

ARTICLES OF INCORPORATION
of
VERBUND AG
(as of 24.11.2010)

GENERAL

§ 1

The Company's name is VERBUND AG.

§ 2

The Company's registered office is in Vienna.

§ 3

(1) The Company is Verbundgesellschaft within the meaning of Article 2 Federal Law reorganising the electricity industry (Law Regulating the Electricity Industry – ELWOG), Official Federal Gazette (Bundesgesetzblatt) I/No. 143/98.

As such, it has to buy from the special companies, against compensation of expenses as shown in the books and a share in the surplus from power trading to be fixed by contract, the entire electric energy that can be generated in the special companies' power plants, with the exception of energy to be sold to third parties under contractual obligations and internal requirements, in order to safeguard the Austrian system of an integrated economy.

(2) Verbundgesellschaft has to perform the following tasks for the benefit of public interest:

- 1) holding in trust the federal shareholdings in special companies and provincial companies;
- 2a) ascertaining the present and the future power requirements as well as the

power generated by special companies, provincial companies, municipal companies and private power generation plants with a rated output of more than 500 kW, and registering the power rates;

- b) realising a balance between production and demand within the Verbund grid, while striving for optimal economic utilisation of the power available, on the one hand, and, on the other hand, distributing the burden of inevitable surplus productions of electricity on the producers as equally as possible;
- c) taking over, building and operating Verbund transmission lines for the purpose mentioned under b), concluding transportation and supply contracts of whatsoever kind;
- d) arranging for the building and operation of big power plants including the appurtenant transmission lines by special companies existing or to be established;
- e) striving for observance of the principles of division of labour between the provincial companies and the national system of an integrated economy proven in many years of experience.

§ 3 (3) not applicable

(4) The Company has the right to take all measures and directly or indirectly appropriate action to promote the corporate purpose. In particular, the Company has the right to do business, execute orders, establish or operate enterprises or participate in such enterprises, acquire such enterprises or merge with them as required in order to serve the corporate purpose.

Furthermore, the Company has the right to carry out the following activities either directly or in the way specified in sentence 2:

- Generation of energy and energy sources of any kind and purchase, storage, processing, transportation and selling of all secondary and waste products produced when generating, converting and utilising energy and energy sources;

- Planning, building and operation of power plants, electricity distribution plants and associated railway facilities;

- Development and utilisation of energy sources;

- Development and utilisation of alternative technologies for generating, transporting, storing and distributing electricity, for electricity consumption control and electricity saving, the use of power, and for the production of new

energy sources;

- Use of its experience and knowledge in its whole range of activities, especially within the scope of engineering, consulting, franchise and know-how agreements.

Furthermore, the Company has the right to provide services in automatic data processing and information technology and to carry out activities in the framework of operating social services, e.g. restaurants, on a commercial basis.

(5) In connection with par. (2) lit. 2 b) the corporate objectives also include the development and promotion of measures aiming at the socially fruitful utilisation of electric energy (conservation of energy), taking into account environmental protection.

§ 3 a

Without prejudice to the priority of the tasks defined under § 3 (2), the corporate objectives also include the following activities, to be carried out directly or in the way specified under § 3 (4), Sentence No. 2:

- Planning and implementation of measures of waste management, in particular the planning, building and operating of waste disposal plants;
- Planning and implementation of measures concerning the water industry, planning, building and operation of water supply and water treatment plants;
- Planning, building and operation of facilities serving the tourist industry, especially in connection with power plants and power distribution plants.

This objective shall be pursued by Verbund itself or others separately from the statutory duties listed under § 3 (2) and applying an independent mode of handling according to commercial principles within the meaning of § 70 Austrian Stock Company Act.

§ 4

To the extent required by the Austrian Stock Company Act, the Company's publications shall be published in the "Amtsblatt zur Wiener Zeitung". Besides, the Company's publications shall comply with the respective applicable legal requirements.

STOCK CAPITAL AND STOCKS

§ 5

(1) The Company's stock capital amounts to € 347,415,686 (three hundred and forty seven million four hundred and fifteen thousand six hundred and sixty eight EUR).

(2) It is divided into

a) 170,233,686 (one hundred seventy million two hundred and thirty three thousand six hundred and sixty eight) individual stocks issued to bearer, designated "bearer stocks category A";

b) 177,182,000 (one hundred seventy seven million one hundred eighty two thousand) individual registered stocks, designated "registered stocks category B".

(3) The "registered stocks category B" shall be entered into the Company's stock register under the bearer's name. The transfer of registered stocks is subject to the approval of the Managing Board of the Company. The approval may only be withheld for good cause.

(4) A minimum of 51% of the Company's stock capital must be held under federal ownership.

(5) The Managing Board shall be authorized until 23 September 2015 to increase the capital stock with a current accounting value of EUR 347,415,686.-- with the approval of the Supervisory Board by up to further EUR 114,884,314.-- by the issue of up to 114,884,314 new ordinary bearer or registered shares (no-par shares) against a cash deposit – if need be in several tranches – and to determine the issue price, the issue terms and further details subject to the proviso and on the condition that the State subscribes for new shares from the Approved Capital in the context of a capital increase and that, consequently, the share of the State's investment in the Company does not fall below 51% of the capital stock, even after the implementation of the capital increase from the Approved Capital (sec. 1 of the *Bundesverfassungsgesetz*, which governs the ownership structure in companies belonging to the Austrian electricity industry (Federal Law Gazette No. I 143/1998)).

The Supervisory Board is authorized to resolve amendments to the Articles of Incorporation resulting from the issue of shares from Approved Capital.

§ 6

The form and the content of the stock certificates, the profit participation certificates and the renewal coupons are fixed by the Managing Board in agreement with the Supervisory Board. The same shall apply to interim certificates, bonds, interest coupons and warrants. The shareholder's right to shares evidenced by certificates shall be excluded.

CONSTITUTION OF THE COMPANY MANAGING BOARD

§ 7

The Managing Board consists of up to four members.

§ 8

The Company is represented by two members of the Managing Board or by one member of the Managing Board together with a '*Prokurist*' (officer holding a general power of attorney).

§ 9

(1) The Supervisory Board's approval is required for

1. Acquisition and sale of equity holdings (§ 224, par. 2 A III, item 3 Austrian Commercial Code), and acquisition, sale, and closure of companies and enterprises if the monetary value of such plant and equipment exceeds a value to be determined by the Supervisory Board in each case;
2. Acquisition of real property worth more than a value to be determined by the Supervisory Board in each case for the construction and planning projects with an approved budget; acquisition of real property for construction and planning projects not approved in terms of budget and for selling and mortgaging real property in an amount exceeding the level to be determined by the Supervisory Board in each case; however, acquisition of real property by compulsory purchase is not subject to approval; acquisition, selling or mortgaging of Verbund lines;
3. Establishment and closure of branch offices;
4. All investments in machining equipment, in the building sector, or in both, if within one fiscal year they exceed amounts to be determined by the Supervisory Board in each case;
5. Taking up bonds, other titrated liabilities, loans and credits exceeding,

individually and in total, the levels to be determined by the Supervisory Board for one fiscal year; however, balancing money between the Company and companies in which it holds a stake, or companies whose federal shareholdings are under its fiduciary management, is not subject to approval;

6. Without prejudice to mandatory legal requirements for granting loans or credits and for assuming liabilities exceeding an amount to be determined by the Supervisory Board, as far as it is not part of ordinary business; however, balancing money between the Company and companies in which it holds a stake, or companies whose federal shareholdings are under its fiduciary management, is not subject to approval;

7. Inclusion and closure of branches of industry and types of production;

8. Definition of the general principles of corporate policy;

9. Conclusion of employment contracts involving a yearly salary more than 15% above the prevailing maximum salary under the collective labour agreement, definition of principles on granting profit sharing or sales-based bonuses, and pension commitments;

10. Granting of a power of attorney or a commercial authority;

11. Conclusion of international electricity supply and transportation contracts, if they exceed a level to be determined by the Supervisory Board.

(2) The Supervisory Board may also specify other business that requires its approval.

SUPERVISORY BOARD

§ 10

(1) The Supervisory Board consists of up to 12 members.

(2) not applicable

(3) In the event that the provisions of the Articles of Incorporation on the structure of the Supervisory Board are amended, the Supervisory Board established according to the original provisions shall perform its duties until a situation in conformity with the amended provisions of the Articles of Incorporation is achieved.

§ 11

Unless a shorter term is fixed by the Shareholders' Meeting, the term of the elected

members of the Supervisory Board shall end when the fourth ordinary Shareholders' Meeting following the election is over; the fiscal year in which the member of the Supervisory Board was elected shall not be included. An ordinary Shareholders' Meeting is the meeting ratifying the acts of management according to § 104 Austrian Stock Company Act.

§ 12

Every year, following the ordinary Shareholders' Meeting, the Supervisory Board elects one Chairperson and two Deputy Chairpersons of the Supervisory Board. No special invitation is required for this meeting.

§ 13

(1) Supervisory Board meetings shall be convened by the Chairperson or one of the Deputy Chairpersons in writing, by telephone or telegram, stating the agenda, the place and date of the meeting, with due regard to the seven days' period of notice of meeting.

(2) The Supervisory Board forms a quorum if more than one third of the Members are present.

(3) In the event of equality of votes, the Chairperson shall have the casting vote.

(4) The members of the Managing Board are present at the Supervisory Board meetings unless ordered otherwise by the Chairperson of the Supervisory Board.

(5) Resolutions may be also be adopted by the Supervisory Board in writing or by telegraph if none of the members of the Supervisory Board opposes this procedure.

(6) As for the rest, the Supervisory Board determines its rules of internal procedure itself without prejudice to the applicable legal provisions.

§ 13 (7) not applicable

§ 14

In addition to the cases provided for by law, the Chairperson of the Supervisory Board shall convene the Supervisory Board if a member of the Managing Board or the Supervisory Board requests that indicating the purpose and reasons therefore.

§ 15

A member of the Supervisory Board may entrust another Supervisory Board Member with her/his representation for a single meeting of the Supervisory Board or one of its committees in writing; when the presence of a quorum is approved at a meeting, the represented member of the Supervisory Board shall not be counted. The right of being in the chair may not be delegated.

§ 16

As far as the Supervisory Board is entitled to represent the Company, the Chairperson (Deputy Chairperson) exercises the right to represent on behalf of the Supervisory Board.

§ 17

Each member of the Supervisory Board is paid a yearly expense allowance in addition to the compensation for cash outlay and the attendance bonus for each meeting. The amount of the attendance bonus and the yearly expense allowance is determined by resolution of the Shareholders' Meeting.

§ 17 a

(1) The Company has a Provincial Advisory Board, each Province appoints one member.

(2) The purpose of the Provincial Advisory Board is comprehensive exchange of information and consultation between the provinces and Verbundgesellschaft; in particular, it is to promote cooperation between the federal government and the provinces in the area of energy policy and observation of the principles of division of labour between the provincial companies and the national system of an integrated economy, proven in many years of experience.

(3) The Provincial Advisory Board has the right to ask the Managing Board to provide information on all matters concerning the Company and the Supervisory Board.

(4) §§ 92, 94 and 99 Austrian Stock Company Act applies *mutatis mutandis* to the Provincial Advisory Board.

SHAREHOLDERS' MEETING

§ 18

(1) The Shareholders' Meeting is convened by the Managing Board or the Chairperson of the Supervisory Board.

(2) The Shareholders' Meeting is held at the Company's seat.

(3) The right to attend the Shareholders' Meeting and to exercise the voting rights as well as all other shareholders' rights to be asserted during the Shareholders' Meeting shall depend on registered shares being entered in the share ledger and with respect to bearer shares on the share ownership at the end of the tenth day before the day of the Shareholders' Meeting (proof-of-deposit date).

(4) A deposit certificate pursuant to § 10a Austrian Stock Company Act shall be sufficient for bearer shares kept in safe custody to furnish proof of share ownership as of the proof-of-deposit date which shall be received by the Company at the address given in the convocation at the latest on the third business day before the Shareholders' Meeting.

(5) A written confirmation issued by the Company or an Austrian notary public shall be sufficient for bearer shares not kept in safe custody; the above-mentioned conditions concerning the deposit certificate shall apply *mutatis mutandis* to the receipt thereof.

(6) Entry in the share ledger at the end of the proof-of-deposit date shall be decisive with regard to registered shares which do not require any separate proof by the shareholder nor registration for the Shareholders' Meeting.

§ 19

(1) The Chairperson of the Supervisory Board or, if s/he is unable to come, one of the Deputy Chairpersons shall preside over the Shareholders' Meeting. If the latter are unable to attend, the notary public shall be in charge of the election of a chairperson by the Shareholders' Meeting.

(2) The Chairperson decides the order of the meeting and the procedure on voting. The provisions of § 13, par. 3 apply to voting.

(3) With the exception of central, regional and local authorities and companies in which central, regional and local authorities hold a minimum interest of 51%, each shareholder's voting right at the Shareholders' Meeting is limited to 5% of the stock capital.

§ 20

The executive bodies of the Company shall take into consideration the federal government's energy policy.

YEAR-END FINANCIAL STATEMENTS AND APPROPRIATION OF PROFITS

§ 21

The business year runs from January 1 to December 31.

§ 22

(1) The annual financial statements shall be prepared and presented to the Supervisory Board within the first five months of the business year. The Shareholders' Meeting, which passes resolutions on appropriation of profits and also on the approval of the year-end financial statements in the cases provided for by law, shall be held within the first eight months of the business year.

§ 22 (2) to (6) not applicable

(7) Unless otherwise determined by the Shareholders' Meeting, the profit shares are payable 20 days following the Shareholders' Meeting.

§ 23 not applicable

§ 24

Any disputes between Verbundgesellschaft and special companies shall be settled on the basis of a joint blanket arbitration agreement to be concluded between the companies, excluding ordinary jurisdiction.

§ 25

The Supervisory Board has the right to make amendments to the articles of incorporation regarding merely the form.