ANNUAL 2010 REPORT

eex

EUROPE = MARKET INTEGRATION + COMPETITION

ANNUAL REPORT 2010

IMPORTANT PARAMETERS

IMPORTANT PARAMETERS OF EUROPEAN ENERGY EXCHANGE AG

		2009	2010	Change 2010 against 2009
Profit and Loss Account				
Sales revenue	k€	34,604	43,157	25 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	k€	25,758	19,496	–24 %
Earnings before interest and taxes (EBIT)	k€	12,803	15,605	22 %
Earnings before taxes (EBT)	k€	13,120	15,913	21 %
Balance Sheet (as of 31 December)				
Long-term assets	k€	49,219	50,081	2 %
Equity	k€	93,439	103,780	11 %
Balance sheet total	k€	355,346	520,567	46 %
Core Business Parameters				
Spot Market				
Power Spot Market volume	TWh	203	279	37 %
Emissions Spot Market volume	1,000 t	9,709	25,184	159 %
Natural Gas Spot Market volume	GWh	3,516	15,026	327 %
EPEX Spot participants		185	192	4 %
EEX Spot Markets participants		103	116	13 %
Derivatives Market				
Power Derivatives Market volume	TWh	1,025	1,208	18 %
Emissions Derivatives Market volume	1,000 t	23,642	127,197	438 %
Natural Gas Derivatives Market volume	GWh	11,361	31,863	180 %
Coal Derivatives Market volume	1,000 t	117	1,350	1,054 %
EEX Power Derivatives participants		146	157	8 %
EEX Derivatives Markets participants		152	166	9 %
Corporate Parameters				
Employees (annual average)		80	101	26 %
Sales revenue per employee	k€	433	427	–1 %
Return on equity (EBT/average equity)	%	15	16	7 %
Adjusted equity ratio *	%	73	87	19 %

* Equity/Balance sheet total (adjusted for cash collateral furnished by the clearing members, payments made on account and derivative financial instruments)

SHAREHOLDERS (in %)

Eurex Zürich AG	35.23
Landesbank Baden-Württemberg	22.96
LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH	7.38
Free State of Saxony	4.51
RWE Beteiligungsgesellschaft mbH	3.85
E.ON Energy Trading SE	3.48
Alpiq AG	2.69
BHF-BANK AG	2.02
EnBW Trading GmbH	1.52
Vattenfall Deutschland GmbH	1.25
AXPO AG	1.01
Enovos International S.A.	1.00
MVV Energie AG	0.99
Avenis SA	0.76
Edison S.p.A.	0.76
EDF Électricité de France	0.67
EnAlpin AG	0.51
Electrabel N.V.	0.51
RheinEnergie AG	0.51
RWE Supply & Trading Netherlands B.V.	0.50
Vattenfall Europe AG	0.50
BKW FMB Energie AG	0.50
DB Energie GmbH	0.50
e&t Energie Handelsgesellschaft m.b.H.	0.50
Elektrizitätswerk der Stadt Zürich	0.50
Iberdrola S.A.	0.50
Morgan Stanley Capital Group Inc.	0.50
VERBUND Trading AG	0.50
Deutsche Bank AG	0.32
Mainova AG	0.31
B. Metzler seel. Sohn & Co.	0.25
Stadtwerke Düsseldorf AG	0.25
ZEAG Energie AG	0.25
Bayerische Landesbank	0.25
citiworks AG	0.25
Commerzbank AG	0.25
Infraserv GmbH & Co. Höchst KG	0.25
Stadtwerke Bielefeld GmbH	0.25
Stadtwerke Hannover AG	0.25
SWU Energie GmbH	0.25
Trianel GmbH	0.25
Thüga AG	0.25
UBS AG	0.25
City of Leipzig	0.01

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EN ROUTE TOWARDS THE

INTERNAL EU MARKET

FOR ENERGY

EEX is the motor of the continuing development of the European energy market.

With a consistent focus on its aim of growth (which it has pursued ever since its launch) EEX today holds the leading position among the energy exchanges in Continental Europe.

❯ Increased competition, improved transparency and prices in line with the market – these expectations were connected with the liberalisation of the European power market, which began at the end of 1996 with the first EU directive on joint provisions for the internal

Beginning of the liberalisation of the European energy market

1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003

Implementation of Liberalisation in Germany (Law on the Fuel and Electricity Industries)

Launch of Power Spot Market (LPX, Leipzig and EEX, Frankfurt)

Merger of LPX and EEX into European Energy Exchange AG (EEX)

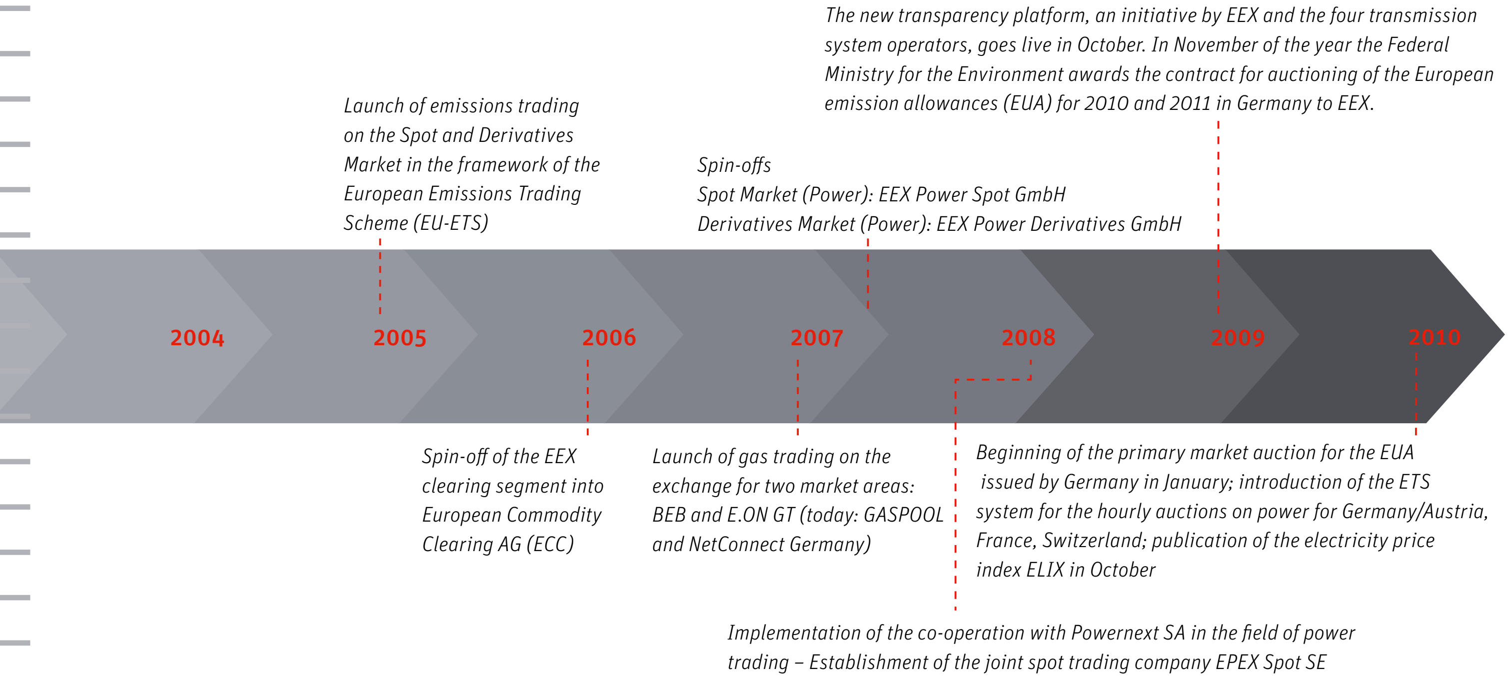
MILESTONES IN THE DEVELOPMENT OF EEX

electricity market. With European Energy Exchange AG (EEX) these expectations were fulfilled: The exchange has achieved a tremendous development within a very short period of time. Only ten years after its establishment, EEX has become a leading European trading platform for energy and related products – with in total 267 participants from 22 countries (as of: 31 December 2010). And what is even more: The prices quoted on EEX are used as reference prices throughout Europe – also in trading off the exchange.

Step by step, EEX has expanded its fields of business and partnerships in Germany and abroad. Power plant operators, energy utilities and energy traders, large-scale consumers, banks, brokers and investors – they all use the EEX market platform for buying and selling power, gas, CO_2 emission allowances and coal at fair prices in line with the market, covering their demand and making risks calculable.

With continuing progress in the liberalisation of the European energy market, the energy exchanges have become important market platforms and, thus, an indispensable element of the energy and the finance industry. By now, EEX has not only become a driving motor in the continuing integration of the European energy market, it also stands for the principles of working exchange platforms: Quality in execution, integrity as well as liquidity, safety and transparency.

This exemplary development is based on an entrepreneurial motto, which makes EEX unique in the European environment: developing and shaping new markets early on. On the basis of sustainable structures and processes as well as tried and tested systems, EEX has created a solid basis for innovation, growth, profitability and competitiveness.



INCREASED COMPETITION THROUGH CHANGED STRUCTURES

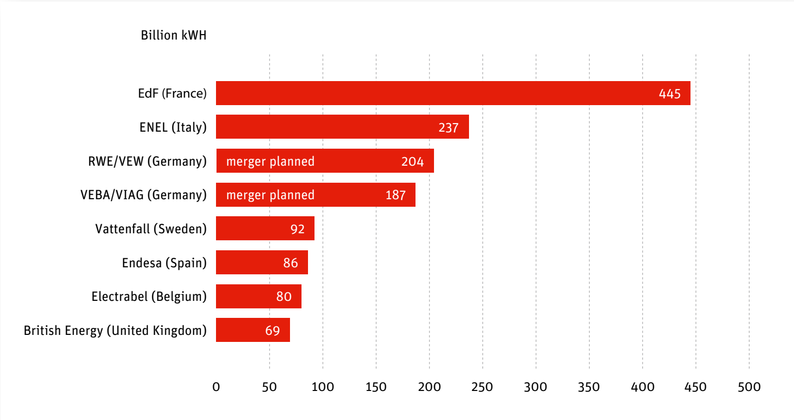
The liberalisation of the markets paved the way for energy exchanges, such as EEX.

The German Law on the Fuel and Electricity Industries heralded the turning point on the German power market in 1998: Monopoly structures turned into fierce competition – fiercer than most energy utilities could have imagined. This development also paved the way for energy exchanges like EEX.

❯ Federal Minister of Economics Günter Rexrodt was almost euphoric. "Power and gas will become up to 30 percent cheaper in two to three years", he emphasised in spring 1998. The politician from the Free Democratic Party "had absolutely no doubt" that this was urgently necessary. After all, as Günter Rexrodt explained, power was at times up to twice as expensive as in many other countries of the European Union for the consumer in Germany at that time. According to a study by the Federal Cartel Office, gas prices were also "up to 60 percent too expensive".

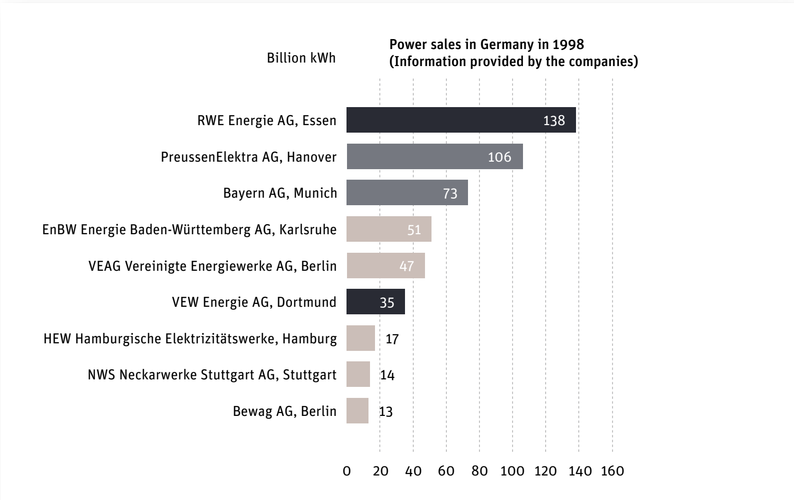
The remedy devised by the Federal Government had the somewhat bulky title "Law on the Fuel and Electricity Industries" (EnWG). However, it had a sweeping effect: It tackled the conditions prevailing on the energy market up to that time more consistently and faster even than provided for in the EU Directive on the liberalisation of the power markets on which the law was based.

Until that time, energy trading both at a European level and, more specifically, in Germany was still a fairly straightforward matter: Power was mostly procured from a few energy utilities on the basis of long-term supply agreements. The customers were well categorised and revenue was calculated on a stable basis: Households paid 24.5 pfennigs (approx. 12.5 cents) per kilowatt hour, companies paid 14.4 pfennigs – while the large-scale consumers, such as



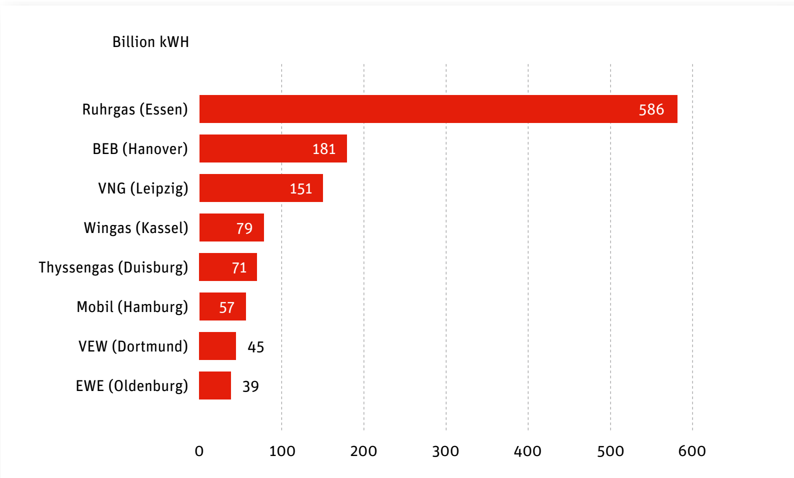
Source: Handelsblatt of 29 December 1999

LARGE ELECTRICITY PROVIDERS IN THE EU IN 1998



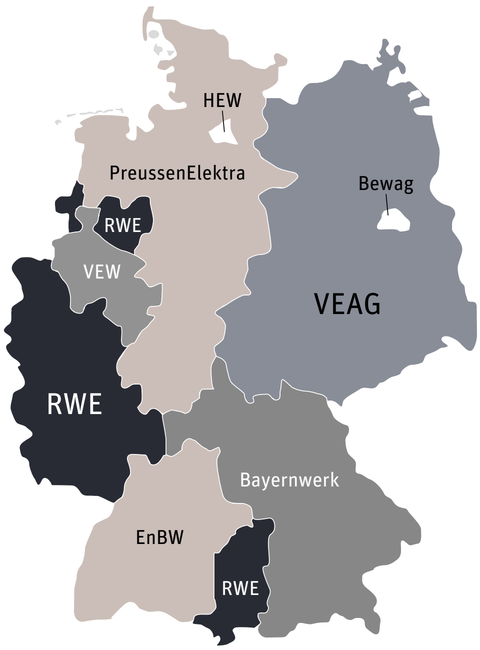
Source: VDEW [German Association of the Energy Industry]

THE BIGGEST GERMAN POWER UTILITIES IN 1998



Source: Federal Association of the Gas and Energy Industry

THE BIGGEST GERMAN GAS PROVIDERS (SALES IN 1998)



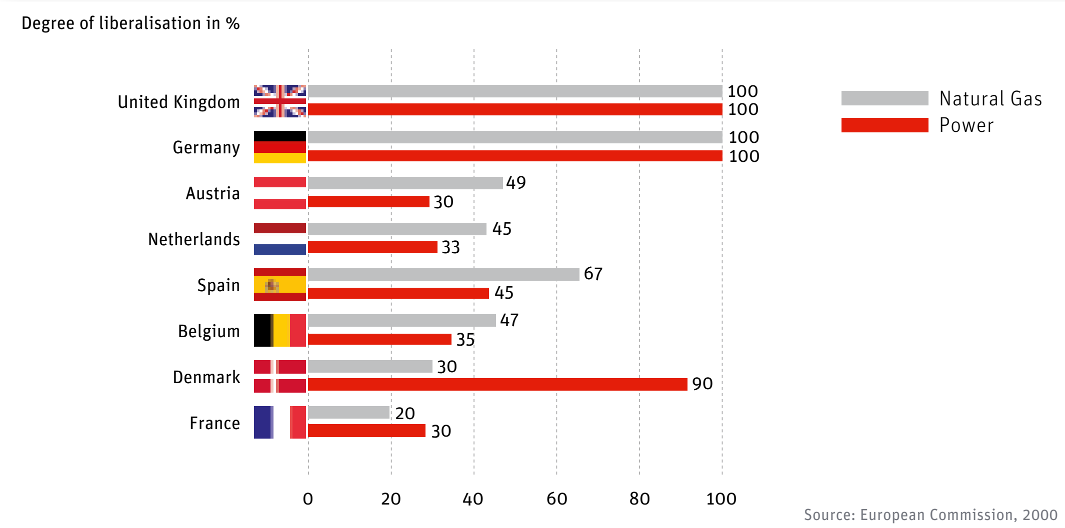
Source: VDEW [German Association of the Energy Industry] 1998

At the beginning of liberalisation there were in total eight vertically integrated electricity suppliers. For the purposes of large-scale power generation and integrated operation in the former GDR, the Treuhandanstalt (the agency for the privatisation of the formerly state-owned companies in eastern Germany) established Vereinigte Energiewerke AG (VEAG) as a new eastern German vertically integrated electricity supplier. It was owned by the western German vertically integrated electricity suppliers and was merged into Vattenfall Group together with HEW and Bewag as well as the lignite mining company Laubag later on.

ELECTRICITY SUPPLIERS IN GERMANY IN 1998

steel works and oil refineries, negotiated rates of around ten pfennigs (on the basis of their buying power). There was no real competition – in their respective home regions the 50 to 60 energy providers throughout Germany had a monopoly position. Even though these companies engaged in quite active trading in electricity between themselves, this trading primarily served the purpose of achieving a safe supply between the companies themselves within their home regions.

These very convenient conditions were attacked for the first time by Brussels: In 1996, the European Parliament adopted a directive whose profound effects "were probably not really known" in the industry at the time. At least, this was Ulf Böge's perception, who was involved in the development of the German Law on Fuel and Electricity Industries in the late 1990s, among other functions, in his capacity as the head of the department for energy and business policy in Günter Rexrodt's Ministry of Economics – and who continued to be involved in this issue in the capacity of the President of the German Federal Cartel Office from January 2000. The basic idea of the liberalisation aimed at in this directive constituted a "deregulation" of the energy industry: The service areas covered by the electricity providers, which had been protected until that time, were to be dissolved and the operation of the grids, which had been closely connected with the generation and distribution of power until that time, was to become a separate service. In this way, more competition was to be created in the fields of generation and distribution and it was hoped that only the "natural monopoly" of transmission within the grid would have to be supervised by the state. The big aim was to make power, in principle, a freely tradable commodity. En route towards achieving this aim, the Germans were certainly not slow: For example, Germany introduced the Law on the Fuel and Electricity



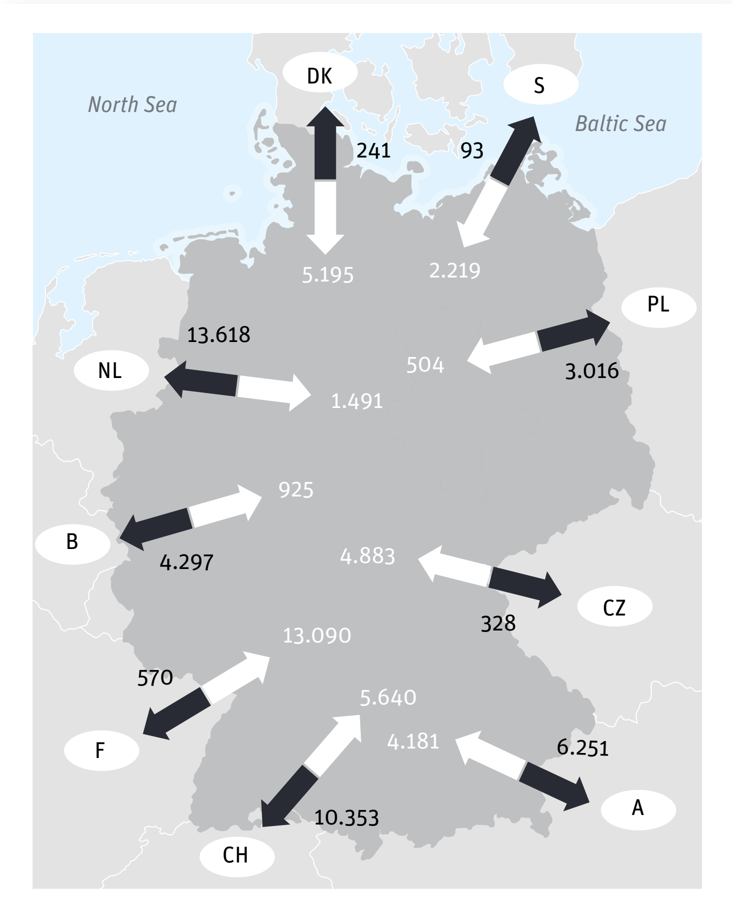
LIBERALISATION IN EUROPE IN 2000

Industries (EnWG) enacted with regard to the EU directive ten months before the end of the period which the EU had granted its member states for incorporation into national law. Upon the entry into force of EnWG on 29 April 1998 the Federal Government required the full opening of the market for the electricity supply. As a result, Ulrich Wältken, head of the Global Energy Practice of Boston Consulting, predicted that the current monopoly was "out" and that price bargaining would begin. According to Ulrich Wältken, competition would become "fiercer than the providers can imagine, even in their wildest dreams". However, this would not lead to disadvantages for the consumer: In the slipstream of the big players, medium-sized companies and private households would also be able to get fair power prices. Nonetheless, electricity providers would be facing major changes. The rationalisation measures announced in the course of the discussion "only formed the beginning", Wältken emphasised. "I expect approximately 20 percent of the currently 171,000 jobs in the industry to be lost in five years from now".

However, competition started out sluggishly. Even though EnWG also provided for access to the grid, it was to be non-discriminatory from that time on. In other words: The current local monopolies would have to allow other providers to use their grids to transmit power. As a result, these providers could also sell their customers energy from another source than their current one and the market areas, which had become established over generations, were weakened further. Formally, this meant that non-discrimination was provided for under law, nonetheless, the high transaction fees which the providers charged for the transmission of power into other market areas considerable dampened their enthusiasm.

At first glance, it appeared that the fact that, unlike almost all other member states, Germany had dispensed with the establishment of a government regulatory authority for monitoring the grid monopolies and had left the arrangements regarding transmission on a voluntary basis to the electricity providers – in line with the principles of market economy – seemed to take its toll here. After all, the electricity companies immediately used this “model of negotiated grid access” – as EnWG calls it – to establish an agreement with industrial associations regarding a model of price rates which made the transport of electricity over long distances dramatically more expensive, in particular, for medium-sized companies and private households. Unlike in the case of Deutsche Telekom, prices at which the grid could be leased to competitors were not specified for the suppliers – as a result of which the so-called association agreement initially appeared to be quite a clever method to avoid competition.

But, at second glance, the suppliers rather slowed themselves down with this association agreement, which, according to a study by Cologne University, really had the capacity to restrict market liberalisation to 25 percent of the volume initially. After all, the development which would follow the EU Liberalisation Directive could be foreseen: On account of the fact that, in line with the legislator’s intentions, the power market should only be different from other industries which had already been liberalised on account of the existing technical preconditions – i.e. the existence of transmission and distribution networks, prices and – thus – competition among each other increasingly moved into the limelight. Supply and demand began to play a role on a market which had been characterised by overcapacities so far. Nils Ellwanger, then a member of the management board of Conenergy, a management

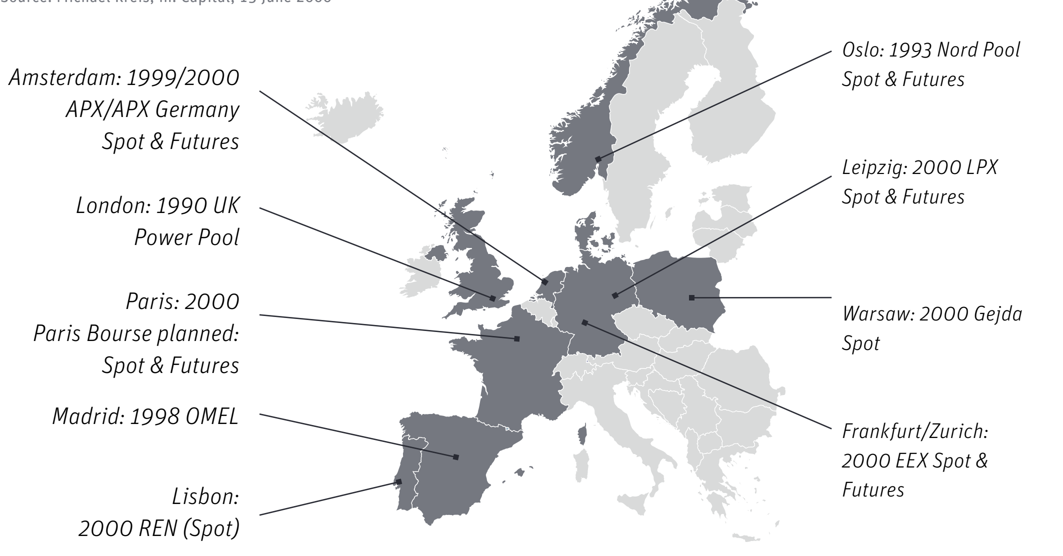


Source: Deutsche Verbundgesellschaft [German Association of the Vertically Integrated Electricity Companies] / VDEW

EXCHANGE OF POWER WITH GERMANY’S NEIGHBOURING COUNTRIES IN 1998 (IN GWH) consultancy, stated that this development hit the power industry "with full force": After all, with the progressing development there would be "no other factor than price crucial to the decision regarding the purchase" of power. As a result, "both the individual energy sources and their providers could be replaced at random". This would not only result in the consequence that the German energy providers would have to develop strategies against decreasing margins and increasing competitive pressure from abroad but it would also trigger a border-crossing wave of concentrations and mergers.

In Germany alone approx. 100 co-operations and 15 mergers – including famous ones like those of Veba and Viag and of RWE and VEW – were concluded in the two-and-a-half years following the introduction of EnWG. For some corporations the increasing competition also resulted in a paradigm shift: Power trading had long since ceased to serve the purpose of optimising power plant capacities alone – instead, cost-effective purchasing with which newly established trading departments were entrusted had become a matter of survival. In view of decreasing margins, the expansion of the trade volume and hedging against risks were important.

Source: Michael Kreis, in: Capital, 15 June 2000



POWER TRADING PLATFORMS IN EUROPE (AS OF MAY 2000)

In 1999, the consultancy PriceWaterhouseCoopers predicted that, in the course of this development, energy trading would gain in importance as a financial instrument. According to the consultants, the financial trading products would exceed physical power trading by a large factor in only a few years. The current commodity value of electricity in western Europe, which amounted to approx. EUR 80 billion, would soon increase to up to EUR 400 to 600 billion and, hence, to five to eight times the delivery volume. In the course of this development, natural gas would also become a tradable commodity in the medium term. In this context, the energy exchanges, the establishment of which also began in Germany – in Leipzig and Frankfurt – at the end of the nineties, would become important partners, according to PriceWaterhouseCoopers.

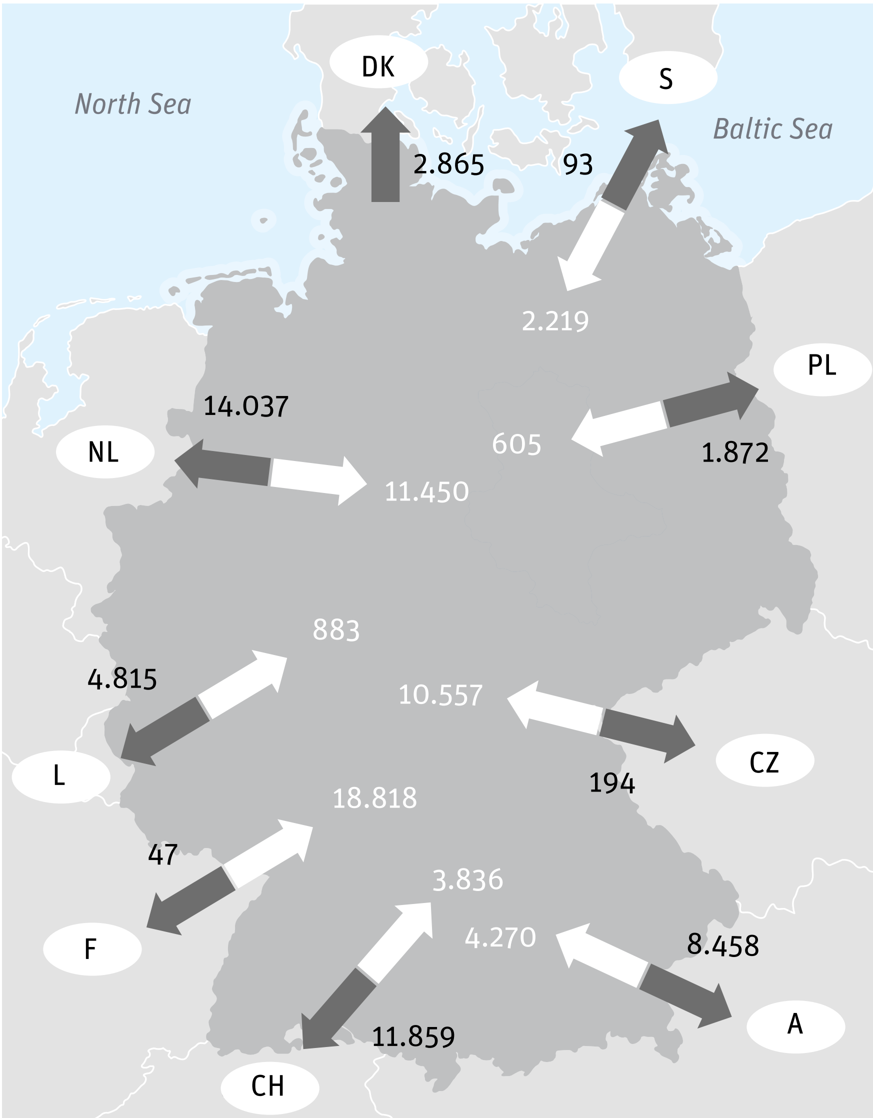
FOCUS ON
EUROPE

Increasingly dynamic development of the European markets for power and gas leads to fundamental changes in infrastructure

With the liberalisation of the energy market the European perspective becomes the decisive factor for success – for energy providers just like for the energy trading platform EEX.

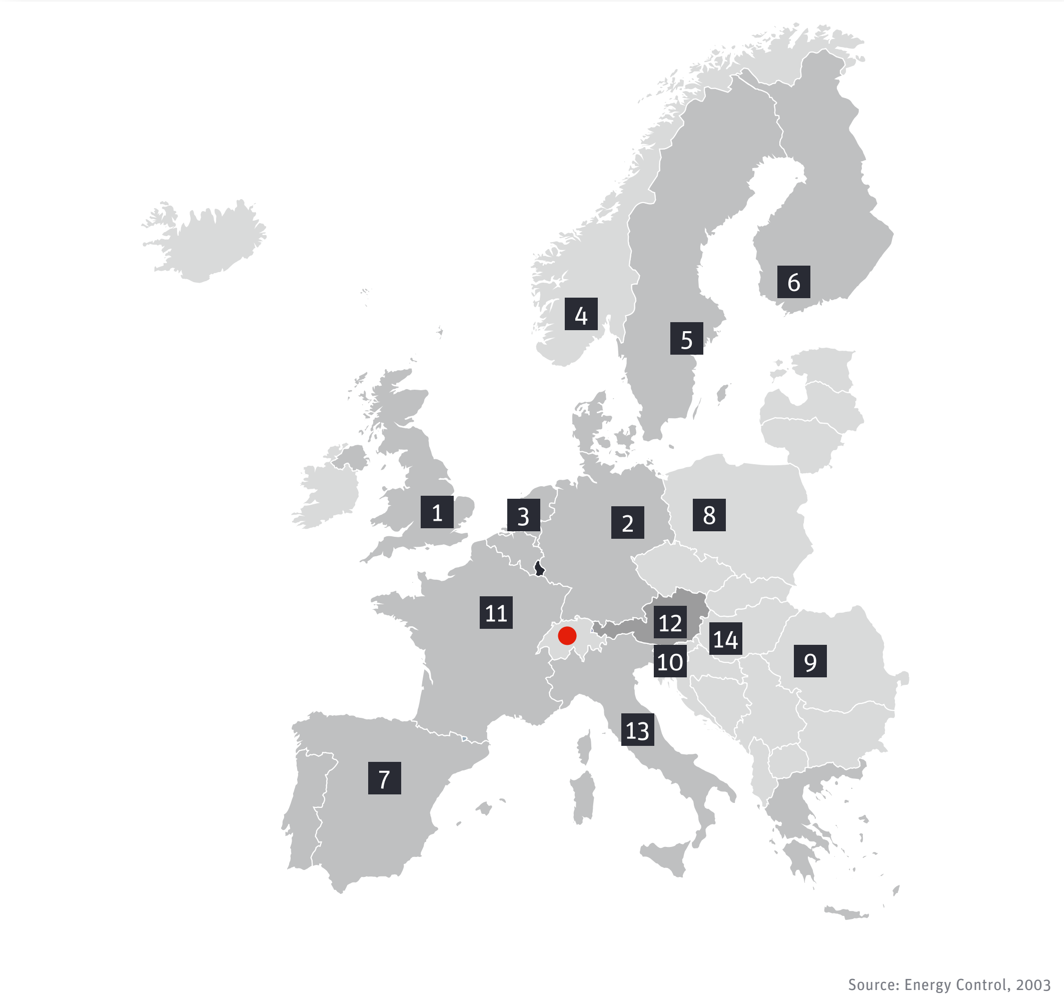
❯ Wolf Apkin found clear words for this. “We have to see this as a revolution – not as evolution”, the partner at PriceWaterhouseCoopers emphasized at the end of 1999. No other country in the world had seen such a radical liberalisation of the power market as Germany. However, many German energy companies still underestimated the “fundamental changes” which this development entailed. What was necessary at this stage was the perspective on the overall European energy market – on border-crossing trading. According to a study by his consultancy, the biggest competition for the domestic energy industry comes from France and Scandinavia followed by the USA and the United Kingdom. For this reason, “hundreds of regional power distribution companies in Germany, Switzerland and Austria would leave the market” in the near future.

However, Apking’s prediction was not really taken seriously in the industry at the time. From today’s perspective, however, it appears to provide a fairly accurate description of the development. And this was made even more valid when the European Union supplemented its directive on the liberalisation of the power markets with an “Acceleration Directive”, which provides for a complete liberalisation of the European internal market for energy and – mentioned expressly for the first time – also for gas, in June 2003. It was, in particular, this step which changed the character of electricity, which was previously more or less semi-officially administrated, and of the energy carrier into that of a commodity which can be traded freely. Especially the establishment of power as a commodity took some time to get used to because, unlike most other commodities, it is not only not visible but also has the fundamental difference that, currently, power cannot be stored – at least not in significant volumes. If more power is produced than is consumed physically, the results of this generation process (generally) cannot be stored. This means the product as such is less flexible than normal commodities – but its prices are much more flexible. And the effects of fluctuations in generation on the highs and lows of its prices are much bigger than in the case of other commodities.



Source: Deutsche Verbundgesellschaft [German Association of the Vertically Integrated Electricity Companies]/VDEW

PHYSICAL EXCHANGE OF POWER IN 2002 (GWH)



Swiss Power Index (SWEP)

1 UK Power Exchange

2 European Energy Exchange, EEX, Spot Market in co-operation with NordPool Q1 '00

3 Amsterdam Power Exchange, APX, Q1 '99; Spot and Derivatives Markets, planned: Gas Spot Market

4 Nord Pool, The Nordic Power Exchange (Lysaker)

5 Nord Pool, (Swedish Branch)

6 Nord Pool/EL-EX (FI)

7 Spanish Electricity Pool, OMEL

8 Polish Power Exchange, POLPX, Q1 '00

9 Romanian Power Exchange, OPCOM, Q1'01

10 Borzen – Slovenian Power Exchange Q1'01

11 Powernext – Q1'01

12 Alpen Adria Power Exchange, EXAA, Q1'02

13 Gestore del Mercato Elettrico (GME), planned for Q4'03

14 „Budapest Power Exchange", planned for Q1'03

POWER EXCHANGES AND TRADING PLATFORMS IN EUROPE IN 2001

Nonetheless several power trading markets were created as a result of the liberalisation and of the re-alignment of the energy market in Europe desired by the political sector. On the one hand, lively trading developed on the so-called OTC markets. The abbreviation of the English term “over the counter” describes the character of this form of trading very well – the commodity power is sold directly “over the counter” as it were. This bilateral over-the-counter market usually operates directly between power traders and can also be implemented with the support of intermediaries or brokers.

On the other hand, in particular, at the end of the nineties a number of specialised power exchanges on which power can be traded freely on the basis of the principle of a commodities exchange were planned and the majority of these also came into being. The idea, which also led to the establishment of power trading platforms in Madrid, Warsaw, Paris and Amsterdam as well as to the launch of two German exchanges – LPX in Leipzig and EEX in Frankfurt - in the year 2000, was almost compelling: An exchange is the ideal market platform for power providers to get rid of overcapacities. If there are bottlenecks in the companies’ own production, they can also buy power if necessary. The price is established on the basis of demand and supply only – i.e. by the market.

As a result, the power market finally became a buyers’ market – and the energy suppliers, which had been used to convenient monopoly situations over a long period, suddenly faced considerable price risks throughout Europe. Udo Rettberg, energy expert at “Handelsblatt”, explains that, in particular, the German energy utility companies slowed down the speed en route to the exchange rather than urging for an acceleration of the process, as “pain at parting” from conditions “which were considered dream conditions for them on account of their pricing power”.

In addition to this, the industry simply could not imagine that, beyond the physical power market, power exchanges could work like a totally normal exchange platform. At the press conference of the German Association of the Energy Industry (VDEW) on the occasion of the launch of EEX in Frankfurt, the leaders of VDEW answered Rettberg’s question whether banks, brokers and financial institutions might be interested in taking over the speculative part of derivatives trading in power based on financial derivatives with a clear “No”. However, de facto power as a commodity on the trading platform of the exchange was generally interesting for different groups of trading participants right from the outset: In addition to the electricity suppliers as producers that hedged their prices via the exchange, there were speculators willing to assume this risk and arbitrageurs that use price inefficiencies on markets – or in other words: primarily price differences between the individual trading platforms.

By now, the financial sector – i.e. those banks, brokers and financial institutions – have become a factor in the business which has, at least, the same weight and dominance, in addition to the energy producers. And it is certainly not by chance that, at the moment, more than twice the volume of power is bought and sold at the Leipzig trading platform on average per year than is actually consumed in Germany. Being more and offering more than “only” a platform for physical trading in power was part of the concept both for the Leipzig-based LPX and the Frankfurt-based EEX right from the start. As a result, competition between the two exchange platforms in terms of market and trading participants proved to be intense. However, soon after the establishment of the exchanges the parties involved realised that, together, they would be in a better position to attain the role of the "biggest power exchange in Continental Europe" aimed at. In late October 2001 the merger of the two German power exchanges with effect from the beginning of the new year was announced officially; at the beginning of 2002 both companies signed the agreements for the merger into a new company. This new company would retain the name of the Frankfurt-based European Energy Exchange AG (EEX), while the headquarters of the company, which supported 111 trading participants – 34 of which on the Derivatives and 97 of which on the Spot Market – with a staff of 40 at the time, would be located in Leipzig.

Step by step, the new exchange expanded its fields of business towards becoming a comprehensive energy exchange. Since 2003 EEX has offered clearing of the so-called OTC transactions, i.e. it assumes the counterparty risk for its trading participants. In 2004, EEX launched trading in options on power futures and in March 2005 trading in CO_2 emission allowances was introduced.

In parallel with this, the EEX management promoted the internationalisation of the business operations. In 2005, as many as 132 trading participants from 16 countries, including companies from the Czech Republic and Greece as well as from the USA, operated on EEX. Moreover, the group of shareholders is also international: At this point, it comprised 56 shareholders from eleven countries. Within the group of the European power exchanges – the Association of European Power Exchanges had a dozen members soon after liberalisation – the EEX already ranked second in Europe - behind its founding assistant and shareholder, the Scandinavian Nord Pool with registered offices in Oslo. For this reason, it was only consistent that EEX customers have also traded in power deliveries from other countries – beginning with Austria and France – since 2005.

On account of the constantly increasing dynamic development of the market, EEX was subject to a process of constant change and, as a result, has also specifically changed its image: It has evolved into a group with diverse interests and commitments both in exchange trading and in clearing and market coupling (which is defined as coupling of market areas). In connection with the interests in companies that operate in storing and the transport of energy, EEX covers the biggest-possible part of the value chain as a result.

This means that EEX has not only followed the development on the basis of its own strength but also helped to shape the development of the market in many respects, which Wolfgang Apking had actually recommended to the energy suppliers in his analysis. As Apking put it in late 1999, the energy suppliers would have to broaden their "limited horizons" towards Europe and, overall, establish a more comprehensive position for themselves – and become "multi-utility service providers".

Developments on the Power Markets

- Five price zones, which cannot be overcome in the short term on account of transport bottlenecks, have developed in the EU.
- In the medium to long term the expansion of the border-crossing capacities will lead to the further integration of the markets.
- The new EU member states and the candidates for accession complete these steps.

Source: A.T. Kearney, Berlin, 2007

POWER MARKETS IN EUROPE IN 2006

EXPANSION

INTO NEW MARKETS AND REGIONS

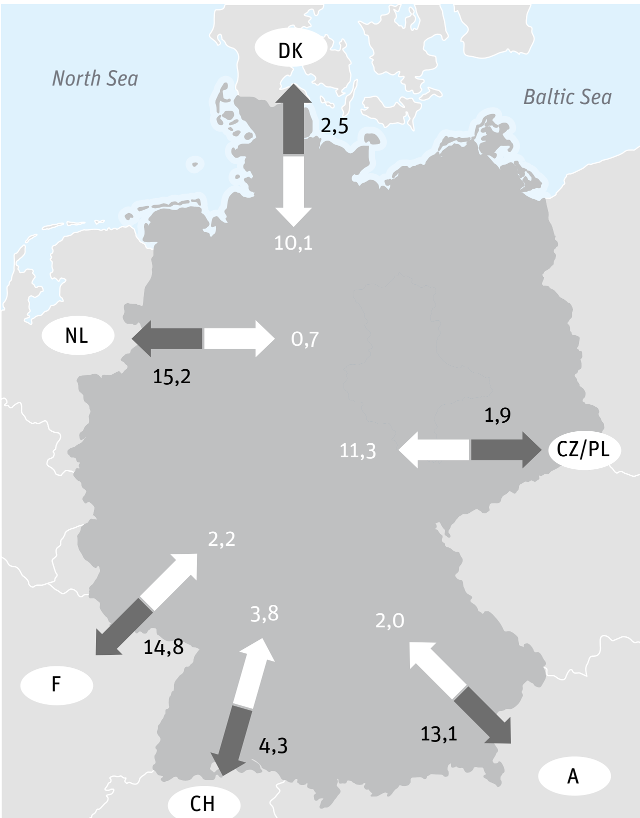
The big aims can be reached more easily together with partners

Energy trading uses the fundamental changes on the European power and gas market for the targeted expansion of the business activities. EEX sets the pace among the energy exchanges.

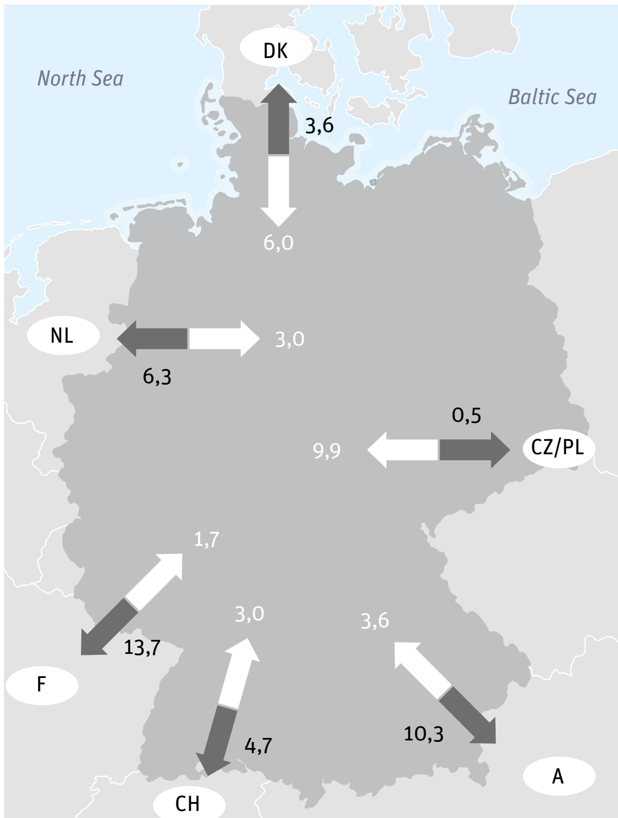
❯ Until 2010 the situation in the energy industry was characterised by profound structural change. The German energy providers operated between the conflicting priorities of new competitors, an intensification of competition, reinforced regulation and new technological developments. For example, in 2008, the electricity supply in Germany was still shaped by the four big suppliers, EnBW, E.On, RWE and Vattenfall – which accounted for a share of 86.3 percent in the net quantity of electricity generated in Germany. But political requirements from Brussels and Berlin meant that all transmission and distribution network operators were obliged to separate all their activities in the field of energy generation and energy distribution from the company at the latest by 1 July 2007. In the period from 2008 to 2010 E.ON sold its transmission network. It is now owned by the Dutch power company TenneT under the corporate name transpower stromübertragungs gmbH. Moreover, RWE outsourced its transmission network to the subsidiary Amprion during this period and Vattenfall's transmission network was sold to the Belgian company Elia and the Australian infrastructure fund IFM as 50Hertz Transmission GmbH. Only EnBW continued to be a one hundred-percent shareholder in the capital of its subsidiary, EnBW Transportnetze AG.

On the part of the competition progressing concentration reinforced price pressure. This concerned both the strategies of the “big four” among the commercial competitors and the regional suppliers. Numerous mergers and co-operations as well as (re)acquisitions by municipal authorities led to changes on the market. For example, in 2009 the sale of the E.ON subsidiary Thüga to a consortium of 50 public utilities caused a sensation throughout Germany. This sale led to the establishment of the fifth-biggest independent energy supplier in Germany. In the Münsterland region, in the Weserbergland region, in the region around Lake Constance and in many big cities new public utilities were established. The most recent examples include the new establishment of Hamburg Energie in 2009 and the repurchase of a 45-percent share in the third-biggest German energy supplier EnBW by the state of Baden-Württemberg at the end of 2010.

Trading volume in 2008*



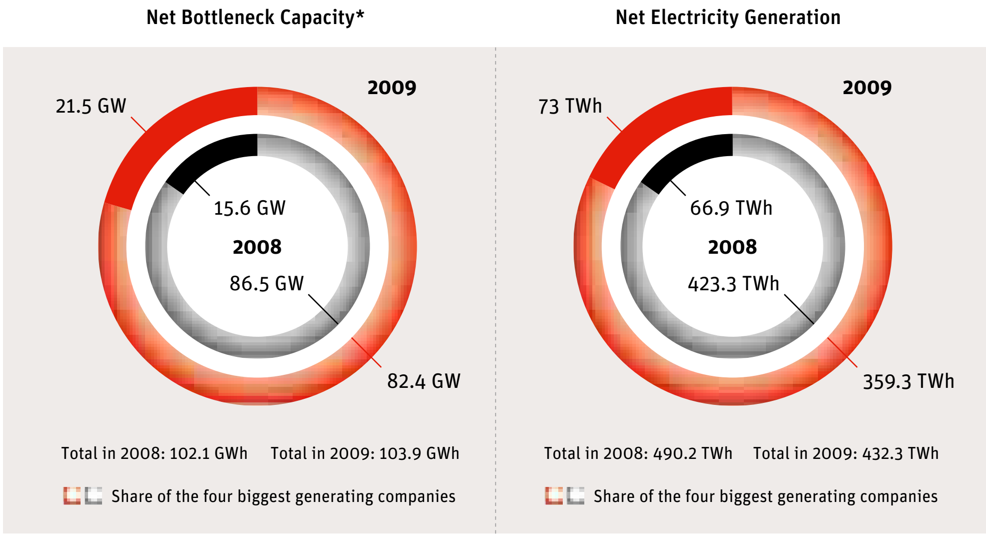
Trading volume in 2009*



** Binding cross-border nominations in TWh*

Source: ENTSO-E / Federal Network Agency

BORDER-CROSSING EXCHANGE OF POWER IN 2008 AND 2009



* Power plants with a capacity ≥ 5 MW

As in the past, the four big power companies, E.ON, EnBW, RWE and Vattenfall still dominate the German generation market. In 2009, their share in the bottleneck capacity of power plants with a capacity of at least 5 MW accounted for roughly 80% and their share in the quantities of power generated accounts for roughly 83%. These shares have declined compared with the situation in 2008.

Source: Federal Network Agency, 2010

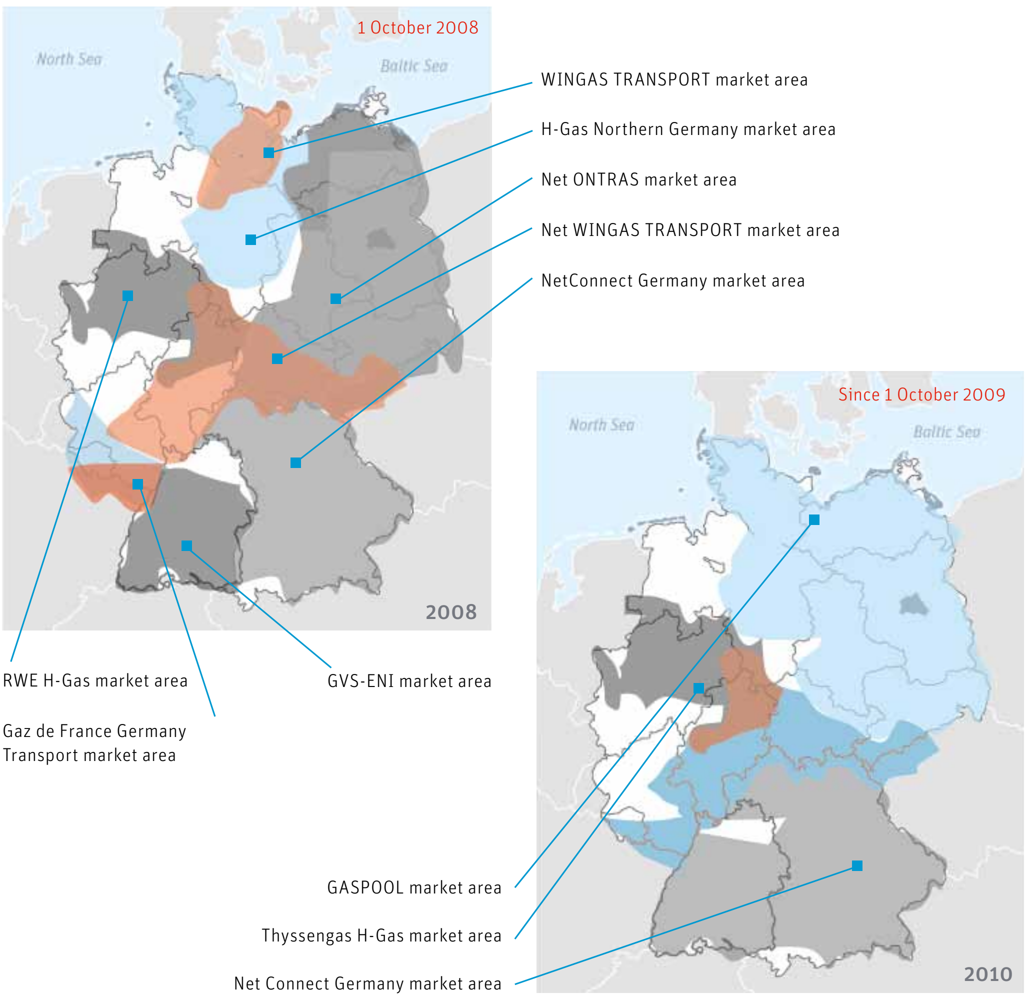
MARKET SHARES OF THE FOUR BIG GENERATING COMPANIES IN 2008 AND 2009

The gas market en route towards increased transparency

In the years 2005 to 2010 the German gas market had a structure in which, on the one hand, a few large corporations dominated the long-distance gas supply and the import business and, on the other hand, a very high number of small companies took over the regional supply. In this respect, the long-distance gas pipelines were largely operated by subsidiaries of the big natural gas suppliers. In 2006, the German market for H-gas was still fragmented with in total 14 market areas and the obstacles to competition proved to be high. In its issue of 1 February 2007 “Manager-Magazin” described the complexity of gas trading as follows: Anyone wishing to have the commodity transported across Germany needs an approval from various network operators first. “That takes time because hardly anyone knows which company has a free pipeline at the moment anyway. And, moreover, delivery is expensive. In many cases, even big customers, such as public utilities, have to rely on only a few gas suppliers.”

One step towards increased competition was taken with the new political framework conditions which ensured non-discriminatory access to the gas networks for new providers from 2008 onwards. Access to the grid was facilitated fundamentally with the help of the so-called two-contract model. Under this model, gas suppliers within one market area only need one entry capacity contract and one exit capacity contract each and they do not have to conclude wheeling contracts with all network operators between these.

Moreover, the Federal Network Agency, which was established in 2005, persistently called for the integration of market areas – with the aim of promoting competition in the field of natural gas. Success was achieved through intermediate steps. Finally, several major gas network operators (bayernets, Eni Gastransport Deutschland, E.ON Gastransport, GRTgaz Deutschland and GVS Netz) integrated their market networks under the umbrella of the joint, expanded market area NetConnect Germany with effect from 1 October 2009. At the same time, several further gas transport system operators (Dong Energy Pipelines, Gasunie Deutschland, Ontras – VNG Gastransport, StatoilHydro Deutschland and Wingas Transport) were working on a merger of their market areas under the name GASPOOL.



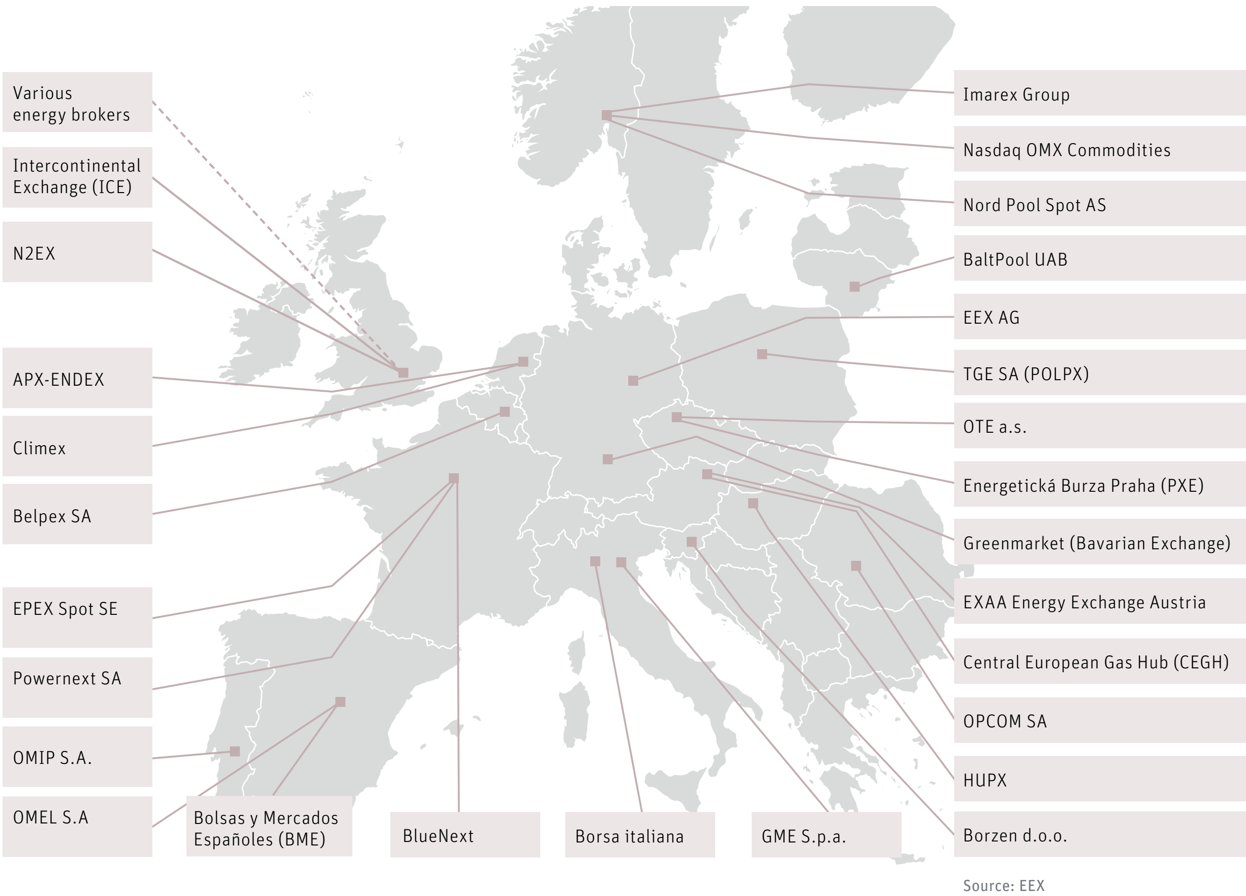
In 2009, the number of the H-gas market areas declined from seven to three – while there had been as many as 14 in 2006. However, the three H-gas market areas still have large-scale overlappings. The Federal Network Agency actively accompanied the process of the integration of market areas. Bigger market areas facilitate the transport of gas and stimulate the wholesale and end customer markets.

Source: Federal Network Agency

H-GAS MARKET AREAS IN 2008 AND 2009

Since 2007 the development of a gas exchange has taken the highest priority among the strategic projects on EEX – in addition to the expansion in the core market of power. Once the Federal Network Agency had removed the biggest obstacles on the natural gas market, EEX launched trading in high caloric natural gas (H-gas) on 2 July 2007 and it provided the new field of business with a professional and complete offer: In addition to a Spot Market for gas with a high calorific value, trading segments for derivatives transactions in the commodity of this class were also established. However, it quickly became evident: The gas exchange on its own cannot jump-start the gas market or boost competition in the short run.

Even though more than 70 trading participants were licensed at EEX in this segment two years after the launch of trading, the volumes traded remained fairly low. The desired market penetration was not to be seen. However, EEX persistently continued its project, and gas trading retained its high priority. An important step was taken in 2009: On 11 December ECC launched clearing and settlement of natural gas transactions on the new CEGH Gas Exchange of the Vienna Stock Exchange. In 2010 the range of products on the EEX gas market was expanded with Within-Day trading. This considerably increased trading in control energy through the Spot Market of the exchange.



DIVERSITY OF ENERGY TRADING PLATFORMS IN EUROPE IN 2010

Many players determine energy trading

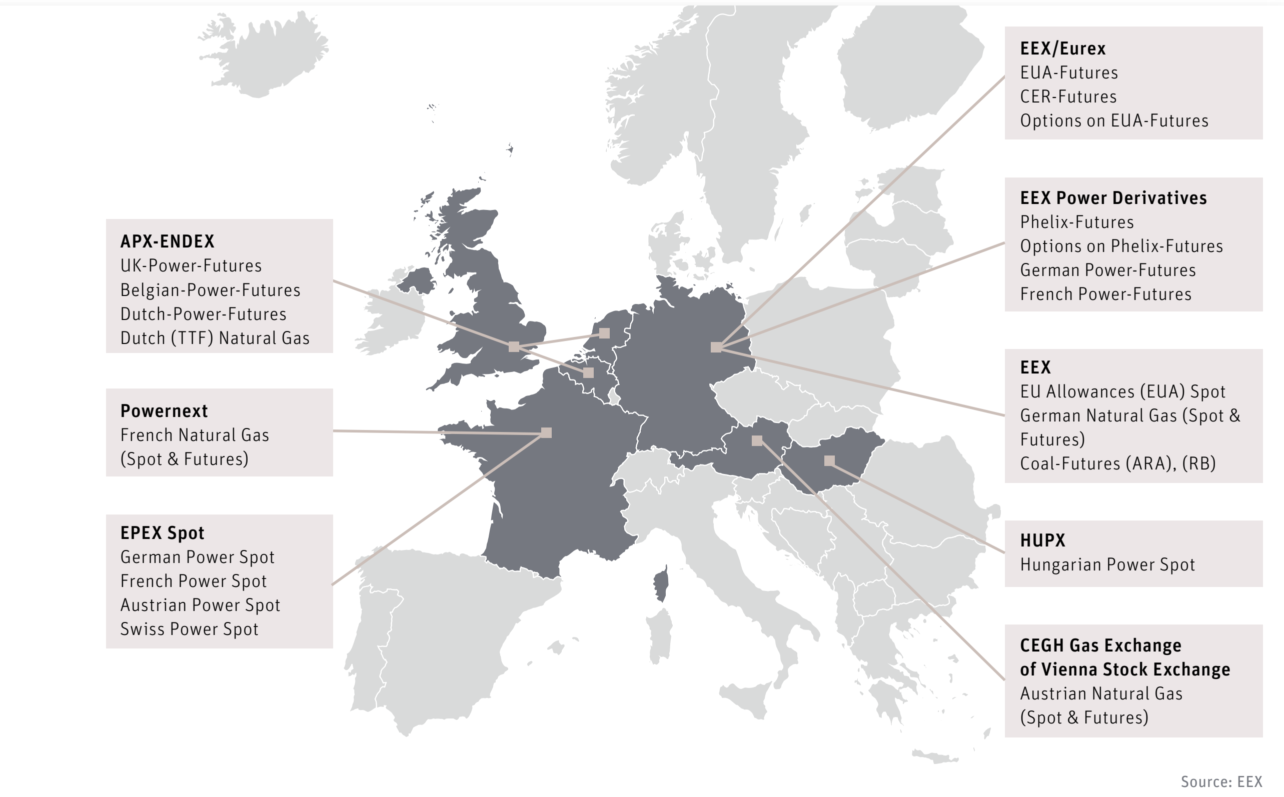
In parallel with border-crossing trading in power and gas, which increasingly gained in importance and shaped the competition in the energy sector between 2005 and 2010, a multitude of national and regional energy exchanges and standardised over-the-counter contracts (OTC transactions) developed thanks to the liberalisation in Europe. Further trading and clearing platforms developed, brokers established a new position for themselves. They attracted a large number of players, including generation and supply companies, large-scale energy consumers, pure traders, financial institutions and other intermediaries. At the end of 2010, there were almost 30 energy trading platforms. Moreover, US-based energy exchanges were also moving into the market and, at times, pursued aggressive strategies. Acquisitions, mergers and co-operations determined the situation – always with the aim of increasing the respective player's own market shares.

For the final consumer the possibility to choose between many providers is advantageous. However, in the case of the energy trading platforms the situation is different: EEX realised early on that a large number of market platforms leads to a fragmentation of liquidity and prevents the attainment of the aim of a common European energy market. Brussels has had and still has the same or, at least, a similar view of this. As early as in 2004 the European Commission called for a stronger integration of the national and regional energy markets and developed the vision of one European energy exchange over the following years. This vision assigns a central role to EEX, as outlined by the former EU Energy Commissioner Andris Piebalgs at a conference of the German Association of the Energy Industry (VDEW) on 24 May 2007: "EEX is certainly a good model for a European power exchange; however, it is not yet big enough to cover the entire region. I envisage an exchange with several sites."

EEX AND POWERNEXT ARE CO-OPERATING IN POWER TRADING

This resulted in the need for the consolidation of the trading platforms – either through acquisitions or through partnerships. “If you want to grow, you have to be able to share”, this was the motto of the Management Board of EEX at the time. Accordingly, the Leipzig-based exchange tried to find its own solution through co-operations with other exchanges. The Europeanisation strategy of EEX, which is aligned to growth, relies on an open business model which generates increased flexibility, higher market coverage and bigger volumes through targeted spin-offs and partnerships. Systematic clearing and settlement of exchange and over-the-counter (OTC) transactions in power, natural gas, coal and CO_2 products by European Commodity Clearing AG (ECC) is an essential component of the co-operation products and key to the joint success.

In 2006 the spin-off of the clearing operations of EEX into a subsidiary, ECC, constituted an important step within this expansion strategy. As a legally independent public limited company ECC is also available as a clearing house for other exchanges. In 2007 and 2008 spot and derivatives trading in power were each spun off into independent companies. These legally independent companies are open for co-operations, participations and partnerships of different characters. And the offer for co-operations was well received: As early as in 2006, the Dutch exchange ENDEX European Energy Derivatives Exchange N.V. established a co-operation with EEX in the clearing segment. Clearing and settlement of all products traded on ENDEX were transferred to ECC.



WHAT EEX AND ECC COVER

In the field of power trading EEX co-operates with the French Powernext SA. Together with Powernext the joint spot market company for power EPEX Spot SE with headquarters in Paris was established after intensive work for the establishment of new structures. Both partners hold 50 percent of the shares each in the new company. As a result, a little over one third of the power consumed in Europe is now united in one trading platform. EPEX Spot operates short-term power trading for Germany, France, Austria and Switzerland from Paris – and still has business premises for supporting the German customers in Leipzig. Moreover, German and French derivatives trading in power were integrated into a subsidiary, EEX Power Derivatives GmbH, which has its registered office in Leipzig and in which EEX holds 80 percent of the shares and Powernext holds 20 percent of the shares. Clearing and settlement of all spot and derivatives transactions on power is provided by ECC. Since November 2008 it has settled the gas transactions concluded on Powernext.

Furthermore, EEX launched its first product co-operation in the field of emissions trading with Eurex, the derivatives subsidiary of Deutsche Börse AG, on 5 December 2007. The co-operation was launched with the existing EUA futures followed by CER futures and options on EUA futures as further joint products in March and April 2008. In November 2009 the co-operation was expanded with EEX power derivatives, which Eurex customers can also trade and clear via their existing Eurex access.

In addition, EEX holds an interest in store-x GmbH (Storage Capacity Exchange), an on-line platform for secondary trading in storage capacities for natural gas, and in trac-x GmbH (Transport Capacity Exchange GmbH), an on-line platform for natural gas transport capacities. Moreover, EEX holds 20 percent in EMCC GmbH (European Market Coupling Company), a company which is in charge of bottleneck management on the Danish-German border.

Transparency strengthens credibility

More and more energy companies accept the challenge to face the competition outside their traditional regional supply areas on the liberalised market. In view of the rather complex, and far from clear structure in Germany, with 850 power and 750 gas grids, market transparency proves to be more important than ever for trading and marketing of energy. For energy trading exchanges, such as EEX, transparency is a decisive subject: It promotes the comprehensibility of market pricing and strengthens the confidence which the public and the market participants place in the markets and in the development and integration of the European market. On EEX all trading procedures and processes are published in real time via the electronic trading system. Moreover, all prices and volumes are also visible on the Internet at all times. To EEX, transparency also means that all trading activities are given an open design through comprehensible, lean processes and internationally approved mechanisms. As a result, EEX sets standards in terms of security and is also making an active and forward-thinking contribution with regard to the prevention of manipulative trading practices.

In 2009, the associations of the energy industry in Germany – BDEW [German Association of Energy and Water Industries], VKU [Association of Municipal Companies] and VIK [Association of the Industrial Energy and Power Industry] – and the four German transmission system operators – EnBW Transportnetze AG, transpower stromübertragungs gmbh (formerly: E.ON Netz GmbH), RWE Transportnetz Strom GmbH, Vattenfall Europe Transmission GmbH – as well as EEX agreed to publish generation data on a central internet platform. The "Transparency in Energy Markets" platform was established on EEX and launched on 30 October 2009. EEX is responsible for the operation of the platform, which includes plausibilisation, anonymisation, aggregation and the publication of the data reported. In the course of the year 2010 the EEX transparency platform was expanded and improved step by step. It now provides data on the generation of electricity from conventional energy sources as well as wind and solar energy at one glance. The constantly growing number of reporting companies and hits testifies to the platform's success.

Moreover, the Federal Network Agency has made intense endeavours at increasing transparency on the power market for several years. As a result, it contributes to the establishment of a level playing field for all participants for the purposes of effective trading in power and bottleneck management. Knowledge of data regarding the generation and consumption of power in due time constitutes one important precondition for this. These requirements are fulfilled with the EEX transparency platform.

In addition, there are further initiatives at the national and European level. In the framework of its energy concept 2010 the Federal Government is planning to establish a so-called "market transparency body" for power wholesaling, which is to be created at the Federal Cartel Office. Its task will comprise ensuring supervision of pricing and recording and collecting all the market relevant data and information centrally and reviewing these for indications of violations of the applicable law to this end. In December 2010 the European Commission presented a draft Resolution on Energy Market Integrity and Transparency. With the help of ACER, the new EU regulatory authority, which closely co-operates with the national supervisory bodies, a European supervision architecture is to be created.

Overcoming technical obstacles

One internal energy market throughout Europe is sensible because it helps to achieve the optimum results in terms of liquidity and trading participants. Matching of all sell and buy offers – for example on power – on a single market would not only expand the circle of potential trading participants but also reduce possibilities for manipulation. However, this would need a single power market – and so far, the technical preconditions for this have not been fulfilled. In the past, border-crossing connections only served the purpose of supporting systems technology and the exchange of power of the vertically integrated electricity companies among each other. Today, they are regarded as "bottlenecks" in power trading but are not even designed for such trading. These technical obstacles date back to a time when the power systems were only intended to ensure a nationally and regionally secure power supply.

These bottlenecks between member states are now to be overcome with the instrument of “market coupling”. The power exchanges Powernext, APX and Belpex agreed on this as early as in 2006 with the so-called trilateral market coupling between the Netherlands, Belgium and France. The principle behind this is: Power trading and the allocation of capacities are summarised in one process.

Reinforcement of trading in climate certificates

In addition to the well-established power trading, EEX broke new ground with trading in emission allowances in 2005. In March of the year, it launched the Spot Market and in October it launched the Derivatives Market for EU Emission Allowances (EUA), which can be bought and sold within the European Emissions Trading Scheme. Since October 2004, EEX has published an index for trading in CO_2 emission rights, which was replaced by the Carbix (Carbon Index), a Spot Market index determined on every exchange trading day, later on.

The EU Emissions Trading Scheme was introduced in January 2005 as an element of the Kyoto Protocol on Climate Change. The EU ETS comprises National Allocation Plans (NAP) of the EU member states, which are co-ordinated individually, and work on a “cap and trade” basis, which obliges companies either to emit less carbon dioxide than permitted by the specified emission cap of its facilities as per the NAP or to buy EU emission allowances. The first phase of trading in the system began in 2005 and ended upon the end of 2007. The second phase started at the beginning of the year 2008 and will end in December 2012. It coincides with the commitment period under the Kyoto Protocol.

While the emission allowances were still provided free of charge during the first European trading period, they are partly auctioned off during the second trading period, with the share of the EUA to be auctioned off to be raised continuously. In addition to trading in emission allowances, EEX has carried out the primary market auction for EUA in Germany on behalf of the Federal Ministry for the Environment since January 2010. At 91 auctions, in total 41.1 million EUA were auctioned off on the Spot and Derivatives Market in the year 2010. With the contract for EUA auctioning EEX sees its position as a trading platform for CO_2 emission rights strengthened and a good position established for attaining its aim of winning the contract for the auctions to be held on the CO_2 market and carrying out these auctions through its platform from 2013.

ENERGY INDUSTRY 2.0

NETWORKS WITHOUT LIMITS

The pan-European energy market of tomorrow needs new integration mechanisms.

Reinforced regulation, new technologies and changed generation structures are some of the decisive subjects for the energy industry over the coming years. EEX is convinced that it has a established a good position for itself within the exchange landscape.

❯ On the way towards an integrated European energy market it is now becoming apparent that the influence which the political sector has on decisions in the energy industry, will increase considerably. This can be seen, in particular, in the stricter pursuit of climate aims and constraints in Europe and, in particular, in Germany. Today, German energy suppliers operate between the conflicting priorities of new market participants and reinforced competition, more stringent regulation and new technological developments. On account of climate policy aims pursued by the European Union and Germany the expansion of renewable energy sources will make further progress. Boston Consulting Group has outlined the consequences of this in a current study on the energy industry: In connection with a considerable increase in decentralised generation sources the German generation landscape will change fundamentally as well as lastingly. The study further explains that this will have considerable effects on the business model of large-scale power plants. And it states: "Conventional power plants will increasingly lose their dominating role within the European power supply and come in for pressure from alternative sources of energy – regardless of whether such are installed in a central or decentralised location."

The increasingly active role assumed by the political sector is also felt at the level of regulation. The EU has enacted directives 2001/77/EC and 2004/8/EC, according to which at least 20 percent of the energy consumed has to come from renewable sources, in order to ensure the implementation of its climate aims. The energy concept of the Federal Government published in September 2010 imposed ambitious aims on the German energy industry: Until the year 2020 the consumption of primary energy in Germany is to be reduced by 20 percent as against the year 2008 and, furthermore, primary energy consumption is to be reduced by as much as 50 percent by the year 2050. This corresponds to an annual increase in energy productivity by 2.1 percent. (For comparison: In the years 2000 to 2008 energy productivity increased by 1.4 percent annually.) In addition to this, power consumption is to be reduced by 10 percent by the year 2020 and by as much as 25 percent by the year 2050.

At the same time, the European Commission intervened more intensively in questions of market supervision. In December 2010 Brussels announced more stringent controls for power and gas trading, in particular, with regard to trading in short-term products (Spot Market). In this context, insider transactions and market manipulation, such as an artificial tightening of the energy supply, are to be banned and become subject to sanctions. Since, today, power and gas trading also extends beyond national borders and since it will become more European in character in the future through market coupling, supervision will primarily lie within the hands of the newly established EU energy agency, ACER. Its operations will be launched in Ljubljana in March 2011. In the future, national regulatory and financial services authorities are to co-operate and forward the data collected to ACER.

EEX meets challenges with new strategy

In the field of trading there was a small number of professionally run exchanges and a large number of local exchanges with a limited product offer within the European market landscape at the end of the year 2010. In this environment, EEX sees itself as well positioned. As in the past, the signs still point towards expansion. In December 2010 the Supervisory Board adopted its “Growth Strategy 2015”. This strategy unambiguously defines the aims: EEX wants to develop into the clear leader among the energy exchanges in Europe on the basis of organic growth within the next five years. In the framework of this aim the partnership model will be continued, if it is commercially sensible. A reinforced expansion of the EEX positions in the four strategic directions of power, gas, emissions and clearing is planned. And the EEX management sees the future of EEX Group in a consistently positive light: With a view to the year 2015 the EEX markets in the power segments are the clear reference markets throughout Europe; in gas EEX provides the leading trading platform in Continental Europe and also sets the reference price in this segment. As a pioneer in terms of safety standards, transparency and reliability EEX is a central, European market platform for emission allowances and will continue to be so, in particular, for the Primary Market Auction from 2013. And, not least, the clearing subsidiary ECC is considered to be the leading provider of energy and cross-commodity clearing in Europe.

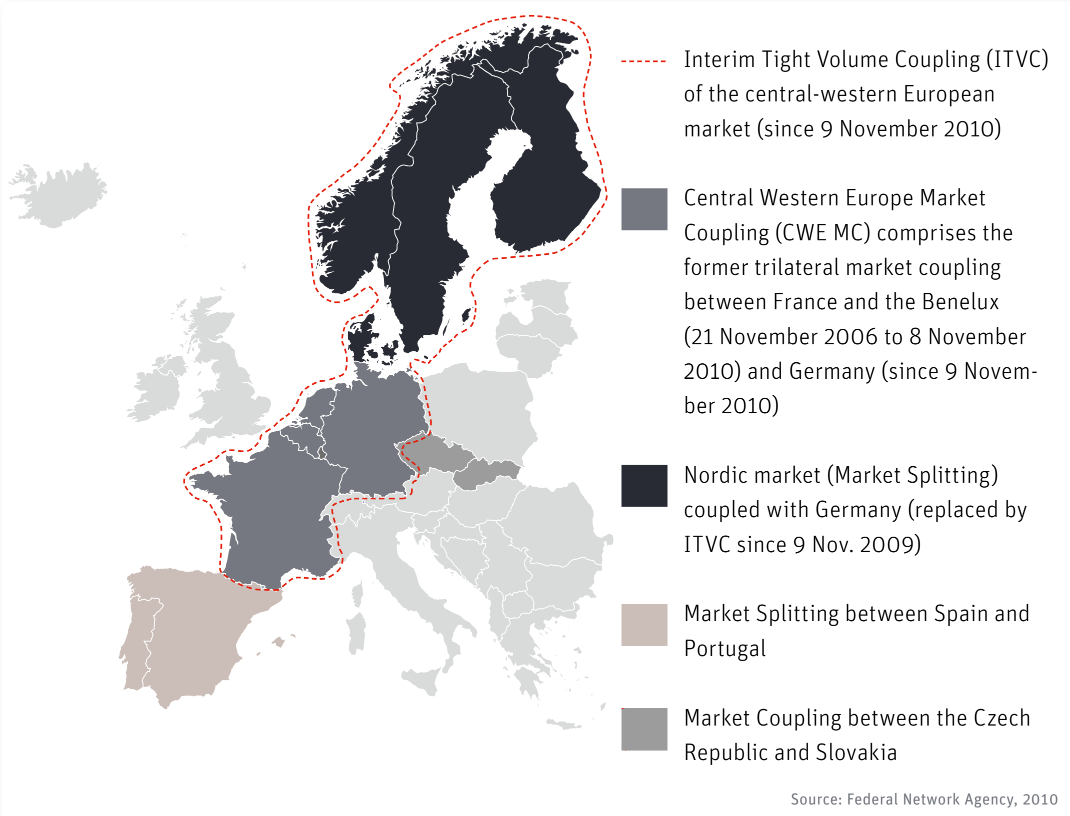
For the purposes of the further development into a central European market platform for emission allowances EEX has already created important preconditions – for example through the improvement of the technical connection of the trading participants to the EEX systems, the successful further development of the products and services and the increase in the liquidity on the individual markets.

Markets are becoming integrated

In the meantime, further preconditions for trading without obstacles were created on the power market. In this respect, an important milestone was reached on 9 November 2010: On this day, the coupling of the power markets in Germany, France and the Benelux, which had been pursued for five years, was launched. It expanded market coupling between France and the Benelux which was established in 2006 with Germany as another partner. At the same time, the new price coupling for the five states of the Central Western European Electricity Markets (CWE) with the existing EMCC coupling area between Germany and Scandinavia (Denmark, Sweden, Norway and Finland) is being coordinated. "Market coupling of this extent and complexity constitutes a pioneering achievement which is unique worldwide", explained Hildegard Müller, Chair of the Executive Board of the German Association of Energy and Water Industries (BDEW). Moreover, a further geographic expansion of this market coupling is planned. At the same time, Hildegard Müller emphasises: "The German energy industry aims at the establishment of a true internal market for power and gas in Europe."

Market coupling aims at the more efficient use of the bottlenecks between the national power markets: Border-crossing power trading is combined with the acquisition of the transmission capacities required to this end. In an ideal case – i.e. provided there are sufficient capacities at the interconnection points of the wholesale markets – market coupling results in identical prices on the power spot markets of the countries participating. Market coupling leads to increasing trading between market areas, higher volumes traded on the individual exchange platforms, a maximum degree of price convergence for the given capacities between the individual exchange platforms and, thus, to support for the development of an integrated liquid commodity market. The very complex organisational and infrastructural preconditions were developed together by energy exchanges, transmission system operators and regulatory authorities.

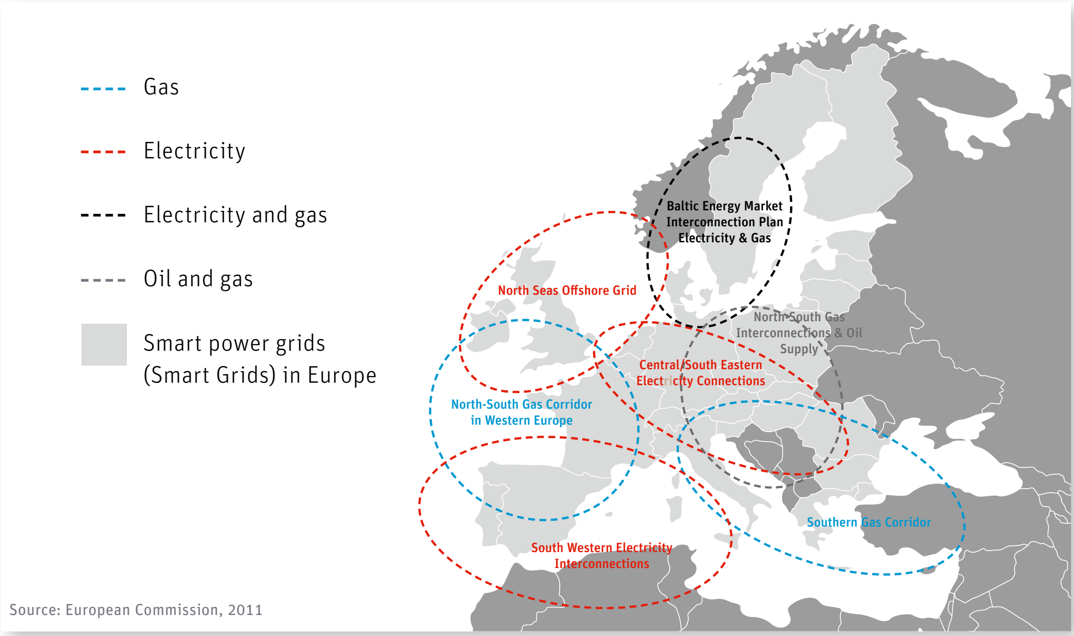
From EEX' perspective market coupling has successfully contributed to market integration. However, several further steps still have to be completed in order to implement a single internal market for energy. Today, EEX and its clearing subsidiary ECC cover a fundamental part of Continental European energy trading. Moreover, the co-operation with the French Powernext has created a centre of gravity for trading in power and implemented an exemplary degree of market harmonisation.



BORDER-CROSSING POWER MARKETS IN 2010

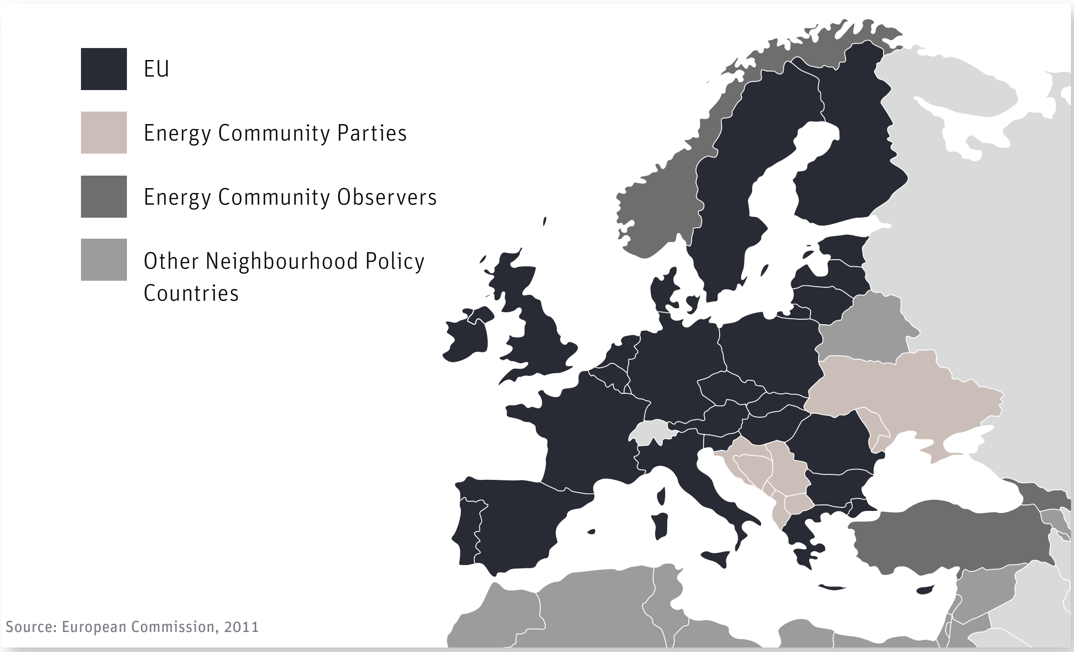
On the part of the generators, the energy market of the future is shaped by various technologies which are currently in the development stage. These include centralised off-shore wind farms and solar thermal power plants as well as decentralised energy sources, such as photovoltaics and biomass. In particular photovoltaic systems are currently gaining ground. Frank Klose, energy expert at Boston Consulting, concludes: “In connection with the increasing share of renewable fluctuating energies in the energy mix, the demand for integration mechanisms will increase. This includes the expansion of transmission lines, the introduction of energy storage systems as well as intelligent networks permitting sophisticated demand management.”

In gas trading, trading without barriers via so-called virtual trading points (VTP) constitutes an important precondition for the development of the market – closely connected with other important subjects, such as line connections, capacity, interoperability, transparency or security of supply. Progress in the development of gas trading points is very much dependent on successes achieved in other fields. From the perspective of the EU there is currently no need for a complete integration in gas trading within Europe. A close co-operation between the areas to be networked is considered more important initially. Where those co-operations have not yet been established, they are to be implemented in the coming years.



Source: European Commission, 2011

PRIORITIES OF THE EUROPEAN ENERGY INFRASTRUCTURE IN 2020



Source: European Commission, 2011

EXPANSION OF THE EU ENERGY MARKETS INTO NEIGHBOURING REGIONS

ANNUAL REPORT 2010

REPORT OF THE MANAGEMENT BOARD

Dear Readers,
Dear Shareholders,

The year 2010 was a special one for EEX in more than one respect: This is because we were proud to be able to celebrate our tenth anniversary in the summer. The business community and the political sector have unanimously praised the exemplary achievements of European Energy Exchange AG – not only at the official event celebrating our anniversary but throughout the entire anniversary year. To most of our partners within the business community, EEX with its market segments, products and services is a “pillar of strength” in energy trading. This applies to banks and financial service providers as well as to energy brokers, public utilities and large power companies. In addition to the trading platforms of EEX, the pioneering role of the EEX clearing subsidiary, European Commodity Clearing AG (ECC), can, in particular, be emphasised. Today, EEX Group is seen as the uncontested driving force and pioneer in the implementation of effective trading within the industry. At the same time, it is an important asset for the continued professionalisation and expansion of the European energy market.

This perception by the outside world confirms our view that we have once again done our homework extremely well in the year 2010. This not only refers to the business results, which were quite good for the year – but, as in the previous years, we have once again managed to make a contribution to the further development of the European energy market by setting standards which are valid throughout Europe. On the one hand, the processes and trading structures of EEX, which have been established as a role model and example throughout Europe by now, have to be mentioned. On the other hand, this also includes the price indices which EEX Group has developed and launched on the market. The European Electricity Index (ELIX), with the help of which EEX and EPEX Spot have represented the market price for electricity for an integrated European market area since October 2010, is the most recent example of this.

In this way we were able to help to shape the endeavours for a further market harmonisation and to keep track of the European perspective in the further expansion of the transparency platform at all times. The role as an asset and driving motor of the European energy market is and will continue to be both an obligation that we put on ourselves and also a commitment at the same time.

DR. CHRISTOPH MURA

The year 2010 was also a special year for EEX in the sense that significant changes in the ownership structure began to emerge at the end of the year. Our anchor shareholder and co-operation partner Eurex announced that it will take over the majority of the shares in EEX and contribute to the further strengthening of our international business base in this way. This step is one of the important milestones which was reached and which aims at securing the growth and future of EEX Group and of which there were so many throughout the year. These milestones also included the clear vote with which the bodies of EEX welcomed and approved the growth strategy presented for the next five years. The strategy focuses on the reinforced development of the central business fields of power, gas, emissions and clearing. Its mission is to develop every business division into the market leader in Europe and to strengthen and, as a result, to further expand EEX‘s position as the leading trading platform within the European energy sector.

In terms of commercial results, the year 2010 can be considered a successful year with good results. A glance at the figures once again confirms how stable and secure EEX's position in international energy trading is. While other energy exchanges in Europe are partly still suffering from the effects of the financial crisis of the previous year and, in some cases, also from the consequences of criminal offences in CO_2 trading, EEX Group managed to pick up speed again. The fact that a dividend was paid out to the shareholders for the first time in the past financial year 2009 constitutes a small but no less important part of the continuous upward trend.

This is even more clearly visible in the growth rates of the central business divisions: Compared with the year 2009, volumes traded on the Power Derivatives Market increased by 18 percent and on the Power Spot Market volumes even increased by as much 37 percent. As a result, expectations were clearly exceeded. Moreover, gas trading on EEX which tangibly revived with the introduction of Within-Day trading also showed a positive development and even the Coal Derivatives Market, (which is still marginal in view of its contribution to profits), recorded a considerable increase in trading volumes. Moreover, continuous growth was recorded in emissions trading. At this point, one fact has to be noted: These increases were not only recorded in the Primary Market Auction with regard to which auctioning of 10 percent of the German CO_2 emission allowances is guaranteed for EEX in 2010 and 2011 but also in free secondary trading on the Derivatives Market.

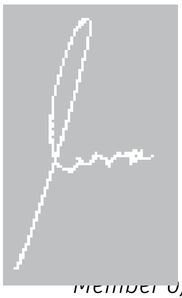
Naturally, the clearing subsidiary, European Commodity Clearing (ECC), which accounts for a share in sales of 58 percent and, thus, constitutes a reliable parameter and an important factor of the consolidated balance sheet, also benefited from the increased volumes on the Spot and Derivatives Markets – in particular, in the field of power. It was also its contribution which ensured that sales and revenue figures for the year 2010 were considerably higher than those for the previous year. In addition, the fact that both the number of trading participants and the EEX staff numbers are increasing continuously, impressively testifies to the dynamic effect of the course embarked on.

IRIS WEIDINGER

In terms of the market, the European perspective also took centre stage during the year under review. For example, EEX Group succeeded in gaining the Hungarian HUPX exchange as a partner. As a result of this, ECC did not only take over the clearing of the Budapest-based energy exchange – the first trading participant from Hungary was also admitted to EEX in December, in addition. From a European perspective, market coupling for the Central West Europe (CWE) Region, which was launched with the help of a decisive contribution by EPEX Spot, is a step which was just as important as was the introduction of the new ETS system for the hourly auctions on power in France, Germany / Austria and Switzerland, which was also initiated by EPEX Spot to a considerable degree.

Below the line, a largely positive conclusion can be drawn for the special year 2010. As in previous years, this success was due both to our trading participants' and partners' commitment and to the high degree of dedication on the part of our employees. The tried and tested objective co-operation with national and European supervisory and regulatory authorities also contributed to this – both directly and indirectly. From the perspective of the Management Board the high degree of supervision of EEX Group and the high standards and requirements in day-to-day business associated with it constitute an important competitive advantage on the route towards becoming the leading energy trading platform in Europe.

On this note, the Management Board would like to thank all those involved for the confidence, the commitment and the support also on behalf of the entire management team and is looking forward , together with you, to a new financial year 2011.



h Mura
Member of the
Management Board (COO)

Iris Weidinger
Member of the
Management Board (CFO)

REPORT OF THE SUPERVISORY BOARD

DR. JÜRGEN KRONEBERG

❯ During the entire reporting period, the Supervisory Board of European Energy Exchange AG (EEX AG) dutifully carried out the tasks with which it was entrusted, according to the applicable legislation and the statutes of the Company, it oversaw 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 corporate planning, including financial, investment and personnel planning, business activities, the further strategic development and the current situation of the Group. This was based on detailed written and oral reports by the Management Board. Critical corporate business transactions were discussed intensively based on reports by the Management Board. The Supervisory Board approved the draft resolutions by the Management Board after thorough examination and deliberations. In total four ordinary meetings were held. If required, the Supervisory Board adopted resolutions by way of circulation.

Work in the Committees

In order to efficiently discharge its tasks the Supervisory Board has set up three committees. These prepare resolutions and other matters for the Supervisory Board.

In 2010 the **strategy committee** held one extraordinary and four ordinary meetings. The "Member Connectivity" project for optimising the technical connection of trading participants which has to be seen as part of the global and long-term strategy of EEX Group, was a major focus of the deliberations.

Also, the committee dealt with the "EEX Strategy 2015" project in detail and consequently discussed possible initiatives for boosting growth in the individual asset classes. In this context, the development of the competition was also observed and discussed intensively. In addition, current strategic subjects were discussed in the ordinary meetings of the overall Supervisory Board.

On 21 October 2010 the Supervisory Board elected State Secretary Roland Werner, Saxon State Ministry for Economic Affairs, Labour and Transport, as a further member of the strategy committee of the Supervisory Board.

The **presiding committee** was inaugurated at the meeting of the Supervisory Board on 21 October 2010. It consists of the chairman and the deputy chairmen of the Supervisory Board, i.e. three members and it has the task of preparing resolutions to be adopted by the strategy committee and by the Supervisory Board and making relevant recommendations to these bodies. The presiding committee met twice in 2010.

The **human resources committee** submitted proposals regarding the conclusion or amendment of employment contracts of members of the Management Board comprising pay-related decisions for adoption by the Supervisory Board. On the adoption of the 2009 annual report, the Supervisory Board discussed the degrees of achievement of objectives and the payment of related profit shares to the members of the Management Board and submitted a draft resolution to the Supervisory Board. A new model regarding the remuneration of the members of the Management Board was developed and adopted by the Supervisory Board. The target agreements for 2010 were concluded in June and the targets for the year 2011 were specified in December and put to the Supervisory Board for approval. The human resources committee also dealt with the re-appointment of Ms. Iris Weidinger.

Focus of the Work of the Supervisory Board in the Business Year 2010

During 2010 the Supervisory Board met four times. The chairman of the Supervisory Board also discussed subjects of special importance for EEX AG and the Group with the members of the Supervisory Board and the Management Board between meetings.

The development of sales and revenue of EEX AG and of the Group as well as the financial situation constituted the subject of regular deliberations on the Supervisory Board. During the year under review special emphasis was placed on the financial crisis and its impacts on EEX Group. The Management Board informed the Supervisory Board extensively about this. The Management Board also regularly reported on the current market situation as well as the risk situation of EEX AG and of the Group. On account of the increased complexity of the group structure and the growing size of the Company, the Management Board regularly reports on the reorganisation and optimisation of internal and external processes.

At the meeting on 1 April 2010 (focused on the annual report), the plenum intensively discussed the annual and consolidated financial statement for 2009 and the corresponding management reports, in the presence of the auditor. The 2009 financial statements were approved and taken as adopted. The proposal of the Management Board to use the balance sheet profit for the payment of a dividend of EUR 0.15 per no-par value share carrying dividend rights was approved by the Supervisory Board. As a result, EEX was able to pay a dividend to its shareholders for the first time. Furthermore, the Supervisory Board approved the degrees of achievement of the targets of the members of the Management Board proposed for the financial year 2009 and the payment of dividends associated with it after recommendations by the human resources committee.

At the meeting of the Supervisory Board in June 2010 the Board dealt with the business and financial situation of the Company expected for the first half of the year. The target agreements for the members of the Management Board for the year 2010 recommended by the human resources committee were also adopted. In addition, the Management Board reported on the successful conclusion of the strategically and commercially important "Member Connectivity" project for the optimisation of the technical connection of trading participants. The risk report was presented to the Supervisory Board in its new structure. From the mid-year, the further development of risk management within EEX AG and reports on current regulatory developments regularly formed the discussion subject. At the meeting in October 2010 the Management Board reported on the current business and financial situation of the Group after the end of the third quarter.

The Supervisory Board followed the recommendation by the strategy committee and approved the project model "EEX Strategy 2015". In addition, concrete strategic directions for the power, gas, emissions and clearing segments were agreed. A decision to set up a presiding committee was also taken. The Supervisory Board elected State Secretary Roland Werner as a further member of the strategy committee of the Supervisory Board. In line with the recommendation of the human resources committee, the Supervisory Board re-appointed Ms. Iris Weidinger as CFO for a further three years.

Important topics at the meeting in December 2010 included the adoption of a resolution on the budget for 2011 and the medium-term planning from 2012 to 2016. Furthermore, the initiatives regarding the implementation of the strategic directions in the power, gas, emissions and clearing segments presented by the Management Board were adopted.

The model for the compensation of the Management Board developed by the human resources committee and the proposed target agreements for the members of the Management Board for 2011 were adopted.

Annual and Consolidated Financial Statement 2010

The Management Board has prepared the annual financial statement and the management report, the consolidated financial statement and the consolidated management report of EEX AG and submitted these to the Supervisory Board at the due time.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Berlin subsidiary, which was appointed as the statutory and group auditor for the financial year 2010 by the general meeting, has audited the annual financial statement as of 31 December 2010 prepared according to the German Commercial Code (HGB) and the appertaining management report as well as the consolidated financial statement as of 31 December 2010 prepared according to IFRS (in the EU version) and the appertaining management report and has certified each of these without qualification.

The auditor of the annual accounts submitted his reports on the type and extent of the audit and the audit reports to the Supervisory Board. The documents regarding the financial statements referred to and the audit reports provided by the auditors of the annual accounts were submitted to all members of the Supervisory Board at the due time.

The auditor of the annual accounts took part in the meeting of the Supervisory Board on 31 March 2011 and comprehensively reported on the essential findings of the audit. The Supervisory Board examined the annual financial statement, the management report as well as the consolidated financial statement and the consolidated management report. As there were no objections, the result of the audit by the annual auditor was approved. The Supervisory Board approved the annual financial statement prepared by the Management Board as well as the consolidated financial statement for the financial year 2010. The annual financial statement of EEX AG is, therefore, adopted. The Supervisory Board approved the Management Board's proposal regarding the appropriation of the balance sheet profit.

Personnel matters of the Management Board

In accordance with the recommendation by the human resources committee of the Supervisory Board, the Supervisory Board agreed to appoint Ms. Iris Weidinger as an ordinary member of the Management Board as Chief Financial Officer for three years until 15 August 2011 at its meeting on 21 October 2010.

Personnel matters of the Supervisory Board

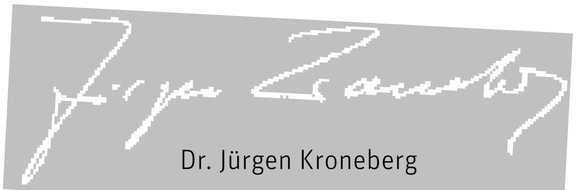
State Secretary Roland Werner, Saxon State Ministry of Economic Affairs, Labour and Transport in Dresden was delegated to the Supervisory Board of EEX AG from 31 May 2010. This means all 18 seats on the Supervisory Board are now staffed.

Significant events after the reporting date

Dr. Hans-Bernd Menzel asked the Supervisory Board of EEX to approve his resignation from office as a member of the Management Board of EEX from 1 March 2011. The Supervisory Board granted this approval at an extraordinary meeting on 1 March 2011. This also applies to all offices which Dr. Menzel held within EEX Group.

The Supervisory Board would like to thank the members of the Management Board and all members of staff of European Energy Exchange AG for their work – they have contributed to the success of EEX during the year under review.

Leipzig, in March 2011



Dr. Jürgen Kroneberg
Chairman of the Supervisory Board

ECONOMIC AND POLITICAL ENVIRONMENT

Improvement of the economic situation

❯ After two years of financial crisis followed by an economic crisis, the global economy is now recovering – at least this appears to be the case according to the economic data. According to information by the International Monetary Fund (IMF), the performance of the global economy increased by 5 percent in 2010 after a decline by 0.6 percent in the previous year. The development of the oil price, which increased by as much as 15 percent in the previous year and reached a 26-month maximum after breaking the 90-dollar benchmark at the beginning of December, is yet another indication of global growth.

While the economic performance of the European Union recovered with slight growth of 1.8 percent in 2010, the member states of the European Union are now facing yet another challenge: the stability of the common currency – the Euro. A Euro crisis caused by the high level of debt of individual member states forced the governments of the Euro-zone countries to stabilise the currency and prevent the Euro zone from falling apart or individual countries from becoming insolvent with the help of a so-called rescue package consisting of credit guarantees.

In Germany, on the other hand, the economic development was better than it had been for almost 20 years. According to information from the Federal Statistical Office, the increase in the gross domestic product by 3.6 percent as against the previous year, was the highest increase recorded since reunification. Nonetheless, however, this only corresponds to a partial compensation of the decline in the economic performance by 4.7 percent during the crisis year 2009. Even though the Federal Government declared that the economic crisis was over in mid-2010; although it does not expect a full economic recovery until 2013.

A year in which the energy-policy course was set in Europe …

The appointment of the former Prime Minister of Baden-Württemberg, Günter Oettinger as the new EU Energy Commissioner, in particular, shows that energy policy has become a decisive subject – both in Germany and at the level of the EU. The same also applies to the field of climate protection, which got its own department with the new staffing of the commission. Before her appointment, the new EU Climate Protection Commissioner Connie Hedegaard led the 2009 United Nations Climate Change Conference in Copenhagen, in her capacity as the Danish Minister for Climate Policy and Energy.

As early as upon his first appearance before the European Parliament, Günther Oettinger made clear that he was willing not only to continue the path towards integration chosen by his predecessor in office, Andris Piebalgs, but to further reinforce it. For example, he declared his commitment to the “energy-policy target triangle” consisting of security of supply, sustainability and competitiveness, which had become a buzzword under Piebalgs’ leadership. At the same time, he announced that in the next years the focus would be on stronger border-crossing linking of the network infrastructure for power and natural gas. Commissioner Oettinger sees this as the basis for the successful implementation of the challenges arising from the targets of the EU energy and climate protection package adopted in 2008: 20-percent CO_2 reduction, expansion of renewable energies to 20-percent of the generation and increase in energy efficiency by 20 percent by the year 2020. Against the backdrop of these aims and the commission’s assessment that the internal energy market is still fragmented, that the increase in energy efficiency achieved so far turns out to be insufficient and investments in the energy system of up to EUR one trillion will become necessary over the next ten years, Commissioner Oettinger presented his approach to a new energy strategy of the EU with a view to the next decade in November of the year.

E-WORLD PANEL DISCUSSION

This new strategy identified five priorities: Development of a pan-European energy market, increasing energy efficiency, further development of energy technologies, reinforcing the external relations regarding energy policy as well as consumer protection and safety standards.

In addition to this primarily strategic project, Commissioner Oettinger presented the first legislative proposal of his term of office with the proposal regarding a Regulation on Energy Market Integrity and Transparency (REMIT). REMIT aims at establishing a "tailor-made" set of rules and regulations for the wholesale markets for power and natural gas and targetedly supplemented existing legislations under the Markets in Financial Instruments Directive (MiFID) and the Market Abuse Directive (MAD). Loopholes in the legislation in the field of the spot markets regarding insider trading and market manipulation, in particular, are to be closed.

In 2010, European trading in emission allowances also faced fundamental challenges. Several criminal attacks, such as sales tax fraud or the theft of emission allowances from national registry accounts, raised doubts regarding the credibility of this climate protection tool. In the matter of moving against sales tax fraud in trading in CO_2 emission allowances a fast response was facilitated in July 2010. By means of the introduction of the so-called reverse charge procedure the sales tax liability is shifted to the recipient of the service. Nonetheless, it cannot be excluded that this form of fraud might move to the power and natural gas markets. EEX has pointed out this risk early on and called for an expansion of the reverse charge procedure to the power and natural gas market.

Nonetheless, in 2010 the initial course had to be set for the third trading period from 2013 and for the complete auctioning of the emission allowances which will take place from this time. With regard to this, the Department of Climate Protection of the European Commission developed a corresponding auctioning ordinance which became effective in November after coordination with the EU member states.

… and in Germany

In Germany, energy policy was dominated by the energy concept of the Federal Government, which had been announced a long time in advance and was finally adopted and published at the end of September. Before this, however, Federal Chancellor Angela Merkel used the opportunity to get a first-hand impression of the multi-faceted energy industry in Germany in August in the framework of her energy tour. And EEX was one of the stations during her tour. Under the motto "The exchange makes political decisions visible – from Leipzig and Paris for Europe" EEX shows which importance it has for the energy market in Germany and in Europe. As a result, Federal Chancellor Merkel acknowledged, in particular, the role of EEX for European integration, competition and transparency.

With the European gas index EGIX EEX will offer a reference price for natural gas which is in line with the market and which can replace external indices (such as oil prices) and be used in gas supply agreements and which will increase the confidence which the consumers have in pricing methods used by the gas business companies on account of its transparent determination in the future. In addition to the stronger orientation towards prices in line with the market, the revision of the German Gas Grid Access Ordinance in August was one of the important cornerstones for the further competitive development of the gas market in Germany. Under the ordinance, the currently six gas market areas have to be reduced to at maximum two areas by the year 2013 and transport capacities have to be allocated on a market and non-discriminatory basis through auctions.

However, the subordinate role of natural gas in the energy concept of the Federal Government was somewhat surprising since a large number of market participants and numerous scientific studies assign this source of energy a fundamental importance for the energy market in the long run. At least in the public perception, this energy concept was associated primarily with the extension of nuclear power plant operation. From the perspective of the energy wholesale markets, however, the clear commitment to market orientation in general and the further expansion of renewable energies, in particular, formed the positive signals set by the concept.

Moreover, in 2010 power generation from renewable energies has come closer to real marketability. From the beginning of the year, an amended so-called federal equalisation mechanism for quantities of energy under the German Renewable Energies Act (EEG) applied. As a result, the transmission system operators (TSOs) are obliged to market the quantities of power to be fed in and compensated on a priority basis according to EEG on the spot market of an exchange in their entirety. Marketing of the EEG feed-in through an exchange entails the advantage that the costs of these provisions have become more transparent and can now be quantified by all market participants. Moreover, marketing through the exchange ensures that demand and supply are balanced at all times and that the prices established reflect the market situation and, as a result, the relationship between generation and consumption. As a result, it directly shows the effects which political decisions and frameworks have.

Market orientation is directly connected with competition and transparency. The Federal Government took up this motto in its energy concept with the idea of a so-called Market Transparency Authority. According to Federal Minister of Economics and Technology Brüderle, this function is to be assumed by the Federal Cartel Office in the future since it has already obtained detailed insights into the market structures and was able to develop corresponding structures in the framework of the sector inquiry on the power wholesale market. In addition to the transparent exchange which are already subject to supervision today, there are plans to include OTC trading off the exchanges in supervision as well. In this respect, the co-ordination with parallel initiatives at the European level, such as REMIT, constitutes the biggest challenge in order to avoid a duplication of structures and, as a result, additional and cost-intensive efforts at the companies operating on the wholesale market.

In the past year, EEX once again contributed to the energy-policy debate at numerous points on the basis of its energy market competence in its capacity as a central and neutral market platform. In this context, it supported initiatives directly, or through its membership in associations, both at a national and at a European level. For example, EEX participated in numerous consultation procedures on various aspects of the energy markets. In addition to this, it accompanied political processes, such as the preparation of the energy concept in Germany and of the EU energy concept, with position papers. Moreover, the panel discussions on current energy-policy topics for journalists at the E-world industry trade fair in Essen as well as the parliamentary evening in Berlin have already become a tradition. Under the title “The Future of European Energy Trading”, a panel of representatives of the exchanges, the trading participants and the regulatory authorities cast a retrospective glance at the first ten years of energy trading and provided a first outline of the decade to come at E-world in February. The co-operation between Powernext and EEX with the joint companies EPEX Spot for the Power Spot Market and EEX Power Derivatives for the Derivatives Market, constituted the subject of the Parliamentary Evening at the French embassy in Berlin in June of last year. In addition to the two heads of the exchanges from Paris and Leipzig, representatives of French and German companies that also operate in their neighbouring country explained their experience, assessments and expectations regarding a Franco-German co-operation on the energy markets and its status as a role model for the European idea.

APEx	Association of Power Exchanges
BDEW	German Association of Energy and Water Industries
EACH	European Association of CCP Clearing Houses
Eurelectric	The Union of the Electricity Industry
Europex	Association of European Energy Exchanges
FGE	Energy Research Institute, registered association, at RWTH Aachen University
FOA	Futures and Options Association
Association of Coal Importers	
VIK	Association of the Industrial Energy and Power Industry
VKU	Association of Municipal Companies

OVERVIEW OF EEX’S MEMBERSHIP IN ASSOCIATIONS

TOPIC	RESPONSIBILITY	TYPE OF STATEMENT
ENERGY MARKET REGULATION		
Regulation on Energy Market Integrity and Transparency (REMIT)	Directorate General Energy of the European Commission	Participation in Europex statement
Fundamental data transparency	Directorate General Energy of the European Commission/ERGEG	Participation in Europex statement
FINANCIAL MARKET REGULATION		
Regulation on OTC derivatives, central counterparties and transaction registers (EMIR)	Directorate General Internal Market of the European Commission	ECC statement, participation in statements by EACH, VIK and VKU
Revision of the Markets in Financial Instruments Directive (MiFID)	Directorate General Internal Market of the European Commission	Participation in Europex statement
POWER		
Amendment on the Equalisation Mechanism Ordinance (AusglMechV)	Federal Network Agency	EEX-EPEX Spot statement
Summer 2010 Assessment on GB wholesale electricity market liquidity	Ofgem	EEX statement
Framework Guidelines on Capacity Allocation and Congestion Management for Electricity	ERGEG	Participation in Europex statement
Special Report on the Electricity Market	Monopolies Commission	EEX statement
Draft Comitology Guidelines on Fundamental Electricity Data Transparency	ERGEG	Participation in Europex statement
NATURAL GAS		
Gas Grid Access Ordinance (GasNZV)	Federal Ministry of Economics and Technology	EEX statement
Determination procedure for the revision of capacity management on the German gas market	Federal Network Agency	EEX statement
Pilot Framework Guideline on has balancing rules	ERGEG	Participation in Europex statement
Special report on the gas market	Monopolies Commission	EEX statement
Transparency requirements for natural gas	ERGEG	Participation in Europex statement
Establishment of market areas across the different qualities	Federal Network Agency	EEX statement
Evaluation of the Balancing and Control Energy System for Gas (GABi Gas)	Federal Network Agency	EEX statement
TRADING IN EMISSION RIGHTS		
EUA Auction Ordinance	Directorate General Climate of the European Commission	EEX/Eurex statement

SELECTED STATEMENTS BY EEX

THE YEAR 2010 AT A GLANCE

5 January	Start of the Primary Market Auction for the European emission allowances (EUA) issued by Germany
1 March	EEX launches Within-Day gas trading for GASPOOL and NCG
10 March	Exchange Council adopts resolution to establish Working Committees
29 March	EEX launches Phelix Week Futures
14 April	Press briefing on annual results: EEX pays out dividend for the first time – losses brought forward on account of establishment and merger eliminated
18 May	GASPOOL becomes new participant on the Natural Gas Spot Market
20 May	TIWAG becomes the first Austrian participant to report on the new transparency platform
16 June	EPEX Spot introduces the new ETS system for the French hourly auction for power
23 June	EEX celebrates its 10^{th} anniversary and starts into the new decade of its history with a new corporate design
28 June	EEX completes the connection of its trading systems to the Trayport front-end
30 June	EEX launches EUA futures for delivery in the third EU ETS period
19 July	Data on solar energy supplement the transparency platform
20 July	ECC launches clearing for the Hungarian power exchange HUPX
19 August	Federal Chancellor Angela Merkel visits EEX in the framework of her energy tour
1 September	EEX launches Phelix Off-Peak Futures
28 September	Introduction of the ETS system for the hourly auction on power also for Germany/Austria and Switzerland
18 October	Launch of the publication of the electricity price index ELIX
9 November	Launch of CWE market coupling
10 December	ECC expands clearing for the CEGH Gas Exchange with derivatives products
13 December	EEX Power Derivatives launches French Financial Week Futures EEX Supervisory Board adopts Strategy 2015
14 December	Launch of Franco-German Intraday Cross-Border
17 December	EEX admits the first trading participant from Hungary

1st Quarter

❯ In the first week of January EEX launches the Primary Market Auction for the European emission allowances (EUA) issued by Germany. The auction takes place on the Spot and Derivatives Market once a week and meets with a high degree of interest on the part of the market participants and the general public. In March, EEX launches the Within-Day product which supplements the Natural Gas Spot Market and enables the trading participants to trade in natural gas for the current day.

2nd quarter

❯ In April, EEX announces that a dividend will be paid out for the first time for the previous financial year. This is possible because the losses brought forward on account of the establishment and the merger have been fully eliminated. EEX looks back on the events since the establishment of the power exchange in Leipzig in a commemorative publication on the occasion of its tenth anniversary. On 23 June the ceremony on the 10th anniversary, at which EEX also presents its new corporate design and logo, is held with partners and supporters at Gohliser Schlösschen in Leipzig.

3rd quarter

❯ From July data on solar energy is also published on the EEX transparency platform in order to contribute to an even more comprehensive representation of power generation. ECC launches clearing for the new Hungarian partner exchange HUPX. The Hungarian exchange uses the new ETS system of EPEX Spot, which also replaces the Xetra system in the hourly auctions on power (Germany/Austria, France and Switzerland) for trading. On 19 August EEX is in the limelight of the media – Federal Chancellor Angela Merkel visits the Leipzig energy exchange, which also presents the figures for the first half of the year on the same day.

4th quarter

❯ In October, EEX and EPEX Spot present the new electricity price index for Europe (ELIX) at a press conference in London. In November, a further step towards market integration is taken with the launch of central western European market coupling. EPEX Spot harmonises the intraday trading system for Germany and France which constitutes the precondition for border-crossing intraday trading that is launched in mid-December. In December of the year the Supervisory Board adopts the growth strategy of EEX with a view to the year 2015.

REINFORCED EXPANSION OF PRODUCTS AND SERVICES

OLIVER MAIBAUM

❯ In 2010 the Customer Relations Department once again focused on familiarising the EEX customers with a number of new products supplementing the existing product portfolios and on preparing trading of these products on site at the customers' premises. In this context, the establishment of the required connectivity between the customers' trading systems and the exchange trading and settlement systems formed one focus of the activities in this respect. In this context, the newly launched week futures on the Power Derivatives Market and the Within-Day contracts on the Natural Gas Spot Market have to be mentioned in particular. Both of these products were very popular with the customers right from the time of their introduction and have been traded regularly since then.

In addition to this, the consultation and service features in the Customer Relations Department were expanded considerably and concentrated more strongly on the individual asset classes, such as power, gas, CO_2, coal and clearing. This was implemented, in particular, through a higher degree of specialisation of the employees in the department and through the establishment of asset class managers. While, in the past, the individual members of the sales staff needed to provide information on all asset classes of EEX, there is now a higher degree of focus and specification on the individual markets and products of EEX. As a result, the customers of EEX receive more substantiated and profound consultancy services on the individual asset classes.

The introduction and establishment of the so-called Trader Working Committees for each asset class of EEX constituted a further focus of the activities. These trader committees were introduced at the instance of the exchange and were established by an official resolution by the Exchange Council. This measure is aimed at creating a platform for discussion with regard to every EEX asset class for the traders in order to give them a forum for the exchange of ideas and views on the further development of these. The participants in a Trader Working Committee can issue recommendations for the Management Board of the Exchange and the Management, in turn, is obliged to report on these recommendations in the meetings of the Exchange Council of EEX. The Exchange Council then takes a decision on the implementation of these recommendations. Examples of such include the introduction of the financial week futures in France or the extension of the trading hours. In 2010 two meetings of the Working Committees were held for each asset class and the participation and interest on the part of the members of EEX were very high.

In addition to this, the Customer Relations Department was very focussed on implementing the new connection versions via Trayport Global Vision for all trading participants and promoting the distribution of the EEX exchange prices across all asset classes in this way. The development on the EEX Power Derivatives Market shows which successes can be achieved in this way. While the market share of the EEX exchange in financial power trading amounted to only 15 percent at the beginning of 2008, its share increased to almost 50 percent in 2010. In addition to the improved connectivity and the possibility of having all prices in Power Derivatives contracts of the different market platforms displayed on one screen, which is connected with it, it was, in particular, the market makers' support which contributed to this positive development.

Moreover, the acquisition of new customers, in particular, for the exchange gas market constituted an essential focus of the activities. While there were 25 active customers on the Gas Market at the end of 2009, this number increased to 54 active customers by the end of the year 2010. This extremely positive development will further promote liquidity on the Gas Market and strengthen the exchange platform in the competitive environment.

ECC – WELL PREPARED FOR THE FUTURE

DR. THOMAS SIEGL

❯ The financial crisis, which reached a climax with the collapse of Lehman Brothers Bank, showed that the financial markets have to be strengthened in order to be able to absorb shocks without government aid in the future. Since then, governments and financial market regulators have adopted measures aimed at achieving this target.

In this context, increasing the transparency of financial market transactions concluded off the exchange and better protection against the resulting counterparty risks constitute an essential element in this respect.

In the future, the central counterparties (CCP), in particular, are to play a decisive role in protection against counterparty risks.

New regulations for central counterparties

For this reason, the planned draft regulations by the Basel Committee on Banking Supervision (Basel III), the Committee on Payment and Settlement Systems and by the Technical Committee of the International Organisation of Securities Commissions (CPSS-IOSCO) and of the European Union (EMIR – European Market Infrastructure Regulation, CRD IV – Capital Requirements Directive) contain extended rules and regulations assigning clearing a new and central importance:

- Uniform criteria regarding the organisation, capital equipment and risk management are developed for CCP. Monitoring of the derivatives market in Europe is to be carried out by a newly established European Securities and Markets Authority (ESMA) in order to enforce uniform standards.

- Clearing through a CCP is to be made mandatory for certain derivatives. This obligation applies to financial institutes but also to certain industrial companies which develop high positions in such derivatives. However, it is still unclear in how far this obligation also applies to energy market products.

Since, as a central counterparty with the status of a bank, ECC already fulfils high regulation standards today, it sees itself well prepared for the pending innovations. However, the effects of the new rules and regulations on the energy markets entail a high degree of uncertainty from the perspective of ECC.

New regulation for energy markets

Even today the energy markets are subject to comprehensive regulation, which has primarily aimed at strengthening the competition so far. In addition to this aim, financial market regulation will focus on further strengthening the stability of the financial markets in the future – at least for individual sectors. From today's perspective, the new regulation for central counterparties will largely apply independently of the market sectors for which the central counterparty operates. As a result, the new regulations will potentially comprise comprehensive changes, for example as regards costs of capital and costs of liquidity, also for sectors whose stability is not jeopardised.

In this respect, ECC pursues the strategic aim of further strengthening clearing through its participation in the consultations for the new regulation and the ongoing optimisation of the processes and procedures. To this end, ECC pursues three fundamental strategic aims:

Optimisation of collateral management

At ECC, clearing members can deposit margins both in cash and in the form of securities. For the purpose of the investment of the cash collateral ECC has optimised its treasury functions in 2010 and is now able to pay out considerably more attractive interest rates to the trading participants as a result.

With regard to the provision of collateral in the form of securities, ECC will introduce a right of option which both reduces liquidity costs and increases the portability of the portfolio of collateral in 2010. So far, it is usual for non-clearing members in Germany to deposit securities in the form of a lien with their clearing members as collateral. At the moment, the clearing members cannot use these securities in order to fulfil their own obligation to provide collateral to ECC – they have to generate collateral from their own liquidity. For this reason, ECC will introduce a mechanism which permits the clearing member to forward the collateral furnished by the non-clearing member to ECC in 2011. In this context, this procedure ensures the highest possible degree of security for all parties involved so that the clearing members' costs of liquidity will decline and the fast portability of positions and collateral of the non-clearing members to so-called back-up clearers is supported if this right of option is exercised.

On account of the reduction of the costs incurred by the clearing members for the provision of their own collateral, the costs of liquidity can decline by as much as 50 percent. These cost savings, in turn, can be passed on to the non-clearing members.

Optimisation of cross-commodity margining

Even today ECC already ensures comprehensive cross-margining effects between positions on various partner exchanges, regarding different delivery areas, dates and periods. This possibility of offsetting is to be strengthened by means of the introduction of a new margin system in 2011. To this end, ECC will use an industry standard which is broadly used and covers the current demand. With regard to this offsetting of risk-free positions (e.g. a year future long v. 4 quarters futures short) and a more accurate consideration of spread positions between partner exchanges, delivery areas, dates and periods as well as – as a new offer – between different asset classes will be implemented. The more accurate offsetting leads to a reduction in the margin to be furnished by the trading participants without affecting the security of ECC. Any possible remaining risks can be covered by a new method for the calculation of the clearing fund. The lower margin to be furnished leads to reductions in costs of liquidity and capital with those participants whose positions are spread over the partner exchanges, different delivery areas and asset classes benefiting most. In this way ECC can utilise economies of scale in order to make clearing even more attractive for the trading participants, the clearing banks and partner exchanges.

First analyses have shown that the majority of the trading participants on the markets of ECC will benefit from the new margin system. In this context, the savings amount to up to 50 percent.

For this reason, ECC will again intensively support the product launches on its partner exchanges in 2011 and in addition reinforce its efforts in the field of the provision of clearing services for OTC transactions.

New products

The economies of scale will be further reinforced with the expansion of the product range. In 2010, ECC has invested heavily in the implementation of new products and will continue this strategy in 2011, e.g. with clearing of week contracts on APX-ENDEX, the new 24/7 gas trading on EEX, spread contracts on Powernext and power futures for the Hungarian HUPX power exchange. As regards clearing services for OTC transactions ECC will analyse possible cross-margining potentials together with the trading participants, clearing banks and partner exchanges and design its product range accordingly.

In addition to this, ECC is open for requests for new co-operations by exchanges and trading platforms. In this respect, cross-margining effects as well as the application of the standardised and integrated ECC process significantly reduce the trading participants' settlement costs and, thus, contribute to the attractiveness of the trading platforms. These advantages are, e.g. illustrated by the successful launch of HUPX. On this exchange the trading volume has more than quintupled since the start of exchange trading in July 2010.

With the introduction of CWE market coupling between Germany/Austria, France, Belgium and the Netherlands in the autumn of 2010 the technical and operational basis was established by ECC in order to be able to support the further integration of the European power and gas markets as a central service provider in the future. In addition to the financial and physical settlement of the local markets, ECC now also ensures the border-crossing fulfilment and settlement of transmission rights in co-operation with the respective grid operators.

Against this backdrop the coupling of the intraday markets between Germany and France was established within the shortest possible time and with a high degree of operational safety as early as in December of 2010. For the year 2011 EPEX Spot is planning to expand intraday trading to further market areas which ECC can then implement in the framework of its standard processes.

The high settlement standards on ECC have gained particular importance in view of the cases of unauthorised access to registry accounts in emissions trading and the closure of the national emissions trading registries connected with these at the beginning of 2011. Unlike other exchanges EEX was able to ensure the settlement of transactions without any restrictions and, in particular, safeguard the execution of auctioning of emission allowances on behalf of the Federal Republic of Germany, almost without any exceptions.

OVERVIEW OF EEX GROUP AND ITS SHAREHOLDINGS

❯ In the course of its growth so far EEX has evolved into a European corporate group which relies on partnerships and strategic holdings with a big potential for the future. Establishing strategic positions for itself as well as helping to develop and design markets is of essential importance for the European energy exchange.

This basic understanding of itself is also clearly reflected in the following shareholdings:

EPEX SPOT
EUROPEAN POWER EXCHANGE

EPEX Spot SE (50 percent)

At first glance, the abbreviation EPEX, a little prosaically, stands for European Power Exchange. According to its Chief Executive Officer Jean-François Conil-Lacoste, however, at least the first capital letter could also stand for entrepreneurship. After all, the Paris-based EPEX Spot, which was established as a company under European law (Societas Europaea, SE) in September 2008, is the most important result and, at the same time, a stable pillar of the co-operation which EEX AG has established with the French Powernext SA. Each of the two partners holds 50 percent of the shares in EPEX Spot, into which they have integrated their joint power trading activities. Following the merger of the previously independent power trading companies (which was completed on 1 September 2009) the product range of EPEX Spot now comprises the entire power spot trading for France, Germany, Austria and Switzerland. As a result, EPEX has become the central trading platform which, taken together, accounts for more than one third of the European power consumption, right from the outset.

This also constitutes the basis of the self-image of EPEX Spot: "We are ready and willing to assume the role of being a key player in the integration of the spot markets for power in Europe", emphasises Jean-François Conil-Lacoste. For this reason, EEX and Powernext have consciously selected a partnership model for their co-operation – which has resulted in the establishment of EPEX Spot. This applies both to the collaboration with each other and to the general willingness to include further partners in the co-operation. For this reason, it is anything but a coincidence that EPEX also was intensively involved in the establishment and launch of the HUPX Hungarian power exchange, which commenced operating in July 2010. The new exchange and its trading participants can, should and will benefit from the facilities, expertise, competence and the high standards of EPEX Spot – in the field of trading systems and services and in the field of clearing which is provided by ECC.

This, for example, includes the new EPEX Spot Trading System, (ETS for short). It was initially launched on the French market in June 2010 and was introduced in the German/Austrian and Swiss market area in September 2010. Moreover, it was also usable in Budapest right from the start. Since then, the auctions in all of these market areas have been operated uniformly as part of a unique, user-friendly and fast trading system. "The innovation for which ETS stands is an international service which EPEX Spot offers, and which is open for all European markets", emphasises Conil-Lacoste. The role of EPEX Spot as key actor in the integration of the European power market stands firmly behind these and other activities.

It was no coincidence that EPEX Spot became one of the motivators and drivers behind the coupling of the power markets of the Central West Europe Region (CWE). This step (which was successfully concluded on 9 November 2010) connected Germany, France and the Benelux countries through price coupling – and these, in turn, with the Scandinavian power markets through volume coupling in addition. This unique solution – which was established in the context of a close and committed co-operation with other exchanges and transmission system operators over a period of three years – permits the optimum use of cross-border capacities and supports the further convergence of prices. The effects could be felt almost immediately: For the period from 10 November to the end of 2010, a price convergence rate of 55 percent was found on the EPEX Spot markets for Germany and France. This achievement is in line with the market participants' demand for the gradual evolution of an integrated price zone in Europe.

And EPEX Spot is making every endeavour to this end: Since October 2010 it has calculated and published the European Electricity Index (ELIX), together with EEX: The ELIX is a fundamental reference price for the common European market. "It corresponds to the market price which would be determined in a market environment without bottlenecks", explains Jean-François Conil-Lacoste. The index indicates the additional benefit which can be generated through the increasing market integration and, as a result, it is not only intended for the market participants but specifically also for the political sector and the broad public.

In parallel with this, EPEX Spot has promoted the integration of the German and French continuous intraday markets in the last year. In November the trading system for the French intraday market was switched to ComXerv so that both markets are now uniformly operated via one trading system. The harmonisation of the systems paved the way for the introduction of border-crossing intraday trading between Germany and France (FITS – Flexible Intraday Trading Scheme), which was launched on 14 December 2010. “This has paved the way for a faster and more flexible integration of the intraday markets in Europe, which is more in line with the requirements of the market participants and other interest groups. Border-crossing trading is supported and, as a result, the overall liquidity on the market is increased”, summarises Jean-François Conil-Lacoste.

As a result, the Chief Executive Officer of EPEX Spot is very pleased about the “especially positive” development of the intraday markets. The total trading volume amounts to 11.2 TWh, of which 10.2 TWh were generated in Germany and 1 TWh was generated in France. In total, 279 terawatt hours of power were traded through the markets of EPEX Spot in 2010.

The further development of these projects – and figures, is a challenge and an obligation at the same time for Jean-François Conil-Lacoste and the EPEX Spot team. After all, as an exchange at the heart of the European power system which covers an area with an annual power consumption of 1,200 TWh and, thus, 36 percent of the power market within the EU it is also a market moral and ethical task for EPEX Spot to help to create a European common market, on which the consumers can depend on and benefit from an efficient use of the power system, improved social welfare and a higher security of supply at fair, competitive prices.

EEX Power Derivatives GmbH (80 percent)

EEX Power Derivatives GmbH is a majority-owned subsidiary of EEX, which operates the German and the French Derivatives Market for Power. Behind Germany France is the country with the second highest power consumption in Europe. EEX Power Derivatives covers two core markets within the European Union and, thus, holds a central position in Continental European power trading. EEX AG holds 80 percent of the shares in the company and the French Powernext SA holds the remaining 20 percent. EEX Power Derivatives GmbH was established on 1 January 2008. It has its registered offices in Leipzig and a branch office in Paris.

On the Derivatives Market, the trading participants can hedge against risks of price changes with the help of power futures in the long term up to six years into the future with the possibility of financial or physical settlement of the futures through the delivery of power. The products of EEX Power Derivatives enable the participants to structure their portfolio in accordance with their requirements: They can select different periods of time (e.g. a certain month) or determine the load profile within which delivery is to be effected (e.g. base load or peak load).

In the past year, EEX has rounded out its offer on the market for Phelix Futures and implemented further measures for the harmonisation of the German and of the French market. In March 2010 it launched trading in Phelix Week Futures. The financially settled futures on a weekly basis supplement the Phelix month, quarter and year futures. The existing Phelix Base Futures (regarding the delivery of base load power) and Phelix Peak Futures (regarding the delivery of peak load power) were supplemented by Off-Peak Futures from September. Additional expiry dates were introduced for trading in options on Phelix Futures. Finally, trading in French week futures (French Financial Week Futures) was launched in December. As a result, a futures contract with financial settlement is now available for the French market for the first time.

After a sluggish year 2009, the Power Derivatives Market was back on its growth course in 2010. The trading volume on the Power Derivatives Market of EEX Power Derivatives increased to 1,208 TWh, which corresponds to an increase of 18 percent as against the previous year (2009: 1,025 TWh).

Of this total volume 43.1 TWh were traded on the French Derivatives Market. Compared with the previous year, the share of the Derivatives Market volume traded on the exchange has increased significantly (from 28 to 41 percent), which is due, in particular, to the improvement of the trading participants' connectivity to the exchange systems.

Even today, the prices determined on EEX constitute an important reference for the total market. Moreover, the prices on the EEX Power Derivatives Market are used as reference prices on the European markets. EEX's aim is to further expand its leading position on the power market and developing the Phelix Futures into the pan-European price signal. In this respect, the markets of EPEX Spot are of decisive importance as the foundation.

European Commodity Clearing AG (>99 percent)

European Commodity Clearing AG, which was established with the spin-off of the clearing activities of EEX in 2006, aimed at providing clearing services for third parties right from the outset. "If there is one clearing house that stands for the integration of the European energy markets today, it is ECC", the Chief Risk Officer of ECC, Dr. Thomas Siegl, summarises the role of ECC. With clearing for by now in total six partner exchanges, ECC covers a large part of the European market and sets an important standard for the further integration of the markets through integrated clearing, the security of settlement and its support for market coupling projects.

As of the balance sheet date, the co-operation partners Powernext S.A. and APX Endex held one share each in ECC in addition to EEX, which held 99.99 percent of the shares in ECC. Moreover, Powernext SA has used a shareholding option to acquire 1.5 percent of the shares in ECC in 2011. This has strengthened the close partnership. However, ECC remains open for additional partners.

"With the support of clearing for the power spot market of the Hungarian exchange HUPX and for the new derivatives market of the gas exchange on the Central European Gas Hub (CEGH) as well as further products for the partner exchanges ECC has made important investments in the reinforcement of the partnership model in 2010", emphasises Dr. Siegl.

Economies of scope, such as new product launches, cross margining and standardised reporting constitute important competitive factors for ECC. In 2010, gains were generated in all cleared asset classes, e.g. in power +12% and in natural gas +220 %. In order to further strengthen ECC's position as the European energy clearing house the cross-margining models are to be refined and a broader basis is to be established for these by strengthening OTC clearing.

European Market Coupling Company GmbH (20 percent)

Furthermore, EEX holds 20 percent of the shares in EMCC GmbH (European Market Coupling Company). EMCC was established in Hamburg in August 2008 as a joint venture of various transmission system operators (TSOs) and power exchanges in north-western Europe. The following companies are its shareholders: Energinet.dk, TenneT TSO GmbH, 50Hertz Transmission GmbH, European Energy Exchange AG and Nord Pool Spot AS.

The objective of this company is to facilitate border-crossing trading in power. Day-ahead market coupling permits the efficient use of the existing border-crossing interconnectors. Under such a system, the available border-crossing transmission capacity is provided to all market participants through energy trading between the power exchanges taking part. In market coupling so-called implicit auctions – the joint allocation of power deliveries and border-crossing transmission rights – are carried out on a daily basis. The EMCC processes are designed so that expansions to other interconnectors and/or markets are possible. As a result, a further step towards the integration of the regional power markets in Europe is taken.

EMCC calculates the optimum load flow on border-crossing high-voltage power lines. The calculation is based on the available capacities of the transmission system operators and the anonymised order books of the exchanges. Subsequent to this, EMCC submits price-independent bids to the exchanges involved in order to ensure the transmission of power from the low-price area to the high-price area.

Market coupling was launched on two high-voltage transmission lines between Denmark and Germany in 2008. However, it had to be interrupted again after only ten days because the calculation algorithms used by the exchanges and EMCC had not yet been sufficiently coordinated. In November of 2009, market coupling between Denmark and Germany was resumed successfully with a revised algorithm. In May 2010, Baltic Cable between Sweden and Germany was integrated successfully. In January 2010, EMCC was commissioned by the transmission system operators and exchanges in central western Europe (CWE – Central West Europe) and Scandinavia to develop a system for the integration of CWE price coupling with the market splitting on the Nordic market. This new system is called Interim Tight Volume Coupling (ITVC). It is based on the current German-Scandinavian market coupling and forms an expansion and improvement of the EMCC algorithm.

On 9 November 2010 market coupling for the entire region with Belgium, France, Luxembourg, Germany, the Netherlands, Scandinavia and Estonia was launched. At 1,816 TWh it represents the biggest cohesive power market worldwide and covers approximately 60 percent of the European power demand. The second step including the Nor-Ned cable between Norway and the Netherlands was commissioned on 12 January 2011.

After the launch of exchange trading in natural gas in July 2007 EEX announced its participation in trading platforms for trading in transport and storage capacities at the beginning of the year 2008.

Transport Capacity Exchange GmbH (19 percent)

trac-x GmbH (Transport Capacity Exchange) is based in Leipzig and provides an on-line platform for natural gas transport capacities (long distance natural gas pipeline and natural gas distribution network). trac-x was established by VNG – Verbundnetz Gas AG – in March 2005 with the aim of creating a transparent and non-discriminatory trading platform for secondary marketing of transport capacities for natural gas. Both day-ahead capacities and long-term capacities can be traded through the platform.

Services are offered both in Germany and in other European countries, such as Belgium, Denmark, France, the Netherlands and the United Kingdom. The trac-x platform has recorded constant growth in the number of registered users and transmission system operators. At the end of 2010, 80 companies from all over Europe were registered for trading in natural gas transport capacities at www.trac-x.de.

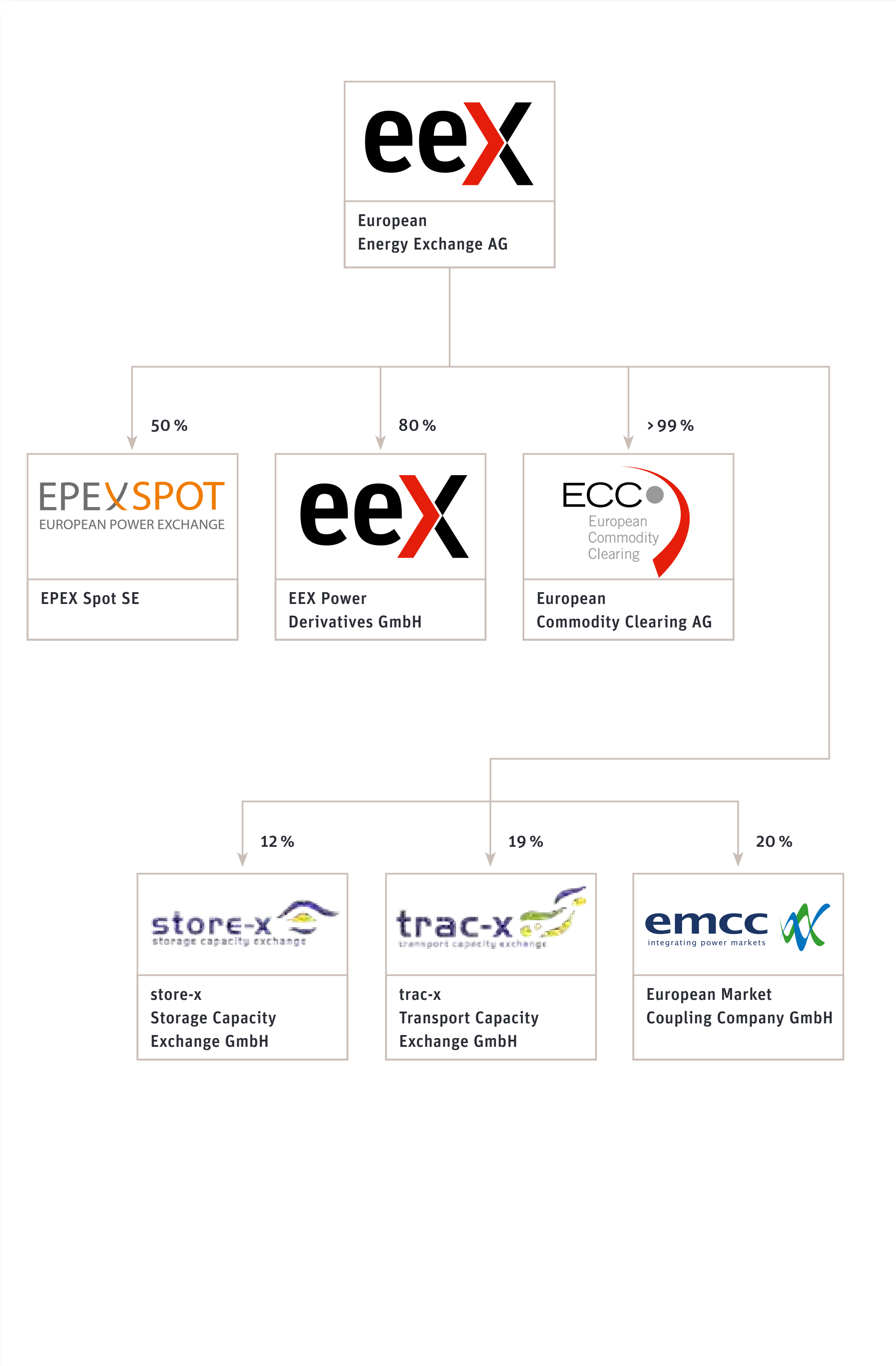
Since the beginning of trading in March 2005 transport capacities with a total volume of 78,504.92 GWh/h per day were sold on trac-x on average. Day-ahead trading accounted for 357.23 GWh/h per day of this. In the context of the new Gas Grid Access Ordinance trac-x has signed a contract on the development of a platform for the allocation of primary transport capacities in Germany, which is to be launched in August 2011, with the German long-distance pipeline operators.

Storage Capacity Exchange GmbH (12 percent)

store-x GmbH (Storage Capacity Exchange) was established in 2006 – with the main objective of providing an on-line trading platform for secondary trading in natural gas storage capacities through its website www.store-x.net. Traders from all over Europe are registered as participants. For this reason, the platform provides the opportunity to reach a large number of international potential buyers and sellers. Both short-term and long-term storage capacities can be traded. In addition to physical storage sites the traders have also traded capacities at virtual points since 2008.

In addition to capacity trading, the platform also provides comprehensive information on the European gas storage market to its users. For example, the current filling level of storage facilities published by Gas Storage Europe can also be displayed directly on-line. The digital storage map provides an overview of all European locations of storage facilities with reported capacities and information on the operators of the respective storage facilities.

At the end of the year 2010, there were 151 trading participants on store-x. These participants have registered from 11 different European countries.



OVERVIEW EEX SHAREHOLDINGS

REPORT OF THE EXCHANGE COUNCIL

DR. GÜNTHER RABENSTEINER

❯ The year 2010 was a special year – an anniversary year – for EEX. For this reason, it should be mentioned in the report of the Exchange Council that the Exchange Council was also able to give a positive summary of its supporting role for EEX in this year of the tenth anniversary of EEX. The Exchange Council would like to thank all former and current members and express its appreciation for their contributions, which were provided with profound expertise, a high degree of commitment and a high sense of responsibility, in the framework of this voluntary work.

During its first meeting in 2010 the Exchange Council adopted a resolution on the establishment of Working Committees. In the Working Committees the interests and the know-how of the trading participants are to be used in order to advise and support the Management Board of the Exchange in the further development of the individual asset classes (power, natural gas, emissions and coal). These product-specific committees (of at maximum 12 members) consist of market makers and interested traders and replace the current trader working groups and market maker meetings.

During the subsequent months of the year 2010 the Exchange Council focussed on reviewing and approving products. This aimed at the further harmonisation of the tradeable products and a standardisation of the settlement on the Power Derivatives Market for Germany and France. As early as in March of the year EEX had supplemented the Phelix Futures products with week futures.

In 2010 the Exchange Council also placed special emphasis on the further development of the trading processes for EUA futures and approved the expansion of EUA futures with contracts for the third EU-ETS trading period. Since 30 June 2010 the trading participants can also trade EUA futures on the Derivatives Market – initially for delivery in the year 2013 and 2014. The Exchange Council welcomed the speedy introduction of the new maturities as a further component strengthening secondary trading in emission rights on the exchange. Furthermore, the members of the Exchange Council also welcome the expansion of the trading hours on the Derivatives Market for Emission Allowances which was implemented recently upon a proposal to this end by the Working Committee Emissions.

The members of the Exchange Council were extremely committed in their support for the further development of EEX in the gas segment. The launch of a gas price index on the basis of all trading transactions concluded on EEX in the respective current front month contracts (GASPOOL and NCG market areas), which was planned for the beginning of 2011 has the potential to replace oil prices and other external indices in gas supply contracts and establishing the EEX prices as the reference prices. Moreover, the connection of the price to a transparent gas index established on an exchange contributes to a strengthening of the confidence which the consumers place in pricing by the companies in the gas business.

The Exchange Council also paid special attention to the question of the financial standing and integrity of the traders operating on EEX and EPEX Spot. On the basis of a joint "scoring model" of EEX and EPEX Spot objective admission criteria were specified for trading participants applying for admission to exchange trading. During the admission process this model is used as the basis for a review as to whether there are indications that lead to the conclusion that a participant might misuse exchange trading and its settlement for the purposes of sales tax fraud. With this more stringent admission process the exchange is making a further contribution to fighting sales tax fraud and money laundering.

In its last meeting in the year 2010 the Exchange Council debated the main focuses of the agenda of activities for the year 2011 from the perspective of the market. As a result, the Management Board of the Exchange was assured that it would receive the full support which EEX needs en route towards becoming a strong natural gas exchange.

In concluding we can state that – undoubtedly – the co-operation with the new Exchange Council of EPEX Spot, Paris, established last year has developed extremely positively in the interest of the co-operation project between EEX and EPEX Spot. As a result, it has been possible to establish the high level of exchange supervision, to which EEX is subject, for EPEX Spot in France even in the context of a different legal framework.

Dr. Günther Rabensteiner
Chairman of the Exchange Council

MEMBERS OF THE EXCHANGE COUNCIL

NAME	COMPANY/ASSOCIATION	FUNCTION
Phil Atkinson	ICAP Energy AS	Managing Director
Sven Becker (Deputy Chairman)	Trianel GmbH	Member of the Management Board
Pierre Chevalier (Deputy Chairman)	DB Energie GmbH	Head of Energy Trading Portfolio/Riskmanagement
Paul Dawson	RWE Supply & Trading GmbH	Head Market Design & Regulatory Affairs
Marc Ehry	PCC Energie GmbH	Chief Executive Officer
Paul Goodhew	UBS Limited	Director Head of European Energy ETD
Ralf Henze	Stadtwerke Hannover AG	Head Energy Trading
Peter Heydecker	Alpiq Holding AG	Managing Director
Dipl.-Ing. Wilfried Köplin*	BDI – Bundesverband der Deutschen Industrie e. V.	Head Corporate Energy Policy & Reporting, Bayer MaterialScience AG
Univ.-Prof. Dr.-Ing. Albert Moser	RWTH Aachen	Professor
Ante Pogacic	Deutsche Bank AG	Managing Director Head of European Power & Gas, Sales and Origination
Dr. Günther Rabensteiner (Chairman)	VERBUND Trading AG	Chairman of the Management Board
Charles Rankin	Morgan Stanley	Managing Director
Dr. Michael Redanz	24/7 Trading GmbH	Managing Director
Edgar Röck	TIWAG – Tiroler Wasserkraft AG	Head of Energy Trading
Kai Seela	Vattenfall Trading Services GmbH	Head of Power & Emissions Trading
Dr. Peter Sentker*	VIK Verband der Industriellen Energie- und Kraftwirtschaft e. V.	Director Procurement, Hanson UK
Andrea Vittorio Siri	Edison S.p.A.	International Power Trading Manager
Dr.-Ing. Anke Tuschek*	BDEW – Bundesverband der Energie- und Wasserwirtschaft e. V.	Member of the Executive Board
Vincent van Lith (Deputy Chairman)	BHF-BANK AG	Custody and Derivatives Services
Dr. Bernhard Walter	EnBW Trading GmbH	Senior Manager Lobbying & Regulatory Affairs
Lars Wlecke	E.ON Energy Trading AG	Head of Trading Western Europe
Leonardo Zannella	Enel Trade S.p.A.	Head of Trading
Dr. Hans-Joachim Ziesing*	Verbraucherzentrale Bundesverband e. V.	Managing Director, Working Group Energy balances, registered association

** Representatives of associations*

As of: 31 December 2010

TRANSPARENCY BALANCE SHEET

Transparency Platform firmly established on the Market

More than one year after its launch, the joint transparency platform of EEX and the four German transmission system operators (TSOs) – 50Hertz transmission GmbH, Amprion GmbH, EnBW Transportnetze AG and TenneT TSO GmbH – has established a solid position for itself on the market.

The platform pursues the declared aim of improving the ease of understanding of market pricing and promoting equal opportunities for all market participants. These objectives were successfully attained last year.

The platform depends on the increasing participation of all potential reporting companies. In 2010, the number of the companies reporting on the transparency platform tripled – from originally eight to 24 companies (20 power plant operators and four transmission system operators) for statutory and voluntary reporting. Moreover, the participation of Austrian companies in the voluntary publication of information constitutes an important step towards creating a platform for energy market data which goes beyond the national framework. In May 2010 Austrian companies voluntarily reported data on the platform for the first time. In July 2010 the generation data reported on the platform was rounded off by reports regarding the expected and actual generation from solar energy. As a result, the transparency platform provides comprehensive and neutral information on the generation of energy from conventional and all regenerative sources of energy. At the moment, the degree of coverage of the statutory publication requirements is 89 percent.

In addition to the degree of coverage, the high number of visitors of the platform testifies to its success: In 2010, on average more than 5,000 different visitors per month used the website to obtain information.

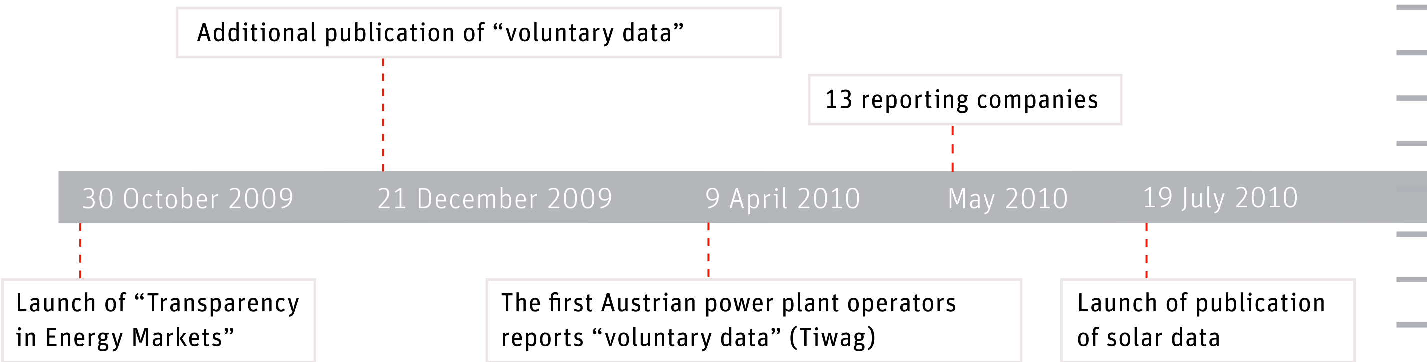
Federal Chancellor Angela Merkel's visit to the European Energy Exchange AG (EEX) in Leipzig on 19 August 2010 confirmed that the transparency platform is also viewed positively by the political sector. "Energy history is being made here by making the markets for energy more transparent (...)" – this was how the Federal Chancellor summarised her impressions in a speech.

The platform www.transparency.eex.com is jointly conducted by EEX and the transmission system operators with the exchange assuming responsibility for the operation of the platform and its financing. Operation of the platform is undertaken by a staff of three.

The first anniversary of the transparency platform – A success story

22 July 2010 ›

SPIEGEL ONLINE: “The entire power generated from solar energy is traded through power exchanges – most of it through the European Energy Exchange (EEX). As a result, EEX can determine precisely how much solar energy is fed into the German grid during any hour of any day. On Monday, it launched the full publication of this data on the internet. And the result is impressive: For example, more than 7,000 megawatt hours of solar energy were fed into the grid between 13:00 and 14:00 each on ten days in the period from 1 to 20 July (...)”



Optimised start for the year 2011

The integration of all relevant stakeholders forms the basis for both the implementation and the continuous further development of the “Transparency in Energy Markets” platform. This has been first and foremost achieved with the help of a project group established at the German Association of Energy and Water Industries (BDEW), which includes the transmission system operators, individual power plant operators and EEX in addition to the Association of Municipal Companies (VKU) and the Association of the Industrial Energy and Power Industry (VIK).

“Transparency in Energy Markets” started into the year 2011 in an optimised form. The second release, which was implemented in December 2010 contains various enhancements and features improving user friendliness. This includes that, (unlike in the past, when the displays were separated), both the planned and actual production of power from conventional

30 October 2009

Heren – European Daily Electricity Markets: EEX urges Europe to use new transparency platform as a model.

29 October 2009

Dow Jones TradeNews Energy: Platform is to boost confidence in pricing.

5 November 2009

Risk.net: New platform to boost German energy markets.

March 2010

EnergyRisk.com: Clear and Transparent – Many say the transparency initiative deserves recognition

19 August 2010

Federal Chancellor Merkel visits EEX
Angela Merkel: "… energy history is being made here by making the markets for energy more transparent (…)"

13 December 2010

New release: Improved presentation and user-friendliness

21 December 2010

Austrian Power Grid (APG) becomes a new co-operation partner.

1 January 2011

24 companies report on the platform. The degree of coverage is 89 %.

sources of energy and from wind and solar energy are now displayed and can be compared at a glance on the starting page. Thus, the interaction and the importance of the different energy carriers in the German energy mix are shown transparently with up-to-the-hour accuracy.

In the framework of improved user-friendliness and clarity unscheduled and scheduled unavailabilities are shown graphically in an aggregated form. As a result, all power plant outages can be recognised more quickly and easily, in fact at a glance. Experience has shown that the introduction of status messages regarding technical problems in the reporting of data is sensible on account of the large number of reporting companies. For this reason, information regarding whether the reported data – broken down according to the type of message, the period of time concerned and the duration of the outage – is incomplete on account of technical problems is now shown anonymously in an overview.

Austrian Power Grid becomes a new Partner

A modular structure was consciously chosen for the platform. This ensures that further countries and further data from the energy sector can be integrated and included in the information provided without any problems. The Austrian transmission system operator Austrian Power Grid AG (APG) has joined the EEX transparency platform and is since December 2010 the sixth equal co-operation partner, in addition to the operating company EEX and the four German transmission system operators. The platform for Austrian power plant data is implemented under the patronage of the "Österreichs Energie" association, which represents the interests of the Austrian power plant operators, as well as being in close co-operation with it. In the framework of the mandatory publications, fundamental data will also be published

STARTING PAGE OF THE TRANSPARENCY PLATFORM for Austria on the central and neutral platform in the future (scheduled for mid-2011). This data will supplement the existing voluntary reports by Austrian power plant operators.

Uniform Transparency Standards throughout Europe

At the moment, there is a discussion taking place regarding the harmonisation of transparency standards in Europe. The aim is to create a central European transparency platform, primarily, for power plant data. For reasons of efficiency it is important to use the current infrastructure, (which has already been developed), for the specific design of this platform. From our perspective, this means that the EEX transparency platform should be used as a central component for a European transparency platform.

Published Generation Data

Statutory publication requirements of the transmission system operators

Generation of power

- Installed generating units ≥ 100 MW
- Installed generating units < 100 MW
- Planned non-usabilities of generating units ≥ 100 MW
- Planned production by generating units of ≥ 100 MW
- Expected wind power generation
- Expected solar power generation
- Actual production by generating units of ≥ 100 MW
- Actual wind power generation
- Actual solar power generation

Voluntary commitment of the market participants

Generation of power

- Actual production
- Available and installed capacity

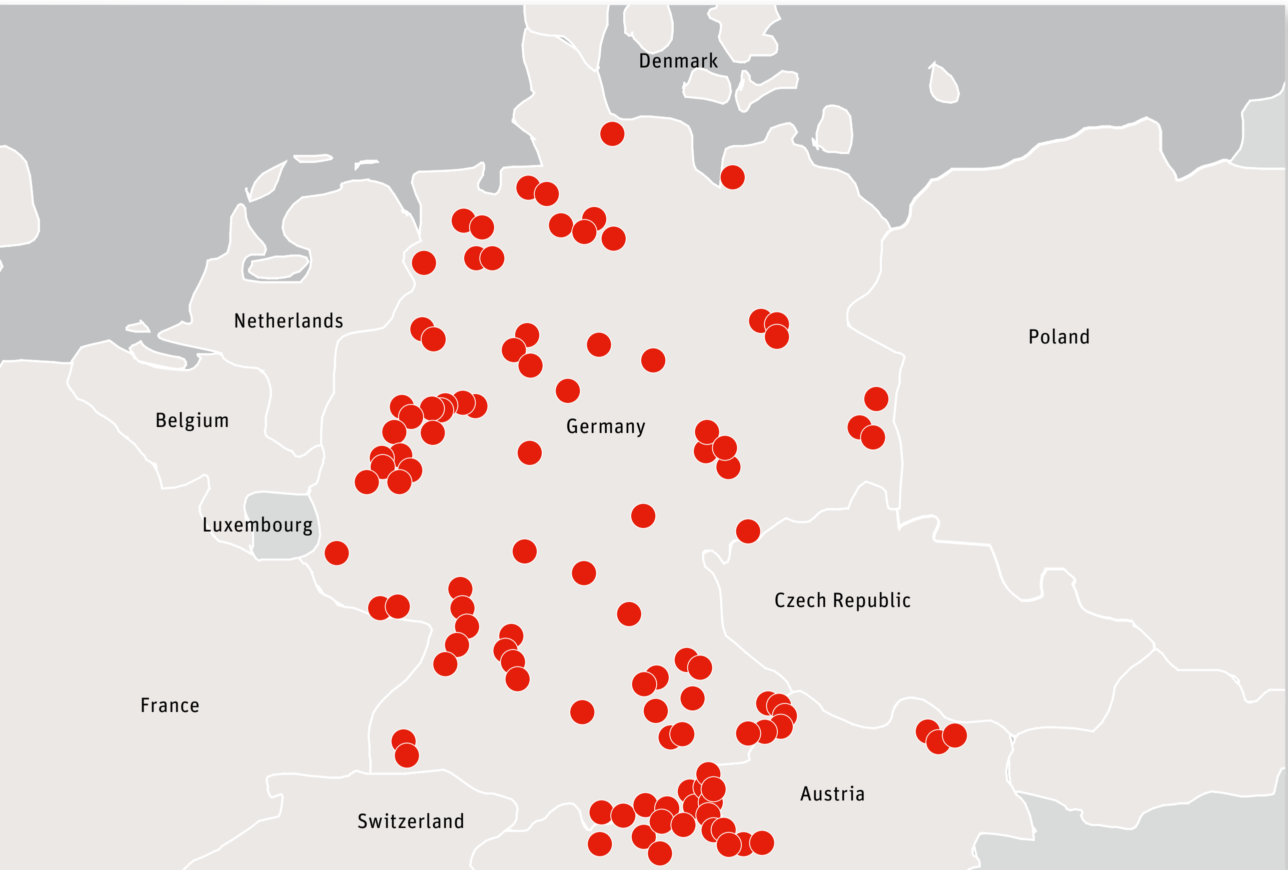
Participating companies

Power plant operators

- E.ON
- EnBW
- envia THERM GmbH
- EVN AG
- Evonik Steag GmbH
- GDF SUEZ Energie Deutschland AG
- Grosskraftwerk Mannheim AG
- Heizkraftwerke Halle-Trotha GmbH
- N-ERGIE Aktiengesellschaft
- RheinEnergie AG
- RWE Power AG
- Stadtwerke Düsseldorf AG
- Stadtwerke Hannover AG
- Stadtwerke Leipzig GmbH
- Statkraft Markets GmbH
- SWM Services GmbH
- TIWAG – Tiroler Wasserkraft AG
- Trianel Gaskraftwerk Hamm GmbH & Co. KG
- Vattenfall Europe AG
- VSE AG

Transmission system operators

- 50Hertz Transmission GmbH
- Amprion GmbH
- EnBW Transportnetze AG
- TenneT TSO GmbH



REPORTING POWER PLANTS

SINCE JULY 2010 DATA ON THE GENERATION FROM SOLAR ENERGY HAS ALSO BEEN REPORTED ON THE TRANSPARENCY PLATFORM

AS A RESULT OF THE RELEASE ALL TECHNICAL STATUS REPORTS ARE SHOWN IN DETAIL IN AN OVERVIEW

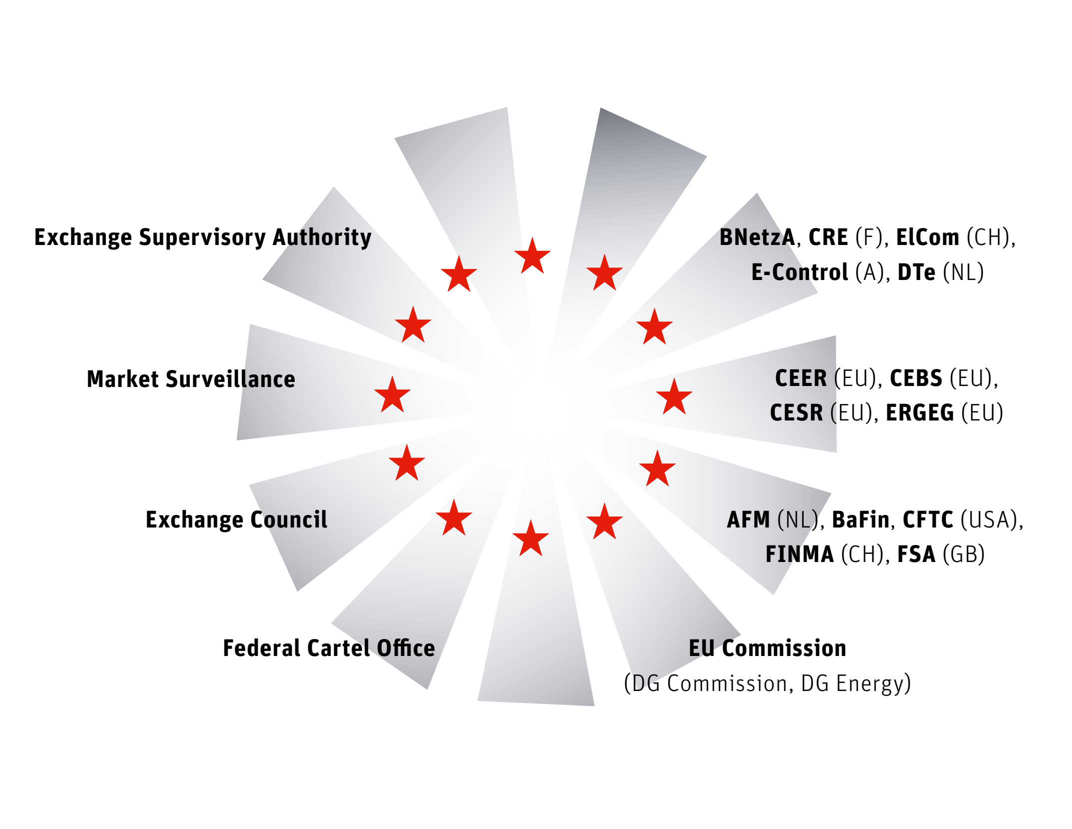
Supervision of trading

The European Energy Exchange is one of the trading platforms subject to the most comprehensive supervision, both at a national and international level. At the national level, the supervision mechanisms are based on a structure which is unique in Europe: While the company operating the exchange is constituted as 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 strict quality and supervision criteria which apply to any other conventional stock exchange in Germany also apply to EEX.

The Market Surveillance (HÜSt) is an independent and autonomous body of the exchange within the meaning of the German exchange act, in addition to the Exchange Council, the Management Board of the Exchange and the Sanctions Committee. It is only subject to instructions given by the Exchange Supervisory Authority – in the case of EEX, the Saxon State Ministry for Economic Affairs, Labour and Transport (SMWA) in Dresden. This safeguards the objectivity and neutrality of the Market Surveillance as well as its independence from other bodies of the exchange and of the company operating the exchange. The head of Market Surveillance is appointed or re-appointed by the Exchange Council at the suggestion of the Management Board in agreement with the Exchange Supervisory Authority.

HÜSt has the task of monitoring and ensuring that trading and pricing are effected on a fair and manipulation-free basis and that the trading participants comply with the rules of the exchange – and, in particular, the Code of Conduct. To that end, HÜSt records all the data

MARKET SURVEILLANCE IS PROVIDED FOR UNDER PUBLIC LAW



SUPERVISION AND CO-OPERATION WITH SUPERVISORY AUTHORITIES

regarding exchange trading and the settlement of exchange trades, analyses it and carries out any necessary investigations. The regularity of pricing and the question whether there are indications of collusion among the trading participants constitute the focus of these daily investigations. In addition to this, HÜSt carries out special investigations in response to specific situations at its own initiative, on instructions to this end given by the Exchange Supervisory Authority or following a suggestion by the Management Board of the Exchange.

In order to fulfil these tasks, HÜSt has far-reaching rights of access to data and information generally. It has access to all the data regarding trading and settlement. This data is analysed using automated processes and manual inquiries. Moreover, the German Exchange Act grants HÜSt very extensive information rights. For example, the Market Surveillance can request certain information and the submission of documents from the trading participants without a specific reason being required for this. Moreover, it is also entitled to enter the trading participants' properties and business premises during normal business hours. These rights of HÜSt apply towards everyone – regardless of whether or not the party concerned is a trading participant. Of course, this is based on the precondition that suspicious facts have been uncovered indicating that rules and orders under exchange law might have been violated which, in turn, might have an adverse effect on exchange trading or the settlement of exchange transactions.

HÜSt reports to the Exchange Supervisory Authority and the Management Board of the Exchange regarding its activities and findings on a regular basis or in response to specific incidents. Moreover, it provides reports regarding its activities to the Exchange Council in its meetings. In addition, HÜSt also has to inform the Federal Financial Supervisory Authority (BaFin) of particular incidents, such as violations of the ban on insider trading or attempted cases of market manipulation. Furthermore, it regularly communicates with national, European and international authorities – in particular, in the fields of exchange and financial market supervision, energy regulation and the supervision of competition.

In the context of the Franco-German co-operation HÜSt also participates in an intensive exchange of information and knowledge with the Market Surveillance of EPEX Spot. This includes joint reporting to the supervisory authorities and co-operation in the framework of investigations and analyses involving the Power Spot and Derivatives Market.

EXCHANGE SUPERVISORY AUTHORITY		
NAME	COMPETENT AUTHORITY	TITLE
Raimund Huber	Saxon State Ministry for Economic Affairs, Labour and Transport	Head of the Exchange Supervisory Authority
Juliane Schwanz	Saxon State Ministry for Economic Affairs, Labour and Transport	Senior Consultant
Julia Braun	Saxon State Ministry for Economic Affairs, Labour and Transport	Consultant

REPORT OF THE MARKET SURVEILLANCE

"If you do not grow, you will become smaller."

❯ In retrospect, the year 2010 can be described as having been a year of new challenges, of evolution and of co-operations – and this is not only true for trading on the European Energy Exchange (EEX) but also for the Market Surveillance (HÜSt).

Initially, it was important to minimise the risks inherent in an attack by sales tax fraudsters, which emerged early in the year and later on materialised on the markets. Furthermore, HÜSt had to ensure that the auctioning of emission allowances on behalf of the Federal Republic of Germany could be carried out smoothly and free from manipulation. Finally, numerous legislative initiatives were launched in response to the financial crisis – primarily at the European level – and EEX as well as the Market Surveillance made a significant contribution to the design of these.

DR. WOLFGANG VON RINTELEN

Sales tax fraud in emissions trading

As early as at the beginning of 2010 HÜSt published a circular newsletter warning market participants of the risk of sales tax fraud on the market for emission allowances and providing information as to how the market participants could protect themselves against business relationships with dubious business partners.

In order to do more than just point out risks in the energy market and to protect the market platforms as such against access by sales tax fraudsters, a new and joint admission process was developed under the leadership of the Market Surveillance departments of EPEX and EEX. This admission process was designed to fulfil the different requirements of both the

French and the German legal framework conditions and it was to be suitable for preventing companies actually or potentially involved in sales tax fraud or money laundering from entering the market. A comprehensive scoring procedure was developed, taking into account the long-standing experience of the Market Surveillance. This was complemented by the information provided by the competent tax offices and tax investigation departments. This validation procedure was then implemented in the day-to-day routines. On the basis of a newly developed "know-your-customer" questionnaire along with supplementary investigations, potential new customers are now divided into categories and can thus be either excluded from the market, subjected to reinforced supervision or cleared as being "safe".

In the context of this subject there were numerous meetings and contacts with members of the Leipzig tax office, the tax investigation offices of the individual federal states of Germany, the Federal Central Tax Office and the Federal Financial Supervisory Authority (BaFin).

Primary allocation of EU emission allowances

The auctioning of EU emission allowances on the EEX Spot and Derivatives Market on behalf of the Federal Republic of Germany constituted a new element within the supervision and reporting procedures of HÜSt. It was not least because of the high supervision standard on EEX that the European Energy Exchange managed to prevail against various competitors from Germany and other European countries in the Europe-wide tender proceedings. In 2010 41,142,500 certificates were auctioned; the last Derivatives Market auction took place on 27 October and the last Spot Market auction took place on 30 November 2010. On each of these dates the total quantity available for auctioning was auctioned off. The auctions in 2010 corresponded to the planned process and were carried out without any problems. The EEX Market Surveillance did not record any suspicious facts. There were, in particular, no indications of bidder behaviour aimed at distorting the hammer price. HÜSt submitted comprehensive reports regarding each individual auction and, in addition, quarterly reports to the Federal Ministry for the Environment (BMU), the Federal Environment Agency (UBA) and the German Emissions Trading Authority (DEHSt.).

Co-operations

In the context of the guidelines of the Market Surveillance insisting on consistent and co-operative collaboration with the competent authorities and institutions, there was an intensive exchange with national and international supervisory and regulatory authorities.

Apart from the new reports in connection with the primary allocation of emission allowances, the current reporting requirements to the Dutch, US-American and Swiss supervisory authorities were also fulfilled. In addition, extraordinary inquiries by the Federal Cartel Office, the Federal Network Agency, the Federal Financial Supervisory Authority and the Bremen Tax Office were responded to and investigations with regard to these were carried out.

Furthermore, there were numerous meetings and joint workshops with supervisory authorities and institutions. One example of these which can be cited were meetings with representatives of the Japanese Ministry for the Economy, Trade and Industry, employees of the Vienna Chamber of Labour, the British regulator Ofgem, employees of the Market Surveillance of the Vienna Stock Exchange as well as the Austrian regulator E-Control and representatives of the French Autorité de Marchés Financiers (AMF). In this context, the members of the staff of the Market Surveillance improved their expertise through gaining insights into the work of the authorities and offices referred to above and, in addition, this increased the awareness of HÜSt and the confidence in its effective work and the fair, transparent and regulated trading on EEX were also boosted at the same time.

At the national level, the co-operation with the Exchange Supervisory Authority, the Saxon State Ministry for Economic Affairs, Labour and Transport (SMWA), was further intensified in the framework of regular reporting and in different subject-specific workshops and regular meetings.

The successful co-operation with the Market Surveillance of EPEX Spot SE was further expanded, and reinforced and a binding contractual basis for these, which formed the basis for joint supervision activities, was established. This comprised, in particular, the analysis of the interactions between the Power Spot and Derivatives Market and, thus, forms an important addition to the individual activities of the two Market Surveillance Departments. In addition to the regular exchange of information, (which primarily focused on the joint execution of special investigations and on answering inquiries), reporting to the Exchange Council of EEX and to the respectively competent supervisory authorities was part of the task executed jointly. These contacts were supplemented by various workshops held both in Paris and in Leipzig.

Further development of the Market Surveillance

The year 2010 brought numerous changes for the Market Surveillance and, with regard to these new challenges new colleagues were employed to deal with these tasks. At the end of the year four employees worked at the Market Surveillance.

Moreover, HÜSt also made further progress as regards technology. Following comprehensive adjustments necessitated by new products, trading systems and improvements, the exchange's own Market Surveillance Monitoring System (MSMS) was used by HÜSt in order to ensure broader operational application. Moreover, the system will also be developed further and enhanced in the future to deal with the increasing load of new technological and operational requirements.

Both on instructions from SMWA, and on its own initiative, the Market Surveillance carried out a number of special investigations. These included regular long-term analyses regarding power and gas, the analysis regarding the effects of the feed-in of wind power on the Spot Market for the Derivatives Markets as well as the specific analyses of bidder behaviour, of various suspicious facts and circumstances in trading and the probable response of the market in the event of a system failure.

In the context of the investigations carried out by employees of HÜSt, there have not been any indications pointing to a violation of standards and rules under exchange law. Apart from the investigation into possible violations of the rules and regulations of the exchange, they also served the purpose of developing a more profound understanding of the nature of the investigations carried out by HÜSt on the part of the trading participants. In one case, a matter was submitted to the Exchange Supervisory Authority and from the said authority to the Sanctions Committee of EEX on grounds of a suspected violation of the so-called post-admission obligations.

Outlook

On the basis of the successes achieved in 2010, the prospects for the future are positive. New challenges will arise, in particular from the further development of the European and national energy and financial supervision legislation.

At the end of the year, there was a lot of interest with regard to the developments in Brussels. Under the leadership of the EU Energy Commissioner a first draft for a European Regulation on Energy Market Integrity and Transparency (REMIT) was presented. The aim of guaranteeing fair and manipulation-free prices on the energy wholesale markets is to be promoted through this regulation. EEX will monitor and, in as far as possible, actively support the further development and processing of the existing proposal.

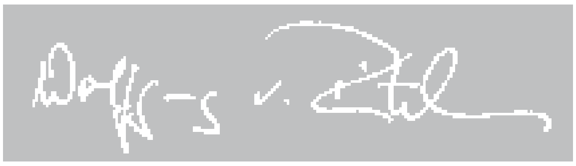
In the course of the implementation of the third EU Internal Energy Market Package, the Agency for the Cooperation of Energy Regulators (ACER) will commence operations in 2011. This agency is not only responsible for coordinating national energy regulators but will also collect data on trading transactions on the power and gas market.

In the framework of the “Pilot Project Trade Data Repository” of E-Control, which aims at proving the feasibility of Europe-wide data collection, the head of the Market Surveillance was appointed a member of the Steering Committee. As a result, HÜSt was able to contribute its experience in monitoring and in handling data.

In the financial markets area, many important rules concerning the European financial market system are currently being reviewed and revised. In this regard, the revision of the Markets in Financial Instruments Directive (MiFID) and of the Market Abuse Directive (MAD) is of special importance to the exchange. The revision of the rules concerning financial supervision legislation creates an opportunity to standardise and, if applicable, expand the obligations to collect and forward pre- and post-trading data throughout Europe. And even if the Market Surveillance of EEX has already adopted the role of being a pioneer in this respect, new guidelines can still be expected to lead to further reporting requirements or to modifications of the contents of existing reporting requirements during the next few years.

EEX will pay special attention to the Commission's draft regulation regarding reinforced supervision and regulation for derivatives traded “over the counter” (OTC derivatives) (EMIR) and, in as far possible, it will also contribute by responding to any inquiries submitted to us.

In addition, the newly established European Securities and Markets Authority (ESMA) also plays an important role in this field. It is intended to coordinate the different national financial markets supervisory authorities - like ACER in the energy market field. Moreover, it can carry out investigations on its own and enact rules (to a certain degree) with effect on the financial markets.



Dr. Wolfgang von Rintelen
Head of Market Surveillance

CONSOLIDATED MANAGEMENT REPORT

ANNUAL REPORT 2010

CONSOLIDATED MANAGEMENT REPORT 2010

1. GROUP STRATEGY AND STRUCTURE

Group strategy

› Growth based on our own strength

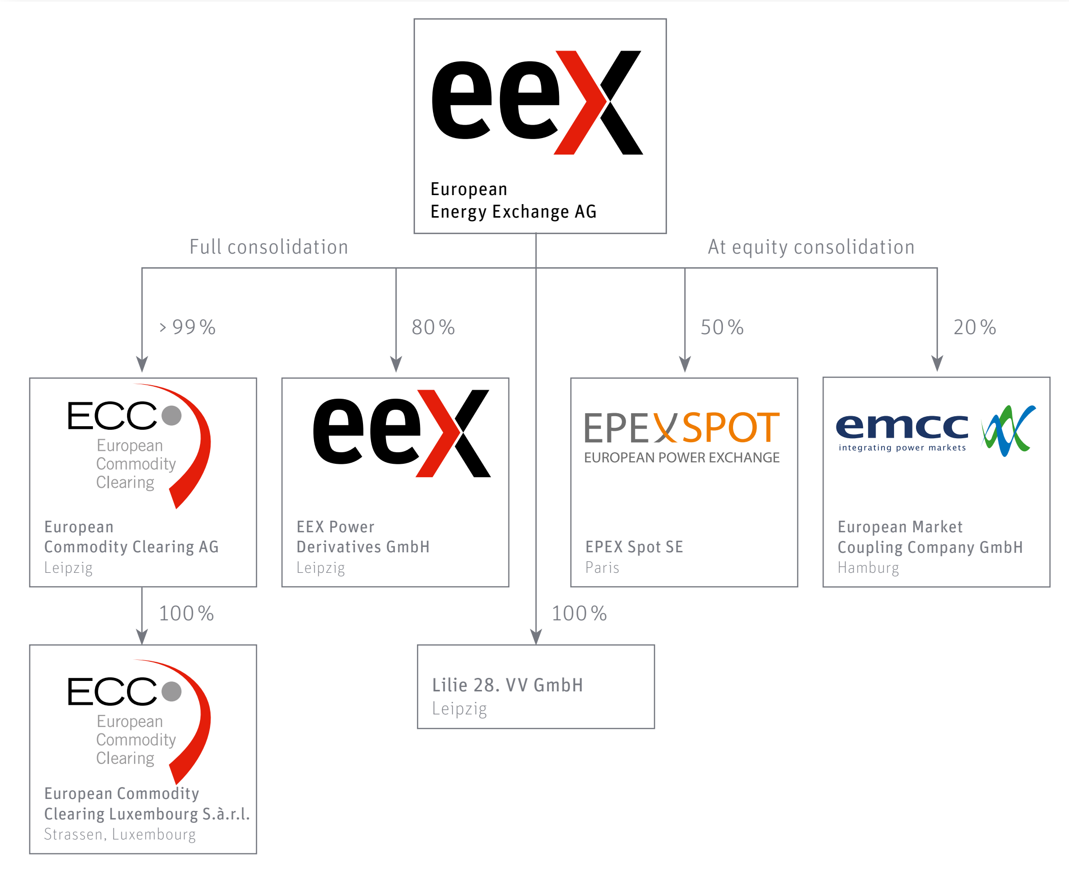
The successful business development of EEX Group in the year 2010 constitutes the starting point for the group strategy from 2011 to 2016. European Energy Exchange AG (EEX) has attained the position of being the leading trading platform in European energy trading. Its strategy aims at considerably expanding this position and continuing the course embarked on with the intention of becoming an energy generalist.

In view of its five-year objective EEX is relying on the increased development of the four strategic business fields – of power, natural gas, emissions and clearing. The EEX markets are intended to become the clear reference markets within the power segment in all of Europe. In the field of natural gas EEX sees itself as the leading trading platform in Continental Europe and will also set the reference price in this segment. As a pioneer in the field of security standards, transparency and reliability the group will provide the central European market platform for emission allowances – in particular for the primary market auction from 2013. Its clearing subsidiary European Commodity Clearing AG (ECC) is to become the leading provider of energy and cross-commodity clearing in Europe.

The planned growth is to be generated on the basis of the Group's own strengths – without using additional funds from shareholders and without any cutbacks as regards the annual results. The partnership model is to be maintained and further expanded, if commercially sensible and feasible.

Group structure

EEX Group relies on an open business model which generates increased flexibility, higher market coverage and volumes through targeted spin-offs and partnerships. On the basis of these co-operations EEX is making a decisive contribution to the integration of the European



GROUP STRUCTURE

energy markets. On the balance sheet date the group had the following structure: EEX operates spot and derivatives trading for natural gas and CO_2 emission allowances and derivatives trading for coal futures. It provides training services and offers information products for the products traded.

With ECC, EEX Group also includes a clearing house which operates throughout Europe and whose service range includes clearing and settlement of exchange transactions on EEX (and on other partner exchanges) and of over-the-counter transactions. Settlement of deliveries is provided by an ECC subsidiary – European Commodity Clearing Luxembourg S.à.r.l. (ECC Lux). EEX holds more than 99.9 % of the shares in ECC.

German and French derivatives trading in power is concentrated within EEX Power Derivatives GmbH (EPD), a Leipzig-based subsidiary in which EEX holds 80 % of the shares. Furthermore, EEX holds 50 % of the shares in EPEX Spot SE (EPEX), which operates short-term power trading – the so-called Spot Market – for Germany, France, Austria and Switzerland. In addition, European Market Coupling Company GmbH (EMCC), in which EEX holds 20 % of the shares, offers market coupling for the Danish-German market area.

Environment and Position on the Market

Power

Trading, clearing and settlement of the Spot and Derivatives Markets for Power are still the main drivers of EEX Group. In 2010 this business field accounted for 77 % of the sales revenue.

The role of the German Derivatives Market as a reference market in Europe is to be further strengthened. Furthermore, the French Derivatives Market is to be expanded. The competition on the Power Derivatives Market is shaped by exchanges and over-the-counter platforms, in particular, by brokers from the energy business.

On the Power Spot Market a stable development of the business success of EPEX is expected. In addition to increasing trading volumes, consulting and operating services for other exchanges can also contribute to the business success of EPEX. The long-term effect of the marketing of renewable energies on the trading volumes on the EPEX Spot Market depends on political decisions and, for this reason, reliable forecasts cannot be provided at the moment. As a result, these developments entail both opportunities and risks.

Natural Gas

As in the past, trading in natural gas is still very much characterised by long-term bilateral agreements. For this reason, the liquidity of exchange trading for German market areas, in particular, is comparatively low. The contribution of the gas business segment to the result within EEX Group amounted to 2 % in 2010.

The aim in this segment is to increase liquidity on the Spot and Derivatives Market and to establish a reference price for natural gas, as in the case of power. In 2011, the European Gas Index (EGIX), which has the potential to replace the existing linking to external indices, such as the oil price, in gas supply contracts, will be introduced on the basis of the front month contracts on the Natural Gas Derivatives Market. As a result, the connection of the price to a transparent exchange index for natural gas can ensure a higher degree of acceptance and confidence of the consumers as regards pricing by the companies in the gas industry.

With a view to the future, EEX is planning to generate more than 10 % of the group revenue within the natural gas business field. The development of gas trading into a further revenue generating pillar in parallel with trading in power involves a number of further important steps in addition to the establishment of a reference price:

- Extension of the trading hours on the exchange,
- Expansion of spot trading to the Dutch TTF market area,
- Introduction of 24/7 trading on the Natural Gas Spot Market. This will facilitate physical trading in natural gas for delivery into the three market areas (Gaspool, NCG and TTF) without any interruptions over 24 hours a day and on 7 days a week.

In 2010 competition in the German market areas has intensified considerably with the market entry of a global player on the German derivatives market.

Emissions

In 2009 the Federal Ministry for the Environment awarded EEX the contract for running the primary market auction for European Emission Allowances in Germany. All auctions in 2010 were carried out successfully and the average oversubscription rate of the auctions (ratio between the quantity to be auctioned and the total of the buy offers) amounted to 5.4. In the years 2010 and 2011 more than 40 million certificates will be auctioned in the framework of the primary market auction.

EEX is a strong advocate of the introduction of the reverse charge procedure in emissions trading. For EEX the legislative implementation with effect from 1 July 2010 constitutes an important step for increasing security. Furthermore, EEX is calling for the extension of the reverse charge procedure to other markets, such as those for power and natural gas.

In 2010 the profit contribution of the business field of emissions within the Group was 2 %. EEX managed to increase its market share, in particular, in secondary trading on the Derivatives Market.

Moreover, emissions trading is to become another important pillar within the Group and it is estimated that it will contribute more than 10 % to sales revenue in the future. On the basis of the quality of its trading and settlement processes and the know-how gained in the running of the primary market auction, EEX sees itself as being in a good position for the coming years. It aims to win the contract for the European primary market auction from 2013, and to further expand its market shares on the secondary market.

Clearing

The clearing business field are assigned to those sales of ECC which are not generated by the EEX / EPEX Spot trading platforms but by co-operations with exchanges outside EEX Group. In 2010, this business field made a contribution of 7 % to Group revenue.

The expansion of cross-margining will be decisive for the strategic development of ECC over the coming years in order to arrive at the position of being the leading European energy and cross-commodity clearing provider. Furthermore, the company will aim to establish new co-operations with other energy exchanges in order to secure its business in the long term and achieve further synergetic effects for the trading participants.

As a service provider for the fields of clearing and settlement, the group subsidiary ECC is competing with other clearing houses. Furthermore, the competitive environment of ECC also includes competitors of the exchanges co-operating with ECC since their trading volumes have a direct impact on the volumes settled by ECC. In this context, ECC operates in an international competitive environment since the products are largely settled through technical systems and since this does not necessarily require local, personal contact between the clearing house and the trading participants. In this respect, ECC sees itself as being in a favourable position on account of its focus on energy services.

Technical connections and security

A constant further development of the IT infrastructure constitutes an important element for strengthening the market position of the trading and clearing platform. The introduction of the so-called "Universal Communicator" for the EEX markets contributed to the improvement of the technical connection in the financial year 2010. This permits the connection of the trading participants via the popular Trayport Global Vision trading software. As a result, a stronger integration of the EEX prices with energy traders is achieved in addition to simplified technical access.

Moreover, the measures to strengthen the security of the operational processes have also been intensified. Continuity and the stability of the trading systems are fundamental corner stones of the core business of an exchange and are decisive factors for the success of the market model.

2. ECONOMIC ENVIRONMENT

❯ Lasting upturn in the economy and increasing commodity prices

Following the crisis year of 2009, during which, at –4.7 %, the gross domestic product (GDP) fell by more than it had ever done since the foundation of the Federal Republic of Germany, the German economy is now in a phase of recovery. Current economic data indicates that the upturn in the economy is continuing. As a result, Germany managed to increase the real gross domestic product by 3.6 % in 2010, supported by government economic stimulus packages and characterised by high export volumes.

The recovery of the global economy was accompanied by increasing oil and commodity prices. In the case of Germany, for example, this meant that import prices for crude oil increased by as much as approx. 22 % in 2010. In 2010 the decoupling of the prices for natural gas from oil prices, which was supported by recent jurisdiction and new technical procedures for natural gas exploration, formed an important development. Market and trading platforms are increasingly gaining in importance as a source of information for reference prices in the energy sector.

❯ Energy consumption in Germany increased by 4 % as against 2009

In line with the development of the economic situation in Germany, primary energy consumption increased by 4 % to a forecast total of 478 million tonnes of coal equivalents (m t CE) in 2010 as against the financial year 2009. In addition to the recovery of the economy, this was also due to the long cold spell at the beginning of the 2010. This higher energy consumption was also higher than the expected economic growth in Germany totalling 3.6 % in 2010, which permits the conclusion that the recovery of the economy was very much supported by the energy intensive branches of industry. The amount of the trading volumes on the power market on the exchanges was, e.g., shaped by physical consumption. As a result, increased energy consumption leads to potentially higher sales volumes. Accordingly, higher revenue is expected.

❯ Further concerns about the stability of the financial markets in Europe

As in the past, the development on the currency markets and the level of debt of individual EU countries still has to be seen as being critical. In view of the pressure invoked by the Greek and Irish crisis, a permanent so-called “crisis mechanism” of EUR 750 billion and the establishment of an independent rescue fund of the European Central Bank are intended to help to ensure financial stability in Europe and to curb speculation regarding member states. The state debt crisis within the Euro zone could lead to a situation in which the credit rating of strong countries, such as Germany, might suffer and this, in turn, could adversely affect the economic situation.

On the one hand, the government economic stimulus packages and the rescue packages for banks have supported the development of the economy. On the other hand, this was accompanied by historically low refinancing costs, an expansion of the amount of money in circulation and the risk of increasing inflation.

In summary, we can state that the financial market policy situation within the Euro zone, which is important to EEX, remains tense, in spite of strong signals pointing to a recovery of the economy.

3. OVERVIEW OF THE FINANCIAL YEAR

Essential Developments within the Business Divisions

POWER

Power Derivatives Market

In the reporting year EEX expanded its product range on the Power Derivatives Market with Phelix Futures (Phelix Week Futures) and French Week Futures, each on a weekly basis. In addition to this, the introduction of new option contracts with quarterly expiry dates in the course of the year has rounded off activities in the options trading segment.

The restraint which was still displayed on the Power Derivatives Market in 2009 on account of the international financial markets crisis was overcome in 2010. At +18 % the volumes traded exceeded those generated in the financial year 2009 as well as the expectations of EEX Group for the year. Nonetheless, the trading activities by financial market participants, in particular, did not manage to generate the volumes seen before the 2009 crisis year.

In 2009, the co-operation with Eurex was expanded with the Power Derivatives Market. This co-operation is currently in the development stage and the volumes traded are still marginal.

Power Spot Market

The Power Spot Markets for Germany, Austria, France and Switzerland, (which are now concentrated within the joint venture company EPEX), generated a consistently positive development. Compared with the previous year the German Spot Market generated the highest growth. An increase in volumes of 54 % compared with the previous year was achieved. In this respect, the Company strongly benefited from the transmission system operators' obligation to market the volumes of power generated from renewable energies on a power exchange which took effect in 2010, in the framework of the German Renewable Energies Act and was specified in more detail in the German Equalisation Mechanism Ordinance (AusgleichsMechV).

In accordance with its entrepreneurial mission statement "Connecting Markets", EEX Group through EPEX advocates the introduction of market coupling within the Central West Europe (CWE) region (comprising Germany, France and the Benelux countries). This project was launched successfully on 9 November 2010.

The introduction of a harmonised procedure for balancing the intraday cross-border capacity allocations in power spot trading between Germany and France by the transmission system operators Amprion, EnBW TNG and RTE constituted the most recent success at the end of 2010. In line with this, the European power exchange, EPEX Spot, has offered its trading participants access to an integrated German-French intraday trading platform since 14 December. With the introduction of the European Electricity Index (ELIX) as the market price for electricity, a new index was created by EPEX and EEX in October 2010. The ELIX is to become the reference price for the integrated European energy market.

POWER VOLUMES

in TWh	2010	2009	Change
Derivatives Market	**1,208**	**1,025**	**+18 %**
Germany	1,165	994	+17 %
of which exchange trading	462	257	+80 %
of which OTC	703	737	–5 %
France	43	31	+38 %
of which exchange trading	34	28	+22 %
of which OTC	9	3	+202 %
Spot Market	**280**	**188**	**+49 %**
Germany/Austria	217	141	+54 %
Switzerland	9	8	+16 %
France	53	39	+38 %

NATURAL GAS

The product range in natural gas trading was expanded through the introduction of intraday trading in Within-day products on the Spot Market. This constitutes an important step for the integration of control energy trading on the exchange.

NATURAL GAS VOLUMES

in TWh	2010	2009	Change
Spot Market	**15**	**4**	**+327 %**
Derivatives Market	**32**	**11**	**+180 %**

EMISSIONS

Since EEX was awarded the contract for the Germany primary market auction for emission allowances (EUA) 10 % of the German emission allowances are auctioned off through EEX annually in the years 2010 and 2011. This corresponds to a volume of more than 40 million certificates per year. As a result, EEX is in a good starting position for successful participation in the tendering procedure for the European primary market auction from 2013.

EMISSIONS VOLUMES

in million t	2010	2009	Change
Spot Market	**25**	**10**	**+159 %**
Primary auction	17	0	
Secondary trading	9	10	–12 %
Derivatives Market	**127**	**24**	**+438 %**
Primary auction	25	0	
Secondary trading	103	24	+334 %

In 2010 the emissions trading segment generated growth again, after low turnover in 2009. Apart from the primary market auction, secondary trading on the Derivatives Market also generated growth: In this respect, EEX managed to expand its market share and more than quadrupled volumes.

On 30 June 2010 trading was expanded with EUA futures for the third trading period (delivery dates in 2013 and 2014). This means that, in combination with the contracts which are already available, the trading participants can trade EUA futures for the respective upcoming five years on EEX and Eurex in the future.

In order to prevent sales tax fraud in the form of so-called carousel transactions in domestic trading in CO_2 emission allowances, EEX has advocated the expansion of the reverse charge procedure. In the course of this commitment, efforts are made to avoid the extension of sales tax fraud to markets for natural gas and power. In order to support this, the criteria for admission to EEX and EPEX were revised under consideration of a so-called scoring model (as early as during the admission process) in order to prevent a potential abuse of exchange trading for the purposes of sales tax fraud and money laundering.

COAL

In the financial year 2010 the Derivatives Market for Coal was revitalised. The volume generated in this segment has increased considerably since 2009. However, from the Group's perspective, this segment's contribution to profits still remains marginal.

COAL VOLUMES

in million t	2010	2009	Change
Derivatives Market	1.4	0.1	+1,054 %

CLEARING

ECC (as the clearing house within EEX Group) once again developed positively during the past financial year 2010 and accounted for a share of 58 % in the Group's sales revenue. Clearing in power spot and derivatives trading, in particular, made a disproportionately high contribution to the business success.

In addition to clearing and settlement for the products of EEX Group, ECC also provides services for other exchanges, the development of which is described below.

New maturities of existing natural gas contracts were created and the trading hours were expanded in co-operation with APX-Endex. OTC clearing for derivatives market contracts was introduced and the product range was expanded with Within-day contracts with delivery into the TIGF market area together with Powernext. In 2010, this expansion of services has made a positive contribution to the development of revenue. The gas derivatives market in co-operation with the Central European Gas Hub (CEGH) and day-ahead trading on the power market of the Hungarian Power Exchange (HUPX) were launched successfully.

CLEARING VOLUMES			
in TWh	2010	2009	Change
Co-operation with APX-Endex			
Power Derivatives Market	77	120	–36 %
Gas Derivatives Market	204	89	+128 %
Co-operation with Powernext			
Gas Spot Market	14	3	+322 %
Gas Derivatives Market	28	15	+80 %
Co-operation with CEGH			
Gas Spot Market	1.1	0.0	>1,000 %
Gas Derivatives Market	0.1	0.0	
Co-operation with HUPX			
Power Spot Market	0.4	0.0	

EMCC

After the successful relaunch of operations in November 2009 the market coupling volume increased considerably in the 2010 financial year. The business segment and the company's structures were still at the development stage in 2010 and this will also continue to be the case in 2011, and as a result of this a positive result is expected, at the earliest for 2011, following negative operating results in 2010 of kEUR –481, which had been expected.

On 24 November 2010 EMCC informed its shareholders that it needs additional liquidity in order to ensure the continuance of further business operations and to strengthen the capital base. After this, the equity base is to be improved further, in addition to the gaining of higher revenue volumes from grid charges. In this respect the inclusion of new shareholders is discussed, in addition to a capital increase.

Trading participants

As of the balance sheet date on 31 December 2010 there were in total 206 trading participants on the different markets of EEX, compared with 191 trading participants on 31 December 2009. This corresponds to an increase of 8 %.

Because of the continuing efforts for the constant improvement of the offer of training courses for trading on the Spot and Derivatives Market and the permanently increasing number of trading participants, the positive trend of the last few years is expected to continue well into the future.

Transparency platform

In the framework of its commitment to transparency in European energy trading EEX operates the central "Transparency in Energy Markets" transparency platform (www.transparency.eex.com) for power generation and consumption data. This platform was established (together with the German transmission system operators) in October 2009. It complies with the current statutory and regulatory transparency requirements and is a result of the close co-operation between the transmission system operators, EEX, the individual power plant operators and the different associations in coordination with the Federal Network Agency and the German Federal Ministry of Economics.

The platform has the objective of facilitating ease of understanding of market pricing and enhancing the confidence which the public and the trading participants have in the markets. As a result, the number of the reporting companies has increased from originally eight to 24 reporting companies today (20 power plant operators and four transmission system operators). In this context, the inclusion of Austrian power plant operators as companies publishing data on a voluntary basis constitutes a first success in the efforts for acceptance throughout Europe.

In 2010 the generation data from wind and other energy sources, such as coal and natural gas, was rounded off by the inclusion of data from the field of solar energy. By now, the degree of coverage of the statutory publication requirements is at 89 %, up from a high initial value of 75 % at the beginning of the initiative.

4. EARNINGS, ASSETS AND FINANCIAL SITUATION

Earnings situation

❯ Sales revenue considerably higher than in the previous year thanks to strong 2nd and 4th quarter

At the end of the financial year 2010, the sales revenue within EEX Group was considerably higher than the sales revenue generated during the reference period in the previous year. For example, the sales revenue in the financial year 2010 amounted to in total EUR 43.2 million, (which corresponds to an increase by 25 % as against the previous year). The Power Spot and Derivatives Markets were the main drivers of this positive development. For example, an obligation for the market participants to trade on a regulated market, such as EPEX, was established in the German Renewable Energies Act in implementing requirements under European legislation. It was largely for this reason that the sales revenue from clearing and settlement of the EPEX Spot Market were EUR 1.8 million higher than in the previous year. The sales revenue generated on the Power Derivatives Market increased by EUR 4.2 million.

SALES REVENUE ACCORDING TO BUSINESS FIELDS

in kEUR	2010	2009	Change
Total sales revenue	**43,157**	**34,604**	**+25 %**
Power	33,311	27,314	+22 %
of which on the Derivatives Market	27,752	23,554	+18 %
of which on the Spot Market	5,559	3,760	+48 %
Natural Gas	850	290	+193 %
Emissions	1,019	523	+95 %
Clearing	3,213	2,468	+30 %
Others (incl. coal)	4,764	4,009	+19 %

The additional revenue of + EUR 8.6 million as against the previous year were generated by 58 % from clearing and settlement at ECC, by 29 % from trading on the Power Derivatives Market of EPD, and by 13% by sales revenue of EEX.

SALES REVENUE ACCORDING TO THE COMPANY

in kEUR	2010	2009	Change
Total sales revenue	**43,157**	**34,604**	**+25 %**
EEX	4,117	3,011	+37 %
ECC	22,197	17,203	+29 %
EPD	16.843	14.389	+17 %

The individual business segments have made the following contribution to this development:

SALES REVENUE ACCORDING TO THE COMPANIES

in kEUR	2010	2009	Change
Total Power	**33,311**	**27,314**	**+22 %**
Derivatives Market	**27,752**	**23,554**	**+18 %**
Germany	26,131	22,332	+17 %
– of which exchange trading	10,948	6,424	+70 %
– of which OTC	15,183	15,907	–5 %
France	1,621	1,222	+33 %
– of which exchange trading	1,447	1,160	+25 %
– of which OTC	174	62	+182 %
Spot Market	**5,559**	**3,760**	**+48 %**
Germany/Austria	4,282	2,826	+52 %
Switzerland	187	162	+15 %
France	1,050	772	+36 %
Capacity	40	0	
Total Natural Gas	**850**	**290**	**+193 %**
Spot Market	450	106	+326 %
Derivatives Market	400	184	+118 %
Total Emissions	**1,019**	**523**	**+95 %**
Spot Market	390	386	+1 %
Derivatives Market	629	138	+358 %
Total Coal			
Derivatives Market	56	6	+768 %
Total Clearing	**3,213**	**2,468**	**+30 %**
Co-operation with APX-Endex	2,647	2,210	+20 %
Co-operation with Powernext	536	257	+108 %
Co-operation with CEGH	22	0	>1.000 %
Co-operation with HUPX	8	0	
Total others	**4,708**	**4,002**	**+18 %**
Annual fees	3,183	2,198	+45 %
Training courses	1,024	1,257	–19 %
Information products	485	493	–2 %
Others	16	54	–70 %

Income from Equity Valuation

At EUR 5.1 million the income from the EPEX investment assessed at equity was increased significantly by 67 % compared with the value for the previous year (EUR 3.0 million) because of the positive development of the subsidiary.

During the reporting period expenses increased (with the exception of depreciations). Human resources expenses increased from EUR 7.7 million in 2009 to EUR 10.9 million in 2010. On the one hand, this was due to the increase in staff numbers and, on the other hand, it was caused by provisions for legal risks. At EUR 3.9 million, depreciations were significantly lower in 2010 than in the previous year (EUR 13.0 million). This was due to the full goodwill amortisation and amortisation of parts of the customer base of the French Power Derivatives Market in 2009. At 26.6 million the other operating expenses were 3 % higher than in the previous year (EUR 25.8 million). In this context, the systems expenses which amounted to EUR 8.3 million (EUR –2.6 million, –24 %), increased expenses for management, IT, legal and tax consultancy services of EUR 4.7 million (+EUR 1.1 million, +29 %) and increased other expenses of EUR 4.1 million (+EUR 1.3 million, +47 %) constituted essential changes.

At EUR 15.9 million the earnings before taxes (EBT) exceeded the value generated in the previous year (EUR 13.1 million) by approx. EUR 2.8 million or 21 %. In the financial year 2010 minorities accounted for EUR 0.8 million, which was 6 % higher than in the previous year.

Assets situation

In the financial year 2010 equity increased from EUR 93.4 million in 2009 to EUR 103.8 million. The balance sheet total was EUR 520.6 million. This included bank deposits of ECC from cash collateral deposited to the amount of EUR 370.1 million, which were matched by liabilities to the clearing participants with regard to the Spot and Derivatives Market of an identical amount and by derivative financial instruments totalling EUR 10.1 million. Furthermore, payments on account made and received in the amount of EUR 20.7 million each were also contained in the balance sheet total. After deduction of these items, the adjusted balance sheet total as of the balance sheet date of 31 December 2010 amounted to EUR 119.7 million and the equity ratio was 87 % (2009: adjusted balance sheet total EUR 128.2 million, equity ratio 73 %).

The Group was able to cover all expenses with its income at all times and, in addition, generated a significant surplus. Since October 2009 the delivery of commodities has been settled by a subsidiary of ECC in Luxembourg so that interim financing of the input tax surplus which had been incurred by ECC until the establishment of this subsidiary was no longer needed in 2010. Credit lines by external lenders did not have to be used in the financial year under review.

With a return on equity of 17 %, EEX Group has established a good position for itself as a service provider and exchange operator. On the basis of the strong expansion of the Company which is planned in the medium term and of the investments and project expenses associated with it, constant rates of return are expected in the short term.

At 31 % the EBT margin, the ratio between earnings before taxes and income, remained almost unchanged as against the level of the previous year (30 %).

Thanks to the high internal financing power and the existing liquidity the Company will be able to carry out the required investments, (which are necessary in order to preserve its good competitive position), in the future.

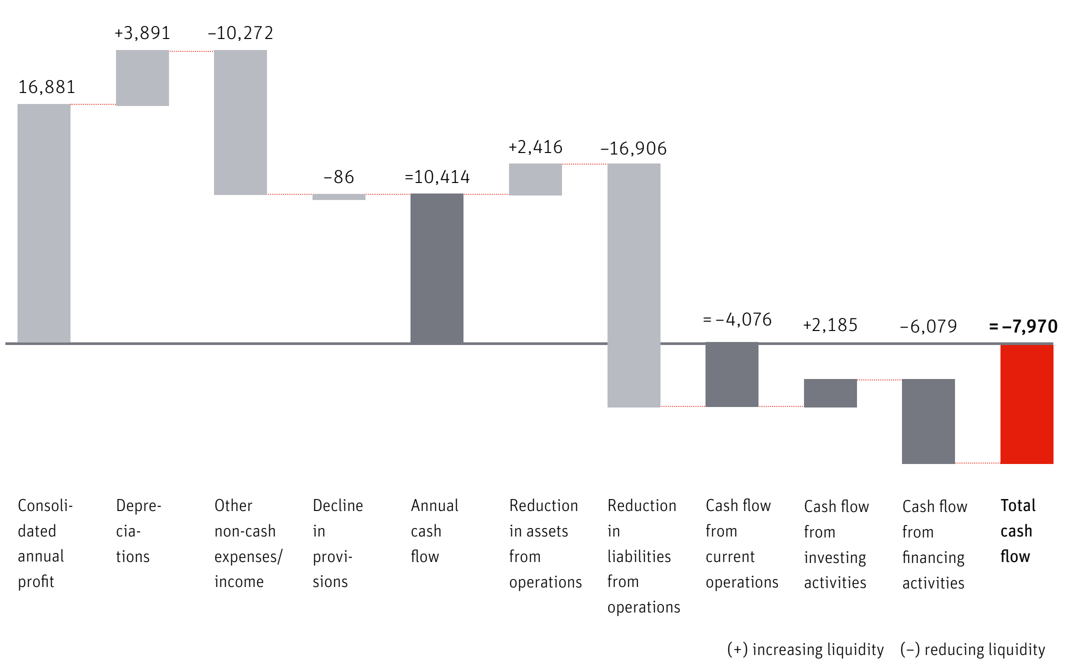
Financial situation

The Group's holdings of cash funds are appropriate. However, in the case of the clearing house ECC, it is characterised by large requirements with regard to the liable equity under SolVV (German Solvency Regulation) and GroMikV (German Large Exposures Regulation).

The annual cash flow of EUR 10.4 million is, to a significant degree formed from the consolidated annual profit of EUR 16.9 million and other non-cash expenses/income of – EUR 10.3 million. During the year under review cash and cash equivalents have decreased considerably. The cash flow from current operations is characterised by the reduction in assets from operations of EUR 2.4 million and the decline in liabilities from operations to the amount of EUR 16.9 million. At EUR 2.2 million the cash flow from investment activity is largely affected by dividends received to the amount of EUR 3.6 million. The cash flow from financing activities essentially totalling – EUR 6.1 million results from the payment of the dividend by EEX for the 2009 financial year.

As a result, cash and cash equivalents declined by – EUR 8.0 million in the financial year 2010. This decline is essentially due to the following aspects:

- Decline in trade accounts receivable,
- Reduction of accounts receivable from input tax surplus,
- Reduction in sales tax liabilities and
- Payment of dividend.



2010 CASH FLOW IN KEUR

5. EMPLOYEES

The financial year 2010 was again characterised by strong growth in staff numbers. As of the balance sheet date, there was a total staff of 105 employees compared with 87 employees as of 31 December 2009.

On 31 December 2010 the age structure of the staff was as follows:

AGE STRUCTURE

Age group	Number of employees	Share in %
< 30 years	32	31 %
30 to 39 years	55	52 %
40 to 49 years	16	15 %
> 50 years	2	2 %
	105	**100 %**

85 % of employees of the Group hold an academic degree. This share is established on the basis of the number of employees who have a degree from a university, university of applied sciences or a university of co-operative education. As of the balance sheet date, 43 % of the employees within the Company were female and six women held executive positions within EEX Group.

6. RISK MANAGEMENT

In accordance with the requirements contained in Art. 91 Paragraph 2 AktG [German Companies Act], the Group has a risk early warning system involving all business areas. Potential risks are evaluated with regard to the likelihood of their occurrence and the possible extent of damage resulting from such.

The Management Board is regularly informed of the risk situation and reports to the Supervisory Board with regard to this on a quarterly basis.

There is ad-hoc reporting with regard to fundamental changes in the risk situation.

The counterparty risk, the market price risk, the interest risk, the operational risk as well as the business and compliance risk constitute the potential risk categories.

The counterparty risk is defined as the risk that business partners might not fulfil their payment obligations under the relevant contract or that they might not fulfil these obligations in due time and that this might lead to a loss for the Group. The counterparty risk arising from all exchange transactions concluded on the markets of EEX Group or from registered OTC transactions is assumed by ECC. ECC, in turn, is a financial institution and is permitted to operate as a central counterparty. For this reason, ECC has a system designed to ensure protection against counterparty risks (margin system) and is subject to supervision by the German Federal Bank as well as by the German Federal Financial Supervisory Authority. Further risks of default arise on account of the fact that a trading participant might not pay transaction fees or clearing fees which have fallen due. All default risks arising from the clearing business are covered by the margin system at an adequate level of collateral.

Further default risks result from the fact that a trading participant might not pay the transaction fees or clearing fees which have fallen due. The trading participants' credit rating is constantly monitored on the basis of financial parameters and, if available, rating information. In this context, it is also analysed whether the transaction fees to be paid are concentrated with individual trading participants (cluster or concentration risk).

Market price risks are defined as adverse changes in the value of assets on account of a change in valuation-relevant market parameters, such as, for example, exchange prices. The market price risks resulting from other operations (essentially currency risks) are minor and are monitored in accordance with the respective situation.

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 under a contract. Because of the business strategy pursued, the current operations do not lead to any essential incongruities of dates. The financing required for current expenses and investments is taken out and concluded in a timely manner in the framework of medium-term planning. Any possible gaps in financing – essentially on account of tax matters – are closed by providing sources of liquidity within the Group and by the cash collateral received. The structural liquidity risk is monitored in the framework of the medium-term plan, which is prepared every year, and of monthly financial reporting. In this context, the aim is to determine the liquidity reserves and credit lines in planning so as to ensure that sufficient sources of liquidity are available in every case.

Operational risks are defined as all potential cases of damage arising from malfunctions of the IT systems used, due to inadequate design of internal processes, errors by members of staff, errors by or the default of external service providers and project risks. Because of the high degree of automation in processing business transactions combined with a large number of transactions, malfunctions of the IT systems used constitute essential operational risks for EEX Group. Since essential components of the IT systems are operated by external service providers, errors or the default of external service providers also constitute a significant source of risk.

The risk strategy pursues the fundamental aim of minimising operational risks by using approved methods of system development and comprehensive test procedures. The quality of the service providers is reviewed in the framework of the selection processes and continuously on the basis of established service level agreements. Back-up processes are implemented for critical business processes. The quality of the internal control system is checked regularly with the help of audits conducted by the internal and external revision. There are process descriptions and control activities for all fundamental processes. These are documented in check lists in order to reduce the likelihood of human errors.

In the context of the conclusion of balancing group agreements, priority rules regarding nominations by ECC are aimed at, provided such can be negotiated.

In addition to this, a professional liability insurance with regard to errors in commercial activities (E&O insurance) has been taken out.

A damage incident database is maintained for the ongoing monitoring and for reporting of cases of malfunctioning in operations. All untoward incidents which occur in the course of the operations – even if they have not led to any direct financial damage – are recorded and analysed in this database.

Business risk is defined as effects on account of the market entry of new competitors, regulatory or other legal amendments, technical changes or modifications of the product landscape having a negative effect on the earnings situation in the medium to long term.

These risks are monitored by means of the structured collection and analysis of information on competitors, customers, products/markets as well as processes and procedures. Furthermore, the effects which certain price and volume changes have on earnings are established in the framework of scenario calculations.

Moreover, EEX is exposed to compliance risks – in particular, through its subsidiary ECC – primarily in the fields of sales tax fraud, damage to its reputation on account of the unauthorised publication of information and abuse through money laundering.

ECC settles all transactions via Clearing Members. Since, as financial institutions these are subject to the rules of the German Credit Services Act (KWG) (or other, equivalent European provisions) regarding the implementation of measures to prevent money laundering, financing of terrorism and fraud, ECC has a low risk of being abused for the purposes of money laundering, financing of terrorism or fraud. This risk is re-evaluated every year in the context of a risk analysis. Moreover, ECC makes sure that the clearing members have adequate measures aimed at fighting money laundering in place.

Our "know-your-customer" measures aim at identifying suspicious counterparties as early as during the initial stage of preparing transactions. In cases of reasonable doubt during the admission process, a decision is taken by the Management Board of the Exchange.

Sensitive data requiring protection is particularly safe with EEX. Moreover, rules of conduct have been established for the staff.

The equity and the annual profit are available as risk coverage capital. Overall, risks which cannot be covered by the existing risk coverage capital cannot be discerned at the moment.

Summary

The overall assessment for the financial year 2010 did not indicate any threat to the Company's continued existence on account of individual risks or of aggregated risk positions. Moreover, a substantial change of the risk profile of EEX Group is not expected for the coming financial year 2011.

7. RESEARCH AND DEVELOPMENT

As a service-providing company EEX Group does not engage in any research and developments activities, which are common in producing companies. New developments of products and services are addressed in more detail elsewhere in this annual report.

8. REPORT ON OPPORTUNITIES AND RISKS

EEX Group has established a good position for itself within a dynamic, competitive environment. As in the past, the Group continues its consistent alignment to growth. This is to be effected more strongly through organic growth in the markets which EEX Group has already entered and, in addition to this, also through co-operations. In the future, EEX Group will actively shape and develop European energy trading.

The business results which EEX has achieved testify to the success of the Group and its affiliated companies. With the implementation of its five-year strategy from 2011 to 2016 EEX is aiming to reduce the dominating character of the products in the field of power trading in the business results and, in particular, to develop the markets for natural gas and emission allowances into further strong revenue sources and to become the clear leader among the European energy exchanges. The Group has already been aligned to growth in the four segments of power, natural gas, emissions and clearing, as has been described in detail in the first section.

In the financial year 2010 a new partner was acquired for EEX Group with the Hungarian HUPX power exchange. Openness for concluding agreements with further partners and the central role of ECC as the "established" supplier for all clearing and settlement services in the co-operation constitute the basic concept of all existing and future co-operations.

In 2010, EEX has once again made considerable efforts to further develop its IT systems landscape. This aims at ensuring reliable operations in the long run and, at the same time, providing an efficient and flexible IT architecture which also permits the fulfilment of individual customisation requests.

Fundamental contributions were made in this respect in the financial year 2010 by further improving, in particular, the technical connection of small and medium-sized companies. On account of the diverse technical connection options for its customers, EEX has established a good position for itself compared with the competition.

Because of its clear alignment to further growth, EEX sees the need to further increase staff numbers within the Group. This measure aims at strengthening process and system reliability and intensifying support for customers. In the financial year 2010 EEX also successfully concluded the required adjustments in the fields of organisational structure and process organisation for the increased staff and it is, hence, well prepared for the further growth of sales.

The regulation and supervision standards in Germany, which are very high, (especially with regard to requirements concerning clearing and settlement) constitute an essential competitive advantage for EEX. The importance of supervision for trading in the energy markets (which are developing quickly) was shown impressively, in particular, in emissions trading in the financial year 2010. Whereas numerous market platforms and countries were affected by cases of fraud and abuse (e.g. sales tax fraud in emissions trading), EEX Group averted this through its high quality standards. Such events could cause lasting harm for the markets' reputation and, thus, have a negative impact on the commercial success of EEX. EEX is continuously monitoring the developments in these fields and is implementing measures to raise the market participants' awareness of such.

Apart from the cases of sales tax fraud, there were numerous cases of unauthorised access to national emissions trading registries in 2010 and at the beginning of 2011, which led to an EU-wide examination of the security standards of the IT systems and to a temporary closure of the national registries (while these examinations were underway). Because of the high security standards both as regards transactions and the market and settlement design EEX and ECC were not affected by these cases of theft and by the closure of the registries. This once again showed the importance of the security of transactions and of the safe custody in emissions trading for EEX and ECC.

As in the past, a failure of the growth strategy aimed at constitutes the biggest risk for EEX. Because of the increasing competitive pressure between the European energy exchanges further growth is of major importance for the long-term business success of EEX Group. In view of the increasing size of the dominating European energy exchanges, one of which is EEX, a reduction of the number of exchanges of Europe in the energy sector has to be expected. For EEX any failure to attain its growth objectives entails the risk of losing the possibility of influencing the design of the future European energy markets and of not achieving the Company's own commercial aims.

In the coming years, the future of EEX will once again to a considerable degree be determined by political decisions regarding framework conditions for the European energy market. For this reason, EEX is closely co-operating with the respective political institutions and with the relevant associations in all decisive questions in order to find solutions in line with the market and in line with trading requirements. In the financial year 2010, an adequate completion of the equalisation mechanism, (which is used to govern marketing of renewable energies via the spot market of an exchange), was made in Germany. Adverse effects on the market and, thus, on the trading volumes on the markets of EEX should therefore be prevented.

Further political decisions having an impact on the success of EEX Group concern taxation legislation and international accounting standards.

In spite of strong signals pointing to a recovery of the economy, the financial market policy situation within the Euro zone, which is material for EEX, is considered as being tense.

9. GROUP PERSPECTIVE / OUTLOOK REPORT

On the basis of their considerations regarding the economic situation and regarding the opportunities and risks discussed above, the members of the Management Board are optimistic as regards the future, and continue to pursue ambitious medium-term aims based on a position comprising a financially sound basis and a good earnings structure. EEX Group sees the implementation of its strategy as being confirmed by positive signals from the economy.

Over the next five years EEX Group will align itself, on the basis of organic growth, to the objective of becoming the clear leader among the European energy exchanges. It is planning to generate this growth on the basis of its own strengths – without using additional shareholder funds and without any reductions as regards annual dividends. The partnership model will be maintained and, (where commercially sensible and expedient), expanded.

Based on the stable starting position of the measures which have already been initiated or are currently in the planning stage, EEX Group expects its sales revenue to grow over the next two years – by approx. 18 % in 2011 and 15 % in 2012. In this context, the economic situation of the year 2010 is assumed to continue – a recurrence of the 2009 financial market crisis is not expected in the forecasts of the future developments. In addition to the strengthening of the leading position on the Power Derivatives Market, the planned expansion of the market position in the fields of natural gas and EUA constitutes the basis for this. Hardly any changes are expected with regard to the other operating income sources. Moreover, revenue from at-equity investments will only increase slightly. In addition to higher variable expenses, such as market maker reimbursements (which also grow if trading volumes increase), increasing expenses are expected in the area of human resources. These will develop depending on the attainment of strategic objectives and will take account of the Group's growth.

Overall, expenses will not increase as much as sales revenue.

10. OTHER NOTES

The 2010 consolidated financial statement of EEX AG, Leipzig, and its subsidiaries was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in the version in which these have to be applied in the European Union.

The consolidated management report was prepared on the basis of Art. 315 HGB (German Commercial Code). The consolidated management report was prepared based on the German Accounting Standard DRS 15.

EEX AG as the parent company of the Group is not publicly listed and does not use any organised market within the meaning of Art. 2 Paragraph 7 of the German Securities Acquisition and Takeover Act by means of voting shares issued by it.

Shareholder and capital structure of EEX AG

The subscribed capital of EEX AG consists of 40,050,000 registered no-par shares with a calculated nominal value of EUR 1 per share. Throughout the entire financial year 2010 the Company has not held any own shares.

On 31 December 2010 Eurex Zürich AG held 35.23 % of the shares in EEX AG and, apart from the State Bank Baden Württemberg (22.96 %) it is the sole shareholder with an interest of more than 10 % in the Company's capital.

Cautionary note regarding forward-looking statements

This report contains forward-looking statements. These statements are based on current expectations, assumptions and forecasts of the Management Board and on the information which is available to it at the moment. These forward-looking statements cannot be considered guarantees regarding the future developments and events referred to therein. Instead, the future developments and results depend on a large number of factors. They comprise different risks and uncertainties and are based on assumptions which might turn out to be inaccurate. We do not assume any obligation to update the forward-looking statements made in this report.

11. EVENTS AFTER THE REPORTING DATE

The following events which are of special importance to the earnings, assets and financial situation have occurred after the end of the financial year 2010:

Option agreement

In the context of a capital increase Powernext S.A., Paris was granted the right to acquire 1.5 % of the shares in ECC AG at a purchase price of EUR 2.3 million by exercising an option agreement. This capital increase was approved by the general meeting of the Company on 1 March 2011 and the total number of 15,227 new shares was subscribed by Powernext S.A.

Short-term closure of the European Emission Allowance Registries

Following the theft of certificates in various European countries in January 2011 in the context of successful hacker attacks, the European Commission decided to close European CO_2 registries temporarily.

Even though EEX Group was affected neither by unauthorised access to accounts in the context of trading in emission allowances nor by impairments of its security and process structures, the maintenance of careful supervision and of the reliability of trading in emission allowances are of paramount importance to it.

Even if trading and the primary market auction on EEX were only slightly affected by this, it has to be taken into account that the international credibility of EU emissions trading might suffer. This is underlined, in particular, by the fact that the EU has a worldwide pioneering role in trading in emission allowances and is, thus, is monitored closely by the public.

For this reason, it is especially important to protect EEX as an exchange platform against possible reputation damage. Therefore, EEX is advocating careful supervision and harmonisation in emissions and energy trading in order to ensure the security and reliability of the markets.

At the start of the next emissions trading period in 2013, a central EU registry for CO_2 certificates is to be introduced. This should also resolve the problems resulting from different security standards.

The increasing importance of trading in emission allowances for the medium-term planning of EEX constitutes a significant reason for the preventative and trust-building approach to handling the potential risks in this business segment.

Major shareholder Eurex Zürich AG increases shareholding in EEX AG

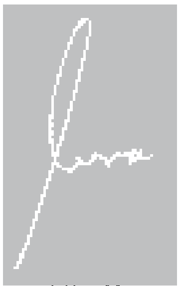
On 23 December 2010 Eurex Zürich AG (Eurex) announced that it intended to increase its shareholding by acquiring up to 22.96 % to, at maximum 58.19 %, by buying shares in EEX AG from its shareholder, the State Bank of Baden-Württemberg (LBBW), in the financial year 2010. According to contractual agreements, LBBW is obliged to also offer its shares to other EEX shareholders on a pro rata basis. After the first round of this procedure for offering of the shares 31 of the 40 eligible EEX shareholders indicated that they waived their rights to such proportionate acquisition on 22 February 2011. As a result of this, the current Eurex interest in EEX will increase from 35.23 % to more than 50 % with the exact share to be established subsequently in the second round of the offering of the shares to the existing shareholders. The shares are to be transferred to Eurex at a price of EUR 7.15 per share plus a premium of EUR 0.60 in the event that the majority of the shares is attained by Eurex. If Eurex acquires all of the LBBW shares, the purchase price for the shares would amount to EUR 71.3 million. The transaction will probably be completed in the second quarter of 2011. The necessary approvals by the Federal Cartel Office and the Administrative Council of Eurex have been obtained. The Saxon Exchange Supervisory Authority was informed and a corresponding notification of intent has been submitted to the German Federal Financial Supervisory Authority. On 31 March 2011 the EEX Supervisory Board will adopt a resolution on the transfer of the LBBW shares.

Dr. Hans-Bernd Menzel, Chairman of the EEX Management Board, resigns from all offices

Dr. Hans-Bernd Menzel asked the Supervisory Boards of EEX and ECC to terminate the existing employment relationships and the legal relationships with the subsidiaries by mutual agreement for personal reasons with effect from 1 March 2011. The Supervisory Boards agreed to this request on an amicable basis.

For the time being, Dr. Menzel's tasks will be assumed by the two other members of the Management Board – Iris Weidinger and Dr. Christoph Mura. In this context, Iris Weidinger will take over the fields of communications and public relations and the segment of political communications at EEX. Dr. Mura will assume responsibility for the fields of strategy and legal affairs in addition.

Leipzig, 8 March 2011



ph Mura
Member of the Management Board (COO)

Iris Weidinger
Member of the Management Board (CFO)

CONSOLIDATED FINANCIAL STATEMENT

ANNUAL REPORT 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in kEUR	Notes	2010	2009
Sales revenue	6	43,157	34,604
Other operating income	7	8,753	7,942
Staff expenditure	8	–10,869	–7,719
Depreciations	9	–3,891	–12,955
Other operating expenses	10	–26,561	–25,843
Operating result		**10,589**	**–3,971**
Interest and similar revenue	11	898	1,236
Interest and similar expenses	11	–590	–920
Financial result		**308**	**316**
Cost/revenue as per the equity method	12	5,016	2,812
Cost/revenue from the sale of assets		0	13,963
Result from ordinary activities		**15,913**	**13,120**
Taxes on income and profit	13	968	–5,918
Consolidated profit for the financial year		**16,881**	**7,202**
Of which consolidated profit to be allocated to shareholders of EEX AG		16,049	6,418
Minority shareholders		832	784
Reconciliation to total consolidated profit			
Consolidated profit for the financial year		**16,881**	**7,202**
Change in income items directly recorded in equity		0	0
Total consolidated profit		**16,881**	**7,202**
Of which total consolidated profit to be allocated to shareholders of EEX AG		16,049	6,418
Minority shareholders		832	784

CONSOLIDATED BALANCE SHEET

Assets

in kEUR	Notes	2010	2009
Long-term assets		**50,081**	**49,219**
Company value	14	12,217	12,217
Intangible assets	14	5,984	8,369
Property, plant and equipment	15	1,247	1,356
Shares in associated companies and joint ventures	16	24,634	23,243
Remaining financial investments	16	537	537
Other financial assets	17	0	250
Derivative financial instruments	18	328	2,366
Deferred tax assets	13	5,134	881
Current assets		**470,486**	**306,127**
Derivative financial instruments	18	10,113	1,374
Other accounts receivable	19	692	1,383
Accounts receivable for sales and services	20	5,491	7,885
Other assets	21	48,034	44,755
Tax refund claims	21	557	3,847
Accounts receivable from associated companies		0	11
Cash at bank with restrictions on disposal	22	370,082	203,909
Cash and cash equivalents	23	35,517	42,963
Total assets		**520,567**	**355,346**

Liabilities

in kEUR	Notes	2010	2009
Equity		**103,780**	**93,439**
Subscribed capital	25	40,050	40,050
Capital reserves	26	10,000	10,000
Retained income	26	4,351	4,351
Results generated	27	46,315	36,274
Minority share	28	3,064	2,764
Non-current liabilities		**2,524**	**5,553**
Non-current provisions	29	727	641
Leasing liabilities	30	35	108
Derivative financial instruments	18	328	2,366
Deferred tax liabilities	13	1,434	2,438
Current liabilities		**414,263**	**256,354**
Current provisions	31	4,427	1,786
Financial liabilities	32	524	0
Derivative financial instruments	18	10,113	1,374
Trade accounts payable	33	5,314	4,804
Cash deposits by the trading participants	34	370,082	203,909
Other liabilities	35	23,803	44,481
Total liabilities		**520,567**	**355,346**

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	Notes	2010	2009
Annual net profit	27	16,881	7,202
Depreciations on intangible assets and property, plant and equipment	9	3,891	13,962
Expenses/income from deferred taxes	13	–5,258	3,609
Expenses/income from minority transactions	28	0	–13,963
Result from at-equity investments	12	–5,016	–2,812
Expenses which cannot be allocated to the field of operations		2	21
Reduction in the accounts receivable for sales and services and other assets	20	4,472	21,006
Reduction in liabilities and provisions	33, 29, 31	–16,992	–1,720
Increase in the account receivable from input tax surplus	21	–2,056	32,312
Cash flow from operating activities	38	**–4,076**	**59,617**
Payments made for investments in property, plant and equipment	15	–580	–411
Payments made for investments in software	14	–860	–1,446
Payments made for investments in financial assets and lendings		0	–569
Dividends received		3,625	0
Cash flow from investing activities	39	**2,185**	**–2,426**
Payments from financial leasing agreements	30	–71	–86
Payments received from the sale of own shares		0	2,668
Dividend payments to the shareholders of EEX AG		–6,008	0
Cash flow from financing activities	40	**–6,079**	**2,582**
Net change in cash and cash equivalents		–7,970	59,773
Cash and cash equivalents at the beginning of the accounting period	23, 32	42,963	–16,811
Cash and cash equivalents at the end of the accounting period	23, 32, 41	**34,993**	**42,963**
In the financial year			
Interest received and similar income	11	898	1,237
Dividends received with regard to shares in associated companies		3,625	0
Interest paid and similar expenses	11	590	920
Income tax payments	13	4,289	2,309

CONSOLIDATED SHAREHOLDERS' EQUITY

in kEUR	Subscribed capital	Capital reserve	Clearing fund & retained income	Allocation to reserve own Shares	Deduction from reserve own shares
Balance as of 31 December 2008	40,050	10,000	4,351	2,498	–2,498
Total result					
Sale of own shares				–2,498	2,498
Minority transaction					
Balance as of 31 December 2009	40,050	10,000	4,351	0	0
Total result					
Dividend payment					
Balance as of 31 December 2010	40,050	10,000	4,351	0	0

in kEUR	Reserves	Result generated	Equity of EEX shareholders	Share of minority shareholders	Group equity
Balance as of 31 December 2008	14,351	27,188	**81,589**	8	**81,597**
Total result		6,418		784	
Sale of own shares		2,669			
Minority transaction				2,756	
Balance as of 31 December 2009	14,351	36,274	**90,675**	2,764	**93,439**
Total result		16,049		832	
Dividend payment		–6,008		–532	
Balance as of 31 December 2010	14,351	46,315	**100,716**	3,065	**103,780**

CONSOLIDATED NOTES

› PRINCIPLES AND METHODS

1. General Principles

According to Art. 2 of the Articles of Association, 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 relevant statutory provisions. 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 1 January 2002. It has its registered offices in Augustusplatz 9, 04109 Leipzig, Germany and is registered in the commercial register of the Leipzig Local Court under HR B no. 18409.

This consolidated financial statement will be submitted to the Supervisory Board for the meeting of the Supervisory Board on 31 March 2011.

2. Standards, revisions of standards and interpretations the application of which is mandatory for the first time for reporting periods from 1 January 2010

During the year under review all new and revised standards and interpretations, (the application of which is mandatory for the first time from 1 January 2010), were taken into account in the consolidated financial statement of EEX. The amendments of the standards were taken into account in accordance with the transitional regulations. This affects the following:

IAS 27 | Consolidated and separate financial statements: Treatment of the acquisition and sale of shares after obtaining and by retaining the possibility of control: Transactions with minority shareholders are treated in accordance with the economic entity model. Profits and losses from such transactions are recorded under equity without affecting earnings (to be applied with regard to reporting periods commencing from 1 July 2009).

IFRS 3 | Purchase price components: Treatment of minority shares and corporate value as well as extent of the assets, liabilities and contingent liabilities to be assessed. This will result in adjustments with regard to future transactions (to be applied with regard to business combinations with dates of acquisition from 1 July 2009).

At the present time, the following amendments to the standards and interpretations do not have any impact on the consolidated financial statement of EEX:

- IAS 39: Financial Instruments: Recognition and Measurement – Permissible underlying transactions in the framework of hedging relationships
- IFRS 1: First-time adoption of IFRS
- IFRS 1: Permissible exceptions for first-time users
- IFRS 2: Share-based compensation transactions
- IFRIC 12: Service concession arrangements
- IFRIC 15: Agreements for the construction of real estate
- IFRIC 16: Hedges of a net investment
- IFRIC 17: Distribution of non-cash assets to owners
- IFRIC 18: Transfers of assets from customers
- Improvements to IFRS

3. Standards and revisions of standards and interpretations, which were adopted at the reporting date but the application of which is not mandatory and which are not applied prematurely

IAS 24 | Amendment of the definition of a related company or person: The standard has effects on the information regarding relations with related companies and persons in the financial statement of EEX Group (to be applied for reporting periods beginning from 1 January 2011).

According to the current level of expertise, the following amendments will not be relevant for the consolidated financial statement of EEX:

- IAS 32: Classification of Subscription Rights
- IFRS 1: Restricted Release from Comparative Disclosures
- IFRIC 14: Prepayments of a Minimum Funding Requirement
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

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 used consistently for the accounting periods detailed, unless otherwise specified.

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENT

The consolidated financial statement as of 31 December 2010 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 19 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 assets, financial and earnings situation of the Group is conveyed which is in line with the actual situation.

With the exception of derivatives, which are assessed at the fair value, 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 of 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 liabilities 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.

Intra-group 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 as equity in the consolidated financial statement. Conversely, acquisitions of shares in minorities are also recognised directly as 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 of 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 reductions 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

		Subsidiaries				Associated companies and joint ventures	
		ECC	ECC Lux	EPD[1]	Lilie 28. VV	EPEX Spot SE	EMCC
Registered offices		Germany Leipzig	Luxembourg Strassen	Germany Leipzig	Germany Leipzig	France Paris	Germany Hamburg
First consolidation		2006	2009	2008	2007	2008	2008
Share in capital direct (indirect) 31/12/2009	%	99,9998	(99,9998)	80	100	50	20
Share in capital direct (indirect) 31/12/2010	%	99,9998	(99,9998)	80	100	50	20
Nominal capital	K€	1.000	13	125	25	4.973	100
Equity 2009	K€	24.712	18	9.798	25	15.193	365
Equity 2010	K€	28.400	53	11.296	25	17.775	–116
Balance sheet total 2009	K€	234.850	24.013	15.719	25	21.552	14.806
Balance sheet total 2010	K€	413.293	39.619	18.081	25	26.315	21.841
Sales 2009	K€	17.190	1.566	14.389	0	23.988	121
Sales 2010	K€	22.197	7.843	16.843	0	30.122	1.321
Profit for the financial year 2009	K€	4.542	7	1.260	0	7.250	–896
Profit for the financial year 2010	K€	7.258	35	1.498	0	9.831	–481
Consolidation		Full consolidation				At equity	

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

There were no changes in the scope of consolidation in the year 2010.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are capitalised at the costs of acquisition and/or production and depreciated linearly as scheduled in accordance with the probable commercially useful life.

Subsequent costs of acquisition/production, e.g. on account of investments for expansion 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	
User hardware	3
Other hardware and network technology	5
Combined printers	8

Service life in years	
Office equipment	
Folding machine	8
Other office furniture	20
Other office furniture	13

In the reporting year the allocation of assets to groups was effected in more detail than in previous years.

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 minus any possible grants. 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 for example, comprise e.g. the staff expenditure for the employees involved in software 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
Special 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 upon the emergence of corresponding indicators (events and/or changes in circumstances) as a supplement. 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 at 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 a liability 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 (trade date accounting). Said date 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 term 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, if such cannot be determined or 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 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.

Variation margins cover daily profits and losses of the open positions, which are caused by changes in the market price. Since this is a daily profit and loss settlement in cash, futures are not shown in the consolidated balance sheet according to IAS 39.17(a) and IAS 39.39.

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, collateral has 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 payable 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 categorised 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. These are financial assets available for sale.

Bank deposits with a restriction on disposal comprise cash deposits by the trading participants which are essentially invested with banks overnight.

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

COLLATERAL

According to the Clearing Conditions of ECC AG, every trading participant needs to furnish a certain amount as collateral. This form of collateral 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".

Collateral furnished in the form of securities is pledged by the clearing members. This 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. With regard to the accounting principles for "trade date accounting" reference is made to the explanation regarding financial assets.

Loan liabilities are classified as current liabilities unless the group has the unconditional right to postpone the 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 tax regulation) 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, and the current service costs which are not recognised in income accordingly and are 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.

Since the amount of the reserve regarding the obligation in Germany is negligible at the moment, obtaining an IFRS expert opinion has been dispensed with. During the period under review the amount of the reserve was established according to provisions under German commercial law. Trends in the development of wages and pensions were not considered.

Actuarial profits and losses are immediately recognised in income. In so 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 are 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 settlement 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 completion 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 using 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 mean foreign exchange rate 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. Accounts receivable and accounts payable in foreign currency are short-term and are fulfilled within a period of one year.

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.

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 in very rare cases.

The corporate planning of EEX AG and its subsidiaries constitutes the basis for the annual impairment test regarding the respective goodwill. This planning processes assumptions regarding the future development of the expense and income items of the cash-generating units concerned. With regard to this reference is made to note no. 14.

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 for the years 2011 to 2015. If it is not likely that the losses brought forward will be fully used over the next five years, the amount of the deferred tax assets will be reduced to the amount which can be achieved.

❯ NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

6. Sales revenue

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

The revenue generated by 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 generates clearing turnover, the amount of which also depends on the value of the transaction registered for clearing.

ECC and ECC Lux provide clearing of products traded on EEX, EPEX, EPD and the co-operation partners ENDEX European Energy Derivatives Exchange N.V. (ENDEX), Powernext and other exchanges. This co-operation is reflected in a clear correlation between the ECC clearing fees and 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 kEUR	2010	2009
EEX		
Gas Spot Market	151	35
Gas Derivatives Market	157	56
EUA Spot Market	202	192
EUA/CER Derivatives Market	409	97
Coal Derivatives Market	39	4
Trainings/examinations	1,024	1,257
ECC clearing fees	22,027	17,014
EPD Power Derivatives Market	15,464	13,217
Annual fees	3,183	2,198
Others	501	534
Total revenue	**43,157**	**34,603**

7. Other operating income

The other operating income is structured as follows:

in kEUR	2010	2009
XETRA line charges	2,882	2,621
EUREX line charges	2,980	2,845
Other revenue	2,891	2,475
Total	**8,753**	**7,941**

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 income essentially concerns the provision of services for companies not consolidated within the Group (kEUR 1,653).

8. Personnel expenditure

Personnel expenditure has the following structure:

in kEUR	2010	2009
Salaries and wages	9,701	6,335
Social insurance contributions	1,107	1,360
Allocation to pension reserve	61	24
Total	**10,869**	**7,719**

As of 31 December 2010, 105 members of staff were employed in EEX Group (2009: 87). On an annual average for 2010, the number of staff totals 100 (2009: 80) including 4 (2009: 4) executives and 96 (2009: 76) employees. There are no apprentices or trainees.

9. Depreciations

Depreciations are structured as follows:

in kEUR	2010	2009
Intangible assets	3,223	4,051
Impairment of goodwill	0	8,433
Property, plant and equipment	604	402
Leasing assets	64	70
Total	**3,891**	**12,955**

10. Other operating expenses

The other operating expenses are structured as follows:

in kEUR	2010	2009
Systems costs	8,321	10,888
Business, IT and tax consultancy, legal advice	4,652	3,601
Market maker expenses	3,199	2,241
Advertising/travelling expenses and events	1,662	1,424
Non-deductible input tax	915	1,077
Broker expenses	1,064	1,127
Recognition of expenses for change requests	1,034	1,007
Rental expense	389	395
Balancing area costs	–12	–88
Insurances, contributions	562	598
Audit costs	328	495
Gas transport	303	266
Other expenses	4,144	2,812
Total	**26,561**	**25,843**

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. Compared with the previous year systems costs declined in 2010 on account of changed contracts.

Furthermore, the systems costs comprise line charges regarding the trading participants' technical connections. These are charged to the customers (see note no. 7).

Market makers promote continuous trading and improve liquidity on the respective market by publishing binding buying and selling quotes. They are obliged to buy and/or sell at the rates published.

The recognition of expenses for the change requests concerns the "Other accounts receivable" (cf. note no. 19).

11. Financial result

The financial result is structured as follows:

in kEUR	2010	2009
Interest income margins	500	973
Interest expenditure margins	–302	–665
Interest income margins	**198**	**308**
Interest income	152	189
Other interest and similar income	247	74
Interest expenditure from short-term liabilities	–13	–231
Other interest and similar expenses	–275	–24
Other interest income	**111**	**9**
Total interest income	898	1.237
Total interest expenses	–590	–920
Total	**308**	**317**

12. Expenses/income from equity accounting

The result from equity accounting concerns the continuation of the costs of acquisition for the shareholdings accounted for at equity.

in kEUR	2010	2009
Proportionate share in the result of EMCC	–73	–227
EMCC	**–73**	**–227**
Proportionate share in the result of EPEX from previous year	379	0
Proportionate share in the result of EPEX, including continuation of assets and debts	4,710	3,039
EPEX	**5,089**	**3,039**
Total	**5,016**	**2,812**

13. Taxes on income and profit

The taxes on income and profit paid or owed currently and deferred taxes are recorded as income tax. In this context, the taxes on income and profit consist of 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.

Taxes on income and profit have the following structure:

in kEUR	2010	2009
Current income taxes	4,276	2,441
Income taxes unrelated to the accounting period	14	–132
Deferred taxes on income	–5,258	3,609
Total	**–968**	**5,918**

For the purpose of the calculation of deferred taxes in Germany, a tax rate of 31.925 % is used for the year 2010 (2009: 31.925 %). This tax rate includes the business tax with an assessment rate of 460 % (2009: 460 %), the basic rate of tax of 3.5 % (2009: 3.5%), the corporation tax rate of 15 % (2009: 15 %) and the solidarity surcharge of 5.5 % (2009: 5.5 %) on corporation tax. A tax rate of 34.43 % is in force in France.

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 31.925 % 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 kEUR	2010	2009
Earnings before taxes	**15,913**	**13,120**
Tax rate	31.925 %	31.925 %
Expected tax expenditure	**5,080**	**4,188**
Deviating valuation	–1,535	–4,735
Reduction in value of losses brought forward	–3,621	4,855
Impairment of goodwill	0	2,692
Tax-free income	–1,601	–1,068
Dividends	115	0
Non-deductible expenses	126	50
Deviation from the assessment basis for business tax	81	94
Tax expenses/income not attributable to the accounting period	14	–132
Others	373	–26
Effective tax expenditure	**–968**	**5,918**

The following deferred tax assets and tax liabilities arise from the temporary differences between the tax balance sheet and the IFRS balance sheet and from tax loss carryforwards:

in kEUR	Deferred tax assets		Deferred tax liabilities	
	2010	2009	2010	2009
Intangible assets	19	23	0	–2,351
Property, plant and equipment	21	8	0	–41
Financial instruments	3,333	1,194	–3,333	–1,194
Other accounts receivable	4	0	–23	–284
Loss carry-forward	5,009	1,387	0	0
Long-term reserves	36	17	0	0
Leasing liabilities	11	35	0	0
Short-term reserves	479	0	0	0
Other liabilities	0	0	–8	0
Outside basis differences	0	0	–1,849	–352
Gross value	**8,913**	**2,664**	**–5,213**	**–4,222**
Balancing	–3,779	–1,784	3,779	1,784
Total	**5,134**	**881**	**–1,434**	**–2,438**

Deferred tax assets are assessed with regard to temporary differences and tax loss carryforwards provided their realisation appears sufficiently secure in the near future. The tax assets on losses brought forward are deemed recoverable since the utilisation of all existing losses brought forward regarding corporation tax and business tax is likely over the next five years. Taxable temporary outside basis differences to the amount of kEUR 301 were not shown as liabilities in accordance with IAS 12.39.

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

in kEUR	2010	2009
Deferred tax assets		
which will be realised after more than 12 months	5,097	2,664
which will be realised within a period of 12 months	3,816	0
Total	**8,913**	**2,664**
Deferred tax liabilities		
which will be realised after more than 12 months	–1,791	–3,910
which will be realised within a period of 12 months	–3,422	–312
Total	**–5,213**	**–4,222**

NOTES TO THE CONSOLIDATED BALANCE SHEET

14. Goodwill and intangible assets

The goodwill and intangible assets have developed as follows:

in kEUR	Other intangible assets	Goodwill	Total
Costs of acquisition as of 1 January 2009	1,270	21,572	**22,842**
Additions	11,872	8,440	20,312
Deduction of grant	–407	0	–407
Disposals	–59	0	–59
Costs of acquisition as of 31 December 2009	12,677	30,012	**42,689**
Additions	860	0	860
Disposals	–22	0	–22
Costs of acquisition as of 31 December 2010	13,514	30,018	**43,533**
Depreciation/impairment as of 01 January 2009	317	9,362	**9,679**
Scheduled amortisation	802	0	802
Impairment	3,247	8,433	11,680
Disposals	–59	0	–59
Depreciation/impairment as of 31 December 2009	4,308	17,795	**22,103**
Scheduled amortisation	901	0	901
Impairment	2,322	0	2,322
Depreciation/impairment as of 31 December 2010	7,531	17,801	**25,332**
Book value as of 31 December 2009	8,369	12,217	**20,586**
Book value as of 31 December 2010	5,984	12,217	**18,201**

Within the EEX Group, the goodwill is the only part within the intangible assets with an indefinite useful life.

in kEUR	ECC	EPD	ECC Lux	Total
Balance as of 1 January 2009	**5,916**	**6,294**	**0**	**12,210**
Changes to the scope of consolidation	0	0	7	7
Contribution of French Power Derivatives Market	0	8,433	0	0
Impairment of goodwill	0	–8,433	0	0
Balance as of 31 December 2009	**5,916**	**6,294**	**7**	**12,217**
Balance at of 31 December 2010	**5,916**	**6,294**	**7**	**12,217**

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.

ANNUAL IMPAIRMENT TEST AS OF 30 SEPTEMBER 2010

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 so 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 based on the specific development of the market. A growth rate of one percent was used for planning in 2010.

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 for EEX, is used for the purpose of discounting the cash flows. The rate of the weighted average costs of capital amounts to 7.93 % for the market in Germany and to 8.14 % for the French market area.

With one exception, a fair value (minus selling costs) which was considerably above the book values of the CGUs was established in all cases.

SENSITIVITY OF THE PLANNING ASSUMPTIONS

A sensitivity analysis was carried out for the cash generating units comprising goodwill. The question of by how much sales revenue may decline without requiring an impairment was analysed. With regard to all companies the declines established are far below any scenario which can be classified as being realistic at the moment.

In the case of the cash-generating unit of the "French Power Derivatives Market business" the estimated achievable amount corresponds to the book value. The turnover from transaction fees is the central factor driving the results of the unit considered. If the planned sales are not reached on a lasting basis and if this leads to a negative adjustment of the plan, this would lead to an impairment requirement.

15. Property, plant and equipment

In 2010, property, plant and equipment were as follows:

in kEUR	Furniture and fixtures	Office equipment	Low-value items	Leasehold improvements	Total
Costs of acquisition as of 1 January 2009	1,343	221	92	726	**2,382**
Additions	283	24	158	86	551
Disposals	–49	–1	–1	0	–51
Costs of acquisition as of 31 December 2009	1,577	244	249	812	**2,882**
Additions	424	24	86	47	580
Disposals	–22	0	0	0	–21
Costs of acquisition as of 31 December 2010	**1,979**	**268**	**335**	**859**	**3,441**
Depreciation/impairment as of 1 January 2009	846	94	5	74	**1,019**
Scheduled depreciation	336	22	84	98	540
Disposals	–30	–1	–1	0	–32
Depreciation/impairment as of 31 December 2009	1,152	115	88	172	**1,527**
Scheduled depreciations	309	23	113	223	668
Depreciation/impairment as of 31 December 2010	**1,461**	**138**	**201**	**395**	**2,195**
Book value as of 31 December 2009	425	129	161	640	**1,355**
Book value as of 31 December 2010	**518**	**130**	**134**	**464**	**1,246**

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 are detailed below:

in kEUR	2010	2009
Costs of acquisition as of 1 January	198	86
Additions	7	142
Disposals	–22	–31
Costs of acquisition as of 31 December	**183**	**198**
Depreciation/impairment as of 1 January	97	39
Scheduled depreciation	64	70
Disposals	–12	–12
Depreciation/impairment as of 31 December	**149**	**97**
Book value as of 1 January	101	47
Book value as of 31 December	**34**	**101**

16. Shares in associated companies and joint ventures as well as other financial assets

The associated companies and joint ventures as well as shareholdings were as follows:

		Associated companies and joint ventures		Shareholdings	
		EPEX Spot SE	EMCC	trac-x	store-x
Registered offices		France Paris	Germany Hamburg	Germany Leipzig	Germany Leipzig
First inclusion in balance sheet		2008	2008	2008	2008
Direct (indirect) equity stake 31 December 2009	%	50	20	19	12
Direct (indirect) equity stake 31 December 2010	%	50	20	19	12
Nominal capital	k€	4,973	100	200	200
Inclusion		at equity		Costs of acquisition	

The book values of the associated companies and joint ventures developed as shown in the table below:

in kEUR	Shares in associated companies	Other shareholdings
Costs of acquisition as of 1 January 2009	20,451	537
Costs of acquisition as of 31 December 2009	20,451	537
Costs of acquisition as of 31 December 2010	**20,451**	**537**
Revaluation as of 1 January 2009	-20	0
Result of at-equity valuation	2,812	0
Revaluation as of 31 December 2009	2,792	0
Dividend payment	-3,625	0
Result of at-equity valuation	5,016	0
Revaluation as of 31 December 2010	**4,183**	**0**
Book value as of 1 January 2009	20,431	537
Book value as of 31 December 2009	23,243	537
Book value as of 31 December 2010	**24,634**	**537**

17. Other financial assets

As of 31 December 2009 the “Other financial assets” comprised a loan to EMCC, which was written off extraordinarily in the financial year 2010.

18. Derivative financial instruments

This position comprises the fair value of the options which is established on the basis of the current exchange price of 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 10,441 (2009: kEUR 3,740). Options with a total value of kEUR 10,113 included in this will mature within one year. Further options totalling kEUR 328 will reach maturity after 2011.

19. 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 of 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 and 2015). The capitalised payments are recorded under the balance sheet item "Other accounts receivable". As of 31 December 2010 the other accounts receivable amounted to kEUR 692 (31 December 2009: kEUR 1,383).

20. Accounts receivable for sales and services

The trade accounts receivable for sales and services have the following composition and the specific individual allowance which is deducted on the asset side as detailed below:

in kEUR	31/12/2010	31/12/2009
Accounts receivable	5,497	7,885
Net of lump-sum specific individual allowance	–6	0
Accounts receivable for sales and services	**5,491**	**7,885**

in kEUR	2010	2009
Initial amount of the lump-sum specific allowance as of 1 January	**0**	**68**
Transfer to allowance	6	0
Utilisation of allowance	0	–23
Writing back	0	–45
Final amount of the lump-sum specific allowance as of 31 December	**6**	**0**

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

As of 31 December 2010 and 31 December 2009 there were no accounts receivable for sales and services with a remaining term of more than one year. Valuation adjustments were made for individual accounts receivable regarding trading participants' fees as of the balance sheet date.

21. Other assets and tax refund claims

The other assets and tax refund claims are structured as follows:

in kEUR	31/12/2010	31/12/2009
Accounts receivable from tax authorities regarding sales tax	26,949	25,024
of which in Czech crowns	511	0
Payments made on account	20,686	19,561
Accruals	127	125
Other accounts receivable	20	45
Tax assets from sales tax and income tax	809	3,847
Total	**48,591**	**48,602**

The accounts receivable from the tax authorities essentially concern accounts receivable from refunding of sales tax from the German tax authorities (kEUR 15,554) and the Luxembourg tax office (kEUR 10,467). All other assets are short-term assets.

22. Cash at bank with restrictions on disposal

The cash at bank with restrictions on disposal to the amount of kEUR 370,081 (2009: kEUR 203,909) especially concerns collateral which has been furnished by the clearing members for the Spot and Derivatives Market and which is paid in in the form of cash collateral. These are shown as a liability towards the trading participants to the same amount.

23. Cash and cash equivalents

As of the balance sheet date the Group had cash and cash equivalents of kEUR 35,517 (2009: kEUR 42,963).

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 still amounts to kEUR 40,050 without any changes. The capital reserves amount to kEUR 10,000.

26. Reserves

The reserves are structured as follows:

in kEUR	31/12/2010	31/12/2009
Clearing fund	3,000	3,000
Retained income	1,351	1,351
Total	**4,351**	**4,351**

27. Results generated

The results generated are structured as follows:

in kEUR	2010	2009
Balance as of 1 January	36,274	27,188
Changes recognised directly in equity	–6,840	1,884
Total result	16,881	7,202
Balance as of 31 December	**46,315**	**36,274**

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 so far as such were not distributed. In the financial year 2010 kEUR 6,008 were paid out to the shareholders of EEX.

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 31 December 2010 ENDEX N.V., Amsterdam, the Netherlands, and Powernext S.A., Paris, France each held an interest of one share in ECC AG.

As of 31 December 2010 Powernext held an interest of 20 % of the share capital of EPD GmbH.

29. Non-current provisions

The non-current provisions comprise reserves for pension obligations and other non-current provisions.

The reserves for pension obligations comprise kEUR 5 (2009: kEUR 2) for three employees in France. The calculation was effected in accordance with the principles of IAS 19. An interest rate of 4.68 % was used for discounting.

We have not obtained an IFRS expert opinion regarding the pension obligations in Germany 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 Commercial Code. An interest rate for the calculation amounting to 5.15 % and 5.16 % (2009: 6 %) was used for determining the value of the reserves for two persons.

The amount of the reserve for one person is based on the amount of the asset value of the reinsurance contract.

in kEUR	
Target reserve as of 1 January 2009	67
Allocation to target reserve	73
Target reserve as of 31 December 2009	139
Allocation to target reserve	148
Target reserve as of 31 December 2010	287
Minus plan assets as of 31 December 2010	–146
Target reserve as of 31 December 2010	**141**

The expenses from allocations are structured as follows:

in kEUR	2010
New valuation principles	38
Working time required	61
Interest expenses	9
Total	**108**

Other non-current provisions to the amount of kEUR 586 (2009: kEUR 605) concern a discounted reserve resulting from contractual obligations for the period from 2011 to 2015.

30. Leasing liabilities

The leasing liabilities comprise the leasing and rental agreements regarding furniture and fixtures, which are classified as financial leases.

in kEUR	31/12/2010	31/12/2009
Minimum leasing payments within one year	29	91
Of which redemption expenses	27	78
Of which interest expenses	2	13
Cash value of the minimum lease payments	**28**	**79**
Minimum lease payments longer than one year	8	38
Of which redemption expenses	8	36
Of which interest expenses	0	2
Cash value of the minimum lease payments	**7**	**29**
Total minimum lease payments	**37**	**130**
Cash value of the minimum lease payments	**35**	**108**

31. Current provisions

The current provisions have developed as follows during 2010 and 2009:

in kEUR	2010	2009
Balance as of 1 January	1,786	1,064
Utilisation	1,254	1,030
Release	471	155
Allocation to provisions	4,366	1,907
Balance as of 31 December	**4,427**	**1,786**

The reserves essentially concern reserves for bonuses to the amount of kEUR 2,753 (31 December 2009: kEUR 1,786) and provisions regarding contractual risks (kEUR 1,556).

32. Financial liabilities

As of 31 December 2010 there were liabilities of kEUR 524 in Czech crowns to banks (2009: kEUR 0).

33. Trade accounts payable

As of the balance sheet date there were trade accounts payable to the amount of kEUR 5,314 (2009: kEUR 4,804). There were no trade accounts payable with a remaining term of more than one year both as of 31 December 2010 and as of 31 December 2009.

34. Cash deposits by the trading participants

The amount of the cash deposits by the trading participants correspond to the cash at bank with restrictions on disposal. As of the balance sheet date, these amounted to kEUR 370,081 (2009: kEUR 203,909).

35. Other liabilities and tax liabilities

The other liabilities comprise the following items:

in kEUR	31/12/2010	31/12/2009
Sales tax	20	22,619
Advance payments received	20,685	19,558
Outstanding invoices	1,397	1,028
Human resources liabilities	251	607
Other liabilities	262	577
Liabilities for the preparation of financial statements/audits	99	92
Deferrals	12	0
Tax liabilities	1,077	0
Total	**23,803**	**44,481**

All other liabilities are short-term.

36. Additional information on the financial instruments

Financial instruments of ECC

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 at the same amount (kEUR 10,441).

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.

› NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

37. 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.

38. Cash flow from current operations

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

Depreciations and deferred 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.

After adjustment of the annual result by non-cash components, a cash flow from current operations of kEUR -4,076 (2009: kEUR 59,617) was ascertained.

39. Cash flow from investing activities

The cash flow from investing activities shows payments made for investments in assets. In the financial year 2010 it amounted to kEUR 2,185 (2009: –2,426).

40. Cash flow from financing activities

The cash flow from financing activities comprised the payment of dividends to the shareholders of EEX as well as financing leasing payments and amounted to kEUR –6,079 (2009: kEUR 2,582).

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

in kEUR	31/12/2010	31/12/2009
Cash and cash equivalents	35,517	42,963
Financial liabilities	–524	0
Total cash and cash equivalents	**34,993**	**42,963**

OTHER NOTES

42. Classification of the financial instruments as per IFRS 7

Assets as of 31/12/2009	Amortised acquisition costs		Fair value				Total	
Valuation category	Other accounts receivable		FVTPL – Financial assets recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Class of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets	537	537					537	537
Other financial assets	250	250					250	250
Derivative financial instruments			3,740	3,740			3,740	3,740
Accounts receivable for sales and services	7,885	7,885					7,885	7,885
Other assets	44,755	44,755					44,755	44,755
Tax refund claims	3,847	3,847					3,847	3,847
Accounts receivable from affiliated companies	11	11					11	11
Restricted bank balances	203,909	203,909					203,909	203,909
Cash and cash equivalents	42,963	42,963					42,963	42,963
Total	**303,620**	**303,620**	**4,277**	**4,277**	**0**	**0**	**307,897**	**307,897**

Assets as of 31/12/2010	Amortised acquisition costs		Fair value				Total	
Valuation category	Other accounts receivable		FVTPL – Financial assets recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Class of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets	537	537					537	537
Other financial assets	0	0					0	0
Derivative financial instruments			10,441	10,441			10,441	10,441
Accounts receivable for sales and services	5,491	5,491					5,491	5,491
Other assets	48,034	48,034					48,034	48,034
Tax refund claims	557	557					557	557
Accounts receivable from affiliated companies	0	0					0	0
Restricted bank balances	370,081	370,081					370,081	370,081
Cash and cash equivalents	370,081	370,081					370,081	370,081
Total	**794,782**	**794,782**	**10,441**	**10,441**	**0**	**0**	**805,223**	**805,223**

Liabilities as of 31/12/2009	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		FVTPL – Financial liabilities recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Class of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial liabilities	0	0					0	0
Derivative financial instruments			3,740	3,740			3,740	3,740
Trade accounts payable	4,804	4,804					4,804	4,804
Cash deposits by the trading participants	203,909	203,909					203,909	203,909
Other liabilities	44,481	44,481					44,481	44,481
Total	**253,194**	**253,194**	**3,740**	**3,740**	**0**	**0**	**256,934**	**256,934**

Liabilities as of 31/12/2009	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		FVTPL – Financial liabilities recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Class of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial liabilities	524	524					524	524
Derivative financial instruments			10,441	10,441			10,441	10,441
Trade accounts payable	5,314	5,314					5,314	5,314
Cash deposits by the trading participants	370,082	370,082					370,082	370,082
Other liabilities	23,803	23,803			49	49	23,852	23,852
Total	**399,723**	**399,723**	**10,441**	**10,441**	**49**	**49**	**410,213**	**410,213**

The balance sheet value of the derivative financial instruments is established at the prices on the balance sheet date and, hence, has to be allocated to level 1 of the fair value hierarchy.

The following table shows the effects which the valuation categories have on the consolidated result and the age structure:

Assets as per 31/12/2009	From interest	From follow-up assessments:			From disposal	From other result components	Net result
		At fair value	Value adjustment	Reversal of impairment			
Loans & liabilities	316	0	0	45	0	0	361
FVTPL trading (HFT)	0	0	0	0	0	0	0
Total	**316**	**0**	**0**	**45**	**0**	**0**	**361**

Assets as per 31/12/2010	From interest	From follow-up assessments:			From disposal	From other result components	Net result
		At fair value	Value adjustment	Reversal of impairment			
Loans & liabilities	703	0	–6	0	0	0	697
FVTPL trading (HFT)	0	0	0	0	0	0	0
Total	**703**	**0**	**–6**	**0**	**0**	**0**	**697**

in kEUR	Notes	Daily		Not more than 1 year		More than 1 year, not more than 5 years	
		2010	2009	2010	2009	2010	2009
Other long-term financial instruments and other lendings	17	0	0	0	0	0	250
Payments received on account (ECC AG)	21	20,686	19,561	0	0	0	0
Accounts receivable from sales and services, from associated companies, from companies in which participating interests are held and other short-term assets	20	0	0	33,396	36,937	0	0
Restricted bank balances	22	370,082	203,909	0	0	0	0
Cash at bank and other bank balances	23	35,517	42,963	0	0	0	0
Non-derivative financial assets		**426,285**	**266,433**	**33,396**	**36,937**	**0**	**250**
Interest-bearing liabilities	32	524	0	0	0	0	0
Liabilities from financing leasing transactions	30	0	0	28	79	7	29
Down payment made (ECC AG)	35	20,685	19,558	0	0	0	0
Accounts payable for sales and services, to associated companies, to companies in which participating interests are held and other short-term liabilities	33	0	0	8,432	29,727	0	0
Cash deposits by the trading participants	34	370,082	203,909	0	0	0	0
Non-derivative financial liabilities		**391,291**	**223,467**	**8,460**	**29,807**	**7**	**29**
Financial assets and derivatives	18	0	0	10,113	1,374	328	2,366
Financial liabilities and derivatives	18	0	0	10,113	1,374	328	2,366

43. Financial risk and capital management

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 risk control department, which is not responsible for business operations.

In the context of regular risk reports the Management Board is continuously informed of the 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 in due time (e.g. on account of an 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. ECC is a financial institution and has permission to act as the central counterparty. In its capacity as the central counterparty ECC has a system for covering counterparty risks (margin system) and it is monitored by the German Federal Bank and by the German Federal Financial Supervisory Authority. ECC pursues the risk strategy that counterparty risks are to be covered fully at all times by developing lines of defence. These lines of defence comprise the following basic rules:

- Conditions for admission: Only institutes with registered offices in the EEA or in Switzerland and having a sufficiently sound financial position, credit-rating and the operational facilities required for the settlement of clearing transactions are admitted as ECC clearing members. This is checked in the framework of the admission process and monitored continuously.
- Guarantee by the clearing members: All obligations of the trading participants, e.g. from the provision of collateral, the delivery of commodities or the daily profit and loss settlement, are guaranteed by the clearing member in charge of the respective trading participant. All payments are directly collected by the clearing member. Only clearing fees which have fallen due are exempt from this guarantee.
- Daily profit and loss settlement: Profits generated and losses incurred are offset on a daily basis and credited to the clearing member or debited from it.

- Individual margins: Individual margins cover the potential losses from an open position with a level of security of 99 % for a given holding period.
- Intraday margin calls: ECC is entitled to issue margin calls and demand additional collateral at any time if this is necessitated by the situation on the market or by the risk situation.
- Clearing fund: The clearing fund is defined as the joint provision of collateral by all clearing members. It covers potential losses which are not covered by the individual margins. ECC allocates a part of its profits to provisions for the clearing fund in order to contribute to the fulfilment of the obligations of a clearing member that has defaulted, should this become necessary.
- Obligation to refill the clearing fund: Within a period of 10 business days after it has been used, the clearing fund has to be refilled to the original amount. In case a clearing member has defaulted, clearing fund contributions are released at the earliest one month after all obligations of the clearing member that has defaulted have been fulfilled.
- Own funds of ECC: ECC's own funds cover potential losses which are not covered by individual margins or the clearing fund.
- Requirements put to collateral and haircuts: ECC accepts cash collateral or collateral the market price fluctuations of which are covered by an adequate haircut. Collateral is re-evaluated at least on a daily basis. Concentration risks are taken into account.

Own funds are exclusively invested in investments with minimum credit risk (e.g. as secured investment or with counterparties with a zero weighting under supervisory legislation) and the highest possible liquidity.

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 transaction fees is concentrated on individual trading participants (cluster or concentration risk) is also analysed.

The table below shows the highest possible default risk from accounts receivable as of the balance sheet date.

in kEUR	**2010**	2009
Accounts receivable from sales and services	5,489	4,614
Other assets	147	170
Total	**5,636**	**4,783**

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 through the margin system. 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 market parameters (exchange prices, interest rates, etc.) which are relevant for the evaluation.

Because of the positions which are closed on principle market price risks do not arise. The market price risks arising from the remainder of the business operations (essentially currency risks) are marginal and are controlled in line with the respective situation.

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 structural liquidity risks (i.e. the medium- and long-term revenue does not cover the medium- and long-term expenses).

The risk strategy aims at avoiding maturity mismatches in the balance sheet through the investment strategy. The financing requirements for current expenses and investments are planned and concluded promptly in the context of medium-term planning. Any unplanned financing gaps – essentially from taxation matters – are closed by providing sources of liquidity within the Group and through the cash collateral received by ECC.

Liquidity risks from financial leasing agreements are of secondary importance. The total minimum leasing payments as of 31 December 2010 amounted to kEUR 37 (31 December 2009: kEUR 130).

The age structure analysis of the assets and liabilities under note 42 provides an overview of the assets for every maturity.

OPERATIONAL RISK

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

- Malfunctions of the IT systems used,
- 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 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 defaults of such also constitute an essential 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 capacities and processes. In addition to a back-up computer centre, EEX also has a back-up office. In the event of a breakdown of the office site, 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 capability and capacity of these potential service providers.

There are detailed descriptions of the procedures and control activities regarding all essential processes. These are documented in the form of 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 the use of standardised contract forms.

A damage database is kept for continuous monitoring and for reporting of cases of operational malfunctions. All untoward incidents during operations are recorded and analysed in this database – even if these incidents do not result in any direct financial damage.

In addition to this, EEX has taken out a professional liability insurance with regard to errors in commercial activities (E&O insurance).

BUSINESS RISK

Essential business risks comprise the dependency on less profitable markets and the decline of revenue with unchanged fixed costs since the revenues of EEX predominantly depend on sales. The risk strategy aims at controlling this risk, in as far as possible, by avoiding fixed costs and accepting variable cost components instead, by including this aspect in risk reporting, by means of comparisons with competitors and monthly financial reporting with planned-actual comparisons.

RISK SITUATION

The equity and the annual profit are available as capital for risk coverage. From an aggregated perspective, no risks which cannot be covered by the capital available for risk coverage are discernible at the present time.

CAPITAL MANAGEMENT

The primary aim of capital management by the Group is to ensure that it maintains a high credit rating and a good equity ratio in order to support its business activities and, consequently, to maximise shareholder value. The Group controls its capital structure and makes adjustments taking account of changes in the economic framework conditions. The Group can adjust the dividend payments to the shareholders or effect a repayment of capital to the shareholders in order to maintain or adjust the capital structure. Amendments of the aims, guidelines and procedures were not made as of 31 December 2010 and 31 December 2009. Moreover, external capital was not called upon during the year under review. As regards monitoring of the capital structure, reference should be made to the explanations given in earlier sections of this document.

44. Own shares

As of 31 December 2010, there were no own shares in the possession of the Group.

45. Trust assets

In accordance with the Clearing Conditions, ECC Luxembourg S.à.r.l. 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 31 December 2010, these comprised 10,014,279 certificates (2009: 3,239,010 certificates) with a market value of kEUR 141,902(2009: kEUR 40,034). 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.

46. Other financial liabilities and contingent liabilities

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

Leasing object in kEUR	Up to 1 year	1 to 5 years	More than 5 years
Contract with Deutsche Börse Systems AG (basic amount)	1,530	6,120	0
Software maintenance/IT infrastructure	626	991	219
Rental agreement Augustusplatz 9, Leipzig	284	1,114	0
Motor vehicles	97	99	0
Other equipment	50	64	0
Hardware	36	0	0
Rental agreement “Listhaus”	18	3	0
Total	**2,640**	**8,392**	**219**

As of the balance sheet date there is a letter of comfort for Transpower Stromübertragungs GmbH for a maximum amount of kEUR 986 regarding the obligations of ECC Lux.

47. Fee for the auditor of the annual accounts according to Art. 314 Fig. 9 HGB [German Commercial Code]

The total fee charged to the parent company and the fully consolidated subsidiaries by the auditor of the annual accounts for the financial year is structured as follows:

in kEUR	2010	2009
Financial statement auditing services	202	168
of which for previous years	37	–14
Tax consultancy services	614	602
of which for previous years	0	1
Other services	121	195
Total	**936**	**965**

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 RELATED PERSONS

Management Board
Dr. Hans-Bernd Menzel, Leipzig, Chairman (until 1 March 2011)
Dr. Christoph Mura, Norderstedt
Iris Weidinger, Leipzig

In 2010 the total remuneration of the Management Board amounted to kEUR 1,793 (2009: kEUR 1,520), including fixed and variable components.

Emoluments for the Supervisory Board
The members of the Supervisory Board of EEX receive emoluments of kEUR 333 for their work in the financial year 2010. These emoluments will be paid in 2011.

Supervisory Board
Dr. Jürgen Kroneberg (Chairman)
Lawyer, Cologne

Peter Reitz (Vice-Chairman)
Member of Executive Board, Eurex Zürich AG, Eschborn

Harald R. Pfab (Vice-Chairman)
Chairman of the Management Board, Sachsen Bank, Leipzig

Edward Backes
Head of Department Market Supervision Trading and Clearing, Deutsche Börse AG, Eschborn

Andreas Fohrmann
Member of the Management Board, Sachsen Bank, Leipzig

Marcel Hayoz
Head of Trading Division, AXPO AG, Baden/Switzerland

Dr. Christoph Helle
Chief Representative, MVV Energie AG, Mannheim

Burkhard Jung
Mayor of the City of Leipzig, Leipzig

Ulrich Kastner
Management Consultant, UKC GmbH, Munich

Dr. Hans-Joachim Klein
Industrial Engineer, Mühltal

Steffen Köhler
Head of Market Development Derivatives Market, Eurex Frankfurt AG, Eschborn

Dr. Egbert Laege
Director Dispatch & Prompt Trading, E.ON Energy Trading SE, Düsseldorf

Dr. Stefan Mai
Director, Head of Section Market Policy, Deutsche Börse AG, Eschborn

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

Hans E. Schweickardt
Chairman of the Board of Directors, Alpiq Holding Ltd., Neuchâtel/Switzerland

Hans-Joachim Strüder
Member of the Management Board, State Bank of Baden-Württemberg, Stuttgart

Roland Werner (from 31 May 2010)
State Secretary, Saxon State Ministry for Economic Affairs, Labour and Transport, Dresden

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

RELATIONS WITH RELATED COMPANIES

As of 31 December 2010, the essential shareholdings were distributed as follows:

Percentage of shares			
Shareholder	Registered office	2010	2009
Eurex Zürich AG	Zurich, Switzerland	35.23	35.23
Landesbank Baden-Württemberg	Stuttgart	22.69	22.69

The following table shows the expenses and revenues for the financial year as well as receivables and liabilities at the balance sheet date:

in kEUR	31/12/2010	31/12/2009
Deutsche Börse Group		
EEX Group as the recipient of services		
Provision of the trading system, including adjustment thereof	8,417	11,015
Financial services	169	13
Sharing of costs and revenue from Eurex co-operation	230	0
Interest yield	0	973
EEX Group as the provider of services		
Provision of trading data	115	129
Transaction fees from Eurex co-operation	1	16
Sharing of costs and revenue from Eurex co-operation	0	6
Account receivable as of 31 December	1	0
Liability as of 31 December	1,470	1,533
Financial liability as of 31 December	102	86
Landesbank Baden-Württemberg (formerly: Landesbank Sachsen)		
EEX Group as the payer of interest	0	40
EEX Group as the recipient of interest	184	155
Financial receivables as of 31 December	24,725	36,584
Financial liability as of 31 December	524	0

RELATIONS WITH UNCONSOLIDATED COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURES

in kEUR	31/12/2010	31/12/2009
EPEX Spot SE		
EEX Group as the recipient of services		
Provision of services	12	0
Physical settlement of Derivatives Market transactions	0	4
EEX Group as the provider of services		
Provision of services for the commercial unit in Leipzig	2,135	1,334
CWE project	361	0
Training courses	144	0
Others	17	0
Accounts receivable as of 31 December	8	0
Liability as of 31 December	92	4
EMCC		
EEX Group as the recipient of supplies and services		
Power delivery	183,061	16,578
EEX Group as the recipient of supplies and services		
Power delivery	241,617	30,057
Transaction fees	94	12
Interest income	20	8
Income from training courses	0	1
Account receivable as of 31 December	8	11
Liability as of 31 December	0	0
Account receivable from loan (residual term > 1 year)	250	250

In its letter of 11 June 2008 Eurex Zürich AG informed us as follows: "… we herewith inform you that Eurex Zürich AG directly holds more than one fourth of the shares in your company in accordance with Art. 20 Paragraph 1 AktG [German Companies Act]. Furthermore, by order and on behalf of our two shareholders were also inform you that, in the event that Deutsche Börse AG and SWX Swiss Exchange AG have to be qualified as companies jointly controlling Eurex Zürich AG and that, for this reason, our shares in European Energy Exchange AG have to be indirectly allocated jointly to these parties, Deutsche Börse AG and SWX Swiss Exchange AG jointly and indirectly hold more than one fourth of the shares in your company according to Art. 20 Paragraph 1 in conjunction with Art. 16 Paragraph 4 AktG."

49. Overview of 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 kEUR	Share in %	Equity in kEUR	Annual profit in kEUR
1. Shares in affiliated companies					
ECC AG	Leipzig	1000	99.9998	28,400	7,258
EPD GmbH[1]	Leipzig	125	80.0000	11,296	1,498
Lilie 28. VV GmbH	Leipzig	25	100.0000	25	0
ECC Lux[3]	Luxembourg	13	99.9998	53	35
2. Equity investments					
EPEX Spot SE[3]	Paris	4,973	50.0000	17,775	9,831
EMCC	Hamburg	100	20.0000	–116	–481
trac-x GmbH[2]	Leipzig	200	19.0000	1,918	102
store-x GmbH[2]	Leipzig	200	12.0000	1,332	268

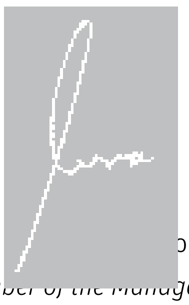
[1] A profit and loss transfer agreement has been concluded with EPD.
[2] Values as of 31 December 2009 are shown.
[3] Values as per the valid laws of the country are specified.

50. Essential events after the balance sheet date

On 23 December 2010 Eurex Zürich AG announced that it wished to increase its shareholding in EEX AG by up to 22.96 % to at maximum 58.19 % by buying shares in EEX AG from its shareholder, the State Bank of Baden-Württemberg (LBBW) in the financial year 2011. The shares are to be transferred to Eurex Zürich AG at a price of EUR 7.15 per share plus a premium of EUR 0.60 per share. If Eurex acquires all shares of LBBW, the purchase price for the shares would amount to EUR 71.3 million. However, in accordance with the pre-emptive rights established in the consortium agreement, LBBW is obliged to offer its shares to other EEX shareholders on a proportionate basis too. The transaction will probably be concluded in the second quarter of 2011 and needs approval by the German Federal Cartel Office, the Executive Board of Eurex Zürich AG and further internal boards. Moreover, the EEX Supervisory Board also has to approve the transfer of the LBBW shares.

Leipzig, 8 March 2011

Iris Weidinger
Member of the Management Board (CFO)



Christoph Mura
Member of the Management Board (COO)

› AUDIT REPORT BY THE AUDITOR OF THE ANNUAL ACCOUNTS

We have audited the consolidated financial statement – consisting of the balance sheet, the profit and loss account, the statement of recognised income and expense, 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 1 January 2010 until 31 December 2010. 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] lies 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.

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 controlling 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.

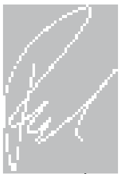
According to our evaluation on the basis of the findings obtained during the audit the consolidated financial statement corresponds to the IFRS in the form in which these have to be applied within the EU and the commercial law provisions which have to be applied as a supplement to these according to Art. 315a Paragraph 1 HGB [German Commercial Code] 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 contingent on the future development of the Group in an accurate and appropriate manner.

Berlin, 8 March 2011

Pricewaterhouse Coopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Herrmann
Auditor



p.p. Jörg Beckert
Auditor

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