



INTERIM REPORT QUARTER 1/2009



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DEAR SHAREHOLDER,

in fiscal 2008, the Verbund Group achieved a record result. For quarter 1/2009, we now present a further good result which in spite of the difficult conditions lies only slightly below the values recorded for the corresponding period in 2008.

The global economic turbulence has also had an adverse effect on the electricity industry. Lower electricity prices on the electricity exchanges, a decline in the demand for electricity and a poorer water supply for electricity generation had a dampening effect on the Verbund result. Group profits were also curbed by negative one-off effects.

In spite of this, the company further reinforced its position as the leading electricity utility in Austria and one of the leading hydropower groups in Europe.

Our »recipe« for combating the economic downturn is based on anticyclic investment, which will allow us to profit to an even greater extent in the course of a future upturn. We are therefore pushing ahead swiftly with power plant and line construction in Austria. And we are also focusing on the further development of our foreign joint ventures.

We operate in a sustainable manner and are fully aware of the risks. For this reason, the result in quarter 1/2009 is just slightly lower than the result recorded for the corresponding period in 2008: Sales revenue fell by 1.1 % to € 881.6 million. The operating result declined by 7.2 % to € 256.0 million. The group result was down 5.9 % at € 197.8 million.

SLIGHT DECLINE
IN RESULT

Quarter 1/2009 was characterized by three negative factors: Lower European spot market prices for electricity, a poor water supply from Austrian rivers and negative one-off effects.

The prices on the electricity exchanges already started to fall in the second half of 2008 and this trend continued in quarter 1/2009: The spot market prices for base load (€ 47.4/MWh) and peak load electricity (€ 60.9/MWh) on the German electricity exchange EEX displayed a drop of almost 16 % compared to the values recorded in the previous year.

Verbund, however, has been using a proven hedging strategy for many years: A large share of our electricity is already sold a year in advance. Hence, we were able to achieve higher average sales prices in 2009 on the basis of the high electricity prices in the first half of 2008. This had a positive effect on the result for the current quarter.

The decline in the water supply from Austria's rivers had a burdening effect: The throughflow rate was 3 % below the long-term average; the drop compared to quarter 1/2008 was even as high as 6 %. As a result, generation in the hydropower plants was 4.4 % lower than in the corresponding period in 2008. The decline in generation in our run-of-river power plants was, however, partly compensated by the 10 % increase in generation in the storage power plants. In total, own generation fell by 5.8 %.

The result for quarter 1/2009 was also burdened by negative one-off accounting measures which result, above all, from unscheduled maintenance measures and inventory adjustments for fuels. These lowered the operating result by approx. € 33 million.

EXPANSION OF ENERGY INFRASTRUCTURE

We are combating the global economic turbulence with massive investments. This year, Verbund will invest more than € 1 billion in the expansion and renovation of the energy infrastructure. Of this amount, more than € 600 million will be invested in Austria.

Power plant and line construction in Austria is progressing swiftly. The pumped storage power plant »Limberg II« near Kaprun is currently four months ahead of the originally agreed deadlines. The new peak electricity power plant will be commissioned in 2011.

The Styria line, an important section of the future 380 kV high-voltage ring in Austria, is almost completed: The new 100-km-long line will be commissioned in less than three months time.

FOREIGN JOINT VENTURES INVESTING STRONGLY

Verbund's international activities are also developing positively. The joint ventures in Italy, France and Turkey are successful and investing strongly.

In quarter 3/2009, the Italian Sorgenia Group will commission its second natural gas power plant, the 770 MW power plant in Modugno, and will therefore have a power plant capacity of over 2,800 MW. The thermal power plant Pont sur Sambre, which is owned by our French company POWEO, will also be commissioned soon. The 412 MW power plant will significantly increase the own generation of the joint venture. Further power plants are currently being planned in Italy and France.

In January 2009, Verbund and its partner in Turkey, the Sabanci-Holding, finalized the largest privatization deal ever to take place in the Turkish electricity market, namely the purchase of the distribution grid company Baskent EDAS which supplies approx. three million customers in the Ankara region.

Our jointly-owned Turkish subsidiary Enerjisa is also making great progress: The gas power plant Bandirma (920 MW) and six hydropower plants (combined total of 870 MW) have been approved and are already under construction. The decision relating to the construction of the Canakkale wind farm, which will have a capacity of 30 MW in the first expansion phase, was taken at the end of January.

OUTLOOK

We expect that the economic conditions will remain difficult throughout fiscal 2009. In spite of the unfavorable conditions, we aim, on the basis of an average water supply, to achieve similar results to those reported in fiscal 2008. In any case, we intend to adhere to our current dividend policy.

Dipl.-Ing. Wolfgang Anzengruber
Chairman of the Managing Board

Dr. Johann Sereinig
Deputy Chairman of the Managing Board

Dr. Ulrike Baumgartner-Gabitzer
Member of the Managing Board

Mag. Christian Kern
Member of the Managing Board

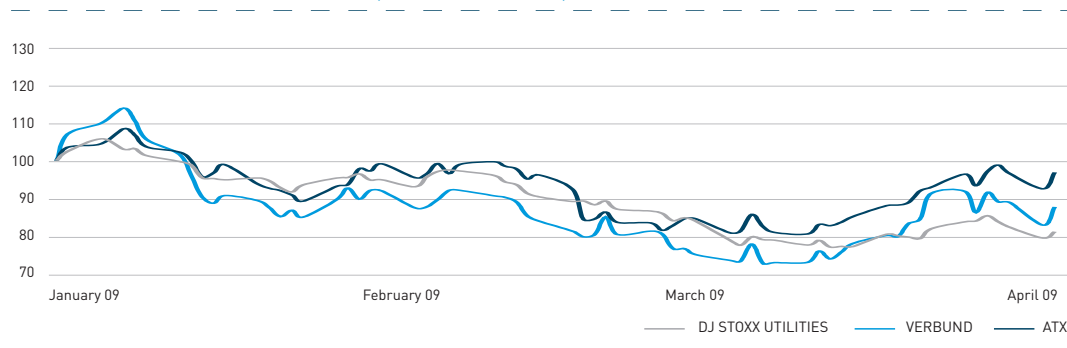
THE VERBUND SHARE

In 2007, the US real estate speculation bubble burst. This triggered the greatest financial market crisis in decades, which has since developed to become a global economic crisis. While most of the stock markets still reported a slightly positive development in fiscal 2007, the international stock markets had to contend with massive price losses in 2008. This negative development also continued in the first weeks of 2009. Negative economic data, poor economic forecasts, ongoing problems in the banking sector and, above all, in the automotive industry and the resulting continued uncertainty among investors led to this negative development at the beginning of 2009. All the efforts of the governments and central banks to find an answer to the financial and global economic crisis with various measures did little to improve the subdued mood on the stock markets. At the beginning of March, many of the stock markets fell below the record lows recorded in the previous year. The stock markets recovered slightly by the end of March, but all recorded clear price losses for the quarter.

The US stock index Dow Jones International (DJI) fell by 13.3 % in quarter 1/2009, the Euro Stoxx 50 was down 15.5 % and the Japanese stock index Nikkei 225 closed the quarter with a minus of 8.5 %. The price losses in quarter 1/2009 were even more pronounced on the East European stock markets: The East European Index CECE, which is calculated in euro, recorded a minus of 23.0 %, not least due to the fact that the beginning of the year in particular was marked by the uncertainty of investors with regard to the future economic development in Central and Eastern Europe. Towards the end of the quarter, the CECE index did, however, also show signs of recovery from the first quarter low.

The Vienna Stock Exchange outperformed the major stock markets in quarter 1/2009. At the end of the quarter, ATX, the key index of the Vienna Stock Exchange, was down 3.1 % compared to the value recorded at the end of fiscal 2008. Persistently negative economic news and the strong price decline on the stock markets in the CEE countries led to price losses totaling 19.4 % and a year low of 1,411.95, which was recorded at the beginning of March. Thanks to the subsequent substantial rise of 20.2 %, which is attributable, above all, to the positive expectations regarding development in the neighboring countries to the east, the ATX closed the quarter at 1,696.62 points.

RELATIVE SHARE PRICE DEVELOPMENT (01. 01. 2009 = 100 %)



STOCK MARKET SITUATION

VIENNA STOCK EXCHANGE

PRICE DEVELOPMENT OF THE VERBUND SHARE

The Verbund share closed fiscal 2008 at € 32.6 after a negative performance of 32.0 %. The price of the Verbund share dropped significantly at the beginning of the new trading year – in step with the trend on the international stock markets. This massive decline is attributable to the negative stock market environment and, above all, to the further drop in wholesale prices for electricity. Moreover, due to the extremely negative outlook for the global economy, nearly all of the investment banks further downgraded their forecasts for the primary energy prices and hence, also the electricity wholesale prices. These lower price expectations led to a lowering of the earnings forecast and therefore also to lower price targets and the downgrading of the Verbund share. Towards the end of the quarter, the Verbund share was able to recoup some of its losses and on 31 March 2009, the share closed at € 28.6 with a negative performance of 12.2 % in quarter 1/2009. Hence, the Verbund share did not develop as strongly as the ATX (–3.1 %) but it clearly outperformed the DJ STOXX Utilities index (–18.7 %).

SALES AND MARKET CAPITALIZATION

Stock exchange turnover in Verbund shares reached € 894.6 million. On average, 514,196 shares were traded every day. The total value of the company derived from its market capitalization amounted to € 8,811.4 million as of 31 March 2009; its weighting at the ATX was 9.1 %.

STOCK RATIOS

		Q 1/2009	Q 1/2008
PEAK PRICE	€	37.1	51.1
LOWEST PRICE	€	23.7	40.5
CLOSING PRICE	€	28.6	45.1
PERFORMANCE	%	–12.2	–5.8
MARKET CAPITALISATION	MILLION €	8,811.4	13,896.7
WEIGHTING ATX	%	9.1	6.2
STOCK EXCHANGE TURNOVER	MILLION €	894.6	1,760.2
STOCK EXCHANGE TURNOVER/DAY		514,196	618,800

CAPITAL MARKET CALENDAR 2009

EVENT	LOCATION	DATE
INTERIM REPORT QUARTER 1/2009		28. 04. 2009
INVESTORS' CONFERENCE VIENNA STOCK EXCHANGE	WARSAW	04. 06. 2009
ROAD SHOW	USA	23.–25. 06. 2009
INTERIM REPORT QUARTERS 1–2/2009		28. 07. 2009
ROAD SHOW	LONDON, PARIS	29.–31. 07. 2009
ROAD SHOW	ZURICH	14. 09. 2009
INVESTORS' CONFERENCE ERSTE BANK	STEGERSBACH	08. 10. 2009
GEWINNMESSE	VIENNA	15.–16. 10. 2009
INTERIM REPORT QUARTERS 1–3/2009		27. 10. 2009
ROAD SHOW	FRANKFURT	28. 10. 2009
EEL – FINANCIAL CONFERENCE	USA	02.–04. 11. 2009
INVESTORS' CONFERENCE VIENNA STOCK EXCHANGE	NEW YORK	30. 11. 2009

MANAGEMENT REPORT

BUSINESS DEVELOPMENT

Despite the decline in the spot market prices, a below-average water supply and negative one-off effects, Verbund achieved a result in quarter 1/2009 which was only slightly below the result recorded in the corresponding period of the previous year.

Sales revenue fell by 1.1 % to € 881.6 million, the operating result declined by 7.2 % to € 256.0 million and the group result was down 5.9 % at € 197.8 million.

CONSOLIDATED INCOME STATEMENT (SHORT VERSION)

	Q 1/2007	Q 1/2008	Q 1/2009	CHANGE
SALES REVENUE	812.2	891.7	881.6	-10.1
OPERATING RESULT	239.7	275.9	256.0	-19.9
FINANCIAL RESULT	21.6	18.2	20.0	1.8
GROUP RESULT	188.2	210.3	197.8	-12.5

EARNINGS POSITION

In quarter 1/2009, group revenue fell slightly by 1.1 % to € 881.6 million compared to the corresponding period in the previous year.

SLIGHT DROP IN
SALES REVENUE

Generation at the run-of-river power plants was clearly lower than in the previous year due to the poor water supply. With a hydro coefficient of 0.97, the water supply was 6 percentage points below the value recorded in quarter 1/2008. Higher reservoir levels, on the other hand, led to an increase in generation in the annual storage power plants. Thermal generation declined as a result of the drop in the spot market price level. In total, own generation came to 6,042 GWh. This corresponds to a 5.8 % decline compared to quarter 1/2008.

Electricity revenue dropped by 1.5 % to € 781.8 million. Electricity revenue from end customers increased significantly by € 39.0 million or 26.1 %, partly due to the acquisition of new industrial customers. The € 26.1 million or 8.5 % increase in electricity revenue from resellers is mainly attributable to the higher contracted forward market prices compared to the previous year. The € 76.9 million or 22.9 % decrease in electricity revenue from traders resulted from the increase in trading business with standardized forward contracts and the ongoing increase in the direct marketing of own generation via wholesale and end customer channels. Foreign markets – in particular, Germany and France – accounted for 49.2 % of the electricity revenue (previous year: 61.1 %). The sales volume displayed a decrease of 2,041 GWh or -15.3 % compared to the corresponding period of the previous year.

In quarter 1/2009, grid revenue sank by 1.1 % to € 84.3 million compared to the corresponding period the previous year. This development is mainly due to the decline in international revenue from the auctioning off of cross border capacities in the neighboring countries, which was not totally compensated

by the rise in international ITC revenue (Inter Transmission System Operator Compensation) from the pricing of electricity transits.

Other sales revenue increased in quarter 1/2009 by € 2.6 million or 20.2 % to € 15.5 million. This improvement resulted, above all, from the increase in revenue from district-heating sales.

SALES REVENUE			MILLION €
	Q 1/2007	Q 1/2008	Q 1/2009
ELECTRICITY SALES	728.8	793.6	781.8
GRID SALES	69.9	85.2	84.3
EMISSION RIGHTS (SALES)	0.3	0.0	0.1
OTHER	13.1	12.9	15.4
SALES REVENUE	812.1	891.7	881.6

LOWER ELECTRICITY AND GRID PURCHASES

From a volume perspective, electricity purchases including purchase rights dropped by 1,669 GWh or 24.1 % compared to the corresponding period of the previous year due to the decline in electricity trading activities. Parallel to this, the lower spot market price level compared to the corresponding period of the previous year resulted in a € 38.5 million or 8.7 % decrease in the value of electricity purchases.

The 372 GWh or 5.8 % drop in own generation compared to the previous year – a direct result of the poorer water supply – pushed up expenses (hydro coefficient: 0.97; previous year 1.03) as this decline had to be compensated by electricity purchases. The 48.6 % or € 10.7 million increase in grid purchases resulted from the clear expansion of the end customer business in Austria.

STRONGER INCREASE IN FUEL EXPENSES

In quarter 1/2009, generation in the thermal power plants dropped by 139 GWh (–12.1 %) compared to the corresponding period the previous year. In spite of this, fuel expenses increased due to the fact that the price situation on the electricity sales markets necessitated an inventory adjustment of the existing stocks of heating oil and coal. The reduction in the purchase of additional CO₂ certificates – the prices of which were also considerably lower – due to the lower generation volume in thermal power plants had a positive effect.

HIGHER PAYROLL EXPENSES

Payroll expenses climbed by a total of 12.1 % to € 72.5 million.

The 3.7 % increase in wages and salaries due to the collective agreement and the recruitment of an additional 110 staff, which brings the total number of employees to 2,596 (31 March 2008: 2,486), pushed up payroll expenses for active personnel by € 3.0 million (5.1 %).

The expected return on the pension fund assets, which relieves expenses for severance payments and pensions, was lowered from 4 % to 2 % in line with the development of the financial markets. This measure, together with the provisions for early retirement, resulted in a € 4.8 million increase in expenses for severance payments and pensions to € 11.0 million (77.4 %).

SPECIAL MEASURES PUSH UP OTHER OPERATING EXPENSES

Other operating expenses increased by 45.5 % to € 48 million, above all, due to the renovation of a hydropower plant (Wagspeicher). In addition, the provisions for reservoir dredging at Rossegg power plant had to be adjusted.

The financial result was improved by 10.1 % to € 20.0 million in quarter 1/2009.

SLIGHT IMPROVEMENT IN
FINANCIAL RESULT

Income from interests accounted for using the equity method came to € 47.4 million and was therefore 5.1 % below the value reported in quarter 1/2008. Here, the time of recognition of the investment income was changed. Further details are provided in the Notes section of the interim report. Investment income from domestic interests increased by € 28.0 million to € 55.3 million. This is attributable to the fact that the investment income from the interest in Carinthian energy utility KELAG was recognized earlier than in the previous year. The investment income from foreign interests did, however, decline by € 30.6 million to € -7.9 million, mainly due to the change in the time of recognition.

Lower interim investments in quarter 1/2009 led to a 15.4 % drop in interest income to € 15.4 million. In spite of the increase in borrowing, interest expenses were reduced to € -52.3 million. This is attributable not only to the ongoing debt clearance, but also the lower profit shares attributable to limited partners. The other financial result improved to € 5.6 million. Here, the financial market crisis necessitated an impairment of securities and investment funds in the amount of € 19.6 million, while price gains from a EUR/USD hedging transaction brought income in the amount of € 20.1 million.

The effective tax rate of 20.1 % (as compared to a corporate tax rate of 25 %) was largely due to the non-tax-effective investment income from the interests accounted for using the equity method as well as the non-tax-effective profit shares of the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG which were recognized in the financing result.

INCOME TAX EXPENSES

NET WORTH AND FINANCIAL POSITION

Non-current assets increased by 3.0 % from € 7,326.4 million as on 31 December 2008 to € 7,548.7 million as on 31 March 2009. This was largely due to the € 269.2 million or 17.6 % increase in interests accounted for using the equity method which essentially resulted from capital increases that were carried out by Verbund in Enerjisa Elektrik Dagitim A.S. in the amount of € 265.7 million to purchase the Turkish distribution company Baskent as well as the annual proceeds in the amount of € 47.4 million. This increase was offset by distributions in the amount of € 11.9 million as well as value adjustments in the amount of € 32.6 million which were recognized directly in equity and resulted, above all, from foreign currency measurements.

NON-CURRENT AND
CURRENT ASSETS

Current assets increased by 19.0 % from € 967.4 million as on 31 December 2008 to € 1,151.6 million as on 31 March 2009. This is attributable, above all, to the increase in other receivables as a result of the market price increases that are represented in the evaluation of the electricity derivatives. This increase was offset by a reduction in cash and cash items from € 107.8 million as on 31 December 2008 to € 13.1 million as on 31 March 2009.

The long and short-term financial obligations displayed a slight increase of 1.5 % to € 2,967.0 million compared to 31 December 2008. This increase is due, in particular, to the rise in long-term payables to banks as a result of the issue of a promissory note loan in the amount of € 200 million. This increase is, however, offset by the decline in financial obligations from cross border leasing and short-term payables to banks.

LONG AND SHORT-TERM
FINANCIAL OBLIGATIONS

OTHER LONG AND SHORT-TERM LIABILITIES WITHOUT FINANCIAL OBLIGATIONS

The € 515.5 million increase in trade accounts payable and other liabilities was essentially due to the increase in dividend liabilities in the amount of € 382.6 million, higher liabilities towards ECRA (Emission Certificate Registry Austria GmbH) as well as the market price increases that are represented in the evaluation of the electricity derivatives.

CASH FLOW

The operating cash flow sank compared to the corresponding period the previous year by € 101.5 million to € 207.8 million. This essentially resulted from payments from prior periods (€ -162.3 million) in connection with energy derivatives.

The cash flow from investing activities was down € 165.0 million to € -376.7 million primarily due to the capital increase in the Turkish joint venture Enerjisa Elektrik Dagitim A.S. (€ 265.7 million), the outstanding payment for the purchase of the Bruck/Hollern/Petronell-Carnuntum wind farms (€ 18.6 million) as well as the increased investment in property, plant and equipment (€ 4.5 million). This is offset by the capital increases in the Turkish generation company Enerjisa Enerji Üretim A.S. (€ 46.0 million) and Poweo SAS (€ 22.8 million) in 2008 and the reduction in loans to the French generation subsidiary Poweo Pont Sur Sambre (€ 56.8 million).

The cash flow from financing activities was up € 138.0 million to € +74.2 million. Long-term borrowing from banks in the amount of € 200.0 million and short-term borrowing on the money market in the amount of € +47.3 million was offset by the redemption of bonds, loans and credits in the amount of € 108.7 million. The premature termination of cross border leasing transactions led to repayments in the amount of € 38.6 million. Dividends amounting to € 27.1 million were distributed.

RATIOS

GEARING

Gearing increased from 80.2 % as on 31 December 2008 to 91.2 % on 31 March 2009. This rise is due to the increase in long-term payables to banks as well as the reduction in cash and cash items. The increase since 31 March 2008 comes to 15.6 percentage points.

EBIT MARGIN

The EBIT margin fell slightly from 30.9 % to 29.0 % compared to the corresponding period of the previous year. This reduction is due, above all, to the increase in payroll expenses and other operating expenses.

RISK AND OPPORTUNITY SITUATION

Within the framework of its international growth program, Verbund encounters opportunities and risks which have to be capitalized on or dealt with in the best possible manner. For this purpose, a group-wide risk management system, which focuses on all value-added segments, was developed a number of years ago. All relevant opportunities and risks are recorded, updated and evaluated both on a regular basis and whenever this is deemed necessary. The risk management system is rounded off with the documentation of the corresponding measures. The possible effects of these opportunities and risks on the group result are reported to the Managing Board and the Supervisory Board within the framework of quarterly reporting.

The volume and price risk in the electricity business has the greatest influence on the group result. Verbund depends, above all, on the meteorological conditions that influence hydraulic generation. A deviation of 1 % either way from the planned generation value for the remainder of the year would have an earnings effect of € 6.5 million.

VOLUME AND PRICE RISK

Changes in the wholesale prices also represent significant opportunity/risk potential for Verbund. A 1 % rise/fall in the wholesale prices for the remainder of the year would increase/reduce earnings by € 1.7 million.

The need to acquire primary energy sources and sufficient emission rights also poses risks which have to be dealt with in an appropriate manner. In spite of the low prices at the present time, it is expected that the prices for fuels will increase again in the long term.

The current economic crisis has not only led to a drop in the demand for electricity and a reduction in electricity prices, but has also increased the risk of business partners not being able to meet their financial obligations. In the event of a customer not being able to meet his obligations, the energy that was sold or reserved for this customer may have to be sold again at a lower price.

COUNTERPARTY CREDIT RISK

Verbund's involvement in countries such as Turkey, Italy, France and, of late, Albania, will lead to greater risks but also to greater opportunities in the investment area. These essentially result from fluctuations in the investment income, possible changes in the interest value (also due to currency differences) as well as liabilities and guarantees that are assumed in this area.

INVESTMENT RISKS

While the risk of obligatory ownership unbundling in the grid area no longer exists at a European level due to the approval of the »Independent Transmission Operator« (ITO) model, the economic actions of Austrian electricity supply companies will be significantly influenced not only by the requirements under European law but – particularly at this time – also by the national regulations. The new system utilization decree, which, for the first time, introduces grid loss fees for feed-in plants and utilization fees for pumped storage power plants, also introduces the risk of higher costs. On the other hand, the draft amendment to the Environmental Impact Analysis Act does not yield a noticeable simplification of the approval process for the construction of new power plants, which therefore increases the risk of a growing dependence on electricity imports.

REGULATORY RISKS

The financial market crisis and its massive effects on the real economy have also changed the risk profile of the Verbund Group.

RISKS ARISING FROM THE FINANCIAL MARKET CRISIS

Short, medium and long-term financing has become more expensive and more difficult as a result of the financial market crisis.

LIQUIDITY RISK

Verbund, however, is very well positioned in terms of its liquidity and has adequate liquidity reserves as well as secured access to liquidity. Verbund also has a syndicated loan facility in the amount of approx. € 750 million which has not been used. This loan facility, which has a remaining maturity of three years, can be availed of at any time – even in a difficult market environment – at favorable conditions. In addition, Verbund has non-committed lines of credit in the amount of approx. € 700 million which have already been available for a long period.

On 8 April 2009, Verbund issued a 500-million-€ benchmark bond. The bond, which was oversubscribed by 700 percent within a period of two hours, has a term of 6 years. The interest rate is 4.75 %.

The issue price lay at 99.699 %. The inflows from the bond issue will be used to finance the expansion of hydropower and the electricity grid in Austria as well as the international activities of the Verbund Group.

INVESTMENT RISK

Verbund's investment strategy is based on conservative investment in a widely spread investment portfolio on the money market (overnight money, time deposits) in banks with first class ratings. In addition, a small share is invested in money market-related securities and bonds which serve as security for the electricity trading activities. The financial market crisis does, however, increase the risk of individual security issuers defaulting and therefore also increases the price risk. The value of Verbund's securities portfolio is measured on a regular basis in accordance with IFRS. Price losses/gains that are not sustainable are booked against equity, sustainable price losses/gains are recognized in the income statement.

The international market crisis and its effect on the investment portfolio of the Verbund Group, which is held to hedge the electricity business, necessitated – despite a temporary period of relief – a value adjustment of the securities and investment funds in the amount of € 19.6 million.

CROSS BORDER LEASING TRANSACTIONS

Verbund carried out a number of lease and lease back transactions in connection with hydropower plants between 1999 and 2001. These transactions provided Verbund with a net present value gain in the total amount of € 300 million.

Within the framework of the very conservatively structured cross border leasing agreements of Verbund, there are no changes to the ownership structures of the hydropower plants.

Verbund has already wound up two cross border leasing agreements and aims to terminate up to 80 % of the remaining cross border leasing agreements by the end of the year in line with the opportunities that arise on the financial and capital market.

In February 2009, the equity payment undertaker Swiss Re was downgraded in the transactions Altenwörth 3,4 and 5 with the investors Bank of America (Trust 3,4) and State Street (Trust 5). Verbund is obliged to put forward additional collateral for cross border leasing transactions. This collateral can take the form of a letter of credit from an acceptable institute with a corresponding minimum rating, an alternative payment undertaking agreement (PUA) or an exchange of the existing PUA for US Treasuries. Alternatively, a premature termination of the agreement is currently being negotiated.

BUSINESS SEGMENTS

ELECTRICITY

GENERATION

	Q 1/2008	Q 1/2009	CHANGE
HYDROPOWER	5,263	5,030	-4.4 %
THERMAL POWER	1,151	1,012	-12.1 %
OWN GENERATION	6,414	6,042	-5.8 %
EXTERNAL PROCUREMENT	6,916	5,247	-24.1 %
GROUP GENERATION	13,330	11,289	-15.3 %
FORWARD CONTRACTS	7,703	13,786	79.0 %

GWh

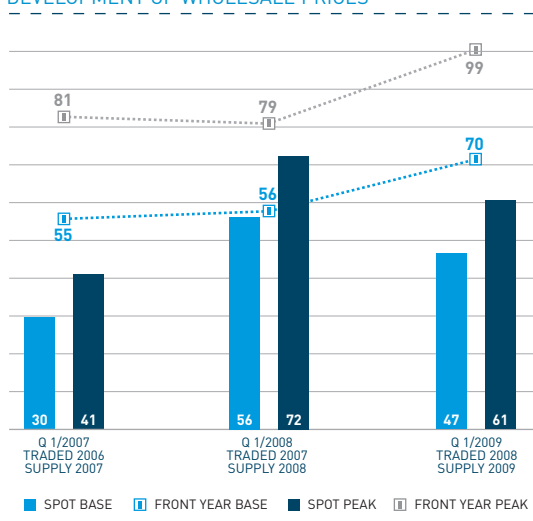
GENERATION

In quarter 1/2009, the total generation of the group came to 6,042 GWh and was therefore 5.8 % down on the corresponding value the previous year.

This decline is mainly a result of the poor water supply from the Austrian rivers: The hydro coefficient lay at 0.97 in quarter 1/2009 and was therefore 3 % below the long term average and 6 % below the value recorded in the previous year.

This had a significant effect on the Verbund Group: The share of hydraulic generation fell by 4.4 %, mainly on account of the strongly reduced generation in the run-of-river power plants. Generation in the storage power plants on the other hand, was increased by almost 10 % as a result of the high reservoir levels compared to 2008.

DEVELOPMENT OF WHOLESALE PRICES



In total, 83 % of group generation came from hydropower plants in quarter 1/2009. The total for fiscal 2008 came to 88 %.

Thermal generation declined by 12.1 % on account of the lower spot market price level.

Electricity purchases dropped by 24.1 % and therefore account for 46 % of total generation.

The average prices for forward contracts year base 2009 traded in 2008 came to € 70.33/MWh and were just under 26 % higher than the level recorded in the previous year. The spot market price level in quarter 1/2009 displayed a strong decline of 16 % to € 47.36/MWh. This decline

SALES

reflects the drop in the CO₂ spot market prices and the much reduced prices for primary energy sources.

The decline in the prices for crude oil and hard coal slowed severely in quarter 1/2009 compared to the price drops in the second half of 2008. The prices for Brent crude oil on the spot market fell from the all-time high of more than \$ 140/bbl in August 2008 to \$ 45/bbl in quarter 1/2009. The prices for hard coal supplies CIF ARA (6,000 kcal/kg) on the spot market dropped from the all-time high of approx. \$ 210/t in August 2008 to \$ 65/t in quarter 1/2009.

GROUP ELECTRICITY SALES

The group's electricity sales came to € 781.8 million in quarter 1/2009 and therefore lay slightly below the value recorded in the corresponding period of the previous year (€ 793.6 million).

SALES

Electricity sales in quarter 1/2009 fell 15.3 % compared to the previous year. The quantities sold on foreign markets – excluding own consumption – amounted to just over 50 %. This is mainly attributable to the international activities associated with the expansion of business in the German and French electricity markets. The German market accounted for 80 % of the volume sold abroad and is therefore the focal point of foreign activities.

SALES ACCORDING TO CUSTOMERS

	Q 1/2008	Q 1/2009	CHANGE
END CUSTOMERS	2,168	2,004	-7.6 %
RESELLERS	5,905	5,327	-9.8 %
TRADERS	4,884	3,580	-26.7 %
OWN CONSUMPTION	374	378	1.1 %
GROUP CONSUMPTION	13,330	11,289	-15.3 %
FORWARD CONTRACTS	7,703	13,786	79.0 %

Business with resellers in Austria declined by 5.6 %. This resulted, above all, from the drop in supplies from procurement rights for provincial companies, caused by the reduced water supply. Sales to foreign resellers also declined. Here, the trend on the part of distribution companies to purchase standardized forward contracts that are not recognized as sales had a negative impact.

SALES ACCORDING TO COUNTRIES

	%
AUSTRIA	51.3
GERMANY	39.1
FRANCE	7.7
ITALY	0.6
BULGARIA	0.4
ALBANIA	0.3
SWITZERLAND	0.2
BELGIUM	0.1
SLOVENIA	0.1
GREECE	0.1

Sales from electricity supplies to trading companies were also down, mainly due to the fact that these too followed the trend to trade with standardized forward contracts that are not recognized as sales. Sales volumes to the Austrian end customer market were improved by 17 % despite the unfavorable economic conditions. There was a drop in the volumes sold abroad. Here, the consistent implementation of the credit rating had a dampening effect on sales.

Verbund has now acquired approx. 190,000 end customers in Austria and the prices offered by Verbund in this segment are among the most favorable. Verbund is positioned as an innovation and information leader in the Business and Industrial Customer segment. Due to the ongoing development of its products, the company now has a competitive edge over the market. Sales up to 31 March 2009 were 10.5 % higher than in quarter 1/2008.

190,000 END CUSTOMERS
IN AUSTRIA

The construction work at all of the new power plant sites is essentially running according to schedule.

EXPANSION OF GENERATION
FROM HYDROPOWER

Work on the construction of the 480 MW pumped storage power plant Limberg II on Europe's largest power plant construction site is progressing swiftly. The Federal Audit Office is currently auditing Limberg II. The audit, which commenced at the beginning of January, will be completed at the end of April.

Following the completion of the excavation work at the 63 MW Hieflau power plant, the finishing works for the Gstatterboden works water channel have now commenced. The structural work for the fish pass was completed according to schedule.

During the trial operation of the first machine unit at the 16 MW Salzach power plant Werfen/Pfarrwerfen, a fire broke out in the 30 kV switching unit. This, however, will not impact on the planned completion date for the project.

The public disclosure of the submissions for the Reißbeck II project – the construction of a 430 MW pumped storage power plant to supplement the existing power plant – commenced at the beginning of March in accordance with the Environmental Impact Analysis (EIA) Law. In the case of the revitalization project for the Styrian power plant Pernegg, the preliminary work on the tender for the transformers and the planning of various specialist areas has commenced.

With regard to the cross-border project »Joint Power Plant Inn« (88 MW), the EIA authorities are still working on the EIA audit and liaising with the Swiss authorities to finalize the content of the approval.

The decision to construct a gas and steam turbine combination power plant at Mellach-Werndorf was taken by the responsible bodies at Verbund on 8 May 2008 on conclusion of the EIA process which lasted 30 months and after the refusal of the Administrative Tribunal to allow the suspensive effect of an appeal. In July 2008, the general contractor contract for the supply, construction and commissioning of the power plant was awarded to Siemens AG Austria. The power plant has an overall capacity of 832 MW. Commercial operations should commence in autumn 2011. The construction work commenced in February 2009.

EXPANSION OF THERMAL
GENERATION

Preliminary planning work was carried out for the project »Modernization of the power plant Neudorf/Werndorf« and work on the preparation of the documents for the EIA process has commenced.

The Environmental Impact Declaration (EID) for a 400 MW gas and steam turbine combination power plant in Klagenfurt – a joint project with the public utility Stadtwerke Klagenfurt that focuses on replacing a heavy-oil-fired district heating power plant dating back to 1949 – was submitted in March 2006. Additional documentation pertaining to the EID was submitted in March 2007 and several additional evaluation audits were carried out within the framework of the EIA. The negotiations in the first instance are scheduled for July 2009.

GRID

KEY FIGURES GRID

	UNIT	Q 1 /2008	Q 1/2009
AMOUNT OF ENERGY RELEVANT TO CLEARING	GWh	4.810	4.588
GRID SALES	MILLION €	85,2	84,3

In quarter 1/2009, the amount of energy transmitted over Verbund's 220/380 kV grid and relevant to clearing dropped by 4.6 % to 4,588 GWh (previous year 4,810 GWh). This is mainly attributable to the decline in consumption in the underlying 110 kV grids as a result of the economic crisis as well as the drop in generation on account of the poorer water supply. The sales decline results primarily from the reduction in international revenue from auctions which is not fully compensated by the ITC settlement of 2008.

ALLOCATION OF CROSS BORDER CAPACITIES (AUCTIONS)

In accordance with EU Directive 1228/2003, VERBUND operates the congested borders to the control areas in Slovenia, the Czech Republic, Hungary, Italy and Switzerland via its grid subsidiary VERBUND Austrian Power Grid AG (APG) by way of explicit auctions. Here, the capacities of the cross border lines are allocated to the market participants through annual, monthly and daily auctions in accordance with clearly defined market criteria. Compared to 2008, revenue from the annual auctioning off of cross border capacities fell from € 51 million to € 37 million.

INTERNATIONAL REVENUE FOR TRANSIT COSTS

The ITC agreement (ITC = Inter-TSO Compensation), which was signed in October 2007 and is still effective for the years 2008 and 2009, guarantees Verbund revenue from international transits in the amount of approx. € 20 million per year. Within the framework of ETSO (European Transmission System Operators), a proposal for regulation at EU level has been drafted with a view to organizing the future balancing of costs for transits at an international level. The European Commission has announced that the current voluntary agreement will be replaced in 2010 by a European regulation in the form of a guideline that will supplement the regulation on cross-border exchanges in electricity (1228/2003).

DEVELOPMENT OF THE REGIONAL MARKETS

In July 2008, a joint auction office was set up in Freising near Munich for the Central East Europe region. The cross border capacities for electricity transports between the countries Germany, Poland, the Czech Republic, Slovakia, Hungary, Austria and Slovenia will be auctioned off here from January 2010. The Verbund grid subsidiary holds a 12.5 % share in this auction office.

TARIFF REGULATION

A tariff audit process, which is scheduled for completion in quarter 4/2009, is currently being carried out.

SECURITY OF SUPPLY, CONGESTION MANAGEMENT

The situation on the north-south lines was once again very tense in quarter 1/2009. Compared to the corresponding quarter in the previous years, the number of congestion management measures necessary at the power plants was, however, significantly reduced. This is mainly attributable to the high level of generation from hydropower in the south of Austria as well as in the Balkan Region.

CONSTRUCTION OF STYRIA LINE PROGRESSING SWIFTLY

The construction work for the 380 kV Styria line commenced in October 2007. The foundation work for the pylons was completed in mid-March 2009. Approx. 85 % of the pylons have now been completed and cable operations are progressing according to schedule in all five sections. The construction of the East Styria substation and the plant expansion activities at the substations Vienna Southeast and

Southern Burgenland are more or less completed. The entire project will be carried out under the close supervision of ecology and forestry experts.

This construction project is partly funded by the EU within the framework of the TEN-E program. At the beginning of December 2008, Verbund received funding in the amount of approx. € 1.4 million.

The construction of the line with 340 pylons and the accompanying substations requires a total investment volume of approx. € 180 million. The commissioning of the Styria line is scheduled for mid-2009.

The EU-wide tender for the main components has been completed and the preliminary work for the building decision from the Supervisory Board, which is expected in May 2009, is progressing according to plan.

The construction of the line with 150 pylons (46 km) and the accompanying substations will require an investment volume of € 120 million. This additional step is vital to complete the 380 kV ring and will make an important contribution to guaranteeing security of supply in the province of Salzburg.

From today's perspective, the approval process (submission of the Environmental Impact Declaration) cannot commence before the end of 2010. The planned investment volume comes to approx. € 370 million.

PREPARATION OF THE
CONSTRUCTION DECISION
FOR THE SALZBURG LINE

PARTICIPATING INTERESTS

Following the construction decisions for the gas power plant Bandirma (920 MW) and six hydropower plants (870 MW), the decision to build the Canakkale wind farm was issued at the end of January 2009. The project is located in northwest Turkey near the existing Enerjisa gas power plant Canakkale. The construction of 30 MW is planned in the first expansion phase; this will later be extended to 60 MW. The joint venture between Verbund and Sabanci Holding has therefore taken a further important step towards implementing the 5,000 MW generation portfolio. All power plant projects are progressing swiftly. The Canakkale wind farm will be connected to the grid at the beginning of 2010, the gas power plant Bandirma will follow at the end of 2010 and the hydropower plants will be connected between 2010 and 2012.

ENERJISA ISSUES
CONSTRUCTION DECISION
FOR FIRST WIND FARM

The economic development of Enerjisa has also been positive. In fiscal 2008, Enerjisa generated annual sales in the amount of € 352.8 million. This corresponds to an increase of 50 % compared to the previous year. In the same period the operating result was improved from € -5 million (TRY -10 million) to € 33.9 million (TRY 62.6 million). As financing is mainly carried out in foreign currencies, the annual result of Enerjisa was greatly influenced by the fluctuations in the Turkish Lira/Euro exchange rate. The financial result declined from € 3 million (TRY 6 million) in 2007 to € -45.9 million (TRY -87.5 million) in 2008, primarily due to valuation-related foreign currency losses. Consequently, the result after taxes fell from € -6 million (TRY -10 million) in 2007 to € -12.8 million (TRY -27.2 million) in 2008.

Within the framework of the privatization process in Turkey, Verbund and the Turkish partner Sabanci won the tender for the distribution grid company Baskent EDAS on 1 July 2008 for a purchase price of \$ 1.225 billion. The contract was awarded within the framework of a public auction in the course of which Verbund and Sabanci had to contend with stiff competition from Turkish and international competitors.

ACQUISITION OF TURKISH
ELECTRICITY SUPPLIER
BASKENT EDAS

The official approval procedure to conclude the process was completed successfully in September 2008. The signing and closing took place in Ankara on 28 January 2009.

Baskent EDAS supplies the Ankara region, one of the largest regions in Turkey with a population of 6.3 million. The region stretches from the Black Sea to the Anatolian mountains. Baskent EDAS currently supplies approx. 3 million end customers and boasts an annual growth rate of approx 100,000 new customers. The share in the Turkish end customer market lies at 9 %. The company sold approx. 10 TWh of electricity in 2008.

In fiscal 2007, Baskent EDAS generated sales of YTL 1.2 billion (approx. USD 945 million). Grid losses came to 8.7 % and therefore lay only slightly above the OECD average of 7 % and well below the Turkish average of 15 %.

SUCCESSFUL GROWTH AT SORGENIA

Following the successful topping-up of Verbund's interest in the Sorgenia Group in summer 2008, a further unilateral capital increase is planned for July 2009 through the conversion of convertible bonds in favor of Verbund Italia SpA in the amount of € 150 million. The bond will most likely be converted to shares in quarter 3/2009, whereby the Verbund stake in the Sorgenia Group will increase to just under 45 %. In this way, Verbund is further strengthening its position on the Italian electricity market.

The Sorgenia Group continues to display successful growth. Electricity revenue increased by 31 % from € 1,862 million in 2007 to € 2,434 million in 2008. The sales volume rose by 7 % to 10.4 TWh. Sorgenia currently supplies just under 500,000 customers. Profits were up on the value reported in the previous year at € 66.7 million.

The construction of the 770 MW gas power plant Modugno in the south of Italy is at a very advanced stage. Commissioning will be delayed until quarter 3/2009. The economic disadvantages resulting from this delay are covered to a large extent by contractual penalties.

The construction of the thermal power plant in Lodi (770 MW), which commenced in quarter 2/2008, is progressing swiftly. The notice-to-proceed for a further 770 MW gas-steam power plant, namely the Aprilia power plant, is expected in the first half of 2009.

In addition to the extensive investments in renewable energies in France, Italy and Romania, Sorgenia is pushing ahead with the diversification of its gas procurement with the LNG project Gioia Tauro in Calabria.

POWEO GROUP UPS CUSTOMER ACQUISITION

In 2008, the French Poweo Group recorded a 59 % year-on-year increase in sales to € 577 million. This is attributable, above all, to sales gains in the large customer area. At the end of December 2008, the POWEO Group already supplied over 260,000 customers.

The construction work for the thermal power plant Pont sur Sambre (412 MW) is already well advanced. Commissioning is scheduled for mid-2009. Further thermal power plants are currently in the planning and approval phase. Planning permission for the Toul 408 MW gas power plant in the north of France was issued in August 2008 and the final investment decision can be expected in mid-2009.

In the renewable energy area, the installed capacity rose from 17 MW at the end of 2007 to 71.5 MW at the end of 2008. Two further wind farm projects, Langres (12 MW) and Fierville (8 MW), should be commissioned in quarter 2/2009. In addition, the project pipeline contains further renewable energy projects in different development phases.

On 16 July 2008, Verbund emerged successful in a bidding process for a hydropower plant project in Albania in the face of strong international competition and subsequently concluded a license agreement with the Albanian Ministry for Economy, Trade and Energy (METE) on 30 September 2008. The power plant project Ashta is located on the River Drin in Northern Albania near the city of Shkoder. The project involves the construction of a run-of-river power plant with an installed capacity of 48 MW which will be capable of supplying 100,000 household customers with electricity annually. Construction is scheduled to commence in quarter 4/2009. Commissioning is planned for 2012.

HYDROPOWER PLANT PROJECT
ASHTA IN ALBANIA

RENEWABLE ENERGIES

Verbund owns and has been operating three wind farms in Lower Austria since January 2009. The wind farms – Bruck/Leitha, Hollern and Petronell/Carnuntum – are located approx. 45 km from Vienna, in the most easterly, Lower Austrian district of Bruck an der Leitha. The annual production (105 GWh) of the 25 wind power plants is enough to supply approx. 29,000 average Austrian households with electrical energy. Moreover, CO₂ emissions totaling 67,000 tons per year will be avoided.

WIND FARMS IN THE BRUCK
AN DER LEITHA DISTRICT

At the end of 2008, Verbund paved the way for further international activities in the renewable energies area. The company is now the majority shareholder in a project company that intends to construct a 150 MW wind farm on the Romanian Black Sea Coast. The project is currently in the development phase – the first rotor blades should be rotating from 2011.

VERBUND IMPLEMENTS
NEW WIND POWER PROJECT
IN ROMANIA

In addition, Verbund is focusing continuously on the creation of an optimal portfolio for its wind power activities in Austria and selected European countries. Today, Verbund already has a project pipeline of several hundred megawatts in this area.

Verbund's two photovoltaic power plants in Spain, Mercadillo and Macael, were connected to the grid in autumn 2008. The evaluation of the first two months of operation revealed an enhanced yield of approx. 10 % in both plants. This is attributable to the high-quality system components.

PHOTOVOLTAIC
ACTIVITIES IN SPAIN

GROUP FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS^s)

INCOME STATEMENT OF THE VERBUND GROUP ACCORDING TO IFRS ^s		MILLION €	
	NOTES	Q 1/2009	Q 1/2008
SALES		881.6	891.7
ELECTRICITY SALES	(1)	781.8	793.6
GRID SALES		84.3	85.2
OTHERS		15.5	12.9
OTHER OPERATING INCOME		8.0	11.3
EXPENSES FOR ELECTRICITY, GRID, AND EMISSION RIGHTS PURCHASES (TRADE)	(2)	-405.7	-444.2
USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES		-61.5	-41.2
PAYROLL EXPENSES	(3)	-72.5	-64.7
AMORTIZATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		-45.9	-44.0
OTHER OPERATING EXPENSES	(4)	-48.0	-33.0
OPERATING RESULT		256.0	275.9
RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	(5)	47.4	50.0
RESULT FROM PARTICIPATING INTERESTS – OTHER		3.9	0.6
INTEREST INCOME	(6)	15.4	24.0
INTEREST EXPENSES	(6)	-52.3	-55.4
OTHER FINANCIAL RESULT	(7)	5.6	-1.0
FINANCIAL RESULT		20.0	18.2
PROFIT BEFORE TAX		276.0	294.1
TAXES ON INCOME		-55.4	-60.7
TOTAL PROFIT		220.6	233.4
ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT (GROUP RESULT)		197.8	210.3
ATTRIBUTABLE TO MINORITY INTERESTS		22.8	23.1
EARNINGS PER SHARE (€)*		0.64	0.68

* Diluted = non-diluted.

STATEMENT OF COMPREHENSIVE INCOME OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	Q 1/2009	Q 1/2008
TOTAL PROFIT	220.6	233.4
OTHER COMPREHENSIVE INCOME FROM EXCHANGE DIFFERENCES	-28.4	-36.7
AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	16.0	-11.2
CASH FLOW HEDGES ¹	96.7	-0.8
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	-3.9	1.2
OTHER COMPREHENSIVE INCOME BEFORE TAXES	80.4	-47.5
- TAXES RELATING TO OTHER COMPREHENSIVE INCOME ²	-27.8	2.8
OTHER COMPREHENSIVE INCOME AFTER TAXES³	52.6	-44.7
TOTAL COMPREHENSIVE INCOME	273.2	188.7
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	250.4	165.8
ATTRIBUTABLE TO MINORITY INTERESTS	22.8	22.9

¹ As of 1 April 2008, financial statement recognition was adjusted in line with modified portfolio structure in the electricity area. The amount of the previous year can therefore only be compared to a limited extent.

² The taxes on the components of other comprehensive income are as follows: € -4,0 million (previous year: € 2,8 million) cash flow hedges: € -23,8 million (previous year: € 0,0 million)

³ Of the other comprehensive income after taxes, minority interests account for € 0.0 million (previous year: € -0.2 million)

STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								MINORITY INTERESTS	TOTAL SHARE-HOLDERS' EQUITY
	SHARE CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	EXCHANGE DIFFERENCES	AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	CASH FLOW HEDGES	OTHER RESERVES	TOTAL		
AS OF 01. 01. 2008	308.2	10.9	2,096.3	0.0	-11.6	1.7	2.0	2,407.5	267.2	2,674.6
COMPREHENSIVE INCOME	0.0	0.0	210.3	-36.7	-8.2	-0.8	1.2	165.8	22.9	188.7
DIVIDENDS	0.0	0.0	-277.4	0.0	0.0	0.0	0.0	-277.4	-105.8	-383.1
AS OF 31. 03. 2008	308.2	10.9	2,029.2	-36.7	-19.8	0.9	3.2	2,295.9	184.3	2,480.2
AS OF 01. 01. 2009	308.2	10.9	2,505.5	-52.5	-20.5	114.3	1.8	2,867.8	260.3	3,128.1
INCREASE/REDUCTION										
IN MINORITY INTERESTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	1.8
COMPREHENSIVE INCOME	0.0	0.0	197.8	-28.3	12.0	72.9	-3.9	250.4	22.8	273.2
DIVIDENDS	0.0	0.0	-323.6	0.0	0.0	0.0	0.0	-323.6	-79.2	-402.8
AS OF 31. 03. 2009	308.2	10.9	2,379.7	-80.8	-8.5	187.2	-2.1	2,794.6	205.7	3,000.3

BALANCE SHEET OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	NOTES	31. 03. 2009	31. 12. 2008
NON-CURRENT ASSETS		7,548.7	7,326.4
INTANGIBLE ASSETS	(8)	42.2	12.5
PROPERTY, PLANT AND EQUIPMENT	(9)	4,458.4	4,390.0
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD		1,801.4	1,532.2
OTHER PARTICIPATING INTERESTS		150.0	188.7
LONG-TERM INVESTMENTS – CROSS BORDER LEASING		497.6	590.4
OTHER LONG-TERM INVESTMENTS AND OTHER LONG-TERM RECEIVABLES		599.1	612.6
CURRENT ASSETS		1,151.6	967.4
INVENTORIES		47.8	66.4
TRADE RECEIVABLES AND OTHER RECEIVABLES		1,090.7	793.2
CASH AND CASH EQUIVALENTS		13.1	107.8
TOTAL ASSETS		8,700.3	8,293.8
	NOTES	31. 03. 2009	31. 12. 2008
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		2,794.6	2,867.8
MINORITY INTERESTS		205.7	260.3
LONG-TERM LIABILITIES		4,075.8	3,815.7
FINANCIAL OBLIGATIONS		1,976.9	1,598.0
FINANCIAL OBLIGATIONS – CROSS BORDER LEASING		620.0	728.6
PROVISIONS		634.9	647.9
PROVISIONS FOR DEFERRED TAXES		213.0	179.2
CONTRIBUTIONS TO BUILDING COSTS		399.1	401.9
DEFERRED INCOME – CROSS BORDER LEASING		205.5	244.8
OTHER LIABILITIES		26.4	15.3
SHORT-TERM LIABILITIES		1,624.2	1,350.1
FINANCIAL OBLIGATIONS		370.1	596.1
PROVISIONS		187.3	235.1
PROVISIONS FOR CURRENT TAXES		210.2	166.7
OTHER LIABILITIES		856.6	352.2
TOTAL EQUITY AND LIABILITIES		8,700.3	8,293.8

CASH FLOW STATEMENT OF THE VERBUND GROUP ACCORDING TO IFRSs (CONDENSED VERSION)

MILLION €

	NOTES	Q 1/2009	Q 1/2008
OPERATING CASH FLOW*	(10)	207.8	309.3
CASH FLOW FROM INVESTING ACTIVITIES		-376.7	-211.7
CASH FLOW FROM FINANCING ACTIVITIES		74.2	-63.8
CHANGES TO CASH AND CASH EQUIVALENTS		-94.7	33.8
CASH AND CASH ITEMS AS OF 01. 01.		107.8	330.1
CASH AND CASH EQUIVALENTS AS OF 31. 03.		13.1	363.9

* Includes payments in the amount of € 149.2 million (corresponding period the previous year: € +13.1 million) from electricity futures primarily .

RATIOS OF THE VERBUND GROUP

	UNIT	Q 1/2009	Q 1/2008
AVERAGE NUMBER OF SHARES IN CIRCULATION ¹		308,200,000	308,200,000
GEARING ²	%	91.2	75.6
NET DEBT ²	MILLION €	2,737.6	1,875.1
INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	MILLION €	39.3	48.8
INVESTMENT IN HOLDINGS	MILLION €	266.0	69.7
EBITDA MARGIN	%	34.2	35.9
EBIT MARGIN	%	29.0	30.9
AVERAGE NO. OF EMPLOYEES		2,596	2,486
ELECTRICITY SALES	GWh	11,289	13,330
HYDRO COEFFICIENT		0.97	1.03

¹ Diluted = non-diluted.

² The ratios were modified. The previous year's figures were adjusted.

SEGMENT REPORTING ACCORDING TO IFRS 8

MILLION €

	ELECTRICITY	GRID	PARTICI- PATING INTERESTS & SERVICES	ELIMI- NIATION	TOTAL GROUP
QUARTER 1/2009					
EXTERNAL SALES	792.6	85.7	3.3	0.0	881.6
INTERNAL SALES	34.7	16.5	17.5	-68.7	0.0
TOTAL SALES	827.3	102.2	20.8	-68.7	881.6
OPERATING RESULT (EBIT)	224.6	36.5	-5.1	0.0	256.0
DEPRECIATION AND AMORTIZATION	-30.8	-13.2	-2.1	0.2	-45.9
OTHER MATERIAL NON-CASH ITEMS ¹	129.2	1.4	0.1	0.0	130.7
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	51.3	0.0	51.3
THEREOF RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	47.4	0.0	47.4
CAPITAL EMPLOYED²	3,562.8	647.6	2,494.0	-1,133.8	5,570.6
THEREOF CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.1	0.0	1,799.3	0.0	1,801.4
INVESTMENT IN NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	24.8	13.0	31.9	0.0	69.8
INVESTMENT IN PARTICIPATING INTERESTS	0.0	0.0	266.0	0.0	266.0
QUARTER 1/2008					
EXTERNAL SALES	802.5	87.0	2.1	0.0	891.7
INTERNAL SALES	38.2	10.7	19.4	-68.3	0.0
TOTAL SALES	840.7	97.7	21.5	-68.3	891.7
OPERATING RESULT (EBIT)	255.0	28.8	-7.9	0.0	275.9
DEPRECIATION AND AMORTIZATION	-29.3	-13.1	-1.6	0.0	-44.0
OTHER MATERIAL NON-CASH ITEMS ¹	-23.6	0.7	0.5	0.0	-22.4
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	50.6	0.0	50.6
THEREOF RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	50.0	0.0	50.0
CAPITAL EMPLOYED²	3,113.6	703.9	1,889.3	-630.9	5,075.9
THEREOF CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.1	0.0	1,154.2	0.0	1,156.3
INVESTMENT IN NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	30.0	17.9	1.4	0.0	49.3
INVESTMENT IN PARTICIPATING INTERESTS	0.0	0.0	69.7	0.0	69.7

¹ Other material non-cash items include, particularly, valuation effects of hedging transactions in the energy area, the impairments of primary energy inventories and non-cash changes to provisions.

² Capital employed corresponds to the total capital less the parts not involved in the production and distribution process (e.g. prepayments, plants under construction and closed items on the assets and liabilities side) as well as non-interest-bearing debts.

SELECTED EXPLANATORY NOTES

These condensed consolidated interim financial statements of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) for quarter 1/2009 comply with the requirements of IAS 34 and have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as applicable in the European Union.

GENERAL BASIS

In accordance with IAS 34, these condensed consolidated interim financial statements do not include all the information and details required in the annual financial statements and should therefore be read in connection with the group financial statements of Verbundgesellschaft as of 31 December 2008.

The following new or amended IFRSs and interpretations of the IFRIC were applied for the first time in these condensed consolidated interim financial statements for quarter 1/2009:

ACCOUNTING POLICIES

	TO BE APPLIED AS OF
NEW IFRSs/IFRICs	
IFRS 8 »OPERATING SEGMENTS«	01. 01. 2009
IFRIC 12 »SERVICE CONCESSION AGREEMENTS«	01. 01. 2008
IFRIC 13 »CUSTOMER LOYALTY PROGRAMS«	01. 07. 2008
AMENDED IFRSs	
AMENDMENTS TO IAS 1 »PRESENTATION OF FINANCIAL STATEMENTS«	01. 01. 2009
AMENDMENTS TO IAS 23 »FREMDKAPITALKOSTEN«	01. 01. 2009
AMENDMENTS TO IAS 32 AND IAS 1 »PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION«	01. 01. 2009

As a result of IFRS 8 »Operating Segments«, the contents of Segment Reporting had to be adjusted. In accordance with IFRS 8, segment definition and information that is to be disclosed must be based on internal control and reporting (Management Approach). The segments defined within the Verbund Group, namely »Electricity«, »Grid« and »Participating Interests & Services« correspond with the internal reporting structure to the Managing Board, the chief operating decision maker. Internal performance within the segments is measured primarily on the basis of the operating result (EBIT). In the »Participating Interests & Services« segment, the result from participating interests is also relevant. Capital employed is used as the measure of segment assets.

IFRIC 12 »Service Concession Agreements« regulates the accounting treatment of service arrangements between the public and private sector relating to the construction, operation and maintenance of infrastructures. Beneficial ownership of the assets does, however, remain with the public sector. In the Verbund Group, IFRIC 12 is applied for the first time in connection with the concession agreement for a hydropower project in Albania.

IFRIC 13 »Customer Loyalty Programs« did not necessitate any changes in the financial statements of the Verbund Group.

As a result of the amendments to IAS 1 »Presentation of Financial Statements« some of the components of the financial statements were restructured and given new designations. Income and expenses recognized directly in equity – these are referred to as other comprehensive income in IAS 1 (revised 2007) – are no longer presented in the statement of changes in equity, but rather in a separate statement of comprehensive income. These items of other comprehensive income are presented after reclassification adjustments and before tax effects. The total amount of the tax effects is shown in the statement of comprehensive income. As a result, the disclosures in the statement of changes in equity have been reduced. This statement is now primarily used to disclose owner changes in equity and the effects of changes in accounting policies.

The revision of IAS 23 »Borrowing Costs« resulted in the termination of the option of recognizing borrowing costs that can be directly allocated to the acquisition, construction or production of a qualifying asset as an expense. As group financing is controlled centrally within the Verbund Group, the amount of borrowing costs to be capitalized is determined using the weighted average of the total borrowing costs, which is calculated on a quarterly basis. In cases where the borrowing costs can be allocated directly to particular qualifying assets, these are capitalized separately.

The amendments to IAS 32 and IAS 1 »Puttable Financial Instruments and Obligations Arising on Liquidation« did not necessitate any changes in the financial statements of the Verbund Group.

The other accounting policies and calculation/presentation methods applied in the interim financial report remain unchanged as compared to the last financial statements. Due to the utilization of EDP devices, differences can arise in the addition of rounded totals and percentages.

**CHANGES IN COMPANIES
TO BE CONSOLIDATED AND
ACQUISITION OF COMPANIES
ACCOUNTED FOR USING THE
EQUITY METHOD**

With effect from 1 January 2009, the wind farms Bruck/Hollern/Petronell–Carnuntum were acquired to 100 % at a purchase price of € 55.4 million.

In the provisional purchase price allocation, hidden reserves in property, plant and equipment in the amount of € 37.6 million were identified. These were capitalized under consideration of tax effects. The goodwill in the amount of € 25.3 million resulted from non-separable assets such as expertise in the management of wind farms and the market share following the entry into the domestic market for wind energy.

Alpha Wind S.R.L., which was acquired in December 2008 for € 2.0 million, was fully consolidated on 1 January 2009 for the first time.

In the provisional purchase price allocation within the framework of the first-time consolidation, hidden reserves in property, plant and equipment in the amount of € 3.2 million were identified. These were capitalized under consideration of tax effects.

The assets and liabilities of these newly consolidated companies are as follows at the time of acquisition:

	MILLION €
NON-CURRENT ASSETS	74.9
CURRENT ASSETS	3.7
TOTAL ASSETS	78.6
SHAREHOLDERS' EQUITY	33.8
LONG-TERM LIABILITIES	11.4
SHORT-TERM LIABILITIES	33.4
TOTAL EQUITY AND LIABILITIES	78.6
SALES IN THE YEAR UNDER REVIEW	2.5
NET PROFIT IN THE YEAR UNDER REVIEW	0.3
NET PROFIT SINCE THE DATE OF ACQUISITION	0.3

The acquisition of the Turkish, state-owned electricity supplier Baskent Elektrik Dagitim A.S., the tender for which was won by the VERBUND Group and Sabanci Holding A.S. in July 2008 at a purchase price of USD 1,225.0 million, was closed on 28 January 2009. The shares were purchased by Enerjisa Elektrik Dagitim A.S., a joint venture with Sabanci Holding A.S.

A capital increase in Enerjisa Elektrik Dagitim A.S. (share of Verbund Group: € 265.7 million) was carried out in January 2009 to finance the purchase price of Baskent Elektrik Dagitim A.S.

The Verbund Group holds a 50 % stake in Baskent Elektrik Dagitim A.S. The prorated purchase price amounts to USD 612.5 million. Due to the size of the acquired company and the fact that the acquisition took place close to the balance sheet date, the individual circumstances have not all been fully evaluated yet and, as a result, the provisional purchase price allocation was not yet finalized on the balance sheet date.

ELECTRICITY SALES ACCORDING TO CUSTOMER SEGMENT

MILLION €

	QUARTAL	QUARTER	CHANGE	
	1/2009	1/2008	ABSOLUTE	IN %
END CUSTOMERS	188.2	149.2	39.0	26.1
RESELLERS	334.2	308.1	26.1	8.5
TRADERS	259.4	336.3	-76.9	-22.9
TOTAL ELECTRICITY SALES	781.8	793.6	-11.8	-1.5
THEREOF DOMESTIC	397.4	308.7	88.7	28.7
THEREOF ABROAD	384.4	484.9	-100.5	-20.7

(1) ELECTRICITY SALES

EXPENSES FOR ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)

MILLION €

	QUARTAL	QUARTER	CHANGE	
	1/2009	1/2008	ABSOLUTE	IN %
ELECTRICITY PURCHASES	-373.0	-422.2	49.2	-11.7
GRID PURCHASES	-32.7	-22.0	-10.7	48.6
TOTAL	-405.7	-444.2	38.5	-8.7

(2) EXPENSES FOR ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)

(3) PAYROLL EXPENSES**PAYROLL EXPENSES**

MILLION €

	QUARTAL	QUARTER	CHANGE	
	1/2009	1/2008	ABSOLUTE	IN %
WAGES, SALARIES AND RELATED EXPENSES	-61.5	- 58.5	-3.0	5.1
EXPENSES FOR SEVERANCE PAYMENTS AND PENSIONS	-11.0	- 6.2	-4.8	77.4
TOTAL PAYROLL EXPENSES	-72.5	- 64.7	-7.8	12.1

A total of € 1.5 million (quarter 1/2008: € 1.4 million) was paid into the defined-contribution pension fund in quarter 1/2009. The expected pension fund return was lowered from 4 % to 2 % p.a.

(4) OTHER OPERATING EXPENSES

Other operating expenses increased in quarter 1/2009 compared to the corresponding period of the previous year by € 15 million or 45.4 % to € 48 million. This increase resulted, particularly, from the increased costs for maintenance measures such as the sealing of a storage basin (€ 12.3 million) as well as dredging work (€ 1.5 million).

(5) RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD**RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD**

MILLION €

	QUARTAL	QUARTER	CHANGE	
	1/2009	1/2008	ABSOLUTE	IN %
DOMESTIC	55.3	27.3	28.0	102.6
FOREIGN	-7.9	22.7	-30.6	n.a.
TOTAL	47.4	50.0	-2.6	-5.2

All companies accounted for using the equity method are included for the first time with their prorated IFRSs result from the interim or annual financial statements, the balance sheet date of which falls a maximum of three months prior to the balance sheet date of the parent company. This adjustment resulted in a one-off positive earnings effect in the amount of € 24.8 million in quarter 1/2009. If this had been fully applied to 31 December 2008, the result from participating interests accounted for using the equity method would have come to € 9.7 million instead of € 34.1 million in fiscal 2008.

(6) INTEREST INCOME AND INTEREST EXPENSES

In quarter 1/2009, interest income decreased by € 8.6 million or 35.8 % to € 15.4 million compared to the corresponding period the previous year. This is attributable, in particular, to lower interim investments and higher interim financing requirements which, in turn, result from the borrowing commitment to finance the progressive investment program.

The € 3.1 million improvement in interest expenses is essentially attributable to the lower profit/loss shares of the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG as well as the capitalization of the borrowing costs for qualifying assets according to the first-time obligatory application of IAS 23 (revised 2008) which brought relief in the amount of € 1.7 million.

(7) OTHER FINANCIAL RESULT

The other financial result rose from € -1.0 million in quarter 1/2008 to € 5.6 million in quarter 1/2009. The international financial market crisis and its effects on the investment portfolio of the Verbund Group, which is held to hedge the electricity business, necessitated – despite a temporary period of relief – a value adjustment of the securities and investment funds in the amount of € 19.6 million. This negative effect was more than compensated by profits from a hedging transaction in connection with the acquisition of Baskent Elektrik Dagitim A.S. as well as valuation-related price gains from a JPY bond.

As of 31 March 2009, the intangible assets include goodwill in the amount of € 25.5 million (31 December 2008: € 0.0 million).

(8) INTANGIBLE ASSETS

In quarter 1/2009, property, plant and equipment in the amount of € 39.3 million (quarter 1/2008: € 48.8 million) was purchased by the Verbund Group.

(9) PURCHASE AND SALE
OF PROPERTY, PLANT AND
EQUIPMENT

On the other hand, property, plant and equipment with a net carrying amount of € 0.4 million (quarter 1/2008: € 0.8 million) was sold. This resulted in a gain on disposal in the amount of € 0.4 million (quarter 1/2008: € 1.4 million).

The operating cash flow sank compared to the corresponding period of the previous year by € 101.5 million to € 207.8 million. This essentially resulted from the change in the contributions from the electricity business (€ +58.9 million) as well as aperiodic payments (€ -162.3 million) in connection with energy derivatives.

(10) OPERATING CASH FLOW

PURCHASE COMMITMENT FOR PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS & OTHER SERVICES MILLION €	
TOTAL OBLIGATION AS OF 31. 03. 2009	884.6
THEREOF DUE 2009/2010	726.4
THEREOF DUE 2011 TO 2014	158.2

PURCHASE COMMITMENT
FOR PROPERTY, PLANT AND
EQUIPMENT, INTANGIBLE
ASSETS AND OTHER SERVICES

As of 31 March 2009, the following open payment obligations existed in the investment area, in particular with regard to the interests in the Italian Sorgenia Group, the Turkish generation company Enerjisa Enerji Üretim A.S. and the Turkish distribution company Baskent Elektrik Dagitim A.S.:

OPEN PAYMENT OBLIGATIONS

OPEN PAYMENT OBLIGATIONS MILLION €	
TOTAL OBLIGATION AS OF 31. 03. 2009	670.8
THEREOF DUE 2009	284.3
THEREOF DUE 2010 TO 2014	386.5

The obligations resulting from the cross border leasing transactions concluded by the end of the year 2000 are fully covered by loans to financial institutions, zero coupons and medium term notes. The loans are collateral promise agreements with financial institutions of good and high-grade credit rating. Certain obligations from cross border leasing agreements were abandoned, as were the loans and zero coupons that served as security for those obligations. With respect to the portion of leasing liabilities not yet repaid, Verbund has a subsidiary liability as of 31 March 2009 in the amount of € 3,481.2 million (31 December 2008: € 3,976.2 million). As for the rights of recourse vis-à-vis the main debtors, € 3,057.1 million (31 December 2008: € 3,193.0 million) have been secured by way of counter-guarantees from financial institutions, companies authorized to procure electricity and regional authorities (resulting from guarantor liabilities).

CONTINGENT LIABILITIES

There were no further changes to the contingent liabilities since the last balance sheet date.

RELATED-PARTY DISCLOSURES

The related parties have been extended by the company Baskent Elektrik Dagitim A.S. since the publication of last group financial statements.

The most significant business transactions were carried out with associated companies accounted for using the equity method and are shown as follows:

RELATED-PARTY DISCLOSURES		MILLION €	
		Q 1/2009	Q 1/2008
SALES	159.6		
OTHER INCOME		1.1	0.9
ELECTRICITY AND GRID PURCHASES		30.8	54.5
OTHER EXPENSES		1.1	1.1
		31. 03. 2009	31. 03. 2008
RECEIVABLES		45.5	42.3
LIABILITIES		49.4	44.5
LOANS		41.1	41.2

In quarter 1/2009, electricity sales to the Republic of Austria amounted to € 0.2 million (quarter 1/2008: € 0.7 million), electricity sales to companies controlled by the Republic of Austria came to € 27.8 million in this period (quarter 1/2008: € 20.0 million). In quarter 1/2009, these electricity sales are offset by electricity purchases from companies controlled by the Republic of Austria in the amount of € 7.4 million (quarter 1/2008: € 9.4 million).

Expenses for supervision by E-Control came to € 2.8 million in quarter 1/2009 (quarter 1/2008: € 1.2 million).

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

On 8 April 2009, VERBUND-International Finance B.V. issued a € 500 million bond within the framework of the three-billion-euro EMTN program (European Medium Term Note). The bond has a term of 6 years. The interest rate is 4.75 %. The issue price lay at 99.699 %. The inflows from the bond issue are to be used to finance the expansion of hydropower and the electricity grid in Austria as well as the international activities of the Verbund Group.

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