



Energy is our business

Annual Report 2007

atel

As a leading energy services provider operating throughout Europe, Atel generates, trades and sells electricity, and also provides a broad range of energy services covering all aspects of energy and its applications.

- Subsidiaries and branches**
- Energy segment
 - Energy Services segment
 - Power generation
 - Electricity sales and trading (exchanges/OTC market)



Atel is an energy company that is active throughout Europe with strong roots in Switzerland. Energy has been Atel's core business for more than 110 years. Its activities in the field of power generation, trading, sales and energy services are supported by pan-European partnerships built on mutual trust. Atel acts with social responsibility, ever-mindful of the needs of customers, shareholders, employees and the community alike.

Key Figures 2007

Atel Group

	+/- variance 2006–2007 in % (based on CHF)	2006 CHF million	2007 CHF million	2006 EUR million	2007 EUR million
Energy sales (TWh)	11.4	115.642	128.841	115.642	128.841
Net revenue	18.7	11 334	13 452	7 205	8 187
Energy	18.4	9 716	11 505	6 177	7 002
Energy Services	20.5	1 626	1 959	1 034	1 192
Earnings before interest, tax, depreciation and amortisation (EBITDA)	20.4	1 041	1 253	662	763
Depreciation	-22.8	-202	-248	-128	-151
Release of value adjustments on assets		257	-	163	-
Earnings before interest and tax (EBIT)	-8.3	1 096	1 005	697	612
as % of net revenue		9.7	7.5	9.7	7.5
Group profit	-10.9	873	778	555	474
as % of net revenue		7.7	5.8	7.7	5.8
Net investments	158.1	229	591	146	360
Total equity	23.6	2 930	3 621	1 823	2 188
as % of total assets		32.5	38.6	32.5	38.6
Total assets	4.2	9 009	9 385	5 606	5 671
Employees*	6.7	8 467	9 034	8 467	9 034
plus trading in standardised products					
in TWh	9.0	201.892	220.115	201.892	220.115
in CHF million or EUR million	15.9	13 708	15 885	8 715	9 668

* Average number of full-time equivalent employees

Per share information ¹

	+/- variance 2006–2007 in %	2006 CHF	2007 CHF
Nominal value	-	20	20
Share price at 31.12.	59.2	380	605
High	56.7	386	605
Low	57.9	235	371
Net profit	-9.5	42	38
Dividend		4.80	-
Reduction of nominal value ²		-	10

¹ All values are considering the split of shares done in November 2007

² Proposal to the Annual General Meeting of 24 April 2008

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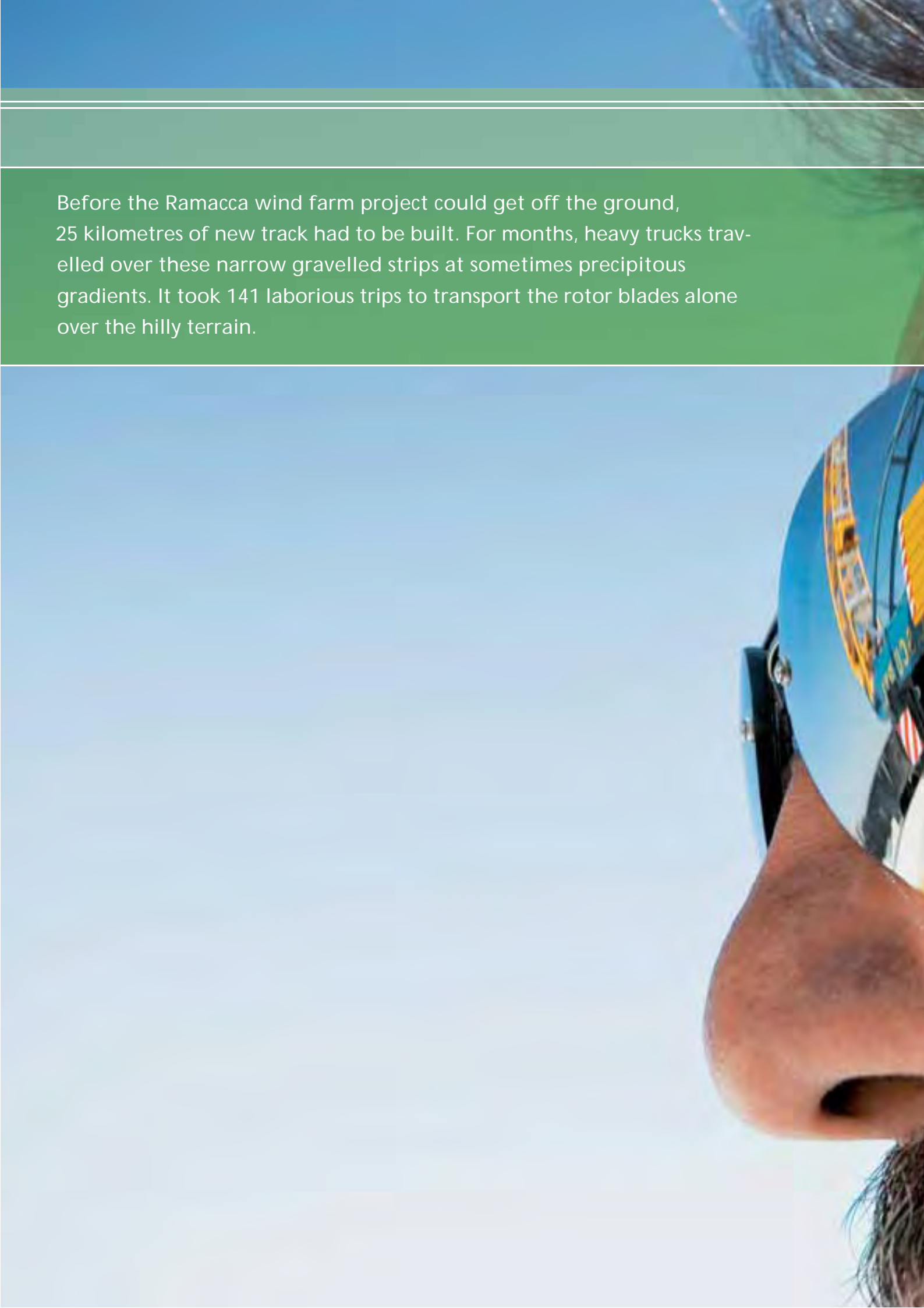
Sicily, Italy

On approaching Catania, a spectacular sight awaits airline passengers sitting on the left of the plane. Because the aircraft has to fly in a wide loop above the hilly terrain of Ramacca, they enjoy a bird's-eye view of Atel's new wind farm with its 47 turbine towers from three directions. While the setting alone is impressive, Atel was prompted to invest around CHF 80 million in two new wind farms in the Catania and Palermo regions for very different reasons. First, as part of its strategy, Atel is committed to stepping up the use of renewable energies; secondly, Atel has set itself the objective of meeting part of the statutorily required quotient of "green certificates" in Italy with electricity generated in its own power plants. The two wind farms on the island of Sicily are part of this plan. One of the biggest challenges in building a wind farm is to find the right location. After

intensive research and discussions, Atel came to the conclusion that the hilly region of eastern Sicily is reliably exposed to Sicilian winds such as the powerful southeasterly scirocco. Since the giant rotors begin to rotate at wind speeds above three metres per second, the constancy of the wind is more important than its strength. And constant winds can be depended on at both locations. But before the first wind turbine could be installed, a great many preparations had to be carried out. For instance, 25 kilometres of new track had to be laid before the project could get off the ground. Trucks had to transport the construction materials 50 kilometres inland. With 47 turbines, each boasting three 37 metre long blades, the entire process took 141 laborious trips. When both wind farms are on line, they will generate 220 GWh of electricity a year.



In the hinterland of Catania, among the hills of Ramacca, 47 wind turbines are producing green energy. Gigantic cranes were used to erect the 80 metre high turbine towers.



Before the Ramacca wind farm project could get off the ground, 25 kilometres of new track had to be built. For months, heavy trucks travelled over these narrow gravelled strips at sometimes precipitous gradients. It took 141 laborious trips to transport the rotor blades alone over the hilly terrain.



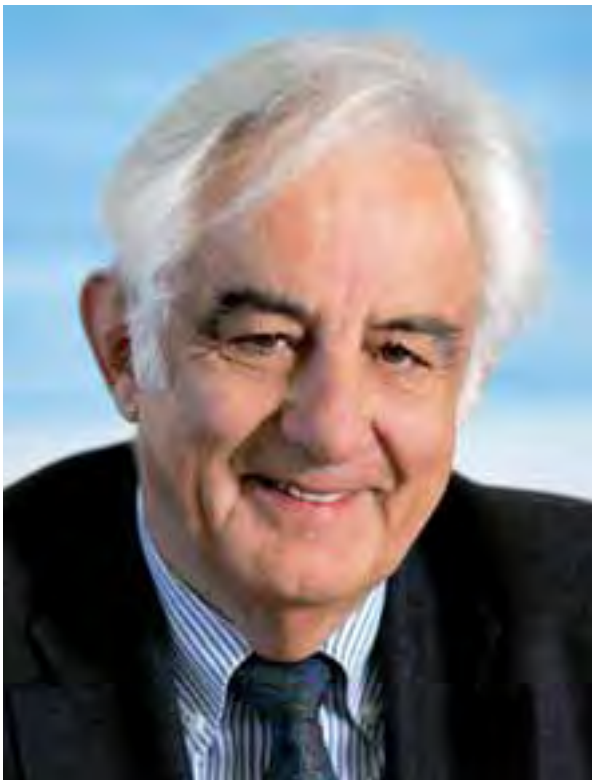


The giant rotors, each with three 37 metre long blades, begin to rotate at speeds above three metres per second. As soon as they start turning, they begin generating electricity.



The two wind farms in the regions of Catania and Palermo will deliver around 220 GWh of power: enough to meet the annual requirements of around 45 000 households with electricity from renewable energy sources.

Dear Shareholder,



Climate, shortages and competition were the core issues dominating the year under review. For Atel the focus was also on changing the capital structure, further expansion of production capacities and optimal positioning within the European electricity market. Continuing its long track record, Atel performed successfully once more, recording excellent results and substantially increasing shareholder value.

On behalf of the Board of Directors, I would like to thank the members of the Executive Board and our 9000 employees in more than 20 countries for their dedication and successful achievements in the service of our company.

Climate, shortages and competition also dictate the framework for Atel's development over the next few years.

Climate: at the Climate Change Conference in Bali, the parties to the UN Framework Convention on Climate Change agreed on a roadmap for reducing greenhouse gases once the Kyoto Protocol expires. In the concluding document they recognised the need to reduce CO₂ emissions rapidly and sustainably in order to prevent any further warming of the earth's atmosphere. The Intergovernmental Panel on Climate Change (IPCC) report came to the same conclusion. Used by the UN as a scientific reference point, the report recommends a 50 per cent reduction in greenhouse gases by 2050.

Ahead of the climate conference, the EU had formulated its objective of reducing greenhouse gas emissions by 20 or even 30 per cent by 2020 compared to 1990, and increasing the share of renewable energies by 20 per

cent over the same period. Switzerland has more or less adopted these targets. But given that electricity production in Switzerland is already largely CO₂-free, it will be relatively more difficult to reduce emissions further in order to achieve these targets. With its strong Energy Services business, Atel is ideally positioned to play a part and help to shape these new trends. Nevertheless, it is worth bearing in mind that any reduction in CO₂ emissions will inevitably result in an increase in electricity consumption.

Shortages: the rocketing price of crude oil has resulted in a heightened awareness of the scarcity of natural resources. Demand for electricity, too, looks set to outstrip supply in the foreseeable future, due to the growing energy needs of emerging economies, the drive to find alternatives to fossil fuels and delays in new investments. The Swiss government has responded to the threat of electricity shortfalls by adopting measures to promote new renewable energies, energy efficiency and the construction of large power plants. It also intends to focus its energy policy more strongly on long-term energy security. While negotiations with the EU are already in progress, there is a risk that the electricity dossier may be turned into a political football by linking it to other issues under negotiation. Nor should it come as any surprise that, when faced with shortages, the EU member states will look first to their own energy security before lending a helping hand to others. This means that there is no way that Switzerland will be able to avoid expanding capacities. Atel is prepared to make a substantial contribution to renewable energies, large generating facilities and power lines, and to make the necessary investments in these areas.

Competition: the EU electricity market has been fully liberalised since mid-2007, right down to the last household. In Switzerland, the Electricity Supply Act has been in force since the beginning of 2008. With a regulator, a national grid company and freedom of choice for large customers now in force, the electricity sector is facing radical change. Former partners are now also competitors in the battle for customers, margins and capacities. The new competitive electricity market offers clear opportunities. But it also entails risks in the form of increasing regulation and the political desire to control responses to climate change. The aim is therefore to anticipate Europe-wide regulatory trends, monitor the global energy policy framework carefully and make concrete investment decisions increasingly with a view to optimising Atel's long-term energy mix.

Atel differentiates itself from the competition through its extensive presence in Europe, its service portfolio and through its strong Energy Services business. But Atel's heart still beats in Switzerland. This inimitable profile provides Atel with a significant competitive edge and gives it the strength to perform successfully in the market. Both now and well into the future.



Rainer Schaub
Chairman of the Board of Directors of Atel Holding Ltd

Highlights of the 2007 financial year

Renewable energies and increased energy efficiency, market liberalisation and expansion in growth segments: 2007 was dominated by issues and events that called for innovative approaches to dealing with customers, the environment and the regulatory framework. Atel successfully helped to shape this environment.

Railway technology for the Gotthard base tunnel

In spring the Transtec Gotthard consortium led by Atel Installationstechnik Ltd. (AIT) was awarded the contract for railway installations in the Gotthard base tunnel. Worth CHF 1.69 billion in total, the contract covers the installation of railway systems, equipment for both one-track tunnels, each 57 kilometres in length, as well as for the upstream and downstream north and south sections, each 11 kilometres long, up to the connection with the existing rail network. For over nine months, a team of more than 100 engineers and experts worked on the tender. The result was a high-tech, high-quality pitch with a competitive price performance ratio, in which all the companies concerned contributed their outstanding expertise and wealth of experience in railway technology. The contract award – delayed by six months due to an objection filed (and subsequently withdrawn) by the rival consortium – offers Atel the opportunity to showcase the proven skills of the Energy Services segment in the domain of public transport. The railway technology

project for the Gotthard tunnel will also be instrumental in increasing energy efficiency. The new tunnel will help to shift transalpine heavy goods traffic from road to rail, substantially enhancing energy efficiency and contributing to the reduction of CO₂ and particulate matter emissions.

Cooling and air conditioning for the SAP Campus

In February, GAH Group company Kraftanlagen Heidelberg GmbH (KA-HD) completed work on the new SAP Campus II on schedule. KA-HD was responsible for the project management, implementation planning, organisation, assembly and commissioning of all the cooling, air conditioning and fire protection systems. As part of the contract, experts also installed two 700 kW compact air-cooled screw chillers, 35 000 metres of piping and 10 000 sprinklers. The installation also includes two heat exchangers that make use of ground heat, and a system for recovering heat from the cooling water system in the

Gotthard base tunnel



Industrial plant engineering for SAP



winter months. Another highlight for the GAH Group was the contract for the entire industrial plant engineering on the new SAP Campus.

Atel adds value to Monthey industrial plant

In 2007 important decisions were taken to pave the way for Atel's planned construction of a combined heat and power station in Monthey, Switzerland. Firstly, the local authorities granted planning permission to build the facility, on which Atel plans to spend around CHF 100 million. Secondly, an agreement was signed governing the supply of industrial steam and electricity to chemical businesses on the Monthey site. Thirdly, Kraftanlagen München GmbH was selected as turnkey supplier and solution provider for the plant. This enabled the preliminary work to get underway during 2007. When it comes on line at the end of 2009, the new plant will primarily produce industrial heat in the form of steam for chemical companies located on the site. Because it uses combined heat and power technology, 80 per cent of the energy in the fuel can be utilised, generating electricity as a secondary energy. Thanks to the combined generation of heat and power, the plant will be able to supply around 460 000 tonnes of steam to local chemical companies. The 456 GWh of electricity the plant is expected to produce will cover the needs of those companies, while the remainder will be fed into the local grid. The gas-fired combined cycle power station is ultra-efficient, supported by modern technology that causes no increase in NO_x emissions.

Station to provide peak-load power

To meet the demand for power even at peak times, Atel and the Swiss Federal Railways (SBB) are planning to construct the Nant de Drance underground pumped storage power station in the lower Valais region of Switzerland. The facility, which will allow the flexible generation of electricity from Swiss hydro power to meet peak demand, is scheduled for completion in 2015. The project involves constructing a pumped storage power station in an underground chamber between the existing Emosson and Vieux Emosson reservoirs, to channel water from the Vieux Emosson reservoir to the Emosson reservoir some 300 metres below. At night and over weekends, when demand for electricity is lower, the water will be pumped back from the lower to the upper reservoir. Equipped with 600 MW turbines, the Nant de Drance power station is expected to generate around 1500 million kWh of peak energy a year and is scheduled to come on line in seven to eight years time. Because the chamber housing the power station lies deep under rock, building work will have a minimal impact on the landscape.

EGT electricity for Aral petrol stations

Since the beginning of the year under review EGT Energiehandel GmbH, a subsidiary of Atel and EGT Holding AG, has been delivering electricity to around 1600 Aral petrol stations throughout Germany. Some two-thirds of the BP Group's Aral petrol stations in Germany pur-



Emosson reservoir

chased their electricity from EGT in 2007, representing an annual volume of around 300 GWh. The contract was extended for 2008, for the same scope of supply. EGT is responsible for all the coordination and for checking the invoices for BP's electricity purchases. This includes checking the grid usage costs incurred for electricity transits to each end supply point. EGT also checks each and every BP invoice and combines them to create a structured collective bill, which allows BP to analyse costs rapidly and effectively for greater transparency and rapid processing. In 2007 EGT was awarded the TOP 100 Seal of Quality for outstanding innovative achievements for the fourth time in succession.

Nuclear power for security of supply

In addition to measures to enhance energy efficiency and promote the production of electricity from renewable energies, Switzerland requires two to three new nuclear power stations in order to ensure a secure supply of electricity in future without any dependency on imports. Atel is committed to obtaining broad-based support for new nuclear power plants and aims to ensure that the interests of all regions throughout Switzerland are considered. To this end, all the relevant existing nuclear power station sites must be incorporated in the planning process. In this context Atel pressed ahead with a feasibility study in 2007 to examine the potential for a suitable project in the Solothurn region of

Gösgen. This will provide Swiss voters with a choice of the best locations for future nuclear power plants when they are called to the ballot in the democratic decision-making process.

Expansion in South-Eastern Europe

In the year under review Atel acquired Romanian energy trader Buzmann Industries S.R.L. with its significant share of the Romanian end consumer market. This has doubled Atel's business operations in Romania and strengthened its position across South-Eastern Europe. Buzmann Industries adds an important portfolio of industrial customers to the Atel Group. The core business of the Bucharest-based company is the supply of electricity to industrial customers with an annual consumption of 10 to 100 GWh. Established in 2004, the company also delivers services such as metering and data logging, energy-related services and technical consulting. Buzmann will continue to operate independently in the end consumer market.

Green light for new energy company

After some delay, important decisions were made in 2007 in the move to create the leading Swiss energy company with European reach and of European dimensions (Energy West Group). The way ahead was clear

Gas turbine for combined heat and power station



Powering petrol stations



once the Federal Court had rejected a shareholder's objection to the terms of the exchange offer Motor-Columbus (MC) submitted to Atel shareholders in 2006.

At the beginning of November 2007, MC shareholders set the ball rolling by voting to change the name of Motor-Columbus to Atel Holding Ltd, amending MC's Articles of Association to bring them into line with those of Atel, and transferring the registered office from Baden to Olten. Shareholders also gave the go-ahead for the conversion of existing bearer shares to registered shares and for a 1:25 share split. This and other steps provided the springboard for a complex transaction aimed at establishing the leading Swiss energy company with European reach and of European dimensions.

Atel Holding Ltd (formerly MC) submitted a voluntary public exchange offer to Atel shareholders on 12 November 2007. When the offer expired, Atel Holding Ltd held 99.82 per cent of electricity group Aare-Tessin Ltd. for Electricity (Atel), including Atel treasury shares. The procedure to have the remaining Atel shares cancelled and delisted from the SWX Swiss Exchange was set in motion and should be completed by mid-2008. This will pave the way for the Atel Group to merge with the operating assets and activities of EOS Holding and possibly the Swiss assets of the EDF Group as well. The merger is expected to take place by the end of 2008, prior to which Atel Holding will be renamed and its registered office moved to Neuchâtel. This will be followed by the full industrial integration of Atel and the operating activities and assets of EOS Holding, possibly together with the Swiss assets of the EDF Group.

In taking these steps, the participating players in the Swiss electricity sector are laying the foundations for a strong energy company in western Switzerland. Backed by a largely complementary portfolio of offerings, the new company will deliver energy services throughout Europe and command a strong market position in Switzerland. With more than 10 000 employees, the new company will generate sales of more than CHF 15 billion.

112th Annual General Meeting

The 112th Annual General Meeting was held on 26 April 2007. The 453 shareholders and shareholder representatives present submitted no motions and approved all the proposals put forward by the Board of Directors. They also approved the consolidated financial statements unanimously, and the Annual Report and company financial statements by a large majority.

The Annual General Meeting unanimously discharged the Board of Directors from liability and approved the proposed appropriation of retained earnings as well as a CHF 12 increase in the dividend to CHF 40 per share.

The terms of office of Board members Marc Boudier and Urs Steiner expired at the 2007 Annual General Meeting. Both were reappointed for a further three-year term. Jean-Philippe Rochon, representing EDF, stepped down, and shareholders elected Pierre Aumont to replace him for the remaining two years of office.

The Board of Directors has constituted itself as follows for a one-year term of office: Dr. Rainer Schaub, Chairman; State Councillor Christian Wanner, Vice-Chairman; and Alain Moilliet, Secretary. Ernst & Young was reappointed as statutory and Group auditors for a further one-year term as prescribed in the Articles of Association.

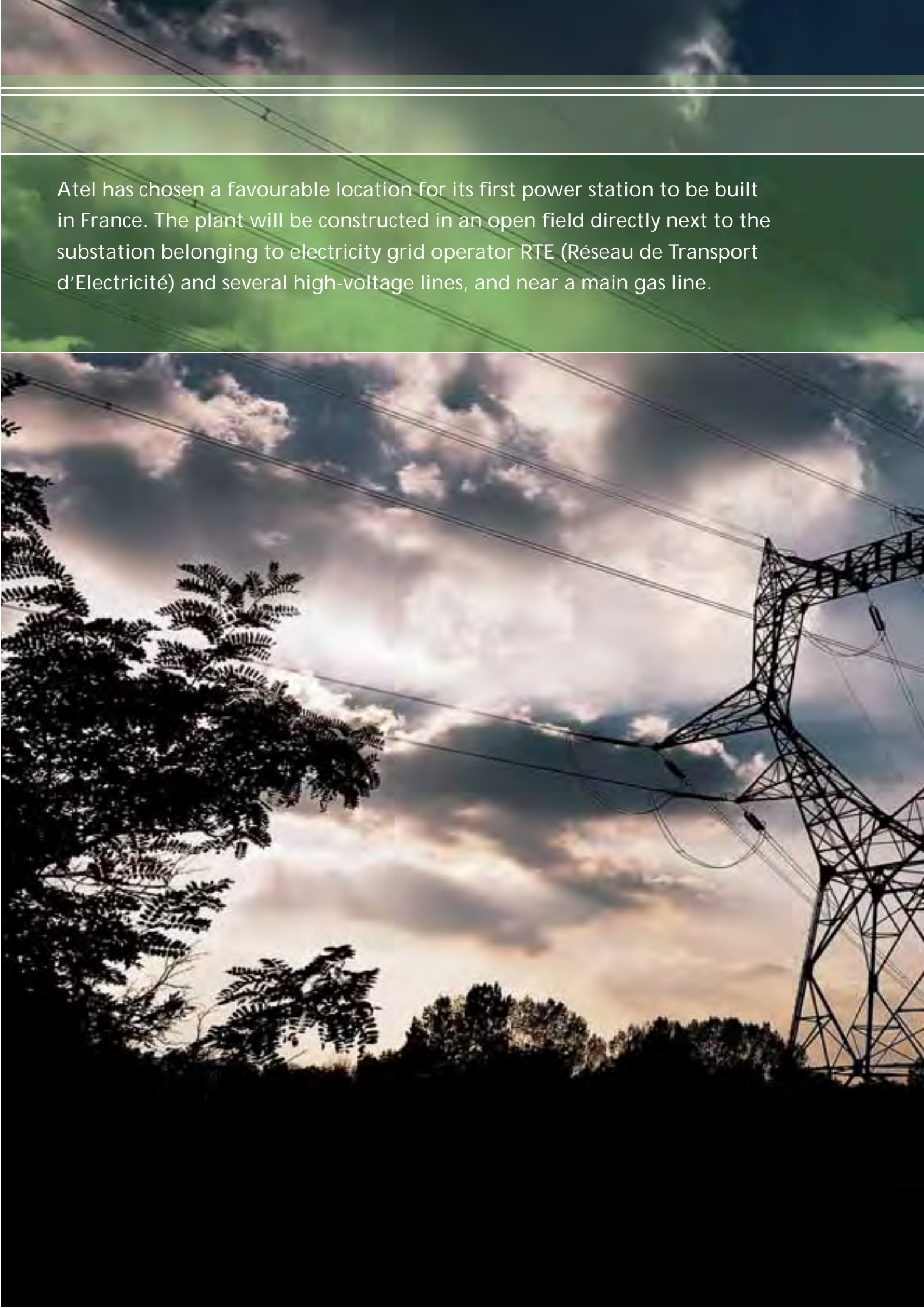
Bayet, France

Saint-Pourçain-sur-Sioule, situated in the heart of France, is well known as the production centre for the famous Louis Vuitton bags. Outside the village, the typical Auvergne landscape stretches in all directions. This is home to the small community of Bayet, where large fields spread out either side of the Sioule River. People in Bayet are proud of this beautiful environment. And they are also proud of the fact that Atel is building a gas-fired combined cycle power station on an unused site nearby. Construction is scheduled to start in 2008 and, when the new 420 MW power station goes into operation two years later, it will help to meet France's steadily growing demand for energy. The project is bringing jobs and money to the village. Between 200 and 300 people will work on the construction site, and local com-

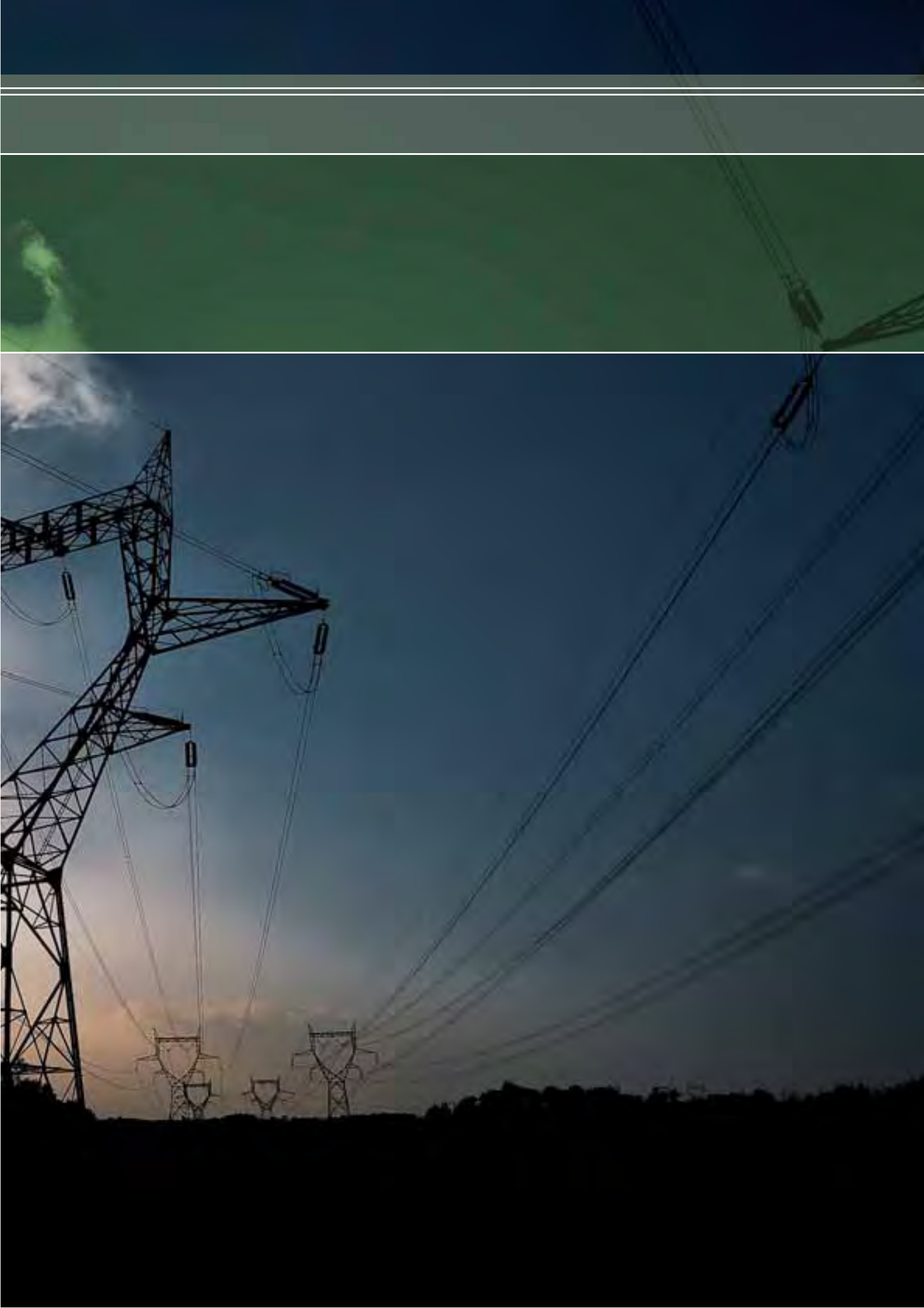
panies have been contracted for a number of tasks. Once in operation, the power plant itself will provide jobs for around 35 people. But the economic benefits are not the sole reason why the overwhelming majority of the villagers were in favour of the project. They also appreciated the fact that Atel consulted them, took their needs seriously and offered compelling solutions. For example, new technology will make the gas-fired combined cycle power station far more efficient than conventional thermal power plants. Atel also adopted an innovative approach to protecting the picturesque Sioule landscape, opting for air cooling rather than water cooling. As a result, the large power station will consume only 16 cubic metres of water a day rather than 3000, thereby keeping the riverscape fully intact.



Bernard Coulon, mayor of the municipality of Saint-Pourçain-sur-Sioule in the Auvergne, is looking forward to the new gas-fired combined cycle power station to be built on the doorstep of "his" village community. It will create jobs, bring more tax revenue and is much cleaner than conventional power plants.



Atel has chosen a favourable location for its first power station to be built in France. The plant will be constructed in an open field directly next to the substation belonging to electricity grid operator RTE (Réseau de Transport d'Electricité) and several high-voltage lines, and near a main gas line.





When construction work begins on the gas-fired combined cycle power station in 2008, Bayet's tranquil village life will undergo a change. Over the next two to three years, between 200 and 300 people will be employed on the building site.



To protect the attractive riverscape, Atel opted for air cooling rather than water cooling, notes Antoine Duffaut, mayor of the municipality of Saint-Pourçain-sur-Sioule approvingly. The new gas-fired combined cycle power station will use only 16 cubic metres of water a day, as opposed to the 3000 cubic metres required by conventional power plants.



Giovanni Leonardi, CEO of Atel Holding Ltd

Well prepared for the energy future

Whether in terms of energy efficiency, renewable energies, large power stations or energy services, Atel is well prepared to tackle the challenges posed by the rapidly changing European energy market. CEO Giovanni Leonardi looks back on a successful year and sets priorities for the future.

Mr. Leonardi, how did Atel perform in 2007 in the overall European context?

In 2007 Atel made great strides in line with our strategy as an electricity trader. We further expanded our sales network, for example in Greece, Spain and South-Eastern Europe. In terms of production expansion, we completed the groundwork for construction of a new 420 MW gas-fired generation facility in Bayet, France. And in Switzerland we drew up plans for a combined heat and power station in Monthey which will come on line in 2009, delivering industrial heat to local businesses as well as generating electricity. We are also investing in a 400 MW gas-fired combined cycle power plant in San Severo in Southern Italy, two wind farms in Sicily and various hydroelectric projects in Norway. Added to this, we made further progress in other projects.

How do you see business developing in Central Europe?

We can rely on a stable basis there, both in terms of sales and production. One significant event was the acquisition of Buzmann Industries S.R.L. in December. The Atel Group has gained an important portfolio of industrial customers through this Romanian energy trader, strengthening our position in South-Eastern Europe.

The Southern and Western European market has also changed. The Italian market has been fully liberalised

since 1 July 2007. We prepared for this step by purchasing Italian energy supplier Energit, which has supplemented the customer base of Energia, our subsidiary in Milan that primarily serves key account customers.

Let's turn to Switzerland: the Federal Council has adopted a new energy policy for Switzerland. What does this mean in practical terms for Atel?

Electricity will be in ever shorter supply over the next few years. Capacity shortages will occur as early as 2012, and there is a risk of a permanent deficit from 2020. In February 2007 the Federal Council responded to this situation by realigning its energy policy, adopting a four-pillar approach based on energy efficiency, renewable energies, large-scale power stations and foreign energy policy. Atel supports this strategy. What's more, we can and want to make a key contribution to each of these objectives.

What do you think will be the biggest problems in implementing this strategy?

The drive to expand new renewable energies faces a dilemma between the social and technical feasibility of the many small-scale projects, and their profitability. This is where promoting renewable energies within the new legal framework is key. Atel has opted to focus its involvement in renewable energies on small hydroelectric power stations and wind power. At present we have a stake in 14 small hydroelectric power stations in

Switzerland, and more than 100 projects were examined in the year under review. Atel is also aiming to expand its portfolio of small hydroelectric power stations abroad, for instance in Italy and Norway, where several hundred million francs will be spent over the next six years on the construction and operation of power plants of this type. Altogether, the various plants in Norway will generate around 475 GWh of electricity per year by 2015.

In other words?

In other words, Switzerland needs new, large power plants. The new law makes it virtually impossible to build and operate gas-fired combined cycle power plants. In the short term that poses a problem for energy security. In the long term, two to three new nuclear power stations need to be implemented rapidly. That also means that time is of the essence, and we have

“Atel puts its trust in a broad portfolio of new renewable energies and is strongly committed to energy efficiency. We want to step up this commitment in 2008.”

What are your plans for wind energy?

We are delighted to report that our first wind turbines have been turning in Italy since the end of 2007. Atel acquired a 49 per cent stake in the construction and operation of two wind farms in Sicily as far back as autumn 2006. When completed, the facilities will have a capacity of 101 MW. The 74 turbines generate around 220 GWh of electricity a year: 15 times the volume of wind power generated in Switzerland.

What role do you ascribe to energy efficiency?

This is an area where Atel can play a leading role. We are already in an excellent position thanks to our Energy Services segment, which has a workforce of more than 2500 highly skilled specialists in Switzerland alone. We aim to systematically expand this position and are currently drawing up a strategy with this in mind.

Are these two pillars sufficient to ensure a secure supply of electricity in Switzerland?

No, absolutely not. Firstly, measures to increase energy efficiency through alternative energy substitution usually lead to higher electricity consumption. Secondly, no matter how vigorously expansion is pursued, new renewable energies can only ever cover a fraction of the electrical energy required to meet demand.

only a few years within which to plan, gain acceptance for, construct and safely operate such facilities. We have a long way to go until then, because Swiss voters will have the final say when they vote in a referendum on the construction of any new nuclear power station. Clearly we can only build such facilities if the majority of the Swiss people is convinced that nuclear power is not only clean and safe but also economically worthwhile for every customer at the end of the electricity chain.

What is Atel's position on concrete projects in this context?

Firstly, together with EOS, Atel is by far the second largest supplier in Switzerland. When combined in future under the umbrella of the West energy group we, or more accurately our customers and shareholders, will be responsible for delivering electricity to several million Swiss people. So we have a duty to ensure a reliable, environmentally compatible supply of electricity on economical terms to large areas of Switzerland. At the same time, it makes eminent sense to plan new nuclear power stations at existing locations where there are the greatest possible chances of implementation. With this in mind, we are pushing ahead with plans for constructing a new nuclear power station in Niederamt, in the canton of Solothurn.

How is the Energy Services segment developing?

The Energy Services segment is currently benefiting from the favourable economic environment and the sustained Europe-wide boom in infrastructure services for energy and transport. It seems that an enormous need for investment has built up over the past decade. One particular coup in this area was the contract for the railway installations in the Gotthard base tunnel. AIT (the Atel Installationstechnik Group) is leading the consortium for this unique project worth CHF 1.7 billion. It is a testament to AIT's expertise and organisational capabilities that it won through against big-name competitors.

How has Atel acted as an organisation in a dynamic environment?

We have made a concerted effort to complete our restructuring. One obvious result is that a separate division has been created from the former Trading business unit. This step was taken in response to the growing importance of trading. A less obvious but equally important outcome for the settlement of daily transactions is the redefinition of systems and interfaces as well as the related processes. This has made Atel fit for further growth and for the merger with our partner EOS.

What's new on the grid expansion front?

We are currently planning to expand the grid with a new section between the Ticino and the Valais. The planning approval procedure for the 380 kV line is already under way: Atel Transmission Ltd. and its project partner Colenco submitted the application to the Federal Inspectorate for Heavy Current Installations shortly before Christmas 2007. The licensing procedure will take around two years, and three more if an objection is lodged with the federal courts.

What is your outlook for 2008?

What will the main issues be?

Besides the industrial merger with EOS of Western Switzerland, our priorities will be on preparing the way for new nuclear power stations in Switzerland and on further expansion of our Europe-wide sales network. We also hope to make progress in rounding out our power plant portfolio in 2008, with special emphasis on

expanding our range of facilities for new renewable energies via Atel EcoPower Ltd. Atel is already heavily involved in activities related to energy efficiency and will step up efforts in 2008.

Liberalisation will inject some momentum in the Swiss energy market in 2009. How is Atel preparing for this?

Atel is well prepared for the changes in the Swiss energy market and has founded Teravis Ltd. as a competence centre for consulting on Swiss market liberalisation. The Olten-based spinoff offers special services designed to help energy distributors strengthen their market position and enhance their competitiveness. Another cornerstone of our strategy is our stake in ReCom, the shared sales platform for Romande Energie and other partners. Needless to say, we will benefit from the experience our colleagues in neighbouring liberalised markets have already acquired and be in a position to pass on this knowledge. The aim is to increase our market share in Switzerland.

Rüti, Switzerland

Modern-day visitors to Rüti in the hinterland of canton Glarus encounter a sleepy, almost unnaturally tranquil village of 350 inhabitants. Yet this was not always the case. In the mid-19th century, a flourishing textile industry brought the Linth valley a boom of gold-rush proportions that lasted well into the 20th century. One example is the Cotlan textile factory run by Cotlan Textilfabrik AG. A small hydroelectric power station was built back in 1936 to supply the factory's hungry machines with electricity. When the factory closed its doors in 2002, the power station remained in operation. Now it belongs to Atel – with good reason. In the interests of climate protection and with the overwhelming support of the local population, Atel is stepping up its commitment to economically viable use of renewable energies. As part of

the measures designed with this aim in mind, Atel has earmarked CHF 200 million to build up its portfolio of small hydroelectric power stations in Switzerland. Since the last major overhaul in the 1980s, the turbines have been operating virtually non-stop and without a hitch. It is thanks in no small measure to the care and attention lavished by operations manager George Antifakos that the power station generates an average of 7000 kWh of electricity a day and boasts an annual production volume of 2.4 million kWh, generating sufficient revenue to cover all running costs. And if things ever get tight, Atel can always replace the existing plant with a higher-capacity facility. A permit to build a new small hydroelectric power station with three times the current capacity has already been granted.



Pressure is required to operate the turbines in the small hydroelectric station. This is created by channelling 4.5 cubic metres of water per second through the turbines in Rüti from a head of 8.5 metres, generating 300 kW of electricity. The annual production volume covers the electricity needs of close to 500 households.



Even now, electricity generated by the small hydroelectric station in the Linth valley would be enough to operate the former textile factory's myriad machines. But several years ago, the factory closed its doors for good, leaving behind the water as a resource for generating electricity.



Operations manager George Antifakos was involved in the overhaul of the small hydroelectric station in 1982. Since this first look at the plant's inner workings, he has not only been personally responsible for upgrading the automatic rack cleaning system at the water inlet, but also carries out all mechanical repairs himself.





Ernst Schindler, former president of the community of Rüti, firmly believes that the alpine flora of the Glarnerland is not affected in any way. Increased use of hydro power in small complementary power plants makes a welcome regional contribution to energy supplies and is environmentally sustainable.

Sunneliäsi



Despite an unusually mild winter, the European sales and trading business posted good results. The year under review saw new products rolled out and new markets penetrated. Ongoing market liberalisation, integration of Central and Eastern European energy markets in the European economic region, and increased volumes at attractive price levels were among the key factors driving this positive trend.

Market opportunities exploited

Atel further consolidated its market position in Switzerland and is well prepared for liberalisation. The positive economic trend in Central and Eastern Europe, coupled with robust growth in other markets, is creating favourable conditions for an additional increase in business activities.

Swiss market

Market position consolidated

2007 saw another encouraging rise in sales and revenue in the Swiss market. While the unusually mild winter of 2006/2007 drove sales in the home territory of North-Western Switzerland down slightly, this was offset by business in other regions. Overall, Atel further consolidated its market position in Switzerland.

The year under review saw a continued increase in market momentum, triggered by the introduction of a schedule balance group (SBG) system governing use of the transmission grid. However, rising energy prices in Europe had little impact on prices in Switzerland. At the same time the trend towards energy shortages persisted during 2007, making it increasingly necessary to respond in good time to shortfalls in supply.

Gearing up for the liberalised Swiss electricity market, Atel established Teravis AG, a provider of consulting services for the purchase and sale of electricity, coupled with technology. By offering its services to all energy distributors in Switzerland, the company can effectively transfer the knowledge and expertise that Atel has already acquired in other markets where liberalisation is more advanced.

swissgrid, the national grid company founded by Atel and other energy companies, started operations at the beginning of 2006 and has been responsible for operating the entire Swiss high-voltage grid since December 2006. It passed a particularly tough test with flying colours during the "Lights out!" climate protection initiative on 8 December 2007. Thanks to intensive planning and perfect coordination with European grids, power fluctuations caused when all the participants simultan-

Overview Energy segment

	+/- variance 2006–2007 in % (based on CHF)	2006 CHF million	2007 CHF million	2006 EUR million	2007 EUR million
Energy sales (TWh)	11.4	115.642	128.841	115.642	128.841
Net revenue	18.4	9716	11505	6177	7002
Segment profit	-17.1	871	722	554	439
as % of net revenue		9.0	6.3	9.0	6.3
Net investments in tangible fixed and intangible assets	4.6	131	137	83	83
Number of employees as at balance sheet date	9.4	1549	1694	1549	1694
plus trading in standardised products					
in TWh	9.0	201.892	220.115	201.892	220.115
in CHF million or EUR million	15.9	13708	15885	8715	9668

eously switched off their lights were balanced, and five minutes later everyone involved in this campaign was able to put their lights on again.

The Electricity Supply Act

After a lengthy but ultimately successful consultation process, the Electricity Supply Act passed into law on 1 January 2008. The act governs market liberalisation in Switzerland and the relationship with the EU, while giving due consideration to the major importance of long-term delivery contracts for Switzerland. Atel supports this but regrets the legal uncertainty that has arisen due to the two-tier approach to market liberalisation, which is based on a random consumption threshold of 100 MWh and the option of a referendum on full liberalisation after five years. This distorts competition and makes it more difficult to prepare optimally for new market structures. The objectives of federal energy policy would be better served through more competition-friendly, market-oriented instruments that pay more heed to efficiency than the regulations contained in the new Electricity Supply Act.

Commitment to renewable energies

In line with its commitment to promoting renewable energies, Atel founded Atel EcoPower Ltd. in 2006, initially injecting CHF 50 million for projects in Switzerland. In the year under review this seed capital was increased by CHF 150 million to CHF 200 million. In October 2007 the new company underscored its support for this form of energy by acquiring several small hydroelectric power stations with a total capacity of 2.2 MW. The power stations will generate some 12 million kWh of electricity a year, representing the annual average consumption of around 2400 households. The promotion of hydro power as the most important indigenous renewable source of energy is an integral part of Atel's strategy. Numerous new projects throughout Switzerland, and in Italy and Norway attest to this commitment.

Regional developments

Società Elettrica Sopracenerina (SES), Locarno, was among those to feel the effects of the extremely mild winter of 2006/2007, with electricity sales, revenue and

production slightly below target. But boosted by exceptional revenues, profit and EBIT were level year on year. As expected, the closure of the Tenero paper factory resulted in a noticeable decline in energy sales, which was further exacerbated by the weather-related fall in demand from private households. Overall, thanks to a sustained boom in the construction sector, SES operated in a highly positive economic environment despite the degree of pressure that the forthcoming liberalisation of the energy market is exerting on the industry.

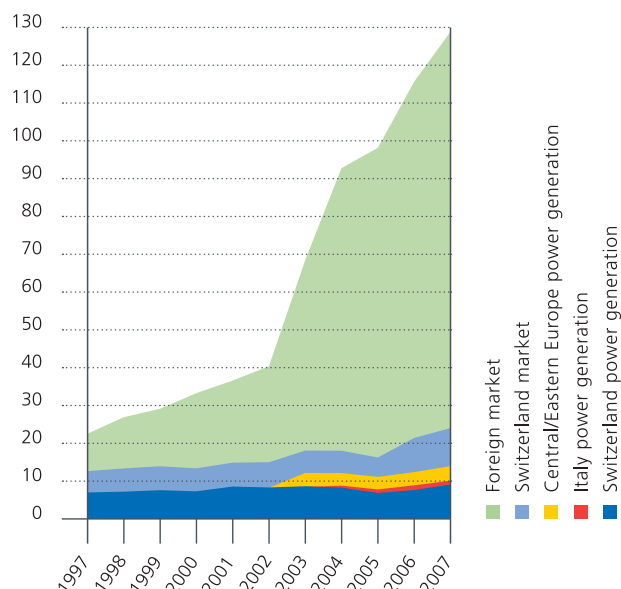
To prepare for these challenges, the prospect of collaborating with Aziende Industriali di Lugano (AIL) was further pursued by joint project teams. In addition, internal resources and external consultants formulated new strategies, including a new tariff scheme for key account customers. Management also put in a huge effort to implement a new software system for managing all work processes related to end consumers, from meter reading to invoicing and the settlement process. This system is being introduced as part of the preparations for the liberalised market in Switzerland.

Negotiations with communities on the renewal of licences proved successful to the extent that no one had exercised the cancellation option by year-end. With the next deadline set for 31 December 2016, relations with communities continue to be fostered and negotiations pursued with a view to retaining grid assets. SES is planning further measures ahead of market liberalisation, including the implementation of new strategies, construction of a new logistics centre, and marketing initiatives such as a new customer database and a training scheme for employees in sales and distribution.

Atel Versorgungs AG (AVAG) closed 2007 with slightly higher energy sales. The company implemented the new electricity supply model in Niederamt by signing electricity supply and operational management agreements with the communities of Däniken, Dulliken and Obergösgen. The concept for unbundling several grid levels, including energy billing, cost centre accounting and organisational redesign, was drawn up as part of the joint operating venture with the Städtische Be-

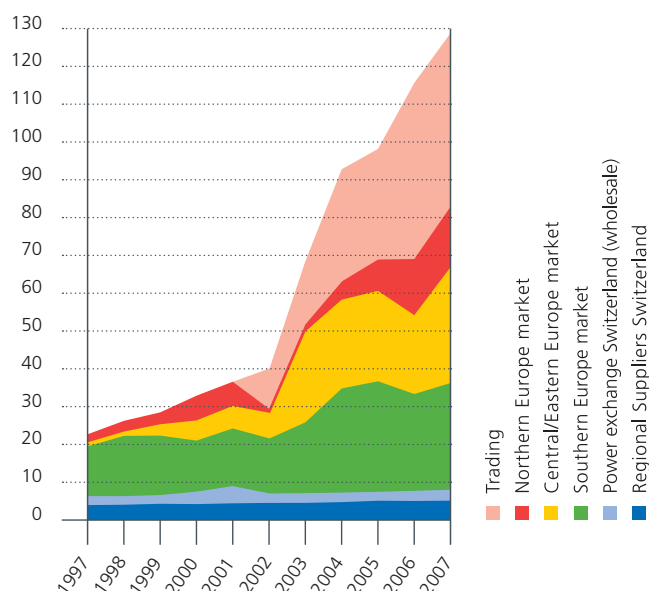
Energy procurement 1997–2007

TWh Not including speculative transactions



Energy sales 1997–2007

TWh Not including speculative transactions



triebe Olten (sbo). Energy billing was also migrated to a new system on schedule within this project phase. AVAG is therefore well equipped to meet the challenges of a market that is becoming increasingly fragmented and where new entrants can be expected in the wake of liberalisation.

AEK Energie AG can also look back on a successful 2007 financial year. The leading energy provider at the southern end of the Jura Mountains signed energy delivery contracts valid until 2013 and commissioned seven new plants with a combined capacity of 4500 kW. Other interesting plans for new facilities, mostly using wood pellets as fuel, are in the project phase. The wood pellets are produced by the company's subsidiary AEK Pellet AG, the leading manufacturer of pellets in the Swiss market.

Market Italy

Results beat expectations

Activities in the year under review were dominated by full liberalisation of the Italian market, where all electricity customers have been free to choose their supplier since 1 July 2007. Atel performed successfully in this new environment, once more achieving significant growth in key accounts. Imports to Italy developed satisfactorily, and the energy flow between Italy and Switzerland was reversed at various times during the year, with energy being exported to Switzerland instead of vice versa. This reflects Italy's gradual evolution towards becoming – at least on occasions – an energy exporter instead of a classical energy importer.

At the beginning of the year under review, mild temperatures caused energy consumption to drop well below expectations, driving electricity prices down. However, due to significant hikes in oil prices during the rest of the year, the Italian electricity exchange saw the price of electricity rise to a new record high in December.

The acquisition of Italian multi-utility supplier Energy.it in 2006 is proving to be a successful market move. Following reorganisation and the opening of new sales

channels, the number of customers in the small commercial enterprises market segment was significantly increased.

Clear positioning for Atel Energia S.p.A.

Atel Energia has positioned itself clearly throughout the value chain, from gas procurement to energy generation and sales. The company purchased and resold gas from suppliers other than Eni for the first time, focusing on directly supplying SME customers. Atel Energia entered this business after clarifying the legal terms and conditions, simultaneously opening new offices in Rome.

International companies based in Italy also signed contracts with Atel Energia with the aim of ensuring energy supplies outside Italy, too. Market liberalisation and the associated momentum have created the right conditions for a raft of new products, and Atel Italy is well placed to leverage this situation.

Central/Eastern Europe market

Ongoing integration

The year under review saw further progress in the integration of the Central and Eastern European energy market in the EU economic zone. The positive economic trend that this ushered in also boosted Atel's growth, resulting in an extremely successful year in Central and Eastern Europe. Benefiting from its activities in energy markets from Poland to Greece, Atel consolidated its position as a leading electricity trader in this region.

End consumer business also developed favourably. Following a sticky start to the year on account of unusually warm temperatures, rising market prices supported positive performance in the Czech Republic and Hungary, where the end consumer supply business continued to prove successful. The subsidiaries founded in Serbia, Romania, Bulgaria and Macedonia made further progress in their drive for expansion.

Progressive liberalisation and EU integration have had an impact on pricing. It is to be assumed that the price

level, principally in the Czech Republic, will increasingly come into line with the German market. While the Hungarian market will remain sensitive to higher prices in the wake of liberalisation, Central and Eastern Europe are expected to see above-average growth, creating the right conditions for Atel's further expansion.

Market West

Robust growth

Business in the market West developed successfully in 2007, with more than 9 TWh of energy supplied in France and Spain, and new contracts worth more than 13 TWh signed primarily with industrial customers for 2008 and later. Optimal portfolio management and good risk controls proved an effective hedge against the potentially negative consequences of a volatile spot market.

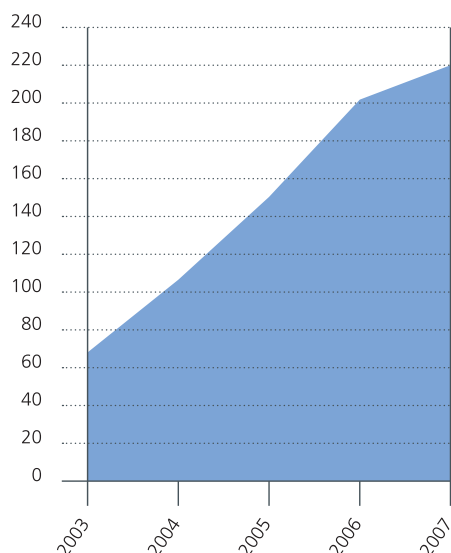
Business in France was impacted by two developments: adjustments to new regulatory conditions and the successful progress made in the power plant project in Bayet, central France. The new regulatory framework and the associated transit tariff system, in particular, imposed exacting demands on IT, portfolio management and trading policy – challenges which Atel successfully mastered. Faced with a complex environment, Atel succeeded in gaining additional market share, winning new customers and strengthening its position as the principal challenger of Electricité de France (EDF) in the industrial customer segment.

In its second year of operations in Spain, Atel in Barcelona recorded robust growth by winning contracts with industrial customers. Business activities are expected to increase significantly with the price deregulation scheduled for 2008.

Consistent with its strategic focus, Atel is planning to step up its involvement with renewable energy in Spain and France, with emphasis on wind and solar power. Atel is examining the possibility of purchasing or building power generating facilities with a capacity of 200 MW.

Energy sales 2003–2007

TWh Standard transactions completed



Market Germany

Still on track for growth

Germany is not only the largest energy market in Europe, but also the most competitive. Amidst this highly charged environment, Atel Energie AG performed extremely well in 2007. All areas of operations can look back on a favourable trend in business during the year under review, with sales, portfolio management and sales partnerships all exceeding their defined targets.

By continuing to develop sales partnerships, Atel was able to penetrate new market segments, such as supplying the two largest petrol station operators in Germany, which boast several thousand points of sale across the country (see page 14). As in previous years, performance was impacted by the rising prices of coal, natural gas, oil and electricity. The price rise, coupled with increasing price volatility, caused uncertainty in all relevant markets. Targeted, transparent advice on an effective purchasing strategy proved to be a key factor for success in 2007. Atel's market position was significantly stabilised during the year after signing long-

term contracts following systematic market screening, and flexible contracts to hedge the portfolio.

Long-term contracts signed

At political level, the debate on ways to restrict the oligopoly on power generation was stepped up. Although new power plants are being connected to the grid in Germany, it is questionable whether this additional capacity is sufficient to meet demand. The planned decommissioning of nuclear power plants, coupled with public resistance to new coal-fired power stations, has caused many projects to be delayed or even shelved for good. Within a few years, Germany will face electricity shortages. As a contingency for the future, Atel has gained access to power plant capacity by signing and committing to long-term contracts.

Access to generation capacity in Germany will remain an important issue in 2008. Green energy, which is growing in importance in the minds of consumers, will also remain on the agenda for 2008. This will increase the demand among wholesalers for green energy certificates. Given the high price of energy, it remains to be seen whether the demand for green energy will continue to grow.

Market Scandinavia

Stronger market presence

Extremely high volatility was the dominant feature of the Scandinavian energy market in 2007. After extremely high prices at the start of the year, the level dropped due to heavy rainfall in the summer, only to rise steadily again towards the end of the year. Despite these major fluctuations, the strategy adopted in 2003 was successfully pursued during the year. Energipartner AS Oslo performed extremely well in a highly dynamic market environment, with increased revenue more than offsetting the revenue losses in Denmark caused by political decisions on regional reorganisation. In view of the stable economic climate in Norway and Denmark, Energipartner intends to expand its market presence to all Nordic countries and become a player in the all-Scandinavian market.

Trading & Services

Successful financial year

Trading continued to operate successfully in its key markets of Germany, France, Benelux countries, Italy and Switzerland, with asset trading effectively leveraging the volatility in the spot market. The unit closed 2007 on a successful note, with the financial result on a par with the very good prior year result despite generally less favourable market conditions. Weather conditions had a significant impact on trading activities. Added to that, as banks and hedge funds become increasingly involved in trading, the effects are being felt not least in the human resources area. This stronger presence by players from the financial services sector, who are targeting the electricity market for portfolio management purposes and as a practical supplement to their service offerings, is having an impact on the market. Intraday trading is gaining in importance for physical traders, and the inclusion of intraday trading options on exchanges supports this trend.

Commodity trading in gas and coal has also grown in importance, and the future CO₂ portfolio has been substantially expanded through the implementation of CER (certified emission reduction) projects. Such developments have taken Atel several steps further in its transformation from electricity trader to energy trader.

Changes emerging in the energy markets are having an impact on several levels. Firstly, market liberalisation in the EU is prompting Eastern European countries in particular to provide state support in a bid to protect national providers, thereby delaying the opening of the market. The result is a dramatic rise in prices in this region. Secondly, services such as trading in energy derivatives on behalf of third parties are creating new products in the market. Since such offerings are increasingly equated with financial services for regulatory purposes, they are subject to EU-wide regulations. Given this situation, Atel has made all the necessary preparations to establish a capital company which is licensed to trade in energy derivatives for third-party customers within the EU.

Outlook

The physical electricity market will increasingly concentrate on the challenges posed by grid congestion and regulation. In parallel with this development, balancing energy, intraday trading and system services are gaining momentum. At the same time, the price correlation between Northern and Southern markets will increase. As a result, electricity sales will no longer primarily be directed towards the South. While this trend poses additional challenges, particularly for traders in Switzerland who have access to flexible production facilities, it also offers them opportunities. Moreover, changes are afoot in Eastern European countries, which are increasingly coming into line with EU standards and preparing the infrastructure (exchanges and auctions) that will support the implementation of liberalisation in these markets. As an active and forward-looking market player, Atel will respond to these trends and is in a position to leverage new opportunities.

In recognition of the growing importance of Trading and to prepare for growth in this business, Settlement and Systems (Analysis and Portfolio Management) was assigned to this business unit on 31 December 2007 and upgraded to form a new Trading & Services division.

Settlement and Systems

Efficient settlement, strong growth in volume

Liberalisation of Europe's energy markets and the associated expansion of business activities are helping the Settlement and Systems business unit to post significant growth in settlement volumes. While new products, new markets and the need to integrate new subsidiaries posed major challenges, trading and sales settlement activities went smoothly and without a hitch. At the same time, a Group-wide task force revised the central portfolio from the ground up. Other successes included the implementation of a risk, analysis and forecasting platform and the introduction of Atel standard systems in Italy. The work involved in setting up a new central Trading & Services division called for a major effort on the part of everyone involved.

Developments in the regulatory environment of liberalised European energy markets had a major impact on business. Such markets are gaining momentum in the course of their transition from a closed to an open market, necessitating stability as well as flexibility in settlement operations and systems. Atel responded to these new challenges in good time by setting up a new trading system.

The Settlement and Systems business unit was dissolved on 31 December 2007. Analysis and Portfolio Management were transferred to the Trading & Services division, while Settlement and energy-related IT now come under the Financial Services functional unit.

Across all markets, power generation in 2007 was dictated by the rising demand for energy, liberalisation of markets and a growing interest in renewable energies, fuelled by the debate on climate change. In addition to wind farm and solar power projects, Atel is focusing more strongly on expanding its portfolio of small hydroelectric power stations. However, to meet the growing demand for energy, the market must continue to draw on other energy sources and large power plants. Atel is placing emphasis on gas-fired combined cycle power stations that offer optimal energy efficiency, together with nuclear power in Switzerland.

Successful year with full order books

In addition to a wide range of major projects and the consolidation of power generation capacities in the East, Atel concentrated on expanding its portfolio of small hydroelectric stations in the year under review. Atel Transmission Ltd. made intensive preparations for market liberalisation and can look back on a successful year.

Power generation Switzerland

Hydroelectric power: dynamic trend

Production volumes in 2007 were above the ten-year average. Even though large power stations once again suffered from unfavourable hydrological conditions, hydroelectric power is gaining importance as a renewable energy source. The financial support envisaged for renewable energies by the Federal Energy Act triggered unprecedented dynamic development in this sector.

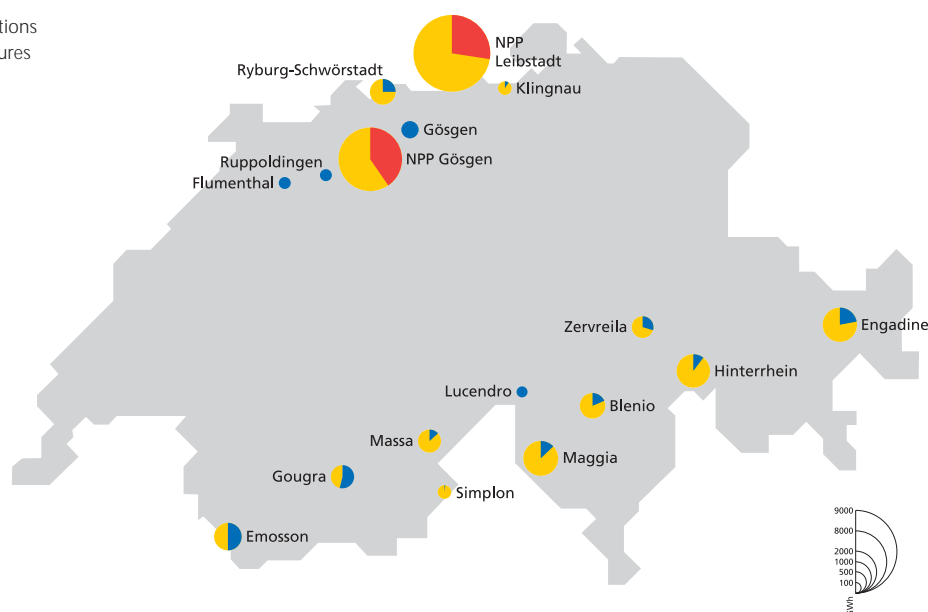
Atel EcoPower Ltd. is already a part owner of 14 small hydroelectric power stations and is involved in projects at some 100 locations. Contacts with the licensing

authorities have produced positive results at 35 locations, where feasibility studies have been conducted and some licensing projects are already in the planning phase. Moves to purchase another ten small hydroelectric power stations are at various stages of negotiation. Switzerland is aiming to increase the share of renewable energies to around 5.4 TWh by 2030. Atel is targeting a share of around 20 per cent, primarily from small hydroelectric power stations and wind farms. With this in mind, expansion of Atel EcoPower Ltd. is being accorded key priority.

Hydroelectric power stations belonging to affiliated companies operated without any major hitches during

Power generation in Switzerland

- Atel's own hydroelectric power stations
- Interests in hydroelectric joint ventures including purchase rights
- Interests in thermal joint ventures



the year. Due to the growing need to upgrade facilities, more plants had to be shut down. A sharp rise in raw material prices impacted renovation costs, while higher generation costs were offset by higher market prices. Consumers' willingness to pay high prices for hydro-generated electricity in the interests of long-term energy security reflects the growing awareness of the need for sustainable solutions to meet the incessant rise in demand for energy.

New-build projects on track

The project for the Nant de Drance underground pumped storage station was cost-optimised for the purpose of the construction decision. Renovation work including energy efficiency enhancements for the Flumenthal

power station and the Navisence power station operated by Kraftwerke Gougra AG, as well as work on rebuilding the Inn communal power station and the diversion of water from the Lugnez to the facility belonging to Kraftwerke Zervreila AG, progressed according to plan.

Nuclear power enjoying a renaissance

Production volumes at the Gösgen and Leibstadt nuclear power plants were on target in 2007. The annual revision and an exchange of fuel were carried out at both power plants. Alongside these routine tasks, Atel stepped up preparations for a new nuclear power station in the wake of the new energy policy adopted by the Federal Council in spring 2007, which states that new and replacement nuclear power plants are essential

Hydroelectric power stations Switzerland

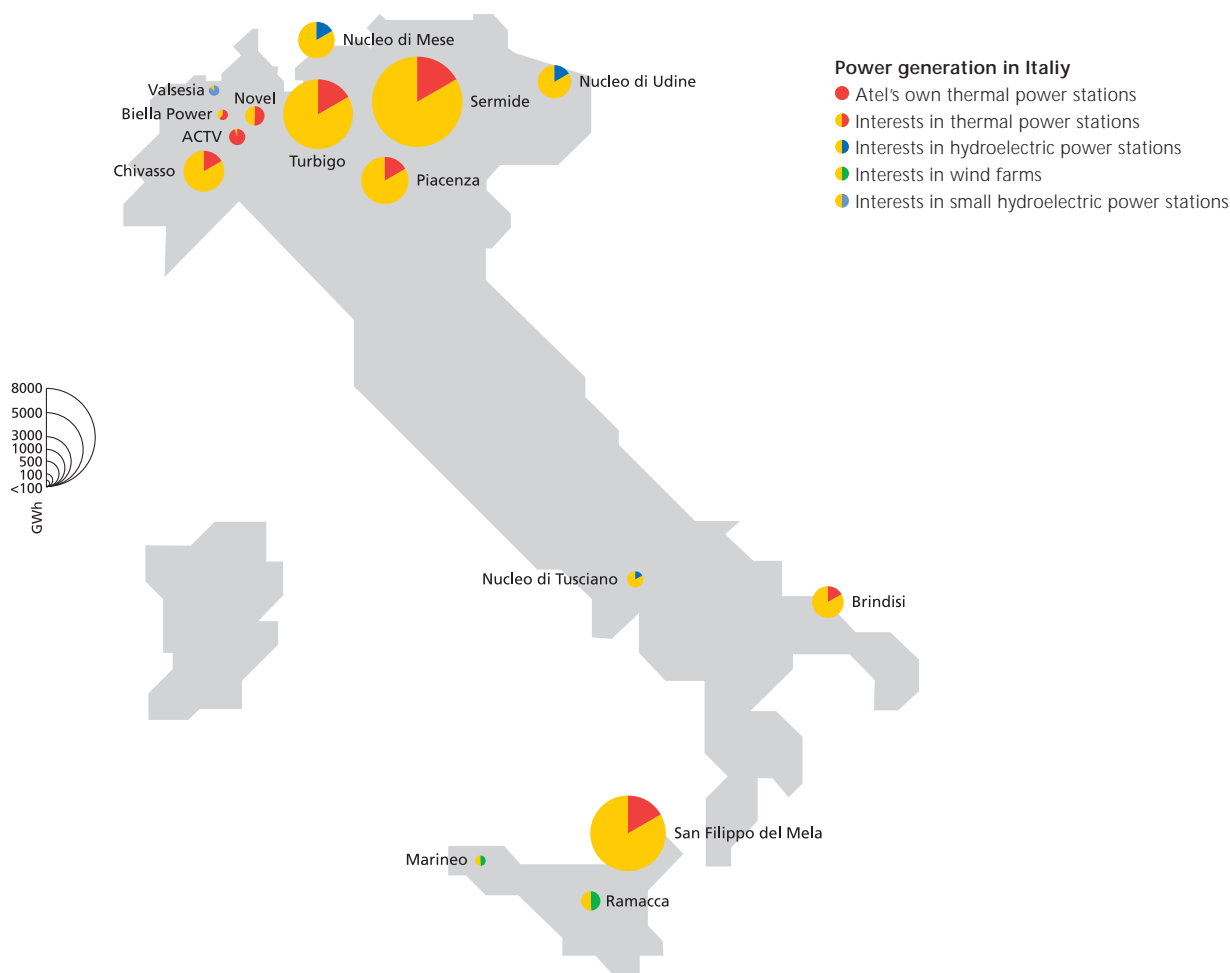
Company	Atel holding in %	Capacity MW	Power generation GWh average	Power generation GWh 2006/2007	Variance in %	Atel share GWh 2006/2007
Atel Hydro AG*	100.0	92	500	527	5.4	527
Atel Hydro Ticino SA	100.0	60	100	41	-59.0	41
Aarewerke AG	10.0	43	230	232	0.9	23
Blenio Kraftwerke AG	17.0	391	882	760	-13.8	129
Electra-Massa AG	11.5	340	543	557	2.6	64
Electricité d'Emosson SA	50.0	360	860	881	2.4	441
Energie Electrique du Simplon SA	1.7	42	234	230	-1.7	18
Engadiner Kraftwerke AG	22.0	410	1 377	1 102	-20.0	242
Kraftwerk Ryburg-Schwörstadt AG	25.0	110	761	766	0.7	192
Kraftwerke Gougra AG**	54.0	159	639	664	3.9	432
Kraftwerke Hinterrhein AG	9.3	651	1 397	1 275	-8.7	119
Kraftwerke Zervreila AG	30.0	250	554	531	-4.2	159
Maggia Kraftwerke AG	12.5	626	1 350	1 405	4.1	176
Total Atel share 2006/2007				(prior year 2181)		2563

* Excluding BKW share KW Flumenthal

** Energy purchase right of 65 %

Thermal power stations Switzerland

Company	Atel holding in %	Capacity MW	Power generation GWh average	Power generation GWh 2007	Variance in %	Atel share GWh 2007
Kernkraftwerk Gösgen-Däniken AG	40.0	970	7 410	8 159	10.1	3 264
Kernkraftwerk Leibstadt AG	27.4	1 165	7 973	9 437	18.4	2 586
Total 2007			15 383	17 596		5 850



in order to guarantee energy security. In so doing the political executive has confirmed the status of nuclear power as a serious option for meeting the emerging shortage of Swiss energy supplies, and a viable way of covering consumption which, despite energy-saving measures, is growing by one to two per cent a year.

Atel used the year under review to make further progress in its preparations for the submission of a framework permit application for a new nuclear power plant, which will strengthen its position in Switzerland's nuclear energy market. In this context, it is essential that the political and legal frameworks for investments in large power plants be further developed. In addition to the

need to build replacement and new plants, it is essential that existing nuclear power stations be managed so as to optimise costs and benefits.

In 2007 Atel was granted a permit to construct a combined heat and power station in Monthey with an electrical capacity of 55 MW and a thermal capacity of 43 MW, paving the way for construction to start in spring 2008. The power plant is expected to come on line in autumn 2009 and will primarily produce industrial heat for the chemical companies located on the site. Because it uses combined heat and power technology, 80 per cent of the energy in the fuel can be utilised, generating electricity as a secondary energy.

Power generation West

Expansion of power generation facilities

Atel can look back on a successful year in Italy, which saw a further rise in energy demand, market liberalisation and increased interest in renewable energies fuelled by the climate debate.

Construction of the two wind farms in which Atel has a stake in Ramacca and Marineo, Sicily, is proceeding according to plan. When they go into operation, they will deliver 220 GWh of electricity, allowing Atel to cover a sizeable portion of the legally required share of renewable energies in Italy ("Certificati Verdi"). In so doing Atel is not only contributing to climate protection but also expanding its know-how in new technologies. Such investments also make sense in view of Atel's drive to generate some of the required Certificati Verdi itself rather than purchasing them in the market.

By acquiring the small Gestimi hydroelectric power station in Alagna, Valsesia, Atel generated the first Certificati Verdi in 2007 from its own production facilities. Construction of the small Idrovalsesia hydroelectric power station in Vogna is also on schedule. When the plant goes into operation in mid-2008 it will have a capacity of 4.6 MW.

The growing demand for energy cannot, however, be met solely by renewable energy sources. This is why the gas-fired combined cycle power station currently in the initial stages of construction in San Severo is so important. As a result of these measures, Atel is well poised in Italy to meet the requirements of a market which looks set to become even more dynamic in the future.

The project for the 420 MW gas-fired combined cycle power station in Bayet also made good progress, with Atel Energie SAS obtaining all the permits and author-

Hydroelectric power stations Italy

Company	Atel holding in %	Capacity MW	Power generation GWh 2007*
Edipower S.p.A., Nucleo di Mese	16	377	810
Edipower S.p.A., Nucleo di Tuscano	16	96	163
Edipower S.p.A., Nucleo di Udine	16	309	671
Gestimi S.p.A., Valsesia	85	4	13
Total 2007			1657

* 100%, excluding production of CIP 6 and mini-hydro facilities

Thermal power stations Italy

Company	Atel holding in %	Capacity MW	Power generation GWh 2007*
Edipower S.p.A., Brindisi	16	640	2875
Edipower S.p.A., Chivasso	16	1140	5481
Edipower S.p.A., Piacenza	16	860	3216
Edipower S.p.A., S. Filippo	16	1280	4020
Edipower S.p.A., Sermide	16	1140	4968
Edipower S.p.A., Turbigo	16	1720	1793
Novel S.p.A., Novara	51	100	638
Atel Centrale Termica Vercelli S.r.l. (ACTV), Vercelli	95	50	324
Biella Power S.r.l., Cerreto Castello	60	20	41
Total 2007			23356

Thermal power stations Central Europe

Company	Atel holding in %	Capacity electric MWe	Capacity thermal MWth	Power generation electricity 2007 GWh	Power generation heating 2007 TJ*
Csepel I + II, Budapest	100	389	326	2 166	1 120
Kladno Energy Business	100	385	272	1 555	1 142
Zlin Energy Business	100	50	320	172	1 411
Total 2007				3 893	3 673

* Heating output only into the heating distribution system (i.e. without heating generated and used for power generation)



Power generation in Hungary and the Czech Republic

● Atel's own thermal power stations

isations for the project in the course of the year. With the access road already in place, actual construction work will begin in early 2008 and is scheduled for completion in January 2010. The Bayet power station is Atel's first power generation facility in France.

In addition to these important large-scale projects, Atel also aims to step up expansion of small hydroelectric power stations in the future. In Norway, for instance, CHF 200 million will be invested over the next six years in the construction and operation of power plants of this type. Altogether, the various plants will generate around 475 GWh per year by 2015.

Power generation Central

Good performance

2007 was the first year of operation for the Kladno power plant complex since Atel acquired 100 per cent ownership of the facility, thereby consolidating its position as one of the largest independent electricity and heat producers in the Czech Republic. The year under review also marked a first for the Csepel power plant in Hungary, likewise wholly owned by Atel, when it entered the liberalised gas market. The plant also generated a new record volume of electricity.

Despite a few early outages at Kladno and Zlin, unusually warm climate conditions in the spring and the erosion of CO₂ certificate prices, performance exceeded

expectations in the year under review. This sustained upward trend was boosted by excellent technical performance, favourable business arrangements in Hungary, and a steady rise in prices in the Czech Republic.

Nevertheless, competitive pressure is expected to increase in 2008, and market liberalisation in Central and Eastern Europe will continue to dictate the price structure for energy products. Added to this, there is strong competition from established local players and leading European energy providers. However, Atel has created a stable position for itself by consolidating its power generation capacities (the Csepel gas-fired power station alone covers around 6 per cent of Hungary's total electricity needs). Besides meeting market challenges, the main priority is to respond proactively to the requirements set by authorities and policymakers in the EU, with emphasis – as before – on long-term supply agreements, primarily in Hungary.

Measures to optimise the earning capabilities of existing power plants, coupled with development work on the technical expansion of facilities in Kladno and Csepel, will significantly support Atel in tackling new challenges.

Grid (Atel Transmission Ltd.)

Greater energy security

Atel Transmission Ltd. has recorded another successful year in which it achieved its set objectives and implemented a large number of projects for customers and for its own account. AVAG, Onyx and AEK Energie AG commissioned Atel Transmission Ltd. to plan and implement the renovation of the 50 kV substation in Klus. The new substation went live on 1 October 2007 and supplies the Balsthal/Oensingen region.

The SBB commissioned Atel Transmission Ltd. to install a 132 kV/16.7 Hz branch as an extension of the existing line between Airolo and All'Acqua, adding a further stretch to the through-line from Massaboden to Giubiasco. This connection will increase energy security for the new alpine transit route once all line sections are

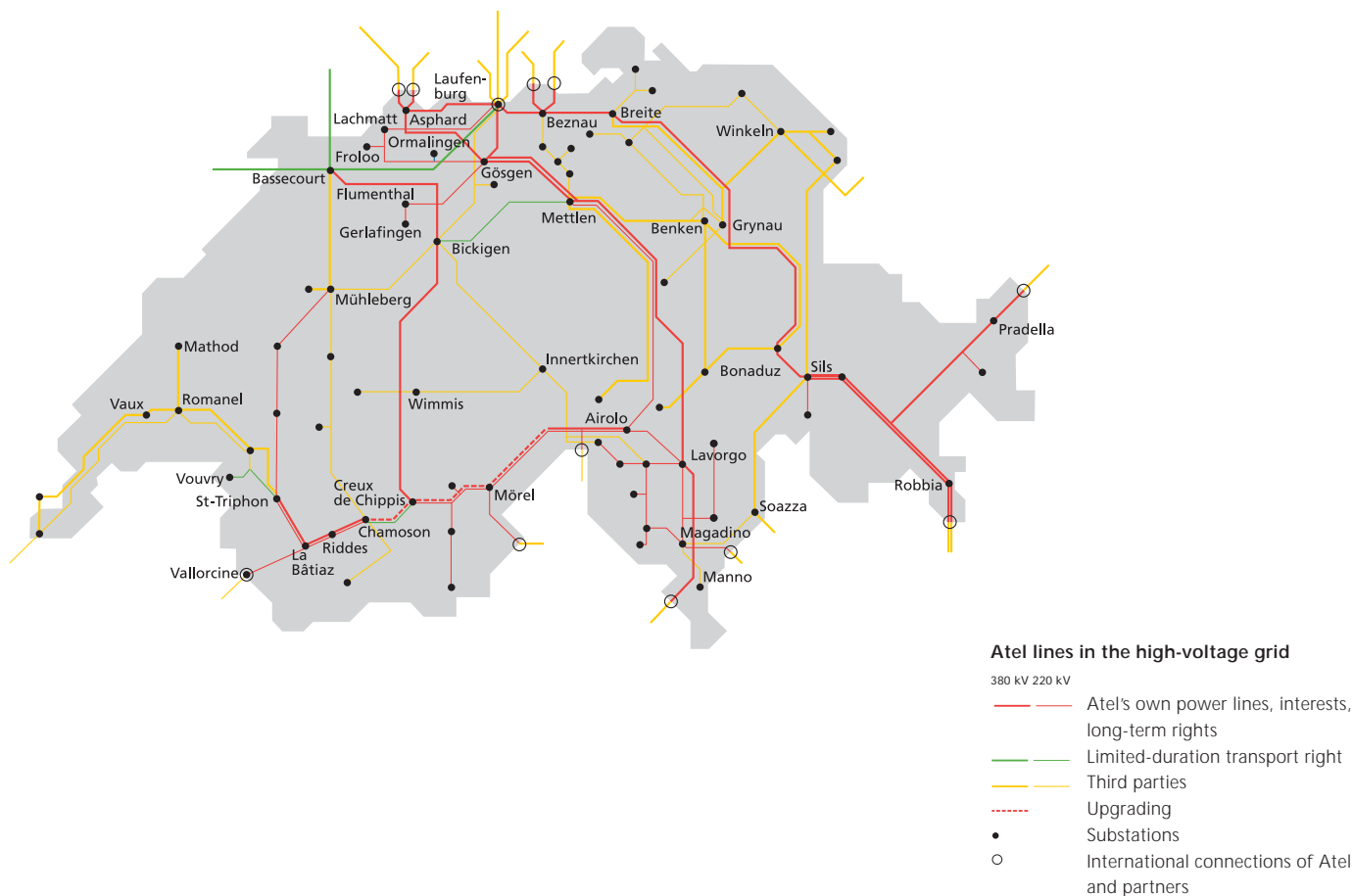
in place. The SBB branch is part of a new communal line (380 kV, 220 kV, 132 kV and, in some sections, other voltages) which several partners, led by Atel Transmission Ltd., are installing in the upper Valais and upper Ticino regions. At the end of the year dossiers for the public circulation of plans for the Mörel-Ulrichen section were submitted to the Federal Inspectorate for Heavy Current Installations, and the permit procedure was opened at the beginning of 2008. Conflict-resolving proceedings were carried out in 2007 to reach a suitable solution for the line corridor section between Lavorgo and Airolo. The Federal Council is expected to define a corridor in the course of 2008. Atel is aiming to have the new communal line fully commissioned by 2013.

Implementation of the line section between Wangen a. A. and Flumenthal has paved the way for putting the new 220 kV line stretching from Bickigen to Flumenthal into operation in early 2008. This will enhance energy security throughout the Solothurn region thanks to two independent 220 kV connections between Gösgen and Bickigen.

With demand for construction materials (steel and copper) and operating equipment (switching systems and transformers) once again outstripping supply in the year under review, Atel Transmission Ltd. was confronted with long, and in some cases extremely long, delivery periods and prices that remained stubbornly high. This trend is set to continue in the current year.

Preparations for market deregulation

In concert with the other interconnected companies and swissgrid, Atel launched the MUNCH ("Marktöffnung Übertragungsgesetz CH" /Market Liberalisation Transmission Network CH) project during the year to coordinate all activities related to the transmission network ahead of the liberalisation of the Swiss market. At the same time, Atel's MACH ("Marktöffnung CH" /Market Liberalisation at Atel) project was developed in order to bundle Atel's preparations for market liberalisation in Switzerland. Following the enactment of the Electricity Supply Act on 1 January 2008, access to the grid is being regulated by the state.



In the short term, there are several challenges to be addressed. By the end of 2008 existing balance zones will be dissolved, a schedule balance group and grid usage model introduced, system services converted to a market-driven system and cross-border capacities allocated by auction. In view of these forthcoming changes, Atel Transmission Ltd. is aiming to raise its profile and enhance its position as a provider of services for the transmission grid, trans-regional networks and railways.

Jülich, Germany

Jülich is not one exactly of Europe's sunniest spots. Yet the city in the west of North Rhine-Westphalia is playing an important role in the use of solar energy. A unique pilot power station using solar tower technology is being built here. At the centre of the new-style solar facility stands a 60 metre high tower. Almost 18000 square metres of sun-tracking mirrors (heliostats) focus radiation on a collector tower in which the air is heated to around 700° Celsius. The hot air updraft generates steam in a boiler, which in turn drives a steam turbine with an electrical capacity of 1.5 MW. A special energy storage system compensates for fluctuations in solar radiation at different times of the day. Atel's investment in the first solar-heated power plant of this type marks a milestone in the move towards CO₂-free electricity generation. Kraftanlagen München GmbH, a subsidiary of Atel group

company GAH, is responsible for the planning and construction of the experimental power station and developed the new method in conjunction with the German Aerospace Centre and the Solar Institute Jülich of Aachen University for Applied Sciences. The result of this collaboration is a combination of innovative solar technology and proven power plant technology to produce a pioneering method for solar tower power plants that is both ecological and reliable. The pilot power station will start operating at the end of 2008. The aim of the project is to comprehensively test the solar tower power plant technology, optimise individual system components and acquire experience in operating a power station of this type. Once the project is completed, the innovative technology will be marketed in sun-rich countries for use in 10 to 50 MW power plants.

Heliostats is the technical name given to the mirrors that move around two axes to track the sun's movement. They are the key components of the solar tower technology jointly developed by the Solar Institute Jülich under the supervision of Professor Bernhard Hoffschmidt.





The pilot power station in Jülich consists of a field of heliostats measuring almost 18000 square metres, with a collector tower at its centre. The field of heliostats can contain anything from a hundred to several thousand of these tracking mirrors.



The project was the result of intensive collaboration between experts at the Solar Institute Jülich of Aachen University (including graduate engineer Anette Anthrakidis), the German Aerospace Centre and Kraftanlagen München GmbH.

The air collector is the heart of the energy generating system at the Jülich solar power station. It absorbs the collected solar radiation and releases it at the highest possible temperatures to the air that acts as a heat transfer medium. This process is artificially reproduced in the test installation.





Supported by healthy economic conditions in the construction and energy-related sectors, Energy Services enjoyed further robust growth in the year under review. In addition to high capacity utilisation in building services and transport technology, Atel also posted an increase in orders in niche markets. With an order book well above target, the GAH Group is ideally positioned for further growth. In the wake of major acquisitions, the AIT Group is evolving to become the leading provider of building services in Switzerland. A milestone was achieved with the award of a contract worth CHF 1.7 billion for railway installations in the Gotthard base tunnel.

All set for robust growth

Atel Installationstechnik Group (AIT) enjoyed a successful year in which sustained favourable economic conditions and good capacity utilisation were the key drivers. The German GAH Group exploited the boom in capital expenditure, recording significant growth.

AIT Group

Encouraging performance

Despite turbulence in international financial markets, the energy services market continued to enjoy robust growth in all areas, from transport technology to energy transmission and communications technology and building services. Thanks to a mild winter and the ongoing positive economic situation, 2007 started on a highly encouraging note and continued in this vein throughout the year. In particular, high capacity utilisation in building services and transport technology resulted in an unusually high level of activity. However, the need to implement projects rapidly in Switzerland and abroad soon revealed a growing lack of specialist staff. The large number projects to be implemented simultaneously also meant increased workloads for staff. Flexibility, quality and adherence to schedules nevertheless remained a key priority.

Leading provider in Switzerland

The decline in applications for building permits in the year under review is a clear sign that the residential construction market is approaching saturation point. However, from mid-2007 this slowdown was offset by increased capital spending in the industrial and commercial sectors. Good progress was also made in the move to offer mechanical building services throughout Switzerland, bringing AIT a good deal closer to achieving this objective. Through its acquisitions in the canton of Ticino, Central Switzerland, Zurich and South-Eastern Switzerland, the company has further evolved to become a leading provider in Switzerland.

Railway technology for the world's longest rail tunnel

AIT scored successes on several fronts with its transport technology. It has gained access to the European market for tramlines and, thanks to a proprietary development,

Overview Energy Services segment

	+/- variance 2006–2007 in % (based on CHF)	2006 CHF million	2007 CHF million	2006 EUR million	2007 EUR million
Order intakes	30.9	1 834	2 400	1 166	1 461
Net revenue	20.5	1 626	1 959	1 034	1 192
Segment profit	69.0	29	49	18	30
as % of net revenue	38.9	1.8	2.5	1.8	2.5
Net investments in tangible fixed and intangible assets	11.6	43	48	27	29
Number of employees as at balance sheet date	8.5	7 119	7 726	7 119	7 726

Atel expects to implement various projects in Greece, Belgium, the Czech Republic and Poland.

Work on the Alptransit Lötschberg base tunnel was successfully completed in the summer of 2007, enabling the operator to inaugurate the tunnel on schedule. Atel Installationstechnik Ltd. was responsible for the planning, coordination, delivery and installation of overhead power lines and for the low-voltage installations.

In spring 2007, when the finishing touches were being put to the Lötschberg tunnel, the Transtec Gotthard consortium led by AIT won the contract for railway installations in the Gotthard base tunnel – the world's longest rail tunnel, stretching 57 kilometres. The contract is worth around CHF 1.7 billion. The project was delayed by an objection filed by the rival consortium, but when this was withdrawn in early December the way was clear for work to commence.

Another major contract was secured by Atel Impianti SA to supply the electrical and control technology for a waste incineration plant in Giubiasco. Business also developed encouragingly in other energy transmission technology markets – including Eastern Europe.

Outlook

The AIT Group expects a slight slowdown in capital spending in the current year. This is expected to result in a process of consolidation in transport technology and building services. However, there is still potential for growth in the transport technology business in Western and Eastern Europe and in building services in Northern Italy. Against this backdrop AIT has set itself the goal of growing organically, while examining acquisitions at the same time. In operational terms, the priority is on consolidating the acquisitions made.

GAH Group

Sustained economic upswing in Germany

The German economy continued to grow in 2007, with gross domestic product increasing by another 2.6 per

AIT Group

Building Services	Transport Technology	Major projects
Atel Gebäude-technik AG Zurich	Kummler + Matter AG Zurich	
Atel Gebäude-technik West AG Olten	Mauerhofer + Zuber SA Renens	
Indumo AG Strengelbach	Elektroline a.s. CZ-Prague	
Atel TB Romandie SA Vernier		
Atel Impianti SA Savosa		
Atel Sesti S.p.A. IT-Milan		

cent. In this favourable market environment, the GAH Group profited substantially from the pronounced investment boom among energy suppliers, with incoming orders exceeding the magic EUR 1 billion mark for the first time. Amidst this environment the Energy Transmission and Communications Technology division posted stable development, while Industrial and Plant Engineering recorded significant growth.

Energy suppliers' heavy capital spending on new power plants was the principal factor leading to full order books for the GAH Group: contracts to the tune of EUR 75 million each were won from German RWE to install a high-pressure pipe system for the world's largest and most modern brown coal power station in Neurath and for the hard-coal-fired power station in



AIT Group facilities

Other foreign facilities: Milan (IT), Ede (NL), Prague (CZ)

Westphalia. GAH is also the general contractor for the Linz Mitte (Austria) cogeneration plant. Worth EUR 89 million, the contract represents the largest single order in the GAH Group's history.

Orders were also up in niche markets, such as waste incineration and biomass plants, as well as projects for the chemical and petrochemical industries. The year under review also saw a rise in demand for services related to nuclear energy. In Germany the emphasis was on maintenance, disposal and dismantling services, while orders from abroad involved the construction of new nuclear power plants. Two GAH Group companies are part of a consortium involved in the construction of the new Olkiluoto III nuclear power station in Finland.

The stable development in energy transmission business was particularly evident in the area of high-voltage overhead line installation and transformer stations, where the prior year's positive trend continued. The GAH Group won a contract worth over EUR 11 million to install a 110 kV electrical railway line for Deutsche Bahn. And another million euro contract was awarded by ČEPS a.s. to upgrade a 220 kV line in the Czech Republic.

The GAH Group is also involved in numerous major over-land pipeline construction projects, including a contract worth EUR 8 million from BASF/Wingas to build a high-pressure gas pipeline from Hördt to Hassloch.

The GAH Group is also successfully defending its position in the market for communications cable systems and

GAH Group

Industrial Plant and Engineering Division

Kraftanlagen München GmbH

Munich

Caliqua Anlagentechnik GmbH

AT-Vienna Neudorf

Kraftanlagen Hamburg GmbH

Hamburg

Kraftanlagen Romania S. R. L.

RO-Bucharest

Kraftanlagen Heidelberg GmbH

Heidelberg

Kraftszer Kft.

HU-Budapest

Finow Rohrsysteme GmbH

Eberswalde

ECM Ingenieur Unternehmen für Energie- und Umwelttechnik GmbH

Munich

Ingenieurbüro Kiefer & Voß GmbH

Erlangen

Energy Transmission / Communication Technology Division

GA Leitungsbau Süd GmbH

Fellbach

GA-com Telekommunikation und Telematik GmbH

Bietigheim-Bissingen

Frankenluk Energieanlagenbau GmbH

Bamberg

Digi Communication Systeme GmbH

Gifhorn

GA Energieanlagenbau GmbH

Hohenwarsleben

te-com Telekommunikations-Technik GmbH

Backnang

GA Leitungsbau Nord GmbH

Hanover

DIGICOS Sp. z o. o.

PL-Poznan

Elektro Stiller GmbH

Ronneberg

Martin Bohsung Rohrleitungsbau GmbH

Landau

GA-Magyarország Kft.

HU-Törökbálint

REKS Plzeň s. r. o.

CZ-Plzeň

Energitcká montážní společnost, Česká Lípa s. r. o.

CZ-Česká Lípa

Energitcká montážní společnost, Ústí nad Labem s. r. o.

CZ-Ústí nad Labem

Leitungsbau Ges. m. b. H.

AT-Linz

railway technology, where its particular strength lies in the construction and modernisation of electronic interlocking systems. For instance, in the year under review it won a contract worth EUR 8 million from DB Netz AG to upgrade the interlocking system for the marshalling yard at Erkner-Bahnmark rail station.

Concentration and synergies

In 2007 the GAH Group consistently pursued its strategy of consolidation and concentration on the two core businesses of Industrial and Power Plant Engineering and Energy Transmission and Communications Technology, creating the conditions that will allow it to gain maximum leverage from growth in the energy market. Adjustments were merely required in mobile communications operations due to a decline in order volumes and the resultant competitive pressure and downward price trend.

In line with its focus on core businesses, the GAH Group sold another company in 2007 and merged Kraftanlagen Nukleartechnik GmbH and Kraftanlagen Heidelberg GmbH into one company.

More intensive collaboration with Atel on the construction of new power plants resulted in the first joint projects in the year under review. The GAH Group won an order worth EUR 54 million for the Monthey cogeneration station as well as a contract worth EUR 23 million for the Giubiasco waste incineration plant.

In pole position for further growth

The decision to concentrate on two core businesses also means they need to be continually developed. By acquiring Finow Rohrsysteme GmbH, a specialist in prefabricated pipeline components, Industrial and Power Plant Engineering substantially extended the value chain and enhanced its market position. And the petrochemical plant and pipeline construction business in Eastern Europe was expanded with the formation of KA Romania Kft.

The Energy Transmission and Communication Technology division reinforced its overland pipeline construction business by fully integrating Martin Bohsung

GmbH in the organisation. Acquisition of EMS Česká Lípa s.r.o. and EMS Ústí nad Labem s.r.o., two Czech companies specialising in pipeline construction, has increased the GAH Group's share of the market in Northern Bohemia.

Demand for technical experts is growing in the GAH Group, particularly for specialists in power plant construction. The group is meeting this demand not only by stepping up its recruitment drive but also through intensive staff development initiatives. A talent pool is being built up to enable early identification and fostering of key skills. Closer collaboration with universities and research centres is also helping the Group to recruit talented young staff.

Outlook

The GAH Group is exceptionally well positioned going into the 2008 financial year. As Germany's economy is expected to continue growing (albeit at a slightly weaker rate), market conditions remain good for the GAH Group.

There is still a major need to invest in conventional new power plants and renewable energies, which by 2020 will cover 25 to 30 per cent of Germany's gross electricity consumption compared to 13 per cent at present. This trend presents attractive opportunities for the GAH Group in the medium and long term. Energy Transmission and Communication Technology will benefit from extensive investments in the high-voltage networks required to connect large offshore wind farms. In addition, the GAH Group is involved in research and development in the fields of solar thermal and geothermal power, and in 2007 won the contract to plan and build Germany's first solar tower power plant in Jülich (see page 48).

The willingness of energy suppliers to invest in electricity networks may be dampened by regulations on incentives and decisions promulgated by the Federal Network Agency for Electricity. One particular cause for concern is the incentive regulation system planned by the German federal government for the German electricity and gas industries, which aims to cut back payments for elec-

tricity and gas networks and, if enacted in 2009, could lead to a decline in capital spending on new power plants and to reduced maintenance levels.

The GAH Group has started 2008 with an order book well above target, setting the scene for a successful year. One of the key priorities for 2008 is to sustain the high quality of the GAH Group's services through a highly skilled and motivated workforce. This will enable the Group to unleash the potential in the energy generation and distribution market and to continue sharing in its growth.


Bromma, Norway

What Norway has achieved is nothing less than astonishing. By harnessing enormous crude oil and gas resources, the kingdom has seen a quantum economic leap in the space of only one generation. And fossil fuels are not the only commodity in which this Scandinavian nation is rich. Water and wood are also important resources. This becomes obvious as soon as you leave Oslo, and particularly when you reach Bromma, a good two hours' journey by car from the Norwegian capital. The small community is surrounded by forests and water. And it is this water that Atel uses to produce electricity. Atel has commissioned a small hydroelectric power station in Bromma, which will blend in harmoniously with the romantic Nordic landscape. Atel is aiming to add facilities in Norway to its existing portfolio of small hydro power stations in Switzerland and Italy, and Bromma is one of several projects

under way. Around a dozen more power stations are scheduled for construction over the next two to three years. Together they will deliver 130 GWh of electrical energy, representing the annual power consumption of 25 000 households – a welcome and necessary contribution to energy supplies, given the fact that demand in Norway is currently outstripping supply. Over the next seven years Atel intends to spend several hundred million francs on the construction and acquisition of small hydroelectric power stations in Norway alone, and in so doing promote the use of ecological, CO₂-neutral hydro power. A new construction and operating company was founded in 2007, charged with the task of examining and managing additional projects. Another subsidiary, Energipartner AS in Oslo, markets the energy produced by the small hydro-electric stations.

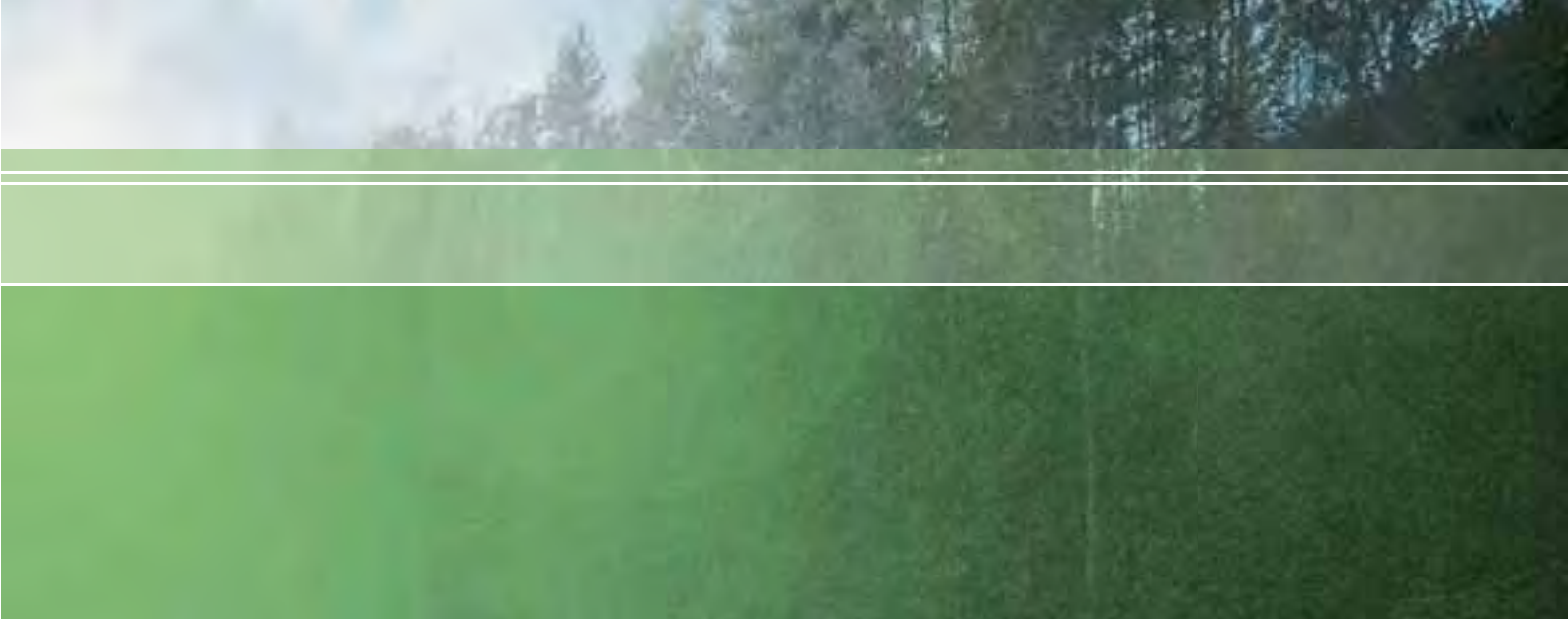


In Bromma, 160 kilometres north-east of Oslo, Atel has commissioned the construction of a new small hydroelectric power station with three turbines. This is part of Atel's plan to spend several hundred million Swiss francs on the construction and acquisition of small hydroelectric power stations over the next few years.



5.3 per cent of Norway's total surface area, or slightly more than 20 000 square kilometres, is covered by water. Atel's small hydroelectric power station initiative is harnessing the country's rich mine of resources for energy production. The small hydroelectric power station on the Sevre River started the ball rolling.







Small hydroelectric power stations are environmentally compatible in more ways than one. They use renewable energy. They are CO₂-neutral and therefore help to protect the climate. And they do not interfere with Nature, but leave the landscape intact. The natural Nordic landscape in Bromma will also remain untouched.



Day in, day out, building work on the small hydroelectric power station is progressing at high speed. The plant will be capable of supplying power to some 4000 households. With demand for electricity growing faster than supply, every additional power station that comes on line helps.

Sustainable planning and action is dependent on a healthy relationship between society, the market and the environment. With a wide range of initiatives, projects and programmes, Atel pursues a targeted corporate policy built on the twin objectives of long-term profit and sustainable business development. Focus is on a value-driven human resources and social policy, transparent communication with all stakeholder groups, and a strong commitment to a responsible, efficient and hence forward-looking energy policy.

Atel in the community

The year under review was characterised throughout by an increased focus on small hydropower stations, measures to develop and expand renewable energy projects, and additional investments in energy efficiency.

As a leading European provider of energy services that has traditionally valued geographical proximity and cultural affinity with a wide range of regional markets, Atel has always taken its responsibility towards the community seriously. A heartfelt obligation towards the community, the market and the environment therefore not only shapes Atel's understanding of business, but is also the linchpin of our strategic corporate management.

With broad-based programmes and initiatives for a business policy based on modern principles of sustainability, Atel is embracing the challenge of ensuring a healthy balance between profitable growth and sustainable resource management, including climate protection and security of supply. That is because, as an energy provider, Atel's products and services are closely linked to social development since they provide the essential basis for progress in a modern information society.

Motivation: the key to success

A successful company can only plan and act sustainably if it is backed by a satisfied, motivated and highly trained workforce. With this in mind, Atel offers not only excellent employment conditions and forward-looking human resources management but also above-average remuneration options and workplace safety. At all levels of the company, openness, respect and trust are the key values that inspire all employees to deliver consistently good performance. This is further supported by a wide range of sports and leisure programmes as well as seminars and language courses. As a learning

organisation, Atel is also strongly committed to the education, training and development of its employees in order to allow them to enhance their skills and aptitudes to best advantage. Among such initiatives are special development programmes for experts and talented junior staff. Atel's programme for junior staff development covers more than 580 trainees and, like its other training schemes, takes into account the unique qualities of each employee.

With more than 50 companies at some 200 locations around Europe, Atel attaches particular importance to ensuring smooth cross-border cooperation and intensive intercultural exchange. This includes not only training and fostering a wide range of pan-European partnerships but also providing regular support for local and regional institutions, organisations or local sports clubs such as the Czech Junior Ice Hockey Team, which is sponsored by Atel subsidiary Kladno Energy Businesses (KEB). Such activities are instrumental in strengthening Atel's local presence, fostering solidarity between different people and cultures, and promoting neighbourly dialogue.

In Switzerland, and particularly in regions where it operates, Atel supports sports clubs, cultural events and social institutions in a variety of ways. For example, the company sponsored the Swiss National Homeless Team on its road to the 2007 Homeless World Cup in Copenhagen. Atel has also pledged to support the team for the 2008 championship. Moreover, Atel is sponsoring a high-calibre men's and women's bobsleigh team as they prepare for the 2010 Winter Olympics in Vancouver.

Permanent communication with all stakeholder groups

In addition to the financial disclosures required by law and continuously expanded corporate governance standards, Atel maintains an ongoing, transparent dialogue with all stakeholders through a variety of channels: a wide range of publications that provide a better

management and minimum emissions can only be achieved through a balanced mix of traditional and renewable energies.

Atel's hydropower stations in Switzerland, for example, produce certified renewable energy, while the Gösgen nuclear power station operates an environmental management system and complies with the highest global

“At all levels of the company, openness, respect and trust are the key values that enable sustainable planning and action.”

understanding of the company and sector are supplemented by a programme of events in Switzerland and abroad, as well as articles on various aspects of the company, the industry and topical energy issues.

Atel consistently addresses the diverse and, at times, conflicting interests of stakeholders such as investors, customers, employees and environmental organisations by finding the best possible combination of business and social benefits. Group guidelines, codes of conduct and management principles support this approach, alongside Atel's complex communication and risk management practices.

Safe for people and the environment

Heated debates and new findings on climate change, as well as the emerging electricity shortage, are the key challenges driving energy and environmental policies worldwide. Thanks to a long track record in Europe-wide energy production, sales and trading, Atel has the skills required to deliver secure, forward-looking and therefore sustainable solutions: energy production in harmony with the environment, sustainable resource

safety standards. In addition, Atel's power stations in Central and Eastern Europe are ISO-certified and equipped with the latest systems for reducing and monitoring emissions. One example of just how seriously Atel takes the debate on environment and sustainability is the company's Hungarian subsidiary Csepel Business, which received the prestigious Green Frog Award in the year under review for the best environmental and sustainability report.

In addition to its involvement in the construction of run-of-river and storage power stations, Atel is still successfully engaged in small hydroelectric stations. A large number of small hydroelectric stations by the Birs River were acquired in the year under review, and more than a dozen new projects were launched. These included projects in Italy and Norway, where Atel is planning to invest some CHF 200 million over the next seven years in the expansion of small hydropower stations, as part of its professed commitment to promoting renewable energy sources.

Nor is Atel idle when it comes to the expansion of wind power and solar energy facilities. A range of capital expenditure, investment and construction projects in

Switzerland and abroad reflect the increasingly important role played by renewable energies in Atel's electricity mix. In August 2007 the cornerstone was laid for Germany's first solar tower power station in Jülich, where the GAH Group is technology partner for the planning and construction of the plant. On completion, the innovative technology will be used in 10 to 50 MW power plants in sun-rich countries around the world (see also page 48).

Energy efficiency: a competitive factor

Efficient energy use is one of the key elements of any forward-looking energy concept. Energy efficiency has become an important competitive factor. It contributes to greater security of supply, supports the implementation of environmental protection policy, and is the most economical way to reduce greenhouse gas emissions. Atel is investing several hundred million francs in energy efficiency, with the emphasis on designing innovative solutions for electricity generation, transformation and transmission. One project for intelligent energy efficiency that deserves special mention is the Flumenthal run-of-river power station near Solothurn, where Atel is spending some CHF 30 million on upgrading capacity by around 6 per cent, which will result in additional electricity to supply some 2000 households.

Finally, Energy Services and its 6000-strong workforce deliver a wide range of services designed to optimise the use of energy. Ranging from building services, control and plant engineering to energy technology, and supported by a portfolio of state-of-the-art technologies and tailored solutions, these technical offerings make a key contribution to the balanced, environmentally sustainable use of energy.

As a member of the swisselectric research pool, Atel is also actively involved in the quest for new solutions for rational energy applications. Spending an annual total of between CHF 5 and 10 million, the pool supports applied research and development into ways of ensuring an adequate, secure, economical and environmen-

tally compatible supply of electricity. In the year under review a Swiss researcher of photovoltaics who had developed a new method for manufacturing high-performance solar cells was the first to receive the new Swisselectric Research Award.

To achieve a balance between addressing the growing demands of the capital market, on the one hand, and the interests of shareholders and stakeholders, on the other, a company needs to have effective management and control systems in place and adopt comprehensive ethical principles that will ensure its sustained economic success. For Atel, therefore, it is not only good results that count but also the way in which they are achieved. This approach is reflected both in clear rules governing corporate governance and in comprehensive financial controls.

Atel and its obligations

Efficient collaboration between the individual corporate bodies, coupled with a transparent information policy, remains the cornerstone of effective corporate governance as adopted and practised by Atel.

The principles and rules of corporate governance for the Atel Group are set out in the company's Articles of Association, its Organisational Regulations, the Executive Board Regulations, the Group guidelines and the organisational chart, which illustrates the relationships between affiliated companies. They are regularly reviewed by the Board of Directors and Executive Board, and adapted as and when necessary. The following statements are made in accordance with the Corporate Governance Disclosure Guidelines issued by the SWX Swiss Exchange.

Group structure and shareholders

Atel Holding Ltd and its operating subsidiaries (Atel Group) constitute an energy enterprise operating throughout Europe, with core competencies in power generation, electricity trading and sales, and energy services. The Atel Group has significant production facilities in Switzerland, Italy, Hungary and the Czech Republic in addition to operating its own grids. The Atel Group comprises two segments: Energy and Energy Services.

In the Energy segment Atel combines power generation and grid operation with trading and sales. The segment is subdivided into the following divisions: Energy Switzerland, Energy Western Europe, Energy Central Europe, and Trading & Services. All of the first three divisions have their own power stations, affiliated companies and local sales companies.

The Energy Switzerland division covers sales in the Swiss market, thermal and hydroelectric power generation in

Switzerland, and those parts of the Swiss electricity grid that belong to Atel.

The Energy Western Europe division serves its market territory through sales subsidiaries Atel Energia S.r.l. in Milan, Atel Energie SAS in Paris, Atel Energia SA in Barcelona and Atel Scandinavia. Atel's own power stations, together with its interest in Edipower in Italy and power station projects in France, Italy and Norway, also belong to this division.

The Energy Central Europe division covers markets in Central and Eastern Europe with its sales and trading companies in Germany, Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Croatia, Serbia, Bulgaria, Romania, Macedonia and Greece. These countries come under the responsibility of Atel Energy Ltd. The Trading business unit in Central/Eastern Europe is part of Prague-based subsidiary Atel Česká republika, s.r.o. Atel's power stations in the Czech Republic and Hungary are also managed from Prague.

The Trading & Services division is active on all major electricity exchanges in Western Europe, trading in electricity, gas, coal and CO₂ certificates.

The Energy Services segment delivers services related to all aspects of energy generation, distribution and use. It consists principally of the companies in Switzerland, Italy and the Czech Republic that belong to Atel Installationstechnik Ltd. and specialise in building services and transport technology, as well as the companies in Austria, Belgium, the Czech Republic, Germany, Hungary and Poland that belong to the GAH Group in Heidelberg.

		General Management			
		G. Leonardi *			
	Financial Services **		Management Services ***		
	K. Baumgartner *		H. Saner *		
Energy Switzerland	Energy Western Europe	Energy Central Europe	Trading & Services	Energy Services	
H. Niklaus *	A. M. Taormina *	R. Frank *	G. Leonardi a. i. *	H. Niklaus *	
Market Switzerland	Market West	Market North	Proprietary Trading	AIT	
H. Schranz a. i.	P. Hamamdjian	Dr. A. Stoltz	T. Ramm a. i.	P. Limacher	
Thermal Power Generation	Market Italy	Market South	Asset Trading	GAH	
P. Hirt	S. Colombo	Dr. A. Stoltz	T. Ruckstuhl	H. Niklaus *	
Hydro Power Generation	Market Scandinavia	Market Germany	Middle Office and Operations		
J. Aeberhard	A. M. Taormina *	Dr. H. Clever	Dr. R. Schroeder		
Grid (Atel Transmission Ltd.)	Power Generation West	Power Generation Central	Fuel Management		
Dr. M. Zwicky	R. Sturani	A. Walmsley	N. N.		

General management
 Functional division
 Business division
 Business unit

* Member of the Executive Board

** Corporate Accounting + Reporting, Corporate Taxes, Corporate Treasury + Insurance, Corporate Planning + Controlling, Corporate Risk Management, Corporate IT, Corporate Settlement

*** Corporate Public Affairs, Corporate Communications, Corporate Legal, Corporate Human Resources, Corporate Development + Organisation, Secretary General, Corporate Internal Audit

At 1 January 2008

The GAH Group provides services covering the whole spectrum of energy supply technology, communications technology, energy technology and industrial plant engineering.

Financial Services is a group-level functional division consisting of Accounting and Reporting, IT, Controlling and Planning, Risk Management, Taxes, Treasury + Insurance and (from 1 January 2008) Settlement.

The Management Services functional division includes Human Resources, Legal Services, Corporate Development + Organisation, Public Affairs, Communication and the General Secretariat. Since 1 January 2008 the Internal Audit function has also been assigned to this division for organisational purposes.

Stock exchange listing

At 31 December 2007, the parent company Atel Holding Ltd (formerly Motor-Columbus Ltd.) domiciled in Olten had a share capital of CHF 255 625 000, divided into 12 781 250 registered shares with a nominal value of CHF 20 each. The registered shares are listed on the SWX Swiss Exchange under international securities identification number ISIN CH0034389707. At the end of 2007 the company's market capitalisation was CHF 7 732 656 000 (calculation: closing price on 28 December 2007 multiplied by the number of shares in issue = CHF 605 x 12 781 250 registered shares).

Upon completion of the public exchange offer submitted by Atel Holding Ltd for all shares in Aare-Tessin Ltd. for Electricity (Aare-Tessin Group), the share capital of Atel Holding Ltd was increased on 10 January 2008 to CHF 435 890 800, divided into 21 794 540 registered shares of CHF 20 each.

The share capital of Aare-Tessin Ltd. for Electricity, domiciled in Olten, remains unchanged at CHF 303 600 000 (3 036 000 registered shares with a nominal value of CHF 100 each). The registered shares are listed on the SWX Swiss Exchange under securities identification number ISIN CH0001363305. At the end of 2007 the company's market capitalisation was CHF 14 038 464 000. An appli-

cation has been made to delist the registered shares from the SWX Swiss Exchange.

Società Elettrica Sopracenerina SA, Locarno, with a share capital of CHF 27 500 000, of which Atel indirectly holds 60.9%, is also listed on the SWX Swiss Exchange (ISIN CH0004699440). At the end of 2007 the company's market capitalisation was CHF 302.5 million.

The principal consolidated group companies are listed in the Financial Report on pages 73 to 78.

Significant shareholders of record are listed in the Financial Report on page 56 and in the table on the next page.

Majority shareholders in Atel Holding Ltd are not required under the Swiss Stock Exchange and Securities Trading Act to take part in a public purchase offer (opting out). A consortium or shareholder agreement exists between EOS Holding (Lausanne), EDF Alpes Investissements Sàrl (EDFAI, Monthey) and the Swiss minorities consortium, consisting of EBM (Elektra Birseck, Münchenstein), EBL (Elektra Baselland, Liestal), the canton of Solothurn, IBAarau, AIL (Aziende Industriali di Lugano SA) and WWZ (Wasserwerke Zug AG).

The consortium agreement governs the merger of the Aare-Tessin Group with the operating components of EOS Holding SA and possibly also the Swiss activities of EDF, as well as mutual pre-emption rights and corporate governance.

Cross-shareholdings

At 31 December 2007, Atel Holding Ltd held 7.5% of the share capital of AEM Milan, which in turn held 6.2% of the share capital of Atel Holding Ltd. Antonio M. Taormina, a member of the Executive Board of Atel Holding Ltd, represents Atel Holding Ltd on the AEM Milan Board of Directors, while AEM Milan is represented on the Board of Directors of Atel Holding Ltd by Dr. Giuliano Zuccoli, Chairman of the Board of Directors and Chief Executive Officer of AEM Milan.

Capital structure

Share capital

At the end of 2007 the share capital of Atel Holding Ltd amounted to CHF 255 625 000, divided into 12 781 250 fully paid up registered shares with a nominal value of CHF 20 each. Following the share capital increase on 8 January 2008, which was required for the purposes of the public exchange offer, Atel Holding has a share capital of CHF 435 890 800 divided into 21 794 540 registered shares with a nominal value of CHF 20 each.

Atel Holding Ltd has additional authorised capital up to a maximum of CHF 194 671 220. The Board of Directors is entitled to restrict or disapply shareholders' pre-emption rights and assign them to third parties, namely when new shares are to be used in exchange for parts of companies or equity investments or to finance the acquisition of companies. The Board of Directors is authorised to set the issue price of the shares and the type of capital contribution. The Board of Directors' authority to increase share capital is valid until 7 November 2009.

Atel Holding has no conditional capital.

Changes in equity

Statements of Changes in Equity are presented in the Financial Report, on page 12 in the Atel Group's consolidated financial statements and on page 83 in the company financial statements of Atel Holding Ltd. Statements of Changes in Equity for 2005 can be found in the Annual Report 2005 of Motor Columbus Ltd. (now Atel Holding Ltd), on page 43 in the consolidated financial statements for the Atel Group and on page 79 for Atel Holding Ltd.

Shares

Every share represented at the Annual General Meeting of Atel Holding Ltd is entitled to one vote. There are no restrictions on transferability or voting rights. The company has no participation certificates, bonus certificates or convertible bonds outstanding.

Board of Directors

The Board of Directors is responsible for the overall guidance and strategic direction of the Atel Group as well as for supervising the Executive Board.

Atel Holding Ltd shareholders (at the beginning of 2008, following completion of the public exchange offer)

Shareholder	Percentage participations
Atel Holding	23.17
EDFAI	18.61
EOS Holding	18.11
EBM	9.46
EBL	7.44
Canton of Solothurn	6.48
AEM Milan *	2.89
EnBW	2.82
AIL	2.66
IBAarau	1.44
Atel	1.21
WWZ	5.71
Various (free float)	

* AEM Milan and ASM Brescia merged on 1 January 2008 and are now operating under the name of A2A S.p.A.

Members of the Board of Directors

The Board of Directors consists of twelve members, none of whom exercises any executive functions within the company. Members of the Board of Directors are listed below and on pages 84 and 85 of this Annual Report. At the Annual General Meeting held on 24 April 2007, Philippe Rochon stood down and Pierre Aumont was elected to the Board in an open ballot.

Other activities and interests

Biographical details, professional backgrounds and information about other activities of members of the Board of Directors can be found on Atel's website at: www.atel.eu/bod.

Members are elected to the Board for a three-year term of office and are eligible for re-election. If a member is elected mid-term to replace a previous member, he completes his predecessor's term of office.

The Board of Directors constitutes itself. Every year it appoints a Chairman and two Vice-Chairmen from among its members, as well as a Secretary who need not be a member of the Board.

The Board of Directors met nine times during the year under review. The average duration of each meeting was four hours. The Chairman determines the agenda for Board meetings after consultation with the CEO. Any member of the Board may make a written request for a particular item to be included on the agenda. In advance of meetings, members of the Board of Directors receive documentation that enables them to prepare for items on the agenda.

Members of the Executive Board normally attend meetings of the Board of Directors in an advisory capacity. They leave the meeting if the Chairman so directs.

Resolutions of the Board of Directors are passed by a majority of the voting members present. In the event of a tie, the Chairman has the casting vote. Should conflicts of interest arise, the relevant Board member(s) must leave the meeting. Minutes are kept of the Board of Directors' discussions and resolutions. These are distributed to members and approved at the following meeting. Between meetings any member may ask the CEO for information on the company's business and, with the Chairman's authorisation, on individual transactions. To

Board of Directors

	First elected	Term of office ends
Dr. Rainer Schaub, CH-Binningen, Chairman	2006	2009
Christian Wanner, CH-Messen, Vice-Chairman	2006	2009
Marc Boudier, FR-Sèvres, Vice-Chairman	2006	2009
Pierre Aumont, FR-Paris	2007	2010
Dr. Hans Büttiker, CH-Dornach	2006	2009
Dr. Dominique Dreyer, CH-Fribourg	2006	2009
Dr. Marcel Guignard, CH-Aarau	2006	2009
Philippe V. Huet, FR-Paris	2006	2009
Hans E. Schweickardt, CH-Neerach	2006	2009
Dr. Alex Stebler, CH-Nunningen	2006	2009
Urs Steiner, CH-Laufen	2006	2009
Dr. Giuliano Zuccoli, IT-Sesto San Giovanni	2006	2009

the extent required for the performance of his duties, any member may ask the Chairman to arrange for him to inspect books and files.

Control and supervisory mechanisms

The Executive Board reports annually to the Board of Directors on strategic, medium-term and annual objectives and on progress towards their achievement. During the year the Executive Board reports quarterly and at each meeting on the course of business, the extent to which objectives are being achieved and other important developments. The Board of Directors also receives a short monthly report summarising the key financial figures, the risk situation and ongoing internal audits. The external auditors submit a Management Letter to the Board of Directors and make an oral presentation on the results of their audit and the matters on which they propose to concentrate in future. Internal Audit submits an annual audit programme to the Board of Directors for its approval, and subsequently reports periodically on its findings and recommendations as well as their implementation. The Board of Directors receives an annual written report on the situation and developments in Group-wide risk management and its most important constituents. The report presents principles and limits, details compliance with them and contains information on planned expansion.

Audit Committee and Nomination and Remuneration Committee

Since mid-2006 the Board of Directors has had two Board committees: the Audit Committee (AC) and the Nomination and Remuneration Committee (NRC).

Audit Committee

The AC consists of Marc Boudier (Chair) and three ordinary members: Dr. Dominique Dreyer, Dr. Marcel Guignard and Urs Steiner.

The role of the AC is to support the Board of Directors in fulfilling its supervisory obligations, particularly with regard to monitoring and assessing the activity and inde-

pendence of internal and external auditors, the control system, accounting, risk management, compliance and corporate governance.

The AC submits proposals to the Board of Directors for its approval and, at each meeting of the Board, reports orally on its activities, resolutions, conclusions and recommendations. The minutes of the AC are circulated among members of the Board of Directors for their information and as a basis for Board resolutions. The AC also submits an annual report to the Board of Directors summarising the AC's activities during the year under review. As a rule the Chairman, CEO, CFO and Head of Internal Audit attend meetings of the AC. Depending on the agenda, other unit heads and members of the external auditors also attend. In the year under review the AC met three times; the average duration of the meetings was three and a half hours.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) consists of Hans Schweickardt (Chair) and four ordinary members: Marc Boudier, Dr. Hans Büttiker, Dr. Rainer Schaub and Christian Wanner.

The role of the NRC is to support the Board of Directors in fulfilling its supervisory duty with regard to succession planning for the Board of Directors and Executive Board, formulating the Group-wide compensation policy and defining the contractual terms and the conditions of employment for the CEO, Executive Board and heads of business units.

The NRC submits proposals to the Board of Directors for its approval and, at each meeting of the Board, reports orally on its activities, resolutions, conclusions and recommendations. The minutes of the NRC are circulated among members of the Board of Directors for their information and as a basis for Board resolutions. As a rule, the Chairman of the Board of Directors, the CEO and the Head of Corporate Human Resources attend meetings of the NRC. In the year under review the NRC met four times; the average duration of the meetings was three hours.

Division of responsibilities

The Board of Directors has given the CEO responsibility for the Atel Group's overall operational management. The CEO presides over the Executive Board and has delegated some of his management responsibilities to members of the Executive Board.

The Organisational Regulations and Executive Board Regulations govern the authority and division of responsibilities between the Board of Directors and the CEO/Executive Board.

The CEO is authorised, inter alia, to make autonomous decisions with regard to non-budgeted transactions up to a value of CHF 5 million. The Regulations give the CEO a substantially higher authority limit for energy transactions.

Information and control mechanisms

vis-à-vis the Executive Board

The Executive Board keeps the Board of Directors informed of important events on an ongoing basis. Financial reports are prepared quarterly. Each month the Board of Directors also receives information on the key financial figures and the current risk situation. Ongoing audits supplement the information and control mechanisms.

As a rule, members of the Executive Board attend meetings of the Board of Directors to supply any information it may require. They leave the meeting if the Chairman so directs.

Risk management considers business, market and credit risks. The Board of Directors receives an annual written report on the situation and developments in Group-wide risk management and its most important constituents. The report presents principles and limits, details compliance with them, and contains information on planned expansion. A central Risk Management Committee reporting to the CFO sets limits for individual areas based on the results of its analysis. The Executive Board is responsible for assigning the risk categories. The overall limit for the Group is set annually by the

Board of Directors. The Risk Management Committee supervises adherence to the set limits.

The Board of Directors, at the AC's request, annually approves audit planning and the summary report. Corporate Internal Audit reports directly to the Chairman of the Board. Individual audit reports are submitted to the Chairman and (in summary form) to the AC. Corporate Internal Audit engages an advisor independent of the external auditors for its work.

Executive Board

Members of the Executive Board are listed on pages 82 and 83 of the Annual Report. Information about other activities and interests can be found on Atel's website: www.atel.eu/management.

No management contracts exist.

Organisation

Herbert Niklaus, member of the Executive Board, additionally took on the office of Head of the GAH business unit on 1 November 2007.

Remuneration, shareholdings and loans

Members of the Board of Directors receive fixed remuneration and a lump-sum expense allowance which is based on a graduated scale for the Chairman and other Board members. The amount of remuneration is determined by the Board of Directors on application by the NRC.

The remuneration of members of the Executive Board consists of a base salary and a variable component based on the achievement of personal targets and the Atel Group's EBIT in the reporting year as well as the Group's EVA (Economic Value Added) result based on a three-year plan. The measurement criteria as well as the amount of remuneration for Executive Board members are defined by the NRC.

No share or share option schemes exist for the Board of Directors or Executive Board.

Following the enactment of Article 663b bis of the Swiss Code of Obligations (Transparency Act), details of remuneration for members of the Board of Directors and Executive Board are presented in the Notes to the financial statements of Atel Holding Ltd on pages 85 and 86.

Shareholders' participation rights

Every share represented at the Annual General Meeting is entitled to one vote. There are no restrictions on transferability or voting rights. The only quotas applicable at the Annual General Meeting are those set out in the Swiss Code of Obligations.

Annual General Meetings are convened in accordance with the rules set out in the Swiss Code of Obligations.

Agenda

Shareholders' participation rights are governed by law and the company's Articles of Association. The Articles of Association can be downloaded from the website at www.atel-holding.com/statuten.

Shareholders may call for a particular item to be included on the agenda at least 50 days prior to the Annual General Meeting, provided they represent shares with a nominal value of at least CHF 1 million. Registered shares must be entered in the share register at least one week before the Annual General Meeting in order for holders to be eligible to vote.

Change of control and defensive measures

Mandatory offer

Purchasers of majority shareholdings in Atel Holding Ltd are not required to make a public tender offer pursuant to the Swiss Stock Exchange and Securities Trading Act (opting out). The Articles of Association contain no other defensive measures.

Change-of-control clauses

Directors who step down before their term of office has expired in consequence of a change of control are paid the fees to which they would be entitled as Directors up to the end of their statutory term of office.

The contracts of employment of Executive Board members contain the usual change-of-control clauses: if a contract of employment is terminated within twelve months of a change of control, the person affected is paid termination benefits equal to one year's remuneration.

Auditors

Ernst & Young Ltd, Zurich, has served as statutory auditors of Atel Holding Ltd and as Group auditors since 2002. The statutory and Group auditors are appointed at the Annual General Meeting for a one-year term of office. Their performance and fees are reviewed annually. Ernst & Young Ltd's current lead audit partner has been in charge of the Atel audit since 2004. In the 2007 financial year, Ernst & Young Ltd received fees of approximately CHF 4.0 million as statutory and Group auditors. Fees paid for additional audit-related, tax and general advisory services totalled approximately CHF 1.7 million.

External audit information mechanisms

The Audit Committee (AC) is the supervisory body for the external auditors. The external auditors report to the AC at least once a year on the audits they have conducted and on the resultant findings and recommendations. The AC agrees the audit plans with the external auditors in advance, and assesses their work. The external auditors prepare a Management Letter for the full Board of Directors once a year. The AC may at any time invite the external auditors to attend its meetings. It did so on one occasion during the year under review.

Information policy

Atel keeps its shareholders, potential investors and other stakeholder groups comprehensively, promptly

and regularly informed through its annual, interim and quarterly reports, at annual media and financial analyst conferences, and at Annual General Meetings. Our communication channels additionally include our continually updated website at www.atel-holding.com and media releases on important events. Contact addresses are set out on page 86 of the Annual Report. Key dates for the current financial year are listed on page 87.

Executive Board



Giovanni Leonardi

CEO

Dipl. El.-Ing. ETHZ

Swiss national

Born 1960

With Atel since 1991, CEO since 2004;
member of the Board of Directors
of Società Elettrica Sopracenerina SA,
Locarno



Kurt Baumgartner

Head of Financial Services, CFO

Lic. rer. pol.

Swiss national

Born 1949

With Atel since 1975, member of the
Executive Board since 1992;
member of the Board of Directors of
Rätia Energie AG, Poschiavo



Reinhold Frank

Head of Energy Central Europe

Graduate engineer

German national

Born 1955

With Atel since 2006 as member of
the Executive Board



Herbert Niklaus

Head of Energy Switzerland
and of Energy Services
Dipl. El.-Ing. ETHZ
Swiss national
Born 1955
With Atel since 1996, member
of the Executive Board since 2005



Heinz Saner

Head of Management Services
Lic. iur., solicitor and notary
Swiss national
Born 1957
With Atel since 1988, member
of the Executive Board since 2004



Antonio M. Taormina

Head of Energy Western Europe
Dipl. Math. ETHZ
Swiss and Italian national
Born 1948
With Atel since 1999 as a member of the
Executive Board;
member of the Board of Directors of
AEM S.p.A., Milan, Rätia Energie AG,
Poschiavo, and Società Elettrica
Sopracenerina SA, Locarno

Board of Directors



Dr. Rainer Schaub
Chairman
Dr. iur.
Swiss national



Christian Wanner
Vice-Chairman
Farmer
Swiss national



Marc Boudier
Vice-Chairman
Dipl. rer. pol.
Magister diploma in law
French national



Dr. Marcel Guignard
Member
Lawyer
Swiss national



Philippe V. Huet
Member
Civil engineer
French national



Hans E. Schweickardt
Member
Dipl. Ing. ETHZ
German national



Pierre Aumont
Member
Engineer
French national



Dr. Hans Büttiker
Member
Dr. sc. techn.
Dipl. El.-Ing. ETH
Swiss national



Dr. Dominique Dreyer
Member
Attorney
Swiss national



Dr. Alex Stebler
Member
Dr. oec.
Swiss national



Urs Steiner
Member
Energy engineer HTL
Swiss national



Dr. Giuliano Zuccoli
Member
Electrical engineer
Italian national

Head office

Atel Holding Ltd
Bahnhofquai 12
CH-4601 Olten
Tel. +41 62 286 71 11
Fax +41 62 286 73 73
www.atel-holding.com

Switzerland

Aare-Tessin Ltd. for Electricity
Bahnhofquai 12
CH-4601 Olten
Tel. +41 62 286 71 11
Fax +41 62 286 73 73
www.atel.eu

Atel Trading

Bahnhofquai 12
CH-4601 Olten
Tel. +41 62 286 71 11
Fax +41 62 286 76 80
www.atel-trading.eu

Atel Installationstechnik Ltd.

Hohlstrasse 188
CH-8026 Zurich
Tel. +41 44 247 40 00
Fax +41 44 247 41 15
www.group-ait.com

Austria

Atel Austria GmbH
Palais Esterhazy
Wallnerstrasse 4 / MT 37
AT-1010 Vienna
Tel. +43 1 535 30 66
Fax +43 1 535 30 66 11
www.atel-austria.at

Bulgaria

Atel Bulgaria Ltd.
36 Patriarh Evtimii Blvd.
entr. 2, fl. 4
BG-1000 Sofia
Tel. +41 52 620 15 40*

Croatia

Atel Hrvatska d.o.o.
Vijenac 7
HR-1000 Zagreb
Tel. +41 52 620 15 40*

Czech Republic

Atel CZ, s.r.o.
Husova 5
CZ-110 00 Prague 1
Tel. +420 224 401 124
Fax +420 224 401 541

Atel Česká republika, s.r.o.

Na Příkopě 21
CZ-117 19 Prague 1
Tel. +420 221 720 111
Fax +420 221 720 999
www.atel-energy.cz

ECKG Generating, s.r.o.

Dubská, Teplárna
P.O. Box 201
CZ-272 01 Kladno 1
Tel. +420 312 644 853
Fax +420 312 644 850
www.eckg.cz

Atel Energetika Zlín s.r.o.

tr. Tomase Bati 650
CZ-760 01 Zlín
Tel. +420 577 521 111
Fax +420 577 523 538
www.atel-mt.cz

France

Atel Energie SAS
8-10, rue Villedo
FR-75001 Paris
Tel. +33 1 53 43 84 20
Fax +33 1 53 43 84 29
www.atel-energie.fr

Germany

Atel Energie AG
Franz-Rennefeld-Weg 2
DE-40472 Düsseldorf
Tel. +49 211 17 18 06-0
Fax +49 211 17 18 06-90
www.atel-energie.de

Atel Energie AG

Lennéstrasse 1
DE-10785 Berlin
Tel. +49 30 2639 299-0
Fax +49 30 2639 299-90
www.atel-energie.de

GAH Anlagentechnik Heidelberg GmbH

Im Breitspiel 7
DE-69126 Heidelberg
Tel. +49 62 21 94 10
Fax +49 62 21 94 25 48
www.gah-gruppe.de

Greece

Atel Hellas S.A.
5, Karistou
GR-115 23 Ambelokipi
Tel. +30 210 6996 201
Fax +30 210 6998 202

Hungary

Atel Csepeli Áramtermeo Kft.
Dohány utca 12
HU-1074 Budapest
Tel. +36 1 429 1030
Fax +36 1 268 1536
www.atel-csepel.hu

Atel Energia Kereskedő Kft.

Szabadság tér 7
HU-1054 Budapest
Tel. +36 1 886 34 00
Fax +36 1 886 34 01
www.atel-energia.hu

Italy

Atel Energia S.p.A.
Via Montalbino, 3
IT-20159 Milan
Tel. +39 02 433 351
Fax +39 02 433 351-66
www.atel-energia.it

Atel Energia S.p.A.

Via Vittorio Emanuele Orlando 83
IT-00100 Rome
Tel. +39 06 454 78 61

Energ.it S.p.A.

Via Efsio Melis, 26
IT-09134 Cagliari
Tel. + 39 070 7521
Fax + 39 070 752 151
www.energ.it

Macedonia

Atel Skopje LLC
ul. Borka Talevski br. 40/1-3
MK-1000 Skopje
Tel. +41 52 620 15 40*

Norway

Energipartner AS
Christian Frederiks plass 6
NO-0154 Oslo
Tel. +47 22 81 47 00
Fax +47 22 81 47 01
www.energipartner.no

Poland

Atel Polska Sp. z o.o.
al. Armii Ludowej 26
PL-00-609 Warsaw
Tel. +48 22 579 65 25
Fax +48 22 579 65 27
www.atel-polska.pl

Romania

Atel Energie Romania S.R.L.
23 Strada Popa Petre, District 2
RO-20802 Bucharest
Tel. +41 52 620 15 40*

Buzmann Industries S.R.L.

41st Nicolae Caramfil Street,
1st District
RO-014142 Bucharest
Tel. +4021 209 32 31
Fax +4021 209 32 33
www.buzmann.ro

Serbia

Atel d.o.o., Beograd
ul. Palmoticeva 16a
YU-11000 Belgrade
Tel. +41 52 620 15 40*

Slovakia

Atel Slovensko s.r.o.
Hodzovo nam. 2
SK-816 25 Bratislava
Tel. +420 221 720 080

Slovenia

Atel Energija d.o.o.
Miklosiceva 26
SI-1000 Ljubljana
Tel. +386 1 439 87 50
Fax +386 1 439 10 65
www.atel-energija.si

Spain

Atel Energia SA
c/Balmes 89
ES-08008 Barcelona
Tel. +34 93 45 22 474
Fax +34 93 45 22 472
www.atel-energia.es

* Business unit contact
in Switzerland

Dates

24 April 2008	2008 Annual General Meeting
May 2008	Quarterly results 1/2008
August 2008	Interim Report 2008
November 2008	Quarterly results 3/2008
February 2009	Release of annual results for 2008
18 March 2009	2009 Annual media conference
23 April 2009	2009 Annual General Meeting

Units

Currency

BGN	Bulgarian lev
CHF	Swiss francs
CZK	Czech krone
DKK	Danish krone
EUR	Euro
HRK	Croatian krone
HUF	Hungarian forint
MKD	Macedonian denar
NOK	Norwegian krone
PLN	Polish zloty
RON	Romanian leu
RSD	Serbian dinar
SEK	Swedish krona
SKK	Slovakian krone
USD	US dollar

th.	thousand
mn.	million
bn.	billion

Energy

kWh	kilowatt hour
MWh	megawatt hour (1 MWh = 1000 kWh)
GWh	gigawatt hour (1 GWh = 1 million kWh)
TWh	terawatt hour (1 TWh = 1 billion kWh)
TJ	terajoule (1 TJ = 0.2778 GWh)

Power

kW	kilowatt (1 kW = 1000 watts)
MW	megawatt (1 MW = 1000 kilowatts)
GW	gigawatt (1 GW = 1 000 000 megawatts)
MWe	electrical megawatts
MWth	thermal megawatts

Contacts

Investor Relations

Kurt Baumgartner, CFO
Tel. +41 62 286 71 11
Fax +41 62 286 76 67
investors@atel.ch

Corporate Communications

Martin Bahnmüller
Tel. +41 62 286 71 11
Fax +41 62 286 76 69
info@atel.ch

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Atel Holding Ltd

Bahnhofquai 12

CH-4601 Olten

Tel. +41 62 286 71 11

Fax +41 62 286 73 73

www.atel.eu