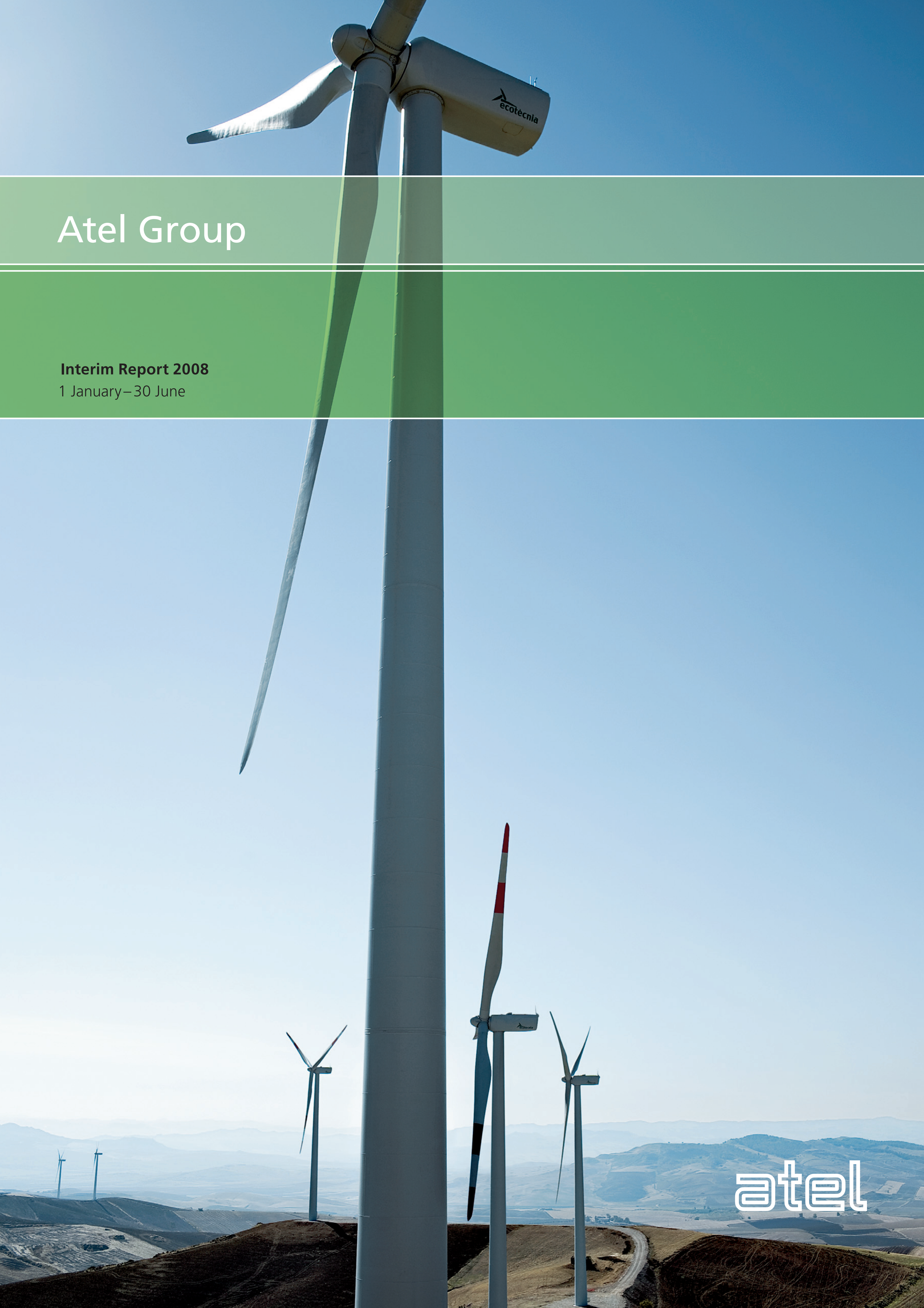
Atel Group

Interim Report 2008
1 January – 30 June



Key Interim Financial Figures

Atel Group

	Variance in % Half-year 2007 – 2008 (based on CHF)	Half-year 2007/1 CHF million	Half-year 2008/1 CHF million	Half-year 2007/1 EUR million	Half-year 2008/1 EUR million
Energy sales (TWh)	– 15.2	61.531	52.158	61.531	52.158
Net revenue*	– 1.0	6 442	6 379	3 947	3 972
Energy*	– 3.6	5 591	5 388	3 426	3 355
Energy Services	17.9	855	1 008	524	628
Earnings before interest, tax, depreciation and amortisation (EBITDA)	8.1	555	600	340	374
Depreciation and amortisation	– 13.0	– 108	– 122	– 66	– 76
Earnings before interest and tax (EBIT)	6.9	447	478	274	298
as % of net revenue		6.9	7.5	6.9	7.5
Group profit	10.7	338	374	207	233
as % of net revenue		5.2	5.9	5.2	5.9
Net investments**	302.9	103	415	63	258
Total equity	27.5	3 152	4 019	1 905	2 502
as % of total assets		34.8	37.5	34.8	37.5
Employees***	8.5	8 745	9 491	8 745	9 491

* Excluding trading with standard products; see Management Report, page 10
** Excluding variance in time deposits and securities
*** Average number of full-time equivalent employees

Per share information [1]

	Variance in % Half-year 2007 – 2008	Half-year 2007/1 CHF	Half-year 2008/1 CHF
Nominal value [2]	–	20	20
Share price at 30.6.	53.2	464	711
High	62.1	472	765
Low	37.7	371	511
Net profit	12.5	16	18

1 All values are considering the split of shares done in November 2007.
2 The capital reduction as decided by the Annual General Meeting was performed on 11 July 2008 as a refunding of the nominal value; the new nominal value after this date is CHF 10 per share.

Review of the years 2003 – 2008 on page 22.

Editorial

Successful first half-year 2008

In the first six months of 2008 Atel Group has achieved an encouraging half-year result in challenging general conditions. Compared to prior year, the consolidated revenue slightly decreased, whereas the results were increased significantly.

The consolidated revenue reduced by 1 % to CHF 6 379 million compared to prior year. Main reasons are lower sales volumes due to restrictions from regulations and capacities in cross-border energy trading on the Italian and northern Central Europe markets as well as in sales Germany. The other divisions within the Energy segment as well as the Energy Services segment in particular were able to significantly expand their volumes and revenues.

On an overall basis, the financial position of the Group developed positively and is above expectations after the first six months 2008. The consolidated operating result (EBIT) rose by CHF 31 million (+7 %) to CHF 478 million. The Energy segment reached a solid result on the high level of prior year. Rising prices and stable production conditions had a positive impact. However, a negative influence came from the continuing declining market valuation of the decommissioning and waste disposal funds for nuclear installations. The Energy Services segment recorded a significant increase in profits compared to prior year thanks to the ongoing good order situation in Switzerland and in Germany.

In addition to the successful operating activities, the financial and income tax positions were also optimised. On the other side, changes in foreign exchange rates have charged the result. The net profit of the Group reached CHF 374 million after the first half-year 2008, which represents an increase of around CHF 36 million or 11 %.

On an overall basis, the first half-year 2008 developed better than expected. Reaching the high prior year values however still remains very challenging. From today's point of view Atel is expecting for the entire year – subject to extraordinary events – consolidated revenues below and operating results on the same level as in prior year.

Changes in share capital

On 12 November 2007, as part of the ongoing move to create the leading Swiss energy company geared towards Europe, Atel Holding Ltd submitted a swap offer for shares in Aare-Tessin Ltd. for Electricity. Following successful completion of the swap on 10 January 2008, Atel Holding Ltd held 99.82 % of the shares in Aare-Tessin Ltd. for Electricity. The outstanding 5 408 shares were annulled by a ruling of the Olten-Gösgen district court on 27 May 2008. To compensate affected shareholders, Atel Holding Ltd increased its share capital on 25 June 2008 by 43 378 shares or CHF 867 560 and compensated them under the same terms and conditions as the swap offer of 12 November 2007. Shares in Aare-Tessin Ltd. for Electricity were delisted from the SWX Swiss Exchange on 28 June 2008, and on 30 June 2008 Atel Holding Ltd had 100 % control of Aare-Tessin Ltd. for Electricity.

On 4 July 2008 the nominal value of Atel Holding Ltd shares was reduced from CHF 20 to CHF 10, resulting in a share capital for Atel Holding of CHF 218 379 180, divided into 21 837 918 registered shares at a nominal value of CHF 10 each. This reduction in nominal value was paid out to shareholders on 11 July 2008 in lieu of a dividend.

Overview of energy policy

At the G8 Summit held in Toyako, Japan, in early July 2008, leaders of the world's major economic powers committed to halve global CO_2 emissions by 2050. In so doing the heads of state went beyond the 2007 agreement under which they merely committed to give serious consideration to this 50 % target.

On 23 January 2008 the EU Commission presented measures to meet the defined 2020 climate targets: a 20 % reduction in CO_2 emissions, and extension of the emissions trading system to include additional greenhouse gases and industrial sectors. Electricity-generating plants commissioned as from 2013 will no longer be entitled to free allocations. Furthermore the Commission proposed targets for every member state to increase the share of renewable energies in EU energy consumption. It also presented guidelines on state aid for environmental protection, and conducted a first assessment of National Energy Efficiency Action Plans (NEEAP) which present national strategies on how member states intend to achieve their adopted energy saving targets by 2016.

On 18 June 2008 the European Parliament backed the EU Commission's most sweeping option and adopted provisions in support of full ownership unbundling for electricity production and distribution. The EU Commission's original proposal recommended full ownership unbundling as well as the option of permitting energy companies to retain their transmission grid assets provided grid operations were transferred to an independent company (similar to a national grid company such as swissgrid). This second option was rejected.

On 14 March 2008 the Federal Council approved the new Electricity Supply Ordinance (StromVV) and the revised Energy Ordinance (EnV). End customers with an annual electricity consumption of at least 100 MWh can enter the free market once a year in October. The rule is: once free, always free. Once an end customer has entered the free market, the existing supplier is no longer under any obligation to deliver electricity to this end customer. Consumers who do not participate in the free market (households as well as end customers with an annual consumption of less than 100 MWh) will be able to benefit from a tariff based on the electricity producer's power generation costs.

The starting shot in the search for a location for radioactive waste sequestration was fired on 2 April 2008 when the Federal Council approved the plan for a geological underground storage depot. The plan defines the rules and procedures governing location searches, which will be carried out in three phases. The aim is to commission a storage depot for weak to medium-active nuclear waste in 2030, and a storage depot for highly active waste in 2040.

Research scientists at the Federal Institute of Technology are aiming to combat climate change based on the three Es: «increased efficiency», «renewable energies» and «electrification». Their roadmap of February 2008 aims to cut carbon emission to one tonne per head per year by the end of this century. Achieving this, however, will necessitate the use of nuclear energy over the next 50 years. This signals a shift by Zurich's Federal Institute of Technology away from the 2 000-Watt society.

Application for new nuclear power plant

On 9 June 2008 Atel's project company Kernkraftwerk Niederamt AG submitted to the Federal Office for Energy an application for outline approval for a new nuclear power plant in Niederamt, Solothurn. The move was prompted by the emerging gap between electricity supply and demand, which is likely to reach around 25 TWh per year by 2035 on account of the growing number of residents and households, the need to take ageing nuclear power plants off the grid, and the imminent expiry of delivery contracts with France.

The Federal Council has already recognised this problem and is aligning its energy policy accordingly, thereby offering Swiss electricity suppliers an opportunity to close the gap between electricity demand and supply in good time. Atel welcomes the view that nuclear energy plays a pivotal role in Switzerland in ensuring energy security. Nuclear energy is gaining acceptance among the general public, as demonstrated by the findings of regular representative surveys conducted in Switzerland.

The success of the new nuclear power plant depends largely on three factors: location, support from partners and national policy. The site must be technically suitable and accepted by the majority of the population. Both criteria are in place at Niederamt in the canton of Solothurn, where Atel has for decades enjoyed a positive working relationship with the local authorities and population. The second success factor is a broad investor base. Atel will develop the new-build project on its own until the definitive partner structure is in place for the new nuclear power plant. Atel is currently in talks with various interested parties, including in particular the current nuclear power plant operators. The third factor is national policy. Since the framework permit application is subject to an optional referendum, the people have the last word. The referendum enables a democratic, objective and fair decision-making process.

Main expansion projects

Construction of the 420-MW gas-fired combined cycle power station in Bayet, France, was started in June 2008, and the plant is scheduled to go into operation in 2011. Work on construction of the 400-MW gas-fired combined cycle power station in San Severo, Italy, commenced in August 2008, with the plant scheduled to go live in October 2010. In June 2008 Atel acquired a decommissioned 56-MW gas-fired combined cycle power station in Brandenburg in Eastern Germany. Following modernisation, the plant will begin generating electricity again from summer 2009.

February 2008 saw the ground-breaking ceremony for the combined heat and power station in Monthey, canton of Valais. The CHF 100 million plant is scheduled to go into operation in 2009, and Kraftanlagen München GmbH, an Atel Group company, is responsible for the turnkey implementation of this project.

Further progress was also made in plans for the pumped storage power station in Nant de Drance, canton of Valais. In April 2008 the Boards of Directors of Atel and the Swiss Federal Railways (SBB) authorised the joint project, in which Atel has a 60 % stake and SBB 40 %. The power plant will go into operation in 2014, generating some 1 500 million kWh of peak energy per year.

Atel is stepping up its renewable energies commitment with hydro and wind power. Since its foundation in 2006, Atel EcoPower Ltd. has acquired interests in twelve existing hydroelectric power stations in Switzerland. Atel is enhancing energy efficiency at the Flumenthal hydroelectric power station by installing new turbines as part of a general overhaul. Once upgraded, the plant will generate 6 % more energy. The small hydroelectric power station in Idrovalsesia, in Northern Italy, will be connected to the grid in autumn 2008. In Sicily the Ramacca wind farm started operations in June 2008, and the wind farm in Marineo is scheduled to start production in autumn 2008.

Acquisition of Bulgarian wind farm project company Vetrocom Ltd., announced in April 2008, is proceeding according to plan. Vetrocom is planning a wind farm with 20 turbines on a site 200 kilometers east of Sofia. Construction starts in autumn 2008, and the plant is scheduled for commissioning at the end of 2010.

Additional projects aimed at expanding Atel's in-house production capacity as well as the trading and distribution business are at an advanced stage of development.

In June 2008 the new Murex energy trading system was successfully launched. The system supports the daily operations of the trading, risk management and settlement units. Used as a wholesale trading system by many of the world's leading banks, Murex has been specially adapted to meet Atel's energy trading requirements.

Merger with EOS

With the completion of the aforementioned swap offer, a further step has been taken in preparations for the merger with the EOS Group of western Switzerland and possibly also the Swiss operations of the EDF Group. The swap offer has simplified Atel's shareholder structures while simultaneously creating a single holding company. March 2008 saw the start of the mutual evaluation of assets. The process is scheduled for completion in autumn 2008, following which the operational activities and assets of EOS Holding and possibly also the Swiss activities of the EDF Group will be merged with the Atel Group and the resultant group will be renamed. The new group will start up operations in early 2009.

Management Report

Changes in the scope of consolidation

In the reporting period as well as in prior year period, the following changes occurred in the scope of consolidation which influenced the development of revenues respectively of key result figures in comparison to prior year:

Disposals	Proportion of holding	Last date of consolidation	Segment / Business unit
Franz Lohr GmbH, Ravensburg / DE	90.1 %	29.06.2007	Energy Services GAH
Kamb Elektrotechnik GmbH, Ludwigshafen / DE	74.8 %	01.01.2008	Energy Services GAH

Acquisitions	Proportion of holding	First date of consolidation	Segment / Business unit
Hotz AG, Zürich / CH	100.0 %	31.03.2007	Energy Services AIT
WB AG, Emmenbrücke / CH	100.0 %	08.08.2007	Energy Services AIT
Novintec AG, Landquart / CH	100.0 %	01.10.2007	Energy Services AIT
Antonini S.p.A., Verona / IT	100.0 %	01.01.2008	Energy Services AIT
Martin Bohsung GmbH, Bellheim / DE	100.0 %	01.07.2007	Energy Services GAH
EMS Ceská Lípa s.r.o., Ceská Lípa / CZ	100.0 %	31.08.2007	Energy Services GAH
EMS Ústí nad Labem s.r.o., Ústí nad Labem / CZ	100.0 %	31.08.2007	Energy Services GAH
FBG Freileitungsbau GmbH, Walsrode / DE	100.0 %	01.04.2008	Energy Services GAH
Cotlan AG, Rüti / CH	100.0 %	19.03.2007	Energy Switzerland
Birs Wasserkraft AG, Grellingen / CH	100.0 %	05.10.2007	Energy Switzerland
Buzmann Industries S.r.l., Bukarest / RO	100.0 %	18.12.2007	Energy Central Europe
Total Energi ASA, Florø / NO	100.0 %	31.05.2008	Energy Western Europe
Energiakolmio OY, Jyväskylä / SF	100.0 %	31.05.2008	Energy Western Europe

Further disclosures related to the acquisition respectively the disposal of subsidiaries are reported under explanatory notes 3 and 4 on pages 19 and 20.

Results Atel Group

In the first half-year 2008, Atel Group achieved a consolidated revenue of CHF 6379 million. This represents a decrease of CHF 63 million or 1 %. In particular the Energy segment did not reach prior year revenues, whereas the Energy Services segment significantly increased its revenues. In local currency and with an unchanged scope of consolidation the decrease in revenues is 2 %.

The consolidated operating profit (EBIT) rose by CHF 31 million or 7 % to CHF 478 million. The sales business in the Energy segment developed with regional differences. A positive development was shown by the local activities in the market regions Italy and the Atel Energy Group which is operative supraregionally in Central Europe. Due to legal restrictions and bottlenecks in the grid the results of the cross-border trading Switzerland/ Italy and of the sales in southern Central Europe remained below prior year. The Trading did also not reach prior year values. The power generation units in Switzerland, Italy and Central Europe once again generated a significant contribution to the result of the segment, recording a failure-free operation respectively a high availability. However, the developments on the financial markets led to a further decrease of the market valuation of the decommissioning and waste disposal funds for nuclear installations, which negatively impacted the energy procurement of the participations Gösgen and Leibstadt. The Energy Services segment continued to benefit from a stable economic environment and high investment needs in the infrastructure of energy technology in Western Europe. In addition, the generally mild weather conditions contributed to a favourable order processing and to a positive development of the results.

The net financial expense of CHF 5 million (prior year CHF 8 million) is within the range of prior year values. On one hand, the financial result was strongly charged by the devaluation of the Euro against the Swiss Franc, on the other hand the income from changing in the market valuation of financial investments increased. An additional positive effect came from the lower interest expense, as a result of the discharge of external project financings by group internal loans.

The income tax expense has decreased in relation to the development of the profits. The effective income tax rate reduced from 23.0 % to 20.9 %. This effect is particularly based on the optimisation of the group wide financial structure as well as the changed contributions from the different country subsidiaries in the consolidated result.

The profit of Atel Group after income taxes including minorities reached CHF 374 million (prior year: CHF 338 million). Adjusted by the effects from the changed scope of consolidation and the foreign currency translation, the consolidated Group result is CHF 30 million or 9 % above prior year values.

Net investments including time deposits and securities of Atel Group in the first half-year 2008 amount to CHF 473 million (prior year: CHF 58 million). The expenditures included in this amount for renewals in operating and other fixed assets as well as intangible assets total CHF 76 million (CHF 92 million). The part of expansion and growth related investments is CHF 340 million (CHF 12 million), being in essential for the acquisition of subsidiaries in power generation and sales as well as in Energy Services. Additionally, cash was spent in relation with the planned increase of the participation in Edipower from 18 % to 20 % as well as for investments in current expansion projects in the area of power generation. The remaining cash spent of around CHF 60 million (CHF 45 million cash received in prior year) is due to the net variation of financial positions (time deposits and securities).

Since the last financial statements, total assets rose by around CHF 1.3 billion to CHF 10.7 billion. The increase is mainly due to the valuation of unsettled financial positions in energy trading: The replacement values included in the balance sheet positions "Derivative financial instruments" stated in current assets respectively current liabilities have increased in the first half-year by around CHF 0.8 billion due to the strong rise of the market prices for energy. Fixed assets have increased by around CHF 0.4 billion based on the mentioned investing activity and the acquisition of subsidiaries. The amount of cash including time deposits and securities reached around CHF 1.2 billion as of 30 June 2008 (+ CHF 0.1 billion compared to 31.12.2007).

Within total liabilities and equity, long and short term financial liabilities on a net basis increased by around CHF 200 million. The variance is influenced by repayments of around CHF 460 million and new borrowings of CHF 580 million. The remaining amount of the variance is due to exchange rate differences on financial liabilities in foreign currency. Borrowings include a bond issued by Aare-Tessin Ltd. for Electricity of CHF 250 million at 3.25 % with duration 25.3.2008 – 25.3.2015. Thanks to the result of the period achieved as well as the influence of foreign currency translation, equity rose by around CHF 400 million to CHF 4.0 billion. Despite the strong growth in total assets, the equity ratio reached 37.5 % (31.12.2007: 38.6 %).

Energy segment

Market developments

The markets have shown very different developments. In general, a strong rise of the prices for raw material and fuel was recorded and as a result also the prices for electricity in the spot and forward market, mainly in Western Europe. In addition, the development of the CO_2 certificates supplied in the second trading period 2008 – 2012 as well as the lower availability of base-load generation have also contributed to the rising prices. Besides the general rise in prices the volatility of prices did also increase.

A significant part of this rise in prices will show its consequences on the course of business only in the next months and years. The ongoing business, in particular the current development of sales, is influenced mainly by the prices of past periods. In addition, the consequences of the price movements on the results are smoothened by the fact that changing prices are reflected both on the sales and on the procurement side.

Besides these price movements, regulatory restrictions and in particular a shortage of cross-border grid capacities had to be recorded in several markets. These facts negatively impacted the liquidity of the markets and influenced the prices of cross-border capacities.

Results overview

The Energy segment generated revenues of CHF 5 388 million in the first six months of 2008. This represents a decrease of 4 %, caused by lower sales volumes at higher market prices on average. The volume of energy sales decreased by 15 % to 52.2 TWh. The reduced sales volumes are mainly due to lower transactions in Trading, based on the tight personnel situation, restricted transit capacities Switzerland / Italy as well as regulatory restrictions in Eastern Europe. In addition, the amount of sales and revenues reduced as a result of the changed sales strategy in Germany.

The operating result (EBIT) of the Energy segment reached CHF 420 million and thus prior year level (CHF 416 million). Last but not least the acquisitions done as well as higher revenues from associated companies have contributed to the good result. However, the negative market valuation of the decommissioning and waste disposal funds already mentioned above charged the result.

The Swiss market region was able to increase its energy sales compared to prior year period. After a moderate start at beginning of the year with low sales volumes due to high temperatures, the situation in sales and supplies improved in the second quarter. A positive effect on the result came from the slightly higher sales prices in average and a significantly increased usage of the hydro power generation. On the other side, the loss of revenues from energy transits charged the result.

In the Italian market region, the reduced allocations of capacities in cross-border trading Switzerland/Italy resulted in a sensible loss of sales and revenues. In contrast, the local sales in Italy were further strengthened and generated an increase in revenues, which partly compensated the decline of volumes in the import trades from Switzerland. The local sales units reached a significant improvement in margins compared to prior year. Most important drivers for this success were the advantageous prices in the balancing energy market and the generally high level of market prices, which led to an extended time of use of the own power plants. Worth mentioning is also the strong expansion of the business with small customers. The failure-free power generation as well as the tight cost controlling contributed to the successful business development.

The market units France and Germany again significantly expanded their client portfolios, which is reflected especially in France as a strong growth in revenues. In Germany volumes in sales and revenues reduced due to the changed product portfolio. However, the changed strategy led to an encouraging improvement in margins. In Spain, both sales and revenues were significantly increased, thanks to the expansion of commercial activities and the participation in regulated auctions. After a very encouraging 2007, the activities in the market unit Scandinavia developed backwards in the first half-year 2008. In a very volatile market without clear trends, mainly the trading business was not able to reach the success of prior year. With the acquisitions of Total Energi in Norway and Energiakolmio in Finland the presence on the entire Nordic market was strengthened.

The market units in northern and southern Central Europe successfully used their good positioning to benefit from the margin potential resulting from the regional price development. However, regulatory restrictions in relation with the allocation of long-term transit rights limited the development of volumes and margins. A part of this decrease in volumes caused by these restrictions was compensated by exports in markets with a higher price level. On the other hand, activities in the short-term as well as in the supraregional business were further expanded. A significant influence on the encouraging development of results came from Atel Energy Group, refocussed with a new business model. In addition, local presence of the sales in southern Central Europe was strengthened with the acquisition of Buzmann S.r.l. in Romania at the end of 2007, which allowed the market unit to perform additional optimisations.

The power generation units in Hungary and the Czech Republic generated a slightly higher contribution to revenues and a significantly improved contribution to results. Mainly the power generation in the Czech Republic recorded a significant increase in results, thanks to a high availability, additional grid services and a higher price level. The sales of heat were also improved compared to the warm prior year period. Both revenues and results of the Hungarian Csepel power plants are slightly below prior year values, which is mainly due to the scheduled shutdown in May for overhaul work.

The trading activities managed in a new division were confronted with a difficult first half-year. The backbone of the division, the Asset Trading, once again generated a stable contribution to results in the traditional trading business (spot, optimisation). On the other hand, the trading with standard products developed below expectations mainly in the first quarter. However, a reversal of the trend was noticed in May and June. Nevertheless, the results in this area for the first half-year are below the values of prior year comparable period. The leaving of several employees in 2007 and the resulting decline in own trading activities was not fully compensated yet. Corresponding resources were reorganised for the most part, but will impact activities and volumes with standard products only in the medium-term.

The sales generated with third parties from trading with standard products was around 66 TWh (prior year: 103 TWh) which represents a revenue of CHF 5.6 billion (CHF 8.2 billion). The resulting net trading income, reaching CHF 12 million in the first half-year 2008 (CHF 13 million), is recorded in revenues as in prior years,

Energy Services segment

Market developments

In Switzerland, the general conditions for Atel Installationstechnik Group (AIT) remained stable compared to prior year period, thanks to an ongoing overall positive economic situation and high demands. The business field Building Services/Technical Facilities Management recorded a significant growth in order entry respectively order backlog. The margins were improved in general, although price pressure again increased in the last months. The order situation in the area of Energy Supply Technology also developed encouragingly and is above prior year values. The final acceptance for the project Alptransit Gotthard ensures a sustainable basis for capacity utilisation.

In Northern Italy, the important backlog demand for investments in building infrastructure leads to attractive projects with goods margins. To strengthen the market position, the regionally successful Antonini S.p.A. in Verona was acquired at beginning of 2008.

In Germany the relevant markets are also influenced by a positive economic development. However, a certain weakening is expected for the second half-year due to the strong Euro and the high oil price. In the first six months of 2008, the businesses of GAH Group developed extremely positively. In the area of Energy Transmission and Communications Technology there is a continuing high willingness for investments in projects of energy distribution, earthbound pipeline construction as well as cable systems and railway infrastructure. The market for mobile communication set under pressure last year slightly recovered. The main driver for growth in the Industrial and Power Plant Engineering still is the pan-European investment boom in conventional power plants. The demand from specific markets such as biomass-power stations, waste incineration plants and nuclear technology also further developed on a high level. Additional market opportunities are also offered through exports of services in bordering countries as well as in Eastern Europe.

Results overview

The net revenue of the Energy Services segment increased from CHF 855 million in prior year by 18 % to CHF 1 008 million at the end of the first half-year 2008. Without changes in the scope of consolidation and in local currency, the increase in revenue is 14 %. With an operating profit of CHF 58 million (+ 81 % compared to prior year), the segment achieved the best result in its history. Without considering the changes in the scope of consolidation the growth in result even reached 84 %.

The AIT Group with main operations in Switzerland and in Northern Italy increased its revenues in the first half-year by 17 % versus prior year comparable period to CHF 360 million. This rise is mainly based on the integration of the companies acquired in 2007. Without changes in the scope of consolidation, the growth rate in revenues is 3 %, the increase mainly being generated by the business field Building Services/Technical Facilities Management. At the Energy Supply Technology, the Alptransit Gotthard project did not impact revenues yet, but charged the business field´s result of the period through cost-intensive preparation work. Both business fields show high order backlogs at the end of June and expect a sustainable capacity utilisation in the coming months.

The strategic repositioning of the GAH Group mainly operating in Germany with focussing on the two core businesses Industrial and Power Plant Engineering (EAT) as well as Energy Transmission and Communications Technology (EKT) continues to show high growth rates. The order entry is on the level of prior year, the order backlog is currently on a record level. The net revenue realised in the first six months achieved EUR 405 million (+ 21 % compared to prior year). Without changes in the scope of consolidation and in local currency the growth rate in revenues is 23 %. The main growth driver in the first half-year was the EAT business field, mainly thanks to major projects in the construction of conventional power plants. The business field EKT also strongly contributed to the growth in revenues in the first six months.

Outlook

On an overall basis, the first half-year 2008 developed better than expected. Reaching the high prior year values however still remains very challenging. In the Energy segment, the numerous regulatory restrictions in several sales regions make further improvements in results difficult. For the second half-year 2008, we expect a retained development of sales at stable prices in general. In addition, we expect that the evaluation of the decommissioning and waste disposal funds will not significantly worsen any more. The Energy Services segment is expected to continue a successful further development. From today's point of view Atel is expecting – subject to extraordinary events – consolidated revenues below and operating results on the same level as in prior year (consolidated revenue 2007: CHF 13 452 million; EBIT: CHF 1 005 million; consolidated profit: CHF 778 million).

Olten, 31 July 2008

For the Board of Directors and Executive Board

Rainer Schaub	Giovanni Leonardi
Chairman of the Board of Directors	CEO

Consolidated Income Statement (shortened version)

CHF million	2007/1	2008/1
Net revenue	**6 442**	**6 379**
Proportionate earnings of associated companies	57	79
Other operating income	44	60
Total operating result	**6 543**	**6 518**
Operating expense before depreciation and amortisation	– 5 988	– 5 918
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**555**	**600**
Depreciation and amortisation	– 108	– 122
Earnings before interest and tax (EBIT)	**447**	**478**
Finance income	– 8	– 5
Earnings before income tax	**439**	**473**
Income tax	– 101	– 99
Net profit Atel Group	**338**	**374**
Minority interests in net profit	– 143	– 5
Net profit attributable to Atel Holding shareholders	**195**	**369**
Earnings per share in CHF [1]	**16**	**18**

1 Prior year values 2007/1 are considering the split of shares done in November 2007.

There are no circumstances which could lead to a dilution of earnings per share.

Consolidated Balance Sheet (shortened version)

Assets

CHF million	31.12.2007	30.06.2008
Tangible fixed assets	2 489	2 632
Intangible assets	670	721
Financial assets	2 092	2 284
Deferred income tax assets	109	109
Fixed assets	**5 360**	**5 746**
Cash	973	1 052
Securities under current assets	3	84
Time deposits	91	66
Derivative financial instruments	616	1 426
Other current assets	2 342	2 350
Current assets	**4 025**	**4 978**
Total assets	**9 385**	**10 724**

Equity and Liabilities

CHF million	31.12.2007	30.06.2008
Equity attributable to Atel Holding shareholders	2 085	3 904
Equity attributable to minority interests	1 536	115
Total equity	**3 621**	**4 019**
Long-term financial liabilities	1 476	1 584
Other long-term liabilities	1 259	1 199
Non-current liabilities	**2 735**	**2 783**
Short-term financial liabilities	307	398
Derivative financial instruments	580	1 425
Other short-term liabilities	2 142	2 099
Current liabilities	**3 029**	**3 922**
Total equity and liabilities	**9 385**	**10 724**

Statement of Changes in Equity

CHF million	Issued capital	Share premium	Unrealised gains and losses from IAS 39	Treasury shares	Translation differences	Retained earnings	Equity attributable to Atel Holding share-holders	Equity attribut-able to minority interests	Total equity
Equity 31.12.2006	**256**	**33**		**– 168**	**50**	**1 340**	**1 511**	**1 419**	**2 930**
Change in currency translation					18		18	14	32
Total recorded earnings and expenses within equity					**18**		**18**	**14**	**32**
Profit for the period						195	195	143	338
Total profit					**18**	**195**	**213**	**157**	**370**
Exchange of shares in June 2007 [1]				166		– 23	143	– 143	0
Dividend payment						– 59	– 59	– 50	– 109
Change in minority interests						– 11	– 11	– 28	– 39
Equity 30.6.2007	**256**	**33**	**0**	**– 2**	**68**	**1 442**	**1 797**	**1 355**	**3 152**
Equity 31.12.2007	**256**	**33**	**1**	**– 2**	**90**	**1 707**	**2 085**	**1 536**	**3 621**
Change in currency translation					19		19	– 1	18
Discharge due to realisation			– 1				– 1	– 1	– 2
Total recorded earnings and expenses within equity			**– 1**		**19**		**18**	**– 2**	**16**
Profit for the period						369	369	5	374
Total profit			**– 1**		**19**	**369**	**387**	**3**	**390**
Transactions from exchange of shares in January 2008 [2]	180	1 229		– 46	59		1 422	– 1 422	0
Transactions from compensation of voided shares in June 2008 [2]	1	6					7	– 7	0
Dividend payment								– 3	– 3
Change in minority interests						3	3	8	11
Equity 30.6.2008	**437**	**1 268**	**0**	**– 48**	**168**	**2 079**	**3 904**	**115**	**4 019**

1 Based on an existing contract on the exchange of shares between Atel and EBM, EBL, KtSO, IBA as well as EDFAI, 900 000 shares (36 000 ex-Motor-Columbus shares) were exchanged on 30 June 2007 against 114 444 Atel shares (exchange ratio 3.179 Atel shares for 1 ex-Motor-Columbus share).

2 For explanations see current Interim Report 2008, "Changes in Share Capital" on page 3

The Annual General Meeting of 24 April 2008 decided to perform for 2007 financial year, instead of a dividend payment, a capital reduction of CHF 218 million as a refunding of the nominal value of CHF 10 per registered share. The repayment was done after interim closing on 11 July 2008. After this payment, the new share capital is CHF 218 million.

In prior year, a dividend of CHF 4.80 per share (considering the split of shares of 7 November 2007) was paid.

Consolidated Cash Flow Statement (shortened version)

CHF million	2007/1	2008/1
Earnins before interest and tax (EBIT)	**447**	**478**
Change in net current assets (excluding short-term financial assets/liabilities)	– 81	– 57
Further adjustments to the reconciliation of cash flow from operating activities	– 42	5
Cash flow from operating activities	**324**	**426**
Investment activities in		
Tangible fixed and intangible assets	– 92	– 169
Subsidiaries		
Acquisitions, net of cash acquired (Explanatory note 3)	– 13	– 71
Disposals, net of cash disposed (Explanatory note 4)	4	
Change in shareholding proportions	– 2	
Associated companies		
Investments		– 175
Change in time deposits	6	22
Investments in/disposals of securities	39	– 80
Cash flow from investment activities	**– 58**	**– 473**
Dividend payments	– 109	– 3
Capital contribution in subsidiary by minorities		11
Increase in financial liabilities	62	582
Repayment of financial liabilities	– 98	– 457
Cash flow from financing activities	**– 145**	**133**
Change resulting from currency translation	**6**	**– 7**
Change in cash and cash equivalents	**127**	**79**
Statement:		
Cash and cash equivalents on 1.1.	999	973
Cash and cash equivalents on 30.6.	1 126	1 052
Change	**127**	**79**

Principles of the consolidated interim financial statements

The consolidated interim financial statements as of 30 June 2008 are prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The financial statements are based on the unchanged accounting and valuation principles of the Atel Group as presented in the last Annual Report. The interim financial statements are not audited.

As of 1 January 2008, the following International Financial Reporting Standards (IFRS) guidelines respectively IFRIC interpretations became effective and were applied by Atel Group:

- IFRIC 12: Service Concession Arrangements
- IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of these new rules did not have a significant impact on the results and the financial situation of Atel Group.

Changes in the presentation

The shortened version of the consolidated cash flow statement (page 16) was changed in presentation compared to prior year in the area of cash flow from operating activities. Prior year values were adjusted according to the new presentation. The adjustment of prior year values did not result in changes of the relevant titles or subtotals.

Explanatory note 1: Foreign currency conversion

The consolidated financial statements are presented in Swiss francs. For currency conversions the following exchange rates were applied:

Unit	Conversion date 30.06.2007	Conversion date 31.12.2007	Conversion date 30.06.2008	Average 2007/1	Average 2008/1
1 USD	1.23	1.12	1.02	1.23	1.05
1 EUR	1.655	1.655	1.606	1.632	1.606
100 HUF	0.67	0.65	0.68	0.65	0.63
100 CZK	5.76	6.21	6.72	5.80	6.38
100 PLN	43.93	46.05	47.91	42.46	46.05
100 NOK	20.76	20.79	20.05	20.06	20.20

Explanatory note 2: Segment reporting (shortened version)

2007/1 CHF million	Energy	Energy Services	Other	Transactions between the segments and other effects	Total
External revenues from energy sales / order completion	5 578	855		–4	6 429
External gains on trading standard products and financial energy transactions	13				13
Total external revenue	5 591	855		–4	6 442
EBIT	416	32	75	–76	447
Net investments in tangible fixed and intangible assets	69	17	6		92
Employees*	1 576	7 166	3		8 745

2008/1 CHF million	Energy	Energy Services	Other	Transactions between the segments and other effects	Total
External revenues from energy sales / order completion	5 376	1 008		–17	6 367
External gains on trading standard products and financial energy transactions	12				12
Total external revenue	5 388	1 008		–17	6 379
EBIT	420	58			478
Net investments in tangible fixed and intangible assets	176	27	7	–41	169
Employees*	1 762	7 728	1		9 491

* Average number of full-time equivalent employees

Explanatory note 3: Business combinations

In the first half-year 2008, the following companies were purchased and integrated in the consolidated financial statements:

Energy segment:
31.05.2008: 100 % of Total Energi ASA, Florø / NO
31.05.2008: 100 % of Energiakolmio OY, Jyväskylä / SF

Energy Services segment:
01.01.2008: 100 % of Antonini S.p.A., Verona / IT
01.04.2008: 100 % of FBG Freileitungsbau GmbH, Walsrode / DE

The purchase price paid was CHF 84 million and was allocated to balance sheet items as follows:

	Energy segment				Energy Services segment	
	Western Europe		AIT		GAH	
CHF million	Carrying amounts IFRS	Fair values	Carrying amounts IFRS	Fair values	Carrying amounts IFRS	Fair values
Tangible fixed assets		1	1	1	3	3
Intangible assets		16		5		41
Deferred income tax assets						
Cash	2	2	4	4		
Other current assets	3	3	15	17	3	11
Short- and long-term financial liabilities			– 2	– 2		– 7
Other short- and long-term liabilities	– 2	– 2	– 14	– 14		– 3
Deferred income tax liabilities		– 4		– 2		– 13
Net assets acquired	**3**	**16**	**4**	**9**	**6**	**32**
Goodwill purchased through acquisition		9		6		12
Net cash flow from acquisition:						
Acquired cash from subsidiaries		2		4		0
Acquisition costs		– 25		– 15		– 44
Liabilities not paid yet		7				
Net cash flow		– 16		– 11		– 44

In the Energy segment, the gas-fired combined cycle power station Spreetal (Germany) was acquired after balance sheet date. The purchase was financed with own cash. The integration in the consolidated financial statements of Atel Group will take place in the second half-year 2008.

The goodwill purchased represents expected synergies through the completion of the existing business activity as well as the expected additional benefit from the expansion in existing market regions and the development of new products.

Since the integration into Atel Group, the companies purchased contributed CHF 162 million to the consolidated revenue with net profit of CHF 7 million.

Disclosure related to prior year:
The purchase price paid in the first half-year 2007 amounted to CHF 22 million, whereas net assets of CHF 9 million were acquired. The resulting goodwill amounted to CHF 13 million. The integrated companies have brought CHF 3 million cash to the Group. On an overall level, a net cash outflow of CHF – 13 million was accounted for.

Explanatory note 4: Disposal of business units

On 1 January 2008, GAH Group in Heidelberg sold its subsidiary Kamb Elektrotechnik GmbH, Ludwigshaven. The company contributed annual revenues of around CHF 10 million and counted approximately 90 employees. The Group received CHF 0.3 million from the disposal.

Explanatory note 5: Contingent liabilities and guarantee obligations

The total amount of guarantee obligations in favour of third parties not shown in the balance sheet as of 30 June 2008 has increased to CHF 1 592 million (31.12.2007: CHF 1 135 million). The increase is mainly due to guarantee obligations in relation with the project Alp Transit Gotthard.

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General Management
G. Leonardi *

Financial Services **
K. Baumgartner *

Management Services ***
H. Saner *

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

- General management
- Functional division
- Business division
- Business unit

* Member of the Executive Board
** Corporate Accounting + Reporting, Corporate Taxes, Corporate Treasury + Insurance, Corporate Planning + Controlling, Corporate Risk Management, Corporate IT, Corporate Settlement
*** Corporate Public Affairs, Corporate Communications, Corporate Legal, Corporate Human Resources, Corporate Development + Organisation, Secretary General, Corporate Internal Audit

At 30 June 2008

Review of the Years 2003–2008

Atel Group

	Year 2003 CHF million	Year 2004 CHF million	Year 2005 CHF million	Year 2006 CHF million	Year 2007 CHF million	Half-year 2007/1 CHF million	Half-year 2008/1 CHF million
Energy sales (TWh)	68,476	90,581	98,166	115,642	128,841	61.531	52.158
Net revenue	5285	6867	8580	11334	13452	6442	6379
Energy	3839	5452	7020	9716	11505	5591	5388
Energy Services	1535	1418	1564	1626	1959	855	1008
Earnings before interest, tax, depreciation and amortisation (EBITDA)	680	731	730	1041	1253	555	600
as % of net revenue	12.9	10.6	8.5	9.2	9.3	8.6	9.4
Group profit	272	328	401	873	778	338	374
as % of net revenue	5.1	4.8	4.7	7.7	5.8	5.2	5.9
Net investments	616	136	299	229	591	103	415
Total equity	1660	1899	2247	2930	3621	3152	4019
as % of total assets	26.0	30.2	30.3	32.5	38.6	34.8	37.5
Employees*	8114	7881	8377	8467	9034	8745	9491

* Average number of full-time equivalent employees

Per share information [1]

	Year 2003 CHF	Year 2004 CHF	Year 2005 CHF	Year 2006 CHF	Year 2007 CHF	Half-year 2007/1 CHF	Half-year 2008/1 CHF
Nominal value [2]	20	20	20	20	20	20	20
Share price at 31.12./30.6.	117	195	240	380	605	464	711
High	117	197	298	386	605	472	765
Low	88	118	191	235	371	371	511
Net profit	11	14	18	42	38	16	18
Dividend	1.80	2.00	3.20	4.80	–	–	–

1 All values are considering the split of shares done in November 2007.
2 The capital reduction as decided by the Annual General Meeting was performed on 11 July 2008 as a refunding of the nominal value; the new nominal value after this date is CHF 10 per share.

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February 2009:
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18 March 2009:
Annual media conference

23 April 2009:
Annual General Meeting

August 2009:
Interim Report 2009

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