



Annual report and accounts  
**2005**

## Parameters

Important parameters of European Energy Exchange AG						
		2002	2003	2004	2005	Change 2004 / 2005
<b>Profit and loss account</b>						
Sales revenue	k€	9,377	15,248	15,962	23,474	47 %
Earnings before interest, taxes and depreciation (EBITDA)	k€	-9,048	1,414	-192	7,560	
Earnings before interest and taxes (EBIT)	k€	-20,255	-2,055	-3,328	4,479	
<b>Balance sheet (as of 31 December)</b>						
Fixed assets	k€	27,366	23,984	21,007	18,051	-14 %
Capital and reserves	k€	30,196	28,471	25,473	28,847	13 %
Balance sheet total	k€	52,984	66,720	60,379	67,029	11 %
<b>Parameters regarding the core business</b>						
<b>Spot Market</b>						
Volume Spot Market for Power	TWh	31.5	49.1	59.6	85.7	44 %
Volume Spot Market for Emission Allowances (EUA)	EUA	0	0	0	2,748,791	
Value of the traded Spot Market products	k€	698,670	1,448,056	1,691,912	4,170,158	146 %
Trading participants on Spot Market		102	102	111	120	8 %
<b>Derivatives Market</b>						
Volume Derivatives Market for Power	TWh	119.0	342.0	337.7	516.5	53 %
Volume Derivatives Market Emission Allowances (EUA)	EUA	0	0	0	448,000	
Value of the traded Derivatives Market products	k€	2,882,097	10,653,396	11,929,380	22,029,866	85 %
Trading participants an Derivatives Market		39	44	52	59	13 %
<b>Corporate parameters</b>						
Employees (active)		34	27	31	34	10 %
Sales revenue per employee	k€	276	565	515	690	34 %
Return on equity	%	-66	-6	-12	12	
Equity ratio	%	57	43	42	43	

## Report by the Management Board



Dear reader,

This is the first report by the management board of European Energy Exchange AG (EEX), which we are pleased and proud to present to you – pleased that we can report the first business year with a positive result and proud of what EEX has achieved during its development from a regional electricity trading market to a European energy exchange so far.

From minus nineteen to plus three in four years: There is far more behind those figures than just the development of earnings since the merger between EEX (old) and LPX.

In 2003, the first full operational year after the merger, we came to terms with the consequences of the merger and managed to achieve a new structural alignment by making a major effort. With OTC clearing we introduced a new and important structure from within the existing infrastructure. Step by step the sustained restructuring, the ongoing cost

reduction as well as the consolidation showed clear results: For the first time, we achieved a positive EBITDA and, at the same time, we managed to reduce the net loss by approx. EUR 18 million compared with the previous year.

The development continued to move in the right direction: In 2004 the essential infra-structural tasks were resolved and new strategic products were introduced or the launch of these was prepared. In 2004 we implemented the complete integration of the systems for the trading and clearing landscape across all markets: With Xetra and Eurex we are now using two extremely efficient and flexible system which set the standard on the financial market worldwide today. These systems enable us to launch new products within the shortest possible period of time and to develop new market areas. During this year of IT integration and of the expansion of our product range EEX established a sound foundation for the revenue and earnings situation with regard to the future. The break-even could be brought forward and was forecast for the year 2005.

During the past business year 2005 there was an array of milestones which were achieved one after the other. In view of the increased speed of growth we managed to fulfil the tasks which we had set for ourselves and continue to keep our promises. The integration of the trading and clearing landscape was completed, the introduction of forward-pointing products was implemented within the limits of budgeting. The results of an eventful year 2005 comprise record revenue as well as a result after tax, which was positive for the first time and exceeded even our own high expectations.

We can now look back on a year of operative success during which we have established a strong foundation for the future in parallel with the satisfactory development of business.

EEX is far more than just another power exchange among many: Our prices reflect the market in Europe very well and are seen and used as a reference far beyond the borders of Germany. We see this as the basis for our participation in the further liberalization process within Europe.

The fact that we set examples throughout Europe in terms of attractiveness and security is underlined not least by the open interest in the Derivatives Market, the market value of which we have now managed to increase to more than EUR 10 billion. Numerous product innovations, such as trading in CO<sub>2</sub> emission allowances or the fulfilment of the physical future for France, show that we can make further progress.

In order to ensure that EEX remains an essential pillar of the liberalized energy market we will continue to expand our product portfolio in a forward-looking manner during the current year. In addition to a continuous expansion of the transparency of trading, the supervisory board of EEX approved of the spin-off of the clearing division into a company of its own, European Commodity Clearing AG. The preparations for this are being developed as planned.

We know that gas and coal are experiencing a renaissance. And we will make use of this opportunity.

All of this can only be achieved with people who have committed themselves to the limits of their resilience and sometimes even gone beyond those limits. On behalf of the entire management team I would like to thank all of our members of staff and their families as well as our business partners and trading participants for the trust placed in us and for the support during the development which our company has accomplished so far. We would like to invite you to continue to accompany European Energy Exchange AG and its clearing subsidiary also on the path into the future.



Dr. Hans-Bernd Menzel  
Chairman of the Management Board

## Report by the Supervisory Board

Dear shareholders,

In 2005 the supervisory board dutifully discharged the tasks for which it is responsible according to the applicable legislation as well as according to the statutes of the company in a total of four meetings. During these meetings the management board of EEX AG reported to the supervisory board with regard to the current business situation and the development of the company including the risk situation and risk management both verbally as well as in writing. The chairman of the supervisory board as well as the other members of the supervisory board and the management board of EEX AG ensured a regular exchange of ideas also between these meetings. The supervisory board was directly involved in all decisions which were of fundamental importance for the company.

The discussion regarding the separation of the exchange and of the clearing house under the company law, which is to be implemented in the year 2006 retroactively with effect as of 1 January, formed an essential focus of the discussions on the supervisory board and the steering committee which prepares the resolutions. The co-operations with other exchanges which are connected with the spin-off were another focus of the deliberations of the supervisory board and of the steering committee.

The human resources committee dealt with matters of the management board in one meeting.

This annual financial statement for the business year 2005 was audited by the final auditor elected by the general meeting and commissioned by the supervisory board, PricewaterhouseCoopers Aktiengesellschaft, Berlin with the co-operation of the accounting department and was certified without qualification.



The report by PWC regarding the annual financial statement was submitted to all members of the supervisory board and was discussed comprehensively during the supervisory board's annual accounts meeting in the presence of the final auditor on 5 April 2006. We had no objections. The supervisory board approved the annual financial statement prepared by the management board; it is, hence, adopted.

The supervisory board thanks the management board and all members of staff of EEX AG for the work accomplished during the year under review.

Leipzig, in April 2006

On behalf of the supervisory board

A handwritten signature in black ink, which appears to read "Jürgen Kroneberg". The signature is written in a cursive, somewhat stylized script.

Dr. Jürgen Kroneberg  
Chairman of the Supervisory Board

## Highlights of the business year

### 1st quarter

EEX starts the new business year with record spot sales in power. The trade volumes increase steadily, the number of trading participants increases and the course of internationalisation is pursued further: At the beginning of the year, 123 companies from a total of 16 countries are registered and active on the EEX platform. The open interest doubles within a period of only one year as of the beginning of 2005.

In February a step setting the track for the future is taken: The Spot Market switches to the Xetra system by Deutsche Börse Systems AG. The combination with the Eurex system allows spot and derivatives trading via the same technical connection.

High interest in CO<sub>2</sub> emission allowances: 37 of a total of 112 trading participants on the Spot Market are cleared for the first spot auction regarding CO<sub>2</sub> emission allowances on an exchange in Europe.

The exchange council paves the way for physical power futures. This means direct fulfilment of the forward transactions which have fallen due is now possible through the delivery or procurement of power.

Instead of being published after seven days, bid curves are now published after only one day. This increases the transparency in trading.

### 2nd quarter

In April EEX achieved a new monthly record for the Derivatives Market for Power with 55.2 TWh; in May more than 1.4 million MWh are traded on this market every day, whereas 0.2 million MWh were traded on the Spot Market. Since April it has also been possible to fulfil transactions in Austria by means of the access to the APG balance area.

Five-year anniversary in June: With a total of 126 companies from 16 countries EEX has been established as the energy exchange in continental Europe with the highest number of trading participants.

The information services offered by EEX are redesigned and supplemented with data, analyses as well as charts illustrating volumes and price developments.

Once clarity has been established with the Federal Ministry of Finance regarding the treatment of physical futures under the applicable sales tax law, trading with physical power futures can commence.

7 February:

Switch of the Spot Market on power to the Xetra Central Counter Part I (Spot Market)

1 April:

Start of physical delivery in Austria

16 June:

Balance area agreement with Dutch transmission system operator

### Milestones in 2005

9 March:

Start of CO<sub>2</sub> Spot Market

1 June:

Physical power futures Germany

4 August:

Start of continuous trading in CO<sub>2</sub> emission allowances

### 3rd quarter

EEX commences continuous trading in CO<sub>2</sub> emission allowances. During the first hour of trading alone more than 22,000 CO<sub>2</sub> emission allowances change hands; in the course of the day, a total of 38,450 are traded.

The trading participants can now choose between continuous trading during the day and auction trading. The path towards internationalisation is continued with the launch of physical power futures in France.

### 4th quarter

On 4th October derivatives trading in CO<sub>2</sub> emission allowances commences.

The newly quoted European Carbon Futures are denominated in 1,000 CO<sub>2</sub> emission allowances each of the trading period from 2005 until 2007 and/ or of the Kyoto Commitment Period from 2008 until 2012. In this context, the EEX clearing house as always assumes the counterparty risk from the futures transactions concluded.

With a daily turnover of more than 300,000 MWh for 3 October, which corresponds to approx. 24 per cent of the German consumption of electricity, EEX once again sets a record in spot trading of power.

With the introduction of French power Futures EEX offers its trading participants trading and an OTC clearing service for over-the-counter futures transactions in France for the first time. In this way EEX also opens up considerable potential in capital links and costs in this field for its customers in the framework of cross-margining.

Trade volumes and trading participants continue to increase. On the Spot and Derivatives Market for power the volume reaches the level of the previous year at 602 TWh. The Spot Market accounts for 86 TWh of this total, whereas more than 517 TWh were recorded on the Derivatives Market – these volumes correspond to a commodity value of more than EUR 23 billion. 132 trading participants from 16 countries confirm the growth path of EEX.

8 August:  
Central Counter Part II

10 October:  
OTC clearing for over-the-counter futures transactions in France

29 August:  
Start of physical futures with fulfilment in France

4 October:  
Start of derivatives trading in CO<sub>2</sub> emission allowances.  
OTC clearing for CO<sub>2</sub> emission allowances.

1 December:  
Balance area opened in Switzerland



## **Business year 2005**



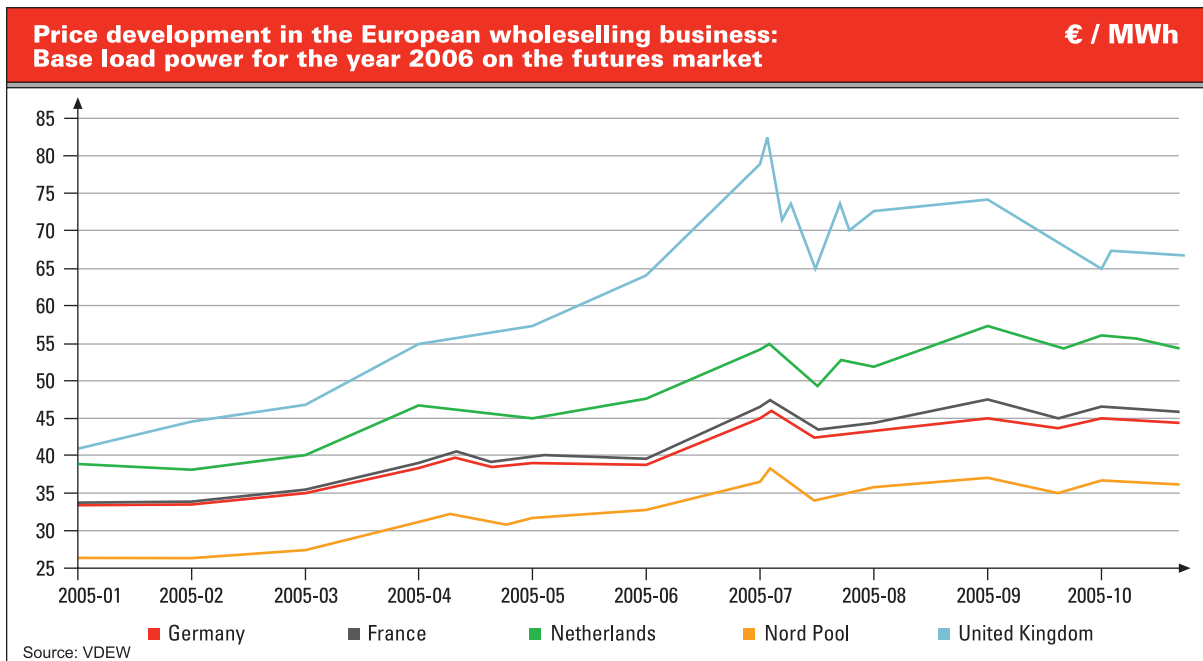
## The energy-industry environment

“The market works. This is clearly illustrated by the development of the power prices on the exchange”, the German Electricity Association (VDEW) sums up the energy business year 2005, which was accompanied by vociferous discussions regarding price manipulations and a lack of transparency on the energy market and in particular on European Energy Exchange which were covered extensively by the media. Though the German wholeselling market was characterized by considerable price increases also for electricity during the year under review, the rates for the final customers were still far below the level of 1998, the year of liberalization.

The statement by VDEW is confirmed by a study on the development of electricity prices in Europe from 1995 until

2004 by Kema-Consulting. This study states that the power prices both for households and industrial customers have fallen in real terms on an EU average even though the development proceeded differently in the individual countries.

Moreover, the price development was not a national phenomenon which prevailed on an isolated market resembling an island. The year 2005 rather served to underline that there are no individual national developments any more. The price development on the regional markets has long since begun to proceed in unison and in this process it is strongly influenced by a demand for energy and primary energy carriers, such as coal, mineral oil as well as natural gas, which is increasing continually on a global level, and by the price increases associated with this.

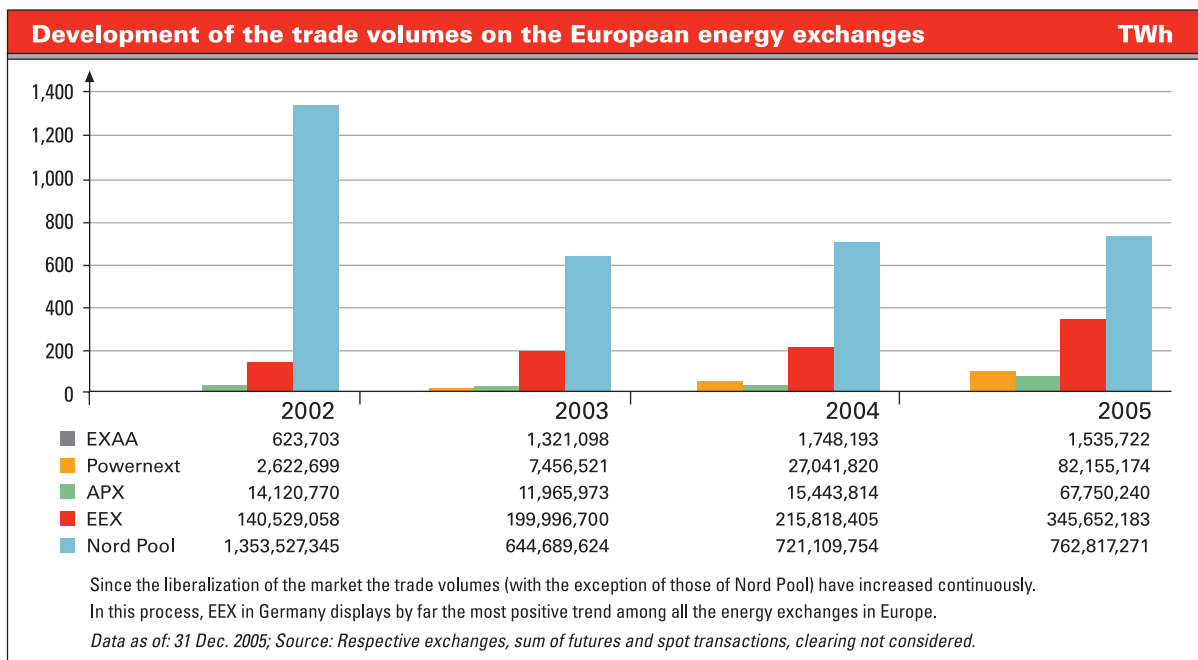


Compared with the rest of Europe Germany does not display conspicuously high electricity prices. With regard to the exchange market prices, EEX holds an average position among the European energy exchanges with a plus of approx. 50 per cent.

However, in terms of the development of the trade volumes EEX indeed managed to establish a considerable difference in its development and displays by far the most positive growth trend in a direct comparison with all European

energy exchanges. Since the year 2001 it has managed to increase its volume to approx. ten times, it has the biggest number of trading participants both from Germany and from abroad; given the structure of its trading participants it also has the biggest diversity of all exchanges and commands a highly diversified product range.

This development is interpreted as clear proof of a working competition on the energy market by trading participants and representatives of various industrial federations.



### Course of business characterized by a strong growth rate

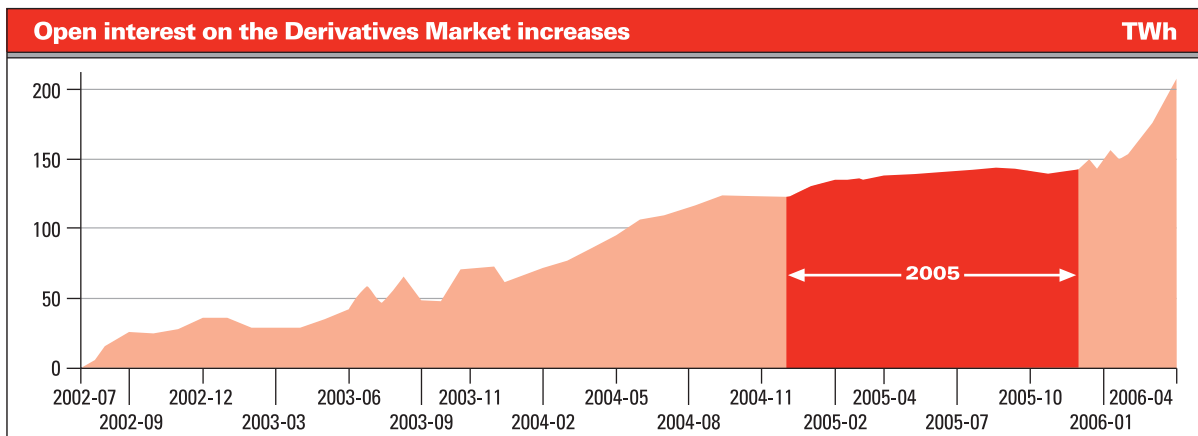
European Energy Exchange AG finished the business year 2005 above its own expectations and was able to achieve considerable increases with regard to both trade volumes, revenues and operating results. An essential factor for this development was a sustainable expansion of its own position on a European level. In this process, EEX managed to consolidate its function as the leading exchange in continental Europe.

In addition to a forward-looking launch of new products and services, a continuation of the path of internationalisation as well as the integration of the systems landscape which has now been completed contribute to strengthening the presence on the market. This measure, into which more than EUR 6 million have been invested over the past three years in addition to the on-going operation, formed a structural and organizational milestone during the year under review. By means of this system which extends over all products, comprises both exchange as well as over-the-counter transactions and covers both the Spot and the Derivatives Market, EEX has established a synergetic potential which is unique in Europe and now offers an integrated market on one of the best systems landscapes in the world. In the framework of its strategy of safeguarding growth, which has a long-term orientation, EEX also achieved milestones on the product side which were clearly visible throughout the entire year.

During the past business year EEX managed to significantly increase its trading volumes and to considerably raise the number of trading participants. The fact that this development has been achieved in spite of the partly fierce public discussions between representatives of various interests regarding the integrity of the exchange as a neutral and fair trading platform is proven by the continuously growing trust in the exchange market of EEX – in Europe and beyond. The degree of acceptance which EEX enjoys is also confirmed by a considerable expansion of the clearing business.

The confidence of the market as well as the security which the exchange market of EEX provides to its trading participants is reflected in the strong increase in the open interest. The open interest is defined as the sum of all buy and sell positions which have not been fulfilled yet. Following a doubling during the business year 2004 and a roughly 12-per cent increase during the year under review, the trend of this increase continues. As of the end of the year 2005 the open interest corresponded to a market value of approx. EUR 8 billion, roughly four months later it exceeded a level of 200 TWh, which corresponds to a market value of approx. EUR 12 billion, for the first time ever.

Against this overall backdrop European Energy Exchange AG managed to achieve a positive annual result for the first time ever in the history of the company.

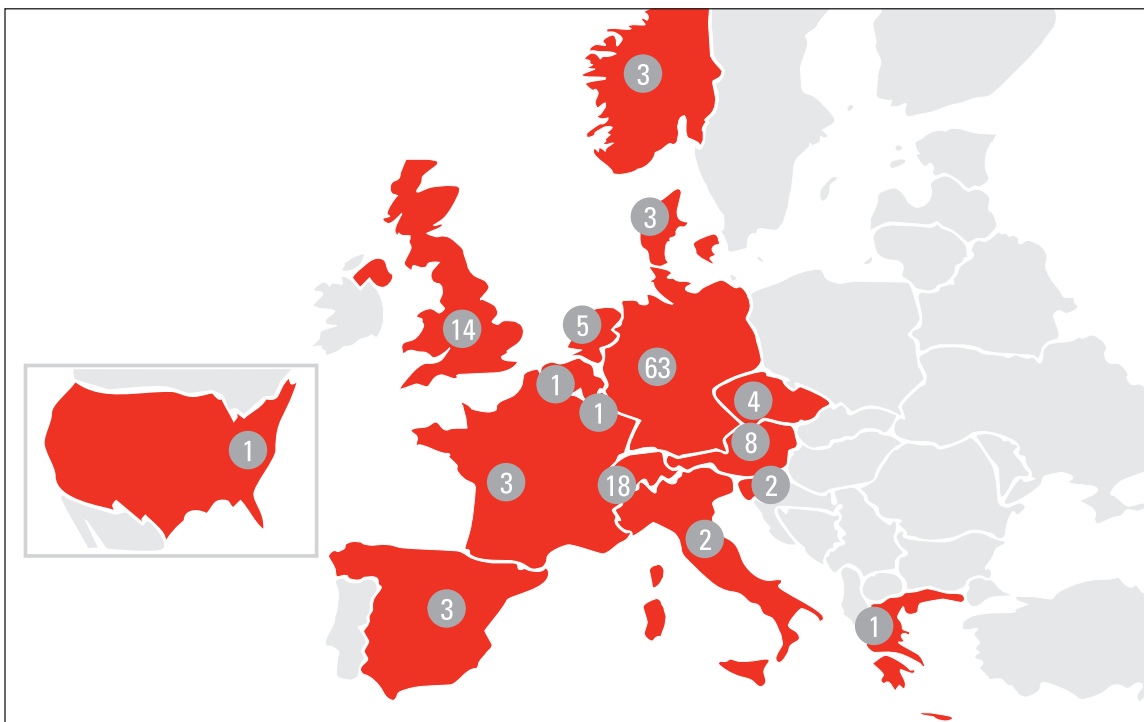


### Trading participants with considerable plus

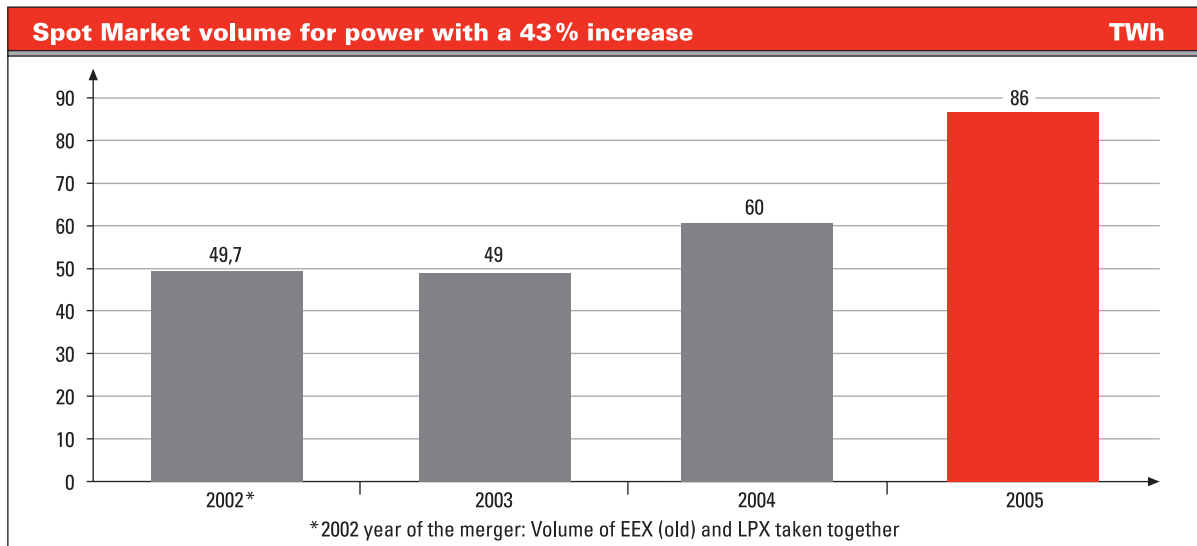
Both the development of the number of trading participants as well as the development of sales displayed a positive trend during the year under review. The international structure of the trading participants also increased in all EEX market sectors, with an increasing number of companies from central and eastern Europe.

With regard to the Spot Market a plus of ten trading participants was recorded during the business year 2005, whereas the number of trading participants on the Derivatives Market increased by seven. The fact that financial service providers become active to an increased degree was particularly striking.

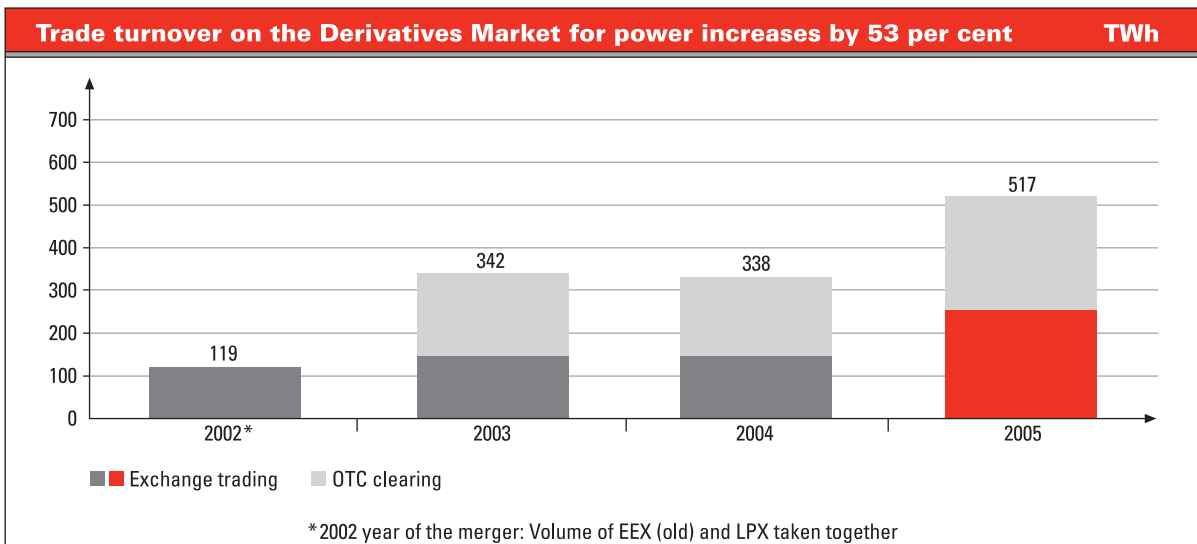
### Strong increase in the number of trading participants on EEX

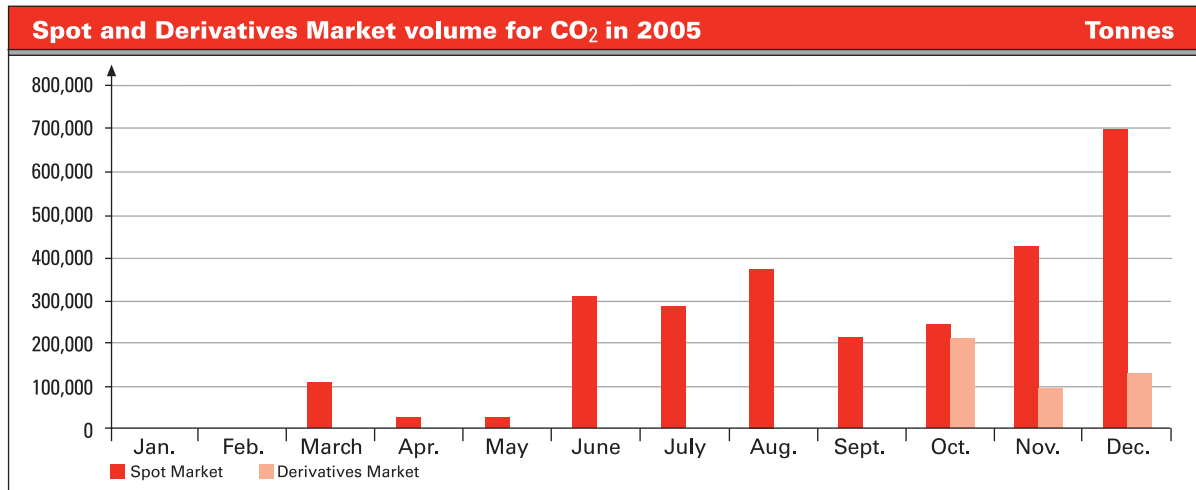


### Trade turnover on the Spot Market



### Trade turnover on the Derivatives Market





### CO<sub>2</sub> emission allowances move within the limits of expectations

Since October 2004 EEX has already published a daily CO<sub>2</sub> price index on the basis of actual transactions; at the beginning of March 2005 EEX started the first ever spot auction regarding CO<sub>2</sub> emission allowances in Europe even before the national emissions trading registry in Germany and most registries in the other countries were operational. Continuous spot trading, the Derivatives Market and OTC clearing for CO<sub>2</sub> emission allowances then followed during the second half of the year.

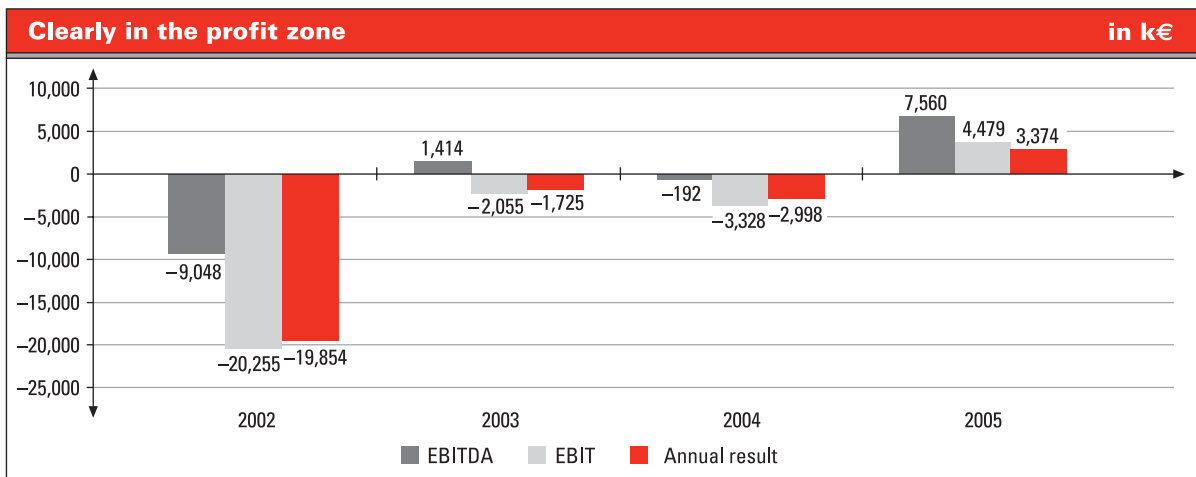
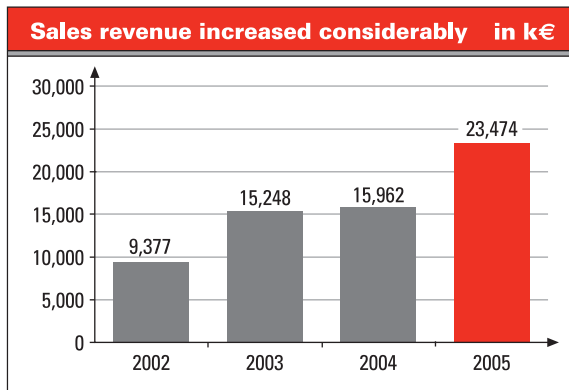
After a start which was somewhat muted in accordance with expected trading in CO<sub>2</sub> emission allowances saw a solid boom during the second half of the year 2005. Small and medium sized companies in particular increasingly used the possibility of trading in CO<sub>2</sub> emission allowances also via banks as intermediaries to EEX – similar to deposits held at the house bank in the case of stock trading. All in all, trading in emission allowances proceeded on a low level during the business year 2005, as expected.

### Revenue and earnings considerably above budget

Since the threshold of sales to the amount of EUR 10 million had already been exceeded considerably by the middle of the year, EEX managed to achieve further gains with regard to the growth of the volumes during the second half of the year. On account of the welcome growth of the trade volumes in the core products as well as the adjust-

ment of the transaction fees on the Spot Market the sales revenue was increased to EUR 23.5 million during the year under review compared with revenue to the amount of EUR 15.9 million which had been achieved during the preceding year.

This results in an annual net profit of EUR 3.37 million after tax for the business year 2005 compared with a net loss to the amount of EUR 3.0 million during the business year 2004. Under consideration of the losses brought forward to the amount of EUR 25.82 million as well as of an allocation to the reserves for own shares to the amount of approx. EUR 0.5 million the balance sheet loss as of 31 December 2005 was reduced to EUR 22.96 million compared with a total of EUR 25.82 million during the previous year.





## **Transparency balance sheet 2005**



## Report by the Exchange Council



The exchange council is an exchange authority of EEX defined by law which is in charge of supervising the management and adopting the conditions for trades.

The 17 members comprise three representatives of the German TSOs, four representatives of the public utilities and regional suppliers, one representative of the industrial consumers as well as one representative of the financial institutes, six foreign members and one representative each of VIK and VDEW.

In addition to the regular analysis and further development of the market activities the increase of transparency in

particular formed an important topic during the reporting period. Recognizing the fact that the exchange only forms one part of the power market and that for this reason the exchange council cannot safeguard the transparency of the overall market, we have endeavoured to achieve as much transparency as possible while maintaining the protection of the trading participants prescribed by law. For example the proposal put forward by VIK was implemented, i.e. daily bid-ask curves are now published on the Spot Market for power in addition to the prices. In order to explain the role of the market makers, which has frequently been criticized, the exchange council, moreover, resolved to publish detailed data on this topic in its meeting in March 2006.

Furthermore, the increasing European orientation of EEX was at the centre of the discussions. Since approximately one half of the trading participants and one half of the volumes come from abroad, we cannot refer to the exchange as a German exchange any more. From this perspective, the gradual expansion of EEX to the neighbouring countries is a logical consequence.

A handwritten signature in black ink, appearing to read 'J. Piasko', written in a cursive style.

Dr. Jacques Piasko, Chairman

## EEX creates transparency

Energy trading needs transparency. Confidence in the market and, ultimately, in its liquidity can only be established if the trade volume which is traded on the market can be assessed and if the development of supply and demand can be assessed equally well by all trading participants in case of a corresponding commitment.

The European energy exchange provides this transparency. By means of the publication of prices and volumes traded as well as by means of further market-specific information, it provides comprehensive data which allows conclusions to be drawn with regard to the general development of the market. The exchange sets pricing and scarcity signals and grants all trading participants non-discriminatory access to the wholeselling market.

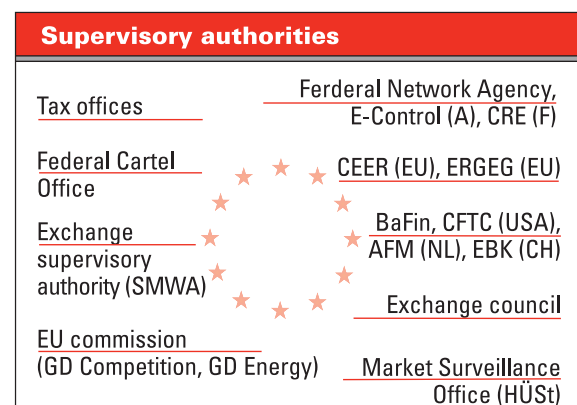
EEX is an institution under public law and as such it is governed by the stock exchange act. The stock exchange act specifies that the trading prices have to be established properly, that such have to correspond to the true market situation in the field of exchange trading and that the sales on which such are based have to be announced to the trading participants forthwith. The provisions contained in the stock exchange act regarding the publication of sales and prices apply to commodity exchanges and securities markets to the same degree. This means EEX is subject to the same quality requirements as any other German securities exchange.

Against this backdrop EEX is subject to comprehensive supervision. The exchange council elected from within the ranks of the trading participants whose tasks and authorities are defined in the stock exchange act, passes the rules and regulations of the exchange and supervises the management board, etc. All bids and trades concluded are checked by the Market Surveillance Office of EEX, which reports directly to the exchange supervisory authority at the Saxon State Ministry of Economic Affairs and Labour. As the exchange supervisory authority this ministry exercises its supervision of EEX in accordance with the provisions of the stock exchange act. On the one hand, this

supervision extends to compliance with the provisions and orders under the legislation regarding stock exchanges (legal supervision) as well as to the proper execution of trading on the exchanges (market supervision) on the other hand. If required, e.g. in case of complaints by third parties, the German Federal Financial Supervisory Authority (BaFin) carries out such supervision as the supervisory and investigation board. Moreover, EEX also co-operates intensively with other important supervisory authorities, such as the German Federal Cartel Office and the Federal Network Agency. On a European level bodies like the European Regulators Group for Electricity and Gas (EREG), which unites 28 European regulatory authorities and organizations, and the Council of European Energy Regulators (CEER) have to be mentioned primarily.

Access to exchange trading on EEX is also provided for in the rules and regulations of the exchange, which ensure, amongst other things, that all the parties interested in trading are licensed to trade on EEX under the same conditions.

EEX is an essential pillar of the liberalized market and a basic pre-condition for fair competition. It stands for transparency, market confidence and liquidity.



### Comprehensive publications for trading participants and the public

The legal regulations do not prescribe any details with regard to the publication of trade prices and trade volumes. However, the creation of a transparent and liquid market forms the precondition for functioning exchange trading. With its comprehensive and detailed publication of market data EEX contributes to transparency and, hence, to the development of a liquid energy market also on the basis of its own initiative.

Hourly prices and hour volumes, CO<sub>2</sub> intra-day auction prices, aggregated bid curves for the hourly auctions for electricity,

block prices, prices and volumes of continuous trading in power, the CO<sub>2</sub> settlement price, CO<sub>2</sub> trading volumes, including volumes from OTC clearing, are published in a manner as up-to-date as possible in the framework of a clear hierarchy of target groups in various systems and on various platforms also via information providers, such as Bloomberg and Reuters.

The same principle also applies with regard to the publications regarding the Derivatives Market which are just as comprehensive – from the open order book to prices and volumes in various classifications extending to the open interest.

Spot Market		
Publication regarding Spot Market	Place/ Time of publication	User
Phelix Base/Peak, individual hourly prices and hour volumes	Publication via News Board Message, accessible immediately	All trading participants on the Spot Market (Xetra users)
Phelix Base/Peak	Publication within the Eurex system immediately after the publication on the Spot Market as a News Board Message, accessible immediately	All trading participants on the Derivatives Market (Eurex users)
Phelix Base/Peak	Immediately after publication on Xetra trading system also on the EEX homepage	Entire public
Individual hourly prices and hour volumes	40 minutes after publication within Xetra trading system also on EEX homepage	Entire public
CO <sub>2</sub> intra-day auction price	Publication on EEX homepage immediately after fixing	Entire public
Aggregated bid curves of the hourly auction for power	Publication on the next day of trading at 02:00 pm	All trading participants
Phelix Base/ Peak, individual hourly prices/ volumes, block prices, prices and volumes of continuous power trading, CO <sub>2</sub> intra-day auction price and settlement prices, incl. volumes from OTC clearing	EEX homepage (download center) after the end of trading, historical data	Entire public
Cogeneration index	Publication on EEX homepage immediately after the end of the quarter	Entire public

} Almost simultaneous publication

<b>Derivatives Market</b>		
<b>Publication regarding Derivatives Market</b>	<b>Place/ Time of publication</b>	<b>User</b>
Open order book	Trading hours	Trading participants
Prices and volumes of the products on the Derivatives Market (current trading data) and OTC volumes	EEX homepage, up-to-date (t+15 min.)	Entire public
Data on daily basis, for all contracts (traded volume, number of contracts traded, price upon opening of the market, highest price, lowest price, last price, settlement price, open interest)	EEX homepage, after the end of trading	Entire public

### Transparent pricing procedure on the Spot and Derivatives Market

In March of the past business year the exchange council decided to shorten the lead time for the publication of the bid curves on the Spot Market from seven days to one day. Hence, the bid curves of a particular day can already be inspected by the trading participants on the following day.

On the homepage of EEX the current trading data regarding the Derivatives Market, prices and volumes traded is made available for the public to the full extent and in an up-to-date manner (t+15 min.). After the end of trading this also applies with regard to the data published on a daily basis: the traded volume, the number of contracts, prices upon opening and closing of the market, the highest and the lowest price, the settlement price as well as the open interest.

Immediately after the publication within the Xetra trading system, the Phelix Base/ Peak is published on the homepage of EEX and individual hourly prices and volumes are published there 40 minutes later. Moreover, the CO<sub>2</sub> intra-day auction price on the EEX homepage is also made accessible to the public directly after fixing.

After the end of trading historical data is available for general access in the download area of the homepage of EEX. In addition to the Phelix Base/ Peak regarding individual hourly prices/ volumes, these comprise block prices, prices and volumes of continuous power trading, the CO<sub>2</sub> intra-day auction price and the settlement price as well as CO<sub>2</sub> trade volumes including the volumes achieved in OTC clearing.

During the trading hours on the Derivatives Market the order book is open for inspection for all trading participants. Immediately after the publication within the Eurex system the Phelix Base/ Peak is available for all trading participants on the Derivatives Market as a News Board message. This data is also available for the Xetra users on the Spot Market immediately after the publication via a News Board Message.

### General information and services

In July 2005 EEX expanded its services and its range of information offers: All the trading data is available for downloading in an electronic form on an FTP server. Moreover, current descriptions of the development of prices are provided by means of tables, charts and analyses in PDF format. Data on power trading, information regarding trading in CO<sub>2</sub> emission allowances and data regarding the Spot Market is transmitted on every exchange trading day via SMS. Almost all trading participants approved of the publication of the names on the homepage of EEX. In addition, EEX also grants non-trading participants the possibility of asking the Market Surveillance Office of EEX (HÜSt.) to carry out inspections at any time as a special service provided by the exchange.

### General information

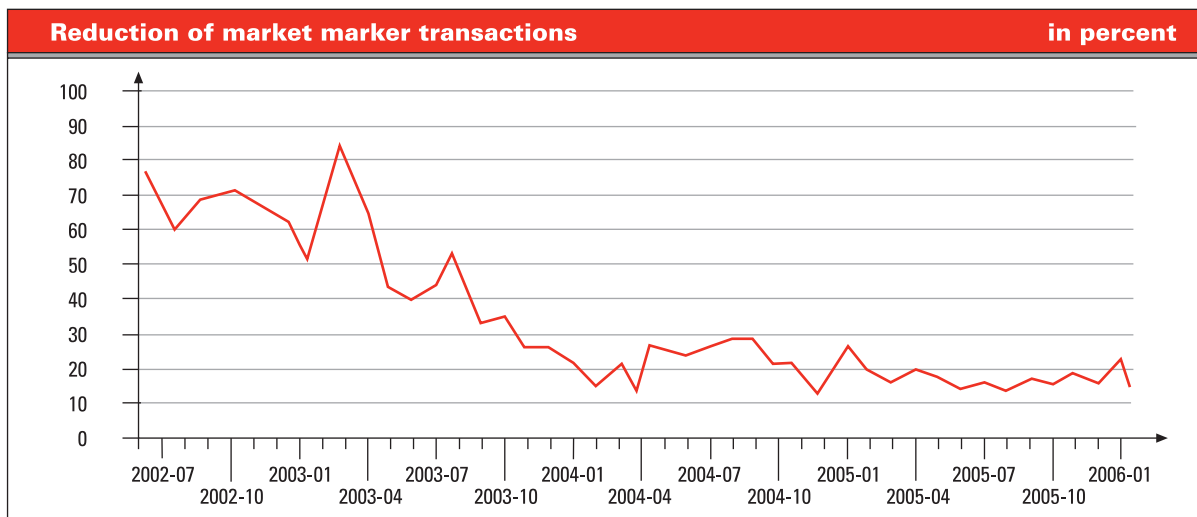
Publication	Place of publication	User
Market concepts (detailed description of the processes and procedures on the Spot and Derivatives Market, in particular pricing procedure)	EEX homepage (download center)	Entire public
Clearing concept	EEX homepage (download center)	Entire public
Margining concept	EEX homepage (download center)	Entire public
Trading participants (provided they approved of the publication)	EEX homepage (trading participants)	Entire public
Clearing banks	EEX homepage (trading participants)	Entire public
Members of exchange council	EEX homepage (organization)	Entire public
Members of supervisory board	EEX homepage (organization)	Entire public

### Extended range of information increases transparency

During the first quarter of the year 2006 further efforts were made to increase transparency. The range of information which the exchange provides to the trading participants as well as to the public has been expanded considerably by means of detailed information regarding market making, such as obligations to quote and current quotes. The market makers ensure liquidity for the exchange and make sure that a trading partner is available at all times. In the course of the past four years the share of the transactions concluded by the market makers among themselves has reduced continuously. Whereas more than 80 per cent of the volume were traded between the market makers among themselves during the peak of this development until the middle of the year 2003, this share quickly fell to below 30 per cent and has settled on a level of approx. 20 per cent since the middle of last year.

In the framework of the expansion of the range of information offered EEX will provide information on fast market situations on its internet site in addition. Up to now, information on highly volatile market situations has only been published via the trading system.

Beyond the scope of this expansion the exchange will now provide the information regarding the aggregated bid curves from the Spot Market, which has only been available for the trading participants so far, to the public for downloading.




Data on electricity generators also available on EEX information platform

The decision to publish operating data regarding their respective German power plants in a centrally bundled manner via the homepage of EEX taken by the electricity-generating companies of EnBW, E.ON, RWE and Vattenfall has made a decisive contribution to transparency on the market. By means of said power plant data, which has now been published on a daily basis since 10 April 2006, the generating companies are now consistently continuing the process which EEX has initiated and promoted steadily in the interest of fair energy trading in order to strengthen the confidence in the market ever since its establishment.

In addition to the installed power plant capacities, the generating capacities which are available on a daily basis are listed broken down into energy carriers; moreover, the quantities of electricity generated every hour are listed subsequently. The data regarding the available capacities can be inspected by everyone on every exchange trading day as of 10:00 am for the following day as well as for the 364 days after that. As of 04:30 pm the information regarding the quantities of electricity generated during the previous day is available.

**Power plant data also available at [www.eex.de](http://www.eex.de)**



[Deutsch](#) | [Sitemap](#) | [Disclaimer](#) | [Contact](#) | [Home](#)

## Power Plant Info

**Market information**

Spot market

Please Select

07/20/2006

DATE

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Derivatives market

Please Select

CONTRACT

---

Powerplant information

Please Select

- Overview
- Installed capacity
- Available capacity
- Net production
- Powerplant list
- FAQ

[Regulations](#)

[Trading Calendar](#)

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Info Center

[Download](#)

Information Products

Overview

ANALYSIS

Complete Overview (in MW/MWh)

Date	Nucle...	Lignite	Hard...	Gas	Oil	Water	Other	Total		
07/18/2006	16.336	18.754	14.875	9.395	2.667	972	193	63.192	INSTALLED	MW
	12.906	14.122	11.044	7.774	2.184	880	107	49.017	AVAILABLE	MW
07/17/2006	-	-	-	-	-	-	-	-	-	PRODUCED MWh
	16.336	18.754	14.875	9.395	2.667	972	193	63.192	INSTALLED	MW
07/16/2006	12.679	14.793	11.147	7.774	2.184	877	107	49.561	AVAILABLE	MW
	12.305	13.799	8.652	2.817	240	704	91	38.608	PRODUCED	MWh
07/15/2006	16.336	18.754	14.875	9.395	2.667	972	193	63.192	INSTALLED	MW
	12.665	14.476	10.211	7.774	2.184	880	107	48.297	AVAILABLE	MW
07/14/2006	12.334	13.886	6.768	751	-	759	99	34.597	PRODUCED	MWh
	16.336	18.754	14.875	9.395	2.667	972	193	63.192	INSTALLED	MW
07/13/2006	14.084	15.241	11.669	7.616	2.184	886	107	51.787	AVAILABLE	MW
	13.251	14.823	8.430	1.035	58	817	99	38.513	PRODUCED	MWh
07/12/2006	16.336	18.754	14.875	9.395	2.667	972	193	63.192	INSTALLED	MW
	14.125	15.370	11.869	7.484	2.184	886	107	52.025	AVAILABLE	MW
	13.270	14.892	9.751	2.073	229	835	101	41.151	PRODUCED	MWh
	16.336	18.754	13.466	9.005	2.667	972	193	61.393	INSTALLED	MW
	14.140	15.350	11.073	7.458	2.184	883	107	51.195	AVAILABLE	MW
	13.415	14.487	9.251	2.104	211	823	99	40.390	PRODUCED	MWh

## Report by the Market Surveillance Office

The complexity of energy trading occasionally produces results which seem to be hard to comprehend at first glance and need to be looked at in more detail. In order to detect any possible attempts at violations of the ban on market manipulations, the stock exchange act or the rules and regulations of the exchange, the Market Surveillance Office (HÜSt.) monitors the trading behaviour of the trading participants in its capacity as the internal supervisory authority of the exchange and as a supervisory authority under public law.

The results of its monitoring activities were forwarded to the exchange supervisory authority and to the management board of EEX as well as to the Saxon State Ministry of Economic Affairs and Labour at regular intervals.

In addition to the regular and ad hoc investigations in the course of the day-to-day business, the Market Surveillance Office continued to develop its methods and tools in order to comply with the requirements arising on account of the introduction of trading in CO<sub>2</sub> emission allowances on the Spot and Derivatives Market, of the launch of trading in physical futures for Germany and France, the introduction of an Austrian trading area as well as the switch of the single hour auction on the Spot Market to the Xetra trading system.

The Market Surveillance Office also supports other authorities with its data. For example it provided data regarding the trading activities on the EEX market for electricity and CO<sub>2</sub> to the Federal Cartel Office for the investigation regarding the connection between CO<sub>2</sub> emission allowances and the establishment of power prices which was still under preparation at the end of the year under review. Moreover, the Market Surveillance Office supported the investigation into the state of the European gas and power market by the European Commission (Sector Inquiry).

In addition, ad hoc analyses performed at short notice on the occasion of certain events also formed part of the day-to-day work of the Market Surveillance Office in 2005. All in all, the investigations carried out by the Market Surveillance Office were fortunately all "without result".



Dr. Wolfgang von Rintelen  
Head Market Surveillance





## **Financial report 2005**

## Balance sheet as of 31 December 2005

European Energy Exchange AG, Leipzig

Assets		
	31 Dec. 2005	31 Dec. 2004
	€	€
<b>A. Fixed assets</b>		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and assets as well as licenses regarding such rights and assets	32,634.00	4,102.00
2. Value of business as a going concern or goodwill	17,747,956.00	20,705,956.00
	17,780,590.00	20,710,058.00
II. Tangible assets		
Other assets, equipment and fittings	270,273.00	297,387.00
	<b>18,050,863.00</b>	<b>21,007,445.00</b>
<b>B. Current assets</b>		
I. Payments on account	1,521,018.01	0.00
II. Accounts receivable and other assets (all with a residual time to maturity of up to one year)		
1. Trade accounts receivable	11,285,258.30	1,889,929.88
2. Other assets	24,426,210.71	2,639,163.30
	35,711,469.01	4,529,093.18
III. Own shares	1,760,575.60	1,247,652.00
IV. Cash and due from banks	9,918,554.57	33,525,305.27
	<b>48,911,617.19</b>	<b>39,302,050.45</b>
<b>C. Accruals</b>	66,698.56	69,792.16
	<b>67,029,178.75</b>	<b>60,379,287.61</b>

Liabilities		
	31 Dec. 2005	31 Dec. 2004
	€	€
<b>A. Capital and reserves</b>		
I. Subscribed capital	40,050,000.00	40,050,000.00
II. Capital reserve	10,000,000.00	10,000,000.00
III. Reserve for own shares	1,760,575.60	1,247,652.00
IV. Balance sheet loss	-22,963,553.01	-25,824,837.00
	<b>28,847,022.59</b>	<b>25,472,815.00</b>
<b>B. Provisions for liabilities and charges</b>		
1. Provisions for pensions and similar liabilities	17,867.00	14,510.00
2. Provision for taxes	1,196,210.00	0.00
3. Other reserves	2,644,277.95	2,671,471.91
	<b>3,858,354.95</b>	<b>2,685,981.91</b>
<b>C. Accounts payable</b> (all with a remaining time to maturity of up to one year)		
1. Due to banks	3,920,914.09	0.00
2. Payments received on account of orders	1,521,018.00	9,195,746.63
3. Trade accounts payable	10,670,206.95	14,680,343.80
4. Other liabilities (of which from taxes: € 40,038.67; previous year: € 1,228,738.84) (of which in the framework of social security: € 261.40; previous year: € 1,497.39)	18,130,362.17	8,344,400.27
	<b>34,242,501.21</b>	<b>32,220,490.70</b>
<b>D. Accruals and deferred income</b>	81,300.00	0.00
	<b>67,029,178.75</b>	<b>60,379,287.61</b>

## Profit and loss account

Profit and loss account for the period of time from 1 January until 31 December 2005			
	2005		2004
	€	€	€
1. Sales revenue		23,473,617.07	15,961,714.95
2. Other operating income		4,112,603.52	2,063,310.72
3. Staff expenditure			
a) Wages and salaries	2,570,057.41		2,276,675.89
b) Social security contributions and expenses for pensions and for support (of which for old-age pensions: € 70,511.03; previous year: € 122,972.60)	473,391.58	3,043,448.99	490,536.27
4. Depreciation on intangible and tangible assets		3,080,891.71	3,135,471.19
5. Other operating expenses		16,982,744.52	15,449,911.49
6. Other interest and similar revenue		116,023.16	331,241.33
7. Interest and similar expenses		24,031.94	965.66
8. <b>Result from ordinary activities</b>		<b>4,571,126.59</b>	<b>-2,997,293.50</b>
9. Taxes on income and profit		1,196,210.00	0.00
10. Other taxes		709.00	522.00
<b>11. Profit/Loss for the financial year</b>		<b>3,374,207.59</b>	<b>-2,997,815.50</b>

## European Energy Exchange AG, Leipzig

### Notes to the accounts 2005

The annual financial accounts for the business year 2005 were prepared in compliance with the provisions of the commercial law and with the supplementary provisions of the stock corporation act. The total cost type of accounting according art. 275 paragraph 2 HGB [German commercial code] was selected for the presentation of the profit and loss account. The company is a medium-sized publicly quoted company within the meaning of art. 267 paragraph 2 HGB. The development of the individual items of the assets according to art. 268 paragraph 2 HGB is shown separately. European Energy Exchange AG, Leipzig was established through the merger of LPX Leipzig Power Exchange GmbH, Leipzig and European Energy Exchange AG, Frankfurt with PVG Vierzehnte Vermögensverwaltungs AG, Leipzig as of 1 January 2002.

#### **1. Accounting and valuation principles**

The valuation and the preparation of the balance sheet were effected in accordance with the general valuation rules and accounting provisions as specified for publicly quoted companies in the German commercial code under consideration of the supplementary provisions contained in the German stock corporation act. The provisions governing the preparation of balance sheets for major publicly quoted companies were complied with on a voluntary basis. The rule against off-setting of balance sheet items according to art. 246 HGB was complied with, the going-concern principle was assumed, the valuation principles of the previous years were maintained. Assets and liabilities were valued individually. A conservative valuation was made, i.e. all foreseeable risks and losses which have arisen until the balance sheet date have been taken into account.

#### **2. Fundamental principles of the conversion of foreign currencies**

Foreign currency assets and liabilities are valued at the exchange rate upon acquisition or by applying the lower-of-cost-or-market principle at the lower (in case of assets) or higher (in case of liabilities) exchange rate as of the balance sheet date.

#### **3. Notes to the accounts**

The balance sheet values as of 31 December 2004 were used as figures for the purpose of comparisons.

##### **Intangible and tangible assets**

The intangible assets and the tangible assets were valued at acquisition costs reduced by scheduled depreciations. The assets were depreciated in accordance with the average useful life and under consideration of the admissible tax life. The straight line depreciation method was selected for additions. Minor assets acquired during the business year were written off during the year of acquisition by applying the provisions as per art. 6 paragraph 2 EStG [German income tax code].

The merger in 2002 was effected at intermediate values. The goodwill created in this process is depreciated at a constant rate over a useful life of 10 years.

**Payments on account**

As of the balance sheet date the item of payments on account comprised a value of k€ 1,521. These concern power deliveries resulting from physical futures and will be settled financially in advance in accordance with the clearing conditions.

**Accounts receivable and other assets**

The valuation of the accounts receivable and other assets was effected at par value. Non-recoverable claims were adjusted individually.

**Own shares**

As of 31 December 2005 there was a stock of 1,386,280 items; this corresponds to a share of 3.46 per cent in the equity capital.

No own shares were sold during the business year under review.

The valuation expertise as of 31 December 2005 commissioned at an interval of two years by the pool of shareholders stated a value of £ 1.27 per share. The own shares were increased accordingly by k€ 513 with an effect on profits.

**Cash and due from banks**

The valuation of the available funds was effected at nominal value.

**Accruals**

Expenses prior to the balance sheet date which form expenses for a certain period of time after that day are shown as prepaid expenses.

**Equity**

The equity capital of the public limited company amounts to k€ 40,050 and is included in 40,050,000 registered individual share certificates.

**Balance sheet loss**

The balance sheet loss to the amount of k€ 22,964 consists of the profit for the year 2005 to the amount of k€ 3,374, the losses brought forward to the amount of k€ 25,825 as well as an increase of the reserve for own shares to the amount of k€ 513.

**Provisions for liabilities and charges**

The provisions for liabilities and charges take into account all the risks and uncertain liabilities discernible until the preparation of the annual financial statement in as far as such are not recorded under other balance sheet items. Evidence has been furnished individually with regard to the provisions for liabilities and charges and these concern:

Provisions for liabilities and charges	2004	2005
	k€	k€
Accounts payable	896	1,022
Legal risks	922	760
Royalty income	656	719
Compensation	0	60
Anticipated losses	100	0
Obligations regarding holidays and other human resources obligations	65	63
Costs for preparation of annual financial statement and audit fees	32	20
Pension obligations	15	18
Taxes on income and profit	0	1,196
	<b>2,686</b>	<b>3,858</b>

**Accounts payable**

Accounts payable are shown at the amount repayable. There are no accounts payable with a remaining time to maturity of more than one year.

**Contingent liabilities**

There are no liabilities any more arising from guarantee bonds towards the settling banks of the trading participants on the Xetra Spot Market with regard to the fulfilment and execution of the transactions. Guarantees and securities were returned fully in February 2006.

EEX AG assumes the counterparty risk of the respective other party on the Spot and Derivatives Market. The positions of the trading participants are subject to constant monitoring. In addition to this, only those institutions are licensed for participation in clearing which are subject to supervision by the respective national supervisory authority and fulfil certain equity capital requirements. A risk remains for EEX AG in case such a clearing member fails and in case the security mechanisms do not cover the entire market risk of the trading participant.

In order to safeguard the transfer of money via the account held at Deutsche Bank, a guarantee to the amount of k€ 3,000 has been deposited with Deutsche Bank AG.

**4. Trust assets and liabilities**

In accordance with the clearing conditions the participants in exchange trading regarding EU allowances have deposited emission allowances in trust in the account of European Energy Exchange AG held at DEHSt. As of 31 December 2005 the stock of these emission allowances kept in trust amounted to 2,222,665 items with a market value of € 47,009,364.75. European Energy Exchange AG is obliged to deliver the emission allowances kept in trust at any time and without any conditions.

**5. Notes to the profit and loss account****Sales revenue**

The sales revenue for the business year is structured as follows:

<b>Sales revenue</b>	<b>2004</b>	<b>2005</b>
	k€	k€
Transaction fees Spot and Derivatives Market	13,380	20,692
Training fees	301	422
Other exchange fees	2,281	2,360
	<b>15,962</b>	<b>23,474</b>

**Supplements**

As in the case of the previous year, the turnover from the sales on the Spot Market was netted out with the purchases on the Spot Market (€ 4,170 million, previous year: € 1,685 million) for the purpose of simplification. The taxes on income and profits (k€ 1,196) have influenced the result from ordinary activities to the full extent.

**6. Supplementary information as per art. 158 paragraph 1 AktG [German stock corporation act]**

The balance sheet loss is structured as follows:

<b>Balance sheet loss</b>	<b>2004</b>	<b>2005</b>
	k€	k€
Loss brought forward	22,827,021.50	25,824,837.00
Loss for the financial year	2,997,815.50	0.00
Profit for the financial year	0.00	3,374,207.59
Addition to reserve for own shares	0.00	512,923.60
	<b>25,824,837.00</b>	<b>22,963,553.01</b>

### Other financial obligations

The following other financial obligations arise on an annual basis:

Other financial obligations	
Designation	Obligations during the year in k€
Service agreement Deutsche Börse Systems AG	
- fixed components	2,052
- variable components	depending on use
Market maker agreements	depending on volume
Contract of lease Neumarkt 9–19, 04109 Leipzig	80
Leasing agreement telephone system	70

The service agreement concluded with Deutsche Börse Systems AG and the contract of lease regarding the premises in Neumarkt 9-19, Leipzig have terms until the year 2010.

### Human resources development

As of the balance sheet date 38 members of staff were employed in the company, of which 3 employees were senior executives. The average number of the workers employed during the business year was 33.

### Development of the fixed assets during the business year 2005

	Acquisition and production cost			
	01 Jan. 2005	Additions	Disposals	31 Dec. 2005
	€	€	€	€
<b>I. Intangible assets</b>				
1. Licenses, industrial property rights and similar rights	201,653.00	33,418.68	0.00	235,071.68
2. Value of business as a going concern or goodwill	34,156,618.47	0.00	0.00	34,156,618.47
3. Payments on account	0.00	0.00	0.00	0.00
	34,358,271.47	33,418.68	0.00	34,391,690.15
<b>II. Tangible assets</b>				
Other assets, equipment and fittings	1,870,079.75	91,188.03	166,256.64	1,795,011.14
<b>III. Financial assets</b>				
Other loans	0.00	0.00	0.00	0.00
	36,228,351.22	124,606.71	166,256.64	36,186,701.29

Depreciations				Residual book value	
01 Jan. 2005	Additions	Disposals	31 Dec. 2005	31 Dec. 2005	01 Jan 2005
€	€	€	€	€	€
197,551.00	4,886.68	0.00	202,437.68	32,634.00	4,102.00
13,450,662.47	2,958,000.00	0.00	16,408,662.47	17,747,956.00	20,705,956.00
0.00	0.00	0.00	0.00	0.00	0.00
13,648,213.47	2,962,886.68	0.00	16,611,100.15	17,780,590.00	20,710,058.00
1,572,692.75	118,005.03	165,959.64	1,524,738.14	270,273.00	297,387.00
0.00	0.00	0.00	0.00	0.00	0.00
15,220,906.22	3,080,891.71	165,959.64	18,135,838.29	18,050,863.00	21,007,445.00



### Management board

**Dr. Hans-Bernd Menzel**, Leipzig, Chairman of the Management Board

Information on the remuneration of managing directors is dispensed with in accordance with art. 286 paragraph 4 HGB.

### Supervisory board

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

**Torger Lien** (Assistant Chairman)  
President and CEO, Nord Pool ASA, Lysaker/Norway

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

**Dr. Heinz Baumberger**  
Wettingen/Switzerland

**Wolfgang Behrens**  
Head of Legal Department, Sachsen LB, Leipzig

**Ulrich Erkens**  
Chief Executive, E.ON Sales & Trading GmbH, Munich

**Daniel Gisler**  
Member of the Management Board, Eurex Zurich AG,  
Zurich/Switzerland

**Christoph Habermann**  
State Secretary, Saxon State Ministry of Economic Affairs  
and Labour, Dresden

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

**Dr. Robert Herde**  
Head of Process Management, Deutsche Börse AG,  
Frankfurt am Main

### Alfred Hoffmann

Head of Trading Services, Vattenfall Trading Services  
GmbH, Hamburg

### Dr. Hans-Joachim Klein

Chairman of the Managing Board, LVV Leipziger  
Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

### Robert Lillefloth

Senior Project Manager, Nord Pool ASA, Lysaker/Norway

### Jörn Limann

CEO, Nord Pool Spot AS, Lysaker/Norway

### Dr. Dirk Mausbeck

Managing Director, EnBW Trading GmbH, Karlsruhe

### Dr. Roger Müller

Chief Legal Adviser, Deutsche Börse AG, Frankfurt am Main

### Gerrit Robert Raupach

Member of the Managing Board, Sachsen LB, Leipzig

### Erik Thrane

Attorney at Law, Nord Pool ASA, Lysaker/Norway

### Wolfgang Tiefensee

 (until 22 November 2005)

Federal Minister of Transport, Building and Urban  
Development and Commissioner of the Federal  
Government for the Development of the New Federal  
States, Berlin

### Vincent van Lith

Director, BHF-Bank AG, Frankfurt am Main

### Dr. Hans Jürgen Witschke

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

The members of the supervisory board have not received  
any emoluments during the current business year.

Leipzig, 3 February 2006



Dr. Hans-Bernd Menzel

## Annual report

### European Energy Exchange AG, Leipzig

During the business year 2005 EEX AG achieved a positive result for the year for the first time ever both in the history of the company as well as in that of its predecessor companies. As a result of this, the demanding business expectations were more than fulfilled. Based on the new structuring of the infrastructure in 2003 and 2004, the business year was characterized by the expansion of the existing markets and the establishment of new products.

On account of the complete integration of the systems side of the trading and clearing landscape across all markets, which was implemented during the year under review, a considerable expansion of the clearing business could be achieved. Offsetting of the margins to be furnished across various products and markets is possible through the integrated clearing system. Trading participants can reduce their capital costs on account of this. This means EEX AG now has a unique selling point in Europe with this system. Just how attractive and promising this is also shown by the increase in the number of renowned clearing banks to a total of by now 11 banks.

The introduction of the first spot auction in emission allowances (EUA) in Europe in March 2005 was followed by continuous spot trading, a derivatives market and OTC clearing during the second half of the year.

At the end of August EEX AG launched trading, clearing and OTC clearing for France. This French Power Future will be introduced into physical delivery at RTE, the French TSO, for the first time in January 2006.

The introduction of the physical German Power Future in parallel with the established financial future in June 2005 enabled the trading participants to implement adjustment measures with regard to the accounting rules as per IAS 39.

All of these measures taken together form an important step for the consolidation of the position of EEX AG in an intense and increasingly dynamic competitive environment.

The primary aim of EEX AG is to establish a leading position for itself in the process of re-structuring within the European energy trading landscape which is to be expected.

### Trading participants and development of sales

During the business year 2005 10 new participants were acquired for the Spot Market and another 7 new participants were acquired for the Derivatives Market. The number of terminations (1 trading participant on the Spot Market on account of restructuring within the group) was more than offset by this. In the course of the year, the number of trading participants increased from 123 companies to 132 companies (+7%) from a total of 16 countries. The trading participants licensed during the business year primarily come from the member states of the EU and increasingly also from central and eastern Europe. In January 2006 the first company with registered offices in Poland was licensed to trade on the exchange. Currently, six further companies are in the process of being licensed. The number of countries from which the trading participants of EEX AG come hence increases to 17 countries. On account of the high and still increasing interest in trainings with regard to trading on the Spot and Derivatives Market, EEX AG assumes that the number of trading participants will continue to increase in the future.

On the Spot Market for Power the trade volume increased by 43% to 86 TWh compared with 60 TWh during the year 2004. This corresponds to 17% of the total German annual consumption. The increase in sales on the Spot Market is essentially attributable to an increase in the volume which is due to the physical delivery of the financial futures contracts (34 TWh; 2004: 18 TWh). In the classic optimization trade (2005: 52 TWh) an increase of 27% was also achieved compared with the previous year. This means revenue to the amount of € 5.4 million (compared with € 3.5 million in 2004) was achieved on the Spot Market in total.

However, this increase in sales is also due to an increase in the transaction fees from 4 to 5 Cents/ MWh in August 2005 in addition to the increase in the volume. This increase in fees became necessary since the implementation of an EU sales tax directive resulted in a situation in which an input tax burden has to be financed by EEX. The financing expenses were prorated to the trading participants in accordance with the principle of causality by means of the increase of the fees.

During the previous year, the trade volume on the Derivatives Market for power increased by 53 % from 338 TWh to 517 TWh. The development of exchange trading (actual 2005: 261 TWh) proceeded considerably above expectations and managed to offset the development of OTC clearing and in particular of OTC clearing for options (actual 2005: 256 TWh and 14 TWh) which fell short of expectations almost entirely. Compared with the planned revenue for options trading to the amount of € 1 million, only k€ 254 were achieved in real terms.

Trade volumes to the amount of 1.6 TWh and revenue to the amount of k€ 44 were achieved with the French Power Future, which was launched in August.

As expected, the contribution by trading in emission allowances on the Spot Market was low with a volume traded to the amount of 2,748,791 tonnes and sales revenue to the amount of k€ 102.

Trading in emission allowances on the Derivatives Market fell short of expectations in this field with a volume traded of 448,000 EUA.

Because of the suspension of the transactions fees until the end of the year no sales revenue was generated here. The decline in transaction fees which occurred on the market on account of the competition between different trading platforms both on the Spot and on the Derivatives Market means that no major improvements can be expected in this field in the future either. The increase in the trade volumes of the core products as well as the adjust-

ment of the transaction fees on the Spot Market have led to a profit-sales ratio before taxes across all products to the amount of 19.5 % (2005: result from ordinary activities: € 4.6 million, sales revenue: € 23.5 million; 2004: result from ordinary activities: € -2.998 million, sales revenue: € 15.96 million).

After a doubling of the open interest from 2003 to 2004, the open interest managed to achieve growth rates of approx. 12 % from 2004 to 2005 with 138.3 TWh – with the last day of trading in the year as the cut-off date - (2004: 121.8 TWh). For this reason EEX AG assumes that the sustainable development will continue on the Derivatives Market in the future. Since the beginning of the year 2006 an increase to 150 TWh has been observed.

All in all, the sales revenue and the operating income exceeded expectations by approx. € 3 million (actual 2005: € 27.6 million). In connection with the higher trade volumes and the new products which have been launched as well as in connection with the trading participants' decision in favour of high-quality technological connections (transitory item for EEX AG) the actual expenditure incurred was approx. € 2.1 million higher than had been expected.

As during the previous years, the expenses were determined in particular within the four pools of costs of systems expenditure, market maker reimbursements, human resources expenses and depreciations of goodwill during the current business year. These items accounted for roughly 84 % of the total expenditure.

In order to be able to ensure smooth operations even after the introduction of the new products referred to herein above and with a view towards further aims in 2006, the number of employees was increased from 31 as of 31 December 2004 to 34 as of 31 December 2005. With this staffing EEX AG still has an extremely efficient position in terms of human resources compared with other energy exchanges and energy trading platforms.

## Financial status and income situation

With sales revenue to the amount of € 23.5 million (2004: € 16.0 million) EEX achieved a result from ordinary activities which improved by € 7.6 million compared with the previous year (€ -3.0 million). On account of the profit for the financial year, which was reported for the first time ever, the equity capital of EEX has increased from € 25.5 million to € 28.8 million. On account of the balance sheet total, which has also increased (2005: € 67.0 million; 2004: € 60.4 million), the equity ratio has increased from 42.2% during the previous year to 43.0% in 2005. The return on investment amounted to 5% after negative figures during the preceding years. After adjustment by the statement of accounts receivable and accounts payable arising from the purchase and sale of power to the amount of € 8.4 million, which is caused by the balance sheet date, as well as the statement of cash deposits in the cash assets and in the accounts payable to the amount of € 18.1 million, which was also caused by the balance sheet date, the return on investment amounts to 8.3%. The positive financial status and income situation is also reflected in the development of the available funds. The company can cover all its expenses with its revenues and generates a considerable surplus.

## Financing measures

Amendments in the sales tax legislation affecting the Spot Market and a surplus in sales of commodities to companies with registered headquarters abroad on this market have led to an input tax burden to the amount of on average € 11 million per month on EEX AG since January 2005. During the "peak" € 24.2 million were reported in the sales tax advance return for December 2005. Financing of these sums is ensured through external funds and internal resources. In this context, EEX AG has a credit line to the amount of € 17.5 million. A further sum of € 10 million can be called in case of a maximum burden. In accordance with the principle of causality, the financing expenses entailed in this are borne by the trading participants on the Spot Market in the framework of the increase in the transaction fees which went into effect in August.

However, on account of the positive business development, the operation and the further expansion of the company can be financed through the cash flow of EEX AG to the full extent as planned.

## Risk management

In compliance with the provisions contained in art. 91 paragraph 2 AktG, EEX AG has developed an early warning system for risk exposure comprising all business segments. Within this system the risks are evaluated with regard to the probability of the event and the potential extent of damage and classified into risk categories. The management board prepares a monthly risk report on the basis of the current status of the early warning indicators. Moreover, the management board reports to the supervisory board with regard to the risk situation on a quarterly basis.

### Indications regarding further essential opportunities and risks of the future development

The introduction of OTC clearing for the German electricity market has shown the acceptance of clearing as a tool for risk controlling and has been a business success. EEX AG is planning to expand the business segment of clearing via an independent subsidiary which will be wholly owned by EEX AG at first. Clearing enables the trading participants in particular to reduce internal administrative costs while maximizing the protection against the counterparty risks ("Enron risk") at the same time. EEX AG expects the share of the clearing revenue in the total sales to increase from 52% to 56% during the years 2006 to 2011.

The company-law separation of EEX AG into an independent company operating the exchange and an independent clearing house, which is planned for the year 2006, entails substantial opportunities for additional growth through co-operations with other exchanges. Concrete talks and contract negotiations are currently being held with two exchanges. The new clearing house will then emerge on the market as an independent provider of clearing as a service. At the same time, the acceptance of the clearing house forms an essential precondition for its commercial success and hence constitutes a substantial financial risk.

External influences, such as accounting rules (e.g. IAS 39 – fluctuations in the equity capital of the trading participants on account of the statement of futures settled financially), taxation legislation (e.g. financing requirement for increased input tax burdens), the EU Directive on Markets in Financial Instruments (MiFID – risk of advancement of the non-organized market) or the Energy Industry Act (as things stand at present this law does not lay the foundations for the development of an exchange gas market) might affect the future of the business of EEX AG to a considerable degree.

Apart from this, no further material risks beyond the usual limits are discernible.

### Perspective

On account of the expenditure which is associated with the company-law separation into an exchange and a clearing house as well as on account of the expansion of existing markets and of the launch of new markets EEX AG expects a result to the amount of roughly € 3 million for the year 2006. The project work associated with these plans will tie up an essential part of the available resources.

Leipzig, 3 February 2006



Dr. Hans-Bernd Menzel

## Report by the final auditor\*

We have audited the annual accounts – consisting of the balance sheet, the profit and loss account as well as the notes – including the accounting documents and the annual report of European Energy Exchange AG, Leipzig for the business year from 1 January until 31 December 2005. Accounting and the preparation of the annual accounts as well as of the annual report in accordance with the provisions of the German commercial code lie within the sphere of responsibility of the management board of the company. It is our task to give an opinion on the annual accounts including the accounting documents and on the annual report on the basis of the audit which we have carried out.

We have carried out our annual audit according to art. 317 HGB in compliance with the German principles of proper final audits established by the Institute of Auditors (Institut der Wirtschaftsprüfer (IDW)). According to these the audit has to be planned and carried out in such a way that inaccuracies and violations having an essential impact on the presentation of the image of the assets, liabilities, financial position and profit or loss conveyed by the annual accounts in compliance with the principles of adequate and orderly accounting are recognized with sufficient certainty. In establishing the auditing activities the knowledge regarding the business capacity and regarding the business and legal environment of the company as well as expectations with regard to possible errors are taken into account. In the framework of the audit the effectiveness of the internal controlling system with regard to financial reporting as well as records for the information provided in the accounting documents, in the annual accounts and the annual reports were evaluated primarily on the basis of random samples. The audit comprises the assessment of the accounting principles applied and of the essential judgements of the management board as well as the evaluation of the overall presentation of the annual accounts and of the annual report. We are convinced that our audit forms a sufficiently safe basis for our evaluation.

Our audit has not led to any objections.

According to our evaluation on the basis of the findings obtained during the audit the annual accounts correspond to the legal requirements and convey an image of the assets, liabilities, financial position and profit or loss of the company which corresponds to the actual situation in compliance with the principles of adequate and orderly accounting. The annual report corresponds to the annual accounts, all in all conveys a correct image of the situation of the company and outlines the opportunities and risks of the future development appropriately.

Berlin, 17 February 2006

Pricewaterhouse Coopers  
Aktiengesellschaft  
Accountancy firm

Herrmann  
Auditor

p.p. Schmid  
Auditor

\* The report by the final auditor exclusively refers to the final accounts and to the annual report on pages 23 ff.

## Shareholders of European Energy Exchange AG

As of: 3 April 2006

<b>Shareholders</b>	<b>Percentage</b>
Overview	
Eurex Zürich AG	23.22 %
Nord Pool ASA	17.39 %
Sachsen LB	17.39 %
Free State of Saxony	3.71 %
City of Leipzig	0.01 %
LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH	5.67 %
Free State of Thuringia	0.24 %
Berliner Bankgesellschaft AG	0.02 %
B. Metzger seel. Sohn & Co.	0.25 %
Credit Suisse	0.25 %
DZ Bank AG	0.25 %
WestLB	0.25 %
Own shares EEX AG	3.46 %
ATEL Aare-Tessin AG für Elektrizität	2.037 %
Verbund-Austrian Power Trading AG	0.504 %
BKW FMB Energie AG	0.499 %
Cegedel International S.A.	1.000 %
E.ON Sales & Trading GmbH	3.217 %
EDF Électricité de France	0.509 %
Electrabel n.v.	0.499 %
Elektrizitätsgesellschaft Laufenburg AG	0.499 %
EnBW Trading GmbH	1.498 %
e&t Energie Handelsgesellschaft m.b.H.	0.499 %
Vattenfall Europe AG	0.499 %
RWE Transportnetz Strom GmbH	3.055 %
Avenis Trading SA	0.250 %
citiworks AG	0.250 %
Electricity Company of the City of Zurich	0.499 %
Rhein Energie AG	0.509 %
Mainova AG	0.255 %
MVV Energie AG	0.760 %
Stadtwerke Bielefeld GmbH	0.250 %
Stadtwerke Düsseldorf AG	0.250 %
Stadtwerke Hannover AG	0.250 %
SWU Energie GmbH	0.250 %
Thüga AG	0.250 %
Trianel European Energy Trading GmbH	0.250 %
EnAlpin Wallis AG	0.499 %
HeidelbergCement AG	0.499 %
InfraServ GmbH & Co. Höchst KG	0.250 %
ZEAG Energie AG	0.250 %
Bayerische Hypo- und Vereinsbank AG	0.250 %
Bavarian State Bank	0.250 %
Deutsche Bank AG	0.250 %
Dresdner Bank AG	0.250 %
Morgan Stanley Capital Group Inc.	0.499 %
UBS AG	0.250 %
Nordostschweizerische Kraftwerke AG (NOK)	0.999 %
Edison S.p.A	0.749 %
Essent Energy Trading B.V.	0.499 %
Iberdrola S.A.	0.499 %
E.ON Ruhrgas International AG	0.264 %
Vattenfall Deutschland GmbH	1.248 %
Others	2.032 %
<b>Total</b>	<b>100.00 %</b>



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