued at acquisition cost using the lower of cost or market principle for depreciation.

Accounts receivable and other assets are shown in the balance sheet at their nominal value; necessary value adjustments were taken into account.

Accounts receivable and payable in foreign currencies are converted at the applicable exchange rate on the posting date unless a fixed exchange rate for the Euro exists. Profits and losses incurred due to exchange rate movements up to the balance sheet date are taken into account per § 256a of the German Commercial Code (HGB).

Liquid funds are stated in the balance sheet at nominal value.

The subscribed capital is included at nominal value.

Pension obligations are calculated according to actuarial principles using the Projected Unit Credit Method (PUC Method). In the PUC Method, the provision amount is defined as the actuarial cash value of the pension obligations earned by the employees until this time based on work performed in the past in accordance with the pension formula and vesting regulation. The "Guide Tables 2005 G" by Klaus Heubeck are used as a biometric calculation basis. The mathematical interest rate is 5.15%, which is equal to the average market interest rate for an assumed residual term of the obligations of 15 years. The addition to the pension provision as a result of the changes of the calculation method in relation to evaluation per the requirements of the German Reporting Modernisation Act (BilMoG) was entered in full in the unscheduled expenditures in the 2010 financial year. The option per § 67 para. 1 no. 1 of the Introductory Act for the German Commercial Code (EGHGB) was not exercised.

Provisions are valued on the basis of reasonable commercial assessment and adequately take into account all identifiable risks and contingent liabilities. Provisions are stated as accounts payable up to the envisaged settlement value.

The option of capitalising deferred taxes was not exercised.

Accounts payable are stated at the amount repayable.

In order to evaluate the physical trade transactions, the posted and pending transactions and gas inventories are always combined in an annual consideration with the corresponding financial transactions to the Asset Electricity, Asset Gas, Trade, Electricity Sales and Gas Sales portfolios, i.e. in the event of the use of the option to form an accounting valuation unit.

Derivative financial instruments were used to secure bank loans, which form a valuation unit together with the debt item.

3 Balance sheet notes

3.1 Fixed assets

The development of fixed assets and depreciation during the financial year under review is shown in the fixed-asset movement schedule, which is enclosed as a separate document with the Notes.

Shares to the amount of € 2,900,000.00 are held in the following affiliated companies:

Company	Registered office	Holding (%)	Book value of the holding in €	Equity in €	Annual net income in €
Trianel Finanzdienste GmbH	Aachen	100.0	2,500,000	2,500,000	* 0
Trianel Energie B.V.	Maastricht, NL	100.0	250,000	1,490,640	94,658
Trianel Gaskraftwerk Hamm Verwaltungs GmbH	Aachen	100.0	25,000	35,200	1,140
Trianel Gasspeicher Epe Verwaltungs GmbH	Aachen	100.0	25,000	119,028	23,707
Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH	Aachen	** 100.0	25,000	62,038	12,736
Trianel Erdgasförderung Nordsee Verwaltungs GmbH	Aachen	** 100.0	25,000	29,241	4,241
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	Aachen	100.0	25,000	29,623	1,042
Trianel Windkraftwerk Borkum Verwaltungs GmbH	Aachen	100.0	25,000	63,971	12,537

* A profit and loss transfer agreement exists between Trianel Finanzdienste GmbH and Trianel GmbH.

** The shares are wholly commercially attributed to Trianel GmbH.

With a value dated of 1 July 1 2010, Trianel GmbH granted the affiliated company Trianel Energie B.V., Maastricht/Netherlands, (TEBV) a loan subject to interest of € 3,098,586.00. The loan is to be repaid by 31 December 2013. As of 31 December 2010, the loan to a value of € 2,697,789.44 was stated under the loans to affiliated companies.

Holdings in which Trianel GmbH maintains at least one fifth of the shares:

Company	Registered office	Holding (%)	Book value of the holding in €	Equity in €	Annual net income/ deficit in €
Trianel Erdgasförderung Nordsee GmbH & Co. KG	Aachen	28.6	2,000	4,100	435
Trianel Service GmbH	Cologne	20.0	40,000	195,392	-7,946

3.2 Current assets

The goods inventories are primarily stored quantities of gas.

Trade accounts receivable primarily consist of outstanding payments for electricity and gas supplies, which were offset against similar accounts payable to a value of € 145,125 thousand (prev. year: € 178,942 thousand).

Of the accounts receivable from affiliated companies, € 5,442 thousand (prev. year: € 13,317 thousand) are trade accounts receivable. Other than this, the figures include mainly cost allocations. Similar accounts payable totalling € 966 thousand (prev. year: € 7,923 thousand) were offset against accounts receivable.

The accounts receivable from shareholders, € 33,649 thousand (previous year: € 62,167 thousand) are trade accounts receivable. Similar accounts payable totalling € 13,289 thousand (prev. year: € 42,031 thousand) were offset against accounts receivable.

The accounts receivable from affiliated companies are mainly trade accounts receivable resulting from energy supply and the provision of services.

Other assets mainly consist of collateral security relating to energy trading, including non-accessible bank credits totalling € 9,525 thousand (€ 25,392 thousand pre-tax), which is deductible only in the following year.

As in the previous year, all accounts receivable and other assets with the exception of € 2 thousand are due within one year.

3.3 Provisions

The tax provisions primarily include provisions for corporation tax including solidarity surcharge and trade tax for the 2010 assessment period. Advance payments and payments made for interest income tax and solidarity surcharge were offset against the provisions for corporation tax.

Other provisions to the amount of € 23,975 thousand include provisions for uncertain accounts payable to the amount of € 15,875 thousand, mainly pertaining to outstanding invoices for energy procurement and personnel costs. In addition to this, it contains provisions for potential losses from pending transactions totalling € 8,100 thousand, of which € 4,530 thousand result from foregoing the option to form balance sheet valuation units.

3.4 Liabilities

The accounts payable to credit institutions include long-term bank loans and accrued interest.

The down payments received for orders included are instalments from B2B customers.

Trade accounts payable predominantly result from energy procurement and transport charges, as well as consulting services.

Accounts payable to shareholders mainly relate to trade accounts payable resulting from energy supplies.

Accounts payable to companies with which a participating interest exits are exclusively trade accounts payable.

The other accounts payable include accounts payable to shareholders totalling € 607 thousand (prev. year: € 2,000 thousand) and accounts payable for taxes to a value of € 23,319 thousand (prev. year: € 22,697 thousand).

Liabilities movement schedule

In €	Total	Residual terms Up to 1 year	Residual terms from 1 to 5 years	Residual terms More than 5 years	Residual term from prev. year to 1 year
Accounts payable to credit institutions	11,650,480.79	1,207,847.48	6,058,633.36	4,383,999.95	1,215,833.25
Down payments received for orders	418,916.08	418,916.08	0.00	0.00	229,198.29
Trade accounts payable	70,386,905.46	70,386,905.46	0.00	0.00	97,592,978.26
Accounts payable to shareholders	16,620,757.51	16,620,757.51	0.00	0.00	3,987,528.10
Accounts payable to affiliated companies	1,507,798.64	1,507,798.64	0.00	0.00	4,871,303.80
Other accounts payable	37,043,495.74	33,138,561.70	315,305.00	3,589,629.04	28,265,531.20
Total accounts payable	**137,628,354.22**	**123,280,786.87**	**6,373,938.36**	**7,973,628.99**	**136,162,372.90**

3.5 Valuation units (VU)/derivative financial instruments

Via the German Reporting Modernisation Act (BilMoG), the legislator issued regulations for accounting of valuation units under commercial law for the first time in § 254 of the German Commercial Code (HGB), which are applicable for financial years starting after 31 December 2009 for the first time.

The option of forming valuation units was utilised to the extent stated below. The validity of the valuation units in the portfolios formed is evaluated and measured in accordance with the risk control of the underlying risk management system. Key parameters for risk control are the limit systems and measurement of loss risks. The freezing method was used to depict the effective parts of the valuation units formed in the accounts.

The figures specified on the risks secured are theoretical, as all individual transactions were evaluated here, while portfolio-specific controlling means that open trade items are restricted appropriately at all times.

Individually, the following valuation units existed on the balance sheet date:

3.5.1 Valuation unit: Asset electricity mandate

This VU combines the existing contracts in relation to our holdings in power station companies with corresponding hedging transactions as portfolio hedges. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2012 VU contains base transactions to a value of € 15,746 thousand. The VU hedges risks from an individual transaction perspective to a total of € 933 thousand.

The opposing value changes compensate one another as a result of the existing spread hedging in the respective years in question.

3.5.2 Valuation unit: Trade mandate

This VU combines the existing wholesale energy transactions with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2011 VU contains base transactions to a value of € 1,523,997 thousand. The VU hedges risks from an individual transaction perspective to a total of € 150,746 thousand. The 2012 VU contains base transactions to a value of € 606,993 thousand. The VU hedges risks from an individual transaction perspective to a total of € 34,500 thousand. The 2013 VU contains base transactions to a value of € 135,340 thousand. The VU hedges risks from an individual transaction perspective to a total of € 6,116 thousand.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

When representing the VUs on the balance sheet, the freeze method was used and a provision was formed from valuation units totalling € 1,545 thousand, of which € 912 thousand accrue for 2011 and € 633 thousand for 2013.

3.5.3 Valuation unit: Electricity sales mandate

This VU combines the existing electricity contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2011 VU contains base transactions to a value of € 224,532 thousand. The VU hedges risks from an individual transaction perspective to a total of € 36,383 thousand. The 2012 VU contains base transactions to a value of € 59,704 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1,985 thousand. The 2013 VU contains base transactions to a value of € 9,829 thousand. The VU hedges risks from an individual transaction perspective to a total of € 292 thousand.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.5.4 Valuation unit: Gas sales mandate

This VU combines the existing gas contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2011 VU contains base transactions to a value of € 77,076 thousand. The VU hedges risks from an individual transaction perspective to a total of € 16,525 thousand. The 2012 VU contains base transactions to a value of € 23,230 thousand. The VU hedges risks from an individual transaction perspective to a total of € 5,571 thousand. The 2013 VU contains base transactions to a value of € 9,532 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,961 thousand. The 2014 VU contains base transactions to a value of € 1,315 thousand. The VU hedges risks from an individual transaction perspective to a total of € 118 thousand.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.5.5 Interest rate swaps

The option of forming valuation units was utilised in full. The freezing method was used to depict the effective parts of the valuation units formed in the accounts.

Individually, as of the balance sheet date, there are four micro-hedges, consisting of one base transaction and one hedge transaction each. The four base transactions are reported as accounts payable for bank loans (€ 9,584 thousand), while the four hedge transactions are not reported as derivative financial instruments (interest rate swaps) as they are pending transactions. The accounts payable for loans are subject to interest at the 6 month EURIBOR plus 75, 90 or 100 base points. The interest rate swaps exchange an interest received at the 6 month EURIBOR for a fixed interest rate to be paid of 3.26%, 4.35%, 4.88% and 5.09%. The risk of interest rate changes from interest rate fluctuation is hedged.

Trianel GmbH has concluded the following unreported derivative financial instruments:

- Interest rate swap (€ 1,670 thousand)

In this transaction, starting from 6 May 2005, a variable interest rate account payable with an initial total of € 3,710 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until May 2015. The fair value according to the internal risk models of the issuing bank is € 55 thousand as of 31 December 2010.

- Interest rate swap (€ 1,008 thousand)

In this transaction, starting from 21 July 2006, a variable interest rate account payable with an initial total of € 1,680 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until July 2016. The fair value according to the internal risk models of the issuing bank is € –74 thousand as of 31 December 2010.

- Interest rate swap (€ 5,000 thousand)

In this transaction, starting from 28 May 2008, a variable interest rate account payable with an initial total of € 6,000 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until June 2023. The fair value according to the internal risk models of the issuing bank is € –553 thousand as of 31 December 2010.

- Interest rate swap (€ 1,907 thousand)

In this transaction, starting from 18 July 2008, a variable interest rate account payable with an initial total of € 2,288 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until June 2023. The fair value according to the internal risk models of the issuing bank is € –224 thousand as of 31 December 2010.

The market values were determined using the cash value method. According to this, all future payments, on both the fixed and variable side of the interest rate swap, are discounted on the valuation date. Payments on the variable side are determined on the basis of additional due dates which result from the current interest rate structure curve.

The market value changes of the derivatives are offset by opposing market value changes of the base transactions.

3.6 Latent taxes

The trade and tax law value assessments of the financial assets and other provisions result in differences, which are compensated in subsequent financial years. These differences led to a latent tax accrual. A tax rate of 30.6% is applied when determining the tax accrual.

The option under § 274 para. 1 no. 2 of the German Commercial Code (HGB) is not used, and thus no latent tax accrual is formed.

4 Notes on the profit and loss statement

4.1 Sales revenues

The gross sales less electricity tax can be broken down into the following areas of activity:

Business field	Sales in € thousand	Turnover in %
Electricity	2,333,582	90.66
Gas	199,631	7.76
Emissions trade	17,384	0.67
Services	23,333	0.91
Coal	119	0.00
Total	**2,574,049**	**100.00**

Non-period turnover totalled € 17,296 thousand (prev. year: € 10,663 thousand).

4.2 Other operating revenues

Other operating revenues include revenues from other periods totalling € 3,859 thousand (previous year: € 1,886 thousand) and income from exchange rate conversions totalling € 1 thousand (prev. year: € 0 thousand).

4.3 Cost of materials

Non-period cost of materials totalled € 15,664 thousand (prev. year: € 8,419 thousand). The material expenditures include unscheduled depreciation on the bas inventories totalling € 83 thousand (prev. year: € 1,400 thousand).

4.4 Personnel expenditure

Personnel expenditure concerns an average of 190 employees (prev. year: 170). The personnel expenditure includes expenditure on pensions totalling € 193 thousand (prev. year: € 155 thousand).

4.5 Other operating expenditure

Other operating expenditure includes expenditure from exchange rate conversion totalling € 1 thousand (prev. year: € 0 thousand).

4.6 Interest revenues

The interest revenues to the amount of € 461 thousand (prev. year: € 385 thousand) include revenues from affiliated companies to the amount of € 21 thousand (prev. year: € 5 thousand).

4.7 Depreciation on financial assets

Depreciation includes unscheduled depreciation on the holdings in energieGUT GmbH, Aachen, totalling € 70 thousand due to probable enduring reduction in value. The figures stated for the previous year include unscheduled depreciation on the holdings in Trianel Service GmbH, Cologne, totalling € 60 thousand due to probable enduring reduction in value.

4.8 Unscheduled result

The unscheduled result includes revenues from the deduction of the provision for archival obligations totalling € 5 thousand, and expenditure from the addition of € 11 thousand to the pension provision. These effects result from the adjustments of the accounting and valuation systems to the requirements of the German Reporting Modernisation Act (BilMoG).

4.9 Tax on income

Expenditure on taxes in the reporting year includes € 2,919 thousand (prev. year: € 968 thousand) for corporation tax and € 805 thousand (prev. year: € 18 thousand) for trade tax. Income from previous years arising from corporation tax to a total of € 33 thousand (prev. year: € 16 thousand) and trade tax of € 0 thousand (prev. year: € 3 thousand) were incurred.

5 Other information

5.1 Other financial obligations

In € thousands		Due in 2011
Obligations from electricity supply contracts	2,219,845	1,471,994
of which payable to affiliated companies	16,755	13,992
of which payable to shareholders	346,669	260,580
Obligations arising from gas supply agreements	174,415	137,040
of which payable to shareholders	34,925	31,787
Obligations arising from emission certificates	20,009	1,916
Obligations arising from coal swaps	2,693	1,961
of which payable to affiliated companies	2,693	1,961
Obligations from leasing and rental agreements	3,327	728
Obligations arising from green electricity certificates	14,140	4,410

Trianel GmbH concluded a loan agreement for an overdraft facility to Trianel Energie B.V., Maastricht/ Netherlands. In the agreement, Trianel GmbH grants TEBV a loan totalling € 3 million subject to interest. The loan can be drawn down in various tranches and with various terms. The loan agreement ends on 31 December 2011, but is extended by one year if the agreement is not terminated six months before expiry. The loan had not been used by 31 December 2010.

Trianel GmbH concluded a loan agreement with Trianel Windkraftwerk Borkum GmbH & Co. KG (TWB), Aachen, to pre-finance EU funding totalling € 29,773 thousand. The loan was drawn down in full in January 2011. Repayment by TWB is scheduled on receipt of the funding from the EU by mid-2013. The loan had not been used by 31 December 2010.

5.2 Contingencies

As collateral for bank loans to Trianel Gaskraftwerk Hamm GmbH & Co. KG, Trianel Kohlekraftwerk Lünen GmbH & Co. KG and Trianel Gasspeicher Epe GmbH & Co. KG, Trianel GmbH has pledged its shares in these companies, including dividends, to the banks concerned.

Trianel GmbH provided sureties for electricity deliveries for five customers of Trianel Energie B.V. This allows our subsidiary, Trianel Energie B.V., to perform the corresponding business activities. In general, the risk arises from changes in price and is restricted to cases in which Trianel Energie B.V. fails to fulfil its contractual obligations.

As a result of Trianel Energie B.V.'s financial situation, it is not expected that this loan will be drawn down.

5.3 Auditor's fees

In accordance with § 285 no. 17 of the German Commercial Code (HGB), this information is provided in the consolidated financial statements of Trianel GmbH.

5.4 Supervisory Board

In the 2010 financial year, the Supervisory Board was composed of the following members:

- **Bernhard Wilmert,** Bochum, Spokesman for the Management Board of Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH (Chairman),
- **Waldemar Opalla,** Diepholz, Managing Director of Stadtwerke EVB Huntetal GmbH (Vice Chairman),
- **Dr. Christian Becker,** Aachen, Member of the Management Board of Stadtwerke Aachen Aktiengesellschaft,
- **Kurt Kuhn,** Lübeck, Managing Director of Stadtwerke Lübeck Holding GmbH,
- **Günter Bury,** Fulda, Chairman of the Management Board of Überlandwerk Fulda Aktiengesellschaft,
- **Marco Westphal,** Bonn, Managing Director of Stadtwerke Bonn GmbH,
- **Alfons Bröker,** Soest, Managing Director of Stadtwerke Soest GmbH,

- **Dr. Achim Grunenberg,** Lünen, Managing Director of Stadtwerke Lünen GmbH,
- **Frank Kindervatter,** Viersen, Managing Director of Niederrheinwerke Viersen GmbH,
- **Dr. Arno Gassteiger,** Salzburg, Spokesman for the Management Board of Salzburg AG für Energie, Verkehr und Telekommunikation,
- **Michael Hegel,** Cologne, Banker,
- **Dr. Ulf Böge,** Meckenheim, retired President of the Federal Cartel Office.

As in the previous year, Trianel GmbH reimbursed a total of € 21 thousand as expenses in the 2010 financial year.

5.5 Management Board

The Managing Directors of the company on the balance sheet date were Dipl.-Volkswirt Sven Becker, certified economist (Spokesman) and Dr. Jörg Vogt (Dipl.-Verwaltungswissenschaftler; certified public administrator).

The company has opted not to disclose the emoluments paid to the Managing Directors in the financial year under review in accordance with § 286, para. 4 of the German Commercial Code.

5.6 Annual Financial Statements

The financial statements are published in the Electronic Federal Bulletin under number HRB 7729.

Aachen, Germany, 9 May 2011

Trianel GmbH

Sven Becker **Dr. Jörg Vogt**

Management Board of Trianel GmbH

Development of fixed assets
in the 2010 financial year

In €	Status 1.1.2010	Acquisition costs: Additions	Cross entries	Divestitures	Status 31.12.2010
I. Intangible assets					
1. Rights of use and similar rights	2,568,611.21	539,964.46	124,232.40	0.00	3,232,808.07
2. Down payments made	339,028.59	553,069.54	–124,232.40	0.00	767,865.73
Total intangible assets	**2,907,639.80**	**1,093,034.00**	**0.00**	**0.00**	**4,000,673.80**
II. Tangible assets					
Furniture and fixtures	2,819,301.18	261,643.19	0.00	1,390.00	3,079,554.37
Total tangible assets	**2,819,301.18**	**261,643.19**	**0.00**	**1,390.00**	**3,079,554.37**
III. Financial assets					
1. Shares in affiliated companies	2,850,000.00	50,000.00	0.00	0.00	2,900,000.00
2. Loans to affiliated companies	0.00	3,098,586.00	0.00	400,796.56	2,697,789.44
3. Participating interests	21,439,822.54	5,506,501.85	0.00	122,675.53	26,823,648.86
4. Securities held as fixed assets	220,000.00	0.00	0.00	0.00	220,000.00
5. Other loans	0.00	5,365.00	0.00	243.86	5,121.14
Total financial assets	**24,509,822.54**	**8,660,452.85**	**0.00**	**523,715.95**	**32,646,559.44**
Total fixed assets	**30,236,763.52**	**10,015,130.04**	**0.00**	**525,105.95**	**39,726,787.61**

	Depreciation			Book values	
Status 1.1.2010	Additions	Divestitures	Status 31.12.2010	Status 31.12.2010	Status 31.12.2009
2,152,261.21	363,778.86	0.00	2,516,040.07	716,768.00	416,350.00
0.00	0.00	0.00	0.00	767,865.73	339,028.59
2,152,261.21	**363,778.86**	**0.00**	**2,516,040.07**	**1,484,633.73**	**755,378.59**
1,658,457.18	378,412.19	1,390.00	2,035,479.37	1,044,075.00	1,160,844.00
1,658,457.18	**378,412.19**	**1,390.00**	**2,035,479.37**	**1,044,075.00**	**1,160,844.00**
0.00	0.00	0.00	0.00	2,900,000.00	2,850,000.00
0.00	0.00	0.00	0.00	2,697,789.44	0.00
60,000.00	70,199.00	0.00	130,199.00	26,693,449.86	21,379,822.54
0.00	0.00	0.00	0.00	220,000.00	220,000.00
0.00	0.00	0.00	0.00	5,121.14	0.00
60,000.00	**70,199.00**	**0.00**	**130,199.00**	**32,516,360.44**	**24,449,822.54**
3,870,718.39	**812,390.05**	**1,390.00**	**4,681,718.44**	**35,045,069.17**	**26,366,045.13**

Auditor's report

We have audited the annual financial statements of Trianel GmbH, Aachen, consisting of balance sheet, income statement and notes, including the accounts and the management report for the period 1 January to 31 December 2010. The accounts, the annual financial statements and the management report were prepared in accordance with the German Commercial Code and the supplementary provisions of the articles of association at the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual financial statements, the company's accounts and the management report.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and observing the auditing principles generally accepted in Germany as stipulated by the Institute of German Certified Public Accountants (IDW). Those principles require that we plan and perform the audit to obtain reasonable assurance about the detection of any errors or irregularities with regard to the impression given of the company's net worth, financial and profit situation, as reported through its annual financial statements, set up in accordance with the generally accepted accounting principles, its company accounts, and its management report. When determining audit procedures, knowledge of the company's business operations, as well as its economic and legal environment, and anticipation of possible errors are taken into consideration. The audit includes examining, mainly on a test basis, the effectiveness of accounting-related internal control systems and evidence supporting the amounts and disclosures in the company accounts, annual financial statements and the management report. The audit also examines the accounting and valuation methods that the company uses, the significant estimates made by legal representatives, as well as evaluating the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our evaluation.

Our audit has resulted in no objections.

In our opinion, based on the information gained in the audit, the annual financial statements of Trianel GmbH, Aachen, are in conformity with statutory requirements and the supplementary provisions of the articles of association and, in compliance with the generally accepted accounting principles, they give a true and fair view of the net assets, financial situation and results of operations of the company. The management report is consistent with the annual financial statements, provides a suitable understanding of the company's situation and accurately presents the opportunities and risks of future development.

Cologne, Germany, 9 June 2011

INVRA TREUHAND AG
Auditing Company

Signed: Jürgen Gold
Auditor

Signed: Udo Glusa
Auditor

Consolidated balance sheet

as of 31 December 2010

ASSETS in €	31.12.2010	31.12.2009
A. Fixed assets		
I. Intangible assets		
1. Licences purchased, industrial property rights and similar rights and values, as well as licenses to such rights and values	1,167,888.00	416,350.00
2. Down payments made	767,865.73	339,028.59
	1,935,753.73	**755,378.59**
II. Tangible assets		
Other assets, furniture and fixtures	1,226,561.00	1,358,581.00
III. Financial assets		
1. Participating interests in affiliated companies	42,000.00	40,000.00
2. Participating interests	26,651,449.86	21,293,986.65
3. Securities held as fixed assets	220,000.00	220,000.00
4. Other loans	5,121.14	0.00
	26,918,571.00	**21,553,986.65**
	30,080,885.73	**23,667,946.24**
B. Current assets		
I. Inventories		
Merchandise	384,809.76	3,850,906.75
II. Accounts receivable and other assets		
1. Trade accounts receivable	78,712,253.01	84,262,874.42
2. Accounts receivable from shareholders	21,140,386.68	20,957,791.17
3. Accounts receivable from affiliated companies	6,818.16	0.00
4. Accounts receivable from companies with which a participating interest exists	2,429,048.45	4,928,145.06
5. Other assets	47,263,225.90	65,138,001.30
	149,551,732.20	**175,286,811.95**
III. Cash in hand, cash at bank	67,656,485.34	57,169,605.10
C. Accruals and deferrals	**1,538,515.65**	**1,038,738.67**
D. Latent tax accruals	**202,890.93**	**0.00**
	249,415,319.61	**261,014,008.71**

LIABILITIES in €	31.12.2010	31.12.2009
A. Equity		
I. Capital stock	18,146,575.00	17,896,575.00
II. Capital reserves	19,237,869.24	18,487,869.24
III. Earnings reserves	29,799,965.02	24,728,201.39
IV. Group annual net income	5,943,231.57	5,021,257.26
	73,127,640.83	**66,133,902.89**
B. Difference from capital consolidation	**27,401.71**	**3,099.29**
C. Provisions		
1. Provisions for pensions	82,738.00	64,324.00
2. Provisions for taxes	2,729,364.70	314,444.41
3. Other provisions	24,489,838.10	30,001,081.05
	27,301,940.80	**30,379,849.46**
D. Liabilities		
1. Accounts payable to credit institutions	11,650,480.79	12,821,999.90
2. Down payments received for orders	2,753,107.08	229,198.29
3. Trade accounts payable	71,753,414.12	99,982,509.14
4. Accounts payable to shareholders	16,620,757.51	3,987,528.10
5. Accounts payable to affiliated companies	442,248.16	0.00
6. Accounts payable to companies with which a participating interest exists	1,009,239.76	4,798,174.42
7. Other accounts payable - From taxes € 31,420,660.46 (prev. year: € 25,668,572.78) - As part of social security € 47,926.13 (previous year: € 14,951.14)	41,709,065.03	36,506,207.82
	145,938,312.45	**158,325,617.67**
E. Accruals and deferrals	**3,018,500.82**	**6,161,058.40**
F. Latent tax deferrals	**1,523.00**	**10,481.00**
	249,415,319.61	**261,014,008.71**

Consolidated profit and loss statement

for the financial year from 1 January to 31 December 2010

In €	2010	2009
1. Sales revenues		
a) Gross sales revenues	2,543,212,060.66	3,072,152,131.69
b) Electricity tax	–13,888,411.20	–13,464,451.70
	2,529,323,649.46	**3,058,687,679.99**
2. Other operating revenue	6,811,386.12	4,858,762.65
3. Cost of materials		
a) Expenditure on raw and auxiliary materials and operating supplies for purchased goods	–2,489,756,628.46	–3,028,096,134.23
b) Expenditure on purchased services	–72,549.07	0.00
	–2,489,829,177.53	**–3,028,096,134.23**
4. Personnel expenditure		
a) Wages and salaries	–14,807,619.94	–12,213,307.79
b) Social charges and expenditure for pension provision and support	–2,757,435.81	–2,156,656.32
	–17,565,055.75	**–14,369,964.11**
5. Depreciation		
a) On intangible fixed assets and tangible fixed assets	–893,142.05	–742,208.23
b) On current assets which exceed usual depreciation in the corporation	–1,922,424.24	
	–2,815,566.29	**–742,208.23**
6. Other operating expenditure	–15,830,246.00	–13,336,120.78
7. Revenues from participating interests	0.00	9,970.52
8. Revenues from other securities	15,000.00	0.00
9. Other interest and similar revenues	483,211.70	437,389.57
10. Depreciation on financial assets	–24,363.11	–60,000.00
11. Interest and similar expenditure	–1,029,697.04	–1,168,654.63
12. Losses from deconsolidation	0.00	–167,625.90
	–555,848.45	**–948,920.44**
13. Result on ordinary activities	**9,539,141.56**	**6,053,094.85**
14. Unscheduled revenues	4,819.32	0.00
15. Unscheduled expenditure	–10,742.00	0.00
16. Unscheduled result	**–5,922.68**	**0.00**
17. Tax on income		
a) Actual tax expenditure	–3,800,698.24	–1,022,111.10
b) Latent taxes	211,848.93	–10,481.00
	–3,588,849.31	**–1,032,592.10**
18. Other taxes	–1,138.00	754.51
19. Group annual net income	**5,943,231.57**	**5,021,257.26**

Imprint

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