

# Annual Report 2008/09



NETWORKING ENERGIES

A company of **aspo**

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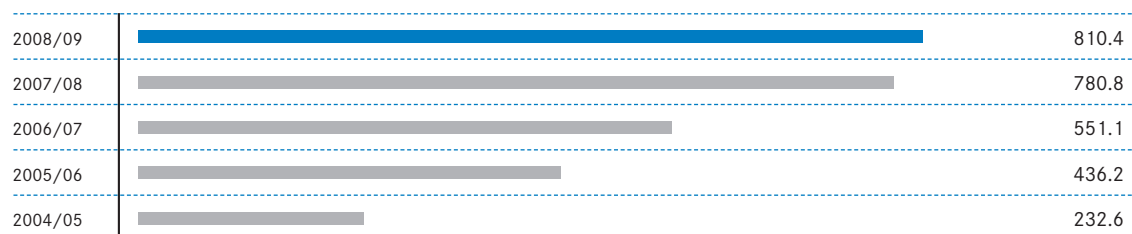
## Key Figures

- **Gross margin up slightly to CHF 810.4 million**
- **Net profit down 41% to CHF 186.7 million, due to depreciation, a negative financial result and other operating expenses**
- **Equity ratio slightly higher year-on-year at 31.1%**
- **Cash flow from operating activities CHF 174.5 million**
- **Cash and cash equivalents largely unchanged at CHF 718.4 million**

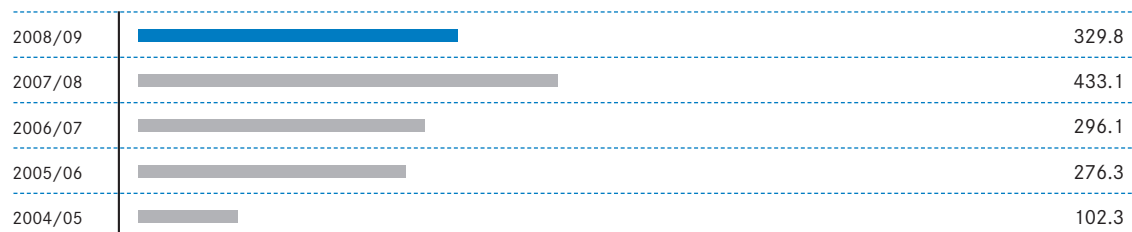
		2008/09	2007/08	2006/07	2005/06	2004/05
<b>EGL GROUP</b>						
Net sales	CHF MILLIONS	3,957.7	4,167.0	5,890.4	6,377.1	4,010.4
Gross margin	CHF MILLIONS	810.4	780.8	551.1	436.2	232.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	CHF MILLIONS	442.6	483.0	330.7	308.7	123.5
Earnings before interest and tax (EBIT)	CHF MILLIONS	329.8	433.1	296.1	276.3	102.3
Share of profit of associates	CHF MILLIONS	1.7	12.8	22.2	19.7	21.5
Financial result	CHF MILLIONS	-83.9	-30.6	248.2	-0.9	4.0
Earnings before tax (EBT)	CHF MILLIONS	247.6	415.3	566.5	295.1	127.8
Income tax expense	CHF MILLIONS	-60.9	-99.9	-117.1	-48.1	-14.8
Net profit incl. minority interests	CHF MILLIONS	186.7	315.4	449.4	247.0	113.0
in % of equity	%	8.8	15.6	25.0	16.3	8.9
Free cash flow (drain)	CHF MILLIONS	12.7	51.6	-9.1	-311.8	-332.2
Cash flow from operating activities	CHF MILLIONS	174.5	295.9	157.0	149.5	103.2
Total capital per 30 September	CHF MILLIONS	6,788.4	7,180.1	5,453.9	4,419.4	3,241.1
Total equity per 30 September	CHF MILLIONS	2,110.8	2,110.1	1,928.3	1,672.6	1,355.7
Equity ratio	%	31.1	29.4	35.4	37.8	41.8
Cash and cash equivalents	CHF MILLIONS	718.4	786.5	683.8	495.9	257.4
Net liquidity per 30 September	CHF MILLIONS	430.6	626.5	716.4	444.9	302.6
Average number of employees	FTE	746	602	477	363	290
Number of employees at balance sheet date	FTE	832	656	525	416	322
<b>EGL AG</b>						
Profit for the period	CHF MILLIONS	236.6	130.1	262.6	186.2	72.6
<b>EGL SHARE</b>						
Earnings (excl. minority interests) per share	CHF	70.83	119.48	169.49	92.20	42.84
Dividend per share	CHF	18.00 <sup>1)</sup>	18.00	18.00	18.00	15.00
Equity (excl. minority interests) per share	CHF	788.98	791.55	721.81	626.80	511.52
Share price high	CHF	1,241	1,539	1,530	1,098	1,040
Share price low	CHF	866	1,159	1,011	700	750

<sup>1)</sup> Proposal of the Board of Directors

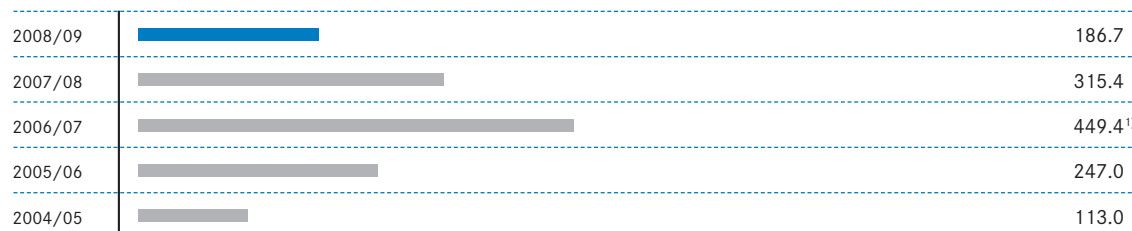
## Gross margin CHF millions



## Earnings before interest and tax (EBIT) CHF millions



## Net profit including minority interests CHF millions



<sup>1)</sup> including special factors

## Milestones 2008/09

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January 2009

### **Smooth changeover to market liberalisation in Switzerland**

On 1 January 2009, the Swiss electricity market was liberalised for customers with an annual consumption of more than 100,000 kWh. Prior to the changeover, EGL carried out thorough modifications and preparatory work on equipment, systems and processes. The changeover at the beginning of the year went ahead smoothly and since then EGL's partner plants have been participating in the Swiss market for ancillary services and providing control capacities for the Swiss grid operator Swissgrid.

February 2009

### **EGL takes majority share in HS Kraft**

On 9 February 2009, EGL signed an agreement to acquire a majority share in HS Kraft AB, a developer of wind power projects in Sweden. EGL owns 51.6% of the shares in HS Kraft AB, giving it access to a pipeline of 20 projects in southern Sweden, a region with good wind conditions for electricity production. The projects (estimated total annual output: 1.3 bn kWh) are in various stages of development, so individual investment decisions will be made over a longer period (2010 to 2014).

February 2009

### **SE Ferrara ready for operation**

Commissioning work on the SE Ferrara gas-fired combined-cycle power plant in the Italian region of Ferrara, in which EGL holds a 49% stake, was completed in February 2009. Various test phases have been conducted at the 760 MW power plant. Full commercial operation is scheduled for June 2010 once measures are in place for recycling the synthesis gas that accumulates at the site.

April 2009

### **Appeal against EICOM ruling**

EGL Grid, owner of the EGL transmission grid in Switzerland, lodged an appeal with the Federal Administrative Court against the valuation of its grid by the government's regulatory authority EICOM. From EGL's point of view, the valuation, which is crucial for defining grid usage tariffs for the Swiss transmission system, was too low. Such a reduction in value would threaten the commercial future of EGL Grid AG, which is why it appealed to the Federal Administrative Court in the interests of its owners and to safeguard the value of the company.

May 2009

### **New trading hub in the UK**

EGL is expanding its market presence in Europe and will in future also operate from a trading hub in the UK, where it has established a local subsidiary based in London. Initially it will focus purely on energy trading, but later will offer origination services as well.

# Difficult market environment affects results

**In a market environment characterised by a slump in demand, falling prices and seasonal volatility, EGL closed the 2008/09 financial year with a good trading result overall. It was able to make progress on its asset projects, but its natural gas business was hit by the effects of the market situation in Europe. Overall, EGL achieved a net profit of CHF 186.7 million.**

The 2008/09 financial year was marked by the impact of the financial crisis on the real economy and the energy markets. While this resulted in increased credit and market risks in energy trading, EGL's protective measures proved effective. The financial crisis and the resulting economic crisis also drove down demand for energy in Europe's real economy, a trend which EGL experienced in various trading regions.

## **Net profit significantly lower year-on-year**

In this difficult market environment, EGL posted a slight increase in gross margin of 4% to CHF 810.4 million compared with the previous year, but reported a 41% drop in net profit to CHF 186.7 million due to a combination of depreciation due to the planned sale of the Energy Plus project, an increase in other operating expenditure, a negative financial result and losses in natural gas trading. Following a cash outflow in the first six months as a result of rapidly falling prices for collateralised energy transactions, EGL significantly improved its cash flow in the second half of the year. It achieved a cash flow from business activities of CHF 174.5 million for the full financial year (-40%). Its equity ratio increased slightly to 31.1%, remaining at a solid level.

## **Varying performance in the divisions**

Despite a decline in demand, falling prices and increasing volatility in the first six months followed by decreasing volatility, EGL achieved excellent trading results – in particular in asset-backed trading in Italy and between Italy and Switzerland as well as in the Iberian and Nordic mar-

kets. In Italy, its most important single market, trading and origination performed extremely well and more than offset the slightly weaker results in the retail business. EGL continued to expand its trading activities during the reporting period and established a new trading hub in the UK.

Further progress was made in EGL's asset projects. Commissioning work for the SE Ferrara gas-fired combined-cycle power plant in Italy was completed and the plant is expected to be fully operational from June 2010. This will enable EGL to achieve its target of roughly 2,000 MW of proprietary production capacities in Italy. EGL therefore considered various options for the planned consolidation and diversification of its production and project portfolio in Italy. In view of the outlook for the economy and EGL's positioning in Italy, the most economically viable option is to sell the Energy Plus gas-fired combined-cycle power plant project in Salerno. EGL therefore decided to dispose of the project which has been developed to the pre-construction stage. Construction started on a wind farm in the Campania region of Italy with a planned capacity of 66 MW, which is scheduled to be commissioned in the second quarter of 2011. With the acquisition of 51.6% of Swedish wind farm developer HS Kraft AB in February 2009, EGL secured access to a host of further wind power projects in southern Sweden.

Falling demand in a number of markets and the negative price trend hindered EGL from meeting its commercial targets in its natural gas trading activities. But it was able to make further preparations during the reporting period for opening up new opportunities in the natural gas busi-

ness in the future – by establishing new subsidiaries in Southeast Europe and intensifying its efforts in the liquefied natural gas business.

The Trans Adriatic Pipeline project is also progressing well. In the detailed planning phase, an examination was carried out of the offshore route under the Adriatic and the route through Albania was optimised. The conclusion of an intergovernmental agreement between Italy and Albania is another milestone in the ongoing approval process.

#### **Switzerland: launch of market liberalisation**

In Switzerland, EGL made intensive preparations for the liberalisation of the electricity market for customers with an annual consumption of more than 100,000 kWh on 1 January 2009. The necessary modifications to equipment, systems and processes were completed on time and the changeover on 1 January 2009 went ahead seamlessly.

A definitive valuation of the EGL transmission grid in Switzerland, which is crucial for defining grid usage tariffs on the Swiss transmission system, is still pending. EGL believes that the valuation carried out by the government's regulatory authority ElCom was too low. EGL Grid AG has lodged an appeal with the Federal Administrative Court against ElCom's valuation in the interests of its owners and to safeguard the value of the company. If the ElCom valuation is upheld by the Federal Administrative Court, a large part of the downward valuation of the assets can be recognised directly in equity via the revaluation reserve.

#### **Alignment of structures and processes**

The growth strategy pursued by EGL over the last few years has created a need for adjustments to the Group's structures, processes and human resources, some of which are emerging with a time lag. This and the further intensification of the Group's business activities resulted in new jobs being created in the past financial year as well. Specifically, 176 new full-time positions were added, with growth in the workforce levelling out significantly in the second half of the year.

EGL also started to implement the next stage of its IT strategy in the 2008/09 financial year. This strategy is closely aligned to the business model and is intended to ensure that the IT systems can cope with the demanding requirements of a European trading house like EGL. The company also intensified its compliance programme in the reporting period. Managers and employees at EGL were familiarised with the company's compliance culture in more detail and bound by the relevant principles and rules.

**The 2008/09 financial year was marked by the impact of the financial crisis on the real economy and the energy markets. In this difficult economical environment EGL achieved a good trading result.**

#### **Changes in Executive Management**

In December 2008, the EGL Board of Directors elected Markus Brokhof to the company's Executive Management and appointed him Head of Gas Supply & SEE. Markus Brokhof had been serving in both functions ad interim since June 2008.

As of 31 March 2009, EGL's Head of Trading, Harald von Heyden, returned to his former role as Head of EGL Nordic for family reasons. As of 1 April 2009, Domenico De Luca is now responsible for EGL's trading activities as Head of Energy Trading & Origination. Prior to this he successfully headed EGL Italia for two years.

#### **Dividend**

For the 2009/10 financial year, EGL is planning major investments with a view to building up its assets and expanding its activities in all areas. With this in mind, the Board of Directors proposes to the Annual General Meeting of Shareholders an unchanged dividend of CHF 18 per share.



HEINZ KARRER

Chairman of the Board of Directors



HANS SCHULZ

CEO

## Good trading result in a difficult environment

**The financial and economic crisis influenced the European energy markets in the reporting period. The Energy Trading & Origination division nevertheless succeeded in bucking the trend and achieved a respectable result.**

EGL continued to vigorously pursue its strategy for the Energy Trading & Origination division. The division operated successfully from its regional trading hubs despite the difficult economic situation and market environment marked by rapidly falling prices combined with rising volatility, followed by a brief marginal upswing developing into a sideways trend with decreasing volatility.

### Successful operations, expanded presence

In the Iberian market, EGL reported excellent results and sustained growth in energy trading as well as in origination. The ability to correctly anticipate market and price changes contributed to the positive trading result, as did the increasingly liquid nature of this market. New customers were acquired in the area of origination. The installed capacity managed by EGL for customers in Iberia increased to around 6,000 MW.

The Nordic markets were characterised by two contrasting six-month periods. While in the first six months they experienced extremely high volatility – trading prices fell by about 60% in the first quarter, but markets remained liquid and a large number of transactions were completed – the second six months were characterised by a flat price trend. EGL operated successfully in this environment with its trading and origination activities. It opened a new origination office in Finland, acquired new customers and concluded new contracts, enabling it to position itself as a solid partner with innovative solutions in a time of economic uncertainty.

EGL's focus in Central Europe was on expanding origination activities. It initiated the opening of origination offices in Brussels and Dusseldorf, from where it will expand business activities in the Benelux countries and in Germany respectively. Both offices are expected to be operational in the fourth quarter of 2009. In Central and Eastern Europe, EGL focused on expanding its sales and origination activities in Poland and its services in the area of portfolio management and structured products in the Czech Republic and Slovakia.

### Liberalisation of the Swiss market

Following the partial liberalisation of the Swiss electricity market on 1 January 2009, customers with an annual consumption of more than 100,000 kWh can choose their own supplier. There is also a new market for ancillary services. EGL has been able to maintain most of its supply relationships with customers in Switzerland since 1 January 2009, and thanks to the control capability of power plants managed by EGL, the company has continued to make an important contribution to grid stability in Switzerland.

### Business with and in Italy: good results in a challenging climate

Falling or stagnating energy prices posed a major challenge for cross-border trading with Italy in the reporting period. EGL successfully adapted its trading strategy to the new framework conditions and achieved impressive results both in short-term and in medium- and long-term cross-border trading. In particular it made maximum use of the synergies that resulted from the overall optimisation of all Italian borders and the management of its own power plants. The specific effects of the so-called “decreto anticrisi”, which was launched by the Italian government in response to the economic crisis and could lead to a change in the framework conditions of the Italian energy market, remain to be seen, as the details are still being worked out.

EGL's results for its local Italian business exceeded expectations thanks to an excellent trading result. While a decline in consumption was reported in the first half-year due to curbed production in industrial operations, the first signs of an economic recovery started to emerge in the second half of the reporting period. The weaker retail results in the first half were more than offset by the successful local trading and origination business. Economically optimised operation of the Calenia Energia and Rizziconi Energia power plants – in particular their participation in the control energy market – also contributed to positive business performance in Italy.

### New trading hub in the UK

In order to further strengthen its position as a pan-European energy trading company, EGL is expanding its trading activities in the UK. In the reporting period it established two subsidiaries in London: EGL UK and EGL UK Trading. Initially the companies will focus purely on energy trading, but later will offer origination services as well. The first people were employed at these subsidiaries in the reporting period and EGL also received the trading license from the Financial Services Authority.

## Making progress on asset projects

**In the year under review, the availability of EGL's power plant portfolio and energy procurement contracts was good overall. The Assets division continued to develop the company's asset projects. In Switzerland, EGL's changeover to the first phase of electricity market liberalisation went ahead smoothly. EGL lodged an appeal against the valuation of its transmission grid by the government's regulatory authority ElCom.**

The Rizziconi Energia gas-fired combined-cycle power plant commissioned by EGL in Italy in July 2008 proved very reliable for a new plant in terms of production. The newest plant in the EGL asset portfolio showed high availability and exceeded expectations. Calenia Energia, the second gas-fired combined-cycle power plant in Italy, also showed good availability. Both plants participated successfully in the Italian control energy market.

The unfavourable economic situation during the year under review reduced electricity consumption in Italy. The volume of energy produced in both of EGL's gas-fired combined-cycle plants was therefore comparatively low, as in most thermal power plants in Italy. However, thanks to the year-round deployment of both the Calenia Energia and Rizziconi Energia plants, total production capacity increased year-on-year.

Production in the hydropower plants in Switzerland in which EGL is an investor was slightly above average. Supply from nuclear power plants in France and from electricity procurement contracts fell well below expectations due to a prolonged break in production at the Bugey plant in France.

### SE Ferrara to commence commercial operations

Commissioning work on the SE Ferrara gas-fired combined-cycle power plant, in which EGL has a 49% stake, has been completed. Full commercial operation is scheduled for June 2010 once measures are in place for recycling the synthesis gas that accumulates at the site.

The commissioning of the SE Ferrara power plant will enable EGL to achieve its target of roughly 2,000 MW of proprietary production capacities in Italy. As already explained in the presentation of the 2008/09 interim results, the Group aims to consolidate and diversify its production and project portfolio in Italy. EGL reviewed a number of different options for consolidation – including investments by partners in proprietary assets in Italy or

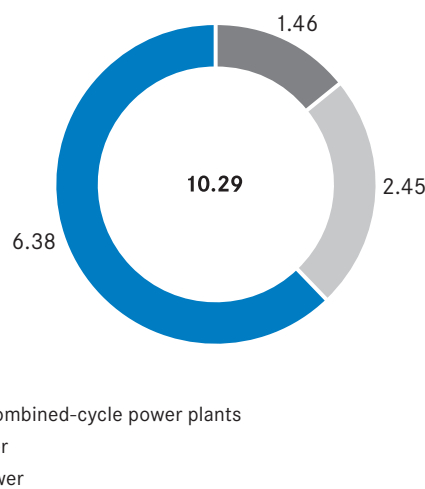
the sale of asset projects. In particular, it considered which alternative is the most economically viable in view of the current economic climate and the medium-term outlook for the economy, as well as EGL's strategy and positioning in Italy. The company therefore decided not to build the Energy Plus gas-fired combined-cycle power plant in Salerno itself, but to try to sell the project. EGL has developed the project to the pre-construction stage – including making the necessary investments – and will continue with the preparation work until the planned sale.

Planning for the 66 MW EGL wind farm in the Campania region of Italy is progressing well. EGL project company WinBis has commenced construction, and the wind farm is scheduled to be commissioned in the second quarter of 2011.

The projects of Swedish wind farm developer HS Kraft, in which EGL owns a 51.6% stake, have continued according to plan, and the company has taken on new staff. Initial investments in projects in southern Sweden are expected to be made some time in 2010.

In the year under review, EGL was able to continue with preliminary work on the Agroenergética de Pinzón biomass power plant in Spain. The approval procedure for the La Zarza gas-fired combined-cycle power plant, also in Spain, is still ongoing. A provisional application for exemption regarding the use of auction proceeds for the planned NorGer undersea cable between Norway and Germany, in which EGL holds a 33.3% stake, was submitted to the authorities in both countries and to the EU. Approval of these applications is one of the criteria for an

**Electricity generated and procured by EGL  
2008/09 (bn kWh)**



investment decision, which is not likely to be made until 2010 at the earliest. Commissioning of the cable, which will have a capacity of 1,400 MW, would then be possible in 2014.

#### **Liberalisation of the Swiss market**

In Switzerland, the Assets division made thorough preparations ahead of electricity market liberalisation for customers with an annual consumption of more than 100,000 kWh which took place on 1 January 2009. Modifications to equipment and systems as well as processes were carried out at power plants and in the grids.

These focused preparations for the start of market liberalisation paid off for EGL, and the changeover on 1 January went ahead seamlessly. Since then, EGL has been participating through its partner plants in the Swiss market for ancillary services and provides control capacities for Swiss grid operator Swissgrid.

A definitive valuation of the EGL transmission grid in Switzerland, which is crucial for determining the usage tariffs for the transmission system, is still outstanding. EGL believes that the valuation of the grid by government regulatory authority EICom was too low. EGL Grid AG, a subsidiary of EGL AG and owner of the grid systems, has therefore lodged an appeal against the valuation with the Federal Administrative Court.

## **Natural gas business continues to grow**

**EGL continued to grow its natural gas business and strengthen its market presence in Southeast Europe. However, it has been feeling the effects of the economic crisis on sales of natural gas and the sharp fall in natural gas prices.**

EGL continued to grow its natural gas business in the 2008/09 financial year. The Gas Supply & SEE division expanded its natural gas portfolio and also intensified sales activities in Italy in order to supply its own gas-fired combined-cycle power plants. The difficult economic situation and the demand-driven decoupling of natural gas prices from oil prices resulted in EGL incurring a loss from these activities.

#### **Expansion of natural gas portfolio**

In the year under review, EGL took steps to expand its natural gas portfolio by concluding additional supply contracts with producers. EGL and the National Iranian Gas

Export Company (NIGEC) signed operating agreements in December 2008 governing implementation of the long-term procurement contract concluded between the two companies in spring 2008. Meetings were held with the Turkish authorities to discuss the transportation of natural gas through Turkey, but so far without success. A positive decision in this regard is a prerequisite for the planned advance deliveries to Southeast Europe.

In September 2009, EGL renewed its partnership with Gazprom Export. The two companies signed a supply contract for natural gas with a term of 20 years. Gazprom Export will supply EGL with up to 700 million cubic metres of natural gas per year until 2029, primarily destined for distribution in Italy.

#### **Economic situation dampens sales**

The effects of the global financial and economic crisis presented EGL with major challenges when it came to making profitable sales in its natural gas portfolio. Falling demand in certain markets and negative price changes prevented EGL from meeting all of its commercial targets in the last financial year. The liquefied natural gas (LNG) business developed well. EGL procured more LNG in the year under review, which was sold in the Spanish downstream market by EGL España.

The Southeast Europe region, where the Gas Supply & SEE division is also in charge of electricity trading, was hit by recession as a result of the global financial crisis and in turn saw a significant fall in demand for electricity. However, EGL was able to expand its trading activities in the region, albeit with a narrower margin. It added to its sources and customer portfolio in the individual countries and made progress in coordinating and optimising trading activities throughout Southeast Europe and at the borders with other regions. EGL also strengthened its local presence in Southeast Europe.

#### **Foundations laid for further expansion**

With the creation and expansion of subsidiaries in Southeast Europe, among other things, EGL laid the foundations for opening up future new business opportunities in the region. In particular, it established a new energy trading department in Bulgaria and consolidated its subsidiary in Serbia, where it has merged its trading and transit activities for the southeast European energy markets. Preparations were also made for future trading on the markets of Southeast Europe through the new subsidiaries EGL Skopje and EGL Kosovo. EGL also converted its representation office in Albania into an operational company in order to meet regulatory requirements and expand its activities in the areas of transit, import and export.

LNG resources were increased in view of the anticipated medium- and long-term growth and a number of framework agreements governing the supply of LNG for the spot market were concluded. EGL intends to strengthen its presence in the Spanish LNG market by securing additional regasification capacities for LNG and expanding its local downstream business.

The Gas Supply & SEE division continued to pave the way for developing and growing its transport and storage portfolio in Italy, Germany and Northwest Europe by securing long-term storage capacities and participating in “open seasons” to secure border capacities from 2012.

### **TAP project making good headway**

The Trans Adriatic Pipeline project is progressing well. The activities are concentrated in TAP AG, in which EGL has a 50% holding. There are around 50 people in the project team at its headquarters in Baar (Switzerland). External resources in the technology, legal and environmental fields are also being brought in. The project is currently in the detailed planning stage. An examination of the TAP's offshore pipeline under the Adriatic was successfully completed in January/February 2009. A study into the optimum route for the pipeline through Albania was also carried out in July 2009. Activities to determine the route of the pipeline in Italy are in progress, and various approval processes are ongoing in the individual transit countries of the TAP, Albania, Greece and Italy. On 10 March 2009 an intergovernmental agreement was signed between Italy and Albania, also concerning the TAP. The TAP project is supported by the European Union as part of the “Southern Gas Corridor” to Europe and is rated as a “project of common interest”.

### **Liquefied Natural Gas (LNG)**

LNG is natural gas that has been liquefied by cooling to around minus 160°C; the cooling process shrinks the gas to one-sixth hundredth of its original volume, allowing it to be stored and transported in large quantities by ship. LNG is produced in three regions of the world and supplied to a variety of markets. Producers in the Pacific basin supply Asia, those in the Atlantic basin supply Europe and the US, and those in the Middle East supply mainly Asia. The main LNG producers are Qatar, Malaysia, Indonesia and Algeria. Around two thirds of the world's production is sold to Asia. Europe imports about 25% of global production, with the US accounting for the remainder. In Europe, the following countries have LNG regasification terminals: Belgium, France, Greece, the UK, Italy, Portugal, Spain and Turkey.

# Calculated and controlled management of risks

**Successful trading can only be sustained if risks are taken in a calculated and controlled manner. At EGL, risk management is not the responsibility of a single department, but is part of corporate governance and the corporate culture. It guarantees transparency regarding risks and ensures the right ratio of risk to return.**

Management of market and credit risks at EGL, as well as company-wide corporate risk management, are the responsibility of a central department, Group Risk Management, headed by the Chief Risk Officer. This ensures that the detailed perspective at transaction and book level and the comprehensive company perspective are consolidated into a consistent, reliable overall risk picture. Risk management is based on the EGL risk management handbook which has been approved by the Board of Directors and contains definitions regarding objectives, organisation, methods and tools as well as processes.

## **Particularly significant market and credit risks**

In energy trading, systematic management and monitoring of market and credit risks is particularly important. The key is a comprehensive, company-wide limit system. This includes setting company-wide credit limits for all trading partners on the one hand and limits regarding volumes, sensitivities, value-at-risk and contract terms at the portfolio level on the other. The limits, requirements and guidelines of Group Risk Management must be observed by all operating units. The purpose of the limit system is to control sensitive risks centrally, while giving traders clearly defined, transparent scope to implement their trading strategies. Trading strategies are described in books (portfolios) with clearly defined responsibilities. Every trader can carry out purchases and sales in a trading book within the defined limits. Book performance is measured on a daily basis and compliance with the limits is monitored.

## **Company-wide corporate risk management**

In addition to market and credit risks, corporate risk management also systematically records, evaluates, controls

and monitors operational and regulatory risks. The departments and subsidiaries are responsible for their own risks according to the risk-owner principle, and the central corporate risk management team provides support with risk analysis and strategic planning. The team submits regular reports to the Executive Management, the Risk Council and the Board of Directors.

## **Structures and processes adapted to expansion of the business**

The structures and processes of risk management were aligned with the company's expansion of its business activities in the year under review. Headcount was increased in Group Risk Management so that a total of 22 people were employed in risk management in the head office of the EGL Group at the end of the 2008/09 financial year. Attention was focused in particular on Group-wide expansion of uniform risk management systems. Increased integration of the subsidiaries and safeguarding of risk management as part of further internationalisation in general were also important focal points.

Further details on market- and credit-risk management can be found on page 43 (Notes to the consolidated financial statements, "Financial risk management") and on risk assessment in accordance with Art. 663 b of the Swiss Code of Obligations on page 98 (Notes to the statutory financial statements).

# Automation and harmonisation

**Given the major importance of IT to EGL's long-term success, the Group continued during the year under review to bring its IT infrastructure into line with future requirements, creating an IT landscape that facilitates business development, is fit for purpose and enables the right solution to be put in place at the right time.**

Alignment of IT strategy with business strategy, as well as alignment of IT solutions with business processes, are key to the success of EGL. Keeping up with business developments can be a challenge for IT, particularly when the IT landscape requires a high level of availability and stability. EGL took the necessary steps in this direction during the year under review, by formulating a revised IT strategy based on input from all levels of the organisation and aimed at ensuring that the Group's IT infrastructure will be able to meet the high requirements of a European energy trading house such as EGL.

## **Automation of processes**

The revised IT strategy was then translated into programs and projects focused on the defined business priorities. With an end-to-end process view in mind, the ETRAM (Enterprise-wide Trading Risk Accounting Management System) program delivers enhanced straight-through processing to further reduce manual data transfer or double data entry. Increased efficiency combined with reduced operational risk are the objectives behind the automated processing of EGL AG's various business transactions. These include core processes such as automated deal capture, price feeds, integration of risk management, back office integration with confirmation, settlement, financial accounting and document management. In the year under review, a significant number of employees participated in projects aimed at reducing operational risks while increasing trading volumes.

Considerable achievements were also made with regard to daily nominating and scheduling operations by further developing and optimising the deployment of existing IT systems. The scheduling of electricity and natural gas has been automated in additional countries in the markets of

Western and Eastern Europe. Impacts of the partial liberalisation of the Swiss electricity market were successfully incorporated in the trading and operations systems.

## **Harmonisation of systems**

A third focal point worthy of mention was the implementation of the Accounting program, which enabled the creation of harmonised, Group-wide back office systems and is mainly designed for finance and accounting processes. To ensure that the solution was the perfect fit for both small and large organisations of EGL, EGL decided to have a choice of two different systems. General standards are therefore in place and supported and a suitable solution is provided at the same time. We expect to reap more benefits from synergies resulting from the support for harmonised solutions. With increasing deregulation and markets becoming more mature, IT will have to become more flexible in order to make a more substantial contribution to bringing new business ideas into the markets. At the same time cost levels will have to be managed carefully to ensure that margins remain intact in more mature markets.

# 176 full-time positions created despite the difficult economic climate

**Despite the difficult economic climate the EGL Group created 176 new full-time positions. It now has a total of 832 employees, and the workforce is becoming increasingly international.**

EGL created 176 full-time positions in the year under review (55 of those in foreign subsidiaries), which corresponds to an increase of 27%. As of 30 September 2009, EGL had a total of 832 employees (translated into full-time positions). Its workforce in the subsidiaries and at its headquarters in Switzerland continued to become more international.

#### **Salary system: systematic and in tune with the market**

In order to keep pace with its increasing size, EGL overhauled its function level model and salary system during the year under review. Numerous reference functions were analysed and evaluated and EGL salaries were subjected to an in-depth internal and external comparison. A modern function level model and a simple salary system in keeping with the market were developed for EGL and introduced on 1 October 2009. An integral component of the new system is the principle of management by objec-

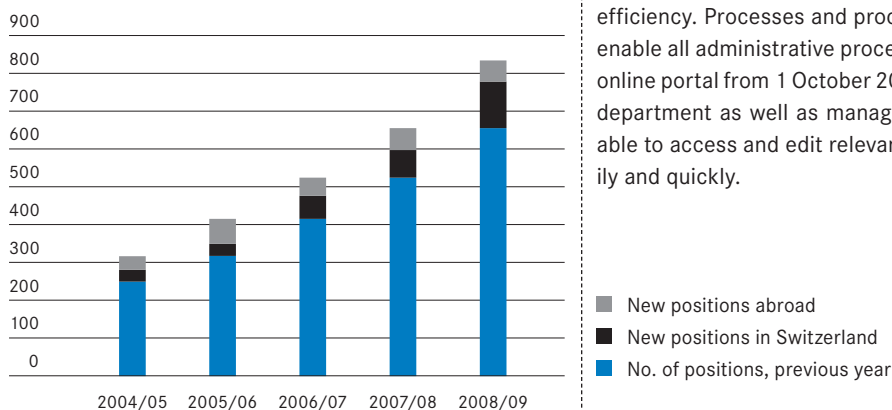
tives, which supports the implementation of the corporate strategy. Specific measures were defined for achieving strategic goals at division, department, team and individual level. In addition to the financial results of the company as a whole, the level of achievement of personal objectives directly influences the variable salary component for each employee.

#### **Improvement in leadership and processes**

In the year under review, EGL implemented further measures to improve the leadership skills of management staff and the general conditions for its employees. All employees with management responsibility took part in a series of workshops on such subjects as management techniques, change management and team-building. In-depth discussions were also held on the importance of the EGL values and their application in day-to-day working life – with the aim of achieving an understanding of these values and putting them into practice across the Group with its decentralised pan-European operations.

EGL further adapted HR processes and structures to meet current and future requirements and thereby increase efficiency. Processes and procedures were developed to enable all administrative processes to be managed via an online portal from 1 October 2009. The Human Resources department as well as managers and employees will be able to access and edit relevant personal data more easily and quickly.

#### **Employee Development (FTE)**



# Steps to further anchor the concept of sustainability

**EGL wants its business to be ecologically, socially, as well as commercially sustainable. In the year under review, it began to lay the strategic foundations for this endeavour.**

In the 2007/08 financial year, the Axpo Group formulated a sustainability policy to which EGL also adheres. In the year under review, EGL took the first steps towards integrating the concept of sustainability into the company's organisation and strategy. The Analysis & Strategy department officially took on responsibility for sustainability issues at EGL and the appropriate staff resources were organised. A review of EGL's commitments to sustainability was carried out and the initial course was set for formulating a concrete sustainability strategy.

## **Define strategy, set targets**

In the year under review, EGL's greenhouse gas emissions were documented in a greenhouse gas inventory which was drawn up for the whole of the Axpo Group. According to this report, which covered all fully consolidated EGL companies, EGL's gas-fired combined-cycle power plants account for the bulk of these emissions (around 98%). It should be noted here that EGL's plants emit considerably less CO<sub>2</sub> than coal-fired power plants in Italy, thanks to modern technology and relatively high efficiency. Grid operation, pumped storage power plants and building operation contribute significantly fewer emissions. Measures to improve the greenhouse gas balance sheet are currently being reviewed. The effectiveness of the measures can be assessed as part of the annual inventory report.

In a next step, EGL will formulate its future sustainability strategy. EGL intends to further entrench the concept of sustainability among the workforce and integrate it into its processes. Based on the sustainability strategy, concrete targets and measures will then be defined in order to ensure that the company's business continues to be commercially, ecologically and socially sustainable in the future.

## **Renewable energies in the asset portfolio**

EGL is already committed to sustainability – for example, it is involved in projects on the use of new renewable energies as part of the expansion of its proprietary asset portfolio, with the focus on wind power, biomass, solar thermal and small-scale hydropower. It aims to expand its capacity in this area by an additional 500 MW in the medium term. EGL has concrete plans in Italy where it is investing in the construction of the Winbis 66 MW wind farm. This is expected to produce 6.5 million kWh of electricity a year from 2011, which will be enough to cover the annual electricity consumption of around 22,000 households. In Sweden, EGL owns a 51.6% share in HS Kraft AB, a developer of wind farms in the south of the country. HS Kraft has a pipeline of 20 projects with a total of 226 turbines. Initial investments are expected to be made in individual projects from 2010.

## **Compliance as part of the corporate philosophy**

The long-term success of a company is intrinsically linked to compliance, in other words compliance with legal, regulatory and internal provisions and adherence to market standards. EGL has a comprehensive compliance programme which is managed by the Group Compliance Officer. In the year under review, management and all employees were systematically familiarised with the company's compliance culture and bound by the applicable principles and rules.

# Facing up to responsibilities

**EGL is committed to professional and transparent corporate management in line with its corporate values. It believes that good corporate governance is an important prerequisite for the company's success.**

## 01 Group structure and shareholders

The EGL Group has three business divisions: “Energy Trading & Origination”, “Assets” and “Gas Supply & SEE”. Other tasks are organised in the “Finance & Operations” and “Corporate Functions” divisions.

**1.1 Energy Trading & Origination.** The “Energy Trading & Origination” division trades in physical energy contracts and energy-related financial products in Europe. It does this on various exchanges and with counterparties via brokers (OTC). EGL’s trading business is decentralised in market regions (trading hubs). It is also present in numerous European energy markets through its various subsidiaries.

**1.2 Assets.** The “Assets” division is responsible for developing, expanding and operating EGL’s asset portfolio. Various departments look after the development and expansion of assets as well as the management of proprietary production plants, participations in Swiss hydro and nuclear power plants and long-term electricity procurement contracts. The EGL Group’s grid assets are managed by the subsidiary EGL Grid.

**1.3 Gas Supply & SEE.** EGL’s activities in the “Gas Supply & SEE” division include procurement, import, transportation and storage, wholesale trade and sales of natural gas to wholesale customers. EGL procures natural gas predominantly directly from producers in Russia, the North Sea, the Caspian region and the Middle East as well as on the European wholesale market. It trades natural gas on the traded markets, but also supplies wholesale traders and wholesale customers directly through long-

term contracts. This division also includes the local EGL companies in Southeast Europe which are active in the electricity and gas industry.

**1.4 Finance & Operations.** In addition to the traditional finance functions such as Controlling, Accounting, Tax and Treasury, the “Finance & Operations” division is also responsible for risk management and Group IT matters as well as business development processes in electricity and gas trading.

**1.5 Corporate Functions.** The “Corporate Functions” division includes the Analysis & Strategy, Communication, Human Resources and Legal & Compliance departments.

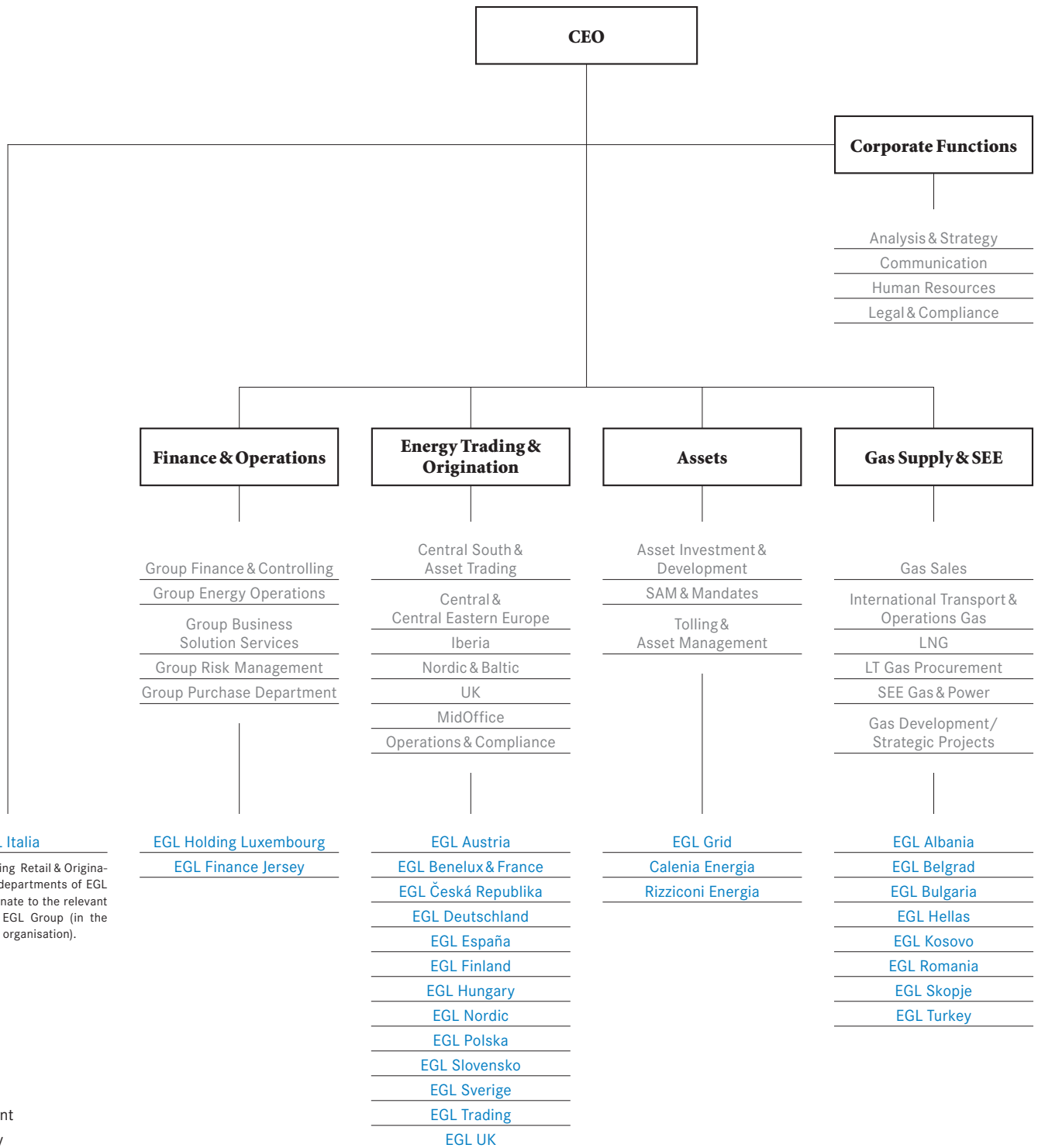
**1.6 Group structure.** The parent company Elektrizitäts-Gesellschaft Laufenburg (AG) is the only listed company in the consolidated group. The company is listed on the SIX Swiss Exchange in Zurich and is based in Laufenburg, with a subsidiary in Dietikon, Zurich. The market capitalisation of the listed bearer shares (Securities No. 328822/ISIN CH 0003288229) is CHF 2,904 million as at 30.09 (closing price of EGL share CHF 1,100 times 2,640,000 shares).

The list of Group subsidiaries, associates and other investments on page 81 contains all companies in the consolidation group of EGL AG.

**1.7 Significant shareholders.** Axpo Holding AG, Baden, directly holds 91.00% of the share capital. No shareholders’ agreements exist.

**1.8 Cross-shareholdings.** There are no cross-shareholdings.

**EGL Group Management Structure as of 1 October 2009**



**EGL Italia**  
 The Energy Trading Retail & Origination and Assets departments of EGL Italia are subordinate to the relevant divisions of the EGL Group (in the sense of a matrix organisation).

Find the complete list of EGL Group's subsidiaries, associated companies and other investments on page 81.

## 02 Capital structure

**2.1 Capital.** The ordinary share capital as at 30 September 2009 is CHF 132 million. EGL has no authorised capital.

**2.2 Changes in capital.** Changes in share capital over the last four years are shown in the “Information per share” table on page 29.

**2.3 Shares and participation certificates.** EGL’s share capital amounts to CHF 132 million, divided into 2,640,000 bearer shares with a par value of CHF 50 per share. The shares are fully paid up. Each bearer share entitles the holder to a vote at the Annual General Meeting. Each share has the same dividend entitlement; there are no restrictions on transferability. There are no preferential rights or restrictions on voting rights. The company has no outstanding participation certificates, dividend-right certificates or options.

## 03 The Board of Directors

The responsibilities of the EGL Board of Directors are defined in the Swiss Code of Obligations, the Articles of Association and the Organisational Regulations.

**3.1 Members of the Board of Directors.** The Board of Directors of EGL AG comprises seven people. None of the Board members exercises an executive management function within the company. In the three financial years preceding the reporting period, no member of the Board was entrusted with an executive management function within the EGL Group, and no business relationships existed.

## The Board of Directors of EGL AG

(as at 30 September 2009)

Heinz Karrer	Münsingen	Chairman
Dr. Rolf Bösch	Wettingen	Vice Chairman
Dr. Peter Derendinger	Wilten near Wollerau	
Dr. Dominik Koechlin	Riehen	
Dr. Manfred Thumann	Lengnau	
Dr. Andrew Walo	Zurich	
Dr. Benedikt Weibel	Muri near Berne	

The following pages provide information about the name, nationality, position, date of appointment, education and training, professional background and other mandates of the Board members.

**Heinz Karrer**

10 May 1959

Swiss

Certified business economist



Member of the EGL Board of Directors since 2003, Chairman since 2003, member of the EGL Audit and Finance Committee, the EGL Nomination and Remuneration Committee and the EGL Risk Council.

**Since 2002**

CEO of Axpo Holding AG

**1998 to 2002**

Member of the Group Executive Board and Head of Marketing & Sales at Swisscom AG

**1995 to 1997**

Chairman of the Management Board of Ringier Schweiz and member of the Group Executive Board of Ringier AG

**Member of the Board of Directors of the following companies**

- Centralschweizerische Kraftwerke AG (Chairman)
- Nordostschweizerische Kraftwerke AG (from 1 October 2009: Axpo AG)
- swissgrid AG
- Resun AG
- Kuoni Reisen Holding AG
- SRG SSR idée suisse Deutschschweiz

Member of the Management Board of Swisselectric and Economiesuisse

**Rolf Bösch**

5 June 1950

Swiss

Dr. oec. HSG



Member of the EGL Board of Directors since 2003, Vice Chairman since 2003, member of the EGL Audit and Finance Committee and the EGL Risk Council

**Since 2002**

CFO and member of the Executive Board of Axpo Holding AG

**1986 to 2002**

CFO and, from 1993, member of Group Management of the Vetropack Group

**Member of the Board of Directors of the following companies**

- Centralschweizerische Kraftwerke AG
- Nordostschweizerische Kraftwerke AG (from 1 October 2009: Axpo AG)
- Kernkraftwerk Gösgen-Däniken AG (until 19 May 2009)

Chairman of the Board of Trustees of the PKE-CPE Vorsorgestiftung Energie, member of the Commission for the Decommissioning and Disposal Fund for Nuclear Power Plants (since 12 December 2008)

**Peter Derendinger**

11 June 1959

Swiss

Dr. iur. LL.M



Member of the EGL Board of Directors since 1999, Chairman of the Nomination and Remuneration Committee, member of the EGL Audit and Finance Committee and the EGL Risk Council

**Since 2004**

CEO of Alpha Associates AG

**2002 to 2004**

Independent financial and legal advisor

**1989 to 2002**

Various management positions in Credit Suisse Group companies (Head of Legal, CFO and member of Executive Management of the Private Banking division)

Prior to that: various positions in law courts and with law firms

**Member of the Board of Directors of the following companies**

- Bank Sarasin & Cie. AG
- Various unlisted financial companies

Chairman of the Board of Directors and Chairman of Executive Management of Alpha Associates AG, a private equity management company

**Dominik Koechlin**

18 March 1959

Swiss

Dr. iur./MBA



Member of the EGL Board of Directors since 2003, Chairman of the EGL Audit and Finance Committee and member of the EGL Nomination and Remuneration Committee.

**1996 to 2000**

Member of the Group Executive Board of Swisscom AG; responsible for international investments  
Prior to that: various positions with financial institutions and business consultancies

**Member of the Board of Directors of the following companies**

- Swissmetal AG (Chairman of the Audit Committee)
- Clariant AG (member of the Audit Committee)
- PHC plc
- Various unlisted companies

Member of the Foundation Board of LGT (bank in Liechtenstein)

**Manfred Thumann**

15 August 1954

Swiss

Dipl.-Ing. Mechanical

Engineering,

Dr.-Ing. Materials Science



Member of the EGL Board of Directors since 2005

**Since 2007**

CEO of Nordostschweizerische Kraftwerke AG  
(from 1 October 2009: Axpo AG)

**Since 2004**

Member of the Executive Board of Axpo Holding AG  
and member of the Executive Board of Nordost-  
schweizerische Kraftwerke AG

**2004 to 2007**

Head of the Nuclear Energy division of NOK and  
Managing Director of Kernkraftwerk Leibstadt AG

**1997 to 2003**

Head of the gas turbine business at Alstom

**1992 to 1997**

Project manager for gas turbine development at ABB

**Member of the Board of Directors of the following companies**

- Axpo Informatik AG (Chairman)
- Axpo Suisse AG (Chairman)
- Resun AG (Chairman)
- Ersatz Kernkraftwerk Beznau AG (Chairman)
- Ersatz Kernkraftwerk Mühleberg
- Kernkraftwerk Gösgen-Däniken AG (Vice Chairman)
- Kernkraftwerk Leibstadt AG
- Centralschweizerische Kraftwerke AG

Chairman of Swisselectric Research, Member of the Executive Board of the Association of Swiss Electricity Companies (VSE), member of the steering committee of the Competence Centre for Energy & Mobility (CCEM)

**Andrew Walo**

15 June 1963

Swiss and British

Dr. oec. publ.



Member of the EGL Board of Directors since 2006

**Since 2004**

Member of the Executive Board of Axpo Holding AG  
and CEO of Centralschweizerische Kraftwerke AG

**2001 to 2004**

Managing Director of SN Energie AG and Kraftwerke  
Zevreila AG

**1999 to 2001**

Head of the international gas turbine division of the  
Alstom Group

**1994 to 1999**

Head of the Project and Profit Centre and General  
Manager of the international gas-fired and com-  
bined-cycle power plant division of the ABB Group

**Member of the Board of Directors of the following companies**

- CKW Conex AG (Chairman)
- Elektrizitätswerk Altdorf AG (Chairman)
- Kraftwerk Göschenen AG
- Nordostschweizerische Kraftwerke AG  
(from 1 October 2009: Axpo AG)
- Elektrizitätswerk Schwyz AG
- Kernkraftwerk Gösgen-Däniken AG
- Kernkraftwerk Leibstadt AG
- swissgrid AG
- Resun AG

**Member of the Management Board of**

- Swisselectric
- Association of Swiss Electricity Companies (VSE)
- Luzerner Industrievereinigung (LIV)

On the Foundation Committee of the Fürsorgestiftung  
CKW

**Benedikt Weibel**

15 October 1946

Swiss

Dr. rer. pol.

Member of the EGL Board of Directors since 2007

**Since 2007**

Professor of practical management at the University of Berne

**2007 to 2008**

Federal Council delegate for Euro 08

**1993 to 2006**

CEO of the Swiss Federal Railways (SBB)

**1990 to 2003**

Managing Director of the SBB Traffic department

**1983 to 1990**

General Secretary of SBB and Director of Marketing, SBB Passenger Traffic

**1978 to 1983**

Secretary to the Chairman of the SBB General Directorate

**Member of the Board of Directors of the following companies**

- Rail Holding AG (Chairman)
- Schweizer Rheinhäfen (Chairman)
- Schweizerische Mobiliar
- Marazzi Holding AG

Chairman of the Swiss Association for Electrical Domestic and Commercial Appliances

**3.2 Election and term of office.** Board members are elected for a period of three years and may be re-elected. There is no restriction on the number of terms of office, but members are only eligible for election to the Board of Directors until the age of 65. Newly elected members take over the predecessors' term of office. The year in which the current members of the Board of Directors were elected for the first time is shown in the brief biographies above.

**3.3 Internal organisation.** The Board of Directors is self-constituting. It appoints the Chairman and the Vice Chairman for a period of three years, as well as the Secretary, who need not be a member of the Board of Directors. The Board of Directors may appoint committees from among its members to perform special duties and assign them the necessary competences. A quorum is constituted when the majority of the board members are present. In the event of a tied vote, the Chairman has the casting vote.

A record of the proceedings and resolutions is kept. The Board of Directors convenes at the invitation of the Chairman as often as business requires, and at the written request of a Board member or Executive Management. During the year under review, the Board of Directors held six meetings in Laufenburg, each lasting an average of four hours. All Executive Management members were generally present at these meetings.

**3.4 Audit and Finance Committee.** The Audit and Finance Committee consists of Dr. Dominik Köchlin (Chairman), Dr. Peter Derendinger, Heinz Karrer and Dr. Rolf Bösch. It forms an independent assessment of the financial condition of the EGL Group, discusses the company's financial statements with the CFO and the Chief Auditor, and provides advice to the Board of Directors, particularly with regard to financial objectives, financial strategy and financial planning. The Committee meets whenever required. During the year under review, it convened four times.

**3.5 Nomination and Remuneration Committee.** The Nomination and Remuneration Committee consists of Dr. Peter Derendinger (Chairman), Heinz Karrer and Dr. Dominik Koechlin. It is charged with defining the contractual terms and conditions of employment for members of Executive Management. It also provides advice to the Board of Directors, particularly with regard to election proposals for new Board members, the selection and evaluation of candidates for Executive Management, and other personnel matters. The Committee meets whenever

required. During the year under review, it convened five times.

**3.6 Risk Council.** In addition to the Board Committees, there is a Risk Council, which is comprised of Heinz Karrer, Dr. Rolf Bösch, Dr. Peter Derendinger and the members of Executive Management. The Risk Council supports the responsible bodies by providing advice on monitoring the risk situation and the further development of risk management. It meets once a quarter.

**3.7 Assignment of Authorities.** The division of authorities and responsibilities between the Board of Directors and Executive Management is laid down in the Organisational Regulations, which are published on the EGL website [www.egl.ch](http://www.egl.ch) under "Investor". The Organisational Regulations set forth the non-transferable and inalienable duties of the Board of Directors as stipulated by law, and delegate all remaining activities (especially those of an operational nature) to the CEO, who in turn delegates them to members of Executive Management. Executive Management is presided over by the CEO, who ensures that decisions made by the Board of Directors are implemented. Financial competencies are governed by the Appendix to the Organisational Regulations. The CEO can personally approve, inter alia, non-budgeted projects and loans, as well as investments and divestments up to the amount of CHF 3 million, and can make decisions on participating interests in companies up to an amount of CHF 5 million. Decisions on transactions over and above this amount are subject to the approval of the Board of Directors. Every year the Board sets special limits of authority for the CEO for energy transactions.

**3.8 Information and control instruments vis-à-vis Executive Management.** Executive Management informs the Board of Directors about the progress of business on a quarterly basis and about other important events on an ongoing basis. The auditors draw up an annual Management Letter outlining the most important findings of their audit (see comments on page 23, Auditors). The internal auditors report on the results of their activities to the Board of Directors. The Risk Council reports to the Board of Directors on a regular basis regarding risk assessment and risk management at EGL.

## 04 Executive Management

### EGL Executive Management (as at 30 September 2009)

Hans Schulz	CEO
Markus Brokhof	Gas Supply & SEE (since 3 December 2008)
Guy Bühler	Assets
Domenico De Luca	Energy Trading & Origination (since 1 April 2009)
Andreas Rudolf*	Finance & Operations (CFO)

\* Deputy CEO

In December 2008, the EGL Board of Directors elected Markus Brokhof to the company's Executive Management and appointed him Head of Gas Supply & SEE. Markus Brokhof had been serving in both functions ad interim since June 2008.

Executive Management member Harald von Heyden stepped down as Head of Energy Trading & Origination at the end of March 2009 and has since returned to his previous position as Managing Director of EGL Nordic. The EGL Board of Directors appointed Domenico De Luca to Executive Management and as the new Head of Energy Trading & Origination with effect from 1 April 2009.

The following pages provide details of the name, age, position, nationality, date of appointment and professional background of the individual members of Executive Management.

**Hans Schulz**

20 April 1959

German

Dr. Ing., Industrial Engineer

**Since 1 October 2007**

CEO of EGL

**Since 1 October 2006**

Member of the Executive Board of Axpo Holding AG

**2006 to 30 September 2007**

Member of Executive Management of Nordostschweizerische Kraftwerke AG (NOK) and Head of NOK Grids and Head of NOK

**1999 to 2005**

Member of the extended Executive Board of Unaxis

**1998 to 1999**

Head of the Thin Films division of Balzers

**1996 to 2005**

Head of the Coating division of Balzers and Leybold (later Coating Services division [Balzers] of Unaxis)

**1994 to 1995**

Managing Director of Balzers Verschleisschutz GmbH

**1992 to 1993**

Head of Communication and Innovation in the Surface Metallurgy division of Balzers AG

**1987 to 1991**

Project Manager for Development, Balzers AG

**Member of the Board of Directors of the following companies**

- Nordostschweizerische Kraftwerke AG (from 1 October 2009: Axpo AG)
- Centralschweizerische Kraftwerke AG
- Rätia Energie AG
- Rätia Energie Klosters AG
- Trans Adriatic Pipeline AG (Chairman)

Member of the Executive Board of Swisselectric

**Markus Brokhof**

4 September 1966

German

Mining Engineer

**Since December 2008**

Head of Gas Supply &amp; SEE

**June to December 2008**

Head of Gas division of EGL (ad interim)

**2003 to June 2008**

Area Manager Middle East/North Africa at EGL

**2001 to 2003**

Gas Trader at Wingas GmbH

**1998 to 2001**

Contracts &amp; Marketing Supervisor, Deutsche Tiefbohr International GmbH

**1997**

VEBA Kraftwerke Ruhr AG

**Member of the Board of Directors of**

Trans Adriatic Pipeline AG

**Guy Bühler**

29 November 1964

Swiss

Dr. nat. oec.

**Since May 2007**

Head of Assets

**2004 to 2007**

Head of Strategic Asset Management and Tolling at EGL

**2002 to 2004**

Head of Trading at EGL subsidiary Deriwatt AG

**2001 to 2002**

Head of the General Ledger department of EGL

**1995 to 2001**

Head of the Spot Trading department of EGL

**1994 to 1995**

Member of the Energy Traffic department of EGL

**Member of the Board of Directors of the following companies**

- Aktiengesellschaft für Kernenergiebeteiligungen (AKEB)
- Energiefinanzierungs AG (ENAG)
- Lizerne et Morges SA
- Kernkraftwerk Leibstadt AG
- Rätia Energie AG

**Domenico De Luca**

3 April 1966

Italian

Mechanical Engineer, MBA

**Since April 2009**

Head of Energy Trading &amp; Origination at EGL

**2007 to 2009**

CEO of EGL Italia S.p.A

**2001 to 2007**

CEO of EGL España SL

**2000 to 2001**

Responsible for the Italian market, EGL Group

**1997 to 2000**

Sales Manager, Mixpac Systems AG

**1995 to 1997**

Project Management, ABB SAE SADELM I S.p.A.

**Andreas Rudolf**

11 November 1966

Swiss

Dr. rer. pol., Business

Economist

**Since August 2006**

Head of Finance &amp; Operations at EGL (CFO)

**2005 to 2006**

Head of Group Finance and Controlling at Siemens Building Technologies

**2001 to 2005**

Head of Finance and Accounting at Siemens Schweiz AG

**1998 to 2000**

Project Manager for the international Siemens Shared Services project in Siemens Corporate Finance

**1997 to 1998**

Assistant to the General Director of Siemens Schweiz AG

**1993 to 1996**

Accountant and consultant at Coopers &amp; Lybrand

**Member of the Board of Directors of the following companies**

- Aktiengesellschaft für Kernenergiebeteiligungen (AKEB)
- Energiefinanzierungs AG (ENAG)
- Axpo Informatik AG

**4.1 Management agreements.** No management agreements exist with third parties.

## **05 Remuneration, participating interests and loans**

**5.1 Content and process for determining remuneration and share ownership programmes.** Under the terms of the Articles of Association, members serving on the Board of Directors receive “appropriate remuneration for their activities, as defined by the Board of Directors”. Remuneration is not dependent on company results. It comprises a lump-sum remuneration which was defined in December 2007. The remuneration is reviewed by the Board of Directors at undefined intervals and revised if necessary.

The remuneration model applied to Executive Management is the same as the remuneration model used for all other EGL employees, and consists of a basic salary and a bonus component. The model has basically remained unchanged for the last five years. The remuneration model for Axpo Executive Board members applies to the CEO.

The salaries paid by EGL are based on the employee’s individual position (responsibility and personal performance) and market value (benchmark for sector and function). The salaries paid to members of Executive Management also contain other components, including company car and fringe benefits, which apply equally to all EGL employees. EGL does not operate a share ownership plan, nor does it allocate shares or options as a fixed remuneration component.

The bonus component for members of Executive Management is dependent on the company’s business results and the achievement of personal objectives. This is evaluated at the end of the reporting period on the basis of the objectives agreed during a meeting with the employee’s line manager at the beginning of the financial year. All components of the remuneration package for members of Executive Management (including salary for the following calendar year and the bonus for the previous business year) are set on an annual basis. The CEO submits his proposal to the Nomination and Remuneration Committee of the Board of Directors, which then makes a decision on the proposal.

**5.2 Remuneration to members of the Board of Directors and Executive Management.** In accordance with Art. 663b bis of the Swiss Code of Obligations (Transparency Law), remuneration is listed on page 95 of the Notes to the financial statements of EGL AG.

**5.3 Share ownership.** As at 30 September 2009, members of the Board of Directors owned 213 shares in EGL AG and members of Executive Management held none.

**5.4 Loans to officers and directors.** No loans were granted to members of the Board of Directors or Executive Management or to related parties, and no such loans are outstanding.

## **06 Shareholders’ rights**

EGL has only issued bearer shares. The shareholders’ rights are fully in accordance with the requirements of the Swiss Code of Obligations. There are no restrictions on voting rights.

There are no quotas in the Articles of Association that deviate from the provisions of the Swiss Code of Obligations with regard to passing resolutions at the Annual General Meeting.

The Articles of Association do not contain any provisions that deviate from the rules laid down by the Swiss Code of Obligations with regard to convening the Annual General Meeting.

Shareholders who represent shares with a par value of CHF 1 million may submit items for inclusion on the agenda of the Annual General Meeting. The request must be submitted to the Board of Directors no later than 50 days before the Annual General Meeting.

## **07 Change of control and defensive measures**

**7.1 Obligation to submit a purchase offer.** The Articles of Association include an opting-out clause. No defensive measures are provided for in the Articles of Association

**7.2 Change of control clauses.** There are no long-standing contractually binding relationships with members of the Board of Directors or members of Executive Management. No compensation payments to departing members have been contractually agreed.

## 08 Auditors

**8.1 External auditors.** The mandate to act as external auditors for EGL AG and to carry out the EGL Group audit was awarded to KPMG AG, Basel, in 1956. The Auditor in Charge since the Annual General Meeting in 2004 has been Markus Forrer. The auditors' term is one year. KPMG invoiced CHF 1,951,810 for auditing services and CHF 37,475 for other services provided in Switzerland and abroad during the 2008/09 financial year.

**8.2 Internal auditors.** The internal audit of all EGL Group companies was performed by PricewaterhouseCoopers (PwC). The purpose of this audit, which is not prescribed by law and is commissioned by the Chairman of the Board of Directors or the CEO in consultation with the Chairman of the Audit and Finance Committee, is to examine the effectiveness and efficiency of operational processes. A written report is submitted to the Chairman of the Board of Directors and to the Audit and Finance Committee. The Board of Directors is informed verbally of the results of the audit in a special meeting.

**8.3 Supervisory and control instruments vis-à-vis the auditors.** The Audit and Finance Committee of the Board of Directors is the supervisory body of the external and internal auditors.

It instructs the auditors to submit a report on the audits performed and the related findings at least once a year. It also inspects the auditing plans and requests any proposals for improvement to the internal control systems, as well as evaluating the work done by the auditors.

The Board of Directors is informed of the findings of the audit by means of a Management Letter from the external auditors, which must first be commented upon by Executive Management. The external auditors conduct an interim audit to make sure that the points addressed in the Management Letter have been dealt with, and the results are reported to the Board of Directors.

A representative from the external auditors usually attends meetings held by the Audit and Finance Committee of the Board of Directors. Representatives from the external auditors attended two meetings held by the Audit and Finance Committee during the 2008/09 financial year.

## 09 Risk management

EGL's risk management meets high standards and is an important instrument of corporate governance. A report on the activities of EGL Group Risk Management is published on page 8.

## 10 Information policy

The EGL Annual Report is intended to provide information on business activities, organisation and strategy. In its interim half-year report, EGL publishes the income statement, balance sheet, statement of changes in equity and cash flow figures for the first six months of the financial year, while important information is disseminated ad-hoc to the general public by means of media releases. All current publications and up-to-date information can be found online at [www.egl.ch](http://www.egl.ch)

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# EGL Group generates profit for the period of CHF 186.7 million in a demanding market environment

**The EGL Group increased gross margin to CHF 810.4 million, 4% higher than the previous year figure. Due to impairments resulting from the decision to sell the project Energy Plus, an increase in other operating expenses and a negative financial result, profit for the period is 41% lower at CHF 186.7 million. Cash flow from operating activities improved significantly in the second half-year.**

The EGL increased gross margin slightly to CHF 810.4 million (+4%). Therein included is the profit from energy derivatives trading of CHF 239.2 million, which was down 12% on the previous year. Due to the negative price trend in gas trading, EGL posted a provision of CHF 13.8 million for onerous gas supply contracts.

#### **Higher expenses**

In the financial year 2008/09 EGL continued to pursue its growth strategy, which led to an increase in operating expenses. With the average number of employees (full-time equivalent) rising from 602 to 746 (+24%), personnel expenses ascended up by 10% to CHF 149.9 million.

Other operating expenses increased by 38% to CHF 234.5 million. This includes expenses amounting to CHF 82.8 million for various IT projects and consulting services as well as CHF 45.8 million for maintenance work on the Calenia Energia S.p.A. and Rizziconi Energia S.p.A. power plants (+38%). EGL also allocated provisions of CHF 34.6 million for bad debts (+80%).

Depreciation and amortisation rose by 126% to CHF 112.8 million on account of grid installations, fixtures and fittings and depreciation of the Calenia Energia S.p.A. and Rizziconi Energia S.p.A. gas-fired combined-cycle power

plants. In addition, following the decision to sell the Energy Plus power plant project, the related goodwill (CHF 7.5 million) and the incurred capitalised project costs (assets under construction) amounting to CHF 38.9 million were impaired.

#### **Profit for the period well below prior year level**

For the financial year 2008/09 the EGL Group generated earnings before interest and tax (EBIT) of CHF 329.8 million, 24% lower than the previous year. The share of profit from associates decreased from CHF 12.8 million to CHF 1.7 million, primarily due to the delayed commissioning of the SE Ferrara power plant.

Three significant factors impacted the financial result of CHF -83.9 million: the interest expense of CHF 58.5 million (+31%) for the gas-fired combined-cycle power plants of Calenia Energia S.p.A. and Rizziconi Energia S.p.A., a 32% drop in interest income to CHF 35.8 million, and negative currency effects amounting to CHF 51.0 million. Accordingly, earnings before tax (EBT) were 40% lower at CHF 247.6 million.

This resulted in consolidated income tax expenses of CHF 60.9 million (-39%), giving rise to a profit for the period of CHF 186.7 million (-41%).

### Equity ratio remains solid

EGL's total assets fell by 5% to CHF 6,788.4 million. Property, plant and equipment declined by 7% to CHF 1,469.8 million, mainly due to depreciation and impairment expenses. Intangible assets rose by 19% to CHF 159.5 million, primarily as a result of investments in further business expansion.

Inventories consisting of emission and green certificates as well as gas inventories were 45% lower at CHF 65.2 million. Current assets dropped by 8% to CHF 4,323.4 million, largely due to a 22% reduction in positive replacement values to CHF 1,591.0 million. On the liabilities side, negative replacement values also decreased to CHF 1,430.9 million (-28%).

Since 30 September 2008, equity including minority interests changed slightly from CHF 2,110.1 million to CHF 2,110.8 million (+0%). This marginal change is in particular due to the negative currency effects of CHF 57.3 million, as well as the reduction of CHF 60.2 million in reserves from hedge accounting posted directly in equity. At 31.1%, the equity ratio is at a solid level.

### Cash flow from operating activities significantly improved compared to first half-year

Due to the financial crisis, EGL hedged its credit risks more securely in the reporting period, excluding individual counterparties from its trading activities and focusing on trading partners with whom it has standardised contracts with credit support annexes (CSA). It also moved more of its trading activities to exchanges. The hedging of EGL's trading positions with CSA trading partners and standardised exchange-traded transactions resulted in a substantial cash outflow in the first half-year. EGL succeeded in recovering some of these payments in the second half-year. Higher depreciation and amortisation as well as lower inventories improved among others the cash flow from operating activities, which amounts to CHF 174.5 million (-41%) at year end closing.

Cash outflow from investing activities decreased to CHF -129.1 million in the reporting period (previous year CHF -277.4 million). Cash flow from financing activities amounted to CHF -96.9 million (previous year CHF +102.4 million), resulting in a free cash flow of CHF +12.7 million (previous year CHF 51.6 million).

At 30 September 2009, cash and cash equivalents amounted to CHF 718.4 million (-9%).

### Negative share performance

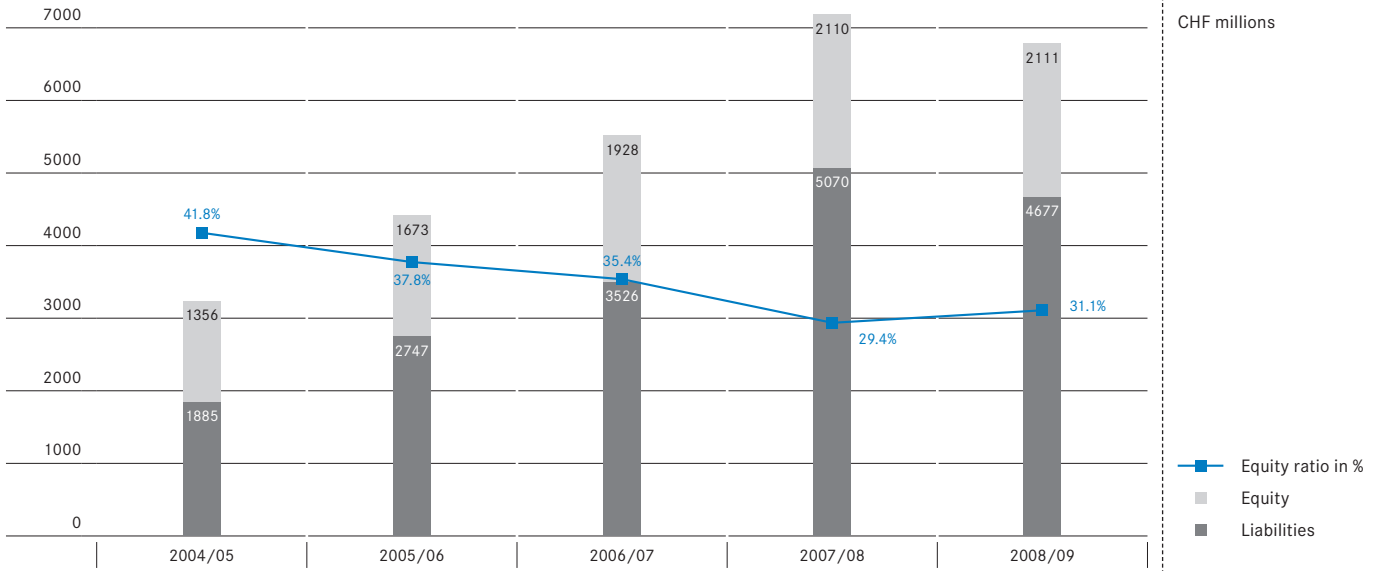
During the reporting period the EGL share price reached a high of CHF 1,241 on 1 October 2008. At the end of September 2009 it was trading at CHF 1,100, resulting in

a negative share performance of -12.0% or a negative total return of -10.6% (taking dividends into account). Over the same period the Swiss Performance Index showed a negative performance of -1.8%.

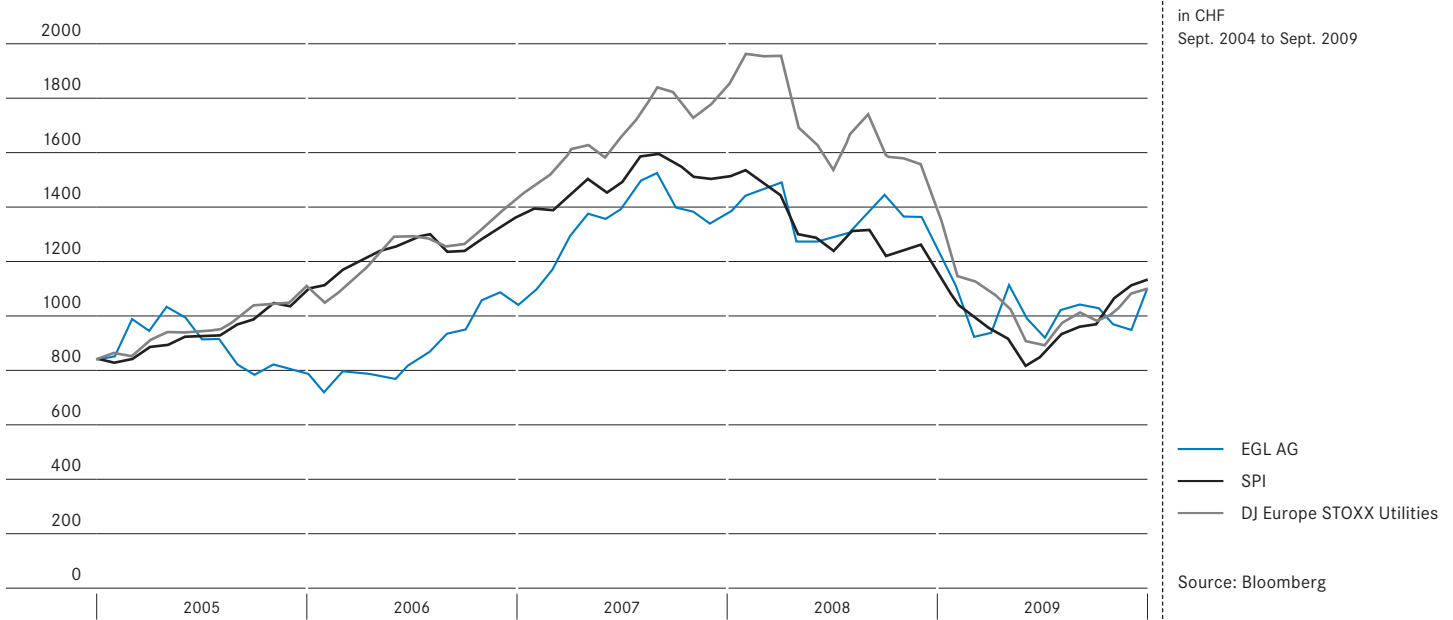
On average, 552 EGL shares changed hands daily during the reporting period. Equity per share (excluding minority interests) eased marginally from CHF 791.55 to CHF 788.98, while earnings per share dropped from CHF 119.48 to CHF 70.83 (-41%).

**EGL's equity ratio remains at a solid level of 31.1%.**

**Equity ratio development**



**Financial performance of the EGL share versus market performance**



**Information per share**

	2008/09	2007/08	2006/07	2005/06	2003/04
Nominal value	50.00	50.00	50.00	50.00	50.00
Market price at 30 September	1,100	1,250	1,375	1,040	790
High	1,241	1,539	1,530	1,098	1,040
Low	866	1,159	1,011	700	750
Earnings excl. minority interests	70.83	119.48	169.49	92.20	42.84
Equity	788.98	791.55	721.81 <sup>1)</sup>	626.80 <sup>1)</sup>	511.52
Dividend	18.00 <sup>2)</sup>	18.00	18.00	18.00	15.00
Average daily trading volume	552	1,180	1,096	668	719

<sup>1)</sup> Basis for calculating key figures; number of shares issued, less treasury stock

<sup>2)</sup> Proposal of the Board of Directors

## Consolidated income statement

CHF MILLIONS	NOTES	2008/09	2007/08
<b>Net sales</b>	7	<b>3,957.7</b>	<b>4,167.0</b>
Own work capitalised		10.7	6.1
Other operating income		21.6	21.3
<b>Revenues</b>		<b>3,990.0</b>	<b>4,194.4</b>
Energy procurement and cost of goods	8	- 3,147.3	- 3,386.2
Material and third party supplies		- 15.7	- 18.4
Personnel expenses	9	- 149.9	- 136.4
Other operating expenses	10	- 234.5	- 170.4
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>442.6</b>	<b>483.0</b>
Depreciation and amortisation	11	- 112.8	- 49.9
<b>Earnings before interest and tax (EBIT)</b>		<b>329.8</b>	<b>433.1</b>
<b>Share of profit of associates</b>	16	<b>1.7</b>	<b>12.8</b>
Financial income	12	479.3	386.5
Financial expense	12	- 563.2	- 417.1
<b>Financial result</b>	12	<b>- 83.9</b>	<b>- 30.6</b>
<b>Earnings before tax (EBT)</b>		<b>247.6</b>	<b>415.3</b>
Income tax expense	13	- 60.9	- 99.9
<b>Profit for the period</b>		<b>186.7</b>	<b>315.4</b>
Attributable to:			
<b>EGL shareholders</b>		<b>187.0</b>	<b>315.4</b>
<b>Minority interests</b>		<b>- 0.3</b>	<b>-</b>
		2008/09	2007/08
<b>EARNINGS PER SHARE</b>			
Average number of issued bearer shares at a nominal value of CHF 50.00 each		2,640,000	2,639,736
Net profit in CHF millions		187.0	315.4
<b>Earnings per share in CHF</b>		<b>70.83</b>	<b>119.48</b>

Undiluted earnings per share are calculated on the basis of the weighted average number of shares outstanding. There are no circumstances that would result in a dilution in earnings per share.

## Consolidated balance sheet

CHF MILLIONS	NOTES	30.09.2009	30.09.2008
<b>ASSETS</b>			
Property, plant and equipment	14	1,469.8	1,580.5
Intangible assets	15	159.5	133.8
Investments in associates and partner plants	16	512.7	486.1
Other financial assets	17	293.9	281.8
Deferred tax assets	13	29.1	3.4
<b>Total non-current assets</b>		<b>2,465.0</b>	<b>2,485.6</b>
Inventories	18	65.2	119.6
Trade receivables	19	845.1	751.8
Financial receivables		28.7	7.3
Current tax assets	13	52.3	24.6
Other receivables	20	990.7	915.9
Derivatives (positive replacement value)	30	1,591.0	2,039.6
Securities		32.0	49.2
Cash and cash equivalents	21	718.4	786.5
<b>Total current assets</b>		<b>4,323.4</b>	<b>4,694.5</b>
<b>Total assets</b>		<b>6,788.4</b>	<b>7,180.1</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		132.0	132.0
Retained earnings		1,950.9	1,957.7
<b>Total equity attributable to the equity holders of the parent</b>		<b>2,082.9</b>	<b>2,089.7</b>
Minority interests		27.9	20.4
<b>Total equity</b>		<b>2,110.8</b>	<b>2,110.1</b>
Financial liabilities	23	1,155.9	1,278.4
Other liabilities	24	52.8	53.9
Deferred tax liabilities	13	73.6	112.7
Provisions	25	31.9	41.5
<b>Total non-current liabilities</b>		<b>1,314.2</b>	<b>1,486.5</b>
Trade payables	26	728.2	611.2
Financial liabilities	27	319.8	209.2
Current tax liabilities	13	79.2	53.0
Other liabilities	28	775.9	710.9
Derivatives (negative replacement value)	30	1,430.9	1,981.4
Provisions	25	29.4	17.8
<b>Total current liabilities</b>		<b>3,363.4</b>	<b>3,583.5</b>
<b>Total liabilities</b>		<b>4,677.6</b>	<b>5,070.0</b>
<b>Total equity and liabilities</b>		<b>6,788.4</b>	<b>7,180.1</b>

## Consolidated statement of changes in equity

CHF MILLIONS	SHARE CAPITAL	REVALUATION RESERVE <sup>1)</sup>	AFS REVALUATION RESERVE	RESERVE FROM HEDGE ACCOUNTING	ACCUMULATED FOREIGN CURRENCY DIFFERENCES	OTHER RESERVES	TREASURY SHARES	RETAINED RESERVES	TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	MINORITY INTERESTS	TOTAL EQUITY
<b>Equity at 1 October 2007</b>	<b>132.0</b>	<b>229.2</b>	<b>1.5</b>	<b>29.9</b>	<b>60.2</b>	<b>1,452.8</b>	<b>-0.3</b>	<b>1,773.3</b>	<b>1,905.3</b>	<b>23.0</b>	<b>1,928.3</b>
Changes in securities and other financial assets			-1.5					-1.5	-1.5		-1.5
Changes in hedge accounting				-4.3				-4.3	-4.3	-0.2	-4.5
Deferred taxes on IAS 39 values			0.5	1.4				1.9	1.9	0.1	2.0
Effects from currency translation differences					-60.9			-60.9	-60.9	-0.5	-61.4
<b>Total recognised income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-1.0</b>	<b>-2.9</b>	<b>-60.9</b>	<b>-</b>	<b>-</b>	<b>-64.8</b>	<b>-64.8</b>	<b>-0.6</b>	<b>-65.4</b>
Profit for the period						315.4		315.4	315.4	-	315.4
<b>Total profit for the period</b>	<b>-</b>	<b>-</b>	<b>-1.0</b>	<b>-2.9</b>	<b>-60.9</b>	<b>315.4</b>	<b>-</b>	<b>250.6</b>	<b>250.6</b>	<b>-0.6</b>	<b>250.0</b>
Dividend						-47.5		-47.5	-47.5	-3.2	-50.7
Transactions with minorities						-19.3		-19.3	-19.3	1.2	-18.1
Sale of treasury shares						0.3	0.3	0.6	0.6		0.6
<b>Equity at 30 September 2008</b>	<b>132.0</b>	<b>229.2</b>	<b>0.5</b>	<b>27.0</b>	<b>-0.7</b>	<b>1,701.7</b>	<b>-</b>	<b>1,957.7</b>	<b>2,089.7</b>	<b>20.4</b>	<b>2,110.1</b>
<b>Equity at 1 October 2008</b>	<b>132.0</b>	<b>229.2</b>	<b>0.5</b>	<b>27.0</b>	<b>-0.7</b>	<b>1,701.7</b>	<b>-</b>	<b>1,957.7</b>	<b>2,089.7</b>	<b>20.4</b>	<b>2,110.1</b>
Changes in securities and other financial assets			0.3					0.3	0.3		0.3
Changes in hedge accounting				-89.9				-89.9	-89.9	-7.3	-97.2
Deferred taxes on IAS 39 values				29.7				29.7	29.7	2.4	32.1
Effects from currency translation differences					-57.3			-57.3	-57.3	-0.7	-58.0
Disposal and impairment		-31.8				2.7		-29.1	-29.1		-29.1
<b>Total recognised income and expenses for the period</b>	<b>-</b>	<b>-31.8</b>	<b>0.3</b>	<b>-60.2</b>	<b>-57.3</b>	<b>2.7</b>	<b>-</b>	<b>-146.3</b>	<b>-146.3</b>	<b>-5.6</b>	<b>-151.9</b>
Profit for the period						187.0		187.0	187.0	-0.3	186.7
<b>Total profit for the period</b>	<b>-</b>	<b>-31.8</b>	<b>0.3</b>	<b>-60.2</b>	<b>-57.3</b>	<b>189.7</b>	<b>-</b>	<b>40.7</b>	<b>40.7</b>	<b>-5.9</b>	<b>34.8</b>
Dividend						-47.5		-47.5	-47.5		-47.5
Transactions with minorities						-		-	-	13.4	13.4
<b>Equity at 30 September 2009</b>	<b>132.0</b>	<b>197.4</b>	<b>0.8</b>	<b>-33.2</b>	<b>-58.0</b>	<b>1,843.9</b>	<b>-</b>	<b>1,950.9</b>	<b>2,082.9</b>	<b>27.9</b>	<b>2,110.8</b>

<sup>1)</sup> see Note 14 Property plant and equipment "grid"

The non-distributable portion of reserves under the Swiss Law amounts to CHF 71.3 million.

## Consolidated cash flow statement

CHF MILLIONS	NOTES	2008/09	2007/08
<b>Earnings before tax (EBT)</b>		<b>247.6</b>	<b>415.3</b>
Interest, other financial income/expense, dividends, capitalised borrowing costs		45.8	12.8
Loss/(profit) from disposal of tangible assets		1.3	-0.2
Adjustment of non-cash expenses and income:			
Depreciation and amortisation	11	112.8	49.9
Share of profit of associates	16	-1.7	-12.8
Change in provisions (excl. interest, net)	25	10.2	12.2
Unrealised gain/loss derivatives		-202.0	-11.1
Other non-cash items		26.3	13.1
Change in inventories		52.4	-79.9
Change in trade receivables		-136.8	-132.2
Change in other receivables (current)		-101.9	-107.5
Change in trade payables		125.2	80.8
Change in other liabilities (current)		93.4	151.0
Change in derivatives		-2.8	0.2
Use of provisions	25	-3.6	-8.9
Income taxes paid		-91.7	-86.8
<b>Cash flow from operating activities</b>		<b>174.5</b>	<b>295.9</b>
Property, plant and equipment:			
Acquisitions (excl. capitalised borrowing costs and dismantling costs)	14	-72.8	-188.4
Disposals		1.3	1.9
Intangible assets:			
Investments (excl. goodwill)	15	-28.8	-7.0
Investments in subsidiaries, net of cash acquired <sup>1)</sup>		-0.7	-0.3
Sales of subsidiaries, net of cash disposed		-	-3.3
Investments in associates:			
Acquisitions	16/36	-42.2	-23.4
Sales and equity reduction		0.8	-
Other financial assets			
Acquisitions	17	-26.2	-103.1
Disposals and repayments		-	2.5
Income taxes paid on sale of financial assets		-	-26.3
Change in securities (current)		17.5	5.9
Change in current financial assets		-21.0	-1.5
Dividends received	12/16	11.1	11.0
Interest received		31.9	54.6
<b>Cash flow from investing activities</b>		<b>-129.1</b>	<b>-277.4</b>

<sup>1)</sup> see note 36 Change in scope of consolidation

CHF MILLIONS	NOTES	2008/09	2007/08
Proceeds from financial liabilities (non-current)		0.1	154.0
Repayments of financial liabilities (non-current)		-77.1	-123.7
Change in other liabilities (non-current)		0.4	24.7
Proceeds from financial liabilities (current)		373.0	197.3
Repayments of financial liabilities (current)		-257.8	-0.2
Sales of treasury shares		-	0.6
Change in minority interests		-	-18.1
Dividends paid		-47.5	-50.7
Interest paid		-88.0	-81.5
<b>Cash flow from financing activities</b>		<b>-96.9</b>	<b>102.4</b>
Foreign exchange differences		-16.6	-18.2
Change in cash and cash equivalents		-68.1	102.7
Cash and cash equivalents at the beginning of the reporting period	21	786.5	683.8
<b>Cash and cash equivalents at the end of the reporting period</b>	21	<b>718.4</b>	<b>786.5</b>
<b>FREE CASH FLOW</b>			
<b>Cash flow from operating activities</b>		<b>174.5</b>	<b>295.9</b>
Net investment in property, plant and equipment		-71.5	-186.5
Net investment in intangible assets		-28.8	-7.0
Investments in subsidiaries, net of cash acquired		-0.7	-0.3
Divestment of subsidiaries, net of cash disposed		-	-3.3
Investments in associates		-42.2	-23.4
(Investments in) divestments of other financial assets (excl. financial loans)		-18.6	-23.8
<b>Free cash flow</b>		<b>12.7</b>	<b>51.6</b>

EGL has aggregated credit facilities of CHF 1,343.4 million available from banks and financial institutions (previous year: CHF 1,180.6 million). As at 30 September 2009, CHF 554.8 million of this amount was used for guarantees (previous year: CHF 515.8 million). Income taxes paid in the reporting period amount to CHF 91.7 million (previous year: CHF 113.1 million),

## Notes to the consolidated financial statements

### 01 General information

The EGL Group is a European energy trader whose target segment consists of industrial consumers throughout Europe. The Axpo Group holds 91.00% of the shares in EGL AG. EGL operates trading and sales companies in various European countries (see "Group subsidiaries, associates and other investments"). In addition, EGL has investments in power plants in Switzerland and long-term procurement agreements with power plants in France. The Group is also expanding its production portfolio with gas-fired combined-cycle power plants in Italy, and is developing projects aimed at building up its assets in other key markets.

### 02 Accounting principles

The consolidated financial statements of the EGL Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. They provide a true and fair view of the financial positions and results of operations of the EGL Group. The consolidated financial statements were approved for publication by the Board of Directors of EGL AG on 2 December 2009 and are still to be approved by the General Meeting of Shareholders on 25 January 2010.

The EGL Group adopted the following new and revised standards and interpretations the first time for the 2008/09 financial year:

IAS 39 and IFRS 7 Rev. Disclosures relating to the Reclassification of Financial Assets

IFRIC 9 Embedded Derivatives

IFRIC 12 Service Concession Agreements

IFRIC 13 Customer Loyalty Programmes

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Adoption of these new and revised principles had no impact on the Group's financial positions and results of operations.

The EGL Group is currently reviewing the potential impact of the following new and revised standards and interpretations which have already been approved but whose adoption in the EGL Group accounts is not yet compulsory. They will be adopted no later than the financial year beginning on the date given in brackets.

IAS 1 Rev. Presentation of Financial Statements (1 January 2009)

IAS 23 Rev. Borrowing Costs (1 January 2009)

IAS 27 Rev. Consolidated and Separate Financial Statements according to IFRS (1 July 2009)

IAS 32 Amendment relating to Puttable Financial Instruments and Obligations Arising on Liquidation (1 January 2009)

IAS 32 Amendment on the Classification of Rights Issues (1 February 2010)

IAS 39 Rev. Financial Instruments Recognition and Measurement (eligible hedged items) (1 July 2009)

IFRS 1 Rev. First-time Adoption of International Financial Reporting Standards (1 July 2009)

IFRS 1 Amendment to First-time Adoption of International Financial Reporting Standards – Additional Exemptions (1 January 2010)

IFRS 2 Rev. Amendment to Share-based Payment: Vesting Conditions and Cancellations (1 January 2009)

IFRS 2 Amendment to Accounting for Group Cash-settled Share-based Payment Transactions (1 January 2010)

IFRS 3 Rev. Business Combinations (1 July 2009)

IFRS 5 Rev. Shares held for sale (1 July 2009)

IFRS 7 Amendment to Financial Instruments: Disclosure (1 January 2009)

IFRS 8 Operating Segments (1 January 2009)

IFRIC 15 Agreements for the Construction of Real Estate (1 January 2009)

IFRIC 17 Distributions of Non-cash Assets to Owners (1 July 2009)

Changes in IFRSs (May 2008) (1 January 2009/1 July 2009)

Changes in IFRSs (1 July 2009/1 January 2010)

Based on current analyses of the standards and interpretations, the EGL Group expects no significant impact on the results or financial situation; however, more extensive reporting is required for some areas. The impact of some standards and interpretations on the consolidated financial statements has not yet been determined on a reliable basis.

### 03 Consolidation principles

**Scope of consolidation.** The consolidated financial statements are based on the individual financial statements of all consolidated companies of the EGL Group as at 30 September 2009. Subsidiaries are included in the consolidated financial statements from the date of acquisition, and

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excluded as from the date of their disposal. The date of acquisition is defined as the date on which control over the net assets and operating activities of the acquired company effectively passes to the EGL Group. Besides EGL AG, the consolidated financial statements include all those companies over which the EGL Group exercises direct or indirect control via subsidiaries and can therefore exert an influence over their financial and business policy.

**Investments in associates and partner plants.** Investments over which the EGL Group exercises significant influence, but not control, are accounted for using the equity method. As of the date of acquisition, the fair value of the proportional net assets is calculated and, together with any goodwill, recognised in the balance sheet under the position "Investments in associates and partner plants". In subsequent reporting periods, this value is adjusted for any change in the EGL Group's share of the capital and income earned as well as any dividends. Jointly operated partner plants are included in the consolidated accounts using the same method.

Where investments in partner plants are acquired, involving a legal obligation to assume the annual costs, under certain circumstances this may give rise to a provision for onerous contracts rather than recognition as an asset for the right to procure electricity.

Material balances and transactions with investments accounted for under the equity method are recognised separately in the accounts as positions with associates.

**Goodwill.** The capital consolidation at the time of acquisition is effected by offsetting the cost of the acquisition against EGL's interest in the revalued net assets of the acquiree. Assets, liabilities and contingent liabilities of the subsidiary are recognised at their fair value, regardless of minority interests. Any excess on costs of acquisition over the fair value is recognised as goodwill. When costs of acquisition are lower than the fair value, the fair values are reviewed and any remaining surplus is immediately recognised in profit or loss. Goodwill is tested for impairment at least annually, or earlier if there is an indication for impairment.

If additional minority interests are acquired in companies over which EGL already has control, no revaluation of assets or liabilities is necessary. Any difference between the purchase price and the value of assets minus liabilities is not recognised as goodwill but is offset against the consolidated equity of the parent without impacting the income statement.

**Intragroup transactions.** All intragroup receivables, liabilities and profits are eliminated on consolidation. Electricity produced by partner plants is invoiced to shareholders at production cost on the basis of existing partnership agreements and regardless of market prices. Market prices or contractually agreed transfer prices generally apply for the invoicing of other goods and services between Group companies.

**Reporting currency and translation of foreign currencies.** The reporting currency, which is also the company's functional currency, is Swiss francs. Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction or at an exchange rate which corresponds closely to the transaction rate. At the balance sheet date, receivables and liabilities in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Any translation differences which arise are recognised in profit or loss.

Assets and liabilities of subsidiaries and of associates accounted for using the equity method, whose functional currency is not Swiss francs, are translated on consolidation into Swiss francs at the exchange rate prevailing on the balance sheet date. Goodwill and fair value adjustments relating to acquisitions of foreign companies are recognised in the balance sheet as assets of the acquired entity. The income statement, cash flow statement and other movement positions are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the financial statements of foreign subsidiaries and of associates accounted for using the equity method are recognised directly in consolidated equity and reported separately as cumulative foreign currency translation differences. On the date of disposal of foreign subsidiaries or associates, the corresponding currency translation differences are recognised in the income statement.

In order to hedge its exposure to certain foreign currency risks, the EGL Group enters into forward contracts and options. The accounting and valuation principles applied to these derivative financial instruments are described below.

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Foreign currency exchange rates. The following rates were applied for the translation of income statement and balance sheet figures into CHF:

CURRENCY	UNIT	YEAR-END RATES IN BALANCE SHEET		AVERAGE RATES IN INCOME STATEMENT	
		30.09.2009	30.09.2008	2008/09	2007/08
ALL	100	1.1440	1.2960	1.2080	1.3520
BGN	100	77.0900	80.6500	77.4224	82.9960
CZK	100	5.9900	6.4000	5.7660	6.4240
EUR	1	1.5078	1.5774	1.5143	1.6213
GBP	1	1.6582	-	1.7382	-
HUF	100	0.5600	0.6500	0.5460	0.6530
NOK	100	17.8200	18.9300	17.0410	20.3930
MKD	100	2.4710	-	2.4820	-
PLZ	100	35.6500	46.4400	36.1590	46.6450
RON	100	35.7500	42.1600	37.0730	45.4060
RSD	100	1.6320	2.0760	1.6720	2.0510
SEK	100	14.7400	16.1100	14.2760	17.3000
SKK <sup>1)</sup>	100	-	5.2060	-	5.0800
TRY	100	69.3800	86.9800	71.9590	89.1140

<sup>1)</sup> The Slovak Koruna was replaced by the Euro as at 1 January 2009.

## Notes

**04 Accounting and valuation principles**

**Revenue recognition.** Revenue includes energy sales invoiced and revenue accrued during the reporting period. In the case of standardised forward contracts that are processed and invoiced in the same way as traditional energy contracts, the focus is often on managing a trading position rather than on the final, physical delivery of energy. Standardised forward contracts entered into mainly for trading purposes are measured at fair value, with the underlying sales and procurement costs being offset against each other (net result, income from energy derivatives trading).

**Distinction between energy derivatives trading and other trading business.** Once a transaction has to be entered into, it is allocated to the transaction origination “book” (the expression “book” stands for the smallest unit whose risk, profit and sales amount is recorded and managed). Transactions categorised as “energy derivatives trading” are allocated to a trading book, while “other trading business” is allocated to an own-use book.

Other trading business involves the large-scale supply and procurement of electricity for physical delivery to customers. The sum of all invoiced supplies from these transactions flows entirely into net sales from energy business for the reporting period.

In the case of transactions in energy derivatives trading, large volumes of energy are traded with counterparties for the purpose of building up and managing positions (the transactions are in derivatives such as options and swaps or have a derivative character as defined in IAS 39). Transactions in energy derivatives trading therefore have a financial character.

The quantities underlying the energy derivatives transactions invoiced during a reporting period are not included in net sales from energy business. Only the net result of energy derivatives trading is recognised in net sales. There are two components of profits from energy derivatives trading. First, the effectively realised gains or losses from completed transactions are recognised in profit or loss. Second, unrealised valuation gains or losses on open contracts resulting from re-measurement to fair value are recognised in profit or loss.

If a master agreement with netting clauses exists for a counterparty and if there is a legal right to offset and the intention to settle net, the positive and negative replacement values which fall due simultaneously are netted.

**Borrowing costs.** With the exception of certain fixed assets (cf. following paragraph), borrowing costs are recognised as an expense in the period in which they were incurred.

**Property, plant and equipment.** Property, plant and equipment – with the exception of transmission networks – are carried at purchase or manufacturing cost. Regular, straight-line depreciation is charged over the estimated useful life of each asset category or over the period to the date of the devolution of power plants. Unscheduled depreciation is an exception and is recognised in the case of damage or impairment, as described under “impairment of assets”. The purchase or manufacturing costs of property, plant and equipment comprise the purchase price, including import duties and any non-recoverable purchase taxes, and all directly allocable costs incurred to make the asset ready for operational use. Further components are the estimated costs of decommissioning and clearance of the asset and the restoration of the site to the extent recognised under IAS 37 and IAS 16. In the case of long-term investment projects, borrowing costs are capitalised during the construction phase. In 1998 the Swiss Operating Directors’ Conference (SBDK) commissioned a study in which the Swiss transmission grid was valued uniformly and in accordance with commercial criteria. The transmission systems (380 kV and 220 kV) were revalued on the basis of the allowed revaluation model (IAS 16) and taking accumulated depreciation into account. The revaluation of CHF 229.2 million in the 2000/01 financial year was recognised directly in equity as a revaluation reserve.

The estimated useful lives for the individual asset categories are reviewed annually and are within the following ranges:

- Land and assets under construction	Only in the case of impairment
- Operational and administrative buildings	50 years
- Conventional-thermal power plants	25 years
- Distribution systems	15 – 60 years
- Transmission systems	15 – 60 years
- Fixtures and fittings	3 – 15 years
- IT hardware and software	3 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately (component approach).

## Notes

Repairs, maintenance and the ordinary upkeep of buildings and operating facilities are accounted for directly as expenses. Investments in refurbishments or improvements of facilities are capitalised if they significantly extend the useful life, increase the capacity or lead to a substantial improvement in the quality of production or a reduction in production costs. Assets under construction are assets which are unfinished or not yet ready for operation. Depreciation of these assets begins upon completion or when they are ready for operational use.

**Leasing.** Lease contracts are classified as financial leases if substantially all risks and rewards are transferred to the lessee when the contracts are signed. The lease instalments are divided into interest expenses and repayment amounts under the annuity method. The leased objects are capitalised and amortised over the shorter of their estimated useful lives or the duration of the lease. Payments for operating leases are recognised as an expense in the income statement on a straight-line basis over the duration of the leases.

**Intangible assets.** The treatment of goodwill is explained in detail in the Note "Consolidation principles".

CO<sub>2</sub> emission certificates issued free by governments (national allocation plan) are initially recognised at nominal value (zero). CO<sub>2</sub> emission certificates purchased for own production purposes are initially recognised as intangible assets and measured at purchase cost. Upon official settlement, the used CO<sub>2</sub> emission certificates are declassified as intangible assets. Surplus emission certificates which are no longer required for own use, are reclassified to inventories and measured at fair value.

All intangible assets apart from goodwill have a definable useful life and, with the exception of CO<sub>2</sub> emission certificates, are therefore amortised according to plan.

**Investments in associates and partner plants.** In the case of investments in other associates, the EGL Group exerts a significant influence without controlling them. This is assumed if EGL AG, directly or indirectly via subsidiaries, owns between 20% and 50% of the voting rights. These companies are accounted for using the equity method.

Investments in partner plants are investments which the EGL Group controls jointly by means of contractual arrangements with one or more partners (joint ventures). The partner plants are companies that plan, build, maintain or operate power plants, grids or nuclear depots or companies that manage power procurement rights. The partner plants are accounted for using the equity method, regardless of the equity interest owned.

**Other financial assets.** All investments in which the EGL Group exerts no significant or controlling influence are recorded under non-consolidated investments. These investments are classified as available-for-sale and recognised in the balance sheet at their fair value or, if that cannot be reliably determined, at their purchase cost less identifiable impairments. Fluctuations in the fair value are recognised in equity. If there is a sustained impairment or disposal, the accumulated gains or losses previously recognised in equity are included in net profit or loss for the reporting period.

Long-term loans to third parties, as well as to associates, are measured at amortised cost using the effective interest method. If, when the loan is paid out, the agreed interest rate equals the market interest rate and both the disbursement and the repayment are made at nominal value, the loan is recognised in the balance sheet at nominal value.

**Inventories.** Inventories are valued using the weighted average cost method. If the net realisable value is below the purchase or production cost, an impairment loss is recognised in profit or loss. Inventories that have been acquired for resale in the near term with a view to generating a profit from fluctuations in price or broker-traders' margins are measured at fair value less costs to sell. Changes in value are recognised net in profit or loss.

**Receivables.** Trade receivables, as well as other receivables, are recorded at their nominal value less any appropriate allowances for estimated irrecoverable amounts. Allowances are recognised specifically for each individual receivable.

**Non-current assets held for sale and discontinued operations.** A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for sale in its present condition within 12 months, and the sale must be highly probable. Before being reclassified as "held for sale", the asset or disposal group is measured in accordance with the prevailing accounting principles. Following reclassification, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Any impairment losses are recognised in the income statement.

**Securities.** Securities comprise marketable shares and bonds and are mostly classified under IAS 39 as available-for-sale, since they were not acquired to generate profits from short-term price fluctuations. They are

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measured at fair value, with value fluctuations being recognised in equity. In the event of a sustained impairment or disposal, the cumulative gains or losses previously recognised in equity are included in profit or loss for the period.

Securities acquired to generate profits from short-term price fluctuations are classified under IAS 39 as held-for-trading. They are measured at fair value, with value fluctuations being recognised in the income statement.

**Cash and cash equivalents.** Cash and cash equivalents comprise petty cash, credit balances at banks and the post office, as well as sight deposits and deposits with a term of not more than 90 days.

**Non-current financial liabilities.** Non-current financial liabilities consist of loans from third parties as well as associates. These are measured using the amortised cost method. Amortisation or the allocation of the difference between cost value and repayment value is calculated using the effective interest rate method. The cost value also includes transaction costs.

**Other non-current liabilities.** Usage rights which have been granted, i.e. payments received from third parties in consideration for rights to use facilities and procure electricity, are recognised as liabilities. Payments received are recognised in profit or loss on a straight-line basis over the life of the relevant usage rights.

**Provisions.** Provisions are created for all identifiable liabilities and risks from past business transactions, or events which are likely to arise and whose due amount can be determined reliably at the balance sheet date.

Long-term provisions are recognised in the balance sheet at the present value of expected cash outflow. The provisions are reviewed semi-annually as at the balance sheet date (31 March and 30 September) and adjusted to take account of current developments.

In connection with long-term electricity procurement obligations, identifiable losses from onerous contracts are calculated semi-annually and provisions are established to the extent necessary, taking into account market price developments and the effective procurement costs from partner plants.

A provision is also recognised if CO<sub>2</sub> emissions exceed the CO<sub>2</sub> emission certificates originally allocated free of charge. If CO<sub>2</sub> emission certificates have already been purchased, a provision is recognised in the amount of

the purchase cost of the certificates. The provision for CO<sub>2</sub> emissions in excess of the CO<sub>2</sub> emission certificates already allocated is measured at fair value on the balance sheet date.

Provisions are also recognised for the decommissioning and clearance of conventional-thermal gas-fired combined-cycle power plants.

**Employee benefits.** The EGL Group operates pension plans in accordance with national legislation in each country. Most employees are members of the PKE Vorsorgestiftung Energie (VSE), a legally independent pension fund which meets the criteria of a defined benefit plan under IAS 19. There are also defined contribution plans. All the plans are usually financed by employee and employer contributions.

Employer contributions paid or owed for pension funds with defined contribution plans are recognised in the income statement.

The proportional defined-benefit based pension liability of the VSE plan is calculated by independent actuaries using the projected unit credit method. This benefit/years of service method takes into account the present values not only of the known pension and other entitlements, but also of anticipated increases in salary and future pension. All material obligations as well as the assets serving to cover them are calculated annually and, in the event of a significant change in the calculation basis, are subject to actuarial examination by an independent expert. Pension costs associated with work performed in the reporting period are recognised in profit or loss. Pension costs relating to work performed in previous periods caused by new or improved pension benefits are recognised as employee benefit costs on a straight-line basis until the time when entitlement to the benefits arises. Actuarial gains and losses arising from the annual recalculations are recognised in profit or loss on a straight-line basis for the average remaining years of service if they exceed 10% of assets or pension fund liabilities, whichever is higher. Provisions for deficits arising from those calculations are made using this mechanism.

Pension fund surpluses are capitalised only if they are available to the EGL Group in the form of future contribution refunds or reductions.

On 5 July 2008 the IFRIC (International Financial Reporting Interpretations Committee) published the interpretation IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Adoption of this interpretation is compulsory for financial years beginning on or after 1 January 2008, and necessitates an adjustment to prior year disclosures. EGL has adopted IFRIC 14 for the first time for the 2008/09 financial year. It had no significant impact on the consolidated financial statements.

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**Income tax expenses.** Current income taxes are calculated on the taxable results and accrued for the relevant period. The deferred tax assets and liabilities shown in the consolidated financial statements are calculated using the balance sheet liability method, whereby deferred taxes are basically recognised for all temporary differences. Temporary differences arise from deviations between the carrying amount of an asset or liability and its relevant tax value which will even out in one or more future periods. Country-specific tax rates are used for the calculation of deferred taxes. Tax credits and debits are offset if they involve the same tax subject and the same tax jurisdiction. Deferred tax assets or liabilities are recognised as non-current assets or liabilities. Deferred tax assets arising from losses carried forward are capitalised only if it is likely that they can be realised in the future. Deferred taxes are generally recognised as income or expenses, except for positions recognised directly in equity.

**Financial instruments.** Financial instruments consist of cash and cash equivalents, securities, financial investments, derivative financial instruments, trade receivables and trade payables, current and non-current financial receivables and financial liabilities.

Financial instruments are categorised according to IAS 39 as follows:

- Financial assets or liabilities at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets and liabilities

There is a standard valuation procedure for each category of financial asset and financial liabilities. They are initially recognised at fair value. Purchases and sales are recognised in the balance sheet at the time when the relevant agreement is concluded (closing date, trade date).

Financial assets at fair value through profit or loss are recognised in the balance sheet at their fair value subsequent to initial recognition, and changes in value are recognised in profit or loss.

Held-to-maturity investments, as well as loans and receivables, are measured at amortised cost using the effective interest rate method, less any impairments.

Available-for-sale assets are remeasured at fair value subsequent to initial recognition in the balance sheet, and the difference is recognised directly in equity. When a gain or loss is realised, it is recognised in profit or loss. Permanent impairments are recognised in profit or loss after an analysis of the individual securities. An impairment exists in particular if the fair value of a share is significantly below the purchase price or is below the purchase price over a longer period. Debt instruments such as bonds are regarded as impaired if there exists an indication such as insolvency, default of payment or other significant financial difficulties of the issuer. In contrast to debt instruments, reversals of impairment losses on equity instruments are not recognised in profit or loss.

**Measurement of standardised forward contracts and derivatives in energy trading.** Fixed forward transactions (forwards, futures, swaps) and options (OTC) are measured on the basis of the underlying energy at the balance sheet date using prices as close to fair value as possible. The trading result therefore comprises realised profits or losses from completed transactions as well as unrealised changes in the value of transactions outstanding on the balance sheet date. The positive and negative replacement values are recognised as a separate line item under assets or liabilities. The replacement values and contract volumes, i.e. the basis or nominal value of the transactions, are shown in a table in the notes.

EGL partly conducts its own operations in standardised energy futures contracts which are not settled by cash payment but by physical energy supply and procurement. In practice, energy supply and procurement volumes are invoiced and accounted for in accordance with contractual arrangements. The positive and negative replacement values of standardised futures contracts and contract volumes are also shown in the notes.

In order to hedge interest rate and currency fluctuations, derivative financial instruments are used where required. This is done in accordance with the existing guidelines governing the hedging and credit risk policy. The instruments are measured at fair value. Realised and unrealised changes in the value of financial instruments used to hedge exchange and interest rate risks in current business operations are generally recognised as financial income (or expense) in the income statement. The positive and negative replacement values are recognised under assets or liabilities.

In isolated cases, hedge accounting in accordance with IAS 39 is applied. The effective part of the fair value change in a hedging instrument is recognised in equity (hedge accounting reserves) without affecting profit or loss, taking into account deferred taxes. The part which is ineffective for hedge accounting purposes is recorded in profit or loss at the balance

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sheet date. As soon as the hedged transaction is taken to profit or loss, the accumulated fair value changes in a derivative recorded in equity are transferred to the income statement.

**Contingent liabilities.** Liabilities for which an outflow of cash is considered as unlikely but possible are not recognised in the balance sheet unless they were taken over in the context of an acquisition. The exposure as at the balance sheet date is nevertheless disclosed as contingent liabilities in the notes to the consolidated financial statements.

**Impairment of assets.** At least once a year, an assessment is made as to whether there is any indication that tangible and intangible assets and investments in associates may be impaired. If indications of a sustainable and material impairment exist, the recoverable amount of the asset is estimated and compared with the carrying amount (impairment test). If the carrying amount exceeds the estimated recoverable amount, an unscheduled write-down is made to that value which, based on the higher of discounted, anticipated future cash flows or fair value less costs to sell, appears to be recoverable. If the reasons for an unscheduled write-down no longer exist, the carrying amount is increased to no more than the amortised cost amount. The reversal is recognised in profit or loss. No reversals of impairments are made in respect of goodwill. Goodwill is allocated as of the acquisition date to the cash-generating units that are expected to benefit from the synergies of the business combination. Regardless of indicators, in this case an impairment test is conducted annually.

## 05 Estimation uncertainties

**Key assumptions and sources of estimation uncertainty.** In the process of preparing the consolidated financial statements in compliance with IFRS, EGL Group management made estimations and assumptions which have an effect on the applicable accounting principles and the amounts recognised under assets, liabilities, income and expenses as well as their presentation. The estimations and assumptions are based on existing knowledge and various other factors which are regarded as relevant under the given circumstances. These serve as a basis for recognition in the balance sheet of assets and liabilities which cannot be measured directly on the basis of any other source. The actual values may deviate from these estimations.

The estimations and assumptions are regularly reviewed. Where necessary, adjustments are made to estimations if the circumstances on which they were based have changed or in the presence of new information and additional facts. Such adjustments are recorded in the period in which the estimation was adjusted. The key assumptions concerning the future and other key sources of estimation uncertainty which could necessitate material adjustments to the carrying amounts of assets and liabilities are listed below.

**Property, plant and equipment.** The EGL Group has property, plant and equipment with a carrying amount of CHF 1,469.8 million (see Note 14). These are subjected to annual impairment tests. To determine whether there is an indication of impairment, these asset values are assessed based on the expected future cash flows from the use of these assets. The actual cash flows may differ significantly from the discounted cash flows based on these assessments. Material parameters such as useful life, electricity price movements and the discount rate are by their nature subject to major uncertainties.

**Grids.** The Electricity Supply Act (StromVG) and the related Ordinance (StromVV) came into force on 1 January and 1 April 2008 respectively. The new legislation requires all transmission grids to be transferred to the national grid operator swissgrid ag within five years. The value at which these grids are to be transferred has not been definitively decided. On 6 March 2009 the Electricity Commission (EiCom) issued a decree concerning costs and tariffs for Level 1 grid usage and ancillary services. To calculate these allowance costs, EiCom in its decree estimated the value of the transmission grids of EGL Grid AG at around CHF 100 million. This is well below the value of around CHF 266 million recorded in the balance sheet (including grid installations under construction). It is the view of EGL management' that the value disclosed in the balance sheet reflects the correct value of the transmission grids. Accordingly, on 23 April 2009 EGL Grid AG filed an appeal with the Federal Administrative Court against the EiCom decree. Depending on the outcome of the appeal process, however, the value of the transmission grids may deviate substantially from the balance sheet value. The future value on transfer to swissgrid ag, however, remains a key estimation uncertainty (see Note 14).

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**Goodwill.** As at 30 September 2009 the carrying amount of goodwill from acquisitions was CHF 120.0 million. The value of the goodwill is tested for impairment in the fourth quarter of the reporting period or earlier if there are indications of impairment. The value of goodwill is largely determined on the basis of expected cash flows, the discount factor, and long-term growth rates. The key assumptions are explained in Note 15. A change in the assumptions in future periods can result in impairment loss being recognised.

**Employee benefits.** The majority of EGL Group employees are members of the PKE Vorsorgestiftung Energie (VSE), a pension fund which meets the criteria of a defined benefit plan under IAS 19. The reported assets and liabilities for this plan are calculated on the basis of statistical and actuarial calculations. In particular, the fair value of pension fund liabilities is dependent on assumptions such as discount rate, future wage and salary increases, and the expected increase in pension benefits. In addition, independent actuaries base their assumptions on demographic variables such as the probability of employees leaving the company and the life expectancy of the insured. The actuarial assumptions may deviate substantially from actual results due to changes in market conditions and the economic environment, higher or lower rates of leavers, longer or shorter lives of insured members and other estimated factors. These deviations may have an impact on pension fund assets and liabilities recognised in the balance sheet in future reporting periods. The key assumptions are explained in Note 29.

**Fair value of financial instruments.** Financial assets and obligations as well as derivatives are recognised at fair value in the balance sheet. Wherever possible, the fair value applied to financial instruments is based on prices quoted on active markets. For financial instruments for which no active market or official quoted prices exist, the fair value is determined using valuation models, applying observable market data, if available, as input factors. If no observable market data are available, the input factors are estimated based on reasonable assumptions.

Models always provide an estimation or approximation of a value which cannot be determined with certainty. The fair value obtained using this method reflects the assumptions of management and may vary depending on the choice of input factors and model. The recoverable cash flows may therefore deviate from the model values based on estimates and assumptions.

**Projects.** Part of the EGL Group strategy is based on investments in various asset projects. The various projects are at different stages of development. The earlier the development phase, the more difficult it is to determine whether a project will be realised. The feasibility of projects and their subsequent profit generating operation or possible sale are dependent on various factors such as the legal framework and future market trends. Consequently, the balance sheet value of assets under construction and project companies in which the EGL Group has an investment and which are accounted for using the equity method may deviate from the future recoverable amount.

## 06 Financial risk management

**General principles.** The EGL Group is exposed to various financial risks in the course of its business activities: market risks (including exchange rate, interest and energy price risks), credit risks and liquidity risks.

Financial risk management complies with the principles and directives drawn up by the Board of Directors and management with regard to the management of market, credit and liquidity risks. The responsible units within Finance & Operations monitor risks in close collaboration with the operating units, with the aim of optimising financial risks with due consideration to the hedging costs and associated risks.

The EGL Risk Management Manual approved by the Board of Directors describes the aims and principles of risk management for the EGL Group. It includes statements on the organisation (committees as well as tasks, responsibilities and authorities), risk measurement and control, and implementation of the limit systems. Executive Management is responsible for drawing up the concrete details and for implementation. In addition a Risk Council, composed of Executive Management and representatives of the Board of Directors, supports the responsible bodies by providing advice on monitoring the risk situation and the further development of risk management.

The Group Risk Management Department is responsible for measuring, controlling and monitoring energy price risks as well as energy credit risk management and for reliable, timely risk reporting to the relevant departments.

Group Treasury is responsible for monitoring and controlling financial market risks such as interest rate and exchange rate risks as well as liquidity risks.

## Notes

**Control of capital.** The equity ratio is a control instrument which is actively monitored by the Board of Directors.

In consequence of the defined growth strategy, the EGL Group also obtains financing through interest-bearing financial liabilities provided there is a reasonable ratio between the liabilities and the profitability. An optimal capital structure keeps interest costs low.

To maintain the prescribed capital structure, the Group can adjust dividend payments to shareholders or issue new shares. It may also dispose of assets in order to reduce existing debts.

In addition, as in the previous year three EGL Group subsidiaries are subject to compliance with a local supervisory authority. The regulatory equity requirements which these companies must meet were at all times complied with in 2007/08 and 2008/09.

## Notes

## Carrying amount and fair value of financial assets and liabilities

CHF MILLIONS	NOTES	30.09.2009 CARRYING AMOUNT	30.09.2009 FAIR VALUE	30.09.2008 CARRYING AMOUNT	30.09.2008 FAIR VALUE
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (HELD FOR TRADING)</b>					
Securities held for trading		-	-	-	-
Derivatives (positive replacement value):					
Energy derivatives		1,580.7	1,580.7	1,989.1	1,989.1
Currency forward contracts	30	6.0	6.0	8.2	8.2
Other derivative financial instruments	30	4.3	4.3	-	-
<b>Total</b>		<b>1,591.0</b>	<b>1,591.0</b>	<b>1,997.3</b>	<b>1,997.3</b>
<b>FINANCIAL ASSETS AT FAIR VALUE (HEDGE ACCOUNTING)</b>					
Derivatives (positive replacement value):					
Other derivative financial instruments	30	-	-	42.3	42.3
<b>Total</b>		<b>-</b>	<b>-</b>	<b>42.3</b>	<b>42.3</b>
<b>LOANS AND RECEIVABLES</b>					
Financial receivables (non-current)		286.0	286.0	281.5	281.5
Trade receivables	19	845.1	845.1	751.8	751.8
Financial receivables (current)		28.7	28.7	7.3	7.3
Other receivables (current)		107.6	107.6	158.1	158.1
Revenues and interest income not yet billed		541.3	541.3	362.7	362.7
Cash and cash equivalents	21	718.4	718.4	786.5	786.5
<b>Total</b>		<b>2,527.1</b>	<b>2,527.1</b>	<b>2,347.9</b>	<b>2,347.9</b>
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>					
Financial investments	17	0.2	0.2	0.3	0.3
Other financial investments (current)		0.1	0.1	-	-
Securities		32.0	32.0	49.2	49.2
<b>Total</b>		<b>32.3</b>	<b>32.3</b>	<b>49.5</b>	<b>49.5</b>
<b>Total financial assets</b>		<b>4,150.4</b>	<b>4,150.4</b>	<b>4,437.0</b>	<b>4,437.0</b>

## Notes

CHF MILLIONS	NOTES	30.09.2009 CARRYING AMOUNT	30.09.2009 FAIR VALUE	30.09.2008 CARRYING AMOUNT	30.09.2008 FAIR VALUE
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (HELD FOR TRADING)</b>					
Derivatives (negative replacement value):					
Energy derivatives		1,369.1	1,369.1	1,970.5	1,970.5
Currency forward contracts	30	5.5	5.5	7.2	7.2
Other derivative financial instruments		-	-	3.7	3.7
<b>Total</b>		<b>1,374.6</b>	<b>1,374.6</b>	<b>1,981.4</b>	<b>1,981.4</b>
<b>FINANCIAL LIABILITIES AT FAIR VALUE (HEDGE ACCOUNTING)</b>					
Derivatives (negative replacement value):					
Other derivative financial instruments	30	56.3	56.3	-	-
<b>Total</b>		<b>56.3</b>	<b>56.3</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCIAL LIABILITIES</b>					
Financial liabilities (non-current)	23	1,155.9	1,162.9	1,278.4	1,272.1
Other liabilities (non-current)		5.5	5.5	7.1	7.1
Trade payables	26	728.2	728.2	611.2	611.2
Financial liabilities (current)	27	319.8	319.8	209.2	209.2
Other liabilities (current)		25.5	25.5	148.1	148.1
Operating expenses and interest expense not yet billed		633.7	633.7	394.0	394.0
<b>Total</b>		<b>2,868.6</b>	<b>2,875.6</b>	<b>2,648.0</b>	<b>2,641.7</b>
<b>Total financial liabilities</b>		<b>4,299.5</b>	<b>4,306.5</b>	<b>4,629.4</b>	<b>4,623.1</b>

## Notes

## Net results from financial assets and liabilities

CHF MILLIONS	2008/09 INCOME STATEMENT	30.09.2009 EQUITY	2007/08 INCOME STATEMENT	30.09.2008 EQUITY
<b>NET PROFIT/LOSS</b>				
On financial assets at fair value through profit or loss (held for trading)	252.5		293.8	
On financial assets at fair value (hedge accounting)	-	-89.9	-	-4.3
On loans and receivables	-2.7		-6.4	
On available-for-sale financial assets	2.7	0.3	1.6	-1.5
Foreign currency effects on financial assets	-51.0	-	-35.1	-
<b>INTEREST INCOME AND EXPENSE</b>				
Interest income on financial assets which are not valued at fair value through profit or loss	33.7	-	43.1	-
Dividend income on available-for-sale financial assets	0.0	-	0.5	-
Interest expense on financial liabilities which are not valued at fair value through profit or loss	81.1	-	64.9	-
thereof application of effective interest method	0.5	-	0.5	-

Interest expense includes interest effects arising from derivatives, which reduce interest expense accordingly.

**Hedge accounting**

Variable interest-bearing financial liabilities which are related to the construction of gas-fired combined-cycle power plants in Italy constitute an interest rate risk for the EGL Group. This risk is reduced through the balanced application of derivative financial instruments in the form of interest rate swaps. These interest rate swaps are recorded as cash flow hedges and are rated as highly effective. The interest rate swaps are

recorded at acquisition cost and subsequently remeasured at fair value. Until they are taken to income in accordance with IAS 39, changes in replacement values are recorded as hedge accounting reserves in the consolidated statement of changes in equity, taking into account deferred taxes. As at 30 September 2009, interest rate swaps designated as hedging instruments existed with a contract value of CHF 935.3 million. These will be taken to income over the next 1 to 9 years.

**Credit risks**

Credit risk concentration by geographical area

CHF MILLIONS	30.09.2009	30.09.2008
Western Europe	203.4	167.0
Central Europe	315.6	245.1
Southern Europe	224.4	230.2
South East Europe	25.9	52.2
Nothern Europe	62.8	47.7
Outside Europe	13.0	9.6
<b>Total debtors after provision for bad debts</b>	<b>845.1</b>	<b>751.8</b>

## Notes

The necessity for credit risk management is based on the risk of trading partners of the EGL Group not being able to meet all or part of their obligations, which may result in a financial loss. Credit risk comprises the settlement and replacement risks arising from the potential failure to deliver energy. To avoid this risk, receivables from trading partners are monitored and future developments analysed, and credit checks are continually performed. Business units and subsidiaries are involved in credit risk management.

Credit risks are managed by issuing internal credit limits obtained by rating the trading partner and setting a limit on the exposure to each business partner. These limits are issued by the independent Credit Risk Department as the maximum total exposure and are applicable throughout the EGL Group. The rating of trading partners is obtained by their creditworthiness, which is defined by the probability of default. The internal score obtained from the rating is converted to the external credit rating classes AAA to C. On the balance sheet date, close to 28% of the total exposure was classified as AA and 44% as A. Trading transactions can only be entered into with authorised business partners. The existing limits of trading partners may be raised by actively obtaining guarantees, collateral and advance payments. The credit risk is also minimised by limiting credit to a defined trading horizon. However, standard framework agreements such as the EFET (European Federation of Energy Traders) agreement can also lead to an extension of the trading horizon or an increase in the limits.

Receivables from counterparties are monitored by regular reporting at frequent intervals. In addition, a formalised process is applied to introduce countermeasures in good time if negative trends are identified.

Since the EGL Group is represented throughout Europe, country-specific limits are defined within the credit risk management system. The central Credit Risk Department issues limits for the settlement and replacement risk. Country-specific risks are primarily related to the political and economic situation in a country. The legal framework also plays an important role, particularly in terms of contract negotiations.

Under IFRS 7 the maximum default risk is disclosed as the total carrying amount of financial assets to which the EGL Group is exposed on the balance sheet date. At 30 September 2009 the maximum credit risk amounted to CHF 4,150.2 million (30 September 2008: CHF 4,436.7 million). A detailed list is provided in the table "Carrying amount and fair value of financial assets and liabilities". As mentioned above, the credit risk is reduced by the collateral received and by concluding framework agreements that provide for the mutual settlement of all receivables and liabilities in respect of a counterparty, depending on the jurisdiction.

Because risk is distributed among various counterparties and countries in Europe, the credit risk is spread accordingly. Material risk concentrations exist primarily in relation to long-term energy procurement contracts. These are continuously monitored and reported by risk management.

Cash and cash equivalents and time deposits are held only with bank consortia which have been accorded at least an A rating by an internationally recognised rating agency. Cash deposits are for a limited amount, phased and spread among different banks. The limits for these deposits are reviewed on a regular basis. To date, no depreciation has been necessary.

## Notes

**Ageing analysis of trade receivables**

The following disclosures can be made on the basis of trade receivables.

CHF MILLIONS	30.09.2009 DEBTORS AFTER SPECIFIC BAD DEBTS	30.09.2009 PROVISION FOR GENERAL BAD DEBTS	30.09.2008 DEBTORS AFTER SPECIFIC BAD DEBTS	30.09.2008 PROVISION FOR GENERAL BAD DEBTS
Not yet due	750.4	- 3.6	621.1	- 0.4
Past due 1 to 60 days	33.8	-	84.5	- 1.0
Past due 61 to 150 days	7.1	- 0.1	18.5	- 0.5
Past due 151 to 360 days	28.4	-	19.2	- 0.7
Past due more than 360 days	29.8	- 0.7	11.2	- 0.1
<b>Total</b>	<b>849.5</b>	<b>- 4.4</b>	<b>754.5</b>	<b>- 2.7</b>

Bad debt provisions created, released or no longer required for trade receivables in 2008/09 and 2007/08

CHF MILLIONS	2008/09 SPECIFIC BAD DEBTS	2008/09 GENERAL BAD DEBTS	2007/08 SPECIFIC BAD DEBTS	2007/08 GENERAL BAD DEBTS
Provisions at 1 October	- 32.3	- 2.7	- 18.7	- 4.4
Net release/(allocation)	- 31.6	- 3.0	- 17.9	- 1.3
Uncollectable receivables written off	8.1	0.3	4.6	2.4
Effect on currency translation differences	0.7	1.0	- 0.3	0.6
<b>Provisions at 30 September</b>	<b>- 55.1</b>	<b>- 4.4</b>	<b>- 32.3</b>	<b>- 2.7</b>

Of the trade receivables past due for more than 360 days or between 151 to 360 days, around CHF 9.4 million and CHF 23.4 million respectively are collateralised. On the basis of prior year experience the EGL Group does not expect any material bad debt losses on trade receivables not yet due.

**Collateral**

Within the EGL Group major importance is attached to the inclusion of netting clauses in framework agreements wherever possible. Receivables and payables can only be netted in the balance sheet if there is a legal right to offset and the intention to settle net. In addition, the aforementioned collateral is obtained and its relevance is regularly reviewed. In the case of major credit risks, Credit Support Annexes (CSAs) are attached to the framework agreements, under which the parties agree on additional collateral in the form of regular margin payments, usually in the form of cash.

**Liquidity risks**

The majority of receivables in European energy trading are offset and

subject to fixed payment deadlines (netting) in order to significantly reduce liquidity demand on these dates. Advance margin payments are standard practices among large energy traders and energy exchanges, in order to reduce the counterparty risk of large receivables arising at short notice due to energy price movements. The EGL Group meets this potential requirement with cash and cash equivalents as well as through agreed credit limits with first-class banks. Group Treasury, headed by the CFO, is responsible for the Group's financing flexibility. This task covers the planning, monitoring, provision and optimisation of liquidity for the entire Group. Liquidity is ensured through cash flow from operating activities, credit lines, project financing and on the capital market. In the reporting period, all covenants related to credit agreements were observed.

## Notes

## 2008/09: Due date analysis of financial liabilities

CHF MILLIONS	30.09.2009 CARRYING AMOUNT	30.09.2009 CASH FLOW				
		TOTAL	< 3 MTHS	3 - 12 MTHS	1 - 5 YRS	> 5 YRS
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>						
Financial liabilities (non-current)	1,155.9	1,174.4	6.3	1.5	261.0	905.6
Other liabilities (non-current)	5.5	9.3	1.5	3.0	3.5	1.3
Trade payables	728.2	728.2	713.8	14.4	-	-
Financial liabilities (current)	319.8	319.8	36.3	283.5	-	-
Other liabilities (current)	25.5	25.5	24.8	0.7	-	-
Operating expenses not yet billed	616.8	617.7	404.0	213.7	-	-
Accrued expense, interest	16.9	16.9	16.9	-	-	-
<b>Total</b>	<b>2,868.6</b>	<b>2,891.8</b>	<b>1,203.6</b>	<b>516.8</b>	<b>264.5</b>	<b>906.9</b>
<b>DERIVATIVE FINANCIAL LIABILITIES</b>						
Energy derivatives	1,369.1					
Gross cash inflow		19,147.3	4,819.1	8,328.2	5,995.7	4.3
Gross cash outflow		-19,024.2	-4,790.8	-8,287.4	-5,936.6	-9.4
Currency forward contracts	5.5					
Gross cash inflow		126.1	17.5	42.4	66.2	-
Gross cash outflow		-125.6	-16.4	-41.5	-67.7	-
Other derivative financial instruments	56.3					
Gross cash inflow		263.7	6.2	-	30.0	227.5
Gross cash outflow		-318.0	-8.9	-7.9	-66.8	-234.4
<b>Total</b>	<b>1,430.9</b>	<b>69.3</b>	<b>26.7</b>	<b>33.8</b>	<b>20.8</b>	<b>-12.0</b>

## Notes

## 2007/08: Due date analysis of financial liabilities

CHF MILLIONS	30.09.2008 CARRYING AMOUNT	30.09.2008 CASH FLOW				
		TOTAL	< 3 MTHS	3 - 12 MTHS	1 - 5 YRS	> 5 YRS
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>						
Financial liabilities (non-current)	1,278.4	1,935.6	42.3	29.0	601.5	1,262.8
Other liabilities (non-current)	7.1	12.7	2.7	-	5.8	4.2
Trade payables	611.2	611.2	569.7	41.5	-	-
Financial liabilities (current)	209.2	216.8	45.4	171.4	-	-
Other liabilities (current)	148.1	148.1	147.1	1.0	-	-
Operating expenses not yet billed	370.6	370.6	339.0	27.5	4.1	-
Accrued expense, interest	23.4	27.5	-	23.4	4.1	-
<b>Total</b>	<b>2,648.0</b>	<b>3,322.5</b>	<b>1,146.2</b>	<b>293.8</b>	<b>615.5</b>	<b>1,267.0</b>
<b>DERIVATIVE FINANCIAL LIABILITIES</b>						
Energy derivatives	1,970.5					
Gross cash inflow		11,344.1	4,048.9	4,524.1	2,770.3	0.8
Gross cash outflow		-4,615.1	-549.3	-2,383.8	-1,667.1	-14.9
Currency forward contracts	7.2					
Gross cash inflow		263.6	50.6	75.2	137.8	-
Gross cash outflow		-256.4	-49.2	-72.1	-135.1	-
Other derivative financial instruments	3.7					
Gross cash inflow		300.1	6.3	-	25.0	268.8
Gross cash outflow		-323.0	-9.1	-	-36.5	-277.4
<b>Total</b>	<b>1,981.4</b>	<b>6,713.3</b>	<b>3,498.2</b>	<b>2,143.4</b>	<b>1,094.4</b>	<b>-22.7</b>

**Market price risks***Energy price risks*

EGL defines energy price risks as risks arising from changes in energy prices. Price fluctuations and correlations between the various markets and products may impact EGL negatively. These risks are therefore monitored and reported on daily by EGL Group Risk Management. Energy price risks are monitored based on the principles contained in the Risk Management Manual as well as the associated trading mandates.

They are quantified according to the Value at Risk (VaR) method with an assumed holding period of five days and a confidence interval of 99%. VaR defines a potential loss which with 99% probability will not be exceeded, taking into account the historic market trend.

The market price risk is limited using a transparent limit system consisting of a VaR limit and a volume limit. The total risk limit is approved annually by the Board of Directors at the request of Executive Management, and broken down by individual divisions, departments and books.

## Notes

## Sensitivity analysis of energy price risks

CHF MILLIONS	2008/09	2007/08
Value at Risk	20.7	84.0

Energy price risk measurement and assessment methods were refined in the reporting period. The trading and own-use book positions were differentiated. Whereas these positions were quantified collectively in the prior year, the Value at Risk figure disclosed for 2008/09 covers the effective trading volumes (trading books).

*Exchange rate risk*

Due to the international nature of the Group's operations and its involvement in various foreign currencies, it is exposed to exchange rate risks, particularly with respect to the Euro and the US dollar. The exchange rate risk arises from future business transactions, reported assets and liabilities, and foreign net investments which are not denominated in the operating currency of the subsidiary in question.

To reduce the exchange rate risk related to future business transactions

as well as reported assets and liabilities, Group units engage in futures compliant with the Group principles governing exchange rate risks. Group Treasury, in close coordination with the Group's operating units, is responsible for controlling the amount of net positions of all foreign currencies through appropriate hedging transactions.

The Group's policy on exchange rate risks is to selectively hedge net foreign currency positions arising from transactions in all main currencies.

## 2008/09: Balance sheet positions per currency

CHF MILLIONS	CHF	EUR	GBP	CZK	NOK	SEK
Non current assets	0.1	286.0	-	-	-	-
Trade receivables	45.5	723.1	17.9	-	1.0	17.8
Other current assets	462.6	894.1	8.2	4.5	23.5	24.1
Non current liabilities	246.8	914.2	-	-	0.3	-
Trade payables	14.3	669.5	16.4	-	0.3	1.4
Other current liabilities	302.7	646.2	2.7	0.1	5.8	2.0
<b>Net exposure</b>	<b>- 55.6</b>	<b>- 326.7</b>	<b>7.0</b>	<b>4.4</b>	<b>18.1</b>	<b>38.5</b>

## Notes

**2007/08: Balance sheet positions per currency**

CHF MILLIONS	CHF	EUR	USD	NOK	RON	SEK
Non current assets	0.1	278.2	-	-	-	-
Trade receivables	26.1	613.7	9.0	2.2	43.2	42.3
Other current assets	357.3	985.0	1.0	49.1	0.1	15.6
Non current liabilities	246.2	1,039.1	-	0.3	-	-
Trade payables	17.4	526.5	37.0	1.6	13.6	-
Other current liabilities	63.3	673.7	0.1	8.3	17.4	4.8
<b>Net exposure</b>	<b>56.6</b>	<b>- 362.4</b>	<b>- 27.1</b>	<b>41.1</b>	<b>12.3</b>	<b>53.1</b>

**2008/09: Sensitivity analysis of exchange rate risk**

CHF MILLIONS	CHANGE IN % (+/-)	IMPACT AFTER TAX ON INCOME STATEMENT (+/-)	IMPACT AFTER TAX ON EQUITY (+/-)
CHF/EUR	10%	22.5	-
NOK/EUR	10%	1.1	-
CHF/SEK	10%	0.4	-
CHF/NOK	10%	0.4	-

**2007/08: Sensitivity analysis of exchange rate risk**

CHF MILLIONS	CHANGE IN % (+/-)	IMPACT AFTER TAX ON INCOME STATEMENT (+/-)	IMPACT AFTER TAX ON EQUITY (+/-)
CHF/EUR	10%	2.8	-
CHF/USD	10%	1.8	-
CHF/SEK	10%	0.5	-
HUF/EUR	10%	0.7	-
RON/USD	10%	0.4	-
NOK/SEK	10%	0.6	-
NOK/EUR	10%	0.4	-

*Interest rate risk*

Financial liabilities subject to variable interest rates, as well as cash and cash equivalents, expose the EGL Group to a cash flow interest rate risk. Financial liabilities subject to fixed interest rates do not expose the Group to any fair value interest rate risk since they are measured at amortised cost.

It is the Group's policy to control interest rate expense by means of variable- and fixed-rate interest-bearing liabilities and interest-based derivatives in the form of interest rate swaps. Group Treasury continually monitors the ratio between variable- and fixed-rate interest-bearing net debt.

## Notes

**2008/2009: Sensitivity analysis of interest rate risk**

CHF MILLIONS	CHANGE IN % (+ /-)	IMPACT AFTER TAX ON INCOME STATEMENT (+ /-)	IMPACT AFTER TAX ON EQUITY (+ /-)
Interest rate risk	1%	3.5	0.2

**2007/2008: Sensitivity analysis of interest rate risk**

CHF MILLIONS	CHANGE IN % (+ /-)	IMPACT AFTER TAX ON INCOME STATEMENT (+ /-)	IMPACT AFTER TAX ON EQUITY (+ /-)
Interest rate risk	1%	0.8	0.4

**07 Net sales**

CHF MILLIONS	2008/09	2007/08
Net sales from energy business	3,659.4	3,874.9
Income from energy derivatives trading	207.0	272.4
Income from emission certificates trading	32.2	0.7
Other net sales	59.1	19.0
<b>Total</b>	<b>3,957.7</b>	<b>4,167.0</b>
Attributable to net sales in Switzerland	3.7%	7.9%
Attributable to net sales outside Switzerland	96.3%	92.1%

In addition to consolidated net sales, there are also energy sales under ceded energy procurement rights and sub-participations. The sales from so-called quota transactions are not included in the total mentioned above since they are netted against any similarly ceded energy procurement. They amount to CHF 340.0 million (previous year: CHF 306.3 million; see Note 8).

**08 Energy procurement and cost of goods**

CHF MILLIONS	2008/09	2007/08
Energy procurement from third parties	-2,903.3	-3,152.4
Energy procurement from partner plants	-211.9	-198.5
Energy procurement from related parties	-32.1	-35.3
<b>Total</b>	<b>-3,147.3</b>	<b>-3,386.2</b>

Energy procurement from quota transactions is not included in the above total since it is netted against any similarly ceded sales. The amount is CHF 340.0 million (previous year: CHF 306.3 million; see Note 7).

In the reporting period provisions were built for onerous gas supply contracts amounting to CHF 13.8 million.

## Notes

**09 Personnel expenses**

CHF MILLIONS	2008/09	2007/08
Salaries and wages	- 119.8	- 113.4
Employee benefits	- 8.8	- 9.2
Pension fund expenses (see Note 29)	- 10.1	- 4.6
Other personnel expenses	- 11.2	- 9.2
<b>Total</b>	<b>- 149.9</b>	<b>- 136.4</b>
Average number of employees (FTE)	746	602
Number of employees at balance sheet date (FTE)	832	656

Personnel expenses rose in line with expectations, commensurate with the higher average full-time equivalents (FTE).

**10 Other operating expenses**

CHF MILLIONS	2008/09	2007/08
Rent/lease expenses	- 7.1	- 6.3
Information technology expenses	- 39.3	- 25.1
Consulting expenses	- 43.5	- 36.1
Charges, fees and tax on capital	- 8.5	- 11.0
Other operating expenses	- 136.1	- 91.9
<b>Total</b>	<b>- 234.5</b>	<b>- 170.4</b>

Due to various IT projects, information technology expenses rose in the reporting period. Other operating expenses include maintenance costs (in particular CHF 45.8 million [previous year: CHF 33.3 million] for the gas-fired combined-cycle power plants in Italy), insurance, telephone costs, travel expenses, general administrative costs, other services as well as the allocation and release of provisions and provisions for bad debt. The increase in other operating expenses is primarily attributable to the first full-year operation of the gas-fired combined-cycle power plant of Rizziconi Energia S.p.A in Italy and the allocation of provisions for bad debts in the amount of CHF 34.6 million.

## Notes

**11 Depreciation and amortisation**

CHF MILLIONS	2008/09	2007/08
Depreciation of property, plant and equipment (see Note 14)	- 60.8	- 45.3
Impairment property, plant and equipment (see Note 14)	- 38.9	-
Amortisation of intangible assets (see Note 15)	- 5.6	- 4.1
Goodwill impairment (see Note 15)	- 7.5	- 0.5
<b>Total</b>	<b>- 112.8</b>	<b>- 49.9</b>

The increase in depreciation of property, plant and equipment is attributable to the first full-year operation of the gas-fired combined-cycle power plant of Rizziconi Energia S.p.A., as a result of which depreciation for the full operating year was recognised for the first time in the reporting period.

The goodwill impairment and impairment of property, plant and equipment concerns the project company Energy Plus S.p.A. (see Notes 14 and 15).

The impairment of grid systems was recognised in equity reducing revaluation reserve without affecting income.

**12 Financial result**

CHF MILLIONS	2008/09	2007/08
Interest income	35.8	52.8
Dividend income	-	0.5
Exchange rate gains	409.4	307.1
Other financial income	34.1	26.1
<b>Total financial income</b>	<b>479.3</b>	<b>386.5</b>
Interest expense	- 80.8	- 65.4
Exchange rate losses	- 460.4	- 342.3
Other financial expense	- 22.0	- 9.4
<b>Total financial expense</b>	<b>- 563.2</b>	<b>- 417.1</b>
<b>Total financial result</b>	<b>- 83.9</b>	<b>- 30.6</b>

The financial result includes realised and unrealised exchange rate gains and losses as well as realised and unrealised gains and losses on derivatives not resulting from energy derivatives trading. The increase in exchange rate gains and losses is due to high market volatility.

The lower interest income for 2008/09 is mainly a result of lower variable market interest rates, while the higher interest expense is attributable to the first full-year operation of the gas-fired combined-cycle power plant of Rizziconi Energia S.p.A., as a result of which interest rates could no longer be capitalised in the reporting period.

## Notes

**13 Income tax expense**

CHF MILLIONS	2008/09	2007/08
Current income taxes	-90.9	-62.0
Deferred income taxes	30.0	-37.9
<b>Total income tax expense</b>	<b>-60.9</b>	<b>-99.9</b>

Current income taxes consist of taxes paid or due on the results of the individual companies for the financial year in accordance with local regulations, as well as charges and credits from previous periods.

CHF MILLIONS	2008/09	2007/08
<b>Deferred income taxes directly recognised in equity</b>	<b>29.7</b>	<b>1.9</b>

Current tax liabilities amount to CHF 79.2 million (previous year: CHF 53.0 million), while current tax receivables stand at CHF 52.3 million (previous year: CHF 24.6 million). Deferred taxes recognised directly in equity are explained in Note 22.

**Reconciliation of expected tax rate and effective tax rate**

CHF MILLIONS	2008/09	2007/08
Earnings before tax (EBT)	247.6	415.3
Expected tax rate (weighted average)	12.5%	24.1%
Income taxes at expected tax rate	-31.0	-100.1
Effect on non-deductible expenses	-51.1	-11.4
Effect from previous periods	-2.0	2.7
Effect of tax rate changes	0.2	-
Effect of deduction on investment	6.9	4.5
Effect on income not subject to tax or tax privileged	34.8	5.2
Impact of tax-loss carry forwards	-15.1	0.4
Difference between current and deferred tax rate	0.1	0.1
Other effects	-3.7	-1.3
<b>Total income taxes (current and deferred)</b>	<b>-60.9</b>	<b>-99.9</b>
Effective tax rate (weighted average)	24.6%	24.0%

The change in the expected tax rate from 24.1% to 12.5% results from the different profits posted by the Group companies compared with the previous year, and the different tax rates applicable.

## Notes

## Deferred taxes by origin of temporary differences

CHF MILLIONS	ASSETS 30.09.2009	LIABILITIES 30.09.2009	ASSETS 30.09.2008	LIABILITIES 30.09.2008
Property, plant and equipment	-	40.0	-	6.6
Intangible assets	0.4	-	0.2	-
Investments in associates	0.2	36.1	0.2	36.7
Tax-loss carry forwards capitalised	23.4	-	11.4	-
Other assets	37.6	75.1	8.1	136.6
Hedge accounting	16.5	-	-	13.1
Provisions	0.3	2.3	0.1	4.4
Other liabilities	31.5	0.9	68.6	0.5
<b>Deferred taxes, gross</b>	<b>109.9</b>	<b>154.4</b>	<b>88.6</b>	<b>197.9</b>
Offsetting of assets and liabilities	-80.8	-80.8	-85.2	-85.2
<b>Deferred taxes, net</b>	<b>29.1</b>	<b>73.6</b>	<b>3.4</b>	<b>112.7</b>

## Summary of tax-loss carryforwards not capitalised

CHF MILLIONS	30.09.2009	30.09.2008
Opening balance	7.5	11.1
Effects from foreign currency differences	-0.3	-0.4
(Decrease)/increase	49.7	-2.4
Charged to the income statement	0.1	-0.4
Expired	-4.0	-0.4
<b>Closing balance</b>	<b>53.0</b>	<b>7.5</b>

## Expiry dates of tax-loss carryforwards not capitalised

CHF MILLIONS	30.09.2009	30.09.2008
Expiring in the following year	0.5	-
Expiring within 2 to 5 years	35.3	2.6
Expiring in more than 5 years	17.2	4.9
<b>Total</b>	<b>53.0</b>	<b>7.5</b>

## Notes

**14 Property, plant and equipment**

CHF MILLIONS	POWER PLANTS	GRID FACILITIES	REAL ESTATE	FURNITURE AND FITTINGS	ASSETS UNDER CONSTRUCTION	TOTAL
<b>ACQUISITION COST</b>						
<b>Balance at 1 October 2007</b>	<b>625.5</b>	<b>407.7</b>	<b>29.9</b>	<b>22.2</b>	<b>555.0</b>	<b>1,640.3</b>
Effect from currency translation differences	- 48.9	-	- 0.6	- 0.8	- 13.0	- 63.3
Change in scope of consolidation	-	-	-	-	- 26.5	- 26.5
Additions	10.1	1.1	2.4	3.6	207.3	224.5
Disposals	-	-	-	- 0.4	- 3.0	- 3.4
Reclassifications	647.8	5.7	-	-	- 653.5	-
<b>Balance at 30 September 2008</b>	<b>1,234.5</b>	<b>414.5</b>	<b>31.7</b>	<b>24.6</b>	<b>66.3</b>	<b>1,771.6</b>
Effect from currency translation differences	- 54.5	-	- 0.7	- 0.7	- 1.3	- 57.2
Change in scope of consolidation	-	-	-	0.4	0.3	0.7
Additions	14.9	2.4	16.0	6.5	34.3	74.1
Disposals	-	- 13.6	- 1.4	- 1.6	- 0.1	- 16.7
Reclassifications	9.3	9.6	-	-	- 18.9	-
<b>Balance at 30 September 2009</b>	<b>1,204.2</b>	<b>412.9</b>	<b>45.6</b>	<b>29.2</b>	<b>80.6</b>	<b>1,772.5</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Balance at 1 October 2007</b>	<b>- 10.6</b>	<b>- 123.4</b>	<b>- 2.9</b>	<b>- 11.2</b>	<b>-</b>	<b>- 148.1</b>
Effect from currency translation differences	1.4	-	-	0.5	-	1.9
Depreciation in reporting period	- 31.0	- 10.1	- 0.4	- 3.8	-	- 45.3
Disposals	-	-	-	0.4	-	0.4
<b>Balance at 30 September 2008</b>	<b>- 40.2</b>	<b>- 133.5</b>	<b>- 3.3</b>	<b>- 14.1</b>	<b>-</b>	<b>- 191.1</b>
Effect from currency translation differences	1.9	-	-	0.3	0.1	2.3
Depreciation in reporting period	- 48.0	- 8.8	- 0.5	- 3.5	-	- 60.8
Impairment	-	- 18.2	-	-	- 38.9	- 57.1
Disposals	-	2.7	-	1.3	-	4.0
<b>Balance at 30 September 2009</b>	<b>- 86.3</b>	<b>- 157.8</b>	<b>- 3.8</b>	<b>- 16.0</b>	<b>- 38.8</b>	<b>- 302.7</b>
Carrying amount at 1 October 2007	614.9	284.3	27.0	11.0	555.0	1,492.2
<b>Carrying amount at 30 September 2008</b>	<b>1,194.3</b>	<b>281.0</b>	<b>28.4</b>	<b>10.5</b>	<b>66.3</b>	<b>1,580.5</b>
Carrying amount at 1 October 2008	1,194.3	281.0	28.4	10.5	66.3	1,580.5
<b>Carrying amount at 30 September 2009</b>	<b>1,117.9</b>	<b>255.1</b>	<b>41.8</b>	<b>13.2</b>	<b>41.8</b>	<b>1,469.8</b>

The increase in assets under construction mainly concerns investments in grid facilities, gas-fired combined-cycle power plant projects in Italy, and wind farm projects in Italy and Sweden. The increase in real estate concerns the purchase of land for the Energy Plus project, while the higher figure for power plants is attributable to additional investments in the gas-fired combined-cycle power plant of Rizziconi Energia S.p.A.

## Notes

The Electricity Supply Act (StromVG) and the related Ordinance (StromVV) came into force on 1 January and 1 April 2008 respectively. The new legislation requires all transmission grids to be transferred to the national grid operator swissgrid ag within five years. The value at which these grids are to be transferred has not been definitively decided.

On 6 March 2009 the Electricity Commission (ECom) issued a decree concerning costs and tariffs for Level 1 grid usage and ancillary services. To calculate the allowance costs, ECom in its decree estimated the value of EGL Grid AG transmission grids at around CHF 100 million. This is well below the value of around CHF 266 million (including grid installations under construction) recorded in the balance sheet. The book value was reviewed by performing a value in use calculation. The value in use corresponds to the present value of cash flows for three years plus a residual value which corresponds to the expected transfer value to swissgrid ag. Cash flow projections are primarily dependent on the costs passed on to swissgrid ag as from 1 January 2009. Cash flows are discounted using an interest rate of 4.53% as defined by the ECom. Since the resultant value in use corresponds approximately to the book value of the grid installations, it is the view of EGL management that the value disclosed in the balance sheet reflects the correct value of the transmission grids. Consequently, on 23 April 2009 EGL Grid AG filed an appeal with the Federal Administrative Court against the ECom decree. Depending on the outcome of the appeal process, however, the value of the transmission grids may deviate substantially from the value disclosed in the balance sheet. In the reporting period an impairment of CHF 18.2 million was recognised as a result of a change in the depreciation method. Further grid installations with a initial value of CHF 13.6 million were disposed. Both book entries were accounted for in equity reducing revaluation reserve without affecting income. Any possibly necessary future depreciation of the grid installations could for the most part be recognised directly in equity (revaluation reserve) thereby not affecting net income.

In August 2009 EGL decided to no longer pursue the construction of the gas-fired combined-cycle power plant of Energy Plus S.p.A. and to sell the project. Initial steps were taken in October 2009. The incurred capitalised project costs of CHF 38.9 million were adjusted, as they are without realisation of the project not recoverable.

In the financial year 2008/09, interest on borrowings of CHF 1.3 million was capitalised (previous year: CHF 26.0 million). As a result of the first full-year operation of the gas-fired combined-cycle power plant of Rizziconi Energia S.p.A., interest rates could no longer be capitalised, and therefore the capitalised amount is significantly lower than in the previous year. Further, property, plant and equipment amounting to CHF 1,123.6 million were pledged as collateral for financial liabilities (see Note 33). As in the previous year, on 30 September 2009 there were no obligations to purchase property, plant and equipment.

At 30 September 2009, the fire insurance value of property, plant and equipment was CHF 1,256.9 million (previous year: CHF 1,316.4 million).

## Notes

## 15 Intangible assets

CHF MILLIONS	GOODWILL	OTHER	TOTAL
<b>ACQUISITION COST</b>			
<b>Balance at 1 October 2007</b>	<b>125.6</b>	<b>18.1</b>	<b>143.7</b>
Effect from currency translation differences	-7.5	0.3	-7.2
Additions	0.5	7.0	7.5
<b>Balance at 30 September 2008</b>	<b>118.6</b>	<b>25.4</b>	<b>144.0</b>
Effect from currency translation differences	-4.6	-0.1	-4.7
Additions	14.5	28.8	43.3
<b>Balance at 30 September 2009</b>	<b>128.5</b>	<b>54.1</b>	<b>182.6</b>
<b>ACCUMULATED AMORTISATION</b>			
<b>Balance at 1 October 2007</b>	<b>-0.7</b>	<b>-5.0</b>	<b>-5.7</b>
Effect from currency translation differences	0.1	-	0.1
Amortisation in reporting period	-	-4.1	-4.1
Impairment	-0.5	-	-0.5
<b>Balance at 30 September 2008</b>	<b>-1.1</b>	<b>-9.1</b>	<b>-10.2</b>
Effect from currency translation differences	0.1	0.1	0.2
Amortisation in reporting period	-	-5.6	-5.6
Impairment	-7.5	-	-7.5
<b>Balance at 30 September 2009</b>	<b>-8.5</b>	<b>-14.6</b>	<b>-23.1</b>
Carrying amount at 1 October 2007	124.9	13.1	138.0
<b>Carrying amount at 30 September 2008</b>	<b>117.5</b>	<b>16.3</b>	<b>133.8</b>
Carrying amount at 1 October 2008	117.5	16.3	133.8
<b>Carrying amount at 30 September 2009</b>	<b>120.0</b>	<b>39.5</b>	<b>159.5</b>

Other intangible assets rose due to various IT projects. Further this position also contains CO<sub>2</sub> certificates for own use amounting to CHF 9.7 million. Significant contributions of goodwill are recognised in the following cash-generating units. Other than goodwill, no intangible assets with an unlimited useful life are recorded in the balance sheet.

Goodwill is allocated to the cash-generating units as follows: The stake in EGL Italia S.p.A. results in goodwill of CHF 105.5 million. The stake was increased by 20% to 100% in the 2004/05 financial year. The final purchase price for this additional 20% was subject to arbitration proceedings which concluded with a negative outcome for the EGL Group. The EGL Group lodged a civil claim against this ruling. The disputed purchase price amounts to EUR 70.6 million. The goodwill was subjected to an impairment test, and the recoverable amount is based on a value in use calculation which derives from the budget planning. The value in use corresponds to the present value of cash flows for five years and a residual value without taking into account any further growth rate. Cash flow projections are drawn up on the basis of empirical values as well as management estimations of the market trend. The cash flows are discounted using a post-tax interest rate of 7.6% commensurate with the risk. The discount rate is based on the Weighted Average Cost of Capital (WACC) calculated using the Capital Asset Pricing Model (CAPM). The applicable parameters were defined with due consideration to the risk profile of the cash-generating unit in question. Since the recoverable amount exceeds the carrying amount, no impairment adjustment is required. An increase in the discount rate by 3.7 percentage points would result in the value in use being just equal to the carrying amount.

## Notes

In the reporting period a 51.6% stake in the project company HS Kraft AB was acquired (see Note 36), resulting in a goodwill of CHF 14.5 million. The goodwill was tested for impairment. The recoverable amount is based on a value in use calculation. The value in use corresponds to the present value of the cash flows based on the projections of the project documentation. The cash flows are discounted using a post-tax interest rate of 8.4% commensurate with the risk. The discount rate is based on the Weighted Average Cost of Capital (WACC) calculated using the Capital Asset Pricing Model (CAPM). The applicable parameters were defined with due consideration to the risk profile of the cash-generating unit in question. Since the recoverable amount exceeds the carrying amount, no impairment adjustment is required. An increase in the discount rate by 3.0 percentage points or a reduction in the annual electricity price calculations by 26.6% would result in the value in use being just equal to the carrying amount.

It is management's view that, taking into account any further changes to the key assumptions conceivable under normal circumstances, the carrying amount would not exceed the recoverable amount.

In the second half of the reporting period, EGL decided not to further pursue the construction of the gas-fired combined-cycle power plant of project company Energy Plus S.p.A., and to sell the project. The goodwill of CHF 7.5 million was therefore assessed as not being recoverable and was impaired (see Note 14).

As at 30 September 2009 there were no contractual liabilities for the purchase of intangible assets.

## 16 Investments in associates and partner plants

CHF MILLIONS	PARTNER PLANTS	OTHER ASSOCIATES	TOTAL
Balance at 1 October 2007	221.1	240.3	461.4
Additions	-	23.4	23.4
Disposals	-	-0.2	-0.2
Dividend	-7.2	-3.3	-10.5
Proportional profit	7.2	5.6	12.8
Change in consolidation scope	-	3.5	3.5
Effect from currency translation differences	-	-4.3	-4.3
<b>Balance at 30 September 2008</b>	<b>221.1</b>	<b>265.0</b>	<b>486.1</b>
Additions	1.5	42.2	43.7
Disposals	-	-1.8	-1.8
Dividend	-6.9	-4.2	-11.1
Proportional profit	7.2	-5.5	1.7
Effect from currency translation differences	-	-5.9	-5.9
<b>Balance at 30 September 2009</b>	<b>222.9</b>	<b>289.8</b>	<b>512.7</b>

Other associates mainly comprise Agroenergética de Pinzón S.L., Società EniPower Ferrara S.r.l., NorGer KS, swissgrid ag, TAP Asset S.p.A., Trans Adriatic Pipeline AG and Rätia Energie AG. EGL holds 17.5% of the capital and 21.4% of the voting rights in Rätia Energie AG. This company is accounted for using the equity method and is included in net assets with a share of CHF 145.4 million (previous year: CHF 131.7 million). The proportional stock market value of Rätia Energie AG as at 30 September 2009 (SIX ticker symbol: RE) was CHF 285.8 million (previous year: CHF 300.6 million). Details regarding changes in investments in associates are disclosed in Note 36.

The increase in investments in partner plants is attributable to the capital increase in Rheinkraftwerk Albruck-Dogern AG in the form of a debt-equity swap, while the higher investments in other associates primarily concern investments in the project company Società EniPower Ferrara S.r.l. (EUR 19.6 million), in the Trans Adriatic Pipeline AG (CHF 10.0 million) and in NorGer KS (NOK 8.3 million).

## Notes

A goodwill of CHF 24.3 million included in the balance sheet for Società EniPower Ferrara S.r.l. was tested for impairment. The recoverable amount is based on a value in use calculation. The value in use corresponds to the present value of the cash flows based on the projections of the project documentation. The cash flows are discounted using a post-tax interest rate of 5.98% commensurate with the risk. The discount rate is based on the Weighted Average Cost of Capital (WACC) calculated using the Capital Asset Pricing Model (CAPM). The applicable parameters were defined with due consideration to the risk profile of the cash-generating unit in question. Since the recoverable amount exceeds the carrying amount, no impairment adjustment is required. An increase in the discount rate by 1.3 percentage points or a reduction of 10% in annual processing revenues would result in the value in use being just equal to the carrying amount.

It is management's view that, taking into account any further changes to the key assumptions conceivable under normal circumstances, the carrying amount would not exceed the recoverable amount.

## Key figures of partner plants

CHF MILLIONS	2008/09 GROSS VALUE	2008/09 PROPORTIONAL	2007/08 GROSS VALUE	2007/08 PROPORTIONAL
Non-current assets	9,104.3	1,146.4	8,903.6	1,132.8
Current assets	612.2	54.6	670.4	71.6
Non-current liabilities	7,098.1	780.4	7,229.7	850.1
Current liabilities	1,073.0	200.1	832.4	135.6
Income	1,680.0	207.2	1,580.9	212.9
Expenses	-1,612.9	-200.0	-1,514.4	-205.7
Profit	67.1	7.2	66.5	7.2

Shareholders in the partner plants are obliged, on the basis of existing agreements, to assume on an ongoing basis the annual costs in proportion to their stake. Depreciation of property, plant and equipment included in the annual costs ensures that financial obligations entered into with partner plants are fully repaid during the useful life of the partner plant. For the owners of nuclear power plants there is a limited subsequent payment obligation to the decommissioning fund in the event that one of the primary obligated parties is unable to meet its payment obligations. With the entry into force of the new Nuclear Energy Act on 1 January 2005, this limited obligation for subsequent payment also applies to the disposal fund.

For EGL, the proportional ordinary annual costs amount to CHF 211.9 million (previous year: CHF 198.5 million). These costs are included under energy procurement and cost of goods (Note 8).

Details of the equity-consolidated partner plants are given in the individual business reports of the partner plants.

## Notes

## Key figures of other associates

CHF MILLIONS	2008/09 GROSS VALUE	2008/09 PROPORTIONAL	2007/08 GROSS VALUE	2007/08 PROPORTIONAL
Non-current assets	2,016.8	587.2	1,964.7	563.6
Current assets	1,488.0	260.6	1,211.1	227.9
Non-current liabilities	1,018.9	318.4	1,088.1	325.9
Current liabilities	1,388.4	263.4	1,098.1	226.2
Income	2,187.8	382.6	1,352.8	241.2
Expenses	-2,131.8	-388.1	-1,298.5	-235.6
Profit	56.0	-5.5	54.3	5.6

## Total key figures

CHF MILLIONS	2008/09 GROSS VALUE	2008/09 PROPORTIONAL	2007/08 GROSS VALUE	2007/08 PROPORTIONAL
Non-current assets	11,121.1	1,733.6	10,868.3	1,696.4
Current assets	2,100.2	315.2	1,881.5	299.5
Non-current liabilities	8,117.0	1,098.8	8,317.8	1,176.0
Current liabilities	2,461.4	463.5	1,930.5	361.8
Income	3,867.8	589.8	2,933.7	454.1
Expenses	-3,744.7	-588.1	-2,812.9	-441.3
Profit	123.1	1.7	120.8	12.8

## Notes

## 17 Other financial assets

CHF MILLIONS	OTHER INVESTMENTS	LONG-TERM LOANS TO ASSOCIATES	OTHER LONG-TERM FINANCIAL ASSETS	TOTAL
<b>BOOK VALUE</b>				
<b>Balance at 1 October 2007</b>	<b>3.3</b>	<b>177.3</b>	<b>4.9</b>	<b>185.5</b>
Change in consolidation scope	-	-	-0.6	-0.6
Additions	-	102.9	0.2	103.1
Disposals	-0.7	-	-0.8	-1.5
Change in valuation not affecting net income	-2.5	-	-	-2.5
Reclassification	0.2	9.6	-0.2	9.6
Effect from currency translation differences	-	-11.6	-0.2	-11.8
<b>Balance at 30 September 2008</b>	<b>0.3</b>	<b>278.2</b>	<b>3.3</b>	<b>281.8</b>
Additions	-	21.5	4.7	26.2
Disposals	-	-1.5	-	-1.5
Change in valuation	-	-0.2	-	-0.2
Effect from currency translation differences	-0.1	-12.0	-0.3	-12.4
<b>Balance at 30 September 2009</b>	<b>0.2</b>	<b>286.0</b>	<b>7.7</b>	<b>293.9</b>
Carrying amount at 1 October 2007	3.3	177.3	4.9	185.5
<b>Carrying amount at 30 September 2008</b>	<b>0.3</b>	<b>278.2</b>	<b>3.3</b>	<b>281.8</b>
Carrying amount at 1 October 2008	0.3	278.2	3.3	281.8
<b>Carrying amount at 30 September 2009</b>	<b>0.2</b>	<b>286.0</b>	<b>7.7</b>	<b>293.9</b>

All other investments are classified as “available-for-sale” and recognised at fair value. Changes in valuation are recognised in equity and are shown in Note 22 as well as in the “Consolidated statement of changes in equity”. Details regarding changes in other investments are disclosed in Note 36. The higher figure for financial assets mainly results from the increase in loans to Società EniPower Ferrara S.r.l. and Trans Adriatic Pipeline AG by EUR 7.3 million and CHF 8.7 million respectively. The long-term loan to Società EniPower Ferrara S.r.l. amounts to EUR 138.3 million. The loan runs until 20 December 2021 and is subject to variable interest indexed to the six-month Euribor rate plus 1.2%, as at end-September 2.65% (measurement date 22 June 2009). The loan to Trans Adriatic Pipeline AG amounts to CHF 13.0 million. It is subject to variable interest indexed to the EUR 12-month interest rate for cross-border intercompany loans published by the Federal Tax Administration plus 1.0%, as at end-September 5.5% (measurement date April 2009), and is due for repayment by 2038 at the latest. The loan to the project company Energie Rinnovabili amounts to EUR 35.9 million and is subject to variable interest indexed to the six-month Euribor rate plus 0.5%, as at end-September 2.18% (measurement date 1 April 2009). The loan to TAP Asset S.p.A. amounts to EUR 5.6 million. It runs until 30 November 2011 and is subject to variable interest indexed to the six-month Euribor rate plus 1.0%, as at end-September 2.68% (measurement date 1 April 2009).

## Notes

**18 Inventories**

CHF MILLIONS	30.09.2009	30.09.2008
Emission certificates at fair value	14.5	14.7
Green certificates own use	17.5	71.3
Green certificates at fair value	21.0	-
Gas inventories own use	1.5	11.5
Gas inventories at fair value	10.7	22.1
<b>Total</b>	<b>65.2</b>	<b>119.6</b>

Emission certificates and gas inventories acquired for resale in the near term with a view to generating a profit from fluctuations in prices or broker-traders' margins are measured at fair value less costs to sell. Green certificates and gas inventories for own use are included in the balance sheet at the lower of purchase price or fair value.

**19 Trade receivables**

CHF MILLIONS	30.09.2009	30.09.2008
From third parties	859.5	759.6
From related parties	5.9	7.7
From partner plants and other associates	39.2	19.5
Provisions for bad debts	- 59.5	- 35.0
<b>Total</b>	<b>845.1</b>	<b>751.8</b>

Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables amount to CHF 1,176.4 million (previous year: CHF 1,629.2 million; see Note 26).

As at the balance sheet date, trade receivables in Euros amounted to CHF 766.8 million (previous year: CHF 647.9 million).

The necessary provisions for bad and doubtful trade receivables were based on experience and individual assessments. A detailed analysis of trade receivables and provisions for bad debts is shown in Note 6 "Financial risk management".

## Notes

**20 Other receivables (current)**

CHF MILLIONS	30.09.2009	30.09.2008
From third parties	917.8	848.0
From partner plants and other associates	56.7	66.6
From related parties	2.2	0.3
Prepayments to suppliers	14.0	1.0
<b>Total</b>	<b>990.7</b>	<b>915.9</b>
Thereof accrued income and prepaid expenses	614.4	455.8

Electricity supplies not yet billed from the traditional energy business as well as from energy derivatives trading are included in the balance sheet under accrued income and prepaid expenses.

**21 Cash and cash equivalents**

CHF MILLIONS	30.09.2009	30.09.2008
Petty cash, cash at banks and post office	621.8	609.1
Short-term cash deposits	96.6	177.4
<b>Total</b>	<b>718.4</b>	<b>786.5</b>

Short-term cash deposits are available within 90 days. As at the balance sheet date, cash and cash equivalents held in Swiss francs amounted to CHF 300.5 million (previous year: CHF 289.5 million), while the amount held in Euros was CHF 353.6 million (previous year: 437.7 million).

**22 Equity**

Changes in the value of financial instruments are recognised in equity according to IAS 39 (available-for-sale revaluation reserve and hedge accounting reserve):

CHF MILLIONS	2008/09	2007/08
<b>Balance at 1 October</b>	<b>27.5</b>	<b>31.4</b>
Financial assets available for sale:		
Change in fair value of securities (current assets)	0.3	1.0
Change in fair value of other financial assets (see Note 17)	-	-2.5
Change in fair value of cash flow hedge accounting	-89.9	-4.3
Deferred tax thereon	29.7	1.9
<b>Balance at 30 September</b>	<b>-32.4</b>	<b>27.5</b>

The share capital is divided into 2,640,000 fully paid bearer shares each with a nominal value of CHF 50.00 (see EGL AG Note 19). EGL AG does not hold any treasury shares. The entire portfolio of treasury shares was sold in the previous year.

## Notes

**23 Financial liabilities (non-current)**

CHF MILLIONS	30.09.2009	30.09.2008
Bond	246.8	246.2
Long-term loans:		
From third parties	908.8	1,031.9
From partner plants and other associates	0.3	0.3
<b>Total</b>	<b>1,155.9</b>	<b>1,278.4</b>
The following due dates applied at the end of the financial year:		
Due within 1 to 5 years	230.9	301.2
Due in more than 5 years	925.0	977.2
<b>Total</b>	<b>1,155.9</b>	<b>1,278.4</b>

A ten-year domestic bond for a principal amount of CHF 250 million was issued on 23 November 2005, with a coupon of 2.5%. The bond is listed on the SIX Exchange under Securities No. 2.326.262. At 30 September 2009 the fair value of the bond was CHF 253.8 million (previous year: CHF 239.9 million) and the market interest rate was 2.236% (previous year: 3.141%). The bond is measured at amortised cost using the effective interest method.

The long-term loan liability to third parties relates to financing for the gas-fired combined-cycle power plants of Calenia Energia S.p.A. and Rizziconi Energia S.p.A. in Italy. The loan liability in respect of Calenia Energia S.p.A. amounts to EUR 279.8 million (previous year: EUR 299.1 million) at a variable interest rate of 2.47% (previous year: 5.92%). The loan liability in respect of Rizziconi Energia S.p.A. amounts to EUR 321.4 million (previous year: EUR 355.1 million) at a variable interest rate of 2.22% (previous year: 6.14%). The loans will be repaid by 2019 and 2023 respectively.

**24 Other liabilities (non-current)**

CHF MILLIONS	30.09.2009	30.09.2008
Liabilities to pension funds	4.2	1.9
Other liabilities	48.6	52.0
<b>Total</b>	<b>52.8</b>	<b>53.9</b>
The following maturity dates applied at the end of the financial year:		
Maturity of 1 to 5 years	23.5	18.9
Maturity of more than 5 years	29.3	35.0
<b>Total</b>	<b>52.8</b>	<b>53.9</b>

Other non-current liabilities primarily concern the sale of electricity procurement rights. The payments received were recorded as a liability and will be taken to income over the term of the usage rights.

Pension fund liabilities include CHF 2.9 million in respect of defined benefit plans, of which CHF 1.9 million is attributable to the Vorsorgestiftung Energie, which is considered a related party (see Note 29).

## Notes

## 25 Provisions

CHF MILLIONS	DECOMMISSIONING POWER PLANTS	PROVISIONS CONSTRUCTION OF POWER PLANTS	OTHER PROVISIONS	TOTAL
<b>Balance at 1 October 2008</b>	<b>11.8</b>	<b>33.0</b>	<b>14.5</b>	<b>59.3</b>
Allocation	0.5	–	29.6	30.1
Release	–	– 19.3	– 0.6	– 19.9
Usage	–	– 3.1	– 0.5	– 3.6
Reclassification	–	– 2.7	–	– 2.7
Effect from currency translation differences	– 0.5	– 1.3	– 0.1	– 1.9
<b>Balance at 30 September 2009</b>	<b>11.8</b>	<b>6.6</b>	<b>42.9</b>	<b>61.3</b>
Current portion of provisions	–	–	29.4	29.4
Non-current portion of provisions	11.8	6.6	13.5	31.9
<b>Total</b>	<b>11.8</b>	<b>6.6</b>	<b>42.9</b>	<b>61.3</b>
<b>EXPECTED OUTFLOW OF FUNDS</b>				
Within 1 year	–	–	29.4	29.4
Between 1 and 5 years	–	6.6	13.4	20.0
In more than 5 years	11.8	–	0.1	11.9
<b>Total</b>	<b>11.8</b>	<b>6.6</b>	<b>42.9</b>	<b>61.3</b>

In connection with the commissioning of the gas-fired combined-cycle power plants of Calenia Energia S.p.A. and Rizziconi Energia S.p.A., provisions were allocated for the dismantling of the operating facilities. The same amount was capitalised to property, plant and equipment (see Note 14).

Provisions related to the construction of gas-fired combined-cycle power plants concern an obligation towards the province of Reggio Calabria in connection with the construction and operation of the Rizziconi Energia S.p.A. plant, in the amount of CHF 6.6 million (previous year: CHF 7.2 million). For the obligation towards the province of Caserta in connection with the construction of the Calenia S.p.A. gas-fired combined-cycle power plant, a contractual agreement was reached. Part of the obligation was settled, while the residual amount was reclassified to liabilities. The provision of CHF 16.3 million for the project company Energy Plus S.p.A. in connection with the site for the gas-fired combined-cycle power plant in Salerno was released since the land was acquired in the reporting period.

Other provisions: In the second half of the reporting period, EGL decided to no longer pursue construction of the Energy Plus S.p.A. gas-fired combined-cycle power plant and to sell the project. Provisions of CHF 7.6 million were allocated for penalties related to contracts already concluded in respect of the project (see Notes 14 and 15). Provisions of CHF 13.8 million were also allocated in connection with onerous contracts for gas supply. In addition, provisions exist for a de facto obligation to transfer a sub-participation in 2011 as well as for certificates and pending legal suits.

## Notes

**26 Trade payables**

CHF MILLIONS	30.09.2009	30.09.2008
To third parties	708.0	573.9
To related parties	9.8	19.8
To partner plants and other associates	10.4	17.5
<b>Total</b>	<b>728.2</b>	<b>611.2</b>

Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables amount to CHF 1,176.4 million (previous year: CHF 1,629.2 million; see Note 19).

**27 Financial liabilities (current)**

CHF MILLIONS	30.09.2009	30.09.2008
From third parties	96.8	209.2
From related parties	220.0	-
From partner plants and other associates	3.0	-
<b>Total</b>	<b>319.8</b>	<b>209.2</b>

Current financial liabilities to related parties include various loans from Axpo Holding AG. In the reporting period loans in the amount of CHF 370.0 million were raised, of which CHF 150.0 million has already been repaid, as a result of which loan liabilities outstanding on the balance sheet date amount to CHF 220.0 million. These are subject to an interest rate of 1.2%.

**28 Other liabilities (current)**

CHF MILLIONS	30.09.2009	30.09.2008
To third parties	726.9	685.1
To related parties	6.5	4.4
To partner plants and other associates	41.4	20.3
To pension funds	1.1	1.1
<b>Total</b>	<b>775.9</b>	<b>710.9</b>
Thereof accrued expenses and deferred income	669.6	430.4

Accrued expenses and deferred income primarily consist of accruals for electricity purchases related to the traditional energy business as well as energy derivatives trading. Pension fund liabilities include CHF 0.6 million (previous year: CHF 0.5 million) in respect of the Vorsorgestiftung Energie, which is considered as a related party.

## Notes

**29 Employee benefits**

The position of the EGL Group with regard to employee benefits is as follows

CHF MILLIONS	2008/09	2007/08
<b>1. DEVELOPMENT OF OBLIGATIONS AND ASSETS</b>		
Present value of benefit obligation at 1 October	- 151.4	- 160.2
Service costs	- 14.7	- 8.3
Interest costs	- 5.5	- 5.3
Benefits paid	4.4	16.1
Actuarial gain (loss) on benefit obligation	- 2.6	6.2
Currency gain	-	0.1
<b>Present value of benefit obligation at 30 September</b>	<b>- 169.8</b>	<b>- 151.4</b>
Fair value of plan assets at 1 October	144.1	162.5
Expected return on plan assets	7.1	7.8
Employer's contributions	7.2	9.6
Employees' contributions	4.0	2.7
Benefits paid	- 4.4	- 16.1
Actuarial loss on plan assets	- 6.1	- 22.3
<b>Fair value of plan assets at 30 September</b>	<b>151.9</b>	<b>144.1</b>
<b>2. BALANCE SHEET AT 30 SEPTEMBER</b>		
Fair value of plan assets	151.9	144.1
Present value of benefit obligation - funded	- 168.8	- 150.3
<b>Funded status - funded</b>	<b>- 16.9</b>	<b>- 6.2</b>
Present value of benefit obligation - unfunded	- 1.0	- 1.1
Unrecognised actuarial loss	15.0	6.2
<b>Net liabilities in balance sheet</b>	<b>- 2.9</b>	<b>- 1.1</b>
<b>3. INCOME STATEMENT</b>		
Service costs	- 14.8	- 8.3
Interest costs	- 5.5	- 5.3
Expected return on plan assets	7.1	7.8
Actuarial gain (loss) recognised under IAS 19.58	-	- 0.7
<b>Periodic pension costs</b>	<b>- 13.2</b>	<b>- 6.5</b>
Employees' contributions	4.0	2.7
<b>Expense recognised in the income statement</b>	<b>- 9.2</b>	<b>- 3.8</b>

## Notes

CHF MILLIONS	2008/09	2007/08		
<b>4. CHANGE IN NET ASSETS/LIABILITIES RECOGNISED IN BALANCE SHEET</b>				
Net liabilities in balance sheet (BOY)	- 1.1	- 6.9		
Currency gain	0.1	0.1		
Expense recognised in the income statement	- 9.2	- 3.8		
Employer's contributions (expected for following reporting period)	7.3	9.6		
Prepaid (accrued) pension cost through income statement	- 1.9	5.8		
<b>Net assets (liabilities) in balance sheet at 30 September</b>	<b>- 2.9</b>	<b>- 1.1</b>		
Actual return on plan assets (in %)	0.7%	- 11.4%		
<b>5. PRINCIPAL ACTUARIAL ASSUMPTIONS AS OF 30 SEPTEMBER</b>				
Discount rate (in %)	3.3%	3.5%		
Expected net return on plan assets for following reporting period (in %)	4.8%	4.8%		
Average future salary increase (in %)	2.0%	2.0%		
Future pension increase (in %)	0.5%	0.5%		
<b>6. ASSET ALLOCATION</b>			LONG TERM EXPECTED RETURN	CONTRIBUTION TO RETURN
Cash (in %)	5.6%	0.1%	2.0%	0.1%
Bonds (in %)	36.8%	39.2%	2.9%	1.1%
Shares (in %)	39.8%	42.0%	6.9%	2.8%
Real estate (in %)	15.5%	15.5%	4.0%	0.6%
Other (in %)	2.3%	3.2%	5.9%	0.1%
<b>Total (in %)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>21.8%</b>	<b>4.7%</b>
Cost (in %)				0.1%
<b>Net return (in %)</b>				<b>4.8%</b>
<b>7. DEFINED BENEFIT PENSION PLANS</b>				
	2008/09	2007/08	2006/07	2005/06
Fair value of plan assets	151.9	144.1	162.5	133.1
Present value of benefit obligation	- 169.8	- 151.4	- 160.2	- 138.5
Funded (unfunded) status	- 17.9	- 7.2	2.3	- 5.4
Experience gain (loss) on plan liabilities	- 6.0	- 0.2	- 1.1	- 3.5
Experience gain (loss) on plan assets	- 6.1	- 22.3	11.1	6.6

The EGL Group has adopted IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" for the first time for the reporting period. This new interpretation does not result in any prior year adjustments for the EGL Group.

Pension fund costs for the reporting period include CHF 0.9 million (previous year: CHF 0.8 million) and pension fund liabilities include CHF 1.3 million (previous year: CHF 0.8 million) in respect of defined contribution plans (see Notes 9 and 24).

## Notes

**30 Derivative financial instruments**

The EGL Group trades in electricity forwards, futures and swaps as well as options on behalf of customers and for its own account. The (physical) settlement of standardised forward contracts is no different from that of other energy procurement and supply contracts. However, standardised forward contracts are suitable for building and trading energy positions, as well as for managing the associated risks. Standardised energy forward contracts include elements of derivative contracts and, when viewed over the entirety of all counterparties, are mainly settled financially. As with traditional energy procurement and supply contracts, every standardised forward contract is included directly in the daily physical energy supply and procurement plan.

For risk reasons, EGL has agreed netting arrangements with numerous counterparties for standardised forward contracts and derivatives in energy trading. Where such a framework agreement exists and the legal enforceability in the event of insolvency of the counterparty is given, the positive and negative replacement values are netted and a single amount, which is either payable or receivable, is recorded in the balance sheet.

The company's risk management systems monitor open energy positions daily on the basis of volume and risk limits. Risks are monitored using the value-at-risk approach (5 days holding period, 99% confidence interval, calculation based on historic price data). Counterparty risks are continuously assessed. Periodic reports on risk positions are drawn up.

The following table shows the replacement values, calculated at market prices, as well as the contract volumes. Positive replacement values indicate an asset and negative replacement values a liability.

**2008/09: Standard forward contracts and derivatives in energy trading**

CHF MILLIONS	REPLACEMENT VALUES		CONTRACT VOLUME
	POSITIVE 30.09.2009	NEGATIVE 30.09.2009	30.09.2009
<b>ENERGY TRADING</b>			
Standard forward contracts	3,790.4	3,501.4	61,134.9
Futures	–	–	59.7
Options	226.1	327.1	2,019.9
Swaps	288.1	272.5	6,421.1
Emission certificates	79.3	71.3	487.5
<b>Total energy trading</b>	<b>4,383.9</b>	<b>4,172.3</b>	<b>70,123.1</b>
<b>CURRENCY AND INTEREST RATES</b>			
Currency swaps	6.0	5.5	152.4
Interest rate swaps and options	4.3	56.3	960.8
<b>Total currency and interest rates</b>	<b>10.3</b>	<b>61.8</b>	<b>1,113.2</b>
<b>Total before netting</b>	<b>4,394.2</b>	<b>4,234.1</b>	<b>71,236.3</b>
./. Consideration of netting agreements	–2,803.2	–2,803.2	–47,172.1
<b>Total after netting</b>	<b>1,591.0</b>	<b>1,430.9</b>	<b>24,064.2</b>

## Notes

## 2007/08: Standard forward contracts and derivatives in energy trading

CHF MILLIONS	REPLACEMENT VALUES		CONTRACT VOLUME
	POSITIVE 30.09.2008	NEGATIVE 30.09.2008	30.09.2008
<b>ENERGY TRADING</b>			
Standard forward contracts	6,866.6	6,717.5	63,132.4
Futures	-	-	449.1
Options	342.2	464.1	836.1
Swaps	257.9	266.2	6,346.6
Emission certificates	58.2	58.5	1,098.2
<b>Total energy trading</b>	<b>7,524.9</b>	<b>7,506.3</b>	<b>71,862.4</b>
<b>CURRENCY AND INTEREST RATES</b>			
Currency swaps	8.2	10.9	259.2
Interest rate swaps and options	42.3	-	1,017.4
<b>Total currency and interest rates</b>	<b>50.5</b>	<b>10.9</b>	<b>1,276.6</b>
<b>Total before netting</b>	<b>7,575.4</b>	<b>7,517.2</b>	<b>73,139.0</b>
./. Consideration of netting agreements	-5,535.8	-5,535.8	-49,400.6
<b>Total after netting</b>	<b>2,039.6</b>	<b>1,981.4</b>	<b>23,738.4</b>

Gains and losses on derivatives which qualify as hedges of future cash flows have been recognised directly in equity, in accordance with hedge accounting as per IAS 39 (see Notes 6 and 22). They will be recognised in the income statement over the next 1 to 9 years.

## 31 Transactions with related parties

**Majority shareholder.** Axpo Holding, Baden, directly holds 91.00% of the shares in the EGL Group.

**Group companies and associates.** Transactions between EGL AG and its subsidiaries, which are considered related parties, were eliminated in the course of consolidation and are not explained in these Notes, while transactions between EGL AG and associates and partner plants are explained. Business transactions between EGL AG and its subsidiaries and associates are disclosed in the financial statements of EGL AG. The essential terms and conditions governing relationships with related parties are explained under "Intragroup transactions" (Note 3).

**Executive Management and Board of Directors.** EGL's Executive Management and Board of Directors are also considered to be related parties. Transactions with related parties are conducted at arm's length conditions.

**Other related parties.** The EGL Group considers Axpo Group companies and the pension fund Vorsorgestiftung Energie (VSE) as other related parties.

## Notes

## 2008/09: Transactions between the EGL Group and related parties

CHF MILLIONS	PARTNER PLANTS	OTHER ASSOCIATES	RELATED PARTIES
<b>REVENUES</b>			
Net sales from energy business	1.0	134.8	- 8.0
Other net sales	0.2	30.1	1.0
Energy derivatives trading	- 0.8	- 15.0	- 56.1
Other operating income	3.5	3.7	2.2
<b>OPERATING COSTS</b>			
Energy procurement	- 211.9	- 26.8	- 5.3
Material and third party supplies	- 0.3	- 2.6	- 5.1
Other operating costs	-	- 0.4	- 29.8
<b>FINANCIAL RESULT</b>			
Interest income	0.1	12.3	-
Interest expense	-	-	- 2.5
Other financial expense	-	-	-

## 2008/09: Open positions with related parties on the balance sheet date

CHF MILLIONS	PARTNER PLANTS	OTHER ASSOCIATES	RELATED PARTIES
<b>RECEIVABLES</b>			
Non-current financial assets	1.7	284.3	-
Trade receivables	15.0	24.2	5.9
Current financial assets	22.5	4.8	0.5
Other current assets and derivatives	47.6	118.9	9.3
<b>LIABILITIES</b>			
Non-current financial liabilities	-	0.3	-
Trade payables	8.5	1.9	9.8
Current financial liabilities	3.0	-	220.0
Other current liabilities and derivatives	28.1	112.2	18.0

## Notes

## 2007/08: Transactions between the EGL Group and related parties

CHF MILLIONS	PARTNER PLANTS	OTHER ASSOCIATES	RELATED PARTIES
<b>REVENUES</b>			
Net sales from energy business	19.5	66.8	-
Other net sales	-	12.3	0.8
Energy derivatives trading	-	-	- 34.6
Other operating income	3.2	3.4	1.2
<b>OPERATING COSTS</b>			
Energy procurement	- 198.5	- 20.6	- 14.7
Material and third party supplies	- 0.3	- 10.6	- 22.3
Other operating costs	-	-	- 22.0
<b>FINANCIAL RESULT</b>			
Other financial income	0.4	- 12.8	-
Interest expense	0.1	-	-
Other financial expense	0.1	- 0.5	-

## 2007/08: Open positions with related parties on the balance sheet date

CHF MILLIONS	PARTNER PLANTS	OTHER ASSOCIATES	RELATED PARTIES
<b>RECEIVABLES</b>			
Non-current financial assets	2.1	276.1	-
Trade receivables	9.5	10.0	7.7
Current financial assets	-	7.3	-
Other current assets and derivatives	45.3	29.3	35.7
<b>LIABILITIES</b>			
Non-current financial liabilities	-	0.3	-
Trade payables	5.1	12.4	19.8
Other current liabilities and derivatives	11.7	9.0	17.5

## Notes

**Remuneration paid to the Board of Directors and Executive Management**

For details of remuneration paid to the Board of Directors and Executive Management and details of risk assessment, please refer to Notes 28 and 29 in the separate financial statements of EGL AG. There is no difference between the calculation in accordance with the Swiss Code of Obligations and the one in accordance with International Financial Reporting Standards (IFRS).

**32 Operating leases**

CHF MILLIONS	30.09.2009	30.09.2008
Leasing liabilities of up to 1 year	4.2	4.2
Leasing liabilities between 1 to 5 years	13.7	13.2
Leasing liabilities exceeding 5 years	1.8	0.6
<b>Total operating leasing liabilities</b>	<b>19.7</b>	<b>18.0</b>
Leasing expenses during the reporting period	4.2	4.5

Operating leases relate mainly to rental agreements for office premises as well as IT hardware and maintenance. Renewal options exist for office premises leases.

**33 Pledged assets**

CHF MILLIONS	30.09.2009	30.09.2008
Securities	32.0	48.2
Property, plant and equipment	1,123.6	1,202.9
Other	316.7	387.5
<b>Total</b>	<b>1,472.3</b>	<b>1,638.6</b>

The securities serve as collateral for transactions carried out on European energy exchanges. The pledged property, plant and equipment are related to the gas-fired combined-cycle power plants in Italy.

**34 Contingent liabilities and future financial liabilities; legal disputes**

CHF MILLIONS	30.09.2009	30.09.2008
Guarantees	554.8	568.4
Parent company guarantees	317.5	204.6
<b>Total to third parties</b>	<b>872.3</b>	<b>773.0</b>

In the 1998/99 and 1997/98 financial years, Albulal-Landwasser Kraftwerke AG and Misoxer Kraftwerke AG concluded financial transactions to lease their facilities long-term and simultaneously lease them back (lease-and-lease-back transactions). In connection with those transactions, assurance

## Notes

was given to American investors that all contractual obligations arising therefrom would be guaranteed. The risk from these transactions is secured by appropriate provisions at the companies mentioned. Since the risk declines over the term of the transactions, these provisions are released on a straight-line basis.

In the 2004/05 financial year Elektrizitäts-Gesellschaft Laufenburg Austria GmbH acquired the remaining 20% stake in EGL Italy S.p.A. The definitive purchase price was subject to arbitration proceedings which concluded with a negative outcome for the EGL Group. The EGL Group lodged a civil claim with the competent court in April 2008, contesting the arbitration judgement and requesting that it be rendered null and void. The costs for these proceedings are reported under accrued expenses. The EGL Group is involved in several other legal disputes related to ordinary business. For obligations in connection with partner plants, please refer to Note 16.

### 35 Segment information

The core business of the EGL Group currently consists primarily of energy trading; hence separate segment reporting is unnecessary. The Group's gas business is being built up and its presentation under IAS 14 is reviewed on an ongoing basis. The EGL Group will adopt the new standard IFRS 8 "Operating Segments" by the financial year 2009/10.

The electricity generating activities of the EGL Group are carried out by partner plants in which EGL is an investor. Each partner plant represents its own public limited company. The extent and significance of these plants can be seen in Note 16 (Key figures of partner plants).

### 36 Changes in the scope of consolidation

	REMARKS	INVESTMENT RATIO	PURCHASE PRICE CHF MILLIONS
<b>FULLY CONSOLIDATED COMPANIES</b>			
EGL UK Limited	Formation	100.0%	
EGL UK Trading Limited	Formation	100.0%	
EGL France and Benelux S.A.	Formation	100.0%	
EGL Kosovo L.L.C.	Formation	100.0%	
EGL dooel Skopje	Formation	100.0%	
EGL Finland Oy	Formation	100.0%	
EGL Gen Hellas S.A.	Formation	100.0%	
EGL Sol 1 Hellas S.A.	Formation	100.0%	
EGL Sol 2 Hellas S.A.	Formation	100.0%	
EGL Sol 3 Hellas S.A.	Formation	100.0%	
EGL Wind Cantabria S.L.	Formation	100.0%	
HS Kraft AB	Purchase	51.6%	14.2

## Notes

	REMARKS	INVESTMENT RATIO	CHF MILLIONS
<b>EQUITY ACCOUNTED PARTNER PLANTS</b>			
Rheinkraftwerk Albruck-Dogern AG	Capital increase	5.0%	1.5

	REMARKS	INVESTMENT RATIO	CHF MILLIONS <sup>1)</sup>
<b>OTHER EQUITY ACCOUNTED INVESTMENTS</b>			
Vrångens Kraft AB	Formation	12.9%	
Isjön Vindkraft AB	Purchase	12.9%	–
Società EniPower Ferrara S.r.l.	Capital increase	49.0%	30.3
NorGer AS	Capital increase	33.3%	0.3
NorGer KS	Capital increase	33.3%	1.4
Trans Adriatic Pipeline AG	Capital increase	50.0%	10.0
GerNor 2008 AS	Liquidation	–	

<sup>1)</sup> Only amounts contributed to the share capital are disclosed, but no payments to the capital reserves.

**Impact on business combinations**

CHF MILLIONS	30.09.2009	30.09.2008
Non-current assets	0.7	0.4
Current assets excl. cash and cash equivalents	0.3	–
Cash and cash equivalents	0.1	–
Non-current liabilities	0.6	0.1
Current liabilities	0.9	–

In the reporting period the operating companies EGL UK Limited, EGL UK Trading Limited, EGL France and Benelux S.A., EGL Kosovo L.L.C., EGL dooel Skopje and EGL Finland Oy were founded. In addition, the project companies EGL Gen Hellas S.A., EGL Sol 1 Hellas S.A., EGL Sol 2 Hellas S.A., EGL Sol 3 Hellas S.A., EGL Wind Cantabria S.L. and Vrångens Kraft AB were founded.

Società EniPower S.r.l., Trans Adriatic Pipeline AG, NorGer AS and NorGer KS, which are accounted for using the equity method, as well as the partner plant Rheinkraft Albruck-Dogern AG, carried out capital increases during the reporting period. As announced in the previous year, GerNor 2008 AS was liquidated.

On 9 February 2009, EGL Renewable Luxembourg AG acquired a 51.6% stake in HS Kraft AB, a company specialising in the development of wind farm projects in Sweden. The cost of the acquisition was SEK 100.9 million. The purchase was primarily conducted in the form of a capital increase in which minority shareholders participated proportionally, and therefore results in a non-cash transaction (see cash flow statement). At the time of purchase, the company had negative net assets of SEK 2.4 million. The goodwill of SEK 102.2 million arising from the acquisition corresponds to the expected future benefits from the business model. These expected benefits cannot be identified individually or disclosed separately. Between the date of acquisition and the balance sheet date a loss of SEK 14.0 million was accumulated, which was taken into account upon the company's consolidation.

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**Notes**

Together with the purchase of HS Kraft AB, a stake in Isjön Vindkraft AB, a project company of HS Kraft AB, was acquired. In the previous reporting period EGL Holding Luxembourg AG purchased all the shares in EGL Elektrik Toptan Ticaret S.A. Net assets of EUR 0.2 million were acquired, resulting in a goodwill of EUR 0.3 million.

**37 Events after the balance sheet date**

There are no events after the balance sheet date to be disclosed.

These consolidated financial statements were approved by the Board of Directors of EGL on 2 December 2009 and released for publication. They are still to be approved by the General Meeting of Shareholders on 25 January 2010.

## Group subsidiaries, associates and other investments

**Group subsidiaries, associates and other investments**

COMPANIES	DOMICILE	CURRENCY	REG. CAPITAL	PAID-UP CAPITAL	CAPITAL SHARE IN %	VOTING SHARE IN %	END OF FIN. YEAR	PUR-POSE
<b>FULLY CONSOLIDATED COMPANIES</b>								
Elektrizitäts-Gesellschaft Laufenburg AG	Laufenburg (CH)	CHF	132,000,000	132,000,000			30.09.	H
Calenia Energia S.p.A.	Genoa (I)	EUR	100,000	100,000	85.0	85.0	30.09.	P
EG Laufenburg Ibérica Renovables S.L.	Madrid (E)	EUR	3,010	3,010	100.0	100.0	30.09.	D
EGL Albania sh.a.	Tirana (AL)	ALL	18,903,500	18,903,500	100.0	100.0	30.09.	H
EGL Austria GmbH	Vienna (A)	EUR	35,000	35,000	100.0	100.0	30.09.	H
EGL Bulgaria EAD	Sofia (BG)	BGN	9,000,000	9,000,000	100.0	100.0	31.12.	H
EGL Česká Republika s.r.o.	Prague (CZ)	CZK	17,000,000	17,000,000	100.0	100.0	30.09.	H
EGL d.o.o. Beograd	Belgrade (SRB)	CSD	49,292,400	49,292,400	100.0	100.0	31.12.	H
EGL Deutschland GmbH	Leipzig (D)	EUR	2,000,000	2,000,000	100.0	100.0	30.09.	H
EGL Elektrik Toptan Ticaret A.S.	Istanbul (TR)	TRY	1,550,000	1,550,000	100.0	100.0	30.09.	H
EGL Finance Jersey Ltd.	Jersey (GB)	EUR	291,910	291,910	100.0	100.0	30.09.	D
EGL Finland Oy	Helsinki (FIN)	EUR	250,000	250,000	100.0	100.0	30.09.	H
EGL France and Benelux S.A.	Bruxelles (B)	EUR	500,000	125,000	100.0	100.0	30.09.	H
EGL Gas & Power Romania S.A.	Bucharest (RO)	RON	3,194,990	3,194,990	100.0	100.0	31.12.	H
EGL Gen Hellas S.A.	Athens (GR)	EUR	300,000	300,000	100.0	100.0	30.09.	I
EGL Grid AG	Laufenburg (CH)	CHF	100,000,000	100,000,000	100.0	100.0	30.09.	E
EGL Hellas S.A.	Athens (GR)	EUR	200,000	200,000	100.0	100.0	30.09.	H
EGL Holding Luxembourg AG	Luxembourg (L)	EUR	2,351,600	2,351,600	100.0	100.0	30.09.	D
EGL Hungary Kft.	Budapest (H)	HUF	50,000,000	50,000,000	100.0	100.0	30.09.	H
EGL Italia S.p.A.	Genoa (I)	EUR	3,000,000	3,000,000	100.0	100.0	30.09.	H
EGL Kosovo L.L.C.	Pristina (KOS)	EUR	50,000	50,000	100.0	100.0	31.12.	H
EGL Nordic AS	Oslo (N)	NOK	58,000,000	58,000,000	100.0	100.0	30.09.	H
EGL Nordic Capital Management AS	Oslo (N)	NOK	1,500,000	1,500,000	100.0	100.0	30.09.	H
EGL NorGer AS	Oslo (N)	NOK	26,628,750	26,628,750	100.0	100.0	30.09.	D
EGL Polska Sp.z.o.o.	Warsaw (PL)	PLZ	1,250,000	1,250,000	100.0	100.0	30.09.	H
EGL Produzione Italia S.p.A.	Genoa (I)	EUR	200,000	200,000	100.0	100.0	30.09.	D
EGL Renewable Luxembourg AG	Luxembourg (L)	EUR	13,800,000	13,800,000	100.0	100.0	30.09.	D
EGL dooel Skopje	Skopje (FYROM)	MKD	6,139,640	6,139,640	100.0	100.0	31.12.	H
EGL Slovensko s.r.o.	Bratislava (SK)	EUR	298,745	298,745	100.0	100.0	30.09.	H
EGL Sol 1 Hellas S.A.	Athens (GR)	EUR	250,000	250,000	100.0	100.0	30.09.	I
EGL Sol 2 Hellas S.A.	Athens (GR)	EUR	300,000	300,000	100.0	100.0	30.09.	I
EGL Sol 3 Hellas S.A.	Athens (GR)	EUR	400,000	400,000	100.0	100.0	30.09.	I
EGL Sverige AB	Malmö (S)	SEK	52,000,000	52,000,000	100.0	100.0	30.09.	H
EGL Trading AG	Dietikon (CH)	CHF	5,000,000	5,000,000	100.0	100.0	30.09.	H
EGL UK Limited	London (GB)	GBP	7,500,000	3,500,000	100.0	100.0	30.09.	H
EGL UK Trading Limited	London (GB)	GBP	150,000	150,000	100.0	100.0	30.09.	H
EGL Wind Cantabria S.L.	Madrid (E)	EUR	30,000	30,000	100.0	100.0	31.12.	I

D = Services/H = Trading/I = Project companies/E = Energy transmission/P = Production/V = Distribution

## Group subsidiaries, associates and other investments

COMPANIES	DOMICILE	CURRENCY	REG. CAPITAL	PAID-UP CAPITAL	CAPITAL SHARE IN %	VOTING SHARE IN %	END OF FIN. YEAR	PUR-POSE
<b>FULLY CONSOLIDATED COMPANIES</b>								
Elektrizitäts-Gesellschaft Laufenburg Austria GmbH	Vienna (A)	EUR	1,255,000	1,255,000	100.0	100.0	30.09.	D
Elektrizitäts-Gesellschaft Laufenburg España S.L.	Madrid (E)	EUR	501,000	501,000	100.0	100.0	30.09.	H
Energia de la Zarza S.L.	Madrid (E)	EUR	103,010	103,010	100.0	100.0	30.09.	I
Energy Plus S.p.A.	Genoa (I)	EUR	200,000	200,000	100.0	100.0	30.09.	I
HS Kraft AB	Malmö (S)	SEK	373,400	373,400	51.6	51.6	30.09.	I
Molisenergy S.r.l.	Naples (I)	EUR	20,000	20,000	100.0	100.0	30.09.	I
Rizziconi Energia S.p.A.	Genoa (I)	EUR	500,000	500,000	100.0	100.0	30.09.	P
TAP LNG AG	Baar (CH)	CHF	100,000	50,000	100.0	100.0	30.09.	I
TAP Storage AG	Baar (CH)	CHF	950,000	950,000	100.0	100.0	30.09.	I
WinBis S.p.A.	Genoa (I)	EUR	120,000	120,000	100.0	100.0	30.09.	I
<b>EQUITY ACCOUNTED PARTNER PLANTS</b>								
AKEB AG für Kernenergie-Beteiligungen	Lucerne (CH)	CHF	90,000,000	90,000,000	26.4	31.0	31.12.	P
Albula-Landwasser Kraftwerke AG	Filisur (CH)	CHF	22,000,000	22,000,000	75.0	75.0	30.09.	P
Calancasca AG	Roveredo (CH)	CHF	8,000,000	8,000,000	50.0	50.0	30.09.	P
ENAG Energiefinanzierungs AG	Schwyz (CH)	CHF	100,000,000	100,000,000	33.2	50.0	31.12.	P
Engadiner Kraftwerke AG	Zernez (CH)	CHF	140,000,000	140,000,000	15.0	15.0	30.09.	P
Etrans AG	Laufenburg (CH)	CHF	7,500,000	7,500,000	13.2	13.2	31.12.	D
Kernkraftwerk Gösgen-Däniken AG	Däniken (CH)	CHF	350,000,000	290,000,000	4.5	-	31.12.	P
Kernkraftwerk Leibstadt AG	Leibstadt (CH)	CHF	450,000,000	450,000,000	4.4	16.3	31.12.	P
Kraftwerke Mattmark AG	Saas-Grund (CH)	CHF	90,000,000	90,000,000	30.4	38.8	30.09.	P
Kraftwerke Mauvoisin AG	Sion (CH)	CHF	100,000,000	100,000,000	29.3	29.3	30.09.	P
Lizerne et Morge S.A.	Sion (CH)	CHF	10,000,000	10,000,000	50.0	50.0	31.03.	P
Misoxer Kraftwerke AG	Mesocco (CH)	CHF	30,000,000	24,000,000	68.0	68.0	30.09.	P
Rheinkraftwerk Albruck-Dogern AG	Waldshut-Tiengen (D)	EUR	27,814,280	27,814,280	5.0	5.0	31.12.	P
Tecnicama SA	Cama (CH)	CHF	200,000	200,000	100.0	100.0	30.09.	P

D = Services/H = Trading/I = Project companies/E = Energy transmission/P = Production/V = Distribution

## Group subsidiaries, associates and other investments

COMPANIES	DOMICILE	CURRENCY	REG. CAPITAL	PAID-UP CAPITAL	CAPITAL SHARE IN %	VOTING SHARE IN %	END OF FIN. YEAR	PUR-POSE
<b>OTHER EQUITY ACCOUNTED INVESTMENTS</b>								
Agrícola de Servicio de Pinzón S.L.	Seville (E)	EUR	143,806	143,806	23.6	23.6	30.09.	I
Agroenergética de Pinzón S.L.	Seville (E)	EUR	3,693,039	3,693,039	36.8	36.8	31.12.	I
Axpo Suisse AG	Zurich (CH)	CHF	3,000,000	3,000,000	10.0	10.0	30.09.	V
Energie Rinnovabili	Naples (I)	EUR	20,000	20,000	49.0	49.0	30.09.	I
Ecoenergética de Canarias S.L.	Santa Cruz de Tenerife (E)	EUR	4,000	4,000	50.0	50.0	31.12.	I
Eólicas Energéticas Eljas S.L.	Mérida (E)	EUR	100,000	100,000	20.0	20.0	31.12.	I
Grischelectra AG	Chur (CH)	CHF	1,000,000	200,000	20.0	20.0	30.09.	V
Isjön Vindkraft AB	Malmö (S)	SEK	100,000	100,000	12.9	12.9	31.12.	I
Morano Energia S.r.l.	Morano sul Po (I)	EUR	11,000	11,000	50.0	50.0	30.09.	I
NMK Norsk Miljøkraft AS	Tromsø (N)	NOK	13,032,900	13,032,900	35.0	35.0	31.12.	I
NorGer AS	Kristiansand (N)	NOK	1,980,000	1,980,000	33.3	33.3	31.12.	I
NorGer KS	Kristiansand (N)	NOK	30,000,000	30,000,000	33.3	33.3	31.12.	I
Rätia Energie AG	Poschiavo (CH)	CHF	3,408,115	3,408,115	17.5	21.4	31.12.	V
Società EniPower Ferrara S.r.l.	San Donato Milanese (I)	EUR	170,000,000	170,000,000	49.0	49.0	31.12.	I
Sogesa SA	Le Chable (CH)	CHF	100,000	100,000	30.0	30.0	30.09.	V
swissgrid ag	Laufenburg (CH)	CHF	15,000,000	15,000,000	12.6	12.6	31.12.	D
TAP Asset S.p.A.	Rome (I)	EUR	3,800,000	3,800,000	50.0	50.0	30.09.	I
Trans Adriatic Pipeline AG	Baar (CH)	CHF	20,000,000	20,000,000	50.0	50.0	31.12.	I
Vrångens Kraft AB	Malmö (S)	SEK	100,000	100,000	12.9	12.9	31.12.	I
<b>OTHER INVESTMENTS</b>								
Aurica AG	Aarau (CH)	CHF	100,000	100,000	7.2	7.8	31.12.	I
Blinnenwerk AG	Reckingen (CH)	CHF	1,100,000	1,100,000	9.1	9.1	31.12.	V
ECRA GmbH	Vienna (A)	EUR	35,000	35,000	2.0	2.0	31.12.	D

D = Services/H = Trading/I = Project companies/E = Energy transmission/P = Production/V = Distribution

Due to the acquisition of sub-investments the percentage of voting shares differs from that of the capital shares. EGL AG does not hold any participation certificates in Rätia Energie AG.

## Report of the Statutory Auditor on the Consolidated Financial Statements

### **To the General Meeting of Shareholders of Elektrizitäts-Gesellschaft Laufenburg AG, Laufenburg**

As statutory auditor, we have audited the consolidated financial statements of Elektrizitäts-Gesellschaft Laufenburg AG, Laufenburg as presented on pages 30 to 83, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 30 September 2009.

### **Board of Directors' Responsibility**

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 30 September 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Without qualifying our opinion, we draw attention to note 5 to the consolidated financial statements which indicates a significant uncertainty in connection with the valuation of the grids.

### **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 consolidated financial statements according to the instructions of the board of directors.

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

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Urs Zeder  
Licensed Audit Expert

Basel, 2 December 2009

## Income statement

CHF MILLIONS	NOTES	2008/09	2007/08
<b>Net sales</b>	2	<b>2,445.2</b>	<b>2,379.8</b>
Own work capitalised		1.4	2.2
Other operating income	3	19.3	29.4
<b>Revenues</b>		<b>2,465.9</b>	<b>2,411.4</b>
Energy procurement and cost of goods	4	-2,001.0	-2,090.9
Material and third party supplies	5	-4.6	-1.4
Personnel expenses	6	-83.5	-74.7
Other operating expenses	7	-121.8	-97.6
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>255.0</b>	<b>146.8</b>
Depreciation and amortisation		-7.3	-7.3
<b>Earnings before interest and tax (EBIT)</b>		<b>247.7</b>	<b>139.5</b>
Financial income		498.9	358.5
Financial expense		-482.8	-356.6
<b>Financial result</b>	8	<b>16.1</b>	<b>1.9</b>
<b>Earnings before tax (EBT)</b>		<b>263.8</b>	<b>141.4</b>
Income tax expense		-27.2	-11.3
<b>Profit for the period</b>		<b>236.6</b>	<b>130.1</b>

## Balance sheet

CHF MILLIONS	NOTES	30.09.2009	30.09.2008
<b>ASSETS</b>			
Property, plant and equipment	27	30.5	34.1
Intangible assets	9	38.1	13.7
Investments in associates and partner plants	10	1,284.9	1,172.2
Other financial assets	11	14.9	6.8
<b>Total non-current assets</b>		<b>1,368.4</b>	<b>1,226.8</b>
Inventories	12	32.3	96.4
Trade receivables	13	609.2	641.0
Financial receivables	14	132.8	239.0
Other receivables	15	407.6	271.8
Derivatives (positive replacement value)	16	1,597.9	1,824.2
Securities	17	32.0	48.2
Cash and cash equivalents	18	324.3	344.6
<b>Total current assets</b>		<b>3,136.1</b>	<b>3,465.2</b>
<b>Total assets</b>		<b>4,504.5</b>	<b>4,692.0</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	19	132.0	132.0
General legal reserves		61.3	57.2
Other reserves and retained earnings		1,428.4	1,243.4
<b>Total equity</b>		<b>1,621.7</b>	<b>1,432.6</b>
Financial liabilities	20	246.8	246.2
Other liabilities	21	41.3	44.7
Provisions		70.1	48.6
<b>Total non-current liabilities</b>		<b>358.2</b>	<b>339.5</b>
Trade payables	22	670.9	548.8
Financial liabilities	23	45.3	0.0
Other liabilities	24	387.7	431.7
Derivatives (negative replacement value)	16	1,420.7	1,939.4
<b>Total current liabilities</b>		<b>2,524.6</b>	<b>2,919.9</b>
<b>Total liabilities</b>		<b>2,882.8</b>	<b>3,259.4</b>
<b>Total equity and liabilities</b>		<b>4,504.5</b>	<b>4,692.0</b>

## Notes

## Notes to the financial statements

### 01 Preliminary remarks

Axpo Holding AG and its associates, the associates of EGL AG as well as all companies that are accounted for using the equity method in accordance with the overview of "Group subsidiaries, associates and other investments" in the consolidated Group financial statements, are considered to be related parties pursuant to Art. 663a Para. 4 of the Swiss Code of Obligations. The following explanations also include information as required by Art. 663b of the Swiss Code of Obligations. Art. 663b bis and Art. 663 Para. 3 of the partially revised Swiss Code of Obligations governing the obligation to disclose payments made, loans granted and shares issued to or by members of the Board of Directors, the Advisory Board and Executive Management, apply to financial years beginning on or after 1 January 2007.

### 02 Net sales

CHF MILLIONS	2008/09	2007/08
With related parties	2,040.5	1,416.8
With third parties	404.7	963.0
<b>Total</b>	<b>2,445.2</b>	<b>2,379.8</b>

### 03 Other operating income

CHF MILLIONS	2008/09	2007/08
With related parties	19.2	29.3
With third parties	0.1	0.1
<b>Total</b>	<b>19.3</b>	<b>29.4</b>

### 04 Energy procurement and cost of goods

CHF MILLIONS	2008/09	2007/08
With related parties	1,084.1	683.7
With third parties	916.9	1,407.2
<b>Total</b>	<b>2,001.0</b>	<b>2,090.9</b>

## Notes

**05 Material and third party supplies**

CHF MILLIONS	2008/09	2007/08
With related parties	1.3	1.2
With third parties	3.3	0.2
<b>Total</b>	<b>4.6</b>	<b>1.4</b>

The increase is attributable to accruals for liabilities related to grid cost charging under the new Electricity Supply Ordinance.

**06 Personnel expenses**

CHF MILLIONS	2008/09	2007/08
Salaries and wages	65.0	59.7
Social security expenses	5.9	6.0
Pension fund expenses	5.4	3.7
Other personnel expenses	7.2	5.3
<b>Total</b>	<b>83.5</b>	<b>74.7</b>

**07 Other operating expenses**

CHF MILLIONS	2008/09	2007/08
With related parties	58.7	41.5
With third parties	63.1	56.1
<b>Total</b>	<b>121.8</b>	<b>97.6</b>

This position includes a tax on capital of CHF 0.5 million (previous year CHF 1.7 million).

## Notes

**08 Financial result**

CHF MILLIONS	2008/09	2007/08
Interest income		
with related parties	3.0	7.1
with third parties	9.6	13.1
Dividend income		
with related parties	26.2	15.8
with third parties	0.0	1.4
Exchange rate gains	392.5	285.8
Other financial income		
with related parties	39.2	9.3
with third parties	28.4	26.0
<b>Total financial income</b>	<b>498.9</b>	<b>358.5</b>
Interest expense		
with related parties	- 1.4	- 1.0
with third parties	- 17.0	- 17.7
Exchange rate losses	- 442.2	- 326.9
Other financial expense		
with related parties	- 10.6	- 8.2
with third parties	- 11.6	- 2.8
<b>Total financial expense</b>	<b>- 482.8</b>	<b>- 356.6</b>
<b>Total financial result</b>	<b>16.1</b>	<b>1.9</b>

The exchange rate gain results from the volatility of the Euro.

**09 Intangible assets**

Intangible assets include usage rights in respect of a foreign gas pipeline grid, capitalised software expenses and CO<sub>2</sub> certificates for own use.

## Notes

**10 Investments**

The overview of "Group subsidiaries, associates and other investments" in the consolidated financial statements provides information on participating interests held directly or indirectly by EGL AG.

**11 Other financial assets**

CHF MILLIONS	30.09.2009	30.09.2008
Other investments	0.1	0.1
Loan receivables		
from related parties	14.7	6.6
from third parties	0.1	0.1
<b>Total</b>	<b>14.9</b>	<b>6.8</b>

The term to maturity for loans granted is longer than 12 months. They are recorded in the balance sheet at nominal value.

**12 Inventories**

This position includes the inventory of green energy certificates and emission certificates as well as gas inventories.

**13 Trade receivables**

CHF MILLIONS	30.09.2009	30.09.2008
With related parties	183.6	329.7
With third parties	425.6	311.3
<b>Total</b>	<b>609.2</b>	<b>641.0</b>

Trade receivables are recorded in the balance sheet at nominal value. Receivables in foreign currencies are valued on the basis of the exchange rate at the balance sheet date. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The provision for bad debts amounts to CHF 173.3 million (previous year CHF 183.6 million).

## Notes

**14 Financial receivables**

CHF MILLIONS	30.09.2009	30.09.2008
With related parties	132.8	238.9
With third parties	0.0	0.1
<b>Total</b>	<b>132.8</b>	<b>239.0</b>

This position contains loans granted with a term to maturity of less than 12 months. The loan to EGL Grid AG in the amount of CHF 220 million was repaid in the course of the reporting period.

**15 Other receivables**

CHF MILLIONS	30.09.2009	30.09.2008
Other receivables	218.2	155.4
Accrued income and prepaid expenses	189.4	116.4
<b>Total</b>	<b>407.6</b>	<b>271.8</b>
Thereof		
related parties	71.5	76.7
third parties	336.1	195.1

**16 Derivates (positive and negative replacement values)**

These comprise contracts (options, forwards and swaps) related to energy derivatives trading as well as forward currency contracts with positive or negative replacement values.

**17 Securities**

Securities consist exclusively of market-listed securities. They are recorded in the balance sheet at market value.

**18 Cash and cash equivalents**

In the previous year, cash and cash equivalents in the amount of CHF 100 million were invested in fixed-term deposits at banks.

## Notes

**19 Share capital**

The share capital is divided into 2,640,000 bearer shares with a nominal value of CHF 50.00. The majority shareholder with a direct share of votes is:

	30.09.2009	30.09.2008
Axpo Holding AG, Baden	91.00%	87.41%

**20 Financial liabilities (non-current)**

A ten-year domestic bond for a principal amount of CHF 250 million was issued on 23 November 2005, with a coupon of 2.5%. The bond is measured using the amortised cost method.

**21 Other liabilities (non-current)**

This position covers prepayments for long-term purchase commitments in the amount of CHF 41.3 million (previous year CHF 44.7 million). They are recorded in the balance sheet at nominal value. Advance payments of CHF 3.1 million due within one year are accounted for under other liabilities (current) in the reporting period.

**22 Trade payables**

CHF MILLIONS	30.09.2009	30.09.2008
To related parties	109.8	124.6
To third parties	561.1	424.2
<b>Total</b>	<b>670.9</b>	<b>548.8</b>

Trade payables are recorded in the balance sheet at nominal value. Payables in foreign currencies are valued on the basis of the exchange rate at the balance sheet date. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed.

## Notes

**23 Financial liabilities**

CHF MILLIONS	30.09.2009	30.09.2008
To related parties	45.3	0.0
To third parties	0.0	0.0
<b>Total</b>	<b>45.3</b>	<b>0.0</b>

In the reporting period, current account liabilities with related parties were reclassified under financial liabilities. In the previous year an amount of CHF 40.7 million was recorded under other liabilities.

**24 Other liabilities (non-current)**

CHF MILLIONS	30.09.2009	30.09.2008
Other liabilities	40.0	203.0
Accrued expenses	347.7	228.7
<b>Total</b>	<b>387.7</b>	<b>431.7</b>
Thereof		
related parties	180.5	192.3
third parties	207.2	239.4

Accrued expenses and deferred income primarily covers payables that have not yet been billed, as well as accrued taxes and accruals for personnel expenses. Other liabilities and accrued expenses and deferred income include CHF 0.9 million (previous year CHF 1.0 million) for pension funds.

**25 Pledged assets**

Securities and cash with a market value of CHF 53.1 million (previous year CHF 79.8 million) have been pledged. The securities serve mainly as collateral for stock exchange transactions carried out with counterparties on the European energy exchanges.

**26 Contingent liabilities and future financial liabilities**

CHF MILLIONS	30.09.2009	30.09.2008
Guarantees	271.1	300.6
Parent company guarantees	349.0	244.0
<b>Total</b>	<b>620.1</b>	<b>544.6</b>

## Notes

**27 Fire insurance**

The fire insurance value of property, plant and equipment of EGL AG amounts to CHF 98.7 million (previous year CHF 85.4 million).

**28 Transparency Act**

Payments and shares granted to members of the Board of Directors and Executive Management and related parties

This Note was drawn up in compliance with the requirements of the Swiss Code of Obligations (Art. 663b bis).

**Remuneration paid to the current members of the Board of Directors (incl. related parties) in the 2008/09 financial year**

NAME AND FUNCTION - IN CHF	REMUNERATION BOARD OF DIRECTORS (FIXED)	PENSION BENEFIT CONTRIBUTION	TOTAL
Heinz Karrer <sup>1)</sup> Chairman of the Board of Directors, Member of Audit and Finance Committee, Nomination and Remuneration Committee and EGL Risk Council	166,000	-	166,000
Rolf Bösch <sup>1)</sup> Vice Chairman of the Board of Directors, Member of Audit and Finance Committee and EGL Risk Council	130,000	-	130,000
Peter Derendinger <sup>2)</sup> Member of the Board of Directors, Chairman of Nomination and Remuneration Committee, Member of Audit and Finance Committee and EGL Risk Council	120,000	9,013	129,013
Dominik Koechlin <sup>2)</sup> Member of the Board of Directors, Chairman of Audit and Finance Committee and Member of Nomination and Remuneration Committee	110,000	8,262	118,262
Manfred Thumann <sup>1)</sup> Member of the Board of Directors	70,000	-	70,000
Andrew Walo <sup>1)</sup> Member of the Board of Directors	70,000	-	70,000
Benedikt Weibel <sup>1)</sup> Member of the Board of Directors	70,000	-	70,000
<b>Total</b>	<b>736,000</b>	<b>17,275</b>	<b>753,275</b>

<sup>1)</sup> The remuneration is paid to the employer

<sup>2)</sup> Pension benefits incl. employer's contribution (obligatory or legal contributions and benefits)

## Notes

## Remuneration paid to current members of the Board of Directors (incl. related parties) in the 2007/08 financial year

NAME AND FUNCTION - IN CHF	REMUNERATION BOARD OF DIRECTORS (FIXED)	PENSION BENEFIT CONTRIBUTION	TOTAL
Heinz Karrer <sup>1)</sup> Chairman of the Board of Directors, Member of Audit and Finance Committee, Nomination and Remuneration Committee and EGL Risk Council	167,000	-	167,000
Rolf Bösch <sup>1)</sup> Vice Chairman of the Board of Directors, Member of Audit and Finance Committee and EGL Risk Council	130,000	-	130,000
Peter Derendinger <sup>3)</sup> Member of the Board of Directors, Chairman of Nomination and Remuneration Committee, Member of Audit and Finance Committee and EGL Risk Council	121,000	8,893	129,893
Dominik Koechlin <sup>3)</sup> Member of the Board of Directors, Chairman of Audit and Finance Committee and Member of Nomination and Remuneration Committee	111,000	8,159	119,159
Rolf W. Mathis <sup>1)2)</sup> Member of the Board of Directors	22,362	-	22,362
Manfred Thumann <sup>1)</sup> Member of the Board of Directors	70,000	-	70,000
Andrew Walo <sup>1)</sup> Member of the Board of Directors	70,000	-	70,000
Benedikt Weibel <sup>3)</sup> Member of the Board of Directors	70,000	1,286	71,286
<b>Total</b>	<b>761,362</b>	<b>18,338</b>	<b>779,700</b>

<sup>1)</sup> The remuneration is paid to the employer

<sup>2)</sup> Pro rata temporis 1.10.2007 - 25.1.2008, resigned at the general shareholder's meeting held on 25 January 2008

<sup>3)</sup> Pension benefits incl. employer's contribution (obligatory or legal contributions and benefits)

## Notes

## Remuneration paid to the members of Executive Management and the highest paid member (incl. related parties) in the 2008/09 financial year

CHF	REMUNERATION (FIXED)	REMUNERATION (VARIABLE)	PAYMENT IN KIND	PENSION BENEFITS	TOTAL
<b>Total Group Executive Management</b>	<b>1,632,389</b>	<b>1,535,623</b>	<b>30,113</b>	<b>613,231</b>	<b>3,811,356</b>
Thereof highest paid member Harald von Heyden (Head ET & O) <sup>1)</sup>	129,573	634,373	3,101	135,660	902,707

<sup>1)</sup> Executive Management member Harald von Heyden stepped down as Head of Energy Trading & Origination at the end of March 2009 and has since returned to his previous position as Managing Director of EGL Nordic.

## Remuneration paid to the members of Executive Management and the highest paid member (incl. related parties) in the 2007/08 financial year

CHF	REMUNERATION (FIXED)	REMUNERATION (VARIABLE)	PAYMENT IN KIND	PENSION BENEFITS	TOTAL
<b>Total Group Executive Management<sup>1)</sup></b>	<b>1,653,426</b>	<b>1,578,511</b>	<b>36,203</b>	<b>665,782</b>	<b>3,933,922</b>
Thereof highest paid member Harald von Heyden (Head ET & O)	318,964	675,000	7,442	169,954	1,171,360

<sup>1)</sup> The accrual of variable remuneration for the financial year 2007/08 was CHF 200,000 too low.

## Remuneration paid to former members of the Board of Directors and Executive Management (incl. related parties) in the 2008/09 financial year

CHF	REMUNERATION (FIXED)	REMUNERATION (VARIABLE)	PAYMENT IN KIND	PENSION BENEFITS	TOTAL
<b>Total former Group Executive Management</b>	<b>60,490</b>	<b>157,978</b>	<b>1,323</b>	<b>21,409</b>	<b>241,200</b>

## Remuneration paid to former members of the Board of Directors and Executive Management (incl. related parties) in the 2007/08 financial year

CHF	REMUNERATION (FIXED)	REMUNERATION (VARIABLE)	PAYMENT IN KIND	PENSION BENEFITS	TOTAL
<b>Total former Group Executive Management<sup>1)</sup></b>	<b>492,346</b>	<b>354,357</b>	<b>9,471</b>	<b>282,470</b>	<b>1,138,644</b>

<sup>1)</sup> The accrual of variable remuneration for the financial year 2007/08 was CHF 218,000 too high.

## Notes

## Shares held by members of the Board of Directors and Executive Management

	NUMBER	NUMBER
	30.09.2009	30.09.2008
Heinz Karrer – Chairman of the Board of Directors	63	63
Peter Derendinger – Member of the Board of Directors	100	100
Dominik Koechlin – Member of the Board of Directors	40	40
Benedikt Weibel – Member of the Board of Directors	10	–
<b>Total</b>	<b>213</b>	<b>203</b>

## 29 Risk assessment pursuant to the Swiss Code of Obligations (Art. 663b)

EGL operates a comprehensive, Group-wide corporate risk management system within which risk analyses are conducted at various levels and risk reports are accordingly drawn up.

The standard risk analysis procedure followed by EGL covers the following steps: Preparation of risk analysis, external analysis, analysis of events which have occurred, risk identification, risk evaluation including risk mapping and planning of measures. The results are documented in a risk analysis report.

The instrument for internal reporting to EGL's Executive Management, Risk Council and Board of Directors is the Corporate Risk Report. This report is drawn up twice a year, and discussed and approved by Executive Management and the Board of Directors. The Corporate Risk Report covers the following sections: EGL risk map (overview of market, counterparty, operational and general risks), project risks, status of implemented measures, events which have occurred/special events, annex with risk inventory (incl. defined risk mitigation measures).

At its meetings on 2 December 2008 and 28 May 2009, the Board of Directors deliberated on EGL's risk situation and approved the Corporate Risk Reports submitted by Executive Management.

## Proposal for the appropriation of retained earnings

The Board of Directors proposes to the General Meeting of Shareholders that earnings be appropriated as follows:

CHF MILLIONS	30.09.2009	30.09.2008
Profit for the period	236.6	130.1
Profit brought forward from previous year	1,191.8	1,113.0
Transfer of treasury shares reserve	0.0	0.3
Retained earnings	1,428.4	1,243.4
Transfer to general legal reserve	-4.1	-4.1
Dividend on share capital of CHF 132.0 million	-47.5	-47.5
<b>Profit to be carried forward</b>	<b>1,376.8</b>	<b>1,191.8</b>

On behalf of the Chairman of the Board of Directors  
Chairman Heinz Karrer

Laufenburg, 2 December 2009

## **Report of the Statutory Auditor on the Financial Statements**

### **To the General Meeting of Shareholders of Elektrizitäts-Gesellschaft Laufenburg AG, Laufenburg**

As statutory auditor, we have audited the financial statements of Elektrizitäts-Gesellschaft Laufenburg AG as presented on pages 86 to 99, which comprise the balance sheet, income statement and notes for the year ended 30 September 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 30 September 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.

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Urs Zeder  
Licensed Audit Expert

Basel, 2 December 2009

## Key Figures

	2008/09	2007/08	2006/07	2005/06	2004/05
Number of shares issued	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000
Number of shares outstanding	2,640,000	2,640,000	2,639,614 <sup>1)</sup>	2,639,614 <sup>1)</sup>	2,640,000
Number of shares entitled to receive dividend	2,640,000	2,640,000	2,639,614 <sup>1)</sup>	2,639,614 <sup>1)</sup>	2,640,000
Earnings per share in CHF	70.83	119.48	169.49	92.20	42.84
Equity per share in CHF	788.98	791.55 <sup>1)</sup>	721.81 <sup>1)</sup>	626.80 <sup>1)</sup>	511.52
Dividend per share in CHF	18.00 <sup>2)</sup>	18.00	18.00	18.00	15.00
Pay-out ratio (in %)	25.4	15.1	10.6	19.5	35.0
Share price in CHF – high	1,241	1,539	1,530	1,098	1,040
Share price in CHF – low	866	1,159	1,011	700	750

<sup>1)</sup> Basis for calculating key figures; number of shares issued, less treasury stock

<sup>2)</sup> Proposal of the Board of Directors

### Shares

All shares are bearer shares, with a nominal value of CHF 50.00 per share. The shares are traded on the Swiss Stock Exchange under securities number 328 822. The Telekurs ticker symbol is EGL. No authorised or limited capital exists. The Articles of Association include an opting-out clause.

### Shareholder structure

Axpo Holding AG, Baden, is the major shareholder with a direct shareholding of 91.00%. The shares held by members of the Board of Directors and Executive Management are insignificant (see Corporate Governance section, page 22). No participation schemes for management or employees exist.

### Capitalisation, trading volume and tax value

On 30 September 2009 the Group's market capitalisation was CHF 2,904.0 million (previous year CHF 3,300.0 million) based on a share price of CHF 1,100. The average daily trading volume in 2008/09 was 552 shares. The free float is 9.00% (see Note on shareholder structure). The tax value as at 31 December 2008 was estimated at CHF 940 (previous year CHF 1,493) per share.

## Head office

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## Calendar

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EGL AG Annual General Meeting	25.01.2010
Publication Half-Year Report 2009/10	01.06.2010
Publication Annual Report 2009/10	16.12.2010

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## Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements on the business activities, development and profitability of the EGL Group. Because these forward-looking statements are subject to risks, uncertainties and other important factors, actual future developments and results may differ materially from those expressed in or implied by the statements in this document. Except as required by law, EGL assumes no obligation to update these forward-looking statements.


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Cover picture: Traders at EGL's head office in Dietikon.

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