GROWTH THROUGH SECURITY

2008

ANNUAL REPORT

EEX
EUROPEAN
ENERGY EXCHANGE

IMPORTANT PARAMETERS OF EUROPEAN ENERGY EXCHANGE AG

		2007	2008	Change 2008 as against 2007
Profit and Loss Account				
Sales revenue	KEUR	39,803	43,154	8 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	KEUR	16,655	29,500	77 %
Earnings before interest and taxes (EBIT)	KEUR	15,270	27,747	82 %
Balance sheet (as of 31st December)				
Long-term assets	KEUR	22,828	40,834	79 %
Equity	KEUR	53,134	81,597	54 %
Balance sheet total	KEUR	234,876	533,163	127 %
Core Business Parameters				
Spot Market				
Volume of the Spot Market for Power	TWh	124	154	25 %
Volume of the Spot Market for Emissions	t	5,006,143	653,504	–87 %
Volume of the Spot Market for Natural Gas	GWh	405	1,170	189 %
Value of the products traded on the Spot Market (market capitalisation)	EUR m	5,561	12,173	119 %
EEX Power Spot trading participants		147	160	9 %
EEX Spot Markets trading participants		137	149	9 %
Derivatives Market				
Volume of the Derivatives Market for Power	TWh	1,150	1,165	1 %
Volume of the Derivatives Market for Emissions	t	17,673,000	80,084,000	353 %
Volume of the Derivatives Market for Natural Gas	GWh	3,698	16,341	342 %
Volume of the Derivatives Market for Coal	t	246,000	246,000	0 %
Value of the products traded on the Derivatives Market (market capitalisation)	EUR m	62,216	83,148	34 %
EEX Power Derivatives trading participants		100	118	18 %
EEX Derivatives Markets trading participants		108	134	24 %
Corporate Parameters				
Employees (annual average)		49	61	24 %
Sales revenue per employee	KEUR	812	707	–13 %
Return on equity	%	13	27	
Equity ratio	%	23	15	

SHAREHOLDERS (in %)	
Eurex Zürich AG	34.73
Landesbank Baden-Württemberg	22.64
LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH	7.38
Free State of Saxony	4.51
E.ON Energy Trading AG	3.48
RWE Transportnetz Strom GmbH	3.06
ATEL Aare-Tessin AG für Elektrizität	2.65
BHF-BANK AG	1.99
EnBW Trading GmbH	1.50
Vattenfall Deutschland GmbH	1.25
Cegedel International S.A.	1.00
Nordostschweizerische Kraftwerke AG	1.00
MVV Energie AG	0.99
Avenis SA	0.75
Edison S.p.A	0.75
EDF Électricité de France	0.66
RheinEnergie AG	0.51
BKW FMB Energie AG	0.50
DB Energie GmbH	0.50
e&t Energie Handelsgesellschaft m.b.H.	0.50
Electrabel n.v.	0.50
Elektrizitätswerk der Stadt Zürich	0.50
EnAlpin AG	0.50
Essent Energy Trading B.V.	0.50
HeidelbergCement AG	0.50
Iberdrola S.A.	0.50
Morgan Stanley Capital Group Inc.	0.50
Vattenfall Europe AG	0.50
Verbund-Austrian Power Trading AG	0.50
Deutsche Bank AG	0.32
Mainova AG	0.31
B. Metzler seel. Sohn & Co.	0.25
Bayerische Hypo- und Vereinsbank AG	0.25
Bayerische Landesbank	0.25
citiworks AG	0.25
Dresdner Bank AG	0.25
InfraServ GmbH & Co. Höchst KG	0.25
Stadtwerke Bielefeld GmbH	0.25
Stadtwerke Düsseldorf AG	0.25
Stadtwerke Hannover AG	0.25
SWU Energie GmbH	0.25
Thüga AG	0.25
Trianel European Energy Trading GmbH	0.25
UBS AG	0.25
ZEAG Energie AG	0.25
City of Leipzig	0.01
Own shares	1.01

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TABLE OF CONTENTS

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The European Energy Exchange (EEX), which was established through the merger of the Frankfurt and Leipzig power exchanges in 2002, has become one of the leading trading platforms for energy in Europe today. It aims at maintaining and expanding this strong position – in Continental Europe EEX is already the energy exchange with the highest number of trading participants – also in the context of increasingly globalised structures. This does not only comprise the continuing expansion of EEX into a European group with numerous partners but also a transparency and security architecture, which had the character of a role model right from the outset and has provided and will continue to provide a "safe haven" not only for EEX but for all trading participants and partners, even in turbulent times.

EEX AS A SAFE HAVEN

TRIED AND TESTED YET MODERN

The financial crisis has led to calls for regulated and transparent markets from politicians. In energy trading on EEX this demand has long since been implemented: As regards security and supervision, EEX sets standards in Europe – this is ensured amongst other aspects by the strict German exchange legislation and regulations. The "safe haven" EEX, which last proved itself in the context of the Lehman bankruptcy, is also suitable as an export and business model.

The collapse of the American investment bank Lehman Brothers was seen as a portent by many. On 14th September 2008 Lehman Brothers Holdings Inc. filed for bankruptcy protection in New York – the company, which had been assessed at a value of USD 42 billion only a short time before, had become worthless overnight. Even in the spectacular bankruptcy of the US energy company Enron in 2001, "only" one tenth of this shareholder value was destroyed.

It is well known that the Lehman collapse toppled stock markets worldwide and that the run by anxious investors on other financial institutions shook the global financial system to its very foundations. Governments all over the world were forced to pump hundreds of billions of dollars into the economy in order to save banks and corporations. And they are still doing that ...

However, the fact that this earthquake was hardly felt on EEX even though Lehman was a trading participant and a General Clearing Member on ECC is certainly remarkable. Our multilevel mechanism for the settlement of trades by the exchange and the default protection by our clearing subsidiary ECC worked smoothly, even in this crisis. Within only 24 hours Lehman Brothers was suspended as a trading participant and its open positions were closed out.

Our capacity to respond more quickly than many others is also due to the quality of all our processes as well as the strict German exchange legislation and regulations. These require supervision and transparency at all levels: from the offer on the market to the conclusion of the transaction, the establishment of the market price to clearing, delivery and payment.

The crisis put those elements in the limelight which also created value in less turbulent times: the most efficient and economical method of risk controlling by means of well defined exchange trading and clearing. For this reason, we are pleased to accept the task of explaining our transparency and supervision mechanisms in detail time and again: After all, most other countries only have a comparable exchange act, an exchange council or, e.g. a market surveillance department, which checks each individual unit offered even before it is displayed on the market platform, to a restricted degree.

However, the crisis has clearly shown one thing: The time of dualism, during which the market and market supervision faced each other irreconcilably, is over – just like the confrontation between capitalism and communism is over. The market is superior to other mechanisms because it is here alone that a tremendous number of people and organisations invest an enormous amount of time and money voluntarily to try and find the best achievable price for those goods which are important to them. But markets – just like societies in general – need rules, supervision and they need an appropriate culture.

> "The Lehman earthquake was hardly felt on EEX. Our multilevel mechanism for the settlement of trades by the exchange and for default protection by our clearing subsidiary ECC worked smoothly in this crisis situation."

This means the skilful combination of transparency as regards the fundamentals, and the essential freedom of decision (defined by a socially acceptable, regulatory framework) constitute the solution. This alone describes the traditional exchange and clearing business as implemented on EEX quite precisely.

Irrespective of guilt and responsibility for the crisis, it has also shown of what fundamental importance it is to safeguard and strengthen the trust placed in the markets. EEX sees itself as subject to a certain obligation in this respect: It is not by chance that the "Leipzig model" – a market which is financed through private funds but subject to government supervision and which also faces competition itself – is considered a role model throughout Europe. The fact that the prices established on EEX are used as reference prices even in those countries in which other exchanges are also active obviously testifies to this.

In our capacity as the energy exchange with the highest sales and the biggest number of trading participants in Continental Europe, we would be pleased to contribute this experience and these insights to a pan-European process. Our Exchange Partner Share Program, on the basis of which we have been co-operating with the French power exchange Powernext since the beginning of 2008 following the co-operation with ENDEX, is designed so that other partners are welcome to join in.

We see this intensive co-operation between EEX and Powernext as an innovator and initiator for a pan-European energy market. In the interest of a uniform European single market, a co-operation between market platforms is desirable on the wholesale level. Our co-operation with Powernext safeguards reliable and fair wholesale prices, while liquidity is kept high at the same time; moreover, the trading and clearing processes are standardised and harmonised. Geographically, this co-operation already covers Germany, France, Austria and Switzerland on the level of trading today – which means that more than one third of physical power in Europe is covered by the co-operation.

The market coupling process for improved management of grid bottlenecks initiated last year in the Central Western European region (Benelux, Germany, France), which was established somewhat artificially, is facilitated and continued to a decisive degree with the co-operation of the two exchanges. Both partners are convinced that strong market and transport infrastructures are of fundamental importance to the provision of competitive and reliable energy supplies in Europe.

The schedule for the co-operation has already been completed to a high degree: As of the end of 2008, Powernext and EEX have integrated their entire power spot trading activities under the umbrella of the new European company EPEX Spot SE, in which both partners hold 50 percent each. Before that, EEX had transferred its trading in power derivatives to the new EEX Power Derivatives GmbH in Leipzig with retroactive effect from 1st January 2008. In return, Powernext will contribute the French power futures to the new limited liability company [GmbH] in Leipzig in 2009 and will receive 20 percent of the shares in the company.

The EEX subsidiary ECC also provides clearing for the French power futures traded via the derivatives market company in Leipzig. This shows that the ongoing expansion of the clearing house ECC so as to become the leading institution in Europe continues to be an important task for the group.

EEX's position as a "safe haven" also safeguards its future to a considerable degree – regardless of the particular product concerned, which might still need strong foundations as a basis. By now, the power market has been established to such a degree that it does not require any special boost any more: It is well established and commands sufficient liquidity.

The CO_2 market, on the other hand, still lags behind expectations – however, we have to note that this is equally the situation for all trading participants. However, we will not give up in our efforts to develop this market further, to establish rules for trading and to familiarise the trading participants with the exchange procedures in order to increase volumes and liquidity, even if sales will not increase correspondingly right away.

We have seen the first positive indications with regard to natural gas. Even though this market was formally liberalised in 1998, simultaneously with the power market, it only made the first tentative attempts in 2004. EEX has been active in this segment since 2007. The first steps in this direction have been quite encouraging; in principle, we are satisfied with the development of the market. However: If we consider the overall situation, Continental Europe, including Germany, still lags considerably behind Great Britain in this regard.

"We have not invented any of the things we have been doing and offering in our "safe haven" for years. But we are very proud of the skilful combination of simple elements which is decisive for our stability and security – and this is how we set standards."

This fact is surprising in as far as the expansion of natural gas as an energy carrier is currently being supported massively in Germany and other countries both directly and indirectly. The chain of cause and effect is quite simple: reductions in nuclear power, reductions in coal, increases in natural gas and renewable energies. In this context, the consumption of gas has increased, resulting from advertisements for natural gas and electrically driven cars (the power for which also needs to be generated somehow), with support from the political sector.

Moreover, we can and will continue to provide our experience as regards natural gas in order to develop the market and create a “safe haven” for it. However, this also requires political support through measures helping to develop the market – similar to those provided with regard to CO_2 emissions. Moreover, the fact that permanent professional monitoring of gas trading is required is obvious. EEX has tried and tested procedures and mechanisms at its disposal also with regard to this.

We might again emphasize: We have not invented any of the things we have been doing and offering in our “safe haven” for years. But we are very proud of the skilful combination of simple elements which is decisive for the stability and security of our safe haven of trading – and this is how we set standards.

Dr. Hans-Bernd Menzel is Chief Executive Officer of European Energy Exchange AG (EEX) and European Commodity Clearing AG (ECC).

THE CUSTOMER

TAKES CENTRE-STAGE

At EEX professional customer relationship management supports close customer relations and the mutual exchange of ideas – to the benefit of both parties: On the one hand, because the innovative potential of EEX as a market platform is increased as is shown by numerous new products. On the other hand, the trading participants' involvement also constitutes an important element of the safety concept.

It is not all that long ago when EEX was derided by some. "What do you want with your safety concept?", they used to say, "After all, only the big players are involved in trading in energy and related products anyway." So why would we need protection against a possible default risk in working with the big players – allegedly, these were all companies that would not fail even in a hundred years from now …

However, the world has changed fundamentally in the meantime: The bankruptcy of the American investment bank Lehman Brothers and the financial crisis have shown that there is no such all-encompassing safety – even a big name like Lehman can disappear entirely from one day to the next. In this respect, the principle of the central counterparty which the EEX subsidiary ECC offers for the further treatment on the exchange and for OTC (over-the-counter) transactions concluded off the exchange is more topical and suitable than ever before.

After all, its protective function helps all parties involved: Of course, clearing and physical settlement on ECC cannot prevent a bankruptcy as occurred with Lehman Brothers. But since all trading participants have to furnish margins for each open position in the framework of clearing, damage for the community is prevented even in the case of the complete default of a single participant. And this safety net worked perfectly as regards the Lehman bankruptcy.

But to us the term of the "safe haven" comprises much more than just the provision of rescue measures in case of an emergency. Basically, the issue of security begins even before the first contact with potential trading participants, which we at EEX rather refer to and support as our customers. In addition to the clearly defined framework established by the strict German exchange legislation and regulations, the EEX management has numerous instruments at its disposal in order to safeguard the security of trading on all levels.

It begins with the fact that, as an exchange, EEX clearly defines in advance, who is permitted to take part in the activities on the market. Through the wording and design of the conditions for admission the Management Board of the Exchange establishes a qualification level on which all customers can rely with regard to their trading partners. It starts with the checking of the excerpt from the commercial register regarding a company and extends to the registered capital and the securities which a company needs to deposit in an account at the German Federal Bank in order to be able to trade on the exchange. Moreover, the fact that the respective employees who trade on EEX on behalf of the trading participants have to prove their professional qualification by examination, constitutes another decisive aspect.

During the preparatory training courses, in which the future traders acquaint themselves with the systems, markets and products of EEX, at the latest, the crucial elements of safety and customer service begin to interlock.

Comprehensive advice for our customers right from the outset constitutes an essential element of our professional customer relationship management. Ideally, every customer should not only use the offers provided by the exchange but also help to further develop the overall product with its comments and suggestions.

Moreover, this approach of recording market developments and trends, of recognising requirements and offering solutions in due time in direct contact with our customers has a safety aspect. After all: The higher the liquidity of the individual markets and the more these reflect the customers' requirements, the safer trading will be – irrespective of whether power, natural gas, coal or emission rights are traded. The risk of perhaps not being able to close out a position without a loss reduces with an increasing number of trading participants and the secure sales which are thence generated.

As a consequence, our efforts are aimed at offering our clients new customized products in a standardised form on the individual markets. In addition, the innovative potential of EEX as a whole is also strengthened in this way.

The customers' far-reaching integration into market development and the safety architecture of EEX is also intended under the applicable statutory provisions: According to the German Exchange Act, EEX as an exchange must have a total of four boards. These comprise the Sanctions Committee, Market Surveillance and the Exchange Council in addition to the Management Board of the Exchange.

18 of the 23 members of the Exchange Council are elected from the ranks of the trading participants and represent the different interest groups on the exchange. The tasks of the Exchange Council comprise the adoption of the rules and regulations of EEX. Moreover, its approval is required for measures of fundamental importance to the exchange. Since the trading participants in a sense adopt the basic law for everyday trading with the rules and regulations of the exchange on the Exchange Council, they also make their contribution to the high level of safety within the "safe haven" of the exchange. After that, the Management Board of the Exchange is in charge of monitoring compliance with the rules, proper trading, pricing – i.e. all those factors which shape the exchange in its day-to-day business. In short: Through the participation of the trading participants, our customers, we have established a clearly specified set of rules and regulations and an appropriate safety concept which can hardly be improved from our perspective.

"This approach of recording market developments and trends, of recognising requirements and offering solutions in due time in direct contact with our customers also has a safety aspect: The higher the liquidity of the individual markets is, the safer trading will be."

However, the parameters on which the individual levels of the safety systems are based need to be reviewed regularly: Are they still suitable? Have there been fundamental changes in the conditions on the market or of the initial situation? This permanent review is also a process which requires the experience and impressions of all the parties involved in the activities on the exchange.

In order to be able to note even the finest nuances in this respect as well as taking into account our customers' market requirements, we reorganised our customer relationship management some time ago. And the effort has been worth it: Even though the impression that the exchange and the customers increasingly act in concert cannot be proven empirically, the fact that the customers' participation has increased considerably is demonstrated by the example of the introduction of "negative prices" for the hourly auction on power.

Even if this improvement of the market model only needs to be used in rare cases – the suggestion regarding the implementation of "negative prices" came from the market – i.e. it was a wish voiced by the trading participants. And the principle is a simple one: Situations arise – not least through the reinforced use of wind energy – in which the volume of power supplied is far bigger than the current demand, e.g. in case of high wind loads, on weekends or holidays. In these cases, the intersection of the supply and demand curve was established at zero so far and the quantities of all providers were reduced proportionately, i.e. they could not sell their planned quantity of power on the exchange.

This situation is now resolved with the help of "negative prices": The sellers of the power even pay money to the buyers per megawatt hour of power bought. This is not based on some form of altruism, however, but on a very simple calculation model: The incentive for trading is still considerably more cost-effective for sellers with so-called "must-run power plants" than the alternative of having to shut down their power plants for some hours and then having to start them up again.

Oliver Maibaum is Managing Director Exchange and Senior Vice President Customer Relations of European Energy Exchange AG (EEX) and Managing Director of EEX Power Derivatives GmbH.

Because of the financial crisis, clearing has moved into the limelight again – also in the field of energy trading. Clearing not only creates security and minimises risks for all parties involved, it is also a part of the value chain of energy exchanges which achieves strong growth rates. By now, the "Leipzig model" of a clearing house for energy exchanges has become a role model throughout Europe. This is both a confirmation and an incentive for European Commodity Clearing AG (ECC) to continue to maintain and expand its established "safe haven" and to make it accessible to other energy exchanges.

Metaphorically, ECC sees itself as a bulwark which effectively protects the "safe haven": We assume the trading participants' counterparty risks entailed in their transactions – regardless of whether such are concluded on the exchange or off the exchange, in the context of the so-called OTC trading. In actual trading this means that trading participants do not sustain any damage in case their business partners are unable to fulfil a trade or in case they even disappear entirely – e.g. through a bankruptcy. And the fact that such a situation cannot be excluded has recently been shown impressively through the example of Lehman Brothers.

In the broadest sense, our clearing house's clearing conditions (which are uniform for all trading participants) also ensure equal treatment in energy trading. On the energy market, in particular, there is a considerable diversity of trading participants: In addition to international electricity suppliers with big power plant portfolios, such as RWE, E.ON or EDF, there are also companies from the financial markets which exclusively consider trading in power and natural gas as an investment and speculate on rising or falling prices. In addition to this, there are smaller electricity suppliers, such as public utilities, which only wish to hedge their power procurement. If all of these participants had to negotiate the conditions for their transactions individually, this would not only lead to considerable effort – it could also lead to unfair imbalances.

Moreover, the clearing house as the single partner and central counterparty makes it easy even for small newcomers to start trading within a short period of time since they only have to set up a relationship with the clearing house instead of having to negotiate credit lines with every potential trading partner and conclude numerous framework agreements.

In addition, protection becomes easier and more comparable for all the parties involved: Every trading participant has to furnish securities immediately for every position which it enters into through the conclusion of a derivatives transaction on our exchange partner EEX and the amount of these securities is exclusively based on the risk entailed in this position.

These securities, which are referred to as margins, constitute the first level of our four-level security pyramid. At the moment, all trading participants have furnished margins totalling more than two billion Euros to collateralise open positions with a market value of more than EUR 20 billion. The credit rating of our currently 13 clearing members – exclusively major banks which support up to 50 trading participants at times and take part in the ECC clearing procedure for their customers – constitutes the second level of this pyramid. As the third level, ECC and the clearing members finance a joint clearing fund, which currently has funds totalling EUR 120 million and is to be used in case all prior security instruments have been fully utilised.

Finally, ECC is liable with its equity capital as the final level. Under the "Leipzig model" the risks are exclusively borne through reliable instruments. ECC consciously dispenses with less reliable methods, such as bypassing the clearing members by means of direct contracts with the trading participants or the inclusion of contingency insurances with their known legal risks (which are also expensive), in the security pyramid.

In the case of the default of Lehman Brothers, which was active as a clearing member on ECC, the first security level was perfectly sufficient to cover all possible cases of damage: The margins furnished by Lehman Brothers exceeded the losses from forced closing-out of its open positions. Our risk calculations clearly show that this security pyramid could even cope with a possible simultaneous default of several clearing members.

In our view, there is only little potential for improvement in the risk management system which we have used for years: It by far exceeds the minimum requirements of the German Federal Financial Supervisory Authority (BaFin) and fulfils the demanding international standards of the International Organisation of Securities Commissions (IOSCO) and the European Association of Clearing Houses (EACH). In this context, we already play a leading role in the top group of international clearing houses. This also constitutes a fundamental reason why other energy exchanges are increasingly accessing our "Leipzig model". In the year 2008, for example the French energy exchange Powernext SA was attracted as a partner for the settlement of its gas trading activities.

The central position of ECC in settlement also entails another decisive advantage for the trading participants in addition to the aspect of security: If they trade in several products whose prices are strongly correlated and if they e.g. have German and Dutch power cleared through ECC, they can utilise synergetic effects and benefit from so-called cross-margining. Cross-margining means that ECC considers portfolio effects in the calculation of the margins to be calculated – with the effect that the trading participants have to furnish less in margins overall than they would have to if each individual

"ECC sees itself as a bulwark effectively protecting the "safe haven". Through our clearing and settlement services we assume the counterparty risks entailed in the trading participants' transactions."

position is considered separately. In this way they can reduce their capital expenditure to a considerable degree. As a result, more capital is available for trading – and this, in turn, increases the liquidity of the markets.

This competitive advantage is important in as far as the entire clearing market has experienced tumultuous developments not only since the beginning of the financial crisis. By now almost all parties operating on the market have recognised that clearing is an important part of the value creation process in the energy exchange business. And it is certainly not by chance that the Scandinavian Nord Pool has its own clearing house, that the London-based ICE Futures has recently established its own clearing business in Europe and that even the Czech energy exchange is trying to establish a clearing house for its comparatively small power business. In this environment, we have already managed to establish a very good position for ourselves with our exchange partners EEX in Leipzig, EPEX Spot and Powernext in Paris as well as ENDEX in Amsterdam – also as regards the product side. In November of last year we launched clearing of French natural gas, in addition to natural gas in Germany and the Netherlands; and, of course, we clear power in Germany, Austria, France, Switzerland, Belgium and the Netherlands as our core business as well as various emission rights and coal. However, all of this, of course, does not stop us from keeping our eyes open for further trading products and services.

On principle, we can and will offer our clearing services to all those European energy trading platforms which do not yet have clearing houses of their own. In return, these can acquire an interest in ECC and, hence, participate in the development of our added value – which, from our perspective, constitutes a win-win situation for both sides.

ECC has its strengths in the field of power and natural gas which are of regional rather than global importance since they are grid-bound and put special requirements on settlement because they cannot be stored. Finally, we have established a strong position for ourselves in clearing of power and natural gas both on the spot and on the derivatives market throughout Europe thanks to the co-operations with our exchange partners. In the long run, all further energy products, such as oil, LNG or freight and products from the field of the energy industry, such as agricultural raw materials, might be suitable for our portfolio. However, in many cases, the market potential of these is still too vague to target on any clear time horizon.

For this reason, it seems much more natural to continue to develop the market potential which is right on our doorstep, as it were: So far only about one quarter to one third of the power traded in Continental Europe is “cleared”. Expanding this share will be a challenge for the coming years for ECC as well as for our partner exchanges.

Today, the biggest share in our clearing volume originates from OTC transactions registered on our partner exchanges for the purpose of clearing. This does not make us entirely happy – less for economic than for fundamental considerations: Of course, we earn just as much money in clearing OTC transactions as in clearing exchange transactions. However, the OTC transactions bypass the exchange as a transparent trading platform and are not available for pricing on the exchange, but we need and want to be able to count on the reliability of this in our risk assessment and, as a result, in hedging our risks. In the same manner our clearing banks are only willing to assume the risk because we base our risk evaluation on sound exchange prices.
This means liquidity on the exchange also strengthens the reliability of the clearing house and its processes not least when derivatives transactions have to be carried out to a bigger extent in the event of forced closing-out following a bankruptcy.

Dr. Albert Moser was Chief Representative and Director Clearing & Settlement of European Commodity Clearing AG (ECC) until 28th February 2009 and became the head of the Chair and Institute of Power Systems and Power Economics (IAEW) at RWTH Aachen University with effect from 1st March 2009.

“On principle, we can and will offer our clearing services to all those European energy trading platforms which do not yet have clearing houses of their own. From our perspective, this creates a win-win situation for both sides.”

CONTROL –

BETTER SAFE THAN SORRY

In case of an emergency, a well-functioning risk management system ensures survival. The financial crisis has shown that the processes of EEX and ECC work effectively and quickly. But the real challenge begins with risk controlling, which ECC provides for the entire EEX Group.

In the evening of 14th September 2008, Lehman Brothers Holdings Inc. announced its insolvency in New York. With the collapse of the entire Lehman Brothers Group, which was triggered by this, the default of the European and German subsidiaries also became inevitable. This bankruptcy constituted the first real performance test for the risk management and so-called close-out processes within EEX Group.

Only a few hours after the bankruptcy had been announced an emergency plan was triggered both at ECC and EEX. In the morning of 15th September 2008, a Monday, the German Federal Financial Supervisory Authority (BaFin) imposed a payment standstill on the German subsidiary of Lehman Brothers International. As a result of this, the Lehman accounts were frozen, payment transactions were suspended and the processes for margin management were halted. For this reason, the Management Board of ECC as well as the Management Board of the Exchange EEX decided to suspend Lehman Brothers International (Europe) immediately on the basis of the clearing conditions and default processes defined within ECC and the trading conditions of EEX. At the same time, the boards and supervisory authorities were informed of the incident. Shortly afterwards the process for closing-out the open Lehman positions was triggered.

Time is of the essence in this closing-out process: If the market moves in a direction which is contrary to the positions and continuously increases the margin requirements, the risk for ECC increases. Since a bankrupt clearing bank cannot provide any additional margins, ECC has to carry out the closing-out process for the positions as fast as possible. In the case of Lehman Brothers the risk positions could be closed within only a few hours without upsetting the market price. The extent of the margins submitted by Lehman Brothers prior to the bankruptcy was sufficient in order to set off the losses from the closing-out procedure. As a result, ECC and the affiliated companies did not sustain any financial damage on account of this default situation.

The successful process for closing-out the Lehman Brothers' positions constituted a very important confirmation for EEX and ECC: It proved absolutely that our risk management processes and guidelines, which had only been tested theoretically up to that time, also work smoothly in an emergency – both in trading and in settlement.

In addition to the rigorous field trial, the Lehman bankruptcy also provided confirmation for our risk management that our early warning systems work. We simulated the impacts of default situations in regular scenario analyses and stress tests a long time before the bankruptcy. The high likelihood of a default of Lehman Brothers was indicated by extreme increases in credit spreads weeks before the crisis.

> **"The successful process for closing-out the Lehman Brothers' positions constituted a very important confirmation for EEX and ECC: It proved absolutely that our risk management processes and guidelines work smoothly in an emergency."**

This benchmark indicates by how much the costs of financing of a company on the capital market are higher compared to a government bond (which is not subject to the risk of a default – and is, hence, considered an indicator of the likelihood of a default expected by the capital market). Furthermore, we had already informed our Supervisory Board of these alarming developments in the run-up to the collapse on 15th September 2008 and stepped up the supervision of the situation subsequent to that.

At the same time, the “Lehman incident” also confirmed the business model of ECC as a so-called central counterparty. Its task is to provide security for transactions concluded on the exchange or off the exchange, which are concluded on the connected exchange markets or registered as OTC transactions. ECC protects each transaction through its central position between the trading partners and minimises the potential default and credit risk through its multilevel security and risk-oriented margining model. In this process, the so-called clearing banks which act as the banking partners for the trading participants, such as power companies, trading companies and brokers, and arrange the payment transactions and margin management are the direct counterparties of ECC. The clearing partners of ECC include major international banks, such as e.g. Deutsche Bank AG, BHF-Bank, Goldman Sachs, UBS, Credit Suisse and Barclays Bank.

In its capacity as a central counterparty for the European energy markets ECC holds a banking licence. For this reason, it is subject to supervision by BaFin and the German Federal Bank like other financial institutions in Germany. In the framework of this supervision the organisation of the ECC risk control system is based on the minimum requirements for risk management (MaRisk) enacted by BaFin. However, in its details this organisation far exceeds the minimum requirements and also fulfils the demanding international standards by the International Organisation of Securities Commissions (IOSCO) and the European Association of Clearing Houses (EACH).

On account of the assumption of the clearing and settlement activities for the foreign exchange partners ENDEX and Powernext, ECC regularly exchanges information with the regulators of Autorité des Marchés Financiers (AMF) in Paris and the Authority for the Financial Markets (AFM) in Amsterdam in order to take the statutory requirements of these neighbouring countries into account as well.

Early warning functions form the core of efficient risk controlling: It is important to note all developments which might have an impact on the operations and the business of the entire group as early as possible – in order to take countermeasures quickly and at the due time in this way. Fortunately, the consequences do not usually reach the dimensions of the case of Lehman Brothers – however, at the same time, this example shows how decisive a consistently high quality of risk monitoring (and reporting tailored to it) is. For this reason, risk controlling is positioned directly between the operative divisions of the Group and the Management Board as well as the Supervisory Boards of ECC and EEX. The risk controlling team analyses all the relevant information which plays a role for the applicable risk categories of the companies on a daily basis. As soon as certain parameters are exceeded or other essential developments occur, corresponding measures are initiated in order to minimise the risk and, if required, the overall management board and the bodies of the exchange are informed of the changed risk situation forthwith.

The essential risk categories include the counterparty risk, the market price risk and operational risks. The operational risks primarily include the operability of internal processes and procedures – starting with IT systems working smoothly and extending to the efficient use of employees in the core processes of the bank. Moreover, external factors such as price fluctuations on the primary energy markets also have a direct impact on risk management. E.g. if oil prices change, this frequently also has effects on the gas, power and emissions trading markets – and could entail the consequence that margin requirements for individual products might have to be adjusted.

All risk categories are quantified through modern risk analysis procedures in as far as possible and are defined by limit structures in the framework of the risk bearing ability of the institute.

In the framework of its activity as a provider of risk management and settlement services ECC AG will continue to develop the quality of risk controlling further. In this context the optimisation of the IT platforms has priority in order to expand, in particular, the early warning and risk analysis functions.

“Early warning functions form the core of effective risk controlling: It is important to note all developments which might have an impact on the operations and the business of the entire group as early as possible – in order to take countermeasures quickly and at the due time in this way.”

ECC AG will only be able to establish an optimum position for itself and its services in the increasing competition on the European energy markets and to implement the increasing regulatory requirements adequately through efficient and modern risk management.

Maik Neubauer is a member of the Management Board of European Commodity Clearing AG (ECC) (Chief Risk Officer and Chief Financial Officer).

HARMONISATION

IN SPITE OF OBSTACLES

As regards the organisation of the exchange and transparency EEX is considered a role model throughout Europe – certainly also on account of the fact that binding uniform standards for European energy exchanges have not yet been established. The co-operation between EEX and Powernext provides an example of how a best-practice approach can be implemented in spite of different jurisdictions and rules and regulations.

For every winner on the exchange, there is a loser on the other side. This fundamental rule includes the certainty that all the rules are fulfilled in the process: The magic word is confidence. However, if the loser finds out that the transaction was manipulated, this confidence is lost. And it is not only the respective counterparty but in particular the market itself which loses its reputation in this. For this very reason, EEX is extremely interested in re-confirming the trust which the trading participants place in it every single day.

Even the supervision mechanisms prescribed by law are much more comprehensive on EEX as an institution under public law than on other European energy exchanges. For example: The European statutory framework only provides for standardised supervision by financial supervisory authorities for derivatives markets, while EEX, on the other hand, is subject to government exchange supervision and to the supervision of a market surveillance department under public law with both its Derivatives and Spot Markets in Germany. This means the same quality and supervision criteria apply to energy exchanges which also apply to the conventional stock exchanges – and this has been the case since the establishment of EEX.

We consider it one of our primary tasks to breathe life into this statutory framework. In this context, the requirement that trading and pricing need to be effected fairly and without manipulation which is established in the German Exchange Act takes the highest priority. On EEX, this is ensured by the Market Surveillance Department (HÜSt). This team of four, which consists of two lawyers, one graduate in business administration and one graduate in business mathematics, records all the data from exchange trading every day, it analyses these data and looks for any suspicious circumstances which might give rise to the suspicion of a violation of the exchange rules, of price collusion or other manipulations.

According to the German Exchange Act, HÜSt is autonomous and independent. In the course of their activities, the members of HÜSt can request information and data from all EEX trading participants regardless of the structure of the hierarchy of the exchange and its operating companies. In case of well-founded suspicion, they are also entitled to carry out searches of work stations and business premises. However, so far such a measure has never been necessary and evidence of manipulations of exchange trading or of pricing has not been found either. This is certainly, not least, due to the fact that the trading participants are aware of the daily and complete supervision of their activities on the exchange. For this reason, the work of HÜSt constitutes an important element within the safety concept of EEX, which sets standards throughout Europe. Although all European exchanges have some sort of market supervision, its independence as a judicial body of its own is only guaranteed – also in terms of its structure – on EEX and one further market.

The main motivation of the members of the Market Surveillance is to ensure the highest possible degree of transparency and confidence in the market. Of course, this aim also applies to the own work of HÜSt, on which it regularly reports to the Exchange Supervisory Authority and to the Exchange Council and of which it also informs the public in a "Market Monitor" published on a quarterly basis.

In order to be able to fulfil the high requirements with regard to market supervision even better HÜSt had its IT market surveillance system revised in the year 2008. Since then, the new software, which is specifically tailored to the requirements of the EEX Market Surveillance, has permitted the inclusion of additional external and energy market-specific information in the market surveillance system. This added information increases quality – and, at the same time, helps to continuously monitor and evaluate the own activities of Market Surveillance.

We accept the fact that EEX with its transparency and security architecture is considered a benchmark in Europe with mixed feelings.

The negative aspect: So far, there are no uniform statutory standards for exchanges and other market platforms in the energy sector in Europe. Moreover, there is no harmonised supervision system for derivatives and spot trading in power, gas and emission rights either. Instead, a large number of supervisory authorities and regulators is in charge of different market segments or markets – frequently even within one country. Regardless of the large number of competent supervisory authorities an institutionalised and regular exchange among these institutions on a national level – but primarily also across international borders – is required. In this respect we hope first and foremost that the international co-operation among energy regulators and financial market authorities, in particular, will intensify considerably in the near future.

The positive aspect: Because of the lack of European harmonisation on the energy markets, EEX can continue to actively support a best-practice standard, which will become binding throughout Europe in the medium to long run. We are working to promote this aim not only at the European level at the European Commission, for example in working groups and in hearings

"We see the fact that EEX with its transparency and security architecture is considered a benchmark in Europe with mixed feelings. The negative aspect: the lack of uniform statutory provisions. The positive aspect: We can actively shape best-practice standards."

regarding parliamentary bills. In practice, we are developing standards and models of what a border-crossing solution might look like in the framework of our co-operation with the French Powernext.

The initial situation with regard to this was far from simple, however. Since the joint Power Spot Market subsidiary EPEX Spot SE is based in Paris, German public law had to be combined with French civil law.

This was due to the fact that one of the preconditions for the co-operation was that the standards should not fall short of the EEX standards. As a result, the partners agreed that the organisational structures and rules of their Spot Markets should be transferred to the joint subsidiary in line with the principle of the "best of both". In practice, this means that the EEX rules regarding transparency, compliance and conduct on the market are also applied on EPEX Spot and are developed further there. Moreover, the transfer of the supervision and participation structure constituted another central aim – for this reason, EPEX Spot will have an exchange council and an independent market surveillance department.

However, since French law does not provide for these bodies or expressly prescribe these, we selected a "translation aid": The trading participants of EPEX Spot accept the structure according to civil law upon their admission to the market. In this way the exchange can establish a supervision and transparency standard for itself, which could not have been implemented so quickly otherwise on account of the different legal frameworks. This means the practical stage of a model, the transfer of which to the 25 other legal systems in Europe in a comparable form should be possible, has begun with the launch of EPEX Spot.

But we also consider the strong emphasis and consistent expansion of the security structures a competitive tool: We are firmly convinced that EEX as a "safe haven" is extremely attractive – in particular during the times of the financial crisis. Moreover, our ambition of establishing a leading position for ourselves in terms of transparency and safeguarding trust also originates from our understanding of the market. We want to create an offer which is so attractive that the participants like to come to our market platform. And we want to extend our market model overall: It is certainly not by chance that the model for the co-operation with Powernext is open for further partners.

We clearly perceive the need for the harmonisation of the rules and regulations for the energy markets by the legislature throughout Europe. Furthermore, we need a supervision of the market platforms and participants which takes the individual requirements of the energy market into account. As a result, this also entails a clear separation from the principles of financial markets supervision alone. The energy market is too big, too important for our daily lives and too individual in its properties for it still to be considered a mere annex to banking and securities supervision in the future.

We can and will continue to actively contribute to development processes of this type. However, one aspect has to be noted in this respect: Supervision and control have to be standardised across borders in a binding manner – but they need to be adequate and should only become unlimited in terms of geographic borders within Europe.

Dr. Wolfgang von Rintelen is Director Legal & Compliance of European Energy Exchange AG (EEX) and Head of Market Surveillance.

EEX has prepared its consolidated financial statement for 2008 according to the International Financial Reporting Standards (IFRS) for the first time. This is not only in line with the usual international practice but also improves the reflection of the changed, more internationalised structures of EEX. The IFRS standard creates more transparency – and facilitates the procurement of capital and liquidity. This conversion is a part of the process which will lay the foundations for the next stages of the growth of the Group.

Over the last years, EEX has grown considerably – not only in terms of figures but also in terms of its structure. The development from a start-up company with an extremely high speed of growth and ad-hoc decisions which were partly necessitated by the respective situation into a Group which has established the position of a European player for itself was completed at an extremely fast pace. For this reason, it is all the more important that the adjustment of the internal processes, structures and framework conditions keeps up with this pace – and what is even more important: that this is achieved without any loss in terms of security, quality and transparency.

In this sense the conversion to the International Financial Reporting Standards (IFRS), which we have now used for the consolidated financial statement for the first time after roughly two years of preparations, is not only an accounting realignment but also an expression of the organisational rearrangement. Amongst other aspects this also included the introduction of a new accounting system and corresponding training of the staff. From a technical perspective, IFRS is about a more differentiated evaluation of the balance sheet items, about a fair value presentation of all assets and liabilities.

What is far more important, however, is the fact that IFRS is much more transparent than the German Commercial Code (HGB) which has been used so far. It considerably improves comparability with other exchanges and clearing houses also on an international level. Moreover, in times in which the financial markets and possibilities for capital procurement are becoming increasingly international such a quick comparability constitutes an essential precondition for access to the capital market. In other words: What we have done with the introduction of IFRS is far from l'art pour l'art. After all, at a time at which we might really need capital we cannot and do not want to deal with balance sheet translation measures in addition.

From this perspective, the introduction of IFRS constitutes an important – even if indirect – component of our security concept. After all, capitalisation is of decisive importance to EEX as a growth company. This is not only necessary in order to safeguard our organic growth and e.g. to be able to solidly finance further growth in the future but also to secure our liquidity: At the moment, we still have to pre-finance a high input tax surplus in connection with the delivery of power and natural gas on account of a sales tax regulation applicable within the EU – at times, we had a financing requirement of approx. EUR 120 million in this respect in 2008. That is almost triple the Group's equity. And it is quite obvious that the banks are somewhat reluctant in this respect especially against the backdrop of the current financial crisis.

"The conversion to IFRS is not only an accounting realignment but also an expression of our organisational rearrangement. It considerably improves our comparability with other exchanges and clearing houses on an international level."

In the future, IFRS will work as a sort of natural painkiller in this respect: You only notice that it is missing once you really feel the pain – and the banks no longer provide funds.

The requirements put to the information in the management report, which have increased considerably with the switch to IFRS, require a clearly defined and structured procurement of information – which, in turn, increases transparency. And, in our view, this is quite simply a part of corporate governance, i. e. the rules of good corporate management, to which we as an exchange consider ourselves bound in particular.

This also means that we apply our standards regarding transparency and risk management with which we are already setting benchmarks throughout Europe in the co-operation with partners simply based on the statutory requirements and obligations in Germany. In some cases, this is preceded by an intensive discussion process – even though there is no doubt that the strict supervision and regulation mechanisms, which are certainly also a trademark of EEX, will not be reduced. Our French partners have accepted this basic prerequisite. As regards all other subjects we orient ourselves on the best-practice approach: All processes are examined in detail and the respective better process is implemented in the partnership. With regard to the accounting standard as a part of the process we agree that as a joint subsidiary of EEX and Powernext, EPEX Spot SE will prepare its annual financial statement according to IFRS at the latest for the year 2010.

This co-operation is a project in which both sides have already learnt a lot and continue to learn. This applies less on the level of the co-operation – in this respect we have found a way to clearly identify different perspectives and views in order to find a joint solution afterwards. However, on the level of the revenue authorities we have been able to gather interesting experiences. To give just one example: Upon the establishment of EPEX Spot the EEX spot trading activities were spun off and contributed to an independent company as an intermediate step. The German authorities then wanted Powernext to include the tax balance value of this company as a stake in its balance sheet. In contrast to German taxation legislation, however, there is no difference between the commercial balance sheet and the tax balance sheet in France. It was not easy to explain this difference to the French revenue authorities – and, in particular, to convince them to accept a value, which they technically did not recognise as the basis for taxation in France. In part, matters had to be resolved and sorted out in this context which we would not necessarily expect in the Europe of the year 2008.

In this context, it is extremely helpful that both sides have a high degree of fundamental trust in the partner – especially since we are breaking new ground in many respects. After all, EPEX Spot is to become more than the sum of its parts. That is both a challenge and an opportunity for the members of staff. And the motto that each individual employee's contribution matters is still very true.

To that end we have developed a concept which facilitates mutual exchange for the colleagues from Germany and from France. We want to promote the common feeling, that members of staff of EPEX Spot should see themselves as one team. Furthermore, we offer language courses in English and French, which are open for all members of staff, in order to establish contacts with the colleagues on the respective other side via this bridge. Everyone has the opportunity to learn all the time and to develop in new fields, such as international projects. This can also help to increase motivation in overhead segments, such as finance.

This is due to the fact that the tasks which we are facing specifically in this field will certainly not diminish. EEX AG is increasingly evolving into a holding for all central functions with which it supplies its subsidiaries in its capacity as a service provider. Moreover, there are mutual supply and service relationships between the subsidiaries of the group – also across international borders for the first time since the launch of EPEX Spot. This puts the entire Group on a new level in terms of organisation and structure. Fulfilling the requirements of these structures without having to accept the friction losses which usually accompany these is a challenge for the Management Board. The communication of this strategy to all members of staff, the requirements derived from it for the executive staff in the company and the permanent call for results need to be effected even more consistently than has been the case so far. We have a team whose commitment exceeds the normal standard by far. For this reason, it is all the more important that processes are kept lean and efficient in order not hold anyone back.

> "EEX AG is increasingly evolving into a holding for all central functions with which it supplies its subsidiaries in its capacity as a service provider. This puts the entire group on a new level in terms of organisation and structure."

Reliable forecasts of how the economy will develop during the financial crisis cannot really be made. The current situation is unique in many respects. However, in our view there are indications that the positive and negative effects for EEX Group will offset each other. Perhaps some trading participants might be less risk-hungry, as it were, and adjust their volumes. On the other hand, the need for security has increased considerably – and in this respect our clear position as a "safe haven" still constitutes a unique selling proposition.

And the stability of this "safe haven" will increase even further: This is due to the fact that, apart from financing of the input tax surplus, which is very likely to be resolved for the Group by mid-2009 in our view, EEX finances its growth exclusively from its cash flow. And the cash flow has been positive at all times. Furthermore, the balance sheet loss, which we have only been able to reduce gradually since the year 2002 on account of the initial starting situation, will be removed finally in 2009.

This shows that we are well prepared for the future: We still assume that the European energy exchange landscape will consolidate – either through co-operations or acquisitions. Regardless of the direction of this development – our voice will play an important role in it. Our aim is to develop the market further and expand our share in this evolving overall market. And there definitely is potential for this: The power market has a volume of approx. 4,500 terawatt hours, only roughly one fourth of which are currently traded and cleared through EEX. At the moment, the competition focuses on the bilateral market which is not cleared – and in this respect too the "safe haven" EEX is a very good starting point in order to limit the risks entailed in this business.

Iris Weidinger has been a member of the Management Board of European Energy Exchange AG (EEX) since August 2008 (Chief Financial Officer). Prior to her appointment to the Management Board she was chief representative for the finance, controlling and human resources functions of EEX AG.

REPORT BY THE MANAGEMENT BOARD

Dear Readers,
Dear Shareholders,

The year 2008 has confirmed our position as a central and secure trading centre in European energy trading. During the last quarter of the year, in particular, the situation of the economy and the effects associated with it have substantiated the reputation of the European Energy Exchange (EEX) as a safe haven for risk controlling and risk minimisation. This is clearly underlined by the management of the Lehman collapse, which constituted the first default of a clearing member for our company.

In terms of strategy and operations, we have made considerable progress in our course towards expansion through our clear commitment to the partnership concept. In spite of an erratic situation within the economy and a complicated competitive environment, we have managed to achieve the aims we had set for ourselves in net terms. For example, we have not only been able to expand our leading position as an energy trading and settlement platform in Continental Europe once again but, together with our French partner Powernext, we have also made a decisive contribution to the Europeanisation of energy trading – as a role model and pacemaker. And, finally, this progress has also become visible in the balance sheet: Compared to the previous year, we have been able to improve our essential parameters yet again.

The further expansion of EEX into a corporation working on a European and international level constituted the highest priority in our expansion strategy during the year under review. New alliances safeguarding the future in further core fields of European energy trading – such as the interests in the platforms specialising in trading in gas transport and storage capacities, trac-x and store-x, or in the European Market Coupling Company (EMCC), a European company for congestion management in power on the German-Danish border, as well as the CO_2 co-operation with our main shareholder Eurex – also form part of this strategy.

The establishment of a European corporate structure and culture which is to evolve across all hierarchical and corporate levels is and will continue to be the clear focus of our corporate activities. In this respect, we have worked in concert with our partners and are currently in the process of creating, introducing and further developing the corporate and management structures required to that end as well as the corresponding processes in the joint subsidiary companies.

In this context, we place much value on the introduction of border-crossing risk management and comprehensive compliance and corporate governance structures. The conversion of corporate accounting to IFRS and the introduction of a new accounting system played a very important role in the reinforced international alignment of EEX. And, finally, it was important for us to establish open structures suitable for the integration of further partners in the alignment of our organisation.

Against this background, we have visibly expanded the management capacities on the corporate level and at our subsidiaries and adopted an extended employment plan in order to continuously increase operative and administrative quality. Moreover, the cautious changes in the shareholder structure also had positive effects: It made a contribution to the strengthening of our weight both at the level of the products as well as in the international market structure.

With regard to the product level the focus was on the CO_2 co-operation agreed on with our biggest shareholder, Eurex, one of the leading derivatives exchanges worldwide. With the help of the co-operation in the field of trading in emission rights, which was intensified with new products and trading participants during the year under review, we have managed to strengthen our position in this market segment at an international level.

Our activities for the continuation of our partnership project with the French Powernext in time and on budget as well as the fast and sustainable implementation of an action plan for reinforcing exchange volumes constituted the focus of our operations during the year under review. In this context, the main emphasis was on the introduction of professional customer relationship management. We have succeeded in integrating our infrastructure according to international standards – despite visible jolts and bumps here or there.

Furthermore, we have renewed the existing contract governing the use of clearing systems between European Commodity Clearing AG (ECC) and Deutsche Börse Systems AG until 2015 prematurely as an important element safeguarding our future. Even though the existing contract will only expire in two years it was important for ECC to ensure that its participants and partners can rely on the continued maintenance of their systems landscape and, hence, establish long-term investment security with immediate effect.

With regard to the market the reinforced development of natural gas trading on EEX formed the core of our activities.

By means of all of the activities carried out and initiated in the year 2008 we have not only reinforced the foundations of a group which operates on a European scale but also clearly defined the fundamental principles and the direction of the next steps towards expansion and growth.

We owe our success to our members of staff, trading participants and partners. The uncomplicated and objective co-operation with the national and

European supervisory and regulatory authorities constituted another component. The Management Board would like to thank all the parties involved for their trust, commitment and support also on behalf of the entire management team.

Leipzig, 3rd April 2009

Dr. Hans-Bernd Menzel
Chief Executive Officer (CEO)

Maik Neubauer
Chief Operating Officer (COO)

Iris Weidinger
Chief Financial Officer (CFO)

Note: Maik Neubauer was a member of the Management Board of EEX AG until 30th June 2008 and moved to the Management Board of ECC AG with effect from 1st July 2008.

REPORT BY THE SUPERVISORY BOARD

During the entire reporting period the Supervisory Board of European Energy Exchange AG (EEX AG) dutifully carried out the tasks of which it was in charge according to the applicable legislation and the statutes of the company, it accompanied the Management Board in the management of the company in an advisory capacity and monitored the conduct of the business of the company carefully. The Supervisory Board was directly involved in all decisions and measures which were of essential importance for the company.

The Management Board of EEX reported to the Supervisory Board on the intended business policy, corporate planning, including financial, investment and human resources planning, the profitability of the company, the course of the business as well as the current situation of EEX AG and of the Group (including the risk situation and risk management). This was based on the detailed reports by the Management Board rendered both in writing and verbally. The chairman of the Supervisory Board as well as the remaining members of the Supervisory Board were also in regular contact with the Management Board of EEX AG beyond the meetings of the Supervisory Board and informed themselves of the current development of the business situation and the essential business transactions.

In total four ordinary and three extraordinary meetings were held. In as far as required the Supervisory Board adopted resolutions by way of circulation.

Focus of the deliberations of the Supervisory Board

The discussion of possible co-operations constituted an essential focus of the work of the Supervisory Board and of the Steering Committee preparing the resolutions. The signing of the co-operation agreements with the French exchange Powernext, Paris, on 6th March 2008 formed an important milestone in the continuation of the strategy towards Europeanisation pursued by the company.

Furthermore, the joint venture company EPEX Spot SE, in which EEX AG and Powernext SA each hold 50 percent of the shares was established. As of 31st December 2008, EEX AG contributed its shares in EEX Power Spot GmbH (EPS) to EPEX Spot SE.

The Power Derivatives Market was spun off into EEX Power Derivatives GmbH (EPD) with retroactive effect as of 1st January 2008.

The product co-operation with Eurex Frankfurt AG, which had already been launched in 2007, was expanded by two products in 2008.

Moreover, the Supervisory Board appointed Ms. Iris Weidinger, Director Finance & Controlling, as the Chief Financial Officer of EEX AG for a term of 3 years with effect as of 15th August 2008.

In its meeting of 11th December 2008, the Supervisory Board appointed Dr. Christoph Mura as the Chief Operating Officer for a term of 3 years with effect as of 1st January 2009 in accordance with the recommendation by the Human Resources Committee.

Annual and consolidated financial statement 2008

The annual financial statement of EEX AG and the consolidated financial statement for the financial year 2008 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, and certified without qualification. The same also applies to the management report and the consolidated management report including accounting. The auditor commissioned was elected by the general meeting 2008 and commissioned by the Supervisory Board.

The financial statements as well as the audit reports by the final auditor were submitted to all members of the Supervisory Board in due time. The final auditor took part in the balance sheet meeting of the Supervisory Board on 3rd April 2008 and reported the essential findings of his audit in detail.

The Supervisory Board has examined the annual financial statement, the management report, the consolidated financial statement and the consolidated annual report. As there were no objections, the result of the audit by the final auditor was approved. The Supervisory Board approves the annual financial statement prepared by the Management Board as well as the consolidated financial statement for the financial year 2008. The annual financial statement of EEX AG is, therefore, adopted.

Changes on the Supervisory Board

The three-year term of office of the Supervisory Board elected during the general meeting 2005 expired upon the end of the general meeting on 26th June 2008. Nine members resigned from the Supervisory Board. The Supervisory Board thanks the former members for their constructive and trusting collaboration on the board and its committees during the past term of office. A new Supervisory Board was elected for the term from 2008 to 2011. During the constitutive meeting of the Supervisory Board on 26th June 2008 – immediately after the general meeting – the chairman, the deputy chairman and the second deputy chairman of the Supervisory Board were elected.

According to the statutes, the membership of the following members of the Supervisory Board ended on 26th June 2008:

Ulrich Erkens
Torger Lien
Erik Thrane
Vincent van Lith
Alfred Hoffmann
Hermann Ineichen
Tanja Ilic
Wolf-Dieter Ihle
Geir Reigstad

The following members were elected as new members of the Supervisory Board on 26th June 2008:

Andreas Fohrmann
Marcel Hayoz
Dr. Egbert Laege
Hans E. Schweickardt
Hans-Joachim Strüder

On behalf of all members of the Supervisory Board I would like to thank the Management Board and all members of staff of European Energy Exchange AG for the work which they have performed during the year under review as well as for their contribution to the successful development of the business.

Leipzig, 3rd April 2009

On behalf of the Supervisory Board

Dr. Jürgen Kroneberg
Chairman of the Supervisory Board

SITUATION IN THE ENERGY INDUSTRY

FINANCIAL CRISIS PUTS STRAIN ON GLOBAL ECONOMY

What began as a real estate crisis in the USA developed into a substantial global economic crisis in the course of the year 2008. Even rescue packages by the governments totalling billions could not slow down the general economic slump. This development also had a tangible impact on global trading. In this context, the oil price forms an essential indicator: While it had exceeded the level of 100 dollars per barrel for the first time ever in January 2008 and had climbed to the record level of almost 150 dollars by the beginning of July, the subsequent slump was all the more dramatic. In December the price per barrel of OPEC oil dropped to less than 35 dollars – and reached a new four-and-a-half-year low. Other energy carriers followed this market trend: The prices of CO_2, coal and power fell quickly and inevitably, the production of steel and copper was reduced, which, in turn, led to a reduction in energy requirements. In short: The crisis quickly reached the energy markets.

Renewables dominate energy politics during the first half of the year

At the beginning of the year, the effects were not yet very tangible. The discussion in Europe was dominated entirely by the energy and climate package for which Brussels had established new targets. According to the plan, 20 percent of the energy consumed throughout Europe are to be generated from renewable sources by the year 2020. At the same time, CO_2 emissions are to be reduced by 20 percent as against the situation in 1990 and energy efficiency is to be increased by 20 percent. Moreover, in June the European Commission adopted a resolution that air transport will also have to take part in emissions trading from 2012. In addition to this, the European energy ministers discussed unbundling of the transmission systems and agreed on a compromise with the 3rd energy liberalisation package in October.

However, the final version of the energy and climate package, which was finally adopted in December upon pressure by the French EU Council presidency, did not have much in common with the original version. Because of the economic crisis the parties involved agreed on generous concessions to the industries and neglected the original energy policy intentions and ambitions once again. At the federal level, the amendment of the German Renewable Energies Act and of the Cogeneration Act played a decisive role in the energy-policy discussion. Renewable energies are to account for up to 30 percent of the power supply in Germany by the year 2020 and the grant levels for biomass and wind power will increase, while grant levels for solar energy are to be reduced. The amended acts went into effect at the beginning of this year.

In view of the economic crisis, in particular, the security of the markets – both with regard to the aspects of default protection and the security of the supply – gained tremendously in importance in addition to transparency from the perspective of energy policy. The aspect of the security of supply, in particular, increasingly moved into the limelight – and became a subject which even superseded the discussion regarding natural gas prices. And it was for this reason that the Russian-Ukrainian gas conflict became so notorious at the end of the year 2008 – after all, it touched upon the core question of the security of supply especially for the Central European markets.

Second half of the year characterised by falling prices

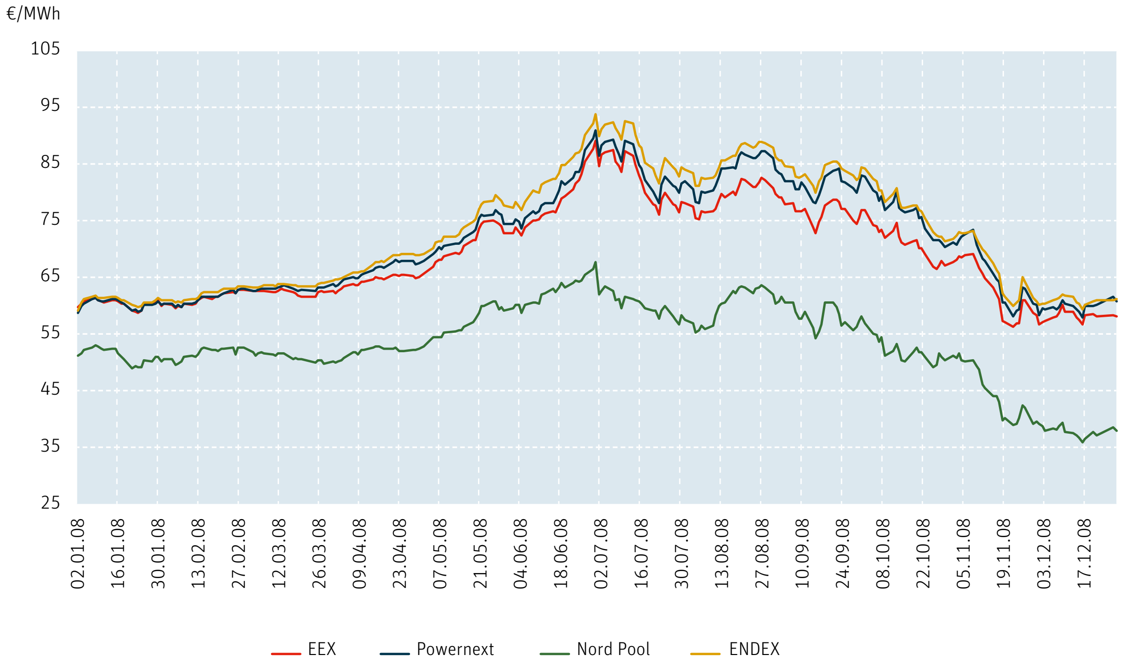
In 2008, the energy industry was characterised by the price discussion once again. During the first half of the year prices increased drastically – until the economic crisis reached its full force and caused a severe price collapse as one of its symptoms. The gas price followed the price volatility for oil described above – even though with the usual delay. During the second half of the year 2008, the price still increased enormously – while the oil price was already falling again. The natural gas prices traded for the year 2009 even exceeded the level of EUR 40 per MWh – as against the price traded for the year 2008, which had amounted to less than EUR 30, and the price traded for 2007, which had amounted to only approx. EUR 15. Power prices increased in line with the natural gas price – both for day-ahead trading and for power futures – and were considerably higher than the level for the previous year.

Moreover, the prices for CO_2 emission allowances were also influenced strongly by the economic crisis in 2008. As a result, not much of the maximum value of EUR 30 per tonne reached in the middle of the year was left by the end of the year: The price level for the years 2009 and 2010 reached only approx. one half of this value. The situation for agricultural commodities prices was similar. Following an enormous increase in 2007 and at the beginning of 2008 prices dropped significantly – in part by as much as 40 percent – from the middle of the year.

Development of prices in European wholesale trading

EEX once again remained the energy exchange in Continental Europe with the highest sales and the biggest number of trading participants in 2008. For this reason, the Phelix (Physical Electricity Index) is considered the reference price for Europe, the high correlation of prices on other European exchanges with this price increases continuously. Moreover, EEX also improved its international alignment through the co-operation with the French Powernext both on the Power Spot and Derivatives Market. At the same time, the security and transparency which EEX and its subsidiary ECC have provided to the trading participants for a long time have gained in importance as quality characteristics yet again especially against the backdrop of the economic crisis. However, the fact that

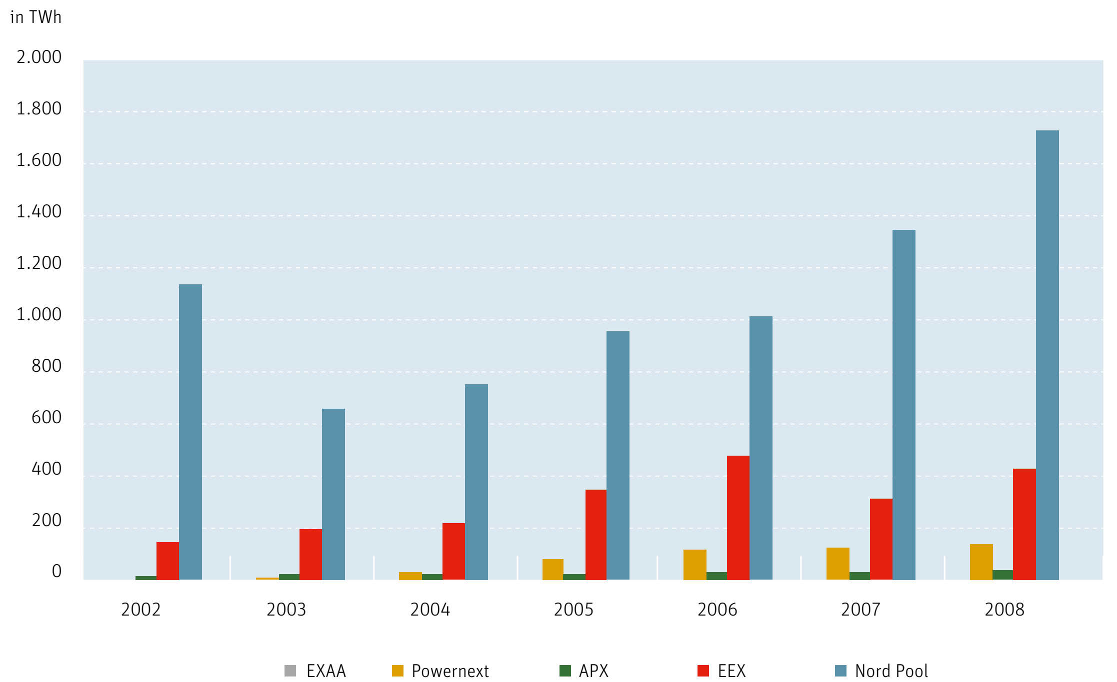
Development of the prices of the base load year futures (front year) on the European power exchanges



EEX could not entirely escape the general economic trend is obvious: The products traded on the exchange were also affected by the decline in prices. The high degree of dependency of the prices of commodities and energy products was also reflected here: There were no exceptions, the downward trend was found in all products.

However, this trend was observed in all European trading centres. As in the past EEX sets the reference price through the Phelix and continuously works to expand this role. From the company's perspective the fact that the German market has increasingly evolved into the leading market in Europe on account of its size is both an opportunity and an obligation. And the bandwagon effect does not diminish, on the contrary – as is shown by the example of Poland: The Polish Spot Market has practically had exactly the same power prices as the German Spot Market since the beginning of 2008.

Development of the exchange trading volumes on the European power exchanges



HIGHLIGHTS OF THE FINANCIAL YEAR

19th February	Approach to capacity trading through the acquisition of a minority interest in store-x and trac-x
5th March	200th trading participant admitted to EEX
6th March	Signing of the co-operation agreements between EEX and Powernext
26th March	EEX and Eurex launch trading in CER futures
14th April	EEX and Eurex launch trading in options on the EUA future
29th May	Initiative by the Federal Ministry of Economics and Technology declares EEX the designated central transparency platform on the power market
30th May	Joint press conference by EEX and Powernext with EU Commissioner Andris Piebalgs in Brussels: Details on the co-operation
13th June	EEX Exchange Council adopts “Code of Conduct”
1st September	EEX launches ComXerv trading system on the Power Spot Market
1st September	Spin-off of the Power Derivatives Market into EEX Power Derivatives GmbH, which is launched retroactively as of 1st January
15th September	EEX and ECC suspend Lehman Brothers International (Europe) as a trading participant and clearing member
19th September	Establishment of EPEX Spot SE with registered offices in Paris
29th September	Launch of seven-day trading on the EEX Power Spot Market
26th November	ECC takes over clearing and settlement for the Powernext gas products
15th December	ECC renews clearing agreement with Deutsche Börse Systems
31st December	EEX Power Spot GmbH becomes wholly owned subsidiary of EPEX Spot

1st quarter

At E-world EEX announces an expansion of its activities on the gas market as well as the participation in store-x and trac-x. The internationalisation of EEX continues to take shape at the beginning of March: The co-operation agreements between EEX and Powernext are signed. At the end of March, EEX and Eurex launch trading in CER futures. The strong partner has an invigorating effect on the CO_2 Derivatives Market, which increasingly expands internationally.

2nd quarter

In May EEX is declared the designated transparency platform on the power market by the German Federal Ministry of Economics and Technology. At the end of May a press conference on the details of the co-operation is held by EEX and Powernext: EU Commissioner Andris Piebalgs, who takes part in the press conference, expressly welcomes the European consolidation. At the end of June the Exchange Council adopts the Code of Conduct as a binding part of the rules and regulations of EEX.

3rd quarter

In September, the Power Derivatives Market of EEX is spun off into EEX Power Derivatives GmbH and EPEX Spot SE, the joint subsidiary of EEX and Powernext, is established in Paris. On 1st September, EEX launches the ComXerv trading system on the Power Spot Market and permits negative prices to be entered by means of this. In September, the financial crisis finally reaches the energy markets: On 15th September Lehman Brothers International (Europe) is suspended as a trading participant and clearing member of EEX and ECC.

4th quarter

At the end of November ECC starts clearing and settlement of the Powernext gas products – which is proof of the increasing attractiveness of the clearing house. In December, ECC prematurely renews the clearing agreement with its service provider, Deutsche Börse Systems, and, hence, establishes planning security for the future. EEX Power Spot GmbH becomes a wholly owned subsidiary of EPEX Spot SE as of 31st December 2008.

2008

TRANSPARENCY BALANCE SHEET

REPORT BY THE EXCHANGE COUNCIL

As every year, 2008 once again provided a number of challenges for the European Energy Exchange and, hence equally and simultaneously, for its supervisory body under public law – the Exchange Council.

The first weeks and months of the year were characterised by the presentation and discussion of the expertise provided by Prof. Dr. Ockenfels regarding the evaluation of the pricing mechanism on EEX. In this evaluation the uniform price auction used by EEX was judged to be the best feasible process – also with regard to the high transparency requirements. At the same time, the Exchange Council supported the conversion of the trading system to ComXerv and adopted the rules and regulations for the introduction of new products in the framework of the CO_2 co-operation with Eurex.

As early as the second quarter of 2008, the Exchange Council of EEX perceived that a tight implementation schedule was needed for the co-operation with the French Powernext SA. This co-operation was finalised in the relevant contracts at the beginning of March. The participation of our colleagues from Paris, who are now taking part in the meetings of the Exchange Council as guests, has already become indispensable. Moreover, the new "Code of Conduct", which was prepared by a Compliance Committee specifically for this purpose and adopted by the EEX Exchange Council constitutes a visible expression of high common quality standards and the starting point for these rules and regulations.

During the second half of 2008 the financial crisis caused major turbulences, especially the default of a participant. In this special case, the Exchange Council convinced itself of the efficiency and quality of the rules and regulations which were able to prevent other trading participants from sustaining any damage.

The complex market coupling on the German-Danish border, which, unfortunately, still does not work for reasons of systems technology, has posed and continues to pose a further challenge. However, 7-day trading has been approved. At the end of the year, the Exchange Council approved the launch of EUA spot trading on the basis of Xetra and the introduction of new products in natural gas trading. In the context of this meeting it was also important to come to an agreement regarding the replacement of the current chief trader procedure for the establishment of the settlement price. Moreover, the members of the Exchange Council were also pleased to note the progress achieved with regard to the market model of EPEX Spot SE in Paris.

Finally, I would like to use this opportunity (in my capacity as the chairman of the Exchange Council) to thank all members of the Exchange Council for their contribution to the very sophisticated and competent environment we have created for our discussions and decision-making – also with regard to frequently controversial topics. In this context, we can refer, in particular, to the professionalism shown in the preparation of the decisions made by the Management Board of the Exchange and its team as well as by the Market Surveillance. For this reason, the fact that the Exchange Council unanimously re-appointed the two current Managing Directors of the exchange EEX, Dr. Hans-Bernd Menzel and Oliver Maibaum, for another five-year term in its last meeting in December 2008, does not come as a surprise. It, rather, underlines the high degree of trust placed in the EEX team and the belief in its capacity to cope with the international challenges during the forthcoming year.

The Exchange Council of EEX is an official body of the exchange as per the German Exchange Act. It consists of a total of 23 members adequately representing the different interest groups and business circles. In addition to the trading participants with 18 members elected from various sectors (national and international energy trading companies, municipal utilities and regional suppliers, brokers and financial service providers as well as commercial consumers), four representatives of associations namely the German Association of the Energy and Power Industry, the Federation of German Consumer Organisations, the German Association of the Energy and Water Industry and the Federation of German Industries as well as one investors' representative, are members of the Exchange Council.

Dr. Günther Rabensteiner
Chairman of the Exchange Council

TRANSPARENCY BALANCE SHEET

Transparency initiative promoted energetically

In the year 2008, the European Energy Exchange (EEX) once again made a major contribution to the transparency initiative. During the year under review, EEX was at the centre of an intensive dialogue with the German transmission system and power plant operators, the associations BDEW, VKU (Association of Local Utilities) and VIK as well as the German Federal Network Agency and the Federal Ministry of Economics in order to further develop and implement statutory and voluntary transparency requirements. In this context, EEX has prepared the foundations for the development of a new EEX transparency platform for power plant, transmission system and consumer data together with power plant and transmission system operators.

While the focus was on increasing the stakeholders' awareness of the subject of transparency on EEX during the first half of the year, the specifications for the future platform were prepared and established under the auspices of BDEW during the second half of the year. Statutory requirements and voluntary agreements were combined and specified in more detail and the question of politically controversial rights of access to sensitive data were resolved, in particular, through the mediation of EEX.

In this process, EEX first assumed the role of the moderator and also maintained the necessary intensive contacts with the Federal Ministry of Economics and the Federal Network Agency in this respect. At the end of the year, the EEX Business Implementation Division joined the project and implemented the requirements for publications in requirement specifications for tendering and awarding of the contract to an IT service provider.

In parallel with the implementation of the platform, the design of a contract between the transmission system operators, power plant operators and EEX regarding the submission and publication of the data is currently being developed.

Since the issue of transparency is the subject of a discussion which tends to be very emotional at times, the public relations work of EEX – especially as an exchange under public law – is of major importance. For this reason, EEX has provided comprehensive and objective information on the exchange and the market for which it stands once again. In addition to the daily press work, this was achieved in the context of many events for the representatives from the political sector, the press, business circles and for the interested public as well as through participation in congresses, international forums, conferences, trade fairs and seminars. EEX will continue with this course of action in 2009.

High degree of trust in EEX by the market

Proper functioning of an exchange is based on the precondition of the trading participants' confidence in the pricing mechanism. The Physical Electricity Index, (commonly known as Phelix), which is established on the Spot Market (short-term physical trading), has attained this confidence as a price signal and has achieved the position of being a reference price indicator for the whole of Europe.

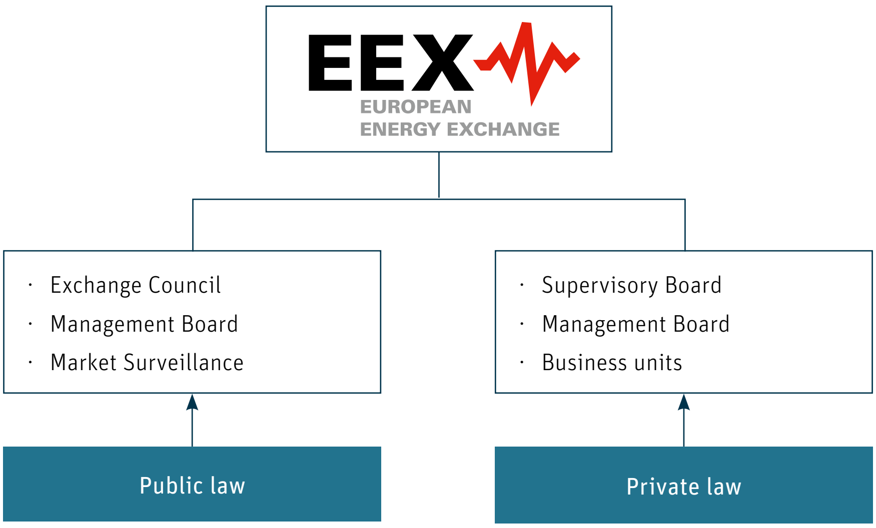
In this context, the trust placed in the EEX market is based on two decisive pillars: Supervision and transparency of trading. Diverse and intensive supervision of exchange trading on EEX ensures that equal opportunities are safeguarded for all trading participants in anonymous trading and that the statutory provisions are fulfilled. There is no "secret" data; this is ensured by Market Surveillance which systematically and completely records and analyses all the data from exchange trading and carries out any investigations which might be required.

Transparency pursues the aim of making trading and, especially, the results of trading understandable, comprehensible and, hence, transparent for all the parties involved and for the public. Wherever the anonymity of the parties trading on the exchange needs to be ensured, Market Surveillance assumes control and ensures proper conduct. The significant increase in the number of trading participants over the last years (2005: 132 trading participants; 2006: 158; 2007: 191; 2008: 217) and the development of the trade volumes (trade volumes on the Power Spot and Derivatives Market – 2005: 602 TWh; 2006: 1,133 TWh; 2007: 1,273 TWh; 2008: 1,319 TWh) confirm the trust placed in EEX and its control mechanisms. The EEX' range of offers in the field of transparency and information is constantly and critically discussed on the Exchange Council and expanded continuously and developed - far beyond the statutory requirements that EEX is subject to.

Comprehensive supervision on a national and international level

EEX is supervised comprehensively both nationally and internationally. On the national level, the supervision mechanisms are based on a unique structure in Europe: While the company operating the exchange constitutes a public limited company under private law, the exchange as such is an institution under public law which is subject to the German Exchange Act (see figure). This means the same rules which e.g. apply to any other stock exchange in Germany also apply to EEX. In order to make sure that this will continue to be the case in the future against the backdrop of the strategy of Europeanisation pursued by EEX, the Exchange Council has commissioned its Compliance Committee to develop a concept regarding how these tried and tested structures and, in particular, the trading participants' integration into the decision-making processes on the exchange can be maintained and developed further.

Market Surveillance is provided for under public law



On account of the fact that participants from 19 countries are licensed as trading participants today, EEX is involved in an equally intensive dialogue with the political sector and the supervisory authorities both on the level of the EU and beyond. In this context, the license by the American Commodity Future

Trading Commission (CFTC) permitting EEX to license trading participants based in the USA for trading on EEX, in particular, has to be mentioned.

On the level of the EU, the work primarily takes place in forums – such as the Florence Forum or the Madrid Forum – and in working groups such as the European Regulators Group for Electricity and Gas (ERGEG). The declared aim of these activities is to foster the liberalisation of the European wholesale markets through a transnational regional approach.

EEX is subject to intensive state supervision

Exchange Supervisory Authority (Saxon State Ministry for Economic Affairs and Labour)	BNetzA, E-Control (A), CRE (F)
Market Surveillance (HÜSt)	CEER (EU), ERGEG (EU)
Exchange Council	BaFin, CFTC (USA), AFM (NL), EBK (CH), FSA (GB)
Federal Cartel Office	EU Commission (DG Competition, DG Energy)

Tasks of the Market Surveillance

According to the German Exchange Act, an exchange has the primary task of ensuring that trading and pricing are effected fairly and without manipulation and that the rules of the exchange – especially the Code of Conduct in this respect – are complied with by the trading participants. The Market Surveillance (HÜSt) carries out the monitoring of compliance with this obligation.

In addition to the Exchange Council and the Management Board of the Exchange, HÜSt with its team of four is an autonomous and independent body of the exchange within the meaning of the German Exchange Act. It is only subject to instructions given by the Exchange Supervisory Authority of EEX, the Saxon State Ministry for Economic Affairs and Labour (SMWA) in Dresden. Its independence from other exchange bodies and the company operating the exchange safeguard the objectivity and neutrality of HÜSt. The main task of HÜSt is to completely record all the data regarding exchange trading and the settlement of exchange transactions, to analyse these and to carry out required investigation activities on a daily basis. In short: HÜSt looks for suspicious circumstances in the trading process. The correctness of pricing as well as the question of whether there are indications of collusion among the trading participants constitute the special focus of the daily investigations.

In addition to this, special investigations, in the course of which HÜSt intensively analyses the conduct of individual trading participants or certain groups of participants on the market, their market structures as well as market strategies, are carried out upon an instruction to that end given by the Exchange Supervisory Authority or the Management Board of EEX. The execution of special investigations is either based on the precondition of the observation of unusual events in the context of daily monitoring or the receipt of external information and/or knowledge of external events. HÜSt also investigates accusations/allegations by the media.

The long-term behaviour of large trading participants on the market and the financial service providers operating internationally have been subject of investigations. HÜSt has carried out several special ad-hoc investigations regarding the level of the power price on the Spot and Derivatives Market. It also looked into the question as to whether affiliated companies have been trading with each other in an unorthodox manner. So far, the suspicion of manipulation of exchange trading has not been corroborated or proven in any of these investigations.

HÜSt commands extensive powers in order to fulfil its tasks. It can access all the data regarding trading and settlement. These are analysed with the help of automated processes and by the use of manual inquiries. In addition to this, the German Exchange Act grants it far-reaching rights to obtain information, such as e. g. the right to request information and the presentation of documents from the trading participants without a special cause as well as the right to enter the trading participants' properties and premises during the usual business hours. Its far-reaching powers of investigation apply towards everyone – regardless of whether or not the persons concerned are trading participants. This right is based on one precondition: There must be suspicious facts possibly suggesting that rules and regulations under the German Exchange Act have been contravened, which might consequently affect exchange trading and the settlement of exchange transactions.

Members of the Exchange Council

Name	Company/Association	Function
Phil Atkinson	ICAP Energy AS	Director of Corporate Development
Kurt Baumgartner	Aare-Tessin AG für Elektrizität (ATEL)	Member of the Management Board
Gregor Bäumerich	Ezpada s.r.o.	Chief Executive Officer
Sven Becker	Trianel GmbH	Member of the Management Board
Pierre Chevalier	DB Energie GmbH	Head of Energy Trading
Marc Ehry	PCC Energie GmbH	Chief Executive Officer
Marco Fesseler	BKW FMB Energie AG	Head of Energy Trading
Dr. Christoph Helle	MVV Energie AG	Chief Representative
Ralf Henze	Stadtwerke Hannover AG	Head of Energy Trading
Peter Heydecker	EOS Trading S.A.	Managing Director
Wilfried Köplin *	BDI – Bundesverband der Deutschen Industrie e.V. [Federation of German Industries, registered association]	Head Corporate Energy Policy & Reporting, Currenta GmbH & Co. OHG
Tobias Lausch	BNP Paribas	Marketer Commodity Futures
Peter Lintzel	Stadtwerke Leipzig GmbH	Divisional Manager Energy Procurement
Dr. Thomas Niedrig	RWE Supply & Trading GmbH	Head Short Term Position Management
Prof. Dr. Wolfgang Pfaffenberger	Jacobs University Bremen	Adjunct Professor of Economics (European Utility Management)
Dr. Günther Rabensteiner	VERBUND-Austrian Power Trading AG	Chairman of the Management Board
Edgar Röck	TIWAG-Tiroler Wasserkraft AG	Head of Energy Trading
Dr. Peter Sentker *	VIK Verband der Industriellen Energie- und Kraftwirtschaft e. V. [German Association of the energy and power industry, reg. ass.]	Director Procurement, Hanson UK
Andrea Vittorio Siri	Edison Trading S.p.A.	Manager International Power Trading
Vincent van Lith	BHF-BANK Aktiengesellschaft	Managing Director
Dr. Bernhard Walter *	BDEW Bundesverband der Energie- und Wasserwirtschaft e. V. [German Association of the Energy and Water Industry, reg. ass.]	Senior Manager Lobbying & Regulatory Affairs, EnBW Trading GmbH
Lars Wlecke	E.ON Energy Trading AG	Head of Trading Western Europe
Dr. Hans-Joachim Ziesing *	Verbraucherzentrale Bundesverband e. V. [Federation of German Consumer Organisations]	Managing Director, Working Group Energy balances, registered association

* Representatives of associations

Exchange Supervisory Authority

Name	Competent authority	Designation of title
Dr. Eckhard von Bülow	Saxon State Ministry for Economic Affairs and Labour	Senior Councillor
Raimund Huber	Saxon State Ministry for Economic Affairs and Labour	Assistant Secretary
Volker Zuleger	Saxon State Ministry for Economic Affairs and Labour	Senior Government Official

HÜSt uses its findings and experience from the special investigations in order to further develop and optimise the quality, efficiency and content of its continuous monitoring processes.

HÜSt reports to the Exchange Supervisory Authority and to the Management Board of the Exchange on a regular basis and with regard to special events. Furthermore, it reports incidents, such as e.g. cases of insider trading or attempted market manipulations to the Federal Financial Supervisory Authority (BaFin), which is also in charge of monitoring these. Finally, it communicates with various national, European and international authorities, in particular in the fields of exchange and financial market supervision, energy regulation and competition supervision.

Spot and Derivatives Market: Transparent pricing procedure

The publication of current trading data ensures the transparency of pricing on the Spot and Derivatives Market. The data is promptly made available to the trading participants on the website at www.eex.com as well as through the Download Centre. In this way, exchange trading as such creates transparency in the market. This constitutes an advantage from which German gas trading has also benefited since the launch of exchange trading in natural gas in July 2007.

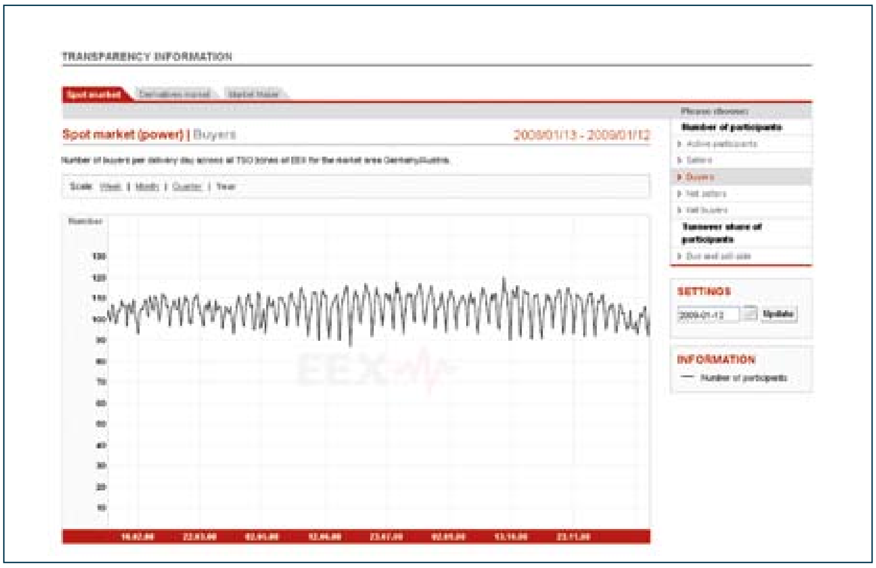
In the framework of the continuous expansion of transparency, EEX has considerably expanded its information offer over the years. Whereas in the past the bid curves were traditionally made available at 4:00 pm on the day after the auction, the trading participants can now already view these at

9:00 am, i.e. before the next auction. This gain in time enables the analysts to recognise liquidity, pricing and bidder behaviour better and to draw conclusions with regard to the further development of prices from these.

Following intensive discussion in the Exchange Council new transparency measures were adopted and implemented for the Spot and Derivatives Market. These are to be seen on the EEX website (www.eex.com) under the menu item "Transparency". With this step EEX goes far beyond the requirements enacted by the legislature without violating the German Exchange Act in doing so.

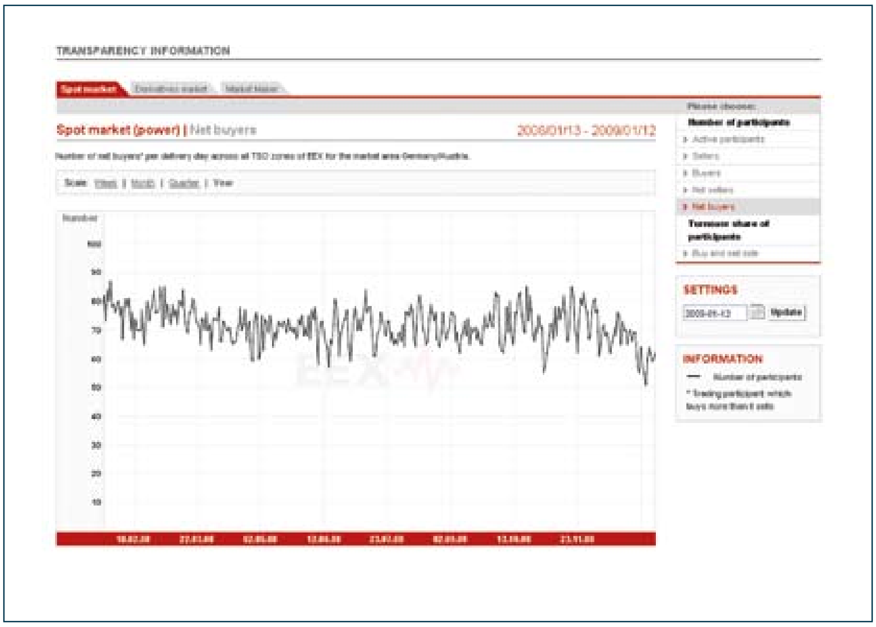
The number of net sellers on the Power Spot Market, i.e. those trading participants who sell more than they buy, in particular, is revealing. On average, this concerned more than 40 trading participants, more than one half of which come from other European countries, in 2008. This is certainly proof of the fact that the development of a European power market has made much more progress than is frequently assumed. As regards the Derivatives Market, the fact that the average share of the five trading participants with the highest sales in trading (buy and sell side) is published per trading participant is particularly interesting. As a rule, this share does not exceed 12 percent.

Number of buyers per delivery day across all EEX TSO zones for the German/Austrian market area.

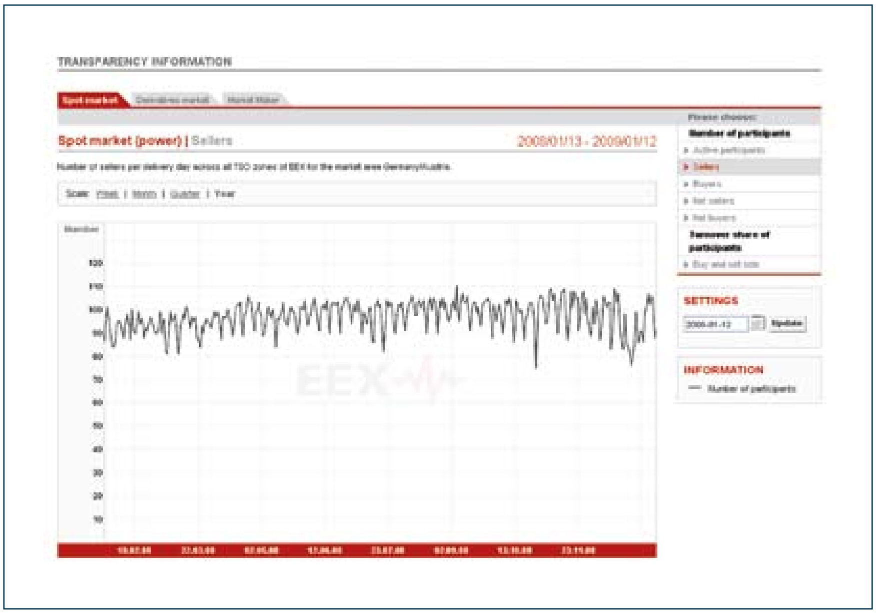


TRANSPARENCY
BALANCE SHEET

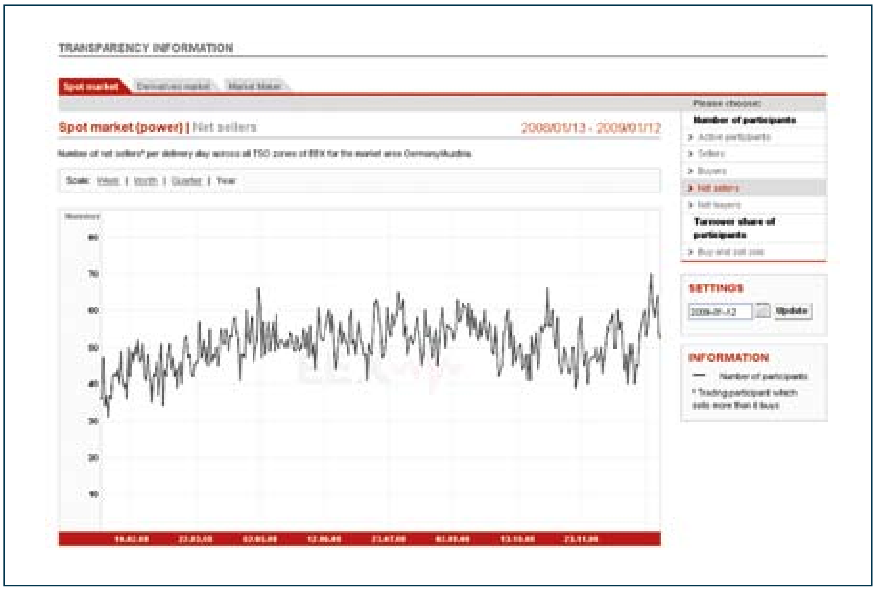
Number of net buyers per delivery day across all EEX TSO zones for the German/Austrian market area.



Number of sellers per delivery day across all EEX TSO zones for the German/Austrian market area.



Number of net sellers per delivery day across all EEX TSO zones for the German/Austrian market area.



Average share of the five trading participants with the highest sales in trading (buy and sell side) per trading participant across all transactions in Phelix futures contracts on a monthly basis.

T R A N S P A R E N C Y
B A L A N C E S H E E T

General Information and Services

EEX continuously optimises the provision of general information on its website. The number of hits during the last year confirm the importance of this offer: The increase of 60 % illustrates the fact that the information provided online has a high and increasing significance.

The website was revised again in 2008. Simplified menu navigation and a clearer design have since made navigation to the desired information more intuitive.

The new press portal, in particular, has been improved in terms of user friendliness and now provides all the information at one glance. EEX makes important press conferences available there as podcasts. As a result of this, trading participants, journalists and the interested public can experience the current developments on the exchange “live”.

MyEEX permits a personalised arrangement of the internet home page fully in line with the user’s wishes. This function is very popular – more than 4,900 users have already registered for this service.

Subscription and payment for information products can be handled simply and conveniently through the automated information product shop. The trading participant can receive information on changes in the data on the website in real time through RSS feeds – individually and free of charge.

Transparency also means that EEX provides details of all those trading participants who approve of such publication on its website. The list of shareholders and presentation of the corporate structure round off the information provided.

Trading data is available for downloading in an electronic form on an FTP server. In addition, current information on the development of prices is provided in the form of tables, charts and analyses. Trading data can also be received via SMS on every exchange trading day.

Moreover, innovations include the extension of the data formats available in the field of the market data to include the XML format, which further improves the range of machine readability options.

Comprehensive information on the co-operation with Powernext is provided on a joint website.

Details on Market Making

The publication of details regarding market making on the website of EEX forms another element promoting more transparency. Market makers are defined as those trading participants which comply with obligations to quote in power trading established in separate agreements, which are available as trading partners from 9:00 am until 4:00 pm on every exchange trading day and, hence, safeguard basic liquidity by means of this. On the one hand, the information refers to the products with regard to which the market makers have entered into obligations to quote; on the other hand, the information also refers to the obligations to quote as such. These are defined as the conditions regarding time, quantity and price at which the market makers have to place binding buy and sell orders.

The share of the market makers in the total turnover on the Power Derivatives Market has been published on the website of EEX since last year. Whereas more than 80 percent of the volume on the EEX Power Derivatives Market was still traded among the market makers in mid-2003, this share amounts to less than 20 percent today.

Presentation of the share of the markets makers in the total turnover on the Power Derivatives Market

Spot Market: Exchange owned data

Information	Time frame	Publication
Intra-day Power Trading – Prices and volumes per hour	For the same delivery day	Publication after the end of trading in the download centre
Phelix Base/Peak incl. prices and volumes per hour	For the next delivery day	Accessible via the trading system right away; additional publication on the EEX internet site and in the download centre 50 minutes after the auction
Phelix Base/ Peak prices	For the next delivery day	Approx. two minutes after the determination of the price on the website of EEX in the EEX Ticker
Swissix Base/Peak incl. prices and volumes per hour	For the next delivery day	Accessible via the trading system right away; additional publication on the EEX website and in the download centre 50 minutes after the auction
Aggregated bid curves of the hourly auctions on power (FTP server, trading participants only)	For the next delivery day	Publication at 9:00 am of every exchange trading day for the previous trading day
Carbon Index (Carbix) – auction price established for CO_2	For the same trading day (delivery t+2)	Publication on the website of EEX immediately after pricing
CO_2 continuous trading – prices and volumes, settlement price	For the same trading day (delivery t+2)	Up-to-date publication on the website of EEX; additional publication in the download centre after the end of trading
Cogeneration index	For the preceding quarter	Publication on the website of EEX, immediately after the end of the quarter
Natural gas prices for the GuD/NCG market areas (formerly BEB/EGT) including volumes	For the next and the next-but-one delivery day	Up-to-date (t+15) publication on the website of EEX and in the download centre after the end of trading
Number of active trading participants per delivery day across all TSO zones of EEX for the German/ Austrian market area	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Number of sellers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Number of buyers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Number of net sellers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Number of net buyers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Average share of the five trading participants with the highest sales in trading (buy and sell side) per trading participant	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day

Derivatives Market: Exchange owned data

Information	Time frame	Publication
Open order book	During the trading hours	Immediately
Prices and volumes of products on the Derivatives Market (current trading data) and OTC prices and volumes	During the trading hours	Up-to-date (t + 15 min.) on the EEX website, immediately in the trading system
Data on a daily basis, for all contracts (volume traded, number of contracts traded, price upon opening of the market, highest price, lowest price, last price, settlement price, open interest)	For the day	After the end of the trading day
Number of active trading participants (EEX and OTC) on the basis of the trades per day across all Phelix Futures contracts	View on a weekly, monthly, quarterly and yearly basis	Publication on the website of EEX at 9:00 am on the following delivery day
Average share of the five trading participants with the highest sales in trading (buy and sell side) per trading participant across all trades in Phelix Futures contracts on a monthly basis (EEX)	For the last year	Publication on the website of EEX at 9:00 am on the first exchange trading day for the past month
Average share of the five trading participants with the highest sales in trading (buy and sell side) per trading participant across all trades in Phelix Futures contracts on a monthly basis (EEX/OTC)	For the last year	Publication on the website of EEX at 9:00 am on the first exchange trading day for the past month
Presentation of the market makers' share in total sales on the Power Derivatives Market	For the last year	Publication on the website of EEX at 9:00 am on the first exchange trading day for the past month

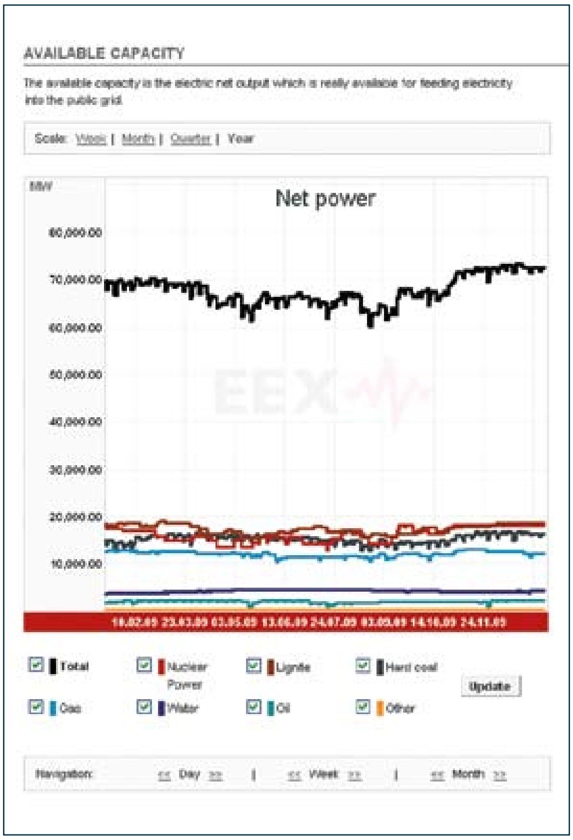
In addition to the information regarding market makers, the presence of so-called fast market situations is also reported on the EEX Ticker. Such a situation is deemed to exist if the prices change very quickly and with high fluctuations within a short period of time. During a fast market situation the market makers can quote with a double spread in order to fulfil their obligations.

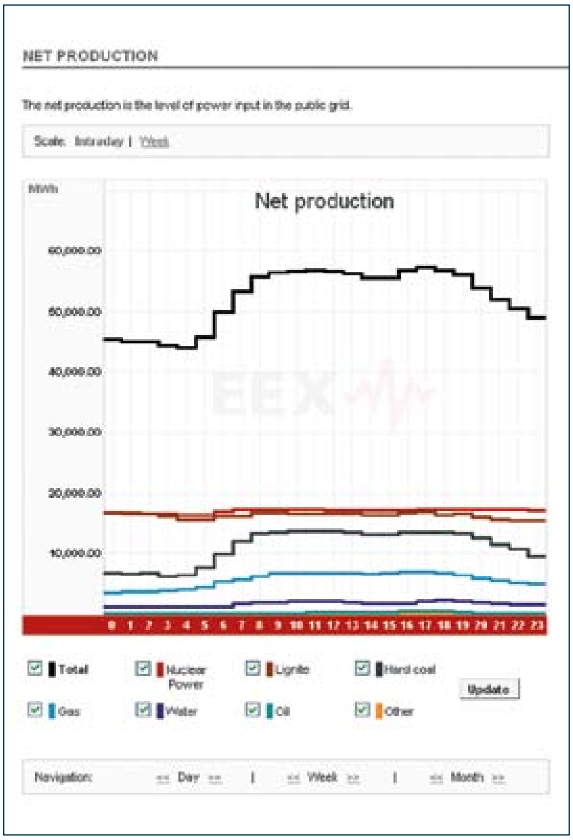
Power Plant Data

Since April 2006, information on power plants has been published in a centralised, neutral and consolidated manner on the website of EEX. This practice of publishing information contributes to an equal and fair basis of information for all trading participants, hence, making it a further solid foundation for a transparent market. To date, 26 companies from Germany and Austria (see page 69) have joined the initiative, which was co-founded by the generating companies EnBW Energie Baden-Württemberg, E.ON Energie AG, RWE AG and Vattenfall Europe AG. The publication is based on a voluntary commitment by the generating companies. The EEX platform is the site for this publication which is generally recognised by the market.

The power plant data is reported to EEX by 9:00 am on every exchange trading day. On the website of the exchange, this data is aggregated (summarised) and shown per energy carrier in the categories of installed output, available capacity and net production (see illustration below).

EEX publishes standard messages via a newsboard at 10:00 am on every exchange trading day. On the one hand, these messages refer to technical problems in the communication of data regarding the available capacity and the effective generation. On the other hand, expected restrictions not caused by plant technology problems, such as restrictions on account of cooling water limitations, stretch-out operation or orders by authorities regarding generation





are reported. The reports are published by EEX in a manner aggregated as per reason for the change and per energy carrier (in as far as available/reported). They are published anonymously.

The installed capacity, which is the net electric output of the power plants, is not only communicated in an aggregated manner but also per power plant site. The user has the possibility of having the sites displayed sorted according to energy carrier or operator.

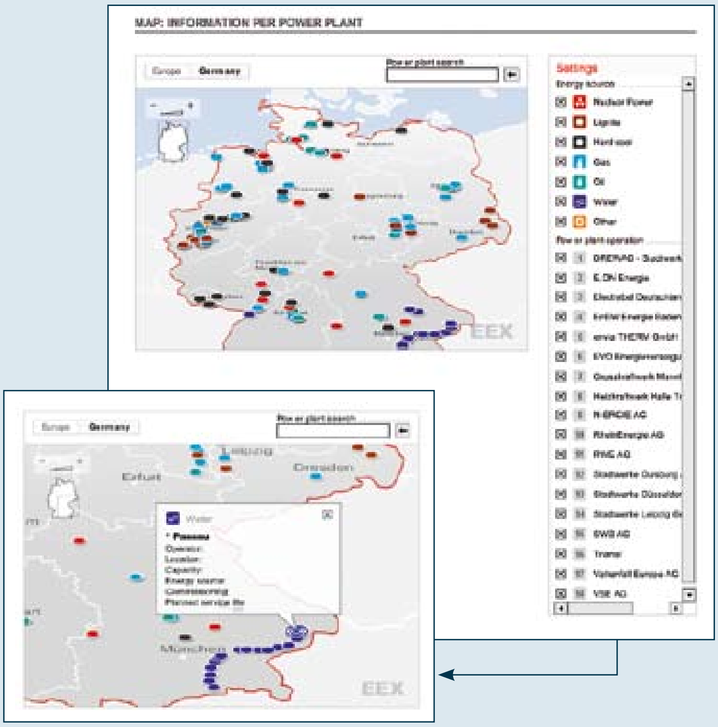
The EEX transparency initiative on the German-Austrian power market is a success. Parts of the tried and tested reporting structures will be included in the new EEX transparency platform planned for 2009. The success of the platform will depend to a decisive degree on how many participants report on it in order to reach the biggest possible coverage.

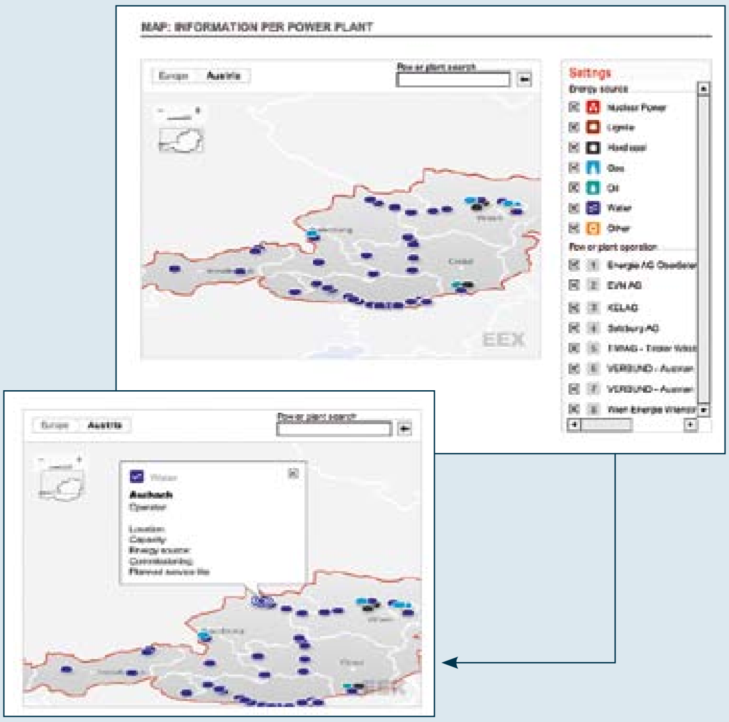
Building confidence: a continuous process

Ten years after the start of liberalisation on the European power market, the criticism that the desired competition has not been brought about so far is still frequently voiced. Some people see the cause for this in intransparent market structures, which allegedly lead to an imbalance in information between trading participants. EEX takes this criticism and the latent mistrust associated with it very seriously – regardless of whether these aspects concern the exchange directly or only indirectly. Against this backdrop we would like to emphasise the following clearly again at this point: The exchange can only provide a sufficient degree of data permitting conclusions to be drawn with regard to pricing through the publication of prices and volumes traded as well as of further market-specific and price-relevant information. It, hence, constitutes a prerequisite for fair competition. Moreover, it has been successfully advocating increased transparency in the fields of production and transmission systems. Hence, confidence building is a continuous process at EEX.

TRANSPARENCY
BALANCE SHEET

Reporting companies





No.	Name	Country	Reporting since
1	DREWAG – Stadtwerke Dresden AG	D	30/06/2007
2	E.ON Energie AG	D	10/04/2006
3	Electrabel Deutschland AG	D	01/11/2006
4	EnBW Trading GmbH	D	10/04/2006
5	Energie AG Oberösterreich	A	27/11/2006
6	envia THERM GmbH	D	20/10/2008
7	EVN AG	A	14/12/2006
8	EVO Energieversorgung Offenbach AG	D	08/08/2007
9	Großkraftwerk Mannheim AG	D	13/04/2007
10	Heizkraftwerk Halle Trotha GmbH	D	08/04/2008
11	KELAG	A	28/04/2008
12	N-ERGIE AG	D	12/11/2007
13	RheinEnergie AG	D	28/11/2006
14	RWE AG	D	10/04/2006
15	Salzburg AG	A	25/06/2007
16	Stadtwerke Duisburg AG	D	23/12/2008
17	Stadtwerke Düsseldorf AG	D	13/06/2008
18	Stadtwerke Leipzig GmbH	D	11/04/2007
19	SWB AG	D	02/08/2007
20	TIWAG – Tiroler Wasserkraft AG	A	24/10/2006
21	Trianel Power Kraftwerk Hamm-Uentrop GmbH & Co. KG	D	14/04/2008
22	Vattenfall Europe AG	D	10/04/2006
23	VERBUND – Austrian Hydro Power AG	A	20/04/2007
24	VERBUND – Austrian Thermal Power GmbH & Co. KG	A	18/04/2007
25	VSE AG	D	02/07/2007
26	Wien Energie Wienstrom GmbH	A	15/10/2007

REPORT BY THE MARKET SURVEILLANCE

The exchange landscape and the banking industry experienced a turbulent year in 2008. This, of course, also influenced the work of the Market Surveillance (HÜSt) of the European Energy Exchange (EEX).

As in past years, the European Energy Exchange was very much in the public eye since the prices established on EEX have the character of a reference price throughout Europe. Topics which were perceived to be important by the public included increased power prices and the accusation of abuse of their dominating position on the market made against the four major German suppliers; also associated with these topics was the increase in end-consumer natural gas prices.

HÜST monitored these developments with a considerable level of intensity and paid increased attention to these in the course of its daily monitoring activities and special investigations.

Moreover, the negative developments on the stock markets were also perceived by the public on a large scale. On EEX, the most important energy exchange in Europe, a comparable development with high losses in the indexes was not observed during the period under review. As a result of the Lehman bankruptcy in September 2008, which constituted the climax of the financial crisis so far, the global stock markets declined further. In this respect, EEX managed to close out the open Lehman positions in co-operation with the clearing house ECC within a period of only one day after the collapse became known. In its special investigation, HÜSt confirmed the successful closing-out of the open positions which was effected in line with the applicable rules and, at the same time, in a manner protecting the market.

Following the increase in our staff in 2007, HÜSt had access to the human resources capacities of four persons for the first time within a full calendar year. This facilitated a much more intensive monitoring activity and analysis of the EEX Markets. Examples which could be cited in this respect include an increased number of long-term and ad-hoc investigations as well as more intensive contact with trading participants and the Exchange Supervisory Authority, the Saxon State Ministry for Economic Affairs and Labour.

Several workshops aimed at presenting ad-hoc investigations, providing information to the Exchange Supervisory Authority and ensuring an exchange of ideas and experience were carried out with this authority last year. In addition to commissioning of investigations regarding special events or subjects, the results of this included further investigations and intensification of monitoring activities in the segments suggested by the Exchange Supervisory Authority.

Individual investigations typically dealt with subjects such as the development of prices in the Power Spot Auction in the event of a change in the supply and demand situation, trading between two affiliated companies, the development of the open interest as well as the analysis of the trading behaviour of the biggest trading participants. Furthermore, the Lehman bankruptcy and EEX-specific subjects associated with it constituted the subject of special investigations.

In addition to these special ad-hoc investigations, HÜSt also carried out investigation activities serving the purpose of improving daily monitoring and further developing the existing know-how. Amongst other elements, the shareholding structures between various trading participants and the particularities in new market segments were analysed with regard to their importance to the monitoring activities. Many of the findings obtained were used in preparation for the development of a new technical monitoring system for HÜSt. As a result, the knowledge and experience of the Market Surveillance was expanded considerably during the period under review.

In its daily monitoring activity HÜSt recorded and analysed suspicious actions in the short and long term in order to investigate possible violations of the German Exchange Act and of the rules and regulations of EEX. In the event of suspected infringements, the trading participants concerned were contacted and given the opportunity to provide explanations for apparently suspicious activities. Due to the close contact, the participants' awareness of the requirements created by the applicable law and the rules and regulations of the exchange could be increased even further. Moreover, trading participants increasingly use HÜSt as information source. All the suspicious activities examined in 2008 were satisfactorily explained within the framework of the relevant investigations and through the submission of information by HÜSt.

The "Market Monitor" with its respective current editorial part, provides presentations of the individual EEX markets as well as a report on the activities of the Market Surveillance. It has been published on a quarterly basis for more than a year now. Following its successful launch, the publication was developed further in 2008. The increased awareness of HÜSt by the public is underlined by the more than 7,300 times the "Market Monitor" was accessed on the internet. Further development and improvement of the "Market Monitor" is planned for 2009.

In 2008 the Market Surveillance began the development of its new Market Surveillance Monitoring System (MSMS). Surveillance activities are intended to be improved considerably by means of this new system, which is tailored to the individual needs of energy market supervision. One member of staff was involved in the design and development of the detailed specifications for several months before a Leipzig-based software company was commissioned to develop the MSMS in September 2008. Following comprehensive acceptance testing since mid-December 2008 and training courses for the HÜSt staff, the tool was used as of the first quarter of 2009. The MSMS is based on an even broader basis of data and permits more comprehensive and simplified analyses for the purpose of both daily monitoring and the preparation of comprehensive special investigations. It considerably simplifies the analysis of the large volume of data, which is increasing continuously on account of the growth of EEX, and it ensures the use of a sustainable, open solution.

As during previous years, HÜSt reported to the Federal Network Agency (BNetzA), the Dutch financial market authority AFM, the US American CFTC and the Swiss Federal Banking Commission, EBK, in the framework of regular reporting. As an additional service, further special messages are now forwarded to EBK as a service for trading participants.

Finally, various comments were submitted to the joint working group of CESR (Committee of European Securities Regulators) and ERGEG (European Regulators Group for Electricity and Gas) in co-operation with the Political Communications Department. Moreover, the head of HÜSt has been summoned to meet with this body as an expert and has appeared before this body several times. Moreover, the Market Surveillance was also heard as an expert in the German legislative procedure for the amendment of art. 7 paragraph 1 BörsenG [German Exchange Act]. In addition, HÜSt also co-operated with the Compliance

Committee in the development of the Code of Conduct containing the rules of conduct for the trading participants on EEX. The expertise attained over the years is also used in the co-operation between EEX and Powernext. The future Paris-based Power Spot Market which will be operated by the joint venture company EPEX Spot SE will also have a Market Surveillance Department which will have the same rights as HÜSt. An active exchange of know-how between Leipzig and Paris has already taken place in 2008 and is to be intensified further in 2009 in order to ensure that surveillance is maintained at a high level and that the trust that the trading participants place in the market is furthered.

The year 2009 provides a number of new challenges; the implementation of solutions to these has already commenced in 2008. For example the Exchange Council of the EEX adopted the Code of Conduct as a new element of the rules and regulations of the exchange. The effects on the daily monitoring activity were prepared together with the Exchange Supervisory Authority and integrated into the daily routines. An ordinance regarding the Sanctions Committee has been prepared by the Exchange Supervisory Authority in order to enforce the Code of Conduct. This will result in further tasks for HÜSt. It will discharge, in particular, the tasks of undertaking investigations for the preparation and support of the Sanctions Committee.

The Market Surveillance looks back on a successful year 2008. The consistent supervision activities and co-operation with the state supervisory authorities have confirmed once again that the European Energy Exchange is an established and successful market for trading in power, natural gas, emission allowances and coal – free from manipulation. The course embarked on will be followed consistently in 2009 and new challenges, such as supporting the Sanctions Committee, will be tackled with renewed enthusiasm.

Dr. Wolfgang von Rintelen
Head of Market Surveillance

GROWTH THROUGH SECURITY

2008

CONSOLIDATED MANAGEMENT REPORT

CONSOLIDATED MANAGEMENT REPORT

EUROPEAN ENERGY EXCHANGE AG, LEIPZIG

During the financial year 2008, European Energy Exchange AG (EEX) has consistently continued its strategy towards Europeanisation. This strategy aims at accelerating growth and market coverage and further expanding its leading role in the consolidation process of the European energy exchange landscape by entering into partnerships and co-operations in important and critical sections of the value chain.

During the year under review, the main focus was on the implementation of the co-operation with the French energy exchange Powernext SA, Paris (Powernext). After the signing of the partnership agreements on 6 March 2008, both sides worked at full speed in order to build the required project structures and promote the integration of the respective partial markets in various working groups.

The establishment of EPEX Spot SE with registered offices in Paris constituted one of the milestones for the project on the level of German company law. It is a joint venture company in which EEX and Powernext each hold 50 percent of the shares. As of 31st December 2008, all of the shares in EEX Power Spot GmbH (EPS) held by EEX were allocated to this newly established joint venture company in return for granting of new shares and the French Power Spot Market of Powernext was contributed to EPEX Spot SE. The full merger of EPS with and into EPEX Spot SE is planned for the year 2009.

Moreover, the Power Derivatives Market was spun off into an independent subsidiary, EEX Power Derivatives GmbH (EPD), retroactively as of 1st January of the year under review. Powernext will transfer its French Power Derivatives Market business to this company in return for an appropriate shareholding under company law as agreed during 2009. With the contract of 18th November 2008 a share amounting to 0.1 percent was sold to Powernext in advance.

The settlement of all products of the co-operation partners will be effected through the clearing house of EEX Group, European Commodity Clearing AG (ECC). The co-operation model agreed on is expressly designed as a model which is open for further partnerships – interest in which other European energy exchanges have already indicated.

The clearing co-operation with ECC also comprises the settlement of all Powernext Spot and Derivatives Market Products for French natural gas. This co-operation became operational as early as in November 2008. In accordance with the co-operation and option model, which has already been employed in the clearing co-operation with the Dutch derivatives exchange ENDEX N.V. established in 2006, Powernext will receive a nominal share in ECC as well as the possibility of acquiring shares in this company in line with the clearing volume contributed in return.

The product co-operation with Eurex Frankfurt AG – one of the leading futures exchanges worldwide – on the European derivatives market for EU emission allowances, which was established in December 2007, formed another element of the EEX co-operation strategy. In the framework of this co-operation the new emission products of options on EUA Futures as well as CER Futures (Certified Emission Reductions) were introduced (among others) in the financial year 2008.

In total 217 trading participants from 19 countries

As of: 31st December 2008

Furthermore, the switch of accounting to the International Financial Reporting Standards (IFRS) is also a sign of the reinforced international alignment of EEX Group. All the information regarding the financial year 2008 is provided for the first time on the basis of IFRS accounting principles.

Natural gas was to be developed as a further commercial mainstay for EEX with the introduction of exchange trading in gas on EEX in 2007. Continuous growth both on the Spot and Derivatives Market was also achieved in this respect in the financial year 2008 – even though these markets developed much more slowly than originally envisaged.

Furthermore, there has been a distinct change in the shareholder structure of EEX in the year 2008. One of the main shareholders up until then – the Scandinavian energy exchange Nord Pool ASA – resigned as a shareholder and offered its shares to the amount of approx. 17.4 percent for sale to the shareholders of EEX in the context of Nord Pool ASA's obligation to offer the shares to the existing shareholders. In this way and through the additional acquisition of own shares still held by EEX, the role of Eurex Zürich AG, in particular, as an anchor shareholder and strategic partner of EEX, was reinforced.

Connecting markets – this motto once again constituted a fundamental entrepreneurial maxim for EEX in 2008: EEX committed itself as a driving force in the integration of the European energy markets once again and made a contribution to two important market coupling initiatives in order to promote the co-ordinated integration of the European power markets through implicit auctions of transmission capacity.

Together with the Scandinavian power exchange, Nord Pool Spot AS, and the transmission system operators E.ON Netz GmbH, Energinet.dk and Vattenfall Europe Transmission GmbH, EEX made considerable efforts in 2008 regarding the process design and organisation needed in order to set up a market coupling system on the German-Danish border. Moreover, the European Market Coupling Company GmbH (EMCC) with registered offices in Hamburg, which is in charge of the operative execution of market coupling, was established jointly. Following initial problems in operations which were caused by insufficient harmonisation a re-start is planned for the end of the first quarter of 2009.

In order to promote the introduction of market coupling in the Central Western European Region (CWE) comprising Germany, France and the Benelux countries, EEX has designed a market coupling system in the context of a joint initiative with the other power exchanges and transmission system operators in this region. The launch of operations is planned for the beginning of 2010.

Moreover, EEX laid the foundations for the establishment of a new EEX transparency platform for power plant, transmission system and consumer data together with power plant operators and transmission system operators. While the focus for EEX was on increasing the stakeholders' awareness of the subject of transparency during the first half of the year, the specifications for the future platform were developed and laid down under the umbrella of the German Association of the Energy and Water Industry, registered association (BDEW) during the second half of the year. Statutory requirements and voluntary agreements were combined and specified in more detail and in particular, through mediation by EEX, questions regarding politically controversial rights of access to sensitive data were resolved. In this process, EEX first assumed the role of the moderator and also maintained the necessary intensive contacts with the Federal Ministry of Economics and the Federal Network Agency in this respect. At the end of the year, the requirements were on the way to being implemented, with the publication of requirement specifications for tendering for, and awarding of, the contract to an IT service provider.

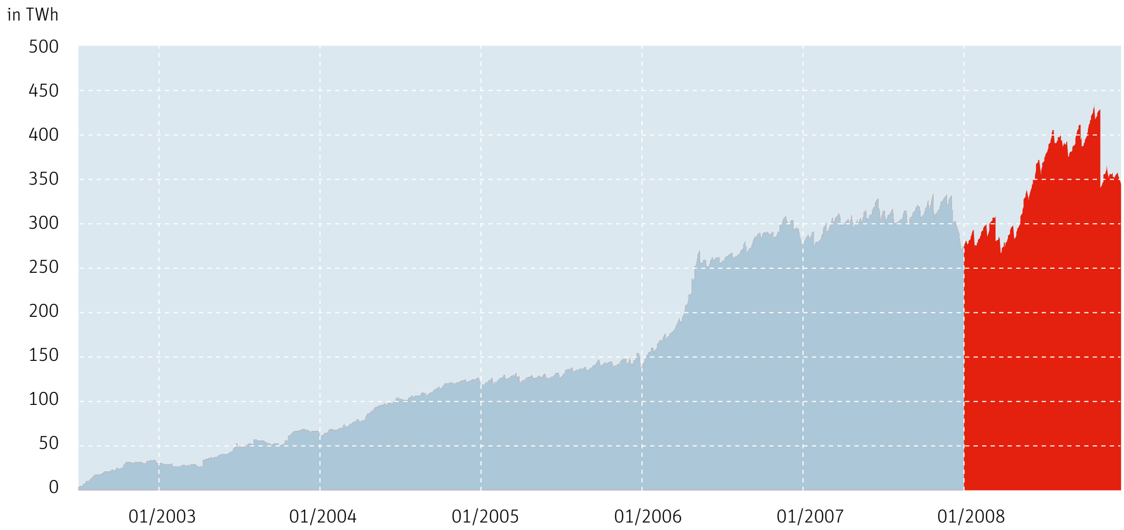
EEX Group has continuously analysed the dramatic developments in the field of the financial markets in the year 2008 and reviewed possible effects on the business model and the competitive situation as well as on the profit situation. In this context, direct consequences of the crisis on the financial markets as to the sales and profit situation of EEX were not found for the financial year 2008. However, the clearing house of EEX, ECC, experienced the first failure of a clearing member with the bankruptcy of Lehman Brothers Holdings Inc. in the framework of the financial crisis. The processes established for risk management and the provision of securities, were judged to have performed adequately. EEX Group and its trading participants did not sustain any financial damage on account of the default of the clearing member – Lehman Brothers International (Europe).

Number of trading participants increased considerably

In the course of the financial year 2008 the total number of trading participants on the different markets of EEX increased from 191 to 217 trading participants from a total of 19 countries. This corresponds to another considerable increase of approximately 14 percent.

So far, this influx has continued in 2009. The unabatedly high interest in training courses regarding trading on the Spot and Derivatives Market leads to the expectation of the numbers of trading participants increasing still further in the future.

Development of the open interest on the Power Derivatives Market



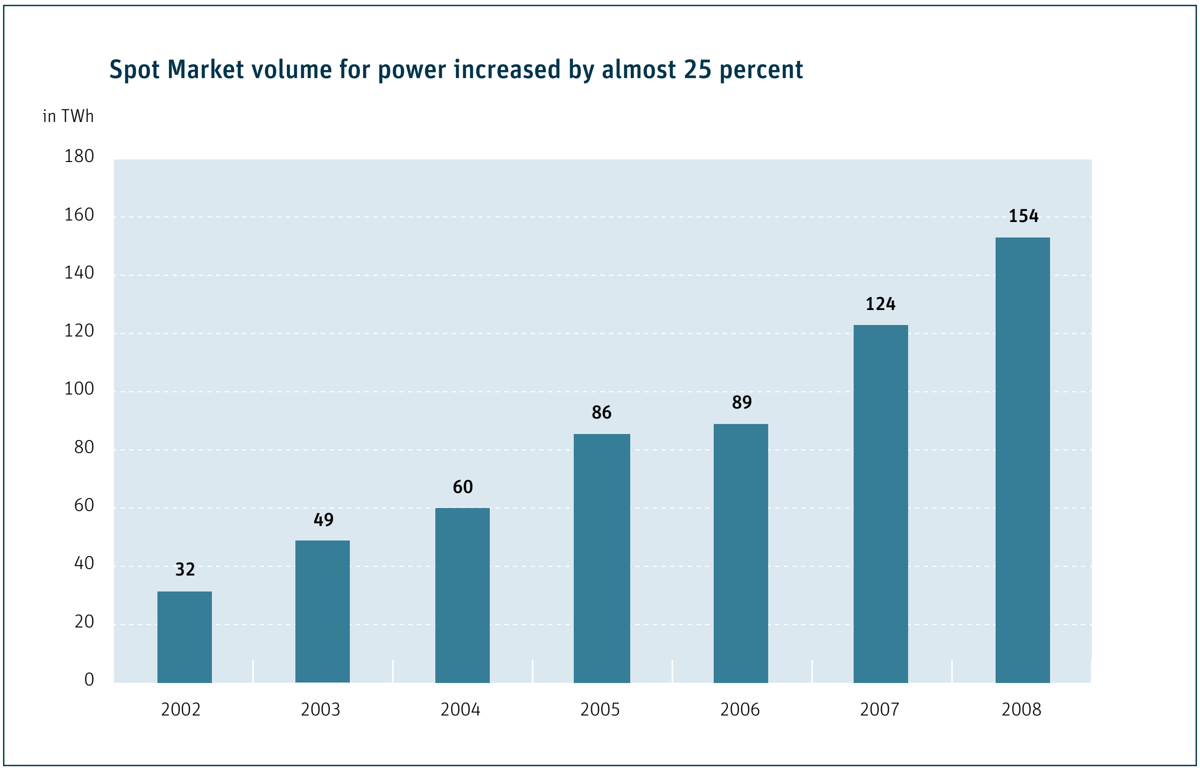
High confidence in EEX as an exchange market

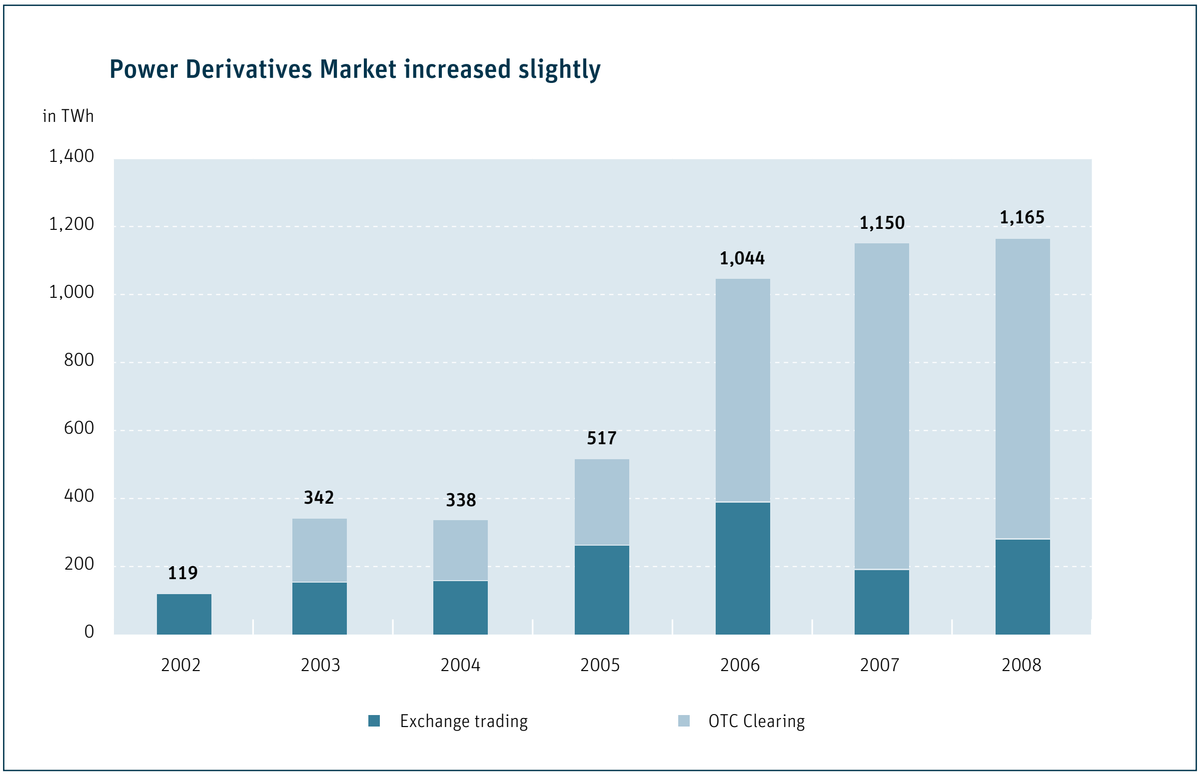
The open interest on the Power Derivatives Market, i.e. the total of the open positions on the Derivatives Markets, constitutes an essential indicator of the trading participants' confidence in EEX and its clearing subsidiary ECC AG. On the last day of trading during the year under review, it amounted to 324 TWh, which corresponds to an increase of more than 25 percent compared to the value for the previous year (2007: 271 TWh as of the last trading day as the cut-off date). However, in the course of the year peak values of considerably more than 400 TWh were reached. The high level of the open interest testifies to the enormous confidence which the trading participants have in EEX as a trading market and the security of the settlement processes via the ECC clearing house. For this reason, EEX AG expects a continuously positive development on the Derivatives Market which is to be promoted further by the spin-off of the Power Derivatives Market into an independent subsidiary and by entering into strategic co-operations for the following years.

Development of sales

During the year 2008, the trade volume on the Power Spot Market, which is operated by EPS, increased by 25 percent to 154 TWh (2007: 124 TWh). In this context, 148 TWh were traded in auction trading for the market area of Germany and Austria (2007: 119 TWh). This corresponds to a share of 24 percent in the total consumption in this region (2007: 19.6 percent). In intraday trading an increase by 63 percent to 2.3 TWh was recorded in the financial year 2008 (2007: 1.4 TWh). In auction trading for the Swiss market area, the volume traded once again considerably exceeded expectations at 6.1 TWh (2007: 4.3 TWh). During the second full financial year since the launch of trading in 2006, the share in the annual total consumption for the Swiss market area was increased by 4 percentage points to 11 percent. Overall, the sales revenue from the Power Spot Market amounted to EUR 10.2 million and, hence, increased by 23 percent compared to the previous year (2007: EUR 8.3 million).

On the Power Derivatives Market (which is operated by EPD) the trade volume for the financial year 2008 increased only slightly from 1,150 TWh in the previous year to 1,165 TWh during the year under review. In this context, the success of the measures for the reinforcement of exchange trading (introduction of a new price model with discounts upon reaching certain trade volumes, renegotiation and expansion of market maker agreements) initiated at the beginning of the year, was shown clearly: In this segment volume increased by almost 50 percent compared to the previous year (2008: 278 TWh, 2007: 189 TWh). However, this positive effect was partly achieved at the expense of the OTC clearing segment (2008: 838 TWh; 2007: 923 TWh, -9 percent).


Spot Market volume for power increased by almost 25 percent
in TWh
180
160
140
120
100
80
60
40
20
0
32
49
60
86
89
124
154
2002
2003
2004
2005
2006
2007
2008

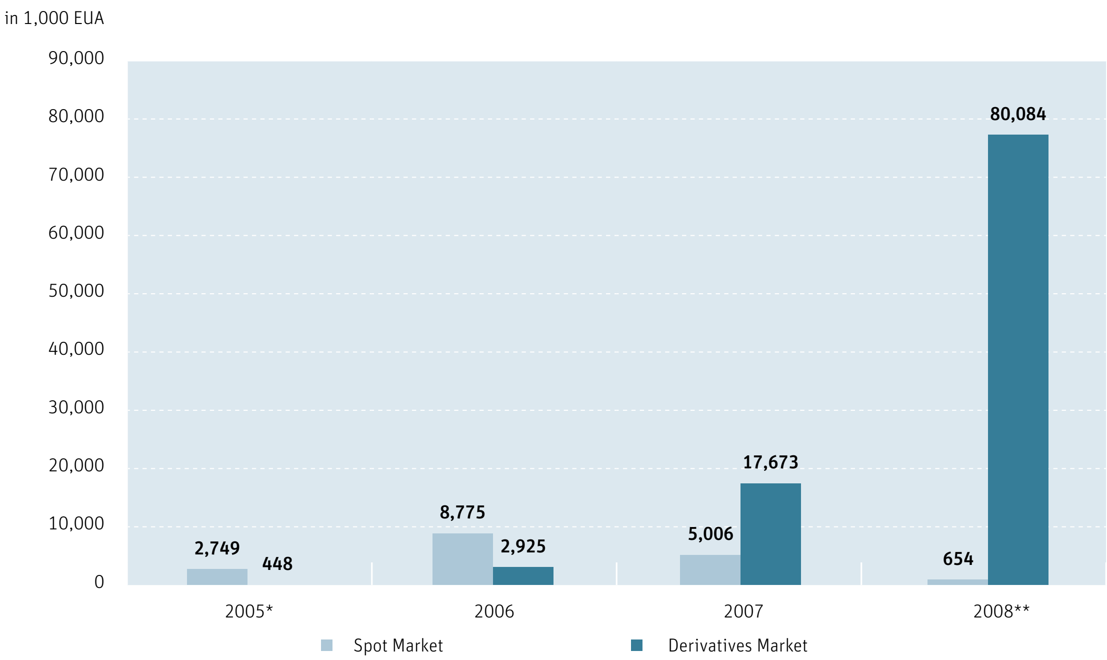

Power Derivatives Market increased slightly
in TWh
1,400
1,200
1,000
800
600
400
200
0
119
342
338
517
1,044
1,150
1,165
2002
2003
2004
2005
2006
2007
2008
Exchange trading
OTC Clearing

The share of the options in the OTC clearing segment once again displayed a positive development (2008: 48 TWh; 2008: 38 TWh; +26 percent). During the financial year 2008 the total revenue on the Derivatives Market for Power amounted to EUR 25.6 million. This corresponds to a reduction by 4 percent as against the result for the previous year of EUR 26.2 million. This decline essentially resulted from the adjustments of the transaction fees for exchange trading.

On the Spot Market for emission products trading for the first commitment period ended on 20th March 2008. As a result, only 0.65 million tonnes were traded during the year under review (2007: 5.0 million tonnes). Trading for the second commitment period began on 16th January 2009.

The Derivatives Market for emission allowances, on the other hand, once again displayed a clear trend towards an increase in 2008. The trade volume amounted to in total approx. 80.1 million tonnes as against 17.7 million tonnes in the previous year and, hence, clearly exceeded the co-operation partners' expectations.

Positive trend on the Emissions Market

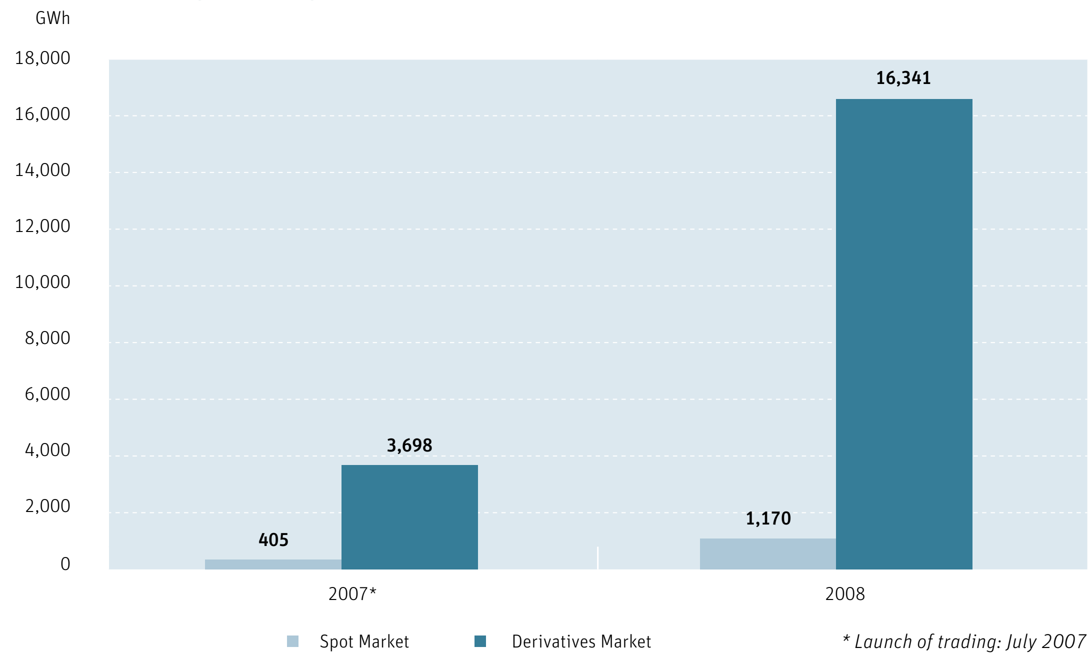


** Launch of Spot Market in March 2005, launch of Derivatives Market in October 2005*
*** Trading for EUA of the first commitment period ended on 20th March 2008*

EUA futures accounted for approx. 77.6 million tonnes of this total, while the CER futures introduced in the year 2008 accounted for 2.4 million tonnes. The new product of options on EUA futures, which was also introduced during the year under review, on the other hand, has not yet been accepted by the trading participants. However, the commercial contribution of the emission products is modest not least on account of the transaction fees, which are very low because of the competitive situation. In total, sales revenue to the amount of KEUR 279 was generated in this segment (2007: KEUR 102).

Sales revenue to the amount of KEUR 37 was generated on the Natural Gas Spot Market with a trade volume of in total 1.2 TWh in the year 2008 (July to December 2007: 0.4 TWh, KEUR 16). In the year 2008, a total of 16.3 TWh was traded on the Derivatives Market for gas and sales revenue to the amount of KEUR 224 was generated (July to December: 3.7 TWh, KEUR 88). This shows that the natural gas markets established during the previous year are developing steadily – albeit slowly in accordance with the overall market. During the financial year 2008, the Coal Derivatives Market proved to be weak once again. As during the previous year only approx. 246,000 tonnes were traded here.

Natural gas trading on EEX



Clearing and settlement of all trade volumes from the Spot and Derivatives Markets of EEX are provided through the clearing house of the Group, ECC. In addition to this, ECC generates revenue from clearing services for the Dutch ENDEX N.V. During the past business year 119.3 TWh of Dutch Power Futures (June to December 2007: 46.0 TWh), 3.3 TWh of Belgian Power Futures (March to December 2007: 4.0 TWh) and 48.2 TWh of TTF Gas Futures (2007: 21.1 TWh, +128 percent) were settled for this derivatives exchange. In total, sales revenue to the amount of EUR 1.7 million was generated from the co-operation with ENDEX, which corresponds to an increase of 89 percent as against the previous year (2007: EUR 0.9 million).

The strategic position which ECC has established for itself as a service provider for external exchanges was strengthened further with the assumption of the clearing services for the French Powernext SA in the course of 2008. On 26th November 2008 Powernext launched spot and derivatives trading for French gas. The settlement of these transactions generated sales revenue to the amount of KEUR 36 during the year under review.

However, the product of power – in particular the Power Derivatives Market – once again proved to be the mainstay of revenue in the financial year 2008.

Asset and profit situation

During the financial year 2008, sales revenue totalled EUR 43.2 million and, hence, increased by 8 percent as against the previous year (2007: EUR 39.8 million). However, expectations were not fully fulfilled with this result. This is essentially due to the absence of growth in the segment of OTC clearing for the Power Derivatives Market.

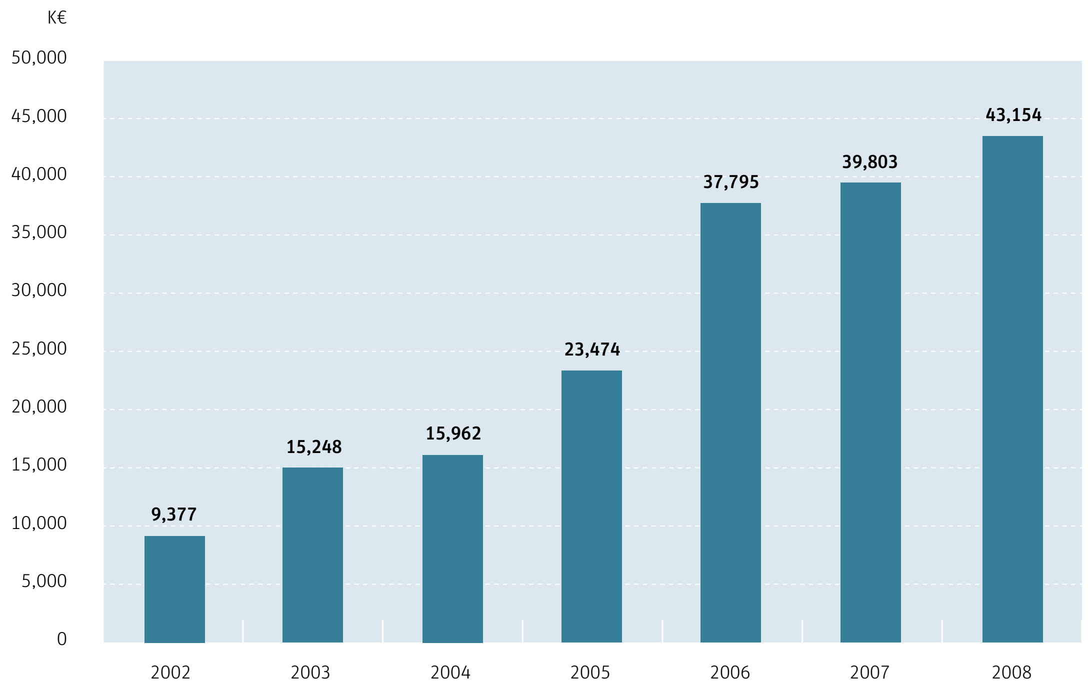
At EUR 26.9 million, a result before taxes is reported for the year under review which has increased considerably compared to the result of EUR 15.5 million for the previous year. The annual net income increased to EUR 21.8 million as against EUR 7.1 million for the previous year.

During the year under review, the return on sales across all products and markets amounted to 62 percent (pre-tax result: EUR 26.9 million; sales revenue: EUR 43.2 million). This means the return on sales also increased considerably compared to the previous year (2007: pre-tax result: EUR 15.5 million, sales revenue EUR 39.8 million, return on sales: 39 percent). The positive profit situation is partly due to special effects since hidden assets had to be disclosed in connection with the contribution of the subsidiary EPS to EPEX Spot SE in return for granting of 50 percent of the shares in this company in accordance with the IFRS provisions. During the financial year 2008 this transaction resulted in revenue to the amount of approx. EUR 12.9 million.

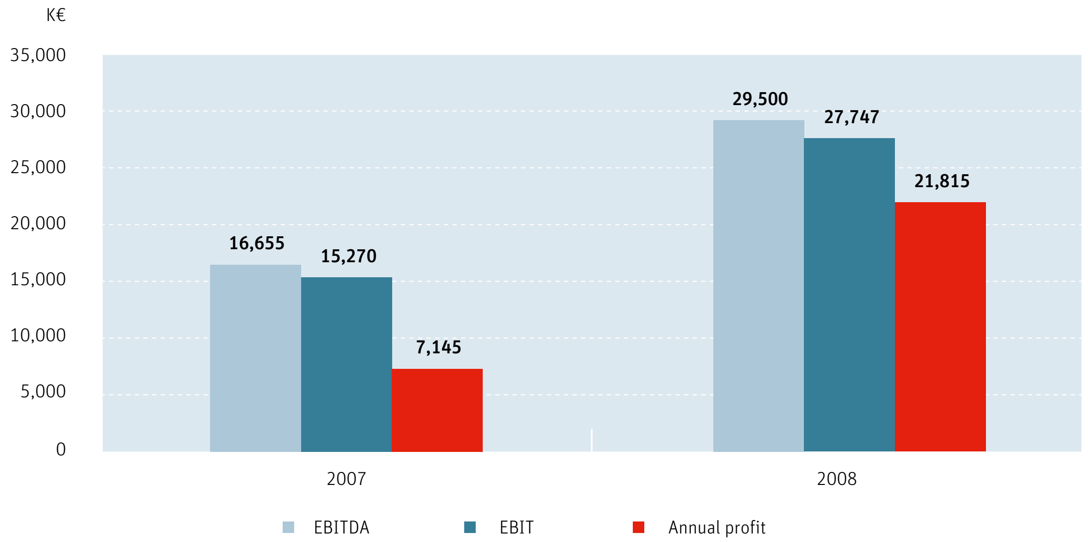
In the financial year 2008, equity increased to EUR 81.6 million from EUR 53.1 million in the year 2007. The balance sheet total amounted to EUR 533.2 million. This essentially comprised bank deposits subject to restrictions on disposal to the amount of EUR 350.4 million which were matched by liabilities to the clearing members for an identical amount for the Spot and Derivatives Market as well as derivative financial instruments to the amount of EUR 38.3 million. In addition, this total comprised payments on account and/or payments received on account to the amount of EUR 11.0 million as well as accounts payable and/or receivable to the amount of EUR 0.7 million. This concerned items in connection with the delivery of goods which had to be reported on both sides of the balance sheet to the same amount on grounds relating solely to the balance sheet date. After the deduction of these items the adjusted balance sheet total amounted to EUR 132.8 million and the equity ratio amounted to 61 percent as of the balance sheet date of 31st December 2008 (2007: adjusted balance sheet total: EUR 85.1 million, equity ratio: 62 percent). The increase in the adjusted balance sheet total was due to an increase of equity on account of the positive result for the year as well as an increase of the financial liabilities for financing of the input tax surplus at ECC.

The positive asset and profit situation was also reflected in the development of the liquid funds. The Group was able to cover all expenses with its revenues at all times and achieved a good level of profits. The interim financing of the input tax surplus from the delivery of commodities which was necessary at ECC constituted the only exception to this. To that end, external finance providers, which together provided credit lines to the amount of EUR 130 million, had to be employed for the first time in 2008.

Sales revenue increased yet again



Results achieved by EEX



Growth in human resources

The business year 2008 was once again characterised by strong growth in staff numbers. As of the balance sheet date, there were 67 employees, compared with 57 employees as of 31st December 2007.

As of 31st December 2008 the age structure of the employees was as follows:

Age group	Number	Share in percent
< 30	24	36 %
30 to 39	31	46 %
40 to 49	11	16 %
> 50	1	2 %
	67	**100 %**

81 percent of the staff are university graduates. (This is established on the basis of the number of employees with a degree from a university, technical university or a university of co-operative education). As of the balance sheet date, women accounted for 46 percent of the staff.

Risk management

In accordance with the requirements contained in art. 91 paragraph 2 AktG [German stock corporation act], the Group has a risk early warning system comprising all business areas. Potential risks are evaluated with regard to the likelihood of their occurrence and the possible extent of damage and divided into risk classes. On the basis of the current status of the early warning indicators the Management Board of the Group prepares a monthly risk report and informs the Supervisory Board of the risk situation every quarter. The risks on the exchange but also in the clearing house resulting from the fluctuating energy markets are evaluated by the risk managers of EEX several times in the course of a day and changed risk situations are reported directly to the Management Board if required.

Indications regarding essential opportunities and risks regarding future development

The competitive environment of EEX Group is developing at high speed. For example, the Scandinavian energy exchange Nord Pool ASA was taken over by the American-Scandinavian exchange operator Nasdaq/OMX. In January 2008 this competitor offered German power futures with the EEX Phelix as the underlying for the first time. This constituted the first attack on the flagship product of EEX Group – the German Power Derivatives Market – by a competitor. In this context, the competition is not restricted to the product range in trading alone, it is also very dynamic in the market for clearing and settlement services. Through the adoption of a general clearing member model Nord Pool ASA has further adjusted its clearing structure to international conventions and to the standard on ECC. The American-British exchange operator ICE (Intercontinental Exchange) has also established its own clearing house ICE Clearing Ltd., whose operations focus on the international energy markets, in 2008. Moreover, all signs indicate that the speed and dynamics of the development of the competition will remain high in the future.

However, EEX Group sees itself as well positioned in spite of a tightening in the competition situation. Essential preconditions for a further active contribution to the design of the European energy exchange and clearing landscape have been created with the consistent alignment to further growth through co-operations and the required positioning under company law along the value chain, which has already taken place. The successful implementation of the co-operation with Powernext (comprising three parts) constitutes an essential step towards Europeanisation. For example, the merger of the German and French Spot Markets for power constituted the core of a future pan-European spot exchange. The preconditions for the implementation of the forthcoming stages of the co-operation have been created and/or prepared as of the balance sheet date. As a second element, this is complemented by the merger of the German and French Derivatives Markets for power within EPD for the creation of a European derivatives exchange for energy and related products. And, finally, the third element comprises the systematic possibility of the use of cross-margining effects through ECC.

All existing co-operations and the ongoing co-operation negotiations are based on the fundamental principle of openness for further partnerships and the central role of ECC, which is the 'established' supplier for all clearing and settlement services in the co-operations.

Continuous growth in sales and a stable earnings situation are planned for EEX Group under these premises for the duration of the medium-term plan.

At the same time, a failure of the further implementation of the Europeanisation and growth strategy or a delayed implementation of this strategy constitutes the biggest risk for the commercial development and continued existence of EEX. In the long run, a failure of the planned co-operation projects to a significant degree would deprive EEX of the possibility of helping to shape future developments and would, hence, entail corresponding negative effects on the commercial development of the Group.

The operating results achieved by EEX show that the Group and the companies which belong to it are commercially sound and operate successfully. As regards the products, the aim is to reduce the existing strong dependency on the product power. In this respect, natural gas, in particular, is to be established as a further strategic cornerstone in the medium term. The markets for emission products are to be developed further together with strategic partners – first and foremost with Eurex Frankfurt AG.

The high standard of regulation of the energy exchange EEX, which, due to statutory requirements and voluntary obligations, constitutes a hallmark of excellence and forms the benchmark for the design and further development of market surveillance and market transparency in all co-operations.

Possible impacts of the global financial and commercial crisis were analysed intensively and the first effects on the trading behaviour of trading participants and, as a result, on EEX seemed to be discernible starting in January 2009. However, a reliable forecast of possible effects is not possible at the moment – a clear trend cannot be observed yet. The Management Board of EEX Group assumes that there will be positive and negative effects in connection with the financial crisis, the extent and development of which are monitored continuously and closely. For example a general decline in the rate of economic growth might lead to a decline in trade volumes; on the other hand, a reduced willingness to take risks on the part of the trading participants in commodity futures markets can possibly lead to an increased use of clearing, as a means of reducing default risks.

Further external factors, such as, for example, exercising of political influence on the energy sector, can also have a considerable impact on the commercial future of EEX. However, international accounting regulations and taxation legislations might also affect the development of the market. For this reason, these aspects are monitored and analysed on a continuing basis.

Group perspective

Taking into account the opportunities and risks outlined above, the Group expects an at least stable level of development in a generally difficult overall environment. Against this background, pre-tax results are expected for the financial year 2009 which should be higher than the results for the financial year 2008 (after adjustment for special effects).

Leipzig, 5th March 2009

Dr. Hans-Bernd Menzel
Chief Executive Officer (CEO)

Dr. Christoph Mura
Chief Operating Officer (COO)

Iris Weidinger
Chief Financial Officer (CFO)

GROWTH THROUGH SECURITY

2008

CONSOLIDATED FINANCIAL STATEMENT

PROFIT AND LOSS ACCOUNT

In €	[see Notes]	2008	2007
Sales revenue	[6]	43,153,969	39,803,351
Other operating income	[7]	5,096,261	4,616,112
Staff expenditure	[8]	–5,719,104	–4,367,336
Depreciations	[9]	–1,753,325	–1,385,748
Other operating expenses	[10]	–25,939,975	–23,396,692
Interest and similar revenue	[11]	3,978,843	1,424,637
Interest and similar expenses	[12]	–4,862,231	–1,151,732
Cost/revenue – equity method	[16]	–20,000	0
Cost/revenue from the sale of assets		12,929,308	0
Result from ordinary activities		**26,863,746**	**15,542,592**
Taxes on income and profit	[13]	–5,049,106	–8,397,213
Profit for the financial year		**21,814,640**	**7,145,379**
Of which result to be allocated to minority shares	[28]	6,609	0

BALANCE SHEET

Assets in €	[see Notes]	2008	2007
Non-current assets		40,834,299	22,827,559
Goodwill	[14]	12,210,203	14,789,956
Intangible assets	[14]	953,217	205,039
Property, plant and equipment	[15]	1,362,436	511,057
Shares in associated companies	[16]	20,130,692	0
Other financial assets	[16]	536,982	0
Deferred tax assets	[13	5,640,769	7,321,507
Current assets		492,329,057	212,048,626
Derivative financial instruments	[17]	38,274,630	5,502,897
Other accounts receivable	[18]	1,860,752	3,261,025
Accounts receivable for sales and services	[19]	3,119,655	2,606,199
Other assets	[20]	68,408,380	95,936,321
Tax assets	[20]	2,337,360	208,186
Accounts receivable from associated companies	[21]	798,465	0
Cash at bank with restrictions on disposal	[22]	350,391,430	92,673,514
Cash and cash equivalents	[23]	27,138,385	11,860,484
Total assets		**533,163,356**	**234,876,185**

Liabilities in €	[see Notes]	2008	2007
Equity		81,597,068	53,133,881
Subscribed capital	[25]	40,050,000	40,050,000
Capital reserves	[25]	10,000,000	10,000,000
Retained income	[26]	4,350,938	2,000,000
Results generated	[27]	27,187,915	1,083,863
Minority share	[28]	8,215	18
Non-current liabilities		83,051	747,494
Non-current provisions	[29]	29,114	27,000
Leasing liabilities	[30]	53,937	33,413
Deferred tax liabilities	[13]	0	687,081
Current liabilities		451,483,237	180,994,810
Current provisions	[31]	1,063,596	2,000,020
Financial liabilities	[32]	43,948,995	22,416,096
Derivative financial instruments	[17]	38,274,630	5,502,897
Trade accounts payable	[34]	4,558,682	2,739,617
Cash deposits by the trading participants	[35]	350,391,430	92,673,514
Other liabilities	[36]	13,077,009	53,419,458
Tax liabilities	[36]	168,895	2,243,208
Total liabilities		**533,163,356**	**234,876,185**

CASH FLOW STATEMENT

In €	[see Notes]	2008	2007
Annual net profit		21,814,640	7,145,379
Depreciation on intangible assets and property, plant and equipment	[9]	1,753,325	1,385,748
Deferred tax benefits	[13]	–194,632	–160
Deferred tax expenses	[13]	1,318,381	3,374,937
Expenses which cannot be allocated to the field of operations	[11]	17,398	6,186
Reduction in the accounts receivable for sales and services and other assets	[19, 20, 21]	18,580,554	–40,686,030
Reduction in liabilities and provisions	[31, 34]	–41,526,659	40,006,039
Increase in the account receivable from input tax surplus	[20]	–11,143,000	–33,085,000
Cash flow from operating activities	[39]	**–9,379,993**	–21,852,901
Payments made for investments in property, plant and equipment	[15]	–1,433,115	–463,014
Payments made for investments in software	[14]	–1,459,831	–902,500
Payments made for investments in financial assets	[16]	–616,981	0
Payments from the disposal of shares to subsidiaries	[28]	100	20
Cash flow from investing activities	[40]	**–3,509,827**	–1,365,494
Payments from financial leasing agreements	[30]	–19,940	–40,231
Payments from the sale of own shares	[46]	9,153,191	0
Payments made from the purchase of own shares	[46]	–2,498,428	0
Cash flow from financing activities	[41]	**6,634,823**	–40,231
Net change in cash and cash equivalents		–6,254,997	–23,258,626
Cash and cash equivalents at the beginning of the accounting period		–10,555,613	12,703,013
Cash and cash equivalents at the end of the accounting period	[42]	**–16,810,610**	–10,555,613
Interest received and similar income		3,978,843	1,424,637
Interest paid and similar expenses		4,862,231	1,151,732
Income tax payments		5,353,928	5,022,436

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In €	[See Notes]	2008	2007
Subscribed capital			
Balance as of 1st January		40,050,000	40,050,000
Balance as of 31st December	[25]	**40,050,000**	**40,050,000**
Capital reserve			
Balance as of 1st January		10,000,000	10,000,000
Balance as of 31st December	[25]	**10,000,000**	**10,000,000**
Provisions			
Balance as of 1st January		2,000,000	1,000,000
Allocation to clearing fund		1,000,000	1,000,000
Allocation to retained income		1,350,938	0
Transfer from reserve for own shares according to HGB [German Commercial Code]		–2,413,929	0
Deduction for transfer from reserve for own shares according to IAS 32.33		2,413,929	0
Allocation to reserve for own shares according to HGB		2,498,428	2,413,929
Deduction allocation to reserve for own shares according to IAS 32.33		–2,498,428	–2,413,929
Balance as of 31st December	[26]	**4,350,938**	2,000,000
Results generated			
Balance as of 1st January		1,083,863	–5,061,518
Profit for the financial year		21,814,640	7,145,376
Allocation to reserves for clearing fund		–1,000,000	–1,000,000
Allocation to retained income		–1,350,938	0
Sale of own shares		6,739,262	0
Purchase and sale of own shares		–84,499	0
Sale of shares to subsidiaries		–7,804	5
Minority share in profit for the financial year		–6,609	0
Balance as of 31st December	[27]	**27,187,915**	**1,083,863**
Minority share			
Balance as of 1st January		18	0
Allocation to minority share		1,588	15
Profit for the financial year		6,609	3
Balance as of 31st December	[28]	8,215	18
Group equity as of 31st December		**81,597,068**	**53,133,881**

NOTES

PRINCIPLES AND METHODS

1. General principles

European Energy Exchange AG ("the Company") and its subsidiaries (jointly referred to as EEX Group) operate and support an electronic exchange for energy and other products in accordance with the statutory provisions pursuant to art. 2 of the Articles of Association. This comprises in particular the following: planning, development and execution of electronic data processing within the sphere of the exchange business; discharging the tasks of a clearing house including the operation of clearing systems for the settlement of transactions; collection, processing and distribution of information regarding power and other products; provision of supporting services for the companies dealing with the products described above, as well as other products. In this respect, the Company is authorised to carry out all transactions and measures which appear to be necessary and relevant for achieving the objectives of the Company.

European Energy Exchange AG (EEX) is a public limited company registered in the Federal Republic of Germany.

EEX was established through the merger of LPX Leipzig Power Exchange GmbH, Leipzig and European Energy Exchange AG, Frankfurt into PVG Vierzehnte Vermögensverwaltung AG, Leipzig as of 1st January 2002. It has its registered offices in Augustusplatz 9, 04109 Leipzig, Germany and is registered in the commercial register of Leipzig Local Court under HR B no. 18409.

This consolidated financial statement was submitted to the Supervisory Board for the meeting of the Supervisory Board on 3rd April 2009.

2. First application of IFRS

According to IFRS 1, the consolidated financial statement of EEX Group as of 31st December 2008 was prepared under consideration of the provisions regarding the first application of IFRS so that the IFRS which were mandatory as of 31st December 2008 were applied retroactively for this consolidated financial statement. With regard to the application of those IFRS which have already been published, but are not yet mandatory, reference is made to figure (3).

Equity

In €	31/12/2007	01/01/2007
Subscribed capital		
HGB [German Commercial Code]	40,050,000	40,050,000
IFRS	**40,050,000**	**40,050,000**
Other reserves		
HGB	10,000,000	10,000,000
IFRS	**10,000,000**	**10,000,000**
Reserve for own shares		
HGB	2,413,929	1,760,576
Deduction of own shares from equity as per IAS 32.33	–2,413,929	–1,760,576
IFRS	**0**	**0**
Retained income		
HGB	1,999,986	1,000,000
Profit-neutral recording of the accounting differences in the first application as per IFRS 1.11	13,345,840	13,345,841
Minority share	0	0
Change in the retained income as per IFRS	0	0
Sale of shares to subsidiaries	19	0
IFRS	**15,345,845**	**14,345,841**
Balance sheet profit		
HGB	–11,765,654	18,407,358
Transfer profit and loss account 2007	–1,149,680	0
Minority share	–1	0
Reversal of allocation to reserve for own shares	653,354	0
IFRS	**–12,261,982**	**–18,407,358**
Minority share		
HGB	17	0
Statement of minority share	1	0
IFRS	**18**	**0**
Equity		
HGB	42,698,278	34,403,218
IFRS	**53,133,881**	**45,988,483**

According to IAS 32.33 own shares cannot be shown on the assets side of the balance sheet. Their value has to be deducted from the equity in a manner that does not affect profits. The profit from the sale of own shares is reported directly in the retained income.

Differences between the final HGB balance sheet as of 31st December 2006 and the opening IFRS balance sheet as of 1st January 2007, which result from different valuation bases and accounting principles, are allocated to the equity (retained income) in a manner not affecting profits.

Profit/Loss for the financial year

In €	2007
Profit/ loss as per HGB	**8,295,059**
Reversal of the investment income from own shares	–653,354
Reversal of the expenses from pension obligations	3,751
Reversal of the depreciation charge for goodwill	2,958,043
Additional depreciations	–1,019,870
Reversal of the expenses for capitalised assets (leasing assets, other assets)	942,731
Interest expenses from leasing agreements	–6,186
Additional expenses for deferred taxes	–3,374,777
Reversal of the result from the sale of shares in subsidiaries	–19
Total changes	–1,149,680
IFRS profit/loss	**7,145,379**

In the year 2007 an appreciation of the own shares by KEUR 653 on the costs of acquisition was effected in line with the applicable commercial law. The revenue from the appreciation and sale is allocated in a manner not affecting income.

The derivative goodwill is depreciated linearly until 2011 on account of the acquisition of a company according to HGB. According to IAS 36, an impairment test is carried out every year or in the course of a given year if there are appropriate indicators. In case of an impairment, an extraordinary depreciation is effected. The depreciation expense under German commercial law is not included in the annual profit and loss account according to IFRS.

The capitalisation of one-off payments for changes to the trading system (see item 18) leads to lower expenses during the payment period (reversal of the expenses for capitalised assets for other assets). The depreciation of the assets capitalised additionally requires further depreciation expenses during subsequent accounting periods.

The obligation to carry deferred taxes in the balance sheet as per IFRS leads to additional deferred tax expenses. More detailed information with regard to this is provided under item 13.

Cash Flow Statement

2007 in €	IFRS	Difference	HGB
Annual net profit	7,145,379	–1,149,681	8,295,060
Depreciations on intangible assets and property, plant and equipment	1,385,748	–1,938,173	3,323,921
Increase in long-term reserves	0	–3,751	3,751
Deferred tax benefits	–160	–160	0
Deferred tax expenses	3,374,937	3,374,937	0
Expenses which cannot be allocated to the field of operations	6,186	6,186	0
Increase in the accounts receivable for sales and services and other assets	–73,771,030	757,903	–74,528,933
Increase in liabilities	40,006,039	–54,351,476	94,357,515
Cash flow from operating activities	–21,852,901	–53,304,215	31,451,314
Payments for investments in capital assets	–463,014	–463,014	0
Payments for investments in software	–902,500	–439,486	–463,014
Cash flow from investing activities	–1,365,514	–902,500	–463,014
Proceeds from borrowing	0	–21,849,204	21,849,204
Payments under financial leasing relationships	–40,231	–40,231	0
Cash flow from financing activities	–40,231	–21,889,435	21,849,204
Net change in cash and cash equivalents	–23,258,626	–76,096,130	52,837,504
Cash and cash equivalents at the beginning of the accounting period	12,703,013	–38,993,482	51,696,495
Cash and cash equivalents at the end of the accounting period	–10,555,613	–115,089,612	104,533,999
Interest received and similar income	1,424,637	0	1,424,637
Interest paid and similar expenses	1,151,732	6,186	1,145,546
Payments of taxes on income	5,022,436	0	5,022,436

The depreciations (non-cash expenses) are lower since the goodwill is not depreciated according to schedule.

The expenses for deferred taxes constitute additional, non-cash expenses.

The lower increase in liabilities according to IFRS is essentially due to the fact that the cash deposits by the trading participants are not included in the liabilities according to IFRS. In the year 2007, the trading participants' cash deposits have increased by KEUR 45,247. The lower cash flow from operations under IFRS is essentially due to this change in allocation.

The expenses for investments in software concern the capitalisation of one-off payments for changes to the trading and clearing system (payments not recognised as expenses).

Proceeds from borrowing are defined as proceeds from taking out short-term liabilities to banks from overdraft facilities. Since these are not recorded in the cash and cash equivalents of the cash flow statement as per IFRS, the proceeds from overdraft facilities are subtracted from the cash flow from financing activities.

EEX has not used any relief provisions under IFRS 1.

3. International Reporting Standards (IFRS) and Interpretations (IFRIC) which have been published but whose application is not yet mandatory in the EU

In September 2007 IASB amended IAS 1. This standard has to be applied for reporting periods beginning after 1st January 2009. Essentially, IAS 1 governs formal amendments regarding the designations and contents of individual elements of financial statements. The standard will have impacts on the presentation of the consolidated financial statement of EEX in 2009.

IAS 27 (revised in January 2008) provides for the treatment of the acquisition or sale of shareholdings after the possibility of control is attained and by retaining said possibility. In the future, losses which can be allocated to minorities, and which exceed the financial value of such, have to be presented as negative accounting values in the corporate equity. The standard has to be applied for accounting periods beginning on 1st July 2009. This will result in adjustments for future transactions.

In January 2008, IFRS 3 was revised. It contains regulations regarding, in particular, purchase price components, the treatment of minority shares and regarding goodwill, as well as regarding the extent of the assets, debts and contingent debts to be reported. This will result in adjustments for future transactions.

The newly published or revised standards and interpretations listed below will probably not have any impact on the consolidated financial statement of EEX.

- Amendment of IAS 23 (Borrowing Costs)
- Amendment of IAS 32 (Puttable Financial Instruments and Obligations Arising on Liquidation)
- Amendment of IAS 39 (Financial Instruments: Recognition and Measurement: Eligible Hedged Items)
- Amendment of IFRS 1 (First Time Adoption of IFRS)
- Amendment of IFRS 2 (Share Based Payment: Vesting Conditions and Cancellations)
- IFRS 8 (Operating Segments)
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 13 (Customer Loyalty Programmes)
- IFRIC 14 (IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in A Foreign Operation)
- IFRIC 17 (Distributions of Non-Cash Assets to Owners)
- IFRIC 19 (Transfer of Assets from Customers)

4. Fundamental Accounting and Valuation Methods

The fundamental accounting and valuation methods which are used in the preparation of this consolidated financial statement are described below. The methods described are consistently used for of the accounting periods presented, unless otherwise specified.

Principles of the preparation of the financial statement

The consolidated financial statement as of 31st December 2008 was prepared according to the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and as adopted for application in the European Union. The consolidated financial statement was prepared by applying the regulations contained in (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002 regarding the application of international accounting standards in conjunction with art. 315a paragraph 3 HGB [German Commercial Code] under consideration of the supplementary provisions under commercial law.

The requirements of IFRS are fully fulfilled and ensure that an impression of the asset, financial and earnings situation of the Group is conveyed which is in line with the actual situation.

The consolidated financial statement was prepared on the basis of the historical costs of acquisition/production.

The consolidated financial statement is prepared in EUR. Unless otherwise specified, all amounts are specified in thousand Euros (KEUR).

Principles of consolidation Subsidiaries

All those companies in which the Group controls financial and business policy are defined as subsidiaries; as a rule, such control is accompanied by a share of more than 50 percent in the voting rights. In assessing the question of whether such control is ensured, the existence and effect of potential voting rights, which can be currently exercised or converted, is taken into account.

Subsidiaries are included in the consolidated financial statement (full consolidation) as of the time at which control was transferred to the Group. They are submitted to final consolidation at the time at which such control ceases.

Reporting regarding subsidiaries acquired in the financial statement is effected according to the purchase method. The costs of acquisition of the purchase correspond to the time value of the assets given, the equity instruments issued and the debts created and/or assumed at the date of exchange plus the costs which can be directly allocated to the acquisition. Assets, debts and contingent debts which can be identified in the framework of a corporate merger are assessed at their respective time values on the date of acquisition regardless of the extent of the minority shares. The surplus of the costs of acquisition for the purchase over and above the Group's share in the net assets assessed at the fair value is shown as goodwill. If the costs of acquisition are lower than the net assets of the acquired subsidiary assessed at the fair value, the amount of such difference is directly recorded in the profit and loss account.

Intragroup transactions, balances as well as unrealised profits and losses from transactions between affiliated companies are eliminated. If there are unrealised losses, however, this is seen as an indicator of the need to carry out an impairment test for the asset transferred. In so far as necessary, the accounting and valuation methods for subsidiaries were changed in order to ensure uniform accounting throughout the Group.

Assets held in the framework of a fiduciary relationship are not considered assets of the Group and are not reported in the consolidated financial statement.

Transactions with minorities

Transactions with minorities are treated like transactions with parties external to the Group. Sales of shares in minorities are recognised directly in equity in the consolidated financial statement. Conversely, acquisitions of shares in minorities are also recognised directly in equity.

Associated companies

Associated companies are those companies on which the Group exercises decisive influence but which it does not control; as a rule, this is accompanied by a share of between 20 and 50 percent in the voting rights. Shareholdings in associated companies are reported in the balance sheet by using the equity method and, initially, they are assessed at their costs of acquisition. The share of the Group in associated companies includes the goodwill created upon the acquisition (after consideration of cumulated decreases in value).

The Group's share in the profits and losses of associated companies is recorded in the profit and loss account as of the date of acquisition, whereas the share in changes in reserves is recorded in the group reserves. The cumulated changes after acquisition are set off against the book value of the shareholding. If the Group's share in the loss in an associated company corresponds to the share of the Group in this company, including other unsecured accounts receivable, or exceeds said value, the Group does not record any further losses unless it has entered into obligations for the associated company or has made payments for the associated company.

Unrealised profits from transactions between affiliated companies and associated companies are eliminated according to the Group's share in the associated company. Unrealised losses are also eliminated unless the transaction indicates a reduction in the value of the asset transferred. If required, the accounting and valuation methods of associated companies were changed in order to ensure uniform accounting throughout the Group.

Joint Ventures

Joint ventures are shown in the balance sheet according to the equity method as per IAS 31.38.

Scope of consolidation and changes to the scope of consolidation

		ECC	EPD	Lilie 28. VV	EPS*	EPEX Spot SE	EMCC
Registered offices		Germany Leipzig	Germany Leipzig	Germany Leipzig	Germany Leipzig	France Paris	Germany Hamburg
First consolidation		2006	2008	2007	2007	2008	2008
Share in capital direct (indirect) 31/12/2007	%	99.9999	0	100	100	0	0
Share in capital direct (indirect) 31/12/2008	**%**	**99.9999**	**99.9**	**100**	**(50)**	**50**	**20**
Nominal capital	€	1,000,000	100,000	25,000	1,000,000	4,973.095.56	100.000
Equity 2007	€	18,171,425	24,658	24,814	8,095,385	0	0
Equity 2008	**€**	**20,170,455**	**7,870,249**	**24,874**	**7,141,385**	**7,546,548**	**–238,572**
Balance sheet total 2007	€	203,863,610	24,658	24,814	10,994,640	0	0
Balance sheet total 2008	**€**	**468,278,902**	**17,495,482**	**24,874**	**8,452,060**	**19,793,448**	**1,367,738**
Sales 2007	€	15,142,704	0	0	7,392,726	0	0
Sales 2008	**€**	**17,089,140**	**15,627,467**	**0**	**8,199,208**	**0**	**108,965**
Profit for the year 2007	€	3,861,659	–342	–186	2,951,726	0	0
Profit for the year 2007	**€**	**2,538,379**	**502**	**60**	**2,723,324**	**0**	**–338,572**
Consolidation		Full	Full	Full	Full	At equity	At equity

* Final consolidation on 31/12/2008

The companies Lilie 27. V.V. GmbH (today: EEX Power Spot GmbH, EPS) and Lilie 28. V.V. GmbH were established as of 8th May 2007 and acquired by EEX AG on 22nd June 2007. Lilie 28. V.V. GmbH still exists as a shelf company.

On 29th June 2008 EEX AG established EEX Derivatives Markets GmbH. By means of the resolution of 3rd July 2008 the company was renamed EEX Power Derivatives GmbH (EPD) and the Power Derivatives Market business was spun off to the company with retroactive effect as of 1st January 2008. As of 31st December 2007 European Commodity Clearing AG (ECC AG), Lilie 28. V.V. GmbH, EPS and EPD were fully consolidated. As of 31st December 2008 EPS is submitted to final consolidation upon the transfer of the shares to EPEX Spot SE. For further explanations see the description of the balance sheet item “Financial assets” (item 16).

European Market Coupling Company GmbH (EMCC) was established in the financial year 2008. EEX holds 20 percent in the company and consolidates it at equity.

Furthermore, 12 percent of the shares in store-x Storage Capacity Exchange GmbH, Leipzig and 19 percent of the shares in trac-x Transport Capacity Exchange GmbH, Leipzig were acquired.

Property, plant and equipment

Assets of property, plant and equipment are capitalised at the costs of acquisition and/or production and depreciated linearly as scheduled in accordance with the probable commercially useful life. Costs of outside capital are not capitalised.

Subsequent costs of acquisition/production, e.g. on account of investments for expansions or replacement investments, are only recorded as a part of the costs of acquisition/production of the asset or – if appropriate – as a separate asset provided it is likely that a commercial benefit will accrue to the company from it in the future and that the costs of the asset can be established reliably.

Expenses for repair and maintenance activities which do not constitute essential replacement investments (day-to-day services) are recognised as expenses in the profit and loss account for the financial year during which such were incurred.

Properties are not depreciated. All other assets are depreciated linearly with the costs of acquisition being depreciated to the residual book value as follows over the expected service life of the asset:

	Service life in years
Furniture and fixtures	
Server	3
Printers	8
Office equipment	
Folding machine	8
Steel cabinet	20
Other office furniture	13

The residual book values and commercially useful life are reviewed as of every balance sheet date and adjusted if required. If the book value of an asset exceeds its estimated achievable value, it is immediately depreciated to the latter.

Profits and losses from the disposal of property, plant and equipment are established as the amount of the difference between the sales proceeds and the book value of the property, plant and equipment and recognised in income.

Intangible assets

Goodwill

Goodwill is defined as the difference between the costs of acquisition of a company over and above the fair value of the shares of the Group in the net assets of the company acquired at the time of acquisition. Any goodwill created by the acquisition of the company is reported in the balance sheet under intangible assets. Any goodwill resulting from the acquisition of an associated company is contained in the book value of the shareholding in this associated company. The goodwill shown in the balance sheet is submitted to an annual impairment test and assessed at its original costs of acquisition minus cumulated impairments.

Reversals of impairment losses are not permissible. The goodwill is divided into cash-generating units for the purpose of the impairment test.

This division is effected into those cash-generating units which are expected to benefit from the merger during which the goodwill was created.

Other intangible assets

Software licenses acquired are capitalised at their costs of acquisition/production plus the costs for establishing a state ready for going into operation. The total costs of acquisition are depreciated over the estimated commercially useful life.

An intangible asset which is created by the company itself and results from development activity (or the development phase of an internal project) is shown, if and only if, all of the following proofs can be furnished:

- Technical feasibility of completion of the intangible asset is ensured so that it will be available for use or for sale.
- The completion of the intangible asset as well as its use or sale are intended.
- There is the capacity to use or sell the intangible asset.
- It has been established how the intangible asset will generate its probable future commercial benefit.
- The availability of adequate technical, financial and other resources for the completion of the development and the use or sale of the intangible asset is ensured.
- There is the capacity to reliably determine the expenses allocable to the intangible asset in the framework of the development.

The value at which an intangible asset created by the company itself is capitalised for the first time corresponds to the total of the expenses incurred as of the day on which said intangible asset fulfils the conditions specified above. In case an intangible asset created by the company cannot be capitalised, the development costs are recognised in income during the accounting period during which such are incurred.

The directly allocable costs e.g. comprise the staff expenditure for the employees involved in the development as well as further costs directly allocable to the software development.

Capitalised costs of acquisition and production for software are depreciated over its expected useful life:

	Service life in years
Licenses	3
Admission database	4
Accounting software	5

Impairment of non-monetary assets

Assets which have an indefinite useful life are not depreciated according to schedule; they are rather submitted to an impairment test at least once per year as well as on the balance sheet date as a supplement in case this is substantiated by corresponding indicators (events and/or changes in circumstances).

Assets which are subject to scheduled depreciations are tested for an impairment in case there are corresponding indications (events and/ or changes in circumstances) signalling that the book value might perhaps not be achieved any more. An impairment loss is recorded as the amount by which the book value exceeds the achievable amount. The achievable amount is the higher of the fair value of the asset (minus selling costs) or its value in use.

For the purpose of the impairment test, assets are combined on the lowest level for which the cash flows can be identified separately (so-called cash-generating units). With the exception of the value of the business and of the goodwill, non-monetary assets for which an impairment has been recorded in the past are reviewed as to whether a reversal of impairment losses has to be effected as of every balance sheet date.

Leasing relationships

EEX only has contractual relationships in which it is the lessee.

The allocation of beneficial ownership has to be evaluated for every leasing relationship. Leasing relationships in which an essential share of the risks and opportunities associated with the ownership of the object of the lease remains with the lessor are classified as operating lease relationships. Otherwise, the relationship constitutes a financial leasing relationship.

Rented or leased assets whose beneficial owner is EEX according to IAS 17 (financing leasing relationship), are shown in the assets at the present value of the rent or leasing instalments or at the time value of the rental or leasing object, if such is lower, and depreciated linearly according to schedule.

In case ownership is transferred to EEX as of the end of the leasing term, the period of depreciation corresponds to the commercially useful life; otherwise, it corresponds to the leasing term of the object of the lease. The present value of the payment obligations from the future rental and leasing instalments is reported as liabilities and subsequently reduced by the repayment share contained in the rental and leasing payments.

Rental and leasing relationships in which EEX cannot be allocated beneficial ownership are classified as operating lease relationships. The expenses resulting from these agreements are recorded fairly at the time of the use of the corresponding rental and leasing objects; i.e. they are recorded linearly in the profit and loss account throughout the term of the leasing relationship (net after consideration of incentive payments made by the lessor).

Financial assets

A financial instrument is defined as a contract which simultaneously leads to a financial asset for one company and to a financial liability or equity instrument for the respective other company.

Financial assets comprise the following:

a) available funds;
b) an equity instrument of another company held as an asset;
c) a contractual right:
   - to obtain available funds or other financial assets from another company or

- to exchange financial assets or financial liabilities with another company at potentially advantageous conditions or

d) a contract which will or can be fulfilled in own equity instruments of the company and which constitutes the following:
- a non-derivative financial instrument which comprises or can comprise a contractual obligation of the company to receive a variable number of equity instruments of the company or
- a derivative financial instrument which will or can be fulfilled in another manner than through the exchange of a fixed amount of available funds or other financial assets in return for a fixed number of equity instruments of the company. In that sense the equity instruments of a company do not comprise any instruments which themselves constitute contracts regarding the future receipt or the future sale of equity instruments of the company.

Assessment and de-recognition of financial investments are effected as per the trading day. Said day is the day of the purchase or sale of a financial asset on which the terms of contract provide for the delivery of the financial asset within the time frame common for the market concerned. The first assessment is effected at the fair value plus the transaction costs. Financial assets categorised as "recognised in income at the fair value" are exempt from this. In this case, the initial assessment is effected at the fair value without consideration of transaction costs.

Financial assets are allocated according to the following categories:

- Assets recognised in income at the fair value
- Financial assets held until final maturity
- Financial assets available for sale
- Loans and accounts receivable

The allocation to a category depends on the type and intended purpose of the financial assets and is effected upon addition of the asset. The allocation to a category needs to be reviewed as of every balance sheet date.

In EEX, financial assets are divided into three categories.

Assets at fair value through profit or loss

This category has two sub-categories: Financial assets classified as "held for trading" right from the beginning and financial assets classified as "assets assessed at fair value through profit or loss" right from the beginning. A financial asset is assigned to this category if it was acquired with the intention of selling it in the short run on principle or in case the financial asset was designated accordingly by the management. Derivatives are also part of this category unless they are qualified as financial instruments in a hedge relationship (hedges).

Assets of this category are reported as current assets if they are either held for trading or will probably be realised within a period of 12 months after the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and/or definable payments which are not quoted on an active market. They are part of the current assets if their term does not exceed a period of 12 months after the balance sheet date. If this is not the case, they are reported as non-current assets.

Loans and receivables are reported under accounts receivable for sales and services and other accounts receivable in the balance sheet.

Financial assets available for sale

According to IAS 39, financial assets are also allocated to the category of "financial assets available for sale". Financial assets available for sale are shown in the balance sheet at their time value as of the balance sheet date or, in as far as such cannot be determined or in as far as such cannot be determined reliably, at the amortised acquisition costs. Since the time values of the shareholdings held by EEX Group cannot be determined by means of suitable valuation methods, they are reported in the balance sheet at amortised acquisition costs.

Financial instruments of European Commodity Clearing AG

ECC AG is the clearing house of EEX Group and has the function of a central counterparty.

Unconditional futures transactions

In the case of certain futures the physical delivery of the subject of the contract is intended and mandatory from the outset. The parties to the contract can close out their obligations through a matching transaction. This form of contract is possible for all commodities except coal. In terms of the balance sheet futures which were already traded before the balance sheet date but whose last trading day occurs later – i.e. futures in the open interest – in particular are relevant at this point.

Profits and losses are set off through the variation margins. As a result, a payment right/obligation does not exist any more. For this reason, the futures do not have to be reported in the balance sheet.

Variation margins cover daily profits and losses. They are directly passed on to the corresponding party to the contract and, hence, do not lead to any asset or liability on the part of ECC. Futures with mandatory cash settlement are treated as being equivalent to unconditional forward contracts and for this reason, they are not shown either as assets or liabilities in the balance sheet.

Conditional futures transactions

In the case of options, the buyer of an option has to pay an option premium upon the conclusion of the contract. In the event of price fluctuations which have a negative impact on the seller of the option and lead to losses in case the option is exercised, margins have to be furnished by the seller. The buyer of an option, on the other hand, cannot sustain any further losses beyond the option premium already paid since it is not obliged to exercise the option. In other words, the value of an option depends on the possible losses which the seller might sustain.

The fair value has to be shown in the balance sheet for options. Since a market price for the options can be established with the help of the EEX data, said market price has to be used for the assessment.

In this context, the option premiums for the open positions are used. Assets and liabilities positions of the same amount are created since ECC, in its capacity as the central counterparty, has both an account receivable towards the seller of the option and an account receivable towards the buyer of the option.

Option premiums are directly credited to the seller of the option. As a result, they do not constitute any future outflow/inflow of funds and do not have to be shown in the balance sheet.

Accounts receivable for sales and services

Initially, accounts receivable for sales and services are assessed at the fair value. Afterwards they are valued at amortised acquisition costs and, in as far as they have a remaining term of more than 6 months, by using the effective interest rate method as well as by deducting impairments. An impairment of accounts receivable for sales and services is recorded if there are objective indications pointing to the fact that the amounts of the accounts receivable which have fallen due cannot be collected in their entirety. Considerable financial difficulties of a debtor, an increased likelihood of the debtor becoming insolvent or entering into some other reorganisation measure as well as a breach of contract, such as a default or a delay in interest or redemption payments, are considered indicators of the presence of an impairment. The amount of such impairment is recognised as other operating expenses in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash assets, sight deposits and other highly liquid short-term financial assets with an original term of at maximum three months, as well as overdraft facilities.

Bank deposits with a restriction on disposal comprise cash deposits by the trading participants which are invested with banks overnight essentially in the framework of reverse repurchase agreements.

Overdraft facilities used are essentially shown as liabilities to banks under the short-term financial debts in the balance sheet.

Securities

According to the clearing conditions of ECC AG, every trading participants needs to furnish a certain amount in securities. These securities can be furnished in the form of cash funds in the Federal Bank account of ECC AG, in securities or bank guarantees (only for the clearing fund).

Liabilities from cash securities are reported under the item “Cash deposits by the trading participants” in the consolidated balance sheet. The corresponding amounts are reported under “Bank deposits with a restriction on disposal”.

Securities furnished in stocks and shares are pledged by the clearing members. These cannot be shown in the balance sheet.

Financial debts

Upon their first assessment financial debts are assessed at their fair value and after the deduction of transaction costs. In subsequent accounting periods they are valued at amortised acquisition costs; every difference between the payout amount (after the deduction of transaction costs) and the repayment amount is recorded in the profit and loss account by using the effective interest method throughout the term of lending.

Loan liabilities are classified as current liabilities unless the group has the unconditional right to postpone repayment of the liability to a time at least 12 months after the balance sheet date.

Deferred taxes

Deferred taxes are assessed for all temporary differences between the tax balance sheet value of the assets/liabilities (tax base) and their book values in the annual financial statement according to IFRS (so-called liabilities method). If, however, deferred taxes, which do not have an impact on the balance sheet or taxable profit or loss at the time of the transaction, arise from the first assessment of an asset or a liability in the framework of a transaction which does not constitute a merger, tax accrual and deferral are dispensed with both at the time of the initial assessment and afterwards. Deferred taxes are assessed by using the tax rates (and taxation provisions) which are applicable on the balance sheet date or have essentially been adopted legally on the balance sheet date and which are expected to be valid at the time of the realisation of the deferred tax asset and/or of the settlement of the deferred tax liability. Deferred tax liabilities which are caused by temporary differences in connection with the shareholdings in subsidiaries and associated companies are stated unless the time of the reversal of the temporary differences can be determined by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future on account of this influence.

Deferred tax assets on losses carried forward are assessed to the degree to which it is likely that such can be used. The use of deferred tax assets on losses carried forward depends on whether sufficient taxable income is generated in the future. The earnings situation in the past as well as planning calculations are used to evaluate the likelihood of such a situation.

Employee benefits

Within the Group there are both defined benefit pension plans and defined contribution pension plans.

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a company (fund) which is not part of the Group. The Group is not subject to any legal or de facto obligation to provide additional contributions in case the fund does not have sufficient assets in order to settle the pension claims of all employees from the current and previous business years. In contrast to this, defined benefit pension plans typically specify an amount for the pension benefit which an employee will receive upon retirement and which usually depends on one or more factors, such as age, length of service and salary.

The reserve for defined benefit plans assessed in the balance sheet corresponds to the present value of the defined benefit obligation (DBO) on the balance sheet date after adjustment for actuarial profits and losses which have not been recognised in income so far; it is not assessed according to current service costs recognised in income and to be settled subsequently. The DBO is calculated annually by an independent actuarial expert by using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future outflow of funds at the interest rate for industrial bonds with the highest credit rating. The industrial bonds are specified in the currency of the payment amounts and have terms corresponding to those of the pension obligations.

Actuarial profits and losses which are based on adjustments and modifications of actuarial assumptions on account of experience are recognised in income throughout the expected remaining period of service of the employees.

Current service costs to be settled subsequently are immediately recognised in income unless the modifications of the pension plan depend on the continuance of the employee in the company for a fixed term (term until the beginning of non-forfeitability). In this case, the current service costs to be settled subsequently are recognised in income linearly throughout the period until the beginning of non-forfeitability.

At EEX, the provisions of IAS 19 are only applied for essential defined benefit plans. Since the amount of the reserve at the level of the Group is negligible at the moment, obtaining of an IFRS expert opinion has been dispensed with. The amount of the reserve is established according to the fiscal entry age normal method. It is discounted at a rate of 6 percent. Trends in the development of wages and pensions are not considered. Actuarial profits and losses are immediately recognised in income. In as far as there are plan assets, these are deducted from the pension reserve.

Reserves

Reserves are carried as liabilities in case the Group has a current legal or de facto obligation resulting from an event in the past, in case it is more likely than not that the settlement of the obligation will lead to an encumbrance and the amount of the reserve can be determined reliably. Reserves for future operating losses are not recorded.

If there is a large number of similar liabilities, the likelihood of an encumbrance on the basis of the group of these liabilities is established. A reserve is also carried as a liability if the likelihood of an encumbrance is low with reference to a single obligation contained in this group.

Reserves are assessed at the present value of the expected expenses; in this process, a pre-tax interest rate is used which takes the current market expectations regarding the interest effect and the risks specific to the obligation into account. Increases in the reserve resulting from mere compounding are recognised in income as interest expenses in the profit and loss account.

Profit realisation

The trading and clearing fees are immediately recognised as sales revenue on the trading day and settled on a monthly basis. Trading, clearing and settlements fees are recorded as of the delivery day; fees regarding the Derivatives Market are recorded on the last day before the beginning of the delivery period. Annual fees and technical fees are recorded in advance with annual fees recorded one year in advance and technical fees recorded one quarter in advance. Training fees are recorded after receipt of the accounting transaction and fees for information products are recorded after the receipt of invoices by the service provider.

Interest revenue and expenses are recorded considering the effective interest rate method.

Interest revenue is recorded if it appears sufficiently likely that the commercial benefit from the transaction will accrue to the company and the amount of the revenue can be determined reliably.

Interest expenses are recorded in the accounting period during which they were incurred.

Transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency (EUR) at the exchange rates valid at the time of the transaction. Profits and losses resulting from the fulfilment of such transactions as well as from the conversion of monetary assets and debts recorded in foreign currencies at the exchange rate valid on the balance sheet date are recorded in the profit and loss account.

Establishment of the fair value

The fair values of the financial instruments are determined on the basis of corresponding market values or valuation methods. The fair values for cash funds and other short-term original financial instruments (in particular accounts receivable for sales and services and trade accounts payable) roughly correspond to the book values shown in the balance sheet as of the respective balance sheet dates.

The fair value of derivatives traded in an active market is based on the exchange price on the balance sheet date. Since ECC acts as the buyer and the seller at the same time, the relevant exchange price of financial assets corresponds to their current bid price

The fair value of financial liabilities specified in the Notes is established by discounting the future payments agreed on by contract at the currently valid market interest rate which would be granted to the Group for comparable financial instruments. As of 31st December 2008, there were no long-term liabilities within EEX Group.

5. Estimates, valuation uncertainties and discretionary decisions

All estimates and assessments are constantly re-evaluated and are based on experience gained from the past and further factors, including expectations with regard to future events, which appear reasonable under the prevailing circumstances.

The Group makes assessments and assumptions regarding the future. The estimates derived from these will obviously only correspond exactly to the actual circumstances arising later on in very rare cases.

The corporate planning of EEX AG constitutes the basis for the annual impairment test for the goodwill. This planning processes assumptions regarding the future development of the expense and income items of the cash-generating units concerned.

Further estimates and assessments have been made, especially, with regard to the evaluation of the likelihood of demands on certain reserves as well as the realisability of deferred tax assets.

The determination of the deferred tax assets on losses carried forward is based on the medium-term plan. If the total of the volumes planned for the Power Derivatives Market for the medium term is reduced by 30 percent, this would not result in a valuation adjustment.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The profit and loss account is prepared according to the aggregate cost method.

6. Sales revenue

The sales revenue consists of four components: transaction fees, annual fees, training fees and other sales revenue.

The revenue generated by EPS and EPD mainly results from the transaction fees for trading in power, which are invoiced as fees per order executed depending on the number of kWh traded.

ECC generated clearing turnover, the amount of which also depends on the value of the order.

ECC provides clearing of products traded on EEX, EPS, EPD and the co-operation partners ENDEX European Energy Derivatives Exchange N.V. (ENDEX) and Powernext. This co-operation is reflected in a clear correlation of the ECC clearing fees with the transaction fees of the companies contained in the scope of consolidation of EEX.

The annual fees are charged annually by the companies operating the exchange in return for the right to use the respective market concerned.

The training services for exchange traders are exclusively provided by EEX. A fee is charged for participation in the exchange trader examination.

The sales revenue of the Group is structured as follows:

In €	2008	2007
Power Spot Market	10,174,816	8,288,028
Gas Spot Market	57,382	16,189
EUA Spot Market	22,220	126,531
Total Spot Market	10,254,418	8,430,748
Power Derivatives Market	27,042,788	26,881,262
Gas Derivatives Market	744,229	360,433
EUA Derivatives Market	278,556	101,794
Coal Derivatives Market	20,940	18,644
Total Derivatives Market	28,086,513	27,362,133
Annual fees	3,409,828	2,938,319
Training courses/examinations	1,023,300	870,992
Others	379,910	201,159
Total revenue	**43,153,969**	**39,803,351**

During the financial year 2008, sales revenue increased from KEUR 39,803 to KEUR 43,154. The turnover generated through the clearing business increases exponentially. This is essentially due to additional sales on account of the co-operation with ENDEX and Powernext.

7. Other operating income

The other operating income is structured as follows:

In €	2008	2007
XETRA line charges	1,947,040	2,216,250
EUREX line charges	2,390,950	1,816,378
Other revenue	758,271	583,484
Total	**5,096,261**	**4,616,112**

The trading participants are invoiced for line charges depending on the type of line used on a quarterly basis. While revenues are generated on the one hand, there are also expenses from systems costs, which are reported under the item Other operating expenses.

The other revenue essentially comprises revenue from on-debiting of project expenses.

8. Personnel expenditure

Personnel expenditure has the following structure:

In €	2008	2007
Salaries and wages	4,756,504	3,373,365
Social insurance contributions	964,482	662,734
Contributions to defined benefit plans	0	331,237
Allocation to pension reserve	–1,882	0
Total	**5,719,104**	**4,367,336**

As of 31st December 2008 67 members of staff were employed in EEX Group (2007: 57). On an annual average for 2008, the number of staff totals 61 (2007: 49). There are no apprentices.

9. Depreciation

Depreciation is structured as follows:

In €	2008	2007
Intangible assets	185,152	84,375
Property, plant and equipment	389,944	281,503
Other accounts receivable	1,153,602	986,789
Leasing assets	24,627	33,081
Total	**1,753,325**	**1,385,748**

10. Other operating expenses

The other operating expenses are structured as follows:

In €	2008	2007
Systems costs	11,766,304	10,420,297
Business, IT and tax consultancy, legal advice	3,572,673	3,802,313
Market maker expenses	2,200,819	3,380,091
Advertising/travelling expenses and events	1,332,415	1,040,425
Non-deductible input tax	1,211,501	637,893
Broker expenses	674,272	1,437,646
Rental expense	650,648	335,528
Energy nomination	474,993	
Insurances, contributions	410,318	366,654
Audit costs	394,486	48,913
Gas transport	196,175	84,546
Other expenses	3,055,371	1,842,386
Total	**25,939,975**	**23,396,692**

Market makers promote continuous trading and improve liquidity on the respective market by publishing binding buying and selling quotes. Market makers are entitled to change the quotes submitted by them at any time in the context of continuous quoting. Upon a request to that end by a licensed trading participant the market maker is obliged to buy or sell at the rates published by it.

The marker maker expenses fell during the financial year on account of amended contracts.

The systems costs comprise costs which depend on volumes, costs which depend on the trading participant and the operating flat rate for the trading and settlement system of EEX Group.

Systems expenses increase with rising volumes.

Furthermore, the systems costs comprise line charges regarding the trading participants' technical connections. These are charged on to the customers (see item 7).

11. Financial result

The financial result has the following structure:

In €	31.12.2008	31.12.2007
Interest income margins	3,503,939	971,791
Interest expenditure margins	3,246,929	910,542
Net interest income margins	**257,010**	**61,249**
Interest income	471,105	449,257
Other interest and similar income	3,799	3,589
Interest expenditure from short-term liabilities	1,531,523	219,685
Other interest and similar expenses	83,779	21,505
Other net interest income	**–1,140,398**	**211,656**
Total interest income	3,978,843	1,424,637
Total interest expenses	4,862,231	1,151,732
Total	**–883,388**	**272,905**

12. Expenses/income from equity accounting

The expenses of KEUR 20 recorded in 2008 concerned the continuation of the book value of the investment in EMCC. The share in the losses reported by EMCC totalling KEUR 338 (20 percent = KEUR 68) for the financial year 2008 exceeded the book value of the investment of KEUR 20 by KEUR 48.

13. Taxes on income and profit

The taxes on income and profit paid or owed currently are recorded as income tax. In this context, the taxes on income and profit consist of capital gains tax, business tax, corporation tax and solidarity surcharge.

Current taxes on income and profit are recognised in income at the time at which such are incurred.

In €	31.12.2008	31.12.2007
Current income taxes	3,694,016	5,038,217
Income taxes unrelated to the accounting period	231,340	–15,781
Deferred taxes on income	1,484,417	3,097,877
Deferred taxes on income unrelated to the accounting period	–360,667	276,900
Total	**5,049,106**	**8,397,213**

For the purpose of the calculation of deferred taxes, a tax rate of 31.925 percent is used for the year 2008 (2007: 31.925 percent). This tax rate considers the business tax with an assessment rate of 460 percent (2007: 460 percent) on the basic rate of tax of 3.5 percent (2007: 3.5 percent), the corporation tax rate of 15 percent (2007: 15 percent) and the solidarity surcharge of 5.5 percent (2007: 5.5 percent) on corporation tax.

The expected expenses for taxes on income and profit, which would have resulted from the application of the tax rate of the holding to the amount of EUR 31.925 percent (2007: 40.14 percent) on the consolidated pre-tax profit as per IFRS, can be transferred to the taxes on income and profit according to the profit and loss account as follows:

In €	2008	2007
Earnings before taxes	26,863,746	15,542,592
Tax rate	31,925 %	40,14 %
Expected tax expenditure	8,576,251	6,239,150
Deviating valuation	–4,127,682	0
Non-deductible expenses	143,036	41,118
Deviation from the assessment basis for business tax	91,914	0
Tax expenses from change of tax rate	0	1,707,655
Tax expenses/income not attributable to the accounting period	231,340	–15,781
Deferred taxes not attributable to the accounting period	–360,667	276,900
Others	494,914	148,171
Effective tax expenditure	**5,049,106**	**8,397,213**

The following deferred tax assets and tax liabilities arise from the temporary differences and tax loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
In €	**2008**	**2007**	**2008**	**2007**
Intangible assets	1,938	0	0	0
Property, plant and equipment	0	38,415	–14,375	0
Financial instruments	12,219,176	1,756,800	–12,219,176	–1,756,800
Other accounts receivable	0	0	–454,529	–1,041,082
Other assets	0	0	–1,518	0
Loss carryforward	6,743,032	7,912,624	0	0
Long-term reserves		601	0	0
Leasing liabilities	6,985	10,667	–10,235	0
Outside basis differences	0	0	–630,528	–286,799
Gross value	**18,971,130**	**9,719,107**	**–13,330,361**	**–3,084,681**
Balancing	–13,330,361	–2,397,600	13,330,361	2,397,600
Total	**5,640,769**	**7,321,507**	**0**	**–687,081**

Deferred tax assets are assessed with regard to temporary differences and tax loss carryforwards provided their realisation appears sufficiently secure in the near future.

Under the current legal situation, tax loss carryforwards can be brought forward without any restrictions in terms of time.

The deferred taxes are structured as follows depending on the term until realisation:

In €	2008	2007
Deferred tax assets		
which will be realised after more than 12 months	4,840,579	7,321,507
which will be realised within a period of 12 months	800,190	0
	5,640,769	7,321,507
Deferred tax liabilities		
which will be realised after more than 12 months	0	0
which will be realised within a period of 12 months	0	687,081
	0	687,081
	5,640,769	**6,634,426**

NOTES TO THE CONSOLIDATED BALANCE SHEET

14. Goodwill and intangible assets

The goodwill and the intangible assets have developed as follows:

In €	Other intangible assets	Goodwill	Total
Costs of acquisition as of 1st January 2007	304,348	27,593,153	**27,897,501**
Additions	206,672	0	206,671
Disposals	0	0	0
Costs of acquisition as of 31st December 2007	511,020	27,593,153	**28,104,173**
Additions	933,331	0	933,331
Disposals	–169,381	–6,301	–175,682
Costs of acquisition as of 31st December 2008	1,274,970	27,586,852	**28,861,822**
EPS deconsolidation	–4,471	–6,014,423	–6,018,894
Costs of acquisition as of 31st December 2008	1,270,499	21,572,429	**22,842,928**
Depreciation/impairment as of 1st January 2007	221,606	12,803,197	**13,024,803**
Scheduled depreciation	84,375	0	84,375
Disposals	0	0	0
Depreciation/impairment as of 31st December 2007	305,981	12,803,197	**13,109,178**
Scheduled depreciation	185,152	0	185,152
Disposals	–169,380	0	–169,380
Depreciation/impairment as of 31st December 2008	321,753	12,803,197	**13,124,950**
EPS deconsolidation	–4,471	–3,440,971	–3,445,442
Depreciation/impairment as of 31st December 2008	317,282	9,362,227	**9,679,509**
Book value as of 1st January 2007	82,742	14,789,956	**14,872,698**
Book value as of 31st December 2007	205,039	14,789,956	**14,994,995**
Book value as of 31st December 2008	953,217	14,783,655	**15,736,872**
EPS deconsolidation	0	–2,573,452	–2,573,452
Book value as of 31st December 2008	953,217	12,210,203	**13,163,420**

The investments in other intangible assets essentially comprise the following:

In K€	2008	2007
Accounting software	0	49
Schedule planning tool, natural gas	0	36
Back-up licences	0	22
Spot Market Settlement System	677	0
Market Surveillance Monitoring System	101	0
Billing system	54	0
Total	**832**	**107**

The goodwill of the companies is not depreciated according to schedule. It has the following structure:

In €	EEX AG	ECC AG	EPS GmbH	EPD GmbH	Total
As of 1st January 2007	8,873,974	5,915,982	0	0	14,789,956
Changes to the scope of consolidation	–2,573,452	0	2,573,452	0	0
As of 31st December 2007	6,300,521	5,915,982	2,573,452	0	14,789,955
Changes to the scope of consolidation	–6,300,521	0	–2,573,452	6,300,521	–2,573,452
Minority transactions	0	0	0	–6,301	–6,301
As of 31st December 2008	**0**	**5,915,982**	**0**	**6,294,220**	**12,210,203**

The goodwill is allocated to the cash-generating units (CGUs) of the Group which have been identified in accordance with the expected utilisation of synergetic effects as per the corporate concept and the corporate plan at the time of the acquisition.

The amount which can be achieved by a CGU is determined on the basis of the calculation of its value in use. These calculations are based on forecast cash flows, which are derived from the planning adopted by the management.

Impairment test as of 31st December 2008

The impairment test is based on the medium-term planning for the cash generating units. These cash flows, which are forecast on an annual basis, are discounted.

In as far as cash flow forecasts are required in addition beyond the five-year planning horizon, a sustainable cash flow is derived from the plan and continued on the basis of a growth rate oriented on the specific development of the market.

The rate of the weighted average cost of capital (WACC), which reflects the capital market's required rate of return for the provision of borrowed capital and equity, is used for the purpose of discounting the cash flow.

Risks in the cash flows are considered through a risk-equivalent capitalisation interest rate. At

EEX, the weighted average cost of capital amounts to 8.4 percent.

In all of these cases, a fair value, minus sales costs, is established which is considerably above the book values of the CGU.

15. Property, plant and equipment

In €	Furniture and fixtures	Office equipment	Low-value items	Leasehold improvements	Total
Costs of acquisition as of 1st January 2007	1,737,092	124,334	0	247,182	2,108,609
Additions	244,389	42,442	5,857	0	292,689
Disposals	93,628	6,847	5,857	0	106,332
Costs of acquisition as of 31st December 2007	1,887,853	159,930	0	247,182	2,294,965
Additions	428,152	65,520	91,650	725,839	1,311,161
Disposals	–972,320	0	0	–247,182	–1,219,502
Costs of acquisition as of 31st December 2008	1,343,685	225,450	91,650	725,839	2,386,624
EPS deconsolidation	–777	–4,868	0	0	–5,645
Costs of acquisition as of 31st December 2008	1,342,908	220,582	91,650	725,839	2,380,979
Depreciation/impairment as of 1st January 2007	1,333,654	64,703	0	171,653	1,570,011
Scheduled depreciation	268,462	14,965	5,857	25,300	314,585
Disposals	92,851	1,979	5,857	0	100,687
Depreciation/impairment as of 31st December 2007	1,509,265	77,690	0	196,953	1,783,908
Scheduled depreciation	307,276	20,699	4,720	81,528	414,223
Disposals	–969,398	0	0	–204,926	–1,174,324
Depreciation/impairment as of 31st December 2008	847,143	98,389	4,720	73,555	1,023,807
EPS deconsolidation	–777	–4,487	0	0	–5,264
Depreciation/impairment as of 31st December 2008	846,366	93,902	4,720	73,555	1,018,543
Book value as of 1st January 2007	403,438	59,631	0	75,529	538,598
Book value as of 31st December 2007	378,588	82,240	0	50,229	511,057
Book value as of 31st December 2008	496,542	127,061	86,930	652,284	1,362,817
EPS deconsolidation	0	–381	0	0	–381
Book value as of 31st December 2008	**496,542**	**126,680**	**86,930**	**652,284**	**1,362,436**

The additions to property, plant and equipment to the amount of in total KEUR 1,311 primarily concern the equipment of the new office premises at Augustusplatz and an IT security cell. The disposals from property, plant and equipment, on the other hand, almost completely comprise the disposals of property, plant and equipment as well as of leasehold improvements at the old site at Neumarkt.

The item "Fixtures and Fittings" comprises assets which have to be allocated to the equitable property of the Group according to IAS 17. The assets from financial leasing contracts have developed as follows:

	Leasing assets in €
Costs of acquisition as of 1st January 2007	**107,741**
Additions	30,701
Disposals	92,412
Costs of acquisition as of 31st December 2007	**46,030**
Additions	40,464
Disposals	0
Costs of acquisition as of 31st December 2008	**86,494**
Depreciation/impairment as of 1st January 2007	**74,027**
Scheduled depreciation	33,081
Disposals	92,412
Depreciation/impairment as of 31st December 2007	**14,696**
Scheduled depreciation	24,627
Disposals	0
Depreciation/impairment as of 31st December 2008	**39,323**
Book value as of 1st January 2007	**33,714**
Book value as of 31st December 2007	**31,334**
Book value as of 31st December 2008	**47,171**

16. Shares in associated companies and other financial assets

Overall, the stock of financial assets increased from KEUR 0 to KEUR 20,668 during the financial year 2008.

The transactions had the following structure:

- 19 percent of the shares in trac-x Transport Capacity Exchange GmbH were bought on the basis of the contract of 15th February 2008. 12 percent of the shares in store-ex Storage Capacity Exchange GmbH, Leipzig were acquired on the basis of the contract of 23rd April 2008 (KEUR 537).
- During the financial year 2008, EMCC was established for the implementation of border-crossing market coupling together with four further partners. The share of 20 percent (which corresponds to KEUR 20) is reported according to the equity method. As of the balance sheet date a book value of the investment of KEUR 0 is established on the basis of the proportionate loss of EMCC which exceeds the value book value of the investment. See the explanation regarding the expenses from equity accounting with regard to this (item 12).

- In August 2008 EPEX Spot SE was established as a joint venture under the joint management of EEX and Powernext. Accounting is effected according to the equity method. EEX transferred the shares in EPS to EPEX Spot SE with effect as of 31st December 2008. At the same time, Powernext spun off the French Spot Market to EPEX Spot SE.

The valuation of the investment is established as follows:

In €	31/12/2008
50 % of the corporate value of the French Power Spot Market	16,500,000
50 % of the historical book value of the net assets of EPS	3,570,692
Historical book value of EPEX Spot SE	60,000
Valuation of investment of EPEX Spot SE	**20,130,692**

The profit from the sales of the shares in EPS is established as follows:

In €	31/12/2008
Value of 50 % of the EPS shares sold	16,500,000
Disposal of 50 % equity in EPS	3,570,692
Profit from sale of shares	**12,929,308**

17. Derivative financial instruments

This position comprises the fair value of the options, which is established as the value of the option premiums from the open positions.

On account of ECC's function as the central counterparty the accounts receivable and accounts payable are recorded on the asset side and liabilities side to the same amount of KEUR 38,275 (2007: KEUR 5,503). The increase as compared to the balance sheet date for the previous year is attributable to the increased trade volume in this market segment.

All of the derivative financial instruments have a remaining term until maturity of less than 12 months.

18. Other accounts receivable

The trading and clearing system which is used by EEX Group is made available by an external service provider (Deutsche Börse Systems AG). The licence agreement is classified as an operating lease.

One-off payments for modifications to the trading and clearing system have to be capitalised according to IAS 17.33 and linearised over the term of the underlying leasing agreement (up until 2010). The capitalised payments are recorded under the balance sheet item "Other accounts receivable". As of 31st December 2008 the Other accounts receivable amounted to KEUR 1,861 (31st December 2007: KEUR 3,261).

19. Accounts receivable for sales and services

On 31st December 2008 and 31st December 2007 the accounts receivable for sales and services had the following composition:

In €	2008	2007
Accounts receivable	3,187,370	2,606,199
Net of specific allowances for collectively assessed financial assets	67,715	0
Accounts receivable for sales and services	**3,119,655**	**2,606,199**

The specific allowances for collectively assessed financial assets, which are deducted on the assets side, developed as follows:

In €	2008	2007
Initial amount of the specific allowance for collectively assessed financial assets as of 1st January	0	0
Transfer to allowance	67,715	
Utilisation of allowance	0	0
Writing back	0	0
Final amount of the specific allowance for collectively assessed financial assets as of 31st December	**67,715**	**0**

Accounts receivable for sales and services essentially result from accounts receivable from transaction fees as well as from sales on the Power Spot Market, which are only settled financially after delivery in accordance with the clearing conditions.

As of 31st December 2008 and 31st December 2007 there were no accounts receivable for sales and services with a remaining term of more than one year.

EEX Group has debit orders for debiting transaction fees, the annual fees as well as the technical fees. Valuation adjustments were made for individual accounts receivable regarding training fees.

The accounts receivable comprise KEUR 135 which have been overdue for 6 months. The value of these was adjusted by 50 percent. All other open accounts receivable are less than 6 months old and, hence, not considered overdue.

20. Other assets and tax assets

The other assets and tax assets are structured as follows:

In €	31/12/2008	31/12/2007
Payments on account	10,971,621	51,592,183
Accounts receivable from tax authorities regarding sales tax	57,335,868	44,221,906
Tax assets	2,337,360	208,186
Other accounts receivable	400	10,420
Accruals	100,491	111,811
Total	**70,745,740**	**96,144,506**

The payments on account essentially concern the trading turnover from the Power Spot Market regarding 1st and 2nd January 2009 and/or the period from 1st to 3rd January 2008.

The accounts receivable from the tax authorities essentially comprise accounts receivable from the preliminary sales tax return for the month of December. The increase in 2008 is due to the further increase in the input tax surplus, which, in turn, results from the surplus in the exports from trading. All other assets are short-term.

With regard to the accounts receivable from affiliated persons and companies reference should be made to item 48.

21. Accounts receivable from associated companies

The accounts receivable from associated companies to the amount of KEUR 798 comprise only accounts receivable from EMCC.

22. Cash at bank with restrictions on disposal

The cash at bank with restrictions on disposal to the amount of KEUR 350,391 (2007: KEUR 92,674) concerns, in particular, securities which have been furnished by clearing members for the Spot and Derivatives Market and paid in in the form of cash collateral.

23. Cash and cash equivalents

In €	31/12/2008	31/12/2007
Cash assets	27,138,385	9,493,999
Financial assets	0	2,366,485
Total	**27,138,385**	**11,860,484**

Liquid funds are assessed at nominal value.

24. Equity

The changes in equity are shown in the statement of changes in shareholders' equity.

25. Subscribed capital and capital reserves

The subscribed capital of EEX amounts to KEUR 40,050. The capital reserves amount to KEUR 10,000.

26. Reserves

In €	31/12/2008	31/12/2007
Clearing fund	3,000,000	2,000,000
Retained income	1,350,938	0
Total	**4,350,938**	**2,000,000**

In 2007 and 2008 the reserve for the clearing fund of ECC was increased by KEUR 1,000 each year. Moreover, KEUR 1,351 of the results achieved by ECC are allocated to the retained income on the basis of the resolution adopted by the general meeting of ECC on 4th March 2009.

27. Results generated

In €	31/12/2008	31/12/2007
Profit/loss brought forward from previous year	1,083,863	–5,061,518
Changes recognised directly in equity	4,289,412	–999,998
Annual net profit	21,814,640	7,145,379
Total	**27,187,915**	**1,083,863**

The Group's equity generated comprises the results of the companies included in the consolidated financial statement during the past as well as the current accounting period in as far as such were not distributed. With regard to further explanations, reference should be made to the Group's statement of changes in shareholders' equity.

28. Minority share

The minority share comprises the shares in the equity of subsidiaries of EEX AG to be allocated to the minority shareholders. As of 31st December 2008 ENDEX N.V., Amsterdam, the Netherlands, holds an interest of one share in ECC AG. During the financial year 2008, Powernext SA acquired an interest of 0.1 percent in EPD at a price of EUR 100. Reference should be made to the presentation in the Group's statement of changes in shareholders' equity.

29. Non-current provisions

As of the balance sheet date of 31st December 2008 there were two pension commitments towards two employees who were no longer active in the Company. In one case, there is a reinsurance cover so that the assets value of KEUR 37 was set off against an identical value of the liability. We have not obtained an IFRS expert opinion due to the immaterial nature of the underlying items. The reserves for pension obligations are based on values as per the provisions of the German Income Tax Act (EStG) and Income Tax Regulation (EStR).

In 2008, this did not result in any need for an addition since this reserve already exceeds the value established according to EStG and EStR.

The following amounts were established in the calculations as per the provisions of art. 6a EStG in conjunction with R 6a EStR 2005:

In €	HGB [German Commercial Code]	IFRS
Capital stock as of 31/12/2030	214,670	0
Capital stock as of 31/12/2008	59,573	0
Capital stock as of 31/12/2007	56,201	0
Target reserve as of 01/01/2007	21,340	27,000
Allocation to target reserve	3,727	0
Target reserve as of 31/12/2007	25,118	27,000
Allocation to target reserve	41,382	39,500
Target reserve as of 31/12/2008	66,500	66,500
Minus plan assets	–37,386	–37,386
Target reserve as of 31/12/2008	29,114	29,114

For the purpose of the calculation a discount rate of 6 percent was assumed.

30. Leasing liabilities

The leasing liabilities comprise the leasing and rental agreements regarding furniture and fixtures with a rental period of 3 years, which are classified as financing leasing.

In €	2008	2007
Minimum leasing payments within one year	38,281	20,965
Of which redemption expenses	24,108	12,222
Of which interest expenses	14,173	8,743
Cash value	**32,255**	**17,848**
Minimum leasing payments longer than one year	35,584	27,519
Of which redemption expenses	29,387	21,163
Of which interest expenses	6,197	6,356
Cash value	**21,682**	**15,565**
Minimum leasing payments Total	**73,864**	**48,484**
Cash value	**53,937**	**33,413**

31. Current provisions

The current provisions have developed as follows during 2008 and 2009:

In €	2008	2007
As of 01/01/	2,000,020	2,399,035
Utilisation	1,749,372	1,317,964
Retransfer	250,648	831,071
Allocation to provisions	1,089,551	1,750,020
As of 31/12/	**1,089,551**	**2,000,020**
EPS deconsolidation	–25,955	0
As of 31/12/	**1,063,596**	**2,000,020**

The provisions comprise provisions on account of legal risks and shares in profits. All provisions are short-term.

32. Financial liabilities

As of 31st December 2008 there were liabilities to banks totalling KEUR 43,949 (2007: KEUR 22,416). All liabilities to banks are short-term liabilities from the use of overdraft facilities. The high increase in the short-term liabilities to banks is due to the further increase in the input tax surplus.

33. Liabilities to related parties and companies

As of 31st December 2008 there were accounts receivable from the State Bank of Baden-Württemberg (LBBW) under bank deposits to the amount of KEUR 18,423 (2007: KEUR 0) and financial obligations totalling KEUR 10,034 (2007: KEUR 6,207).

Furthermore, there are obligations towards Deutsche Börse Systems AG to the amount of KEUR 2,694 (2007: 1,445). These liabilities are reported under the trade accounts payable. Further explanations regarding relations with related parties and companies are provided under item “48. Relations with related parties and companies”.

34. Trade accounts payable

As of the balance sheet date the trade accounts payable amounted to KEUR 4,559 (2007: KEUR 2,740). This increase is essentially due to increased liabilities towards Deutsche Börse Systems AG.

There were no trade accounts payable with a remaining term of more than one year both as of 31st December 2008 and as of 31st December 2007.

35. Cash deposits by the trading participants

The amount of the cash deposits by the trading participants corresponds to the asset item. As of the balance sheet date, these amount to KEUR 350,391 (2007: KEUR 92,674).

36. Other liabilities and tax liabilities

As of 31st December 2008 and 31st December 2007 the other liabilities comprised the following items:

In €	2008	2007
Tax liabilities	168,895	2,243,208
Outstanding bills	1,203,244	1,293,794
Human resources obligations	191,924	214,746
Liabilities for the preparation of financial statements/audits	246,625	114,947
Payments received on account	10,971,621	51,592,184
Other liabilities	463,595	203,788
Total	**13,245,904**	**55,662,666**

The payments received on account concern power deliveries paid for by trading participants in advance for the delivery period from 1st until 2nd January 2009 (2007: 1st until 3rd January 2008). This change is due to the settlement procedures of the clearing house ECC.

All other liabilities are short-term.

37. Additional information on the financial instruments

Financial instruments of ECC AG

Profits and losses from futures are settled between the parties to the contracts on every exchange trading day. There are no payment obligations or demands for payment whatsoever on the part of ECC. As a result, futures do not have to be shown in the balance sheet according to IAS 39.17(a) and IAS 39.39.

Options which expire after the balance sheet date (options in the open interest) have to be reported in the balance sheet to the amount of their market value (IAS 39). In this context, the option premium established on the exchange is used as the market value. In its capacity as the central counterparty, ECC settles both the buy and the sell transaction so that the options have to be reported on the assets and liabilities side of the balance sheet to the same amount (KEUR 38,275).

The options are allocated to the category of "financial assets and liabilities recognised in income at fair value".

Cash and cash equivalents and accounts receivable for sales and services

Cash and cash equivalents and accounts receivable for sales and services are short-term. For this reason, their book values as of the balance sheet date correspond approximately to the fair value.

Trade accounts payable and other accounts payable

Trade accounts payable and other accounts payable as well as liabilities to banks have short remaining terms. The values reported in the balance sheet correspond approximately to the fair value.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

38. Information regarding the consolidated cash flow statement

The cash flow statement indicates the balance and the development of the cash and cash equivalents of the Group. The cash flow statement differentiates cash flows from operating activities, investing and financing activities.

Cash and cash equivalents comprise the cash assets and bank deposits reduced by the short-term liabilities to banks from overdraft facilities.

The cash at bank with restrictions on disposal, the cash deposits by the trading participants, is not part of cash and cash equivalents.

39. Cash flow from current operations

The cash flow from operating activities is determined according to the indirect method.

Depreciations and latent taxes are non-cash expenses which have to be allocated in the establishment of the cash flow. Expenses which do not have to be allocated to operating expenses comprise interest expenses from financial leasing relationships.

The decline in the accounts receivable for sales and services and other assets in 2008 is due to the amount of the payments on account which were lower on account of the cut-off date (see item 19 and 20).

The decline in the accounts payable essentially comprises the payments received on account which were lower because of the cut-off date similar to the accounts receivable (see item 36).

The adjustment of the annual result for non-cash components results in a cash flow from current operations to the amount of KEUR –9,379 (2007: KEUR –21,853).

This negative value is due to a renewed increase in the account receivable from the tax authorities on account of the input tax surplus of KEUR 11,143 (2007: KEUR 33,085) as well as to the interest expenses incurred for financing of said surplus through overdraft facilities to the amount of KEUR 1,140 (2007: KEUR –212).

After adjustment for this effect, the cash flow would be positive at KEUR 2,904 (2007: KEUR 11,020).

40. Cash flow from investing activities

On the one hand, the payments for investments concern the acquisition of software (see item 14) and changes of the trading system (item 18) as well as investments in property, plant and equipment (see item 15).

On the other hand, payments are incurred in connection with purchases of financial assets and proceeds are generated by means of the sale of a minority share (see item 16 and/or 28).

41. Cash flow from financing activities

The cash flow from financing activities comprises financial inflows and outflows from the sale and purchase of own shares as well as the repayments under financial leasing relationships (see statement of changes in shareholders' equity and item 30).

42. Cash and cash equivalents at the end of the accounting period

In €	2008	2007
Cash and cash equivalents	27,138,385	11,860,484
Financial liabilities	–43,948,995	–22,416,096
Stock of cash and cash equivalents	**–16,810,610**	**–10,555,613**

Cash and cash equivalents comprise cash assets and bank deposits.

The financial liabilities comprise short-term liabilities to banks under overdraft facilities. The short-term external funds taken out are largely used to finance the input tax surplus at the turn of the year.

OTHER NOTES

43. Classification of the financial instruments as per IFRS 7

Assets as of 31/12/2007	Nominal value	Amortised acquisition costs	Fair value		Total
Valuation category	Liquid assets/ cash reserve	Loans and accounts receivable	AFS	Derivatives in hedging relation-ships according to IAS 39	
			Financial assets available for sale		
Class of financial instruments	Book value = fair value	Book value and/or fair value	Book value and/or fair value	Fair value	Book value/ fair value
Financial assets			0		0
Derivative financial instruments				5,502,897	5,502,897
Other accounts receivable		3,261,025			3,261,025
Accounts receivable for sales and services		2,606,199			2,606,199
Other assets		96,144,507			96,144,507
Accounts receivable from associated companies		0			0
Cash at bank with restrictions on disposal	92,673,514				92,673,514
Cash and cash equivalents	11,860,48				11,860,484

Assets as of 31/12/2008	Nominal value	Amortised acquisition costs	Fair value		Total
Valuation category	Liquid assets/ cash reserve	Loans and accounts receivable	AFS	Derivatives in hedging relation-ships according to IAS 39	
			Financial assets available for sale		
Classes of financial instruments	Book value =fair value	Book value and/or fair value	Book value and/or fair value	Fair value	Book value/ fair value
Financial assets			536,982		536,982
Derivative financial instruments				38,274,630	38,274,630
Other accounts receivable		1,860,752			1,860,752
Accounts receivable from sales and services		3,119,655			3,119,655
Other assets		70,745,740			70,745,740
Accounts receivable from associated companies		798,465			798,465
Cash at bank with restrictions on disposal	350,391,430				350,391,430
Cash and cash equivalents	27,138,385				27,138,385

44. Financial risk management

Main features of risk management

Because of its business activities, EEX Group is exposed to various financial risks. The potential risk categories comprise the counterparty risk, market price risk, interest risk, liquidity risk, operational risk and strategic risk.

The design of risk management within EEX Group is based on the "four-eyes-principle" and the principle of the separation of functions. The different operating departments are in charge of ongoing controlling of risks within the framework specified by the Management Board. Furthermore, the operating departments are supervised by the department of risk controlling - which is not responsible for operational business.

In the context of regular risk reports the Management Board is kept permanently informed of the current risk situation of EEX Group.

Counterparty risk

The counterparty risk is the risk that business partners might not be able to fulfil their payment obligations under contracts, or that they might not be able to fulfil these obligations at the due time (e.g. on account of insolvency) and that this might lead to a loss for the Group.

This risk arises with regard to the accounts receivable from business partners as well as with regard to all classes of financial instruments.

The counterparty risk from exchange transactions concluded on the markets of EEX Group or from registered OTC transactions is assumed centrally by ECC AG. In its capacity as the central counterparty ECC controls this risk with its margin system. The margin system at ECC AG comprises the following cornerstones:

- According to its clearing conditions, ECC AG only concludes transactions with its clearing members in its capacity as the central counterparty. As a result of this, the default of the clearing members constitutes the essential risk for ECC AG. Only financial institutions with registered offices in the EU and Switzerland which have a minimum amount of liable equity funds specified by ECC AG are licensed as clearing members. Moreover, ECC AG continuously monitors the clearing members' credit rating.
- Profit and losses from open positions of the clearing members are settled on a daily basis.
- ECC AG establishes the counterparty risk for the existing open positions of every clearing member on every exchange trading day; this risk then has to be securitised by means of furnishing of individual securities by the clearing members. The extent of the counterparty risk and of the securities furnished is monitored continuously by ECC AG. In case the securities furnished do not cover the counterparty risk, the securities have to be increased forthwith.
- In addition to the individual securities, ECC AG also administrates a clearing fund. This fund is established through securities by all clearing members; the amount of the contribution by each clearing member depends on the development of its risk position over the last 12 months.

- The clearing fund can be used to cover losses in the event of the default of a clearing member. The contribution to the clearing fund needs to be stocked up within a period of 10 business days.

ECC AG accepts cash or stocks and shares which are impeccable in terms of their credit rating as security. The stocks and shares are re-evaluated every day and a safety margin is applied on these. Moreover, the portfolio of stocks and shares is monitored regularly in terms of its intrinsic value and liquidability.

Own funds are exclusively invested as sight deposits or as overnight investments with banks whose credit status is impeccable.

Further counterparty risks arise on account of the fact that a trading participant might not pay the transaction fees which have fallen due. The credit status of the trading participants is monitored continuously on the basis of financial parameters and – if available – of rating information. In this framework the question of whether the payment of the trans-action fees is concentrated on individual trading participants (cluster risk or risk concent-ration) is also analysed.

The table below shows the highest possible default risk.

In €	2008	2007
Accounts receivable from sales and services	2,389,554	2,376,865
Other assets	1,613,801	6,230,544
Total	**4,003,355**	**8,607,409**

The list does not comprise payments on account and accounts receivable from the delivery of commodities as well as derivative financial instruments since these are securitised. Moreover, accounts receivable from the tax authorities are not included in the list.

Market price risk

Market price risks are defined as unfavourable changes in the value of assets on account of a change in parameters which are relevant for the evaluation.

On principle, the operation of the exchanges within EEX Group does not result in any open positions entailing market price risks.

As a central counterparty, ECC AG only concludes closed positions on principle, i.e. the market price risks of the commodities positions and/or derivatives on deliveries of commodities cancel each other out. Market price risks arise with regard to the stocks and shares used as securities. These risks are controlled by means of a daily market evaluation and the use of safety margins.

Interest risk

Within EEX Group interest risks only arise to a restricted degree since no major interest-bearing asset or liability position is held. In order to finance the input tax surplus ECC AG has external credit lines at its disposal which are subject to an interest risk since the underlying short-term interest rate is subject to fluctuations. The interest risk is assessed in the framework of medium-term planning and by means of forecast calculations in the course of the year.

Liquidity risk

The liquidity risk is defined as the risk that the Group might not be able to fulfil its payment obligations at a point in time agreed on in the corresponding contract.

Liquidity risks comprise the short-term liquidity risk (i.e. liquid funds do not cover the current financial outflows) as well as the structural liquidity risks (i.e. the medium- and long-term revenue does not cover the medium- and long-term expenses).

At ECC AG, a short-term liquidity risk arises in particular in the framework of financing of the input tax surplus resulting from the delivery of commodities to non-residents for tax purposes. This risk is monitored by means of daily forecast calculations. Moreover, this risk is controlled by means of the provision of free liquidity and the increase and/or diversification of credit lines in due time in the event of a forecast increase in liquidity requirements.

The structural liquidity risk is monitored in the context of annual medium-term planning as well as of monthly financial reporting. In this context the aim is to establish the liquidity reserves and credit lines in such a manner in the course of planning that liquidity is ensured in any case.

Liquidity risks from financial leasing agreements are of secondary importance. In 2008, the minimum leasing payments amounted to KEUR 21 and the total minimum leasing payments as of 31st December 2007 amounted to KEUR 48.

Operational risk

Operational risks are defined as comprising all potential cases of damage arising from:

- Malfunctions of the IT systems used,
- An inadequate design of internal processes,
- Errors by members of staff,
- Errors and/or default of external service providers.

The operational risks also include legal risks as well as risks arising from insufficient project management (project risks). The high degree of automation in processing of business transactions in conjunction with a large number of transactions results in essential operational risks for EEX Group caused by the possibility of malfunctions of the IT systems used. Since major components of the IT systems are operated by external service providers, errors by external service providers or the default of such, also constitutes a considerable risk.

This risk is controlled with the help of the redundant design of all critical IT components and applications as well as by means of the provision of back-up capacity and processes. In addition to a back-up computer centre, EEX also has a back-up office. In the event of a non-availability of the office site due to unforeseen circumstances, there is an emergency plan which is reviewed regularly in the context of emergency tests.

Before essential fields are outsourced to external service providers, EEX evaluates the capacity of these potential service providers.

There are descriptions of procedures and control activities regarding all essential processes. These are documented in check lists in order to reduce the likelihood of human errors.

Legal risks are minimised through the far-reaching use of standard rules and regulations in combination with standardised contract forms. A damage database is kept for continuous monitoring purposes and for reporting of cases of operational damage. All untoward incidents during operations are recorded and analysed in this database – even if these incidents have not resulted in any direct financial damage.

Strategic risk

Strategic risks are defined as comprising the adverse medium- to long-term impacts on the profit situation caused by the entry of new competitors, regulatory or other legal amendments, technical modifications or changes in the product landscape.

Monitoring of these risks is ensured by means of the structured collection and evaluation of information regarding:

- Competitors,
- Customers,
- Products/markets,
- Processes/procedures.

Furthermore, the impact of certain price and volume changes on the profit situation is calculated in the framework of scenario calculations.

45. Own shares

During the financial year 2008 1,386,280 units of own shares were sold at a price of KEUR 9,153. This corresponds to a share in the nominal capital of EUR 1,386,280 and/or 3.46 percent. The gain on disposal to the amount of KEUR 6,739 was recorded directly in equity in accordance with IFRS.

Furthermore, 404,264 units of the own shares were purchased at a total price of KEUR 2,498. This corresponds to a share in the nominal capital of KEUR 404 and/or 1.01 percent as of the balance sheet date.

As of 31st December 2008, this resulted in a stock of 404,264 shares.

Value per share

The valuation expertise regarding the value of the company, which is commissioned by the pool of shareholders at a two-year interval and was last commissioned as of 31st December 2007, reported a value of EUR 5.80 per share.

46. Trust assets

In accordance with the clearing conditions, ECC keeps the emission allowances surrendered by the trading participants in exchange trading in EU emission allowances in trust in its account at the German Emissions Trading Authority. As of 31st December 2008, these comprised 2,634,000 certificates (2007: 3,828,022 certificates) with a market value of KEUR 40,547 (2007: KEUR 76). As a result, there are trust liabilities to the corresponding amount in the form of rights to recovery on the part of the beneficial owner.

47. Other financial liabilities

The other financial liabilities of the Group comprise future payment obligations under operating leasing relationships. These are structured as follows:

Leasing object in K€	Up to 1 year	1 to 5 years	More than 5 years
Contract Deutsche Börse Systems AG (fixed components)	2,174	9,374	3,600
Rental agreement Innere Wiener Straße 17, Leipzig	21	35	0
Hardware	53	42	0
Motor vehicles	55	44	0
Rental agreement Augustusplatz 9, Leipzig	279	1,167	381
Total	**2,582**	**10,662**	**3,981**

There is a commitment from orders to the amount of KEUR 14 for a modification of the accounting software to be delivered in the fourth quarter of 2009.

The co-operation agreement with Powernext provides for a reversed transaction of the integration of the Power Spot and Derivatives Markets in case the implementation of said integration has not taken place by 31st July 2009. Until the preparation of this consolidated financial statement all milestones for the co-operation project have been implemented on time and on budget. For this reason, the Management Board expects a successful implementation of the project. The transfer of the shares in EPS GmbH to EPEX Spot SE was effected in a tax-neutral manner at book values. In order to prevent subsequent taxation on the transfer of shares EEX AG has introduced divisional management accounting.

As of the balance sheet date of 31st December 2008 EEX AG issued a declaration regarding the subordination of priority for an amount of KEUR 200 towards EMCC GmbH.

48. Relations with related parties and companies

According to IAS 24 those persons and companies, which dominate the Group or exercise decisive influence over it or which are dominated by the Group or over which the Group exercised decisive influence are considered related parties and companies.

Accordingly, the members of the Management Board and of the Supervisory Board, shareholders holding an interest of more than 20 percent as well as the subsidiaries and joint ventures are defined as related parties and companies.

Business transactions with related companies and parties are concluded at conditions which are common among unrelated third parties.

Relations with affiliated persons

In 2008 the total remuneration of the Management Board amounted to KEUR 986 (2007: KEUR 1,167). Fixed components account for KEUR 761 (2007: KEUR 919) of this total and variable components account for KEUR 225 (2007: KEUR 250) of this total. In 2007, benefits on account of the termination of employment relationships, other benefits which fall due in the long term or benefits after the termination of an employment contract were not granted. The annual general meeting which will take place on 25th June 2009 will adopt a resolution regarding emoluments for the Supervisory Board for 2008. A total of KEUR 126.5 was recorded as a reserve in the annual financial statement (2007: KEUR 0).

Management Board:

Dr. Hans-Bernd Menzel, Leipzig
Chief Executive Officer

Iris Weidinger, Leipzig
(since 15th August 2008)
Chief Financial Officer

Dr. Christoph Mura, Norderstedt
(since 1st January 2009)
Chief Operating Officer

Maik Neubauer, Ammersbek
(until 30th June 2008)
Chief Operating Officer

Supervisory board:

Dr. Jürgen Kroneberg
(Chairman)
Member of the Managing Board, RWE Energy AG, Dortmund

Peter Reitz
(Vice-Chairman since 26th June 2008)
Member of Executive Board, Eurex Zürich AG, Frankfurt am Main

Harald R. Pfab
(Vice-Chairman since 26th June 2008)
Chairman of the Management Board, Sachsen Bank, Leipzig

Torger Lien
(Vice-Chairman until 26th June 2008)
President and CEO, Nord Pool ASA, Lysaker/Norway

Edward Backes
Head of Department Market Supervision, Deutsche Börse AG, Frankfurt am Main

Ulrich Erkens
(until 26th June 2008)
Member of the Management Board, Thüga AG, Munich

Andreas Fohrmann
(since 26th June 2008)
Member of the Management Board, Sachsen Bank, Leipzig

Marcel Hayoz
(since 26th June 2008)
Head of Trading Division, Nordostschweizerische Kraftwerke AG (NOK), Baden/Switzerland

Dr. Christoph Helle
Chief Executive Officer, MVV Energie AG, Mannheim

Alfred Hoffmann
Alfred Hoffmann
(until 26th June 2008)
Head of Trading Services, Vattenfall Trading Services GmbH, Hamburg

NOTES

Wolf-Dieter Ihle
(until 26th June 2008)
Member of the Management Board, Sachsen Bank, Leipzig

Tanja Ilic
(until 26th June 2008)
Senior Vice President, Nord Pool ASA, Lysaker/ Norway

Hermann Ineichen
(until 26th June 2008)
Director Energy Division, BKW FMB Energie AG, Bern/ Switzerland

Burkhard Jung
Mayor of the City of Leipzig, Leipzig

Ulrich Kastner
UKC GmbH, Frankfurt am Main

Dr. Hans-Joachim Klein
Industrial Engineer, Mühltal

Dr. Egbert Laege
(since 26th June 2008)
Director Dispatch & Prompt Trading, E.ON Energy Trading AG, Düsseldorf

Dr. Stefan Mai
Director, Head of Section Market Policy, Eurex Zürich AG, Frankfurt am Main

Dr. Hartmut Mangold
State Secretary, Saxon State Ministry for Economic Affairs and Labour, Dresden

Dr. Dirk Mausbeck
Managing Director, EnBW Trading GmbH, Karlsruhe

Geir Reigstad
(until 26th June 2008)
Senior Vice President Projects, Nord Pool Spot AS, Lysaker/Norway

Hans E. Schweickardt
(since 26th June 2008)
Chief Executive Officer, EOS Holding, Lausanne/ Switzerland

Hans-Joachim Strüder
(since 26th June 2008)
Member of the Management Board, State Bank of Baden-Württemberg, Stuttgart

Erik Thrane
(until 26th June 2008)
Attorney at Law, Nord Pool ASA, Lysaker/Norway

Vincent van Lith
(until 26th June 2008)
Director, BHF-Bank AG, Frankfurt am Main

Dr. Hans-Jürgen Witschke
Chairman of the Managing Board, DB Energie GmbH, Frankfurt am Main

Relations with related companies

As of 31st December 2008, the material shareholdings were distributed as follows:

In %		Percentage of shares	
Shareholder	Registered office	2008	2007
Eurex Zürich AG	Zürich, Switzerland	34.73	23.22
State Bank Baden-Württemberg (LBBW)	Stuttgart	22.64	17.39

Eurex Zürich AG is part of the group of Deutsche Börse AG. As a result of this, the following companies, with which EEX Group has service relations, also have to be classified as "related": Deutsche Börse AG, Deutsche Börse Systems AG, Eurex Clearing AG, Eurex Frankfurt AG and Clearstream Banking AG.

The expenses and revenues for the financial year and/or the accounts receivable and payable as of 31st December 2008 are shown in the table below.

In €	2008	2007
Deutsche Börse Group		
EEX Group as the recipient of services		
Provision of the trading system, including adjustments thereof	9,904,700	11,304,686
Sharing of costs and revenue from Eurex co-operation	207,896	0
Financial services	221,543	227,466
EEX Group as the provider of services		
Transaction fees from Eurex co-operation	26,033	0
Provision of trading data	98,272	52,542
Account receivable as of 31st December	42,840	14,280
Liabilities as of 31st December	2,822,397	1,458,245
Financial claim as of 31st December	102,296	101,795
Financial liability as of 31st December	0	17
State Bank of Baden-Württemberg(LBBW) (formerly: State Bank of Saxony)		
EEX Group as the payer of interest	220,405	45,053
EEX Group as the recipient of interest	299,375	350,728
Financial claim as of 31st December	18,423,396	3,323,079
Financial liability as of 31st December	10,033,760	0

Relations with unconsolidated companies, associated companies and joint ventures
In the framework of the establishment of EMCC, EEX has supported the development of an IT system for the settlement of market coupling by Deutsche Börse Systems AG. All rights and obligations regarding the IT system were transferred to EMCC with the contract of 15th December 2008. In the course of on-debiting of the costs incurred in this context (KEUR 798) EEX AG issued a letter of subordination of priority regarding an amount of KEUR 200.

Currently, there is no direct service relationship with EPEX Spot SE which is reported in the balance sheet according to the equity method. Nonetheless, EEX AG and ECC AG provide services for the subsidiary EEX Power Spot GmbH in the framework of business management. As of the balance sheet date, there were accounts receivable to the amount of KEUR 196, of which KEUR 21 from the interlocking relationship with regard to sales tax and KEUR 175 from delivery and service.

49. Essential events after the balance sheet date

In order to secure the business activities of EMCC GmbH a resolution regarding a capital increase to the amount of KEUR 1,500 was adopted at the shareholders' meeting of EMCC on 23rd January 2009. As a result, the book value of the investment of EEX AG was increased proportionately by KEUR 300.

50. Overview of equity investments as of the balance sheet date according to art. 313 paragraph 2 figure 1 to 4 HGB [German Commercial Code]

Name	Registered Office	Subscribed capital in €	Share in %	Equity in €	Annual profit in €
1. Affiliated companies					
ECC AG	Leipzig	1.000.000	100,00	17.350.938	2.350.938
EPD GmbH [1]	Leipzig	100.000	99,90	14.987.952	502
Lilie 28. V.V. GmbH	Leipzig	25.000	100,00	24.874	60
2. Equity investments					
EPEX Spot SE [2]	Paris	120.000	50,00	19.793.448	–
EMCC	Hamburg	100.000	20,00	1.367.738	–338.572
trac-x GmbH	Leipzig	200.000	19,00	1.757.804	131.992
store-x GmbH	Leipzig	200.000	12,00	1.057.542	275.510

[1] A profit and loss transfer agreement has been concluded with EPD.

[2] The first business year of EPEX Spot SE ended on 31st December 2009.

Leipzig, 5th March 2009

Dr. Hans-Bernd Menzel
Chief Executive Officer (CEO)

Dr. Christoph Mura
Chief Operating Officer (COO)

Iris Weidinger
Chief Financial Officer (CFO)

AUDIT REPORT BY THE FINAL AUDITOR

We have audited the consolidated financial statement – consisting of the balance sheet, the profit and loss account, the statement of changes in shareholders' equity, the cash flow statement and the notes – as well as the consolidated annual report prepared by European Energy Exchange AG, Leipzig for the business year from 1st January 2008 until 31st December 2008. The preparation of the consolidated financial statement as well as of the consolidated annual report in accordance with the provisions of IFRS, in the form in which these have to be applied within the EU, and the commercial law provisions which have to be applied as a supplement to these according to art. 315a paragraph 1 HGB [German Commercial Code] lie within the sphere of responsibility of the Management Board of the Company. It is our task to give an opinion on the consolidated annual financial statement and the consolidated annual report on the basis of the audit which we have carried out. In addition to this, we were commissioned to evaluate whether the consolidated financial statement also complies with the IFRS overall.

We have carried out our annual audit according to art. 317 HGB in compliance with the German principles of proper final audits established by the Institute of Auditors (Institut der Wirtschaftsprüfer (IDW)). According to these, the audit has to be planned and carried out in such a way that inaccuracies and violations having an essential impact on the presentation of the image of the assets, financial and earnings situation conveyed by the consolidated annual financial statement in compliance with the principles of adequate and orderly accounting are recognised with sufficient certainty. In establishing the auditing activities the knowledge regarding the business activity and regarding the business and legal environment of the Group as well as expectations with regard to possible errors are taken into account. In the framework of the audit the effectiveness of the internal auditing system with regard to financial reporting as well as records for the information in the consolidated annual accounts and the consolidated annual report were primarily evaluated on the basis of random samples. The audit comprises the evaluation of the annual financial statements of the companies included in the consolidated financial statement, the definition of the scope of consolidation, the assessment of the accounting and consolidation principles applied and of the essential judgements of the Management Board as well as the evaluation of the overall presentation of the consolidated financial statement and of the consolidated annual report. We are convinced that our audit forms a sufficiently safe basis for our evaluation.

Our audit has not led to any objections.

According to our evaluation on the basis of the findings obtained during the audit, the consolidated financial statement corresponds to the IFRS in the form in which these have to be applied within the EU and the commercial law provisions which have to be applied as a supplement to these according to art. 315a paragraph 1 HGB [German Commercial Code] as well as the IFRS overall and conveys an image of the assets, financial and earnings situation of the Group which corresponds to the actual situation in compliance with the principles of adequate and orderly accounting. The consolidated annual report corresponds to the consolidated financial statement; all in all, it conveys a correct image of the situation of the Group and outlines the opportunities and risks of the future development appropriately.

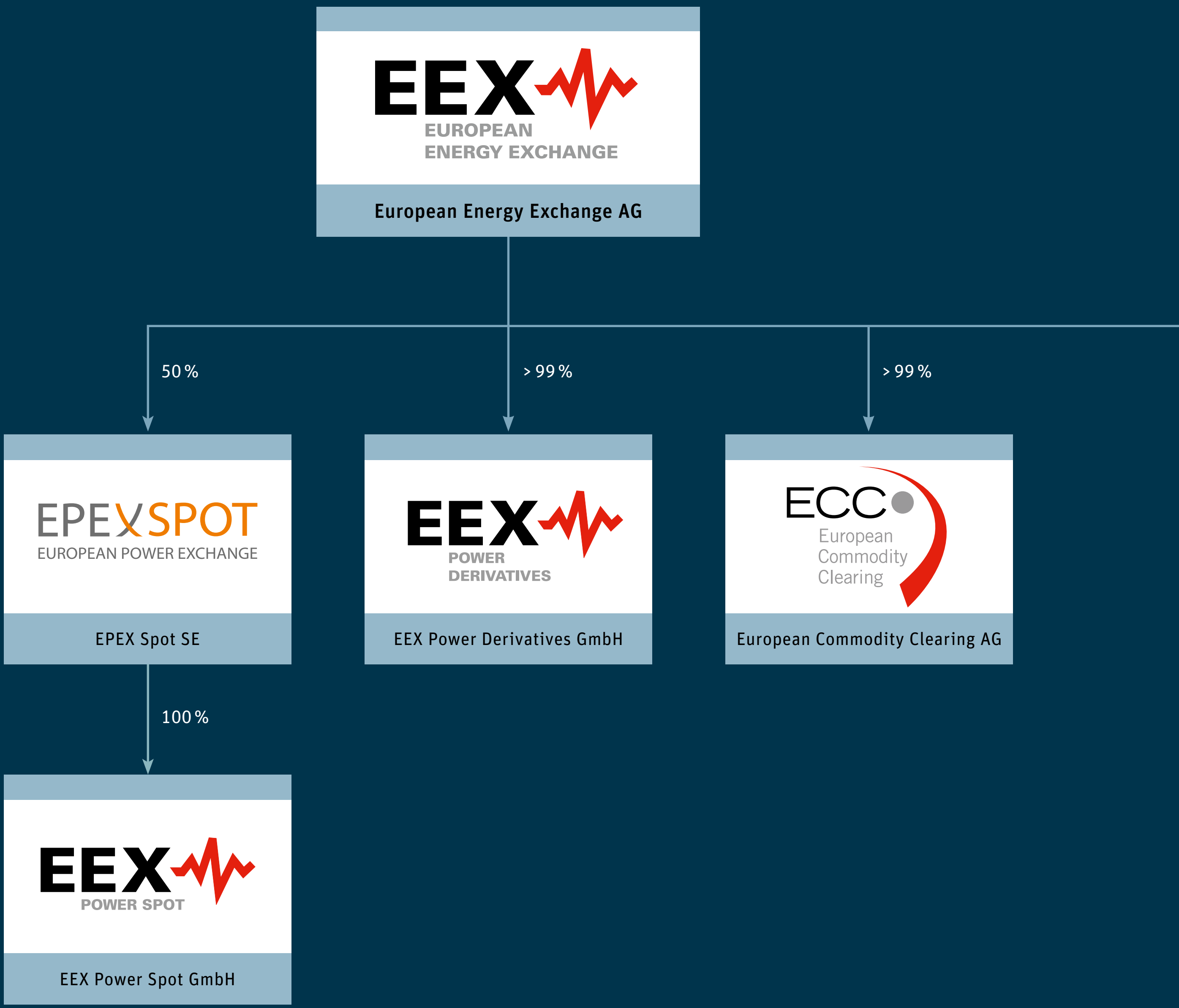
Berlin, 6th March 2009

PricewaterhouseCoopers
Aktiengesellschaft
Accountancy firm

Harald Hermann
Auditor

p.p. Jörg Beckertt
Auditor

GROUP STRUCTURE



Equity investments

12 %

store-x Storage Capacity Exchange GmbH

19 %

trac-x Transport Capacity Exchange GmbH

20 %

European Market Coupling Company GmbH

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