

ANNUAL

2011

REPORT

eeX

**MARKET SUCCESS =
EUROPEAN OPERATION +
GLOBAL PERSPECTIVE**

ANNUAL REPORT 2011

IMPORTANT PARAMETERS

› IMPORTANT PARAMETERS OF EUROPEAN ENERGY EXCHANGE AG

		2010	2011	Change 2011 v. 2010
Profit and loss account				
Sales revenue	k€	43,157	45,586	6%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	k€	19,496	19,513	0%
Earnings before interest and taxes (EBIT)	k€	15,605	16,021	3%
Earnings before taxes (EBT)	k€	15,913	17,205	8%
Balance sheet (as of 31st December)				
Non-current assets	k€	50,081	48,936	-2%
Equity	k€	103,780	109,655	6%
Balance sheet total	k€	520,567	504,654	-3%
Core business parameters				
Spot Market				
Power Spot Market volume	TWh	279	314	13%
Emissions Spot Market volume	1,000 t	25,184	25,640	2%
Natural Gas Spot Market volume	GWh	15,026	23,091	54%
EPEX SPOT participants		192	201	5%
EEX Spot Markets participants		116	123	6%
Derivatives Market				
Power Derivatives Market volume	TWh	1,208	1,075	-11%
Emissions Derivatives Market volume	1,000 t	127,197	81,048	-36%
Natural Gas Derivatives Market volume	GWh	31,863	35,507	11%
Coal Derivatives Market volume	1,000 t	1,350	420	-69%
EEX Power Derivatives participants		157	172	10%
EEX Derivatives Markets participants		166	170	2%
Corporate parameters				
Employees (annual average)		101	119	18%
Sales revenue per employee	k€	427	383	-10%
Return on equity (EBT / average equity)	%	16	16	0%
Equity ratio after adjustment *	%	88	91	3%

* Equity/balance sheet total (after adjustment for cash collateral furnished by the Clearing Members, derivative financial instruments, prepayments made and received on account of the reporting date as well as trade accounts receivable and payable)

> SHAREHOLDERS (in %)

Eurex Zürich AG	56.14
LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH	7.38
Free State of Saxony	4.51
Alpiq Trading AG	4.50
RWE Beteiligungsgesellschaft mbH	4.35
E.ON Energy Trading SE	3.48
Deutsche Bank AG	2.35
EnBW Trading GmbH	2.06
Vattenfall Deutschland GmbH	1.25
AXPO AG	1.01
Enovos International S.A.	1.00
MVV Energie AG	0.99
Edison S.p.A.	0.76
EDF Électricité de France	0.67
EnAlpin AG	0.66
VERBUND Trading AG	0.66
Electrabel N.V.	0.51
RheinEnergie AG	0.51
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
Vattenfall Europe AG	0.50
B. Metzler seel. Sohn & Co.	0.33
ZEAG Energie AG	0.33
Mainova AG	0.31
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 Düsseldorf AG	0.25
Stadtwerke Hannover AG	0.25
SWU Energie GmbH	0.25
Thüga AG	0.25
Trianel GmbH	0.25
UBS AG	0.25
City of Leipzig	0.01

CONTENTS

> MARKET SUCCESS = EUROPEAN OPERATION + GLOBAL PERSPECTIVE	5
> EXCITING TIMES ARE DAWNING	7
> NAVIGATING TIMES OF UNCERTAINTY WITH FLEXIBILITY AND WATCHFULNESS	13
> FAST, LEAN, INTEGRATED AND OPEN FOR ADDITIONS	17
> SUCCESS IS BASED ON A HOLISTIC PERSPECTIVE	23
> WE ARE THE FOCAL POINT	29
> A STRONG POSITION IS NOT A COINCIDENCE	35
> TRANSPARENCY HAS A NAME: EEX	41
REPORT OF THE MANAGEMENT BOARD	47
REPORT OF THE SUPERVISORY BOARD	50
ECONOMIC AND POLITICAL ENVIRONMENT	56
THE YEAR 2011 AT A GLANCE	64
REPORT OF THE EXCHANGE COUNCIL	66
TRANSPARENCY BALANCE SHEET	69
CONSOLIDATED MANAGEMENT REPORT	84
CONSOLIDATED FINANCIAL STATEMENT	117





Market success: European Operation + Global Perspective

› The European Energy Exchange (EEX) is one of the leading trading platforms for energy and related products in Europe. In 2011, EEX was confronted with several challenges which led to significant opportunities both for the company itself and for the entire European energy trading sector. The nuclear catastrophe at the Japanese Fukushima power plant has triggered a change of views regarding energy politics – not only in Germany. In energy trading, this change in attitude was e.g. reflected in the accelerated integration of renewable energies in the existing markets. In its capacity as an important authority on the market and as a pace setter in European energy trading, EEX had begun to work on this development long before this dramatic event.

With the new EEX majority shareholder, Eurex AG, which has proved to be a strong partner in the further development of products and services over the past years, the European Energy Exchange is now a member of Deutsche Börse Group. The support of a large group – to which EEX contributes as a specialist and centre of competence for energy – enables us to also look beyond the boundaries of Europe with a view to the next growth steps. In this context, the dialogue with our trading participants and partners still constitutes the focus of our activities for further development.

As it were, this annual report for the financial year 2011 has a twofold function: On the one hand, new and well-known personalities at EEX present their view of the financial year and the course on which EEX has embarked. On the other hand, the interviews and articles also constitute a self-confident form of inventory taking and an exposition of our current situation. They illustrate that, even during turbulent times, EEX is, and continues to be a solid rock on which one can rely. In this context, the company's growth impulses are not ends in themselves, but spread into the market and influence it in the tried and tested manner.



— EEX Chief Executive Officer
Peter Reitz



“Exciting times are dawning”

EEX Chief Executive Officer Peter Reitz talks about the energy markets’ potential, internationalisation and strong partners.

› Mr Reitz, you became the new EEX Chief Executive Officer in August 2011. What motivated you to move to this position from that of the Supervisory Board’s deputy chairman?

Peter Reitz: *The entire energy environment is extremely interesting at present. I see a lot of development potential as to the energy markets overall – however, I also see major uncertainties with regard to the future. In this respect, we at EEX have an important role in shaping the market environment. This is a fascinating task which I can make a contribution towards – on the basis of the experience I have gathered so far. On the one hand, this is due to what I have learnt on the financial markets. On the other hand, I am very familiar with Deutsche Börse Group and Eurex, which is now our majority shareholder, and know where and how the organisation can best support EEX.*

› Put bluntly, does that mean that EEX urgently needs this support?

No, that was definitely not what I meant. After all, EEX has had an excellent development, which I accompanied as a member of the Supervisory Board. And, of course, we have also seen the fascinating environment and the major evolving opportunities on the Supervisory Board. Being able to shape this at the operating level is, of course, a completely new challenge which I, personally, find exciting.

› Would you say that your perception of EEX has changed since you moved from the Supervisory Board to the Management Board?

Of course, you gain a completely different perspective if you hold day-to-day responsibility instead of attending supervisory board meetings every quarter. However, this change in perspective is very helpful. It helps you to identify where there is still potential for development – and where, in some cases, only details need to be adjusted. EEX has grown very quickly and not all structures have developed at the same speed at all times – however, this is absolutely normal with growth and success stories like that of EEX.

› With the new majority shareholder Eurex, the signals clearly seem to be set for further growth and, in particular, increased internationalisation ...

The strategic decision by Deutsche Börse Group and Eurex to acquire the majority of the shares in EEX was also a clear statement at the same time: It was the conscious decision to place the energy business field in the hands of the experts at EEX. Success in the competition among the international exchanges is facilitated, in particular, by creating a one-stop-shop solution for customers. And the energy sector constitutes a fundamental part of this. The role of EEX and my task consist of further developing this sector within the group. And, so far, EEX has never contented itself with the aim of just being a regional organisation. In this respect, the aim of playing a leading role at an international level is far from new.

› Does a reinforcement of this aim require a new strategy?

No, not really. After all, occasional fine adjustments to the course embarked on do not constitute a change in strategy by any means. The main direction is clear: We want to and will grow on the basis of our own strengths. We have four clearly defined factors driving this growth: On the one hand, there is the power and clearing business which is working very well and, on the other hand, there is gas trading and trading in emission allowances where I expect significant growth rates over the next few years. Plus, we have the information product segment. In addition to the transparency platform we operate and the free publication of prices and traded volumes on the EEX web site, we also provide our market data to analysts and commercial resellers in a form tailored to their needs. In 2011, the number of these resellers more than doubled. These data are, e.g., included in numerous screens, newsletters, studies, forecast and risk-analysis tools. Therefore, they increase awareness of the EEX markets and products, in addition to their contribution to the bottom line. As a result, they have a twofold effect – and illustrate our corporate mission and vision at the same time.

› In what regard?

It is our mission to connect and shape the energy markets. This involves understanding our customers and partners and implementing innovative solutions quickly and with a high degree of competence. The information products constitute a good example of this. However, our commitment is not limited to this rather technical level. With our competence and our significance on the market, we also feel obliged to actively participate in designing the political and statutory framework conditions for the energy markets.

› Into which direction are these markets developing? Competitive pressure is high and increasing and there are voices expecting a significant reduction in the number of players in the energy exchange landscape in Europe.

In my opinion, we are already in the middle of a consolidation process. At present, there are still almost 30 energy trading platforms in Europe – and this will certainly change. However, any attempt to forecast when, how many and which exchanges – apart from EEX – are here to stay would be crystal gazing. However, the trend is towards outsourcing of complex and financially demanding products and services. Our clearing house ECC already settles transactions for six different trading platforms – and I am certain that this is not the limit by any means.

› Which means?

Well, of course, we are talking to further potential partners. Moreover, I am convinced that at EEX Group we can, and will, settle the entire trading business of individual exchange platforms in the medium term – as it were, as a technical service provider behind the scenes. We have the necessary experience and, most importantly, the requisite infrastructure. And with this, expansion is relatively straightforward. For this reason, a scenario in which the number of exchanges itself does not decline significantly but in which further trading platforms have their trade volumes settled by other providers is indeed realistic.

› This is your perception of the industry. What markets are you focussing on, in particular, in the internationalisation of EEX and ECC with a view to customers?

In addition to our core markets in Europe, the USA takes the highest priority. The direct connection of customers to our exchange is relatively simple both from a technical and from a regulatory perspective. This does not apply to many Asian countries to the same degree. The market there is much more diversified – but still attractive in the long run. If we consider where major gains are most likely at the moment, the USA is the most interesting market outside Europe. Today, trading participants from the USA trade directly on EEX and we can imagine offering our services there and connecting American clearing banks directly to ECC.

› So, the regulatory tools tightened in Europe and the USA in the wake of the financial crisis are not going to slow down the growth course embarked on?

This is a two-edged sword, indeed. If our market participants are subject to tighter regulation, there is the risk that some might not fulfil the requirements and conditions and leave the market or move to other markets. However, simultaneously, there is the opportunity that we can submit an offer to them with regard to obligations which they do not want to (or cannot) fulfil themselves. For example, a part of the data which the market participants will have to report to the Federal Network Agency and to European regulatory authorities in the framework of the REMIT regulation is currently being published on our transparency platform. In this respect, it seems logical to us to expand the database and offer our customers the service of providing these reports for them.

› The nuclear catastrophe at the Japanese Fukushima power plant caused uncertainty on the market. What effects of this catastrophe have you seen at EEX, metaphorically speaking?

In the immediate aftermath of the catastrophe and the German federal government's moratorium on nuclear power which was a reaction to it, we temporarily recorded significant increases in sales. Obviously, many market participants with their long-term positions ended up in a situation which resulted in a need of adjustments to their hedging strategy. However, this was only a very short-lived peak and, within days, business returned to normal levels. The market was well able to handle this – also because we now, de facto, have one European power market and even major changes on a market, such as the German energy turnaround, were partly compensated by the surrounding market areas.

› Since Fukushima, public awareness of renewable energies has increased – and the same also applies to the generation of renewable energies. Does this have consequences for your products?

Since Fukushima, there have first and foremost been visible efforts to introduce competition-based market mechanisms in the field of renewables – at least in Germany. This is a trend I welcome wholeheartedly. Direct marketing of power generated from renewable resources is a step in the right direction, which will have to be followed by other measures, however. We see that power from renewable energies is increasingly being traded through EPEX SPOT. This, in turn, strengthens the trend towards short-term trading in order to offset bottlenecks and to stabilise the grids. We are taking account of this development e.g. with the new 15-minute contracts launched on the intra-day market. However, we are also looking into how trading in green power with proof of origin can be established on the exchange.

› You have announced an ambitious growth course and increased the workforce by more than 20 employees in 2011 alone. To this end, the shareholders invested a lot of money in technology. Will these developments continue at this speed?

Of course, all of this is not an end in itself. We have developed capacities which we need in order to actively promote our fields of business. This will not be necessary to the same degree every year. But, of course, the challenge is to improve our services and the infrastructure every year. We have established a sound position for ourselves in this respect. As a result of this, we are in a good starting position to become one of the drivers (instead of being a driven market participant) in the further development of the European and international energy markets – in all activities and all fields of business.



— Member of the Management Board
and Chief Financial Officer of EEX
Iris Weidinger



Navigating times of uncertainty with flexibility and watchfulness

by Iris Weidinger

› EEX looks back on 2011 as being a very successful as well as a very eventful year. This year impressively confirmed the stability and solidity of EEX, its systems and its financial cost situation. However, it also resulted in one clear realisation: In future we will have to do more in all divisions in order to achieve the same results that we have achieved so far.

If we only look at the bare figures, the year 2011 was yet another successful and stable year with continuous growth for EEX: Compared with the previous year, the sales revenue generated within EEX Group rose by considerable six percent to EUR 45.6 million today. After deducting all expenses, earnings before taxes (EBT) of EUR 17.2 million were generated, which corresponds to an increase of eight percent as against 2010.

If, however, we look beyond the figures, the year 2011 was the most demanding financial year that we have experienced so far in many respects for EEX. This was primarily due to structural changes in the industries EEX works in – and lives on. Of course, the nuclear catastrophe in Fukushima, the extent of which is impossible to assess even more than one year after the event, has to be mentioned first in this respect. But even if the direct effect on the figures and the balance sheet of EEX Group is very limited for the time being, it is obvious that the energy markets overall will change.

The financial sector is the second decisive aspect. The companies from this sector do not only constitute a significant proportion of the trading participants at EEX but, in the capacity of

Clearing Members, they are also a fundamental component of the stable basis and of the security system of the exchange. The 2011 return of the crisis to the European and global financial system with such force could not be foreseen either. At times, the big players had far bigger worries than thinking about the energy product niche.

And this, in turn, was reflected in our figures – first and foremost in the volumes traded in the entire EEX Group. At the same time we also saw, with a certain degree of satisfaction, that the consistent diversification of the entire EEX offer and the increasing internationalisation of the corporate group paid off in this situation: For example, the clearing co-operations' revenues more than compensated for the losses recorded on the Power Derivatives Market.

We are convinced that the investments made in the infrastructure, products and staff in 2011 and which we want to continue in 2012 will not only have a tangible effect within a short period of time but will also pay off in the medium to long run. To this end we are prepared to possibly accept a small dip in growth in 2012. In this respect, it is reassuring that our internal stress tests continuously show that our commercial position is very sound. And, please note, this is still calculated for EEX as an independent unit.

The steady progress into an integrated international group structure will break new ground for us. Of course, the approach is and continues to be based on the fact that we are a strong and independent company, an attractive element of the now greater “whole” within this structure. EEX still places high value on its flexibility and ability to respond rapidly to market events. The increasing trends towards consolidation, we can see, might result in opportunities which should be seized quickly – even in case of doubt. As EEX, we are well prepared for this – not only in terms of organisation but also in terms of finance. From a strategic perspective, our willingness to grow through acquisitions sends a clear message to the market and also clearly expresses our strong position in Europe. With our background within the Eurex group our significance is increasing – and this is a very advantageous situation.

Now, our co-operation with Powernext, EPEX SPOT, has turned into a success story. EPEX SPOT is a highly profitable company, which does not only provide a significant contribution to the Group's results. It is also a tool which is making an essential contribution to the integration of the European internal markets and which will continue this contribution through its market coupling projects. Metaphorically speaking, a big European carpet is being continuously and persistently woven in Paris. And this interwoven carpet can absorb the declines in the volumes and significance of individual national markets for the exchanges which are active on them.

Moreover, EPEX SPOT does not restrict itself to being a Franco-Germany company. With our express support it is pursuing the explicit aim of constituting the core of the integrated

European internal market planned for 2014. The ELIX power price index, a joint development of EPEX SPOT and EEX, is a manifestation of this aim. Meanwhile, it has become more than a symbolic parameter which represents a market price in a market environment without physical bottlenecks. It is an indicator for the creation of an integrated price zone in Europe, as well as a driving force for such. In addition to this index, we are also carrying out various steps in the framework of our co-operations to reach the EU's aim of creating an integrated power spot market.

This is in line with our self-image: EEX stands for the market and for competition but also for co-operations – and we align our structures accordingly. We are convinced that, on this basis, we are well prepared for most regulatory projects which are currently being discussed at the European level. For example, an urgent question is what equity requirements will be placed on ECC in the future. There are scenarios which are quite advantageous for EEX Group – but, on the other hand, there are also disadvantageous scenarios. Incidentally, this is also an aspect we are successfully co-operating with Deutsche Börse Group on – at our Brussels office we use a part of the capacity and influence which the group has in the field of lobbying work.

The road ahead will definitely lead to numerous opportunities. As in the past, it will partly entail particularly detailed work in all fields. The focus is and continues to be the clear alignment to the customer. And in this respect, it is not insignificant that the integration into Deutsche Börse Group will ensure that its range of services (and we at EEX along with it) will become a lot more international. And, as a matter of fact, this is perhaps not the worst conclusion for a successful and eventful year.



— Member of the Management Board
and Chief Operating Officer of EEX
Dr. Christoph Mura



Fast, lean, integrated and open for additions

by Christoph Mura

In 2011 EEX considerably revised its IT infrastructure and increasing connectivity took centre-stage in this process. After all, the ability to integrate other systems will play a central role in the upcoming consolidation process. This is supplemented by speed, security and reliable processes – fields in which EEX has set the European standard for years.

› EEX significantly revised and expanded its IT infrastructure in 2011. This is due, in part, to new services which EEX offers to its customers. For example, we introduced 24/7 gas trading. This also means that the IT systems and the processes for this segment have to work steadily and reliably around the clock. We implemented this very successfully as an individual project – just like the new margining procedure, which ECC introduced in 2011. At the same time, however, it is our aim – and a permanent challenge – to come up with an optimum design for infrastructure, technological proficiency and well-thought-out processes for our customers overall. This is because, just like other aspects of customer service, the IT strategy – the technology – constitutes an important competitive and success factor in positioning an exchange

on the market. If you look at the European map, there is still a large number of smaller trading platforms, most of which pursue their specific home-grown technical approaches. As EEX we are convinced that a consolidation process is slowly evolving within this landscape.

And if – like EEX – you pursue the aim of actively accompanying this process and taking advantage of its opportunities – you have to be technologically prepared for this. This means offering a technology which can integrate or even include the functions of these approaches and individual solutions in terms of quality, availability, flexibility and, not least, in scalability. This applies in particular to the services connected to it.

In this context, the principle is the same as the one which already applies to our partners and existing customers on the exchange and in the field of clearing: We aim for the highest possible degree of connectivity – simple, cost-efficient and convenient to handle. To this end among other things we employ a front-end strategy that creates an original solution representing all trading- and clearing-relevant business processes with standard interfaces for trading and clearing and the connection of all market standards with the Trayport® GlobalVision portal, which was commissioned in November 2011. Put somewhat simply: There is one portal for all products and all markets.

The principle this portal is based on can be explained quite simply: The trader or customer that wishes to operate on EEX looks at their screen – and gets all prices and the other required information at a glance – regardless of the system or connection used to connect to the interface. This harmonised and standardised infrastructure at the level of trading and processes is, of course, not something we created for purely altruistic reasons.

To us, this is not only part of customer relations management, but also a clear statement within the competitive environment that we are simplifying and standardising access to our systems in this way. We might make the point that this is a form of democratisation. After all, according to our observations, exchange trading in energy and related products poses a challenge to many smaller trading participants (including, in particular, public utilities) in various respects. In this process, access to the exchange itself is of less importance than the structures which are, or appear to be, required to this end – key phrases: back office and own risk management.

Here we see it as part of our task to guide interested participants through the process and to support them with our services – in particular as regards clearing and risk management. The uniform interface gives every market participant, including smaller companies, the same technology, the same simple access and the same simple connection as that of the big trading departments. In this respect speed is also an important topic: If we want to offer our services to a broad market, this has to happen quickly, in a targeted way and with a high

level of quality. In this respect, the keyword is so-called “straight-through processing”, i.e. providing secure, fast, lean and integrated processes with a large number of connections and high-speed information processing and provision. The fact that EEX and our systems are capable of ensuring this is verified, on the one hand, by our tried and tested co-operation with a large number of Clearing Members and, on the other hand, by the co-ordination which takes place on the product side: At the end of the chain of a trading transaction, we forward the schedule for the physical delivery of power to the transmission system operators.

To put it in a nutshell: Regardless of whether it is trading, clearing and settlement or delivery, we have to be fast and instantly and continuously 24/7 available (i.e. guaranteed round-the-clock readiness for operation) in everything we do. We can only be successful in providing services for other exchange platforms – whether they be clearing or entire trading and settlement processes – if this condition is met. In this respect, we benefit from the fact that we display a distinctive profile on the market with the partnerships which we have established so far and that we have numerous positive references, such as clearing the gas business on the Amsterdam APX-ENDEX exchange. However, connectivity remains the decisive factor – coupled with a vision beyond the boundaries of Europe and even over to the other side of the Atlantic Ocean. Viewed in this light, the IT infrastructure can be seen as providing both an opportunity and being a lever for EEX to develop further processes, services and, ultimately, further market platforms.

In this process, the closer co-operation with Deutsche Börse Group is also of great assistance to us. Metaphorically speaking we “see more of the world” since Eurex took over the majority of the shares in EEX. Even before this step, trading and clearing were represented through the systems of the group. However, we now have direct access to the group’s data warehouse. This, in turn, can result in synergetic effects – not only in terms of access to data, but also in terms of access to know-how and long-standing experience, which we no longer have to develop on our own but which we can adjust to our situation and requirements. As a result, we are able to concentrate on our market, while at the same time participating in the further development of the entire group’s core systems. We contribute our energy market know-how to this process and help our parent company in developing a better understanding of the energy market’s particularities and requirements as regards the IT infrastructure and technology. As seen from the perspective of both parties, this results in a productive give-and-take, “win-win” situation for both sides. We are gradually developing an overall portfolio, an offer for the market, which is “just right”.

We will continue to work on this in 2012. In this regard, streamlining our trading system landscape is an important objective. At the moment, we are operating three different systems only one of which we can switch off. The roll-out of our GlobalVision portal solution to the broad market constitutes the second central project. This solution will drastically

simplify the trading participants' technical connection and, hence, result in a major enhancement of our systems' connectivity. As mentioned, the further optimisation of the systems constitutes an on-going process. For this reason, the aim of accelerating the time required to implement new products "on-line", i.e. the "time to market", is also on our agenda. The requirement in this respect is to reduce the time to market by at least half. On the one hand, this will be effected by reducing the high number of providers which has evolved over time and also reducing the number of the partly very specific applications. On the other hand, we are continuously working to ensure an improved configurability of our systems. In this respect, the aim is – simply put – no longer having to programme for a new product but just checking off one or two boxes in existing solutions. This is a fascinating and challenging task both with regard to systems and processes. However, it constitutes the basis for the introduction of new markets and products on EEX, which will then be technologically available within the systems at the touch of a button in an ideal case.

Indirectly this also constitutes a form of preparation for the consolidation process – if you can be the first to offer new products, such as environmental products, you will definitely benefit from this "first mover advantage". But this is only one side of the coin. After all, EEX is not going to change its current focus. Developing markets and setting standards with our reference prices and indices constitutes our tried and tested approach. To make this quite clear: We do not want or have to excessively expand the product range but rather prefer to thoroughly develop the products we choose instead. This approach applies to all processes on principle – and the response and input from the market show us that the "EEX method" has become a kind of quality seal throughout Europe meanwhile – and certainly also beyond Europe in the near future.



— Member of the Management Board
and Chief Market Officer of EEX
Steffen Köhler



“Success is based on a holistic perspective”

Steffen Köhler, Chief Market Officer, talks about the specifics of commodity trading, competition and the customers who are at the heart of what we do.

› Mr Köhler, you were appointed EEX Chief Market Officer at the beginning of March 2012. How would you describe your tasks – what exactly does a CMO do?

Steffen Köhler: *All the divisions that have and maintain a high degree of contact with customers are assigned to the department I am in charge of. This does not only include distribution, it rather also includes our training department in which we e.g. train the customers and our market supervision department that actively accompanies the traders in their day-to-day business. This aims at strengthening the holistic perspective of the customer. As the threads of the different contacts and contact channels converge at the Management Board level, we are able to respond to questions, requirements and wishes or complaints much faster – all under one roof.*

› Would that mean both integrating the customer feedback into the organisation and into the processes as well as promoting market development with and for the customers?

Sometimes, it is easier to make the promise that the customer is always at the centre of attention than to deliver on this. However, by establishing the position of a Chief Market Officer and the entire department to go along with it, we have created the basis for the consistent implementation of this mission statement. For example, if we at EEX are planning a new product, our department is the interface representing the customers' perspective and requirements to all parties involved right

from the outset. Of course, we are not re-inventing this focus on the customer, the necessary co-ordination and the good co-operation between all departments. All these things are already in place. However, in view of the depth of the value chain which we offer to our customers, such a newly formulated framework is highly advantageous.

› You have known EEX as a member of the Supervisory Board since 2009. What motivated you to move to the field of business operations?

As a member of the Supervisory Board I was able to be involved in various initiatives and strategic decisions that are, and will, continue to be decisive for the future of EEX. I felt that being able to implement these changes in a very fascinating and constantly changing market environment as a member of the Management Board was an extremely attractive task. What matters now is putting these ideas into practice.

› Would you say that your move to having operational responsibility has changed your perspective of EEX?

I have worked for an exchange before – so, there are many parallels in this respect. But my perspective has definitely gained depth – and, most importantly, I have got to know the extremely dedicated employees on whom the successes are based. I am enthusiastic about their know-how and their motivation on which the successful track record of EEX has so far been based. And every day I observe so many details that add further insights.

› At Eurex, you were also in charge of product development. In your view, are there fundamental differences in the approach to financial products and commodity-based products like those that shape EEX?

Energy products have rules of their own. Just think of power generation and the fact that power cannot be stored. Of course, this has effects on the products which we as a market platform can offer. However, from the perspective of operating an exchange there are points which they have in common: This includes how trading is organised in general, how the trading participants can access the offers, how the transactions concluded are settled – these are all components which are highly comparable.

› However, all commodities are characterised by the fact that, ultimately, they are finite – both in terms of their range and of their availability. Does that make a difference? And may it be only in the product portfolio?

I think that it is quite the opposite. There are hardly any limits to creativity in designing derivatives products – whether the underlying is a financial product or related to a commodity product. As operators of an exchange we aim to bring standardised products to the market because these

ensure the highest liquidity. EEX is the energy competence centre of Deutsche Börse Group. And as such we will concentrate on what is our field of expertise: energy and related products.

› Are synergetic effects in individual asset classes, i.e. products that are operated simultaneously by Eurex and EEX, conceivable?

Synergetic effects are found on both sides. In combination with EEX, Eurex is a multi-asset-class provider which gives its customers further diversified investment opportunities. For example, a classic financial investor that trades on Eurex can not only invest in Euro products, but also in commodities. This also creates benefits for EEX: The groups of the trading participants mix, the customer base in the energy sector increases – and this, in turn, has a positive effect on the products' liquidity. By the way, a trend which we are observing worldwide: There are also commodity exchanges that have expanded their product range with financial products.

› What other advantages does the co-operation provide?

EEX contributes its specific product portfolio, the required expertise and the trading participants that are specific to its product portfolio, such as e.g. large electricity groups and utility companies. Eurex and Deutsche Börse Group provide their distribution network and, in this way, provide access to markets e.g. in North America and Asia which would be much harder for EEX to develop on its own. In addition, there are advantages on account of the existing infrastructure and the backing on account of the parent company's sheer weight on the market, such as in the case of our offices in London and Brussels.

› In addressing potential customers from the financial sector it is certainly helpful that the commodity market is considered to be significantly more conservative and calmer than the financial markets.

At least, this is the feedback that I have received from many financial investors: To many of them, commodities are a good addition to the portfolio in order to compensate for the hectic fluctuations on the financial markets to some degree. In addition, the European commodity markets (except the oil market) have a primarily regional alignment instead of a global one. From my perspective, this provides a huge potential and a clear task for the development of our business: Therefore, one of our next steps will be to look into the possibility of directly marketing our products in other time zones.

› You are also responsible for this form of distribution. What is your impression of the current status and where do you see potential for improvements?

Undoubtedly, EEX has now reached a point at which a stronger internationalisation is both desired and possible. This is the logical next step in view of the product and service portfolio that we can

offer today. So, basically, there are a number of directions in which we can move: On some distinctly regional markets EEX is now no longer aiming to acquire large numbers of new customers but to establish an optimally suited package for every customer from its product and service portfolio. And internationalisation as such, of course, is primarily pursued with the aim of acquiring new customers.

› Speaking of internationalisation – what resources are you going to use to achieve this?

The sales office in London which we opened in 2011 forms a good basis for this. With this, we now have a representative office in one of the most important trading markets in the world. This is intended to support the strategic development of trading in power, natural gas, emission allowances and coal and the clearing division – with an international and transatlantic perspective, as it were. During the setting-up of the office we were able to recruit employees who already had excellent contacts on account of their experience in the field of exchange trading in energy. We have created new account management positions for all of our asset classes and for the marketing of the clearing services. Moreover, additional employees are specifically working to improve the connectivity of the exchange to its trading participants. With this set-up we are certain that the London office will become an important cornerstone as regards customer loyalty and customer acquisition for EEX.

› Customers that you will then have to entice away from other providers ...

The decision of the individual customer as to which market platform he/she wants to operate on is shaped by many factors. In this respect, liquidity is a very important factor because it influences the costs of the investment decision to a significant degree. The price range between the time a position is opened and the time this position can be closed again should be as small as possible – ceteris paribus. Therefore, we are trying to establish liquid markets – and create an effective additional benefit with the help of instruments such as cross-margining, i.e. offsetting margin requirements from different transactions.

› How fierce is the competition from your perspective? There are voices stating that the consolidation process is only just beginning – whereas others are saying that it is already in full swing ...

I would subjectively say that this process is slowly gaining speed. To me the fact alone that our clearing house ECC provides clearing services for many partner exchanges is a strong indication that what we offer is absolutely competitive. In addition, we have been awarded contracts in auctioning national emission allowances and have recorded significant growth rates on the natural gas market over recent months. In short: We prove every day that we can face up to the competition. We have a strong offering that we want to expand further – with the aim of becoming the leading energy exchange in Europe.

› And as regards products – are there all-rounders and niche providers?

The regulatory changes that are currently under discussion are accompanied by significant requirements for market platforms and their participants. However, this also creates opportunities. Together with our customers we will expand our offer accordingly and provide solutions at all levels of the value chain – trading, clearing and settlement as well as reporting. Our current alignment and our product portfolio clearly illustrate EEX's expectations for the future: We assume that, in particular, gas will play a very big role in addition to power. Moreover, renewable energies and the field of emission allowances also form important subjects. In addition to this, there is also the coal market which has been largely untouched until now. This shows that we have established a sound position for ourselves to operate as one of the leaders on the market as a large multi-asset-class provider – working in the interests of, and collaborating closely with, the customer at all times.



— Member of the Management Board and Chief Risk Officer of ECC
Dr. Thomas Siegl



“We are the
focal point”

Thomas Siegl, Member of the Management Board and Chief Risk Officer of ECC, talks about the clearing market, regulation and risks.

› Dr. Siegl, as the Chief Risk Officer you can look back on an eventful 2011. According to the European Central Bank, the current condition of the global economy is even more fragile than at the time of the Lehman crisis in 2008. What does this mean for ECC? Is this perhaps even a kind of unique selling point?

Dr. Siegl: *Of course, the uncertainty on the financial markets improves awareness of the gain in security which our clearing provides. However, our trading participants that we, ultimately, live on, are largely energy companies which are not affected by market turbulences to the same degree as e.g. banks are. And the products that are cleared at our clearing house, i.e. primarily power and gas, are largely not affected by the development of prices on the financial markets, at least, not in the short and medium term. One can, of course, say that energy prices are connected with the economic situation in the long run – however, this is felt less in the day-to-day business. In this respect, we are virtually de-coupled. On the other hand, the additional uncertainty is generally dampening markets. As a clearing house whose business it is to hedge risks, ECC cannot complain. In particular we have survived the default of our Clearing member, MF Global, unscathed.*

› From your perspective, what was the highlight in the normal operations of ECC?

We introduced a new margin system that has significantly improved offsetting positions on different partner exchanges, in different delivery areas, with different delivery dates and delivery periods. In this way, we have further strengthened the attractiveness of ECC and the advantages of integrated clearing. The feedback is completely positive since the customers save cash funds without incurring any additional costs. We are convinced that, in the future, this will bring us further partners because they can derive even more benefits from integrated clearing.

› What is your current assessment of the clearing market? After all, EMIR, Basel III and Dodd-Frank will result in significantly tightened regulatory requirements.

It is clear that the new regulations will result in a significantly higher complexity. We have already prepared for these requirements to the highest possible degree and believe that we have found the right solutions and responses. Formal aspects will become much more important and there will be interventions in the governance of clearing houses. In our opinion, all of this leads to a situation in which these regulatory projects will become the driving force for consolidation.

› What does this mean for ECC?

Our set-up as a multi-exchange clearing house is positive in such processes because we can include and take over the services of others. We are big enough to settle the conversions within our cost budget. Moreover, we have the required capital which needs to be provided so that we really do see ourselves as a focal point for consolidations. Such a situation helps us to aggressively communicate our advantages and to offer these to further partner exchanges with a clear commitment.

› With the takeover of the majority shares in EEX by Eurex, ECC is now also part of Deutsche Börse Group. What does this mean for you?

This creates significant opportunities for us. The perception of us as a possible partner even outside Europe is, of course, strengthened by becoming part of a corporation with a broad international basis. At the same time, our customer contacts can be expanded – and with the backing of a large partner we also gain in credibility at an international level. In the past, our image in Europe meant that ECC was considered the preferred partner in many cases. And now we also feel this momentum even beyond Europe.

› Does this also have an effect on products? What other additional commodities or asset classes do you envisage for the ECC clearing portfolio?

In the case of commodities, it is sensible for us to start by looking at where our customers are or where we have know-how. Products that tie in to that are generally a good idea, even if perhaps

they are a little outside the classic energy focus. I can well imagine environmental products that are connected to the generation of energy. However, it has to be attractive for our customers and be in line with our know-how.

› Clearing OTC transactions accounts for a large part of the ECC volume. Does this raise any conflicts with the “origin” from the power exchange EEX?

No, it does not. Firstly, the OTC volume is also provided through EEX and our partner exchanges. So, in this respect this is not a contradiction in itself since we also settle our parent company’s volume. And, secondly, our customers who submit OTC transactions for clearing request the joint settlement together with the exchange transactions – i.e. integrated clearing. Thirdly, our business comprises first and foremost the provision of services. And the provider with the best offer to the customer will ultimately prevail. EEX and ECC have developed products, such as a gas future in Great Britain, that are pure OTC products. In other words: Even though these products cannot be traded on EEX or on one of our partner exchanges, you can clear them on ECC and, thus, benefit from the advantages of our clearing offer.

› From an overall perspective, where is ECC going in 2012?

We are working on new products together with EEX and our partner exchanges and we also want to develop new customers as well as new partner exchanges. We will closely monitor developments on the energy and financial markets as well as our customers’ requirements in order to identify aspects where we can still optimise our clearing model. However, this is principally an on-going process. And, last but not least, we will also continue to work on the implementation of the new regulatory requirements.

› Metaphorically speaking we can say that you have long since stepped out of the shadow of EEX – when will you cast a bigger shadow than your parent company?

I once read a story about an international corporation. In this story, the development of this group is primarily connected with two brothers. One of these brothers tried to sell products faster than the other could produce them, while the other tried to manufacture the products faster than they could be sold. And this is a principle that can be transferred to our situation: I hope that EEX will grow faster than we do – and if this happens, we will automatically benefit from this. On the other hand, we also try to grow faster than EEX on the basis of our spirit of friendly competition. And the ideal situation would certainly be for both of us to be rapidly growing and successful.

› What threats are there for a rapidly expanding and successful business?

I would rather call them obstacles. Earlier on, I mentioned one part – the additional work which the increasing regulation entails for us for formal reasons alone. Even if the consequences are positive for us in the end, it still requires effort on our part in the first place. One thing is clear though: If regulation pushes you into a certain direction that makes the market more difficult, you have to respond faster and do more in order to be more attractive and to compensate for any attendant disadvantages if required. However, I see the overall situation as being balanced: There are advantages and there are disadvantages – it is up to us to make the best of it. If we look at what we did in 2011 – the introduction of cross-margining, the projects for the segregation and portability of collateral and positions – these are steps in the right direction. The aim is to be as well prepared as possible for the new regulations and, if possible, to offer our customers all the benefits which are important in such cases.

› Do you think that the new regulations go too far?

Well, the extremely big systemically relevant financial clearing houses are the benchmark of regulation. And it is certainly for good reasons that a regulatory superstructure has been created in this respect, but for our size and our volumes it may go too far. However, we still have to fulfil these requirements – full stop. But, after all, we are not one of the very small players that really will have trouble in meeting these requirements either.

› Is it really possible to be prepared for all contingencies, for all risks?

We are trying to make sure that there are as few surprises as possible. However, some things cannot be foreseen, e.g. the European financial crisis, the increasing re-regulation as well as the energy turnaround that leads to the fairly easy to calculate power volumes from nuclear power plants being replaced by the significantly more volatile generation from renewable energies. And what matters in these cases is how you handle them.

› Competition on the clearing market is becoming increasingly fierce. What position are you trying to establish for yourself in this scenario, what is your strategy?

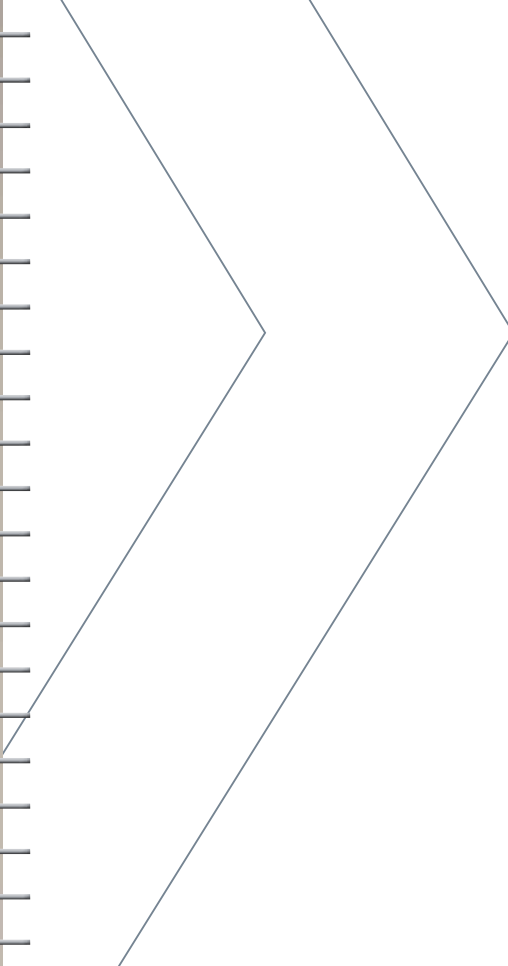
We believe that the current radical regulatory change will generally lead to consolidation among the clearing houses. Therefore, we are following the strategy of being a focal point of this consolidation. Of course we know that the volume which is cleared through ECC is the result of a combined effort of the exchange and the clearing house. The service chain comprising these two elements has to be harmonious. For this reason, we do our best to make sure that our by now six partner exchanges get excellent service and that the interaction works smoothly. This is the only way in which we can offer the customer total value creation that is truly optimal – and provide a particularly competitive offer even compared to integrated competitors. This is also helpful in finding further partners.

› Finally: In your capacity as the Chief Risk Officer you are in charge of risk management for the entire group. Are you having any sleepless nights during these turbulent times?

Over the past years, we have consistently honed and further developed our risk management concepts. We have created a new basis for calculating the margins and the clearing fund and we have revised and improved the methods for stress tests and back tests. To put it in a nutshell: We have taken all precautions which we could take as regards our systems in order to control risks. And we are about to further expand and refine this. So, looking at it from this angle one could say that the work of risk management is never done. Nonetheless or – better still – because of this, I usually sleep well at night.



— EEX Director Strategy and
Market Development
Dr.-Ing. Dr. rer. pol. Tobias Paulun



“A strong position is not a coincidence”

Tobias Paulun, Director Strategy and Market Development, speaks about strategic aspects of EEX's business, market expansion and product planning.

› Dr. Paulun, EEX is perceived as an important player throughout Europe that sets standards and whose influence on the market is continuously increasing. To what extent can this position be controlled strategically?

Tobias Paulun: *Of course, this position has not developed by accident, it has rather evolved from the strong position which EEX has on the electricity market in Germany. EEX has developed along with the market. However, with the products it has developed and the standards it has set, EEX has also made a decisive contribution to the market's growth. For example, it sets the reference price signal with its Phelix power price index. "Strategic control" is not exactly the right term for such a development. After all, we cannot fully determine how the trading participants see us. Ultimately, it is up to the market to either trust us or to use other trading platforms. But, of course, we are trying to influence this decision-making process by closely co-operating with the participants. The core question is: What are the current and future challenges that the participants face – and what can we do to help them? And the feedback we are getting on this from the participants is very positive.*

› Can this position be used for the further development of EEX?

As a matter of fact, we are perceived as a market setting standard not only in Europe but also beyond. For example, we are in contact with the USA, Brazil, Australia and Turkey, which are all currently developing their power markets. For this reason it has proved to be sensible and in the interest of the company's development that EEX has not only been part of the liberalisation of the European power market right from the outset but has also been able to participate in the development of standards or even to set standards in this process.

› From your perspective, what is the most important success EEX achieved in 2011?

The further expansion of the natural gas market was certainly a central aspect of our success. We introduced spot trading on the Dutch TTF trading hub, which has developed much faster and much more positively than we had anticipated. In view of the fact that gas is an essential element of the EEX growth strategy and will become the second big mainstay of revenue in addition to power in the medium term, this is an important success. This is not only important for EEX Group but also for the markets. We are convinced that in 2020 power and gas trading will be much more inter-linked than they are at present. There will be more participants that operate on both markets. The energy turnaround is one of the driving forces in this process since it leads to a growing demand for flexible natural gas-fired power plants in the power generation industry. For this reason, we think it is important for us to be present on the gas market right from the outset. In this respect, the development which we achieved on and with the power market serves both as a role model and as an objective.

› In 2011, EEX significantly expanded its sphere of action in Europe – with new offices in London and Brussels, TTF gas trading, CO₂ auctions for the Netherlands and Lithuania and various co-operations. What is the central idea behind these individual steps?

As in the past, the central idea is still to provide a platform which is unique for energy trading and which offers the trading participants as many services as possible with the highest-possible quality as a one-stop-shop solution and, thus, set standards. This is also one of the reasons why we launched gas trading, trading in emission allowances and coal trading at such an early stage – long before high volumes were generated in these segments. The transparency platform on which we do not offer products for trading but offer services for the market participants is another example of this. We invest if and when we are convinced that this will generate a benefit for our customers. And this does not only apply to the further development of the existing markets, but also to the expansion into different geographic regions. Many of our trading participants operate on several European markets. And the concept is to bring these markets together, to offer the best standards from several markets for all markets – both in trading and in clearing.

› EEX is now part of a global exchange group. What advantages and what disadvantages does this entail in your opinion?

One advantage is definitely that we reach a broader group of participants on account of the co-operation with Eurex. The Eurex customers trade EEX products through their existing systems and thus contribute to the liquidity on our markets. And we use infrastructures abroad together with Eurex, a concept which is very well illustrated by the offices in London and Brussels. And this co-operation also helps in the field of growth beyond the boundaries of Europe because Eurex has a much broader international alignment than EEX has had and has been able to develop so far. Furthermore, I do not see any direct disadvantages – especially in view of the fact that Eurex has clearly advocated preserving EEX as an independent company based in Leipzig with its own business management and market development. This has significantly alleviated the biggest concern which usually arises in a majority takeover of this type: Namely that the new owner does not have a sufficient understanding of the business which has evolved over several years and does not take strategic steps that go into the right direction. But this is not what is happening here.

› What does the expanded co-operation with Eurex mean with regard to the introduction of new products? Are products which were out of the question in the past now conceivable – such as e.g. “purely” financial products?

EEX focuses on commodities – and that will certainly stay like this in principle. And even though the possible physical settlement of the contracts is a trademark of EEX and still is very important for the development of markets – we already have purely financial products today. The power derivatives futures which are traded on our market are settled on a purely financial basis – which makes it very simple for financial market participants to trade in these. Even though our natural gas derivatives are settled physically, they can also be traded by financial market participants that close their positions again before delivery in order to benefit from fluctuations in their prices. Anyhow, a large part of our trading volume is generated by financial market participants that are directly connected to EEX for historical reasons. And we are constantly in contact with them as well as with any other participants in order to talk about new products.

› Such as?

We are e.g. thinking about developing and introducing new indices which can then form the basis for new derivatives contracts. On markets that have already developed very well these indices can further increase the market’s transparency. On other markets indices regarding exchange prices can even be a factor triggering the development of high liquidity since exchange reference prices can significantly boost the trading participants’ confidence in pricing. In the field of power we have the ELIX (European Electricity Index), which was introduced in 2010 and is not yet tradable. However, it can become tradable if this entails a benefit for the market participants. Furthermore, we have introduced another index in the field of gas – the European Gas Index EGIX. By the way, this is

one aspect which I would define as one of the successes achieved in 2011 because there is a high interest in this index. We believe that the EGIX gives the market participants an opportunity to replace oil indexation in long-term gas supply contracts. This, in turn, increases the interest in trading – and it is conceivable that derivatives contracts might be traded on the basis of the EGIX in the future.

› What other products are conceivable in addition to the main focus on power and gas as well as their derivatives? Raw materials? Biogas and green power?

Green power is an interesting keyword. Our Paris-based subsidiary EPEX SPOT has already developed proposals as to how the green origin of power might be traded through the exchange. This is a mechanism which could also help to further develop the German Renewable Energies Act (EEG) – towards a stronger market integration of renewable energies. Even though the 2011 EEG amendment focuses more strongly on the market, it does not yet make exchange trading in green power an interesting marketing channel for the market participants in Germany. In this respect, we have to contribute to the further development of the political requirements. Undoubtedly biogas has great potential – however, it has not yet developed to such a degree that we see an option for a liquid exchange market. And, furthermore, together with our participants we constantly monitor whether there are options for us to enter the field of other commodities, such as oil, or other energy-related segments.

› The gas market has fallen short of expectations ever since its launch. Would you say that, as seen from your perspective, structural obstacles declined in 2011 or would you say that they increased? What can EEX as a player on the market do in this respect from a strategic perspective?

We do see some light at the end of the tunnel even if there is potential for more. We are observing that the importance of trading on virtual trading hubs has clearly increased. And we also believe that this is a lasting development. Large market areas have been established: In Germany, we have quality-transcending market areas that combine trading in H and L gas. We are convinced that prices which will be increasingly important will continue to be established on these virtual trading hubs. This is also the reason why we introduced the EGIX – in order to provide a reference price fulfilling the exchange requirements for the participants. In other words, this market is free from manipulation and subject to supervision. This is what we as an exchange can do to stimulate interest in trading in the medium term. However, the structural obstacles you mentioned are only slowly being reduced. The long-term nature which is common in natural gas supply contracts in Germany is not a problem in itself. The problem is rather based on the fact that indices in these contracts refer to oil, coal or to gas markets outside Germany and, as a result of this, trading bypasses EEX. And this is where EGIX should help to overcome obstacles.

› The fact that, compared to the power market, the gas market is still very fractured and rather national in character is considered a further structural obstacle ...

At the moment, the political sector is developing a target model for the European gas market together with the regulatory authorities. This has largely been finalised. Certainly, trading in gas and its transport capacities that have been considered separate so far can be simplified. But as EEX we are also actively involved in this process.

› In how far do events such as the nuclear catastrophe in Fukushima or the federal government's moratorium on nuclear power influence product planning? Are they a driving factor for finding alternatives, do they slow the process down – or do they perhaps not play any role at all?

Our current product planning was not directly influenced by either the nuclear catastrophe or the federal government's response, i.e. the moratorium or the resolution on the withdrawal from the nuclear power programme. These events have shown that the markets work and are sufficiently stable. The developments in the market design, such as the present reinforced integration of renewable energies, are more important for product planning. This will be one of the biggest challenges because renewable energies are still being subsidised far away from the market at present. However, together with the transmission system operators that currently carry the main burden of the volatile conditions in the generation of power from wind or solar energy we are developing solutions that facilitate marketing renewable energies under the current market design. For example, in 2011, EPEX SPOT introduced 15-minute contracts which support the very short-term marketing of the volatile feed-in and support the transmission system operators in this way. Overall, the aim will be to find products and solutions that help refining marketing and promoting renewable energies. Markets and, in particular, exchange trading as the reference market can play a decisive role in this. And in these questions, too, EEX focuses on its close co-operation with its customers, which also, at the same time, forms the basis of EEX's strong position.



— EEX Head of Political
Communications
Daniel Wragge



Transparency has a name: EEX

by Daniel Wragge

› The “Transparency in Energy Markets” platform, which was launched in October 2009 with a major contribution by EEX, has become firmly established on the European market. Meanwhile even more and more transmission system operators and generating companies from Austria and the Czech Republic report their data to the platform. As a result, it has become the core and driving force for border-crossing transparency on the European energy market, which is also politically desired.

Right from the outset, EEX was interested and involved in ensuring increased transparency on the German power market. In addition to the publication of the exchange’s own data on trading activities which has been common practice for years, this also applies to the information on the fundamental situation on the power market. Together with the professional associations within the energy industry – BDEW (German Association of Energy and Water Industries), VKU (German Association of Municipal Utilities) and VIK (Industrial Energy Association) as well as the four German transmission system operators (Amprion GmbH, TransnetBW GmbH (formerly EnBW Transportnetze AG), TenneT TSO GmbH (formerly: transpower stromübertragungs gmbh) and 50Hertz Transmission GmbH, EEX agreed to publish generation data on a central internet platform. This “Transparency in Energy Markets” platform was established on EEX and went live on 30th October 2009.

Since then, EEX has been responsible for operating of the platform. This means that it is not only responsible for the publication of data but also for supporting the reporting companies and users as well as the constant validation, anonymisation and aggregation of the fundamental data

received from more than 40 different reporting offices on a daily basis. The platform provides a comprehensive overview of the current generation from conventional energy sources as well as wind and solar at a glance. This valuable data source is increasingly being used: While the platform registered 5,000 visitors on average per month in 2010, this number tripled in 2011: At present, 15,000 different visitors retrieve information on “Transparency in Energy Markets” every month.

This success was also based on the fact that the platform’s design was consciously selected to facilitate the inclusion and integration of data from other countries in addition to Germany (which formed the starting point), right from the outset. In this respect, the “market expansion” to include Austria is of special importance. In Austria, the statutory requirements meant that all power plant operators have had to report their fundamental data to a central office since mid-2011 – and, in part, the companies had already submitted voluntary information to the platform prior to this. In spite of a very varied generation landscape which characterises the energy industry in Germany’s neighbouring country, the power plant operators created the technical preconditions and processes for reporting data within a period of only three months – largely thanks to the strong support by the Österreichs E-Wirtschaft lobbying association. Finally, on 22nd July 2011, the overview of the Austrian generation market went live on the platform. Moreover, the transmission system operator Austrian Power Grid (APG) had already joined the platform as a further partner in January 2011.

In Austria, the platform now covers 100 percent of the data reported on power plant capacities which generating companies are legally obliged to report to; in Germany, this share amounts to 95 percent. As seen from our perspective the fact that the potential is almost fully utilised is an important indicator of the market acceptance of the platform within the German/Austrian balancing area. This fills us with a degree of pride – just like the fact that the share of generating companies which voluntarily report data even beyond the statutory requirements is constantly increasing.

ČEZ Group is also part of this development. The Prague-based generation expert will commence to report the available capacities and the actual production of the previous day regarding the installed capacities of its power plants in accordance with the existing provisions and standards in the course of the year 2012. In addition, ČEZ will also report information on scheduled and unscheduled outages for all of its Czech generating facilities on a voluntary basis – and it will report these as soon it learns of such events. Due to its size ČEZ covers more than 60 percent of the Czech market – and it is interested in convincing the other players in its market to participate in the transparency platform.

And, naturally, EEX is very interested in this too – every further participant strengthens the importance of the platform as regards market transparency in Central Europe. And, last but

not least, every further participant also strengthens the weight which the EEX model has in the current discussion as to what shape a European harmonisation of transparency standards might take. As pioneers and drivers of this development we do not conceal the fact that we want our platform to be seen as more than a model – we already see it being, and are happy to offer it as the basis of a European solution.

Of course, we are very much aware that the challenges involved in the creation of a uniform definition of the data to be reported throughout Europe and regarding the required infrastructure should not be underestimated. If a joint European project is to be successful, it is absolutely mandatory that we do not re-invent the wheel but build on existing and established transnational reporting standards and reporting channels from our perspective. Because of its high degree of acceptance and the increasing demand in Germany and Austria, the platform has already proven its mettle in real life – and is now available for new tasks in Europe.

Moreover, the transparency platform already provides the biggest part of the data required under the EU Regulation on Energy Market Transparency and Integrity (REMIT), which took effect at the end of 2011. REMIT, for example, establishes comprehensive publication and reporting requirements with regard to transaction and fundamental data - which in part also have to be forwarded to the European ACER agency (Agency for the Cooperation of Energy Regulators). This is intended to lay the basis for border-crossing supervision of the European energy market.

Even if the platform rather pursues the approach of creating transparency first and foremost within the interest of the market, it will also be able to provide these reports to ACER in a concentrated form in the future – such as in the case of planned or unplanned non-availabilities of power plants. Once again, the concept of offering services takes centre stage in this respect – concentration helps to avoid double reporting. Moreover, ad-hoc publication requirements designed to prevent insider trading can be complied with by reporting to the platform. In this way, the platform helps to ensure efficiency in reporting, in addition to providing data consistency.

Today, there are voices from the industry that advocate an overall European transparency platform including the existing and established infrastructure. This additional positive feedback from the market provides confirmation that we are on the right track in our constant work to optimise the technical infrastructure and implementation of the platform. Furthermore, we are able and ready to implement much bigger reporting ranges and further detailed solutions – if required, also promptly.



ANNUAL REPORT 2011



REPORT OF THE MANAGEMENT BOARD

Dear Readers,

Dear Shareholders,

The year 2011 was an eventful one for EEX. For one thing, this was because the nuclear catastrophe in Japan also had direct consequences on European, and, in particular, German, energy policy. The nuclear power moratorium announced by the German federal government in the immediate aftermath of the catastrophe and the resolution on the subsequent full withdrawal from the nuclear power programme by 2022 adopted by the German federal parliament have had a tangible effect on energy trading and the bandwidth of the products traded.

From the market's perspective, a short-lived albeit sharp rise in oil and power prices as well as in the trade volumes settled by EEX was observed immediately following the announcement of the moratorium. However, these peaks levelled off again almost as quickly as they had appeared. So, in spite of the serious nature of the events and their effects, this catastrophe has once again confirmed the stability of European energy trading. And, on account of its years of dedication to harmonised European standards and its position as a "safe haven" and reliable partner as a leading trading platform in Europe, EEX has made a decisive contribution to the stable foundation and robust constitution of this market.

Furthermore, the shareholder structure of EEX Group changed crucially in the spring of 2011: The Eurex derivatives exchange, which had previously been the Group's anchor shareholder and an important co-operation partner, took over the majority of the shares in EEX. As a result, EEX is now part of Deutsche Börse Group and has the function of being its competence centre for energy products. However, both the long-term strategy of developing the central EEX business fields of power, natural gas, emissions and clearing into being the respective leaders in Europe, and the decision to retain the company's location in Leipzig will not be affected by this decision. Nonetheless, this step into a large corporate group tangibly supports EEX. This is not only due to the opportunities available to establish links at the level of infrastructure – which opens new trading and access channels for existing customers and also helps to develop new customer service potential. Moreover, this is also due to the fact that the overall group provides the necessary weight to operate at least at eye-level with regard to the increasing internationalisation of the energy markets and trading relationships – even beyond Europe. The aim and the vision of continuing to support and determine these developments with decisiveness will of course be pursued further in the future.

In addition, the fact that the EEX clearing subsidiary European Commodity Clearing AG (ECC) not only provides clearing and settlement of exchange transactions concluded on EEX but also provides these services for five other partner exchanges and, additionally, offers clearing of OTC transactions throughout Europe impressively testifies to the future potential of the direction so far. The expansion of cross-margining which generates significant savings for customers through offsetting opposite positions on the derivatives market is only one of the elements with the help of which its position as a leading energy and cross-commodity clearing provider is being strengthened and further expanded.

From a commercial perspective, the year 2011 was again a very positive one for EEX overall. In spite of uncertainty within the market environment and a certain degree of hesitation on the part of the market participants, the exchange was able to maintain stable trade volumes and even increase its trade volumes in some segments. However, different trends were observed in the development of the various business fields of EEX. Overall, a shift towards shorter term horizons was recorded in trading activities in the field of power and natural gas. This development will probably be further reinforced as a result of the increase in the share of renewable energies in the energy mix overall.

However, this development can already be felt today: For example, in 2011 the volume traded on the Power Derivatives Market declined by 11 percent as against the previous year since the trading participants' willingness to establish long-term positions declined. And, quite logically, short-term trading in power boomed: The trade volumes on the EPEX SPOT markets increased significantly and the development in gas trading on EEX (which increased by 25 percent as against the previous year) was, at least, as positive as the development on the spot markets. This latter aspect confirms that EEX's commitment specifically to this segment in 2011 is paying off: Natural gas can now be traded around the clock on EEX; furthermore, the Dutch TTF (Title Transfer Facility) market area has been integrated. At the same time, EEX has developed the European Gas Index (EGIX) which is designed to set the price signal for the entire European gas trading market in the medium term – just like the other indices determined by EEX. This is yet another reason why EEX sees much potential for growth here – in future, gas trading is to achieve a similar degree of importance to that of power trading.

Furthermore, the evaluation of emissions trading also shows positive results. In this segment, EEX has become an established platform and partner, a fact which was confirmed in 2011 not least by the renewal of the contract concluded with the Federal Ministry for the Environment regarding the primary auctions for the EU Emission Allowances (EUA) issued by Germany. In addition, the suitability of the exchange for these activities was also underlined by the fact that, in the year under review, EEX was awarded the contract for the primary market auctions in the Netherlands and Lithuania. This is also cause for us to be optimistic that we will also be chosen to provide the platform for the future German and European auctions starting in 2013.

EEX remains optimistic with regard to the coal market, which is still a niche product. In future, the focus on this market will be strengthened and, in addition, it will also benefit from ECC's strong position. The cross-margining offer will help to make this market increasingly attractive for those trading participants that already trade power, gas and emissions on EEX.

In this respect, the year 2011 provided a sound basis for the future development of European Energy Exchange AG. The position as a leading platform on the European energy trading market is to be further expanded and the course embarked on towards becoming an energy generalist will be followed continuously. So, at present, we are not only passively accompanying the changes triggered by Fukushima but are also using this great opportunity to actively shape these with new products and asset classes. The aim is that growth is to be generated primarily on the basis of our own strength – without using additional funds from shareholders and without sacrificing results.

This will require the commitment of all our employees and an environment comprising trading participants and partners who are not only willing to accept those challenges but are also prepared to actively tackle these tasks. And the fact that EEX has enjoyed the support of both of these groups fills us with considerable pride.

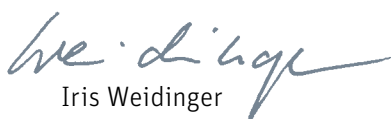
On that note, the Management Board (also on behalf of the entire management team) wishes to thank all employees of EEX Group, as well as its trading participants and partners, for their trust, commitment and support. We confidently look forward, together with you, to the new financial year 2012.



Peter Reitz
Chief Executive Officer (CEO)



Dr. Christoph Mura
Chief Operating Officer (COO)



Iris Weidinger
Chief Financial Officer (CFO)



Steffen Köhler
Chief Market Officer (CMO)

REPORT OF THE SUPERVISORY BOARD



— Dr. Jürgen Kroneberg

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

The Management Board of EEX reported to the Supervisory Board on corporate planning, including financial, investment and human resources planning, the course of the business, the further strategic development and the current situation of the Group. This was based on the detailed reports by the Management Board rendered both in writing and verbally. The business transactions which were important to the Company were discussed intensively on the basis of the reports by the Management Board. The Supervisory Board approved the draft resolutions by the Management Board following thorough examinations and deliberations. In so far as 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 established three committees. These prepare resolutions to be taken by the Supervisory Board and matters to be covered by the board.

During the reporting period, the **presiding committee** held seven ordinary and three extraordinary meetings. It consists of the chairman and the deputy chairmen of the Supervisory Board, i.e. of three members and has the task of preparing resolutions to be adopted by the

strategy committee and the Supervisory Board and issuing recommendations with regard to these matters to these bodies.

The **strategy committee** held four ordinary meetings and one extraordinary meeting during the reporting period. The further development of the “EEX Strategy 2015” constituted an essential element of the deliberations. In this context, possible growth initiatives in the individual strategic development directions of EEX were discussed, potential co-operation options were examined and the development of the competition was monitored and discussed intensively. The deliberations on the spin-off of the EEX Spot and Derivatives Markets for Natural Gas into a wholly owned subsidiary constituted a further focus of the discussions on the strategy committee.

The **human resources committee** submitted the draft resolutions regarding the conclusion, amendment or cancellation of employment contracts for members of the Management Board along with compensation-related decisions to the Supervisory Board for approval. During the reporting period, it focused, in particular on the changes in the staffing of the EEX Management Board which took place in 2011 as well as on Dr. Mura’s re-appointment. Furthermore, the human resources committee recommended to the Supervisory Board that it should create a further field of responsibility on the Management Board which should focus on the market/sales aspects, in order to further boost the planned internationalisation in the alignment of EEX Group following an intense discussion by the committee.

On the occasion of the adoption of the 2010 annual financial statement, the human resources committee discussed the degrees of target achievement and the payment of the management bonuses for the members of the Management Board associated with it. Following this discussion, a draft resolution was submitted to the Supervisory Board. The target agreements for 2012 were agreed in December and submitted to the Supervisory Board for approval.

Focus of the Work of the Supervisory Board in the Financial Year 2011

During the year under review, the Supervisory Board met at five ordinary and two extraordinary meetings. Moreover, the chairman of the Supervisory Board also discussed subjects which were of special importance for EEX and the Group with the members of the Supervisory Board and the Management Board between the meetings.

The meetings of the Supervisory Board were characterised by an intense and open exchange on the Company’s situation, the development of the business and financial situation, as well as the discussion of fundamental questions as to corporate policies and strategy. The members of the Supervisory Board regularly prepared to make resolutions regarding matters requiring their approval on the basis of documents made available to them in advance by the Management Board. In addition to this, the Management Board regularly informed the Supervisory Board of the most important commercial parameters and developments in the form of written monthly reports. At the extraordinary meeting on 1st March 2011, the Supervisory

Board approved the conclusion of the agreement to terminate the existing employment contract with Dr. Hans-Bernd Menzel following his resignation from all positions within EEX Group with effect as of 1st March 2011.

At the meeting convened to approve the balance sheet on 31st March 2011, the entire Supervisory Board intensively looked into the 2010 annual and consolidated financial statement and the corresponding management reports in the presence of the auditor of the annual accounts. The annual financial statements prepared were approved and are, hence, considered adopted. Moreover, the Supervisory Board approved the Management Board's proposal to use the balance sheet profit to pay out a dividend of EUR 0.18 per share certificate entitled to dividends. In addition to this, the Supervisory Board approved the transfer of EEX shares to Eurex Zürich AG and other buyers as a result of the procedure for offering of the shares held by the State Bank of Baden-Württemberg to existing shareholders. In this way, the Supervisory Board paved the way for the acquisition of the majority of EEX shares by Eurex Zürich AG. Furthermore, the Supervisory Board approved the proposal to be submitted to the general meeting regarding the election of shareholders' representatives to the EEX Supervisory Board. Upon the recommendation of the human resources committee, it also approved the proposed degrees of target achievement of the members of the Management Board for the financial year 2010 and the management bonuses connected with these. Upon the recommendation of the human resources committee, Dr. Christoph Mura was re-appointed as a member of the Management Board with the function of the Chief Operating Officer for a term of a further three years. Finally, the bylaws for the presiding and the strategy committee were adopted.

In June 2011, the Supervisory Board met for the last time in its current structure immediately before the annual general meeting and, for this reason, it thanked, in particular, the members leaving the board for their excellent and successful co-operation.

After the 2011 annual general meeting of EEX during which elections for a new Supervisory Board were held following the expiry of its regular term of office, the first meeting of the new EEX Supervisory Board was held. On this occasion, five new members were welcomed to the board. In addition to the election of the chairman and the deputy chairmen as well as the establishment and staffing of committees, this meeting focussed on the regular reports regarding the financial, market and risk development, as well as on strategic subjects.

At an extraordinary meeting in July 2011, the Supervisory Board appointed Peter Reitz as a new member of the Management Board and, concurrently, as the Chief Executive Officer of EEX upon a recommendation by the human resources committee.

The meeting in October 2011 focussed on the strategic positioning of EEX in the framework of the planned merger of Deutsche Börse Group with NYSE Euronext, the redesign and expansion

of the product co-operation between EEX and Eurex as well as various packages of measures to promote the individual commodity markets. The adoption of a resolution on a changed payout policy of EEX Group against the backdrop of changing regulatory framework conditions constituted a further focus of the activities. In addition, the Supervisory Board adopted a resolution on the creation of a further field of responsibility on the Management Board focussing on market/sales upon a recommendation to this end by the human resources committee and commissioned the human resources committee to find suitable candidates for this position.

The adoption of a resolution on the 2012 budget and the medium-term plan from 2013 to 2017 constituted important subjects for the meeting in December 2011. Furthermore, the Management Board was commissioned to look into and follow up on proposed co-operation models for the gas and power divisions upon a recommendation by the strategy committee. In addition, the spin-off of the EEX Spot and Derivatives Market for Natural Gas into a wholly owned subsidiary was approved. Finally, the target agreements for the members of the Management Board for the year 2012 proposed by the human resources committee were approved.

2011 Annual and Consolidated Financial Statement

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

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which was appointed as the auditor of the annual accounts and group auditor for the financial year 2011 by the general meeting, audited the annual financial statement as of 31st December 2011 prepared according to the rules of the German Commercial Code (HGB) and the appertaining management report as well as the consolidated financial statement as of 31st December 2011 prepared according to IFRS in the version in which these have to be applied within the EU and the appertaining consolidated management report and certified each of these without qualification.

The auditor of the annual accounts submitted his reports on the type and extent as well as the result of the audits (audit reports) to the Supervisory Board. The documents regarding the financial statements referred to, as well as the audit reports provided by the auditors of the annual accounts, were submitted to all members of the Supervisory Board in the due time.

The auditor of the annual accounts took part in the meeting of the Supervisory Board on 4th April 2012 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 auditor of the annual accounts 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 2011. The annual financial statement of EEX is, therefore, adopted. The Supervisory Board has approved the Management Board's proposal regarding the appropriation of the balance sheet profit.

Personnel Matters of the Management Board

Dr. Hans-Bernd Menzel resigned from his position as the Chief Executive Officer of EEX with effect from 1st March 2011. Peter Reitz was appointed the new Chief Executive Officer with effect from 1st August 2011.

At the Supervisory Board meeting on 31st March 2011, Dr. Christoph Mura was re-appointed as a regular member of the Management Board having the capacity of the Chief Operating Officer for another three-year term with effect from 1st January 2012.

Personnel Matters of the Supervisory Board

The following members left the EEX Supervisory Board upon the end of the regular term of office on 9th June 2011:

Andreas Fohrmann, Member of the Management Board, Sachsen Bank, Leipzig
Marcel Hayoz, Head of the Trading Division, AXPO AG, Baden/Switzerland
Dr. Christoph Helle, Chief Representative, MVV Energie AG, Mannheim
Dr. Hans-Joachim Klein, Master of Business and Engineering, Mühlthal
Hans-Joachim Strüder, Member of the Management Board, State Bank of
Baden-Württemberg (LBBW), Stuttgart

The following members of the Supervisory Board were elected at the ordinary general meeting on 9th June 2011 or delegated to the Supervisory Board by shareholders of EEX with effect from 9th June 2011:

Stefan Mäder, Member of the Management Board, SIX Management AG, Zurich/Switzerland
Katja Mayer, Managing Partner, KM Networks GmbH, Hofheim
Dr. Michael Redanz, Managing Director, MVV Trading GmbH, Mannheim
Marcel Reiffers, Chief Operating Officer, Enovos Luxembourg S.A., Strassen/Luxembourg
Dr. Randolph Roth, Head of Market Structure, Eurex Frankfurt AG, Eschborn

In the context of his appointment to the EEX Management Board, Peter Reitz resigned from his position on the Supervisory Board with effect from 31st July 2011.

Jürg Spillmann, deputy chairman of the executive board of Eurex Zürich AG was delegated to the EEX Supervisory Board with effect from 1st August 2011.

Significant Events after the Reporting Date

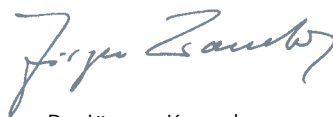
At an extraordinary meeting on 10th February 2012, the Supervisory Board of EEX adopted the resolution to appoint Steffen Köhler as a member of the Management Board in the capacity of the Chief Market Officer with effect from 1st March 2012 upon a recommendation by the human resources committee.

In this context, Steffen Köhler resigned from office as a member of the Supervisory Board with effect from 29th February 2012.

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

Leipzig, in March 2012

On behalf of the Supervisory Board



Dr. Jürgen Kroneberg
Chairman of the Supervisory Board

ECONOMIC AND POLITICAL ENVIRONMENT

Lower economic growth and increasing risks in an uncertain environment

The International Monetary Fund (IMF) and the German Council of Economic Experts agree in their forecasts: In 2012, economic performance in Germany, Europe as well as worldwide, will improve compared with 2011. At the same time, however, the IMF and the Council of Economic Experts confirm that a higher degree of uncertainty in the economic environment has to be expected overall which will be characterised by increased risks.

In the EU, in particular, the decline in the economic development was accompanied by a continuing lack of trust in the financial markets in 2011. For example, the situation as regards the national debt of some countries has changed only little or, in some cases, even worsened significantly since the previous year. Especially the financial situation in Greece was one of the decisive topics in the field of financial policy. Countries such as Ireland and Portugal as well as Spain and Italy came under pressure due to their debt levels. As a result, the political sector placed much emphasis on the stabilisation of the financial situation through the expansion of existing and the creation of new stability mechanisms as well as the inception of financial bailout funds, the implementation of which will, however, partly take until 2012.

A year under the banner of the energy turnaround

In Germany, there is a functioning and increasingly border-crossing wholesale market for energy – this was the conclusion drawn by the Federal Cartel Office in the final report of its sector inquiry regarding the German power market issued at the beginning of 2011.

The Federal Cartel Office examined the power market, particularly, with regard to whether there had been cases of manipulation by market-dominating companies in the form of withholding energy capacities in the past. However, the Federal Cartel Office did not find any evidence of abusive behaviour by these market participants.

The fact that the energy market in Germany and Europe works well was once again shown in real life only weeks later: Shortly after the multiple reactor disaster at the Japanese Fukushima power plant resulting from an earthquake and the following tsunami, the German government announced a three-month shut-down of eight German power plants – a moratorium on nuclear power. It was uncertain whether the European trading markets for energy would be able to

cope with this severe intervention in power generation capacity without any distortions on the market. However, it quickly became obvious that these markets are sufficiently liquid as well as satisfactorily interconnected at a European level, which meant that the market participants were able to respond rapidly to the new situation in a transnational manner.

The decision taken by the federal government constituted the beginning of a reorientation in the field of energy policy. Even before the summer recess, the Bundestag adopted with a large majority a package of eight laws which determine the medium-term target scenario for energy policy within Germany. In addition to Germany's accelerated withdrawal from the nuclear energy programme by the year 2022 at the latest, these resolutions establish the basis for converting the energy sector into a sector which primarily relies on renewable sources of energy by specifying binding figures – such as e.g. a share of 35 percent renewable energies in the overall volume of electricity generated by 2020.

However, in addition to the accelerated grid expansion, it is, in particular, the further market integration of renewable energies which forms an essential precondition for the implementation of the turnaround in the energy industry. Marketing the volumes of energy generated under the German Renewable Energies Act (EEG) through exchanges, which was introduced in 2010, has, as a first step, brought renewable energies closer to the power market. In the summer of 2011, the revised Renewable Energies Act initiated the movement towards stronger direct marketing, which formed the next step. With the help of a market premium – which the operators of facilities generating power from renewable sources can select on a monthly basis instead of receiving the feed-in compensation, starting in 2012 – incentives have been created to market increased volumes of energy during times of higher demand. At present, the trend seems to be towards short-term markets. In connection with this, the question of the future effects of price signals on investment decisions for power generating facilities arises. And the potential effects this development will have on the shape of the market have become part of an intense and heated energy policy debate that has only just begun.

Completion of the European single energy market by 2014

For the first time in the history of the European Union, a summit of the heads of state and governments of the member states on the Union's energy policy took place on 4th February 2011. As a result of this energy summit, the EU energy strategy 2020 was adopted with the agreement that the long established aim of a uniform EU single energy market was to be attained by the end of 2014. In this context, the implementation of the political requirements from the third energy market package on the basis of the creation of Framework Guidelines will be crucial for achieving this aim by 2014. This task lies within the responsibility of the newly created Agency for the Cooperation of Energy Regulators (ACER), which officially took up its work in the Slovenian capital Ljubljana in March 2011.

Moreover, ACER is in charge of developing and carrying out the monitoring of the European energy wholesale market. This supervisory function is a central element of the EU Regulation on Energy Market Integrity and Transparency (REMIT), which took effect on 28th December 2011. To this end, ACER, in 2012, will prepare implementing provisions regarding the definition of the relevant trading and generation data, as well as their collection and evaluation. Here, EEX advocates the use and integration of the existing infrastructure and established standards as well as the use of existing definitions of data reporting and publication, e.g. as on the EEX transparency platform.

A target model for the European gas market

In addition to ACER, the national energy regulatory authorities have also contributed their concepts for the integration of the European energy markets through the Council for European Energy Regulators (CEER) into the energy policy debate. Together with the players on the market, CEER has developed a target model for the gas market with a view to establishing a uniform single energy market by the end of 2014. The so-called “Gas Target Model” describes the preconditions which are necessary for this aim and specifies the basic principles for its implementation. As an initial step, working national wholesale markets are to be established throughout Europe on the basis of harmonised principles, processes and products. Afterwards, national markets have to be integrated at the European level with the aim of using grid capacity efficiently on the borders of market areas and/or countries.

Energy roadmap 2050

Furthermore, the EU Commission has already begun to develop concepts for the long-term alignment of the European energy policy. In the Energy Roadmap 2050, which was presented by Energy Commissioner Oettinger in December 2011, the commission examined various scenarios as to how the energy sector can contribute to the reduction in greenhouse gas emissions by 2050. The commission perceives the need for a structural conversion of the energy system, with the usage of renewable energies assuming a dominant role in the future. This strategy paper is also a response to various national considerations on energy policy and aims at ensuring an approach to this which is more coordinated at the European level. For example, the commission announced that it will submit proposals for a European design for promoting renewable energies over the next months. Furthermore, the commission also wants to look at the question of investment incentives for generation facilities and possible changes to the power market design – in view of the fact that debates on this are already underway in individual member states, including Germany.

CO₂ market battles with confidence crisis

Last year, trading in emission allowances was once again subject to criminal attacks, such as attacks on national registry accounts and certificate theft. For security reasons, the European Commission temporarily closed all national registries in January 2011. The directorate general, which is in charge of climate protection, responded to this with a package of measures to increase security on the market and to re-establish confidence in it. For example, the bona fide purchase of EU emission allowances is now protected and transactions on registry accounts only become effective with a delay of 24 hours – to facilitate detection of fraudulent activities during this period. EEX has been intensively involved in this dialogue and has supported the measures adopted by the European Commission to improve security in EU emissions trading. Mechanisms introduced throughout the EU had already proved their mettle in Germany and on EEX earlier. Moreover, the European Commission opened the dialogue with the market players on the question of how the market supervision of emissions trading is to be undertaken in the future. Even though the establishment of a sector-specific supervisory framework for the CO₂ market was discussed in addition to using the existing supervisory regimes, such as REMIT or MiFID, the European Commission now favours the use of the Markets in Financial Instruments Directive (MiFID) which is currently being revised. However, a final decision has not yet been taken.

Financial market rules for the energy market?

As in the past, the legislators of the EU and their member states are working to draw lessons from the turbulences on the financial markets over the previous years and to avoid a recurrence of these distortions. A more stable basis is to be created for the structures of the financial markets with the help of various legislative initiatives. There are plans to include commodity derivatives which would also apply to energy markets for power, gas and CO₂ emission allowances. After the first proposals for new legislative rules regarding the over-the-counter derivatives sector and clearing had already been presented with the regulation on OTC derivatives, central counterparties and transaction registries (EMIR) starting in 2010, the European Commission presented further proposals regarding the adjustment of the financial market rules with the revision of the Markets in Financial Instruments Directive (MiFID) and the Market Abuse Directive (MAD) in 2011. Of course, clear rules which are harmonised throughout Europe are necessary and important for strong, supervised and transparent markets. However, when seen from EEX's perspective, a sense of proportion and, most notably, the adequate consideration of the particularities of the energy market are just as important. Principally, the current MiFID draft recognises the need for hedging to minimise risks and has established exceptions for non-financial market companies, such as energy suppliers. Nonetheless, in formulating detailed solutions, attention should be paid to the fact that the regulatory obstacles should not be too onerous. Otherwise, there would be reason to fear that companies might withdraw from the energy market.

EEX in the political dialogue

In the year 2011, EEX once again managed to contribute its experience and know-how to the energy policy debate in Germany and the EU. It participated in hearings and consultations on various political projects (see table overleaf) both directly and through the associations in which EEX is represented. In 2011, EEX became active in two further associations representing energy market and trading interests – on the one hand the European Federation of Energy Traders (EFET) (Germany) and, on the other hand, the International Emissions Trading Association (IETA).

Together with EPEX SPOT, EEX accompanied the EU energy strategy with a position paper, which was presented to Energy Commissioner Oettinger in the run-up to the EU energy summit in February 2011. In the document entitled “Let’s be competitive – market-based integration of energy markets”, the exchange advocates a stronger reliance on market-based and competition-oriented instruments than on politically oriented regulation in coping with the forthcoming energy policy challenges. Moreover, only a few days after the energy summit in Brussels, the traditional EEX panel discussion with market participants and representatives of the regulatory authorities was held under the same slogan in the framework of the industry trade fair E-world in Essen.

EEX has had numerous discussions with politicians and stakeholders from the energy industry, in particular, with regard to the energy turnaround. For example, Federal Economics Minister Dr. Philipp Rösler, the Saxon Prime Minister Stanislaw Tillich and a number of members of parliament from all parties have visited EEX on site in Leipzig in order to obtain information on the operation of the exchange and its role in the upcoming energy policy challenges.

EEX opens office in Brussels

This presence in the heart of the Brussels' European Quarter is intended, in particular, to further enhance contacts with European institutions and to intensify the exchange of opinions. As a result, the Brussels offices takes account of the major importance which decisions by the EU have for the further integration of the European energy markets. “Energy trading has a central role on the way towards the completion of the European single energy market. The European energy exchanges and trading platforms have to make an important contribution to the current debate at EU level. Therefore, I welcome the decision by EEX to help provide a stronger market and trading perspective with its own representative office in Brussels”, said Commissioner Oettinger.

ECONOMIC AND POLITICAL ENVIRONMENT

SUBJECT	RESPONSIBILITY	TYPE OF COMMENT
Energy market regulation		
Enhanced data transparency on electricity market fundamentals	Energy Directorate General of the European Commission	Participation in Europex statement
Introduction of a Europe-wide Energy Wholesale Trading Passport	CEER	Participation in Europex statement
Draft advice on the regulatory oversight of Energy Exchanges	ERGEG	Participation in Europex statement
Financial market regulation		
Revision of the EU Markets in Financial Instruments Directive (MiFID)	Single Market Directorate General of the EU Commission	Participation in Europex statement
Power		
Sector inquiry "Electricity generation and wholesale"	Federal Cartel Office	EEX-EPEX SPOT statement
The Retail Market Review – Findings and initial proposals	Ofgem	EEX statement
Natural gas		
Call for Evidence on a European Gas Target Model	ERGEG/CEER	Participation in Europex statement
Draft Vision for a European Gas Target Model	CEER	Participation in Europex statement
Initiation of a determination procedure for the introduction of a conversion fee in quality-transcending market areas	Federal Network Agency	EEX statement
Determination of a conversion fee system	Federal Network Agency	EEX statement
Initiation of a determination procedure for charging of VTP fees	Federal Network Agency	EEX statement
Cornerstones of a decision in the determination procedure for the collection of VTP fees	Federal Network Agency	EEX statement
Framework Guidelines on Capacity Allocation Mechanisms	ACER	Participation in Europex statement
Network Code on Capacity Allocation Mechanisms	ENTSO-G	Participation in Europex statement
Framework Guidelines on Gas Balancing in Transmission Systems	ACER	Participation in Europex statement
Emission allowances		
New Entrance Reserve (NER 300 Initiative)	European Investment Bank	Participation in IETA statement
Carbon Market Oversight	Climate Directorate General of the EU Commission	EEX statement and participation in IETA and VIK statements
ETS Registry Security/Amendment to EU Registry Regulation	Climate Directorate General of the EU Commission	EEX statement and participation in IETA statement
Other		
Data collection for Energy Market Monitoring 2011	Federal Network Agency	EEX statement

■ Selected statements by EEX

APEX	Association of Power Exchanges
BDEW	German Association of Energy and Water Industries
EACH	European Association of CCP Clearing Houses
EFET Germany	Federation of German Gas and Power Traders, registered association
Europex	Association of European Energy Exchanges
FGE	Energy Research Association at RWTH Aachen
FOA	Futures and Options Association
IETA	International Emissions Trading Association
VIK	Association of the Industrial Energy and Power Industry
VKU	Association of Municipal Utilities

— Overview of EEX's memberships in relevant associations



— Opening ceremony for the Brussels office & New Year reception on 24th January 2012 in the presence of EU Commissioner Günther Oettinger and the a cappella ensemble amarcord

THE YEAR 2011 AT A GLANCE

10th January	The Austrian transmission system operator Austrian Power Grid (APG) becomes the sixth equal co-operation partner of the EEX transparency platform.
19th January	After a hacker attack the EU blocks all national emission registries; EEX and ECC are not affected by unauthorised account accesses.
27th January	EEX launches the European Gas Index (EGIX).
1st March	EEX and ECC carry out the settlement of European emission allowances separately for transactions from the primary market auction and from the secondary market.
1st March	Dr. Hans-Bernd Menzel resigns from his position on the Management Board.
14th March	Prices and volumes on the EEX Derivatives Market increase sharply for a short period as a result of the nuclear power moratorium.
15th April	The Federal Ministry for the Environment renews the contract with EEX regarding the execution of the primary market auction.
19th April	Lufthansa is the first airline to be licensed for emissions trading on EEX.
20th April	Eurex takes over the shares of the State Bank of Baden-Württemberg (LBBW) and with a shareholding of 56 percent it becomes the majority shareholder of EEX.
30th May	Launch of 24/7 gas trading: EEX trading participants can conclude natural gas transactions on the Spot Market around the clock.
30th May	EEX extends spot trading in natural gas with the Dutch TTF market area.
1st July	EEX opens a sales office in London, which is launched with four employees.
22nd July	Transparency platform is expanded with mandatory messages for the Austrian electricity industry.
1st August	Peter Reitz takes up his position as the new Chief Executive Officer of EEX and ECC.
1st August	EEX launches an incentive model for the Natural Gas Derivatives market.
25th August	ECC celebrates its fifth anniversary.
1st September	EEX is awarded the contract for the execution of the Dutch EUA primary market auction.
27th October	EEX is awarded the contract for the execution of the Lithuanian EUA primary market auction.
21st November	ECC launches its new cross-margining system.
24th November	French futures on the Power Derivatives Market are switched to financial derivatives contracts.
1st December	Record: Monthly trade volume on the EEX gas market exceeds the level of 10 TWh for the first time.
14th December	EPEX SPOT launches trading in 15-minute contracts on the German Intra-day Power Market.
20th December	In 2012, the EEX transparency platform is to be expanded with data for the Czech Republic, initially, in the field of voluntary messages.

1st quarter

— At the beginning of the year, the transmission system operator Austrian Power Grid became the sixth co-operation partner to join the transparency platform. Since the end of January, EEX has published the European Gas Index (EGIX) and, hence, provided a transparent and cost-free reference price for the German gas market. Following an earthquake and tsunami catastrophe on 11th March, an explosion happened at the Japanese Fukushima nuclear power plant with the world looking on in horror. The explosion led to core meltdowns. Soon after the event, the German federal government announced a moratorium on nuclear power.

2nd quarter

— The sell-out procedure of the shares in EEX held by the State Bank of Baden-Württemberg to the existing shareholders was concluded – Eurex Zürich AG became the majority shareholder in the energy exchange. The Federal Ministry for the Environment renewed the contract with EEX ahead of time and, as a result, EEX will again carry out the primary market auctions of the EU emission allowances (EUA) issued by Germany in 2012. Lufthansa became the first airline to be admitted to CO₂ trading on EEX. A major project for the further development of gas trading was launched: The Spot Market, which had been available for the German gas market areas until that time, extended its opening hours and now offers trading around the clock (24/7) and, at the same time, it was expanded to include the Dutch TTF market area.

3rd quarter

— In July, EEX opened its new office in the London business and banking district of Canary Wharf – with a staff of initially 4 employees. The establishment of the London office underlines the importance of the British market. This enables the exchange to improve marketing its products and services to customers in Great Britain. On 1st August, Peter Reitz took up his position as the new Chief Executive Officer of EEX and ECC. European Commodity Clearing AG (ECC) celebrated its fifth anniversary in August and presented itself to customers and partners with a new and enhanced Internet presence.

4th quarter

— In addition to the EUA primary market auction carried out on behalf of the German Federal Ministry for the Environment, EEX also carried out primary market auctions for the Netherlands and Lithuania for the first time. As a result, EEX also put itself forward as a service provider for future auctions. The new natural gas products and the incentive programme on the Derivatives Market are accepted by traders: In November, EEX achieved a new record in natural gas trading – the monthly trade volume exceeded a level of 10 terawatt hours (TWh) for the first time. Following Austria's move to join the platform, the transparency platform is to be expanded with another country – the Czech ČEZ and EEX announced their co-operation in December.

REPORT OF THE EXCHANGE COUNCIL



— Dr. Günther Rabensteiner

The challenging framework conditions for EEX in 2011 comprised the disastrous events in Japan and the energy policy decisions triggered by these in Germany and the EU, in combination with the financial market crisis and its effects on real-world macroeconomic developments.

At its first meeting, the Exchange Council discussed the growth strategy until 2015, which had been adopted by the EEX Supervisory Board at its meeting in December of the previous year, as well as the fundamental tasks arising from this for the Exchange Council. With regard to the planned expansion of natural gas trading, the Exchange Council adopted the required amendments of the rules and regulations, in particular with regard to the introduction of 24/7 trading.

Furthermore, the Exchange Council advocated separate trading and settlement of European emission allowances (EUA) on the primary and secondary market in order to ensure the highest possible degree of security, and by taking this step, it complies with the recommendations of the Working Committee on Emissions. Separate trading and settlement were implemented by EEX and ECC in March.

At another meeting in June 2011, the Exchange Council discussed the effects of the nuclear power moratorium on trading on EEX since a significant increase in trading interest – in particular on the Power Derivatives Market – was observed immediately after the announcement of the moratorium in mid-March.

This development has illustrated yet again that exchanges demonstrate the effects of political decisions through the prices established and the volumes traded on these exchanges. In this context, the energy markets cannot be considered as isolated national markets because, in particular, the German power market is very much integrated into the European electricity network. Political decisions that lead to structural changes in the energy supply system should

consider potential effects on the energy markets and the competition according to the conclusion drawn by the Exchange Council. Furthermore, the Exchange Council intensively discussed the current legislative initiatives in the field of energy and financial market regulation. In addition to the transparent exchanges (which are already subject to supervision) the field of over-the-counter (OTC) trading, which is currently largely unsupervised, is also to be included in energy market supervision. The Exchange Council emphasises that common standards in the field of transparency and supervision need to form the preconditions for a uniform European single power market. However, in this respect the Exchange Council asked for a sense of proportion since overregulation could jeopardise the liberalisation process.

The harmonisation of the trading process and products on the Power Derivatives Market for Germany and France constitutes an important aim pursued by the Exchange Council, which represents the trading participants' interests. This harmonisation was continued with the switch from physical futures to futures with financial settlement for the French market area. Furthermore, the Exchange Council expressly supports the initiative taken by EEX to expand its role as a platform for EUA auctions even beyond 2012. The introduction of a new category of trading participant and the establishment of corresponding provisions in the rules and regulations of the exchange enables the government authorities to sell emission allowances on EEX in the capacity of an "auctioneer". The extension of the OTC clearing services for natural gas futures traded at the British National Balancing Point (NBP) formed the focus of the deliberations and resolutions at the third meeting of the Exchange Council. In the context of the meeting, the new cross-margining system was also presented and discussed. The new margin calculations can result in significant savings for the trading participants. The Exchange Council welcomed this innovation as an important step which strengthens EEX's competitiveness and makes trading more attractive for the participants.

At its meeting in December, the Exchange Council elected Peter Reitz, Chief Executive Officer of EEX AG and ECC AG, as the Managing Director Exchange. Moreover, an election committee chaired by Dr. Wolfgang von Rintelen was appointed for the preparation of the Exchange Council election which will take place in mid-2012.

At this point, we would like to thank, in particular, all members of the Exchange Council for their valuable and proactive contribution during the past business year.



Dr. Günther Rabensteiner
Chairman of the Exchange Council

Members of the Exchange Council

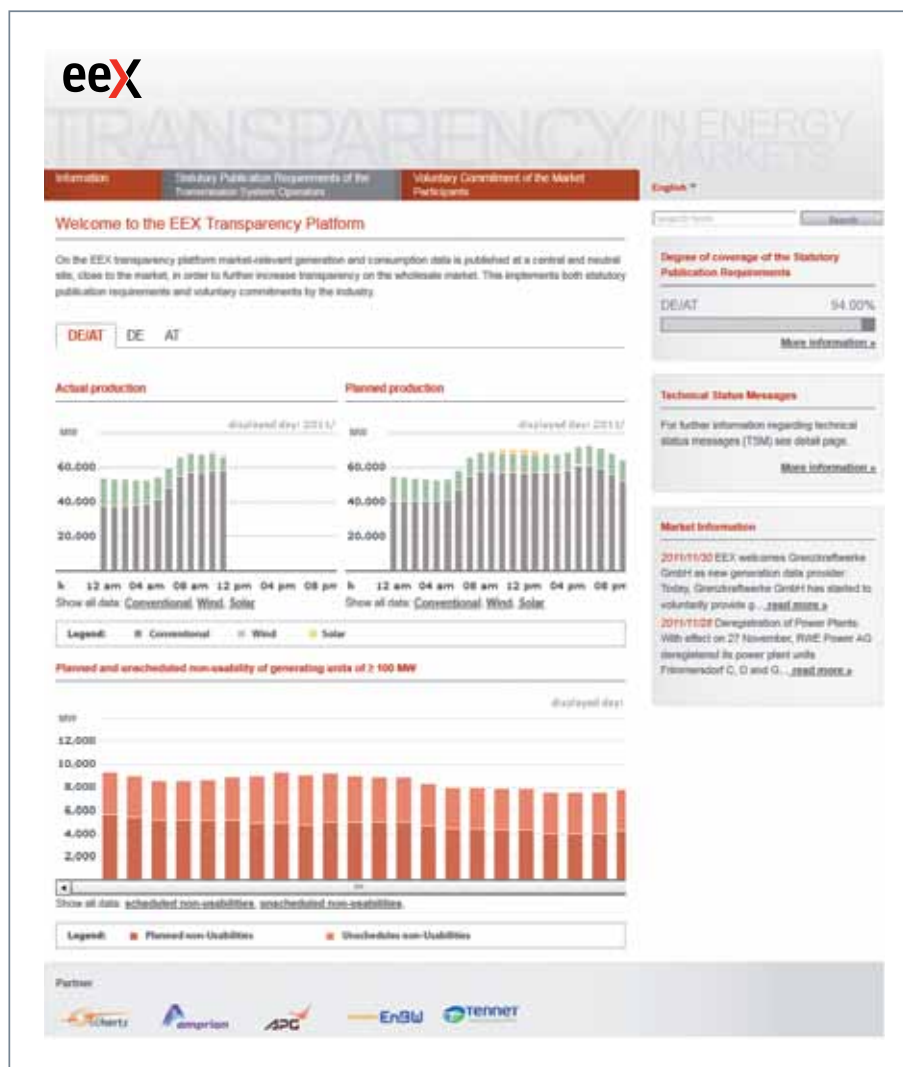
As of 31st December 2011

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	Nexus Energie GmbH	Managing Director
Paul Goodhew	UBS Limited	Director Head of European Energy ETD
Ralf Henze	Stadtwerke Hannover AG	Head Energy Trading
Peter Heydecker	Alpiq Management AG	Member of the Management Board
Wilfried Köplin *	BDI – Bundesverband der Deutschen Industrie e. V.	Head Corporate Energy Policy & Reporting, Bayer MaterialScience AG
Prof. Dr. Albert Moser	RWTH Aachen	University Professor
Ante Pogacic	Deutsche Bank AG	Managing Director, Head of European Power & Gas, Sales and Origination
Dr. Günther Rabensteiner (Chairman)	VERBUND AG	Member of the Management Board
Charles Rankin	Morgan Stanley	Managing Director
Dr. Michael Redanz	MVV Trading GmbH	Managing Director
Edgar Röck	TIWAG – Tiroler Wasserkraft AG	Head of Energy Trading & Portfolio Management
Kai Seela	Vattenfall Energy Trading GmbH	Head of 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. Anke Tuschek *	BDEW – Bundesverband der Energie- und Wasserwirtschaft e. V.	Member of the Executive Board
Dr. Bernhard Walter	EnBW Trading GmbH	Senior Market Design & Regulatory Affairs
Lars Wlecke	E.ON Energy Trading SE	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

TRANSPARENCY BALANCE SHEET

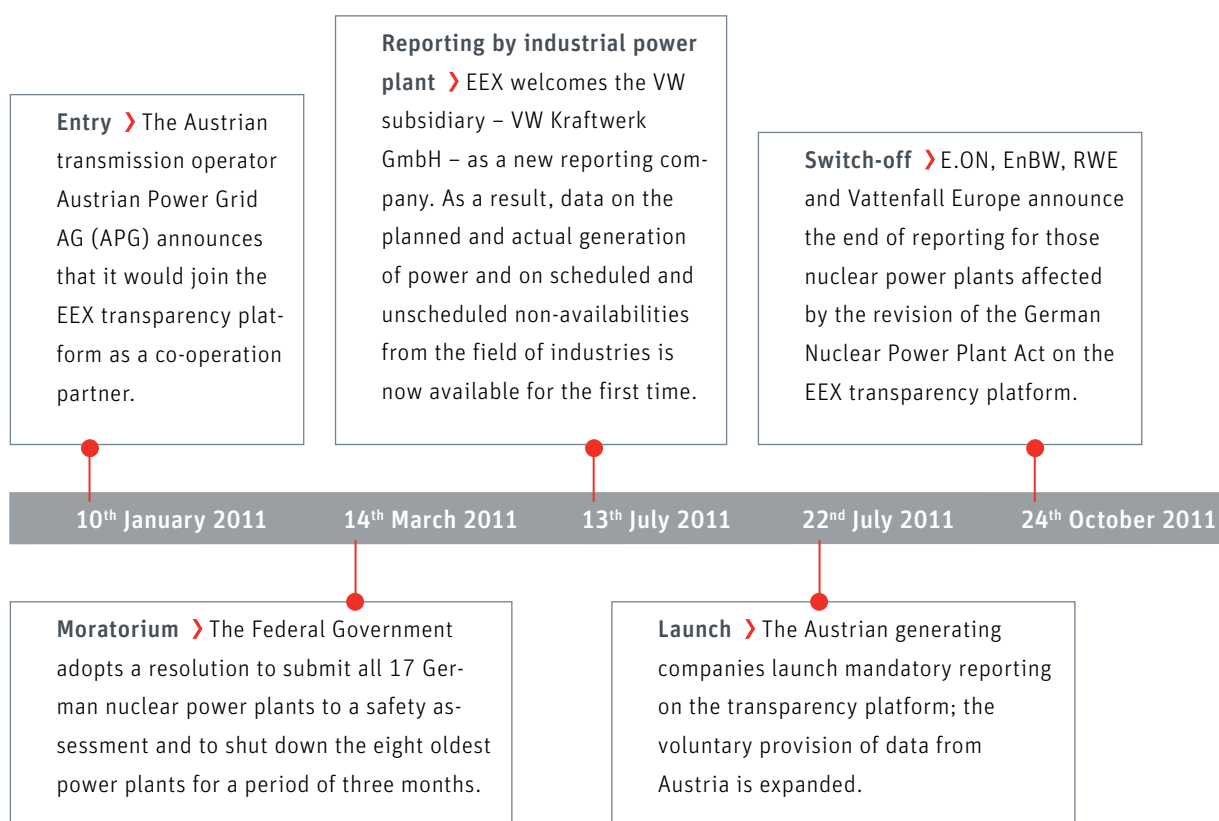
EEX continuously promotes the improvement of transparency on the energy market. On the one hand, this includes the publication of the exchange's own data and, on the other hand, this also comprises transparency in the field of fundamental data. In 2011, the focus was on the further expansion and improvement of the publication of data from power generation. The following pages provide an overview of the innovations and current developments in 2011.



— Starting page of www.transparency.eex.com/en

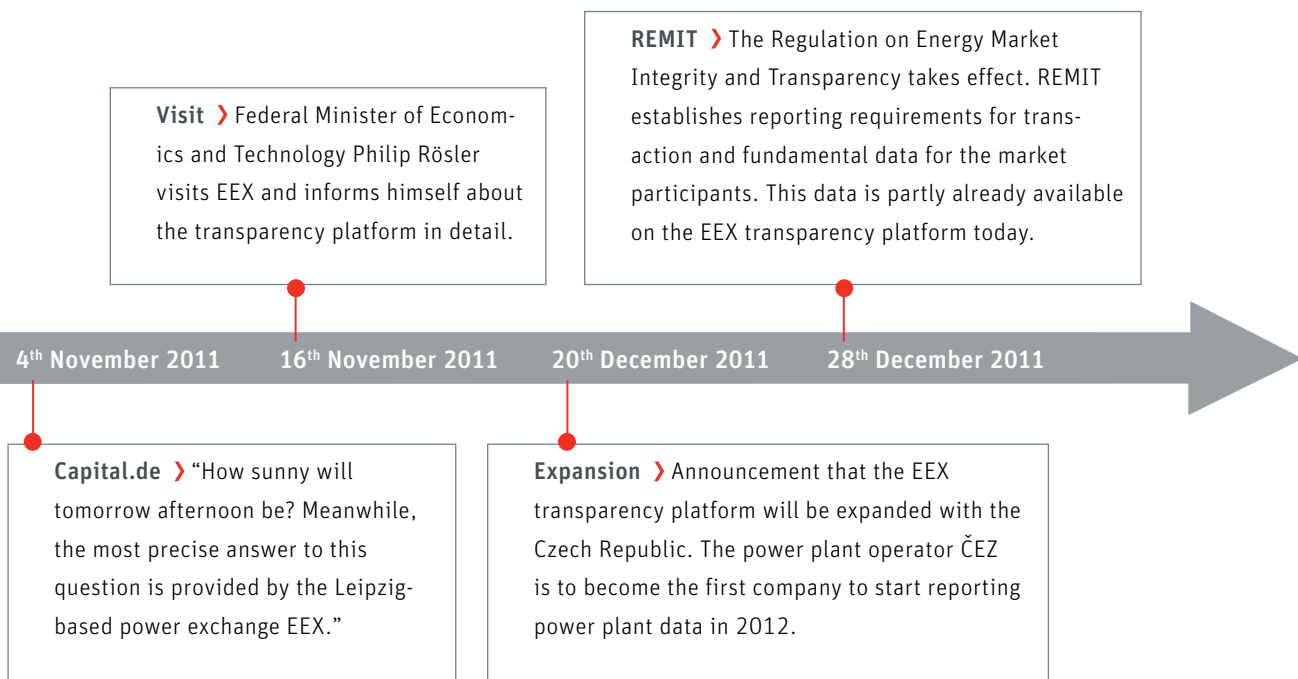
EEX Transparency Platform further improved

The “Transparency in Energy Markets” (www.transparency.eex.com) Internet platform was established by the four German transmission system operators – 50Hertz Transmission GmbH, Amprion GmbH, TransnetBW GmbH (formerly: EnBW Transportnetze AG), TenneT TSO GmbH – as well as EEX and results from a joint project of the German energy industry. The platform, which went live in October 2009, now also includes data from Austria as a result of a co-operation with the Austrian energy industry association. More than two years after its launch, the EEX transparency platform has become firmly established on the European market. The improvements created in 2011 concerned, on the one hand, technical aspects and, on the other hand, the contents of the platform. In order to further increase the coverage and consistency and, as a result, the significance of the data, the transmission system operators have adjusted the reports as follows (even going beyond the statutory publication requirements):



- › Starting in November 2011, reporting the installed generation capacities also includes plants with less than 1 MW.
- › Starting in November 2011, the installed capacities for wind and solar energy are also updated on a quarterly basis on account of the extremely dynamic development of this field.

From a technical perspective, the focus in 2011 was primarily on IT security and the performance of the platform in order to further increase data protection levels and user friendliness. The high number of hits testifies to the success of the transparency platform. On average, approximately 15,000 different visitors visited the www.transparency.eex.com web site every month in 2011 (2010: approximately 5,000 visitors per month). Comprehensive operations are ensured by EEX.



Status of the Transparency Platform in 2011

	Germany	Austria	German/Austrian market area
Total number of reporting companies	29 (2010: 24)	10 (2010: 2)	39 (2010: 26)
Degree of coverage * of statutory reports	93% (2010: 89%)	100%	94%
Degree of coverage * of voluntary reports	42% (2010: 48%)	71%	45%

* The degree of coverage is calculated on the basis of the proportion of the power plant capacities which are reported on the platform and of those power plant capacities located in the respective balancing zones in Germany / Austria overall.

European Alignment of the EEX Transparency Platform

On the way towards a truly European transparency platform EEX proved that its platform can be quickly and easily expanded with reports from other countries in 2011.

Fundamental data from Austria

In the context of implementing legislative projects, fundamental data on power generation within Austria has also been published since 22nd July 2011. Concurrently, the existing voluntary reports by Austrian power plant operators were significantly expanded. The new reporting companies were connected quickly and without any problems. Under the auspices of the Österreichs E-Wirtschaft lobbying association the power plant operators were able to implement the necessary technical preconditions and processes for reporting data within a period of only three months. This is a considerable success, especially, in view of the specifically Austrian competitive structure, with its many companies varying greatly in size.

As a result of the inclusion of data from Austria, extensive experience has been gathered and processes have been optimised further so that the next step towards expanding the platform will be even easier. Austrian Power Grid AG (APG) became the transparency platform's sixth co-operation partner holding equal rights, in addition to the German transmission system operators and EEX.

Fundamental data from the Czech Republic

At the beginning of 2012, the transparency platform will expand the segment containing data disclosed voluntarily with data from the Czech Republic. As a result, its importance for market transparency in Central Europe will increase further. As one of the initiators and the first reporting company, ČEZ will start with voluntary reports to the transparency platform. In order to ensure full coverage, other Czech companies have also been invited to join the initiative.

European transparency platform

In the EU there has been a long on-going debate on the harmonisation of transparency standards. The challenges connected with this as regards the definition of the data to be reported as well as the required infrastructure must not be underestimated. Therefore, it is absolutely critical for this joint European project that existing transnational reporting standards and reporting channels are built on – in particular with regard to Germany/Austria and Scandinavia.

REMIT: The future role of the EEX Transparency Platform

The EU Regulation on Energy Market Integrity and Transparency took effect at the end of 2011. REMIT for example, establishes comprehensive publication and reporting requirements for the energy market with regard to transaction and fundamental data. These data partly also have to be reported to ACER (Agency for the Cooperation of Energy Regulators). This is intended to create the basis for the trans-border supervision of the European energy market. A large part of the data requested is already available on the EEX transparency platform. As a result, the platform will be able to submit reports to ACER from the market participants in a concentrated form in the future (such as messages on planned and unplanned non-availabilities of power plants). Moreover, ad-hoc reporting requirements which are designed to prevent insider trading can be fulfilled by reporting on the platform. Furthermore, this also ensures data consistency and the efficiency of reporting.

The exchange makes political decisions visible

Moratorium on nuclear power

In response to the catastrophe at the Japanese Fukushima power plant, the federal government adopted a resolution under which all 17 German nuclear power plants would be submitted to a safety assessment and, furthermore, the eight oldest nuclear power plants would be shut down for a period of three months. On 30th May 2011, a decision was adopted to completely shut down the eight nuclear power plants affected by the moratorium.

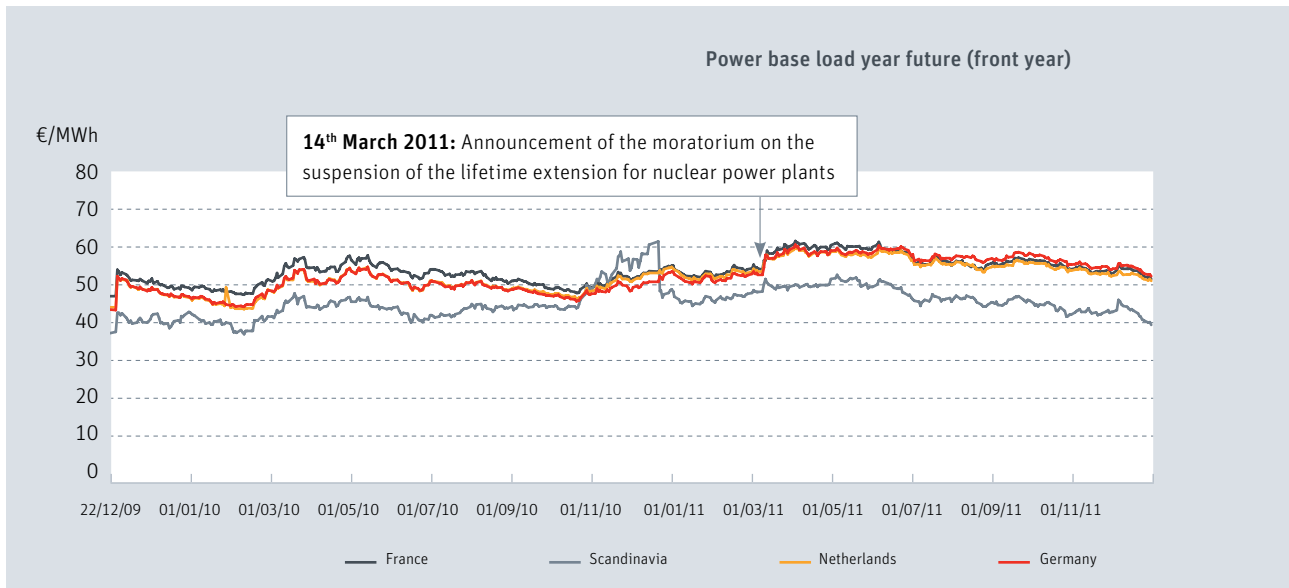
Exchange prices

The effects of the moratorium could be seen directly on the basis of the price increase on the Derivatives Market (2012 front year/base load – end of February: approx. EUR 53 per MWh and end of March: approx. EUR 60 per MWh, see chart 1). In the days following the moratorium announcement trade volumes increased significantly (by up to 19 TWh per day) and then fell again to an average level (approx. 4 to 5 TWh per day).

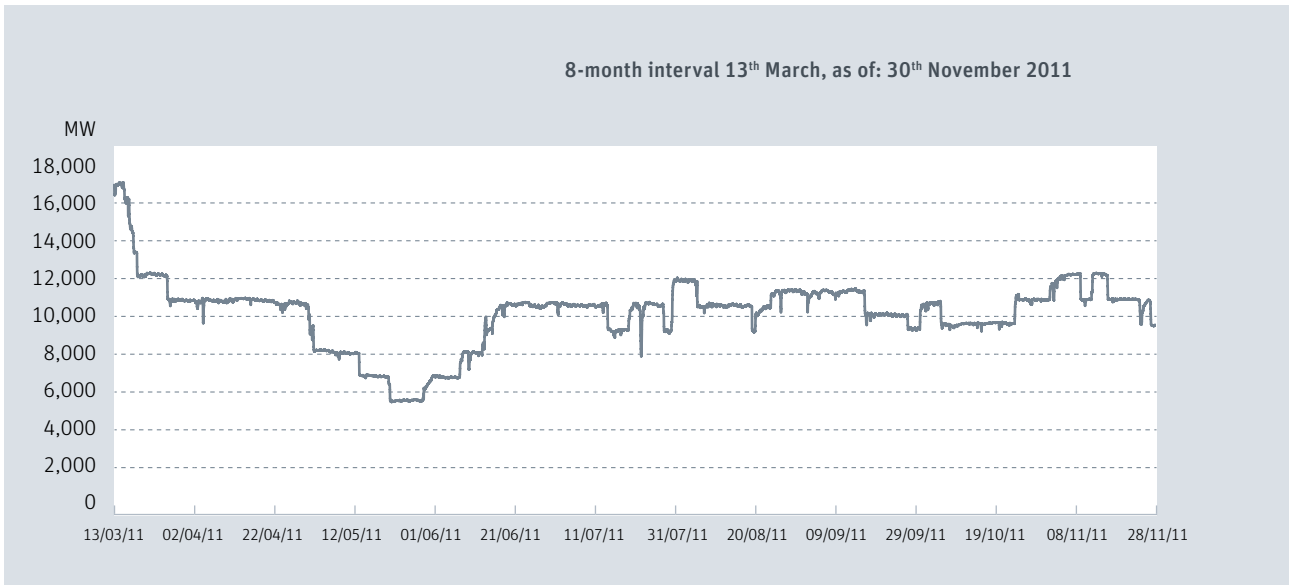
As can be seen in the price curves in chart 1, prices increased on all European power markets as a result of the moratorium. This clearly indicates that today we already have a largely integrated European single market for power. Therefore, we always need to keep an eye on European effects when taking national decisions of any great extent – as in the case of the German moratorium. And last, but not least, European power trading has also made a decisive contribution to compensating for the nuclear power plant capacities in Germany which were no longer available.

Fundamental data transparency

The switch-off of the nuclear power plants on 14th March 2011 in the framework of the moratorium can also be seen in the generation data for the energy source uranium (see chart 2) on the EEX transparency platform.



■ Chart 1 – Comparison: Power derivatives market prices in Europe



■ Chart 2 – Actual generation for uranium as energy source (www.transparency.eex.com)

Published generation data

Statutory publication requirements of the transmission system operators – Power generation	Installed generating units \geq 100 MW
	Installed generating units $<$ 100 MW
	Planned non-usabilities of generating unit \geq 100 MW
	Planned generation by generating units \geq 100 MW
	Expected generation from wind power
	Expected generation from solar power
	Unplanned non-usabilities of generating units \geq 100 MW
	Actual generation by generation units \geq 100 MW
	Actual generation from wind power
	Actual generation from solar power
Voluntary commitment of the trading participants – Power generation (includes plants \geq 100 MW of installed capacity)	Installed generation capacity
	Available generation capacity
	Generation on the previous day

Companies taking part

	Germany	Austria
Transmission system operators	50Hertz Transmission GmbH Amprion GmbH TransnetBW GmbH TenneT TSO GmbH	Austrian Power Grid AG VKW Netz AG
Power plant operators	BASF SE Ludwigshafen DREWAG – Stadtwerke Dresden GmbH E.ON EnBW envia THERM GmbH GDF SUEZ Energie Deutschland AG Grenzkraftwerke GmbH Grosskraftwerk Mannheim AG Heizkraftwerk Halle-Trotha GmbH Kraftwerke Mainz-Wiesbaden AG N-ERGIE Aktiengesellschaft PCK Raffinerie GmbH RheinEnergie AG RWE Power AG Stadtwerke Duisburg AG Stadtwerke Düsseldorf AG Stadtwerke Hannover AG Stadtwerke Leipzig GmbH Statkraft Markets GmbH Steag GmbH SWM Services GmbH Trianel Gaskraftwerk Hamm GmbH & Co. KG Vattenfall Europe AG VSE AG VW Kraftwerk GmbH	Energie AG Oberösterreich Kraftwerke GmbH EVN AG KELAG Linz Strom GmbH Salzburg AG für Energie, Verkehr und Telekommunikation TIWAG, Tiroler Wasserkraft AG VERBUND AG Vorarlberger Kraftwerke AG Wien Energie GmbH

Reporting power plants



■ 14 new reporting companies in 2011

MARKET SURVEILLANCE REPORT



— Dr. Wolfgang von Rintelen

“If you want to climb higher mountains, you have to be able to cope with strong winds.”

Old German saying

After 2010, a year of growth and new challenges from the perspective of the Market Surveillance (HÜSt), 2011 will be remembered as a year of consolidation and confirmation.

In addition to the increased supervision efforts required for the strong fluctuating markets in 2011, HÜSt also assumed comprehensive new reporting tasks – for example reporting on CO₂ secondary trading to the French Commission de régulation de l’énergie (CRE) and to the competent Dutch and Lithuanian ministries in the course of primary market auctions of emission allowances. Furthermore, throughout the past year the work of the Market Surveillance once again focused on preventing and combating sales tax fraud (which has become a direct threat for the electricity and natural gas market following the introduction of the reverse charge procedure).

In this context, HÜSt used comprehensive resources both in terms of time and of human resources to fully investigate a range of complex matters – this was also done in co-operation with the Market Surveillance of EPEX SPOT and the competent authorities. And the commitment which HÜSt displayed in this process was praised by the institutions involved as being indispensable, fast and precise. Even in view of temporarily high workloads HÜSt was able to fulfil its statutory tasks reliably, dependably and in line with the usual high quality standards. This is e.g. shown in the finding by the independent external auditors in their audit in 2011. Moreover, this is also reflected in the praise by the Nederlandse Emissieautoriteit (NEa), which emphasised the close supervision of the primary auctions by HÜSt as an important reason for awarding the contract regarding the auctions to EEX. Moreover, the EU Energy Commissioner, Günther Oettinger, also expressed his high degree of satisfaction with the work of Market Surveillance in the framework of the Brussels office opening ceremony.

Co-operations

In addition to new reports related to the primary allocation of emission allowances to further foreign supervisory authorities, the current reporting requirements to Dutch, US-American and Swiss supervisory authorities were also fulfilled. Furthermore, HÜST continuously co-operates with the Saxon Ministry of Economic Affairs, Labour and Transport (SMWA), which is the competent exchange supervisory authority for EEX and, as a result, the only institution which is authorised to issue instructions to HÜSt.

As had been the case in 2010, numerous meetings and joint workshops with supervisory authorities and other institutions were held. The favourable perception of HÜSt by the outside world was reinforced by own presentations and contributions at events and on the occasion of various visits by representatives from the political sector. In this process, both the awareness of HÜSt and confidence in the effectiveness of its work as well as the fair, transparent and regulated trading on EEX were enhanced.

The expansion of the current co-operation with the EPEX SPOT Market Surveillance constituted a particular focus of our work. In addition to opportunities to exchange information on site in Leipzig and Paris, telephone contacts became a daily routine in 2011. Moreover, both partners have begun complex, case-specific joint investigation activities for the first time – in addition to the bilateral reporting system which was successfully implemented in 2009.

Further development of HÜSt

The past financial year brought many technical, human resources and organisational changes for EEX Market Surveillance. In the context of these changes and of the constant efforts to develop HÜSt further, the technical and organisational processes were reviewed in 2011 in the framework of various initiatives.

Following this review, the first optimisations were put into practice in the past financial year and implemented in the day-to-day activities of HÜSt. In 2012, these will be followed by further measures which are intended, on the one hand, to provide relief in recurring processes and, on the other hand, to ensure improvements in quality through the use of new investigation methods. At present, new technical connections to further information service providers and the integration of over-the-counter-transactions into the daily monitoring routine, in particular, are being investigated.

Furthermore, HÜSt's own monitoring system – the Market Surveillance Monitoring System – was comprehensively developed and expanded in 2011. The enormous growth of EEX and of

the quickly changing markets has resulted in many adjustments. These system adjustments comprised 24/7 gas trading, the EUA primary market auctions and the introduction of the French Financial Futures.

In keeping with the eventful year and the changes connected with it, HÜSt also refined its methods of supervision. In this context, the focus has been on the further development of the methods of supervision on the Spot Market. This, in turn, also resulted in numerous changes to the Market Surveillance Monitoring System which were associated with a restructuring of the system.

HÜSt carried out various special investigations both upon instructions by the Exchange Supervisory Authority and also on its own initiative. In this context, the regular long-term examinations regarding power and natural gas, the examination of the effects of the feed-in of wind power in the Spot Market on the Derivatives Markets as well as analyses regarding specific events can be mentioned. This, for example, includes the examination of the effects caused by Fukushima and the German nuclear power moratorium on trading on EEX.

In the framework of the examinations, the HÜSt employees did not find any indications pointing to a violation of provisions and rules under exchange law. In one case, a matter was referred to the Exchange Supervisory Authority and then referred on to the Sanctions' Committee by the Exchange Supervisory Authority on grounds of a suspected case of a violation of so-called post-admission obligations.

Outlook

A range of legislative initiatives were promoted and partly implemented, in particular, at the European level last year. In addition to the establishment and implementation of new European authorities, these specifically contain rules on standards of supervision, new competences and, in particular, rules regarding conduct on the market. The entry into force of REMIT, which has created the legal basis for the activities of the European energy supervisory authority ACER has to be mentioned.

The Market General Directorate of the European Commission also perceived the need for the financial markets, to which the EEX energy derivatives belong, to further develop the existing financial market codes of conduct in the fields of insider trading and market manipulation. In late autumn 2011, it published a draft amending the Market Abuse Directive and a new Market Abuse Regulation.

Market Surveillance will include the new requirements in its surveillance activities to provide the competent authorities with the information required for their work. In 2012, HÜSt will also establish the co-operation and communication with the new authorities or the authorities which now also have competence in the field of the energy market, such as the Federal Network Agency and ACER, in co-ordination with the Exchange Supervisory Authority.

A handwritten signature in blue ink, reading "Wolfgang von Rintelen". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dr. Wolfgang von Rintelen
Head of Market Surveillance





**CONSOLIDATED
MANAGEMENT
REPORT**

ANNUAL REPORT 2011

CONSOLIDATED MANAGEMENT REPORT

1. Group strategy and structure

Strategy: Growth based on our own strength

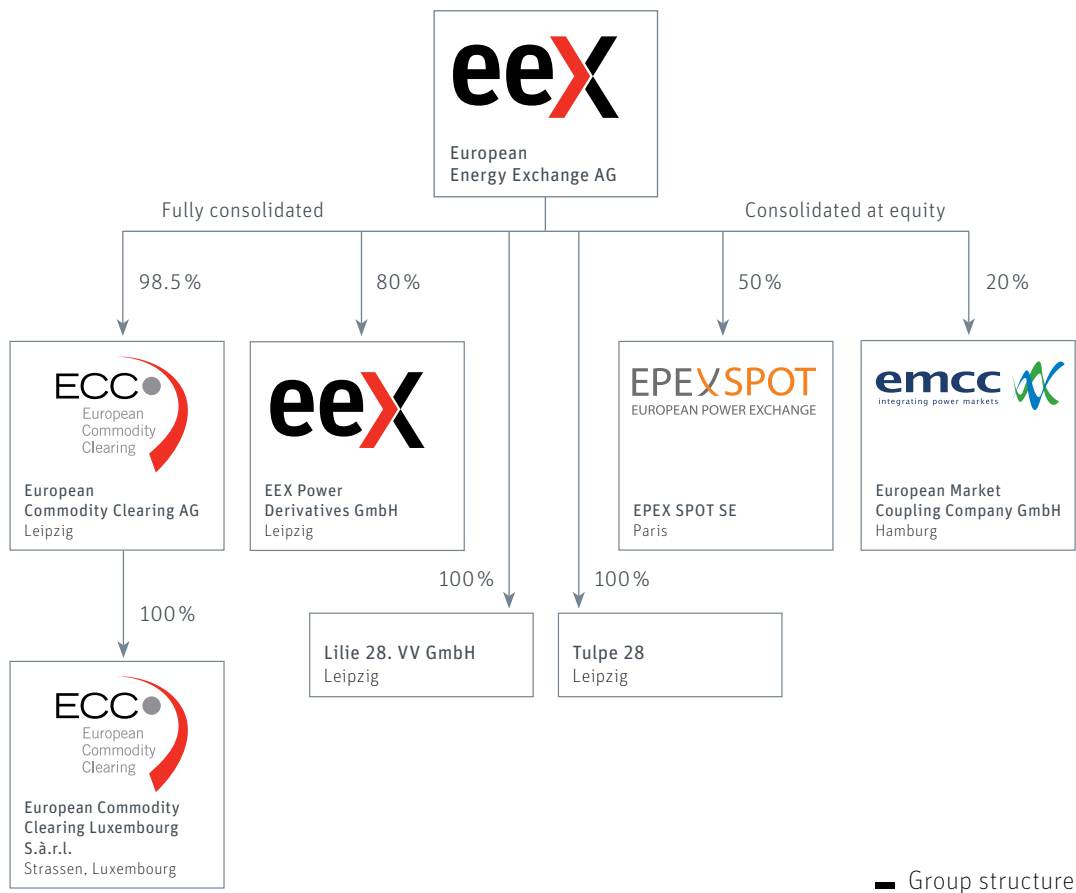
The year 2011 was a successful one for EEX: European Energy Exchange AG (EEX) positioned itself as a leading trading platform for European energy trading. It will continue to pursue its five-year strategy with every emphasis. This strategy aims at significantly expanding this position and continuing on the course towards becoming an energy generalist.

In future, EEX will continue to rely on the simultaneous and reinforced development of the strategic business fields of power, natural gas, emissions and clearing. In the power division, the EEX markets are to be developed into the clear reference markets for all of Europe. In the natural gas segment EEX sees itself as a leading trading platform in Continental Europe and pursues the aim of providing a reference price in this segment, too. As a pioneer in the fields of security standards, transparency and reliability, the Group provides the central European market platform for emission allowances, in particular, for the primary market auction commencing in 2013. In this process, the clearing subsidiary European Commodity Clearing AG (ECC) is to further expand its position as the leading provider of energy and cross-commodity clearing in Europe through the further development of cross-margining.

In addition to the continuous expansion of all markets, the extension of the product and service offer and the work on the IT infrastructure as well as the technical availability for its customers, the increasing internationalisation and customer acquisition are activities of central importance for EEX.

Group structure

The EEX Group relies on an open business model which achieves increased flexibility, greater market coverage and higher volumes through targeted spin-offs and partnerships. With the consistent expansion of the co-operations, EEX is making a decisive contribution to the integration of the European energy markets. On the balance sheet date, the Group's structure was as follows:



EEX operates the Spot and Derivatives Markets for Natural Gas and Emission Allowances as well as the Coal Derivatives Market. It provides training services, operates a transparency platform for fundamental data (power) and offers information products for trading and fundamental data. Furthermore, it also operates as a service provider for its subsidiaries in the framework of management services.

As part of EEX Group, ECC is a clearing house which operates throughout Europe and whose range of services does not only comprise the clearing and settlement of exchange transactions on EEX and on further partner exchanges but also includes the clearing and settlement of over-the-counter transactions. Deliveries are settled by the ECC subsidiary, **European Commodity Clearing Luxembourg S.à.r.l. (ECC Lux)**. EEX holds 98.5 percent of the shares in ECC.

German and French derivatives trading in power is concentrated within **EEX Power Derivatives GmbH (EPD)**, a Leipzig-based subsidiary of which EEX holds 80 percent of the shares. Furthermore, EEX holds 50 percent 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. **European Market Coupling Company GmbH (EMCC)** in which EEX holds 20 percent of the

shares offers market coupling for power between the market areas Germany, Central Western Europe (CWE), Nordic and Estonia.

2. Economic situation

Good economic situation despite uncertainty due to the debt crisis

In 2011, the German economy achieved economic growth of 3 percent and, thus, continues the growth path begun in the previous year (+3.7 percent). The strong basic trend of the economy, a dynamic export economy and rising investments were the main factors driving this development.

However, the budget crisis in some countries of the Euro zone has put a strain on the German economy. As a result, the economic indicators suggest that only minor economic growth will be attained in Germany in 2012.

Further concerns regarding financial market stability in Europe

As in the past, the development on the financial markets and the level of debt of individual EU member states have to be seen as being critical. The permanent stability mechanism (ESM) initiated in connection with the public debt crisis in Greece is intended to help ensure financial stability in Europe. The public debt crisis in the Euro area could lead to a situation in which the credit rating of strong countries like Germany is affected and which accordingly are likely to slow down the economy.

Prices on the energy and commodity markets are fluctuating

The year 2011 was shaped by the political developments in the Arab countries, the nuclear catastrophe at the Japanese Fukushima power plant, the German decision on the withdrawal from the nuclear power programme and by the European public debt crisis.

After the events in Fukushima, oil and power prices reached record levels and fell towards the end of the year with fluctuations of up to 40 percent (Brent oil price) or 19 percent (Phelix Base power year future) in the course of the year. At approximately USD 108 per barrel, the oil price was significantly above the starting level at the end of the year, while at approximately EUR 52 per MWh, the power price almost returned to its initial level at the end of the year. During the

year, the monthly gas price index EGIX fluctuated by approximately 29 percent and, at EUR 23 per MWh at the end of the year, it was slightly lower than its initial level (EUR 24 per MWh).

Moreover, there was an oversupply of certificates on the market for emission allowances in the second half of the year. This was caused by sales by European member states at the end of the second trading period and the trading participants' lower requirements on account of the economic slow-down. Starting at EUR 14 per tCO₂ prices for emission allowances (in secondary trading on the Derivatives Market) rose until the middle of the year and fell to a historic low of EUR 7 per tCO₂ at the end of the year.

Power consumption in Germany constant

In spite of the good development of the economy and the expansion of production associated with it, primary energy consumption in Germany declined by 4.8 percent to approximately 3,725 TWh in 2011. Reductions in consumption were observed, in particular, in the field of heating energy on account of the milder weather.

Physical gross power consumption in Germany, on the other hand, remained almost unchanged at 607 TWh in 2011 (previous year: 604 TWh) in accordance with preliminary calculations by the Energy Balances Working Group (AGEB). The amount of the trade volumes on the exchange power market is e.g. shaped by this physical consumption.

3. Overview of the financial year

Essential developments in the individual fields of business

The market environment in 2011 led to strongly fluctuating volumes. The trading and clearing activities were affected by uncertainties on the market regarding the future development of the economy. Moreover, there was a wait-and-see approach with regard to the effects of political and regulatory developments on the energy markets. Nonetheless, EEX was still able to expand its position as a European energy exchange and increase the liquidity of its trading markets.

It managed to keep its trade volume largely stable and even to increase its trade volumes in some segments. This positive development was primarily due to the further expansion of the products and services and to the continuous improvement of the infrastructure for the trading participants.

POWER

EEX is the market leader in European exchange trading in power and because of this status it is also well-positioned as regards the competition. The market shares of the trade volumes settled via EEX and ECC on the overall market have increased over recent years. The further developments of the exchange's technical infrastructure and of the clearing services offered by ECC have made a decisive contribution to this. However, the predominant share of trading is still concluded off the exchange and settled bilaterally between trading participants. For this reason, brokers and non-regulated trading platforms are also essentially in competition with the EEX Group – in addition to other European energy exchanges.

As in the past, trading, clearing and settlement of the Spot and Derivatives Markets for Power are still the driving forces at EEX Group. In 2011, this field of business accounted for 72 per cent of the sales revenue (previous year: 77 per cent).

POWER DERIVATIVES MARKET

The trading participants' reservation which evolved on account of the continuing international financial market crisis, among other factors, was reflected in lower trade volumes at EPD. As a result, EPD was not able to continue the positive development of the previous year under review. Trade volumes fell by 11 per cent. This was due to the fact that the trading participants' readiness to establish long-term positions declined in view of the uncertainty in the energy trading environment.

POWER VOLUMES

in TWh	2011	2010	Change
Derivatives Market	1,075	1,208	-11%
Germany	1,018	1,165	-13%
– of which exchange trading	457	462	-1%
– of which OTC	561	703	-20%
France	58	43	+34%
– of which exchange trading	42	34	+21%
– of which OTC	16	9	+83%
Spot Market	309	279	+11%
Germany/Austria	238	217	+9%
Switzerland	12	9	+29%
France	59	53	+11%

The number of trades concluded on the Power Derivatives Market and the liquidity of this market remained stable compared with 2010. The lower volume is due to a shift in trading activities towards lower terms. As a result, year futures were traded significantly less frequently. Lower risk limits at the trading companies on account of the difficult economic situation were one reason for this.

During the year under review, EEX further expanded its product range on the Derivatives Market by introducing French Financial Power Futures. This resulted in a harmonisation between German and French Futures. Moreover, access to the French power market is facilitated, in particular, for customers from financial markets. In addition to this, the introduction of new option contracts on the Phelix Future with quarterly expiry dates in the course of the year rounded off the segment of trading in options.

POWER SPOT MARKET

The Power Spot Markets for Germany, Austria, France and Switzerland (which are concentrated within the joint venture EPEX) have generated a consistently positive development.

At 309 TWh, the volume settled for EPEX increased by 30 TWh or 11 percent (previous year: 279 TWh).

The Swiss Spot Market achieved the biggest growth as against the previous year in the field of the day-ahead auction. A 29-percent increase in volumes as against the previous year was recorded in this segment. On the intraday market, the French market, in particular, generated growth on the basis of cross-border trading with Germany which has been possible since December 2010. In this field, liquidity increased by 65 percent.

Furthermore, the Company has benefited from the transmission system operators' obligation to market shares of power from renewable energies on a power exchange, which has applied in the context of the German Renewable Energies Act (EEG) since 2010 and was specified in more detail in the German Equalisation Mechanism Ordinance (AusgleichsMechV).

Market coupling in the framework of CWE (which was launched in 2010) facilitated border-crossing power trading and has also contributed to the positive development on the Spot Markets.

In September 2011, EPEX and the Nordic power exchange Nord Pool Spot announced a co-operation in a joint venture. This co-operation aims at developing joint trading systems for the intraday and day-ahead market. These are to be operated jointly in the future. This

co-operation is another important step towards market coupling within the north-western European (NWE) region.

In December 2011, trading in fifteen-minute contracts was introduced for the German market area (50Hertz, Amprion, TransnetBW, TenneT) on the EPEX intra-day power market.

NATURAL GAS

With trading of spot and derivatives contracts within the German NetConnect Germany (NCG) and GASPOOL market areas EEX Group provides access to the European market areas which have the highest physical consumption of natural gas, significant storage capacities and a good connection to neighbouring market areas. Because of these characteristics the German natural gas market areas currently offer one of the highest growth potentials available internationally. In addition, EEX Group was able to successfully establish a position for itself in spot trading at the Dutch Title Transfer Facility (TTF) trading hub and, with this move, increase its perception as a European natural gas exchange. Nonetheless, the volume of natural gas traded on EEX is still lower than the trade volumes on exchanges that already offer derivatives trading in the more liquid market areas TTF and the National Balancing Point (NBP). EEX Group internationally competes with natural gas exchanges that have already successfully established liquid markets and, in Germany, with brokers and non-regulated trading platforms which compete for market shares in the developing German market areas. For this reason, one focus of the EEX strategy is to develop unique selling propositions of the exchange compared with these competitors – for example in the form of transparent price indices which are formed subject to supervision.

In 2011, the gas business field was successfully developed further and is increasingly gaining in importance for EEX. However, increasing the liquidity on the Spot and Derivatives Market as well as the establishment of a reference price continue to be the primary aims. The revenue contribution of the gas business field within EEX Group was 3 percent (previous year: 2 percent).

Trade volumes were increased by means of targeted measures, in particular, in spot trading (+54 percent) but also on the Derivatives Market (+11 percent).

NATURAL GAS VOLUMES

in TWh	2011	2010	Change
Spot Market	23	15	+54 %
Derivatives Market	36	32	+11 %

At the end of May 2011, trading in gas products on the EEX Spot Market 24 hours a day on seven days a week (24/7 trading) was launched. At the same time, the market areas connected to exchange trading on EEX (GASPOOL and NCG) was expanded with the Dutch TTF market area. Physical delivery takes place within the Dutch transmission system of Gas Transport Services B.V. EEX very successfully offers both day-ahead and intra-day trading products in this market area. And in intraday trading, in particular, EEX managed to achieve a significant market share in only a short period after the launch of trading.

Since the end of 2010, the market area coordinators have been trading control energy through the exchange and, hence, contribute to the constantly growing liquidity in exchange trading in natural gas. Experience gathered on the international markets shows that the physical procurement of control energy frequently triggers long-term increases in trade volumes on the exchange.

In 2011, EEX established a new natural gas price index, the EGIX, on the market. The new gas price index is based on all monthly trading transactions which are concluded in the respectively current front month contracts of the NCG and GASPOOL market areas on the Derivatives Market. As a result, EEX offers a transparent reference price for natural gas which is in line with the market. This reference price is optimally suited to gradually replace or supplement gas supply contracts which are based on natural gas substitutes (such as oil or coal). With 40 customers so far, EEX observes a high and constantly growing interest in EGIX data, in particular, from distribution and trading companies. The index was developed to facilitate the integration of gas prices in long-term supply contracts with the lowest possible effort. EEX therefore expects interest in exchange trading in natural gas to continue to grow also in the long run.

EMISSIONS

As regards emission allowances, EEX Group is the leading platform in the field of the execution of primary auctions for EU member states and in the provision of a secure and supervised trading platform. EEX Group was the only exchange not to be affected by cases of fraud and abuse in emissions trading and was even able to continue trading during periods in which the national registries had to be closed down. On account of the increasing importance of the secure execution of trading, EEX expects to further expand its position. At the same time, EEX faces considerable competitive pressure in secondary trading in emission allowances. As a result of the high standardisation of the products only a few trading platforms will manage to prevail in the competitive environment.

During the period under review, the business field of emissions accounted for a revenue contribution of 1 percent (previous year: 2 percent).

The market for emission allowances (EUA) only partly managed to continue the successes achieved in the previous year. Even though the Spot Market volume increased by 2 percent as against the previous year, the volume on the Derivatives Market fell by 36 percent. The primary market auctions whose volumes were kept constant on the Derivatives Market and whose volumes were increased significantly by 26 percent on the Spot Market turned out to be an important success factor. However, although 2010 had been relatively strong in terms of sales in secondary trading, this trend did not continue in 2011. On the Spot and also on the Derivatives Market, the secondary trading volume fell by 46 and 45 percent respectively as against the previous year.

EMISSIONS VOLUMES

in million t CO ₂	2011	2010	Change
Spot Market	26	25	+2%
Primary auction	21	17	+26%
Secondary trading	5	9	-46%
Derivatives Market	81	127	-36%
Primary auction	25	25	0%
Secondary trading	57	103	-45%

EEX auctions off EU emission allowances (EUA) of the second trading period of the EU emissions trading scheme on behalf of various EU member states and institutions:

- Since 2010, Germany has auctioned off approximately 10 percent of the issued emission allowances through EEX on a yearly basis. This corresponds to a volume of approximately 40 million certificates per year. Because of the positive experience and the extraordinarily high degree of satisfaction of the German Ministry for the Environment, this contract was prolonged until 2012.
- EEX also runs auctions for the Netherlands. In 2011, a volume of 4 million certificates was auctioned off. Another 4 million certificates will follow in 2012.
- Moreover, EEX has offered auctioning of the remaining certificates from the national New Entrance Reserve (NER) to all EU member states. Lithuania decided to auction off up to 2.7 million certificates on EEX in 2011 and 2012. A volume of 850,000 certificates thereof was already auctioned in December 2011.

- The European Investment Bank sells 300 million EUA (NER 300) on behalf of the EU Commission. In 2012, proportionate shares of these will be issued to the market via EEX (exchange trading, OTC registration and primary auctions). Exact volumes and the allocation to the respective sales channels still have to be announced.

In order to support the primary auctions of EU member states EEX introduced the possibility of admission as an auctioneer in 2011. This “auctioneer” status enables institutions or government authorities to auction EUA easily and efficiently via EEX. The operational execution of the sale is safeguarded by EEX Market Supervision. A separate clearing bank is not needed whilst the quality and security of the clearing and settlement processes remain at the same high levels. The Dutch emission registry and the Lithuanian ministry of the environment became the first government authorities to choose this new and innovative form of participation in exchange trading.

As a result, EEX is in a good starting position for the successful participation in the invitations to tender for primary auctions of the third period of the EU emissions trading scheme. From 2012, certificates will be sold through so-called transitional auction platforms (central EU platform and opt-out platforms of Germany and Poland) and from 2013 they will be sold through so-called permanent platforms (central EU platform and opt-out platforms of Germany, Great Britain and Poland). From 2013, the primary auctions will be the dominating allocation mechanism for EUA with in total 1 billion EUA per year (with a volume set to grow annually until 2020).

Since March 2011, the primary auction on the Derivatives Market has been carried out separately from secondary trading so that continuous trading no longer has to be interrupted for the auction. Moreover, the call phase for the primary auctions was extended in line with the interests of the market. Furthermore, the trading times on the Spot and Derivatives Market were harmonised. In the course of further standardisations, EEX adjusted the lot size on the Spot Market to 1,000 EUA, which is a size common on the market.

Since September 2011, EEX has been a member of IETA (International Emission Trading Association) and it can also represent the trading participants’ interests at the European level.

COAL

EEX Group offers both electronic trading in derivatives contracts on coal and the settlement of coal products. Since trading on the global coal market is currently concentrated on trading platforms off the exchanges, EEX Group has to compete with these market platforms – some of which have been successfully operating on the market for several years.

EEX's success will depend on the question of how far it can establish anonymous and transparent exchange trading in coal in the value chain on the coal market.

The Coal Derivatives Market was unable to continue the positive trend of the previous year in the financial year 2011. The volume traded was significantly lower than the values achieved in the previous year. Therefore, the profit contribution remained marginal compared with other commodities.

COAL VOLUMES

in million t	2011	2010	Change
Derivatives Market	0.4	1.4	-69%

CLEARING

Within the clearing business division those sales are allocated to ECC within the Group which are not generated by the EEX and EPEX trading platforms but through co-operations with exchanges outside EEX Group. In 2011, this field of business contributed 10 percent (previous year: 7 percent) to the Group's revenue and, hence, developed positively.

The volumes from clearing and settlement of the partner exchanges' transactions increased significantly as against the previous year except for the power derivatives market of APX-ENDEX.

CLEARING VOLUMES

in TWh	2011	2010	Change
Co-operation with APX-Endex			
Power Derivatives Market	38	77	-50%
Gas Derivatives Market	333	204	+63%
Co-operation with Powernext			
Gas Spot Market	31	14	+133%
Gas Derivatives Market	101	28	+266%
Co-operation with CEGH			
Gas Spot Market	2.0	1.1	+89%
Gas Derivatives Market	0.5	0.1	+908%
Co-operation with HUPX			
Power Spot Market	3.8	0.4	+800%
Power Derivatives Market	1.3	0	n/a

Since September 2011, ECC has carried out clearing of physically settled Dutch Power and TTF Gas Week Futures, which are traded on APX-ENDEX. Among other factors, the spread contracts between the French delivery areas GRTgaz Nord and GRTgaz Sud, which were launched on the Spot Market in May 2011, contributed to the positive development of Powernext in 2011. Transactions concluded in these contracts are forwarded to ECC for clearing. On HUPX, Hungarian Power Futures have been offered for trading and for OTC clearing since July 2011. Compared with the previous year, the volumes generated from the co-operation with CEGH Gas Exchange of the Vienna Stock Exchange more than doubled in the financial year 2011.

Since 21st November 2011, ECC has used SPAN®¹ as the calculation logic for margins for derivatives transactions. This system (Standard Portfolio Analysis of Risk) is used for commodity margining by a large number of exchanges and clearing houses. With this instrument, ECC permits optimised cross-commodity margining across all derivatives market products settled by ECC, regardless of the partner exchange on which they are traded. With the help of this new and sophisticated system, ECC exploits all cross-margining potentials which result from the combination of opposite positions – across power, natural gas, emission allowances and coal and within one product across all delivery areas, maturities and periods. As a result, it offers its customers increased flexibility and savings potentials.

INFO PRODUCTS / TRANSPARENCY

The operation of the transparency platform for generation and consumption data (power) and marketing of trading and fundamental data is assigned to this field of business. In 2011, this division, which is still very young, contributed approximately 2 percent to Group revenue. The main tasks of this division include the attainment of the highest possible visibility of the EEX markets and their products as well as the utilisation of the commercial value of the data generated on EEX.

The year 2011 was shaped by a significant increase in the number of customers. While, at the beginning of 2011, EEX supported 33 data vendors, this number had increased to 85 vendors (+158 percent) that commercially use the data generated by EEX by the end of the year. Vendors are companies that offer their customers market data and products derived from these on a commercial basis. In the course of the year 2011, the number of data subscriptions rose from approximately 1,700 by circa 40 percent.

¹ SPAN® is a registered trademark of Chicago Mercantile Exchange Inc. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN® by any person or entity.

Moreover, a restructuring of the Info Products – which was initiated in the second half of the year 2011 – ensures enhanced target group alignment and, thus, creates the basis for further growth. In the context of its commitment to transparency in European energy trading EEX operates the central “Transparency in Energy markets” platform (www.transparency.eex.com) for generation and consumption data regarding power. This platform was launched together with the German transmission system operators in October 2009. Its aim is to improve the comprehensibility of market pricing and strengthen the confidence which the public and the market participants have in the markets.

The number of reporting companies increased from nine companies in 2009 to approximately 40 power plant and transmission system operators from the entire German-Austrian market area. The high degree of data coverage of 94 percent for Germany and 100 percent for Austria as well as the additional voluntary segment make a decisive contribution to the platform’s acceptance throughout Europe. This fact is supported by the approximately 15,000 users visiting the web site every month (previous year: 5,000). The agreement with the biggest Czech market participant ČEZ which provides for the expansion of the platform with Czech data from the beginning of 2012, constituted a successful conclusion to the year.

With regard to the further development of this business field EEX is planning to expand the transparency platform, to extend the original data offering and to establish further co-operations.

SHAREHOLDINGS

EPEX: POWER SPOT MARKET

The year 2011 was yet another record year for EPEX. Because of the increase in volume by 11 percent as against 2010, EPEX was able to significantly increase both sales and results while keeping expenses stable during the reporting period.

EMCC: MARKET COUPLING

EMCC was able to continue market coupling to facilitate border-crossing trading in power between Germany and the CWE respective the Nordic region as well as with Estonia during the financial year 2011. As regards the financial year 2011 and the following years, EMCC expects a positive result from operating activities. As a result, a further strengthening of the capital base of EMCC will not be required – in deviation from the assumptions in the previous years.

TRADING PARTICIPANTS

On the balance sheet date (31st December 2011), 219 trading participants in total had been admitted to trading on the different EEX markets – compared with 206 trading participants as of the 2010 balance sheet date. This corresponds to an increase of 6 percent. In the course of the year, 31 new trading participants were admitted, while, at the same time, 18 cancellations of membership were recorded.

Because of the continuous improvement of the product and service offering and the technical availability for the customers, the positive trend established over the past years is expected to continue into the future.

FURTHER DEVELOPMENTS

The product and sales co-operation with Eurex Frankfurt AG (Eurex), one of the leading derivatives exchanges worldwide, forms an important element of the EEX co-operation strategy.

In the framework of this co-operation the product portfolio was expanded with further products and markets in the financial year 2011. These are tailored even more to the market participants' requirements. Among other elements, the co-operation was expanded with the EUA Spot Market in 2011 and now also includes the successful EUA primary auctions. Since 2011 the Eurex Exchange participants have also been able to trade French Financial Power Futures on the EEX Derivatives Markets.

Even though the volume of EUA futures and power derivatives traded by Eurex Exchange members is still low, it has increased significantly – in particular, during the second half of the year 2011.

4. Earnings, Assets and Financial Situation

Earnings situation

At EUR 45.6 million, the sales revenue within EEX Group at the end of the financial year 2011 was six percent higher than in the previous year.

In the financial year 2011, transaction fees amounted to EUR 39.0 million in total. This corresponds to an increase of 1 percent compared with the previous year. This slightly positive development was driven mainly by the clearing co-operations and the Power Spot Market.

The sales revenue from the clearing and settlement of the co-operation business was EUR 1.4 million higher than that of the previous year and the sales revenue on the EPEX Spot Market was EUR 0.6 million higher than in the previous year. Furthermore, growth of EUR 0.4 million was achieved in the natural gas business field. Sales revenue from the Power Derivatives Market declined by EUR 1.3 million and revenue from the emissions business field declined by EUR 0.5 million.

The individual business fields contributed to this development as follows:

SALES REVENUE ACCORDING TO BUSINESS FIELDS

in kEUR	2011	2010	Change
Total sales revenue	45,586	43,157	+6 %
Power	32,630	33,311	-2 %
– of which Derivatives Market	26,449	27,752	-5 %
– of which Spot Market	6,181	5,559	+11 %
Natural gas	1,237	850	+45 %
Emissions	484	1,019	-52 %
Clearing	4,581	3,213	+43 %
Other (including coal)	6,653	4,764	+40 %

Rounding differences of ± one unit (EUR, %, etc.) may be found in the tables – for arithmetical reasons.

The other sales revenue in 2011 (consisting of revenue from annual fees, training fees and the sale of information products) amounted to EUR 6.6 million and was, hence, considerably higher (by 40 percent).

The invoicing system for annual fees was changed to the end of the financial year 2011. This led to a considerable increase in revenue from annual fees, which was offset by a corresponding decline of revenue from technical connections. Since 1st January 2011, the payment of an annual fee (which is higher than the annual fee in 2010) has enabled trading participants to access all EEX Spot and Derivatives Markets and now includes the respective simplest technical connection.

SALES REVENUE ACCORDING TO BUSINESS FIELDS

in kEUR	2011	2010	Change
Total power	32,630	33,311	-2 %
Derivatives Market	26,449	27,752	-5 %
Germany	24,776	26,131	-5 %
– of which exchange trading	11,414	10,948	+4 %
– of which OTC	13,362	15,183	-12 %
France	1,673	1,621	+3 %
– of which exchange trading	1,291	1,447	-11 %
– of which OTC	382	174	+119 %
Spot Market	6,181	5,559	+11 %
Germany / Austria	4,640	4,282	+8 %
Switzerland	241	187	+29 %
France	1,073	1,050	+2 %
Capacity	227	40	+470 %
Total natural gas	1,237	850	+45 %
Spot Market	691	450	+54 %
Derivatives Market	546	400	+36 %
Total emissions	484	1,019	-52 %
Spot Market	118	390	-70 %
Derivatives Market	366	629	-42 %
Total coal	19	56	-66 %
Derivatives Market	19	56	-66 %
Total clearing	4,581	3,213	+43 %
Co-operation with APX-Endex	3,020	2,647	+14 %
Co-operation with Powernext	1,421	536	+165 %
Co-operation with CEGH	50	22	+134 %
Co-operation with HUPX	90	8	+974 %
Total other	6,634	4,708	+41 %
Annual fees	4,631	3,183	+46 %
Training courses	1,018	1,024	-1 %
Info Products	828	485	+71 %
Other	157	16	+891 %

The individual fields of business contributed to this development as follows:

SALES REVENUE ACCORDING TO COMPANIES

in kEUR	2011	2010	Change
Total sales revenue	45,586	43,157	+6%
EEX	6,472	4,117	+57%
ECC	22,870	22,197	+3%
EPD	16,243	16,843	-4%

The other operating income essentially comprises revenue in the framework of management services and technical connections and declined by 39 percent during the financial year 2011. During the reporting period, a total of EUR 5.4 million was generated in this segment as against EUR 8.8 million in 2010. This decline is essentially due to the conversion of the invoicing system for the annual fees (EUR -2.8 million for technical fees), which was described above.

The total expenses considered in the operating result declined from EUR 41.3 million by -2 percent to EUR 40.6 million during the year under review.

During the reporting period, human resources expenses declined slightly from EUR 10.9 million to EUR 10.6 million. After adjustment for a one-off effect in the previous year, the increase amounted to EUR 1.4 million (15 percent). This was due to the new staffing of the Chief Executive Officer position and to the planned expansion of human resources.

At EUR 3.5 million depreciations in 2011 were lower than in the previous year (EUR 3.9 million). Because of increased depreciations on software and systems current depreciations increased by EUR 0.3 million as against the previous year. In 2011, the annual impairment test of the French customer base showed an additional depreciation requirement as against the plan established in the previous year on account of lower growth prospects. The 2011 impairment was EUR 1.6 million (previous year: EUR 2.3 million).

The other operating expenses consist of reimbursements, system costs and other operating expenses of EEX. At EUR 26.5 million they remained almost constant (previous year: EUR 26.6 million).

The volume-dependent expenses for market maker and broker reimbursements resulting from operating activities remained constant at EUR 4.3 million (despite of lower trade volumes) on account of reinforced market making. System expenses, on the other hand, which essentially consist of the costs for the trading and settlement systems of EEX Group declined

by EUR 1.4 million as against the previous year. This was essentially due to the reversal of a provision and cost reductions following a change of contract regarding the variable system expenses and expenses for technical connections.

As a result of this, the significant increase in the remaining other operating expenses, e.g. for marketing, consulting and non-deductible input tax, was compensated for. The increase as against the previous year was primarily due to the higher expenses incurred in the context of establishing offices in London and Brussels and implementing strategic measures.

At EUR 5.6 million the income from the EPEX shareholding assessed at equity increased significantly by 12 percent compared with the previous year (EUR 5.0 million) because of the positive development of the subsidiary's business.

In 2011, the financial result also increased by EUR 0.9 million to EUR 1.2 million compared with the previous year. This development is essentially due to dividend payments for EEX by store-x GmbH and trac-x GmbH and to the more comprehensive and advantageous investment of the cash collateral deposited with ECC and of the bank deposits of all group companies.

At EUR 17.2 million, earnings before taxes (EBT) were approximately EUR 1.3 million or 8 percent higher than the respective amount generated in the previous year (EUR 15.9 million). Minority shareholdings accounted for EUR 0.9 million in the financial year (three percent higher than in 2010).

The return on equity before taxes remained constant at 16 percent. This value is calculated on the basis of EBT in relation to the average equity of the Group during the reporting period.

The ratio of the result before taxes to total revenue (from sales, other operating income and income from investments) was 30 percent and, hence, it was also higher than the value for 2010 (28 percent).

On the basis of the strong expansion of the Company which is planned for the medium term and of the investments and project expenses associated with it, a slight decline in return parameters (before taxes) is expected in the short term.

Compared with the previous year, the result after taxes declined by EUR 5.6 million on account of earnings taxes of EUR 5.9 million which had to be paid (previous year: EUR -1.0 million). Based on the adjusted medium-term plan, the accrued losses brought forward will now be used over a period of more than five years. For this reason, an impairment of the deferred taxes resulting from this was recognised in expenses in 2011.

Asset situation

In the financial year 2011, equity rose from EUR 103.8 million to EUR 109.7 million. The balance sheet total was EUR 504.7 million (previous year: EUR 520.6 million).

As of the balance sheet date, non-current assets totalled EUR 48.9 million and essentially comprised the goodwill of ECC and EPD to the amount of EUR 12.2 million and shares in associated companies and joint ventures totalling EUR 25.3 million.

The assets side of the balance sheet is essentially shaped by current assets to the amount of EUR 455.7 million. This total included, for example, ECC bank deposits from cash collateral deposited to the amount of EUR 328.1 million (previous year: EUR 370.1 million), trade accounts receivable totalling EUR 43.3 million (previous year: EUR 5.5 million), cash funds of EUR 54.2 million (previous year: EUR 35.5 million) and other assets totalling EUR 27.9 million (previous year: EUR 48.7 million).

On the balance sheet date, the Group's equity amounted to EUR 109.7 million (previous year: EUR 103.8 million) with minority shareholdings accounting for EUR 5.7 million (previous year: EUR 3.1 million).

Loan capital almost entirely consists of short-term liabilities. On the balance sheet date, long-term debt accounted for EUR 2.8 million (previous year: EUR 2.5 million). Derivative financial instruments totalling EUR 1.7 million (previous year: EUR 0.3 million) which comprise the fair value of the options with a term of more than one year (with the fair value established on the basis of the current exchange price of the open positions) form an important item. On the basis of ECC's function as a central contracting partner, accounts receivable and accounts payable are recorded on the assets and on the liabilities side in the same amount.

The short-term debt of EUR 392.3 million (previous year: EUR 414.3 million) essentially comprises liabilities from cash collateral furnished by the trading participants to the amount of EUR 328.1 million. Furthermore, this item also includes trade accounts payable of EUR 43.2 million (previous year: EUR 5.3 million) and other liabilities amounting to EUR 15.6 million (previous year: EUR 23.8 million).

The balance sheet comprises a number of items which are included on the assets and on the liabilities side as an identical amount. The balance sheet total adjusted for these items is established below. On the one hand, there are bank balances from cash collateral deposited in the amount of EUR 328.1 million (previous year: EUR 370.1 million) which are offset, on the other hand, by liabilities of the same amount with regard to the cash collateral deposited by the trading participants. Furthermore, the balance sheet total also includes payments on ac-

count made and received with regard to the balance sheet date amounting to EUR 14.7 million each (previous year: EUR 20.7 million) as well as trade accounts payable and receivable of EUR 39.5 million respectively (previous year: EUR 1.7 million). Moreover, the short- and long-term derivative financial instruments from the reporting of the fair value of the options in the balance sheet are included both on the assets and the liabilities side to the amount of EUR 2.1 million (previous year: EUR 10.4 million). Following the deduction of these items, the adjusted balance sheet total at the end of the reporting period was EUR 120.3 million (previous year: EUR 117.6 million), while the equity ratio was 91 percent (previous year: 88 percent).

The debt ratio (which is defined as the share of long-term and short-term debt in the adjusted balance sheet total) was 9 percent (previous year: 12 percent). The Group was able to cover all expenses with its income at all times and, in addition, generated a significant surplus. Credit lines by external lenders did not have to be used in the financial year under review and, moreover, are not likely to be used in 2012 either. There is a letter of comfort for liabilities of the subsidiary ECC Lux towards a transmission system operator. Moreover, ECC guarantees the fulfilment of the obligations of ECC Lux towards the trading participants on the Spot Markets for which ECC Lux has assumed the delivery or acceptance of commodities.

In 2011, investments were essentially made in intangible assets (i.e. licenses, software and systems) at EUR 2.3 million and in infrastructure and fixtures and furnishings at EUR 1.0 million. Furthermore, an amount of EUR 0.1 million was invested in installations in buildings in the context of the expansion of office space. These acquisitions were of critical importance for the continuation of the four strategic directions and in the context of the increasing complexity of the business of EEX Group.

The essential measures and projects referred to were the expansion of the transparency platform, the gas market and of clearing and for the improvement of connectivity and of the sales presence. Furthermore, significant investments were made in improvements in data and process security.

Financial situation

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

The consolidated cash flow of EUR 19.2 million is decisively shaped by the cash flow from current operations of EUR 24.8 million. Moreover, a positive cash flow of EUR 1.7 million was

also generated from investing activities. The cash flow from financing activities amounted to a negative EUR 7.2 million and essentially comprised the dividend paid by EEX for the financial year 2010.

The increase in the cash flow from current operations is mainly due to the increase in provisions and liabilities to the amount of EUR 31.8 million and to the reimbursement of input tax amounting to EUR 19.8 million. The essential opposite effect comprised the decline in trade accounts receivable and other assets to the amount of EUR 38.2 million.

Despite the high payments for investments in software (EUR –2.3 million), the cash flow from investing activities was positive and amounted to EUR 1.7 million (since the Group received dividends of EUR 5.1 million in 2011).

As a result, in 2011, cash and cash equivalents increased significantly from EUR 35.0 million to EUR 54.2 million. Thanks to the high internal financing capability and the existing liquidity, the Group will also be able to carry out the necessary investments which are required for the maintenance of its good competitive position in future.

The Group has implemented an active investment policy in order to ensure the effective investment of cash funds. A continuous liquidity analysis ensures that sufficient liquid funds are available to cover the respective liabilities which have fallen due at all times.

Summary

The financial results testify to the success of both the Group and its affiliated companies. In spite of the negative development of the economy overall and of the difficult market environment described above, the Group was able to increase its profitability (before taxes) and to maintain its sound capital base.

5. Employees

The financial year 2011 was again characterised by strong growth in staff numbers. As of the balance sheet date, there was a total staff of 127 employees compared with 104 employees as of 31st December 2010.

On 31st December 2011, the age structure of the staff was as follows:

AGE STRUCTURE

Age group	Number of employees	Share in %
< 30 years	37	29%
30 to 39 years	66	52%
40 to 49 years	22	17%
> 50 years	2	2%
	127	100%

83 percent of group employees possess an academic degree (being defined on the basis of employees who have a degree from a university, university of applied sciences or a university of co-operative education). On the balance sheet date, 42 percent of the employees within the Company were women and women held six of the 25 executive positions within EEX Group.

6. Risk management

In accordance with the requirements contained in Article 91 paragraph 2 AktG [German Companies Act], the Group has a risk early warning system comprising all business areas. Potential risks are evaluated with regard to the likelihood of their occurrence and the possible extent of damage resulting from such. Risk controlling for the group companies EEX, ECC Lux and EPD is provided by ECC in the form of management services.

The Management Board is regularly informed of the risk situation and reports to the Supervisory Board with regard to this on a quarterly basis. Overall responsibility for risk management rests with the EEX Management Board. There is ad-hoc reporting with regard to fundamental changes in the risk situation.

Counterparty risk, market price risk, liquidity risk, operational risk as well as business and compliance risk constitute the potential risk categories.

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. Within the Group, the principal counterparty risks occur within the ECC subsidiary. ECC is a central counterparty within the definition of Article 1 para. 1 fig. 12 KWG [German Banking Act]. In this capacity it positions itself between the buyer and the seller and assumes the default risk of both sides for all exchange transactions concluded as well as for all OTC transactions registered on its

markets. ECC pursues the risk strategy of covering this default risk with a high security level through its margin system, the clearing fund and its own financial resources. The quality of the margin system is reviewed on an on-going basis through regular backtesting. With the help of daily stress tests, ECC simulates the counterparty risk in extreme yet plausible market conditions and adjusts the clearing fund and its own financial resources in such a way that the counterparty risk is also covered under these conditions.

Moreover, a potential counterparty risk arises with ECC with regard to the investment of cash collateral received with credit institutions. For this reason, these funds are exclusively invested in investments with minimum risk at development banks with a zero weighting under supervisory legislation and with the highest possible liquidity. The potential losses from the default on payments of clearing fees which have fallen due are low and taken care of by the assets available for covering risk.

The clearing participants' cash collateral available at ECC is only invested in overnight investments at development banks with a zero risk weighting under supervisory legislation.

Low default risks are due to the fact that the trading participants might not pay the transaction fees or clearing fees which have fallen due. The trading participants' credit standing is constantly monitored on the basis of financial parameters and of rating information (if available). In this framework, the question of whether the payment of transaction fees concentrates on individual trading participants (cluster or concentration risk) is also analysed.

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. Due to the generally closed positions in the clearing business there are no market price risks. The market price risks resulting from other operations (essentially currency risks) are minor and are controlled in accordance with the respective situation.

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 are dealt with by providing sources of liquidity within the Group. The structural liquidity risk is monitored in the framework of the medium-term plan, which is prepared every year, and of ongoing 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.

On ECC, the liquidity risk is controlled with the help of the liquidity parameters under supervisory legislation, a continuous twelve-month liquidity forecast and the analysis of the effects of various business development scenarios (which have an effect on liquidity because of the assumed discontinuation of inflows of funds in the form of transaction fees).

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. EEX Group either provides core services itself or has such performed by specialised companies of Deutsche Börse AG. Additional services are provided by selected external partners. 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 examinations by the internal revision and external auditing department. 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. Operational risks are identified and assessed throughout the group in the framework of an annual self-assessment.

In the context of the conclusion of balance responsible agreements, priority rules regarding nominations by ECC are aimed for (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 on-going monitoring and for reporting of cases of malfunctioning during 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 resulting from 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 or the financing of terrorism.

ECC settles all transactions via Clearing Members. Since, as financial institutes these are subject to the rules of the German Banking Act (KWG) (or other, equivalent European provisions) regarding the implementation of measures to combat money laundering, financing terrorism and fraud, ECC has a low risk of being abused for the purposes of money laundering, financing terrorism or fraud. This risk is re-evaluated every year in the context of a risk analysis.

Know-your-customer measures are designed to identify suspicious counterparties during the initiation stage of the business relationship. In case justified doubts arise during the admission process, a decision by the Management Board or CRO is brought about. As a supplement to this, continuous monitoring processes are carried out by the Market Surveillance Department.

Sensitive data requiring specific protection has to be treated as being confidential and protected against unauthorised access in accordance with the internal instructions. In order to prevent conflicts of interest rules of conduct have, in addition, been established for 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.

Risks in the billing processes are covered by means of the separation of functions and by the principle of dual control.

Summary

The overall assessment for the financial year 2011 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 2012.

7. Research and development

As a service provider EEX Group does not engage in any research and development activities, which are e.g. common for similar manufacturing 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 in which a few large and professional exchanges compete with a large number of local exchanges with a limited product range. With a clear strategy, an efficient and effective structural and process organisation, attractive products and services and efficient systems it fulfils the preconditions which are necessary for success.

Opportunities for further development are perceived, in particular, in finding further co-operation partners and in intensifying the co-operation with over-the-counter platforms and, in particular, with brokers. This aims at increasingly shifting market shares from the uncleared, over-the-counter market to the exchange market, or to clearing by ECC.

Furthermore, the increasing liberalisation and liquidity of the markets, in particular, in the field of natural gas provide opportunities for further growth. The advantages of transparent pricing on the exchange which is in line with the market and the attractive range of products and services offered is likely to enable EEX to gain increasing market shares.

Furthermore, the development of the EEX IT systems landscape will continue to further increase the efficiency and reliability of the EEX systems and enhance the flexibility for the trading participants' connection to these systems – as well as to improve the attractiveness of EEX as a trading platform.

The regulation and supervision standards in Germany, which are still high, constitute a specific competitive advantage and an opportunity for EEX. This creates trust in the integrity and stability of the markets on the part of the trading participants. Because of this and, in addition to this, on account of the high quality standards on EEX, sharp declines in sales have been able to be prevented at all times in the past.

In 2011, the development of the trade volumes was negatively affected by the continuing financial and economic crisis. EEX assumes that a recovery of the economy will contribute to positive impulses for the trade volumes in all market segments and to an improvement in results.

As in the past, the Management Board is convinced that a failure of the envisaged growth strategy constitutes the biggest risk for EEX. In future, a reduction in the number of exchanges in the energy industry in Europe has to be expected. For EEX any failure to attain the growth aims (e.g. on account of the entry of competitors into the EEX markets) entails the risk of losing possibilities to influence the design of the European energy markets and of not attaining the Company's own commercial aims. A phase of weakness lasting several years with declines in sales and unchanged fixed costs could worsen the Company's income, assets and financial situation.

In the coming years, the future of EEX Group will once again be determined, to a considerable degree, by political decisions regarding framework conditions for the European energy market. This could also have potential negative effects on the trading activities and results of EEX. For example, a more comprehensive effect is expected if the energy contracts cleared by ECC are subject to the requirement of settlement by central counterparties and if, at the same time, the thresholds to be set by ESMA (regarding the application of new requirements for trading transparency and the publication of business data) are exceeded: In this case, trading participants might not be able to provide the necessary security requirements of the central counterparties or might not be willing to fulfil the requirements regarding market transparency. This, in turn, might result in a reduction of the attractiveness of the market and, as a result, in trading and clearing volumes. For this reason, EEX and ECC co-operate closely with the respective political institutions and associations in all important matters in order to find solutions which are in line with the market and trading.

Further risks in energy trading concern the level of security of the technical infrastructure. For example, IT attacks and cases of fraud in trading in emission allowances in 2011 have raised questions regarding the security of registry accounts and of the technical interfaces between the trading and settlement systems of the exchanges. Such events can have negative effects on the confidence which the trading participants have in the markets and on the trade volumes. Since, in the course of these cases of abuse, EEX and ECC were able to repeatedly demonstrate the security of their own systems, these developments at the same time constitute opportunities for EEX Group. EEX Group has proved to be a "safe haven" as well as a reliable partner for trading participants, even in difficult situations on the market. EEX Group was able to win market shares from competitors – in particular, on account of its unique selling proposition in the execution of primary auctions for European member states.

Moreover, EEX is fully committed to preventing VAT fraud on the energy markets. In this respect, measures which aimed at increasing the trading participants' awareness of this risk took centre stage at the European level in 2011. In order to protect EEX's own markets, both new and already admitted EEX trading participants are subject to constant monitoring.

Furthermore, EEX still advocates the introduction of the reverse-charge procedure since this is the most reliable solution for combatting sales tax fraud in the long run and will prevent loss of confidence on the part of the trading participants and help to avoid potential declines in sales.

International accounting standards and tax legislation at the European level might also affect EEX Group. In the medium run, these could lead to declining trade volumes. For this reason, they are constantly monitored and examined in detail by EEX.

Finally, the difficult financial market policy situation within the Euro zone, which is essential for EEX, is considered as being a potential risk. A further aggravation of the government debt crisis and a weakening of the economy in Europe could jeopardise EEX reaching its ambitious growth objectives.

9. Group perspective / Outlook report

In 2011, the market environment was shaped by strongly fluctuating trading turnover and led to significantly lower trade volumes. The ambitious growth aims could not be reached as planned in 2011.

EEX Group has established a good position for itself within a dynamic competitive environment and continues to be consistently aligned to growth. EEX will continue to actively shape and to help design the future European energy market.

The EEX Management Board assumes that the economy will recover slightly and that significant regulatory restrictions of the market might not be put in place. With regard to a position with a strong capital base and a solid cost structure the Management Board sees itself confirmed in its efforts to implement an ambitious strategy, despite a difficult situation on the financial markets.

EEX Group is planning to further pursue its strategy and generate growth through the simultaneous expansion of the existing business fields over the coming years. The core elements include the improvement of the trading participants' technical connection to the EEX systems, the successful further development of the products and services as well as increasing liquidity in the individual markets. In addition to strengthening the leading position on the power market, the still young natural gas market will be expanded further and, in this context, it will be spun off into a company of its own in 2012. Moreover, EEX will submit a bid to carry out the auctions of emission allowances for the third trading period – not only for Germany

but also for the other EU countries – a model which has already proved successful for the execution of the Dutch and Lithuanian primary market auctions. Every successful business field of EEX automatically strengthens the business of ECC. The latter has become established in the field of commodity clearing over the last years not least because of its co-operation with other European power exchanges and will further expand its position as a leading clearing house for energy and energy-related products in Europe. The partnership model will be maintained and expanded, provided this is commercially sensible and feasible. Furthermore, significant growth of the Info Products business field is targeted.

EEX is planning to achieve its aim of becoming the leading European energy exchange through growth on the basis of its own strengths – without using additional shareholder funds. However, because of the difficult situation on the market the achievement of the budget figures from the five-year strategy was postponed by approximately two to three years in the framework of planning for 2012.

On the basis of the sound business results and the measures already initiated or planned, EEX Group is expecting its sales revenue to increase by approximately 23 percent over the next two years.

In order to ensure sustainable development, human resources have to be developed further. So far, the expansion of human resources has focused on reinforcing the business fields which are close to the customers and on ensuring reliable and legally secure settlement of the transactions with excellent quality standards. In 2012, the planned expansion of staff will primarily be implemented in order to further intensify the fulfilment of customer and market requirements.

Over the next two years, results are expected to be lower than those of the 2011 financial year. This is because additional expenses will be needed for the reinforced pursuit of the strategic aims and of the planned development of the subsidiaries in 2012 and 2013. However, following this temporary slump in earnings, EEX Group is expected to return to higher earnings in subsequent years.

10. Other notes

The 2011 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 to be applied in the European Union.

The consolidated management report was prepared on the basis of Article 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 markets within the definition of Article 2 para. 7 of the German Securities Acquisition and Takeover Act by means of voting shares issued by it.

EEX AG Shareholder and capital structure

The subscribed capital of EEX AG consists of 40,050,000 no-par shares registered with a calculated nominal value of EUR 1 per share. Throughout the entire financial year 2011, the Company has not held any own shares.

In 2011, the State Bank of Baden-Württemberg (LBBW) sold its share of 22.96 percent in a sell-out procedure. As a result, Eurex Zürich AG is now the majority shareholder in EEX AG with a shareholding of 56.14 percent (from 35.23 percent in 2010). It is the sole shareholder holding an interest of more than 10 percent 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 present time. These forward-looking statements cannot be considered as guarantees regarding the future developments and events referred to therein. Instead, the future developments and results depend on a large number of factors. They involve different risks and uncertainties and are based on assumptions which may 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 balance sheet date

On 10th February 2012, Steffen Köhler was appointed the Chief Market Officer (CMO) of EEX. He assumed his position on 1st March 2012.

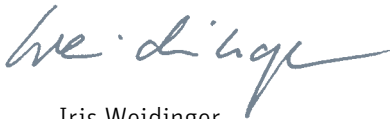
Leipzig, 7th March 2012



Peter Reitz
Chief Executive Officer (CEO)



Dr. Christoph Mura
Chief Operating Officer (COO)



Iris Weidinger
Chief Financial Officer (CFO)



Steffen Köhler
Chief Market Officer (CMO)



**CONSOLIDATED
FINANCIAL
STATEMENT**

ANNUAL REPORT 2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT

in kEUR	Notes	2011	2010
Sales revenue	6	45,586	43,157
Other operating income	7	5,366	8,753
Staff expenditure	8	-10,595	-10,869
Depreciations	9	-3,492	-3,891
Other operating expenses	10	-26,468	-26,561
Operating result		10,397	10,589
Interest and similar revenue	11	3,272	898
Interest and similar expenses	11	-2,088	-590
Financial result		1,184	308
Revenue as per the equity method	12	5,624	5,016
Result from ordinary activities		17,205	15,913
Taxes on income and profit	13	-5,906	968
Consolidated profit for the financial year		11,299	16,881
Of which consolidated result to be allocated to			
Shareholders of EEX AG		10,440	16,049
Minority shareholders	27	859	832
RECONCILIATION TO TOTAL CONSOLIDATED RESULT			
Consolidated profit for the financial year		11,299	16,881
Change in income items directly recorded in equity		0	0
Total consolidated result		11,299	16,881
Of which total consolidated result to be allocated to			
Shareholders of EEX AG		10,440	16,049
Minority shareholders		859	832

CONSOLIDATED BALANCE SHEET

Assets

in kEUR	Notes	2011	2010
Non-current assets		48,936	50,081
Company value	14	12,220	12,217
Intangible assets	14	5,391	5,984
Property, Plant and Equipment	15	1,751	1,247
Shares in associated companies and joint ventures	16	25,342	24,634
Remaining financial investments	16	215	537
Derivative financial instruments	17	1,737	328
Deferred tax assets	13	2,280	5,134
Current assets		455,718	470,486
Derivative financial instruments	17	337	10,113
Accounts receivable for sales and services	18	43,334	5,491
Other assets	19	27,868	48,726
Tax refund claims	19	1,257	557
Accounts receivable from associated companies	20	661	0
Cash at bank with restrictions on disposal	21	328,065	370,082
Cash and cash equivalents	22	54,196	35,517
Total assets		504,654	520,567

Liabilities

in kEUR	Notes	2011	2010
Equity		109,655	103,780
Subscribed capital	23	40,050	40,050
Capital reserve	24	10,000	10,000
Retained income	25	8,002	4,351
Results generated	26	45,897	46,315
Share of minority shareholder	27	5,706	3,064
Non-current liabilities		2,752	2,524
Non-current provisions	28	213	727
Leasing liabilities	29	7	35
Derivative financial instruments	17	1,737	328
Deferred tax liabilities	13	795	1,434
Current liabilities		392,247	414,263
Current provisions	30	3,191	4,427
Financial liabilities		0	524
Derivative financial instruments	17	337	10,113
Trade accounts payable	31	43,232	5,314
Liabilities to associate companies	31	1,837	0
Cash deposits by the trading participants	32	328,065	370,082
Other liabilities	33	15,585	23,803
Total liabilities		504,654	520,567

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	Notes	2011	2010
Annual net profit		11,299	16,881
Depreciation on intangible assets and property, plant and equipment	9	3,492	3,891
Expenses from deferred taxes	13	2,215	-5,258
Result from at-equity investments	12	-5,624	-5,016
Reduction in the accounts receivable for sales and services and other assets	18,19	-38,165	4,472
Increase in liabilities and provisions	28,29,30,31	31,751	-16,990
Decrease in account receivable from input tax surplus	20	19,819	-2,056
Cash flow from operating activities	36	24,787	-4,076
Payments for investments in property, plant and equipment	15	-1,142	-580
Payments for investments in software	14	-2,321	-860
Inpayments for investments in financial assets and lendings		20	0
Dividends received	16	5,097	3,625
Cash flow from investing activities	37	1,654	2,185
Payments from financial leasing agreements	29	-29	-71
Dividend payments to the shareholders of EEX AG	26	-7,209	-6,008
Cash flow from financing activities	38	-7,238	-6,079
Cash-relevant changes in cash and cash equivalents		19,203	-7,970
Cash and cash equivalents at the beginning of the accounting period		34,993	42,963
Cash and cash equivalents at the end of the accounting period	22,39	54,196	34,993
In the financial year			
- Interest received and similar income	11	3,091	898
- Dividends received		5,097	3,625
- Interest paid and similar expenses	11	2,088	590
- Income tax payments	13	3,692	4,289

CONSOLIDATED SHAREHOLDER EQUITY

In kEUR	Subscribed capital	Capital reserve	Retained income	Results generated	Equity of the EEX shareholders	Share of minority shareholders	Consolidated equity
Balance as of 31 st December 2009	40,050	10,000	4,351	36,274	90,675	2,764	93,439
Total result				16,049		832	
Dividend payment				-6,008		-532	
Balance as of 31 st December 2010	40,050	10,000	4,351	46,315	100,716	3,064	103,780
Total result				10,440		859	
Dividend payment				-7,208		-534	
Addition to reserves			3,651	-3,651			
Transaction with minority shareholders						2,317	
Balance as of 31 st December 2011	40,050	10,000	8,002	45,897	103,949	5,706	109,655

CONSOLIDATED NOTES

Principles and methods

1. General principles

According to Article 2 of the Articles of Association, European Energy Exchange AG (EEX) and its subsidiaries operate and support an electronic exchange for energy and other products in accordance with the 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.

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

This consolidated financial statement will be submitted to the Supervisory Board for approval at the meeting of the Supervisory Board on 4th April 2012.

2. Standards, revisions of standards and interpretations – the application of which is mandatory for the first time for reporting periods commencing on 1st January 2011

Amendments under the “Annual Improvements Project” (May 2011):

The amendments concern six standards and one interpretation. Most amendments must be applied with regard to financial years beginning on or after 1st January 2011.

IAS 24: Amendment of the definition of a related party:

The amendment of the definition does not have any material effects on the disclosures regarding relationships with affiliated companies and persons in the annual financial statement of EEX Group (to be applied for reporting periods beginning on or after 1st January 2011).

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

- IAS 32: Classification of subscription rights
- IFRS 1: Limited exemption from comparative disclosures
- IFRIC 14: Prepayments in the context of minimum funding requirements
- IFRIC 19: Extinguishing financial liabilities with equity instruments

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

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income: Change of the presentation of items of the other comprehensive income disclosed under equity (to be applied for reporting periods beginning on or after 1st July 2012)

IAS 12 Income Taxes – Recovery of underlying assets:

Amendment of the determination of deferred taxes regarding real estate properties assessed at the fair value (to be applied for reporting periods beginning on or after 1st July 2012)

IAS 19 Employee Benefits (amendment):

This amendment essentially concerns the elimination of the corridor method as an option for recognising actuarial profits and losses under other comprehensive income (to be applied for reporting periods beginning on or after 1st July 2013)

IAS 27 Consolidated and Separate Financial Statements (revised in 2011):

As a result of the adoption of IFRS 10 and IFRS 12, the scope of the application of IAS 27 exclusively refers to the results in separate financial statements (to be applied for reporting periods beginning on or after 1st July 2013).

IAS 28 Investments in Associates and Joint Ventures (revised in 2011):

After the adoption of IFRS 11 and IFRS 12, IAS 28 was renamed “Investments in Associate Companies and Joint Ventures” and the scope of application (which had been restricted to associated companies until that time) was extended to include the application of the equity method to joint ventures (to be applied for reporting periods beginning on or after 1st July 2013).

IFRS 7 Financial Instruments:

Disclosures – Improvement of the disclosures regarding the transfer of financial assets: This amendment provides comprehensive new disclosures regarding transferred financial assets in order to enable the intended recipients of the consolidated financial statement to develop a better understanding of the type and risk of the transaction concerned (to be applied for reporting periods beginning on or after 1st July 2011).

IFRS 7 Financial Instruments:

Disclosures – Disclosures on netting-out of financial assets and financial liabilities: Introduction of disclosures which are subject to global offsetting agreements or similar agreements and which inform the recipient of the report of the offsetting effects (to be applied for reporting periods beginning on or after 1st July 2013).

IFRS 9 Financial Instruments:

Classification and assessment: The standard covers the classification and assessment of financial assets and financial liabilities. It reflects the first phase of the IASB project to replace IAS 39 (to be applied for reporting periods beginning on or after 1st January 2015).

IFRS 10 Consolidated Financial Statements:

IFRS 10 replaces the provisions of the current IAS 27, comprises questions that were provided for in SIC-12 Consolidation – Special Purpose Vehicles and establishes a uniform control concept which is applicable to all companies, including the special purpose vehicles (to be applied for reporting periods beginning on or after 1st January 2013).

IFRS 11 Joint Arrangements:

IFRS 11 replaces IAS 31 Shares in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The current option regarding the application of quota consolidation in joint ventures is abolished and these companies will exclusively be included in the consolidated financial statement at equity in the future instead (to be applied for reporting periods beginning on or after 1st January 2013).

IFRS 12 Disclosure of Interests in Other Entities:

This standard consolidates all disclosures in the fields of group accounting which are to be reported for subsidiaries, jointly controlled, associated and structured companies. As a result, IFRS 12 replaces the disclosure requirements resulting from the application of IAS 27, IAS 28 and IAS 31 standards (to be applied for reporting periods beginning on or after 1st January 2013).

IFRS 13 Fair Value Measurement:

IFRS 13 defines how the fair value is to be determined properly under IFRS if the said fair

value is required or permitted. This standard does not establish rules as to when the fair value shall be applied for assets and debts (to be applied for reporting periods beginning on or after 1st January 2013).

At present, the Group assumes that the amendments specified above will not have a material effect on the assets, earnings and financial situation. However, the first-time application of the amendments or standards will lead to extended disclosures in the notes.

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 represented accounting periods, unless otherwise specified.

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENT

The consolidated financial statement as of 31st December 2011 has been prepared according to the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as adopted for application in the European Union. The consolidated financial statement was prepared by applying the regulations contained in Regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002 regarding the application of international accounting standards in conjunction with Article 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 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.

Accounting regarding acquired subsidiaries 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 time of the transaction 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 a difference is directly recorded in the profit and loss account.

Intra-group accounts receivable and payable as well as intra-group transactions are eliminated. 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 as transactions with parties external to the Group. Acquisitions and sales of shares in minorities are listed separately in the consolidated financial statement.

ASSOCIATED COMPANIES

Associated companies are 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.

In so far as necessary, the accounting and valuation methods for 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	Tulpe 28	EPEX SPOT SE	EMCC	
Registered offices	Germany Leipzig	Luxem- bourg Strassen	Germany Leipzig	Germany Leipzig	Germany Leipzig	France Paris	Germany Hamburg	
First consolidation	2006	2009	2008	2007	2011	2008	2008	
Share in capital direct (indirect) 31/12/2010	% 99.9998	(99.9998)	80	100	-	50	20	
Share in capital direct (indirect) 31/12/2011	% 98.4999	(98.4999)	80	100	100	50	20	
Nominal capital	k€ 1,015	13	125	25	25	4,973	100	
Equity 2010	k€ 28,400	53	11,296	25	-	17,775	-116	
Equity 2011	k€ 22,240	73	6,018	24	24	19,603	15	
Balance sheet total 2010	k€ 413,293	39,619	18,081	25	-	26,315	21,841	
Balance sheet total 2011	k€ 367,030	55,368	18,728	24	25	27,990	33,330	
Sales 2010	k€ 22,197	7,843	16,843	0	-	30,122	1,321	
Sales 2011	k€ 22,870	9,141	16,243	0	0	34,353	2,651	
Profit for the financial year 2010	k€ 7,258	35	1,498	0	-	9,831	-481	
Profit for the financial year 2011	k€ 7,034	20	1,045	-1	-1	11,660	130	
Inclusion	Full consolidation					At equity		

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are capitalised at the costs of acquisition and production respectively, decreased by extra payments, 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 reliably established.

CONSOLIDATED NOTES

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 essentially over the expected useful life of the asset:

Useful life in years	
Furniture and fixtures	
User hardware	3
Audio/video equipment	4
Network technology	5
Office equipment	
Steel cabinets	20
Other office furniture	13

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

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

INTANGIBLE ASSETS

Intangible assets are depreciated linearly provided they have limited useful life.

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 is 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 through profit or loss in 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 the development as well as further costs directly allocable to the software development.

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

Useful life in years	
Standard software	3
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 may no longer be achieved. 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) and 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 was recorded in the past are reviewed as to whether a reversal of impairment losses shall 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 the case when 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).

For new contracts total leasing payments of kEUR 20 are specified as the minimum materiality for the examination of the classification of a leasing relationship.

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) liquid funds;
- b) an equity instrument of another company held as an asset;
- c) a contractual right:
 - to obtain liquid 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 liquid 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 day accounting). Said day is the day of the purchase or sale of a financial asset on which the terms of contract provide for the delivery of the financial asset within the time frame common for the market concerned. The first assessment is effected at the fair value plus the transaction costs. Financial assets categorised as “recognised in income at the fair value” are exempt from this. In this case, the initial assessment is effected at the fair value without consideration of transaction costs.

Financial assets are allocated according to the following categories:

- Assets at fair value through profit or loss
- Financial assets held to maturity
- Financial assets available for sale
- Loans and receivables

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

These are financial assets classified as “held for trading” from the beginning and financial assets classified as “assets assessed at fair value through profit or loss” from the beginning. A financial asset is assigned to this category if it was acquired with the intention of principally selling it in the short term or in case the financial asset was designated accordingly by the management. Derivatives are also part of this category unless they qualify as financial instruments in a hedge relationship (hedges). Assets of this category are reported as current assets if they are either held for trading or will probably be realised within a period of 12 months after the balance sheet date.

LOANS AND RECEIVABLES

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

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

FINANCIAL ASSETS AVAILABLE FOR SALE

According to IAS 39, financial assets are also allocated to the category of “financial assets available for sale”. Financial assets available for sale are shown in the balance sheet at their time value as of the balance sheet date or, in as far as such cannot be determined or in as far as such cannot be determined reliably, at the amortised acquisition costs. Since the time values of the shareholdings held by EEX Group cannot be determined by means of suitable valuation methods, they are reported in the balance sheet at 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 of 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 future 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 shall 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 shall be furnished by the seller. Buyers of an option, on the other hand, cannot sustain any further losses beyond the option premium already paid since they are 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 on the balance sheet day shall 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 liability positions of the same amount are created since ECC, in its capacity as the central counterparty, has both an account receivable from the seller of the option and an account payable to 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 need not 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, 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 ECC Clearing Conditions, every trading participant needs to furnish a certain amount in collateral. This form of collateral can be furnished in the form of cash funds in the Federal Bank account of ECC, 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 conditional right to postpone repayment of the liability to a date at least twelve 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 (the so-called liabilities method). If, however, deferred taxes, which do not have an impact on the balance sheet or taxable profit or loss at the time of the transaction, arise from the first assessment of an asset or a liability in the framework of a transaction which does not constitute a merger, tax accrual and deferral are dispensed with – both at the time of the initial assessment and afterwards. Deferred taxes are assessed by using the tax rates (and taxation provisions) 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 will be 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 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 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 subsequently settled 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 subsequently settled 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 obtaining an IFRS expert opinion has been discarded. 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.

PROVISIONS

Provisions 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. Provisions for future operating losses are not recorded.

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

Provisions 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 provision resulting merely from 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 are charged one year in advance. Technical fees are settled during the respective current quarter. Training fees are recorded after the training course and fees for information products are recorded after the receipt of invoices by the service provider.

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

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

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

TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currencies are converted into the functional currency (EUR) at the mean spot 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 liquid funds and other short-term original

financial instruments (in particular accounts receivable for sales and services and 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 buyer and 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 in very rare cases correspond exactly to the actual circumstances arising later.

The corporate planning of EEX AG and its subsidiaries constitutes the basis for the annual impairment test regarding the respective goodwill. In the planning assumptions regarding the future development of the expense and income items of the cash-generating units are processed. Please refer to note 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 2012 to 2016. 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.

Comments to the Consolidated Profit and Loss Account

6. Sales revenue

The sales revenue consists of transaction and clearing fees, annual fees, training fees and other sales revenue. Trading and clearing fees are invoiced depending on the volume traded (e.g. per kWh).

EEX and EPD offer exchange trading and generate trading fees. ECC and ECC Lux provide clearing of traded products for the exchanges of EEX Group and for co-operation partners, e.g. APX-ENDEX, Powernext and other exchanges.

The annual fees are charged by the companies operating the exchange in return for the right to use the respective market concerned. The training services for exchange traders and exchange trader examinations are provided by EEX. The other sales revenue comprises commission fees and mistrade fees.

in kEUR	2011	2010
EEX		
Gas Spot Market	230	151
Gas Derivatives Market	178	157
EUA Spot Market	88	202
EUA/CER Derivatives Market	247	409
Coal Derivatives Market	13	39
Trainings/examinations	1,018	1,024
ECC clearing fees	22,547	22,027
EPD Power Derivatives Market	15,649	15,464
Annual fees	4,631	3,183
Information products	828	485
Other	157	16
Total sales revenue	45,586	43,157

7. Other operating income

in kEUR	2011	2010
Technical connections	3,088	5,862
Other	2,278	2,891
Total	5,366	8,753

On the one hand, EEX generates other operating income from the trading participants' technical connection to the trading systems. While revenues are generated on the one hand, there are also expenses from system costs, which are reported under the item "Other operating expenses".

On the other hand, the other operating income essentially includes revenue from the provision of services for companies not consolidated within the Group.

8. Personnel expenditure

On 31st December 2011, 127 members of staff were employed in EEX Group (2010: 104). On an annual average for 2011, the number of staff totals 119 (2010: 100) including 6 (2010: 4) executives. There are no apprentices.

in kEUR	2011	2010
Salaries and wages	8,650	9,701
Social insurance contributions	1,337	1,107
Provision for old age	608	61
Total	10,595	10,869

9. Depreciations

Depreciations are structured as follows:

in kEUR	2011	2010
Intangible assets	2,853	3,223
Property, plant and equipment	589	604
Leasing assets	50	64
Total	3,492	3,891

10. Other operating expenses

in kEUR	2011	2010
System costs	8,138	9,355
Consultancy	4,536	4,266
Market maker & broker	4,260	4,263
Office expenses	2,592	2,233
Marketing, events and travel expenses	2,068	1,662
Non-deductible input tax	1,473	915
Insurances, contributions	737	562
Audit costs	384	328
Supervisory Board emoluments	643	386
Other expenses	1,637	2,591
Total	26,468	26,561

The system costs comprise basic amounts, costs which depend on volumes and costs for the trading participants' technical connection.

The other expenses e.g. include the expenses for human resources development and temporary work.

11. Financial result

The financial result has the following structure:

in kEUR	2011	2010
Interest income cash collateral	2,475	500
Interest expenditure cash collateral	-2,008	-302
Interest income cash collateral	467	198
Interest and interest similar income	616	399
Interest expenditure	-80	-13
Dividends from participants	181	-275
Other interest income	717	111
Total interest income	3,272	898
Total interest expenses	-2,088	-590
Total	1,184	308

12. 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	2011	2010
Proportionate share in the result of EMCC	0	-73
EMCC	0	-73
Proportionate share in the result of EPEX from previous year	0	379
Proportionate share in the result of EPEX	5,624	4,710
EPEX	5,624	5,089
Total	5,624	5,016

13. Taxes on income and profit

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

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

in kEUR	2011	2010
Current income taxes	3,517	4,276
Income taxes unrelated to the accounting period	175	14
Deferred taxes on income	2,214	-5,258
Total	5,906	-968

For the purpose of calculating deferred taxes in Germany, a tax rate of 31.925 percent is used for the year 2011 (2010: 31.925 percent). This tax rate includes the business tax with an assessment rate of 460 percent (2010: 460 percent), the basic rate of tax of 3.5 percent (2010: 3.5 percent), the corporation tax rate of 15 percent (2010: 15 percent) and the solidarity surcharge of 5.5 percent (2010: 5.5 percent) on corporation tax. A tax rate of 34.43 percent is in force for France.

The expected expenses for taxes on income and profit, which would have resulted from the application of the tax rate of 31.925 percent on the consolidated pre-tax profit as per

CONSOLIDATED NOTES

IFRS, can be transferred to the taxes on income and profit according to the profit and loss account as follows:

in kEUR	2011	2010
Earnings before taxes	17,205	15,913
Tax rate	31.925%	31.925%
Expected tax expenditure	5,493	5,080
Deviating valuation		-1,535
Change in value of losses brought forward	2,147	-3,621
Tax-free income	-1,858	-1,601
Dividends	133	115
Non-deductible expenses	110	126
Tax expenses/income not attributable to the accounting period	175	14
Deviation from the assessment basis for business tax	79	81
Other	-372	373
Effective tax expenditure	5,906	-968

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 carry-forwards:

in kEUR	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
Intangible assets	29	19	-795	0
Property, plant and equipment	5	21	-11	0
Financial instruments	664	3,333	-664	-3,333
Other accounts receivable	0	4	-57	-23
Loss carry-forward	2,287	5,009	0	0
Long-term reserves	25	36	0	0
Leasing liabilities	2	11	0	0
Short-term reserves	0	479	0	0
Other liabilities	0	0	0	-8
Outside basis differences	0	0	0	-1,849
Gross value	3,012	8,913	-1,527	-5,213
Balancing	-732	-3,779	732	3,779
Total	2,280	5,134	-795	-1,434

Deferred tax assets are assessed with regard to temporary differences between the tax balance sheet and the IFRS balance sheet as well as tax loss carry-forwards, provided their realisation appears sufficiently secure over the next five years. In deviation from the previous year, the medium term plan shows a period for the utilisation of the loss carry-forward which exceeds a term of five years. For this reason, the value used as of the balance sheet date was reduced accordingly.

Taxable temporary outside basis differences to the amount of kEUR 2,883 (2010: 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:

Item	2011	2010
Deferred tax assets		
which will be realised after more than 12 months	1,688	4,662
which will be realised within a period of 12 months	592	472
Total	2,280	5,134
Deferred tax liabilities		
which will be realised after more than 12 months	-722	-1,355
which will be realised within a period of 12 months	-73	-79
Total	-795	-1,434

Comments to the Consolidated Balance Sheet

14. Goodwill and intangible assets

The goodwill and intangible assets developed as follows:

in kEUR	Other intangible assets	Goodwill	Total
Costs of acquisition as of 1st January 2009	12,677	30,018	42,695
Additions	860	0	860
Disposals	-22	0	-22
Costs of acquisition as of 31st December 2010	13,514	30,018	43,532
Additions	2,321	3	2,324
Disposals	-124	0	-124
Costs of acquisition as of 31st December 2011	15,710	30,021	45,731
Depreciation/impairment as of 31st December 2009	4,308	17,801	22,109
Scheduled depreciation	901	0	901
Impairment	2,322	0	2,322
Depreciation/impairment as of 31st December 2010	7,531	17,801	25,332
Scheduled depreciation	1,201	0	1,201
Impairment	1,652	0	1,652
Disposal	-64	0	-64
Depreciation/impairment as of 31st December 2011	10,319	17,801	28,120
Book value as of 31 st December 2010	5,984	12,217	18,201
Book value as of 31st December 2011	5,391	12,220	17,611

The goodwill is defined as the exclusive intangible assets within EEX Group with an indefinite useful life. It has the following structure:

in kEUR	ECC	EPD	ECC Lux	Tulpe 28	Total
Balance as of 31st December 2010	5,916	6,294	7	0	12,217
Changes to the scope of consolidation	0	0	0	3	3
Balance as of 31st December 2011	5,916	6,294	7	3	12,220

The goodwill is allocated to the cash-generating units (CGUs) of the Group 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 30th September 2011

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 for the EPEX Spot Markets and for the French EPD Power Derivatives Market was used for planning for 2011. A growth rate of two percent was assumed for ECC and the German EPD Power Derivatives Market.

The rate of the weighted average cost of capital (WACC), which reflects the capital market's required rate of return for the provision of borrowed capital and equity for EEX, is used for the purpose of discounting the cash flows. The rate of the weighted average costs of capital amounts to 7.39 percent for the market in Germany and to 7.99 percent for the French market area.

An impairment of kEUR 1,083 was established for the cash-generating unit "French Power Derivatives Market business".

In all other cases, a fair value (minus selling costs), which was considerably above the book values of the cash-generating units, was established.

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 present.

In the case of the cash-generating unit of the "French Power Derivatives Market business", the turnover from transaction fees is the central factor driving the results of the unit considered. If the planned turnover is 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 2011, property, plant and equipment developed as follows:

in kEUR	Leasehold improvements	Computer hardware, fixtures and furnishings	Total
Costs of acquisition as of 31st December 2009	812	2,070	2,882
Additions	47	534	581
Disposals	0	-22	-22
Costs of acquisition as of 31st December 2010	859	2,582	3,441
Additions	138	1,004	1,142
Disposals	0	-273	-273
Costs of acquisition as of 31st December 2011	997	3,313	4,310
Depreciation/impairment as of 31st December 2009	172	1,355	1,527
Scheduled depreciation	223	445	668
Depreciation/impairment as of 31st December 2010	395	1,800	2,195
Scheduled depreciations	48	589	637
Disposals	0	-273	-273
Depreciation/impairment as of 31st December 2011	443	2,116	2,559
Book value as of 31st December 2010	464	782	1,246
Book value as of 31st December 2011	554	1,197	1,751

The assets from financial leasing contracts according to IAS 17 developed as follows:

in kEUR	2011	2010
Costs of acquisition as of 1 st January	183	198
Additions	24	7
Disposals	0	-22
Costs of acquisition as of 31st December	207	183
Depreciation/impairment as of 1 st January	149	97
Scheduled depreciation	51	64
Disposals		-12
Depreciation/impairment as of 31st December	200	149
Book value as of 1 st January	34	101
Book value as of 31st December	7	34

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

The associated companies and joint ventures as well as shareholdings developed 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
Share in capital direct (indirect) % 31 st December 2010	50	20	19	12
Share in capital direct (indirect) % 31 st December 2010	50	20	9	12
Nominal capital	k€ 4,973	100	200	200
Inclusion	At equity		Costs of acquisition	

The book values developed as shown in the table below:

in kEUR	Shares in associated companies	Other shareholdings
Costs of acquisition as of 31 st December 2009	20,451	537
Costs of acquisition as of 31 st December 2010	20,451	537
Disposal	0	322
Costs of acquisition as of 31st December 2011	20,451	215
Revaluation as of 31 st December 2009	2,792	0
Dividend payment	-3,625	0
Result of at-equity valuation	5,016	0
Re-evaluation as of 31st December 2010	4,183	0
Dividend payment	-4,916	0
Result of at-equity valuation	5,624	0
Re-evaluation as of 31st December 2011	4,891	0
Book value as of 31 st December 2010	24,634	537
Book value as of 31st December 2011	25,342	215

17. Derivatives financial instruments

This item 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 2,074 (2010: kEUR 10,441). Options with a total value of kEUR 337 included in this will mature within one year.

18. Accounts receivable for sales and services

in kEUR	31/12/2011	31/12/2010
Accounts receivable	43,336	5,497
Less individual loan loss	-2	-6
Accounts receivable for sales and services	43,334	5,491

in kEUR	2011	2010
Initial amount of impairment as of 1st January	6	0
Addition	0	6
Utilisation	-4	0
Final amount of impairment as of 31st December	2	6

Accounts receivable for sales and services essentially comprise high sales on the Power and Gas Spot Market and from accounts receivable from trading and clearing fees.

As of 31st December 2011 and 31st December 2010, there are no accounts receivable for sales and services with a remaining term of more than one year.

19. Other assets and tax refund claims

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

in kEUR	31/12/2011	31/12/2010
Payments on account	14,742	20,686
Accounts receivable from tax authorities regarding sales tax	7,386	27,201
Fixed term deposits	4,000	0
Accruals for system adjustments	1,400	692
Tax refund claim	1,257	557
Accruals and deferrals	199	127
Other	141	20
Total	29,125	49,283

In previous financial statements, the accruals of the system adjustments were reported under the separate item "Other accounts receivable".

20. Accounts receivable from associate companies

There are accounts receivable due from EPEX and EMCC. A description of the commercial relationships is provided under note 46.

21. Cash at bank with drawing restrictions

The cash at bank with restrictions to the amount of kEUR 328,065 (2010: kEUR 370,081) comprise drawing 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.

22. Cash and cash equivalents

As of the balance sheet date, the Group has cash and cash equivalents of kEUR 54,196 (2010: kEUR 35,517).

23. Equity

The changes in equity are shown in the statement of changes in shareholder equity.

EEX has issued 40,050,000 shares with a par-value of one euro each.

24. Subscribed capital and capital reserve

The subscribed capital of EEX still amounts to kEUR 40,050 without any changes. The capital reserve amounts to kEUR 10,000.

25. Reserves

The reserves are structured as follows:

in kEUR	31/12/2011	31/12/2010
Clearing fund	3,000	3,000
Retained income	5,002	1,351
Total	8,002	4,351

26. Results generated

in kEUR	2011	2010
Balance as of 1 st January	46,315	36,274
Changes recognised directly in equity	-11,716	-6,840
Total result	11,298	16,881
Balance as of 31st December	45,897	46,315

The Group's generated equity 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 2011, kEUR 7,209 were distributed to the EEX shareholders. With regard to further explanations, reference should be made to the Group's statement of changes in shareholders' equity.

27. Share of minority shareholders

The minority share comprises the shares in the equity of subsidiaries of EEX AG to be allocated to the minority shareholders.

As of 31st December 2011, APX-Endex (one share) and Powernext (15,228 shares) each held an interest in ECC AG and, indirectly, in ECC Lux. Furthermore, Powernext holds an interest of 20 percent of the share capital of EPD.

28. Non-current provisions

The non-current provisions comprise reserves for early retirement part-time working schemes, pensions, legal risks and archiving.

These developed as follows during the financial year under review:

in kEUR	Pension provisions	Other non-current provisions	Total
As of 01/01/2011	287	585	872
Reclassification as of 01/01/2011	0	118	118
Utilisation	0	24	24
Reversal	0	585	585
Addition	79	15	94
Compounding	4	8	12
Deduction covered funds	274	0	274
As of 31/12/2011	96	117	213

There are reserves for pensions and/or early retirement part-time working schemes for two German employees. In the previous year, expert reports on the Commercial Law situation with actuarial interest rates of 5.15 percent were used with regard to these. There are IFRS expert opinions as of 31st December 2011 that use a discount rate of 4.5 percent and 2.58 percent respectively. The amount of the reserve for a further employee is based on the asset value of the reinsurance contract.

There are pension provisions for three employees in France. The calculation was effected in accordance with the principles of IAS 19. An interest rate of 4.6 percent was used for discounting.

29. Leasing liabilities

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

in kEUR	31/12/2011	31/12/2010
Minimum leasing payments within one year	7	29
of which redemption expenses	7	27
of which interest expenses	0	2
Present value of the minimum lease payments	7	28
Minimum lease payments longer than one year	0	8
of which redemption expenses	0	8
of which interest expenses	0	0
Present value of the minimum lease payments	0	7
Total minimum lease payments	7	37
Present value of the minimum lease payments	7	35

30. Current provisions

The current provisions developed as follows during the financial year under review:

in kEUR	
Balance as of 1 st January 2011	4,427
Reclassification as of 1 st January 2011	-118
Utilisation	3,535
Reversal	689
Allocation to provisions	3,106
Balance as of 31st December 2011	3,191

The provisions essentially concern provisions for management bonuses.

31. Trade accounts payable and accounts payable to associate companies

As of the balance sheet date there were trade accounts payable to the amount of kEUR 43,232 (2010: kEUR 5,314). As in the case of the accounts receivable, these accounts payable include high liabilities from Spot Market sales in power and gas on account of the balance sheet date. This item also lists the deferred trade accounts payable (2011: kEUR 2,320) which were reported under other liabilities in the previous annual financial statements (2010: kEUR 1,397).

There were no trade accounts payable with a remaining term of more than one year both as of 31st December 2011 and as of 31st December 2010.

The accounts payable to associate companies essentially concern accounts payable to EMCC from Spot Market transactions. Reference is made to the further explanations under note 46.

32. Cash deposits by trading participants

The amount of the cash deposits by trading participants correspond to the cash at bank with drawing restriction. As of the balance sheet date, these amounted to kEUR 328,065 (2010: kEUR 370,081).

33. Other liabilities and tax liabilities

The other liabilities comprise the following items:

in kEUR	31/12/2011	31/12/2010
Payments received on account	14,742	20,685
Outstanding invoices	0	1,397
Human resources liabilities	459	251
Other liabilities	297	393
Tax liabilities	87	1,077
Total	15,585	23,803

All other liabilities are short-term. The item "Outstanding invoices" is shown under trade accounts payable as of the balance sheet date.

34. Additional information on 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 on the part of ECC. As a result, futures need not be shown in the balance sheet according to IAS 39.17(a) and IAS 39.39.

Options which expire after the balance sheet date are to be reported in the balance sheet to the amount of their market value (IAS 39). In this context, the value of the options 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 are to be reported on the assets and liabilities side of the balance sheet at the same amount. With regard to this, reference is made to note 17.

The options are allocated to the category of “financial assets and liabilities at fair value through profit or loss.

CASH AND CASH EQUIVALENTS AS WELL AS ACCOUNTS RECEIVABLE

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.

Comments to the Consolidated Cash Flow Statement

35. Information to 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 with a term of less than three months reduced by the short-term liabilities to banks from overdraft facilities.

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

36. Cash flow from operating activities

The cash flow from operating activities is determined according to the indirect method. In this process, the annual net profit is initially adjusted for non-cash expenses, such as depreciations and changes in accounts receivable and payable.

After the adjustment of the annual profit for non-cash components, a cash flow from current operations of kEUR 24,787 (2010: kEUR –4,076) is established. The positive balance is based, in particular, on the consolidated profit (kEUR 11,299) and refunding of the input taxes during the financial year (kEUR 19,819).

37. Cash flow from investing activities

The cash flow from financing activities shows payments made for investments in assets less dividends received. In the financial year 2011, it amounted to kEUR 1,654 (2010: kEUR 2,185).

38. Cash flow from financing activities

The cash flow from financing activities comprises the payment of dividends to the shareholders of EEX during the financial year as well as financing leasing payments and amounts to kEUR -7,238 (2010: kEUR -6,079).

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

in kEUR	31/12/2011	31/12/2010
Cash and cash equivalents	54,196	35,517
Financial liabilities	0	-524
Cash and cash equivalents	54,196	34,993

Other notes

40. Classification of financial instruments as per IFRS 7

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 investments	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
Cash in bank with restrictions on disposal	370,082	370,082					370,082	370,082
Cash and cash equivalents	35,517	35,517					35,517	35,517
Total	460,218	460,218	10,441	10,441	0	0	470,659	470,659

Assets as of 31/12/2011	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 investments	215	215					215	215
Other financial assets	0	0					0	0
Derivative financial instruments			2,074	2,074			2,074	2,074
Accounts receivable for sales and services	43,334	43,334					43,334	43,334
Other assets	27,868	27,868					27,868	27,868
Tax refund claims	1,257	1,257					1,257	1,257
Accounts receivable from affiliated companies	661	661					661	661
Cash in bank with restrictions on disposal	328,065	328,065					328,065	328,065
Cash and cash equivalents	54,196	54,196					54,196	54,196
Total	455,596	455,596	2,074	2,074	0	0	457,670	457,670

CONSOLIDATED NOTES

Liabilities as of 31/12/2010	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

Liabilities as of 31/12/2011	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			2,074	2,074			2,074	2,074
Trade accounts payable and accounts payable to associated companies	42,856	42,856					42,856	42,856
Cash deposits by the trading participants	328,065	328,065					328,065	328,065
Other liabilities	17,851	17,851			49	49	17,900	17,900
Total	388,772	388,772	2,074	2,074	49	49	390,895	390,895

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

During the past reporting period, the valuation category “Loans and receivables” generated interest income of kEUR 632 (2010: kEUR 703). Furthermore, accounts receivable in the amount of kEUR 6 were impaired in the past financial year (2011: kEUR 0).

The following table shows the age structure of the valuation categories:

in kEUR	Notes	Daily		Not more than 1 year		More than 1 year, not more than 5 years	
		2011	2010	2011	2010	2011	2010
Other long-term financial instruments and other lendings	17	0	0	0	0	0	0
Payments received on account (ECC AG)	21	14,742	20,686	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	39,472	0	17,576	33,396	0	0
Cash at bank with restrictions on disposal	22	328,065	370,082	0	0	0	0
Cash in bank and other bank balances	23	54,196	35,517	0	0	0	0
Non-derivative financial assets		436,475	426,285	17,576	33,396	0	0
Interest-bearing liabilities	32	0	524	0	0	0	0
Liabilities from financing leasing transactions	30	0	0	7	28	0	7
Payments made on account (ECC AG)	35	14,742	20,685	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	39,542	0	6,423	8,432	0	0
Cash deposits by the trading participants	34	328,065	370,082	0	0	0	0
Non-derivatives financial liabilities		382,349	391,291	6,430	8,460	0	7
Financial assets and derivatives	18	0	0	337	10,113	1,737	328
Financial liabilities and derivatives	18	0	0	337	10,113	1,737	328

41. Financial risk and capital management

The design of risk management within EEX Group is based on the principle of dual control and the principle of the separation of functions. The different operating departments are in charge of on-going risk controlling within the framework specified by the Management Board. Furthermore, the operating departments are supervised by the risk control department, which is not responsible for any day-to-day business operations.

The quarterly risk report constitutes the main tool for providing information on the risk situation to the Management Board. It is supplemented by ad-hoc reports regarding specific matters in the event that there are significant events which require reporting.

The internal auditing department checks the adequacy and functionality of the individual components of the risk management system at regular intervals in accordance with the risk-based audit plan adopted by the Management Board.

COUNTERPARTY RISK

The counterparty risk is the risk that business partners may not be able to fulfil their payment obligations under contracts, or that they may not be able to fulfil these obligations in due time (e.g. on account of an insolvency), and that this may 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 which are cleared by ECC.

The clearing business is the main source of counterparty risks. Since ECC positions itself between the buyer and the seller, it assumes the default risk of both parties. ECC is subject to the rules of the German Banking Act 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 covered at all times by developing lines of defence.

These lines of defence comprise the following basic components:

Conditions for admission:

Only institutions with registered offices in the EU or in Switzerland and a sufficiently sound financial position, credit-rating as well as operational facilities for the settlement of clearing transactions are admitted as ECC Clearing Members. This is checked during the admission process and monitored continuously thereafter.

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 outstanding clearing fees 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 percent 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. The amount of the clearing fund is established on the basis of stress tests carried out daily. In these stress tests, the effects of the default of one or several trading participants are simulated subject to the assumption of various extreme but plausible market price developments. ECC's own contribution to the clearing fund (at present: EUR 3 million) is deducted from the clearing fund established in this way. In addition, an individual contribution is established on the basis of the given Clearing Members' historical individual margin calls over the past twelve months. Depending on the assessment of the risk of a Clearing Member, ECC also establishes an absolute minimum amount for the contribution to the clearing fund.

Formation of reserves:

ECC forms reserves for the clearing fund from its profits in order to contribute, if necessary, to the fulfilment of the obligations of a Clearing Member that is in default.

Obligation to replenish the clearing fund:

Within a period of 10 business days after it has been used, the clearing fund has to be replenished 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 whose market price fluctuations 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 risks (e.g. secured investment or counterparties with a zero weighting under supervisory legislation) and the highest possible liquidity.

The potential risks with regard to the non-payment of transaction fees or other accounts receivable which have fallen due are low. In this regard, the question of whether the payment of transaction fees concentrates on individual trading participants (cluster or concentration risk) is also analysed on an on-going basis.

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

in kEUR	2011	2010
Accounts receivable from sales and services	3,862	5,489
Other assets	303	147
Total	4,165	5,636

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 secured through the margin system. Moreover, accounts receivable from fixed-term deposits and from the tax authorities are not included in the list because a default risk is assumed not to exist.

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.

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

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Group might not be able to fulfil its payment obligations at the point agreed on the corresponding contract.

Liquidity risks comprise 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 revenues do 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. At ECC, the liquidity risk is also monitored on the basis of liquidity parameters under supervisory legislation.

Liquidity risks from financial leasing agreements are of secondary importance. The total minimum leasing payments as of 31st December 2011 amounted to kEUR 7 (31st December 2010: kEUR 35).

The age structure analysis of the assets and liabilities under note 40 provides a surplus 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,
- Legal risks and
- Compliance 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 or defaults of external service providers 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.

The principal aim of the EEX Group risk strategy is to minimise operational risks by means of far-reaching automation in connection with recognised methods of system development and comprehensive test procedures. Core services are provided by the Company itself and, wherever this is appropriate, EEX Group uses external service providers to generate economies of scale, in particular, in the field of system operations. 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. Operational risks are identified and assessed throughout the group in the framework of an annual self-assessment.

Back-up processes are implemented for critical business processes and regularly tested.

Internal processes are described in the “set written rules” of EEX Group. These contain procedural descriptions and audit activities for all essential processes. They are documented in the form of check lists to reduce the likelihood of human errors.

Legal risks are reduced by largely using standard rules and regulations in conjunction with standardised contract forms.

A damage incident database is maintained for the on-going monitoring and for the reporting of cases of malfunctioning during 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 in a decentralised form and analysed in this database in a central form.

In addition, there is a professional liability insurance of Deutsche Börse Group in force with regard to cases of damage on account of errors in commercial activities (E&O insurance).

COMPLIANCE RISK

As an institution, ECC is subject to rules under the German Banking Act regarding the implementation of measures to combat money laundering, financing terrorism and fraud. Since only institutions that are subject to the same provisions are counterparties on ECC, ECC has a low risk of being abused for money laundering, financing terrorism or fraud. This risk is re-evaluated annually in the context of a risk analysis. Moreover, ECC is convinced that the Clearing Members have put adequate measures in place to combat money laundering.

Within EEX Group, know-your-customer measures have been implemented to identify suspicious counterparties as early as during the stage of the establishment of the business relationship to prevent abuse for the purposes of VAT fraud.

BUSINESS RISK

Essential business risks comprise the dependency on less profitable markets and the decline of revenue with unchanged fixed costs since EEX revenues predominantly depend on sales. The risk strategy aims at controlling this risk, as far as possible, by minimising 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 target-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 continues to justify its high credit rating and a good equity ratio 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. No amendments of the aims, guidelines and procedures had been made as of 31st December 2011 and 31st December 2010.

Moreover, external capital was not withdrawn 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.

42. Own shares

As of 31st December 2011, there were no own shares in the possession of EEX.

43. 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 31st December 2011, these comprised 13,651,219 certificates (2010: 10,014,279 certificates) with a market value of kEUR 92,282 (2010: kEUR 141,902). 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.

44. 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
Software maintenance	1,952	59	0
Contract with Deutsche Börse AG	1,468	4,434	0
Rental agreement Augustusplatz 9, Leipzig	289	825	0
Other equipment	99	0	0
Motor vehicles	65	81	0
Hardware	49	0	0
Rental agreement "Listhaus"	3	0	0
Total	3,925	5,399	0

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.

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

The fee for the auditor of the annual accounts for EEX Group and its fully consolidated subsidiaries is kEUR 150 plus out-of-pocket expenses.

46. Relations with related persons 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 as related parties and companies.

Accordingly, the members of the Management Board and of the Supervisory Board, shareholders holding a share 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 1st March 2011)

Peter Reitz, Frankfurt/Main, Chairman (from 1st August 2011)

Dr. Christoph Mura, Norderstedt

Iris Weidinger, Leipzig

In 2011, the total remuneration of the Management Board amounted to kEUR 1,377 (2010: kEUR 1,793), including fixed and variable components.

EMOLUMENTS FOR THE SUPERVISORY BOARD

The members of the Supervisory Board of EEX received emoluments of kEUR 400 for their work in the financial year 2011. These emoluments will be paid in 2012.

SUPERVISORY BOARD

Dr. Jürgen Kroneberg (Chairman)

Lawyer, Cologne

Prof. Harald R. Pfab (Vice-Chairman)

Chairman of the Management Board, Sachsen Bank, Leipzig

Jürg Spillmann (Vice-Chairman), from 1st August 2011

Deputy Chairman of the Executive Board of Eurex Zürich AG, Zurich/Switzerland

Roland Werner (Vice-Chairman)

State Secretary, Saxon State Ministry for Economic Affairs, Labour and Transport, Dresden

Edward Backes

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

Andreas Fohrmann, until 9th June 2011

Member of the Management Board, Sachsen Bank, Leipzig

Marcel Hayoz, until 9th June 2011

Head of Trading Division, AXPO AG, Baden/Switzerland

Dr. Christoph Helle, until 9th June 2011

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, until 9th June 2011

Industrial Engineer, Mühlthal

Steffen Köhler

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

Dr. Egbert Laege

Member of the Management Board, E.ON Energy Trading SE, Düsseldorf

Stefan Mäder, from 9th June 2011

Member of the Management Board, SIX Management AG, Zurich/Switzerland

Dr. Stefan Mai

Director, Head of Section Market Policy, Deutsche Börse AG, Eschborn

Dr. Dirk Mausbeck

Managing Director, EnBW Trading GmbH, Karlsruhe

Katja Mayer, from 9th June 2011

Managing Partner, KM Networks GmbH, Hofheim

Dr. Michael Redanz, from 9th June 2011

Managing Director, MVV Trading GmbH, Mannheim

Marcel Reiffers, from 9th June 2011

Chief Operating Officer, Enovos Luxembourg S.A., Strassen/Luxembourg

Peter Reitz, until 31st July 2011

Member of the Executive Board, Eurex Zürich AG, Zurich/Switzerland

Dr. Randolph Roth, from 9th June 2011

Head of Market Structure, Eurex Frankfurt AG, Eschborn

Hans E. Schweickardt

Chairman of the Board of Directors, Alpiq Holding AG, Neuchâtel/Switzerland

Hans-Joachim Strüder, until 9th June 2011

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

Dr. Hans-Jürgen Witschke

Chairman of the Managing Board, DB Energie GmbH, Frankfurt/Main

RELATIONS WITH RELATED COMPANIES

As of 31st December 2011, the essential shareholdings were distributed as follows:

Percentage of shares			
Shareholder	Registered office	2011	2010
Eurex Zürich AG	Zurich, Switzerland	56,14	35,23
State Bank Baden-Württemberg (LB BW)	Stuttgart	0	22,96

The expenses and revenues for the financial year and/or the accounts receivable and payable towards Deutsche Börse Group for the financial year are shown in the table below:

in kEUR	31/12/2011	31/12/2010
Deutsche Börse Group		
EEX Group as the recipient of services		
– Provision of the trading system, including adjustment thereof	7,855	8,417
– Financial services	175	169
– Sharing of costs and revenues from Eurex co-operation	166	230
EEX Group as the provider of services		
– Provision of trading data	-227	115
– Transaction fees from Eurex co-operation	0	1
Accounts receivable as of 31 st December	401	1
Liability as of 31 st December	406	1,470
Financial liability as of 31 st December	109	102

RELATIONS WITH UNCONSOLIDATED COMPANIES, ASSOCIATE COMPANIES
AND JOINT VENTURES

in kEUR	31/12/2011	31/12/2010
EPEX SPOT SE		
EEX Group as the recipient of services		
– Physical fulfilment of Derivatives Market transactions	15	0
– Provision of services	0	12
EEX Group as the provider of services		
– Provision of services for the commercial unit in Leipzig	1,786	2,135
– CWE project	3	361
– Training courses	111	144
– Other	46	17
Accounts receivable as of 31 st December	357	8
Liability as of 31 st December	215	92
EMCC		
EEX Group as the recipient of supplies and services		
– Power delivery	354,034	183,061
EEX Group as the provider of supplies and services		
– Power delivery	159,117	241,617
– Transaction fees	100	94
– Interest income	20	20
Accounts receivable as of 31 st December	282	8
Liability as of 31 st December	1,623	0
Account receivable from loan (residual term > 1 year)	250	250

47. Overview of investments as of the balance sheet date according to Article 313 paragraph 2 Figure 1 to 4 HGB [German Commercial Code]

Name	Registered office	Subscribed capital	Share	Equity	Annual profit
		k€	%	k€	k€
1. Shares in affiliated companies					
ECC AG	Leipzig	1015	98.4999	28,465	6,225
EPD GmbH ¹	Leipzig	125	80.0000	6,018	0
Lilie 28. VV GmbH	Leipzig	25	100.0000	24	-1
Tulpe 28 GmbH	Leipzig	25	100	24	-1
ECC Lux	Luxembourg	13	98.4999	73	20
2. Equity investments					
EPEX SPOT SE	Paris	4,973	50.0000	19,603	11,660
EMCC	Hamburg	100	20.0000	15	130

¹ A profit and loss transfer agreement has been concluded with EPD.
Values as per the respectively valid local accounting standards are specified.

48. Essential events after the balance sheet date

On 10th February 2012, Steffen Köhler was appointed the Chief Market Officer of EEX. He assumed his position on 1st March.

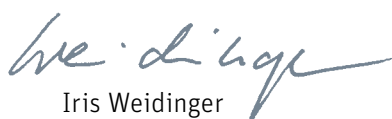
Leipzig, 7th March 2012



Peter Reitz
Chief Executive Officer (CEO)



Dr. Christoph Mura
Chief Operating Officer (COO)



Iris Weidinger
Chief Financial Officer (CFO)



Steffen Köhler
Chief Market Officer (CMO)

Auditor's Report

We have audited the consolidated financial statements prepared by the European Energy Exchange AG, Leipzig, comprising the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated shareholder equity, the consolidated notes, together with the consolidated management report for the business year from 1st January 2011 to 31st December 2011. The preparation of the consolidated financial statements and the consolidated management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] (and supplementary provisions of the shareholder agreement/articles of incorporation) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the consolidated management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the consolidated management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and consolidated management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The consolidated management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 7th March 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft



Jürgen Mock
German Qualified Auditor



Markus Müller
German Qualified Auditor

Published by:

European Energy Exchange AG
Augustusplatz 9
04109 Leipzig

Concept:

European Energy Exchange AG, Leipzig
HFN Kommunikation GmbH, Frankfurt/Main

Graphic design:

Grafikkontor Leipzig

Translation:

Peggy Plötz-Steger, Lützen

Photographs:

Page 6 to 45 and Page 78: Jürgen Jeibmann Photographik

Page 50: Uwe Nölke

Page 63: EEX AG

Page 66: VERBUND

Printed by:

Druckerei Steier GmbH, Leipzig

Book cover:

Maren Thomsen GmbH, Berlin

