
Statutory Financial Statements of Alpiq Holding Ltd.

The figures presented in the company financial statements of Alpiq Holding Ltd. for 2009 have changed significantly in comparison with the prior year period. This is mainly due to the transactions relating to the merger of the Atel, EOS and Emosson operations and to the subsequent expansion of the company's activities. Among other factors, the financing provided to subsidiaries of former Aare-Tessin Ltd. for Electricity was progressively transferred to Alpiq Holding Ltd. during the last year.

Income statement

Finance and dividend income grew by approximately CHF 270 million year on year. The main source of finance income was interest income from Swiss and foreign Group companies. As in the previous year, dividend income comprised dividends paid by former Aare-Tessin Ltd. for Electricity. Total expenses rose by approximately CHF 135 million, of which CHF 115 million was attributable to higher finance costs and CHF 20 million to the integration and general administrative costs incurred, as well as tax expense.

Statement of financial position

Total assets grew by approximately CHF 3.6 billion. The growth in non-current assets (CHF 3.5 billion) is mainly due to the newly acquired EOS operations. Loans receivable also increased by approximately CHF 2.2 billion because of the financing provided to subsidiaries.

Equity rose by CHF 1.1 billion, primarily due to the issue of share capital related to the EOS/Emosson transaction, together with the increase in retained earnings. Borrowings reported as non-current liabilities were up by a total of CHF 2.2 billion as a result of the funds raised through bond issues (CHF 1.2 billion) and private placements. Furthermore, other payables include short-term shareholder loans of CHF 0.25 billion maturing in 2010.

Income Statement

CHF	Note	2008	2009
Income			
Finance income	2	13,559,895	152,056,358
Dividend income	3	247,872,580	380,699,280
Other income		0	3,975,070
Exceptional income		2,196,604	0
Total income		263,629,079	536,730,708
Expenses			
Finance costs	4	28,476,341	144,277,268
Tax expense		1,105,406	3,955,615
Other expenses		5,564,574	21,304,559
Total expenses		35,146,321	169,537,442
Profit of the year		228,482,758	367,193,266

Statement of Financial Position

Assets

CHF	Note	31 Dec 2008	31 Dec 2009
Intangible assets		0	24,702,063
Investments	5	1,216,891,886	2,475,842,573
Loans receivable	6	591,741,040	2,789,441,515
Non-current assets		1,808,632,926	5,289,986,151
Short-term receivables	7	27,601,583	61,609,122
Prepayments and accrued income		132,754	4,803,277
Investments in securities		3,980,802	4,225,000
Cash and cash equivalents		6,018,927	77,727,998
Current assets		37,734,066	148,365,397
Total assets		1,846,366,992	5,438,351,548

Equity and liabilities

CHF	Note	31 Dec 2008	31 Dec 2009
Share capital		218,379,180	271,898,730
Share premium		340,089,807	1,277,150,282
General reserve		53,332,560	53,332,560
Reserve for treasury shares		47,932,000	0
Retained earnings		248,359,684	403,491,178
Equity	8	908,093,231	2,005,872,750
Provisions		32,177,153	32,176,646
Bonds	9	375,000,000	1,575,000,000
Loans payable	10	442,380,000	1,487,380,000
Non-current liabilities		817,380,000	3,062,380,000
Other payables	11	81,612,538	271,592,711
Accruals and deferred income		7,104,070	66,329,441
Current liabilities		88,716,608	337,922,152
Total equity and liabilities		1,846,366,992	5,438,351,548

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
Total	13,560	152,056

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
Total	28,476	144,277

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
Total	27,602	61,609

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

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
Total	442,380	1,487,380

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

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
Total	81,613	271,593

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

12 Contingent liabilities

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
Total for Directors serving on 31 December 2009		2,775.5	630.0	230.3	171.1
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
Total for Directors		2,884.7	840.0	253.1	191.6

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	
Total for Directors		1,385.0	840.0	82.9	86.2

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
Total		1,332	846

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.

Appropriation of Retained Earnings

The Board of Directors proposes to the Annual General Meeting that retained earnings consisting of

	CHF	CHF
Profit for 2009 reported in the income statement		367,193,266
Retained earnings brought forward	29,980,504	
Reversal of reserve for treasury shares	6,317,408	36,297,912
Total		403,491,178
be appropriated as follows:		
Dividend of CHF 8.70 per registered share		236,551,895
Transfer to general reserve		0
Balance to be carried forward		166,939,283

Subject to approval of this proposal, the gross dividend (before Swiss withholding tax) for the financial year 2009 will amount to CHF 8.70 (2008: CHF 10) per registered share.

The dividend will be paid net of 35% Swiss withholding tax from 29 April 2010 upon presentation of the coupon.



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To the General Meeting of
Alpiq Holding Ltd., Neuchâtel

Zurich, 26 February 2010

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Alpiq Holding Ltd., which comprise income statement, statement of financial position and notes (pages 152 - 162), for the year ended 31 December 2009.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to read 'A. Miolo'.

Alessandro Miolo
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to read 'R. Müller'.

Roger Müller
Licensed audit expert