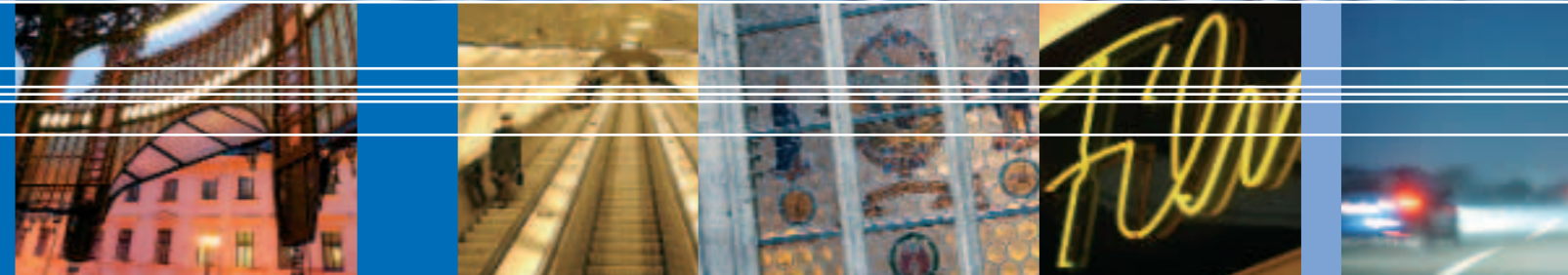


atel

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## Destination Energy

109<sup>th</sup> Annual Report 2003



# Energy is our business

Energy is fundamental to social and economic development. In this respect, Atel is making its contribution to sustained, effective progress. Our position as a major player in the European electricity industry is a responsibility we acknowledge by using our experience, know-how and commitment for the common interest of our customers, shareholders, employees and the general public. Atel is a Swiss-based pan-European company, offering its customers as partners tailor-made solutions and products.

## **Electricity trading and supply**

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Atel is Switzerland's leading electricity company, with a sales volume of around 68 TWh from physical electricity business and around 67 TWh from trading in standard products. It operates on a pan-European basis, with wholly-owned subsidiaries and business partnerships in a number of countries. Atel supplies power exchange companies, sales partners, urban utilities, industrial and service companies throughout Europe. As a production-supported specialist trader, Atel also offers derivative instruments for customers' individual risk hedging and manages complex energy portfolios.

## **Electricity generation**

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Atel is one of Switzerland's largest electricity generators with its own production capacities in Italy, Hungary and the Czech Republic. Every year the company produces more than 15 TWh from these power stations. Atel's market-oriented production portfolio comprised of storage, run-of-river and nuclear power stations as well as fossil fuel thermal facilities gives customers continued, dependable peak and band energy supplies and plays a significant part in providing secure supplies.

## **Electricity transmission**

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Atel operates its own grid for transporting a significant portion of electricity to customers. The strategic position of our high-voltage grid is important for European electricity trading. Atel controls close to 17% of the Swiss transmission grid and over 42% of transmission line capacity from Switzerland to Italy.

## **Energy services delivery**

---

Atel addresses a full range of customer needs in the areas of electrical power, cooling and heating, communications and security. The Atel Installations-technik Group (AIT) and GAH Group jointly operate a close-knit branch network, particularly in Switzerland, Germany and Italy. Energy Services offers Energy Supply Technology, Communications Technology, Industrial/Plant Technology and Building Services/ Technical Facilities Management. The services range from project planning, through construction and operation to management.

## **An energy power-house**

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Atel aims to continue extending its position as a leading independent electricity trader and major energy services provider based at the heart of Europe. The energy markets offer new opportunities all the time which we are exploiting for our customers.

**Atel Group**

	+/- variance 2002–2003 in % (based on CHF)	2002 CHF mn.	2003 CHF mn.	2002 EUR mn.	2003 EUR mn.
Energy sales (GWh)	71.2	40 000	68 476	40 000	68 476
Net turnover	42.8	3 700	5 285	2 517	3 477
Energy	69.6	2 263	3 839	1 539	2 526
Energy Services	4.8	1 465	1 535	997	1 010
Cash flow	6.1	490	520	333	342
in % of net turnover	-25.7	13.2	9.8	13.2	9.8
Group profit	60.0	170	272	116	179
in % of net turnover	10.9	4.6	5.1	4.6	5.1
Net investments	33.0	455	605	310	398
Free cash flow	52.2	316	481	215	316
Shareholders' equity	16.5	1 555	1 811	1 072	1 161
in % of balance sheet total	-6.5	30.7	28.7	30.7	28.7
Balance sheet total	24.6	5 070	6 315	3 497	4 048
Number of employees*	2.7	7 890	8 105	7 890	8 105
plus trading in standardised products					
in GWh	40.9	47 300	66 627	47 300	66 627
in CHF mn. or EUR mn.	42.2	1 908	2 714	1 300	1 786

\* Average number of full-time equivalent employees

**Per share information**

	+/- variance 2002–2003 in %	2002 CHF	2003 CHF
Nominal value	-	100	100
Share price at 31.12.	21.7	805	980
Highest	7.1	915	980
Lowest	-5.8	775	730
Group profit	50.9	55	83
Shareholders' equity	16.6	512	597
Dividend	10.0	20	22
Average trading volume/day	10.6	85	94

**January: purchase completed**

Atel completed its purchase of 44.5% of the ECKG power station in Kladno near Prague following approval by the authorities and lending institutions. The complex comprises three power stations for electricity production and steam generation. Atel also acquired the Czech trading company Entrade and the Csepel I and II power stations in Budapest at the end of 2002 as part of its expansion strategy in Central and Eastern Europe.

**March: majority stake acquired in ECKG**

Atel doubled its shareholding in the ECKG power station complex in Kladno and now owns 89% of the shares. ECKG employs 300 people and operates power stations generating 343 MW electrical power and 173 MW thermal power. Most of the electricity it generates is sold to the Czech utility company Středočeská energetická a.s. (STE) in Prague. The heating is supplied to the city of Kladno.

**May: welcome referendum results**

From Atel's perspective, voters' rejection of the "MoratoriumPlus" and "Electricity without Nuclear" initiatives was a vote for secure, environmentally friendly and competitive Swiss electricity supplies. Firm rejection ended a period of planning uncertainty. The decision means that existing nuclear power stations can continue to operate, provided they meet high safety standards.

**June: integration of power stations**

The concession-granting communities decided to continue running the Navisence power station in Val d'Anniviers jointly with Kraftwerke Gougra AG. This effectively creates a three-tiered plant with an annual production of 560 GWh. From May 2004 Atel is increasing its production at the Gougra plant by more than 100 GWh by acquiring the water drawing rights and owns 54% of it.

**September: holding in Edipower increased**

Under Edipower's refinancing programme which was planned at the time of the original purchase, Italy's second-largest energy producer placed the original acquisition funding onto a new long-term basis, for which it increased its share capital and renewed third-party financing. Atel now owns a financial interest of 16% in Edipower and an energy interest of 20%, increasing the available beneficial interest from around 1250 to 1600 MW.

**September: blackout in Italy**

Italy suffered power cuts in 2003. A flashover struck a tree at 3.01 a.m. on Sunday 28 September, automatically cutting off the Lukmanier line, as is supposed to happen in such events. Atel took all other steps immediately and advised the relevant bodies and partners. However, as production capacity was not increased quickly enough, there was a cascade of power cuts in Italy and on the borders with neighbouring countries.

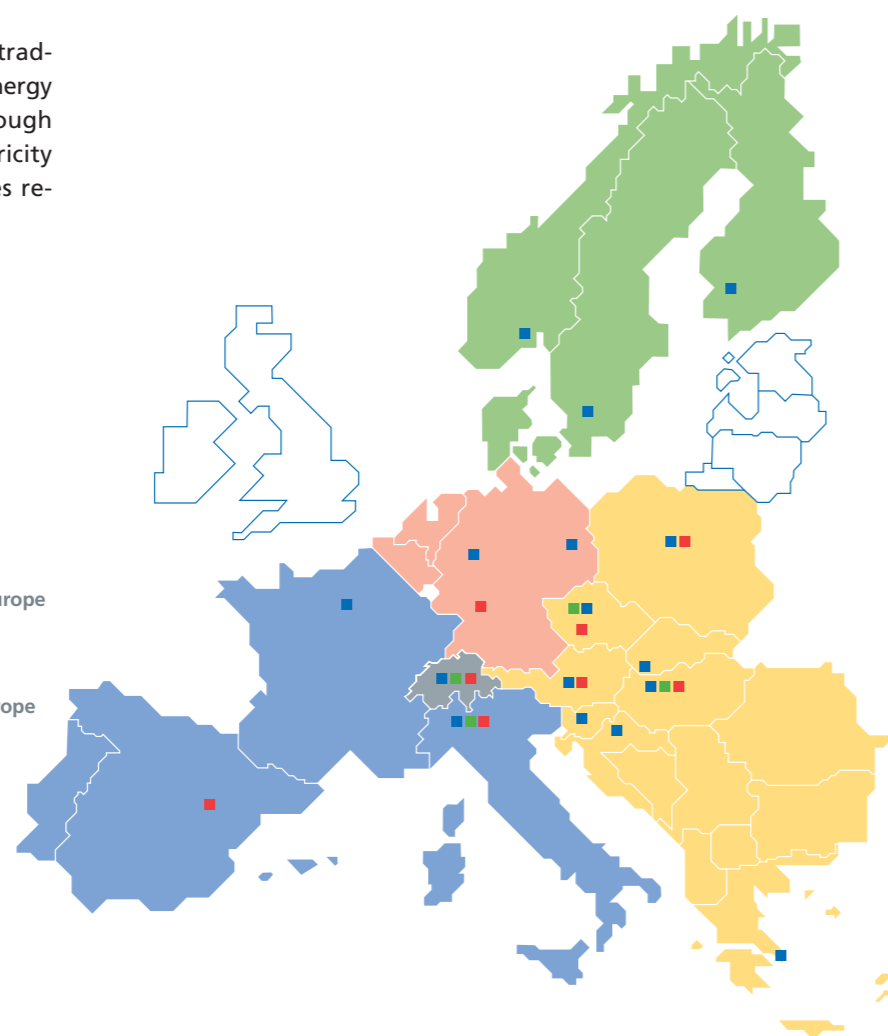
Atel operates in electricity trading, electricity production and energy services throughout Europe through subsidiaries and offices. Electricity trading is divided into five sales regions.

#### Subsidiaries and offices

- Electricity trading
- Power Generation
- Energy services

#### Sales regions

- Energy Business Southern/Western Europe
- Switzerland region
  - Southern Europe region
- Energy Business Northern/Eastern Europe
- Central/Eastern Europe region
  - Northern Europe region
  - Scandinavia region



#### Prague – Olten

“Destination energy”. Atel follows the trail of electricity in its 109<sup>th</sup> annual report as it flows over national borders and establishes links. Atel is looking inward from the outside. Some of the past year’s activities are described to the reader through figures and words, but the images reveal another aspect, taking the viewer on an interesting journey.

By investing in a power station complex and electricity trading company, Atel has established a link between Prague and Olten that goes far beyond pure energy. The route from the Czech metropolis to Olten is portrayed in the annual report through various applications of electricity, some usual, some unusual. Text and images highlight differences and similarities in the use of electricity.

<b>Editorial by the Chairman of the Board of Directors</b>	Page 4
<b>Interview with the CEO</b>	Page 6
<b>Annual General Meeting</b>	Page 9
<b>Atel and its Stakeholder Groups</b>	Page 10
<b>Corporate Governance</b>	Page 14
Capital structure and shareholders’ rights	Page 14
Board of Directors and Executive Board	Page 15
Remuneration and shareholdings	Page 19
External auditors	Page 19
<b>Energy Segment</b>	Page 22
<b>Electricity Trading and Sales</b>	Page 24
Switzerland region	Page 25
Southern Europe region	Page 25
Central/Eastern Europe region	Page 26
Northern Europe region	Page 27
Scandinavia region	Page 28
Trading	Page 28
<b>Power Generation and Grid</b>	Page 30
Power Generation Switzerland	Page 31
Power Generation Italy	Page 33
Power Generation Central/Eastern Europe	Page 35
Grid	Page 36
<b>Energy Services Segment</b>	Page 40
<b>Energy Services Southern/Western Europe</b>	Page 42
Atel Installationstechnik Group	
<b>Energy Services Northern/Eastern Europe</b>	Page 44
GAH Group	
<b>Glossary</b>	Page 50
<b>Addresses</b>	Page 52

## A flashing, dazzling world



Prague, capital of the Czech Republic, has changed enormously over the past few years. The brightly lit symbols of international brands grabbed the limelight long ago: the virtues of fast food, soft drinks, computers, hi-fi, snowboards and mountain bikes are all extolled by flashing lights and dazzling neons. Domestic goods, advertised on posters and house walls, are quite literally left in the shade by this kind of competition.

Selected facades – gothic, baroque, art deco and contemporary – are picked out by the floodlights. But you rarely see lights on in houses or apartments, even after dark. Not because there's no one home, but simply because people make less use of bright lighting.

The people on the streets are drawn towards the glow of buildings that promise warmth and shelter. Part of this thermal and electrical energy is supplied via pipes and lines from Kladno, just a few kilometres away.

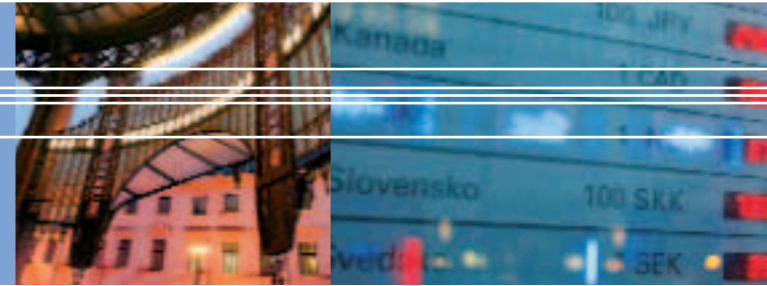
Ready to depart, the train stands in a long line on the site of the Atel power station in Kladno. The countless wagons have only just been unloaded: fuel to produce energy. The configuration jerks slowly into motion, heading out of the site. The dimensions appear distorted against the backdrop of the plant and the imposing cooling tower: the train could almost be a model.



# Editorial by the Chairman of the Board of Directors



Prague



## Atel – on a secure course

Our modern economy and society at large are based on the central premise of well-functioning electricity supplies. The Atel Group and its operations play a key part in ensuring that this is the case. Reliably supplying households and businesses with electricity is the result of a sophisticated system comprising power stations, grids and a now international electricity trading and sales operation. The smooth interplay of these elements is the responsibility of a sector that has been confronted in the past few years with fundamental change. In the past year, a number of major power cuts in industrialised nations such as the USA and Italy reminded us of the importance and convenience of a well-functioning power supply system.

The liberalised electricity market is today a reality in the European Union, albeit to varying degrees in different countries. This is not the case in Switzerland, although a Federal tribunal decision on liberalisation was reached in 2003 and the politicians are now working on a new Structure of the electricity industry (ELWO). The EU will have reached full market liberalisation by

2007, the year in which the ELWO is supposed to come into force in Switzerland, with a preliminary transitional solution under discussion. But an open Swiss electricity market is still a long way off. The redistribution of power in Parliament and the Federal Council following the elections last autumn has made very little difference. The search for the right balance between the market and security of supplies on the one hand and technical implementation on the other remains illusive and is driven to some degree by ideology. Atel's view has not changed, in that we are in favour of an efficient Swiss grid operating company run on a private commercial basis, retaining grid ownership and full market opening all the way down to the power socket.

By emphatically rejecting the two initiatives advocating the abandonment of nuclear energy, "MoratoriumPlus" and "Electricity without Nuclear", Swiss voters last year clearly showed that they are in favour of its continued use. This was a vote for secure supplies and Switzerland's competitiveness. Nuclear energy is CO<sub>2</sub>-free, economic, secure, reliable and makes our energy distribution more independent, so rejecting it

would have been a big mistake. The positive referendum result must now be used as a basis on which to create favourable operating conditions for the use of nuclear energy. As such, our attention is mainly focussing on the Nuclear Power Ordinance which is currently being drafted and the revision of the Nuclear Power Liability Law. Nuclear technology is often seen as part of the problem in energy policy, but it is actually part of the solution, in that it is a key element for securing Swiss electricity supplies. Existing nuclear power stations will reach the end of their technical operating lives at some stage in the future. It is naïve to think that they could be replaced by renewable energies in the near future, so we must begin planning today for what happens afterwards, as the approvals and building processes are lengthy. But the main issue that has to be addressed is finding a solution for the disposal of nuclear waste.

In 2003, the Atel Group continued refining its strategy as a pan-European group in the areas of electricity production, grids, electricity trading and sales and energy services. We can look back on a successful year. With around 8100 employ-

ees in 51 different countries, the Group posted turnover of CHF 5.3 billion and boosted profit significantly which has enabled us to propose an increased dividend this year. The newly acquired power stations in Hungary, the Czech Republic and Italy have been integrated and are performing extremely well. The market situation is set to ease in the Energy Services segment now that the sector has bottomed out. We will focus on the Group's financial consolidation in 2004 and tighten management and organisational structures. Giovanni Leonardi will take over from Alessandro Sala as CEO at the General Meeting of Shareholders.

In conclusion, I would like to express my gratitude. Firstly to our valued customers for their confidence and the excellent collaboration we have enjoyed with them. My thanks are also due to the Executive Board under the direction of Alessandro Sala for successfully steering and directing Atel with foresight in 2003. I would also like to express my appreciation for the tremendous performance of all our employees. Their enormous dedication made a vital contribution to everything we undertook together. I would like to thank my colleagues on the Board

of Directors and our shareholders for their entrepreneurial attitude that gives us the freedom we need to continue successfully developing the Atel Group.

Walter Bürgi  
Chairman of the Board of Directors



“Atel is ideally prepared for the challenges that lie ahead.”



Prague

**Mr Sala, in last year's annual report, you said that consolidation was the major objective for 2003. Did Atel achieve this goal?**

Alessandro Sala: Last year, we completed our acquisition of the ECKG power station complex in Prague. We also refinanced Edipower on a long-term basis and used the opportunity to increase our stake. Finally, we made significant progress with our own power stations projects (IPP) in Italy. These investments helped us boost production capacities and gave us a now well-rounded business model. However, we only partially achieved financial consolidation. That being so, our results for the reporting year are excellent and we have made an encouraging start to 2004.

**Did the end of 2003 mark the end of the consolidation period?**

No, we must intensify the process in 2004. All in all, I regard consolidation as necessary from time to time, even if my colleagues and I would prefer expansion.

**That sounds like firm plans...**

Our excellent financial position gives us the flexibility to press ahead with strategic growth, with the focus on production and regions where we are already established and operating successfully. At the moment, we produce 8 TWh in Switzerland and the same amount in Italy after the repowering. The ideal scenario would be for us to produce the same amount in Eastern Europe in the future.

**Talking of Eastern Europe. Consolidation also means integration: how well have the new employees been integrated?**

The companies acquired by Atel are working very successfully; all members of staff have their set tasks and carry them out professionally. We have only integrated wherever it made sense to do so. We have a tradition of different cultures coexisting, a trend that has been in much sharper focus over the past few years.

**Were there any cultural differences between East and West in terms of work processes and approach?**

None whatsoever. The previous American owners put excellent organisational structures in place and the managers they employed now work for Atel. The power stations are not only professionally run, but also technically well maintained. They allow us skilful operation on the market and are well accepted by the authorities – it is a joy to see these companies at work!

Although we have a great deal of knowledge and experience of hydroenergy and nuclear power stations in Switzerland, this is not the case with classic thermal power stations. We must also expand our technical knowledge in this area in Olten.

**Do employees in Eastern Europe also have a sense of belonging to the Atel Group?**

The reactions in this regard have exceeded our expectations. After so many changes of ownership, the employees now know that Atel is a financially sound majority shareholder with long-term plans and

this has had a positive effect on motivation.

**And the reaction of Atel employees in Switzerland?**

I think they are pleased with Atel's progress and are particularly aware that they now belong to a European company. The financial success of our investments has also helped.

**How would you describe the energy market in 2003 from your perspective?**

We strengthened our position in our traditional markets such as Italy. While competitors began streaming into Italy looking to build power stations, we were already putting our plants into service. But we are still one step ahead as we have established ourselves in Central and Eastern Europe which are attractive growth markets. In this respect, 2003 was a successful one in both operational and strategic terms.

**What do you think were the main events of 2003?**

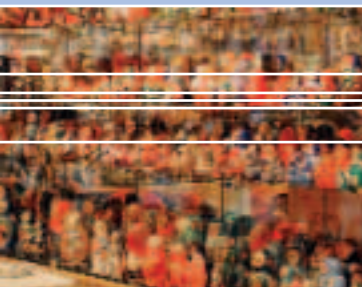
The referenda on nuclear energy and the blackout in Italy will certainly stick in my memory. I was particularly happy with the news that our recent investments contributed positively to our earnings. At the same time, our sales business in Eastern Europe fared well. Trading also played a part in our success after a root-and-branch reorganisation in a relatively short time. And finally, Group Management and Management Services performed well in dealing with the company's strong and rapid growth as well as its internationalisation.

**What if the proposals on nuclear energy had been accepted?**

Defeat would have presented us with a massive problem, as the nuclear power stations account for a large part of the energy generated in Switzerland. The decision now means that we can plan on a long-term basis and supplies can be assured.



# Annual General Meeting



Prague



Lidice

## What conclusions can be drawn from the blackout?

Atel was criticised initially but a number of independent investigations came to a rather different conclusion. As a consequence of this unfortunate event, Swiss grid operators will no longer be able to load their grids so heavily. In the medium-term, pressure will increase on the Swiss to open up their grids.

## The Structure of the electricity industry (ELWO) is being drafted in Switzerland. What do you expect from it?

Liberalisation is moving ahead on schedule in Europe, but we will see how the situation develops in Switzerland. Atel has always advocated full market opening, provided that this is not linked to excessive regulation and ownership of the grid remains guaranteed. Liberalisation of the Swiss market is not a key issue for us, as we have a wide geographic reach and can react to changes at any time and in the appropriate way.

## How did the Energy Services segment perform in 2003?

2003 was very tough for Energy Services, primarily in Germany where capital expenditure was extremely modest. However, as grid and power station construction fared well, Atel's results show a balanced picture overall, unlike some of our competitors. In Switzerland, several major projects contributed to our positive results. In this regard, consolidation was the main focus after various company acquisitions.

## What are the objectives for 2004?

Each area has its own specifically defined goals. The top priorities for the Group are to increase profitability and strengthen the balance sheet. 2004 will be the acid test for markets where Atel is only represented on the sales front. In Eastern Europe, we will focus on continuing our successful work. Another challenge will be to ensure that the changeover at Atel's helm is smooth and professional. Given the company's current state of health, this should not be a problem.

## You mentioned it: you have been running Atel successfully since 1999 and are now handing over the reins. How would you sum up your time in charge?

In 1999, Atel was strategically positioned as a production-supported electricity trader. Since then, it has established Energy Services as its second core business, forming a strong basis with production for electricity business. I feel sure that the company will enjoy benefiting from the latter area in future, especially if electricity prices continue as they have done recently. In addition to these core businesses and success factors, Atel also has much wider support geographically and in terms of dependency on primary energies, making it much less vulnerable to corresponding fluctuations. I am confident that Atel is now strategically well positioned and ideally prepared for the challenges that lie ahead.

The 108<sup>th</sup> Annual General Meeting of Atel Ltd.\* was held on 24 April 2003. Dr. Walter Bürgi, Dr. Marcel Guignard and Dr. h.c. Heinrich Steinmann were re-elected to the Board of Directors for a further three-year term. Dr. Giuliano Zuccoli was elected as a new member onto the Board of Directors. Ernst & Young Ltd. were re-appointed as Auditors and Group Auditors for a one-year statutory period. In addition, the Annual General Meeting approved the 2002 annual report, annual financial statements and consolidated financial statements, discharged the members of the Board of Directors and agreed to the Board of Directors' proposed appropriation of retained earnings. It also approved an increase in share capital amounting to CHF 30.36 million nominal with a two-year delegation authority.

The next ordinary General Meeting marks the end of the statutory terms of office on the Board of Directors for Marc Boudier, Dr. Klaus Bussfeld, Ulrich Fischer, Urs B. Rinderknecht and Dr. Klaus-Peter Schäffer. The Board of Directors proposes that the General Meeting re-elect Messrs Marc Boudier, Ulrich Fischer and Urs B. Rinderknecht for a further term of office. Dr. Klaus Buss-

feld and Dr. Klaus-Peter Schäffer have announced their intention to step down. The Board of Directors proposes that the General Meeting newly elects Urs Steiner and Heinz-Werner Ufer to the Board of Directors for a three year term of office.

\* Atel Ltd. is used in the following as the abbreviation for Aare-Tessin Ltd. for Electricity



# Atel and its Stakeholder Groups



Kladno



## Atel and its customers

Atel gears its products and services towards its customers' needs and last year significantly expanded its range of products and services. We regard electricity supplies and energy services as anything but standardised, which is why we develop tailored solutions for every customer, irrespective of whether the customer wants us to supply a schedule, derivative, house installation or contact line for transport operations. We guarantee top-quality services as a competent, experienced, pan-European Swiss-based energy trader and service provider.

Our customers are just as diverse as our products. We supply electricity to urban and regional utilities, traders and industrial companies, but industrial and utility companies are also our energy service customers, as are commercial businesses and private individuals.

Geographic and cultural proximity to our customers is important to us. We have a network of sales companies that help us understand and serve our customers better. We are committed to building up long-term part-

nerships with our customers based on mutual trust.

## Atel and the financial community

The Atel Group successfully realised several financing transactions in the reporting year. Atel issued a public bond in August which was the first it had brought out since October 1997 and brisk demand prompted the company to increase it from CHF 200 million to CHF 300 million in September. Atel Ltd. acquired further long-term funds at very attractive rates through a series of smaller transactions. These financial resources will be used to fund investments it has carried out and repay maturing bonds.

Another area of focus was the refinancing of Edipower. Atel also began optimising the funding of the ECKG power plant investment in the Czech Republic and this is due to be completed by mid-March 2004. Other Group companies also benefited from historically low interest rates and secured their need for competitive borrowing on a long-term basis.

Atel took advantage of its excellent image on capital markets in all its funding transactions. This confi-

dence was enhanced further through various analyst events and careful investor management, but also through a reliable flow of information to the capital markets and transparent rendering of accounts. Atel's registered shares also benefited from these initiatives, ending the reporting period at an annual high of CHF 980, an increase of almost 22% since the beginning of 2003.

## Atel and its employees

The markets and political environment are changing all the time. This poses enormous challenges for Atel and its employees, in that tasks and work processes, organisation and clarity of roles have to be examined and adapted more and more frequently.

Guidance in this permanent change process comes from the values that give Atel its unmistakable identity. Atel also practices these values internally in its day-to-day dealings with its employees.

Our management culture works on the basis that new ways must always be found to achieve the right balance between the interests of employees and those of the company.

This is why our personnel management systems are flexible and offer room for manoeuvre for individual solutions.

Our personnel policy is not based on short-term trends but on tried and trusted principles, such as making time for employees, agreeing challenging goals, paying fair salary levels and promoting professional development.

We see the working relationship as give-and-take based on reliability and mutual trust.

## Atel and the public

Electricity is the cornerstone of modern life and as such, electricity companies like Atel are at the heart of public interest.

As a leading energy company in Switzerland, Atel was a popular point of contact in 2003 for politics and the media. The nuclear energy abandonment referenda in particular required a great deal of intensive PR by the company.

This issue together with the blackout in Italy triggered interest in Atel which placed heavy demands

on our PR team. We responded with an open and continuous information policy. There is still substantial media interest in Atel and we are increasingly a point of contact for foreign journalists.

Atel adopts a clear position on energy policy issues and helps mould the operating conditions wherever possible. When asked, Atel experts also support the administration and politicians with their specific expert knowledge, such as drafting the new Structure of the electricity industry (ELWO).

The public at large is another important target group for our PR team. Tours of our power plants are popular with school classes, associations and other groups. Visitors to our website [www.atel.ch](http://www.atel.ch) can access a wide range of information about the Atel Group as well as the electricity sector in general. Atel also supported numerous cultural, sporting and charitable activities in 2003 through sponsorship.

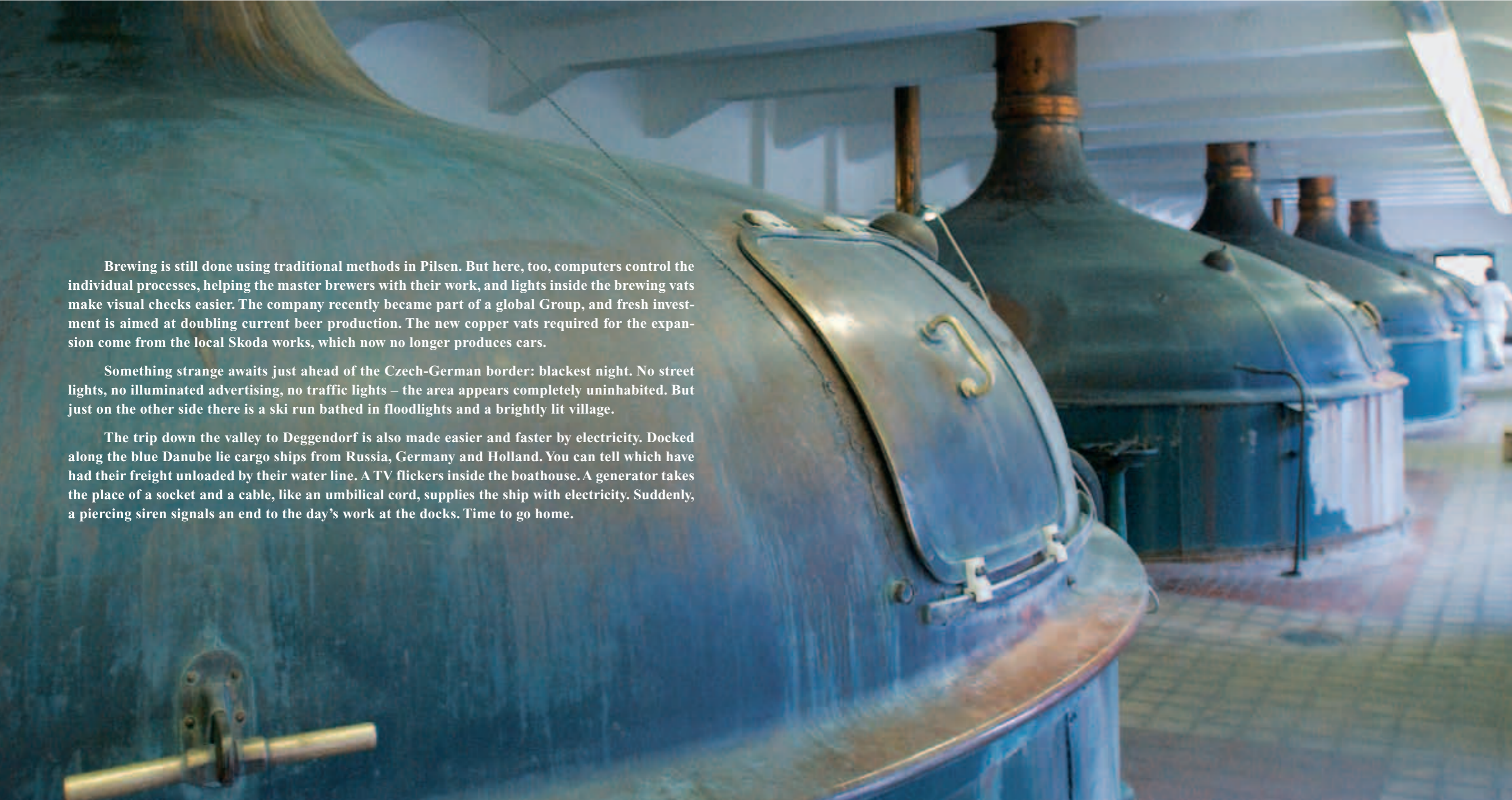
## Tradition and computers



Brewing is still done using traditional methods in Pilsen. But here, too, computers control the individual processes, helping the master brewers with their work, and lights inside the brewing vats make visual checks easier. The company recently became part of a global Group, and fresh investment is aimed at doubling current beer production. The new copper vats required for the expansion come from the local Skoda works, which now no longer produces cars.

Something strange awaits just ahead of the Czech-German border: blackest night. No street lights, no illuminated advertising, no traffic lights – the area appears completely uninhabited. But just on the other side there is a ski run bathed in floodlights and a brightly lit village.

The trip down the valley to Deggendorf is also made easier and faster by electricity. Docked along the blue Danube lie cargo ships from Russia, Germany and Holland. You can tell which have had their freight unloaded by their water line. A TV flickers inside the boathouse. A generator takes the place of a socket and a cable, like an umbilical cord, supplies the ship with electricity. Suddenly, a piercing siren signals an end to the day's work at the docks. Time to go home.



# Corporate Governance



Pilsen

The principles and rules on Corporate Governance of the Atel Group are laid down in the company's Articles of Association, Organisational Regulations, Executive Board Regulations, Group guidelines and the organisational chart with the allocation of subsidiaries. The Board of Directors and the Executive Board regularly review and adapt them to meet requirements.

## Capital structure and shareholders' rights

### Capital structure

Unchanged since 1992, the share capital of Atel Ltd. is CHF 303,600,000 divided into 3,036,000 registered shares at CHF 100 nominal value each. The shares are fully paid in. At the Annual General Meeting, every share represented is entitled to one vote. There are no restrictions on transferability or voting rights. The Statement of Changes in Equity for the Atel Group's consolidated financial statements can be found in the Financial Report on page 13 and for the Atel Ltd.'s financial statements on page 56.

Under the Articles of Association, the Board of Directors is authorised to increase share capital by

23 April 2005 up to a maximum of CHF 30,360,000 by issuing up to 303,600 registered shares, at CHF 100 nominal value each, to be paid up in full. The Board of Directors determines the amount issued, the timing of entitlement to dividend payments and the type of contribution. Shares granted for subscription rights but not exercised are at the disposal of the Board of Directors who shall use them in the interest of the company.

### Shareholders' rights

Shareholders' financial and co-determination rights are regulated by law and the Company's Articles of Association, which stipulate a 50 day time limit for submitting motions for agenda items at the General Meeting. The major shareholders as entered in the Share Register are given on page 35 of the Financial Report.

Those acquiring shares in Atel Ltd. are obliged to take part in a public purchase offer under the Swiss Federal Law on Stock Exchanges and Securities Trading (no opting-out clause in the Articles of Association).

### Stock exchange listing

Shares in Atel Ltd. are listed on the SWX Swiss Exchange under international securities identification number ISIN CH0001363305. Market capitalization at the end of 2003 was CHF 2975 million.

Società Elettrica Sopracenerina SA, Locarno, of which Atel owns 59.5%, is also listed on the SWX Swiss Exchange (ISIN CH0004699440). Market capitalization at the end of 2003 was CHF 187 million.

### Information policy

Atel keeps its shareholders, potential investors and other stakeholder groups fully, promptly and regularly informed through its annual and interim reports, at conferences for balance sheet media and financial analysts and at the General Meeting. Our communication channels are completed by our constantly updated website [www.atel.ch](http://www.atel.ch) and by press releases which detail important events. Key dates for the current financial year are listed on the inside of the cover.

## Board of Directors and Executive Board

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

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

The Organisational Regulations and Executive Board Regulations govern the competencies and division of tasks between the Board of Directors and CEO/Executive Board.

The major consolidated Group companies are listed in the Financial Report on pages 47 to 51.

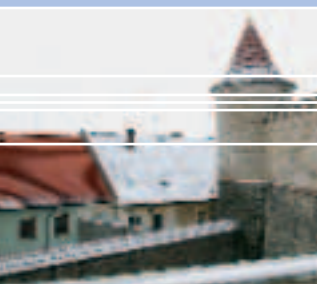
			General Management	
			A. Sala* <sup>1</sup>	
	Finance and Services**			Legal Services
	K. Baumgartner*			H. Saner
				Corporate Communications
				R. Schmid
Power Generation and Grid	Energy Business Southern/Western Europe	Energy Business Northern/Eastern Europe	Energy Services Southern/Western Europe	Energy Services Northern/Eastern Europe
Dr. S. Breu*	A. M. Taormina*	N. Dostert*	G. Leonardi* <sup>2</sup>	Th. Bruder*
Thermal Production	Switzerland region	Central/Eastern Europe region	Building Services/ Technical Facilities Management	Building Services/ Technical Facilities Management
P. Hirt	A. Widmer	Dr. A. Stoltz	G. Leonardi	Th. Bruder
Hydro Production	Southern Europe region	Atel CEE	Energy Supply Technology	Energy Supply Technology
J. Aeberhard	O. Crameri	N. Dostert	D. Steiner	W. Konrad
Atel Transmission Ltd.	Atel Trading	Northern Europe region		Industrial/Plant Technology
H. Niklaus	Dr. D. Brunner	Dr. H. Clever		Th. Bruder
Power Generation Italy	Settlement and Systems	Scandinavia region		Communications Technology
R. Sturani	Dr. R. Schroeder	N. Dostert		W. Konrad

\* Member of the Executive Board

\*\* Accounting, Planning and Controlling, Corporate Financing and Insurance, Group Energy Risk Management, Human Resources, Real Estate and Services, IT, Business Development and Organisation

<sup>1</sup> CEO until 29.04.2004

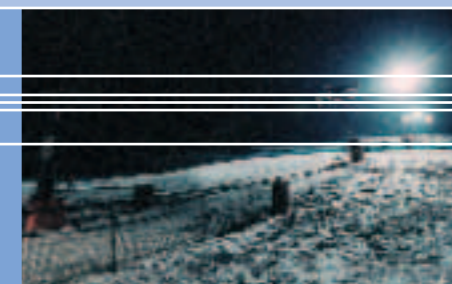
<sup>2</sup> CEO from 30.04.2004



Horsovsky



Domazlice



Zwiesel

### Organisation

The Board of Directors appointed Giovanni Leonardi as the Atel Group's new CEO as from the 2004 Annual General Meeting. He will take over this function from Alessandro Sala who is stepping down from this position on grounds of age.

Thomas Bruder became Chairman of the GAH Group on 1 April 2003 replacing Johannes-Jürgen Albus

who left the Group at his own volition.

In the reporting period, Dr. Peter Klingenburger and Matthias Rosenbaum stepped down from the GAH Group's Management Board to be replaced by Michael Heess, commercial manager of the Group, and Wilhelm Konrad. Mr Konrad heads both Energy Supply Technology (EVT) and Communications Technology (KT) business units.

### Board of Directors

The Board of Directors comprises twelve members who have no management function within the company.

#### Board of Directors

	Initially elected in	End of term of office
Dr. Walter Bürgi, CH-Grenchen, Chairman	1981	2006
Christian Wanner, CH-Messen, Vice-Chairman	1996	2005
Marc Boudier, FR-Sèvres	2001	2004
Dr. Hans Büttiker, CH-Dornach	1988	2005
Dr. Klaus Bussfeld, DE-Gelsenkirchen	2001	2004
Ulrich Fischer, CH-Seengen	1986	2004
Dr. Marcel Guignard, CH-Aarau	1988	2006
Urs B. Rinderknecht, CH-Ennetbaden	1995	2004
Dr. Klaus-Peter Schäffer, CH-Lupsingen	1988	2004
Dr. Rainer Schaub, CH-Binningen	1996	2005
Dr. h. c. Heinrich Steinmann, CH-Uitikon	1994	2006
Dr. Giuliano Zuccoli, IT-Sesto San Giovanni	2003	2006

The curricula vitae, details on the professional backgrounds and other activities of the individual members of the Board of Directors can be found on the Atel website: [www.atel.ch/en/about\\_us/Corporate\\_Governance/index.jsp](http://www.atel.ch/en/about_us/Corporate_Governance/index.jsp).

Shareholders have the right of nomination for the election of new members. The crucial criteria in the election are general and specific professional knowledge of Atel's business areas, a wealth of experience and business foresight. Particular emphasis is placed on achieving a balanced composition on the Board of Directors.

The term of office for members is three years. Resigning members may be re-elected. Members elected as replacements during a term of office take over the replaced member's term of office.

#### How the Board of Directors works

The Board of Directors constitutes itself. Each year it elects a Chairman and Vice-Chairman from amongst its members and a Secretary who does not have to be a member of the Board of Directors.

The Chairman determines the agenda for Board of Directors' meetings after consultation with the CEO. Any member of the Board of Directors can make a written request for a particular item to be included on the agenda.

Prior to meetings, the members of the Board of Directors receive documentation that helps them prepare for the items on the agenda. The Board of Directors met eight times in the last financial year.

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

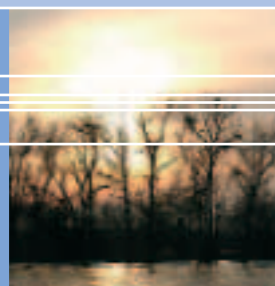
The Board of Directors' proposals are passed if they gain a majority of the votes present, with the Chairman having the casting vote. Should conflicts of interest arise, the relevant member(s) shall leave the meeting.

Minutes are kept of all the Board of Directors' negotiations and resolutions. These minutes are distributed to members of the Board of Directors and approved at the following meeting.

The CEO updates the Board of Directors at every meeting on current business performance, variations from targets, important transactions and key development projects.

The CEO also gives the members quarterly interim reports. Extraordinary incidents are immediately brought to the attention of members. If a major transaction is involved, the CEO produces a written report that contains a proposal requiring the Board of Directors' approval. He informs members on the progress of these transactions verbally, but produces a written final report on major projects.

Outside of these meetings, any member may request information from the CEO on business performance and, with the Chairman's authorisation, on individual transactions. Any member may ask the Chairman for access to accounts and files should these be required to complete a task.



Deggendorf



### Executive Board

The Executive Board comprises seven members.

The curricula vitae and details on other activities of the individual members of the Executive Board can be found on the Atel website: [www.atel.ch/en/about\\_us/Corporate\\_Governance/index.jsp](http://www.atel.ch/en/about_us/Corporate_Governance/index.jsp).

#### **Kurt Baumgartner** (2<sup>nd</sup> row right)

Head of Finance and Services, CFO  
Lic. rer. pol.,  
Swiss citizen,  
born 1949;  
joined Atel in 1975, member of Executive Board since 1992

#### **Stefan Breu** (front row right)

Head of Power Generation and Grid  
Dr. oec. HSG, Dipl. Masch.-Ing. ETHZ,  
Swiss citizen,  
born 1964;  
joined Atel in 1995, member of Executive Board since 2001

#### **Thomas Bruder** (3<sup>rd</sup> row left)

Head of Energy Services  
Northern/Eastern Europe  
Dipl. Masch.-Ing.,  
German citizen,  
born 1957;  
member of Executive Board since 2003

#### **Nico Dostert** (front row left)

Head of Energy Business  
Northern/Eastern Europe  
Dipl. El.-Ing.,  
Luxembourg citizen, born 1942;  
joined Atel in 1992, member of Executive Board since 1999

#### **Giovanni Leonardi** (2<sup>nd</sup> row left)

Head of Energy Services  
Southern/Western Europe  
Dipl. El.-Ing. ETHZ  
Swiss citizen, born 1960;  
joined Atel in 1991, member of Executive Board since 2000; member of the Board of Directors of Società Elettrica Sopracenerina SA, Locarno

#### **Alessandro Sala** (2<sup>nd</sup> row centre)

CEO  
Dipl. El.-Ing. ETHZ  
Swiss citizen, born 1939;  
joined Atel in 1989, CEO since 1999; Chairman of the Board of Directors of Società Elettrica Sopracenerina SA, Locarno

#### **Antonio M. Taormina** (3<sup>rd</sup> row right)

Head of Energy Business  
Southern/Western Europe  
Dipl. Math. ETHZ  
Swiss and Italian citizen, born 1948;  
member of Executive Board since 1999;  
Vice-chairman of the Board of Directors of Società Elettrica Sopracenerina SA, Locarno



### Remuneration and shareholdings

Members of the Board of Directors receive fixed remuneration and a lump-sum expense allowance which is based on a staggered scale for the Chairman and other Board members. The amount of remuneration is determined by the entire Board of Directors. Remuneration for members of the Executive Board comprises a basic salary and a bonus linked to the company's and personal objectives being achieved. The bonus paid in the reporting year is based on the prior year's performance. The Atel Group's senior managers also benefit from non-obligatory insurance. The amount of remuneration for members of the Executive Board is determined by the Chairman of the Board of Directors and one other member of the Board of Directors.

#### Board of Directors

In 2003, the overall remuneration for members of the Board of Directors totalled approx. CHF 1.1 million. They also received 110 Atel Ltd. shares as a special bonus for the 2002 financial year.

Based on the information available to us, members of the Board of Directors held a total of 683 Atel Ltd. registered shares as at 31 December 2003.

The member of the Board of Directors with the highest overall remuneration received remuneration of CHF 0.43 and 10 Atel Ltd. shares in the past financial year.

#### Executive Board

The total remuneration paid to members of the Executive Board was CHF 5.2 million in 2003. This includes remuneration to Johannes-Jürgen Albus who stepped down on 31 March 2003.

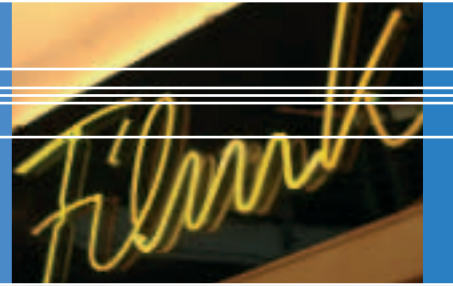
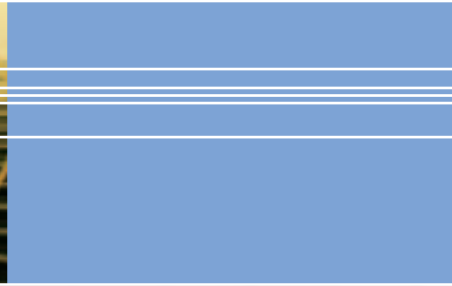
Based on the information available to us, members of the Executive Board held a total of 95 Atel Ltd. registered shares as at 31 December 2003.

### External auditors

Ernst & Young Ltd., Zurich have been the auditors and Group auditors for Aare-Tessin Ltd. for Electricity since 2002. The auditors and Group auditors are elected for a one-year term of office by the General Meeting. Their performance and fee are reviewed annually. Ernst & Young Ltd.'s current mandate manager has been in charge of the Atel audit since 1997.

In the past financial year, Ernst & Young Ltd. as auditors and Group auditors received remuneration for this service of approx. CHF 2.0 million. Fees paid for additional audit-related services totalled approx. CHF 1.0 million.

# Lighting for construction workers and footballers



Just outside Munich there is still sufficient space for a modern airport and a new football arena. Cranes hoist prefabricated elements into and onto the huge stadium. Artificial lighting helps the construction workers; soon it will help the players, too. Here in the Bavarian metropolis dream cars sit in the gleaming light of huge show windows: fantasies in chrome and silver, with automatic gearboxes for the grown-ups and pedal versions for the kiddies. Munich has something for everyone. Lights of all shapes and sizes vie for your attention, presenting a plethora of different products from their most flattering angle. On the streets, icy patches slow traffic down to walking pace and bike riders are forced into daring balancing acts. Travel on the subway is not only surer and more punctual, the temperature underground is rather pleasanter, too.

Just before Bregenz you run into a deserted customs zone: the big, empty parking areas bear silent witness to the once lively cross-border traffic. Nowadays, however, the only ones to stop are those who need an Austrian motorway pass. The offices stand abandoned, the signs and traffic lights redundant. All is quiet on the lake, too. On the stage where the heroes of West Side Story stand, dance and sing under the summer spotlights there is silence, interrupted only by the shrill cries of the seagulls that alight on the seating and stage structures.



Marienplatz

# Energy Segment



Munich

	+/- variance 2002–2003 in % (based on CHF)	2002 CHF mn.	2003 CHF mn.	2002 EUR mn.	2003 EUR mn.
Energy sales (GWh)*	71.2	40 000	68 476	40 000	68 476
Net turnover*	69.6	2 263	3 839	1 539	2 526
Cash flow	12.2	475	533	323	351
in % of net turnover	-33.8	21.0	13.9	21.0	13.9
Segment profit	55.0	211	327	144	215
in % of net turnover	-8.6	9.3	8.5	9.3	8.5
Investment in tangible and intangible fixed assets	126.8	71	161	48	106
Number of employees at balance sheet date	79.0	610	1 092	610	1 092

\* Excluding trading in standardised products; definition of turnover amended see page 17 of the Financial Report

## Improved year-on-year earnings

With turnover of CHF 3 839 million, the Energy segment reported earnings of CHF 327 million for 2003. Compared to 2002, sales grew by 71% to about 68 TWh, turnover by CHF 1 576 million and earnings by 55%. The first-time consolidation of the Eastern European companies Entrade (energy trading) and ECKG and Csepel (production and sales) made a significant contribution to these results with turnover of CHF 1 020 million or 19 TWh.

In addition to physical business, trading in standard products amounted to some CHF 2 714 million or approx. 67 TWh (2002: CHF 1 908 million and 47 TWh). As in prior periods, trading profit is accounted for under net turnover.

Business was again extremely buoyant in Italy in 2003. Sales to customers grew through successful ten-

ders for transport capacities from north to south of the country. As part of the refinancing of Edipower, Italy's second-largest electricity producer, Atel increased its stake, giving it access to 20% of total capacity. Furthermore, the construction of two gas-combi power stations in Northern Italy is now more or less complete. Sales activities in France intensified, with significant supply contracts concluded with French industrial companies and urban utilities. The Switzerland region strengthened its partnerships with resellers in north-west Switzerland. Following rejection of the Electricity Market Law (EMG) in autumn 2002 however, it is still not possible to supply customers directly outside our own supply area. The Northern Europe region realigned itself strategically and acquired various short and medium-term energy supply contracts. In the Central/Eastern Europe region, the aforementioned acquisitions and greater sales activity

helped increase market share and contribution to earnings. Atel thus achieved successful regional risk diversification. On the trading front, Atel Trading profitably exploited available production capacities and extraordinary price movements.

## Higher turnover planned

The main focus of 2004 will be consolidation of the strong growth of energy business in financial and organisational terms.

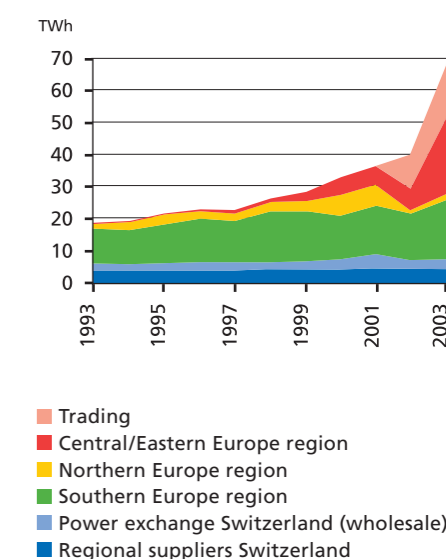
Stronger trading and sales activities in all relevant markets should primarily result in higher energy sales and turnover. We expect particular stimulus from our shareholding in Edipower, in that all the power it generates in 2004 will be available to shareholders and their sales companies for the first time for open marketing. Atel also intends to increase sales activities in Germany, Central and Eastern Europe and trading activities throughout Europe in general.

We expect prices to stabilise to a certain extent in 2004 following strong rises in various markets in 2003 due to regulatory, cost and weather-related factors. Neverthe-

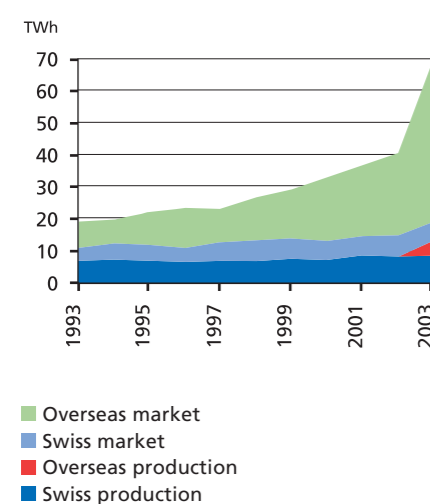
less, the relatively poor liquidity on energy markets and numerous bottlenecks in the European grid may cause more strong, short-term price fluctuations in the coming year. Export business to Italy will be affected by the capacity restriction caused by the blackout at the end of September 2003, but at present we do not expect this to be significant or long-lasting.

Overall, we expect sales and turnover to rise again in the Energy segment and earnings to be largely around the same level as in the past business year.

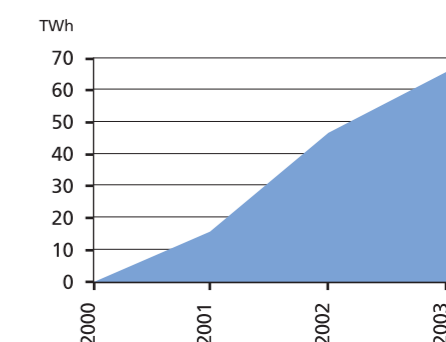
Energy sales 1993–2003  
Without standards business

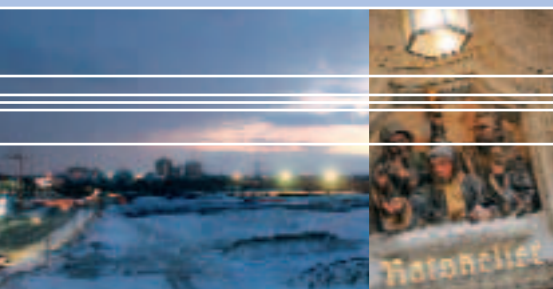


Energy procurement 1993–2003  
Without standards business



Energy sales 2000–2003  
Transacted standards business





Munich

## Electricity Trading and Sales

**Low precipitation, high summer temperatures and rising coal prices combined to push up electricity prices on European wholesale centres. Prices will keep on rising over the medium to long-term as old plants close, capacities reduce and demand rises, albeit marginally.**

**The rudiments of electricity market liberalisation in Switzerland have now been established following rejection of the Electricity Market Law (EMG). In Italy, Atel increased its stake in Edipower and created more link-ups, as it also did in France where growth was supported by greater market opening. We increased our involvement in the Central/Eastern Europe region, with the business unit accounting for one third of overall sales business. Atel Trading exploited the opportunities of a market plagued by price fluctuations to post excellent year-on-year results.**

### Further information:

www.aare-strom.ch  
www.aek.ch  
www.aem.it  
www.aem.torino.it  
www.aen.ch  
www.asmsi.it  
www.atel-energie.de  
www.ecoswitch.de  
www.edipower.it  
www.eex.de  
www.egt-triberg.de  
www.energipartner.no  
www.entrade.ch  
www.etanova.ch  
www.multipower.at  
www.powernext.fr  
www.repower.ch  
www.ses.ch

### Switzerland region

#### Partnerships expanded

In Switzerland, the tough economic environment showed no sign of abating for industry and commerce, making electricity prices an important issue for energy intensive business. The market was also affected by the extraordinary summer weather and resulting price fluctuations, requiring Atel and its sales partners to work very closely together to achieve a high level of secure supplies in north-west Switzerland.

In the reporting year, Atel expanded its partnerships with various industrial concerns, distribution companies and communities for the supply and delivery of energy.

Atel is not expecting any significant changes in 2004 in terms of market opening in Switzerland. It is too early to assess the consequences of the Federal tribunal decision of autumn 2003 in the case of Migros and Watt versus Freiburgische Elektrizitätswerke (FEW). Although the rudiments of liberalisation are apparent in this instance, full market opening should be based on special legal principles, not on cartel law.

Atel's stated aim is still full market opening for all customers.

#### Strong regional suppliers

Società Elettrica Sopracenerina SA (SES) in Locarno celebrated its centenary on 14 May 2003. SES managed to maintain its strong position overall in supplying power to the canton of Ticino despite a difficult political and economic environment.

There was more collaboration in 2003 between Atel Versorgungs AG (AVAG) and Städtische Betriebe Olten (sbo), with all operating tasks processed through the jointly owned subsidiary Aare Energie AG (a.en).

2003 was another successful year for AEK Energie AG. The regional energy supplier, of which Atel owns 38.7%, strengthened its market position.

### Southern Europe region

#### Successful in Italy

Sales activities in the Southern Europe region, which comprises the Italian and French markets, increased strongly in the reporting year thanks to Atel's stake in Edipower and internal growth.

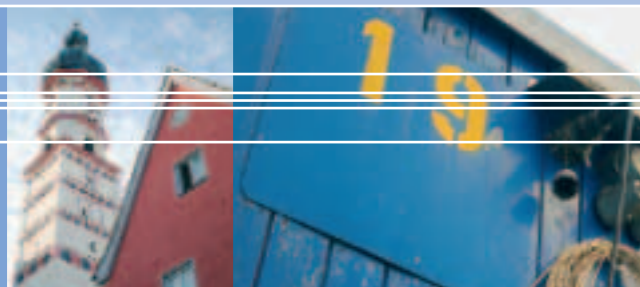
The reduction in the drawing threshold to 0.1 GWh for free customers was a further liberalisation step for the Italian market and one that gave Atel new opportunities. Other important agreements and partnership arrangements were concluded with major industrial and trading businesses in Northern and Central Italy.

#### Electricity sales higher

In 2003, the sales subsidiary Atel Energia S.r.l. in Milan sold electricity that was bought in Italy and power from Edipower that was allocated for the free market, thus doubling its energy sales compared to 2002.

Atel signed the Tolling Agreement with the other industrial partners in autumn 2003 on the management of Edipower's power. It came into effect on 1 January 2004 and governs the provision of primary





Landsberg



Mindelheim



energy required and drawing modalities of electricity generated. Atel Energia S.r.l. will market 20% of Edipower's power from 2004. Edipower performed much better than expected in 2003. Cooperation was established with Hera S.p.A. for power generation and marketing and a long-term supply contract gained. Hera S.p.A. was created from the merger of eleven municipal power plants in Emilia Romagna and is now one of Italy's largest multi-utility companies. Another partnership was established with Etschwerke AG, Bolzano. Atel Energia S.r.l. was reorganised to meet new requirements in the light of the Tolling Agreement and possible opening of the Italian electricity exchange.

#### Position in France strengthened

Liberalisation of the electricity market took a further step forward in France when the threshold was reduced to 7 GWh annual consumption for free customers, creating additional market potential of around 160 TWh. Atel Energie SAS in Paris took advantage by expanding its market position, winning commercial and service company customers in France in addition to large industrial companies.

As in 2002, Atel successfully took part in the auction for Electricité de France's (EDF's) virtual power station capacity, while also signing a supply agreement with the French grid operator Réseau de transport d'électricité (RTE).

#### Central/Eastern Europe region

##### Activities expanded

The market has been gradually opening up in nearly all countries in Central and Eastern Europe, initially for industrial customers. The introduction of new sales models is still very time-consuming and costly due to the high level of regulation.

Atel continued expanding into Central and Eastern Europe in 2003, with almost a third of its sales business now conducted in the area. This is due on the one hand to the expansion of Atel's own sales activities. In the past few years, Atel has built up a close-knit sales network in the region as well as a strong position in electricity trading. Together with Entrade, the newly acquired electricity trading company, Atel is now market leader in electricity distribution and trading in Central and Eastern Europe, the Balkans and Greece. It is also due on the other

hand to the acquisition of the Csepel power station complexes in Hungary and ECKG in the Czech Republic. The integration process is now more or less complete, with the new companies operating successfully and outperforming expectations. The power stations supply electricity and district heating to Budapest and Prague.

Entrade and the power station investments are an important building block for Atel's energy business in Central and Eastern Europe, forming a solid basis for further growth in these emerging markets that are joining the European Union in spring 2004.

The market in Hungary took its first step towards liberalisation on 1 January 2003. Atel Energia Kft. was given its trading licence and is now steadily building up sales activities.

Atel is now regarded as an experienced and reliable Swiss partner in electricity matters from Poland to Greece.

#### Targets exceeded

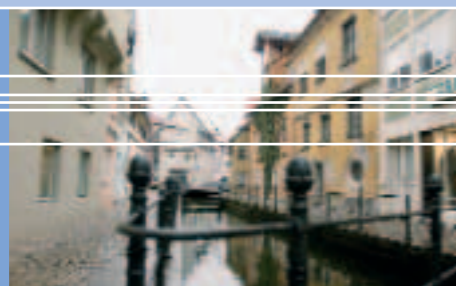
Atel exceeded the targets set for the reporting year in a challenging environment, particularly in energy trading. We not only held market share in the region, but increased it in some countries. We also successfully started doing business with local supply partners.

#### Northern Europe region

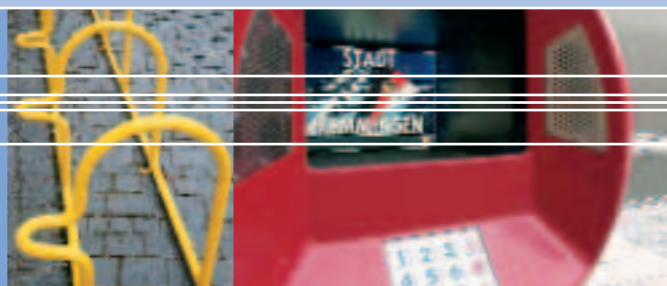
##### Realignment in Germany completed

Düsseldorf is the new headquarters of sales company Atel Energie AG. The new team expanded energy business with urban utilities, regional suppliers and industrial customers. The company also stepped up its cooperation with existing supply partners, such as ecoSWITCH AG in Crailsheim and EGT Energiehandel GmbH in Triberg with some excellent results in 2003.

Despite a difficult economic environment and competition dominated by large suppliers, the company met its defined targets, i.e. realignment of sales activities in Germany.



Memmingen



Atel Energie AG succeeded in efficiently supporting its customers with innovative price concepts. Atel continues to focus its activities on industry and secondary distributors.

#### Scandinavia region

##### Shareholding expanded

In May 2003, Atel increased its holding in Energipartner AG, Oslo from 70% to 100%. Energipartner AS manages large energy portfolios for third parties and is therefore geared towards large industrial companies and municipal utilities. Its services range from developing and implementing individual procurement strategies, through support for optimising contracts to in-depth market and price analyses. Energipartner AG maintained its strong position in Scandinavia in the reporting year.

#### Trading

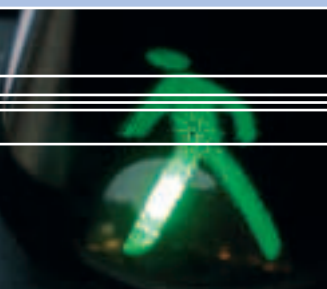
##### Increased trading volume

From a trading perspective, 2003 was marked by highly volatile electricity prices on the spot market and steadily rising ones for forward products. This was due primarily to the constant reduction in over-capacity combined with extreme weather conditions and rising commodity prices. The cold winter, with very little wind, and the hot, dry summer led to increasing demand and decreasing supply which in turn led to record prices and volatility on the spot market. At one stage, prices had risen by 50%. Atel Trading realised record results in this extremely challenging environment. Careful market analysis shows that all trading areas contributed to these results, from power plant optimisation and border trading to speculation.

More strong price fluctuations can be expected on the spot market in future. The number of electricity exchanges in Europe and liquidity are also predicted to rise, as is the number of trading partners. Banks are becoming increasingly involved in financial trading, particularly standard products.

##### Power plant portfolio an important building block of electricity trading

Atel is carefully using the opportunities presented by the forward to intraday market to establish itself as one of the main players on the major trading centres. One important building block of this strategy is ownership of a portfolio of proprietary power plants that can be used in a flexible way. This strategic benefit is also extremely valuable for Atel's customers.



Memmingen



Leutkirch

## Power Generation and Grid

Power generation was dominated by the exceptionally hot and dry summer. Atel is pursuing projects that are designed to bring about careful expansion of hydroelectric generation in future. Nuclear energy is now a major pillar of the Swiss electricity supply following rejection of the anti-nuclear power initiatives in spring 2003. Nuclear power stations also made a significant contribution to the security of supplies, even in last year's special meteorological conditions. In Italy, activities were dominated by the repowering of Edipower and construction of two proprietary gas-combi power stations. Atel also expanded some parts of its grid.

### Further information:

www.atel.hu  
www.eckg.cz  
www.ekwoee.ch  
www.etrans.ch  
www.khr.ch  
www.kkg.ch  
www.kkl.ch  
www.kwz.ch  
www.refuna.ch

### Power Generation Switzerland

#### Hydroelectric production increasing in significance

The international year of water was dominated by the exceptionally hot and dry summer. The lack of precipitation was partially compensated for by the increased inflow of melt water. Some power plants were 45% above annual means of production whereas some were 15% below.

Atel reached agreement in 2003 to integrate the Navisence production facilities into Kraftwerke Gougra AG and set the seal on the corresponding partnership with the concession-granting communities. This arrangement will help increase hydroelectric production from April 2004. Kraftwerke Zervreila AG also reached agreement with the concession-granting authorities on a repurchase waiver, under which they and the canton of Graubünden become Kraftwerke Zervreila AG's new partners from 2008.

The Europe-wide rise in electricity prices, particularly for peak energy, also helped increase the attractiveness of hydroelectric production, which is why possible expansion

projects are being examined. Nevertheless, any significant expansion in the number of hydroelectric plants in Switzerland would be difficult. Some degree of flexibility in water protection provisions, particularly residual water, would therefore be required to meet the growing demand for this ecologically valuable energy source.

#### Nuclear energy has a future

The major event of 2003 for the Thermal Production business unit was the clear rejection of the "MoratoriumPlus" and "Electricity without Nuclear" anti-nuclear initiatives. These referenda have secured the long-term operation of nuclear power plants and brought a greater degree of certainty to planning.

In the reporting year, Atel again invested with its partners in the safety of nuclear power plants. The facilities reached an above-average level of availability and operational efficiency in addition to safe and trouble-free operations.

#### Optimising safety and performance

The control systems at the Leibstadt AG Nuclear Power Plant (Kernkraftwerk Leibstadt AG) are now

due for exchange in 2004 following completion of the project to increase output at the end of 2002. Atel invested in replacing the primary safety valve at the Gösgen-Däniken AG Nuclear Power Plant (Kernkraftwerk Gösgen-Däniken AG), expanding the wet stores and improving efficiency. Measures were also implemented at the secondary facility and auxiliary facility buildings constructed. The main focus is still on the safe and reliable operation of the facilities.

The regulatory environment will become much tougher for operators at the beginning of 2005 with the introduction of the new Nuclear Energy Law. Atel is advocating optimum operating conditions for the use of nuclear energy.



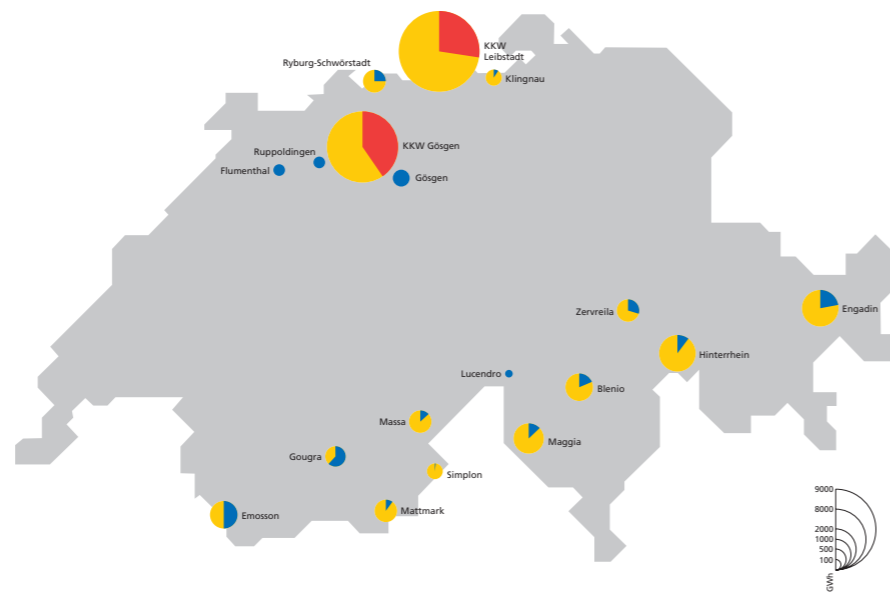
Leutkirch



Wangen

Production in Switzerland

- Own hydroelectric power stations
- Holdings in hydroelectric joint ventures, including subscription rights
- Holdings in thermal joint ventures



Hydroelectric power stations Switzerland

Company	Atel holding in %	Capacity MW	Power generation GWh average	Power generation GWh 2002/2003	Variance in %	Atel share GWh 2002/2003
Atel Hydro AG	100.0	92	554	486	-12.3	441*
Atel Hydro Ticino SA	100.0	60	100	108	8.3	108
Aarewerke AG	10.0	43	230	243	5.7	24
Blenio Kraftwerke AG	17.0	391	882	849	-3.7	144
Electra-Massa AG	11.5	340	543	781	43.8	90
Electricité d'Emosson SA	50.0	360	860	944	9.8	472
Energie électrique du Simplon SA	1.7	42	244	264	8.3	18
Engadiner Kraftwerke AG	22.0	410	1377	1367	-0.7	301
Kraftwerke Ryburg-Schwörstadt AG	25.0	110	752	740	-1.6	185
Kraftwerke Gouggra AG	60.0	159	459	491	7.0	295
Kraftwerke Hinterrhein AG	9.3	651	1422	1435	0.9	133
Kraftwerke Zervreila AG	30.0	250	554	533	-3.8	160
Maggia Kraftwerke AG	12.5	626	1389	1306	-6.0	163
<b>Total Atel share 2002/2003</b>				(prior year 2 489)		<b>2 534</b>

\* Excl. BKW share KW Flumenthal

Thermal power stations Switzerland

Company	Atel holding in %	Capacity MW	Power generation GWh average	Power generation GWh 2003	Variance in %	Atel share GWh 2003
Gösgen-Däniken AG Nuclear Power Plant	40.0	970	7 800	7 988	2.4	3 195
Leibstadt AG Nuclear Power Plant	27.4	1 165	9 000	9 309	3.4	2 550
<b>Total 2003</b>			<b>16 800</b>	<b>17 297</b>		<b>5 745</b>

Power Generation Italy

Increased shareholding and repowering

Atel increased its shareholding in Edipower and invested in repowering the plant together with the other partners. Plants with outdated technology are being upgraded to become modern and efficient, whereas some are replaced altogether. Available production capacity will be increased from 6000 MW to around 8000 MW by 2008. Now that the repowering has been completed, around 1600 MW, spread over nine locations, are available to Atel.

Under the repowering programme, Edipower will continue rationalising operations thus bringing down costs at a lower capital expenditure requirement and an increased performance.

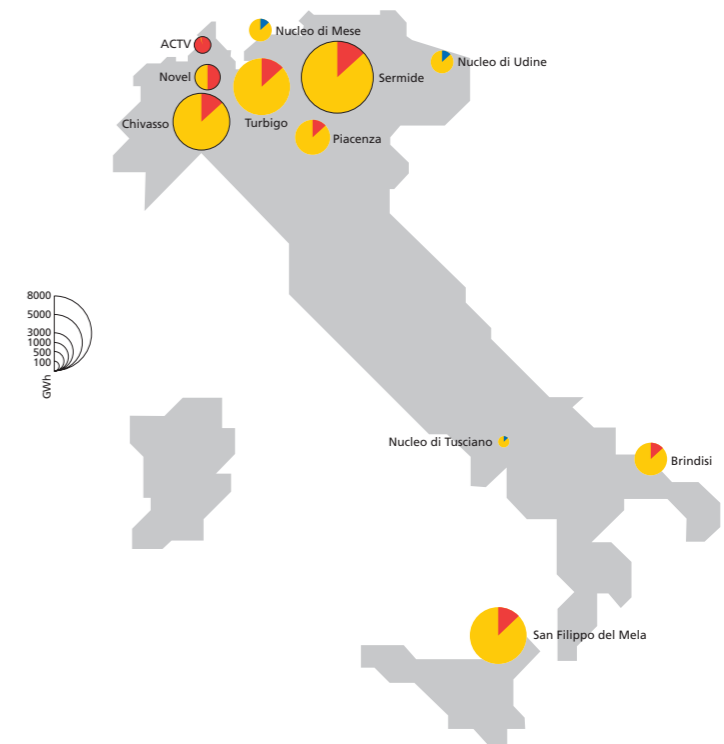
However, it is also important for Italy that it builds new modern and highly efficient power plants. Atel is actively helping structure this development through its shareholdings in Novel S.p.A. and Atel Centrale Termica Vercelli S.r.l. (ACTV). Work on the two gas-combi power plants with a total output of 150 MW was

largely completed in 2003, with the plants due to begin commercial operations in the first half of 2004.

In the reporting year, the Italian market was marked by planning approval granted for building seven new power stations with a predicted output of 4350 MW.

Production in Italy

- Own thermal power stations
- Holdings in thermal power stations
- Holdings in hydroelectric power stations
- Upgrading/new constructions





Wangen



Lindau

### Hydroelectric power stations Italy

Company	Atel holding in %	Capacity MW	Power generation GWh average	Power generation GWh 2003	Variance in %
Edipower S.p.A., Nucleo di Mese	16.0	375	1 148	881	-23.3
Edipower S.p.A., Nucleo di Tusciano	16.0	95	225	196	-12.9
Edipower S.p.A., Nucleo di Udine	16.0	295	768	721	-6.1
<b>Total 2003</b>				<b>1 798</b>	

### Thermal power stations Italy

Company	Atel holding in %	Capacity MW	Power generation GWh 2003
Edipower S.p.A., Brindisi	16.0	640*	1 756
Edipower S.p.A., Chivasso	16.0	380**	0
Edipower S.p.A., Piacenza	16.0	620*	2 622
Edipower S.p.A., S. Filippo	16.0	1 280	5 510
Edipower S.p.A., Sermide	16.0	1 140*	4 054
Edipower S.p.A., Turbigo	16.0	1 650	5 577
Novel S.p.A.	51.0	100	0***
Atel Centrale Termica Vercelli S.r.l. (ACTV)	95.0	50	0***
<b>Total 2003</b>			<b>19 519</b>

\* Capacity at takeover. Some of the present capacity has been significantly reduced as planned under the repowering programme and other modernisation measures.

\*\* From October 2004

\*\*\* In commissioning process

### Power Generation Central/Eastern Europe

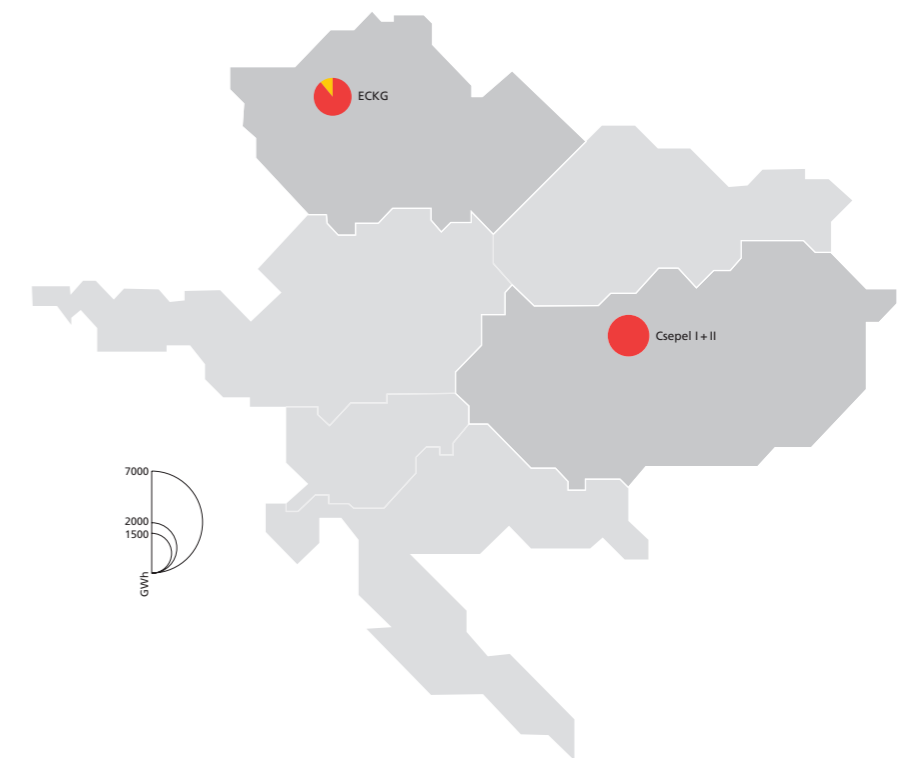
#### Power station complexes successfully integrated

After Atel completed the takeover and increased its shareholding in the ECKG power station complex, 2003 was dominated by consolidation. The plant near Prague comprises a coal-fired power station, a gas-combi and a thermal one. It generates 343 MW of electric power and 173 MW of thermal power, covering around 3% of the Czech Republic's energy requirement. The power stations reported smooth operation in 2003.

The main focus of the year for the Csepel I and II plants near Budapest was their organisational integration into the Atel Group. They have been operating according to plan and are meeting expectations. With a capacity of 396 MW of electrical power and 116 MW of thermal power, Csepel I and II support Atel in its aim to strengthen its own energy trading and sales and broaden in regional terms.

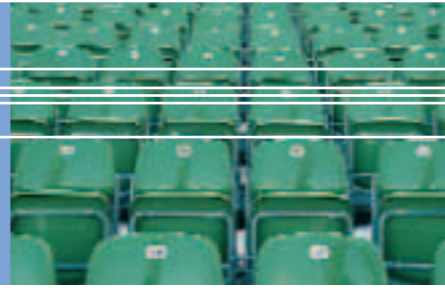
### Thermal power stations Central/Eastern Europe

Company	Atel holding in %	Capacity electric MWe	Capacity thermal MWth	Power generation electricity 2003 GWh	Power generation heating 2003 TJ
Csepel I + II, Budapest	100.0	396	116	1 860	1 065
ECK Generating s.r.o. (ECKG), Kladno	89.0	344	173	1 667	16 072
<b>Total 2003</b>				<b>3 527</b>	<b>17 137</b>



#### Production in Hungary and Czech Republic

- Own thermal power stations
- Holdings in thermal power stations



Lindau

Bregenz

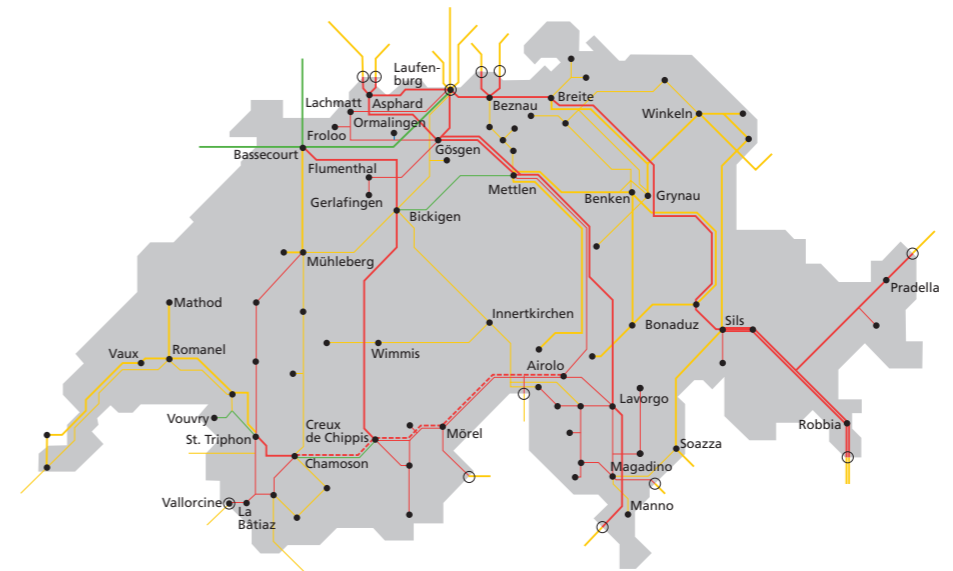
## Grid

### Grid expanded

Atel's transmission grid (380/220 kV) is maintained and operated by Atel Transmission Ltd. One major event in the reporting year was the start-up of the second 380 kV Mettlen-Gösigen axis which eliminates a long-established bottleneck in the Swiss transmission grid. Gestore della Rete di Trasmissione Nazionale S.p.A.'s (GRTN's) tender for building merchant lines was another one. Atel places great emphasis on building these lines, as it gives the company chance to make priority use of project developers. The schedule and balance sheet management system (FBMS) was implemented at the same time. This is an important requirement for efficiently processing trading business in Switzerland and abroad.

The last quarter of 2003 was affected by the blackout in Italy which was an event that will also affect future grid operation. An investigation into the blackout conducted by the Federal Energy Agency (BFE) concluded that all maintenance measures had been carried out in line with legal provisions.

Over the medium to long-term, changes in the tasks and organisation of Swiss grid operations can be expected with the founding of the Swiss Transmission System Operators (CH TSO).



### Atel's transmission lines in the e.h.v. grid

- 380 kV 220 kV
- Own transmission lines, partners, long-term rights
- Limited duration transport rights
- Third parties
- - - Upgrading
- Substations
- International connections of Atel and partners

## Faces under white floodlights



The lights of the border crossing into Switzerland appear out of the fog and darkness a long way off: “St. Margrethen Customs” and the white cross against a red background, as symbol of the other country. Just like the officers checking passports and faces under white floodlights. Once past the border, bright signs guide the cars and lorries into the night and closer to their destination.

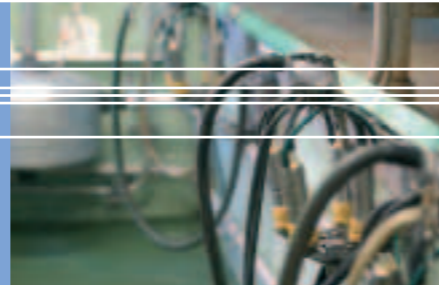
In the town itself, electricity is omnipresent. Even the temporary market stands need power to compete with the established stores. Electric heaters provide momentary warmth, whilst in the party tent, amplifiers help carry the speeches and addresses above the general noise. And though the market moves on that same evening, the electrical installations look as though they may stay forever.

Electricity also helps Hans Merz with his work. His day-to-day routine has changed considerably in the past few years. Nowadays, the farmer “feeds” his computer with data and the computer then calculates feed quantities and mixes for the cows. Sensors attached to the cows’ necks record how much they eat, and how much milk they yield. The stalls, too, are high-tech affairs: from the combing to the milking machines. Only the dung is still removed by hand.

# Energy Services Segment



St. Gallen



Oberuzwil



	+/- variance 2002-2003 in % (based on CHF)	2002 CHF mn.	2003 CHF mn.	2002 EUR mn.	2003 EUR mn.
Order intakes	-2.7	1543	1501	1050	988
Net turnover	4.8	1465	1535	997	1010
Cash flow	-45.1	51	28	35	18
in % of net turnover	-48.6	3.5	1.8	3.5	1.8
Segment profit	-53.8	26	12	18	8
in % of net turnover	-55.6	1.8	0.8	1.8	0.8
Investment in tangible and intangible fixed assets	-17.4	23	19	16	13
Number of employees as at balance sheet date	-3.1	7 260	7 038	7 260	7 038

## Sustained measures introduced

The Energy Services segment reported unchanged turnover of CHF 1535 million which is 5% up on the previous year. The results were dominated by the unfavourable economic situation in Germany and Switzerland, with the German GAH Group having to absorb exceptional costs for restructuring measures. Consequently, consolidated segment earnings were CHF 12 million which is CHF 14 million below those of 2002.

The Swiss Atel Installationstechnik Group (AIT) came under strong pricing pressure in 2003, primarily in Building Services/Technical Facilities Management (GT/GM). Building activity on major construction sites also declined due to a lack of economic stimulus. The weak demand meant that margins and price were lower than expected. In Energy Supply Technology (EVT), the redu-

ced capacity in open-air transmission line construction was offset by large orders won for national rail projects.

The German GAH Group was again affected by a weak construction industry as well as a lack of investment by the public sector and the industry and communications industry, with the slump in demand felt notably by the business units Communications Technology (KT) and Building Services/Technical Facilities Management (GT/GM). The Energy Supply Technology (EVT) business unit was exposed to continued cut-throat competition and strong price pressures. Industrial/Plant Technology (IAT) fared positively overall as demand for technical energy facilities rose sharply. Sustained measures were introduced and successfully implemented as a result of negative business trends in the critical areas. These are expected to have a positive impact over

the coming years in the form of increased efficiency and cost savings.

## Significant rise in earnings expected

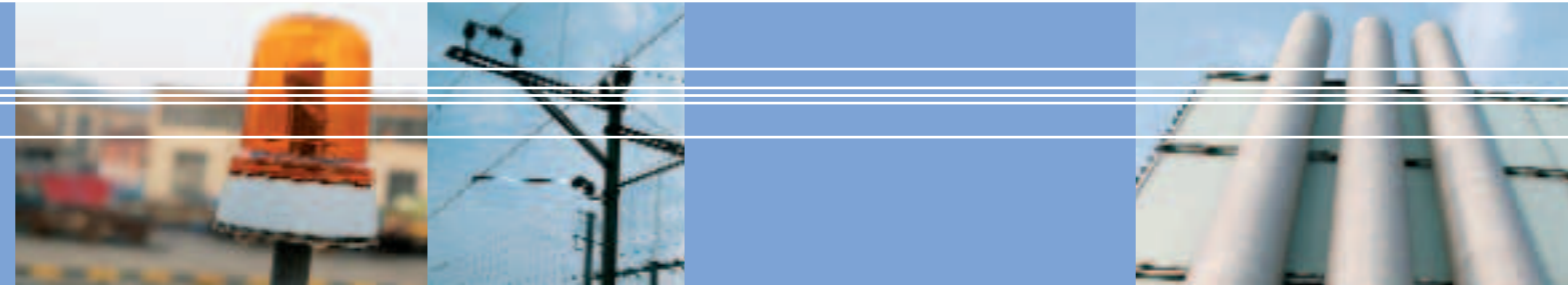
The segment can now approach 2004 with improved conditions and a better outlook, now that structures and resources have been adapted to reflect the changed market situation. Against this background and an emerging positive economic outlook, improved results can be expected for the current year, but not all sectors will turn in a uniform positive performance. The construction-related GT/GM business units will still be exposed to intense pressures of competition and prices, whereas the IAT and KT ones which are heavily dependent on the economy, will benefit from the expected upturn. The infrastructure area of the EVT business units should see stable business trends.

Turnover in 2004 in the Energy Services segment should be similar to 2003 levels. Simplified structures, cost-cutting measures and restructuring of the product portfolio should help improve results.

## Further information:

www.group-ait.com  
www.gah-ag.de





Winterthur

## Energy Services Southern/Western Europe

### Atel Installationstechnik Group

The Atel Installationstechnik Group (AIT) operates in the transport, energy distribution, communications and building technology sectors and gears its geographical focus towards Switzerland and Northern Italy.

It marginally expanded its position in a tight and fiercely competitive market. 2003 was dominated by realignment of structures and optimisation of processes in the light of the changed market situation.

Atel Installationstechnik Ltd.	
Building Services/ Technical Facilities Management	Energy Supply Technology
Atel Bornet Ltd.	Kummler + Matter Ltd.
Vernier	Zurich
Atel Elettro- impianti SA	Mauerhofer + Zuber Ltd.
Savosa	Renens
Atel Building Technology Ltd.	
Zurich	
Atel Building Tech- nology West Ltd.	
Olten	
Atel Sesti S.p.A.	
IT-Milan	
EcoEnergy S.r.l.	
IT-Forli	

### Expansion despite tough market

In Switzerland and Italy, the economic environment in the Building Services/Technical Facilities Management (GT/GM) business unit was very tense which resulted in lower margins. All in all, 2003 was one of the toughest that AIT has ever had to endure, due primarily to the public sector's lack of capital expenditure which affected the whole industry. Despite this, AIT marginally expanded its position in this tough, competitive market.

The Energy Supply Technology (EVT) business unit was affected by two different market movements. Open-air line technology had to grapple with utilisation problems which meant that capacities had to be amended, but the infrastructure area with the railway and traffic technology sectors benefited from major projects which will impact on the sectors for the next few years due to the large order volume.

The GT/GM business unit, including power plant engineering, accounts for 75% of overall results and the EVT unit 25%.

### Increasing sales activities

AIT is expecting demand to grow tentatively in the EVT business unit over the next few months, as can be seen from the much improved order book. However, the GT/GM business unit is not expecting the situation to improve as the building industry is still weak. The structural overhaul and exploitation of the resultant synergy potentials are therefore important.

AIT has to expand Key Account Management to gain further market share, for which it will focus on the public sector, service sector and industry.





Gösgen



Olten

## Energy Services Northern/Eastern Europe

### GAH Group

The Group consists of 30 companies with more than 150 offices and branches throughout Germany and neighbouring countries. It is one of Germany's leading service companies for energy business, industry and communications.

In the reporting year, Germany suffered from deteriorating economic conditions, posting zero growth in real GDP. Nevertheless, incoming orders and turnover for the GAH Group were up year-on-year, as it increased its market share despite falling market volumes.

GAH Beteiligungs AG, Heidelberg				
Building Services/ Technical Facilities Management	Energy Supply Technology	Communications Technology	Industrial/ Plant Technology	Other Holdings
GA-tec Gebäude- und Anlagentechnik GmbH Heidelberg	GA Leitungsbau Süd GmbH Fellbach	GAH Communications GmbH Backnang	Kraftanlagen Anlagentechnik München GmbH Munich	Dr. Herfeld GmbH & Co. KG Neuenrade
Kraftanlagen Hamburg GmbH Hamburg	Frankenluk Energie- anlagenbau GmbH Bamberg	GA-com Telekommunikation und Telematik GmbH Bietigheim-Bissingen	Kraftanlagen Fertigungs- betrieb GmbH Reinsdorf	
Kraftanlagen Heidelberg GmbH Heidelberg	GA Energie- anlagenbau GmbH Hohenwarsleben	te-com Tele- kommunikations- Technik GmbH Backnang	ECM Ingenieur- Unternehmen für Energie- und Um- welttechnik GmbH Munich	
Kamb Elektro- technik GmbH Ludwigshafen	GA Leitungsbau Nord GmbH Hannover	Digi Communication Systeme GmbH Gifhorn	KEU GmbH Krefeld	
	Elektro Stiller GmbH Ronnenberg	InterServiCom GmbH Backnang	Kraftanlagen Nukleartechnik GmbH Heidelberg	
	Franz Lohr GmbH Ravensburg	DIGICOS Sp. z o.o. PL-Poznań	Kraftszer Kft. HU-Budapest	
			KALFRISA S.A. ES-Zaragoza	



Olten



### Measures taking effect

Turnover and results for the Building Services/Technical Facilities Management (GT/GM) business unit were badly affected by a weak building industry and the decline in demand from industry and the public sector. The situation resulted in increased competitive and pricing pressure. To secure the unit's competitiveness, a comprehensive package of measures was approved in GA-tec Gebäude- und Anlagentechnik GmbH midway through the year and most of the staff adjustments made before year-end. Even in these difficult market conditions, the order book remained at 2002 levels despite lower turnover.

### Positive results

The Energy Supply Technology (EVT) business unit suffered a 10% drop in turnover in 2003 which was not unexpected given the energy sector's restrictive investment/management policy, weak industrial demand and dearth of communication project business. Despite EVT consolidating its market share, the situation was increasingly exacerbated by the massive price and volume reductions on the part of some cus-

tomers. This inevitably led to changes in staffing levels. Overall, EVT posted positive results and made a substantial contribution to turnover and the division's overall results.

### Turnover expectations fulfilled, structural changes implemented

Turnover in the Communications Technology (KT) business unit was lower than in 2002 as a result of the shrinking market. Positive developments in the cable equipment/railway technology and mobile phone areas were offset by a collapse in turnover in processing and transmission technology, principally on account of Deutsche Telekom AG's freeze on capital investment instituted mid-2002. As this freeze was not reversed as expected in 2003, other measures were taken following the structural and staff changes in 2002. However, there was good news in the cable equipment and railway security engineering area where turnover grew significantly in 2003. The mobile phone sector had a slow start to the year, but picked up in the second half.

The measures introduced in 2003 were completed at the beginning of 2004 which will help stabilise the KT unit.

### Results better than expected

The Industrial/Plant Technology (IAT) business unit improved its turnover by 20% year-on-year which was significantly better than expected. This was principally due to major projects in energy technology as a result of legal subsidies (Renewable Energy and Heat/Energy Coupling Law) and an improved situation in nuclear technology. The business unit has since made the greatest contribution to turnover and earnings and will further secure its position thanks to progressive Europeanisation. It realised significant turnover in the Benelux region in 2003 and began tapping into the Austrian market.

### Good starting position in a difficult environment

The building industry is still expected to be weak in 2004 and capital expenditure tentative. The structural overhaul has been greatly accelerated to counteract these influences. Some areas are trying to boost turnover by tapping into new regions and markets. Despite the difficult economic environment, the GAH Group is in a good starting position.



Locations of the GAH Group

- Head offices
- Branches, offices

Other foreign locations:  
Brussels (BE), Budapest (HU), Törökbálint (HU),  
Suchy Las/k. (PL), Warsaw (PL), Münchendorf (AT),  
Vienna Neudorf (AT), Wolkersdorf (AT), Zaragoza (ES)

## Red and green: stop and go



Traffic lights interrupt the drive out of the city causing impatience. The longer the wait, the more orange turns to green. Unaffected by all the hectic, the trolleybus claims a place for itself. Plunging in like a huge whale, it is driven along amidst the traffic – connected to and dependent on the overhead network. Exiting the city centre, cars dive direct onto the underground motorway: tunnels glitter with guiding lights. Accompanied above ground by high-voltage lines and a wealth of electronic information: lane changes and tunnel lengths, telephone calls and news, maximum speeds and distances, brake lights, dipped lights, blue lights, sirens. Driving at speed, the peripheries of cities and towns are no more than passing impressions.

Outside Olten the number of masts, distributor units and power stations grows – hinting at the importance of electricity in general. And as if to emphasise this even further, an antenna sits regally upon the hill ahead: a relay station providing a link with the big, wide world. The valley is home to more than the Swiss Railways' hub: "the town behind the railway station" is also where all the threads of Atel's international operations join up: including those that run from Prague and Kladno to St. Margrethen and Olten via Pilsen and Munich.



## Band energy

The basic electricity demand that exists every day, around the clock. In Switzerland, band energy is supplied by run-of-river power stations and thermal (nuclear) power stations.

## Contracting

Contracting means that the customer no longer buys electricity, but his own actual usable energy, such as power, heating, cooling, light or communication options. The investment and function risks are borne by the contractor who enters into a long-term contracting agreement with the contract-taker. There is a difference between facility contracting (contractor realises facility), performance contracting (contractor realises energy-saving measures) and business management contracting (contractor runs and is responsible for facility). For the contract-taker, this type of agreement means security, ability to plan and efficiency at fixed prices.

## Cross-border trading

Cross-border trading that involves purchasing and optimising transport rights.

## Eco-electricity

Eco-electricity comes from renewable energy sources, such as hydroenergy, wind and solar energy, geothermal energy and biomass. An accounting entry must be made if the customer receives eco-electricity from the general electricity mix.

## EEX

The German electricity exchange EEX (European Energy Exchange) in Leipzig was created in 2002 from the merger of the European Energy Exchange, Frankfurt and the Leipzig Power Exchange. The spot market, with physical delivery the following day, has been in place since summer 2000. The auction market offers the possibility of placing, buy and sell offers for individual hours and block offerings. The second core business is the forward market where standardised products such as futures are traded. Atel joined the EEX in August 2000.

## Electricity derivatives/energy derivatives

Electricity and energy derivatives are a variation used in futures markets which standardise trading procedures for delivering energy on a given date. The market is based on options and futures contracts that allow participants to buy or sell a certain amount of energy at a certain price on a future date.

## Electricity exchange

Market place for trading standardised energy products.

## Electricity generation

Around three-fifths of Switzerland's electricity is produced by hydroelectric power stations (storage/run-of-river power stations), while nuclear power stations produce around 38%. Other production facilities make only marginal contributions.

## EXAA

The Energy Exchange Austria (EXAA) in Graz was founded in 2001 on the initiative of the State of Styria to enable market participants to trade in energy products in the liberalised Austrian electricity market. Atel joined EXAA in March 2002.

## Facility management

In the energy industry, facility management means outsourcing energy services and technical building management to an energy supplier.

## Forward

Under a forward contract, one party undertakes to deliver to another party at a future date a specific commodity for a fee (forward price or delivery price). For its part, the other party undertakes to buy the underlying asset and pay the forward rate.

## Forward transactions

Buying or selling of a specific quantity of energy at a specific price on a specific date in the future. Unlike spot transactions, forward contracts need not involve physical movements of electricity. On the due date, they may only involve financial movements.

## Futures

Futures are tradable contracts to buy or sell a specified quantity of the traded item (e.g. energy) on a specific date at a contractually stipulated price.

## Heat/electricity combination

A technique for simultaneous production of heat and electricity. Examples include fossil-fuel heating and power stations, unit heating power stations (combustion engines driving generators, with reclamation of waste engine heat) and heat transfer from nuclear power stations.

## Hydroelectric production

Electricity generation by water power.

## Intraday trading

Short-term trading with same day physical delivery.

## Merchant line

Cross-border line that increases the transit capacity between two neighbouring grids. The additional capacity can be used exclusively by investors in the line, offering an increased investment incentive.

## Nuclear power station

Nuclear power stations are a type of thermal power plant. Nuclear power stations generate heat from controlled fission of uranium atomic nuclei, during which radioactive fission products are formed. Nuclear power stations therefore incorporate multiple containment zones to prevent hazards to the surrounding environment. Nuclear power stations, like run-of-river power stations, generate band energy.

## OTC products

Products that are traded "over the counter" (OTC) are primarily tailored to bilateral trading between individual providers or intermediaries. The most common products are forwards, options, swaps, caps, floors and collars.

## Peak energy

Peak energy is the proportion of the daily electricity requirement where demand exceeds the basic level. Heavy swings in peak demand are primarily met by highly controllable storage power stations located in the Alps.

## Portfolio management

Active management in central location of various products traded on the market in order to gain sustained increase in profits using a predefined risk/return profile, taking account of additional boundary conditions.

## Powernext

The French electricity exchange based in Paris began operating in November 2001 and developed into an important trading centre for Atel in 2002. Atel joined Powernext in December 2001.

## Repowering

Replacing old power stations with modern, highly-efficient and more profitable ones.

## Spot transactions

Binding physical electricity transaction for the following trading day.

## Standard products

Forward transactions in standardised quantities, durations and qualities.

## Storage power station

Storage power stations are hydroelectric power stations fed by at least one mountain reservoir. When required, they can commence operation within a few minutes. Their power is dictated by the difference in height between the reservoir and the generator vault, and the turbine flow rate. Storage power stations meet approximately one third of Switzerland's electricity needs.

## SWEP (Swiss Electricity Price Index)

SWEP represents the electricity transactions performed over a day's trading on the spot market. The spot market price indicated by the SWEP is a wholesale price for short-term electrical energy trading.

## Thermal production

Electricity production in thermal power stations (nuclear, coal, gas or oil-fired).

## Tolling Agreement

The Tolling Agreement governs the relationship between power plant operators and their partners (tollers). They provide the fuel and draw the electricity produced, whereas power plant operators are solely responsible for the availability, operation and technical renewal of the facilities.

## Trading volume

Trading volume denotes the volume from contracts concluded (buying and selling) that become due for the reporting and subsequent years.

## UCTE

The Union for the Co-ordination of Transmission of Electricity (UCTE) in Brussels coordinates the interests of transmission system operators in more than 20 European countries. The common aim is to guarantee the safe operation of the grid. UCTE's members are 35 transmission system operators from twenty European countries. Swiss members are Atel, BKW, EGL Grid, eos, ETRANS and NOK.

The companies working together in UCTE together run the world's largest synchronised grid that technically stretches from Jutland to Greece and from Morocco to Poland. It currently serves 400 million people annually with approx. 2100 TWh.

## Unbundling

Separating (in legal or organisational terms) service provision into the distinct activities of electricity production, transmission and distribution.

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Fax +43 1 535 30 66 11  
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### Investor Relations

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# Dates

**29 April 2004** 2004 Annual General Meeting  
**August 2004** 2004 Interim report  
**March 2005** Press announcement on 2004 annual results  
**6 April 2005** 2005 Balance Sheet Media and Financial Analysts Conference  
**28 April 2005** 2005 Annual General Meeting

## Units

### Currency

**CHF** Swiss franc  
**CZK** Czech krone  
**EUR** Euro  
**HRK** Croatian kuna  
**HUF** Hungarian forint  
**NOK** Norwegian krone  
**PLN** Polish zloty  
**ROL** Romanian leu  
**SIT** Slovenian tolar  
**SKK** Slovakian krone  
**USD** US dollar  
**th.** thousand  
**mn.** million  
**bn.** billion

### Energy

**kWh** kilowatt hour  
**MWh** megawatt hour (1 MWh = 1000 kWh)  
**GWh** gigawatt hour (1 GWh = 1 million kWh)  
**TWh** terawatt hour (1 TWh = 1 billion kWh)  
**TJ** terajoule (1 TJ = 0,2778 GWh)

### Power

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

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