VERBUND ANNUAL REPORT 2009

NOW

Verbund

ELECTRICITY IS MOMENTARY ENERGY.
IT IS GENERATED AND CONSUMED –
AT A MOMENT'S NOTICE.
WHAT MATTERS NOW
IS HOW WE USE ENERGY SOURCES.
WHICH IS WHAT WE ARE NOW WORKING ON
TO SECURE THE FUTURE.

FIVE-YEAR COMPARISON

	UNIT	2009	2008	2007	2006	2005
SALES	M €	3,483.1	3,744.7	3,038.3	2,878.2	2,134.4
OPERATING RESULT (EBIT)	M €	1,042.3	1,138.6	916.1	806.5	526.5
GROUP RESULT (EXCLUDING MINORITY INTERESTS)	M €	644.4	686.6	579.2	501.1	349.3
BALANCE SHEET TOTAL	M €	10,345.2	8,293.8	7,339.8	6,440.2	6,596.7
SHAREHOLDERS' EQUITY	M €	3,409.7	3,128.1	2,674.6	2,292.7	1,904.9
NET DEBT [1]	M €	4,714.8	2,508.4	1,868.7	1,729.3	1,891.8
INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	M €	471.9	440.3	249.4	201.2	117.7
OPERATING CASH FLOW	M €	968.0	934.2	807.6	753.9	680.5
FREE CASH FLOW	M €	–1,075.7	–187.5	161.1	239.8	597.3
EBITDA MARGIN	%	35.9	35.3	36.2	34.2	33.1
EBIT MARGIN (ROS)	%	29.9	30.4	30.2	28.0	24.7
RETURN ON CAPITAL EMPLOYED (ROCE) [1]	%	12.9	16.8	15.9	15.7	11.2
RETURN ON EQUITY (ROE)	%	22.4	27.3	26.8	26.8	22.3
EQUITY TO ASSETS RATIO (ADJUSTED)	%	34.3	41.3	39.6	39.6	35.0
GEARING [1]	%	138.3	80.2	69.9	75.4	99.3
GROSS DEBT COVERAGE (FFO) [1]	%	20.5	39.4	33.1	39.5	32.8
GROSS INTEREST COVER (FFO) [1, 2]	X	4.8	7.1	8.1	7.7	6.2
SHARE PRICE HIGH [5]	€	38.13	59.30	49.95	41.58	30.13
SHARE PRICE LOW [5]	€	23.73	29.74	31.21	30.05	16.39
LAST SHARE PRICE [5]	€	29.71	32.56	47.88	40.42	30.13
MARKET CAPITALISATION	M €	9,156.6	10,035.0	14,756.6	12,457.4	9,286.1
EARNINGS PER SHARE [5]	€	2.09	2.23	1.88	1.63	1.13
CASH FLOW PER SHARE [5]	€	3.14	3.03	2.62	2.45	2.21
CARRYING AMOUNT PER SHARE [5]	€	11.06	10.15	8.68	7.44	6.18
P/E (YEAR-END)	X	14.21	14.61	25.48	24.86	26.59
PRICE/CASH FLOW	X	9.46	10.74	18.27	16.52	13.65
PRICE/CARRYING AMOUNT	X	2.69	3.21	5.52	5.43	4.87
(PROPOSED) DIVIDEND PER SHARE [5]	€	1.00	1.05	0.90	0.75	0.50
(PROPOSED) SPECIAL DIVIDEND PER SHARE [5]	€	0.25	–	–	–	–
DIVIDEND YIELD	%	4.21	3.22	1.88	1.86	1.66
PAY-OUT RATIO	%	59.79	47.13	47.89	46.13	44.12
EV/EBITDA [1]	X	11.08	9.49	15.14	14.42	15.83
NUMBER OF EMPLOYEES [3]		2,820	2,541	2,441	2,438	2,436
ELECTRICITY SALES [4]	GWh	111,962	92,525	102,191	102,898	95,407
HYDRO COEFFICIENT		1.06	1.01	0.97	0.96	0.98

1 THE KEY FIGURE HAS BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.
2 INTEREST EXPENSES EXCLUDING CAPITAL SHARES ATTRIBUTABLE TO LIMITED PARTNERS
3 THE NUMBER OF EMPLOYEES FOR Q1–4/2009 INCLUDES AN INCREASE OF 162 PERSONS DUE TO THE EXPANSION OF THE GROUP OF CONSOLIDATED COMPANIES.
4 ELECTRICITY SALES AFTER NETTING FOR EXTERNAL ELECTRICITY TRADING: Q1–4/2009: 51,289 GWH; Q1–4/2008: 56,057 GWH
5 THE 1:10 STOCK SPLIT OF 23 MAY 2006 IS FACTORED IN HERE

CONTENTS

IT TAKES PLACE AT A MOMENT'S NOTICE.
ELECTRICITY IS GENERATED. AND CONSUMED.
PEOPLE ARE WORKING AT SECURING OUR FUTURE.
FOR THAT WHICH BRINGS THE COMPANY SUCCESS IN THE FUTURE
IS DECIDED

AT A MOMENT'S NOTICE.
NOW.

EXPERIENCE THIS MOMENT. WITH ALL YOUR SENSES.
EMOTIONALLY, ELEMENTARILY, DIRECTLY. HERE AND NOW.
FEEL THE ENERGY. SUN, SNOW, RAIN, WIND.
ELEMENTS FROM WHICH VERBUND OBTAINS ENERGY
TO SECURE THE SUCCESS OF THE COMPANY.

AT A MOMENT'S NOTICE.
NOW.

DIPL.-ING. WOLFGANG ANZENGRUBER
CHAIRMAN OF THE BOARD

DR. JOHANN SEREINIG
DEPUTY CHAIRMAN OF THE BOARD

REPORT OF THE MANAGING BOARD

Despite the sustained economic crisis, we can look back on what has been a positive year for us. In a difficult environment, we continued to press ahead with our growth projects in Austria and abroad and expanded Verbund's market position in its key strategic markets. We are also able to report good results for fiscal 2009, albeit at a lower level than the record figures generated in 2008.

Earnings development in the past fiscal year was largely influenced by three factors: low European wholesale prices for electricity, an above-average water supply and one-off accounting measures.

In the year under review, wholesale prices for electricity, in particular short-term forward and spot market prices, declined significantly compared with the previous year, remaining at an extremely low level throughout. This came as a result of a significant reduction in prices for primary energy sources, lower demand for electricity and the fall in the price of CO_2 certificates. However, a good proportion of the electricity generated by Verbund was sold one year in advance at considerably higher prices in accordance with our hedging strategy, thereby cushioning the negative impact of the weak electricity prices in the short term.

The strong water supply from Austrian rivers increased electricity generation from Austrian hydropower and had a positive impact on earnings. The hydro coefficient for 2009 was 1.06, 6 % higher than the long-term average and up 5 % on the figure recorded in the previous year.

However, the operating result was adversely affected by negative non-recurring accounting effects totalling around € 60 million, due primarily to unscheduled maintenance, the impact of the System Utilisation Tariff Directive and a value adjustment of the existing stocks of coal.

Accordingly, Verbund's figures developed as follows: sales declined by 7.0 % to € 3,483.1 million, the operating result fell by 8.5 % to € 1,042.3 million, and the group result was down 6.2 % to € 644.4 million.

Despite these lower results, we would like to reinforce our shareholders' confidence in Verbund and will therefore propose to the Annual General Meeting for the second best result in the company's history, an increase in the dividend from € 1.05

DR. ULRIKE BAUMGARTNER-GABITZER
MEMBER OF THE MANAGING BOARD

MAG. CHRISTIAN KERN
MEMBER OF THE MANAGING BOARD

per share to € 1.25 per share – € 1.00 per share in regular dividends and € 0.25 per share in special dividends.

Based on its market capitalisation, the Verbund Group was the largest company on the Vienna Stock Exchange for large sections of 2009. The past year saw a number of ups and downs for shareholders: the losses in the first quarter of 2009 were more than offset in the period from April to June, meaning that Verbund's share price after the first half of the year was 11.4 % higher than at year-end 2008. However, the share price declined slightly in the third and fourth quarters. The Verbund share closed the year at € 29.7, corresponding to negative performance of 8.8 % .

»Despite the sustained economic crisis, we can look back on what has been a positive year for us.«

Now let's take a look at the highlights of fiscal 2009: Verbund completed the largest acquisition in the company's history, purchasing 13 hydropower plants on the Inn river in Bavaria from the German energy group E.ON. In so doing, we reinforced Verbund's position as one of the most important hydropower generators in Europe and cemented our strong market presence in Germany, one of our key foreign markets. The acquired power plants have a total capacity of 312 MW, meaning that Verbund has increased its annual electricity generation from renewable hydropower by around 1,850 GWh or approximately 7 % of our domestic hydropower production.

In Austria, we have followed our strategy, investing in the expansion of hydropower generation, the extension of the high-voltage grid and the strengthening of our distribution and trading activities.

The Werfen/Pfarrwerfen hydropower plant on the Salzach River was connected to the grid in the summer. The expansion of the Hieflau power plant on the Enns was completed, while the master machine replacement measures at the Aschach power plant on the Danube continued. Installation work began on the machine units for the Limberg II pumped storage power plant, with capacity at the Kaprun location set to increase to 833 MW from 2011. All of our other power plant projects are also progressing as planned; for example, the state-of-the-art 832 MW Mellach gas-steam power plant in Styria is expected to begin commercial operations in autumn 2011.

The commissioning of the 380 kV Styria line in autumn constituted a vital step towards the modernisation of the domestic grid. We are now working intensively on the first section of the 380 kV line in Salzburg. Furthermore, the newly constructed state-of-the-art control centre for the Austrian power grid was opened on 29 October 2009. It took two years to construct the "Power

Grid Control" centre in Vienna-Unterlaa, with total investment amounting to approximately € 19 million.

We concluded two important long-term electricity supply contracts in 2009, thus securing part of own electricity production in the long term. From 2010 to 2013, Verbund will supply 10 TWh of hydropower to the provincial suppliers EVN and Wien Energie.

By bundling their purchasing activities, these two resellers will become our second largest customer. The supply contract with the Austrian Federal Railways was also extended for a further four years and now covers a total of 4.4 TWh.

Outside Austria, we strengthened our involvement in the joint ventures in Italy, Turkey and France.

On the Italian market, we increased our stake in the Sorgenia Group, the fourth largest electricity and gas supplier in Italy, from 43 % to approximately 45 % by means of a further capital increase. In December 2009, Sorgenia commissioned the Modugno gas power plant in the south of Italy and now has power plant capacities of 3,077 MW. By 2012, Sorgenia is expected to have around 5,200 MW installed generation capacityt, following the completion of the two gas power plants in Lodi and Aprilia; this corresponds to around two-thirds of Verbund's total generation capacity in Austria.

In Turkey, we rapidly implemented the investment programme at the power generation company Enerjisa and the restructuring of the distribution company Baskent EDAS as part of our partnership with the Sabanci Group based in Turkey: from the end of 2010, the 919 MW Bandirma gas power plant and the Canakkale wind farm will be the next generation facilities to supply electricity, followed by six hydropower plants by 2012. By 2015, we intend to achieve a share of 10 % on the Turkish electricity market together with Sabanci.

In France, we increased our stake in POWEO S.A., the largest independent electricity supplier in France, to 46 %, thus assuming control of operations. A key milestone in the development of the company into a vertically integrated supplier in France was the commissioning of the first generation facility to be erected by POWEO, the 412 MW gas power plant in Pont-sur-Sambre, in autumn 2009.

We also regarded the premature termination of the majority of our cross-border leasing transactions as a huge success. In 2009, we terminated around 80 % of the total cross-border leasing volume we had originally concluded, retaining most of the net present value generated.

STRATEGIC DEVELOPMENT

2010 will be a challenging year. Although the strong internal financing power and strong credit rating of Verbund mean that we can press ahead with our existing investment projects in Austria and abroad, we have also adapted our strategy over the past year to take into account the changes in conditions. We are planning to focus and consolidate our operations until the end of 2010.

Hydropower will be our primary focus, and our target for the coming years is to continue to expand the strong position of Verbund as one of the largest hydropower groups in Europe. In order to realise this strategic vision, we are planning to expand this environmentally friendly form of energy generation in locations where this is both economically feasible and environmentally sound.

We are expanding our hydropower electricity generation portfolio to include natural gas and wind. Examples of this are the combined cycle gas turbine in Mellach near Graz and similar projects abroad, as well as the planning and construction of additional wind farms on the Black Sea coast in Romania and Bulgaria. By contrast, an expansion of energy generation from coal-fired power plants and photovoltaics is not strategically relevant for us.

Another key point established in our strategy is a focus on five countries – Austria, Germany, France, Italy and Turkey. We occupy a leading position in Austria, Germany and France, and cooperate with strong regional partners in Italy and Turkey.

The next strategic point is the strengthening of our trading and marketing activities in the field of electrical energy. Verbund is already active as a wholesaler in more than 20 countries; we intend to continue to drive competition for business with Austrian end customers with the aim of achieving a figure of 400,000 end customers by 2015 – we currently supply around 225,000 customers.

Our strengthened activities in innovation, research and development complete the Verbund strategy. Our objective is to be involved in new applications right from the very start, such as those in the area of electric mobility. In mid-2009, we coordinated the creation of the "Austrian Mobile Power" platform, which was enhanced by the formation of an operating company of the same name towards the end of the year. We are also set to ramp up our efforts in the field of innovative solutions aimed at tapping into hydropower potential in ecologically sensitive and technically demanding locations.

Skilled and committed employees are particularly important in times of economic difficulty. This has been clearly shown once again in the past year. Accordingly, we would like to take this opportunity to express our gratitude to all our Verbund colleagues.

OUTLOOK

Fiscal 2010 will present substantial challenges for the entire European energy industry, and hence for Verbund. Based on economic forecasts, demand for electricity – a key factor in the development of European wholesale prices for electricity – is likely to remain muted. In addition, there are currently no signs of an increase in prices for the primary energy sources of gas and coal, which also have a tangible influence on European wholesale prices and thus our result.

Despite restructuring and cost-cutting programmes, we expect our earnings in fiscal 2010 to be considerably lower than in 2009. Nevertheless, we will press ahead with our investment program in profitable projects in Austria and abroad, as we are convinced that conditions in the electricity industry will improve again in the medium term and that Verbund will benefit from this.

DIPL.-ING. WOLFGANG ANZENGRUBER | DR. JOHANN SEREINIG | DR. ULRIKE BAUMGARTNER-GABITZER | MAG. CHRISTIAN KERN

REPORT OF THE SUPERVISORY BOARD 2009

In the financial year 2009, the Verbund Group, Austria's leading electricity company, was confronted with extremely difficult conditions arising from the effects of the global economic crisis. The Group was nonetheless successful in consistently pursuing its strategy of profitable and sustainable growth and achieving a good result, which was only slightly below the record figures generated in the previous years.

The Supervisory Board actively accompanied and supported this positive development. In the year under review, the Supervisory Board performed its duties and exercised its powers under the law and the articles of incorporation in five plenary sessions. The attendance rate of all members of the Supervisory Board came to approximately 90 %. Moreover, the Chairman of the Supervisory Board maintained regular contact with the members of the Supervisory Board in important matters and, in the event of their being absent, obtained their opinion, thus ensuring that all members of the Supervisory Board were involved in all major issues.

The Managing Board informed the Supervisory Board regularly, in a timely fashion and comprehensively, both in writing and verbally, on all relevant issues of business development as well as on the state and strategy of the company and the important group companies, including risk conditions and risk management.

The Supervisory Board continuously monitored the management activities of the Managing Board on the basis of the extensive reports furnished by the Managing Board. This monitoring, conducted in an open debate between the Managing Board and the Supervisory Board, provided no cause for complaint.

NEW COMPOSITION OF THE MANAGING BOARD

Since January 2009, Dipl.-Ing. Wolfgang Anzengruber has led the Group Managing Board as Chairman and Chief Financial Officer. In tandem with this, the redistribution of the responsibilities of the Managing Board came into effect. The harmonious cooperation within the Managing Board is also safeguarded in the new composition. The good and constructive cooperation between the Supervisory Board and Managing Board was likewise expanded further.

STRATEGY AND INVESTMENTS

Over the past financial year, the corporate strategy has been systematically revised by the Managing Board and coordinated with both the Chairman of the Supervisory Board and the entire Supervisory Board itself. The adapted strategy forms the basis for the further development of the Verbund Group and for further value-creating growth with an international orientation.

As well as the Group budget, significant decisions of the Supervisory Board worthy of mention include the approvals of the acquisition of 13 hydropower plants on the German stretch of the Inn, the acquisition of a wind farm in Bulgaria and the termination of several cross-border leasing contracts. Other matters of particular importance were the further strategic development of the investment in France and decisions on the raising of capital and acceptance of guarantees in order to finance growth and ensure sufficient liquidity. The Enerjisa joint venture in Turkey was dealt with separately. Considering the low energy forwards, particular attention should be paid to revenues in 2010

CORPORATE GOVERNANCE CODE, COMMITTEES OF THE SUPERVISORY BOARD

The Working Committee of the Supervisory Board convened five times in the year under review (particularly for preparing plenary sessions), while the Audit Committee met four times. The Audit Committee concerned itself with the half-yearly report and preparing the decision relating to the annual financial statements and the appointment of the auditor. It also dealt largely with the control, auditing and risk management system according to the new requirements introduced with URÄG 2008.

As one of the leading listed companies in its sector, Verbund was one of the first companies to commit itself to compliance with the Austrian Corporate Governance Code. The Supervisory Board is also committed to compliance with the code and makes a consistent effort to adhere to those rules of the code that affect the Supervisory Board. In this regard, all rules that relate to the Supervisory Board and the cooperation between the Supervisory Board and the Managing Board are, with a slight, justified departure, being fully observed.

In accordance with the Corporate Governance Code and the rules of procedure, a Nomination Committee and a Compensation Committee of the Supervisory Board were also set up in 2009. The Compensation Committee, which also functions as the Presidential Committee, convened at two meetings to discuss the remuneration of the Managing Board. The Presidential Committee also met regularly to discuss current topics, partly in conjunction with the Managing Board or individual members thereof.

According to the requirements of the Corporate Governance Code, the Supervisory Board carried out a self-evaluation of its activities for the first time in 2009. This took place by means of a questionnaire which largely dealt with the efficiency of the Supervisory Board, its organisation and work methods. The results, assessed by an external auditor, were then discussed within the Supervisory Board.

Further details relating to the composition, working procedures and remuneration of the Supervisory Board can be found in the Corporate Governance Report.

ANNUAL FINANCIAL STATEMENTS AND AUDIT COMMITTEE

The annual financial statements with the Management Report and the consolidated financial statements, which were drawn up in accordance with the International Financial Reporting Standards, and the Group Management Report for the financial year 2009 were audited by Deloitte Wirtschaftsprüfungs GmbH, which issued an unqualified audit opinion thereon.

The auditor prepared a written report on the results and found that the Managing Board has supplied all such information and documentary evidence as had been required. The accounts, annual financial statements and consolidated financial statements comply with the statutory provisions and, in accordance with the principles of proper accounting, present a true and fair view of the income and financial position of the company and the group. The Management Report and the Group Management Report are consistent with the annual financial statements and the consolidated financial statements.

Following a comprehensive examination and in-depth discussion in the Audit Committee and the Supervisory Board, the Supervisory Board approved the annual financial statements submitted by the Managing Board for 2009 and these are therefore deemed adopted under § 96 (4) Aktiengesetz (Stock Corporation Law). The Management Report of the Managing Board and the proposal for profit distribution were approved. The consolidated financial statements and the Group Management Report were likewise acknowledged in agreement by the Supervisory Board, as was the Corporate Governance Report provided by the Managing Board.

Finally, the Supervisory Board thanked the Managing Board and all employees for the successful work in the financial year 2009.

Dr. Gilbert Frizberg,
Chairman of the Supervisory Board
Vienna, February 2010

BOARD MEMBERS 2009

SHORT VERSION

Details on the Managing Board see Page 199

MANAGING BOARD

Dipl.-Ing. Wolfgang Anzengruber	General Director/Chairman of the Board (since 1 January 2009)
Dr. Johann Sereinig	Deputy Chairman
Dr. Ulrike Baumgartner-Gabitzer	Member of the Managing Board
Mag. Christian Kern	Member of the Managing Board

Details on the Supervisory Board and its Committees see Page 201

SUPERVISORY BOARD

Dr. Gilbert Frizberg	Chairman
Dr. Maximilian Eiselsberg	1st Deputy Chairman
Dkfm. Peter Püspök	2nd Deputy Chairman
o. Univ.-Prof. Dipl.-Ing. Dr. Günther Brauner	
Dipl.-Betriebswirt Alfred H. Heinzel	
Dr. Burkhard Hofer	
Mag. Herbert Kaufmann	
Dr. Michael Losch	
Dipl.-Ing. Hansjörg Tengg	
Ing. Siegfried Wolf	
Anton Aichinger	Chairman of the Group Works Council
Kurt Christof	Chairman of Central Works Council
Harald Novak	Chairman of Central Works Council
Dipl.-Ing. Ingeborg Oberreiner	Chairman of Central Works Council
Ing. Joachim Salamon	Central Works Council


WITH
WATER
COMES
POWER.

WHEN RAIN FALLS, RIVERS FLOW. RESERVOIRS FILL. POWER PLANTS RUN.
NOW ELECTRICITY IS FLOWING. GENERATING HEAT, PRODUCING LIGHT, SETTING EVERYTHING IN MOTION.
THIS IS HOW THE POWER OF WATER HAS BECOME THE BASIS FOR AN AUSTRIAN GROUP
OF INTERNATIONAL DIMENSIONS.

POSITIONING

STRATEGY

In future, Verbund will continue to primarily focus on the use of hydropower for energy generation, and hence on the CO_2-free generation of electricity. Verbund is already well advanced in the area of European hydropower production. With the acquisition of 13 run-of-river power plants on the Inn River in Bavaria in the past fiscal year, Verbund has made huge progress towards its aim of becoming one of the most important hydropower generators in Europe.

In 2009, Verbund further developed its strategy in response to the changed economic conditions, defining cornerstones in addition to its existing focus on values such as economic sustainability, responsibility, profitable growth and global orientation. These aspects are intended to serve as a roadmap for the Group's continued development over the coming years.

HYDROPOWER – EXPANSION AND OPTIMISATION

Hydropower will serve as a strong basis for the future. Verbund's aim is to play a leading role in this sector in Europe and to become one of the continent's most important hydropower groups. It aims to achieve this ambitious target by expanding and optimizing its hydropower activities in Austria while applying its hydropower expertise in investment projects abroad.

Accordingly, Verbund is looking to rapidly implement its own hydropower projects in its domestic market. The Limberg II pump storage power plant is currently under construction, with a number of similar projects in the planning phase.

Making extensive use of hydropower expertise. Verbund is aiming to make extensive use of its hydropower expertise abroad. Verbund seeks to take local interests and needs into consideration when implementing such measures, thereby setting an exemplary standard with regard to sustainability aspects.

Verbund is also contributing its hydropower expertise to the investment projects of its major participating interests. Hydropower will represent half of the planned new power plant capacity in Turkey.

ADDITION OF GAS POWER PLANTS AND WIND FARMS

Various natural gas and wind projects in Austria and beyond represent a low-CO_2 addition to Verbund's generation portfolio, which is primarily oriented towards hydropower. Verbund aims to achieve an optimal generation structure while guaranteeing a sustainable energy mix of environmentally friendly electricity sources.

The natural gas and wind power projects are focussed in particular on achieving a balanced overall portfolio in terms of generation capacity and target countries with the aim of ensuring has a risk-optimised earnings position for Verbund.

FOCUS ON FIVE COUNTRIES

In 2009, Verbund also defined its strategy more precisely in terms of its primary target markets. It is now focusing on five countries: Austria, Germany, France, Italy and Turkey. South East Europe is currently a low strategic priority.

Due to the economic crisis and the resulting decline in wholesale prices for electricity, it was necessary to focus on our existing commitments after a period of highly expansive development over recent years.

The Austrian market is extremely important to Verbund, as hydropower is a unique, environmentally friendly form of energy generation in terms of the extent to which it is established within the local market. We would like to reinforce our position here by means of further power plant projects and continued trading and distribution activities.

Germany remains the most important foreign market. Germany is and will remain Verbund's most important electricity market outside Austria by some measure. Verbund generates around 40 % of its sales in Germany and is well positioned within this market as an environmentally friendly electricity provider. Verbund intends to strengthen its commitment in Germany. One important measure in this context was the acquisition of 13 run-of-river power plants on the Inn River in Bavaria from E.ON in the past year. These optimally complement Verbund's existing generation plants and have a particularly high strategic value on account of their geographical proximity to the Group's home market of Austria.

We intend to make a dedicated effort to develop further our existing participating interests in Italy, France and Turkey. Important measures in the past year included increasing the stake in POWEO S.A. from approx. 30 % to 46 % and in Sorgenia from 42.7 % to 44.8 %, as well as the realisation of the Enerji-SA power plant projects, which are progressing as planned.

In these target countries and its domestic market of Austria alike, Verbund will continue to focus on achieving a balanced and sustainable energy generation mix. Verbund also intends to participate in the auction of hydropower concessions in the French energy market scheduled for the coming years.

In addition to the aforementioned participating interests, Verbund is seeking to generate additional growth in the medium to long term, primarily in the form of regionally focused market development based on the generation technologies of water, natural gas and wind. Attractive market conditions and an environment that offers political, legal and economic security will play an important role in this process and in shaping the Group's focus on profitable growth.

STRENGTHENING OF TRADING AND MARKETING ACTIVITIES

In the area of electricity trading, Verbund will continue to focus on a risk-optimised marketing strategy based on the principles of economic sustainability. Today, Verbund's electricity trading activities mean that it is active in a number of markets and on almost all European electricity exchanges.

The existing trading activities will be supplemented by natural gas procurement with a focus on the Group's own future requirements. The aim is to establish corresponding expertise within the natural gas market, which will be used in a bundled manner within the Group in order to ensure independent procurement for its natural gas power plants in Austria (currently under construction in Mellach) and projects at the strategic foreign participations.

Promoting competition on the electricity market. With regard to marketing the energy it generates, Verbund will continue to focus on maintaining its role as a supplier for the provincial energy companies in Austria as well as a number of major customers in Austria in particular. Verbund is seeking to actively support the market liberalisation of the small-customer (household) segment. The Group believes that promoting competition forms part of its role and is aiming to increase the number of end customers it supplies, thereby expanding its vertically integrated position on the Austrian market.

The environmentally favourable generation structure of Verbund means that the expansion and optimisation of the sale of green electricity certificates in Austria, Germany and Italy represents an ideal strategic option for Verbund in the area of distribution.

INNOVATION AND NEW APPLICATIONS

Active participation in new developments. In the area of new businesses, Verbund is pursuing a proactive strategy with the aim of shaping new products and developments on the market from the very start. One focus is electric mobility, where the Austrian Mobile Power (AMP) platform was founded under the guidance of Verbund in summer 2009. Another focus is the area of energy management, particularly the decentralised generation and storage of electricity as well as efficient energy solutions for customers. Potential developments and research activities in areas such as smart grids and smart metering are alsoof particular interest. With regard to the supply of electrical energy to end customers, aspects such as specialised customer service and product differentiation (green electricity labels) are already extremely relevant.

PROFITABLE GROWTH AND A STABLE RATING

The overall aim of Verbund's strategy is a clear commitment towards value-orientation and a strong rating. Projects are implemented according to value-oriented and strategic criteria as part of the company's investment and acquisition strategy. Maintaining a strong rating is another key aspect of Verbund's strategy. A strong rating ensures greater flexibility in terms of financing and access to the international financial markets. The current crisis in particular has again highlighted the distinction between strong and less strong ratings made by the capital markets.

SHARE

Based on its market capitalisation, the Verbund Group had the highest valuation on the Vienna Stock Exchange for large sections of 2009. However, the performance of Verbund's shares was impacted in particular by the decline in wholesale prices for electricity, which was one of the consequences of the global economic crisis. Verbund's shares closed 2009 at € 29.7, corresponding to a negative performance of 8.8 %. The Annual General Meeting will propose the distribution of a dividend of € 1.00 per share and a special dividend of € 0.25 per share for fiscal 2009.

STOCK MARKET YEAR 2009

Price gains despite the global economic crisis. 2009 was dominated by the consequences of the crisis on the financial markets, which evolved into a global economic crisis in 2008. The economic downturn had already started in 2007 after the US real estate speculation bubble burst.

While the majority of stock markets were still able to record moderately positive development in 2007, the global financial markets incurred massive price losses in 2008. This development continued into the first weeks and months of 2009, with negative economic data, weak economic forecasts and continued problems in the banking sector and, in particular, the automotive industry dominating the headlines and leading to sustained uncertainty on the part of investors.

The crisis also increasingly affected the employment market, with the major economies contracting at a record rate. At the end of January 2009, the International Monetary Fund forecast the worst year for the world economy since 1945. Despite the efforts of governments and central banks to find an answer to the financial and economic crisis, the mood on the stock markets initially refused to improve. In early March, share prices on many markets fell beyond the lows recorded in 2008.

A significant recovery began in mid-March 2009 and continued over long periods of the year, driven by relatively good results in the financial sector, the strong performance of technology shares, growing investor confidence in the effectiveness of monetary and fiscal policy measures and, above all, hopes of a rapid recovery in the global economy.

Despite this, there were no signs of a sustained recovery in the real economy at first, with headlines continuing to focus on negative reports such as the insolvency of the US auto manufacturers Chrysler and General Motors, further problems at Hypo Real Estate and workforce reduction programmes.

In the second quarter of 2009, the global stock exchanges recorded double-digit growth rates across the board, thereby recovering and, in some cases, more than offsetting the losses incurred in the previous quarter.

The positive performance of the global markets continued in the third quarter of 2009. As in the previous quarter, this development was supported by extensive government spending programmes and an expansionary policy on the part of central banks, as well as improved macroeconomic indicators and – as a result – more optimistic economic forecasts.

The third quarter saw growing signs that the major economies had emerged from the low point of the recession. All of the major stock indices recorded significant growth rates between year-end 2008 and the end of the third quarter of 2009.

Following a volatile period, the international stock markets also enjoyed moderate positive performance in the fourth quarter of 2009. However, the continued development of the global economy was unclear, with economic data failing to provide a definitive direction. US unemployment rose to its highest level since 1983 on the back of the economic crisis, while workforce reduction programmes were initiated throughout the world. At the same time, figures published in October showed that the US economy had grown in the third quarter of 2009 for the first time in a year. The stock markets experienced a temporary downturn in late November in response to the financial problems reported by the emirate of Dubai. However, these losses were more than offset by the end of the year.

The major stock markets closed with significant price gains over the year as a whole.

The US stock index Dow Jones Industrial (DJI) rose by 18.8 % in 2009, while the Euro Stoxx 50 increased by 21.0 %. In Japan, the Nikkei 225 recorded growth of 19.0 % over the course of the year. The emerging markets outperformed the established stock markets in 2009, with the East European Index CECE – calculated in euros – rising by 40.5 % over the year as a whole.

VIENNA STOCK EXCHANGE

ATX performance +42.5 %. The ATX, the key index of the Vienna Stock Exchange, rose by an impressive 42.5 % in 2009. This means that the Vienna Stock Exchange clearly outperformed most of the international stock markets. In particular, this is due to the fact that prices on the Vienna Stock Exchange declined to a greater extent than on other stock exchanges in the months when the exchanges were hit by the greatest uncertainty.

THE VERBUND SHARE

Annual performance –8.8 %. Following negative performance of –32.0 % (ATX: –61.2 %), the Verbund share closed 2008 at € 32.6. In line with the general trend on the global stock markets, the price of the Verbund share fell significantly at the start of the new trading year. Alongside the negative stock market environment, this was attributable to the further decline in wholesale prices for electricity. The highly negative outlook for the global economy also led to a number of investment banks downwardly revising their forecasts for primary energy prices, and hence for electricity wholesale prices, in the first quarter of 2009. This resulted in a lowering of earnings forecasts, leading 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 to close at € 28.6 on 31 March 2009, representing a negative performance of 12.2 % in the first quarter of 2009.

In the second quarter of 2009, the value of the Verbund share rose by an impressive 26.9 %, more than offsetting the losses recorded in the previous quarter. This significant increase was attributable to the moderate recovery and expected stabilisation of wholesale prices for electricity and the slightly more positive comments from analysts of the Verbund share and the utilities sector, with the upturn enjoyed by the stock markets as a whole in the second quarter of 2009 naturally also playing a role. The Verbund share closed at € 36.3 on 30 June 2009, corresponding to a positive performance of 11.4 % in the first half of the year.

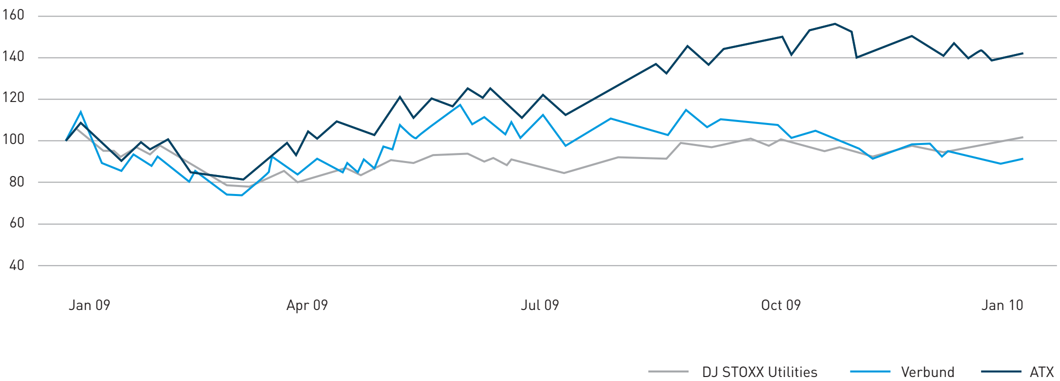
In the third quarter of 2009, the value of the Verbund share fell by 4.8 %, meaning that it was unable to benefit from the extremely positive international and, in particular, national stock market environment. The share price was especially hard hit by the fact that wholesale prices for electricity remained relatively low. As at 30 September 2009, the share closed at € 34.6, representing positive performance of 6.1 % in the first three quarters of 2009.

In the fourth quarter of 2009, the value of the Verbund share declined by a further 14.0 %, again underperforming the market as it had done in the previous quarter. There were various reasons for this development. The results for the first three quarters of 2009 published by Verbund in late October were moderately lower than forecast by analysts, while the outlook for the year as a whole was scaled back slightly on the basis of the figures reported, prompting a number of analysts to reduce their target prices for the Verbund share. The recent decrease in wholesale prices for electricity also had a negative impact on share price development.

At the end of the year, the Verbund share closed at € 29.7 with a negative performance of 8.8 % in fiscal 2009. This meant that the share significantly underperformed the ATX (+42.5 %) and was weaker than the DJ STOXX Utilities index (+1.5 %). However, it should be noted that the Verbund share price had previously declined to a far lesser extent than that of many other shares in the difficult stock market year of 2008, and it had also enjoyed stronger growth than the ATX in the previous years.

RELATIVE SHARE DEVELOPMENT

RELATIVE SHARE DEVELOPMENT (1 YEAR, 01. 01. 2009 = 100 %)

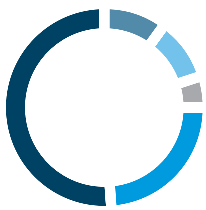


Verbund has a share capital of € 308,200,000 distributed across a total of 308,200,000 shares. 51 % of the shares are owned by the Republic of Austria and the remaining 49 % are quoted on the stock exchange. Major shareholders include EVN AG and Wiener Stadtwerke Holding AG, each with a holding in excess of 10 %, and TIWAG-Tiroler Wasserkraft AG with >5 %. The remaining <24 % is in free float. The Verbund share is quoted on the Vienna Stock Exchange. The share can also be purchased in Frankfurt, at the regional exchanges in Germany, in London, and in the USA through an American Depositary Receipt.

SHAREHOLDER STRUCTURE

SHAREHOLDER STRUCTURE %

REPUBLIC OF AUSTRIA	51
EVN AG	> 10
WIENER STADTWERKE HOLDING AG	> 10
TIWAG	> 5
FREE FLOAT	< 24



Stock exchange turnover in Verbund shares reached € 3,245.1 million. On average, 416,640 shares were traded every day in 2009. On 31 December 2009, the total value of the company based on its market capitalisation was € 9,156.6 million, while its weighting in the ATX was 6.2 %. Based on its market capitalisation, the Verbund Group had the highest valuation on the Vienna Stock Exchange for large sections of 2009.

STOCK-SPECIFIC FIGURES

	UNIT	2006	2007	2008	2009
PEAK PRICE *	€	41.58	49.95	59.30	38.13
LOWEST PRICE *	€	30.05	31.21	29.74	23.73
CLOSING PRICE *	€	40.42	47.88	32.56	29.71
PERFORMANCE	%	34.15	18.46	–32.00	–8.75
MARKET CAPITALISATION	MILLION €	12,457.44	14,756.62	10,034.99	9,156.62
ATX WEIGHTING	%	4.59	5.36	10.14	6.20
STOCK EXCHANGE TURNOVER	MILLION €	5,500.65	6,180.40	6,221.13	3,245.15
TRADING VOLUME/DAY *	SHARES	592,491	665,119	546,238	416,640
EARNINGS/SHARE *	€	1.63	1.88	2.23	2.09
CASH-FLOW/SHARE *	€	2.45	2.62	3.03	3.14
BOOK VALUE/SHARE *	€	7.44	8.68	10.15	11.06
P/E	X	24.86	25.48	14.61	14.21
PRICE/CASH FLOW	X	16.52	18.27	10.74	9.46
PRICE/BOOK VALUE	X	5.43	5.52	3.21	2.69
(PROPOSED) DIVIDEND/SHARE */***	€	0.75	0.90	1.05	1.25
DIVIDEND YIELD	%	1.86	1.88	3.22	4.21
PAY-OUT RATIO	%	46.13	47.89	47.13	59.79
EV/EBITDA **	X	14.42	15.13	9.49	11.08

* THE 1:10 STOCK SPLIT OF 23 MAY 2006 IS FACTORED IN HERE
** THE KEY FIGURES HAVE BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.
*** 2009 INCLUDING A SPECIAL DIVIDEND OF € 0.25

DIVIDEND

Special dividend of € 0.25 planned. The distribution of a dividend of € 1.00 per share and a special dividend of € 0.25 per share for fiscal 2009 will be proposed to the Annual General Meeting on 7 April 2010. A dividend of € 1.05 per share was distributed in fiscal 2008. The pay-out ratio is 59.8 %. Based on the share price on 31 December 2009, the dividend yield comes to 4.2 %.

INVESTOR RELATIONS

Analysts and investors provided with comprehensive and transparent information. The company's management communicated its results and strategic goals at extensive roadshows in Europe and the USA.

Verbund covered by international investment banks. In addition to the research reports of the major investment banks and the reports of therating agencies Moody's and Standard & Poor's, which are published on a regular basis, the Verbund share was also covered by UBS, Cheuvreux, Macquarie, HSBC and MainFirst in the year under review. Research reports on Verbund were regularly published by the following investment banks in 2009:

CA Cheuvreux (Nina Nedialkova)
Deutsche Bank (James Brand)
Goldman Sachs (Deborah Wilkens)
Kepler Research (Ingo Becker)
MainFirst (Andreas Thielen)
Morgan Stanley (Sean Lee)
Natixis Securities (Philippe Ourpatian)
Raiffeisen Centrobank (Teresa Schinwald)
Société Générale (John Honoré)
UniCredit (Harald Weghofer)
Credit Suisse (Christopher Kuplent)
Erste Group (Christoph Schultes)
HSBC (Adam Dickens)
Macquarie Research (Peter Gladkow)
Bank of America Merrill Lynch (Simon Flowers)
Nomura (John Musk)
Oddo Securities (Julien Benhamou)
Sal. Oppenheim (Gregor Kirstein)
UBS (Peter Crampton)

HERE COMES THE SUN.

THE SUN SETS EVERYTHING IN MOTION. WATER EVAPORATES AND RISES.
CLOUDS FORM. THE WIND BLOWS. RAIN FALLS. RIVERS FLOW.
AND SO BEGINS THE CYCLE THAT KEEPS EVERYTHING IN MOTION. ELECTRICITY IS GENERATED. NOW.
AND ENSURES THE SUBSTANTIAL PERFORMANCE OF THE COMPANY.

GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT AND ECONOMIC POSITION

MARKET AND INDUSTRY

Although there are growing signs of a stabilisation in the global economy, the impact of the recession will remain in place for some time – including in Austria. In 2009, the 3.4 % contraction in Austrian economic performance (according to the forecast issued by WIFO in December 2009) also affected electricity consumption, which declined by 4.4 % in the first eleven months of the year according to the preliminary figures issued by E-Control. A rise in electricity consumption is once again expected to accompany the economic recovery.

MACROECONOMIC CONDITIONS

Time for the globalised world to breathe again? 2009 saw the most severe recession in the global economy for 60 years. According to experts, however, there are signs of renewed growth, with the International Monetary Fund (IMF) forecasting a 3.1 % expansion in the global economy in 2010. At the same time, this improvement is likely to continue to involve substantial risk for the time being.

Originating in the USA, the economic downturn hit industrialised nations and the majority of emerging economies alike from late 2008 onwards. According to the IMF, economic performance in 2009 is forecast to decline by 2.7 % in the USA, with a deterioration of 4.2 % in the euro zone based on preliminary figures. By contrast, China remained the global economic driver in the past year with growth of 8.5 %.

Austria was unable to avoid the impact of the global recession, with the slump in worldwide demand for capital goods hitting its export markets with full force. The lower level of demand for Austrian goods from Germany and Central and Eastern Europe led to a 16.8 % decrease in exports in real terms (WIFO forecast). The low was reached in the second quarter of 2009, since which time exports have shown signs of improvement.

According to forecasts issued by WIFO (Austrian Institute for Economic Research) and IHS (Institute for Advanced Studies), Austrian economic performance is expected to have fallen by between 3.4 % and 3.7 % across 2009 as a whole. However, forecasts issued by WIFO and IHS in Austria are predicting a return to growth of up to 1.5 %.

Austria's economic performance is being supported by private consumption. However, the situation on the domestic employment market is not expected to ease in 2010.

ECONOMIC ENVIRONMENT IN THE ENERGY SECTOR

Caught in the wake of the global recession. The slowdown in global growth also had a tangible impact on energy consumption in 2009. Based on initial estimates, demand for energy sources declined by around 6 % in Austria alone. This represented the sharpest annual downturn since the 1970s, with renewable energies being the only energy source to buck the negative trend.

Hard coal was particularly affected by the slump in demand in the iron and steel industry and the significant reduction in its use in thermal power plants. Consumption of oil products and natural gas also fell, albeit to a less dramatic extent. Natural gas consumption primarily declined on the back of lower demand from industry, but benefited from increased use in electricity generation and the cooler weather conditions, particularly in early 2009.

The share attributable to renewable energies was higher than in 2008. Due to weather conditions, generation from hydropower plants alone increased by 5.5 % in the first eleven months of 2009. At the same time, however, more than 70 % of the Austrian energy supply remains based on fossil fuels, i.e. oil, coal and natural gas.

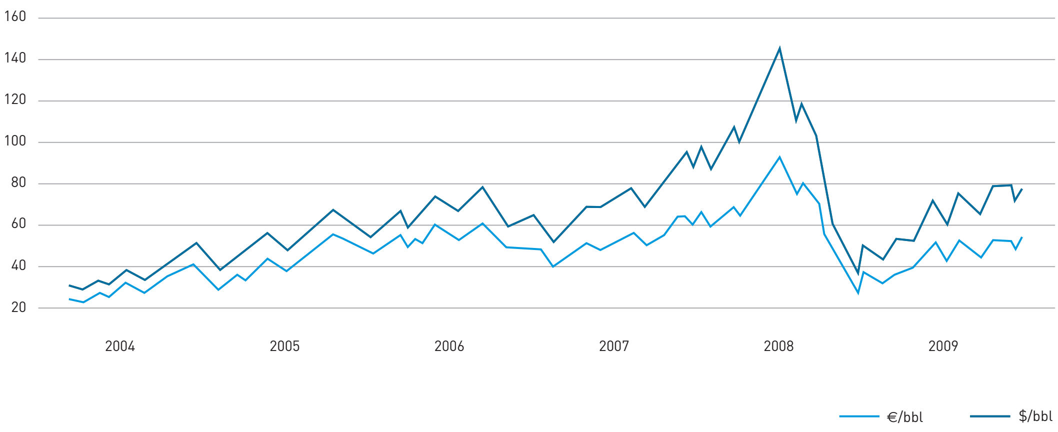
Sharp downturn in electricity consumption. The recession has also taken its toll on electricity sales, although the negative economic impact was cushioned somewhat by the comparatively stable electricity requirements of households and the service industry, as well as the boost in demand due to the weather conditions in early 2009. According to preliminary figures issued by E-Control, electricity consumption in Austria (total supply) declined by 4.4 % over the first eleven months of 2009. When industrial production picks up once again, electricity consumption will also rise.

Hydropower generation increased by 5.5 % in the first eleven months of 2009, while "other generation" grew by 14.2 %. The latter category includes electricity production from renewable energy sources (excluding biomass, which falls under thermal generation) and generation at plants that cannot yet be allocated within the statistics. Utilisation of thermal power plants declined by almost 6 %.

All in all, electricity production in Austria increased by 3.1 % in the first eleven months of 2009. With exports up 26.7 %, electricity imports were cut by 1.9 % in order to reflect the lower level of domestic demand, thereby almost balancing out the electricity trade balance in the first eleven months of 2009. By way of comparison: in 2008, Austria still had to import around 7 % of the electricity it required in net terms.

Primary energy prices down significantly on previous year. The dramatic slump in prices on the international crude oil markets came to a halt in the first quarter of 2009, and prices have increased once again in the meantime. This development was triggered by the cutbacks in production that were agreed by the OPEC member states and emerging hopes of an economic recovery.

PRICE DEVELOPMENT OF BRENT CRUDE



Source: ICE

However, oil prices remain a long way from the highs recorded in 2008. Brent crude oil traded at an average of $ 63/bbl in 2009 (Brent Front Month) compared with $ 98/bbl in 2008, with prices briefly exceeding $ 140/bbl in July 2008.

Sustained excess demand meant that there was downward pressure on long-term gas prices. Based on average prices for 2009, the price of natural gas on the EEX futures market (NCG front year) was around 41 % lower than in the previous year.

The recession meant that the trading volume on the international market for hard coal for use in power plants declined significantly compared with 2008. This development would have been even more pronounced without the growth in exports to China in the past year. Based on the average price for 2009, the price of coal on the EEX futures market (ARA front year, euro basis) was around 37 % lower than the average value for 2008.

REGULATORY FRAMEWORK

Adoption of the 3rd internal energy market package. The 3rd EU internal energy market package came into force on 3 September 2009. Of the five legal instruments adopted, three related to the electricity sector (Directive 2009/72/EC concerning common rules for the internal electricity market, Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity, and Regulation 713/2009 establishing an agency for the cooperation of energy regulators).

The EU is providing its member states with three unbundling options: full ownership unbundling, the outsourcing of network operation to an independent system operator, and a comprehensive package of measures aimed at ensuring the operational independence of the network operator (independent transmission operator, ITO).

The EU member states now have 18 months to implement the directive in national law. Companies (including Verbund) will then have a further year to implement the independent network operator ITO; however, this must be certified by the regulatory authority within this time.

Adoption of the EU energy and climate package. In order to overcome challenges presented by environmental policy, the energy and climate package was adopted at EU level in April 2009. The package provides for an increase in the share of renewable energies to 20 % between now and 2020, as well as a 20 % reduction in CO_2 emissions and a 20 % improvement in energy efficiency.

The new directive promoting the use of renewable energies prescribes a target of 34 % for Austria based on total energy consumption. The necessary measures are being developed within the “Austrian Energy Strategy” initiative.

Thanks to the high proportion of hydropower in its generation portfolio, Verbund is already partially responsible for the large share enjoyed by renewable energies in Austria and will be able to make a significant contribution to achieving the target of 34 % through a further expansion in its hydropower operations.

Under the terms of the EU directive, trading in certificates of origin for renewable energies – which is of importance to Verbund – will also be possible in future.

In the area of CO_2 trading, electricity producers – including Verbund – will be required to purchase 100 % of their CO_2 certificates from 2013 and will no longer receive allocations free of charge. Power plants in countries where the gross domestic product per capita is less than half the EU average are excluded from this provision. An EU regulation setting out the precise terms and conditions of the auction process is currently being prepared in Brussels.

Revision of the Environmental Impact Assessment (UVP-G). In July 2009, the Austrian National Assembly resolved an extensive revision of the Austrian Environmental Impact Assessment Act (UVP-Novelle 2009) in direct response to the adjustments required by EU law. However, the aim of the governing parties was to achieve a more comprehensive reform in order to shorten the approval time for energy infrastructure projects, which is often excessively long, and to simplify the process. Verbund considers this an essential factor in ensuring security of supply and meeting climate protection targets.

The revised UVP-G simplifies processes for the electricity sector in certain areas, such as the exemption of hydropower optimisation measures from the scope of the UVP. New requirements have also been introduced in some cases. For example, the environmental impact declarations (EID) prepared by future project applicants must contain a "climate and energy concept" that sets out measures aimed at ensuring energy efficiency and a reduction in greenhouse gases.

A draft ministerial report presented by the Federal Ministry of Economy, Family and Youth in May 2009 on a competition acceleration act for the energy sector was welcomed by Verbund, particularly the recognition of the public interest in the construction of certain transmission lines and electricity generation facilities, which would help to improve security of supply, and the recognition of national expertise in cross-border transmission lines.

Ultimately, the draft was not discussed in parliament in 2009. Some of the provisions included in this are to be looked at again in 2010 as part of the upcoming revision to EIWOG (Electricity Industry and Organisation Act) in order to allow for the implementation of the 3rd EU internal energy market package.

SYSTEM UTILISATION TARIFF DIRECTIVE

System Utilisation Tariff Directive impacts the electricity industry. There were changes to the tariff system as a result of the revision of the System Utilisation Tariff Directive in 2009: the transportation of energy for pumped storage has been included in system utilisation tariffs and electricity producers have also had to pay the grid losses charge since the revision was made. With the commencement of network tariff charging for pumped storage power plants, this has had a particularly negative influence on the profitability of individual projects.

Energy strategy for Austria. Since April 2009, the Austrian Federal Government has been working on a new energy strategy for Austria that is set to be finalised in the first quarter of 2010.

Headed by the Federal Ministry of Economy, Family and Youth and the Federal Ministry of Agriculture, Forestry, Environment and Water Management, a number of proposed measures were drawn up by expert groups in 2009 with the broad involvement of the relevant stakeholders. In the second phase, these proposals are being assessed and evaluated by specialist institutions such as the Austrian Federal Environment Agency, the Austrian Energy Agency and a project syndicate headed by WIFO before the new energy strategy is adopted by the Federal Government.

In consultation with specialist institutions, the Federal Government is aiming to achieve the stabilisation of total energy consumption at 1,100 petajoules (PJ). This is the only way in which the 34 % renewables target by 2020 appears achievable. Stabilisation of energy consumption will require a fundamental trend change in the areas of heating/air conditioning and mobility in particular.

In Austria, an economically efficient structure and the optimisation of electricity generation using renewable energy sources is achievable using hydropower and wind power in particular.

Experts are also predicting that electrical energy will be required to make an even greater contribution to the achievement of energy and environmental policy goals in future. Demand will increase as a result of the substitution of fossil fuels with electrical energy. Examples include the topic of electric mobility and the replacement of existing heating systems with electric heating pumps. Increased use of electricity will serve to ensure the necessary efficiency improvements throughout the entire energy system.

UN CLIMATE CHANGE CONFERENCE IN COPENHAGEN

UN Climate Change Conference in Copenhagen ends with minimal consensus. The stated goal of global environmental policy is to limit the temperature rise to 2 degrees Celsius compared with pre-industrial levels, which, according to studies carried out by the IPPC (Intergovernmental Panel on Climate Change), is necessary to counteract the most serious consequences of global climate change. At the G8 summit in L'Aquila in July 2009, the eight major industrialised nations also agreed on this 2-degree limit.

In order to stabilise the rise in global temperatures, global greenhouse gas emissions must be reduced by at least 50 % by 2050 as compared with 1990 levels. The G8 nations have agreed to restructure their economies in order to ensure that greenhouse gas emissions in 2050 are at least 80 % lower than in 1990.

The intended aim of resolving a follow-up treaty to the Kyoto Protocol, which expires in 2012, containing specific emissions reduction targets was not achieved at the UN Climate Change Conference in Copenhagen in December 2009.

The climate conference ended with minimal consensus on a political declaration, which includes a non-binding target for limiting global warming to two degrees, but does not contain any specific guidelines for reducing harmful greenhouse gases. It was also agreed that the industrialised nations would each set their reduction targets and base years at the start of 2010 and that developing countries would notify the UN every two years of the national measures they are planning to take to reduce greenhouse gases. In terms of financial support for developing countries, the result of the conference was pledging $ 30 billion between 2010 and 2013, the establishment of a "Copenhagen Green Climate Fund" with pledging $ 100 billion a year from 2020, and the introduction of international measures to monitor this financial aid.

A legally binding framework for the creation of a Kyoto follow-up treaty is now to be drawn up for the next UN climate conference at the end of 2010.

BUSINESS DEVELOPMENT

Verbund is able to report good results for fiscal 2009, albeit at a lower level than the record figures generated in 2008. Sales revenue fell from € 3,744.7 million to € 3,483.1 million (–7.0 %). The operating result fell by 8.5 % from € 1,138.6 million to € 1,042.3 million and consolidated net profit was down 6.2 % to € 644.4 million. The EBIT margin, the ratio of operating result to sales, fell slightly from 30.4 % to 29.9 %.

INFLUENCING FACTORS

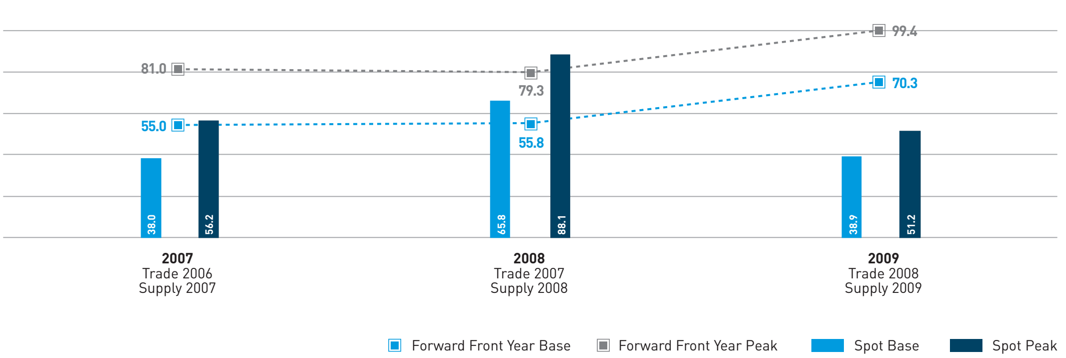
In 2009, the Verbund income statement was influenced to a large extent by the following factors:

- Considerably lower spot market and short-term forward prices/higher long-term forward prices
- Water supply significantly above the long-term average
- One-off accounting measurese

Average sales prices down year-on-year. The average price for the German/Austrian market area for year base 2009 forward contracts traded on the EEX energy exchange in 2008 was € 70.3/MWh, 26 % higher on average than the level recorded in the previous year. The average price for front year peak 2009 came to exactly € 99.4/MWh in the trading year 2008 and was therefore 25 % higher than the previous year. Here, forward market prices in the first half of 2008 were still driven by the sharp rise in raw materials prices. The financial market crisis only led to a correction of the electricity forward prices from the second half of 2008. Verbund benefited from the considerably higher forward market prices, as around 60 % of the electricity it generated was sold one year in advance at the prices described above in accordance with its hedging strategy.

However, quarterly and monthly forward prices were considerably lower compared with 2008. Spot market prices also declined severely in 2009. At € 38.9/MWh, the base load contracts traded on the EPEX electricity exchange were down 41 % year-on-year (Germany/Austria market area). Prices for base-load energy stood at € 51.2/MWh, 42 % lower than the previous year.

WHOLESALE PRICE €/MWh



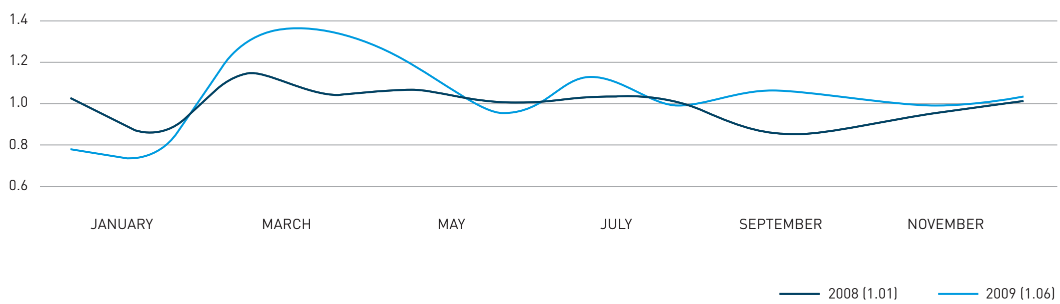
Source: EEX European Energy Exchange, EPEX European Power Exchange

Falling CO_2 spot market prices, prices for primary energy sources which have fallen significantly once again and the reduction in demand for electricity as a result of economic conditions are all reflected in this decline. Verbund sells approximately 40 % of the power it generates on the basis of spot market prices and quarterly and monthly forwards.

Overall, the average sales prices obtained in 2009 were slightly down year-on-year.

Water supply above the long-term average. The average water supply from rivers used to produce energy, which plays a decisive role in the area of hydropower generation, is another important factor that can influence the result. As a measure of electricity production from run-of-river and run-of-river pondage plants, the hydro coefficient for 2009 was 1.06, which is significantly up on the long-term average. As such, the coefficient from 2008 was outperformed by five percentage points, and that of 2007 by nine percentage points.

HYDRO COEFFICIENT



Development of the water supply over the course of the year. Early 2009 was characterised by above-average temperatures and, particularly in January, very low precipitation in areas affected by the "Nordstau" effect. However, an above average amount of rainfall fell in March. The generation value for the first quarter of 2009 was 0.97. This excellent level of water supply continued into the months of April and May. Precipitation levels in June, which were extremely severe in some areas, led to flooding, bringing about significant losses in the run-of-river segment at the end of the second quarter. Nevertheless, with a generation value of 1.15, the second quarter of 2009 was considerably up on annual standards. This good water supply trend continued in the third quarter of 2009, with a hydro coefficient of 1.07. In the fourth quarter of 2009, the above-average water supply of the previous two quarters of 2009 continued, with a hydro coefficient of 1.02.

Result burdened by one-off accounting measures. As was also the case in 2008, the earnings development of the Verbund Group was marked by one-off accounting measures: these had a negative impact overall on the operating result in the amount of approximately € 60 million and on the financial result in the amount of approximately € 10 million.

The one-off effects on the operating result were mainly the result of the impact of the 2009 amendment to the System Utilisation Tariff Directive 2006, under which the system utilisation tariffs in the electricity area were re-determined with effect from 1 January 2009. Furthermore, unscheduled maintenance and a value adjustment of existing stocks of coal also impacted the operating result.

The negative one-off effects on the financial result primarily resulted from the POWEO Group's negative result and restructuring expenses in the investment area. Value adjustments of securities as a result of the financial market crisis also had a negative impact. This was met with positive effects on the balance sheet from the premature termination of cross-border leasing transactions and exchange gains from a $ hedging transaction.

EARNINGS POSITION

The most important calculation modalities used in the determination of the ratios are explained in the glossary.

CONSOLIDATED INCOME STATEMENT (SHORT VERSION) MILLION €

	2007	2008	2009	CHANGE
SALES REVENUE	3,038.3	3,744.7	3,483.1	–7.0 %
OPERATING RESULT	916.1	1,138.6	1,042.3	–8.5 %
GROUP RESULT	579.2	686.6	644.4	–6.2 %
EARNINGS PER SHARE (€)	1.88	2.23	2.09	–6.2 %

Sales revenue down 7.0 %. The sales of the Verbund Group were down 7.0 % at € 3,483.1 million compared to the previous year.

Lower electricity sales due to weaker spot market prices and lower sales volumes. At 29,918 GWh, the Group's own generation in the year under review was up 4.4 % year-on-year. The above-average water supply from Austria's rivers significantly boosted generation at the run-of-river plants.

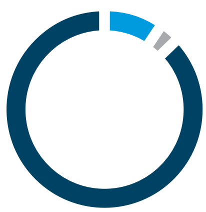
Generation at the storage power plants also increased by approximately 4 % due the comparably high reservoir levels at the start of the year and excellent inflow conditions as a result of the thaw. Thermal generation, on the other hand, posted a decline of 638 GWh to 2,714 GWh on account of the lower spot market prices.

Despite increased production of electricity, electricity sales revenue overall fell by 6.9 % to € 3,164.9 million. This is primarily attributable to a downturn in sales with foreign resellers and traders, who increasingly turned to standardised forward contracts that are recognised net in sales. The average sales prices achieved also fell as a result of weak spot market and short-term forward prices.

Specifically, electricity sales revenue declined by 6.9 % in 2009, falling from € 3,400.0 million to € 3,164.9 million.

SALES 2009 MILLION €

ELECTRICITY SALES	3,164.9
GRID SALES	268.5
OTHER SALES	49.7



In the case of electricity sales revenue from end customers (households, commercial enterprises, agricultural entities, industrial enterprises and their trading companies), Verbund posted a significant increase of € 87.0 million or 13.6 %: this growth is the result of further acquisitions in the industrial customer area and higher sales volumes from households, commerce and agriculture.

Electricity sales to resellers in Austria increased by 10.1 % to € 838.9 million. This was primarily attributable to the increased supply to domestic companies under the terms of procurement rights on the back of the improved water supply. However, as a result of increased trading business with standardised forward contracts, electricity sales to foreign resellers fell by 7.6 % to € 467.0 million. Furthermore, electricity sales to traders fell by 24.2 % to € 1,130.8 million, primarily as a result of increased trading business with standardised forward contracts that are recognised net in sales. Foreign markets – in particular, Germany and France – accounted for 55.4 % of the electricity sales (previous year: 60.8 %).

The sales volume displayed a decrease of 4,768 GWh or 8.5 % compared to the corresponding period of the previous year. However, forward contracts recognised net in sales increased considerably, rising by 66.4 % or 24,205 GWh.

Fall in grid sales. Grid sales fell by 11.1 % to € 268.5 million compared to the previous year. In 2009, the amount of energy transmitted over Verbund's 220/380 kV grid and relevant to clearing dropped by 10.2 % to 16,304 GWh (previous year 18,163 GWh). The main reasons for this development were the downturn in electricity consumption and the high level of hydraulic generation, leading to lower transport volumes within the high voltage grid.

The fall in grid sales is also particularly attributable to the 2009 amendment to the System Utilisation Tariff Directive 2006, under which the system utilisation tariffs in the electricity area were re-determined with effect from 1 January 2009. The significant decline in international sales in auctions was not fully mitigated by higher international ITC (Inter Transmission System Operator Compensation) sales.

Slight increase in other sales. Other sales include, among other items, district-heating sales, which increased slightly year-on-year. Overall, other sales rose by € 7.0 million to € 49.7 million.

Significant drop in other operating income. Other operating income fell by 45.2 % to € 52.7 million. This significant drop is largely attributable to the proceeds posted in 2008 from the sale of the Voitsberg power plant, which was not met with a positive one-off effect in 2009.

Electricity procurement costs down 11.3 %. Expenses for electricity, grid and gas purchases as well as emission certificates purchases (trade) fell by 11.3 % overall to € 1,608.3 million. The principal reason for this was a reduction in electricity purchases, which dropped in volume from the corresponding period of the previous year by 6,026 GWh or 22.0 %. The fall in electricity purchases is mainly due to the increase in trading business with standardised forward contracts that are recognised net in expenditure and increased own generation thanks to the exceptionally good water supply compared to the previous year (hyrdro coefficient: 1.06; 2008: 1.01). Grid purchases rose by € 22.9 million or 21.9 %. This is due to the clear expansion of end customer business in Austria and abroad.

Lower fuel costs due to reduced generation. The price situation on the electricity sales markets necessitated a value adjustment of existing stocks of coal. As a result of higher inventories, the provision for impending losses also had to be adjusted accordingly. These circumstances led to a € 20.8 million rise in fuel expenses. On the other hand, lower consumption of fuel and CO_2 certificates resulting from reduced power plant utilisation impacted results positively totalling € 39.3 million. Thermal generation fell by 638 GWh to 2,714 GWh in 2009 (including 363 GWh procurement rights POWEO S.A.S.). In total, fuel expenses and other utilisation-dependent expenses declined by € 15.1 million to € 118.9 million.

Payroll expenses at same level as previous year. Payroll expenses, including severance payments and pension expenses, fell slightly by 0.7 % to € 304.0 million compared to the previous year. Current payroll expenses rose by 6.9 % to € 255.1 million and expenses for severance payments and pensions increased by 27.6 % to € 48.9 million.

In the case of active payroll expenses, the adjustment of wages, salaries and related costs in line with the collective wage agreement and the increase in the number of employees as a result of the growth strategy had a negative effect. The full consolidation of Verbund-Umwelttechnik GmbH and Verbund-Tourismus

GmbH and the acquisition of Kraftwerksgruppe Inn were also significant factors in the increase in payroll expenses. Overall, the average number of employees increased from 2,541 employees to 2,820 employees.

Positive development on the capital markets in 2009 and the elimination of the negative one-off effect resulting from losses in pension fund assets in 2008 led to lower pension expenses. Lower initial endowment expenses for those entering early retirement also had a positive effect on social capital expenses.

Higher depreciation and amortisation due to company acquisitions. Amortisation of intangible assets and depreciation of property, plant and equipment increased by 14.2 % to € 209.2 million. This is mainly due to the acquisition of a 99.7 % stake in Kraftwerksgruppe Inn (now VERBUND-Innkraftwerke GmbH) with effect from 31 August 2009 and the acquisition of 100 % of the shares in the Bruck/Hollern/Petronell-Carnuntum wind farms (now merged with VERBUND-Austrian Delta Wind GmbH) with effect from 1 January 2009. The Styria line was also commissioned in 2009.

EXPENSES 2009 %

ELECTRICITY AND GRID AS WELL AS EMISSION RIGHTS (TRADE)	64.5
USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES	4.8
PAYROLL EXPENSES	12.2
AMORTITATION OF INTAGIBLE AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	8.4
OTHER OPERATING EXPENSES	10.2

Significant drop in other operating expenses. Other operating expenses declined by 4.4 % to € 253.1 million compared to the previous year. As in 2008, unscheduled maintenance, such as the sealing of a storage basin and dredging work, continued to drive up costs in the year under review by a total of € 17.7 million. Other operating expenses also increased as a result of payments for the construction of the Ashta hydropower plant, which is met with corresponding sales. However, cost savings programmes for other operating expenses also allowed significant reductions to be made. Other operating expenses have also been impacted in 2008 by an allocation to reserves for the Voitsberg power plant and a provision for the demolition costs associated with the St. Andrä power plant.

Operating result down year-on-year. On the basis of the influencing factors and developments described above, the operating result declined by 8.5 % from € 1,138.6 million to € 1,042.3 million.

DEVELOPMENT OF OPERATING RESULT MILLION €

2007	2008	2009
916.1	1,138.6	1,042.3

Financial result significantly up on previous year. In 2009, the financial result improved significantly from € –113.7 million to € –60.6 million.

The result from interests accounted for using the equity method increased by € 17.8 million to € 51.9 million. Increased results from KELAG and STEWEAG-STEG GmbH boosted the at-equity result, whereas the results from the Italy-based Sorgenia Group, the Turkey-based Enerjisa Enerji Üretim A.S. and the France-based POWEO Group all declined. One-off restructuring expenses had a negative impact.

In 2009, the first-time recognition of interests accounted for using the equity method with their prorated IFRS (International Financial Reporting Standards) 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, resulted in a one-off positive earnings effect in the amount of € 29.0 million.

The improvement in the result from interests accounted for using the equity method is also primarily due to the impairment loss revealed for Energie Klagenfurt GmbH within the framework of the impairment test in the amount of € 50.0 million in the 2008 reporting year. The result from other participating interests increased only slightly year-on-year by € 1.3 million to € 9.5 million.

Interest income decreased by € 45.1 million or 47.7 % to € 49.5 million compared to the corresponding period of the previous year. This is due in particular to lower income from money market transactions resulting from lower interim investments, and lower interest income from cross-border transactions owing to the premature termination of these transactions.

Interest expenses increased by 5.2 % to € 216.7 million compared to the previous year. Particular driving forces behind the increase in expenses were the loans that were taken out from Oesterreichische Kontrollbank AG (OeKB) and the European Investment Bank (EIB) in 2008 and 2009, the raising of promissory note loans and the issue of a € 500 million bond in April 2009 and an € 840 million bond in July 2009.

However, compensating for this were the considerably lower profit/loss shares of the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG and lower interest expenses resulting from the premature termination of cross-border leasing transactions.

In 2009, the other financial result was € 45.2 million. This corresponds to an increase of € 89.9 million from the other financial result in 2008 of € –44.7 million. As in the previous year, the other financial result was impacted by one-off earnings effects.

The international financial market crisis necessitated the recognition in profit or loss of an impairment loss by securities and investment funds in the amount of € 19.7 million (previous year: € 33.6 million). On the other hand, profits from a hedging transaction in connection with the acquisition of Baskent Elektrik Dagitim A.S. boosted earnings by € 20.2 million. Further positive profit contributions resulted from the premature termination of cross-border leasing transactions relating to Altenwörth, Wallsee/Mitterkirchen, Aschach, Abwinden/Asten, Ottensheim, Ybbs and Greifenstein totalling € 19.6 million, as well as valuation gains from a JPY bond totalling € 5.4 million (previous year: exchange loss of € 24.1 million).

Effective tax rate came to 23.3 %. The effective tax rate of 23.3 % (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.

Minority interests in profit (without limited partners) increased by € 4.4 million to € 108.5 million, primarily due to the jump in earnings at VERBUND-Austrian Hydro Power AG.

Group result: –6.2 %. The Group result in accordance with IFRS fell by 6.2 % to € 644.4 million. The earnings per share declined to € 2.09.

DEVELOPMENT OF GROUP RESULT

MILLION €

2007	2008	2009
579.2	686.6	644.4

Increase in non-current assets due to higher investments. Non-current assets rose by 27.8 % from € 7,326.4 million as on 31 December 2008 to € 9,364.1 million as on 31 December 2009. Intangible assets displayed a year-on-year increase of € 620.8 million to € 633.3 million. As of 31 December 2009, the intangible assets include goodwill totalling € 605.7 million (31 December 2008: €0.0 million). These derive mainly from the acquisition of Kraftwerksgruppe Inn.

CONSOLIDATED BALANCE SHEET (SHORT VERSION)

MILLION €

	2008	SHARE	2009	SHARES
TOTAL ASSETS	8,293.8	100 %	10,345.2	100 %
NON-CURRENT ASSETS	7,326.4	88 %	9,364.1	91 %
CURRENT ASSETS	967.4	12 %	981.1	9 %
TOTAL EQUITY AND LIABILITIES	8,293.8	100 %	10,345.2	100 %
SHAREHOLDER'S EQUITY	3,128.1	38 %	3,409.7	33 %
LONG-TERM LIABILITIES	3,815.7	46 %	5,956.8	58 %
SHORT-TERM LIABILITIES	1,350.1	16 %	978.7	9 %

Property, plant and equipment increased by € 1,163.8 million to € 5,553.8 million. This improvement is also largely due to the acquisition of Kraftwerksgruppe Inn. Furthermore, additions of € 471.9 million lay significantly above the value recorded for depreciations.

The interests accounted for using the equity method rose by € 642.1 million or 41.9 %. This increase is primarily attributable to the first-time consolidation of the Turkish distribution company Baskent Elektrik Dagitim A.S. (€ 270.4 million) and to capital increases carried out by the Verbund Group in the Turkish generation company Enerjisa Enerji Üretim A.S. in the amount of € 100.0 million, and in the Italian joint venture Sorgenia Holding S.p.A. in the amount of € 150.5 million. Moreover, a total of € 105.4 million was invested in the interest in the French supplier POWEO S.A. and the generation company POWEO S.A.S.

The interests accounted for using the equity method also increased by the amount of gains or losses recognised in equity totalling € 51.9 million. This was offset by distributions in the amount of € 32.3 million and changes in value recognised directly in equity of € 30.0 million (of which € 7.0 million from foreign currency differences).

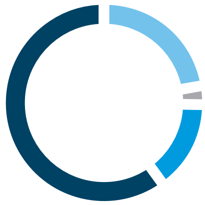
The 26.6 % decline in other participating interests to € 138.6 million is mainly due to changes in the group of consolidated companies. Non-current investments in cross-border leasing fell by € 268.4 million to € 322.0 million as a result of the premature termination of cross-border leasing transactions. Other non-current investments and other non-current receivables declined by 11.5 %, mainly as a result of the disposal of securities.

Current assets increased slightly by 1.4 % from € 967.4 million as at 31 December 2008 to € 981.1 million. Higher inventories as a result of the build-up of primary energy inventories and higher cash and cash equivalents were faced with lower trade receivables and other receivables.

ASSETS 2009

%

INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT	59.8
PARTICIPATING INTERESTS	22.4
LONG-TERM INVESTMENTS CROSS BORDER LEASING	3.1
OTHER LONG-TERM INVESTMENTS AND CURRENT ASSETS	14.7



LIABILITIES 2009

%

SHAREHOLDERS' EQUITY	33.9
FINANCIAL OBLIGATIONS	37.9
FINANCIAL OBLIGATIONS FROM CROSS BORDER LEASING	3.8
PROVISIONS	9.2
OTHER LONG-TERM AND SHORT-TERM LIABILITIES	16.1

Shareholders' equity increased essentially due to the retention of earnings. The shareholders' equity increased by € 281.6 million from € 3,128.1 million to € 3,409.7 million. The equity ratio adjusted for closed items on the assets and liabilities side therefore amounts to 34.3 % after 41.3 % on the balance sheet date the previous year.

Rise in financial liabilities. The long- and short-term financial liabilities increased by € 1,723.7 million to € 3,917.8 million. Short-term financial liabilities included financial liabilities from cross-border leasing of € 3.0 million (previous year € 0.0 million). On 8 April 2009 and 8 July 2009, VERBUND-International Finance B.V. issued € 500 million and € 840 million bonds within the framework of the € 3 billion EMTN (European Medium Term Note) programme. The bonds mature in 6 and 10 years, respectively. In both cases, interest is 4.75 %. Issue prices were 99.699 % and 99.145 %, respectively. Moreover, a promissory note loan of € 200 million was raised in 2009, an OeKB loan of € 260 million was concluded and a private placement of € 200 million was carried out. This was offset by the redemption of bonds, loans and long-term credits in the amount of € 302.4 million.

The capital and profit/loss shares attributable to the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG totalling €125.9 million (previous year: €138.7 million) are also recognised under long-term financial liabilities.

Long-term financial liabilities for cross-border leasing fell by 46.1 % to € 392.7 million as a result of the premature termination of cross-border leasing transactions. Deferred income for cross-border leasing also declined by € 170.7 million to € 74.1 million as a result of the premature termination of cross-border leasing transactions.

The long- and short-term provisions increased – essentially due to the higher provisions for electricity supplies and outstanding receipts for investments – by 8.3 % to € 956.5 million.

The €465.8 million increase in other non-current liabilities is attributable primarily to the obligation arising from a 20-year electricity supply agreement, which was entered into in partial consideration for the purchase of Kraftwerksgruppe Inn.

In total, the non-current and current financial liabilities increased by € 1,769.8 million to € 6,935.5 million.

FINANCIAL POSITION

CASH FLOW STATEMENT (SHORT VERSION) MILLION €

	2007	2008	2009
OPERATING CASH FLOW	807.6	934.2	968.0
CASH FLOW FROM INVESTING ACTIVITIES	–646.6	–1,121.7	–2,043.7
CASH FLOW FROM FINANCING ACTIVITIES	81.1	–34.8	1,093.9
CHANGES TO CASH AND CASH ITEMS	242.2	–222.3	18.2
CASH AND CASH ITEMS AS OF 31 DECEMBER	330.1	107.8	126.0

Operating cash flow increased. Operating cash flow increased year-on-year by € 33.8 million to € 968.0 million. This essentially resulted from the change in contributions from electricity generation (€ +286.6 million) and payments from prior periods (€ –93.9 million) in connection with energy derivatives. Moreover, income tax payments (€ –119.0 million), net interest payments (€ –50.5 million), and payments in connection with personnel (€ –23.9 million) increased year-on-year.

Cash flow from investing activities changed by € –922.0 million to € –2,043.7 million. This is attributable above all to the acquisition of Kraftwerksgruppe Inn (€ 970.3 million) and the Turkish distribution company Baskent Elektrik Dagitim A.S. (€ 270.4 million) and the outstanding payment for the Bruck/Hollern/Petronell-Carnuntum wind farms (€ 18.6 million). Investments in property, plant and equipment and intangible assets also increased, as well as income from the disposal of securities. However, this also includes investment in holdings which was lower than the corresponding period of the previous year and lower investment in securities.

Cash flow from financing activities increased by € +1,128.7 million to € +1,093.9 million. Long-term bonds, loans and long-term credit in the amount of € 2,107.2 million (primarily two euro bonds totalling € 1,340.0 million, one promissory note loan of € 200 million, one OeKB credit of € 260 million and one private placement of € 200 million) were offset by the redemption of bonds, loans and long-term credits totalling € 302.4 million. The premature termination of cross-border leasing transactions led to an outflow of funds in the amount of € 133.1 million when related costs were included. Dividends amounting to € 402.8 million were distributed.

DIVIDEND AND DISTRIBUTION POLICY

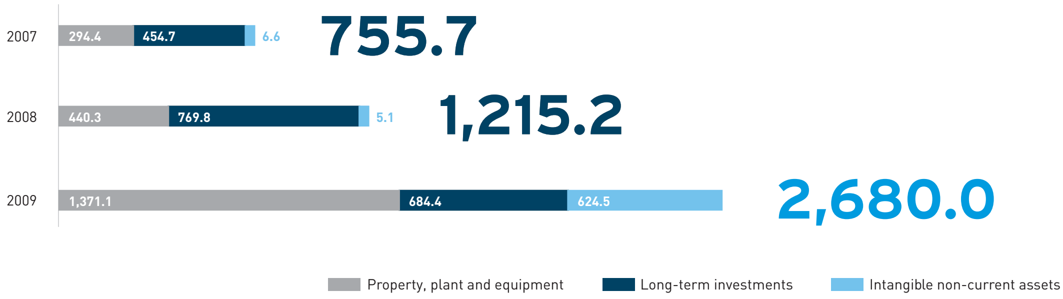
Proposed dividend: € 1.00 plus € 0.25 special dividend. The individual accounts of the listed Verbundgesellschaft, which are used as a basis for determining the amount that can be distributed to the shareholders, were prepared in accordance with the Austrian Commercial Code. The net profit for the year in accordance with the Austrian Commercial Code comes to € 515.2 million. After changes to provisions, the net profit for the year comes to € 385.3 million.

Despite these lower results, we would like to reinforce our shareholders' confidence in Verbund and will therefore propose to the Annual General Meeting the second best result in the company's history, an increase in the dividend from € 1.05 per share to € 1.25 per share – € 1.00 per share in regular dividends and € 0.25 per share in special dividends.

Significant growth in investments. The investment volume totalled € 2,680.0 million and was therefore considerably up on the value reported in the previous year (€ 1,215.2 million). Of this amount, € 1,995.6

million was invested in property, plant and equipment as well as in intangible assets, while non-current investments accounted for € 684.4 million.

INVESTMENTS MILLION €



The largest investments in property, plant and equipment in 2009 (excluding additions to the group of consolidated companies) included the construction of the new 832 MW combined cycle gas turbine (CCGT) in Mellach, the construction of the Limberg II power plant and the 380 kV Kainachtal-Southern Burgenland line.

FINANCING

FINANCIAL STRATEGY

The Verbund Group follows a very conservative financial strategy, which played a significant part in ensuring that negative impacts on the results of the Group were largely avoided when in the midst of the extremely difficult market environment that has prevailed since July 2007. In addition to this, the Verbund Group was still able to finance its growth strategy despite this difficult market situation, thanks to its strong position on the capital markets and its wide access to sources of finance. Verbund's proven financial strategy is essentially founded on five pillars. From a strategic viewpoint, these pillars have remained unchanged for a number of years, but in operational terms, they have been continuously adapted in line with the respective current market situation.

The five pillars comprise the securing of a strong credit rating; guaranteeing adequate liquidity reserves; providing need-oriented, centralised Group financing for the subsidiaries; maintaining extensive financial flexibility and optimising the risk structure on the basis of predefined limits.

BORROWING AND PORTFOLIO OF BORROWED FUNDS

In order to finance the investment programme and acquisitions in Austria and abroad, Verbund borrowed funds in the amount of € 2 billion in 2009. For reasons of diversification, as broad a range of external financing instruments as possible was drawn upon in Euros. However, due to the performance of the capital market, the main focus was on the issue of bonds. Based on the all-time lows for interest rates, the majority of borrowing was set at a fixed interest rate or swapped to a fixed interest rate. Furthermore, most of this borrowing was subject to long durations of between 6 and 11 years.

BORROWING AND PORTFOLIO OF BORROWED FUNDS

INSTRUMENT	AMOUNT	BORROWING CONDITIONS*	TERM	DRAWING
PROMISSORY NOTE LOAN	200 MILLION €	AFTER SWAP 4.4 %–5.1 % FIXED INTEREST	UNTIL 2015	JANUARY 2009
OEKB FINANCING	260 MILLION €	4.05 % VARIABEL INTEREST	UNTIL 2017	APRIL 2009
BOND	500 MILLION €	4.87 % VARIABLE INTEREST	UNTIL 2015	APRIL 2009
BOND	840 MILLION €	4.91 % FIXED INTEREST	UNTIL 2019	JULY 2009
PRIVATE PLACEMENT	200 MILLION €	4.98 % FIXED INTEREST	UNTIL 2020	OCTOBER 2009

* THE INTEREST RATES GIVEN RELATE TO THE EFFECTIVE RATE OF RETURN.

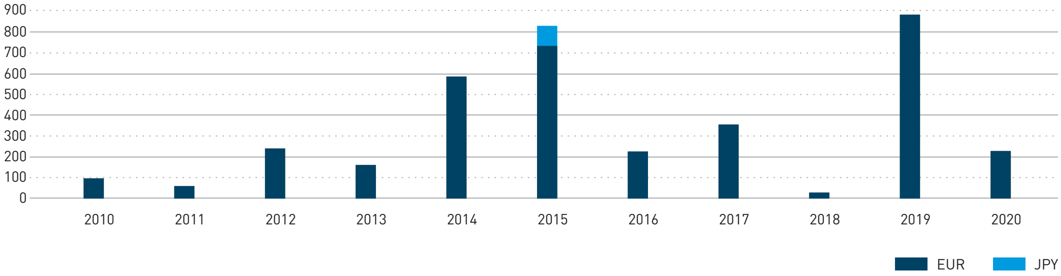
The fair value of the financial liabilities of the Verbund Group as at 31 December 2009 comes to € 3,958 million. Of these, 97.1 % are financed in Euros and 2.9 % in JPY. The duration as at 31 December 2009 is 4.1 years, the average remaining maturity is 6.6 years. The effective rate of return for the financial liabilities is 4.5 %. As at 31 December 2009, 85 % of the financial liabilities have a fixed interest rate and 15 % are subject to a variable rate.

REPAYMENT STRUCTURE

The repayment structure changed considerably in 2009 and features repayment peaks in 2014, 2015 and 2019. Refinancing requirements in the period between 2010 and 2013 amount to € 541 million and can be covered on the basis of cash and cash equivalents and committed credit lines.

REPAYMENTS

MILLION €



CREDIT LINES

Securing liquidity is the utmost priority in the Verbund Group. As at 31 December 2009, the Verbund Group has an unutilised syndicated loan in the amount of € 750 million that can be used to secure liquidity. The syndicated loan, which was concluded in January 2005 with a number of national and international banks, has a duration until January 2012 and can be utilised at any time. The Verbund Group also has uncommitted credit lines as at 31 December 2009 totalling approximately € 655 million, predominantly with Austrian banks.

RATING DEVELOPMENT

The financing costs of a company and its access to financing instruments are determined on the basis of the company's credit rating. Companies with a higher credit rating have easier access to the international capital markets and broader possibilities for external borrowing and can therefore avail of better conditions when taking out loans. Due to the strong differentiation of the risk premiums in accordance with the rating category of the company as a result of the financial market crisis, Verbund now attaches great importance to ensuring its credit rating in the long term. The commitment to achieving a sustainable, stable and robust capital structure, the adherence to the ratios that are relevant for ratings and regular intensive communication and discussion with the rating agencies Standard & Poor's and Moody's on the strategic goals of the Group are fundamental requirements to achieve this goal. In 2009, the rating of Verbundgesellschaft fell by one notch as a result of high levels of borrowing and now stands at A-/negative outlook at Standard & Poor's and A2/negative outlook at Moody's.

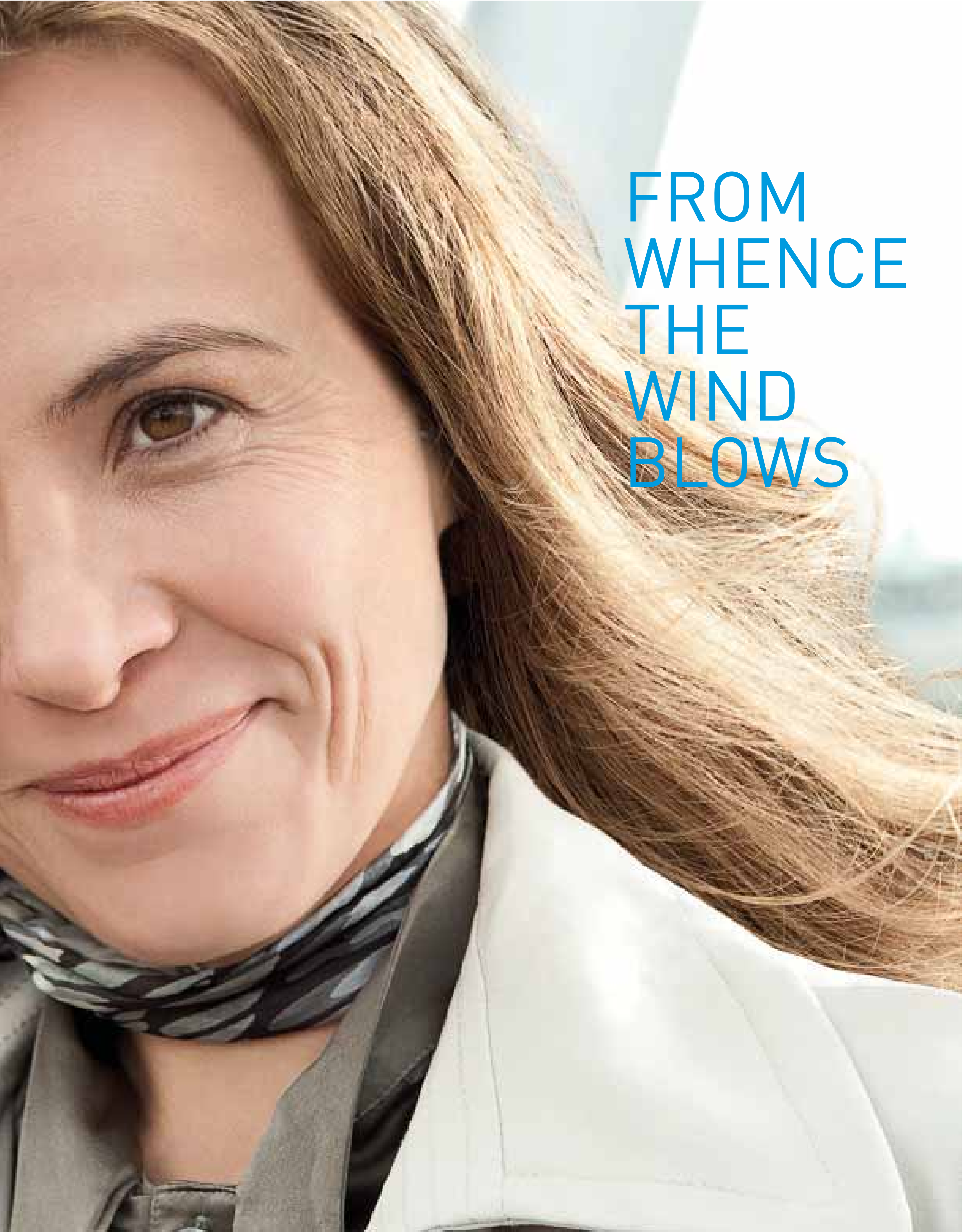
KEY FINANCIAL RATIOS

The development of key financial ratios reflects the high levels of borrowing in 2009.

KEY FIGURES

	UNIT	2007	2008	2009
NET DEBT/EBITDA	X	1.7	1.9	3.8
GEARING	%	69.9	80.2	138.3
GROSS INTEREST COVERAGE */**	X	8.1	7.1	4.8
GROSS DEBT COVERAGE	%	33.1	39.4	20.5

* INTEREST EXPENSES EXCLUDING PROFIT/LOSS ATTRIBUTABLE TO LIMITED PARTNERS.
** THE RATIO HAS BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.



FROM WHENCE THE WIND BLOWS

EVEN IN DIFFICULT TIMES, IT IS IMPORTANT TO RECOGNISE FROM WHENCE THE WIND BLOWS.
THAT FUTURE-ORIENTED SOLUTIONS ARE IN DEMAND. ECOLOGICAL RESPONSIBILITY.
AND THE USE OF RENEWABLE ENERGY SOURCES THAT HAVE A FUTURE.
FOR THAT WHICH PEOPLE AT VERBUND ARE WORKING ON NOW IS VITAL FOR THE FUTURE.

BUSINESS DIVISIONS

ELECTRICITY

Thanks to good production conditions and its long-term hedging strategy, the leading company in the Austrian electricity sector finds itself in a comparatively strong position despite the negative macroeconomic environment. A substantial proportion of the electricity generated in 2009 was sold on the futures market prior to the fall in prices, meaning that Verbund was able to record prices that were significantly in excess of the market level in 2009. However, Verbund was also impacted by short-term developments on the electricity market, with prices for short-term marketing considerably lower than in previous years. At the same time, Verbund benefited from an above-average water supply in 2009. Sales to resellers in Austria increased by 10.1 % to € 838.9 million, while sales to domestic end customers rose by 12,1 % to € 527.1 million. The end customer base for electricity in Austria expanded significantly to 225,000.

Annual electricity generation in Austria is around 70 billion kWh, some 40 % of which is attributable to power plants owned by the Verbund Group. Sustainability has been an important element of our energy generation activities for several decades: around 91 % of the total electricity generated by Verbund in 2009 was derived from hydropower. The Group is reinforcing its commitment to renewable energies through the use of wind power and photovoltaics. We also see gas power plants as a medium-term replacement for existing coal-fired power plants, representing an environmentally friendly bridging technology to a future based on renewable energies in the long term.

ECONOMIC DEVELOPMENT

Stable operating performance. External sales in the Electricity segment, which comprises electricity production, electricity trade and electricity distribution, were 7.5 % down on 2008 figures, at € 3,168.6 million. Around 91% of the Group's total external sales were generated in the Electricity segment.

The result in 2009 was essentially influenced by the difficult market situation. Verbund benefited from its long-term, proven hedging strategy, which meant that a large proportion of its own generation was sold a year in advance at higher electricity prices. The higher level of own generation, which came about as a result of a considerably higher hydro coefficient, also had a positive impact.

EBIT fell by 7.9 % to € 1,010.8 million. This fall in earnings is due in particular to negative one-off effects and lower spot market prices, and was not fully offset by the above-average water supply.

The Electricity segment generated approximately 97 % of consolidated EBIT.

Return on invested capital (ROCE) reached 18.7 % in 2009. Capital employed rose by 46.1 % to € 5,168.3 million. This reflects the growth course taken by generation capacity, particularly thanks to the acquisition of 13 run-of-river power plants on the Inn River in Bavaria.

Position among leading European hydropower generators improved. Following the acquisition of the power plants on the Inn River from E.ON on 31 August 2009, the Group's hydropower generation portfolio consists of 82 run-of-river plants and 21 storage power plants, as well as procurement rights for the hydropower plants of Ennskraftwerke AG, Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerke Jochenstein AG and E.ON Wasserkraft GmbH (a total of 20 run-of-river plants).

RATIOS ELECTRICITY SEGMENT *

	UNIT	2007	2008	2009	CHANGE
EXTERNAL SALES	MILLION €	2,743.1	3,426.5	3,168.6	–7.5 %
EBITDA	MILLION €	1,008.3	1,220.3	1,153.0	–5.5 %
EBIT	MILLION €	884.6	1,097.1	1,010.8	–7.9 %
CAPITAL EMPLOYED	MILLION €	3,181.1	3,527.4	5,168.3	+46.1 %
ROCE	%	22.0	25.0	18.7	–
INVESTMENTS	MILLION €	169.1	274.3	1,816.2	+562.1 %

* PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED DUE TO THE FIRST-TIME APPLICATION OF IFRS 8.

In total, Verbund now has a bottleneck capacity (BC) of 6,887 MW and a standard capacity (SC) of 26,725 GWh from hydropower generation.

The Group's generation is supplemented by the output of three thermal power plants with a bottleneck capacity of 815 MW. Five thermal power plants are currently shut down or have been taken offline or leased out. Verbund's thermal power plant park is highly flexible and can generate base load or peak electricity in line with market demand.

POWEO's first combined cycle gas turbine in France went fully operational in Pont-sur-Sambre in late September 2009. 40 % of the power generated is available directly to Verbund for resale.

Green light for wind power activities in Austria and Eastern Europe. In 2009, Verbund further expanded its position in the area of renewable energies through its wind power activities.

Since January 2009, Verbund has owned and operated three wind farms in the Lower Austrian municipalities of Bruck an der Leitha, Hollern and Petronell-Carnuntum. These wind farms have a total capacity of 49 MW, or around 5 % of the total installed wind capacity in Austria, and produce around 100 GWh of electricity every year in total.

In 2009, Verbund also expanded its wind power activities into Eastern Europe: in May, VERBUND-Austrian Renewable Power GmbH entered the Bulgarian market with a wind power project with an installed capacity of 16 MW. Construction of the eight plants making up the wind farm on the Black Sea coast began in late summer. The wind farm is expected to produce around 50 GWh of electricity every year.

Since 2009, Verbund has also been developing a wind farm in Romania with a capacity of up to 200 MW in cooperation with a local partner. As in Bulgaria, the location of the project in Romania is close to the Black Sea coast. As well as enabling highly efficient project development, this means that it will be possible to leverage synergies in the subsequent operation phase.

Significant growth in electricity generation. In 2009, Verbund generated a total of 29,918 GWh, up 1,258 GWh or 4.4 % on the previous year. Electricity purchases declined by 6,026 GWh or 22.0 % to 21,371 GWh compared to 2008. Accordingly, Group generation totalled 51,289 GWh in 2009 compared with 56,057 GWh in the previous year (–4,768 GWh or –8.5 %).

In the year under review, own generation accounted for 58 % of Group generation. External procurement accounted for a share of 42 %.

RATIOS POWER PLANTS

	NUMBER	BC MW	SC GWh	2006 GWh	2007 GWh	2008 GWh	2009 GWh
HYDROPOWER	103	6,297	23,695	20,836	21,406	22,221	23,858
PROCUREMENT RIGHTS HYDROPOWER	20	590	3,030	3,017	2,915	3,087	3,241
WIND/SUN	5*	52*	–	–	–	–	106
THERMAL POWER	8	1,520	–	4,233	3,986	3,352	2,351
PROCUREMENT RIGHTS THERMAL POWER	1	165	–	–	–	–	363
TOTAL	**137**	**8,624**	**26,725**	**28,086**	**28,307**	**28,660**	**29,918**

* THREE WIND FARMS IN LOWER AUSTRIA (BRUCK AN DER LEITHA, HOLLERN, PETRONELL-CARNUNTUM) WITH A TOTAL OF 49 MW AND TWO PHOTOVOLTAIC PLANTS IN SPAIN WITH A TOTAL OF 3 MW.

PROCUREMENT

GWh

	2008	2009	CHANGE
HYDROPOWER*	25,308	27,099	+7.1 %
WIND/SUN	–	106	–
THERMAL POWER*	3,352	2,714	–19.0 %
OWN GENERATION	**28,660**	**29,918**	**+4.4 %**
ELECTRICITY PURCHASED FROM THIRD PARTIES	27,397	21,371	–22.0 %
GROUP PROCUREMENT	**56,057**	**51,289**	**–8.5 %**
FORWARD CONTRACTS	36,468	60,673	+66.4 %

* INCLUDING PROCUREMENT RIGHTS

Electricity production from the run-of-river plants rose by approximately 8 % compared to the previous year. The hydro coefficient of these power plants came to 1.06 in 2009 and therefore clearly exceeded the value of 1.01 reported in the previous year. The acquisition of the power plants on the Inn River in Bavaria with effect from September 2009 also had a positive impact on run-of-river generation.

Generation from storage power plants increased by almost 4 % due to the favourable inflow conditions as a result of the thaw and increased precipitation.

Accordingly, hydropower plants accounted for around 91 % of the Group's electricity generation in 2009, with other renewable energies (wind and sun) contributing a further 106 GWh.

Due to price considerations, thermal power plants produced 19 % less electrical energy than in 2008. The reliability of the utilisation of the Group's own thermal power plants reached a record level of 99.4 % in 2009.

SALES

End customers already account for 20 % of sales . In 2009, the total sales of the Verbund Group (after netting for external electricity trading) amounted to 51,289 GWh, down 8.5 % on the previous year.

SALES ACCORDING TO CUSTOMER SEGMENTS

GWh

	2008	2009	CHANGE
END CUSTOMERS	8,921	10,288	+15.3 %
RESELLERS	24,480	23,154	–5.4 %
TRADERS	20,816	16,128	–22.5 %
OWN CONSUMPTION	1,840	1,720	–6.5 %
GROUP SALES	**56,057**	**51,289**	**–8.5 %**
FORWARD CONTRACTS	36,468	60,673	+66.4 %

Despite the unfavourable economic development, the Group further expanded its business with end customers in Austria in 2009 by 10.2 % to 6,440 GWh.

The number of customers in the household, commercial and agricultural segment increased from around 180,000 at the end of 2008 to some 225,000 at the end of 2009. Accordingly, Verbund is now by far the most successful new electricity provider in Austria.

On 1 May 2009, a price increase and a price differentiation between the household/agricultural and commercial segments was implemented. The energy price before VAT was increased from 6.0 cent/kWh to 6.5 cent/kWh for the household/agricultural segment and 7.5 cent/kWh for the commercial segment. Even after the price adjustment, Verbund remains one of the more affordable providers.

As well as encouraging consumers to display a greater willingness to change suppliers, Verbund is helping to promote awareness with regard to energy usage. An example of this is the Verbund solar energy package.

Through the energy partnership with the Almenland EU leader region, Verbund is further strengthening its image as an environmentally friendly company. The twelve municipalities in the region are aiming to secure sustainable energy generation by erecting small-scale hydropower plants and other renewable energy sources.

Verbund also expanded its market position in Austria in the business and industrial customer segment, with an increase in sales volumes in this customer segment in Austria to 5.6 TWh in 2009. Industry in Austria was already purchasing a quarter of its electricity requirements from Verbund in 2009. As such, Verbund's innovative and tailored solutions, and highly professional customer care have allowed it to become the most important provider for industrial customers.

Verbund's success in the private and business/industrial customer segments means that it is now one of the top five suppliers to end customers on the Austrian market.

Volumes sold to end customer outside Austria increased by 25.0 % to 3,848 GWh. End customer sales volumes more than doubled in Germany alone. Overall, end customers in Austria and abroad were already supplied with as much as 10,288 GWh in 2009 (+15.3 %). The end customer business accounted for approximately 20 % of total sales in the period under review.

Position in European electricity trading reinforced. In its trading activities, Verbund and its subsidiaries and joint ventures are active on all of the major European electricity exchanges as well as the bilateral over-the-counter (OTC) market in a number of countries in Central Europe and the East and South East Europe region (just under 20 countries in all).

Verbund's trading activities help it to optimise power plant utilisation and ensure the best possible marketing of its own generation. At 112 TWh, Verbund traded more than one and a half times the volume of physical electricity consumption in Austria in 2009, making it one of the leading electricity traders in Europe.

The share of business attributable to resellers in Austria rose by 1.2 %. This was attributable to slightly higher contract volumes and the increased supply to domestic companies under the terms of procurement rights on the back of the improved water supply. Volumes sold to resellers outside Austria declined. This was primarily brought about by distribution companies' tendency to purchase standardised derivative forward contracts that are not recognised in sales. The supply of electricity to trading companies was also lower than in the previous year. This was mainly due to the fact that these companies, too, are increasingly moving towards trading in derivative forward contracts.

Partnership with Austrian resellers expanded. After several months of negotiations, summer 2009 saw the conclusion of an agreement on electricity supply from 2010 between Verbund as the supplier and EVN and Wien Energie as the buyer via their trading subsidiary e&t.

Verbund will supply around 10 TWh of Austrian hydropower to the two companies between 2010 and 2013. By bundling their procurement activities, EVS and WienEnergie will become Verbund's second largest wholesale customer with an annual volume of 3 TWh. Among other things, this partnership will serve to promote Austrian value creation and ensure that Austrian end customers receive electricity that has been generated from domestic hydropower.

Domestic business shows clear growth. The regional sales structure shows that 25,245 GWh (after netting for external electricity trading) or about 49 % of the electricity marketed by Verbund is sold in its home market of Austria, while foreign markets account for 26,044 GWh or about 51 % of total sales. The German market represents the focal point of these activities, accounting for about 76 % of the volume sold abroad.

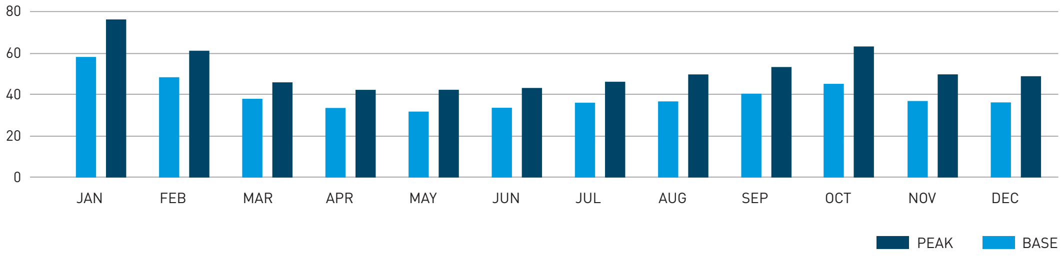
SALES ACCORDING TO COUNTRIES GWh

	2008	2009
AUSTRIA	25,098	25,245
GERMANY	22,696	19,718
FRANCE	7,255	5,488
ITALY	238	396
BULGARIA	283	151
SWITZERLAND	1	106
ALBANIA	4	63
OTHER	482	122
TOTAL	**56,057**	**51,289**

PRICES

Falling prices on the European electricity markets . The sharp downturn in the cost of fuel and emission allowances was also reflected in the European electricity wholesale markets. The average base and peak price for the German/Austrian market region in spot trading on the Paris-based EPEX electricity exchange in 2009 was substantially lower than in the previous year: The price for base-load energy was € 38.9/MWh and was therefore about 41 % down on the average value for 2008. The price for peak-load energy came to € 51.2/MWh. This corresponds to a decrease of about 42 % compared to the average value the previous year.

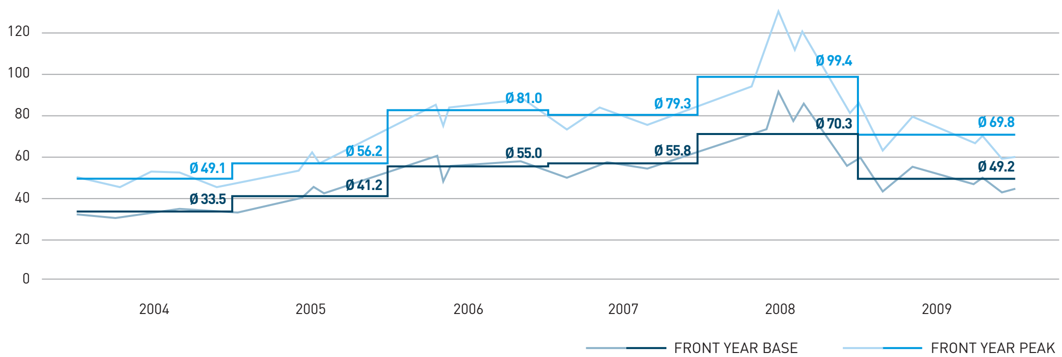
DEVELOPMENT OF ELECTRICITY PRICES ON SPOT MARKET 2009 €/MWh



Source: EPEX

Prices in forward electricity trading also fell. At € 49.2/MWh, the average front-year base price for the German/Austrian market region on the Leipzig-based EEX electricity exchange in 2009 was down 30 % on the average figure for 2008. Meanwhile, the average front-year peak price in 2009 amounted to € 69.8/MWh, also 30 % lower than the average price for 2008.

DEVELOPMENT OF ELECTRICITY ON FORWARD MARKET €/MWh



Source: EPEX

CO₂ emissions trading: certificate prices briefly fall below € 10. European trading in CO_2 emission allowances was also hit by the recession. Production shutdowns at energy-intensive businesses meant that the market was flooded by additional certificates, putting pressure on prices. In February, EU allowances (EUAs) for 2009 briefly traded at less than € 10/t CO_2 on the ECX (European Climate Exchange). Prices then recovered somewhat, before subsiding once again at the end of 2009 due to the largely unsuccessful climate summit in Copenhagen in December 2009. Since no binding reduction targets were agreed, there was no incentive to trade with CO_2 certificates. On 14 December 2009 (last trade date), the price for the EUA contract for December 2009 delivery came to approximately € 14/t.

The price of certified emission reductions (CER) – certificates for emission reductions in developing and emerging economies issued by the Clean Development Mechanism – also declined. European companies can cover their domestic emissions by surrendering CERs up to a defined threshold. On 14 December 2009 (last trade date), the price for CER contracts for December 2009 delivery was around € 13/t CO_2. At the end of 2009, the price of EUA contracts for December 2010 to December 2014 ranged from € 13 to € 16/t CO_2.

EXPANSION OF GENERATION

Clean growth with renewable hydropower. The most important projects in the area of generation from renewable hydropower in 2009 are as follows:

Verbund acquired 13 run-of-river power plants on the Inn river in Bavaria with a total capacity of 312 MW in a bidding process conducted on the basis of a commitment to sell by the E.ON Group. The annual generation of the plants is around 1,850 GWh or approximately 9 % of Verbund's total hydropower generation.

The purchase agreement was concluded on 31 August 2009. The power plants are operated by an independent company, VERBUND Innkraftwerke GmbH.

Construction work on the Werfen/Pfarrwerfen run-of-river power plant, which started in 2006 in conjunction with Salzburg AG, was completed. With a capacity of 16 MW and an annual generation volume of 76.5 GWh, the plant has supplied around 22,000 households with electrical energy since June 2009. The hydropower plant is the fifth link in the power plant chain in the middle Salzach valley and was officially opened at a ceremony in late July 2009.

In the expansion project at the Hieflau power plant, work on connecting the second pressure tunnel was completed on schedule in summer 2009 despite occasionally adverse weather conditions. The expanded turbine water channel was flooded in early October. The subsequent commissioning of the residual water turbine in late 2009 increased the generation volume at the location by 108 GWh.

The Aschach power plant on the Danube saw the continuation of the work on replacing the master machines which commenced in 2006. The machine units are being overhauled on an annual basis in months with low outflows. The conversion of the last primary machine unit began in 2009. Following the completion of the project in spring 2010, the annual generation volume of the Aschach power plant on the Danube will have increased by 45 GWh.

Rapid progress made on Limberg II pumped storage power plant. The Limberg II pumped storage power plant project progressed according to the truncated construction schedule. Commissioning is planned for 2011. The past year saw the completion of the shell construction for the power plant, with the machine units being installed from mid-September onwards. This additional 480 MW power plant will increase the capacity of the Kaprun power plant group in the peak electricity sector to 833 MW.

As part of the revitalisation of the Pernegg power plant on the Mur river, detailed planning of the mechanical and electronic facilities was performed in the past year. The constructional alterations to the protected buildings were approved by way of a decision issued midway through the year. The power plant will be temporarily shut down in the second half of 2010 in order to allow the primary construction work to be conducted, with the first new turbine set scheduled to go operational from April 2011. The conversion of the other two machine units will be conducted in the winter months of 2011 and 2012 respectively.

The environmental impact audit for the cross-border Inn power plant joint venture (project partners: TIWAG and Engadiner Kraftwerke AG) was submitted in October, with the hearing held in December. A decision on approval by the court of first instance is expected in the first quarter of 2010. The official approval procedure in Switzerland was conducted simultaneously. When the power plant is commissioned, which is currently scheduled for 2014, it will provide Verbund with an annual generation volume of 207.3 GWh – or around half of the Group's total generation.

Joint hydropower projects in Styria. As part of the hydropower cooperation between Energie Steiermark/SSG and Verbund, it was agreed that hydropower projects in Styria would be operated jointly in future. One of these projects is the two-stage Gössendorf and Kalsdorf project, which is developed under the management of SSG. Project planning began in 2005, with the EIA decision in the second instance issued in late 2008. After the administrative court revoked the suspensive effect of several appeals, preliminary work on the Gössendorf power plant began in late winter 2008/09. Primary construction work started in autumn 2009.

After four weeks of circulation at the office of the Carinthia state government and at the municipal offices of the Mühldorf and Reißeck municipalities, the decision on approval for the pumped storage power plant Reißeck II became legally valid with effect from 12 December 2009. Continual dialogue with all those concerned, information events for local residents and up-to-date information on the project were all important elements during the entire duration of the project and allowed for the EIA proceedings to be completed quickly and in accordance with general consensus.

Reinforcement of generation position on the basis of environmentally friendly natural gas – natural gas replaces coal. Verbund is cutting down on CO_2 emissions by replacing its old coal-fired power plants with modern natural gas combined cycle plants.

Extensive measures have been initiated over recent years with a view to reducing the cost of using thermal power plant facilities. The maintenance strategy has been adjusted and staff deployment optimised in order to allow the continuous improvement of the facilities in terms of flexibility, availability and reliability. The replacement of the control technology at the Dürnrohr coal-fired power plant in the previous year served to optimise the plant's efficiency and start-up procedure. In 2005, the Pernegg crude oil-fired power plant became the first plant of its type to be dismantled with the land subsequently fully recultivated. This was followed by the sale of the Voitsberg brown coal-fired power plant in 2008.

Following the decision to construct the combined cycle gas turbine in Mellach in the previous year, impressive progress was made in the implementation of the construction project in the year under review. Commercial operations at the plant, which has a total capacity of 832 MW, are scheduled to commence in autumn 2011.

At the same time, the Group focused on submitting the environmental impact declaration for the modernisation of the Werndorf-Neudorf power plant and obtaining the EID decision for the Klagenfurt gas-steam power plant. In line with the strategy of working towards a sustainable energy future, preparations were made for the final decommissioning of the St. Andrä power plant, which has long been offline.

The Mellach CCGT will generate the same volume while saving around two million tonnes of CO_2 every year compared with traditional coal-fired power plants. This represents the generation equivalent of around 2.4 TWh of renewable energy. By constructing modern natural gas-fired power plants, Verbund is taking responsibility for electricity generation in Austria and helping to reduce electricity imports.

Natural gas storage capacity reserved. Verbund has reserved total capacity of around 60 million m^3 at an underground RAG natural gas storage facility in Upper Austria/Salzburg. A long-term storage agreement was concluded with RAG (Rohöl-Aufsuchungs Aktiengesellschaft) on 14 December 2009.

The measures implemented in recent years with a view to improving profitability and efficiency have laid the foundations for the company's future development. The move away from old plants in favour of highly efficient, modern power plant technology that meets strict environmental and climate protection requirements means that Verbund is well equipped for the future.

OUTLOOK

91 % of electricity from renewable sources. Verbund produces electricity, around 91 % of which is now obtained from renewable energy sources. It is continuing on its growth path with the major investments that are currently in the planning or realisation phase. Verbund is responding to the difficult economic conditions by focusing and consolidating its activities until the end of 2010 in order to ensure that it retains solid financial strength. However, it will continue to consider any available growth opportunities.

- Hydropower will serve as a strong basis for the future. Verbund's aim is to play a leading role in this sector in Europe and to become one of the continent's most important hydropower groups. This will require the further expansion and optimisation of the company's hydropower operations in Austria.

- The Group's generation portfolio will be economically expanded by natural gas and wind. Competence centres for these two energy sources will create competitive benefits for the entire Group.
- Based on its extremely strong national and international wholesale position at present, Verbund intends to strengthen both trading and marketing. The small customer segment in Austria will be expanded further with the aim of acquiring more than 400,000 customers by 2015.

GRID

In 2009, VERBUND-Austrian Power Grid AG, Verbund's independent grid subsidiary, successfully completed or initiated a number of major expansion projects aimed at improving and ensuring domestic security of supply in the long term. The 380 kV Styria line, which was commissioned midway through the year, means that electricity supply to southern and eastern Austria is now guaranteed on a sustainable basis and will reduce electrical losses equivalent to the annual electricity consumption of 60,000 households. The start of construction on the "Salzach neu – St. Peter" section of the Salzburg line represented a further milestone in closing the gap in the west of the 380 kV ring. 2009 also saw the opening of Power Grid Control, the most state-of-the-art electricity control centre in Europe. Despite the economic crisis and the resulting lower levels of electricity transport, external grid sales only declined by a moderate 10.5 % to € 275.6 million.

The transmission network (voltage levels: 380 kV, 220 kV and 110 kV) operated by Verbund's grid subsidiary, which has a route length of around 3,500 km, forms the backbone of Austria's electricity supply and is also part of the pan-European transmission grid of ENTSO-E's Regional Group Continental Europe (previously UCTE). By statutory order, the transmission grid must be operated in a safe, efficient and cost-effective manner and must meet the requirements of the liberalised European electricity market and European safety and quality criteria.

ECONOMIC DEVELOPMENT

RATIOS GRID SEGMENT*

	UNIT	2007	2008	2009	CHANGE
EXTERNAL SALES	MILLION €	285.4	307.9	275.6	–10.5 %
EBITDA	MILLION €	115.8	141.7	127.6	–7.1 %
EBIT	MILLION €	62.2	88.0	68.2	–18.5 %
CAPITAL EMPLOYED	MILLION €	753.8	672.8	801.0	+23.3 %
ROCE	%	8.1	10.1	7.0	–23.1 %
INVESTMENTS	MILLION €	76.0	159.1	143.3	–9.9 %

* PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED DUE TO THE FIRST-TIME APPLICATION OF IFRS 8.

Falling sales due to economic crisis. In 2009, external sales in the Grid segment fell by 10.5 % to € 275.6 million. Lower electricity volumes were supplied from the transmission grid to distribution grids due to reduced consumption by end customers as well as increased generation and the feed-in of electricity at distribution grid level. This impacted both international and domestic sales. External sales in the Grid segment accounted for 7.9 % of total sales revenue in 2009.

Higher market prices meant that the cost of electricity procurement (secondary control and losses) increased, while depreciation and amortisation rose as a result of the commissioning of the Styria line. EBIT therefore declined by 18.5 % to € 68.2 million. The Grid segment accounted for 6.5 % of consolidated EBIT.

The return on capital employed (ROCE) fell to 7.0 % as a result of the downturn in earnings and the higher level of capital employed.

INVESTMENTS

Investments remain at a high level. Investments in intangible assets and property, plant and equipment remained at a high level in the year under review, totalling around € 143.9 million. This was due in particular to the completion of the Styria line in the past year (€ 39.9 million) and the start of construction on the Salzach neu – St. Peter section of the 380 kV Salzburg line (€ 25.6 million).

Other major expansion investments included the completion of the new "Power Grid Control" electricity control centre (€ 4.1 million) and the connection of the Limberg II power plant (€ 5.0 million). Work also began on the expansion of the Bisamberg substation (€ 3.3 million) and the extension of the second 380 kV system from Vienna South East to Györ (€ 5.8 million).

Operating investments focused on the implementation of the transformer concept with the exchange of the transformers at the Hessenberg, Ernsthofen and Dürnrohr substations (€ 14.7 million), as well as the start of work on the plant conversion at the Ybbsfeld and Bisamberg substations (€ 5.9 million and € 1.8 million respectively).

SECURITY OF SUPPLY AND ENERGY TRANSPORT

The (n-1) criterion is a measure for the security of supply that is obligatory at an international level. A power grid meets this criterion when the failure of any piece of operating equipment does not lead to the overloading of other equipment, supply interruptions or even a blackout.

In previous years, it was not always possible to meet this criterion, requiring the implementation of congestion management measures. In the first half of 2009, it also became necessary to exercise the special authorisation to exceed the (n-1) safety limit issued by ENTSO-E.

Whereas extensive congestion management was still required for the north-south bottleneck in early 2009, the situation improved significantly from mid-2009 onwards thanks to the new 380 kV Styria line. The risks counteracted by congestion management measures will remain in place until the gap in the 380 kV ring in western Austria is closed.

At 37,569 GWh, the total amount of energy transported over the 220/380 kV grid (grid level 1) in 2009 was around 5.2 % lower than in the previous year. This was attributable to the reduction in the international exchange of energy due to increased exports, meaning lower sales to underlying distribution grids.

One aspect that should be highlighted is the increasingly pronounced fluctuation in energy flows with neighbouring national and international network partners. In 2009, electricity exchanges with neighbouring international grid operators varied between a maximum import of 3,112 MW and a maximum export of 3,047 MW. Managing these variable energy flows represents a difficult operational challenge for VERBUND-Austrian Power Grid AG that requires intensive, forward-looking cooperation at a European level.

LINE CONSTRUCTION PROJECTS

Official commissioning of the 380 kV Styria line. The 98 km, 380 kV Styria line from Rotenturm/Burgenland to Kainachtal/Styria was successfully commissioned in mid-2009 after a construction phase of around 20 months that was conducted in close consultation with local residents and municipalities.

The dismantling of the 110 kV lines that are now carried on the 380 kV line is expected to be completed by the end of February 2010.

All of the work was and will continue to be carried out in cooperation with the relevant ecology and forestry supervisory authorities. The total investment volume for the 380 kV Styria line (line and substations) is around € 179 million.

380 kV Salzburg line. On account of its importance from a European perspective, the Salzburg line is a TEN-E (Trans-European Networks) project. It is a prerequisite for ensuring the long-term security of

supply in Austria, eliminating bottlenecks in the electricity market and allowing the further expansion of electricity generation, particularly in the field of renewable energies.

After the suspensive effect of the application was dismissed and public interest was confirmed, the construction of the first section of the 380 kV Salzburg line (Salzach neu – St. Peter) commenced in early August 2009. Construction work is currently progressing in close and productive contact with local residents and municipalities. Completion is scheduled for early 2011 and will represent another important milestone in the completion of the 380 kV Austrian ring. The investment volume for the 46 km line is € 119 million.

In order to determine the route of the 115 km "Tauern – Salzach neu" section of the 380 kV Salzburg line, an intensive process of dialogue with the communities potentially affected was initiated in August 2009. The earliest date for the submission of the environmental impact declaration is 2011 and the earliest date for commissioning is mid-2017.

UNBUNDLING

see Market and Industry, P. 27

Third EU energy liberalisation package . The third energy package adopted in summer 2009 requires extensive changes in the area of transmission grids, with a particular focus on the independence of transmission network operators. Verbund will remain the owner of VERBUND-Austrian Power Grid AG, at the same time as ensuring the operational independence of the grid subsidiary.

The EU member states have 18 months to implement the directive in national law and a further 12 months to implement the unbundling provisions. Implementation will be certified by the regulator and controlled in Brussels.

The European Network of Transmission System Operators for Electricity (ENTSO-E) set out in the European Union's third energy liberalisation package began operations on 1 July 2009. The previous synchronous grid associations of the transmission system operators (UCTE, NORDEL, etc.) were terminated and their legal obligations and activities transferred to the new organisation with effect from 30 June 2009. Verbund's grid subsidiary has nominated representatives to be delegated to all of the major committees of ENTSO-E.

The third energy liberalisation package has also led to changes for the national regulatory authorities, which are required to be more independent in future in order to better exercise their market supervisory function. To this end, the Agency for the Cooperation of European Regulators (ACER) in Ljubljana, Slovenia, will develop guidelines for the examination of the ENTSO-E grid codes by 2011. The grid codes will then become legally binding in a procedure headed by the European Commission.

"POWER GRID CONTROL" OPENED

New power grid control centre. In order to reflect the significantly increased requirements of the operation of the transmission grid in its role as "critical infrastructure" on a long-term, sustainable basis, construction of a new power grid control centre began in Vienna-Favoriten in July 2007. "Power Grid Control" went operational in October 2009 and is the most state-of-the-art control centre in Europe. The building is also home to the safety and security centre of the transmission grid, which performs the central monitoring of all of VERBUND-Austrian Power Grid AG's plants and buildings around the clock in order to ensure grid security.

"GRID MASTER PLAN 2009–2020": PLAN FOR EXPANSION UNTIL 2020

The aim of achieving a uniform European electricity market and the planned massive expansion of weather-dependent (and hence volatile) renewable energies will lead to a significant intensification of the challenges facing European transmission grids. In order to meet these challenges in the long term by creating a corresponding grid infrastructure, VERBUND-Austrian Power Grid AG created the "Grid Master Plan 2009–2020" in the year under review in conjunction with Vienna University of Technology and Graz University of Technology.

The projects contained in the plan, which have a total investment volume of around € 1 billion, will not only secure the long-term security of supply in Austria and the electricity market as a whole, but will also serve as the basis for the expansion of renewable energies and the achievement of climate targets. In addition, the investment volume will provide an important economic boost in difficult economic times, generating domestic value creation of up to 80 % (based on experience from past 380 kV line projects).

COOPERATION AGREEMENT SIGNED WITH TIWAG NETZ AG

Verbund also set to operate transmission grid in Tyrol in future. In November 2009, an extensive cooperation agreement was concluded between VERBUND-Austrian Power Grid AG and TIWAG Netz AG. It was agreed that Verbund's grid subsidiary would assume responsibility for managing the control areas and operating the transmission grid in Tyrol. The transmission system will remain under the ownership of TIWAG Netz AG. This agreement is intended to improve the situation in the balancing energy markets, enhance the development of the Austrian electricity market and ease the administrative burden on market participants, as well as utilising opportunities to obtain better market prices.

OUTLOOK

The effects of the economic crisis are expected to continue into 2010. The annual auctions of cross-border capacities for 2010 carried out in November and December 2009 exhibited a considerable year-on-year deterioration in sales, meaning that a difficult fiscal 2010 is to be expected according to current estimates.

European transmission grid operators will need to further prepare themselves intensively for the heightened challenges facing their grid operations, particularly as a result of the implementation of a uniform European electricity market and the planned massive expansion in volatile renewable energies.

Expansion programme for Grid Master Plan up to 2020. Accordingly, VERBUND-Austrian Power Grid AG will continue to pursue the expansion programme set out in the "Grid Master Plan 2009–2020", which is based on a detailed analysis of the energy sector for the period from 2009 to 2020 and a forecast for the period until 2030. The projects to be implemented between now and 2020 include the 380 kV Salzburg line, the extension of the second 380 kV system into Hungary, the integration of wind power in Burgenland and Lower Austria, and the strengthening of the grid into Germany and in the Carinthia region.

The Master Plan will be revised annually in order to optimise grid expansion planning in line with requirements and with a view to minimising costs. In the next phase, the Master Plan will be developed in order to allow detailed master plans to be prepared in conjunction with provincial grid companies within the framework of the respective regional projects.

In 2010, the Group will focus on the construction of the Salzach neu – St. Peter section of the 380 kV Salzburg line, which is scheduled to be commissioned in the first quarter of 2011, and on pressing ahead with the planning process for the Tauern – Salzach neu section of the same line. These two projects will close the gap in the west of the 380 kV Austrian ring, which is an urgent priority.

The Group will also intensively focus on the other project work and maintenance, safety and efficiency improvement programmes that are planned for 2010.

Another highlight in fiscal 2010 will be the preparations for the implementation of the third energy liberalisation package at Verbund's grid subsidiary.

Preparatory work on the realisation of the cooperation agreement with TIWAG Netz AG will also begin in early 2010. The merger of the two control areas is scheduled for early 2011.

Following the completion of the relevant implementation work, the Central Allocation Office (CAO) formed by VERBUND-Austrian Power Grid AG and seven other grid operators will commence operations in the next fiscal year.

PARTICIPATING INTERESTS

In 2009, Verbund devoted particular attention to the continued development of its existing participating interests. In Turkey, the distribution grid company Baskent EDAS was acquired in partnership with Sabanci, our joint venture partner, and the continued construction of power plants. Verbund also increased its stake in the POWEO Group in France and in the Sorgenia Group in Italy. While in Austria, the participating interests in STEWEAG-STEG GmbH, KELAG and Energie Klagenfurt remain Verbund's primary focus.

The start of 2009 saw the completion of the purchase of the Turkish distribution grid company Baskent EDAS in conjunction with Verbund's Turkish partner Sabanci. Taking into account all of the participating interests held in conjunction with Sabanci (Baskent EDAS, Enerjisa Genco and Enerjisa TradeCo), Verbund has succeeded in creating a source of energy supply that covers the entire electrical energy value chain within an extremely short period of time.

Another milestone in 2009 was the expansion of Verbund's activities on the French electricity market: as in the third quarter, Verbund increased its existing stake in the POWEO Group to become its largest shareholder.

In Italy, where Verbund and CIR created what is now the country's fourth largest energy company, the expansion of power plant capacity is being driven ahead rapidly. Sorgenia focuses on the erection of state-of-the-art natural gas-fired power plants. The share of renewable energies will also be increased continuously in future under the slogan "L'energia sensibile", with the acquisition of the French wind farm operator Société Française d'Eoliennes (SFE) in late 2007 serving as the first milestone.

ECONOMIC DEVELOPMENT

RATIOS PARTICIPATING INTERESTS SEGMENT *

	UNIT	2007	2008	2009	CHANGE
EXTERNAL SALES	MILLION €	9.8	10.4	38.9	274 %
EBITDA	MILLION €	–25.1	–35.3	–28.9	18 %
EBIT	MILLION €	–30.7	–42.8	–37.5	12 %
CAPITAL EMPLOYED	MILLION €	N.V	3,945.0	5,548.9	40 %
RESULT FROM PARTICIPATING INTERESTS	MILLION €	54.9	42.3	61.4	45 %
INVESTMENTS	MILLION €	714.0	595.7	665.0	12 %

*PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED DUE TO THE FIRST-TIME APPLICATION OF IFRS 8.

In 2009, the result from participating interests amounted to € 61.4 million. This figure was attributable to the domestic participating interests STEWEAG-STEG GmbH (€ 30.7 million) and KELAG (€ 49.3 million), as well as the Italian Sorgenia Group (€ 13.6 million), while the POWEO Group recorded a negative result of € –41.5 million in 2009 on account of the general economic crisis, the market development situation and necessary restructuring. The participating interests in Turkey are not expected to make a tangible contribution until 2011 as they are also still in the process of establishing themselves.

FOREIGN INTERESTS

Italy – Expected growth continues. Despite the difficult market environment, the Sorgenia Group in Italy is expected to grow. Sorgenia currently supplies around 520,000 customers. The economic crisis meant that Sorgenia's performance in 2009 was weaker than in the previous year, the main problems relating to allowance for doubtful accounts among private customers and small enterprises as well as the delayed commissioning of the CCGT in Modugno. The operating result for the first three quarters was down year-on-year at € 69.4 million (previous year: € 94.4 million). Net profit after taxes amounted to € 21.1 million compared with € 39.8 million in the first three quarters of 2008. However, the figure for 2009 does not include the Tremonti-Ter legislation, which allows for tax privileges for investment projects in order to strengthen the Italian economy. This will increase net profit after taxes by between € 20 million and € 40 million. In June 2009, Verbund increased its equity interest from around 43 % to approximately 45 % by way of an additional unilateral capital increase. This move served to expand Verbund's position in the Italian market, where it intends to participate in the growth of the Sorgenia Group to an even greater extent in future.

The 770 MW gas power plant in Modugno in southern Italy was commissioned in December 2009 and successfully increased its capacity from 770 to 815 MW and its efficiency by one percentage point to 57.5 %.

The construction of the thermal power plant in Lodi (805 MW) started in the second quarter of 2008 and is progressing rapidly, with commissioning scheduled for August 2010 and the first firing expected in February 2010.

Extensive investments in renewable energies will be conducted in France, Italy and Romania. The Minervino Murge (Italy, 18 MW) and Castelnuovo di Conza (Italy, 10 MW) wind farms were commissioned in the first half of 2009.

Turkey – successful expansion of power plant capacities. In June 2007, Verbund acquired 50 % of the shares in the Turkish company Enerjisa, the power generation arm of the Sabanci Group. Enerjisa aims to achieve a share of at least 10 % of the Turkish electricity market by 2015, which would make it the market leader. Its target portfolio, which is scheduled to be completed by 2015, is based on an installed capacity of around 5,000 MW.

The first step towards the implementation of this strategy is the construction of the Bandirma gas-fired power plant (919 MW) and nine hydropower plants with a total installed capacity of 1,000 MW.

The realisation of the Canakkale wind farm project plans has also been finalised. The first expansion phase involves the construction of 30 MW, and the possibility of a subsequent expansion to 60 MW is currently being considered. The Canakkale wind farm and the Bandirma gas power plant will be connected to the grid in late 2010, while the other hydro plants will be connected between 2010 and 2012.

Although real GDP growth in Turkey has declined as a result of the economic crisis, Enerjisa's results have been positiv.

Enerjisa reported sales of € 199.6 million as of 30 September 2009, down approximately 31.3 % on the same period of the previous year. This was attributable to lower demand on the part of grid customers and the reduction in spot market prices. Despite the lower gross profit, net profit after taxes for the same period improved from € –4.1 million to € 22.2 million due to exchange rate gains and higher interest income. A net profit of € 29.5 million is forecast for 2009 as a whole.

On 28 January 2009, Verbund and its Turkish partner Sabanci acquired the Turkish distribution grid company Baskent EDAS. The purchase price was $ 1.225 billion. The Baskent region around Ankara stretches from the Black Sea to the Anatolian mountains and is one of the largest regions in Turkey, with a population of 6.3 million. Baskent EDAS already supplies around 3.1 million end users in this region.

Although there has been a decline in real GDP in Turkey, Baskent EDAS largely met expectations, reporting sales of € 564.4 million as of 30 September 2009. The TRY/$ exchange rate recovered as against January 2009. Net profit after taxes improved as a result of the $-denominated liabilities to the Privatisation Authority and the resulting exchange rate gains. A net profit of € 1.4 million is forecast for 2009 as a whole.

Verbund and Sabanci are aiming to make Baskent EDAS into one of the leading distribution grid companies in Turkey by 2012 with a particular focus on strong earnings power and customer satisfaction.

France – Verbund becomes largest shareholder. Verbund is stepping up its involvement in the French electricity market. Following a capital increase of € 75 million, the shares of the former controlling shareholders were also acquired in the third quarter of 2009. With an equity interest of 46 %, Verbund is now the largest shareholder of the POWEO Group.

Sales in the first three quarters of 2009 amounted to € 375.6 million, up 2.4 % on the same period of the previous year. This growth was attributable to the increase in the number of customers to 297,000. The customer structure has also changed; in future, POWEO will attach greater importance to achieving a balanced customer portfolio.

The restructuring of the company began after the shares were acquired, defaults on receivables resulting from the general economic situation, the high level of customer churn and the revaluation of a gas supply contract led to a clearly negative result compared with other participating interests. A reorganisation process has already been introduced to counteract these activities.

On 26 September 2009, the gas and steam power plant in Pont-sur-Sambre became France's first CCGT (Combined Cycle Gas Turbine) power plant to be commissioned. With a capacity of 412 MW and efficiency of 57.8 %, this plant fits into POWEO's overall strategy.

The funding obtained from the equity capital increase will be used for the continued expansion of generation capacities. This will further develop the Group's market position in France.

Since Verbund first acquired an interest in POWEO S.A. and POWEO Production S.A.S. in April 2006, the POWEO Group has become well established as an independent integrated electricity and gas supplier.

Albania – Start of construction imminent. On 14 September 2009, the contract for the electromechanical equipment of the Ashta hydropower plant in Albania was signed in Vienna. Verbund is using Austrian technology and expertise in the construction of its first project in Albania. The contract with a total volume of around € 105 million was awarded to the technology group Andritz.

The project is situated on the Drin river in northern Albania near the city of Shkoder and the two parts of the plant will each be equipped with 45 turbine/generator units using HYDROMATRIX® technology.

The total capacity of the two plants is over 50 MW. Around 230 million kWh of electricity will be generated annually. Construction is scheduled to start in early 2010, with the first electricity being generated two years after that. In the long term, the Ashta hydro plants are expected to provide up to 100,000 Albanian households with environmentally friendly energy.

DOMESTIC INTERESTS

STEWEAG-STEG GMBH – Two new power plants on the river Mur. STEWEAG-STEG GmbH (SSG) is the largest energy utility in Styria. Verbund holds a 34.57 % interest in SSG. The remaining 65.43 % are owned by Energie Steiermark AG.

In the first three quarters of 2009, the volume of electricity sold fell by 4.6 % year-on-year to 6,062 GWh, while sales declined to € 435.31 million (–3.6 %). Net profit after taxes for the first three quarters increased from € 39.13 million in 2008 to € 49.16 million in 2009 (+25.6 %).

SSG has initiated an efficiency improvement project named W.E.ST. under which it has identified potential savings of € 20 million p.a. and defined 175 proposals for improvement relating to all of the company's processes. One of the cornerstones of this project is a new pre-pension model.

In Gössendorf und Kalsdorf, SSG and Verbund are constructing two new run-of-river plants on the Mur river which will have a total capacity of just over 34 MW. Construction is scheduled to begin in 2011 or 2012.

KELAG – expansion of power plant capacities. Verbund holds 35.15 % of the shares in the largest energy supplier in Carinthia, KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (KELAG), making it the largest shareholder alongside the State of Carinthia and RWE, which jointly hold 63.3 % of the shares via Kärntner Energieholding Beteiligungs GmbH.

The company has continuously expanded its areas of activity over recent years. After the first machine unit at the Feldsee pumped storage power plant entered a trial operation phase in summer 2009, the construction of the second machine unit, which is scheduled to be commissioned in early 2011, began at the end of June 2009. Construction work on the storage pump at the Koralpe plant started on 22 September 2009. The economic crisis has also led to a downturn in KELAG's results and the re evaluation of the investment and expansion programme that was planned for South East Europe in particular.

ENERGIE KLAGENFURT GmbH – power plant project in planning stages. Energie Klagenfurt GmbH (EKG) operates in the areas of electricity, district heating and natural gas. Stadtwerke Klagenfurt AG has a 51 % interest in Energie Klagenfurt, with the remaining 49 % owned by Verbund.

In the first three quarters of 2009, electricity sales increased slightly to 462.5 GWh, while district heating sales rose to 270.8 GWh (+5.3 %). Gas sales declined to 100.9 GWh (–3.9 %). EKG generated total sales of € 77.4 million in the first half of 2009.

In addition to lower margins as a result of increased primary energy costs, the company's results were impacted in particular by the elimination of the combined power/heat generation subsidy. In order to offset this, a restructuring programm has been established with a particular focus on savings in the areas of human resources and other expenses.

EKG is planning to construct a gas-steam power plant in Klagenfurt with an investment volume of € 315 million; the project will provide an electrical capacity of 400 MW and a thermal capacity of 200 MW. Extensive EID negotiations were conducted in July 2009, and the decision by the court of first instance is expected in the first three quarters of 2010.

OUTLOOK

Verbund has acquired and developed a number of participating interests in Austria and abroad over the past few years. In 2010, restructuring is to be carried out in a number of its interests. Work will continue on projects that have been launched and profitability will be increased, particularly in foreign participating interests.

Verbund will focus on the following areas in the individual countries/participating interests:

Abroad

- Turkey: The continued construction of projects including the commissioning of the Bandirma natural gas power plant in the second half of the year and the development of Baskent EDAS into one of the leading distribution companies in Turkey
- Italy: The commissioning of Lodi natural gas power plant in the first half of the year
- France: The continued focus on POWEO's reorganisation process which was launched in 2009

Austria

- STEWEAG-STEG: continuation and implementation of W.E.ST. project aimed at increasing efficiency and cutting costs for subsequent years
- KELAG: continuation of investment in Feldsee and Koralpe power plants
- Energie Klagenfurt: completion of preparatory activities for the gas-steam power plant in Klagenfurt

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

KEY FIGURES

The ratios underpin the earnings trend that has been pleasing despite the difficult market environment and the increased level of debt resulting from continued investment activity. In computing ratios, Verbund eliminates the effects from closed items on the assets and liabilities side.

The most important calculation modalities used in the determination of the key ratios are explained in the glossary.

KEY CONTROLS SPECIFIC RATIOS

	UNIT	2007	2008	2009
EBIT MARGIN	%	30.2	30.4	29.9
GEARING*	%	69.9	80.2	138.3
ECONOMIC VALUE ADDED*	MILLION €	435.8	468.2	351.3

* THE RATIO HAS BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.

EBIT margin still among the best in Europe. The EBIT margin, the ratio of operating result to sales, declined slightly year-on-year. It fell from 30.4 % to 29.9 %. This decline is mainly attributable to considerably lower spot market prices and short-term forward prices as well as one-off effects that have impacted the operating result. Nevertheless, Verbund is still one of the top utility stocks in Europe.

Gearing clearly under 150 %. Gearing increased from 80.2 % as at 31 December 2008 to 138.3 % as at 31 December 2009. This is calculated as a ratio of net debt to equity including minority interests.

INTEREST-BEARING NET DEBT (SHORT VERSION)*

MILLION €

	2007	2008	2009
CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	1,856.3	2,054.2	3,788.9
FINANCIAL LIABILITIES – CROSS-BORDER LEASING	604.6	729.7	395.7
FINANCIAL LIABILITIES TO LIMITED PARTNERS	125.7	138.7	125.9
OTHER INTEREST-BEARING DEBT	704.9	677.7	1,133.5
CLOSED ITEMS	–581.5	–706.4	–382.4
INTEREST-BEARING GROSS DEBT	**2,710.0**	**2,893.9**	**5,061.6**
CASH AND CASH ITEMS	–328.9	–106.3	–121.7
SECURITIES AND LOANS	–497.9	–269.1	–216.9
OTHER	–14.5	–10.1	–8.2

**THE RATIO HAS BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED. .

INTEREST-BEARING NET DEBT (SHORT VERSION)* – CONTINUED MILLION €

	2007	2008	2009
INTEREST-BEARING NET DEBT	**1,868.7**	**2,508.4**	**4,714.8**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	2,407.5	2,867.8	3,117.9
MINORITY INTERESTS	267.2	260.3	291.8
EQUITY INCLUDING MINORITY INTERESTS	**2,674.6**	**3,128.1**	**3,409.7**
GEARING IN %	**69.9**	**80.2**	**138.3**

*THE RATIO HAS BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.

The increase in gearing was attributable to the bond issues resulting from the increased investment activities and to the rise in non-current payables to banks. Net gearing, however, still lies well below the 150 % mark.

see "Value-based management“, on the opposite site

Lower EVA. EVA fell by € 116.9 million from € 468.2 million to € 351.3 million. This ratio shows the over-performance that is generated after deduction of all cost items, including the risk-adjusted equity and borrowed capital costs.

The change in EVA is the result, on the one hand, of the decrease in net operating profit after tax (NOPAT). This amounted to € 921.0 million in fiscal 2008, but fell to € 876.5 million in fiscal 2009. This was due in particular to the decline in the operating result resulting from considerably lower spot market prices and short-term forward prices as well as one-off accounting measures. On the other hand, capital employed climbed by € 1,289.4 million to € 6,777.3 million as at 31 December 2009 as a result of increased investment activity. In addition, the ensuing rise in capital costs was only partially offset by the reduction in the weighted average cost of capital (WACC) from 8.25 % to 7.75 %.

STOCK RATIOS

KEY STOCK RATIOS

	UNIT	2007	2008	2009
(PROPOSED) DIVIDEND/SHARE	€	0.90	1.05	1.25*
PAY-OUT RATIO	%	47.89	47.13	59.79
DIVIDEND YIELD	%	1.88	3.22	4.21

*INCLUDING A SPECIAL DIVIDEND OF € 0.25.

VALUE-BASED MANAGEMENT

Despite increased investment activity and the strained situation on the financial and energy markets, Verbund generated an EVA of € 351.3 million (previous year: € 468.3 million [1]), thus achieving a positive value contribution for its shareholders.

[1] Key figure has been revised. Previous year figures have been adjusted.

The average capital costs of Verbund were updated in October 2009 and have since amounted to 7.75 %.

Verbund has focused on value-based management for several years. In 2003, a value-based management project was implemented to create greater transparency with regard to value creation at Verbund, and EVA was defined as a key ratio.

BRIEF OVERVIEW OF VALUE-BASED MANAGEMENT AT VERBUND

EVA as central control criterion. Sustainably increasing enterprise value is the top priority in all decisions made by Verbund. For this reason, EVA is a vital indicator for all control measures as, unlike ratios based on EBIT, cash flow or margins, it also takes risk-adjusted capital costs into account and helps to prevent incorrect allocations. EVA is used in all corporate divisions of Verbund as the central control criterion.

A sustainable improvement in enterprise value is achieved when EVA, i.e. the net operating profit after taxes (NOPAT) less the capital costs for the capital employed, is positive.

NOPAT is defined as the operating profit before financing costs, including the result from participating interests and less income taxes.

Working capital is the total capital less the portions not involved in the service provision and utilisation process and the non-interest bearing borrowed capital provided. The capital charge is determined by multiplying the capital employed (this being the sum of all interest-bearing capital items at their carrying amounts) by the weighted average cost of capital (WACC).

WEIGHTED-AVERAGE-COST-OF-CAPITAL

The weighted average cost of capital, which reflects the weighted average of the yield requirements of the equity providers and lenders, is always derived on the basis of the yield expectations that can be observed on the capital market. Equity risk premiums are calculated using the capital asset pricing model (CAPM). The target capital structure forms the basis for the weighted costs of equity and debt.

In the context of the current interest rate, the update of capital costs is mainly based on a reduction in the risk-free interest rate and borrowing costs. The country risk premiums that compensate an investor for risk growth in an undeveloped or underdeveloped capital market and that are essentially determined by the risk of default are generally lower on an empirical basis. The updated consolidated WACC is 7.75 % and is calculated as follows:

WEIGHTED AVERAGE COST OF CAPITAL

MARKET RISK PREMIUM	5.6 %		RISK-FREE INTEREST RATE	4.3 %
X BETA-FACTOR	0.99		+ CREDIT SPREAD	1.6 %
= EQUITY RISK PREMIUM	5.5 %		= COST OF DEBT PRE TAXES	5.9 %
+ RISK-FREE INTEREST RATE	4.3 %		– TAXES	23.1 %
= COST OF EQUITY	9.8 %		= COST OF DEBT AFTER TAXES	4.5 %
EQUITY CAPITAL RATIO	60 %	+	DEBT CAPITAL RATIO	40 %
	WACC	=	7.75 %	

UTILISATION IN OPERATIVE REPORTING AND PROJECT ASSESSMENT

Future investment and acquisition projects are assessed on the basis of predefined uniform criteria and models, with different capital costs are used for the segments and regions. The capital costs for the different segments vary according to region. The decision-making process is based on value-oriented and strategic criteria in order to guarantee

- a capital market-oriented yield for shareholders,
- an increase in market value, and
- sustainable company results.

To ensure optimal capital allocation, those projects that display the highest present value are implemented. The integration of EVA into the decision-making process means that the analysis of the periodic value contributions from implemented projects is conducted using the same principles that were used when the decisions on the respective projects were made.

EVA

The EVA calculation is based on a net operating profit after taxes (NOPAT) of € 876.5 million (previous year: € 921.0 million) and an average capital employed of € 6,777.3 million (previous year: € 5,487.9 million).

EMPLOYEES

Verbund is introducing a new, performance-based salary system for all employees throughout the Group. The balance between professional and private life will also be optimised. We also intend to offer employees career opportunities as project leaders or experts.

The systematic implementation of Group strategy and the success of our company are dependent on the individual performance, commitment and motivation of our employees. In future, performance will therefore be recognised to a greater extent at an individual level. This investment is intended to ensure the productivity and quality of the Group in the long term.

The new model is based on the successful experience with the previous performance-based scheme that included around 500 employees and has now been developed further to reflect more current requirements.

Individual performance plus company performance. Under the new performance-based salary system, bonuses will be calculated on the basis of both individual performance and the company's overall performance in accordance with fair and objective criteria. The performance of each employee will therefore be reflected directly in his or her variable salary. Employee interviews now enjoy new prestige and will become an important instrument for agreeing, tracking and assessing goals.

Employee representatives have always and will always be permanently involved in this new business model: Proceeding in stages, first all salaried employees and later all wage-earning employees will participate in this bonus system. Thus, Verbund is one of the first companies to introduce a uniform model for all staff groups

EXECUTIVE COMPENSATION

The systematic implementation of Group strategy and thus the success of our Company are not only the responsibility of the employees, but also of the management to a significant extent.

As such, a new pay scale classification structure has been created for both the employees and management of our company. The compensation model has been standardised with the introduction of a uniform, transparent system. Fair and cost-conscious compensation is ensured by means of comparison with other companies on the market.

The coordination of models for employees and managers ensures commitment across the board, thus safeguarding the quality and productivity of the Group.

COST AWARENESS

Cutting costs, training future talent. In light of the global economic crisis, we have implemented a structured cost-cutting programme, involving the reduction of overtime and cutting back on holiday accrual. Although we have taken a number of cost-cutting measures, we have not lost sight of the growth strategy for our company. Required staff recruitment has been carried out with the utmost attention to costs and employees have been given further training aimed at achieving our targets. The number of apprentices has also increased in order to ensure that the operation of our power plants can be smoothly taken over by the next generation.

PROSPECTS

Retaining key employees with specific expertise and a high level of technical responsibility is a key factor in the success of companies like Verbund. The creation of additional career opportunities as an alternative to management careers plays a crucial part in this process. To this end, Verbund has created new career paths for experts and project leaders for major construction activities.

WORK-LIFE-BALANCE

Helping employees to establish a work-life balance also entails business advantages: difficulties can be mastered more quickly and employees can devote all of their energy to their work again sooner, thus increasing productivity.

As part of certification for the "Work and family audit", all of the measures that have already been introduced to help employees reconcile their work and private lives were reviewed. This showed that Verbund has already achieved a high level of compatibility between work and family, which is set to not only be maintained, but also be expanded further. To achieve this, further measures have been developed that will be implemented over the next three years. An intranet platform will be established and managers will discuss their experiences in order to raise awareness of the issue of work-family balance.

In November 2009, Verbund received the basic certificate for the "Work and family audit".

KEY FIGURES

	UNIT	2007	2008	2009
AVERAGE NUMBER OF EMPLOYEES	PERSONS	2,441	2,541	2,820
OF WHICH APPRENTICES	PERSONS	98	98	118
NEW EMPLOYEES	PERSONS	165	211	232
TRAINING PER EMPLOYEE	HOURS	48.5	46.1	37.5
DIRECT TRAINING EXPENSE PER EMPLOYEE	€	1,455	1,345	927
AVERAGE AGE OF EMPLOYEES	YEARS	44.5	44.2	44.2

SUSTAINABILITY

At Verbund, we have long known how to combine business interests with ecological and social considerations when constructing and operating power plants. Sustainability is especially important in times of economic difficulty. Environmental management and climate protection, compliance and dialogue with shareholders - Verbund focuses on complete transparency. Socially, we have intensified our cooperation with the SOS Children's Village and launched projects with Caritas and Diakonie.

Naturally, the prevailing crisis is also affecting Verbund: we are taking precautions, have been observing the market particularly closely and are looking even further ahead in terms of our business.

Verbund is continuing to generate good results and is systematically pursuing its goals, including those in the area of sustainability. Verbund is still committed to ensuring that its sustainability approach does not just generate one-dimensional benefits when it implements projects and measures, but rather that development has a positive overall effect as a whole.

Ongoing investments in our environmentally friendly generation mix and the increase in CO_2-free and energy efficient electricity generation are our strengths and serve to ensure a long-term competitive edge in a changing world.

The current discussion of the future development of the global economy and the question of which goals and values companies should uphold are both an affirmation and an incentive for us to continue to maintain this sustainable focus.

Since 2002, Verbund has published a sustainability report every year. The purpose of this is not only to report to external stakeholder groups; it is also intended to promote an intensive internal confrontation with the topic. All employees and executives are invited to discuss their opinions on sustainable activity and to integrate this into their day-to-day work.

One area that our activities focus on is ensuring that the values anchored in the company's principles and code of conduct are put into actual practice. We use internal systems to help executives and employees to comply with these principles..

Values to be put into actual practice. One example is the drafting of an internal guideline for fair business practices, particularly against corruption and bribery, which was completed in 2008. The areas of the company particularly affected by this issue were then identified and a comprehensive training programme was initiated.

Internal compliance system established. An internal compliance system was also introduced in the past fiscal year to implement the company's values and obligations. This helps all employees at Verbund to comply with and implement the provisions of the anti-corruption guidelines, financial market compliance, the Austrian Corporate Governance Code and the company's principles, especially the code of conduct.

Furthermore, we have opened the way for business activity to dovetail with the company's values and moral and ethical principles.

A compliance team within the Group is responsible for processing any questions that arise and devising solutions for specific compliance-related events.

DIALOGUE WITH STAKEHOLDERS

The environmentally prudent use of domestic hydropower potential is a key element in the energy strategy for ensuring Austrian supply. In order to achieve a consensus, we maintain intensive contact with all of the relevant stakeholders. A satisfactory solution is a matter of great importance, not least in terms of climate protection.

We also discuss overriding issues of energy provision with our stakeholders several times a year. Together, we are working on sustainable solutions to unanswered energy questions.

Collaboration on Austrian principles. In order to make the issue of "sustainability" accessible to a broader public, we also participate in public discussion. In 2009, Verbund worked on the sustainability principles for Austrian companies that were developed by the sustainability platform respACT in a large-scale stakeholder process with scientific support and widespread approval from all involved.

We are particularly pleased that our positive corporate development and our systematic methods prompted an Austrian banking group to invite us to participate in presentations, in the cause of the issue of a "responsible investment" and were given the opportunity to report on our activities in the area of sustainability.

Even though we did not submit our 2008 sustainability report for the Austrian Sustainability Reporting Award, we still received an award: Verbund was honoured as a "Long-Term Winner". Since 1999, the company has received awards for three environmental reports and five sustainability reports.

ENVIRONMENT

Verbund first began developing integrated environmental protection in the 1970s. Since 1995, environment management systems have been assessed externally in line with EMAS and ISO 14001 and implemented at facilities. Our long-term experience has shown that employees are far more aware of their environment and resources as a result of the certification of their work places. Each certification therefore makes an important contribution towards developing awareness.

A number of facilities already certified. All three thermal power plants of Verbund in operation have been certified to EMAS and ISO 14001. Since 2008, all locations and lines of the national grid have also been ISO 9001, ISO 14001, ISO 27001, OHSAS 18001 and EMAS certified.

Of the 103 Verbund hydropower plants, 44 have been EMAS audited (72 % of standard capacity (SC)) and 75 have been ISO 14001 certified (80 % of SC).

Verbund electricity has also been certified: Verbund household customers receive electricity that originates to 100 % from Austrian hydropower.

Since 2009, all thermal and hydraulic generation facilities have also been TÜV certified. In 2009, the TÜV certified volume of hydropower generation, for example, was 21,175 GWh.

Verbund regularly participates in the Carbon Disclosure Project (CDP) and is one of more than 2,200 companies around the world to disclose its CO_2 emissions, possible climate risks and reduction targets. Beyond the requirements of the EU regulations, emissions values are also reported under the Greenhouse Gas Protocol, a global standard for calculating emissions data.

Verbund actively supports the international energy and climate policies of Austria and the EU. Together with a number of European CEOs in the energy sector, Verbund's CEO Wolfgang Anzengruber signed a declaration in March 2009 in which the electricity sector acknowledged its responsibility and central role in combating climate change and agreed to aim to reduce CO_2 emissions to zero by 2050.

Reducing specific CO_2 emissions. Verbund is excellently prepared for the CO_2-neutral future of European electricity provision and ranks among the top companies on the European market for renewable energies thanks to its environmentally friendly electricity generation – around 90 % of which is from hydropower. This is also shown by the specific emissions (t CO_2 per GWh) for total generation: 74 t/GWh (2008: 101 t/GWh, 2007: 120 t/GWh). The reduction in specific emissions is attributable both to the increase in hydropower and wind energy generation, and to the decline in thermal generation (hard coal, oil, gas). The generation of electricity from renewable energy sources will increase further in the coming years in the areas of hydropower and wind energy. The development of generation from thermal power plants will depend on a number of factors, including weather conditions.

In terms of thermal generation, specific emissions amounted to 811 t/GWh in 2009. When the gas-steam projects currently being constructed in Mellach (832 MW) and the planned facility at Klagenfurt (400 MW) go online and following the modernisation of the Neudorf/Werndorf power plant, the specific emissions of thermal generation will be reduced further.

Verbund is also optimising its wind power portfolio in Austria and selected European countries. Since January 2009, Verbund has owned and operated three wind farms in Lower Austria. These generate 105 GWh per year; thus, they can supply around 29,000 average households in Austria with electricity. This means a saving in CO_2 emissions of 84,000 tonnes each year.

As one of the most favourably priced electricity providers in Austria, Verbund has offered a solar energy package for private households since July 2009. We handle all tasks involved – from technical planning, subsidy processing and assembly to delivery and collection of electricity. Grid-connected photovoltaics facilities with a maximum peak module output of 5 kWpeak are subsidised by the respective state budget and the climate and energy fund KLIEN.

KEY ENVIRONMENTAL FIGURES

	UNIT	2007	2008	2009
GENERATION (NET, EXCL. OWN CONSUMPTION)	GWh	28,307	28,660	29,918
THEREOF HYDROPOWER	GWh	24,321	25,308	27,099
THEREOF THERMAL POWER	GWh	3,986	3,352	2,351
THEREOF WIND	GWh			363
THEREOF PHOTOVOLTAICS	GWh			106
SHARE OF HYDROPOWER, WIND POWER AND PHOTOVOLTAICS	%	85.9	88.3	90.9

USE OF FUELS IN THERMAL POWER PLANTS

	UNIT	2007	2008	2009
HARD COAL	t	1,190,889	1,022,090	731,391
BROWN COAL	t	0	0	0
HEATING OIL (HEAVY)	t	83,973	70,029	69,697
GAS	1,000 m^3	25,156	13,532	9,838
BIOMASS AND SUBSTITUTE FUELS (SEWAGE SLUDGE)	t	19,186	21,184	13,643
THEREOF BIOGENIC SHARE	t	19,186	21,184	13,643
THEREOF FOSSIL SHARE	t	0	0	0

EMISSION OF AIR POLLUTANTS (THERMAL POWER PLANTS)

	UNIT	2007	2008	2009
CO_2 FOSSIL (OWN GENERATION)	kt	3,407	2,885	2,074
CO_2 FOSSIL (PROCUREMENT RIGHTS)*	kt	–	–	127
CO_2 SPECIFIC (TOTAL GENERATION)	t/GWh	120	101	74
CO_2 SPECIFIC (THERMAL POWER INCLUDING PROCUREMENT RIGHTS)	t/GWh	855	861	811

EMISSION PREVENTION THROUGH HYDROPOWER, WIND POWER AND PHOTOVOLTAICS (COMPARISON BASED ON: DÜRNROHR POWER PLANT)

	UNIT	2007	2008	2009
CO_2	kt	19,895	20,702	21,737

* EXACT CO_2 EMISSIONS ARE NOT AVAILABLE FOR THERMAL GENERATION VIA PROCUREMENT RIGHTS, AS THIS IS NOT MANAGED BY VERBUND. THE EMISSIONS WOULD THEREFORE NEED TO BE CALCULATED ASSUMING A SPECIFIC LEVEL OF GENERATION CORRESPONDING TO THE AVERAGE THERMAL GENERATION AT VERBUND POWER PLANTS (882T/GWH).

TRANSMISSION GRID

	UNIT	2007	2008	2009
VOLUME OF ELECTRICITY TRANSPORTED IN APG GRID	GWh	36,977	35,707	37,569
GRID LOSSES	GWh	493	454	480
SHARE OF GRID LOSSES IN TOTAL TRANSPORTED VOLUME	%	1.3	1.3	1.3

Municipalities were also chosen in 2009 as part of the "Climate Protection Competition for Municipalities": innovative projects by municipalities in the areas of climate protection, renewable energies and energy efficiency were rated as part of a competition. Out of the approximately 100 participating communities, Strem (Burgenland), Virgen (East Tyrol) and Gleisdorf (Styria) were voted as winners in different categories. This initiative was launched in 2008 by Verbund in cooperation with the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the Austrian Association of Municipalities.

SOCIAL ACTIVITIES

Traditional social commitment strengthened. We feel a responsibility to those in our society who need support. In 2009, Verbund extended its traditional commitment to the SOS Children's Village in Hinterbrühl and the Hans Radl School for physically handicapped children in Vienna. Working with expert partners, we ensure that energy is also available to those living on or below the poverty line or who have special needs.

People with low incomes in particular have to spend a disproportionately high share of their money on energy. People who are unemployed or sick usually spend all their time at home. These homes are often insufficiently insulated with the result that a large amount of their heating energy is lost. These people usually also use older, often inefficient equipment that further drives up their consumption levels.

The "Verbund Electricity Aid Fund for Caritas" launched in 2009 offers acute bridge finance for electricity bills and advice on the efficient use of energy. Together with the industry, it also helps people to procure efficient devices to lower their energy consumption.

Electricity as a "life essential". For people with special needs, electricity is a requirement that allows them to take part in life. It enables technologies that people with disabilities can use to communicate with other people. It is essentially a lifeline that allows them to determine their own lives. With the "Verbund Empowerment Fund for Diakonie", also launched in 2009, the Diakonie consulting network for assisting technologies can be expanded further. The fund will also allow Diakonie to extend its range for early assistance and finance immediate aid. The long-term aim of this cooperation is to increase public awareness of the concerns of this section of the population and to improve their living conditions. Around 40,000 Austrian citizens will benefit from this.

Each year, we provide around half a million euros for these two projects with Diakonie and Caritas.

EVENTS AFTER BALANCE SHEET DATE

No events subject to disclosure occurred between the balance sheet date of 31 December 2009 and the date of release for publication, 28 January 2010.

REPORT ON EXPECTED DEVELOPMENT AND RISKS TO THE COMPANY

SIGNIFICANT RISKS AND UNCERTAINTIES

Whether it is the economic crisis with declining wholesale prices, the greater difficulty in financing projects or the lower water flow in rivers: a group such as Verbund faces many risks. To minimise these as much as possible, there is a separate department for risk management. However, this department is also concerned with safeguarding future opportunities in the Group.

2009 showed how important good risk management is in a major group. Using a proprietary software, all relevant risks and opportunities in the Verbund Group are regularly tracked, updated and analysed and any related measures that may be required or possible are documented. The Managing Board and the Supervisory Board receive reports at least once per quarter. Special attention is given to any possible impact on consolidated earnings.

RISKS AND OPPORTUNITIES FOR 2010

VOLUME AND PRICE RISK

Consolidated earnings are most affected by volume and price risks in electricity business. Verbund's production is highly dependent on the meteorological conditions of water flow and thereby of hydraulic generation. A deviation of 1% either way from the planned hydropower generation value for the full year 2010 due to overproduction or underproduction would have an earnings effect of € 10.3 million.

Changes in the wholesale prices also represent significant opportunity/risk potential for Verbund. An increase or decrease of 1 % in 2010 would result in a sensitivity of around € 4.8 million.

Rising fuel costs to be expected in the long term. A further significant risk area is the need for the primary energy sources of heating oil, natural gas or hard coal and sufficient emission certificates. Owing to unclear economic trends there is still uncertainty regarding the development in demand. In the long term, however, fuel prices are expected to rise.

REGULATORY RISKS

In the course of 2009, there were legal developments at both Austrian and EU level that could entail significant changes in Verbund's operating environment. As the deregulation of the European electricity market continues, all energy utility companies that own a transmission grid must be restructured to ensure the greatest possible independence from the parent company grid ("ownership unbundling"). Of the three possible unbundling variants, Verbund has selected that of "independent transmission operator" or the "third way". However, the implementation of this involves a number of stipulations, which – in spite of the interpreting notes published by the EU Commission in September 2009 – does not make correct operative implementation easy.

PARTICIPATION RISKS

The international growth strategy of Verbund with its investments in Italy, France, Turkey, Albania and recently in Germany as well will increase both risks and opportunities in future. Participation risks include fluctuations in investment income, changes in the carrying amounts of holdings (also as a result of foreign currency differences) as well as liabilities and guarantees.

LIQUIDITY RISK

Generally speaking, the crisis on the financial markets has made financing more expensive and more difficult to obtain. However, Verbund is very well positioned in terms of its liquidity and has adequate liquidity reserves.

INVESTMENT RISK

Conservative investment strategy. The investment strategy of Verbund allows for conservative investments in a diversified portfolio with banks of good to prime credit ratings. The Group also invests in money market-related securities and bonds which serve as security for its electricity trading activities. The risk that individual issuers will default has increased as a result of the crisis on the financial markets and the consequences thereof. Verbund's securities portfolio is tested for impairment on a regular basis in accordance with IFRSs. Price losses/gains that are not permanent are taken directly to equity, whereas permanent price losses/gains are recognised in income.

RISKS OF CROSS-BORDER LEASES

In the years years between 1999 and 2001, Verbund concluded lease-and-lease-back agreements for hydropower plants. In doing so Verbund generated a total net present value effect of € 300 million. Under the terms of these extremely conservatively structured cross-border leasing agreements, there were no changes in the ownership structures of the hydropower plants. In 2009, Verbund successfully terminated 77 % of its cross-border leases earlier than planned, generating a positive effect on consolidated net earnings for 2009 of € 19 million.

In fiscal 2009, the ratings agencies Moody's and Standard&Poor's downgraded the rating of Verbundgesellschaft by one level to A–/negative outlook and A/negative outlook respectively. This downgrading of the credit rating is the result of deteriorating market conditions for energy providers.

MAIN RISKS FOR 2010

VERBUND (ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AG)

FOREIGN CURRENCY RISK
Results primarily from financing in JPY and TRY. Risk minimisation through hedging strategies, limits and monitoring.

PRICE RISKS FROM SECURITIES
Risk of fluctuation in securities held. Risk minimisation through investment strategies, monitoring and quantification.

RATING RISK
Risk minimisation through orientation towards appropriate capital structure and ongoing communication with rating agencies.

INTEREST RATE RISK
Caused by changes in interest rates. Risk hedged through possible hedging strategies, limits and monitoring.

GENERATION

OWN ELECTRICITY
This risk comprises the volume risk from the volatile water supply and the associated price risk. Risk minimisation through analysis, water forecasts and long-term sales.

ASSET RISK
Resulting from damages to plant and equipment. Risk minimisation through optimised maintenance strategy and insurance.

FUEL RISK
Risk of loss resulting from changes in fuel prices. Optimisation through price forecasts, volume planning and hedging strategies.

TRADING/DISTRIBUTION

COUNTERPARTY RISK
The risk that business partners cannot meet their obligations or cannot meet these by the due date. Risk minimisation through function separation, internal scoring, limit system and monitoring.

PRICE RISK FROM ELECTRICITY PURCHASES
Risk of loss through price volatility on the electricity market. An internal rule book for electricity trading with function separation, responsibility assignment, limits (incl. VaR) is in place for monitoring risks in this area. The risk is also minimised by electricity forward transactions.

TRANSMISSION

ASSET RISK
Resulting from damages to plant and equipment. Risk minimisation through optimised maintenance strategy and insurance.

LEGAL ENVIRONMENT
Risk of loss resulting from new legislation or legislative amendments. Minimisation through monitoring and increased lobbying.

PARTICIPATING INTERESTS

PARTICIPATION RISK
Resulting from fluctuations in the interest value, dividend or profit distribution and contingent liability risks or receivable risks. Risk optimisation through identification, analysis, quantification and monitoring.

AT ALL COMPANIES

IT RISK
Risk minimisation through modern hardware and software.

PERSONNEL RISK
Risks here include changes to the labour laws and absenteeism.

LAWSUIT/LEGAL RISKS
These include risks from any legal proceedings. Risk minimisation through constant monitoring.

EXPECTED DEVELOPMENT OF THE COMPANY

Fiscal 2009 was characterised by extremely challenging conditions resulting from the effects of the global economic crisis. The reduced level of demand for electricity, particularly in industry, lower prices for primary energy sources, especially natural gas, and falling prices for CO_2 certificates brought about a sharp drop in European wholesale prices for electricity. Nevertheless, Verbund, Austria's largest electricity company, is able to report good results for 2009, which are only slightly down on the record figures generated in 2008.

These difficult conditions will continue to prevail in fiscal 2010. Despite slight improvement in economic data and growth forecast for the real economy in Europe, there are huge challenges ahead. Demand for electricity is only expected to increase slightly, prices for natural gas – which are a significant factor behind European electricity wholesale prices – will remain low due to excess supply, and the price of CO_2 certificates will also remain at a low level due to lower demand for electricity.

Impeded access to favourable capital markets. The effects of the financial market crisis also make it more difficult to access favourable capital markets, particularly in terms of credit and project financing, meaning that the realisation of growth projects is now considerably more difficult than prior to the outbreak of the crisis.

However, we are looking ahead positively to our medium and long-term future. The fall in demand for electricity has led to many electricity suppliers adjusting their investment plans as part of restructuring, and many investment projects have been put on hold or cancelled. A number of European suppliers are also confronted with the urgent need to plough money back into their thermal power plant parks, some of which are obsolete. This will result in capacity bottlenecks in Europe in the medium term, which will in turn lead to increasing wholesale prices for electricity and thus a situation where money can be invested in power plant development in the long term on a value-creating basis.

The huge expansion of renewable energies, particularly wind power, will also require a large amount of investment in flexible power plant capacities in Europe, which will be able to compensate for the volatility of wind power generation. The high-voltage grids also need to be expanded in order to be able to transport generated energy over large distances.

Demand for electricity in Europe: slight increase forecast for 2010. The global economic crisis led to a decline in the demand for electricity. In Austria, this fell by 4.4 % in the first eleven months of 2009 alone (source: E-Control). This unusually sharp decline in electricity consumption reflects the extent to which Austrian industry has cut down on production due to the economic crisis. As around half of this electricity is consumed by private households and the service sector, whose electricity requirements are comparatively stable, it is possible to estimate how severe the decline has been in the industrial sector.

The economic recovery expected in 2010 will be accompanied by a rise in electricity demand. The European Commission forecasts that long-term average growth in electricity consumption in Europe will be a little over 1 % p.a. (EU-27, up to 2020).

Lower European wholesale prices, falling sales prices. Wholesale prices for electricity have declined significantly in fiscal 2009. This is due to the fall in energy prices for heating oil (front year heating oil prices loco Rotterdam, euro basis –20 %), coal (ARA front year, euro basis –37 %) and gas (NCG front year –41 %), the fall in prices for CO_2 certificates (–42 %) and the drop in demand for electricity (–4.4 % for Austria alone in the first eleven months of 2009).

The monthly and quarterly forwards also do not indicate any significant recovery for 2010, both for base load and peak load. However, the forward prices for electricity on the German electricity exchange do indicate a return to increasing prices in the years following 2010.

The Verbund Group will be negatively impacted by the fall in prices on the European electricity exchanges in 2010. On the basis of its hedging strategy for the sale of own generation volumes – just under 64 % of the marketable planned generation volumes have already been sold on the basis of forward prices – the average sales prices achieved for 2010 at the end of 2009 are significantly down on the average prices achieved for 2009.

Financial market crisis hinders access to financing for growth projects. Over the course of fiscal 2009, development on the financial and capital markets stabilised slightly once again. Access to capital was considerably better than in 2008, particularly for companies with a good credit rating and wide access to a variety of sources of finance. The bond markets developed particularly positively, whereas the credit markets remained strained as a result of higher funding costs for banks. In order to finance its growth projects in 2009, the Verbund Group borrowed funds totalling of € 2 billion on favourable terms, predominantly on the bond market.

In 2010, we are expecting a situation on the financial and capital markets similar to that of 2009.

Profitable growth through investments and acquisitions in Europe. Verbund reacted to the economic crisis in fiscal 2009, significantly cutting back its investment programme for 2010 to 2015 to € 2.7 billion. Nevertheless, we will continue with our investment in the expansion of hydropower in Austria and the high-voltage grids, as well as our existing activities in Turkey, Italy and France. The aim is to have power plant operations up and running once the European economy has returned to sustainable growth, in order to benefit from increasing wholesale prices.

Falling results and dividends expected in 2010. On the basis of the sustained difficult conditions, we are expecting a considerably lower operating result and Group result in fiscal 2010, despite restructuring measures and the cutback in the investment programme.

REPORT ON RESEARCH AND DEVELOPMENT

In order for Verbund to remain "on the ball" with new developments in the energy sector, all the Group's research activities are now managed from a central office.

In terms of its energy policy, the world is facing what is probably the biggest challenge of all time: some methods previously considered successful must now be abandoned and new paths must be sought. This was shown not least by December's environmental summit in Copenhagen. However, it is not just governments that have to come up with a new way of thinking. Corporations must also develop new ideas of how to reduce their CO_2 emissions.

New Group division formed. While Verbund has always been very well positioned with it high share of hydropower plants, we want to be even better equipped for the new challenges in the energy industry. Now is the best time to give research activities in the Group a boost: Verbund therefore formed the "Innovation, Research & Development" division last year, whose job it is to identify opportunities for Verbund in new business areas in the next five to ten years and to decide on key areas on which to focus strategic research.

Three future trends in energy provision of importance to the Group were identified:

- The first is the overall electric mobility system, where the open Austrian Mobile Power (AMP) platform was founded in summer 2009 under the guidance of Verbund, which has been organised as a joint venture since the end of the year. The ambitious goal of this initiative is to have 10,000 electric vehicles on the roads in several model regions in Austria by as early as 2013. The necessary conditions for the deployment of up to 250,000 electric vehicles are expected to be in place by 2020. The aim of the joint venture is that the electricity required will come solely from renewable energies and the infrastructure will be made available. Intelligent charge management will allow for an optimum supply of electricity, and an information management system will allow the customer to use the system in a way that is suited to his individual needs and on a flexible basis.
- Secondly, there is the area of energy management: here, researchers are focusing on the decentralised generation and storage of electricity, known as smart grids, and efficient total energy solutions for customers. In future, many of today's electricity customers could become independent producers, so-called "prosumers", that alternately feed electricity into the distribution grid or draw it off. Also, customers could be provided with efficient total solutions for heating and refrigeration, lighting and equipment in future. Part of this solution is decentralised generation facilities for electricity and heat.
- The third is the upgrading of large-scale technical generation facilities for renewable energies, including transmission grids. Here, Verbund could play a leading role together with technology companies in the development and optimisation of future-oriented technologies and in the development of innovative solutions for tapping into hydropower potential in ecologically sensitive and technically demanding locations. The integration of fluctuating wind and solar energy into the grid and the use of storage in order to optimise this integration are also a key focus.

Efforts made to establish international cooperation. Verbund also intends to initiate and implement international research and development partnerships. This way, Verbund intends to ensure its early access to central future generation technologies. Naturally, the greatest value will be attached to those countries in which Verbund is already operating.

The options under consideration for controlling the content focus of research include strategic cooperations with universities or investing in leading European initiatives. Involvement in projects with a European dimension are another focal point.

In order to gain access to promising projects in the energy sector Verbund also intends to build stronger relations with venture capital and private equity companies in the clean energy areas in the coming years.

As part of its social and political responsibility Verbund also intends to strengthen energy research in Austria just as it has done in the past.

DISCLOSURES IN ACCORDANCE WITH SECTION 243a (2) CORPORATE CODE

The description of the key features, monitoring and controlling of the internal control system (ICS) and the risk management system (RMS) is based on the five components of the COSO framework [1]

[1] The Committee of Sponsored Organisations (COSO) prepared a standard recognised by the U.S. Securities and Exchange Commission (SEC) for internal controls, the COSO model. The model is recommended by the Austrian Financial Reporting and Auditing Committee (AFRAC) for describing the internal control system (ICS) in the management report..

THE CONTROLLING ENVIRONMENT

The management of Verbund has signed a code of conduct. "We are aware of our responsibility to our shareholders, our employees, our business partners, society and the environment and act in accordance with the following principles" (abridged):

The cooperation with all our target groups is supportive, fair and trustworthy. It is important to us to deal with conflict constructively.

Clear and open communication. We maintain an open and objective dialogue with our target groups. We ensure that our actions are comprehensible and reasonable.

Confidentiality. As a listed company we are subject to the strict regulations of the finance markets. Adherence to these regulations is ensured by the compliance officer.

Responsible actions. We do not tolerate any dishonest business practices and reject all forms of corruption and bribery. We stand for human rights and respect the dignity of every individual. We reject all forms of child and forced labour. Our business partners are also expected to comply with these values.

Obedience of the law and loyalty to contracts. We respect every valid law and satisfy our obligations and agreements. We advocate the Austrian Corporate Governance Code and the unbundling provisions.

Employees. Qualified and motivated employees form the foundation of our success. Our employees are distinguished by being the best qualified, their personal commitment and their identification with the company's goals and principles.

Competition. We advocate fair competition. We reject all forms of antitrust agreements regardless of whether they affect prices, market share, capacity, the distribution of regional markets or price fixing.

GROUP CONTROLLING

With its departments, the Group controlling division serves as a centre of competence within the Group and operates in line with the business principles of a focus on value and earnings management. The operating result is the responsibility of the companies, financial earnings that of the financial management holding and the result from participating interests that of the respective investment holding company.

See Participating interests, Page 56

Group controlling is subject to a regulatory authority on all issues of controlling and accounting and the authorisation to issue technical instructions to ensure the adoption of uniform standards throughout the Group. Process manuals have been created in the form of Group guidelines to aid in implementation. These include the manual for Group investment controlling, the key figures manual, the Group accounting manual and the planning manual and are all dated 2009. These apply to all companies in which Verbund holds a direct majority or which it can indirectly influence through investments or agreements. Compliance with these principles and standards is ensured as much as possible for all other investments (e.g. at equity.)

FORECAST PLAN, BUDGETING AND MEDIUM-TERM PLANNING

The Verbund Group's controlling is based on its consolidated net earnings and key figures derived from it. It has detailed short and medium-term planning. The basis for its planning is the controlling calendar, which regulates all dates relevant to controlling and the necessary content (planning depth). There is also a workflow for budgeting and medium-term planning, which maps detailed planning steps. As responsibilities are clearly stipulated in the workflow, it is also clear whether the respective planning step relates to central (e.g. finance and liquidity planning, etc.) or non-central planning. On completing a planning step, the responsible planner also ensures that the content is correct.

The controlling calendar stipulates the planning dates. Rolling planning for the current year (forecast plan) is updated and consolidated monthly. Usually only the income statement is planned on a rolling basis. If the forecast plan is included in the Supervisory Board report on a quarterly basis, this also includes planning for the balance sheet and cash flow and the calculation of key planning figures. Budgeting for the subsequent fiscal year begins in July when the planning premises are sent out and ends with versioning in mid-October. Medium-term planning is also devised as part of budget planning.

The company accounting and reporting teams regularly report to the Verbund Managing Board "as the Group's pilots" on business developments at Verbund. They monitor and report on the processes for planning, budgeting, reporting, deviation analyses and goals controlling, the annual financial statements, quarterly financial statements and monthly closing and at equity consolidations. Company accounting and reporting therefore also includes the IFRS competence centre.

FINANCIAL REPORTING

"If you disclose your figures more quickly, you show well functioning business processes". Verbund therefore runs a fast close programme each year to prepare its IFRS consolidated financial statements and the separate annual financial statements in line with UGB and IFRS. VERBUND Management Service GmbH (VMSG) performs the key financial accounting, procurement and IT services necessary for the accounting process.

FINANCIAL ACCOUNTING

[1] Work breakdown structure elements

Financial accounting is carried out in SAP. The management of non-current assets is largely automated. Additions to non-current assets are shown via SAP "investments" (WBS elements[1]), as is the planning of investments for budgeting and medium-term planning (planned statement of changes in non-current assets). Stocktaking of assets and disposals of assets are the responsibility of the local inventory managers at operating locations, whose roles are stipulated in the inventory ordinance.

Bank entries are posted on a day-to-day basis. Creditor payment lists for all companies managed in SAP are created twice a week, checked and transferred by the finance department by telebanking. Payments without an SAP purchase order reference are posted only when so arranged by the financial accounting department and after being signed by two parties with no exceptions. Payment can then take place. VERBUND-Finanzierungsservice GmbH organises cash pooling to optimise payment transactions.

Main document entry is responsible for checking, entering and payment preparation of all invoices (not relating to electricity business). Accounts payable enters all invoices with and without SAP orders, payment orders from various areas and down payment requests. This area attaches particular importance to checking legal requirements, sales and corporation tax data and Verbund's internal regulations such as the payment instructions for signing authorisation and value limits.

VERBUND-Austrian Power Trading AG (APT) is the head operating company for Verbund's electricity trading and selling activities and performs these activities with resellers in Austria and abroad for and on behalf of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft. Entries are posted using the ETRM electricity trading system (Endur) and the customer accounting system Eulvis as feeder systems. This system's balances are automatically transferred to SAP via interfaces.

The transactions of VERBUND-Austrian Power Sales GmbH and all sales of electricity to customers (household, commercial, business and industry customers) are initially settled in the Eulvis customer accounting system and balances are automatically transferred to SAP via interfaces. Electricity trading activities for the standard load profile segment (SLP) are performed for and on behalf of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft. APS acts as a broker and receives commission from Verbundgesellschaft for its expenses in the amount of the full costs incurred. Business and industrial customer business is conducted on its own behalf.

The Group companies' accounting in line with UGB and IFRS is carried out by accounting clerks in the accounting department in close coordination with Group controlling. As part of the preparation of the consolidated financial statements, figures are transferred from the single-entity financial statements of the fully consolidated companies to the SAP module EC-CS for consolidation in line with IFRS. The carrying amounts of companies included using the equity method are adjusted at Group level in SAP EC-CS.

To optimise human resources and to safeguard the expertise of the management and employees responsible for the accounting process, "strategic personnel management" employs HR development projects focusing on training. Four certified accountants work in Group controlling at Verbund.

RISK ASSESSMENT

For many years, Verbund has had a company-wide risk management system that uses software to track, assess and devise measures for all identified risks and opportunities. A department specially set up in the holding company, Holding Risk Management, coordinates and monitors these processes, aggregates all locally collected data and reports to the Managing Board and the Supervisory Board quarterly on the Group-wide risk/opportunity portfolio, paying special attention to possible deviations in consolidated net earnings.

Company-wide risk management focuses on Verbund's key areas of commodities, finance, information security, the transmission grid, asset risks and investments.

See "Risk management", Page 74

There are separate risk management committees (RMCs) for all key areas involving risks or opportunities, such as cross-border leases or information security. These RMCs regularly meet under the management of strategic risk management and their main responsibility is the coordination of all issues relevant to risk in the individual divisions. The RMCs therefore pay particular attention to the ongoing monitoring and updating of the opportunities and risks, the evaluation and implementation of control measures as well as the further enhancement of risk awareness among the Group's employees.

CONTROL MEASURES

CONTROL MEASURES PROCESS MANUAL "ACCOUNTING PROCESS – URÄG (CORPORATE LAW AMENDMENT ACT) 2008"

So that the ICS can be regularly evaluated with regard to its suitability and in order to ensure that it is possible to monitor whether regular control activities are being demonstrably performed, actual processes were surveyed, a risk assessment was carried out, internal key controls for these were identified and the periodicity of controls was recorded in a risk control matrix and combined with the process workflow diagrams from the "Verbund processes roadmap" in a process manual – all as part of the "Accounting process – URÄG" project.

All process owners are asked to review and update their processes in the URÄG process manual once a year as part of ongoing risk management. The internal audit department also ensures ongoing inspection in sub-divisions as part of its audit assignments. An updated version of the entire process manual is released once a year. Amendments and additions throughout the year are noted in an online version.

EXECUTIVE ORDERS, GROUP GUIDELINES, WORK INSTRUCTIONS

The Verbund Group has a highly defined system of regulations to stipulate structures, roles, functions and processes. This system consists of executive orders, guidelines and work instructions. The holding organisation team ensures that regulations are up-to-date by way of an ongoing improvement process and that they remain limited to the necessary extent.

The following executive orders apply to the accounting process: Structural organisation and task descriptions – these present the company's structure in organisational units; Information security at Verbund – this defines the principles and responsibilities of information security management and the IT security policy; Internal control system (ICS) - this defines the general minimum standards of the ICS and specifically highlights the responsibility of all executives to ensure and guarantee compliant and goal-based processes.

The mandatory Group guidelines that apply to the accounting process are those on master data management, the SAP competence centre, income tax issues in the Group, social capital, operative principles of controlling and accounting (manuals), economic assessment of investment projects, interest rates, counterparty risk and the anti-corruption guideline.

There are also work instructions where necessary that provide further information on processes and procedures in the guidelines and that constitute "application provisions" for the respective departments (e.g. inventory, sales tax manual, SAP authorisations).

In addition, the commodities rulebook guideline regulates the principles and objectives of risk management for commodities trading. Furthermore, transaction principles, company orders and overall mandates, the allocation of tasks and responsibilities, approved markets, the market and product approval process, risk limits and the procedure for limit violations, the main methods of risk measurement and the risk reporting framework have also been stipulated.

In addition to the commodities rulebook, the APT risk management guideline mainly provides details on risks and activities associated with electricity trading. It stipulates the responsibilities of individual traders and key account managers, regulates operative limits, defines the portfolio structure, sets out principles for pricing and price hedging, defines individual mandates for front offices, regulates internal risk reporting for business areas and establishes a framework for technology systems.
A separate reporting system has been established within the VERBUND-Austrian Power Trading AG mandate to ensure effective risk controlling and reliable settlement and invoicing. It consists of schedule management and energy position reports (daily reporting of open positions in sales and trading for asset optimisation, daily schedules as per market regulations for the Verbund accounting group), daily transaction reports (list of transactions, report on options exercised, report on corrected business data) and periodic risk management and position reports (credit risk report, market risk report, risk warnings and others). This ensures daily monitoring within the business processes of APT.

IT SYSTEMS

As the leading technical systems, SAP systems are used for financial accounting and budget accounting. Rolling planning for the income statement for the current year and the budget are carried out in SAP ERP (Enterprise Resource Planning – Core System), balance sheet planning, cash flow planning and income statement planning for medium-term planning periods (five years) are carried out in SAP BW (Business Warehouse).

VERBUND-Austrian Power Trading AG also uses the ETRM software solution Endur for its wholesale and trading activities and the Eulvis customer accounting system. The transactions of VERBUND-Austrian Power Sales GmbH are also initially settled using the Eulvis customer accounting system. From 2010, the foreign holdings will use Professional Planner as their budget and planning solution.

Original documents are archived directly in SAP, agreements and other important documents are filed in the document management system (DMS).

INFORMATION AND COMMUNICATION

INTERNAL REPORTING

The controlling departments of the individual companies provide the individual managing boards and managers with monthly reports. Once these have been approved, they are then passed onto the Group controlling division where they are combined and presented to the Group Managing Board. These monthly reports include the income statement in accordance with IFRS on the basis of the year-to-date (YtD) and on a full year basis in comparison with the previous year and the budget containing deviation analyses, in addition to noteworthy highlights. The financial management report looks at liquidity and financial liabilities as well as highlights from financing and investor relations.

Quarterly reports provide a range of additional information. Controlling compares the income statement and balance sheet for each quarter, YtD and on a full year basis against the budget and the previous year, explains the E-Plan deviation analysis and budget in detail and prepares the cash flow statement and key figures. Segment reporting including contributions is added to the report, as well as disclosures on earnings potential, achievement of goals, etc. As well as liquidity and financial liabilities, the financial management report also looks at overall conditions regarding exchange rates and interest by means of repayment projections, investment performance and financing risk monitoring. Risk management gives an overview of the risk situation for the current year and the following year as well as the findings of the Risk Management Committee and the impact of the main individual risks to the companies together with expected values.

EXTERNAL REPORTING

Quarterly external reporting to the Supervisory Board relates to the accounting process, which is the main feature of internal quarterly reporting, but also includes a general report on the economic environment in the energy sector and the regulatory framework as well as a much more detailed presentation of segment reporting, etc.

Further external reports to the Supervisory Board include the annual report on the participating interests of the Verbund Group and the Managing Board report on the annual budget, including the finance and liquidity plan, HR plan and investment plan.

The intranet, which is updated on a daily basis, serves as a key source of information and communication platform for all employees of the Group.

LEGAL UNBUNDLING

To prevent non-permitted information flows between Group companies and VERBUND-Austrian Power Grid AG as a consequence of the legal unbundling, there is – with the exception of the divisions in shared services (Group controlling, financial accounting, procurement, IT, etc.) – a strict separation of accounting groups and report allocation so that Group companies cannot access sensitive data of the grid company and vice versa. In addition to the SAP systems, this has also been ensured in the document management system and all other IT systems.

MONITORING

The internal audit department, which ranks directly below the Chairman of the Managing Board and the Deputy Chairman in terms of organisation, monitors operating and business processes and the internal control system (section 18 of the Austrian Corporate Governance Code). Its audits are conducted in line with the programme approved by the Managing Board, supplemented by short and special audits. The audit reports state recommendations and measures that are subject to half-yearly follow-ups following an implementation order by the Managing Board.

In particular, the internal audit department focuses on safeguarding all operational processes and workflows in accordance with Group-wide guidelines and regulations as well as the articles of association or company agreements of the individual companies and the applicable laws. Furthermore, it also concentrates on the separation of tasks and functions and compliance with the dual control principle. In order to reduce risks, it should not in principle be possible for a single employee to conduct a business transaction alone from start to finish. When using IT, the internal audit department specifically checks whether the appropriate authorisation systems or additional documentary controls are in place.

The audit activities of the internal audit department are conducted independently in accordance with international standards for professional practice on the basis of rules of procedure advocating honesty, objectivity, confidentiality and specialist expertise.

DISCLOSURES IN ACCORDANCE WITH SECTION 243a (1) CORPORATE CODE

1. The share capital comprises:

   151,018,000 individual share certificates (bearer shares category A), equivalent to 49 % of the share capital; 157,182,000 individual share certificates (registered shares category B), equivalent to 51 % of the share capital, authenticated by an interim certificate deposited with the Federal Ministry of Finance and made out in the name of the Republic of Austria. There were 308,200,000 shares in circulation at the balance sheet date. All shares have, with the exception of the voting restriction described under Point 2, the same rights and obligations

2. In accordance with constitutional law, which regulates the ownership structure of the companies in the Austrian electricity sector (Federal Law Gazette I 1998/143 Art. 2) and also forms a basis for the company's articles of incorporation, the following voting restriction applies: "With the exception of regional authorities and companies in which the regional authorities hold an interest of at least 51 %, the voting right in the General Meeting is restricted to 5 % of the share capital." Other restrictions which affect the voting rights or the transfer of shares are not known.

3. The shareholder structure of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (referred to as Verbund) is essentially characterised by the majority holding of the Republic of Austria. 51 % of the share capital of Verbund is owned by the Republic of Austria under constitutional law. The provincial energy companies Wiener Stadtwerke Holding AG and EVN AG each own more than 10 % of the share capital. More than 5% of the share capital is owned by TIWAG-Tiroler Wasserkraft AG. Less than 24 % of the share capital is in free float.

4. There are no shares with special control rights.

5. No employee participation models exist within the Verbund Group.

6. In accordance with the rules of procedure for the Supervisory Board, a nomination to the Managing Board must be made for the last time prior to the nominee's 65th birthday. A Nomination Committee is established within the Supervisory Board pursuant to the Austrian Corporate Governance Code, which makes arrangements for the appointment of Managing Board members on behalf of the Supervisory Board (see also Corporate Governance Report 2009). Apart from this, there are no other regulations extending beyond the legal requirements that relate to the members of the Managing Board and the Supervisory Board. Moreover, there are no applicable requirements resulting directly from the law regarding the amendment of the articles of incorporation.

7. The authorisation granted to the Managing Board at the 62nd Ordinary General Meeting held on 25 March 2009 in accordance with Section 65 Paragraph 1 No. 8 Stock Corporation Act (AktG) relating to the purchase of own shares is valid until 25 September 2011. The Managing Board has not issued a decision on a buyback programme to date. In addition, the Managing Board has no powers within the meaning of Section 243a No. 7, Corporate Code (UGB).

8. The company is not involved in any agreements that contain regulations that refer to the stipulations under Section 243a No. 8, Corporate Code (UGB). Furthermore, we do not believe that a public takeover bid is possible at this time under constitutional law.

9. There are no compensation agreements within the meaning of Section 243a No. 9, Corporate Code (UGB).


TODAY'S
SNOW –
TOMORROW'S
ELECTRICITY.

WHAT IS FALLING FROM THE SKY FROZEN TODAY –
AND WILL FLOW AS LIQUID THROUGH TURBINES TOMORROW?
PURE ENERGY, THAT IS SUPPLYING THE WHOLE OF AUSTRIA WITH HEAT, LIGHT AND POWER.
HERE AND NOW. AND PERMANENTLY, SUSTAINABLY, YEAR IN, YEAR OUT.
IN THE SERVICE OF ENVIRONMENT AND SOCIETY.

FINANCIAL STATEMENTS

INCOME STATEMENT OF THE VERBUND GROUP

INCOME STATEMENT OF THE VERBUND GROUP IN ACCORDANCE WITH IFRSs

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	NOTES	2009	2008
SALES	1	**3,483,110**	**3,744,749**
ELECTRICITY SALES		3,164,905	3,400,032
GRID SALES		268,523	301,987
OTHER		49,682	42,730
OTHER OPERATING INCOME	2	52,675	96,111
EXPENSES FOR ELECTRICITY, GRID, GAS AND EMISSION RIGHT PURCHASES (TRADE)	3	–1,608,253	–1,813,916
USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES	4	–118,874	–133,999
PAYROLL EXPENSES	5	–303,988	–306,224
AMORTIZATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	14	–209,226	–183,229
OTHER OPERATING EXPENSES	6	–253,135	–264,915
OPERATING RESULT		**1,042,311**	**1,138,577**
RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	7	51,914	34,090
RESULT FROM PARTICIPATING INTERESTS – OTHER	7	9,466	8,215
INTEREST INCOME	8	49,485	94,623
INTEREST EXPENSES	9	–216,657	–205,876
OTHER FINANCIAL RESULT	10	45,243	–44,747
FINANCIAL RESULT		**–60,549**	**–113,694**
PROFIT BEFORE TAX		**981,762**	**1.024,883**
TAXES ON INCOME	11	–228,914	–234,142
PROFIT FOR THE YEAR		**752,848**	**790,741**
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (GROUP RESULT)		644,382	686,639
ATTRIBUTABLE TO MINORITY INTERESTS		108,466	104,102
EARNINGS PER SHARE (€)[1]		**2.09**	**2.23**

[1] Diluted = non-diluted

STATEMENT OF COMPREHENSIVE INCOME OF THE VERBUND GROUP

STATEMENT OF COMPREHENSIVE INCOME OF THE VERBUND GROUP IN ACCORDANCE WITH IFRSs

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	2009	2008
PROFIT FOR THE PERIOD	**752.848**	**790,741**
OTHER COMPREHENSIVE INCOME (RECOGNISED DIRECTLY IN EQUITY) FROM		
EXCHANGE DIFFERENCES	–7,009	–52,459
AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	34,498	–12,387
CASH FLOW HEDGES	–112,538	150,775
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	–28,373	–174
TOTAL OTHER COMPREHENSIVE INCOME (RECOGNISED IN EQUITY) BEFORE TAXES	**–113,422**	**85,754**
– TAXES	25,316	–35,004
TOTAL OTHER COMPREHENSIVE INCOME (RECOGNISED IN EQUITY) AFTER TAXES [1]	**–88,106**	**50,750**
TOTAL COMPREHENSIVE INCOME	**664,742**	**841,491**
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	555,266	737,766
ATTRIBUTABLE TO MINORITY INTERESTS	109,476	103,725

[1] Of the total other comprehensive income (recognised in equity) after taxes, minority interests account for € 1,010 thousand (previous year: € –377 thousand)

STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP

STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP IN ACCORDANCE WITH IFRSs

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	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT									
				OTHER COMPREHENSIVE INCOME (RECOGNISED DIRECTLY IN EQUITY) FROM						
	SHARE CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	EXCHANGE DIFFERENCES	AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTSN	CASHF LOW HEDGES	OTHER RESERVES	TOTAL	MINORITY INTERESTS	TOTAL SHAREHOLDERS' EQUITY
NOTES	21	22	23	24					25	
AS OF 01/01/2008	**308,200**	**10,936**	**2,096,254**	**0**	**–11,566**	**1,628**	**2,004**	**2,407,456**	**267,169**	**2,674,625**
CHANGES IN COMPANIES CONSOLIDATED	0	0	–56	0	0	0	0	–56	0	–56
TOTAL COMPREHENSIVE INCOME	0	0	686,639	–52,459	–8,913	112,674	–174	737,766	103,725	841,491
DIVIDENDS	0	0	–277,380	0	0	0	0	–277,380	–110,594	–387,974
AS OF 31/12/2008	**308,200**	**10,936**	**2,505,457**	**–52,459**	**–20,480**	**114,302**	**1,830**	**2,867,786**	**260,299**	**3,128,085**
AS OF 01/01/2009	**308,200**	**10,936**	**2,505,457**	**–52,459**	**–20,480**	**114,302**	**1,830**	**2,867,786**	**260,299**	**3,128,085**
CHANGES IN COMPANIES CONSOLIDATED	0	0	18,877	0	86	–488	0	18,474	1,175	19,649
TOTAL COMPREHENSIVE INCOME	0	0	644,382	–7,348	24,013	–109,156	3,375	555,266	109,476	664,742
DIVIDENDS	0	0	–323,610	0	0	0	0	–323,610	–79,175	–402,785
AS OF 31/12/2009	**308,200**	**10,936**	**2,845,105**	**–59,808**	**3,619**	**4,658**	**5,205**	**3,117,916**	**291,775**	**3,409,691**

BALANCE SHEET OF THE VERBUND GROUP

BALANCE SHEET OF THE VERBUND GROUP IN ACCORDANCE WITH IFRSs

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	NOTES	31/12/2009	31/12/2008
NON-CURRENT ASSETS		**9,364,094**	**7,326,417**
INTANGIBLE ASSETS	12	633,344	12,542
PROPERTY, PLANT AND EQUIPMENT	13	5,553,841	4,390,012
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	15	2,174,290	1,532,157
OTHER PARTICIPATING INTERESTS	15	138,553	188,696
NON-CURRENT INVESTMENTS – CROSS-BORDER LEASING	16	322,048	590,441
OTHER NON-CURRENT INVESTMENTS AND OTHER NON-CURRENT RECEIVABLES	17, 19	542,018	612,569
CURRENT ASSETS		**981,122**	**967,422**
INVENTORIES	18	127,080	66,448
TRADE RECEIVABLES AND OTHER RECEIVABLES	19	728,058	793,192
CASH AND CASH EQUIVALENTS	20	125,984	107,782
TOTAL ASSETS		**10,345,216**	**8,293,839**

	NOTES	31/12/2009	31/12/2008
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	21–24, 26	**3,117,916**	**2,867,786**
MINORITY INTERESTS	25	**291,775**	**260,299**
NON-CURRENT LIABILITIES		**5,956,847**	**3,815,679**
FINANCIAL OBLIGATIONS	27	3,761,020	1,597,984
FINANCIAL OBLIGATIONS – CROSS-BORDER LEASING	27	392,695	728,581
PROVISIONS	29	672,047	647,914
DEFERRED TAX LIABILITIES	11	174,081	179,247
CONTRIBUTIONS TO BUILDING COSTS	31	401,864	401,883
DEFERRED INCOME – CROSS-BORDER LEASING	32	74,129	244,816
OTHER LIABILITIES	33	481,011	15,254
CURRENT LIABILITIES		**978,678**	**1.350.075**
FINANCIAL OBLIGATIONS	27	156,741	596,094
PROVISIONS	29	284,451	235,115
CURRENT TAX LIABILITIES	30	151,391	166,725
TRADE PAYABLES AND OTHER LIABILITIES	34	386,095	352,141
TOTAL EQUITY AND LIABILITIES		**10,345,216**	**8,293,839**

CASH FLOW STATEMENT OF THE VERBUND GROUP

CASH FLOW STATEMENT OF THE VERBUND GROUP IN ACCORDANCE WITH IFRSs

K€

	NOTES	2009	2008
PROFIT FOR THE PERIOD		752,848	790,741
PROFIT SHARES ATTRIBUTABLE TO LIMITED PARTNERS		8,913	40,914
AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT (LESS REVERSAL OF CONTRIBUTIONS TO BUILDING COSTS)		192,384	168,194
INCOME FROM THE REVERSAL OF DEFERRED INCOME AND INCOME FROM THE TERMINATION OF CROSS-BORDER LEASING		–21,630	–5,943
WRITE-UPS/WRITE-DOWNS ON NON-CURRENT INVESTMENTS AND AT-EQUITY CHANGES		5,140	45,750
INCOME FROM THE DISPOSAL OF ASSETS		–9,592	–28,537
CHANGES IN INVENTORIES		–60,604	–17,634
CHANGES IN CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES		84,544	–201,341
CHANGES IN VALUATION-RELATED FOREIGN CURRENCY FLUCTUATIONS, INTEREST ACCRUALS AND DISCOUNTS		23,231	27,965
CHANGES IN PROVISIONS AND DEFERRED TAX LIABILITIES		15,390	128,241
CHANGES IN CURRENT LIABILITIES EXCLUDING FINANCIAL LIABILITIES		–22,608	–14,183
OPERATING CASH FLOW		**968,018**	**934,168**
INVESTMENTS IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		–460,986	–423,141
DISPOSALS OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		3,147	29,908
NON-CURRENT INVESTMENTS		–684,360	–769,793
DISPOSALS OF NON-CURRENT INVESTMENTS		103,585	38,744
ADDITION/DISPOSAL OF CONSOLIDATED SUBSIDIARIES, BUSINESS DIVISIONS – CHANGES IN COMPANIES CONSOLIDATED		–992,493	0
CHANGES IN NON-CURRENT RECEIVABLES		–12,618	2,608
CASH FLOW FROM INVESTING ACTIVITIES		**–2,043,724**	**–1,121,674**
CHANGES IN CURRENT BORROWINGS		–121,440	316,372
NEW BONDS, LOANS AND LONG-TERM CREDIT		2,107,111	402,000
INVESTMENTS IN CONNECTION WITH CROSS-BORDER LEASING		–48,487	0
REPAYMENT OF BONDS, LOANS AND LONG-TERM CREDIT		–328,971	–363,153
REPAYMENT AND DISPOSALS OF NON-CURRENT INVESTMENTS IN CONNECTION WITH CROSS-BORDER LEASING		–133,094	–463
CONTRIBUTIONS TO BUILDING COSTS		16,820	–2,481
CHANGES IN TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE		4,754	867
DISTRIBUTION OF DIVIDENDS AND WITHDRAWALS		–402,785	–387,974
CASH FLOW FROM FINANCING ACTIVITIES		**1,093,908**	**–34,832**
CHANGES TO CASH AND CASH ITEMS		**18,202**	**–222,338**
CASH AND CASH ITEMS AT THE BEGINNING OF THE PERIOD UNDER REVIEW		**107,782**	**330,120**
CASH AND CASH ITEMS AT THE END OF THE PERIOD UNDER REVIEW	20	**125,984**	**107,782**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 2009

Together with its subsidiaries, Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft), with its headquarters at Am Hof 6a, 1010 Vienna, registered at Vienna Commercial Court (FN 76023z), forms Verbund Group, for which the following consolidated financial statements were compiled for 2009 according to IFRSs.

The Verbund Group produces, trades and sells electrical energy to power exchange users, traders, provincial energy companies, industrial enterprises, households and commercial customers and holds interests in companies that engage in the activities described above. In addition, the Verbund Group operates the Austrian high-voltage grid.

I. FINANCIAL REPORTING PRINCIPLES

GENERAL BASIS

The consolidated financial statements of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) were prepared in compliance with the International Financial Reporting Standards (IFRSs), as endorsed by the European Union.

The annual financial statements of the fully consolidated companies included in the Verbund consolidated statements are based on uniform accounting policies. The balance sheet date for all fully consolidated companies is 31 December 2009.

The consolidated financial statements have been prepared in € thousand (k€) (amounts shown in the Income Statement of the Verbund Group, in the Statement of Comprehensive Income of the Verbund Group, in the Balance Sheet of the Verbund Group, in the Cash Flow Statement of the Verbund Group and in the Statement of Changes in Equity of the Verbund Group) and in € million (m€) (amounts shown in the Notes). Due to the utilisation of EDP devices, differences can arise in the addition of rounded totals and percentages.

CONSOLIDATED COMPANIES AND CONSOLIDATION METHODS

PRINCIPLES OF CONSOLIDATION

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) is the parent company. All relevant companies that are controlled by the parent company (subsidiaries) are included, by way of full consolidation, in the consolidated financial statements. A controlling influence exists when the parent company is in the position to govern, either directly or indirectly, the financial and operating policies of a company. Inclusion commences at the time at which the controlling influence is obtained and concludes when this is forfeited.

Companies that are controlled jointly with another company (joint ventures) and companies over which the parent company, either directly or indirectly, has a significant influence (associated companies) are accounted for using the equity method. A significant influence is generally assumed if the Verbund Group holds a share in the voting rights of at least 20 % but less than 50 %, either directly or indirectly. Companies accounted for using the equity method are included with their prorated IFRSs result from 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 Verbund Group. If significant events or business transactions take place at a company accounted for using the equity method between this date and the balance sheet date of the Verbund Group, any corrections will be taken into account.

The first-time inclusion of a subsidiary is carried out in the case of an acquisition using the purchase method by allocating the acquisition costs to the identifiable tangible and intangible assets and (contingent) liabilities of the acquiree. Any excess of the cost of acquisition over the amount so allocated, i.e. the (proportionate) fair value of the net assets, represents goodwill.

Intragroup transactions, accounts receivable and payable and material intragroup profits are eliminated under consideration of deferred taxes.

COMPANIES CONSOLIDATED

A list of all companies that are fully consolidated and accounted for using the equity method is presented in the »Group companies« table at the end of the notes. The subsidiaries, joint ventures and associated companies included in the Verbund Group consolidated financial statements developed as follows in 2009:

COMPANIES CONSOLIDATED

	FULLY CONSOLIDATED	ACCOUNTED FOR USING THE EQUITY METHOD
AS AT 31/12/2008	17	16
CHANGE OF CONSOLIDATION METHOD	2	3
ACQUIRED OR NEWLY FOUNDED COMPANIES	7	0
AS AT 31/12/2009	26	19
THEREOF DOMESTIC COMPANIES	18	9
THEREOF FOREIGN COMPANIES	8	10

Changes in the consolidation method concern group companies that, as they were not considered material, have not been fully consolidated until now but that were fully consolidated in 2009 or included in the group consolidated financial statements using the equity method. VERBUND-Umwelttechnik GmbH and VERBUND-Tourismus GmbH were fully consolidated for the first time with effect from 1 January 2009. The interests in Kärntner Restmüllverwertungs GmbH, Gletscherbahnen Kaprun AG and OeMAG Abwicklungsstelle für Ökostrom AG were accounted for using the equity method for the first time with effect from 1 January 2009.

COMPANY ACQUISITIONS

With effect from 1 January 2009, 100 % of shares in the wind farms Bruck/Hollern/Petronell-Carnuntum (now merged into VERBUND-Austrian Delta Wind GmbH) were acquired at a purchase price of m€ 55.4. The 25 wind power plants have an installed capacity of 49 MW and an annual generation of 105 GWh.

In the purchase price allocation, hidden reserves in property, plant and equipment in the amount of m€ 38.3 were identified and capitalised under consideration of tax effects. The goodwill in the amount of m€ 25.3 resulted essentially from non-separable assets such as expertise in the management of wind farms, the potential of sites and the market share of approximately 5 % following the entry into the domestic market for wind energy. The goodwill is tested for impairment at the level of the wind farms belonging to VERBUND-Austrian Delta Wind GmbH (see: Judgments and key assumptions concerning the future).

The assets and liabilities of the Bruck/Hollern/Petronell-Carnuntum wind farms are as follows at the date of acquisition (in m€):

ASSETS AND LIABILITIES OF THE BRUCK/HOLLERN/PETRONELL-CARNUNTUM WIND FARMS M€

	CARRYING AMOUNTS BEFORE FIRST-TIME CONSOLIDATION	PURCHASE PRICE ALLOCATION	FAIR VALUES AT DATE OF CONSOLIDATION
MACHINERY	32.6	38.3	70.9
ELECTRICAL INSTALLATIONS	0.1	0.0	0.1
OTHER NON-CURRENT INVESTMENTS AND OTHER RECEIVABLES	0.2	0.0	0.2
TOTAL NON-CURRENT ASSETS	**32.9**	**38.3**	**71.2**
TRADE RECEIVABLES AND OTHER RECEIVABLES	1.3	0.0	1.3
CASH AND CASH EQUIVALENTS	2.0	0.0	2.0
TOTAL CURRENT ASSETS	**3.3**	**0.0**	**3.3**
FINANCIAL LIABILITIES	0.7	0.0	0.7
PROVISIONS	0.4	0.1	0.5
DEFERRED TAX LIABILITIES	0.0	9.4	9.4
CONTRIBUTIONS TO BUILDING COSTS	0.3	0.0	0.3
TOTAL NON-CURRENT LIABILITIES	**1.4**	**9.5**	**10.9**
FINANCIAL LIABILITIES	31.7	0.0	31.7
PROVISIONS	0.3	0.0	0.3
CURRENT TAX LIABILITIES	0.3	0.0	0.3
TRADE PAYABLES AND OTHER PAYABLES	1.2	0.0	1.2
TOTAL CURRENT LIABILITIES	**33.5**	**0.0**	**33.5**
EQUITY (EXCLUDING GOODWILL)	**1.3**	**28.8**	**30.1**

The carrying amounts before first-time consolidation are carrying amounts according to Austrian GAAP; IFRSs carrying amounts were not available, as accounting for the Bruck/Hollern/Petronell-Carnuntum wind farms was not carried out in accordance with IFRSs prior to the acquisition.

With sales of m€ 7.8 and a prorated net profit after taxes of m€ 0.1, the Bruck/Hollern/Petronell-Carnuntum wind farms contributed to the corresponding items in the income statement of the Verbund Group.

With effect from 31 August 2009, 99.7 % of the shares in Kraftwerksgruppe Inn GmbH (now VERBUND-Innkraftwerke GmbH), which operates 13 run-of-river power plants on the River Inn in Bavaria, were acquired at acquisition cost of m€ 1,430.3. Kraftwerksgruppe Inn GmbH, a former company of E.ON Wasserkraft GmbH, has a total installed capacity of 312 MW and an annual generation of 1,850 GWh.

The acquisition costs for 100 % of the company shares in Kraftwerksgruppe Inn GmbH – 0.3 % of which refer to minority interests – break down as follows:

ACQUISITION COSTS FOR KRAFTWERKSGRUPPE INN GMBH	M€
PURCHASE PRICE IN CASH	915.0
INTEREST FOR THE PERIOD FROM 01/01/2009 TO 31/08/2009	41.4
CONSIDERATION IN THE FORM OF AN ELECTRICITY SUPPLY COMMITMENT	460.0
ACQUISITION-RELATED COSTS	13.9
ACQUISITION COSTS FOR THE COMPANY	**1,430.3**

The purchase price was paid partly in cash, partly in the form of a 20-year electricity supply commitment from the Zemm/Ziller group of storage power plants. The acquisition-related costs essentially include a contractual tax refund and legal and consulting fees. The acquisition-related costs and the interest to be paid in accordance with the contract are offset by the retained profit of Kraftwerksgruppe Inn GmbH of m€ 45.8 for the period from 1 January 2009 to 31 August 2009, which means that, from an economic viewpoint, the acquisition costs amounted to m€ 1,384.5.

In the preliminary purchase price allocation, hidden reserves in property, plant and equipment in the amount of m€ 765.5 were identified and capitalised under consideration of tax effects. The goodwill determined in proportion to the shareholding (for 99.7 %) in the amount of m€ 580.4 results mainly from non-separable assets such as the assembled workforce, future earnings potential, portfolio synergy effects from the possibility of optimising production capacity and economies of scale. In particular, the tax amortisation benefits arising from the acquisition that are ineligible for capitalisation are also significant. Goodwill was adjusted by m€ –10.0 in comparison with the goodwill provisionally determined in the interim financial statements for Q1–3/2009 of m€ 590.4, mainly because the purchase price allocation was specified more precisely. In particular, this resulted from a modification to the tax amortisation benefits when measuring the fair value of the assets acquired, owing to the completion of the purchase price allocation carried out for tax purposes.

Goodwill in the amount of m€ 280.4 is to be allocated to the 13 run-of-river power plants belonging to VERBUND-Innkraftwerke GmbH on the river Inn in Bavaria for the purposes of performance management and impairment testing, while the remaining m€ 300 of goodwill is to be allocated to the »Electricity« segment (see: Judgments and key assumptions concerning the future).

Due to the size and complexity of the acquisition, the purchase price allocation as at 31 December 2009 should not be regarded as finalised. The assets and liabilities of Kraftwerksgruppe Inn GmbH are as follows at the date of acquisition (provisional figures in m€):

ASSETS AND LIABILITIES OF KRAFTWERKSGRUPPE INN GMBH

M€

	CARRYING AMOUNTS BEFORE FIRST-TIME CONSOLIDATION	PURCHASE PRICE ALLOCATION	FAIR VALUES AT DATE OF ACQUISITION
INTANGIBLE ASSETS	0.1	0.0	0.1
LAND AND BUILDINGS	3.2	51.4	54.6
MACHINERY	21.7	636.7	658.4
ELECTRICAL INSTALLATIONS	4.3	65.5	69.8
POWER LINES	0.0	0.4	0.4
OFFICE AND PLANT EQUIPMENT	1.3	11.5	12.8
PAYMENTS, PLANTS UNDER CONSTRUCTION AND PROJECTS	15.0	0.0	15.0
OTHER NON-CURRENT INVESTMENTS AND OTHER RECEIVABLES	5.0	0.0	5.0
TOTAL NON-CURRENT ASSETS	**50.6**	**765.5**	**816.1**
TRADE RECEIVABLES AND OTHER RECEIVABLES	53.8	0.0	53.8
CASH AND CASH EQUIVALENTS	0.8	0.0	0.8
TOTAL CURRENT ASSETS	**54.6**	**0.0**	**54.6**
PROVISIONS	12.1	– 0.8	11.3
CONTRIBUTIONS TO BUILDING COSTS	0.1	0.0	0.1
OTHER LIABILITIES	0.0	0.0	0.0
TOTAL NON-CURRENT LIABILITIES	**12.2**	**– 0.8**	**11.4**
PROVISIONS	45.1	– 36.1	9.0
TRADE PAYABLES AND OTHER PAYABLES	2.0	0.0	2.0
TOTAL CURRENT LIABILITIES	**47.1**	**– 36.1**	**11.0**
EQUITY (EXCLUDING GOODWILL)	**45.9**	**802.4**	**848.3**

The carrying amounts before first-time consolidation are German GAAP carrying amounts; IFRSs carrying amounts were not available for Verbundgesellschaft, as the single-entity financial statements of Kraftwerksgruppe Inn GmbH were not prepared in accordance with IFRSs.

With sales of m€ 27.0 and a prorated net profit after taxes of € –0.1, the 13 run-of-river power plants on the river Inn in Bavaria contributed to the corresponding items in the income statement of the Verbund Group. If these run-of-river power plants had been included in the Verbund Group consolidated financial statements with effect from 1 January 2009, the sales and net profit after taxes would have amounted to m€ 95.7 and m€ 25.0 respectively.

As part of the so-called »Bavarian/Austrian Regional Plan«, the Verbund Group has declared that it is willing to transfer up to 30 % of shares in VERBUND-Innkraftwerke GmbH to Bavarian regional authorities, public utilities, electricity suppliers and selected institutions. The acquisition of this interest would take place pro rata under the same conditions as the acquisition by the Verbund Group from E.ON Wasserkraft GmbH (plus interest from the date of the acquisition). As at the balance sheet date, negotiations with Innkraft Bayern GmbH & Co. KG, which is run as a holding company, are in the final phase. The shares are to be sold in the first half of 2010.

VERBUND-Kraftwerke Beteiligungsholding GmbH and VERBUND-Kraftwerke Beteiligungsholding GmbH & Co KG were purchased or founded respectively in June 2009 in preparation for the acquisition of Kraftwerksgruppe Inn GmbH. These two companies were fully consolidated for the first time in the reporting period.

Three newly acquired companies for the development of wind power projects on the Black Sea coast were also fully consolidated for the first time. In all three cases, groups of assets were acquired that do not (yet) constitute businesses. The transactions were therefore not to be presented in accordance with the accounting regulations for business combinations, but according to the other IFRSs. Goodwill was therefore not recognised.

The 50.07 % participation in the Romanian company Alpha Wind S.R.L. acquired in December 2008 for m€ 2.0 was consolidated on 1 January 2009. The planned installed capacity of this wind power project in the Casimcea region is 150 MW. In the course of the first-time consolidation, property, plant and equipment was recognised in the amount of m€ 3.7 and non-current liabilities were recognised at m€ 6.0.

In May 2009, a 100 % share in the Bulgarian company Haos Invest EAD, which is currently constructing a wind farm in Mogilishte with an installed capacity of 16 MW, was acquired for m€ 2.4. In addition, equity capital in the amount of m€ 9.3 was injected into Haos Invest EAD. In the course of the first-time consolidation, property, plant and equipment totalling m€ 2.4 was recognised.

In December 2009, 100 % of shares in the Romanian company CAS Regenerabile S.R.L. were acquired for m€ 3.4. In addition, equity capital totalling m€ 2.6 was injected into the project company. CAS Regenerabile S.R.L. is to extend the planned wind power project in the Casimcea region by an additional 50 MW. As the transaction took place very close to the balance sheet date, the purchase price can not be allocated to the assets acquired and liabilities that have been assumed until 2010.

ACQUISITIONS AND INCREASES IN SIGNIFICANT INTERESTS

The Turkish state-owned distribution grid company Baskent Elektrik Dagitim A.S., for which the Verbund Group won the bid together with Sabanci Holding A.S. in July 2008 at a purchase price of m$ 1,225.0, was acquired with effect from 28 January 2009. The shares were taken over by Enerjisa Elektrik Dagitim A.S., a joint venture with Sabanci Holding A.S. The direct stake of the Verbund Group in Enerjisa Elektrik Dagitim A.S. was 49 %; 2 % was held indirectly through the joint venture Enerjisa Enerji Üretim A.S. In order to finance the purchase price, a capital increase was carried out at Enerjisa Elektrik Dagitim A.S. in January 2009. The share of the Verbund Group was m€ 265.7. As a result of differences in exchange rates owing to different payment days for the joint venture partners, there was a positive dilution of the shares from the point of view of the Verbund Group. This was recorded in the result from the interests accounted for using the equity method. In October 2009, the Verbund Group acquired 1 % of shares in Enerjisa Elektrik Dagitim A.S. from Enerjisa Enerji Üretim A.S. for m€ 4.8, which meant that the (recalculated) interest in the Turkish distribution grid company rose to 50 %.

Capital increases were carried out at the Turkish company Enerjisa Enerji Üretim A.S. in April, October and December 2009. The total share of the Verbund Group in these capital increases was m€ 100.0. The interest of the Verbund Group in Enerjisa Enerji Üretim A.S., which is run jointly with Sabanci Holding A.S., is 50 %.

A non-proportional capital increase of m€ 150.0 in June 2009 at the Italian company Sorgenia S.p.A. brought the stake of the Verbund Group to 44.8 %.

In August and September 2009, the Verbund Group increased its stake in French company POWEO S.A. from 31.4 % to 46.1 % through a non-proportional capital increase and by acquiring blocks of shares. The acquisition costs amounted to m€ 85.4 in total.

EXCHANGE RATE CONVERSIONS

In the single-entity financial statements for group companies, business transactions in foreign currency are measured at the exchange rate at the time they are recognised. Follow-up measurements of monetary balance sheet items are carried out at the exchange rate on the respective balance sheet date. Exchange gains and losses are recognised in income, in the other financial result.

The functional currency for Verbundgesellschaft and the reporting currency of the Group is the euro. With the exception of the Romanian company Alpha Wind S.R.L., the Romanian company CAS Regenerabile S.R.L. and the Bulgarian company Haos Invest EAD, the functional currency of the fully consolidated subsidiaries is also the euro. In the Verbund Group consolidated financial statements, the annual financial statements of these foreign subsidiaries are translated into euros in accordance with IAS 21, using the functional currency method. When translating the equity to be carried forward for foreign companies accounted for using the equity method, a corresponding procedure is used. Accordingly, the functional method of currency translation is also applied to the interim and annual financial statements of the Turkish joint ventures.

Assets and liabilities of foreign group companies with a functional currency other than the euro are translated using the foreign exchange reference rate of the European Central Bank (ECB) on the balance sheet date. Income and expenses are translated using average annual (fully consolidated companies) and quarterly (companies accounted for using the equity method) exchange rates. Translation differences on the balance sheet date are recognised in other comprehensive income and reported directly within equity.

The exchange rates on which currency translation is based developed as follows:

EXCHANGE RATES

COUNTRY	CURRENCY	ECB FOREIGN EXCHANGE REFERENCE RATE 31/12/2009	31/12/2008	AVERAGE EXCHANGE RATE FOR 2009
BULGARIA [1]	1 € = BGN	1.9558	1.9558	1.9558
ROMANIA	1 € = RON	4.2363	4.0225	4.2249
TURKEY	1 € = TRY	2.1547	2.1488	2.1665

[1] The Bulgarian lev (BGN) is pegged to the euro, which means that there are no exchange rate fluctuations.

ACCOUNTING POLICIES

NEW ACCOUNTING POLICIES APPLIED

When preparing the consolidated financial statements, all IASs (International Accounting Standards) and IFRSs (International Financial Reporting Standards) whose application was mandatory as at 31 December 2009 and all interpretations of the SIC (Standing Interpretations Committee) and the IFRIC (International Financial Reporting Interpretations Committee) as endorsed by the European Union were obeyed. These include amended or new standards and interpretations whose application became compulsory for the first time in the 2009 reporting period or that were applied voluntarily by the Verbund Group for the first time:

NEW OR AMENDED IFRSs/IFRICs

STANDARD/INTERPRETATION		PUBLISHED BY THE IASB (ENDORSED BY THE EU)	COMPULSORY APPLICATION AT THE VERBUND GROUP	EFFECTS ON THE VERBUND GROUP
IAS 1	AMENDMENTS: PRESENTATION OF FINANCIAL STATEMENTS	06/09/2007 (17/12/2008)	01/01/2009	NEW NAME AND STRUCTURE FOR COMPONENTS OF THE FINANCIAL STATEMENTS; INTRODUCTION OF A STATEMENT OF COMPREHENSIVE INCOME
IAS 23	AMENDMENTS: BORROWING COSTS	29/03/2007 (10/12/2008)	01/01/2009	CAPITALISATION OF BORROWING COSTS WHEN PURCHASING/ MANUFACTURING QUALIFIED ASSETS
IAS 32 / IAS 1	AMENDMENTS: PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION	14/02/2008 (21/01/2009)	01/01/2009	NONE
IAS 39 / IFRS 7	AMENDMENTS: RECLASSIFICATION OF FINANCIAL ASSETS – EFFECTIVE DATE AND TRANSITION	13/10/2008 (09/09/2009)	01/01/2009	NONE
IFRS 2	AMENDMENTS: SHARE-BASED PAYMENT – VESTING CONDITIONS AND CANCELLATIONS	17/01/2008 (16/12/2008)	01/01/2009	NONE
IFRS 7 / IFRS 4	AMENDMENTS: FINANCIAL INSTRUMENTS – DISCLOSURES / INSURANCE CONTRACTS	05/03/2009 (27/11/2009)	01/01/2009	EXPANSION OF THE NOTES TO INCLUDE A 3-LEVEL MEASURE-MEASUREMENT HIERARCHY FOR FAIR VALUES; EXPANSION OF THE NOTES ON LIQUIDITY RISKS
IFRS 8	OPERATING SEGMENTS	30/11/2006 (21/11/2007)	01/01/2009	ADJUSTMENT OF REPORT CONTENTS FOR SEGMENT REPORTING
IFRIC 9 / IAS 39	AMENDMENTS: REASSESSMENT OF EMBEDDED DERIVATIVES / FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT	12/03/2009 (30/11/2009)	01/01/2009	NONE
IFRIC 12	SERVICE CONCESSION ARRANGEMENTS	30/11/2006 (25/03/2009)	01/01/2010	ACCOUNTING TREATMENT OF AN ALBANIAN HYDROPOWER PLANT CONCESSION
IFRIC 13	CUSTOMER LOYALTY PROGRAMMES	05/07/2007 (16/12/2008)	01/01/2009	NONE
IFRIC 15	AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE	03/07/2008 (22/07/2008)	01/01/2010	NONE
IFRIC 16	HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION	03/07/2008 (04/06/2009)	01/01/2010	NONE
IFRIC 17	DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS	27/11/2008 (25/11/2009)	01/01/2010	NONE
VARIOUS	IMPROVEMENTS TO IFRSs	22/05/2008 (23/09/2009)	01/01/2009 AND 01/01/2010	NO SIGNIFICANT EFFECTS

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 recognised directly in equity – these are referred to as other comprehensive income (OCI) – are no longer presented in the statement of changes in equity, but rather in a separate statement of comprehensive income. This reconciles the profit or loss for the period with the total comprehensive income by means of a (partial) statement recognised directly in equity. These items of other comprehensive income (recognised directly in equity) are presented after reclassification adjustments and before tax effects. The total amount of the tax effects is shown in the statement of comprehensive income. The statement of comprehensive income is supplemented by tables in the notes, stating the reclassification adjustments and tax effects for each item in other comprehensive income. As a result, the disclosures in the statement of changes in equity have been condensed. 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 recognising borrowing costs that can be directly allocated to the acquisition, construction or production of a qualifying asset as an expense. As group financing is essentially controlled centrally within the Verbund Group, the amount of borrowing costs to be capitalised is determined using the weighted average of the total financing costs, which is calculated on a monthly basis, multiplied by the project-related net liquidity. Any income from interim investments reduces the borrowing costs to be capitalised.

As a result of the amendments to IFRS 7 »Financial Instruments – Disclosures«, disclosures on the calculation of the fair values must be provided in tabular form. A distinction is made here between measurements at different levels: Level 1 measurements assume stock exchange prices on active markets for similar assets and liabilities. Level 2 measurements use observable input data based directly (or indirectly) on markets. Finally, level 3 measurements are based on input data that can not be observed on the market. For financial instruments whose fair values are calculated through a level 3 measurement, detailed disclosures must be given in the notes, including the reconciliation of the carrying amount at the beginning of the reporting period with that at the end. The disclosures in the notes on the liquidity risk have also been clarified and expanded.

In accordance with IFRS 8 »Operating Segments«, the contents of segment reporting had to be adjusted; the definition of segments – apart from changes to the group of consolidated companies – essentially remained unchanged (see: Segment Reporting). In line with IFRS 8, the 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 to the internal structure for reporting to the Managing Board as the chief operating decision-maker. Segments' performance is internally measured primarily on the basis of the operating result; in the »Participating Interests & Services« segment, the result from participating interests is also relevant. Capital employed is used as the measure of segment assets. Segment information is measured in compliance with the IFRSs.

IFRIC 12 »Service Concession Arrangements« regulates the accounting treatment of infrastructure projects that are implemented in the form of partnerships between private companies and the public sector (public private partnerships, PPPs). With effect from 17 October 2008, the Verbund Group has concluded such an agreement with the Albanian Ministry for the Economy, Trade and Energy (METE), to which IFRIC 12 was early applied in the 2009 reporting period. This hydropower plant concession encompasses the planning, construction, financing, operation, maintenance and transfer of a 2-level Hydromatrix power plant on the river Drin in northern Albania, with an installed capacity of at least 48 MW. Energji Ashta Shpk was founded in December 2008 as the project company for this infrastructure project. In connection with the hydropower plant concession, the building plot, existing facilities (including the weir and the power plant inlet in Spathare, embankments made of earth and stone), rights of way and water rights are to be transferred to Energji Ashta Shpk. The infrastructure project is organised as an operator model (Build Own Operate Transfer, BOOT) and will run for 35 years. After that, the hydropower plant is to be transferred to METE free of charge, together with all associated operating equipment, rights and contracts. The Verbund Group does not have an ordinary right of termination. For the first 15 years after commissioning, there will be a fixed electricity purchase agreement (take-or-pay off-take agreement) with Korporata Elektroenergietike Shqiptare (KESH), the Albanian state-owned electricity supplier. After the electricity purchase agreement expires, the Verbund Group is entitled to extend it or to sell the electricity generated on the open market. For the 2010 reporting period, the acquisition of a 50 % stake in Energji Ashta Shpk by EVN AG is planned; this would mean that the project company would become a joint venture.

All other accounting policies were applied in the same manner as in the 2008 reporting period.

Furthermore, the IASB and the IFRIC issued standards and interpretations that were not applied in the 2009 reporting period, either because they have not yet been endorsed by the European Union or because the application of the standards and interpretations is not yet compulsory:

NEW OR AMENDED IFRSs/IFRICs NOT YET APPLIED

STANDARD/INTERPRETATION		PUBLISHED BY THE IASB (ENDORSED BY THE EU)[1]	COMPULSORY APPLICATION AT THE VERBUND GROUP	EFFECTS ON THE VERBUND GROUP
IAS 24	AMENDMENTS: RELATED PARTY DISCLOSURES	04/11/2009 (EXPECTED FOR Q2/2010)	01/01/2011	SIMPLIFICATION OF THE DISCLOSURES IN THE NOTES ON TRANSACTIONS WITH COMPANIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE AUSTRIAN REPUBLIC
IAS 27	AMENDMENTS: CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	10/01/2008 (03/06/2009)	01/01/2010	SIMPLIFICATION OF THE ACCOUNTING TREATMENT OF COMPANY ACQUISITIONS ACHIEVED IN STAGES; ACCOUNTING TREATMENT OF SHARE PURCHASES AND SALES WHERE THERE IS NO CHANGE OF CONTROL PURELY AS EQUITY TRANSACTIONS
IAS 32	AMENDMENTS: CLASSIFICATION OF RIGHTS ISSUES	08/10/2009 (23/12/2009)	01/01/2011	NONE
IAS 39	AMENDMENTS: ELIGIBLE HEDGED ITEMS	31/07/2008 (15/09/2009)	01/01/2010	NONE
IFRS 1	AMENDMENTS: FIRST-TIME ADOPTION OF IFRSs	27/11/2008 (25/11/2009)	01/01/2010	NONE
IFRS 1	AMENDMENTS: ADDITIONAL EXCEPTIONS FOR FIRST-TIME ADOPTERS	23/07/2009 (EXPECTED FOR Q2/2010)	01/01/2010	NONE
IFRS 2	AMENDMENTS: GROUP CASH-SETTLED SHARE-BASED PAYMENT TRANSACTIONS	18/06/2009 (EXPECTED FOR Q1/2010)	01/01/2010	NONE
IFRS 3	AMENDMENTS: BUSINESS COMBINATIONS	10/01/2008 (03/06/2009)	01/01/2010	RIGHT TO CHOOSE BETWEEN ACCOUNTING FOR GOODWILL IN PROPORTION TO THE STAKE AND FULL GOODWILL METHOD; ACQUISITION-RELATED COSTS TO BE FULLY EXPENSED AS INCURRED

[1] Basis: Endorsement Status Report dated 7 January 2010

NEW OR AMENDED IFRSs/IFRICs NOT YET APPLIED – CONTINUED

STANDARD/INTERPRETATION		PUBLISHED BY THE IASB (ENDORSED BY THE EU) [1]	COMPULSORY APPLICATION AT THE VERBUND GROUP	EFFECTS ON THE VERBUND GROUP
IFRS 9	FINANCIAL INSTRUMENTS	12/11/2009 (DEFERRED)	01/01/2013	RECATEGORISATION OF FINANCIAL INSTRUMENTS IN »AT AMORTISED COST« AND »AT FAIR VALUE«
IFRIC 14	AMENDMENTS: PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT	26/11/2009 (EXPECTED FOR Q2/2010)	01/01/2011	NONE
IFRIC 18	TRANSFERS OF ASSETS FROM CUSTOMERS	29/01/2009 (27/11/2009)	01/01/2010	CURRENTLY BEING EXAMINED
IFRIC 19	EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS	26/11/2009 (EXPECTED FOR Q2/2010)	01/01/2011	NONE
VARIOUS	IMPROVEMENTS TO IFRSs	16/04/2009 (EXPECTED FOR Q1/2010)	01/01/2009 AND 01/01/2010	CURRENTLY BEING EXAMINED

[1] Basis: Endorsement Status Report dated 7 January 2010

As a result of the amendments to IAS 24, the definition of related parties has been revised. The standard amendments also allow for some simplification of the disclosures in the notes for companies such as Verbundgesellschaft that are controlled or significantly influenced by the state. To date, such »state controlled entities« must disclose information on all business transactions with such companies. In the future, it will be possible to dispense with these kinds of disclosures in the notes, owing to cost/benefit considerations. It is currently being investigated whether these simplifications will help to make the organisation of information in related party disclosures clearer.

With regard to the amendments to IAS 27, the Verbund Group decided not to early apply the standard amendments in the 2009 reporting period. In particular, one difference from the old version is that purchases and sales of shares where there is no change in control by the parent company are to be recognised in future purely as equity transactions. This would apply, for example, to the sale of shares in VERBUND-Innkraftwerke GmbH in connection with the »Bavarian/Austrian Regional Plan«. There are also significant amendments to the standard with regard to the recognition and measurement of remaining shares when control of a former subsidiary is lost and with regard to the recognition of losses attributable to minority interests.

The amendments to IAS 32 make it clear that rights issues in foreign currency are to be reported on the issuer's balance sheet as equity, provided that both the number and the amount of foreign currency of the equity instruments to be subscribed to are fixed and the rights are granted to all holders of equity instruments (of the same class) proportionately. This standard amendment will not have any impact on the consolidated financial statements of the Verbund Group.

The amendments to IAS 39 explain the conditions under which inflation risks can be hedged items within hedging transactions and the possibility of hedging unilateral risks through options. With regard to the designation of inflation risks as hedged items, it is made clear that these cannot in principle be defined as risks to be hedged. However, to the extent that the inflation component represents parts of the cash flows of a financial instrument that are stipulated by contract, it is possible to hedge inflation. As far as we can tell at present, these standard amendments will not have any impact on the consolidated financial statements of the Verbund Group.

The revisions of IFRS 1 were intended to make the standard easier to use. Transition guidelines that were obsolete have been deleted, while slight changes have been made to the text. Additional exceptions with regard to the retrospective application of IFRSs for first-time adopters were also incorporated in 2009. As Verbundgesellschaft already produces its consolidated financial statements in accordance with IFRSs, these standard amendments are not relevant.

The amendments to IFRS 2 mean that not only group share-based payment with settlement in equity instruments, but also cash-settled payment, must be reported in single-entity IFRSs financial statements for a subsidiary. Accordingly, a subsidiary must report goods or services that it receives as part of a share-based payment in single-entity IFRSs financial statements in accordance with IFRS 2, regardless of which group company has provided the payment (in cash or in equity instruments). IFRIC 8 and IFRIC 11 have also been incorporated into the standard. This standard amendment will not have any impact on the consolidated financial statements of the Verbund Group.

With regard to the amendments to IFRS 3, the Verbund Group decided not to early apply the standard amendments in the 2009 reporting period. In the case of IFRS 3, the important changes compared with the old version concern the introduction of the full goodwill method as an alternative to accounting for goodwill in proportion to the stake, compulsory expensing of acquisition-related costs of a business combination and the accounting treatment of contingent considerations. The new version of IFRS 3 is also more specific with regard to the recognition and measurement of assets acquired and liabilities assumed and the accounting treatment of pre-existing relationships with the acquired company and reacquired rights. Simplifications in the accounting treatment of acquisitions achieved in stages are also standardised. First-time consolidations are no longer to be carried out for each share tranche; instead, all shares will be consolidated for the first time with uniform values at the time of acquisition. With regard to existing shares in the acquired company, the purchaser must now report the difference between the carrying amount and the fair value at the time of acquisition in income. In view of the prospective applicability of the standard amendments and the transaction-related option of using the full goodwill method, it is not possible to comment at present on the future impact on the consolidated financial statements of the Verbund Group.

IFRS 9 will change the regulation of the classification and measurement of financial instruments. This standard represents the end of the first part of a 3-phase project with the aim of replacing IAS 39 in its current form. IFRS 9 now recognises only two categories for the classification of financial assets: debt instruments recognised at amortised cost and equity instruments accounted for at fair value in the income statement (or optionally in some cases in other comprehensive income). The future effects of this new standard on the consolidated financial statements of the Verbund Group are currently being examined. However, a final assessment can not be made until the future accounting treatment of financial liabilities has been clarified and Phases II (»Impairment Methodology«) and III (»Hedge Accounting«) have been finalised. From the current perspective, Phases II and III are expected to be completed in the second half of 2010.

The amendments to IFRIC 14 allow companies that have to fulfil minimum funding requirements in connection with pension plans to recognise the benefit from prepayments made for these as an asset. This standard amendment will not have any impact on the consolidated financial statements of the Verbund Group.

IFRIC 18 clarifies the accounting treatment of business transactions in which a company receives an asset (or the funds to purchase or produce such an asset) from its customers, in order to provide the customers in return with a grid connection or long-term access to the supply of goods or services. This applies in particular to distribution grid operators, which allow their customers to purchase electricity by establishing connections to houses. In accordance with IFRIC 18, the transfer of assets leads to income that must be reported in accordance with IAS 18. Whether this is to be carried out immediately or pro rata over a period that must be defined, will depend on whether a connection service or a supply service is ultimately being provided. The future effects of this interpretation on the consolidated financial statements of the Verbund Group are currently being examined.

IFRIC 19 clarifies the accounting treatment of so-called »debt for equity swaps«. When a company repays a financial debt in whole or in part by issuing equity instruments, the latter are to be measured at fair value. The difference between the carrying amount of the repaid financial debt and the initial value of the equity instruments issued is to be reported in the income statement. As far as we can tell at present, this interpretation will not have any impact on the consolidated financial statements of the Verbund Group. As a result of the annual improvements to IFRSs, smaller amendments to various standards and interpretations will be published in a collective standard. The future effects of these amendments on the consolidated financial statements of the Verbund Group are currently being examined. Particular attention is being given to guidelines for defining the client and the contractor in business transactions that generate sales. These guidelines may lead to questions about the gross versus net presentation of purchase and sale transactions.

GOODWILL AND OTHER INTANGIBLE ASSETS

In business combinations, differences can arise between the acquisition costs and the (proportional) value of the remeasured net assets. If the difference is negative, the calculation of the acquisition costs and the purchase price allocation must be checked again. If a negative difference remains after this, it must be recognised in income.

If the difference is positive, this is goodwill. In accordance with IFRS 3, goodwill is not subject to scheduled amortisation, but must undergo impairment testing at least once a year. For this purpose, goodwill is to be allocated to those cash-generating units that are expected to benefit from synergies created as a result of a business combination. These cash-generating units correspond to the lowest organisational level at which management monitors goodwill for internal management purposes. Goodwill is tested for impairment by comparing the recoverable amount of a cash-generating unit with its carrying amount including goodwill. If the recoverable amount is lower than the carrying amount of the cash-generating unit, goodwill must firstly be written down; any remaining impairment will lead to pro rata reductions in the carrying amounts of the other assets. Write-downs on goodwill may not be reversed in later periods. Annual impairment testing of goodwill at the level of the cash-generating units is carried out at the Verbund Group on the basis of medium-term planning in the fourth quarter of the reporting period.

Intangible assets acquired separately are, according to IAS 38, recognised at cost and, provided that their useful lives are not classified as indefinite, less scheduled straight-line amortisation and any impairment losses. Useful lives generally last for 10 to 20 years; software is amortised over 4 years. Intangible assets with indefinite useful lives are measured at cost and tested for impairment annually, but are not material in the Verbund Group.

In the consolidated financial statements of the Verbund Group, development costs are expensed as incurred in the reporting period, due to the fact that the recognition criteria according to IAS 38 are not met or as a consequence of the amounts not being material. In connection with service concession arrangements, however, intangible assets created by the company itself may be accounted for in accordance with IFRIC 12 (see: Service concession arrangements). The borrowing costs relating to the period of production of such an intangible asset are to be capitalised, provided that a qualifying asset exists (see: Property, plant and equipment). If intangible assets are not yet available for use, they are to be tested for impairment annually.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used over a period longer than one year is recognised at acquisition or production cost (including dismantling and decommissioning costs that must be capitalised) less scheduled straight-line depreciation and any impairment losses.

In addition to direct material and manufacturing costs, appropriate indirect costs for material and labour have also been included in the production cost of self-constructed plant and equipment. Borrowing costs are capitalised if a qualifying asset exists. In line with the accounting regulations of the Verbund Group, a project leads to a qualifying asset only if the period of construction lasts for at least 12 months and the volume (excluding borrowing costs) amounts to at least m€ 7.0. The average borrowing costs of the Verbund Group, calculated on a monthly basis, were between 4.21 % and 4.85 % during the reporting period.

The scheduled depreciation of depreciable property, plant and equipment is based on the expected useful lives of its components at the Verbund Group. In detail, the following useful lives are applied:

USEFUL LIFE	YEARS
BUILDINGS	
RESIDENTIAL, OFFICE, PLANT AND OTHER PLANT FACILITIES	20–50
HYDROPLANT BUILDINGS	75
MACHINERY	6–75
ELECTRICAL INSTALLATIONS	5–33
POWER LINES	50
OFFICE AND PLANT EQUIPMENT	4–10

LEASED AND LEASED OUT ASSETS

If, in the case of a leased out asset, all essential risks and rewards with respect to such an asset are passed on to the lessee (finance lease), the Verbund Group as the lessor will, according to IAS 17, not recognise the asset itself but rather the present value of any minimum lease payments to be received in future (including any residual value that is not guaranteed) after they have been set off against any prepayments already received. The difference between this so-called net investment in the lease and the sum of the non-discounted minimum lease payments (including a residual value that is not guaranteed) constitutes unearned interest income. This will be recognised over the term of the lease contract, proportionate to the outstanding amount receivable (effective interest method).

Similarly, in the case of a leased asset where the Verbund Group holds all essential risks and rewards with respect to the asset, the asset is accounted for at the present value of the minimum lease payments (or its fair value, if lower) within non-current assets. Lease liabilities are recognised in the same amount. The asset is depreciated over its expected useful life or, if shorter, the term of the lease contract. The lease liability is carried forward in later periods in accordance with the effective interest method.

All other leasing contracts in which the Verbund Group acts as either the lessor or the lessee are accounted for as operating leases. In principle, lease payments are recognised as income or expenses using the straight-line method over the term of the lease contracts.

SERVICE CONCESSION ARRANGEMENTS

In accordance with IFRIC 12, the construction services provided in connection with an Albanian hydropower plant concession were accounted for in line with the accounting regulations for construction contracts according to IAS 11. Income and expenses are recognised at the fair value of the claim to cash or another financial asset, depending on the progress made with the service (percentage-of-completion method, POC); the progress made with the service is calculated using the cost-to-cost method. In the reporting period, the construction services led to sales of m€ 28.2; the result for the period from accounting for the power plant concession was m€ 0.2. Income from the operator services to be provided in future will be realised according to use, in accordance with IAS 18.

Claims to cash or other financial assets of the Verbund Group in connection with the power plant concession will, as far as they result from the 15-year fixed electricity purchase agreement with KESH, be accounted for as a financial asset. For the claims to cash or other financial assets that are subject to a risk regarding demand, which result from the period of around 18 years in which the electricity produced is expected to be sold on the open market, an intangible asset is recognised (see: Goodwill and other intangible assets).

IMPAIRMENT OF NON-FINANCIAL ASSETS

In accordance with IAS 36, if there are indications of impairment, particularly for property, plant and equipment and intangible assets, the carrying amounts of these non-financial assets are tested for impairment. For goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use, impairment testing must be carried out at least once a year irrespective of whether or not there are any indications of impairment. An asset (or a cash-generating unit) is impaired when the carrying amount is greater than the recoverable amount of the asset (or the cash-generating unit).

The recoverable amount is the higher of the value in use and the fair value less cost to sell. Fair values are to be calculated primarily on the basis of market prices and can, in line with the measurement hierarchy in IAS 36, take into account existing binding sale agreements, secondary price determinations on active markets and recent comparable transactions within the sector, for example. If it is not possible to use market price-oriented techniques, present value-oriented techniques are used. The value in use is generally determined on the basis of a present value-oriented technique. The discounted cash flow method (DCF method) is used here. Cash flows are generally derived from the current medium-term plans that have been approved by management. In line with IAS 36, it is ensured that future investments for expansion and restructuring costs (without any existing obligation) are not included in the calculation of the value in use. The capitalisation rate is a pre-tax rate that reflects the current market estimates, the time value of money and the specific risks associated with the asset (or the cash-generating unit). Impairment is recognised in income and reported separately in the income statement and in segment reporting. If the impairment no longer persists in a later period, impairment losses are to be reversed in income, with the exception of goodwill.

PARTICIPATING INTERESTS

Shares in affiliated companies that are not consolidated (due to lack of materiality), associated companies or joint ventures not accounted for using the equity method and other participating interests are classified as available-for-sale (AfS) financial assets according to IAS 39 and are in principle measured at their fair value through other comprehensive income (i.e. directly in equity).

Participating interests for which the fair value can not be derived from recent comparable transactions in the reporting period or for which fair value measurement is not possible using the DCF method, as cash flows can not be reliably measured, are accounted for at cost less any impairment.

In accordance with IAS 28, the carrying amounts of companies accounted for using the equity method are carried forward according to the stake held by the Verbund Group, reflecting any changes in equity at the associated company. This is carried out retrospectively, one quarter later at the most. The carrying amounts are increased or reduced by the share to which the Verbund Group is entitled in the profit or loss for the period and in the other comprehensive income and by distributions, significant intercompany result eliminations and fair value adjustments from the acquisition of shares accounted for in accordance with IFRS 3. Any goodwill included in the carrying amount is not subject to scheduled amortisation in accordance with IFRS 3 and is neither reported separately in accordance with IAS 28 nor tested annually for impairment in accordance with IAS 36.

IMPAIRMENT OF PARTICIPATING INTERESTS

At the balance sheet date, net investments in associated companies and joint ventures and other participating interests will be assessed to establish whether there are any indicators of impairment as defined by IAS 39 (see: Impairment of financial assets). If there are indicators of impairment, an impairment test must be carried out for interests accounted for using the equity method in accordance with IAS 36.

The value is measured on the basis of the recoverable amount, i.e. the higher of the value in use and the fair value less costs to sell of the asset. When measuring the fair value of the shares, preference is given to market price-oriented techniques, or alternatively present value-oriented techniques. If the latter are used, the fair value assessment at the Verbund Group is based on the best available information that a (hypothetical) buyer would use in a transaction under market conditions. When calculating the value in use, preference is given to the proportion of the present value of the estimated cash flows that can be achieved in future by the associated company or joint venture as a whole that is attributable to the Verbund Group; alternatively, the pro rata present value of estimated future dividends and liquidation proceeds could be used in accordance with IAS 28.

For the purposes of impairment testing, each company that is accounted for using the equity method is in principle examined individually, unless the associated company or joint venture does not generate any cash inflows from continuing use that are largely independent of those of other assets of the Verbund Group. In the case of the joint ventures that are operated together with Sabanci Holding A.S., this situation is likely to arise in connection with the liberalisation of the Turkish electricity sector.

In the 2009 reporting period, there were indicators of possible impairment only at POWEO S.A. (Group): The share price of the company, which is listed on the Euronext Paris exchange, was below the (average) acquisition cost per share throughout the entire reporting period. At the year-end, the share price was € 13.90. The impairment test did not result in any impairment (see: Judgments and key assumptions concerning the future).

OTHER NON-CURRENT INVESTMENTS AND LOANS

Other non-current investments essentially include debt securities and shares in investment funds. These securities – except for those acquired in connection with cross-border leasing transactions – are classified as available for sale (AfS). In general, financial instruments fall into this category when they are not loans and receivables (LaR), are not being held to maturity (HtM) and are not measured at fair value through profit and loss (aFVPL).

Purchases and sales of other non-current investments are recognised using trade date accounting. Balance sheet recognition is at fair value, which is determined on the basis of the share prices. These are therefore level 1 measurements in accordance with IFRS 7. Market-induced changes in value are recognised in other comprehensive income (i.e. directly in equity) until disposal or until any impairment, in accordance with IAS 39; however, impairment is recorded in income (see: Impairment of financial assets).

Medium term notes acquired in connection with cross-border leasing transactions are classified as loans and receivables and are measured at amortised cost less impairment losses, according to the effective interest method.

In connection with cross-border leasing transactions, an equity payment undertaking agreement was exchanged for US Treasuries in the reporting period. These US Treasuries are classified as held to maturity and are therefore measured at amortised cost, using the effective interest method.

Interest-bearing loans (including those in connection with cross-border leasing transactions) are also classified as loans and receivables and are measured at amortised cost less impairment losses, according to the effective interest method. In the case of impairment losses, measurement is based on the present value of the expected repayments, calculated using the original effective interest rate.

Interest income calculated using the effective interest method is recognised in income, in the financial result.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables, receivables from non-consolidated affiliated companies and receivables from companies in which participating interests are held are classified as loans and receivables and are recognised, in accordance with IAS 39, at cost less impairment losses for expected uncollectible amounts.

As part of impairment testing, the above receivables that may be impaired are grouped together using comparable default risk characteristics (particularly the receivable term) and tested collectively for impairment. The values are adjusted in income if necessary. The impairments, which are carried out in the form of individual allowances via valuation accounts, take due account of the expected default risks; actual defaults result in the derecognition of the corresponding receivables.

Other non-current and current receivables include receivables from leases (see: Leased and leased out assets) and derivatives and hedging instruments from the financial and energy areas. Other assets included in other non-current and current receivables are recognised at amortised cost; impairments are considered, if necessary.

Furthermore, inventories of emission rights are included in other current receivables (see: Emission rights).

IMPAIRMENT OF FINANCIAL ASSETS

On each balance sheet date, the carrying amounts of the financial assets that are not recognised at fair value in income are examined in order to assess whether there is substantial objective evidence of impairment as defined by IAS 39. Such evidence would be, for example, significant financial difficulties of the debtor or issuer, a high probability of insolvency proceedings being opened against the debtor or issuer, the non-existence of an active market for the financial asset or a significant adverse change in the technological, economic or legal environment or the market environment of the debtor or issuer. In the case of equity instruments classified as available for sale, a significant (more than 20 %) or lasting (more than 9 months) decline in the fair value below the acquisition cost is to be regarded as objective evidence of impairment. If there is impairment, this will be recognised in income.

FINANCIAL LIABILITIES

Financial debts are recognised upon inflow and measured at the amount of the actual inflow, i.e. less transaction costs. Any premiums, discounts or other differences between the amount received and the repayment amount are distributed across the financing term by means of the effective interest method and shown in interest expenses.

Individual liabilities from cross-border leasing transactions were classified as at fair value through profit and loss upon initial recognition using the fair value option. This classification allowed the elimination of measurement incongruence, which would have occurred otherwise. For further details, see: Risk management.

EMISSION RIGHTS

Emission rights that are held for consumption to the extent of CO_2 emissions at thermal power plants are recognised and measured on the basis of the accounting provisions of IAS 38, IAS 20 and IAS 37.

The emission rights are recognised as assets at their fair value (for emission rights allocated free of charge) or at cost (for emission rights acquired for a consideration) on the day of allocation or acquisition. If the emission rights are allocated free of charge, deferred income is set up for the grant in the amount of the rights' fair value – this is determined on the basis of the price on the European Energy Exchange (EEX) – which is reversed when the emission rights are consumed, amortised or sold. CO_2 emissions lead to the »consumption« of the emission rights, which is recognised in accordance with the weighted average price method. The obligation to return is taken into account through the recognition of a provision in the corresponding amount. If there is a shortage in emission rights, additional provisions are made in the amount of the fair value of the missing emission rights.

Emission rights held for trading purposes are measured, according to IAS 2, in income at the lower of cost and net realisable value.

INVENTORIES

Primary energy sources (coal, heating oil), raw materials and supplies are recognised at the lower of cost and net realisable value on the balance sheet date. The latter is calculated from the planned electricity sales, minus production costs still to be incurred. The use of primary energy sources and raw materials and supplies is determined using the moving-average-price method.

PENSIONS, SIMILAR OBLIGATIONS AND STATUTORY SEVERANCE PAYMENTS

Due to company agreements and contracts, employees are entitled to receive pension payments upon taking retirement and if certain conditions are met. These defined-benefit pension commitments are partially offset by the pension-fund assets of BAV Pensionskassen AG (pension fund) earmarked for this purpose. In order to safeguard company pension entitlements of employees of Kraftwerksgruppe Inn GmbH, which was acquired during the reporting period, a contractual trust arrangement (CTA) was set up through Landesbank Hessen-Thüringen with Helaba Pension Trust e.V. To the extent that these defined-benefit obligations must be met by the pension fund, the employer is obliged to make contributions in case there are insufficient pension-fund assets; for the CTA, there is no such obligation. Both the pension fund assets and the CTA are recognised as plan assets in accordance with IAS 19 and offset against provisions for current pension payments, vested rights to future pension payments and similar obligations.

Provisions for current pension payments, vested rights to future pension payments and similar obligations are calculated according to IAS 19 using the projected unit credit method. Actuarial gains or losses are recognised in accordance with the corridor method. Actuarial gains or losses, i.e. differences between projected pension expenses and those actually calculated at the end of the period under review, are therefore only recognised (distributed over future periods) in income when the accumulated, non-recognised gain or loss exceeds 10 % of the higher of the present value of the obligation or the fair value of the pension-fund assets. To the extent, however, that the accumulated, non-recognised gains or losses exceed 20 % of the forecast recognised provision, the part of the actuarial gains or losses that exceeds this percentage is recognised immediately in income. All costs (and income) in connection with these obligations are recognised under payroll expenses.

Pension obligations are calculated on the basis of actuarial valuation reports for the reporting dates of 1 January 2009 and 31 December 2009; the calculations are based on "AVÖ 2008 P – Actuarial Assumptions for Pension Insurance – Pagler & Pagler".

The pension-fund assets are invested primarily, by the pension fund, in different investment funds in compliance with the provisions of the Pension Fund Act. The trust fund assets are also invested by the pension trust in the form of investment fund shares.

Similar obligations comprise the employer's contribution for the premiums that need to be paid for the supplementary health insurance following retirement. The provisions are calculated in the same manner as the pension provisions.

Employees with employment contracts commencing before 31 December 2002 receive, on the basis of statutory commitments that apply in Austria, a one-off severance payment in the event employment is terminated by the employer or at the time of retirement. The amount of such payment depends on the number of years of employment and the salary drawn at the time of termination or retirement. This obligation is calculated according to IAS 19 using the projected unit credit method, applying an accumulation period of 25 years. Actuarial gains or losses are recognised in income immediately. Assumptions for the calculation that differ from those applied to the pension provision are presented in the appropriate place in the notes to the balance sheet.

Employees with employment contracts commencing after 31 December 2002 in Austria are not entitled to make a direct claim for a statutory severance payment against their employer. Instead, the employer pays each month 1.53 % of the remuneration into a corporate employee-benefits fund, where all those contributions are deposited into an account of the employee. With this model for severance payment, the employer is only responsible for making regular contributions, and it is therefore recognised as a defined-contribution plan in accordance with IAS 19.

Within the framework of semi-retirement models, employees are offered the possibility of leaving the company prior to the pension entitlement date under the General Social Security Act (ASVG) with continued payment up to the statutory retirement age. This obligation is calculated according to IAS 19 using the projected unit credit method and actuarial gains or losses are immediately recognised in income (without applying the corridor method). The measurement parameters essentially correspond to those for similar obligations. The resulting recognisable expenses are recorded under pension expenses.

In order to safeguard credit from semi-retirement models for employees of Kraftwerksgruppe Inn GmbH, which was acquired during the reporting period, a contractual trust arrangement (CTA) was again set up through Landesbank Hessen-Thüringen with Helaba Pension Trust e.V. In line with the accumulated credit, an aliquot allocation is made twice a year; there is no obligation to make additional contributions. The CTA is recognised as a plan asset in accordance with IAS 19 and offset against provisions for semi-retirement.

PROVISIONS

In accordance with IAS 37, provisions are recognised if there are legal or constructive obligations towards external third parties that result from past events and the fulfilment of which is likely to lead to a future outflow of resources. It must be possible to estimate the amount of the obligation reliably. If such a reliable estimate is not possible, no provisions are set up. The provision is measured at the expected settlement amount. The settlement amount represents the best possible estimate of the expenditure at which a current obligation could be settled or transferred to a third party on the balance sheet date. Future cost increases that are foreseeable and likely as at the balance sheet date are taken into account.

Obligations resulting from the dismantling or decommissioning of thermal power plants and wind power plants are regognised as provisions in the reporting period in which they arise – this is regularly the case when they are purchased or constructed – at their discounted settlement amounts as a provision for decommissioning costs; at the same time, the values of the power plant facilities increase (see: Property, plant and equipment). In later periods, the capitalised dismantling or decommissioning costs are amortised over the expected (remaining) useful life of the power plant; the provision accrues interest annually.

Provisions for impending losses are set up for expected losses from »onerous« contracts in accordance with IAS 37. They are recognised in the amount of the unavoidable outflow of resources. This is the lower of the amount for fulfilment of the contract and the amount of any compensation payments in the event of non-fulfilment.

Non-current provisions will be discounted if the present value of the expected settlement amount differs significantly from its settlement value. In line with the accounting regulations of the Verbund Group, all provisions whose fulfilment is more than 12 months in the future are discounted. The discount rate is a pre-tax interest rate that is adjusted to the risks specific to the debt. Accrued interest amounts and the effects of changes in interest rates are recognised in the financial result.

OTHER LIABILITIES

Other liabilities are measured at amortised cost. This also applies to the obligation to supply electricity under a 20-year electricity supply agreement that arose in connection with the acquisition of Kraftwerksgruppe Inn GmbH. This is carried forward with periodic accrual of interest and repaid progressively to the extent that the Verbund Group becomes exempt from the obligation to supply electricity from the Zemm/Ziller power plant group, through the provision of this supply (or the passage of time).

CONTRIBUTIONS TO BUILDING COSTS AND GOVERNMENT GRANTS

Government grants do not reduce the acquisition or production cost of the corresponding assets, but are recognised as deferred income on the liabilities side of the balance sheet. They are recognised at fair value if it is sufficiently certain that the Verbund Group will fulfil the conditions for receiving the grant and that the grant will actually be provided. Contributions to building costs that are received are accounted for in the same way as government grants, in line with the accounting policies of the Verbund Group.

Contributions to building costs and government grants received are recognised as deferred income under liabilities and are reversed over the useful lives of the power plant facilities. Emission rights that are allocated free of charge are accounted for in a similar way (see: Emission rights).

CROSS-BORDER LEASING TRANSACTIONS

VERBUND-Austrian Hydro Power AG concluded several cross-border leasing transactions during the years 1999 to 2001. In the process, power plants were leased out to US investors and, at the same time, leased back on the basis of a finance-lease contract. As a result, VERBUND-Austrian Hydro Power AG remains the beneficial owner under civil law. The terms of these agreements range from 48 to 56 years.

The funds received from the lease were, except for the net present value remaining with VERBUND-Austrian Hydro Power AG, invested either in high-grade securities (zero coupons, medium-term notes) or in financial institutions exclusively of a high-grade credit rating (A rating from Moody's and Standard & Poor's at the time of investment) in the form of loans to cover future lease payments. The net present value will be released to other operating income over the terms of the agreements. The Verbund Group generated a net present value gain of approximately m€ 300 through the conclusion of these transactions.

For the cross-border leasing transactions concluded by the end of the year 2000, both the equity portion and the loan portion were fully covered by the acquisition of securities (zero coupons, medium term notes) or loans to financial institutions. These loans are collateral promise agreements with financial institutions of a good and high-grade credit rating. With respect to the portion of lease liabilities not yet repaid, Verbundgesellschaft has a subsidiary liability. Apart from the rights of recourse vis-à-vis the main debtors, there are also counterguarantees of financial institutions, provincial companies and regional authorities (resulting from guarantor liabilities). In compliance with the transitional provisions of IAS 39 of the time, these amounts are not recognised in the balance sheet. The maturities and nominal amounts of the investments and loans were reconciled in accordance with the conditions of each obligation. The valuation of foreign currency balances (exclusively $) is carried out at the $ market price on the balance sheet date. Valuation expenses and valuation income are equal in terms of value and value dates and are offset against each other.

A transaction concluded in 2001 did not result, at first, in the acquisition of securities or payments to credit institutions. The inflow was used in full as finance capital. In order to avoid foreign-exchange risk arising from this transaction, appropriate hedging transactions were carried out.

With the outbreak of the financial market crisis during the 2008 reporting period, the risk profile for cross-border leasing transactions changed due to the deterioration of the credit ratings of contracting parties – mainly banks and insurers (see: Risk management).

Owing to the increased liquidity requirements of US cross-border leasing investors and agreements between these investors and the US tax authorities with regard to the tax benefits from the transactions that need to be accepted, these investors became more willing to terminate individual transactions prematurely.

In the reporting period, around 77 % of the original transaction volume was terminated in total. As a result, the risk profile of the portfolio improved considerably. Some cross-border leasing transactions were terminated completely, i.e. all related liabilities (A-loans and B-loans) and the related investments were also repaid. In some cases, transactions were partially terminated, whereby the transactions with the investors and the related A-loans were repaid but the existing B-loans were transferred to VERBUND-Austrian Hydro Power AG. The corresponding B-Payment Undertaking agreements and the corresponding investments are therefore to be carried forward accordingly. Cover is still provided on the balance sheet. The net results from the complete and partial termination of cross-border leasing transactions were recognised in the financial result.

With one transaction that was not terminated, an equity payment undertaking agreement was exchanged through the purchase of US Treasuries instead of an investment in a financial institution, which also improved the risk profile (see: Other non-current investments and loans).

INCOME TAX

Income tax expenses shown in the income statement for the reporting period include the current tax expenses calculated for fully consolidated companies based on their taxable income and the applicable income tax rate as well as the change in deferred tax liabilities and deferred tax assets.

In accordance with the balance sheet-oriented liability method for calculating deferred tax assets and liabilities in IAS 12, deferred taxes are recognised for temporary differences between the carrying amounts of the assets and liabilities in the IFRSs consolidated financial statements and the tax values at the level of the company. Deferred tax liabilities and deferred tax assets are recognised for temporary differences that lead to taxable or deductible amounts in the calculation of taxable income for future reporting periods. Tax benefits that are likely to be realised from loss carryforwards that have not yet been used are included in the calculation of the deferred taxes. Goodwill created as a result of the first-time consolidation of subsidiaries does not lead to any deferred tax; however, temporary differences that arise or change due to the fact that goodwill can be amortised for tax purposes in later periods are deferred. Another exception to this rule is temporary differences in connection with the value of participating interests, provided that these do not result from tax-effective amortisations.

To calculate deferred tax assets and liabilities, the income tax rates are to be used that are expected to be in force at the time that the temporary differences are likely to reverse. The corporate tax rate applicable to Verbundgesellschaft is 25 %. The following income tax rates were applied to the subsidiaries (depending on the country in which they are located):

INCOME TAX RATES USED FOR THE FULLY CONSOLIDATED COMPANIES %

	2009	2008
AUSTRIA	25	25
ALBANIA	10	10
BULGARIA [1]	10	–
GERMANY [2]	27	–
ITALY [3]	27.5 (+4.8176)	27.5 (+4.8176)
NETHERLANDS [4]	20 / 25.5	20 / 25.5
ROMANIA	16	16
SPAIN [4]	25 / 30	25 / 30

[1] There were no Bulgarian group companies in the 2008 reporting period.

[2] This tax rate also includes the solidarity surcharge and trade tax. The trade tax burden depends on the relevant assessment rate, which varies according to the municipality. There were no German group companies in the 2008 reporting period.

[3] In addition to corporate tax, the 'Imposta regionale sulle attività produttive' (IRAP) is another regional tax.

[4] There are staggered tax rates in the Netherlands and Spain.

With effect from the 2005 financial year, the Verbund Group used the option – provided by the legislator through the Tax Reform Act 2005 – of forming a group of companies for tax purposes. Verbundgesellschaft is the parent company of this tax group.

In the tax group, the group members are charged the corporate tax amounts attributable to them by means of tax apportionment; in the event of a loss, a credit is given in this way. Offsetting the apportioned taxes leads to a corresponding adjustment of the tax amount recognised in the income statement of the tax group parent. The apportioned taxes are adjusted retrospectively only if there are significant discrepancies.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at cost upon conclusion of the contract and measured at fair value in the following periods. Unrealised gains or losses are in principle recognised in income, except when the requirements for hedge accounting in accordance with IAS 39 are fulfilled. In this case, these special accounting regulations are used. In particular, hedge accounting requirements in accordance with IAS 39 include the documentation of the hedging relationship between the hedged item and the hedging transaction and the hedging strategy, along with the regular retrospective and prospective measurement of efficiency. A hedging transaction is considered to be efficient if the change in fair value of the hedging instrument is within a range of 80 % to 125 % of the opposing change in the fair value of the underlying hedged item.

In the case of fair value hedge accounting, the derivative hedging instrument and the hedged item are measured at fair value through profit and loss with regard to the hedged risk. If, however, a derivative financial instrument is used as a hedging transaction within a cash flow hedge, the unrealised gains and losses from the hedging transaction are initially recognised in the other comprehensive income (i.e. directly in equity). They are not reclassified to the income statement until the hedged item is recognised in income. In the event that highly probable forecast transactions are hedged and these transactions lead to the recognition of a financial asset or a financial liability in subsequent periods, the amounts recognised in other comprehensive income up to this point in time must, pursuant to IAS 39, be unwound and recognised in income (reclassification) in the period in which the asset or liability affects the profit or loss for the period. If the transaction leads to the recognition of non-financial assets or liabilities, the amounts recognised in other comprehensive income are offset against the initial value of the asset or liability (basis adjustment), whereby essentially the profit or loss for the period will not be affected.

Derivative financial instruments with a positive fair value are recognised under trade receivables and other receivables and those with a negative fair value under other financial obligations or trade payables and other payables.

Own-use contracts that were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with the Verbund Group's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts (own-use exemption). If such an own-use contract becomes »onerous« as defined by IAS 37, a provision must be recognised for this.

HEDGING TRANSACTIONS IN THE FINANCIAL AREA

In order to limit and control existing foreign-exchange and interest rate risks, certain derivative financial instruments are used in the financial area (particularly currency forwards and interest rate swaps). Apart from the derivative transactions in connection with cross-border leasing transactions, interest rate swaps (swaps from variable to fixed interest) were concluded in order to hedge the prevailing low interest rates in the longer term. These interest rate swaps were designated as cash flow hedges. In connection with the auction of cross-border capacities, a series of currency forwards were concluded in the Hungarian forint (HUF), in order to ensure effective hedging against fluctuations in the HUF exchange rate. These forward transactions are treated as open derivatives; the accounting regulations for hedge accounting are not applied.

In the case of certain cross-border leasing transactions, investments result in variable income, which has to be seen alongside fixed expenses. To avoid risk, derivative transactions were concluded (interest rate swaps) for the corresponding financial obligations. Since the items that are allocated to the swaps have – with regard to interest and currency risk – an exactly opposite risk profile, the carrying amounts of the financial obligations are adjusted in line with the hedged risk in compensation for the fair value measurement of the derivatives.

In contrast to the transactions mentioned above, the assets and liabilities relating to a cross-border leasing transaction concluded in 2001 do not match in terms of foreign-exchange exposure. To avoid the resulting foreign-exchange risk, appropriate currency forwards were concluded.

MEASURING THE FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS IN THE FINANCIAL AREA

The fair value of currency forwards is determined by the rates (foreign exchange rates and interest rate curves) prevailing on the balance sheet date. This involves level 2 measurements from the point of view of IFRS 7.

The fair value of interest rate swaps is equivalent to the value that the Verbund Group would receive or pay upon unwinding the transaction on the balance sheet date. Current market trends, especially current interest rate levels and yield curves, are taken into consideration. This involves level 2 measurements from the point of view of IFRS 7.

HEDGING TRANSACTIONS IN THE ENERGY AREA; ELECTRICITY AND GAS CONTRACTS IN THE WHOLESALE PORTFOLIO

Within the framework of cash flow hedge accounting pursuant to IAS 39, the Verbund Group uses derivative financial instruments to hedge the price risks associated with future sales and procurement transactions. Forward or future contracts are used – as derivatives pursuant to IAS 39.9 – as hedging instruments.

It is assessed on a monthly basis whether the cumulative change in the value of the underlying hedged item compared with the cumulative change in the value of the hedging instrument lies within the corridor of 80 % to 125 % as required under IAS 39 for cash flow hedge accounting. An ineffective portion of the change in the value of the hedging instrument that lies within this corridor, but with a deviation from 100 %, is recognised in income.

Electricity and gas derivatives not designated as hedging instruments are allocated to the wholesale portfolio and measured at fair value through profit and loss.

The market valuation of the hedging instruments used within the framework of cash flow hedges comes to m€ 42.7 as at 31 December 2009 (previous year: m€ 148.2). This is recognised in other comprehensive income and thus directly in equity until the underlying transaction is effected. The valuation effects will subsequently be offset against the result of the underlying transaction. Overall, therefore, no impact on the results is expected.

The market valuation, recognised in income, of electricity and gas derivatives in the wholesale portfolio that are not designated as hedging instruments was m€ 8.7 as at 31 December 2009 (previous year: m€ 8.3).

ENERGY TRADING CONTRACTS

A presence in the trading markets is essential in order to optimise own generation in the best possible manner. In addition to the commercialisation of own generation, which is dominant in respect of value creation, third-party transactions are carried out under observance of strict risk management rules. The energy trading contracts in the third-party trading area (futures and forward transactions for electricity, gas and CO_2) are measured at fair value in income. The market valuation of the derivatives in the trading portfolio was m€ 9.0 as at 31 December 2009 (previous year: m€ 5.5). The result from the measurement and realisation of these derivative energy trading contracts is recognised net under electricity or gas sales or under other sales (CO_2).

MEASURING THE FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS IN THE ENERGY AREA

The fair values of the futures and forwards used within the Verbund Group can be measured reliably at each balance sheet date, as corresponding stock exchange prices are available from the respective exchanges (European Energy Exchange (EEX), Intercontinental Exchange (ICE)) (futures) or the measurement is carried out with a forward price curve that is derived from the stock exchange prices using a EURIBOR-based discounting method (forwards).

Electricity, gas and CO_2 futures therefore involve level 1 measurements as defined by IFRS 7; electricity, gas and CO_2 forwards involve level 2 measurements.

REALISATION OF REVENUE

Revenue from sales is generally considered to be realised at the time of delivery to the customer or on performance of the service. A delivery is considered to have been made when, in accordance with the contractual arrangements, the major opportunities and risks associated with ownership have been transferred to the buyer, the consideration – this is the fair value of the reward received or to be received – has been contractually stipulated and the settlement of the trade receivable is probable.

Revenue results mainly from sales of electricity to industrial and household customers, energy suppliers and electricity exchanges and from the provision of grid services. Revenue from electricity sales to large customers is realised at the time of performance, as is revenue from energy trading and grid services. Revenue in the small-customer segment is recognised on the basis of account invoices. (Other) revenue from personnel secondments and consulting/planning services is recognised on the basis of the actual number of hours worked.

JUDGMENTS AND KEY ASSUMPTIONS CONCERNING THE FUTURE

When preparing the consolidated financial statements pursuant to IFRSs, management is required to make judgments in the process of applying the accounting policies and must also determine key assumptions concerning future developments that may significantly influence the recognition and measurement of assets and liabilities, the disclosure requirements for other obligations on the balance sheet date and the presentation of income and expense during the reporting period.

Particularly in the case of the following assumptions and estimates, there is a considerable risk that a material adjustment of assets and liabilities may have to be carried out in future reporting periods.

- The purchase price allocation for the acquisition on 1 January 2009 of 100 % of shares in the Bruck/Hollern/Petronell-Carnuntum wind farms included the process of identifying and measuring assets acquired and liabilities and contingent liabilities assumed as part of the business combination. The assets identified include the wind power plants, which were recognised mainly as machinery. The fair values were calculated using a present value-oriented technique. The calculation was carried out using the DCF method. The market-related parameters for determining the weighted average cost of capital (post-tax) of 8 % were derived from a peer group.

  For the wind power plants identified, remaining economic useful lives were calculated individually for each site. The remaining economic useful lives were taken to be authoritative in determining the planning period over which the existing wind power plants can generate cash flows (run-off approach). Depending on the wind farm, the planning periods last for 17 to 21 years. For measurement, an average annual output based on past experience was assumed; price expectations generally correspond to those in the Verbund Group's medium-term plans. For the first few years of the planning period, the feed-in tariffs set by the legislator were used. Expenses result mainly from the overhaul and maintenance of the wind power plants and from rent. Annual expenses were extrapolated at an inflation rate of 2 %.

  Within existing liabilities and contingent liabilities, there were no significant differences between the carrying amounts and the fair values.

- As regards the acquisition of Kraftwerksgruppe Inn GmbH on 31 August 2009, it has not yet been possible to finalise the purchase price allocation at the time of initial consolidation, owing to the size and complexity of the acquisition and the variety of individual issues that have had to be assessed. Although it is now almost complete, it is to be regarded as provisional as defined by IFRS 3.

  The provisional purchase price allocation included the process of identifying and measuring assets acquired as part of the business combination, as well as liabilities and contingent liabilities assumed. During visits to the sites, the important material of the power plant facilities were identified together with technical experts and then revalued. These components essentially include technical and structural facilities, turbine houses, crane systems, power houses, weir facilities, dam facilities, canals, control technologies and underwater structures. The only intangible assets identified in connection with the provisional purchase price allocation were insignificant; an assembled workforce was not recognised, as it is not eligible for recognition on the balance sheet. The concessions to operate the 13 run-of-river power plants on the river Inn in Bavaria do not constitute separate assets. They ultimately play a part in determining the fair values of the power plant components. Future payments in connection with the maintenance of a »good« condition in accordance with the concession, with the theoretically possible exercising of reversion rights by the Free State of Bavaria, and with measures to protect against flooding, were also taken into account when calculating the fair values.

For the power plant components identified, remaining economic useful lives were calculated individually for each site. The weighted average of these remaining economic useful lives was taken to be authoritative in determining the planning period over which the existing power plant components can generate cash flows (run-off approach). Depending on the power plant, the planning periods last for 18 to 69 years. Sales in the planning period were allocated to the power plant facilities using a key based on the standard capacity of the power plants. For the provisional purchase price allocation, it was assumed that capacity would remain constant over the respective planning period; market price expectations correspond to those in the medium-term plans of the Verbund Group. The planned capital expenditure, servicing and maintenance measures were matched with the run-off approach and adjusted to the remaining useful lives of the power plant components. The fair values were calculated using a present value-oriented technique. The calculation was carried out using the DCF method. The market-related parameters for determining the weighted average cost of capital (post-tax) of 7.25 % were derived from a peer group. The fair values of the run-of-river power plants were allocated to the power plant components identified in each case, in proportion to the replacement value. Within existing liabilities and contingent liabilities, there were no significant differences between the carrying amounts and the fair values.

With regard to the non-cash portion of the purchase price, which represents an obligation to supply electricity in the form of a 20-year electricity supply agreement from the Zemm/Ziller group of storage power plants, measurement was also carried out here using the DCF method. As a framework for volumes, part of the annual production of the group of storage power plants is used as a basis for measurement; the pricing framework in turn is based on the medium-term plans of the Verbund Group. As a price that is relevant to measurement, the corresponding peak load tariff was used, plus a value premium for the peak load electricity to be supplied. Pre-tax cost of capital of 10.6 % was used for discounting. E.ON Wasserkraft GmbH bears a proportionate share of the operating costs and grid utilisation fees, which are adjusted with a 2 % inflation rate.

- In 1998 and 1999, impairment losses in the amounts of m€ 732.3 and m€ 145.4 resulting from the deregulation of the electricity market were recognised and provisions for impending losses from executory contracts were created in the amount of m€ 321.1. The value of hydraulic and thermal power plants/power plant groups that have previously been impaired (carrying amount less contributions to building costs: m€ 1,045.9; previous year: m€ 1,037.2) is measured primarily using the value-in-use concept by applying the DCF method, when there is an indication of impairment or an impairment's reversal. The discount rates range from 8.75 % to 9 %; this relates to the pre-tax cost of capital. Cash flows of relevance to measurement were derived from the current medium-term plans that have been approved by management. It must be checked on each balance sheet date whether there is any indication that the reason for impairment carried out in a previous reporting period no longer exists. In view of the negative development of electricity prices on the energy markets in the reporting period and ongoing uncertainty about their future development, no reversal of impairment has been recorded as yet. Important influencing factors in the field of hydraulic generation included the fees to be paid by electricity producers, generation value, forecast and availability risks and potential perils relating to plant-specific charges. The field of thermal generation was significantly affected by the fees to be paid by electricity producers, in addition to emission rights trading schemes.

- The participating interest in POWEO S.A. (Group) with a carrying amount of m€ 126.6 (previous year: m€ 76.6), which is accounted for using the equity method, was tested for impairment after it was found that there was an indication of impairment (see: Impairment of participating interests).

In order to determine the recoverable amount of the interest in POWEO S.A. (Group) – this includes its 60 % stake in POWEO Production S.A.S. – the share price of POWEO S.A. (Group) was initially used as the fair value. As this was below the carrying amount, the value in use was then calculated using a present value-oriented technique. To calculate the value in use, the present value of the estimated cash flows that can be achieved in future by POWEO S.A. (Group) as a whole and that are attributable to the Verbund Group is used. Cash flows were derived from the current financial plans of POWEO S.A. (Group). The calculation was carried out using the DCF method. Pre-tax cost of capital of 8.25 % to 9.5 % was used for discounting, distinguished along business segments.

The planning period for distribution activities includes a five-year detailed planning phase with an expansion of the client base and a continuation phase with the further development of the distribution activities once the target client base has been achieved. Production capacity of POWEO Production S.A.S. that is operational or under construction (or fully approved) was taken into account on a proportionate basis in measurement. The planning period for this production capacity depends on the technology used (gas and steam turbine combination power plants, wind and solar power plants, hydropower and biomass plants) and lasts for 20 to 35 years. Projects at a very early stage of development were not taken into account when calculating the value in use. The planning period is broken down into a detailed planning phase, a rough planning phase and a continuation phase. The five-year detailed planning phase embraces the construction and commissioning of the production capacity. In the rough planning phase, the cash flows that depend on production technology are taken into account over the respective useful life of the power plants. In the subsequent continuation phase, it is assumed that there will be an infinite cycle of reinvestment in the power plants. The cash flows to be generated regularly and on a sustainable basis in this phase are derived from the net present values, depending on production technology used, over the typical cycle of a power plant; a sustainable annual growth rate of 0.5 % is assumed.

The value of the stake in POWEO S.A. (Group), which is accounted for using the equity method, was confirmed for the 2009 reporting period using the value in use. The target client base in the field of distribution and the average growth rate of cash flows in the rough planning phase represent the important value drivers in the calculation of the value in use.

- For the purposes of impairment testing, the goodwill created at the Verbund Group was allocated as follows to cash generating units (CGUs):

GOODWILL	M€
BRUCK/HOLLERN/PETRONELL-CARNUNTUM WIND FARMS	25.3
GROUP OF RUN-OF-RIVER POWER PLANTS ON THE RIVER INN IN BAVARIA	280.4
»ELECTRICITY« SEGMENT	300.0
GOODWILL IN THE VERBUND GROUP	**605.7**

The goodwill allocated to the Bruck/Hollern/Petronell-Carnuntum wind farms arose from the acquisition of the same wind farms (see: Company acquisitions). The recoverable amount of the wind farms was determined on the basis of the fair value less costs to sell. A contract of sale had not been concluded and a binding sale agreement had not been in existence. As no market prices exist for shares in VERBUND-Austrian Delta Wind GmbH and analogy techniques could not be applied, as there had been no comparable transactions recently, the fair value was calculated using a present value-oriented technique. The calculation was carried out using the DCF method. The market-related parameters for determining the weighted average cost of capital (post-tax) of 7.5 % were derived from a peer group.

The cash flows of relevance to measurement were derived from current plans and are based primarily on near-market data. The planned medium-term expansion of the wind farms to the size that the Verbund Group is aiming for – preliminary projects have already been initiated – was taken into account in the company's plans. The planning period is broken down into a detailed planning phase and a continuation phase. The detailed planning phase lasts until the end of the useful life of the wind power plants and encompasses a period of 17 to 25 years; the medium-term expansion of the wind farms is taken into account. In the subsequent continuation phase, it is assumed that there will be an infinite cycle of reinvestment in comparable wind power plants. As with the purchase price allocation, measurement is based on an average annual capacity calculated from expected figures, as a framework for volumes; however, the pricing framework for the purposes of impairment testing was calculated using average electricity price forecasts from renowned market research institutions and information service providers in the energy sector. For the first few years of the planning period, the feed-in tariffs set by the legislator were used. For the extrapolation of annual income (from 2030 onwards) and significant annual expenditures, a sustainable inflation rate of 2 % was generally assumed.

The recoverable amount was compared with the carrying amount of the Bruck/Hollern/Petronell-Carnuntum wind farms plus goodwill. In this way, the value of the goodwill allocated to the wind farms was confirmed for the 2009 reporting period. The current basis for planning means that the recoverable amount of the wind farms exceeds their carrying amount plus goodwill by m€ 0.3. A planning scenario in which sales is 0.2 % lower would mean, for example, that the recoverable amount of the wind farms would match their carrying amount plus goodwill.

The goodwill allocated to the 13 run-of-river power plants on the river Inn in Bavaria arose from the acquisition of 99.7 % of shares in Kraftwerksgruppe Inn GmbH (see: Company acquisitions). The recoverable amount of Kraftwerksgruppe Inn was determined on the basis of the fair value less costs to sell. A contract of sale had not been concluded and a binding sale agreement had not been in existence; the share purchase agreement negotiated in connection with the »Bavarian/Austrian Regional Plan« (see: Company acquisitions) had not yet been concluded by the end of the year. As no market prices exist for shares in VERBUND-Innkraftwerke GmbH and analogy techniques could not be applied, as there had been no comparable transactions recently, the fair value was calculated using a present value-oriented technique. The calculation was carried out using the DCF method. The market-related parameters for determining the weighted average cost of capital (post tax) of 7 % were derived from a peer group.

The cash flows of relevance to measurement were derived from current plans and are based primarily on near-market data. The planning period has an (almost perpetual) horizon of over 100 years. This allows for the very long-term capital expenditure, servicing and maintenance cycles of the run-of-river power plants; the exercising of reversion rights by the Free State of Bavaria, which is theoretically possible, was taken into account as for the purchase price allocation. For the purpose of impairment testing, a capacity that remains constant over the planning period and that corresponds to the standard capacity was assumed, as a framework for volumes. The pricing framework was calculated for the purposes of impairment testing using average electricity price forecasts from renowned market research institutions and information service providers in the energy sector. For the extrapolation of annual income (from 2030 onwards) and significant annual expenditures, a sustainable inflation rate of 2 % was generally assumed. Hydrological forecast risks and outflow characteristics were taken into account using a flat-rate price discount based on experience.

The recoverable amount was compared with the carrying amount of the 13 run-of-river power plants on the Inn river in Bavaria belonging to VERBUND-Innkraftwerke GmbH plus goodwill. In this way, the value of the goodwill allocated to the power plant group was confirmed for the 2009 reporting period. In the view of management, any conceivable changes in the key assumptions of relevance to measurement will not cause the carrying amount of the power plant group plus goodwill to exceed the recoverable amount.

The goodwill allocated to the »Electricity« segment arose from the acquisition of 99.7 % of shares in Kraftwerksgruppe Inn GmbH (see: Company acquisitions). The recoverable amount of the »Electricity« segment was determined on the basis of the fair value less costs to sell. The »Electricity« segment includes the entire generation portfolio of the Verbund Group, along with electricity trading and distribution (see: Segment reporting), whereby the entire goodwill from the acquisition of Kraftwerksgruppe Inn GmbH was ultimately tested for impairment in a top-down test. The fair value for the »Electricity« segment was calculated using a market price-oriented technique. This was based on the share price of the Verbund Group, which was € 29.71 at the end of the year. Relating operational/value-based performance figures to the entire enterprise value of the Verbund Group (market capitalisation plus net debt) allowed to assess the fair value of the »Electricity« segment through application of analogy techniques.

The recoverable amount was compared with the carrying amount plus goodwill. In this way, the value of the goodwill allocated to the »Electricity« segment was confirmed for the 2009 reporting period. In the view of management, any conceivable changes in the key assumptions of relevance to measurement will not cause the carrying amount of the »Electricity« segment plus goodwill to exceed the recoverable amount.

- The measurement of the existing provisions for pensions and similar obligations, severance obligations as well as semi-retirement programmes (carrying amount: m€ 507.5 million, previous year: m€ 538.0) was based on assumptions relating to the discount rate, the age of retirement, life expectancy and future salary and pension increases.

- The assessment of provisions for decommissioning and dismantling costs (carrying amount: m€ 30.0, previous year: m€ 29.5) was based on assumptions and estimates on the balance sheet date. The major influential factors included the dismantling time, any reports on the determination of the decommissioning costs, the valorisation of these costs and the discount rate of 5.5 % (previous year: 6.25 %).

- The assessment of provisions for impending losses (carrying amount: m€ 102.4, previous year: m€ 82.0) was based on assumptions and estimates on the balance sheet date. The provisions for impending losses were created for onerous rental agreements, onerous electricity supply contracts and, in particular, in connection with the obligation to supply district heating to Steirische Gas-Wärme GmbH. The major influential factors included electricity and primary energy prices, the cost of emission rights and the discount rate of 5.5 % (previous year: 6.25 %).

- Judgments are made each quarter as to the probability of occurrence of the contingent liabilities (excluding cross-border leasing) not recognised in the consolidated balance sheet in the amount of m€ 24.4 and from cross-border leasing in the amount of m€ 827.2 (previous year: m€ 22.7 and m€ 3,976.2). If the probability of an outflow of resources embodying economic benefits is not high enough to require the recognition of provisions and is not unlikely either, the relevant obligations are to be disclosed as contingent liabilities. The estimates are made by the responsible experts, taking into account market-related inputs (where possible) and expert reports (in individual cases).

II. SEGMENT REPORTING

In Verbund Group's segment reporting, business activities are allocated to the segments »Electricity«, »Grid« and »Participating Interests & Services«. The defintion of the operating segments and the contents of reporting correspond to the internal structure for reporting to the Managing Board as the chief decision-maker.

SEGMENT DEFINITION

Under § 8 (3) EIWOG (Electricity Industry and Organisation Act), integrated electricity companies must publish separate balance sheets and income statements for production, electricity trading and supply activities, transmission activities and distribution activities. However, segment reporting at the Verbund Group is to be oriented towards internal management and reporting (management approach) in line with IFRS 8, which leads to the following separation into operating segments:

- The »Electricity« segment includes all companies in the Verbund Group that are responsible for the construction, operation and maintenance of hydraulic, thermal and solar or wind power plants. The »Electricity« segment also encompasses energy trading and the distribution of electricity to end customers (household, commercial, business and industry customers).

- The »Grid« segment corresponds to VERBUND-Austrian Power Grid AG, which, as an independent (under company law) transmission system operator and control area operator, operates and maintains the grid area for Austria, most of the 220/380 kV high-voltage grid and parts of the 110 kV grid.

- The »Participating Interests & Services« segment includes in particular the management and control functions associated with domestic participating interests and foreign participating interests, which are held mainly by VERBUND-International GmbH. It also includes project companies of the Verbund Group until their production capacity is commissioned. VERBUND-Austrian Renewable Power GmbH, the head company for project developments in the field of renewable energy, is therefore also included in the »Participating Interests & Services« segment. This segment also contains companies that perform typical group functions such as providing financial services, shared-service centre services and telecommunication services.

NOTES TO OPERATING SEGMENTS' DATA

The internal measurement of the performance of the segments is based primarily on the operating result. The operating result for each segment is the total of the operating results of the companies included in the respective segment, taking into account intersegmental sales and expenses. Transactions between business segments are settled at usual market conditions.

For the »Participating Interests & Services« segment, the result from participating interests, which is attributed entirely to this segment, is also of relevance. As some participating interests are held by companies belonging to the »Electricity« and »Grid« segments, there is a (negligible) asymmetry in the allocation of assets and results.

Capital employed is used as the internal measure of segment assets. Capital employed corresponds to the total capital of a segment, less those assets that do not contribute to the process of providing and utilising services at the Verbund Group (e.g. prepayments, plants under construction and closed items on the assets and liabilities side) as well as non-interest-bearing debts.

Other material non-cash items, which are included in the operating result apart from the amortisation of intangible assets and the depreciation of property, plant and equipment, include, in particular, valuation effects from hedging transactions in the energy area, the depreciation of primary energy sources in inventory, and non-cash changes to provisions.

Additions to intangible assets and property, plant and equipment and to participating interests (accounted for using the equity method and other) include investments and increases resulting from company acquisitions.

All segment data is measured in compliance with IFRSs:

SEGMENT REPORTING M€

	ELECTRICITY	GRID	PARTICIPATING INTERESTS & SERVICES	ELIMINATION	TOTAL GROUP
QUARTERS 1–4/2009					
EXTERNAL SALES	3,168.6	275.6	38.9	0.0	3,483.1
INTERNAL SALES	144,4	74.9	83.3	–302.6	0.0
TOTAL SALES	3,313.0	350.5	122.2	–302.6	3,483.1
OPERATING RESULT	**1,010.8**	**68.2**	**–37,5**	**0.8**	**1,042.3**
DEPRECIATION AND AMORTISATION	–142.2	–59.4	–8.6	1.0	–209.2
THEREOF IMPAIRMENT LOSSES	–1.2	0.0	0.0	0.0	–1.2
OTHER MATERIAL NON-CASH ITEMS	97.1	–0.1	–1.9	–0.3	94.9
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	61.4	0.0	61.4
THEREOF RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	51.9	0.0	51.9
CAPITAL EMPLOYED	**5,168.3**	**801.0**	**5,548.9**	**–4,072.4**	**7,445.8**
THEREOF CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.3	1.3	2,170.7	0.0	2,174.3
ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	1,816.2	143.3	36.2	0.0	1,995.7
ADDITIONS TO PARTICIPATING INTERESTS	0.0	0.0	628,8	0.0	628.8

SEGMENT REPORTING

M€

	ELECTRICITY	GRID	PARTICIPATING INTERESTS & SERVICES	ELIMINATION	TOTAL GROUP
QUARTERS 1–4/2008					
EXTERNAL SALES	3,426.5	307.9	10.4	0.0	3,744.7
INTERNAL SALES	126.9	43.6	79.1	–249.6	0.0
TOTAL SALES	3,553.5	351.5	89.4	–249.6	3,744.7
OPERATING RESULT	**1,097.1**	**83.7**	**–42.8**	**0.6**	**1,138.6**
DEPRECIATION AND AMORTISATION	–123.2	–53.7	–7.5	1.2	–183.2
THEREOF IMPAIRMENT LOSSES	–1.9	0.0	0.0	0.0	–1.9
OTHER MATERIAL NON-CASH ITEMS	165.9	3.4	2.4	–0.2	171.5
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	42.3	0.0	42.3
THEREOF CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	34.1	0.0	34.1
CAPITAL EMPLOYED	**3,537.4**	**649.6**	**3,945.0**	**–2,501.3**	**5,630.6**
THEREOF CARRYING AMOUNT OF INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.0	0.0	1,530.2	0.0	1,532.2
ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	274.3	159.0	12.1	0.0	445.4
ADDITIONS TO PARTICIPATING INTERESTS	0.0	0.0	546.9	0.0	546.9

RECONCILIATION

The operating result in the total column corresponds to the value in the income statement. The reconciliation with the profit before tax can be taken from the income statement.

The reconciliation of the total amount of capital employed to the balance sheet total of the Verbund Group is as follows:

RECONCILIATION WITH TOTAL ASSETS

M€

	2009	2008
CAPITAL EMPLOYED	7,445.8	5,630.6
ASSETS NOT USED IN THE PROCESS OF PROVIDING AND UTILISING SERVICES	1,028.6	1,340.1
NON-INTEREST-BEARING DEBTS	1,870.8	1,323.1
TOTAL ASSETS OF THE VERBUND GROUP	10,345.2	8,293.8

COMPANY-WIDE DISCLOSURES

In accordance with IFRS 8, company-wide disclosures include geographical segment reporting for sales (according to the place of delivery) and non-current assets. Disclosures regarding important customers are also required.

GEOGRAPHICAL SEGMENT REPORTING – SALES

M€

	2009	2008
DOMESTIC SUPPLIES OF ELECTRICITY	1,410.4	1,332.4
THEREOF TO RESELLERS	838.9	762.1
THEREOF TO END CUSTOMERS	527.1	470.3
THEREOF TO TRADERS	44.4	100.1
SUPPLIES OF ELECTRICITY ABROAD	1,754.5	2,067.6
THEREOF TO GERMANY	1,364.3	1,542.0
THEREOF TO FRANCE	309.4	443.0
THEREOF TO OTHER EU COUNTRIES	41.4	77.4
THEREOF TO OTHER COUNTRIES	39.4	5.2
TOTAL ELECTRICITY SALES	3,164.9	3,400.0
TOTAL GRID SERVICE SALES	268.5	302.0
TOTAL OTHER SALES	49.7	42.7
SALES	3,483.1	3,744.7
THEREOF DOMESTIC SALES	1,728.6	1,677.1
THEREOF SALES ABROAD	1,754.5	2,067.6

GEOGRAPHICAL SEGMENT REPORTING – NON-CURRENT ASSETS

M€

	2009	2008
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	6,187.2	4,402.6
THEREOF IN AUSTRIA	4,738.0	4,382.0
THEREOF IN GERMANY	1,381.9	0.0
THEREOF IN OTHER EU COUNTRIES	53.9	20.6
THEREOF IN OTHER COUNTRIES	13.4	0.0
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2,174.3	1,532.2
THEREOF IN AUSTRIA	572.6	502.1
THEREOF IN GERMANY	30.3	28.7
THEREOF IN FRANCE	221.4	159.3
THEREOF IN ITALY	664.7	507.4
THEREOF IN TURKEY	685.3	334.7

The Verbund Group does not have a single customer with whom sales reach or exceed 10 % of total sales.

III. NOTES TO THE INCOME STATEMENT

(1) SALES

ELECTRICITY SALES ACCORDING TO CUSTOMER SEGMENTS (M€)

	2009	2008
CUSTOMER SEGMENTS		
END CUSTOMERS	728.2	641.2
RESELLERS	1,305.9	1,267.7
TRADERS	1,130.8	1,491.1
TOTAL ELECTRICITY SALE	**3,164.9**	**3,400.0**

OTHER SALES (M €)

	2009	2008
SALES FROM DISTRICT-HEATING SALES	15.3	14.1
SALES FROM CONSULTING/PLANNING SERVICES AND FROM OTHER SERVICES	14.3	11.6
STAFF SECONDMENTS	9.1	10.0
USER AND MANAGEMENT FEES	5.1	5.3
SALES OF WASTE PRODUCTS/COAL/FUEL/OIL	1.6	1.2
OTHER	4.3	0.5
OTHER SALES	**49.7**	**42.7**

(2) OTHER OPERATING INCOME

OTHER OPERATING INCOME (M €)

	2009	2008
CHANGES IN INVENTORY AND OWN WORK CAPITALISED	16.8	19.9
PRO-RATA TEMPORIS REVERSAL OF BUILDING-COST CONTRIBUTIONS	16.8	15.0
INCOME FROM VARIOUS GOODS AND SERVICES	6.8	8.9
INCOME FROM VALUE ADJUSTMENTS OF RECEIVABLES	3.0	0.4
INCOME FROM THE DISPOSAL AND WRITE-UP OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	2.3	36.1
TENANCY AND LEASE INCOME	1.3	1.0
INCOME FROM THE REVERSAL OF PROVISIONS	0.9	3.3
INCOME FROM INSURANCE INDEMNITIES	0.6	3.1
INCOME FROM MATERIAL SALES	0.3	1.0
INCOME FROM SOCIAL AMENITIES	0.2	0.6
OTHER	3.7	6.8
OTHER OPERATING INCOME	**52.7**	**96.1**

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

EXPENSES FOR ELECTRICITY, GRID, GAS AND EMISSION RIGHTS

M€

	2009	2008
EXPENSES FOR ELECTRICITY PURCHASES	1,479.5	1,709.5
EXPENSES FOR SYSTEM USE	127.3	104.4
EXPENSES FOR GAS PURCHASES	–0.3	0.0
EMISSION CERTIFICATES PURCHASES	1.8	0.0
EXPENSES FOR ELECTRICITY, GRID, GAS AND EMISSION CERTIFICATES PURCHASES	**1,608.3**	**1,813.9**

(4) USE OF FUELS AND OTHER UTILISATION-DEPENDENT EXPENSES

USE OF FUELS AND OTHER UTILISATION-DEPENDENT EXPENSES

M€

	2009	2008
FUEL EXPENSES	113.9	110.1
EMISSION RIGHTS ACQUIRED AGAINST A CONSIDERATION	–1.3	15.9
OTHER UTILISATION-DEPENDENT EXPENSES	6.3	8.0
USE OF FUELS AND OTHER UTILISATION-DEPENDENT EXPENSES	**118.9**	**134.0**

(5) PAYROLL EXPENSES

PAYROLL EXPENSES

M€

	2009	2008
WAGES AND SALARIES	206.4	192.9
EXPENSES FOR SOCIAL SECURITY CONTRIBUTIONS AS REQUIRED BY LAW AS WELL AS CHARGES AND COMPULSORY CONTRIBUTIONS BASED ON BENEFITS	45.3	42.5
OTHER SOCIAL EXPENSES	3.4	3.2
SUBTOTAL	**255.1**	**238.6**
EXPENSES FOR PENSIONS AND SIMILAR OBLIGATIONS	34.9	55.5
EXPENSES FOR SEVERANCE PAYMENTS	14.0	12.1
PAYROLL EXPENSES	**304.0**	**306.2**

The increase in expenses for severance payments is due to a higher measurement basis. The elimination of the one-off effects resulting from investment losses in the previous reporting period and the lower allocation expenses for early retirement led to lower pension expenses. The pension-fund contributions to the defined-contribution investment and risk community amounted to m€ 7.2 (previous year: m€ 6.7).

Expenses for severance payments include m€ 0.5 (previous year: m€ 0.3) for contributions to a corporate employee-benefits fund.

OTHER OPERATING EXPENSES

M€

	2009	2008
MAINTENANCE OF POWER PLANTS	79.3	74.0
EXTERNAL SERVICES RECEIVED IN CONNECTION WITH PPPs [1]	28.0	0.0
EXTERNAL SERVICES RECEIVED	22.6	35.5
LEGAL, CONSULTING AND AUDITING FEES	18.7	24.0
ADVERTISING EXPENSES	14.3	15.5
COSTS FOR ALLOCATED STAFF, TEMPORARY STAFF	11.5	14.2
MATERIAL COSTS FOR MOTOR-VEHICLE OPERATION AND MAINTENANCE	11.0	12.5
TRAVEL EXPENSES, STAFF TRAINING	9.5	10.9
EXPENSES FOR E-CONTROL	9.3	6.4
EDP EXPENSES	7.1	6.6
EXPENSES ARISING FROM VALUE ADJUSTMENTS FOR RECEIVABLES	4.4	0.9
FEES	4.2	3.6
COMMUNICATION	4.0	3.7
INSURANCE	3.9	3.1
OPERATING COSTS	3.9	3.1
RENT, LEASE PAYMENTS	3.7	4.3
COMPENSATION PAYMENTS	3.6	16.9
MEMBERSHIP FEES	2.7	3.1
OTHER OPERATING TAXES	1.0	1.5
LOSSES FROM THE DISPOSAL OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	0.9	0.9
DECOMMISSIONING COSTS	0.0	17.6
OTHER	9.5	6.6
OTHER OPERATING EXPENSES	**253.1**	**264.9**

(6) OTHER OPERATING EXPENSES

[1] These external services received are linked to the hydropower plant concession in Albania, which is accounted for in accordance with IFRIC 12. These other operating expenses are offset by sales from construction services, in accordance with IAS 11

RESULT FROM PARTICIPATING INTERESTS

M€

	2009	2008
INCOME FROM COMPANIES ACCOUNTED FOR USING THE EUQITY METHOD	51.9	34.1
INVESTMENT INCOME FROM NON-CONSOLIDATED AFFILIATED COMPANIES	5.2	5.5
INCOME FROM PARTICIPATING INTERESTS IN OTHER COMPANIES	3.9	5.0
INCOME FROM DISPOSAL OF LONG-TERM INVESTMENTS/PARTICIPATING INTERESTS	0.8	0.0
EXPENSES ARISING FROM NON-CONSOLIDATED AFFILIATED COMPANIES	0.0	–2.3
EXPENSES ARISING FROM OTHER PARTICIPATING INTERESTS	–0.4	0.0
RESULT FROM PARTICIPATING INTERESTS	**61.4**	**42.3**

All companies accounted for using the equity method are included for the first time with their prorated IFRSs result from 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 m€ 29.0 in quarters 1–4/2009. If this had been fully applied to 31 December 2008, the result from participating interests accounted for using the equity method in the 2008 reporting period would have come to m€ 13.4 instead of m€ 34.1.

(8) INTEREST INCOME

This item includes interest and similar income amounting to m€49.5 (previous year: m€ 94.6). Of this figure, m€ 43.9 (previous year: m€ 61.4) relates to interest income from investments in securities and loans in connection with cross-border leasing transactions.

(9) INTEREST EXPENSES

This item includes mainly interest and similar expenses amounting to m€ 213.9 (previous year: m€ 165.0). Of this figure, m€ 46.3 (previous year: m€ 63.6) relates to liabilities in connection with cross-border leasing transactions. This item also includes the profit/loss shares attributable to limited partners in VERBUND-Austrian Thermal Power GmbH & Co KG totalling m€ 8.9 (previous year: m€ 40.9). Of the borrowing costs, m€ 6.1 (previous year: m€ 0.0) was to be capitalised in the reporting period in accordance with IAS 23.

(10) OTHER FINANCIAL RESULT

This item essentially includes distribution income from investment funds, income from investments in securities, income from the termination of cross-border leasing transactions and measurement results recognised in income. The investment fund investments were originally carried out primarily to cover the provisions for pension obligations, but now also include investments that were carried out to create liquidity reserves. In addition, the other financial result includes income from loans as well as exchange gains and losses from foreign currencies.

OTHER FINANCIAL RESULT M€

	2009	2008
INCOME FROM FINANCIAL INSTRUMENTS	31.4	16.3
FOREIGN EXCHANGE GAINS	27.0	27.2
INCOME FROM THE TERMINATION OF CROSS-BORDER LEASING TRANSACTIONS	19.6	0.0
INCOME FROM DISPOSAL OF FINANCIAL INSTRUMENTS	10.1	0.8
FOREIGN EXCHANGE LOSSES	–1.5	–48.6
PROVISIONING FOR INTEREST RATE DIFFERENCES ARISING FROM NON-CURRENT INVESTMENTS IN CONNECTION WITH CROSS-BORDER LEASING TRANSACTIONS	–13.3	0.0
IMPAIRMENT OF FINANCIAL INSTRUMENTS	–27.8	–38.8
OTHER EXPENSES FROM FINANCIAL INSTRUMENTS	–0.3	–1.7
OTHER FINANCIAL RESULT	**45.2**	**–44.8**

The recognition of a provision for interest rate differences arising from non-current investments is linked to a cross-border leasing transaction that is still ongoing, for which the investment in a financial institution was replaced by US Treasuries in the reporting period.

Changes in the value of the derivatives linked to the cross-border leasing transactions and the liabilities measured at fair value through profit and loss are in principle also recognised in the other financial result. However, the effects of these two items on earnings essentially offset each other and were therefore not included in the above table.

(11) INCOME TAX

INCOME TAX M€

	2009	2008
CURRENT TAX EXPENSES (THEREOF TAX INCOME FROM PRIOR PERIODS M€ 0.8; PREVIOUS YEAR: EXPENSES M€ 0.9)	219.1	241.7
CHANGES IN DEFERRED INCOME TAXES	9.8	–7.6
INCOME TAX	**228.9**	**234.1**

Tax expenses for the 2009 reporting period of m€ 228.9 undershot the calculated tax expenses of m€ 245.4 by m€ 16.5; such calculated tax expenses would result from the application of a tax rate of 25 % to the pre-tax profit (m€ 981.8). The causes of this difference between the calculated and the recognised tax expense within the Verbund Group can be shown as follows:

TAX RECONCILIATION

M€

	2009	2008
CALCULATED TAX EXPENSES	245.4	256.2
DIFFERENT FOREIGN TAX RATES	0.2	0.3
TAX RELIEF DUE TO		
TAX-EXEMPT INVESTMENT INCOME	–16.2	–23.7
TAX-EXEMPT PREMIUMS	–0.2	–0.8
AMORTISATION OF GOODWILL IN ACCORDANCE WITH SECT. 9 PARA. 7 KSTG (CORPORATION TAX ACT)	–0.5	0.0
OTHER	–0.5	–0.5
INCREASES IN TAX EXPENSES DUE TO		
OTHER	1.8	1.6
INCOME TAX EXPENSE FOR THE PERIOD	**230.0**	**233.1**
INCOME TAX INCOME / EXPENSES FOR PRIOR PERIODS (CURRENT AND DEFERRED)	–1.1	1.0
INCOME TAX EXPENSE RECOGNISED	**228.9**	**234.1**
EFFECTIVE TAX RATE	**23.3 %**	**22.8 %**

The deferred taxes recognised directly in equity amount to m€ 14.9.

The differences between the values used in the tax balance sheet and the IFRSs balance sheet result in the following deferred taxes:

DEFERRED TAXES

M €

	2009	2008
PROVISIONS FOR PENSIONS AND SEVERANCE PAYMENTS	59.7	55.9
IMPAIRMENT LOSSES FROM PARTICIPATING INTERESTS	0.0	11.3
DERIVATIVE FINANCIAL INSTRUMENTS	0.7	0.0
OTHER	3.0	0.0
DEFERRED TAX ASSETS	**63.4**	**67.2**
PROPERTY, PLANT AND EQUIPMENT (DIFFERENT USEFUL LIVES, IFRS 3 MEASUREMENT)	–124.7	–115.9
SPECIAL TAX DEPRECIATION	–94.6	–81.4
DERIVATIVE FINANCIAL INSTRUMENTS	–17.4	–38.0
OTHER	–0.8	–11.1
DEFERRED TAX LIABILITIES	**–237.5**	**–246.4**
RECOGNITION OF DEFERRED TAXES (NETTED; + ASSET / – LIABILITY)	**–174.1**	**–179.2**

In the 2009 reporting period, the net position for deferred taxes changed as follows:

NET POSITION FOR DEFERRED TAXES	M €
OPENING BALANCE 01/01/2009	**–179.2**
CHANGES RECOGNISED DIRECTLY IN EQUITY	+14.9
CHANGES RECOGNISED IN INCOME	–9.8
CLOSING BALANCE 31/12/2009	**–174.1**

The changes recognised in other comprehensive income (i.e. directly in equity) essentially refer to the profits and losses from available-for-sale financial instruments and cash flow hedges, deferred taxes from the exercising of accelerated depreciation and initial recognition as a result of changes in the companies consolidated.

Due to the current tax regulations, it may be assumed that the differences – resulting, essentially, from retained earnings and uncovered losses – between the tax value of the interest and the proportional share of shareholders' equity of the subsidiaries included in the consolidated financial statements will largely remain tax-exempt. Thus no tax accrual and deferral items were recognised for this.

IV. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME - RECLASSIFICATIONS

M€

		2009		2008
EXCHANGE DIFFERENCES [1]		–7.0		–52.4
AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS				
MEASUREMENT RESULT RECOGNISED IN EQUITY	56.4		–1.9	
RECLASSIFICATION ADJUSTMENT TO INCOME	–21.9	34.5	–10.5	–12.4
CASH FLOW HEDGES				
MEASUREMENT RESULT RECOGNISED IN EQUITY	236.0		79.1	
RECLASSIFICATION ADJUSTMENT TO INCOME	–357.8		74.6	
BASIS ADJUSTMENTS TO BALANCE SHEET	9.3	–112.5	–2.9	150.8
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD				
MEASUREMENT RESULT RECOGNISED IN EQUITY	–24.9		–0.2	
RECLASSIFICATION ADJUSTMENT TO INCOME	–3.5	–28.4	0.0	–0.2
TOTAL OTHER COMPREHENSIVE INCOME		**–113.4**		**85.8**

ITEMS OF OTHER COMPREHENSIVE INCOME; RECLASSIFICATIONS TO THE INCOME STATEMENT

[1] No subsidiaries or interests accounted for using the equity method were sold in the reporting period; this item therefore did not result in any reclassification adjustments to income.

OTHER COMPREHENSIVE INCOME-TAXES

M€

	2009			2008		
	BEFORE TAXES	TAXES	AFTER TAXES	BEFORE TAXES	TAXES	AFTER TAXES
EXCHANGE DIFFERENCES	–7.0	0.0	–7.0	–52.4	0.0	–52.4
AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	34.5	–8.6	25.9	–12.4	3.1	–9.3
CASH FLOW HEDGES	–112.5	28.1	–84.4	150.8	–38.1	112.7
INTERESTS ACCOUNTED FOR USING THE EQUITY-METHOD	–28.4	5.8	–22.6	–0.2	0.0	–0.2
TOTAL OTHER COMPREHENSIVE INCOME	**–113.4**	**25.3**	**–88.1**	**85.8**	**–35.0**	**50.8**

ITEMS OF OTHER COMPREHENSIVE INCOME; TAXES

V. NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

(12) INTANGIBLE ASSETS

Intangible are concessions, industrial property rights, electricity-purchased rights, water rights, software, user rights for plants owned by third parties, licences derived therefrom and goodwill.

INTANGIBLE ASSETS 2009 M€

	CONCESSIONS, RIGHTS, LICENCES	GOODWILL	TOTAL
ACQUISITION COSTS AS AT 01/01/2009	52.7	0.0	52.7
CHANGES IN COMPANIES CONSOLIDATED	0.7	605.7	606.4
ADDITIONS	18.6	0.0	18.6
DISPOSALS	–1.1	0.0	–1.1
ACQUISITION COSTS AS AT 31/12/2009	**71.0**	**605.7**	**676.7**
ACCUMULATED AMORTISATION AS AT 01/01/2009	40.2	0.0	40.2
CHANGES IN COMPANIES CONSOLIDATED	0.4	0.0	0.4
AMORTISATION	3.9	0.0	3.9
DISPOSALS	–1.1	0.0	–1.1
ACCUMULATED AMORTISATION AS AT 31/12/2009	**43.4**	**0.0**	**43.4**
NET CARRYING AMOUNT AS AT 31/12/2009	27.6	605.7	633.3

INTANGIBLE ASSETS 2008 M€

	CONCESSIONS, RIGHTS, LICENCES	GOODWILL	TOTAL
ACQUISITION COSTS AS AT 01/01/2008	50.4	0.0	50.4
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.0	0.0
ADDITIONS	5.1	0.0	5.1
DISPOSALS	–2.7	0.0	–2.7
ACQUISITION COSTS AS AT 31/12/2008	**52.7**	**0.0**	**52.7**

INTANGIBLE ASSETS 2008 – CONTINUED

M€

	CONCESSIONS, RIGHTS, LICENCES	GOODWILL	TOTAL
ACCUMULATED AMORTISATION AS AT 01/01/2008	39.4	0.0	39.4
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.0	0.0
AMORTISATION	3.5	0.0	3.5
DISPOSALS	–2.7	0.0	–2.7
ACCUMULATED AMORTISATION AS AT 31/12/2008	**40.2**	**0.0**	**40.2**
NET CARRYING AMOUNT AS AT 31/12/2008	12.5	0.0	12.5

(13) PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

M€

	LAND AND BUILDINGS	MACHINERY	ELECTRICAL INSTALLATIONS	POWER LINES	OFFICE AND PLANT EQUIPMENT	PREPAYMENTS, PLANTS UNDER CONSTRUCTION AND PROJECTS	TOTAL
2009							
ACQUISITION / PRODUCTION COSTS AS AT 01/01/2008	5,262.1	1,744.1	1,980.7	949.0	112.9	596.4	10,645.1
CHANGES IN COMPANIES CONSOLIDATED	63.0	779.4	70.0	0.4	17.6	30.7	961.1
ADDITIONS	29.6	28.2	57.6	33.3	13.3	310.0	471.9
DISPOSALS	–29.7	–12.2	–26.4	0.0	–5.0	0.0	–73.3
REPOSTINGS	83.7	12.0	86.0	114.5	1.0	–297.3	0.0
ACQUISITION / PRODUCTION COSTS AS AT 31/12/2009	**5,408.7**	**2,551.5**	**2,167.9**	**1,097.1**	**139.8**	**639.8**	**12,004.8**
ACCUMULATED DEPRECIATION AS AT 01/01/2009	2,623.0	1,499.4	1,564.7	474.6	83.3	10.1	6,255.1
CHANGES IN COMPANIES CONSOLIDATED	6.7	50.1	0.1	0.0	4.1	0.0	61.0
AMORTISATION 2009	67.7	39.1	66.1	23.2	8.1	0.0	204.2
IMPAIRMENT LOSSES	0.0	0.5	0.2	0.0	0.0	0.5	1.2
DISPOSALS	–28.9	–11.7	–25.2	0.0	–4.7	0.0	–70.5
REPOSTINGS	4.9	0.0	0.5	0.0	0.0	–5.4	0.0
ACCUMULATED DEPRECIATION AS AT 31/12/2009	**2,673.5**	**1,577.3**	**1,606.5**	**497.7**	**90.8**	**5.2**	**6,451.0**
NET CARRYING AMOUNT AS AT 31/12/2009	2,735.2	974.2	561.4	599.4	49.0	634.6	5,553.8
NET CARRYING AMOUNT AS AT 31/12/2008	2,639.1	244.7	416.0	474.4	29.6	586.3	4,390.0

PROPERTY, PLANT AND EQUIPMENT

M€

	LAND AND BUILDINGS	MACHINERY	ELECTRICAL INSTALLATIONS	POWER LINES	OFFICE AND PLANT EQUIPMENT	PREPAYMENTS, PLANTS UNDER CONSTRUCTION AND PROJECTS	TOTAL
2008							
ACQUISITION / PRODUCTION COSTS AS AT 01/01/2008	5,314.6	1,960.4	2,016.3	931.7	114.6	290.6	10,628.2
ADDITIONS	10.7	10.3	39.3	16.8	9.2	354.1	440.3
DISPOSALS	–71.2	–233.7	–106.8	0.0	–11.7	0.0	–423.4
REPOSTINGS	8.0	7.1	31.9	0.5	0.7	–48.3	0.0
ACQUISITION / PRODUCTION COSTS AS AT 31/12/2008	**5,262.1**	**1,744.1**	**1,980.7**	**949.0**	**112.9**	**596.4**	**10,645.1**
ACCUMULATED DEPRECIATION AS AT 01/01/2008	2,626.4	1,705.9	1,611.8	454.5	88.1	9.6	6,496.2
DEPRECIATION 2008	66.4	26.6	57.5	20.1	6.7	0.5	177.8
IMPAIRMENT LOSSES	0.7	0.5	0.6	0.0	0.0	0.0	1.9
DISPOSALS	–70.5	–233.6	–105.2	0.0	–11.5	0.0	–420.8
REPOSTINGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ACCUMULATED DEPRECIATION AS AT 31/12/2008	**2,623.0**	**1,499.4**	**1,564.7**	**474.6**	**83.3**	**10.1**	**6,255.1**
NET CARRYING AMOUNT AS AT 31/12/2008	2,639.1	244.7	416.0	474.4	29.6	586.3	4,390.0
NET CARRYING AMOUNT AS AT 31/12/2007	2,688.2	254.5	404.5	477.2	26.5	281.0	4,132.0

The additions for 2009 are listed in the following:

ADDITIONS

M €

	2009	2008
GAS AND STEAM TURBINE COMBINATION POWER PLANT MELLACH	104.3	64.5
KAPRUN LIMBERG II POWER PLANT	84.4	78.3
380 KV LINE KAINACHTAL – SOUTHERN BURGENLAND	39.9	90.3
380 KV LINE TAUERN – PONGAU – SALZACH – ST. PETER	29.7	2.6
HIEFLAU POWER PLANT – EXPANSION	20.4	31.5
WIND FARMS IN BULGARIA	17.2	0.0
AUTOMATION OF HYDROPOWER PLANTS	12.1	12.5
WERFEN/PFARRWERFEN POWER PLANT	5.0	13.0
SUBSTATION VIENNA-SOUTHEAST – CONSTRUCTION OF NEW MAIN CONTROL CENTR	4.1	13.8
SOLAR POWER PLANTS IN SPAIN	0.0	21.0
OTHERS WITH INDIVIDUAL AMOUNTS UNDER € 10 MILLION	154.8	112.8
TOTAL	471.9	440.3

In the 2002 reporting period, the Triebenbach power plant was taken over on the basis of a financial lease arrangement. This was recorded under property, plant and equipment with a residual carrying amount of m€ 16.9 (previous year: m€ 17.9) as at 31 December 2009.

The changes in consolidated companies essentially relate to the acquisition of the Bruck/Hollern/Petronell-Carnuntum wind farms and of Kraftwerksgruppe Inn GmbH (see: Financial reporting principles, Company acquisitions).

AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

M€

	2009	2008
SCHEDULED DEPRECIATION AND AMORTISATION	208.0	181.3
IMPAIRMENT LOSSES	1.2	1.9
AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	**209.2**	**183.2**

The impairment losses essentially refer to the steam-generating power plant Mellach, which is currently in operation.

INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER PARTICIPATING INTERESTS

M€

	INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	INTERESTS IN NON-CONSOLIDATED AFFILIATED COMPANIES	OTHER PARTICIPATING INTERESTS	PREPAYMENTS ON PARTICIPATING INTERESTS	TOTAL
2009					
(AMORTISED) ACQUISITION COSTS AS AT 01/01/2009	1,582.2	12.5	152.6	36.7	1,784.0
CHANGES IN COMPANIES CONSOLIDATED	26.1	–6.0	–12.5	–36.7	–29.1
ADDITIONS FROM INTERESTS ACQUIRED AND INCREASES IN INTERESTS	626.6	0.0	2.2	0.0	628.8
ADDITIONS – PROFITS/LOSSES	101.2	0.0	0.0	0.0	101.2
DISPOSALS – PROFITS/LOSSES	–79.1	0.0	0.0	0.0	–79.1
DISPOSALS	–0.3	–3.9	–3.9	0.0	–8.1
DIVIDEND DISTRIBUTIONS	–32.3	0.0	0.0	0.0	–32.3
(AMORTISED) ACQUISITION COSTS AS AT 31/12/2009	**2,224.3**	**2.7**	**138.4**	**0.0**	**2,365.4**
ACCUMULATED VALUE ADJUSTMENTS AS AT 01/01/2009	50.0	2.3	10.8	0.0	63.2
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.0	–4.9	0.0	–4.9
IMPAIRMENT LOSSES	0.0	0.0	0.5	0.0	0.5
DISPOSALS	0.0	–2.3	–3.9	0.0	–6.2
ACCUMULATED VALUE ADJUSTMENTS AS AT 31/12/2009	**50.0**	**0.0**	**2.5**	**0.0**	**52.5**
NET CARRYING AMOUNT AS AT 31/12/2009	2,174.3	2.7	135.9	0.0	2,312.8
NET CARRYING AMOUNT AS AT 31/12/2008	1,532.2	10.2	141.8	36.7	1,720.8

INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER PARTICIPATING INTERESTS

M€

	INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	INTERESTS IN NON-CONSOLIDATED AFFILIATED COMPANIES	OTHER PARTICIPATING INTERESTS	PREPAYMENTS ON PARTICIPATING INTERESTS	TOTAL
2008					
(AMORTISED) ACQUISITION COSTS AS AT 01/01/2008	1,156.3	8.5	42.3	0.0	1,207.0
ADDITIONS FROM INTERESTS ACQUIRED AND INCREASES IN INTERESTS	432.9	4.1	110.8	36.7	584.6
ADDITIONS – PROFITS/LOSSES	95.9	0.0	0.0	0.0	95.9
DISPOSALS – PROFITS/LOSSES	–64.5	0.0	0.0	0.0	–64.5
DISPOSALS	0.0	0.0	–0.5	0.0	–0.5
DIVIDEND DISTRIBUTIONS	–38.5	0.0	0.0	0.0	–38.5
(AMORTISED) ACQUISITION COSTS AS AT 31/12/2008	**1,582.2**	**12.5**	**152.6**	**36.7**	**1,784.0**
ACCUMULATED VALUE ADJUSTMENTS AS AT 01/01/2008	0.0	0.0	11.0	0.0	11.0
IMPAIRMENT LOSSES	50.0	2.3	0.0	0.0	52.3
DISPOSALS	0.0	0.0	–0.1	0.0	–0.1
ACCUMULATED VALUE ADJUSTMENTS AS AT 31/12/2008	**50.0**	**2.3**	**10.8**	**0.0**	**63.2**
NET CARRYING AMOUNT AS AT 31/12/2008	1,532.2	10.2	141.8	36.7	1,720.8
NET CARRYING AMOUNT AS AT 31/12/2007	1,156.3	8.5	31.3	0.0	1,196.0

The additions to participating interests accounted for using the equity method refer to interests acquired, capital increases and contributions. The additions in the 2009 reporting period essentially result from Enerjisa Elektrik Dagitim A.S. (m€ 270.4), Enerjisa Enerji Üretim A.S. (m€ 100.0), POWEO S.A. (m€ 85.4), POWEO Production S.A.S. (m€ 20.0) and Sorgenia S.p.A. (Group) (m€ 150.5).

Changes in the value of interests accounted for using the equity method are presented as additions/disposals.

The additions to other participating interests refer, essentially, to Wiener Börse AG (m€ 2.0) and CEMP d.o.o. (m€ 0.2).

Disposals from interests in non-consolidated affiliated companies relate to the merger of VERBUND-Gasbeteiligungsgmbh with VERBUND-International GmbH (acquisition costs: m€ 3.9/accumulated value adjustments: m€ 2.3). Disposals from other participating interests relate in particular to mastertalk Austria Telekom Service GmbH & Co KG (acquisition costs: m€ 3.9/accumulated value adjustments: m€ 3.9).

NON-CURRENT INVESTMENTS – CROSS-BORDER LEASING

M€

	SECURITIES (LOAN STOCK RIGHTS) FROM CROSS-BORDER LEASING	OTHER LOANS FROM CROSS-BORDER LEASING	TOTAL
AMORTISED ACQUISITION COSTS: AS AT 01/01/2009	47.1	543.3	590.4
FOREIGN-CURRENCY MEASUREMENT	–0.3	–11.1	–11.4
ADDITIONS	41.8	3.7	45.5
CAPITALISED INTEREST	0.2	26.3	26.5
DISPOSALS	0.0	–326.0	–326.0
AMORTISED ACQUISITION COSTS: AS AT 31/12/2009	**88.8**	**236.2**	**325.0**
THEREOF NON-CURRENT ASSETS	88.8	233.2	322.0
THEREOF CURRENT ASSETS	0.0	3.0	3.0

Notes on cross-border leasing transactions can be found in the section of the notes on accounting policies. Current loans from cross-border leasing are included in the item trade receivables and other receivables.

The securities consist of medium-term notes with a nominal value of m$ 64.8 (previous year: m$ 64.3) or of m€ 46.3 (previous year: m€ 47.1) and of US Treasury strips in the amount of m$ 61.3 or m€ 42.5 (previous year: m€ 0.0). The US Treasury strips were purchased instead of a loan.

With regard to securities, an amount of m€ 88.8 (previous year: m€ 0.0) is pledged; loans in the amount of m€ 236.2 (previous year: m€ 409.6) are pledged. In total, m€ 101.6 (previous year: m€ 295.3) is pledged to US investors and m€ 223.4 (previous year: m€ 0.0) is pledged to banks as security for loans. As at 31 December 2009, there were no longer any obligations to banks as security for bank guarantees (previous year: m€ 114.3).

OTHER NON-CURRENT INVESTMENTS AND OTHER NON-CURRENT RECEIVABLES

M€

	LOANS TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	SECURITIES (LOAN STOCK RIGHTS) EXCL. CROSS-BORDER LEASING	OTHER LOANS EXCL. CROSS-BORDER LEASING	TOTAL
2009				
ACQUISITION COSTS AS AT 01/01/ 2009	40.6	355.6	157.8	554.0
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.3	0.0	0.3
ADDITIONS	0.0	29.7	26.0	55.8
DISPOSALS	–0.1	–118.6	0.0	–118.7
REPOSTINGS	–0.6	0.0	–0.6	–1.2
ACQUISITION COSTS AS AT 31/12/2009	**39.9**	**267.0**	**183.2**	**490.2**
ACCUMULATED VALUE ADJUSTMENTS AS AT 01/01/2009	0.0	89.1	0.0	89.1
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.1	0.0	0.1
IMPAIRMENT LOSS THROUGH THE INCOME STATEMENT	0.0	27.7	0.0	27.7
VALUE ADJUSTMENTS THROUGH EQUITY	0.0	0.0	0.0	0.0
VALUE INCREASES	0.0	–15.1	0.0	–15.1
RECLASSIFICATION ADJUSTMENTS	0.0	–21.9	0.0	–21.9
DISPOSALS	0.0	–24.9	0.0	–24.9
REPOSTINGS	0.0	0.0	0.0	0.0
ACCUMULATED VALUE ADJUSTMENTS AS AT 31/12/2009	**0.0**	**55.0**	**0.0**	**55.0**
NET CARRYING AMOUNT AS AT 31/12/2009	39.9	212.1	183.2	435.2
NET CARRYING AMOUNT AS AT 31/12/2008	40.6	266.5	157.8	464.9
OTHER NON-CURRENT RECEIVABLES				
NET CARRYING AMOUNT AS AT 31/12/2009				106.8
NET CARRYING AMOUNT AS AT 31/12/2008				147.6
TOTAL				
NET CARRYING AMOUNT AS AT 31/12/2009				542.0
NET CARRYING AMOUNT AS AT 31/12/2008				612.6
2008				
ACQUISITION COSTS AS AT 01/01/2008	41.3	289.4	74.0	404.7
ADDITIONS	0.1	104.9	87.9	192.9
DISPOSALS	–0.2	–38.6	0.0	–38.8
REPOSTINGS	–0.7	0.0	–4.0	–4.7
ACQUISITION COSTS AS AT 31/12/2008	**40.6**	**355.6**	**157.8**	**554.0**
ACCUMULATED VALUE ADJUSTMENTS AS AT 01/01/2008	0.0	38.6	0.0	38.6
IMPAIRMENT LOSS THROUGH THE INCOME STATEMENT	0.0	38.8	0.0	38.8
VALUE ADJUSTMENTS THROUGH EQUITY	0.0	25.8	0.0	25.8
VALUE INCREASES	0.0	–4.0	0.0	–4.0
RECLASSIFICATION ADJUSTMENTS	0.0	–10.5	0.0	–10.5
DISPOSALS	0.0	0.4	0.0	0.4
REPOSTINGS	0.0	0.0	0.0	0.0
ACCUMULATED VALUE ADJUSTMENTS AS AT 31/12/2008	**0.0**	**89.1**	**0.0**	**89.1**
NET CARRYING AMOUNT AS AT 31/12/2008	40.6	266.5	157.8	464.9
NET CARRYING AMOUNT AS AT 31/12/2007	41.3	250.8	74.0	366.1
OTHER NON-CURRENT RECEIVABLES				
NET CARRYING AMOUNT AS AT 31/12/2008				147.6
NET CARRYING AMOUNT AS AT 31/12/2007				80.4
TOTAL				
NET CARRYING AMOUNT AS AT 31/12/2008				612.6
NET CARRYING AMOUNT AS AT 31/12/2007				446.5

The reposting of acquisition costs refers to the reclassification to current assets.

The additions to other loans excl. cross-border leasing (m€ 26.0) essentially refer to a loan to POWEO Pont-sur-Sambre S.A.S. (m€ 26.0).

The securities (m€ 212.1, previous year: m€ 266.5) primarily comprise shares in investment funds and bonds and are classified as available-for-sale.

Of the securities, m€ 100.6 (previous year: m€ 136.9) were pledged as security, above all in connection with trading at power exchanges and the management of balancing energy.

Other loans in the amount of m€ 183.2 (previous year: m€ 157.8) exist, essentially, in connection with the financing of POWEO Pont-sur-Sambre S.A.S. (m€ 183.0).

The electricity prepayment to Österreichisch-Bayerische Kraftwerke Aktiengesellschaft (m€ 25.9, previous year: m€ 27.8) recognised under other non-current receivables was reduced by m€ 1.9 in 2009.

Other non-current receivables include, after set-off against prepayments received, m€ 0.7 (previous year: m€ 1.6) as the present value of future lease payments for plants leased out by the Verbund Group to a large customer (financial lease under IAS 17). The lease payments will terminate on 30 September 2010. The total of non-discounted lease payments amounts to m€ 0.7 (previous year: m€ 1.7). Redemptions due within a year amount to m€ 0.7.

Other non-current receivables include receivables from the fair values of the derivative financial instruments of the financial area in connection with cross-border leasing in the amount of m€ 64.6 (previous year: m€ 117.9).

CURRENT ASSETS

Current assets include all assets that are expected to be realised (used) within a period of 12 months or in the normal operating cycle.

(18) INVENTORIES

INVENTORIES M€

	2009	2008	CHANGE
PRIMARY ENERGY SOURCES	124.1	63.6	60.5
LESS VALUE ADJUSTMENTS	–0.1	–0.1	0.0
SUBTOTAL	124.0	63.5	60.5
MATERIALS AND SUPPLIES	3.1	2.9	0.2
INVENTORIES	127.1	66.4	60.7

The primary energy sources refer to coal and oil inventories.

(19) TRADE RECEIVABLES AND OTHER RECEIVABLES

TRADE RECEIVABLES AND OTHER RECEIVABLES M€

	CURRENT		NON-CURRENT	
	2009	2008	2009	2008
TRADE RECEIVABLES	248.3	281.1	0.0	0.0
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	41.8	30.9	0.0	0.0
OTHER LOANS	7.2	2.0	0.0	0.0
LOANS TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	0.6	0.6	0.0	0.0
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	1.6	5.5	0.0	0.0
OTHER RECEIVABLES AND ASSETS	428.6	473.1	106.8	147.6
TRADE RECEIVABLES AND OTHER RECEIVABLES	**728.1**	**793.2**	**106.8**	**147.6**

Other loans include other current loans from cross-border leasing in the amount of m€ 3.0 (previous year: m€ 0.0).

Other receivables with a maturity of more than one year are recognised in the balance sheet of the Verbund Group under the non-current item of other investments and other receivables.

OTHER RECEIVABLES AND ASSETS M€

	CURRENT		NON-CURRENT	
	2009	2008	2009	2008
FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS				
IN THE ENERGY AREA	367.3	383.7	0.0	0.0
IN THE FINANCIAL AREA	0.1	0.0	64.6	117.9
EMISSION CERTIFICATES	20.0	43.0	0.0	0.0
ELECTRICITY COSTS PREPAYMENT ÖBK	0.0	0.0	25.9	27.8
RECEIVABLES FROM PPPs (IN ACCORDANCE WITH IFRIC 12)	0.0	0.0	15.4	0.0
RECEIVABLES FROM TAX CLEARING	5.2	4.0	0.0	0.0
RECEIVABLES FROM ACCRUED INTEREST	4.3	5.6	0.0	0.0
RECEIVABLES FROM GUARANTEES IN ELECTRICITY TRADING	3.5	4.2	0.0	0.0
OTHER RECEIVABLES FROM PAYROLL	0.5	0.4	0.0	0.0
RECEIVABLES FROM LOCK OPERATIONS AND MAINTENANCE	4.5	3.6	0.0	0.0
RECEIVABLES FROM FINANCE LEASES	0.0	0.0	0.7	1.6
RECEIVABLES REPUBLIC OF AUSTRIA	0.0	7.2	0.0	0.0
PREPAYMENTS MADE FROM AUCTIONS	0.0	0.1	0.0	0.0
OTHER	23.2	21.3	0.2	0.3
OTHER RECEIVABLES AND ASSETS	**428.6**	**473.1**	**106.8**	**147.6**

The total amount of m€ 3.5 (previous year: m€ 4.2) recognised as securities was pledged, above all, in connection with the management of balancing energy and trading at power exchanges.

Significant value adjustments or payment disruptions (amounts overdue) existed for the following receivables as at 31 December 2009:

VALUATION ALLOWANCES

M€

	CARRYING AMOUNT	THEREOF: IMPAIRED ON BALANCE SHEET DATE	VALUATION ALLOWANCES	GROSS
2009				
TRADE RECEIVABLES	248.3	26.5	11.6	259.9
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	41.8	0.0	1.4	43.2
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	1.6	0.0	0.0	1.6
LOANS	7.8	0.0	0.0	7.8
OTHER RECEIVABLES AND ASSETS	428.6	0.1	0.0	428.6
TOTAL	**728.1**	**26.6**	**13.0**	**741.1**
2008				
TRADE RECEIVABLES	281.1	35.0	12.4	293.5
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	30.9	0.0	1.4	32.3
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	5.5	0.0	0.0	5.5
LOANS	2.6	0.0	0.0	2.6
OTHER RECEIVABLES AND ASSETS	473.1	0.1	2.3	475.4
TOTAL	**793.2**	**35.1**	**16.1**	**809.3**

AMOUNTS PAST DUE

M €

			THEREOF: NOT IMPAIRED ON BALANCE SHEET DATE AND PAST DUE IN THE FOLLOWING PERIODS			
	CARRYING AMOUNT	THEREOF: NEITHER PAST DUE NOR IMPAIRED ON BAL-ANCE SHEET DATE	LESS THAN 30 DAYS	BETWEEN 31 AND 120 DAYS	BETWEEN 121 AND 360 DAYS	MORE THAN 360 DAYS
TRADE RECEIVABLES	248.3	208.1	3.7	0.8	8.9	0.3
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	41.8	40.6	0.8	0.3	0.0	0.1
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	1.6	1.6	0.0	0.0	0.0	0.0
LOANS	7.8	7.8	0.0	0.0	0.0	0.0
OTHER RECEIVABLES AND ASSETS	428.6	419.3	5.1	2.0	1.7	0.4
TOTAL	**728.1**	**677.4**	**9.6**	**3.1**	**10.6**	**0.8**

The allowances for receivables from companies in which participating interests are held refer in the amount of m€ 0.0 (previous year: m€ 0.0) to related parties in accordance with IAS 24 (companies accounted for using the equity method).

(20) CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS M€

	2009	2008
CURRENT DEPOSITS	0.0	0.0
CASH IN BANKS	125.8	107.7
CASH BALANCE	0.2	0.1
CASH AND CASH EQUIVALENTS	**126.0**	**107.8**

The lock-in period of all current financial investments was less than three months at the time of the investment.

The cash and cash equivalents correspond to the liquid funds in the cash flow statement.

EQUITY

Composition and changes are presented in the statement of changes in equity of the Verbund Group in accordance with IFRSs..

(21) SHARE CAPITAL

The share capital comprises:

151,018,000 individual share certificates (bearer shares category A), equivalent to 49 % of the share capital; 157,182,000 individual share certificates (registered shares category B), equivalent to 51 % of the share capital, authenticated by an interim certificate deposited with the Federal Ministry of Finance and made out in the name of the Republic of Austria. The share capital was paid in full.

On the balance sheet date, there were 308,200,000 shares (previous year: 308,200,000) in circulation.

Earnings per share are calculated by dividing the group result by the weighted average number of shares in circulation in 2009 (308,200,000, previous year: 308,200,000). There were no rights issues or other matters that could have had a diluting effect.

(22) CAPITAL RESERVES

Capital reserves amount to m€ 10.9 (previous year: m€ 10.9). This represents the portion of the reserves that was not created from the profits in previous years.

(23) RETAINED EARNINGS

The retained earnings comprise the profits and losses accumulated within the group. Of these earnings, the amount that can be distributed to the shareholders of the parent company is the item shown as »net profit for the year« in the individual accounts of the parent company as at 31 December 2009, which are prepared in accordance with Austrian Accounting Standards.

(24) RESERVE FOR EXCHANGE DIFFERENCES

The reserve for exchange differences essentially contains the result of the currency translation of the joint ventures held with the Turkish Sabanci Holding A.S., which are accounted for using the equity method. This was m€ -7.3 as at 31 December 2009.

(25) MINORITY INTERESTS

Minority interests comprise the third-party shares in the shareholders' equity of the consolidated subsidiaries. Minority interests are held in VERBUND-Austrian Hydro Power AG (19.7 %) and VERBUND-Austrian Thermal Power GmbH (40.5 %). In addition, third-party shares in the shareholders' equity of the following companies, which were consolidated for the first time, are recognised in the 2009 reporting period: VERBUND-Tourismus GmbH (16.1 %), Alpha Wind S.R.L. (49.9 %), VERBUND-Kraftwerke Beteiligungsholding GmbH & Co KG (5.1 %) and VERBUND-Innkraftwerke GmbH (0.3 %).

The development of minority interests is presented in the statement of changes in equity of the Verbund Group in accordance with IFRSs.

The capital shares attributable to the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG (44.35 %) are, pursuant to IAS 32, recognised under non-current financial liabilities.

(26) DIVIDENDS

The dividend is determined on the basis of the net profit for the year shown in the individual accounts of the parent company, which are prepared in accordance with company law. In the 2009 reporting period, this net profit for the year, which has not yet been confirmed, amounts to m€ 385.3 (previous year: m€ 323.6). A distribution of € 1.00 per share (previous year: € 1.05) will be proposed to the General Meeting, in addition to a special dividend of € 0.25 per share (previous year: € 0.00).

NON-CURRENT AND CURRENT LIABILITIES

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

M€

	CURRENT		NON-CURRENT	
	2009	**2008**	**2009**	**2008**
BONDS	52.9	16.7	2,190.9	670.8
LIABILITIES TO BANKS	98.8	448.0	1,319.7	770.6
FINANCIAL LIABILITIES TO OTHERS	2.0	131.4	124.5	17.9
CAPITAL SHARES ATTRIBUTABLE TO LIMITED PARTNERS	0.0	0.0	125.9	138.7
TOTAL FINANCIAL LIABILITIES (EXCLUDING CROSS-BORDER LEASING)	**153.7**	**596.1**	**3,761.0**	**1,598.0**
FINANCIAL LIABILITIES FROM CROSS BORDER-LEASING TO BANKS	3.0	0.0	298.6	0.0
FINANCIAL LIABILITIES FROM CROSS BORDER-LEASING TO OTHERS	0.0	0.0	94.1	728.6
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**156.7**	**596.1**	**4,153.7**	**2,326.6**

Financial liabilities (excluding cross-border leasing) changed as follows:

FINANCIAL LIABILITIES (EXCLUDING CROSS-BORDER LEASING)

M €

	2009	**2008**
FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT) AS AT 01/01	2,194.1	1,982.0
CHANGES IN COMPANIES CONSOLIDATED	32.4	0.0
NET CHANGE IN MONEY MARKET TRANSACTIONS	–116.8	103.2
CHANGE IN INTEREST ACCRUALS	35.3	1.0
SCHEDULED REPAYMENTS	–302.4	–341.0
BORROWINGS	2,092.4	402.0
CHANGES IN FINANCIAL LIABILITIES ATTRIBUTABLE TO LIMITED	–12.8	13.0
EXCHANGE GAINS / LOSSES	–7.5	33.9
FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT) AS AT 31/12	**3,914.7**	**2,194.1**

The capital and profit/loss shares attributable to the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG are also reported under non-current financial liabilities. The changes were as follows:

CAPITAL AND PROFIT/LOSS SHARES ATTRIBUTABLE TO LIMITED PARTNERS

M€

	2009	2008
AS AT 01/01	138.7	125.7
CHANGES RECOGNISED IN THE COMPREHENSIVE INCOME	4.9	–5.7
PROFIT / LOSS SHARES ATTRIBUTABLE TO LIMITED PARTNERS	8.9	40.9
DISTRIBUTION	–26.6	–22.2
AS AT 31/12	**125.9**	**138.7**

Financial liabilities from cross-border leasing changed as follows:

FINANCIAL LIABILITIES FROM CROSS-BORDER LEASING

M€

	2009	2008
AS AT 01/01	728.6	604.6
EXCHANGE GAINS / LOSSES	–15.1	19.9
CAPITALISATION	46.3	63.6
REPAYMENTS AND DISPOSALS	–310.0	–30.4
MARKET VALUE CHANGES	–54.1	70.9
AS AT 31/12	**395.7**	**728.6**
OF WHICH NON-CURRENT LIABILITIES	392.7	728.6
OF WHICH CURRENT LIABILITIES	3.0	0.0

Current financial liabilities from cross-border leasing are included in current financial liabilities.

In the 2009 reporting period, new non-current financial liabilities of m€ 2,107.2 were taken up (after deduction of cost of funds and discounts: m€ 2,092.4). Of this amount, m€ 260.0 refers to a loan taken out within the framework of the refinancing process of Österreichische Kontrollbank AG for the acquisition of foreign interests. A further m€ 27.5 is attributable to the fund for the promotion of the Upper Carinthia hydropower region.

The other borrowings in the amount of m€ 1,780.7 were taken out by the fully consolidated subsidiary VERBUND-International Finance B.V. in the Netherlands where the borrowing activities of the Verbund Group are concentrated. m€ 1,540 of these funds were taken up in the form of bonds as part of the bn€ 3 EMTN-programme (European Medium Term Note). A further m€ 200 was borrowed in the context of a promissory note loan and m€ 40.7 in the form of financial liabilities to others.

Of the new borrowings, m€ 344.0 is subject to a variable interest rate and m€ 1,763.2 to a fixed interest rate.

Financial liabilities, excluding cross-border leasing transactions, were reduced by m€ 302.4 through scheduled repayments; there were no unscheduled repayments. As for current financial liabilities (cash advances), an amount of m€ 116.9 was repaid and another m€ 0.1 was raised on the money market.

There were no changes to the underlying conditions, e.g. the interest rates and maturities, of the existing financial liabilities.

As for financial liabilities from cross-border leasing transactions, capitalisations in the amount of m€ 46.3 (previous year: m€ 63.6) were carried out. Repayments and disposals (some via premature terminations) were carried out in the amount of m€ 310.0 (previous year: m€ 30.4).

The liability from the finance lease agreement for Triebenbach power plant will be repaid, within one year, to the amount of m€ 1.0, in the following four years to the amount of m€ 4.4 and subsequently to the amount of m€ 12.4. The sum of non-discounted lease payments to m€ 21.6 (previous year: m€ 23.5), including the payment of the residual value. The lease contract will terminate on 30 April 2015.

There are no mortgage-backed liabilities.

Further details relating to the financial liabilities are provided in the following tables:

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES 2009

	MATURITY TO	ISSUE VOLUME	LIABILITY 31/12/2009
1. BONDS			
EURO CURRENCIES	2020	2,112.7	2,144.7
FOREIGN CURRENCIES (JPY)	2015	126.1	99.1
TOTAL BONDS		**2,238.8**	**2,243.8**
THEREOF AT A FIXED INTEREST RATE	2020	2,238.8	2,243.8
THEREOF AT A VARIABLE INTEREST RATE		0.0	0.0
2. LIABILITIES TO BANKS			
EURO CURRENCIES	2026	1,482.1	1,418.5
FOREIGN CURRENCIES		0.0	0.0
TOTAL LIABILITIES TO BANKS		**1,482.1**	**1,418.5**
THEREOF AT A FIXED INTEREST RATE	2026	867.7	864.2
THEREOF AT A VARIABLE INTEREST RATE	2020	614.4	554.3
3. FINANCIAL LIABILITIES TO OTHERS			
EURO CURRENCIES	2021	132.0	126.4
FOREIGN CURRENCIES (JPY)	2009	0.0	0.0
3A. TOTAL FINANCIAL LIABILITIES TO OTHERS EXCLUDING CROSS-BORDER LEASING		**132.0**	**126.4**
THEREOF AT A FIXED INTEREST RATE	2021	108.0	108.6
THEREOF AT A VARIABLE INTEREST RATE	2015	24.0	17.8
3B. SHARE ATTRIBUTABLE TO LIMITED PARTNERS			**125.9**
3C. CROSS-BORDER LEASING *			**395.7**
TO BANKS			301.6
TO OTHERS			94.1
TOTAL FINANCIAL LIABILITIES TO OTHERS			**346.4**
TOTAL FINANCIAL LIABILITIES FROM CROSS-BORDER LEASING		**3,852.9**	**3,914.7**
TOTAL FINANCIAL LIABILITIES INCLUDING CROSS-BORDER LEASING			**4,310.4**

M€

TIME TO MATURITY <= 1 YEAR	> 1 TO 2 YEARS	> 2 TO 3 YEARS	> 3 TO 4 YEARS	> 4 TO 5 YEARS	> 5 YEARS	WEIGHTED NOMINAL INTEREST RATE	WEIGHTED EFFECTIVE INTEREST RATE	FAIR VALUE 31/12/2009
50.6	0.0	0.0	0.0	496.5	1,597.6		4.95 %	2,258.9
2.3	0.0	0.0	0.0	0.0	96.8		3.43 %	112.5
52.9	**0.0**	**0.0**	**0.0**	**496.5**	**1,694.4**	**4.61 %**	**4.71 %**	**2,371.4**
52.9	0.0	0.0	0.0	496.5	1,694.4	4.10 %	4.71 %	2,179.8
0.0	0.0	0.0	0.0	0.0	0.0	–	–	0.0
98.8	57.4	227.2	157.4	57.4	820.3	3.44 %	4.03 %	1,459.1
0.0	0.0	0.0	0.0	0.0	0.0	–	–	0.0
98.8	**57.4**	**227.2**	**157.4**	**57.4**	**820.3**	**3.44 %**	**4.03 %**	**1,459.1**
12.2	14.5	184.3	114.6	14.6	524.1	3.81 %	4.24 %	877.9
86.6	42.9	42.9	42.8	42.8	296.3	2.87 %	3.63 %	581.2
2.0	40.0	1.1	1.1	69.8	12.5	3.16 %	4.43 %	127.6
0.0	0.0	0.0	0.0	0.0	0.0	–	–	0.0
2.0	**40.0**	**1.1**	**1.1**	**69.8**	**12.5**	**3.16 %**	**4.43 %**	**127.6**
1.0	39.0	0.0	0.0	68.6	0.1	2.89 %	4.30 %	109.7
1.0	1.0	1.1	1.1	1.2	12.4	4.77 %	4.54 %	17.8
0.0	**125.9**	**0.0**	**0.0**	**0.0**	**0.0**			
3.0	**0.0**	**0.0**	**1.3**	**0.0**	**391.4**			**433.1**
3.0	0.0	0.0	0.2	0.0	298.4			318.4
0.0	0.0	0.0	1.1	0.0	93.0			**114.7**
2.0	**165.9**	**2.2**	**2.4**	**69.8**	**105.5**			**242.3**
153.7	**223.3**	**228.3**	**158.5**	**623.7**	**2,527.2**	**4.11 %**	**4.48 %**	**3,958.1**
156.7	**223.3**	**228.3**	**159.8**	**623.7**	**2,918.6**			**4,391.2**

* These figures correspond to asset items at the same level. For this reason, some of the figures are not meaningful.

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES 2008

	MATURITY TO	ISSUE VOLUME	LIABILITY 31/12/2008
1. BONDS			
EURO CURRENCIES	2017	589.4	582.9
FOREIGN CURRENCIES (JPY)	2015	126.1	104.6
TOTAL BONDS		**715.5**	**687.5**
THEREOF AT A FIXED INTEREST RATE	2017	715.5	687.5
THEREOF AT A VARIABLE INTEREST RATE		0.0	0.0
2. LIABILITIES TO BANKS			
EURO CURRENCIES	2026	1,243.9	1,218.6
FOREIGN CURRENCIES		0.0	0.0
TOTAL LIABILITIES TO BANKS		**1,243.9**	**1,218.6**
THEREOF AT A FIXED INTEREST RATE	2023	446.3	441.6
THEREOF AT A VARIABLE INTEREST RATE	2026	797.6	777.0
3. FINANCIAL LIABILITIES TO OTHERS			
EURO CURRENCIES	2021	114.6	109.3
FOREIGN CURRENCIES (JPY)	2009	34.8	40.0
3A. TOTAL FINANCIAL LIABILITIES TO OTHERS EXCLUDING CROSS-BORDER LEASING		**149.4**	**149.3**
THEREOF AT A FIXED INTEREST RATE	2021	34.9	40.0
THEREOF AT A VARIABLE INTEREST RATE	2015	114.5	109.3
3B. CAPITAL SHARE ATTRIBUTABLE TO LIMITED PARTNERS			**138.7**
3C. CROSS-BORDER LEASING *			**728.6**
TOTAL FINANCIAL LIABILITIES TO OTHERS			**1,016.6**
TOTAL FINANCIAL LIABILITIES FROM CROSS-BORDER LEASING		**2,108.8**	**2,194.0**
TOTAL FINANCIAL LIABILITIES INCLUDING CROSS-BORDER LEASING			**2,922.7**

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TIME TO MATURITY								
<= 1 YEAR	> 1 TO 2 YEARS	> 2 TO 3 YEARS	> 3 TO 4 YEARS	> 4 TO 5 YEARS	> 5 YEARS	WEIGHTED NOMINAL INTEREST RATE	WEIGHTED EFFECTIVE INTEREST RATE	FAIR VALUE 31/12/2008
14.3	0.0	0.0	0.0	0.0	568.6	4.00 %	5.25 %	580.5
2.5	0.0	0.0	0.0	0.0	102.2	4.10 %	3.64 %	111.9
16.7	**0.0**	**0.0**	**0.0**	**0.0**	**670.8**	**4.02 %**	**4.54 %**	**692.4**
16.8	0.0	0.0	0.0	0.0	670.8	4.02 %	4.54 %	700.3
0.0	0.0	0.0	0.0	0.0	0.0		–	0.0
448.0	22.2	24.3	194.7	47.9	481.5	4.61 %	3.85 %	1,161.6
0.0	0.0	0.0	0.0	0.0	0.0	–	–	0.0
448.0	**22.2**	**24.3**	**194.7**	**47.9**	**481.5**	**4.61 %**	**3.85 %**	**1,161.6**
125.1	11.8	9.0	178.7	16.3	100.3	3.71 %	3.97 %	432.6
322.9	10.4	15.3	16.0	31.6	381.2	5.12 %	3.79 %	729.0
91.5	1.0	1.0	1.1	1.1	13.6	2.50 %	3.51 %	109.3
40.0	0.0	0.0	0.0	0.0	0.0	1.90 %	4.70 %	39.9
131.5	**1.0**	**1.0**	**1.1**	**1.1**	**13.6**	**2.34 %**	**4.69 %**	**149.2**
40.0	0.0	0.0	0.0	0.0	0.0	1.90 %	4.70 %	39.9
91.5	1.0	1.0	1.1	1.1	13.6	2.50 %	4.44 %	109.3
0.0	**138.7**	**0.0**	**0.0**	**0.0**	**0.0**			
0.0	**3.6**	**0.0**	**0.8**	**0.0**	**724.2**			**909.1**
131.5	**143.3**	**1.0**	**1.9**	**1.1**	**737.8**			**1,058.3**
596.2	**161.9**	**25.3**	**195.8**	**49.0**	**1,165.9**	**4.25 %**	**4.28 %**	**2,003.2**
596.2	**165.5**	**25.3**	**196.6**	**49.0**	**1,890.1**			**2,912.3**

* These figures correspond to asset items at the same level. For this reason, some figures are not meaningful.

(28) ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS ACCORDANCING TO IFRS 7

CARRYING AMOUNTS AND FAIR VALUES ALONG MEASUREMENT CATEGORIES 2009

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ASSETS – BALANCE SHEET ITEMS	MEASUREMENT CATEGORY IN ACC. WITH IAS 39/ MEASUREMENT IN ACC. WITH OTHER IASs/IFRSs	LEVEL		CARRYING AMOUNT AS AT 31/12/2009	FAIR VALUE AS AT 31/12/2009
INTERESTS IN NON-CONSOLIDATED AFFILIATED COMPANIES	FAAC			2.7	–
OTHER PARTICIPATING INTERESTS	FAAC			135.9	–
OTHER PARTICIPATING INTERESTS				**138.6**	
SECURITIES CBL (MEDIUM TERM NOTES, US TREASURIES)	LAR			88.8	74.5
OTHER LOANS CBL	LAR			236.2	179.0
NON-CURRENT INVESTMENTS CBL				**325.0**	
LOANS TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	LAR			39.9	40.3
SECURITIES (EXCLUDING CBL)	FAAFS	1		212.1	212.1
OTHER LOANS (EXCLUDING CBL)	LAR			183.2	193.1
DERIVATIVES – FINANCIAL AREA (CBL)	FAHFT	2	64.6		64.6
PRESENT VALUE LEASING PAYMENTS (FINANCE LEASES)	LAR		0.7		–
RECEIVABLES FROM PPPs (IN ACCORDANCE WITH IFRIC 12)	LAR		15.4		–
OTHER	–		26.1		–
OTHER NON-CURRENT RECEIVABLES				106.8	
OTHER NON-CURRENT INVESTMENTS AND OTHER RECEIVABLES (NON-CURRENT)				**542.0**	
TRADE RECEIVABLES	LAR			248.3	248.3
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	LAR			41.8	41.8
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	LAR			1.6	1.6
LOANS (EXCLUDING CBL)	LAR			4.2	4.4
DERIVATIVES ENERGY AREA	FAHFT	1,2		367.3	367.6
DERIVATIVES – FINANCIAL AREA	FAHFT	2		0.1	0.1
GUARANTEES IN ELECTRICITY TRADING	LAR			3.5	3.2
EMISSION RIGHTS	IAS 38 OR IAS 2			20.0	–
OTHER	–			37.6	–
TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENT)				**724.4**	
CASH AND CASH EQUIVALENTS	LAR			**126.0**	126.0
THEREOF AGGREGATED ALONG MEASUREMENT CATEGORIES					
FINANCIAL ASSETS AT COST	FAAC			138.6	
LOANS AND RECEIVABLES	LAR			989.6	
FINANCIAL ASSETS AVAILABLE FOR SALE	FAAFS			212.1	
FINANCIAL ASSETS HELD FOR TRADING	FAHFT			432.0	

CARRYING AMOUNTS AND FAIR VALUES ALONG MEASUREMENT CATEGORIES 2009 – CONTINUED

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LIABILITIES – BALANCE SHEET ITEMS	MEASUREMENT CATEGORY IN ACC. WITH IAS 39/ MEASUREMENT IN ACC. WITH OTHER IASs/IFRSs	LEVEL	CARRYING AMOUNT AS AT 31/12/2009	FAIR VALUE AS AT 31/12/2009
BONDS	FLAAC		2,243.8	2,371.4
LIABILITIES TO BANKS AND TO OTHERS	FLAAC		1,544.9	1,586.7
FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)			**3,788.8**	
LIABILITIES TO BANKS AND TO OTHERS	FLAAC		152.7	190.2
LIABILITIES TO BANKS	FLAFVPL	2	243.0	243.0
FINANCIAL LIABILITIES CBL (NON-CURRENT AND CURRENT)			**395.7**	
CAPITAL SHARES ATTRIBUTABLE TO LIMITED PARTNERS	IAS 32		**125.9**	
DERIVATIVES – FINANCIAL AREA (CBL)	FLHFT	2	11.6	11.6
ELECTRICITY SUPPLY COMMITMENT	–		465.0	–
TRADE ACCOUNTS PAYABLE	FLAAC		1.3	1.3
OTHER	FLAAC		3.1	3.1
OTHER LIABILITIES (NON-CURRENT)			**481.0**	
TRADE ACCOUNTS PAYABLE	FLAAC		115.0	115.0
DERIVATIVES ENERGY AREA	FLHFT	1, 2	163.7	163.7
DERIVATIVES – FINANCIAL AREA	FLHFT	2	2.9	2.9
LIABILITIES TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	FLAAC		13.8	13.8
LIABILITIES TO NON-CONSOLIDATED AFFILIATED COMPANIES	FLAAC		2.6	2.6
OTHER	FLAAC		6.7	6.7
OTHER	–		81.4	–
TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE			**386.1**	
THEREOF AGGREGATED ALONG MEASUREMENT CATEGORIES				
FINANCIAL LIABILITIES AT AMORTISED COST	FLAAC		4,083.9	
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (FAIR VALUE OPTION)	FLAFVPL		243.0	
FINANCIAL LIABILITIES HELD FOR TRADING	FLHFT		178.2	

CARRYING AMOUNTS AND FAIR VALUES ALONG MEASUREMENT CATEGORIES 2008

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ASSETS – BALANCE SHEET ITEMS	MEASUREMENT CATEGORY IN ACC. WITH IAS 39/ MEASUREMENT IN ACC. WITH OTHER IASs/IFRSs		CARRYING AMOUNT AS AT 31/12/2008	FAIR VALUE AS AT 31/12/2008
INTERESTS IN NON-CONSOLIDATED AFFILIATED COMPANIES	FAAC		9.2	–
OTHER PARTICIPATING INTERESTS	FAAC		142.8	–
PREPAYMENTS ON PARTICIPATING INTERESTS	FAAC		36.7	–
OTHER PARTICIPATING INTERESTS			**188.7**	
SECURITIES CBL (MEDIUM TERM NOTES)	LAR		47.1	48.1
OTHER LOANS CBL	LAR		543.4	629.8
NON-CURRENT INVESTMENTS CBL			**590.5**	
LOANS TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	LAR		40.6	41.3
SECURITIES (EXCLUDING CBL)	FAAFS		266.5	266.5
OTHER LOANS (EXCLUDING CBL)	LAR		157.8	154.2
DERIVATIVES – FINANCIAL AREA (CBL)	FAHFT	117.9		117.9
PRESENT VALUE LEASING PAYMENTS (FINANCIAL LEASING)	LAR	1.6		–
OTHER	–	28.1		–
OTHER NON-CURRENT RECEIVABLES			147.6	
OTHER NON-CURRENT INVESTMENTS AND OTHER RECEIVABLES (NON-CURRENT)			**612.5**	
TRADE RECEIVABLES	LAR		281.1	281.1
RECEIVABLES FROM COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	LAR		30.9	30.9
RECEIVABLES FROM NON-CONSOLIDATED AFFILIATED COMPANIES	LAR		5.5	5.5
LOANS	LAR		2.6	2.6
DERIVATIVES ENERGY AREA	FAHFT		383.3	383.6
GUARANTEES IN ELECTRICITY TRADING	LAR		4.5	4.2
OTHER	LAR		7.3	7.3
EMISSION RIGHTS	IAS 38 OR IAS 2		43.3	–
OTHER	–		35.0	–
TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENT)			**793.2**	
CASH AND CASH EQUIVALENTS	LAR		**107.8**	107.8
THEREOF AGGREGATED ALONG MEASUREMENT CATEGORIES				
FINANCIAL ASSETS AT COST	FAAC		188.7	
LOANS AND RECEIVABLES	LAR		1,229.9	
FINANCIAL ASSETS AVAILABLE FOR SALE	FAAFS		266.5	
FINANCIAL ASSETS HELD FOR TRADING	FAHFT		501.5	

CARRYING AMOUNTS AND FAIR VALUES ALONG MEASUREMENT CATEGORIES 2008 – CONTINUED

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LIABILITIES – BALANCE SHEET ITEMS	MEASUREMENT CATEGORY IN ACC. WITH IAS 39/ MEASUREMENT IN ACC. WITH OTHER IASs/IFRSs	CARRYING AMOUNT AS AT 31/12/2008	FAIR VALUE AS AT 31/12/2008
BONDS	FLAAC	687.5	692.4
LIABILITIES TO BANKS AND TO OTHERS	FLAAC	1,343.4	1,286.3
DERIVATIVES – FINANCIAL AREA	FLHFT	24.5	24.5
FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)		**2,055.4**	
LIABILITIES TO OTHERS	FLAAC	429.8	610.3
LIABILITIES TO OTHERS	FLAFVPL	298.8	298.8
FINANCIAL LIABILITIES CBL (NON-CURRENT AND CURRENT)		**728.6**	
CAPITAL SHARES ATTRIBUTABLE TO LIMITED PARTNERS	IAS 32	**138.7**	
DERIVATIVES – FINANCIAL AREA (CBL)	FLHFT	10.7	10.7
TRADE ACCOUNTS PAYABLE	FLAAC	2.0	2.0
OTHER	FLAAC	2.6	2.6
OTHER	–	0.1	–
OTHER LIABILITIES (NON-CURRENT)		**15.3**	
TRADE ACCOUNTS PAYABLE	FLAAC	59.5	59.5
DERIVATIVES ENERGY AREA	FLHFT	156.5	156.5
LIABILITIES TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	FLAAC	23.5	23.5
LIABILITIES TO NON-CONSOLIDATED AFFILIATED COMPANIES	FLAAC	7.8	7.8
OTHER	FLAAC	10.9	10.9
OTHER	–	93.9	–
TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE		**352.1**	
THEREOF AGGREGATED ALONG MEASUREMENT CATEGORY			
FINANCIAL LIABILITIES AT AMORTISED COST	FLAAC	2,566.9	
FINANCIAL LIABILITES AT FAIR VALUE THROUGH PROFIT AND LOSS (FAIR VALUE OPTION)	FLAFVPL	298.8	
FINANCIAL LIABILITIES HELD FOR TRADING	FLHFT	191.7	

For those financial instruments which are systematically measured at fair value, the levels of the measurement must also be specified with effect from the 2009 reporting period in accordance with IFRS 7.

The fair values of assets and liabilities generally correspond to the market prices for similar assets and liabilities (level 1 measurement). If the financial instruments are listed on an active market, the respective price quoted on this market represents the fair value in the Verbund Group.

If prices are not available on active markets, fair values are calculated using recognised measurement models on the basis of observable input data, which is calculated either directly (on the basis of market prices) or indirectly (derived from market prices) (level 2 measurement).

If fair value measurement of assets is carried out using input parameters that cannot be observed on the market, this is equivalent to a level 3 measurement. The Verbund Group does not currently use level 3 measurements for financial instruments that are systematically measured at fair value.

The fair values of listed securities correspond to the nominal values multiplied by the prices quoted on the balance sheet date. These fair values are based on level 1 measurements.

For all other assets and liabilities in the financial area that are systematically measured at fair value, level 2 measurements are carried out. Here, the fixed cash flows, or the cash flows determined by way of forward rates using the current yield curve, are discounted at the measurement date using the discount factors determined from the yield curve applicable on the closing date. As such, the fair value of interest rate swaps is equivalent to the value that the Verbund Group would receive or have to pay upon unwinding the transaction on the balance sheet date. Current market trends, especially current interest rate levels and yield curves, are taken into consideration in this process.

The fair values of non-current loans, which are also listed in the table above, correspond to the present values of the payments connected with the assets under consideration of the current interest parameters, which reflect market and partner-related changes (credit default swaps, CDS) to the conditions and expectations.

The fair values of interests in non-consolidated affiliated companies and other participating interests have not been specified, as it was not possible to provide a reliable measurement of their future cash flows. It was also not possible to measure fair values by means of analogy technique due to a lack of comparable transactions.

In the case of cash and cash equivalents, trade accounts receivable and other current receivables, the carrying amount serves as a realistic estimate of the fair value due to the short times to maturity.

The fair values of liabilities to banks, loans and other financial liabilities are determined as present values of the payments associated with the debts on the basis of the applicable yield curve as well as the credit spread curve for specific currencies.

The fair values of borrowings within current credit facilities as well as other current liabilities are measured at their carrying amounts due to the short times to maturity.

The fair values of energy forwards quoted on the stock exchange correspond to the daily settlement prices published by the respective stock exchange on the balance sheet date. The fair values of electricity, gas and CO_2 future contracts are based on level 1 measurements. The fair values of energy forwards not quoted on the stock exchange are measured with a forward price curve that is derived from the stock exchange prices using an EURIBOR-based discounting method. The fair values of electricity, gas and CO_2 forward contracts are therefore based on level 2 measurements in accordance with IFRS 7.

Of the energy derivatives classified as "FAHfT" and "FLHfT" in the above table, positive fair values in the amount of m€ 153.7 (previous year: m€ 212.6) and negative fair values in the amount of m€ 111.0 (previous year: m€ 64.4) relate to hedging transactions recognised as cash flow hedges on the balance sheet. These fair values are not netted values; following the inter-portfolio netting carried out in accordance with the accounting regulations of the Verbund Group (see: Risk/risk management, energy area), cash flow hedges can no longer be isolated..

ANALYSIS OF CONTRACTUAL CASH OUTFLOWS

Disclosure of contractual (undiscounted) cash flows of financial liabilities according to IFRS 7:

CASH FLOWS AS OF 31 DECEMBER 2009 M€

	2010	2011	DUE 2012–14	AS OF 2015
BONDS	102.7	105.9	817.9	2,006.1
LIABILITIES TO BANKS	148.5	107.1	561.9	895.6
FINANCIAL LIABILITIES TO OTHERS	2.4	3.0	37.1	12.7
CAPITAL SHARE ATTRIBUTABLE TO LIMITED PARTNERS	0.0	125.9	0.0	0.0
CROSS-BORDER LEASING	3.0	0.0	1.1	391.6
CASH OUT FLOWS FOR FINANCIAL LIABILITIES	**256.6**	**341.9**	**1,418.0**	**3,306.0**
TRADE PAYABLES	115.0	0.3	0.1	1.0
LIABILITIES TO COMPANIES, IN WHICH PARTICIPATING INTERESTS ARE HELD	13.8	0.0	0.1	0.0
LIABILITIES TO NON-CONSOLIDATED AFFILIATED COMPANIES	2.6	0.0	0.0	0.0
DERIVATIVES ENERGY AREA (WITH AND WITHOUT HEDGING RELATIONSHIP)	736.2	361.0	112.0	0.0
DERIVATIVES FINANCIAL AREA (WITH AND WITHOUT HEDGING RELATIONSHIP)	0.0	34.5	0.0	0.0
OTHER	45.9	0.2	0.1	2.6
CASH OUT FLOWS FOR TRADE PAYABLES AND OTHER PAYABLES	**913.5**	**396.0**	**112.3**	**3.6**
CASH OUT FLOWS FOR LIABILITIES IN ACCORDANCE WITH IFRS 7	**1,170.1**	**737.9**	**1,530.3**	**3,309.6**

CASH FLOWS AS OF 31 DECEMBER 2008

M€

	2009	2010	DUE 2011–13	AS OF 2014
BONDS	33.6	32.8	98.4	722.8
LIABILITIES TO BANKS	462.4	50.3	337.1	549.9
FINANCIAL LIABILITIES TO OTHERS	132.7	1.8	5.4	14.5
CAPITAL SHARE ATTRIBUTABLE TO LIMITED PARTNERS	0.0	138.7	0.0	0.0
DERIVATIVES IN FINANCIAL AREA	24.5	0.0	0.0	0.0
CROSS-BORDER LEASING	1.8	5.2	0.8	724.3
CASH OUT FLOWS FOR FINANCIAL LIABILITIES	**655.0**	**228.8**	**441.7**	**2,011.5**
TRADE PAYABLES	59.5	0.4	1.5	0.1
LIABILITIES TO COMPANIES, IN WHICH PARTICIPATING INTERESTS ARE HELD	23.5	0.0	0.0	0.0
LIABILITIES TO NON-CONSOLIDATED AFFILIATED COMPANIES	7.8	0.0	0.0	0.0
DERIVATIVES ENERGY AREA (WITH AND WITHOUT HEDGING RELATIONSHIP)	413.6	195.7	72.0	0.0
DERIVATIVES FINANCIAL AREA (WITH AND WITHOUT HEDGING RELATIONSHIP)	0.0	0.0	34.5	0.0
OTHER	104.6	0.0	0.0	2.6
CASH OUT FLOWS FOR TRADE PAYABLES AND OTHER PAYABLES	**609.0**	**196.1**	**108.0**	**2.7**
CASH OUT FLOWS FOR LIABILITIES IN ACCORDANCE WITH IFRS 7	**1,264.0**	**424.9**	**549.7**	**2,014.2**

Cash outflows from cross-border leasing transactions are matched with corresponding cash inflows from investments.

NET RESULTS ALONG MEASUREMENT CATEGORIES ACCORDING TO IAS 39

Net results in accordance with IFRS 7 mainly comprise impairment losses and reversals of impairment, foreign currency gains and losses and earnings realised from sales.

NET RESULTS ALONG MEASUREMENT CATEGORIES ACCORDING TO IAS 39

M€

	2009		2008	
	NET RESULT	THEREOF IMPAIRMENT	NET RESULT	THEREOF IMPAIRMENT
FINANCIAL ASSETS AT COST	0.9	0.0	–2.3	–2.3
FINANCIAL ASSETS AVAILABLE FOR SALE	–4.4	–27.7	–69.9	–38.8
LOANS AND RECEIVABLES	11.2	–4.4	–8.3	–8.7
FINANCIAL LIABILITIES AT AMORTIZED COST	5.4	0.0	–24.0	0.0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (FAIR VALUE OPTION)	55.8	0.0	–70.9	0.0
FINANCIAL ASSETS/LIABILITIES HELD FOR TRADING	–49.2	0.0	70.0	0.0
TOTAL INTEREST EXPENSES		–183.6		–162.7
TOTAL INTEREST INCOME		80.9		110.9
RECOGNISED DIRECTLY IN EQUITY THROUGH OTHER COMPREHENSIVE INCOME IN THE AFS RESERVE		13.3		–21.8
RECLASSIFIED FROM THE AFS RESERVE TO THE INCOME STATEMENT AND RECOGNISED IN INCOME		–21.9		–10.5

The net gains/losses of the category »Financial assets measured at amortised cost« are presented in the result from participating interests. Dividend income has not been included in net gains/losses.

The net gains/losses of the category »Loans and receivables« are included in the operating result, insofar as these contain write-downs of trade receivables. Foreign currency exchange effects from loans in connection with cross-border leasing transactions are included in the other financial result.

The net gains/losses of the categories »Financial liabilities at amortised cost« and »Financial liabilities at fair value through profit or loss (fair value option)« include exchange losses in connection with financial liabilities and are presented in the other financial result.

The net gains/losses from »Financial assets/liabilities held for trading« refer to the fair value measurement of the derivatives from the wholesale and trading area of the electricity business and are therefore included in the operating result (sales); the measurement of the derivatives from the financial area is presented in the other financial result.

The net result from the complete and partial termination of cross-border leasing transactions amounts to m€ 19.6 and is reported in the other financial result. This is the result of the sale of non-current investments, the repayment of liabilities and the reversal of deferred income from the net present value gain originally generated. The latter net result is not a component of net gains/losses in accordance with IFRS 7. So as not to give an incomplete representation of the economic content of these terminations of cross-border leasing transactions, individual components of these terminations have not been included in the above table.

Total interest expenses and income are presented in interest expenses and interest income.

(29) NON-CURRENT AND CURRENT PROVISIONS

NON-CURRENT AND CURRENT PROVISIONS M €

	CURRENT		NON-CURRENT	
	2009	**2008**	**2009**	**2008**
PROVISIONS FOR PENSIONS	0.0	0.0	207.9	230.9
PROVISIONS FOR OTHER POST-EMPLOYMENT BENEFITS	0.0	0.0	126.5	121.2
PROVISIONS FOR SEVERANCE PAYMENTS	0.0	0.0	141.9	140.7
PROVISIONS FOR SEMI-RETIREMENT	14.3	14.8	16.9	30.4
OTHER PERSONNEL-RELATED PROVISIONS	51.4	52.0	8.5	3.4
OTHER PROVISIONS	218.8	168.3	170.3	121.3
NON-CURRENT AND CURRENT PROVISIONS	**284.5**	**235.1**	**672.0**	**647.9**

The provisions for pensions, other post employment benefits (premiums for supplementary health insurance) and severance payments are all considered non-current. For maturities of other provisions, see below.

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

M€

RECONSILIATION OF THE PROVISION RECORDED IN THE BALANCE SHEET	PENSION OBLIGATIONS		OTHER POST EMPLOYMENT BENEFITS	
	2009	**2008**	**2009**	**2008**
PRESENT VALUE (DBO) OF OBLIGATIONS COVERED BY FUND ASSETS	175.6	173.8	–	–
FAIR VALUE OF PLAN ASSETS	–162.1	–132.7	–	–
NET VALUE (DBO) OF OBLIGATIONS COVERED BY FUND ASSETS	13.5	41.1	–	–
PRESENT VALUE (DBO) OF OBLIGATIONS NOT COVERED BY FUND ASSETS	226.7	231.9	115.7	114.5
ACCUMULATED ACTUARIAL GAIN (+) / LOSS (–)	–32.3	–42.1	10.7	6.7
RECORDED PROVISION 31/12	**207.9**	**230.9**	**126.5**	**121.2**

PAYROLL EXPENSES INCLUDE	**2009**	**2008**	**2009**	**2008**
SERVICE COST (ACQUIRED CLAIMS)	0.7	0.5	2.1	1.8
INTEREST EXPENSES	19.4	19.9	5.7	5.8
EXPECTED INVESTMENT GAIN (–) / LOSS (+)	–2.7	–5.9	–	–
AMORTISED ACTUARIAL GAIN (–) / LOSS (+)	1.5	18.7	0.0	–0.1
PENSION EXPENSES RECORDED UNDER PAYROLL EXPENSES	**18.9**	**33.2**	**7.8**	**7.5**

CHANGED TO PRESENT VALUE OF OBLIGATIONS (DBO)	**2009**	**2008**	**2009**	**2008**
PRESENT VALUE (DBO) 01/01	405.7	418.3	114.5	116.3
CHANGES IN COMPANIES CONSOLIDATED	10.3	–	–	–
SERVICE COST (ACQUIRED CLAIMS)	0.7	0.5	2.1	1.8
INTEREST EXPENSES	19.4	19.9	5.7	5.8
PENSION PAYMENTS/CONTRIBUTIONS TO SUPPLEMENTARY HEALTH INSURANCE	–32.6	–33.6	–2.5	–2.3
ACTUARIAL GAIN (–) / LOSS (+)	–1.3	0.6	-4.0	–7.1
ACTUAL DBO 31/12	**402.3**	**405.7**	**115.7**	**114.5**

CHANGES TO PLAN ASSETS	**2009**	**2008**	**2009**	**2008**
PLAN ASSETS AT FAIR VALUE 01/01	132.6	151.2	–	–
CHANGES IN COMPANIES CONSOLIDATED	5.0	–	–	–
FUNDS – CONTRIBUTIONS	23.7	2.1	–	–
FUNDS – PAYOUTS	–9.5	–9.1	–	–
EXPECTED GAIN FROM PLAN ASSETS	2.7	5.9	–	–
ACTUARIAL GAIN (+) / LOSS (–)	7.5	–17.5	–	–
PLAN ASSETS AT FAIR VALUE 31/12	**162.1**	**132.69**	**–**	**–**

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS – CONTINUED M€

DEVELOPMENT OF NON-REALISED ACTUARIAL GAIN / LOSS	2009	2008	2009	2008
ACCUMULATED GAIN (+) / LOSS (–) AS AT 01/01	–42.2	–42.8	6.7	–0.3
CHANGES IN COMPANIES CONSOLIDATED	0.0	–	–	–
ACTUARIAL GAIN (+) / LOSS (–) OF THE YEAR	1.3	–0.6	4.0	7.1
INVESTMENT GAINS (+) / LOSSES (–) OF THE YEAR	7.5	–17.5		
AMORTISATION FOR THE YEAR	1.1	18.7	0.0	–0.1
ACCUMULATED ACTUARIAL GAIN (+) / LOSS (–) AS AT 31/12	**–32.3**	**–42.2**	**10.7**	**6.7**

In the 2009 reporting period, the pension fund generated income of m€ 10.2 (previous year: m€ -11.6).

The calculations as at 31 December 2009 and at 31 December 2008 are based on the assumptions in the table below:

ACTUARIAL ASSUMPTIONS

	2009	2008
PENSIONS		
DISCOUNT RATE	RANGE 5.00–5.25 %	RANGE 5.00–5.25 %
PENSION INCREASES	2.50 %	2.50 %
SALARY INCREASES	3.00 %	3.00 %
FLUCTUATIONS	NONE	NONE
RETIREMENT AGE – WOMEN	56.5–65	56.5–65
RETIREMENT AGE – MEN	61.5–65	61.5–65
EXPECTED NON-CURRENT RETURN ON FUND ASSET (CALCULATED ON BASIS OF SECONDARY MARKET YIELD OF FIXED-INTEREST AUSTRIAN FEDERAL SECURITIES)	2.0 %	2.0 %
POTHER POST-EMPLOYMENT BENEFITS (PREMIUMS FOR SUPPLEMENTARY HEALTH INSURANCE)		
DISCOUNT RATE	RANGE 5.00–5.25 %	RANGE 5.00–5.25 %
FLUCTUATIONS (DEPENDING ON LENGTH OF SERVICE)	0.0-4.0 %	0.0–4.0 %
TREND OF CONTRIBUTIONS ON BASIS OF HOSPITAL COST INDICES:		
NEW CONTRACTS (WITH DEDUCTIBLE)	4.5 %	4.5 %
OLD CONTRACTS (WITHOUT DEDUCTIBLE)	7.5 %	7.5 %
STATUTORY SEVERANCE PAYMENTS		
DISCOUNT RATE	5.00 %	5.00 %
FLUCTUATIONS (DEPENDING ON LENGTH OF SERVICE)	0.0–4.0 %	0.0–4.0 %

The estimated cost increase for medical care has a significant influence on the premium expenses for supplementary health insurance in payroll expenses. On the basis of the present value of the obligation (DBO) in the amount of m€ 115.7, a one-percentage-point change in the cost increase has the following effects:

EFFECTS OF COST INCREASES IN MEDICAL CARE

M€

	1 %-POINT INCREASE	1 %-POINT DECREASE
EFFECT ON SERVICE AND INTEREST COSTS	+1.9	–1.5
EFFECT ON DBO	+24.1	–18.8

EXPERIENCE ADJUSTMENTS OF THE LAST 5 YEARS

	2005	2006	2007	2008	2009
OTHER POST-EMPLOYMENT BENEFITS (DBO) AS AT 31/12 IN M€	103.1	128.3	116.3	114.5	115.7
EXPERIENCE ADJUSTMENTS (+) GAIN / (–) LOSS – IN % OF THE PRESENT VALUE OF THE OBLIGATION (DBO) AT THE END OF THE PERIOD	1.03 %	–3.67 %	5.26 %	0.30 %	3.46 %

Experience adjustments are actuarial gains and losses that result from deviations in individual person-related parameter assumptions as opposed to deviations in the parameters that are used for the total workforce. This refers, among other things, to salary developments, the number of deaths, early retirement and resignations.

EXPERIENCE ADJUSTMENTS OF THE LAST 5 YEARS

	2005	2006	2007	2008	2009
PENSION LIABILITIES (DBO) AS AT 31/12	426.5	427.5	418.3	405.7	402.3
PLAN ASSETS AT FAIR VALUE	–156.5	–157.6	–151.2	–132.6	–162.1
DEFICIT (+) / SURPLUS (–)	**270.0**	**269.9**	**267.1**	**273.1**	**240.1**
EXPERIENCE ADJUSTMENTS (+) GAIN / (–) LOSS					
IN % OF THE PRESENT VALUE OF THE OBLIGATION (DBO) AT THE END OF THE PERIOD	0.40 %	–3.56 %	–1.16 %	–2.11 %	0.32 %
IN % OF THE PLAN ASSETS AT THE END OF THE PERIOD	7.28 %	1.21 %	–3.28 %	–53.9 %	22.96 %

The deficit represents the part of the pension commitments that are not covered by plan assets. This primarily refers to direct commitments to persons drawing a pension.

In the 2010 reporting period, current contributions to the defined-contribution pension fund are expected in the amount of m€ 7.1.

The fund assets comprise:

FUND ASSETS

SHARE IN %

	2009	2008
BONDS – EURO	44.63 %	26.71 %
BONDS – EURO CORPORATES	8.60 %	2.16 %
BONDS – NON-EURO	0.00 %	6.62 %
STOCKS – EURO	4.99 %	6.53 %
STOCKS – NON-EURO	10.01 %	9.01 %
STOCKS – EMERGING MARKETS	1.69 %	0.24 %
ALTERNATIVE INVESTMENTS	7.54 %	2.07 %
PROPERTY FUND UNITS	1.03 %	0.00 %
CASH	16.75 %	17.66 %
BONDS – EURO MONEY MARKET	0.00 %	29.00 %
BONDS – EURO HIGH YIELD	4.76 %	0.00 %
TOTAL	**100.00 %**	**100.00%**

The pension fund assets and semi-retirement credit of Innkraftwerke is invested in a bond fund (HI-Renten Euro-Fonds).

PROVISIONS FOR SEVERANCE PAYMENTS

M€

	2009	2008
PROVISION FOR STATUTORY SEVERANCE PAYMENTS	136.0	134.6
PROVISION FOR SEVERANCE PAYMENTS FROM SPECIAL AGREEMENTS IN ACCORDANCE WITH SOCIAL PLAN	5.9	6.1
RECORDED PROVISION AS AT 31/12	**141.9**	**140.7**

PROVISIONS FOR STATUTORY SEVERANCE PAYMENTS

M€

	2009	2008	2007
DERIVATION OF PROVISION RECORDED IN THE BALANCE SHEET			
PRESENT VALUE (DBO) OF OBLIGATIONS	136.0	134.6	135.3
RECORDED PROVISION AS AT 31/12	**136.0**	**134.6**	**135.3**
PAYROLL EXPENSES INCLUDE			
SERVICE COST	2.2	2.5	2.6
INTEREST EXPENSES	6.6	6.2	5.8
ACTUARIAL GAIN (–) / LOSS (+)	3.4	2.0	–2.7
SEVERANCE PAYMENT COSTS RECORDED UNDER PAYROLL EXPENSES	**12.2**	**10.7**	**5.7**
CHANGES TO PROVISION			
RECORDED PROVISION AS AT 01/01	134.6	135.3	140.7
CHANGE IN COMPANIES CONSOLIDATED	0.4	0.0	0.0
NET EXPENDITURE RECORDED IN THE INCOME STATEMENT	12.2	10.7	5.7
SEVERANCE PAYMENTS	–11.2	–11.4	–11.1
RECORDED PROVISION AS AT 31/12	**136.0**	**134.6**	**135.3**

PROVISIONS FOR EARLY-RETIREMENT

M€

	2009	2008	2007
RECONCILIATION OF BALANCE SHEET PROVISION			
PRESENT VALUE (DBO) OF OBLIGATIONS	32.5	45.2	50.5
FAIR VALUE OF PLAN ASSETS	1.2	–	–
RECORDED PROVISION AS AT 31/12	**31.3**	**45.2**	**50.5**
PAYROLL EXPENSES INCLUDE			
SERVICE COSTS	0.4	0.0	0.0
INTEREST COSTS	1.6	1.9	2.3
REDUCTION IN PROVISION FOR IMPENDING LOSSES	0.0	–2.4	–1.2
REALISED ACTUARIAL GAIN (–) / LOSS (+)	–6.4	7.6	–4.1
EXPENSES RECORDED UNDER PAYROLL EXPENSES	**–4.4**	**7.1**	**–3.1**
CHANGES TO PROVISION			
RECORDED PROVISION AS AT 01/01	45.2	50.5	72.2
CHANGES IN COMPANIES CONSOLIDATED	1.1		
REPOSTING FROM PROVISION FOR IMPENDING LOSSES	0.1	2.4	1.2
NET EXPENDITURE RECORDED IN THE INCOME STATEMENT	–4.4	7.1	–3.1
PAYMENTS FOR EARLY RETIREMENT	–10.7	–14.8	–19.8
PROVISION AS AT 31/12	**31.3**	**45.2**	**50.5**

The provisions for semi-retirement models provide for bridging payments within the framework of semi-retirement in the amount of m€ 31.3 (previous year: m€ 45.2). These models allow the company to reduce employee numbers in a socially compatible manner.

OTHER PERSONNEL-RELATED PROVISIONS

M€

CARRYING AMOUNT AS AT 01/01/2009	
THEREOF › 1 YEAR	3.4
THEREOF ‹ 1 YEAR	52.0
TOTAL AS AT 01/01/2009	**55.4**
NEW PROVISIONS	54.4
INTEREST ACCRUED	0.3
APPROPRIATION	–49.7
REVERSAL	–0.5
REPOSTING	–0.1
CARRYING AMOUNT 31/12/2009	**59.9**
THEREOF › 1 YEAR	8.5
THEREOF ‹ 1 YEAR	51.4

Other personnel-related provisions essentially contain accruals for vacation entitlements (m€ 19.9; previous year: m€ 22.7), flexitime balances (m€ 2.6; previous year: m€ 2.5), reorganisation provisions (m€ 3.9; previous year: m€ 3.9), additional vacation pay (m€ 8.2; previous year: m€ 8.5), premiums for the performance-oriented salary system (m€ 15.3; previous year: m€ 13.2) and anniversary bonuses (m€ 4.5; previous year: m€ 3.4).

OTHER PROVISIONS

M€

	PROVISIONS FOR IMPENDING LOSSES	OTHER	TOTAL
CARRYING AMOUNT AS AT 01/01/2009			
THEREOF › 1 YEAR	81.0	40.3	121.3
THEREOF ‹ 1 YEAR	1.0	167.3	168.3
TOTAL AS AT 01/01/2009	**82.0**	**207.6**	**289.6**
CHANGES IN COMPANIES CONSOLIDATED	0.0	6.4	6.4
NEW PROVISIONS	8.8	211.1	219.9
INTEREST ACCRUED	14.2	0.9	15.1
APPROPRIATION	–1.9	–137.8	–139.7
REVERSAL	–0.7	–1.5	–2.2
REPOSTING	0.0	0.0	0.0
CARRYING AMOUNT AS AT 31/12/2009	**102.4**	**286.7**	**389.1**
THEREOF › 1 YEAR	100.7	69.6	170.3
THEREOF ‹ 1 YEAR	1.7	217.1	218.8

The provisions for impending losses increased by approximately m€ 9.1 as on 31 December 2009 due to the adjustment of the discount rate to 5.5 % (previous year: 6.25 %).

OTHER NON-CURRENT AND CURRENT PROVISIONS

M€

	DECOMMISSIONING COSTS	OUTSTANDING RECEIPTS FOR INVESTMENTS	MAINTENANCE EXPENSES	LEGAL, AUDITING AND CONSULTING EXPENSES	ELECTRICITY/GRID SUPPLIES	INTEREST EXPENSES FROM CROSS-BORDER LEASES	OTHER	TOTAL
CARRYING AMOUNT AS AT 01/01/2009								
THEREOF › 1 YEAR	29.5	0.0	10.2	0.0	0.0	0.0	0.6	40.3
THEREOF ‹ 1 YEAR	0.0	64.6	40.5	6.1	28.0	0.0	28.1	167.3
TOTAL AS AT 01/01/2009	**29.5**	**64.6**	**50.7**	**6.1**	**28.0**	**0.0**	**28.7**	**207.6**
CHANGES IN COMPANIES CONSOLIDATED	0.5	0.0	5.4	0.0	0.0	0.0	0.5	6.4
NEW PROVISIONS	0.2	88.1	57.2	7.2	38.1	13.8	6.5	211.1
INTEREST ACCRUED	–0.2	0.0	1.1	0.0	0.0	0.0	0.0	0.9
APPROPRIATION	0.0	–64.4	–40.7	–7.2	–12.5	0.0	–13.0	–137.8
REVERSAL	0.0	–0.1	–0.6	–0.7	0.0	0.0	–0.1	–1.5
CARRYING AMOUNT 31/12/2009	**30.0**	**88.2**	**73.1**	**5.4**	**53.6**	**13.8**	**22.6**	**286.7**
THEREOF › 1 YEAR	30.0	0.0	16.6	0.0	8.6	13.7	0.7	69.6
THEREOF ‹ 1 YEAR	0.0	88.2	56.5	5.4	45.0	0.1	21.9	217.1

(30) CURRENT TAX LIABILITIES

CURRENT TAX LIABILITIES M€

	2009	2008
CORPORATE TAX	151.4	166.7
OTHER TAXES	0.0	0.0
CURRENT TAX LIABILITIES	**151.4**	**166.7**

Current tax liabilities are all considered current.

(31) CONTRIBUTIONS TO BUILDING COSTS

Under this item, contributions to building costs made especially by provincial companies to the Verbund Group, which are non-repayable, are carried as liabilities in the amount of m€ 401.9 (previous year: m€ 401.9). These allow for electricity-purchase rights and user rights with respect to power plants and other facilities of the Verbund Group for the duration of their useful lives. The contributions to building costs are reversed parallel to the depreciation of the facilities concerned.

(32) DEFERRED INCOME – CROSS-BORDER LEASING

This item includes deferred cash inflows from cross-border leasing transactions in the total amount of m€ 74.1 (previous year: m€ 244.8). The share that was reversed in the 2009 reporting period and recognised income amounts to m€ 170.7 (previous year: m€ 6.0). Here, scheduled reversals totalled m€ 2.1; the remaining reversals were the result of partial or complete terminations of cross-border leasing transactions or the exchange of non-current investments in the case of transactions that still remained.

OTHER LIABILITIES (NON-CURRENT) M€

	2009	2008
ELECTRICITY SUPPLY COMMITMENT	465.0	0.0
LIABILITIES TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	0.1	0.0
FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS (FINANCIAL AREA)	11.6	10.7
LIABILITIES FROM WATER RIGHTS	2.6	2.6
TRADE ACCOUNTS PAYABLE	1.3	2.0
OTHER	0.4	0.0
OTHER LIABILITIES (NON-CURRENT)	**481.0**	**15.3**

The electricity supply commitment corresponds to the obligation arising from a 20-year electricity supply agreement, which was entered into in (non-cash) partial consideration for the purchase of Kraftwerksgruppe Inn GmbH.

OTHER LIABILITIES (CURRENT)

M€

	2009	2008
FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS		
IN THE ENERGY AREA	163.7	156.7
IN THE FINANCIAL AREA	2.9	0.0
TRADE ACCOUNTS PAYABLE	115.0	59.5
LIABILITIES TO TAX AUTHORITIES	33.4	26.5
LIABILITIES TO ECRA	19.7	41.5
PAYABLES TO COMPANIES IN WHICH PARTICIPATING INTERESTS ARE HELD	13.8	23.5
PREPAYMENTS RECEIVED FROM AUCTIONS	6.7	10.9
PAYABLES TO NON-CONSOLIDATED AFFILIATED COMPANIES	2.6	7.8
SOCIAL SECURITY (E.G. LIABILITIES TO SOCIAL INSURANCE INSTITUTIONS)	4.5	4.2
ACCRUED ELECTRICITY PREPAYMENTS	2.4	2.6
LIABILITIES FROM WATER RIGHTS	1.7	0.0
RENT / LEASE PREPAYMENTS RECEIVED	0.1	2.4
PREPAYMENTS RECEIVED FOR INCOME THAT WILL BE RECOGNISED IN FOLLOWING PERIODS	0.0	0.0
OTHER	19.6	16.5
OTHER LIABILITIES (CURRENT)	**386.1**	**352.1**

(34) TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE (CURRENT)

VI. RISK / RISK MANAGEMENT

CROSS-BORDER LEASING TRANSACTIONS

With the outbreak of the financial market crisis during the 2008 reporting period, the risk profile for cross-border leasing transactions changed due to the deterioration of the credit ratings of contracting parties – mainly banks and insurers.

Owing to the increased liquidity requirements of individual US cross-border leasing investors and agreements between some of these investors and the US tax authorities with regard to the tax benefits from the transactions that need to be recognised, individual investors also became more willing to terminate cross-border leasing transactions prematurely.

The Verbund Group took advantage of this opportunity and entered into negotiations with individual investors back in September 2008. The aim here was to terminate cross-border leasing transactions prematurely, provided that part of the net present value gain generated (and thus part of the economic profit generated originally) was retained by the Verbund Group with accruing interest added.

A total volume of approximately bn€ 4.7 – equivalent to around 77 % of the total original transaction volume – was terminated within the space of one year. As a result, the risk profile of the Verbund Group improved considerably. Of the net present value originally generated for these cross-border leasing transactions totalling m€ 199.0 (with accruing interest added at average secondary market yield: m€ 286.0), a net present value of approximately m€ 67.0 (with accruing interest added: m€ 154.0) was retained. After deduction of all associated costs, this left approximately m€ 19.6 as a positive other financial result (see (10)).

Some of these terminations were carried out as full terminations, i.e. all related contracts (equity, equity payment undertaking agreement, A-loan, A-loan payment undertaking agreement, B-loan, B-loan payment undertaking agreement) were also terminated. Alternatively, partial terminations were carried out, where the transaction was terminated together with the equity-investor and the corresponding A-loans and A-loan payment undertaking agreements, while the associated B-loans were transferred to the Verbund Group. The corresponding B-loan payment undertaking agreements and the corresponding investments are also to be carried forward accordingly. Cover is still provided on the balance sheet. The variable income from these transferred contracts is countered with the fixed interest from the financial liabilities to banks transferred to the Verbund Group. To avoid risk, i.e. to ensure that the payments to be made arising from these obligations are met with exactly the same income, the derivative transactions (interest rate swaps, fair value hedges) concluded for these financial liabilities were also carried forward with a notional amount of m$ 241.0. These achieved a positive fair value of m€ 64.6 as at 31 December 2009.

One cross-border leasing transaction and two remaining tranches of transactions that have already been terminated remain in the portfolio. The remaining transaction volume totals approximately bn€ 1.5 and is equivalent to 23 % of the total transaction volume originally concluded. The net present value gain originally generated from these transactions amounted to approximately m€ 100.0.

The other remaining transactions are still exposed to the original risks, particularly the risk in relation to the rating. In the event of a deterioration of the rating of a contracting party or the Verbund Group below a contractually stipulated minimum rating, the Verbund Group must either provide additional security for the cross-border leasing transaction or exchange the payment undertaker for a contracting party with a corresponding rating. As at 31 December 2009, the ratings for the contracting parties and the Verbund Group are above the contractually required limits given for the rating. Hence, the Verbund Group does not need to take any additional action with regard to the replacement of individual contracting parties or investment instruments in connection with cross-border leasing transactions. This risk is also considerably lessened by the fact that regional authority guarantor liabilities exist for some individual contracting parties. In order to reduce the risk of the remaining tranches further, investment in a financial institution was replaced with the purchase of US Treasuries in the 2009 reporting period, which are given the highest credit rating. The buyback of this equity payment undertaking agreement by the issuers and the investment of funds in US Treasuries led to an exchange of non-current investments associated with cross-border leasing transactions. The newly acquired US Treasuries were recognised at cost of acquisition. On the liabilities side, the measurement of the corresponding liabilities was carried at amortised cost.

It was necessary to allocate a provision for interest rate differences as a result of the exchange of non-current investments associated with cross-border leasing transactions. The allocation expense was offset by the book profit from the buyback of the payment undertaking agreement by the issuers and the pro rata reversal of deferred income from the net present value gain originally generated.

Some of the individual components of the risks associated with cross-border leasing transactions are described below.

FINANCIAL INSTRUMENTS

The group's existing primary financial instruments mainly consist of long-term investments such as securities, loans, participating interests, trade receivables, cash in banks, public and non-public financial liabilities and trade payables.

FINANCIAL AREA

The derivative financial instruments regarding financial activities can be broken down as follows and are recorded in the following balance-sheet items:

DERIVATIVE FINANCIAL INSTRUMENTS M€

	NOMINAL AMOUNT	POSITIVE FAIR VALUE 31/12/2009	NEGATIVE FAIR VALUE 31/12/2009	POSITIVE FAIR VALUE 31/12/2008	NEGATIVE FAIR VALUE 31/12/2008
OTHER RECEIVABLES					
INTEREST RATE SWAP CROSS-BORDER LEASING (FIXED-RATE RECEIVER)	M$ 241.0 (PREVIOUS YEAR: M$ 236.0)	64.6		117.9	
CURRENCY FORWARDS – ELECTRICITY TRADING	MHUF 642.9 (PREVIOUS YEAR: MHUF 0.0)	0.1			
OTHER LIABILITIES					
INTEREST RATE SWAPS – FINANCIAL LIABILITIES	M€ 428.0 (PREVIOUS YEAR: M€ 0.0)		2.9		
CURRENCY FORWARD – CROSS-BORDER LEASING	M$ 28.6 (PREVIOUS YEAR: M$ 28.2)		11.6		10.7
OTHER FINANCIAL LIABILITIES					
$ CURRENCY FORWARD	M$ 105.0				6.4
$ CURRENCY FORWARD	M$ 245.0				18.0

All of the derivative transactions listed are used exclusively for hedging against existing foreign-exchange and interest-rate risks.

The value fluctuations of derivatives associated with cross-border leasing transactions are offset by the value fluctuations of hedged liabilities, which are measured through profit and loss at fair value.

Changes in value for the $ currency forwards are recognised in income. Excluding cross-border leasing transactions, there are no longer any further $ hedges in the 2009 reporting period. HUF currency forwards were concluded in order to hedge electricity trading transactions and for cross-border capacities.

In the case of financial liabilities subject to variable interest rates in the amount of m€ 428.0, interest rate swaps were carried out in the 2009 reporting period in order to hedge against increases in the interest rate. These are recognised as cash flow hedges. The future interest payments hedged by means of cash flow hedge accounting will take place over the next 17 years (2010 to 2026) and will be recognised in income accordingly.

The nominal amount comprises the reference basis of those derivative instruments that are open at the balance sheet date. The actual cash flows are only a fraction of these values.

LIQUIDITY RISK

In the period under review, the Verbund Group met all of its payment obligations (interest and prepayments) arising from loan obligations in a punctual and correct manner. This also applies for all other liabilities in so far as there were no legal or content-related objections.

For fee and cost reasons, no contracted credit lines exist with domestic financial institutions as on 31 December 2009. To guarantee adequate liquidity reserves, a five-year syndicated loan facility in the amount of m€ 750.0 with a two-time renewal option was secured at the beginning of 2005. The loan was taken out within the framework of a European bank syndicate via the financing company in the Netherlands.

The renewal options were used; the loan facility which exists until the beginning of 2012 was not used. Moreover, there are additional liquidity reserves in the securities and investment funds.

For details relating to the disclosure of contractual (undiscounted) cash out flows for financial liabilities according to IFRS 7, see (28).

CREDIT RISK

The amounts recognised on the assets side also represent the maximum credit risk and risk of default. As part of the group-wide risk management system, the counterparty credit risk in electricity and grid business as well as in the financial area is assessed and monitored in a uniform manner across the group. Transactions, apart from minor amounts, are only entered into with customers with a sufficient credit rating either on the basis of an external investment grade rating of an international rating agency (Moody's, Standard & Poor's) or following an internal credit check which determines a rating equivalent. For this purpose, each counterparty is assigned an individual limit which will be monitored across the group. Money market investments are also only concluded with financial partners that have an appropriate credit rating. All counterparty risks and the customer structure portfolio are monitored on the basis of default likelihoods which are calculated by international rating agencies. If the credit assessment or rating does not meet the requirements, i.e. an investment grade rating is not reached, transactions will be entered into only on the precondition of sufficient security (e.g. prepayments, bank guarantees, letters of comfort). These counterparty requirements serve to reduce default risks. Netting agreements are concluded to further minimise the risk level.

As a rule, counterparty risks were not insured in the past. In the year under review, a credit insurance policy was taken out for the first time in the end customer business. As at 31 December 2009, m€ 18.4 of trade receivables are covered by credit insurance, although there is a maximum cover rate of m€ 10.0 a year.

The following table provides an overview of the most important credit risk items and the allocated credit rating groups:

CREDIT RISK ITEMS AND THE ALLOCATED CREDIT RATING GROUPS

M€

CREDIT RATING GROUP	EQUIVALENT MOODY'S RATING	SECURITIES AND LOANS AT CBL	OTHER SECURITIES AND INVESTMENT FUNDS	OTHER NON-CURRENT RECEIVABLES AND LOANS	FINANCIAL DERIVATIVES	TRADE RECEIVABLES	ENERGY DERIVATIVES	MONEY MARKET TRANSACTIONS AND CASH AND CASH ITEMS
A	UP TO Aa3	238.1	106.6	0.7		24.1	74.8	4.2
B	UP TO A3	86.9	25.1	25.9	64.6	120.2	169.0	116.3
C	UP TO Baa3			0.0		50.9	104.5	1.3
D	BELOW Baa3		1.7	15.4		0.8	19.2	0.0
NOT RATED			78.7	223.1		52.3		4.0
TOTAL		**325.0**	**212.1**	**265.1**	**64.6**	**248.3**	**367.3**	**125.8**

With regard to the securities and loans in connection with the cross-border leasing transactions, the Verbund Group has not been able to identify any exchange rate or currency risks. These transactions were either carried out with matching currencies and maturities or were adjusted in line with the maturities, interest rates and currencies of the corresponding financial liabilities through appropriate derivative transactions. The remaining risk is therefore a credit quality or default risk of the counterparty to the transactions. This risk is further minimised as transactions are only carried out with partners who have a first class credit rating (Group A) at the time of execution, whereby the credit rating and solvency of the business partner is monitored on an ongoing basis to ensure that appropriate and timely action can be taken in the event of an impending default. In this context, we also refer to the separate section above on cross-border leasing transactions as well as to the section of the notes on other obligations and risks.

The non-classified other securities refer, essentially, to domestic investment funds (major investment funds) which were acquired, firstly, to cover the provision for social capital and secondly, as liquidity reserves.

The amounts shown as »not rated« under other non-current receivables and loans mainly include, besides various minor amounts, loans to companies accounted for using the equity method (m€ 39.9 to Ennskraftwerke AG and Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG) and the loan share of project financing (m€ 183.0) of POWEO Pont-sur-Sambre S.A.S. Due to close links with the Verbund Group, it does not seem worthwhile to give a credit rating here.

With regard to trade receivables, the non-rated values result, above all, from the expansion of the end customer business which led to a large number of receivables, the individual values of which lie below the minimum limit (m€ 0.1). This also includes companies for which no credit rating assessment has been carried out, but which have been assigned credit limits due to particular circumstances (e.g. statutory contracting requirements or specific strategic objectives).

INTEREST RATE RISK

The Verbund Group considers fluctuations in interest rates a substantial cash flow risk. Under the rules of risk management, only a maximum of 45 % of the financial obligations (including money market transactions) may be subject to a floating rate. As at 31 December 2009, the share of financial liabilities (including concluded interest rate swaps) where the Verbund Group has a corresponding interest-rate risk was approximately 15.5 % (previous year: 42.9 %).

An increase in the interest rate by 1 % would entail a reduction of the result (before tax) by m€ 5.7 p.a. (previous year: m€ 7.6 p.a.) based on the existing credit portfolio as at the balance sheet date. The utilisation of hedging instruments serves to reduce the effects short-term fluctuations in the market price have on earnings. Sustained negative changes in the market price, however, may have a negative effect on earnings.

As at 31 December 2009, interest-rate swaps exist in connection with cross-border leasing transactions. The fair value of these derivative transactions forms, together with related securities, loans and receivables, a micro-valuation unit in each case, which corresponds exactly to the recorded fair value of the financial liability.

The value fluctuations of the interest rate swaps are offset by interest rate-induced value fluctuations of the hedged financial liabilities and the financial liabilities that are presented at fair value. Further interest rate swaps were concluded in the 2009 reporting period for a nominal amount of m€ 428.0. Here, interest rates were swapped from variable to fixed interest in order to hedge the existing low interest rates in the longer term. These interest rate swaps were designated as cash flow hedges in accordance with IAS 39. For a detailed description of the financial liabilities including fair values, refer to the table under (28). The average remaining maturity of the overall portfolio amounts to 6.6 years (previous year: 5.0 years).

EXCHANGE RISK

There is no significant exchange risk on the assets side, because supplies are almost exclusively invoiced in €. The same essentially applies to the other primary financial instruments.

Since the assets (non-current investments and loans) and liabilities in connection with cross-border leasing transactions are exclusively quoted in $ and since corresponding hedging transactions have been concluded, there is no exchange risk.

Under the rules of risk management within the Verbund Group, the foreign-currency share of financial obligations (excluding cross-border leasing transactions) must not exceed the maximum values defined for each foreign-currency portion (maximum 5.0 % for JPY). These values were not exceeded.

As at 31 December 2009, the exchange risk for all financial liabilities (JPY) was presented as follows. A remaining hedge for the foreign-exchange risk presented by the planned acquisition of an interest to be carried out via $ currency forwards was completed in the reporting period.

LIABILITIES

31/12/2009 FOREIGN CURRENCY	€M	31/12/2008 FOREIGN CURRENCY	€M
MJPY 12,900.0	99.1	MJPY 12,900.0	104.6
		M$ 350.0	24.4 [1]

[1] Fair value of the derivatives

An unhedged foreign exchange rate risk exists for the liability shown in JPY. If JPY was to change by 1 % against the €, the result (before tax) would decrease by approximately m€ 1.0 (previous year: m€ 1.0).

ENERGY AREA

FAIR VALUES OF DERIVATIVES IN THE ENERGY AREA

The derivative financial instruments (electricity futures and electricity forwards, coal swaps, gas forwards, CO_2 futures and CO_2 forwards) used in the energy area can be broken down as follows:

CASH FLOW HEDGES (SALES AND PROCUREMENT)AS AT 31/12/2009 M€

	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET FAIR VALUE
FUTURES	93.2	89.2	4.0
FORWARDS	60.5	21.8	38.7
TOTAL BEFORE NETTING	**153.7**	**111.0**	**42.7**
THEREOF CURRENT	152.7	111.0	41.8
THEREOF NON-CURRENT	0.9	0.0	0.9
THEREOF IN EQUITY (CASH FLOW HEDGE RESERVE)			42.7

WHOLESALE AS AT 31/12/2009

M€

	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET FAIR VALUE
FUTURES	105.7	166.0	–60.3
FORWARDS	420.6	265.4	155.2
TOTAL BEFORE NETTING	**526.3**	**431.5**	**94.8**
THEREOF CURRENT	417.3	359.9	57.4
THEREOF NON-CURRENT	109.0	71.5	37.5
FUTURES ALREADY REALISED			–86.1
TOTAL			8.7

TRADING INCLUDING CO_2 AS AT 31/12/2009

M€

	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET FAIR VALUE
FUTURES	1.0	1.7	–0.6
FORWARDS	522.7	513.0	9.7
TOTAL BEFORE NETTING	**523.7**	**514.7**	**9.0**
THEREOF CURRENT	495.5	487.4	8.0
THEREOF NON-CURRENT	28.3	27.2	1.0

TOTAL AS AT 31/12/2009

M€

	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET FAIR VALUE
FUTURES	199.9	256.9	–57.0
FORWARDS	1,003.8	800.2	203.6
TOTAL BEFORE NETTING	1,203.7	1,057.1	146.6
INCLUDING NETTING AGREEMENTS	-836.4	-836.4	0.0
TOTAL AFTER NETTING	**367.3**	**220.7**	**146.6**
EEX / ECX CLEARING VARIATION BETWEEN MARGINS AND FUTURES		-57.0	
RECORDED UNDER OTHER CURRENT RECEIVABLES OR OTHER LIABILITIES	**367.3**	**163.7**	**203.6**

Positive fair values are recognised under trade receivables and other receivables and negative fair values under trade payables and other liabilities. If a framework contract with a netting clause has been concluded for a counterparty, the positive and negative fair values of the transaction are netted for this counterparty for reporting purposes.

The effects of potential market price fluctuations (–10 % to +10 %) on the operating result (wholesale portfolio, trading portfolio) as well as on the shareholders' equity (cash flow hedge accounting) are measured on the basis of a sensitivity analysis. Currently, an increase in the market price of +10 % would affect the operating result in the amount of m€ –3.0 (a –10 % drop in the market price would increase the operating result by m€ 3.0) and the shareholders' equity, excluding deferred taxes, in the amount of m€ 12.4 (a –10 % drop in the market price would have an impact in the amount of m€ –12.4).

The future sales and procurement transactions hedged within the framework of cash flow hedge accounting will be carried out in the next four years (2010 to 2013) and recognised in income accordingly.

As at 31 December 2009, there were no ineffective parts for recognition in profit or loss from cash flow hedge accounting in accordance with IAS 39.

In the 2009 reporting period, an amount of m€ 239.0 (previous year: m€ 73.8) was allocated to the cash flow hedge reserve through the other comprehensive income. In the same period, m€ 353.8 (previous year: m€ –74.5) was reclassified to the income statement and recognised in income. An effect on the income statement in the amount of m€ –8.3 (previous year: m€ 1.9) resulted from basis adjustments connected with coal inventories in the 2009 reporting period.

GOALS OF CAPITAL MANAGEMENT

Capital management within the Verbund Group aims to secure the future of the company, an adequate return on equity and a continuous dividend policy with a pay-out ratio of between 45 % and 50 % of the group result. The capital is assessed in relation to the risks and is controlled on the basis of the ratio between net debt and equity (gearing). The net debt corresponds to the interest-bearing debts netted against interest-bearing assets. Equity comprises the equity that is attributable to the shareholders of the parent and minority interests as shown on the balance sheet. In 2009, gearing increased from 80.2 % to 138.3 %. The target of keeping gearing below 150 % at the same time as generating a return on equity of over 20 % was achieved in the 2009 reporting period.

RISK MANAGEMENT

A company-wide risk management system has been in place in the Verbund Group for many years. This uses software to track and devise measures for all risks and opportunities within the group. An independent strategic holding department is responsible for coordinating this process, which involves regularly aggregating risk data and reporting to the Managing Board and the Supervisory Board on the overall risk/opportunity situation on a quarterly basis.

Corporate risk management focuses on all areas that are of prime importance to the Verbund Group. These include commodities, the financial area, information security, the transmission grid and, in view of its growth strategy, the participating interests of the Verbund Group accounted for using the equity method.

Individual risk management committees, which convene on a regular basis under the management of central risk management, have been set up to deal with the above focal areas, but also other important areas such as cross-border leasing transactions. The overall coordination of all risk-relevant issues in the respective area represents the main task of these risk management committees. This involves, in particular, the ongoing monitoring and updating of the opportunities and risks, the evaluation and implementation of control measures as well as the further enhancement of risk awareness among the employees and in all group companies.

COMMODITIES

Through its core operating activities, the Verbund Group is exposed to associated risks and opportunities on the international markets (in particular, market risks, counterparty risks and operational risks). For this reason, strict guidelines constitute an essential prerequisite for successful operations on these markets. Special rule books with defined limits have been adopted to ensure that all market risks are dealt with safely. Regulations are also given for counterparty risk in separate guidelines that have been established at group and subsidiary level. The procedures for dealing with operational risks are also detailed in an appropriate process manual.

The current status with regard to the utilisation of the various limits for market risks (value at risk, stress test, stop/loss limits and position limits) is monitored and reported on a daily basis.

Corresponding measures for the management of operational risks in the energy business are realised through the implementation of documented organisational and operational structures as well as through the creation of emergency procedures for system failures. The documents and measures are reviewed on an annual basis.

FINANCIAL AREA

In the context of its business activities and associated financing transactions, the Verbund Group is subject to considerable financial risks, particularly as a result of the financial market crisis. These financial risks essentially comprise interest rate and liquidity risks, counterparty risks, price risks from securities, currency risks as well as a risk of a change in the rating of the Verbund Group.

A Risk Management Committee for Cross-Border Leasing convenes periodically to monitor the cross-border leasing transactions concluded by the Verbund Group.

Therefore, the identification, analysis and evaluation of risks and opportunities and the establishment of measures to be implemented in this context constitute a key focus in the financial area of the Verbund Group which, in the event of a risk materialising, may help to secure profits and limit damage.

Group guidelines have also been set out for the financial area to ensure that financial risks can also be controlled in a corresponding manner. In addition, position limits regarding the locking in of the interest rate, the spreading of foreign currencies and the maturities of financial obligations have been defined. These limits are monitored on a regular basis and modified as necessary. Liquidity planning, which generally not only embraces the current year but also the following fiscal year and also results in appropriate investment and borrowing activities, guarantees an adequate cash flow at all times.

INFORMATION SECURITY

Irrespective of the area in which it is employed – be this in the area of informatics, process control or telecommunications – information technology (IT) is an important success factor within the Verbund Group. In order to establish and ensure an appropriate level of awareness on the part of employees in the use of these technologies as well as in the utilisation of corporate information, numerous extensive information events and seminars are held and modern media employed to support and enhance IT security awareness within the group.

IT security is also very well organised within Verbund Group. The organisational structures are defined in a corporate »Information Security Policy«, which also specifies the associated responsibilities and competencies. This policy forms the basis for uniform IT security awareness and sets the standard for efficient risk-appropriate measures. The Chief Information Security Officer (CISO) plans and manages all IT security concerns of the Verbund Group on an ongoing basis. Equipped with discretionary powers, the CISO ensures that all of the relevant external and internal standards are complied with. The Risk Management Committee for Information Security assumes lead responsibility for the overall coordination of IT security.

GRID OPERATIONS

All of the relevant opportunities and risks in the grid area are discussed and controlled by the Grid Risk Management Committee, which convenes on a quarterly basis. Line projects (particularly those regarding the completion of the 380 kV ring), trading risks (counterparty risks) and regulatory and legal risks are focal areas of this committee. The risk management of the Verbund Group is also involved in numerous special projects, such as the implementation of unbundling and the analysis and evaluation of the potential impact of climate change on the transmission grid.

PARTICIPATING INTERESTS

Increased risks are incurred (particularly as regards participating interests in foreign companies) as a result of the further implementation of the growth strategy through the acquisition and founding of subsidiaries in Albania and Germany and increased investment in interests accounted for using the equity method in France, Italy and Turkey. However, these are also accompanied by increased opportunities.

Risks are apparent in the severe fluctuation of investment income (including currency effects), particularly in the early stages of the investment, and in changes in the interest value. Liabilities and guarantees, which have also been assumed by the Verbund Group, can also have a negative impact. Opportunities result from long-term investment in emerging markets with increasing prices as well as from potential favourable currency effects.

As investment in interests (accounted for using the equity method) mainly relates to the core business of the Verbund Group with phases of the value chain such as generation and trading or distribution, the investment risks structure presents a similar picture to the risk portfolio of the Verbund Group in Austria. Regular reporting and monitoring as well as setting up and developing a suitable risk management system within the interests in question ensure that our commitment in the context of our international growth strategy is secured on a long-term basis. Furthermore, a newly developed risk-based portfolio management system illustrates the risk-yield portfolio of the Verbund Group.

VII. OTHER DISCLOSURES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The indirect method was used for the drawing upcash flow statement. The composition of the liquid funds is disclosed under (20) in the notes.

Dividend inflows and interest inflows/outflows are classified as operating activities. Of these, €31.5 million (previous year: €33.2 million) relate to interest inflows, €103.5 million (previous year: €97.4 million) to interest outflows. The dividend inflows from non-fully consolidated companies came to €41.4 million (previous year: €49.0 million).

Dividend distributions are presented under financing activities.

Income tax payments amount to m€ 237.8 (previous year: m€ 118.8) and refer, essentially, to the cash flows of operating activities.

As part of the company acquisitions and acquisitions of other business entities carried out in the 2009 reporting period, the following purchase price was paid:

PURCHASE PRICE FOR COMPANY ACQUISITIONS AND OTHER ACQUISITIONS	M€
IN CASH	995.8
PREPAYMENT ALREADY MADE IN 2008	36.7
OPEN LIABILITY	461.0
TOTAL PURCHASE PRICE	**1,493.5**

The portfolio of assets acquired with these companies totalled m€ 963.7, in addition to m€ 68.2 in provisions and liabilities.

OTHER OBLIGATIONS AND RISKS

CONTINGENT LIABILITIES

The obligations resulting from the cross-border leasing transactions concluded up to the end of 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 a 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 up to 31 December 2009 in the amount of m€ 827.2 (previous year: m€ 3,976.2). As for the rights of recourse vis-à-vis the main debtors, m€ 722.1 (previous year: m€ 3,193.0) has been secured by way of counter-guarantees of financial institutions, provincial companies and regional authorities (resulting from guarantor liabilities). In addition, m€ 140.3 (previous year: m€ 479.2) is covered by investments in zero coupons of the European Investment Bank, which are also insured via a guarantee of Financial Security Assurance Inc. (FSA).

As at 31 December 2009, contingent liabilities from other contingencies amounted to m€ 24.4 (previous year: m€ 22.7). These refer to guarantees provided by VERBUND-Austrian Hydro Power AG for Verbundplan Birecik Baraji Isletme Ltd.Sti. (VBOC), in which AHP holds an interest of 70 %. VBOC, which is not consolidated, has been responsible for the management of the Birecik hydropower plant on the Euphrates River in Turkey for over 15 years as part of an operator model (Build Operate Transfer, BOT). The guarantees refer to liabilities of VBOC resulting from its operating activities at Birecik Baraj ve Hidroelektrik Santrali Tesis ve Isletme Anonim Sikreti in Turkey.

CONTRACTS AND PURCHASE COMMITMENTS AS AT 31/12/2009 M€

	TOTAL OBLIGATION	WITHIN 1 YEAR	WITHIN 5 YEARS
RENT, LEASE AND INSURANCE AGREEMENTS	NOT SPECIFIED [1]	15.5	61.6
PURCHASE COMMITMENT FOR PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER SERVICES	780.9	578.8	780.8

[1] The total amount of obligations is subject to indefinite contractual periods; therefore, an exact amount cannot be calculated.

PLANT ASSISTANCE

In 2001, the European Commission came to a positive decision finding for the power plant Voitsberg III with respect to plant assistance to cover stranded costs. In accordance with this decision, assistance was received from Energie-Control GmbH between 2001 and 2008 and the outstanding balance was transferred to VERBUND-Austrian Thermal Power GmbH & Co KG. This receivable has therefore been settled.

In the amended version of Section 69 (6) ElWOG, the legislator stipulates that in the event of assistance that has already been granted having to be paid back, the Republic of Austria or E-Control is entitled to claim these back from VERBUND-Austrian Thermal Power GmbH & Co KG (the beneficiary) including interest. Due to the legal proceedings that are ongoing at this time, a provision has been created for this risk.

PURCHASE AGREEMENTS

An electricity-supply agreement has been concluded with Ennskraftwerke Aktiengesellschaft under which the energy that is generated in its power plants less the electricity procurement rights of other participating partners will be purchased by Verbundgesellschaft against reimbursement of the expenses recognised plus an appropriate return on equity.

Electricity supply agreements have been drawn up with Österreichisch-Bayerische Kraftwerke Aktiengesellschaft and Donaukraftwerk Jochenstein Aktiengesellschaft under which 50 % of the energy that is generated in their power plants must be purchased by Verbundgesellschaft against reimbursement of the expenses recognised plus an appropriate return on equity.

An electricity supply agreement has been concluded with E.ON Wasserkraft GmbH (EWK) under which EWK is obliged to supply half of the energy that is generated at the power plants Ering and Obernberg to Verbundgesellschaft at cost plus an agreed profit mark-up. In return, Verbundgesellschaft is obliged to purchase the electricity supplied by EWK.

An electricity procurement right exists with the power plant company POWEO Pont-sur-Sambre S.A.S. which will run until 2025 at the very least, according to which 40 % of the electricity produced by the gas and steam combination power plant in Pont sur Sambre is to be purchased by VERBUND-International GmbH against reimbursement of the expenses recognised (plus an appropriate return on equity).

As part of a basic contract concluded on 6 August 2007 that can be terminated on an annual basis, Weglokoks S.A. offers VERBUND-Austrian Thermal Power GmbH & Co KG no less than 450,000 tons of hard coal every year at negotiable prices. Amounts and prices have not yet been agreed for the 2010 supply.

The supply contract with OMV Refining & Marketing GmbH dated 3 December 2008 regarding 72,000 tons of heavy heating oil was terminated with effect from 1 January 2010.

A natural gas supply contract – which can be terminated 15 years following commencement of supply – for approximately 750 million Nm^3 of natural gas per year exists for the gas and steam combination power plant currently under construction in Mellach.

A capacity extension agreement required in order to supply the gas and steam combination power plant in Mellach exists with Gasnetz Steiermark GmbH regarding the provision of transport capacity in the maximum amount of 150,400 Nm^3 an hour.

In addition, there are other purchase agreements customary for usual business activities, which comprise, in particular, supplies of primary energy sources and electricity.

OTHER OBLIGATIONS

Open payment obligations totalling m€ 435.0 exist for the period between 2010 and 2014, both in the investment area (primarily for Enerjisa Enerji Üretim A.S.) and in connection with the wind farm projects on the Black Sea coast managed by VERBUND-Austrian Renewable Power GmbH. In the previous year, open payment obligations amounted to m€ 789.8.

With respect to the construction of power plants and lines – typical of the energy sector – continuous compensation payments are made to property owners for any economic disadvantages. However, the present value of these commitments is not material to the Verbund Group overall.

Due to the development of the financial markets, the BAV Pensionskassen AG reported no obligations to make additional contributions to cover defined benefit pension commitments (previous year: approximately m€ 28.6). As the meeting of this commitment in accordance with IFRSs only represents an exchange of assets for the credit of the plan assets, this is not recognised in profit or loss and will only be recognised with the final provisions.

NUMBER OF EMPLOYEES (AVERAGE)

NUMBER OF EMPLOYEES (AVERAGE)

	2009	2008	CHANGE
SALARIED EMPLOYEES	2,590	2,414	+176
WAGED WORKERS	112	29	+83
APPRENTICES	118	98	+20
NUMBER OF EMPLOYEES (AVERAGE)	2,820	2,541	+279

Part-time workers have been considered on a prorated basis in terms of working hours.

At the balance-sheet date, 476 employees (previous year: 535) were given a »letter of loyalty«, which grants them a higher degree of protection against dismissal. To qualify, an employee must have worked for the Verbund Group for twenty years and must be at least 45 years old.

PROVISION OF PERSONNEL

On average, 71 employees (previous year: 74) were allocated to Pöyry Energy GmbH (formerly Verbundplan GmbH), in which the Verbund Group holds a share of 25.1 %, for the purposes of various engineering and consulting tasks. These temporary transfers are made at standardised rates, depending on the qualifications of the employees and on hourly rates in line with the market.

In addition, an average of 1 (previous year: 20) transfer was made to other non-consolidated affiliated companies of the Verbund Group in 2009.

EXPENSES FOR THE SERVICES OF THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS

For auditing services and ancillary auditing services provided by the auditor of the consolidated financial statements k € 1,143.8 was paid by the Verbund Group. The auditor of the consolidated financial statements also performed other consulting services for the Verbund Group with a value of k€ 104.0.

RELATED PARTY DISCLOSURES

Related parties of the Verbund Group include all affiliated and associated companies. The members of the Managing Board and the members of the Supervisory Board of Verbundgesellschaft as well as their close relatives are also related parties, as is the Republic of Austria as the majority shareholder. Companies that are controlled by the Republic of Austria are also related parties. These include, in particular, the ÖBB Group, Bundesbeschaffung GmbH and E-Control.

A list of the Group companies can be seen in the appendix of tables.

BUSINESS TRANSACTIONS WITH ASSOCIATED AND NON-CONSOLIDATED AFFILIATED COMPANIES

The most significant business transactions with associated companies accounted for using the equity method are as follows:

BUSINESS TRANSACTIONS WITH COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD M€

	2009	2008
SALES	559.6	625.5
OTHER INCOME	6.2	4.6
ELECTRICITY AND GRID PURCHASES	166.5	229.8
OTHER EXPENSES	6.9	5.3
RECEIVABLES	46.7	31.8
LIABILITIES	13.4	23.6
LOANS	40.4	41.1

The group of related parties has been extended since the publication of the last consolidated financial statements to include Kärntner Restmüllverwertungs GmbH, Gletscherbahnen Kaprun AG and OeMAG Abwicklungsstelle für Ökostrom AG.

An important point to mention is the acquisition of 1 % of shares in Enerjisa Elektrik Dagitim A.S. from Enerjisa Enerji Üretim A.S. by the Verbund Group for m€ 4.8 (see: Financial reporting principles, Acquisitions and increases in significant interests).

For details relating to value adjustments for receivables from companies accounted for using the equity method, see (19).

The business transactions with non-consolidated affiliated and associated companies are not material and are therefore not listed.

In the reporting period, electricity sales to the Republic of Austria amounted to m€ 0.4 (previous year: m€ 1.7), electricity sales to companies controlled by the Republic of Austria came to m€ 87.1 (previous year: m€ 77.2). In the 2009 reporting period, these electricity sales were compensated by electricity purchases from companies controlled by the Republic of Austria in the amount of m€ 32.2 (previous year: m€ 38.7).

Expenses for supervision by E-Control come to m€ 9.3 in the 2009 reporting period (previous year: m€ 6.4).

DISCLOSURES ON BOARD MEMBERS

Details on the Board Members of the Verbund Group (Managing Bord and Supervisory Bord) can be found in the appendix.

REMUNERATION OF THE MEMBERS OF THE MANAGING BOARD – SHORT-TERM BENEFITS €

	SHORT-TERM BENEFITS	VARIABLE EMOLUMENTS	TOTAL
DI WOLFGANG ANZENGRUBER	601,815	0[1]	601,815
DR. JOHANN SEREINIG	572,069	389,903	961,972
DR. ULRIKE BAUMGARTNER-GABITZER	395,198	185,744	580,942
MAG. CHRISTIAN KERN	399,955	185,744	585,699

[1] The variable emoluments are always paid at the start of the next year as goal achievement can only be determined at the end of the year. For this reason, the variable emoluments paid to the members of the Managing Board in 2009 for fiscal 2008 are presented here. DI Anzengruber did not receive variable remuneration

In fiscal 2009, the remuneration of the members of the Managing Board totalled € 2,730,427 (previous year: € 3,325,327).

The variable emoluments are profit-oriented and are limited to a fixed percentage of the respective fixed emoluments. In fiscal 2008, this percentage was fixed at 90 % for the Chairman of the Managing Board (note: this regulation applied up to 31 December 2008 for the former Chairman of the Managing Board Dr. Michael Pistauer and was no longer effective in fiscal 2009 due to the mode of disbursement), 80 % for the Deputy Chairman of the Managing Board and 50 % for the other members of the Managing Board. The amount of the profit-oriented emolument share is based on the degree to which the goals that were defined for the fiscal year were achieved. The goal achievement in 2008 was based up to 50 % on the attainment of the planned group result and up to 50 % on specific quantitative and qualitative goals. The profit-sharing principles that apply for the members of the Managing Board are unchanged from the previous year.

A company pension plan exists for members of the Managing Board by way of a defined-contribution pension fund regulation. In fiscal 2009, pension-fund contributions totalling € 135,850 were paid for 3 members of the Managing Board (previous year: € 74,118 for 2 members of the Managing Board).

The statutory regulations apply, essentially, with regard to claims of members of the Managing Board on completion of their term in office. Former members of the Managing Board or their surviving dependants received severance and pension payments in the amount of € 722,204 (previous year: € 2,027,403).

The expenses for severance payments and pensions and other post-employment benefits (remuneration following completion of contractual relationship) amounted to € 212,106 for the Managing Board (previous year: € 598,630) and € 97,549 for former members of the Managing Board and their surviving dependants (previous year: € 20,837).

The remuneration for the members of the Supervisory Board amounted to € 203,560 (previous year € 213,424).

The Board members did not receive any loans or advances.

In fiscal 2009, the following contracts were concluded with members of the Supervisory Board or companies to which individual members of the Supervisory Board are affiliated. The services were rendered for various companies in the Verbund Group. The contracts were approved by the Supervisory Board.

CONTRACTS CONCLUDED WITH MEMBERS OF THE SUPERVISORY BOARD OR COMPANIES , TO WHICH INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD ARE AFFILIATED

K €

CONTRACTING PARTY	SERVICE PROVIDED	
INSTITUTE FOR POWER SYSTEMS ENERGY ECONOMICS AT THE TECHNICAL UNIVERSITS OF VIENNA [1]	STUDY OF ELECTRICITY SUPPLY STRUCTURES AND PUMPED STORAGE POWER PLANTS, SAFETY	68.5
»SMART TECHNOLOGIES« MANAGEMENT BERATUNGS- UND BETEILIGUNGS-GESELLSCHAFT M.B.H. [2]	SUPPLY AND MAINTENANCE OF SOFTWARE FOR APG AND VMSG	332.5 [3]

REMUNERATION SCHEDULE FOR MEMBERS OF THE SUPERVISORY BOARD

€

	2009	2008
CHAIRMAN	15,000	15,000
DEPUTY CHAIRMAN (TWO)	11,250	11,250
MEMBERS	7,500	7,500
MEETING ALLOWANCE	400	400

This rule shall also apply for the Working Committee of the Supervisory Board.

TRANSACTIONS WITH RELATED PARTIES

Contracts with members of the Supervisory Board or with companies to which individual members of the Supervisory board are affiliated (in accordance with Rule 49 of the Austrian Corporate Governance Code) that require approval.

[1] The Supervisory Board member Dipl.-Ing Dr. Günther Brauner is the Chairman of the Institute for Power Systems and Energy Economics.

[2] The Supervisory Board member Dipl.-Ing. Hansjörg Tengg is a managing partner of »smart technologies« Management Beratungs- und Beteiligungsgesellschaft m.b.H.

[3] The total order value in fiscal 2009 is shown. Of this amount, services in the total amount of k€ 332.5 were rendered in 2009. k€ 120.5 was settled.

EVENTS AFTER THE BALANCE SHEET DATE

No events subject to disclosure occurred between the balance sheet date of 31 December 2009 and the date of release for publication, 28 January 2010.

Vienna, 28 January 2010

The Managing Board

General Director
DI Wolfgang Anzengruber
(Chairman)

Deputy General Director
Dr. Johann Sereinig
(Deputy Chairman)

Managing Director
Dr. Ulrike Baumgartner-Gabitzer
(Member of the Managing Board)

Managing Director
Mag. Christian Kern
(Member of the Managing Board)

DECLARATION OF THE MANAGING BOARD IN ACCORDANCE WITH SECTION 82 (4) STOCK EXCHANGE ACT

The Managing Board declares that the annual financial statements of the Verbund Group, which were drawn up in compliance with the International Financial Reporting Standards (IFRSs), faithfully reflect the income and financial situation of all consolidated companies.

The management report also faithfully reflects the income and financial situation of the Verbund Group and provides information on the business development and the effect of existing and future risks on the business activities of the Verbund Group.

Vienna, 28 January 2010

The Managing Board

General Director
DI Wolfgang Anzengruber
(Chairman)

Deputy General Director
Dr. Johann Sereinig
(Deputy Chairman)

Managing Director
Dr. Ulrike Baumgartner-Gabitzer
(Member of the Managing Board)

Managing Director
Mag. Christian Kern
(Member of the Managing Board)

AUDIT OPINION

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Vienna, for the fiscal year from January 1, 2009 to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity for the fiscal year ended December 31, 2009, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2009 and of its financial performance and its cash flows for the fiscal year from January 1, 2009 to December 31, 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 28 January, 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Certified Public Accountant

MMag. Dr. Klaus-Bernhard Gröhs
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Any publication or reproduction of the annual financial statements in a form other than that of the audited version which refers to our audit opinion or our audit requires a new audit opinion on our part prior to any such publication or reproduction.

GROUP COMPANIES

GROUP COMPANIES

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COMPANY	HEADQUARTERS	TYPE OF CONSOLIDATION	INTEREST CALCULATED ON BALANCE SHEET DATE	BALANCE SHEET DATE	EQUITY	NET PROFIT/LOSS	NOTE
COMPANIES CONSOLIDATED							
ÖSTERREICHISCHE ELEKTRIZITÄTSWIRT-SCHAFTS-AKTIENGESELLSCHAFT	VIENNA	FC		31.12.2009	1,844,217	506,067	1
VERBUND-AUSTRIAN POWER GRID AG	VIENNA	FC	100.00 %	31.12.2009	330,128	42,103	1
VERBUND ITALIA S.P.A.	MILAN	FC	100.00 %	31.12.2009	644,963	4,753	1
VERBUND-TELEKOM SERVICE GMBH	VIENNA	FC	100.00 %	31.12.2009	4,695	6,307	1
VERBUND-INTERNATIONAL FINANCE B.V.	AMSTERDAM	FC	100.00 %	31.12.2009	3,264	3,392	1
VERBUND-AUSTRIAN POWER TRADING AG	VIENNA	FC	100.00 %	31.12.2009	1,624	1,378	1
VERBUND-FINANZIERUNGSSERVICE GMBH	VIENNA	FC	100.00 %	31.12.2009	228	2,629	1
VERBUND MANAGEMENT SERVICE GMBH	VIENNA	FC	100.00 %	31.12.2009	1,198	5,416	1
VERBUND-AUSTRIAN POWER SALES GMBH	VIENNA	FC	100.00 %	31.12.2009	11,318	4,982	1
VERBUND-INTERNATIONAL GMBH	VIENNA	FC	100.00 %	31.12.2009	982,470	–25,758	1
VERBUND-AUSTRIAN RENEWABLE POWER GMBH	VIENNA	FC	100.00 %	31.12.2009	45,173	945	1
VERBUND-BETEILIGUNGSHOLDING GMBH	VIENNA	FC	100.00 %	31.12.2009	1,038,580	–24,827	1
VERBUND-PHOTOVOLTAICS IBÉRICA, S.L . (GROUP)	MADRID	FC	100.00 %	31.12.2009	4,683	772	1
ENERGJI ASHTA SHPK	TIRANA	FC	100.00 %	31.12.2009	10,203	227	1
VERBUND-INNKRAFTWERKE GMBH	TÖGING	FC	99.74 %	31.12.2009	1,430,184	–52	1, 5
HAOS INVEST EAD	SOFIA	FC	100.00 %	31.12.2009	11,583	–169	1, 5
VERBUND-AUSTRIAN DELTA WIND GMBH	VIENNA	FC	100.00 %	31.12.2009	31,099	66	1, 5
VERBUND-KRAFTWERKE BETEILIGUNG-HOLDING GMBH	VIENNA	FC	100.00 %	31.12.2009	36	–3	1, 4
VERBUND-UMWELTTECHNIK GMBH	KLAGENFURT	FC	100.00 %	31.12.2009	682	582	1
CAS REGENERABILE SRL	BUCHAREST	FC	100.00 %	31.12.2009	6,000	0	1, 5
VERBUND-KRAFTWERKE BETEILIGUNGS-HOLDING GMBH & CO KG	VIENNA	FC	94.90 %	31.12.2009	14,788	–214	1, 4
VERBUND-TOURISMUS GMBH	KAPRUN	FC	83.89 %	31.12.2009	4,371	666	1
VERBUND-AUSTRIAN HYDRO POWER AG	VIENNA	FC	80.33 %	31.12.2009	1,554,901	551,836	1
VERBUND-AUSTRIAN THERMAL POWER GMBH	GRAZ	FC	59.49 %	31.12.2009	1,351	927	1
VERBUND-AUSTRIAN THERMAL POWER GMBH & CO KG	GRAZ	FC	55.65 %	31.12.2009	284,136	20,376	1
ALPHA WIND SRL	BUCHAREST	FC	50.07 %	31.12.2008	836	–407	1, 5
ÖSTERREICHISCH-BAYERISCHE KRAFTWERKE AKTIENGESELLSCHAFT	SIMBACH	EQ	50.00 %	31.12.2008	51,361	3,272	3
ENNSKRAFTWERKE AKTIENGESELLSCHAFT	STEYR	EQ	50.00 %	31.12.2008	14,130	500	1,3

1 Single-entity financial statements in accordance with IFRSs
2 (Sub-)consolidated financial statements in accordance with IFRSs
3 Joint venture
4 Established in 2009
5 Acquired in 2009
6 Currently still being established
VC Full consolidation
EQ Equity method
NC Currently still being established

All values other than IFRS data are indicated pursuant to national commercial law

GROUP COMPANIES – CONTINUED

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COMPANY	HEADQUARTERS	TYPE OF CONSOLIDATION	INTEREST CALCULATED ON BALANCE SHEET DATE	BALANCE SHEET DATE	EQUITY	NET PROFIT/LOSS	NOTE
COMPANIES CONSOLIDATED							
DONAUKRAFTWERK JOCHENSTEIN AKTIENGESELLSCHAFT	PASSAU	EQ	50.00 %	31. 12. 2008	13,171	818	3
ENERJISA ENERJI ÜRETIM A.S.	ISTANBUL	EQ	50.00 %	31. 12. 2008	568,594	–14,331	1, 3
ENERJISA ELEKTRIK ENERJISI TOPTAN SATIS A.S.	ISTANBUL	EQ	50.00 %	31. 12. 2008	1.249	–1,417	1, 3
ENERJISA DOGALGAZ TOPTAN SATIS A.S.	ISTANBUL	EQ	50.00 %	31. 12. 2008	348	3	1, 3
ENERJISA ELEKTRIK DAGITIM A.S. (GROUP)	ISTANBUL	EQ	49.00 %	31. 12. 2008	–225	–281	2, 3
ENERGIE KLAGENFURT GMBH	KLAGENFURT	EQ	49.00 %	31. 12. 2008	70,417	6,156	1, 3
GLETSCHERBAHNEN KAPRUN AKTIENGESELLSCHAFT	KAPRUN	EQ	45.00 %	30. 09. 2008	40,080	31	
KÄRNTNER RESTMÜLLVERWERTUNGS GMBH	ARNOLDSTEIN	EQ	42.87 %	31. 12. 2008	14,504	2,005	
SORGENIA S.P.A. (GROUP)	MILAN	EQ	42.65 %	31. 12. 2008	817,941	79,478	2
GRENZKRAFTWERKE GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG	SIMBACH	EQ	40.17 %	31. 12. 2008	127	77	
KELAG-KÄRNTNER ELEKTRIZITÄTS-AKTIENGESELLSCHAFT	KLAGENFURT	EQ	35.15 %	31. 12. 2008	438,585	69,147	2
STEWEAG-STEG GMBH	GRAZ	EQ	34.57 %	31. 12. 2008	549,471	79,986	2
POWEO S.A. (GROUP)	PARIS	EQ	46.04 %	31. 12. 2008	286,274	–20,468	2
THEREOF POWEO PRODUCTION S.A.S			40.00 %				
KRAFTWERK NUSSDORF ERRICHTUNGS- UND BETRIEBS GMBH	VIENNA	EQ	26.77 %	31. 12. 2008	53	4	
KRAFTWERK NUSSDORF ERRICHTUNGS- UND BETRIEBS GMBH & CO KG	VIENNA	EQ	26.77 %	31. 12. 2008	36	271	
OEMAG ABWICKLUNGSSTELLE FÜR ÖKOSTROM AG	VIENNA	EQ	24.40 %	31. 12. 2008	5,693	647	
ELECTRICITY							
VERBUND ROMANIA S.R.L.	BUCHAREST	NC	99.00 %	31. 12. 2008	–1	–5	
VERBUND-AUSTRIAN POWER TRADING CZECH REPUBLIC S.R.O.	PRAGUE	NC	100.00 %	31. 12. 2008	463	297	
VERBUND-AUSTRIAN POWER TRADING SLOVAKIA, S.R.O.	BRATISLAVA	NC	100.00 %	31. 12. 2008	538	205	
VERBUND-AUSTRIAN POWER TRADING DEUTSCHLAND GMBH	MUNICH	NC	100.00 %	31. 12. 2008	203	95	

GROUP COMPANIES – CONTINUED

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COMPANY	HEADQUARTERS	TYPE OF CONSOLIDATION	INTEREST CALCULATED ON BALANCE SHEET DATE	BALANCE SHEET DATE	EQUITY	NET PROFIT/LOSS	NOTE
COMPANIES CONSOLIDATED							
VERBUND-AUSTRIAN POWER TRADING HUNGÁRIA KFT.	BUDAPEST	NC	100.00 %	31. 12. 2008	805	1	
VERBUND AUSTRIAN POWER TRADING SL, TRGOVANJE Z ELEKTRIČNO ENERGIJO D.O.O.	LJUBLJANA	NC	100.00 %	31. 12. 2008	1,538	564	
APT AUSTRIAN POWER TRADING POLSKA SP.Z O.O.	WARSAW	NC	100.00 %	31. 12. 2008	81	11	
VERBUND-AUSTRIAN POWER TRADING D.O.O.	ZAGREB	NC	100.00 %	31. 12. 2008	39	7	
VERBUND-AUSTRIAN POWER TRADING SR D.O.O.	BELGRADE	NC	100.00 %	31. 12. 2008	45	33	
VERBUND-POWER TRADING MACEDONIA DOOEL	SKOPJE	NC	100.00 %	31. 12. 2008	63	39	
RIECADO REGIONAL ENERGY CAPACITY AUCTION DATA OPERATOR GMBH	VIENNA	NC	74.80 %	31. 12. 2008	63	34	
VERBUND-AUSTRIAN POWER TRADING ENERGA HELLAS ELECTRICITY SUPPLY AND TRADE S.A.	ATHENS	NC	55.00 %	31. 12. 2008	1,719	1,678	
ENERGIE AUSTRIA GMBH	VIENNA	NC	68.75 %	31. 12. 2008	53	–2	
ALMENLAND ENERGIE GMBH	FLADNITZ	NC	50.00 %	31. 12. 2008	13	–5	3
GEMEINSCHAFTSKRAFTWERK INN GMBH	LANDECK	NC	50.00 %	31. 12. 2008	214	5	3
CEMP D.O.O.	ZAGREB	NC	50.00 %	31. 12. 2008	72	–127	3
PLINSKO PARNA ELEKTRARNA, D.O.O.	KIDRIČEVO	NC	40.00 %	31. 12. 2008	1,223	15	
SAVA IZRABLJANJE NARAVNEGA VIRA D.O.O.	MEDVODE	NC	35.00 %	31. 12. 2008	24	0	
ENGINEERING							
VERBUNDPLAN BIRECIK BARAJI ISLETME LTD. STI.	BIRECIK	NC	56.23 %	31. 12. 2008	6,198	6,610	
PÖYRY ENERGY GMBH	VIENNA	NC	25.10 %	31. 12. 2008	13,675	2,906	
OTHER							
AUSTRIAN MOBILE POWER MANAGEMENT GMBH	VIENNA	NC	33.33 %				6
AUSTRIAN MOBILE POWER MANAGEMENT GMBH & CO KG	VIENNA	NC	33.33 %				6
LESTIN & CO. TAUCH-, BERGUNGS- UND SPRENGUNTERNEHMEN GESELLSCHAFT M.B.H.	VIENNA	NC	82.35 %	31. 12. 2008	563	79	
LESTIN & CO. TAUCH- UND BERGUNGSUNTER-NEHMEN GESELLSCHAFT M.B.H.	PASSAU	NC	82.35 %	31. 12. 2008	77	–143	

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6 Currently still being established
VC Full consolidation
EQ Equity method
NC Currently still being established

All values other than IFRS data are indicated pursuant to national commercial law.

FINANCIAL INFORMATION ON ASSOCIATED

FINANCIAL INFORMATION ON ASSOCIATED COMPANIES AND JOINT VENTURE

COMPANY	HEADQUARTERS	TYPE OF CONSOLIDATION	INTEREST CALCULATED ON BALANCE SHEET DATE	BALANCE SHEET DATE
GRENZKRAFTWERKE GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG	SIMBACH	EQ	40.17 %	31. 12. 2008
SORGENIA S.P.A. (GROUP)	MILAN	EQ	44.79 %	30. 09. 2009
KELAG-KÄRNTNER ELEKTRIZITÄTS-AKTIENGESELLSCHAFT	KLAGENFURT	EQ	35.15 %	30. 09. 2009
STEWEAG-STEG GMBH	GRAZ	EQ	34.57 %	30. 06. 2009
POWEO S.A. (GROUP)	PARIS	EQ	46.04 %	30. 09. 2009
THEREOF POWEO PRODUCTION S.A.S			40.00 %	
KRAFTWERK NUSSDORF ERRICHTUNGS- UND BETRIEBS GMBH & CO KG	VIENNA	EQ	26.77 %	30. 09. 2009
KRAFTWERK NUSSDORF ERRICHTUNGS- UND BETRIEBS GMBH	VIENNA	EQ	26.77 %	30. 09. 2009
ALMENLAND ENERGIE GMBH	FLADNITZ	NC	50.00 %	31. 12. 2008
CEMP D.O.O.	ZAGREB	NC	50.00 %	31. 12. 2008
GEMEINSCHAFTSKRAFTWERK INN GMBH	LANDECK	NC	50.00 %	31. 12. 2008
GLETSCHERBAHNEN KAPRUN AKTIENGESELLSCHAFT	KAPRUN	EQ	45.00 %	30. 09. 2009
KÄRNTNER RESTMÜLLVERWERTUNGS GMBH	ARNOLDSTEIN	EQ	42.87 %	30. 09. 2009
PLINSKO PARNA ELEKTRARNA D.O.O.	KIDRICEVO	NC	40.00 %	31. 12. 2008
SAVA IZRABLJANJE NARAVNEGA VIRA D.O.O.	MEDVODE	NC	35.00 %	31. 12. 2008
PÖYRY ENERGY GMBH	VIENNA	NC	25.10 %	31. 12. 2008
OEMAG ABWICKLUNGSSTELLE FÜR ÖKOSTROM AG	VIENNA	EQ	24.40 %	31. 12. 2008
KEY JOINT VENTURES				
ÖSTERREICHISCH-BAYERISCHE KRAFTWERKE AKTIENGESELLSCHAFT	SIMBACH	EQ	50.00 %	31. 12. 2008
NON-CURRENT ASSETS/LIABILITIES				
CURRENT ASSETS/LIABILITIES				
ENNSKRAFTWERKE AKTIENGESELLSCHAFT	STEYR	EQ	50.00 %	30. 09. 2009
NON-CURRENT ASSETS/LIABILITIES				
CURRENT ASSETS/LIABILITIES				

1 IFRS adjustment

2 For interests accounted for using the equity method, the (interim) financial statements data included in the Verbund consolidated financial statements as at 31 December 2009 are presented in this table.

COMPANIES AND JOINT VENTURES

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TOTAL				PRO RATA				
ASSETS	LIABILITIES	SALES	JAHRESÜBER-SCHUSS/-FEHLBETRAG	VERMÖGENS-WERTE	SCHULDEN	UMSATZ-ERLÖSE	JAHRESÜBER-SCHUSS/-FEHLBETRAG	ANMERKUNGEN
51,343	51,216	21,140	77	20,623	20,572	8,491	31	
2,932,344	1,959,440	1,733,750	13,974	1,313,397	877,633	776,547	6,259	2
1,318,500	811,900	839,900	71,100	463,453	285,383	295,225	24,992	2
989,443	464,547	467,322	26,138	342,050	160,594	161,553	9,036	2
1,021,162	728,109	350,947	–74,668	470,143	335,221	161,576	–34,377	2
13,033	6,867	1,103	522	3,489	1,839	295	140	2
37	0	3	1	10	0	1	0	2
29	16	0	–5	15	8	0	–3	
1,148	1,076	1	–127	1	1	0	–64	
8,376	8,163	0	5	4,188	4,081	0	3	
65,009	23,731	21,285	64	29,254	10,679	9,578	29	1, 2
75,592	63,571	12,175	2,421	32,406	27,253	5,219	1,038	1, 2
1,223	4	0	15	489	2	0	0	
24	0	0	0	8	0	0	0	
33,732	20,058	41,197	2,906	8,467	5,035	10,340	729	
147,185	141,492	679,395	647	35,913	34,524	165,772	158	
135,653	84.292	34.703	3.272	67.827	42.146	17.352	1.636	
123,955	74.817			61.978	37.409			
11,698	9.475			5.849	4.738			
125,014	84.342	26.265	–268	62.507	42.171	13.132	–134	2
121,585	74.139			60.793	37.069			
3,429	10.204			1.714	5.102			

FINANCIAL INFORMATION ON ASSOCIATED COMPANIES AND JOINT VENTURE

COMPANY	HEADQUARTERS	TYPE OF CONSOLIDATION	INTEREST CALCULATED ON BALANCE SHEET DATE	BALANCE SHEET DATE
DONAUKRAFTWERK JOCHENSTEIN AKTIENGESELLSCHAFT	PASSAU	EQ	50.00 %	31. 12. 2008
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				
ENERJISA ENERJI ÜRETIM A.S.	ISTANBUL	EQ	50.00 %	30. 09. 2009
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				
ENERJISA ELEKTRIK ENERJISI TOPTAN SATIS A.S.	ISTANBUL	EQ	50.00 %	30. 09. 2009
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				
ENERJISA DOGALGAZ TOPTAN SATIS A.S.	ISTANBUL	EQ	50.00 %	30. 09. 2009
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				
ENERJISA ELEKTRIK DAGITIM A.S.	ISTANBUL	EQ	50.00 %	30. 09. 2009
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				
ENERGIE KLAGENFURT GMBH	KLAGENFURT	EQ	49.00 %	31. 12. 2008
NON-CURRENT ASSETS/LIABILITIE				
CURRENT ASSETS/LIABILITIES				

1 IFRS adjustment

2 For interests accounted for using the equity method, the (interim) financial statements data included in the Verbund consolidated financial statements as at 31 December 2009 are presented in this table.

T €

TOTAL				PRO RATA				
ASSETS	LIABILITIES	SALES	NET PROFIT/LOSS	ASSETS	LIABILITIES	SALES	NET PROFIT/LOSS	NOTE
28,981	15,810	13,881	818	14,491	7,905	6,941	409	
21,826	11,703			10,913	5,852			
7,155	4,107			3,578	2,054			
1,256,361	501,968	198,471	7,966	628,180	250,984	99,235	3,983	2
1,050,690	422,202			525,344	211,101			
205,671	79,766			102,835	39,883			
6,250	4,672	25,856	333	3,125	2,336	12,928	167	2
300	19			150	9			
5,950	4,653			2,975	2,327			
348	1	0	1	174	1	0	1	2
0	0			0	0			
348	1			174	1			
1,325,713	785,737	560,956	2,948	662,856	392,869	280,478	1,474	2
1,085,247	429,404			542,623	214,702			
240,466	356,333			120,233	178,166			
238,953	105,961	111,570	6,156	117,087	51,921	54,669	3,016	1
162,133	70,527			79,445	34,558			
76,819	35,434			37,641	17,363			

CORPORATE-GOVERNANCE REPORT 2009

CORPORATE GOVERNANCE – FRAMEWORK

Österreichische Elektrizitätswirtschafts-AG (Verbund) is a listed Aktiengesellschaft (public limited company) headquartered in Austria. The framework for Corporate Governance is derived from Austrian law, particularly stock corporation and capital market law and the provisions regarding company co-determination, from the articles of incorporation and the rules of procedure for the Board members, and finally from the Austrian Corporate Governance Code (ÖCGK).

COMMITMENT TO CORPORATE GOVERNANCE CODE (ÖCGK)

GENERAL

Verbund is unreservedly committed to the Austrian Corporate Governance Code. By actively implementing the code, Verbund aims to ensure that the group is managed and controlled in a responsible manner that facilitates sustainable and long-term value creation and that a high level of transparency is created for all stakeholders.

In fiscal 2009, the observance, to the greatest extent possible, of all rules set down in the code and the maintenance and further development of the high internal standards were once again precedent tasks for the Managing Board and the Supervisory Board.

The Austrian Corporate Governance Code can be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

Detailed information relating to the composition and working procedures of the Managing Board and the Supervisory Board, as well as their committees, can be found under the headings "Managing Board" and "Supervisory Board".

IMPORTANT EVENTS IN 2009

The most important events in the area of Corporate Governance in fiscal 2009 were the entry into office of a new Chairman of the Managing Board, the revision of the rules of procedure for the Managing Board and the expansion of the operations of the Audit Committee in line with the Corporate Law Amendment Act (URÄG) 2008.

Since January 2009, Dipl.-Ing. Wolfgang Anzengruber has led the Group Managing Board as Chairman and Chief Financial Officer. In conjunction with this change to the Managing Board, a redistribution of its responsibilities came into effect.

The rules of procedure for the Managing Board regulate the composition and working procedures of the Managing Board, the cooperation between the Managing Board and the Supervisory Board, the information and reporting obligations of the Managing Board and the right of the Supervisory Board to reserve consent, which extends to all essential business transactions of the most important subsidiaries. A need for clarification and adjustments arose, particularly in the case of the administration of transactions by subsidiaries which require approval, and these were implemented in 2009. The amended rules of procedure came into effect in September 2009.

New requirements with regard to the Audit Committee of the Supervisory Board called for particular consideration during the implementation of the URÄG 2008. Alongside its previous responsibilities (annual financial statements, appointment of the auditor etc.), the Audit Committee paid close attention to its new tasks over four meetings, especially the monitoring of the control, audit and risk management system.

DEVIATIONS

The rules of the Austrian Corporate Governance Code, including the R-Rules, are implemented by Verbund almost without exception. The number of deviations has recently been reduced. Only two of the 83 C-Rules in the Code (version of January 2009) were, in part, handled differently in 2009. Details relating to the departure from these rules are provided below (in keeping with the "comply or explain" principle):

C-Rule 2: Verbund largely adheres to the principle of "one share – one vote". The only exception here results from a voting restriction in the currently applicable constitutional law, which regulates the ownership structure of the companies in the Austrian electricity industry and also forms a basis for the company's articles of incorporation. This states: "With the exception of regional authorities and companies in which the regional authorities hold an interest of at least 51 %, the voting right in the General Meeting is restricted to 5 % of the share capital".

C-Rule 45: The rule stating that members of the Supervisory Board may not assume any functions on the boards of other enterprises which are competitors of the company is, with one exception, being complied with by all members of the Supervisory Board. .

A new version of the Austrian Corporate Governance Code was adopted at the end of 2009, which largely provides for an adjustment to changes in the law and the implementation of remuneration recommendations. This new version of the Code is valid as of 1 January 2010 and can be implemented in Verbund without any great modification outlay.

MANAGING BOARD

COMPOSITION OF THE MANAGING BOARD

In fiscal 2009, the Managing Board comprised four members.

MANAGING BOARD

NAME	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	END OF CURRENT TERM IN OFFICE
GENERAL DIRECTOR DIPL.-ING. WOLFGANG ANZENGRUBER CHAIRMAN	1956	1 JANUARY 2009	31 DECEMBER 2013
DEPUTY GENERAL DIRECTOR DR. JOHANN SEREINIG DEPUTY CHAIRMAN OF THE MANAGING BOARD	1952	1 JANUARY 1994	31 DECEMBER 2013
MANAGING DIRECTOR DR. ULRIKE BAUMGARTNER-GABITZER	1957	1 JANUARY 2007	31 DECEMBER 2011
MANAGING DIRECTOR MAG. CHRISTIAN KERN	1966	11 MAY 2007	31 DECEMBER 2011

SUPERVISORY BOARD MANDATES OF MEMBERS OF THE MANAGING BOARD OUTSIDE THE GROUPN

NAME	COMPANY	FUNCTION
DR. JOHANN SEREINIG	WIENER STÄDTISCHE VERSICHERUNG AG	MEMBER
MAG. CHRISTIAN KERN	FK AUSTRIA WIEN AG	MIEMBER

WORKING PROCEDURES AND DISTRIBUTION OF RESPONSIBILITIES

The distribution of responsibilities and the cooperation obligations of the Managing Board are regulated in the rules of procedure. In addition, the rules of procedure contain the information and reporting obligations of the Managing Board as well as a catalogue of measures which require the approval of the Supervisory Board and its Working Committee.

THE RESPONSIBILITIES OF THE MEMBERS OF THE MANAGING BOARD WERE DEFINED AS FOLLOWS BY THE SUPERVISORY BOARD WITHOUT PREJUDICE TO THE OVERALL RESPONSIBILITY OF THE MANAGING BOARD

DIPL.-ING. WOLFGANG ANZENGRUBER	CORPORATE STRATEGY & CORP. DEVELOPMENT, M&A, CORPORATE AFFAIRS, FINANCE, CONTROLLING, RISK MANAGEMENT, COMMUNICATION, R&D INNOVATION, AUDITING, PERSONNEL COMMITTEE, THERMAL GENERA TION, RENEWABLE ENERGIES, PROCUREMENT
DR. JOHANN SEREINIG	BUSINESS MANAGEMENT & MARKETING, TRADING/DISTRIBUTION, PER SONNEL MANAGEMENT, AUDITING, PERSONNEL COMMITTEE, TRADING, DISTRIBUTION, SERVICES
DR. ULRIKE BAUMGARTNER-GABITZER	LEGAL AFFAIRS, EU LOBBYING, HYDRAULIC GENERATION
MAG. CHRISTIAN KERN	M&A INTERNATIONAL (FOR VERBUND INTERNATIONAL –VI), MANAGEMENT OF INTERESTS AND DEVELOPMENT OF INTERESTS FOR VI, INTERESTS IN VI, TRANSFER

REMUNERATION FOR THE MEMBERS OF THE MANAGING BOARD

In fiscal 2009, the remuneration of the members of the Managing Board totalled € 2,730,427 (previous year: € 3,325,327).

REMUNERATION OF THE MEMBERS OF THE MANAGING BOARD

NAME	FIXED EMOLUMENTS IN €	VARIABLE EMOLUMENTS IN €	TOTAL IN €
DIPL.-ING. WOLFGANG ANZENGRUBER	601.815	0	601.815
DR. JOHANN SEREINIG	572.069	389.903	961.972
DR. ULRIKE BAUMGARTNER-GABITZER	395.198	185.744	580.941
MAG. CHRISTIAN KERN	399.955	185.744	585.698

The variable emoluments are always paid the following year, as goal achievement can only be determined at the end of the year. For this reason, the variable emoluments paid to the members of the Managing Board in 2009 for fiscal 2008 are presented here.
As Dipl.-Ing. Anzengruber did not join the Managing Board until the beginning of 2009, he received no variable emolument for fiscal 2008.

The variable emoluments are profit-orientated and are limited to a fixed percentage of the respective fixed emoluments. In fiscal 2008, this percentage was fixed at 90 % for the Chairman of the Managing Board (note: this regulation applied up to 31 December 2008 for the former Chairman of the Managing Board Dr. Michael Pistauer and was no longer effective in fiscal 2009 due to the mode of disbursement), 80 % for the Deputy Chairman of the Managing Board and 50 % for the other members of the Managing Board. The amount of the profit-orientated emolument share is based on the degree to which the goals that were defined for the fiscal year were achieved. The goal achievement in 2008 was based 50 % on the achievement of the planned group result and 50 % on qualitative goals.

The profit-sharing principles that apply for the members of the Managing Board are unchanged from the previous year.

There are no share options for the members of the Managing Board or executives.

A company pension plan exists for members of the Managing Board by way of a defined-contribution pension fund regulation.
The statutory regulations apply, essentially, with regard to claims of members of the Managing Board on completion of their term in office.

Former members of the Managing Board or their surviving dependants received severance and pension payments in the amount of € 722,204 (previous year: € 2,027,403).

The expenses for severance payments and pensions and other post-employment benefits (remuneration following completion of contractual relationship) in fiscal 2009 amounted to € 212,106 for the Managing Board (previous year: € 598,630) and € 97,549 for former members of the Managing Board and their surviving dependants (previous year: € 20,837).
The Board members did not receive any loans or advances.

D&O LIABILITY INSURANCE

Verbund takes out pecuniary damage liability insurance on behalf of the Board members. These include the members of the Managing Board and the Supervisory Board of Verbundgesellschaft and all members of the Managing Boards, Supervisory Boards, Advisory Committees as well as the executives, authorised signatories and other senior staff members of the subsidiaries in which Verbund holds a majority interest. The costs are carried by the company.

SUPERVISORY BOARD

The Supervisory Board has also expressly committed itself to the Austrian Corporate Governance Code. Alongside the Austrian Stock Corporation Law, the articles of incorporation and the Rules of Procedure for the Managing Board and Supervisory Board, the Code therefore forms the basis of the actions of the Supervisory Board.

PERSONAL DETAILS, CHAIRMANSHIP AND FUNCTIONS

The Supervisory Board comprises 15 members – 10 shareholders are elected by the General Meeting and the remaining 5 members are staff representatives who are delegated by the Works Council. There were no changes to the composition of the Supervisory Board in fiscal 2009.

SUPERVISORY BOARD – PERSONAL DETAILS, CHAIRMANSHIP AND FUNCTIONS

NAME	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	END OF CURRENT TERM IN OFFICE
DR. GILBERT FRIZBERG CHAIRMAN MANAGING PARTNER OF HERESCHWERKE GMBH, MEMBER OF THE MANAGING BOARD OF FI, BETEILIGUNGS- UND FINANZIERUNGS AG, CHAIRMAN OF THE SUPERVISORY BOARD OF ICS INTERNATIONALISIERUNGSCENTER STEIERMARK GMBH	1956	16 MAR. 2000	AGM 2010
DR. MAXIMILIAN EISELSBERG 1ST DEPUTY CHAIRMAN OF THE MANAGING BOARD ATTORNEY-AT-LAW, CHAIRMAN OF THE SUPERVISOR, BOARD OF VIVAG VORSORGE, IMMOBILIENVERANLA- GUNGS AG, MEMBER OF THE SUPERVISORY BOARD OF KURIER BETEILIGUNGS-AKTIENGESELLSCHAFT	1947	23 FEB. 1993	AGM 2010

SUPERVISORY BOARD – PERSONAL DETAILS, CHAIRMANSHIP AND FUNCTIONS – CONTINUED

NAME	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	END OF CURRENT TERM IN OFFICE
DKFM. PETER PÜSPÖK 2ND DEPUTY CHAIRMAN OF THE MANAGING BOARD	1946	16 MAR. 2000	AGM 2010
O.UNIV.-PROF. DIPL.-ING. DR. GÜNTHER BRAUNER UNIVERSITY PROFESSOR, CHAIRMAN OF THE INSTITUTE FOR POWER SYSTEMS AND ENERGY ECONOMICS AT THE TECHNICAL UNIVERSITY OF VIENNA	1942	16 MAR. 2000	AGM 2010
DIPL.-BETRIEBSWIRT ALFRED H. HEINZEL MANAGING PARTNER IN HEINZEL HOLDING GMBH, MEMBER OF THE SUPERVISORY BOARD OF MIBA AG, ALLIANZ ELEMENTAR VERSICHERUNGS AG, ZELLSTOFF PÖLS AG, WILFRIED HEINZEL AG, BIOCEL PASKOV AS CZECH REPUBLIC AND ESTONIAN CELL AS, KUNDA, ESTONIA, GENERAL COUNCIL OF THE ÖSTERREICHISCHE NATIONALBANK	1947	16 MAR. 2000	AGM 2010
DR. BURKHARD HOFER SPOKESPERSON OF THE MANAGING BOARD OF EVN AG, MEMBER OF THE SUPERVISORY BOARD OF BEWAG BURGENLÄNDISCHE ELEKTRIZITÄTSWIRT-SCHAFTS AG, BEGAS BURGENLÄNDISCHE GASWIRT-SCHAFTS AG, DER BURGENLAND HOLDING AG, RAG ROHÖL-AUFSUCHUNGS AG, FLUGHAFEN WIEN AG AND HYPO INVESTMENTBANK AG	1944	27 MAY 1999	AGM 2010
MAG. HERBERT KAUFMANN VMANAGING DIRECTOR AND SPOKESPERSON OF THE MANAGING BOARD OF FLUGHAFEN WIEN AG, MEMBER OF THE SUPERVISORY BOARD OF RAIL CARGO AUSTRIA AG, FIMBAG AND AUSTRO CONTROL ÖSTERREICHISCHE GESELLSCHAFT FÜR ZIVILLUFTFAHRT MBH	1949	26 MAR. 2008	AGM 2010
DR. MICHAEL LOSCH HEAD OF DEPARTMENT AT THE FEDERAL MINISTRY OF ECONOMY, FAMILY AND YOUTH, CENTER 1 – ECONOMIC POLICY, INNOVATION AND TECHNOLOGY	1968	10 MAR. 2005	AGM 2010
DIPL.-ING. HANSJÖRG TENGG MANAGING PARTNER OF SMART TECHNOLOGIES MANAGEMENT BERATUNGS- UND BETEILIGUNGS-GESELLSCHAFT MBH, VKS SMART BETEILIGUNGS- UND MANAGEMENT GMBH, TENGG UND PARTNER GMBH AND HANSJÖRG TENGG MANAGEMENT GMBH, CHAIRMAN OF THE SUPERVISORY BOARD OF EXXA AG, SAUBERMACHER DIENSTLEISTUNGS AG, KONSUM ÖSTERREICH REG.GEN. AND EURO BIO FUELS AG, DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD OF APCS AG, AGCS AG, OEMAG AG, CISMO CISMO GMBH AND ECRA GMBH	1947	15 NOV. 1983 – 20 MAY 1986, SINCE 10 MAR. 2005	AGM 2010
ING. SIEGFRIED WOLF CHAIRMAN OF THE BOARD OF MAGNA INTER-NATIONAL EUROPE AG, CO-CEO MAGNA INTER-NATIONAL INC., MEMBER OF THE SUPERVISORY BOARD OF THE ÖIAG, SIEMENS AG ÖSTERREICH, STRABAG SE AND GAZ GROUP	1957	16 MAR. 2000	AGM 2010

STAFF REPRESENTATIVES

NAME	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	
ANTON AICHINGER CHAIRMAN OF THE GROUP WORKS COUNCIL EMPLOYEES OF VERBUND	1955	25 OCT. 2006	DELEGATED BY THE STAFF REPRESENTATIVES
KURT CHRISTOF CHAIRMAN OF CENTRAL WORKS COUNCIL MEMBER OF THE SUPERVISORY BOARD OF SPARKASSE VOITSBERG/KÖFLACH BANKAKTIENGESELLSCHAFT	1964	08. 03. 2004	DELEGATED BY THE STAFF REPRESENTATIVES
HARALD NOVAK CHAIRMAN OF CENTRAL WORKS COUNCIL	1952	27 SEP. 1991–9 MAY 1993 15 DEC. 2000	DELEGATED BY THE STAFF REPRESENTATIVES
DIPL.-ING. INGEBORG OBERREINER CHAIRMAN OF WORKS COUNCIL	1951	29 AUG. 2006	DELEGATED BY THE STAFF REPRESENTATIVES
ING. JOACHIM SALAMON CENTRAL WORKS COUNCIL	1956	25 OCT. 2006	DELEGATED BY THE-STAFF REPRESENTATIVES

Criteria for independence

INDEPENDENCE

The Supervisory Board defined the following guidelines relating to its independence (in accordance with C-Rule 53 of the Austrian Corporate Governance Code):

- The member of the Supervisory Board should not have been a member of the Managing Board or an executive of the company or a subsidiary of the company in the last five years.
- The member of the Supervisory Board should not have, nor should he have had in the last year, business relations with the company or a subsidiary of the company that constitute a material conflict of interests for the member of the Supervisory Board. This also applies for business relations with companies in which the member of the Supervisory Board has a considerable economic interest. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 does not automatically lead to the member qualifying as being not independent.
- The member of the Supervisory Board should not have been the auditor of the company in the last three years, nor should he have held an interest in or been an employee of the company that conducted the audit.
- The member of the Supervisory Board should not be a member of the Managing Board in another company where a member of the Managing Board of the company is a member of the Supervisory Board.
- The member of the Supervisory Board should not be a close relative (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Managing Board or of a person who holds one of the positions described in the points above.

All elected members of the Supervisory Board have declared, in written form, their independence in accordance with C-Rule 53. Supervisory Board member Hofer declared that he does not meet the requirements under Point 2 of the independence guidelines (business relationship to company).

The following shareholders on the Supervisory Board also meet the independence criteria defined in C-Rule 54 (not a shareholder with a stake of more than 10 %): Frizberg, Eiselsberg, Püspök, Brauner, Heinzel, Kaufmann, Tengg and Wolf

MEETINGS OF THE SUPERVISORY BOARD

The plenum of the Supervisory Board convened in five meetings in fiscal 2009. The attendance rate of all members of the Supervisory Board came to approximately 90 %. One member of the Supervisory Board was unable to attend more than half of the meetings personally due to unavoidable professional commitments.

The activities of the Supervisory Board focused primarily on making decisions on the following issues:
- Approval of the annual financial statements
- Acquisition of a wind farm in Bulgaria
- Acquisition of 13 hydropower plants on the German stretch of the Inn
- Decommissioning of the St. Andrä and Zeltweg steam-generating power plants
- Termination of several cross-border leasing contracts
- Further development of participating interest in France (POWEO)
- Revision of the corporate strategy
- Adjustment of the rules of procedure for the Managing Board
- Issues of power of attorney
- Conclusion of a gas storage contract with RAG
- Guarantee and liability assumptions as well as borrowings
- Approval of the group budget for 2010.

(see also main activities of the committees of the Supervisory Board).

Self-evaluation of the activities of the Supervisory Board

According to the requirements of the Austrian Corporate Governance Code (Rule 36), the Supervisory Board carried out a self-evaluation of its activities for the first time in 2009. This took place by means of a questionnaire which largely dealt with the efficiency of the Supervisory Board, its organisation and work methods. The results, assessed by an external auditor, were then discussed within the Supervisory Board:

COMPOSITION AND WORKING PROCEDURES OF THE COMMITTEES

In accordance with the rules of procedure for the Supervisory Board, the Supervisory Board elects the following committees on an annual basis after the Ordinary General Meeting.

a) Working Committee, also Audit Committee

The Working, Audit and Emergency Committee (hereafter referred to as the Working Committee) comprise the chairman, two deputies and three further members of the Supervisory Board. With regard to the staff representatives, § 92 para. 4 AktG (Stock Corporation Law) applies.

The Working Committee
- prepares the meetings of the Supervisory Board and supports the Supervisory Board in the ongoing monitoring of the management activities, without prejudice to the rights of the Supervisory Board in accordance with § 95 AktG
- and functions as an Audit Committee in accordance with § 92 para. 4a AktG
- and as an Emergency Committee (Rule 39 ÖCGK – Austrian Corporate Governance Code).

Issues which require approval, as listed in Note 2 of the Rules of Procedure for the Managing Board, are always transferred to the Working Committee by the Supervisory Board.

In the case of decisions that fall within the responsibility of the Emergency Committee, or that are presented to the Emergency Committee for a decision, the chairman must create the prerequisites for a fast decision (convening of a meeting at short notice, video conference); evidence of urgency must be furnished. If necessary, and in certain individual cases, the Working Committee can transfer the power of decision to the chairman.

The Emergency Committee decides on all issues which require an immediate decision from the Supervisory Board for the purpose of gaining economic benefit or preventing impending damage to assets.

The Chairman of the Supervisory Board presides over the Working Committee; if he is unable to do so, the deputies replace him in the order chosen.

MEMBERS OF THE WORKING COMMITTEE:

NAME	FUNCTION
DR. GILBERT FRIZBERG	CHAIRMAN
DR. MAXIMILIAN EISELSBERG	1ST DEPUTY CHAIRMAN
DKFM. PETER PÜSPÖK	2ND DEPUTY CHAIRMAN
UNIV.-PROF. DIPL.-ING. DR. GÜNTHER BRAUNER	MEMBER
DR. MICHAEL LOSCH	MEMBER
ING. SIEGFRIED WOLF	MEMBER
ANTON AICHINGER	STAFF REPRESENTATIVE
HARALD NOVAK	STAFF REPRESENTATIVE
DIPL.-ING. INGEBORG OBERREINER	STAFF REPRESENTATIVE

In fiscal 2009, the Working Committee of the Supervisory Board convened in five meetings and the Audit Committee in four meetings. The Emergency Committee was not called.

The main activities of the Working Committee included:
- Preparation of the Supervisory Board meetings
- Provision of signing authorisation
- Location expansion of a wind farm project in Romania
- Energy supply contract with e&t for EVN and Wien Energie
- Exercising of subscription right with the capital increase of Wiener Börse AG
- Electric mobility: formation of Austrian Mobile Power Management GmbH

The main activities of the Audit Committee included:
- Preparation of the decisions relating to the annual financial statements for 2008
- Proposal for the selection of the auditor
- Half-yearly report for 2008
- Monitoring of the accounting processes
- Internal control, audit and risk management systems
- Coordination of the main audit issues for 2009 with the auditor
- Audit programme and reports of internal auditing

b) Presidential and Compensation Committee

In accordance with its rules of procedure, the Supervisory Board sets up a Presidential and Compensation Committee, which comprises a chairman and two deputies.

The Supervisory Board always transfers the following activities to the Compensation Committee:
- Conclusion or amendment of the contracts of the Managing Board
- Determination of the remuneration of the members of the Managing Board
- Decisions relating to bonuses and premiums payable to the members of the Managing Board

MEMBERS OF THE PRESIDENTIAL AND COMPENSATION COMMITTEES

NAME	FUNCTION
DR. GILBERT FRIZBERG	CHAIRMAN
DR. MAXIMILIAN EISELSBERG	1ST DEPUTY CHAIRMAN
DKFM. PETER PÜSPÖK	2ND DEPUTY CHAIRMAN

In fiscal 2009, the Compensation Committee convened in two meetings. The main issues in these meetings were the agreement on goals for the members of the Managing Board and the determination of the variable remuneration elements. The Presidential Committee also met regularly to discuss current topics, partly in conjunction with the Managing Board or individual members thereof.

c) Nomination Committee

In accordance with its rules of procedure, the Supervisory Board sets up a Nomination Committee, which comprises a chairman and two deputies. With regard to the involvement of the staff representatives, § 92 para. 4 AktG applies.

The Nomination Committee puts forward proposals for appointments to the Managing Board. The Nomination Committee must bear in mind that a nomination to the Managing Board must be made prior to the nominee's 65th birthday. Furthermore, the Nomination Committee prepares the election of Supervisory Board members.

MEMBERS OF THE NOMINATION COMMITTEE:

NAME	FUNCTION
DR. GILBERT FRIZBERG	CHAIRMAN
DR. MAXIMILIAN EISELSBERG	1ST DEPUTY CHAIRMAN
DKFM. PETER PÜSPÖK	2ND DEPUTY CHAIRMAN
ANTON AICHINGER	STAFF REPRESENTATIVE
DIPL.-ING. INGEBORG OBERREINER	STAFF REPRESENTATIVE

The Nomination Committee did not convene in fiscal 2009, as there were no members of the Managing Board or Supervisory Board to be appointed.

The chairman of each committee must report to the Supervisory Board on the activities of his committee as well as on the decisions that have been made. In urgent matters, the chairman of a committee reports directly to the Chairman of the Supervisory Board.

CONTRACTS WHICH REQUIRE APPROVAL

In fiscal 2009, the following contracts were concluded with members of the Supervisory Board or with companies in which a Member of the Supervisory Board has a considerable economic interest. The services were rendered for various companies in Verbund. The contracts were approved by the Supervisory Board in accordance with the Austrian Stock Corporation Law and the Austrian Corporate Governance Code.

CONTRACTS WHICH REQUIRE APPROVAL

CONTRACTING PARTY	SERVICE PROVIDED	T€
INSTITUTE FOR POWER SYSTEMS AND AND ENERGY ECONOMICS AT THE TECHNICAL UNIVERSITY OF VIENNA [1]	STUDY OF ELECTRICITY SUPPLY STRUCTURES AND PUMPED STORAGE POWER PLANTS, SAFETY MONITORING, ENERGY ECONOMICS MEETING	68.5
»SMART TECHNOLOGIES« [2] MANAGEMENT BERATUNGS- UND BETEILIGUNGSGESELLSCHAFT M.B.H.	SUPPLY AND MAINTENANCE OF SOFTWARE FOR APG AND VMSG	332.5 [3]

[1] The Supervisory Board member Dipl.-Ing Dr Günther Brauner is the Chairman of the Institute for Power Systems and Energy Economics at the Technical University of Vienna.

[2] The Supervisory Board member Dipl.-Ing. Hansjörg Tengg is a managing partner of Smart Technologies Management Beratungs- und Beteiligungsgesellschaft m.b.H.

[3] The total order value in fiscal 2009 is shown. Of this amount services in the total amount of € 332,500 were rendered and services in the total amount of € 120,500 were settled in 2009.

REMUNERATION FOR THE MEMBERS OF THE SUPERVISORY BOARD

DIn fiscal 2009, the remuneration of the members of the Supervisory Board totalled € 203,560 (previous year: € 213,424). This includes the compensation of out-of-pocket expenses.

The following remuneration schedule for the members of the Supervisory Board was approved at the 59th annual general meeting on 20 March 2006, whereby the annual compensation for the members selected by the AGM and the meeting allowance (for all members) were determined. This remuneration schedule was also applied in fiscal 2009:

REMUNERATION

	IN €
ANNUAL COMPENSATION	
CHAIRMAN	15,000
DEPUTY CHAIRMAN OF THE MANAGING BOARD	11,250
MEMBER	7,500
MEETING ALLOWANCE	400

This rule shall also apply for the Working Committee of the Supervisory Board.

In fiscal 2009, the following remuneration was paid to the individual members of the Supervisory Board (in €):

REMUNERATION TO THE MEMBERS OF THE SUPERVISORY BOARD

IN €

NAME (WITHOUT TITLE)	ANNUAL COMPENSATION	MEETING ALLOWANCE
GILBERT FRIZBERG, CHAIRMAN	30,000.–	4,000.–
MAXIMILIAN EISELSBERG, DEPUTY CHAIRMAN	22,500.–	3,600.–
PETER PÜSPÖK, DEPUTY CHAIRMAN	22,500.–	4,000.–
GÜNTHER BRAUNER	15,000.–	4,000.–
ALFRED HEINZEL	7,500.–	1,600.–
BURKHARD HOFER	7,500.–	1,600.–
HERBERT KAUFMANN	7,500.–	1,600.–
MICHAEL LOSCH	15,000.–	3,600.–
HANSJÖRG TENGG	7,500.–	2,000.–
SIEGFRIED WOLF	15,000,–	800.–
STAFF REPRESENTATIVES		
ANTON AICHINGER	–	4,000.–
KURT CHRISTOF	–	2,000.–
HARALD NOVAK	–	3,600.–
INGEBORG OBERREINER	–	4,000.–
JOACHIM SALAMON	–	2,000.–

The members of the Supervisory Board did not receive any loans or advances. All members of the Supervisory Board have D&O liability insurance cover, which is taken out on their behalf by Verbund.

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EVALUATION REPORT

DECLARATION OF CONFORMITY TO ÖCGK ISSUED BY THE MANAGING BOARD

Regarding the external evaluation, which has now been carried out for the seventh time, the Managing Board declares:

"The Austrian Corporate Governance Code was applied and adhered to at Österreichische Elektrizitätswirtschafts-AG in fiscal 2009 in accordance with the explanations provided. There were partial deviations in the case of only two Code rules, which were primarily the result of legal conditions and which were suitably explained and justified. Verbund will continue to comply with the Code in its amended version in fiscal 2010 and all rules will, to the greatest extent possible, be implemented in full.
For Verbund, the application of the Austrian Corporate Governance Code has always been of immense importance and it can be seen as a critical building block that serves to enhance the confidence that shareholders, business partners, employees and the public have in our company".

EXTERNAL AUDIT

As in the previous years, an external auditor was voluntarily commissioned in fiscal 2009 to independently monitor adherence to the rules of the Austrian Corporate Governance Code.

Summary of the findings of the report on the evaluation of adherence to the Austrian Corporate Governance Code in fiscal 2009:
We have monitored the extent to which Österreichische Elektrizitätswirtschafts-AG adhered to the recommendations of the Austrian Corporate Governance Code as set down in the version of January 2009 (ÖCGK – issued by the Austrian Working Group for Corporate Governance) in fiscal 2009. The responsibility for reporting on the implementation of and adherence to the principles set down in the Austrian Corporate Governance Code ("Declaration of Conformity") lies with the Managing Board. It is our task to assess whether or not, on the basis of our evaluation, the statements in the Declaration of Conformity are accurate.

We have performed our evaluation on the basis of a questionnaire drafted by the Austrian Working Group for Corporate Governance for the voluntary external monitoring of compliance with ÖCGK with due diligence. The evaluation was based on interviews held with the Board members and company employees named by the Board members, as well as on an examination of the documents made available to us by the company. Our evaluation was also based on a randomised examination of the evidence and details provided. We are convinced that our auditing procedures form an adequately sound basis for the evaluation and assessment of the appropriateness of the Declaration of Conformity.

In our assessment, the Declaration of Conformity issued by the Managing Board shows that the recommendations of ÖCGK were implemented at Österreichische Elektrizitätswirtschafts-AG in an appropriate manner in fiscal 2009.

Vienna, 19 February 2010

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Helmut Maukner
(Certified Public Accountant)

Mag. Elfriede Baumann
(Certified Public Accountant)

PROMOTION OF WOMEN (§ 243B PARA. 2 NO. 2 UGB (CORPORATE CODE)

As a Group managed according to sustainable principles, Verbund addresses topics relevant to society, such as equal opportunities in the workplace. Verbund treats its employees equally – regardless of gender, age, religion, culture, skin colour, social background, sexual orientation or nationality. Decisive action is taken against all forms of discrimination or bullying.

There are no discrepancies in salary between men and women of equal function and education. Women are addressed directly in job advertisements.

On 1 January 2007, Dr Ulrike Baumgartner-Gabitzer became the first woman appointed to the Managing Board in Verbund's history. Verbund is therefore one of the few listed companies with a woman in a position of managerial responsibility.

The Managing Board has no influence over the appointment of women to the Supervisory Board of Verbundgesellschaft, as the members of the Supervisory Board are selected exclusively by the shareholders (i.e. the General Meeting). However, a woman has belonged to the Supervisory Board as a staff representative for years in the form of Dipl.-Ing. Ingeborg Oberreiner.

As of 31 January 2010, there are 11 women in managerial positions across the Group (including the Managing Board, 1st and 2nd management levels). This represents 8.5 % of executives.

Specific measures worthy of note:

- Participation in "Zukunft.Frauen" (Future.Women) executive programme
  This programme, launched by the Ministry of Finance, the Austrian Chamber of Commerce and the Federation of Austrian Industry, is intended to support women on their way to the top and to strengthen their confidence in taking on executive positions.

- Verbund ladies' scholarship at the Vienna University of Technology
  In order to advance equal opportunities actively, Verbund is committed to the targeted promotion of highly qualified women. The aim is to gain more qualified women, including engineers, as employees for the company. This is why early in 2009, Verbund awarded the first ladies' scholarship to an outstanding student at the Vienna University of Technology. An electrical engineering student was selected by a jury to be supported by a tailored advancement package worth € 6,500.

  Verbund also participates in Daughters' Day every year for the purpose of addressing a female target audience from an early age and inspiring them to take up a technical profession. In addition, the company is pleased by the increasing number of female apprentices who every year begin the unique and prospect-laden dual training course in electrical/mechanical engineering.

- "Work and family audit"
  As part of certification for the "Work and family audit", all of the measures that have already been introduced to help employees reconcile their work and private lives were reviewed. This showed that Verbund has already achieved a high level of compatibility between work and family, which is set not only to be maintained but also to be expanded further. One of the further measures is the inclusion of those on leave in internal communication. This will be especially helpful to women in making their return to work after maternity leave easier.

Further initiatives are planned to promote existing potential within the company and expand personnel marketing measures already in place in the area of diversity management.

Vienna, 12 February 2010

The Managing Board

General Director
Dipl.-Ing. Wolfgang Anzengruber
Chairman

Deputy General Director
Dr. Johann Sereinig
Deputy Chairman of the Managing Board

Managing Director
Dr. Ulrike Baumgartner-Gabitzer
Member of the Managing Board

Managing Director
Mag. Christian Kern
Member of the Managing Board

GLOSSARY

Baseload [1]	Constant electrical output 24 hours a day.
Benchmark	Term for a reference value against which a fund or portfolio is compared.
Bottleneck capacity (BC)	The maximum continuous output that a power plant can deliver under normal conditions.
Operator model	Operator models denote public private partnerships, where the planning, financing, construction and independent operation of the technical infrastructure of the facility is contracted out to an operating company.
Capital employed	Total asset less the parts not involved in the service provision and utilisation process (i.e. prepayments, plants under construction and closed items on the assets and liabilities side) as well as non-interest-bearing debts.
Cash flow	Total from the inflow and outflow of cash and cash equivalents; normally broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.
Closed items	Closed items on the assets and liabilities side include liabilities from cross-border leasing and corresponding assets as well as liabilities to the Republic of Austria and corresponding loans and receivables.
Corporate Governance Code	"Code of conduct" for corporations which establishes the principles of good company management. However, the contents do not constitute statutory law, but are a set of rules and regulations which companies can follow on a voluntary basis.
Cross-border leasing	Leasing across national borders. Lessors and lessees are located in different countries.
Discounted cash flow method	Calculation of the enterprise value through the capitalisation of cash flows, which are defined in various ways depending on the method. In the Verbund Group, the gross method (entity approach) is applied.
Earnings before interest and tax (EBIT)	Operating result.
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	Operating result before interest, taxes and depreciation and amortisation on property, plant and equipment and intangible assets.
EBIT margin	The EBIT margin corresponds to the ratio of earnings before interest and tax (EBIT) to sales.
E-Control (Energie-Control GmbH)	Set up by the legislator on the basis of the Energy Liberalisation Act; it is responsible for monitoring the implementation of the liberalisation of the Austrian electricity and gas market and intervening on a regular basis.
Economic value added (EVA®)	Difference between the income generated by the company on assets used in the service provision process and the total cost of capital; EVA ® = NOPAT – (capital employed * WACC)
ECRA (Emission Certificate Registry Austria GmbH)	Set up by the legislator in the form of a registry service on the basis of the Emissions Allowances Act; it is responsible for the technical administration of the issuance, ownership, transfer and cancellation of emission certificates.
ElWOG	Electricity Industry and Organisation Act.
Enterprise value (EV)	The enterprise value corresponds to market capitalisation plus debt; gives the entire enterprise value at market value.
Equity capital ratio (adjusted)	Equity in relation to the total capital adjusted for closed items on the assets and liabilities side.
Equity method	Method for taking participating interests into account that have not been included in the consolidated financial statements on the basis of full consolidation together with all assets and liabilities. Here, the carrying amount of the participating interest is adjusted for the proportional share of shareholders' equity of the interest. This change is entered in the income statement or recognised directly in equity for the proprietary company.
Free cash flow	Operating cash flow plus the cash flow from investing activities; available for payments arising from financing activities (e.g. dividend distributions or loan repayments).

[1] taken from EEX Glossary

Funds from operations (FFO)	Operating result plus depreciation and amortisation, interest income and effective taxes.
Gearing	Net debt in relation to equity.
Gross debt	Non-current and current financial liabilities plus interest-bearing provisions and other interest-bearing debt less closed items.
Gross debt coverage	Ratio of funds from operations (FFO) to gross debt.
Gross interest coverage	Ratio of funds from operations (FFO) to interest expenses (including interest in connection with personnel).
Hydro coefficient	The hydro coefficient is the ratio of actual electricity generation of a (or a series of) hydropower plant(s) within a single period to the average potential generation of this (these) hydropower plant(s) (calculated from historic water supply data) within this same period. This long-term average is 1. Thus, 1.1 means a 10 % increase in production.
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards; the term IAS was changed to IFRS in 2001, but the IAS published up until then continued to use this name.
Kyoto Protocol	International agreement on climate protection of the UN organisation UNFCCC. Defines targets for the reduction of greenhouse gas emissions which are a catalyst for global warming. Adopted in 1997, the Kyoto Protocol officially entered into force on 16 February 2005.
(n-1) criterion	Regulation according to which the failure of an individual piece of operating equipment, e.g. a line, must not jeopardise the reliability of grid operations.
Net debt	Gross debt less financial assets; financial assets comprise cash and cash equivalents, current deposits and loans and current and non-current securities.
Operator model	Operator models denote public private partnerships, where the planning, financing, construction and independent operation of the technical infrastructure of the facility is contracted out to an operating company.
Pay-out ratio	Proposed dividend per share in relation to earnings per share.
Peak Load[1]	Designates the load type for the supply or purchase of electricity with constant output over 12 hours between 8 am and 8 pm of every weekday (Monday to Friday) of a supply period.
Performance	Designates the performance of a security or a portfolio e.g. over one year, in relation to a certain risk measure.
Phase-shifting transformers	Adjustable transformers which can be used to control and manage the load flow. The load between parallel lines can be distributed and better use can be made of the available line capacity.
Portfolio	Total securities held by a customer or investment fund; helps to spread risk.
Public private partnership (PPP)	Cooperation of public sector and private enterprise in a partnership in order to fulfil public sector tasks (e.g. infrastructure).
Return on capital employed (ROCE)	The net operating profit after tax (NOPAT) plus tax-adjusted interest expenses (including interest in connection with personnel) in relation to the average capital employed.
Return on equity (ROE)	Profit after income tax in relation to the average shareholders' equity adjusted for closed items on the assets and liabilities side.
Risk management	Systematic procedure to identify and assess potential risks and to select and implement measures to deal with risks.
Standard capacity (SC)	Specifies how much electricity can be supplied by one power plant within a given period (usually one year).
Value at risk (VaR)	Procedure used to calculate the potential for loss resulting from price changes in the trading position. This potential loss, which is specified assuming a certain probability (e.g. 98 %), is calculated on the basis of market-oriented price changes.
Volatility	Intensity of price fluctuations for shares and foreign currencies and of price changes for bulk goods in comparison to market development.
Weighted average cost of capital (WACC)	Weighted average cost of capital for equity and borrowed capital.

[1] taken from EEX Glossary

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KEY SHARE FIGURES

	UNIT	2006	2007	2008	2009
YEAR HIGH*	€	41.58	49.95	59.30	38.13
YEAR LOW*	€	30.05	31.21	29.74	23.73
CLOSING PRICE*	€	40.42	47.88	32.56	29.71
PERFORMANCE	%	34.15	18.46	–32.00	–8.75
MARKET CAPITALISATION	M€	12,457.4	14,756.6	10,035.0	9,156.6
ATX WEIGHTING	%	4.59	5.36	10.14	6.20
STOCK EXCHANGE TURNOVER	M€	5,500.65	6,180.40	6,221.13	3,245.15
TRADING VOLUME/DAY*	SHARES	592,491	665,119	546,238	416,640
EARNINGS/SHARE*	€	1.63	1.88	2.23	2.09
CASH FLOW/SHARE*	€	2.45	2.62	3.03	3.14
CARRYING AMOUNT/SHARE*	€	7.44	8.68	10.15	11.06
KURS/GEWINN-VERHÄLTNIS	X	24.86	25.48	14.61	14.21
P/E	X	16.52	18.27	10.74	9.46
PRICE/CASH FLOW	X	5.43	5.52	3.21	2.69
PROPOSED DIVIDEND/SHARE*/***	€	0.75	0.90	1.05	1.25
DIVIDEND YIELD	%	1.86	1.88	3.22	4,21
PAY-OUT RATIO	%	46.13	47.89	47.13	59.79
EV/EBITDA**	X	14.42	15.13	9.49	11.08

* THE 1:10 STOCK SPLIT OF 23 MAY 2006 IS FACTORED IN HERE
** THE KEY FIGURES HAVE BEEN REVISED. PREVIOUS YEAR FIGURES HAVE BEEN ADJUSTED.
*** 2009 INCLUDING A SPECIAL DIVIDEND OF € 0,25

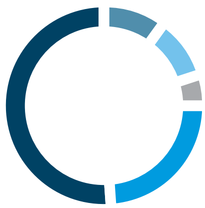
CAPITAL MARKET CALENDAR 2010

EVENT	DATE
PUBLICATION OF 2009 RESULTS	02.03.2010
PUBLICATION OF ANNUAL REPORT	02.03.2010
ANNUAL GENERAL MEETING	07.04.2010
DIVIDEND EX-DATE	14.04.2010
DIVIDEND PAYMENT DATE	27.04.2010
INTERIM REPORT Q1/2010	27.04.2010
INTERIM REPORT Q1–2/2010	27.07.2010
INTERIM REPORT Q1–3/2010	28.10.2010

SHAREHOLDER STRUCTURE

%

REPUBLIC AUSTRIA	51
EVN AG	> 10
WIENER STADTWERKE HOLDING AG	> 10
TIWAG	> 5
FREE FLOAT	< 24



BASIC INFORMATION

SHARE CAPITAL (€)	308,200,000
STOCK (SHARES)	308,200,000
QUOTATIONS	
VIENNA	877738
FRANKFURT	877738
BERLIN	877738
STUTTGART	877738
MUNICH	877738
LONDON	4661607
AMERICAN DEPOSITARY RECEIPT	OEZVY

INFORMATION SYSTEMS	
BLOOMBERG	VER AV
REUTERS	VERB.VI
ISIN	AT0000746409
RATING AGENCIES	
STANDARD & POOR'S	A-/NEGATIVE OUTLOOK
MOODY'S	A2/NEGATIVE OUTLOOK

GROUP STRUCTURE

VERBUND Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft)

GENERATION

- VERBUND-Austrian Hydro Power AG
- VERBUND-Austrian Thermal Power GmbH & Co KG
- VERBUND-Austrian Renewable Power GmbH

Environmentally friendly and cost-effective generation form the basis of the success of Verbund across Europe. Around 90 % of Verbund's electricity in Austria comes from hydropower. Furthermore, Verbund is increasingly turning to electricity generated from wind power. The thermal power subsidiary supplies key supplementary energy.

TRADING/ DISTRIBUTION

- VERBUND-Austrian Power Trading AG
- VERBUND-Austrian Power Sales GmbH

Verbund is one of the most expansive and successful electricity traders in Europe and operates in most EU member states. Since July 2005, Verbund has also been highly active in direct distribution to Austrian end customers. To date, approximately 225,000 customers have been acquired in this segment.

TRANSFER

- VERBUND-Austrian Power Grid AG

Verbund operates the national high-voltage grid in Austria, which is used to transport around 50% of the total energy consumed in Austria. With its connections to the international grid, Verbund is also a key connection point in European electricity transport.

PARTICIPATING INTERESTS

- VERBUND-International GmbH

Verbund holds numerous participating interests in Austria and abroad, predominantly in its core business of energy. These successful companies are making increasing contributions to the Verbund result. VERBUND-International GmbH controls all of the Group's foreign interests. Domestic interests, on the other hand, have been allocated to other head companies.

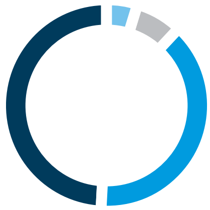
FACTS/FIGURES

GENERATION

GROUP PROCUREMENT

TWh

HYDROPOWER *	27,1
WIND/SUN	0,1
THERMAL POWER *	2,7
ELECTRICITY PURCHASEDFROM THIRD PARTIES	21,4
GROUP PROCUREMENT	**51,3**



*INCL. PROCUREMENT RIGHTS

POWER PLANTS KEY FIGURES

		BC*	SC**
	NUMBER	**MW**	**GWh**
HYDROPOWER PLANTS	103	6,297	23,695
PROCUREMENT RIGHTS HYDRO POWER PLANTS	20	590	3,030
WIND/SUN	5	52	–
THERMAL POWER PLANTS	8	1,520	–
PROCUREMENT RIGHTS THERMAL POWER PLANTS	1	165	–
TOTAL	**137**	**8,624**	**26,725**

* BOTTLENECK CAPACITY ** STANDARD CAPACITY

TRADING/DISTRIBUTION

GROUP SALES

TWh

TRADERS	16,1
RESELLERS	23,2
END CUSTOMERS	10,3
OWN CONSUMPTION	1,7
GROUP UTILISATION	**51,3**

DISTRIBUTION BY COUNTRY

	TWh	**SHARE**
AUSTRIA	25.2	49%
GERMANY	19.7	38%
FRANCE	5.5	11%
ITALY	0.4	1%
BULGARIA	0.2	0%
OTHER	0.3	1%
TOTAL	**51.3**	**100%**

TRANSFER

ELECTRICITY TRANSPORT IN 220/380 KV GRID

TWh

FEED-IN AUSTRIA	21,7
FEED-IN ABROAD	16,3
LOSSES	0,5
SALES ABROAD	17,0
SALES AUSTRIA	20,5

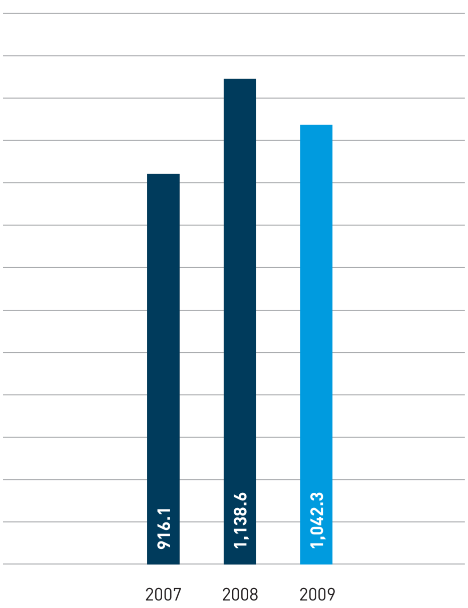
GRID

km

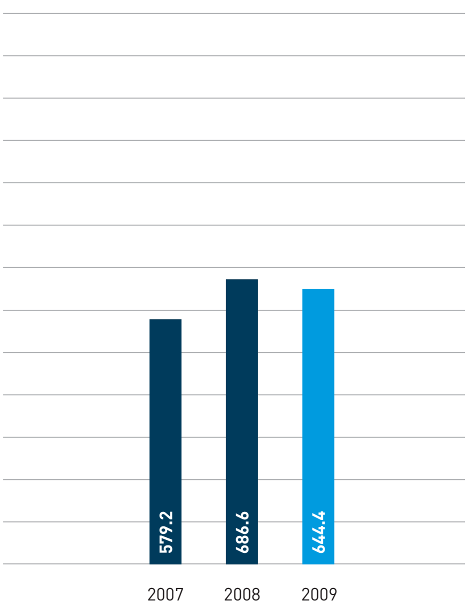
VOLTAGE LEVEL	**ROUTE LENGTH**	**SYSTEM LENGTH**
380 kV	1,104	2,218
220 kV	1,661	3,313
110 kV	706	1,232
TOTAL	**3,471**	**6,763**

HIGHLIGHTS

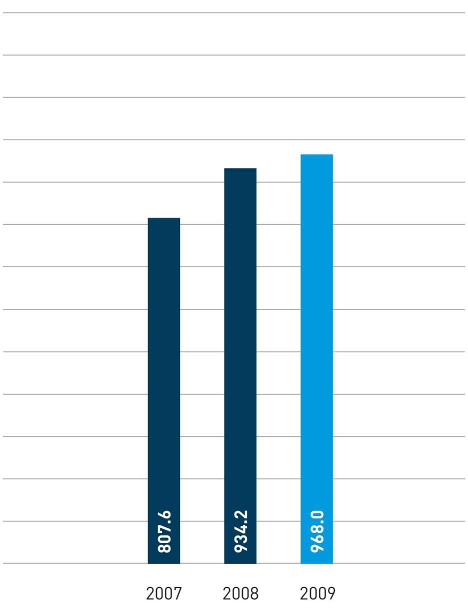
OPERATING RESULT
M €



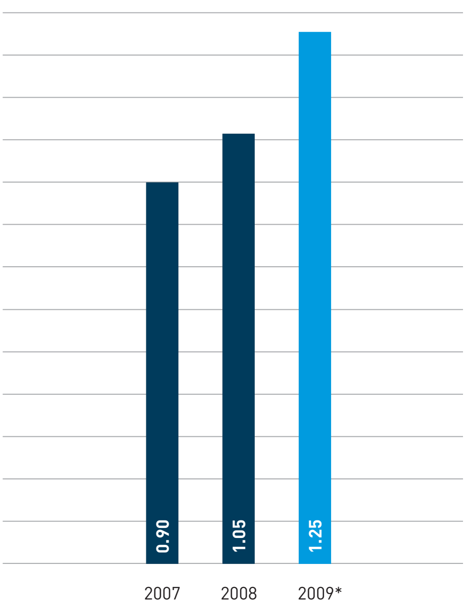
GROUP RESULT
M €



OPERATING CASHFLOW
M €



DIVIDEND PER SHARE
€



*Including special dividend of € 0.25