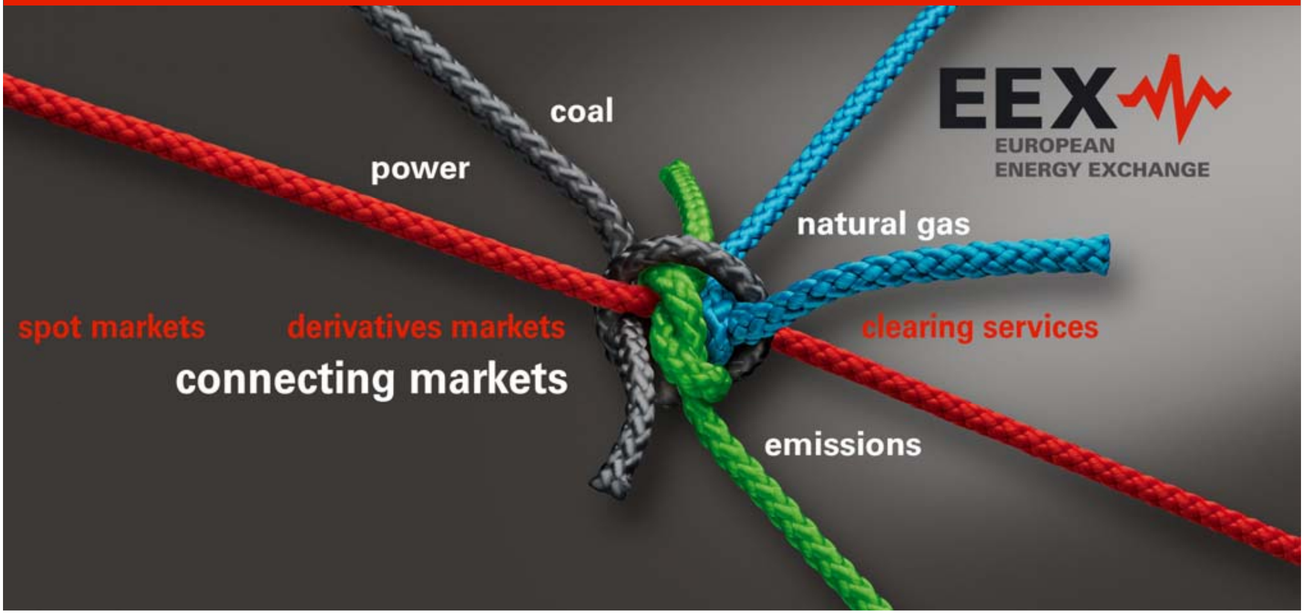


EEX MARKET MONITOR
BY THE MARKET SURVEILLANCE OF EEX
Q2/2008

1 Quarterly Report by the Market Surveillance

This month, the third issue of the EEX MARKET MONITOR, the quarterly report of the EEX Market Surveillance, is published.

We are very pleased about interest in our quarterly report, which is growing continuously, and, hence, we come one step closer to our aim of approaching the public and reporting to it regularly on our activities.

The MARKET MONITOR focuses on subjects of monitoring of the energy market in general and of EEX in particular. It aims at providing information on the activities on the market throughout the respective last reporting period comprising three months with the main focus on neutral and objective reporting. After all, the self-image and the statutory task of HÜSt. are 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. We would like to reach associations, authorities as well as all the persons interested in the liberalised energy market and in EEX with this publication.

We make the MARKET MONITOR available on the internet site; however, we also send it out via e-mail. To that end, we offer you the possibility of subscribing to it. You will then automatically receive the respective current issue of the MARKET MONITOR upon its publication. Please, send a short e-mail to the following address to that end: *surveillance@eex.com*.

In this issue for the second quarter 2008 we present you a large number of innovations within the sphere of the Market Surveillance, which will influence the daily monitoring activities by the Market Surveillance in the future to a considerable degree. For this reason, our feature deals with the topic of the new code of conduct which has entered into force. After that, we will also summarise the events on the markets of EEX over the last three months as we have done in the past.

We hope that you will enjoy reading the third issue of the EEX MARKET MONITOR.

We are, of course, at your disposal in case you have suggestions and criticism.

The EEX Market Surveillance Team

2 EEX Code of Conduct

In September 2007, the exchange council of EEX commissioned its compliance committee to prepare general rules of conduct for EEX. These rules should also be taken over into the sets of rules and regulations to be harmonised in the framework of the co-operation between EEX and Powernext as a standard. The code of conduct was consciously designed as a rule looking beyond the national borders with regard to the pending co-operation. In this way, it can be a starting point for medium- to long-term harmonisation under European law. It is the aim of the exchange of EEX to assume a leading role in Europe with regard to questions of transparency and exchange organisation.

In its meeting of 13 June 2008, the exchange council of EEX has adopted the code of conduct as a new element of the rules of EEX and it, hence, becomes binding for all trading participants of EEX.

In addition to general rules of conduct for the trading participants towards the public and their customers, the code of conduct contains far reaching demands and prohibitions banning any form of manipulation of exchange trading, of the exchange prices as well as the unfair use of the exchange and its facilities. The code of conduct supplements the further legal regulations and specifies these in more detail. It specifies the existing statutory regulations in more detail; as a result of this, the provisions apply in parallel.

The rules adopted actively take the requirements of the developing international character of energy trading into account and aim at complying with the market's demand for a uniform and internationally harmonised system of rules. They are intended to reinforce the confidence which the market and the public have in EEX as an exchange, in its pricing mechanism and the reference character of the exchange prices.

By means of this, the compliance committee has taken the current discussions in the public regarding the subjects of transparency and confidence in the market of EEX into account. The code of conduct will be a vital element of the rules and regulations of the exchange continuously reflecting the latest findings and requirements of the energy market which evolves continuously.

Contents of the EEX Code of Conduct

The EEX code of conduct is based on the fundamental principle of the requirement of joint responsibility of the market and its participants for a fair and transparent energy market.

The code of conduct comprises far reaching rules for the conduct on the exchange in the form of obligations, requirements and prohibitions. These can be divided into conduct directly concerning trading on the exchange, dealing with and publication of information, questions of the internal organisation of the trading participants as well as the omnipresent topic of transparency.

The starting point for all rules and regulations is the concept that any form of manipulation of exchange trading and the exchange prices as well as the unfair use of the exchange and its facilities are banned in order to safeguard free, transparent and fair trading on EEX.

Entering of orders without the intention to trade (fictitious orders) as well as the conclusion of trades capable of manipulating prices, in particular, are banned. Moreover, arrangements or collusive co-operation among trading participants or with third parties as well as influencing of settlement prices are also banned.

The rules regarding the publication of information which is relevant for the market constitute a further important item. Information which is relevant for the market comprises information significant for the evaluation or pricing of a product traded on EEX. Trading participants and their exchange traders are now banned from publishing and distributing information which is relevant for the market incorrectly in a premeditated manner or in any other way, which might have an irritating effect on the trading participants of EEX. Moreover, it is also not permitted to withhold information which is relevant for the market with the intention of misusing such if the trading participant violates legal publication requirements by means of such or to carry out other acts of deception which might have an inadmissible impact on the trading or settlement price of the products traded on EEX. This provision was made against the backdrop that the publication requirements applicable with regard to the stocks and shares sector couldn't be transferred to commodity and commodity futures transactions without restrictions.

As regards the relationship between the trading participants, exchange traders and the exchange requirements for good conduct were established. The former groups undertake to exercise fairness towards the exchange and the other trading participants. The internal organisation of the business operations of the trading participants, which has to be effected in such a manner that all statutory and regulatory requirements for energy trading are fulfilled, constitutes one element of this.

The adequate organisation on the part of the trading participant comprises, in particular, the following - under consideration of the respective business structure in each case:

- that it has an organisation structure established internally,
- that the area of responsibility of the staff is clearly defined,
- that the trading activities are monitored effectively internally and
- that effective risk management including rules and control mechanisms for the basic risks from energy trading is implemented.

The topic which has probably been discussed most frequently over the last months was the question of transparency on the energy market and, hence, also on the exchange of EEX. This discussion was taken up by the compliance committee and rules regarding the topic of transparency were established for the trading participants. These are intended to support the exchange in the further development of the transparency of the activities on the exchange and the information for the public even beyond exchange trading as such.

The code of conduct also lays down possible sanctions against trading participants in case these violate existing rules, do not comply with instructions by the management board of the exchange or requests for information by the Market Surveillance or the Exchange

Supervisory Authority. This provision does not exclude sanctions on the basis of other provisions, however.

You can download the code of conduct on our internet site in the area: Downloads/ Rules and Regulations.

3 The EEX Markets

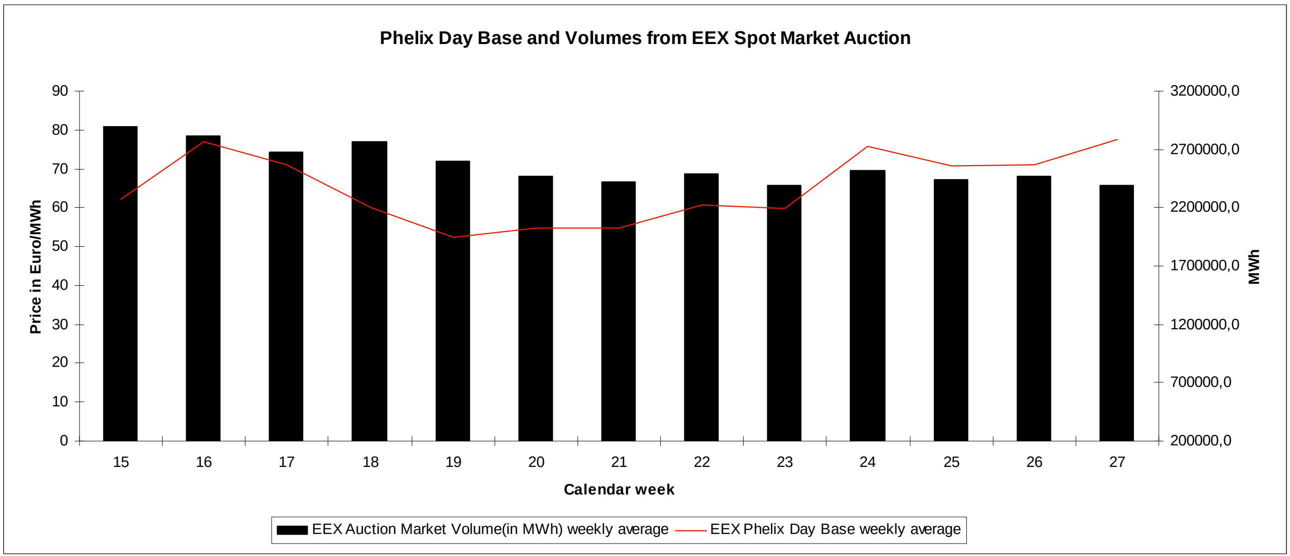
The Market Surveillance Office does not engage in analysts' activities. Neither it not EEX itself comment or evaluate the development of prices on the different markets. Market Surveillance does not prepare any forecast under any circumstances since this is diametrically opposed to its task.

The overview herein below only provides a summary of the development of the markets during the past reporting period. This report is only intended as general information on the events on the markets of EEX for the trading participants and the interested public.

Power

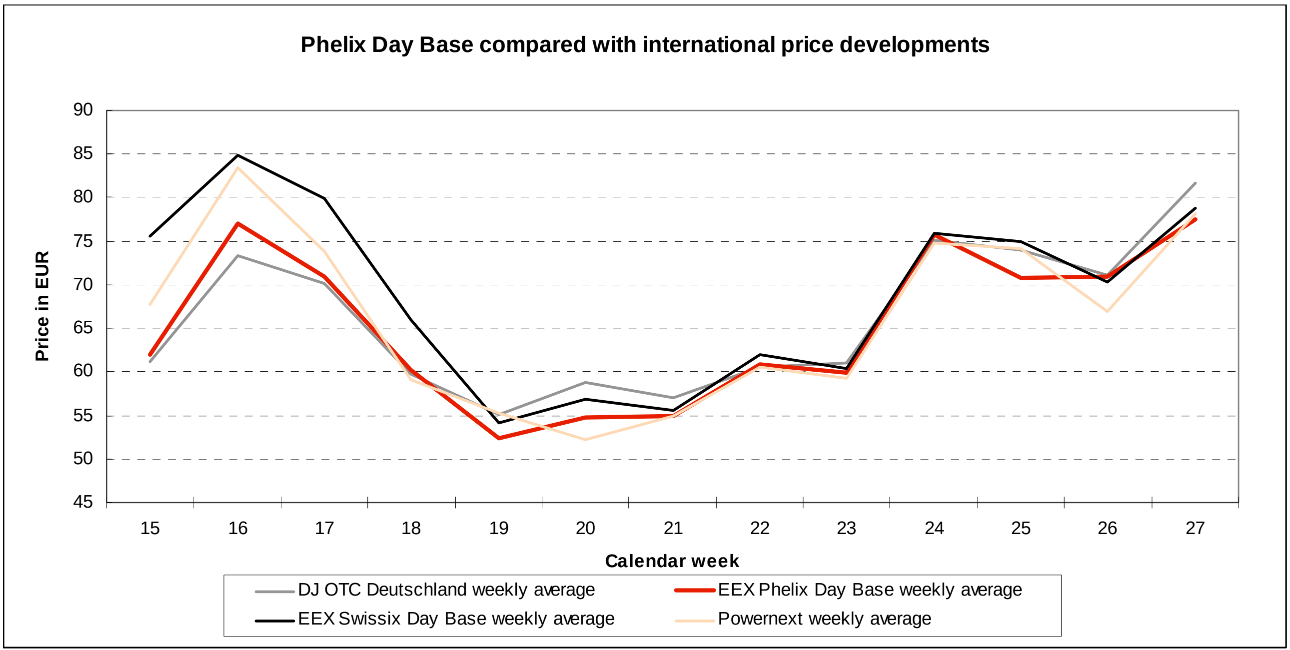
Development of Prices and Volumes on EEX – Spot Market (Power) –

The Phelix Day Base[1] is the reference index for the development of power prices in Germany and Austria.



During the second quarter of 2008, the weekly volumes displayed a slight decline between the 15th and 22nd calendar week. While approx. 2.9 million MWh were still traded during the 15th calendar week, this total dropped to only approx. 2.5 million MWh during the 22nd calendar week. Subsequently, the weekly trading volume in the Spot Market auction ranged between 2.4 million MWh and 2.5 million MWh. The weekly average price established amounted to between EUR 57 and EUR 78 during the second quarter.

[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.



Prices proved to be very volatile during the second quarter of 2008. The four indices shown displayed similar developments of prices; however, the extent of the fluctuation differed. [2]

During the first two weeks of the second quarter of 2008, all four indices rose. The EEX SWISSIX Day Base weekly average was quoted at the highest value. The EEX Phelix Day Base weekly average was quoted below EEX SWISSIX and Powernext. After the initial price increase, all four indices fell until the 19th calendar week. Subsequent to this, the prices increased gradually at first and then they displayed a considerable increase between the 23rd and 24th calendar week.

At the beginning of the period under review, the OTC price level of the Dow Jones was lower than the three comparable indices. In the further course, the DJ OTC Germany weekly average displayed similar movements to the other indices; temporarily, the highest prices were quoted for it.

The course of the curve and, hence, the development of the prices of the different indices were very similar during the second quarter. Apart from major price differences at the beginning of the quarter, there were considerable periods of time with low differences. The big differences between calendar weeks 15 and 18 were particularly outstanding – during those weeks the average prices differed by as much as twelve Euros. During the following week, however, the biggest difference between the indices amounted to at maximum four Euros; apart from this, the prices displayed an almost identical course.

A comparison of the EEX Day Base weekly average with the OTC shows that the OTC price level was lower than the EEX price level at the beginning of the past quarter.

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

However, this trend reversed until the end of the quarter and the EEX price level was then lower than the OTC price level. The difference between the two indices amounted to between 20 Cents and EUR 4.10.

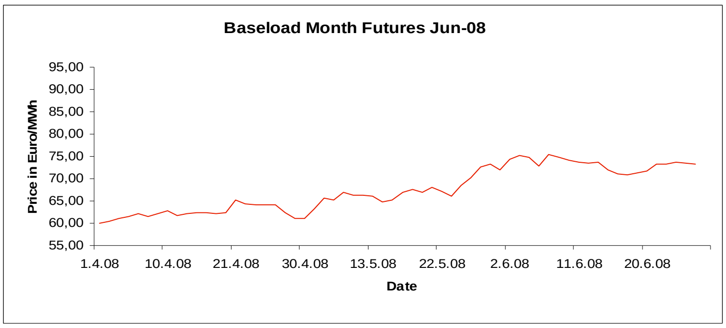
Development of Prices on EEX – Derivatives Market (Power) –

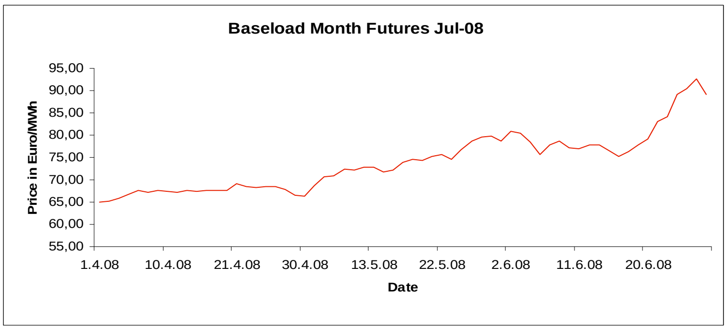
In addition to further contracts, financial derivatives contracts (futures) can be traded on the Derivatives Market. These can be used both for price hedging and for speculative transactions. Futures comprise the right to buy a quantity of a product specified in the future at a specified point in time in the future.

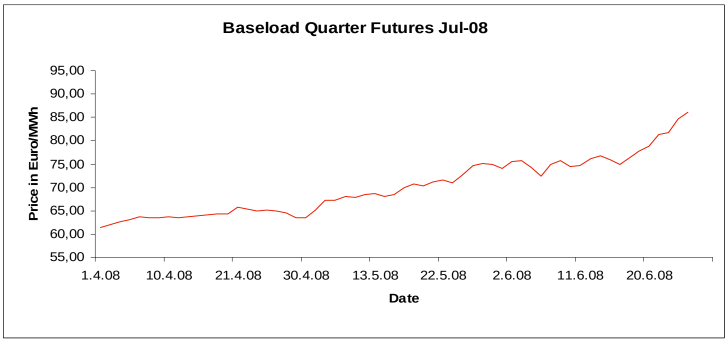
The price for the different maturities of futures is characterized by the fact that the contracts display similarities over time as long as they are all essentially based on the same expectations.

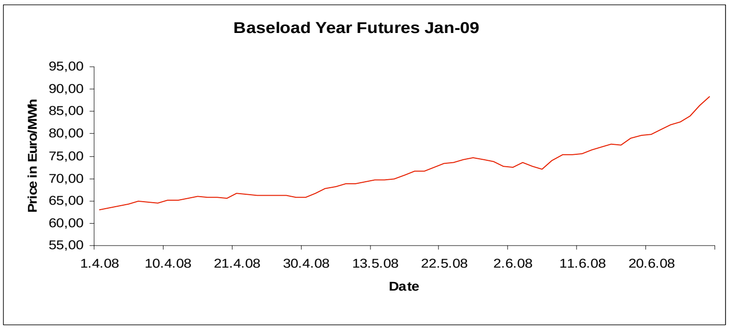
During the period under review all charts display increasing prices. In April, the development of prices for all four maturities displayed a sideward movement. Upon the beginning of May 2008, all charts displayed considerable price increases until the end of the second quarter. Prices increased by up to EUR 25.

Nonetheless, small differences can be observed in futures with long and short delivery periods. This development could also be seen during the last month of the period under consideration. While prices increased in June for the products Month Futures Jul-08, Quarter Futures Jul-08 and Year Futures Jan-09, the prices of the Month Future Jun-08 have remained almost constant. During the last quarter, the price of Month Futures Jun-08 increased at maximum to roughly EUR 75. This contract was already in the phase of physical fulfilment in June and, hence, it was more dependent on the development of the Spot Market prices.





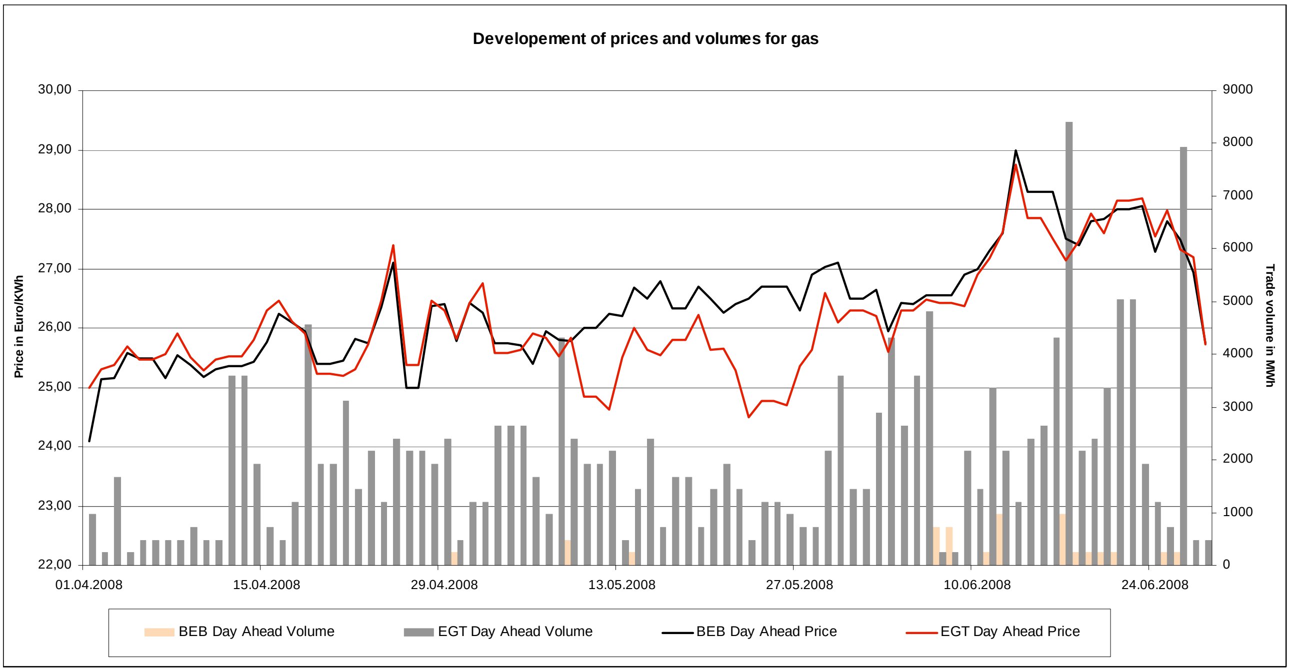




Natural Gas

Development of Prices and Volumes on EEX – Spot Market (Gas) -

Natural gas for the two market areas of EGT and BEB is traded on EEX. At 178,800 MWh the total trading volume was biggest in the EGT market area, whereas the trading volume in the BEB market area amounted to 6.000 MWh. The highest trading volume on any given trading day was achieved in the EGT area at approx. 8400 MWh.



During the 2nd quarter of 2008, the gas prices on EEX amounted to between EUR 24.50 per MWh and EUR 28.75 per MWh in the EGT market area. In the BEB market area the prices amounted to between EUR 24.10 per MWh and EUR 29 per MWh. The highest prices for both were established on Friday, 13 June 2008. The lowest price in the EGT market area amounted to EUR 24.50 per MWh on 23 May 2008 and to EUR 24.10 per MWh in the BEB market area on 01 April 2008.

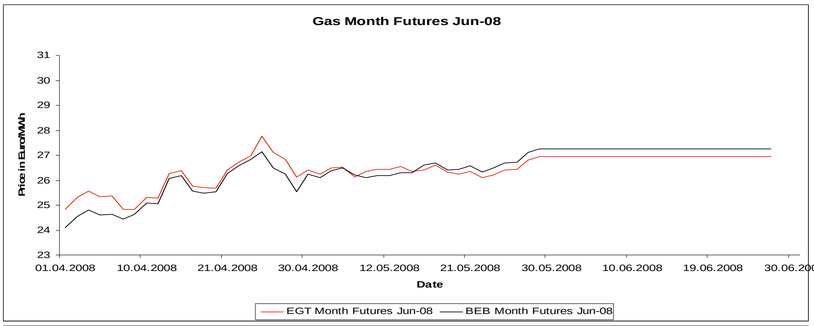
Both market areas displayed similar price developments during the period under review. They were characterised by a comparatively high volatility during the period under review. During the period of time from 10 May 2008 until the end of May 2008 prices diverged in both market areas. On 23rd May 2008, the price differences amounted to up to two Euros. While prices in the BEB market area display a sideward movement during this period of time, the prices in the EGT market area continued to be volatile.

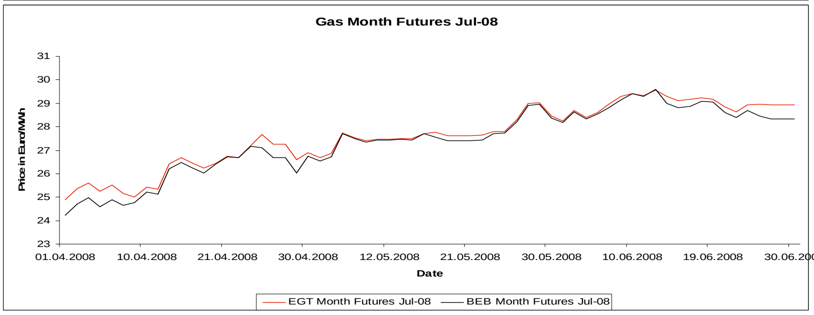
On 13 June 2008, the prices reached their maximum level in the two market areas during the period under review. During the subsequent period of time, prices fell until the end of the second quarter and were quoted at EUR 26.55 per MWh in the EGT market area and at EUR 26.13 per MWh in the BEB market area.

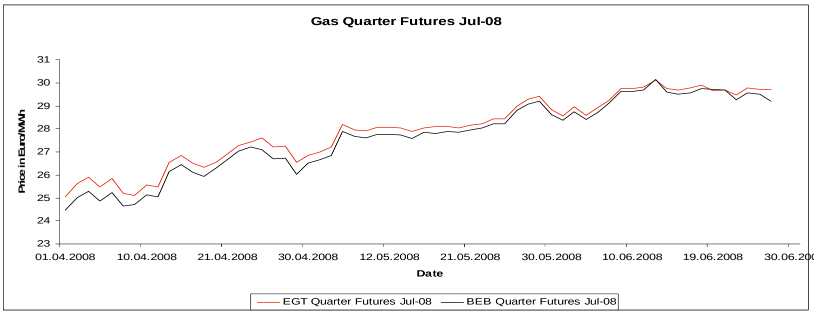
Development of Prices on EEX – Derivatives Market (Gas) –

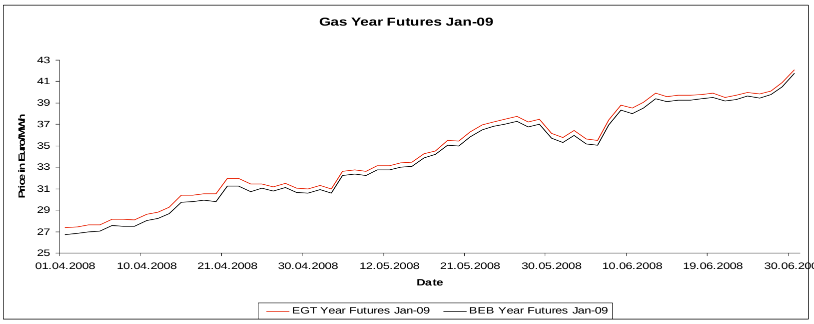
The development on the Gas Derivatives Market can be compared with the development on the Spot Market at the beginning of the quarter. Following a strong increase of the gas prices during April 2008, the Month Futures Jun-08, Month Futures Jul-08 and the Quarter Futures Jul-08 displayed a sideward movement until the end of May. Only the Year Future Jan-2009 did not follow this development and increased from approx. EUR 31 per MWh to approx. EUR 37 per MWh.

The same development was also discernible during June 2008. While prices of the Month and Quarter Future Jul-08 displayed a sideward movement from the second week of June, the price of the Year Future Jan-09 rose from EUR 37 per MW/h to approx. EUR 42 per MW/h. A lasting similarity of the development between the year future and the month and quarter future could not be observed.







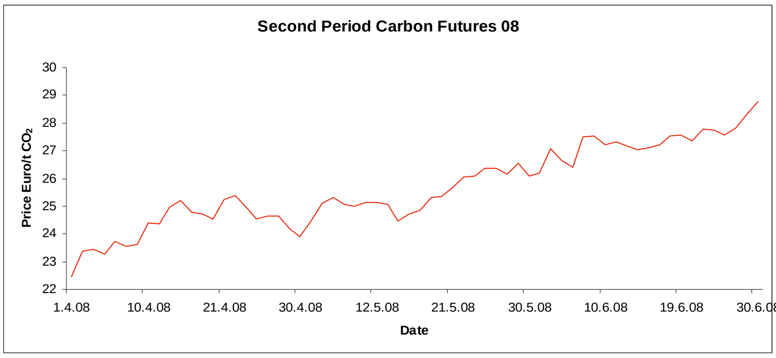


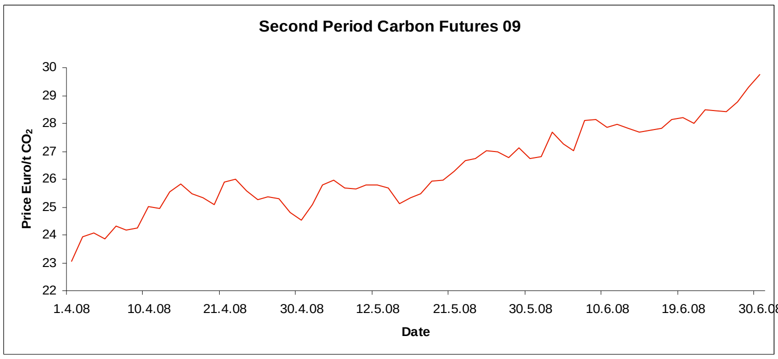
Emission Rights

Development of Prices on EEX – Derivatives Market (EUA) -

Futures for EUA of the second trading period (2008 – 2012) are traded on the Derivatives Market of EEX.

The price development of the Carbon Futures for the calendar years 2008 and 2009 displayed strong parallels. The price of both products increased until the end of the period under review. Until the end of June 2008 the price for the Carbon Futures for the calendar year 2008 increased from EUR 22.46 per t CO_2 to EUR 28.75 per t CO_2. The price for the calendar year 2009 increased from EUR 23.04 per t CO_2 to EUR 29.76 per t CO_2.

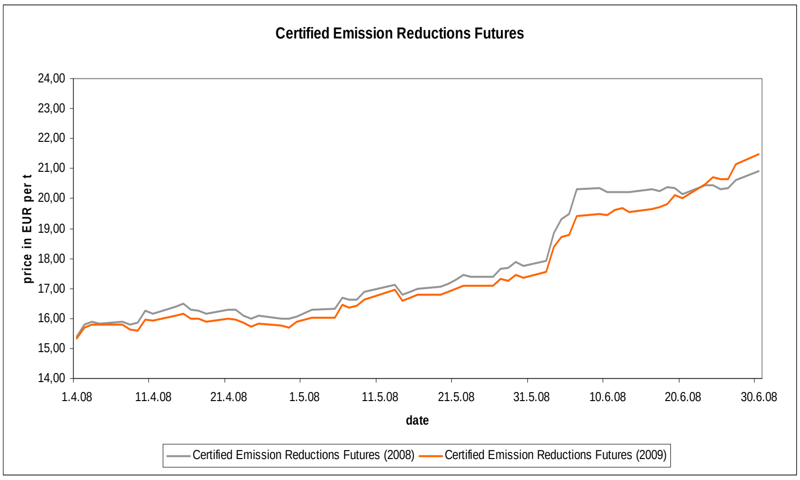




Development of Prices on EEX – Derivatives Market (CER) -

Since 26 March 2008, trading of futures on CERs (Certified Emission Reductions), emission reduction credits created worldwide under the Kyoto Protocol, has been possible on EEX. CERs are awarded in the framework of the Kyoto Protocol for climate protection projects carried out by industrialised nations in developing countries. One CER corresponds to an equivalent of one tonne of CO_2 reduction. Since 2008, CERs can partly be taken into account with regard to the reduction obligations within the European emissions trading system. Unlike CO_2-emission allowances, they already constitute a “currency“ which is available globally today and which is to be transferred via regional emissions trading systems because of this.

The development of the prices of the two futures with the maturities of Jan-08 and Jan-09 is similar. The prices for both products increased considerably during the last quarter.



4 EEX in the press

EEX exchange council adopts code of conduct

19 June 2008

In its meeting on 13 June 2008 the EEX exchange council has adopted the EEX code of conduct for the European energy market as a new element of the rules of EEX. Moreover, an expansion of the timeframe of the contracts on the EEX Power Derivatives Market was adopted.

CWE – Market Coupling

5 June 2008
One year after signing a Memorandum of Understanding* power exchanges and transmission system operators in Belgium, France, Germany, Luxemburg and the Netherlands have achieved significant progress towards coupling the Central Western European electricity markets and improved coordination for an increased security of supply. Market coupling will be used to create Europe's largest regional electricity market. It will allow for closer connection of Central Western Europe's day-ahead electricity markets as well as for a more efficient use of existing cross-border power lines. It will thus simultaneously contribute to increase competition in electricity wholesale prices and to enhance security of supply. The project will complete its design phase in the coming months. The implementation of market coupling is scheduled for 2009.

EEX-Powernext co-operation: Forward-looking step on the path towards a European power market

30 May 2008
On the occasion of the first joint press conference of the partners European Energy Exchange AG (EEX), Leipzig, and Powernext SA, Paris, in Brussels, EU Energy Commissioner Andris Piebalgs said "I am pleased to stand here today and be a witness to an important agreement, which, I hope, also means great progress for the European electricity market. Efficient power exchanges are indeed an issue that the European Commission's Energy Policy for Europe recognised as a key requirement for a well functioning electricity market'. The intense cooperation between EEX and Powernext is an innovative motor and initiator for a pan-European power market. While it is advantageous for final consumers to have many power suppliers to choose from, a cooperation of the trading platforms is desirable on the wholesale level in the interest of a uniform European single market. The cooperation is characterised by a transparent and reliable wholesale price formation mechanism, centralised and increased liquidity as well as standardisation and harmonisation of the trading and clearing processes. This means that the European vision of a common price from Finland to Spain is clearly starting to take shape on the basis of the two core markets Germany and France.

Market Coupling between Germany and Denmark to be launched on 29. September 2008

28 April 2008

The market coupling project between Germany and Denmark is now entering its final implementation stage. The five initiators of the project - Energinet.dk, E.ON Netz, VE Transmission, EEX and Nord Pool Spot – have agreed that the European Market Coupling Company (EMCC) will start the coupling of the Nordic and the German electricity market on 29 September 2008 for the next day.

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