

Q1

VERBUND
INTERIM REPORT
QUARTER 1/2008

END CUSTOMERS

STOCK MARKET SITUATION

PRICE DEVELOPMENT OF
THE VERBUND SHARE

EARNINGS POSITION

CASH FLOW

SECURITY OF SUPPLY

RISK SITUATION



CONTENTS

| | |
|--|-----------|
| REPORT OF THE MANAGING BOARD | 3 |
| THE VERBUND SHARE | 5 |
| MANAGEMENT REPORT | 7 |
| BUSINESS DEVELOPMENT | 7 |
| BUSINESS SEGMENTS | 11 |
| GROUP FINANCIAL STATEMENTS ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS | 17 |
| INCOME STATEMENT OF THE VERBUND GROUP | 17 |
| BALANCE SHEET OF THE VERBUND GROUP | 18 |
| CASH FLOW STATEMENT OF THE VERBUND GROUP | 19 |
| STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP | 19 |
| RATIOS OF THE VERBUND GROUP | 20 |
| SEGMENTAL REPORTING OF THE VERBUND GROUP (BUSINESS SEGMENTS) | 20 |
| SELECTED EXPLANATORY NOTES | 21 |

DEAR SHAREHOLDER,

Following the successes achieved in fiscal 2007, we can now also present a very good interim result for quarter 1/2008 and announce that the business development of Austria's leading electricity company is very positive.

Once again, the important key ratios improved significantly and strengthened Verbund's position as one of the leading hydropower groups in the European market.

In addition, we pushed ahead with the construction of power plants and lines in Austria and have further developed the foreign joint ventures that were set up in the last few years.

The result was positively impacted, above all, by the rise in European wholesale prices and the above-average water supply.

Following the significant decline in the European spot market prices for electricity in 2007 largely due to the drop in the prices for CO₂-emission rights and the extraordinarily warm winter, prices recovered again in quarter 1/2008. This development is essentially attributable to the high costs for primary energy sources and CO₂ emission rights as well as the decline in European reserve capacities. Furthermore, the European forward prices are still at a high level. For this reason, Verbund managed to increase its average sales prices in the European electricity markets in quarter 1/2008.

In quarter 1/2008, the water supply of the Austrian rivers measured with the hydro coefficient came to 1.03 and therefore lay three percentage points above the long-time average and two percentage points above the value recorded in the previous year.

The Verbund result in quarter 1/2008 was therefore very positive: Sales revenue increased by 9.8 % to € 891.7 million, the operating result rose by 15.1 % to € 275.9 million and the group result was up 11.8 % at € 210.3 million.

The power plant and line construction projects initiated by Verbund in the last few years are either progressing according to or are well ahead of schedule. The latest construction phase for »Limberg II«, the excavation of the machine caverns, was, for example, completed four months earlier than planned. The pumped storage power plant, which will more than double the output of Verbund's Kaprun power plant group, is due to be commissioned in 2012.

The construction of the Styria line, an important section of the future 380 kV high-voltage ring in Austria, is also proceeding according to schedule: Work on the foundations for the pylons is progressing swiftly, the construction work for Substation East Styria has commenced and reforestation is already being carried out in areas that were cleared. The line, which will be almost 100 km in length, is scheduled to be commissioned in mid-2009.

LATEST QUARTERLY
RESULTS SIGNIFICANTLY
IMPROVED

CONSTRUCTION WORK
IN FULL SWING

140,000 END CUSTOMERS IN AUSTRIA

Verbund's activities in the Austrian end customer segment are also thriving: In just under three years, the distribution subsidiary VERBUND-Austrian Power Sales GmbH (APS) has attracted 140,000 customers.

JOINT VENTURES ENJOYING SUCCESS

The joint ventures of Verbund in Italy, France and Turkey are also developing very well. The Italian electricity and natural gas company Sorgenia, in which Verbund holds a 38 % interest, managed to increase profits by just under 16 % last year. The construction of the 770 MW gas power plant Modugno is well advanced; commissioning will take place at the end of this year. The construction work for two further 770 MW thermal power plants is due to commence this year. Sorgenia currently has a generation capacity of approx. 2,000 MW and is therefore one of the largest producers of electricity in Italy.

In Turkey, EnerjiSA, which is owned equally by the Verbund Group and the Sabanci-Holding, has decided to construct a 920 MW gas power plant, which is to be located in Bandirma on the south coast of the Sea of Marmara in northwest Turkey. Commissioning is scheduled for autumn 2010. The construction decisions for the first two hydropower plants Kavsakbendi (177 MW, commissioning scheduled for 2011) and Hacininoglu (142 MW, commissioning scheduled for 2010) were issued in December 2007. With an installed output of 5,000 MW, EnerjiSA aims to win a minimum market share of 10 % in the Turkish electricity sector by 2015.

In France, the construction work for the thermal power plant Pont sur Sambre (412 MW) is already well advanced. Commissioning is scheduled for quarter 1/2009. Moreover, Poweo intensifies its business activities in the end customer segment and in the field of renewable energies.

POSITIVE OUTLOOK FOR 2008

Against the backdrop of a positive and stable business development, Verbund is raising its earnings forecast for fiscal 2008. We expect – assuming an average water supply – that the operating result and the group result will increase by 15 %. In addition, we intend to further increase the dividend for fiscal 2008 on the basis of a pay-out ratio of between 45 % and 50 %.

Dr. Michael Pistauer
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

The crisis in the US mortgage market («sub-prime crisis») resulted in high value adjustments at financial institutions in quarter 1/2008 and also led to a noticeable decrease in the risk propensity of private and industrial investors. Moreover, concerns in the US with regard to the future development of the economy continued to grow and these could not be dispelled in Europe either. Added to this, high prices for oil, raw materials and foodstuffs led to an increase in inflationary pressure. As a result of these factors, the development on the international stock markets was predominantly negative in quarter 1/2008.

After significant losses on all of the major international stock markets at the beginning of the stock market year, the monetary policy measures implemented by the US central bank in the second half of January led to a temporary recovery which was followed by a volatile lateral movement. In spite of the efforts of the US central bank, the US stock index Dow Jones Industrial, the Euro Stoxx 50 and the Japanese Nikkei 225 fell to a new year low in March with values that were, for a temporary period, even lower than those recorded in January. Additional monetary policy measures of the US central bank, however, bolstered the markets again and the stock exchanges recovered slightly from the March lows. Losses for the quarter – in some cases significant – were, however, recorded by all of the major stock markets. The New York stock index Dow Jones Industrial closed 7.6 % below the year-end value, the Euro Stoxx 50 was down 17.5 %, the Japanese Nikkei 225 declined by 18.2 % and the East European index, CECE, which is calculated in Euro, fell by 11.7 %.

The negative international stock market environment also had an adverse effect on the Vienna Stock Exchange. The key index of the Vienna Stock Exchange, the Austrian Traded Index (ATX), recorded a drop of 16.6 % and therefore performed slightly better than the European benchmark index Euro Stoxx 50. The price trend on the Vienna Stock Exchange more or less reflected the trend on the other international stock markets. The recovery in the wake of the provisional year lows in January was, however, more marked and the ATX even crossed the 4,000 mark for a short period at the end of February. Following a significant correction in the first half of March, the ATX did, however, drop to a new year low of 3,524.64 points on 17 March but then recovered to close the quarter at 3,765.91 points.

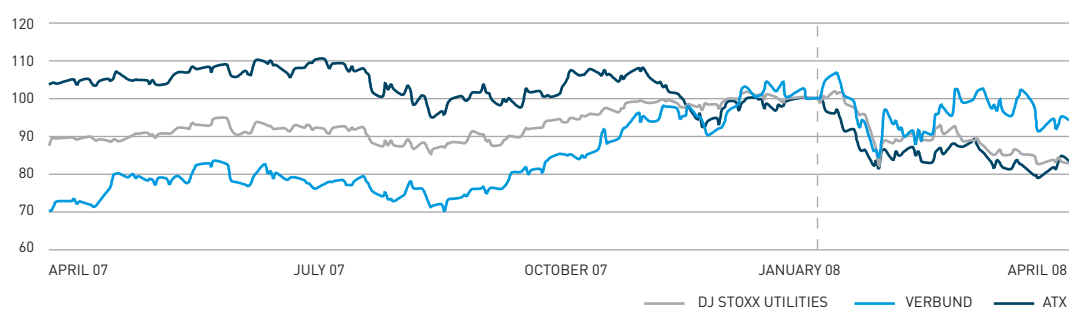
The Verbund share closed fiscal 2007 at € 47.9 after a positive performance of 18.5 %. The share continued its positive development at the beginning of the new trading year and achieved a new all-time high of € 51.1 on 8 January 2008. The price of the Verbund share did, however, drop significantly in the days that followed – in step with the trend on the international stock markets. Bad news from the US mortgage market, the fraud case at Société Générale and growing concern about a recession in America led to a significant correction on all stock markets. The Verbund share fell to € 40.5 but managed to recover very quickly in quarter 1/2008. On 19 February 2008, the reputable investment bank Merrill Lynch included the Verbund share in its list of »most preferred stocks«. Merrill Lynch once again issued a »buy« recommendation and the price target was set at € 55. The value of the Verbund share subsequently increased by over 7 %. While all the major indices recorded new year lows in March, the Verbund share – despite recording slight losses – developed well ahead of the overall market in March.

STOCK MARKET SITUATION

PRICE DEVELOPMENT OF THE VERBUND SHARE

On 31 March 2008, the Verbund share closed at € 45.1 with a negative performance of 5.8 % in quarter 1/2008. Hence, the Verbund share significantly outperformed the ATX (-16.6 %) and the DJ STOXX Utilities index (-17.2 %) in an extremely difficult market environment.

RELATIVE SHARE PRICE DEVELOPMENT (1 YEAR, 01.01.2008 = 100 %)



TURNOVER AND MARKET CAPITALIZATION

Stock exchange turnover in Verbund shares reached € 1,760.2 million. On average, 618,800 shares were traded every day. The total value of the company derived from its market capitalization amounted to € 13,896.7 million as of 31 March 2008; its weighting at the ATX was 6.2 %.

STOCK RATIOS

| | | Q 1/2008 | Q 1/2007 |
|-----------------------------|------------|----------|----------|
| PEAK PRICE | € | 51.1 | 40.9 |
| LOWEST PRICE | € | 40.5 | 31.2 |
| CLOSING PRICE | € | 45.1 | 33.6 |
| PERFORMANCE | % | -5.8 | -17.0 |
| MARKET CAPITALIZATION | MILLION. € | 13,896.7 | 10,343.2 |
| WEIGHTING ATX | % | 6.2 | 3.7 |
| STOCK EXCHANGE TURNOVER | MILLION € | 1,760.2 | 2,016.6 |
| STOCK EXCHANGE TURNOVER/DAY | UNITS | 618,800 | 910,471 |

CAPITAL MARKET CALENDAR 2008

| EVENT | LOCATION | DATE |
|---|-------------------|------------------|
| INTERIM REPORT QUARTER 1/2008 | | 22. 04. 2008 |
| INVESTORS' CONFERENCE DEUTSCHE BANK | FRANKFURT | 04. 06. 2008 |
| INVESTORS' CONFERENCE CITIGROUP | LONDON | 11.-12. 06. 2008 |
| INTERIM REPORT QUARTERS 1-2/2008 | | 29. 07. 2008 |
| ROAD SHOW | LONDON, EDINBURGH | 30.-31. 07. 2008 |
| INVESTORS' CONFERENCE ERSTE BANK | STEGERSBACH | 02. 10. 2008 |
| GEWINN EXHIBITION | VIENNA | 16.-18. 10. 2008 |
| INTERIM REPORT QUARTERS 1-3/2008 | | 21. 10. 2008 |
| ROAD SHOW | FRANKFURT | 22. 10. 2008 |
| EEl - FINANCIAL CONFERENCE | USA | 09.-12. 11. 2008 |
| INVESTORS' CONFERENCE WIENER BÖRSE AND ERSTE BANK | NEW YORK | 01. 12. 2008 |

MANAGEMENT REPORT

BUSINESS DEVELOPMENT

In quarter 1/2008, Verbund significantly improved the sales revenue, the operating result and the group result. This improvement is attributable, above all, to the increase in European wholesale prices and the above-average water supply. The drop in generation at the storage power plants did, however, have an adverse impact on the result. Sales revenue rose by 9.8 % to € 891.7 million in quarter 1/2008, the operating result improved by 15.1 % to € 275.9 million and the group result was up 11.8 % at € 210.3 million.

CONSOLIDATED INCOME STATEMENT (SHORT VERSION)

MILLION €

| | Q 1/2006 | Q 1/2007 | Q 1/2008 | CHANGE |
|------------------|----------|----------|----------|--------|
| SALES REVENUE | 783.5 | 812.2 | 891.7 | 79.5 |
| OPERATING RESULT | 213.8 | 239.7 | 275.9 | 36.2 |
| FINANCING RESULT | -24.4 | 21.6 | 18.2 | -3.4 |
| GROUP RESULT | 138.2 | 188.2 | 210.3 | 22.1 |

EARNINGS POSITION

Group revenue rose by 9.8 % to € 891.7 million in quarter 1/2008.

The high spot market prices coupled with the slightly higher forward prices contracted in previous periods led to an increase in revenue from electricity business despite the overall drop in own generation. Generation at the run-of-river power plants and thermal generation displayed a slight increase compared to the corresponding period in the previous year. The lower reservoir levels at the beginning of the year compared to the previous year did, however, lead to a significant drop in generation at the annual storage power plants.

Specifically, electricity revenue rose by 8.9 % to € 793.6 million. Electricity revenue from end customers rose by a significant € 101.7 million due to the reacquisition of Austrian Power Vertriebs GmbH (APC) and the intensification of the end customer business. Sales to resellers displayed a slight increase of € 5.1 million. Sales to trading companies continued to decline (-€ 42.0 million or -11.1 %). Foreign markets accounted for 61.1 % of the electricity revenue (previous year: 66.4 %). Germany, France and Slovenia were the most important foreign markets from a sales perspective. The sales volume was down 481 GWh or 3.5 % compared to the corresponding period the previous year.

Grid revenue rose by 21.9 % to € 85.2 million in quarter 1/2008. In spite of the drop in transport volumes, grid revenue improved due to the increase in international ITC revenue and the growth in revenue from auctions. The tariff increases also had a positive effect.

Other sales revenue and, above all, revenue from district heating remained more or less unchanged compared to the same period the previous year.

SALES REVENUE
IMPROVED

| SALES REVENUE | MILLION € | | |
|-------------------------|--------------|--------------|--------------|
| | Q 1/2006 | Q 1/2007 | Q 1/2008 |
| ELECTRICITY SALES | 671.4 | 728.8 | 793.6 |
| GRID SALES | 68.8 | 69.9 | 85.2 |
| EMISSION RIGHTS (SALES) | 29.4 | 0.3 | 0.0 |
| OTHER | 13.9 | 13.2 | 12.9 |
| SALES REVENUE | 783.5 | 812.2 | 891.7 |

INCREASING ELECTRICITY AND GRID PURCHASES

Although electricity purchases dropped by 2.9 % from a volume perspective, the value of these purchases increased by 7.6 % or € 30.0 million, primarily due to the high price level on the spot market. Own generation fell by 4.1 % or 276 GWh in spite of the slight increase in thermal generation (+1.9 % or +21 GWh) and the good water supply (hydro coefficient: 1.03; previous year 1.01). This is attributable to the significant drop in generation at the annual storage power plants. The 54.2 % or € 7.8 million increase in grid purchases resulted from the clear expansion of the end customer business both in Austria and abroad.

PRIMARY ENERGY AND CO₂ PURCHASES BURDEN FUEL EXPENSES

The increase in fuel expenses is essentially attributable to the 21 GWh rise in thermal generation and the increase in the prices for primary energy sources. Furthermore, the consumption of CO₂ emission rights which had to be purchased at greatly increased prices due to the reduced allocations under NAP II (National Allocation Plan II) led to an increase in fuel expenses.

LOWER PAYROLL EXPENSES

The € 5.7 million increase in wages, salaries and related costs to € 58.5 million is due to the adjustments for the collective wage agreement amounting to 3.7 % and the increase in personnel recruitment. The number of employees increased by 79 to 2,486 (previous year: 2,407), whereby the acquisition of Austrian Power Vertriebs GmbH in August 2007 accounts for 19 of the new hirings.

The expenses for severance payments and pensions, on the other hand, were reduced. While the pension adjustments in line with the Consumer Price Index increased expenses in the previous year, the lower provisions for early retirement had a positive impact in quarter 1/2008.

OTHER OPERATING EXPENSES

Other operating expenses increased by 8.6 % to € 33.0 million. This increase is essentially due to the creation of provisions for storm damage to the grid and higher legal and consulting expenses for projects.

FINANCING RESULT

The financing result rose by 10.7 % or € 3.4 million.

This increase is due, above all, to the higher interest burden (€ 11.6 million) as a result of the new loans that were taken out from the European Investment Bank (EIB) and the Österreichische Kontrollbank in the previous year. The fixed-interest bond with a nominal value of € 500 million also led to an increase in the financing result. Higher earnings from money market transactions reduced the financial result by € 9.6 million. Valuation-related foreign currency effects from financial obligations in JPY continued to have a burdening effect amounting to € 4.1 million.

The profit/loss shares attributable to limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG were recognized – as in the group financial statements for 2007 – in the financing result under interest expenses (see Accounting Policies in the Notes). These shares were reduced by € 2.3 million to € 15.4 million.

RESULT FROM PARTICIPATING INTERESTS

The result from interests accounted for using the equity method lay slightly above the value recorded for the same period in the previous year. The decline in profits at STEWEAG-STEG GmbH compared to the previous year was compensated for by the improved result from the Sorgenia SpA (Group).

The effective tax rate of 20.6 % (as compared to a corporate tax rate of 25 %) is 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/loss shares of the limited partners of ATP GmbH & Co KG which were recognized in the financing result.

INCOME TAX EXPENSES

NET WORTH

Non-current assets increased slightly by 1.6 % to € 6,422.8 million. This was largely due to the € 72.8 million (6.3 %) increase in interests accounted for using the equity method which essentially resulted from the capital increases in EnerjiSA Enerji Üretim A.S. and POWEO Production SAS in the amounts of € 46.0 million and € 22.8 million respectively and the annual proceeds from interests accounted for using the equity method in the amount of € 50.0 million. This increase was offset by the first-time recognition in equity of currency translation differences of EnerjiSA Enerji Üretim A.S. in the amount of € 36.7 million in accordance with IAS 21.

NON-CURRENT AND CURRENT ASSETS

The rise in long-term investments is attributable to the € 65.6 million increase in other loans. Securities and loans in connection with cross border leasing were reduced by € 35.8 million. This reduction is largely due to valuation effects on the closing date, which can also be found to a corresponding extent on the liabilities side of the balance sheet.

The rise in current assets results from interim investments at banks and increases in the volume of emission rights due to the allocation in the first quarter.

The long and short-term financial obligations displayed a slight increase of € 6.3 million to € 2,592.9 million. The long-term financial obligations rose by € 33.3 million while long-term financial obligations from cross border leasing were reduced by € 32.9 million.

INCREASE IN LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

Moreover, the capital and profit/loss shares attributable to the limited partners of ATP GmbH & Co KG in the amount of € 118.2 million (previous year: € 101.2 million) were recognized under long-term financial obligations (see Notes).

The increase in trade payables and other liabilities by € 356.3 million was essentially due to the increase in dividend liabilities in the amount of € 277.4 million, the increased liabilities from tax settlements in the amount of € 46.8 million and higher liabilities towards the ECRA (Emission Certificate Registry Austria GmbH).

OTHER LONG AND SHORT-TERM LIABILITIES WITHOUT FINANCIAL OBLIGATIONS

FINANCIAL POSITION

The operating cash flow increased by € 111.4 million to € 309.3 million compared to the previous year. This primarily resulted from the higher contributions from the electricity business and payments from prior periods in connection with energy derivatives.

OPERATING CASH FLOW

The cash flow from investing activities changed by –€ 140.4 million to –€ 211.7 million. This was mainly due to further investments in the Turkish EnerjiSA Group (€ 46.0 million) and the Poweo Group (€ 22.8 million), the increase in long-term investments and the increased investment in property, plant and equipment.

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from financing activities changed by +€ 46.0 million to –€ 63.8 million. Long-term borrowing from banks in the amount of € 40.0 million was offset by the repayment of short-term borrowings on the money market in the amount of € 0.6 million and the redemption of bonds, loans and credits in the amount of € 4.8 million. Dividends amounting to € 101.6 million were distributed.

CASH FLOW FROM FINANCING ACTIVITIES

RATIOS

NET GEARING SHOWS FURTHER IMPROVEMENT

Net gearing dropped from 71.0 % as on 31 March 2007 to 68.4 % as on 31 March 2008 despite the increase in long-term financial obligations. An increase of 2.5 % was achieved compared to 31 December 2007.

EBIT MARGIN

The EBIT margin rose from 29.5 % to 30.9 % compared to quarter 1/2007. This increase is primarily attributable to the higher contributions in the electricity business.

RISK SITUATION

A risk management system is implemented throughout the group to manage opportunities and risks. Opportunities and risks are recorded and evaluated on a regular basis in the individual phases of the risk management process and risk management and minimization measures are defined. The risk management process is implemented systematically in all steps of the Verbund value-added chain. The possible effects of these opportunities or risks on the group result are subsequently presented and reported on.

VOLUME AND PRICE RISK

The risk drivers that have the greatest influence on the group result are the volume risk and the price risk. The group depends greatly on meteorological conditions that influence the water supply and hence, generation from hydropower. To ensure that Verbund can meet its contracted supply obligations, underproduction resulting from a poor hydro coefficient must be compensated either by generation at thermal power plants or through the purchase of electricity on the market. On the other hand, above-average hydraulic generation could create additional earnings potential. A deviation of 1 % from the planned generation value for the remainder of the year due to overproduction or underproduction would have an earnings effect of € 10.7 million.

Changes in the wholesale prices represent further opportunity/risk potential for Verbund. A 1 % rise/fall in the market price would increase/reduce earnings by approx. € 3.7 million.

Emission rights and the primary energy sources heating oil, natural gas or hard coal also pose important risks. The growing international demand is likely to lead to a sharp increase in the prices for fuels for the thermal power plant park. As all primary energy sources have already been purchased for fiscal 2008 or have already been secured long term through delivery agreements, an increase in these prices will not have any effect on the operating result in 2008.

REGULATORY RISKS

Due to the extensive range of activities in which Verbund is involved, the group also has to accept legal risks. This refers, above all, to various pending legal proceedings and amendments to the legal framework that could have a significant effect on the group. The Commission of the European Communities is a proponent of ownership unbundling in the transmission grid area, i.e. the separation of grid functions from the supply and generation activities – also with regard to ownership rights. Verbund relocated the grid area and implemented legal unbundling a number of years ago. Verbund, which, aside from the EU concept of ownership unbundling and the establishment of an Independent System Operator, believes that a third alternative would be more suitable, does not – on the basis of the present situation – anticipate any negative effects for fiscal 2008 or 2009.

BUSINESS SEGMENTS

ELECTRICITY

GENERATION

| | Q 1/2007 | Q 1/2008 | CHANGE |
|-------------------------|---------------|---------------|---------------|
| HYDROPOWER | 5,561 | 5,263 | -5.3 % |
| THERMAL POWER | 1,130 | 1,151 | 1.9 % |
| OWN GENERATION | 6,690 | 6,414 | -4.1 % |
| EXTERNAL PROCUREMENT | 7,120 | 6,916 | -2.9 % |
| GROUP GENERATION | 13,811 | 13,330 | -3.5 % |
| FORWARD CONTRACTS | 9,823 | 7,703 | -21.6 % |

GWh

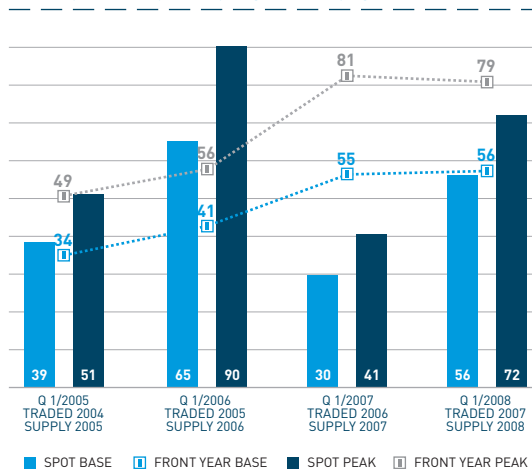
GENERATION

In quarter 1/2008, the total generation of the group, at 6,414 GWh, was 4.1 % lower than in the previous year. Hydraulic generation fell by 5.3 %. Generation at the run-of-river power plants displayed a slight increase compared to the previous year. Since the beginning of the year, the hydro coefficient is 3 % up on the long-term average. Generation at the storage power plants fell by 25 % on account of the low reservoir levels compared to 2007. In total, the hydropower plants accounted for a share of 82 % of group generation.

Thermal generation increased by 1.9 %.

Electricity purchases dropped by 2.9 % and still account for over 50 % of total generation.

DEVELOPMENT OF WHOLESALE PRICES



SOURCE: EUROPEAN ENERGY EXCHANGE

The average prices for forward contracts year base 2008 traded in 2007 came to € 55.83/MWh and were just under 2 % higher than the level recorded in the previous year. The spot market price level, on the other hand, displayed a strong increase of 89 % to € 56.19/MWh. The endorsement of the forward prices by the spot market is attributable, above all, to the stable CO₂ spot market prices and the consistently high prices for primary energy sources.

Price increases for crude oil and hard coal slowed in quarter 1/2008 compared to the price development in fiscal 2007. The prices for Brent crude oil on the spot market climbed from \$ 96/bbl to just under \$ 103/bbl (+7 %) in quarter 1/2008 and hit an all-time high of

SALES

SIGNIFICANT INCREASE IN GROUP'S ELECTRICITY SALES

\$ 109.09/bbl in March. The prices for hard coal supplies on the spot market rose from \$ 127/t to \$ 131/t (+3 %). A new all-time high of just under \$ 148/t was also recorded here in quarter 1/2008.

Against the backdrop of these conditions, sales were further increased thanks to Verbund's proven marketing strategy for group generation. The group's electricity sales came to € 793.6 million in quarter 1/2008. This represents a significant improvement on the value recorded in the corresponding period in the previous year (€ 728.8 million).

Parallel to the high spot market price level this year, the trading market for 2009 also displays further price increases.

SALES

| | Q 1/2007 | Q 1/2008 | CHANGE |
|--------------------------|---------------|---------------|---------------|
| END CUSTOMERS | 743 | 2,168 | 191.7 % |
| RESELLERS | 6,313 | 5,905 | -6.5 % |
| TRADERS | 6,255 | 4,884 | -21.9 % |
| OWN CONSUMPTION | 500 | 374 | -25.2 % |
| GROUP CONSUMPTION | 13,811 | 13,330 | -3.5 % |
| FORWARD CONTRACTS | 9,823 | 7,703 | -21.6 % |

Electricity sales in quarter 1/2008 fell slightly compared to the previous year (-3.5 %). The quantities sold on foreign markets – excluding own consumption – amounted to just under 58 %. 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 69 % of the volume sold abroad and is therefore the focal point of foreign activities.

SALES ACCORDING TO REGIONAL MARKETS

| | % |
|------------|------|
| AUSTRIA | 43.9 |
| GERMANY | 38.5 |
| FRANCE | 14.1 |
| SLOVENIA | 2.1 |
| BULGARIA | 0.7 |
| ITALY | 0.4 |
| LUXEMBOURG | 0.1 |
| BELGIUM | 0.1 |
| MACEDONIA | 0.1 |

Business with resellers in Austria declined by 11.7 %. This is a direct result of the reacquisition of Austrian Power Vertriebs GmbH (APC), the sales volumes of which are now posted in the end customer segment. Adjusted for this effect, business with Austrian provincial companies was even expanded. Business with foreign resellers is up slightly. The expansion of business on the German market and the cooperation with the joint venture partner Poweo in France paved the way for an increase of 5.4 %.

Sales to trading companies continued to decline and also led to a reduction in trading business with derivative forward contracts. This is due to the increase in direct marketing of own generation through wholesale and end customer channels and the focus on marketing high-quality products.

Business with end customers in Austria and abroad developed positively. Significant growth was achieved abroad following the acquisition of a number of major customers.

After just three years of involvement in this customer segment, Verbund has already acquired 140,000 end customers and still offers most favorable prices. 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. In addition, the reacquisition of the former distribution subsidiary APC in August 2007 led to a significant increase in business: Sales climbed by almost 192 %.

140,000 END CUSTOMERS
IN AUSTRIA

All power plant projects are progressing according to schedule. The work on Europe's largest power plant construction site, Limberg II, is even going faster than expected: The excavation of the caverns for the 480 MW pumped storage power plant was completed four months ahead of schedule.

EXPANSION OF GENERATION
FROM HYDROPOWER

The Gstatterboden works water channel for the 63 MW Hieflau power plant is currently under construction. Construction work is also progressing swiftly at the 16 MW Salzach power plant Werfen/Pfarrwerfen. The weir piers at the main structure have already been constructed to their final height.

The preliminary work for the Environmental Impact Declaration within the framework of the Reißbeck II project – the construction of a 350 MW pumped storage power plant to supplement the existing power plant – is currently being carried out. The official submissions for the revitalization of the Styrian power plant Pernegg (generation capacity to be increased by 19 GWh) are also in preparation.

The Environmental Impact Analysis for the cross-border project »Joint Power Plant Inn« (88 MW) is currently being carried out by the Austrian authorities. In tandem with this, the Swiss authorities are engaged in the preliminary work for the official approval.

GRID

KEY FIGURES GRID

| | UNIT | Q 1/2007 | Q 1/2008 |
|---------------------------------------|-----------|----------|----------|
| AMOUNT OF ENERGY RELEVANT TO CLEARING | GWh | 5,186 | 4,810 |
| GRID SALES | MILLION € | 69.9 | 85.2 |

In quarter 1/2008, the amount of energy transmitted over Verbund's 220/380 kV grid that is relevant to clearing sank by 7.3 % to 4,810 GWh. This is attributable, above all, to the significant increase in thermal generation in the underlying distribution grids in quarter 1/2008. In spite of this, sales improved as a result of the growth in international revenue, higher revenue from auctions and the increase in the tariffs for »work gross« and »system services«.

In accordance with EU Directive 1228/2003, VERBUND-Austrian Power Grid AG (APG) operates the congested borders to the control areas in Slovenia, the Czech Republic, Hungary, Italy and Switzerland by way of explicit auctions. Here, the capacities of the cross border lines of the market participants are allocated through annual, monthly and daily auctions in accordance with clearly defined market criteria.

ALLOCATION OF CROSS
BORDER CAPACITIES
(AUCTIONS)

INTERNATIONAL REVENUE ITC (INTER-TSO COMPENSATION) FOR TRANSIT COSTS

The ITC agreement, which was signed in October 2007, is now effective for the years 2008 and 2009. A project group, in which APG is also involved, has been set up within the framework of ETSO (European Transmission System Operators) to organize the future balancing of costs for transits at an international level.

TARIFF REGULATION

In quarter 1/2008, the Energy Control Commission initiated a tariff audit process for APG. APG aims to further secure the rate of return on capital employed, above all, to finance the Styria line. The new tariffs should become effective from 1 January 2009.

SECURITY OF SUPPLY, CONGESTION MANAGEMENT

The congested North-South line connections were once again heavily overloaded in winter 2007/08. For this reason, extensive congestion management had to be carried out. After the substantial grid damage caused by storm Emma at the beginning of March 2008, security of supply could only be maintained by utilizing all available congestion management measures.

The operational safety of the cross-border lines between the Czech Republic and Austria was improved in quarter 1/2008 following the implementation of technical measures.

380 KV STYRIA LINE UNDER CONSTRUCTION

The construction of the line with 340 pylons and the accompanying substations requires a total investment volume (including preliminary project costs) of approx. € 181.4 million.

Construction commenced in October 2007. The initial work focused on route clearance and felling activities as the approval decision stipulates that felling can only be carried out in the winter months. The foundation work commenced in January and the supporting structures for the first pylons have already been put in place. The construction work on Substation East Styria has also commenced.

The entire project will be carried out under close ecological supervision. The commissioning of the Styria line is scheduled for mid-2009.

ENVIRONMENTAL COMPATI- BILITY OF SALZBURG LINE SECTION CONFIRMED

The independent environment tribunal, the authority in the second instance which is activated in the event of appeals, issued its decision on 9 April 2008 in the form of an edict confirming the environmental compatibility of the 380 kV Salzburg line from St. Peter to Elixhausen. This overhead line, in which 103 million will be invested, is now confirmed to be the best solution for the completion of the Austrian 380 kV ring. According to the environment tribunal, underground cabling does not represent the latest technology under Austrian law.

SECOND SECTION ALSO TO BE COMPLETED WITH OVERHEAD LINE

According to APG, a study on the underground cabling of the 380 kV line »St. Peter – Tauern« presented by the company KEMA-Dresden on 28 January 2008 highlights shortcomings of such a serious nature that APG will now give preference to the utilization of overhead lines.

From today's perspective, the Environmental Impact Declaration for this project, in which € 332 million will be invested, cannot be submitted before the end of 2010 at the earliest. Commissioning is not expected to take place before 2015.

PARTICIPATING INTERESTS

EXCELLENT RESULT FROM SORGENIA

The Italian Verbund joint venture Sorgenia one again generated a record result in fiscal 2007. Although sales revenue dropped slightly due to the lower sales volumes, the EBIT and profits after taxes once again increased significantly compared to the previous year.

Sales revenue in 2007 came to € 1,861.7 million with electricity sales of 9.7 TWh. This corresponds to a decline of 2.8 % compared to 2006. Profits after taxes and minority interests rose by 15.9 % from € 56.3 to € 65.2 million. This excellent result is attributable to the higher margins in the electricity and gas business and the shareholding in the successful generation subsidiary Tirreno Power.

PROFITS RECORDED BY SORGENIA AFTER TAXES AND MINORITY INTERESTS

MILLION €

29.1

2005

56.3

2006

65.2

2007

At the end of 2007, Sorgenia already supplied approx. 300,000 customers. Following the complete deregulation of the Italian market in July 2007, Sorgenia is now also actively involved in the household customer segment.

The construction work for the Modugno gas power plant in the south of Italy is already well advanced and commissioning is planned for the end of 2008. The construction work for two further thermal power plants is due to commence this year.

The approval procedure for the LNG terminal (12 billion m³) in Gioia Tauro in Calabria, a project in which Sorgenia and the energy supplier IRIDE have equal shares in a 51 % participation, is currently ongoing. Financing for the LNG project has already been approved by the EU.

Verbund currently holds approx. 38 % of the Sorgenia stock.

The sales figures of the French Verbund joint venture Poweo were up almost 50 % at € 363.1 million in 2007. This development is attributable, above all, to the sales increases in the large customer and grid area.

POWEO: SALES 50 % UP

Profits after taxes came to –€ 19.9 million (2006: +€ 7.4 million). The deterioration compared to the previous year is due to one-off effects in 2006, high market entry costs in the household market and development costs for generation projects.

At the end of 2007, Poweo supplied over 90,000 customers. Following the acquisition of the distribution organization Arelys (formerly OREVAD) in quarter 4/2007, the customer base was significantly extended in quarter 1/2008 with the acquisition of approx. 20,000 new household customers.

The construction work for the thermal power plant Pont sur Sambre (412 MW) is already well advanced. Commissioning is scheduled for quarter 1/2009. Further thermal power plants are currently in the planning and approval phase. In the renewable energy area, the installed output rose from 17 MW at the end of 2007 to a substantial 41 MW in January 2008.

The joint venture EnerjiSA, in which Verbund and the Turkish Sabanci Holding each hold a share of 50 %, is taking further steps towards realizing its ambitious business plan. With an installed output of 5,000 MW, EnerjiSA aims to win a minimum market share of 10 % in the Turkish electricity sector by 2015. In addition to the existing installed output of 455 MW (370 MW gas power plants and 85 MW hydropower plants), EnerjiSA currently holds licenses for hydropower plants with a total output of 908 MW, a 918 MW gas power plant, wind power plants with a total output of 150 MW and a brown

ENERJISA: 5,000 MW BY 2015

coal field for a 450 MW power plant. All power plant projects are progressing swiftly. The majority of the power plants should be connected to the grid between 2010 and 2012.

Following the construction decisions for the first two hydropower plants Kavsakbendi (177 MW, commissioning scheduled for 2011) and Hacininoglu (142 MW, commissioning scheduled for 2010) in December 2007, the decision to construct the Bandirma gas power plant (918 MW, commissioning scheduled for 2010) can be seen as a further significant step. The power plant, which will be located on the south coast of the Sea of Marmara, will be build by a consortium comprising Mitsubishi Heavy Industries Ltd. and the Austrian company A-TEC Power Plant Systems AG.

The economic development of EnerjiSA has also been very positive. Based on the exchange rate of EUR 1 = TRY 1.78 as on 31 December 2007, the operating result for 2007 improved from –€ 25.9 million (–TRY 46.1 million) to –€ 5.5 million (–TRY 9.7 million) and the result after taxes from –€ 95.8 million (–TRY 170.2 million) to –€ 5.9 million (–TRY 10.4 million).

RENEWABLE ENERGIES

In the future, the hydropower group Verbund – already one of the most environmentally friendly producers of electricity in the EU – will focus even more strongly on generation from renewable energy sources such as wind power, small hydropower plants, photovoltaic, biomass and geothermy. This is a focal point of the strategic orientation of the group. With an investment volume of € 800 million, Verbund aims to purchase or construct generation capacities of 400 MW in Europe by 2015. Research projects will also be financed. These activities are now grouped in the 100 % subsidiary VERBUND-Austrian Renewable Power GmbH (ARP), which was founded in 2007.

ENERGY PARTNERSHIP WITH ALMENLAND

Verbund has entered into an energy partnership with the Styrian region Almenland. The long-term aim is to create an exemplary model region which makes an important contribution to climate protection, enhances the value of the region and creates new jobs. The region will be supplied with environmentally friendly electricity that is generated using Austrian hydropower. Verbund intends to support the construction/revitalization and modernization of small hydropower plants in the region through its renewables subsidiary ARP and will also supply the region with CO₂-neutral Verbund electricity.

GROUP FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

INCOME STATEMENT OF THE VERBUND GROUP ACCORDING TO IFRS

MILLION €

| | NOTES | Q 1/2008 | Q 1/2007 |
|---|-------|--------------|--------------|
| SALES REVENUE | | 891.7 | 812.2 |
| ELECTRICITY SALES | (1) | 793.6 | 728.8 |
| GRID SALES | | 85.2 | 69.9 |
| OTHERS | | 12.9 | 13.4 |
| OTHER OPERATING INCOME | | 11.3 | 12.7 |
| EXPENSES FOR ELECTRICITY, GRID, AND EMISSION RIGHTS PURCHASES (TRADE) | (2) | -444.2 | -406.7 |
| USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES | | -41.2 | -31.7 |
| PAYROLL AND RELATED EXPENSES | (3) | -64.7 | -71.9 |
| AMORTIZATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT | | -44.0 | -44.5 |
| OTHER OPERATING EXPENSES | | -33.0 | -30.4 |
| OPERATING RESULT | | 275.9 | 239.7 |
| FINANCING RESULT ¹ | | -35.3 | -31.9 |
| RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | (4) | 50.0 | 48.8 |
| RESULT FROM PARTICIPATING INTERESTS - OTHER | | 0.6 | 3.5 |
| RESULT FROM LONG-TERM INVESTMENTS | | 2.9 | 1.2 |
| FINANCIAL RESULT | | 18.2 | 21.6 |
| PROFIT BEFORE TAXES | | 294.1 | 261.3 |
| TAXES ON INCOME | | -60.7 | -52.7 |
| TOTAL PROFIT | | 233.4 | 208.6 |
| ATTRIBUTABLE TO MINORITY INTERESTS | | -23.1 | -20.4 |
| ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (GROUP RESULT) | | 210.3 | 188.2 |
| EARNINGS PER SHARE €² | | 0.68 | 0.61 |

¹ THE PROFIT/LOSS SHARES ATTRIBUTABLE TO LIMITED PARTNERS WERE RECOGNIZED UNDER THE FINANCING RESULT. THE PREVIOUS YEAR'S FIGURES WERE ADJUSTED.

² DILUTED = NON-DILUTED.

BALANCE SHEET OF THE VERBUND GROUP ACCORDING TO IFRS

MILLION €

| | NOTES | 31. 03. 2008 | 31. 12. 2007 |
|---|-------|----------------|----------------|
| NON-CURRENT ASSETS | | 6,422.8 | 6,323.3 |
| INTANGIBLE ASSETS | | 10.7 | 11.0 |
| PROPERTY, PLANT AND EQUIPMENT | (5) | 4,136.9 | 4,132.0 |
| INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | | 1,229.1 | 1,156.3 |
| OTHER PARTICIPATING INTERESTS | | 40.2 | 39.7 |
| LONG-TERM INVESTMENTS – CROSS BORDER LEASING | | 502.0 | 537.8 |
| OTHER LONG-TERM INVESTMENTS AND OTHER LONG-TERM RECEIVABLES | | 503.9 | 446.5 |
| CURRENT ASSETS | | 1,125.1 | 1,016.5 |
| INVENTORIES | | 45.4 | 48.8 |
| TRADE RECEIVABLES AND OTHER RECEIVABLES | | 715.8 | 637.6 |
| CASH AND CASH ITEMS | | 363.9 | 330.1 |
| TOTAL ASSETS | | 7,547.9 | 7,339.8 |
| | NOTES | 31. 03. 2008 | 31. 12. 2007 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | 2,295.9 | 2,407.5 |
| MINORITY INTERESTS | | 184.3 | 267.2 |
| LONG-TERM LIABILITIES | | 3,704.2 | 3,680.0 |
| FINANCIAL OBLIGATIONS | (6) | 1,638.5 | 1,605.2 |
| FINANCIAL OBLIGATIONS – CROSS BORDER LEASING | (6) | 571.7 | 604.6 |
| PROVISIONS | | 617.6 | 620.0 |
| PROVISIONS FOR DEFERRED TAXES | | 148.0 | 148.6 |
| CONTRIBUTIONS TO BUILDING COSTS | | 419.1 | 419.4 |
| DEFERRED INCOME – CROSS BORDER LEASING | | 249.3 | 250.8 |
| TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES | | 60.0 | 31.6 |
| SHORT-TERM LIABILITIES | | 1,363.5 | 985.2 |
| FINANCIAL OBLIGATIONS | (6) | 382.7 | 376.8 |
| PROVISIONS | | 196.7 | 225.4 |
| PROVISIONS FOR CURRENT TAXES | | 91.1 | 47.4 |
| TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES | | 693.0 | 335.6 |
| TOTAL EQUITY AND LIABILITIES | | 7,547.9 | 7,339.8 |

CASH FLOW STATEMENT OF THE VERBUND GROUP

MILLION €

| | NOTES | Q 1/2008 | Q 1/2007 |
|--|-------|--------------|--------------|
| OPERATING CASH FLOW | (7) | 309.3 | 197.9 |
| CASH FLOW FROM INVESTING ACTIVITIES | | -211.7 | -71.3 |
| CASH FLOW FROM FINANCING ACTIVITIES | | -63.8 | -109.8 |
| CHANGES TO CASH AND CASH ITEMS | | 33.8 | 16.8 |
| CASH AND CASH ITEMS AS OF 01. 01. | | 330.1 | 87.9 |
| CASH AND CASH ITEMS AS OF 31. 03. | | 363.9 | 104.7 |

STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP¹

MILLION €

| | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | | | | |
|--|---|------------------|-------------------|-----------------------------------|----------------|----------------|--------------------|----------------------------|
| | SHARE CAPITAL | CAPITAL RESERVES | RETAINED EARNINGS | RESERVES FOR CURRENCY DIFFERENCES | OTHER RESERVES | TOTAL | MINORITY INTERESTS | TOTAL SHAREHOLDERS' EQUITY |
| AS OF 01. 01. 2007 | 308.2 | 10.9 | 1,748.2 | 0.0 | 3.7 | 2,071.1 | 221.6 | 2,292.7 |
| PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY FROM | | | | | | | | |
| AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 | -0.2 | 0.0 | -0.2 |
| INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.0 | 0.5 |
| TOTAL PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY BEFORE TAXES | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.0 | 0.3 |
| - TAXES THEREON | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY AFTER TAXES | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.0 | 0.3 |
| PROFIT FOR THE PERIOD | 0.0 | 0.0 | 188.1 | 0.0 | 0.0 | 188.1 | 20.5 | 208.6 |
| TOTAL OF RECOGNIZED PROFITS AND LOSSES | 0.0 | 0.0 | 188.1 | 0.0 | 0.3 | 188.4 | 20.5 | 208.9 |
| DIVIDENDS | 0.0 | 0.0 | -231.0 | 0.0 | 0.0 | -231.0 | -39.8 | -270.8 |
| AS OF 31. 03. 2007 | 308.2 | 10.9 | 1,705.3 | 0.0 | 4.0 | 2,028.5 | 202.3 | 2,230.8 |
| AS OF 01. 01. 2008 | 308.2 | 10.9 | 2,096.3 | 0.0 | -7.9 | 2,407.5 | 267.2 | 2,674.6 |
| PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY FROM | | | | | | | | |
| AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS | 0.0 | 0.0 | 0.0 | 0.0 | -10.9 | -10.9 | -0.3 | -11.2 |
| INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | 0.0 | 0.0 | 0.0 | -36.7 | 1.2 | -35.5 | 0.0 | -35.5 |
| CASH FLOW HEDGING | 0.0 | 0.0 | 0.0 | 0.0 | -0.8 | -0.8 | 0.0 | -0.8 |
| TOTAL PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY BEFORE TAXES | 0.0 | 0.0 | 0.0 | -36.7 | -10.5 | -47.2 | -0.3 | -47.5 |
| - TAXES THEREON | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 2.7 | 0.1 | 2.8 |
| TOTAL PROFITS/LOSSES RECOGNIZED DIRECTLY IN EQUITY AFTER TAXES | 0.0 | 0.0 | 0.0 | -36.7 | -7.8 | -44.5 | -0.2 | -44.7 |
| PROFIT FOR THE PERIOD | 0.0 | 0.0 | 210.3 | 0.0 | 0.0 | 210.3 | 23.1 | 233.4 |
| TOTAL OF RECOGNIZED PROFITS AND LOSSES | 0.0 | 0.0 | 210.3 | -36.7 | -7.8 | 165.8 | 22.9 | 188.7 |
| DIVIDENDS | 0.0 | 0.0 | -277.4 | 0.0 | 0.0 | -277.4 | -105.7 | -383.1 |
| AS OF 31. 03. 2008 | 308.2 | 10.9 | 2,029.2 | -36.7 | -15.7 | 2,295.9 | 184.3 | 2,480.2 |

¹ THE CAPITAL SHARES ATTRIBUTABLE TO LIMITED PARTNERS WERE RECOGNIZED UNDER LONG-TERM FINANCIAL OBLIGATIONS. THE PREVIOUS YEAR'S FIGURES WERE ADJUSTED.

RATIOS OF THE VERBUND GROUP

MILLION €

| | UNIT | Q 1/2008 | Q 1/2007 |
|--|-----------|-------------|-------------|
| AVERAGE NUMBER OF SHARES IN CIRCULATION ¹ | | 308,200,000 | 308,200,000 |
| NET GEARING ^{2,3} | % | 68.4 | 71.0 |
| NET INTEREST-BEARING DEBT ³ | MILLION € | 1,695.9 | 1,584.0 |
| INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT | MILLION € | 48.8 | 23.0 |
| INVESTMENT IN HOLDINGS | MILLION € | 69.7 | 0.0 |
| EBITDA MARGIN | % | 35.9 | 35.0 |
| EBIT MARGIN | % | 30.9 | 29.5 |
| AVERAGE NO. OF EMPLOYEES | | 2,486 | 2,407 |
| ELECTRICITY SALES | GWh | 13,330 | 13,811 |
| HYDRO COEFFICIENT | | 1.03 | 1.01 |

¹ DILUTED = NON-DILUTED.² BASED ON NET INTEREST-BEARING DEBT.³ THE CAPITAL SHARES AND PROFIT/LOSS SHARES ATTRIBUTABLE TO LIMITED PARTNERS WERE RECOGNIZED UNDER LONG-TERM FINANCIAL OBLIGATIONS AND UNDER THE FINANCING RESULT RESPECTIVELY. THE PREVIOUS YEAR'S FIGURES WERE ADJUSTED.

SEGMENTAL REPORTING OF THE VERBUND GROUP (BUSINESS SEGMENTS)

MILLION €

| | ELECTRICITY | GRID | PARTICI- PATING INTEREST & SERVICES | ELIMI- NATION | TOTAL GROUP |
|--|--------------|-------------|--|------------------|----------------|
| 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 |
| DEPRECIATION AND AMORTIZATION | -29.3 | -13.1 | -1.6 | 0.0 | -44.0 |
| EXPENSES/INCOME | -556.3 | -55.9 | -27.8 | 68.3 | -571.8 |
| OPERATING RESULT (EBIT) | 255.0 | 28.8 | -7.9 | 0.0 | 275.9 |
| RESULTS OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | 0.0 | 0.0 | 50.0 | 0.0 | 50.0 |
| CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD | 0.0 | 0.0 | 1,229.0 | 0.0 | 1,229.0 |
| NON-INTEREST BEARING SEGMENT ASSETS | 3,579.8 | 865.9 | 347.5 | -7.6 | 4,785.6 |
| NON-INTEREST BEARING SEGMENT LIABILITIES | -970.8 | -201.9 | -418.2 | 7.6 | -1,583.2 |
| OPERATING CASH FLOW | 255.0 | 47.1 | 465.9 | -458.6 | 309.3 |
| INVESTMENT IN NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT | 30.0 | 17.9 | 1.4 | 0.0 | 49.3 |

SELECTED EXPLANATORY NOTES

This condensed interim financial report of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) for quarter 1/2008 was compiled in compliance with the International Financial Reporting Standards (IFRS), as applicable in the European Union and required by the IASB.

In accordance with IAS 34, this condensed interim financial report does not contain all the information and details that are obligatory in the annual financial statements and it should therefore be read in connection with the group financial statements of Verbundgesellschaft as of 31 December 2007.

In accordance with IAS 32, the capital and profit/loss shares attributable to the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG (ATP GmbH & Co KG) (4.3 %) are presented in the balance sheet as liabilities towards the limited partners under long-term financial obligations. In the income statement, the shares in profit attributable to the limited partners are recognized in the financing result. The previous year's figures were adjusted.

The other accounting policies in the interim financial report remain unchanged as compared to the last annual financial statements.

Due to the utilization of EDP devices, differences can arise in the addition of rounded totals and percentages.

On 17 December 2007, the Verbund Group acquired a 50 % stake in the Turkish trading company EnerjiSA Elektrik Enerjisi Toptan Satis A.S. The purchase price of € 0.3 million is recognized under interests accounted for using the equity method.

GENERAL BASIS

ACCOUNTING POLICIES

ACQUISITION OF AN INTEREST ACCOUNTED FOR USING THE EQUITY METHOD

ELECTRICITY REVENUE ACCORDING TO CUSTOMER SEGMENTS

| | MILLION € | | | |
|--------------------------|-------------------|-------------------|--------------------|----------------|
| | QUARTER 1/2008 | QUARTER 1/2007 | CHANGE ABSOLUTE | CHANGE IN % |
| END CUSTOMERS | 149.2 | 47.5 | 101.7 | 214.1 |
| RESELLERS | 308.1 | 303.0 | 5.1 | 1.7 |
| TRADERS | 336.3 | 378.3 | -42.0 | -11.1 |
| TOTAL ELECTRICITY | 793.6 | 728.8 | 64.8 | 8.9 |
| THEREOF IN AUSTRIA | 308.7 | 264.8 | 43.9 | 16.6 |
| THEREOF ABROAD | 484.9 | 464.0 | 20.9 | 4.5 |

(1) ELECTRICITY REVENUE ACCORDING TO CUSTOMER SEGMENTS AND REGIONAL MARKETS

(2) ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)**ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)**

MILLION €

| | QUARTER | QUARTER | CHANGE | |
|---------------------------|--------------|--------------|-------------|------------|
| | 1/2008 | 1/2007 | ABSOLUTE | IN % |
| ELECTRICITY PURCHASES | 422.2 | 392.2 | 30.0 | 7.6 |
| GRID PURCHASES | 22.0 | 14.2 | 7.8 | 54.9 |
| EMISSION RIGHTS PURCHASES | 0.0 | 0.3 | -0.3 | -100.0 |
| TOTAL | 444.2 | 406.7 | 37.5 | 9.2 |

The emission rights purchases were offset by other sales revenue from the sale of emission rights in the amount of € 0.01 million (previous year: € 0.3 million).

(3) PAYROLL EXPENSES**PAYROLL EXPENSES**

MILLION €

| | Q 1/2008 | Q1/2007 |
|--|-------------|-------------|
| WAGES, SALARIES AND RELATED EXPENSES | 58.5 | 52.8 |
| EXPENSES FOR SEVERANCE PAYMENTS AND PENSIONS | 6.2 | 19.1 |
| TOTAL PAYROLL EXPENSES | 64.7 | 71.9 |

The € 5.7 million (10.8 %) increase in wages, salaries and related costs is attributable to the adjustments for the collective wage agreement in the amount of 3.7 % and the increase in personnel recruitment. The number of employees increased by 79 to 2,486 (previous year: 2,407), whereby the acquisition of Austrian Power Vertriebs GmbH in August 2007 accounts for 19 of the new hirings. Expenses for severance payments and pensions, on the other hand, had a boosting effect. While the pension adjustments in line with the Consumer Price Index increased expenses in the previous year, the lower provisions for early retirement had a positive impact in quarter 1/2008.

(4) RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD

The result from interests accounted for using the equity method remained more or less unchanged compared to the previous year. The decline in profits at STEWEAG-STEG GmbH compared to the previous year was compensated for by the improved result from the Sorgenia SpA (Group).

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

In quarter 1/2008, property, plant and equipment in the amount of € 48.8 million (previous year: € 23.0 million) was purchased within the Verbund Group. On the other hand, property, plant and equipment with a net carrying amount of € 0.8 million (previous year: € 0.6 million) was sold. This resulted in a gain on disposal in the amount of € 1.4 million (previous year: € 0.1 million).

(6) LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

The long and short-term financial obligations displayed a slight increase of € 6.3 million to € 2,592.9 million. The long-term financial obligations rose by € 33.3 million while long-term financial obligations from cross border leasing were reduced by € 32.9 million. Moreover, the capital shares attributable to the limited partners of ATP GmbH & Co KG were recognized under long-term financial obligations (see Accounting policies). The capital shares of the limited partners sank from € 125.7 million as on 31 December 2007 to € 118.2 million as on 31 March 2008 as a result of the dividend distribution.

(7) OPERATING CASH FLOW

The operating cash flow increased by € 111.4 million to € 309.3 million compared to the previous year. This primarily resulted from the higher contributions from the electricity business and payments from prior periods in connection with energy derivatives.

DIVIDENDS DISTRIBUTED

| | |
|--|-------------|
| DIVIDEND DISTRIBUTED IN 2007 FOR FISCAL 2006 (MILLION €) | 231.2 |
| NUMBER OF SHARES (ORDINARY SHARES) | 308,200,000 |
| DIVIDEND DISTRIBUTED IN 2007 FOR FISCAL 2006 PER SHARE (€) | 0.75 |

DIVIDENDS DISTRIBUTED

| | |
|---|-------|
| PURCHASE COMMITMENT FOR PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER SERVICES MILLION € | |
| TOTAL OBLIGATION AS ON 31.03.2008 | 868.8 |
| THEREOF DUE 2008/2009 | 386.5 |
| THEREOF DUE 2010 TO 2013 | 482.3 |

PURCHASE COMMITMENT FOR PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER SERVICES AS ON 31 MARCH 2008

As on 31 March 2008, the following open payment obligations existed in the investment area, in particular with regard to the interests in POWEO Production S.A.S. and EnerjiSA Enerji Üretim A.S.:

OPEN PAYMENT OBLIGATIONS

| | |
|------------------------------------|-------|
| OPEN PAYMENT OBLIGATIONS MILLION € | |
| TOTAL OBLIGATION 31.03.2008 | 254.0 |
| THEREOF DUE 2008 | 164.9 |
| THEREOF DUE 2009 TO 2013 | 89.1 |

There were no material changes in the contingent liabilities since the last balance sheet date.

CONTINGENT LIABILITIES

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

RELATED PARTY DISCLOSURES

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

| | | |
|---|--------------|--------------|
| BUSINESS TRANSACTIONS CARRIED OUT WITH ASSOCIATED COMPANIES MILLION € | | |
| | Q 1/2008 | Q 1/2007 |
| SALES REVENUE | 159.6 | 152.7 |
| OTHER INCOME | 0.9 | 0.7 |
| ELECTRICITY AND GRID PURCHASES | 54.5 | 23.4 |
| OTHER EXPENSES | 1.1 | 0.2 |
| | 31. 03. 2008 | 31. 03. 2007 |
| RECEIVABLES | 42.3 | 48.8 |
| LIABILITIES | 44.5 | 43.4 |
| LOANS | 41.2 | 73.9 |

No events that require disclosure took place between the balance sheet date 31st March 2008 and the publication approval on 17th April 2008.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

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