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RUPPOLDINGEN RUN-OF-RIVER POWER PLANT

RUPPOLDINGEN RUN-OF-RIVER POWER PLANT

– THE FIRST GENERATING FACILITY FINANCED BY MOTOR AG



Powerhouse, viewed from upstream
In the foreground: water catchment for the high-head facility



Weir



Reservoir on the Born for the high-head facility

In June 1888, Olten's business association held a meeting to discuss the town's future water supply. One of those present, a builder, suggested that the program of modernization along the Aare River could also include the construction of a hydro plant to generate electricity. At the time, this idea was still more of a pipe dream than a concrete project proposal, since it came just two years after the first successful transmission of electrical power over a distance of several kilometers, between Kriegstetten and Solothurn. Experience in constructing large run-of-river power plants was virtually non-existent, and competent suppliers to provide the necessary electrical machinery could be counted on one hand. Furthermore, the construction of a power plant on the Aare River would require heavy capital spending and suitable financing instruments.

Not to be deterred by all these foreseeable obstacles, the towns of Olten and Aarburg wanted to keep up with modern times. In 1892, they formed a joint project group and began planning a power plant at Hof Ruppoldingen above Aarburg. Zschokke, a company in Aarau, was engaged to build the generating facility. Most of the financing was undertaken by Brown Boveri & Cie (BBC), then a budding new company which was also to supply the electrical machinery for the plant.

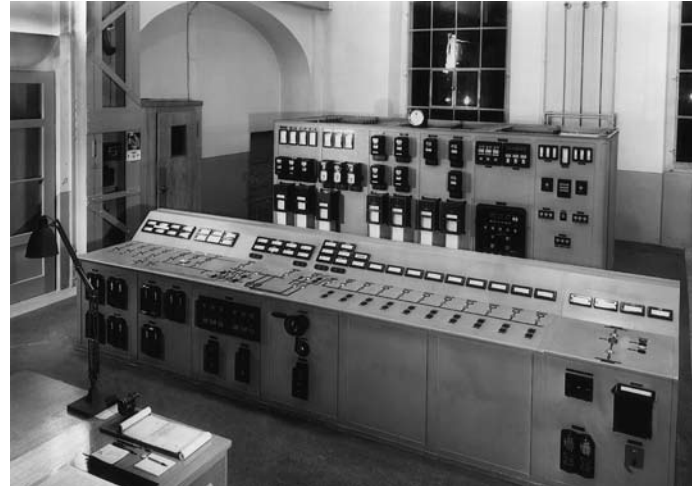
In October 1894, the Solothurn Cantonal Government granted the license for the «Ruppoldingen hydroelectric facility» with a capacity of two megawatts. Before the month was out, Elektrizitätswerk Olten-Aarburg (EWOA) had been established to set up an electricity supply system for the towns of Olten and Aarburg. This local company came to be Aare-Tessin Ltd. for Electricity (Atel) after a merger in 1936.

Difficulties were encountered while the power plant was being built. High water in March 1895 caused severe damage to the weir. Commissioning of the generating facility had to be delayed by six months, until November 1896. But worse still was the need for an increase of no less than fifty percent in capital stock and an additional issue of bonds in order to cover the cost overrun. Financing of the Ruppoldingen plant was placing an ever mounting burden on the young BBC. This experience was one of the reasons that led the company to spin off its power plant planning and financing activities into a separate entity. In 1895, BBC founded Motor AG, a forerunner of Motor-Columbus, and went back to concentrating entirely on its core business of designing and manufacturing electrical machinery.

RUPPOLDINGEN RUN-OF-RIVER POWER PLANT



Weir, mobile engine driving the sluice gates



Control room in powerhouse building 2

Additional peak generation capacity

By 1902, the output of the Ruppoldingen run-of-river power plant was no longer sufficient to meet peak demand so one of Switzerland's first pumped storage plants, planned and designed by Motor AG, was commissioned in 1904 to provide additional capacity. At night, excess electricity generated by the run-of-river plant was used to pump water up into a reservoir on the Born, Olten's local mountain. During the daytime, if more power was required, the water was then released through turbines to generate electricity. This made it possible to harness the energy from the Aare River even when power consumption was low, while guaranteeing a stable electricity system in and around Olten throughout the day. This scheme of linking a low-head generating plant with a high-head facility is an early example of a joint operation designed to increase the efficiency and capacity of a run-of-river plant.

Only two years later, as energy demand in the Olten region was rising continuously, the high-head facility no longer had enough capacity to meet the needs for peak-load power. Once again, the answer was state-of-the-art technology: a BBC steam turbine directly coupled to a generator was purchased, meaning that a large boiler system had to be built. This arrangement was a success and, in 1907, a second steam turbine was installed. The small pumped storage plant was then extensively modernized in 1925, tripling its capacity. While its importance faded later on following the advent of the Swiss and European interconnection, it still remained in operation until 1960. Where once the penstock ran, there now rise the so-called «Tausigerstägeli», or thousand steps, up to the Born.

Penstock by control centre 2
View of the Born hillsideGenerator room with new Brown
Boveri generatorsSwitchgear in powerhouse building 2,
transformer

Substation by the weir

DIRECTORS AND OFFICERS AT DECEMBER 31, 2006

BOARD OF DIRECTORS



Dr. Rainer Schaub
Chairman

First elected to the Board: 2006
Term expires: 2009



Jean-Philippe Rochon
Vice Chairman

First elected to the Board: 2003
Term expires: 2009



Marc Boudier
Director

First elected to the Board: 2006
Term expires: 2009



Dr. Hans Büttiker
Director

First elected to the Board: 2006
Term expires: 2009



Dr. Dominique Dreyer
Director

First elected to the Board: 2006
Term expires: 2009



Dr. Marcel Guignard
Director

First elected to the Board: 2006
Term expires: 2009



Philippe V. Huet
Director

First elected to the Board: 2006
Term expires: 2009



Hans E. Schweickardt
Director

First elected to the Board: 2006
Term expires: 2009

DIRECTORS AND OFFICERS AT DECEMBER 31, 2006

BOARD OF DIRECTORS



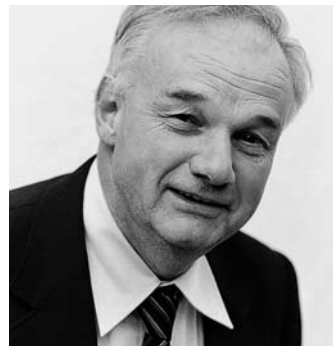
Dr. Alex Stebler
Director

First elected to the Board: 2006
Term expires: 2009



Urs Steiner
Director

First elected to the Board: 2006
Term expires: 2009



Christian Wanner
Director

First elected to the Board: 2006
Term expires: 2009



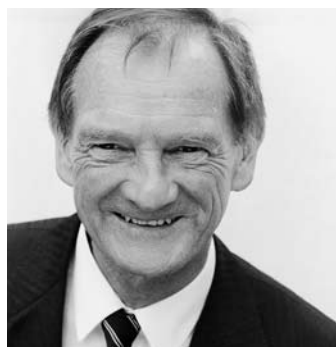
Dr. Giuliano Zuccoli
Director

First elected to the Board: 2006
Term expires: 2009

EXECUTIVE COMMITTEE



Alain Moilliet
Chief Executive Officer,
Administration and
Corporate Communications



Joe Rothenfluh
Human Resources
and Finance

STATUTORY AND
GROUP AUDITORS

Ernst & Young AG, Zurich

HIGHLIGHTS

Motor-Columbus Group	2005	2006
CHF in millions, except per share and employee data		
Net sales	8 580	11 334
Depreciation and amortization	196	202
Consolidated net income	401	873
Consolidated net income per share	792	1 818
Net income attributable to Motor-Columbus shareholders	228	504
Net income per share attributable to Motor-Columbus shareholders	451	1 049
Net capital expenditures	104	499
Shareholders' equity attributable to Motor-Columbus shareholders	1 171	1 511
Shareholders' equity attributable to minority interest	1 076	1 419
Total shareholders' equity	2 247	2 930
Shareholders' equity per share (attributable to Motor-Columbus shareholders)	2 314	3 146
Total assets	7 404	9 009
Number of employees ¹⁾	8 377	8 467
Motor-Columbus Ltd.	2005	2006
CHF in millions, except per share and ratio data		
Dividend income	43	50
Net income	44	75
Capital stock	253	256
Shareholders' equity	342	412
Total assets	675	751
Equity ratio (%)	51	55
Dividend per share	80	120 ²⁾
Total dividends	40	61 ²⁾

¹⁾ Average number of employees, expressed as full-time equivalents

²⁾ Proposed by the Board of Directors



LETTER TO OUR SHAREHOLDERS

Last year's Annual Meeting of Shareholders centered on the sweeping changes in the Board of Directors. Following the decision by majority shareholder UBS to sell its stake in Motor-Columbus Ltd. to a consortium of buyers, consisting of a group of Swiss electricity suppliers, EOS Holding and EDF, and completion of the change in control at the end of March, a new team took over the strategic management as contractually agreed between the parties. The new shareholders had intended to merge Motor-Columbus and Atel before the year was out so that they could soon proceed to the next step and integrate the assets of EOS Holding and EDF's Swiss generation interests to build a strong electricity group focused on Western Switzerland.

A minority shareholder stood in the way of the agreed plan of action. Its petition, alleging that the proposed share exchange violated the Swiss Stock Exchange Act, was in essence dismissed by the Swiss Takeover Board and the Swiss Federal Banking Commission. As a consequence, the shareholder appealed to the Swiss Supreme Court. In a decision issued on February 27, 2007, the court has now rejected the appeal so the share exchange offer is final and effective. Despite this temporary blockade, the group of Swiss electricity suppliers, EOS Holding and EDFI used the time to move forward with the integration goals they had laid out. However, the appeal proceedings have caused delays in translating them into action.

Our stellar track record of good results continued during fiscal 2006, driven by the Atel Group's strong sales and earnings performance. Sales revenue swelled from CHF 8.6 billion to CHF 11.3 billion. Consolidated net income shot up from CHF 401 million to CHF 873 million, allowing us to increase the dividend substantially to CHF 120 per share.

Motor-Columbus Ltd. is principally engaged in energy business. Energy is playing an ever more central role worldwide, and consumption is rising steadily. The long sputtering engine of the economy gained plenty of steam last year, turning energy into an even more precious commodity. In these times of impending climate change, it comes as no wonder that electricity has gained particular importance. With investors focusing on electricity securities, power supply companies have also seen their share prices soar to almost unimaginable heights recently. Motor-Columbus shares nearly doubled in value within one year. How sustainable this trend is remains to be seen.

Today, electricity and climate policy are inseparable. Whereas, until recently, resources were the overriding concern in future provision of electricity, they have now been supplanted by near-zero emission generation. It is therefore beyond dispute that focus must be placed on all environmentally clean and economically viable forms of renewable energy use. The goal of self-sufficiency in electricity generation is widely accepted too. But opinions are still divided on how to combat the inevitable medium to long-term shortages. For us, one thing is certain: we will need to rise to the challenges of ensuring

LETTER TO OUR SHAREHOLDERS

a reliable electricity supply. The signs are mounting that, if we want to live up to our responsibility to deliver an adequate public service, we will have no choice but to continue using nuclear power in the long term and provide the necessary transmission facilities. As the Federal Council has established, the issue of a nuclear waste repository can be resolved in our own country. A new generation of nuclear plants, operated by highly motivated people committed to the utmost care, will assure highly safe and reliable operation, while ensuring climate protection. What is lacking is the manifest will of politicians and, especially, the sovereign people to give this long questioned form of electricity generation back the status it once enjoyed. More legal or de facto moratoriums would be foolish unless we want to end up being perpetually dependent on other countries, thereby suffering supply shortages and rising prices. In parallel, we are committed to finding viable ways to promote renewable forms of electricity generation. But realistically speaking, these will be nowhere enough to meet the requirements, even if all potential for savings were to be fully exploited. So, from our perspective, the road map for future electricity policy is clearly laid out.

Motor-Columbus now has only a small team dealing with the work on hand. Their task has been facilitated by effectively moving in unison with Atel. It is therefore to these remaining members of staff and also to the helping hands at Atel that we owe our thanks for the successful activities last year. I would also like to thank the directors. Not only did the Board in its new composition fulfill its duties with the necessary assiduity, but so did those directors who retired from office at the 2006 Annual Meeting of Shareholders. I extend my thanks to the outgoing Board of Directors, under the expert guidance of its Chairman, Dr. h.c. Heinrich Steinmann, for embarking on the successful restructuring. Continuing along this path and bringing it to a successful conclusion in the interests of our loyal shareholders, some of whom have been with us for many years, will be our first priority over the months ahead.

Baden, March 26, 2007



Dr. Rainer Schaub
Chairman of the Board Motor-Columbus Ltd.



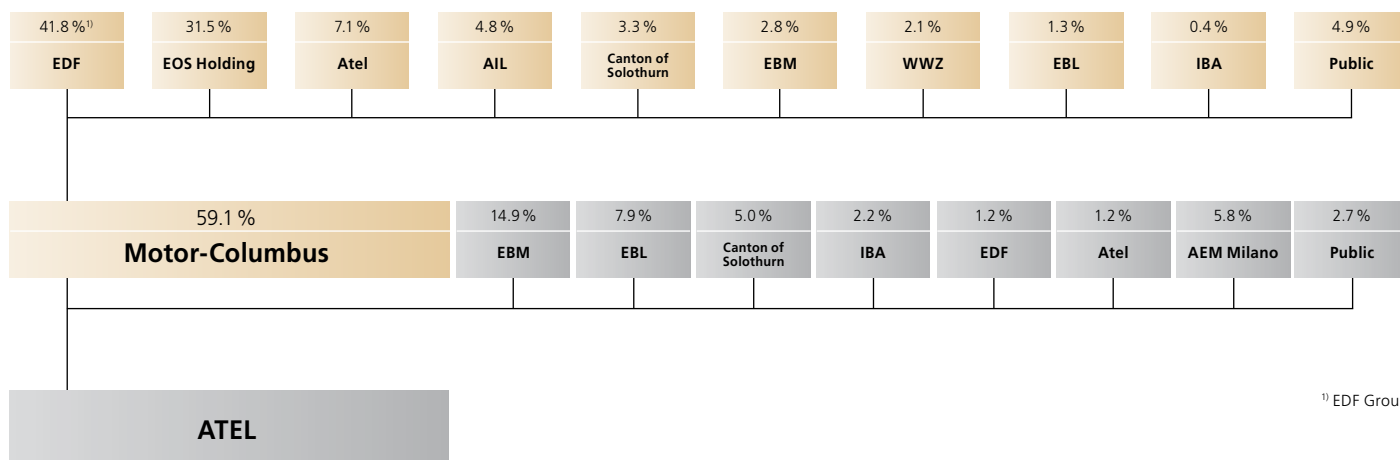


THE «WEST ENERGY» PROJECT

The acquisition of UBS AG's 55.6% stake in Motor-Columbus Ltd. (MC) by a predominantly Swiss-owned consortium was completed on March 23, 2006. The consortium consists of a group of Atel shareholders (consortium of Swiss minority shareholders), including Elektra Birseck (EBM), Elektra Baselland (EBL), Canton of Solothurn, IBAarau AG (IBAarau), Wasserwerke Zug AG (WWZ) and Aziende Industriali di Lugano SA (AIL), together with EOS Holding and EDF Alpes Investissement Sàrl.

Following completion of the share purchase agreements, Motor-Columbus Ltd. submitted a mandatory public offer to acquire the shares of Atel shareholders outside the consortium in exchange for MC shares. This exchange offer expired and closed on July 27, 2006. Motor-Columbus was offered a total of 16,640 Atel shares or 0.55% of Atel's capital stock in exchange for MC shares. On September 4, 2006, one Atel shareholder filed an administrative appeal with the Swiss Supreme Court. This

**Current Ownership Structure
(at March 31, 2007)**



¹⁾ EDF Group

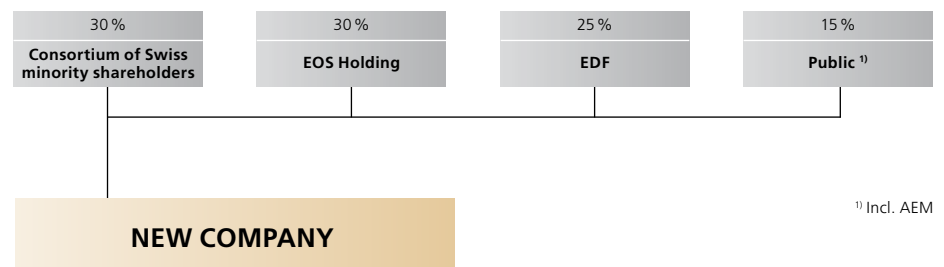
THE «WEST ENERGY» PROJECT

appeal challenged the Swiss Federal Banking Commission's decision of July 4, 2006 ruling that the consortium's mandatory offer in the form of a share exchange offer complied with the Swiss Stock Exchange Act. In a decision issued on February 27, 2007, the Swiss Supreme Court followed Motor-Columbus' reasoning in all respects and rejected the appeal.

Due to the legal proceedings surrounding the mandatory public offer, Atel and Motor-Columbus were unable to carry out their restructuring to establish a simplified

holding structure, as originally planned for 2006. This has also led to some delays in the preparations for the planned industrial merger of Atel/MC with EOS and EDF's Swiss operations and assets. Nonetheless, the plan is still to go ahead with the merger, which is important to all parties involved, for completion by the end of 2007 and to launch the new company at the beginning of 2008. The above group of Atel shareholders and EOS Holding would each own 30% of the new company, while EDF Alpes Investissement Sàrl would hold 25%.

Targeted Ownership Structure
after Atel's business combination with EOS and possibly the Swiss operations of EDF.



ELECTRICITY BUSINESS

Operations

The Motor-Columbus Group's operations are concentrated exclusively in the energy sector and bracketed together in the Atel Group.

Atel, headquartered in Olten (Switzerland), is a pan-European energy group with core competencies in electricity trading and marketing, power generation, power transmission and energy services.

Energy Segment

The Energy Segment encompasses electricity trading and marketing, power generation, power transmission and distribution.

Swiss Market

During 2006, the Swiss electricity market for industrial and large customers continued to be characterized by rising primary energy prices. Sales of electricity were driven up by the cold winter and various exchange transactions, spurring another increase in both sales volume and revenues.

Market momentum will also be fueled by the opening of the Swiss electricity exchange and commencement of operations by Swissgrid. The Swiss electricity exchange provides Atel with another platform for trading and will increase transparency in market prices. As a result, market signals can be expected to have more impact on end-consumer prices. Some two years later than planned, Swissgrid - the national grid company established by Atel and six other leading Swiss energy groups back in May 2004 - has taken over the coordination of the grid, a function that used to be carried out by Etrans. Now it is has

the responsibility for operating the entire Swiss high-voltage grid.

At political level, the Swiss parliament made a series of far-reaching amendments during last year's detailed debate on the Electricity Market Bill. While both chambers agreed in principle that the electricity market should be liberalized in stages, the Council of States took a different view from that of the National Council and decided that market access should be granted not only to large buyers but also to SMEs which join forces to purchase at least 100 megawatt-hours.

Contrary to the original intention, the proposal to open up the market for small customers will now be put to an optional referendum after all. In addition, parliament voted to introduce a CO₂ tax at the beginning of 2009. Atel sees the Council of States' decision not to exempt electricity generated by gas-fired power plants from the CO₂ tax as a severe stumbling block to investment.

In its quest to promote renewable energies, Atel established Atel EcoPower AG last year. This company already acquired a stake in Entegra Wasserkraft AG, which commissioned a new small hydroelectric plant in Eastern Switzerland at the end of October 2006. Through its subsidiary Sopracenerina SA, Atel holds an interest in Senco Holding SA in Ticino. To date, Senco has built three facilities in Ticino, with a combined capacity of 3.6 megawatts. Six more plants, each with a capacity of 1 megawatt, are planned for various valleys in Ticino. Atel has earmarked a sum of CHF 50 million francs for renewable energies in Switzerland.

ELECTRICITY BUSINESS

Renewable Energies in Southern Europe

Supported by the good economic conditions, Atel enjoyed a bright year in Italy. Through its purchase of Energ.it, an Italian power supply utility, Atel Energia also established itself successfully in the growing small and medium-sized business market during 2006. At the same time, increasing strategic emphasis has continued to be placed on fuel procurement.

In the autumn, the company announced the acquisition of two wind farms in Sicily and small hydroelectric plants in Piedmont.

Operations in Western Europe during fiscal 2006 were marked by steadily rising sales and growing market share in France. Atel Energie SAS is going to construct a gas-fired combined cycle plant there to provide its own generating capacities before long.

Eastern Europe's Leading Electricity Trader

The integration of trading specialist En-trade into the business unit for the Central/East European market led to further expansion in end-customer business. Helped by the favorable economic climate throughout the region, Atel further consolidated its position as the leading electricity trader from Poland to Greece.

In Germany, Atel managed to increase both sales volume and revenues and continued to broaden its customer base. And in Scandinavia, Oslo-based Energipartner AS successfully held its own against strong competition. Once again, the trend during the year moved toward flexible energy products for companies and public utilities.

Record Result for Atel Trading

The Trading business unit ended 2006 with another record result, clearly beating the target set for the year. Pressing on with expansion of its coal and gas business, Atel made another stride forward on the road from being an electricity trader to an energy trader. Its successful performance was primarily driven by power trading, with options trading in new markets, and the development of new structured products. In parallel with this trading success, the Settlement and Systems business unit also posted new record transaction sizes and volumes in 2006 with an extraordinarily low error rate. Settlement and Systems successfully introduced the schedule balance group system and cross-border auctions.

Outlook for 2007

The opening up and integration of the European energy markets will carry on during 2007. In Switzerland, the agenda includes revisions of laws that have a significant impact on energy policy, namely the Electricity Supply Act, the Water Conservation Act and the Nuclear Energy Liability Act. Another matter to be settled is how the transmission networks operated by the large Swiss electricity groups are to be incorporated into Swissgrid, the new national grid company. In view of the looming electricity shortfall, the debate over new large-scale power plants will also take on added urgency in the years ahead.

Sustained economic growth and continued EU integration in Central and Eastern Europe will unlock additional, attractive growth potential for Atel. In France, Atel will further strengthen its position with the construction of its own generation fa-

ELECTRICITY BUSINESS

cility, scheduled for the end of 2007. New market opportunities for Atel will also emerge in Italy when the liberalization of the Italian electricity market is completed on July 1, 2007.

Energy Services Segment

Through its Energy Services Segment, Atel has positioned itself as an experienced service partner. The Atel Installationstechnik Group, based in Zurich, and the GAH Group, based in Heidelberg, meet all the needs of customers in Switzerland, Northern Italy, Northern and Eastern Europe in the areas of energy supply, communications technology, industrial and plant engineering, building services and technical facilities management.

Economic Recovery Drives Good Capacity Utilization

Last year's accelerating recovery of the Swiss economy led to good capacity utilization in building services. Capital spending was up, especially in housing construction, the retail sector and public transport. Despite this encouraging upturn in capital spending by institutional and public building owners, the long-awaited price recovery failed to materialize in 2006. Continuing the course set a year earlier, the Atel Installationstechnik Group (AIT) made some notable acquisitions, further consolidating its position as Switzerland's leading energy services provider. Having purchased Indumo AG, Atel is now the largest industrial automation supplier. The acquisition of Luwa Switzerland Ltd., a ven-

tilation and air-conditioning specialist, is another ideal addition, complementing the activities of the AIT Group.

Rebound in Germany

Buoyed by considerably stronger economic growth than a year earlier, the GAH Group's two business segments turned in a positive overall performance in 2006. In addition, Energy Transmission and Communications Technology benefited from rising investments in power supply systems and from maintenance contracts for the electricity distribution network.

Demand picked up for high-voltage overhead lines, transformer stations and services for distribution networks. Industrial and Power Plant Engineering performed well, bolstered especially by foreign demand for nuclear engineering.

Outlook

For 2007, the AIT Group especially sees development potential in building services and energy supply technology. Here the growth opportunities in energy supply technology depend largely on the level of public spending.

The GAH Group also expects further impetus for growth during 2007. One pivotal factor is likely to be the demand potential unleashed by energy suppliers' capital investments in new power plants over the years ahead.

MOTOR-COLUMBUS GROUP FINANCIAL REVIEW

Consolidated Results of Operations

The Motor-Columbus Group delivered outstanding sales and earnings performance in fiscal 2006. Motor-Columbus Ltd.'s principal subsidiary, the Atel Group, generated considerably higher sales and income than expected in the Energy Segment. The Energy Services Segment also posted improvements in sales and income. The very successful operating performance was additionally bolstered by substantial nonrecurring special items. These comprised both dividend income from affiliates and the reversal of impairment losses no longer required for the Swiss generation portfolio.

Consolidated sales climbed 32% to approximately CHF 11.3 billion, while consolidated net income soared 118% to CHF 873 million. After deduction of minority interest, Group net income came in at CHF 504 million compared to CHF 228 million a year earlier.

The marked growth in sales was mainly driven by the Energy Segment. Energy sales rose 38% to CHF 9,716 million, while gains on trading of standard products, which are again included in sales as in prior years, increased 44% to CHF 59 million. Sales in the Energy Services Segment were also up, improving 4% to a total of CHF 1,626 million. The German GAH Group, in particular, enjoyed a strong spurt in sales fueled by major contracts secured.

Consolidated operating income (EBIT) soared by CHF 562 million or 105% year over year to CHF 1,096 million. This handsome increase was driven in part by the

successful operating performance in the Energy and Energy Services Segments and in part by nonrecurring special gains. Unlike the prior year, when special charges weighed on performance, last year's results were positively impacted by a number of special items. Partial divestitures and revaluations of affiliates yielded a special gain of CHF 75 million. Impairment losses no longer required for Atel's Swiss generation portfolio and reversals of provisions totaled approximately CHF 450 million. At the same time, additional provisions of approximately CHF 190 million were required.

Net financial items improved distinctly over the prior year (negative CHF 39 million). Better refinancing arrangements decreased interest expense, while higher cash and cash equivalents and rising interest rates increased interest income. However, the healthy financial result was largely boosted by the exceptionally high mark-to-market gains on financial investments.

Consolidated Financial Position

Total assets grew by CHF 1.6 billion to CHF 9.0 billion, of which non-current assets accounted for approximately CHF 0.7 billion and current assets for CHF 0.9 billion.

The growth in non-current assets includes approximately CHF 330 million from the reversal of impairment losses previously recognized for assets of power plants and generation interests. The renewable energy acquisitions in Italy and

MOTOR-COLUMBUS GROUP

the revaluation of affiliates resulted in a further increase of approximately CHF 250 million.

The change in current assets reflects the growth in cash and cash equivalents, marketable securities and derivative financial instruments recognized.

Shareholders' equity was CHF 1,511 million at year-end, compared to CHF 1,171 million a year earlier, improving the ratio of equity to total assets by 1% year over year to 17%. These figures do not include minority interest of CHF 1,419 million.

Motor-Columbus Ltd.

Group Holding Company

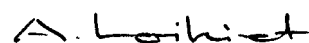
Motor-Columbus Ltd., the Group holding company, ended 2006 with net income of CHF 74.9 million, up by approximately CHF 31.2 million compared to the prior year. This high net income was largely due to the dividend of CHF 49.8 million received on the investment in Atel Ltd. and financial income of CHF 53.1 million. Financial income was mainly impacted by gains on revaluation of marketable securities.

The year-over-year growth in total assets relates to the public exchange offer made to Atel shareholders. Assets reflect the effect of the tendered Atel shares, which added approximately CHF 36 million to the investment in Atel. In exchange, the tendering Atel shareholders received Motor-Columbus shares. For this exchange, 5,250 bearer shares were issued, increasing the capital stock accordingly.

Board of Directors

In connection with the change in control, all the directors but one were newly appointed at the Annual Meeting of Shareholders held on April 28, 2006. Dr. h.c. Heinrich Steinmann, Chairman and Chief Executive Officer, Dr. Walter Bürgi, Ulrich Fischer and Urs B. Rinderknecht stepped down. Jean-Philippe Rochon, Vice Chairman, was reelected. New directors elected to the Board were Dr. Rainer Schaub, Chairman, Marc Boudier, Dr. Hans Büttiker, Dr. Dominique Dreyer, Dr. Marcel Guignard, Philippe V. Huet, Hans E. Schweickardt, Dr. Alex Stebler, Urs Steiner, Christian Wanner and Dr. Giuliano Zuccoli.

Baden, March 26, 2007



Alain Moilliet
Chief Executive Officer



CORPORATE GOVERNANCE

The Group's corporate governance principles, policies and rules are documented in the Articles of Incorporation and Rules of Procedure of Motor-Columbus Ltd. and in the Articles of Incorporation, Organizational Rules, Executive Board Regulations, Group Guidelines and Organization Chart of the Atel Group (Aare-Tessin Ltd. for Electricity and its subsidiaries and affiliates). They are regularly reviewed by the respective Boards of Directors and Executive Committee/Board and revised to meet needs.

In view of the Motor-Columbus Group's structure, this statement is largely confined to a disclosure of the structures and corporate bodies of Motor-Columbus Ltd. except where otherwise required. For relevant information about the Atel Group, please refer to Atel's annual report (page 16 ff.) and website (www.atel.eu/corporategovernance).

Group Structure

Motor-Columbus Ltd. is purely a holding company. The finance and property companies listed on page 77 are managed directly by Motor-Columbus Ltd. through its Executive Committee with its two functional areas: Administration and Corporate Communications; Human Resources and Finance.

The operating companies in the Atel Group are managed by the Board of Directors and Executive Board of Atel.

The following companies included in the consolidation of Motor-Columbus Ltd. are listed on the SWX Swiss Exchange:

Motor-Columbus Ltd., Baden

(ISIN CH0002124276) with a market capitalization of CHF 4.86 billion at December 31, 2006;

Aare-Tessin Ltd. for Electricity (Atel), Olten

(ISIN CH0001363305), 59.1 % owned by Motor-Columbus Ltd., with a market capitalization of CHF 9.41 billion at December 31, 2006;

Società Elettrica Sopracenerina SA, Locarno

(ISIN CH0004699440), 60.8 % owned by Atel, with a market capitalization of CHF 312 million at December 31, 2006.

The principal consolidated companies are listed on pages 77 to 81 of this annual report.

Major Shareholders

UBS AG's sale of its majority shareholding in Motor-Columbus Ltd. to a predominantly Swiss-owned consortium was completed on March 23, 2006. The consortium consists of a group of Atel shareholders, comprising EBM (Elektra Birseck, Münchenstein), EBL (Elektra Baselland, Liestal), Canton of Solothurn, IBAarau AG and newcomers AIL (Aziende Industriali di Lugano SA) and WWZ (Wasserwerke Zug AG), EOS Holding AG, Lausanne, EDF Alpes Investissement Sàrl, Martigny, and Atel.

CORPORATE GOVERNANCE

Based on notifications received under the Swiss Federal Stock Exchange Act (disclosure requirement), the company is aware of the following shareholders at December 31, 2006:

EDF Alpes Investissement Sàrl, Martigny	36.9 %
EOS Holding AG, Lausanne	31.5 %
Atel, Olten	7.1 %
ALL, Lugano	4.8 %
Canton of Solothurn	3.3 %
EBM, Münchenstein	2.8 %
WWZ, Zug	2.1 %
EBL, Liestal	1.3 %
IBAarau, Aarau	0.4 %

The above shareholders have entered into a consortium and shareholder agreement. This agreement governs the restructuring of Motor-Columbus/Atel, Atel's subsequent combination with the operating assets of EOS Holding AG and possibly the Swiss operations of EDF, mutual preemptive rights and corporate governance.

In addition, the company is aware of a 4.9% stake held by EnBW Energie Baden-Württemberg AG, Karlsruhe.

Capital Structure

At December 31, 2006, the ordinary capital stock of Motor-Columbus Ltd. was CHF 255,625,000.

The Board of Directors was authorized to increase the capital stock by a maximum of CHF 47,975,000 (additional authorized capital) until April 7, 2007. This authorization was used in part for a public exchange offer that Motor-Columbus made to Atel shareholders in July 2006: the 5,250 Mo-

tor-Columbus shares necessary for the exchange of the 16,640 Atel shares tendered were created through an authorized capital increase. Between the end of the reporting period and the end of the authorization period on April 7, 2007, the authority to increase the capital stock was not used again so there is no longer any additional authorized capital. The company has no authorized but unissued capital stock.

Changes in Capital

Statements of changes in shareholders' equity are presented in the consolidated financial statements of the Motor-Columbus Group on page 51 and in the notes to the financial statements of Motor-Columbus Ltd. on page 89. Statements of changes in shareholders' equity for 2004 are presented in the annual report 2005 where they appear in the consolidated financial statements on page 45 and in the notes to the financial statements of Motor-Columbus Ltd. on page 84.

Shares

The capital stock of Motor-Columbus Ltd. is CHF 255,625,000, divided into 511,250 fully paid bearer shares with a par value of CHF 500 each. Each share entitles the holder to one vote. All shares rank for dividend. There are no restrictions on transferability or voting rights.

The company has no outstanding participation certificates, profit-sharing certificates, convertible bonds, warrants or options.



CORPORATE GOVERNANCE

Board of Directors

The Articles of Incorporation prescribe that the number of directors will be no less than five. Directors hold office for three years. There are no age or term limits.

Following the change in control, most of the directors were replaced at the Annual Meeting of Shareholders held on April 28, 2006. One director was reappointed and the new directors were elected individually by a show of hands. Dr. h.c. Heinrich Steinmann (Chairman and Chief Executive Officer), Dr. Walter Bürgi (Director), Ulrich Fischer (Director) and Urs B. Rinderknecht (Director) stepped down. The Board of Directors now consists of the following 12 members:

Dr. Rainer Schaub	(Swiss) Chairman
Jean-Philippe Rochon	(French) Vice Chairman
Marc Boudier	(French) Director
Dr. Hans Büttiker	(Swiss) Director
Dr. Dominique Dreyer	(Swiss) Director
Dr. Marcel Guignard	(Swiss) Director
Philippe V. Huet	(French) Director
Hans E. Schweickardt	(German) Director
Dr. Alex Stebler	(Swiss) Director
Urs Steiner	(Swiss) Director

Christian Wanner	(Swiss) Director
Dr. Giuliano Zuccoli	(Italian) Director

The years in which they were first elected and when their terms expire are indicated on page 4. Biographical details showing their qualifications, professional background and any other positions and interests can be found at: www.atel.eu/bod.

None of the directors has executive functions in Motor-Columbus or any of its Group companies. In view of the proposed restructuring of Motor-Columbus and Atel, the same people serve on the Boards of both companies.

Otherwise, the directors have no material business relationships with the company or any of its Group companies.

The Board of Directors organizes itself and elects each year, from among its members, a Chairman, Vice Chairman and the Secretary, who need not be a director. The Secretary to the Board is Alain Moilliet.

The Board met nine times last year. The average duration of the meetings was two hours.

The Chairman sets the agenda for Board meetings after consultation with the Executive Committee. Any director may request in writing that an item be included on the agenda. Information materials are generally distributed to Board members about two weeks prior to the meetings to allow the directors to prepare for discus-

CORPORATE GOVERNANCE

sion of the agenda items.

Board resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Resolutions in writing signed by the directors are permitted unless a director requests an oral discussion.

Executive Committee members generally attend Board meetings in an advisory capacity, but leave a meeting if so requested by the Chairman.

The Board keeps minutes of its proceedings and resolutions. The minutes of each meeting are sent to the directors and approved at the next meeting.

Outside meetings, any director may request the Chairman to provide information about business performance and specific items of business. If necessary in the discharge of his duties, any director may ask the Chairman to have books and records produced for inspection.

Control and Monitoring Systems

Due to the Group structure described above and the therefore straightforward operations of Motor-Columbus Ltd., no Board committees or internal audit function have been established.

The audit company reports the results of its audits and the focus of its future activities to the Board in a management letter and in an oral presentation.

The Executive Committee keeps the Board informed of important events. Financial reporting takes place quarterly.

Division of Responsibilities

The authority and responsibilities delegated to the Board of Directors and Executive Committee are laid down in Organizational Rules. The Executive Committee is responsible for the operational management of Motor-Columbus Ltd. and the property and finance companies listed on page 77.

The authority delegated to Motor-Columbus' Executive Committee depends on the nature of the business. The Executive Committee's authority includes the discretion to decide on unbudgeted capital expenditures up to an amount of CHF 2 million.

Executive Committee

The Executive Committee consists of the following members:

Alain Moilliet (Swiss)
Chief Executive Officer
Administration and Corporate
Communications

Alain Moilliet joined Motor-Columbus Ltd. on April 1, 1999 and has since been responsible for Administration and Corporate Communications. Upon the change in control and the resulting resignation of the Chairman and Executive Director, he took over the company's management. Previously, he held various positions with Nestlé and former UBS, last serving as Company Secretary and an Executive Committee member of Galenica Holding AG. After reading law at the University of Bern, he qualified as an Attorney at Law.

CORPORATE GOVERNANCE

Alain Moilliet transferred to Atel on July 1, 2006, but will continue to serve as Chief Executive Officer of Motor-Columbus Ltd. on an as-needed basis.

Joe Rothenfluh (Swiss)
Human Resources and Finance

Joining Motor-Columbus Ltd. on June 1, 1987, Joe Rothenfluh has been responsible for Human Resources and Finance since July 1, 1995. He previously held a finance, controlling and internal audit position with IBM. He qualified as a Swiss Certified Management Accountant.

Compensation, Shareholdings and Loans

Directors receive a fixed fee and an expense allowance based on a graduated scale for the Chairman and other directors. The level of compensation is determined by the Board.

The compensation paid to Executive Committee members comprises a base salary and a bonus based on the achievement of personal goals and on corporate performance. In view of the restructuring, their compensation remained unchanged last year.

Upon the change in control, the compensation and expense allowance for directors was revised, and a share purchase plan for directors and Executive Committee members was discontinued.

Directors' Compensation

For fiscal 2006, the total compensation (fees and expenses) paid to directors for

their service on the Board of Motor-Columbus Ltd. was CHF 1 million. This includes compensation of CHF 0.3 million paid to the directors who stepped down at the Annual Meeting of Shareholders, plus 10 Motor-Columbus shares that were purchased at a reduced price and are restricted for three years under a share purchase plan. Under the applicable rules, the fees for directors who left the Board were paid until the end of their respective terms.

Together with their compensation for service on the Board of Atel, directors received total compensation of CHF 3.3 million which again includes compensation of CHF 1.8 million paid to the directors who stepped down.

The Chairman of the Board was the highest paid director, receiving total compensation of CHF 281,388 for last year. This includes the ordinary fee and expenses for his services to Motor-Columbus and Atel (also as Chairman of the Board) plus additional compensation of CHF 140,000 being paid to him by Atel in recognition of his exceptional services, especially in connection with the changes in shareholder structure.

According to our information, the directors did not hold any shares in Motor-Columbus Ltd. at December 31, 2006.

Executive Committee Compensation

The compensation paid to Executive Committee members for 2006 totaled CHF 2.3 million. This includes the compensation of CHF 1.0 million paid as a result of the

CORPORATE GOVERNANCE

change in control to a member who left the company during the year. In addition, a contribution of CHF 1.6 million was paid for the planned early retirement of one member in connection with the restructuring.

In addition, the Executive Committee members together bought four Motor-Columbus shares at a reduced price under a share purchase plan, subject to a three-year restriction period. A member who left the company during the year purchased four shares. According to our information, the Executive Committee members together hold 82 shares in Motor-Columbus Ltd.

No other fees or compensation for additional services were paid to directors or Executive Committee members.

No loans have been granted to directors or officers.

Shareholders' Participation Rights

Each share represented at a general meeting carries one vote; there are no restrictions on voting rights.

General meetings are called in accordance with the rules set forth in the Swiss Code of Obligations.

Shareholders' property and participation rights are laid down by law and in the Articles of Incorporation (www.motor-columbus.ch, Investor Relations – Articles of

Incorporation). There are no rules that are at variance with the law.

Change of Control Clauses

Persons acquiring shares in Motor-Columbus are not required to make a public tender offer as prescribed in the Federal Stock Exchange and Securities Trading Act («opting out»).

The employment contracts of Executive Committee members no longer contain any change of control clauses.

Auditors

Ernst & Young AG, Zurich, has acted as auditors of Motor-Columbus Ltd. and as Group auditors since 2002. The statutory and Group auditors are appointed each year at the Annual Meeting of Shareholders for a term of one year. Their performance and fees are reviewed annually. The current lead audit partner of Ernst & Young AG was first appointed to serve Motor-Columbus in that capacity during the year under review.

Last year, Ernst & Young AG received fees (incl. expenses) of approximately CHF 0.21 million for services rendered as statutory and Group auditors. Fees of approximately CHF 0.25 million were paid for audit-related and tax services.

Ernst & Young AG also acts as Group

CORPORATE GOVERNANCE

and statutory auditors of the Atel Group. Atel paid fees (incl. expenses) of approximately CHF 3.3 million for these services plus additional fees of approximately CHF 2.1 million for other audit-related services, such as tax advice.

Information Policy

Motor-Columbus communicates regularly with shareholders, potential investors and other stakeholders in its mid-year and annual reports and at meetings of shareholders. Atel regularly publishes information about events relating to its operations in press releases and on its website (www.atel.eu/news).

The most important dates this year are:

Annual Meeting of Shareholders:

Thursday, May 24, 2007 in Baden

2007 Mid-Year Report:

Early September 2007





2006 CONSOLIDATED FINANCIAL STATEMENTS OF THE MOTOR-COLUMBUS GROUP
BASIS OF CONSOLIDATION

BASIS OF PRESENTATION

The consolidated financial statements of the Motor-Columbus Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB) and comply with Swiss law. They present fairly the financial position, results of operations and cash flows of the Motor-Columbus Group. They have been prepared

under the historical cost convention, except for certain items such as financial instruments and available-for-sale financial assets that have been measured at fair value. The consolidated financial statements were authorized for issue by the Board of Directors of Motor-Columbus on March 8, 2007 and are subject to approval at the Annual Meeting of Shareholders to be held on May 24, 2007.

NEW AND AMENDED ACCOUNTING STANDARDS

The accounting policies applied are essentially consistent with those used in the previous year. Motor-Columbus has adopted the following amended financial reporting standards (IFRS) or new IFRIC interpretations that became effective on January 1, 2006:

- IFRIC 4: Determining whether an Arrangement contains a Lease (January 1, 2006),
- IFRIC 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (December 1, 2005),

- IFRIC 9: Reassessment of Embedded Derivatives (June 1, 2006).

The application of these new rules has not had a significant impact on the results or presentation of the published financial statements for 2006.

IAS 1 – Presentation of Financial Statements (Amendment), IAS 19 – Employee Benefits (Amendment), IAS 21 – The Effects of Changes in Foreign Exchange Rates (Amendment), and IAS 39 – Financial Instruments: Recognition and Measurement (Amendment) were already adopted early for the prior year financial statements published for 2005.

FORTHCOMING IFRS AND IFRIC INTERPRETATIONS

The following new and amended standards and interpretations published by the IASB and IFRIC are applicable for future financial statements:

- IAS 1: Presentation of Financial Statements: Capital Disclosures (first-time adoption for the year beginning on January 1, 2007)
- IFRS 7: Financial Instruments: Disclosures (January 1, 2007)
- IFRS 8: Operating Segments (January 1, 2009)

- IFRIC 11: IFRS 2 – Group and Treasury Share Transactions (March 1, 2007)
- IFRIC 12: Service Concession Arrangements (January 1, 2008)

The Group is currently evaluating the potential impact of adopting these new standards. At present, it does not expect them to have a material impact on the Group's future results of operations and financial condition although certain additional disclosures will be required in the published financial statements. This applies in par-

**BASIS OF CONSOLIDATION
OF THE MOTOR-COLUMBUS GROUP**

**FORTHCOMING IFRS AND
IFRIC INTERPRETATIONS**

particular to IFRS 7 – Financial Instruments: Disclosures, which the Group will adopt in fiscal 2007, and to IFRS 8 – Operating Segments, which must be adopted at January 1, 2009.

Furthermore, prior year comparatives

in the consolidated income statement, balance sheet and notes to the consolidated financial statements have been reclassified or extended, where necessary, to reflect changes in presentation for the current reporting period.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Motor-Columbus Group comprise the consolidated financial statements of Motor-Columbus Ltd., incorporated in Switzerland, and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances, transactions, income and expenses are eliminated in full.

Subsidiaries are companies controlled directly or indirectly by Motor-Columbus (generally by holding more than 50% of the voting rights). These companies are consolidated from the date of acquisition and deconsolidated at the date they are divested or that Motor-Columbus ceases to control them, in which case they are re-

ported as investments and other assets.

Minority interests in affiliates over which Motor-Columbus exercises significant influence but not control are accounted for in the Motor-Columbus Group's consolidated financial statements using the equity method. The same method is used to account for joint ventures in the Energy Segment. Motor-Columbus' share of these companies' assets, liabilities, expenses and income is disclosed in Note 12 on pages 59 to 61.

Applying IAS 39, all other investments are stated at fair value and recorded as «financial investments» in non-current assets.

All significant companies included in the consolidation are shown on pages 77 to 81 with an indication of the consolidation method applied and other information.

**FOREIGN CURRENCY
TRANSLATION**

The consolidated financial statements are presented in Swiss francs, which is the Group's functional and presentation currency. The functional currency of each Group company is determined by the economic environment in which it operates. Transactions in foreign currencies are initially recorded in the Group company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange

rate ruling at the balance sheet date. The resulting exchange differences are recognized in the income statement.

Assets and liabilities of the subsidiaries are translated into Swiss francs at the rate of exchange ruling at the balance sheet date, while income and expense items are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are recognized as a separate component of shareholders' equity. On the sale of a subsidiary, the deferred cumulative amount relating to that

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

FOREIGN CURRENCY
TRANSLATION

subsidiary is recognized in the income statement in the period in which the subsidiary is divested.

The Group reports in Swiss francs. The following exchange rates have been used to translate foreign currencies:

Unit	Year-end		Average	
	12/31/05	12/31/06	2005	2006
1 USD	1.31	1.22	1.25	1.25
1 EUR	1.555	1.607	1.548	1.573
100 HUF	0,62	0.64	0.63	0.60
100 CZK	5,36	5.85	5.20	5.56
100 PLN	40,35	41.94	38.56	40.45
100 NOK	19.42	19.51	19.33	19.57

INTERCOMPANY TRANSACTIONS

Contractually agreed transfer or market prices are applied to charge goods and services supplied between Group companies. Electric power generated by joint

ventures is invoiced to the shareholders at full cost under joint venture agreements in force.

REVENUE RECOGNITION

Revenue from the sale of goods and services is recognized in the income statement when the goods are delivered or the services are performed. Within the Group, energy contracts entered into for trading purposes (generally standard forward contracts) with a view to generating a profit from short-term swings in market prices

are recognized in sales on a net basis (gains less losses on trading contracts). Sales relating to construction contracts are recorded using the percentage of completion method under which revenue is recognized as the work is performed, based upon the proportion of contract work completed.

INCOME TAXES

Income taxes are calculated on net income for the year, as reported in the income statement, using tax rates enacted or substantially enacted at the balance sheet date as applicable in the individual companies' financial statements. Income tax expense represents the sum of income taxes currently payable and those deferred.

Deferred taxes are provided for temporary differences between the treatment of certain income and expense items for financial reporting purposes and their treatment for income tax purposes. Deferred taxes arising from temporary differ-

ences are calculated using the balance sheet liability method. Deferred taxes are not provided for differences in the carrying amounts of investments in Group companies that will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is more likely than not that they will be realized. Unrecognized tax assets are disclosed.

The effect of recognizing temporary differences is presented in Note 7 on page 55.

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

INTEREST ON BORROWINGS

Interest on borrowings is generally expensed in the period for which it is owed. Interest costs incurred directly in the acquisition or construction of an asset with a long period of development are capital-

ized. Capitalized interest is calculated at the actual amount paid in the period from the commencement of acquisition or construction activity to the use of the asset.

DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale and the sale must be highly probable within the next 12 months. The same applies to a group of assets and associated liabilities that are to be disposed of together in one transaction (disposal group).

Motor-Columbus recognizes non-current assets or disposal groups held for sale at the lower of carrying amount and fair value less costs to sell. These assets and/or

disposal groups cease to be depreciated or amortized while they are held for sale. The assets and liabilities are presented separately from other Group assets and liabilities in the balance sheet.

A component of the business that represents a separate major line of business or geographical area of operations that has been divested or is a subsidiary acquired exclusively with a view to resale is classified as a discontinued operation. Net income of discontinued operations is reported separately in the consolidated income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation periods are based on estimated useful lives of the particular classes of assets or the dates when generation plant licenses expire. Depreciation is charged on a straight-line basis. The useful lives of the various classes of assets are within the following ranges:

Buildings	30 – 50 years
Land	on impairment only
Generation plant	25 – 80 years
Transmission systems	15 – 40 years
Plant and equipment/vehicles	3 – 20 years
Construction in progress	if impairment is already evident

Commitments to clean up land and sites after license expiry or decommissioning are accounted for individually in accordance with the terms of contract. Replacements, renovations and improvements that substantially extend the useful life, increase the capacity or substantially improve the quality of output of assets are capitalized.

The costs of regular and major maintenance are included in the asset's carrying amount if the decisive criteria for capitalization are met. Otherwise the costs of repairs and maintenance, including regular maintenance, of buildings and operating facilities are expensed as incurred.

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUPPROPERTY, PLANT
AND EQUIPMENT

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected. Gains or losses on fixed asset disposals are recognized in income.

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each fiscal year, or more frequently if necessary.

BUSINESS COMBINATIONS
AND GOODWILL

Business combinations are accounted for using the purchase method of accounting. The cost of an acquisition represents the consideration paid to acquire the acquiree's assets, liabilities and contingent liabilities. The consideration comprises cash payments and the fair value of the assets given and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes transaction costs directly attributable to the acquisition. The net assets acquired, comprising identifiable assets, liabilities and contingent liabilities, are recognized at their fair values.

Where the Group does not acquire 100% ownership, the interest of minority shareholders is recognized as a component of consolidated shareholders' equity. However, minority interests where Motor-Columbus holds options (call options) or has granted options (written put options) are only recognized as minority interest when the strike price is based on fair value. Such call options are stated at fair value. Written

put options on minority interests are recognized as a liability at the present value of the expected cash outflows.

The Group accounts for acquisitions of minority interests as pure equity transactions. Any difference between the purchase consideration and net assets acquired is offset against retained earnings.

Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the net identifiable assets acquired. Goodwill and fair value adjustments to net assets are recognized in the acquiree's assets and liabilities in that company's local currency. Goodwill is not amortized but tested for possible impairment at each balance sheet date. Goodwill may also arise on investments in affiliates and represents the difference between the costs of acquiring the affiliate and the Group's share of the fair value of its identifiable net assets. Such goodwill is recognized in investments in affiliates.

INTANGIBLE ASSETS

Intangible assets are initially recognized at cost when they are acquired. Following initial recognition, they are carried at cost less accumulated amortization and impairment losses. Internally generated intangible assets are not capitalized; the costs are charged to the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and reviewed for impairment whenever there is an indication that they may be impaired. The amortization period and the amortization method are reviewed at the end of each fiscal year, or more frequently if nec-

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

INTANGIBLE ASSETS

essary. At present, the useful lives of intangible assets currently recognized range from 3 to 15 years.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually, either individually or

at the cash-generating unit level. The useful life of an intangible asset is reviewed in each reporting period to determine whether indefinite life assessment continues to be supportable.

POWER PURCHASE RIGHTS

Power purchase rights are included in intangible assets in the balance sheet and are subject to impairment testing like other intangible assets. They comprise prepayments for rights to purchase power in

the long term, including capitalized interest. Amortization is charged on a straight-line basis from the commencement of the power purchases over the term of the contracts.

IMPAIRMENT OF PROPERTY,
PLANT, EQUIPMENT
AND INTANGIBLE ASSETS

The carrying amounts of property, plant, equipment and intangible assets are reviewed at least annually to determine whether there is any indication of impairment. In particular, this is done whenever changes in circumstances or events indicate that the carrying amounts may not be recoverable. Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to the value considered to be recoverable based on the discounted expected future cash flows. The recoverable amount of intangible assets with indefinite useful lives is reviewed annually.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is calculated by discounting

the estimated future cash flows (discounted cash flow method). If the asset does not generate cash inflows that are independent of those from other assets, the recoverable amount of the individual asset is estimated for the cash-generating unit to which the asset belongs.

An impairment loss previously recognized for an asset in prior years is reversed in the income statement if the impairment no longer exists or has decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

The annual impairment review is monitored centrally within the Group.

**ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP****IMPAIRMENT OF GOODWILL**

Goodwill is allocated to the cash-generating units to which the goodwill relates. These generally represent the identifiable regional marketing, service and production activities. Goodwill is reviewed for impairment annually. If the recoverable amount of the cash-generating unit, i.e. the higher of the unit's fair value less costs to

sell and its value in use, is less than its carrying amount, an impairment loss is recognized to reduce the carrying amount. The method used for testing cash-generating units for impairment is disclosed in Note 11. If the value of goodwill increases again, previously recognized impairment losses are not reversed.

**INVESTMENTS IN AFFILIATES
AND JOINT VENTURES**

An affiliate is a company over which Motor-Columbus has a significant influence by having the power to participate in its financial and operating policy decisions and that is neither a subsidiary nor a joint venture of Motor-Columbus. Where appropriate, companies may likewise be accounted for in the consolidated financial statements as affiliates using the equity method even though Motor-Columbus holds an interest of less than 20%. This applies in particular where Motor-Columbus is represented in the authoritative decision-making bodies – such as the Board of Directors – and is involved in the operating and financial policies or where market-relevant information is exchanged.

A joint venture is an entity that is jointly controlled by Motor-Columbus and one or more other partners under a contractual arrangement. Given this situation, joint ventures are accounted for in the consolidated financial statements using the equity method regardless of the Group's ownership interest in them. At present, Motor-Columbus holds interests of 9% to 54% in joint ventures.

The financial statements of affiliates and joint ventures are generally prepared using uniform accounting policies. Companies that apply different accounting standards for the preparation of their local financial statements also prepare reconciliations to IFRS.

INVENTORIES

Inventories mainly include fuels to generate electricity and materials to produce goods and services. Fuel inventories (oil, gas and coal) comprise all directly attributable costs of acquisition. They are managed using the weighted average inventory method and stated at the lower of weighted average cost or net realizable value. Cost includes all expenditure incurred in acquiring the inventories and

transporting them to the storage location.

Inventories of materials are stated at the lower of cost, determined using the average cost method, or net realizable value. Production cost comprises all direct material and manufacturing costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

LEASES

Overall, the Group's lease transactions are currently insignificant.

CONSTRUCTION CONTRACTS

Work performed for customers under construction contracts in the Energy Services Segment is recorded using the percentage of completion method, and the amount to be recognized as an asset is included in accounts receivable and net sales. The degree of completion is determined by the progress, i.e. according to the costs incurred. Contract costs are expensed in the period in which they are incurred.

Contracts or groups of contracts where

the degree of completion or outcome cannot be estimated reliably are recognized as an asset at the amount of contract costs that will probably be recoverable. Provisions are made for any losses expected to be incurred on the construction contracts. In reporting uncompleted contracts, the revenue agreed in the contract and any subsequent variations confirmed by the customer in writing are recognized as contract revenue.

PROVISIONS

Provisions cover all (legal or constructive) obligations arising from past transactions or events that are known at the balance sheet date and likely to be incurred, but uncertain as to timing and amount. Their amount is calculated using the best estimate of expected cash outflows.

Provisions are stated at the amount of

the expected cash outflows discounted at the balance sheet date. Provisions are reviewed annually at the balance sheet date and adjusted to reflect current developments. The discount rates are pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability.

ACCOUNTING FOR CO₂ EMISSION ALLOWANCES

The IASB released the IFRIC 3 interpretation which was to be mandatory for accounting for emission allowances for fiscal years beginning on or after March 1, 2005. In the meantime, the IASB has decided to withdraw IFRIC 3. Motor-Columbus has chosen an accounting method that reflects economic reality based on applicable IFRS standards.

Allocated CO₂ emission allowances are initially recognized at nominal value (nil value). CO₂ emission allowances purchased to meet the Group's generation requirements are accounted for at cost within intangible assets on initial recog-

niton. A liability is recognized when the CO₂ emissions exceed the emission allowances originally allocated. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held. That portion exceeding the CO₂ emission allowances held is recognized at fair value at the balance sheet date. Changes in the liability are recorded as energy costs.

Where emission allowances are traded, for example to optimize the energy portfolio, those held at the balance sheet date are measured at market value and recorded in inventories.

EMPLOYEE BENEFIT PLANS

The Group operates a number of employee benefit plans as required by law.

Swiss consolidated Group companies in the Energy Segment participate in a legally independent pension scheme of the Swiss defined benefit type that meets the criteria of a defined-benefit plan under IAS 19.

Employees of foreign subsidiaries in the Energy Segment are generally covered under state social security plans or independent defined contribution plans.

Swiss Group companies belonging to Atel Installationstechnik in the Energy Services Segment participate in a legally independent pension scheme that is fully reinsured. In the past, the benefit plans under this scheme were accordingly classified as defined contribution plans under IAS 19.

In 2005, a review of the contracts showed that constructive obligations had arisen under the revised Federal Occupational Retirement, Survivors' and Disability Pensions Act (BVG). These contracts therefore qualified as defined benefit plans. For this reason, Atel Installationstechnik also calculated the benefit obligations and pension cost for these plans under IAS 19 for the first time in 2005, with the exception of small plans of its own that were not included in the IAS 19 valuation because they were insignificant. During 2006, their incorporation into the IAS 19 calculations was reviewed and implemented.

The first-time recognition of these plans as defined benefit plans under IAS 19 in 2005 is described as a plan amendment in the tables presented in the notes.

The employees of foreign companies belonging to Atel Installationstechnik in the Energy Services Segment are covered under state social security plans.

The German GAH Group exclusively operates a plan where the employer has a constructive obligation to pay benefits, i.e. there is no legally separate pension plan. For this reason, provisions are made in the company's balance sheet. These provisions are calculated in accordance with annual actuarial valuations of the current benefit obligations. Benefits are paid directly by the company. Under IAS 19, a constructive obligation to pay benefits under German law represents an unfunded plan and is reported as a net liability in the balance sheet. As there are no separate plan assets to meet the obligations, the actual payments are deducted from the provision in the balance sheet.

The defined benefit obligation is calculated using the projected unit credit method. This accrued benefit method prorated on service recognizes not only the known benefits and benefits accrued at the reporting date but also expected future compensation and benefit increases. Actuarial gains and losses arising from the periodic revaluations are recognized as income or expense separately for each plan on a straight-line basis over the average remaining service lives of the employees if the actuarial gains and losses at the end of the reporting year exceed 10% of the higher of the fair value of plan assets and the defined benefit obligation at that date. This method is called the «corridor method».

All the plans are generally funded by employer and employee contributions. Employer contributions paid or owed to pension schemes providing defined contribution plans are recognized directly in the income statement.

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

CONTINGENT LIABILITIES

Potential or existing liabilities where it is not considered probable that cash outflows will be required are not recognized in the balance sheet. However, the nature

and extent of liabilities existing at the balance sheet date is disclosed as a contingent liability in the notes to the consolidated financial statements.

SEGMENT INFORMATION

The Energy Segment encompasses the Motor-Columbus Group's energy generation, transmission, trading and marketing operations. The Energy Services Segment comprises all activities involving engineering and construction services. Other operations represent activities not attributable to the other segments, mainly property and financing companies. The segmentation is based on internal reporting within the Group.

Intersegment transactions: revenues, expenses and net income in the segments in-

clude transactions between the segments and geographic areas, conducted and recorded on an arm's length basis. All these transactions and balances have been eliminated on consolidation.

Sales in the Energy Segment mainly comprise physical electricity deliveries arising from trading and marketing activities. Sales also include gains on energy trading contracts. Sales reported in the Energy Services Segment comprise revenues under construction contracts.

FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, marketable securities, derivative financial instruments, finan-

cial investments, accounts receivable, and short-term and long-term debt.

FINANCIAL ASSETS AND LIABILITIES

In accordance with the applicable rules under IAS 39, financial assets are classified as follows and measured uniformly according to the category:

- financial assets or liabilities at fair value through income,
- held-to-maturity investments,
- loans and receivables originated by the Group, and
- available-for-sale financial assets.

When financial assets and liabilities are initially recognized, they are measured at fair value. All regular way purchases and sales of financial assets are recognized on the trade date.

Financial assets or liabilities at fair value through income

Financial assets classified as held for trading are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Derivatives are also classified as assets or liabilities held for trading. In addition, financial assets or liabilities can be included in this category.

After initial recognition, derivative financial instruments held for trading in the course of energy business are stated at fair value, with changes in asset value recorded in net sales in the period to which they relate. Other derivatives held for trading and other financial instruments included in this category are subsequently stated at

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

FINANCIAL ASSETS AND
LIABILITIES

fair value, with changes in asset value recognized in financial income or expense.

Financial investments where investment and divestment decisions are based on changes in fair value are classified as «at fair value through income». Such a classification is in line with Motor-Columbus' financial risk management policy.

Cash and cash equivalents consist of cash on hand, postal checking and bank account balances, demand deposits, and time deposits with maturities of 90 days or less. They are generally classified as held for trading. They are stated at market value, with fluctuations in value being recognized in the income statement in the period to which they relate.

Marketable securities primarily comprise readily tradable securities. They are stated at market value, with fluctuations in value being recognized in the income statement in the period to which they relate.

Company equity instruments reacquired by the Motor-Columbus Group (treasury stock) are deducted from shareholders' equity. Purchases or sales of company equity instruments are not recognized in income.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed maturities that the Mo-

tor-Columbus Group has the positive intention to hold to maturity. They are stated at amortized cost. Investments intended to be held for an undefined period are not included in this category.

Loans and receivables

Loans and receivables are financial assets created by the Group by providing money, goods or services to third parties. They are generally stated at amortized cost using the effective interest method. Gains and losses are recognized in income when the financial asset or financial liability is derecognized or impaired, as well as through the amortization process.

Accounts receivable are stated at nominal value less allowances for doubtful accounts. Trade accounts receivable from customers who are also suppliers are offset against trade accounts payable where netting agreements are in place.

Available-for-sale financial assets

All other financial assets are classified as available for sale.

Financial liabilities

Liabilities comprise amounts due within and after more than one year, which are stated at the amount repayable, plus accrued expenses.

IMPAIRMENT AND
UNCOLLECTIBILITY OF
FINANCIAL ASSETS

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

For assets stated at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of ex-

pected future cash flows discounted at the asset's original effective interest rate. The amount of any loss is recognized in income. A previously recognized impairment loss is reversed in the income statement if the impairment no longer exists or has decreased. An impairment loss is reversed only to the extent that the as-

ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

set's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

For assets stated at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the current market rate of return for a similar financial asset. Losses are recognized in income. If, in a subsequent period, the amount of these impairment losses decreases, they are not reversed.

If a decrease in the fair value of available-for-sale financial assets has been recognized directly in shareholders' equity, a loss (difference between cost and the current fair value) is transferred from shareholders' equity to the income statement when there is objective evidence of impairment. Whereas reversals of impairment losses on debt instruments are recognized through income, any later increase in the fair value of equity instruments is not recognized in the income statement.

HEDGE ACCOUNTING

In the reporting period, the Motor-Columbus Group did not enter into any hedg-

ing transactions that qualify for hedge accounting.

SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions - in particular in assessing impairment, measuring provisions and valuing investments and financial assets - that affect the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. They form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any changes in esti-

mates and assumptions will be recognized and disclosed in the period in which they are determined.

Impairment of property, plant, equipment, intangible assets and goodwill

The carrying amount of the Motor-Columbus Group's property, plant, equipment and intangible assets, including goodwill, was approximately CHF 3.0 billion at year-end on December 31, 2006. These assets are tested for impairment annually. Determining whether assets are impaired requires estimates of the future cash flows expected to arise from their use and potential sale. Actual cash flows may differ significantly from these estimates. Other factors - such as changes in planned useful lives of assets or technical obsolescence of plant - may shorten the useful lives or result in an impairment loss.

**ACCOUNTING POLICIES
OF THE MOTOR-COLUMBUS GROUP****SOURCES OF ESTIMATION
UNCERTAINTY****Provisions**

At year-end on December 31, 2006, the balance of the provision for contract risks presented in Note 19 was CHF 435 million. This item covers risks and liabilities that were known at the balance sheet date and relate to existing long-term energy purchase and supply contracts in Switzerland and other countries. The amount of the provision required was calculated based on a likely outflow of funds associated with the performance of the contracts.

The valuations are made and reviewed periodically using the discounted cash flow method over the term of the contractual obligations entered into. Important parameters in the valuations, which are subject to certain uncertainties and hence may cause some material adjustments in subsequent periods, are especially the assumptions regarding future changes in market prices, long-term interest rates and the effects of currency translation (EURO into CHF).

**ACQUISITIONS AND DIVESTITURES OF FULLY
CONSOLIDATED COMPANIES**

**ACQUISITIONS AND
DIVESTITURES OF FULLY
CONSOLIDATED
COMPANIES**

Year-over-year changes due to acquisitions and divestitures were as follows:

Divestitures	% held	Deconsolidated on:	Segment/business unit
KEU GmbH, Krefeld/DE	100.0	12/31/05	Energy Services North/East
Kalfrisa SA, Zaragoza/ES	53.1	12/31/05	Energy Services North/East
Mixaco AG, Heidelberg/DE	100.0	12/31/05	Energy Services North/East
GA-tec, Heidelberg/DE	100.0	02/21/06	Energy Services North/East

Divestitures had the effect of reducing the Motor-Columbus Group's consolidated sales by CHF 197 million year over year.

Acquisitions	% held	First consolidated on:	Segment/business unit
Elektroline a.s, Prague/CZ	100.0	07/01/05	Energy North/East
Zlin Energy Business s.r.o, Zlin/CZ	100.0	12/12/05	Energy North/East
Indumo AG, Buchs/CH	100.0	01/01/06	Energy Services South/West
Mirant Generation S.r.l., Pieve di Soligo/IT	100.0	01/31/06	Energy South/West
Luwa Switzerland Ltd., Uster/CH	100.0	03/31/06	Energy Services South/West
Energ.it S.p.A., Cagliari/IT	51.0	08/31/06	Energy South/West
Gestimi S.p.A., Alagno/IT	85.0	12/14/06	Energy South/West
Idrovalsesia S.r.l., Alagno/IT	85.0	12/14/06	Energy South/West
Biellapower S.r.l., Milan/IT	100.0	12/19/06	Energy South/West

Acquisitions had the effect of increasing the Motor-Columbus Group's consolidated sales by CHF 160 million year over year.





GENERAL POLICIES

In the course of its operations, the Motor-Columbus Group is exposed to strategic and operational risks, in particular including energy price, interest rate, credit, foreign exchange and liquidity risks. During the annual business risk assessment process, all the strategic and operational risks are recorded and assessed throughout the Group and then assigned to the identified risk owners for control and monitoring. The implementation of decisions taken is reviewed in internal audits. Exposure limits are set for energy price, interest rate, credit, foreign exchange and liquidity risks, and their compliance is monitored on an ongoing basis; these limits are adjusted in the context of the company's overall risk capacity.

Principles for the Motor-Columbus Group's energy business are set out in its

energy risk management policy. They comprise guidelines on the incurrence, measurement, management and limitation of exposure to business risks in energy business and lay down the organization and responsibilities for risk management. The goal is to guarantee a reasonable balance between business risks incurred, earnings and risk equity.

The financial risk management policy defines the substance, organization and system for risk management within the Motor-Columbus Group. The units responsible manage their financial risks within the framework of the risk management policy and limits defined for their operations. The goal is to reduce financial risks, bearing in mind the hedging costs and risks being incurred.

ENERGY PRICE RISK

Exposure to price risks in energy business arises from factors such as changing price volatility, changing market prices or changing correlations between markets and products.

Derivative financial instruments are used to manage risks inherent in underlying physical transactions in line with the risk management policy.

INTEREST RATE RISK

The Motor-Columbus Group is exposed to risks associated with movements in capital market interest rates and may enter into interest rate swaps to manage this exposure. The gains or losses on such transactions

are recorded in the income statement as financial income or expense. The Group minimizes interest rate risks by entering into long-term financing arrangements and using a staggered debt maturity schedule.

CREDIT RISK

To manage its credit risk exposure, the Motor-Columbus Group continuously monitors receivables from counterparties and performs credit analyses of new counterparties. In energy business, its policy is to enter into commitments only with counterparties who meet the criteria of the Motor-Columbus Group's energy risk management policy. The Motor-Columbus

Group's exposure to concentration risk is minimized due to the number and wide geographic spread of customers.

The financial assets reported in the balance sheet represent the maximum credit risk to which the Motor-Columbus Group was exposed at the balance sheet date. Credit risk is restricted by setting exposure limits for each counterparty chosen.

FOREIGN EXCHANGE RISK

To minimize foreign exchange risk, the Motor-Columbus Group endeavors to offset foreign-currency-denominated operating income and expenses. Any net position remaining is hedged using foreign currency (forward and option) contracts in line with the financial risk management policy.

Net investments in foreign subsidiaries are also subject to changing foreign exchange rates but the difference in inflation rate should offset the exchange rate changes over the long term. For this reason, Motor-Columbus does not hedge investments in foreign subsidiaries.

Foreign exchange risks arising from energy generation or purchasing are passed on to the counterparty as far as possible

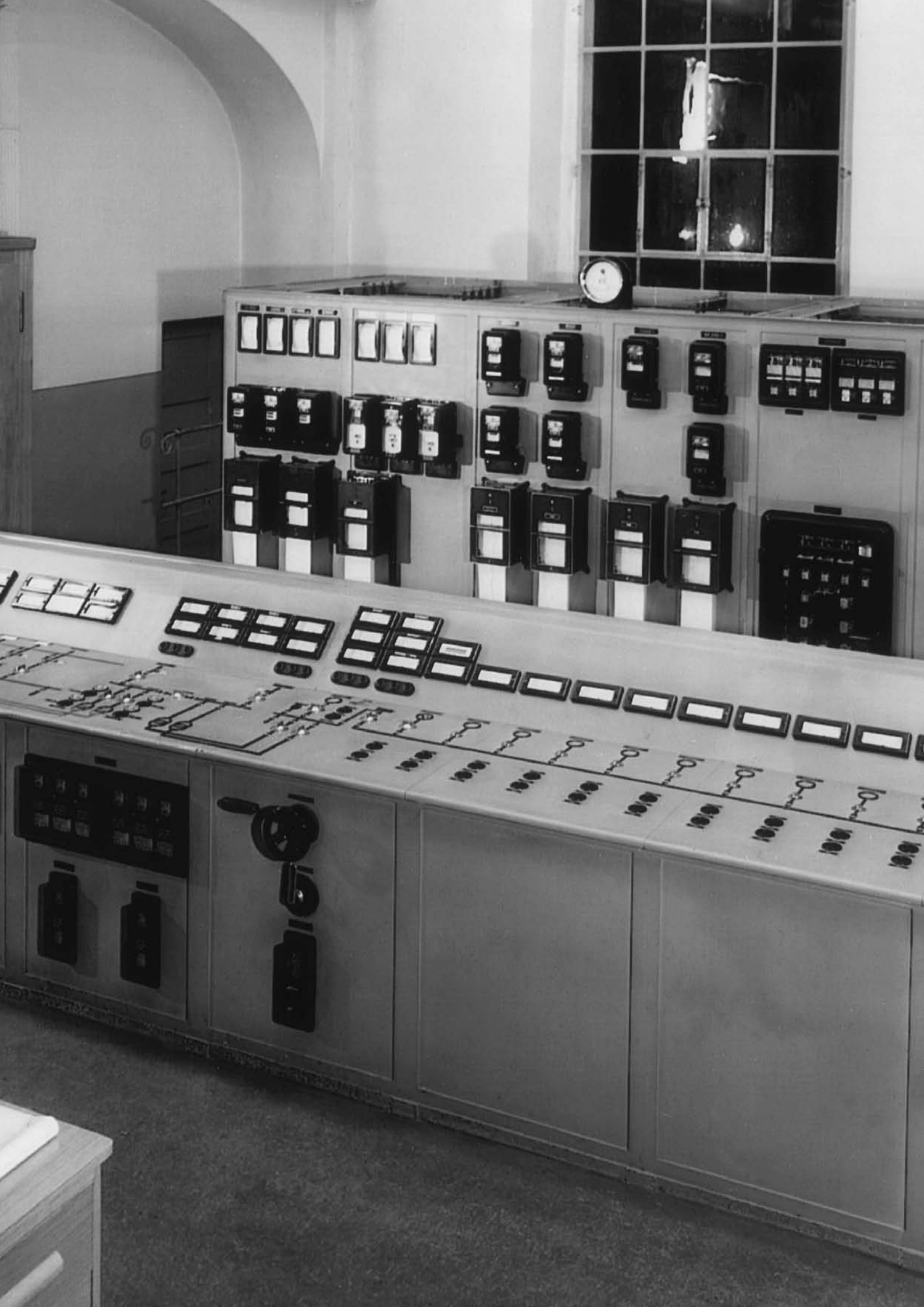
by contract. Where this is not possible or only partially possible, forward exchange contracts and currency options with a hedging horizon of up to 24 months are used to manage exposure in line with the financial risk management policy. In this case, the exposure to foreign exchange risk is generally centralized in Atel Ltd. Foreign exchange risk arising from the Euro is considered acceptable and expected to be offset over the long term by the interest rate differential so this risk is not hedged.

Foreign exchange risks associated with balance sheet items denominated in foreign currencies (translation risk) are not hedged.

LIQUIDITY RISK

In European energy trading, many receivables are offset and settled on fixed dates. This reduces peak liquidity requirements. On the energy exchanges and among large energy traders, trading margins are common to reduce the counterparty risk, which can lead to substantial receivables

in the short term owing to movements in energy prices. Motor-Columbus responds to these fluctuations in requirements by holding sufficient liquid resources and arranging confirmed credit lines with first-rate banks.



**CONSOLIDATED STATEMENT OF INCOME
OF THE MOTOR-COLUMBUS GROUP**

Year ended December 31, CHF in millions	Note	2005	2006
Net sales	30	8 580	11 334
Equity in income of affiliates		74	149
Capitalized costs		11	14
Other operating income	1	135	98
Operating revenues		8 800	11 595
Energy and goods purchased	2	-7 002	-9 443
Materials and services purchased		-98	-81
Personnel expenses	3	-679	-704
Other operating expenses		-291	-326
Income before interest, taxes, depreciation and amortization (EBITDA)		730	1 041
Depreciation and amortization	4	-196	-202
Reversal of asset impairment *	5	0	257
Income before interest and taxes (EBIT)		534	1 096
Net financial expense	6	-39	-6
Income before income taxes		495	1 090
Income taxes	7	-94	-217
Consolidated net income	8	401	873
Net income attributable to minority interest		-173	-369
Net income attributable to Motor-Columbus shareholders		228	504
Earnings per share (CHF)	8	451	1 049

* Net, including additional provisions for energy supply obligations

CONSOLIDATED BALANCE SHEET
OF THE MOTOR-COLUMBUS GROUP

Assets	December 31, CHF in millions	Note	2005	2006
			2 100	2 361
		9		
		10, 11	522	589
		12	1 201	1 529
		13, 23	204	242
		7	107	119
			4 134	4 840
		14	102	109
		15	1 722	1 861
		23	24	270
		16, 23	872	999
		17, 23	43	70
		23	423	823
		24	58	4
			26	33
			3 270	4 169
			7 404	9 009
Shareholders' equity and liabilities				
		18	253	256
			0	33
			0	- 168
			918	1 390
			1 171	1 511
			1 076	1 419
			2 247	2 930
		19	572	658
		7	303	389
		20	1 796	2 046
		21	11	171
			2 682	3 264
			49	112
			200	182
		22	1 437	1 364
		23	414	769
		24	60	-
			315	388
			2 475	2 815
			5 157	6 079
			7 404	9 009

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
OF THE MOTOR-COLUMBUS GROUP

CHF in millions	Capital stock	Additional paid-in capital	Treasury stock	Translation adjustments	Retained earnings	Attributable to MC shareholders	Attributable to minority interest	Total shareholders' equity
Balance at December 31, 2004	253	0	0	4	705	962	937	1899
Translation adjustments				6		6	5	11
Total income and expense recognized in equity				6		6	5	11
Net income for the year					228	228	173	401
Total recognized income for the year				6	228	234	178	412
Dividends paid					-25	-25	-33	-58
Change in minority interest						0	-6	-6
Balance at December 31, 2005	253	0	0	10	908	1171	1076	2247
Translation adjustments				40		40	30	70
Total income and expense recognized in equity				40		40	30	70
Net income for the year					504	504	369	873
Total recognized income for the year				40	504	544	399	943
Increase in capital stock	3					3		3
Additional capital paid in		33				33		33
Purchase of treasury stock			-168			-168		-168
Dividends paid					-38	-38	-40	-78
Change in minority interest					-23	-23	-9	-32
Reclassification of put option liabilities as long-term liabilities					-11	-11	-7	-18
Balance at December 31, 2006	256	33	-168	50	1340	1511	1419	2930

* Note 17

For 2006, the Board of Motor-Columbus Ltd. is recommending a dividend of CHF 120 per bearer share for approval at the 2007 Annual Meeting of Shareholders (a dividend of CHF 80 per bearer share was paid for 2005). This represents a total distribution of CHF 61 million (2005: CHF 40 million). Please refer to the Appropriation of Retained Earnings in the statutory company financial statements for more information.

**CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE MOTOR-COLUMBUS GROUP**

Year ended December 31, CHF in millions	Note	2005	2006
Income before interest and taxes (EBIT)		534	1096
Adjustments for:			
Capitalized costs	9	-11	-14
Depreciation and amortization	4	196	202
Provisions charged, utilized and released	19	-41	54
(Gains) losses on sales of non-current assets		-1	-1
Reversal of impairment losses on power plants and generation interests	9, 12	0	-329
Other non-cash gains		-2	
Equity in income of affiliates	12	-74	-149
Dividends received from affiliates and financial investments		29	35
Interest paid		-76	-76
Interest received		15	20
Other financial expense		-9	-3
Other financial income		7	19
Income taxes paid		-87	-88
Change in working capital (excl. current financial assets and liabilities)		127	-77
Net cash provided by operating activities		607	689
Property, plant, equipment and intangible assets			
Purchases	9, 10	-167	-194
Proceeds from sales		5	28
Subsidiaries			
Acquisitions	31	-110	-93
Proceeds from divestitures	32	-2	-26
Change in ownership interests		-17	-5
Affiliates			
Purchases	12	0	-61
Proceeds from sales	12	0	113
Investments and other assets			
Purchases	13	-10	-18
Proceeds from sales/repayments	13	2	27
Change in time deposits		144	-243
Purchases/proceeds from sales of marketable securities		51	-27
Net cash used in investing activities		-104	-499
Dividends paid		-25	-38
Dividends paid to minority shareholders		-33	-40
Repurchase of treasury stock			-168
Proceeds from issuance of debt		81	375
Repayments of debt		-257	-207
Net cash used in financing activities		-234	-78
Effect of exchange rate changes		7	15
Change in cash and cash equivalents		276	127
Analysis:			
Cash and cash equivalents at January 1		596	872
Cash and cash equivalents at December 31		872	999
Change		276	127
CHF in millions		2005	2006
Net cash provided by operating activities		607	689
Capital expenditures on plant replacements		-89	-135
Proceeds from sales of property, plant, equipment and intangible assets		5	28
Free cash flow		523	582

Free cash flow

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 1**Other operating income**

This item includes CHF 19 million (2005: CHF 25 million) released from redundant provisions.

Note 2**Energy and goods purchased**

CHF in millions	2005	2006
Power purchased from third parties	5 277	7 123
Power purchased from affiliates (joint ventures)	342	349
Power purchased from affiliates (other companies)	14	431
Other energy purchases	556	681
Cost of goods purchased	813	859
Total	7 002	9 443

Note 3**Personnel expenses**

CHF in millions	2005	2006
Wages and salaries	550	573
Defined benefit pension expense	13	27
Defined contribution pension expense	5	4
Other personnel expenses	111	100
Total	679	704

Average number of employees

	2005	2006
Employees (full-time equivalents)	7 772	7 918
Apprentices	605	549
Total	8 377	8 467

Number of employees at year-end

	12/31/05	12/31/06
Employees (full-time equivalents)	8 021	8 118
Apprentices	637	555
Total	8 658	8 673

Note 4**Depreciation, amortization and impairment**

CHF in millions	2005	2006
Depreciation of property, plant and equipment	140	148
Amortization of power purchase rights	51	51
Amortization of other intangible assets	5	3
Total	196	202

No impairment was determined in 2005 / 2006. Information about impairment testing of goodwill and intangible assets is disclosed in Note 11.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 5

Asset impairment reversal and provision for onerous contracts

Following the sustained increase in market prices, the significant parameters used to value the Group's power plants and generation interests in Switzerland were changed. The review carried out in the fourth quarter of 2006 to assess the recoverable amount of these facilities and interests showed that the previously recognized impairment losses should be reversed in full.

Some of Motor-Columbus' power supply contracts are directly linked to the production costs of its power plants and generation interests in Switzerland. Recognition of the above reversal of impairment losses on these facilities directly gave rise to a need for additional provisions for existing long-term supply contracts.

The impairment reversals recognized in the income statement at December 31, 2006, including the provision recorded for onerous contracts, are recognized in the following items:

CHF in millions	2005	2006
Group power plants		
Impairment reversal – Note 9 «property, plant and equipment» (generation plant)	0	154
Generation interests		
Impairment reversal – Note 12 «investments in affiliates and joint ventures» (joint ventures)	0	175
Amounts reversed – Note 19 «provisions» (annual cost liabilities)	0	120
Provision for onerous contracts		
Additional provisions – Note 19 «provisions» (contract risks)	0	- 192
Total effect of impairment reversal and additional provision for onerous contracts	0	257

Note 6

Net financial expense

CHF in millions	2005	2006
Interest income	16	27
Interest expense (incl. interest on provisions and other long-term liabilities)	- 93	- 112
Dividend income from financial investments	0	3
Foreign exchange gains (losses), net	20	14
Other financial income (expense), net	18	62
Total	- 39	- 6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 7

Income taxes

Income tax expense recognized in the income statement

CHF in millions	2005	2006
Current income taxes	90	151
Deferred income taxes	4	66
Total	94	217

Reconciliation

CHF in millions	2005	2006
Income before income taxes	495	1 090
Expected tax rate (weighted average)	26.9 %	23.0 %
Income taxes at expected tax rate	133	251
Reconciliation of differences in tax expense:		
Effect of non-tax-deductible expenses	16	18
Prior period effects	-3	-1
Effect of tax-exempt income	-23	-36
Reversal of deferred tax provision due to changes in estimates	-24	0
Write-downs of tax loss carryforwards	15	1
Effect of tax loss carryforwards utilized	-11	-12
Effect of tax rate changes	-4	-5
Other effects	-5	1
Total income tax expense	94	217
Effective tax rate (weighted average)	19.0 %	19.9 %

The change in the expected tax rate from 26.9% to 23.0% (2005: 24.7% to 26.9%) was mainly due to a change in the relative shares of total income contributed by the Group's companies in the various jurisdictions.

Deferred tax assets and liabilities by nature of temporary differences

CHF in millions	12/31/05	12/31/06
Tax losses not yet utilized	14	23
Property, plant and equipment	49	43
Other non-current assets	1	1
Current assets	5	9
Provisions and liabilities	38	43
Total deferred tax assets	107	119
Property, plant and equipment	67	106
Other non-current assets	152	156
Current assets	62	53
Provisions and liabilities	22	74
Total deferred tax liabilities	303	389
Net deferred tax liability	196	270

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 7

At December 31, 2006, various subsidiaries had tax loss carryforwards totaling CHF 220 million (2005: CHF 173 million) that will be available for offset against taxable income in future periods.

Deferred tax assets are recognized for tax loss carryforwards only to the extent that the realization of the related tax benefits is probable. The Group has not recognized tax benefits of CHF 142 million (2005: CHF 121 million).

Tax loss carryforwards are available for offset in the following periods:

CHF in millions	12/31/05	12/31/06
Within 1 year	3	3
Within 2–4 years	22	36
After 4 years	96	103
Total	121	142

Note 8

Earnings per share

	2005	2006
Total outstanding shares of CHF 500 par value	506 000	511 250
Less treasury stock	0	-36 420
Shares in issue	506 000	474 830
Weighted average number of shares in issue	506 000	480 237
Net income attributable to Motor-Columbus shareholders (CHF in millions)	228	504
Earnings per share (CHF)	450.59	1 049.48

There are no circumstances that could have a dilutive effect on earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 9

Property, plant and equipment

CHF in millions	Land and buildings	Gene- ration plant	Trans- mission systems	Other fixed assets	Constr. in progress	Total
Gross amount at 12/31/04	258	1657	1197	254	26	3392
Acquisitions and divestitures	4	102		-1		105
Additions	5	13	59	38	36	151
Capitalized costs			3		8	11
Transfers	5		11		-16	0
Disposals	-4		-18	-31	-1	-54
Translation adjustments	7	37	-1	2		45
Gross amount at 12/31/05	275	1809	1251	262	53	3650
Acquisitions and divestitures	5	8		3		16
Additions	13	55	28	41	49	186
Capitalized costs			3		11	14
Transfers	-14	14	11	-1	-21	-11
Disposals	-33	-6	-10	-29	-7	-85
Translation adjustments	2	88		6	1	97
Gross amount at 12/31/06	248	1968	1283	282	86	3867
Accumulated depreciation at 12/31/04	81	546	635	193	0	1455
Acquisitions and divestitures				-2		-2
Charge for the year	16	48	49	27		140
Disposals	-3		-18	-29		-50
Translation adjustments	-1	8	-1	1		7
Accumulated depreciation at 12/31/05	93	602	665	190	0	1550
Acquisitions and divestitures						0
Charge for the year	8	64	47	27	2	148
Disposals	-15	-6	-8	-27	-2	-58
Impairment reversal (Note 5)		-154				-154
Transfers	-11	8		-3		-6
Translation adjustments	1	20		5		26
Accumulated depreciation at 12/31/06	76	534	704	192	0	1506
Net carrying amount at 12/31/05	182	1207	586	72	53	2100
Net carrying amount at 12/31/06	172	1434	579	90	86	2361

At year-end, the Group had contractual commitments of CHF 54 million to construct and purchase property, plant and equipment (2005: CHF 114 million).

No borrowing costs were capitalized during 2005/2006.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 10

Power purchase rights and intangible assets

CHF in millions	Power purchase rights	Good-will	Other intang. assets	Total
Gross amount at 12/31/04 *	626	123	144	893
Acquisitions and divestitures		5		5
Additions			16	16
Arising on change in ownership interests		8		8
Disposals			-2	-2
Translation adjustments		4	1	5
Gross amount at 12/31/05	626	140	159	925
Acquisitions and divestitures		41	62	103
Additions			8	8
Translation adjustments		8	2	10
Gross amount at 12/31/06	626	189	231	1046
Accumulated amortization at 12/31/04 *	267	0	81	348
Charge for the year	51		5	56
Disposals			-2	-2
Translation adjustments			1	1
Accumulated amortization at 12/31/05	318	0	85	403
Charge for the year	51		3	54
Translation adjustments				0
Accumulated amortization at 12/31/06	369	0	88	457
Net carrying amount at 12/31/05	308	140	74	522
Net carrying amount at 12/31/06	257	189	143	589

* After restatement; see the Motor-Columbus Financial Report 2005

The carrying amount of other intangible assets with indefinite useful lives was CHF 45 million at December 31, 2006 (2005: CHF 45 million). These assets mainly comprise rights to use property, plant and equipment owned by third parties which, according to current assessments, have an indefinite useful life for Motor-Columbus. The category of intangible assets with indefinite useful lives is allocated to the «Grid Switzerland» cash-generating unit in the Energy Segment.

No borrowing costs were capitalized during 2005/2006.

Note 11

Impairment testing of goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives have been allocated to cash-generating units as follows for the purpose of impairment testing:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 11

CHF in millions	Discount rate 12/31/05	12/31/05	Discount rate 12/31/06	12/31/06
Energy Segment				
Generation Central/Eastern Europe	7.2 %	119	7.8 %	125
Generation Southern/Western Europe	0	0	6.1 %	24
Marketing Southern/Western Europe	0	0	6.8 %	9
Trading Central/Eastern Europe	7.4 %	11	8.2 %	11
Grid Switzerland	6.7 %	45	8.7 %	45
Energy Services Segment				
Southern/Western Europe region	5.0 %	9	6.3 %	19
Northern/Eastern Europe region	6.4 %	1	8.0 %	1
Total		185		234

In 2005 and 2006, the recoverable amount used for impairment testing of goodwill and intangible assets with indefinite useful lives was based on value in use for all the items stated above. This represents the present value of the estimated future cash flows for each cash-generating unit. The cash flows and growth rates are based on current business plans approved by management. The plans were prepared on the basis of historical experience and cover a 5-year planning period. Cash flows were extrapolated for the 6th plan year and beyond, assuming no growth.

Note 12

Investments in affiliates and joint ventures

CHF in millions	Joint ventures **	Other companies	Total
Carrying amount at 12/31/04 *	359	312	671
Reclassified from financial investments	0	473	473
Dividend	- 18	- 11	- 29
Equity in net income	20	54	74
Effect of reconciliation for IFRS consolidation and other adjustments charged/credited to energy costs	11	0	11
Translation adjustments	0	1	1
Carrying amount at 12/31/05	372	829	1201
Acquisitions ***	0	129	129
Dividend	- 18	- 14	- 32
Equity in net income including gain recognized on divestitures	21	128	149
Effect of reconciliation for IFRS consolidation and other adjustments charged/credited to energy costs	- 4		- 4
Impairment reversal (Note 5)	175		175
Divestitures		- 113	- 113
Translation adjustments		24	24
Carrying amount at 12/31/06	546	983	1529

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 12

- * After restatement; see the Motor-Columbus Financial Report 2005
- ** In 1999, Motor-Columbus reviewed its power plants and generation interests for impairment and recognized impairment losses of CHF 600 million. Of this amount, CHF 372 million was charged on generation interests (joint ventures). Based on the annual impairment test, it was determined that the remaining impairment loss recognized (CHF 175 million for generation interests) could be reversed in full in the income statement (more details are disclosed in Note 5). Reconciliation effects and adjustments charged/credited to energy costs include the recognized differences of CHF 10 million (2005: CHF 25 million) in the valuations in the local GAAP and IFRS financial statements. They also include a negative CHF 14 million (negative CHF 14 million) for the effects of changes in the carrying amounts of generation interests. These changes in carrying amounts were associated with the above-mentioned impairment loss charged on Motor-Columbus' generation portfolio in 1999. The amount of the changes depended on the actual and expected cash flows of the interest in each joint venture plant over its remaining service life or license term.
- *** Of the reported acquisitions of CHF 129 million, a sum of CHF 68 million (translated at the transaction date) had not yet been paid and was recorded as a liability (Note 21).

The market value of the Group's interests in listed other companies was CHF 954 million at December 31, 2006 (December 31, 2005: CHF 564 million). The carrying amount of these companies was CHF 403 million at year-end (CHF 294 million).

**Summary financial information of affiliates and joint ventures
(MC Group share)**

CHF in millions	2005	2006
Joint ventures		
Non-current assets	2 899	2 476
Current assets	151	154
Non-current liabilities	2 313	1 869
Current liabilities	238	215
Income	390	392
Expenses	- 370	- 371
Net income	20	21
Other companies		
Non-current assets	2 531	2 523
Current assets	494	582
Non-current liabilities	1 694	1 023
Current liabilities	502	1 099
Income	842	1 666
Expenses	- 788	- 1 538
Net income	54	128

Under joint venture agreements in force, the shareholders of joint ventures are required to pay the annual costs attributable to their percentage stakes (incl. interest and repayment of liabilities). For the Motor-Columbus Group, the prorated regular annual costs averaged approximately CHF 350 million in 2006 (2005: CHF 342 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 12

In December 2006, the decision-making bodies of the two nuclear power plants, Gösgen-Däniken AG and Leibstadt AG, decided to revise the financial useful life of the plants from 40 to 50 years. This decision will have the effect of reducing Motor-Columbus' prorated annual costs, i.e. the power purchase costs of affiliates (joint ventures), by approximately CHF 20 million from fiscal 2007.

In addition, nuclear power plant owners are required to pay limited additional contributions to the decommissioning fund in the event that any one primary contributor is unable to make its payments. They have the same obligation to pay limited additional contributions to the waste disposal fund.

All significant affiliates and joint ventures are valued in accordance with uniform IFRS principles. Reconciliations are prepared in cases where IFRS financial statements are not available.

The gross amounts and shares of carrying amounts shown in the table above are based on the respective local financial statements, using the IFRS reconciliations mentioned.

A few affiliates and joint ventures prepare their financial statements on a different date from the rest of the Group. Those companies publish financial statements for the year ended September 30 which are included in the consolidated financial statements of Motor-Columbus. It is not feasible for those companies to prepare interim financial statements at Motor-Columbus' year-end on December 31; the results of those companies (joint ventures) for the year usually do not fluctuate appreciably. Any significant transactions and events occurring between September 30 and December 31 are recognized in the consolidated financial statements.

Note 13

Investments and other assets

CHF in millions	Financial investments	Loans receivable	Total
Carrying amount at 12/31/04 *	644	15	659
Reclassified as investments in affiliates	-473	0	-473
Additions	2	8	10
Changes in fair value	16	0	16
Transfers	-5	-1	-6
Disposals	-1	-1	-2
Carrying amount at 12/31/05	183	21	204
Additions	10	8	18
Changes in fair value	48	-1	47
Disposals	-8	-19	-27
Carrying amount at 12/31/06	233	9	242

* After restatement; see the Motor-Columbus Financial Report 2005

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 14**Inventories**

At year-end, inventories primarily included fuels (oil, gas, coal) with a carrying amount of CHF 81 million (2005: CHF 69 million) as well as consumables and supplies valued at CHF 28 million (2005: CHF 33 million).

Note 15**Accounts receivable**

CHF in millions	12/31/05	12/31/06
Trade accounts receivable	1 346	1 491
Unbilled revenue	111	162
Other accounts receivable	265	208
Total	1 722	1 861

Trade accounts receivable from customers who are also suppliers are offset against trade accounts payable where a netting agreement with the counterparties is in place. Accounts receivable and accounts payable offset under netting agreements amounted to CHF 1,375 million (2005: CHF 882 million).

Unbilled revenue related to construction contracts is reported according to the degree of completion, less advance payments received:

CHF in millions	12/31/05	12/31/06
Unbilled revenue, gross	493	634
Advance payments received from customers	- 382	- 472
Unbilled revenue, net	111	162

Note 16**Cash and cash equivalents**

CHF in millions	12/31/05	12/31/06
Demand deposits	555	452
Time deposits maturing within 90 days	138	563
Margining agreements (counterparty collateral)	179	- 16
Total	872	999

A balancing entry for margining agreements is recorded in current assets and, in the prior year, in current liabilities. Demand deposits include CHF 50 million in liquid funds (2005: CHF 65 million) earmarked for scheduled maintenance work and debt service payments associated with project financing and CHF 57 million (CHF 98 million) for collateral to energy trading exchanges and grid operators.

Note 17**Marketable securities**

This item comprises readily marketable securities only.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 18

Shareholders' equity

Capital stock

The capital stock of CHF 256 million is fully paid in.

By their own accounts, shareholders are:

%	Ownership interest in 2005	Ownership interest in 2006
UBS AG	55.6	0.0
Electricité de France	20.0	36.9
EOS Holding	15.5	31.5
Elektra Birseck Münchenstein	0.0	2.8
Elektra Baselland Liestal	0.0	1.3
Canton of Solothurn	0.0	3.3
Industrielle Betriebe Aarau	0.0	0.4
Wasserwerke Zug	0.0	2.1
Aziende Industriali di Lugano	0.0	4.8
Energie Baden-Württemberg	0.0	4.9
Treasury stock	0.0	7.1
Public	8.9	4.9

Treasury stock

In March, 36,420 Motor-Columbus shares were purchased at a total cost of CHF 168 million. These shares (of which 420 qualify as treasury stock under the provisions of Swiss Corporation Law) were still held by the Motor-Columbus Group at December 31, 2006.

Note 19

Provisions

CHF in millions	Contract risks	Annual cost lia- bilities	Provisions for pen- sions	Other provi- sions	Total
Non-current provisions at 12/31/05	216	120	152	84	572
Current provisions	37	21	9	53	120
Total provisions at 12/31/05	253	141	161	137	692
Acquisitions and divestitures	0	0	0	1	1
Additional provisions	192	0	4	70	266
Interest on provisions	14	0	7	0	21
Amounts utilized	-24	-21	-9	-19	-73
Unused amounts reversed	0	-120	0	-19	-139
Transfers	0	0	-7	7	0
Translation adjustments	0	0	5	3	8
Total provisions at 12/31/06	435	0	161	180	776
Less current provisions	-52	0	-9	-57	-118
Non-current provisions at 12/31/06	383	0	152	123	658
Expected cash outflows					
Within 12 months	52	0	9	57	118
Within 1 – 5 years	339	0	35	61	435
After 5 years	44	0	117	62	223
Total	435	0	161	180	776

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 19

The provision for contract risks covers existing obligations and identifiable risks arising from energy business as determined at year-end. This item provides for liabilities in respect of expected compensation payments and for onerous contracts in respect of energy purchase and supply commitments.

The provision for annual cost liabilities covered cash outflows relating to purchases of energy from joint venture plants at prices exceeding the market level. Based on the results of the review in the fourth quarter of 2006, the provision was reversed in full (see Note 5).

Other provisions primarily cover liabilities relating to personnel and restructuring programs as well as general operating liabilities, such as warranties relating to the provision of services or potential losses from pending transactions.

Current provisions are recorded as accrued expenses.

Note 20

Long-term debt

CHF in millions	12/31/05	12/31/06
Bonds at repayment amount	700	946
Loans	1 096	1 100
Total	1 796	2 046

Bonds outstanding at year-end

CHF in millions	Maturity	Not repay- able before	Interest rate %	12/31/05	12/31/06
Fixed-rate bond of Aare-Tessin Ltd. for Electricity	1997/09	03/06/09	4.25	200	200
Fixed-rate bond of Aare-Tessin Ltd. for Electricity	1997/09	10/30/07	4	200	200
Fixed-rate bond of Aare-Tessin Ltd. for Electricity	2003/13	09/16/13	3.125	300	300
Fixed-rate bond of Aare-Tessin Ltd. for Electricity	2006/18	03/01/18	2.625	0	246

The CHF 250 million bond issued on March 1, 2006 is valued using the amortized cost method; the resulting effective interest rate is 2.790%. The related interest expense was CHF 6 million last year. The other bonds stated in the balance sheet do not differ materially from amortized cost.

The market value of fixed-rate bonds outstanding at year-end was CHF 970.7 million (2005: CHF 737.4 million).

The weighted interest rate on bonds outstanding at year-end, related to face value, was 3.41% (2005: 3.70%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 20

Loans

CHF in millions	12/31/05	12/31/06
Maturing between 1 and 5 years	440	425
Maturing in more than 5 years	656	675
Total	1 096	1 100

At year-end, the market value of loans was CHF 1,090 million (2005: CHF 1,117 million).

The weighted interest rate on loans at year-end, related to nominal value, was 4.25% (2005: 4.16%). Loans of CHF 173 million maturing within 360 days are recorded as short-term debt at year-end on December 31, 2006 (December 31, 2005: CHF 177 million).

Note 21

Other long-term liabilities

CHF in millions	12/31/05	12/31/06
Written put options	0	18
Liability related to acquisition of affiliates (Note 12)	0	70
Other long-term liabilities	11	83
Total	11	171
Maturities		
Within 1 – 5 years	0	157
After 5 years	11	14
Total	11	171

Note 22

Other current liabilities

CHF in millions	12/31/05	12/31/06
Trade accounts payable	994	1 030
Other liabilities	415	263
Advances from customers	28	71
Total	1 437	1 364

Trade accounts payable to suppliers who are also customers are offset against trade accounts receivable where a netting agreement with the counterparties is in place. Accounts payable and accounts receivable offset under netting agreements amounted to CHF 1,375 million (2005: CHF 882 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 23

Financial instruments at fair value

Carrying amount of financial assets and liabilities:

CHF in millions	12/31/05	12/31/06
Financial assets		
Cash and cash equivalents, incl. time deposits	896	1 269
Marketable securities	43	70
Financial investments	183	233
Energy derivatives *	422	818
Currency and interest rate derivatives	1	5
Total	1 545	2 395
Financial liabilities		
Energy derivatives *	396	756
Currency and interest rate derivatives	18	13
Total	414	769

* For contract volumes, see Note 30

Note 24

Assets and disposal groups classified as held for sale

GA-tec Gebäude- und Anlagentechnik GmbH, a GAH subsidiary classified as held for sale in the prior year ending on December 31, 2005, was sold on February 20, 2006. A loss of CHF 8 million was realized on the sale of this company. The asset recorded at December 31, 2006 is a property no longer needed for operations, which is held by the German GAH Group.

Assets

CHF in millions	12/31/05	12/31/06
Property	0	4
Trade accounts receivable	46	0
Other accounts receivable	12	0
Cash and cash equivalents	0	0
Total	58	4

Liabilities

CHF in millions	12/31/05	12/31/06
Trade accounts payable	19	0
Provisions	33	0
Other liabilities	8	0
Total	60	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 25

Related party transactions

Each holding more than 20% of the capital stock of Motor-Columbus, EDF International and EOS Holding have a significant influence over the Motor-Columbus Group. For information about the relationship with affiliates and joint ventures, please refer to the accounting policies. Details of transactions between the Group and its employee benefit plans are presented in Note 26.

All transactions with related companies are conducted on normal commercial terms and conditions.

2006

Transactions between the Group and related companies

CHF in millions	Affiliates	Joint ventures	Other related companies
Operating revenues			
Energy sales	275	1	1 531
Other service revenues	103	27	1
Operating expenses			
Energy costs	-431	-349	-1 884
Other service costs	-17	0	-15
Financial items			
Interest income	0	0	0
Interest expense	0	0	0

Outstanding balances with related companies at year-end

CHF in millions	Affiliates	Joint ventures	Other related companies
Receivables			
Trade accounts receivable	45	2	136
Long-term financial receivables	0	0	0
Short-term financial receivables	1	0	0
Other receivables	1	0	0
Payables			
Trade accounts payable	13	26	134
Long-term financial payables	0	0	0
Short-term financial payables	0	44	0
Other current liabilities	5	0	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 25

Directors and key management personnel

In 2006, directors of Motor-Columbus received CHF 1.0 million in compensation (2005: CHF 0.4 million). Of this amount, CHF 0.7 million (CHF 0.4 million) was paid as regular compensation and CHF 0.3 million (CHF 0 million) as severance payments. In the same period, compensation paid to the Executive Committee totaled CHF 3.9 million (CHF 2.8 million). Of this amount, CHF 1.3 million (CHF 2.5 million) was paid as regular compensation, CHF 1 million (CHF 0 million) as severance payments and CHF 1.6 million (CHF 0.3 million) for employee benefits.

2005

Transactions between the Group and related companies

CHF in millions	Parent company	Affiliates	Joint ventures	Other related companies
Operating revenues				
Energy sales	30	186	0	758
Other service revenues	0	2	6	0
Operating expenses				
Energy costs	0	-14	-342	-1 014
Other service costs	-2	-12	0	0
Financial items				
Interest income	2	0	0	0
Interest expense	0	0	0	0

Outstanding balances with related companies at year-end

CHF in millions	Parent company	Affiliates	Joint ventures	Other related companies
Receivables				
Trade accounts receivable	3	16	1	88
Long-term financial receivables	0	0	0	0
Short-term financial receivables	267	0	0	0
Other receivables	0	0	0	0
Payables				
Trade accounts payable	0	2	21	99
Long-term financial payables	0	0	4	0
Short-term financial payables	3	0	0	0
Other current liabilities	0	0	0	0

The 2005 transactions and receivables/payables involving the parent company were in respect of UBS AG, whereas EOS Holding and its subsidiaries were not yet considered to be related companies in 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 26

Employee benefit plans

The annotation «due to plan amendment» in the tables below relates to the prior year figures for the employee benefit fund of the Swiss companies in the Atel Installationstechnik Group.

Employee benefit expense recognized in the income statement

CHF in millions	2005	2006
Current service cost	10	18
Interest cost	22	22
Expected return on plan assets	-17	-19
Actuarial (gains)/losses recognized during the year (§ 92 f.)	0	2
Actuarial (gains)/losses recognized during the year (§ 58A)	15	4
Past service cost	-14	4
Effects of ceilings in § 58 (b)	-3	-4
Employee benefit expense	13	27

Difference between the expected and actual return on plan assets

CHF in millions	2005	2006
Expected return on plan assets	17	19
Actuarial gains/(losses) on plan assets	36	18
Actual return on plan assets	53	37

Three-year history

CHF in millions	2004	2005	2006
Present value of defined benefit obligation	462	642	752
Fair value of plan assets	282	468	569
Deficit/(excess) of plan assets over total obligation	180	174	183
Deficit/(excess) of plan assets over funded obligation only	14	-9	9
Experience adjustments to present value of defined benefit obligation	n/a	1	37
Experience adjustments to fair value of plan assets	n/a	36	18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 26

Benefit obligations recognized in the balance sheet

CHF in millions	2005	2006
Present value of defined benefit obligation	459	578
Fair value of plan assets	468	569
Deficit/(surplus)	-9	9
Present value of unfunded defined benefit obligation	183	174
Unrecognized actuarial gains/(losses)	-26	-33
Amount not recognized as an asset due to the ceiling in § 58(b)	3	0
Rounding difference	1	0
Benefit obligation recognized in the balance sheet	152	150
Recognized as an asset	-9	-11
Recognized as a liability	161	161

Changes in the present value of the defined benefit obligation

CHF in millions	2005	2006
Opening defined benefit obligation	462	642
Opening defined benefit obligation due to plan amendment	117	0
Interest cost	22	22
Current service cost	10	18
Contributions by employees	9	7
Past service cost	0	4
(Benefits paid)/amounts paid in	-27	19
Business combinations	0	12
Divestitures	0	-8
Actuarial losses	48	31
Exchange differences	1	5
Closing defined benefit obligation	642	752

Changes in the fair value of plan assets

CHF in millions	2005	2006
Opening fair value of plan assets	282	468
Opening fair value of plan assets due to plan amendment	132	0
Expected return	17	19
Contributions by employer	20	26
Contributions by employees	8	7
(Benefits paid)/amounts paid in	-27	19
Business combinations	0	12
Actuarial gains/(losses)	36	18
Exchange differences	0	0
Closing fair value of plan assets	468	569

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 26

Analysis of the fair value of plan assets

CHF in millions	2005	2006
Equity instruments issued by the company	0	0
Equity instruments issued by third parties	181	202
Debt instruments issued by the company	0	0
Debt instruments issued by third parties	204	267
Property used by the company	0	0
Property not used by the company	53	66
Other	30	34
Fair value of plan assets	468	569

The long-term return has been determined based on the pension fund investment strategy and the expected rates of return on the individual categories of assets over the average remaining services lives of employees.

Actuarial assumptions used for the calculations

%	2005	2006
Discount rate	3.36	3.36
Expected rate of return on plan assets	3.81	3.80
Expected rate of compensation increases	1.90	1.86
Expected future benefit increases	0.59	0.54

Estimate of employer and employee contributions for the next period

CHF in millions	2006	2007
Contributions by employer	20	26
Contributions by employees	8	7

Note 27

Contingent liabilities and guarantees

At year-end, guarantees to third parties totaled CHF 870 million (2005: CHF 776 million).

CHF in millions	12/31/05	12/31/06
Guarantees to third parties		
Commercial guarantees given by banks and insurance companies	643	781
Commercial guarantees	115	73
Financial guarantees (Edipower)	18	16
Total	776	870
Potential cash outflow		
Within 12 months	388	460
Within 1 – 5 years	242	297
After 5 years	146	113
Total	776	870
Capital contribution obligations		
For Edipower	249	257
Other	0	0
Total	249	257

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 27

In addition, the Group has commitments under option agreements to increase existing ownership interests. In connection with the Edipower financing, the industry investors (AEM Milano, AEM Torino, Atel and Edison) have jointly undertaken to acquire the financial investors' interests in the coming months.

For information about other commitments relating to interests in joint ventures, please refer to Note 12.

Note 28

Pledged assets

CHF in millions	12/31/05	12/31/06
Mortgaged real estate	24	10
Interests in generation plants	943	990
Total	967	1000

The Csepel, ECKG and Novel generation facilities are funded through common project financing arrangements with banks. The related liabilities are reported in the consolidated balance sheet. Atel has pledged its equity interests in these power plants to the financing banks. The equity interest in Edipower has also been pledged to the banks to secure the credit facilities granted to Edipower.

Note 29

Subsequent events

On February 8, 2007, Atel signed an agreement with related parties, providing for an exchange of 36,000 Motor-Columbus shares for 114,444 Atel treasury shares by June 30, 2007 under certain conditions. The agreement will no longer be valid if these conditions are not fulfilled by June 30, 2007.

In the Energy Segment, Motor-Columbus increased its stake in the generation companies ECK Generating s.r.o. and Energetické Centrum Kladno, spol. s.r.o. (CZ) from 89% to 100% on January 1, 2007. The purchase was funded with existing cash resources.

At the end of January, Edipower successfully completed another refinancing program. An international banking consortium is providing the company with new credit lines totaling EUR 2 billion with considerably lower credit margins to replace the existing project financing. Edipower is now completely financed on a standalone basis without recourse to the shareholders. All previous guarantees provided by the industrial shareholders have ceased to apply. Only the shareholders' equity interests will continue to be pledged.

In the Energy Services Segment, Atel Installationstechnik acquired a 100% stake in Bassi e Scossa SA, Lugano/Switzerland, a company engaged in heating, ventilation, air conditioning, refrigeration and sanitary installations, on January 1, 2007. Net assets of approximately CHF 4 million were acquired on the acquisition. Bassi e Scossa SA generates approximately CHF 12 million in sales per annum. The purchase was funded with existing cash resources.

On March 6, 2007, this segment also acquired a 100% stake in Hotz AG, Zurich/Switzerland, a company primarily specializing in plumbing and heating engineering. Net assets of CHF 1 million were acquired on the acquisition. Hotz AG generates approximately CHF 20 million in annual sales. The purchase was funded with existing cash resources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 30

Segment information

2006: Business segments

CHF in millions	Energy	Energy Services	Other	Intersegment transactions and other effects	Total
External revenues from energy sales/construction contracts	9 657	1 617	1	0	11 275
External gains on trading standard products and financial energy contracts	59	0	0	0	59
Total external sales	9 716	1 617	1	0	11 334
Intersegment sales	0	9	0	-9	0
Total sales	9 716	1 626	1	-9	11 334
Of which from related and affiliated companies	1 807	0	0	0	1 807
EBITDA	960	87	45	-51	1 041
Significant non-cash expenses	-259	-25	0	0	-284
Reversal of impairment	257	0	0	0	257
Depreciation and amortization	-170	-31	-1	0	-202
EBIT	1 047	56	44	-51	1 096
Segment income	871	29	-6	-21	873
Total assets	8 916	891	760	-1 558	9 009
Carrying amounts of affiliates	1 529	0	0	0	1 529
Income from affiliates	149	0	0	0	149
Liabilities	5 424	696	351	-392	6 079
Net capital expenditures on property, plant, equipment and intangible assets	131	43	-4	0	170
Number of employees at year-end	1 549	7 119	5	0	8 673

Geographic segments

CHF in millions	Switzerland	Southern/Western Europe	Northern/Eastern Europe	Other regions	Total
External sales	1 447	3 564	6 312	11	11 334
Total assets	4 474	2 047	2 424	64	9 009
Net capital expenditures on property, plant, equipment and intangible assets	73	6	91	0	170
Number of employees at year-end	3 284	273	5 116	0	8 673

Gains on trading in the Energy Segment comprise gains and losses on settled financial energy trading contracts and from changes in the fair value of unsettled financial energy trading contracts. Financial energy trading contracts with third parties which were unsettled at year-end on December 31, 2006 had a contract volume of 5.003 TWh (December 31, 2005: 4.960 TWh). Fair values are recognized separately in the balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 30

2005: Business segments

CHF in millions	Energy	Energy Services	Other	Intersegment transactions and other effects	Total
External revenues from energy sales/construction contracts	6 979	1 559	1	0	8 539
External gains on trading standard products and financial energy contracts	41	0	0	0	41
Total external sales	7 020	1 559	1	0	8 580
Intersegment sales	0	5	2	-7	0
Total sales	7 020	1 564	3	-7	8 580
Of which from related and affiliated companies	974	0	0	0	974
EBITDA	629	97	41	-37	730
Significant non-cash expenses	-30	-37	-5	0	-72
Reversal of impairment	0	0	0	0	0
Depreciation and amortization	-163	-32	-1	0	-196
EBIT	466	65	40	-37	534
Segment income	365	25	8	3	401
Total assets	7 151	805	1 187	-1 739	7 404
Carrying amounts of affiliates	1 201	0	0	0	1 201
Income from affiliates	74	0	0	0	74
Liabilities	4 616	626	356	-441	5 157
Net capital expenditures on property, plant, equipment and intangible assets	112	39	11	0	162
Number of employees at year-end	1 451	7 198	9	0	8 658

Geographic segments

CHF in millions	Switzer- land	Southern/ Western Europe	Northern/ Eastern Europe	Other regions	Total
External sales	1 195	2 911	4 460	14	8 580
Total assets	2 981	1 734	2 470	219	7 404
Net capital expenditures on property, plant, equipment and intangible assets	100	13	49	0	162
Number of employees at year-end	3 093	179	5 386	0	8 658

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 31

Business combinations

The following companies were acquired and included in the consolidated financial statements during 2006:

Energy Segment:

01/31/06:	100 %	of Mirant Generation San Severo S.r.l., Pieve di Soligo/IT
08/31/06:	51 %	of Energ.it S.p.A., Cagliari/IT
12/14/06:	85 %	of Gestimi S.p.A., Alagno/IT
12/14/06:	85 %	of Idrovallesia S.r.l., Alagno/IT
12/19/06:	100 %	of Biellapower S.r.l., Milan/IT

Energy Services Segment:

01/01/06:	100 %	of Indumo AG, Buchs/CH
03/31/06:	100 %	of Luwa Switzerland Ltd., Uster/CH

The cost of the acquisitions was CHF 108 million and was allocated to assets and liabilities as follows.

CHF in millions	Sales Italy		Generation Italy		Energy Services	
	IFRS carrying amount	Fair value	IFRS carrying amount	Fair value	IFRS carrying amount	Fair value
Property, plant and equipment	1	2	17	12	2	2
Intangible assets	0	7	0	51	0	4
Financial assets	0	0	0	0	0	0
Deferred income tax assets	1	1	0	0	0	0
Cash and cash equivalents	9	9	2	2	4	4
Other current assets	50	50	4	4	15	15
Short-term and long-term debt	-15	-15	-3	-4	-1	-1
Other current and non-current liabilities	-48	-45	-2	-2	-11	-11
Deferred income tax liabilities	0	-3	0	-7	0	-1
Net assets	-2	6	18	56	9	12
Minority interest	0	-3	0	-4	0	0
Net assets acquired	0	3	0	52	0	12
Goodwill arising on acquisition	0	9	0	23	0	9
Net cash outflow on acquisition:						
Cash acquired with the subsidiary	0	-9	0	-2	0	-4
Cost of acquisition	0	12	0	75	0	21
Net cash outflow	0	3	0	73	0	17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE MOTOR-COLUMBUS GROUP

Note 31

The acquired goodwill is attributable to synergies expected from complementing existing operations and the anticipated additional benefits from expansion into new geographic markets.

Since their integration into the Motor-Columbus Group, the acquired companies have contributed revenues of CHF 111 million and net income of CHF 1 million to the Group.

If the acquisitions had occurred on January 1, 2006, consolidated sales would have been CHF 119 million higher and the Group's net income CHF 3 million higher. If the companies had been included in 2005, sales would have been CHF 176 million higher and the Group's net income CHF 2 million higher.

Note 32

Divestitures

GA-tec Gebäude- und Anlagentechnik GmbH, a GAH subsidiary, was sold in the first quarter of 2006. The company's assets and liabilities were classified as assets and liabilities held for sale (Note 24) in Motor-Columbus' consolidated balance sheet for the prior year ending on December 31, 2005.

The assets and liabilities at the date of divestiture were as follows:

CHF in millions	2005	2006
Property, plant and equipment	2	0
Cash and cash equivalents	10	26
Other current assets	31	55
Short-term and long-term debt	-6	0
Other current and non-current liabilities	-21	-73
Minority interest	0	0
Net assets sold	16	8

The cash flows associated with the divestiture of these subsidiaries were as follows:

Net cash flow on divestiture:

CHF in millions	2005	2006
Cash of the subsidiaries sold	10	26
Consideration received	8	0
Net cash outflow	-2	-26

SUBSIDIARIES AND AFFILIATES OF THE MOTOR-COLUMBUS GROUP
(AT DECEMBER 31, 2006, AS INCLUDED IN CONSOLIDATION)

Property and Finance Companies	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consolidation method	Activity	Year end
Citinvest AG	Baden	CHF	5.00	100.0	F	P	12/31
MC Management AG	Baden	CHF	10.00	100.0	F	S	12/31
MC Venture Finance N.V.	Curaçao/NL-Ant.	USD	0.01	100.0	F	H	12/31
Roospark AG	Wollerau	CHF	0.50	100.0	F	P	12/31
Friol Immobilien GmbH	Löffingen/DE	EUR	0.20	100.0	F	P	12/31
Tecenet AG	Baden	CHF	2.00	100.0	F	P	12/31
Energy Segment							
Trading, Marketing, Supply and Services							
Aare-Tessin Ltd. for Electricity	Olten	CHF	303.60	59.1	F	M	12/31
Atel Energia S.r.l.	Milan/IT	EUR	20.00	98.0	F	M	12/31
Energ.it S.p.A. ¹⁾	Cagliari/IT	EUR	1.00	51.0	F	M	12/31
Azienda Energetica Municipale S.p.A.	Milan/IT	EUR	936.24	6.0	E	M	12/31
Atel Energie AG	Düsseldorf/DE	EUR	0.50	100.0	F	M	12/31
ecoSWITCH AG	Crailsheim/DE	EUR	0.50	45.0	E	S	12/31
EGT Energiehandel GmbH	Triberg/DE	EUR	1.00	50.0	E	M	12/31
Atel Energie SAS	Paris/FR	EUR	0.50	100.0	F	M	12/31
Atel Energia SA	Barcelona/ES	EUR	0.10	100.0	F	M	12/31
Atel Hellas S.A.	Perissos Athens/GR	EUR	0.15	76.0	F	M	12/31
Atel Polska Sp. z o.o.	Warsaw/PL	PLN	4.00	100.0	F	M	12/31
Atel Energia Kft.	Budapest/HU	HUF	600.00	100.0	F	M	12/31
Atel Trading	Olten	CHF	5.00	100.0	F	T	12/31
Atel Versorgungs AG	Olten	CHF	50.00	96.7	F	M	12/31
Aare Energie AG (a.en)	Olten	CHF	2.00	50.0	E	S	12/31
Atel EcoPower AG ²⁾	Olten	CHF	5.00	100.0	F	M	12/31
Entegra Wasserkraft AG ³⁾	St. Gallen	CHF	2.01	48.8	E	G	12/31
AEK Energie AG	Solothurn	CHF	6.00	38.7	E	M	12/31
Energipartner AS	Oslo/NO	NOK	5.00	100.0	F	S	12/31
Atel Austria GmbH	Vienna/AT	EUR	0.235	100.0	F	M	12/31
Atel Energy AG	Niedergösgen	CHF	0.40	100.0	F	T	12/31
Atel Energy s.r.o.	Prague/CZ	CZK	5.42	100.0	F	T	12/31
Atel Energy d.o.o.	Zagreb/HR	HRK	0.02	100.0	F	T	12/31
Atel Energy d.o.o.	Ljubljana/SI	SIT	8.15	100.0	F	T	12/31
Atel Energy Slovakia s.r.o.	Bratislava/SK	SKK	0.20	100.0	F	T	12/31
Prva regulacna s.r.o., v likvidaci	Kosice/SK	SKK	0.20	100.0	F	T	12/31
Atel Energy Romania S.R.L.	Bucharest/RO	ROL	2.00	100.0	F	T	12/31
Società Elettrica Sopracenerina SA	Locarno	CHF	27.50	60.8	F	M	12/31
Calore SA	Locarno	CHF	2.00	50.0	E	G	12/31
SAP SA	Locarno	CHF	2.06	99.4	F	S	12/31
Rätia Energie AG	Poschiavo	CHF	3.41	24.6	E	I	12/31

¹⁾ Acquired on August 31, 2006

³⁾ Acquired on October 31, 2006

²⁾ New company established

SUBSIDIARIES AND AFFILIATES OF THE MOTOR-COLUMBUS GROUP
(AT DECEMBER 31, 2006, AS INCLUDED IN CONSOLIDATION)

Energy Segment

Power Generation and Transmission	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consolidation method	Activity	Year end
Atel Hydro AG	Olten	CHF	53.00	100.0	F	G	12/31
Atel Hydro Ticino SA	Airolo	CHF	3.00	100.0	F	G	12/31
Csepeli Aramtermelő Kft.	Budapest/HU	HUF	4 930.10	100.0	F	G	12/31
Csepeli Erömű Kft.	Budapest/HU	HUF	856.00	100.0	F	G	12/31
Csepel Energia Kft.	Budapest/HU	HUF	20.00	100.0	F	S	12/31
ECK Generating s.r.o.	Kladno/CZ	CZK	2 936.10	89.0	F	G	12/31
Energeticke Centrum Kladno, spol. s.r.o.	Kladno/CZ	CZK	238.63	89.0	F	G	12/31
Energetika Kladno s.r.o.	Kladno/CZ	CZK	0.10	100.0	F	S	12/31
Kladno GT s.r.o.	Kladno/CZ	CZK	0.20	100.0	F	G	12/31
Zlin Energy Business s.r.o. ¹⁾	Zlin/CZ	CZK	1 494.50	100.0	F	G	12/31
Atel Centrale Termica Vercelli S.r.l.	Milano/IT	EUR	10.33	95.0	F	G	09/30
Novel S.p.A.	Milano/IT	EUR	23.00	51.0	F	G	09/30
AT O&M S.r.l.	Milano/IT	EUR	0.25	88.0	F	G	12/31
Biellapower S.r.l. ²⁾	Milano/IT	EUR	1.00	85.0	F	G	12/31
Gestimi S.p.A. ³⁾	Alagno/IT	EUR	0.62	85.0	F	G	12/31
Idrovalsesia S.r.l. ³⁾	Alagno/IT	EUR	0.10	85.0	F	G	12/31
Eolica Maridiana S.p.A. ⁴⁾	Verona/IT	EUR	0.12	49.0	E	G	12/31
Unoenergia S.p.A. ⁵⁾	Biella/IT	EUR	2.00	25.0	E	G	12/31
En.Plus S.r.l. ⁶⁾	Belluno/IT	EUR	5.50	81.8	F	G	12/31
Aarewerke AG	Klingnau	CHF	16.80	10.0	E	G	06/30
Blenio Kraftwerke AG	Olivone	CHF	60.00	17.0	E	G	09/30
Edipower S.p.A.	Milano/IT	EUR	1 441.30	16.0	E	G	12/31
Electra-Massa AG	Naters	CHF	40.00	11.5	E	G	12/31
Electricité d'Emosson SA	Martigny	CHF	140.00	50.0	E	G	09/30
Engadiner Kraftwerke AG	Zernez	CHF	140.00	22.0	E	G	09/30
Energie Biberist AG	Biberist	CHF	5.00	25.0	E	M	12/31
Kernkraftwerk Gösgen-Däniken AG	Däniken	CHF	350.00 *	40.0	E	G	12/31
Kernkraftwerk Leibstadt AG	Leibstadt	CHF	450.00	27.4	E	G	12/31
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	CHF	30.00	25.0	E	G	09/30
Kraftwerke Gougra AG	Siders	CHF	50.00	54.0	E	G	09/30
Kraftwerke Hinterrhein AG	Thusis	CHF	100.00	9.3	E	G	09/30
Kraftwerke Zervreila AG	Vals	CHF	50.00	30.0	E	G	09/30
Maggia Kraftwerke AG	Locarno	CHF	100.00	12.5	E	G	09/30
Kraftwerk Aegina AG	Ulrichen	CHF	12.00	50.0	E	G	09/30

* Of which CHF 290.0 million paid in

¹⁾ Formerly Moravske Teplany s.r.o

²⁾ Acquired on December 19, 2006

³⁾ Acquired on December 14, 2006

⁴⁾ Acquired on October 16, 2006

⁵⁾ New company established

⁶⁾ Mirant acquired on January 31, 2006 was integrated in En.Plus

SUBSIDIARIES AND AFFILIATES OF THE MOTOR-COLUMBUS GROUP
(AT DECEMBER 31, 2006, AS INCLUDED IN CONSOLIDATION)

Grid	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consolidation method	Activity	Year end
Atel Transmission Ltd.	Olten	CHF	130.00	100.0	F	S	12/31
ETRANS Ltd.	Laufenburg	CHF	7.50	18.8	E	S	12/31
swissgrid	Laufenburg	CHF	15.00	22.1	E	S	12/31
Energy Services Segment							
Energy Services Southern/Western Europe							
Holding Company and Management:							
Atel Installationstechnik Ltd.	Olten	CHF	30.00	100.0	F	H	12/31
Atel Installationstechnik Management Ltd.	Zurich	CHF	0.10	100.0	F	S	12/31
Energy Supply Technology:							
Kummler+Matter AG	Zurich	CHF	2.50	100.0	F	S	12/31
Mauerhofer + Zuber SA	Renens	CHF	1.70	100.0	F	S	12/31
Elektroline a.s.	Prague/CZ	EUR	0.17	100.0	F	S	12/31
Building Services/Technical Facilities Management:							
Atel TB Romandie SA	Geneva	CHF	1.00	100.0	F	S	12/31
Atel Gebäudetechnik AG	Zurich	CHF	7.85	100.0	F	S	12/31
Atel Gebäudetechnik West AG	Olten	CHF	5.90	100.0	F	S	12/31
Indumo AG ¹⁾	Buchs	CHF	0.20	100.0	F	S	12/31
Atel Burkhalter Bahntechnik AG	Zurich	CHF	0.25	50.0	E	S	12/31
Atel Impianti SA	Savosa	CHF	2.70	100.0	F	S	12/31
Atel Sesti S.p.A.	Milan/IT	EUR	3.10	100.0	F	S	12/31
Atel Impianti Mgmt S.p.A.	Milan/IT	EUR	0.10	100.0	F	S	12/31

LUWA Ltd. acquired on March 31, 2006 was integrated in existing companies

¹⁾ Acquired on January 1, 2006

SUBSIDIARIES AND AFFILIATES OF THE MOTOR-COLUMBUS GROUP
(AT DECEMBER 31, 2006, AS INCLUDED IN CONSOLIDATION)

Energy Services Segment

Energy Services Northern / Eastern Europe	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consolidation method	Activity	Year end
Holding Company and Management:							
GAH Anlagentechnik Heidelberg GmbH	Heidelberg/DE	EUR	25.00	100.0	F	H	12/31
Kraftanlagen Hamburg GmbH	Hamburg/DE	EUR	0.77	100.0	F	S	12/31
Kraftanlagen Heidelberg GmbH	Heidelberg/DE	EUR	0.10	100.0	F	S	12/31
Kamb Elektrotechnik GmbH	Ludwigshafen/DE	EUR	0.26	74.8	F	S	12/31
Energy Transmission and Communications Technology:							
Gesellschaft für elektrische Anlagen Energieanlagenbau GmbH	Hohenwarsleben/DE	EUR	1.53	100.0	F	S	12/31
Gesellschaft für elektrische Anlagen Leitungsbau Nord GmbH	Hanover/DE	EUR	0.51	100.0	F	S	12/31
Gesellschaft für elektrische Anlagen Leitungsbau Süd GmbH	Fellbach/DE	EUR	2.56	100.0	F	S	12/31
GA-Magyarország Kft.	Törökbálint/HU	HUF	102.38	100.0	F	S	12/31
Elektro Stiller GmbH	Ronnenberg/DE	EUR	0.43	100.0	F	S	12/31
Frankenluk AG	Bamberg/DE	EUR	2.81	100.0	F	S	12/31
Frankenluk Energieanlagenbau GmbH	Bamberg/DE	EUR	1.28	100.0	F	S	12/31
GA-com Telekommunikations und Bietigheim-Telematik GmbH	Bissingen/DE	EUR	0.78	100.0	F	S	12/31
Eisenbahnsignalbau GmbH	Dornstedt/DE	EUR	0.50	100.0	F	S	12/31
te-com Telekommunikations-Technik GmbH	Backnang/DE	EUR	0.50	100.0	F	S	12/31
Digi Communication Systeme GmbH	Gifhorn/DE	EUR	0.77	100.0	F	S	12/31
REKS Plzen s.r.o.	Plzen/CZ	CZK	8.00	62.5	F	S	12/31
Industrial and Power Plant Engineering:							
Kraftanlagen Anlagentechnik München GmbH	Munich/DE	EUR	5.00	100.0	F	S	12/31
ECM Ingenieurunternehmen für Energie- und Umwelttechnik GmbH	Munich/DE	EUR	0.05	100.0	F	S	12/31
Kraftanlagen Fertigungsbetrieb GmbH	Lutherstadt Wittenberg/DE	EUR	0.03	100.0	F	S	12/31
Ingenieurbüro Kiefer & Voss GmbH	Erlangen/DE	EUR	0.08	80.0	F	S	12/31
Caliqua Gebäudetechnik GmbH	Wiener Neudorf/A	EUR	0.19	100.0	F	S	12/31
Kraftanlagen Nukleartechnik GmbH	Heidelberg/DE	EUR	0.50	100.0	F	S	12/31
Kraftszer Kft.	Budapest/HU	HUF	198.00	90.0	F	S	12/31
Franz Lohr GmbH	Ravensburg/DE	EUR	1.28	90.1	F	S	12/31
Other:							
Apparatebau Wiesloch GmbH	Wiesloch/DE	EUR	0.26	100.0	F	S	12/31
Lambda-Centaurus-Vermögensverwaltungs GmbH	Hanover/DE	EUR	0.03	100.0	F	S	12/31
Krösus Sechste Vermögensverwaltungs GmbH	Hanover/DE	EUR	0.25	100.0	F	S	12/31

SUBSIDIARIES AND AFFILIATES OF THE MOTOR-COLUMBUS GROUP
(AT DECEMBER 31, 2006, AS INCLUDED IN CONSOLIDATION)

Other Companies

Atel Group Holding and Finance Companies

	Company headquarters	Currency	Equity capital in millions	% held directly (voting rights)	Consolidation method	Activity	Year end
Atel Holding Deutschland GmbH	Heidelberg/DE	EUR	10.00	100.0	F	H	12/31
Atel Finance Ltd.	St. Helier/Jersey	EUR	1.15	100.0	F	S	12/31
Atel Management Services Ltd.	St. Helier/Jersey	EUR	0.10	100.0	F	S	12/31
Atel Re, Ltd.	Guernsey/GB	EUR	3.00	100.0	F	S	12/31
Atel Csepel Rt.	Budapest/HU	HUF	20.00	100.0	F	H	12/31
Atel Bohemia s.r.o.	Prague/CZ	CZK	0.20	100.0	F	H	12/31
Atel Hungaria Kft	Budapest/HU	HUF	80.00	100.0	F	H	12/31
Atel Italia Holding s.r.l.	Milan/IT	EUR	0.25	100.0	F	H	12/31

Atel Group Financial Investments

Energie électrique du Simplon SA	Simplon Dorf	CHF	8.00	1.7	FV	G	03/31
European Energy Exchange	Leipzig/DE	EUR	20.00	2.0	FV	S	12/31
Groupe CVE-Romande Energie	Morges	CHF	28.50	10.0	FV	S	12/31
Powernext SA	Paris/FR	EUR	10.00	5.0	FV	S	12/31
Capital Recovery Syndication Trust	Jersey	USD	2.66 *	9.8	FV	S	12/31
MC Partners II C.V.	Curaçao	USD	38.40 *	15.6	FV	S	12/31
VenCap9 LLC	Cayman Islands	USD	357.00 *	0.9	FV	S	12/31

* Fund capital

Company activity

- T Trading
- M Marketing and supply
- G Generation
- S Service
- H Holding
- I Interconnected company
- P Property

Consolidation method

- F Full consolidation
- E Equity method
- FV Fair value method

REPORT OF THE GROUP AUDITORS

Report of the group auditors to
the general meeting of share-
holders of Motor-Columbus Ltd, Baden

As group auditors, we have audited the consolidated financial statements (income statement, balance sheet, statement of changes in equity, cash flow statement and notes /pages 30 to 81) of Motor-Columbus Ltd for the year ended December 31, 2006.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements 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.

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

Ernst & Young Ltd

Alessandro Miolo
Swiss Certified Accountant
(in charge of the audit)

Daniel Bernhard
Swiss Certified Accountant

Zurich, March 9, 2007



**2006 FINANCIAL STATEMENTS OF MOTOR-COLUMBUS LTD.
FINANCIAL REVIEW****INTRODUCTION**

The financial statements of Motor-Columbus Ltd. have been prepared in accordance with the requirements of Swiss corporation law. Details of the principal items of the balance sheet and statement of income are disclosed in the notes to the financial statements for the year ended December 31, 2006. The subsidiaries and affiliates

listed on pages 77 to 81, together with the companies they control, are understood to be Group companies for the purposes of Art. 663a of the Swiss Code of Obligations.

The 2006 financial statements show net income of CHF 74.9 million, a year-over-year increase of CHF 31.2 million.

RESULTS OF OPERATIONS

In 2006, dividend income rose to CHF 49.8 million, up by CHF 7.1 million on a year earlier. This was due to the 17% year-over-year increase in the dividend on the investment in Aare-Tessin Ltd. for Electricity (Atel). Financial income contributed significantly to the good result. In particular, the appreciation of marketable securities led to a gain of approximately CHF 38 million compared with the prior year.

On the expense side, financial expense was down on the year before. As a result of the substantially higher net income, tax expense will increase so the provision for taxes was raised accordingly. Other expenses were also up due to the costs of restructuring the MC Group. To provide for a proposed one-time contribution to the pension plan, a sum of CHF 10 million was charged to extraordinary expenses in the financial statements for 2006.

FINANCIAL POSITION

Total assets grew by approximately CHF 76 million during the year. These assets include the Atel shares tendered in connection with the public exchange offer, which raised the value of investments by CHF 36.5 million. The valuation of marketable securities also contributed to the increase.

Atel shareholders who tendered their shares under the public exchange offer received MC shares in exchange. This re-

quired the issuance of 5,250 bearer shares with a par value of CHF 500 each. The capital stock was increased through an in-kind contribution of the Atel shares acquired. The difference between the par value of the shares issued and the net book value of the in-kind contribution was allocated to reserves (additional paid-in capital).

The equity ratio rose to 55% at year end, improving by another 4 percentage points year over year.

STATEMENT OF INCOME OF MOTOR-COLUMBUS LTD.

Income	Year ended December 31, CHF	Note	2005	2006
	Financial income		1	14 863 237
Dividend income		2	42 703 364	49 808 588
Extraordinary income		3	4 482 923	2 737
Total income			62 049 524	102 905 757
Expenses	Financial expense		10 632 638	9 711 746
	Taxes		63 787	1 897 242
	Other expenses		3 835 162	5 392 481
	Extraordinary expenses		3 800 000	10 955 583
	Total expenses			18 331 587
Net income for the year			43 717 937	74 948 705

BALANCE SHEET OF MOTOR-COLUMBUS LTD.

Assets	December 31, CHF	Note	2005	2006
	Investments	8	561 937 746	598 418 117
	Loans receivable		4 419 409	2 513 777
	Total non-current assets		566 357 155	600 931 894
	Prepaid expenses		7 775	12 265
	Short-term receivables	9	3 776 212	4 259 701
	Marketable securities	10	86 119 012	131 677 100
	Cash and cash equivalents	11	18 950 750	14 374 004
	Total current assets		108 853 749	150 323 070
	Total assets		675 210 904	751 254 964
Shareholders' Equity and Liabilities	Capital stock		253 000 000	255 625 000
	Additional paid-in capital		0	33 270 155
	Legal reserve		43 032 560	46 032 560
	Reserve for treasury stock		0	1 932 000
	Retained earnings		45 478 394	75 015 099
	Total shareholders' equity	12	341 510 954	411 874 814
	Provisions	13	39 126 397	47 466 344
	Loans payable	14	206 380 000	215 880 000
	Total non-current liabilities		206 380 000	215 880 000
	Accrued expenses		4 128 436	2 874 238
	Other liabilities	15	84 065 117	73 159 568
	Total current liabilities		88 193 553	76 033 806
	Total shareholders' equity and liabilities		675 210 904	751 254 964

NOTES TO FINANCIAL STATEMENTS
OF MOTOR-COLUMBUS LTD.

Note 1**Financial income**

CHF in millions	2005	2006
Interest income on loans and time deposits	0.4	0.5
Securities and other financial income	1.7	1.0
Net realized/unrealized gain on securities	12.8	51.6
Total	14.9	53.1

Securities and other financial income essentially comprises CHF 0.1 million in dividend income and CHF 0.9 million in option premiums on foreign exchange and securities transactions, plus income from interest rate swaps.

The valuation of Atel shares held as marketable securities (trading portfolio) resulted in an unrealized capital gain of CHF 50.8 million, while gains of CHF 0.8 million were realized on securities sold.

Note 2**Dividend income**

CHF in millions	2005	2006
Total	42.7	49.8

Dividend income essentially comprised the dividend paid by Atel Ltd., which was raised from CHF 24 to CHF 28 per share.

Note 3**Extraordinary income**

CHF in millions	2005	2006
Total	4.5	0.0

Extraordinary income was virtually zero in the year under review.

Note 4**Financial expense**

CHF in millions	2005	2006
Total	10.6	9.7

Financial expense mainly comprises interest paid on loans and short-term advances granted by banks and other third parties. Financial expense decreased due to debt repayments. CHF 0.2 million related to deposits from subsidiaries.

NOTES TO FINANCIAL STATEMENTS
OF MOTOR-COLUMBUS LTD.

Note 5**Taxes**

CHF in millions	2005	2006
Total	0.1	1.9

As a holding company, Motor-Columbus Ltd. is exempt from cantonal and municipal income taxes in the Canton of Aargau, but is subject to direct federal income taxes. For this purpose, provisions were increased by CHF 1.7 million to cover the taxes calculated on net income for 2006.

Note 6**Other expenses**

CHF in millions	2005	2006
Total	3.8	5.4

In connection with UBS AG's sale of its stake in Motor-Columbus, additional expenses were incurred for the future structural reorganization of the Motor-Columbus Group.

Note 7**Extraordinary expenses**

CHF in millions	2005	2006
Total	3.8	11.0

A sum of CHF 10 million was provided for a one-time contribution to the pension plan for retired Motor-Columbus employees. Extraordinary expenses also include a charge of CHF 0.9 million for impairment of a loan.

Note 8**Investments**

CHF in millions	12/31/05	12/31/06
Total	561.9	598.4

The increase of CHF 36.5 million in investments represents the 16,640 Atel shares acquired under the public exchange offer.

Note 9**Short-term receivables**

CHF in millions	12/31/05	12/31/06
Group companies	3.4	3.8
Third parties	0.4	0.5
Total	3.8	4.3

Receivables from Group Companies comprise current account balances.

NOTES TO FINANCIAL STATEMENTS
OF MOTOR-COLUMBUS LTD.

Note 10

Marketable securities

CHF in millions	12/31/05	12/31/06
Total	86.1	131.7

Marketable securities are stated at fair market value. In 2006, the holdings were reduced by sales. As a whole, the portfolio of marketable securities showed a book gain of CHF 50.8 million.

Securities valued at CHF 170 million are pledged to secure the company's obligations. Of this amount, securities with a value of CHF 39 million are recorded as investments.

Note 11

Cash and cash equivalents

CHF in millions	12/31/05	12/31/06
Total	19.0	14.4

Cash and cash equivalents are primarily placed in time deposits and current accounts with banks.

Note 12

Changes in shareholders' equity

	Capital stock ¹⁾	Legal reserves: additional paid-in capital	Legal reserves: revenue reserves	Reserve for treasury stock	Retained earnings	Total
Balance at Dec. 31, 2004	253.0	0	39.0	0	31.1	323.1
- Dividends	0	0	0	0	-25.3	-25.3
- Transfer to legal reserve	0	0	4.0	0	-4.0	0.0
- Net income for 2005	0	0	0	0	43.7	43.7
Balance at Dec. 31, 2005	253.0	0	43.0	0	45.5	341.5
- Dividends	0	0	0	0	-40.5	-40.5
- Transfer to legal reserve	0	0	3.0	0	-3.0	0.0
- Capital increase	2.6	33.3	0	0	0	35.9
- Transfer to treas. stock res.	0	0	0	1.9	-1.9	0.0
- Net income for 2006	0	0	0	0	74.9	74.9
Balance at Dec. 31, 2006	255.6	33.3	46.0	1.9	75.0	411.8

¹⁾ See Note 8 to the consolidated financial statements

The capital stock had to be increased by 5,250 bearer shares with a par value of CHF 500 for the exchange of Atel shares tendered under the public exchange offer.

NOTES TO FINANCIAL STATEMENTS
OF MOTOR-COLUMBUS LTD.

Note 12

The 16,640 Atel registered shares tendered under the public exchange offer were acquired for a value of CHF 36.5 million. The shares acquired were used as an in-kind contribution for the increase in capital stock. The difference between the par value of the shares issued and the net book value of the in-kind contribution was allocated to reserves (additional paid-in capital).

A subsidiary of Motor-Columbus Ltd. holds 420 MC bearer shares (at a cost of CHF 4,600 per share) that qualify as treasury stock. As a result, a reserve of CHF 1.9 million was recognized for treasury stock.

Note 13

Provisions

CHF in millions	12/31/05	12/31/06
Total	39.1	47.5

The provisions of CHF 3.4 million made in the prior year in connection with the planned reorganization of the MC Group were utilized in 2006.

It is intended to make a one-time contribution of CHF 10 million to the pension plan to provide additional funding to meet obligations to retired Motor-Columbus employees. Provisions were increased by this amount through a charge to expense in the fiscal year. The provision for taxes was increased by CHF 1.7 million to cover taxes expected to be payable on net income for 2006.

Note 14

Loans payable

CHF in millions	12/31/05	12/31/06
Group companies	2.4	12.4
Third parties	204.0	203.5
Total	206.4	215.9

Loans of CHF 60 million maturing in 2007 and the annual installments of CHF 5.5 million to repay long-term loans are included in current liabilities as other liabilities at the balance sheet date.

Loans are repayable within 1 to 3 years. The weighted average interest rate was 3.25%.

NOTES TO FINANCIAL STATEMENTS
OF MOTOR-COLUMBUS LTD.**Note 15****Other liabilities**

CHF in millions	12/31/05	12/31/06
Group companies	3.5	7.7
Third parties	80.6	65.5
Total	84.1	73.2

This item includes the loans maturing in 2007 and the annual installments to repay long-term loans (see Note 14). Payables to Group Companies comprise current account debts.

Note 16**Contingent liabilities**

At December 31, 2006, contingent liabilities amounted to CHF 0.1 million as in the prior year. In addition, the company has joint and several liability for Swiss value added tax payable under group tax rules.



APPROPRIATION OF RETAINED EARNINGS
OF MOTOR-COLUMBUS LTD.

Retained earnings brought forward	CHF	1 998 394
Transfer to reserve for treasury stock	CHF	-1 932 000
Net income for the year	CHF	74 948 705
Retained earnings	CHF	75 015 099

The Directors propose that retained earnings be appropriated as follows:

Dividend of CHF 120.– per share of CHF 500.– par value	CHF	61 350 000
Transfer to legal reserve	CHF	4 300 000
Balance to be carried forward	CHF	9 365 099
Retained earnings	CHF	75 015 099

Subject to approval of this proposal by the Annual Meeting of Shareholders, the dividend will be payable as from May 29, 2007 upon presentation of coupon no. 5 of the shares in Motor-Columbus Ltd. (2003 issue).

REPORT OF THE STATUTORY AUDITORS

Report of the statutory auditors
to the general meeting of share-
holders of Motor-Columbus Ltd, Baden

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes/page 84 to 93) of Motor-Columbus Ltd for the year ended December 31, 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

Ernst & Young Ltd

Alessandro Miolo
Swiss Certified Accountant
(in charge of the audit)

Daniel Bernhard
Swiss Certified Accountant

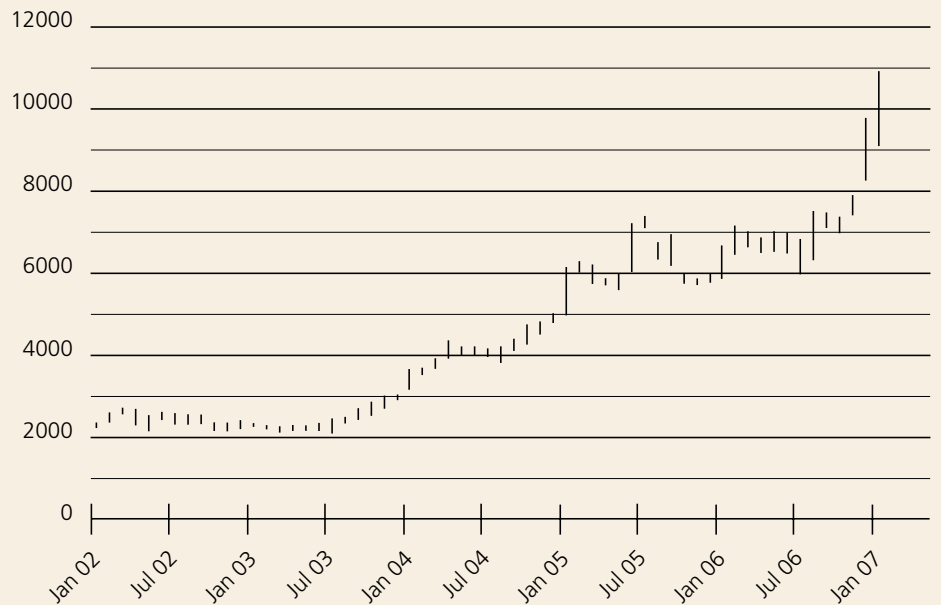
Zurich, March 9, 2007

INVESTOR INFORMATION

		2002	2003	2004	2005	2006
Share price (high)	CHF	2 770	2 930	4 920	7 450	9 650
Share price (low)	CHF	2 200	2 200	2 948	4 781	5 875
Dividend-bearing shares	No.	506 000	506 000	506 000	506 000	511 250
Reserved shares	No.	0	0	0	0	0
Earnings per share (incl. min. interest)	CHF	314	537	644	792	1 818
Earnings per share (excl. min. interest)	CHF	166	283	343	450	1 049
Market capitalization on Dec. 31	CHFm	1 225	1 468	2 464	3 033	3 033
		2002	2003	2004	2005	2006
Dividend per share	CHF	40	45	50	80	120 ¹⁾

¹⁾ Proposed by the Directors

Motor-Columbus Ltd.'s Share Performance from January 2002 to January 2007



FINANCIAL SUMMARY

Motor-Columbus Group	2002	2003	2004	2005	2006
CHF in millions					
Net sales	3 701	5 285	6 867	8 580	11 334
Depreciation and amortization	308	256	249	196	202
Consolidated income	159	272	328	401	873
Consolidated income after min. interest	84	143	175	228	504
Net capital expenditures	455	558	324	104	499
Non-current assets	3 058	3 937	3 924	4 134	4 840
Current assets	2 078	2 455	2 360	3 270	4 169
Shareholders' equity (after min. interest)	666	812	962	1 171	1 511
Minority interest	744	848	937	1 076	1 419
Liabilities	3 726	4 732	4 385	5 157	6 079
Total assets	5 136	6 392	6 284	7 404	9 009
Employees ¹⁾ (no.)	7 899	8 114	7 881	8 377	8 467

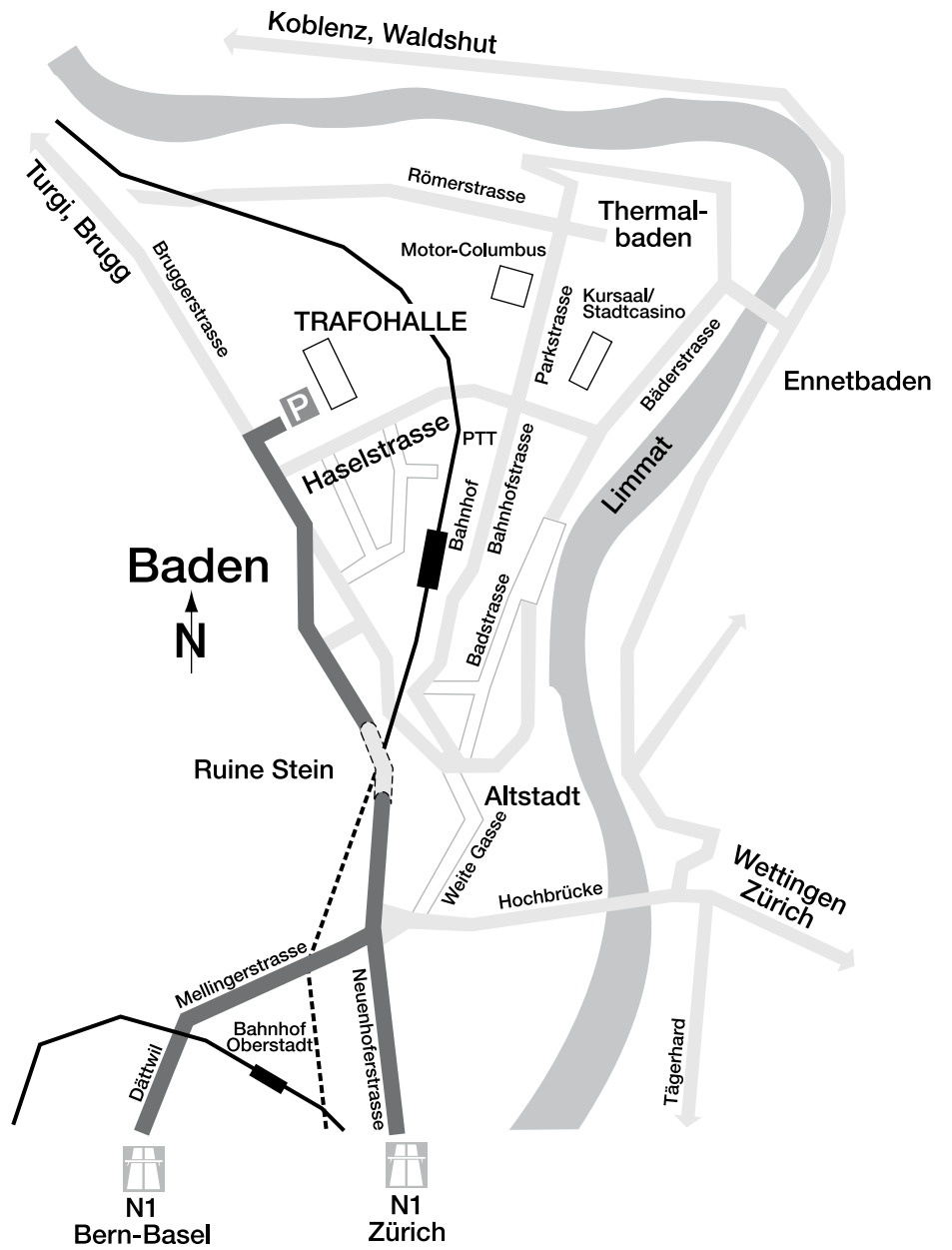
¹⁾ Average number of employees, expressed as full-time equivalents

Motor-Columbus Ltd.	2002	2003	2004	2005	2006
CHF in millions					
Dividend income	34	34	39	43	50
Net income	24	26	28	44	75
Total dividends	20	23	25	40	61 ²⁾
Capital stock	253	253	253	253	256
Shareholders' equity	312	318	323	342	412
Total assets	606	677	677	675	751
Equity ratio (%)	51	47	48	51	55

²⁾ Proposed by the Directors

ANNUAL MEETING OF SHAREHOLDERS OF MOTOR-COLUMBUS LTD.

The Annual Meeting of Shareholders will be held at 11:00 a.m. on Thursday, May 24, 2007 at the new Trafohalle in Baden (ABB site, entrance on Haselstrasse).



Ruppoldingen power plant article: Tobias Wildi
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