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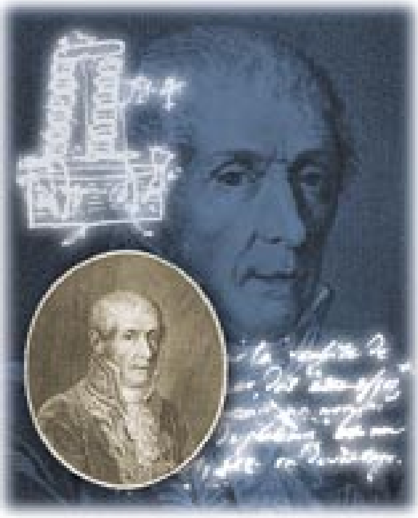
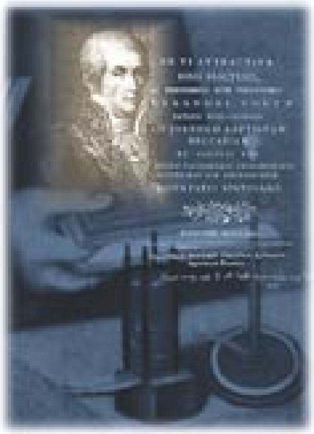
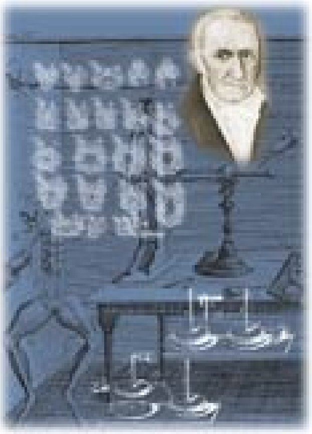
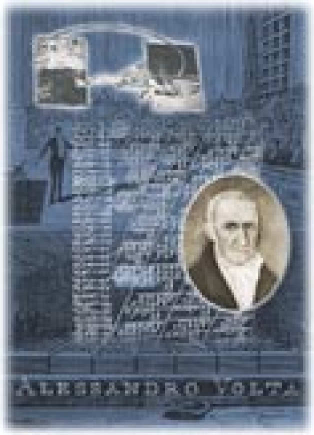








A Charged Life

Allessandro Volta and the quest for storable energy

Curiosity Sparks Development

At an early age of not even twenty, Alessandro Volta of Como presented a bold hypothesis: electricity would reach a level of scientific importance on a par with the gravitational forces studied by Newton. And he was soon to be proved right. Volta experimented ingeniously with self-made apparatus, demonstrating that sparks produced by friction and lightning during thunderstorms had a common cause. Going on to investigate electric potential difference, Volta published his first scientific work in 1769: a dissertation on electrical attraction and associated phenomena.

Career and Research Go Hand in Hand

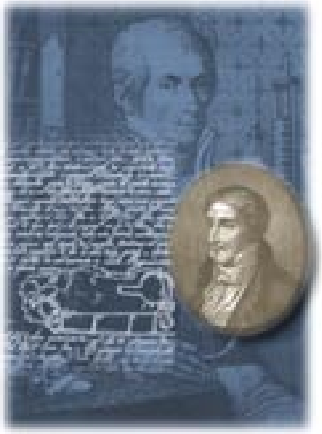
After his first publications, Volta was nominated director of the state schools in Como, a position allowing him to press on with his scientific research. In 1774, in recognition of his success, the 29-year-old Volta was appointed professor of physics at the Royal School in Como. Just four years later, he was offered the professorship of Experimental Physics at the University of Pavia. Alessandro Volta's academic career evolved hand in hand with his scientific achievements, culminating in a position as director of the Philosophical Faculty at the University of Padua. Throughout his years of teaching, he made numerous discoveries and inventions critical to advancing the science of electricity.

Years of Travel and Contacts

Alessandro Volta was an inquiring and sociable person. By no means a recluse scientist, he was eager to hear the opinions and findings of other researchers. Volta exchanged lively correspondence with a great many fellow scientists across Europe. Between 1777 and 1784, he took several sabbatical leaves, traveling to Switzerland, Strasbourg, Paris, Berlin and Vienna. In meeting with a wide variety of people, he saw golden opportunities – a chance to learn by conferring with others and also to gain social recognition for his projects. In Paris, Volta met the American research scientist and statesman Benjamin Franklin and the French chemists Lavoisir and Berthellot. In Berlin and Vienna, he was received by Frederick the Great and Emperor Joseph II. These contacts gave Volta decisive impulses and also opened doors to him.

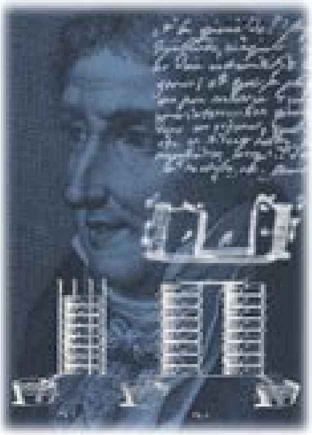
Electrophorus as a Source of Current

The invention of the «elettroforo perpetuo», or perpetual electrophorus, was a milestone for Volta. This was a kind of capacitor that produced high charges of static electricity. The electrophorus consisted of a flat tin plate and a melted mixture of beeswax and resin hardened into a cake. Striking the cake with a foxtail charged the instrument, from which electric sparks could be drawn even months later. Volta believed he had found an inexhaustible source of current.



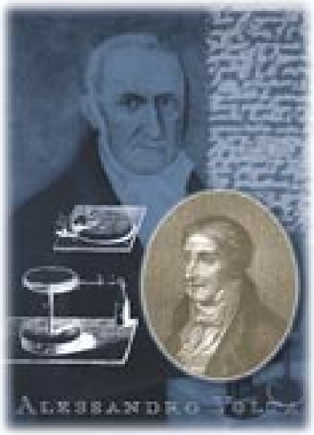
Controversy Surrounding Galvanism

Luigi Galvani, an anatomist living in Bologna, indirectly helped Alessandro Volta to world fame. Galvani claimed he had discovered a new form of electricity, «animal electricity». While dissecting frogs, he had noticed that the frogs' legs twitched when the nerves were touched with a scalpel. From this he deduced that animal tissue could produce electric currents. Volta challenged this explanation of the phenomenon, sparking a fierce controversy that created a great stir. He attributed the twitching to nerve impulses stimulated by electrochemical potential differences between the dissimilar metals of the plate upon which the frogs lay and the surgical instruments used.



A Decisive Advance

Seeking evidence in favor of his theory, Volta applied himself to investigating the electric potential difference of various metals. In that era, precise instruments for measuring electric charges did not yet exist. For that reason, Volta experimented with different metals by touching them in pairs on his tongue and estimating the potential difference by the sensation of taste they produced. This is like the sensation felt when a piece of aluminum foil sticking to a chocolate you are eating comes into contact with an amalgam filling. Using this method, Volta was indeed successful in ranking metals according to their «electric taste» – from base metals like zinc, tin and lead to precious metals like platinum, gold and silver. Thus he determined the electrochemical series. This laid the cornerstone for another invention that has shaped our lives to this very day.



A Long Road to the Electric Battery

1800 was the epoch-making year. Alessandro Volta dispatched a communication to the Royal Society of London entitled: «On the electricity excited by mere contact of conducting substances of different kinds.» In this he described the electric pile he had invented. This apparatus consisted of alternating zinc and silver discs separated by layers of pasteboard and skin soaked in brine solution. A breakthrough. Volta had given birth to the electric battery. Journeying to Paris in 1801, he gave the first demonstration of his invention before the National Institute of France in the presence of Napoleon.

Honors were showered on Alessandro Volta for his creative achievements. In 1819, he resigned from all his teaching commitments and retired to his native town, Como. Eight years later, Volta died at the age of 82. But his name has been immortalized. Half a century after his death, a singular honor was paid to Alessandro Volta: the unit of electric potential and electromotive force was named the «volt».

Motor-Columbus Group CHF in millions	2001	2002
Net sales	3 620	3 701
Depreciation and amortization	305	308
Consolidated income	149	159
Consolidated income after minority interest	73	84
Earnings per share (CHF)	294	314
Earnings per share excl. minority interest (CHF)	144	166
Cash flow	528	480
Capital expenditures	110	455
Shareholders' equity	608	666
Minority interest	694	744
Net assets per share (CHF)	1 202	1 316
Total assets	4 639	5 136
Employees[1)] (no.)	7 832	7 899

Motor-Columbus Group CHF in millions	2001	2002
Dividend income	34	34
Net income	25	24
Capital stock	253	253
Shareholders' equity	308	312
Total assets	607	606
Equity ratio (%)	51	51
Dividend per share (CHF)	40	40[2)]
Total dividends	20	20[2)]

[1)] Average number of employees, expressed as full-time equivalents

[2)] Proposed by the Directors

Name	Position on the Board	First elected to the Board	Term expires
Dr. h.c. Heinrich Steinmann	Chairman and Chief Executive Officer	1986	2004
Robert Diethrich	Vice Chairman of the Board	2000	2003
Dr. Walter Bürgi	Director	1999	2005
Dr. Klaus Bussfeld	Director	2001	2004
Ulrich Fischer	Director	1997	2003
Urs B. Rinderknecht	Director	1995	2004

Directors and Officers at December 31, 2002

Executive Committee

Dr. h.c. Heinrich Steinmann, Chief Executive Officer

Alain Moilliet, Administration and Corporate Communications

Joe Rothenfluh, Human Resources and Finance

Statutory and Group Auditors

Ernst & Young Ltd., Zurich

Last year the Motor-Columbus Group consistently and successfully applied its business strategy focused on its one subsidiary operating in the energy sector, Aare-Tessin Ltd. for Electricity (Atel). As yet, the Swiss people's rejection of the Electricity Market Act has not had any direct adverse effects on the Group's business performance. One of the reasons is certainly that, in the run-up to the anticipated market liberalization, Atel did not let itself be seduced into a frontrunner role in the struggle to gain large multi-site customers, that is to say businesses with widespread locations and high power consumption. Companies that geared up for the opening of the market by offering their electricity customers low margin long-term contracts are being shortchanged and have to try to free themselves of at least some of the obligations they took on. If they fail to do so, they will end up subsidizing their contract partners' power purchases for years on end.

Following the rejection of the Electricity Market Act, Atel still controls and operates its network capacities for transalpine electricity transit and can successfully continue its long-term business with Italy.

As Atel plays only a secondary role in distribution to Swiss retail consumers and has virtually no prospect of acquiring supply companies, the Group's strategy is concentrated on expanding pan-European electricity trading and further building up power generation capabilities. Needless to say, the only way to increase these capabilities is to invest in foreign facilities. In Switzerland, the scope left for investments in new hydroelectric plants is minimal, at best stretching to refurbishments of outdated facilities. Construction of CO_2-emitting gas-fired thermal power plants is out of the question unless a dire generation shortage were to prevail. In our country, even improvements to upgrade the extra-high voltage network, where loads on some sections touch the limits at certain times, are subject to long-drawn-out procedures.

Our Group strategy is consequently tailored to accommodate these circumstances. Atel is primarily seeking to achieve its growth targets outside Switzerland. It is stepping up capital spending to boost electric power generation and sales, especially in Italy and across Central and Eastern Europe. Last year alone, the Group thus doubled its generating capacity. Power plants acquired in Italy, through membership in the Edipower consortium, will not impact cash flow for several years because the nine generating units, with a total capacity of 7,000 megawatts, require substantial capital spending for modernization. Nonetheless, they will maintain their secure position in the energy-hungry Italian economy and contribute decisively to Atel's operating income in the future. The cross-shareholding with Milan-based AEM, a major supplier, will also help our energy operations strengthen their foothold in Italy.

The investments in state-of-the-art generating facilities in Hungary and the Czech Republic will have an immediate impact on cash flow. Last year's acquisition of Entrade, a Prague-based trading company, is also bringing Atel to the forefront of energy trading in Eastern Europe.

Trading operations mainly comprise traditional business of selling, delivering and also using energy. Speculative trading in so-called standard products is conducted cautiously. Considerable risks are inherent in such business, and the contributions to operating income tend to be marginal. Unlike other companies in Switzerland, Atel reports sales from physical deliveries to buyers separately from standard contracts, consolidating merely the trading margin, but not virtual sales generated with standard products.

Our energy services business, providing a strategic balance in our operations, suffered from the poor economic conditions, especially in Germany. All the same, good results were achieved in Switzerland and Italy. In the principal market, Germany, the business was still able to operate in the black thanks to timely measures to contain costs.

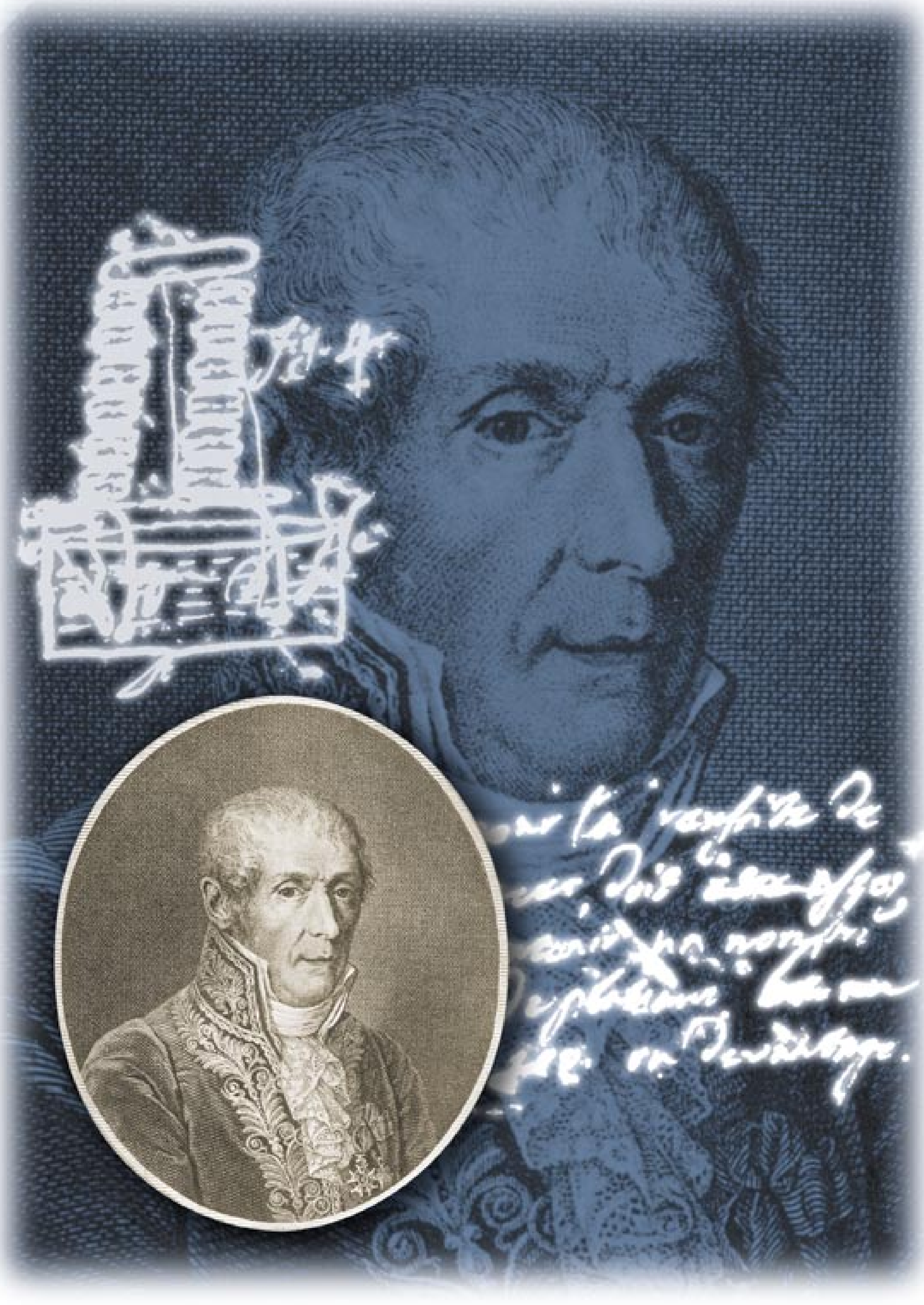
While 2002 was a difficult year, primarily marked by great uncertainty about the economy and markets, the backdrop in 2003 is likely to be even more extreme. The electricity industry is at a crossroads, with a referendum on the «Strom ohne Atom» (nuclear-free power) and «Moratorium Plus» initiatives being held on May 18. If adopted, these initiatives will have grave consequences, not least for the business community and each consumer. It can only be hoped that economic common sense will prevail over the antinuclear polemics and myths about replacing nuclear energy with wind and solar power.

To conclude, I would like to note that the strategy we have pursued consistently has delivered results: overall, our Group of companies has flourished most satisfactorily. Shareholders can see how the company's value has risen year after year. This may also be the prime reason why Motor-Columbus and Atel's share prices have suffered relatively little from the massive downslide of the stock market over the past two years.

All this we owe to the tremendous, unwavering commitment of our staff throughout the Group. On behalf of the Board of Directors, I would like to extend our thanks and appreciation to them.

Baden, April 3, 2003

Dr. h.c. Heinrich Steinmann
Chairman and Chief Executive Officer



Electricity Business

Operations

The operations of the Motor-Columbus Group are concentrated exclusively in the energy sector and bracketed together in the Atel Group.

Atel, based in Olten (Switzerland), is a pan-European energy group whose core competencies lie in electricity trading and marketing, power generation, power transmission and energy services. Recording a sales volume of 40 TWh, it is Switzerland's leading electricity provider. Atel has opted not to recognize the standard contract volume in its sales figures. Sales revenue includes only net gains on trading contracts. The Atel Group is also an electricity trader, operating throughout Europe with subsidiaries and affiliates, generating facilities and partners located in various countries. It supplies electric power to interconnected companies, marketing partners, public utilities, industrial plants and service businesses across Europe.

As a trading specialist, Atel also manages complex energy portfolios and offers its customers derivative instruments for individual risk management.

Atel is one of Switzerland's largest electricity generators and also owns generation capabilities in Italy, Hungary and the Czech Republic. The group draws approximately 14 TWh of electricity every year from its own power plants. A market-focused portfolio of pumped storage, run-of-river, nuclear and thermal generating facilities allows Atel to supply its customers with sufficient peak- or base-load power at any time.

Much of the electricity Atel delivers to customers is transported over its own network. Strategically located, its extra-high voltage system is part of the backbone of European electricity trading.

The Energy Services Segment addresses a full spectrum of customer needs encompassing current, power, light, refrigeration, heat, communications and security. Atel's installation engineering group, Atel Installationstechnik, and the GAH Group together maintain a close-knit network of operations in Europe, concentrated mainly in Switzerland, Germany and Italy.

Atel is seeking to consolidate its leadership position as an independent electricity trader and prominent energy services provider in Europe.

Politico-Economic Environment

During 2002, changes continued to unfold in Europe's electric power industry. While the European Union pressed on with accelerating and harmonizing the deregulation of the electricity markets in its member states, the euphoria of liberalization faded noticeably in the marketplace. Many trading firms, mostly US-based and initially very dynamic players, pulled out of the market, leaving room for traditional power companies to strengthen their positions.

In Switzerland, though, the electorate vetoed the Electricity Market Act in the referendum staged in September 2002. Regardless of this political rebuff to the proposed legal regulatory framework, changes being triggered by the de facto opening of the market are continuing to pervade Switzerland's electricity scenario too. Domestic partners and large industrial and SME customers expect best market practices and first-rate services whether or not a statutory framework is in place. Motor-

Electricity Business

Columbus and Atel hold the view that swift action should be taken to craft a new bill for an Electricity Market Act setting out clear rules and allowing sufficient entrepreneurial freedom. Atel has always been a proponent of opening the market to competition at all levels through to the consumer's power point.

Next to liberalization of the electricity market, nuclear energy also featured high on the energy policy agenda during 2002. A popular vote in the Canton of Nidwalden, likewise in September 2002, rejected an exploratory tunnel at the projected Wellenberg repository site. The Federal Council is adhering to the Swiss radioactive waste management concept pursuing two programs: one for low- and intermediate-level waste and one for spent fuel and high-level/long-lived intermediate-level waste. The evaluation of the final repository sites for both categories can proceed without time pressure now that the Zwilag interim storage facility is in operation and will remain so for several decades.

Highlights in 2002

Atel achieved a record sales volume of 40 TWh in 2002.

Last year net sales in the Atel Group increased by 2.2% to CHF 3.7 billion. Cash flow fell by 9.3% to CHF 490 million, and consolidated net income rose by 3% to CHF 170 million.

Atel's Energy Segment expanded its generation capabilities in a major capital spending program focused on Southern and Eastern Europe. Through its membership in the Edipower consortium in Italy, Atel acquired a stake in Eurogen. Eurogen encompasses nine power generating units with a total capacity of 7,000 MW, meeting about one tenth of Italy's electricity demand. Holding a 13.3% ownership interest, Atel has a 16.6% share of capacity and energy. In Central and Eastern Europe, Atel acquired 100% of the Csepel power plant complex in Hungary and controlling interests of 44.5% in the Czech ECKG power plant complex (equity stake increased to 89 % in March 2003) and 75% in Entrade, a Czech trading company. Three of these power plants are state-of-the-art facilities using Western technology, while two are older units that have now been refurbished to meet the environmental requirements. Their combined installed generating capacity is approximately 1,000 MW.

Consolidated sales in the Energy Segment increased by 8% to CHF 2.263 billion. In addition to traditional physical sales, Atel's energy operations included trading in standard products with a volume of approximately 47 TWh or CHF 2.000 billion during 2002, compared to CHF 0.6 billion during 2001. The net gain on these trading contracts is recognized in consolidated sales. Income in this segment was up 15.3% to CHF 211 million.

Amid the economic gloom, the Energy Services Segment struggled to maintain order levels, especially in Germany. A notable event was the contract awarded to a GAH Group company and Thales Industrial Services, its consortium partner, to provide CERN in Geneva with mechanical engineering design services for the construction of the new LHC accelerator.

The Energy Services Segment posted consolidated sales of CHF 1.465 billion,

Electricity Business

a decline of 3.7%. Adjusted to exclude the effects of first-time consolidation and changes in foreign currency exchange rates, sales fell by 9%.

Energy Segment

Electricity Trading and Marketing

Power consumption in the 20 member countries of the Union for the Coordination of Transmission of Electricity (UCTE) rose by nearly 0.5% to 2,175 TWh in 2002. This small increase reflects the sluggish economic activity across much of Europe. In Switzerland, electricity consumption was up 1% to 58.4 TWh.

With the European electricity markets progressively opening to competition, physical exchanges of electricity by UCTE member states picked up strong momentum. The cross-border trading volume soared by no less than 20% to 290 TWh. Having hiked exports of hydro-generated power during the third quarter, Switzerland was a net exporter in 2002. Imports stood at 12 TWh versus exports of 16 TWh. As in previous years, the principal supplier was France, while Italy remained by far the most important buyer. Atel provided more than 25% of the electricity delivered to Italy in 2002.

For a long time, the uncertainty surrounding the outcome of the referendum on the Electricity Market Act set the tone in Switzerland's electric power market. This was reflected in prices, especially to industrial and bulk customers. Despite a difficult economic climate, Atel met expectations and upped its trading volumes.

Business conditions in Southern/Western Europe were characterized by the electricity liberalization taking off in Italy and France. Thanks to aggressive marketing, sales volumes maintained a high level. Southern/Western Europe was still the largest contributor to energy business sales, accounting for 74% (2001: 77%) of the volume marketed. In its principal market, Italy, Atel acquired generation capabilities to fuel further strategic expansion in trading activities. In France, the marketing company established at the end of 2001, Paris-based Atel Energie SAS, started selling electricity to large industrial customers and public utilities.

Last year, operations in Northern/Eastern Europe gained ground, growing their share of Atel's consolidated energy sales to 26% from 23% in 2001. Sales rose by approximately 25% following dynamic expansion in marketing and trading operations. In acquiring Entrade, a Czech trading company, and generating facilities in the Czech Republic and Hungary, the division gained a firm foothold strengthening its market presence in Eastern Europe. New energy business was secured in Greece and the Balkans. In Germany, Offenburg-based Atel Energie AG stepped up sales and signed up more public utilities and industrial plants, broadening its customer base.

In 2002, Atel Trading established itself among the leading trading houses. The volume of financial and physical standard products traded was up 300% year on year to 47 TWh, representing sales revenues of CHF 2 billion, compared to CHF 0.6 billion in 2001. This growth, beating expectations, was achieved amid difficult market conditions.

Electricity Business

Power Generation and Grid

The volume of hydroelectric power generated in the hydrologic year (at the end of September) stood at some 2.5 TWh, a decrease over the extremely wet year before. Operating conditions were good in all the facilities in which Atel has interests. Cost stability was again the keyword.

On the generation front, 2002 was primarily marked by very high capital spending on the Group's first generating capabilities outside Switzerland.

In the spring, the Edipower consortium in Italy, in which Atel holds a 16.6% share of capacity and energy, received acceptance of its bid to acquire Eurogen, Italy's second largest electricity generator. This acquisition was another step in Atel's strategy of further reinforcing its strong position in the Italian market. Over and above its involvement in the Edipower consortium, Atel started constructing two gas-fired combined heat and power plants with industrial partners in Novara and Vercelli, located in Northern Italy.

In Central and Eastern Europe, Atel also followed up its vigorous expansion in trading activities by acquiring generation capabilities of its own. The company took over two power plant complexes and an energy trading firm from US-based NRG Energy Inc. The deal covered 100% of the Csepel generating units in Hungary, a stake of 44.5% in the Czech ECKG generating units (stake increased to 89% in March 2003) and 75% of Entrade, a Czech trading company. These plants use state-of-the-art Western technology or have been refurbished to meet the environmental requirements.

The Atel Group is still counting on nuclear power, a non-CO_2-emitting power source for which there is no adequate substitute. It raised its stake in the Leibstadt nuclear plant to 27.36% and pursues an ongoing program of capital spending at this facility and the 40%-owned Gösgen nuclear plant, ensuring maximum technical safety and a reliable electricity supply.

All facilities in the Atel Group's 380/220 kV transmission network are integrated in Atel Transmission Ltd. Operating this system stretching 980 km, Atel Transmission Ltd. controls about one fifth of Switzerland's extra-high voltage grid.

For the present, the rejection of the Electricity Market Act in September 2002 has staved off the legal requirement to transfer the extra-high voltage network to a national grid company. In 2002, physical demand in the control zone was met without any notable interruptions or failures. This is a perpetual goal that is also being furthered by the program to upgrade the last 11 km long Mettlen-Gösgen transmission section through Suhrental/Safenwil/Uerkheim in the Canton of Aargau. Finally, in October 2002, the company was able to go ahead with this work that will eliminate a notorious transmission bottleneck.

Energy Services Segment

Atel's Energy Services Segment comprises two divisions: Energy Services Southern/Western Europe and Energy Services Northern/Eastern Europe. The division providing Energy Services in Southern/Western Europe encompasses Atel Installationstechnik (AIT), an installation engineering group engaged in traffic engineering, energy supply technology, communications technology and building services. STC Atel, an Italian engineering

Electricity Business

firm, and Amherd AG, a Swiss installation company, were integrated into the division retroactively as of January 1, 2002. In the face of an unrelentingly tight demand situation, capacities have to be constantly reviewed and tailored to market conditions. The Energy Services division covering Northern/Eastern Europe comprises the GAH Group. The GAH Group consists of more than 30 companies with over 170 offices and support centers across Germany and in neighboring countries. It is one of Germany's leading service providers for the energy, industrial and communications sectors. This division's results were heavily impacted by the worsening economic climate in Germany, which translated into stagnating and, in some areas, declining sales and earnings figures.

Outlook

In fiscal 2003, focus is being placed on quality through consolidation and value creation. No major capital spending programs are planned. The Atel Group's goal for 2003 is to integrate the new acquisitions into established structures and procedures and to consolidate their operations. In March 2003, Atel increases its stake in the Czech ECKG to 89%. In quantitative terms, Atel expects to see growth in consolidated sales and net income driven by the companies acquired last year.

The Energy Segment anticipates dynamic expansion in trading volume during 2003. Given the predicted market liquidity, selling prices in the European markets will remain at a low level. With the first-time consolidation of the newly acquired companies in Hungary and the Czech Republic, the segment expects another marked upturn in sales and net income.

As business conditions in the Energy Services Segment are likely to improve only very moderately in the months ahead, sales will probably be level with last year. Without the special charges necessary last year and benefiting from the programs to cut costs, the segment is currently hopeful of posting an increase in net income.

In spring 2003, Switzerland is facing another landmark decision for the use of nuclear power when the electorate votes in the referendum on two antinuclear initiatives: «Strom ohne Atom» (nuclear-free power) and «Moratorium Plus». These initiatives should be vetoed on ecological, technological and economic grounds.

As an alternative, Parliament has passed a new Nuclear Energy Act leaving the door open for nuclear power.

Motor-Columbus Group Financial Review

Consolidated Results of Operations

Fiscal 2002 saw an aggressive program of acquisitions focused on power generation and electricity trading. Atel, the principal subsidiary in the Motor-Columbus Group, extended its presence in Eastern Europe in the last quarter of 2002 by taking over power plants that produce electricity and district heating in Hungary and the Czech Republic. With the transfer of the new companies' operations at the end of 2002, their assets and liabilities were recognized in the consolidated balance sheet at December 31, 2002. They are being included in the consolidation from January 1, 2003.

Consolidated sales increased by 2.2% or CHF 81 million to CHF 3,701 million in 2002. Operations in the two segments, Energy and Energy Services, displayed mixed trends. While the Energy Segment posted an increase of approximately CHF 168 million or 8% in sales, the Energy Services Segment saw sales shrink by some 4% due to the weak economic conditions. Especially in Germany, this segment suffered declines in operating revenue due to price erosion in the face of slow demand.

Operating expenses incurred in energy business reflected the below-average hydrologic conditions, especially during the first six months, which led to an increase in outside purchases. At the same time, Atel was able to capitalize on the high price volatility in the energy markets and buy in electricity at low cost. In the Energy Services Segment, operating expenses were burdened by above-average special charges due to discontinued projects and accounts receivable written off.

Thanks to cost discipline throughout the Group, personnel expenses and ongoing infrastructure costs remained stable. As a result, income before interest and taxes (EBIT) rose by 16% to CHF 253 million despite expenditures related to business acquisitions, further expansion of the marketing organization and goodwill amortization to the tune of CHF 100 million.

Developments in the financial markets resulted in higher net financial expense, partially offsetting the improvement in operating income. Nevertheless, consolidated income grew by 6% year on year to CHF 159 million. After deduction of minority interest, consolidated income stood at CHF 84 million compared to CHF 73 million a year earlier.

The heavy capital expenditures to the tune of CHF 455 million were funded from internally generated cash flow and existing cash resources. Cash flow reached CHF 480 million, again at a high level but CHF 48 million down on the year before, which had been influenced by exceptional factors.

Consolidated Financial Position

Consolidated total assets grew by CHF 497 million to CHF 5.1 billion, reflecting acquisitions in 2002. A substantial year-on-year increase was seen in non-current assets and liabilities as a result of first-time consolidation. Cash, including short- and medium-term time deposits, totaled approximately CHF 700 million at year end, providing resources for further strategic investments and repayment of borrowings, primarily in the Atel Group.

Motor-Columbus Group

The Group's net debt rose during the year to approximately CHF 875 million due to the inclusion of companies consolidated for the first time. Shareholders' equity stood at CHF 666 million at year end, compared to CHF 608 million a year earlier, and represented 13% of total assets as in the year before. These figures do not include minority interest of CHF 744 million.

Motor-Columbus Ltd.

Group Holding Company

Motor-Columbus Ltd., the Group holding company, ended 2002 with net income of CHF 24.0 million, a year-on-year decrease of some CHF 0.8 million. As in previous years, the main source of income was the dividend received on the investment in Atel Ltd. Total dividends remained at the year-earlier level of CHF 34.4 million. The direct investment portfolio held by Motor-Columbus Ltd. did not change during the year.

Board of Directors

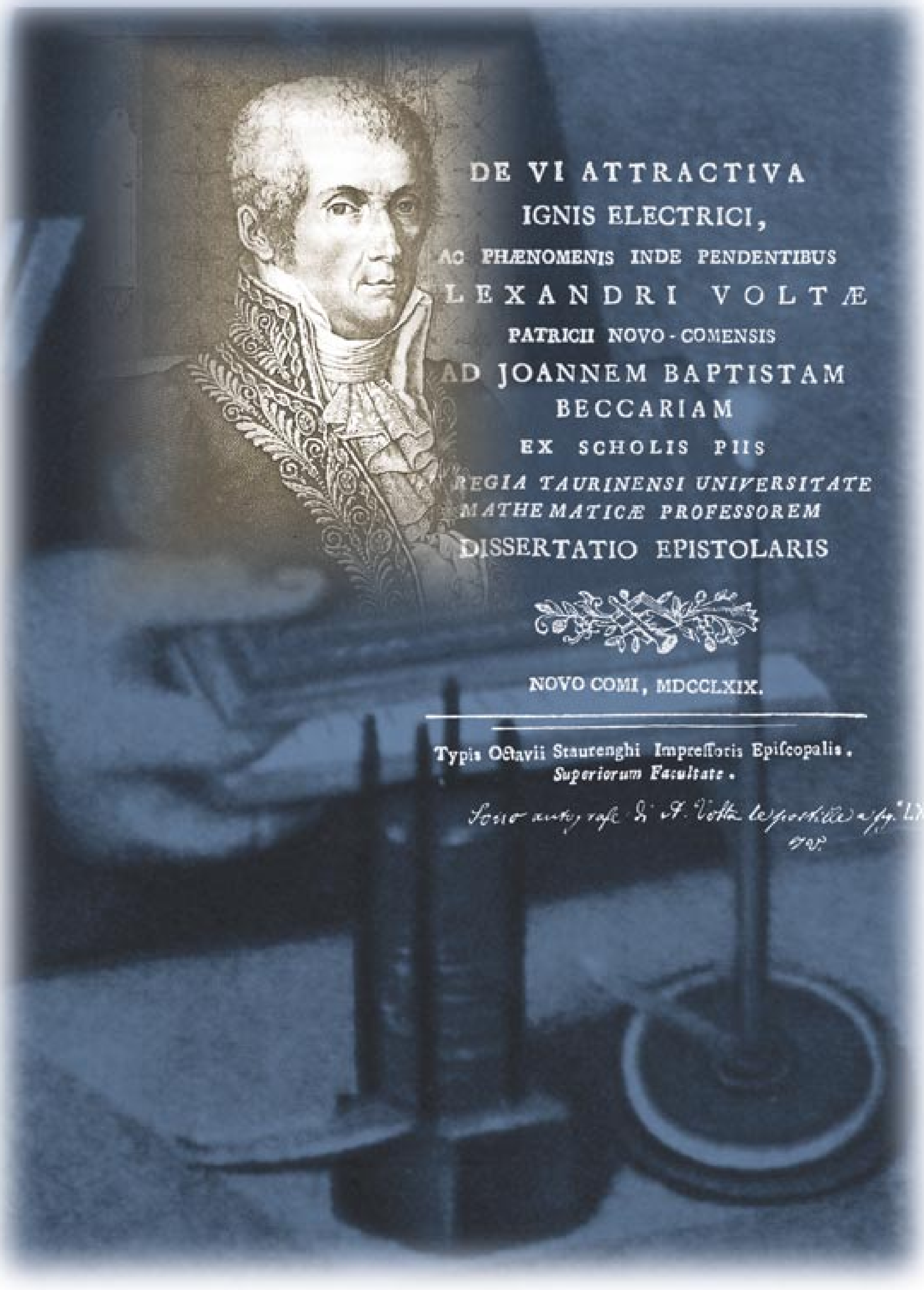
The Annual Meeting of Shareholders on June 6, 2002 re-elected Dr. Walter Bürgi to the Board for another term of three years. Dr. Georges Streichenberg did not seek re-election because he had reached the age limit; he was not replaced. The Board appointed the following officers: Dr. h.c. Heinrich Steinmann to continue as Chairman and Chief Executive Officer and Mr. Robert Diethrich to serve as Vice Chairman, by rotation, for a period of one year.

The prescribed terms of office of Mr. Robert Diethrich and Mr. Ulrich Fischer are expiring at the forthcoming Annual Meeting of Shareholders on June 12, 2003. Ulrich Fischer is standing for re-election while Robert Diethrich is not. The Board is recommending shareholders to re-elect Mr. Ulrich Fischer for another term and to elect Mr. Jean-Philippe Rochon to replace Mr. Robert Diethrich.

Baden, April 3, 2003

On behalf of the Board of Directors and Executive Committee

Dr. h.c. Heinrich Steinmann
Chairman and Chief Executive Officer


DE VI ATTRACTIVA
IGNIS ELECTRICI,
AC PHÆNOMENIS INDE PENDENTIBUS
LEXANDRI VOLTÆ
PATRICII NOVO-COMENSIS
AD JOANNEM BAPTISTAM
BECCARIAM
EX SCHOLIS PIIS
REGIA TAURINENSI UNIVERSITATE
MATHEMATICÆ PROFESSOREM
DISSERTATIO EPISTOLARIS
NOVO COMI, MDCCLXIX.
Typis Octavii Staurenghi Impressoris Episcopalis.
Superiorum Facultate.

This statement discloses information about the Motor-Columbus Group's corporate governance as required by the SWX Swiss Exchange Directive on Information Relating to Corporate Governance.

The Group's corporate governance principles, policies and rules are documented in the Articles of Incorporation and Rules of Procedure of Motor-Columbus Ltd. and in the Executive Board Regulations, Group Guidelines and Organization Chart of the Atel Group (Aare-Tessin Ltd. for Electricity and its subsidiaries and affiliates). They are regularly reviewed by the respective Boards of Directors and Executive Committee/Board and revised to meet needs.

In view of the Motor-Columbus Group's structure, this statement is largely confined to a disclosure of the structures and corporate bodies of Motor-Columbus Ltd. except where otherwise required. For pertinent information about the Atel Group, please refer to Atel's annual report (page 16 ff.) and website (www.atel.ch/en/about_us/index.jsp).

Group Structure

Motor-Columbus Ltd. is purely a holding company. The finance and property companies on page 71 are managed directly by Motor-Columbus, through its Executive Committee, while the operating companies bracketed together in the Atel Group are managed by Atel's Board of Directors and Group Management.

Through its representatives, the Board of Directors of Motor-Columbus Ltd. exercises a decisive influence on the Board of Directors of Aare-Tessin Ltd. for Electricity (Atel). Atel's Board of Directors is responsible for the ultimate direction and strategic focus of the Atel Group and for supervising the Executive Board. The management of the Atel Group's operations and affairs has been delegated to its Chief Executive Officer. The Chief Executive Officer presides over the Executive Board and has delegated some of the management responsibilities assigned to him to the members of the Executive Board.

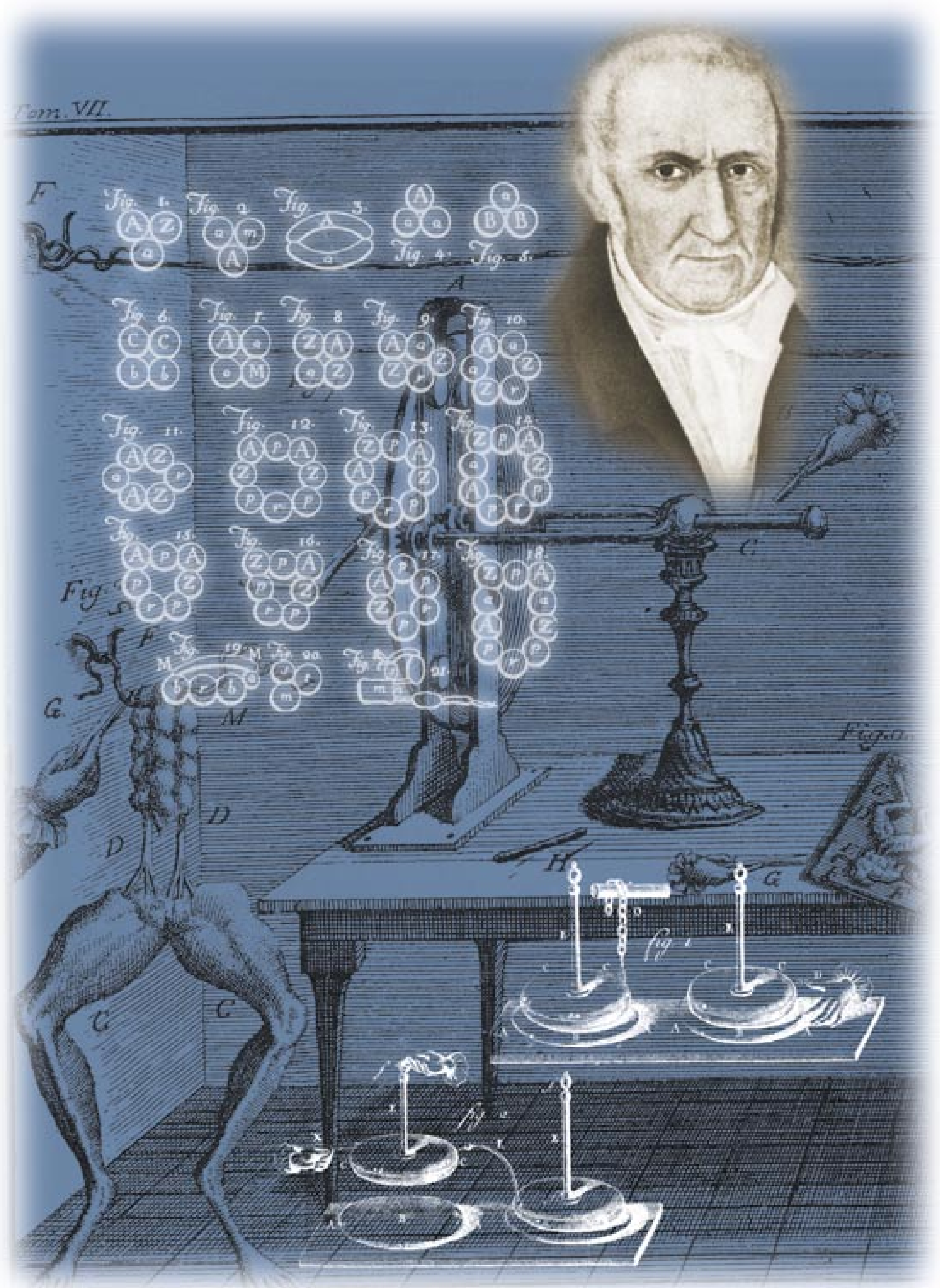
The following companies included in the consolidation of Motor-Columbus Ltd. are listed on SWX Swiss Exchange.

Motor-Columbus Ltd., Baden,
(ISIN CH0002124276) with a market capitalization of CHF 1,225 million at December 31, 2002;

Aare-Tessin Ltd. for Electricity (Atel), Olten,
(ISIN CH0001363305), 56.7%-owned by Motor-Columbus Ltd., with a market capitalization of CHF 2,444 million at December 31, 2002;

Società Elettrica Sopracenerina SA, Locarno
(ISIN CH0004699440), 58.8%-owned by Atel, with a market capitalization of CHF 140 million at December 31, 2002.

The principal consolidated companies are listed on pages 71 to 75 of this annual report.



Shareholders

Based on the filing requirments, the company is aware of the following shareholders at December 31, 2002, Kreissparkasse Biberach being the only shareholder to file a report last year:

UBS AG, Zurich	35.60%
Electricité de France, Paris	20.00%
RWE Plus AG, Essen	20.00%
Deutsche Bank, Frankfurt/Main	9.88%
Kreissparkasse Biberach, Biberach	5.20%

UBS AG, Electricité de France and RWE Plus AG have signed a consortium agreement setting out the terms of cooperation and granting reciprocal rights of first refusal to the signatories.

Capital Structure

The capital stock of Motor-Columbus Ltd. is CHF 253 million, divided into 506,000 (fully paid) bearer shares with a par value of CHF 500 each. Each share entitles the holder to one vote.

There are no restrictions on transferability or voting rights.

The company has no contingent or authorized capital.

No convertible bonds or warrants are outstanding.

The capital changed as follows during the past three fiscal years (CHF in millions):

	2000	2001	2002
Capital stock	253	253	253
Legal reserve	23	27	31
Retained earnings	26	28	28
Total	302	308	312

Shareholders' Rights

Shareholders' property and participation rights are laid down by law and in the Articles of Incorporation (www.motor-columbus.ch/statuten). There are no rules that are at variance with the law.

Changes in Control and Defensive Measures

Persons acquiring shares in Motor-Columbus Ltd. are not obliged to make a public purchase offer as prescribed in the Federal Stock Exchange and Securities Trading Act («opting out»).

In the event of a change in control, the usual notice periods and severance benefits prevailing in the market are applicable to members of the Executive Committee.

Board of Directors

The Board of Directors is responsible for the ultimate direction and strategic focus of the Motor-Columbus Group and for supervising the Executive Committee of Motor-Columbus Ltd.

The Articles of Incorporation prescribe that the number of directors will be no less than five. Directors hold office for three years and are subject to re-election on a staggered basis. There are no age or term limits.

The Board of Directors currently comprises six people:

Dr. h.c. Heinrich Steinmann, (Swiss)
Chairman and Chief Executive Officer

Dr. h.c. Heinrich Steinmann was first elected as a Director in 1986, has served as Chairman of the Board since 1993 and additionally took office as Chief Executive Officer in 1995. In this latter capacity, he is Chief Executive Officer of Motor-Columbus Ltd. He holds an Electrical Engineering degree from the Federal Institute of Technology in Zurich and last served as Executive Vice President and a member of the Group Executive Board of former Union Bank of Switzerland (UBS). He does not hold any other executive management or consulting positions in companies beside Motor-Columbus Ltd.

Within the Motor-Columbus Group, he is a Director of Aare-Tessin Ltd., Olten. His other appointments include: Vice Chairman of Mizuho Bank (Schweiz) AG, Zurich, and Directorships of B&T LIFE AG, St. Gallen, and BT&T TIME AG, St. Gallen.

Robert Diethrich, Vice Chairman
(French)

Robert Diethrich has been a Director since 2000. He is currently Vice Chairman, alternating every other year with Dr. Klaus Bussfeld for a one-year period. He graduated as an Electrical Engineer and holds an executive position as First Vice President in the European management of Electricité de France.

Robert Diethrich has no other functions within the Motor-Columbus Group. His appointments include: Chairman of SIA, F-Paris, and Elex Mauritius, Mauritius Port Louis; Vice Chairman of Finel, I-Milan; and Director/Supervisory Board member of Estag, A-Graz, Steweag, A-Graz, Skandrenkraft, S-Stockholm, Graninge AG, S-Stockholm, and Géothermie Bouillante, F-Paris.

Dr. Walter Bürgi, Director (Swiss)

Dr. Walter Bürgi was elected to the Board in 1999. He no longer has any executive management functions.

He holds a Doctor of Business Administration degree. Within the Motor-Columbus Group, he has served since 1999 as Chairman of Aare-Tessin Ltd., Olten, which he previously managed as Chief Executive Officer, and as Chairman of Società Elettrica Sopracenerina, Locarno. Dr. Walter Bürgi's other appointments include: Chairman of RUAG Holding, Bern, Director of Siemens Schweiz AG, Zurich, and Chairman of the Board of Trustees of the Gottlieb und Hans Vogt-Stiftung, Solothurn.

Dr. Klaus Bussfeld, Director (German)

Dr. Klaus Bussfeld was elected to the Board in 2001. Alternating with Robert Diethrich, he serves as Vice Chairman for a one-year period every other year. He holds a Doctor of Laws degree and is a member of the Executive Board of RWE Plus AG, the sales company for the RWE Group's electricity and energy-related services. He is in charge of law, foreign interests and international activities. He also has executive responsibilities as a member of the management of Kärntner Energieholding Beteiligungs GmbH, in Klagenfurt, Austria.

Within the Motor-Columbus Group, he serves as a Director of Aare-Tessin Ltd., Olten. In his capacity as an Executive Board member of RWE Plus AG, he holds appointments in various European energy and electricity companies: he is Chairman of the Supervisory Boards of Emscher Lippe Energie GmbH, D-Gelsenkirchen, EWR Aktiengesellschaft, D-Worms, Budapesti Elektromos Müvek Rt., H-Budapest, Észak-magyarországi Áramszolgáltató Rt., H-Miskolc, STOEN S.A., PL-Warsaw; Vice Chairman of the Supervisory Board of Energieversorgung Oberhausen AG, D-Oberhausen; First Vice Chairman of the Supervisory Board of KELAG - Kärntner Elektrizitäts-AG, A-Klagenfurt; Vice Chairman of Luxempart-Energie S.A., Luxembourg. Dr. Klaus Bussfeld serves as a Director/Supervisory Board member of the following companies: Schluchsee AG, D-Freiburg i.Br., Stadtwerke Duisburg AG, D-Duisburg, Compagnie Grand-Ducale d'Electricité du Luxembourg S.A., Luxembourg, Société Electrique de l'Our S.A., Luxembourg, Východoslovenská energetika a.s., SL-Kosice, and MATRA Kraftwerk AG, H-Visonta.

Ulrich Fischer, Director (Swiss)

Ulrich Fischer was elected to the Board in 1997. An Attorney at Law, he heads his own law firm and has been a member of the Swiss parliament, serving as National Councillor, since 1987. At present, he is on the National Council's Committee for the Environment, Spatial Planning and Energy, and Foreign Relations Committee. Within the Motor-Columbus Group, he is a Director of Aare-Tessin Ltd., Olten. He is also Vice Chairman of Gebrüder Meier AG in Brugg.

Urs B. Rinderknecht, Director (Swiss)

Urs B. Rinderknecht has been a Director since 1995. Holding the position of Executive Vice President with UBS AG, he is in charge of corporate services and mandates. Within the Motor-Columbus Group, he is a Director of Aare-Tessin Ltd., Olten. His appointments include: Chairman of Scintilla AG, Solothurn, and Widder Hotel AG, Zurich; Vice Chairman of Robert Bosch AG, Zurich, Robert Bosch Internationale Beteiligungen AG, Zurich, Grand-Hotel Victoria-Jungfrau AG, Interlaken; Director/Supervisory Board member of Metalor Technologies International SA, Neuenburg, Sika AB, Baar, Robert Bosch GmbH, D-Stuttgart; Chairman of the Boards of Trustees of the UBS-Stiftung für Soziales und Ausbildung, Zurich, and UBS-Kulturstiftung, Zurich; and Board member of economiesuisse, Zurich.

None of the directors except the Chairman and Chief Executive Officer participates in the management of the company's affairs. None of the non-executive directors served on the Executive Committee of Motor-Columbus or Executive Board of a Group Company in the past three fiscal years. The following gentlemen are also directors of Atel: Dr. W. Bürgi (Chairman of the Board), Dr. K. Bussfeld (Director), U. Fischer (Director), U. Rinderknecht (Director) and Dr. h.c. H. Steinmann (Director). Dr. W. Bürgi also serves as Chairman of the Board of Società Elettrica Sopracenerina SA. Otherwise, the directors do not have significant business relationships with the company or any Group Company.

Board Procedures

The Board of Directors appoints its officers, electing a Chairman and Vice Chairman annually from among its members. The office of Vice Chairman is held alternately by the EDF and RWE Plus representatives. Due to the Group structure outlined above and the small number of directors, the company believes it is not expedient to establish committees.

The Chairman sets the agenda for Board meetings after consultation with the Executive Committee. Any director may request in writing that an item be included on the agenda. Information materials are generally distributed to Board members about two weeks prior to the meetings to allow the directors to prepare for discussion of the agenda items. The Board met five times in 2002.

Board resolutions are passed by a majority of the votes cast. In the event of equality of votes, the Chairman has the casting vote. Resolutions in writing signed by the directors are permitted unless a director requests an oral discussion.

Members of the Executive Committee generally attend Board meetings in an advisory capacity, but they leave a meeting if asked to do so by the Chairman.

The Board keeps minutes of its proceedings and resolutions. The minutes of each meeting are sent to the directors and approved at the next meeting.

At every Board meeting, the Executive Committee members inform the directors of current business performance and important events. The Board receives quarterly interim reports. When important items of business arise, the Executive Committee submits written reports, setting out proposals for decision by the Board of Directors.

Outside meetings, any director may request the Chairman to provide information about business performance and specific items of business. If necessary to carry out a duty, any director may ask the Chairman to have books and records produced for inspection.

Executive Committee

The Executive Committee comprises the following three members:

Dr. h.c. Heinrich Steinmann, (Swiss)
Chairman and Chief Executive Officer, presiding officer

Dr. h.c. Heinrich Steinmann has been Chairman of the Board since 1993 and Executive Director since 1995, serving in this capacity as Chief Executive Officer of Motor-Columbus Ltd. Prior to that, he was Executive Vice President and a member of the Group Executive Board of former Union Bank of Switzerland (UBS). He studied Electrical Engineering at the Federal Institute of Technology in Zurich.

Alain Moilliet, (Swiss)
Administration and Corporate Communications

Alain Moilliet joined Motor-Columbus Ltd. on April 1, 1999 and has since been in charge of Administration and Corporate Communications. Prior to that, he was Company Secretary and an Executive Committee member of Galenica Holding AG. Having read law at the University of Bern, he qualified as an Attorney at Law.

Joe Rothenfluh, (Swiss)
Human Resources and Finance

Joining Motor-Columbus Ltd. on June 1, 1987, Joe Rothenfluh has been responsible for Human Resources and Finance since July 1, 1995. He previously held a finance, controlling and internal audit position with IBM. He qualified as a Swiss Certified Accountant/Controller.

The division of powers and responsibilities between the Board of Directors and Executive Committee is documented in Rules of Procedure. The Chairman and Chief Executive Officer presides over the Executive Committee of Motor-Columbus Ltd. He is responsible for managing operations and for supervising and monitoring the «Administration and Corporate Communications» and «Human Resources and Finance» functions of Motor-Columbus Ltd. and the property and finance companies shown on page 71.

The powers of Motor-Columbus' Executive Committee depend on the nature of business and are documented in the Rules of Procedure.

The company has not entered into management contracts with people outside the Group.

Compensation and incentive plans

Directors receive a fixed fee and an expense allowance based upon the work involved and their responsibility. The level of compensation is determined by the Board as a whole.

Last year, the Chairman of the Board received a fee of CHF 95,800 and an expense allowance of CHF 10,000 for his services as Chairman. Including his salary as Chief Executive Officer and fee as a director of Atel, his total compensation was CHF 873,700. The five non-executive directors together received a fee of CHF 219,300 plus expenses of CHF 25,000 for their services on the Board of Motor-Columbus Ltd. Together with their compensation for serving as directors of other – also listed – Group Companies, non-executive directors received total compensation (fees and expenses) of CHF 877,300. The sum of all compensation paid to directors by the company and Group Companies last year was CHF 1,717,600. In addition, a fee of CHF 24,200 and expenses of CHF 2,500 were paid to one director who retired from the Board on the date of the 2002 Annual Meeting of Shareholders.

Compensation paid to Executive Committee members comprises a fixed base salary, an expense allowance and a bonus, the level of which is linked to the achievement of corporate and personal performance goals. The level of compensation for Executive Committee members is determined each year by the Chairman of the Board and another director. Total compensation paid to the Executive Committee members for their services last year was CHF 1,449,990.

In 2002, there was no equity-based compensation plan.

According to our information, directors and Executive Committee members hold altogether 100 bearer shares in Motor-Columbus Ltd.

No other fees or compensation for additional services were paid to directors or Executive Committee members.

No loans have been granted to directors or officers.

External Audit

Ernst & Young Ltd., Zurich, (succeeding Arthur Andersen AG) has acted as statutory auditors of Motor-Columbus Ltd. and as Group auditors since 2002. The statutory and Group auditors are appointed each year at the Annual Meeting of Shareholders to hold office for one year. The scope of their services and fees are reviewed once a year. The chief auditor of Ernst & Young Ltd. (succeeding Arthur Andersen AG) has served as auditor of Motor-Columbus since 1997.

Ernst & Young Ltd. received fees (incl. expenses) of approximately CHF 132,000 for services rendered as statutory and Group auditors. Fees of approximately CHF 88,800 were paid for audit-related services and tax advice.

Ernst & Young Ltd. also acts as Group and statutory auditors of the Atel Group. Atel paid fees (incl. expenses) of CHF 1.6 million for these services plus additional fees of CHF 1.3 million for other audit-related services, tax advice and general consulting services.

Information Policy

Motor-Columbus communicates regularly with shareholders, potential investors and other stakeholders in its first-half and annual reports and at meetings of shareholders. Atel continually publishes information about events relating to its operations through media releases and on its website (www.atel.ch/en/medien/index.jsp).

The most important dates this year are:

Annual Meeting of Shareholders:
Thursday, June 12, 2003 in Baden

First-half 2003 report:
mid-September 2003

Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They present fairly the financial position, results of operations and cash flows of the Motor-Columbus Group. The Board of Directors approved the consolidated financial statements on April 3, 2003 for presentation to the Annual Meeting of Shareholders on June 12, 2003.

Change in definition of sales

The Motor-Columbus Group trades standard products in the course of its energy trading operations. These products are generally traded several times within a one-year period, which has the effect of substantially inflating trading volumes. In the interest of conservative accounting and in line with the standards issued by the US Financial Accounting Standards Board (FASB) in 2002, the Motor-Columbus Group has decided to change the accounting for such trading transactions from the gross to the net method (reporting gains less losses on trading contracts). Prior-year figures reported by the Motor-Columbus Group have been restated accordingly.

In all other respects, the same principles of consolidation and accounting policies have been applied as in the previous year.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Motor-Columbus Ltd. and all of its subsidiaries for the fiscal year ending on December 31. Subsidiaries are included in the consolidated financial statements from the date of acquisition and excluded at the date of divestiture or reported as investments and other assets when the Group ceases to control them.

The consolidation comprises Motor-Columbus Ltd. and its subsidiaries, i.e. all Group Companies in which it, directly or indirectly, holds more than 50% of the shareholders' voting rights and over which it exercises control.

Minority interests in affiliated companies where Motor-Columbus Ltd. exercises significant influence but has no control are accounted for in the Motor-Columbus Group's consolidated financial statements using the equity method. The same method is used to account for joint ventures in the Energy Segment. Net assets and net income for the year are recognized on the basis of local accounting principles applied by the affiliated companies, which may differ to some extent from the principles applied in the Motor-Columbus Group reporting.

Motor-Columbus Ltd.'s share of these companies' assets, liabilities, expenses and income is disclosed in note 11 on page 47.

Applying IAS 39, investments in other companies are recorded at fair value (for explanatory notes, see page 32) and reported as «financial investments» in non-current assets.

All significant companies are shown on pages 71 to 75, with an indication of the consolidation method applied and other information.

Consolidation method

Acquisitions and goodwill have been accounted for using the purchase method. Under this method, the cost of purchasing a subsidiary is compared to the fair value of its net assets at the date of acquisition. Any excess of cost over acquired net assets is capitalized as goodwill and amortized through the statement of income over the periods of expected benefit.

Intercompany transactions

Electric power generated by joint ventures is invoiced to the shareholders at full cost under joint venture agreements in force.

Contractually agreed transfer or market prices are applied to charge other goods and services supplied between Group Companies. All intercompany balances, transactions and resulting unrealized profits are eliminated on consolidation.

Foreign currency translation

Assets and liabilities of Group Companies reporting in foreign currencies are translated into Swiss francs at the exchange rates existing at the balance sheet date. Income and expenses are translated at the average exchange rates during the year. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of shareholders' equity and not recognized in income.

Foreign-currency-denominated transactions in the financial statements of Group Companies are translated at the exchange rates existing at the date of the transactions, unless they are covered by forward exchange contracts when the hedging contract rate is used. Realized and unrealized gains and losses arising up to the balance sheet date from the valuation of receivables and payables denominated in foreign currencies are recognized in income.

Revenue recognition

Revenue from the sale of goods and services is recognized in the statement of income when the goods are delivered or services are rendered. Sales relating to construction contracts are recorded using the percentage of completion method under which revenue is recognized as the work is performed, based upon the proportion of contract work completed.

Income taxes

Income taxes on net income reported in the statement of income for the year are calculated at the current tax rates applied in the financial statements of the Group Companies.

Deferred taxes are provided for temporary differences between the treatment of certain income and expense items for financial reporting purposes and their treatment for income tax purposes. Deferred taxes arising from temporary differences are calculated using the balance sheet liability method. Deferred taxes are not provided for differences in the carrying amounts of investments in Group Companies that will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is more likely than not that they will be realized.

The effect of providing for temporary differences is disclosed in note 7 on page 44.

Interest on borrowings

Interest on borrowings is generally expensed in the period for which it is owed. Interest costs incurred directly in the acquisition or construction of an asset with a long period of development are capitalized. The capitalized interest is calculated at the actual amount paid in the period from the commencement of acquisition or construction activity to the use of the asset.

Impairment of assets

Property, plant, equipment and other long-term assets, including goodwill, intangibles and financial instruments, are periodically reviewed for impairment, especially when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying value of an asset exceeds its estimated realizable value, it is written down to fair value determined on the basis of the expected future discounted cash flows.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation periods are based on estimated useful lives of the particular classes of assets or the dates when generation plant licenses expire. The useful lives of the various classes of assets are within the following ranges:

Buildings	30–50 years
Land	on impairment only
Generation plant	30–80 years
Transmission systems	15–40 years
Plant and equipment/vehicles	3–20 years
Construction in progress	if impairment is already evident

Interest on borrowings for long-term capital projects with long periods of development is capitalized during the period of construction.

Commitments to clean up land and sites after license expiry or decommissioning are accounted for individually in accordance with the terms of contract.

Costs of repairs and maintenance, including regular maintenance, of buildings and operating facilities are expensed as incurred.

Replacements, renovations and improvements that substantially extend the useful life, increase the capacity or substantially improve the quality of output of assets are capitalized.

Gains or losses on fixed asset disposals are recognized in income.

Power purchase rights

Power purchase rights comprise prepayments for rights to purchase power in the long term, including capitalized interest. Amortization is charged on a straight-line basis from the commencement of the power purchases over the term of the contracts.

Intangible assets

Intangible assets essentially include intangibles acquired for valuable consideration, such as goodwill and rights to use third parties' facilities. They are amortized over the periods of expected benefit, with goodwill being amortized over periods ranging from 3 to 10 years.

Leases

Costs incurred under operating leases are charged to the statement of income as they are incurred.

Property, plant and equipment held under capital leases are capitalized at fair value or, if lower, at the present value of the lease payments. They are amortized on a straight-line basis over their expected useful lives.

Construction contracts

Work performed for customers under construction contracts in the Energy Services Segment is recorded using the percentage of completion method and the amount to be recognized as an asset is included in accounts receivable and net sales. The degree of completion is determined by the progress, i.e. according to the costs incurred. Contract costs are expensed in the period in which they are incurred.

Contracts or groups of contracts where the degree of completion or outcome cannot be estimated reliably are recognized as an asset at the amount of contract costs that will probably be recoverable.

Provisions are made for any losses expected to be incurred on the construction contracts.

In reporting uncompleted contracts, the revenue agreed in the contract and any subsequent variations confirmed by the customer in writing are recognized as contract revenue.

Inventories

Inventories are stated at the lower of cost (determined by the average cost method) or market.

Accounts receivable

Trade and other accounts receivable are stated at nominal value less allowances for bad and doubtful debts.

Cash and marketable securities

Cash and marketable securities comprise cash on hand, in postal and bank accounts, demand and time deposits maturing within 90 days, together with marketable securities.

Liabilities

Liabilities comprise amounts payable within one year and those payable in excess of one year, which are stated at the amount repayable, plus accrued expenses. The reported liabilities do not differ significantly from the values determined using the amortized cost method.

Provisions

Provisions cover all liabilities arising from past transactions or events that are identifiable at the balance sheet date and that are likely to be incurred, but uncertain as to timing and amount. Their amount is calculated using the best estimate of expected cash outflows.

Provisions are stated at the amount of the expected cash outflows discounted at the balance sheet date. Provisions are reviewed every year at the balance sheet date and adjusted to reflect current developments. Exceptions are provisions for benefit plans, to which IAS 19 is applied.

Employee benefit plans

Motor-Columbus Ltd., its management Companies and Group Companies in the Energy Segment have legally independent Swiss pension plans of the defined benefit type. Benefit obligations are valued applying the projected unit credit method. This accrued benefit method prorated on service recognizes not only the known benefits and benefits accrued at the reporting date but also expected future compensation and benefit increases. Foreign subsidiaries in the Energy Segment are generally covered under state social security plans or independent defined contribution plans.

Swiss Group Companies in the Energy Services Segment participate in independent employee benefit plans that are fully reinsured. This means that the companies have neither contractual nor moral obligations related to employees' future benefit entitlements. For this reason, no actuarial valuations have been made for these companies. Italian Group Companies in the Energy Services Segment are covered under state social security plans.

The German GAH Group exclusively operates a plan where the employer has a constructive obligation to pay benefits, i.e. there is no legally separate pension plan. For this reason, provisions are made in the company's balance sheet. These provisions are calculated in accordance with annual actuarial valuations of the current benefit obligations. Benefits are paid directly by the company. Under IAS 19, a constructive obligation to pay benefits under German law represents an unfunded plan and is reported as a net liability in the balance sheet. As there are no separate plan assets to meet the obligations, the actual payments are deducted from provisions in the balance sheet.

Contingent liabilities

Potential or existing liabilities where it is not considered probable that cash outflows will be required are not recognized in the balance sheet. However, the nature of liabilities existing at the balance sheet date is disclosed as a contingent liability in the notes to the consolidated financial statements.

Financial instruments

Financial instruments comprise cash and equivalents, marketable securities, derivative financial instruments, financial investments, accounts receivable and short-term and long-term debt.

Fair value measurement

The carrying amounts of cash and equivalents, accounts receivable and current liabilities represent fair values due to their short-term nature.

Loans receivable and financial investments that are listed on a stock exchange or readily marketable are stated at market value at the balance sheet date. Other items that are not readily marketable or where the cost of determining fair value would be excessive are stated at cost.

Financial assets

In accordance with the applicable standards under IAS 39, financial assets are classified as follows and measured uniformly according to their category:

- financial assets or liabilities held for trading,
- investments held to maturity,
- loans and receivables originated by the Group and
- financial assets available for sale.

Financial assets held for trading are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Investments held to maturity are fixed maturity financial assets that the Motor-Columbus Group intends to hold to maturity. Loans and receivables originated by the Group are financial assets created by the Group by providing money, goods or services to third parties. All other investments are classified as financial assets available for sale.

All financial assets are initially recognized at cost, including transaction costs. The purchase or sale of a financial asset is recognized on the settlement date.

After initial recognition, financial assets held for trading are stated at fair value, with changes in asset value reported in the statement of income for the period concerned.

Investments held to maturity and assets originated by the Group are stated at amortized cost using the effective interest rate method, less reductions for impairment.

After initial recognition, financial assets available for sale are stated at fair value, with changes in asset value reported in the statement of income for the current period.

Derivative financial instruments

All derivative financial instruments are initially recognized at cost, including transaction costs, on the settlement date.

After initial recognition, derivative financial instruments held for trading in the course of energy business are subsequently recognized at fair value, with changes in asset value reported in operating income or expenses in the period to which they relate.

Other derivative financial instruments held for trading are subsequently reported at fair value, with changes in asset value recognized in financial income or expense.

Hedge accounting

In the reporting period, the Motor-Columbus Group did not enter into any hedging transactions to which hedge accounting is applied.

General policies

In the course of its operations, the Motor-Columbus Group is exposed to energy price, interest rate, credit and foreign exchange risks. Exposure limits are set for the various risk categories and their compliance is monitored continuously; these limits are adjusted in the context of the company's overall risk capacity.

Risk management policies for the Motor-Columbus Group's energy business are set out in its energy risk management program. They comprise guidelines on the incurrence, measurement, management and limitation of exposure to business risks in energy business and lay down the organization and responsibilities for risk management. The goal is to guarantee a reasonable balance between business risks incurred, earnings and risk equity.

The financial risk management program defines the framework for risk management within the Motor-Columbus Group in terms of substance, organization and system. The units responsible manage their financial risks within the framework of the risk management policy and limits defined for their operations. The goal is to reduce financial risks, bearing in mind the hedging costs and risks being incurred.

Energy price risk

Exposure to price risks in energy business arises from factors such as changing price volatility, changing market prices or changing correlations between markets and products.

Derivative financial instruments are used to manage risks inherent in underlying physical transactions in line with the risk.

Interest rate risk

The Motor-Columbus Group is exposed to risks associated with movements in capital market interest rates and may enter into interest rate swaps to manage this exposure. The gains or losses on such transactions are recorded in the statement of income as financial income or expense.

Credit risk

To manage its credit risk exposure, the Motor-Columbus Group continuously monitors receivables from counterparties and performs credit analyses of new counterparties. In energy business, it is policy to enter into commitments only with counterparties meeting the criteria of the Motor-Columbus Group's energy risk management program. The Motor-Columbus Group's exposure to concentration risk is minimized due to the number and wide geographic spread of customers.

The financial assets reported in the balance sheet represent the maximum credit risk to which the Motor-Columbus Group was exposed at the balance sheet date.

Foreign exchange risk

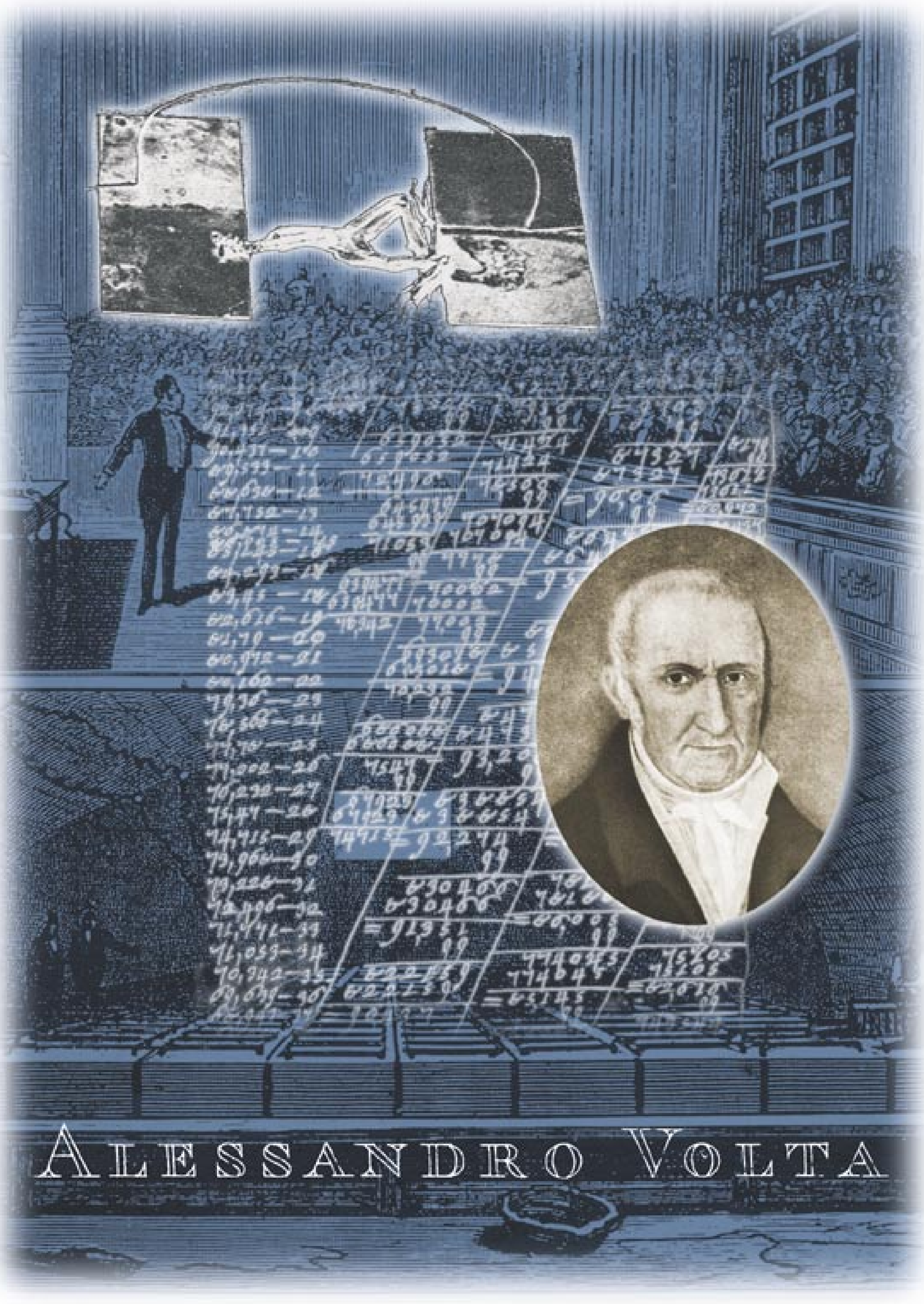
To minimize foreign exchange risk, the Motor-Columbus Group endeavors to offset foreign-currency-denominated operating income and expenses. Any net position remaining is hedged using foreign exchange (forward and option) contracts in line with the financial risk management program.

Net investments in foreign subsidiaries are also subject to changing foreign exchange rates but the difference in inflation rate should offset the exchange rate changes over the long term. For this reason, Motor-Columbus does not hedge investments in foreign subsidiaries.

Consolidated Statement of Income of the Motor-Columbus Group

Year ended December 31, CHF in millions	Note	2001	2002
Net sales		**3 620**	**3 701**
Capitalized costs		11	15
Other operating income		83	77
Operating income [1]		**3 714**	**3 793**
Power and inventory costs	2	-2 319	-2 380
Materials and services purchased		-29	-36
Personnel expenses	3	-618	-599
Depreciation and amortization	4	-305	-308
Other operating expenses		-226	-217
Operating expenses		**-3 497**	**-3 540**
Income before interest and taxes		**217**	**253**
Dividend income	5	45	41
Financial expense, net	6	-47	-73
Income before taxes		**215**	**221**
Income taxes	7	-66	-62
Consolidated income before minority interest		**149**	**159**
Minority interest in income		-76	-75
Net income	8	**73**	**84**

[1] Excluding standard products
In addition, the volume of standard products traded was 47.3 TWh, representing CHF 1 908 million or EUR 1 300 million (2001: 16.7 TWh, representing CHF 620 million or EUR 411 million); see page 26 for a definition of sales.


ALESSANDRO VOLTA

Consolidated Balance Sheet of the Motor-Columbus Group

Assets

December 31, CHF in millions	Note	2001	2002
Property, plant and equipment	9	1 015	1 362
Intangible assets	10	801	750
Investments in affiliates	11	593	641
Long-term investments and other assets	12	152	245
Deferred tax assets	7	69	60
Non-current assets		**2 630**	**3 058**
Inventories		24	41
Accounts receivable	13	1 037	1 255
Time deposits	20	180	28
Cash and marketable securities	14	737	713
Prepaid expenses		31	41
Current assets		**2 009**	**2 078**
Total assets		**4 639**	**5 136**

Shareholders' equity and liabilities

	Note	2001	2002
Capital stock		253	253
Retained earnings		355	413
Shareholders' equity	15	**608**	**666**
Minority interest		**694**	**744**
Provisions	16	780	754
Deferred taxes	7	169	188
Long-term debt	17/20	1290	1 359
Other long-term liabilities	18	6	6
Non-current liabilities		**2 245**	**2 307**
Current income tax liabilities		37	28
Short-term debt	20	118	257
Short-term liabilities	19	793	906
Accrued expenses		144	228
Current liabilities		**1 092**	**1 419**
Liabilities		**3 337**	**3 726**
Total shareholders' equity and liabilities		**4 639**	**5 136**

CHF in millions	Capital stock	Retained earnings	Total
Shareholders' equity at January 1, 2001	**253**	**305**	**558**
Dividends		-19	-19
Net income		73	73
Purchase/sale of treasury stock (Atel Ltd.)		-5	-5
Net after-tax gain on sale of treasury stock (Atel Ltd.)		3	3
Translation adjustments		-2	-2
Shareholders' equity at December 31, 2001	**253**	**355**	**608**
Dividends		-20	-20
Net income		84	84
Purchase/sale of treasury stock (Atel Ltd.)		-8	-8
Net after-tax gain on sale of treasury stock (Atel Ltd.)		1	1
Translation adjustments		1	1
Shareholders' equity at December 31, 2002	**253**	**413**	**666**

Consolidated Statement of Cash Flows of the Motor-Columbus Group [1]

Year ended December 31, CHF in millions	2001	2002
Net income after taxes	**149**	**159**
Adjustments for:		
Depreciation and amortization	305	308
Change in deferred taxes charged to income statement	7	20
Change in other provisions	32	12
Other non-cash items	35	-19
Cash flow	**528**	**480**
Change in working capital[2]	77	-50
Reclassification due to change in ownership interests	0	-27
Change in other assets and liabilities	1	0
Net cash provided by operating activities	**606**	**403**
Property, plant, equipment and intangible assets		
Purchase of assets	-80	-101
Proceeds from sale of assets	60	7
Business acquisitions, investments		
Acquisitions of busineses and investments	-94	-367
Proceeds from sale of businesses and investments	3	6
Change in long-term financial assets	1	0
Net cash used in investing activities	**-110**	**-455**
Change in minority interest	0	-19
Dividends paid	-19	-20
Dividends paid to minority shareholders	-34	-32
Purchase/sale of treasury stock	-3	-7
Proceeds from issuance of debt	10	29
Repayments of debt	-155	-80
Change in time deposits	-141	156
Translation adjustments	-2	1
Net cash (used in) provided by financing activities	**-344**	**28**
Change in cash and marketable securities	**152**	**-24**
Reconciliation		
Cash and marketable securities at January 1	585	737
Cash and marketable securities at December 31	737	713
Change	**152**	**-24**

[1] See note 25, page 55

[2] Excl. current financial assets and liabilities

Free cash flow

Year ended December 31, CHF in millions	2001	2002
Net cash provided by operating activities	606	403
Capital expenditures on plant replacements	-80	-101
Proceeds from sale of assets	60	7
Free cash flow	**586**	**309**

Note 1

Currency translation rates

The Group reports in Swiss francs. The following exchange rates have been used to translate foreign currencies:

	Unit		Year end		Average	
CHF			12/31/01	12/31/02	2001	2002
USA	USD	1	1.68	1.39	1.69	1.56
EURO	EUR	1	1.48	1.45	1.51	1.47

Note 2

Power and inventory costs

CHF in millions	2001	2002
Power purchased from third parties	1 119	1 252
Power purchased from affiliates (joint ventures)	373	351
Impairment of financial assets (financial investments held in energy business)	62	23
Inventory costs	765	754
Total	**2 319**	**2 380**

Note 3

Personnel expenses

CHF in millions	2001	2002
Wages and salaries	513	502
Pension expense for defined benefit plans	12	12
Pension expense for defined contribution plans	10	11
Other personnel expenses	83	74
Total	**618**	**599**

Average number of employees	2001	2002
Employees (full-time equivalents)	7 153	7 217
Apprentices	679	682
Total	**7 832**	**7 899**

Number of employees at year end	12/31/01	12/31/02
Employees (full-time equivalents)	7 315	7 172
Apprentices	670	707
Total	**7 985**	**7 879**

Note 4

Depreciation and amortization

CHF in millions	2001	2002
Property, plant and equipment	73	75
Power purchase rights	113	113
Goodwill	102	109
Other intangible assets	5	4
Investments and other assets (including impairment of financial assets)	12	7
Total	**305**	**308**

Note 5

Dividend income

CHF in millions	2001	2002
Dividend income from affiliates	27	33
Dividend income from other investments	18	8
Total	**45**	**41**

Note 6

Financial expense, net

CHF in millions	2001	2002
Interest income	29	21
Interest expense	-69	-59
Foreign exchange gains (losses), net	-7	-12
Other financial income (expense), net	0	-23
Total financial expense, net	**-47**	**-73**

Note 7

Income taxes

CHF in millions

Principal components of income tax expense	2001	2002
Current income taxes	41	42
Deferred income taxes	25	20
Total	**66**	**62**

	2001	2002
Deferred tax expense, charged directly to shareholders' equity	1	0

Reconciliation

CHF in millions	2001	2002
Consolidated income before income taxes	215	221
Theoretical income tax expense	70	77
Effects of non-tax-deductible expenses	1	0
Investment deduction	-8	-13
Other	3	-2
Total income taxes	**66**	**62**

Deferred tax assets and liabilities by nature of temporary differences

Deferred tax assets

CHF in millions	12/31/01	12/31/02
Tax losses not yet used	40	37
Current assets and liabilities	29	23
Total	**69**	**60**

Deferred tax liabilities

CHF in millions	12/31/01	12/31/02
Property, plant, equipment and intangibles	82	109
Inventories and other current assets	49	39
Long-term provisions and other liabilities	38	40
Total	**169**	**188**

The reported «tax losses not yet used» are not subject to expiry. Undisclosed tax loss carryforwards are insignificant in amount.

Note 8

Earnings per share

CHF in millions	2001	2002
Total outstanding shares of CHF 500 par value	506 000	506 000
Net income of Motor-Columbus Group (CHF in millions)	73	84
Earnings per share (CHF)	**143.72**	**165.14**
Dividend/proposed dividend per share (CHF)	40.00	40.00

There are no circumstances which could dilute earnings per share.

Note 9

Property, plant and equipment

CHF in millions	Land and buildings	Generation plant	Transmission systems	Other fixed assets	Constr. in progress	Total
Gross book value at 12/31/01	**260**	**524**	**1 099**	**242**	**43**	**2 168**
Change in consolidated Group	-1	340	0	4	1	344
Additions	9	2	32	24	31	98
Capitalized costs	0	0	0	0	15	15
Reclassifications	6	7	14	0	-21	6
Disposals	-7	-2	-6	-31	-2	-48
Translation adjustments	-1	0	0	-3	0	-4
Gross book value at 12/31/02	**266**	**871**	**1 139**	**236**	**67**	**2 579**
Accum. depreciation at 12/31/01	**75**	**352**	**537**	**189**	**0**	**1 153**
Change in consolidated Group	0	31	0	2	0	33
Charge for year	4	4	44	23	0	75
Reclassifications	0	0	0	0	0	0
Disposals	-5	-2	-5	-29	0	-41
Translation adjustments	-1	0	0	-2	0	-3
Accum. depreciation at 12/31/02	**73**	**385**	**576**	**183**	**0**	**1 217**
Net book value at 12/31/01	185	172	562	53	43	1 015
Net book value at 12/31/02	**193**	**486**	**563**	**53**	**67**	**1 362**

The book value of property, plant and equipment pledged to secure mortgages and similar liabilities was CHF 54 million on December 31, 2002 (2001: CHF 51 million).

Note 10

Power purchase rights and intangible assets

CHF in millions	Power purchase rights	Good-will	Other intang. assets	Total
Gross book value at 12/31/01	**1 243**	**316**	**103**	**1 662**
Change in consolidated Group	0	0	1	1
Reclassified due to change in ownership interests				
from long-term financial investments	0	11	0	11
from marketable securities	0	63	0	63
Additions	0	137	3	140
Disposals	-617	0	-1	-618
Translation adjustments	0	-2	0	-2
Gross book value at 12/31/02	**626**	**525**	**106**	**1 257**
Accumulated amortization at 12/31/01	**631**	**162**	**68**	**861**
Change in consolidated Group	0	0	0	0
Charge for year	113	109	4	226
Disposals	-579	0	-1	-580
Translation adjustments	0	0	0	0
Accumulated amortization at 12/31/02	**165**	**271**	**71**	**507**
Net book value at 12/31/01	612	154	35	801
Net book value at 12/31/02	**461**	**254**	**35**	**750**

Note 11

Investments in affiliates

CHF in millions	Joint ventures	Other compa-nies	Total
Book value at 12/31/01	**409**	**184**	**593**
Reclassified due to change in ownership interests			
from long-term financial investments	0	36	36
from marketable securities	0	33	33
to fully consolidated companies	0	-17	-17
Additions	0	5	5
Disposals	0	-4	-4
Dividends	-18	-7	-25
Equity in net income	7	13	20
Book value at 12/31/02	**398**	**243**	**641**

In 1999, Atel revalued its interests in generation plants (joint ventures) using the discounted cash flow method. Each plant was valued separately for the period from January 1, 1999 to expiry of its license. The valuation resulted in an extraordinary write-down of CHF 600 million. The interests in generation plants are periodically reviewed for impairment; any significant changes in value are recognized in the statement of income in the period to which they relate.

Note 11

Key data of affiliated companies

CHF in millions **Joint ventures**	Gross value 2001	Gross value 2002	MC Group share 2001	MC Group share 2002
Non-current assets	7 221	7 019	2 051	2 062
Current assets	922	773	291	247
Non-current liabilities	5 666	4 875	1 648	1 472
Current liabilities	752	1188	200	331
Income	1 342	1 326	370	391
Expenses	-1 269	-1 257	-351	-372
Net income	73	69	19	19

The figures are based on local accounting principles (Swiss GAAP – ARR) applied by the joint ventures; the extraordinary write-downs charged on interests in generation plants in the Atel Group's consolidated financial statements for 1999 are not reflected in this table.

Other companies	MC Group share 2001	MC Group share 2002
Non-current assets	252	381
Current assets	175	144
Non-current liabilities	142	109
Current liabilities	101	173
Income	326	287
Expenses	-317	-274
Net income	9	13

Under joint venture agreements in force, the shareholders of joint ventures are obliged to pay the annual costs attributable to their percentage stakes (incl. interest and repayment of liabilities). For Atel Ltd., a fully consolidated company, the prorated regular annual costs average approximately CHF 350 million. At year end, there were commitments to make capital contributions amounting to CHF 24 million.

Furthermore the operators of the Gösgen and Leibstadt nuclear power plants have joint and several liability – by way of a contingent liability – in respect of the additional funding obligations for decommissioning of facilities.

Note 12

Long-term investments and other assets

CHF in millions	Financial investments	Loans	Total
Gross book value at 12/31/01	**230**	**4**	**234**
Change in consolidated Group	0	1	1
Reclassified due to change in ownership interests			
to investments in affiliates and goodwill	-83	0	-83
to marketable securities	-84	0	-84
Additions	200	0	200
Disposals	0	-2	-2
Translation adjustments	-1	0	-1
Gross book value at 12/31/02	**262**	**3**	**265**
Accumulated depreciation at 12/31/01	**82**	**0**	**82**
Change in consolidated Group	0	0	0
Reclassified due to change in ownership interests			
to investments in affiliates	-36	0	-36
to marketable securities	-33	0	-33
Charge for year	1	0	1
Impairment losses (changes in fair value)	6	0	6
Translation adjustments	0	0	0
Accumulated depreciation at 12/31/02	**20**	**0**	**20**
Net book value at 12/31/01	148	4	152
Net book value at 12/31/02	242	3	245

Note 13

Accounts receivable

CHF in millions	12/31/01	12/31/02
Trade accounts receivable	760	950
Unbilled revenue	151	120
Other accounts receivable	126	185
Total	**1 037**	**1 255**
Of which receivable from related and affiliated companies	17	19

Note 13

Unbilled revenue related to construction contracts is reported according to the degree of completion, less advance payments received, and is as follows:

CHF in millions	12/31/01	12/31/02
Unbilled revenue, gross	347	540
Advance payments received from customers	-196	-420
Unbilled revenue, net	**151**	**120**
Amounts retained by customers included in unbilled revenue	0	0

Note 14

Cash and marketable securities

CHF in millions	12/31/01	12/31/02
Demand deposits	373	250
Time deposits maturing within 90 days	260	410
Other cash and equivalents	104	53
Total	**737**	**713**

«Other cash and equivalents» include marketable securities.

Note 15

Shareholders' equity

Capital stock

The capital stock consists of 506 000 registered shares with a par value of CHF 500 each. There are no restrictions on transfer or voting rights.

By their own accounts, shareholders are:

%	Capital and voting rights
UBS AG	35.6%
EDF Electricité de France	20.0%
RWE Plus AG	20.0%
Deutsche Bank AG	9.9%
Kreissparkasse Biberach	5.2%

Opting out

Persons acquiring shares in Motor-Columbus Ltd. are not obliged to make a public purchase offer as prescribed in the Federal Stock Exchange and Securities Trading Act.

Contingent capital

There was no authorized or contingent capital on December 31, 2002.

Note 15

Stock-based compensation plans

At present there are no stock-based compensation plans for Executive Committee members of Motor-Columbus Ltd. Some subsidiaries operate stock-based compensation plans for their management members. These plans are insignificant for the company.

Note 16

Provisions

CHF in millions	Contract risks	Annual cost liabilities	Provisions for pension plans	Other provisions	Total
Balance at 12/31/01	**205**	**236**	**141**	**198**	**780**
Change in consolidated Group	0	0	0	3	3
Charge	30	16	10	24	80
Utilized	0	-29	-9	-21	-59
Unnecessary provisions released	0	0	-1	-8	-9
Reclassifications	0	-29	0	-7	-36
Translation adjustments	0	0	-3	-2	-5
Balance at 12/31/02	**235**	**194**	**138**	**187**	**754**

The *provision for contract risks* covers risks and liabilities that existed and were identifiable at the balance sheet date in connection with international energy business.

The *provision for annual cost liabilities* covers cash outflows relating to purchases of energy from joint venture Companies at prices exceeding the market norm.

Other provisions primarily cover liabilities relating to human resources and restructuring programs, plus general operating liabilities.

Liabilities identifiable at the balance sheet date and falling due within 12 months were reclassified to accrued expenses.

Note 17

Long-term debt

Bonds outstanding at year end

Atel Ltd.	Maturity	Not repayable before	Interest rate %	12/31/01	12/31/02
Fixed-rate bond	1996/2003	08/22/03	4½	190	190[1)]
Fixed-rate bond	1996/2006	02/16/04	4	200	200
Fixed-rate bond	1997/2009	03/06/09	4¼	200	200
Fixed-rate bond	1997/2009	10/30/07	4	200	200

1) Maturing on August 22, 2003; recorded as short-term debt at December 31, 2002

Note 17

The market value of fixed-rate bonds outstanding at year end was CHF 835 million.

The weighted interest rate on bonds outstanding at year end, related to face value, was 4.18% (2001: 4.18%).

Loans

CHF in millions	12/31/01	12/31/02
Maturing between 1 and 5 years	307	309
Maturing in more than 5 years	193	450
Total	**500**	**759**
Of which due to related and affiliated companies	5	5

The weighted interest rate on the loans at year end, related to nominal value, was 3.88% (2001: 4.09%). Loans maturing within 360 days are recorded as short-term debt.

Note 18

Other long-term liabilities

This item primarily relates to rights to use third parties' facilities.

Note 19

Short-term liabilities

CHF in millions	12/31/01	12/31/02
Trade accounts payable	536	707
Other liabilities	256	176
Advances from customers	1	23
Total	**793**	**906**
Of which due to related and affiliated companies	63	49

Note 20

Net debt

CHF in millions	12/31/01	12/31/02
Fixed-rate bonds maturing in more than 360 days	790	600
Other long-term debt maturing in more than 360 days	500	759
Debt maturing within 360 days	118	257
Total debt	**1408**	**1616**
Less		
Time deposits maturing between 90 and 360 days	180	28
Cash and marketable securities	737	713
Total	491	875

Note 21

Employee benefit plans

The status of the Energy Segment's multiemployer plan was as follows:

CHF in millions	12/31/01	12/31/02
Present value of benefit obligation	258	248
Fair value of plan assets	275	239
Plan assets in excess of/less than benefit obligation, not capitalized	**17**	**-9**

Under the bylaws of the multiemployer plan for companies in the Energy Segment, decisions on the use of funds may be taken only by parity resolutions, i.e. passed jointly by all employers and representatives of employees participating in the benefit plan. For this reason, any excess or deficit is not reported in the balance sheet. However, the funds available to the employer at the balance sheet date – such as employer's contribution reserves – have been capitalized pro rata.

The GAH Group's employee benefit plan liabilities are disclosed in note 16 «Provisions for benefit plans».

The actuarial valuations were based on the following weighted average assumptions:

%	Switzerland 2001	Switzerland 2002	Germany 2001	Germany 2002
Discount rate	4.0	4.0	6.0	6.0
Expected rate of return on plan assets	4.0	4.0	6.0	6.0
Expected rate of compensation increase	2.5	2.0	2.5	2.5
Expected future benefit increase	1.0	1.0	1.5	1.5

Note 21

Components of net pension cost

CHF in millions	2001	2002
Service cost current	8	6
Interest cost on projected benefit obligation	17	17
Expected return on plan assets	-11	-10
Benefit plan cost	**14**	**13**
Contributions	-2	-2
Pension cost (expensed as incurred)	-12	-11
Total	**-14**	**-13**

Note 22

Contingent liabilities

Motor-Columbus Ltd. is not a party to any significant legal proceedings.

The Atel Group is involved in various legal proceedings in the normal course of business. In the financial statements, management has made the provisions it believes necessary based on information currently available and after consulting legal representatives.

At year end, guarantee obligations to third parties totaled CHF 690 million (2001: CHF 48 million) of which CHF 452 million relates to guarantees in connection with the financing of the Edipower acquisition.

In addition, there are commitments under option agreements (put options) to increase existing ownership interests. In connection with the financing of the Edipower acquisition, the industry investors (Atel, AEM Milano, AEM Torino und Edison) jointly undertook to acquire the equity stakes held by the financial investors.

With the exception of the disclosure in note 11 on page 46, there are no other events requiring disclosure.

Note 23

Subsequent events

In January 2003, Atel acquired 44.5% of the ECKG generating facilities in Kladno near Prague from US-based NRG Energy Inc. and increased this equity stake to 89% in March 2003.

In January, Atel raised CHF 50 million in a private placement at a fixed rate of 3.11% for nine years to provide long-term financing.

In March 2003, the 80% investment in Parkhaus Stadtcasino AG was sold.

Note 24

Segment information

The Energy Segment encompasses the Atel Group's power generation, transmission, trading and marketing operations. The Energy Services Segment comprises all activities involving technical and construction services. Other/consolidation represents the effects of consolidation and activities not attributable to the other segments, mainly property companies. The segmentation is based on internal reporting within the Group.

Transactions between segments: income, expenses and net income in the segments include between the segments and geographic areas, all effected and recorded on an arm's length basis. All these transactions and balances have been eliminated on consolidation.

Sales reported in the Energy Services Segment comprise contract revenue under construction contracts.

By business segment

CHF in millions	Energy 2001	Energy 2002	Engergy Services 2001	Engergy Services 2002	Other/ consolidation 2001	Other/ consolidation 2002	Total 2001	Total 2002
Revenue from energy sales/ construction contracts	2 092	2 258	1 521	1 465	4	-27	3 617	3 696
Gains on trading standard products and financial energy contracts	3	5	0	0	0	0	3	5
Total sales	2 095	2 263	1 521	1 465	4	-27	3 620	3 701
Segment income	183	211	29	26	-63	-78	149	159
Net income from affiliates	27	33	0	0	0	0	27	33
Cash flow	475	475	93	51	-40	-46	528	480
Total assets (balance sheet total)	4 048	4 655	641	614	-50	-133	4 639	5 136
Book value of affiliates	593	641	0	0	0	0	593	641
Liabilities	2 482	2 941	460	453	395	332	3 337	3 726
Net capital expenditures on property, plant, equipment and intangibles	38	0	32	0	-50	0	20	0
Number of employees at year end	590	610	7 386	7 260	9	9	7 985	7 879

By geographic area

CHF in millions	Switzerland 2001	Switzerland 2002	EU 2001	EU 2002	Other areas 2001	Other areas 2002	Total 2001	Total 2002
External sales	945	866	2 566	2 634	109	201	3 620	3 701
Gross assets (balance sheet total)	3 130	2 715	1 482	1 887	27	534	4 639	5 136
Net capital expendures on property, plant, equipment and intangibles	-2	29	22	65	0	0	20	94
Number of employees at year end	2 754	2 704	5 231	5 159	0	16	7 985	7 879

Note 25

Statement of Cash Flows

The Statement of Cash Flows reports cash flows classified by operating, investing and financing activities. Effects of changes in the consolidated Group have been eliminated.

Net cash provided by operating activities includes:

- CHF 18 million of interest income (2001: CHF 26 million) and CHF 36 million of interest expense (2001: CHF 43 million)
- dividends of CHF 8 million on unconsolidated investments (2001: CHF 18 million)
- CHF 19 million in income taxes paid (2001: CHF 34 million)

Other non-cash items primarily comprise capitalized costs and interest, amortization of capitalized tax loss carryforwards and non-cash components related to equity accounting.

Note 26

Business acquisitions and divestitures

Capital expenditures to acquire companies consolidated for the first time totaled CHF 221 million. These acquisitions were financed entirely with cash and equivalents. On balance, acquisitions and divestitures of consolidated companies contributed CHF 312 million in non-current assets, CHF 106 million in current assets, CHF 62 million in cash and equivalents and CHF 387 million in minority interest, liabilities and provisions.

Report of the group auditors to
the annual meeting of share-
holders of Motor-Columbus Ltd.

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows and notes on pages 26 to 55) of Motor-Columbus Ltd. for the year ended December 31, 2002.

The prior year corresponding figures were audited by other group auditors.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd.

Thomas Stenz (auditor incharge)

Cornelia Hürlimann

Zurich, April 4, 2003

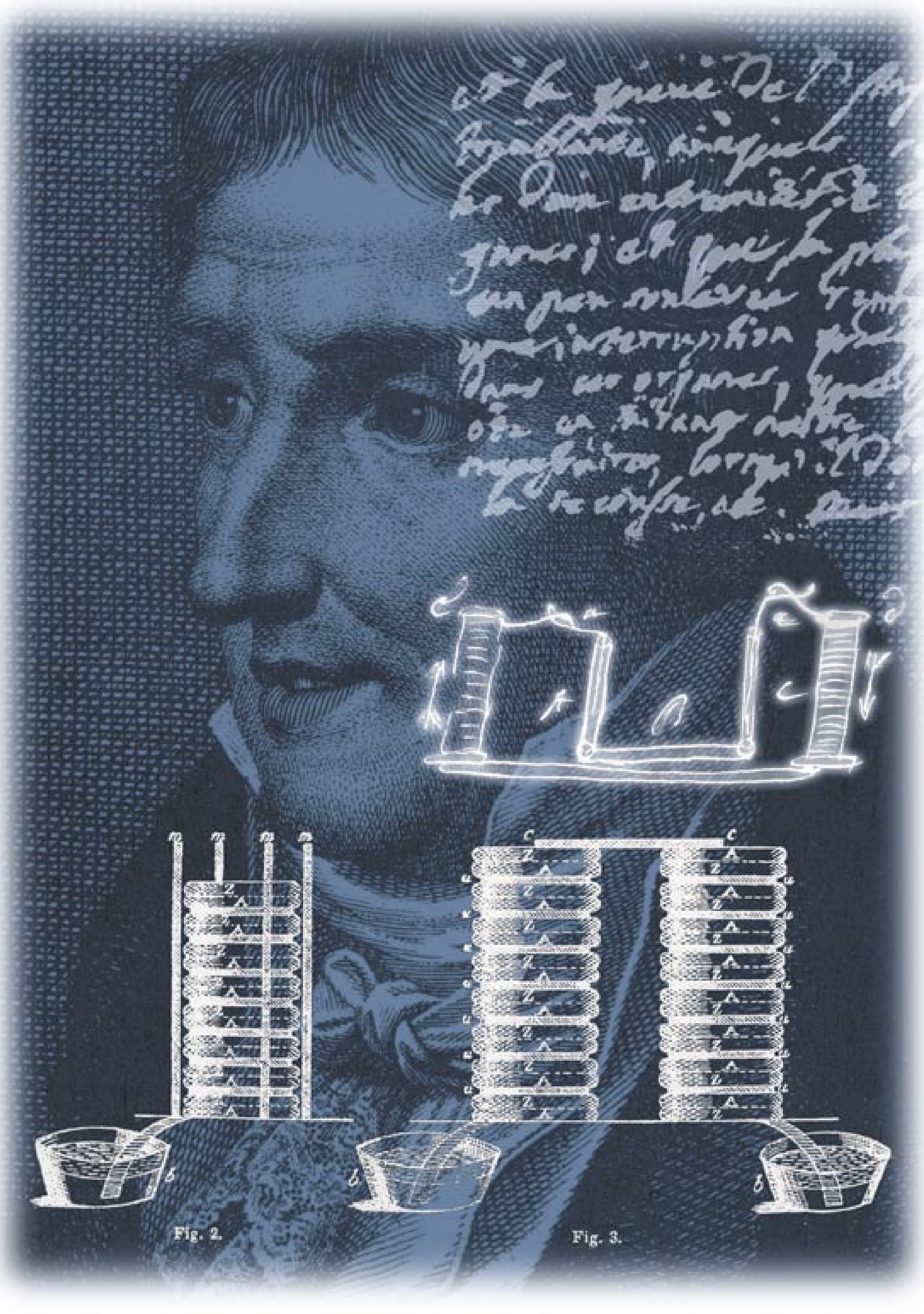


Fig. 2.
Fig. 3.

Introduction

The financial statements of Motor-Columbus Ltd. have been prepared in accordance with the requirements of Swiss corporation law. Details of the principal items of the balance sheet and statement of income are disclosed in the notes to the financial statements for the year ended December 31, 2002. The subsidiaries and affiliates listed on pages 71 to 75, together with the companies they control, are understood to be Group Companies for the purposes of Art. 663 of the Swiss Code of Obligations.

The financial statements for 2002 show net income of CHF 24.0 million, a slight decrease of CHF 0.8 million compared to the prior year. There were no special events during the year.

Results of Operations

In 2002, dividend income remained at the prior year level of CHF 34.5 million. In the 2002 financial statements, the dividend of CHF 34 million received on the investment in Atel Ltd. is again the main source of income of Motor-Columbus Ltd., the holding company. Financial income decreases significantly compared to the prior year. Reduced loans receivable, lower interest rates and a substantially weaker dollar impacting foreign exchange differences resulted in a decrease of CHF 1.6 million. Extraordinary income of CHF 3.2 million was derived from the release of hidden reserves and provisions no longer required.

Financial expense was also down as a result of the continuous reduction in liabilities. In contrast, tax expense and other expenses were higher than in the prior year.

Financial Position

There were no significant changes in the balance sheet compared to the prior year. Provisions decreased by another CHF 3.3 million to CHF 11.8 million. In 2002, the Company entered into new loan agreements totaling CHF 25 million, which was reflected in a shift from current to non-current liabilities.

The equity ratio at year end was unchanged at the prior year level of 51%.

Income

Year ended December 31, CHF	Note	2001	2002
Financial income	1	2 314 780	708 651
Dividend income	2	34 484 895	34 484 895
Extraordinary income	3	8 118 952	3 154 274
Total income		**44 918 627**	**38 347 820**

Expenses

	Note	2001	2002
Financial expense	4	10 668 357	10 360 227
Taxes	5	180 167	1 068 098
Other expenses		2 493 810	2 858 469
Extraordinary expenses	6	6 745 902	6 434
Total expenses		**20 088 236**	**14 293 228**
Net income for the year		**24 830 391**	**24 054 592**

Balance Sheet of Motor-Columbus Ltd.

Assets

December 31, CHF	Note	2001	2002
Investments	7	511 754 562	511 754 562
Loans receivable	8	10 237 643	7 891 805
Total non-current assets		**521 992 205**	**519 646 367**
Prepaid expenses		146 299	9 645
Short-term receivables	9	4 198 242	967 217
Marketable securities	10	70 045 460	73 369 837
Cash and equivalents	11	11 001 458	12 092 827
Total current assets		**85 391 459**	**86 439 526**
Total assets		**607 383 664**	**606 085 893**

Shareholders' Equity and Liabilities

	Note	2001	2002
Capital stock		253 000 000	253 000 000
Legal reserve		27 032 560	31 032 560
Retained earnings		27 885 795	27 700 387
Total shareholders' equity	12	**307 918 355**	**311 732 947**
Provisions	13	**15 118 708**	**11 818 433**
Loans payable	14	251 700 000	270 960 000
Total non-current liabilities		**251 700 000**	**270 960 000**
Accrued expenses		4 059 170	4 703 533
Other liabilities	15	28 587 431	6 870 980
Total current liabilities		**32 646 601**	**11 574 513**
Total shareholders' equity and liabilities		**607 383 664**	**606 085 893**
Contingent liabilities	16	**22 075 650**	**74 300**

Note 1

Financial income

CHF in millions	2001	2002
Interest receivable on loans	0.9	0.3
Interest receivable on time deposits	0.9	0.4
Securities and other financial income	1.5	1.8
Foreign exchange losses	-1.0	-1.8
Total	2.3	0.7

In 2002, interest receivable on loans was well down on a year earlier due to the sale of Friol Immobilien AG at the end of 2001 and the consequential elimination of the intercompany loan. Low interest rates on Swiss franc deposits also led to a year-on-year decrease in interest receivable.

Due to the substantially weaker US dollar toward the end of 2002, foreign exchange losses increased compared to the prior year. Foreign exchange losses exceeded the gains on derivative instruments (CHF 1.3 million), which are included in securities and other financial income. Changes in the valuation of securities resulted in a net gain of CHF 0.2 million, which is also included in this item.

Note 2

Dividend income

CHF in millions	2001	2002
Total	34.5	34.5

Dividend income essentially comprises the dividend paid by Atel Ltd.

Note 3

Extraordinary income

CHF in millions	2001	2002
Total	8.1	3.2

This item includes CHF 1.6 million written back from provisions no longer required and CHF 1.5 million released from hidden reserves. In 2001, hidden reserves of CHF 5.5 million were released.

Note 4

Financial expense

CHF in millions	2001	2002
Total	10.7	10.4

Financial expense mainly comprises interest paid on loans and short-term advances granted by banks and other third parties.

Note 5

Taxes

CHF in millions	2001	2002
Total	0.2	1.1

As a holding company, Motor-Columbus Ltd. is exempt from cantonal and municipal income taxes in the Canton of Aargau. In previous years, the company was able to utilize the losses carried forward from the restructuring phase for federal tax purposes. Having offset the entire loss carryforward, the company became liable for federal income taxes from fiscal 2001 onward, which had the first impacts in 2002.

Note 6

Extraordinary expenses

CHF in millions	2001	2002
Total	6.7	0.0

No significant write-downs or provisions arose in 2002 so virtually no extraordinary expenses were posted.

Note 7

Investments

CHF in millions	12/31/01	12/31/02
Total	511.8	511.8

There were no changes in investments in 2002.

In 1992, the company revalued the investment in Atel Ltd. For further information, see note 12.

Note 8

Loans receivable

CHF in millions	12/31/01	12/31/02
Total	10.2	7.9

All the loans were granted to Group Companies. In 2002, the company did not grant any new loans or increase existing loans. The decrease of CHF 2.3 million is solely due to repayments.

Note 9

Short-term receivables

CHF in millions	12/31/01	12/31/02
Group Companies	0.4	0.8
Third parties	3.8	0.2
Total	4.2	1.0

Receivables from Group Companies comprise current account balances, while amounts owed by third parties consist mainly of withholding tax credits.

Note 10

Marketable securities

CHF in millions	12/31/01	12/31/02
Total	70.0	73.4

Marketable securities are stated at market value.

Note 11

Cash and equivalents

CHF in millions	12/31/01	12/31/02
Total	11.0	12.1

Cash and equivalents comprise time deposits and current accounts with banks.

Note 12

Movements in shareholders' equity

CHF in millions	Capital stock [1])	Legal reserve	Retained earnings	Total
Balance at 12/31/00	253.0	23.0	26.1	302.1
- Dividends			-19.0	-19.0
- Transfer to legal reserve		4.0	-4.0	0.0
- Net income for 2001			24.8	24.8
Balance at 12/31/01	253.0	27.0	27.9	307.9
- Dividends			-20.2	-20.2
- Transfer to legal reserve		4.0	-4.0	0.0
- Net income for 2002			24.0	24.0
Balance at 12/31/02	253.0	31.0	27.7	311.7

[1]) See note 15 to the consolidated financial statements for information

In fiscal 1992, the company revalued the investment in Atel Ltd., writing it up by CHF 133.1 million. The revaluation was made to account for the entire investment portfolio using the cost method. No revaluation reserve was set up. Since fiscal 1993, there has been a departure from the cost method because the cost values of investments sold or liquidated in the course of the restructuring and of investments held for disposal at the balance sheet date can no longer be recognized. The upward revaluation at December 31, 2002 was CHF 129.4 million as in the prior year.

The Directors are recommending the payment of a dividend although the maximum valuation rules applicable to investments under Swiss corporation law have not been met; no reserves would be available for distribution if a revaluation reserve equal to the amount of the revaluation on December 31, 2002 had been set up.

It has however been considered that the market value of the block of shares in Atel Ltd. at December 31, 2002 was considerably in excess of book value and the proposed appropriation of retained earnings does not jeopardize either the liquidity or solvency of the company.

Note 13

Provisions

CHF in millions	12/31/01	12/31/02
Total	15.1	11.8

Provisions no longer required, amounting to CHF 3.1 million, were released.

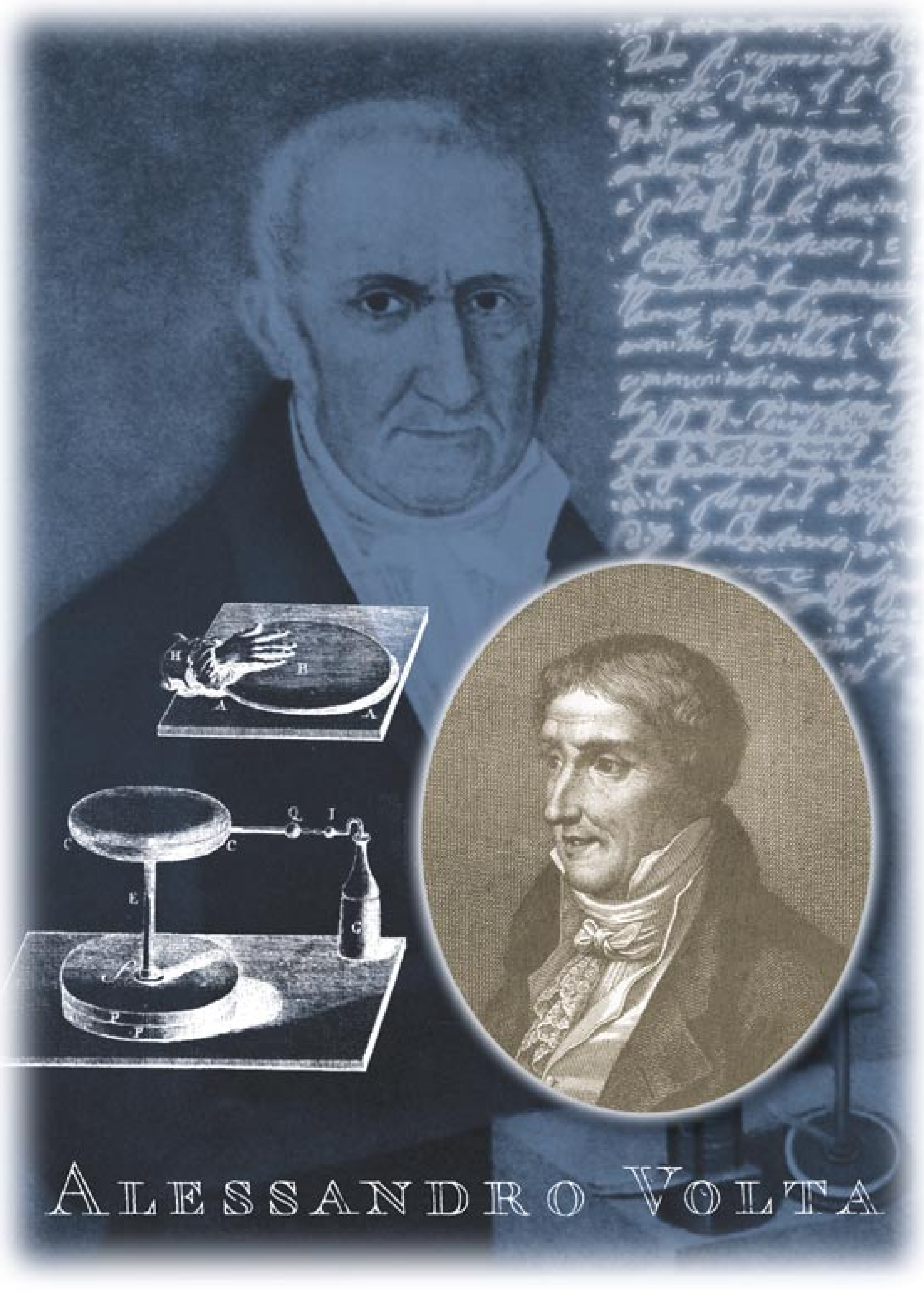
Note 14

Loans payable

CHF in millions	12/31/01	12/31/02
Group Companies	0.7	0.5
Third parties	251.0	270.5
Total	251.7	271.0

A CHF 10 million loan that was repayable in 2002 was extended for five years. In addition, two fixed-rate loans of CHF 7.5 million each were transferred to the holding company in connection with the sale of Friol Immobilien AG.

The loans are repayable within 1 to 6 years. The weighted average interest rate was 3.74%.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Note 15

Other liabilities

CHF in millions	12/31/01	12/31/02
Total	28.6	6.9

This item includes the annual installments of CHF 5.5 million to repay long-term loans.

In 2001, this item included CHF 22 million in current liabilities which were converted into long-term loans in 2002.

Note 16

Contingent liabilities

CHF in millions	12/31/01	12/31/02
Total	22.1	0.1

As final payment of the purchase price for Friol Immobilien AG was received in January 2002, the guarantee of CHF 22 million provided to a lending bank lapsed. There is still a minimal amount relating to a letter of comfort in favor of a subsidiary.

Retained earnings brought forward	CHF	3 645 795
Net income for the year	CHF	24 054 592
Retained earnings	**CHF**	**27 700 387**

The Directors propose that
retained earnings be appropriated as follows:

Dividend of CHF 40.00 per share of CHF 500.- par value	CHF	20 240 000
Transfer to legal reserve	CHF	4 000 000
Balance to be carried forward	CHF	3 460 387
Retained earnings	**CHF**	**27 700 387**

Subject to approval of this proposal by the Annual Meeting of Shareholders, coupon no. 1 of the new shares in Motor-Columbus Ltd. (issued in 2003) will be cashed as from June 17, 2003.

Report of the statutory auditors
to the annual meeting of share-
holders of Motor-Columbus Ltd.

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes on pages 59 to 67) of Motor-Columbus Ltd. for the year ended December 31, 2002.

The prior year corresponding figures were audited by other auditors.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, and with proper consideration of the matters addressed in note 12 regarding the valuation of the investment in Atel Ltd. as well as the proposed appropriation of retained earnings, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's by-laws.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd.

Thomas Stenz
(auditor incharge)

Cornelia Hürlimann

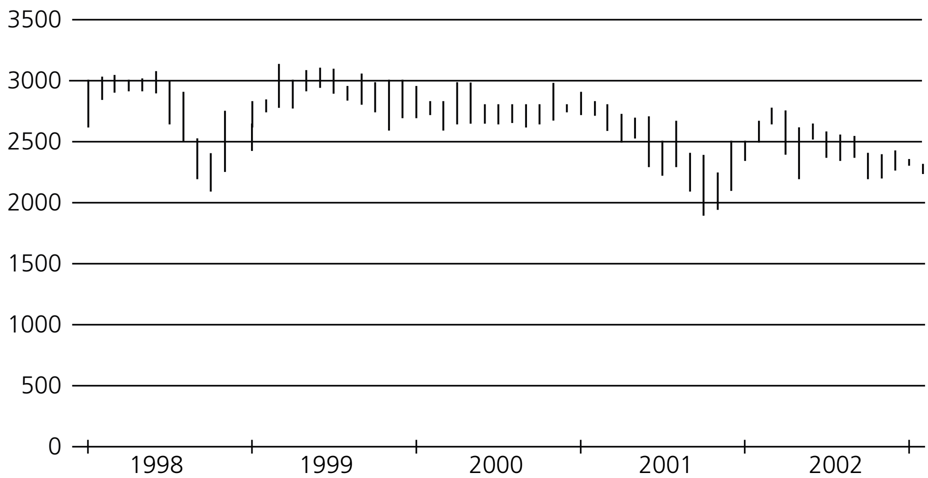
Zurich, April 4, 2003

		1998	1999	2000	2001	2002
Share price (high)	CHF	3 070	3130	2 980	2 900	2 770
Share price (low)	CHF	2 100	2600	2 600	1900	2 200
Dividend-bearing shares	No.	506 000	506 000	506 000	506 000	506 000
Reserved shares	No.	0	0	0	0	0
Earnings per share (incl. min. interest)	CHF	194	194	238	294	314
Earnings per share (excl. min. interest)	CHF	105	96	113	144	166
Market capitalization on 12/31	CHFm	1 336	1 513	1 417	1 265	1 225

		1998	1999	2000	2001	2002
Dividend per share	CHF	35	35	37.50	40	40 [1)]

[1)] Proposed by the Directors

Motor-Columbus Ltd.'s Share Performance from 1998 to February 2003



Motor-Columbus Group CHF in millions	1998	1999	2000	2001	2002
Net sales	1 815	1 922	3320	3 620	3 701
Depreciation and amortization	252	306	269	305	308
Consolidated income	98	98	120	149	159
Consolidated income after min. interest	53	49	57	73	84
Cash flow	433	537	450	528	480
Capital expenditures	283	220	417	110	455
Non-current assets	2 636	2 597	2 800	2 630	3 058
Current assets	756	1 240	1 445	2 009	2 078
Shareholders' equity (after min. interest)	460	511	548	608	666
Minority interest	537	609	652	694	744
Liabilities	2 395	2 717	3 133	3 337	3 726
Total assets	3 392	3 837	4 333	4 639	5 136
Employees [1]) (no.)	2 140	2 326	7 773	7 832	7 899

[1]) Average number of employees, expressed as full-time equivalents

Motor-Columbus Ltd. CHF in millions	1998	1999	2000	2001	2002
Dividend income	31	31	31	34	34
Net income	21	22	23	25	24
Total dividends	18	18	19	20	20[2)]
Capital stock	253	253	253	253	253
Shareholders' equity	290	297	302	308	312
Total assets	634	779	632	607	606
Equity ratio (%)	46	38	48	51	51

[2]) Proposed by the Directors

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Property and Finance Companies							
Citinvest AG	Baden	CHF	5.00	100.0%	F	P	12/31
Parkhaus Stadtcasino AG	Baden	CHF	3.00	80.0%	F	P	12/31
MC Management AG	Baden	CHF	10.00	100.0%	F	S	12/31
MC Fenture Finance N.V.	Curaçao/NL-Ant.	USD	0.01	100.0%	F	H	12/31
Roospark AG	Wollerau	CHF	0.50	100.0%	F	P	12/31
Friol Immobilien GmbH	Löffingen/D	EUR	0.20	100.0%	F	P	12/31
Société Immobilière Yvonand SA	Yvonand	CHF	0.10	100.0%	F	P	12/31
Tecenet AG	Baden	CHF	2.00	100.0%	F	P	12/31

Energy Segment

Trading, Marketing, Supply and Services							
Aare Tessin Ltd. for Electricity	Olten	CHF	303.60	56.7%	F	H	12/31
Atel Energia S.r.l.	Milan/I	EUR	1.00	98.0%	F	M	12/31
Atel Energie AG	Offenburg/D	EUR	0.50	100.0%	F	M	12/31
ecoSWITCH AG	Crailsheim/D	EUR	0.50	45.0%	E	S	12/31
EGT Energiehandel GmbH	Triberg/D	EUR	1.00	50.0%	E	M	12/31
Atel Energie SAS	Paris/F	EUR	0.50	100.0%	F	M	12/31
Atel Hellas S.A.	Athens/GR	GRD	50.00	76.0%	F	M	12/31
Atel Polska Sp. z o.o.	Warsaw/PL	PLN	3.00	100.0%	F	M	12/31
Atel Trading	Olten	CHF	5.00	100.0%	F	T	12/31
Atel Versorgungs AG	Olten	CHF	50.00	100.0%	F	M	12/31
Aare Energie AG (a.en)	Olten	CHF	2.00	50.0%	E	S	12/31
AEK Energie AG	Solothurn	CHF	6.00	38.7%	E	M	12/31
Azienda Energetica Municipale S.p.A.	Milan/I	EUR	929.62	5.2%	E	M	12/31
Azienda Energetica Municipale S.p.A.	Turin/I	EUR	338.18	5.0%	E	M	12/31
Energipartner AS	Oslo/N	NOK	1.50	70.0%	F	S	12/31
Entrade GmbH [a)]	Schaffhausen	CHF	0.40	75.0%	F	T	12/31
Entrade s.r.o.	Prague/CZ	CZK	5.418	100.0%	F	T	12/31
Entrade d.o.o.	Zagreb/HR	HRK	0.02	100.0%	F	T	12/31
Entrade d.o.o.	Ljubljana/SI	SIT	8.148	100.0%	F	T	12/31
Entrade Deutschland GmbH	Berlin/D	EUR	0.10	100.0%	F	T	12/31
Entrade Hungary Kft.	Budapest/H	HUF	3.00	100.0%	F	T	12/31
Entrade Poland Sp. z o.o.	Warsaw/PL	PLN	0.05	100.0%	F	T	12/31
Entrade Slovakia s.r.o.	Bratislava/SK	SKK	0.20	100.0%	F	T	12/31
Prva regulacna s.r.o., v likvidaci	Kosice/SK	SKK	0.20	100.0%	F	T	12/31
Società Elettrica Sopracenerina SA	Locarno	CHF	27.50	59.5%	F	M	12/31
Calore SA	Locarno	CHF	2.00	50.0%	E	G	12/31
SAP SA	Locarno	CHF	10.32	99.4%	F	S	12/31
Rätia Energie AG	Poschiavo	CHF	13.63	24.6%	E	I	12/31

Changes during the year [a)] Aquired in 2002

Subsidiaries and Affiliates of the Motor-Columbus Group

(at 31 December 2002, as included in consolidation)

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Energy Segment							
Power Generation							
Atel Hydro AG	Olten	CHF	53.00	100.0%	F	G	12/31
Atel Hydro Ticino SA	Airolo	CHF	3.00	100.0%	F	G	12/31
Atel Csepel Aramtermelö Kft. [a]	Budapest/HU	HUF	4930.10	100.0%	F	G	12/31
Csepel Erömü Kft. [a]	Budapest/HU	HUF	856.00	100.0%	F	G	12/31
Csepel Energia Kft. [a]	Budapest/HU	HUF	20.00	100.0%	F	S	12/31
Matra Powerplant Holding B.V.	Amsterdam/NL	EUR	0.018152	50.0%	[b]	H	12/31
ECK Generating s.r.o.	Kladno/CZ	CZK	2936.10	89.0%	[b]	G	12/31
Energeticke Centrum Kladno s.r.o.	Kladno/CZ	CZK	238.63	44.5%	[b]	G	12/31
Kladno Energetika s.r.o.	Kladno/CZ	CZK	0.10	100.0%	[b]	S	12/31
Atel Centrale Termica Vercelli S.r.l. [c]	Milan/IT	EUR	0.012	95.0%	F	G	09/30
Novel S.p.A. [c]	Milan/IT	EUR	23.00	51.0%	F	G	09/30
Aarewerke AG	Klingnau	CHF	16.80	10.0%	E	G	06/30
Blenio Kraftwerke AG	Olivone	CHF	60.00	17.0%	E	G	09/30
Electra-Massa AG	Naters	CHF	40.00	11.5%	E	G	09/30
Electricité d'Emosson SA	Martigny	CHF	140.00	50.0%	E	G	09/30
Engadiner Kraftwerke AG	Zernez	CHF	140.00	22.0%	E	G	09/30
Energie Biberist AG	Biberist	CHF	5.00	25.0%	E	M	12/31
Kernkraftwerk Gösgen-Däniken AG [c]	Däniken	CHF	350.00*	40.0%	E	G	12/31
Kernkraftwerk Leibstadt AG [d]	Leibstadt	CHF	450.00	27.4%	E	G	12/31
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	CHF	30.00	25.0%	E	G	09/30
Kraftwerke Gougra AG	Siders	CHF	50.00	60.0%	E	G	09/30
Kraftwerke Hinterrhein AG	Thusis	CHF	100.00	9.3%	E	G	09/30
Kraftwerke Zervreila AG	Vals	CHF	50.00	30.0%	E	G	09/30
Maggia Kraftwerke AG	Locarno	CHF	100.00	12.5%	E	G	09/30
Kraftwerk Aegina AG	Ulrichen	CHF	12.00	50.0%	E	G	09/30

* Of which CHF 290.0 paid in

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Energy Segment							
Grid							
Atel Transmission Ltd.	Olten	CHF	130.00	100.0%	F	S	12/31
Etrans AG	Laufenburg	CHF	7.50	18.8%	E	S	12/31

Changes during the year

[a] Aquired in 2002
[b] Completion in January 2003
[c] Project in progress
[d] Stake increased by 2.2%

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Energy Services Segment							
Energy Services Southern/Western Europe							
Holding Company and Management							
Atel Installationstechnik Ltd.	Olten	CHF	30.00	100.0%	F	H	12/31
Atel Installationstechnik Management AG	Zurich	CHF	0.10	100.0%	F	S	12/31
Energy Supply Technology							
HESO Herzog+Sonderegger AG	Aarau	CHF	0.50	100.0%	F	S	12/31
Kummler + Matter AG	Zurich	CHF	2.00	100.0%	F	S	12/31
Mauerhofer + Zuber SA	Renens	CHF	1.70	100.0%	F	S	12/31
Building Services/Technical Facilities Management							
Atel Bornet SA	Vernier	CHF	1.00	100.0%	F	S	12/31
Atel Com AG	Zurich	CHF	2.00	100.0%	F	S	12/31
Atel Elektroanlagen K+M AG	Zurich	CHF	3.35	100.0%	F	S	12/31
Atel Elektroanlagen AG	Olten	CHF	5.90	100.0%	F	S	12/31
Atel Elettroimpianti Ticino SA	Bellinzona	CHF	2.70	100.0%	F	S	12/31
Atel Elektrosanitär AG	St. Gallen	CHF	3.00	100.0%	F	S	12/31
Atel Gebäudetechnik AG	Basel	CHF	1.00	100.0%	F	S	12/31
BWB Gebäudetechnik Luzern AG [e]	Lucerne	CHF	0.10	100.0%	F	S	12/31
Atel Security + Automation SA [e]	Zurich	CHF	1.50	100.0%	F	S	12/31
Albert Amherd AG [a]	Brig-Glis	CHF	0.05	100.0%	F	S	12/31
Planel AG	Bern	CHF	0.15	100.0%	F	S	12/31
Atel Sesti S.p.A.	Milan/I	EUR	3.10	100.0%	F	S	12/31
STC Atel S.p.A.	Forlì/I	EUR	10.62	60.0%	F	S	12/31

Changes during the year

[e] Newly established in 2002
[a] Acquired in 2002

Subsidiaries and Affiliates of the Motor-Columbus Group

(at 31 December 2002, as included in consolidation)

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Energy Services Segment							
Energy Services Northern/Eastern Europe							
Holding Company and Management							
GAH Beteiligungs AG	Heidelberg/D	EUR	25.00	99.68%	F	H	12/31
Energy Supply Technology							
Ges. für elektrische Anlagen Energieanl.bau GmbH	Hohenwarsleben/D	EUR	1.53	100.0%	F	S	12/31
Ges. für elektrische Anlagen Leitungsbau Nord GmbH	Hanover/D	EUR	0.51	100.0%	F	S	12/31
Ges. für elektrische Anlagen Leitungsbau Süd GmbH	Fellbach/D	EUR	2.56	100.0%	F	S	12/31
Elektro Stiller GmbH	Ronnenberg/D	EUR	0.43	100.0%	F	S	12/31
Frankenluk AG	Bamberg/D	EUR	2.81	100.0%	F	S	12/31
Frankenluk Energieanlagenbau GmbH	Bamberg/D	EUR	1.28	100.0%	F	S	12/31
Franz Lohr GmbH	Ravensburg/D	EUR	1.28	90.1%	F	S	12/31
Communications Technology							
GAH-Communications GmbH	Backnang/D	EUR	0.78	75.1%	F	S	12/31
GA-com Telekommunikations und Telematik GmbH	Bietigheim-Bissingen/D	EUR	0.75	100.0%	F	S	12/31
te-com Telekommunikations-Technik GmbH	Backnang/D	EUR	0.51	100.0%	F	S	12/31
Digi Communication Systeme GmbH	Gifhorn/D	EUR	0.77	80.2%	F	S	12/31
Industrial/Plant Technology							
Kraftanlagen Anlagentechnik München GmbH	Munich/D	EUR	3.58	100.0%	F	S	12/31
ECM Ing.unternehmen für Energie- und Umweltt.GmbH	Munich/D	EUR	0.05	100.0%	F	S	12/31
Kraftanlagen Fertigungsbetrieb GmbH	Lutherstadt Wittenberg/D	EUR	0.03	100.0%	F	S	12/31
Kraftanlagen Nukleartechnik GmbH	Heidelberg/D	EUR	0.41	100.0%	F	S	12/31
KEU GmbH	Krefeld/D	EUR	0.51	100.0%	F	S	12/31
Kalfrisa SA	Zaragoza/E	EUR	0.56	53.12%	F	S	12/31
Building Services/Technical Facilities Management							
GA-tec Gebäude- u. Anlagentechnik GmbH	Heidelberg/D	EUR	2.56	100.0%	F	S	12/31
Kraftanlagen Hamburg GmbH	Hamburg/D	EUR	0.77	100.0%	F	S	12/31
Kraftanlagen Heidelberg GmbH	Heidelberg/D	EUR	0.10	100.0%	F	S	12/31
Other							
Dr. Herfeld GmbH	Neuenrade/D	EUR	0.03	100.0%	F	S	12/31
Dr. Herfeld GmbH & Co. KG	Neuenrade/D	EUR	0.51	51.0%	F	S	12/31

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consoli-dation method	Activity	Year end
Finance and Other Atel Group Companies							
Atel Holding Deutschland GmbH	Düsseldorf/D	EUR	10.00	100.0%	F	H	12/31
Atel Finance Ltd.	St. Helier/Jersey	EUR	0.11	100.0%	F	S	12/31
Atel Energia Kft. e)	Budapest/HU	HUF	3.00	100.0%	F	H	12/31
Atel Bohemia s.r.o. e)	Prague/CZ	CZK	0.20	100.0%	F	H	12/31
Multipower Beteiligungs- und Energiemanagement GmbH f)	Vienna/AT	EUR	0.035	100.0%	F	H	12/31
Financial Investments							
European Energy Exchange	Leipzig/D	EUR	20.00	2.0%	FV	S	12/31
Powernext SA	Paris/F	EUR	10.00	5.0%	FV	S	12/31
Colenco Power Engineering AG	Baden	CHF	6.00	10.0%	FV	S	12/31
Energie électrique du Simplon SA	Simplon Dorf	CHF	8.00	1.7%	FV	G	12/31
Edipower S.p.A. a)	Milan/I	EUR	1 000.58	13.3%	FV	G	12/31
MC Partners II C.V.	Curaçao	USD	38.40*	15.6%	FV	S	12/31
Capital Recovery Syndication Trust	Jersey	USD	2.66*	9.8%	FV	S	12/31
Post Venture Equities LLC	Cayman Islands	USD	50.00*	8.2%	FV	S	12/31
Preferential Equity Investors II LLC	Cayman Islands	USD	350.00*	0.9%	FV	S	12/31

* Fund capital

Company activity
T Trading
M Marketing and Supply
G Generation
S Service
H Holding company
I Interconnector company
P Property

Consolidation method
F Full consolidation
E Equity method
FV Fair value method

Changes during the year
e) Newly established in 2002
f) Activity changed on 1/1/03
a) Acquired in 2002

The Annual Meeting of Shareholders will be held at 4:30 p.m. on Thursday, June 12, 2003 at the new Trafohalle in Baden.