



Media release

14 September 2011

Axpo Holding AG

Axpo is adapting its strategy and Group structures to reduce costs and exploit its earnings potential

Axpo is responding to the changed European energy market environment and new regulatory and statutory framework conditions in Switzerland by revising its strategy and adapting its Group structures. In the medium term, cost reductions made possible by synergies and the exploitation of additional earnings potential are expected to lead to an improvement of more than CHF 100 million per business year in the Group's performance. This is necessary if Axpo wishes to continue to provide its customers with a reliable supply of electricity at competitive prices. The owners of Axpo, i.e. the cantons and cantonal utilities of Northeastern Switzerland, want to consistently focus the energy group's strategy on the new challenges in the markets. Concrete decisions are expected in the first quarter of 2012.

The economic downturn in the wake of the financial crisis and the accident in Fukushima have led to enormous changes on the European markets and in Switzerland. The energy trading business is confronted by wholly new challenges that have to be countered flexibly, and the growing shift in the production portfolio from base load electricity (fossil fuel power plants, hydropower, nuclear energy) to weather-dependent production of energy (wind, solar) means that traders as well as suppliers are facing an onerous task. In addition, government regulators and politicians are interfering increasingly in the liberalised markets again. Recent legislative and regulatory trends and court judgements are also changing the landscape in Switzerland in which energy companies have to operate.

This difficult climate is affecting the results of Axpo. In the past three financial years, the Group had to digest substantial profit contractions, and the current financial year which will end on 30 September 2011 has also been very difficult for Axpo.

At the same time it remains Axpo's mandate and obligation to provide its customers with reliable electricity at competitive prices. Axpo's supply strategy is mostly overshadowed by the fact that the replacement nuclear power plants cannot now be built as planned. In the coming years, Axpo must therefore provide new production capacities and procurement concepts to handle the shortfall in electricity which is expected from 2020. This will involve investments in power plants and infrastructure of several billions of francs. In addition to the expansion of hydropower capacities and new renewable energies in Switzerland and abroad, the Group is also looking at the

Axpo Holding AG

Corporate Communications

Zollstrasse 62 | CH-8021 Zurich

T 0800 44 11 00 | F +41 44 278 41 12 | www.axpo.ch



possibilities offered by imports and gas-fired combined cycle power plants in Switzerland and abroad as well as the importance of decentralised production in Switzerland.

Axpo has initiated a programme that targets not only an adjusted strategy but also a more efficient and flexible position for the Group. As Axpo has the possibility of taking over 100% of the shares of EGL AG, the Group is also thinking of centralising the trading activities of some of its subsidiaries, as this holds out the promise of the more flexible and efficient deployment of resources. Axpo will also be able to react more quickly to market challenges and substantially increase its income. This involves a review of all processes, systems and structures in order to identify their potential for cost savings. Wherever possible, they should be simplified or adjusted to meet the new challenges.

These measures to exploit synergies must be expected to lead to the shedding of some jobs, but the scope of these job cuts – and the Group divisions that will be affected – will only be determined at a later stage of the project.

More information:

Axpo Holding AG | Corporate Communications
Media hotline | 0800 44 11 00

About Axpo

Axpo Group includes Axpo AG, Centralschweizerische Kraftwerke AG (CKW) and EGL AG and is a leading Swiss energy company; it is rooted locally but also has an international profile. Electricity production, trading, sales and services are all grouped together under a joint holding company.

Axpo and its partners together supply electricity to about three million people in Switzerland. Axpo Holding AG is wholly owned by the cantons of Northeastern Switzerland.