Annual Report 2012

Important business parameters

		2011	**2012**	Change 2012 v. 2011 in %
Profit and loss account				
Sales revenue	kEUR	45,586	47,921	5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	kEUR	19,513	15,299	–22
Earnings before interest and taxes (EBIT)	kEUR	16,021	12,371	–23
Earnings before taxes (EBT)	kEUR	17,205	13,074	–24
Balance sheet (as of 31 December)				
Non-current assets	kEUR	48,936	49,153	0
Equity	kEUR	109,655	113,696	4
Balance sheet total	kEUR	504,654	808,793	60
Core business parameters				
Spot Market				
Power Spot Market volume [1]	TWh	309	339	10
Emissions Spot Market volume	1,000 t	25,640	111,244	334
Gas Spot Market volume	GWh	23,091	35,914	56
Derivatives Market				
Power Derivatives Market volume	TWh	1,075	931	–13
Emissions Derivatives Market volume	1,000 t	81,048	143,391	77
Gas Derivatives Market volume	GWh	35,507	39,548	11
Coal Derivatives Market volume	1,000 t	420	0	–100
Corporate parameters				
Trading participants		219	221	1
Employees (annual average)		119	137	15
Sales revenue per employee	kEUR	383	350	–9
Return on equity (EBIT/average equity)	%	16	12	–27
Equity ratio after adjustment [2]	%	91	93	2

[1] Clearing volume at ECC

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

Share register, as of 31 December 2012

Shareholder	Share in %
Eurex Zürich AG	56.14
LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH	7.38
Free State of Saxony	4.51
Alpiq 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 GmbH	1.75
Axpo Trading AG	1.01
Enovos International S.A.	1.00
MVV Energie AG	0.99
Edison S.p.A	0.76
EDF Electricité 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 Generación, S.A.U.	0.50
Morgan Stanley Capital Group Inc.	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

At the Centre
of European
Energy Trading

Contents

The Market and Europe as Factors for the Success of the Energy Turnaround

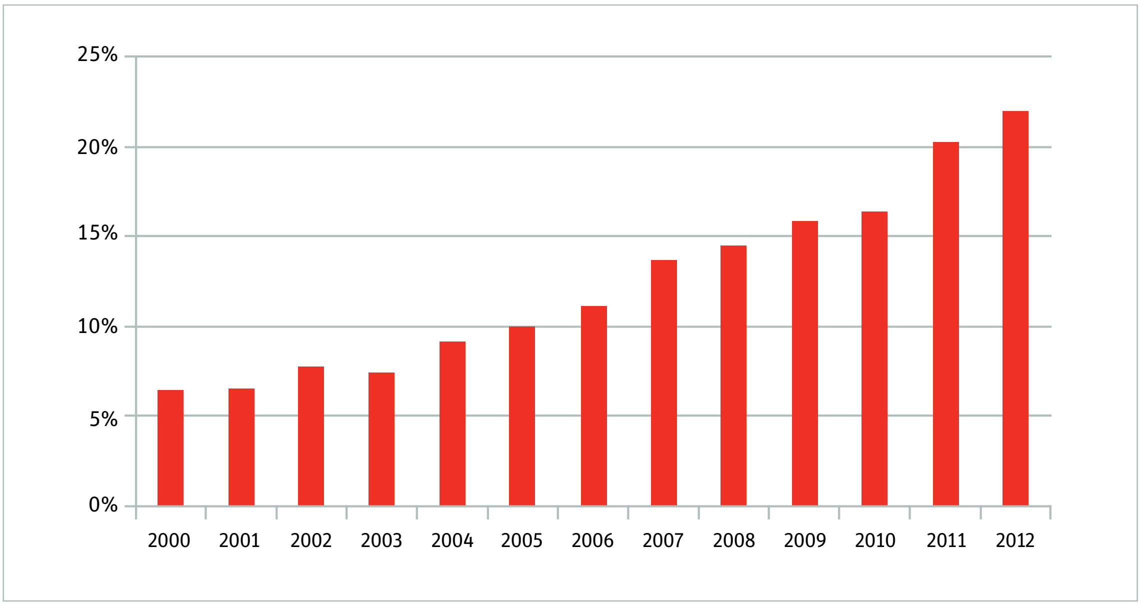
The energy policy in Germany is rapidly changing the energy markets and, as a result, the trading activities on the European Energy Exchange (EEX). With more than 220 trading participants from more than 20 countries, the Leipzig-based exchange is currently the leading energy exchange in Europe. It is a trading platform which has established a broad base for itself, caters to the different energy markets dealing in power, gas and coal as well as emission allowances, and guarantees the settlement of all transactions through European Commodity Clearing (ECC). As a result, political changes affecting the energy market are always directly reflected on the exchange.

The changes caused by the energy turnaround affect the markets in very different ways: As a result of the growing share provided by renewable energies, the market participants are planning and acting on a more short-term basis. And even though the national markets in Europe are further converging, primarily, as the result of market coupling projects, a trend towards reinforced national energy policies is also clear – in particular, with regard to questions as to the design of the future energy markets. The article below provides insights into the developments on the energy market and their impact on EEX's business "in the light of the energy turnaround".

The growing importance of renewable energies

› The change in the generation structure forms the essential aspect of the energy turnaround: Central power plants whose generation can be planned will increasingly be supplemented by decentralised but fluctuating generating facilities and, in the coming years, they will probably be driven out of the market at an increasing rate.

This process began (on a very small scale at the time) in 1991 with the German Act on the Feed-In of Power, which paved the way for wind power to be used as a credible source of electricity. In 2000, the Renewable Energies Act (EEG) accelerated this development in which photovoltaics, in particular, saw a totally unexpected level of development over the following years. Finally, this was followed by the energy turnaround announced by the German federal government in 2011 in the wake of the nuclear catastrophe at Fukushima: Eight of the 17 nuclear power plants which were still on the grid at the beginning of 2011 were switched off and the remaining nine nuclear power plants will be taken off the grid between 2015 and 2022. Since then, the general consensus (even across the different political groups) has been that the future lies in renewable energies.



Source: AG Energiebilanzen e.V.

Share of renewable energies in the German gross power generation, 2000 to 2012

The public sees the effects of the energy policy, first and foremost, in its clear consequences for the German power mix. Around 1990, renewable energies (which were practically only hydro-electric power at the time) accounted for a share of barely 4 percent. Initially, the share of renewable energies increased only slowly, then with increasing speed and in 2005 it crossed the 10-percent threshold for the first time. In 2010, the share of renewable energies in the volume of electricity generated in Germany was 16.5 percent and, by now, it has already reached approximately 23 percent.

And this development is to be continued: The federal government announced its aim of increasing the share of renewable energies in total power consumption to, at least, 35 percent by 2020, at the latest. However, the development may even be faster than this: Given the rate of change in the last two years – which each resulted in an annual increase in the share of green power by 3 percentage points, Germany may reach the 35-percent threshold as early as in 2016. Furthermore, 80 percent of power is to be generated from renewable resources by 2050. However, if the high speed of expansion is continued, this high percentage may be reached much earlier.

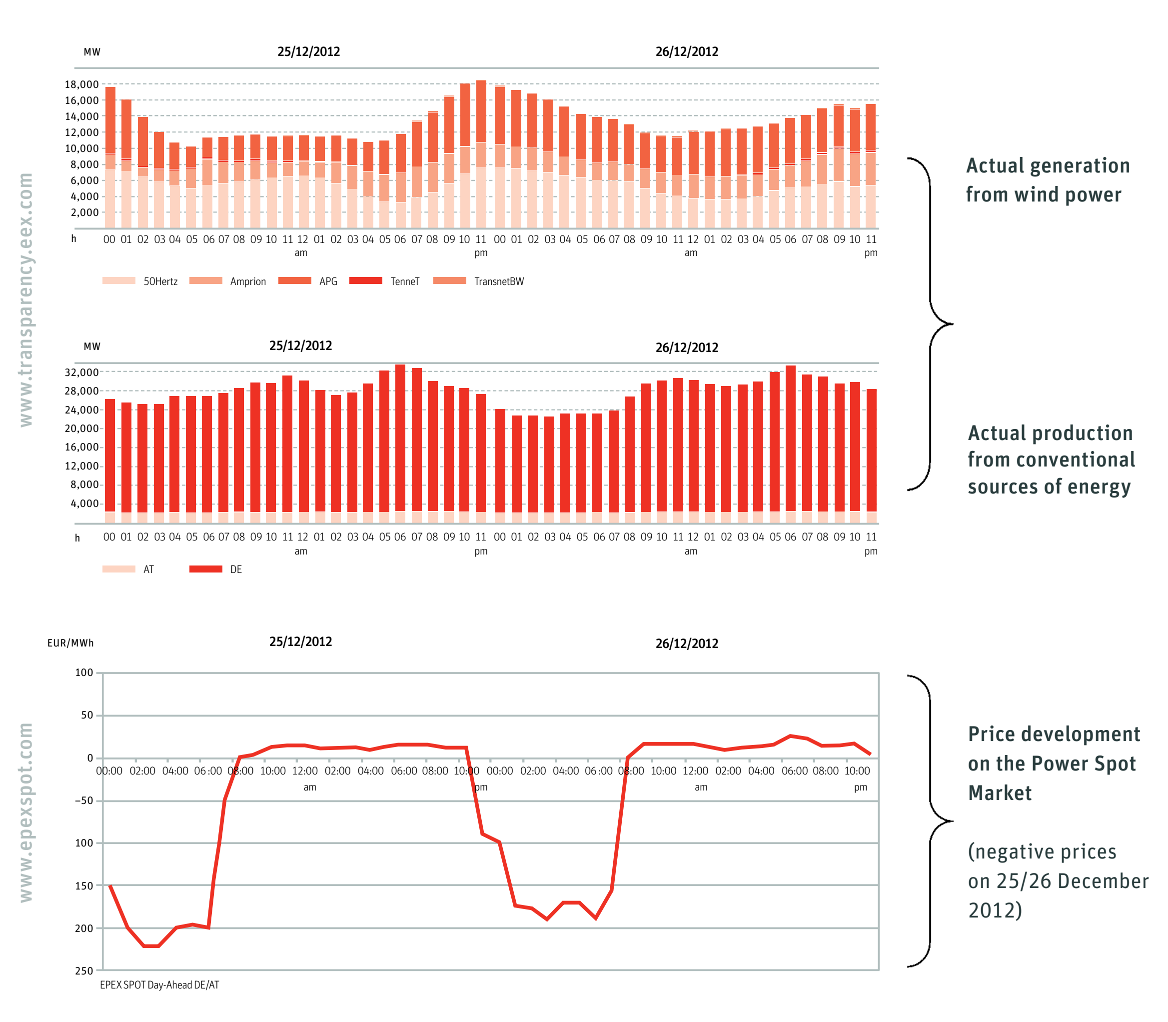
It is obvious that the shutdown of the nuclear power plants on the one hand, and the promotion of renewable energies under EEG on the other, will have significant effects on the power markets – since the shifts within the fleet of power plants are profound. Nonetheless, both the power market and the exchange with its transparency and its price signals are of central importance and even form a part of the solution for mastering the challenges of the energy turnaround.

As the figures of the EEX transparency platform show, the installed gross capacity of the nuclear power plants was reduced from 21.5 gigawatts in the spring of 2011 to 12.1 gigawatts today in the context of the moratorium on nuclear power. As a result, the supply from base-load power plants has notably declined. At the same time, the output of renewable energies, (which, however, mostly only provide power at certain times), has increased significantly. The installed output of all wind power plants totals approximately 30 gigawatts and, according to information by the Federal Network Agency, photovoltaics have already exceeded a level of 32 gigawatts after overtaking wind power in the summer of 2012.

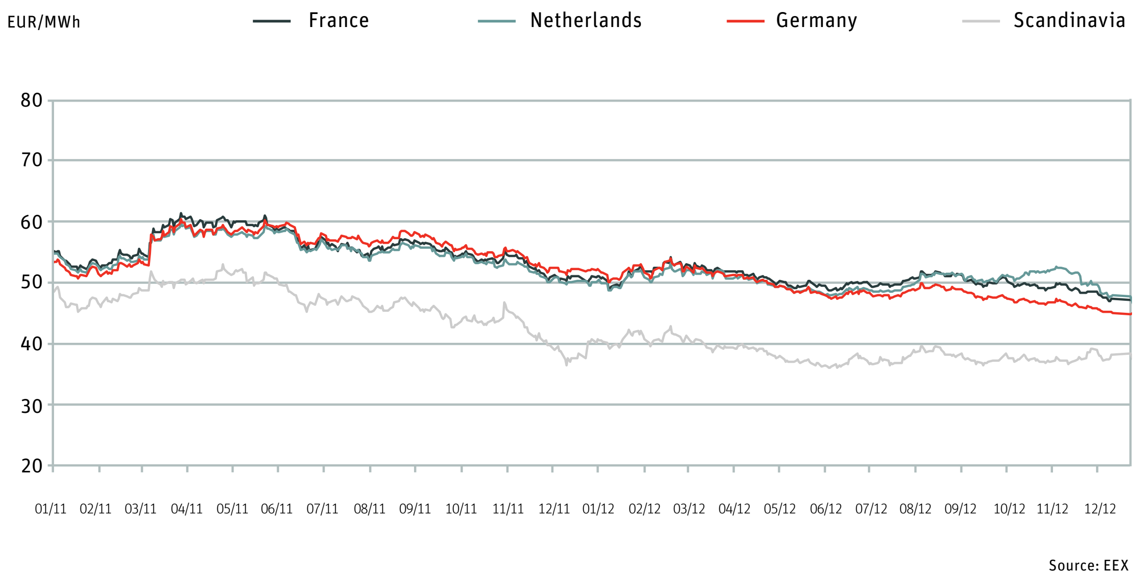
It is foreseeable that this development will continue. With new installations of 7.6 gigawatts the photovoltaic sector recorded new facilities which were even slightly higher than in the two previous years. And in view of the fact that the costs for solar facilities have fallen by half over the last three years according to information from the industry, this trend towards the construction of new facilities is likely to continue over the coming years.

Green power is changing the spot markets

Even today, the weather-dependent types of generation have considerable influence on pricing on the power market – and, in particular, on the spot markets – and this will continue to be the case in the future. Over the 2012 Christmas holidays, for example, the prices quoted on the day-ahead market of EPEX SPOT in the German/Austrian market area fell to minus EUR 200 per Megawatt hour for certain hours during the night. This was due to the fact that, temporarily, more than 18 gigawatts of wind power were generated and fed into the grid and that, moreover, the flexibility limits of



Wind power generation over the Christmas holidays 2012 compared with the price on the Power Spot Market



Power base-load year future (front year) on European power exchanges

the conventional power plants had been reached. At the same time, the demand for power was comparatively low because of the holidays.

Since the generation of power on the basis of renewable energies entails almost no variable costs, on the one hand, and since it does not have to finance itself through the market (as a result of fixed compensation and the EEG levy), it is considered in pricing on the markets at marginal costs of zero. As a result, renewable energies are lowering the price level and are forcing power plants with higher marginal costs out of the market with increasing frequency.

While the prices established on the spot market provide information on the market situation regarding supply and demand on a daily basis, the derivatives market prices provide indications as to future expectations with regard to the development of the market. For example, immediately after the shutdown of the German nuclear power plants in the wake of the nuclear catastrophe at Fukushima, the derivatives markets in Germany responded with a temporary increase in prices. This market reaction illustrated that the traders responded to the new framework conditions and wanted to adapt their respective portfolios through buying or selling transactions. However, these fluctuations were somewhat short-lived: Prices initially declined to the original level and, subsequently, fell even lower. This lower price level testifies to the fact that the market did not expect any fundamental shortage in power generation.

In spite of temporary price spikes, this turnaround in energy policy was carried out without any major distortions on the power market. This was primarily due to the European integration of the power markets. As far as its energy supply is concerned, Germany is no longer an island. On the contrary, it is closely connected with its neighbouring countries and forms a hub for the exchange of power in Europe. And while, from an annual perspective, Germany is a net exporter of power, more power is imported than exported at certain times of the year. And this also proved to be the case in the days and weeks after the announcement of the energy turnaround in the spring of 2011, when the neighbouring countries supplied more power to Germany. However, as regards the balance for the year, Germany remained a net exporter at roughly 6 billion kilowatt hours in 2011 and in

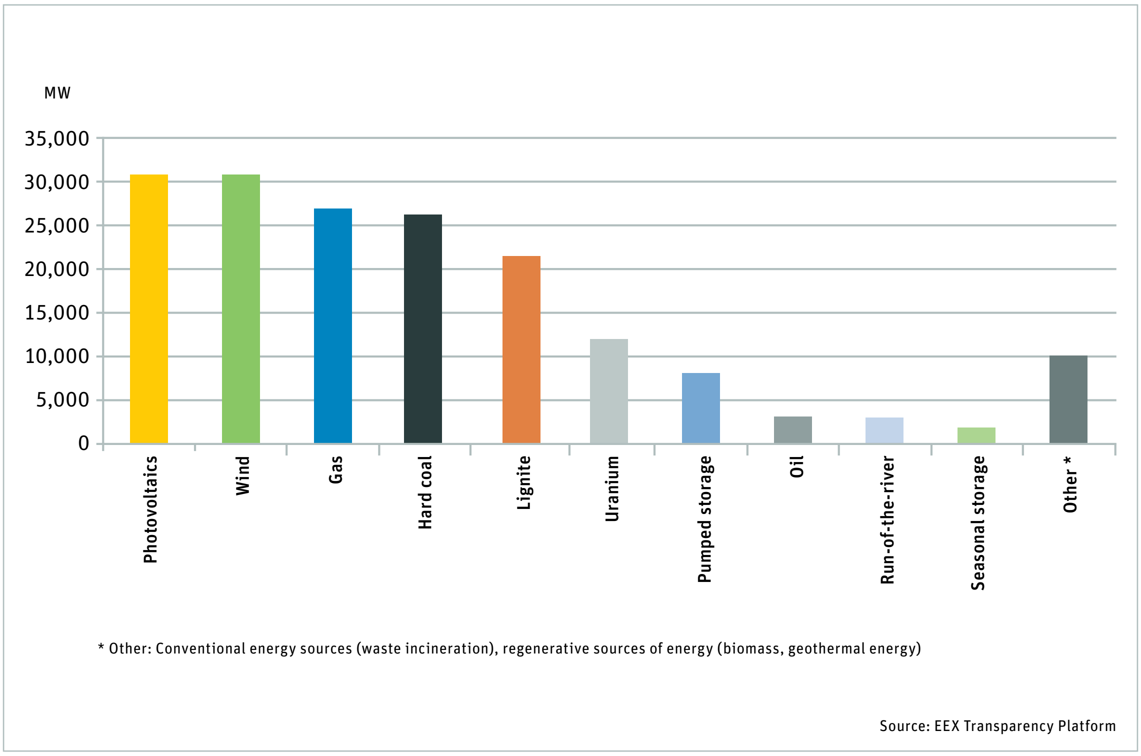
2012, it even generated a new record-breaking surplus of 23 billion kilowatt hours according to figures of the German Association of Energy and Water Industries (Bundesverband der Energie- und Wasserwirtschaft – BDEW).

Trading increasingly short term

While the profound changes in the German power sector are only reflected in the price signals on the derivatives market to a limited degree, the trading activities have been heavily impacted by the short-term political decisions. And this is something which is hardly noticed by the public.

After all, the market players are increasingly “flying by sight” – i.e. they are trading fewer and fewer long-term positions. As a result, an increasing number of short-term contracts is being traded on the derivatives market, while trading in year contracts is declining.

In figures: In 2012, the trade volume generated from annual contracts on the EEX Power Derivatives market was 22 percent lower than in the previous year. However, the trade volume of all other contracts increased. In 2012, trading in quarterly deliveries increased by 10 percent as against 2011, while trading in monthly contracts grew by as much as 36 percent. And weekly contracts gained 9 percent. This serves to show that the market players are really managing their portfolios on the basis of more short-term considerations. This also led to growing sales on the Spot Market: In the day-ahead auctions of EPEX SPOT alone, volume increased by 8 percent in 2012 and intra-day trading generated a level of turnover which was comparable with the previous year. Renewable energies have long since become the motors driving the spot markets. On the day-ahead market, the entire volumes to be remunerated by the transmission system operators (according to the EEG as per the forecast from the previous day) are included in the auction.



Installed power plant capacity broken down according to type of generation in MW (report for 2013)

Afterwards, the portfolio is optimised in intra-day trading once the forecasts of consumption and generation (weather forecasts) have become more precise with the approaching delivery date. In addition, a large part of the energy volumes is marketed directly by the operators of renewable energy facilities using the market premium model.

EEG requires a fundamental review

In view of EEG funding costs of more than EUR 20 billion in 2012 alone, the question arises of how the further expansion of renewable energies can be developed with regard to aspects of costs, in addition to the system and market integration of renewable energies. After all, the additional costs of renewable energies are paid by the power customers through a levy.

As a result, creating the legal framework for the further expansion of renewable energies and, in particular, developing the central instrument to this end – EEG – further will be one of the most important tasks for the new federal government following the German parliamentary elections in the autumn of 2013. Now that the generation of power from renewable energies has reached a high level of technical maturity, it has to be brought closer to the market, on a step by step basis.

Approaches for the market integration are already included in EEG today in the form of the market premium model. Since the beginning of 2012, it has been possible for plant operators to directly market the power they generate themselves under this model as an alternative to fixed remuneration. As publications by the transmission system operators show, many operators have already opted for this alternative: In January 2013, wind power facilities with altogether close to 24 gigawatts were settled on the basis of the market premium. This corresponds to 80 percent of the wind power facilities installed in Germany. Moreover, biomass power plants with an output of almost 2 gigawatts, 400 megawatts of hydroelectric power and 2 gigawatts from solar power plants are settled on the basis of the new remuneration system. This adds up to approximately 28.8 gigawatts, which corresponds to a share of almost 40 percent of the generation capacity from renewable sources of energy installed in Germany (75 gigawatts).

Those who opt for the market premium initially sell their power on the market and receive the market price based on supply and demand as revenue for it. In addition, they receive a premium which is guaranteed by law and corresponds to the difference between the average power price on the exchange and the fixed compensation for electricity fed into the grid. In other words: If you are able to feed in power at times when power is scarce and, as a result, expensive, you can generate additional revenue. Vice versa, this model is also intended to create incentives for not feeding in power at negative prices. It is the instrument's declared aim to bring renewable energies closer to the market and, at the same time, to establish the necessary technical and commercial processes required to this end.

Since the costs of promoting renewable energies which are passed on to the power consumers through the so-called EEG levy are rising, politicians are increasingly advocating a fundamental reform of funding under EEG.

But what might a revised EEG look like? A remuneration system for power from renewable energies which is based on the exchange price plus a fixed surcharge may form a conceivable approach. Specified as an equation it could be as follows: "Integration of renewables = exchange price + x". This is based on the concept that even in the future, subsidisation of renewable energies will still be necessary, for example in the form of a premium, which should, however, only cover a part of the costs. In this case, the difference can be covered and even more than compensated through participation in the market and corresponding revenue. This model also takes account of two further considerations: Firstly, it would ensure that the market price signal can really have an effect and that the focus on demand is strengthened – instead of generating energy regardless of demand and in an almost risk-free manner as has been the case so far. Secondly, the additional marketing options, such as selling the “green characteristic” of such power, would permit the development of further sources of revenue for renewable energies.

In the long run, however, the harmonisation of the remuneration rules within Europe has to be aimed at. This would make the expansion of renewable energies more efficient since these plants would increasingly be built at those places in Europe where the revenue generated from them is likely to be highest. Moreover, in the long run, it is in the best interests of Europe if the advancement of renewable energies does not take place at different speeds within various countries – or even only in certain countries.

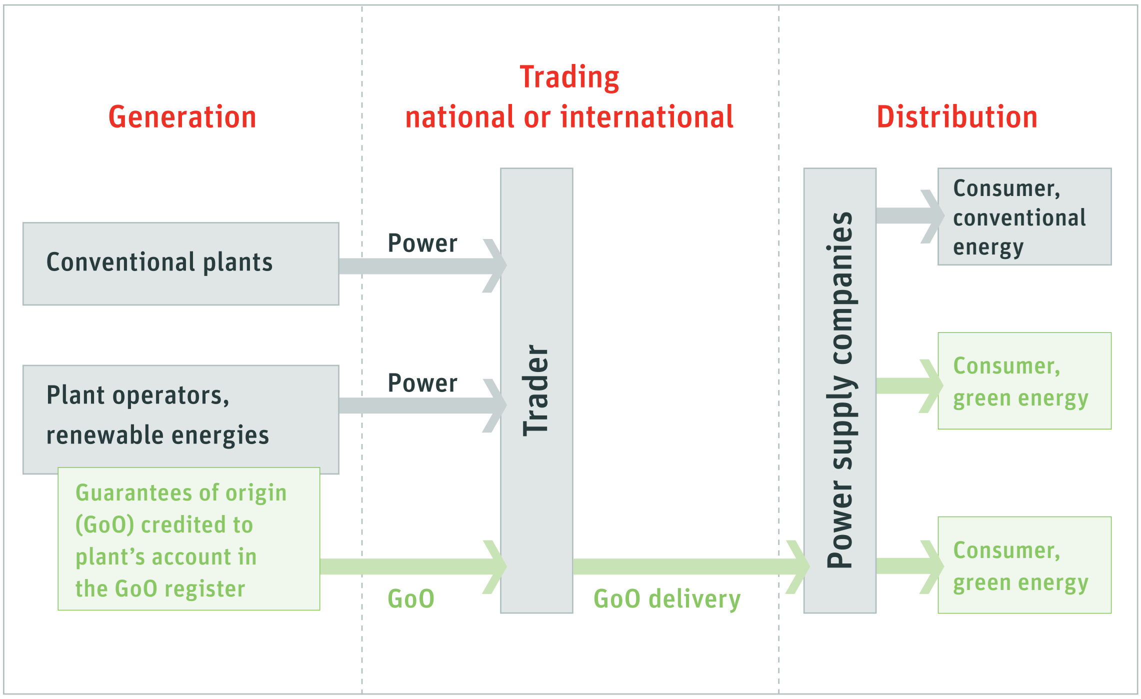
New product: Guarantees of Origin

In addition to promoting renewable energies with the use of the feeding-in remuneration, a second promotional instrument has been established since the liberalisation of the power market: Consumers are able to procure green power from their provider and, hence, finance the expansion of green generation capacities with a part of the amount they pay. And this market is growing. According to the annual green power survey by the “Energie & Management” trade journal, more than 4 million private households and more than 186,000 businesses have chosen to be supplied with green power so far. As a result, the number of customers in this market segment increased by 30 percent in 2011 – also as a result of the Fukushima catastrophe. Overall, approximately 11 billion kilowatt hours were sold to green power customers in 2011 – as against 16 billion kilowatt hours in the year before.

So far, companies have largely bought their power from the generating companies through bilateral agreements. In order to develop this market segment further, EEX and EPEX SPOT have jointly developed a concept for trading guarantees of origin for green power on the exchange. At the end of 2012, the EEX Exchange Council adopted the specifications for the guarantees of origin, which are to be offered on the Derivatives Market in 2013. In this context, trading will be based on the tried-and-tested model of trading in CO_2 emission rights. The main concept is to bring transparency into a market that is dominated by different guarantees of origin of varying quality.

In accordance with EU Directive 2009/28/EC, guarantees of origin e.g. need to provide information on the source – such as wind, water or solar energy – from which the electricity is generated, the location of the generation facility and the time at which the megawatt hour (to which the guarantee of origin relates) was produced. Moreover, every guarantee has its own unique certificate number which, in turn, also provides information about the issuer and the issue date. This creates clearly defined, tradable commodities. However, there will be no separate trading in “grey power” and “green power”. Instead, the existing market for electricity will be retained and supplemented with a separate market for the “green power” characteristic.

The model has several main advantages. On the one hand, the markets for green and grey power are not divided. A complete separation of these markets would lead to reduced liquidity and more volatile prices. On the other hand,



Model for trading in guarantees of origin

separate trading in guarantees of origin is much more likely to permit a European market on which "green power" from different regions and sources can be traded.

The volumes marketed under the fixed feed-in premium according to EEG will, however, not take part in the market for the green power property since this is excluded under the so-called "prohibition of multiple sales" according to EEG. And the legislator gives the following reason: The green power property sold under this system is financed through the EEG levy and, for this reason, it should be available for all consumers to the same degree. Therefore, green power traders frequently buy a large part of their sales volumes from neighbouring countries.

If a possibility for marketing the green power property of EEG power were created, this could lead to a reduction of the EEG levy as a result. This is because the levy is intended to cover the difference between the remuneration for feeding-in green power and the price of the power on the exchange. If the EEG power could generate additional revenue by explicitly using the willingness to pay for the green property, the difference to the subsidy and, as a result, the levy to be paid by the final consumer would decline.

So far, however, the green power traders can frequently only market regenerative energy from abroad, and a hitherto very low volume of power generated outside the EEG funding scheme in Germany. In addition, there is no transparency as regards the activities on the market since guarantees of origin are exclusively traded over the counter. Trading on a central and organised market like EEX would increase the transparency of trading in guarantees of origin by bundling liquidity, through the supervision of trading and non-discriminatory access to the market and, as a result, an reliable market price could be established.

The energy turnaround and the German parliamentary elections in 2013 – a new power market design?

At the latest, the publication of the EEG levy to be paid for 2013 in mid-October 2012 clearly showed that it was not only power prices as a special subject but also the energy turnaround in general which would form core topics for the 2013 parliamentary elections. In this context, the central questions will probably be the power market design of the future and the political and regulatory framework required for it.

Even today, it can be clearly seen that renewable energies are leading to a significant shift in the generation structure of conventional power plants. Because of the merit order effect, the expansion of renewable energies leads to a situation in which power plants with high variable generation costs are frequently not used and the price level drops. Therefore, power plants with high marginal costs – specifically, gas-fired power plants – attain a lower number of operating hours than in the past, and power plants with medium-range marginal costs – specifically, coal-fired power plants – reach lower contribution margins per kilowatt hour produced.

The effect of the renewable energies is most obvious on the Spot Market, on which prices can drop dramatically during times when high volumes of power generated from wind energy or high offerings of solar power are available. For example, with an installed capacity of more than 32 gigawatts of photovoltaic energy and of approximately 30 gigawatts of wind power at peak times in Germany, these sources of energy have already attained a level which is sufficient to largely cover the demand throughout the country (depending on the specific weekday and time of the day). And the growing share of photovoltaic energy, in particular, has structural

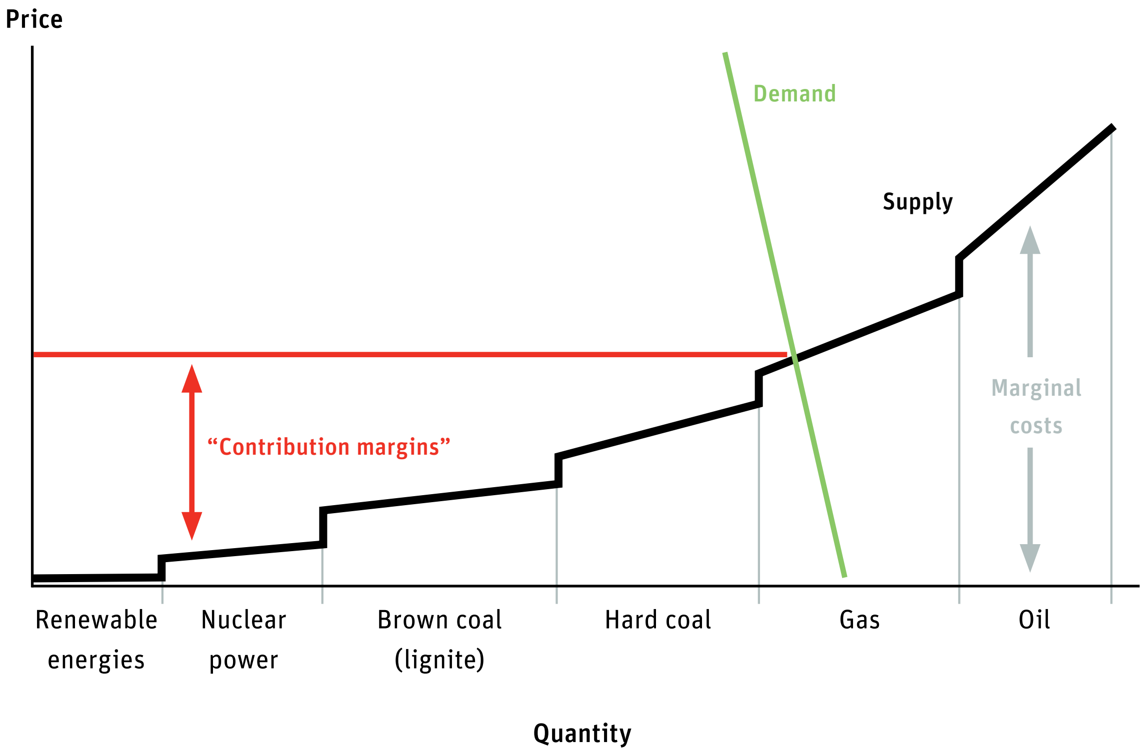


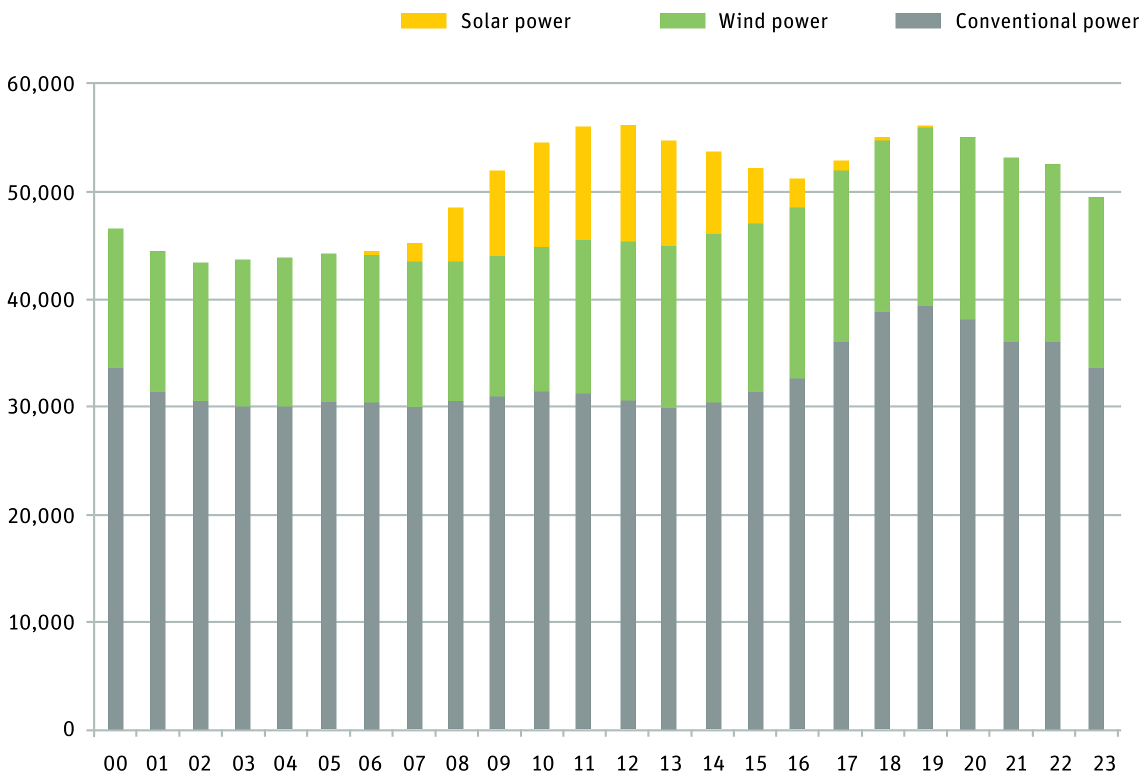
Diagram illustrating the merit order

effects on the power market. While, in the past, the hours around noon (during which consumption was high) tended to have higher prices than during other hours of the day, this situation is increasingly observed to be reversed on sunny days. And this is also having an effect on the range of trading products. For example, EEX is planning to launch new products in the course of 2013 which will enable the trading participants to respond to this situation. In this context, the Phelix Sun Peak Futures will cover the hour block from 10:00 to 16:00 during which there is a particularly high amount of sunshine.

Renewable energies also affect prices on the Derivatives Market; however, they are averaged over the corresponding period. This is because the market players' long-term market expectations also reflect the expected future price level of the Spot Markets. Even though market prices have the function of investment signals, they are not the only and decisive element for investment decisions. Legal security based on the statutory framework conditions and their reliability is just as important. Furthermore, there are questions of grid connection, the availability of fuels in the case of conventional power plants and also (and not to be ignored) public acceptance of large infrastructure projects.

The development of the market – of course – has consequences for the power plant operators: Revenue for power generated by conventional power plants is declining significantly, while there are hardly any changes in the costs incurred if the operating mode of the power plant is

Generation of power in Germany on 17 March 2013 in MW per hour



Source: EEX Transparency Platform

Share of renewable energies in the power mix unchanged. For this reason, a number of existing power plants are at risk of becoming unprofitable. In contrast, new power plants might be hard or even impossible to finance because there is uncertainty regarding the number of operating hours per year and regarding the achievable revenue which is necessary for a power plant to operate at a profit.

A relatively low level of prices on the spot and derivatives market is also an indication that generation scarcities are not to be expected at present – or in the near future. Previous bottleneck situations were limited in terms of time and specific areas (for example, such a situation arose in southern Germany in February 2012) and are generally due to grid problems rather than generation scarcity.

Nonetheless, it is certain that conventional power plants are needed as reserve capacity for times during which the renewable energies generate little electricity – otherwise, the stability of the grid may be jeopardised. For this reason, capacity mechanisms are being discussed as a possible option to supplement the existing energy-only market with a system which permits revenue to be generated by merely providing generation capacity – i.e. in the form of power plant capacity.

As seen from the perspective of EEX, every new model – regardless of whether this concerns the promotion of renewable energies or additional capacity mechanisms – requires interaction with the existing and approved market structures. In this respect, long-term planning reliability is important since the market players usually enter into long-term obligations in making their investment decisions. This is because a power plant is usually depreciated and amortised over decades – and the political framework conditions must take this fact into account. Therefore, there are good reasons for concentrating first and foremost on the further development of the existing market systems and available instruments – instead of developing a completely new or additional structure. On account of the complexity of this subject, the German federal government has so far only legislated on an "ad hoc" basis in the context of individual regulatory measures. These measures, for example, include amendments of the German Law on the Fuel and Electricity Industries with statutory requirements regarding the decommissioning of power plants.

These rules established by the Federal Government at the end of 2012 are certainly not without criticism: Even though, for example, the German Energy Agency (dena) advocates this model "for the short-term perspective", it concurrently also recommends that "the provision of reserve power plants which has already begun should be developed further into a strategic reserve by the Federal Network Agency, if required".

The German Association of Energy and Water Industries (BDEW) has a similar view on this. BDEW sees the concept of a strategic reserve as a "temporary instrument close to the market with a transparent bidding procedure" and has a prepared a corresponding concept. However, both BDEW and large parts of the German energy industry see an imposed ban on decommissioning power plants as a serious regulatory intervention which would create considerable uncertainty and, as a result, lead to investment restraint. The so-called "security-of-supply" contracts such as in the form proposed by the Institute of Energy Economics at the University of Cologne (EWI) in an expert opinion for the Federal Ministry of Economics and Technology constitute yet another model. Under this model, the power plant operators provide contractually guaranteed power plant capacities as reserve capacities through an auction. Depending on the design of this model, these power plants could be new or existing plants. In this case, the plants concerned would only be started up in the case of a generation bottleneck if the spot

market price exceeds a certain level. However, the power plant operators would also receive a premium for merely providing the capacity – even if never used in a specific timescale.
For EEX such capacity payment mechanisms only forms the “ultima ratio” unless other measures with lower intensity of intervention in the market lead to the desired result. Instead, the potential of the energy-only market should first be fully exploited and the role of the existing spot market – such as on EPEX SPOT – should be strengthened further. First and foremost, the energy market needs a stable political and regulatory framework. The clearer and more reliable the political framework conditions are, the greater the strength of the price signal is. This also means that all market players and types of generation are considered in pricing and that they also assume the market risks to the same degree, to a certain extent.
If we allow the market price signal to take effect, the generation and feed-in of power will increasingly be based on the actual demand. Finally, the market design has to take into account the largely integrated European power market and advantages of cross-border trading.

In view of this, the political debate regarding the power market model which is most efficient from an economic perspective will continue. And EEX will accompany this process and contribute to it by developing corresponding trading products to ensure that the wholesale market copes with the challenges of the increasingly fluctuating generation of energy.

The gas market at a crossroads

There is one thing the experts agree on: In the coming years, increasing generation from renewable resources will increase the demand for flexible, conventional power plants. With regard to the question of which power plant may fulfil this requirement, reference is frequently made to gas-fired power plants. However, as the debate regarding capacity mechanism has shown, it has not yet been resolved to which extent such will be needed in the future or how they will be financed. Therefore, the question regarding the future design of the power market will have a specific effect on the further development of the gas market in this respect.

In the future, there may also be mutual interactions in another direction: Namely in the case when excess power can be transformed to natural gas in significant amounts. This technology which is referred to as “power-to-gas” is currently being investigated and developed by some research institutions and companies. Nonetheless, its impact in the short- and medium-term is likely to be limited.

If we look beyond Germany or even Europe, for example, to North America, we see a true “gas boom”. Driven by the increasing development of unconventional sources of gas – primarily shale gas – the importance of natural gas as a cost-effective fuel is growing. However, it remains to be seen how long the shale gas boom in North America will last and whether this will result in available gas quantities for the world market and for exports, for example in the form of liquefied natural gas (LNG), on a lasting basis.

But, as seen from the perspective of the exchange, it is more important for the gas markets in Germany and Europe that comprehensive and competitive markets evolve. For this reason, it will primarily be important in the future to base gas deliveries on the actual market price of the gas instead of on the oil price (as has primarily been the case so far). In fact, long-term supply agreements for gas imports will still be necessary in the future – however, these should primarily refer to the transparent prices established on the European gas trading platforms like EEX. By establishing the European Gas Index (EGIX) the exchange has provided a transparent index for market participants since January 2011. This index can gradually be integrated into the gas supply contracts and is being used by 60 companies at present. From the perspective of EEX, the fact that the German District Heating Working Group (AGFW), BDEW and the Association of Local Utilities (VKU) have recently advocated the reinforced use of the EGIX in district heating agreements is a positive development.

The trend for the market to become more pan-European is not only observed on the power market but also on the gas market. Against this background, EEX and the French trading platform Powernext have signed a memorandum of understanding regarding a future cooperation on the gas market in November 2012 following their existing partnership on the power market. Their aim is to establish a joint European offer for gas trading which supports both free competition and European integration in the course of 2013.

The market for emission allowances as a pioneer for the European single market

Whatever the future energy market will look like: The better the network among the European countries is, the better and the more economically efficient the implementation of the energy turnaround will be. Trading in CO_2 emission allowances has long since become a good example of a European market. Since 2005 – i.e. since the launch of the Kyoto Protocol which aimed to curb emissions, EEX has gathered experience in trading in European emission allowances. The aim of the "cap and trade" principle is to reduce greenhouse gas emissions at the lowest possible costs for the economies by using freely tradable emission rights.

The market as such works as envisaged. However, the incentive for the market players to invest in CO_2 reducing facilities is low. Due to lower emission production the supply of certificates is relatively high and, at present, prices are lower than had originally been expected. This, in turn, has led to a political debate regarding the adjustment of the framework conditions to reduce the quantity of the certificates. Therefore, the EU Commission proposed to temporarily hold back a part of the emission allowances for the period from 2013 to 2015 and to restrict the supply in this way. Under this procedure, which is referred to as "backloading", certificates in the range of 900 million tonnes of CO_2 are to be initially removed from the market and subsequently auctioned off gradually in addition throughout the period from 2018 to 2020.

In spite of this proposed political correction, the success of the market cannot be defined on the basis of the price attained. On the contrary: The market shows that it works by allocating lower prices to a higher supply. Moreover, the market mechanisms have proven to be effective against the complex background where, on the one hand, the national states each have their own quota of allowances but, on the other hand, these are re-united in a European market for allowances.

As a result, the emissions trading market can serve as a role model for the European single market for power and gas. Just as an emission allowance of a German owner can be transferred to companies in all participating countries without any problems today, power could also be sold internationally without any restrictions on a completely European market. However, on physical markets, this ideal situation is very much subject to technical constraints – in particular, on account of the presence of sufficient transmission capacities – and, for this reason, it will be difficult to implement. But as an aim to strive for it should become the guideline of the political efforts in this direction.

On the finishing straight: European single energy market to be reached by 2014

In fact, the political sector has already specified the aim: In February 2011, the European heads of state and government defined the aim of completing the single energy market by 2014 and of ensuring that there are no longer any "energy islands" within the EU. Within such a single market, fair market access for all providers and a high level of consumer protection should be ensured. To reach this objective, however, numerous trading barriers and restrictions must be overcome and an alignment with regard to tax and price policy as well as norms and standards, environmental regulations and safety requirements must all be ensured.

"An efficient, interlinked and transparent European single energy market provides secure and sustainable energy supply at the lowest possible costs to both citizens and companies", stated the European Commission in a communiqué on the current status of the single energy market in November 2012. EU Energy Commissioner Günther Oettinger explained: "When it comes to gas and power, the citizens and companies are interested in two things: a secure supply at all times and affordable prices. And this aim is best reached with a working European energy market." EEX also shares the Commission's view that only an efficient, interlinked and transparent European single market for power and gas can ensure a secure and sustainable energy supply for the citizens and companies within the EU at the lowest possible costs.

The EU is paving the way for this with a number of legislative packages. The last, i.e. third, package for restructuring the energy supply took effect in March 2011, while the liberalisation of the energy markets had begun with the first two of these packages even before the turn of the millennium. The third package now focuses on the completion of unbundling the grid operations on the one hand as well as production and sales and marketing on the other hand (unbundling) to ensure non-discriminatory access to the energy infrastructures. Furthermore, there are rules regarding the cross-border cooperation to make sure that the liberalised national energy markets can be transferred into a European single market.

In addition to provisions regarding the harmonisation of market rules and processes, rules regarding regulation practice and international cooperation in regulation activities as well as rules regarding questions of transparency and supervision on the energy markets are part of the scope of regulation. Moreover, just like the cross-border cooperation between the market players on the basis of standardised business processes and political framework conditions, the expansion of the trans-European grids for the transport of power and natural gas form an indispensable precondition for the smooth operation of the single market. The European Commission estimates that by 2020 approximately EUR 200 billion will have to be invested in energy infrastructure throughout Europe.

In order to strengthen Europe-wide regulation and supervision, the Agency for the Cooperation of Energy Regulators (ACER) – which began its operations in March 2011 – was established. In addition to promoting the cooperation between different national regulatory authorities and safeguarding the application of single market rules, the future supervision of the energy wholesale markets constitutes one of ACER's most important tasks.

Market coupling forms a central element en route to the unified single market. In this context, the available transmission capacities on the national borders, the so-called interconnectors, are optimally used by allocating the energy volumes and the line capacities which are required for the transmission of power in one step.

As a result, the coupling of different markets leads to a situation in which the power prices of the European countries converge, at least, to the degree to which this is permitted by the technical capabilities of the interconnectors.

The harmonisation of political and, in particular, regulatory framework conditions constitutes the basic precondition for market coupling. However, increasing complexity is considered to be the biggest challenge for the current projects since, at present, it is not only individual countries which are coupled but entire regions, such as Central West Europe and northern Europe.

The importance of market coupling is confirmed by the high degree of price convergence in the countries taking part. For example, in the two years after the launch of market coupling in the Central West European region (CWE), the prices in the participating market areas – i.e. Belgium, the Netherlands, France, Germany/Austria – were, on average, identical 60 percent of the time. However, the individual situations can differ depending on the respective border: While German and French prices are identical approximately 60 percent of the time, this is the case approximately 80 percent of the time for the German and Dutch prices.

The coupling between Central West Europe and the northern European region to form the so-called North West European Market Coupling (NWE) is intended to couple Germany/Austria, the Netherlands, Belgium and France with Scandinavia and Great Britain. However, the challenges in terms of coordination are enormous: Exchanges, transmission system operators and regulatory authorities in the respective countries concerned will take part in the project and it will be necessary for all partners to come to an agreement regarding common systems, processes and rules.

Moreover, a stronger connection to the neighbouring countries is important – also and in particular – for Germany. The German energy turnaround, in particular, will only be possible in a European context since the European market is helping Germany to attain its aims by providing flexibility.

Without a European trading market, the withdrawal from the nuclear power programme and the switch to predominantly renewable energies would become more difficult and more expensive. Therefore, cross-border power trading and its further development into a complete single market are indispensable from the EEX's perspective. Together with its partners, market players and the political sector, EEX is working towards this goal.

The members of the Management Board of EEX (from left to right)
Dr. Thomas Siegl (CRO), Steffen Köhler (COO), Iris Weidinger (CFO), Peter Reitz (CEO)

Report of the Management Board

Dear Readers,
Dear Shareholders,

For the European Energy Exchange (EEX), 2012 was not an easy year, yet it was successful. It was characterised by continuity as regards its corporate strategy while, at the same time, there were many changes and challenges in the market. In spite of the uncertainty in the market environment which was shaped, in particular, by the energy turnaround and regulatory developments, EEX Group was able to generate growth in almost all markets, to successfully develop new business fields and to further expand its role as Europe's leading "one-stop shop" for energy products. In this context, a consistent alignment to the customers' requirements constituted the focus of all activities.

The implementation of the energy turnaround in Germany and its effects on the European market formed one important subject which EEX concentrated its efforts on in terms of content in the course of the year. This involved concepts and contributions by diverse market players which may contribute to a more efficient implementation of the energy turnaround but which, in part, vociferously and clearly called for a return to "increased regulation". The discussion regarding the future power market design was accompanied by regulatory initiatives for the financial and energy markets at the European level the effects of which on the market participants still cannot be foreseen from today's perspective. In this field of tension between intense competition as well as national and international regulation where many companies continue to refrain from entering into long-term trading positions, EEX was very well able to establish a sound position for itself.

Furthermore, it turned out that the structural changes caused by the energy turnaround are lasting in nature and will continue to influence the business model of EEX. For example, the trend towards short-term trading – which began in 2011 – continued during the year under review. The trading activities on the Power Derivatives Market which is still the mainstay of revenue within EEX Group concentrated on short-term maturities, so that, overall, the trading volumes and the revenue in this market were lower than in the previous year. Short-term trading on the Paris-based EPEX SPOT, on the contrary, benefited from this trend, and reached a new record level in 2012. Moreover, at the end of the year, the first signs pointing to a new boost on the Power Derivatives Market were observed.

In the course of the year, EEX expanded its product range with short-term maturities, such as day and weekend futures and, as a result, it can now provide even more short-term and, hence, flexible trading instruments to its trading participants.

Against this backdrop, it was even more important for EEX to continue its diversification strategy and to grow in further fields of business, in addition to the traditionally strong power market. It generated excellent results in the natural gas business field where significant increases in volume were generated both on the short- and on the long-term market in 2012. This positive development is based on 24/7 spot trading, which has now become firmly established on the market and in which trading activities are increasingly carried out outside the core opening hours of the exchange – and on EEX's successful entry into the Dutch gas market on the TTF trading hub. Five years after the launch of gas trading on the exchange, EEX also recognises potential for collaborations in this segment. Therefore, it has concluded an agreement with the French Powernext with the objective of bundling the gas products offered by both partners on a trading platform by mid-2013.

Moreover, the results achieved in trading in emission allowances are also positive. In this segment, records which can be attributed, in particular to the strongly increased volumes on the primary market auctions, were achieved in 2012. For example, EEX was awarded the contract for the execution of auctions in CO_2 emission allowances for the third trading period. These auctions are carried out on a transitional basis in Germany and for 24 member states throughout the European Union. Moreover, EEX carried out other auctions on behalf of the European Investment Bank and further clients from the public sector. One focus of the activities in the emissions market was on building on the successes achieved in the primary market auctions and winning market shares in trading on the secondary market as well. Ultimately, new products, market makers and incentive programmes have contributed to the strengthening of the liquidity of the secondary market.
The continuing discussion of market interventions against the background of currently low prices underline that this is a politically influenced market – to a high degree. Following the successful applications for the German and European transitional platform, EEX will also submit bids for the respective permanent platforms.

Clearing by the European Commodity Clearing (ECC), which metaphorically speaking "embraces" all traded products, again proved to be a stable pillar for EEX Group in 2012. In the past year, the clearing house further expanded its network of partners and acquired three banks as new clearing members and the Prague-based PXE as a new partner exchange. In addition, ECC is also establishing contacts outside its core markets. Examples that can be cited in this respect include the partnership with the Brazilian Chamber for the Commercialisation of Electricity (CCEE) in the framework of which ECC and EPEX SPOT will contribute their experience to the development of an organised power market in Brazil. In addition to clearing exchange transactions, ECC also offers clearing services for over-the-counter transactions. Against the background of new clearing provisions and the increasing importance of central clearing EEX and ECC both want to significantly expand this segment and to provide a comprehensive offer of risk management services for the most important European OTC energy markets to their participants. As a result, energy products which are not traded on EEX or on one of the ECC partner exchanges will be launched for clearing in the future. This development began with Romanian power contracts, which have been cleared on ECC since December 2012.

In 2012 the increasing internationalisation of its products and services as well as the continuous dialogue with its customers, and the identification of the customers' requirements and response thereto determined EEX's activities – in an interdisciplinary manner across all asset classes. For example, EEX actively worked to remove obstacles for existing and potential participants. Within the company this was e.g. reflected in the establishment of the "Member Readiness" department, which bundles the admissions, training and technical support departments and is, hence, better suited for recognising and supporting customer requirements. Moreover, EEX has made significant progress regarding technical connectivity this year. The connection of many participants to the Global Vision Portal, the simplification of OTC registration for clearing and cooperations with independent software vendors have strengthened EEX's presence on the market. Moreover, due to new flexible models of exchange membership and the more concentrated exchange trader training, participants can trade EEX products more easily – and more quickly.

The commercial result of EEX Group in 2012 shows that the diversification strategy is correct and that it has proven to be a success. In spite of the structural changes in the power market, EEX was able to maintain its position and achieve a stable result – to which consistent cost management has also contributed a significant share. With the support of its shareholders, EEX will continue on the chosen course: EEX is making long-term investments in the growth of its strategically important asset classes. In addition to the gas market and trading in emission allowances, this concerns new products, such as guarantees of origin for green power and a number of other OTC clearing products which are scheduled to be launched in 2013.

The product and service offering, distribution and clearing as well as technology constitute the four essential factors for the success of EEX's business. And EEX Group – we and the entire team – will continue to work on this at full speed. In 2012, our employees showed that they are very capable of handling comprehensive changes and of achieving successes in every respect. We would like to use this opportunity to thank them for the work performed, as well as their high degree of commitment which is not something to be taken for granted. We have set high aims for ourselves in 2013, and are looking forward to the successful implementation of the strategy chosen, together with our customers, shareholders and employees.

Peter Reitz
Chief Executive Officer (CEO)

Steffen Köhler
Chief Operating Officer (COO)

Dr. Thomas Siegl
Chief Risk Officer (CRO)

Iris Weidinger
Chief Financial Officer (CFO)

Dr. Jürgen Kroneberg, Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

During the entire reporting year (2012), the Supervisory Board of European Energy Exchange AG (EEX) dutifully carried out the tasks with which it was entrusted, according to the applicable legislation and the statutes of the Company, it accompanied the Management Board in the management of the Company in an advisory capacity and monitored the conduct of the business of the Company carefully. The Supervisory Board was directly involved in all decisions and measures which were of fundamental importance to the Company.

The Management Board of EEX reported to the Supervisory Board on the 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 of the Management Board following thorough examinations and deliberations. In so far as was feasible, the Supervisory Board adopted resolutions by means of document 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 deal with matters to be covered by the board. During the reporting period, the presiding committee held nine meetings. It consists of the chairman and the deputy chairmen of the Supervisory Board and has the task of preparing resolutions to be adopted by the strategy committee and the Supervisory Board and of issuing recommendations with regard to these matters to these bodies.

The **strategy committee** held four meetings during the reporting period. The further development of EEX's five-year strategy constituted an essential element of the deliberations. In this context, possible growth initiatives in the individual strategic development directions of EEX were discussed, potential cooperation options were examined and the development of the competition was monitored and discussed intensively. The deliberations on the possible cooperations in the field of natural gas constituted a further focus of the strategy committee discussions. The **human resources**

committee submitted 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. At its five meetings during the reporting period, it concentrated, in particular, on the changes in the staffing of the EEX Management Board which took place in 2012 and on ensuring that the EEX Management Board and the Management Board of its subsidiary European Commodity Clearing AG (ECC) have the same staff.

When adopting the 2011 annual financial statement, the human resources committee discussed the degrees of target achievement as well as the associated payment of management bonuses for the members of the Management Board. Following this discussion, a draft resolution was submitted to the Supervisory Board. The target agreements for 2013 were agreed in December and submitted to the Supervisory Board for approval.

Focus of the Work of the Supervisory Board in the Financial Year 2012

During the year under review, the Supervisory Board met at four ordinary and three 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 resolutions regarding matters requiring their approval on the basis of documents made available to them in advance by the Management Board. In addition, 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 10 February 2012, the Supervisory Board appointed Steffen Köhler as a further member of the EEX Management Board, with the post of Chief Market Officer commencing on 1 March 2012. Furthermore, the Supervisory Board adopted resolutions regarding proposed amendments to the articles of association and rules of procedure of EEX and further companies of EEX Group. Finally, the extraordinary meeting of 10 February 2012 was used to discuss strategic options within the natural gas business field and potential cooperations in the emissions business field.

At another extraordinary meeting on 7 March 2012, the discussions regarding the cooperation negotiations in the natural gas business division – which had meanwhile begun – were continued in detail and a corresponding resolution regarding a recommendation on further procedures for the Management Board was adopted. At the meeting convened to approve the balance sheet on 4 April 2012, the entire Supervisory Board looked intensively into the 2011 annual and consolidated financial statement and the corresponding management reports in the presence of the auditor of the annual accounts. The prepared annual financial statements were approved and, hence, considered adopted. Moreover, the Supervisory Board approved the Management Board's proposal to the general meeting to use the balance sheet profit to pay out a dividend of EUR 0.18 per share certificate entitled to dividends. In addition, the Supervisory Board submitted a proposal to the general meeting to approve the draft of the spin-off and takeover agreement regarding the spin-off of the gas business into an independent subsidiary of EEX. Furthermore, resolutions for the general meeting regarding amendments of EEX's articles of association were adopted. These amendments were the result of the negotiations with shareholders regarding the revision of the EEX consortium agreement. Upon recommendation by the human resources committee, it also approved the proposed degrees of target achievement by the members of the Management Board for the financial year 2011 and the connected management bonuses. With regard to EEX associated companies, the Supervisory Board approved amendments of the governance of the joint venture company EPEX SPOT SE (EPEX).

On 21 June 2012, the Supervisory Board met after the EEX annual general meeting. At this meeting, the chairman of the Supervisory Board was elected in accordance with the provisions of the revised consortium agreement. At this election, the incumbent chairman was re-elected. Furthermore, amendments of the rules of procedure for the Supervisory Board and the Management Board were adopted. These also resulted from the revision of the consortium agreement and from the amendments of the articles of association which were connected with these and adopted in the framework of the annual general meeting. In addition to the regular reporting on the strategic, market, financial and risk development, the presentation of the clearing and risk strategic constituted the focus of the meeting.

At an extraordinary meeting on 31 August 2012, and upon a recommendation by the Human Resources Committee, the Supervisory Board approved the conclusion of a termination agreement regarding the existing employment contract with Dr. Christoph Mura following his resignation from all offices within EEX Group with effect from 31 August 2012. In this connection, the Supervisory Board also dealt with considerations regarding a reorganisation of the IT department and the allocation of responsibility for the different portfolios on the Management Board and approved the execution of a special IT audit. In addition, the Supervisory Board appointed Dr. Thomas Siegl as an additional member of the EEX Management Board. This decision ensured that the EEX and ECC Management Boards had the same staffing. Following the corresponding resolutions adopted by the ECC Supervisory Board, this was achieved on 1 November 2012.

The meeting on 11 October 2012 focused on the further development of EEX's five-year strategy, the continued discussion of possible cooperations in the gas business segment and the presentation of the sales and marketing strategy. In addition, the Supervisory Board heard a report on the status of the current special IT audit. With regard to the associated companies of EEX, the Supervisory Board approved the appointment of managing directors at the subsidiary EGEX European Gas Exchange GmbH (EGEX) and the temporary transfer of shareholder rights in TRAC-X Transport Capacity Exchange (TRAC-X).

The adoption of a resolution on the 2013 budget and the medium-term budget from 2014 to 2018 formed the central topics of the meeting on 14 December 2012. Furthermore, the Supervisory Board, in principle, approved a cooperation between EEX and the French Powernext S.A. (Powernext) on the gas market following a recommendation by the strategy committee and requested the Management Board to carry out its further implementation. In addition to the report on the status of the IT special audit, the Supervisory Board adopted resolutions regarding the outsourcing of various IT and central functional services to Deutsche Börse Group. Finally, the target agreements proposed by the human resources committee for the members of the Management Board for the year 2013 were adopted. With regard to EEX associated companies, the Supervisory Board approved the appointment of an additional managing director at the subsidiary EEX Power Derivatives GmbH (EPD).

2012 Annual and Consolidated Financial Statement

The Management Board prepared the annual financial statement and the management report as well as the consolidated financial statement and the consolidated management report of EEX and submitted these to the Supervisory Board in 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 2012 by the annual general meeting, has audited the annual financial statement as of 31 December 2012 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 31 December 2012 prepared according to IFRS in the version in which these have to be applied within the EU) and the appertaining consolidated management report and has 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 on the due date. The auditor of the annual accounts took part in the Supervisory Board meeting on 18 April 2013 and comprehensively reported on the audit's essential findings.

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 made 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 2012. 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 Supervisory Board

In the context of his appointment to the EEX Management Board, Steffen Köhler resigned from his position on the Supervisory Board with effect from 29 February 2012. Stefan Mäder resigned from his office as a member of the Supervisory Board with effect from 30 April 2012.

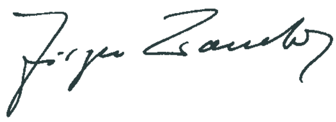
The Supervisory Board would like to thank Steffen Köhler and Stefan Mäder for their constructive and reliable cooperation on this board.

Uwe Schweickert, head of the Executive Office Division Derivatives & Market Data of Deutsche Börse AG, was delegated to the EEX Supervisory Board with effect from 7 June 2012. At the annual general meeting on 21 June 2012, Dr. Hans-Joachim Arnold, head of Legal/Compliance at RWE Deutschland AG, was elected to the Supervisory Board.

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

Leipzig, April 2013

On behalf of the Supervisory Board



Dr. Jürgen Kroneberg
Chairman of the Supervisory Board

EEX corporate headquarters at Augustusplatz in Leipzig

Economic and Political Environment

Economic situation remains tense

❯ In 2012, the economic situation in Germany was characterised by a consolidation phase of the economy. As a result, the German gross domestic product increased by 0.7 percent during the year under review. For comparison: The year before, economic growth amounted to as much as 3 percent. The continued uncertainty on the trading markets was primarily cited as a decisive reason for the slow economic recovery. This resulted from the effect of the political measures taken in the course of the debt crisis within the Euro zone. Moreover, a heterogeneous financial and economic situation was observed throughout Europe: On the one hand, there were countries which had established a secure position for themselves, but, on the other hand, there were also a number of economies affected by the debt crisis. Overall, the economic performance of the 27 EU member states sank by 0.3 percent as against the previous year.

Power market design as the focus of the energy turnaround

The second year after the energy turnaround resulted in a large number of debates and dialogues and illustrated the diverse nature of the stakeholders within the German energy industry.

The energy-policy year began with a true endurance test for the electricity system: At the beginning of February 2012, there was a tight grid situation – triggered by deviations between the consumption forecast and the actual consumption. This situation led to short-term generation bottlenecks which, in turn, resulted in the need to use power plants contractually agreed as an emergency reserve. Afterwards, accusations were made that the deviations in the forecast had been intentionally influenced by the traders. It was alleged that the traders had expected a lower price for the required balancing energy compared with the exchange price. However, upon closer examination of the circumstances, evidence substantiating these allegations was not found. On the contrary: The Federal Network Agency proved these allegations as being without foundation following a thorough examination. However, in response to this situation, the balancing energy price system will be directly connected to the exchange market price in the future, with the EPEX SPOT intra-day price being used as the reference value.

Driven by the discussion on how to ensure the security of supply, the political debate increasingly focused on questions of the power market design and, in particular, on whether capacity mechanisms are needed after these events. In this respect, the expert opinion “Studies regarding a sustainable power market design" which was commissioned by the Federal Ministry of Economics and Technology and prepared by the Institute of Energy Economics at the University of Cologne (EWI) formed a central element of the discussion.

Moreover, EEX together with EPEX SPOT also voiced its opinion on the proposals submitted in a comment for the Federal Ministry of Economics and Technology and EWI, in addition to the industry associations and a number of companies from the energy industry. In principle, EEX is critical of profound changes to the market design, such as in the form of introducing capacity mechanisms. Instead, the potential of the existing market design should be fully utilised. This is something which could be done more quickly and in a more cost-effective manner. Regulatory measures could only be accepted as the "ultima ratio" once it has been proven that the market mechanisms alone are insufficient.

On 15 October 2012, the announcement of the EEG levy for 2013 (5.3 cents per kWh, as against 3.6 cents per kWh for 2012) suddenly added another aspect: the costs of promoting renewable energies and the question of the further development of the material statutory bases in the German Renewable Energies Act (EEG). In this context, the focus is on the principles of the priority of feeding in renewable energy which have applied so far and the fixed remuneration for feeding in electricity. In view of an average share of 25 percent of renewable energies in the generation of power, the question arises whether such a subsidisation system which is not in line with the market is sustainable in the long term.

The direct marketing of renewable energies under the market premium model, which was introduced at the beginning of 2012, provided the first starting points for stronger market integration. We have to continue on this path and further develop the components of EEG which have been tried and tested on the market. As seen from the perspective of EEX, this could e.g. be achieved with an improved premium model which can be described using the simplified equation "integration of renewable energies = exchange price + x". Such a model would still comprise a certain subsidisation share which would, however, only cover the full costs of renewable energy systems in part. The plant operators could then cover or even more than compensate for the difference through their direct participation in the market. In addition to the sale of energy volumes, marketing the green characteristic with the help of guarantees of origin or the provision of system services could generate further sources of revenue.

In retrospect, the energy-policy year 2012 was primarily characterised by individual political measures which, in the opinion of EEX, only target the visible symptoms for the time being, while they do not address the causes of the undesirable consequences of the initiated energy turnaround to the same degree. It can be assumed that this situation will not fundamentally change until after the German parliamentary elections in the autumn of 2013.

APEX	Association of Power Exchanges
BDEW	German Association of Energy and Water Industries
EACH	European Association of CCP Clearing Houses
EFET Deutschland	Association 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 Local Utilities
VÖB	Association of German Public Banks

Overview of the associations EEX and ECC are members of

Increasing renationalisation of energy policies jeopardises the European single market

Germany is not alone with its national considerations regarding questions of market design and promoting renewable energies. Other neighbouring countries and EU member states are also discussing these and similar questions, such as e.g. capacity mechanisms in the case of France and Great Britain. This obvious trend towards a reinforced renationalisation of energy policy has also been observed by the European Commission. In a communiqué of 15 November 2012 it requested a return to a consistent energy policy which is harmonised throughout Europe in order not to jeopardise the aim of a European single energy market. Finally, more rules which are harmonised throughout Europe have taken effect and/or have been launched. In the opinion of the exchange, the expansion of the market coupling initiatives has made a decisive contribution to this. Following the coupling of the national power markets in the Central West Europe (CWE) region and in Scandinavia (Nordic) several years ago, the Central Eastern Europe (CEE) region was added in 2012. Market coupling, in particular, illustrates that there are no longer any purely national power markets. This premise and any possible interactions resulting from exclusively national decisions should again be given more consideration with regard to energy policy.

Supervision structures for energy trading are taking shape

Following the entry into force of the European Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) at the end of 2011, a number of detailed questions must still be sorted out and the infrastructure required for monitoring still has to be created. To this end, the Agency for the Cooperation of Energy Regulators (ACER) entrusted with implementing REMIT has e.g. initiated three working groups in which it discusses general questions regarding the implementation of REMIT, questions of market surveillance and questions of IT implementation with the market participants. EEX is represented in all three working groups. In this case, the question of how data reporting to ACER is to be designed was given special attention. The exchange between ACER and the market players, in particular, serves the purpose of preparing for the implementation of legal measures – which still have to be prepared and planned for mid-2013. While REMIT creates a European energy market supervisory authority, the member states have the additional possibility of developing supplementary national market supervision. Germany already advocated this additional framework during the REMIT legislative procedure and will establish a so-called market transparency office (MTO) for the power and gas market. During 2012, the Federal Ministry of Economics and Technology initially, and the Bundestag subsequently, carried out a number of consultations – also including the market participants. Even though the Market Transparency Office Law was adopted at the end of 2012, it is anticipated that the market transparency office will begin operations at the earliest at the beginning of 2014, on account of the required synchronisation with the parallel implementation of REMIT and the required implementation by the competent authorities.

Stress test for the CO_2 market

Trading in emission rights forms a central element within the range of climate protection tools. It ensures that the measures for reaching climate protection goals specified by the political sector are implemented at the lowest possible costs. Nonetheless, there are voices that talk of the failure of the European emissions trading scheme in view of low certificate prices. As seen from the perspective of EEX, there is no reason to doubt the proper functioning of the system. On the contrary, from EEX's perspective, the mechanism works as envisaged: It sets incentives for reducing emissions at the lowest possible costs. A need for action primarily arises from the likely early attainment of the reduction aim for 2020. With a view to the trading participants' confidence, reliable framework conditions should, in particular, be emphasised. EEX plays a central role on the CO_2 market. In the summer of 2012, it was nominated as the central platform for Germany and 24 other EUR member states (plus Norway and Iceland) for the transition period from the second trading period to the third trading period beginning in 2013. In the primary market auctions held on EEX, the emission allowances are provided to the market on behalf of these countries – i.e. they are no longer allocated free of charge as has largely been the case so far.

Continued threat of negative influence of the financial market policy on the energy markets

The regulatory restructuring of the financial markets is still underway. It is expected to have effects on the energy markets. For example, the revision of the Markets in Financial Instruments Directive (MIFID) entails the risk that the specificities of the energy wholesale market may not be given sufficient consideration and that, as a result, trading in energy may become significantly more expensive as a result of regulatory interventions. Under certain circumstances this can lead to a situation in which trading declines overall or in which there is a shift towards the unregulated and non-transparent over-the-counter market. Therefore, in the opinion of EEX, it is important that the equal treatment of exchanges and over-the-counter platforms, such as brokers, is ensured. The process for the new European Market Infrastructure Regulation (EMIR), which took effect in the summer of 2012, has already made progress and meanwhile the regulations have been

Visit by the Federal Minister for the Environment Peter Altmaier at EEX on 26 October 2012

specified in more detail and implemented with the help of different technical regulation standards. At present, there is still regulatory uncertainty in the energy market against this background. For example, the questions of how the threshold values (which are decisive for the clearing obligation) are to be calculated and in how far there will be transitional rules for non-financial institutions are still unanswered.

Prevention of sales tax fraud in power and gas trading

In 2012, legal proceedings against alleged fraudsters were still underway and, as a result, the effects of the massive sales tax fraud which had shaken the CO_2 market up until 2010 were still felt. Even though sales tax fraud has now been stopped through amendments in sales tax legislation, paving the way for the introduction of the so-called reverse charge mechanism in the field of emission allowances, it still has to be expected that criminal activities may now increasingly focus on the gas and power markets. EEX is untiringly pointing out this danger and campaigning for an expansion of the reverse-charge procedure to the power and gas market with the competent authorities and legislators. And this problem has by now been recognised by the first EU member states: France and the Netherlands have already amended their national sales tax legislation. Also Germany and Austria have indicated their willingness to introduce the reverse-charge procedure and have submitted the corresponding applications for exceptions in Brussels. However, these were initially rejected by referring to an envisaged solution harmonised throughout Europe. The question of whether and in how far there will be a uniform solution for this within the EU remains unresolved for the time being.

EEX in the political dialogue

EEX operates on the interface between the energy and the financial market. It is affected by the statutory and regulatory projects both directly and indirectly – through its trading participants. A large number of these decisions are made at the European level in Brussels. For this reason, the EEX office in Brussels constantly monitors the political sphere to detect impacts on the EEX markets early on so as to contribute to the process of forming an opinion – whether it is through continuous contacts with political institutions and other stakeholders or through the participation in consultation procedures in the framework of legislative processes. In addition, the office organises events to provide a framework for discussions regarding selected subjects. For example, in addition to the New Year's reception at the beginning of 2012 (which was attended by the EU Energy Commissioner Günther Oettinger), a panel discussion on the emission rights market and a breakfast with representatives of the European parliament on the subject of the European perspective in promoting renewable energies were held. Of course, EEX was also represented in the political sector in Berlin and, in this respect, it was in high demand as a partner in the political dialogue to which it regularly contributed its expertise. For example, representatives of EEX followed invitations to take part in expert hearings at the committees of the German Bundestag and in subject-specific discussions in parliamentary groups and federal ministries. As in previous years, political decision-makers again used the opportunity to visit the exchange in Leipzig in 2012. Such guests, for example, included the Federal Minister for the Environment, Peter Altmaier.

In addition to the direct dialogue with politicians and numerous lobby groups, EEX also contributed its expertise and experience through its membership in a range of associations (in 2012, ECC became a member of the Association of German Public Banks (VÖB)) and through a number of consultations.

Selected statements by EEX Group in 2012

Subject	Led by	Type of comment
Energy market regulation		
Establishment of a market transparency office for power and gas wholesale	Federal Ministry of Economics and Technology	EEX-EPEX statement
REMIT – Technical advice for setting up a data reporting format	PwC/Ponton on behalf of the European Commission	Participation in Europex statement
REMIT Registration Format	ACER	Participation in Europex statement
REMIT Data Recording & Disclosure of Inside Information	ACER	Participation in Europex statement
REMIT Data and Transaction Reporting	Directorate-General for Energy of the European Commission	Participation in Europex statement
Financial market regulation		
Position Limits in the Current MiFID Review	Directorate-General for the Internal Market of the European Commission	Participation in Europex statement
Law for the prevention of risks and abuse in high-frequency trading	Federal Ministry of Finance	EEX statement

Subject	Led by	Type of comment
Power		
Long-term cross-border capacity allocation between Northern and Continental Europe	Federal Network Agency and Energimarknads-inspektionen (Sweden)	EEX statement
EWI expert opinion: Study regarding a sustainable energy market design	Federal Ministry of Economics and Technology and the Institute of Energy Economics at the University of Cologne (EWI)	EEX-EPEX statement
Regulation on fees for using the guarantees of origin register	Federal Environmental Agency	EEX-EPEX-ECC statement
EU transparency regulation for the electricity market	Federal Ministry of Economics and Technology and Federal Network Agency	EEX statement
Consultation on the question of a Swiss power exchange with regard to possible market coupling	Swiss Federal Office of Energy (BFE) and Swiss Electricity Commission (ElCom)	EEX statement
Preparation of a special expert opinion by the Monopoly Commission regarding the power and gas market	Monopoly Commission	EEX-EPEX statement
Natural Gas		
Initiation of a determination procedure for the partial termination of proceedings regarding gas balancing energy (GABi Gas (Basic model for balancing capacity and balancing rules))	Federal Network Agency	EEX statement
Standardisation of balancing energy procurement	NetConnect Germany and GASPOOL	EEX statement
Revision procedure regarding capacity rules and auction procedures in the gas sector (KARLA Gas)	Federal Network Agency	EEX statement
Feasibility of implicit allocation in the (North-West) European gas market	Gas Regional Initiative North West (GRI NW)	Participation in Europex statement

January February March April May June July

24 January ❯ EEX opens its Brussels office with a New Year's reception / The EEX Excellence Award is presented for the first time.

29 February ❯ EEX is awarded the contract as the transitional auction platform for the Federal Republic of Germany.

1 March ❯ Steffen Köhler becomes a member of the EEX Management Board.

22 March ❯ The European Investment Bank (EIB) becomes a new participant on the EEX Emission Allowance Market.

3 April ❯ EEX and Eurex expand their product cooperation with the natural gas and coal asset classes.

30 May ❯ The new EEX Exchange Council is elected following the stipulated three-year term.

18 June ❯ EEX introduces season contracts for the GASPOOL market area on the Natural Gas Derivatives Market.

20 June ❯ The annual general meeting approves the spin-off of the gas market.

5 July ❯ EEX signs a memorandum of understanding with the Turkish transmission system operator TEİAŞ.

The year 2012 at a glance

August

16 August › EEX integrates energy market data from the Czech Republic into the transparency platform.

September

5 September › EEX and ECC offer OTC registration via EFETnet.

10 September › EEX wins the tendering procedure for the European transitional auction platform for emission allowances.

12 September › EEX is awarded the contract for EUA auctions on behalf of the Czech Republic.

October

26 October › The Federal Minister for the Environment, Peter Altmaier, visits EEX. / The first "Early Auction" of EUA for the third trading period is carried out.

30 October › ECC wins the Prague-based Power Exchange Central Europe (PXE) as a new partner exchange.

November

6 November › EEX and Powernext announce their cooperation in the gas trading segment.

22 November › EEX launches Phelix Day and Weekend Futures.

28 November › EEX concludes a contract with Hungary regarding the auctioning of emission allowances of the second trading period.

December

5 December › EEX launches the Spot Market for Green and Grey Certified Emission Reductions.

17 December › EEX and ECC introduce an OTC clearing service for Romanian power futures.

1st Quarter

❯ With the opening of its new office in Brussels, EEX establishes a presence in the political heart of Europe at the beginning of the year. On this occasion, it presents the "Excellence Award" for the first time – which rewards outstanding academic achievements in the field of energy and exchange trading. On the Emission Allowance Market, EEX is awarded the contract as the transitional auction platform of the Federal Republic of Germany and, as a result, it strengthens its position within this segment. In March, Steffen Köhler joins EEX Group as a new member of the Management Board.

2nd Quarter

❯ EEX and Eurex expand their product cooperation with the natural gas and coal asset classes. The successful execution of NER auctions on behalf of the European Investment Bank confirms EEX's key role in the field of the primary allocation of emission rights. On the Gas Derivatives Market, the exchange broadens its product range with the introduction of the GASPOOL season contracts. Moreover, the approval of the general meeting paves the way for spinning the natural gas markets off into an own company and, as a result, for collaborations in gas trading.

3rd Quarter

› EEX and the Turkish transmission system operator TEİAŞ sign a memorandum of understanding regarding a collaboration in the establishment of an energy exchange in Turkey. Having been awarded the contract for the European transitional platform, EEX receives the order to auction at least 250 million emission allowances on behalf of the EU member states. Furthermore, the Czech Ministry of the Environment selects EEX to execute the emission allowance auctions from the Czech Republic's new entrants' reserve.

4th Quarter

› EEX and Powernext announce the plan to create a pan-European gas offering on a joint trading platform. ECC acquires a new partner exchange with the Prague-based PXE and, as a result, extends its clearing offering into further East-European markets. New products on the EEX Power Derivatives Market – Phelix Day and Weekend Futures – close the gap between long-term and short-term power trading.

Peter Heydecker, Chairman of the Exchange Council

Report of the Exchange Council

The year 2012 entailed numerous challenges for the EEX energy exchange and its supervisory body under public law – the Exchange Council. In 2012, the activities of the Exchange Council did not only focus on new products, amendments of the rules and regulations and questions regarding the trading system, but also included personnel matters.

After the Exchange Council had completed its three-year term of office, the trading participants were invited to elect a new Exchange Council in accordance with the relevant rules and regulations. This body represents their interests and is involved in all fundamental decisions of the exchange. In the election, 19 of the in total 24 members were directly elected by postal vote in various voting groups. In addition to these 19 members, there are four members delegated by associations and one representative from the energy research sector.

At its constitutive meeting in June, the EEX Exchange Council elected Peter Heydecker from Vitol S.A. as its new chairman. Dr. Bernhard Walter, EnBW Trading GmbH, Pierre Chevalier, DB Energie GmbH and Dr. Michael Redanz from MVV Trading GmbH were elected as deputies holding equal rights. As the representative of the energy research sector, Prof. Dr.-Ing. Albert Moser, professor and head of the Institute of Power Systems and Power Economics (IAEW) at RWTH Aachen and long-standing Director of Business Development at EEX, was also elected to this body.

At the same meeting, the newly established Exchange Council appointed Steffen Köhler and Dr. Dr. Tobias Paulun as further Managing Directors Exchange, in addition to the CEO, Peter Reitz. Steffen Köhler has been a member of the Management Board of EEX AG since March 2012, while Tobias Paulun is the Director Strategy and Market Development of EEX. As a result, the exchange is now managed by three joint managing directors.

As early as March, the "old" exchange council under its chairman, Dr. Günther Rabensteiner, had already given the green light for the expansion of trading in emission allowances. Since mid-2012, EEX has also offered trading in emission allowances for the aviation industry on the Spot and Derivatives Market. In parallel, the Exchange Council also adopted the amendments of the rules and regulations required for migrating spot trading in emission allowances from the Xetra trading platform to the ComXerv trading platform.

The newly elected Exchange Council followed up on this work and seamlessly continued its intense deliberations of current and future products: Already during its first meeting, the body discussed a concept for green power trading developed by EEX and EPEX SPOT. The Exchange Council finally approved this concept in December. EEX aims to introduce three different so-called "Guarantees of Origin" for power from renewable energies on the Derivatives Market in the spring of 2013. As a result, it provides a further component for an enhanced funding mechanism for renewable energies and, at the same time, it also supports the market integration of renewable energies. The Exchange Council expressly underlines and appreciates the pioneering role which EEX assumes in the development of a European market with this step.

In a market environment shaped by the energy turnaround and by regulatory developments, the trend towards trading in short-term products on the Derivatives Market increased significantly in 2012. As a result of this development, the Exchange Council paved the way for the new Day Futures on Power at its meeting in September. It approved the expansion of the product range with Day and Weekend Futures for base and peak load deliveries of power for the German and Austrian regions. These new maturities supplement the successful Phelix Futures with a weekly, quarterly and annual delivery period. With the introduction of the new products in November 2012, EEX closed the gap between the day-ahead auction on the Power Spot Market and the week futures on the Derivatives Market.

At its last meeting of the year in December, the Exchange Council focused on the expansion of the natural gas business. In order to develop this segment further, EEX intends to cooperate with the French company Powernext in the future. Both partner exchanges are planning to bundle their activities on the gas market. This new collaboration is still subject to the provision that the required approvals are granted.

The Exchange Council is convinced that this initiative will significantly strengthen the positions of the two exchanges on the current competitive market because it grants the EEX and Powernext trading participants access to all natural gas products on one trading system. Moreover, the joint use of the Trayport trading system also enables EEX and Powernext to offer spread products between the German, French and Dutch gas market areas.

Furthermore, the Exchange Council also welcomed the planned expansion of the OTC clearing services of EEX Group. In order to enhance its position as the leading energy clearing house in Europe, the European Commodity Clearing (ECC), together with EEX, will offer clearing of a number of standardised energy products which are not offered on EEX or an ECC partner exchange. This step is intended provide the participants with a comprehensive offer of risk management services for the most important European OTC energy markets.

Against the backdrop of this OTC clearing initiative, the Exchange Council also approved the inclusion of a new participant category in the rules and regulations: Market participants only wishing to take part in OTC clearing can, in the future, be registered as "OTC participants" using a simplified admission procedure.

The Exchange Council is convinced that the projects commenced will further strengthen the competitiveness of the EEX Group and make the product offering significantly more attractive for the trading participants.

The Exchange Council will continue to constructively and pro-actively support the EEX Group with regard to this aim in the future.

As the newly elected chairman of the Exchange Council, and also on behalf of all the members of the Exchange Council, I would like to use this opportunity to thank my predecessor, Dr. Günther Rabensteiner, and the colleagues who have left the Exchange Council for the excellent work performed as well as for their high degree of commitment over recent years. At the same time, I encourage the newly elected members of the Exchange Council to tackle the future challenges for EEX actively and energetically, in cooperation with the Management Board of the Exchange and the Market Surveillance.

Peter Heydecker
Chairman of the Exchange Council

Members of the Exchange Council, as of 31 December 2012

Peter Heydecker (Chairman)
Vitol S.A., Head of Origination Gas & Power

Pierre Chevalier (Deputy Chairman)
DB Energie GmbH, Head of Energy Trading Portfolio-/Riskmanagement

Dr. Michael Redanz (Deputy Chairman)
MVV Trading GmbH, Managing Director

Dr. Bernhard Walter (Deputy Chairman)
EnBW Trading GmbH, Senior Manager Market Design & Regulatory Affairs

Nicolas Barbannaud
EDF Trading Limited, Head of Power Regulation and Gas France

Paul Dawson
RWE Supply & Trading GmbH, Head of Market Design and Regulatory Affairs

Werner Fleischer
VERBUND Trading AG, Member of the Managing Board

Paul Goodhew
UBS Limited, Director, Head of European Energy ETD

Pierre Guesry
Alpiq AG, Head of Optimisation & Trading CH

Dr. Jan Haizmann
EFET – European Federation of Energy Traders, Member of the Managing Board

Namesh Hansjee
Merrill Lynch Commodities (Europe) Ltd., Head of Trading overall and Member of the Management Committee

Ralf Henze
Stadtwerke Hannover AG, Head Energy Trading

Dr. Christoph Jansen
ThyssenKrupp Steel Europe AG, Head of Energy Procurement

Prof. Dr. Albert Moser
RWTH Aachen, Professor

Raimund Otto
Stadtwerke Leipzig GmbH, Commercial Director

Brieuc Raskin
Morgan Stanley & Co. International plc, Executive Director, Origination

Dr. Peter Sentker
HeidelbergCement AG, Director Procurement Germany

Andrea Vittorio Siri
Edison Trading S.p.A., Head of Power South East Europe

Christophe Solere
Susquehanna Ireland Ltd., Head of European Energy Trading

Dr. Anke Tuschek
BDEW – Bundesverband der Energie- und Wasserwirtschaft [German Association of the Energy and Water Industry], Member of the Executive Board

Vincent van Lith
Deutsche Bank AG, Head of Energy Listed Derivatives

Dr. Wolf B. von Bernuth
Energy & More Energiebroker GmbH und Co. KG, Managing Partner

Lars Wlecke
E.ON Energy Trading SE, Manager Trading Western Europe Power & Program Trading

Leonardo Zannella
Enel Trade S.p.A. (Senior Vice President), Head of Trading

Dr. Wolfgang von Rintelen, Head of Market Surveillance

REPORT OF THE MARKET SURVEILLANCE

“Viribus Unitis” – With United Effort

With the election of a new Exchange Council, the appointment of two new managing directors and restructuring activities within the company operating the exchange, the financial year 2012 was a year of change for EEX. Moreover, the regulatory changes both at the level of energy market regulation and as regards the emerging adjustments within the financial market sector have had similarly comprehensive effects. On the other hand, there were neither organisational nor personnel changes within the Market Surveillance (HÜSt) in 2012. This continuity within the team enabled HÜSt to face the challenges of the past year and to fulfil its aim of closely monitoring the changes and developments in exchange trading and in the regulatory environment of the energy market and of identifying opportunities as well as risks early on – in order to control or obviate the latter effectively.

In line with its guiding principles, HÜSt has succeeded in establishing a position for itself as a true asset within EEX. In 2012, the appreciation which customers and the various authorities show for secure, fair and transparent trading with independent monitoring by the Market Surveillance was reflected, in particular, in the decision to carry out major projects with EEX. In this respect, we particularly emphasise that EEX was awarded the contract for the joint transitional platform for the primary allocation of emission allowances on behalf of the EU member states. HÜSt could contribute its comprehensive experience in the cooperation with regulators and supervisory authorities here in the run-up to the awarding of the contract. It also promoted the development of new indicators for monitoring and measuring the success of the auction and developed a completely new and comprehensive reporting system. Last but not least, the existence of HÜSt as a tried-and-tested as well as independent supervisory body also played a role in the awarding of the contract.

Furthermore, the European Securities and Markets Authority (ESMA) and the Agency for the Cooperation of Energy Regulators (ACER) appointed members of HÜSt as experts in their advisory groups. For example, the Head of the Market Surveillance is now also a member of the Consultative Working Group of the ESMA Commodity Derivatives Task Force, on the one hand, and of the REMIT Market Surveillance Ad Hoc Expert Group of ACER, on the other.

In addition to its daily supervisory activities last year, HÜSt also conducted 15 special investigations (to some degree involving significant effort) both on instruction from the Exchange Supervisory Authority and based on its own initiative. However, the obligation of confidentiality established in the German Exchange Act prevents a more detailed disclosure of the items examined or information on proceedings initiated or referred to.

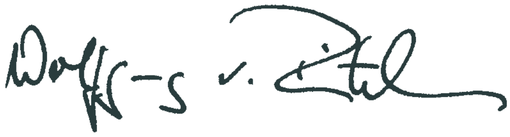
Overall, 2012 was characterised by particularly close cooperation with both “old” and “new” supervisory authorities which, in turn, were trying to digest the lessons learnt from the banking crisis, tax evasion, national deficits and rescue packages involving more stringent statutory requirements. Examples which can be cited in this context include cyclical reporting requirements imposed by the French Commission de régulation de l'énergie (CRE), ACER, the Swiss Federal Banking Commission, the Dutch regulator AFM, the German Federal Ministry for the Environment, the German Federal Environment Agency, the US CFTC and many others. Furthermore, several employees of the German Federal Financial Supervisory Authority (BaFin) visited HÜSt to see the work of the team in Leipzig. In this context, they praised the professionalism and assertiveness of this supervisory body.

In 2012, preventing and combating VAT fraud once again formed a focus of our activities. For example, together with the German Federal Central Tax Office HÜSt actively raised awareness of this issue among the transmission system operators and various regional tax investigators. In this respect, HÜSt contributed to a raising awareness of the risks among political decision-makers both in Germany and at the European level and there is hope that the reverse charge procedure will soon minimise the risks of VAT fraud also on the power and gas market.

The cooperation with the EPEX SPOT Market Surveillance, which is now well established, is also paying off here – but not only here. The direct exchange of information between a Leipzig-based employee and the French colleagues on site in Paris (during a secondment which lasted several months) has contributed to a further expansion of the evolving relationship of trust, in addition to more knowledge on both sides.

Moreover, the further technical developments which were initiated in recent years were continued in 2012. In this respect, especially existing supervision models were reviewed and expanded to new patterns of suspicious circumstances. In this context, the Market Surveillance Monitoring System (MSMS), in particular, was adjusted in numerous updates to changing requirements on account of the introduction of new EEX products, changing regulatory framework conditions and altered conduct on the part of the trading participants. Furthermore, new analysis approaches outside the monitoring system were considered, designed and introduced. These approaches ensure flexible monitoring through the dynamic variation of various parameters.

HÜSt looks back on 2012 as being an eventful year. In addition to new challenges and changes, the coming year will entail new tasks. In this context, the focus of the activities is essentially on the further development of the monitoring methods in a constantly changing market environment, the adjustment of reporting to new requirements, in the further development and expansion of cooperation with other market supervisory authorities and adjustments to the operating activities within the scope of changing regulatory requirements.



Dr. Wolfgang von Rintelen
Head of Market Surveillance

Transparency Balance Sheet

EEX Transparency platform faces new challenges

“Transparency in Energy Markets” (www.transparency.eex.com) is the neutral platform for energy market data which satisfies the current statutory publication requirements and fulfils the trading participant’s voluntary commitment.

The transparency platform for generation and consumption – based on a cooperation between EEX and the four German transmission system operators (50Hertz Transmission GmbH, Amprion GmbH, TenneT TSO GmbH and TransnetBW GmbH), as well as the Austrian transmission system operator Austrian Power Grid AG – was supplemented with further information and services in 2012.

- More than **35,000** visitors to the website every month
- **47** reporting companies, **6** of which were new in 2012
- **295** reporting power plants
- Approximately **500** power plant blocks reported on
- Reports from **6** balancing zones

Transparency platform milestones in 2012

8 May ❯ The transparency platform “goes REMIT”: EEX announces the expansion of the platform to provide further information.

23 May ❯ Award ceremony:
EEX is awarded the title “Energy Exchange of the Year” by the Energy Risk magazine. The positive role of the transparency platform is emphasised.

25 May ❯ Record:
At Whitsun, solar plants generated a total output of 21,000 MW.

11 January ❯ Record:
The generation of power from wind power plants exceeds the generation from conventional power plants for the first time ever – from 1:00 to 2:00 am.

January

February

May

16 February ❯ New:
Installed capacities for wind and solar power are updated on a quarterly (instead of an annual) basis.

16 August › Expansion:
Energy market data from the Czech Republic is integrated into the platform.

11 October › Expansion:
Data is added regarding the generation of power from biomass in Austria.

13 November › Award:
The EEX transparency platform receives the Energy Transparency Award given by the Florence School of Regulation.

15 November › Announcement:
In 2013, power generation data from Bulgaria will be added.

August October November

"If you want to understand the interaction between conventional and renewable energy sources, you have to look no further than the EEX transparency platform."

Daniel Wragge, Head of Political Communications at EEX

Presentation of the Transparency Award in Brussels

Awards

In 2012, the transparency platform received the prestigious "European Transparency Award" of the Florence School of Regulation – which is proof of the quality of EEX's work.

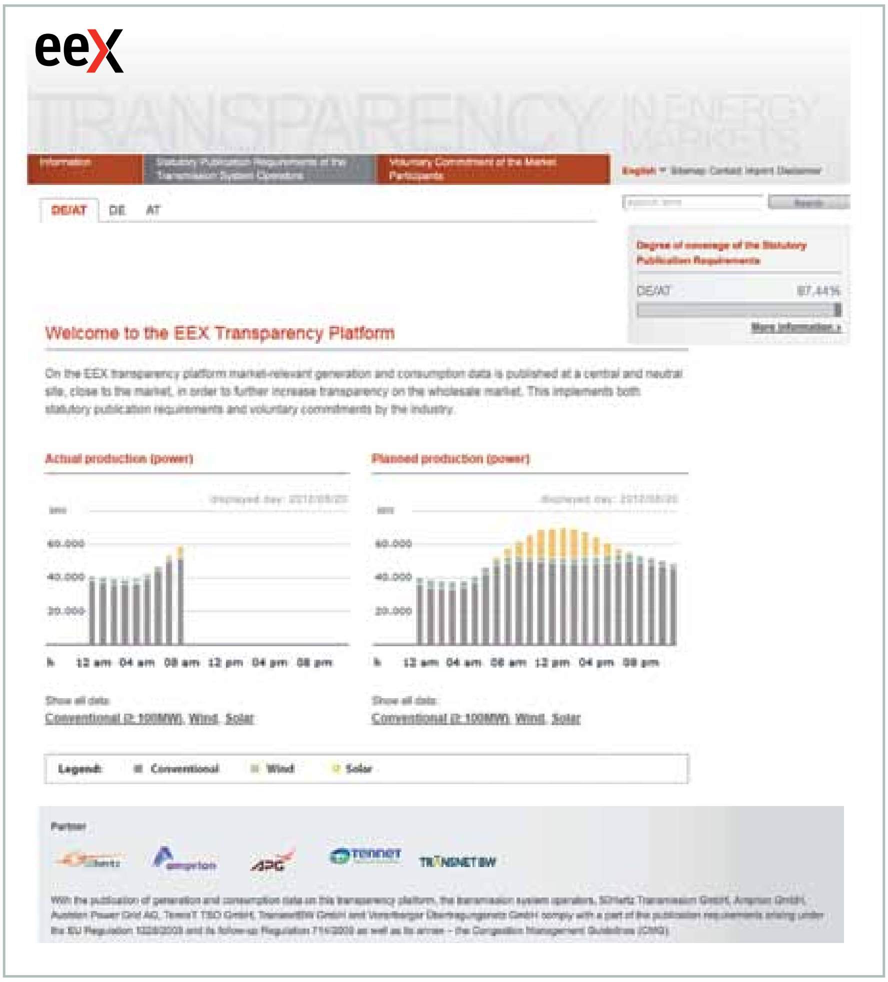
The selection committee's honouring speech stated: "Throughout the last three years, the Transparency in Energy Markets platform has shown how important this type of systematic and well organised information dissemination is for the energy markets – so they function efficiently. Moreover, it also illustrates the potential and the usefulness of the systemic and sophisticated, EU-wide market supervision. In this connection, the proactive role of EEX has to be emphasised. For this reason, the selection committee has decided to present the 2012 Energy Transparency Award to the transparency platform of the European Energy Exchange."

Moreover, Energy Risk magazine awarded EEX the title of "Exchange of the Year 2012". In this context, the positive role of the transparency platform was emphasised.

European alignment: Fundamental data from Austria, the Czech Republic and Bulgaria

Since July 2011 data on the generation of power in Austria has been published in addition to the data from Germany. In the area of statutory publication requirements, 100 percent coverage was achieved in Austria.

Since August 2012, energy market data from the Czech Republic has been published on the transparency platform. Information on the installed and available capacity, the volumes generated on the previous day, as well as the planned and unplanned non-availabilities of power from ČEZ power plants provided on a voluntary basis, is made available on the platform. The degree of coverage is approximately 60 percent.



Homepage www.transparency.eex.com/en

In the course of 2013, the platform is to be expanded with the addition of Bulgarian generation data. The quality of the transparency platform and its flexible design permit the fast and uncomplicated import of data reports from further countries.

Platform "goes REMIT"

In the framework of the EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), which became binding at the end of 2011, companies are obliged to disclose information which is relevant for pricing in power and natural gas trading and to report such to the Agency for the Cooperation of Energy Regulators (ACER) and the national regulatory authorities.

A large part of the publication requirements under REMIT is already fulfilled by reporting on the EEX transparency platform on a daily basis. Moreover, EEX is constantly developing the platform further so that it can be expanded with additional data. The aim is to be able to offer participants a comprehensive solution for implementing their publication requirements under REMIT and other regulatory guidelines.

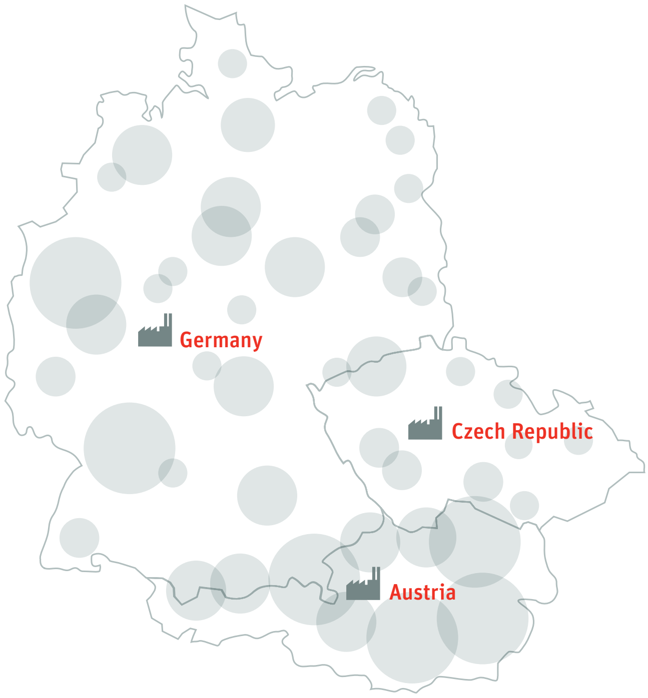
Statutory publication requirements of the trans-mission system operators – power generation	Voluntary commitment of the trading participants – power generation
· Installed generation capacity ≥ 100 MW · Installed generation capacity < 100 MW	· Installed generation capacity · Available generation capacity
· Planned non-usabilities of generating units ≥ 100 MW · Unscheduled non-usabilities of generating units ≥ 100 MW	
· Planned production of generating units ≥ 100 MW · Expected generation from wind power · Expected generation from solar power	
· Actual generation by generating units ≥ 100 MW · Actual generation from wind power · Actual generation from solar power	· Generation of the previous day

Published generation data

	Germany	Austria	Czech Republic
Reporting power plant and transmission system operators	35 (2011: 30)	11 (2011: 11)	1 (2011: 0)
Degree of coverage* for statutory publications	97.16 % (2011: 93.5 %)	100 % (2011: 100 %)	—
Degree of coverage* for voluntary publications	40.79 % (2011: 42.5 %)	68.9 % (2011: 71.1 %)	61.3 % (2011: 0 %)
Number of reporting power plants	141 (2011: 125)	132 (2011: 131)	21 (2011: 0)

*The degree of coverage of the statutory publication requirements is based on the ratio between the installed capacity reported on the platform and the total installed capacity in the respective countries.

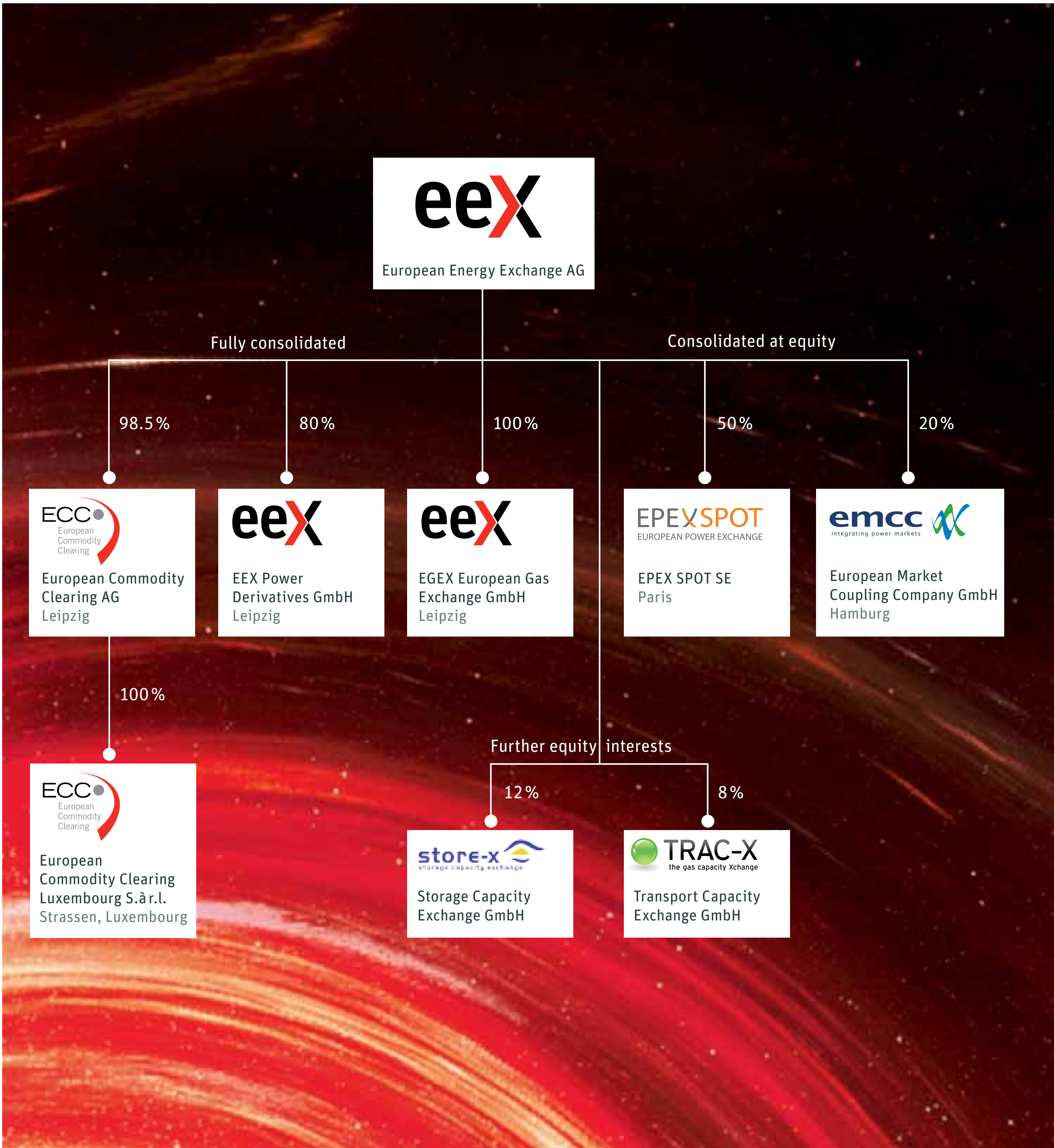
Degree of coverage, as of January 2013



	Germany	Austria	Czech Republic
Transmission system operators	50Hertz Transmission GmbH | Amprion GmbH | TenneT TSO GmbH | TransnetBW GmbH	Austrian Power Grid 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 | Mark-E AG | N-ERGIE Aktiengesellschaft | PCK Raffinerie GmbH | RheinEnergie AG | RWE Power AG | Saarstahl AG, Saarschmiede GmbH Freiformschmiede | Stadtwerke Duisburg AG | Stadtwerke Düsseldorf AG | Stadtwerke Hannover AG | Stadtwerke Leipzig GmbH | Statkraft | Markets GmbH | Steag GmbH | swb Erzeugung GmbH & Co. KG | SWM Services GmbH | TIWAG, Tiroler Wasserkraft AG | Trianel Gaskraftwerk Hamm GmbH & Co. KG | Vattenfall Europe AG | VERBUND AG | VSE AG | VW Kraftwerk GmbH | Wacker Chemie AG	Energie AG Oberösterreich Kraftwerke GmbH | EVN AG | Grenzkraftwerke GmbH | KELAG | Linz Strom GmbH | Salzburg AG für Energie, Verkehr und Telekommunikation | TIWAG, Tiroler Wasserkraft AG | VERBUND AG | Vorarlberger Kraftwerke AG | Wien Energie GmbH	ČEZ Group

Reporting power plants, as of January 2013

Group structure of European Energy Exchange AG



Consolidated Management Report of European Energy Exchange AG, Leipzig, for the 2012 Financial Year

1. Overview of EEX Group

Business activity and group structure

European Energy Exchange AG (EEX) with registered offices in Leipzig, Germany is the leading energy exchange in Europe. On 31 December 2012, the Group had a workforce of 145 employees at its offices in Leipzig, London, Paris and Brussels.

EEX develops, operates and connects secure, liquid and transparent markets for energy and related products on which power, natural gas, CO_2 emission allowances and coal are traded. Clearing and settlement of all trading transactions are provided by the European Commodity Clearing AG (ECC) clearing house.

The chart opposite provides an overview of the group structure and shareholdings of EEX Group. EEX Group relies on a business model under which greater flexibility, a higher market coverage and bigger volumes are attained through targeted spin-offs and partnerships.

EEX operates spot and derivatives trading in emission allowances and derivatives trading in coal. Moreover, it provides training services, operates a transparency platform for fundamental data (power) and offers information products for trading and fundamental data. Furthermore, it also acts as a service provider for its subsidiaries in the framework of providing management services.

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

The German and French Power Derivatives Markets are concentrated within **EEX Power Derivatives GmbH**, a Leipzig-based subsidiary in which EEX holds 80 percent of the shares.

On 1 January 2012, the Natural Gas Spot and Derivatives Markets were spun off to the wholly-owned subsidiary, **EGEX European Gas Exchange GmbH (EGEX)**. The spin-off of the Spot and Derivatives Market into the new company facilitates potential cooperation with other exchanges, trading platforms and market participants. Staff is provided to the company in the framework of business management for the subsidiary.

Furthermore, EEX holds 50 percent of the shares in **EPEX SPOT SE (EPEX)**, which operates the Spot Market for power in Germany, France, Austria and Switzerland.

The **European Market Coupling GmbH (EMCC)**, which EEX holds 20 percent of, is a company which carries out market coupling for power between the regions of Central West Europe (CWE) and Scandinavia.

Furthermore, EEX holds an interest in **store-x Storage Capacity Exchange GmbH (store-x)**, an online platform for secondary trading in natural gas storage capacities, and in **Trac-X Transport Capacity Exchange GmbH (TRAC-X)**, an online platform for natural gas transport capacities. In the context of TRAC-X's expansion into a Europe-wide standardised platform for trading transport capacities, new shareholders were integrated into the company and, as a result, the existing shareholders reduced their share during the year. On 4 December 2012, a further contract regarding the transfer of shares and the inclusion of new shareholders was signed. Under this contract, EEX will reduce its shareholding to 1.5 percent. At the end of the year, the sale of the shares had not yet been executed. Furthermore, TRAC-X changed its corporate name to PRISMA European Capacity Platform GmbH (PRISMA) on 1 January 2013.

Corporate management

As a German joint stock company, EEX has the following corporate bodies: the annual general meeting, the Supervisory Board and the Management Board, each with their own competences.

The annual general meeting appoints the members of the Supervisory Board, adopts resolutions on the approval of the Management Board activities and of the Supervisory Board and decides on the appropriation and distribution of the balance sheet profit.

The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions which are of fundamental importance for the company. Moreover, it adopts the annual financial statement prepared by the Management Board. At present, the Supervisory Board has 18 members with a three-year term of office.

The Management Board manages the company and is coordinated by the Chief Executive Officer (CEO), who represents the company in public and has a leading role as regards verbal and written communications with the Supervisory Board.

As of 31 December 2012, the EEX Management Board comprised four members: In addition to the CEO, a Chief Financial Officer (CFO), a Chief Operating Officer (COO) who is in charge of internal processes, IT and distribution and – since 1 September 2012 – a Chief Risk Officer (CRO) hold responsibility for the Company's business. Since 1 November 2012, the Management Boards of EEX and ECC have consisted of the same members.

EEX is an exchange under the German exchange act, and the bodies of the exchange are the Exchange Council, the Exchange Management Board, the Market Surveillance and the Sanctions Committee. The Exchange Council represents the trading participants' interests and is involved in all material decisions of the exchange. For example, it adopts resolutions on the rules and regulations of the exchange. In addition, it appoints and supervises the Exchange Management Board and appoints the head of Market Surveillance. The Exchange Council consists in total of 24 members, 19 of whom are elected directly by the trading participants. In addition, four associations delegate one representative each to the Exchange Council. Furthermore one representative of the energy research community is elected by the Exchange Council. On 31 December 2012, the Management Board of the Exchange consisted of the CEO, the COO and the EEX Director Strategy & Market Design.

Strategy and group management

Strategy

Over the last years, EEX Group has established a position for itself as an integrated energy exchange in Europe. This position is based on a "one-stop-shop" business model under which the customers are offered efficient and cost-effective services ranging from trading, clearing and settlement to market data services from a single source. This service offer is available for the power, natural gas, emission allowances and coal asset classes.

In future, EEX will continue to rely on the simultaneous and reinforced development of the strategic business fields – power, natural gas, emissions, coal, clearing and transparency/info products. In addition to the continued expansion of all markets, the enhancement of the product and service portfolio and the accelerated extension of the technical availability for the customers, the constant optimisation of the IT processes and IT infrastructure as well as the increasing geographical reach and finding new partners constitute the focus of EEX's activities.

Within the power segment, the EEX markets are to be developed into clear reference markets for all of Europe. The market share is to be increased by extending the product and service offering to currently unsecured and unregulated markets as well as to new geographic growth areas and by acquiring new customer groups.

Within the natural gas sector the position of a central trading platform is to be attained in central Europe and a reference price is to be provided. As a pioneer in the field of security standards, transparency and reliability, EEX provides a central European market platform for emission allowances and, in particular, for primary market auctions and trading in contracts for the third trading period commencing in 2013.

In this process, the clearing subsidiary ECC is to further develop its position as the leading clearing house for energy and related products in Europe through the growth of OTC clearing, the introduction of simplified clearing-only products and the further enhancement of its clearing services.

In the business field of transparency/info products, the publication of fundamental data on the "Transparency in Energy Markets" platform is to be expanded and the existing portfolio of the information products is to be enhanced and made more flexible successively within the framework of the EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT).

Management control

EEX Group essentially uses the parameters of EBT, costs, annual profit and EBT margin for the management control of the Group. The EBT margin, in particular, is calculated as the ratio between the EBT and total revenue, i.e. the total of all sales and income from investments.

Revenue has an impact on EBT. It comprises transaction income, turnover, income from investments as well as other operating income and the financial result.

As regards expenses, we differentiate between variable and operating (overhead) costs. Variable expenses comprise costs which are correlated with the amount of the transaction income, such as the sales-based systems expenses paid to Deutsche Börse AG (DB AG) and market maker and broker reimbursements. The operating overheads include the other systems and human resources expenses, depreciation and impairment losses as well as other operating expenses (see "Earnings, assets and financial situation" for details).

Approximately 85 percent of the total costs of EEX Group are fixed costs. On account of economies of scale and economies of scope, the Group can settle additional business volumes without any significant increase in costs. Nonetheless, a decline in business volumes has a direct effect on the Group's profitability. As a result, volume-dependent expenses account for approximately 15 percent of the total costs of EEX Group.

Internal control system (ICS)

The internal control system (ICS) of the Group forms another essential management instrument for attaining corporate aims. The ICS comprises the principles, procedures and measures which are used by the corporate management and which the organisational units of EEX have implemented within their business processes. In order to ensure a proper execution of the business processes and business activities and to prevent errors or irregularities or to detect such in due time the following protection and control measures have e.g. been implemented at EEX: separation of incompatible tasks, principle of dual control, approval processes, access and admission restrictions, job descriptions, documentation of processes in work instructions and check lists, staff training courses and signature guidelines. The rules and regulations are regularly updated and modified as required to ensure that they are up-to-date.

As an outsourced and independent unit within EEX Group, the internal auditing department carries out risk-oriented and process-independent controls to check the adequacy and effectiveness of the ICS. The Management Board and the Supervisory Board are informed of the audit result. Furthermore, operational events (i.e. failure of business processes on account of inadequate process design, human errors and IT failures or failures by external service providers) are recorded centrally and analysed regularly to identify weaknesses within the ICS and measures are suggested to overcome these. Essential operational events are reported to the Management Board and the Supervisory Board.

2. Economic situation

The macro-economic and industry-specific framework conditions which are decisive for the business activities of the EEX Group companies and, in particular, for the development of the transaction volumes are outlined below.

Continued economic slump and muted growth

In 2012, the German economy was unable to continue to grow as in the previous year. While, in 2011, economic growth still amounted to 3 percent, an increase in the gross domestic product of only approximately 0.7 percent is expected for the year 2012.

In the past year, the noticeable decline in the demand for goods and services resulting from the economic slowdown in important global sales markets and the lasting government debt crisis in Europe put a strain on the German economy.

For the year 2013, the German Federal Ministry of Economics and Technology forecasts a growth of the gross domestic product 0.4 percent lower than in 2012.

Continued tense situation on the financial markets

The year 2012 was shaped by the debt haircut for Greece, various euro crisis summits and the use of the euro rescue fund (ESM) by Ireland, Portugal, Spain and Italy. As a result, excessive interest rate increases for states in financial trouble were prevented and the financial markets could be calmed down. At the end of the year, the German share index DAX reached its highest level since January 2008.

In spite of this, the fundamental problems of the euro zone have not been resolved. As in the past, the developments on the financial markets and the level of debt of individual EU member states still have to be seen as critical. And if the credit rating of strong countries such as Germany is affected by the government debt crisis within the euro zone, this may have an overall effect on the economic situation.

Commodity prices develop with marked fluctuations

The development of the German physical power market was characterised, in particular, by the rising share of renewable energies. For example, in 2012, the share of green power in the German energy mix amounted to 23 percent – compared with 20 percent in the year before. Starting at approximately EUR 52 per MWh, the price for Phelix Baseload year futures on the Power Derivatives Market initially increased to more than EUR 54 per MWh by the end of February 2012 and then declined again significantly to EUR 45 per MWh. In this process, there were fluctuations of up to 21 percent in the course of the year.

Compared with prices of EUR 17 to 20 per tCO_2 which were originally expected for 2012, prices for emission allowances declined even further in the course of the year. Starting at approximately EUR 10 per tCO_2, the price increased again to more than EUR 11 per tCO_2 (November 2012). However, thereafter, it temporarily fell to below EUR 6 per tCO_2 (beginning of December 2012). At the end of the year, the price was roughly EUR 7 per tCO_2. This reduction in price is due to the oversupply of emission allowances on the market resulting from EU emission thresholds which were established in 2009 – a year of crisis (and are far from ambitious), on the one hand, and from a high volume of CER certificates from third countries on the other.

At USD 111 per barrel (Brent crude) at the end of the year, the oil price was slightly above the level of the previous year. However, during the year, it fluctuated significantly from USD 126 per barrel in March to USD 90 per barrel in June. The upward trend observed at the end of the year was primarily due to declining stocks and improved chances that a fall over the American fiscal cliff might be avoided in 2013.

In the course of the year, the monthly EGIX gas price index rose continuously (annual low: EUR 22 per MWh in January 2012) and, at EUR 28 per MWh at the end of the year, it was significantly higher than the price at the end of 2011 (EUR 23 per MWh).

High volatility, i.e. range of variation, of the exchange prices is generally accompanied by increased trading activities or higher volumes.

Slight decline in power consumption in Germany

According to calculations by the Working Group on Energy Balances, primary energy consumption increased only insignificantly in 2012 (approx. 3,753 TWh) as against the previous year – and under consideration of the lasting economic growth and 2012 being a leap year, this could even be referred to as stagnation. This was e.g. due to the improved energy efficiency and the growing share of renewable energies in power generation.

According to preliminary calculations by the German Association of Energy and Water Industries (BDEW), the consumption of physical power in Germany declined to 594 TWh by 1.4 percent in 2012 as against the previous year.

And the amount of the trading volumes on the exchange's power market, in turn, is shaped by this physical consumption – among other aspects.

Market environment in 2012 shaped by energy turnaround

In 2012, the energy turnaround had a significant influence on the framework conditions for the business activities of EEX Group. For example, under its influence, the exchange prices for power in the German market area dropped. In addition, the energy turnaround significantly changed the trading participants' trading behaviour. Within a difficult market environment (shaped by the energy turnaround and regulatory developments), the trend towards short-term trading continues. On the EEX Power Derivatives Market, the trading participants were increasingly active in short-term maturities and concluded fewer longer-term trading transactions.

The effect of these framework conditions on the development of business in the individual business segments in 2012 is outlined in the following sections, while the future effects are described under "Group Outlook/Forecast Report".

3. Overview of the Financial Year

Essential developments in the individual business divisions

In spite of the difficult market environment, the profound structural changes on the power market and the lasting uncertainty on the market because of the euro crisis and open questions of regulation, EEX successfully continued its diversification strategy and reduced its dependency on the Power Derivatives Market in the financial year 2012. This development was primarily driven by the increase in revenues generated by the information products and increased volumes from EPEX, other clearing cooperations, the TTF Gas Spot Market and the emissions markets.

Power

EEX has a leading position in Continental European power trading and in the cleared OTC segment and, moreover, it has established an excellent position for itself as regards the competition. In addition to other European energy exchanges, the main competitors for EEX Group include brokers and also unregulated trading platforms. The London Energy Brokers' Association (LEBA) reported a decline of 34 percent for the German power market in the last year and a decline of as much as 47 percent for the European over-the-counter power market (OTC).

Despite the difficult situation, the market shares of the trading volumes settled through EEX and ECC on the overall market increased in the last year. The further development of the technical infrastructure of the exchange and of the clearing services offered by ECC has made a decisive contribution to this. Nonetheless, the predominant share of the trades is still concluded off of the exchange and settled bilaterally between trading participants. The transaction fees for trading, clearing and the settlement on the Power Spot and Derivatives Market still form the driving force within EEX Group. In 2012, this business field accounted for 61 percent of the sales revenue (previous year: 72 percent).

Power Derivatives Market

The restraint displayed by the trading participants on the exchange markets – most likely on account of the lasting crisis on the international financial markets and of open regulatory questions – was reflected in the lower trading volumes at EEX Power Derivatives GmbH. The trading volumes on the Power Derivatives Market declined by 13 percent compared with the previous year. This was also due to the fact that the trading participants' willingness to conclude long-term positions within the uncertain energy trading environment was inhibited.

The number of contracts traded on the German Power Derivatives Market, on the other hand, increased significantly in 2012 compared with the previous year. The lower trading volume is attributable to the shift in trading activities towards shorter terms. As a result, year futures which are based on a higher contract volume were traded significantly less frequently.

In 2012, trading in over-the-counter transactions (OTC) accounted for 471 TWh (previous year: 577 TWh) and exchange trading accounted for 460 TWh (previous year: 499 TWh). The volume traded on the exchange declined by 8 percent as against the previous year, while the volume of the OTC transactions of 18 percent was much lower than in the previous year and, thus fell short of expectations. The share of the transactions traded through the exchange as regards total volume increased from 46 percent to 49 percent. In addition to an enhanced product range, this increase in the share of transactions traded on the exchange was also driven primarily by the improved connectivity EEX can now offer its trading participants and by dedicated market making. Both of these factors have had a positive effect on liquidity.

The volume traded on the French Power Derivatives Market fell significantly by 65 percent. Presumably this was due to the effects of the NOME law which brought about drops in volume throughout the entire French derivatives market (comprising both the exchange and the over-the-counter market). The regulated tariffs for the procurement of power by medium-sized to large industrial enterprises in France resulting from this law have led to a significant drop in the trading interest regarding French power derivatives. At 20 TWh, the share of the French futures in the entire trading activities on the Power Derivatives Market accounted for only 2 percent of the total volume of EEX Power Derivatives GmbH in the year under review.

Financial players (as against energy traders) accounted for a share of 47 percent in the total trading activities, meaning their share has increased as against the previous year.

In November 2012, the portfolio was supplemented with financially settled Phelix Day and Weekend Futures. The volume traded so far amounted to 47.8 GWh which indicates that the product launch was successful.

Power volumes			
in TWh	**2012**	2011	Change
Derivatives Market	**931**	**1,075**	**–13 %**
Germany	911	1,018	–10 %
– of which exchange trading	445	457	–3 %
– of which OTC	466	561	–17 %
France	20	58	–65 %
– of which exchange trading	15	42	–64 %
– of which OTC	5	16	–67 %
Spot Market	**339**	**309**	**+10 %**
Germany / Austria	262	238	+10 %
Switzerland	17	12	+38 %
France	61	59	+2 %

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

Power Spot Market

The Power Spot Markets for Germany, France, Austria and Switzerland which are concentrated within EPEX all generated a consistently positive development. Clearing of EPEX Spot Market transactions within the Group contributed revenue of EUR 6.8 million and, hence, 14 percent (previous year: 14 percent).

At 339 TWh, the volume traded on EPEX increased by 25 TWh or 8 percent (previous year: 314 TWh). 339 TWh of this (previous year: 309 TWh) were generated as clearing volume at ECC.[1]

The Swiss Spot Market generated the highest growth rate in the day-ahead auction compared with the previous year. In this respect, a volume increase of 38 percent as against the previous year was recorded. In the intra-day segment, it was, in particular, the French market which gained liquidity as a result of 28 percent growth.

Furthermore, the company benefited from the transmission system operators' obligation to market power quotas from renewable energies on an exchange, which took effect in 2010 in the framework of the Renewable Energies Act (EEG) and which was specified in more detail in the Ordinance dealing with a Nationwide Equalisation Scheme (AusgleichsMechV), and from direct marketing, which has been in force since January 2012.

[1] The volume traded on EPEX differs from the volume recorded as revenue on ECC on account of the different consideration of border-crossing power volumes. EPEX considers the net position which reflects the balance of import and export for a market area as the trading volume. At ECC it is not this balance which is considered as revenue but the volume of the market coupling contracts which consider the export volume from one market area into another. These two volumes are usually not identical.

The CWE market coupling (which was launched in 2010) facilitated border-crossing power trading and has also contributed to the positive development of the power spot markets.

In the field of intraday trading, the launch of the Austrian market segment on 16 October 2012 has, in particular, to be mentioned. In December 2011, 15-minute contracts for the German market area were launched on the EPEX intra-day power market. The cumulative trade volume with 15-minute contracts amounted to 1.3 TWh, which corresponded to a share of 8 percent in the German intraday segment.

In addition, EPEX reinforced its role as a service provider for power exchanges in Europe. On behalf of the local power exchanges, EPEX has operated trilateral market coupling between Slovakia, the Czech Republic and Hungary on the basis of the COSMOS algorithm, which is also used within CWE, since 11 September 2012.

In 2012, especially the market coupling project for north-western Europe (NWE: comprising the CWE region, Great Britain and the Nordic states) was promoted. This project is to be implemented in 2013. From 2014, this market coupling project will comprise all EU member states, Switzerland and Norway. The price coupling algorithm created in the framework of the price coupling of regions initiative (a project involving five further European power exchanges) will be used for the first time in NWE in 2013.

Furthermore, at its meeting in December, the EPEX exchange council approved the introduction of an intraday market for Switzerland in 2013. Settlement of these contracts will also be provided by ECC.

Natural gas

In 2012, the natural gas business field was significantly expanded. Its contribution to revenue within EEX Group increased to 4 percent (previous year: 3 percent).

On 1 January 2012, the Natural Gas Spot and Derivatives Markets were spun off into the wholly owned subsidiary EGEX European Gas Exchange GmbH (EGEX). The spin-off of the Spot and Derivatives Market into the new company facilitates the potential cooperation with exchanges, trading platforms and market participants.

Compared with other European gas markets, the German market areas NCG and GASPOOL offer by far the highest growth potential. This is due to the very high physical gas consumption, significant storage capacities and an excellent connection to neighbouring market areas. EEX was very successful in convincing the trading participants to take up trading on the EEX Gas Spot Market for the TTF market area through control energy trading. Nonetheless, the natural gas volume traded on EEX is still lower than the trade volume on those exchanges that already offer derivatives trading regarding the more liquid TTF and NBP market areas.

At an international level, EEX has to compete with natural gas exchanges that have already successfully established positions for themselves in this market. Within Germany, EEX competes with brokers and non-regulated trading platforms for market shares in the German market areas which are still developing.

The trade volumes in this segment increased, in particular, on the Spot Market (56 percent) specifically on account of the volumes on the TTF Spot Market. However, growth was also generated on the Derivatives Market (11 percent).

Natural gas volumes			
in TWh	**2012**	2011	Change
Spot Market	36	23	+56 %
Derivatives Market	40	36	+11 %

At present, EEX is the gas exchange in Europe with the highest number of trading participants. On the Natural Gas Spot Market, in particular, it was able to increase the number of active trading participants and liquidity in the course of the year 2012. As a result, there are good conditions and a high potential for future growth from the shift of as yet uncleared transactions concluded over the counter to exchange trading and to settlement by ECC.

Prices traded on the exchange based on transparency and supervision and price indices for the wholesale market established by the exchange on this basis (such as the EGIX) are increasingly influencing procurement, sales and customer contracts on the gas market. They are used as reference values for settling excess or insufficient quantities between gas transport customers and market area coordinators.

The market area coordinators in Germany have been trading control energy through the exchange since the end of 2010 and have hence contributed to the constantly growing liquidity in exchange trading in natural gas. In 2012, this positive development was expanded with the introduction of further services for gas traders (for example “order alert” – information for trading participants about existing buy/sell orders on the market).

In spite of the competition between the trading platforms which is already fierce and growing further, EEX is planning to further increase liquidity on the Spot and Derivatives Market.

In November 2012, EEX and Powernext SA (Powernext) signed a memorandum of understanding regarding their collaboration on the gas market. Subject to a regulatory and anti-trust review, both companies are planning to bundle their activities on the gas market as well as their know-how with the aim of establishing a pan-European gas market (see also “Group outlook”).

Emissions

The revenue contribution of the emissions segment within EEX Group rose and amounted to 2 percent in the reporting period (previous year: 1 percent).

In the field of emission allowance trading, EEX Group is the market leader as regards the execution of primary market auctions for European member states and as regards the provision of a secure and supervised trading platform. In 2012, significant progress was made after EEX was awarded contracts for various primary market auctions in international bidding processes. The contract regarding the transitional auction platform for the third trading period of the EU Emissions Trading Scheme (EU ETS) for the Federal Republic of Germany and the European Union, in particular, has to be mentioned in this respect.

In 2012, 166 auctions were conducted for five countries, the European Investment Bank (EIB) and on behalf of the EU. In this process, emission allowances (EUA) of the second trading period and, in part, allowances for the third trading period (early auctioning) were auctioned.

As a result, volumes on the Spot Market jumped by 334 percent, while the volumes on the Derivatives Market grew by 77 percent. The primary market auctions on the Spot and Derivatives Market were the driving forces behind this volume increase. Therefore, the negative trend starting in 2011 was not only stopped, but even reversed.

Emissions volume			
in million t	**2012**	2011	Change
Spot Market	**111**	**26**	**+334%**
Primary auction	105	21	+401%
Secondary trading	6	5	+30%
Derivatives Market	**143**	**81**	**+77%**
Primary auction	60	25	+145%
Secondary trading	83	57	+47%

On the basis of the results achieved so far, EEX is now in a good position for the successful participation in the invitation to tender regarding the permanent auction platform for the third trading period of EU ETS and for further growth on the secondary market.

On account of the increasing importance of the safe settlement of trading, it is expected that EEX will be able to further expand its market shares. At the same time, EEX is exposed to significant competitive pressure in secondary trading in emission allowances. As a result of the high degree of standardisation and the increasing price decline of the products, only few trading platforms manage to prevail within the highly competitive environment.

Coal

EEX Group offers both electronic trading in Coal Derivatives Contracts and the settlement of coal contracts.

In the past financial year, coal trading on EEX came to a standstill. This unsatisfactory development results from the trend towards over-the-counter platforms on the global coal market. However, in the past financial year, EEX was able to make preparations for a revival of the coal business segment. The OTC clearing offer of ECC was e.g. enhanced with so-called straight-through processing (STP) solutions for the coal business field and, thus, made more attractive for over-the-counter coal trading. Furthermore, there are plans to introduce new products for the coal market, which are being developed in close coordination with the trading participants, in 2013.

Clearing cooperations

Within the Group, those sales at ECC which are not generated by the trading platforms of EEX or EPEX but by cooperations with exchanges outside EEX Group are allocated to the business field "Clearing cooperations". In 2012, this business field accounted for a share of 10 percent (previous year: 10 percent) in the Group revenue and again developed positively.

Except for the Powernext gas market, the volumes from clearing and settlement of the transactions concluded on partner exchanges increased compared with the previous year.

Clearing volumes			
in TWh	**2012**	2011	Change
Cooperation with APX-Endex			
Power derivatives market	58	38	+50%
Gas derivatives market	366	333	+10%
Cooperation with Powernext			
Gas spot market	43	31	+37%
Gas derivatives market	42	101	–59%
Cooperation with CEGH			
Gas spot market	2.8	2.0	+37%
Gas derivatives market	0.3	0.5	–35%
Cooperation with HUPX			
Power spot market	6.3	3.8	+67%
Power derivatives market	7.4	1.3	+483%

In the past financial year, EEX Group further expanded its clearing offer. In response to the increasing regulatory requirements and/or the growing importance of clearing, further products are to be introduced for the clearing of over-the-counter activities. In this process, the customers can benefit from the cross-margining advantages ECC offers.

For example, OTC clearing of NBP gas contracts was launched in February 2012 and an OTC clearing product for Romanian power derivatives contracts was introduced in December of the year under review. Initially, volumes were not generated for NBP gas contracts and development in the field of the Romanian power futures remains to be seen. In parallel, the OTC clearing offer was supplemented with so-called straight-through processing solutions. These solutions permit the fully automated submission of over-the-counter transactions for clearing and, as a result, they minimise the administrative effort for the trading participants.

Furthermore, the partner exchange model of ECC was enlarged with the Czech energy exchange PXE. As a result, ECC will provide clearing for Czech, Slovak and Hungarian PXE power derivatives contracts and for the Czech power spot market of PXE from 2013. In December 2012, APX-ENDEX terminated the clearing and settlement agreement with ECC. Therefore, the revenue from this partnership will probably stop towards the end of the 2013 financial year.

The product portfolio of the clearing solution with the existing partner exchanges was further broadened. In February 2012, the APX-ENDEX product range was enhanced with time spreads for the TTF derivatives market. Furthermore, APX-ENDEX has offered three further month contracts of the TTF Gas Futures for trading since October 2012 and has, hence, extended the range of contracts to in total six tradable month contracts.

The range of the French gas derivatives contracts of Powernext was complemented with GRTgaz Nord year futures and an additional maturity of the GRTgaz Nord quarter futures in the third quarter of 2012. In addition, Powernext is planning to introduce TTF Gas Futures and, hence, to include a further market area within its product portfolio in 2013.

Transparency/Information products

This business field includes, on the one hand, the operation of the transparency platform and, on the other hand, marketing trading and fundamental data. In 2012, this business field which is still young contributed approximately 3 percent to Group revenue. Its tasks comprise attaining the highest possible presence of the EEX markets and products, support for efficient pricing and marketing the data available on EEX.

The number of customers continued to increase significantly in 2012. At the end of 2012, EEX supported 128 data vendors (+51 percent) that continue to use the EEX data commercially. Vendors are companies offering their customers market data and products derived from such data on a commercial basis. Following an adjustment in the product structure during 2012, the number of data subscriptions with internal rights of use increased from approximately 2,400 to approximately 3,170.

In the framework of its commitment to transparency in European energy trading EEX operates the central transparency platform “Transparency in Energy Markets” (www.transparency.eex.com) for power generation and consumption data. This platform was established in cooperation with the German transmission system operators in October 2009 and it pursues the aim of reinforcing the comprehensibility of market pricing and strengthening the confidence the public and the market participants have in the markets.

The number of reporting companies increased from 9 in 2009 to 44 power plant and transmission system operators as of the balance sheet date. The high data coverage of 95 percent for Germany and of 100 percent for Austria makes a decisive contribution to the Europe-wide acceptance of the platform. This is confirmed by the approximately 35,000 monthly users of the internet site (2011: 15,000). Moreover, the year 2012 was characterised by the launch of generation data reporting by the biggest Czech market participant ČEZ (in August) and by the plan to further expand the platform with Bulgarian data, as announced in November.

For the further development of this business field, EEX will continue to enhance the transparency platform and, for this reason, it is planning to integrate data messages regarding power and natural gas in the framework of European Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). Furthermore, the data product portfolio is to be broadened step by step.

Shareholdings

EPEX: Power Spot Market

The year 2012 was yet another record year for EPEX. Because of the 8-percent increase in trading volume as against 2011, EPEX was able to increase both its revenues and its results, in spite of increased expenses during the reporting period.

EGEX: Natural gas trading

Due to high expenses for management services and other operating expenses, the company generated a net loss of EUR –2.6 million while revenues amounted to EUR 1.0 million in the year under review.

EMCC: Market Coupling NWE

After the negative results in the previous years, EMCC achieved a positive development of business in 2012. Due to the planned introduction of market coupling in the entire NWE region, the EMCC business model will be replaced with the price coupling algorithm. Therefore, the company will discontinue operations upon a corresponding resolution by its shareholders following a potential transition period after the launch of NWE market coupling.

Trading participants

On the balance sheet date (31 December 2012), there were in total 221 trading participants on the different EEX markets – compared with 219 participants on the balance sheet date in 2011. This corresponds to a net increase of 1 percent. In the course of the year, 21 new participants were admitted to trading. In the same period, 19 participants cancelled their membership.

Because of the ongoing improvement of the product and service offer and of the technical availability for the customers, the positive trend of the last years is expected to continue into the future.

Further developments

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

In the framework of this cooperation, the product portfolio was expanded with further products and markets in the financial year 2012. Due to the inclusion of financially settled Phelix Day and Weekend Futures, this customer group has now also been given access to the very short end of the German power market curve. However, the volume in EUA Futures and Power Derivatives traded by Eurex members is still low at present.

In order to expand its presence on the US-American market EEX launched an incentive model with Eurex to acquire an increasing number of Eurex participants from the USA for trading on EEX. In the framework of the existing cooperation with Eurex, these participants can use their existing infrastructure and a simplified admission process to trade and clear the power, natural gas, CO_2 and coal products offered on EEX.

4. Earnings, Assets and Financial Situation

Earnings situation

At EUR 47.9 million at the end of the financial year 2012, the sales revenue within the EEX Group was 5 percent higher than in the previous year.

In the financial year 2012, the transaction fees for trading and clearing totalled EUR 37.0 million. This corresponds to a decline by EUR 2 million or 5 percent compared to the previous year. This development was primarily due to the revenue on the Power Derivatives Market, which declined by EUR 4 million or 15 percent. On the other hand, growth of EUR 0.6 million or 50 percent was generated in the Natural Gas segment. The sales revenue from the Emissions and Clearing segments each increased by EUR 0.4 million.

The individual business fields contributed to this development as follows:

Sales revenue according to business fields			
in kEUR	**2012**	2011	Change
Total sales revenue	**47,921**	**45,586**	**+5 %**
Power	29,275	32,630	–10 %
– of which Derivatives Market	22,496	26,449	–15 %
– of which Spot Market	6,779	6,181	+10 %
Natural gas	1,858	1,237	+50 %
Emissions	853	484	+76 %
Clearing	4,995	4,581	+9 %
Others (including coal)	10,939	6,653	+64 %

At EUR 10.9 million, the other sales revenue was EUR 4.3 million or 64 percent higher than in the previous year. As opposed to the previous year, in 2012 this sales revenue category also included the revenue from management services for EPEX (EUR 1.8 million) and revenue from technical connections (EUR 2.1 million), in addition to the revenue from annual fees, information products and training courses.

After adjustment for this reallocation, the other sales revenue increased by EUR 0.4 million or 6 percent in 2012 compared with the previous year. This development is due to the increase in revenue from information products by EUR 0.7 million and a concurrent decline of revenue from training courses of EUR 0.3 million.

Sales revenue according to business fields			
in kEUR	**2012**	2011	Change
Total sales revenue	**47,921**	**45,586**	**+5 %**
Power	**29,275**	**32,630**	**−10 %**
Derivatives Market	22,496	26,449	−15 %
Germany	22,157	24,776	−11 %
– of which exchange trading	11,134	11,414	−2 %
– of which OTC	11,023	13,362	−18 %
France	339	1,673	−80 %
– of which exchange trading	303	1,291	−77 %
– of which OTC	36	382	−91 %
Spot Market	6,779	6,181	+10 %
Germany / Austria	5,048	4,640	+9 %
Switzerland	334	241	+38 %
France	1,008	1,073	−6 %
Capacity	389	227	+72 %
Natural gas	**1,858**	**1,237**	**+50 %**
Spot Market	1,074	691	+55 %
Derivatives Market	784	546	+44 %
Emissions	**853**	**484**	**+76 %**
Spot Market	307	118	+159 %
Derivatives Market	546	366	+49 %
Coal	**0**	**19**	**−99 %**
Derivatives Market	0	19	−99 %
Clearing cooperations	**4,995**	**4,581**	**+9 %**
Cooperation with APX-ENDEX	3,510	3,020	+16 %
Cooperation with Powernext	1,186	1,421	−17 %
Cooperation with CEGH	61	50	+20 %
Cooperation with HUPX	239	90	+166 %
Total others	**10,939**	**6,634**	**+65 %**
Annual fees	4,642	4,631	+0 %
Training courses	763	1,018	−25 %
Info products	1,487	828	+80 %
Technical connections	2,095	n/a	n/a
Management services for EPEX	1,838	n/a	n/a
Others	114	157	−27 %

The other operating income essentially comprises the revenue from on-charging of costs and amounted to EUR 0.6 million in 2012. In the previous year, this item also included the revenue from technical connections in the amount of EUR 3.1 million and the revenue from management service for EPEX to the amount of EUR 1.8 million.

The total expenses considered in the operating result increased from EUR 40.6 million to EUR 42.2 million by 4 percent in the period under review.

In the year under review, human resources expenses increased from EUR 10.6 million to EUR 14.1 million. This was due to expenses incurred in connection with changes on the EEX Management Board and the implementation of the planned increase in staff.

At EUR 2.9 million in 2012, depreciation was EUR 0.6 million lower than in the previous year (EUR 3.5 million). On the one hand, no unplanned impairment was recorded for the financial year 2012 (2011: EUR 1.6 million). On the other hand, depreciation increased on account of investments primarily in IT systems (EUR 3.4 million). This increase is first and foremost attributed to the fact that mainly investments in systems whose scheduled depreciation ended or will end in 2012 or 2013 were made in 2012.

The other operating expenses comprised reimbursements, system expenses and other EEX operating expenses. At EUR 25.1 million, these expenses declined by EUR 1.3 million or 5 percent compared with the previous year (EUR 26.5 million).

The volume-based expenses for market maker and broker reimbursements resulting from business operations and the reimbursements for Eurex in the framework of the sales and market cooperation declined, essentially, on account of trading volumes which declined to EUR 3.8 million (previous year: EUR 4.4 million) by EUR 0.6 million. On the other hand, systems expenses (essentially comprising costs for the trading and settlement systems of EEX Group) increased by EUR 1.6 million as against the previous year. However, this significant increase in system expenses was more than compensated by declines in the remaining other operating expenses of EUR 2.2 million in total. This decline as against the previous year was mainly due to reduced expenses for non-deductible input tax and the cost reduction measures taken.

At EUR 6.0 million, the EPEX investment income assessed at equity grew considerably by 7 percent in 2012 compared with the previous year (EUR 5.6 million) because of the subsidiary's positive development of business.

However, in 2012 the financial result declined to EUR 0.7 million by EUR 0.5 million as against the previous year. This decline is essentially due to the dividend payments received in the previous year with regard to the shareholdings in store-x and TRAC-X and to a significantly lower interest rate level.

At EUR 13.1 million, the resulting earnings before tax (EBT) was approximately EUR 4.1 million or 24 percent below the value generated in the previous year (EUR 17.2 million).

At 12 percent, the return on equity before taxes declined by four percentage points. It is calculated on the basis of the EBT in relation to the average Group equity during the reporting period.

The ratio of the result before taxes to total revenue (from sales, other operating income and income from investments) was 24 percent and, hence, it was six percentage points lower than the value for 2011 (30 percent). On the basis of the Company's strong expansion planned for the medium term and of the investments and project expenses associated with it, a slight decline in return parameters (before taxes) was expected for the year under review and is also expected for the year 2013.

Compared with the previous year, the result after taxes rose to EUR 11.8 million by EUR 0.5 million (previous year: EUR 11.3 million). The taxes on income and profit of EUR 1.3 million (previous year: EUR 5.9 million) comprised the taxes to be paid as well as deferred tax payments. The assessment of deferred taxes on tax losses brought forward which are recognised in profit or loss reduced the tax expenses by EUR 1.1 million.

Asset situation

On the balance sheet date, the long-term assets were EUR 49.2 million (previous year: EUR 48.9 million) and essentially comprised the shares in associated companies and joint ventures (EPEX) to the amount of EUR 25.5 million (previous year: EUR 25.3 million) as well as the goodwill of ECC and of EEX Power Derivatives GmbH to the amount of EUR 12.2 million. The change in long-term assets as against 31 December 2011 was essentially due to an increase in deferred tax assets by EUR 1.1 million and in intangible assets by EUR 0.8 million, while derivative financial instruments declined by EUR 1.6 million at the same time. The item "derivative financial instrument" is a result of ECC's function. This balance sheet item records its options with terms of more than one year at the fair value. The fair value is established on the basis of the current exchange price of the open positions. Since ECC operates as a central counterparty for the different markets of EEX Group, this asset is offset by a corresponding liability of the same amount.

The assets side of the balance sheet is essentially shaped by the short-term assets in the amount of EUR 759.6 million (previous year: EUR 455.7 million). This, e.g., included ECC's bank balances resulting from cash collateral deposited in the amount of EUR 613.3 million (previous year: EUR 328.1 million). The market participants connected with the ECC clearing house provide collateral, partly in the form of cash collateral deposits which are adjusted on a daily basis. The money is recorded under the item "Cash at bank with restrictions on disposal". The collateral deposited increased significantly in the course of the year. However, this asset is offset by a liability of the same amount.

Further material items under short-term assets comprise the trade accounts receivable of EUR 74.3 million (previous year: EUR 43.3 million), cash funds of EUR 55.4 million (previous year: EUR 54.2 million) and other assets of EUR 13.1 million (previous year: EUR 27.9 million).

The assets were financed with equity of EUR 113.7 million (previous year: EUR 109.7 million) and debt of EUR 695.1 million (previous year: EUR 395.0 million). The balance sheet total was EUR 808.8 million (previous year: EUR 504.7 million).

The increase in equity by EUR 4.0 million as against the previous year was caused by the fact that the profit for the accounting period exceeded the dividend paid and that the earnings generated in the previous year were partly retained. This is confirmed by the increase in reserves by EUR 4.7 million, while the results generated declined by EUR 0.6 million at the same time. Minority shareholders accounted for an almost unchanged share of EUR 5.7 million of the equity of EEX Group.

On 31 December 2012, loan capital almost entirely consisted of short-term liabilities in the amount of EUR 694.8 million (previous year: EUR 392.2 million). On the balance sheet date, there was long-term debt of EUR 0.3 million (previous year: EUR 2.8 million). The decline in long-term liabilities is essentially due to the fact that liabilities from derivative financial instruments fell by EUR 1.6 million compared with the 2011 balance sheet date.

The short-term debt of EUR 694.8 million (previous year: 392.2 million) essentially comprised the significantly increased liabilities from cash collateral deposited by the trading participants in the amount of EUR 613.3 million (2011: EUR 328.1 million). Furthermore, trade accounts payable of EUR 76.0 million (2011: EUR 43.2 million), short-term provisions of EUR 2.6 million (2011: EUR 3.2 million), derivative financial instruments of EUR 1.1 million (2011: EUR 0.3 million) and other liabilities of EUR 1.4 million (previous year: EUR 15.6 million) are (for example) reported under this item.

Overall, EEX Group invested EUR 3.4 million (2011: EUR 3.4 million) in intangible assets and property, plant and equipment in the year under review and, hence, invested an amount almost identical with the amount invested in the previous year. In 2012, the essential investments (totalling EUR 2.8 million) were made in intangible assets. The investment in a business data warehouse of EUR 0.7 million accounted for a significant share of this. The further essential measures and projects concerned the development of the transparency platform for publishing fundamental data in the framework of the EU REMIT Regulation, for the expansion of clearing and the improvement of connectivity.

The balance sheet contains a number of items 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 613.3 million (previous year: EUR 328.1 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 trade accounts payable and receivable of EUR 71.6 million (2011: EUR 39.5 million). This concerns the disclosure of accounts receivable and payable from the nomination of power and natural gas with regard to the balance sheet date. 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 1.3 million (previous year: EUR 2.1 million). Following the deduction of these items, the adjusted balance sheet total at the end of the reporting period was EUR 122.6 million (previous year: EUR 120.3 million), while the equity ratio was 93 percent (previous year: 91 percent).

The debt ratio (defined as the share of long-term and short-term debt in the adjusted balance sheet total) was 7 percent (previous year: 9 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 2013 either.

Financial situation

The Group's situation regarding cash funds is satisfactory and appropriate. However, in the case of the ECC clearing house, it is characterised by high requirements with regard to the liable equity under EMIR.

Cash and cash equivalents rose from EUR 54.2 million on the 2011 balance sheet date to EUR 55.4 million on the 2012 balance sheet date. The consolidated cash flow generated of EUR 1.2 million was mainly due to the cash flow from current operations of EUR 6.6 million and dividends received of EUR 5.9 million. As a result, investments of EUR 3.4 million (which even exceeded the amount of depreciation in 2012) and the dividend pay-out of EUR 7.2 million were covered, on the one hand, and net surplus cash and a cash equivalent of EUR 1.2 million was also generated, on the other hand.

In 2012, the EEX Group generated a cash flow from current operations of EUR 6.6 million (previous year: EUR 25.3 million). The cash flow from current operations is established on the basis of the annual net profit, adjusted for non-cash effective revenue and expenses and the cash flows derived from the change in the balance sheet items (indirect method). Against this background, the decline compared with the previous year can essentially be explained on the basis of two one-off effects in the year 2011: In 2012, the capitalisation of deferred taxes led to non-cash effective revenue of EUR 1.9 million, while non-cash effective expenses from deferred taxes in the amount of EUR 2.2 million had been generated in 2011. Furthermore, the increase in liabilities and provisions of EUR 16.5 million in 2012 did not increase cash and the cash equivalent as much as in the previous year (EUR 31.8 million). The value for the previous year comprised input tax refunds of EUR 19.8 million.

In the financial year 2012, funds of EUR 2.4 million (previous year: EUR 1.7 million) accrued to EEX Group from investment activities. This change as against the previous year is primarily due to the dividend payments of EUR 5.8 million received from EPEX (up by EUR 0.7 million as against the previous year).

The cash outflow in connection with financing activities was EUR 7.8 million (previous year: EUR 7.8 million) and essentially entailed the dividend paid by EEX for the financial year 2011.

Thanks to the high internal financing capability and the high existing liquidity, the Group does not expect any liquidity shortage for the financial year 2013 (as in the previous year) and in the future it will also be able to carry out the necessary investments required to maintain its good competitive position.

Summary

The financial results testify to the success of both the Group and its affiliated companies. In spite of the negative development of the overall economy and of the difficult market environment described above, the Group was able to achieve a good level of profitability and to maintain its sound capital base.

5. Employees

In the financial year 2012 further staff was recruited. As of the balance sheet date, staff totalled 145 employees (compared with 127 employees as of 31 December 2011 (+14 percent)). On 31 December 2012, the age structure of the staff was as follows:

Age group	Number of employees	Share
< 30 years	37	26 %
30 to 39 years	77	53 %
40 to 49 years	27	19 %
>/= 50 years	4	3 %
Total	**145**	**100 %**

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

86 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 cooperative education).

On the balance sheet date, 44 percent of the employees within the Company were women and women held seven of the 23 executive positions within EEX Group.

6. Risk management

In accordance with the requirements laid out in Article 91 paragraph 2 AktG [German Companies Act], the Group has a risk early warning system covering 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 EEX Power Derivatives 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 in this matter 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.

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

Counterparty risk

Counterparty risk is defined as the risk that business partners may not fulfil their payment obligations under the relevant contract or that they may not fulfil these obligations in due time and that this may 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 meaning of Article 1 paragraph

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 the transactions concluded on its markets - 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 ongoing 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 regarding 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.

Low default risks are due to the fact that trading participants may not pay the transaction fees or clearing fees which have fallen due. The trading participants' credit standing is monitored constantly 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 risk

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

Liquidity risk

The liquidity risk is defined as the risk that the Group may not be able to fulfil its payment obligations at a point in time agreed on in a contract. Current operations do not lead to any essential incongruities of dates. The financing required for current expenses and investments is identified and addressed in a timely manner in the framework of mid-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 mid-term plan, which is prepared every year, and of the ongoing liquidity reporting. In this context, the aim is to determine the liquidity reserves and credit lines in planning to ensure that sufficient sources of liquidity are available in any case.

At 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 risk

Operational risks are defined as all potential cases of damage arising from malfunctions of the IT systems used, due to the inadequate design of internal processes, errors by members of staff, errors by (or the defaulting 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 specialised companies of Deutsche Börse AG do so. 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 and external auditing department. There are process descriptions and control activities for all fundamental processes. These are documented in checklists to reduce the likelihood of human errors. Operational risks are identified and assessed throughout the group in the framework of an annual self-assessment.

When concluding balancing group agreements, priority rules regarding nominations by ECC are aimed for (provided such can be negotiated).

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

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

Business risk

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 (see also "Report on Opportunities and Risks" with regard to this).

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 (see also "Outlook report" for information on the sensitivity of sales and results).

Compliance risk

EEX is exposed to compliance risks 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 and/or the financing of terrorism.

ECC settles all transactions via Clearing Members. 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 of terrorism and fraud. ECC has a low risk of being abused for the purposes of money laundering, financing of terrorism or fraud. This risk is re-evaluated annually in the context of a risk analysis.

Know-your-customer measures are intended to identify suspicious counterparties during the initial stages of the business relationship. In the event of reasonable doubt in the admission process, a decision by the Management Board or by the CRO is requested. In addition, continuous monitoring processes are conducted by the Market Surveillance.

Sensitive data requiring specific protection must be treated confidentially 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.

Risk coverage capital

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

Summary

The overall assessment for the financial year 2012 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 2013.

7. Research and development

As a service-providing company 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. Group perspective and outlook report

EEX Group is optimistically facing the competitive pressure resulting from regulatory uncertainty, growing customer requirements and the increasing professionalism of the exchanges. Its optimism is based on the extremely competitive value chain within EEX Group which is characterised by liquid trading platforms and cost-effective clearing solutions. EEX has set the aim of generating above-average growth rates and thus increasing its market share.

EEX Group aims to further expand its position as the leading integrated energy exchange in Europe. In this process, the exchange continues to rely on its diversification into further business fields in addition to power. To this end, EEX relies on the expansion of the natural gas and CO_2 market and on strengthening the clearing and information products segment. The further development of markets together with partners and through collaborations, as well as the expansion of the product and services portfolio are increasingly gaining in importance in view of the current developments on the market.

As a trend-setting pioneer, EEX Group will expand its product range and further optimise the time-to-market required for new products. On the power market, EEX will e.g. introduce a green power product to satisfy the high demand for the different renewable energy sources, such as photovoltaics, wind power and hydro-electric power. Moreover, the expansion of the product offer and the increasing offer of financial products reduces the need for customers to trade on several exchanges or to clear their transactions with several central counterparties.

Furthermore, the ECC's role as the leading energy clearing house in Europe is to be further reinforced. Together with EEX, ECC will offer a number of standardised energy products for clearing which have not been offered on EEX or on an ECC partner exchange so far. This step aims to provide a comprehensive offer of risk management services for the most important OTC energy markets to the participants. Furthermore, a new category of participants will be included in the rules and regulations. Trading participants wishing to only take part in OTC clearing can be registered as OTC participants using a simplified admission procedure in the future.

In order to prepare for increasing competition EEX will also make its pricing model more flexible and meet possible extreme price pressure with an improved service offering.

In the interest of a customer-oriented alignment, EEX will also continuously improve the other services – in particular, through flexible back-end systems and simplified admission processes and as a result, it will fully utilise the existing customer potential and recruit new customers.

Finally, EEX and ECC will continue to maintain and expand the partnership model – in as far as this is commercially feasible and sensible.

Therefore, EEX and Powernext have signed a memorandum of understanding with regard to a possible cooperation in the gas market in November 2012. Both companies are planning to bundle their activities on the gas market and their expertise with the aim of establishing a pan-European gas market. In the framework of their cooperation, EEX and Powernext will remain independent exchanges and the establishment of a joint venture is not envisaged. Depending on whether the necessary regulatory and anti-trust requirements are fulfilled, the cooperation in gas trading between EEX and Powernext is to be launched in the second quarter of 2013.

In the framework of a joint brand the cooperation aims to establish a pan-European offering for gas trading which is aligned to the physical and financial requirements of trading companies. Furthermore, natural gas trading is to be improved for the trading participants by offering all gas products covered by the cooperation in a joint trading system.

As a result of bundling the products within a trading system, spread products between the different market areas within the cooperation (German, French and Dutch market areas) can be traded in the future. As a result, both exchanges are contributing to the integration of the European gas markets. In addition, EEX and Powernext are planning to offer further European gas products on the joint trading platform in the future.

At the time of its launch, the cooperation will comprise the following markets and products: On the Spot Market, EEX will offer trading within the NetConnect Germany (NCG), GASPOOL and Title Transfer Facility (TTF) market areas. Powernext will provide spot market products for Point d'Echange de Gaz Nord (PEG Nord), Point d'Exchange de Gaz Sud (PEG Sud) and PEG TIGF. In the field of the derivatives market, EEX will offer products for NetConnect Germany (NCG), GASPOOL and OTC clearing on the National Balancing Point (NBP) as part of its portfolio, while Powernext covers the trading hubs Point d'Echange de Gaz Nord (PEG Nord) and Title Transfer Facility (TTF). As a result, the following spread products can be offered: NCG/TTF, PEG Nord/TTF, GASPOOL/NCG, PEG Sud/PEG Nord, GASPOOL/TTF and PEG Nord/NCG.

In order to improve its competitive position, EEX constantly promotes the internal reduction of complexity and improvements in efficiency. In 2013, the internal processes as well as the IT infrastructure will be further improved and simplified through the further consolidation of the different business applications.

Against the background outlined, lower results and increasing sales are expected for the financial year 2013.

In spite of muted growth in sales, the Power Derivatives Market will still remain the mainstay of revenue. This revenue and the continued growth in the field of collaborations, the development of new sources of sales through the expansion into new products will compensate for the declining revenue and the revenue which will no longer be generated from 2014 as a result of the termination of the cooperation with APX-ENDEX and, it will also create the basis for further dynamic growth in the natural gas and emissions segments. Sales revenue is expected to be within a range of EUR 50.0 million and EUR 52.4 million.

The growth in sales will be accompanied by a temporary increase in expenses in 2013. This increase in expenses will essentially be necessitated as a result of further infrastructure measures for the reduction of complexity and for pursuing the growth strategy. In spite of largely stable overhead cost items, the reduction in project expenses and the continuation of active cost management, non-variable expenses are expected to be approximately 8 percent higher in 2013 than in the previous year. This is for example due to the fact that in 2013 one-off expenses will be incurred for the maintenance and optimisation of the IT infrastructure and processes as a result of introducing a business data warehouse and that corresponding expenses will become necessary for the introduction of new products to achieve increases in sales and economies of scale in the future. Furthermore, the savings generated in projects and other overhead expenses in 2012 are not likely to be repeated to the same extent. Moreover, a significant increase is expected in the field of depreciation as a result of the required investments in software and systems. Human resources expenses will increase moderately in the context of planned new requirements for market and product development and as a result of salary adjustments.

Depending on the development of sales revenue, EEX Group expects an EBT in the range of EUR 10.3 million and EUR 12.3 million.

Sensitivity

Sensitivity analyses have shown that a decline in sales of approximately 10 percent as against the budget would correspond to a decline in results by approximately 20 to 24 percent. In this context, it was assumed that the variable costs would develop in line with the transaction fees and that the investments and the other operating expenses can be lowered to a level with which all commitments with regard to which contracts were concluded as well as the expenses which are critical or necessary for business can be covered.

A decline in revenues of up to approximately 30 percent could be endured without bringing about a negative result.

9. Report on opportunities and risks

Competitive environment

The energy turnaround, competitive pressure, financial market and energy market regulation will probably create a difficult and uncertain market environment and will shape trading on EEX in 2013.

The current market environment is shaped (inter alia) by the following trends which are relevant for energy exchanges: the increasing maturity of energy trading in Europe, the professionalisation of exchange platforms, the growing customer demands and the rising importance of clearing, e.g. as a result of an increasing risk awareness.

The spreading standardisation of products, the entry of globally operating exchanges into the market and a growing share of financial players on the market reflect the increasing maturity of the markets. At the same time, competitive pressure and price pressure are rising. In the course of competition and technical process, the requirements which customers have with regard to the product offering, prices and technical standards have mounted and, as a result, they have contributed to the spreading professionalisation of the exchanges. As a result of the increasing risk awareness of the market players and new regulatory requirements (e.g. EMIR, MiFID II) the recognition of their importance and the consequent use of central (clearing) counterparties are both intensifying.

Opportunities and risks

In the current market and competitive environment the following opportunities and risks for EEX may impair the Group's success:

A recovery of the economy and the stabilisation of the financial markets would contribute to the positive impulses regarding the trade volumes in all market segments and to an increase in the results generated by EEX. However, the tense financial market policy situation within the euro area (which is decisive for EEX) also forms a risk. Any further aggravation of the government debt crisis and a continuing weak economy in Europe (as well as a possible spread of the crisis to Germany) could jeopardise the attainment of EEX's growth aims.

Significant opportunities for further development are primarily perceived in finding additional cooperation partners (e.g. further energy exchanges) and in intensifying the cooperation with over-the-counter platforms and, in particular, brokers. There is a high potential for an increasing shift of market shares from the uncleared over-the-counter market to the exchange market or to settlement and clearing by ECC.

In the field of trading in natural gas, there is further growth potential, e.g. on account of the target model of the German Federal Network Agency which was coordinated with the market area coordinator and the trading participants. According to this, control energy primarily has to be traded through the exchange. In this context, quality-specific control energy products (e.g. natural gas with a low energy content – L gas) can be introduced. This will permit a further shift of control energy volumes from over-the-counter to exchange trading by the market area coordinators.

Furthermore, further revenue potential would be generated on the market for emission allowances if EEX won the bidding procedure for the permanent European auction platform of the third trading period of the European emissions trading system (EU ETS).

Finally, the rising importance of clearing which is currently being observed, i.e. the settlement of derivatives transactions through central counterparties, provides additional growth potential for EEX Group. Due to the discussions regarding the causes of the financial and economic crisis, the advantages of clearing through central counterparties are increasingly being recognised by the regulatory authorities as well as the public. This offers opportunities for expanding the share of cleared transactions in the overall trading volume. However, amendments of regulatory framework conditions, such as e.g. by EMIR are not mandatory for this. What is decisive is that the trading participants realise – and use – the advantages of cleared transactions. Therefore, a transparent presentation of the cost advantages by ECC both towards the trading participants and towards political institutions offers opportunities to significantly and permanently increase the transaction volume settled by ECC.

The three fields of power market design, intensification of competition and regulation in the financial and energy industry form the most important risks for business development in EEX Group.

The Management Board sees the biggest risk for EEX in possible structural changes in energy trading which may significantly impair its business model and lead to the non-fulfilment of the growth aims in the field of power as the mainstay of revenue. The debate regarding market design which began in the context of the energy turnaround in the spring of 2011 is decisive for the power market. Even the discussion of interventions not in line with the market, such as the introduction of capacity markets or of smaller price zones can increase the trading participants' uncertainty and lead to a reduction in trading activities on the exchange, in particular, in the long run. A reliable energy policy framework providing long-term planning security, in particular, is absent in this respect. Instead, the power market is subject to more and more individual regulatory measures, while competitive components are being restricted. Such interventions in the market design can jeopardise the role of market-based exchange prices, such as the Phelix, as reference prices. Moreover, their benchmark function would also be at stake if the integration of renewable energies in the market cannot be improved and if incentives cannot be created to ensure that the feed-in of renewable energies is based on market prices and, hence, on the actual demand. Finally, increasing numbers of national "solo" efforts have meant that the potential of the market-based European integration cannot be fully developed. There is even the risk that the achievements of liberalisation – and, in particular, the integration of the European power markets – might be called into question and negatively affected in the long term.

Moreover, the increasing competition and price pressure forms a significant further risk. In the future, a further intensification of the competition – possibly in the form of price wars – and a growing consolidation and reduction in the number of exchanges in the energy sector in Europe have to be expected. In addition, the entry of US-American derivatives market exchanges into the EEX markets is foreseeable. For example, the Intercontinental Exchange (ICE) is planning to generate further growth by taking over the gas and power derivatives business of the Dutch energy exchange APX-ENDEX as well as technologically cooperating with the over-the-counter trading platform Griffin Markets. For EEX, the entry of competitors both into the existing markets and into the growth markets of EEX carries the risk that it may lose the possibility to influence the design of the European energy markets and that it may no longer be able to achieve its commercial aims.

Furthermore, financial market regulation interventions also result in significant risks. This could lead to a general trading restraint on the part of the market players and, possibly, to a potential shift in volumes away from the exchange and towards less regulated and/or standardised platforms. For example, a significant effect is expected if trading participants are obliged to undergo clearing in accordance with EMIR but, at the same time, they would not be able to comply with the necessary security requirements of the central counterparties associated with this or to fulfil the requirements regarding trading transparency. Since the existence of a financial instrument forms a precondition for the clearing requirement under EMIR, there is uncertainty regarding the as yet unclear definition of financial instruments in the future version of the EU Markets in Financial Instruments Directive (MiFID II). Other consequences may include a restriction of the market attractiveness and, as a result, a reduction of the trading and clearing volume. Even if the draft laws regulating the energy and financial markets do not all become fully effective or are finally applied in 2013, these projects can have an indirect effect on the business of EEX Group if the market players anticipate certain developments and adopt a wait-and-see approach.

Furthermore, the legal risks which may result from the investigation by DG Competition of the EU Commission in the field of the Power Spot Market form another as yet unquantifiable risk for the earnings situation of EEX Group. In February 2012, the Directorate General for Competition of the EU Commission carried out an inspection in the offices of EPEX and of Nord Pool Spot.

This inspection was carried out on grounds of concerns that the planned cooperation with Nord Pool Spot may affect competition. EPEX is cooperating with the Direct General for Competition to provide all the required information.

As in the past, EPEX is committed to the integration of the European power market in line with the aim and the schedule of the EU Commission and it is working with all the parties involved (transmission system operators, regulatory authorities, the Agency for the Cooperation of Energy Regulators etc.) to ensure that the Internal Electricity Market (IEM) can be implemented by 2014.

Overall, EEX sees itself as being well prepared for achieving the envisaged objectives and for defending its position in the reinforced competition on the basis of its innovative and diversified product and services offering as well as of its earnings power and financial stability.

10. Other notes

The 2012 consolidated financial statement of EEX AG, Leipzig, and its subsidiaries was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in the version in which these must 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 20.

EEX AG (as the parent company of the Group) is not publicly listed and does not use any organised markets within the meaning of Article 2 paragraph 7 of the German Securities Acquisition and Takeover Act by means of voting shares issued thereby.

Shareholder and capital structure of EEX AG

The subscribed capital of EEX AG consists of 40,050,000 registered no-par shares with a calculated nominal value of EUR 1 per share. Throughout the entire financial year 2012, the Company did not hold any own shares.

In 2011, Eurex Zurich AG became the majority shareholder in EEX AG with a shareholding of 56.14 percent. It is the sole shareholder holding an interest of more than 10 percent in the capital of the Company. In 2012, several minority shareholders (accounting for a total share of 2.8 percent of the subscribed capital) declared their intention to sell their shares.

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

There were no transactions of particular importance involving the assets, earnings and financial situation of the Company after the end of the financial year 2012.

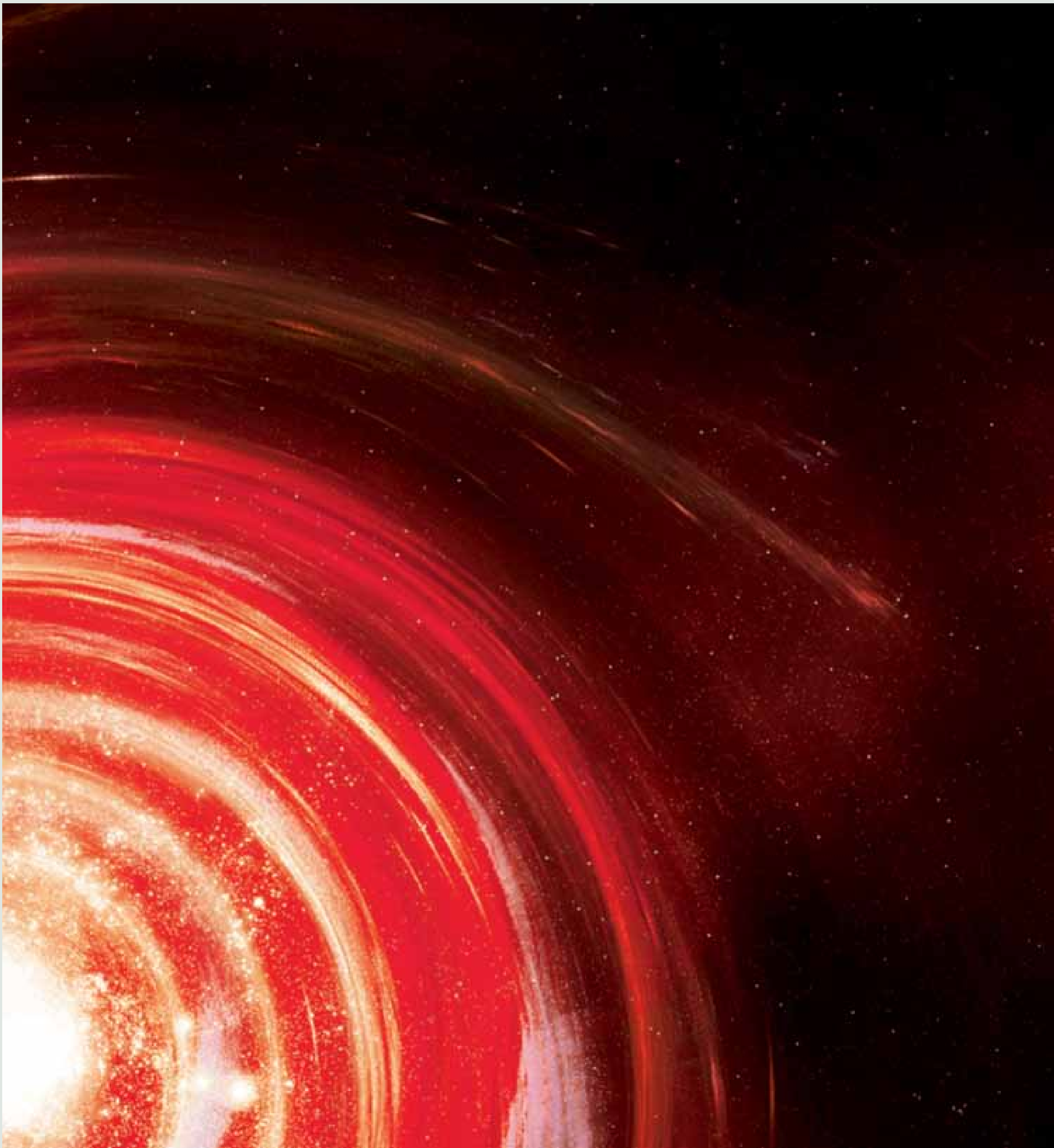
Leipzig, 8 March 2013

Peter Reitz
Chief Executive Officer (CEO)

Steffen Köhler
Chief Operating Officer (COO)

Dr. Thomas Siegl
Chief Risk Officer (CRO)

Iris Weidinger
Chief Financial Officer (CFO)



Consolidated Financial Statement

Consolidated Profit and Loss Account

in kEUR	Notes	**2012**	2011
Sales revenue	5	47,921	45,586
Other operating income	6	620	5,366
Human resources expenses	7	–14,123	–10,595
Depreciation	8	–2,928	–3,492
Other operating expenses	9	–25,126	–26,468
Operating result		**6,364**	**10,397**
Interest and similar income	10	1,182	3,272
Interest and similar expenses	10	–479	–2,088
Financial result		**703**	**1,184**
Income from equity method	11	6,007	5,624
Result from ordinary activities		**13,074**	**17,205**
Tax on income and profit	12	–1,261	–5,906
Consolidated net profit		**11,813**	**11,299**
Of which attributable to			
EEX AG shareholders		11,272	10,440
Non-controlling shareholders	26	541	859
Reconciliation to consolidated comprehensive income			
Consolidated net profit		**11,813**	**11,299**
Change in earnings items recorded directly in equity		0	0
Consolidated comprehensive income		**11,813**	**11,299**
Of which attributable to			
EEX AG shareholders		11,272	10,440
Non-controlling shareholders	26	541	859

Assets

in kEUR	Notes	2012	2011
Non-current assets		**49,153**	**48,936**
Goodwill	13	12,220	12,220
Intangible assets	13	6,153	5,391
Property, plant and equipment	14	1,458	1,751
Shares in associated companies and joint ventures	15	25,508	25,342
Other financial investments	15	170	215
Other financial assets	15	125	0
Derivative financial instruments	16	153	1,737
Deferred tax assets	12	3,366	2,280
Current assets		**759,640**	**455,718**
Derivative financial instruments	16	1,124	337
Trade accounts receivable	17	74,328	43,334
Other assets	18	13,064	27,868
Tax refund claims	18	921	1,257
Accounts receivable from associated companies	19	1,497	661
Cash at bank with restrictions on disposal	20	613,284	328,065
Cash and cash equivalent	21	55,422	54,196
Total assets		**808,793**	**504,654**

Liabilities

in kEUR	Notes	2012	2011
Equity	22	**113,696**	**109,655**
Subscribed capital	23	40,050	40,050
Capital reserve	23	10,000	10,000
Reserves	24	12,655	8,002
Results generated	25	45,306	45,897
Share of non-controlling shareholders	26	5,685	5,706
Long-term liabilities		**322**	**2,752**
Long-term reserves	27	169	213
Leasing liabilities	28	0	7
Derivative financial instruments	16	153	1,737
Deferred tax liabilities	12	0	795
Short-term liabilities		**694,775**	**392,247**
Short-term reserves	29	2,552	3,191
Derivative financial instruments	16	1,124	337
Trade accounts payable	30	76,042	43,232
Accounts payable to associated companies	31	359	1,837
Cash deposits by the trading participants	32	613,284	328,065
Other liabilities	33	1,414	15,585
Total liabilities		**808,793**	**504,654**

Consolidated Cash Flow Statement

kEUR	Notes	**2012**	2011
Annual net profit	5–12	11,813	11,299
Depreciation on intangible assets and property, plant and equipment	8	2,928	3,492
Expenses from deferred taxes	12	–1,881	2,215
Result of at-equity investments	11, 15	–6,007	–5,624
Increase in trade accounts receivable and other assets	17–19	–16,767	–17,814
Increase in liabilities and reserves	29–31	16,471	31,751
Cash flow from current operations		**6,557**	**25,319**
Payments for investments in intangible assets	13	–2,802	–2,321
Payments for investments in property, plant and equipment	14	–635	–1,142
Proceeds from investments in financial assets and lending	15	2	20
Dividends received	10, 15	5,883	5,097
Cash flow from investment activities		**2,448**	**1,654**
Payments from finance leasing relationships	15	–7	–29
Dividend payments		–7,772	–7,742
Cash flow from financing activities		**–7,779**	**–7,771**
Cash-effective change in cash and cash equivalent	21	1,226	19,203
Cash and cash equivalent at the beginning of the accounting period	21	54,196	34,993
Cash and cash equivalent at the end of the accounting period		**55,422**	**54,196**
In the financial year			
– Interest received and similar income in the financial year	10	1,182	3,091
– Dividends received in the financial year	10, 15	5,883	5,097
– Interest paid and similar expenses in the financial year	10	479	2,088
– Taxes on income paid in the financial year	12	3,108	3,692

Consolidated Statement of Changes in Equity

kEUR	Subscribed capital	Capital reserve	Reserves	Results generated	EEX share-holder equity	Share of non-controlling share-holders	Consoli-dated equity
As of 31 Decem-ber 2010	40,050	10,000	4,351	46,315	**100,716**	3,064	**103,780**
Total result				10,440		859	
Distribution of profits				–7,208		–534	
Addition to reserves			3,651	–3,651			
Transaction with non-controlling shareholders						2,317	
As of 31 Decem-ber 2011	40,050	10,000	8,002	45,897	**103,949**	5,706	**109,655**
Total result				11,272		541	
Distribution of profits				–7,210		–562	
Addition to reserves			4,996	–4,996			
Withdrawal from reserves			–343	343			
As of 31 Decem-ber 2012	40,050	10,000	12,655	45,306	**108,011**	5,685	**113,696**

Consolidated Notes

Principles and methods

General principles

European Energy Exchange AG (EEX) operates an exchange for trading in energy and related products. While EEX AG is an operating company under private law, the exchange EEX is an exchange under public law within the meaning of the German Exchange Act. Since its inception, EEX has evolved from being a local power exchange into a leading international trading platform for energy and related products with international partnerships. More than 200 companies from 22 countries use exchange trading on EEX to buy and sell power, natural gas, CO_2 emission allowances and coal at fair prices in line with the market, to cover their demand and to control risks. Collateralisation (clearing) and settlement of all transactions concluded on the exchange is effected through European Commodity Clearing AG (ECC), a majority-owned subsidiary of EEX.

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

This consolidated financial statement was submitted to the Supervisory Board for approval at the Supervisory Board meeting on 18 April 2013.

1. Standards, revisions of standards and interpretations – the application of which is mandatory for the first time for reporting periods commencing on 1 January 2012

IFRS 7 Financial Instruments – Disclosures:
The amendments aim to provide an improved insight into the reclassification of financial assets. These amendments have to be applied with regard to business years beginning on or after 1 July 2011. They do not have any effect on this consolidated financial statement.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards:
Amendments have been made in the framework of the annual improvements regarding the repeated application of the standard and borrowing costs in connection with qualifying assets for which the commencement date for capitalisation is before the transition to IFRS (to be applied for reporting periods beginning on or after 1 January 2013).

IFRIC Interpretation 20 Stripping Cost in the Production Phase of a Surface Mine:
The interpretation governs the balance sheet recognition of stripping costs in the production phase of a surface mine (to be applied for reporting periods beginning on or after 1 January 2013).

IFRS 7 Financial Instruments – Disclosures:
Disclosures in the notes are required in connection with offsetting agreements (to be applied for reporting periods beginning on or after 1 January 2013).

IAS 12 Income Taxes – Tax Base:
The amendments comprise clarifications and simplifications regarding the determination of the tax liability (to be applied for reporting periods beginning on or after 1 July 2012).

IAS 1 Presentation of Financial Statements – Presentation of elements of other comprehensive income:
Reporting the elements of other comprehensive income disclosed under other comprehensive income has been amended (to be applied for reporting periods beginning on or after 1 July 2012).

IFRS 10 Consolidated Financial Instruments
IFRS 10 replaces the provisions of the current IAS 27, comprises questions 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 1 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 has been 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 1 January 2013).

IFRS 13 Fair Value Measurement:
IFRS 13 defines how the fair value has to be determined properly under IFRS if the said fair value is required or permitted (to be applied for reporting periods beginning on or after 1 January 2013).

IAS 32 Financial Instruments:
Disclosure – Offsetting financial assets and financial liabilities:
Entry into force of the amendments in the framework of the annual improvement regarding the tax effect of a distribution to holders of equity interests (applicable for reporting periods beginning on or after 1 January 2013). Moreover, the preconditions for offsetting financial assets and financial liabilities in the balance sheet are clarified (to be applied for reporting periods beginning on or after 1 January 2014).

IAS 28 Shares in Associated Companies and Joint Ventures (revised in 2011):
Upon the adoption of IFRS 11 and IFRS 12, IAS 28 was renamed “Shares in Associated Companies and Joint Ventures” and its scope of application which has been restricted to associated companies so far was expanded to the application of the equity method to joint ventures (to be applied for reporting periods beginning on or after 1 July 2013).

IAS 19 Employee Benefits:
The amendments result in an expansion of the disclosure requirements, the introduction of the net interest approach and the immediate realisation of actuarial profits and losses.

IFRS 12 Disclosures of Interests in Other Entities:
This standard consolidates all disclosures in the fields of group accounting which have to be reported for subsidiaries, jointly controlled, associated and structured companies (to be applied for reporting periods beginning on or after 1 January 2013).

IAS 27 Separate Financial Statements (revised in 2011):
Following the adoption of IFRS 10 and IFRS 12, the scope of application of IAS 27 is exclusively limited to separate financial statements (to be applied for reporting periods beginning on or after 1 July 2013).

The amendments specified above are not likely to have any material effect on the assets, earnings and financial situation of the EEX Group.

3. Fundamental Accounting and Valuation Methods

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

Principles for the preparation of the financial statement

The consolidated financial statement as of 31 December 2012 was 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 (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002 regarding the application of international accounting standards in conjunction with Article 315a paragraph 3 HGB [German Commercial Code] under consideration of the supplementary provisions under commercial law.

The requirements of IFRS have been 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 subsidiaries acquired in the financial statement is effected according to the purchase method. The costs of acquisition of the purchase correspond to the time value of the assets given, the equity instruments issued and the debts created and/or assumed at the 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 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 have been changed 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 non-controlling shareholders

Transactions with non-controlling shareholders are treated as transactions with parties external to the Group. Acquisitions and sales of shares in minorities are recognised directly as equity in the consolidated financial statement.

Associated companies

Associated companies are companies the Group exercises decisive influence on but 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 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 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 have been changed 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]	EGEX	Tulpe 28	EPEX SPOT	EMCC
Registered offices		Germany Leipzig	Luxembourg 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 December 2011	%	98.4999	(98.4999)	80	100	–	50	20
Share in capital direct (indirect) 31 December 2012	%	98.4999	(98.4999)	80	100	100	50	20
Nominal capital	kEUR	1,015	13	125	100	25	4,973	100
Equity 2011	kEUR	22,240	73	6,018	24	24	19,603	15
Equity 2012	kEUR	33,472	35	6,018	2,046	23	20,521	1,045
Balance sheet total 2011	kEUR	357,030	55,368	18,728	24	25	27,990	33,330
Balance sheet total 2012	kEUR	648,984	76,263	11,186	2,322	23	28,071	36,052
Revenues 2011	kEUR	22,870	9,141	16,243	0	0	34,353	2,651
Revenues 2012	kEUR	22,704	10,389	13,896	978	0	40,570	3,646
Profit for the financial year 2011	kEUR	7,034	20	0	–1	–1	11,660	130
Profit for the financial year 2012	kEUR	6,235	22	0	–2,553	0	12,577	1,030
Inclusion		Full consolidation					At equity	

[1] There is a profit and loss transfer agreement with EPD.

Property, plant and equipment

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

Subsequent costs of acquisition/production, e.g. on account of 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.

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 they were incurred.

All assets are depreciated linearly, with the costs of acquisition being depreciated to the residual book value as follows over the expected service life of the asset:

Service life in years	
Furniture and fixtures	
User hardware	3
Audio and 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 a limited service life.

Goodwill

Goodwill is defined as the difference between the acquisition costs 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 subject 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 made into those cash-generating units expected to benefit from the merger during which the goodwill was created.

Since the start of the financial year 2012, the goodwill of the German Power Derivatives Market sector has been allocated to the new CGU Power Derivatives Market as a result of restructuring within the management. However, this does not have any major effect on the assessment of the intrinsic value.

Other intangible assets

Acquired software licenses 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 acquisition costs 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:

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

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

The directly attributable costs, for example, comprise the staff expenditure for the employees involved in software development as well as further costs directly attributable to the software development.

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

Service life in years	
Licenses	3
Special software	5

Impairment of non-monetary assets

Assets which have an indefinite useful life are not depreciated according to schedule; they are rather subjected to an impairment test at least once per year as well as upon the emergence of corresponding indicators (events and/or changes in circumstances) additionally. Assets subject to scheduled depreciation are tested for an impairment if there are corresponding indications (events and/or changes in circumstances) signalling that the book value may not 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) or its value in use.

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

Leasing relationships

EEX only has contractual relationships in which it is the lessee. The allocation of beneficial ownership has to be evaluated for every leasing relationship. Leasing relationships in which an essential share of the risks and opportunities associated with the ownership of the lease object 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 (finance 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 it is lower, and depreciated linearly according to schedule.

If ownership is transferred to EEX at 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 lease object. 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 50 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) available funds,
b) an equity instrument of another company held as an asset,
c) a contractual right:
   - to obtain available funds or other financial assets from another company or
   - to exchange financial assets or financial liabilities with another company at potentially advantageous conditions or
d) a contract which will or can be fulfilled in own equity instruments of the company and which constitutes the following:
   - a non-derivative financial instrument which comprises or can comprise a contractual obligation of the company to receive a variable number of equity instruments of the company or
   - a derivative financial instrument which will or can be fulfilled in another manner than through the exchange of a fixed amount of available funds or other financial assets in return for a fixed number of equity instruments of the company. In that sense, the equity instruments of a company do not comprise any instruments which themselves constitute contracts regarding the future receipt or the future sale of equity instruments of the company.

Assessment and de-recognition of financial investments are effected as per the trading day (trade 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 at fair value through profit or loss" from the beginning. A financial asset is assigned to this category if acquired with the intention of selling it in the short term on principle or if the financial asset is designated accordingly by the management. Derivatives are also part of this category unless they are specified 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 to the contract can settle 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. open interest - are particularly relevant at this point.

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

Futures with mandatory cash settlement are treated as being equivalent to unconditional forward contracts and, therefore, they are not shown as assets nor as liabilities in the balance sheet.

Conditional futures transactions

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

The fair value has to be shown in the balance sheet for options. In this context, the option premiums for the open positions are used. Assets and liabilities positions of the same amount are created since ECC, in its capacity as the central counterparty, has both an account receivable 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. Thereafter, 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 an impairment. The amount of such an impairment is categorised as other operating expenses in the profit and loss account.

In December 2012, the transfer of risks for power and gas deliveries was specified in more detail in the Clearing Conditions. Until that time, the delivery day was used for reporting in the balance sheet. Since the delivery volume is already concluded with the nomination which is bindingly confirmed, power and gas deliveries as of the balance sheet date are already disclosed in the balance sheet on the day of nomination. On account of this concrete specification of the delivery time, there will be a one-off increase in accounts receivable and liabilities from sales and services as against the previous balance sheet date. There are no further prepayments regarding power and gas deliveries.

Cash and cash equivalents

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

Bank deposits with a restriction on disposal comprise cash deposits by the trading participants.

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 of 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 lending term. With regard to the accounting principles for “trade date accounting” reference is made to the explanation regarding financial assets.

Loan liabilities are classified as short-term liabilities if the Group does not have the unconditional right to postpone the 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 and their book values in the annual financial statement according to IFRS. Deferred taxes are assessed by using the tax rates (and taxation provisions) which are applicable on the balance sheet date or have essentially been adopted legally on the balance sheet date and which are expected to be valid at the time of the realisation of the deferred tax asset and/or of the settlement of the deferred tax liability.

Deferred tax liabilities caused by temporary differences in connection with the shareholdings in subsidiaries and associated companies are stated, unless the time of the reversal of the temporary differences can be determined by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future on account of this influence.

Deferred tax assets on losses carried forward are assessed to the degree to which it is likely that such can be used. The use of deferred tax assets on losses carried forward depends on whether sufficient taxable income is likely to 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. In previous accounting periods, deferred tax assets were only capitalised to the amount scheduled to be used throughout the five following years.

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 receives 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. The DBO is calculated annually by an independent actuarial expert 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 settled subsequently are immediately recognised in income unless the modifications of the pension plan depend on the continuance of the employee in the company for a fixed term (term until the beginning of non-forfeitability). In this case, the current service costs to be subsequently settled are recognised in income linearly throughout the period until the beginning of non-forfeitability.

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 and it is more likely than not that settling 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.

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

Trading and clearing fees are immediately recognised as sales revenue on the trading day and settled on a monthly basis. Trading fees are settled on the basis of the trading day undertaken and recognised as sales revenues. Clearing fees are settled on the basis of the delivery day and recognised in income. Annual fees are charged once a year at the beginning of the financial year. Technical fees are settled during the respective current quarter. Training fees and fees for information products are settled on an ad-hoc basis.

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

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 cash funds and other short-term original financial instruments (in particular accounts receivable for sales and services and trade accounts payable) roughly correspond to the book values shown in the balance sheet as of the respective balance sheet dates.

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

The fair value of financial liabilities specified in the Notes is established by discounting the future payments agreed on by contract at the currently valid market interest rate which would be granted to the Group for comparable financial instruments.

4. Estimates, valuation uncertainties and discretionary decisions

All estimates and assessments are constantly re-evaluated and are based on experience gained in 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 this planning assumptions regarding the future development of the expense and income items of the cash-generating units are processed.

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

5. 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 MWh). The annual fees are charged annually by the companies operating the exchange in return for the right to use the respective market. Training services for exchange traders and exchange trader examinations are supplied by EEX.

The technical connections and exchange management services are provided as explicit services as part of the normal activities of the exchange. For this reason, they will be listed under sales revenue from 2012 onwards.

in kEUR	**2012**	2011
Power Derivatives Market	13,358	15,649
Gas Spot Market	358	230
Gas Derivatives Market	197	178
EUA Spot Market	217	88
EUA/CER Derivatives Market	365	247
Coal Derivatives Market	0	13
Clearing fees	22,487	22,547
Annual fees	4,642	4,631
Technical connections	2,095	0
Information products	1,487	828
Training courses/examinations	763	1,018
Provision of management services/other	1,952	157
Total sales revenue	**47,921**	**45,586**

6. Other operating income

This item essentially comprises revenue from the on-charging of costs (2012: kEUR 620, 2011: kEUR 5,366). In the previous years, revenue from technical connections (previous year: kEUR 3,088) and from the provision of management services (previous year: kEUR 1,786), which were allocated to sales revenue in the past business year, was listed here.

7. Personnel expenditure

On 31 December 2012, 145 members of staff were employed in EEX Group (2011: 127). On an annual average for 2012, the number of staff totalled 128 (2011: 119), including 6 (2011: 6) executives. There are no apprentices.

in kEUR	**2012**	2011
Salaries and wages	11,258	8,650
Social insurance contributions	1,884	1,337
Superannuation contributions	980	608
Total	**14,123**	**10,595**

8. Depreciation

Depreciation is structured as follows:

in kEUR	**2012**	2011
Intangible assets	1,999	2,853
Property, plant and equipment	922	589
Leasing assets	7	50
Total	**2,928**	**3,492**

9. Other operating expenses

in kEUR	**2012**	2011
Systems costs	10,629	9,073
Consultancy	4,307	4,537
Market makers & brokers	3,768	4,426
Office expenses	1,744	1,657
Marketing, events and travelling expenses	2,121	2,068
Non-deductible input tax	96	1,473
Insurances, contributions	658	737
Supervisory Board emoluments	536	643
Audit costs	316	384
Other expenses	951	1,471
Total	**25,126**	**26,468**

The systems costs comprise fixed costs which do not depend on the amount of sales and costs for the trading participants' technical connection. The other expenses include e.g. recruiting and further training expenses.

The other operating expenses also comprise a correction of the non-deductible input tax from previous years amounting to kEUR 644 and other expenses from previous years totalling kEUR 152.

10. Financial result

The financial result has the following structure:

in kEUR	2012	2011
Interest income cash collateral	776	2,475
Interest expenditure cash collateral	–388	–2,008
Interest income cash collateral	**388**	**467**
Interest and similar income	367	616
Interest expenditure	–91	–80
Dividends from investments	39	181
Other interest income	**315**	**717**
Total interest income	1,182	3,272
Total interest expenses	–479	–2,088
Total	**703**	**1,184**

11. Income from equity accounting

The result from equity accounting concerns the continuation of the costs of acquisition for EPEX SPOT SE (EPEX) accounted for at equity.

12. Taxes on income and profit

This item records the current taxes on income and profit paid or owed as well as deferred taxes. Current taxes on income and profit are recognised in income at the time they are incurred.

in kEUR	2012	2011
Current income taxes	3,108	3,517
Income taxes unrelated to the accounting period	34	175
Deferred taxes on income	–1,881	2,214
Total	**1,261**	**5,906**

For the purpose of calculating deferred taxes in Germany, a tax rate of 31.925 percent is used for the year 2012 (2011: 31.925 percent). This tax rate includes the business tax with an assessment rate of 460 percent (2011: 460 percent), the basic rate of tax of 3.5 percent (2011: 3.5 percent), the corporation tax rate of 15 percent (2011: 15 percent) and the solidarity surcharge of 5.5 percent (2011: 5.5 percent) on corporation tax.

The expected expenses for taxes on income and profit (which would have resulted from applying the tax rate of 31.925 percent on the consolidated pre-tax profit as per IFRS) are transferred to the taxes on income and profit according to the profit and loss account as follows:

in kEUR	**2012**	2011
Earnings before taxes	**13,074**	**17,205**
Tax rate	31.925 %	31.925 %
Expected tax expenditure	**4,174**	**5,493**
Change in value of losses brought forward	–1,089	2,147
Tax-free income	–1,878	–1,858
Non-deductible operating expenses	246	243
Tax expenses/income not attributable to the accounting period	–257	175
Deviation from the assessment basis for business tax	87	79
Others	–21	–372
Effective tax expenditure	**1,261**	**5,906**

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	
	2012	2011	**2012**	2011
Intangible assets	22	29	–694	–795
Property, plant and equipment	1	5	–31	–11
Other financial assets	40	0	0	0
Financial instruments	408	664	–408	–664
Other accounts receivable	36	0	–56	–57
Loss carry-forward	4,140	2,287	0	0
Long-term provisions	9	25	0	0
Leasing liabilities	0	2	0	0
Outside basis differences	0	0	–99	0
Gross value	**4,655**	**3,012**	**–1,289**	**–1,527**
Balancing	–1,289	–732	1,289	732
Total	**3,366**	**2,280**	**0**	**–795**

Deferred tax assets are assessed with regard to tax loss carry-forwards since their realisation appears sufficiently secure - based on planning calculations. In 2012, tax loss carry-forwards of kEUR 3,164 were not assessed. These loss carry-forwards are not limited as to the date at which they may be used.

There are taxable temporary outside basis differences of kEUR 1,976 (2011: kEUR 2,883) for which – according to IAS 12.39 – no deferred tax liabilities were recognised.

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

in kEUR	**2012**	2011
Deferred tax assets		
which will be realised after more than 12 months	3,280	1,688
which will be realised within a period of 12 months	1,444	592
Total	**4,724**	**2,280**
Deferred tax liabilities		
which will be realised after more than 12 months	–1,217	–722
which will be realised within a period of 12 months	–142	–73
Total	**–1,359**	**–795**

13. Goodwill and intangible assets

The goodwill and intangible assets developed as follows:

in kEUR	Other intangible assets	Goodwill	Total
Costs of acquisition as of 31 December 2010	13,514	30,018	**43,533**
Additions	2,321	3	2,324
Disposals	–124		–124
Costs of acquisition as of 31 December 2011	15,710	30,021	**45,731**
Additions	2,802		2,802
Disposals	–86		–86
Costs of acquisition as of 31 December 2012	18,426	30,021	**48,447**
Depreciation/impairment as of 31 December 2010	7,531	17,801	**25,332**
Scheduled depreciation	1,201		1,201
Impairment	1,652		1,652
Disposal	–64		–64
Depreciation/impairment as of 31 December 2011	10,319	17,801	**28,120**
Scheduled depreciation	1,997		1,997
Impairment	–43		–43
Depreciation/impairment as of 31 December 2012	12,273	17,801	**30,074**
Book value as of 31 December 2011	5,390	12,220	17,611
Book value as of 31 December 2012	6,153	12,220	**18,373**

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

	ECC	EPD	ECC Lux	Tulpe 28	Total
Balance as of 31 December 2011	**5,916**	**6,294**	**7**	**3**	**12,220**
Changes to the scope of consolidation	0	0	0	0	0
Balance as of 31 December 2012	**5,916**	**6,294**	**7**	**3**	**12,220**

Annual impairment test as of 30 September 2012

The impairment test is based on the mid-term planning for the cash generating units. These cash flows, which are forecasted 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 Power Derivatives Market of EEX Power Derivatives GmbH (EPD) and for the clearing business of ECC was assumed for the current budget.

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 used for the weighted average costs of capital for calculating the achievable amount is 6.7 percent.

In all cases, a fair value (minus selling costs) considerably higher than 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 including 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 regarded as being realistic at present.

14. Property, plant and equipment

In 2012, property, plant and equipment were as follows:

in kEUR	Leasehold improvements	Computer hardware, fixtures and furnishings	Total
Acquisition costs as of 31 December 2010	**859**	**2,582**	**3,441**
Additions	138	1,004	1,141
Disposals	0	–273	–273
Acquisition costs as of 31 December 2011	**997**	**3,313**	**4,310**
Additions	215	421	635
Disposals	0	–207	–206
Acquisition costs as of 31 December 2012	**1.212**	**3,527**	**4,740**
Depreciation/impairment as of 31 December 2010	**395**	**1,800**	**2,195**
Scheduled depreciation	48	589	638
Disposals	0	–273	–272
Depreciation/impairment as of 31 December 2011	**443**	**2,116**	**2,561**
Scheduled depreciation	220	709	929
Disposals	0	–207	–207
Depreciation/impairment as of 31 December 2012	**663**	**2,618**	**3,283**
Book value as of 31 December 2011	**554**	**1,197**	**1,751**
Book value as of 31 December 2012	**549**	**909**	**1,458**

The assets from financial leasing contracts according to IAS 17 are detailed below:

in kEUR	**2012**	2011
Acquisition costs as of 1 January	207	183
Additions	0	24
Disposals	207	0
Acquisition costs as of 31 December	**0**	**207**
Depreciation/impairment as of 1 January	200	149
Scheduled depreciation	7	51
Disposals	207	
Depreciation/impairment as of 31 December	**0**	**200**
Book value as of 1 January	7	34
Book value as of 31 December	**0**	**7**

15. Shares in associated companies and joint ventures, other financial investments as well as other financial assets

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

		Associated companies and joint ventures		Shareholdings	
		EPEX SPOT SE	EMCC	trac-x	store-x
Registered offices		France Paris	Germany Hamburg	Germany Leipzig	Germany Leipzig
First inclusion in balance sheet		2008	2008	2008	2008
Share in capital as of 31 December 2011	%	50	20	9	12
Share in capital as of 31 December 2012	%	50	20	8	12
Nominal capital	kEUR	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
Acquisition costs as of 31 December 2010	20,451	537
Acquisition costs as of 31 December 2011	20,451	215
Disposal	0	5
Acquisition costs as of 31 December 2012	**20,451**	**210**
Revaluation as of 31 December 2010	4,183	0
Dividend payment	–4,916	0
Result of at-equity valuation	5,624	0
Revaluation as of 31 December 2011	**4,891**	**0**
Dividend payment	–5,841	0
Result of at-equity valuation	6,213	0
Impairment	–206	–40
Revaluation as of 31 December 2012	**5,057**	**–40**
Book value as of 31 December 2011	25,342	215
Book value as of 31 December 2012	**25,508**	**170**

The other financial assets concern a loan to EMCC.

16. Derivative 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 a central counterparty, the accounts receivable and accounts payable are recorded on the asset side and liabilities side to the same amount of kEUR 1,277 (2011: kEUR 2,074). Options with a total value of kEUR 1,124 included in this will mature within one year.

17. Accounts receivable for sales and services

in kEUR	**31/12/2012**	31/12/2011
Accounts receivable	74,385	43,336
Less individual allowance	−57	−2
Accounts receivable for sales and services	**74,328**	**43,334**

in kEUR	**2012**	2011
Initial amount of the allowance as of 1 January	**2**	**6**
Addition	57	0
Utilisation of allowance	−2	−4
Final amount of the allowance as of 31 December	**57**	**2**

Accounts receivable for sales and services essentially comprise sales on the Power and Gas Spot Market (EUR 72 million) which are high due to the balance sheet date, EUR 26 million of which result from as yet unsettled nominations of 31 December 2012, in addition to trading and clearing fees.

As in the previous year, there were no accounts receivable for sales and services with a remaining term of more than one year.

18. Other assets and tax refund claims

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

in kEUR	**31/12/2012**	31/12/2011
Payments on account	0	14,742
Accounts receivable from tax authorities regarding sales tax	6,661	7,386
Fixed term deposits	4,000	4,000
Accruals for system adjustments	1,899	1,400
Tax refund claims	1,264	1,257
Accruals	161	199
Other	0	141
Total	**13,985**	**29,125**

With regard to the discontinuation of payments on account, reference is made to item 3 regarding the representation of accounts receivable for sales and services.

19. Accounts receivable from associate companies

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

20. Cash at bank with restrictions on disposal

The cash at bank with restrictions on disposal of kEUR 613,284 (2011: kEUR 328,065) especially concerns collateral which has been furnished by the clearing members for the Spot and Derivatives Market and which is paid in in the form of cash collateral. These are shown as a liability towards the trading participants of the same amount.

21. Cash and cash equivalents

As of the balance sheet date, the Group had cash and cash equivalents of kEUR 55,422 (2011: kEUR 54,196).

22. Equity

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

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

23. Subscribed capital and capital reserve

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

24. Reserves

The reserves are structured as follows:

in kEUR	**31/12/2012**	31/12/2011
Clearing fund	3,000	3,000
Retained income	9,655	5,002
Total	**12,655**	**8,002**

25. Results generated

in kEUR	**2012**	2011
Balance as of 1 January	45,897	46,315
Changes recognised directly in equity	–11,863	–11,716
Total result	11,272	11,298
Balance as of 31 December	**45,306**	**45,897**

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 2012, kEUR 7,209 were paid out to EEX shareholders. With regard to further explanations, reference should be made to the Group's statement of changes in shareholders' equity.

26. Minority share

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

As of 31 December 2012, APX-Endex (one share) and Powernext SA (Powernext) (15,228 shares) each held an interest in ECC and, indirectly, in European Commodity Clearing Luxembourg (ECC Luxembourg). Furthermore, Powernext holds an interest of 20 percent in the share capital of EEX Power Derivatives.

27. Non-current provisions

The non-current provisions comprise reserves for partial retirement schemes, pensions and archiving.

These developed as follows during the financial year under review:

in kEUR	Pension provisions	Other non-current provisions
As of 1 January 2012	370	117
Utilisation	52	64
Reversal	0	0
Compounding	7	10
Addition	53	93
Deduction covered funds	–365	0
As of 31 December 2012	**13**	**156**

There are provisions for pensions and partial retirement schemes for three German employees. On 31 December 2012, there were IFRS expert opinions that use a discount rate of 3.5 percent.

The amount of the provision for another 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.

28. Leasing liabilities

The leasing liabilities comprise the leasing and rental agreements regarding furniture and fixtures, which are classified as financial leases and have a remaining leasing liability of kEUR 7. They expired in the financial year under review in their entirety.

29. Current provisions

The current provisions developed as follows during the 2012 financial year:

in kEUR	**2012**	2011
Balance as of 1 January	3,191	4,427
Reclassification as of 1 January	–653	–118
Utilisation	2,196	3,535
Reversal	342	689
Allocation to provisions	2,552	3,106
Balance as of 31 December	**2,552**	**3,191**

The provisions essentially concern provisions for employees and bonuses for members of the Management Board. In deviation from the previous year, the Supervisory Board emoluments are shown under "Other liabilities".

30. Accounts payable for sales and services

As of the balance sheet date, there were trade accounts payable to the amount of kEUR 76,042 (2011: kEUR 43,232). As in the case of the accounts receivable, these accounts payable include high liabilities from Spot Market sales in power and gas, including EUR 26 million from as yet unsettled nominations on 31 December 2012, on account of the balance sheet date.

There were no trade accounts payable with a remaining term of more than one year both as of 31 December 2012 and as of 31 December 2011.

31. Liabilities to associate companies

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 the trading participants

The amount of the cash deposits by the trading participants correspond to the cash at bank with restrictions on disposal. As of the balance sheet date, these amounted to kEUR 613,284 (2011: kEUR 328,065).

33. Other liabilities and tax liabilities

The other liabilities comprise the following items:

in kEUR	2012	2011
Payments received on account	2	14,742
Supervisory Board emoluments	540	0
Human resources liabilities	546	459
Other liabilities	161	297
Tax liabilities	165	87
Total	**1,414**	**15,585**

Since the transfer of risk for power and gas deliveries with a binding nomination was established in the expiring business year, payments on account are no longer generated.

In previous accounting periods, the Supervisory Board emoluments were shown under short-term provisions.

All other liabilities are short term.

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 do not have to be shown in the balance sheet according to IAS 39.17(a) and IAS 39.39.

Options which expire after the balance sheet date have 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 have to be reported on the assets and liabilities side of the balance sheet of the same amount. With regard to this, reference is made to note 16.

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

Cash and cash equivalent as well as accounts receivable for sales and services

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

35. Notes 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 at 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 using the indirect method. In this process, the annual net profit is initially adjusted for non-cash expenses, such as e.g. depreciation and changes in accounts receivable and payable.

This results in a cash flow from operating activities of kEUR 6,557 (2011: kEUR 24,787) being established. The balance - which is low compared with the previous year – is essentially due to the absence of the special effect of input tax refunds of kEUR 19,819 in the previous year.

37. Cash flow from investing activities

The cash flow from investment activities shows payments made for investments in assets less dividends received. In the financial year 2012, it amounted to kEUR 2,448 (2011: kEUR 1,654).

38. Cash flow from financing activities

The cash flow from financing activities comprised the payment of dividends to EEX shareholders during the financial year, as well as financing leasing payments and amounted to kEUR –7,779 (2011: kEUR –7,238).

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

in kEUR	**2012**	2011
Cash and cash equivalents	55,422	54,196
Financial liabilities	**55,422**	**54,196**

40. Classification of financial instruments as per IFRS 7

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			
Classes 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 at 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**

Assets as of 31/12/2012	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			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial investments	170	170					170	170
Other financial assets	125	125					125	125
Derivative financial instruments			1,277	1,277			1,277	1,277
Accounts receivable for sales and services	74,328	74,328					74,328	74,328
Other assets	13,064	13,064					13,064	13,064
Tax refund claims	921	921					921	921
Accounts receivable from affiliated companies	1,497	1,497					1,497	1,497
Cash at bank with restrictions on disposal	613,284	613,284					613,284	613,284
Cash and cash equivalents	55,422	55,422					55,422	55,422
Total	**758,811**	**758,811**	**1,277**	**1,277**	**0**	**0**	**760,088**	**760,088**

Liabilities as of 31/12/2011	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		FVTPL – Financial assets recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Derivative financial instruments			2,074	2,074			2,074	2,074
Accounts payable for sales and services	42,856	42,856					42,856	42,856
Cash deposits by the trading participants	328,065	328,065					328,065	328,065
Other liabilities	16,014	16,014			49	49	16,063	16,063
Liabilities to associate companies	1,837	1,837					1,837	1,837
Total	**388,772**	**388,772**	**2,074**	**2,074**	**49**	**49**	**390,895**	**390,895**

Liabilities as of 31/12/2012	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		FVTPL – Financial assets recognised at the fair value through profit and loss					
			Trading (HFT)		Fair value options			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Derivative financial instruments			1,277	1,277			1,277	1,277
Accounts payable for sales and services	76,042	76,042					76,042	76,042
Cash deposits by the trading participants	613,284	613,284					613,284	613,284
Other liabilities	1,414	1,414					1,414	1,414
Liabilities to associate companies	359	359					359	359
Total	**691,099**	**691,099**	**1,277**	**1,277**	**0**	**0**	**692,376**	**692,376**

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

During the past reporting period, the valuation category “Loans and accounts receivable” generated interest income of kEUR 20 (2011: kEUR 632). Furthermore, accounts receivable in the amount of kEUR 57 were impaired in the past financial year (2011: kEUR 6).

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

in kEUR		Daily		Not more than 1 year		More than 1 year, not more than 5 years	
	Notes	**2012**	2011	**2012**	2011	**2012**	2011
Other financial assets	15	0	0	125	0	0	0
Payments received on account (ECC AG)	18	0	14,742	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	17 18 19	71,611	39,472	18,199	17,576	0	0
Cash at bank with restrictions on disposal	20	613,284	328,065	0	0	0	0
Cash and other bank balances	21	55,422	54,196	0	0	0	0
Non-derivative financial assets		**740,317**	**436,475**	**18,324**	**17,576**	**0**	**0**
Liabilities from financing leasing transactions	28	0	0	0	7	0	0
Payments made on account (ECC AG)	33	0	14,742	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	30 31 33	72,213	39,542	5,602	6,423	0	0
Cash deposits by the trading participants	32	613,284	328,065	0	0	0	0
Non-derivative financial liabilities		**685,497**	**382,349**	**5,602**	**6,430**	**0**	**0**
Financial assets and derivatives	16	0	0	1,124	337	153	1,737
Financial liabilities and derivatives	16	0	0	1,124	337	153	1,737

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 separating functions. The different operating departments are in charge of the ongoing controlling of risks within the framework specified by the Management Board. Furthermore, the operating departments are supervised by the risk control department, which is not responsible for operative business.

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 risk. 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 to be fully covered at all times by developing lines of defence.

These lines of defence comprise the following basic components:

Conditions for admission:

Only financial institutions with registered offices in the EU or in Switzerland and having a sufficiently sound financial position and the operational facilities for settling clearing transactions are admitted as ECC clearing members. This is checked in the framework of the admission process and monitored continuously.

Guarantee by the clearing members:

All obligations of the trading participants, e.g. from the provision of collateral, the delivery of commodities or the daily profit and loss settlement, are guaranteed by the clearing member in charge of the respective trading participant. All payments are collected directly by the clearing member. Only clearing fees which have fallen due are exempt from this guarantee.

Daily profit and loss settlement:

Profits generated and losses incurred are offset on a daily basis and are credited or debited to the clearing member.

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. EEC'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 a given Clearing Members' historical individual margin calls over the past twelve months. Depending on the risk assessment 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 to contribute to the fulfilment of the obligations of a Clearing Member that has defaulted, if necessary.

Obligation to refill the clearing fund:

Within a period of ten business days after it has been used, the clearing fund has to be replenished to the original amount. In the case a clearing member has defaulted, clearing fund contributions are released (at the earliest) one month after all obligations of the clearing member that 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 only accepts cash collateral in euros or liquid securities by issuers with a perfect credit rating and the market price fluctuations of which are covered by an adequate haircut. Collateral is re-evaluated at least on a daily basis and concentration risks are taken into account.

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

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

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

in kEUR	**2012**	2011
Accounts receivable from sales and services	2,717	3,862
Other assets	0	303
Total	**2,717**	**4,165**

The list does not comprise accounts receivable from the delivery of commodities and derivative financial instruments since these are collateralised through the margin system. Moreover, accounts receivable from fixed-term deposits and from the tax authorities are not included in the list since a low default risk is assumed to exist in this regard.

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.

Within the Group market price risks essentially arise in the form of currency risks (e.g. in the case of outstanding input tax refund claims in regions outside the euro zone). These risks are marginal and are controlled in line with the respective situation.

Liquidity risk

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

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

The risk strategy aims at avoiding maturity mismatches in the balance sheet through the investment strategy. The financing requirements for current expenses and investments are planned and concluded promptly in the context of medium-term planning. Any unplanned financing gaps – essentially from taxation matters – are closed by providing sources of liquidity within the Group. At ECC, the liquidity risk is also monitored on the basis of liquidity parameters under supervisory legislation.

As of 31 December 2012, there were no liquidity risks from financial leasing agreements (31 December 2011: kEUR 7).

The age structure analysis of the assets and liabilities under Note 40 provides an overview of the assets for every maturity.

Operational risk

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

- malfunctions of the IT systems used,
- inadequate design of internal processes,
- errors by members of staff,
- errors and/or default of external service providers

The high degree of automation in processing business transactions in conjunction with a large number of transactions results in essential operational risks for EEX Group caused by the possibility of malfunctions of the IT systems used. Since major components of the IT systems are operated by external service providers, errors by external service providers or the defaults of such also constitute an essential risk.

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

The over-riding 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 are regularly tested.

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

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

In addition, there are insurances (E&O insurance) in the framework of the professional liability insurance of Deutsche Börse Group with regard to errors in commercial activities.

42. Own shares

As of 31 December 2012, there were no own shares in the EEX's possession.

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 31 December 2012, these comprised 13,159,500 certificates (2011: 13,651,219 certificates) with a market value of kEUR 83,688 (2011: kEUR 92,282). As a result, there are trust liabilities to the corresponding amount in the form of rights to the recovery of the allowances on the part of the trustor.

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:

Financial liability in kEUR	Total	2013	2014 to 2017	2018 to 2020
Systems expenditure	4,119	1,500	2,619	0
IT maintenance	210	209	1	0
IT infrastructure	260	260	0	0
Rent	4,393	662	2,133	1,599
Vehicles	113	54	59	0
Total liabilities	**9,487**	**3,077**	**4,812**	**1,599**

As of the balance sheet date, there was a letter of comfort for transpower stromübertragungs gmbh for a maximum amount of kEUR 986 regarding the obligations of ECC Luxembourg.

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

in kEUR	**2012**	2011
Auditing services for the annual accounts	186	169
Other auditing services	16	0
Other services	10	0
Total	**212**	**169**

46. Relations with related persons and companies

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

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

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

Relations with related persons

Management Board

Peter Reitz, Leipzig, Chief Executive Officer
Steffen Köhler, Oberursel (since 1 March 2012)
Dr. Christoph Mura, Norderstedt (until 31 August 2012)
Dr. Thomas Siegl, Eschborn (since 1 September 2012)
Iris Weidinger, Leipzig

In 2012, the total remuneration of the Management Board amounted to kEUR 3,520, including fixed and variable components.

Supervisory Board

Dr. Jürgen Kroneberg (Chairman)
Lawyer, Cologne

Jürg Spillmann (Vice-Chairman)
Deputy Chairman of the Executive Board of Eurex Zurich AG, Zurich/Switzerland

Hans E. Schweickardt (Vice-Chairman, since 21 June 2012)
Chairman of the Board of Directors, Alpiq Holding AG, Neuchâtel/Switzerland

Roland Werner (Vice-Chairman)
State Secretary, Saxon State Ministry for Economic Affairs, Labour and Transport, Dresden

Dr. Hans-Joachim Arnold (since 21 June 2012)
Head Legal/Compliance, RWE Deutschland AG, Essen

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

Burkhard Jung
Mayor of the City of Leipzig, Leipzig

Ulrich Kastner
Management Consultant, UKC GmbH, Munich

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

Stefan Mäder (until 30 April 2012)
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
Member of the Management Board, EnBW Energie Baden-Württemberg AG, Karlsruhe

Katja Mayer
Managing Partner, KM Networks GmbH, Hofheim

Prof. Harald Pfab (Vice-Chairman, until 21 June 2012)
Chairman of the Management Board, Sachsen Bank, Leipzig

Dr. Michael Redanz
Managing Director, MVV Trading GmbH, Mannheim

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

Dr. Randolf Roth
Head of Market Structure, Eurex Frankfurt AG, Eschborn

Uwe Schweickert (since 7 June 2012)
Head of Executive Office Division Derivatives & Market Data, Deutsche Börse AG, Eschborn

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

Emoluments for the Supervisory Board

The members of the Supervisory Board of EEX received emoluments of kEUR 494 for the work in the financial year 2012. The emoluments will be paid in the next year.

Relations with related companies

As in the previous year, Eurex Zurich AG with registered offices in Zurich, Switzerland held 56.14 percent of the shares in EEX on 31 December 2012.

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	**2012**	2011
Deutsche Börse Group		
EEX Group as the recipient of services		
– Provision of the trading system, including adjustment thereof	7,040	7,855
– Financial services	45	175
– Sharing of costs and revenue from Eurex cooperation	245	166
EEX Group as the provider of services		
– Provision of trading data	–353	–227
Accounts receivable as of 31 December	172	401
Liabilities as of 31 December	633	406
Financial liability as of 31 December	104	109

Relations with unconsolidated companies, associate companies and joint ventures

in kEUR	**2012**	2011
EPEX SPOT SE		
EEX Group as the recipient of services		
– Physical settlement of Derivatives Market transactions	21	15
EEX Group as the provider of services		
– Provision of services for the commercial unit in Leipzig	2,394	1,786
– Project costs	93	3
– Training courses	41	111
– Others	36	46
Accounts receivable as of 31 December	204	357
Liability as of 31 December	123	215
EMCC		
EEX Group as the recipient of supplies and services		
– Power delivery	511,669	354,034
EEX Group as the provider of supplies and services		
– Power delivery	43,570	159,117
– Transaction fees	128	100
– Interest income	20	20
Accounts receivable as of 31 December	1,296	282
Liability as of 31 December	236	1,623
Accounts receivable from loan (residual term > 1 year)	250	250

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

Name	Registered office	Subscribed capital in kEUR	Share in %	Equity in kEUR	Annual profit in kEUR
1. Shares in affiliated companies					
ECC	Leipzig	1015	98.4999	33,472	6,235
EPD[1]	Leipzig	125	80.000	6,018	0
EGEX	Leipzig	100	100.000	2,046	–2,553
Tulpe 28	Leipzig	25	100	23	0
ECC Lux	Luxembourg	13	98.4999	35	22
2. Equity investments					
EPEX SPOT	Paris	4,973	50.000	20,521	12,577
EMCC	Hamburg	100	20.000	1,045	1,030

[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

There have been no events of special importance for the financial, assets and earnings situation of EEX Group after the end of the financial year 2012.

Leipzig, 8 March 2013

Peter Reitz
Chief Executive Officer (CEO)

Steffen Köhler
Chief Operating Officer (COO)

Dr. Thomas Siegl
Chief Risk Officer (CRO)

Iris Weidinger
Chief Financial Officer (CFO)

Auditor's Report

We have audited the consolidated financial statements prepared by the European Energy Exchange AG, comprising the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and the notes, together with the group management report for the business year from 1 January 2012 to 31 December 2012. The preparation of the consolidated financial statements and the group 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"] are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group 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 group 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 group 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 group 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 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 group 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, 8 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Jürgen Mock
German Qualified Auditor

Markus Müller
German Qualified Auditor

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