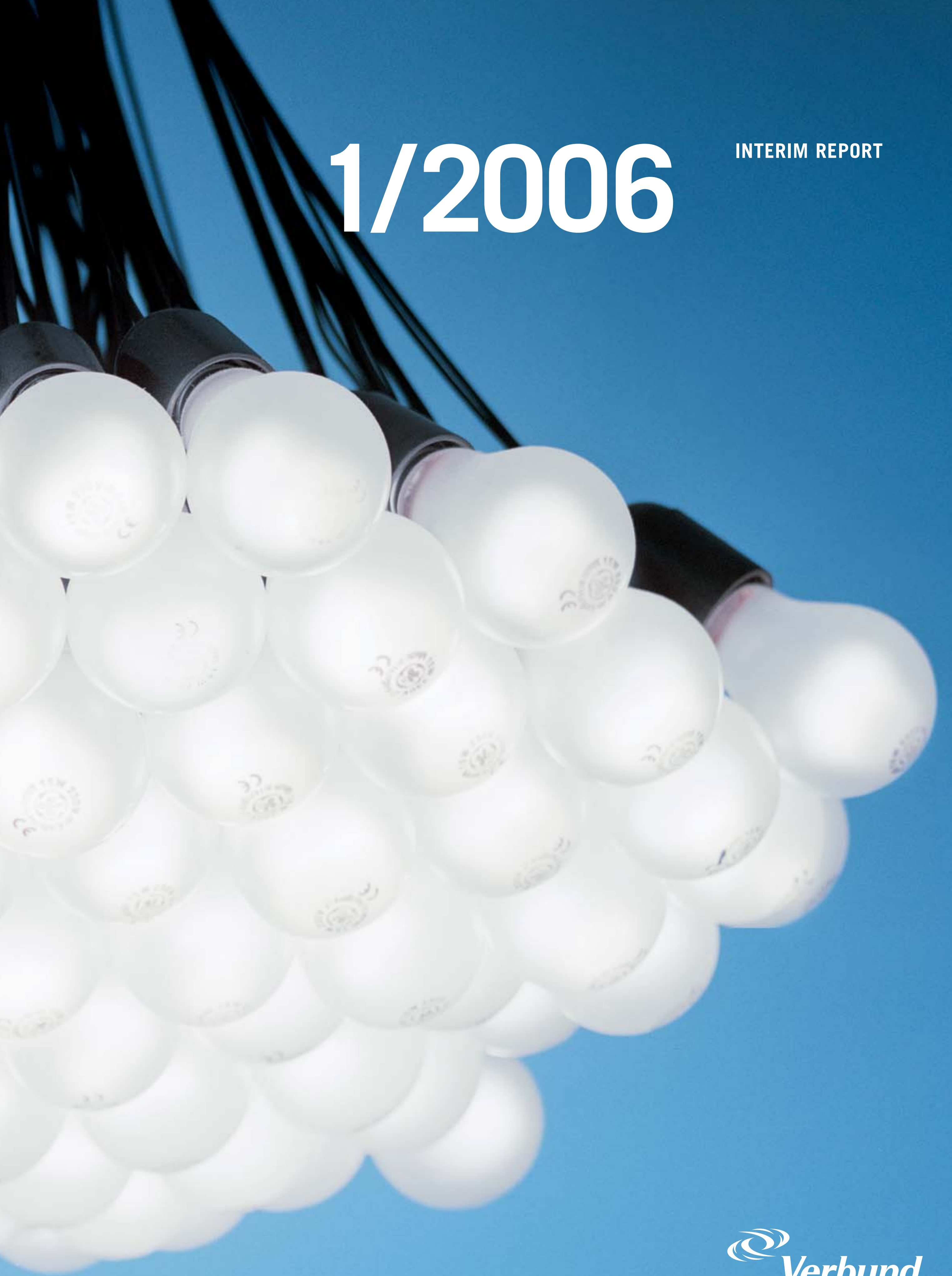
1/2006

INTERIM REPORT



Verbund

DEAR SHAREHOLDER,

Following the publication of our record result for 2005, we are pleased to report that Verbund once again continued its successful course in the new fiscal year. The earnings trend displayed high double-digit growth rates and remained well above the European industrial average. This positive development is also reflected in the share price. Recording a plus of 21.9 %, the share outperformed all of the relevant benchmark indices.

Moreover, we succeeded in further developing the strategic orientation of the Verbund group and also enhanced its positioning at a national and international level. Essential milestones here include the strategic partnership with Poweo in France, the acquisition of an interest in Energie Klagenfurt GmbH, the further expansion of end-customer distribution activities in Austria and the positive decision relating to the construction of the peak power plant Limberg II in Kaprun.

EARNINGS TREND CLEARLY POSITIVE IN SPITE OF POOR WATER SUPPLY

The low temperatures in the winter of 2005/6 lead to a significant reduction in the volume of water that could be used to generate electricity. With a hydro coefficient of 0.83, the water supply in quarter 1/2006 lay 17 percentage points below the long-term average and 13 percentage points under the value recorded in the previous year. The negative effect from the drop in highly profitable hydropower generation was, however more than compensated by the price development parallel to the positive sales development in the core European markets and the increase in thermal generation. In quarter 1/2006, the year-ahead prices for base load energy lay approx. 23 % over the value in the previous year and the spot market prices also increased significantly. This rally is attributable to the high costs for primary energy sources and CO_2 certificates and also to the decline in European reserve capacities. Thanks to an intelligent hedging strategy in Austria and the defined core markets, above all in Germany and France, it was possible to realize the full benefits of the increased wholesale prices.

The earnings trend in quarter 1/2006 was therefore excellent: Sales revenue increased by 48.5 % to € 876.3 million. The operating result rose by 59.6 % to € 213.9 million and the group result was up 42.9 % at € 138.2 million. The controlling group ratios also displayed a significant and sustained improvement. The EBIT margin rose from 22.7 % to 24.4 %, net gearing fell further from 131.5 % to 85.7 % and the operating cash flow improved by 130.6 % to € 241.9 million. On the basis of this development, Verbund is one of the most dynamic utility stocks at an international level with above-average growth rates.

INTERNATIONAL EXPANSION CONTINUED

In quarter 1/2006, we successfully expanded our international business activities and acquired a 25 % interest in Poweo S.A, the largest independent electricity supplier in France. In addition, we will also acquire a 40 % stake in a power plant joint venture which will focus on the construction of thermal power plant capacities. In taking this step we will benefit to a greater extent from the ongoing deregulation in France, the second-largest electricity market in Europe. We expect that this move will further strengthen our wholesale activities in France and open up new export potential in Italy's high-price electricity market.

FURTHER EXPANSION OF HYDROPOWER GENERATION IN AUSTRIA

Within the framework of its € 1.5 billion investment program up to 2011, Verbund plans to further expand hydropower production in Austria. The construction of a new pumped-storage power plant "Limberg II" will more than double the output of the last of the large hydropower plants in Kaprun, which was commissioned over 50 years ago, from 353 to 833 megawatts. The "go-ahead" for the construction of the power plant was given in February 2006 by the Supervisory Board of the Verbund hydropower subsidiary VERBUND-Austrian Hydro Power AG (AHP). With an investment volume of € 365 million, this project will greatly improve the supply of peak electricity in Austria and enhance the flexibility of the group in the European electricity market.

VERBUND ELECTRICITY DISTRIBUTION NOW OPERATES IN LARGE CUSTOMER SEGMENT

Since 1 July 2005, Verbund has also been supplying low-cost, environmentally friendly electricity from domestic hydropower directly to households, commercial enterprises and SMEs. After just nine months in this new customer segment we can now report a pleasing result. More than 25,000 customers have already signed electricity supply agreements with Verbund. Verbund also recommenced its involvement in the large customer segment at the end of 2005 when the prohibition on competition for customers with an annual electricity consumption in excess of 1 GWh was lifted. Industry and large customers display a great interest in clean, cost-effective hydropower.

DECISION TAKEN TO SPLIT STOCK IN RATIO OF 1:10

In reaction to the positive development of the share price, the shareholders of Verbundgesellschaft decided at the 59th Ordinary General Meeting on 20 March 2006 to carry out a stock split in the ratio of 1:10 and, in this connection, to increase the share capital using the company's own resources (capital adjustment) by € 84,222,325.00 to € 308,200,000.00. This should increase the volume sales of the Verbund share and enhance its attractiveness for shareholders. The stock split will take place in quarter 2/2006.

POSITIVE OUTLOOK FOR 2006

The outlook for fiscal 2006 is very positive. Against the backdrop of our cost leadership in connection with the strong increase in wholesale electricity prices, the excellent positioning of the wholesale and sales activities in Austria and Europe and the profitable growth through new investment and acquisition projects, we can look to the future with great optimism. We anticipate that the operating result for the full year 2006 will be up approx. 25 % on the value reported in the previous year. The group result is also expected to improve by approx. 30 %. On the basis of the current planning parameters, net gearing should be further reduced to below 80 %. In addition, we intend to further increase the dividend for fiscal 2006.

Dipl.-Ing. Hans Haider Chairman of the Managing Board	Dr. Michael Pistauer Deputy Chairman of the Managing Board	Dr. Johann Sereinig Member of the Managing Board

ACCOUNTING POLICIES

This interim report was drawn up in accordance with the International Financial Reporting Standards (IFRS), and particularly in compliance with IAS 34.

In contrast to the corresponding period the previous year, trading business with standardized forward contracts (“external-electricity trade”) was recognized net. Accordingly, purchases and sales of standardized forward contracts were netted against sales. The figures for previous periods were adjusted.

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

EARNINGS POSITION

IMPROVED SALES REVENUE

Significantly higher spot and forward market prices, increased sales volumes in the electricity business and a slight improvement in grid and eco-electricity sales paved the way for a 48.5 % increase in group revenue to € 876.3 million.

Specifically, electricity revenue rose (excl. eco-electricity sales) by 56.6 % to € 669.8 million. Growth was recorded in sales to traders (+€ 199.4 million), to resellers (+€ 24.1 million) and end customers (+€ 18.7 million). Foreign markets accounted for 67.8 % of the electricity revenue. Germany, France, Slovenia and Italy were the most important foreign markets from a sales perspective. The increase in quantities sold, compared to the corresponding period the previous year, came to 1,073 GWh or 8.7 %.

Grid revenue increased by 9.7 % to € 68.8 million. This was due to the growth in sales resulting from the auctioning off of grid capacities (+€ 5.9 million) and higher transport volumes (+€ 4.5 million). However, the 11 % tariff reduction with effect from 1 February 2005 had a negative impact on revenue.

Sales in the eco-electricity area rose by 7.7 % to € 94.4 million parallel to a 12.1 % drop in volumes sold to 872 GWh. This was attributable to the growth in income from subsidies which more than compensated for the decline in income from sales. This development resulted from the higher generation mix prices as generation, above all from small hydropower plants, was substituted with expensive output from biomass and wind power.

INCREASING ELECTRICITY, GRID AND ECO-ELECTRICITY PURCHASES

The € 159.3 million increase in electricity purchases to € 375.2 million was primarily due to the significant rise in purchase prices on the spot and forward markets as well as the increase in the volume of electricity purchased externally (+20.3 %). The poor water supply (hydro coefficient: 0.83, previous year 0.96) resulted in a slight drop in own generation in the period under review by -2.2 % or -141 GWh in spite of the increase in thermal generation. Verbund’s stronger focus on end-customer business resulted in a € 4.6 million increase in grid purchases to € 7.5 million. Although there was a drop in volumes purchased, eco-electricity purchases rose on account of the higher generation mix prices by 8.6 % to € 92.8 million.

SLIGHT INCREASE IN FUEL EXPENSES

Fuel expenses rose slightly by € 2.7 million or 10.6 %, above all due to costs for purchased emission rights and increased prices for primary energy sources.

GROWING PERSONNEL EXPENSES

The rise in expenditure for wages, salaries and related expenses was due to the substantial collective wage increase of 3.1 % and the moderate reduction in the number of employees compared to the previous year (reduction of 6 to 2,429 employees compared to a reduction of 84 the previous year).

In addition, a provision, which was set up for the anticipated premium increase for supplementary health insurance as a result of the constantly rising hospital cost index, pushed up expenses for pensions by € 1.0 million to € 17.7 million.

RISE IN OTHER OPERATING EXPENSES

The increase in other operating expenses by € 5.3 million to € 30.7 million was attributable to the rise in maintenance costs.

IMPROVED FINANCING RESULT

The financing result was boosted in the amount of € 1.2 million by the drop in interest expenses as a result of the ongoing debt-clearing program. Moreover, the development of the JPY and CHF led to exchange gains in the amount of € 1.6 million (previous year: loss of € 5.6). This paved the way for an overall improvement in the financing result of € 8.4 million to € 17.4 million.

DECLINE IN RESULT FROM PARTICIPATING INTERESTS

The € 3.8 million decline in the result from participating interests accounted for using the equity method to € 21.4 million was due to the drop in profits generated at STEWEAG-STEG GmbH and Ennskraftwerke Aktiengesellschaft. The deterioration in the result from other participating interests was attributable to the fact that the investment inflows from VERBUND-BeteiligungsgmbH will take place later than in the previous year.

INCOME TAX EXPENSES

The effective tax rate of 18.3 % (as compared to a corporate tax rate of 25 %) was largely due to the high, non-tax-effective investment income from the associated companies accounted for using the equity method.

NET WORTH

NON-CURRENT AND CURRENT ASSETS

The decline in plant, property and equipment can be attributed, primarily, to scheduled depreciation which exceeded additions (€ 15.8 million). The increase in holdings accounted for using the equity method was essentially due to the acquisition of a 49 % stake in Energie Klagenfurt GmbH (€ 130 million). The decline in long-term investments from cross border leasing was mainly due to the disposal of securities in the amount of € 485,6 million in connection with restructuring and market value-related measurements.

Current assets increased, above all due to the rise in trade accounts receivable and the valuation-related improvement of the market values of energy derivatives as well as the increase in cash and cash equivalents.

LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

These were reduced by € 512.8 million to € 1,881.5 million. The most significant changes resulted from the repayment of loans and bonds (€ 125.4 million), the repayment of financial obligations from cross border leasing transactions (€ 485.6 million), the increase in short-term borrowings on the money market (€ 41.8 million) and loans (€ 52.9 million).

OTHER LONG AND SHORT-TERM LIABILITIES WITHOUT FINANCIAL OBLIGATIONS

The increase in other short-term liabilities was attributable to the dividend liability in the amount of € 154.1 million and the fair value measurement of the electricity and financial derivatives. The rise in short-term provisions referred, above all, to the provisions for corporate tax.

DERIVATIVE FINANCIAL INSTRUMENTS IN ELECTRICITY AND FINANCIAL ACTIVITIES

ELECTRICITY ACTIVITIES TRADING

	Positive fair values	Negative fair values	Net fair values	Reference values purchases	sales
Futures	4.3	-1.4	2.9	93.8	24.7
Forwards	660.4	-667.7	-7.3	2,030.9	2,069.2
Swaps	0.9	0.0	0.9	4.3	7.0
Total before netting	**665.7**	**-669.1**	**-3.4**	**2,129.0**	**2,100.9**
Including netting agreements	-556.2	556.2	0.0	-1,771.8	-1,771.8
Total after netting	**109.5**	**-112.9**	**-3.4**	**357.2**	**329.1**

ELECTRICITY ACTIVITIES HEDGE

	Positive fair values	Negative fair values	Net fair values	Reference values purchases	sales
Futures	85.5	-1.2	84.3	631.6	13.8
Forwards	1.2	-85.5	-84.3	13.8	631.6
Total before netting	**86.6**	**-86.6**	**0.0**	**645.4**	**645.4**
Including netting agreements	-2.4	2.4	0.0	-27.7	-27.7
Total after netting	**84.3**	**-84.3**	**0.0**	**617.7**	**617.7**

FINANCIAL ACTIVITIES

	Positive fair value	Negative fair value	Reference values
Derivatives			
Cross-currency Swaps		-2.8	CHF 320.0 million
Hedge			
Currency forward transaction cross border leasing		-16.8	USD 56.5 million
Interest rate swap cross border leasing (fixed rate receiver)	41.5		USD 223.7 million

Positive fair values are recognized under receivables and other assets and negative fair values under other liabilities.

FINANCIAL POSITION

OPERATING CASH FLOW

The operating cash flow amounted to € 241.9 and was therefore significantly higher than the value reported in the previous year. This increase was essentially due to the good business development, payments for the processing and administration of eco-electricity for prior periods and the drop in net interest payments. These were offset, above all by the decline in dividend inflows.

CASH FLOW FROM INVESTING ACTIVITIES

The cash outflow in the investment area was essentially due to the acquisition of a 49 % interest in Energie Klagenfurt GmbH in the amount of € 130.0 million and investments in non-current assets (excluding long-term investments) in the amount of € 15.9 million. These were offset by inflows from long-term investments in the amount of € 9.5 million.

CASH FLOW FROM FINANCING ACTIVITIES

The scheduled repayment of bonds, loans and long-term credits (€ 125.4 million) were offset by short-term borrowings on the money market (€ 50.4 million) and loans in the amount of € 52.9 million. Dividends in the amount of € 19.7 million were distributed.

RATIOS

NET GEARING CLEARLY REDUCED

Net gearing dropped from 131.5 % as on 31 March 2005 to 85.7 % as on 31 March 2006 due to an increase in the shareholders' equity after dividend distribution in connection with a further substantial reduction of the interest-bearing net debt.

EBIT MARGIN IMPROVED

The continuous realization of the rising wholesale prices and the stable generation costs paved the way for an increase in the EBIT margin from 22.7 % in quarter 1/2005 to 24.4 %.

CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONSOLIDATED INCOME STATEMENT

Million €

	Q1/2006	Q1/2005
Sales revenue	**876.3**	**590.2**
Electricity sales [1]	669.8	427.5
Grid sales	68.8	62.7
Eco-electricity sales	94.4	87.7
Others	43.3	12.3
Other operating income	12.6	9.1
Electricity, grid, eco-electricity and emission right purchases (trade) [1]	-504.1	-304.2
Fuel expenses and other purchased services	-28.1	-25.4
Payroll and related expenses	-69.2	-67.3
Depreciation and amortization	-42.9	-43.0
Other operating expenses	-30.7	-25.4
Operating result	**213.9**	**134.0**
Financing result	-17.4	-25.8
Result from participating interests accounted for using the equity method	21.4	25.2
Result from other participating interests	4.0	7.4
Result from long-term investments	0.4	1.3
Financial result	**8.4**	**8.1**
Result before taxes on income	**222.3**	**142.1**
Taxes on income	-40.6	-25.3
Profit for the period	**181.7**	**116.8**
attributable to shareholders of parent company (group result)	138.2	96.7
attributable to minority interests	43.5	20.1
Earnings per share €[2]	**4.48**	**3.14**

[1] Previous year's figures were adjusted

[2] Diluted = non-diluted

CONSOLIDATED BALANCE SHEET — Million €

	31.03.2006	31.12.2005
Non-current assets	**5,639.3**	**6,008.0**
Intangible assets	8.1	8.6
Plant, property and equipment	4,017.6	4,044.5
Participating interests accounted for using the equity method	746.4	599.9
Other participating interests	35.4	35.4
Long-term investments – cross border leasing	579.0	1,037.4
Other long-term investments and other receivables	252.8	282.2
Current assets	**761.7**	**588.7**
Inventories	27.3	26.8
Receivables and other assets	649.1	532.2
Cash and cash equivalents	85.3	29.7
Assets	**6,401.0**	**6,596.7**

	31.03.2006	31.12.2005
Shareholders' equity	**1.976.3**	**1.965.5**
Long-term liabilities	**3,101.3**	**3,584.9**
Financial obligations	896.6	944.7
Financial obligations – cross border leasing	668.2	1,149.5
Provisions	645.3	637.7
Provisions for deferred taxes	131.3	137.3
Contributions to building costs	427.6	431.2
Deferred income – cross border leasing	261.1	262.6
Other liabilities	71.2	21.9
Short-term liabilities	**1,323.4**	**1,046.3**
Financial obligations	316.7	300.1
Provisions	264.3	274.8
Provisions for current taxes	32.2	0.3
Other liabilities	710.2	471.1
Liabilities	**6,401.0**	**6,596.7**

CONSOLIDATED CASH FLOW STATEMENT

Million €

	Q1/2006	Q1/2005
Cash flow from operating activities	241.9	104.9
Cash flow from investment activities	-135.8	-10.9
Cash flow from financing activities	-50.5	-82.7
Changes in cash and cash equivalents	**55.6**	**11.3**
Cash and cash equivalents as of 01.01.	29.7	12.3
Cash and cash equivalents as of 31.03.	**85.3**	**23.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million €

	Share capital	Capital reserves	Retained earnings	Other reserves	Minority interests	Total Sharehol-ders' equity
As of 01.01.2005	**224.0**	**10.9**	**1,224.5**	**0.0**	**189.4**	**1,648.8**
Profits from cash flow hedging				4.3		4.3
Profits and losses not recognized in the income statement	**0.0**	**0.0**	**0.0**	**4.3**	**0.0**	**4.3**
Profit for the period			96.7		20.1	116.8
Total of recognized profits and losses	**0.0**	**0.0**	**96.7**	**4.3**	**20.1**	**121.1**
Dividends			-92.5		-0.3	-92.8
As of 31.03.2005	**224.0**	**10.9**	**1,228.7**	**4.3**	**209.2**	**1,677.1**
As of 01.01.2006	**224.0**	**10.9**	**1,485.5**	**2.8**	**242.3**	**1,965.5**
Profits from						
Available-for-sale assets				0.1		0.1
Participating interests accounted for using the equity method				3.2		3.2
Profits and losses not recognized in the income statement	**0.0**	**0.0**	**0.0**	**3.3**	**0.0**	**3.3**
Profit for the period			138.2		43.5	181.7
Total of recognized profits and losses	**0.0**	**0.0**	**138.2**	**3.3**	**43.5**	**185.0**
Dividends			-154.1		-20.1	-174.2
As of 31.03.2006	**224.0**	**10.9**	**1,469.6**	**6.1**	**265.7**	**1,976.3**

RATIOS

	Unit	Q1/2006	Q1/2005
Average number of shares in circulation[1]		30,820,000	30,820,000
Net gearing[2, 3]	%	85.7	131.5
Net interest-bearing debt[3]	€ million	1,693.4	2,205.4
Investment in plant, property and equipment	€ million	15.8	13.6
EBITDA margin[4]	%	29.3	30.0
EBITDA margin excluding eco-electricity[4]	%	32.6	34.8
EBIT margin[4]	%	24.4	22.7
EBIT margin excluding eco-electricity[4]	%	27.1	26.2
Average no. of employees		2,429	2,435
Electricity sales[4]	GWh	14,211	13,258
Hydro coefficient		0.83	0.96

[1] Diluted = non-diluted

[2] Based on net interest-bearing debt

[3] The computing method was changed in the wake of the introduction of value-oriented reporting and the figures for the previous periods were adjusted

[4] On the basis of sales revenue after netting external-electricity trade

SEGMENTAL REPORTING (BUSINESS SEGMENTS)

Million €

	Electricity	Eco-electricity	Grid	Others/ holding	Elimi-nation	Total group
External sales	710.2	94.5	70.0	1.6	0.0	876.3
Internal sales	36.1	0.1	8.7	12.0	-56.9	
Total sales	**746.3**	**94.6**	**78.7**	**13.6**	**-56.9**	**876.3**
Depreciation and amortizatioin	-30.5	0.0	-11.3	-1.8	0.7	-42.9
Expenses/income (excl. depreciation and amortization)	-517.2	-94.6	-49.8	-14.1	56.2	-619.5
Operating result (EBIT)	**198.6**	**0.0**	**17.6**	**-2.3**	**0.0**	**213.9**
Result from companies accounted for using the equity method	0.0	0.0	0.0	21.4	0.0	21.4
Carrying amount of companies accounted for using the equity method	0.0	0.0	0.0	746.4	0.0	746.4
Non-interest bearing segment assets	3,800.5	45.6	811.7	1,022.0	-12.9	5,666.9
Non-interest bearing segment liabilities	-1,838.7	-75.8	-178.5	-288.3	12.9	-2,368.4
Operating cash flow	187.1	4.6	30.5	16.2	3.6	242.0
Investment in intangible assets and plant, property and equipment	9.7	0.0	5.0	1.2	0.0	15.9

ELECTRICITY

Significant revenue increases were achieved in quarter 1/2006 due to the positive price effects in market price indexed contracts for annual, quarterly and monthly products. The Front Year Base electricity prices for 2006 were up almost 23 % compared to 2005. The spot market price level also developed positively. The average day-ahead prices for base and peak on the European Electricity Exchange (EEX) lay 69 % and 77 % above the corresponding values the previous year, but due to the low water supply it was not possible to realize the full benefits of this development. The increase on the spot market also endorsed the positive development of the medium and long-term forward prices.

ELECTRICITY REVENUE UP 48.4 %

Revenue from electricity sales within the group in quarter 1/2006 totaled € 764.2 million (incl. eco-electricity sales). This corresponds to a significant increase of 48.3 % compared to the values reported in the previous year. Electricity sales rose by a total of 7.2 % in quarter 1/2006. This is attributable to the growth in international activities, and not least to the expansion of wholesale and distribution business in the German and Italian electricity markets. The quantities sold on foreign markets, excluding eco-energy, amounted to 60 %. End-customer business was expanded not only in Austria but also through agreements concluded with international customers by a total of 16.5 %.

Business with resellers declined by 9.3 % due to the slowdown in business activities with Austrian provincial companies and a drop in deliveries from power plant holdings as a result of the lower water supply.

SLIGHT DROP IN OWN GENERATION

The total generation of the group came to 6,270 GWh and was therefore 2.2 % below the value reported in the previous year. Hydraulic generation fell by 7.6 % but thermal generation on the other hand was up 14.9 %. The decline in own generation and increased sales activities on the foreign markets led to a 20.3 % rise in electricity purchases. This corresponds to just under 50 % of total generation.

GENERATION GWh

	Q1/2005	Q1/2006	Change
Hydropower	4,864	4,492	-7.6 %
Thermal power	1,548	1,778	14.9 %
Own generation	**6,411**	**6,270**	**-2.2 %**
Eco-electricity	954	850	-10.9 %
External procurement	5,892	7,091	20.3 %
Group generation	**13,258**	**14,211**	**7.2 %**
Forward contracts	11,468	12,008	4.7 %

SALES GWh

	Q1/2005	Q1/2006	Change
Traders	4.841	6.237	28,8 %
Resellers	6.137	5.567	-9,3 %
End customers	915	1.065	16,5 %
Eco-electricity	992	872	-12,1 %
Own consumption	373	470	25,9 %
Group consumption	**13.258**	**14.211**	**7,2 %**
Forward contracts	11.468	12.008	4,7 %

GRID

AMOUNT OF TRANSMITTED ENERGY INCREASED

In quarter 1/2006, the amount of energy transmitted over Verbund's 220/380 kV grid and relevant to clearing totaled 4,622 GWh (+19 %). This increase is attributable to the rise in consumption over the long cold period. Massive revenue losses (64 %) were, however, recorded in the transit area (ITC).

Grid revenue increased by 9.7 % to € 68.8 million due to compensatory effects resulting from the increase in clearing quantities in Grid Level 1.

EXPANSION OF THE GRID DELAYED

Further progress has been made with regard to the official approval procedures for the planned line construction measures of Verbund. Following the positive EIA decisions from the provincial governments in Styria and Burgenland on 21 March 2005, appeals were lodged against the decisions. Hence, the Styria line project is currently being assessed by the federal environment tribunal, the authority in the second instance.

ADDITIONAL EXPENSES FOR CONGESTION MANAGEMENT

Emergency measures in the form of congestion management will still be needed prior to the completion of the 380 kV Styria line to guarantee that the supra-regional electricity supply can be maintained. The costs for this congestion management already came to approx. € 10 million in quarter 1/2006. Another emergency measure focuses on preparation measures for the implementation of three phase shifting transformers at the end of 2006 to compensate for the Voitsberg power plant which will be decommissioned in mid-2006.

The EIA authorities in Upper Austria and Salzburg and the public authority experts are currently carrying out the preparatory work for the environmental impact analysis for the Salzach neu – St. Peter section of the Salzburg line.

The official approval of the "Grid expansion Linz-Southeast" project could represent a further milestone in securing Linz as an industrial location long term. The facilities, which will be constructed within the framework of a joint project with Linz Strom GmbH, should be completed and commissioned in spring 2007.

STOCK MARKET SITUATION

The stock markets continued their strong performance in quarter 1/2006. This was triggered by news of positive company results but also by subsiding inflation fears. The European stock markets recently outperformed the US market in terms of price development. At the end of the quarter, the Japanese market was also able to repeat its excellent performance of fiscal 2005.

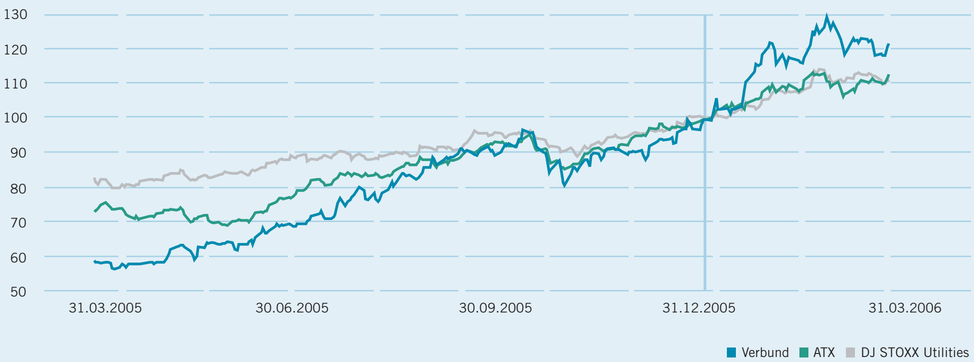
The performance of the emerging markets also lay well above the average in quarter 1/2006. The stock markets in the CEE countries had to contend with a partially sensitive correction at the beginning of March 2006, but the markets did, however, manage to recover some of the lost ground by the end of the quarter.

The Vienna Stock Exchange was, in part, impacted by the correction on the CEE stock markets. After a phase of strong price growth, the key index of the Vienna Stock Exchange, the Austrian Traded Index (ATX), crossed the 4,000-point mark for the first time and recorded a new high of 4,158.59 points on 21 February 2006. It then fell below the 4,000-point mark for a short period. Due to positive corporate news, the ATX improved towards the end of quarter 1/2006 and closed the quarter at 4,139.83 points just short of the all-time high.

In quarter 1/2006, the Dow Jones Industrial Average (DJIA) Index gained 3.7 %; the more broad-based Standard & Poor's (S&P) 500 Index also improved by 3.7 % and the technology exchange NASDAQ was up 6.1 %. In Europe, the DJ Euro STOXX 50 increased by 7.7 % and the Deutsche Aktienindex (DAX) by 10.4 %. The ATX, the index that comprises the largest Austrian stocks, improved by a substantial 12.9 %. DJ STOXX Utilities, the index of the major European utility stocks which serves as a benchmark for Verbund, was up 10.8 %.

PRICE DEVELOPMENT OF THE VERBUND SHARE

RELATIVE SHARE-PRICE DEVELOPMENT (1 YEAR, 01.01.2006 = 100 %)



In 2005, the Verbund share achieved a performance of 83.8 % and was therefore one of the top performers in the European utilities sector. In quarter 1/2006, it once again confirmed its place among the top performers. The Verbund share started into the new fiscal year 2006 at € 301.0 and recorded a new high of € 390.0 on 28 February 2006 directly after the presentation of the annual results for 2005 and the successful road show in England, Germany, Holland and France. This positive development is attributable once again to the high demand among investors for utility stocks, the excellent business development and the excellent strategic positioning of Verbund in Europe. The strong increase in the prices for the primary energy sources oil and gas and the high prices for CO_2 certificates, which exerted sustained upward pressure on the wholesale prices, also has a boosting effect.

In March 2006, the Verbund share came under pressure as a result of profit-taking and an increase in the interest rates in America and Europe and fell to € 356.5. The share closed the quarter at € 367.0 and therefore achieved a positive performance of 21.8 %. With this performance, the Verbund share outperformed the ATX and the relevant benchmark index DJ STOXX Utilities.

SALES AND MARKET CAPITALIZATION

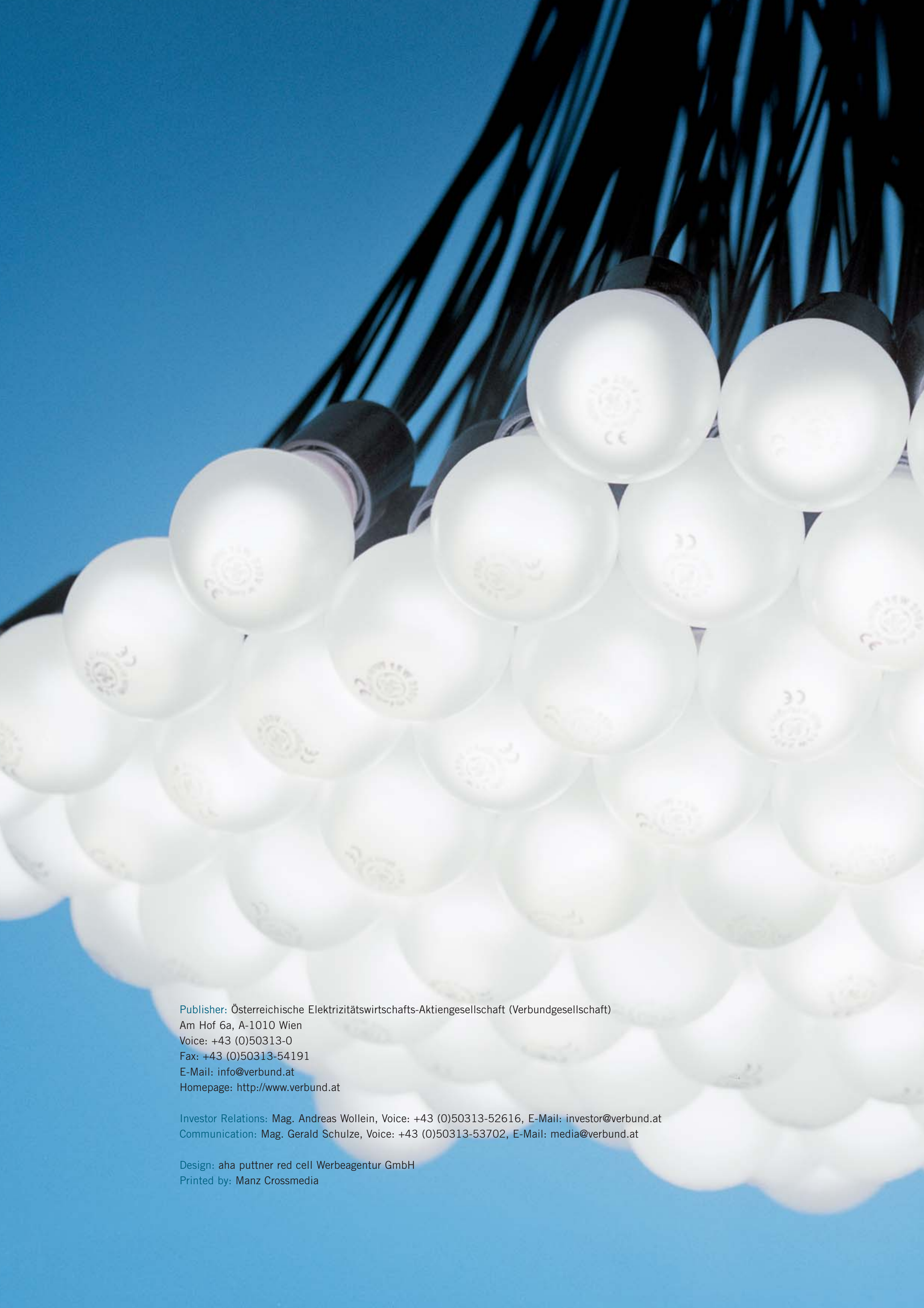
Stock exchange turnover in Verbund shares reached € 1,027.6 million. On average, 45,547 shares were traded every day. As of 31 March, Verbund had the fourth highest valuation of all companies listed on the Vienna Stock Exchange. The total value of the company derived from its market capitalization amounted to € 11,310.9 million; its weighting at the ATX was 4.6 %.

STOCK RATIOS

Ratio	Unit	Q1/2006	Q1/2005
Peak price	€	390.0	186.8
Lowest price	€	300.5	163.9
Closing price	€	367.0	175.0
Performance	%	21.8	6.8
Market capitalization	€ million	11,310.9	5,393.5
Weighting ATX	%	4.6	3.9
Stock exchange turnover	€ million	1,027.6	255.0
Stock exchange turnover/day	Units	45,547.0	24,322.0

CAPITAL MARKET CALENDAR 2006

Event	Location	Date
Interim Report Quarter 1/2006		25.04.2006
Road show	Zurich, Geneva	30.05.-31.05.2006
Interim Report Quarters 1-2/2006		25.07.2006
Road show	Vienna, London, Edinburgh	26.07.-28.07.2006
Investor's conference Erste Bank	tbaq.	27.09.-29.09.2006
Interim Report Quarters 1-3/2006		24.10.2006
Investor's conference (EEI)	USA	06.-09.11.2006
Road show	Zurich, Geneva	25.11.2006



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