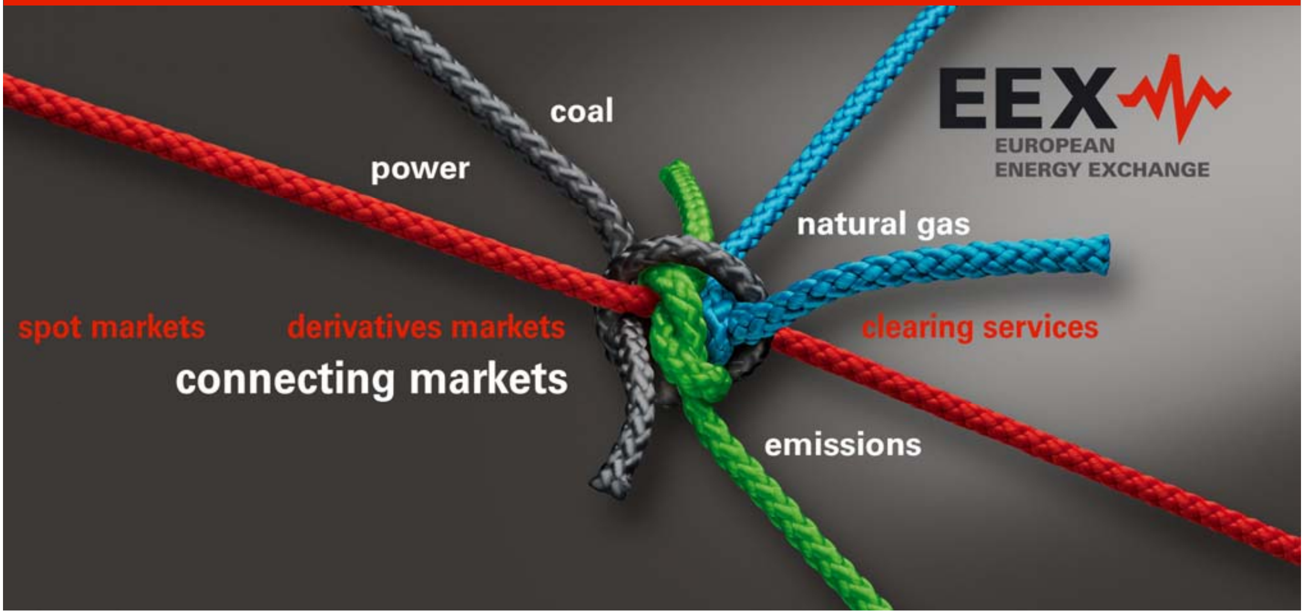


EEX MARKET MONITOR
BY THE MARKET SURVEILLANCE OF EEX
Q4/2007

Quarterly Report by the Market Surveillance

The first issue of the Market Monitor, the quarterly report by the Market Surveillance of EEX, which is also referred to as HÜSt for short, is published this month. This new information offer is intended for the public and aims at regularly reporting to it with regard to the work of HÜSt in as far as this is legally permissible. This report focuses on the subject of the energy market in general and on EEX in particular. The Market Monitor is intended as a means of providing information regarding the events on the market during the respective past three-month reporting period. In this context, neutral and objective reporting constitutes the highest priority. This is due to the fact that the conception which HÜSt has of itself and its statutory task is neutrality and independence.

The Market Monitor is not only intended for the trading participants of EEX and their compliance departments but, in particular, also for the interested public. With the help of this publication we want to reach associations, authorities and all those people interested in the liberalised energy market and, hence, in EEX.

We will make the Market Monitor available on our web site; however, we are also happy to transmit it via e-mail. To that end, we offer the possibility to subscribe to it. Please send a short e-mail to the following address with regard to this:

surveillance@eex.com

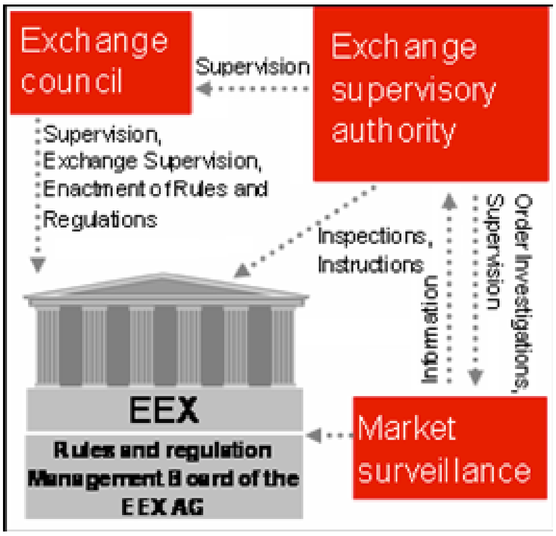
The Market Surveillance Department will introduce itself in this first issue: What is it, what does it do and what is its statutory task? Afterwards, we will report on the activities during the past quarter. Finally, the events on the market over the last months will be summarized providing a view going beyond the perspective of EEX.

We are looking forward to suggestions and comments from you.

A. Market Surveillance on EEX

In addition to transparency, proper functioning of an exchange is based on the precondition of the trust which the public and the trading participants place in this market and in its pricing mechanism. For this reason, the highest priority of an exchange is ensuring that trading and pricing on the exchange can take place fairly and free from manipulations. On EEX in Leipzig, this task is assumed by the Market Surveillance Department.

In addition to the exchange council and the board of management of the exchange, HÜSt is an autonomous and independent body of the exchange within the meaning of the German exchange act. It is only subject to instructions by the exchange supervisory authority, i.e. the Saxon Ministry for Economic Affairs and Labour (SMWA) in Dresden. Its independence from other bodies of the exchange is intended to safeguard the objectivity and neutrality of HÜSt. The members of staff of HÜSt can only be entrusted with other tasks with the approval by the exchange supervisory authority. The head of Market Surveillance is appointed and re-appointed by the exchange council after consulting with the exchange supervisory authority upon a proposal by the board of management of the exchange.



Tasks of Market Surveillance

The basic task of HÜSt is to record all the data regarding exchange trading and the settlement of exchange transactions without any gaps on a daily basis; moreover, it has to evaluate these and carry out required investigation activities. In this process, Market Surveillance looks for any conspicuous circumstances in the trading process. In this context, the special focus of the daily investigation is on the proper establishment of the settlement price and the question of whether any indications for collusion among trading participants can be discerned.

In addition to this, a large number of special investigations triggered by specific causes are carried out either at the own initiative of HÜSt or upon an instruction to that end by the exchange supervisory authority or the board of management of the exchange. In deviation to the case of daily supervision, the trading behaviour on the exchange is not analysed exclusively in special investigations; in this case, the market behaviour, market structures and market strategies are analysed on the basis of a longer period of time. The execution of special investigations is either triggered by particularities observed in daily supervision or by external information and events. Moreover, accusations from the press and media are also investigated here.

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

The Tools of HÜSt

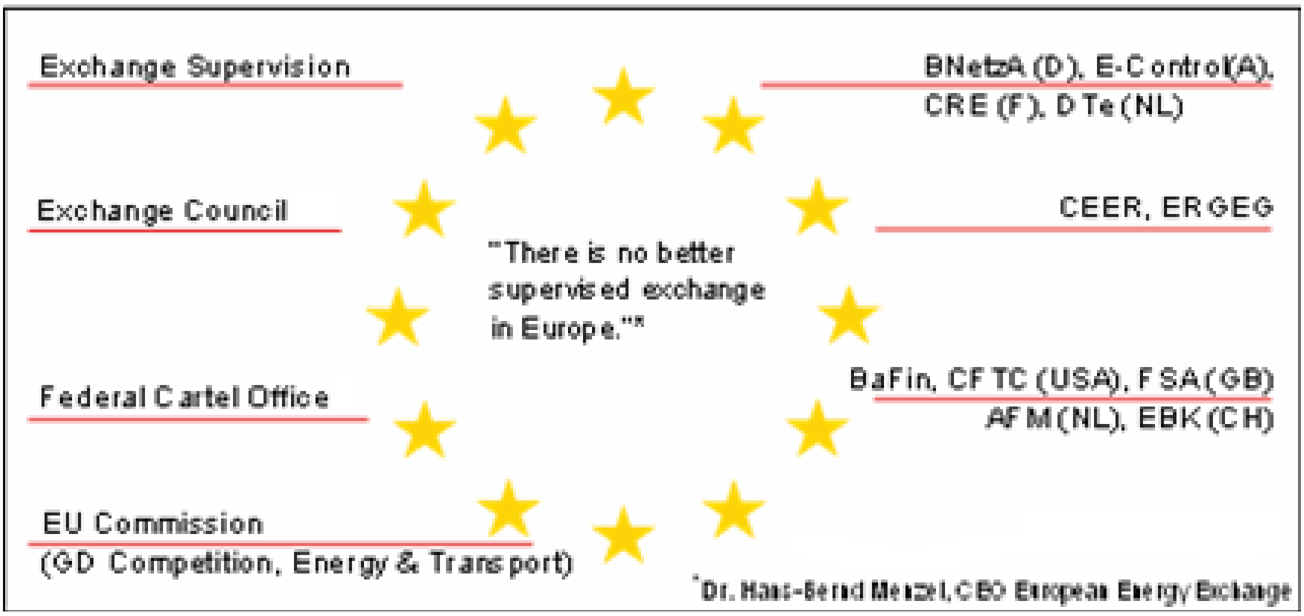
Market Surveillance has access to all the data regarding trading and settlement. It evaluates said data with the help of automated processes; however, it also does this by means of manual inquiries. Moreover, the German exchange act grants it far-reaching rights of information. This includes, amongst others, the following rights:

- The right to request information and the submission of documents from trading participants also with regard to the identity of their customers and the right to carry out examinations even without a special cause.
- The right to request the transmission of said information and documents on data carriers which can be processed using automated systems from the trading participants.
- The right to enter the trading participants' premises and offices during the usual business hours.

Finally, HÜSt commands far-reaching powers of investigation regarding everyone regardless of whether or not such parties are trading participants if there are suspicious circumstances with regard to the fact that rules and regulations under exchange law might have been violated or if there are other grievances which might affect exchange trading or the settlement of exchange transactions.

Reports and Communication

HÜSt reports to the exchange supervisory authority and the management board of the exchange twice every month or with reference to specific causes. In case indications of manipulations arise and as a means of exchanging experience, HÜSt transmits its reports to the Federal Financial Supervisory Authority (BaFin). Beyond these statutory reporting requirements, HÜSt reports on its activities as a fixed item on the agenda of the meetings of the exchange council. Furthermore, the reports and special investigations are also submitted to other competent authorities, such as BaFin.



On account of the large number of international trading participants, HÜSt regularly reports to a multitude of foreign institutions, such as the US Commodity Futures Trading Commission (CFTC), the Netherlands Authority for the Financial Markets (AFM) or the Swiss Federal Banking Commission (EBK).

Independent of legal obligations, HÜSt regularly communicates with various national, European and concrete international authorities, in particular in the fields of exchange and financial market supervision, energy regulation and competition supervision. Beyond the statutory task HÜSt sees itself as a competent contact point for all those groups interested in the energy sector. The claim, which HÜSt puts to itself, is to comprehensively analyse and understand the energy and financial sector in order to draw conclusions with regard to the trading participants' behaviour.

Investigations in report period

In this report period the long-term market behaviour of big trading participants and financial service providers operating internationally has been investigated. The interactions between exchange prices on the Spot and Derivatives Market and the price for the final customer were analysed in another investigation. Special investigations triggered by specific causes regarding the height of the electricity price on the Spot and Derivatives Market have been carried out several times. Moreover, the question of whether affiliate companies trade with each other in a special way has also been looked into. Manipulations of exchange trading have not been observed and evidence of such has not been found in any of these investigations.

After forwarding a special investigation according to Section 7, Subsection 5 of the German Exchange Act, HÜSt was in contact with the BaFin regarding the behaviour of markets of so called "Non Physicals" at the derivatives markets for power.

The Market Surveillance Team

This claim, which we put to ourselves, is reflected in the human resources structure of HÜSt, which was expanded into an effective and interdisciplinary team in 2007. HÜSt consists currently of two lawyers, a graduate in business management and a business mathematician. This composition enables HÜSt to process all questions and analyses by using the respective expert knowledge in a comprehensive and interdisciplinary manner.

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Head
Lawyer

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Ngoc Tuan Pham

Graduate in business management

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B. The EEX Market

Market Surveillance does not engage in analysts' activities. Neither it nor EEX as such comment or weigh the development of prices in the different markets. And Market Surveillance does not prepare price forecasts under any circumstances – since this is in diametrical conflict with its task.

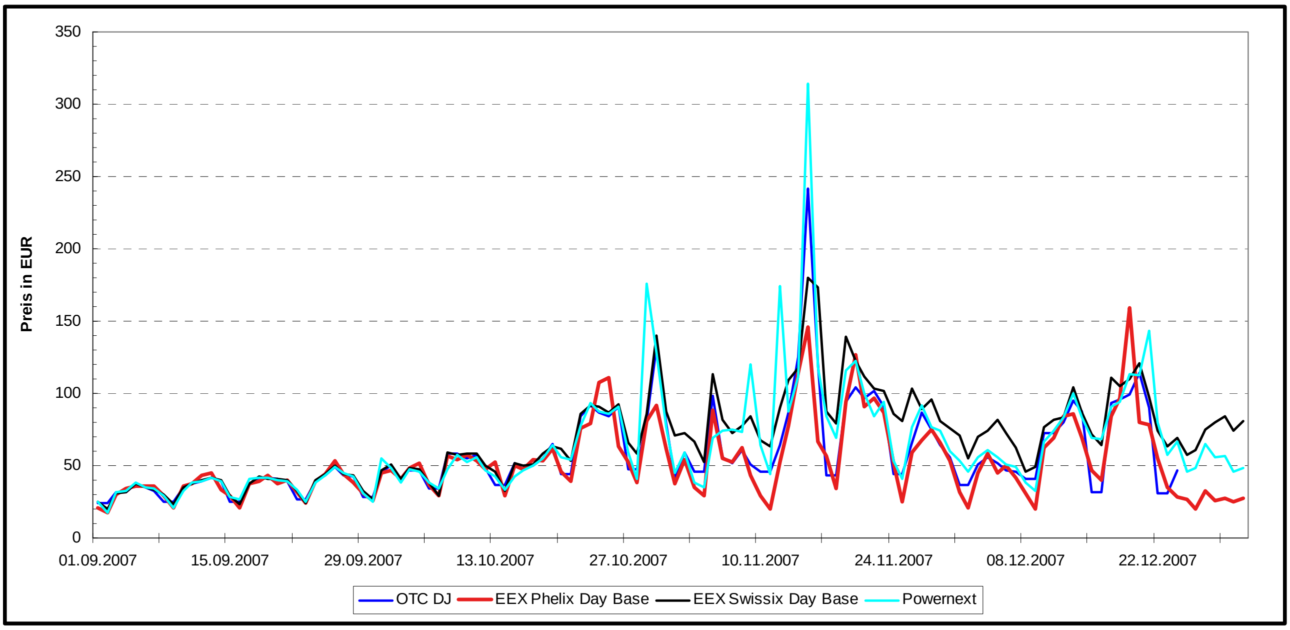
For this reason, the following overview is a summary of the development of the markets in the reporting period. This report is solely a general information for the trading members and the interested public about the market development at the EEX.

Power

EEX Price and Volume Development – Spot Market –

The Phelix Day Base[1] constitutes the reference for the development of the power price in Germany and Austria and the Swissix Day Base[2] constitutes the reference for the Swiss market. As a supplement to the price development of the Phelix and Swissix, the Powernext Day Ahead prices

Phelix Day Base compared with international price developments



and the Dow Jones curve were also inserted.

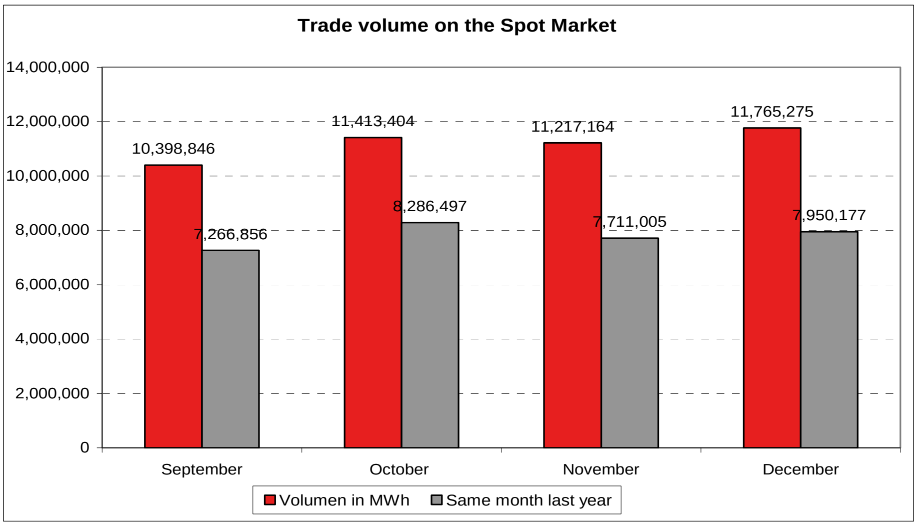
[1] The EEX Phelix Day Base is the unweighted average of all prices established on EEX in the hourly auctions of one day for the market area of Germany/ Austria.

[2] The Swissix Day Base is the unweighted average of all prices established on EEX in the hourly auctions of one day for the market area of Switzerland.

During phases with a low volatility, all four prices are approximately on the same level. If volatility increases, the Phelix has a more stable curve and, in particular, its peaks are usually below the price level of Swissix, Powernext Day Ahead[3] and the Dow Jones[4].

During the period from 01 September 2007 until 20 October 2007, the prices approached the threshold of EUR 50 and, finally, broke through this barrier. As of the third week in October, volatility in all four prices increased considerably. For example, the Phelix Day Base increased to EUR 145.48 per MWh on 15 November 2007 and fell to EUR 66.67 per MWh again on the following day. After this volatile trading phase, the market relaxed and the Phelix Day Base has been approaching the threshold of EUR 50.00 again since 24 November 2007. After a short downswing the Phelix Day Base broke through the barrier of EUR 100.00 per MWh and increased to its peak for the year at EUR 158.97 per MWh in the third week of December. With the beginning of the Christmas time the Phelix Day Base broke down and set at a level at EUR 25 to the end of the year.

Compared to both the volume from the previous year and the volume from the preceding month of September, the volume increased in October. In November, the trade volume remained on a high level; however, it was lower than in October. In comparison to the other month the December has the highest trade volume. If we compare the trade volume with the values from the previous year, all months show increases.



[3] Powernext Day Ahead is the unweighted average of all prices established on Powernext in the hourly auctions of one day for the market area of France.

[4] The Dow Jones price is the average of the price range established by Dow Jones by means of a survey.

EEX Price Development – Derivatives Market –

Amongst other products, financial derivatives contracts (futures) are traded on the Derivatives Market. These can be used both for price hedging and for speculative transactions.

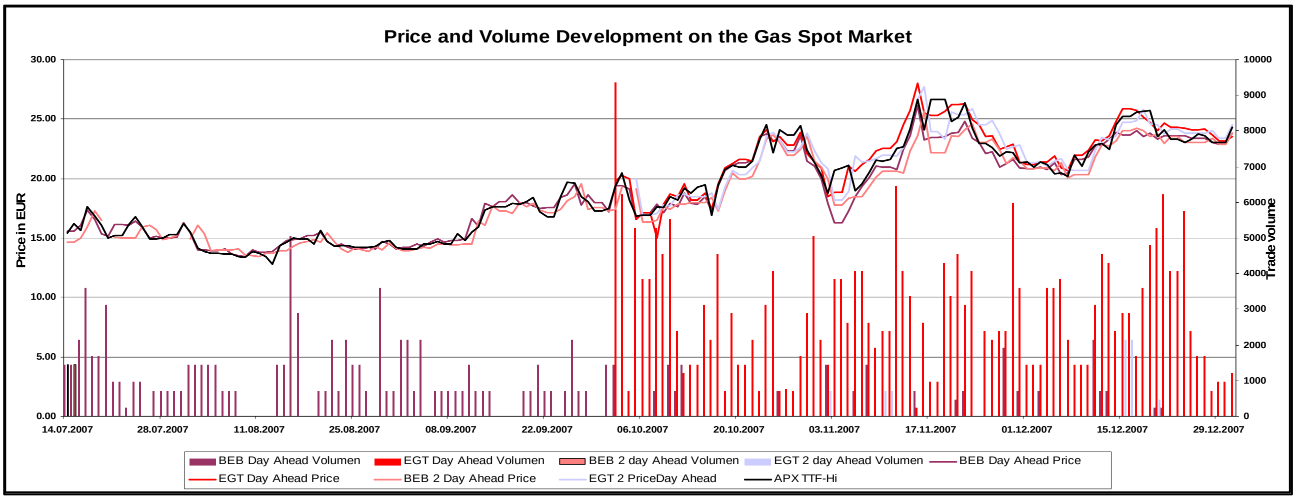
Just like in the case of the prices on the Spot Market, the prices of futures increased during the period of time from September 2007 until October 2007. As of 20 October 2007, the prices for the front month, the front quarter and/ or the front year proved to be very volatile on a high level.[5] In this comparison, the volatility for the Base Load Month Future for January 2008 was highest and the volatility for the Base Load Year Future for 2008 was lowest. The price curves for the months of November and December have a similar course; however, the phase of the increase at the beginning of the period under review lasted until the end of October 2007 with the gradual rise moving to a steep rise and the highest price throughout the entire period under review being generated here. After that, the development of the prices of the two futures can only be compared to a restricted degree. The price of the Base Load Month Future for December 2007 reached EUR 80 per MWh at the end of October and fell back to a level of EUR 55 per MWh at the beginning of November and, finally, approached a price of approx. EUR 65 per MWh.

[5] The Baseload Month Futures Nov-2007 have been traded until the 29th November 2007. The trading with Baseload Quarter Futures Jan-2008 and Baseload Year Futures Jan-2008 finished at the 21th December 2007. The last day of trading during the delivery month is two exchange trading days before the last delivery day of the delivery month. The Last day of trading with Quarter Futures an The Last day of trading with Quarter Futures and Year Futures is three exchange trading day before the delivery period

Natural Gas

EEX Price and Volume Development – Spot Market -

In July 2007, spot trading in gas on EEX was launched in the BEB market area. Since October 2007, it has been possible to trade natural gas in the EGT market area on EEX. The trade volume for the BEB market area has not been constant. Since the launch of trading in natural gas for the EGT market area, the trade volume for natural gas on EEX has increased.

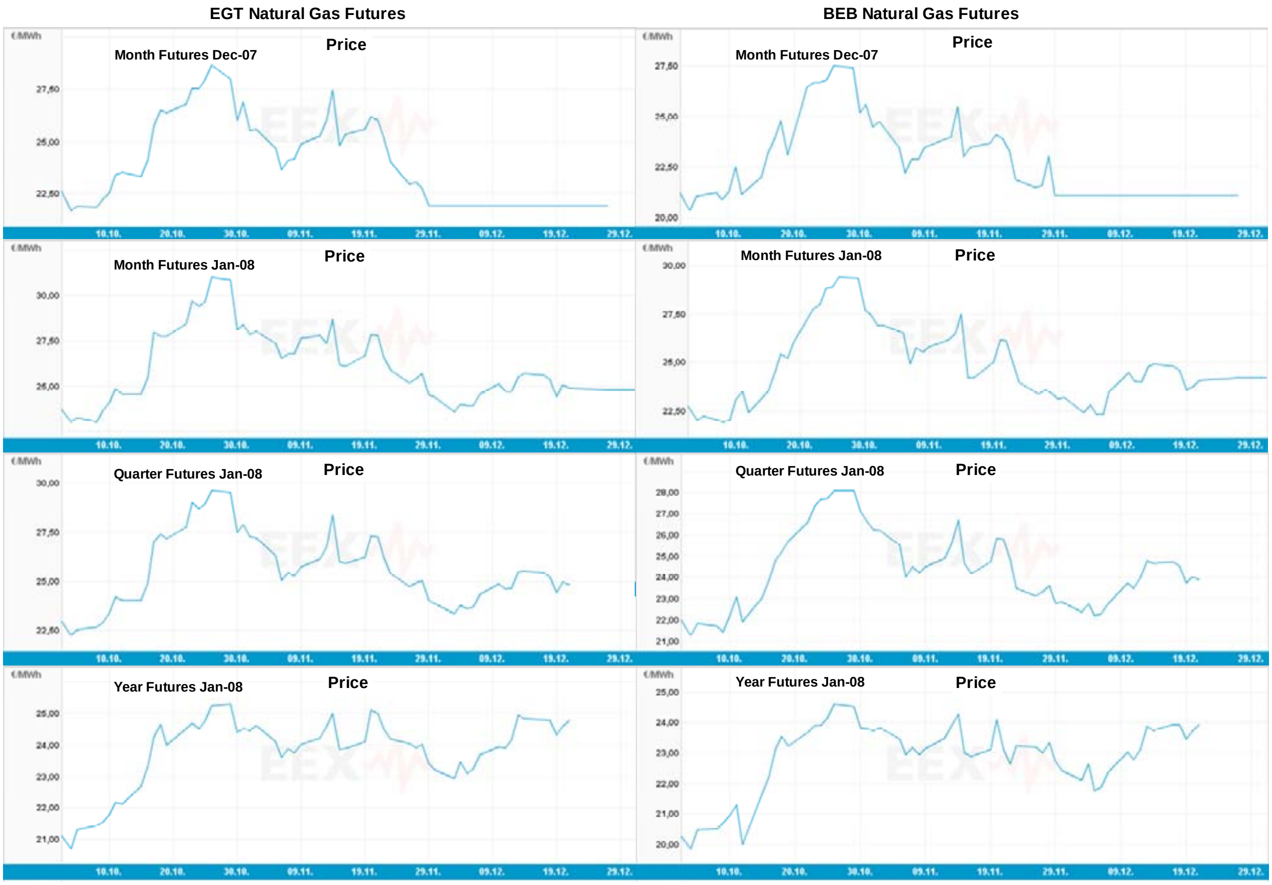


If we look at the development of the prices of various products from the two market areas, they display similar price fluctuations. The prices for day-ahead and 2-day ahead on EEX fluctuated between approx. EUR 11 per MWh and EUR 26 per MWh for the BEB market area during the period under review. As of October, the gas prices in the EGT market area fluctuated between EUR 15 per MWh and EUR 28 per MWh. As early as upon the start of trading, the natural gas price established on EEX was comparable with the TTF H-Gas Day-Ahead price established since March 2006 and displays a high correlation with said price.

From the beginning of July 2007 until the middle of September 2007, prices for natural gas were relatively stable. They ranged between approx. EUR 14 per MWh and EUR 16 per MWh. Subsequent to that, during the third week of October, the natural gas prices approached EUR 25 per MWh. After a brief decline in prices, the gas price increased to approx. EUR 28 per MWh – the highest value for the year 2007. Over time prices for gas decreased, but not passing EUR 20 per MWh. Towards the end of the year the prices for gas increased to EUR 24 per MWh.

EEX Price Development – Derivatives Market –

Derivatives trading in natural gas was launched for the gas year 2008 in June 2007. Month, quarter and year futures for the market areas of EGT[6] and BEB with delivery as of October 2008 are offered for trading.[7] The futures prices for gas have increased since October 2007. In spite of short high and low phases, the price ranged on a constant level and increased to the highest level during the fourth quarter of 2007 within a period of approx. one week as of the middle of October 2007. However, prices relaxed again at the end of October 2007; though, on average, they continued to remain above the level of September.



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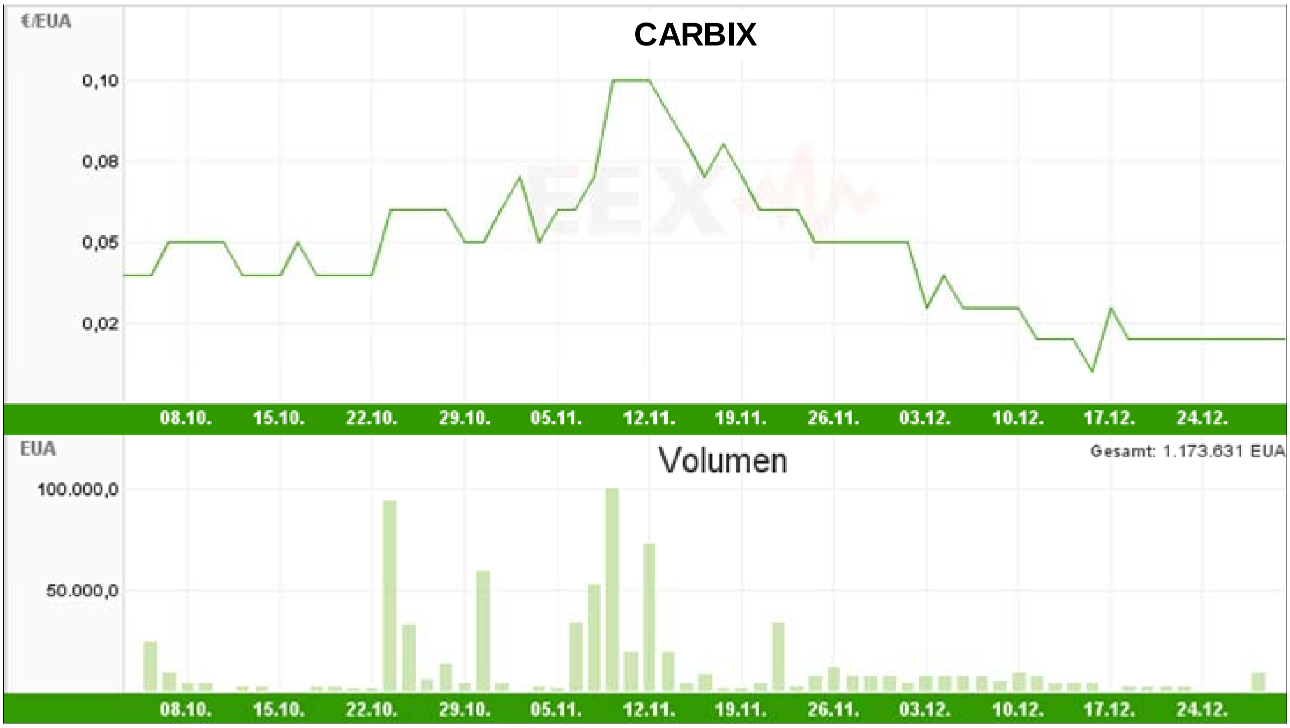
[6] The EGT market area comprises the former E.ON Gastransport market areas North, Centre and South.

[7] The Grafik show the price developement of the Month Futures December 2007, January 2008 and the Quarter Futures Q1/2008 and the Year Futures 2008 fot both market, EGT and BEB. The last day of trading during the delivery month is two exchange trading days before the last delivery day of the delivery month. The Last day of trading with Quarter Futures an The Last day of trading with Quarter Futures and Year Futures is three exchange trading day before the delivery period.

Emission Allowances

EEX Price and Volume Development – Spot Market –

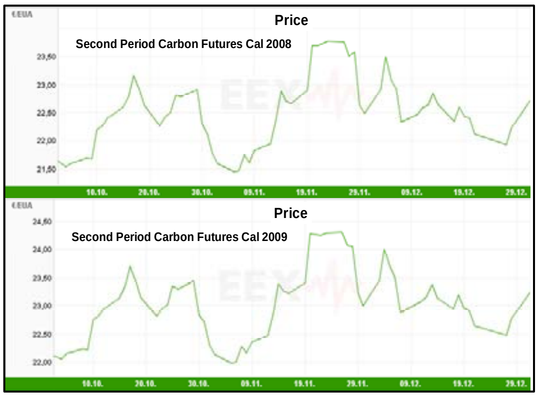
The Spot Market for EU emission allowances (EUAs) offers plant operators the possibility of buying or selling emission allowances for the first commitment period. At approx. 10 am every day, EEX establishes the Carbix, which constitutes the reference price for the market, in an intra-day auction.



Following a period during which the price levelled out between EUR 0.03 per EUA and EUR 0.05 per EUA in October, it rose to up to EUR 0.10 per EUA at the beginning of November. After this peak, it fell back to a level around EUR 0.04 per EUA. During December, the Carbix ranged between 0.01 Euro/EUA and 0.04 Euro/EUA.

1.1.1 EEX Price Development Derivatives Market

Futures for EUAs of the second commitment period (2009 to 2012) are already traded on the EEX Derivatives Market. The EUAs from various commitment periods are not compatible with one another. A transfer between the commitment periods is not possible.



The price development of the Carbon Futures for the calendar years 2008 and 2009 (Cal 08, Cal 09) is volatile. Generally, an upward trend can be observed. During the period under review, the price for a Carbon Future Cal 08 (1,000 EUAs) increased from EUR 21.00 to EUR 24.30.

C. EEX in the press

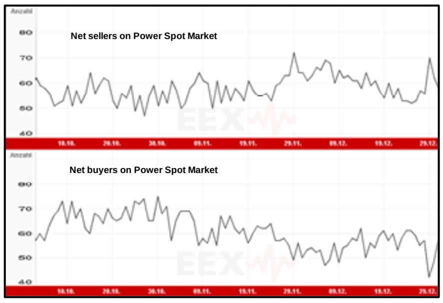
EEX and Powernext co-operate

Following extensive negotiations, the supervisory board of EEX AG agreed to the co-operation with the French energy exchange Powernext S.A. on 11 December 2007 and, hence, laid the foundation for a big pan-European energy exchange. The co-operation comprises the integration of the Power Spot and Derivatives Markets of EEX and Powernext S.A. The joint power spot company will be based in Paris, while the derivatives market company is to be based in Leipzig. Clearing of all products from the Spot and Derivatives Market will be carried out via European Commodity Clearing AG (ECC) in Leipzig.

Co-operation between EEX and Eurex in the field of emissions trading

EEX and the derivatives exchange of Eurex launched their co-operation in the field of trading in emission allowances on 5 December 2007. Eurex trading participants licensed for derivatives trading in emission allowances on EEX using a simplified licensing procedure are granted direct access to the EEX order book. The co-operation between the two exchanges leads to a potential network of more than 600 trading participants from the energy industry and the financial markets.

Transparency campaigns on the energy market



In the course of its transparency initiative, EEX has been publishing information regarding the number of active trading participants, the number of net sellers and buyers as well as the average share of the five trading participants with the highest sales share in total trading on its web site since 20 November 2007.

Furthermore, there are also efforts aimed at increasing transparency on an international level. For example, the northern European countries of Denmark, Germany, Finland, Norway, Poland and Sweden want to publish information regarding load, transmission, transmission systems and balancing energy as of January 2008. These campaigns aim at achieving harmonisation in the field of bottleneck management.

Market Coupling Germany/Denmark

On 13 November 2007, the transmission system operators of E.ON Netz, Energinet.dk and VE Transmission as well as the exchanges of Nord Pool Spot and EEX announced that they will launch the operation of day-ahead market coupling between Denmark and Germany for delivery on the next day on 03 June 2008. This agreement aims at facilitating border-crossing trading in electricity by including transport capacities between Germany and Denmark.

Merger of Gas Market Areas

Upon the launch of trading on EEX, E.ON Gastransport merged its existing three H-gas market areas into one federal H-gas market area.

Further mergers are already planned. For example, on 11 September 2007, the transmission system operators BEB, Erdgas Münster Transport, EWE Netz and ExxonMobil announced that they would merge their market areas for L-gas as of 01 October 2007.

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