

# Notes to the Company Financial Statements

## 1 Preliminary note

The financial statements of Alpiq Holding Ltd. have been prepared in accordance with the requirements of Swiss corporation law. The notes below also include the disclosures required by Art. 663b and 663b bis of the Swiss Code of Obligations. The subsidiaries and investments listed on pages 139 ff., and the companies they control, are considered to be Group companies for the purposes of Art. 663a of the Swiss Code of Obligations.

## 2 Finance income

CHF thousand	2008	2009
Interest income from Group companies	8,123	115,255
Interest income from third parties	1,335	309
Other finance income from Group companies	1,014	5,094
Other finance income from third parties	0	422
Foreign exchange gain	3,088	30,976
<b>Total</b>	<b>13,560</b>	<b>152,056</b>

## 3 Dividend income

Dividend income comprises dividends received from subsidiaries.

## 4 Finance costs

CHF thousand	2008	2009
Interest expense to Group companies	794	23,045
Interest expense to third parties	15,023	63,253
Other finance costs to Group companies	0	824
Other finance costs to third parties	9,299	22,109
Net foreign exchange loss	3,360	35,046
<b>Total</b>	<b>28,476</b>	<b>144,277</b>

## 5 Investments

A list of the principal subsidiaries and investments is presented on pages 139 ff.

## 6 Loans receivable

This item mainly includes long-term loans receivable from Group companies.

## 7 Short-term receivables

CHF thousand	31 Dec 2008	31 Dec 2009
Due from Group companies	13,406	60,670
Due from third parties	14,196	939
<b>Total</b>	<b>27,602</b>	<b>61,609</b>

Other receivables comprise short-term financial receivables as well as VAT and withholding tax receivables.

## 8 Equity

CHF thousand	Share capital	Share premium	General reserve	Reserve for treasury shares	Retained earnings	Total equity
<b>Balance at 31 December 2007</b>	<b>255,625</b>	<b>33,270</b>	<b>50,333</b>	<b>1,932</b>	<b>68,877</b>	<b>410,037</b>
Transfers			3,000	46,000	-49,000	0
Issue of share capital (January 2008) <sup>1</sup>	180,266	305,362				485,628
Issue of share capital (June 2008) <sup>2</sup>	867	1,458				2,325
Reduction in par value (July 2008) <sup>3</sup>	-218,379					-218,379
Profit for the year					228,482	228,482
<b>Balance at 31 December 2008</b>	<b>218,379</b>	<b>340,090</b>	<b>53,333</b>	<b>47,932</b>	<b>248,359</b>	<b>908,093</b>
Dividends					-218,379	-218,379
Issue of share capital (transfer of EOS and Emossion operations) <sup>4</sup>	56,663	937,060				993,723
Cancellation of treasury shares <sup>5</sup>	-3,143			-47,932	6,318	-44,757
Profit for the year					367,193	367,193
<b>Balance at 31 December 2009</b>	<b>271,899</b>	<b>1,277,150</b>	<b>53,333</b>	<b>0</b>	<b>403,491</b>	<b>2,005,873</b>

1 Related to the exchange of shares between former Atel Holding Ltd and the then Aare-Tessin Ltd. for Electricity.

2 Related to the compensation for cancelled shares of the then Aare-Tessin Ltd. for Electricity.

3 As resolved at the Annual General Meeting on 24 April 2008.

4 See note 28 to the consolidated financial statements.

5 See note 17 to the consolidated financial statements.

### Additional authorised capital

At 31 December 2009, Alpiq Holding Ltd. no longer had any additional authorised capital (31 December 2008: CHF 96,901,830).

### Major shareholders

The major shareholders of Alpiq Holding Ltd. are disclosed in note 17 to the consolidated financial statements.

### Treasury shares

Information about treasury shares is disclosed in note 17 to the consolidated financial statements.

## 9 Bonds

CHF thousand	Term	Earliest redemption date	Interest rate %	Face value at 31 Dec 2008	Face value at 31 Dec 2009
Fixed rate bond issued by Alpiq Holding Ltd.	2009 / 2014	10 Feb 2014	3	–	200,000
Fixed rate bond issued by Alpiq Holding Ltd.	2008 / 2014	30 Oct 2014	3 3/8	25,000	25,000
Fixed rate bond issued by Alpiq Holding Ltd.	2008 / 2014	30 Oct 2014	3 3/8	150,000	150,000
Fixed rate bond issued by Alpiq Holding Ltd.	2009 / 2015	3 Jul 2015	3 1/4	–	250,000
Fixed rate bond issued by Alpiq Holding Ltd.	2009 / 2017	10 Feb 2017	4	–	250,000
Fixed rate bond issued by Alpiq Holding Ltd.	2008 / 2018	30 Oct 2018	3 7/8	160,000	160,000
Fixed rate bond issued by Alpiq Holding Ltd.	2008 / 2018	30 Oct 2018	3 7/8	40,000	40,000
Fixed rate bond issued by Alpiq Holding Ltd.	2009 / 2019	25 Nov 2019	3	–	500,000

The weighted interest rate on bonds issued at the reporting date, relative to face value, was 3.35%.

## 10 Loans payable

CHF thousand	31 Dec 2008	31 Dec 2009
Shareholders	0	820,000
Due to Group companies	12,380	12,380
Due to third parties	430,000	655,000
<b>Total</b>	<b>442,380</b>	<b>1,487,380</b>

The loans are repayable within 1 to 7 years. The weighted average interest rate at the reporting date was 2.91% (2008: 3.38%).

## 11 Other payables

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CHF thousand	31 Dec 2008	31 Dec 2009
Shareholders	0	250,000
Due to Group companies	18,541	18,383
Due to third parties	63,072	3,210
<b>Total</b>	<b>81,613</b>	<b>271,593</b>

Other payables due to third parties include loans repayable within 12 months, VAT liabilities and unclaimed dividends.

## 12 Contingent liabilities

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Guarantees in favour of Group companies and third parties totalled CHF 1,495 million at 31 December 2009.

### 13 Disclosure of remuneration and interests of Directors, Executive Board members and related parties

All amounts disclosed include remuneration received in 2009 from Alpiq Holding Ltd., from Atel and from EOS after 1 February 2009.

#### Remuneration paid to current Directors and Committee members and those who left the Board in the reporting year as recognised in the 2009 company financial statements

CHF thousand		Fixed remuneration	Variable remuneration	Expenses	Pension benefits (pension scheme, social security)
Hans E. Schweickardt	Chairman since 27 Jan 2009 / NRC Chairman until 27 Jan 2009	438.3	70.0	24.8	55.7
Marc Boudier	Deputy Chairman / ARC Chairman / NRC member	265.8	70.0	25.0	
Christian Wanner	Deputy Chairman / NRC member	214.3	70.0	21.0	7.6
Pierre Aumont	Director	155.5	70.0	15.7	
Hans Büttiker	Director / NRC member	202.1	70.0	17.9	21.7
Guillaume de Forceville	Director since 27 Jan 2009	147.2		11.0	
Philippe V. Huet	Director	147.5	70.0	15.7	
Claude Lässer	Director since 27 Jan 2009	147.2		11.0	4.1
Daniel Mouchet	Director since 27 Jan 2009	151.2		11.0	
Guy Mustaki	Director since 27 Jan 2009 / NRC Chairman since 27 Jan 2009	206.7		14.2	28.2
Jean-Yves Pidoux	Director since 27 Jan 2009 / ARC member since 27 Jan 2009	184.9		12.4	
Alex Stebler	Director / ARC member since 27 Jan 2009	189.2	70.0	17.0	31.7
Urs Steiner	Director / ARC member	194.1	70.0	17.9	
Giuliano Zuccoli	Director	131.5	70.0	15.7	22.1
<b>Total for Directors serving on 31 December 2009</b>		<b>2,775.5</b>	<b>630.0</b>	<b>230.3</b>	<b>171.1</b>
Rainer Schaub	Chairman until 27 Jan 2009 / NRC member until 27 Jan 2009	45.8	70.0	9.4	5.4
Dominique Dreyer	Director until 27 Jan 2009 / ARC member until 27 Jan 2009	31.7	70.0	6.7	14.9
Marcel Guignard	Director until 27 Jan 2009 / ARC member until 27 Jan 2009	31.7	70.0	6.7	0.2
<b>Total for Directors</b>		<b>2,884.7</b>	<b>840.0</b>	<b>253.1</b>	<b>191.6</b>

ARC = Audit and Risk Committee

NRC = Nomination and Remuneration Committee

Rainer Schaub additionally received arm's length fees of CHF 70,500 (including expenses) for consulting services for the period from January to April 2009. Expenditure on pension and insurance benefits amounted to CHF 4,200.

Fixed remuneration comprises Directors' fees, attendance fees and fees for service on the NRC and/or ARC.

Hans E. Schweickardt additionally received arm's length fees of CHF 426,100 (including expenses) for consulting services for the period from February to December 2009. Expenditure on pension and insurance benefits amounted to CHF 59,400.

**Remuneration paid to Directors and Committee members  
as recognised in the 2008 company financial statements**

CHF thousand		Fixed remuneration	Variable remuneration	Expenses	Pension benefits (pension scheme, social security)
Rainer Schaub	Chairman/NRC member	160.0	70.0	9.8	24.1
Christian Wanner	Deputy Chairman/NRC member	132.5	70.0	7.3	
Marc Boudier	Deputy Chairman/ARC Chairman/NRC member	132.5	70.0	8.8	
Pierre Aumont	Director	100.0	70.0	5.5	
Hans Büttiker	Director/NRC member	110.0	70.0	7.0	12.1
Dominique Dreyer	Director/ARC member	110.0	70.0	7.0	25.3
Marcel Guignard	Director/ARC member	110.0	70.0	7.0	0.7
Philippe V. Huet	Director	100.0	70.0	5.5	
Hans E. Schweickardt	Director/NRC Chairman	120.0	70.0	7.0	
Alex Stebler	Director	100.0	70.0	5.5	24.0
Urs Steiner	Director/ARC member	110.0	70.0	7.0	
Giuliano Zuccoli	Director	100.0	70.0	5.5	
<b>Total for Directors</b>		<b>1,385.0</b>	<b>840.0</b>	<b>82.9</b>	<b>86.2</b>

ARC = Audit and Risk Committee

NRC = Nomination and Remuneration Committee

Rainer Schaub additionally received arm's length fees of CHF 210,000 (including expenses) for consulting services. Expenditure on pension and insurance benefits amounted to CHF 12,400.

Fixed remuneration comprises Directors' fees, attendance fees and fees for service on the NRC and/or ARC.

### Remuneration paid to Executive Board members as recognised in the 2009 company financial statements

CHF thousand	Gross salary (fixed)	Gross salary (bonus)	Benefits in kind (car and other)	Pension benefits (pension scheme, accident)
Total for Executive Board	2,874.3	4,412.4	148.9	1,606.9
Highest paid member, Giovanni Leonardi (CEO)	500.0	779.9	24.3	367.2

The Executive Board consisted of nine members in 2009.

Each member of the Executive Board was paid an additional expense allowance ranging from CHF 21,000 to CHF 24,000, and the highest paid member (CEO) received CHF 30,000. Expense allowances paid to the Executive Board totalled CHF 208,500.

The amounts shown above include bonus adjustments in respect of amounts calculated or paid for previous years, representing a deduction of CHF 888,600 for the whole Executive Board and CHF 208,100 for the CEO.

### Remuneration paid to Executive Board members as recognised in the 2008 company financial statements

CHF thousand	Gross salary (fixed)	Gross salary (bonus)	Benefits in kind (car and other)	Pension benefits (pension scheme, accident)
Total for Executive Board	2,140.0	4,877.0	55.9	1,092.0
Highest paid member, Giovanni Leonardi (CEO)	500.0	1,170.5	22.4	228.2

The Executive Board consisted of six members in 2008.

Each member of the Executive Board was paid an additional expense allowance of CHF 24,000, and the highest paid member (CEO) received CHF 30,000. Expense allowances paid to the Executive Board totalled CHF 150,000.

The amounts shown above include bonus adjustments in respect of amounts calculated or paid for previous years, representing CHF 437,800 in favour of the whole Executive Board and CHF 103,000 in favour of the CEO.

## Shares held by Directors and Executive Board members

		Number 2008	Number 2009
Hans E. Schweickardt	Chairman since 27 Jan 2009	–	100
Rainer Schaub	Chairman until 27 Jan 2009	561	1)
Hans Büttiker	Director	499	500
Alex Stebler	Director	144	143
Urs Steiner	Director	–	3
Giovanni Leonardi	CEO	120	120
Benoît Revaz	Executive Board member since 27 Jan 2009	1)	72
Heinz Saner	Executive Board member	8	8
<b>Total</b>		<b>1,332</b>	<b>846</b>

1) Not determined.

## 14 Risk assessment

The risks of Alpiq Holding Ltd. are assessed within the Group-wide risk management framework for the Alpiq Group. The Alpiq Group implements a comprehensive risk management system that includes a periodic assessment of the risks of each Group company. Based on the risk identification carried out annually by Group management, the likelihood of the significant risks occurring and their impact are evaluated. These risks are avoided, mitigated or hedged by taking appropriate measures decided by the Board of Directors of Alpiq Holding Ltd. In order to be able to respond flexibly to changes in the risk environment, Group management may commission ad hoc in-depth risk analyses. The latest risk assessment was approved by the Board of Directors on 17 December 2009.